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Outcomes-Based Funding for Higher Education

House Bill 14-1319

Testimony to the House Education Committee

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My name is Frank Waterous, and I am a senior policy analyst with the Bell Policy Center. The Bell is a non-partisan, non-profit research and policy organization founded on progressive values and dedicated to expanding opportunity for all Coloradans.

The Bell Policy Center has long supported tying College Opportunity Fund Fee-For-Service funding more closely to meaningful outcomes related to post-secondary student access and success – especially for underserved, low-income, first-generation, working-age adult and part-time students, who make up a growing share of the 21st century student body. This concept is at the core of House Bill 14-1319.

While our board of directors has not yet taken a formal position on the bill as amended by L.001 (the strike-below amendment), we believe that it moves Colorado in the right direction in funding higher education, and we like many of its key provisions. We also have some continuing concerns and several suggestions that we offer for further discussion.

There are several elements of the bill, as amended, that we believe move us in the right direction.

First, it gives a specific role for the Colorado Commission on Higher Education (CCHE) and the Department of Higher Education to convene a broad-based group of stakeholders, including non-institutional members, to review, discuss and develop the appropriate factors to be used in the funding model, as well as tuition policies that ensure post-secondary access and affordability. The inclusion of non-institutional voices such as higher education advocates, students, nonprofit education organizations and members of the business community in these discussions is extremely important, although we would encourage you to explicitly include parents or families here, as well. For the funding model, this group is given direction about the types of factors to consider and the goals to be achieved, but also has the flexibility to study them in detail and arrive at what it believes is the best approach for Colorado. By giving them more than six months to work on recommendations, the amended bill provides for an inclusive and deliberative process to build consensus around this important policy change.

Second, it provides additional funding to institutions that serve Pell-eligible and first-generation students, as well as institutions that provide remediation for students who are not ready for college-level courses. These factors are designed to help institutions that serve some of our most vulnerable students, who need added attention to persist in their studies and complete their credentials. As such, they are important and positive elements in this legislation.

Third, it explicitly includes the critical role of successful student transfer from community colleges to four-year colleges or universities as part of the completion-related performance metric. Such incentive funding would be provided to the institutions for students who transfer after completing 30 credit hours.

We still have some concerns and offer several suggestions for further discussion, however:

- **We are concerned with language in the amended bill that requires the CCHE to establish the value of different types of credentials based on their subject and level.** As a state, we should steer clear of starting down the slippery slope of placing different values on varying subjects and credentials. A broad range of post-secondary credentials, including associate's degrees and certificates, is increasingly essential for strengthening our workforce and closing Colorado's "middle-skill" jobs gap. We do not believe that any of these credentials should be valued any more or less than others. Colorado must take care not to undercut the message that all levels and types of post-secondary attainment are key to individuals' success and our state's economic competitiveness.
- **While the stakeholder process is proposed for May through December 2014, we suggest that language should be added to allow it to continue in some meaningful form beyond that date.** We understand the need to develop the proposed factors and their weighting by the January 15, 2015, budget deadline. However, we think that there needs to be a process for monitoring how the performance funding formula works as it is implemented and for bringing people together to assess concerns about it. By extending the process beyond the end of 2014, suggested changes for improving the formula can be raised more quickly and consensus among stakeholders developed more easily. This is particularly important if the new funding model is not to be phased-in over several years.
- **While we generally agree with the goals proposed in the Legislative Declaration, we suggest that subsection (1)(e) be amended to include "age" and "academic preparation" along with income, race, gender and geography as key characteristics to be considered in ensuring access and affordability for all students.** These additions will ensure that the new funding approach safeguards access and success for a variety of "non-traditional" students, including working-age adults and those enrolled part time.
- **Finally, we suggest that language in the Legislative Declaration subsection (2)(b) requiring the General Assembly to establish consistent and predictable performance metrics be amended to allow the metrics to change, if needed.** While we understand the need for consistent performance metrics, there might be good reasons to change them periodically, and such an option should be left open in the bill.

In conclusion, the Bell Policy Center believes that the concept and purpose underlying HB 14-1319, as amended, move us in the right direction to ensure that the way we fund higher education achieves our statewide goals and addresses the academic and financial needs of Colorado students and families.

We thank Speaker Ferrandino and Representative Holbert for bringing the bill to you today, and appreciate the opportunity to provide this testimony. If you have any questions, or if I can provide further information, please contact me at 303-297-0456 or waterous@bellpolicy.org.