

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 RSENR 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:

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