



HB 14-1319 PROJECT - FOUNDATIONAL WORKING DOCUMENT

Draft as of 08/13/14

Background

House Bill 14-1319, signed into law in May 2014, requires the Colorado Commission on Higher Education (CCHÉ), the statewide coordinating board for the higher education system, to develop a new funding formula to allocate state general fund dollars among the State's public institutions of higher education within specified parameters. The legislation lays out an aggressive time frame and specifically charges the CCHÉ to engage in a facilitated process with "interested parties" and ultimately adopt and weight funding factors in a new base-funding allocation formula that includes role and mission factors as well as performance metric factors. The intent of this new funding model is to, in part, determine and implement a mechanism that is more transparent and understandable for Colorado taxpayers; provides tuition predictability while ensuring both accessible and affordable higher education for residents; and, does so in harmony with the statewide goals for higher education as articulated in the CCHÉ's Master Plan – *Colorado Competes, A Complete Agenda for Higher Education*.

Purpose

This foundational working document (FWD) has been developed, in collaboration with institutional research representatives and Chief Financial Officers from Colorado public colleges, facilitated by CDHE staff, to establish a foundation of consistent and accurate definitions and data sources to be utilized and relied upon when addressing the various components of the bill.

This document will be shared with Funding Modeling Expert Team to use as a foundation for their discussions as they begin to work on building a funding model with factor and metric definitions and data sources that are "consistent and predictable" as well as "transparent and understandable", as required by law.

Structure

The document structure is laid out in the same manner as the Fee-for-Service contract components are introduced in the actual legislation. Each section:

- Spells out the legislative directive from the bill;
- Identifies statutory citation, if applicable;
- Provides definitions for key terms; and,
- Identifies the data sources, if applicable.

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ROLE AND MISSION

A INSTITUTIONAL MISSION

LEGISLATIVE DIRECTIVE: Section 1, Page 5, 23-18-303(3)(a)

*Role and Mission funding **must include** an amount for each Governing Board to offset the costs incurred in providing undergraduate programs at each institution. In establishing the components of this factor, the Commission **shall include**, at a minimum:*

- I. The selectivity of the institution;
- II. The number of campuses of the institution;
- III. The rural or urban location of the institution;
- IV. Low student enrollment at an institution or campus of an institution that affects the ability of the institution or campus to meet operational costs;
- V. Undergraduate or certificate programs that have a high cost per student; and
- VI. Whether the institution conducts research.

➤ **NOTE: Institutional Funding Carve Outs** - The bill specifically provides direct funding for specialty education programs, local district junior colleges, and area vocational schools outside of the new funding formula required under this bill. Therefore, data that would create a double count for funding purposes will be excluded.

I. Selectivity (as defined by statute):

Statute Citation	Institution of Higher Education	Selectivity
23-20-101 (1)(a)	University of Colorado – Boulder	selective
23-20-101 (1)(b)	University of Colorado – Denver	selective
23-20-101 (1)(c)	University of Colorado – Colorado Springs	selective
23-31-101	Colorado State University	selective
23-31.5-101	Colorado State University - Pueblo	moderately selective
23-40-101	University of Northern Colorado	selective
23-41-105	Colorado School of Mines	highly selective
23-51-101	Adams State University	moderately selective
23-52-101	Fort Lewis College	selective
23-53-101	Colorado Mesa University	selective
23-54-101	Metropolitan State University of Denver	modified open
23-56-101	Western State Colorado University	moderately selective
23-60-201	Colorado Community College System	open

** It was asked, in a FWD meeting, to define these selectivity identifications. There is no definition currently in statute for these designations.*

II. Number of Campuses:

● **SURDS:** Institutions report to SURDS non-cash funded campus locations, which are statutorily eligible for COF. These campuses are also reported and through the budget data books.

➤ **Higher Learning Commission (HLC):** Identifies campuses and branch campuses. The term branch campus is “a location of an institution that is geographically apart and independent of the main

campus if the institution”. HLC considers a location of an institution to be independent of the main campus if the location has all of the following four attributes:

- 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.

Institution Name	Main Campus	SURDS	Higher Learning Commission (HLC*)		
			Total Campus	Other Campus	Other Campuses
Adams State U.	Alamos	1	1	0	N/A
Arapahoe Comm. College	Littleton	1	1	0	N/A
Colorado Mesa University	Grand Junction	1	3	2	WCCC - Tilman M. Bishop Campus - Grand Junction; Mesa State College - Montrose Campus – Montrose.
CO Northwestern Community College	Rangely	1	2	1	CNCC - Craig Campus – Craig.
CO School of Mines	Golden	1	1	0	N/A
Colorado State U. - Fort Collins	Fort Collins	1	1	0	N/A
Colorado State U. - Pueblo	Pueblo	1	1	0	N/A
Comm. College of Aurora	Aurora	1	1	0	N/A
Comm. College of Denver	Denver	1	1	0	N/A
Fort Lewis College	Durango	1	1	0	N/A
Front Range Community College	Westminster	1	3	2	Larimer Campus - Fort Collins; Boulder County Campus – Longmont.
Lamar Community College	Lamar	1	1	0	N/A
Metropolitan State University of Denver	Denver	1	1	0	N/A
Morgan Comm. College	Fort Morgan	1	1	0	N/A
Northeastern Junior College	Sterling	1	1	0	N/A
Otero Junior College	La Junta	1	1	0	N/A
Pikes Peak Community College	Colorado Springs	1	1	0	N/A
Pueblo Community College	Pueblo	1	4	3	Fremont Campus - Canon City; Southwest Colorado Community College - East - Durango; Southwest Colorado Community College - West – Mancos.
Red Rocks Comm. College	Lakewood	1	2	1	Arvada Campus – Arvada.
Trinidad St. Junior College	Trinidad	1	2	1	San Luis Valley Campus – Alamosa.
University of CO - Boulder	Boulder	1	1	0	N/A

University of CO - Colorado Springs	Colorado Springs	1	1	0	N/A
University of CO - Denver	Denver	1	2 (1 w/o Anschutz)	1	Anschutz Medical Campus – Aurora.
University of Northern CO	Greeley	1	1	0	N/A
Western State CO U.	Gunnison	1	1	0	N/A
System Total:		25	36		

* HLC relies on the definition of campus per the Federal Higher Education Authorization Act.

III. Rural or Urban:

- **IPEDS:** Identifies by urban-centric table locale, distinguishing institutions as Town/Remote; Suburb/Large; City/Small; City/Midsize; City/Large. Using “Town/Remote” as the distinction for “Rural”, and all others as “Urban”, the Rural institutions would include.
 - Adams State University
 - Colorado Northwestern Community College
 - Fort Lewis College
 - Lamar Community College
 - Morgan Community College
 - Northeastern Junior College
 - Otero Junior College
 - Trinidad State Junior College
 - Western State Colorado University

IV. Low Student Enrollment, that affects institution’s or campus’ ability to meet operational costs

- Institutions Identified:
 - Adams State University
 - Fort Lewis College
 - Western Colorado State University

V. Undergraduate or Certificate Programs that Have a High Cost Per Student

- Option to identify “Programs that have a High Cost per Student”:
 - Budget Data Books identify the costs for programs; this could be overlaid with 6-digit CIP codes and then pulled from SURDS to identify.
- Definitions:
 - “Undergraduate Program” means a degree-seeking program leading to an associate (2-year) or a bachelor's (4-year) degree.

VI. Research (as defined by statute):

Statute Citation	Institution of Higher Education	Research	Total Research Expenses (per IPEDS*)		
			FY 2010-11	FY 2011-12	FY 2012-13
23-20-101 (1)(a)	UC – Boulder	yes	\$275,936,656	\$321,362,212	\$319,530,147
23-20-101 (1)(b)	UC – Denver	yes	\$292,329,977	\$290,691,979	\$274,084,754
23-20-101 (1)(c)	UC – Colorado Springs	yes	\$4,490,481	\$4,258,201	\$4,326,516

23-31-101	Colorado State University	yes	\$211,681,349	\$218,496,395	\$224,827,065
23-31.5-101	CSU - Pueblo	no	\$344,119	\$318,436	\$229,154
23-40-101	University of Northern CO	yes	\$3,635,489	\$3,019,615	\$3,163,563
23-41-105	Colorado School of Mines	yes	\$51,353,411	\$54,211,600	\$56,906,151
23-51-101	Adams State University	no	0	\$1,506	\$2,452
23-52-101	Fort Lewis College	no	\$544,319	\$594,152	\$630,687
23-53-101	Colorado Mesa University	no	\$626,113	\$568,124	\$443,483
23-54-101	Metropolitan State U., Denver	no	0	\$49,451	\$56,070
23-56-101	Western State CO	no	\$28,484	\$36,225	\$26,015
23-60-201	CO Community College	no	0	0	0

** Per IPEDS: Total expenses is the sum of all operating expenses associated with activities specifically organized to produce research outcomes and commissioned by an agency either external to the institution or separately budgeted by an organizational unit within the institution. The category includes institutes and research centers and individual and project research. This function does not include non-research sponsored programs (e.g., training programs).*

ROLE AND MISSION

B SUPPORT SERVICES FOR PELL-ELIGIBLE UNDERGRADUATE STUDENTS

LEGISLATIVE DIRECTIVE: Section 1, Page 5, 23-18-303(3)(b)

Role and mission funding **must include** an amount for each Governing Board to offset the costs incurred in providing additional support services to Pell-eligible undergraduate students enrolled in institutions.

- The amount of funding for each Pell-eligible undergraduate student enrolled in the institution **must** be at least equal to ten percent of the amount of the College Opportunity Fund stipend, for the applicable fiscal year.

The Commission **may include** an amount for each Governing Board to offset the costs incurred in providing support services to first generation undergraduate students enrolled in the institution,

- After the Commission establishes, in consultation with the institutions, a consistent definition and data collection method for identifying this student population.

The Commission **may also include** an amount for each Governing Board to offset the costs incurred in providing support services to undergraduate students who are identified as underserved,

- After the Commission establishes, in consultation with the institutions, a consistent definition and data collection method for identifying underserved students.

- Students will be counted in this group if received a Pell Grant anytime within the school year.
- **NOTE: Institutional Funding Carve Outs** - The bill specifically provides direct funding for specialty education programs, local district junior colleges, and area vocational schools outside of the new funding formula required under this bill. Therefore, data that would create a double count for funding purposes will be excluded.

DEFINITIONS:

- "Institution(s)" –
 - HB 14-1319 - Page 4, 23-18-302(8) - "State Institution of Higher Education" or "Institution" has the same meaning as defined in Section 23-18-102(10)"
 - CRS 23-18-102(10)
 - (a) "State institution of higher education" means a public postsecondary institution that is governed by:
 - (I) The board of governors of the Colorado state university system;
 - (II) The board of regents of the university of Colorado;
 - (III) The board of trustees of the Colorado school of mines;
 - (IV) The board of trustees of the university of northern Colorado;
 - (V) The board of trustees of Adams state university;
 - (VI) The board of trustees of Western state Colorado university;
 - (VII) The board of trustees of Colorado Mesa university;
 - (VIII) The board of trustees for Fort Lewis college;
 - (IX) The board of trustees for Metropolitan state university of Denver; or
 - (X) The state board for community colleges and occupational education.

- (b) "State institution of higher education" does not include a junior college that is part of a

junior college district organized pursuant to article 71 of this title, which districts shall continue to be eligible for direct grant funding from the general assembly pursuant to section 23-71-301.

➤ “Pell-Eligible Student” –

- HB 14-1319 - Page 4, 23-18-302(7) - “Pell-Eligible Student” means an undergraduate student who qualifies for the federal Pell grant or for a grant through a successor program.

➤ “Undergraduate” can be captured using the SURDS files.

- In SURDS the classification uses student levels freshman through senior (codes 11-14).

➤ “Resident or non-resident” can be captured using the SURDS files.

- In SURDS, residency is reported through the “tuition classification” detail. For this purpose, resident is classified with code 1 and all others are classified a non-resident.

Codes:

1: In-state-Colorado resident

2: Out-of-State

3: Unclassified--allowable only for students enrolled exclusively cash-funded courses. This value is only used when in- or out-of-state residency is not available. (Students enrolled in state-funded extended campus courses should have a tuition classification of 1 or 2.)

NOTE: College Opportunity Fund is only for resident students.

➤ “Enrolled” Enrollment class is reported in the SURDS file. The classifications are full-time, half-time, less than half-time (codes 1-3) or not enrolled (4-5).

The total number of credit hours for Pell eligible students will be multiplied by ten percent of the COF stipend rate per credit hour to calculate the amount of the additional funding for support services for Pell eligible students as required under this section.

- Data Source: The SURDS financial aid file is cross-referenced with the enrollment file to include credit hours for any term (fall, spring, or summer) for the corresponding academic year. Matches are based upon SSNs in the files.

ROLE AND MISSION

C GRADUATE PROGRAMS

LEGISLATIVE DIRECTIVE: Section 1, Page 6, 23-18-303(3)(c)

*Role and mission funding **must include** an amount for each eligible Governing Board to offset the costs incurred in providing graduate programs at institutions that are authorized to provide graduate programs.*

- *In establishing the components of this factor, the Commission **shall include**, at a minimum, an amount for each graduate student enrolled in an institution, which amount **shall be based** on the subject and level of the graduation program.*
- *In determining that amount of funding, the Commission **shall consider** programs that have a high cost per student, including but not limited to programs in the fields of law, business, science, technology, engineering and mathematics.*

- **NOTE: Institutional Funding Carve Outs** - *The bill specifically provides direct funding for specialty education programs, local district junior colleges, and area vocational schools outside of the new funding formula required under this bill. Therefore, data that would create a double count for funding purposes will be excluded.*
- Institutions authorized to provide graduate programs (*is defined in statute*):

Statute Citation	Institution of Higher Education	Graduate Program
23-20-101 (1)(a)	University of Colorado – Boulder	yes
23-20-101 (1)(b)	University of Colorado – Denver	yes
23-20-101 (1)(c)	University of Colorado – Colorado Springs	yes
23-31-101	Colorado State University	yes
23-31.5-101	Colorado State University - Pueblo	yes
23-40-101	University of Northern Colorado	yes
23-41-105	Colorado School of Mines	yes
23-51-101	Adams State University	yes
23-52-101	Fort Lewis College	yes
23-53-101	Colorado Mesa University	yes
23-54-101	Metropolitan State University of Denver	yes
23-56-101	Western State Colorado University	yes
23-60-201	Colorado Community College System	Physician Assistant

➤ **Programs that Have a High Cost Per Student**

- Option to identify “Programs that have a High Cost per Student”:
 - Budget Data Books identify the costs for programs; this could be overlaid with 6-digit CIP codes and then pulled from SURDS to identify.

DATA SOURCES:

- **SURDS:** Can pull separated data based on: Graduate Certificate, Masters’, and Doctorate’s
- **CIP Codes:** Can define and delineate between “subject and level.”

ROLE AND MISSION

D REMEDIATION

LEGISLATIVE DIRECTIVE: Section 1, Page 6, 23-18-303(3)(d)

Role and mission funding **must include** an amount for each eligible Governing Board to offset:

- the costs incurred in providing effective basic skills courses for students enrolled at an institutions that is authorized to provide basic skills courses, and,
- the costs incurred in providing approved supplemental academic instruction pursuant to Section 23-1-113(1.5)(a)(II).

In establishing the components of this factor, the Commission **shall determine** how to measure successful remediation, which measure **may include** a student's successful completion of a first-level college course in the area of remediation, including English or Math.

The Commission **may also include** components relating the speed of a student's remediation and the cost of remediation to the student.

- **NOTE: Institutional Funding Carve Outs** - The bill specifically provides direct funding for specialty education programs, local district junior colleges, and area vocational schools outside of the new funding formula required under this bill. Therefore, data that would create a double count for funding purposes will be excluded.
- The bill is clear that funding identified in this section shall be provided to those institutions "authorized" to provide basic skills courses or specified in statute to provide "supplemental academic instruction".
- For the purposes of this discussion, it will be assumed that a basic skills course being offered by a state institution of higher education is "effective".
- Institutions authorized to provide basic skills courses and supplemental academic instruction (SAI) (*is defined in statute*):

Statute	Institution of Higher Education	Basic	SAI Policy
23-20-101	University of Colorado – Boulder	-	-
23-20-101	University of Colorado – Denver	-	-
23-20-101	University of Colorado – Colo.	-	-
23-31-101	Colorado State University	-	-
23-31.5-101	Colorado State University - Pueblo	-	-
23-40-101	University of Northern Colorado	-	-
23-41-105	Colorado School of Mines	-	-
23-51-101	Adams State University	yes	-
23-52-101	Fort Lewis College	-	July CCHE
23-53-101	Colorado Mesa University	yes	-
23-54-101	Metropolitan State U. of Denver	-	yes
23-56-101	Western State Colorado University	yes	yes
23-60-201	Colorado Community College	yes	yes

- **CRS 23-1-113(11)(b)** "Basic skills courses" means courses that are prerequisites to the level of work expected at a postsecondary institution and include academic skills courses and preparatory courses.
- **CRS 23-1-113(11)(e)** "Supplemental academic instruction" means co-requisite instruction in reading, writing, or mathematics for students with limited academic deficiencies who are placed into college-level course work that is approved for statewide transfer pursuant to section 23-1-125 (3). "Supplemental academic instruction" does

not include prerequisite basic skills courses.

➤ “Successful Remediation” - Education Commission of the States and Complete College America discuss and provide some framework, but don’t clearly define:

➤ Success in the remedial course: The number of full-time and part-time students who were enrolled in any remedial or developmental course or instruction who successfully completed this course with a grade of C or better.

➤ Success in the gateway course: The number of full-time and part-time students who were enrolled in any remedial or developmental course or instruction who then successfully completed a gateway college level course in a subsequent semester within three academic years of their initial cohort year with a grade of C or better.

NOTE: The bill does not require “successful remediation” to be weighted or included in the funding formula, rather it requires only that CCHE “determine how to measure”.

DATA SOURCES:

➤ **SURDS:** Can provide the data on remedial courses, segregated by subject, provided at each institution. The data can also differentiate for lower division courses.

PERFORMANCE FUNDING

A COMPLETION

LEGISLATIVE DIRECTIVE: Section 1, Page 7, 23-18-303(4)(a)

Performance funding **must include**:

- An amount for each Governing Board for each certificate or degree awarded by the institutions, and,
- For the Governing Board of an institution with a Community College Role and Mission, an amount for each Community College student who transfers from a Community College to another institution after completion of a certain number of credit hours.

The Commission **shall establish** the amount awarded for each type of credential based on the subject and level of the credential and, for transfers from Community Colleges, and the amount awarded and, in consultation with institutions, the number of credit hours to be completed prior to the transfer.

The Commission **shall increase** the value of each credential earned by or transfer completed by a Pell-eligible undergraduate student and,

May increase the value of each credential earned or transfer completed by a first-generation or underserved undergraduate student, if the Commission implements increased funding for these student populations pursuant to paragraph (b) of subsection (3) of this section.

- **NOTE: Institutional Funding Carve Outs** - The bill specifically provides direct funding for specialty education programs, local district junior colleges, and area vocational schools outside of the new funding formula required under this bill. Therefore, data that would create a double count for funding purposes will be excluded.
- Transfers will only count those to in-state public institutions.
- Emphasis should be made to ensure quality of all programs is maintained. Any lowering can jeopardize accreditation.

DEFINITIONS:

- "Institution(s)" –
 - HB 14-1319 - Page 4, 23-18-302(8) - "State Institution of Higher Education" or "Institution" has the same meaning as defined in Section 23-18-102(10)"
 - CRS 23-18-102(10)
 - (a) "State institution of higher education" means a public postsecondary institution that is governed by:
 - (I) The board of governors of the Colorado state university system;
 - (II) The board of regents of the university of Colorado;
 - (III) The board of trustees of the Colorado school of mines;
 - (IV) The board of trustees of the university of northern Colorado;
 - (V) The board of trustees of Adams state university;
 - (VI) The board of trustees of Western state Colorado university;
 - (VII) The board of trustees of Colorado Mesa university;
 - (VIII) The board of trustees for Fort Lewis college;
 - (IX) The board of trustees for Metropolitan state university of Denver; or
 - (X) The state board for community colleges and occupational education.

(b) "State institution of higher education" does not include a junior college that is part of a junior college district organized pursuant to article 71 of this title, which districts shall continue to be eligible for direct grant funding from the general assembly pursuant to section 23-71-301.

➤ "Certificate"

- TENNESSEE: Tennessee's uses the following definition: The number of long term certificates (those lasting 24 to 60 semester credit hours) conferred to students during an academic year. Students earning multiple long-term certificates in an academic year have each earned certificate count as a separate outcome.
- IPEDS: By IPEDS, a formal award certifying the satisfactory completion of a postsecondary education program:
 1. Postsecondary award, certificate, or diploma of (less than 1 academic year)
 - Less than 900 contact or clock hours
 - Less than 30 SEMESTER or TRIMESTER credit hours, or
 - Less than 45 QUARTER credit hours
 2. Postsecondary award, certificate, or diploma of (at least 1 but less than 2 academic years)
 - At least 900, but less than 1800 contact or clock hours, or
 - At least 30, but less than 60 SEMESTER OR TRIMESTER HOURS
 - At least 45, but less than 90 QUARTER HOURS
- Certificates should be counted when issued for gainful employment; for programs spanning one-year or more; only certificates of less than 24 hours that represent the highest award earned at stop-out will be counted; and, students earning multiple 1-2 year or 24 to 60 credit hours certificates in an academic year will have each earned certificate count as a separate outcome.

➤ "Degree" is defined as follows:

- By IPEDS, as an award conferred by a college, university, or other postsecondary education institution as official recognition for the successful completion of a program of studies.

➤ "Transfers"

- The bill specifically only addresses in-state public institutions.
- Current CCHE policy regarding transfers that sets a 12 credit hour threshold. As of Academic Year 2018-19, that threshold will be raised to 24 credit hours.
- The timeframe for counting such transfer should align with the institutional policy for accepting credits.

➤ "Subject & Level"

- CIP Codes can define and delineate between subject and level.

PERFORMANCE FUNDING

B RETENTION

LEGISLATIVE DIRECTIVE: Section 1, Page 8, 23-18-303(4)(b)

Performance funding **must include** an amount for each Governing Board based on the number of students enrolled in an institution who make academic progress by completing, 30, 60, or 90 credit hours.

In establishing the components of this metric, the Commission **may include** a component related to an increase in that institution's retention rate.

- A Community College that receives a completion incentive for a transferring student **is not eligible** for a retention bonus for that student in the same year.

- **NOTE: Institutional Funding Carve Outs** - The bill specifically provides direct funding for specialty education programs, local district junior colleges, and area vocational schools outside of the new funding formula required under this bill. Therefore, data that would create a double count for funding purposes will be excluded.
- Use state data, not National Clearing House as the bill focuses on state achievements rather than national.
- For the total count of credit hours for the academic progress threshold, any transferrable credit will be counted, including but not limited to: current enrollment, AP courses, CLEP exams, IB, remedial courses, etc.
- Need to be sure student only counted once at each academic progress "interval" (e.g. count at 30, but not again until reach 60, and so on).

DEFINITIONS:

- Institution(s) –
 - HB 14-1319 - Page 3, 23-18-302(8)
"State Institution of Higher Education" or "Institution" has the same meaning as defined in Section 23-18-102(10)"
 - CRS 23-18-102(10)
 - (a) "State institution of higher education" means a public postsecondary institution that is governed by:
 - (I) The board of governors of the Colorado state university system;
 - (II) The board of regents of the university of Colorado;
 - (III) The board of trustees of the Colorado school of mines;
 - (IV) The board of trustees of the university of northern Colorado;
 - (V) The board of trustees of Adams state university;
 - (VI) The board of trustees of Western state Colorado university;
 - (VII) The board of trustees of Colorado Mesa university;
 - (VIII) The board of trustees for Fort Lewis college;
 - (IX) The board of trustees for Metropolitan state university of Denver; or
 - (X) The state board for community colleges and occupational education.
 - (b) "State institution of higher education" does not include a junior college that is part of a junior college district organized pursuant to article 71 of this title, which districts shall continue to be eligible for direct grant funding from the general assembly pursuant to section 23-71-301.