



# Incentive-Based Budgeting Made Simple

(presentation to Baruch Faculty Senate 3/3/22)

## Incentive-Based Budgeting Made Simple

Incentive-based budgeting is a revenue growth and allocation model in which new tuition and related revenue is allocated based on core activities that generate that revenue

Allocation goes to:

Teaching Unit

Major Unit

Strategic Fund

Overhead

The proportional allocation is being modeled and discussed by the working group and planning group and is not yet determined

## Why do this?

- Under-resourced and over-regulated by CUNY/state
- Budget is based on history rather than mission
- Lack of transparency of process
- Lack of transparency of revenue or cost drivers
- Lack of local control, which breeds lack of trust
- Inability to plan with unclear data for decision-making
- Little or no incentives for innovation and growth
- No clear means for funding strategic goals
- Need for more robust support for student success

## Where are we now: Incremental Budget

- Divisional budget allocation is based on prior year budget
- Cuts are usually implemented across the board
- Unrestricted revenue increases are first used to cover mandatory labor increases then applied across the board
- No ability to plan for or allocate revenue growth

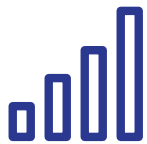
## What Incentive-Based Budgeting is



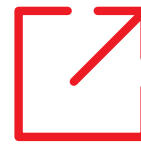
- Tuition and other revenue distributed back to revenue-generating units based on a transparent formula



- Revenue-generating units contribute to central pool for overhead (facilities, support services, etc) and strategic priorities



- Growth is rewarded by a share of additional revenue



- Innovation and strategic investment funded through central pool

## What IBB is not

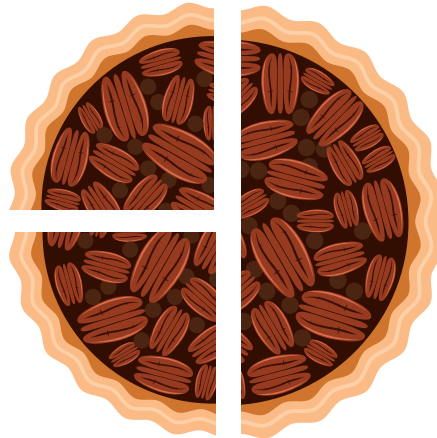
- IBB is **not** a reallocation strategy

- IBB is **not** “each boat [department or course] floats on its own bottom”

- IBB is **not** inflexible

- IBB is **not** zero-based budgeting

In other words, we don't just slice the pie into smaller bits...



Instead, we **GROW** the pie!





## Timeline (subject to change)

### Phase 1

Now-May  
2022:  
Visioning and  
Consensus  
Building

### Phase 2

Now-June:  
Modeling  
[working group]

### Phase 3

August-  
October: Tool  
buildout

### Phase 4

November-  
December:  
Governance  
structure

### Phase 5

Spring 2023:  
Parallel semester  
for testing and  
analysis; training  
for chairs and  
staff.

**Launch: FY 2024**

Discussion