Incentive-based Budgeting (IBB)
Why move to IBB?

1. Links resources with strategy, empowers academic leadership
2. Creates incentives that promote and support financial sustainability
3. Increases transparency
4. Encourages innovation and entrepreneurship
5. Encourages multi-year and all-funds* budgeting at all levels

* e.g., General Fund, income/expense, gift, endowment, and other restricted funds
Nearly one-quarter of US colleges and universities have moved to some form of incentive-based budgeting. Many more institutions are in the process of adopting such a model. Among the major doctoral institutions using some form of IBB are:

<table>
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<tr>
<th>American University</th>
<th>University of Alaska</th>
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<tr>
<td>Auburn University</td>
<td>University of California-Davis</td>
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<td>Brandeis University</td>
<td>University of Connecticut</td>
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<td>California Institute of Technology</td>
<td>University of Delaware</td>
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<td>Clemson University</td>
<td>University of Florida</td>
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<td>Duke University</td>
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<td>Marquette University</td>
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<td>Northeastern University</td>
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<td>Syracuse University</td>
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<td>Temple University</td>
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<td>Texas A&amp;M University</td>
<td>Vanderbilt University</td>
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<td>Texas Tech University</td>
<td>Washington University</td>
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IBB models generally have four components:

1. Some portion of tuition and research revenues are allocated to the colleges and schools (and the other incentive centers) that generate them.
2. Cost pools are established to fund necessary university-wide infrastructure and administrative services.
3. Some portion of facilities costs are allocated to the colleges, schools and other incentive centers in proportion to their usage.
4. A pool of resources is allocated to the President/Provost to invest in strategic initiatives.
How is IBB different from UVM’s current model?

**UVM’s Current Model**

- Tuition & Fees
- State Appropriations
- Other Revenue
- President/Provost
- General Fund
- Schools & Colleges (Expenditure Authority)
- Administrative Units (Expenditure Authority)

**Standard Incentive-based Models**

- Tuition & Fees
- State Appropriations
- Other Revenue
- President/Provost
- Schools, Colleges, and other Incentive Centers
- Administrative Units (Expenditure Authority)
Proposed Process and Timeline

**September 2013**
Steering Committee appointed

**October 2013**
Subcommittees appointed

**January 2014**
Interim report to the President

**June 2014**
Final report to the President

**July 1, 2014 (start of FY 15)**
Current budget model and IBB run in parallel

**July 1, 2015 (start of FY 16)**
Complete transition to IBB

**Anticipated Subcommittees:**
- UG Tuition Revenue and Aid
- Graduate Tuition and Aid
- Non-Degree and Online Tuition and Aid
- Research and Indirect Cost Recovery
- State Appropriation
- Facilities and Space Costs
- Cost Pool Methodology
- Oversight