Budget Model Redesign

Campus Forum

April 14, 2025

Colorado State University

Overview

Steering Committee Panelists:

- Ryan Brooks, Master Instructor
  Department of Animal Sciences
  Chair, Committee on Non-Tenure Track Faculty
- Karen Estlund, Ph.D.
  Dean, Libraries
- Sue James, Ph.D.
  Vice Provost for Faculty Affairs
- Lise Youngblade, Ph.D.
  Dean, College of Health and Human Sciences

Today's Agenda:

- Brief overview
- Progress Updates
- Q&A

Key Parameters of a New Model

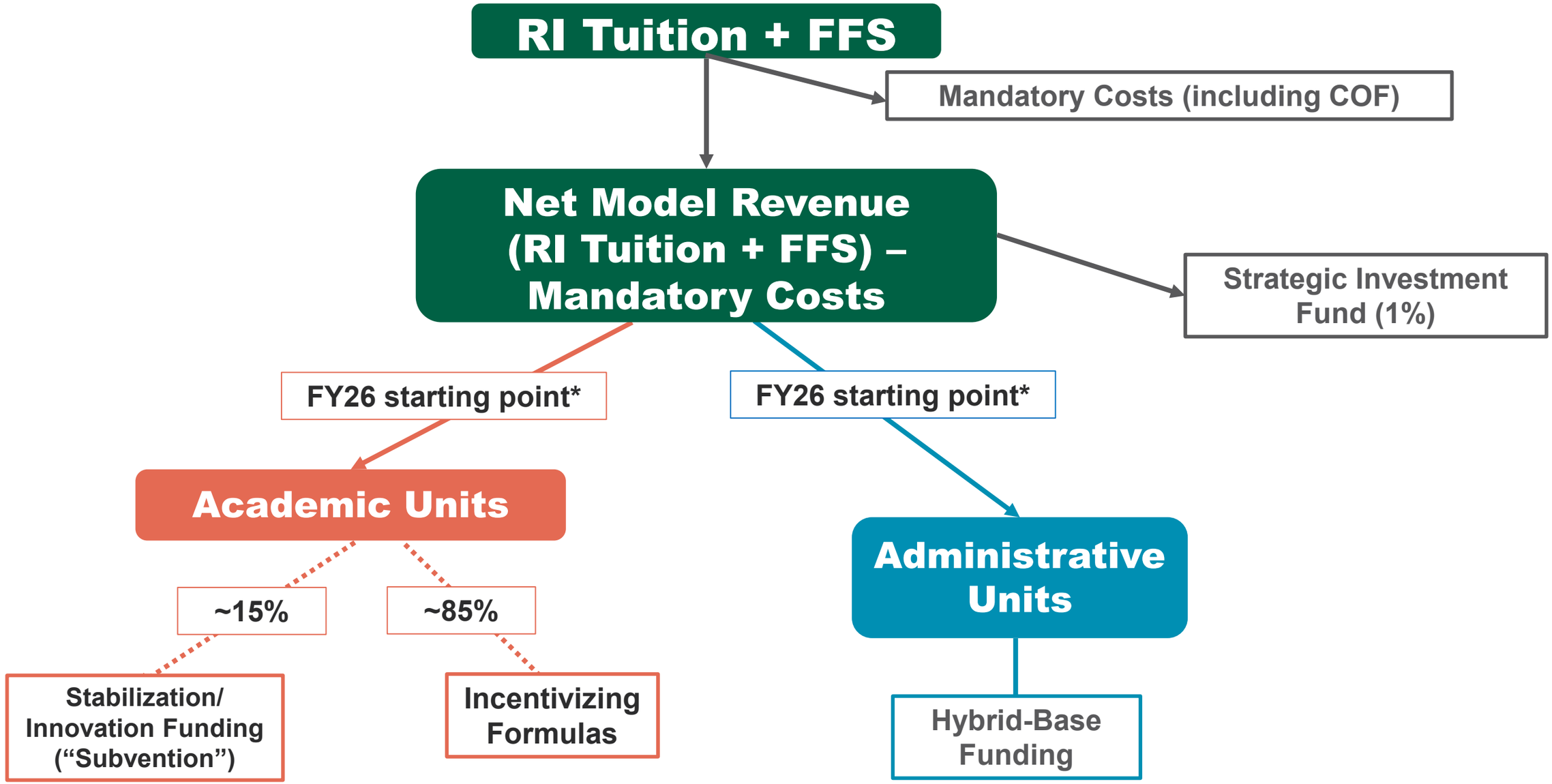
- Revenue sources subject to model parameters:
  - Net Residential Instruction (RI) Tuition
  - A subset of state appropriations (Fee for Service, *not SEP or AES)*

- In the "Parallel Year" the revenue (Net RI Tuition + State) will be split between the administrative and academic units at a ratio that reflects the FY26 ratio.

- The new model should be a tool to support strategic growth.

- President Amy Parsons (in consultation with Provost and Executive Vice President Marion Underwood and Vice President for University Operations/Chief Financial Officer Brendan Hanlon) has oversight of and fiduciary responsibility for resource allocation.

Hybrid-RCM Budget Structure



Updated 04-11-25

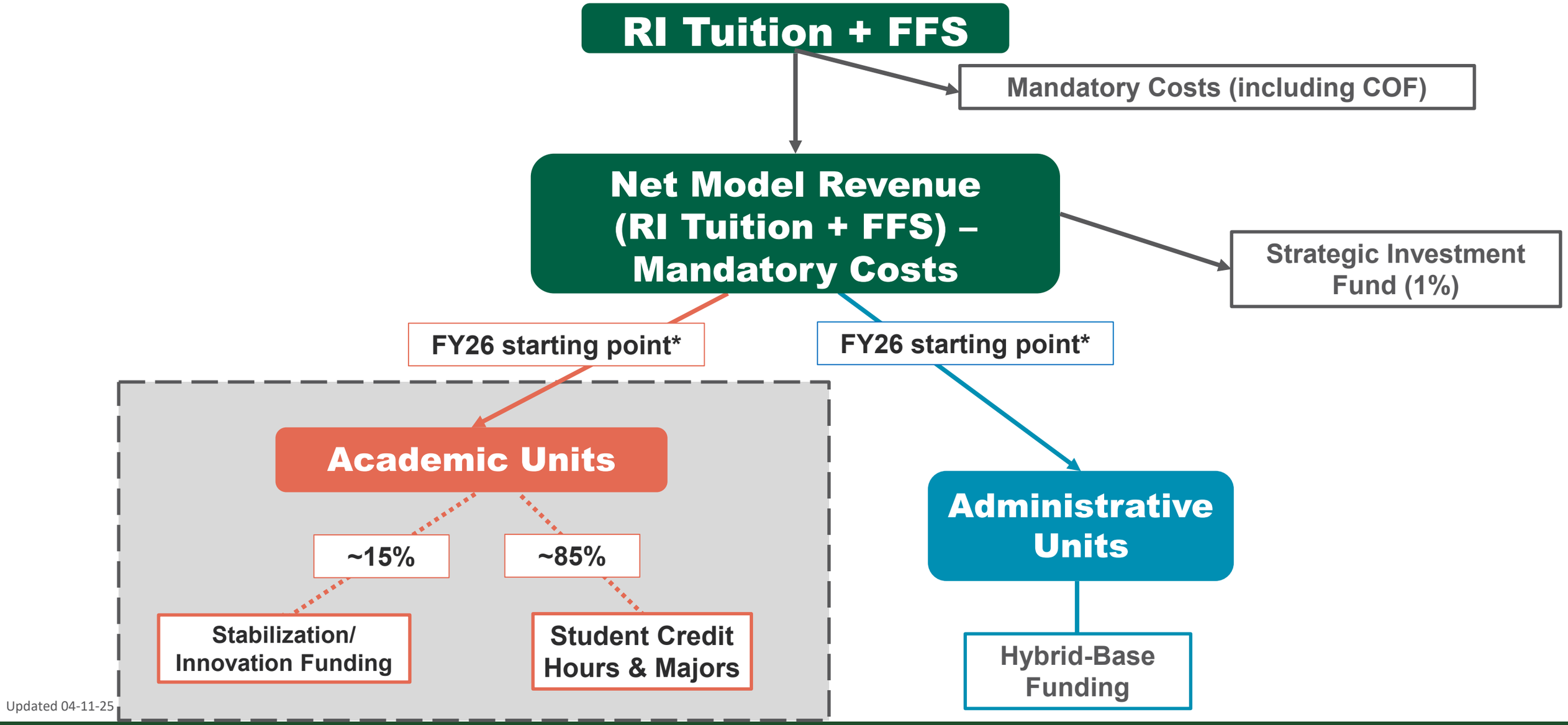
Academic Unit Allocations

- **Formula-based allocations to the academic units will be determined by Student Credit Hour (SCH) and Academic Majors (primary & secondary):**
  - SCH: 65%
  - Academic Major (including double majors): 30%
  - The remaining 5% will be set aside for research incentivization through subvention

- Allocations **will not be different** for undergraduate and graduate tuition.

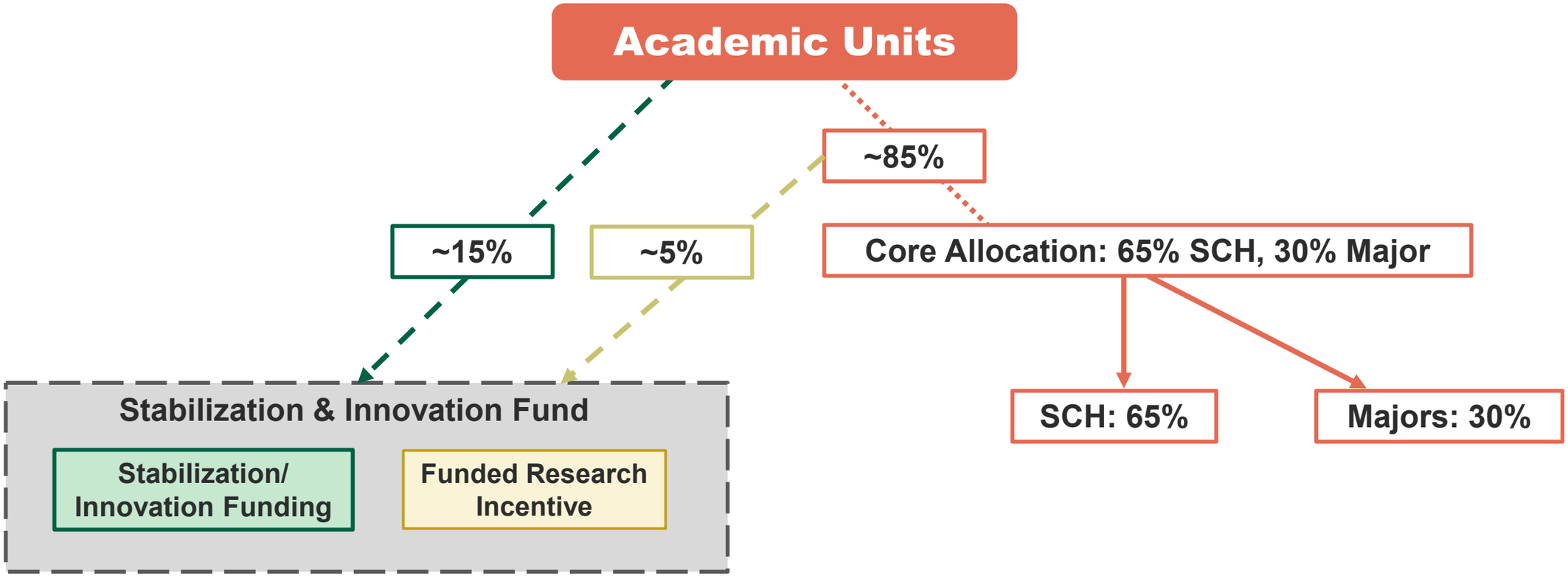
- This aligns with institutional priorities of **encouraging *smart* enrollment growth, supporting academic excellence** in each of the units and **emphasizing research**.

Hybrid-RCM Budget Structure



Updated 04-11-25

Allocation to Academic Units



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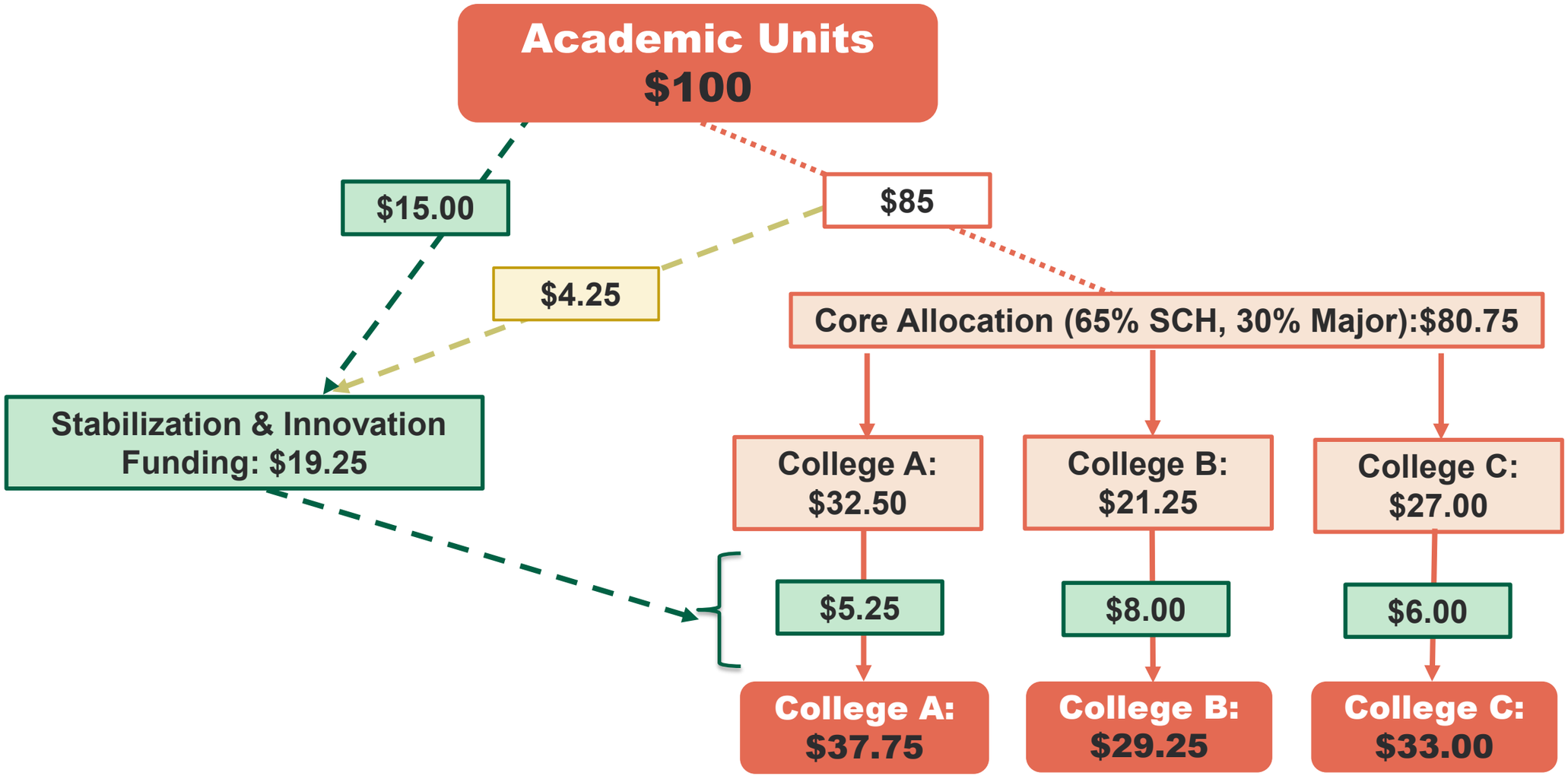

Updated 04-11-25

Principles of Stabilization/Innovation Funding

- Stabilization/Innovation Funding should:
  - Be allocated to **support institutional goals**.
  - Balance the need for **stability and flexibility**, while promoting **innovation and accountability**.

- In principle, the allocation of subvention should:
  - Support the mission of the programs in an academic program.
  - Support strategic opportunities for the university to excel or support stability of areas of known excellence.
  - Support the cost of an academic unit's programs.

- Stabilization/Innovation Funding will look **different for each academic unit**, reflecting their unique needs and opportunities, while honoring the principles above.

Stabilization/Innovation Fund Allocations

- Allocation of subvention funds may be long-term or short-term.
- Research: Approx. 5% of the Core Academic Funds will be added to subvention to incentivize and support research expenditure growth.
- The President (in consultation with the Provost/EVP and VPUO/CFO, as well as the academic Deans) has the discretionary authority to determine allocations, using the approach below:
  - Information metrics should be used to inform the majority of subvention decisions:
    - Year-Over-Year (YOY) growth in research expenditures relative to unit
    - Cost of instruction
    - Student Success Metrics
  - A portion should support strategic investments, innovative approaches, and mitigate impacts of rapid fluctuations in unit revenue (due to enrollment, research, etc.).
- Potential oversight from governance group, and assessment at regular intervals.

Administrative Units

- Administrative units are all units outside of the eight Colleges.
- These units will initially utilize the existing incremental budget model structure.

Key Considerations

- Avoid new fee-for-service
- Strategic, incentive-based model
- Could set aside % for strategic funding
- Potential oversight by governance group

Possible Allocation Variables

Historical % (Base)

Account for Service / Use metrics

Key Performance Indicators (3-5 per division/unit)

Budget Model Guardrails

- The guardrails should offer stability while also promoting accountability.
  - *Smoothing, or using 3-year averages, is another strategy to offer stability*

- Guardrails can be applied to the total budget allocation, as well as inform unit allocations.

- Budget model guardrails (*all things being equal*):
  - No more than a 3% YOY decrease in annual model budget (compared to 3-year average)
  - No more than a 5% YOY increase in annual model budget (compared to 3-year average)

- Unit Allocation Guardrails (*these behaviors and metrics will influence subvention decisions):*
  - Student Success Metrics (retention, graduation, completion rate, DFW rates, etc.)
  - Proportion of TTF to NTTF
  - Ratio of SCH to Faculty

Other Related Updates

Decentralization of Fringe

Other Proposals Under Consideration:

- Modification of the Carryforward & Designated Future Commitments (DFC) Process
- Consideration of revisions to GT Tokens
- Consideration of funding GT Pathways and the AUCC Core

Timeline:

- ‘Parallel Year’ will begin on July 1, 2025
  - Fall 2025 Census numbers will give first snapshot of new model numbers
- Implementation of the new model slated for July 1, 2026

Outstanding Questions

- **Where does compensation "live" in the model?** *This decision will be made by the Executive Sponsor Committee.*
- **How often should/will model be assessed?** *We believe the model should be assessed every 3 years, with changes implemented every 5 years.*
- **What resources and tools will be available to support and empower unit decisions?** *As a campus, we need to enhance our business intelligence. New Human Resources and Budget programs help with this need.*
- **How do we move beyond an incremental model for administrative units?** *We are continuing development of a strategic, incentive-based model for administrative units.*
- **How do funds reach the departments?** *The model determines allocations to each academic unit (colleges). Allocation to individual departments will be determined by each college.*

Questions/Comments?

Stay Engaged!

How to stay involved

Provide Feedback

- Please continue to provide feedback via the budget model website feedback form or email

Stay updated on the process

- Monthly updates to Faculty Council & via Source
- **Email:** budget_model@colostate.edu
- **Website**: https://operations.colostate.edu/budget-model-redesign/

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