

Good afternoon.

I have organized my comments today into three parts:

- I. History and Background
- II. IBB 2.0
- III. CAS issues and opportunities

[SLIDE 1: INTRO IMAGE]

The University's decision to transition its budget model dates back to an FY12 Budget Self-Study, after which President Sullivan – then in his first year – convened the FPPC committee of the Faculty Senate and others across the campus to discuss the characteristics and operation of the University's existing budget model and make specific recommendations.

Discussions were held with governance leaders, trustees, deans, academic and administrative business managers, members of the Faculty Senate, and other constituents. The input gathered was consistent and emphatic, forming the basis for the President's *Budget Operating Principles* which later became the *Guiding Principles* for IBB.

In short, faculty, staff, and administrators universally called for a budget model that provided greater transparency, clarity, and predictability; incentives to increase academic quality, enhance revenues, and promote both innovation and efficiency; that aligned revenue and resource allocation with growth in colleges and schools; and that empowered colleges and schools to innovate, evolve, and add academic programs that align with student interests, institutional priorities and capabilities, and opportunities to create programs that are distinctive and discriminating for the University of Vermont.

In response, the president asked me, when I arrived in FY13, to lead the campus in a university-wide process to develop the new budget model. In that role, my office's primary role was to build process, structure, and transparency into what was sure to be transformational for the University.

To be clear, IBB was not my idea, nor is it my model. I do, however, fully support the new budget model and believe this is the best model for our university.

My office took great care in framing the processes we would use, the lessons we could learn from other universities that had made similar changes to their budget models, the means of communication we would adopt to ensure full transparency and accessibility, and the committee structures we would employ to do the hard work ahead.

Therefore, and again to be clear, my role in the development and implementation of the University's new budget model was one of convener, facilitator, and project manager.

I chaired the IBB Steering Committee, which has met 3-6 times per year in each of the last five years.

President Sullivan also established the following *Guiding Principles* that were intended to both guide our work and serve as anchor points for the new budget model.

[SLIDE 2: GUIDING PRINCIPLES]

While I am sometimes teased for doing this, I start every meeting as chair of the Steering Committee by reading these *Guiding Principles* aloud and asking if they are still appropriate for our work.

[*Guiding Principles read aloud*]

[SLIDE 3: TIMELINE]

While the genesis for the new budget model dates back to fall 2012 (FY13), our work really got started five years ago. As charged by the president in FY14, we successfully delivered a recommended model for his review and approval on-time in one year. We then took a year (FY15) to complete the transition to the new model, a year that allowed the old and new models to be run in parallel, and for the development of supporting tools for budget managers, finance staff, deans, and other senior leaders.

While my office had primary responsibility for coordination of the efforts; ensuring timely, accurate, and complete information was made available to all of the committees and subcommittees; monitoring progress and fund flows as the new model was brought online; and regularly communicating with the campus about the new model, updates that were being made in response to address any issues that arose, or new opportunities the model was providing or new strategic directions it was enabling – it was the hard work of more than 200 members of our academic community (the large majority of whom were faculty) that carefully and thoughtfully created this new revenue and expense allocation model for the University. I was honored to bear witness to and support the efforts of these 200+ university citizens over the last five years.

Following two years of successful model development and implementation, the campus transitioned fully to using the new budget model in FY16. All work has been fully catalogued and posted on the dedicated public-access website.

[SLIDE 4: IBB WEBPAGE]

When we launched the new budget model in FY16, we identified FY18 – the three-year mark – as the appropriate time to review and update the model. Right on schedule, this work commenced last December.

[SLIDE 5: IBB 2.0 TIMELINE]

Following several open comment periods and group meetings to identify those areas in the model that could benefit most from assessment and modification, the Steering Committee (augmented from the original IBB 1.0 Steering Committee to include several new members) decided to review the following:

1. Allocation of undergraduate net tuition, focusing on whether or not to use national instructional cost data (the weighting factors) by discipline and college;

2. Consideration of facilities and space charges that account explicitly for functional use and utility costs; and
3. Simplification of support center funding formulas, and the headcount cost driver in particular.

To assist the Steering Committee in its work, a series of focus groups are being held this spring, summer, and fall with deans, department chairs, and program directors. This summer, the Steering Committee will be meeting with associate deans, Staff Council, the academic business managers, and the original Algorithm 1 subcommittee.

As we conclude our third year under IBB, the Steering Committee and I are committed to improving the model in order to provide the best possible strategic tool that links resources with strategy; promotes financial responsibility and sustainability; and empowers deans and colleges/schools to achieve their units' highest strategic priorities and goals in supporting academic excellence.

[SLIDE 6: CAS]

Next, let me talk briefly about the College of Arts and Sciences ongoing budget challenges.

As mentioned a moment ago, as part of the long-planned IBB review process, now underway, and in response to comments from across the campus, we are focusing on specific opportunities for improvements in IBB 2.0. The specific areas identified by the Steering Committee for review and modification align directly with those raised by the CAS (and other colleges') faculty.

It's important not to confuse the College of Arts and Sciences budget challenges with the budget model. The College's \$4M budget shortfall, the result of declining enrollments without a corresponding reduction in instructional staffing, would exist regardless of the type of budget model. Under the previous budget model, the same shortfall would still have occurred and CAS budget reductions would have been determined centrally.

We must work together to address CAS' enrollment and retention challenges. A strong CAS is foundational to a strong UVM. We must work together to restore student interest and enrollments in those parts of CAS that continue to see declines. We must take steps to correct misalignments between students and instructional capacity. We must work together to identify other revenue opportunities for the College, and to realize expense reductions that allow resources to be redirected and redeployed.

The president and I remain steadfast in support of the College of Arts and Sciences, and remain committed to (and driven by) the principles articulated in UVM's *Strategic Action Plan*:

- Promoting affordability, financial access, and academic support;
- Promoting a culture of advancing academic excellence and cultivating talent;
- Identifying necessary investments to ensure a bright future; and
- Instilling an institutional commitment to efficiency and effectiveness that optimizes the use of facilities, technology, assets, and shared services.

And our support for the College is unwavering.

- The University is making a strategic investment of \$2M per year in the College to help address the shortfall.
- Between July 2011 and December 2017, nearly \$43M of comprehensive campaign funding raised was allocated to support CAS priorities.
- Between fiscal years 2012 and 2019, more than \$72M of central funds were allocated to CAS: \$61.2M for capital projects, \$2.6M for new faculty start-ups, \$2.2M for new faculty labs and facility renovations, \$1.7M for facility improvements and other initiatives, \$2.3M of direct support from the provost and president, and the aforementioned \$2M annual commitment (base budget adjustment) announced earlier this year.
- We fully support the College's efforts to achieve a sustainable budget, and will do all that we can to facilitate the process and its goals. The key is partnership. We stand ready to assist the College and its faculty in supporting their plans and the strategic decisions that are necessary to achieve them.

The CAS 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.

And remember – it's the budget not the budget model.

[SLIDE 7: CLOSING IMAGE]

I'd like to close with some concluding thoughts from the June 2014 Report recommending the IBB 1.0 model to President Sullivan:

(quote) "While we are all excited about the opportunities for transformation that IBB affords, I caution that IBB is not the solution to the very real and pressing challenges we face. It, in and of itself, will not reduce our expenses, create efficiencies or generate new revenue. It is not a surrogate for leadership, vision or innovation.

It is a management tool that will empower our academic leaders to develop and manage their resources strategically, efficiently, and effectively as the academic units continue to elevate the quality and reputation of academic programs in order to meet the needs of our students.

IBB links strategy with resources at the appropriate level. I have every confidence that it will support a positive transformation – but we all must play a role in that process. We must be willing to examine and question long-held practices and beliefs. We must be willing to change, to create, and to innovate." (end quote)

Thank you. Alberto and I would be happy to take any questions.

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