HB 14-1319
Outcomes-based Funding for Higher Education
(Ferrandino/Lambert)

Background:
This bill changes how state funding is distributed among higher education institutions. CU expressed concerns about the bill’s impact and unintended consequences. Based on initial figures, some colleges and universities would benefit from such changes; others, including CU, would stand to lose funding. The speaker and higher education institutions worked together to modify the bill. It will take effect in FY 2016.

CU lobbied for several changes to the bill in the Senate Education Committee and was mostly successful. These additional amendments, when combined with the ones CU advocated for in the House, make important changes to the bill. The final bill will still likely result in funds shifting away from research and four-year institutions over time. Fortunately, the amendments that CU was able to secure will ensure that some CU programs will be protected and put the university in a better position to negotiate over the summer.

Bill Summary:
This bill creates a new mechanism for allocating state funds to institutions of higher education. The College Opportunity Fund Stipends and Fee-for-Service Contracts will be allocated in the following manner.

**FIXED IN STATUTE**

**STIPEND FUNDING**
Funding for the COF stipend will comprise at least 52.5% of the total appropriation.

**SPECIALTY PROGRAM FUNDING**
Anschutz, CSU-PVM and CSU agencies, local districts and area vocational schools will increase or decrease by an amount proportional to the funding change in the total state appropriation for all institutions from the previous year. It will be possible to receive more funding or a lesser cut.

**DETERMINED ANNUALLY BY CCHE** – CCHE will adopt a model that incorporates the following factors into the allocation of funding by institution.

**ROLE & MISSION FUNDING**
- **Institutional Mission Funding** – CCHE must consider the following when determining funding per governing board:
  1) Selectivity of Admissions
  2) Number of Campuses
  3) Institution’s Rural or Urban Location
  4) Low Student Enrollment
  5) Research Status
  6) High Cost Undergraduate or Certificate Programs
- **Support service funding** for Pell recipients, first generation, and underserved undergraduate students based on enrollments. Funding for Pell students must be at least 10% above the per student stipend. CCHE may determine additional funding for first generation and underserved students.

CU Highlights
- CU contributes $5.3 billion to the Colorado economy.
- CU has five Nobel laureates, four awarded since 2001.
- CU has more than 230 public service and outreach programs that serve people and communities across the state.
- CU awards 42% of all bachelor’s degrees and 58% of all graduate degrees in CO.
- CU physicians performed the first liver transplant and our physicians and researchers developed the first shingles vaccine.
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- Graduate Program Funding – Funding per enrollments but dollar amounts must differentiate by program and level.
- Remediation funding for institutions authorized to offer basic skills courses.
- Up to two additional role and mission factors to be determined by CCHE. They may consider affordability, cost studies, technology transfer and career and technical programs.
- High cost graduate program offerings must be considered by CCHE.

PERFORMANCE FUNDING
- Completion funding for each certificate/degree conferred by an institution based on subject and level and transfers from community colleges.
- Value is increased if students are Pell recipients, first generation, or underserved undergraduate students.
- Retention funding for students making sufficient academic progress toward completion (tied to 30/60/90 credit hours).
- Up to two additional performance metrics to be determined by the CCHE. May consider workforce placement, closing the achievement gap, and limiting student loan debt.

AMENDMENTS OBTAINED
1. Allows for the non-uniform application of the role and mission factors so CCHE has more flexibility when allocating fee-for-service dollars.
2. Requires a tuition study to be conducted by CCHE to take into account institutions’ financial stability and quality enhancement, and changes in state funding.
3. Anschutz funding will increase by at least the higher education state-wide average increase, but will be cut by less than the higher education average state-wide cut in times of budget reductions. Anschutz programs will also be recognized as a high cost, low enrollment. Requires annual reporting on the new allocation and directs CCHE to recommend changes as it sees fit.
4. Suspends the 52.5% stipend requirement when there is a TABOR surplus of $50 million or more. Adds language that CCHE shall take into account that Anschutz Medical Campus and Professional Veterinary Medicine programs are high cost, low enrollment programs when determining Fee-for-Service funding.
5. Ensures that undergraduate and certificate programs that have a high per student cost will be taken into consideration in the role and mission funding portion of the bill.
6. Makes the consideration of program level and type for graduate programs mandatory instead of permissive in the role and mission funding portion of the bill.
7. Require that graduate programs that have a high per student cost be a consideration in the role and mission funding portion of the bill.
8. Lists STEM, Law and Business as graduate program types that have a high cost per student.
9. Allows Fee-for-Service funds to be used for financial assistance and includes this assistance in the definition of total tuition.

NOTE: CCHE is planning to consult with NCHEMS to develop the funding model; $800,000 was appropriated for this purpose. Monies were also appropriated to CDHE for two new full-time budget analysts and one new data person to manage the model going forward.