

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