

MEMORANDUM

TO: Joint Budget Committee

FROM: Amanda Bickel, JBC Staff

SUBJECT: Additional “runs” of higher education funding allocation model

DATE: March 10, 2015

Additional Options for Higher Education Funding Allocation

During figure setting for the Department of Higher Education on March 3, 2015, the Committee requested several additional “runs” of the higher education funding allocation model. Based on the Committee’s discussion, staff has attached the following three versions for the Committee’s consideration. Staff has called these options 4, 5, and 6 to differentiate from the versions included in the figure setting packet

OPTION 4: This version of the allocation model increases overall funding for the governing boards by 12.5 percent (an increase that includes the \$15 million in transitional funding requested by the Governor’s Office) allocated through the H.B. 14-1319 funding model, with an adjustment to ensure all institutions receive a minimum of 10%.

OPTION 5: This version allocates the full 12.5 percent increase among the governing boards, maintains the floor of 10% as in Option 4, but removes any funding for “under-represented minorities” (URM) from both the role and mission and performance funding components of the model.

OPTION 6: This version is based on a combination of #4 and #5. This version is **designed to provide total allocation amounts very similar to those that come from Option #4 but without any funding allocated based on URM (like Option #5)**. This version includes the following “tweaks” to the funding model originally submitted in the request:

- the Pell carve-out in role and mission funding (an add-on to COF stipends for Pell-eligible students) is increased from 10.0 percent to 13.0 percent; and
- the Pell bonus in the performance funding side of the model (the extra “points” for degrees earned and retention of Pell-eligible students) is increased from 1.5 to 1.6.

There are numerous ways in which the alternatives requested by the Committee could be developed. **In general, staff has attempted to provide options that are easy to explain and conform as much as possible to the allocation model settings that were originally submitted. In particular, staff has tried to avoid adjusting the “Tuition Stability Factor” within role and mission funding.** This part of the model is highly flexible and would allow the JBC to back into specific dollar figures. However, since staff would like to see the Department move away from this factor toward factors with more rationale, staff tried to avoid adjustments in this area.

For **Option 4**, staff considered three options. These included a version in which UNC was boosted to a ten percent increase via the Tuition Stability Factor (an option provided by the Department at staff's request) and another option in which final adjustments to bring UNC to 10.0 percent were done outside the NCHEMS-developed "machine". *All versions staff considered yielded similar, though not identical results. The version staff has included in this packet simply allocates the 12.5 percent through the funding model and then uses a guardrail adjustment (currently done on a spreadsheet outside the model) to squeeze the results between 10.0 percent and 17.5 percent—rather than the 7.5 percent and 17.5 percent established for the guardrails in H.B. 14-1319.* Staff believes the change between 7.5 percent and 10.0 percent on the floor can be considered additional role and mission funding authorized by the General Assembly.

For Option 6 staff also considered alternative approaches. For example, the Department developed a version at staff's request that adjusted the Tuition Stability Factor amounts so that the final allocations mirrored those in Option #4. However, since staff would like to avoid these kinds of adjustments, the adjustment to Pell settings appears to be a good alternative. It provides extremely similar results to Option 4 by focusing additional resources on economically disadvantaged students.

SENATOR STEADMAN OPTION: During the figure setting presentation, Senator Steadman indicated that he was interested in reducing funding to the Governing Boards in FY 2015-16 by the amount of indirect cost collections you chose **not** to collect in FY 2015-16 related to FY 2014-15 operating costs for H.B. 14-1319. The difference between the Department request (which you approved) and the staff recommendation for indirect cost collections was \$610,220. The Committee did not vote on this option. However, if the Committee wishes to pursue it, **staff could run any of the model runs described above, lowering the total allocation to a 12.4 percent increase over the FY 2014-15 base (instead of a 12.5 percent increase). This would yield a total allocation amount of \$680,382,792--\$605,324 below the 12.5 percent discussed this far.**

OTHER ALLOCATION AMOUNTS: The Committee has thus far expressed interest in a 12.5 percent increase in funding over the base (\$75,665,346 total increase). As the base funding for the governing boards in FY 2014-15 was \$605,322,769, **each 1.0 percent increase or decrease from the base will be an adjustment of \$6,053,228.**

Related Question – Future Model Improvements – Request for Information

During the figure setting presentation for the Department of Higher Education, the Committee approved a request for information drafted by staff related to future versions of the allocation model. *The staff version focused primarily on technical improvements, rather than the content of the model, with the expectation that the Committee might want to make additions related to content.*

Below is the version of the RFI approved thus far:

1. 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 H.B. 14-1319:
 - Ability to download model settings and funding results into an Excel spreadsheet format for any given “run” of the model. This tool should allow anyone using the model to compare the impact of various model settings without excessive data entry.
 - To the extent feasible, ability 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. 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.
 - Ability to weight funding associated with resident students and non-resident students differently.
 - 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.

Additional items that the Committee might wish to consider including:

- Ensure that the “Tuition Stability Factor” amounts have a rational basis and reflect legislative intent that similarly situated institutions receive similar treatment;
- To the extent feasible, take into account other sources of funding available to the institution, such as non-resident tuition and the Ft. Lewis Native American Tuition Waiver; and
- 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.

Summary - Comparison Various Additional Options for H.B. 14-1319 Model

Background: Comparison Request to Original Staff Recommendation (3/3/15)																
	Recommendation excludes annualization of SB 13-033 in base, adds 1% to LDJCs & AVS, reduces S-PIP to \$10.0 million															
Request v. Rec.	Adams	Mesa	Mines	CSU	CCC	Ft. Lewis	Metro	CU	UNC	Western	Aims	CMC	voc ed	S-PIP	Grand total	
FY 2014-15 approp.	\$12,837,288	\$22,027,251	\$18,669,456	\$121,978,483	\$137,465,925	\$10,594,604	\$43,681,193	\$167,097,810	\$37,357,027	\$10,585,447	\$6,435,286	\$7,609,305	\$8,983,694		\$605,322,769	
Request	14,123,492	24,402,736	20,540,114	134,208,507	153,552,335	11,956,065	50,353,372	183,849,666	41,105,105	11,646,467	7,078,814	8,370,236	9,882,063	10,404,825	681,473,797	
Recommendation	14,121,017	24,377,657	20,536,402	134,176,331	153,470,358	11,939,123	50,171,487	183,807,591	41,092,730	11,643,992	7,143,622	8,446,868	9,972,536	10,000,000	680,899,714	
Recommend % above/(below) 14-15	10.0%	10.7%	10.0%	10.0%	11.6%	12.7%	14.9%	10.0%	10.0%	10.0%	11.0%	11.0%	11.0%		12.5%	
Recommend above/(below) request	(2,475)	(25,079)	(3,712)	(32,176)	(81,977)	(16,942)	(181,885)	(42,075)	(12,375)	(2,475)	64,808	76,632	90,473	(404,825)	(574,083)	

Comparison Option #4 to FY 2014-15 & Request																
	excludes annualization of SB 13-033 in base															
	increases total funding within the model to 12.5% increase AND brings all to minimum 10% increase. No S-PIP.															
	Adams	Mesa	Mines	CSU	CCC	Ft. Lewis	Metro	CU	UNC	Western	Aims	CMC	voc ed	S-PIP	Grand total	
FY 2014-15 approp.	\$12,837,288	\$22,027,251	\$18,669,456	\$121,978,483	\$137,465,925	\$10,594,604	\$43,681,193	\$167,097,810	\$37,357,027	\$10,585,447	\$6,435,286	\$7,609,305	\$8,983,694		\$605,322,769	
FY 2015-16 Request	14,123,492	24,402,736	20,540,114	134,208,507	153,552,335	11,956,065	50,353,372	183,849,666	41,105,105	11,646,467	7,078,814	8,370,236	9,882,063	10,404,825	681,473,797	
FY 2015-16 Option #4	14,293,237	24,797,563	21,157,250	136,192,215	155,360,138	12,319,563	51,124,613	186,969,732	41,092,730	11,774,255	7,239,697	8,560,468	10,106,656		680,988,116	
Option #4 above/(below) 14-15	11.3%	12.6%	13.3%	11.7%	13.0%	16.3%	17.0%	11.9%	10.0%	11.2%	12.5%	12.5%	12.5%		12.5%	
Option #4 above/(below) request	169,745	394,827	617,136	1,983,708	1,807,803	363,498	771,241	3,120,066	(12,375)	127,788	160,883	190,232	224,593	(10,404,825)	(485,681)	

Comparison Option #5 to FY 2014-15 and Request																
	excludes annualization of SB 13-033 in base															
	no under-represented minority amounts (URM) in role and mission or performance															
	increases total funding within the model to 12.5% increase AND brings all to minimum 10% increase. No S-PIP.															
	Adams	Mesa	Mines	CSU	CCC	Ft. Lewis	Metro	CU	UNC	Western	Aims	CMC	voc ed	S-PIP	Grand total	
FY 2014-15 approp.	\$12,837,288	\$22,027,251	\$18,669,456	\$121,978,483	\$137,465,925	\$10,594,604	\$43,681,193	\$167,097,810	\$37,357,027	\$10,585,447	\$6,435,286	\$7,609,305	\$8,983,694		\$605,322,769	
FY 2015-16 Request	14,123,492	24,402,736	20,540,114	134,208,507	153,552,335	11,956,065	50,353,372	183,849,666	41,105,105	11,646,467	7,078,814	8,370,236	9,882,063	10,404,825	681,473,797	
Option #5	14,221,324	24,773,212	21,401,336	136,480,576	154,297,532	12,236,536	51,056,030	187,642,485	41,092,730	11,879,533	7,239,697	8,560,468	10,106,656		680,988,114	
Option #5 % above/(below) 14-15	10.8%	12.5%	14.6%	11.9%	12.2%	15.5%	16.9%	12.3%	10.0%	12.2%	12.5%	12.5%	12.5%		12.5%	
Option #5 above/(below) request	97,832	370,476	861,222	2,272,069	745,197	280,471	702,658	3,792,819	(12,375)	233,066	160,883	190,232	224,593	(10,404,825)	(485,683)	

Comparison Option #6 to FY 2014-15 and Request

- excludes annualization of SB 13-033 in base
- no under-represented minority amounts (URM) in role and mission or performance
- increases total funding within the model to 12.5% increase AND brings all to minimum 10% increase via guardrails. No S-PIP.
- increases Pell in role and mission to 13.0% and in performance to 1.6 bonus (goal of results similar to Option 4)

	Adams	Mesa	Mines	CSU	CCC	Ft. Lewis	Metro	CU	UNC	Western	Aims	CMC	voc ed	S-PIP	Grand total
FY 2014-15 approp.	\$12,837,288	\$22,027,251	\$18,669,456	\$121,978,483	\$137,465,925	\$10,594,604	\$43,681,193	\$167,097,810	\$37,357,027	\$10,585,447	\$6,435,286	\$7,609,305	\$8,983,694		\$605,322,769
FY 2015-16 Request	14,123,492	24,402,736	20,540,114	134,208,507	153,552,335	11,956,065	50,353,372	183,849,666	41,105,105	11,646,467	7,078,814	8,370,236	9,882,063	10,404,825	681,473,797
Option #6	14,213,888	24,885,533	21,215,828	136,183,357	155,344,549	12,198,956	51,107,501	186,970,851	41,092,730	11,868,098	7,239,697	8,560,468	10,106,656		680,988,112
Option #6 above/(below) 14-15	10.7%	13.0%	13.6%	11.6%	13.0%	15.1%	17.0%	11.9%	10.0%	12.1%	12.5%	12.5%	12.5%		12.5%
Option #6 above/(below) request	90,396	482,797	675,714	1,974,850	1,792,214	242,891	754,129	3,121,185	(12,375)	221,631	160,883	190,232	224,593	(10,404,825)	(485,685)

Comparison Option #4 and Options #6

Totals in Option #6 are intended to be close to Option #4

	Adams	Mesa	Mines	CSU	CCC	Ft. Lewis	Metro	CU	UNC	Western	Aims	CMC	voc ed	S-PIP	Grand total
FY 2015-16 Option #4	\$14,293,237	\$24,797,563	\$21,157,250	\$136,192,215	\$155,360,138	\$12,319,563	\$51,124,613	\$186,969,732	\$41,092,730	\$11,774,255	\$7,239,697	\$8,560,468	\$10,106,656		\$680,988,116
Option #6	14,213,888	24,885,533	21,215,828	136,183,357	155,344,549	12,198,956	51,107,501	186,970,851	41,092,730	11,868,098	7,239,697	8,560,468	10,106,656		680,988,112
Option #6 above/(below) Option #4	(79,349)	87,970	58,578	(8,858)	(15,590)	(120,606)	(17,112)	1,119	-	93,843	-	-	-	-	(4)
Variance	-0.6%	0.4%	0.3%	0.0%	0.0%	-1.0%	0.0%	0.0%	0.0%	0.8%	0.0%	0.0%	0.0%	0.0%	0.0%

Option #4- 12.5% increase (to capture the \$15 million). All adjustments consistent with model rules (including LDJCs, speciality education). Set guard rails at 10% and 17.5%

12.50%

FY 2014-15 Appropriation - Calculation Base				FY 2015-16 Appropriation Calculations								
FY 2014-15 enacted appropriation NO 13-033 annualization	TSA start	specialty ed	COF Stipends	Role & Mission	Performance	"Total State Appropriation" (TSA) Before		TSA After Guardrails	Specialty education	Total Before Adjustments Outside of Model	Adjust to bring all to 10%	Total with All Adjustments
						Guardrails	Guardrails					
Adams	12,837,288	12,837,288	3,014,742	6,092,479	5,225,291	14,332,512	(39,275)	14,293,237		14,293,237		14,293,237
Mesa	22,027,251	22,027,251	14,609,398	5,289,368	4,973,527	24,872,293	(74,730)	24,797,563		24,797,563		24,797,563
Mines	18,669,456	18,669,456	6,291,590	8,697,187	6,235,582	21,224,359	(67,109)	21,157,250		21,157,250		21,157,250
CSU	121,978,483	73,496,194	48,482,289	44,015,134	23,039,084	14,815,364	81,869,582	(219,942)	81,649,640	54,542,575	136,192,215	136,192,215
CCC	137,465,925	137,465,925	109,407,533	30,337,484	16,097,824	155,842,841	(482,703)	155,360,138		155,360,138		155,360,138
Ft. Lewis	10,594,604	10,594,604	4,545,816	2,681,234	5,139,044	12,366,094	(46,531)	12,319,563		12,319,563		12,319,563
Metro	43,681,193	43,681,193	31,613,068	10,788,971	9,310,038	51,712,077	(587,464)	51,124,613		51,124,613		51,124,613
CU	167,097,810	111,178,401	55,919,409	61,134,606	40,803,042	22,470,245	124,407,893	(347,496)	124,060,397	62,909,335	186,969,732	186,969,732
UNC	37,357,027	37,357,027	17,177,543	13,923,358	8,094,510	39,195,411	1,897,319	41,092,730		41,092,730		41,092,730
Western	10,585,447	10,585,447	2,772,617	4,176,197	4,857,509	11,806,323	(32,068)	11,774,255		11,774,255		11,774,255
subtotal	582,294,484	477,892,786	104,401,698	294,582,047	145,828,404	97,218,934	537,629,385	-	537,629,385	117,451,910	655,081,295	655,081,295
							537,629,384					
Aims	6,435,286	-	6,435,286						7,239,697	7,239,697		7,239,697
CMC	7,609,305	-	7,609,305						8,560,468	8,560,468		8,560,468
voc ed	8,983,694	-	8,983,694						10,106,656	10,106,656		10,106,656
TOTAL w/ S-PIP	605,322,769	477,892,786	127,429,983						537,629,385	143,358,731	680,988,116	680,988,116
Grand total												680,988,116

Option #5- 12.5% increase (to capture the \$15 million). Include the UNC adjustment. Eliminate URM. All adjustments consistent with model rules (including LDJCs, speciality education). Set guard rails at 10% and 17.5%

FY 2014-15 Appropriation - Calculation Base				FY 2015-16 Appropriation Calculations								
FY 2014-15 enacted appropriation NO 13-033 annualization	TSA start	specialty ed	COF Stipends	Role & Mission	Performance	"Total State Appropriation" (TSA) Before		TSA After Guardrails	Specialty education	Total Before Adjustments Outside of Model	Adjust to bring all to 10%	Total with All Adjustments
						Guardrails	Guardrails					
Adams	12,837,288	12,837,288		3,014,742	6,073,427	5,171,669	14,216,419	4,905	14,221,324	14,221,324		14,221,324
Mesa	22,027,251	22,027,251		14,609,398	5,273,899	4,975,260	24,772,140	1,072	24,773,212	24,773,212		24,773,212
Mines	18,669,456	18,669,456		6,291,590	8,855,021	6,348,052	21,408,433	(7,097)	21,401,336	21,401,336		21,401,336
CSU	121,978,483	73,496,194	48,482,289	44,015,134	23,253,228	14,917,019	81,920,171	17,830	81,938,001	54,542,575	136,480,576	136,480,576
CCC	137,465,925	137,465,925		109,407,533	29,569,163	15,837,615	154,284,807	12,725	154,297,532	154,297,532		154,297,532
Ft. Lewis	10,594,604	10,594,604		4,545,816	2,716,476	5,031,961	12,242,377	(5,841)	12,236,536	12,236,536		12,236,536
Metro	43,681,193	43,681,193		31,613,068	10,585,377	9,209,879	51,092,087	(36,057)	51,056,030	51,056,030		51,056,030
CU	167,097,810	111,178,401	55,919,409	61,134,606	41,354,430	22,659,051	124,721,707	11,443	124,733,150	62,909,335	187,642,485	187,642,485
UNC	37,357,027	37,357,027		17,177,543	13,948,238	8,120,966	41,092,730	(0)	41,092,730	41,092,730		41,092,730
Western	10,585,447	10,585,447		2,772,617	4,199,142	4,947,463	11,878,513	1,020	11,879,533	11,879,533		11,879,533
subtotal	582,294,484	477,892,786	104,401,698	294,582,047	145,828,401	97,218,935	537,629,384	(1)	537,629,383	117,451,910	655,081,293	655,081,293
							537,629,384					
Aims	6,435,286	-	6,435,286				0		7,239,697	7,239,697		7,239,697
CMC	7,609,305	-	7,609,305						8,560,468	8,560,468		8,560,468
voc ed	8,983,694	-	8,983,694						10,106,656	10,106,656		10,106,656
TOTAL w/ S-PIP	605,322,769	477,892,786	127,429,983						537,629,383	143,358,731	680,988,114	680,988,114
Grand total												680,988,114

Option #6- 12.5% increase (to capture the \$15 million). Eliminate URM. Increase Pell to 13% on role & mission and 1.6% on performance. All other adjustments consistent with model rules (including LDJCs, speciality education). Set guard rails at 10% and 17.5%

12.50%

FY 2014-15 Appropriation - Calculation Base				FY 2015-16 Appropriation Calculations									
FY 2014-15 enacted approp NO 13-033 annualization	TSA start	specialty ed		"Total State Appropriation" (TSA) Before			Guardrails	Guardrails	TSA After Guardrails	Specialty education	Total Before Adjustments Outside of Model	Adjust to bring all to 10%	Total with All Adjustments
				COF Stipends	Role & Mission	Performance							
Adams	12,837,288	12,837,288		3,014,742	6,070,961	5,168,577	14,254,280	(40,392)	14,213,888		14,213,888		14,213,888
Mesa	22,027,251	22,027,251		14,609,398	5,352,009	5,007,993	24,969,400	(83,867)	24,885,533		24,885,533		24,885,533
Mines	18,669,456	18,669,456		6,291,590	8,673,730	6,325,223	21,290,543	(74,715)	21,215,828		21,215,828		21,215,828
CSU	121,978,483	73,496,194	48,482,289	44,015,134	22,969,629	14,894,996	81,879,759	(238,977)	81,640,782	54,542,575	136,183,357		136,183,357
CCC	137,465,925	137,465,925		109,407,533	30,587,213	15,874,393	155,869,139	(524,590)	155,344,549		155,344,549		155,344,549
Ft. Lewis	10,594,604	10,594,604		4,545,816	2,677,398	5,022,817	12,246,031	(47,075)	12,198,956		12,198,956		12,198,956
Metro	43,681,193	43,681,193		31,613,068	10,748,674	9,236,481	51,598,223	(490,722)	51,107,501		51,107,501		51,107,501
CU	167,097,810	111,178,401	55,919,409	61,134,606	40,671,565	22,633,358	124,439,529	(378,013)	124,061,516	62,909,335	186,970,851		186,970,851
UNC	37,357,027	37,357,027		17,177,543	13,891,317	8,107,884	39,176,744	1,915,986	41,092,730		41,092,730		41,092,730
Western	10,585,447	10,585,447		2,772,617	4,185,906	4,947,210	11,905,733	(37,635)	11,868,098		11,868,098		11,868,098
subtotal	582,294,484	477,892,786	104,401,698	294,582,047	145,828,402	97,218,932	537,629,381	-	537,629,381	117,451,910	655,081,291		655,081,291
							537,629,384						
Aims	6,435,286	-	6,435,286				3			7,239,697	7,239,697		7,239,697
CMC	7,609,305	-	7,609,305							8,560,468	8,560,468		8,560,468
voc ed	8,983,694	-	8,983,694							10,106,656	10,106,656		10,106,656
TOTAL w/ S-PIP	605,322,769	477,892,786	127,429,983						537,629,381	143,358,731	680,988,112		680,988,112
Grand total													680,988,112