

Department of Higher Education FY 2017-18 RFI #1: Funding Allocation Model

The Joint Budget Committee requested that the Department, during its annual review of the funding allocation model, consider the following policy issues and report on how the issues were resolved:

- Providing funding in the model for students who are first in their families to attend college (“first generation” students). This could include weighting performance completions and/or adding funding per enrollee if and when feasible.
- Considering whether additional adjustments are appropriate to align the funding model with the state master plan goals.
- Providing a component for successful student remediation in the model.
- Further emphasizing support for Pell-eligible students in the model.

The response regarding how each policy issue was addressed or considered is below. The issues are addressed in the order in which they appear within the RFI.

Providing funding in the model for students who are first in their families to attend college (“first generation” students). This could include weighting performance completions and/or adding funding per enrollee if and when feasible.

Funding for “first generation” students is something the Department has supported since the inception of the funding model. The challenge with its initial inclusion was defining and collecting the data. This student population was not captured in any of the Department’s Student Unit Record Data System (SURDS) submissions when the model was created. While the model was being developed, there was not enough time to concurrently develop and collect data on “first generation” students in Colorado. However, this is a topic the Department has remained interested in addressing.

In September 2016, the Department’s Data and Research team started conversations with the Data Advisory Group (DAG) – the group of institutional research representatives – on defining and capturing “first generation” students for inclusion in the enrollment SURDS submissions. As such, “first generation” students became the focus of two DAG meetings and additional working sessions were held over the span of approximately six months.

Throughout this process, Department staff learned that there are two main data sources that institutions use to collect “first generation” student status: the Free Application for Federal Student Aid (FAFSA) and college applications. Department staff engaged the Admissions Council, comprised of institutional admissions officers, to discuss how different college/university applications define and capture this student population. Many applications, including the Colorado Common Application, use a definition that is similar to or based on the

federal definition that was included in the 1965 Higher Education Authorization Act. The FAFSA also links to this definition by using a parent's educational attainment level to determine a student's "first generation" status.

Using the information obtained through the Admissions Council and the DAG meetings, the Department, with DAG's concurrence decided to use the 1965 Higher Education Act definition for the "first generation" student data collection. The definition, as included in the Department's data diction for the Enrollment SURDS file is:

Definition: A flag that indicates whether an undergraduate student is First Generation as defined in the Higher Education Act of 1965 which is:

(A) an individual both of whose parents did not complete a baccalaureate degree; or

(B) in the case of any individual who regularly resided with and received support from only one parent, an individual who's only such parent did not complete a baccalaureate degree.

The first submission using this definition will be for fall 2017 enrollment and will be collected in winter 2018. While a definition has been established, based on previous experience with new definitions and new data fields, staff anticipates that it will take a couple of reporting cycles for the data reporting to become standardized and suitable to determine the best way to incorporate this data element into the funding allocation model.

With a definition in place and data collection starting, the Department's finance team can work to engage the Chief Financial Officers on including funding for "first generation" students in the funding allocation model. However, the data quality and collection across all governing boards could impact how quickly the data can be incorporated into the model. Department staff intends to include this data as soon as possible, hopefully as part of the FY 2019-20 request cycle, but staff understands that it is an iterative process with institutions.

Considering whether additional adjustments are appropriate to align the funding model with the state master plan goals.

The Colorado Commission on Higher Education unveiled its new Master Plan, *Colorado Rises: Advancing Education and Talent Development*, in September 2017. The plan calls for a renewed focus on increasing credential completion, erasing equity gaps, improving student success, and investing in affordability and innovation. However, the overarching theme of the Master Plan is Colorado's economic imperative to have a well-educated workforce. The Department believes that the Governor's FY 2018-19 Budget Request aligns with the Master Plan by supporting affordability, student success, and credential completion through various aspects of the request.

Additionally, the Department has identified a need to change the weighting within the funding model for Pell students in order to fully align with the Master Plan goals.

The Department assessed different policy changes and adjustments to increase the incentives in the model that already align with the Master Plan. The Master Plan is a completions-driven agenda, so the Department's focus was primarily on the potential impact of changing weights on the completions side of the model. One change that was discussed was on the degree/certificate-level weighting. However, these weights are generally associated with the cost of providing the degree/certificate. For example, a bachelor's degree is more costly to provide than a certificate, so it is weighted accordingly. The original weights were agreed to by the Governing Boards when the model was implemented. This makes changing weights a tenuous proposition.

However, the Department did explore possible changes, and in discussing changes, the Department wanted to ensure that there was intentionality to the degree/certificate being incentivized. For instance, increasing the weight on certificate completions could increase the total number of credentials. However, some certificates are low-cost to produce, so increasing the weight on certificate completions may create the incentive for institutions to direct students into low-cost programs for the additional completions rather than directing students into high-demand programs. Additionally, the certificates produced by Area Technical Colleges and Local District Junior Colleges are not captured in the model, so there needs to be a universal incentive to provide high-value certificates. While the Department acknowledges that additional credentials are needed to meet the Master Plan Goals, these credentials must be of value to the student and the market place. The Governor has brought forward a request that the Department believes brings more intentionality to the question of increasing the production of high value certificates than increasing the weight in the model.

The ability to target funds through the model to erase equity gaps is limited as there is not an under-represented minority student component to the model, but there are other target populations that can be addressed within the current model construct. To incent enrollment and completions of Pell-eligible students, the Department, in consultation with the institutions, changed the weighting on the Pell components of the model. These changes incentivize both enrollment and completion. By incenting more Pell student completions and providing a larger dollar amount on the Role and Mission part of the model for Pell students, these changes also align with the goal to increase student success through graduation and retention. Additional information on the specifics of these changes is provided under the "Increased Supports for Pell Student" part of the RFI. The ability to target first generation students is something the Department would like to consider including in the future. As outlined in the previous section of the RFI, the Department has started collecting data on this population and intends to discuss how best to add this into the model.

Providing a component for successful student remediation in the model.

During the implementation of the Department's outcomes based funding model, remediation was discussed multiple times. While there is no specific model component for successful remediation, for reasons discussed below, it is inherently built into completions, as a student needing remediation would not complete a degree/certificate without successful remediation. The costs associated with providing remedial education are also incorporated into the model through the weighted credit hour matrix within the Role and Mission component of the model.

The Department collects data on remediation and releases an annual report outlining the remediation needs of students who graduated from a Colorado high school in the preceding academic year. The report captures whether a student was assessed as needing remediation by an institution of higher education, voluntarily enrolled in a remedial course, or took a Supplemental Academic Instruction (SAI) course. SAI is a co-requisite course designed to assist students by enrolling the students in the credit bearing course while also providing needed academic support. In the Department's database, a student is flagged as remedial if they meet any of those criteria. Of note, only institutions with a two-year Role and Mission, as defined by statute, are able to offer remedial education, but any institution, with Commission approval, may offer SAI. This factor contributes to the challenge of finding a common definition of successful remediation.

In order to meet the statewide master plan goals outlined by the Colorado Commission on Higher Education, remedial education can no longer stand as a barrier to student progression along the education to workforce pipeline and ultimately to their success. The Department understands the need to provide strong academic preparation and to incentivize remedial reform. However, defining successful remediation of a student remains difficult. When assessing successful remediation, attention to how a student progresses during their postsecondary education is vital. A student may successfully complete a remedial/SAI course, which some may feel is successful remediation, but looking at a student's success in the next sequence course can be a better indicator of whether or not a student has made the necessary academic progress.

Additionally, tracking a student's academic progress can be difficult since a student is not required to take the next sequence course immediately after completing a remedial course. For instance, a student could need remediation in math and take the necessary remedial course but then wait multiple terms or multiple years before enrolling in the next math sequence course. The time-lag on this makes it functionally more challenging to identify successful remediation, because it would remain unknown if a student would have been successful in the gateway course if it had been taken immediately after the remedial course. Awarding credit in the model to students who passed the gateway course as an identifier of successful remediation could potentially reflect issues not associated with the remedial instruction the student received.

Additionally, the Department needs to be able to identify the "where" and the "when" for each student taking a remedial course. A student may be identified as needing remedial education and enroll in a two-year institution to take those courses. The student may then transfer to a four-year institution once the remedial courses are completed. Since the Department's data is pulled on an

academic year, the student would show up as a remedial student at a four-year institution. The Department would then need to track back to find out where the student received remediation, determine if the courses were passed, and then look to see if the student had attempted and successfully completed the gateway course.

Another challenge of incorporating successful remediation into the model involves which postsecondary institution gets the credit for successful remediation. If successful remediation is defined as completing a remedial/SAI course, then the postsecondary institution where a student completed that course would get the credit. However, if the method of assessing successful remediation through success in the next sequence course is used then the postsecondary institution where the student completed that next sequence course would get the credit. This could be significant for community colleges where a student may complete a remedial/SAI course but then transfer to another postsecondary institution for the rest of their postsecondary education.

The Department's current remedial data includes information on K-12 students taking remedial courses, and there were multiple discussions about the topic of successful remediation with our postsecondary as well as our K-12 partners. During these discussions, the possibility of providing a separate postsecondary remedial report has been discussed. In this report, the Department would attempt to look at this question of successful completion of the next sequence course after successful completion of a remedial/SAI course. However, in order to accomplish this goal, significant data and coding issues must be addressed. Additionally, more input from our postsecondary and K-12 partners is needed. The Department hopes to include this analysis in the annual remedial report released in spring 2019. Additionally, the Department is bringing this topic forward for discussion with the Remedial Working Group.

Further emphasizing support for Pell-eligible students in the model.

The Department directly addressed this by changing, in the budget request, the weighting for Pell-eligible students in the model, as suggested by the Joint Budget Committee. These changes were made to incent institutions to enroll and complete Pell-eligible students as it aligns with the Colorado Commission on Higher Education's Master Plan. In the Role and Mission part of the model, the weighting was increased from 10% of the COF stipend amount to 12.5% of the COF stipend amount. This is done to incent institutions to enroll more Pell students as institutions will get additional dollars from this factor by serving additional Pell students. Additionally, this change recognizes the added cost to provide the necessary support services for Pell-eligible students to be successful. The weight for Pell-eligible student completions was changed from 1.6 to 2.0. It is not enough to just enroll more Pell-eligible students, but these students must successfully complete, as well. The Pell completions weight applies to all credential levels (Certificates through Doctorates), so this increased weight will be applied to any Pell-eligible

completer. It should also be noted that 55.7% of Colorado's current Pell student population is also classified as underrepresented minorities.