



COLORADO

**Department of
Higher Education**

Funding Allocation Model

House Bill 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.

Performance Funding Metrics	Weight
Resident Enrollment	10.0%
Credential Production	5.0%
Pell-Eligible Student Share	20.0%
Underrepresented Minority Student Share	20.0%
First-Generation Student Share	5.0%
Retention Rate	20.0%
Graduation Rate at 100% of Normal Time	10.0%
Graduation Rate at 150% of Normal Time	10.0%

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 X	BOARD Y	BOARD Z	TOTAL
A	Governing Board (GB) share of previous FY total funding	10.0%	20.0%	70.0%	100.0%
B	Average count/rate for 4 most recent years of available data	105	550	910	1,565
C	Average count/rate for 3 oldest years within the 4 most recent years of available data	100	500	900	1,500
D	4-year average as a percent of 3-year average = [B / C]	105.0%	110.0%	101.1%	104.3%
E	Calculate GB Role & Mission Adjusted Share = [A * D] & Total Role & Mission Adjusted Share = [SUM (A * D)]	10.5%	22.0%	70.8%	103.3%
F	Calculate Each GB Performance Funding Metric Allocation = [EACH BOARD ROW E / TOTAL ROW E]	10.2%	21.3%	68.5%	100.0%

In the above example, all three governing boards demonstrate improvement in the metric, however, Board Z still experiences a decline in the share of funding for this metric. Even though the board is improving, it is not improving at a greater rate than the other schools. As a result, Board Z receives a slightly smaller share of funding (e.g., percentage of funding in Row F relative to Row A). This calculation is replicated for each of the eight performance metrics included to determine total appropriations through step two.