



## Factsheet allocation model

### *How is the budget divided?*

The *allocation model* is used by the UvA to divide the various flows of income among the faculties (see also the factsheet *Faculty Income Clarification*).

The *education budget* is the allowance a faculty receives for its study results (enrolments, credits, diplomas). It decreases by about 2.5% per year, due to an increase of obtained study results compared to the available national budget.

In 2013-2014, the Humanities faculty obtained 2% more credits than the previous year. Thus, the study results have not declined. Other faculties, however, obtained up to 26% more credits than the previous year.

**NB** It is a problem that the growth of some faculties may result in a decline in resources for other faculties. The emphasis on growth and innovation means that faculties may have to outgrow each other to secure sufficient funds. Faculties reluctant to innovate out of respect for existing programmes, such as Humanities and Law, would be disadvantaged most by this.

For the various faculties, different *spending levels* apply. The spending level is the factor of multiplication applied to the performance of a faculty.

FGW	FdR	FNWI	FEB	FMG	ILO
1,15	1,00	1,55	1,06	1,22	1,30

**NB** Some education programmes cost more than others. However, this partitioning into spending levels amplifies the aforementioned effect: a growth of for example the FNWI manifests itself as a magnified decrease in the available budget for other faculties.

**NB** A special case is presented by the Institute for Interdisciplinary Studies (IIS), accommodated by the FNWI. This institute offers interdisciplinary education that is not necessarily related to the sciences. The IIS is growing, and on top of that, the UvA is stimulating the demand for courses at the IIS. Consequently, students who otherwise might follow extra courses at their own faculty, obtain interdisciplinary credits at the FNWI. This would be problematic, because 1) apparently, the FNWI is the only faculty profiting and 2) these credits translate into a higher spending level for the FNWI, thereby shifting the allocation of resources.

**NB** 2.5% of the budget of the faculties that are financed through the allocation model is allocated *conditionally*, relative to agreements concerning performance. According to these agreements, certain key performance indicators (kpi) have to be met. When a faculty does not succeed in meeting its kpis, the conditional allocation is withdrawn. It is quite likely that the Humanities Faculty will not meet its kpi targets.

For part of the allocation of the research budget, the UvA uses a “quality budget.” This budget is allocated as a reward for attracting research funds from second flow of income (from the NWO, KNAW or EU). Although this quality budget amounts to 12.8 million euros in 2014, it will grow to 25.6 million. The allocation percentages of the quality budget are as follows:

FGW	FdR	FNWI	FEB	FMG	UB
6,90%	4,62%	53,38%	2,38%	32,48%	0,23%

**NB** Extra funding through the quality budget rewards faculties that manage to attract a great deal of external funding, e.g. corporate financing. The question remains whether this is fair: perhaps the quality budget should be used to compensate faculties that attract less external funding.

For the research allocation model, the number of diplomas (bachelors and masters) awarded at a given faculty is multiplied by a certain price per diploma. The resulting sum is multiplied again by the faculty spending level.

**NB** As mentioned before, we can speak of a perverse competition between faculties. Moreover, the use of the faculty spending level means that an increase in funds for one faculty affects the other faculties negatively.

**NB** Faculties only receive funds for diplomas awarded within the nominal period of study plus one year. This rule was not imposed by the government, but built in by the UvA itself.

**NB** Certain areas of research have been defined as 'priority areas'. In 2014, a budget of 4 million euros was made available for priority area research. This budget increases annually by 1% and is deducted from the historical management budget (the fixed allocation of fixed flows of income). Although these are relatively small amounts, it is problematic that the priority areas focus mainly on marketable research.

Every year, the Executive Board reserve 5 million euros for strategic investments. For the next few years, about 3 million a year will be designated as 'not yet allocated'.

**NB** The Executive Board could use these unassigned funds to help faculties that are in financial trouble.

*Disclaimer: this factsheet was based on the 'Kaderbrief 2015' of July 10, 2014, and therefore on estimates. The 'Kaderbrief' was used to draw up the University's preliminary budget, that was to be presented on November 10, 2014. However, this budget has not yet been made public. Based on the preliminary budget, a final version will eventually be made. The present factsheet was also based on the 'Budget plan 2014' and the 'Strategic and Financial Agenda 2015-2017'.*