

Information for Students about Incentive-based Budgeting (IBB) at the University of Vermont

Prologue:

The University's decision to move to a new budget model naturally raises questions. In keeping with our commitment to broad and open communication throughout the two-year transition to IBB, we are happy to provide the following responses to questions students might have about the new model.

To set the stage, the goals of the new budget model are (1) to support and enable our highest priorities around academic excellence and student success, (2) to create a transparent and sustainable budget model for the University, and (3) to empower UVM's colleges and schools to make decisions consistent with their highest strategic priorities and those in the President's Strategic Action Plan. Representatives from the Student Government Association (SGA) and the Graduate Student Senate (GSS) were appointed to the IBB Steering Committee and directly participated in the development of the model. Finally, *all* IBB communications, reports, and other supporting materials were posted on the IBB website throughout the 2+ year university-wide process.

Now, on to the questions—

Why did we change budget models?

In academic year 2012-13, three years ago, the UVM community discussed 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 students. There was widespread agreement that the existing model: (1) lacked transparency, (2) was unnecessarily complex, (3) offered little flexibility, and (4) provided few incentives.

What are the goals of IBB?

In addition to the goals stated above, chief among the new model's objectives are: (1) to encourage a more comprehensive "all funds" budgeting approach, and (2) to provide the clarity and predictability that will enable multi-year planning critical to ensuring the University's long-term financial sustainability. At the start of the process to create and implement the new budget model, President Sullivan established the following "Guiding Principles for IBB":

1. Creates incentives that promote academic quality and excellence
2. Creates incentives at all levels of the University that promote financial sustainability
3. Encourages innovation and entrepreneurship throughout the University
4. Provides transparency, clarity, and predictability
5. Can be easily understood, is easy to implement and operate, and is flexible
6. Can operate in all cycles of the economy, whether robust or downturn
7. Fosters interdisciplinary scholarly and teaching activity

What role did UVM faculty, staff, and students play in developing IBB?

In all, more than 200 members of the campus community were involved in the development and implementation of IBB. In FY14 and FY15, there were more than 280 working group meetings, briefings, and information sessions regarding the new budget model.

Membership on the IBB Steering Committee (charged with developing recommendations for the overall model) included 11 faculty, 5 staff members, 2 senior administrators, 2 deans and 2 students.

Membership on the eight subcommittees (charged with developing the model's algorithms for revenue and expense allocation) included 43 faculty, 10 deans or vice presidents, 27 staff members and 1 student.

How much did the University spend on systems, staff, or other ongoing costs for IBB?

Nothing. There are no expenses associated with operating the budget model. No new software or hardware systems were purchased, there are no new staff or consultants, and there are no annual operating costs (fixed or variable).

What does it mean for current and future students?

At its root, IBB is about promoting academic excellence. We want to continue to enhance our academic programs and opportunities for our students. We want to continue to invest in hiring outstanding faculty and in our academic infrastructure. We want to grow in strategic areas – where student interest and market demand exist – and we want to strategically invest in programs that can generate national visibility and recognition for UVM. Academic excellence attracts the best students and the best faculty to a university.

Will IBB result in cutting undergraduate or graduate programs?

Regardless of its budget model, the addition and deletion of programs is a normal part of the evolution of any university. Our academic leaders continually review our academic programs, the result of which may include adding innovative programs, and eliminating non-strategic programs for which there is little or no interest or demand.

Will IBB cause tuition increases?

Budget models don't cause tuition increases. Tuition increases are necessary to offset increases in expenses. President Sullivan has made access and affordability his highest priority. This is clearly reflected in the history of tuition increases (among the lowest in more than three decades) since he became President.

Will IBB force Deans to move to larger class sizes?

IBB provides academic leaders with the incentives to create the best overall educational experience possible – one component of which is an appropriate mix of class sizes that support learning outcomes and student success. Even if the deans were tempted to move all classes to large lecture halls (a strategy I am confident they understand to be contrary to our goals as a university), we are physically constrained in the number of large class sizes we can offer by our modest inventory of large classrooms.

More than half of our undergraduate classes have 20 or fewer students in them. This is part of the University's culture, commitment, and competitive advantage. We will continually seek the best mix of class sizes and learning environments to provide the greatest value to our students and ensure the best learning outcomes.

Will IBB result in a larger undergraduate student body?

Budget models don't determine enrollment. Currently, there are no plans for enrollment increases in the undergraduate student body. Increases in enrollment would require concurrent investments in teaching capacity, housing and student support services to maintain an outstanding student experience. Our focus is on continually improving the quality, including diversity, of the entering student class, not the size of that class.

What effect will IBB have on hiring full-time or part-time faculty members?

There are many variables (i.e., shifts in student interest and demand, new strategies, emerging priorities, available resources, etc.) that play a role in staffing decisions. Changes in any of these can result in the need for more, or fewer, faculty members in particular areas. These decisions are made by the deans, in consultation with the faculty and staff of the colleges and schools, in order to support their highest academic and programmatic priorities.

Will IBB cause budget reductions?

Budget models don't cause budget reductions. Budget reductions are necessary when expenses exceed available revenues. The University is required by law to have balanced budget each year.

Where can I find more information on IBB?

The [IBB website](#) contains comprehensive information about the model, as well as the IBB activities and communications over the last two years.

What if I have questions or suggestions?

You can submit them via the [IBB website](#).

Postlude:

When asked, “What should students know about the budget model?” I respond simply that the budget model is focused on building and sustaining the faculty, facilities, and programs that underpin a great university. When asked, “How much should students understand about the budget model?” I respond, only as much as you have interest in understanding.

If you are interested in the inner workings of the University as a complex and competitive institution of higher education, if you have interests in institutional finance, or if you simply want to better understand how we align resources with our highest priorities (academic excellence and student success), you are invited to learn more. There are many ways to do this: from the IBB webpage, by posing questions to your college or school dean, or by requesting more information from the Vice President of Finance or the Office of the Provost.

Regardless of each student’s interest in the budget decision process, all students should know that, without any doubt, the University of Vermont is committed to providing a world-class education to our students. We will continue to invest wisely and strategically in the people, places, and programs that contribute most directly to this commitment. Our commitment to excellence and to your success is what drives decision-making at all levels and throughout the University.

David V. Rosowsky, Ph.D.
Provost and Senior Vice President



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