Chairman Percy called the meeting to order at 10:06 am.

Chairman Hereford Percy, Vice Chairman Richard Kaufman, Commissioners Larry Beckner, Dave Edwards, Jeanette Garcia, Happy Haynes, Dr. Monte Moses and Regina Rodriguez were in attendance. Commissioners Patty Pacey and Jim Polsfut attended via teleconference call. Also in attendance were CCHE Advisory Committee members Michael Mincic and Dr. Toni Larson. Advisors Dr. Frank Novotny, Kelly Fox, Ruth Annette Carter, Senator Nancy Spence and Dr. Diana Sirko attended via conference call.

Commissioner Beckner moved to approve the minutes of the October 6, 2011 CCHE meeting. The motion was seconded by Commissioner Edwards and passed unanimously.

Dr. Diana Doyle, President of Arapahoe Community College, welcomed the Commission to the campus. She informed the Commission that Arapahoe Community College has a nationally accredited nursing program and the number one automotive technology program in the country. The school has experienced a 30 percent increase in enrollment the past two years. Last year the college served 14,731 students. Two-thirds of the students claim they intend to pursue a four year degree. There is a new Arapahoe Community College campus that just opened in Castle Rock, raising the number of campuses to three—Littleton, Parker and Castle Rock.

**ACTION ITEMS**

**Revocation Of Authorization Of American University For Humanities (AUH) - Colorado College Of Arts And Sciences** — Heather DeLange, Degree Authorization Act Officer, presented this item to the Commission. As of October 28, 2011, AUH had not received an award of accreditation from the American Association of Liberal Education (AALE). Additionally, the U.S. Department of Education no longer recognizes AALE as an accrediting body and this is a direct violation of the Degree Authorization Act. The action to revoke authorization is not adversarial. The school no longer operates in Colorado, has closed all administrative offices in the state and refunded students all tuition paid. Commissioner Moses inquired as to whether there are any plans for the school to start up again in Colorado. Ms. DeLange has suggested revocation without prejudice to allow AUH to apply for authorization again in Colorado.

Commissioner Beckner moved to revoke, without prejudice, authorization of American University for Humanities. The motion was seconded by Commissioner Edwards and unanimously passed.
Proposed FY 12-13 Budget and Allocation Method – Mark Cavanaugh, Chief Financial Officer, brought the allocation model for the general fund budget to the Commission for approval. In September, the Governor’s Office of State Planning and Budgeting (OSPB), recommended reducing the General Fund operating revenue for governing board operations by $29.3 million from the FY 2011-12 level of $519 million (reduced to $489.7 million for FY 2012-13). This represents a 5.7 percent reduction in operation funding from FY 2011-12. There will also be a $30 million reduction to need-based grant and work study programs. It is estimated that the state’s share of financial given to students is 5 percent of the total aid package. The majority of financial aid for students comes primarily from the federal government and the institutions. The total cost of attendance for a typical student attending a four year institution is approximately $20,000. The cut in state financial aid would vary by campus and would represent approximately 1.5 percent of total financial aid. The Financial Accountability Plans, created in 2010 for the institutions, allows for the flexibility needed to adjust to reduced operational expenses, while maintaining the integrity of meeting the students’ demonstrated financial need.

The three part model used for allocation for FY2011-12 will be used for FY2012-13 and will operate in the same way, with enrollment and appropriated tuition data updated for this year’s budget. For this year, the enrollment factor has been decreased from $10 million to $7.5 million.

The postsecondary Governing Boards and CFO’s of the public institutions reached consensus for the proposed three part allocation model. An attached letter, agreeing to the three part model allocation for FY2012-13, was signed by all the institutional CEO’s. In the letter was an agreement that if additional funds are made available to higher education, the enrollment funds would be restored to $10 million. This letter states that the Governing Boards and the CEO’s remain unified on the General Fund allocation, but this agreement shouldn’t be mistaken as satisfaction in the amount of state funding dedicated to higher education in Colorado.

Commissioner Haynes moved to approve the FY2012-13 General Fund allocation model. The motion was seconded by Commissioner Kaufman and unanimously passed.

The Commission requested staff prepare a position paper or a white paper for a possible op-ed piece supporting the budget allocation.

Commissioner Hayes moved that the department prepare a white paper, share it with the Commission for feedback and release it for the public. The motion was seconded by Commissioner Moses and passed unanimously.

EXECUTIVE DIRECTOR REPORT

Lt. Governor Joe Garcia reported that he attended the Western Interstate Commission for Higher Education annual conference. Although all the western states are suffering significant budget cuts, Colorado is often held up as an example of a state that does more with less, without impacting the quality of education. The Lt. Governor feels this is a fact to be proud of, tempered
with the knowledge that we cannot continue that forever. Colorado is also taking the lead with the focus of the new strategic plan and the performance contracts on degree completion, not simply enrollment. Degree output demonstrates Colorado’s efficient use of taxpayer dollars.

The Lt. Governor talked about his early literacy tour around the state talking about the importance of both pre-K and early childhood development. Everyone he spoke to realizes that Colorado can only be economically strong and sustainable if all young people—rural and urban, low income and upper income, white and minority groups—are provided with quality educational opportunities.

The Commission also learned that Lt. Governor Garcia will be traveling to the Confucius Institutes in China in December to compare what the two countries are doing in higher education. The Lt. Governor will be representing the Commission and the State.

COMMISSIONERS REPORTS

Commissioner Edwards told the Commission that in traveling throughout the 4th District, which he represents, he would like to be able to do more to educate the citizens about the current realities for higher education in Colorado. At a recent meeting with staff, he talked about developing a tool that all Commissioners could have for speaking to citizen groups, such as local rotary clubs, that succinctly explain the plight of higher education. This would be a way to educate the general public about the issues of public higher education is in and the ramifications for the state. Commissioner Edwards brought this idea to the Commissioners to see if there was interest, realizing that it would mean going on the road and taking personal time to reach out and help Colorado’s citizens understand why higher education is in the situation it is. Commissioner Edwards made an informal motion to have staff prepare a PowerPoint slide presentation to help Commissioners illustrate the issues higher education faces in Colorado as they travel around the state. This was moved to the consent items and passed unanimously.

Lt. Governor Garcia told the Commission that staff would bring the PowerPoint presentation to them for approval at the December meeting.

Vice Chairman Kaufman reported that he, Dr. Gianneschi, Ft. Lewis College President Dene Kay Thomas, both Representative Tom Massey and Senator Bob Bacon of the Joint Education Committees, Dr. Kim Poast and Geri Anderson, Provost of the Community College System attended the Complete College America (CCA) Academy in Austin Texas in October. Considering the fact that 70 percent of available jobs within the next decade will require some form of higher education and only 42 percent of Colorado post secondary students actually complete graduation, the academy focused on ways to improve degree completion. Colorado is ahead on this with the guaranteed transfer program, gtPathways. Mr. Kaufman also reported
CCA found that many non-traditional students over age 25 did not complete college. The Community Colleges will address this by looking at setting up schedules to facilitate easier attendance and completion.

Commissioner Garcia reported that she, four other Commissioners and Lt. Governor Garcia attended the Colorado Community College System Summit. The Summit confirmed the direction the system is going and she applauded the leadership if the education system in Colorado.

PUBLIC COMMENTS

Dr. Frank Waterous, Senior Policy Analyst for the Bell Policy Center, told of the Centers deep concern about the direction that the proposed cuts to financial aid and work study would take the state. Two key points that Mr. Waterous made were: 1) these cuts are not consistent with the foundations of the Degree Dividend, the state’s higher education strategic plan document. The document states that in the scenario of accelerated erosion, there is a strong emphasis on making sure that as state funds diminish, financial aid would not be impacted adversely, and 2) that cuts made to state need based aid are contrary to the advice of national experts in this area and in fact, undercut the Senate Bill 52 model. He asked that the burden of expanding aid not be put on the students through tuition increases. Mr. Waterous also noted that this was the beginning of the budget process and he respectfully requested that as the process moves forward, the Commission and staff look for alternatives in trying to avoid cuts to critical need based aid.

CONSENT ITEMS

Proposal to Offer a Master of Applied Statistics Degree at Colorado State University
Revised Two-Year Cash Funded Capital Program List – Colorado School of Mines
Revised Two-Year Cash Funded Capital Program List – Colorado State University
Approval of Reading Specialist Endorsement Program at the University of Colorado-Colorado Springs

Commissioner Rodriguez moved to approve the consent items. The motion was seconded by Vice Chairman Kaufman and unanimously passed.

INFORMATION ITEM

Statewide Extended Studies Transition Team Update - Dr. Ian Macgillivray, Assistant Deputy Director for Academic Affairs, and Margot Plotz, Academic Policy Officer met with the Statewide Extended Studies (SES) Deans and Directors group to encourage them to decrease their reliance on the Department of Higher Education’s services. The Department no longer has
a director of Statewide Extended Studies and cannot provide services such as planning and facilitating deans and directors meetings and an annual professional development conference. The SES Deans and Directors and department staff agreed to coordinate a subcommittee of SES Deans and Directors, known as the Transition Team. The Transition Team is composed of six SES deans and directors and will be staffed by Ian Macgillivray and Margot Plotz for DHE until such a time as the Transition Team or the SES deans and directors determines that coordination by DHE staff is no longer necessary. Beyond that time, DHE will continue to coordinate with the SES program and deans and directors as required and permitted by state law and CCHE policy.

DISCUSSION ITEM

Examples of Performance Funding Plans in Other States - Dr. Matt Gianneschi, Deputy Executive Director, brought this item before the Commission to continue the discussion about the formal master plan and the creation of new performance contracts. Embedded in the Higher Education Strategic Plan (HESP) and in Senate Bill 52 is performance funding for the institutions. Pursuant to SB 11-052, performance funding will not be carried out until after (a) the 2015-16 fiscal year and (b) “restoration funding” (i.e., $706 million) has been reached. A relatively new concept in performance funding that is being considered, due to current and future workforce needs and state financial difficulties, is to shift the focus from enrollment rates to course or degree completion rates. This concept is being given serious consideration throughout the nation. Dr. Gianneschi offered examples of other states that are incenting institutions to not just enroll students but to ensure they have the credentials needed in the workplace.

- **Indiana** - Indiana adopted performance-funding incentives for degree completion, on-time graduation, and two-to-four-year transfer activity in 2007-2009 that is set to increase over time and spans several budget cycles. Currently or each additional bachelor's degree, higher education institutions would receive an additional $5,000, and for each additional associate's degree they would receive $3,500.

- **Washington** – The Washington system of community and technical colleges established an incentive funding program that rewards institutions when students pass key landmarks, called momentum points, on the way to a degree. In this system, colleges compete against themselves for continuous improvement. Funding for this system is stable, predictable, and cumulative over time.

- **Tennessee** - In January 2010, Tennessee passed the Complete College Tennessee Act. The legislation called for reforms in several areas, including student transfer, research collaboration, and funding formula policy. In particular, the Complete College Tennessee Act required the development of a performance-based funding model that tied in with the Tennessee Commission on Higher Education’s master plan. Prior to 2010, Tennessee used an enrollment based model. Since the passage of the Complete College Tennessee Act, the state became the only state in the nation to abandon its enrollment based model in full in favor of an outcomes-based approach.

- **Pennsylvania** - In July 2000, the Pennsylvania Board of Governors directed universities in the Pennsylvania System of State Higher Education to begin reporting their performance according to a set of standardized numerical and
descriptive indicators. The current System Accountability Program (SAP) allows each institution to commit to ten performance indicators, each of which falls under the three themes of success, access and stewardship for a period of five years.

The preparation of a direct performance funding model will take place between now and December 1, 2013. During this preparation time, the Commission can recommend value-added modifications to other state policies in order to reinforce the outcomes based approach. Especially helpful to the Commission is the list of best practices provided by the Lumina Foundation that closely fit the process required pursuant to SB 11-052.

Commissioner Moses moved to adjourn. The motion was seconded by Vice Chairman Kaufman. The meeting was adjourned at 12: 15 pm.