

ADDENDUM B
Formula Position Share Annual Increase Methodology
to the MEMORANDUM OF UNDERSTANDING between
Colorado State University Extension and _____ County, Colorado

The formula for County funding toward CSU formula funded and hired Extension faculty and staff is set and reviewed annually and announced on or before July 1st before the upcoming calendar year (January 1st start). Overall annual salary increases due to cost of living and merit increases are set by the CSU Board of Governors. Based on these increases, the formula share is increased annually as follows:

- Average salary of current formula funded faculty and staff positions is reviewed and calculated based on prior year data, then multiplied by the approved CSU salary average increase amount. This is the estimated salary increase amount.
- CSU new fringe rate amount is multiplied by new salary rate.
- Current average formula funded salary amount is subtracted from estimated average formula Compensation Funded Compensation to obtain the annual increase amount. The increase amount is then divided by the current average formula funded compensation to equal the total percent increase.
- Current formula amount is multiplied and increased by the percent increase and then that amount is rounded to the nearest hundred dollars.

Example Using Year 2022

<i>Current Average Formula Funded Salary - 1.0 FTE</i>	\$62,400
<i>Current annual fringe expenses at 26.7%</i>	\$16,661
<hr/> <i>Total CURRENT Average Formula Funded compensation</i>	<hr/> \$79,061
<i>Annual CSU salary increase- 3% (62,400 X 3% = \$1,872 increase)</i>	\$64,272
<i>Benefit increase over prior year (1.9%), or 28.6%</i>	\$18,381
<hr/> <i>Total ESTIMATED Average formula funded compensation</i>	<hr/> \$82,653
<i>Total % increase of cost over prior year*</i>	4.9%
<i>Prior Year Formula amount \$14,700 for CY 2022 multiplied by 1.049</i>	\$15,420
<i>Less Available One Time Funding (Jan-Jun 2023 ONLY)</i>	\$ -420
<hr/> 2023 New Formula Amount	<hr/> \$15,000

ADDITIONAL NOTES:

- One-time funding available in 2023 to reduce the amount of formula share on the County. In future years, funding will not be available for a reduction.
- CSU fringe rate increases are provided by CSU actuary/cost-accounting unit and adjusted annually each fiscal year. The formula percent increase is recalculated annually, as part of CSU Extension’s annual budgeting process.
- CSU operates on a fiscal year basis from July 1 to June 30, though will follow calendar year for formula calculations