



Funding Allocation Model

HB 20-1366 established a new funding allocation model for higher education. The model contains three key steps. Steps one and three allocate flexible funding based on institutional needs, base funding concerns, specific institutional projects, and funding related to specific populations. Funding allocated via step one is base-building, while step three funding is one-time. Step two funding is based around performance in Master Plan categories and is discussed in further detail below. The Commission may make recommendations on all three steps of the model.

Step two allocates funding based on performance in the following Master Plan categories:

- Resident Enrollment
- Credential Production
- Pell-eligible Student Share
- Underrepresented Minority Student Share
- Retention Rate
- Graduation Rate at 100% of Time
- Graduation Rate at 150% of Time
- First Generation Student Share

First, each category of performance is assigned a weight. Next, each metric is measured using a series of calculations that first look at a governing board’s change in performance over time, then compares each governing board’s change in performance to the change at other institutions statewide. A simplified version of the calculation steps is shown below:

		BOARD A	BOARD B	BOARD C	TOTAL
1	Governing Board's share of total funding, FY 2020-21	10%	20%	70%	100%
2	Average enrollment for 3 years (FY 2016-17 to FY 2018-19)	100	500	900	1,500
3	Average enrollment for 4 years (FY 2016-17 to FY 2019-20)	105	550	910	1,565
4	4-year average as a percent of 3-year average	105.0%	110.0%	101.1%	104.3%
5	Calibrate to 2019-20 share of funding (Row 1 x Row 4)	10.5%	22.0%	70.8%	103.3%
6	Adjust so that total = 100% (Board Share of Row 5 divided by Row 5 Total)	10.2%	21.3%	68.5%	100.0%

In the above example, all four governing boards demonstrate improvement in the metric via enrollment growth. But Board C still sees a decrease in their share of funding – even though they are improving, they are not improving as much as the other schools. As a result, they receive a slightly smaller share of funding in this section, as demonstrated by the percentage of funding in Row 6 relative to Row 1. This calculation is replicated for each of the eight metrics included in the performance section of the formula.