

# MEMORANDUM

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**TO:** Joint Budget Committee

**FROM:** Amanda Bickel

**SUBJECT:** Revised version of RFI #23 (Higher Education – H.B. 14-1319 Model)

**DATE:** April 14, 2015

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During the Committee's discussion on requests for information last month, the Committee approved the staff packet with the exception of RFI #23, which Representative Hamner requested be held out from the vote.

Representative Hamner subsequently asked staff to work with the Department of Higher Education to modify the original RFI language so that:

- the Department was comfortable with it; and
- it continued to accurately reflect JBC questions and concerns related to the H.B. 14-1319 model.

The proposed revised language is below. A comparison with the prior language is also attached at the back of this memo for reference. The primary difference between the two is that for most items, *the revised version asks the Department to provide an analysis related to a possible change to the H.B. 14-1319 model, rather than specifically requesting a change to the model. The Department may or may not make changes to the H.B. 14-1319 model based on the RFI; however, staff anticipates that it will provide a thorough analysis in response to the RFI.* Staff believes the language changes are reasonable, given that an RFI represents a request, rather than a legislative requirement.

23. Department of Higher Education, Colorado Commission on Higher Education, Administration – The Joint Budget Committee requests that, during the annual review process of the new funding allocation model the Department consider the following policy issues and include with their annual budget request, due November 1, 2015, a report on how these issues were examined, incorporated into the current model, or otherwise decided upon and make recommendations for changes to the model, if needed, including any needed funding to implement.
  - a) Examine the role of the “Tuition Stability Factor” within the model and how it should be utilized in the future.
  - b) Examine the feasibility, cost, and benefit to weighting resident and non-resident students within the model.
  - c) Examine the feasibility, cost, and benefit to program the ability to download model settings and funding results into an Excel spreadsheet format for any

- given “run” of the model; allowing users to compare the impact of various model settings without excessive data entry.
- (i) Ensure the ability for all concerned parties to examine data used by the model.
  - (ii) Examine the feasibility, cost, and benefit to program a mechanism into the model that would allow for consideration of how model results would change with different underlying data, e.g., data from prior years.
- d) Examine the feasibility, cost, and benefit to program a mechanism to run the model so that an adjustment to any particular model setting or value does not change the funding allocation associated with other model components but instead increases or decreases the total model funding - thus enabling an increase or decrease support for services (such as Pell-eligible students or masters degrees awarded) without simultaneously *reducing* funding to other model components.
- e) Continue to examine how performance funding is awarded to incentivize increased completions, retentions, and transfers. In particular:
- (i) Explore why increasing the proportion of funding directed to performance in the FY 2015-16 model reduces funding to the state's more selective institutions. Does this indicate a need for further changes to the model?
  - (ii) Explore how changes in the numbers of degrees awarded at small versus large governing boards could affect performance funding for each, given FY 2015-16 model settings and recent trends in degrees awarded at boards of different sizes.
- f) Examine the feasibility, cost, and benefit to incorporating total institutional revenue within the model.

ORIGINAL RFI LANGUAGE	CDHE SUGGESTED ALTERNATIVE LANGUAGE
<p>Department of Higher Education, Colorado Commission on Higher Education, Administration – The Joint Budget Committee requests that, by November 1, 2015, the Department incorporate the following functionality into the automated tool that supports the funding model developed pursuant to HB 14-1319.</p>	<p>Department of Higher Education, Colorado Commission on Higher Education, Administration – The Joint Budget Committee requests that, the during the annual review process of the new funding allocation model the Department consider the following policy issues and include with their annual budget request, due November 1, 2015, a report on how these issues were examined, incorporated into the current model, or otherwise decided upon and make recommendations for changes to the model, if needed, including any needed funding to implement.</p>
<p>a. Ensure that the “Tuition Stability Factor” amounts have a rational basis and reflect legislative intent that similarly situated institutions receive similar treatment.</p>	<p>a. Examine the role of the “Tuition Stability Factor” within the model and how it should be utilized in the future.</p>
<p>b. Ability to weight funding associated with resident students and non-resident students differently.</p>	<p>b. Examine the feasibility, cost, and benefit to weighting resident and non-resident students within the model.</p>
<p>c. Ability to download the model settings and funding results into spreadsheet format for any given “run” of the model. This toll should allow anyone using the model to test the impacts of various model settings without excessive data entry.</p>	<p>c. Examine the feasibility, cost, and benefit to program the ability to download model settings and funding results into an Excel spreadsheet format for any given “run” of the model; allowing users to compare the impact of various model settings without excessive data entry.</p>
<p>d. Capacity for all concerned parties to examine data used by the model and to consider how model results would change with different underlying data, e.g. data from prior years.</p>	<p>d. (i) Ensure the ability for all concerned parties to examine data used by the model.</p>
	<p>d. (ii) Examine the feasibility, cost, and benefit to program a mechanism into the model that would allow for consideration of how model results would change with different underlying data, e.g., data from prior years.</p>
<p>e. To the extent feasible, ability to run the model so that an adjustment to any</p>	<p>e. Examine the feasibility, cost, and benefit to program a mechanism to run the model so that an adjustment to any particular model setting</p>

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<p>particular model setting or value does not change the funding allocation associated with other model components but instead increases or decreases the total model funding. This would enable the General Assembly to increase or decrease support for services to Pell-eligible students or masters degrees awarded without simultaneously reducing funding to other model components.</p>	<p>or value does not change the funding allocation associated with other model components but instead increases or decreases the total model funding - thus enabling an increase or decrease support for services (such as Pell-eligible students or masters degrees awarded) without simultaneously <i>reducing</i> funding to other model components.</p>
<p>f. To the extent feasible, structure the model so that institutions that are supposed to be high performing, such as the University of Colorado and Colorado State University, are effectively rewarded for their performance and that small institutions are not disproportionately dependent on the performance elements of the model.</p>	<p>f. Continue to examine how Performance funding is awarded to incentivize increased completions, retentions, and transfers. In particular:  (i) Explore why increasing the proportion of funding directed to performance in the FY 2015-16 model reduces funding to the state's more selective institutions. Does this indicate a need for further changes to the model?  (ii) Explore how changes in the numbers of degrees awarded at small versus large governing boards could affect performance funding for each, given FY 2015-16 model settings and recent trends in degrees awarded at boards of different sizes.</p>
<p>g. To the extent feasible, account for the other sources of funding available to the institution, such as non-resident tuition and the Ft. Lewis Native American Tuition Waiver.</p>	<p>g. Examine the feasibility, cost, and benefit to incorporating total institutional revenue within the model.</p>