

## Proposed Revisions to Minnesota State's Allocation Framework

### Allocation Framework Redesign

Allocation Component	Current Practice	Proposed Practice	Rationale for Change
Instruction and Academic Support	<ul style="list-style-type: none"> <li>• Compares direct instructional and academic support spending by program and by level of instruction to allow for mission differentiation and to recognize differences in program costs</li> <li>• Calculates a 20% band around the system average by program and rewards those below the band and penalizes those above the band</li> <li>• Calculates a three-year average of results to determine allocation</li> <li>• Does not recognize library expenses in the academic support category (see libraries below)</li> </ul>	<ul style="list-style-type: none"> <li>• Calculates a two-year rather than three-year average</li> <li>• Recognizes actual library spending rather than calculating a value based on a set percentage</li> <li>• Eliminates the separate library component and incorporates library spending in academic support, its correct IPEDS classification</li> <li>• Retains the current practice of comparing instructional and academic support costs</li> </ul>	<ul style="list-style-type: none"> <li>• Increases responsiveness to changing conditions by using a two-year average</li> <li>• Acknowledges mission differentiation by recognizing actual library expenses</li> <li>• Simplifies the framework by eliminating a separate component for libraries and recognizing these expenses in the correct IPEDS category (academic support)</li> </ul>
Student Services and Institutional Support	<ul style="list-style-type: none"> <li>• Provides a base amount and a variable amount based on FYE enrollment for both colleges and universities, using a national regression analysis</li> <li>• Provides additional funding for institutions with more than one campus</li> <li>• Calculates a three year average of results to determine allocation</li> </ul>	<ul style="list-style-type: none"> <li>• Uses headcount, not FYE, to calculate the student services variables</li> <li>• Gives additional weight to underrepresented students</li> <li>• Uses a two-year rather than three-year average</li> <li>• Retains national regression analysis, multi-campus recognition, and FYE use in the institutional support calculation</li> </ul>	<ul style="list-style-type: none"> <li>• Acknowledges that headcount is a better measure of demand for student services than FYE</li> <li>• Recognizes that underrepresented students need more support than more traditional students</li> <li>• Increases responsiveness to changing conditions by using a two-year average</li> </ul>

Allocation Component	Current Practice	Proposed Practice	Rationale for Change
Facilities	<ul style="list-style-type: none"> <li>• Recognizes operation and maintenance cost on a square footage basis using most recent square footage data</li> <li>• Recognizes repair and replacement costs on a square footage basis using square footage data from the prior year</li> <li>• Recognizes utility spending using a three year average</li> <li>• Recognizes student headcount, residential beds, central steam plants, and multiple campuses in the calculation</li> </ul>	<ul style="list-style-type: none"> <li>• Freezes square footage used in the calculation of the facilities component, using only one year of square footage data, not two</li> <li>• Calculates a combined amount for operations, maintenance, repair and replacement</li> <li>• Eliminates recognition of utility spending, headcount, residential beds, and central steam plants in the calculation of the facilities allocation</li> <li>• Retains multi-campus recognition</li> </ul>	<ul style="list-style-type: none"> <li>• Allows the campus to keep savings from reducing square footage</li> <li>• Simplifies the allocation framework by eliminating several components that drive small dollar amounts</li> </ul>
Libraries	<ul style="list-style-type: none"> <li>• Recognizes library activity based on established percentages (3.5% for colleges and 6% for universities)</li> </ul>	<ul style="list-style-type: none"> <li>• Recognizes actual library expenses in academic support</li> </ul>	<ul style="list-style-type: none"> <li>• Acknowledges mission differentiation by recognizing actual library expenses</li> <li>• Simplifies the framework by eliminating a separate component for libraries and recognizing these expenses in the correct IPEDS category (academic support)</li> <li>• Does not over-allocate resources based on percentages not supported by actual costs</li> </ul>
Research and Public Service	<ul style="list-style-type: none"> <li>• Recognizes research and public service activity based on established percentages (1.17% for colleges and 2.62% for universities)</li> </ul>	<ul style="list-style-type: none"> <li>• Recognizes actual research and public service expenses</li> <li>• Retains a separate research and public service component</li> </ul>	<ul style="list-style-type: none"> <li>• Supports mission differentiation through recognition of actual costs</li> <li>• Does not over-allocate resources based on percentages not supported by actual costs</li> </ul>

Allocation Component	Current Practice	Proposed Practice	Rationale for Change
<p><b>Revenue Buydown</b> The allocation framework allocates <i>only</i> state appropriation, not tuition or other general fund revenues. For this reason, a revenue buydown calculation is used to recognize <i>only</i> state appropriation expenditures in the instructional cost comparison and in other framework components.</p>	<ul style="list-style-type: none"> <li>• Calculates a percentage by dividing general fund revenue (excluding state appropriation) by total general fund expenses</li> <li>• Uses the calculated percentage in all components to recognize only state appropriation expenses</li> <li>• The lower the percentage of the revenue buydown, the more expenses are recognized and, all else being equal, the larger the allocation of state appropriation</li> </ul>	<ul style="list-style-type: none"> <li>• Calculates a percentage by dividing general fund revenue (excluding state appropriation) by total general fund revenue</li> <li>• Continues the use of the revenue buydown calculation in the framework</li> </ul>	<ul style="list-style-type: none"> <li>• Eliminates the impact of spending decisions, including the use of fund balance, from the revenue buydown calculation</li> </ul>
<p><b>Enrollment adjustment</b></p>	<ul style="list-style-type: none"> <li>• Reallocates dollars away from colleges and universities with higher non-resident/non-reciprocity (NR/NR) enrollment to those with lower NR/NR enrollment to reflect statutory language that has since been repealed</li> </ul>	<ul style="list-style-type: none"> <li>• Eliminates the enrollment adjustment for non-resident/non-reciprocity students</li> </ul>	<ul style="list-style-type: none"> <li>• Recognizes the repeal of statutory language that this component was originally intended to address</li> <li>• Simplifies the allocation framework by eliminating this outdated component</li> </ul>
<p><b>50/50 (smoothing)</b></p>	<ul style="list-style-type: none"> <li>• Allocates state appropriation based on 50% of the prior year's percent share allocation and 50% based on the results of the current year in order to provide some level of stability and predictability</li> </ul>	<ul style="list-style-type: none"> <li>• No change</li> </ul>	<ul style="list-style-type: none"> <li>• Aids in providing a smooth transition to the new model by allocating half of allocation on the current model and half on the new model</li> </ul>

Allocation Component	Current Practice	Proposed Practice	Rationale for Change
Student Success (Outcome)	<ul style="list-style-type: none"> <li>• No recognition of student success outcomes</li> </ul>	<ul style="list-style-type: none"> <li>• Calculates expected persistence and completion rates for colleges and universities based on the student population they serve</li> <li>• Expected rates recognize differences in student characteristics at our colleges and universities that impact student success and are adjusted as the characteristics change</li> <li>• Colleges and universities with actual rates that exceed a band around their expected rates (margin of error) receive a student success allocation</li> <li>• Colleges and universities that report improvement in their actual rates receive a student success allocation</li> <li>• Approximately 1-2% of appropriation to be allocated through this component initially</li> </ul>	<ul style="list-style-type: none"> <li>• Rewards student success rates that exceed expectations</li> <li>• Rewards improvement in student success rates</li> <li>• Focuses attention on the strategic goal of improving student success</li> </ul>

## Concurrent Enrollment Recognition in the Allocation Framework

Component	Current Practice	Proposed Practice	Rationale for Change
Student Services and Institutional Support	<ul style="list-style-type: none"> <li>Treats concurrent enrollment FYE like any other FYE in the calculation for both student services and institutional support</li> </ul>	<ul style="list-style-type: none"> <li>Weighs concurrently enrolled student headcount at 0.75 in FY2018 in the student service calculation</li> <li>Conducts analysis to determine additional adjustments to weighting for concurrent enrollment students in future years</li> <li>Does not change the treatment of concurrent FYE in the calculation for institutional support</li> </ul>	<ul style="list-style-type: none"> <li>Recognizes the cost of student services for concurrently enrolled students is lower than other students</li> <li>Acknowledges that additional research and analysis of actual costs is needed and additional adjustments may be made in the future</li> </ul>
Instruction and Academic Support	<ul style="list-style-type: none"> <li>Compares concurrent courses to other courses in the same Classification of Instructional Programs (CIP) code taught by Minnesota State faculty (lower division level)</li> </ul>	<ul style="list-style-type: none"> <li>Compares concurrent courses to other concurrent courses in the same CIP (new level of instruction recognized)</li> <li>Requires coding changes that will be implemented in FY2018 and will impact the FY2020 allocation framework</li> <li>May require an additional implementation strategy for certain colleges and universities</li> </ul>	<ul style="list-style-type: none"> <li>Recognizes the cost to our colleges and universities of delivering instruction to concurrently enrolled students is lower than other students who are taught by Minnesota State faculty</li> </ul>
Facilities	<ul style="list-style-type: none"> <li>Treats concurrent headcount like any other student in the module</li> </ul>	<ul style="list-style-type: none"> <li>Headcount will no longer be used in the facilities module; there will be no recognition of concurrent or any other student in the module</li> </ul>	<ul style="list-style-type: none"> <li>Eliminates the recognition of students who are not on campus</li> </ul>