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## MEMORANDUM

Date: October 12, 2015

To: Bargaining units and statewide student association leadership

From: Laura M. King, Vice Chancellor and Chief Financial Officer *LMK*

Subject: Allocation Framework Draft Design Principles

*Charting the Future's* System Incentives and Rewards implementation team (SIR) was charged with redesigning the "financial and administrative models to reward collaboration, drive efficiencies, and strengthen our ability to provide access to an extraordinary education for all Minnesotans."

Beginning in May 2014, SIR reviewed current practices and discussed overarching principles that should inform any modifications made to MnSCU's financial and administrative models. Over the course of a year, SIR deliberated many concepts and ideas for incenting and rewarding collaborative and cooperative endeavors across the system, focusing on those that could create a culture for success on many levels. As part of its work, SIR recommended redesigning the allocation framework to create opportunities that will incent and reward efforts to increase student success and collaboration.

The Technical Advisory Committee for the Allocation Framework (TAC), a committee of academic and finance leaders from our colleges and universities, has been asked to develop a set of recommendations for a redesign of the allocation framework. This redesign is intended to implement the *Charting the Future* recommendations related to the allocation framework from SIR and other implementation teams.

At its initial meeting in September, the TAC developed a draft set of design principles to guide their work. These principles were shared with the system's presidents, and discussed and modified by the Leadership Council earlier this month. We are pleased to share these draft principles with you today. The Board of Trustees will be asked to review, discuss and approve these principles at the November 2015 meeting.

We are excited about this work and look forward to our progress in the weeks and months ahead.

Att.

## 2016 Allocation Framework Redesign

### Allocation Framework Design 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

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