

Allocation Framework Redesign Recommendations



July WebEx Consultation Series

July 13, 18, and 19, 2016



Minnesota
STATE COLLEGES
& UNIVERSITIES

Allocation framework redesign update

1. Project review
2. Board-approved allocation framework redesign principles
3. Preliminary recommendations
4. Review and consultation
5. SharePoint comment site
6. Questions and discussion

Why are changes to the allocation framework being considered?

2016 Workplan Charge

CTF 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, CSAOs, 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 (October 2016)
- Board of Trustee approval of changes (November 2016)
- Implementation targeted for July 1, 2017 – FY 2018

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

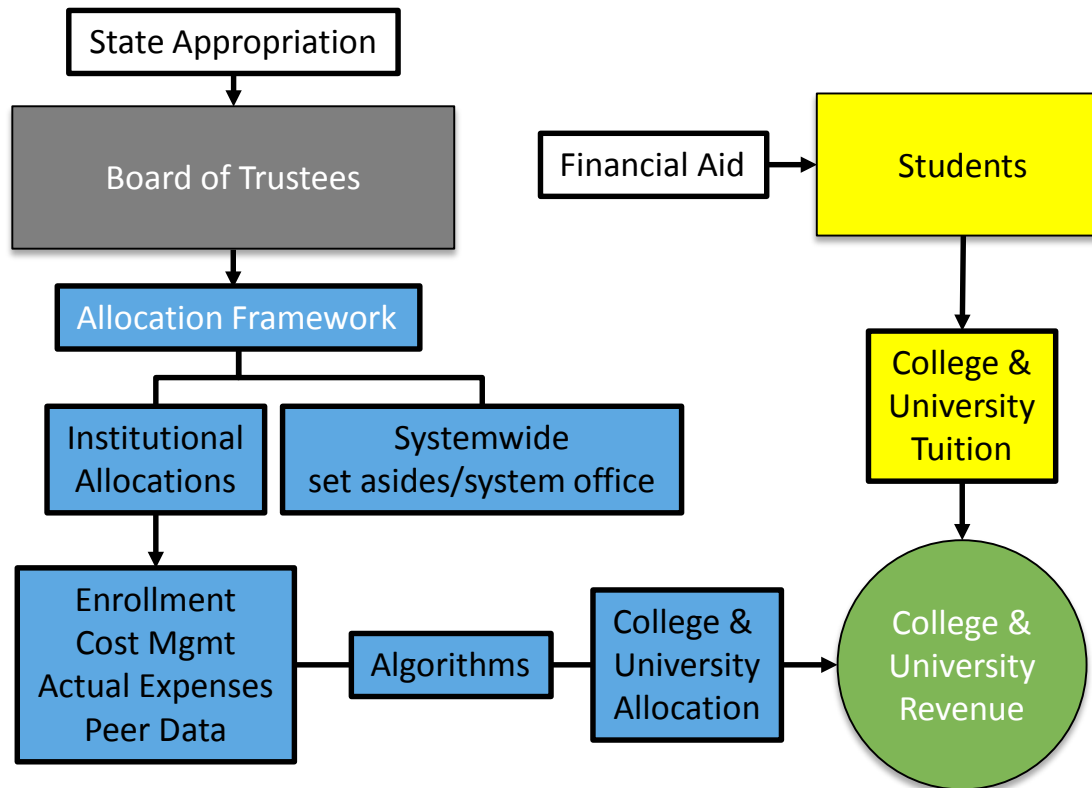
Design objectives

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

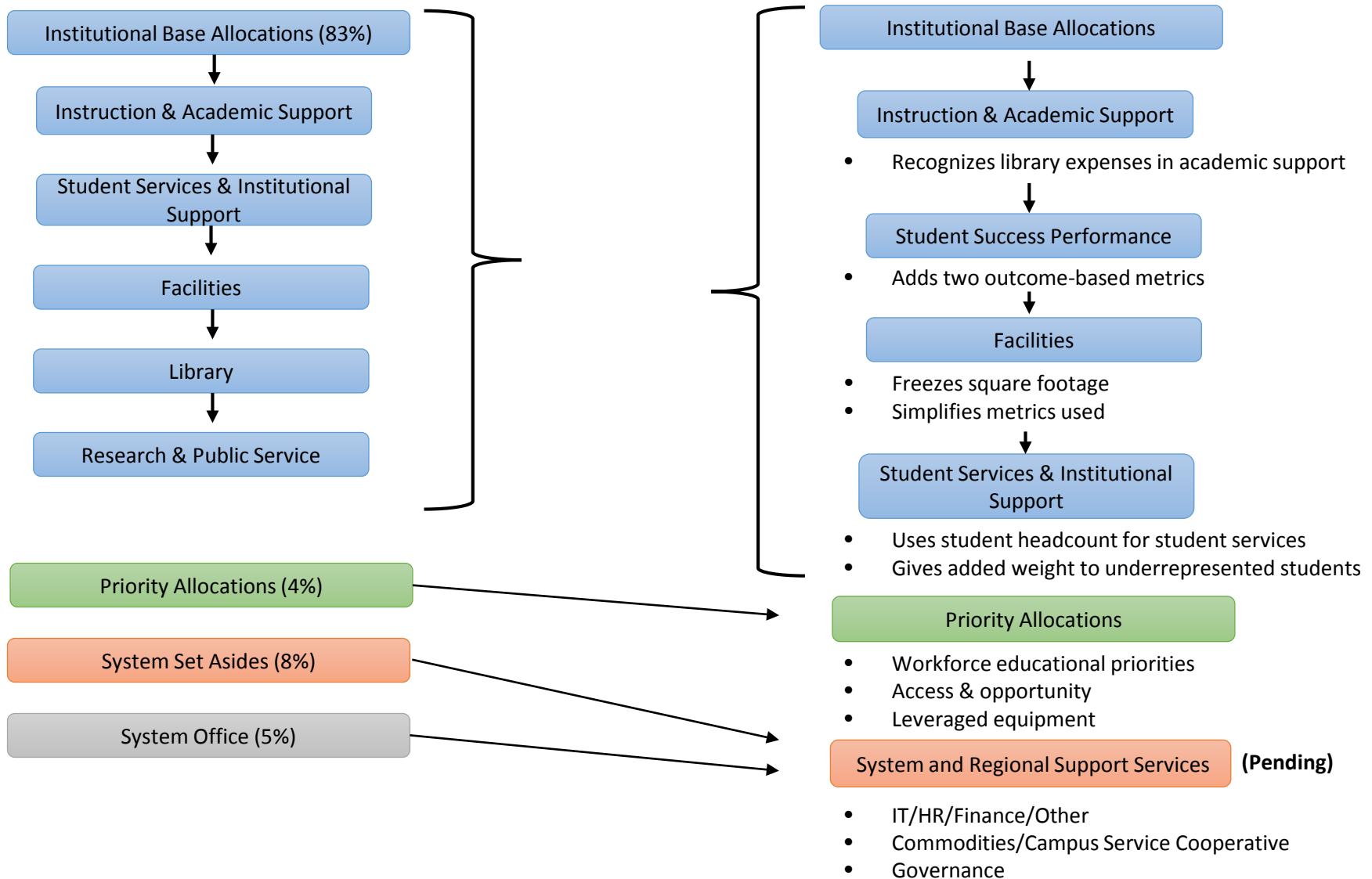
Preliminary recommendations

- 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 facilities component and promote space efficiency.

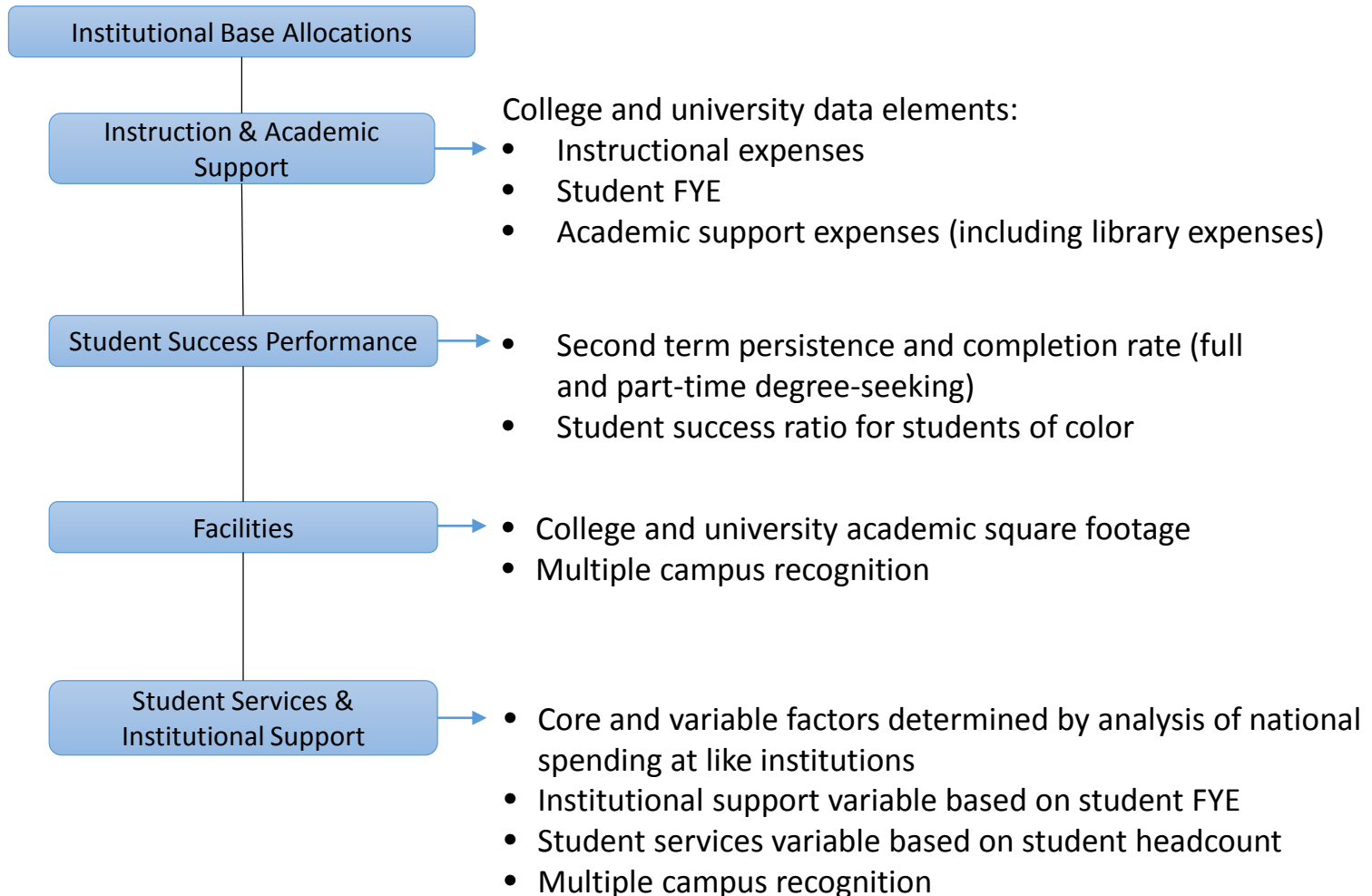
Preliminary recommendations (continued)

- 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 by eliminating the enrollment adjustment.

Current vs. Preliminary Recommendations



Preliminary Recommendations – Data Elements



Recommendation: Incorporate a student success component into the allocation framework

Policy objective:

Improve student success outcomes by raising the visibility of student success and providing incentives for improvement in key measures.

Recommendation: Modify the student support component to better reflect the demand for student services

Policy objective:

Support student success by acknowledging changing student demographics and better aligning resources with demand for student services.

Recommendation: Simplify the facilities component of the allocation framework and freeze square footage

Policy objective:

Simplify the allocation framework and promote energy and space efficiency.

Recommendation: Recognize actual library spending; remove separate components for libraries and research/public service

Policy objective:

Simplify the allocation framework while continuing to support mission differentiation through recognition of actual costs.

Recommendation: Modify the revenue buydown calculation in the allocation framework

Policy objective:

The allocation framework only allocates state appropriation. Other revenues (such as tuition) are retained by the college or university where they were generated. The revenue buydown isolates state appropriation from other general fund revenues as a means to recognize only state appropriation expenditures throughout the model.

Recommendation: Eliminate the enrollment adjustment in the current framework

Policy objective:

Simplify the allocation framework and allocate funds based on relevant factors.

Recommendation: Modify the funding methods for system office and systemwide activities based on the recommendations of the Long-term Financial Sustainability Workgroup

Policy objective:

Support and promote administrative best practices and efficiencies throughout the system.

Next steps

Continued analysis of implementation, smoothing and other changes under consideration

- Responsiveness versus stability (smoothing) – August completion
- Implementation recommendation– September completion
- Recognition and support of cooperation and collaboration efforts across the system – December completion
- Systemwide/system office/shared services finance design – December completion

Next steps

Consultation

- Host multiple WebEx sessions explaining the recommendations and obtaining feedback:
<http://www.finance.mnscu.edu/budget/allocations/framework.html>
- Activate SharePoint site for comment and feedback (link to SharePoint)
- Meet with leadership and CFOs to discuss and review recommendations

Next steps

Board approval of proposed changes

- Finalize recommended changes to the allocation framework based on feedback and additional analysis
- Update board and leadership council in September
- Approval of changes in October/November

SharePoint access and comments

- Click on this [link](#) and you will be prompted to log into the SharePoint site through Microsoft Office 365 using your StarId@mnsu.edu
- From the home page you can click on documents on the right to open them up and read them
- If you want to comment on a specific document there is a “+ new item” under the comment section
- From here you can give your comment a title, choose the document to review from the drop down and then put your comments in the “Body” section. Click “save” at the bottom to post your comment
- You create multiple comments if you would like to comment on specific policies or you can chose the “Proposed Recommendations Summary” to make a general comment

SharePoint access and comments

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Allocation Framework Redesign Recommendations

This site is for reading and commenting on Minnesota State's proposed recommendations on the allocation framework

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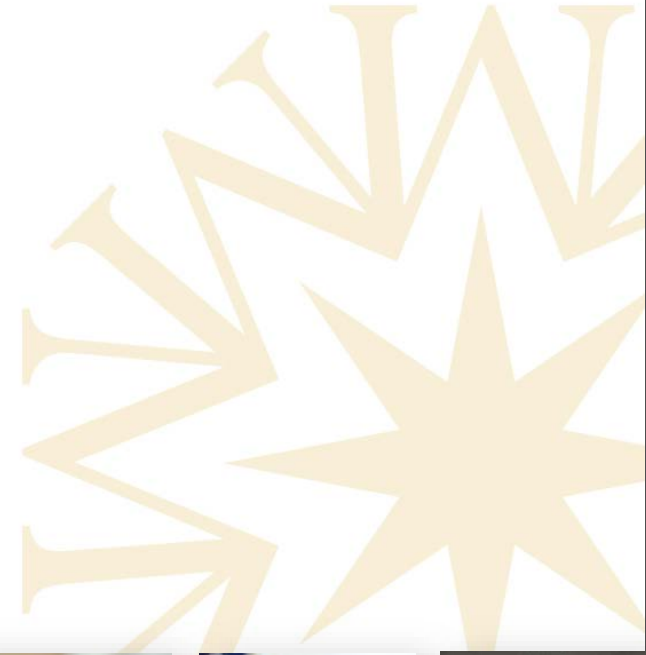


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