

*Draft policy regarding periodic review of peer institutions for NCHEMS-gap.*

The Commission and Department expect to use the NCHEMS-gap analysis and policies derived from it to inform recommendations to the legislature about the equitable allocation of the annual appropriation of state general fund support to higher education. The determination of peer institutions appropriate to each Colorado institution is a critical element in that analysis.

In September 2007, the Commission ratified the initial groups of peer institutions for each Colorado institution. This action followed extensive vetting with and eventual approval of the proposed peers by the leadership of each Colorado institution, who reviewed both their own proposed peers and those of their sister institutions.

The Commission recognizes that changed circumstances at Colorado institutions or at their peer institutions may require periodic revision to the peer groups in order to maintain the accuracy and validity of the NCHEMS-gap analysis. An option to reopen and revise the peer groups every three years should be sufficient to accommodate such changed circumstances while maintaining adequate stability and predictability in the NCHEMS-gap allocation model.

Beginning in April, 2010, any institution may request a revision to its peer group, or to the peer group of a sister institution, if the peer group no longer is appropriate. The Department will then engage NCHEMS to undertake a review and, if warranted, a revision of the peer group in question prior to the completion of budget actions for the next fiscal year. Any such proposed revision will be reviewed with the leadership of Colorado institutions prior to action by the Commission. Any revision approved by the Commission will then be effective in adjusting the NCHEMS-gap allocation model for the next fiscal year; e.g., a revision approved in 2010 would have effect in the allocations for FY 2011-12.

*In addition to the periodic review of peer groups outlined above, the Department annually after the close of the fiscal year will update and revise the estimated difference in total revenue per student FTE between each Colorado institution and the average of its peers based upon the most current financial information available.*

If justified due to extraordinary circumstances affecting a Colorado institution or its peers, the Commission may at its discretion also consider revision to peer groups between the three-year periodic revisions outlined above.