TOPIC: **Funding Allocation Model Expert Team, Preliminary Funding Model Definitions**

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I. SUMMARY

The Funding Allocation Model Expert Team (FAMET) held its first meeting on September 5, 2014. The goal of the first meeting was to arrive at a set of preliminary recommendations to the Executive Advisory Group (EAG) on the definition and data source supporting the 12 metric/outcome components to be used in the new funding allocation model for higher education as required by HB 14-1319. The FAMET was able to reach consensus on a majority of the model's 12 component recommendations with the remaining component definition and data source unresolved:

- The number of campuses;
- Low student enrollment at an institution; and
- If non-residents should be included when determining Pell-eligible students.

The items that are unresolved will be discussed in the next FAMET meeting to be held on September 18th. The deadline for the FAMET to provide recommendations to the EAG on the funding allocation model metric/outcomes definitions and data sources is September 24th.

II. BACKGROUND

The role of the FAMET is to provide recommendations to the EAG on the funding model that will be created to allocate state dollars to state public institutions of higher education reflecting the priorities specified in HB 14-1319 and the Master Plan for Higher Education adopted by the CCHE. The EAG is charged with reviewing and ratifying the recommendations made through the work of the Expert Teams. The EAG will help to resolve any conflicts that may arise through the granular Expert Team work process; provide guidance, as necessary, to the FAMET 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.

III. FUNDING ALLOCATION MODEL EXPERT TEAM ANALYSIS

The Funding Model Expert Team is comprised of Commissioner Hereford Percy, Senator Nancy Todd, Alexis Senger from the Governor's Office, and representatives from Colorado's public colleges and universities. For the initial meeting, the FAMET used the Foundational Working Document and a presentation by staff from the National Center for Higher Education Management Systems (NCHEMS) as the framework to discuss the **Role and Mission** and **Performance** components required under HB 14-1319. In addition, the Team received the Project Principles that were recently adopted by the Colorado Commission on Higher Education.

It is important to note that NCHEMS, the vendor selected to build the funding model, listed the following model design principles/concepts for the FAMET to consider:

- Data and calculations will be initially gathered at an institution and not governing board level. At a later step, data and calculations will be rolled up and summarized by governing board.
- Factors/metrics should be scalable to better reflect and account for the various roles and missions of different types of institutions.

IV. FUNDING ALLOCATION MODEL EXPERT TEAM PRELIMINARY RECOMMENDATIONS AND COMMENTS

The following table reflects the FAMET's preliminary recommendations and items for continued discussion. The recommendation key (Rec. Key) is as follows:

🟢 FAMET Preliminary Recommendation: Component definition and data source resolved

🟠 Agreement but further study/analysis needed to refine component definition and data source

🔴 Component definition and data source unresolved: Further discussion required

FAMET Preliminary Recommendations and Comments			
HB 14-1319 Metric/Outcome	**PRELIMINARY RECOMMENDATION (Definitions and Data Source)**	**NOTES/COMMENTS**	**Rec. Key**
Selectivity of the Institution	**Admissions Variables** Use the median of the following admission variables : Entering ACT/SAT scores High School GPA	A majority of the FAMET supported the use of admissions variables of ACT/SAT and HS GPA as these are currently used in practice and policy to create the admissions index scores. However, there was concern from one participant that using index scores may conflict with how the selectivity of an institution is defined in statute.	🟢

FAMET Preliminary Recommendations and Comments			
HB 14-1319 Metric/Outcome	**PRELIMINARY RECOMMENDATION (Definitions and Data Source)**	**NOTES/COMMENTS**	**Rec. Key**
Number of Campuses		The FAMET could not come to consensus on this issue and agreed to revisit at the Team's next meeting. The four options that were discussed at the meeting include: • Use SURDS data • Use the Higher Learning Commission Definition; • Use the academic square footage of each institution (data from the Office of the State Architect);or • Using square footage, SFTE and utilization of space. In addition to the options, there was discussion around controlled maintenance and if the intent of this measure is to capture administrative units and defray administrative costs or if the intent is simply to capture the number of recognized locations	🔴
Rural or Urban	**IPEDS Definition of Rural/Urban** IPEDS identifies by urban-centric table locale, distinguishing institutions as Town/Remote; Suburb/Large; City/Small; City/Midsize; City/Large.	The FAMET was unanimous in its decision to use the IPEDS definition for rural or urban and NCHEMS efforts to seek more gradation than just urban/rural	🟢

FAMET Preliminary Recommendations and Comments			
HB 14-1319 Metric/Outcome	**PRELIMINARY RECOMMENDATION (Definitions and Data Source)**	**NOTES/COMMENTS**	**Rec. Key**
Low Student Enrollment		The FAMET was unanimous in supporting a proposal to have NCHEMS conduct analysis on low student enrollment. **NCHEMS Economies of Scale Model** FTE undergraduate enrollments Conduct analyses of funding versus size • At what point do economies of scale become evident. • Place Colorado institutions in this context. NCHEMS will provide the results of the analyses back to the FAMET for further discussion and a possible recommendation.	🟠
Programs That Have a High Cost Per Student	**NCHEMS High Cost Index Model** Index score created by weighted undergraduate FTE divided by the un-weighted undergraduate FTE. Weights will be informed from the results of cost studies in other states.	The FAMET was unanimous in agreement to use the taxonomy developed by other states of high cost programs by discipline. An example of high cost programs was shared with the FAMET for review.	🟠
Research	**"Research-ness" Score** Use methodology proposed by NCHEMS that measures an institutions research score by taking research expenditures and dividing by instruction expenditures or full-time faculty.	The FAMET was unanimous in in agreement to support NCHEMS methodology to determine "research-ness." However, it may be difficult to exclude Specialty Education Program data.	🟠

FAMET Preliminary Recommendations and Comments			
HB 14-1319 Metric/Outcome	**PRELIMINARY RECOMMENDATION (Definitions and Data Source)**	**NOTES/COMMENTS**	**Rec. Key**
Pell-Eligible Students	Use Pell-Eligible as the metric: • Number of undergraduate students eligible for Pell at any time during the year / unduplicated number of undergraduate students.	A majority of the Team felt nonresidents should not be included in the formula; however one participant noted that nowhere in the bill does it mention "residents," therefore non-residents must be included. The FAMET will discuss this issue at the next meeting. The majority of the FAMET did agree they would like to put forth a recommendation to the EAG regarding the inclusion or exclusion of resident and non-resident students.	🟠
Graduate Programs That Have a High Cost Per Student	**NCHEMS High Cost Index Model** Index score created by weighted undergraduate FTE divided by the un-weighted undergraduate FTE. Weights will be informed from the results of cost studies in other states.	The FAMET was unanimous in agreement to use the taxonomy developed by other states of high cost programs by discipline. An example of high cost programs was shared with the FAMET for review.	🟠

FAMET Preliminary Recommendations and Comments			
HB 14-1319 Metric/Outcome	**PRELIMINARY RECOMMENDATION (Definitions and Data Source)**	**NOTES/COMMENTS**	**Rec. Key**
Remediation	Proportion of first-time students identified as requiring remediation in a course level below 100. Weight each so that a student assigned to 30 level courses in all 3 areas is nine times the weight of a student assigned to a 90 level course in only one area. • 30 is the lowest level of remediation and currently requires completion of a three course sequence before entering into a credit bearing gateway course. • 60 is the next level of remediation and currently requires completion of two courses before entering into a credit bearing gateway course. • 90 is the highest level of remediation and currently requires completion of one course before entering into a credit bearing gateway course.	The FAMET was unanimous in its agreement with the remediation definition.	🟢

FAMET Preliminary Recommendations and Comments			
HB 14-1319 Metric/Outcome	**PRELIMINARY RECOMMENDATION (Definitions and Data Source)**	**NOTES/COMMENTS**	**Rec. Key**
Completion	An amount for each Governing Board for each certificate or degree awarded by the institutions. • Certificates should be counted when issued for gainful employment; for programs spanning one year or more; only certificates of less than 24 hours that represent the highest award earned at stop-out will be counted; and students earning multiple 1-2 year or 24 to 60 credit hour certificates in an academic year will have each earned certificate count as a separate outcome. An amount for the Governing Board of an institution with a Community College Role and Mission, an amount for each Community College student who transfers from a Community College to another institution after completion of a certain number of credit hours/ • Transfers: minimum of 18hrs	A majority of the FAMET agreed on the main points of discussion under the completion requirements of HB 14-1319: Completion and Transfers. Completion should be based on gainful employment and for certificate programs of one year or more and highest earned award at stop-out. Transfers should be counted after accumulating a minimum of 18 credit hours. *Also, NCHEMS staff recommended adding an additional metric that rewards increases in certificates or degrees awarded. It was suggested that this could be added in accordance with the section of the law that allows for up to **four** additional metrics.*	🟢

	FAMET Preliminary Recommendations and Comments		
HB 14-1319 Metric/Outcome	**PRELIMINARY RECOMMENDATION (Definitions and Data Source)**	**NOTES/COMMENTS**	**Rec. Key**
Retention	Four-year institutions – an increase in the number of students who cross the threshold of completing: • 30 credit hours • 60 credit hours • 90 credit hours In addition, add: Two-year institutions – an increase in the number of students who cross the threshold of completing • 15 credit hours • 30 credit hours • 45 credit hours	The FAMET was unanimous its support of defining retention and adding a separate measurement for Two-year institutions. Additionally, it was agreed each student will be counted once at each academic progress interval.	🟢
Successful Remediation	Define successful remediation as the number of remedial students who successfully complete (within two years): • 1st college credit gateway math course. • 1st college credit English gateway course.	The FAMET was unanimous in agreement with the definition of successful remediation. *NCHEMS staff recommended adding successful remediation as an additional performance metric. It was suggested that this could be added in accordance with the section of the law that allows for up to **four** additional metrics*	🟢

ATTACHMENTS:

• NCHEMS presentation to the FAMET.