FACULTY SENATE

Financial & Physical Planning Committee
October 2, 2019 3:00 – 4:30 pm
Waterman 427A

Minutes

Present: Steven Ades (LCOM), Lisa Aultman- Hall (CEMS), Thomas Chittenden (Faculty Senate President), Teresa Cahill-Griffin (CNHS), Jane Knodell (CAS), Paul Philbin (LIB), Guillermo Rodriguez (CAS), Bryan Dague (CESS), Don Ross (CALS), Cory Teuscher (LCOM).

Absent: Terri Donovan (RSENR), Joanne Pencak (GSB)

Guests: Richard Cate

The meeting was called to order by chair Ross at 3:02pm in Waterman 427a.

1. **Approval of September minutes.** The minutes of September 2019 were approved as written.

2. **FPPC Representatives to University Committees.**

   - **Campus Master Planning Committee.** Teresa Cahill-Griffin is the FPPC representative on this committee. She will update the FPPC after the next meeting

   - **Educational Stewardship Committee.** Jane Knodell is the FPPC representative on this committee.

   - **BOT BFI Committee.** Don Ross and Terri Donovan are the FPPC representatives on this committee. There is a meeting coming up and they will report back to the FPPC.

3. **IBB Review Process.** Don Ross gave the committee an overview of the IBB process. Below is the presentation that Don presented.

Old Budget Model: Centralized and Incremental (from Budget Self-Study, R. Cate 2012)

The centralized budget of the University is viewed by some as a disincentive or a barrier to creativity and efficiency. Some examples that have been cited are as follows:

1. If a dean creates a new program, and it results in the generation of additional net revenue, the money flows to the general fund and may not directly benefit the particular academic unit as it is distributed.
2. …
3. Those that are responsible for a particular building are less inclined to turn off the lights and generally reduce energy consumption because their unit is not responsible for paying the utility bills (paid centrally) and, thus, will not see the savings returned to the unit budget.
4. …

https://www.uvm.edu/sites/default/files/Division-of-Finance/budgeting/UVM_Budget_Self-Study_December_2012.pdf

(from Budget Self-Study, R. Cate 2012)

A decentralized approach would come with its challenges as well, some of which might be:

1. …
2. …
3. Would the desire to maximize credit hours taught within units in order to generate revenue cause course or mission creep or unfair competition between or among academic units?
4. Would the President and Provost be able to achieve their goals for interdisciplinary initiatives and overall quality enhancement in a decentralized budget environment as in the current model?
5. Are all of UVM's units of an adequate scale and market appeal such that they could be self-sustaining under a decentralized model? If not, how would these units be subsidized or supported?
6. What would be the means of generating adequate resources to support centralized functions that exist for the common good?

From the 2013 report of the Budget Advisory Committee on the Budget Self-Study

In general, our observations regarding the current budget process can be distilled down to five points:

1. …
2. The lack of linkages among the vision, mission, long-term strategic plan and the one year budget cycle makes an assessment of the ability and effectiveness of the current budget process difficult.
3. The lack of a consistent set of metrics identified as key drivers of the strategic plan makes an assessment of the current process difficult.
4. Because so much of the decision-making process was previously conducted by central administrators, it is difficult now to incentivize or to hold accountable the leaders of the various academic and administrative units.
5. The type of budget model used will not solve a large percentage of the perceived issues with the budget process. Addressing points 2, 3, and 4 above are viewed as critical to achieving a match between the process and the president's vision.

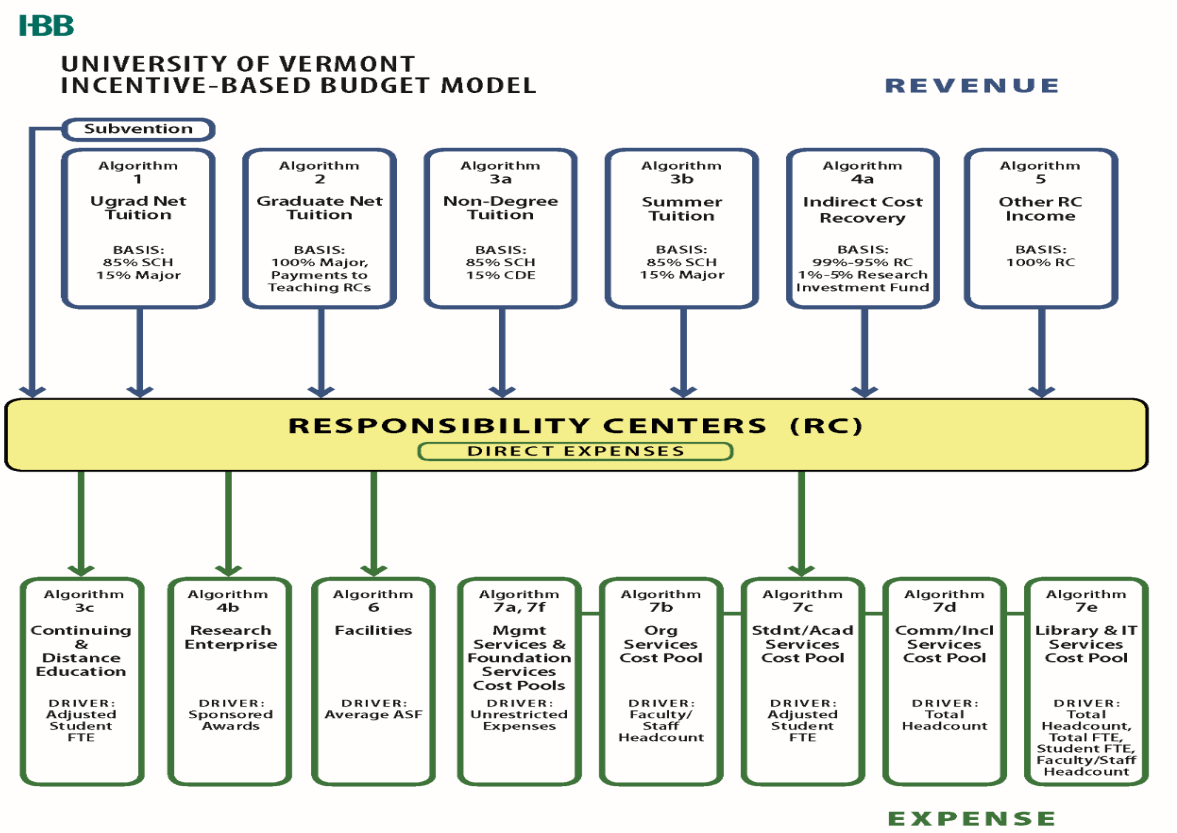
https://www.uvm.edu/sites/default/files/Division-of-Finance/budgeting/Budget_Advisory_Committee_Report_on_Budget_Self-Study_March_2013.pdf

Advantages of IBB (memo from President Sullivan)

- 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

https://www.uvm.edu/sites/default/files/Division-of-Finance/budgeting/Sullivan_IBB_Memo_2013_-_Faculty.pdf

[Also—Should enable long-term planning]



https://www.uvm.edu/sites/default/files/Division-of-Finance/budgeting/IBB_model_graphic.pdf

Algorithm 1 - Undergraduate Net Tuition

The revenue pool to be distributed via Algorithm 1 includes Undergraduate Net Tuition from the fall and spring semesters. Undergraduate Net Tuition is defined as gross tuition less financial aid (the netting occurs before the revenue is allocated). Other revenue (Unrestricted Endowment, Annual Giving, Investment Income, and a portion of State Appropriations and Other Support) is also distributed in this algorithm to offset the impact of subvention.[1] The first $40m of this revenue pool will be allocated to Subvention and the President's and Provost's Strategic Investment Fund. The remainder will be allocated based upon the methodology explained in this section.

Methodology

The revenue associated with Algorithm 1 will be allocated as follows:

- 85% based on an RC's percentage of the two-year trailing average of Student Credit Hours (SCH) taught.
- 15% based on an RC's percentage of the two-year trailing average of majors.

Weighting: SCHs will not be weighted.

Honors College: To protect and incent Honors College instruction, SCHs associated with an Honors College section will receive a multiplier of 3.00x.

https://www.uvm.edu/~finance/IBB/IBB%202.0%20Manual.pdf

Weighting in IBB 1.0 but not 2.0

CALS:	1.10x
CAS:	1.00x
CEMS:	1.10x
CESS:	1.10x
CNHS:	1.30x
GSB:	1.10x
RSENR:	1.20x
CoM:	1.30x

Algorithm 4a – Indirect Cost Recovery

Methodology

The revenue to be distributed via Algorithm 4a includes all Indirect Cost Recovery (F&A) generated by the University. The revenue will be allocated as follows:

- In FY16, 99% of the F&A will be allocated to the RC of the grant's Principal Investigator (PI) with the remaining 1% allocated to the Office of the Vice President for Research (OVPR). If grants have multiple PIs (co-PIs), the F&A allocated to the RCs will be distributed according to their respective planned effort on the grant.[4]

  - By FY18, this allocation will change such that 95% of the F&A will be allocated to the RCs and 5% to the OVPR. However, the Provost may choose to adjust these percentages in response to strategic needs and priorities.

Additional Revenue Items

State Appropriations and Other Support

State appropriations and other support will be distributed in the following manner:

- The first $516,441 will be directed to the Office of the Vice President for Research (OVPR).
- The remaining State Appropriation and other support will be distributed in the following manner:
    - 8.8% to CALS
    - 23.3% to COM
    - 14.0% to Extension
    - 53.9% to Algorithm 1

This allocation may be revised and shall not supersede any legislative or presidential mandates.

Algorithm 6 - Facilities

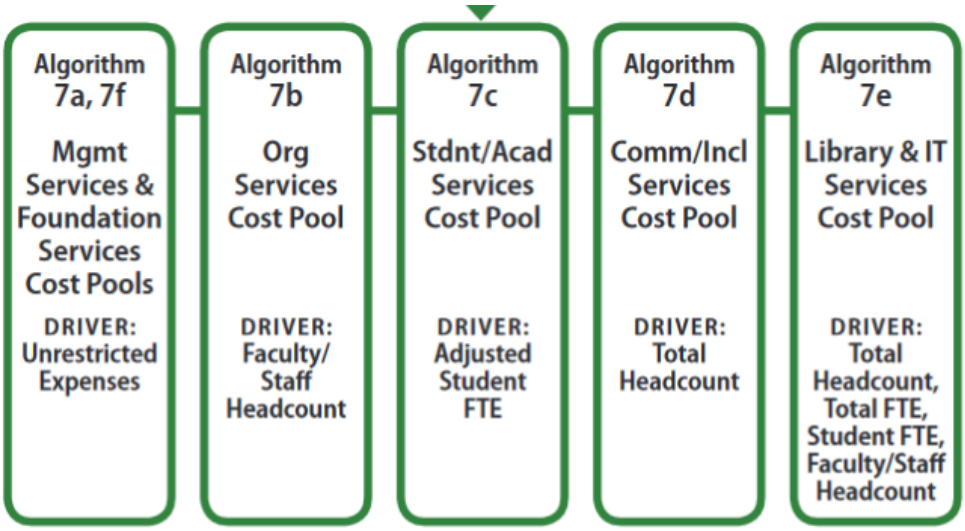
Methodology

The departments included in the Algorithm 6 expense allocation are listed in Appendix A. These costs will be allocated to a Responsibility Center based on its percentage of the total campus assignable square feet (ASF). For example, if a college's occupied space accounts for 10% of the total campus ASF, it will be attributed 10% of the expense.

Space Deflator: The cost associated with minor structures will be deflated by 80%. This includes any space classified within the Facilities Administrative Management Information System (FAMIS) with Facility Type identified as a barn, cabin, garage, greenhouse, infrastructure, parking garage, shed, trailer or warehouse. In addition, a few off-campus spaces that do not receive the full complement of facility services will receive the deflated rate. As of FY16, these off-campus spaces include all buildings at the Morgan Horse Farm, Proctor Maple Research Center, Miller Research and Educational Farm, Horticulture Research Center, Jericho Research Center, and Fort Ethan Allen.

Assignment and Release of Space: Procedures for requests for assignment or release of space are identified in the Space Management University Operating Procedure [in approval process; link to be added]. Requests should be submitted using the Space Request Form to Campus Planning Services for coordination, review, and development of recommendations. RC requests to relinquish space that do not identify an RC willing to assume the space will not ordinarily be approved.

Starting in FY18, if a Responsibility Center's request to abandon space or relinquish space to a Support Center or Hybrid Support Center is approved, the Responsibility Center will continue to pay 75% of the value of the space on an annual basis. This will remain constant at 75% of the value of the space on the trade date. For example, if the targeted space is 1,000 ASF and valued at $34/ASF, the relinquishing Responsibility Center is required to pay $25.5k per year going forward (75% of $34,000). The



January 2019

In Algorithm 7b, the following language was replaced:

~~*Both full-time and part-time employees carry the same weight. They each count as "1 head" in the headcount total.*~~

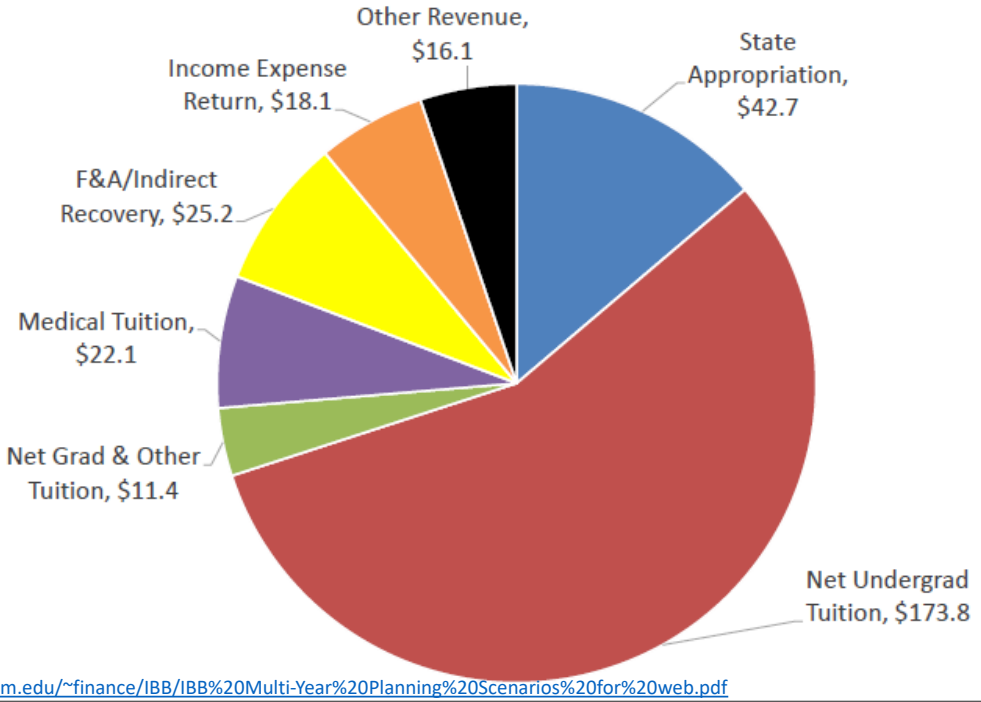
With the following:

A full-time employee will count as a 1.0 headcount whereas a part-time employee will count as 0.5 headcount.

From the 2019 FPPC memo on IBB:

1. The full implementation of IBB in FY16 set the responsibility centers' funding at roughly the same amount as the previous year ('hold harmless') … did not necessarily reflect the current needs of each unit.
2. …the elimination of weighting in IBB 2.0 is being covered by subvention and funding still may not reflect actual teaching costs. … Some curricula are clearly more expensive to teach than others.
3. …
4. The facilities algorithm was not revised for IBB 2.0 and perhaps needs revisiting. ...
5. The cost centers deliver essential services to the academic units but the deans have little to no control over cost. …
6. One of the primary benefits of IBB is transparency yet subvention is still not clearly defined. Without clarity on subvention, IBB appears to be similar to the former incremental budget model. …
7. One of the major current challenges of the IBB model is that it creates both a real and perceived competition among academic units. …
8. …residential learning community …clear that more faculty oversight of the associated curriculum may be needed.

FY15 General Fund Revenue
$m



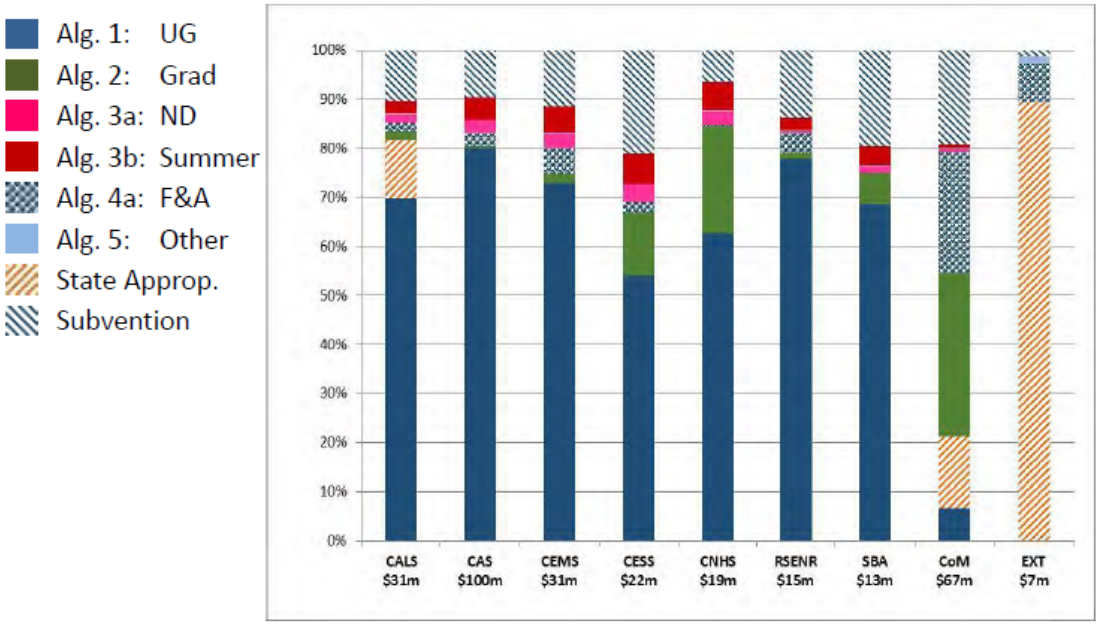
https://www.uvm.edu/~finance/IBB/IBB%20Multi-Year%20Planning%20Scenarios%20for%20web.pdf

FY15

For illustrative and discussion purposes only

To ensure accuracy and consistency in the interpretation of presented information, all questions and comments should be directed to your local resource identified on FAB's IBB web site.

Responsibility Centers' Revenue Composition

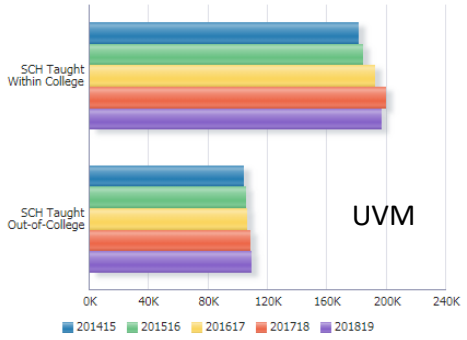


https://www.uvm.edu/~finance/IBB/IBB%20Multi-Year%20Planning%20Scenarios%20for%20web.pdf

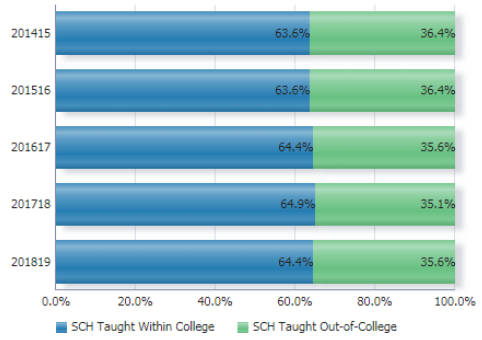
Total Undergraduate Student Credit Hours Taught by Year

SCH credited as "Interdisciplinary" are not included. SCH earned by Global Gateway students or in Global Gateway courses are not included.

Total SCH Taught to Students from Within/Outside the Academic Unit



Percent of Total SCH Taught Within/Outside the Academic Unit



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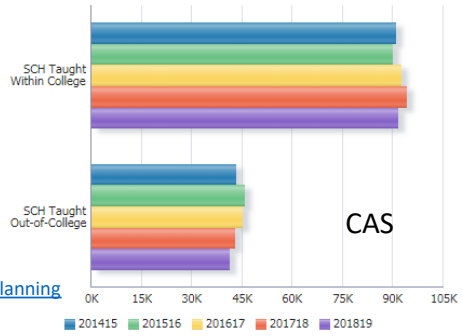

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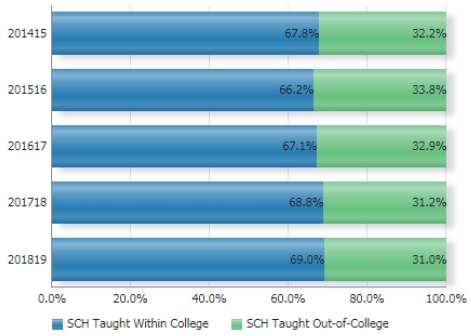

https://www.uvm.edu/oir/planning

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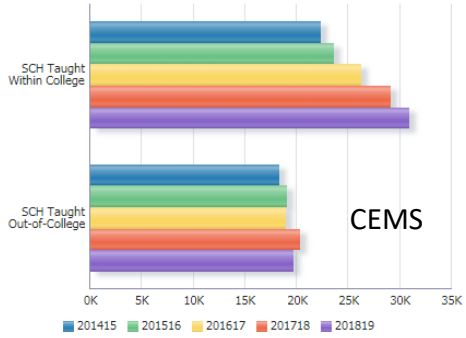

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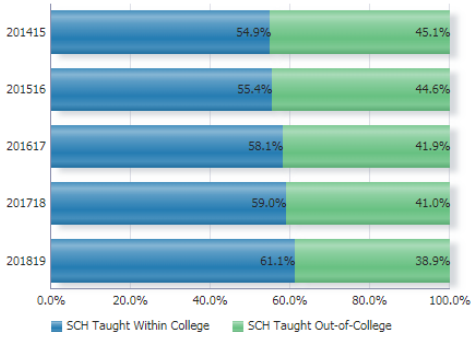

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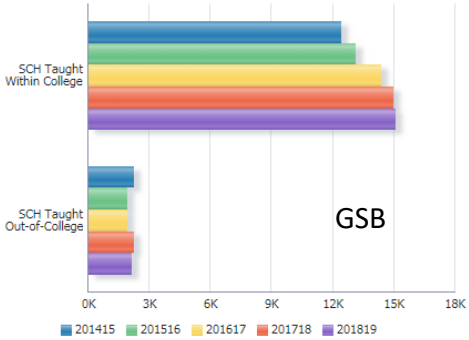

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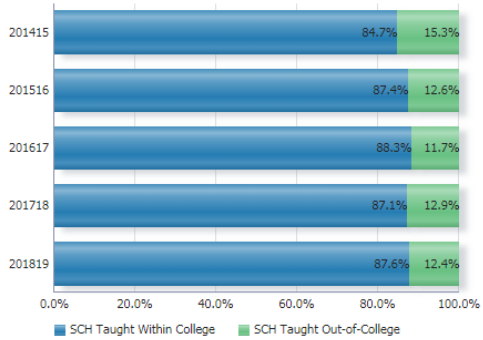
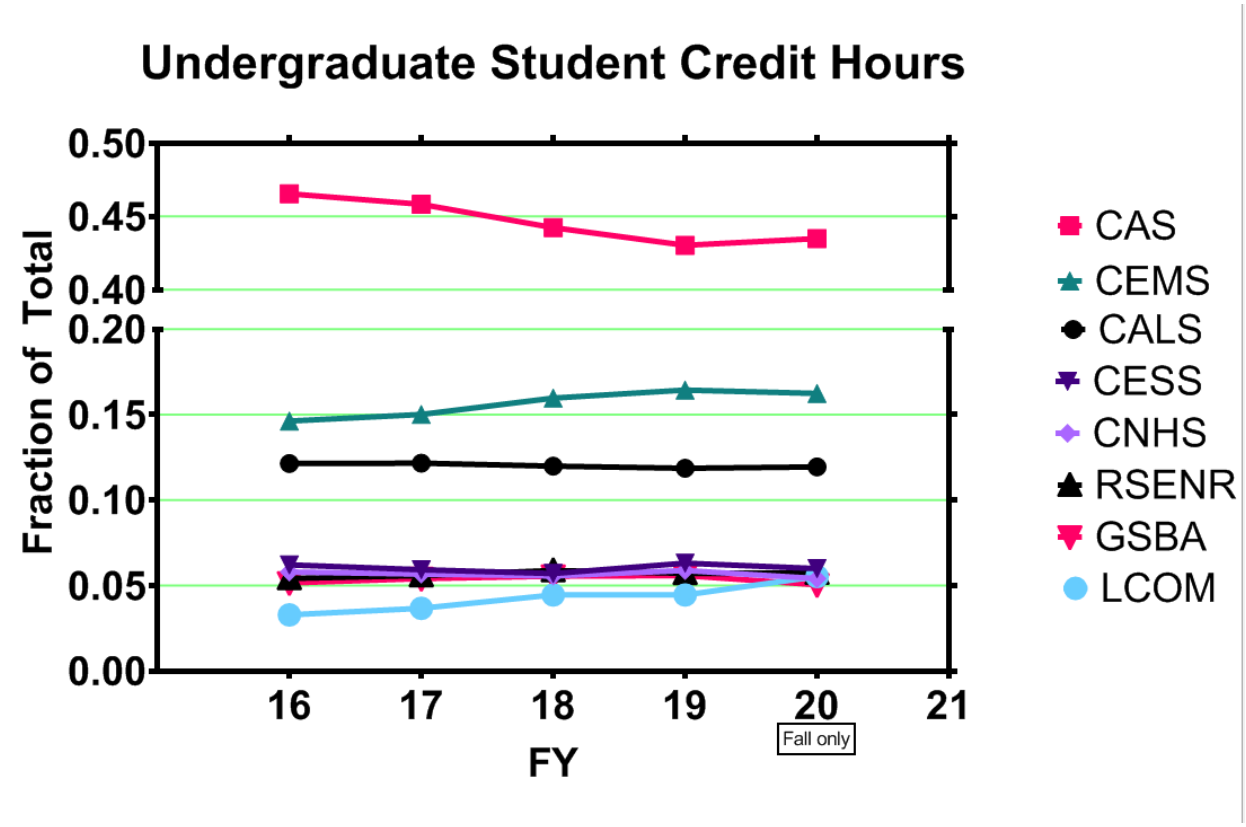
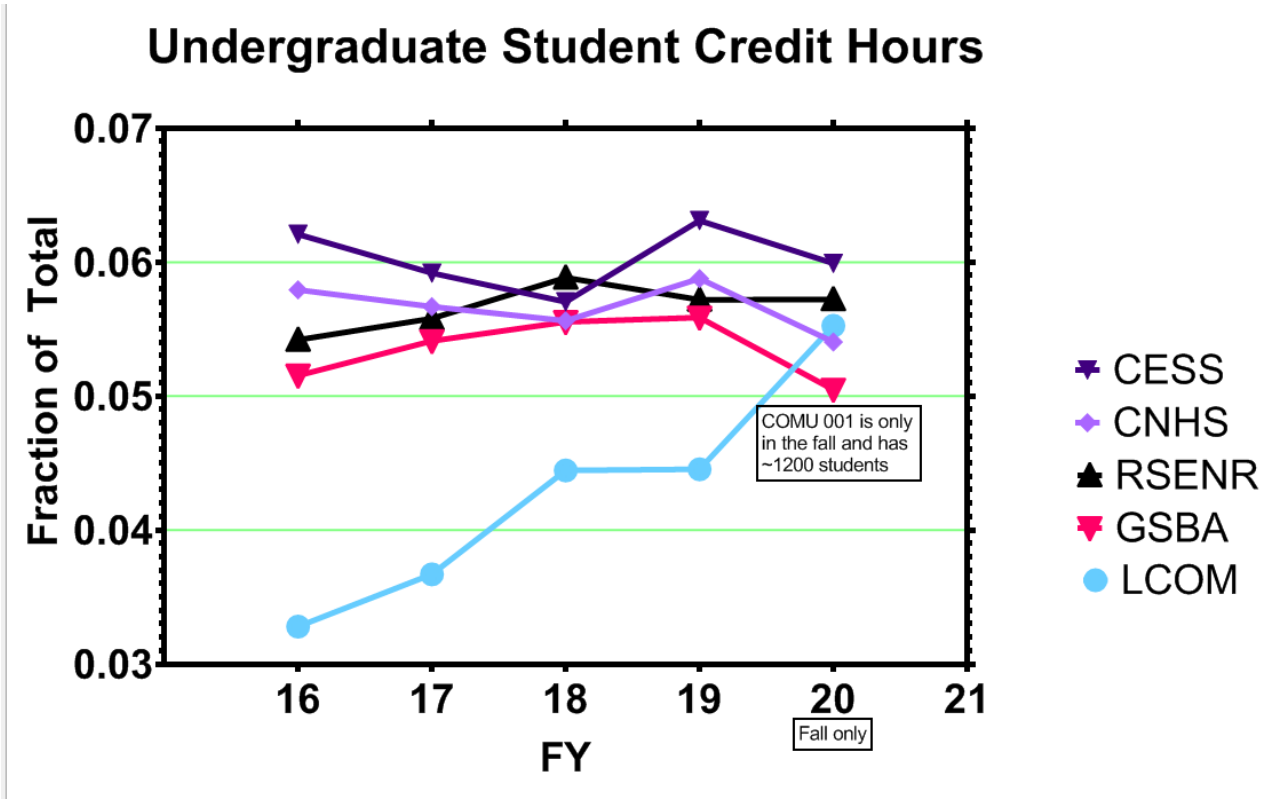
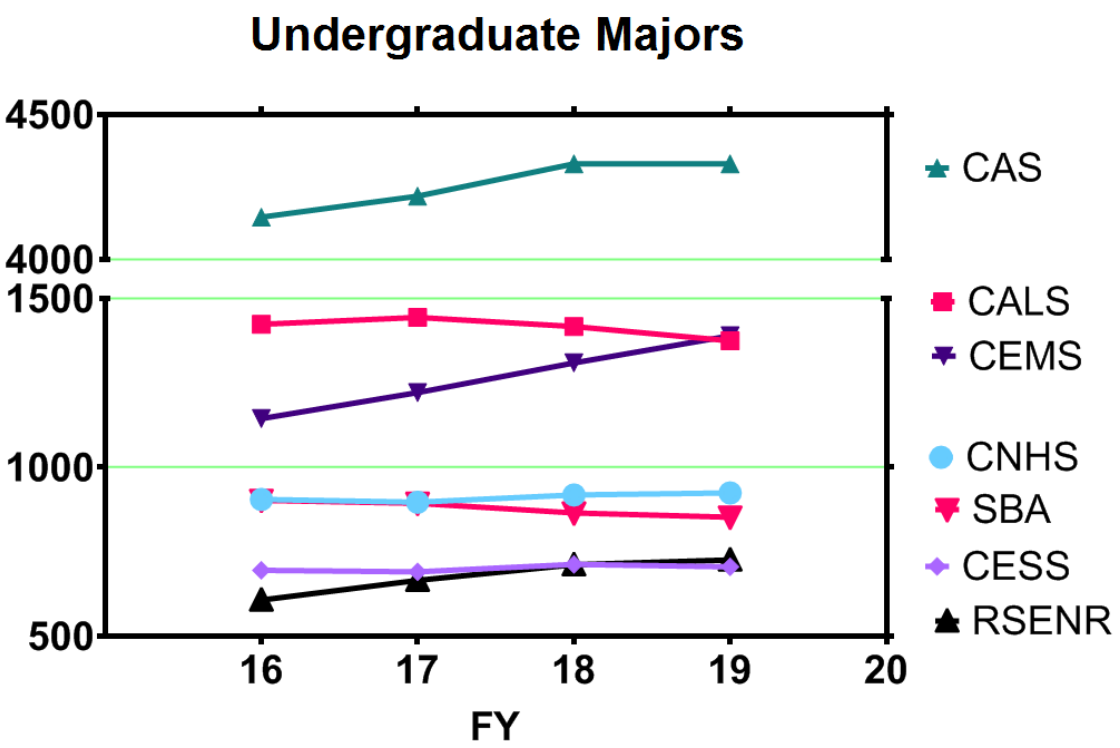



Undergraduate Student Credit Hours
Fraction of Total
0.50
0.45
0.40
0.20
0.15
0.10
0.05
0.00
16
17
18
19
20
21
FY
Fall only
CAS
CEMS
CALS
CESS
CNHS
RSENR
GSBA
LCOM

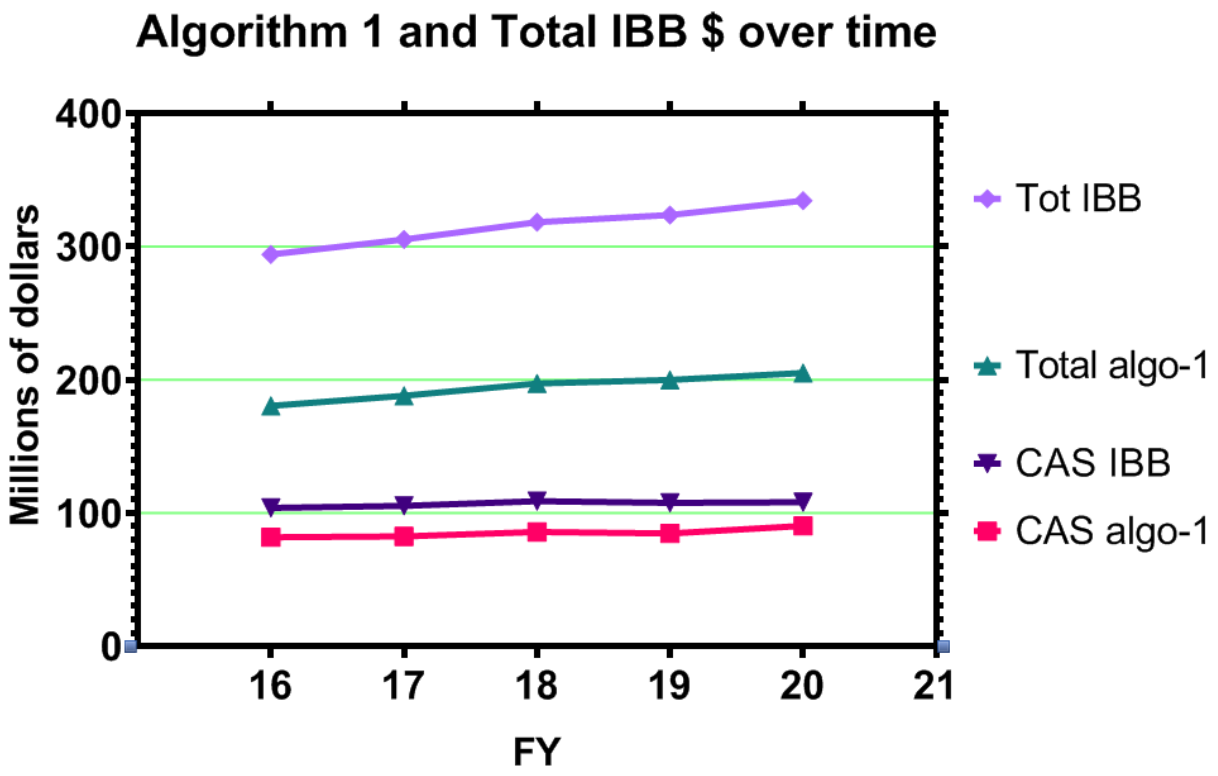

Undergraduate Student Credit Hours
Fraction of Total
0.07
0.06
0.05
0.04
0.03
16
17
18
19
20
21
FY
Fall only
COMU 001 is only in the fall and has ~1200 students
CESS
CNHS
RSENR
GSBA
LCOM



No reconciliation errors exist
PSBGT2020.TOT1

FULL YEAR 2020 REVISED BUDGET IBB 2.0

	CALS	CAS	CEMS	CESS	CNHS	RSENR	GSB	COM	Research	CDE	SIF	Total
REVENUES												
IBB State and Other Support (DIBBL)	9,564	0	0	0	0	0	0	9,771	516	0	0	19,851
Undergrad Net Tuition (E4701)	*21,551*	*77,692*	*27,584*	*10,870*	*10,891*	*10,617*	*10,524*	*6,684*	*0*	*0*	*0*	*176,413*
StApprop and Other Support (E4711)	*2,768*	*9,979*	*3,543*	*1,396*	*1,399*	*1,364*	*1,352*	*859*	*0*	*0*	*0*	*22,658*
Endow/Invest/Giv (E4713)	*738*	*2,662*	*945*	*372*	*373*	*364*	*361*	*229*	*0*	*0*	*0*	*6,045*
IBB Algorithm 1 (DIBBA)	25,057	90,333	32,072	12,639	12,663	12,345	12,236	7,772	0	0	0	205,116
F_S Grad Tuition (E4702)	*693*	*393*	*1,707*	*4,848*	*6,618*	*630*	*1,968*	*2,850*	*0*	*0*	*0*	*19,707*
F_S CrossColl Teachng (E4703)	*94*	*0*	*50*	*0*	*(50)*	*25*	*0*	*179*	*0*	*0*	*0*	*297*
F_S Interdisc Prog (E4704)	*(141)*	*0*	*10*	*0*	*0*	*5*	*0*	*0*	*0*	*0*	*0*	*(126)*
IBB Algorithm 2 FallSpring (DIBBB)	646	393	1,767	4,848	6,568	660	1,968	3,029	0	0	0	19,878
Smr Grad Tuition (E4718)	*88*	*0*	*5*	*424*	*1,250*	*75*	*269*	*437*	*0*	*0*	*0*	*2,548*
Smr CrossColl Teachng (E4719)	*5*	*0*	*0*	*0*	*(149)*	*(5)*	*0*	*175*	*0*	*0*	*0*	*26*
Smr Interdisc Prog (E4720)	*5*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*5*
IBB Algorithm 2 Summer (DIBBC)	97	0	5	424	1,102	70	269	612	0	0	0	2,579
IBB Algorithm 3a (DIBBD)	437	2,109	605	450	474	70	299	317	0	820	0	5,580
IBB Algorithm 3b (DIBBE)	1,271	5,552	1,752	564	496	340	560	461	0	508	0	11,504
F&A Revenue Distrb (E4708)	*1,500*	*1,000*	*2,100*	*474*	*441*	*550*	*0*	*21,800*	*1,963*	*0*	*0*	*29,828*
OVPR Payment (E4709)	*(75)*	*(50)*	*(105)*	*(24)*	*(22)*	*(28)*	*0*	*(1,090)*	*343*	*0*	*1,050*	*0*
IBB Algorithm 4a (DIBBG)	1,425	950	1,995	450	418	523	0	20,710	2,307	0	1,050	29,828
IBB Subvention (DIBBS)	1,691	8,755	2,998	4,048	2,550	2,812	2,849	13,849	0	0	447	40,000
Total IBB Revenue	40,188	108,092	41,193	23,423	24,270	16,819	18,182	56,520	2,823	1,328	1,497	334,336
UG Net Tuition (Aid)	0	0	0	(40)	0	0	0	(43)	0	0	0	(83)
Medical Tuition (DMDTU)	0	0	0	0	0	0	0	27,293	0	0	0	27,293
Fees (DFEES)	0	0	0	37	163	50	75	314	0	724	0	1,363
External Sales (DEXSL)	0	0	0	0	0	0	0	0	0	0	0	0
IE Indirect and Support (DFARB)	259	257	15	189	21	121	24	514	0	0	0	1,398
Internal Sales (DINSL)	0	0	0	0	0	0	0	0	0	0	0	0
Internal Transfers (DOTHE)	0	0	0	0	0	0	0	0	0	0	0	0
Net Tuition Stabilization Rsv (DPRYR; S100188)	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Prior Yr Carryforwards (DPRYR; excl S100188)	*0*	*2,324*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*2,324*
Prior Yr Carryforwards (DPRYR)	0	2,324	0	0	0	0	0	0	0	0	0	2,324
Total Direct Revenue & Aid	259	2,581	15	185	184	171	99	28,078	0	724	0	32,295
TOTAL REVENUE	40,447	110,673	41,208	23,609	24,453	16,990	18,281	84,598	2,823	2,052	1,497	366,632



No reconciliation errors exist
PSBGT2020.TOT1

FULL YEAR 2020 REVISED BUDGET IBB 2.0

	CALS	CAS	CEMS	CESS	CNHS	RSENR	GSB	COM	Research	CDE	SIF	Total
EXPENSES												
Faculty and Admin Salary (DFASL)	7,370	29,322	9,726	6,567	7,545	3,896	5,796	14,300	497	218	0	85,237
Staff Salary (DSTFS)	3,380	4,175	1,627	1,243	1,068	1,006	1,055	8,524	3,224	3,053	0	28,355
Grad Wages Other (DGWOT) (excl E5530,D11250)	443	2,173	1,088	269	162	323	69	1,085	2	96	0	5,709
Benefits (DBENF)	4,976	15,589	5,315	3,617	3,976	2,280	3,152	8,889	1,712	1,514	0	51,018
Operating (DOPER)	1,970	1,747	2,743	784	798	694	512	10,420	1,566	1,936	447	23,618
Insurance, Utilities, Rent (DINUR)	491	97	0	22	37	0	13	731	19	53	0	1,462
Repair, Maint, Equip (DRMEQ)	61	23	0	7	53	0	24	719	82	32	0	1,001
Debt (DDEBT)	0	0	0	0	0	0	0	0	0	0	0	0
Cap Expense (DCPEX)	0	0	0	0	0	0	0	1	0	0	0	1
Cost of Goods Sold (DCOGS)	0	0	0	0	0	0	0	0	0	0	0	0
IE Subsidy (DIDSB)	564	94	1	0	0	0	0	1,156	197	0	0	2,011
Other Transfers (DOTHR)	81	252	1,439	0	37	11	210	1,101	0	0	385	3,517
Dept Funding-Transfers (DDPTT)	110	1	0	(50)	0	0	1	1	0	0	665	729
Total Direct Expenses	19,445	53,475	21,938	12,458	13,677	8,210	10,833	46,926	7,297	6,901	1,497	202,657
IBB Algorithm 4b (DIBBH)	724	241	279	284	35	173	0	2,943	(4,474)	0	0	205
IBB Algorithm 6 (DIBBI)	4,793	10,563	2,635	1,324	1,642	1,625	465	10,907	0	0	0	33,955
IBB Algorithm 3c (DIBBF)	578	2,066	780	341	334	282	289	240	0	(4,849)	0	61
Mgmt Svcs Cost ALG7a (E8707)	*3,744*	*9,608*	*2,764*	*2,297*	*2,304*	*1,525*	*1,676*	*8,100*	*0*	*0*	*0*	*32,018*
Other Income ALG7a (E4715)	*(1,640)*	*(4,210)*	*(1,211)*	*(1,006)*	*(1,010)*	*(668)*	*(734)*	*(3,549)*	*0*	*0*	*0*	*(14,029)*
LSSA&CC GF CntrbOfst ALG7a (E4717)	*(211)*	*(543)*	*(156)*	*(130)*	*(130)*	*(86)*	*(95)*	*(458)*	*0*	*0*	*0*	*(1,809)*
Mgmt Svcs Cost ALG7a	*1,892*	*4,856*	*1,397*	*1,161*	*1,164*	*770*	*847*	*4,093*	*0*	*0*	*0*	*16,180*
Org Svcs Cost ALG7b (E8709)	*855*	*1,463*	*473*	*578*	*423*	*303*	*189*	*4,137*	*0*	*0*	*0*	*8,422*
Stdnt Acad Svcs Cost ALG7c (E8711)	*3,908*	*13,954*	*5,272*	*2,301*	*2,258*	*1,904*	*1,954*	*1,621*	*0*	*0*	*0*	*33,170*
Comm Incl Svcs Cost ALG7d (E8713)	*159*	*449*	*159*	*112*	*118*	*83*	*89*	*173*	*0*	*0*	*0*	*1,344*
Library IT Svcs Cost ALG7e (E8714)	*3,373*	*9,969*	*3,642*	*2,140*	*2,000*	*1,559*	*1,497*	*5,525*	*0*	*0*	*0*	*29,706*
Foundation Svcs Cost ALG7f (E8715)	*973*	*2,498*	*719*	*597*	*599*	*396*	*436*	*2,106*	*0*	*0*	*0*	*8,325*
Admin Facilities Cst ALG7 (E8717)	*3,746*	*11,140*	*3,914*	*2,312*	*2,203*	*1,684*	*1,682*	*5,926*	*0*	*0*	*0*	*32,606*
IBB Algorithm 7 (DIBBK & DIBBJ)	14,907	44,329	15,576	9,201	8,766	6,700	6,693	23,582	0	0	0	129,753
Total IBB Expenses	21,002	57,199	19,270	11,150	10,776	8,780	7,448	37,673	(4,474)	(4,849)	0	163,974
TOTAL EXPENSES	**40,447**	**110,673**	**41,208**	**23,609**	**24,453**	**16,990**	**18,281**	**84,598**	**2,823**	**2,052**	**1,497**	**366,632**
NET	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

4. **University of Vermont Investment Selection Process.** The University of Vermont uses two record keepers, Fidelity and TIAA. Richard Cate presented the FPPC with the process that was used when determining funds and plans.
5. **New Business.** There was no new business at this meeting.
6. **Adjourn** 4:33pm