

Study Session

Allocation Framework 101



Board of Trustees
Finance Committee
April 16, 2013

Minnesota State Colleges and Universities

The Minnesota State Colleges and Universities system is an Equal Opportunity employer and educator.

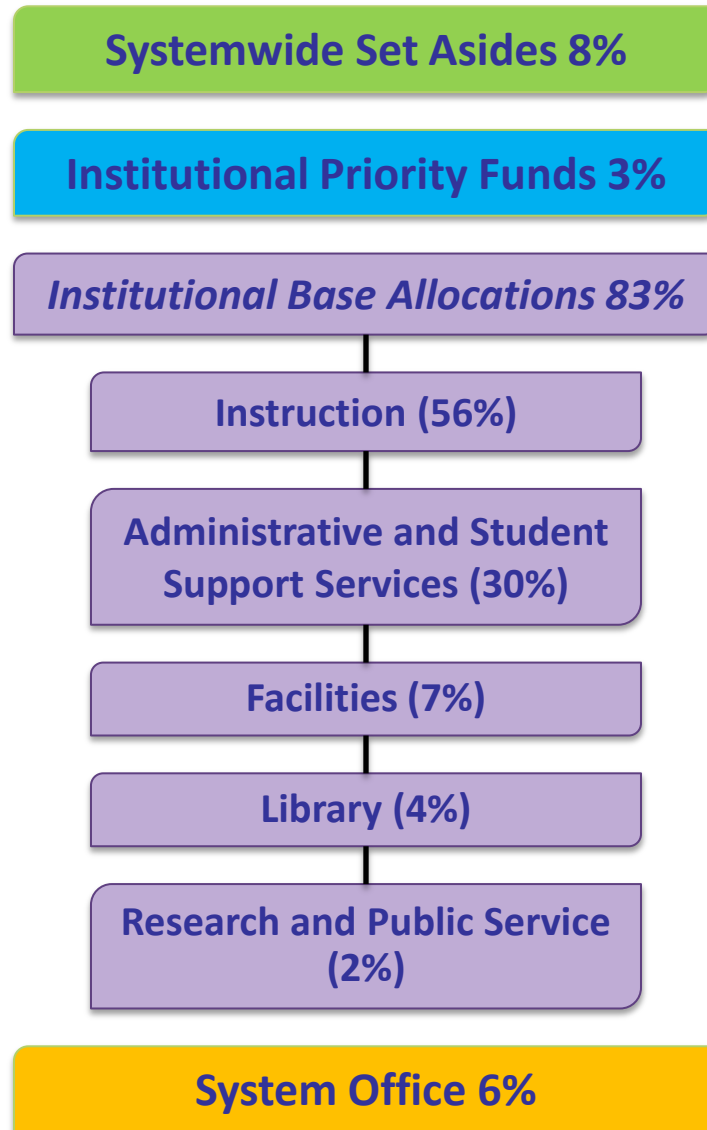
Allocation Framework: Distribution of State Support to Colleges and Universities

- A single model that equitably recognizes the diversity of Minnesota State College and Universities students' needs and supports the unique educational goals of each institution.
- Allocation of funds is based on a number of factors such as enrollment, cost of instruction, national benchmark data, and other institutional data.
- Allocation framework distributed \$441M in FY2013 as base allocations to colleges and universities.
- Allocation framework is now under study for possible redesign as part of the Strategic Framework.

State Support Allocation

- Institutional Allocations: Priority Funds and Institutional Base Allocations
- Systemwide Set Asides: Enterprise Technology, Debt Service (system share), Attorney General, etc.
- System Office Support

Allocation Framework Design



The Allocation Framework Takes into Account the Cost of Delivering High Cost and Low Cost Programs

	Low Band	High Band	Difference	Average
Anthropology	\$ 1,035	\$ 1,265	\$ 230	\$ 1,150
Ground Transportation	\$ 3,752	\$ 4,585	\$ 833	\$ 4,169

Final Allocation Framework Results

- The results of each component is added up to show an overall allocation.
- The model is designed to demonstrate a “fully funded” model. The final results are always higher than available funds.
- A percent share of the allocation results is created for each college and university.
- The available funds distributed are based on 50% of the prior year’s allocation % share and 50% of the new allocation % share.
- In the end, colleges and universities receive one amount. The allocation model does not equate to actual spending within the different areas.

Allocation Results

Institution Name	Allocation for Instruction & Academic Support	Allocation for Student Support Services & Institutional Support	Allocation for Facilities	Allocation for Library	Allocation for Separately Budgeted Research & Public Service	Allocation for Enrollment Adjustment	TOTAL ALLOCATION FRAMEWORK
Bemidji SU & Northwest TC-Bemidji	11,726,082	7,102,433	1,823,836	1,239,141	573,557	(89,255)	22,375,794
Normandale	11,641,708	5,203,417	745,205	615,662	213,010	12,974	18,431,976
TOTAL	331,665,306	177,604,121	44,138,973	25,057,126	10,264,926	0	588,730,452

Allocation to Available Resources

Institution Name	TOTAL ALLOCATION FRAMEWORK	% Share of Allocation	FY2012 Base Allocation	% Share of FY2012 Base	50% FY2011 Base % Share	50% Allocation Framework % Share	FY2013 Base Allocation	% Share of FY2013 Allocation
Bemidji SU & Northwest TC-Bemidji	22,375,794	3.80%	17,195,481	3.90%	8,597,741	8,380,742	16,978,482	3.85%
Normandale CC	18,431,976	3.13%	14,366,729	3.26%	7,183,365	6,903,605	14,086,969	3.19%
TOTAL	588,730,452	100%	441,012,097	100%	220,506,049	220,506,049	441,012,097	100%

Institution Name	FY2011 FYE	% of Total FYE
Bemidji SU & Northwest TC-Bemidji	5,633	3.6%
Normandale CC	7,426	4.7%

Current Allocation Framework

- Rewards Cost Efficient Instruction
- State Funds Follow Enrollment Changes
- Substantially Formulaic

Design Questions Present in Current Allocation Framework

- Analysis of the alignment of the policy embedded in the allocation framework design with the goals of the Strategic Framework
- Consideration of the design's impact on outcomes
- Consideration of the design's impact on rewarding collaboration
- Consideration of the design's relative inelasticity; that is the balance between allocation stability and responsiveness