

 UNIVERSITY of DENVER	UNIVERSITY OF DENVER POLICY MANUAL GAINSHARE		
<p><u>Responsible Department:</u> University Budget, Planning & Administration</p> <p><u>Recommended By:</u> Provost and SVC for Business and Financial Affairs</p> <p><u>Approved By:</u> Chancellor</p>	<p><u>Policy Number</u> BUDG 2.20.010</p>	<p><u>Effective Date</u> 1/28/2022</p>	

I. INTRODUCTION

It is the policy of the University of Denver to encourage and reward departmental and divisional financial performance by establishing a Designated Gainshare Fund.

At the election of the Board of Trustees, transfers can be made from operating unrestricted funds to Designated Gainshare Fund accounts belonging to program and operating units of the University. Designated Gainshare Funds may be used for future operating purposes in accordance with the following policy guidelines.

II. POLICY OVERVIEW

A. Operating Unrestricted revenues in excess of budget will be shared between the University and divisional operating units with budgetary responsibility for raising those revenues. Tuition, fees, and sales of educational and auxiliary units are included.

The divisional operating unit and the University will share equally (50/50) in the distribution of revenues beyond budget.

B. Divisional operating units will retain 100% of unspent expense budgets so long as any revenue budgets for those units have been met. Unspent fringe benefit pools will revert to the University.

C. Senior management has the authority to define the “divisional operating unit” and to define the “revenues” and “expense” measurements to allow for changes in structure and unique circumstances in each division.

- D.** The calculation of funds available for Gainshare will be determined from year-end results.
- E.** The monies due divisions for Gainshare will be held in separate Designated Fund accounts. Interest earned on the Designated Fund accounts will go into the University's general fund (Operating Unrestricted).
- F.** Balances in Designated Fund accounts will be measured at the close of each fiscal year. In any given year, operating units may spend up to one-third of the prior fiscal year's year-end accumulated fund balance. All unspent balances will remain in the Designated Fund accounts (e.g. unspent balances do not revert to the University). Senior Management has the authority to make exceptions to the one-third limit for special projects or where circumstances warrant spending more.
- G.** Balances in non-tuition generating units will be capped at 10% of the unit's budgeted operating expense or \$1 million dollars, whichever is lower. If additional Gainshare is generated, it will be distributed to the University.
- H.** Gainshare funds are intended to serve as seed money for program enhancement and development, space renovation projects, and for such things as faculty travel, equipment, and unbudgeted nonrecurring expenditures.
 - 1.** Multi-year Gainshare plans are encouraged. Division heads must develop plans for multi-year spending of the Gainshare Funds and receive approval from the Provost and Executive Vice Chancellor or the Senior Vice Chancellor for Business and Financial Affairs prior to implementation. All plans should have a clearly defined termination path, to accommodate a change to financial conditions of the unit or the University.
 - 2.** Gainshare funds may be used to pilot new appointed staff positions, with clear communication in advertisements and employee communications regarding the temporary nature of the position. Prior approval of the Provost and Executive Vice Chancellor or the Senior Vice Chancellor for Business and Financial Affairs is required. All positions funded by Gainshare should have a clearly defined and communicated end date.
 - 3.** Gainshare funds may be used for scholarships, so long as Gainshare funds are projected to support awards for the duration of the award and communicated clearly to student recipients.

- 4. Deans and other division heads will have wide latitude in determining how Gainshare funds will be deployed across and within the responsibility centers and/or departments and programs under their management. It is anticipated that spending decisions will strike some balance between supporting increased expense of expanded divisional needs and furthering divisional priorities and strategic plans.
- I. Operating units will be expected to utilize balances in Gainshare accounts to cover revenue shortfalls or expenditure overruns should they occur in subsequent years.
- J. The Controller will review all of the Gainshare calculations and results with the Provost and Executive Vice Chancellor and Senior Vice Chancellor for Business and Financial Affairs for their approval before the divisions are notified of their Gainshare amounts.
- K. Operating units must submit spending plans to the Provost and Executive Vice Chancellor or Senior Vice Chancellor for Business and Financial Affairs prior to spending from their designated fund accounts in a given fiscal year.
- L. Spending plans for University reserves generated annually will be proposed as institutional priorities by the Provost and Executive Vice Chancellor and the Senior Vice Chancellor for Business and Financial Affairs and approved by the Chancellor and the Board of Trustees.
- M. The Provost and Executive Vice Chancellor and the Senior Vice Chancellor for Business and Financial Affairs will report periodically to the Finance and Budget Committee of the Board of Trustees on the status of the Gainshare program.

III. PROCESS OVERVIEW

None

IV. DEFINITIONS

None

Revision Effective Date	Purpose
<i>6/28/2021</i>	<i>Minor revisions</i>
<i>1/28/2022</i>	<i>Aligning policy with practice</i>