



PROJECT 14-1319 HIGHER EDUCATION FUNDING

August 22, 2014

TO: CCHE Commissioners
FROM: Kachina Weaver, 1319 Project Manager
RE: Project Update

This bi-weekly update is intended to keep the Commissioners of the Colorado Commission on Higher Education informed about the activities and progress of the HB 14-1319 Project. A complete update will also be provided at each Commission meeting.

If you have any questions, do not hesitate to contact me directly at (303) 866-4030 or Kachina.Weaver@dhe.state.co.us.

PROJECT VENDORS

After completing two very rigorous RFP processes, two well-respected and highly qualified consulting firms were brought on board – The Keystone Center, in conjunction with Engaged Public, will be leading the Public Education & Outreach efforts; and the National Center for Higher Education Management Systems (NCHEMS) will be conducting the Cost Driver Analysis and creating the new Funding Allocation Model.

PROJECT STRUCTURE & PROCESS

To achieve the best results for Colorado, and truly ensure that voices are heard and incorporated into the end result, the Colorado Department of Higher Education (CDHE) has established a project structure and process 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.

The bill 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.”*

As a part of this structure, three working groups of “subject matter experts” will work with our vendors 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 higher education priorities of the stakeholders across 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 role of higher education and its importance to our state and our economy. Commissioners are encouraged to attend these public forums, as they take place throughout the state, and will share the schedule with you as soon as it is solidified.

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. 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.

Funding Allocation Model Team – The heart of what has been charged in 1319 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 subject matter expert teams will report to the Executive Advisory Group (EAG) - an advisory group comprised of legislators, current and former 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 consideration and final adoption.

Lastly, 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 to the General Assembly 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” that have been fully vetted inclusively and transparently.

All 1319 meetings are open to the public and information about date, time, and location are posted on the webpage created for all things 1319:

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

EXECUTIVE ADVISORY GROUP (EAG):

The EAG has held three meetings so far. The first was an organizational meeting held on July 17th, the second was their participation in the 1319 Kick-Off meeting with the CCHE, and the third was a conference call on August 14th.

The August 14th meeting began with an in-depth explanation of the project structure and process; an introduction of the project vendors; an explanation of the Colorado Sunshine Law and its applicability to the EAG; how to address press calls; and getting lobbied. The Group discussed the draft Project Principles, which will be included in the Commission meeting book for the Commission to adopt during the September 4, 2014 meeting. Please note that these “guiding principles” have been synthesized by the work from the July 24 kick-off meeting, the subsequent debrief with CCHE on July 25, some additional tweaks by the Lt Governor to come to these principles, and finally a last examination by the EAG. In addition, another overview of the “shalls” in the bill were outlined and discussed as the driving directives of the bill. The National Governor’s Association provided a WebX presentation on performance funding, which will also be given to CCHE during the September Commission meeting - what is happening nationally; specifics on model aspects to consider; and lessons learned. There was no public comment received during this meeting.

The next EAG meeting is scheduled for August 28th, from 1-3pm in the CDHE offices.

FOUNDATIONAL WORK:

Three 3-hour meetings were held in June and early-July with institutional chief financial officers and data research representatives to walk through the metrics and factors outlined in the legislation and work to establish reasonable definitions that could be supported by accurate and reliable data.

The “foundational work” done by the CFO’s and institutional research representatives, at the forefront of this project, was an important launch of the conversations that will now continue into the next phase of the project. The resulting document from these meetings will now be shared with the Funding Allocation Modeling Team as the launching place for their discussions.

For informational purposes only, the document was shared with the CFO’s during their monthly meeting on August 19th and will be shared with the CEO’s during their monthly meeting on August 28th. In addition, both the EAG and CCHE will be provided an in-depth briefing on the document at each of their upcoming meetings.

PUBLIC EDUCATION & OUTREACH TEAM

The Public Education & Outreach Team had its first meeting on August 14. At that meeting the team reviewed and edited a list of key informants (i.e. key people to interview) and developed a list of questions for these interviews.

Keystone/Engaged Public is currently reaching out to these individuals and we hope to have all of these interviews concluded within the next two weeks.

The next meeting of this group will focus on setting the locations for the regional outreach meetings. Approximately 20 locations across the state have been identified. Once these are agreed upon by the Team, dates and particulars will be put in place.

The Team Leader for this Team is Inta Morris.

The membership of this team is as follows:

- **Business Advocate and CCHE Representative** - Luis Colon - Business Consultant, Xcelente Marketing
- **Non-Profit Organization** - Wade Buchanan - President, Bell Policy Center
- **Research Institutions** - Mike Martin - Chancellor, Colorado State University System
- **Four-Year Institutions** - Greg Salsbury - President, Western State Colorado University
- **Legislator** - Millie Hamner - State Representative, Chair House Education Committee, Colorado General Assembly
- **Student Representative** - Taryn Flack
- **Parent Representative** - Ruth Annette Carter
- **Faculty Representative** - Jeff London - MSU, Denver
- **Provost Representative** - Diane Hegeman - Arapahoe Community College

COST DRIVER ANALYSIS TEAM

The Cost Driver Analysis Team will have their first meeting on Wednesday, August 27th from 1-4PM in the CDHE offices. This will be an organizational meeting – identifying the purpose of this undertaking, understanding roles and responsibilities of the group, and establishing meeting dates/times. NCHEMS will provide a PowerPoint from which the discussion about the pieces and parts can launch.

The Team Leader for this Team is Diane Duffy.

The membership of this team is as follows:

- **Business Advocate and CCHE Representative** - Patty Pacey – Commissioner, CCHE
- **Governor's Representative** - Alexis Senger – Chief Analyst, Office of State Planning and Budget
- **Institution Representatives**
 - Jeanne Adkins – Consultant, Colorado Mesa University
 - Julie Feier – Associate Vice President of Finance and Administration, Western State Colorado University
 - Peter Hahn – Chief of Staff and Vice-President of External Relations, Colorado Schools of Mines
 - Heather Heersink – Budget Director, Adams State University
 - Chad Marturano – Senior Director of Budget and Strategic Planning, University of Colorado System
 - George Middlemist – Associate Vice President of Administration and Finance and Controller, Metro State University
 - Bridget Mullen – Director of Budget and Finance, Colorado State University System

- Steve Schwartz – Vice President of Finance and Administration, Fort Lewis College
- Mark Superka – Chief Financial Officer, Colorado Community College System
- Cindy Thill – Special Assistant to the Senior Vice President for Administration, University of Northern Colorado

FUNDING ALLOCATION MODELING TEAM

The Funding Allocation Modeling Team will hold their first meeting on Friday, September 5th from 1-4pm in the CDHE offices. This will also be part organizational meeting and part laying the foundation for the work ahead – on the agenda we will have a presentation of “Total State Appropriations” and a discussion of the Foundational Working Document.

The Team Leader for this Team is Beth Bean.

The membership of this team is as follows:

- **Business Advocate and CCHE Representative** - Hereford Percy – Commissioner, CCHE
- **Legislator** - Nancy Todd - State Senator, Senate Education Committee, Colorado General Assembly
- **Governor’s Representative** - Alexis Senger - Office of State Planning and Budgeting
- **Institution Representatives**
 - Jeanne Adkins – President Strategic Options and Solutions, Colorado Mesa University
 - Brad Baca – Executive Vice President, Chief Operating Officer, Western State University
 - Ed Bowditch – Legislative Liaison, Fort Lewis University
 - Steve Kreidler – Vice President of Administration, Finance and Facilities, Metropolitan State University of Denver
 - Bill Mansheim – Vice President for Finance and Government Relations, Adams State University
 - Michelle Quinn – Senior Vice President, Chief Financial Officer, University of Northern Colorado
 - Todd Saliman – Chief Financial Officer, University of Colorado
 - Rich Schweigert – Chief Financial Officer, Colorado State University
 - Mark Superka – Chief Financial Officer, Colorado Community Colleges System
 - Kristin Volpi – Vice President for Finance and Government Relations, Colorado School of Mines