



COLORADO
 Colorado Commission on
 Higher Education
 Department of Higher Education

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HB 14-1319 Outcomes-Based Funding for Higher Education

Please **SUPPORT** the *CCHE Funding Allocation Model for Higher Education Without Changes*

The Colorado Department of Higher Education (CDHE) and the Colorado Commission on Higher Education (CCHE) urges the General Assembly to **support** the new higher education funding allocation model as developed for FY 2015-16.

The CCHE Funding Allocation Model:

- Was developed through the largest stakeholder process ever around higher education finance, involved hundreds of interested parties and thousands of staff and volunteer hours.
- Complies with statute and aligns with State and CCHE Master Plan goals, as well as feedback from the public education and outreach:
 - Increased postsecondary credential attainment;
 - Improved student access and outcomes;
 - Increased success for low-income and underrepresented minorities; and,
 - Continued access to affordable education in all geographic areas of the state.
- Is unanimously supported by **all** affected governing boards and CCHE.

CONTINUING THE CONVERSATION

The project process was created to ensure that all recommendations and decisions along the way were fully vetted and considered from diverse viewpoints. CDHE and CCHE recognize the value in this approach and are committed to continuing in this manner.

- Continue the inclusive approach as we monitor and have policy discussions around the implementation of the current model structure and move forward into future fiscal years.
- Prior to setting the allocations for the 2016-17 Fiscal Year, CDHE and CCHE will again engage in an open and transparent process with interested parties to discuss any modifications, if needed.
- CDHE believes minor adjustments may be needed in the future, to the current funding allocation model, to establish longitudinal measurements of performance.

Version as of 12/30/14





HB 14-1319 Higher Education Funding Allocation Model

The Colorado Department of Higher Education (CDHE) and the Colorado Commission on Higher Education (CCHHE) was charged by HB 14-1319 to develop a new base funding allocation model for allocating state general fund dollars to Colorado's public institutions of higher education.

To meet this charge, the largest stakeholder process ever around higher education finance was convened. A unanimously supported formula was developed guided by *the public; advocates for students, faculty, and parents; non-profit organizations; legislators; leaders of the business community; current and former higher education commissioners; and affected institutions*, based on following components:

- **College Opportunity Fund Stipend** - Provide funding for the number of in-state students being served by an institution.
- **Role & Mission** - Help to offset the costs incurred in providing undergraduate, graduate and remedial programs and services to our students, recognizing from our data that some students have greater challenges and require additional services (e.g. low income and underrepresented students).
- **Performance** - Provide an incentive for increasing student success by rewarding institutions for the number of students they transfer, retain, and confer degrees/certificates; recognizing the critical need to ensure our low income and underrepresented students achieve, if we are to meet the workforce demands of our economy. In addition, reward performance in a manner that recognizes institutional performance in relation to their size and capacity.

BACKGROUND & PROCESS

HB 14-1319 required CCHHE to develop a new base funding formula to allocate state general fund dollars among the State's public institutions of higher education.

Over the past seven months CDHE and CCHHE led an inclusive and transparent process to create and finalize a model that is *unanimously supported* by all affected governing boards. Included in this process were *legislators and members of the Joint Budget Committee; current and former higher education commissioners; business leaders; non-profit organizations; leaders of state higher education institutions; and student, parent, faculty and provost advocates*.

These individuals served as members of our Public Education & Outreach Team, the Executive Advisory Group, and the Funding Allocation Model Expert Team (FAMET). They participated in a monumental effort and dedicated countless hours of their time to vet the various policy issues and develop a higher education funding model that is more transparent and understandable for Colorado taxpayers; improves predictability for institutions to engage in long-term financial planning and tuition setting, with a goal of ensuring both accessible and affordable higher education for residents; meets the directives of the legislation; and, harmonizes with the statewide goals for higher education as articulated in the *CCHHE's Master Plan - Colorado Competes, A Complete Agenda for Higher Education*.

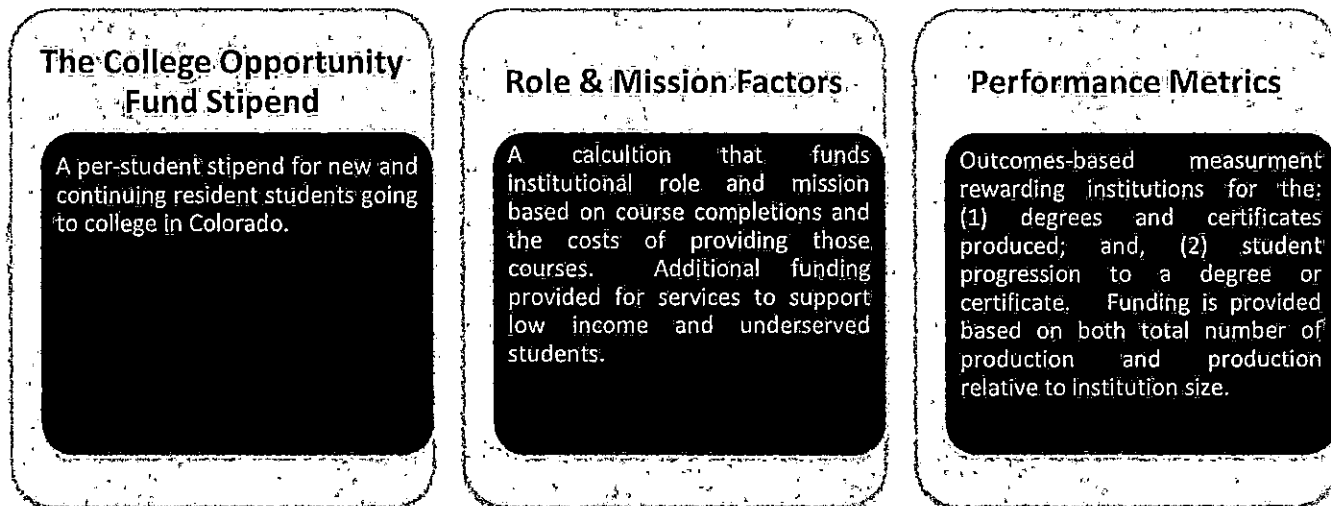
The new base funding allocation formula, adopted by CCHHE on December, 4, 2014, is a balance of the policy goals of CCHHE; the legislative directives of HB 14-1319; and the feedback from the public education and outreach activities conducted through the project process. Further, it is based upon national best practices in higher education financing.

Revised 02/16/15



COMPONENTS OF THE MODEL

As required by HB 14-1319, the CCHE adopted funding model consists of three components:



For additional clarification on the factors and metrics within the three components:

College Opportunity Fund Stipend:

- For FY 2015-16, set at \$75 per credit hour (56% of Total State Appropriations)

Role & Mission:

- **Weighted Credit Hours** - This Factor provides funding to offset the costs incurred in providing funding based on the number of completed credit hours and the costs associated with delivering the credits. The applied costs are derived from a robust multi-state study of costs incurred by all types of institutions and all types of courses. This acknowledges each institution's unique role and incorporates all factors outlined in the Role & Mission section of HB 14-1319.
- **Pell & URM** - These Factors provide additional resources to institutions for meeting the needs of and providing services to low income students and reducing the attainment gap. Both Factors are a percentage of the COF Stipend and are based on the number of Colorado resident students meeting the criteria.
 - For Colorado resident Pell-eligible students, an additional amount equal to 10% of the COF Stipend (\$7.50 per credit hour)
 - For Colorado resident underrepresented students, an additional amount equal to 5% of the COF Stipend (\$3.75 per credit hour)
- **Tuition Stability Factor** - This Factor is critical within the overall allocation to ensure institutions can continue to comply with SB 1 and the 6% tuition cap. In reviewing funding allocation models across the country, each included some mechanism of base funding.

Performance:

- **Completion & Retention** - This Metric rewards an institution's performance based on the number of students who transfer from a two-year to a four-year institution after completing at least 18 credit hours; number of certificates/degrees conferred; and number of students who make academic progress of 25%, 50%, and 75% in the relative two-year or four-year program.
- **Volume Adjusted Performance** - This Metric rewards an institution's performance in relation to their size compared to the other public institutions in Colorado. This addresses concerns about small institutions' inability to compete for performance dollars and recognizes rates of productivity.

UNANIMOUS SUPPORT

The CEOs of all of the state's affected institutions, the CCHE, and the Lieutenant Governor signed a joint letter supporting the newly developed fiscal 2015-16 funding allocation model for higher education.



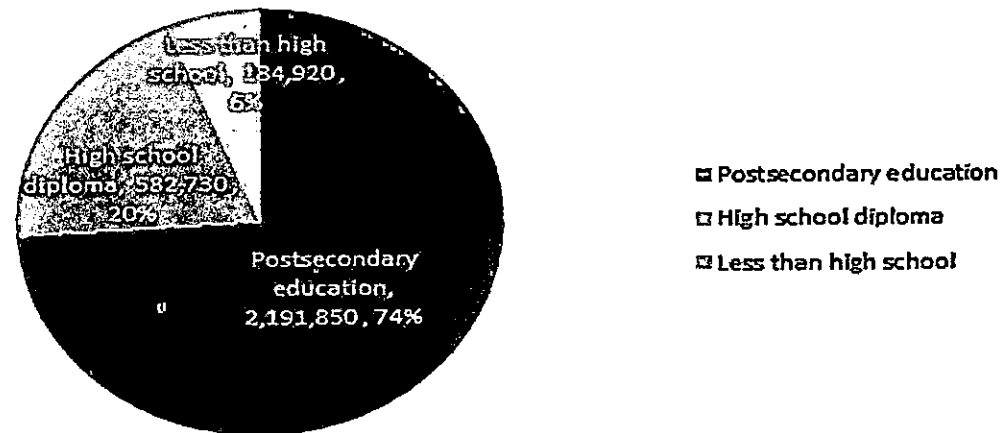
Future Labor Market in Colorado

The most recent projections indicate that by 2020, 74% of all of the jobs in Colorado will require some level of postsecondary education (3rd highest in the nation).

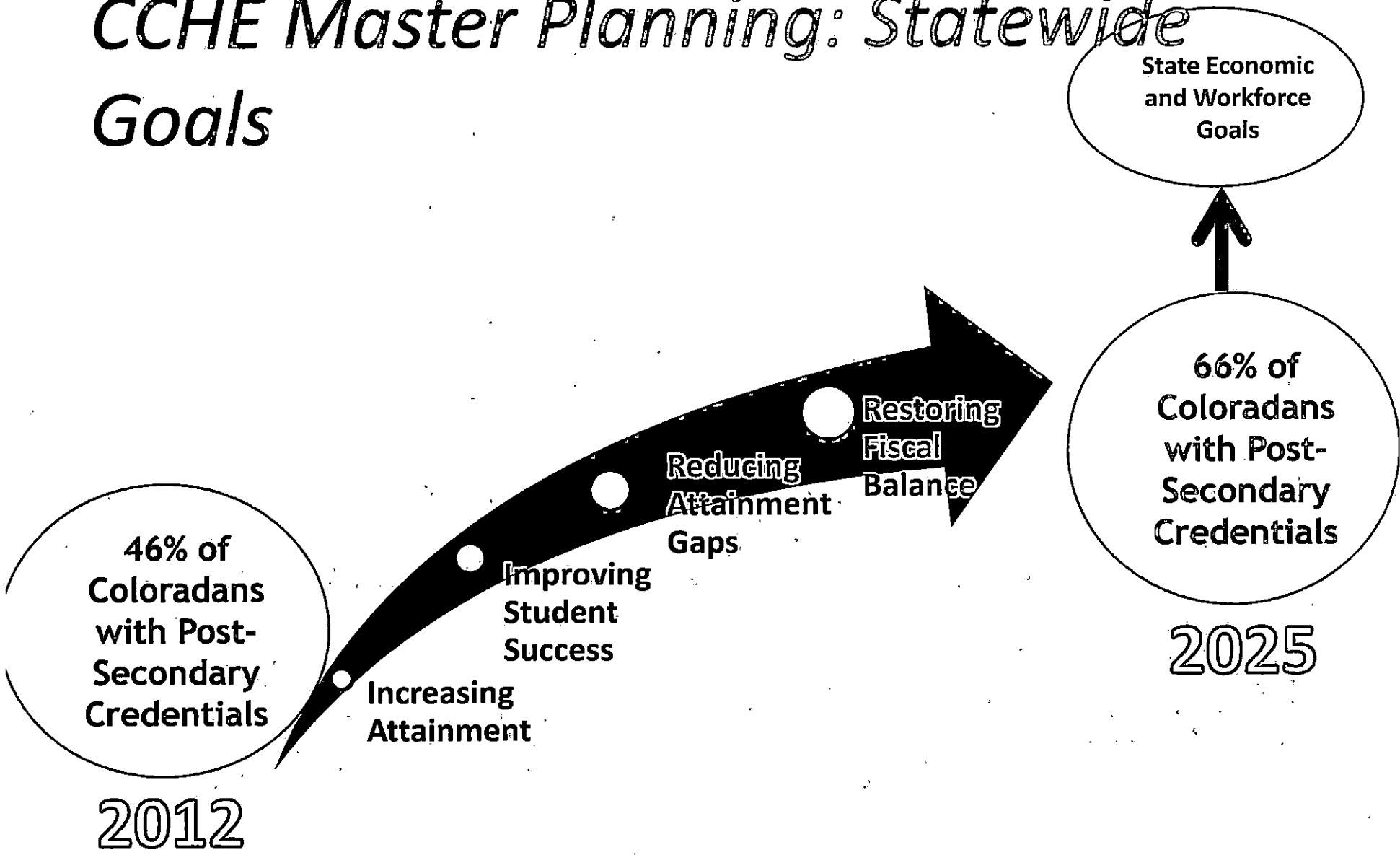
In contrast, the demand for high school trained adults in Colorado is the second weakest in the nation (49th in the nation).

Unemployment rates are considerably lower for postsecondary degree holders demonstrating the demand for this level of education.

Future Education Levels Needed for Colorado Workforce, 2020



CCHE Master Planning: Statewide Goals



State Economic and Workforce Goals

66% of Coloradans with Post-Secondary Credentials

2025

46% of Coloradans with Post-Secondary Credentials

2012

Increasing Attainment

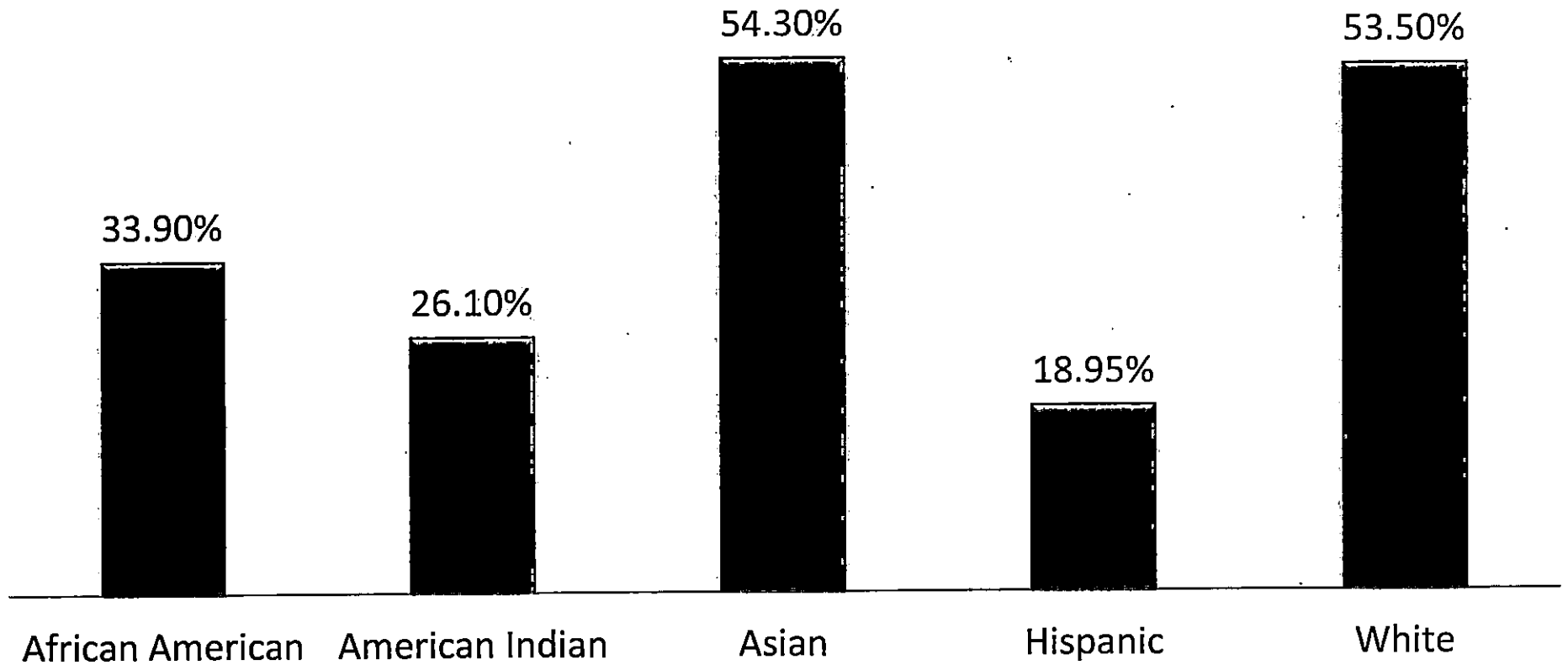
Improving Student Success

Reducing Attainment Gaps

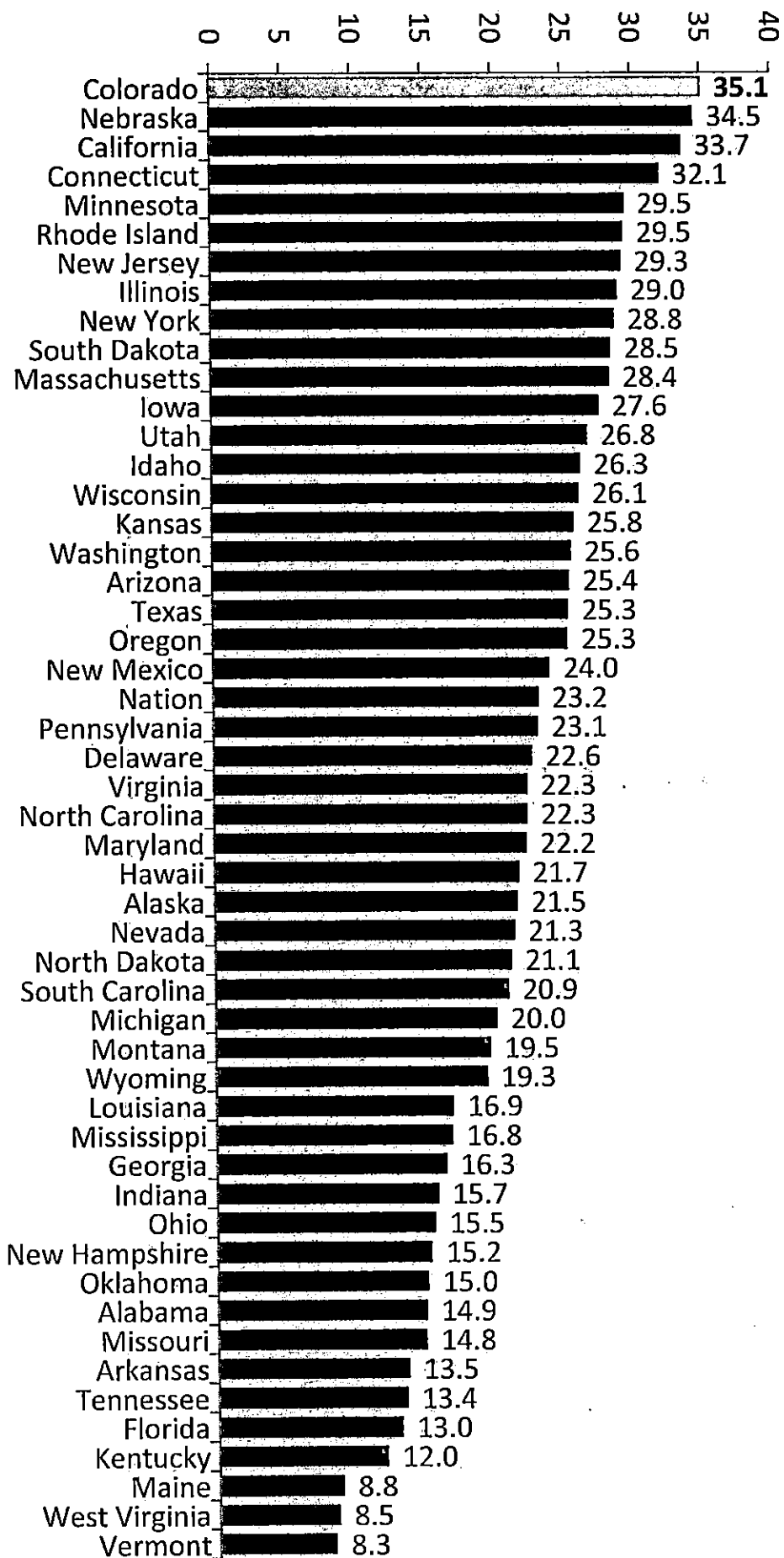
Restoring Fiscal Balance

Colorado's Attainment Gap

Percent of Colorado Adults with a Postsecondary Degree



Difference in College Attainment Between Whites and Minorities (Blacks, Hispanics, Native Americans) (2008-10)





December 11, 2014

The Honorable Kent Lambert
Chair, Joint Budget Committee
Colorado General Assembly
200 E. 14th Avenue, Third Floor
Legislative Services Building
Denver, CO 80203

Dear Senator Lambert:

As you know, for the past six months Colorado's public system of higher education has diligently worked to develop a new funding formula for allocating state operating funds for higher education pursuant to House Bill 14-1319. A robust and transparent process has included extensive statewide public outreach and thousands of hours of work of various subcommittees including the participation of you and several of your legislative colleagues as members of the Funding Allocation Model Expert Team (FAMET) and the Executive Advisory Group (EAG).

As the leaders of public higher education in Colorado we unanimously endorse the FY 2015-16 funding model that was approved by CCHS on December 4th. We respectfully request that the JBC adopt the model and use of transition funding as recommended.

We also unanimously endorse the Governor's budget request, which included a 10.0 percent base funding increase of \$60.6 million. In addition, we all recognize the importance of the \$15.0 million in transitional funding and believe that it is critical that this funding remain for at least five years to support a smooth transition to the House Bill 14-1319's model. This significant requested operating increase was the key to reaching agreement on the model.

The model reflects House Bill 14-1319 and uses a transparent funding methodology that is tied to actual data that can be tracked. After incorporating the Governor's budget request, the new model results in base operating increases that range from approximately 2.9 to 16.4 percent by governing board. The guardrail provisions of House Bill 14-1319 result in this range being adjusted to a 5.0 percent increase on the low end and a 15.0 percent increase on the high end. After implementation of the guardrail, the

recommendation then uses a portion of the \$15.0 million transition funding pot, which results in no single governing board receiving less than a 10.0 percent increase over its FY 2014-15 appropriation.

Using a portion of the transition funding this way will allow all governing boards to comply with the second year of the 6 percent undergraduate resident tuition cap required by law. How the remaining portion of the \$15 million will be allocated is yet to be determined. This first year consensus adjustment and allocation is important because it will help keep a quality postsecondary credential within reach for all Colorado students attending any one of our public colleges or universities.

We recognize that no funding model is perfect and that we can anticipate adjustments and refinements in future years. Nevertheless, a recommendation that can be supported unanimously this year allows for institutional planning and is ultimately a positive result for Colorado families and students. Therefore we strongly encourage the Joint Budget Committee and members of the General Assembly to join us in supporting this collective recommendation.

We deeply appreciate the assistance of the Committee in this effort in addition to the work on the FY 2015-16 request and look forward to a productive legislative session.

Thank you,



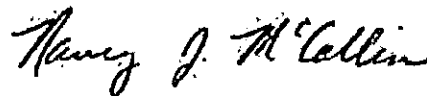
Lt. Gov. Joseph A. Garcia, Executive Director
Colorado Department of Higher Education



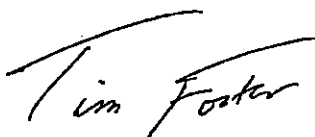
Bruce D. Benson, President
University of Colorado System



Richard Kaufman, Chairman
Colorado Commission on Higher Education



Dr. Nancy J. McCallin, President
Colorado Community College System



Tim Foster, President
Colorado Mesa University



Kay Norton, President
University of Northern Colorado



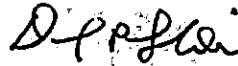
Dr. Steven M. Jordan, President
Metropolitan State University at Denver



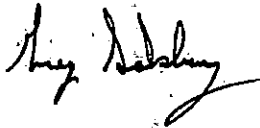
Dr. M. W. Scoggins, President
Colorado School of Mines



Dr. Michael V. Martin, Chancellor
Colorado State University System



Dr. David Svaldi, President
Adams State University



Dr. Greg Salsbury, President
Western State Colorado University



Dr. Dene Kay Thomas, President
Fort Lewis College

Cc: Representative Millie Hamner, Joint Budget Committee, Vice-chair
Representative Dave Young, Joint Budget Committee
Representative Bob Rankin, Joint Budget Committee
Senator Kevin Grantham, Joint Budget Committee
Senator Pat Steadman, Joint Budget Committee
Ms. Amanda Bickel, Chief Legislative Analyst, Joint Budget Committee
Mr. Henry Sobanet, Director, Governor's Office of State Planning and Budgeting
Ms. Alexis Senger, Chief Analyst, Governor's Office of State Planning and Budgeting
Ms. Donna Lynne, Co-Chair, House Bill 14-1319 Executive Advisory Group



Friday December 19, 2014

Joint Budget Committee Members
Legislative Services Building
200 East 14th Avenue, 3rd Floor
Denver, CO 80203

Dear JBC Members:

The Colorado community organizations who have signed this letter respectfully urge your support of the funding formula promulgated by the Executive Advisory Group (EAG) and the funding in House Bill 14-1319.

There is a crisis facing education for under-represented minority students. According to Colorado government reports, the achievement gap between underrepresented minority students and their white counterparts is among the worst in the country.

We believe the proposed formula is a step in the right direction to closing the achievement gap. Making any changes would adversely affect underrepresented minorities, and could potentially widen the achievement gap for students of color.

Thank you for considering this urgent request important to the communities we represent.

Sincerely,

Ms. Christine Alonzo, Executive
Director, Colorado Latino Leadership,
Advocacy, and Research Organization
(CLARO)

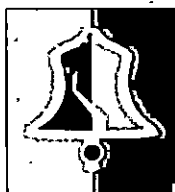
Dr. Sharon Bailey, Colorado Black
Round Table

Ms. Rita Lewis, President, NAACP
Denver Chapter

Mr. Christian Caldwell, President, The
Brotherhood: Leadership Character
Success

Ms. Janiece Z. Mackey, Executive
Director, Young Aspiring Americans for
Social and Political Activism
(YAASPA)

Dr. Luis Torres, Educator



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The Bell Policy Center

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Public Comment to the Colorado Commission on Higher Education: Recommended HB 1319 Funding Allocation Model

Frank Waterous, Ph.D., Senior Policy Analyst
December 4, 2014

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.

I appreciate the opportunity to speak with you today. There are two purposes for my public comments. First, to express the Bell Policy Center's support for the recommended HB 1319 Funding Allocation Model and to urge you to support it, as well. Second, to provide a cautionary note on how the model could be incorrectly perceived as it moves forward, and the work that remains to be done regarding higher education funding in our state.

First, to the Bell's support for the recommended model.

We believe that the model is a real step forward for Colorado higher education in terms of increased transparency, accountability, and predictability in the funding allocation process. Along with this, the model also provides flexibility for any needed adjustments in the future to help it work better for students, institutions and the state and as our policy goals or funding considerations evolve.

There are several components of the model that we particularly want to highlight related to our support:

- The model is intentionally aligned with and clearly reflects the state's Master Plan goals, the HB 1319 project principles and the key themes identified by the public through the project's outreach process.
- It directs a substantial share of the total state appropriation to College Opportunity Fund stipends, which offset a portion of Colorado students' tuition costs.
- It provides support and incentives for closing the large post-secondary attainment gap that exists in our state for low-income and minority students.

- It supports and incentivizes increased success for all students through performance funding tied to retention, transfer and completion.
- It incorporates both full-time and part-time students – the latter including many working-age adults – in its allocation methodology.

Finally, we believe that the recommended model will serve as a solid foundation for the ongoing discussion of cost-drivers and tuition policy as the HB 1319 process continues in the coming year.

Second, to my cautionary note. It regards a potential misperception that we all must guard against when discussing what this model does – and more importantly, what it does not do.

Focusing only on how the model moves us forward could create the misperception that higher education funding in Colorado has now been “fixed” or that our funding issues have all now been “solved.” This is, of course, not the case. By any measure, Colorado grossly underfunds our public post-secondary education system.

Fundamentally, we need to make it clear that what is before you today is a new model for allocating current and proposed funding. It is not a model that provides the level of increased and sustained funding that is needed to make post-secondary education affordable for all of our students, to achieve our credential-completion goals and to become the state that we aspire to be. It does not close the state’s “aspiration gap” between the level of funding that we now provide and the outcomes that we desire.

As we move forward, we need to use this new model to better explain the benefits of public post-secondary education – in all of its many forms – for individuals and the state and to garner broader support for increased public investment in our students, our institutions, and our system. This model represents a new starting point for these critical discussions, not an end point in them.

Once again, we urge you to support the recommended funding allocation model, and thank you for the opportunity to make these comments today. We also want to thank department staff, the Funding Allocation Model Expert Team, the Public Education and Outreach Team and the Executive Advisory Group for their hard work and dedication throughout this process.



COPY

Alvin D. Rivera, Ph.D.

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Pueblo, CO 81005

(719) 566-0069
AlvinRivera922@gmail.com

December 22, 2014

Senator Kent Lambert
Chair, Joint Budget Committee
Legislative Services Building, Room 346
200 E. 14th Avenue, Third Floor
Denver, CO 80203

Dear Senator Lambert,

Thank you for visiting briefly with me after the Joint Budget Committee hearings on HB1319, Wednesday, December 17, 2014. As a Pueblo citizen and native of Fremont County, I traveled from Pueblo several times to follow the implementation of HB1319, including attending two field meetings in Trinidad and Pueblo and meetings of the Funding Allocation Model Expert Team (FAMET) and the Executive Advisory Group (EAG).

It may be informative to know that I graduated from Trinidad State Jr. College, CSU-Ft. Collins, University of Denver (DU) and CU-Boulder. Also, I worked in community colleges and universities in several states including Colorado and in Washington, D. C. at the National Research Council, as well as working in two U.S. Presidential administrations.

While I do not have a dog in this fight, per se, I have the same interest as all of Colorado residents to help improve the quality of higher education at every level while seeking to be mindful of escalating cost to students and families. This legislation has been a good catalyst, as I shared with you, to bring like-minded educators, administrators, and families together to work across educational institutions to arrive at a common ground while refining the new frontiers for changes in accessibility, retention and graduation.

In my opinion, Senator Nancy Todd's words perfectly captured the full scope of the combined energy, "All the people [from the institutions] working together throughout the process to arrive at common understandings" [agreeable to all parties]. With everyone having a voice in the discussions, no person or institutional representative had reason to feel left behind during the several sessions.

I agree with CU President Bruce Benson and CSU Chancellor Michael Martin in their shared opinion that we now have to give the process a chance to work and see how it plays out over the next year. Also, since all the people representing the various institutions did agree on the Funding Model and generally supported the \$15 million transition funding resources for ensuring that no institution is left behind, it was a constructive and innovative approach to ensure all the colleges are "in the fold" to function effectively for the public good. It is as one of the president's stated, "It is called, 'compromise.'"

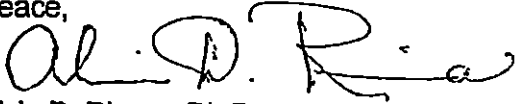
While future questions and issues may continue to exist in fine tuning (my words) in some aspects of the Funding Model, I am satisfied that all of the public employees in our higher education institutions have done their best to provide this Joint Budget Committee with an excellent product to promote to the Colorado General Assembly.

Throughout the meetings I attended I heard nothing to change my mind about the how the CU Anschutz Medical Campus and CSU Veterinary School do their research and the large amount of resources they generate for the State of Colorado. Their roles and missions are unique and both these universities have higher costs unique to their research roles.

In closing, a word should be mentioned about the excellent work of Lt. Gov. and Higher Education Department Director Joe Garcia and his staff. They have done a superior job in overseeing the entire HB1319 process. The specific Colorado Commission on Higher Education (CCHE) Consultant Kachina Weaver should be recognized for her role and I hope the state of Colorado and its institutions find a suitable place for her in the future. Director Garcia and his staff did everything possible to facilitate a fair and open process for an on-going exchange of people's views. For this, the public and JBC are in their debt.

Thank you for receiving my views on this important topic concerning the State of Colorado and the future direction for funding higher education institutions.

Peace,

A handwritten signature in black ink that reads "Alvin D. Rivera". The signature is written in a cursive style with a large, stylized "R" at the end.

Alvin D. Rivera, Ph.D.
Pueblo, Colorado

cc: Sen. Pat Steadman
Sen. Kevin Grantham
Rep. Millie Hamner
Rep. Chris Holbert
Rep. Bob Rankin
Rep. Dave Young
Sen. Nancy Todd, Education Committee, Chair