

What is our new approach to budgeting?

We are moving to an incentive-based budget model. This new approach aligns our investments and resources with our strategic priorities by incenting the types of activities that drive both student and financial success. This includes generating funds, reallocating our resources toward our strategic priorities and better containing costs. Along with the incentives built into the model, we are developing a planning and budgeting process that creates a forum for schools, colleges and the central support units to discuss strategies and work together to achieve our priorities.

Why do we need a new budget model?

CU Denver has long used an incremental approach to resource allocation. This is a traditional, commonly used budget model in which budget proposals and allocations are based on the funding levels of the previous year. Under this model, new revenue results in equal percentage increases for all units; in hard times, budget cuts are typically across-the-board in reach.

This approach can be successful when revenue is steadily climbing. However, when a university (like ours) is financially dependent on enrollment and prone to swings in enrollment, an incremental budget can lead to financial uncertainty. Incremental budgeting typically does not encourage the type of action needed to create growth, properly reallocate financial resources or contain costs.

What are the benefits of this new approach?

This new approach allows schools and colleges that outperform their budget to retain those additional funds –which can become a virtuous cycle of increased one-time funds and ongoing funds. It also ties the university together by linking the success of all of our schools, colleges and central support units. Coordinated goals and actions keep us all rowing in the same direction.

How will this change affect me and my unit?

As we adopt this model, it will allow departments and programs to function in a more entrepreneurial space – making it easier to identify and take advantage of new markets and new opportunities for growth. We hope that faculty and staff will see the value of the new model as they engage in strategic, data-driven discussions. This will help us all re-allocate our resources to support our strategic priorities.

Will academic departments be eliminated if they're not bringing in revenue?

CU Denver has many high-cost programs that generally do not cover costs through student tuition, fees and state support. Because we value our high-cost programs, we will continue to subsidize them with revenue from lower-cost programs. Complex university campuses like ours have always provided this type of cross-subsidy to ensure the health of high-cost programs. The new, incentive-based model makes those types of decisions transparent and reveals the internal economy of the campus. This allows for a clear understanding of costs and strategic decisions to support programs that are important to the full programmatic needs of a university.

How can I track what's going on with the budget redesign?

You can find the latest information and news on the budget redesign [here](#).

How does the budget align with CU Denver's strategic priorities?

In Fall 2016, Chancellor Dorothy Horrell established five priorities to guide our ongoing success:

- *Student success*
- *Scholarly preeminence*
- *Community impact*
- *Inclusive excellence*
- *Long-term financial sustainability*

The budget redesign clearly supports the fifth priority, as this new approach provides us with more control and transparency around our resources to plan for long-term success. However, financial stability is the foundation for all our other efforts. Without a strong financial core, we cannot meet the needs of our students, support our faculty and staff or create a vibrant campus community. Our new incentive-based budget model is being designed to align our goals and actions with our strategic vision.

As Colorado's only public urban research university, we must clearly articulate what differentiates us from other universities and invest in those unique strengths. With help from leadership at all levels, we can have important discussions, make strategic decisions and implement a more sustainable budget model. Ultimately, our hard work will allow us meet our goals and contribute to the economic, social and cultural vitality of our metropolitan region, our state, and beyond.