Incentive-based Budgeting Metrics and Evaluation  
A Report to the Provost from the Incentive-based Budgeting Metrics Working Group  
March 27, 2017

Introduction

In November 2016, the Provost charged the Incentive-based Budgeting (IBB) Metrics Working Group\(^1\) with developing a concise set of metrics to help us understand whether, and how well, IBB is working. The group participated in several work sessions that were organized around assignments and feedback members submitted before each session.

The working group considered its charge in the context of the University’s Strategic Action Plan, the Academic Excellence Goals, the IBB Guiding Principles, and the model’s algorithms themselves. As it contemplated evaluating the model, the group quickly, and repeatedly returned to sentiments expressed by the Provost and others during the model’s development and implementation – that the model is a management tool that allows us to account for revenues and expenses – it is not a strategy set, nor is it a surrogate for leadership, vision, or planning. As potential metrics were considered, the difficulty of demonstrating cause and effect between any metric and the model became clear. There are simply too many internal and external factors and forces beyond the model at play, to ascribe any outcome directly to the model.

Recommended Approach

The consensus of the group is that we cannot credit (or discredit) IBB directly with any measure of institutional performance. However, it is reasonable to consider whether the model enables strategic decisions and innovation; whether it provides adequate opportunities for success to all units; whether it may be providing the right “behavioral nudges”; whether the institution has made progress since its implementation; and whether the negative outcomes some predicted during the transition have been realized.\(^2\) To those ends, the working group suggests a three-pronged evaluative approach.

I. Review of University-wide “Indicators of Success” Selected to Monitor Prominent IBB Concerns\(^3\)

Concern: \textit{IBB will adversely affect the quality of the undergraduate experience.}  
Indicators:

(1) Undergraduate Acceptance and Yield Rates  
(2) First to Second-Year Retention Rate

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\(^1\) Membership: Breck Bowden, Luis Garcia, Jane Kolodinsky, Polly Parsons, Don Ross, Jim Vigoreaux, and Beth Wiser. Staff to the Working Group: Kerry Castano, Alberto Citarella, and Alex Yin.  
\(^2\) The Educational Stewardship Committee monitors and responds to concerns on an on-going, real-time basis.  
\(^3\) Indicator Sources: #1, 2, 3, 11: \textit{University Sourcebook}; #4, 9, 12: OIR Special Report; #5, 10: Review of Faculty Senate/ Curricular Affairs Committee approvals; #6, 7, 8: \textit{SPA Annual Reports}
(3) Four-year Graduation Rate
(4) Course Section Size Mix

Concern: Interdisciplinarity will decline in IBB.
Indicators:
(5) Number of New Cross-Department/Cross-College Programs
(6) Number of Cross-Department/Cross-College Extramural Funding Proposals

Concern: As a result of its cost, research activity will decline in IBB.
Indicators:
(7) Number of Extramural Funding Proposals Submitted
(8) Extramural Funding Received
(9) Years to Promotion (Associate to Full)

Concern: As a result of its cost, graduate education will decline in IBB.
Indicators:
(10) Number of New Graduate Programs
(11) Graduate Degrees Awarded by Year

Concern: IBB will weaken the Teacher-Scholar Model.
Indicators:
(12) T-TT/NTT Faculty Mix
(7) Number of Extramural Funding Proposals Submitted
(8) Extramural Funding Received
(9) Years to Promotion (Associate to Full)

II. Qualitative Survey of the Deans
   • Unit-level (“boots on the ground”) assessment
   • Based on the IBB Guiding Principles and academic perspective
   • Provide insight on impact, strategy, innovation, etc.
   • Considers questions such as:
      How has the model impacted your ability to execute your strategic plan/highest priorities?
      Does the model provide the incentives necessary to promote and sustain academic quality and excellence within your unit?
      Has the model encouraged innovation and entrepreneurship within your unit?
      Describe the extent to which faculty/staff in your unit understand and engage with the model.
      What impact has the model had on interdisciplinarity within your unit?

III. Qualitative/Quantitative Consideration by the Budget Director, Vice President for Finance, and Chief Budget Officer
   • Institutional-level assessment
   • Based on IBB Guiding Principles and financial perspective
• Provide insight on financial status, strategy, etc.
• Considers questions such as:
  Has revenue equaled or exceeded expense each year?
  Does the model make transparent areas of financial concern or opportunity?
  Does the model support the ability to plan and predict?
  Does the model provide incentives and/or enable strategic investment?
  Does the model return equitable and consistent results to all RCs?
  Does the model provide adequate avenues for success for all RCs?
  Does the model provide RCs with sufficient ability to respond to change?

Recommended Timing

Our community is still building its understanding of IBB. For this reason, it may be helpful to conduct an evaluation annually for several years, comparing results to a pre-IBB baseline. This will provide information that may be useful in separating fact from fiction, and may inform IBB 2.0 preparations and thinking. Over time, the evaluation of the model will be assimilated into its periodic updates (IBB 3.0, etc.). The annual evaluation will be initiated by the Provost; results will be provided to the IBB Steering Committee and to the University’s Senior Leadership including the Deans and Vice Presidents. A summary of the evaluation’s results will be posted on the IBB webpage.