

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.

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