University of Colorado

August 25, 2021

ASC Budget Committee: Report and Recommendations Regarding College Reorganization, Budget, Spending and Faculty Budget Input

Note: This document takes as its starting point the College Reorganization Budget (CRB), Structure (CRS), and Faculty Governance (CRG) Working Groups Report of Fall, 2019, which can be found at:
https://www.colorado.edu/sites/default/files/attached-files/as_reorg_budget_report_021020_accessible.pdf

https://www.colorado.edu/sites/default/files/attached-files/2019_12_13_final_as_faculty_shared_governance_report_accessible.pdf

https://www.colorado.edu/sites/default/files/attached-files/cas_swg_recommendation_report_nov_12_2019_002_accessible.pdf

Since those documents have been accepted and posted by the Provost, we provide here further detail and elaboration within those existing frameworks.

Goals and Principles Guiding these Recommendations:

1. Embrace the academic and intellectual diversity of the College of Arts and Sciences, recognizing the different needs, cultures, priorities, and future strategic goals of each division.
2. Promote divisional autonomy and budgetary efficiency, especially in terms of annual spending authority.
3. Reduce piecemeal funding decisions and resultant constant competition between divisions and departments.
4. Promote flexible and strategic funding decisions that adapt to student demand and new strategic priorities, allowing money to be transferred across divisions over multi-year timelines.
5. Reduce static and historical funding allocations.
6. Recognize multiple stakeholders in the budgeting process more fully.

Executive Summary of Recommendations:

1. Final budgetary decisions and budgetary control will reside at the level of the Dean of the College, as outlined in the CRB and CRS documents, and in compliance with Regent Policy 4.A.1. This will include yearly allocations of newly available funding, redistributions of existing funding, and cuts in funding in the event of emergencies or budget reductions from the Campus to the College.

2. The decisions referred to in (1) will be fully vetted through consultation with and oversight from the Executive Team (as described in the CRS document), as well as the ASFS Budget Committee.

3. Divisions and divisional deans will) , for the year. In compliance with Regent Policy 4.A.1, divisional deans will determine annual departmental and strategic funding allocations within their division, pursuant to (1) and (2). Each division will also not only its spending decisions, but any annual deficits, surpluses or reserves, which will carry over to subsequent years. The Dean of the College would not have the authority to sweep or take back funds from divisions, except in emergency circumstances such as campus-wide budget cuts or overall reductions in College funding, and this process would be vetted as described in (2). An annual spending deficit in a division would have to repaid fr) ,) , , division. Divisional deans should also provide their divisions previews of expected budget requests and allocations for the following two years.

4. We should increase the College's flexible and strategic budget by reducing inflexible continuing budget lines. Mechanisms to accomplish this recommendation include:
   A. Upon retirements or departures, convert current instructional lines (T/ncTuahed instructors) to fungible continuing spending authority that can then be held in part at the College level and in part redistributed to the divisions, under the authority of the Dean of the College and using a process as described in (2).
   B. New continuing funds from Campus should be treated in the same way.

   Such funds could be returned to the funding of faculty or instructor or staff lines, OR used in other ways to support students, staff, faculty or general unit goals and operations, AND which are more easily reduced in the face of any future budget cuts

5. A small portion of funds described in (4) will be retained by the Dean of the College for central use in strategic ways, in consultation with the Executive Team.

6. All budgetary decisions will be based on unit goals and priorities, and clear decision-making processes and metrics. This will require uniform shar 1 471.ya.2 re7471.ya.2 re7471.ya.2 re re9 1

Part Two: Moving to a "flexible spending authority" budget.

Currently, virtually all available money in the College is locked into lines or at least people-funding (including graduate students), or goes automatically to individual units via pass-throughs and algorithms. The elevation of the divisions will not necessarily change this – the "locked in" money would simply be locked in to divisions.

For example, when a professor retires from a given department, with a total cost to campus of $150k/yr in salary and benefits, one third of the funds in that line currently return to the Provost's office to support the FDAP program. Some portion of the remaining $100k would then be returned to both the College and respective division. The division could use the money however they see fit – for changing purposes each year (faculty travel or research support, seeding teaching or research initiatives, etc.), but also, as such funds accumulate, for new lines or other new continuing spending options within the division. The same would be true for the College. We expect that the exact split of the funds could be determined – and changed over time -- as goals, priorities and achievement of those goals dictate.

With regards to staffing, given the relatively smaller amounts of money involved, and the fact that the College and the divisions are all under-staffed relative to the rest of campus, we recommend that staff lines be owned at the divisional level, and that continuing funds from resignations or retirements go to the Dean of Division, as fungible spending authority, for use and redistribution in the same way as described above for instructional lines. While staff is different from instructional lines in

In the longer term, a careful study of cross-divisional staffing levels is needed. It could be that staffing levels and responsibility are not equitably distributed across divisions.

Rather than allocating these funds as lines, we propose that some portion of the overall new continuing funds be distributed to the divisions simply as money. This would complement the money generated from retirements. The divisions could then decide to pool both sources of money to fund new faculty lines on their own, without needing College funding. Or they could choose to use the money in some other way.

The net result of this plan would be pools of continuing budget money available at both the divisional and College levels. Actual allocation of the funds at the divisional level would be made by the Divisional Dean after consultation with the Divisional Council and the Divisional Budget Committee, as described in the CRS and CRG documents.

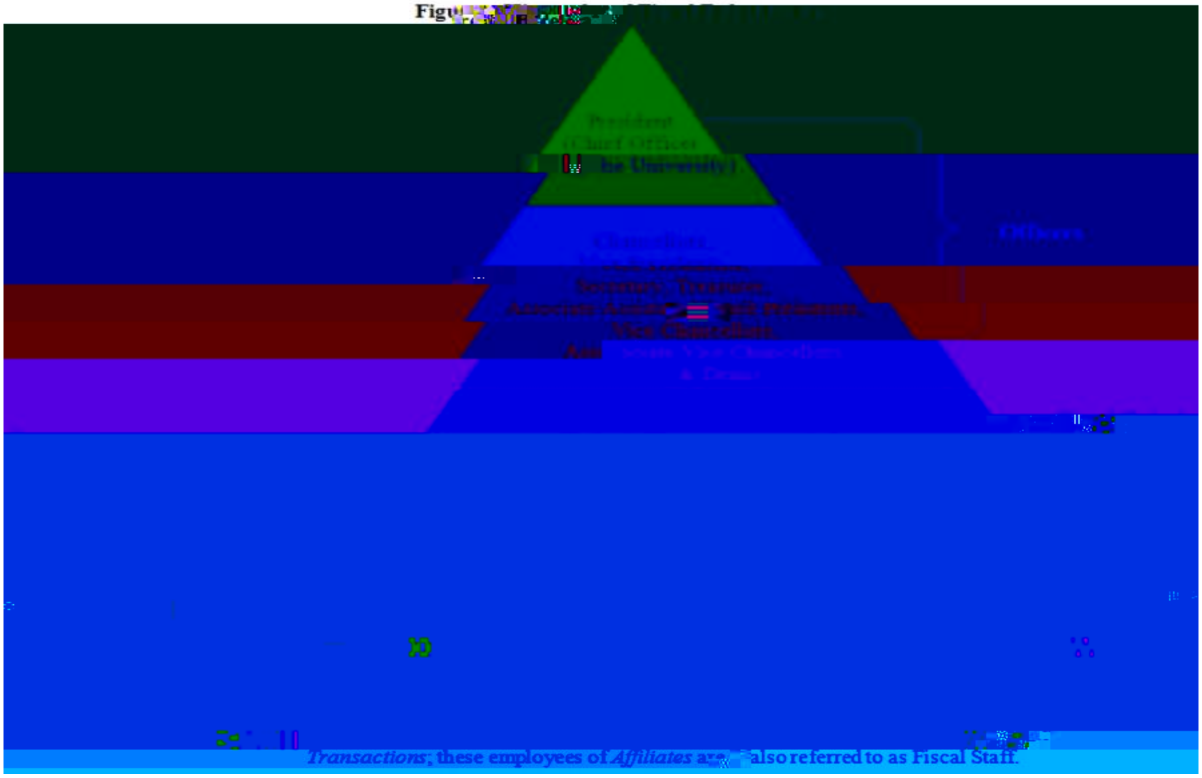
At the College level, the allocations would be vetted and recommended by the Executive Team and ASFS Budget Committee to the Dean as described in the CRB, CRS, CRG and new ASFS Faculty By-laws documents. A crucial question for the College will

What do we want to incentivize? Would we use SCH or net revenue generation? Academic quality measures? Research quality measures ? Decisions about minimal disciplinary coverage needs or other forms of subsidies? Rewards for retention and graduation rates? This will be a crucial decision, and one that will no doubt need to change across time, so we make no recommendations here. We do strongly suggest that the College discover what the Campus will use for its criteria for redistribution of base budget to the College under the new budgeting system currently being implemented, and that the College match its incentives to those used by the Campus to a significant degree.

Part Three: The mechanism for making and monitoring these budget decisions.

We note that the approach outlined above will lead to more complex budgeting decisions at the divisional level – with flexibility comes complexity.

The entire process will collapse if the College or other divisions are forced to use their strategic reserves to bail out a division that overspends. The same is true for the College central funds – it cannot be allowed to force the divisions to bail it out. If this were to occur, it would create the perverse incentive for all entities to "lock in" their budgets as much as possible. Thus



Under APS 4104, all Officers and Fiscal Principals are "entrusted with fiscal responsibility for their assigned organizational units." In practice, this will mean oversight of all current and reserve funds in the division, particularly including the spending authority represented by General Fund continuing and temporary budget.

Continuing Budget is a recurring resource allocation, recorded in a given speedtype, that remains in place from one year to the next. Temporary Budget is a one-time resource allocation, recorded in a given speedtype, that remains only for the duration of the fiscal year in which it is recorded. Variances in continuing budget at fiscal year end, whether surplus or deficit, are recorded as temporary budget in the following fiscal year.

To improve transparency and create a system for continual monitoring and checkpoints, the VD of Finance will provide the ASFS Budget Committee and the College Executive Team a divisional deficit report on a monthly basis.

In the event of a deficit in funds within a division at the end of a fiscal year, we recommend the following occur during the next fiscal year, in the order listed, until the reductions are enough to pay back the deficit:

1) Draw from the Divisional plant fund reserve.
2) The Divisional Dean's discretionary budget be skimmed by 50%.
3) The Division's summer session incentive will be skimmed by 50%
4) Divisional L&R funding be skimmed by 5%.
5) Graduate student support allocations be skimmed by 5%.

6) Department operating budgets be skimmed by 5%.
7) Faculty $XQK accounts be skimmed by 25%.
8) In the event of significant unapproved deficit still not resolved by steps (1-7), the Divisional Dean's discretionary budget be skimmed by 100%, AND control of the divisional budget may be removed for one year from the Divisional Dean and assigned to the College Executive Team.

We allow that the College Dean and relevant Divisional Dean would have the flexibility to negotiate alternative orders and proportions with regards to the repayment mechanism outlined above, as long as the deficit is resolved.

The Deans of Division will be responsible for sound continuing budget decision-making. In the event of a deficit in

We advise the preceding because budgeting and spending decisions are quite complex and require a significant amount of faculty education in order for the faculty to adequately understand the system – and thus comment and/or vote on it cogently. Separate divisional committees are needed, and those committees need regular interaction with the College-level budget as well as divisional budgets.

We strongly suggest that the head of the ASFS consult with (or even invite as an observing member) the Chair of the ASFS Budget Committee to any budgetary meeting of the Executive Team of Deans.

Appendix One: Some Pros and Cons

There appears to be little alternative to the distribution described in part one –