

Proposed Funding Formula Framework

May 22, 2019



COLORADO
Department of
Higher Education

Current Model Structure

STATE OPERATING FUNDS FOR PUBLIC
INSTITUTIONS OF HIGHER EDUCATION

LOCAL
DISTRICT
COLLEGES

SPECIALTY
EDUCATION
PROGRAMS

AREA
TECHNICAL
COLLEGES

TOTAL STATE APPROPRIATIONS

COF
STIPEND

ROLE &
MISSION

PERFORMANCE

- 52.5% of the appropriations flowing through the formula
 - Volume driven
 - Increases to the COF stipend amount also increase the Pell bump in Role and Mission
 - Increases here lower the amount of money going through the performance portion of the formula

- Flat amounts by institutional class
- Weighted student credit hours (capped at 20k)
 - Recognizes cost of offering credits by subject and level
- Pell bump as a % of COF
 - Directly impacts the amount of money flowing through performance -- any increases to the Pell bump decrease performance \$\$
- Individual institutional adjustments
 - Also impacts the amount of money flowing through performance – any increases here pull from performance

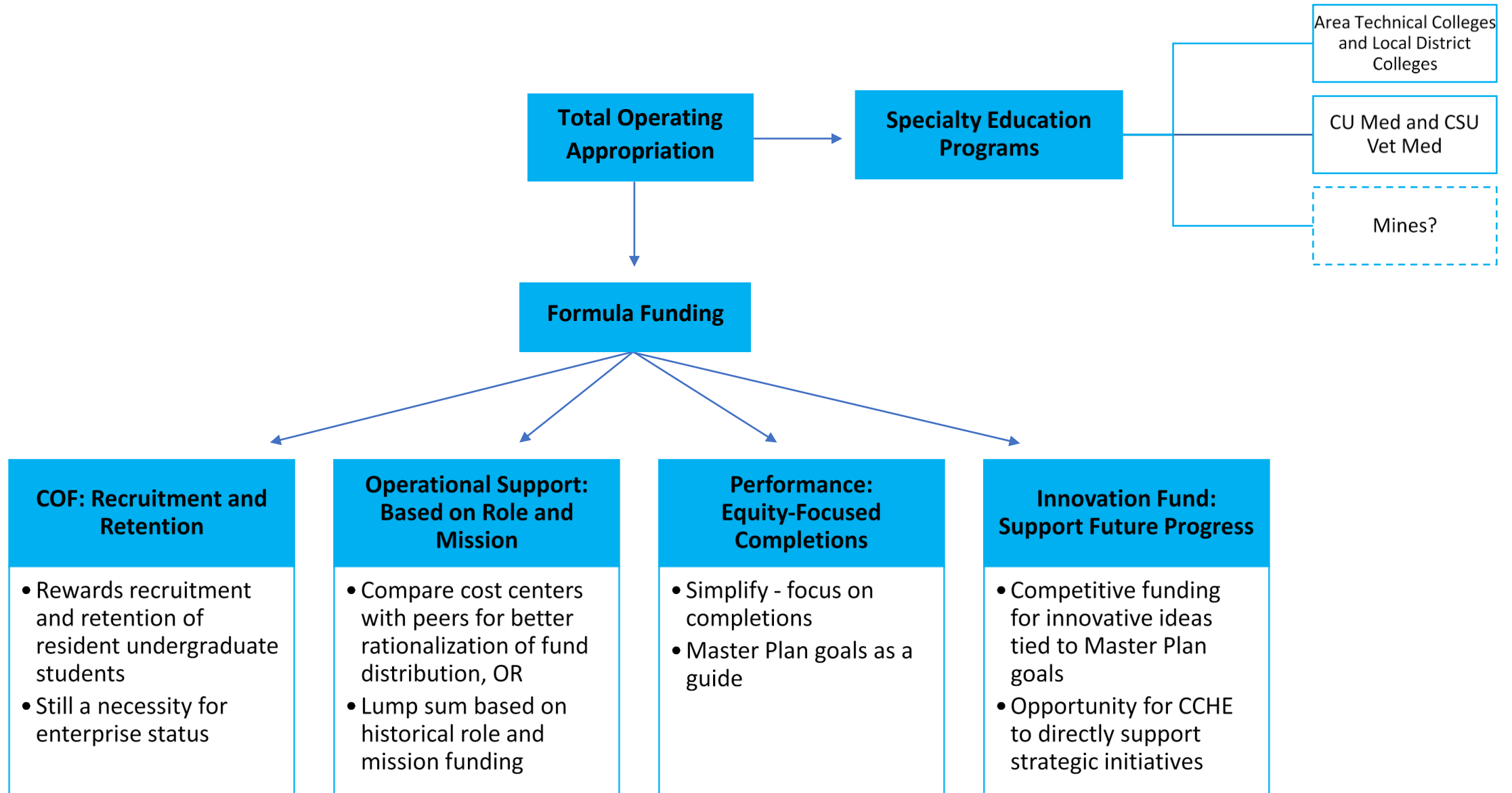
- Completions
 - Weighted by degree level
 - Extra weight for Pell and STEM-H
 - Transfers count as a completion at CCCS, Adams, Mesa
 - Lack of transparency around weighting calculation steps
- Retention
 - Funding at 25%, 50%, 75% retention
- Institutional productivity
- Volume-driven, institutions competing against each other – so a small school making improvement can still “lose” if they generate fewer completions than a large school

Final Model Distribution

+ SEPs at CU and CSU = Final Appropriations

What We Heard:

- Need better recognition of equity goals
- Increased alignment with Master Plan
- Predictability and transparency



Key Changes

- Separate “buckets” of funding
- RECRUIT & RETAIN
 - COF with URM (and Pell?) bump(s)
 - Rationalized role & mission
- COMPLETE
 - Performance focused on completions only
- RECRUIT, RETAIN AND COMPLETE
 - Innovation fund: targeted interventions to improve performance on Master Plan goals

Model Allocations

Formula Funding

```
graph TD; A[Formula Funding] --> B[COF: Recruitment and Retention]; A --> C[Operational Support: Based on Role and Mission]; A --> D[Performance: Equity-Focused Completions]; A --> E[Innovation Fund: Support Future Progress];
```

COF: Recruitment and Retention

- Rewards recruitment and retention of resident undergraduate students
- Still a necessity for enterprise status

Operational Support: Based on Role and Mission

- Compare cost centers with peers for better rationalization of fund distribution, OR
- Lump sum based on historical role and mission funding

Performance: Equity-Focused Completions

- Simplify - focus on completions
- Master Plan goals as a guide

Innovation Fund: Support Future Progress

- Competitive funding for innovative ideas tied to Master Plan goals
- Opportunity for CCHE to directly support strategic initiatives

Performance: Equity-Focused Completions

- Simplify - focus on completions
- Master Plan goals as guide

Issues for discussion:

- Remove retention?
- Include specific completions?
 - URM?
 - Pell?
 - First generation?
 - STEM-H?
 - 5-year focus?
 - Ed Prep, Nursing?

Innovation Fund: Support Future Progress

- Competitive funding for innovative ideas
- Opportunity for CCHE to directly support strategic initiatives

Issues for discussion:

- What would be stated purpose?
 - New initiatives that support Master Plan goals? Expand initiatives showing success?
- Details of CCHE involvement?
- What level of funding should be in the fund?
 - New funding only? What if state funding decreases?
 - Set amount?
 - Single-year or multi-year funding?

Next Steps

- Next meeting: June 5
- Staff to develop next level of detail including hypothetical bucket amounts
- CCHE Meeting June 6: Please plan on leading brief discussion about framework and proposed changes

Thank You!

May 22, 2019