



TO: Thomas Sullivan, President

FROM: David V. Rosowsky, Provost and Senior Vice President

DATE: June 30, 2014

SUBJECT: Report of the Incentive-based Budget Model Steering Committee

I am writing to provide you with the recommended incentive-based budget (IBB) model for the University of Vermont, and to seek your approval of this model. These recommendations are the result of many hours of diligent work by the members of the IBB Steering Committee, the eight IBB Subcommittees, our academic and administrative leaders, and the many members of our campus community who were engaged in this process.

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BACKGROUND

In academic year 2012-13, the UVM community discussed the characteristics and operation of its existing budget model. Those discussions included governance leaders, trustees, academic and administrative business managers, members of the Faculty Senate, and other constituents. There was widespread agreement that the existing model: (1) lacked transparency, (2) was unnecessarily complex, (3) offered little flexibility, and (4) provided few incentives. In early fall 2013, you asked me, in my role as chief budget officer, to lead the campus in an effort to develop a new incentive-based budget model for the University. In addition to providing transparency and important incentives, chief among the new model's objectives are: (1) to encourage a more comprehensive "all funds" budgeting approach, and (2) to provide the clarity and predictability that will enable multi-year planning critical to ensuring the University's long-term financial sustainability.

PROJECT ORGANIZATION

A Steering Committee (Appendix A) was charged with responsibility for developing a set of IBB model recommendations by June 2014. The IBB Steering Committee was supported by eight subcommittees (Appendix B), each having responsibility for exploring a particular component of the IBB model and providing the Steering Committee with specific recommendations:

OFFICE OF THE PROVOST
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1. Cost Pool Methodology
2. Facilities and Space Costs
3. Fee Generating Units
4. Graduate Tuition Revenue and Aid
5. Interdisciplinary Scholarship and Teaching
6. Non-Degree and Online Tuition and Aid
7. Research and Indirect Cost Recovery
8. Undergraduate Tuition Revenue and Aid

The development, implementation and continual assessment of the new budget model will continue to be guided both by the *Academic Excellence Goals* (Appendix C) and the following guiding principles which you established last fall:

- Creates incentives that promote academic quality and excellence;
- Creates incentives at all levels of the University that promote financial sustainability;
- Encourages innovation and entrepreneurship throughout the University;
- Provides transparency, clarity, and predictability;
- Can be easily understood, is easy to implement and operate, and is flexible; and
- Can operate in all cycles of the economy, whether robust or downturn.

COMMUNICATIONS TO THE CAMPUS COMMUNITY

We were committed to an open and transparent process and communicated with campus in the following ways:

Website:

An IBB website¹ was established in September 2013 and includes information on the Steering Committee, the subcommittees, the project timeline, campus communications, presentations, reports and IBB informational resources. The website also includes a link which allows users to provide feedback, ask questions, and submit suggestions.

Campus-wide Memos:

Six campus-wide IBB memos were issued during the year and posted on the IBB Website. All three of the academic year 2013-14 issues of *Across the Green*, my memo to the UVM academic community, also included updates on IBB and are posted on the Provost's Office website².

Presentations and Meetings:

The IBB website underscores our commitment to communication throughout the process and includes the following invitation, "We will meet with anyone, anytime, anywhere to discuss IBB." In all, there were more than 150 IBB meetings this year. These meetings took a variety of forms, and included the Steering and subcommittees, governance groups, department chairs, campus leadership, divisional staff and the like, and were an opportunity to share information on the IBB development effort, provide general information on how IBB models work at other universities, and gather feedback. I also provided an interview to the *Vermont Cynic*³.

¹ <http://www.uvm.edu/provost/IBB/>

² http://www.uvm.edu/~provost/Across%20the%20Green_Nov%202013.pdf

³ <http://www.uvm.edu/provost/IBB/Rosowsky%20Cynic%20IBB%20Q&A.pdf>

PROJECT MILESTONES

The following summarizes the project's major milestones during the 2013-14 academic year:

September 2013 - Steering Committee Appointed

The 22-member Steering Committee included 11 faculty, 5 staff, 2 senior administrators, 2 deans, and 2 students. Its composition was diverse and broadly representative. The Steering Committee met 12 times over the course of the year and received periodic assignments between meetings. Fifteen members of the Steering Committee were also on subcommittees and attended those meetings as well.

October 2013 - Subcommittees Appointed

Membership on the eight subcommittees included 43 faculty, 10 deans or vice presidents, 27 staff members and one student. Two members of each subcommittee, including the subcommittee chair, were also members of the Steering Committee. The subcommittees received formal charges (Appendix D) outlining their tasks, questions that should be considered and available resources and support. There were approximately 65 subcommittee meetings between October 2013 and January 2014.

January 2014 - Subcommittee Reports Received

The reports from the subcommittees were received, posted on the IBB website and announced to the campus (Appendix E). Each posted report was accompanied by a survey designed to gather feedback from the broader community. The survey results were provided to the Steering Committee.

January 2014 - Interim IBB Report Issued to President Sullivan

An interim report on the project's progress was submitted and posted in January (Appendix F).

February 2014 - Subcommittee Report Question and Answer Sessions

The campus community was invited to attend one of four open Q&A sessions (Appendix G) to learn more about the subcommittees' recommendations. The sessions were staffed by members of the IBB Steering and subcommittees.

February 2014 - IBB Engagement Campaign with Governance Groups

Beginning in February and extending over a period of five weeks, IBB leaders including the Provost, Vice President for Finance, the Budget Director and several Steering Committee members met with leadership groups to share information and gather feedback on the subcommittee reports. The governance groups included the President's Senior Leadership; the Provost's Academic Leadership Council; the Faculty Senate Executive Council; the Faculty Senate Finance and Physical Planning Committee, the full Faculty Senate; the Graduate Student Senate; the Staff Council and the University Business Advisors.

March 2014 - Individual Subcommittee Meetings with the Provost

Beginning in March, the Provost hosted a breakfast meeting with each subcommittee to gather additional information from the groups and to share the Steering Committee's early observations on their proposed algorithms.

THE STEERING COMMITTEE’S PROCESS

The IBB Steering Committee approached its work openly, with a vested interest only in that which is best for the University as a whole. The meetings in the fall semester focused on developing a broad understanding of IBB models and included regular updates on the progress of the subcommittees.

Once the subcommittee reports were posted, the Steering Committee addressed each report in turn and used a systematic approach to determine which of the proposed algorithms was preferred. This entailed first considering the subcommittee recommendations/components of the model conceptually to assess their fit with the guiding principles, their fit at UVM, their fit with each other, and their individual and collective incentives and disincentives. *It was not until this work was done that the University’s finance team provided the Steering Committee with financial modeling* to help the group more fully understand the implications of the preferred algorithms and various aspects of the model.

After reviewing the draft model with numbers behind it, the group engaged in further discussions about the algorithms and confirmed and/or refined its recommendations. In some cases the Steering Committee made modest adjustments to an algorithm proposed by a subcommittee. That said, by-and-large, the Steering Committee’s recommendations are fully consistent with the intent, if not the letter, of the subcommittees’ proposals. The Steering Committee also provided insights on more general model issues and methodologies.

THE RECOMMENDED MODEL

The following discussion assumes a working knowledge of IBB models and some familiarity with the UVM IBB subcommittee reports⁴, and is intended to describe only the major components and characteristics of the recommended IBB model. It does not include a significant level of detail. The detail will be captured in the companion documentation that is in development, and will include all definitions, metrics and detailed formulas.

Responsibility Centers and Cost Centers

Each university unit is either a Responsibility Center (RC) or a Cost Center (CC). Responsibility Centers, such as colleges and schools, are primarily defined by their revenue-generating capability and their use of and dependence on centralized services. A Cost Center, such as Payroll or Admissions, is a unit that does not generate revenue, but supports the Responsibility Centers by providing centralized services or resources.

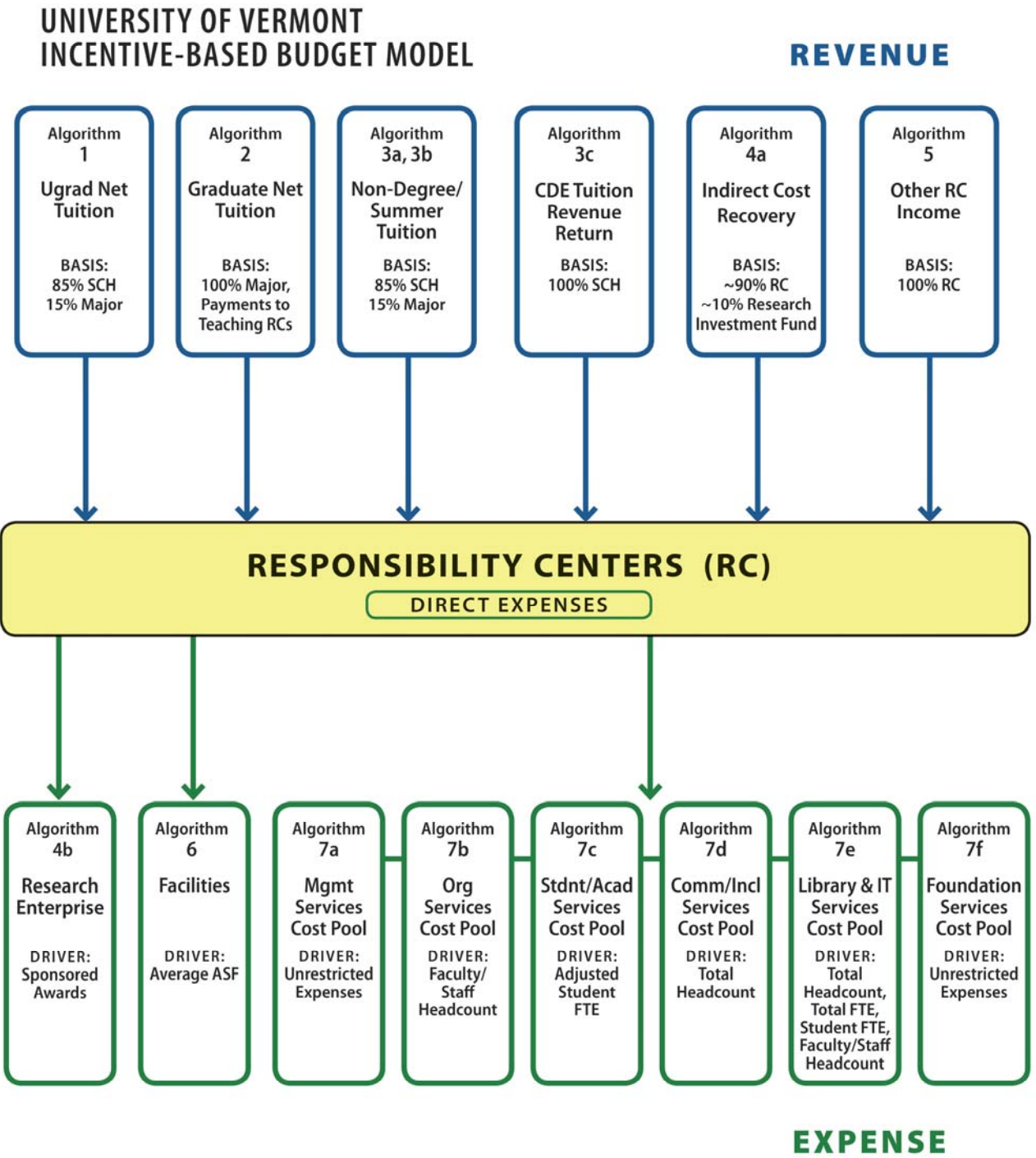
The Responsibility Centers:

College of Agriculture and Life Sciences	College of Arts and Sciences
School of Business Administration	Continuing and Distance Education
College of Education and Social Services	College of Engineering and Mathematical Sciences
College of Medicine	College of Nursing and Health Sciences
UVM Extension	Rubenstein School of Environment & Natural Resources

The Cost Centers include approximately 80 units and are more fully described in the discussion of algorithm 7 later in this report.

⁴ http://www.uvm.edu/provost/IBB/?Page=subcommittees_ibb.html

Revenue and expense is allocated to the Responsibility Centers via a series of algorithms as illustrated below.



The Algorithms

The IBB model recommended by the Steering Committee includes seven algorithms, each of which determines the allocation of either revenue or expense to a Responsibility Center (several of the algorithms have multiple components):

The Revenue Algorithms

- Algorithm 1: Undergraduate Net Tuition
- Algorithm 2: Graduate Net Tuition
- Algorithm 3: Non-Degree and Summer Tuition
- Algorithm 4: Indirect Cost Recovery (*includes revenue and expense*)
- Algorithm 5: Other Income

The Expense Algorithms

- Algorithm 6: Facilities and Space
- Algorithm 7: Cost Pools (*includes the Cost Centers*)

Algorithm 1: Undergraduate Net Tuition

Undergraduate Net Tuition is defined as gross tuition less financial aid (the netting occurs before the revenue is allocated).

Undergraduate net tuition will be allocated as follows:

- 85% based on a college or school's percentage of the two-year trailing average of weighted Student Credit Hours (SCH) taught (based on the home unit of the instructor of record). The SCHs will be weighted to reflect the relative national costs of instruction by college/school.
- 15% based on a college or school's percentage of the two-year trailing average of majors.

Throughout this document, the *instructor of record* is defined as the individual recorded in Banner as the instructor of a course. The *home unit of the instructor of record* is defined as the home college or school of the instructor's primary appointment. When CDE pays for course instruction, it will be considered the home unit of the instructor of record. In the summer, CDE will be considered the home unit of the instructor of record for all instruction.

Rationale: This algorithm provides colleges and schools with an incentive to offer innovative, high-quality undergraduate programs; to respond to student needs and demands; and to focus on student recruitment and retention. It recognizes the differential costs of instruction via the weighting of SCHs as well as the demands of majors on an academic department.

Algorithm 2: Graduate Net Tuition

Graduate Net Tuition is defined as gross tuition less financial aid (the netting occurs after the revenue is allocated). The home college of a graduate student's program will be allocated 100% of that student's gross tuition and 100% of that student's financial aid. Graduate Student Stipends will be paid by the hiring unit.

For every SCH a graduate student takes outside of his/her home college, the home college will pay the teaching college 85% of the University's I/S per credit tuition rate.

The graduate net tuition generated by cross-college interdisciplinary programs such as the Food Systems Master of Science will be allocated to the Graduate College. The net tuition will then be distributed to each of the participating colleges and schools based on their percentage of the program's total SCHs. Similarly, if any additional support is required for the program, the participating colleges and schools will provide the Graduate College with the financial resources required based on their percentage of the program's total SCHs.

Rationale: This algorithm provides colleges and schools with an incentive to offer innovative, high-quality graduate programs; to respond to student needs and demands; and to focus on student recruitment and retention. It also supports interdisciplinary programs and recognizes the instructional costs associated with courses taken outside the student's home college.

Algorithm 3: Non-Degree and Summer Tuition (three components)

3a: Non-Degree Net Tuition Revenue for the fall and spring semesters will be allocated as follows:

- 85% based on a college or school's percentage of the non-degree SCH taught (based on the home unit of the instructor or record).
- 15% will be allocated to CDE.

3b: Summer Tuition Revenue

This includes tuition from *any* student taught in the summer. This tuition will be allocated as follows:

- 85% based on a college or school's percentage of the summer SCH taught (based on the home unit of the instructor of record).
- 15% based on a college or school's percentage of the majors taking summer courses; non-degree students will be counted as CDE majors.

3c: CDE Return to Colleges and Schools

In recognition of the administrative demands on the colleges and schools related to "hosting" CDE appointments and/or sections that may be of more benefit to CDE than the host college, 12% of all CDE tuition revenue will be returned from CDE to the other Responsibility Centers based on their percentage of the CDE-taught SCHs. For example, if 20% of the SCHs offered by CDE (whether summer, fall or spring) were in a discipline associated with College A, College A would receive 20% of 12% of all of the CDE tuition revenue in that year.

As noted in algorithm 1, the *home unit of the instructor of record* is defined as the home college or school of the instructor's primary appointment. When CDE pays for course instruction, it will be considered the home unit of the instructor of record. In the summer, CDE will be considered the home unit of the instructor of record for all instruction.

In FY15, we will determine the algorithm for distance education revenue and expense, as well as establish principles that will define the roles and responsibilities of CDE and the academic units and support their successful partnerships.

Rationale: This algorithm recognizes the services and support that all parties provide relative to CDE sections. It also provides the colleges and schools with incentives to provide innovative, high-quality programming, while at the same time preserving the current infrastructure around summer session – a critically important revenue stream.

Algorithm 4: Indirect Cost Recovery (two components)

Indirect cost recovery revenue generated by sponsored activities (commonly referred to as “F&A”) will be allocated as follows:

4a: F&A Revenue (a revenue algorithm)

- 90-97% of the F&A will be allocated to the college of the grant’s Principal Investigator (PI); if grants have multiple PI’s, then the F&A will be allocated to the colleges of the PI’s according to planned effort on the grant.
- 3-10% of the F&A will be allocated to the Office of the Vice President for Research (OVPR) to create a Research Investment Fund to support research efforts across the University.
- The initial amount of the Research Investment Fund is \$2.8M; the percentage necessary to derive that amount will depend on the total amount of F&A projected for FY16. Over time, we may choose to adjust the percentage of F&A allocated to the Research Investment Fund in response to strategic needs and priorities.
- Several university-wide interdisciplinary grants and centers/institutes may reside in the OVPR’s office; the OVPR will receive 100% of this F&A revenue which will be subject to algorithm 4b; the OVPR may choose to share it with participating units as well as direct it to the Research Investment Fund.

4b: Research Enterprise Expenses (an expense algorithm)

The University’s research enterprise includes the OVPR, Sponsored Programs Administration; the Office of Technology Commercialization; the Instrument Model Facility and more. These expenses will be allocated to an RC based on its percentage of the 3-year overall sponsored awards. For example, if an RC generated 22% of the University’s total sponsored awards over the previous three years, it will be allocated 22% of the total cost of the University’s research enterprise.

Rationale: This algorithm provides incentives for the colleges to consider their research portfolios as a whole and grow them strategically; it provides the Office of the Vice President for Research with resources to invest strategically; and it allocates the expenses associated with the research enterprise to the units that utilize these services.

Algorithm 5: Other Income

“Other Income” (OI) is defined as revenue not directly related to tuition and research. Examples of OI include lab fees, vending fees, student application fees and the revenue generated by income expense activities both large and small such as the Luse Center in the College of Nursing and Health Sciences and Residential Life.

OI generated within a Responsibility Center will be allocated to that RC (e.g., the College of Nursing and Health Sciences would receive the revenue the Luse Center generates, and it would also receive the funding associated with any of its course fees).

OI generated by large self-sustaining income/expense activities that are not currently classified as RCs, but operate much like them in that they are responsible for their own revenue and expenses, will be allocated to those activities. Examples of these activities include Residential Life, the Bookstore, and the Center for Health and Wellbeing.

Undesignated OI generated more broadly, and typically by a cost center (e.g., vending fees, student application fees) will be allocated to the overall university revenue pool for broad distribution to the RCs via a reduction in the allocation of costs back to the Responsibility Centers.

Rationale: The revenue generated to meet the needs of a particular activity within an RC should be allocated back to the RC. Since the large self-sustaining income/expense activities are currently functioning successfully in an IBB-like way, it seemed wise to leave their operations undisturbed at this time. Undesignated OI is appropriately allocated for the benefit of the entire University.

Algorithm 6: Facilities and Space Costs

The costs associated with facilities (including physical space and utilities) will be allocated to a Responsibility Center based on its percentage of the total campus square footage. There will be no cost differentiation based on type of space, with the exception of barns and sheds which will be discounted by 80%.

The cost of “administrative units” space (includes all space that is not allocated to the RCs) is allocated to Responsibility Centers based on their share of the overall cost pool (algorithm 7). That is, if an RC’s allocation of cost pool expenses is 22% of the total cost pool, it will be allocated 22% of the cost for administrative units’ space.

General purpose classroom space will be assigned to the Registrar’s Office, not a particular RC.

If a Responsibility Center is willing to invest in space improvements that will increase efficiency, we will develop a mechanism whereby measurable savings are shared with the RC.

Rationale: Generally speaking, each RC has a facility mix that includes space that is both new and historical; efficient and inefficient; and high and low tech. Additionally, only some of the buildings on campus are metered, making precise energy costs undeterminable. For these reasons, it seemed reasonable to allocate facilities costs on a uniform assignable square foot basis.

Algorithm 7: Cost Pools

The approximately 80 Cost Centers have been grouped into six different cost pools (Appendix H) and their expenses are allocated based on the following cost drivers:

- Management Services – unrestricted expenses⁵
- Organizational Support Services – faculty and staff headcount
- Student/Academic Services – student FTE
- Community/Inclusion Services – total headcount (faculty, staff, students)
- Libraries and Information Technology Services – total FTE (30%), total headcount (30%), student FTE (20%), faculty/staff headcount (20%)
- The UVM Foundation – unrestricted expenses

Rationale: The clarity of the cost pool algorithms will allow RC managers to quickly and easily understand the expense implications associated with potential actions. The transparency of the algorithms sheds light on the costs of the service providers which may lead to reductions in costs and/or an increase in the effectiveness, efficiency, and accountability of the Cost Centers. Using expenses as a

⁵ Unrestricted expenses include all general fund and income/expense activity expenses.

cost driver also encourages cost reduction on the part of the Responsibility Centers. Limiting the driver to unrestricted expenses encourages units to seek external funding.

Subvention and the President's and Provost's Strategic Investment Fund

The IBB implementation will be budget neutral in the first year. Budget neutrality means that each Responsibility Center's revenues and expenses will balance, and each RC will be able to maintain its pre-IBB level of expense. This will be accomplished by providing each RC with a revenue subvention (subsidy). The source of the subvention pool is undergraduate net tuition revenue, from which approximately \$40M will be allocated to the subvention pool before the remainder is allocated to the RCs in accord with algorithm 1. Final subvention amounts will not be determined until budget planning for FY16 is complete.

Over time, it is expected that subventions to the Responsibility Centers will decrease. The Provost will develop the subvention strategy on a case-by-case basis with the dean of each RC. However, the nature and structure of some RCs is such that they will always require subvention. The need for subvention should not be viewed as a value judgment on a unit's worth or productivity. The University as a whole benefits from its broad portfolio of programs, each with unique characteristics and complexities, and some of which will require strategic, differential investment and support.

A strategic initiative fund available to the President and Provost is an essential component of the model. This fund will be used to support the initiatives that are the highest priority of the President and Provost. This fund will build over time, and its likely source of funding is the reallocation of funds from the subvention pool.

INTERDISCIPLINARY SCHOLARSHIP AND TEACHING

The Steering Committee paid particular attention to the impact of IBB on interdisciplinary scholarship and teaching. It is widely understood that interdisciplinary teaching and scholarship is both a hallmark of UVM and a key to its future success. Under our current budget model, there is no incentive for a dean to allocate faculty time to programs beyond the home unit. Under IBB, a dean will have clear incentives to mount innovative high-demand interdisciplinary programs that will attract and retain students. RCs participating in interdisciplinary instruction will generate revenue either through majors or student credit hours taught. Similarly, federal funding agencies have moved into a mode of supporting interdisciplinary teams working on some of the most complex problems. The Vice President for Research will have a strategic investment fund (see below) to incent and support such proposals, and the colleges/schools will benefit from the F&A return.

IBB, through its transparency, simplicity, and predictability, will enable colleges and schools to more easily weigh trade-offs of costs vs. merit of interdisciplinary activities, to plan resource allocation accordingly, and to assess whether and when additional investments may be worthwhile. The IBB framework allows and encouraged colleges and schools to enter into financial agreements/partnerships around interdisciplinary and cross-unit programs. Quoting from Indiana University's 2011 RCM Review Committee report: "RCM served to make transparent the actual costs and financial trade-offs involved in cross-RC activity, and as a result, fostered healthy conversations about the underlying substantive merits of interdisciplinary proposals."

In the move to IBB, a number of important steps will be taken to ensure an environment exists for interdisciplinary activities to flourish and be sustained. These include: (1) the tuition algorithms are

driven by the instructor of record of the course, regardless of whether or not the course is in their home department; (2) Banner will track courses with multiple instructors so that revenues can be distributed accordingly; (3) the OVPR will have a strategic fund that can be used to incentivize new interdisciplinary research and scholarship; (4) the Dean of the Graduate College will have a strategic fund that can be used to incentivize interdisciplinary graduate program offerings; and (5) the President and Provost will be able to use funds from the Strategic Initiative Fund to support, foster, grow, and/or promote interdisciplinary activities. Ultimately, however, decisions about interdisciplinary activities reside with the deans and faculty. IBB is simply a tool. It cannot and should not substitute for leadership, vision, and strategic thinking. The deans will be in a far stronger position under IBB to make informed, strategic decisions and investments in innovative, cross-cutting, interdisciplinary programs that are compelling, important, and sustainable, and that can serve as discriminators for the University of Vermont.

ADMINISTRATIVE UNIT REVIEW

The process of Administrative Unit Review (AUR) lies outside the IBB model, but it is nonetheless closely related. The Vice President for Executive Operations will manage the AUR process in which Cost Centers will undergo regular reviews to assess their quality, efficiency and effectiveness; to stimulate planning and improvement; and to encourage their development in strategic directions that reflect the University's priorities. These reviews will provide the Responsibility Centers with formal opportunities to provide meaningful input on the cost and quality of the services they receive. The Administrative Unit Review process began in the spring of 2014.

A LOOK AHEAD

We will use FY15 to run the proposed IBB model in parallel with our budget current model. The Steering Committee will continue to meet next year to watch the IBB model "at work," and may recommend further enhancements to the model in preparation for its full implementation in FY16. Beyond FY16, the proposed model will undergo periodic evaluation and refinement; a major review of the model is recommended in FY21.

There is also a great deal of work to be done in preparation for the model's launch. I have charged Vice President for Finance Richard Cate with leading a team in developing and implementing a plan for operationalizing the model (Appendix I). This team will work to ensure that UVM's business processes and systems accurately reflect both the final IBB algorithms and the overall revenues and expenses of the University; ensure accurate reconciliation of revenue and expense; ensure that both the Responsibility and Cost Centers have access to relevant, accurate, timely IBB financial data and reports; and ensure that members of UVM's financial management community have the information and training they need to support a successful implementation.

The Provost's Office will work with the academic units and the Faculty Senate to develop mechanisms to ensure appropriate curricular oversight.

CLOSING THOUGHTS

While we are all excited about the opportunities for transformation that IBB affords, I caution that IBB is not the solution to the very real and pressing challenges we face. It, in and of itself, will not reduce our expenses, create efficiencies or generate new revenue. It is not a surrogate for leadership, vision or

innovation. It is a management tool that will empower our academic leaders to develop and manage their resources strategically, efficiently, and effectively as the academic units continue to elevate the quality and reputation of academic programs in order to meet the needs of our students. IBB links strategy with resources at the appropriate level. I have every confidence that it will support a positive transformation – but we all must play a role in that process. We must be willing to examine and question long-held practices and beliefs. We must be willing to change, to create, and to innovate.

In closing, let me say how enormously grateful I am to the members of the IBB Steering Committee, as well as the eight IBB subcommittees, for the countless hours they have invested in this process. Through their time, energy, careful study, critical discourse, and engagement with faculty, staff, and students across the UVM campus over the past year, we have arrived at this point where we are able to recommend an IBB model for your approval. It has been my privilege to work with all of the more than 100 members of our campus community involved in the development of IBB, and to witness such a collaborative, inclusive, and authentic process. This bodes very well for the future of the University of Vermont.

IBB Steering Committee Membership – September 20, 2013

David Rosowsky, Committee Chair; Provost and Senior Vice President

Lisa Aultman-Hall, Professor, School of Engineering and Transportation Research Center

Joshua Barry, Undergraduate Student, College of Engineering and Mathematical Sciences;
Treasurer, Student Government Association

Shari Bergquist, Assistant Dean for Business Operations, College of Nursing and Health
Sciences

Breck Bowden, Patrick Professor of Watershed Science and Planning; Director, Water Resources
and Lake Studies Center, Rubenstein School of Environment and Natural Resources

Johanna Brabham, Manager, Residential Life and Davis Center Custodial Services Department

Richard Cate, Vice President for Finance and Treasurer

Rex Forehand, Heinz and Rowena Ansbacher Endowed University Distinguished Professor,
Department of Psychology

Jennifer Gagnon, Interim Associate Vice President for Research Administration

Jane Kolodinsky, Professor and Chair, Department of Community Development and Applied
Economics

William Mierse, Richard and Pamela Ader Green and Gold Professor, Department of Art and Art
History

Fayneese Miller, Dean, College of Education and Social Services

Rick Morin, Dean, College of Medicine

Owen Myers, Graduate Student, Materials Science; Treasurer, Graduate Student Senate

Rae Nishi, Professor, Neurological Sciences; Director, Neuroscience Graduate Program;
Director, Neuroscience, Behavior and Health Transdisciplinary Research Initiative

Polly Parsons, E.L. Amidon Professor of Medicine and Chair, Department of Medicine

Don Ross, Research Professor, Department of Plant and Soil Science; Director, CALS
Environmental Sciences Major; Chair, Faculty Senate Financial and Physical Planning
Committee

George Salembier, Associate Professor and Chair, Department of Education

Beth Taylor-Nolan, Assistant Dean, Continuing Education

Richard Vanden Bergh, Associate Professor, School of Business Administration

Jim Vigoreaux, Breazzano Endowed Professor and Chair, Department of Biology

Beth Wiser, Director, Office of Admissions



The University of Vermont

Office of the Provost
and Senior Vice President

October 4, 2013

To: Faculty and Staff of the University of Vermont

From: David V. Rosowsky, Provost and Senior Vice President

Subject: Incentive-based Budgeting (IBB) Subcommittee Membership

We had a tremendous response from the campus community to participate on the IBB subcommittees. With so many outstanding nominees from across our campus, determining IBB subcommittee membership was a challenge, but a challenge of the very best sort. Upon reviewing the list of nominees, my respect and admiration for the experience, expertise and dedication of our faculty and staff has deepened. I am honored to be working with all of you and I am grateful for your willingness to engage in this important conversation.

When assembling the subcommittees, we sought balance along a number of dimensions of diversity and inclusiveness both within and among the subcommittees. We were attentive to gender, cultural, intellectual, faculty/staff, home unit, and self-nomination/central nomination mixes. That said, we also needed the right backgrounds and expertise at the table to ensure productive subcommittee discussions. While we endeavored for balance across a number of dimensions, it was not possible in all cases. I am confident we have assembled outstanding subcommittees that will effectively and actively represent our entire community. These individuals are serving as university citizens who will bring the entirety of their talents and intellect to this work on behalf of *all* of us.

As noted in my IBB update memo to campus on September 23, we have added a subcommittee on Interdisciplinary Scholarship and Teaching, which will be chaired by Professor William Mierse. By design, this subcommittee is comprised entirely of faculty and includes a broad range of academic disciplines with slightly less focus on balance among units.

The IBB subcommittees will, of course, draw on expertise from across campus as they conduct their work. As always, you can find current information at the [IBB website](#).

I extend my sincerest thanks to those who were willing to be considered for appointment to these subcommittees, and to those who accepted appointments.

(membership listing begins on page 2)

INCENTIVE-BASED BUDGETING – SUBCOMMITTEE MEMBERSHIP

COST POOL METHODOLOGY:

Polly Parsons, Professor and Chair, Department of Medicine (Chair)
Mike Austin, Director of System Administration, Enterprise Technology Services
Shari Bergquist, Asst. Dean for Business Operations, College of Nursing and Health Sciences
Stephen Dempsey, Associate Professor, School of Business Administration
Rose Feenan, Asst. Dean for Business Operations, Rubenstein School of Environment and Natural Resources
Cathy Krupp, Financial Manager, Continuing and Distance Education
Patricia Redmond, Assistant to the Dean, Honors College
Mara Saule, Chief Information Officer and Dean, Libraries and Learning Resources
Ross Thomson, Professor, Department of Economics
Gregory Warrington, Assistant Professor, Department of Mathematics and Statistics

FACILITIES AND SPACE COSTS:

Don Ross, Research Professor, Department of Plant and Soil Science (Chair)
Alison Armstrong, Library Professor, Bailey Howe Library Information and Instruction Services
Johanna Brabham, Manager, Residential Life and Davis Center Custodial Services Department
Linda Burnham, Assistant Dean for Business Operations, College of Arts and Sciences
Brian Cote, Senior Associate Dean for Finance and Administration, College of Medicine
Gary Hawley, Research Associate, Rubenstein School of Environment and Natural Resources
Josie Mercure, Associate Director, Financial Analysis and Budgeting
Kim Parker, Associate Director, Residential Life
Sanjay Sharma, Dean, School of Business Administration
Robert Vaughan, Director, Capital Planning and Management

GRADUATE TUITION REVENUE AND AID:

Rae Nishi, Professor, Department of Neurological Sciences (Chair)
Penny Bishop, Professor, Department of Education
Norman Craige, Associate Director, Student Financial Services
Paul Deslandes, Associate Professor and Chair, Department of History
Cindy Forehand, Interim Dean, Graduate College
Luis Garcia, Dean, College of Engineering and Mathematical Sciences
Diane Jette, Professor and Chair, Department of Rehabilitation and Movement Science
Christopher Koliba, Professor, Department of Community Development and Applied Economics
Erin Montgomery, Program Administrator, Cell and Molecular Biology Program
Richard Vanden Bergh, Associate Professor, School of Business Administration

INTERDISCIPLINARY SCHOLARSHIP AND TEACHING:

William Mierse, Department of Art and Art History (Chair)
David Barrington, Professor, Department of Plant Biology
Christopher Berger, Associate Professor, Department of Molecular Physiology and Biophysics
Rosemary Dale, Clinical Professor and Chair, Department of Nursing
Maggie Eppstein, Associate Professor and Chair, Department of Computer Science
Stephanie Kaza, Professor, Rubenstein School of Environment and Natural Resources
Tammy Kolbe, Assistant Professor, Department of Leadership and Developmental Sciences
Charlotte Mehrrens, Professor, Department of Geology
Wolfgang Mieder, Professor, Department of German and Russian
David Novak, Associate Professor, School of Business Administration
Julie Roberts, Professor, Department of Romance Languages and Linguistics

NON-DEGREE AND ONLINE TUITION REVENUE AND AID:

Jane Kolodinsky, Professor and Chair, Department of Community Development and Applied Economics (Chair)
Jennifer Dickinson, Associate Professor, Department of Anthropology
Cynthia Gerstl-Pepin, Associate Dean, College of Education and Social Services
William Jeffries, Senior Associate Dean for Medical Education, College of Medicine
Jill King, Associate Director, Student Financial Services
Daniel Lerner, Associate Dean, UVM Extension
Patricia Prelock, Dean, College of Nursing and Health Sciences
Abu Rizvi, Dean, Honors College
Beth Taylor-Nolan, Assistant Dean, Continuing and Distance Education
Keith Williams, Registrar, Office of the Registrar

OTHER REVENUE AND FEES:

Breck Bowden, Professor, Rubenstein School of Environment and Natural Resources (Chair)
Joshua Barry, Undergraduate Student, College of Engineering and Mathematical Sciences
Cynthia Belliveau, Dean, Continuing and Distance Education
Dennis DePaul, Assistant Dean for Business Operations, Dean of Students
Stephanie Dion, Director, Administrative Business Service Center
Patricia Eldred, Director, Administrative and Facilities Services Auxiliary Services
Mary Peabody, Extension Professor, UVM Extension
Julia Russell, Associate Chief Information Officer, Enterprise Technology Services
Susan Ryan, Professor and Director, Center on Disability and Community Inclusion
Jeff Schulman, Associate Director, Athletics

RESEARCH AND INDIRECT COST RECOVERY:

Jim Vigoreaux, Professor and Chair, Department of Biology (Chair)

Paula Deming, Associate Professor, Department of Medical Laboratory and Radiation Sciences

John Evans, Interim Vice President for Research

Jennifer Gagnon, Interim Associate Vice President for Research Administration

Dryver Huston, Professor, School of Engineering

Robin Lockerby, Evaluation Data Specialist, UVM Extension

Jessica Strolin, Associate Professor, Department of Social Work

Russell Tracy, Professor, Department of Pathology

Kevin Trainor, Professor and Chair, Department of Religion

Tom Vogelmann, Dean, College of Agriculture and Life Sciences

UNDERGRADUATE TUITION REVENUE AND AID:

Lisa Aultman-Hall, Professor, School of Engineering (Chair)

Pamela Blum, Assistant Dean for Business Operations, College of Education and Social Services

Antonio Cepeda-Benito, Dean, College of Arts and Sciences

Richard Fanus, Assistant Dean for Business Operations, College of Agriculture and Life Sciences

Marie Johnson, Director, Student Financial Services

Thomas Noordewier, Associate Dean, School of Business Administration

Lisa Schnell, Associate Dean, Honors College

Jeremy Sibold, Associate Professor, Department of Rehabilitation and Movement Science

Deane Wang, Associate Professor, Rubenstein School of Environment and Natural Resources

Beth Wiser, Director, Office of Admissions



**ACADEMIC EXCELLENCE:
Goals for the University of Vermont**

Supporting the President's Strategic Action Plan

These goals are established to animate President Sullivan's *Strategic Action Plan* and facilitate University-wide discussions, engagement, and initiatives around Academic Excellence.

Success in these areas will lead, authentically and in a sustainable way, to increased selectivity, improved student quality, and improvements in national rankings and other reputational indicators.

These goals also serve as drivers to the University-wide IBB development process initiated in fall 2013.

1. Increase the percentage of undergraduate students graduating in four years
2. Improve undergraduate student retention, Years 1-4
3. Improve student advising, both academic and pre-professional/career
4. Increase interdisciplinary teaching, research, and scholarship
5. Expand programmatic offerings to include distance and hybrid modes of instructional delivery
6. Increase research and scholarship in areas that generate high impact, recognition, and visibility
7. Increase domestic diversity and grow international student enrollments across the University
8. Increase enrollments in graduate and professional programs

D. Rosowsky, Provost and Senior Vice President
October 24, 2013

An Incentive-Based Budget Model for the University of Vermont
Charge to the Subcommittee on Cost Pool Methodology
October 8, 2013

Introduction:

In academic year 2012-13, the University community engaged in a discussion about the characteristics and operation of its existing budget model. Those discussions included governance leaders, Trustees, academic and administrative business managers, members of the Faculty Senate, and other constituents. There was uniform agreement over the model's problems: lack of transparency, too much complexity, little flexibility, and few incentives.

President Sullivan has asked Provost David Rosowsky, in his role as UVM's Chief Budget Officer, to lead the effort to develop a new incentive-based budget (IBB) model for the University. The Provost will chair the IBB Steering Committee that will be responsible for the final recommendations that will be made to the President on the design and methodology of an overall incentive-based budget model for the University of Vermont.

Members of the IBB Steering Committee will chair and/or serve on IBB subcommittees that will explore particular components of the IBB model, providing possible courses of action for the Steering Committee's consideration.

Guiding Principles:

The development, implementation and continuing assessment of the new Incentive-based Budget Model will be guided by the following principles:

- *Creates incentives that promote academic quality and excellence*
- *Creates incentives at all levels of the University that promote financial sustainability*
- *Encourages innovation and entrepreneurship throughout the University*
- *Provides transparency, clarity, and predictability*
- *Can be easily understood, is easy to implement and operate, and is flexible*
- *Can operate in all cycles of the economy, whether robust or downturn*

Cost Pool Methodology Subcommittee Membership:

Polly Parsons, Professor and Chair, Department of Medicine (Chair)

Mike Austin, Director of System Administration, Enterprise Technology Services

Shari Bergquist, Asst. Dean for Business Operations, College of Nursing and Health Sciences

Stephen Dempsey, Associate Professor, School of Business Administration

Rose Feenan, Asst. Dean for Business Operations, Rubenstein School of Environment and Natural Resources

Cathy Krupp, Financial Manager, Continuing and Distance Education

Patricia Redmond, Assistant to the Dean, Honors College

Mara Saule, Chief Information Officer and Dean, Libraries and Learning Resources

Ross Thomson, Professor, Department of Economics

Gregory Warrington, Assistant Professor, Department of Mathematics and Statistics

Charge:

By January 24, 2014, submit for the IBB Steering Committee's consideration a report that includes a minimum of two algorithms to allocate the cost of University-wide common goods and administrative services among the revenue-generating Responsibility Centers. The report should include:

- A description of the process by which the algorithms were developed
- An explanation of the algorithms and their component parts
- A discussion of how the algorithms support the IBB guiding principles
- Any additional information that would be useful to the Steering Committee as it considers the algorithms

Questions to Consider:

The following list of questions is not intended to be comprehensive. It is a guide that may be helpful to the subcommittee as it begins its work.

- What expenses should be included in the University's cost pool?
- How many cost pools should be utilized?
- On what basis should cost pool expenses be allocated to the Responsibility Centers?
- Should the administrative or co-curricular Responsibility Centers be subject to the same cost pool assessments as the academic Responsibility Centers?

Resources and Support:

Each IBB subcommittee will be provided with a budget of \$500 to assist with photocopying, supplies, room reservation charges, meals and other related expenses.

A Sharepoint site has been established to facilitate the work of the subcommittees. The site address is: <https://sharepoint.uvm.edu/sites/ibb>

The following individuals are available to provide the subcommittees with data and other information, to help answer questions, and to attend subcommittee meetings if that will be helpful to the groups. The subcommittees may also draw on relevant expertise from other campus resources.

- Alberto Citarella, Director of the Office of Financial Analysis and Budgeting, 656-1164, Alberto.Citarella@uvm.edu
- John Ryan, Director of the Office of Institutional Research, 656-4418, John.F.Ryan@uvm.edu
- Stephanie Dion, Director, Administrative Business Service Center, 656-4368, Stephanie.Dion@uvm.edu

An Incentive-Based Budget Model for the University of Vermont
Charge to the Subcommittee on Facilities and Space Costs
October 8, 2013

Introduction:

In academic year 2012-13, the University community engaged in a discussion about the characteristics and operation of its existing budget model. Those discussions included governance leaders, Trustees, academic and administrative business managers, members of the Faculty Senate, and other constituents. There was uniform agreement over the model's problems: lack of transparency, too much complexity, little flexibility, and few incentives.

President Sullivan has asked Provost David Rosowsky, in his role as UVM's Chief Budget Officer, to lead the effort to develop a new incentive-based budget (IBB) model for the University. The Provost will chair the IBB Steering Committee that will be responsible for the final recommendations that will be made to the President on the design and methodology of an overall incentive-based budget model for the University of Vermont.

Members of the IBB Steering Committee will chair and/or serve on IBB subcommittees that will explore particular components of the IBB model, providing possible courses of action for the Steering Committee's consideration.

Guiding Principles:

The development, implementation and continuing assessment of the new Incentive-based Budget Model will be guided by the following principles:

- *Creates incentives that promote academic quality and excellence*
- *Creates incentives at all levels of the University that promote financial sustainability*
- *Encourages innovation and entrepreneurship throughout the University*
- *Provides transparency, clarity, and predictability*
- *Can be easily understood, is easy to implement and operate, and is flexible*
- *Can operate in all cycles of the economy, whether robust or downturn*

Facilities and Space Costs Subcommittee Membership:

Don Ross, Research Professor, Department of Plant and Soil Science (Chair)

Alison Armstrong, Library Professor, Bailey Howe Library Information and Instruction Services

Johanna Brabham, Manager, Residential Life and Davis Center Custodial Services Department

Linda Burnham, Assistant Dean for Business Operations, College of Arts and Sciences

Brian Cote, Senior Associate Dean for Finance and Administration, College of Medicine

Gary Hawley, Research Associate, Rubenstein School of Environment and Natural Resources

Josie Mercure, Associate Director, Financial Analysis and Budgeting

Kim Parker, Associate Director, Residential Life

Sanjay Sharma, Dean, School of Business Administration

Robert Vaughan, Director, Capital Planning and Management

Charge:

By January 24, 2014, submit for the IBB Steering Committee's consideration a report that includes a minimum of two algorithms to allocate all costs associated with the University's physical space among the revenue-generating Responsibility Centers. The report should include:

A description of the process by which the algorithms were developed

An explanation of the algorithms and their component parts

A discussion of how the algorithms support the IBB guiding principles

Any additional information that would be useful to the Steering Committee as it considers the algorithms

Questions to Consider:

The following list of questions is not intended to be comprehensive. It is a guide that may be helpful to the subcommittee as it begins its work.

How will utility and custodial expenses be allocated to Responsibility Centers?

Taking into account the special needs of heritage buildings, and the differences in operating efficiencies between new and old buildings, how will operation and maintenance expenses (including deferred maintenance) be allocated to Responsibility Centers?

How will the expenses associated with common spaces be allocated? Classrooms? Relinquished space? Leased space?

How will new construction expenses/new capital debt be allocated? How will expenses associated with existing capital debt be allocated?

Resources and Support:

Each IBB subcommittee will be provided with a budget of \$500 to assist with photocopying, supplies, room reservation charges, meals and other related expenses.

A Sharepoint site has been established to facilitate the work of the subcommittees. The site address is: <https://sharepoint.uvm.edu/sites/ibb>

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- Alberto Citarella, Director of the Office of Financial Analysis and Budgeting, 656-1164, Alberto.Citarella@uvm.edu
- John Ryan, Director of the Office of Institutional Research, 656-4418, John.F.Ryan@uvm.edu
- Claire Burlingham, University Controller, 656-8356, Claire.Burlingham@uvm.edu

An Incentive-Based Budget Model for the University of Vermont
Charge to the Subcommittee on Graduate Tuition Revenue and Aid
October 8, 2013

Introduction:

In academic year 2012-13, the University community engaged in a discussion about the characteristics and operation of its existing budget model. Those discussions included governance leaders, Trustees, academic and administrative business managers, members of the Faculty Senate, and other constituents. There was uniform agreement over the model's problems: lack of transparency, too much complexity, little flexibility, and few incentives.

President Sullivan has asked Provost David Rosowsky, in his role as UVM's Chief Budget Officer, to lead the effort to develop a new incentive-based budget (IBB) model for the University. The Provost will chair the IBB Steering Committee that will be responsible for the final recommendations that will be made to the President on the design and methodology of an overall incentive-based budget model for the University of Vermont.

Members of the IBB Steering Committee will chair and/or serve on IBB subcommittees that will explore particular components of the IBB model, providing possible courses of action for the Steering Committee's consideration.

Guiding Principles:

The development, implementation and continuing assessment of the new Incentive-based Budget Model will be guided by the following principles:

- *Creates incentives that promote academic quality and excellence*
- *Creates incentives at all levels of the University that promote financial sustainability*
- *Encourages innovation and entrepreneurship throughout the University*
- *Provides transparency, clarity, and predictability*
- *Can be easily understood, is easy to implement and operate, and is flexible*
- *Can operate in all cycles of the economy, whether robust or downturn*

Graduate Tuition Revenue and Aid Subcommittee Membership:

Rae Nishi, Professor, Department of Neurological Sciences (Chair)

Penny Bishop, Professor, Department of Education

Norman Craige, Associate Director, Student Financial Services

Paul Deslandes, Associate Professor and Chair, Department of History

Cindy Forehand, Interim Dean, Graduate College

Luis Garcia, Dean, College of Engineering and Mathematical Sciences

Diane Jette, Professor and Chair, Department of Rehabilitation and Movement Science

Christopher Koliba, Professor, Department of Community Development and Applied Economics

Erin Montgomery, Program Administrator, Cell and Molecular Biology Program

Richard Vanden Bergh, Associate Professor, School of Business Administration

Charge:

By January 24, 2014, submit for the IBB Steering Committee's consideration a report that includes a minimum of two algorithms to allocate the revenues and expenses associated with graduate tuition, aid and stipends to the revenue-generating Responsibility Centers. The report should include:

A description of the process by which the algorithms were developed

An explanation of the algorithms and their component parts

A discussion of how the algorithms support the IBB guiding principles

Any additional information that would be useful to the Steering Committee as it considers the algorithms

Questions to Consider:

The following list of questions is not intended to be comprehensive. It is a guide that may be helpful to the subcommittee as it begins its work.

Where does the responsibility for the expenses and revenue associated with graduate tuition, aid and stipends reside: at the level of the Graduate College or the other colleges and schools?

How should the revenue generated by graduate tuition be allocated? Some possibilities: by student credit hour taught; by degree program/major; with or without a distinction for in-state, out-of-state, and international student revenue.

How should graduate financial aid expenses be distributed in an IBB model?

How do the algorithms facilitate interdisciplinary graduate programs?

How/should the algorithms account for the differing levels of graduate education (masters and doctoral)? How/should they create incentives for supporting doctoral education?

Resources and Support:

Each IBB subcommittee will be provided with a budget of \$500 to assist with photocopying, supplies, room reservation charges, meals and other related expenses.

A Sharepoint site has been established to facilitate the work of the subcommittees. The site address is: <https://sharepoint.uvm.edu/sites/ibb>

The following individuals are available to provide the subcommittees with data and other information, to help answer questions, and to attend subcommittee meetings if that will be

helpful to the groups. The subcommittees may also draw on relevant expertise from other campus resources.

Alberto Citarella, Director of the Office of Financial Analysis and Budgeting,
656-1164, Alberto.Citarella@uvm.edu

John Ryan, Director of the Office of Institutional Research, 656-4418,
John.F.Ryan@uvm.edu

An Incentive-Based Budget Model for the University of Vermont
Charge to the Subcommittee on Interdisciplinary Scholarship and Teaching
October 8, 2013

Introduction:

In academic year 2012-13, the University community engaged in a discussion about the characteristics and operation of its existing budget model. Those discussions included governance leaders, Trustees, academic and administrative business managers, members of the Faculty Senate, and other constituents. There was uniform agreement over the model's problems: lack of transparency, too much complexity, little flexibility, and few incentives.

President Sullivan has asked Provost David Rosowsky, in his role as UVM's Chief Budget Officer, to lead the effort to develop a new incentive-based budget (IBB) model for the University. The Provost will chair the IBB Steering Committee that will be responsible for the final recommendations that will be made to the President on the design and methodology of an overall incentive-based budget model for the University of Vermont.

Members of the IBB Steering Committee will chair and/or serve on IBB subcommittees that will explore particular components of the IBB model, providing possible courses of action for the Steering Committee's consideration.

Guiding Principles:

The development, implementation and continuing assessment of the new Incentive-based Budget Model will be guided by the following principles:

- *Creates incentives that promote academic quality and excellence*
- *Creates incentives at all levels of the University that promote financial sustainability*
- *Encourages innovation and entrepreneurship throughout the University*
- *Provides transparency, clarity, and predictability*
- *Can be easily understood, is easy to implement and operate, and is flexible*
- *Can operate in all cycles of the economy, whether robust or downturn*

Interdisciplinary Scholarship and Teaching Subcommittee Membership:

William Mierse, Department of Art and Art History (Chair)

David Barrington, Professor, Department of Plant Biology

Christopher Berger, Associate Professor, Department of Molecular Physiology and Biophysics

Rosemary Dale, Clinical Professor and Chair, Department of Nursing

Maggie Eppstein, Associate Professor and Chair, Department of Computer Science

Stephanie Kaza, Professor, Rubenstein School of Environment and Natural Resources

Tammy Kolbe, Assistant Professor, Department of Leadership and Developmental Sciences

Charlotte Mehrtens, Professor, Department of Geology

Wolfgang Mieder, Professor, Department of German and Russian

David Novak, Associate Professor, School of Business Administration

Julie Roberts, Professor, Department of Romance Languages and Linguistics

Charge:

By January 24, 2014, submit for the IBB Steering Committee's consideration a report that identifies the potential impact of an IBB budget model on interdisciplinary scholarship and teaching, as well as suggestions for how a new budget model might foster interdisciplinarity. The report should include:

Identification and definition of the different types of interdisciplinary scholarly and teaching activity on campus

Identification of the different types of interdisciplinary organizational units on campus, including research centers

A determination of which of these activities/organizational units have budget model implications; identification of those implications

Suggestions related to the design of the budget model that will foster interdisciplinarity

Identification of metrics that will allow for the measurement of interdisciplinary activity on campus

Resources and Support:

Each IBB subcommittee will be provided with a budget of \$500 to assist with photocopying, supplies, room reservation charges, meals and other related expenses.

A Sharepoint site has been established to facilitate the work of the subcommittees. The site address is: <https://sharepoint.uvm.edu/sites/ibb>

The following individuals are available to provide the subcommittees with data and other information, to help answer questions, and to attend subcommittee meetings if that will be helpful to the groups. The subcommittees may also draw on relevant expertise from other campus resources.

Alberto Citarella, Director of the Office of Financial Analysis and Budgeting,
656-1164, Alberto.Citarella@uvm.edu

John Ryan, Director of the Office of Institutional Research, 656-4418,
John.F.Ryan@uvm.edu

An Incentive-Based Budget Model for the University of Vermont
Charge to the Subcommittee on Non-Degree and Online Tuition Revenue and Aid
October 8, 2013

Introduction:

In academic year 2012-13, the University community engaged in a discussion about the characteristics and operation of its existing budget model. Those discussions included governance leaders, Trustees, academic and administrative business managers, members of the Faculty Senate, and other constituents. There was uniform agreement over the model's problems: lack of transparency, too much complexity, little flexibility, and few incentives.

President Sullivan has asked Provost David Rosowsky, in his role as UVM's Chief Budget Officer, to lead the effort to develop a new incentive-based budget (IBB) model for the University. The Provost will chair the IBB Steering Committee that will be responsible for the final recommendations that will be made to the President on the design and methodology of an overall incentive-based budget model for the University of Vermont.

Members of the IBB Steering Committee will chair and/or serve on IBB subcommittees that will explore particular components of the IBB model, providing possible courses of action for the Steering Committee's consideration.

Guiding Principles:

The development, implementation and continuing assessment of the new Incentive-based Budget Model will be guided by the following principles:

- *Creates incentives that promote academic quality and excellence*
- *Creates incentives at all levels of the University that promote financial sustainability*
- *Encourages innovation and entrepreneurship throughout the University*
- *Provides transparency, clarity, and predictability*
- *Can be easily understood, is easy to implement and operate, and is flexible*
- *Can operate in all cycles of the economy, whether robust or downturn*

Non-Degree and Online Tuition Revenue and Aid Subcommittee Membership:

Jane Kolodinsky, Professor and Chair, Department of Community Development and Applied Economics (Chair)

Jennifer Dickinson, Associate Professor, Department of Anthropology

Cynthia Gerstl-Pepin, Associate Dean, College of Education and Social Services

William Jeffries, Senior Associate Dean for Medical Education, College of Medicine

Jill King, Associate Director, Student Financial Services

Daniel Lerner, Associate Dean, UVM Extension

Patricia Prelock, Dean, College of Nursing and Health Sciences

Abu Rizvi, Dean, Honors College

Beth Taylor-Nolan, Assistant Dean, Continuing and Distance Education

Keith Williams, Registrar, Office of the Registrar

Charge:

By January 24, 2014, submit for the IBB Steering Committee's consideration a report that includes a minimum of two algorithms to allocate the revenues and expenses associated with non-degree, summer and online education to the revenue-generating Responsibility Centers. These models should reflect the University's current organization and practices related to non-degree, summer and online education. The subcommittee may also choose to submit additional algorithms that propose an alternative organizational model for non-degree, summer and online education. The report should include:

A description of the process by which the algorithms were developed

An explanation of the algorithms and their component parts

A discussion of how the algorithms support the IBB guiding principles

Any additional information that would be useful to the Steering Committee as it considers the algorithms

Questions to Consider:

The following list of questions is not intended to be comprehensive. It is a guide that may be helpful to the subcommittee as it begins its work.

Where does the responsibility for the expenses and revenues associated with non-degree, summer and online education reside: with Continuing and Distance Education or with the other colleges and schools?

How should the revenue generated by non-degree, summer and online education be allocated? Should this allocation methodology mirror the methodology for undergraduate tuition revenue and aid? Graduate tuition revenue and aid?

Should non-degree, summer and online financial aid expenses be distributed universally or differentially? By what factors?

Resources and Support:

Each IBB subcommittee will be provided with a budget of \$500 to assist with photocopying, supplies, room reservation charges, meals and other related expenses.

A Sharepoint site has been established to facilitate the work of the subcommittees. The site address is: <https://sharepoint.uvm.edu/sites/ibb>

The following individuals are available to provide the subcommittees with data and other information, to help answer questions, and to attend subcommittee meetings if that will be helpful to the groups. The subcommittees may also draw on relevant expertise from other campus resources.

- Alberto Citarella, Director of the Office of Financial Analysis and Budgeting, 656-1164, Alberto.Citarella@uvm.edu
- John Ryan, Director of the Office of Institutional Research, 656-4418, John.F.Ryan@uvm.edu

An Incentive-Based Budget Model for the University of Vermont
Charge to the Subcommittee on Other Revenue and Fees
October 8, 2013

Introduction:

In academic year 2012-13, the University community engaged in a discussion about the characteristics and operation of its existing budget model. Those discussions included governance leaders, Trustees, academic and administrative business managers, members of the Faculty Senate, and other constituents. There was uniform agreement over the model's problems: lack of transparency, too much complexity, little flexibility, and few incentives.

President Sullivan has asked Provost David Rosowsky, in his role as UVM's Chief Budget Officer, to lead the effort to develop a new incentive-based budget (IBB) model for the University. The Provost will chair the IBB Steering Committee that will be responsible for the final recommendations that will be made to the President on the design and methodology of an overall incentive-based budget model for the University of Vermont.

Members of the IBB Steering Committee will chair and/or serve on IBB subcommittees that will explore particular components of the IBB model, providing possible courses of action for the Steering Committee's consideration.

Guiding Principles:

The development, implementation and continuing assessment of the new Incentive-based Budget Model will be guided by the following principles:

- *Creates incentives that promote academic quality and excellence*
- *Creates incentives at all levels of the University that promote financial sustainability*
- *Encourages innovation and entrepreneurship throughout the University*
- *Provides transparency, clarity, and predictability*
- *Can be easily understood, is easy to implement and operate, and is flexible*
- *Can operate in all cycles of the economy, whether robust or downturn*

Other Revenue and Fees Subcommittee Membership:

Breck Bowden, Professor, Rubenstein School of Environment and Natural Resources (Chair)

Joshua Barry, Undergraduate Student, College of Engineering and Mathematical Sciences

Cynthia Belliveau, Dean, Continuing and Distance Education

Dennis DePaul, Assistant Dean for Business Operations, Dean of Students

Stephanie Dion, Director, Administrative Business Service Center

Patricia Eldred, Director, Administrative and Facilities Services Auxiliary Services

Mary Peabody, Extension Professor, UVM Extension

Julia Russell, Associate Chief Information Officer, Enterprise Technology Services

Susan Ryan, Professor and Director, Center on Disability and Community Inclusion

Jeff Schulman, Associate Director, Athletics

Charge:

By January 24, 2014, submit for the IBB Steering Committee's consideration a report that includes a minimum of two algorithms to allocate the revenues and expenses associated with revenue-generating activities that do not reach the threshold of formal Responsibility Centers, as well as other revenue. The report should include:

A description of the process by which the algorithms were developed

An explanation of the algorithms and their component parts

A discussion of how the algorithms support the IBB guiding principles

Any additional information that would be useful to the Steering Committee as it considers the algorithms

Questions to Consider:

The following list of questions is not intended to be comprehensive. It is a guide that may be helpful to the subcommittee as it begins its work.

Should income/expense activities that reside in academic Responsibility Centers (eg. the Melosira in RSEN and the Luse Center in CNHS) continue operate under the umbrella of that Responsibility Center or should their revenues and expenses be handled differently?

Should income/expense activities that reside in administrative or co-curricular units (eg. Print and Mail in Administrative and Facilities Services and Telecommunications in Enterprise Technology Services) continue to operate under the umbrella of that unit, or should their revenues and expenses be handled differently?

Where should existing fees that are currently allocated to the general fund (eg. admissions and vending fees) be allocated?

Should existing fees that are currently allocated back to particular units (eg. course supply fees) continue to be allocated back to a particular unit?

Resources and Support:

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656-1164, Alberto.Citarella@uvm.edu

John Ryan, Director of the Office of Institutional Research, 656-4418,
John.F.Ryan@uvm.edu

Stephanie Dion, Director, Administrative Business Service Center, 656-4368,
Stephanie.Dion@uvm.edu

An Incentive-Based Budget Model for the University of Vermont
Charge to the Subcommittee on Research and Indirect Cost Recovery
October 8, 2013

Introduction:

In academic year 2012-13, the University community engaged in a discussion about the characteristics and operation of its existing budget model. Those discussions included governance leaders, Trustees, academic and administrative business managers, members of the Faculty Senate, and other constituents. There was uniform agreement over the model's problems: lack of transparency, too much complexity, little flexibility, and few incentives.

President Sullivan has asked Provost David Rosowsky, in his role as UVM's Chief Budget Officer, to lead the effort to develop a new incentive-based budget (IBB) model for the University. The Provost will chair the IBB Steering Committee that will be responsible for the final recommendations that will be made to the President on the design and methodology of an overall incentive-based budget model for the University of Vermont.

Members of the IBB Steering Committee will chair and/or serve on IBB subcommittees that will explore particular components of the IBB model, providing possible courses of action for the Steering Committee's consideration.

Guiding Principles:

The development, implementation and continuing assessment of the new Incentive-based Budget Model will be guided by the following principles:

- *Creates incentives that promote academic quality and excellence*
- *Creates incentives at all levels of the University that promote financial sustainability*
- *Encourages innovation and entrepreneurship throughout the University*
- *Provides transparency, clarity, and predictability*
- *Can be easily understood, is easy to implement and operate, and is flexible*
- *Can operate in all cycles of the economy, whether robust or downturn*

Research and Indirect Cost Recovery Subcommittee Membership:

Jim Vigoreaux, Professor and Chair, Department of Biology (Chair)

Paula Deming, Associate Professor, Department of Medical Laboratory and Radiation Sciences

John Evans, Interim Vice President for Research

Jennifer Gagnon, Interim Associate Vice President for Research Administration

Dryver Huston, Professor, School of Engineering

Robin Lockerby, Evaluation Data Specialist, UVM Extension

Jessica Strolin, Associate Professor, Department of Social Work

Russell Tracy, Professor, Department of Pathology

Kevin Trainor, Professor and Chair, Department of Religion

Tom Vogelmann, Dean, College of Agriculture and Life Sciences

Charge:

By January 24, 2014, submit for the IBB Steering Committee's consideration a report that includes a minimum of two algorithms to allocate the revenues and expenses associated with research that has budgetary implications, and any related indirect cost recovery, to the revenue-generating Responsibility Centers. The report should include:

A description of the process by which the algorithms were developed

An explanation of the algorithms and their component parts

A discussion of how the algorithms support the IBB guiding principles

Any additional information that would be useful to the Steering Committee as it considers the algorithms

Questions to Consider:

The following list of questions is not intended to be comprehensive. It is a guide that may be helpful to the subcommittee as it begins its work.

How should the revenue and expenses associated with funded research and indirect cost recovery be allocated between and/or among the Office of the Vice President for Research, the colleges and schools, research centers, departments, and PIs?

Should indirect cost recovery revenues be used to offset administrative expenses associated with sponsored research?

Should indirect cost recovery revenues be used to create a central investment pool to further the research enterprise of the University?

How do the algorithms address and support funded collaborative and/or interdisciplinary research programs and centers?

Resources and Support:

Each IBB subcommittee will be provided with a budget of \$500 to assist with photocopying, supplies, room reservation charges, meals and other related expenses.

A Sharepoint site has been established to facilitate the work of the subcommittees. The site address is: <https://sharepoint.uvm.edu/sites/ibb>

The following individuals are available to provide the subcommittees with data and other information, to help answer questions, and to attend subcommittee meetings if that will be helpful to the groups. The subcommittees may also draw on relevant expertise from other campus resources.

- Alberto Citarella, Director of the Office of Financial Analysis and Budgeting, 656-1164, Alberto.Citarella@uvm.edu
- John Ryan, Director of the Office of Institutional Research, 656-4418, John.F.Ryan@uvm.edu
- Claire Burlingham, University Controller, 656-8356, Claire.Burlingham@uvm.edu

An Incentive-Based Budget Model for the University of Vermont
Charge to the Subcommittee on Undergraduate Tuition Revenue and Aid
October 8, 2013

Introduction:

In academic year 2012-13, the University community engaged in a discussion about the characteristics and operation of its existing budget model. Those discussions included governance leaders, Trustees, academic and administrative business managers, members of the Faculty Senate, and other constituents. There was uniform agreement over the model's problems: lack of transparency, too much complexity, little flexibility, and few incentives.

President Sullivan has asked Provost David Rosowsky, in his role as UVM's Chief Budget Officer, to lead the effort to develop a new incentive-based budget (IBB) model for the University. The Provost will chair the IBB Steering Committee that will be responsible for the final recommendations that will be made to the President on the design and methodology of an overall incentive-based budget model for the University of Vermont.

Members of the IBB Steering Committee will chair and/or serve on IBB subcommittees that will explore particular components of the IBB model, providing possible courses of action for the Steering Committee's consideration.

Guiding Principles:

The development, implementation and continuing assessment of the new Incentive-based Budget Model will be guided by the following principles:

- *Creates incentives that promote academic quality and excellence*
- *Creates incentives at all levels of the University that promote financial sustainability*
- *Encourages innovation and entrepreneurship throughout the University*
- *Provides transparency, clarity, and predictability*
- *Can be easily understood, is easy to implement and operate, and is flexible*
- *Can operate in all cycles of the economy, whether robust or downturn*

Undergraduate Tuition Revenue and Aid Subcommittee Membership:

Lisa Aultman-Hall, Professor, School of Engineering (Chair)

Pamela Blum, Assistant Dean for Business Operations, College of Education and Social Services

Antonio Cepeda-Benito, Dean, College of Arts and Sciences

Richard Fanus, Assistant Dean for Business Operations, College of Agriculture and Life Sciences

Marie Johnson, Director, Student Financial Services

Thomas Noordewier, Associate Dean, School of Business Administration

Lisa Schnell, Associate Dean, Honors College

Jeremy Sibold, Associate Professor, Department of Rehabilitation and Movement Science

Deane Wang, Associate Professor, Rubenstein School of Environment and Natural Resources

Beth Wiser, Director, Office of Admissions

Charge:

By January 24, 2014, submit for the IBB Steering Committee's consideration a minimum of two algorithms to allocate the revenues and expenses associated with undergraduate tuition and aid to the revenue-generating Responsibility Centers. The report should include:

A description of the process by which the algorithms were developed

An explanation of the algorithms and their component parts

A discussion of how the algorithms support the IBB guiding principles

Any additional information that would be useful to the Steering Committee as it considers the algorithms

Questions to Consider:

The following list of questions is not intended to be comprehensive. It is a guide that may be helpful to the subcommittee as it begins its work.

How should the revenue generated by undergraduate tuition be allocated? Some possibilities: by student credit hour taught; by degree program/major; by number of graduates; with or without a distinction for in-state, out-of-state, and international student revenue.

How should undergraduate financial aid expenses be distributed in an IBB model?

Should the algorithm account for the differing costs of instruction among academic units? If so, in what way?

How do the algorithms address and support collaborative and interdisciplinary instruction?

Resources and Support:

Each IBB subcommittee will be provided with a budget of \$500 to assist with photocopying, supplies, room reservation charges, meals and other related expenses.

A Sharepoint site has been established to facilitate the work of the subcommittees. The site address is: <https://sharepoint.uvm.edu/sites/ibb>

The following individuals are available to provide the subcommittees with data and other information, to help answer questions, and to attend subcommittee meetings if that will be helpful to the groups. The subcommittees may also draw on relevant expertise from other campus resources.

Alberto Citarella, Director of the Office of Financial Analysis and Budgeting,
656-1164, Alberto.Citarella@uvm.edu

John Ryan, Director of the Office of Institutional Research, 656-4418,
John.F.Ryan@uvm.edu



The University of Vermont

Appendix E

Office of the Provost
and Senior Vice President

January 30, 2014

To: Faculty and Staff of the University of Vermont

From: David V. Rosowsky, Provost and Senior Vice President

Subject: Incentive-based Budget Model Subcommittee Reports

I am writing to let you know that the Incentive-based Budget Model (IBB) Subcommittee reports are now available on the [IBB website](#). Before you read the reports, it will be useful to take some time to review the informational materials available throughout the site.

If, after reading the reports, you have feedback to share, please complete the survey that accompanies each report. The survey results will be provided to the IBB Steering Committee and will inform its forthcoming discussions and final recommendations on a proposed IBB model.

To remind you where we are in the project, this fall each of the eight IBB subcommittees was asked to explore a particular component of an overall IBB model and to propose several algorithms for how it might be addressed in a UVM IBB model. They have done so, and their proposed algorithms are found in these reports.

The spring timeline for the project includes a discussion of the reports with leadership groups across campus and the Steering Committee's review of the algorithms. By the end of June, and based on discussions with leadership groups, input from the campus community, and analysis of the algorithms, the Steering Committee will prepare its final recommendations on the design and overall methodology of a UVM IBB model. These recommendations will then be forwarded to President Sullivan for his consideration.

I have been enormously impressed by and grateful for the response of the campus community in stepping up to meet the challenge of creating a new budget model for UVM. I am grateful to everyone that took the time to learn about IBB models, to think critically and creatively about how we might operate under a new budget model, and to offer their time and their energy to serve on committees or participate in one of the many campus presentations and conversations. The members of the Steering Committee and subcommittees, in particular, have invested countless hours in the very significant tasks that were set before them. They have been creative, thoughtful and engaged university citizens that have brought the full complement of their intellect, experience and expertise to this work.

I look forward to our continued engagement this spring.

OFFICE OF THE PROVOST
348 Waterman Building
85 South Prospect Street, Burlington, VT 05405
Telephone: (802)656-4400 Fax: (802) 656-9220

Equal Opportunity/Affirmative Action Employer



TO: Thomas Sullivan, President

FROM: David V. Rosowsky, Provost and Senior Vice President

DATE: January 31, 2014

SUBJECT: Incentive-based Budget (IBB), Interim Report

I am writing to provide an interim report on the progress we have made toward the development and implementation of an Incentive-based Budget (IBB) Model at UVM. You asked for this interim report by the end of January 2014. The next milestone will be the delivery of a recommended IBB model for your review and consideration by the end of June. I am pleased to report that, as a result of the campus' engagement and the many hours of hard work by so many at our university, we are on-schedule in this first year of what is anticipated to be a two-year process leading to the launch of IBB in FY16.

BACKGROUND

In academic year 2012-13, the UVM community engaged in a discussion about the characteristics and operation of its existing budget model. Those discussions included governance leaders, Trustees, academic and administrative business managers, members of the Faculty Senate, and other constituents. There was uniform agreement with respect to the model's problems: (1) a lack of transparency, (2) too much complexity, (3) little flexibility, and (4) few incentives. At the start of the fall 2013 semester you asked me, in my role as chief budget officer, to lead the effort to develop a new Incentive-based Budget (IBB) model for the University.

PROJECT ORGANIZATION

A Steering Committee has been established with responsibility for developing a final set of recommendations to you (including specific model elements and operating expectations) by June 2014. The IBB Steering Committee is supported by the following eight subcommittees that each have responsibility for exploring a particular component of the IBB model and providing the Steering Committee with specific recommendations:

1. Cost Pool Methodology
2. Facilities and Space Costs
3. Fee Generating Units
4. Graduate Tuition Revenue and Aid
5. Interdisciplinary Scholarship and Teaching
6. Non-Degree and Online Tuition and Aid

7. Research and Indirect Cost Recovery
8. Undergraduate Tuition Revenue and Aid

The development, implementation and continual assessment of the new budget model will be guided both by the *Academic Excellence Goals* for the University of Vermont and the following principles which you established last fall:

- Creates incentives that promote academic quality and excellence;
- Creates incentives at all levels of the University that promote financial sustainability;
- Encourages innovation and entrepreneurship throughout the University;
- Provides transparency, clarity, and predictability;
- Can be easily understood, is easy to implement and operate, and is flexible; and
- Can operate in all cycles of the economy, whether robust or downturn.

STEERING COMMITTEE AND (8) SUBCOMMITTEE APPOINTMENTS

The senior academic and administrative leadership of the University was asked to nominate candidates to serve on the Steering Committee. From these nominations, I assembled a Steering Committee that reflects the enormous talent, expertise, and dedication that are the hallmarks of our community (Appendix A), while also ensuring diverse and broad representation. The 22-member Steering Committee was announced to the campus on September 16, 2013 and includes 11 faculty, 5 staff, 2 senior administrators, 2 deans, and 2 students. Four members of the committee are department chairs, 5 hold named professorships, and 3 are Faculty Senators. All of the degree-granting units have membership on the Steering Committee.

At the time the Steering Committee was announced, I put out a call to the entire campus for self-nominations for membership on one of the subcommittees. We had a tremendous response from the campus community and on October 4, 2013 subcommittee membership was announced to the campus (Appendix B). Membership on the eight subcommittees includes 43 faculty, 10 deans or vice presidents, 27 staff and 1 student. (Two members of each subcommittee, including the subcommittee chair, are also members of the Steering Committee.)

In all, we had almost 200 nominations for membership on the Steering Committee and subcommittees. When assembling the committees, we strove for balance along a number of dimensions of diversity and inclusiveness both within and among the subcommittees. We were attentive to intellectual, gender, cultural, faculty/staff, home unit, and self-nomination/central nomination mixes. We also were careful to include the right backgrounds and expertise to ensure robust and productive subcommittee discussions.

Additionally, the following individuals have provided assistance, institutional data/research, and staffing support to the Steering Committee and subcommittees:

- Kerry Castano, Assistant Provost and Chief of Staff to the Provost, Office of the Provost
- Alberto Citarella, University Budget Director, Office of Financial Analysis and Budgeting
- Gary Derr, Vice President for Executive Operations, Office of the President
- John Ryan, Director, Office of Institutional Research

COMMUNICATIONS TO THE CAMPUS

We are committed to an open and transparent process and have communicated with campus in the following ways:

Website:

An IBB website¹ was established in September 2013 and includes information on the Steering Committee, the subcommittees, the project timeline, campus communications, presentations, reports and IBB informational resources. The website also includes a link which allows users to provide feedback, ask questions, and submit suggestions.

Campus-wide Memos:

Five campus-wide IBB memos have been issued (to-date) and posted on the IBB Website. The November 2013 issue of *Across the Green*, my memo to the UVM academic community, also included an update on IBB and is posted on the Provost's Office website².

Presentations and Meetings:

The IBB website underscores our commitment to communication throughout the process and includes the following invitation, "We will meet with anyone, anytime, anywhere to discuss IBB." In the fall, 18 meetings were held with governance groups and campus leadership to share information on the IBB development effort, as well as to provide general information on how IBB models work at other universities. I also provided an interview to the *Vermont Cynic*³.

ACTIVITIES TO-DATE

Steering Committee:

The Steering Committee has met five times as of January 17, 2014. Its work has included affirming the project's guiding principles, participation in the selection of the subcommittee members, reviewing the subcommittee charges, educating itself on IBB models, receiving updates from the subcommittee chairs, and determining the process for reviewing the subcommittee reports. The Steering Committee is scheduled to meet six times this spring.

Subcommittees:

On October 8th, the subcommittees were issued their charges (Appendix C). They have been meeting regularly since then to consider and suggest specific IBB algorithms to the Steering Committee (which were due January 24, 2014).

IBB Retreat:

On October 28th, members of the Steering Committee and subcommittees participated in a day-long retreat with presentations by Professor Doug Priest and Associate Vice President and Budget Director Aimee Heeter of Indiana University-Bloomington, a university that implemented its IBB budget model over 20 years ago. This retreat provided the groups with an opportunity to further their understanding of IBB models, to learn from the experience of another university, and to ask questions related to the work of their committees.

¹ <http://www.uvm.edu/provost/IBB/>

² http://www.uvm.edu/~provost/Across%20the%20Green_Nov%202013.pdf

³ <http://www.uvm.edu/provost/IBB/Rosowsky%20Cynic%20IBB%20Q&A.pdf>

IBB Off-site Visits:

On August 22nd and September 23rd, a group of deans, business managers from the colleges and schools and members of UVM's Division of Finance visited the University of New Hampshire and the University of Delaware to learn about their IBB models, implementation processes, and experiences.

SPRING 2014 ACTIVITIES

The reports from the IBB subcommittees were due on January 24, 2014. All subcommittee reports were submitted on-time and have been posted on the IBB website. In January and February, the Steering Committee will review the reports and identify algorithms that may make sense for a University of Vermont IBB model. The University's finance team will then run financial models based on the proposed algorithms, and bring that analysis to the Steering Committee for its review.

In February and March, members of the Steering Committee, subcommittees, and project staff will be reaching out to the broader campus community in the IBB discussion through an engagement campaign that will include meetings with the following leadership and governance groups:

- Budget, Finance and Investment Committee of the Board of Trustees
- President's Advisory Council
- President's Senior Leadership Council
- Provost's Academic Leadership Council
- Faculty Senate Executive Council
- Faculty Senate Finance and Physical Planning Committee
- Faculty Senate – Full Senate
- Graduate Student Senate
- Staff Council
- Student Government Association
- University Business Advisors

In April and May, the Steering Committee will review the financial analysis of the proposed algorithms along with feedback and suggestions received as part of the engagement campaign, and will make recommendations on the design and overall methodology of an IBB model. We are still on-track to be able to provide you with a recommended IBB model by the end of June.

FINAL THOUGHTS

As I have shared with you many times since we started this important work last September, I have been enormously impressed by and grateful for the response of the UVM community in stepping up to meet the challenge of creating a new budget model for the University. I am grateful to everyone that took the time to learn about IBB models, to think critically and creatively about how we might operate under a new budget model, and to offer their time and their energy to serve on committees or participate in one of the many campus presentations and conversations. The members of the Steering Committee and subcommittees, in particular, have invested countless hours in the very significant tasks that were set before them. They have been creative, thoughtful, and engaged University citizens that have brought the full complement of their intellect, experience and expertise to this work.



The University of Vermont

Appendix G

Office of the Provost
and Senior Vice President

February 5, 2014

To: Faculty and Staff of the University of Vermont

From: David V. Rosowsky, Provost and Senior Vice President

Subject: Incentive-based Budget Model Subcommittee Report Q&A Sessions

If you haven't already done so, I hope you will find time to read the Incentive-based Budget (IBB) Model Subcommittee reports that are available on the [IBB website](#). If you have questions about the reports' contents, I encourage you to attend a Q&A session. The sessions will include members of the IBB Subcommittees as well as other project staffers.

The Q&A sessions are scheduled for:

Monday, February 10; 12:00 – 1:00 pm; Davis Center - Livak

Thursday, February 13; 2:00 – 3:00pm; 427A Waterman

Friday, February 14; 12:00 – 1:00 pm; Billings Ira Allen 110/Martin Luther King Lounge
(Directions: use the back entrance of Ira Allen; take a right; MLK lounge is on the left, before the Campus Center Theater)

Tuesday, February 18; 2:00 – 3:00pm; Waterman - Memorial Lounge

Thank you for your continued engagement in this important University initiative.

UVM Incentive-based Budget Model Cost Pools

6.25.14

Cost Pool 7A: Management Services (24 departments)		Driver: Expenses	
30300 VP U. Rel & Admin	11200 Contr. Office	11000 VP Finance	30550 Univ.Comm
11590 Davis Center	30700 Ofc. Instit. Res.	10300 VP Legal Aff. Gen.	31100 Flem Mus.
30000 Sen. VP & Provost	11240 Treas. & Tax Serv.	10100 Audit Serv.	11110 Off. Sustain
11400 Fin. Analysis & Budget	11270 Cost Acct.Svcs.	10305 Compliance	10400 U. Relations
20001 Admin. Bus. Serv. Ctr.	11220 Fin. Rpt & Acct Svcs.	10000 President's Office	11570 CAES
11550 Procurement Serv.	00003 Treas. Operations	11575 Police Services	11580 Print/Mail
Cost Pool 7B: Organizational Services (7 departments)		Driver: Faculty and Staff Headcount	
30050 Faculty Senate	11531 Environ. Safety	11280 Payroll Svcs	11002 Staff Council
11300 Human Resources	11530 Risk Mgmt & Safety	11320 HRS Learning Svcs.	
Cost Pool 7C: Student/Academic Services (23 departments)		Driver: Adjusted Student Headcount/Student FTE	
30200 Adm. & Enroll Mgmt	30430 Career Serv.	30230 Liv & Learn Ctr.	58100 Honors Coll.
11250 Student Fin. Svcs.	30210 VP Enroll Mgmt.	30440 Ctr. Stdnt Ethics &Stnd	30016 Writing Discip
30420 Acad. Support Prog.	30454 Student Life	30410 Student & Comm. Rel	30017 CUPS
30220 Registrar	30400 Dean of Students Off.	30450 Ctr. Hlth&Well Being	30019 Integr. Bio
30240 International Educ. Svcs.	30231 Res. Lrng Cmty	30456 Student Govt. Assoc.	31200 Military Studies
58200 Grad. Coll	30452 Res. Life	30500 Athletics/Vars.	
Cost Pool 7D: Community/Inclusion Services (7 departments)		Driver: Total Headcount	
10040 Chief Diversity Off.	10060 Aff. Action/Equal Op.	10080 LGBTQA Ctr.	10070 Divers. & Equity
10090 ALANA Student Ctr.	10050 Women's Ctr.	30100 Cultural Pluralism	
Cost Pool 7E: Libraries/IT Services (17 departments)		Driver: 30%TotalIFTE+30%TotalHeadcount+20%Student FTE +20%Fac/Staff Headcount	
58328 Bailey Howe Library	58326 B. Howe-Collect Mgmt	58330 Dana Med. Lib.	11650 Database Adm
58300 Libraries - Dean's Office	58312 Ctr. Teach/Learning	11600 Entp. Tech. Svcs.	11670 IS Office
58320 B. Howe-Acc&Tech.Svcs.	58324 B. Howe Res. Collect.	11630 ETS Client Svcs.	11640 Telcom&Net
58322 B. Howe-Info&Instr.	58314 Learn and Info Tech	11620 Sys. Arch & Admin.	11412 Bus. Proc.Re-eng
11660 Entp. App. Svcs			
Cost Pool 7F: UVM Foundation Services		Driver: Expenses	
UVM Foundation			



The University of Vermont

Appendix I

Office of the Provost
and Senior Vice President

To: Deans, Vice Presidents and Other Senior Leaders

From: David V. Rosowsky, Provost and Senior Vice President

Date: May 22, 2014

Subject: Implementation of Incentive-based Budgeting

As you know, the Incentive-based Budget (IBB) Model Steering Committee will present President Sullivan with its final recommendations on the design and methodology of UVM's new budget model by the end of June.

I am writing to let you know that I have charged Vice President for Finance Richard Cate with leading the Division of Finance in developing and implementing a plan for operationalizing the model. I will continue to work with the IBB Steering Committee in the evaluation and oversight of the model itself, and Vice President Cate will take the lead on critically important operational tasks such as:

- Developing the new annual budget process and timeline
- Developing financial (budget-to-actual) reports for responsibility and cost centers
- Developing education and training materials for UVM's financial management community

This work will take place over the coming year in preparation for our July 1, 2015 transition to IBB. You will receive regular updates as the plan unfolds.

The list above is only a sampling of a significant number of operational issues to be addressed as part of this implementation, many of which affect or involve units outside the Division of Finance. Vice President Cate will need to engage expertise from across campus as part of this work. I ask for your constructive participation in this effort to ensure a successful implementation.

Thank you for your continued support of this important initiative.