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COLORADO DEPARTMENT OF



# HIGHER EDUCATION

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ACCESS TO HIGH-QUALITY, AFFORDABLE EDUCATION FOR ALL COLORADANS

## HIGHER EDUCATION STRATEGIC PLAN

FY 2012-13

**November 2011**

**EXECUTIVE SUMMARY:**

Since its founding, the Colorado Commission on Higher Education (CCHE) has had the responsibility for statewide strategic planning. In 2004 and beyond, however, the Colorado General Assembly passed several bills that modified the CCHE's activities in systemwide planning, ultimately culminating in Senate Bill 11-052, which formally linked statewide strategic planning with institutional performance contracts and future performance funding.

Though the CCHE's performance contracts were not expressly designed to direct resource allocation decisions, the Department of Higher Education's FY 2012-13 budget request was directly influenced by the presence of Financial Accountability Plans, which were created pursuant to Senate Bill 10-003 ("Higher Education Flexibility").

Specifically, the CCHE's FY 2012-13 budget request attempts to balance needed reductions between institutional operations and state-funded institutional financial aid in order to help sustain core programs and operations across Colorado's public institutions; to mitigate tuition increases across Colorado's student population and preserve existing institutional Financial Accountability Plans and other institutional planning tools to the extent practicable under the circumstances; and to more objectively apportion proposed reductions across institutions throughout the postsecondary system.

Throughout 2011-12, the CCHE will develop a new statewide master plan according to the directives found in Senate Bill 11-052. No later than December 1, 2012, the Department and CCHE will use this plan as the foundation for new performance contracts for public postsecondary institutions, which may be used to direct budget requests in FY 2013-14 and beyond.

**STATUTORY AUTHORIZATION:**

“There is hereby established a central policy and coordinating board for higher education in the state of Colorado, to be known as the Colorado commission on higher education” – *Section 23-1-102 (2), C.R.S. (2011)*

“the department of higher education is responsible for implementing the duly adopted policies of the Colorado commission on higher education...it is the duty of the Colorado commission on higher education and the department of higher education to implement the policies of the general assembly” – *Section 23-1-101, C.R.S. (2011)*

“On or before September 1, 2012, the commission shall develop and submit to the governor and the general assembly a new master plan for Colorado postsecondary education. The commission shall collaborate with the governing boards and chief executive officers of the state institutions of higher education in developing the master plan. In addition, the commission shall take into account the final report of the higher education strategic planning steering committee appointed by the governor. In drafting the master plan, addressing the issues specified in paragraph (b) of this subsection (1.5), and establishing the goals as described in paragraph (c) of this subsection (1.5) for the state system of higher education” — *Section 23-1-108 (1.5), C.R.S. (2011)*

**MISSION STATEMENTS:**

***Colorado Department of Higher Education:*** The mission of the Department of Higher Education is to improve the quality of, ensure the affordability of, and promote access to, postsecondary education for the people of Colorado. In pursuing its mission, the Department of Higher Education will act as an advocate for the students and institutions of postsecondary education and will coordinate and, as needed, regulate the activities of the state’s postsecondary education institutions.

***The Colorado Commission on Higher Education:*** CCHE’s mission is to provide access to high-quality, affordable education for all Colorado residents that is student-centered, quality driven and performance-based. CCHE’s primary "customers" are Colorado students and citizens. CCHE is committed to providing the best quality education at the best price with the best possible service for its customers.

**VISION STATEMENT:**

Higher education must fulfill its essential role in creating the conditions for a healthy state economy, a productive society and a high quality of life for the people of the state. While serving these greater societal needs, the department and the state’s institutions understand that their main purpose is the rigorous instruction of students. The department, working together with the state’s institutions of postsecondary education, seeks a future for Colorado in which its institutions are accountable for continued improvement in the quality, efficiency and results of postsecondary education and are adequately funded to do so.

## **SUMMARY AND BACKGROUND**

Since its founding in 1965, the Colorado Commission on Higher Education (CCHE) has had the responsibility for statewide strategic planning for the system of higher education. According to statute (C.R.S. 23-1-108), the CCHE is responsible for the following statewide planning activities:

- Establishing a policy-based and continuing systemwide planning, programming, and coordination process to effect the best use of available resources;
- Establishing such academic and vocational education planning as may be necessary to accomplish and sustain systemwide goals of high quality, access, diversity, efficiency, and accountability;
- Determining the role and mission of each state-supported institution of higher education within statutory guidelines;
- Establishing enrollment policies, consistent with roles and missions, at state-supported institutions of higher education as described in statute;
- Establishing state policies that differentiate admission and program standards and that are consistent with institutional roles and missions as described in statute;
- Adopting statewide affirmative action policies for the commission, governing boards, and state-supported institutions of higher education; and
- Establishing systemwide policies concerning administrative costs.

Historically, the CCHE provided a strategic planning report to the Colorado General Assembly once every four years; however, in 2004, this process was modified significantly.

With the passage of Senate Bill 04-189, the College Opportunity Fund (COF) program, the relationship between the CCHE and the postsecondary governing boards changed. As a result of Senate Bill 04-189, the traditional planning process outlined in §23-1-108 C.R.S. was replaced with the development and execution of institution-specific performance contracts. These contracts were unique in the nation and articulated specific performance targets for institutions that participated in the COF program. Following guidance found in statute, these performance contracts addressed common goals such as improvements in student retention, completion rates, and access for underserved students. The original term of the performance contracts was from 2005-2009, during which time the CCHE did not create an additional strategic plan.

In 2010, the CCHE performance contracts were extended by the CCHE. In that same year, the Colorado General Assembly passed Senate Bill 10-003, which granted institutions of higher education increased financial flexibility in return for increased accountability to ensure the ongoing access and success for students from lower and middle income families. Senate Bill 10-003 also required the CCHE to renew its historic role in master planning and prepare a formal

statewide strategic plan for delivery to the Governor and General Assembly no later than December 2010.

In December 2010, the CCHE formally adopted the Higher Education Strategic Plan's (HESP) report, *The Degree Dividend*, as the foundation of its "master planning process," a process that would culminate in the development of a new statewide master plan and new performance contracts.


Finally, in 2011, the Colorado General Assembly adopted Senate Bill 11-052, a bill that directed the CCHE to (1) extend the terms of the existing performance contracts through December 2012, to (2) prepare and deliver a formal master plan for higher education no later than September 2012, and (3) to prepare new performance contracts for higher education systems, using the newly adopted master plan as the basis for the contracts, by December 2012. And, unlike previous statewide performance plans or contracts, those created by way of Senate Bill 11-052 must eventually be used for the introduction of performance funding.

Today, the CCHE is in the process of developing a new statewide master plan according to the directives found in Senate Bill 11-052. Nonetheless, while this process is underway and will ultimately culminate in the creation of a new state plans, performance contracts, and a performance-based funding system, collectively, the existing performance contracts and financial accountability plans provide accountability to the system of higher education and have helped guide the CCHE's resource allocation decisions.

In the balance of this report, information on current and future strategic plans for higher education, their effect, and their use in the budgeting process will be presented. The first section will address student access and success, the primary focus of the state's performance contracts. The second section will address financial accountability pursuant to Senate Bill 10-003. The final section will concern the process currently underway by the CCHE to respond to Senate Bill 11-052 by creating a new statewide master plan and new performance contracts, which will be used for performance funding.

#### **INSTITUTION-SPECIFIC ROLE AND MISSION AND STRATEGIC PLANS:**

CCHE through the Department of Higher Education acts as the central policy and coordinating organization for Colorado's public colleges and universities. As a coordinating body, CCHE does not direct institutional planning. Each governing board, local district junior college and area vocational school has a unique statutory role and mission and develops individual strategic and operating plans approved by its respective governing board.

Colorado Department of Higher Education Strategic Planning and Performance Goals required through Legislation													
										Senate Bill 11-052			
										Senate Bill 10-003			
										House Bill 10-1119			
Senate Bill 04-189													
YEAR	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Bill	What it does						Implications and Outcomes						
<b>Senate Bill 04-189 (Higher Education)</b>	Created the College Opportunity Fund System and established Performance Contracts between the Governing Boards and the Colorado Commission on Higher Education.						COF system was intended to fund Governing Boards on a more market based approach. Students would receive benefits through the stipend as well as through fee-for-service contracts for services purchase by the state from the colleges. Established performance criteria and annual reporting.						
<b>Senate Bill 10-003 (Higher Education Flexibility)</b>	Suspended tuition appropriations from FY 11-12 to FY 15-16. Requires Governing Boards to submit Financial Accountability Plans to the CCHE for approval in instances of increasing tuition for resident undergraduate students above 9%. The Financial Accountability Plans are required to describe the strategies that institutions will implement to ensure access and affordability.						In the midst of declining state support for public institutions of higher education, this legislation provides institutions with an opportunity to adjust tuition rates and plan for the future.						
<b>House Bill 10-1119 (SMART Government Act)</b>	Created process and requirements for development of Departmental Strategic Plans.						Repealed the statute related to zero-based budgeting. Enacted sections requiring Departments to develop strategic plans to be included in the annual budget process with the general goal of linking funding to programmatic outcomes.						
<b>Senate Bill 11-052 (Goals for Higher Ed System)</b>	<p>Extends existing performance contracts to December 1, 2012. Charges CCHE to work collaboratively with the governing boards and colleges in developing overall statewide goals for higher education. These statewide goals for higher education are to be included in a new master plan for higher education by September 1, 2012.</p> <p>The new master plan for higher education shall be implemented through the renegotiated Performance Contracts between the Governing Boards and CCHE by December 1, 2012.</p> <p>Establishes this framework as the basis for performance funding in the future.</p>						<p>Formally integrates the new master plan for higher education and the renegotiated Performance Contracts between the Governing Boards and the CCHE.</p> <p>Introduced performance-based funding mechanism into higher education finance policy.</p> <p>Extends performance contracts to all public institutions of higher education.</p>						

**LEADING PERFORMANCE INDICATORS FOR PUBLIC HIGHER EDUCATION IN COLORADO**

1. Student Retention (Performance Contract Goal)

<b>Fall Retention Rates</b>	<b>2004-2005</b>	<b>2005-2006</b>	<b>2006-2007</b>	<b>2007-2008</b>	<b>2008-2009</b>	<b>2009-2010</b>
<b>2-Year Colleges<sup>1</sup></b>	48.7%	50.1%	54.9%	53.2%	58.2%	55.3%
<b>4-Year Colleges</b>	73.3%	72.5%	74.3%	75.3%	75.0%	75.7%
<b>Statewide Average</b>	67.4%	72.6%	69.5%	70.6%	71.3%	70.6%

2. Graduation Rates (Performance Contract Goal)

<b>Graduation Rates</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>2-Year Colleges<sup>1</sup></b>	25.8%	21.4%	23.4%	24.8%	22.5%	20.8%
<b>4-Year Colleges</b>	55.6%	56.0%	58.3%	57.7%	57.7%	57.2%
<b>Statewide Average</b>	47.9%	46.0%	49.0%	49.8%	48.8%	49.3%

3. Minority Student Enrollment (Performance Contract Goal)

<b>Fall Minority Enrollment</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>2-Year Colleges<sup>1</sup></b>	26.3%	28.3%	27.7%	26.3%	27.5%	28.9%
<b>4-Year Colleges</b>	17.5%	17.7%	18.3%	18.3%	19.1%	20.7%
<b>Statewide Average</b>	20.5%	21.2%	21.5%	21.1%	22.3%	23.9%

4. Low-income Enrollments (Pell Grant Recipients; Performance Contract Goal)

<b>Pell Eligible Enrollment<sup>2</sup></b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>2-Year Colleges<sup>1</sup></b>	40.5%	40.9%	33.6%	33.6%	32.1%	42.8%
<b>4-Year Colleges</b>	20.8%	19.8%	18.7%	18.5%	18.2%	23.1%
<b>Statewide Total</b>	27.5%	26.8%	23.7%	23.6%	23.3%	30.8%

<sup>1</sup> Data for “2-Year Colleges” includes the Colorado Community College System only. Local District Junior Colleges did not participate in the College Opportunity Fund program between 2004-2011.

<sup>2</sup> Note: Pell eligibility limits based on EFC 9-month calculation changed in the following ways between 2006 – 2010: EFC limit = \$3,850 (2006-08), \$4,041 (2009) \$4,617 (2010).

5. Increased Institutional Financial Aid (Financial Accountability Plan Goal):

<b>Fiscal Year</b>	<b>2003-04</b>	<b>2004-05</b>	<b>2005-06</b>	<b>2006-07</b>	<b>2007-08</b>	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>
Total Public Institutional Financial Aid	89,062,661	102,620,315	138,113,409	139,209,125	165,478,388	195,859,445	222,121,166	241,582,016
Dollar Change from Prior Fiscal year	-	13,557,654	35,493,094	1,095,716	26,269,263	30,381,057	26,261,721	19,460,850
Percent Change from Prior Fiscal Year	-	15.2%	34.6%	0.8%	18.9%	18.4%	13.4%	8.8%
Cummulative Dollar Change from FY 2003-04	-	13,557,654	49,050,748	50,146,464	76,415,727	106,796,784	133,058,505	152,519,355
Cummulative Percent Change from FY 2003-04	-	15.2%	55.1%	56.3%	85.8%	119.9%	149.4%	171.2%



**PERFORMANCE INDICATORS: STUDENT ACCESS AND RETENTION (SENATE BILL 04-189)**

Senate Bill 04-189 charged the CCHE with negotiating performance contracts with the COF participant governing boards. These contracts were signed in 2004 following the enactment of this legislation.

The performance contracts were created to track agreed upon measurable goals pertaining to the desired policy and program outcomes for the participating public institutions of higher education. Each one of the performance contracts is individually tailored to the specific governing board’s unique role and mission; however, most performance contracts include several common performance measures, principally in areas related to student access and success. Examples of generally consistent performance measures found in the performance contracts include the following:

- Retention Rates (cohort rates);
- Graduation Rates (cohort rates);
- Minority Enrollments (absolute numbers); and,
- Low-Income Enrollments (i.e., Pell Grant recipients; absolute numbers)

**Table One: Retention Rates, 2004-05 to 2009-2010**

<b>Fall Retention Rates</b>	<b>2004-2005</b>	<b>2005-2006</b>	<b>2006-2007</b>	<b>2007-2008</b>	<b>2008-2009</b>	<b>2009-2010</b>
<b>2-Year Colleges<sup>1</sup></b>	48.7%	50.1%	54.9%	53.2%	58.2%	55.3%
<b>4-Year Colleges</b>	73.3%	72.5%	74.3%	75.3%	75.0%	75.7%
<b>Statewide Average</b>	67.4%	72.6%	69.5%	70.6%	71.3%	70.6%

*Source: SURDS Enrollment Reports*

**Table Two: Graduation Rates, 2005-2010**

<b>Graduation Rates</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>2-Year Colleges<sup>1</sup></b>	25.8%	21.4%	23.4%	24.8%	22.5%	20.8%
<b>4-Year Colleges</b>	55.6%	56.0%	58.3%	57.7%	57.7%	57.2%
<b>Statewide Average</b>	47.9%	46.0%	49.0%	49.8%	48.8%	49.3%

*Graduate within 6 years at 4-Year Colleges; Graduate within 3 years at 2-Year Colleges*

*Source: SURDS Enrollment Reports*

**Table Three: Minority Enrollment, 2005-2010**

<b>Fall Minority Enrollment</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>2-Year Colleges<sup>1</sup></b>	26.3%	28.3%	27.7%	26.3%	27.5%	28.9%
<b>4-Year Colleges</b>	17.5%	17.7%	18.3%	18.3%	19.1%	20.7%
<b>Statewide Average</b>	20.5%	21.2%	21.5%	21.1%	22.3%	23.9%

*Total Undergraduate Headcount  
Source: SURDS enrollment reports*

**Table Four: Low-income Enrollments (Pell Grant Recipients), 2005 - 2010**

<b>Pell Eligible Enrollment</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>2-Year Colleges<sup>1</sup></b>	40.5%	40.9%	33.6%	33.6%	32.1%	42.8%
<b>4-Year Colleges</b>	20.8%	19.8%	18.7%	18.5%	18.2%	23.1%
<b>Statewide Total</b>	27.5%	26.8%	23.7%	23.6%	23.3%	30.8%

*Low-income based on EFC 9-month calculation, less than or equal to \$3850 (2006-08) \$4041 (2009) \$4617 (2010).  
Source: SURDS financial aid reports.*

Institution specific data related to the above mentioned goals are available in Addendum A.

On March 5, 2010, the Commission adopted a workplan in which staff were directed to prepare a review of the Performance Contracts that were established per Senate Bill 04-189 (and subsequently modified pursuant to Section 23-5-129 C.R.S.). Between April and October 2010, Department staff reviewed each of the ten performance contracts. In October 2010, department staff presented findings to CCHE for discussion. Summary findings of this report are presented in Addendum B.

Importantly, though the original performance contracts were set to expire in 2010, Senate Bill 11-052 extended them again, this time through December 1, 2012. Department staff are in the process of collecting current year data pursuant to the provisions of the performance criteria found in the performance contracts. On or before December 1, 2012, the CCHE must execute new performance contracts with each campus governing board. These contracts must be based on the new master plan for higher education, which will be adopted no later than September 1, 2012.

***Implications of Performance Contracts:*** At the time of their creation, Colorado’s performance contracts were unique in the United States. Only one other state (Virginia) had considered using contracts to articulate and promote state goals. After six years with performance contracts, the CCHE has learned a good deal about their utility and shortcomings (see Addendum B).

The performance contracts proved to be a valuable tool for distinguishing institutional roles and missions and articulating performance goals in light of the unique attributes of each campus. Performance contracts were also helpful to the CCHE because they attempted to present state goals in an unambiguous way. Finally, performance contracts were useful as they allowed

campuses to negotiate specific goals for their institutions rather than assume that state goals would simply be fitted to institutional environments.

In spite of their promising attributes, the performance contracts signed in 2004 have several limitations. First, the provisions in the contracts specified performance for cohorts of students, specifically, first-time, full-time students. The result is that data used to evaluate institutions is biased toward traditional aged students at residential campuses who do not transfer prior to completing, thus limiting the utility of the performance contracts for campuses that serve non-traditional or transfer students. Today's CCHE is much less focused on retention and graduation rates (because these figures relate to certain cohorts of students and not all students) and is instead much more focused on targeting overall completion—in remediation, in transitions (transfer), and of an academic credential.

Second, while the institutions operating under performance contracts diligently supplied data and reports to the Department pursuant to the requirements of the contracts, the CCHE did not formally use this information in the budgeting process. In large part, this was the result of a structural design feature of the contracts. Specifically, the contracts neither articulated the ways in which the CCHE could use institutional performance related information in the budget process nor outlined any fiscal penalties for not meeting performance objectives. As will be discussed later, the next series of performance contracts, which will be executed no later than December 1, 2012, must be used for performance funding decisions. Moreover, the level of performance funding is known: 25% of all new revenue above \$650 million after “restored level of general fund support” (i.e., \$706 million) has been reached (23-1-108(1.9)(c)(I) C.R.S.)

Finally, the performance contracts were not tied to a statewide master plan or statewide goals. The result is that the sum total of the goals in each institution's performance contract do not culminate into a common statewide target. This design flaw was addressed in Senate Bill 10-052, which requires that the CCHE first adopt a statewide master plan, and then execute performance contracts based upon the goals adopted for implementation of the master plan. The resulting harmonization of the statewide plan and performance contracts will ensure that the campuses and the CCHE are in synch regarding statewide priority goals.

**PERFORMANCE INDICATOR: FINANCIAL ACCOUNTABILITY (SENATE BILL 10-003)**

In 2010, the Colorado General Assembly passed Senate Bill 10-003 as a way to provide immediate financial flexibility to Colorado's higher education system in light of rapidly diminishing state revenues and the expiration of assistance from the American Recovery and Reinvestment Act (ARRA), funds from which had been used extensively for higher education. Senate Bill 10-003 provided individual governing boards with the authority to set tuition for a period of five years, from FY 2011-12 to FY 2015-16. During this timeframe, governing boards are able to raise tuition by up to nine percent over the previous year. Governing Boards were given the authority to raise tuition beyond nine percent in return for accepting additional transparency and accountability by way of a Financial Accountability Plan (FAP).

According to Senate Bill 10-003, governing boards are required to use FAPs to explain the need for projected tuition increases for resident students above nine percent per year as well as demonstrate how their institution or institutions will remain accessible to Colorado's low and middle income students by way of increased institutional financial aid. In other words, the primary metric for demonstrating fulfillment of Senate Bill 10-003 is the amount of institutional financial aid will be provided to eligible students compared to the rate of tuition increases.

In summer 2010, Commission received proposed FAPs from 9 governing boards. On November 2, November 23, and December 1, 2010, the CCHE held public hearings to discuss each governing board's proposed plan. Several FAPs were revised to fulfill recommended improvements requested by the CCHE. The FAPs were approved at the November 4 and December 7 CCHE meetings (see Table Five below), some for five years, others for two (FY12 & FY13).

Table Five below provides an overview of the amount each governing board planned to provide in institutional financial aid compared to its tuition request for FY11-12. The information was taken from the institution's FAP, which was submitted to the CCHE in October 2010 and approved in November/December of the same year. The plan for increasing institutional financial aid was based on an assumption of state funding of \$555 million. Since state funding was decreased to \$519, institutional financial aid may have decreased from the plan documented in the FAP.

**Table Five: Tuition Increases and Financial Assistance Found in Financial Accountability Plans, by Institution, 2011-12.**

<b>Institution</b>	<b>FY11-12 Tuition Increase</b>	<b>Planned increase in institutional financial aid resulting from increased tuition</b>
Adams State College	12.2%	Increase by \$202,000 in FY11-12 and by a similar amount each fiscal year thereafter.
Colorado Community College System	10.0%	20% of increased tuition revenue to institutional aid for students at 150% of Pell EFC and below.
Colorado State University System	20.0%-CSU 12.9%-CSU-P	Increase institutional aid by \$9 million in FY11-12.
Colorado Mesa University	5.5%	Increase institutional aid by \$610,081 in FY11-12.
Fort Lewis College	19.8%	Institutional aid to cover 100% of tuition increase above 9% for Pell eligible students; 75% of tuition increase above 9% for level 1, not Pell eligible students (between 101% and 150% of EFC for Pell); and 50% of tuition increase above 9% for level 2 students (between 151% and 200% of EFC for Pell). Total increase in institutional aid is estimated at \$630,000.
Metro State College	22.6%	Increase institutional aid by \$3.3 million in FY11-12.
University of Colorado System	9.0% - UCD 7.2%-UCCS 9.3%-UCB	Increase institutional aid by \$4.1 million in FY11-12.
University of Northern Colorado	13.2% - 24.8% Depending on course differential	25% of increased tuition revenue to institutional aid.
Western State College	14.6%	25% of increased tuition revenue to institutional aid.

*Note: The Colorado School of Mines did not submit a Financial Accountability Plan and did not increase tuition above 9% in FY11-12. Therefore, they were not required to submit a plan for increasing institutional financial aid.*

*EFC = Estimated Family Contribution*

**Use of FAPs for FY 2012-13 budgeting:** Unlike the performance Contracts, which were not expressly used for budgeting purposes, the FAPs were related to the Governor’s FY 2012-13 budget request. The FAPs provided a degree of flexibility for planning the absorption of a \$61 million reduction in general fund revenues (approximately equal to 10 percent of the total remaining general fund revenue in FY 2011-12, a 30 percent cumulative reduction since FY 2009-10).

After consulting with the governing boards, a decision was made to divide the proposed reduction in general fund appropriations nearly equally across general operating revenue and student need-based financial aid. This decision was made because of the presence of FAPs. In other words, the Department and the CCHE proposed a method that would attempt to preserve the agreed upon tuition flexibility and operating assumptions along with proposed increases in institution-based student financial assistance because of the predicted impacts on campuses and students articulated in the FAPs. In this way, the Department and the CCHE believed that this would both preserve the integrity of the operating agreements with the governing boards and mitigate the negative financial impact on students with demonstrated need to the greatest extent possible under the circumstances.

**Table Six: Change in Institutional Financial Aid at Public Institutions of Higher Education in Colorado, FY 2003-04 to FY 2010-11.**

<b>Fiscal Year</b>	<b>2003-04</b>	<b>2004-05</b>	<b>2005-06</b>	<b>2006-07</b>	<b>2007-08</b>	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>
Total Public Institutional Financial Aid	89,062,661	102,620,315	138,113,409	139,209,125	165,478,388	195,859,445	222,121,166	241,582,016
Dollar Change from Prior Fiscal year	-	13,557,654	35,493,094	1,095,716	26,269,263	30,381,057	26,261,721	19,460,850
Percent Change from Prior Fiscal Year	-	15.2%	34.6%	0.8%	18.9%	18.4%	13.4%	8.8%
Cummulative Dollar Change from FY 2003-04	-	13,557,654	49,050,748	50,146,464	76,415,727	106,796,784	133,058,505	152,519,355
Cummulative Percent Change from FY 2003-04	-	15.2%	55.1%	56.3%	85.8%	119.9%	149.4%	171.2%

## **FUTURE PERFORMANCE INDICATORS**

On December 2, 2010, the CCHE adopted a “master planning process” that included three primary components:

1. Adopting a comprehensive strategic plan, the *Degree Dividend*;
2. Narrowing strategies to develop specific institutional level plans to be completed by no later than December 31, 2011; and,
3. Ongoing evaluation to maintain accountability and to address changing conditions.

Several months later, the Colorado General Assembly passed Senate Bill 11-052, which requires that the CCHE to adopt a new statewide master plan by September 1, 2012 and then execute new performance contracts for public institutions of higher education on or before December 1, 2012<sup>3</sup>. It should also be noted that these new contracts will be extended to include some public institutions of higher education that do not currently have performance contracts, including the Local District Junior Colleges (Aims Community College and Colorado Mountain Colleges) as well as the Area Vocational Schools.

Since the end of the 2011 legislative session, the Department and the CCHE have fulfilled the requirements of Senate Bill 11-052 through thoughtful and deliberate work planning to meet the September 1, 2012 deadline for the delivery of a statewide master plan.

In July 2011, the Department held professionally facilitated focus groups with key stakeholders in the state to examine the findings of “*The Degree Dividend*” and discuss what impact, if any, the findings would have on the statewide master plan. Those stakeholders included:

- Chief Academic Officers and campus faculty;
- Chief Student Services Officers and campus staff;
- Chief Financial Officers and campus staff;
- Legislators;
- External Stakeholders (including nonprofit leaders, scholarship programs, outreach programs, and affinity groups); and
- Student Leaders (this focus group was held in October).

The feedback collected from these stakeholder focus groups has been, and will continue to be used to help guide the CCHE in crafting the statewide master plan and framing new performance contracts. Both of these processes will be developed and used in tandem with the development of the department strategic plan.

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<sup>3</sup> The Colorado School of Mines has an alternative performance contract articulated in statute which is required to take into consideration of the new master plan for higher education created in Senate Bill 11-052.

Following the focus group stage, the CCHE held a planning retreat at Fort Lewis College in Durango, Colorado on August 4<sup>th</sup> and 5<sup>th</sup>. The objective of this retreat was to begin the process of identifying the preliminary goals of the CCHE's statewide master plan, which would then be more broadly discussed and refined with the assistance and full participation of the institutions and the larger postsecondary community.

Following a presentation from the National Center for Higher Education Management System (NCHEMS, a contractor of the Department of Higher Education), a review of Colorado's four previous master plans as well as other states' current master plans, consideration of constituent feedback collected by the retreat facilitator (Engaged Public), and an exhaustive conversation about the priorities identified in *The Degree Dividend*, the CCHE worked to formulate the *preliminary* objectives for the 2012 master plan.

Using the framework found in *The Degree Dividend*, the CCHE arrived at four *preliminary* goals for its 2012 master plan. The CCHE emphasized that these goals are a starting place for a thoughtful conversation with the stakeholders of higher education to arrive at agreed upon measures and may be further refined as the CCHE and the Department move forward in the coming months of work to meet the September 1, 2012 statutory deadline. The following identify the CCHE *preliminary* goals for the 2012 master plan.

**Goal One:** *Increase degree attainment* across Colorado in order to meet future workforce demands. The objective of this goal is to identify projected workforce demand, net of the in-migration of talent to the state, which could be used to both benchmark the state's needs and evaluate future progress.

**Goal Two:** *Close gaps in degree attainment* among students from traditionally underserved communities, in particular, Latinos, students from rural communities, and students from lower socioeconomic households.

**Goal Three:** *Improve outcomes in remedial education* by successfully aligning the state's postsecondary admission and remedial policies with the state's K-12 system, by assisting the state's school districts in identifying and addressing students' developmental needs before graduating from high school, and by scaling up successful innovations in remedial/developmental placement and instruction.

**Goal Four:** *Pursue public funding* that will allow public institutions of higher education to meet projected enrollment demands while maintaining current productivity efficiencies. In addition, pursue public funding to lower the burden on students by achieving a mix of revenues that equals 50 percent state funds and 50 percent tuition and fees.

Importantly, while remaining very mindful of the current fiscal conditions in the state and on public campuses, the Commission noted that the potential inability of the state to meet this last goal in the near term should not invalidate the previous three goals. In other words, the CCHE argued that each of the goals should be treated as independent of one another.



Background statistics for each of the goals mentioned in this section are available in Appendix C.

**Next Steps:** On December 2, 2011, the CCHE is hosting a statewide summit with the chairperson of each governing board, campus chief executive officers, members of the CCHE advisory committee, and DHE staff, to discuss and, it is hoped, settle on the goals for the state's next master plan and future performance contracts. This meeting will be held at the Auraria Higher Education Center in Denver.

In preparation for that event, at regular CCHE meetings, staff at the Department are preparing information for the CCHE that will begin to more fully explicate the challenges and opportunities in the proposed goals as well as provide examples of how such goals might be reflected in performance targets and/or questions for further discussion.

As was mentioned previously, the statewide goals for higher education are intended to be utilized by the Department in the development of its master plan, its performance contracts, and will eventually fulfill the "performance-based goals" as described in 2-7-202 (9), C.R.S.

The Department is very pleased with the level of engagement and commitment from the institutions of higher education, the CCHE members, as well as the administrators and faculty on each respective campus. While we all understand the fiscal challenges in the state, the state's system of higher education is a tremendous asset and one of the principal economic drivers of the state.

Despite the reality that higher education will most likely continue to play a role in balancing the state budget, the Department remains deeply committed to improving higher education in Colorado and trusts that the General Assembly recognizes the vital social, cultural, and economic roles the system plays for the state and communities served by Colorado's public college and universities.

**ADDENDUM A: INSTITUTION SPECIFIC PERFORMANCE ON SELECTED CRITERIA, 2005-2010**

**Table Seven: Retention Rates<sup>4</sup> (2005-2010)**

Adams State College	Goal: 60.9% by 2008	Fall 2005	Fall 2006	Fall 2007	Fall 2008	Fall 2009	Fall 2010
	Actual	55.5%	54.9%	55.4%	51.1%	56.5%	60.3%
Colorado Community College System	Goal: 54.4% by 2008	Fall 2005	Fall 2006	Fall 2007	Fall 2008	Fall 2009	Fall 2010
	Actual	48.7%	50.1%	54.9%	53.2%	58.2%	55.3%
Colorado Mesa University	Goal: 72.0% by 2008	Fall 2005	Fall 2006	Fall 2007	Fall 2008	Fall 2009	Fall 2010
	Actual	66.8%	68.4%	72.2%	70.7%	73.9%	65.5%
Colorado School of Mines	Goal: 60.0% per C.R.S.	Fall 2005	Fall 2006	Fall 2007	Fall 2008	Fall 2009	Fall 2010
	Actual	82.1%	83.4%	80.3%	83.6%	89.0%	87.4%
Colorado State-Fort Collins	Goal: 85.1% by 2008	Fall 2005	Fall 2006	Fall 2007	Fall 2008	Fall 2009	Fall 2010
	Actual	83.1%	82.0%	82.0%	83.0%	82.8%	83.1%
Colorado State-Pueblo	Goal: 67.0% by 2008	Fall 2005	Fall 2006	Fall 2007	Fall 2008	Fall 2009	Fall 2010
	Actual	59.2%	61.3%	63.0%	65.6%	65.6%	63.6%
Fort Lewis College	Goal: 57.5% by 2008	Fall 2005	Fall 2006	Fall 2007	Fall 2008	Fall 2009	Fall 2010
	Actual	58.0%	57.6%	56.0%	58.5%	60.3%	62.0%
Metro State College	Goal: 62.8% by 2008	Fall 2005	Fall 2006	Fall 2007	Fall 2008	Fall 2009	Fall 2010
	Actual	61.0%	62.0%	68.0%	67.0%	67.0%	66.6%
University of Colorado-Boulder	Goal: 88.0% by 2008	Fall 2005	Fall 2006	Fall 2007	Fall 2008	Fall 2009	Fall 2010
	Actual	82.4%	84.3%	83.2%	83.9%	82.7%	84.7%
University of Colorado-Colorado Springs	Goal: 72.0% by 2008	Fall 2005	Fall 2006	Fall 2007	Fall 2008	Fall 2009	Fall 2010
	Actual	66.9%	64.6%	69.1%	71.4%	67.3%	68.1%
University of Colorado-Denver	Goal: 72.0% by 2008	Fall 2005	Fall 2006	Fall 2007	Fall 2008	Fall 2009	Fall 2010
	Actual	71.1%	71.1%	72.1%	70.8%	69.6%	73.2%
University of Northern Colorado	Goal: 71.0% by 2008	Fall 2005	Fall 2006	Fall 2007	Fall 2008	Fall 2009	Fall 2010
	Actual	71.4%	68.0%	66.2%	70.5%	68.4%	69.2%
Western State College	Goal: 60.0% by 2008	Fall 2005	Fall 2006	Fall 2007	Fall 2008	Fall 2009	Fall 2010
	Actual	57.9%	61.0%	59.2%	61.3%	54.4%	59.1%

<sup>4</sup> Retention Rates are based First Time (in fall), Full Time, degree seeking undergrads, all ages excludes exclusive extended studies students, retained the following fall at the same institution. Actual data is based on institutional supplied data or SURDs data. In some instances where institutional supplied data is not currently available, SURDs data has been incorporated. Institution supplied data may be updated.

**Table Eight: Graduation Rates<sup>5</sup> (2005-2010)**

Adams State College	Goal: 30.4% by 2008	2005	2006	2007	2008	2009	2010
	Actual	32.0%	29.0%	36.7%	29.6%	31.3%	24.8%
Colorado Community College System	Goal: 21.2% by 2008	2005	2006	2007	2008	2009	2010
	Actual	25.8%	21.4%	23.4%	24.8%	22.5%	20.8%
Colorado Mesa University	Goal: 34.0% by 2008	2005	2006	2007	2008	2009	2010
	Actual	28.0%	33.0%	33.0%	35.0%	25.9%	26.3%
Colorado School of Mines	Goal: 60.0% per C.R.S.	2005	2006	2007	2008	2009	2010
	Actual	67.3%	68.9%	67.6%	71.7%	67.2%	64.1%
Colorado State-Fort Collins	Goal: 63.6% by 2008	2005	2006	2007	2008	2009	2010
	Actual	64.0%	66.0%	66.0%	64.0%	63.4%	63.4%
Colorado State-Pueblo	Goal:31.8% by 2008	2005	2006	2007	2008	2009	2010
	Actual	38.3%	32.7%	42.3%	39.3%	27.4%	30.4%
Fort Lewis College	Goal: 32.0% by 2008	2005	2006	2007	2008	2009	2010
	Actual	27.8%	32.0%	29.7%	33.0%	33.9%	37.8%
Metro State College	Goal:21.8% by 2008	2005	2006	2007	2008	2009	2010
	Actual	20.0%	24.0%	23.0%	21.0%	20.6%	20.5%
University of Colorado-Boulder	Goal: 71.0% by 2008	2005	2006	2007	2008	2009	2010
	Actual	69.5%	68.4%	70.9%	70.3%	70.4%	71.5%
University of Colorado-Colorado Springs	Goal: 42.0% by 2008	2005	2006	2007	2008	2009	2010
	Actual	47.7%	48.8%	51.8%	53.8%	52.4%	53.0%
University of Colorado-Denver	Goal: 42.0% by 2008	2005	2006	2007	2008	2009	2010
	Actual	49.4%	44.0%	48.0%	46.7%	51.9%	50.7%
University of Northern Colorado	Goal: 49.0% by 2008	2005	2006	2007	2008	2009	2010
	Actual	45.8%	48.8%	49.8%	49.9%	49.3%	46.4%
Western State College	Goal: 31.8% by 2008	2005	2006	2007	2008	2009	2010
	Actual	36.3%	31.5%	37.0%	36.8%	39.0%	34.4%

<sup>5</sup> Graduation Rates are based on First Time Fall, Full Time, Degree Seeking UG, all Ages, excludes extended studies students. 6 year graduation rate (150%) at original 4 year institution and 3 year graduation rate (150%) at original 2 year institution. Actual data is based on institutional supplied data or SURDs data. In some instances where institutional supplied data is not currently available, SURDs data has been incorporated. Institution supplied data may be updated.

**Table Nine: Minority Enrollments<sup>6</sup> (2005-2010)**

Adams State College	Goal: Increase by 2008	2005	2006	2007	2008	2009	2010
	Actual	896	890	920	896	982	1,128
Colorado Community College System	Goal: Increase by 2008	2005	2006	2007	2008	2009	2010
	Actual	18,318	19,038	19,064	18,912	23,011	27,149
Colorado Mesa University	Goal: Increase by 2008	2005	2006	2007	2008	2009	2010
	Actual	764	865	919	946	1,044	1,458
Colorado State-Fort Collins	Goal: Increase by 2008	2005	2006	2007	2008	2009	2010
	Actual	2,985	3,050	3,648	3,273	3,406	3,655
Colorado State-Pueblo	Goal: Increase by 2008	2005	2006	2007	2008	2009	2010
	Actual	1,415	1,363	1,460	1,705	1,873	1,953
Fort Lewis College	Goal: Increase by 2008	2005	2006	2007	2008	2009	2010
	Actual	1,025	1,001	1,058	1,028	1,084	1,238
Metro State College	Goal: Increase by 2008	2005	2006	2007	2008	2009	2010
	Actual	5,006	4,961	5,039	5,292	5,587	6,946
University of Colorado-Boulder	Goal: Increase by 2008	2005	2006	2007	2008	2009	2010
	Actual	4,200	4,276	4,282	4,345	4,497	4,805
University of Colorado-Co. Springs	Goal: Increase by 2008	2005	2006	2007	2008	2009	2010
	Actual	1,359	1,377	1,382	1,442	1,597	1,864
University of Colorado-Denver	Goal: Increase by 2008	2005	2006	2007	2008	2009	2010
	Actual	3,177	3,386	3,497	3,675	4,015	4,412
University of Northern Colorado	Goal: Increase by 2008	2005	2006	2007	2008	2009	2010
	Actual	1,835	1,818	1,687	1,690	1,805	2,096
Western State College	Goal: Increase by 2008	2005	2006	2007	2008	2009	2010
	Actual	197	199	198	186	179	169

<sup>6</sup> Minority Enrollments are based on fall headcount of the following self identified ethnic groups including Asian, Native Americans, Black non-Hispanic and Hispanic students.

**Table Ten: Low-Income Enrollments<sup>7</sup> (2005-2010)**

<b>Adams State College</b>	<b>Goal: Increase by 2008</b>	<b>2004-05</b>	<b>2005-06</b>	<b>2006-07</b>	<b>2007-08</b>	<b>2008-09</b>	<b>2009-10</b>
	<b>Actual</b>	1,785	1,424	1,464	1,530	1,572	1,974
<b>Colorado Community College System</b>	<b>Goal: Increase by 2008</b>	<b>2004-05</b>	<b>2005-06</b>	<b>2006-07</b>	<b>2007-08</b>	<b>2008-09</b>	<b>2009-10</b>
	<b>Actual</b>	28,187	27,603	22,976	23,984	27,309	40,304
<b>Colorado Mesa University</b>	<b>Goal: Increase by 2008</b>	<b>2004-05</b>	<b>2005-06</b>	<b>2006-07</b>	<b>2007-08</b>	<b>2008-09</b>	<b>2009-10</b>
	<b>Actual</b>	3,511	3,471	3,143	2,941	2,677	3,978
<b>Colorado State-Fort Collins</b>	<b>Goal: Increase by 2008</b>	<b>2004-05</b>	<b>2005-06</b>	<b>2006-07</b>	<b>2007-08</b>	<b>2008-09</b>	<b>2009-10</b>
	<b>Actual</b>	5,404	5,037	4,879	4,999	5,205	6,300
<b>Colorado State-Pueblo</b>	<b>Goal: Increase by 2008</b>	<b>2004-05</b>	<b>2005-06</b>	<b>2006-07</b>	<b>2007-08</b>	<b>2008-09</b>	<b>2009-10</b>
	<b>Actual</b>	2,161	2,044	1,920	1,828	2,009	2,523
<b>Metro State College</b>	<b>Goal: Increase by 2008</b>	<b>2004-05</b>	<b>2005-06</b>	<b>2006-07</b>	<b>2007-08</b>	<b>2008-09</b>	<b>2009-10</b>
	<b>Actual</b>	8,818	8,770	8,562	8,867	9,604	13,232
<b>University of Northern Colorado</b>	<b>Goal: Increase by 2008</b>	<b>2004-05</b>	<b>2005-06</b>	<b>2006-07</b>	<b>2007-08</b>	<b>2008-09</b>	<b>2009-10</b>
	<b>Actual</b>	3,000	2,825	2,551	2,400	2,387	3,287
<b>Western State College</b>	<b>Goal: Increase by 2008</b>	<b>2004-05</b>	<b>2005-06</b>	<b>2006-07</b>	<b>2007-08</b>	<b>2008-09</b>	<b>2009-10</b>
	<b>Actual</b>	636	613	524	498	463	585

<sup>7</sup> Low-Income Enrollments are based on the Estimate Family Contribution 9-month calculation, less than or equal to \$3,850 (2005-08), \$4,041 (2009), \$4,617 (2010).

**ADDENDUM B: EVALUATION OF PERFORMANCE CONTRACTS, COLORADO DEPARTMENT OF  
HIGHER EDUCATION (2010)**

## **Performance Contract Review Process and Lessons Learned:**

Beginning in April 2010 through October 2010, the Department conducted a review of each of the performance contracts established under Senate Bill 04-189. Each review culminated in a presentation by institution leadership and discussion with CCHE. Institutional leaders were given the opportunity to present on the report. This was followed by Commissioners and institutional leaders discussing institutional accomplishments and areas for improvement. Commissioners asked direct questions to determine if the performance contract was helpful to the institutions, and questions were raised about what kind of accountability system was needed or desired going forward.

Through the performance contract review process, the Commission identified the following findings as “lessons learned” and helpful to consider once a new accountability system has been established. Findings are grouped according to three broad themes: pre-performance contract phase, during performance contract phase, and observations for future accountability systems.

### **(1) Pre-Performance Contract Phase:**

- **Performance contracts benefit from a more collaborative negotiation process**

Institutional leaders expressed concerns that from the very beginning of the performance contract process there was a lack of collaborative spirit in negotiating the contracts. Some institutional representatives described a process where they received a list of targets and had little opportunity to discuss or deliberate on expectations. Some also indicated that there was never a conversation about how the goals contained in the contract may or may not relate to the institution’s strategic plan or institutional mission. The Commission found that for a performance measurement system to be successful there needs to be a high degree of collaboration with the institutions and an opportunity to link the measurements to institutional role, mission and planning.

### **(2) During the Performance Contract Period:**

- **Significant compliance**

In evaluating the performance contracts the Commission found that in most cases institutions worked diligently to respond to contractually agreed upon indicators and goals. Many metrics were set and achievements made. There were setbacks and exceptions but the Commission took care to also note upward trends and positive movement.



- **Duplicative data reporting issues**

Too often there was multiple reporting and duplicative reporting. This occurred regularly as noted in the review reports for each institution in area such as annual retention and graduation rates. Institutions also provided data utilizing different data systems at different intervals. Not only were the data reporting requirements duplicative, the data often did not match. The difference was often due to different entities within the institutions providing the information or different definitions being used. Too often multiple data requirements for similar metrics increased the chances of reporting errors and led to needless additional work by institutional staff.

- **Overlap with other accountability activities**

Institutions regularly noted that the reporting requirements overlapped and sometimes duplicated similar accountability measures they are required to provide to other agencies such as accrediting agencies. Institutional leaders requested that the commission consider ways to collapse accountability data reporting when it is identical to data provided to accrediting agencies assuming it is defined in the same way, measured in the identical manner, reported in the same format, and reporting timeframes are identical.

As an example institutions noted other reporting activities such as the Voluntary System of Accountability (VSA), though only eight institutions in Colorado participate with reporting data to the VSA. Other examples of accountability activities should be explored to determine if they could be utilized, thereby ensuring that already existing external data reporting from institutions is streamlined for purposes of reporting in future performance contracts. The Commission expressed interest in reviewing a reporting inventory from institutions to reduce duplication as a part of negotiations on future metrics.

- **Determining which activity or effort produced results is difficult**

In some cases, efforts to increase retention and graduation rates changed only marginally from year to year. Numerous efforts are listed but it is difficult to determine a meaningful way to evaluate degrees of impact. Metrics often showed that efforts were working to improve retention or graduation rates, but it is difficult to determine the linkage between specific strategies and the impact on results.

- **Increased transparency and inadequate accountability**

The performance contracts created under SB04-189 did not anticipate holding institutions accountable for unmet goals. Greater transparency was achieved as institutions provided reports to the Department on an annual basis which was used to provide annual reports to the legislature. The comprehensive performance contract review represents the first opportunity for evaluation by the Commission and the institutions about the status of goals accomplished, metrics achieved and progress made or not made on the state goals.

During the evaluation several institutional leaders noted that they not regularly contacted about the merits of their reports or their deficiencies. Some went on to note that this significantly mitigated the usefulness of the reports and the reporting process.

The Commission and institutional representatives questioned the value of evaluation without true accountability. Some institutional leaders noted that a lack of consequences diminished the value and effectiveness of the performance contracts. Some institutional leaders suggested that making the data on performance more easily available to the public would provide implications for institutions where performance failures are noted.

### **(3) Observations for Next Accountability System:**

- **Verifiable, consistent data**

Any accountability system should utilize a common data system such as the Student Unit Record Data System (SURDS) as the sole statewide data reporting mechanism. This is necessary to avoid inconsistent data definitions, format, and/or interpretation of performance contract data reporting. Additional data could be added for performance contract reporting purposes but only to supplement and not replace the data from the common data system.

- **Utilize peer comparisons**

Greater use of peer comparisons should be explored where appropriate and with the input of the institutions. This would provide greater meaning and context to understand metrics and performance of institutions. It would allow a greater measure of progress toward goals and help determine if it was it enough and in the right direction, and at the right pace.

- **Determining metrics**

Identifying the right metrics is important. During the performance contract review Commissioners regularly asked institutional leaders whether the right number of metrics had been used. Institution leadership responded that it was better to have fewer metrics but ensure that they are relevant and meaningful. Commissioners suggested that a common set of broad-based performance metrics, derived from a common data sources such as SURDS (e.g., grad rates, retention rates, underserved student success) can be complemented by institution-specific indicators.

Institutional leaders noted that it is important to acknowledge institutional differences in determining the right metrics. For example, the community colleges have additional responsibilities for the successful transfer of students and the current performance contracts and data reporting do not reflect “success” factors or “momentum points” for the number of students who transfer on to the four year campuses. There was general agreement that more work needs to be done to determine the right metrics that reflect transfer contributions rather than reflecting potential reductions in graduation and/or retention rates.

- **Establishing goals**

Commissioners and institutional representatives frequently discussed how to establish goals that are relevant to the state and to the institutions. During the performance contract review the Commission noted that state priorities established through the strategic planning and the master planning process should be used as a starting point. From those established goals, an inventory of the common data elements required for other accountability systems should be completed. No new metrics should be created unless absolutely necessary.

- **Referring to and utilizing outcomes could lead to performance funding**

Through the performance contract review process, the Commission found that progress or lack of progress with institutions and governing boards should be addressed on an annual basis. It was found that more regular meetings with Commission and governing boards might enhance the importance of performance agreements and go a long way to build common understandings of goals, outcomes, and performance. As the state's economic conditions improve performance funding could also be explored. Unlike the past five years, when institutions make good progress, they should receive some reward to make the accomplishments noteworthy.

- **Performance contract as a useful accountability tool**

On the whole, the Commission and institutional leaders found the performance contracts to be a positive accountability tool. In comparing performance contracts to the former Quality Improvement System (QIS) they found the contracts to be an improvement. Institutional leaders indicated if the performance contract goals could be connected to institution/system goals and their strategic plans, it would enhance the utility of the contracts, Institutional leaders also stressed the importance of regular, annual conversations about their performance and their goals. Reporting data for the sake of reporting data is not helpful and eventually could make the accountability system irrelevant. Finally institutional leaders noted there were times when changes in institutional environments could or should have led to changes in goals but there was no mechanism in place for such conversations or changes.

**Links to Performance Contact Reviews (2005-2010)**

**Adams State College:**

[http://highered.colorado.gov/CCHE/Meetings/2010/apr/apr10\\_ia\\_att1\\_asc.pdf](http://highered.colorado.gov/CCHE/Meetings/2010/apr/apr10_ia_att1_asc.pdf)

**Fort Lewis College:**

[http://highered.colorado.gov/CCHE/Meetings/2010/apr/apr10\\_ia\\_att2 FLC.pdf](http://highered.colorado.gov/CCHE/Meetings/2010/apr/apr10_ia_att2 FLC.pdf)

**Metropolitan State College of Denver:**

[http://highered.colorado.gov/CCHE/Meetings/2010/may/may10\\_ia\\_att\\_metro.pdf](http://highered.colorado.gov/CCHE/Meetings/2010/may/may10_ia_att_metro.pdf)

**Colorado Mesa University:**

[http://highered.colorado.gov/CCHE/Meetings/2010/may/may10\\_ia\\_att\\_mesa.pdf](http://highered.colorado.gov/CCHE/Meetings/2010/may/may10_ia_att_mesa.pdf)

**Western State College:**

[http://highered.colorado.gov/CCHE/Meetings/2010/jun/jun10\\_ia\\_att\\_wsc.pdf](http://highered.colorado.gov/CCHE/Meetings/2010/jun/jun10_ia_att_wsc.pdf) 9

**University of Northern Colorado:**

[http://highered.colorado.gov/CCHE/Meetings/2010/jun/jun10\\_ia\\_att\\_unc.pdf](http://highered.colorado.gov/CCHE/Meetings/2010/jun/jun10_ia_att_unc.pdf)

**Colorado Community College System:**

[http://highered.colorado.gov/CCHE/Meetings/2010/jul/jul10\\_ia.pdf](http://highered.colorado.gov/CCHE/Meetings/2010/jul/jul10_ia.pdf)

**Colorado State University System:**

[http://highered.colorado.gov/CCHE/Meetings/2010/aug/aug10\\_ia.pdf](http://highered.colorado.gov/CCHE/Meetings/2010/aug/aug10_ia.pdf)

**University of Colorado System:**

[http://highered.colorado.gov/CCHE/Meetings/2010/sep/sep10\\_iva\\_att.pdf](http://highered.colorado.gov/CCHE/Meetings/2010/sep/sep10_iva_att.pdf)

**Colorado School of Mines:**

[http://highered.colorado.gov/CCHE/Meetings/2010/oct/oct10\\_ia\\_CSM.pdf](http://highered.colorado.gov/CCHE/Meetings/2010/oct/oct10_ia_CSM.pdf)

**ADDENDUM C: BACKGROUND STATISTICS FOR PRELIMINARY STATEWIDE  
MASTER PLAN GOALS (2011)**

**Goal One: Increase degree attainment** across Colorado in order to meet future workforce demands. The objective of this goal is to identify projected workforce demand, net of the immigration of talent to the state, which could be used to both benchmark the state’s needs and evaluate future progress.

**Table Eleven: Degree and Certificates Awarded by Colorado Public Institution Type**

Academic Year	AY 2005-06	AY 2006-07	AY 2007-08	AY 2008-09	AY 2009-10	5-year Change
Total Awards Granted	41,085	38,850	40,482	40,796	43,283	5.3%
Certificates	7,091	5,982	6,791	7,223	8,551	20.6%
Associate Degrees	6,102	5,630	6,005	6,108	6,285	3.0%
Bachelor Degrees	20,807	20,487	20,858	20,425	20,850	0.2%
Graduate Degrees	7,085	6,751	6,828	7,040	7,597	7.2%

Source: Student Unit Record Database System (SURDS) – Degrees Awarded, 2006-2010

The information in Table Eleven represents the most recent available over the past five years related to degree and certificate completion. It should be noted that other measures are available that are likely related and causal to this degree and certificate completion measure including, but not limited to, post-secondary matriculation rates, population changes, enrollment changes, retention rates, and so on. The last column illustrates the percentage change in awards from 2005-06 to 2009-10 by degree type and certificate.

The analysis in Table Twelve assumes that the degree attainment goal for the state is consistent with that adopted by the Obama Administration, or 60% attainment by the year 2025. If this figure were used as a benchmark, we would assume that the production of degrees in the state would need to increase by approximately 3.1% each year, or an additional 230,000 degrees, of which approximately 151,000 (66%) would be created by the public sector. If accomplished, this would require an estimated \$650,000,000 in additional state revenues in 2025 at current costs. If, however, the state were to concurrently pursue a goal of recalibrating the mix of revenues to public colleges and universities to 50% tuition and 50% state support (i.e., COF), pursuant to goal four (below), the net incremental revenue to the system would grow to \$844,000,000 in 2025. Again, this projection assumes that total revenue per student remains unchanged. In other words, this assumes that the costs per degree would remain constant.

**Table Twelve: Additional Degrees Needed in Colorado’s Public Colleges and Universities, by Year and Sector, to Reach 2025 Goal of 60% Degree Attainment for All Coloradans**

Year	Public Research	Public Bachelor's and Masters	Public Two-Year	Total
2011	638	351	268	1,257
2012	1,276	702	536	2,514
2013	1,915	1,053	804	3,771
2014	2,553	1,404	1,072	5,029
2015	3,191	1,755	1,340	6,286
2016	3,829	2,106	1,608	7,543
2017	4,468	2,457	1,876	8,800
2018	5,106	2,808	2,144	10,057
2019	5,744	3,159	2,412	11,314
2020	6,382	3,510	2,680	12,572
2021	7,021	3,861	2,948	13,829
2022	7,659	4,212	3,216	15,086
2023	8,297	4,563	3,484	16,343
2024	8,935	4,913	3,752	17,600
2025	9,573	5,264	4,020	18,857
<b>Total</b>	<b>76,588</b>	<b>42,116</b>	<b>32,156</b>	<b>150,859</b>

Source: Estimates calculated by the National Center for Education Management Systems (NCHEMS) for the Colorado Commission on Higher Education (September, 2011).

**Goal Two: Close gaps in degree attainment** among students from traditionally underserved communities, in particular, Latinos, students from rural communities, and students from lower socioeconomic households.

**Table Thirteen: Postsecondary Credential in Colorado, by Race/Ethnicity, 2005-2009**

Year	2005		2006		2007		2008		2009	
Race/Ethnicity	Percent with Credential	Gap from Majority	Percent with Credential	Gap from Majority	Percent with Credential	Gap from Majority	Percent with Credential	Gap from Majority	Percent with Credential	Gap from Majority
White	52.4%		51.1%		51.2%		52.2%		52.7%	
Black	36.9%	15.8%	30.6%	22.1%	36.3%	16.4%	32.9%	19.7%	32.4%	20.3%
Amer Ind.	33.4%	19.3%	30.9%	21.8%	21.9%	30.8%	27.8%	24.9%	26.5%	26.2%
Asian/Pac	57.0%	-4.4%	54.8%	-2.1%	57.1%	-4.4%	52.8%	-0.2%	57.0%	-4.3%
Other	39.4%	13.2%	36.2%	16.5%	46.7%	6.0%	44.8%	7.9%	47.2%	5.5%
Hisp/Latino	18.0%	34.7%	16.6%	36.1%	17.9%	34.8%	17.9%	34.8%	18.7%	34.0%

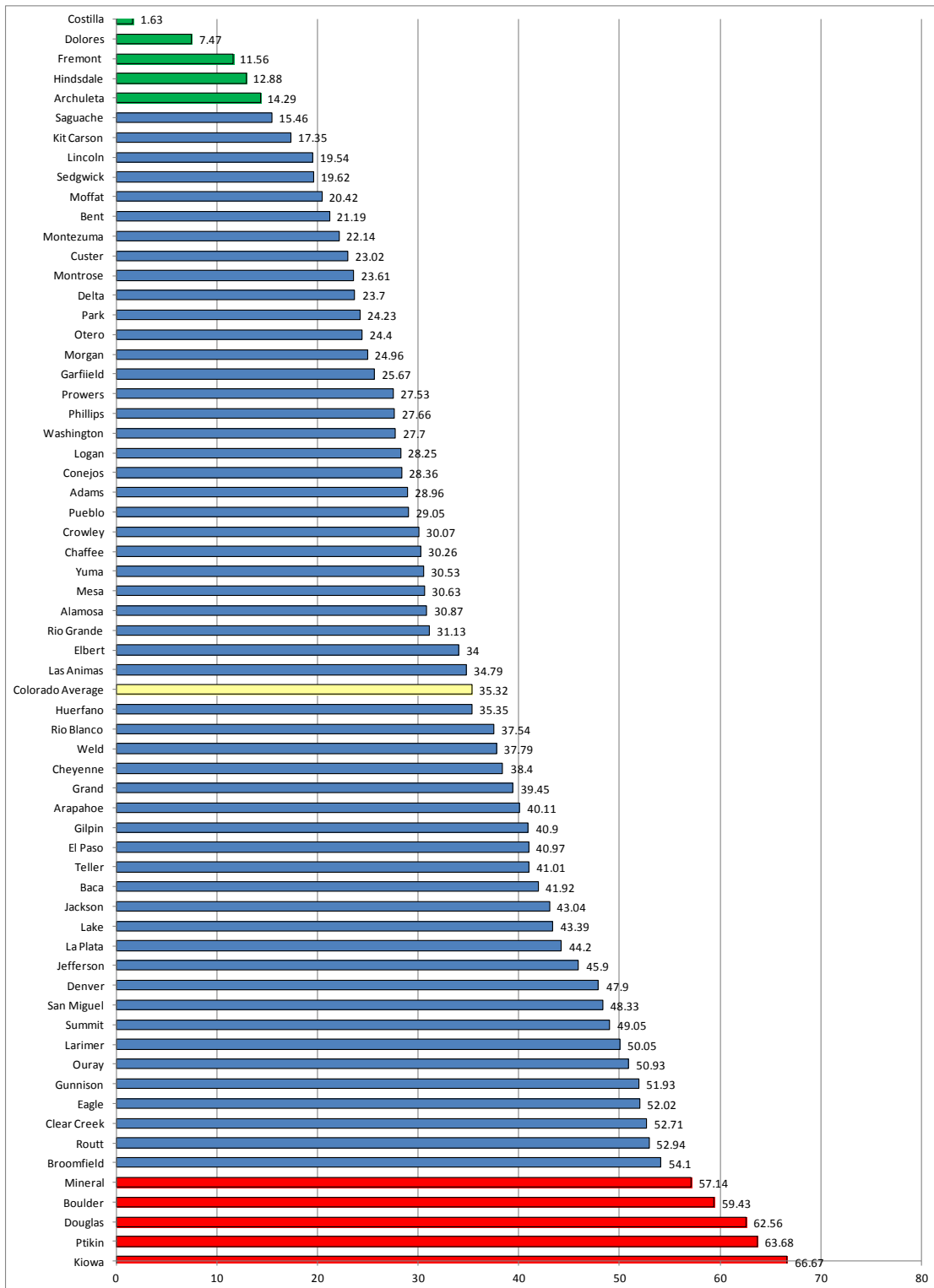
Source: National Center for Higher Education Management (NCHEMS)

The information found in Table Thirteen represents the most recent available over the past five years related to the ethnic degree attainment gap in Colorado. The data in Table Two do not directly capture disparities that exist in rural communities and students from lower socioeconomic households but the general attainment gap is evident by this measure. Another indicator of the attainment gap is illustrated in Figure One, on the following page.

The information found in Figure One illustrates the degree attainment gap between Whites and Minorities by county. The college attainment gap by this measure is 49.9% between the five most educated counties and five least educated counties.



**Figure One: Gap in College Attainment, by County, for Ages 25-34 (Whites vs. Minorities)**



Source: National Center for Higher Education Management (NCHEMS), U.S Census Bureau, 2005-09 American Community Survey

**Goal Three: Improve outcomes in remedial education** by successfully aligning the state’s postsecondary admission and remedial policies with the state’s K-12 system, by assisting the state’s school districts in identifying and addressing students’ developmental needs before graduating from high school, and by scaling up successful innovations in remedial/developmental placement and instruction.

**Table Fourteen: Colorado Public Higher Education Remediation Rates by Fall Term**

Term	Fall 2005		Fall 2006		Fall 2007		Fall 2008		Fall 2009		5-year Change	
	Count	Percent of Total	Count	Percent of Total	Count	Percent of Total	Count	Percent of Total	Count	Percent of Total	Count	Percent of Total
Statewide	7,984	29.80%	8,333	29.70%	8,420	29.90%	8,703	29.30%	8,592	28.60%	7.6%	-4.0%
Four-Year Institutions	3,766	19.60%	3,959	19.80%	4,224	20.80%	4,220	19.90%	3,846	18.30%	2.1%	-6.6%
Two-Year Institutions	4,236	55.90%	4,395	54.50%	4,177	53.20%	4,478	52.70%	4,764	52.80%	12.5%	-5.5%

Source: Student Unit Record Data System (SURDS) – First-time, first-year students enrolled in public institutions of higher education, Fall 2005 – Fall 2009

The information in Table Fourteen is from the last five years of remedial reports assembled by the Department pursuant to the requirements in Section 23-1-113.3, C.R.S.

Though remediation is not a new phenomenon in higher education, the magnitude of remediation has changed and increased over the years. Currently in Colorado, the percentages of students needing remediation is 52% at two-year public institutions and 18% at four-year public institutions. Overall, 28.6% of recent high school graduates in Colorado need remediation upon entering a higher education institution. While these numbers are high, they compare favorably to the national averages, where 97% of two-year public institutions and 78% of four-year public institutions offer at least one remedial course (NCES, 2003). A recent national report shows a slight increase in the percent of students needing remediation in the past decade. For two-year public colleges, 44% of students needed remediation in 2007 compared to 39% in 1995. For four-year public institutions, 30% of students required remediation compared to 27% in 1995.

Currently, the Department is working with the public institutions of higher education in an effort to develop strategies to reduce the state’s remediation rates. The state’s efforts have been bolstered by a Complete College America grant funded by the Bill and Melinda Gates Foundation. That grant will support the work of Colorado’s community college system over an 18 month period to increase the speed at which students complete required remediation by a minimum of two semesters and decrease the attrition rate of students enrolled in remedial courses during the grant period by 20% compared to the current baseline attrition rate of 39%. A key part of that effort will be to further align remedial policies so they facilitate increased completion rates (Goal One).

Additionally, the Department received an invitation from The Hewlett Foundation, The Lumina Foundation and The Bill and Melinda Gates Foundation to apply for funding to strengthen the Department's work with the Department of Education in aligning the state's education systems. This additional support would help ensure that the state's expectations, standards and assessments are better aligned, thus reducing the drop-out rate, increasing graduation rates, and increasing the number of students who continue into and successfully complete higher education without the need for remediation. More specifically, the grant would support department efforts to review and revise higher education admissions standards and ensure that educator preparation programs and basic skills assessments are aligned with the state's postsecondary and workforce readiness description.

**Goal Four: Pursue public funding** that will allow public institutions of higher education to meet projected enrollment demands while maintaining current productivity efficiencies. In addition, pursue public funding to lower the burden on students by achieving a mix of revenues that equals 50 percent state funds and 50 percent tuition and fees. Importantly, while remaining very mindful of the current fiscal conditions in the state and on public campuses, the Commission noted that the potential inability of the state to meet this goal in the near term should not invalidate the previous three goals. In other words, the CCHE argued that each of the goals should be treated as independent of one another.

**Table Fifteen: Mix of Revenues for Public Institutions of Higher Education, FY08-FY12**

Component	FY 2007-08		FY 2008-09*		FY 2009-10*		FY 2010-11*		FY 2011-12**	
	\$	%	\$	%	\$	%	\$	%	\$	%
<b>Public Institutions of Higher Education</b>										
Appropriated State Funding (COF and GF)	652,927,495	39%	705,965,059	38%	705,965,059	35%	644,483,103	31%	519,040,694	25%
Appropriated Tuition Revenue (resident and non-resident)	1,014,561,016	61%	1,136,540,136	62%	1,299,114,173	65%	1,423,547,416	69%	1,537,651,787	75%
Total Funding	1,667,488,511		1,842,505,195		2,005,079,232		2,068,030,519		2,056,692,481	

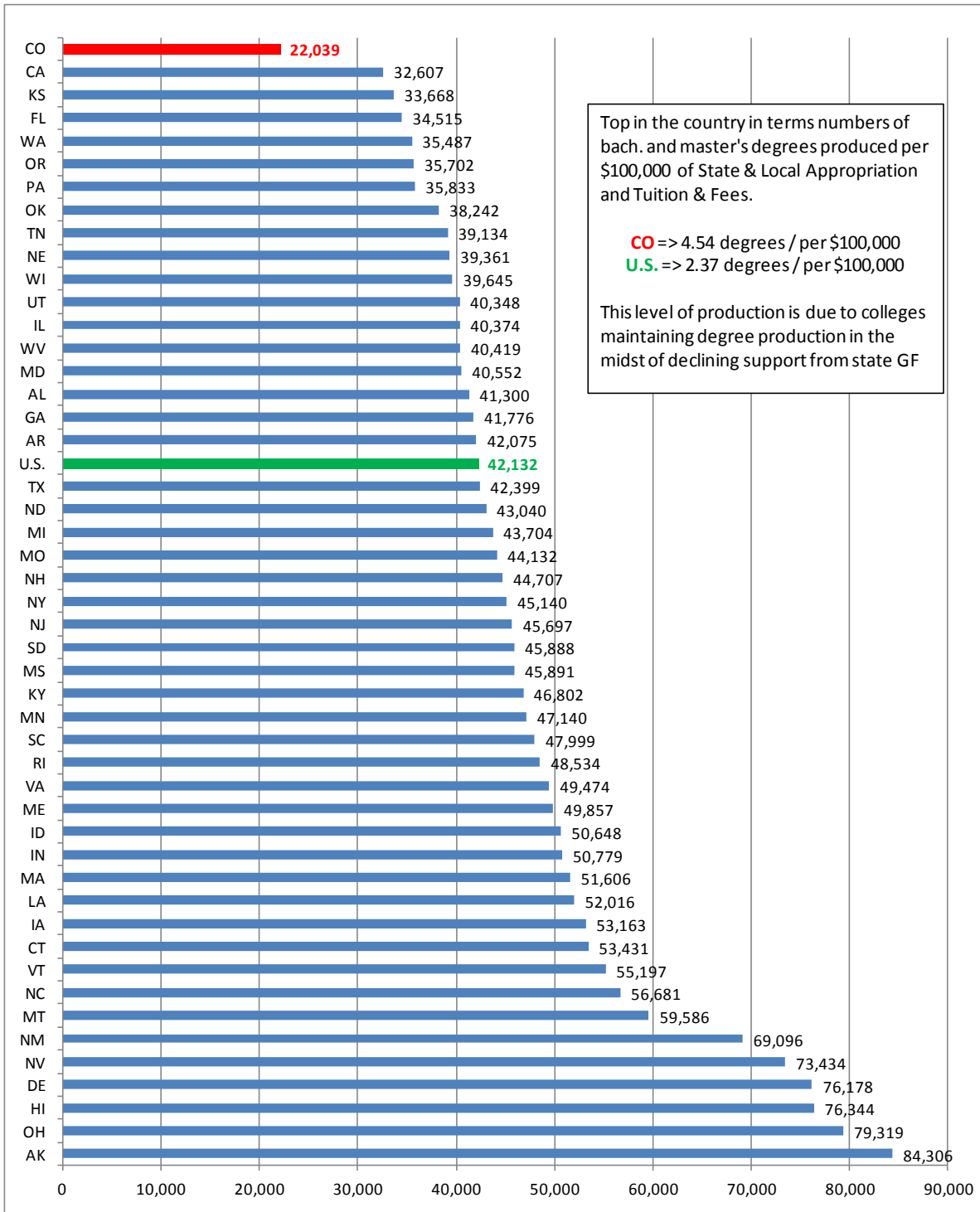
\* ARRA counted as "State Funding" in these fiscal years.

\*\* FY 2011-12 tuition revenues identified here are understated as the Long Bill includes estimates at 9.0% resident and 5.0% non-resident. Actual tuition rate increase varied between 9.0% and 20% due to S.B. 10-003 and this appropriation is anticipated to be updated upon receipt of final tuition revenue in FY 11-12.

The information in Table Fifteen is based on the final appropriation to the public institutions of higher education over the last five fiscal years. The data reported in this table is aggregated and it is not correct to assume that these percentages exist for each Governing Board or for an individual campus. It is however, reasonable to infer that there is a clear trend of the student paying for a greater share of the total cost of each student's higher education, while the state continues to pay proportionately less.

Despite increased enrollment and fewer public funds, Colorado has maintained its position as one of the most efficient and productive systems of higher education in the country. According to the most recent information available to NCHEMS, Colorado produces more degrees and certificates for less money spent than any other state; including money spent by students on tuition and fees. See Figure Two below:

**Figure Two: Total Revenue per Degree (BA/MA Institutions, 2008-09) \***



Source: National Center for Higher Education Management (NCHEMS); c2009\_a Final Release Data File and U.S. Census Bureau, 2009 American Community Survey (ACS) Public Use Microdata Sample (PUMS) File. \* Adjusted by median earning index (U.S. Census Bureau).