



FUNDING ALLOCATION MODEL PRELIMINARY WORKING DOCUMENT

As of 10/22/14

This document has been prepared to meet the directive outlined in Section 23-18-307(2)(a) of HB 14-1319, which requires the Commission to include with their annual budget request for FY 2015-16 a “draft of the factors and metrics, with their weights, that the Commission is considering” pursuant to the bill.

For the initial test iterations of the draft funding allocation model being developed by NCHEMS, with the input of FAMET, during the months of October and November, it is impossible to know whether the formula calculations will produce for each of the impacted institutions a level of state funding sufficient for each institution to operate.

For this reason it is important **NOT** to rush to conclusions but rather to understand the total 1319 formulaic calculations for each institution, in the context of the total current allocation for each institution so that, if necessary, the model can be calibrated to reflect a realistic and acceptable allocation of state funding for 2015-2016.

ROLE & MISSION FACTORS

HB 14-1319 STATUTORY FACTOR	DEFINITION	DATA SOURCE
Selectivity of institution.	Admissions Factors: Use the median of the following admissions factors to create a weighted proxy index: <ul style="list-style-type: none"> • Entering ACT/SAT scores • High School GPA <ul style="list-style-type: none"> ○ The high school GPA factors will be weighted at 10 times the ACT/SAT composite score. 	Student Unit Record Data System (SURDS)
Number of campuses of the institution.	The number of campuses using the Higher Learning Commission (HLC) definition. ¹ The HLC identifies a location of an institution to be independent of the main campus if the location has all of the following four attributes: <ul style="list-style-type: none"> • 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”.	Higher Learning Commission (HLC)

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



HB 14-1319 STATUTORY FACTOR	DEFINITION	DATA SOURCE
Rural or urban location of the institution.	Population of Home County Counts: Level of gradation by using the population of home county counts.	U.S. Census Bureau
Low student enrollment, affecting ability of the institution or campus to meet operational costs.	Actual enrollment of institutions and campuses.	Student Unit Record Data System (SURDS)/ Finance Data
Undergraduate (UG) programs with a high cost per student.	Using a common chart of high cost programs by discipline developed from a periodically updated multi-state analysis. NCHEMS High Cost Index Model: An index score created by weighted undergraduate FTE divided by the un-weighted undergraduate FTE.	NCHEMS, Student Unit Record Data System (SURDS), other state studies
Whether the institution conducts research.	"Research-ness" Score: Research expenditures divided by full-time faculty (tenured and tenured track).	IPEDS
Pell-Eligible and Underserved Undergraduate Students	Number of undergraduate students eligible for Pell at any time during the year. Use Pell-eligible credit hours as a percent of the College Opportunity Fund (COF) stipend (must never be less than 10 percent of COF). Underserved is defined as African American, Hispanic and Native American students, excluding Asian students. This will be based on underserved credit hours as a percent of the COF Stipend.	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.	Using a common chart of high cost programs by discipline developed from a periodically updated multi-state analysis. NCHEMS High Cost Index Model: An index score created by weighted graduate FTE divided by the un-weighted graduate FTE.	NCHEMS, Student Unit Record Data System (SURDS), other state studies
Remediation – cost of providing these courses, and must determine how to measure successful remediation.	Proportion of first-time students identified as requiring remediation, which will be measured by the number of basic skills and supplemental academic instruction course hours divided by total course hours. This factor is only for institutions authorized to provide basic skills courses and/or supplemental academic instruction.	Student Unit Record Data System (SURDS)



WEIGHTING DISCUSSION FOR ROLE & MISSION

In order to allow very different factors to be treated in a uniform manner, each factor will be reduced to an index between 0 and 100. Once the index point values have been created for each factor by institution, the factor weight is then applied (to each institution's index point values) to derive the weighted points by factor per institution.

HB 14-1319 stipulates that while the Role and Mission factors may be applied differently to each institution, similar institutions *should* be treated similarly. Therefore the preliminary model assumes that similar institutions will be grouped together and that each group will have the same weights applied to the individual Role and Mission factors.

The preliminary groups and weights under consideration by the CCHE are as follows (please note that a range for weights is due to the inability to demonstrate the impact that a specific weight would have at this time):²

Role and Mission Preliminary Weight (%) Assumptions					
Role and Mission Factor	High Research	Baccalaureate/ Research	4-Year Rural	Access Rural	Access Urban
Selectivity of the Institution	0-100	0-100	0-100	0-100	0-100
Number of Campuses	0-100	0-100	0-100	0-100	0-100
Rural or Urban	0-100	0-100	0-100	0-100	0-100
Low Student Enrollment	0-100	0-100	0-100	0-100	0-100
UG Programs that have a High Cost Per Student	0-100	0-100	0-100	0-100	0-100
Research	0-100	0-100	0-100	0-100	0-100
Graduate Programs that Have a High Cost Per Student	0-100	0-100	0-100	0-100	0-100
Remediation	0-100	0-100	0-100	0-100	0-100
Total (must equal 100%)	100%	100%	100%	100%	100%

² It is not necessary to weight Pell-eligible and Underserved populations because they are a carve out that is applied the same to each institution.



PERFORMANCE METRICS

HB 14-1319 STATUTORY METRIC	DEFINITION	DATA SOURCE
Completion	<p>The number of certificates or degrees awarded an institution and the number of students who transfer from a community college to another institution after the completion of a minimum of 18 credit hours. The amount to be awarded for each certificate or degree is based on the subject and level of the credential. Certificates will be counted when issued for:</p> <ul style="list-style-type: none"> • Programs spanning one year (24 credit hours) or more; or • If program is less than one year (24 credit hours): • Certificate meets the federal “gainful employment” definition, or • Certificate represents the highest award earned at stop-out. <p>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.</p> <p>A community college that receives an incentive for a transfer student cannot also receive a retention bonus for that student in the same year.</p> <p>The value shall be increased for each credential earned or transfer of a Pell-eligible undergraduate student and/or an undergraduate student designated as underserved. Underserved is defined as African American, Hispanic and Native American students; excludes Asian students</p>	Student Unit Record Data System (SURDS)
Retention	<p>The number of students who make the following steps of academic progress:</p> <p>Four-year institutions –number of students who cross the threshold of completing:</p> <ul style="list-style-type: none"> • 30 credit hours • 60 credit hours • 90 credit hours <p>Two-year institutions - number of students who cross the threshold of completing:</p> <ul style="list-style-type: none"> • 15 credit hours • 30 credit hours • 45 credit hours <p>Concurrent enrollment will be included and each student will be counted only once at each academic progress interval.</p>	Student Unit Record Data System (SURDS)
Credit for increases in Completions	The net increase in awards and transfers year to year. Only positive changes are included in the calculation and negative values are treated as zero.	Student Unit Record Data System (SURDS)



WEIGHTING DISCUSISON FOR PERFORMANCE

HB 14-1319 stipulates that Performance Metrics must be applied uniformly to all governing boards. Additionally, because the Performance Metrics are based on counts, no indexing is necessary. Completion weighting is done by academic level and subject (high demand fields such as STEM and health care).

There are also **additional bonuses** for completions awarded to and transfers of Pell-eligible and underserved populations. There are no additional population bonuses for Retention and the Increase in Completions metrics. The preliminary weight assumptions that the CCHHE is considering are as follows:

Completion Preliminary Weight Assumptions +/-						
Demand Indication	Transfer (0.25)	Certificates (0.25)	Associates (0.50)	Bachelors (1.00)	Masters (1.25)	Doctoral (1.75)
High Demand (1.5)	n x .25	n x 1.5 x 0.25	n x 1.5 x 0.50	n x 1.5 x 1.0	n x 1.5 x 1.25	n x 1.5 x 1.75
All Others (1)		n x 1.0 x 0.25	n x 1.0 x 0.50	n x 1.0 x 1.0	n x 1.0 x 1.25	n x 1.0 x 1.75

Additional Undergraduate Completion/Transfer Bonus for Priority Populations	
Pell-Eligible	.25 - .50
Underserved Populations	.25 - .50

Retention is measured uniformly for each institution by assessing the numbers of students at 25% (15/30), 50% (30/60), and 75% (45/90) momentum points toward a degree.

Retention Preliminary Weight Assumptions	
15/30	.25 - .50
30/60	.50 - .75
45/60	.75 - 1.0

After the points have been calculated for the Performance Metrics, weights are then uniformly applied to the points for each metric by institution.

Performance Preliminary Metric Weights (%) Assumptions	
Completion	70% - 85%
Retention	5% - 10%
Increase in Completions	0% - 10%



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NOTE

Discussion of preliminary test weights by institutional, civic, and legislative stakeholders will be **ongoing and parallel with model development**. These stakeholders continue to develop weights that alignment with institutions' missions and state priorities. Inherent to this process has been and will continue to be an evolving understanding of the implications of weighting in the model.