OVERVIEW & FRAMING

The College Allocation Model is designed to incentivize growth and performance to support ISU’s strategic plans and priorities, achievement of unit goals, and stewardship of unit and university resources.

The allocation model incrementally increases or decreases central funding for colleges based on the following drivers:

- Three-Year Weighted Credit Hour Trends (growth, revenue)
- Annual (Year over Year) Credit Hour Growth (growth, revenue)
- Central University Contribution Margin per Credit Hour (stewardship)
- Graduation Headcount (student success)
- Research and Creative Scholarly Activities (research, external funding)

Additional Central University budget allocations and reallocations can be made through Strategic Investment and Budget Adjustment processes.

COLLEGES

Central University (CU) budget allocations for colleges are driven by three-year weighted credit-hour production, annual credit hour production, three-year weighted net contribution per credit hour against unit goals, and three-year weighted research expenditures. The model also allows for the creation of a strategic investment pool by taking a percentage of central expense budgets to be administered by the Provost for strategic academic investments.
 DEFINITIONS

Student Credit Hours <> EC
Annual student credit hours generated by the college, excluding Early College credits.

Annual Enrollment Goal
Each college will establish an annual enrollment goal, in collaboration with the Provost and Enrollment Management.
- If a college forecasts negative enrollment, their base budget will be adjusted downward by an established factor: [% decrease] * [Base expenses <> Exclusions] * [Projected Enrollment Decrease Factor]. This adjustment will be reversed to the extent they exceed their goal.
- If a college forecasts positive enrollment, the model does not automatically increase budget, as most colleges currently have the capacity to grow with existing resources. IF a college does require additional resources to meet enrollment targets, they will request strategic investment funds. Additional funding associated with planned enrollment growth is recorded in the CU Investment/(Reduction) line.

CU Personnel and Operating
The model will adjust base CU Personnel budgets for annual CEC/fringe increases. The model also provides a structure for applying annual [inflationary] adjustments to operating budgets. The university does not currently receive state funding for inflation, but this could be factored into tuition and fee rate setting.

CU Expense
Total CU College expenses.

CU Cost/Credit Hour
Total CU college expenses divided by annual credit hours. This represents the cost associated with each credit hour generated.

CU Exclusions
Capital expenditures, Insurance, Utilities, Scholarships, Indirect Costs, Interdepartmental Sales, and other special items (accounts 750, 760, 8%, 870, 890, 900). These items are excluded from allocation calculations.

CU Cost/Credit Hour <> Exclusions
(CU Expense less CU Exclusions) divided by annual credit hours. This represents the cost after exclusions associated with each credit hour generated.

CU Net/Credit Hour <> Excl
CU Net <> Exclusions divided by annual credit hours. This represents the net revenue or cost associated with each credit hour generated after being adjusted for CEC and inflation.

CU Net <> Exclusions
This shows the net Central University contribution after exclusions and is calculated by subtracting CU Expenses less Exclusions from Allocated CU Revenue.

Degree Awarded
Count of degrees and certificates awarded annually.

Research Expenditures
Total externally funded expenditures by college.

Local/Aux Fund Balance
Local and auxiliary fund balances by college. Used for reference purposes only.
**Allocation Calculations**

**Three-Year Weighted Credit Hours**
This allocation formula involves college-specific credit hour trends, with the most recent year weighted at 40% and each prior year weighted at 30%. If a college’s enrollment is growing, a positive budget allocation is calculated. If enrollment is declining, a negative allocation is calculated. The factor for positive allocation is greater than negative allocation in order to smooth impacts.

*Calculation: \[+/- \text{Change in 3-Year Weighted Credit Hours}] \ast [\text{Base CU Cost/Credit Hour} \neq \text{Exclusions}] \ast [\text{3-Year Credit Hour Growth/Decrease Factor}]\]

**Annual Credit Hours**
This allocation formula addresses annual college credit hours. If a college has net annual growth, a positive budget allocation is calculated. The calculation is based on actual credit hours vs. the prior year, so there is no financial benefit for colleges to overstate or understate annual goals.

If a college’s year-over-year credit hours decline, there is no negative allocation calculated

*Calculation: \[+/- \text{Annual Actual to Annual Prior Year}] \ast [\text{Base CU Cost/Credit Hour} \neq \text{Exclusions}] \ast [\text{Annual Credit Hour Factor}].\]

**Three-Year Weighted CU Net/Credit Hour**
This allocation formula focuses on stewardship by looking at three-year net revenue or cost per credit hour, with the most recent year weighted at 40% and each prior year weighted at 30%, with inflationary factors such as CEC factored into the base. If a college’s CU net/credit hour is greater than the base, a positive budget allocation is calculated. If the CU net/credit hour is less than goal, a negative allocation is calculated.

*Calculation: \[+/- \text{Current to Base 3-Year Weighted CU Net/Credit Hour}] \ast [\text{Actual Annual Credit Hours}] \ast [\text{CU Net/Credit Hour Increase/Decrease Factor}]\]

**Three-Year Weighted Graduation Headcount**
This allocation formula looks at a three-year weighted graduation headcount. If the three-year trend is positive, colleges receive a budget allocation. There is no negative allocation for a decline in graduation headcount.

*Calculation: \[\%\text{Change in 3-Year Weighted Degrees Awarded}]\ast[\text{Base CU Net/Credit Hour} \neq \text{Exclusions}]\ast[\text{Graduation Headcount Increase Factor}]\]

**Three-Year Weighted Research Expenditures**
This allocation formula looks at three-year weighted average research expenditures. There are two elements to the allocation formula:

- If overall three-year weighted average research expenditures grow, 10% of this growth, up to $250,000, is allocated back out to individual colleges that experienced growth.
  
  *Calculation: \[\% \text{growth in college 3-Year Weighted Research Expenditures}] \div [\text{Overall positive growth in 3-Year Weighted Research Expenditures}] \ast [10\% \text{ of total weighted growth up to } $250,000\]

  **PLUS**

- If a college’s three-year weighted average research expenditures grow, they will receive an additional allocation, even if overall research expenditures do not grow.
  
  *Calculation: \[\$ \text{growth in college 3-Year Weighted Research Expenditures}] \ast [\text{Research Expenditure Growth Factor (\%)\]

There are no negative allocations for declines in research expenditures.

*Colleges will also benefit from research expenditure growth in the form of F&A allocations to both colleges and PIs*.
College Allocation Model Definitions

Compound Annual Growth in Central University (CU) Cost/Credit Hour
This calculation takes the average compound annual growth in CU Cost/Credit hour without exclusions for all colleges from FY2018 to FY2023. It then applies this compound growth rate individually to each college based on their FY2018 cost/credit hour and shows whether their CU Cost/Credit hour without exclusions is growing or decreasing relative to overall trends. A negative value indicates the college is performing better than the average, while a positive indicates a college’s CU Cost/Credit Hour is increasing more than the average.

Base Adjustment: In order to acknowledge Colleges that have performed well vis a vis the allocation model from FY2018- FY2022, a positive base adjustment will be made.

Calculation: If Compound Annual Growth in CU Cost/Credit Hour <> Excl. is less than the average, [+/− CU Cost/Cr. Hr <> Excl]*[Prior Year Credit Hours]*[Base Adjustment Factor]

There is no negative adjustment for colleges that have higher than average compound annual growth.

Summary Calculations

Calc Adjustments (Calculated Adjustments)
This column sums the total calculated allocations in Column N plus any base adjustment in Column J.

Reverse Enr. Reduct Calc (Reverse Enrollment Reduction Calculation)
If a college projects negative enrollment, there will be a calculated decrease to their base budget. (See Annual Enrollment Goal.) If the college’s enrollment is better than forecast, this calculation restores the reduction up to the total reduced from the base.

Smoothing
In order to smooth annual impacts, a smoothing factor is built into the model. The model will prevent calculated allocation adjustments from exceeding an established annual percentage change.