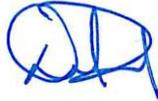




TO: Deans, Associate Deans, Assistant Deans, Department Chairs, Program Directors,
Academic UBA Members

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

DATE: January 12, 2015

SUBJECT: Incentive-based Budgeting Mini-Retreat Follow-up

cc: Vice Presidents, Administrative UBA Members,
Incentive-based Budgeting Steering Committee Members

Thank you for attending and participating in last week's Incentive-based Budgeting (IBB) mini-retreat. As promised, I am providing a list of *key messages* for your use with faculty and staff in your departments and programs. I am asking for your assistance, as members of the University's academic leadership, in properly messaging the intent and expectations surrounding the new budget model.

As I shared with you, our commitment to transparency requires that we also communicate complete and accurate information. It requires that we take the time to answer questions and explain what the model IS and IS NOT, what it WILL and WON'T do, and how it will or will not affect decision and planning in our academic units. As leaders, you are critical to this effective and constructive communication.

As you know, we have created an [IBB website](#) with up-to-date, complete information (presentations, memos, reports, budget data, and so forth). We will continue to use this site as a primary information portal. Also found on that site are all of the subcommittee reports.

The [IBB website](#) has already been updated to include Richard Cate's presentation on transition management plans and the presentation by Brian Reed and John Ryan on engaged practices. Alberto Citarella's presentation on the IBB model, scenarios, and levers can be found on the [Financial Analysis and Budgeting \(FAB\) website](#), along with other IBB data and reports.

As the development phase is now largely complete, we are in the implementation phase. I urge you to become personally familiar with all that is happening this semester in this regard.

As academic leaders, and members of the broader university leadership team, I have asked for your assistance as we complete our transition to IBB. Each of you plays an important role in meeting our commitment to transparency and effective communication with faculty and staff. To that end, I am providing this summary of *key messages* from last week's mini-retreat:

- The faculty and staff called for a new budget model, one that was more transparent, that was less centrally controlled, and one that incentivized innovation and strategic growth.

- The President charged the Provost to lead the campus in a university-wide effort to develop a new budget model. A two-year timeline was established to (a) ensure authentic, inclusive, and effective engagement of all constituencies at UVM in creating a new budget model, and (b) to allow a parallel year to watch the model perform next to our current budget model.
- The IBB model was developed through an unprecedented, inclusive process of campus-wide engagement. This is fully documented on the [IBB website](#).
- More than 250 UVM faculty and staff have participated directly in the development and implementation phases of this project.
- IBB is about academic excellence and student success. IBB's development, implementation, and continual assessment are guided by the [Academic Excellence Goals](#) and the [IBB Guiding Principles](#).
- Our budget model has changed, however our *core values* as a university have not. We are, and always will be, a university with a strong focus on undergraduate education, built around a strong arts and sciences core, with unwavering commitment to liberal education, surrounded by a group of professional schools and programs. Neither will a new budget model change our *culture* as an academic institution. We value every member of our community, we are inclusive and affirming, and we continue to abide by the principles in "Our Common Ground." Transparency, authentic communication and engagement, and working together to achieve shared goals – all hallmarks of IBB – only amplify these principles.
- IBB Model 1.0 (the model we are currently assessing during this parallel year, and which is expected to "go live" on July 1, 2015) is not perfect, but it is very good. It is transparent, it distributes budgetary responsibility, and it provides clear incentives.
- IBB is evergreen. That is, we can and will continue to refine the model over time. The Steering Committee (22 faculty and staff) will continue to meet regularly to assess the model's performance and its impact across the University. Model 2.0 is not 200 years away, or even decades away, but likely 3-4 years away.
- UVM's ongoing budget challenges fully mirror what is happening at universities across the country. This is not a UVM issue, it is a challenge facing all of higher education.
- IBB did not create our budget challenges; neither will IBB solve them. It is a budget model. But the new model will enable thoughtful and strategic decisions to be made, following robust discussion and with benefit of full information and transparency, about how to address these challenges. It will enable innovation, strategic planning linked to resources, and forward-planning.
- We must grow revenue. We cannot simply increase tuition and/or decrease financial aid. IBB incents revenue growth.
- We must take the long view in advancing our value proposition to students and families, built around demonstrated academic excellence and student success. But we cannot simply wait for this to happen – it will require strategic action on our part. Decisions we make now will begin to

build the value proposition that will not only impact the near term, but also establish the foundation for a sustainable financial future.

- IBB is not about the “corporatization” of UVM. IBB is about *fiscal responsibility*. It is about operating within our means, ensuring revenues meet expenses, and making strategic decisions at the college/school level that will ensure a sustainable financial future.
- IBB is not a panacea. In and of itself, it will not reduce expenses, create efficiencies, or create new revenue. IBB is not a surrogate for leadership, for vision, or for innovation. As a budget model, IBB is a strategic management tool that empowers academic leaders to achieve their unit’s strategic highest priorities and goals.
- IBB has no agenda. It was not created to achieve any secret objectives. It was not created to change the core values, mission, or culture of the University.
- IBB has the potential to harness the power of the entire campus in support of our core academic mission.

I well know the value of the quiet time before the new semester resumes, so I am especially grateful for your participation in our discussion last week. Thank you for your commitment to the UVM community, to our highest ideals of academic excellence and student success, and to our shared future as a great university.

I wish all of you a wonderful start to the new semester.

Rev.1 February 9, 2015