

TOPIC: APPROVAL OF PROJECT PRINCIPLES & HB 14-1319 UPDATE

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Agenda for 1319 Portion of Meeting:

1. Introduce Vendors
2. Project Structure & Process update
 - a. Expert Teams
 - i. Membership (attachments)
 - ii. Meetings
 - iii. Updates
 - b. Project Outreach Plan (attachment)
 - c. Bi-Weekly Project Updates
3. Roles (EAG vs CCHE)
 - a. EAG decision making process
4. Review of the Bill
 - a. Bill Highlights (attachment)
 - b. Bill Deadlines (attachment)
 - c. Bill Legislative Directives (attachment)
5. Total State Appropriations (attachment)
6. National Governors Association Presentation – Performance Funding (attachment)
7. Foundational Working Group (attachment)
8. EAG update
 - a. Draft Project Principles (attachment and action item)

I. SUMMARY

Project Structure & Update:

HB 14-1319 required the creation and implementation of 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.”*

To achieve the best results for Colorado, and ensure the highest level of involvement and to hear these important voices, the Colorado Department of Higher Education (CDHE) has structured the overall process of the 1319 Project with purpose and intent - to meet the directives of the bill; ensure that voices are heard and incorporated into the conversation; *and* achieve a quality end product that can be embraced as a sound mechanism for state funding of public institutions of higher education while meeting the priorities and goals of Colorado. In addition, this process

and the involvement of all of the key players throughout will provide an excellent foundation for ongoing discussions about the needs of higher education, funding priorities, and tuition policies.

As a part of this structure, three working groups of “subject matter experts” will work directly on the three essential aspects of this project: public engagement and outreach, a study examining what's at the root of postsecondary costs, and the funding model itself. These subject matter expert teams will work at the granular level, within their subject area, to ensure a comprehensive and thorough examination of all options and ideas.

Public Education & Outreach Team – The focus of this Team will be in (1) helping Project participants and leaders understand the priorities of the state and how these priorities should impact how consideration is given to the weighting of the funding model metrics and factors within the formula, and (2) educating the public about the importance of higher education to our state and our economy. The team membership list is attached.

Cost Driver Analysis Team – There have been perpetual questions from the General Assembly and the Administration, as well as the public, about why higher education costs what it does. However, even in the face of declining state investments in higher education, Colorado remains one of the most productive and efficient systems in the country. In order for informed decisions to be made regarding funding and tuition policies, we must first be able to articulate the demands on institutions – and the demands they might be placing on themselves that drive costs up - and answer these questions with clear and accurate data. This team will be charged with determining what data needs to be used to analyze institution costs – and how to tell the story that the data reveals. The analysis will likely be grouped by institution type (such as research, 4-year, and access), but the expert team will work through those details and provide the EAG and CCHE with a thoughtful analysis of what is driving costs. The results of this expert team’s work will be particularly important as tuition policy recommendations, as required by 1319, are developed. The team membership list is attached.

Funding Allocation Model Team – The heart of what has been charged here is the creation of a new funding model. The bill is clear on the factors and metrics to be included, but leaves to the process how to determine the data inputs, weights and values placed on them. With the expertise of the members of this team, and the input and priorities of the public learned through the outreach process, a funding model will be created to allocate state dollars to state public institutions of higher education reflecting these priorities. The team membership list is attached.

The subject matter expert teams will report to the Executive Advisory Group (EAG) - an advisory group comprised of legislators, higher education commissioners, business leaders, leaders of state higher education institutions, and student, parent, faculty and provost advocates. The EAG is charged with digesting the work that the Expert Teams have conducted; help to resolve any conflicts that may arise through the granular process; provide guidance, as necessary,

to the Expert Teams for additional issues to take into consideration; and, ultimately make clear recommendations about what is best for Colorado to the CCHE for final adoption

The final decision maker, and the body that is ultimately responsible for adopting the final plan, is the CCHE. CCHE is the governing body that is charged with meeting the objectives and directives of 1319. CCHE will be provided regular reports on the progress of the project; resolve any conflicts that were not able to be resolved at the EAG level; provide guidance, if necessary to the EAG for issues to take into consideration; and, finally adopt the new funding model and provide a final report on the outcomes of the Project. On an ongoing basis, the CCHE will make an annual recommendation on tuition policy given the formula outputs and state policy priorities.

Through the process, from the ground up, the outcomes of this Project will incorporate the views and priorities of the “interested parties” and have been fully vetted inclusively and transparently.

Lastly, we are pleased to announce that after two very rigorous RFP processes, two well-known and well-respected vendors have been selected to work with our Expert Teams to complete the work required by the bill. The Keystone Center, in conjunction with Engaged Public, will lead the public education and outreach efforts for the project. The National Center for Higher Education Management Systems (NCHEMS) will complete a cost driver analysis and construct the new funding allocation model.

All 1319 meetings are open to the public and information about date, time, and location will be posted on a newly created page dedicated to all things 1319 on the DHE website.

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

A draft of these Project Principles was created from the discussions held during the CCHE Retreat in July, see below and attached. The EAG has since reviewed and tightened the verbiage to ensure they accurately address what is required by the legislation and provide clear and concise guidelines upon which project decisions should be based.

DRAFT PROJECT PRINCIPLES

- Align project outcomes with Master Plan goals, specifically:

- Prioritize funding toward student completion and supporting student success, while growing the state's economy.
 - Reduce completion gaps among students from underserved communities.
 - Ensure Colorado higher education is of value, affordable, accessible, and high quality; and, seen as a public good.
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- Promote clarity, simplicity and predictability in the allocation of state funds to public institutions of higher education.
 - Evaluate Colorado public institutions of higher education on accurate and comparable data.
 - Respect the individual role and mission purposes of each Colorado public institution of higher education with regard to operational authority and flexibility.

IV. STAFF RECOMMENDATIONS

This majority of this item/report is for discussion/information only. However, formal action is needed by the Commission on the Project Principles.

A draft of these Project Principles was created from the discussions held during the CCHE Retreat in July. The EAG has since reviewed and tightened the verbiage to ensure they accurately address what is required by the legislation and provide clear and concise guidelines upon which project decisions should be based.

Staff recommends CCHE approve the Project Principles.

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:

- Expert Teams – membership lists
- Project Outreach Plan
- Bill Highlights
- Bill Deadlines
- Bill Legislative Directives
- Office of Legislative Legal Services Opinion – Total State Appropriations
- National Governor's Association – Performance Funding, PowerPoint Presentation
- Foundational Working Document
- Draft Project Principles