



*Department of Higher Education
Presentation to the
Joint Budget Committee*

December 15, 2014



COLORADO
Department of
Higher Education

Presentation Overview

Higher Education 101

- The Structure of Higher Education in Colorado
- Key Trends
- Higher Education Funding Overview

Governor's Budget Request 2015-16

- R1 - Funding Allocation Model (HB 14-1319)
- Other Budget Requests

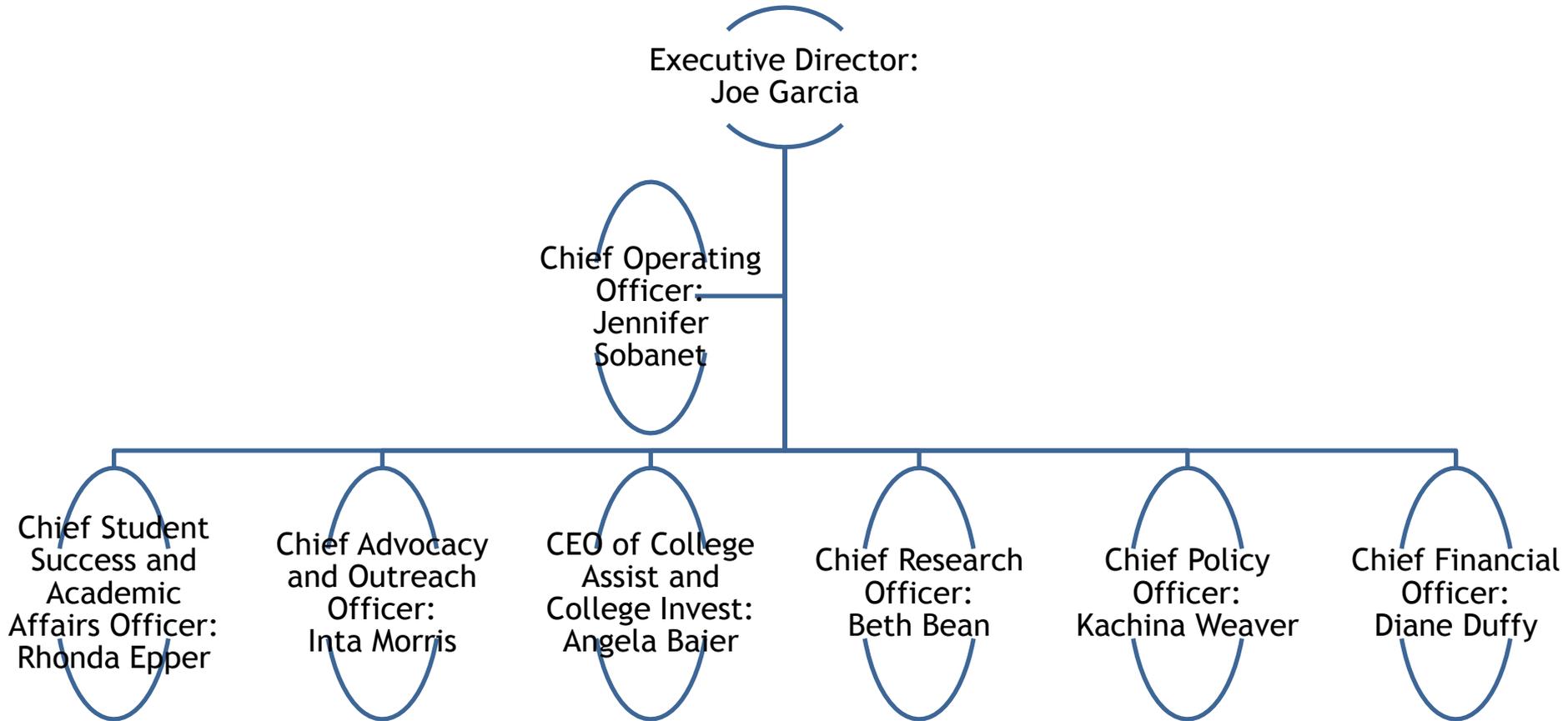
The Department of Higher Education



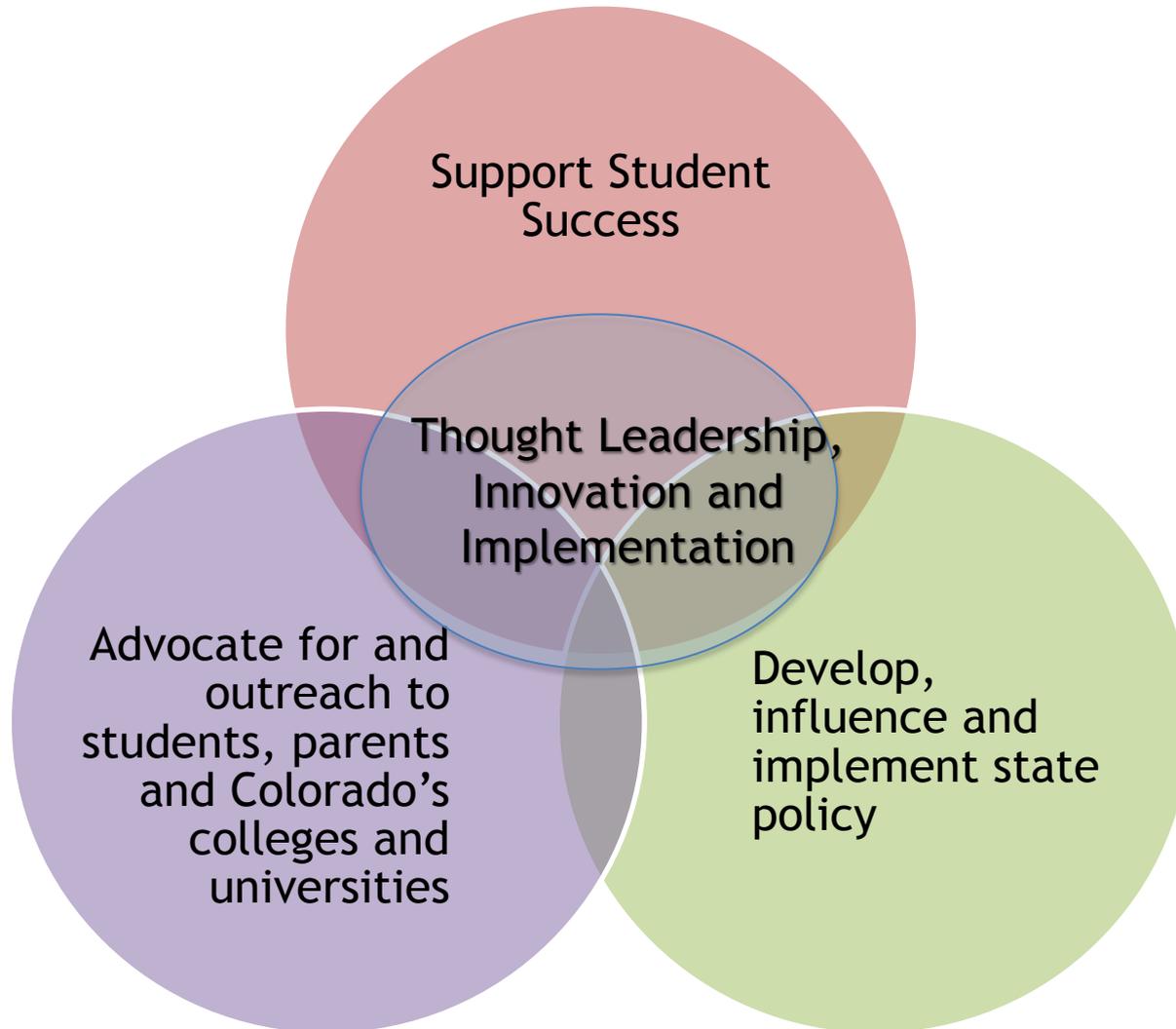
The mission of the Department of Higher Education is to improve the quality of, ensure the affordability of, and promote access to, postsecondary education for the people of Colorado.

In pursuing its mission, the Department of Higher Education will act as an advocate for the students and institutions of postsecondary education and will coordinate and, as needed, regulate the activities of the state's postsecondary education institutions.

CDHE Organizational Structure



DHE Strategic Priorities



The Colorado Commission on Higher Education

The state's central policy and coordinating board for higher education

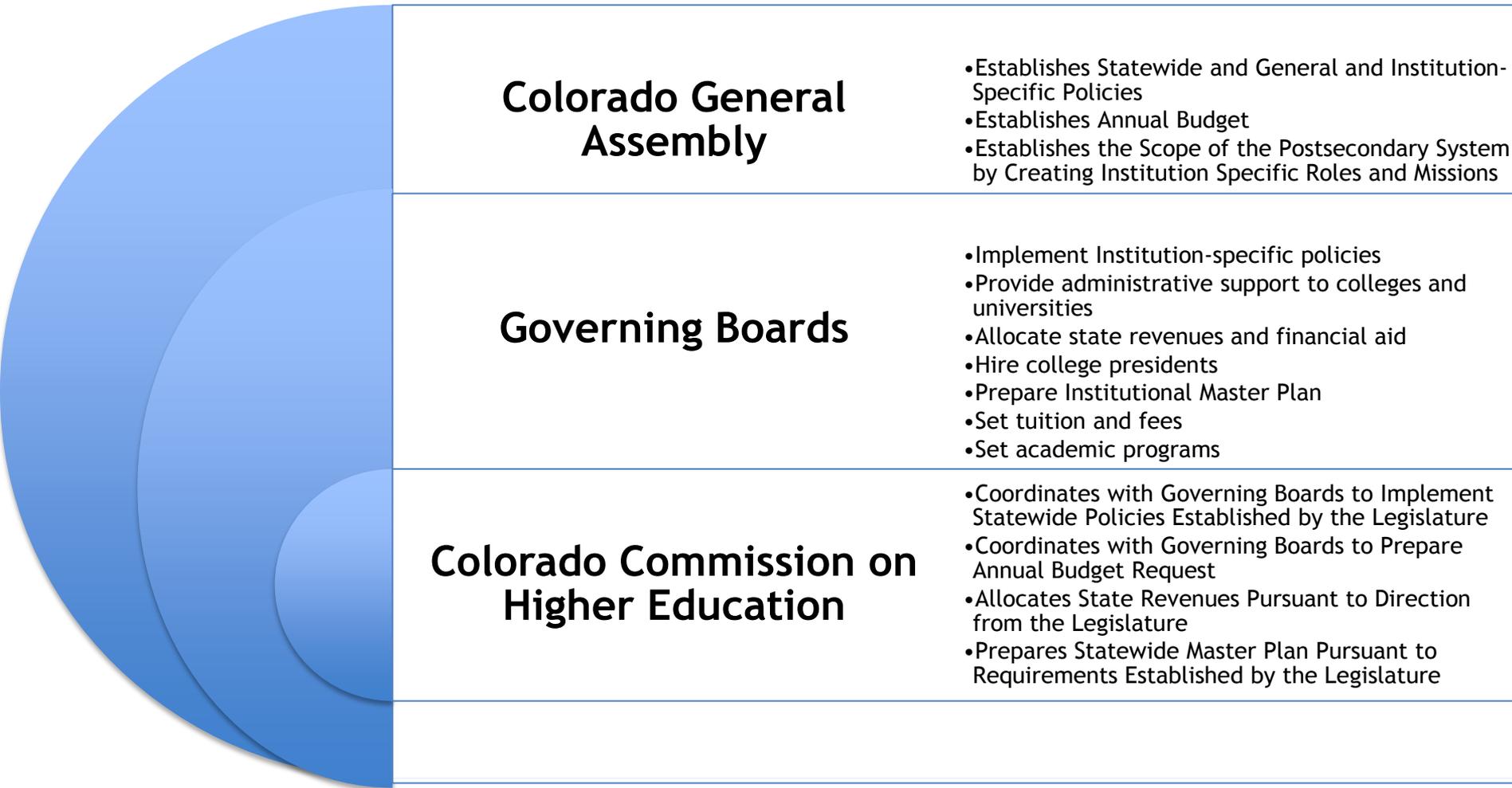
CCHE includes eleven members appointed by the Governor:

- Four-year terms, with limit of two consecutive terms.
- At least one member from each congressional district, and at least one from west of the continental divide.

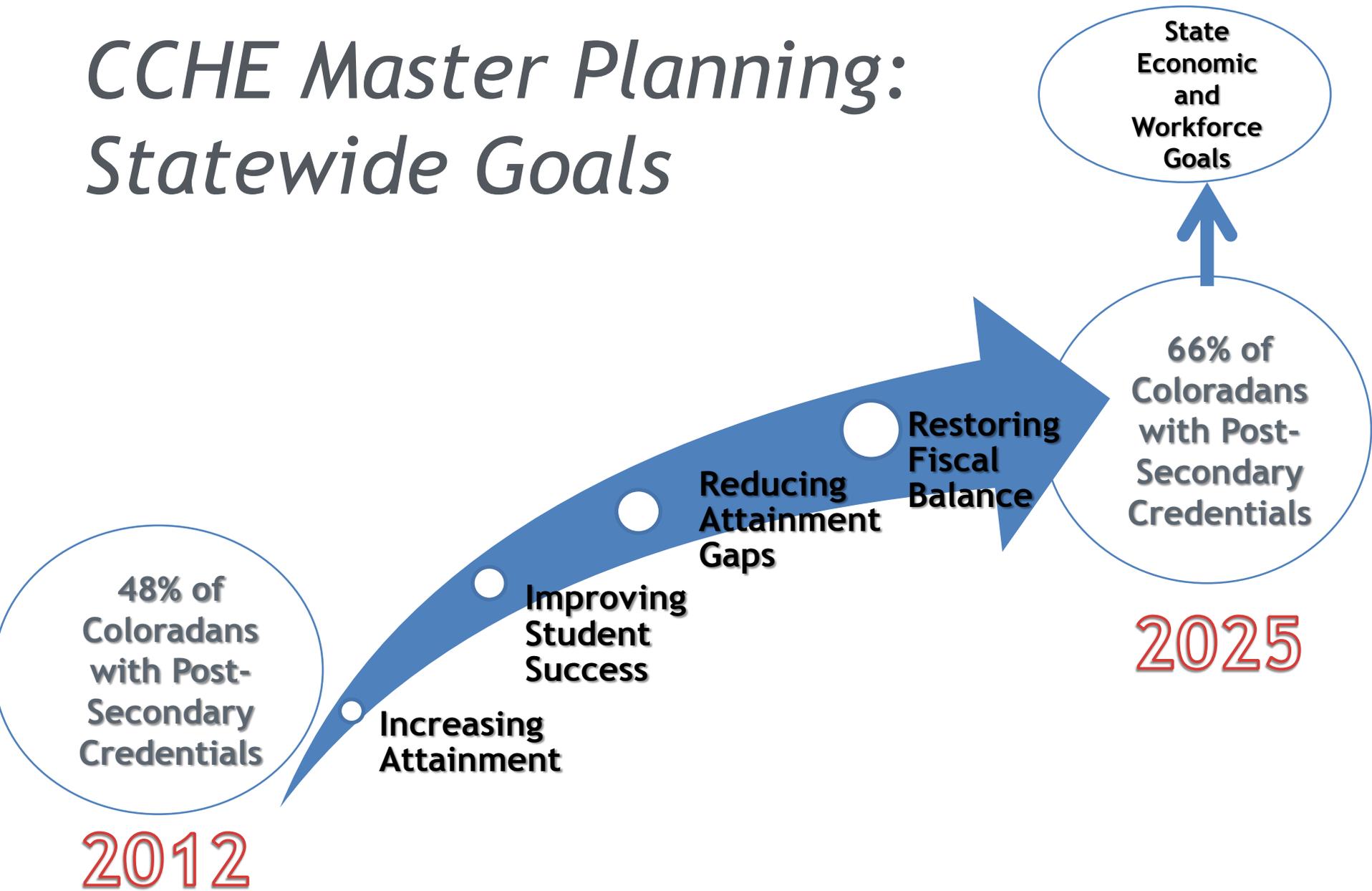
Advisory Committee includes 6 legislative representatives.

- Plus: Faculty, Student, Non-profit Private, Institutional Finance, Academic Council, K-12 and Parent Advisory members

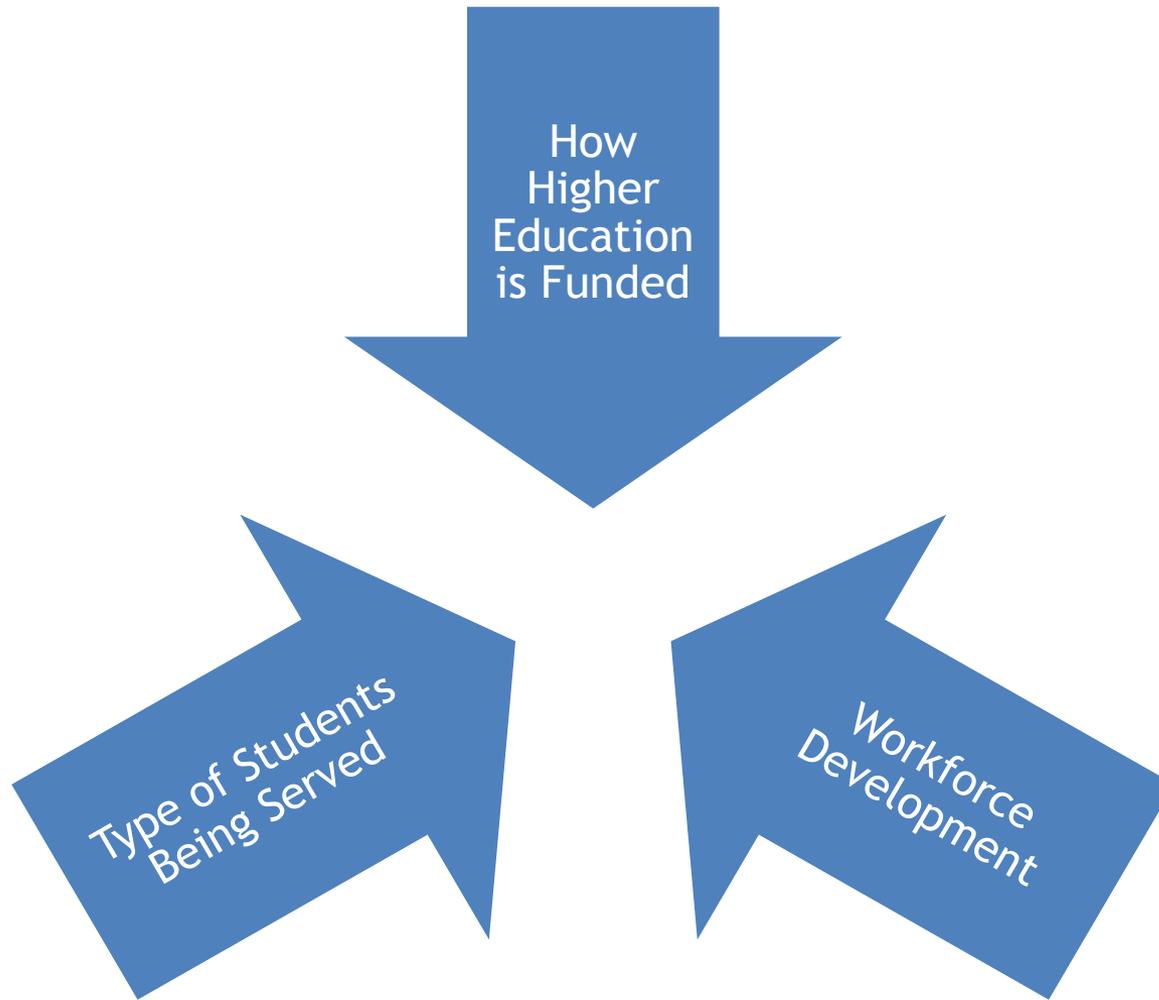
Higher Education Policy in Colorado



CCHE Master Planning: Statewide Goals



Major Issues in Higher Education



Higher Education in Colorado: Institutions

PUBLIC INSTITUTIONS

31 Public Institutions of Higher Education (established by the Colorado General Assembly and the Colorado Constitution)

- 13 four-year and research institutions
- 15 two-year public institutions
- 3 Area Vocational Schools/Colleges

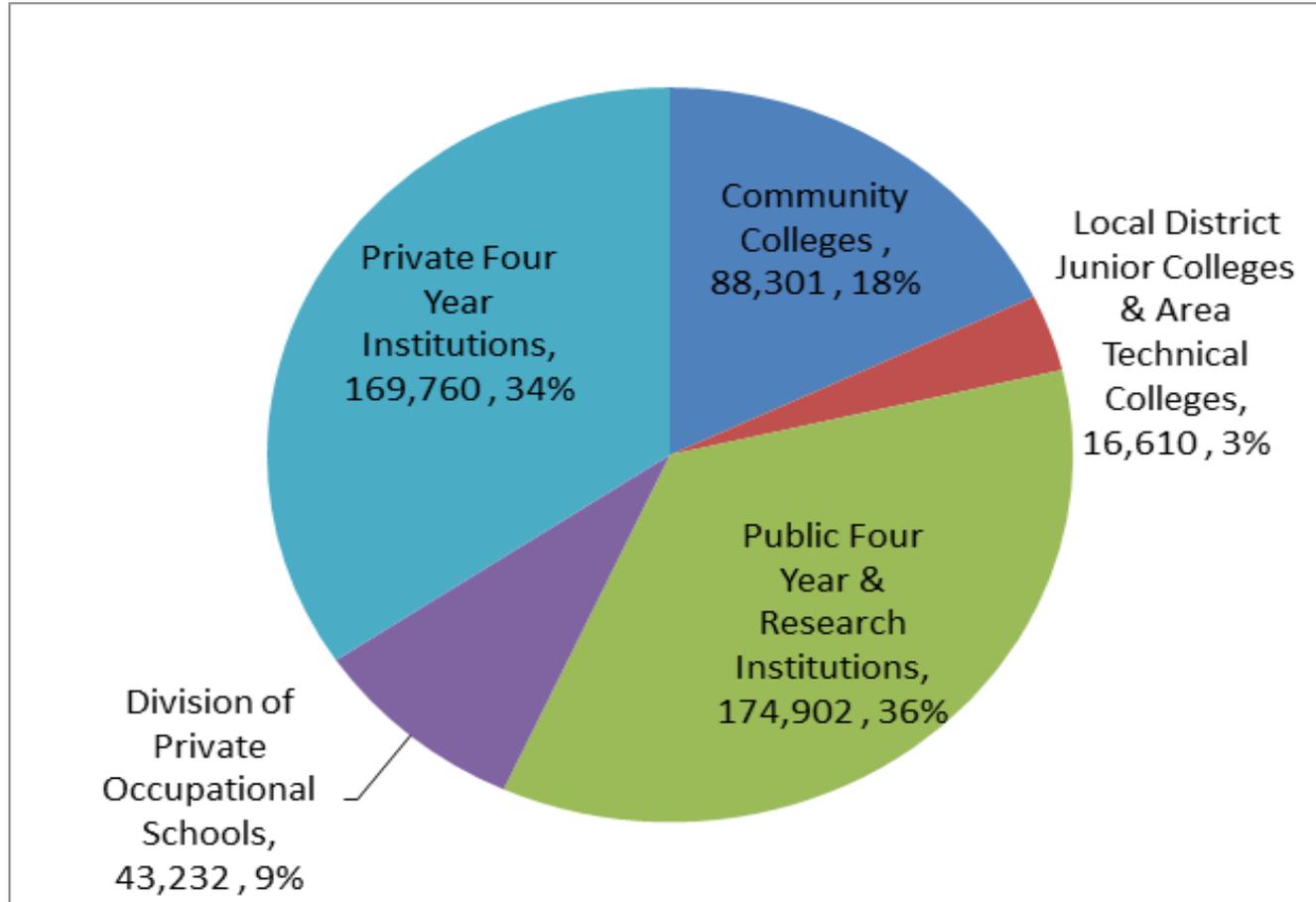
PRIVATE OCCUPATIONAL SCHOOLS

Over 375 private occupational schools (Division of Private Occupational Schools, CRS 12-59-101 et seq)

PRIVATE INSTITUTIONS

Over 100 degree-granting private colleges and religious training institutions (Degree Authorization Act, CRS 23-2-101 et seq)

Higher Education in Colorado: Students (2013-14 enrollment headcount)



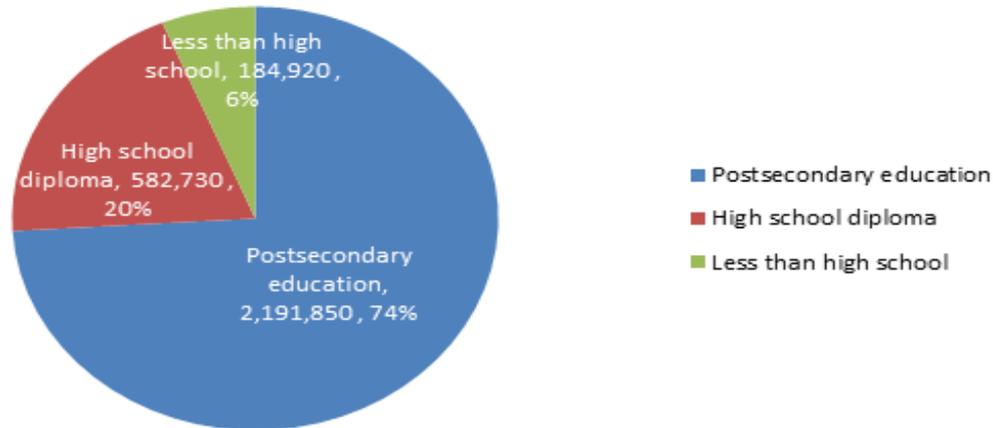
Future Labor Market in Colorado

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).

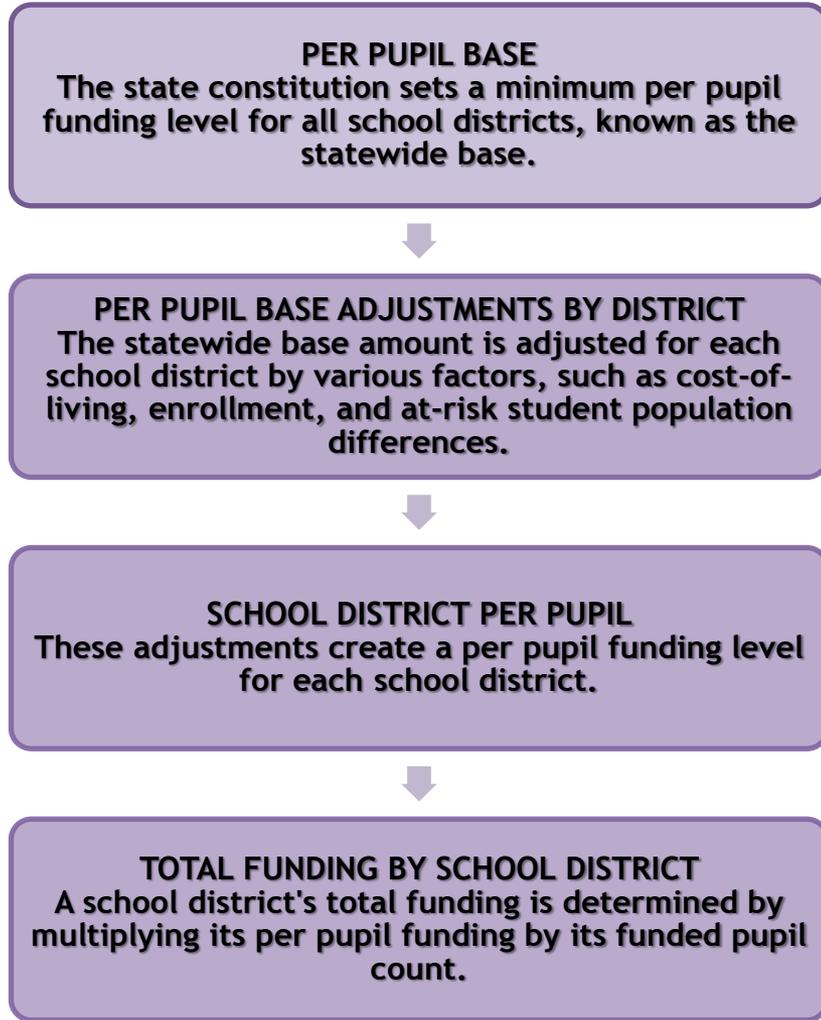
Unemployment rates are considerably lower for postsecondary degree holders demonstrating the demand for this level of education.

Future Education Levels Needed for Colorado Workforce, 2020

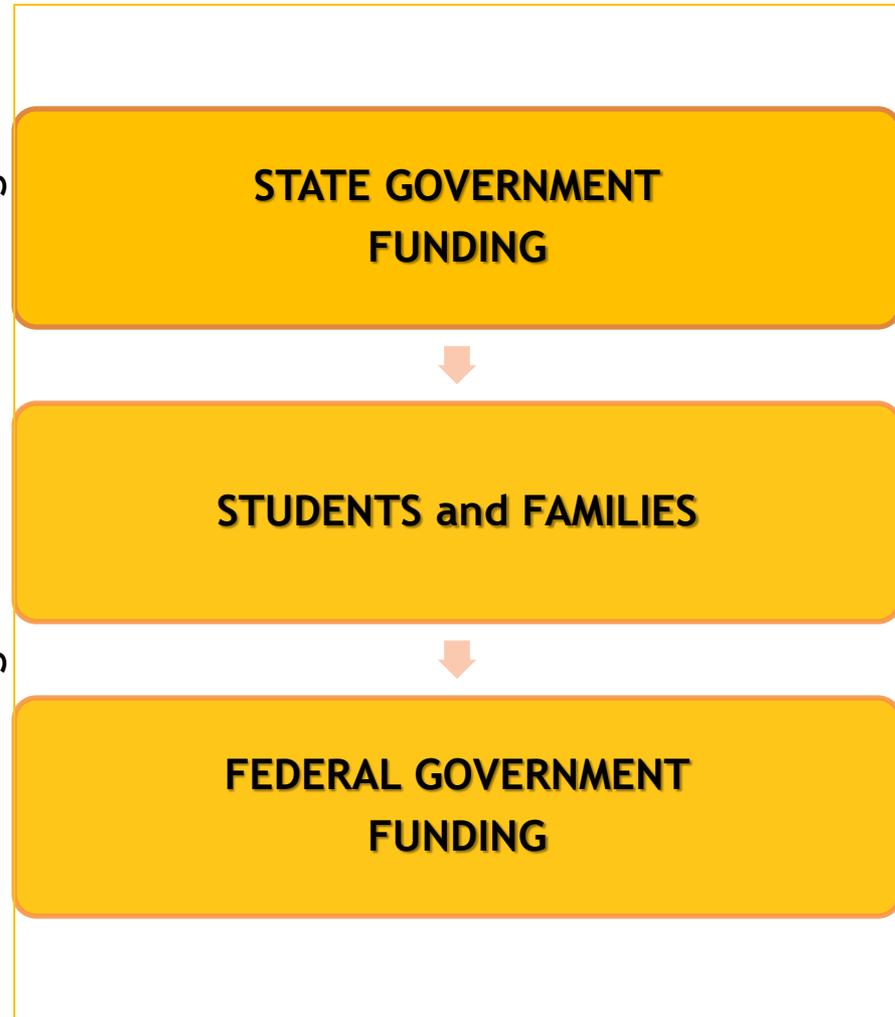


K-12 Funding-vs- Higher Education Funding

K-12 Funding

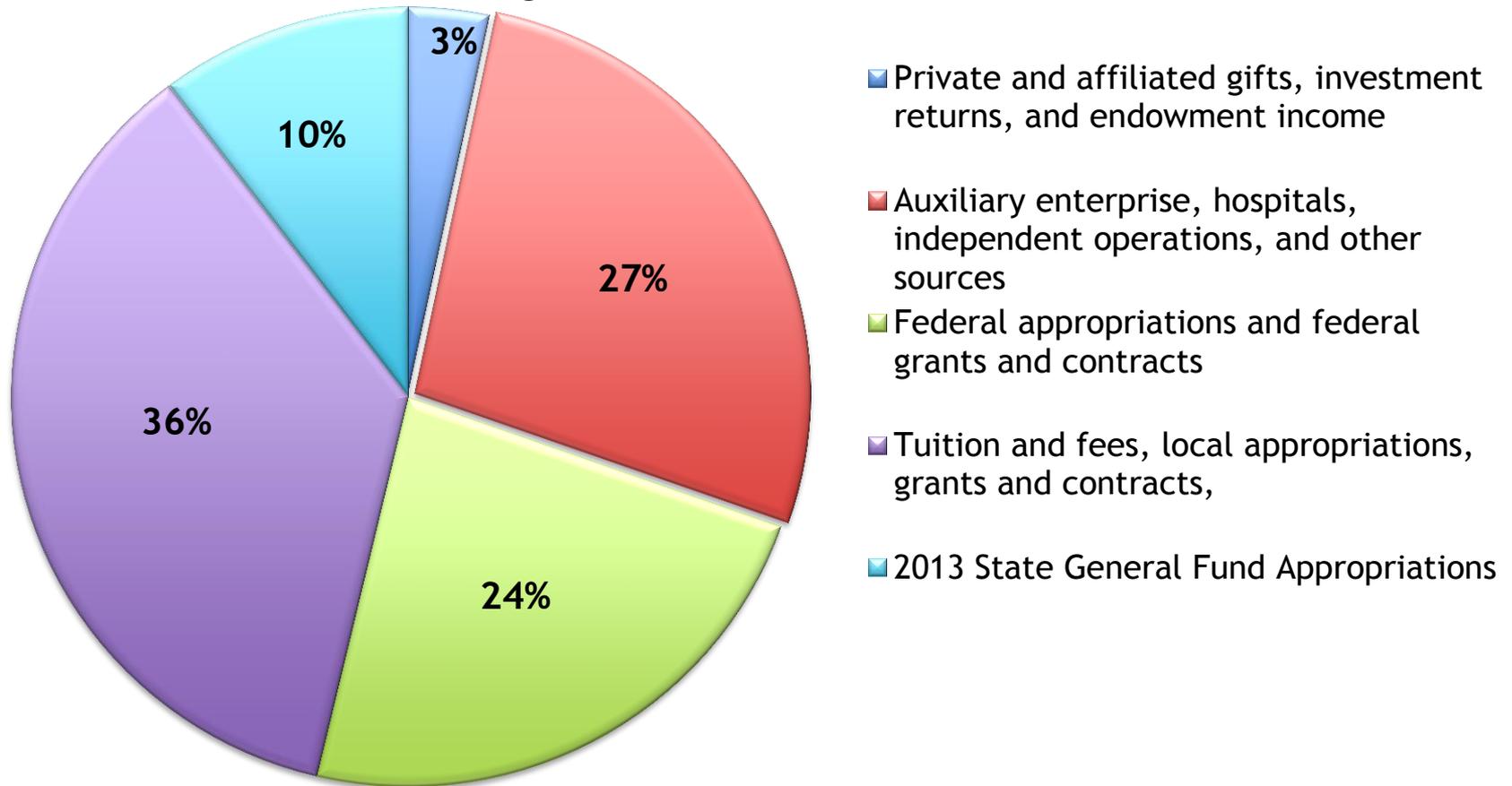


Higher Education Funding



Where Does the Money Come From?

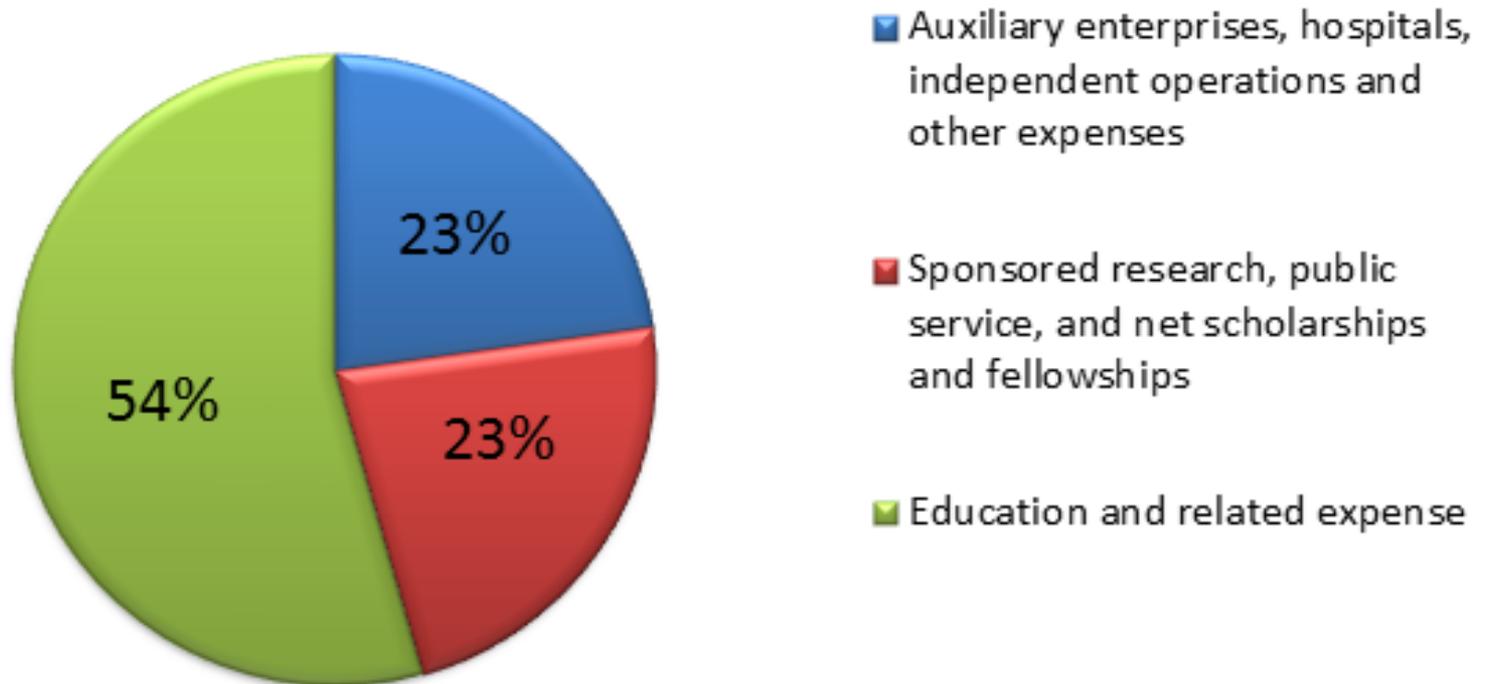
Total Revenues for Colorado Public Institutions of Higher Education in 2013



Source: IPEDS 2013 Financial Survey

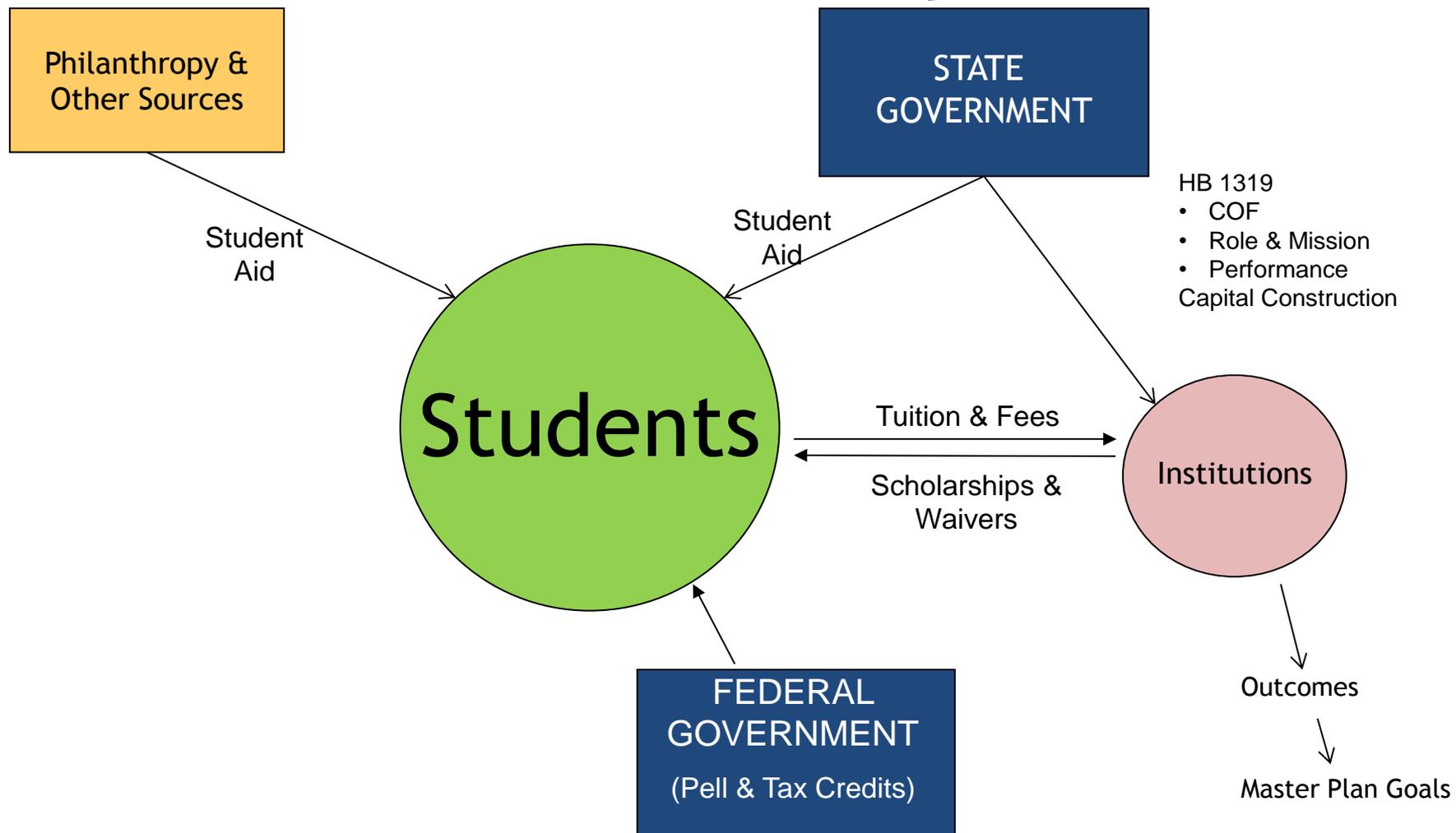
Where Does the Money Go?

Total Expense for Colorado Public Institutions in 2013



Source: IPEDS 2013 Financial Survey

How Does the Money Flow?



Governor's Budget Request for Higher Education FY 2015-16

R1

Funding for Public Institutions of Higher Education
\$75.6 million General Fund

\$60.6 million
(10%) General
Fund for
continuation of
the 6.0 percent
or lower tuition
cap

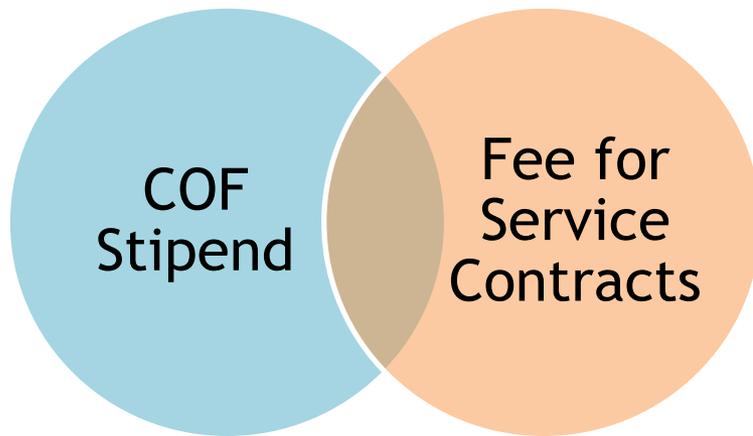


\$15.0 million in
transition
funding to
implement
HB14-1319

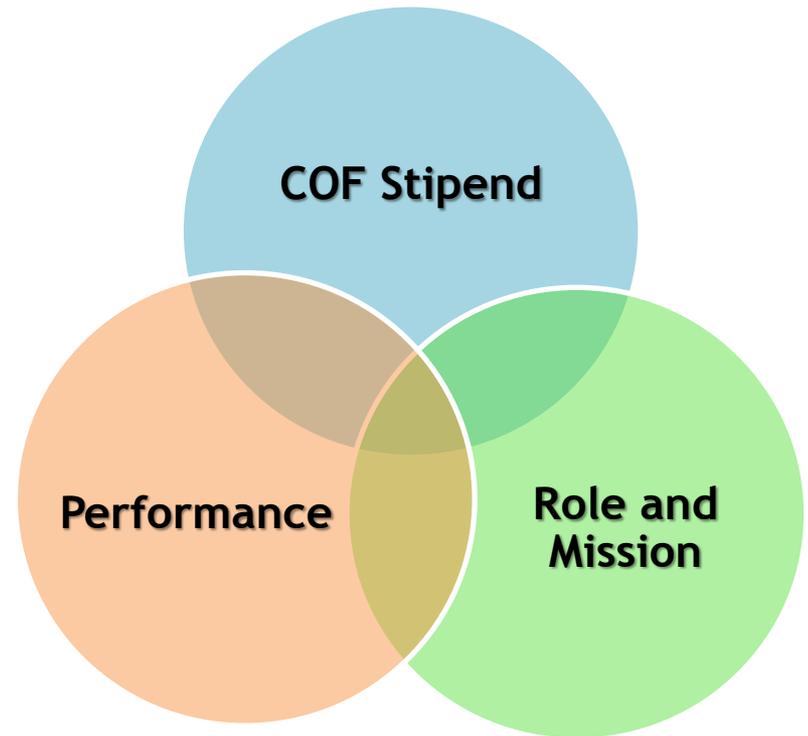


\$75.6 million
General Fund
for Public
Institutions of
Higher
Education

Higher Education Finance in Colorado: Before and After HB 14-1319



Before: 2004-2014



After: 2014

HB 14-1319 Policy Intentions

Create transparency in how state general fund dollars are spent.

Establish a funding mechanism that is understandable to Colorado taxpayers.

Base funding allocations to institutions on enrollment, retention, and performance.

Target limited resources toward shared policy goals.

Change behaviors to reflect and align with shared policy goals.

Improve the successes of our at-risk students.

Allow tuition policy to adjust to reflect the variation of the model output.

Better understand the costs and cost drivers for our institutions.

HB 14-1319 Legislative Directives

The components of the 'new' fee-for service contracts developed by the Commission **"must" be fairly balanced between role and mission factors and performance metrics.** *Section 1, Page 5, 23-18-303(2)*

COF Stipend must be at least 52.5% of Total State Appropriations for the applicable state fiscal year, except that percentage may be less than 52.5% as a result of adjustments for actual enrollment. *Section 1, Page 12, 23-18-305(2)(a)*

CCHE shall work in consultation with interested parties to determine the role and mission factors and performance funding metrics. *Section 1, Page 14, 23-18-306(2)(a)*

Each role and mission factor and performance funding metric **must be tied to the policy goals** established by the General Assembly and by the Commission in its Mater Plan. *Section 1, Page 14, 23-18-306(2)(b)(I)*

Each role and mission factor and performance funding metric **must be transparent and measurable.** *Section 1, Page 14, 23-18-306(2)(b)(II)*

Each role and mission factor may be applied differently to institutions, but **similar institutions must be treated similarly.** *Section 1, Page 14, 23-18-306(2)(b)(III)*

Each performance funding metric must be **applied uniformly to all governing boards.** *Section 1, Page 14, 23-18-306(2)(b)(IV)*

HB 14-1319 Project Deadlines

2014

May 9th - Bill Signed into Law

November 1 - Annual Budget Request Due

- CDHE and CCHE shall submit budget request for FY 2015-16
- Include draft of the factors and metrics, with their weights.
- Does not include the specific allocation to each governing board.

2015

January 1 - CCHE to adopt the factors and metrics for the new funding allocation model.

- CCHE shall determine role and mission factors and performance funding metrics for fee-for-service contracts.

January 15 - Updated budget request due with funding allocation model, as adopted by CCHE.

- CDHE and CCHE shall submit an updated budget request with the proposed funding allocation model.

November 1 (and annually) - Annual Budget Request

- CDHE and CCHE shall submit annual budget request for the following fiscal year (2016-17) that includes a detailed description of the proposed funding allocation model.

November 1 - New Tuition Policies

- CCHE shall submit to the Joint Budget Committee and the Education Committees of the House and Senate new tuition policies. These shall:
 - Ensure both accessible and affordable higher education for Colorado's residents.
 - Reflect the level of state funding for the institutions and need of each institution to enhance the quality of educational programs and offerings, and strengthen the financial position of the institution.

2016

July 1 (and annually until 2020) - Annual Report to General Assembly on Implementation and Recommendations

- CCHE shall submit a written report to the Joint Budget Committee and the Education Committees of the House and Senate on the status of the implementation of 1319 and make any recommendations for changes.

HB 14-1319 Project Overview

CDHE established a project structure and process with *purpose and intent* to:

Meet the directives of the bill;

Ensure that diverse Colorado 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.

CDHE has engaged in a very *transparent, inclusive and iterative process* involving:

Affected institutions, current and former higher education commissioners, business leaders, leaders of state higher education institutions, non profit organizations, and advocates for students, parents, faculty and provosts.

Feedback and interaction with the public through 17 regional meetings across Colorado.

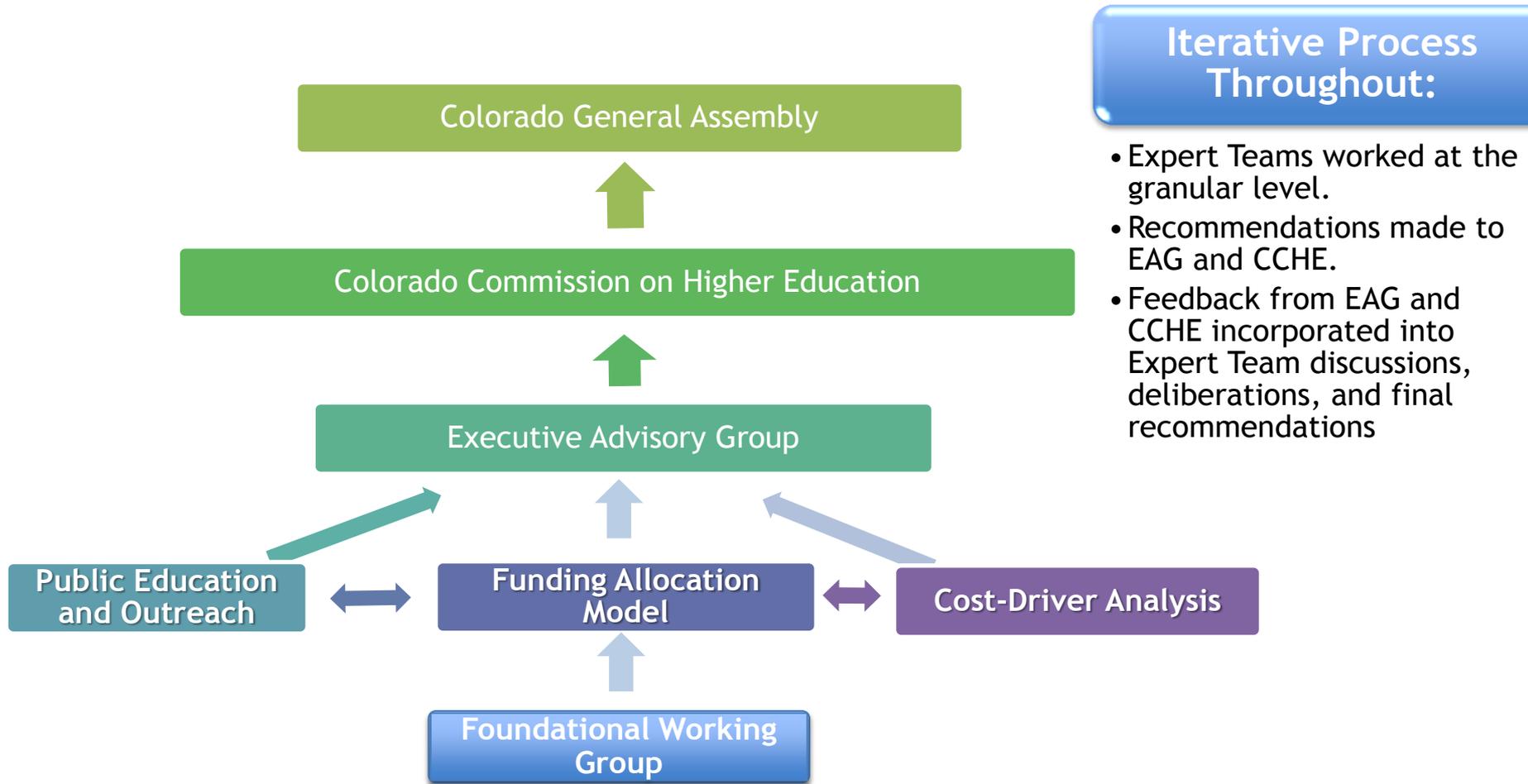
HB 14-1319 Project Principles

HB 14-1319 requires the Colorado Commission on Higher Education (CCHE) to develop a new base funding formula to allocate state general fund dollars among the State's public institutions of higher education.

In order to ensure Colorado higher education is of value, affordable, accessible, and high quality; and, seen as a public good, all decisions regarding the development of this new funding formula should:

- Align project outcomes with Master Plan goals, which are:
 - Increase the attainment of high quality postsecondary credentials across the academic disciplines and throughout Colorado by at least 1,000 new certificates and degrees each year to meet anticipated workforce demands by 2015.
 - Improve student success through better outcomes in basic skills education, enhanced student support services and reduced average time to credential for all students.
 - Enhance access to ensure that the system reflects the changing demographics of the state while reducing attainment gaps among students from underserved communities.
 - Develop resources, through increases in state funding, that will allow public institutions of higher education to meet projected enrollment demands while promoting affordability, accessibility and efficiency.
- 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.

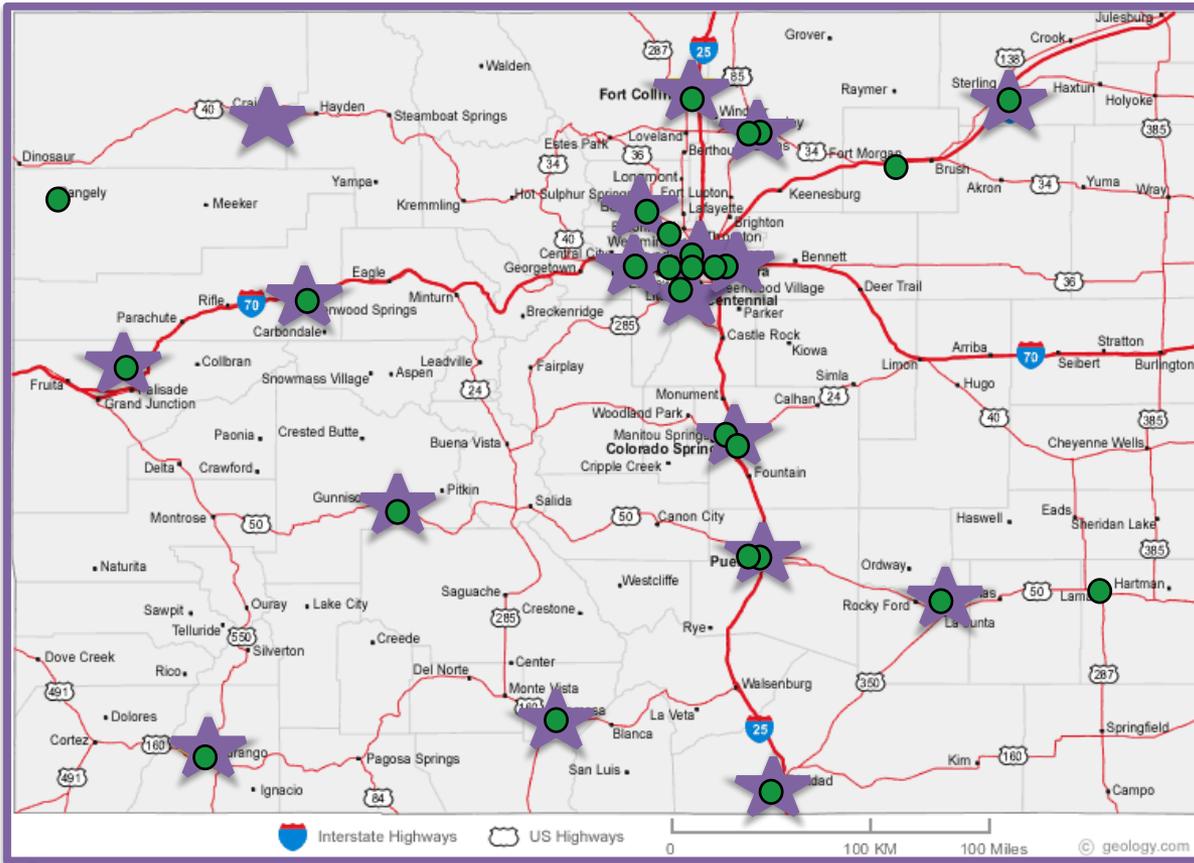
HB 14-1319 Project Process



Iterative Process Throughout:

- Expert Teams worked at the granular level.
- Recommendations made to EAG and CCHE.
- Feedback from EAG and CCHE incorporated into Expert Team discussions, deliberations, and final recommendations

HB 14-1319 Feedback from Public Education and Outreach



Affordability

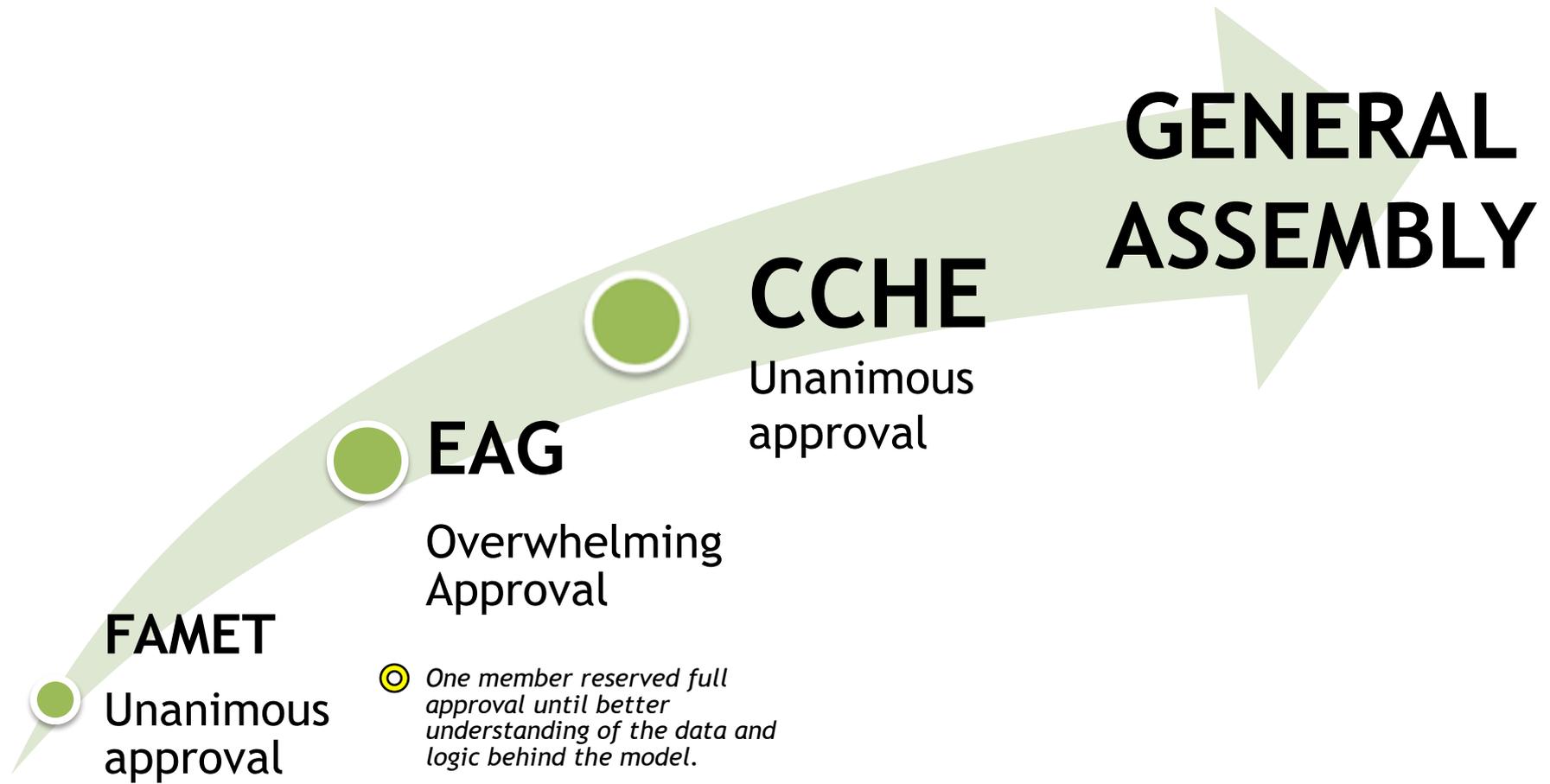
Increasing Completions

Providing Needed Services to Low Income and Under Represented Minority Students

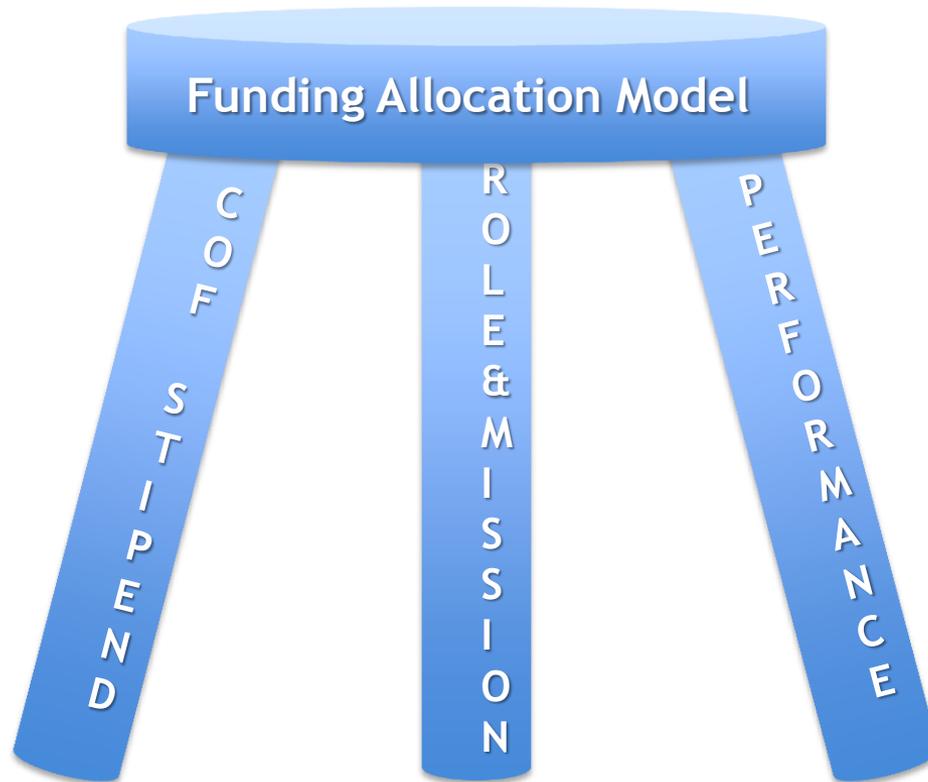
Access to higher education in all geographic areas of the state

- ★ Location of public education and outreach meeting
- Public Institution of Higher Education (main campus)

HB 14-1319 Approval of Model



Three Legged Stool



HB 14-1319 Project Process

FUNDING ALLOCATIONS

Total Appropriations for Higher Education

Full Appropriations for Higher Education	\$666,473,827
Specialty Education Programs Amount	\$114,841,868
Local District Junior College Amount	\$15,449,050
Area Vocational Schools Amount	\$9,882,063
New Total State Appropriations for Model (TSA)	\$525,960,502

Budget Percentage Increase

10.00%

SEP Additional Increase

0.00%

COF Stipend

Total Awarded from COF Stipend	\$294,835,172
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COF Stipend per Credit Hour

\$75

Percent of Appropriation Dedicated to COF Stipend

	56.1%
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COF Stipend must be 52.5% or greater.

Role & Mission and Performance Allocations

Total in Role and Mission Allocation	\$138,675,198
Total: Performance	\$92,450,132

Role and Mission Split Percentage

60%

Performance Split Percentage

40%

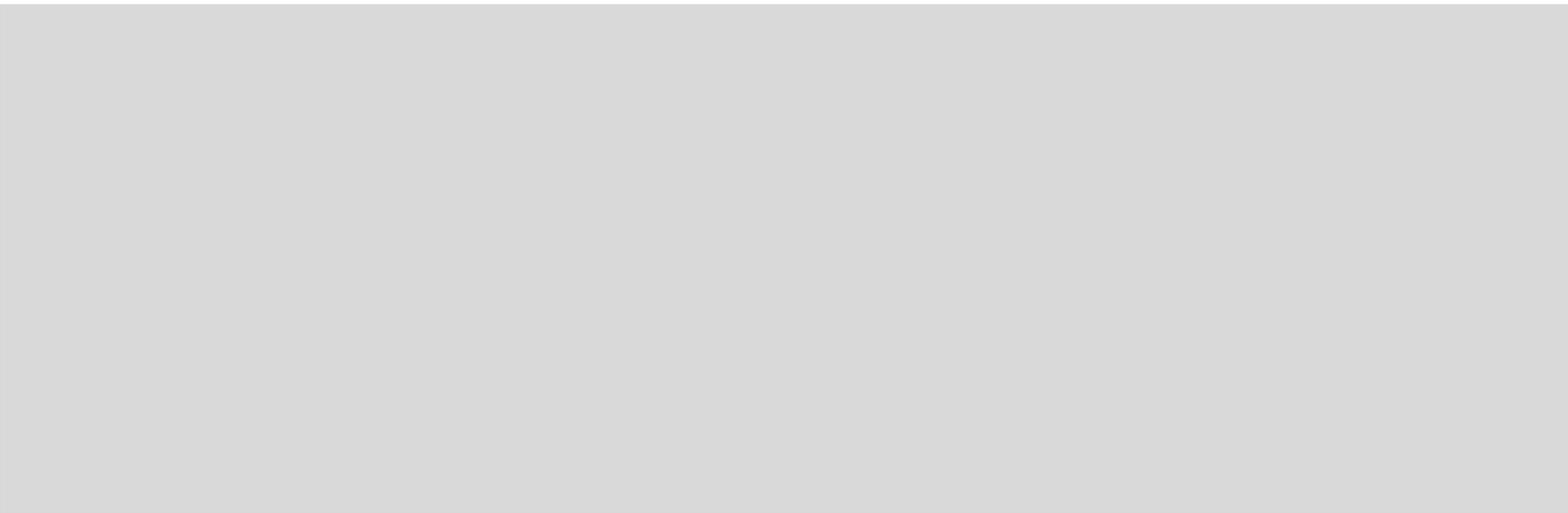
ROLE AND MISSION

- Adams TSF
\$4,000,000
- Community College TSF
\$1,000,000
- CSU TSF
\$1,000,000
- CU TSF
\$1,500,000
- Fort Lewis TSF
\$0
- Mesa TSF
\$1,000,000
- Metro State TSF
\$0
- Mines TSF
\$2,250,000
- Northern TSF
\$6,000,000
- Western TSF
\$2,750,000

Governing Board	Dollars Awarded to Pell	Dollars Awarded to URM	Dollars Awarded to Tuition Stability Factor	Dollars Awarded to Weighted Credit Hours	Total Awarded from Role and Mission
Adams State University Board	\$211,403	\$76,041	\$4,000,000	1,685,890	5,973,333
Colorado Mesa Board	\$683,813	\$125,348	\$1,000,000	3,301,272	5,110,432
Colorado School of Mines Board	\$156,315	\$39,536	\$2,250,000	5,936,977	8,382,828
Colorado State University Board	\$1,502,228	\$420,964	\$1,000,000	19,104,332	22,027,524
Community College System Board	\$6,049,851	\$1,457,556	\$1,000,000	19,118,805	27,626,012
Fort Lewis College Board	\$170,085	\$42,894	\$0	2,344,325	2,557,104
Metro State University Board	\$1,603,703	\$478,489	\$0	8,288,946	10,351,137
University of Colorado Board	\$2,168,768	\$802,025	\$1,500,000	34,695,166	38,965,959
University of Northern Colorado Board	\$668,858	\$197,914	\$6,000,000	6,701,735	13,568,506
Western State Board	\$113,426	\$17,936	\$2,750,000	1,215,815	4,097,178
Grand Total	\$13,328,247	\$3,458,502	\$19,500,000	102,373,264	138,660,012

Pell Carveout
10.0%

URM Carveout
5.0%



Transfer Weight
0.25

Certificate Weighting
0.25

Associate Weight
0.5

Baccalaureate Weight
1

Grad. Certificate Weight
0.25

Master Weight
1.25

Specialist Weight
1.25

Doctorate Weight
1.25

- Governing Board**
- Adams State University Board
 - Colorado Mesa Board
 - Colorado School of Mines Board
 - Colorado State University Board
 - Community College System Board
 - Fort Lewis College Board
 - Metro State University Board
 - University of Colorado Board
 - University of Northern Colorado Board
 - Western State Board

PERFORMANCE

Governing Board	Dollars Awarded to Completion and Retention	Dollars Awarded to Volume Adjusted Awards	Dollars Awarded to Performance
Adams State University Board	\$886,918	\$4,084,926	\$4,971,844
Colorado Mesa Board	\$1,763,202	\$2,958,490	\$4,721,692
Colorado School of Mines Board	\$1,843,221	\$4,092,928	\$5,936,149
Colorado State University Board	\$10,106,570	\$4,019,374	\$14,125,944
Community College System Board	\$12,790,857	\$2,365,758	\$15,156,616
Fort Lewis College Board	\$1,117,738	\$3,772,986	\$4,890,724
Metro State University Board	\$5,215,357	\$3,657,082	\$8,872,438
University of Colorado Board	\$17,432,939	\$3,999,761	\$21,432,700
University of Northern Colorado Board	\$3,674,925	\$4,035,815	\$7,710,740
Western State Board	\$632,278	\$3,988,884	\$4,621,162

Completion Weight
85%

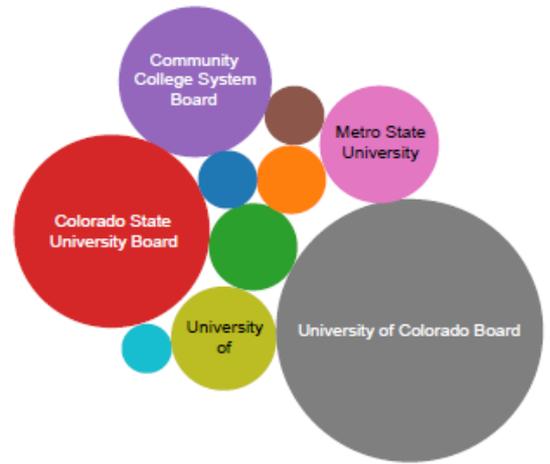
Retention Weight
15%

URM Bonus
1.5

Pell Bonus
1.5

Priority Bonus
1.5

Total Weighted Completions



Volume Adjustment Factors

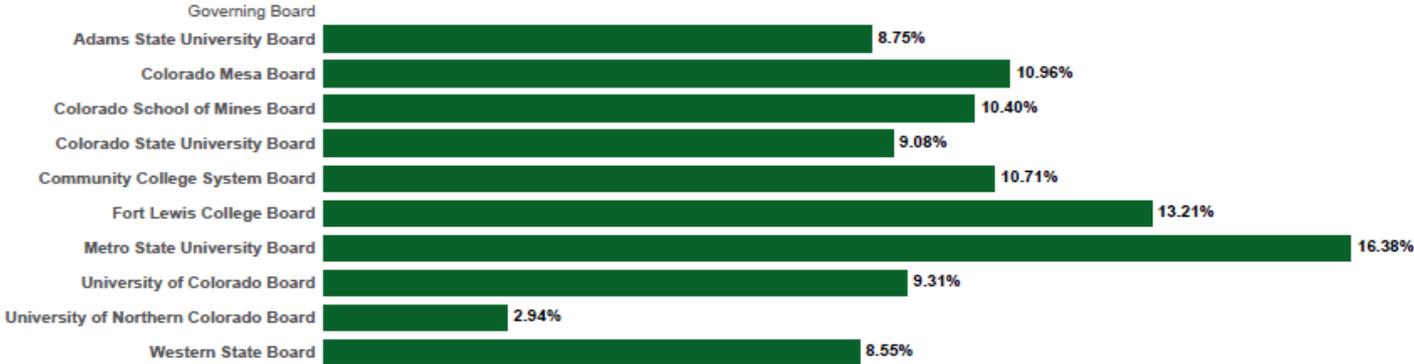
Awards per SFTE	\$36,976,003
Completion & Retention	\$55,464,005
Total: Performance	\$92,440,008

Two-Pass Total on SFTE
100.27307

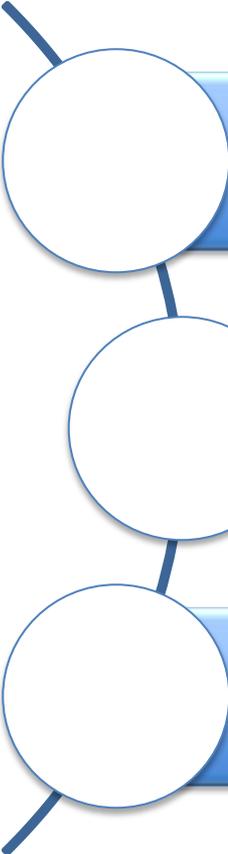
Volume Adjustment
40%

Volume Adjustment Total
100.27307

FUNDING BY GOVERNING BOARD							
Governing Board	Total Awarded from COF Stipend	Total Awarded from Role and Mission	Dollars Awarded to Performance	Total Allocation from Model	Total Allocation with SEP	Previous Year's Allocation	Percentage Change
Adams State University Board	\$3,014,775	\$5,973,333	\$4,971,844	\$13,959,952	\$13,959,952	\$12,837,321	8.75%
Colorado Mesa Board	\$14,609,400	\$5,110,432	\$4,721,692	\$24,441,524	\$24,441,524	\$22,027,253	10.96%
Colorado School of Mines Board	\$6,291,600	\$8,382,828	\$5,936,149	\$20,610,577	\$20,610,577	\$18,669,466	10.40%
Colorado State University Board	\$44,015,100	\$22,027,524	\$14,125,944	\$80,168,567	\$133,499,085	\$73,496,160	9.08%
Community College System Board	\$109,407,525	\$27,626,012	\$15,156,616	\$152,190,153	\$152,190,153	\$137,465,917	10.71%
Fort Lewis College Board	\$4,545,825	\$2,557,104	\$4,890,724	\$11,993,653	\$11,993,653	\$10,594,613	13.21%
Metro State University Board	\$31,613,100	\$10,351,137	\$8,872,438	\$50,836,675	\$50,836,675	\$43,681,225	16.38%
University of Colorado Board	\$61,134,600	\$38,965,959	\$21,432,700	\$121,533,258	\$183,044,608	\$111,178,395	9.31%
University of Northern Colorado Board	\$17,177,550	\$13,568,506	\$7,710,740	\$38,456,796	\$38,456,796	\$37,357,034	2.94%
Western State Board	\$2,772,600	\$4,097,178	\$4,621,162	\$11,490,940	\$11,490,940	\$10,585,430	8.55%



HB 14-1319: Incentivizing Performance



Increases postsecondary credential attainment by rewarding institutions for the credentials granted

Improves student success and outcomes by rewarding student retention/progress

Encourages institutions to increase the number of low-income and minority students served.

Model Strengths

- Introduces performance funding in a meaningful way.
- Represents a consensus of affected governing boards.
- Follows the intent of the statues and input from stakeholders.
- Connects with the CCHE Master Plan.
- Compliance with SB 1.
- Model is customizable and flexible, given the prescriptive legislation.
- Allows for dynamic forecasting.
- Tuition Predictability.
- Uses unit record data.

HB 14-1319 Funding Allocation Model and \$15 Million Transitional Funds

HB 14-1319 Funding Allocation Model

Transitional Funds (\$15m)

COF Stipend

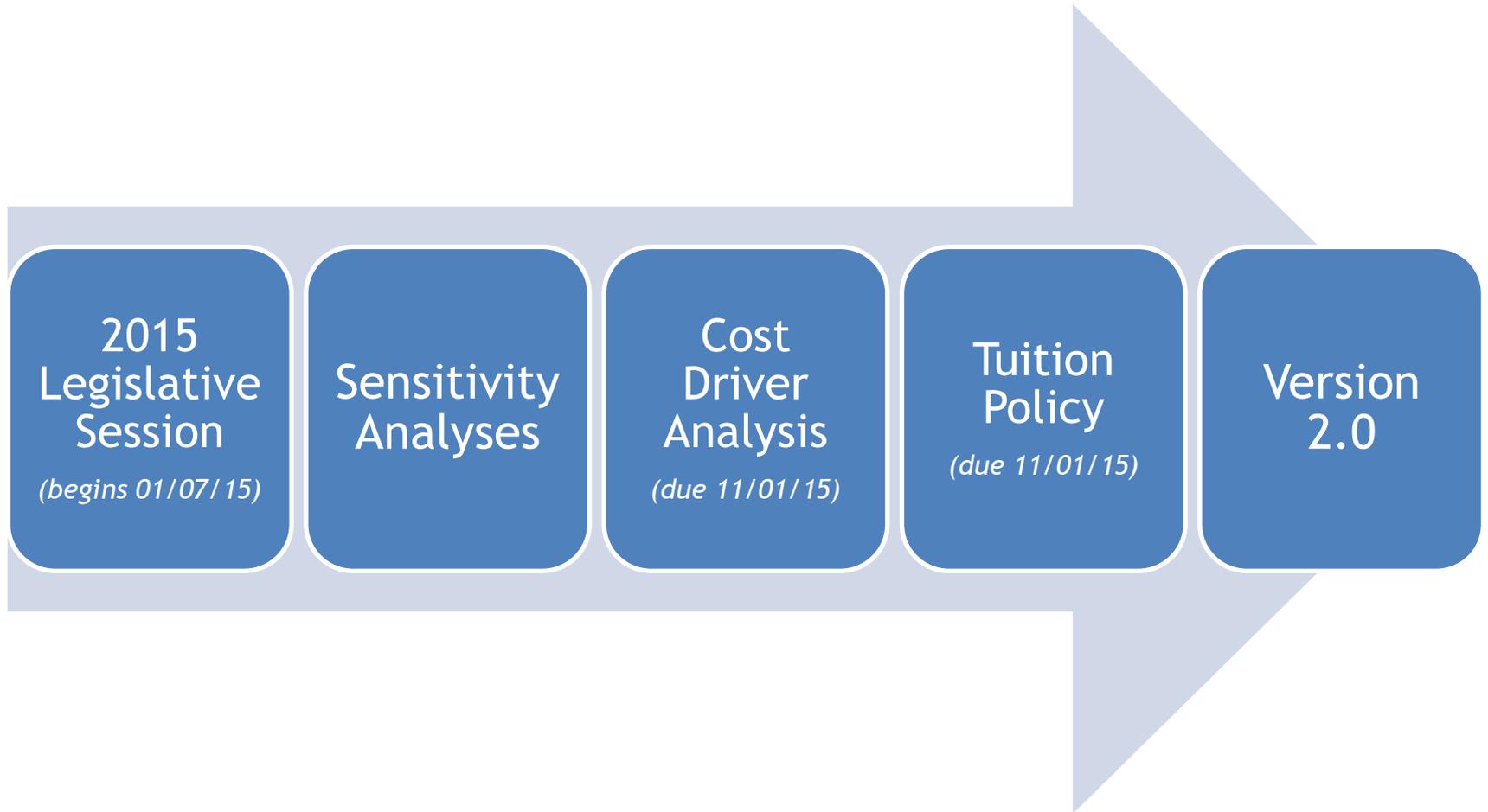
Role and
Mission

Performance

Bring all
governing
boards to at
least a 10 %
increase.

Competitive,
Performance-
Based Fee for
Service
Contracts

HB 14-1319 Next Steps

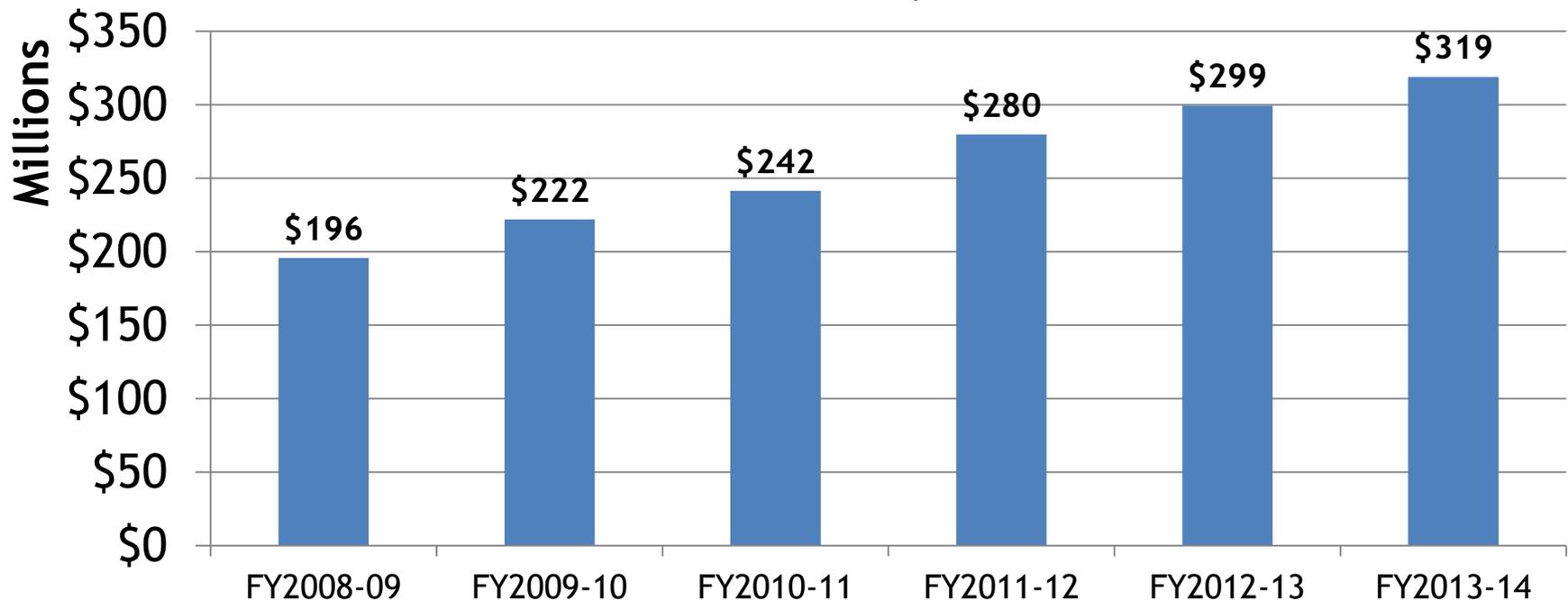


Other Governor's Budget Requests for Higher Education FY 2015-16

R2

College Opportunity Scholarship Initiative
\$30.0 million General Fund

Institutional Aid History-Public Institutions



Other Governor's Budget Requests for Higher Education FY 2015-16

R3

Maintain DHE Data and Research Functions
\$0.2 million Re-appropriated Funds

R4

Geologic Hazard Mitigation, Colorado Geological
Survey at CSM
\$0.1 million General Fund

R5

Fort Lewis Native American Waiver
\$1.1 million General Fund



Questions



COLORADO
Department of
Higher Education