

TOPIC: PROJECT UPDATE and EAG RECOMMENDATIONS

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Agenda for 1319 Portion of Meeting:

1. Public Comment (*limited to 3 minutes per speaker*)
2. Project Update - Timeline for the Final 4 Weeks (15 minutes)
 - a. Preliminary Working Document
3. Update on Public Education & Outreach (10 minutes)
4. Update on Cost Driver Analysis (5 minutes)
5. Update on Model Structure
 - a. FAMET Progress (5 minutes)
 - b. Executive Advisory Group Progress (5 minutes)
 - c. Introduction of Model Structure (45 minutes)
 - d. Model Modifications – *action item* (30 minutes)

I. SUMMARY

PROJECT UPDATE - TIMELINE FOR THE FINAL 4 WEEKS:

While HB 14-1319 specifies a January 1, 2015 deadline for having the new funding allocation model completed, CDHE has set an internal deadline for the completion of the model of December 5, 2014.

CDHE set the earlier deadline for multiple reasons. First, the CCHE meets on December 4 and does not meet again until after the statutory deadline for delivery of the model (January 1). Additionally, the CCHE and Department need to present the outcomes of this project during the Department's annual presentations for the Joint Budget Committee Hearing and SMART Act Hearing in early and mid December. Finally, following these hearings with the JBC and Committees of Reference, the Department and CCHE will need to inform other members of the General Assembly of the project process and results and answer questions in advance of the 2015 Legislative Session.

The next four weeks will be fast paced:

- **November 1st:** CDHE is required to submit with the 2015-16 budget request "*a draft of the factors and metrics, with their weights, that the Commission is considering pursuant to*" the bill "*but that does not include the specific allocation to each governing board.*"

CDHE submitted a Preliminary Working Document (see attachment 2a) to comply with the legislative mandate. This is a "progress report" of sorts, representative of where the discussions have been and from where the decision conversation will be launched when the draft model is ready in November. FAMET and EAG both recommended the "preliminary assumptions" included in this report, which will be utilized in the creation of the draft model.

- **November 3rd:** The Governor's budget request will be provided to the JBC and becomes a public document.

- **CCHE – November 6th:** The CCHE will consider and act on the action items forwarded from EAG, including the Preliminary Working Document.
- **FAMET – November 10th:** It is expected that the “Draft” Model structure will be presented - along with various scenarios of the levers within the model reflecting the Project Principles, CCHE Master Plan goals, feedback from the public education and outreach, and the goals and directives laid out in the legislation - to the FAMET for further discussion, which will contain all of the factors and metrics as established through the process along with the data and preliminary assumptions.
- **EAG – November 12th:** The EAG will be provided a project update and a presentation of the “Draft” Model structure - along with various scenarios of the levers within the model reflecting the Project Principles, CCHE Master Plan goals, feedback from the public education and outreach, and the goals and directives laid out in the legislation - for discussion purposes, along with context of the FAMET dialogue on these subjects.
- **FAMET – November 19th:** The FAMET will finalize their recommendations for the model and forward those recommendations to the EAG for consideration and action.
- **EAG – November 21st:** The EAG will consider and take action on the recommendations from the FAMET and forward your recommendations to the CCHE for consideration and action.
- **CCHE - December 4th:** The CCHE will consider the recommendations from the EAG and take action on a final “CCHE Approved Funding Allocation Model”.

UPDATE ON PUBLIC EDUCATION & OUTREACH

Webpage: <http://highered.colorado.gov/Publications/General/1319/OutreachPage.html>

Sixteen regional outreach meetings were held over three weeks, with 425 attendees. Meetings were held in Alamosa, Downtown Denver, Aurora, Boulder, Colorado Springs, Craig, Durango, Fort Collins, Glenwood, Golden, Grand Junction, Greeley, Gunnison, Pueblo, Sterling, and Trinidad.

These meetings included students, parents, business leaders, elected officials, higher education faculty, administrators, and staff, and other community members interested in higher education in Colorado.

A majority of the outreach meeting participants saw higher education’s role as training and educating the workforce, creating life-long learners, creating good stewards/citizens of our State, and economic development.

From these meetings, the priorities for education were:

- Degree or Certificate Completion
- Serving low income, first generation and underserved undergraduate students

- Affordability

Given the short timeframe in which we had to hold these meetings, CDHE and Keystone/Engaged Public made a concerted effort to get the word out about them. Information and advertising of the regional meetings had been done as follows:

- CDHE Press Release (institutions used this to formulate their own press releases for their regions);
- Participants of the key informant interviews were asked to share the information with their networks.
- Keystone/Engaged sent invitations to institutional leaders, Club 20, Progressive 15, Action 22, alumni associations, county commissioners, Colorado Office of Economic Development blueprint list, Colorado PTA, Colorado Education Association, Colorado Association of School Executives, Colorado Association of School Boards, Colorado Adult Education Professionals Association, workforce centers and local members, chambers of commerce, state legislators, students associations, Colorado Association of Commerce and Industry, Colorado Municipal League, Colorado Counties Incorporated, Padres Unidos, United Way Mile High, and Colorado Forum;
- CDHE notified CCHE commissioners, CCHE Advisors, members of the Executive Advisory Group, members of the project expert teams, Colorado Education Association, Colorado Association of School Executives, Colorado Association of School Boards, the project “interested parties”, institutional chief executive officers, institutional chief financial officers, campus communication officers, academic council members, and the data advisory group;
- Members of the Outreach Team each notified their constituencies – parents, faculty, provosts, students, business leaders, institutions, and non-profit organizations;
- The Bell Policy Center sent out a statewide announcement; and,
- **We asked each person receiving the invitation to send it out to their contacts.**

While there was some duplication of contacts, we believe this helped to emphasize the importance of the meetings.

UPDATE ON COST DRIVER ANALYSIS

Webpage: <http://highered.colorado.gov/Publications/General/1319/CostDriverPage.html>

When establishing this team, CDHE planned to have the preliminary cost driver information inform the public education and outreach meetings as well as the funding allocation model discussions. However, due to the deadlines prescribed by the legislation and the timing of executing and completing an RFP to bring on a vendor, the team is still in the formulation stage of identifying the information needed to conduct a thorough analysis and how that data can be collected. The work of this team will continue into the next calendar year and is scheduled to be complete by June 30, 2015.

The information gathered through this analysis will be critical for informing CCHE, CDHE, legislative leaders and the administration as policies are developed around tuition policies (as required by HB 14-1319 to be done by November 1, 2015) along with future funding priority conversations.

The Cost Driver Analysis Team has met twice so far. During one of the meetings OSPB Director Henry Sobanet talked with the team about what he believes the Legislature and the Administration would like to better understand, as it pertains to higher education costs.

UPDATE ON FUNDING ALLOCATION MODELING (FAMET)

Webpage: <http://higher.ed.colorado.gov/Publications/General/1319/ModelingPage.html>

The FAMET has been very productive working with NCHEMS on the design features of the model; and, NCHEMS and the CDHE data/finance teams have been working to collect, prepare, and transfer the data needed to populate the model to NCHEMS.

The initial creation of the model was dependent upon the decision points that were only just finalized during the October 2nd CCHE meeting – the definitions of the factors and metrics and identifying the data sources. Solidifying those items allowed NCHEMS to begin the programming process. At the same time, CDHE’s data and finance team began pulling the data consistent with the definitions.

The data collection was challenging and took several weeks to conclude. Early on in the project process, the FAMET agreed that the model should be based off of the most current data available. In order to accomplish this, the data collection was delayed by the financial aid data deadline of October 8th. In addition, the model will be based off of individual Student Unit Record Data that had to be scrubbed of SSNs and this required the creation of unique identifiers to ensure that data can be tracked and counted consistently throughout the funding model. The use of unit record data is unlike the data used in funding models employed in other states, which have been built upon aggregated data. There are three primary advantages for going in this direction:

- Complement the Cost Driver Analysis - the database built for the model will complement the Cost Driver Analysis still to come, and allow both aspects of the project to work off of one another.
- Sustainability and Scalability of the Data – each year can be added into the database, on top of the previous years, allowing for a trend line and a dynamic tool.
- Accuracy of Information – by using the unit record data the information will be of high quality and specifically verifiable.

Some “preliminary assumptions” will be used in the model, as it is being created, as placeholders upon which to start the conversation when the “Draft” Model structure - along with various scenarios of the levers within the model reflecting the Project Principles, CCHE Master Plan goals, feedback from the public education and outreach, and the goals and directives laid out in the legislation - begins to be discussed. **These “preliminary assumptions” are a product of conversations with the FAMET, NCHEM’s experienced input, and the feedback received through the public education and outreach process.** Most importantly, please remember that *these are simply a launching point and do not represent any finalized priorities or decisions*, but are necessary to build an initial foundation for the model.

The next meetings of the FAMET have been scheduled for November 10th and 19th from 1-4 PM, it is anticipated that the “Draft” Model structure - along with various scenarios with the levers

within the model that reflect the Project Principles, CCHE Master Plan goals, feedback from the public education and outreach, and the goals and directives laid out in the legislation - will be shared with the Team at this meeting and begin the discussion toward a final model recommendation.

EXECUTIVE ADVISORY GROUP (EAG)

Webpage: <http://higher.ed.colorado.gov/Publications/General/1319/EAGPage.html>

The EAG's last two meetings covered (1) learning about the model structure and functionality; (2) acting on recommended modifications to the structure of the funding allocation model; and (3) acting on the Funding Allocation Model Preliminary Working Document, an interim report to the General Assembly as prescribed by the bill. The actions taken by the EAG are now before the CCHE as recommendations for action.

The next meetings of the EAG are scheduled for November 12th and 21st and will cover critical information and actions to finalize their recommendations to CCHE regarding the final funding allocation model. During these meetings, the EAG will receive an update on the status of the FAMET discussion regarding the weighting of the factors and metrics and have their own preliminary discussion on these issues. The EAG will then take action on the FAMET's final recommendations on the weighting of the factors and metrics at the EAG's November 21st meeting. These recommendations will then be presented to the CCHE during the December 2014 Commission meeting.

II. BACKGROUND

HB 14-1319 requires CCHE to create and implement a new funding allocation model for state general fund dollars to state institutions of higher education in Colorado - and specifically requires this to be done in a transparent manner in consultation with "Interested Parties", which are defined in the bill as including but not limited to *"the governing boards of institutions, institution administrators, higher education advocates, students, faculty, nonprofit education organizations, and members of the business community."*

III. STAFF ANALYSIS

EAG Recommendation: Model Modifications

The Colorado Commission on Higher Education (CCHE) met on October 2nd and took action on the Funding Allocation Model Definitions and Data Sources, as recommended by the Executive Advisory Group (EAG) and Funding Allocation Model Expert Team (FAMET) respectively.

The initial creation of the model has been dependent upon the decision points that were only just finalized during this last CCHE meeting. Since that time, FAMET has been very productive working with the National Center for Higher Education Management Systems (NCHEMS) on the design features of the model with the expertise of the members of this team, and the input and priorities of the public as learned through the outreach process. At the same time NCHEMS and the CDHE data/finance teams have also been working to collect, prepare, and transfer the data needed to populate the model to NCHEMS.

The FAMET submitted to the EAG recommendations for modifications to the model.

The EAG discussed these recommendations during their October 23rd and 30th meetings and has forwarded to the CCHE, for consideration and action, the EAG Recommended Model Modifications.

IV. STAFF RECOMMENDATIONS

The majority of this item/report is for discussion/information only. However, formal action is needed by the Commission on the Model Modifications.

EAG Recommendation: Model Modifications

These recommendations for modifications to the funding allocation model are a product of continued discussions between FAMET and NCHEMS, along with direction and input from the EAG.

Staff recommends CCHE adopt the *EAG Recommended Model Modifications*.

V. STATUTORY AUTHORITY

HB 14-1319 “Concerning the Creation of an Outcomes-Based Funding Model for Higher Education, and, in Connection Therewith, Making and Reducing Appropriations”

ATTACHMENTS:

- Funding Allocation Model Preliminary Working Document (#2a)
- Model Breakdown (#5)
- PowerPoint – Funding Model Design (#5c1)
- Changing Approach for Role & Mission (#5c2)
- Nevada Higher Education Funding Formula Summary (#5c3)
- EAG Recommended Model Modifications, For CCHE Action (#5d)