

Allocation Framework Redesign Update



Coordinating committee

June 28, 2016



Minnesota
STATE COLLEGES
& UNIVERSITIES

Why are changes to the allocation framework being considered?

2016 Workplan Charge -

System Incentives and Rewards recommendation:

Redesign the current financial model to incent and reward collaboration, strategic framework commitments, and Charting the Future recommendations

2016 Project design

- Allocation Framework Technical Advisory Committee (TAC)
Group responsible for evaluating changes to the framework and making recommendations for changes to MnSCU leadership
- Development and consultation process
Continuing consultation with Leadership Council, CFOs, CAOs, other campus leaders, bargaining units and student associations

Project timetable

- ✓ Board approval of the allocation framework redesign principles (November 2015)
- Initial Leadership Council and Board of Trustees review and discussion of recommendations (June 2016)
- Consultation with bargaining units and student representatives (July – October 2016)
- Review by Leadership Council and Board of Trustees (Oct. 2016)
- Final recommendations presented to Board of Trustees (November 2016)
- Board of Trustee approval of changes (December 2016)
- Implementation targeted for July 1, 2017 – FY 2018

TAC focus on institutional allocations

- Preliminary recommendations concern the allocation methodology for 83% of the state appropriation distributed as institutional base allocations
- Balance of allocation design will be addressed by different group concerning systemwide/system office and shared services, allocation of general obligation debt service costs and other special provisions

Redesign principles

The allocation framework should support the following:

- Academic and student success goals
- The educational and workforce needs of the state
- Financial and functional sustainability of diverse institutions, programs, and students
- Delegation of authority to colleges and universities
- The success and viability of the system of colleges and universities
- Collaboration and systemic change by leveraging the power of the system

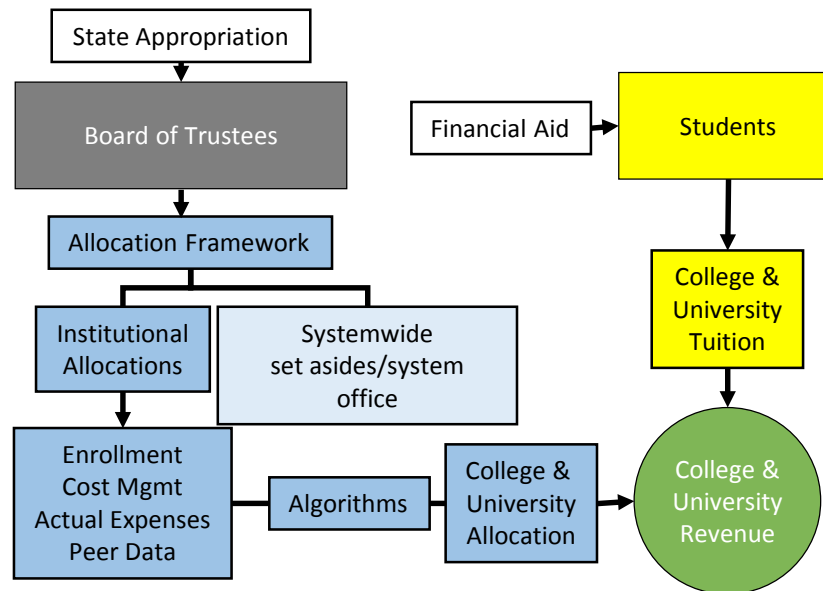
Design objectives

The design of the allocation framework should:

- Be flexible, simple and transparent
- Incorporate measurable outcomes that recognize the diversity of institutions and their missions
- Incent and/or reward:
 - Student success e.g. retention, graduation, transfer, employability, elimination of the opportunity gap
 - Collaboration around academic planning, student success efforts, administration, resource development, and achievement of collective goals
 - Administrative best practices and efficiencies
- Reach an appropriate balance between stability and responsiveness to changing conditions
- Recognize that costs of serving students varies by academic program and student requirements

Implementation of the new design should provide for a smooth transition

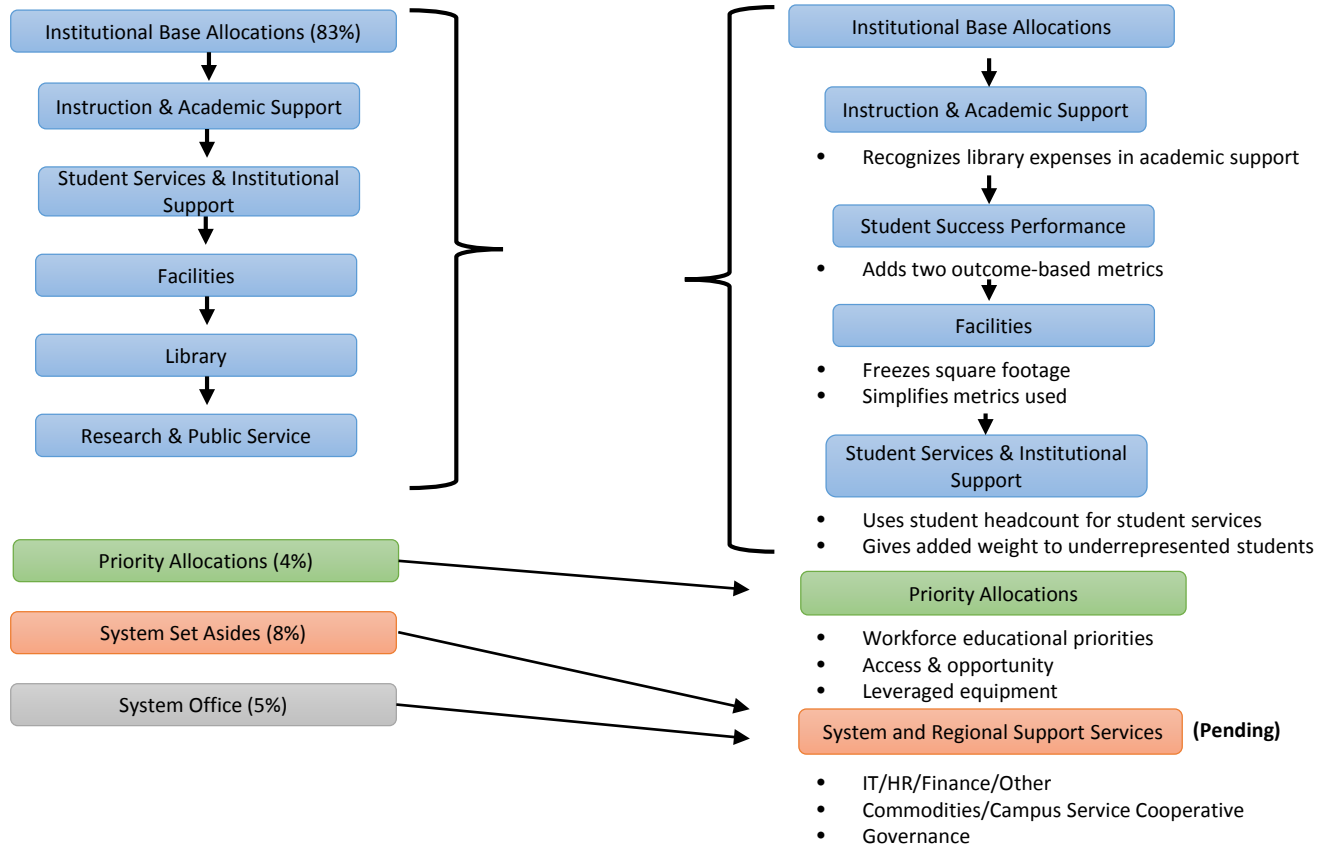
The flow of system operating funds



Allocation framework redesign focus areas

- Student success
- Cooperation, collaboration and partnerships
- Libraries and research modifications
- Facilities modifications
- Student services and institutional support modifications
- Revenue buydown review
- “Smoothing” mechanisms review

Current vs. Preliminary Recommendations



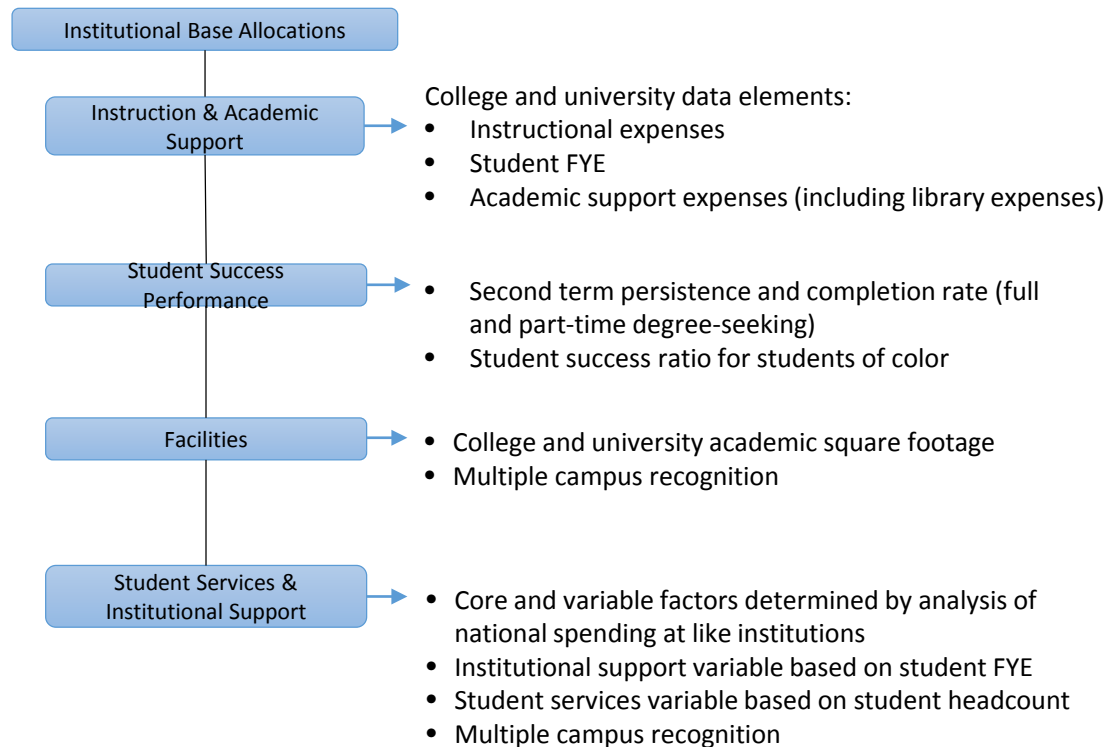
Preliminary recommendations

- Improve student success outcomes by raising the visibility of student success and providing incentives for improvement in key measures.
- Support student success by acknowledging changing student demographics and better aligning resources with demand for student services.
- Simplify the allocation framework and promote space efficiency.

Preliminary recommendations (continued)

- Simplify the allocation framework while continuing to support mission differentiation through recognition of actual costs.
- Support and promote administrative best practices and efficiencies throughout the system.
- Simplify the allocation framework and allocate funds based on relevant factors.

Preliminary Recommendations – Data Elements



Progress on recommendations

- Institutional allocation design – substantially complete
- Role of tuition in algorithms (revenue buydown) – July completion
- Responsiveness versus stability (smoothing) – Aug completion
- Implementation recommendation – Sept completion
- Recognition and support of cooperation and collaboration efforts across the system – Dec completion
- Systemwide/system office/shared services finance design – Dec completion

Communication and consultation to date

- Bargaining Units and Statewide Student Associations
 - February, May and June WebEx Updates
- College and Universities CFOs
 - May WebEx
- Academic and Student Affairs Leaders
 - ASA Spring Leadership Conference Presentation
- Leadership Council
 - May and June Updates

Next steps

Continued analysis of implementation, smoothing and other changes under consideration

- Role of tuition in algorithms (revenue buydown) – July completion
- Responsiveness versus stability (smoothing) – Aug completion
- Implementation recommendation– Sept completion
- Recognition and support of cooperation and collaboration efforts across the system – Dec completion
- Systemwide/system office/shared services finance design – Dec completion

Next steps

Consultation

- Host multiple WebEx sessions explaining the recommendations and obtaining feedback
- Set-up SharePoint site for comment and feedback
- Meet with leadership and CFOs to discuss and review recommendations