

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