



COLORADO
Colorado Commission on
Higher Education
Department of Higher Education

Chair, Monte Moses
Vice Chair, Luis Colon
John Anderson
Maia Babbs
Terrence Philip Fagan
Jeanette Garcia
Vanecia Kerr
Tom McGimpsey
Monte Moses
Paula Sandoval
BJ Scott

Colorado Commission on Higher Education
Standing Committee on Fiscal Affairs and Audit
Thursday, November 12, 2015, 10:00am-10:30am
CDHE Offices, 1560 Broadway, Emily Griffith Conference Rm
Via Teleconference Dial-in Number 1-877-820-7831; Code 368215#

- I. Attendance
- II. Committee Notes from October 14(Attachment 1)
- III. Old Business
 - A. Governor's FY 2016-2017 Request
- IV. New Business
 - A. **December 3 CCHE Meeting Consent Agenda Items**
 - 1. Capital Improvements Cash List, Andrew Rauch
 - 2. Capital 209 and 290 Reports, Andrew Rauch
 - 3. Program Plan, Andrew Rauch
 - B. **December 3 CCHE Meeting Written Report**
 - 1. Student Financial Aid Report, Andrew Rauch
 - C. **Tuition Policy: Next Steps, Todd Haggerty**
- V. Public Comment



CCHE Standing Committee on Fiscal Affairs and Audit Committee Meeting Notes 10/14/15

Prepared by Emily Burns, Fiscal Analyst, DHE

- I. Attendance
 - a. Commissioners: Scott, Sandoval, Babbs and Colon.
 - i. Welcome new members Commissioners Babbs and Fagan.
 - b. Others: Eric Wagner (Mesa), Rich Schweigert (CSU), Mark Superka (Community College System), Amanda Bickel (JBC), Nate Grimm (Metro), Chad Marturano (CU), Todd Saliman (CU) Alexis Senger (OSPB), Frank Waterous (Bell Policy Center), DHE Staff
 - c. Review of 9/24 Meeting Notes
- II. Old Business
 - a. Reconsider Capital Prioritization List, Andrew Rauch
 - i. Explanation of Reexamination
 - 1. On Sept. 25, CMU contacted DHE with late breaking opportunity
 - 2. After consideration and discussion, it was decided that the process should be reopened so all institutions could provide additional information.
 - 3. The process was reopened on Tuesday, October 6th and closed at 5pm on Friday, October 9th.
 - a. Motion was brought to approve and seconded to reconsider action on capital prioritization
 - ii. First resubmission came from CMU for their engineering and computer science building. They were able to provide a \$7million cash match through a gift from the John McConnell Math and Science Center.
 - a. This brought their point total to 49/54 for a percentage score of 89.48.
 - iii. Second resubmission came from the CSU Savage Library. No change to total cost but a \$200,000 cash match which reduced the state ask by same amount.
 - 1. Meriting an extra 6 points bringing total score to 52/68 for a percentage score of 76.74.
 - iv. Third resubmission: CU Boulder brought forth multiple changes to the Health, Life and Safety component of their aerospace building request including the findings of a recent facilities audit (which was completed after the initial July 24th due date). These findings showed rapid deterioration in the current building which is resulting in a highly restrictive admission policy.
 - 1. This brought their point total to 59/68 for a percentage total 86.76.
 - v. Final resubmission came from the Colorado School of Mines seeking additional points under the Health Life and Safety component for a third party document detailing risks and hazards associated with a temporary roof that has been in place for 12 years.

1. This brought their point total to 58/68 for a percentage score of 89.29.
Second round of revisions on cap prioritization list.
- b. Comm. Scott noted that the 4 changes were highlighted in yellow with three placement changes and CU Boulder remaining unchanged.
 - i. Comm. Babbs asked whether the out year request in the cash funded line item was one year out or current and if so whether those are weighted differently.
 1. Andrew replied that cash contributions are scored based on total cost not cash contribution per phase. Further, phasing is no longer considered within scoring.
 2. Comm. Sandoval referenced the scoring methodology criteria document.
 - ii. Hearing no further questions, the motion was put forth and seconded to recommend the 10/14/15 Capital Prioritization List to the full commission (CCHE).
 1. Unanimously approved for CCHE decision on October 29, 2015.
 2. Comm. Scott graciously thanked the department for their flexibility in reassessing prioritization list.
- c. Discussion of Funding Allocation Model, Todd Haggerty and Diane Duffy
 - i. Todd walked through the updated slide deck, sent to commissioners, highlighting the work that's been done with the Funding Allocation Model Review Team.
 1. The 10/13 FAMET meeting highlights were discussed including the final thoughts of each governing board as to their comfortability with the model, as it now stands, assuming flat funding
 - a. 8 voted yellow indicating that they could "live with the model"
 - b. 1 voted orange indicating that they couldn't make a decision
 - c. 1 voted red indicating that they were opposed to the model
 2. Process of review starting in December 2014 when the first version of the model was submitted but picking up considerably in spring of 2015 until now.
 3. It was also noted that a more extensive review and discussion of the Funding Allocation Model will take place during full CCHE conference Call 10/15.
 4. With that there were some questions from Commissioners regarding various slides.
 - a. Comm. Sandoval asked to have the line items more comprehensively explained from slide 9.
 - i. Todd replied that Adams, for example would receive 15-16 appropriations from COF, then role and mission then performance. He also explained the columns as they appear from left to right.

1. Comm. Scott noted that the guardrail was +/- 5%
 2. Todd responded that yes, that measure was in place but in this scenario all institutions were within that.
- b. Comm. Babbs asked for more clarification as to the mission differentiation in versions 1.0 and 2.0
- i. Todd replied that there were 3 overall components in the model: COF, Role and Mission and Performance. In 1.0, Role and Mission included three factors: weighted student credit hours, Pell eligible; and tuition stability. The student weighted credit hour structure included a cost matrix through which a sum of dollars flowed. Additional dollars also flowed through the low income Pell factor. amount. Last, Role and Mission also included a tuition stability factor which sought to balance volatility. In version 2.0, there are only two factors: mission differentiation and the Pell bump.
 1. Through a series of Requests for Information (RFIs), the JBC asked the Department to explore improving this area of the model. In addition, most of the FAMET members were unhappy with the weighted credit hours and tuition stability factor so changes were made in 2.0 to reflect that, creating a base-like number called "mission differentiation."
- c. Comm. Scott followed up with a question regarding slide 9 and the explanation of Role and Mission found there.
- i. Todd explained that within Role and Mission, much of the \$130 million is apportioned to mission differentiation. The remainder goes to support services, via the pell bump based on number of Pell-eligible student. Mission differentiation is intended to recognize smaller insitutions which rely more heavily on the State General Funds.
 1. For example, Adams and Western get a larger percentage from 15-16 than does the CU system or CCCS which have over half of the students in the state. So in this way student fte factors in to the dollar amount determination.

- d. Hearing no further questions, Diane thanked the Commissioners for their input, emphasizing that these questions help prepare and frame the presentation that will be given to the full CCHE.
 - i. Todd added that if any commissioner would like an individual explanation he's happy to provide it.
 - e. Comm. Scott then remarked that more definition of mission differentiation would be helpful as it seems to be more subjective than other components of the model.
 - i. Everyone was in agreement on this.
 - f. Comm. Colon asked which governing board did not approve of the model and if Todd could elaborate on their concerns.
 - i. Without speaking for the governing board, Todd answered that their concerns were philosophical in nature, and seeking more of a production-based model. Despite this the 11/1 deadline approaches and we need to make a recommendation that meets the intent of the legislation.
 - g. Comm. Babbs then asked how the completion and retention numbers on slide 6 were calculated.
 - i. Todd replied that they were based on pure counts then weight were applied based on the type of degree earned, assoc., bach., etc. Bonuses are then applied for STEM/healthcare and portioned by all other governing boards' total shares.
 - ii. Diane added that the model operates using the Department's unit record data system each count is an actual completion or retention, no target numbers are used yielding real data driven decisions.
 - h. Comm. Sandoval asked about the institutional productivity metric
 - i. Todd replied that it's the renamed volume adjusted awards which had been changed to institutional productivity which is a calculation of awards by fte. This metric is capped at \$10 million.
- d. Tuition Policy, Todd Haggerty and Diane Duffy
- i. Diane reminded the committee that no new information is available since the last briefing on the vetting of the Commission's proposed CCHE tuition policy.. She also reminded the group that the current proposed approach is to give institutions full flexibility if General Fund support decreases and continued discussion is occurring regarding an upper limit cap in the case of a general fund increase. The Department also continues to hear high praise for the business cycle approach to process change.

- e. Upcoming Meetings:
 - i. CCHE Conference Call October 15th
 - ii. CFO Meeting October 20th
 - iii. CEO Meeting October 22nd
 - iv. CCHE Meeting October 29th

III. Public Comment

- a. Frank Waterous of the Bell Policy Center reiterated his message from October 5th in strong opposition to the general consensus of full governing board flexibility in a declining general fund scenario. He sees much merit to the process at hand but believes the same process should be used in flat, decline or increase. He restated the burden placed on students and families and cited them as major stakeholders in the process. He also echoed the imperative of adequate Financial Aid funding.

IV. Final Comments

- a. Comm. Colon referred back to the capital process, questioning the use of markers at different thresholds of funding,
 - i. Andrew and Tonya explained that the markers are a tool only for the Committee and will not be included on the spreadsheet as it moves forward to the CCHE and the Capital Development Committee.