

COLORADO DEPARTMENT OF HIGHER EDUCATION SMART Act Report, 2016

December 29, 2016

This document reports on the performance metrics included in the Higher Education Funding Allocation Formula (created pursuant to HB 14-1319, CRS 23-18-301 through CRS 23-18-307), which are consistent with the accountability goals of the SMART Act (HB 13-1299, CRS 2-7-201 through CRS 2-7-205).

For this reason, the performance metrics measuring the ten governing boards in the formula are used to demonstrate the performance of Colorado's state institutions of higher education in our annual performance report. It is these metrics that provide the incentive to institutions to focus efforts on student success and completion, and support both the Colorado Commission on Higher Education (CCHE) Master Plan and the intent of the SMART Act.

Statewide Priorities for Higher Education – *The Imperative!*

CCHE's master plan, [Colorado Competes, A Completion Agenda for Higher Education](#), clearly specifies statewide goals – with the primary focus on increasing access to, success with, and completion of postsecondary education. The Completion Agenda seeks to ensure that 66% of Coloradans will have a postsecondary credential (certificate or degree) by 2025.

The Commission set this attainment goal, adopted in 2012, after much analysis and deliberation about the economic and social needs of our state – noting studies that tell us that by 2020 almost three-quarters of jobs in Colorado will need some level of a postsecondary credential. Meeting this demand is critical to support Colorado's economy, fulfill the talent needs of our businesses, and ensure all Coloradans have the opportunity to be successful.

Understanding this imperative, the Governor established a Cabinet Workgroup on Workforce and Education as part of his [Vision 2018 plan](#). This group is comprised of key Colorado executive-level agencies – higher education, education, human services, labor and employment, and economic development –working toward an overarching goal of “growing the middle class by helping people connect to jobs.”

Colorado must have an infrastructure and supply of talent to fill the jobs that will keep our state attractive to both businesses and to Coloradans. In addition, changing demographics and mobility demand that we increase the postsecondary attainment levels of our population to at least 66% percent if Colorado is to maintain its position as one of the top state economies in the United States.

To this end, the Department's annual Performance Report focuses on the progress with the Completion Agenda.

Colorado Commission on Higher Education Master Plan – Colorado Completes

The master plan calls for all public colleges and universities and the State to focus their resources on meeting the overall attainment goal, discussed earlier in this report, as well as three additional and equally important goals that support the attainment goal:

Goal 2: Improving Student Success through better outcomes in basic skills education, enhanced student support services, and reduced average time to credential for all students.

Goal 3: Enhancing Access to, and Through, Postsecondary Education to ensure that the system reflects the changing demographics of the state while reducing attainment gaps among students from underserved communities.

Goal 4: Developing 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.

Colorado's public institutions of higher education and the Department have been active with innovative approaches to achieve the statewide goals and to meet the needs of Colorado residents, businesses, and economy. In addition to these, the Department and CCHE, working with Colorado's public institutions and stakeholders, have aligned all three of Colorado's major state funding streams for public institutions to meet these goals.

Outcomes Based Funding for Higher Education - State general fund investment in higher education is allocated to public institutions based on the number of students served; the costs associated with serving those students; and, the overall successes with student retention and credential completion.

Tuition Policy - There is a direct link between tuition levels and state general fund investment in higher education. The Department now provides, in conjunction with the Department's annual budget request, an annual analysis with a statewide perspective demonstrating the impact different state investment levels have on tuition, as well as an institution specific tuition component.

State Financial Aid - State need-based financial aid is allocated to eligible institutions through a Completion Incentive Model, which provides an incentive for timely completion by providing a set funding amount to institutions for each PELL-eligible student; increasing this amount as students achieve each new grade level; and, then, reducing the allocation to the lower freshmen-student-level amount for students that exceed the standard number of credit hours.

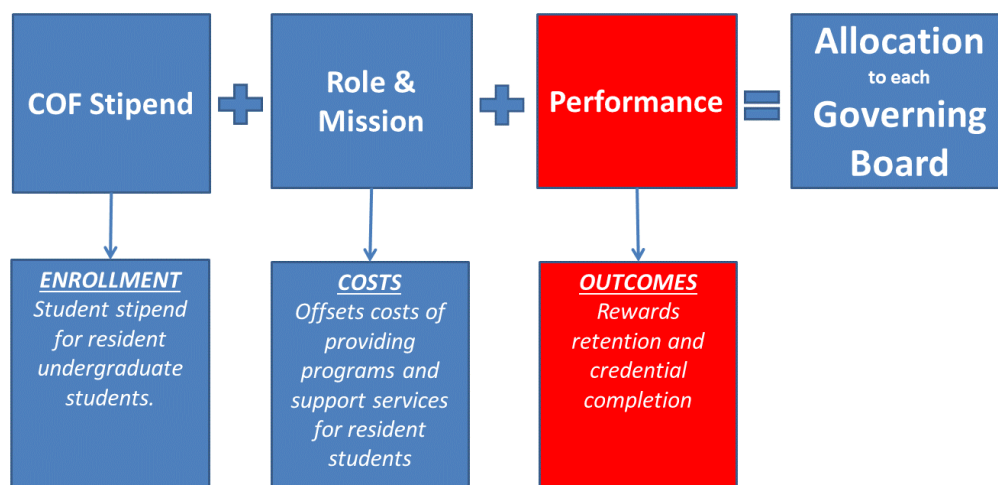
Colorado's Outcomes Based Funding for Higher Education

The higher education funding allocation formula provides greater transparency with State General Fund investment in higher education and distributes funding to the ten public institution of higher education governing boards based on (1) the number of students served (*COF stipend*); (2) the costs associated with serving those students (*role and mission*); and, (3) the overall success with student retention and credential completion, along with a bonus for retention and credential completion of Pell-eligible (low income) students and STEM credentials (*performance*).

The goals of CCHE's master plan – *increased student success* - are supported directly by the funding allocation formula, which was developed in collaboration with the institutions and adopted, with certain modifications, by the Joint Budget Committee.

OUTCOMES BASED FUNDING FOR HIGHER EDUCATION

Created pursuant to HB 14-1319, establishing greater transparency and accountability in how state General Fund dollars are invested.



Progress To-Date: What Does Our Data Tell Us?

Since implementation of the funding formula, three years of annual data have been used to allocate the annual state appropriation. The Department continues to collect data and allocate state resources based on the statutory requirements and will continue to report progress annually through this SMART Act Report.

The charts below share the details on the completion metrics for the ten governing boards that are counted by the formula which drive the objectives and progress with our Master Plan goals. It is these performance measures that are critical to meeting the needs of Colorado's businesses and supporting Colorado's economic vitality.

Typically, overall student enrollment declines when the economy is on the upswing, especially in the two-year sector. The reduction in COF enrollment is reflected in the allocation. However, during this same time, completions have continued to increase - with a 2.7% increase in overall credentials awarded in the most recent year. It is this continued increase in credential production that is critical to meet our overall attainment goal outlined in the Master Plan.

PERFORMANCE of COLORADO's STATE GOVERNING BOARDS

Credentials Awarded - Total					
<u>Degree Level</u>	<u>2014</u>	<u>2015</u>	<u>% Change '14-'15</u>	<u>2016</u>	<u>% Change '15-'16</u>
Certificate	1,946	2,086	7.2%	2,111	1.2%
Associates	7,575	7,964	5.1%	8,841	11.0%
Bachelors	22,799	22,958	0.7%	22,870	-0.4%
Post-Baccalaureate	7,385	7,659	3.7%	7,952	3.8%
<u>All Degree Levels</u>	<u>39,705</u>	<u>40,667</u>	<u>2.4%</u>	<u>41,774</u>	<u>2.7%</u>

Credentials Awarded – Pell-Eligible Students					
<u>Degree Level</u>	<u>2014</u>	<u>2015</u>	<u>% Change '14-'15</u>	<u>2016</u>	<u>% Change '15-'16</u>
Certificate	931	892	-4.2%	949	6.4%
Associates	3,405	3,565	4.7%	3,652	2.4%
Bachelors	8,011	8,209	2.5%	8,008	-2.4%
Post-Baccalaureate	2,456	2,593	5.6%	2,698	4.0%
All Degree Levels	14,803	15,259	3.1%	15,307	0.3%

Credentials Awarded - STEM					
<u>Degree Level</u>	<u>2014</u>	<u>2015</u>	<u>% Change '14-'15</u>	<u>2016</u>	<u>% Change '15-'16</u>
Certificate	141	139	-1.4%	177	21.5%
Associates	485	538	10.9%	578	6.9%
Bachelors	6,201	6,473	4.4%	6,600	1.9%
Post-Baccalaureate	2,394	2,482	3.7%	2,723	8.9%
All Degree Levels	9,221	9,632	4.5%	10,078	4.4%

COF Stipend Enrollment

The enrollment of Colorado residents – *especially our Pell-Eligible residents* - in our public institutions of higher education is a critical factor to increasing performance and meeting the statewide goals. The Department is engaged in with the [Governor's Cabinet Workgroup on Workforce and Education](#), which places closing the Attainment Gap as a priority. It is through this work, and a number of other innovative efforts by the Department and institutions, that we seek to increase enrollment of Colorado's resident Pell-Eligible students, help them be successful, and increase performance.

	<u>2014</u>	<u>2015</u>	<u>% Change '14-'15</u>	<u>2016</u>	<u>% Change '15-'16</u>
Student Enrollment (COF-Eligible Resident Undergraduates)					
Total	130,925	128,606	-1.8%	126,086	-2%
Pell-Eligible Student Enrollment (COF-Eligible Resident Undergraduates)					
Total	52,048	48,514	-7%	44,629	-8%

Conclusion

The state budget for public institutions of higher education is directly tied to performance through the completion metrics included in the funding formula, which provides transparency about what state investment is buying. Knowing this, Colorado's institutions are working to increase student success and completions, which ultimately impacts their annual allocation of state funding. As the charts above demonstrate, progress is being made. With the innovative approaches recently employed by institutions and the Department, with impacts still yet to be realized, we expect this progress to continue.

CCHE is also currently revisiting its master plan, to incorporate what has been learned since its adoption, as well as recast the number of credentials needed by 2025 based on historical patterns and forecasted state workforce needs.



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