![The University of Vermont — Faculty Senate]

Financial & Physical Planning Committee
February 5, 2024, 2:00 – 3:30 pm
Microsoft Teams

Minutes

Present: Thomas Borchert (Faculty Senate President), Dan DeSanto (LIB), David Kaufman (RSNER), Jane Knodell (CAS), Maureen Neumann (CESS), Guillermo Rodriguez (CAS), Krista Shea (CNHS), Andrey Ukhov (GSB)

Absent: Chloe Elkort (SGA), Pending (CALS), Lisa McGee (LCOM), Greg Rowangould (CEMS), Pending (GSS), Beth Zigmund (LCOM)

Guests: Shari Berquist

The meeting was called to order by Chair Guillermo Rodriguez at 2:00pm via Microsoft Teams.

1. **Approval of the December 2023 Minutes.** There were a few minor edits made to the minutes of December 2023, they will be voted on at the March meeting.
2. **Chair Update.** There was no chair update at this meeting.
3. **IBB Refresher, Shari Berquist**.

Incentive Based Budgeting

Common Terms

- ▶ **Support Center:** A unit such as Human Resource Services or Payroll that does not generate revenue but supports Responsibility Centers by providing centralized services or resources.
- ▶ **Responsibility Center:** Responsibility Centers, such as colleges and schools, are primarily defined by their revenue-generating capability and their use of and dependence on centralized services.
- ▶ **Algorithm:** The formula by which either revenue or expense is allocated to a Responsibility Center. UVM's IBB model includes seven Algorithms, five for revenue, and two for expense.
- ▶ **Subvention:** While each responsibility center is expected to operate within their respective budgets, subvention was established in 2016 as a mechanism for holding all academic units harmless on the first day of the conversion to the Inventive Based Budgeting (IBB) model.
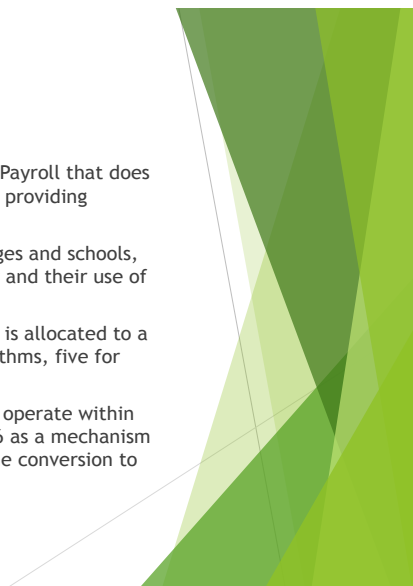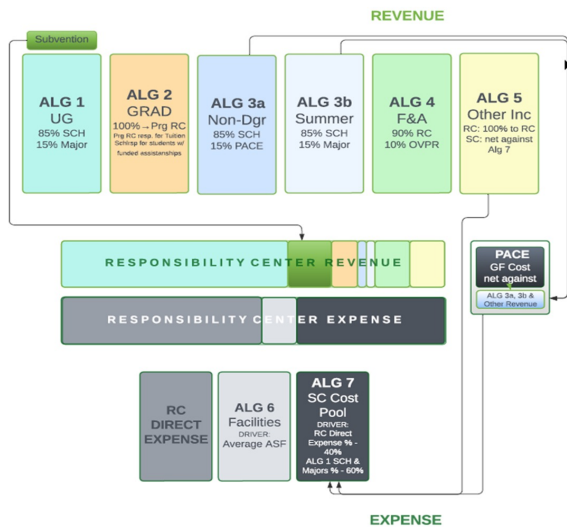
Overview of Algorithms

The Revenue Algorithms

▶ Algorithm 1: Undergraduate Net Tuition

▶ Algorithm 2: Graduate Net Tuition

▶ Algorithm 3a and 3b: Non-Degree and Summer Tuition

▶ Algorithm 4: Indirect Cost Recovery

▶ Algorithm 5: Other Income

Overview of Algorithms Continued

The Expense Algorithms

▶ Algorithm 6: Facilities and Space

▶ Algorithm 7: Support Centers, OVPR and PACE

Revenue algorithms

Algorithm 1: Undergraduate net tuition

▶ What will be distributed

Includes undergraduate net tuition (gross - financial aid) from fall and spring semesters, Unrestricted Endowment, Annual Giving, Investment Income, and a portion of State Appropriations and Other Support. The first $40m of the revenue pool will be allocated to Subvention and the President's and Provost's Strategic Investment Fund.

▶ Methodology

85% based on a college's or school's percentage of the two-year trailing average of weighted Student Credit Hours (SCH) taught; attributed to a Responsibility Center based on the home unit of the *instructor of record*.

15% based on a college's or school's percentage of the two-year trailing average of majors (based on primary major of student).

▶ Timing

The SCH and Major counts will be based on a two-year trailing average and be based on Fall and Spring Census data

Revenue algorithms continued

Algorithm 2: Graduate tuition

▶ What will be distributed and methodology

The home college or school of a graduate student's program will be allocated 100% of the student's gross tuition generated in the Fall, Spring or Summer.

The home college or school of a graduate student will be responsible for paying 100% of that student's financial aid, including any financial aid provided for the Comprehensive Fee or Health Insurance. Any stipends provided to Graduate Students will be the responsibility of the hiring college, school, or department.

Cross-College Transfers

Cross-college transfers will occur if a graduate student enrolls in a section whose instructor of record is *outside* of the graduate student's home college. In that case, the home college/school of the graduate student will pay the instructing college/school a rate equal to 85% of the in-state tuition rate per SCH.

Revenue algorithms continued

Interdisciplinary programs and support (e.g. Neuroscience MS and PhD, Food Systems, MS, Bioengineering PhD)

Housed within the Graduate College. The graduate net tuition generated by these programs will be allocated on a pro-rated basis to Responsibility Centers based upon their share of SCHs taught (via the instructor of record). For example, if 85% of the SCHs taken by Food Systems majors were attributable to CALS, CALS would receive 85% of the Graduate Net Tuition generated by the Food Systems graduate students.

Stipends for Interdisciplinary Programs will be supported by the Graduate College or based on existing MOUs between the Graduate College and Responsibility Centers.

▶ Timing

All revenue will be distributed based on data from the current year.

Revenue algorithms continued

Algorithm 3a Nondegree tuition

▶ What will be distributed

Includes the net tuition (gross tuition less financial aid) generated by Non-Degree Students during the Fall and Spring semesters.

▶ Methodology

85% based on a college's or school's percentage of the non-degree SCH taught; attributed to a Responsibility Center based on the home unit of the *instructor of record*.

15% allocated to Professional and Continuing Education (PACE).

▶ Timing

Revenue distributions will be based on the Fall and Spring census data compiled by OIR for that given year.

Revenue algorithms continued

Algorithm 3b - Summer Tuition Revenue

▶ What will be distributed

Includes any net tuition (gross tuition less financial aid) generated by Undergraduates and Non-Degree students in the summer.

▶ Methodology

85% based on a college's or school's percentage of the summer SCH taught; attributed to a Responsibility Center based on the home unit of the *instructor of record*.

15% based on a college's or school's percentage of the majors taking summer courses (based on primary major of student); non-degree students will be counted as PACE majors.

SCHs will not be weighted.

▶ Timing

Distributions will be based on data from OIR from the two census dates for Summer Sessions- July and August months (header) and May and June months (footer).

Revenue algorithms continued

Algorithm 4 – Indirect Cost Recovery

▶ What will be distributed

Includes all Indirect Cost Recovery (F&A) generated by the University.

▶ Methodology

In FY23, 90% of the F&A will be allocated to the RC of the grant's Principal Investigator (PI) with the remaining 10% allocated to the Office of the Vice President for Research. If grants have multiple PIs (co-PIs), the F&A allocated to the RCs will be distributed according to their respective planned effort on the grant. The OVPR will receive 100% of the F&A revenue associated with F&A not allocated specifically to a Responsibility Center.

▶ Timing

All revenue will be distributed based on data from the current year.

Revenue algorithms continued

Algorithm 5 - Other Income (e.g. course or program fees)

► "Other Income" (OI) is revenue not directly related to tuition and research. OI generated within a Responsibility Center will be distributed based on data from the current year.

Expense Algorithms

Algorithm 6 - Facilities

► <u>Methodology Part 1</u>

Expenses for facilities-related departments (e.g. Custodial Services, Physical Plant, Radiation Safety) will be allocated to a Responsibility Center based on its percentage of the total campus assignable square feet (ASF). For example, if a college's occupied space accounts for 10% of the total campus ASF, it will be attributed 10% of the expense for these departments.

Not included in calculation: Dining Services, certain Income/Expense units, Hybrid Cost Centers, and space leased to third parties space leased from a third party. ASF also excludes space deemed unusable, custodial, circulation, mechanical, structural, elevator, lavatory, or vending machines.

► <u>Methodology Part 2</u>

Given that administrative units on campus themselves occupy space, they will be charged their percentage of the facilities-related departments expenses. For example, if 49% of the total campus ASF is attributable to support centers, they will be attributed 49% of the facilities expense budget. Then, this expense will be allocated to RC's based on the RC's prorated share of the Algo. 7 cost pool. That is, if an RC's allocation of the total of Algorithm 7 expenses is 22% of the total, it will be allocated 22% of the cost for administrative units' space.

The cost associated with barns/sheds will be discounted by 80%.

General purpose classroom space will be assigned to the Registrar's Office.

► <u>Timing</u>

Generally, ASF for the current budget year will rely on the Space Inventory from two years' prior (e.g., FY20 IBB facilities cost allocation will be based on the FY18 Space Inventory) and the space use as of June 30 of each year. ASF for IBB purposes will be adjusted for the next FY if space changes are approved and completed by Oct. 1st.

Expense Algorithms Continued

► <u>**Algorithm 7**</u> has been simplified into one formula using two different cost drivers:

1. Direct expense weighted at 40%: Support pool cost allocation will be based on an academic unit's pro-rata share of expenses using a 2-year trailing average. Example: FY21 budgets allocated based on two-year trailing average of FY18 and FY19

2. Undergraduate SCH and majors weighted at 60%: Support pool cost allocation will be based on an academic unit's pro-rata share of SCH taught using a 2-year trailing average. This mirrors the current undergraduate tuition revenue algorithm (algorithm 1).

Resources

▶ https://www.uvm.edu/finance/ibb

▶ https://sharepoint.uvm.edu/sites/ibb/SitePages/Home.aspx

4. **Spring FPPC Topics**.
   - **Housing Situation on Campus,** invite someone that can discuss this from campus planning. Invite someone from student life.
   - **Athletics,** what role do they plan on the budget, invite either the Athletic Director or the business manager.
   - **LCOM,** invite Dean Page to get an update on the LCOM budget.

5. **New / Old Business.** There was no new business at this meeting.

6. **Adjourn.** The committee adjourned the meeting at 3:00pm.

The next FPPC meeting will be March 4, 2024, from 2:00 to 3:30 on Teams.