DATE: July 24, 2014

TO: CCHE Commissioners and EAG Members

Hello and thank you for inviting me here today. I am sorry I could not be here in person, but it is my pleasure to speak with you about HB 14-1319. First and foremost, I want to thank each of you for taking the time to work on the implementation of HB 14-1319. Your work will help to take the concepts included in HB 1319 that was supported by over 90% of the legislature, and put it into actionable policy to help move our states higher education system forward.

As you start your work I wanted to share with you my thoughts and hopes for what we can accomplish with the changes envisioned in HB 1319. We all share a goal to have the best higher education system that serves the policy goals of the people of Colorado. The Commission, Department, and institutions have worked hard to create a strong Master Plan that lays out the shared goals for higher education. HB 1319 tries to put those shared goals into a funding formula. To understand the goals of HB 1319 we must first discuss the shortfalls of the current funding system as seen by the legislature. Each year the institutions work with the department to allocate any change in funding based on the governors budget proposal. This works well to encourage institutions to work together, but it is not tied to policy goals we all share. While we all acknowledge the funding for higher education is inadequate right now, it is also important to note that as a state with limited resources we must do a better job at targeting these resources to the policy goals we want in higher education. The current funding formula falls short of accomplishing this goal.

That is why, through HB 1319, the legislature set up a framework to ensure the funding for higher education that is not tied to historical funding levels, but to specific policy goals. These goals include:

- Placing a significant funding portion to the stipends that go directly to students, thereby ensuring that students understand the support.
- Paying for completing in order to increase completion of certificates.
- Incentivizing retention of students
- Helping at risk students such as Pell Eligible students who have historically lower completion rates
- Factoring in the unique missions of schools based on research status, location, access, selectivity, and size.

HB 1319 offers a great deal of flexibility as you work to implement it. While the flexibility will help you in determining your specific priorities, I would also note that the legislature is looking for a system that is transparent, easily understandable, and tied to the specific policy goals outline in the legislation and the Master Plan. A formula that meets these goals will gain support from the General Assembly and provide for a mechanism to continue to argue for additional funding for our higher education system.

I look forward to following your work, and as always, I am available to help during this important process.

Thank you very much.

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