



## HB14-1319 Higher Ed Funding Talking Points

### Legislation Overview

- HB 14-1319, signed into law in May 2014, requires the Colorado Commission on Higher Education (CCHE) to develop a new base funding formula to allocate state general fund dollars among the state’s public institutions of higher education.
- This new funding model will be implemented in the 2015-16 fiscal year and will include allocation of the Colorado Opportunity Fund (COF) stipends and new Fee-for-Service contracts.
- The components of the new Fee-for-Service contract portion will include:
  - **Role and Mission of the Institutions** – Selectivity, number of campuses, rural or urban location, low student enrollment, high cost undergraduate programs, research, Pell eligible and underserved students, types of graduate programs, and cost for remedial courses.
  - **Performance** – Number of degrees and transfers completed, within certain parameters; and, number of students who make academic progress.
- The bill limits an annual increase or decrease in funding to each governing board to no more than 5 percent and requires appropriations to COF stipends be at least 52.5 percent of the “total state appropriation” each year. **Total State Appropriation** is defined by the bill as those funds including the Role & Mission, Performance funding and the COF Stipend.
- In consultation with key stakeholders, and beginning with FY 2016-17 CCHE must also submit to the Legislature tuition policies that ensure both accessible and affordable higher education for residents.

### National Landscape

- Across the country, many other states are having this same important discussion: What are our priorities regarding higher education? What are the needs of our economy? How do we best invest in the future of our workforce? How do we best invest in the future of our state?
- According to a recent [NCSL article on Performance-Based Funding for Higher Education](#), 25 other states have engaged in a similar discussion around performance funding for higher education and five states - including Colorado - are currently in the midst of developing performance funding models.

## Timeline

- The CCHE must determine weighted role and mission factors and performance funding metrics for the new funding model by **Jan. 1, 2015**.
- The timeline is mandated by law.
- CCHE must also submit to the Legislature tuition policies that ensure both accessible and affordable higher education for residents by **Nov. 1, 2015**.
- The funding model goes into effect **fiscal 2015-2016**.

## Process to Implement

The process is structured to be inclusive of key stakeholders and gain a clear understanding of what is important to Colorado as a whole.

- **Subject Matter Expert Teams** will work at the granular level on the three aspects of the project:
  - **Public Education & Outreach** – This team will help participants and leaders understand how state priorities should impact consideration of weighting of the funding model metrics and factors within the formula, and educate the public about the importance of higher education to our state and our economy.
    - The team is working with Keystone Center and Engaged Public, two vendors, to engage key informants across the state in the higher education funding conversation and then broaden the conversation through regional outreach meetings.
    - The outreach meetings will help key the subject matter expert teams, the CCHE and EAG understand the views and priorities of the interested parties in the metrics and factors outlined in the bill. This information will help shape the weights that the Funding Allocation Model Team will be working to balance.
  - **Cost Driver Analysis** – This team is charged with determining what data needs to be used to analyze institutional costs – and how to tell the story that the data reveals. The results of this expert team’s work will be particularly important as tuition policy recommendations are developed.
  - **Funding Allocation Model** – This team will consider public input and priorities and develop a weighted funding model to allocate state dollars to state public institutions of higher education reflecting these priorities.
- An **Executive Advisory Group (EAG)** has been established, with broad representation covering the list of “interested parties” defined in the bill as including the governing boards of institutions, institution administrators, higher education advocates, students, faculty, nonprofit education organizations, and members of the business community.
  - This group will digest the work that the expert teams have conducted; help to resolve any conflicts that may arise through the granular process; provide guidance, as necessary, to the Expert Teams for additional issues to take into consideration; and

ultimately make clear recommendations to the CCHE for final adoption of the results of the project process. The EAG is comprised of the following volunteers:

- Lt. Gov. Joe Garcia, Executive Director, Colorado Department of Higher Education – co-chair
  - Donna Lynne, Executive Vice President, Kaiser Permanente – co-chair
  - Jim Chavez, Executive Director, Latin American Education Foundation
  - Tim Foster, President, Colorado Mesa University
  - Russ George, President, Colorado Northwestern Community College
  - Kent Lambert, State Senator, Colorado General Assembly
  - Jenise May, State Representative, Colorado General Assembly
  - Monte Moses, Commissioner, Colorado Commission on Higher Education
  - Pam Shockley-Zalabak, Chancellor, University of Colorado at Colorado Springs
  - Pat Steadman, State Senator, Colorado General Assembly
  - Greg Stevinson, President, Denver West Realty
  - Jim Wilson, State Representative, Colorado General Assembly
- The **Colorado Commission on Higher Education (CCHE)** is the governing body that is charged to meet the objectives and directives of 1319. CCHE will be provided regular reports on the progress of the project from the Project Team; resolve any conflicts that were not able to be resolved at the EAG level; provide guidance, if necessary to the EAG for issues to take into consideration; and, finally adopt the new funding model and provide a final report on the outcomes of the Project. On an ongoing basis, the CCHE will make an annual recommendation on tuition policy given the formula outputs and state policy priorities.
  - See our webpage for more information about the process.  
<http://highered.colorado.gov/Publications/General/1319/default.html>

### **Why is this legislation important?**

- This new funding formula will represent a major change in how public institutions of higher education are funded, it is critical that it be created and implemented in a manner that is inclusive and transparent.
- Taxpayers, students, families, and the business community should be able to clearly understand why higher education costs what it does and how and why state dollars are being allocated to different institutions.
- To build trust and confidence in Colorado's higher education system and make it a priority for the state.
- Help taxpayers, students, families, and the business community understand the state goals outlined in *Colorado Competes! A Completion Agenda for Higher Education* and how state funding of higher education is tied to these goals.

## **Master Plan Goals**

- Increasing the number of postsecondary credentials awarded to meet future workforce needs (Employers want college graduates for 70% of newly created jobs)
- Improving student success through better outcomes in basic skills education, enhanced student support services and reduced average time to credential;
- Enhancing access to, and through, postsecondary education to ensure that the system reflects the state's changing demographics while reducing degree attainment gaps;
- Developing resources, through increase in state funding, that will allow public institutions of higher education to meet projected enrollment demands while promoting affordability, accessibility and efficiency.

## **Key Challenges**

- Certain aspects of the funding formula are already laid out in statute, however, how they will be weighted in the formula is not. Identifying how to prioritize these to reflect the needs of the state and finding agreement in how those factors will be weighted will be challenging.
- It is impossible to know how this could positively or negatively affect individual institutions until the model is completed.
- The timeline is tight.
- Decisions on the formula cannot be based on any expectation of more funding for higher education.
- There will be many ideas that come out through the process, difficult choices will need to be made in prioritizing these.

## **Desired Outcomes**

- A transparent, easy-to understand funding system for state base-funding of public institutions of higher education.
- Higher level of trust and support in our higher education system and how state dollars are spent.
- Predictable tuition structure for students and families.
- A clearer understanding of why higher education costs what it does.
- An improved understanding and agreement that higher education is a public good, as well as a private good.

## The Public Good

- Higher education is an economic and civic engine for our state.
- Many people understand the private benefits of a college degree, and how salaries climb in correlation to the degree earned. However, research also shows that people with postsecondary credentials are more engaged citizens, are healthier, are more involved in their children's educations, end up in prison less often and have far less of a need of public welfare programs. (*College Board: Education Pays 2013: The Benefits of Higher Education for Individuals and Society*)
- Our state's campuses are economic engines in their own right, generating \$387 million in tax dollars and employing nearly 100,000 people across Colorado.
  - The recently released economic impact report issued by the [University of Colorado Denver|Anschutz Medical Campus](#) found that the campus continues to be a major engine of state growth, creating thousands of jobs, attracting millions in research dollars and contributing over \$3 billion to the Colorado economy in FY 2012-13. If it were a publicly traded company the university would rank in the top 25 statewide. This is only one recent example.
- "Tech Transfer" - There are many businesses and startups that got their start on a Colorado campus and are now benefiting our entire state's economy.
  - Three Colorado universities recently landed on [Forbes' ranking](#) of the top 50 schools for startup businesses in the U.S. The [University of Colorado Boulder](#) ranked No. 19 as one of America's most entrepreneurial universities; the [University of Denver](#) was given the No. 27 spot; and [Colorado State University](#) eked into the top 50 at No. 49.

## Get Involved

- Attend the 1319 meeting in your community. We will post information about these meetings on our website.
- Sign up for the CDHE newsletter, Higher Ed Headlines, or our daily higher education press clips by emailing Communications Manager Julie Poppen at [Julie.poppen@dhe.state.co.us](mailto:Julie.poppen@dhe.state.co.us).
- Ask to be included in information about the project being provided directly to interested parties. Email your name and email contact information to: [kachina.weaver@dhe.state.co.us](mailto:kachina.weaver@dhe.state.co.us)
- Ask a member of the Colorado Commission on Higher Education to visit your community to do a presentation on key challenges and goals facing higher education in Colorado.
- Follow the Colorado Department of Higher Education on Facebook (ColoradoHigherEd) or Twitter @CoHigherEd.
- Talk to your friends and neighbors about the importance of a sustainable, quality higher education system.