TOPIC: **Funding Allocation Model Expert Team, Funding Allocation Model Definitions and Data Sources- Final Recommendations**

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I.   SUMMARY

The Funding Allocation Model Expert Team (FAMET) held its second meeting on September 18, 2014. The goal of this meeting was to arrive at a set of final recommendations to the Executive Advisory Group (EAG) on the definition and data source supporting each of the 12 metric/outcome components to be used in the new funding allocation model for higher education as required by HB 14-1319.

This document provides the final recommendations of the FAMET regarding the model's 12 metric components.

II.   FUNDING ALLOCATION MODEL EXPERT TEAM ANALYSIS

During the second meeting, the FAMET discussed each metric and preliminary recommendation from their initial meeting and finalized the recommendations.

Staff from the Colorado Department of Higher Education along with staff from the National Center for Higher Education Management Systems (NCHEMS) facilitated the discussion. In addition, the FAMET discussed potential additional metrics to be added to the funding model.

III.   FUNDING ALLOCATION MODEL EXPERT TEAM FINAL RECOMMENDATIONS AND COMMENTS

The FAMET used a decision making process with red, yellow, and green flags to represent their level of agreement with a decision.

The majority of the metrics had unanimous or close to unanimous votes. The voting tallies for the recommendations that were not unanimous are presented in the document with the appropriate metric below. The voting color key is as follows:

- 🟢   **I completely agree** with the FAMET recommendation and support the decision.

- 🟡   **My vote is neutral,** I need more time andor information to make a final recommendation.

- 🔴   **I do not agree** with the FAMET recommendation and do not support the decision.

IV.   RESIDENT AND NON-RESIDENT STUDENTS

The FAMET recommends to: **"Include all students in the funding allocation model except for the Pell-Eligible metric under role and mission in which the recommendation is to count only resident students".**

The FAMET members registered their positions as follows:

🟢 **6**   🟡 **3**   🔴 **3**

The FAMET had a lengthy discussion regarding whether the funding allocation model should count all students, or only Colorado resident students, and appreciates the opportunity to share with you the highlights of the discussion and the opportunity to present a final recommendation on this issue for your action. **This issue was preliminarily discussed at the beginning of the meeting and a final decision was made after having vetted the factors and metrics and better understanding the implication to the model of this decision.**

RESIDENTS ONLY	ALL STUDENTS
The opinions offered in support of limiting the counts in the funding allocation model to resident students included: • By law, COF dollars only apply to resident students and therefore the funding allocation model should align with that practice. • As a transparency bill, the public will want their state dollars applied to resident only students. • Because public support for higher education is low and state resources are limited, concern was expressed about the potential vulnerability of the model, once in front of the Legislature, if it includes all students	The opinions offered in support of including all students (resident and non-resident) in the counts in the funding allocation model were: • Funding from the allocation model will go directly to the colleges and universities and not the individual student so why differentiate which students receive the funding. Additionally, any money that goes directly to the college and university directly benefits resident students through lower tuition. • The CCHE master plan goals, Colorado Completes, and the current performance funding contracts include all students, resident and non-resident. • Historically, state allocation dollars have included all students. This was done, in part, to take into consideration all revenue sources for institutions in the allocation model during years of reduced state funding. • The non-resident tuition differential works to subsidize resident tuition.

DHE staff prepared several data points for context around this issue. Included in this information was an indicator that **at least 30% of non-resident students remain in Colorado** post-graduation.

Total Awards AY 2012	Non-Resident Award	Non-Resident Awards with CO Wages	%	Resident Awards	Resident Awards with CO Wages	%
44,918	6,456	1,910	**30%**	38,393	27,898	**73%**

RECOMMENDATIONS ON FACTORS/METRICS

HB 14-1319 Statutory Metric/ Outcome	RECOMMENDATION (Definitions and Data Source)	SYNOPSIS	Rec Key
Selectivity of institution.	**UNANIMOUS** **Admissions Factors:** Use the median of the following admissions factors to create a weighted proxy index: • Entering ACT/SAT scores • High School GPA **Data source:** Student Unit Record Data System (SURDS)	The FAMET unanimously supported the use of admissions factors of ACT/SAT and HS GPA, as these are currently used in practice and policy to create an index proxy score. The high school GPA factors will be weighted at 10 times the ACT/SAT composite score.	🟢
Number of campuses of the institution.	**Higher Learning Commission (HLC) definition**[1] **Data Source:** Higher Learning Commission (HLC)	The majority of the FAMET agreed to use the Higher Learning Commission definition of the number of campuses. *One FAMET member preferred the use of the SURDS to determine the number of campuses.* HLC considers a location of an institution to be independent of the main campus if the location has all of the following four attributes: • Is permanent in nature; • Offers courses in education programs leading to a degree, certificate, or other recognized educational credential; • Has its own faculty and administrative or supervisory organization; and, • Has its own budgetary and hiring authority. The term branch campus is "a location of an institution that is geographically apart and independent of the main campus of the institution".	🟢🟡

[1] (HLC relies on the definition of campus per the Federal Higher Education Authorization Act)

HB 14-1319 Statutory Metric/ Outcome	RECOMMENDATION (Definitions and Data Source)	SYNOPSIS	Rec Key
Rural or urban location of the institution.	**UNANIMOUS** **Population of Home County Counts:** Level of gradation by using the population of home county counts. **Data source:** U.S. Census Bureau	The FAMET was unanimous in its decision to define rural or urban by utilizing population of home county counts.	🟢
Low student enrollment, affecting ability of the institution or campus to meet operational costs.	**Actual enrollment on a gradient scale.** **Data Source:** SURDS/Finance Data	NCHEMS conducted a national comparative analysis on low student enrollment and presented results to the FAMET. The analysis illustrated how Colorado institutions fell comparatively based upon state and local appropriations, tuition, and fees / per college FTE. This clearly identified Adams State, Fort Lewis, and Western State as the outliers. The majority of the FAMET agreed on this definition, *one member was undecided due not knowing how it would impact the overall model.* ➢ However, the team wants to reserve re-examination of this metric until the model is further developed and how this variable could be used to balance disproportionate outcomes.	🟢 🟡
Undergraduate programs with a high cost per student.	**UNANIMOUS** **NCHEMS High Cost Index Model:** An 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. **Data source:** NCHEMS, SURDS, other state studies	NCHEMS conducted a multi-study analysis and presented a catalogue of high cost programs by discipline developed by other states.	🟢

HB 14-1319 Statutory Metric/ Outcome	RECOMMENDATION (Definitions and Data Source)	SYNOPSIS	Rec Key
Whether the institution **conducts research**.	**UNANIMOUS** **"Research-ness" Score:** NCHEMS presented two options for this metric. • Research dollars divided by instruction expenditures, and • Research dollars, divided by an institutions research score, divided by full-time faculty (tenured and tenured track) **Data source:** IPEDS/National Science Foundation?	The FAMET was unanimous in in agreement to support NCHEMS methodology to determine "research-ness." However, noted that it may be difficult to exclude Specialty Education Program data as it relates to research institutions.	🟢
Pell-Eligible, 1st Generation, and Underserved Undergraduate Students - must never be less than 10% of COF.	**UNANIMOUS** **Use Pell-Eligible as the metric:** Number of undergraduate students eligible for Pell at any time during the year. **Data source:** SURDS	The FAMET unanimously agreed to measure Pell eligible students as defined from the DHE's Student Unit Record Data System (SURDS).	🟢
Graduate Programs – an amount based on number enrolled, based on subject and level. Shall consider programs that have a high-cost per student.	**UNANIMOUS** **NCHEMS High Cost Index Model:** An index score created by weighted graduate FTE divided by the un-weighted graduate FTE. Weights will be informed from the results of cost studies in other states. **Data source:** NCHEMS, SURDS, other state studies	NCHEMS conducted a multi-study analysis and presented a catalogue of high cost programs by discipline developed by other states.	🟢

HB 14-1319 Statutory Metric/ Outcome	RECOMMENDATION (Definitions and Data Source)	SYNOPSIS	Rec Key
Remediation – cost of providing these courses, and must determine how to measure successful remediation.	**UNANIMOUS** **Proportion of first-time students identified as requiring remediation in a course level below 100.** **Data source:** SURDS	The FAMET was unanimous in its agreement with the remediation definition. Consideration for the weight of these courses needs to be given to the cost associated for a student assigned to the following course levels: • 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.	●

HB 14-1319 Statutory Metric/ Outcome	RECOMMENDATION (Definitions and Data Source)	SYNOPSIS	Rec Key
Completion An amount for each certificate or degree awarded; • An amount for **each student who transfers** from a community college to another institution after completion of a certain number of credit hours; • Establish the amount to be awarded for each**, based on the subject and level of credential**; • **Establish the number of credit hours** to be completed prior to transfer; • The value shall be **increased for each credential earned or transfer of a Pell-eligible** undergraduate student.	**UNANIMOUS** **COMPLETION - Certificates should be counted when issued for:** • Gainful employment; • Programs spanning one year or more, or • For certificates of less than 24 hours, only those that represent the highest award earned at stop-out will be counted. 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. **TRANSFERS - Minimum of 18 credit hours** at time of transfer **ADDITIONAL** – include extra weighting for underserved populations in the completion metric.* **Data Source:** SURDS	The FAMET unanimously agreed upon the definition of completion for all degrees including that certificates 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. Completion data for 2012 by residency was presented. An amount for each Governing Board for each certificate or degree awarded by the institutions. *The FAMET also unanimously voted to include underserved populations in the completion metric as defined in the master plan.* *The FAMET group would like the opportunity to further discuss adding non-traditional students as an additional population to include in this metric.* *** Staff has identified a conflict with the statute regarding this recommendation. Per section 23-18-303 (4)(a), an increased value for underserved completions may only be included if additional Role & Mission funding is ALSO provided under 23-18-303(3)(b) for this same population. Therefore staff recommends the FAMET readdress this recommendation before action is taken.**	●

HB 14-1319 Statutory Metric/ Outcome	RECOMMENDATION (Definitions and Data Source)	SYNOPSIS	Rec Key
Retention • An amount for **number of students who make academic progress** – complete 30, 60 or 90 credit hours; • A community college that receives an incentive for a transfer student cannot also receive a retention bonus for that student in the same year.	**UNANIMOUS** **Credit for number of students as follows:** Four-year institutions –number of students who cross the threshold of completing: • 30 credit hours • 60 credit hours • 90 credit hours **ADDITIONAL:** Two-year institutions - number of students who cross the threshold of completing: • 15 credit hours • 30 credit hours • 45 credit hours **Data Source:** SURDS	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.	🟢
DEFINE: **Successful Remediation**	**UNANIMOUS** **The number of remedial students who successfully complete** (within 30 credit hours): • 1st college credit gateway math course. • 1st college credit English gateway course.	The FAMET was unanimous in agreement with how to define "Successful Remediation".	🟢

HB 14-1319 Statutory Metric/ Outcome	RECOMMENDATION (Definitions and Data Source)	SYNOPSIS	Rec Key
ADDITIONAL PERFORMANCE METRICS RECOMMENDED			
Additional Performance Metric: Credit for Successful Remediation	**UNANIMOUS** **Provide additional performance credit** for number of students who meet the criteria for successful remediation. **Data Source:** SURDS	The FAMET was unanimous in agreement with adding successful remediation as an additional metric and the presented definition of successful remediation. The FAMET recommended that the student had 30 credit hours to complete the necessary gateway courses from time of remediation completion. DHE staff is exploring if this is possible with the data.	🟢
Additional Performance Metric: Credit for increases in Completions	**UNANIMOUS** Include additional credit under completions for the rate of increase of completions.	The FAMET unanimously agreed to include an additional metric measuring the **increase** in completions in addition to the count.	🟢
Additional Performance Metric: Credit for Economic Innovation	**UNANIMOUS** Explore including a metric that gives credit for economic innovation.	The FAMET unanimously agreed to explore including an additional metric measuring economic innovation. The FAMET requests more time to define economic innovation metrics. Possible measures are number of Licenses and/or start-ups.	🟢