

JOINT BUDGET COMMITTEE



STAFF FIGURE SETTING FY 2017-18

DEPARTMENT OF HIGHER EDUCATION

JBC WORKING DOCUMENT - SUBJECT TO CHANGE
STAFF RECOMMENDATION DOES NOT REPRESENT COMMITTEE DECISION

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Additional Appendices:

- Appendix – FY 2016-17 and FY 2017-18 Adjustments to Institutions
- Appendix – LCS Tuition and Enrollment Forecast Feb 2017
- Appendix – Additional model results

HOW TO USE THIS DOCUMENT

The Department Overview contains a table summarizing the staff recommended incremental changes followed by brief explanations of each incremental change. A similar overview table is provided for each division, but the description of incremental changes is not repeated, since it is available under the Department Overview. More details about the incremental changes are provided in the sections following the Department Overview and the division summary tables.

Decision items, both department-requested items and staff-initiated items, are discussed either in the Decision Items Affecting Multiple Divisions or at the beginning of the most relevant division. Within a section, decision items are listed in the requested priority order, if applicable.

DEPARTMENT OVERVIEW

The state higher education system serves about 180,000 full-time equivalent students (FTE), including about 150,000 Colorado residents. About 10,000 additional FTE are served by local district junior colleges, which receive regional property tax revenues in addition to state funding, and area vocational schools, which offer occupational certificates and serve both secondary and post-secondary students. Approximately thirty-five percent of student FTE attend 2-year and certificate institutions. Students attending institutions that offer baccalaureate and higher degrees are concentrated at the University of Colorado, Colorado State University, and Metropolitan State University of Denver.

The Colorado Commission on Higher Education (CCHE) coordinates the higher education delivery system, including requests for state funding. The CCHE has some regulatory authority over the public higher education institutions in areas such as role and mission, degree programs, the transfer of credits, and performance reporting. However, each institution has a governing board that makes policy and budget decisions for the institution.

The General Assembly has delegated significant budgetary control to the governing boards of the higher education institutions. The members of the governing boards are generally appointed by the Governor, except at the University of Colorado, which has an elected Board of Regents. Within broad parameters, the governing boards are allowed to determine how to spend the revenue they earn, and they can retain unspent funds at the end of each fiscal year for future initiatives.

The Department includes the following divisions and programs:

- **Colorado Commission on Higher Education**, including staff, operating expenses, and special purpose programs. The executive director of CCHE is also the executive director of the Department. The **Department Administrative Office** includes centrally-appropriated amounts for CCHE and History Colorado.
- **Financial aid** programs, which fall under the purview of CCHE. The director of CCHE also appoints the directors of College Assist and CollegeInvest, which are both statutorily authorized state enterprises with responsibilities related to student loans and college savings programs. Both of these programs are off-budget.
- The **College Opportunity Fund** Program which provides stipend for undergraduate resident students to attend public colleges and participating private colleges in Colorado. The section also includes appropriations for fee-for-service contracts with public higher education institutions for graduate education and other educational services not covered by the stipends.
- Appropriations for each of the higher education **Governing Boards**. Tuition, stipend, and fee-for-service spending authority for public higher education institutions is provided in the Governing Boards section.
- The **Division of Occupational Education** oversees Colorado Vocational Act programs, the Area Vocational Schools, federal Perkins technical training programs, and resources for the promotion of job development, job training, and job retraining.
- State subsidies for **Local District Junior Colleges; History Colorado; and the Auraria Higher Education Center**, which maintains the single shared campus of the Community College of Denver, Metropolitan State College of Denver, and the University of Colorado at Denver and Health Sciences Center.

SUMMARY OF STAFF RECOMMENDATIONS

DEPARTMENT OF HIGHER EDUCATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2016-17 APPROPRIATION						
HB 16-1405 (Long Bill)	\$4,061,311,383	\$870,343,621	\$2,453,407,936	\$715,047,309	\$22,512,517	24,491.1
Long Bill Supplemental	46,437,007	0	46,385,624	51,383	0	0.0
Other legislation	14,745,619	691,095	13,804,524	250,000	0	0.3
TOTAL	\$4,122,494,009	\$871,034,716	\$2,513,598,084	\$715,348,692	\$22,512,517	24,491.4
FY 2017-18 RECOMMENDED APPROPRIATION						
FY 2016-17 Appropriation	\$4,122,494,009	\$871,034,716	\$2,513,598,084	\$715,348,692	\$22,512,517	24,491.4
R1 Operating request for public colleges and universities	36,651,857	20,608,853	0	16,043,004	0	0.0
R2 Tuition spending authority increase	124,958,748	0	124,958,748	0	0	0.0
R3 Fort Lewis Native American Tuition Waiver	(416,054)	(416,054)	0	0	0	0.0
R4 WICHE Optometry	44,125	44,125	0	0	0	0.0
R5 WICHE dues increase	4,000	4,000	0	0	0	0.0
HC1 Revitalization funds for community museums	1,589,044	1,589,044	0	0	0	0.0
HC2 Realignment of History Colorado Long Bill	0	0	0	0	0	0.0
BA1 DPOS Increased Workload	158,912	0	158,912	0	0	2.0
Non prioritized requests	40,387	0	33,103	7,284	0	0.0
Fee adjustment	12,967,575	0	12,967,575	0	0	0.0
Higher Ed Federal Mineral Lease COP	3,945,700	3,947,850	(3,950,000)	3,947,850	0	0.0
Higher Ed limited gaming revenue	2,091,955	0	2,091,955	0	0	0.0
Auraria Higher Ed Center adjustment	1,216,595	0	0	1,216,595	0	0.0
Centrally appropriated line items	1,152,699	58,170	702,505	263,657	128,367	0.0
Informational funds adjustments	560,000	0	560,000	0	0	0.0
Tobacco master settlement revenue adjustment	140,439	0	140,439	0	0	0.0
Fitzsimons COP	6,564	(1,787,551)	1,794,115	0	0	0.0
Indirect cost adjustments	0	(141,525)	53,872	87,653	0	0.0
Employee FTE adjustment	0	0	0	0	0	340.4
Veterinary medicine capital outlay adjustment	0	0	5,700	(5,700)	0	0.0
Annualize prior year legislation	(10,132,020)	0	(9,932,020)	(200,000)	0	0.0
Move Natl Guard Tuition Assistance to MIL	(800,000)	(800,000)	0	0	0	0.0
Align HC appropriations with revenue	(400,000)	0	(400,000)	0	0	0.0
Other	(2)	0	(2)	0	0	0.0
TOTAL	\$4,296,274,533	\$894,141,628	\$2,642,782,986	\$736,709,035	\$22,640,884	24,833.8
INCREASE/(DECREASE)	\$173,780,524	\$23,106,912	\$129,184,902	\$21,360,343	\$128,367	342.4
Percentage Change	4.2%	2.7%	5.1%	3.0%	0.6%	1.4%
FY 2017-18 EXECUTIVE REQUEST						
Request Above/(Below) Recommendation	(\$66,344,236)	\$4,005,785	(\$71,183,313)	\$834,515	(\$1,223)	(340.4)

DESCRIPTION OF INCREMENTAL CHANGES

LONG BILL SUPPLEMENTAL: The recommendation includes adjustments to higher education tuition and fee revenue estimates for FY 2016-17.

R1 OPERATING REQUEST FOR PUBLIC COLLEGES AND UNIVERSITIES: The recommendation, similar to the request, includes an increase of \$20.6 million General Fund allocated among public institutions of higher education (state governing boards, local district colleges, and area technical colleges) and financial aid. The recommendation includes: (1) an overall increase of \$16,712,891 (2.5 percent) for the governing boards, allocated based on the H.B. 14-1319 funding model; and (2) an increase of \$3,895,962 for need-based financial aid, consistent with statutory requirements that financial aid increase at the same rate as support for the governing boards. The model is unchanged from the H.B. 14-1319 model used for the FY 2016-17 Long Bill. Under the model, the state-operated boards receive increases that range from 0.3 percent to 6.9, based on the distribution of institutional enrollment and degrees awarded in actual FY 2015-16. Specialty education programs (such as the medical school), local district colleges, and area technical colleges receive a 2.5 percent increase. The request is based on the need for various inflationary increases at the Boards. The Department proposes that governing board inflationary increases that cannot be fully covered by the request will be addressed through tuition increases (Request R2).

R2 TUITION SPENDING AUTHORITY INCREASE: The recommendation is for \$125.0 million in cash funds spending authority for state public institutions' tuition revenue for FY 2017-18. The increase is proposed to cover base costs and strategic initiatives, given a moderate General Fund increase. The request reflects: (1) institutions' base funding needs; (2) the General Fund increase requested for each governing board; and (3) feedback from the affected governing boards. The recommendation includes Long Bill footnotes allowing from 5.0 percent to 7.0 percent increases in undergraduate resident tuition rates, depending upon the governing board, with no restrictions on non-resident or graduate tuition or mandatory fees except at Fort Lewis (4.0 percent non-resident increase).

R3 FORT LEWIS NATIVE AMERICAN TUITION WAIVER: The recommendation includes a decrease of \$416,054 General Fund for the Fort Lewis College Native American tuition waiver, bringing the total to \$16,948,194 General Fund for the program. Funding for this program is mandated by Section 23-52-105 (1) (b) (I), C.R.S., which requires the General Assembly to fund 100 percent of the tuition obligations for qualifying Native American students attending Fort Lewis College. Funding for the tuition waiver is made one year in arrears and is calculated based on the prior year enrollment estimates. The decrease is based on updated figures from Fort Lewis.

R4 WICHE OPTOMETRY: The recommendation includes a requested increase of \$44,125 reappropriated funds (indirect cost recoveries) to fund the Western Interstate Commission on Higher Education Optometry Professional Student Exchange Program (PSEP) in FY 2017-18, bringing the total appropriation to \$443,125. This program allows Colorado resident students to pursue professional degrees in optometry at designated out-of-state institutions at a tuition rate comparable to an instate tuition rate, through payment of a "support fee" appropriated by the General Assembly. In FY 2016-17, five qualified students were eligible for the program but only two could be accepted based on available funding.

R5 WICHE DUES INCREASE: The recommendation includes an increase of \$4,000 appropriated funds (indirect cost recoveries) to pay for the increase in Western Interstate Commission for Higher Education (WICHE) dues.

HC1 REVITALIZATION FUNDS FOR COMMUNITY MUSEUMS: The recommendation includes an increase for History Colorado of \$1,589,044 General Fund in FY 2017-18 for Colorado's eight community museums located across the state. A portion of the funding would support 8.0 FTE whose responsibilities would focus on community museum security, local community involvement, philanthropic development, and educational outreach in remote areas. A portion would also support the development of revenue-generating enterprise programs that will enable the community museums to reduce the General Fund support required over time. General Fund support would step down in FY 2020-21.

HC2 REALIGNMENT OF HISTORY COLORADO LONG BILL: The recommendation moves \$306,475 cash funds in the History Colorado facilities management line item to the community museums line item to provide the community museums more control over and accountability for community museum funds. This change has a net \$0 impact and represents a minor adjustment to the new History Colorado's Long Bill structure adopted in FY 2015-16.

BA1 DPOS INCREASED WORKLOAD: The recommendation includes \$158,912 cash funds from the Private Occupational School Fund and 2.0 FTE for the division of Private Occupational Schools for FY 2017-18. The funding is requested to address recent severe workload issues that became evident after the November 1 request was formulated and submitted.

NONPRIORITIZED REQUESTS: The recommendation includes adjustments to resources for administrative courts, consistent with Committee action, and reflects requests for the Department's share of two OIT initiatives (Secure Colorado and Deskside Staffing). The OIT items are pending.

FEE ADJUSTMENT: The recommendation incorporates projected fee adjustments for each institution, based on institutional projections.

HIGHER ED FEDERAL MINERAL LEASE COP: The recommendation is for an increase of \$3,947,850 General Fund (less than the requested \$4,870,898) based on a decline in Federal Mineral Lease (FML) revenue available to cover certain state lease-purchase obligations. In 2008, the General Assembly authorized the State to enter into lease-purchase agreements (certificates of participation/COPs) to fund capital construction projects for state-supported institutions of higher education. Annual payments were to be made from Federal Mineral Lease (FML) revenues that were projected to increase. The FML revenue stream has been inconsistent, and General Fund has therefore been required to backfill the obligation. House Bill 16-1229, sponsored by the JBC, made some additional FML fund balance available in FY 2016-17, but this will be exhausted for FY 2017-18, so additional General Fund is again required. The staff recommendation is based on updated information on amounts presently in the Fund.

HIGHER ED LIMITED GAMING REVENUE: The recommendation adjusts funding for higher education institutions with a two-year mission to reflect the most recent actual receipts of Amendment 50 limited gaming revenue. These amounts are shown for informational purposes.

AURARIA HIGHER ED CENTER ADJUSTMENT: The recommendation adjusts spending authority for the Auraria Higher Education Center for funds received from the institutions operating on the Auraria campus.

CENTRALLY APPROPRIATED LINE ITEMS: The recommendation includes adjustments to centrally appropriated line items, consistent with Committee common policy.

INFORMATIONAL FUNDS ADJUSTMENTS: The recommendation includes adjustments to funds shown for informational purpose, including some History Colorado limited gaming revenue (preservation grants and distributions to local governments).

TOBACCO MASTER SETTLEMENT REVENUE ADJUSTMENT: The recommendation adjusts the appropriation for moneys received by the University of Colorado pursuant to the tobacco master settlement agreement based on the tobacco revenue projection and statutory formulas.

FITZSIMONS COP: The recommendation includes a technical adjustment to the total amount and funding sources for the annual lease-purchase payment for the University of Colorado Health Sciences Center at Fitzsimons that was authorized by H.B. 03-1256.

INDIRECT COST ADJUSTMENTS: The recommendation includes adjustments for anticipated indirect cost collections, resulting in a decrease in General Fund required.

EMPLOYEE FTE ADJUSTMENTS: The recommendation adjusts the *employee* FTE shown in the Long Bill for each governing board to reflect the most recent estimates available (estimates for FY 2016-17). FTE figures are shown for informational purposes only.

VETERINARY MEDICINE CAPITAL OUTLAY ADJUSTMENT: The recommendation includes a small adjustment to funding sources for capital outlay at CSU.

ANNUALIZE PRIOR YEAR LEGISLATION: The recommendation includes adjustments for the second- and third-year impact of prior year legislation.

ANNUALIZE PRIOR YEAR LEGISLATION					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS
Annualize HB 15-1274	(\$200,000)	\$0	\$0	(\$200,000)	0
Annualize HB 16-1453 Cybersecurity	(7,932,020)	0	(7,932,020)	0	0
Annualize HB 16-1352 History Colorado Cash Fund	(2,000,000)	0	(2,000,000)	0	0
Total	(\$10,132,020)	\$0	(\$9,932,020)	(\$200,000)	0

MOVE NAT'L GUARD TUITION ASSISTANCE TO MIL: The recommendation eliminates an \$800,000 General Fund appropriation for national guard tuition assistance as the appropriation is being moved to the Department of Military and Veterans Affairs pursuant to S.B. 17-174.

ALIGN HC APPROPRIATIONS WITH REVENUE: The recommendation reduces History Colorado appropriations of limited gaming revenue to align with anticipated receipts.

OTHER: The request includes a minor technical adjustment.

MAJOR DIFFERENCES FROM THE REQUEST

- The recommendation includes updates to FY 2016-17 tuition and fee amounts that were not formally requested.
- The recommendation uses updated forecasts to identify appropriated tuition and estimated fee amounts for FY 2017-18
- The recommendation includes adjustments to two line items for Certificates of Participation payments to change funding splits and use moneys in reserves, resulting in lower General Fund requirements.

DECISION ITEMS AFFECTING MULTIPLE DIVISIONS

Note: Memos related to bill drafts and related topics are being provided under separate cover:

- Performance Contract (Memo and preliminary bill draft)
- History Colorado Community Museums CF (bill draft)
- Open Educational Resources memo
- Transfer policy memo

→ R1 OPERATING REQUEST FOR PUBLIC COLLEGES AND UNIVERSITIES

REQUEST: The request includes an increase of \$20,506,613 General Fund allocated among public institutions of higher education (state governing boards, local district colleges, and area technical colleges) and financial aid. The request includes: (1) an overall increase of \$16,712,891 (2.5 percent) for the governing boards, allocated based on the H.B. 14-1319 funding model; and (2) an increase of \$3,793,722 for need-based financial aid, consistent with statutory requirements that financial aid increase at the same rate as support for the governing boards. The Department does not propose to change the H.B. 14-1319 model from the version used for the FY 2016-17 Long Bill. Under the model, the state-operated boards would receive increases that range from 0.3 percent to 6.9, based on the distribution of institutional enrollment and degrees awarded in actual FY 2015-16. Specialty education programs (such as the medical school), local district colleges, and area technical colleges receive a 2.5 percent increase. The request is based on the need for various inflationary increases at the Boards. The Department proposes that governing board inflationary increases that cannot be fully covered by the request will be addressed through tuition increases (Request R2).

Request R1 includes detailed tables that explain the basis for the General Fund request. The calculation relies on annual budget data book submissions from the higher education governing boards that report actual and estimated expenditures for “education and general” activities (those expenditures that are primarily covered by state General Fund and student tuition). The request calculates a total inflationary need based on base figures from the data books and then requests that the State cover 21.6 percent of these projected costs, consistent with the General Fund share of total “education and general” revenue.

The overall inflationary need calculated by the Department is based on the following components.

REQUEST R1 CALCULATION: NEED FOR INFLATIONARY INCREASE	
Estimated base FY 2015-16 Education and General Expenses	\$2,987,803,742
FY 2017 Inflationary increase on FY 2015-16 base at 2.6%	77,682,897
Increase for PERA AED and SAED (0.9%) for staff participating in PERA	7,778,694
Health benefits increase on 2016 base at 2.9%	<u>4,305,645</u>
Estimated 2016-17 base	3,077,570,978
FY 2018 Inflationary increase on FY 2017-18 base at 2.2%	67,706,562
Health benefits increase on 2017 base at 4.2%	<u>6,416,599</u>
Total FY 2017-18 increase needed (2.4% on FY 2016-17 estimated base)	\$ 74,123,161
Portion requested from General Fund, based on current GF share of E&G: 21.6%	\$16,010,603
General Fund increase as a percentage of GF <i>appropriation</i> for Governing Boards	2.48%

Essentially, the calculation provides an inflationary increase with a modest additional increase related to rising health care costs.

RECOMMENDATION: Staff recommends the request:

- Staff considers the proposed inflationary increase of 2.5 percent reasonable. As shown above, the calculation results in an overall 2.48 percent General Fund increase for the governing boards.
- Staff supports use of the higher education funding model as submitted. The Department left the model unchanged from the version adopted by the JBC for FY 2016-17.
- The only difference between the request and recommendation is that staff's calculation reflects a slightly higher increase for financial aid based on staff's understanding of the statutory requirement that financial aid increases align with increases for the governing boards. This portion of the request was for \$3,793,722; staff recommends \$3,895,962.

Model results are summarized in the table below. *A request for a footnote related to transferring funds for CU specialty education programs to the Department of Health Care Policy and Financing is **pending**.* The recommendation on the request, which would provide enhanced Medicaid rates for services provided by faculty at the school of medicine, will be made during figure setting for the Department of Health Care Policy and Financing.

REQUEST R1: OPERATIONAL INCREASE FOR PUBLIC COLLEGES AND UNIVERSITIES
GENERAL FUND APPROPRIATIONS AND REQUESTED CHANGES
BY CATEGORY AND GOVERNING BOARD
FY 2016-17 TO FY 2017-18

GOVERNING BOARDS/INSTITUTIONS*	FY 2016-17 ENACTED	FY 2017-18 REQUEST/RECOMMEND	AMOUNT CHANGE	PERCENTAGE CHANGE
Adams State University	\$14,076,360	\$14,259,963	\$183,603	1.3%
Colorado Mesa University	24,280,729	25,951,161	1,670,432	6.9%
Metropolitan State University of Denver	51,415,001	51,626,603	211,602	0.4%
Western State Colorado University	11,534,927	11,821,897	286,970	2.5%
Colorado State University System	134,518,307	138,410,526	3,892,219	2.9%
Fort Lewis College	11,481,200	11,784,939	303,739	2.6%
University of Colorado System	186,532,686	194,318,227	7,785,541	4.2%
Colorado School of Mines	20,639,050	21,484,706	845,656	4.1%
University of Northern Colorado	39,113,234	39,597,408	484,174	1.2%
Community College System	153,330,147	153,709,215	379,068	0.2%
Colorado Mountain College	7,143,039	7,319,484	176,445	2.5%
Aims Community College	8,446,176	8,654,810	208,634	2.5%
Area Technical Colleges	9,971,721	10,218,039	246,318	2.5%
Subtotal - Governing Boards/Institutions	\$672,482,577	\$689,156,978	\$16,674,401	2.5%
Need Based Grants (total funds)**	\$124,570,732	\$128,466,694	\$3,895,962	3.1%
COF Stipend - Students at Private Institutions	1,443,375	1,481,865	38,490	2.7%
Total Recommend - Request R1	\$798,496,684	\$819,105,537	\$20,608,853	2.6%

*Includes College Opportunity Fund stipends, fee-for-service contracts, and grants to local district colleges and area technical colleges.

**Statute requires a proportionate increase for financial aid on a base that includes other components, in addition to Need Based Grants

Inflationary Calculation

For comparison, the Legislative Council Staff actual and projected (as of December 2016) inflation by calendar year is included below.

CALENDAR YEAR INFLATION	CY 2015	CY 2016	CY 2017*	CY 2018*
FY Denver-Boulder-Greeley Inflation	1.2%	2.8%	2.9%	2.5%

*LCS Forecast – December 2016

In general, consistent with TABOR calculations, staff prefers the most recent actual calendar year inflation for budgeting purposes. This would dictate an increase of 2.8 percent—or more than 0.3 points above the requested increase. However, for a strict inflationary adjustment, it might also be reasonable to apply an adjustment for change in enrollment:

- 2.8 percent increase for the governing boards for inflation (based on CY 2016), rather than the 2.5 percent proposed.
- A 0.2 percent *reduction* for the governing boards for the enrollment change from FY 2015-16 actual to FY 2016-17

In sum, given the combination of a 2.8 percent actual calendar year 2016 inflation rate and a 0.2 percent estimated resident enrollment reduction, the proposed 2.5 percent increase seems reasonable. As reviewed further for R2, higher education institutions have great difficulty restricting their cost increases to CPI. As a test of the “reasonableness” of the proposed tuition caps, staff used an assumed overall inflationary need of 4.2 percent per FTE for institutional operations, which reflects a need for increases significantly above annual inflation.

Higher Education Funding Model

The Department has not modified the funding model from the version used in FY 2016-17.

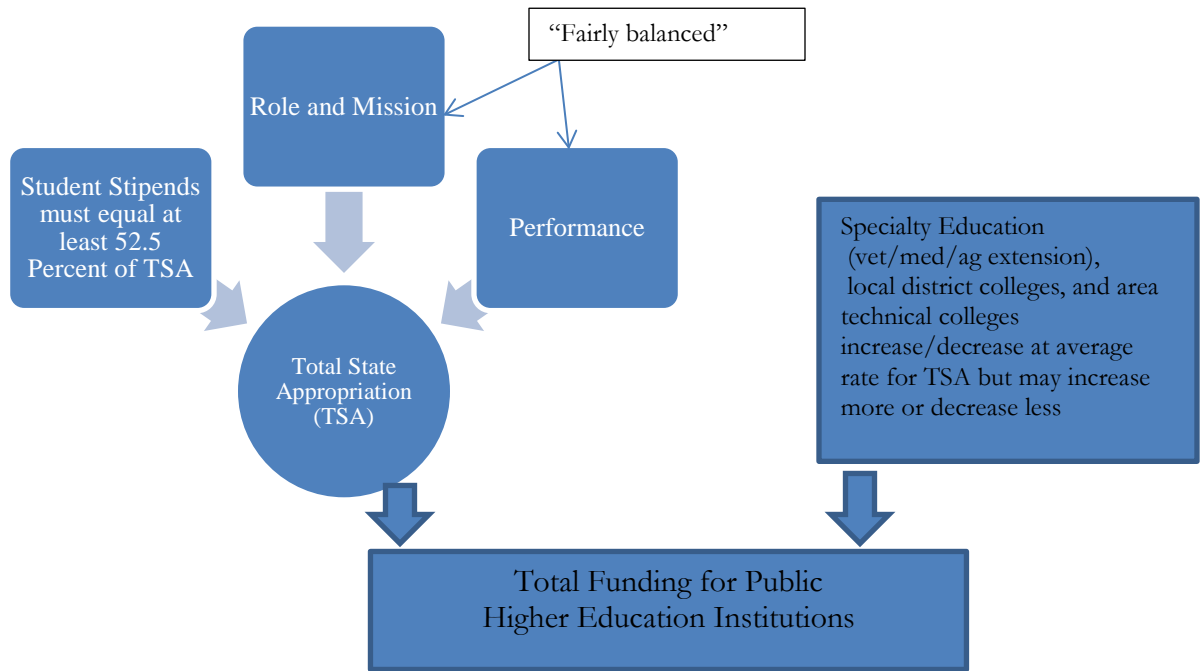
- **Staff supports ongoing use of the model, and does not feel that changes need to be made for FY 2017-18.** However, while staff would like the model to stay reasonably stable, the purpose of the model is to reflect legislative policy interests. Thus, **staff has recommended an “RFI” that would open the door to some additional model adjustments in FY 2018-19.**
- Based on Committee interest in some alternative model versions, staff has summarized some possible alternatives in an **addendum to this packet**. These include:
 - (1) a “run” showing flat funding, along with the alternative funding caps that staff believes would be realistic. As shown, staff would anticipate that a funding cut would drive further tuition increases at some institutions, but would not affect tuition at others.
 - (2) a “run” showing increased weighting on Pell student enrollments and completions.

As always, staff can run additional model versions in the next few weeks to address issues of interest to the JBC.

Description of the Model and Key Components

House Bill 14-1319 details several major funding categories and more detailed requirements within each of those funding categories. The Department and CCHE must annually submit a budget request that includes a detailed description of role and mission factors and metrics, values assigned, and funding for each institution for each funding metric. The Joint Budget Committee may modify the model within the constraints outlined in H.B. 14-1319. Specifically, the JBC is required to follow the minimum statutory requirements concerning role and mission and performance funding but may apply different weights to the factors and metrics than the values determined by the commission.

The statutory provisions and the ways they have been implemented are described below.



STUDENT STIPENDS: These are amounts provided for undergraduate resident students eligible for College Opportunity Fund (COF) stipends. Statute requires that funding for student stipends must constitute at least 52.5 percent of total state appropriations (as defined). Thus, funding for undergraduate enrollment is the largest single portion of the model.

ROLE AND MISSION FUNDING: After funding for stipends, the remaining funds (under 50 percent) are divided between role and mission and performance. The role and mission component includes:

Institutional mission. Statute requires that the model include an amount to offset the costs incurred in providing undergraduate programs at each institution. At present, this is provided through a flat amount depending upon the type of governing board (e.g., research institution v. community college, rural v. urban).

Support services for Pell-eligible, first-generation, and underserved undergraduate students. Statute requires an additional amount for each Pell-eligible student representing at least 10 percent of the COF stipend.

Graduate programs, remediation, other factors: Statute requires amounts be provided for each graduate student and to offset costs for providing effective remediation services. This is addressed in the model by allocating a portion of total funding for weighted credit hours provided at each governing board. Courses are weighted based on relative estimated costs for the different kinds of courses, e.g. a graduate chemistry courses is weighted more heavily than introductory English).

PERFORMANCE FUNDING: The performance funding component includes:

Completion. Statute requires the model provide an amount for each certificate or degree awarded and each student transferring from a community college. The current model version includes different weights for different types of degrees (e.g., .25 for a certificate; 1.0 for a bachelor's degree, 1.25 for a doctoral degree. As implemented, the model provides 60 percent extra weight for completion by a student who is Pell eligible and 50 percent extra weight for completions in science, technology, math and engineering (STEM) fields.

Retention. Pursuant to statute, the model includes amount for each governing board based on the number of students enrolled in an institution that make academic progress by completing thirty credit hours, sixty credit hours, or ninety credit hours. This is currently a less significant model component (15 percent of total performance funding).

Additional metrics - institutional productivity. Statute allows for additional performance metrics. Of the total funding, \$10 million is allocated based on completions per SFTE. Because this is not weighted for size of institutions, this represents a significant proportion of funding for small institutions and a small proportion for large ones. The impact is to ensure that performance funding is a notable component of total funding for each board.

SPECIALTY EDUCATION, LOCAL DISTRICT COLLEGES, AREA TECHNICAL COLLEGES: Specialty education programs (the medical school at the University of Colorado and the veterinary school and various agricultural extension programs at Colorado State University), as well as funding for local district junior colleges and area vocational schools are required to increase or decrease at the same rate as overall funding for higher education institutions (“total state appropriation”) but may increase more or decrease less.

GUARD RAILS: Through FY 2019-20, the appropriation for a governing board may not increase or decrease by a percentage that exceeds five percentage points of the average for all the governing boards. Beginning in FY 2020-21, use of the guard rails is optional. The guard rails have not been required for the last two years.

CURRENT MODEL VERSION: For the FY 2017-18 budget cycle, the Department has *not proposed any significant changes to the model.* The settings with respect to various components of the model have been adjusted to keep the various components of the model weighted in a manner that essentially matches the FY 2016-17 version. Broadly speaking, *excluding* specialty education funding for the medical and veterinary schools, the model allocates:

- **53.6 percent of funding to student stipends** (based on FY 2015-16 undergraduate resident enrollment).
- **26.2 percent of funding to role and mission** components, including mission differentiation, weighted credit hours and enrollment of Pell-eligible (low income) students
- **20.2 percent of funding to outcomes** measures, including student completions and retention
- Consistent with statutory requirements, the **majority of funding is based on volumetric factors.** Excluding specialty education, 73.9 percent of funding measures are based purely on volume (e.g., numbers of enrollees or graduates), 20.6 percent is based on fixed amounts, and

the balance of 5.5 percent represents hybrid measures where the total funding is limited but reallocated annually based on volumetric factors (e.g., credentials per 100 SFTE).

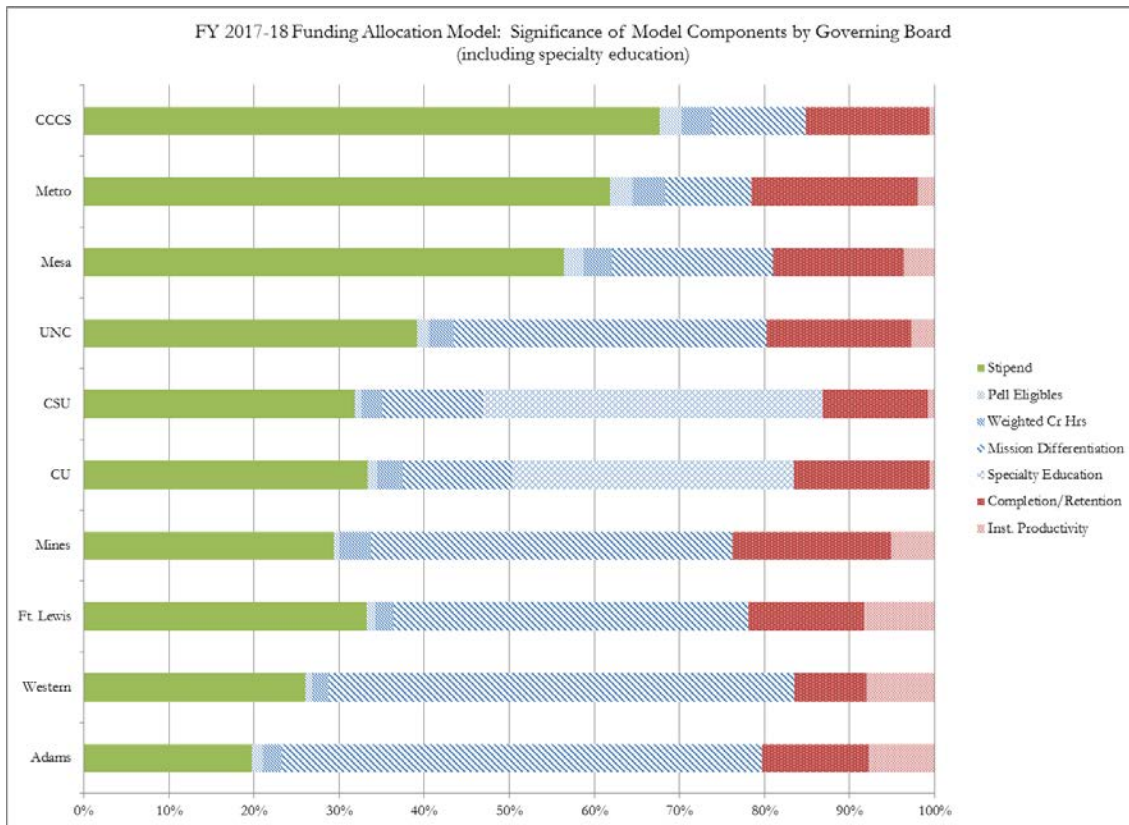
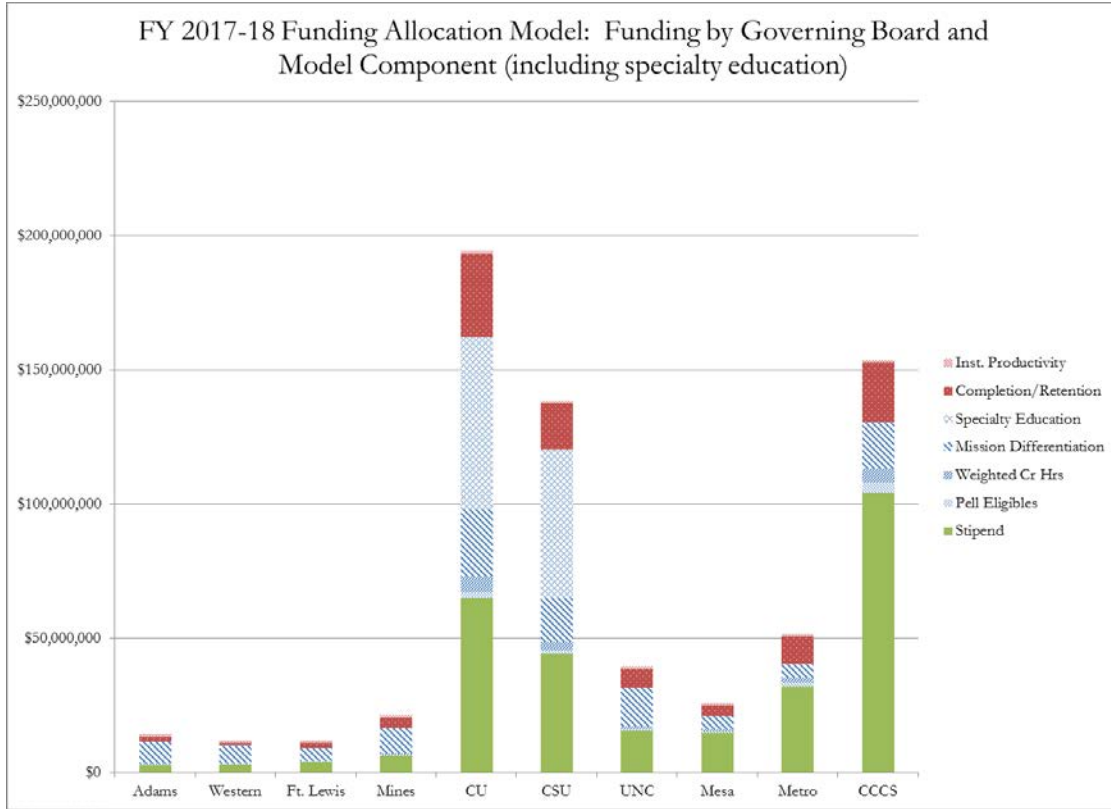
- The amount per **undergraduate resident stipend has increased from \$75 to \$77 per credit hour** (\$2,250 to \$2,310 per student FTE) or 2.7 percent. However, the relative significance of stipend funding in the model has declined somewhat, due to enrollment declines.
- The **role and mission component (mission differentiation) has been inflated by 2.5 percent**, consistent with the overall increase requested in the model.
- **Most of the increase is directed to performance components.** Institutions’ share from the performance category is substantially influenced by changes in the number of graduates who are eligible for Pell (low-income students) and graduates in science, technology, math, and engineering areas (STEM)

The tables and charts below provide additional background and analysis on the model, including: the components of model, the resulting allocation of funding by governing board, and the break-down of funding components from an institutional perspective.

FY 2017-18 FUNDING MODEL ALLOCATION STATE GOVERNING BOARDS					
	TOTAL FROM COF STIPEND	TOTAL FROM ROLE & MISSION	SPECIALTY EDUCATION	TOTAL FROM PERFORMANCE	TOTAL FY 2017-18 INCLUDING SPECIALTY EDUCATION
Adams	\$2,829,163	\$8,551,417		\$2,879,383	\$14,259,964
Western	\$3,096,055	\$6,824,688		\$1,901,154	\$11,821,896
Ft. Lewis	\$3,928,733	\$5,279,409		\$2,576,796	\$11,784,938
Mines	\$6,321,656	\$10,032,268		\$5,130,782	\$21,484,706
CU System	\$64,865,863	\$33,045,098	\$64,150,070	\$32,157,196	\$162,061,031
CSU System	\$44,082,292	\$20,931,300	\$55,149,609	\$18,247,325	\$120,163,202
UNC	\$15,477,118	\$16,251,093		\$7,794,197	\$39,522,408
Mesa	\$14,646,059	\$6,375,070		\$4,930,032	\$25,951,161
Metro	\$31,937,232	\$8,568,412		\$11,120,959	\$51,626,603
CCC System	\$104,075,673	\$26,268,712		\$23,202,869	\$153,547,255
TOTAL	\$291,259,845	\$142,127,467	\$119,299,679	\$109,940,694	\$612,223,164

FY 2017-18 Requested Change for State Governing Boards from FY 2016-17 by Funding Category Including Specialty Education								
	COF Stipend		Role and Mission including specialty education		Completion/ Retention		Total	
	Amount	Percentage	Amount	Percentage	Amount	Percentage	Amount	Percentage
Adams	(\$61,462)	-2.1%	\$146,657	1.7%	\$98,410	3.5%	\$183,605	1.3%
Western	128,779	4.3%	158,641	2.4%	(450)	0.0%	286,970	2.5%
Ft. Lewis	(112,365)	-2.8%	189,509	3.7%	226,595	9.6%	303,739	2.6%
Mines	127,123	2.1%	206,368	2.1%	512,165	11.1%	845,656	4.1%
CU	2,513,323	4.0%	2,329,165	2.5%	2,943,053	10.1%	7,785,542	4.2%
CSU	1,034,577	2.4%	1,727,053	2.3%	1,130,591	6.6%	3,892,220	2.9%
UNC	36,240	0.2%	162,041	1.0%	285,893	3.8%	484,174	1.2%
Mesa	939,904	6.9%	200,700	3.3%	529,829	12.0%	1,670,433	6.9%
Metro	(311,550)	-1.0%	(71,131)	-0.8%	594,283	5.6%	211,602	0.4%
CCCS	(2,397,600)	-2.3%	(228,893)	-0.9%	3,005,562	14.9%	379,068	0.2%
Total	\$1,896,969	0.7%	\$4,820,111	1.9%	\$9,325,930	9.3%	\$16,043,009	2.5%

FY 2017-18 HIGHER EDUCATION FUNDING MODEL			% TOTAL FUNDING EXCLUDING SPECIALTY ED.		%TOTAL FUNDING INCLUDING SPECIALTY ED.
			FY 16-17 ENACTED	FY 17-18 REQUEST	FY 2017-18 REQUEST
Stipend					
\$77 per eligible resident undergraduate FTE for FY 2017-18			54.6%	53.6%	44.0%
Role and Mission					
<u>Mission Differentiation/base funding</u>					
<i>Flat amount per type of institution: FY 2017-18 request, including inflationary adjustment</i>					
Large research institution	CU Boulder, CSU Ft. Collins	\$11,529,134	20.6%	20.6%	16.9%
Medium-sized research, part of a system	UCCS, UCD	6,763,759			
Medium-sized stand-alone research institution	Mines, UNC	9,120,826			
Large comprehensive 4 year institution	Metro	5,226,541			
All other comprehensive 4 year institutions	Ft Lewis, Pueblo, Mesa	4,919,097			
Small regional 4 year institutions <3,000	Western, Adams	6,507,556			
Medium/large community colleges	7 of total	1,024,812			
Small community colleges	6 of total	1,639,699			
PLUS					
<i>Special factor/ tuition stability</i>					
Adams		\$1,550,000			
UNC		5,430,000			
<u>Weighted Credit Hours (capped at \$20.0 million)</u>					
<i>Residents only</i>			3.8%	3.7%	3.0%
Credit hours provided by each institution (non-resident credit hours excluded), weighted by type of class. For example, a graduate science course might be worth 8 times an undergraduate history class.					
<u>Pell</u>					
10.0 percent of stipend for Pell-eligibles			2.1%	1.9%	1.6%
Performance/Outcomes Funding					
<i>Non-residents weighted at 30 percent of residents</i>					
<u>Completions - 85 percent of performance funding</u>			17.1%	18.4%	15.1%
Number of degrees/transfers: .25 for a certificate or transfer to 1.25 for a graduate degree - weighted extra 0.5 for STEM disciplines and 0.6 for Pell					
<u>Retentions - 15 percent of performance funding</u>			-		
Number of students completing 30/60/90 credits (4 yr) or 15/30/45 at two-year institution					
<u>Institutional Productivity (capped at \$10.0 million)</u>			1.9%	1.8%	1.5%
Credentials per 100 SFTE					
Specialty Education					
Funding for Health Sciences Center (CU) and Veterinary School (CSU)			n/a	n/a	18.0%
Data sources: All model funding components are based on actual prior year data including for number of FTE eligible for COF stipend (FY 2015-16 for FY 2017-18 model), weighted credit hours, and Pell.					



Recent History

In both FY 2015-16 and FY 2016-17, the Committee made changes to the model from the version initially submitted to reflect Committee policy concerns. Although these changes did not significantly change the allocation of dollars in the specified years, they did address Committee concerns. Specifically, in FY 2015-16 (the model's first year), the Committee eliminated an allocation component that was based on underserved minorities and instead increased funding allocated for Pell-eligible (low income) students. In FY 2016-17, the Committee *reduced* the weight awarded for each non-resident degree to be 1/3rd of that awarded for each resident and re-incorporated a model component for weighted credit hours to ensure that the model complied with the very specific requirements of H.B. 14-1319.

Request for Information

During hearings, many of the governing boards expressed concern that the higher education funding model could use additional “tweaking”. Every governing board can identify changes it would like to see that would improve its own funding level. Staff is particularly sympathetic, however, to concerns about whether the funding model adequately *incentivizes* those outcomes that are of greatest interest to the General Assembly and the State, *e.g.*, improved student performance, including directing sufficient resources to hard-to-serve students to improve their likelihood of completing. In conversations with the Department and governing boards and during governing board hearings, many governing boards expressed concern that the Department was hesitant to change the model without explicit direction from the General Assembly. **Staff therefore encourages the Committee to add the following RFI.**

- N 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, 2017, a report on how these issues were examined, incorporated into the current model, or otherwise decided upon:
- 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 state master plan goals.

First generation: A significant amount of data indicates that students who are first in their families to attend college require additional supports. For example, research by CSU finds that first generation students, as well as Pell students, have notably lower odds of retention and graduation. For example, a 2015 CSU institutional research study, *Descriptive Logistic Regression Results*, found: “First generation students have 36 percent lower odds of being retained compared to non-first generation students after controlling for other demographic and academic variables...First generation students also have lower odds of graduating compared to non-first generation students (20%, 27%, and 30% lower odds of graduating in 4, 5, or 6 years).”¹ Various research studies,

¹ <http://irpe-reports.colostate.edu/pdf/ResearchBriefs/Descriptive-Logistic-Regression-Results.pdf>

including multiple studies cited by the College Board, show similar results.² Furthermore, research suggests that while there is overlap between Pell-eligibility (low income) and first generation status, these groups are not the same and that the impact of being first generation **and** Pell-eligible compound. Thus, a study for the Pell Institute found that six years after entry into higher education, 26 percent of those who were low income *or* first generation had completed a baccalaureate degree, while only 11 percent of those who were *both* low income *and* first generation had completed the same degree. For comparison, 55 percent of students who had neither characteristic had their baccalaureate degree after six years.³

Staff notes that while many of the higher education institutions track first generation students, they do not use a consistent definition, and this data is not currently in the Department’s “SURDS” data base. Thus, *it may not be possible to add this component into the model before FY 2019-20. Nonetheless, the Department and the institutions agree to proceed on this path, the process would need to start now to have useable data in a year or two.*

Master Plan: Staff is sympathetic to the argument that the model should place as much emphasis as possible on those areas where the State faces most challenges, i.e., *effective* education and higher education *completion* for those students who are hardest to serve and who must be better educated if the State wishes to achieve its goals for an educated population.

The higher education funding model is required by statute to tie to the Master Plan. Further, CCHE is currently in the process of modifying the state Master Plan goals. This seems an appropriate moment to focus on how the master plan and the funding model reinforce each other and open the possibility of related model changes. This is particularly important given the potential JBC bill to “clean up” the existing higher education performance statutes, as the funding model is the way in which the state rewards performance.

→ R2 TUITION SPENDING AUTHORITY INCREASE

Note: Tuition spending authority only directly affects the state-operated governing boards. However, because the need for tuition spending authority is closely related to the R1 General Fund operating request, staff has included it directly below R1.

REQUEST: The request is for an additional \$116.4 million in cash funds spending authority for state public institutions’ tuition revenue for FY 2017-18. The increase is proposed to cover base costs and strategic initiatives, given a moderate General Fund increase. The request would cover a 2.4 percent inflationary increase and funding for health care increases. The request reflects: (1) institutions’ base funding needs; (2) the General Fund increase requested for each governing board; and (3) feedback from the affected governing boards. The request proposes that Long Bill footnotes authorize 5.0 percent to 7.7 percent increases in undergraduate resident tuition rates, depending upon the governing board, with no restrictions on non-resident or graduate tuition or mandatory fees.

² <https://research.collegeboard.org/sites/default/files/publications/2013/8/presentation-apac-2013-first-generation-college-aspirations-preparedness-challenges.pdf>

<http://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.296.7903&rep=rep1&type=pdf>

³ Engle, J. and Tinto V., *Moving Beyond Access: College Success for Low-Income First-Generation Students*, The Pell Institute, 2008. http://www.pellinstitute.org/downloads/publications-Moving_Beyond_Access_2008.pdf

The Department's general arguments for the increases are as follows:

- According to the U.S. Census Bureau's report on state government payroll data (March 2014), 65 percent of all State of Colorado government employees (55 percent of state FTE) are working in public higher education. This includes 22.5 percent of classified staff. However, the State does not provide direct funding increase for cost-of-living and health and dental insurance for these employees.
- A study commissioned by the Department in 2015 from the National Center for Higher Education Management Statistics (NCHEMS) concluded that the majority of costs at Colorado public institutions reflect faculty and staff compensation and that Colorado institutions operate at a lower cost per student than similar institutions elsewhere in the country.
- Institutions may not be able to retain staff if they cannot provide competitive compensation. This is particularly true for institutions that compete for faculty on a national-level.
- To cover increases in personnel costs for their core educational expenses, higher education institutions rely on state support or tuition. Thus, insufficient state support drives higher tuition increases.

RECOMMENDATION:

Staff recommends:

- the "caps" included in the Executive request;
- institutional enrollment projections for resident and non-resident students submitted February 2017;
- institutional revenue projections for resident FTE based on the caps and institutional estimates⁴; and
- institutional revenue projections for non-residents based on institutional estimates.⁴

The most substantive difference between the request and recommendation is that staff recommends including an implied non-resident tuition cap on non-residents at Fort Lewis. While staff agrees that an increase in non-resident tuition at Fort Lewis is appropriate after seven years, staff wishes to ensure that the increase is not too large, given the direct impact of a rate increase on the cost of the Native American Tuition Waiver.

- While staff remains troubled by ongoing increases in higher education tuition, given the limitations in state General Fund support and other constraints on their budgets, the proposed increases for the governing boards are defensible.

⁴ Staff used an LCS model built around institutional revenue estimates and institutional FTE projections for most governing boards, as the results were all within 1.0 percent of the institutional revenue projections that had been submitted and were easier to manipulate. However, for Western State Colorado University, the University of Colorado, and the Colorado School of Mines staff used institutional projections as submitted, as these were in all three cases more than 1.0 percent below the LCS model results.

- While some of the caps appear somewhat high, many institutions have already committed to rates lower than the requested caps.
- On average, the appropriation is expected to provide for a combined increase in total institutional revenue from the General Fund and tuition of 4.0 percent per student FTE. This is similar to the estimated increase from FY 2015-16 to FY 2016-17, and, given an actual CY inflation rate of 2.8 percent, represents growth 1.2 percent faster than inflation.
- Staff uses a very simple model to explore the reasonableness of tuition proposals. This involves assuming a specified level of inflation on each governing board’s base and assuming that General Fund and resident tuition must together cover residents costs. As shown below, while about half of the institutions “broke” the caps that would have resulted from the simple staff model, most of these have particular circumstances that justify higher increases, as discussed below.

Staff Recommendation in Conjunction with Approval of Request R1						
	Recommended implied "cap" on undergraduate resident rates (figure identified in Long Bill footnote as assumed maximum undergraduate resident student rate increase) ⁵	Comparison: Increase included in Feb 2017 budget assumptions or other public information	Results of base staff tuition model assuming a required for 4.2% revenue increase (2.8% inflation+1.4% additional)	Difference between request/institutional revenue assumption and the resident undergraduate cap in staff model	Comparison : Department proposed cap associated with request R1 funding increase	Recommended implied "cap" on nonresident rates
Adams State	7.0%	7.0%	7.8%	-0.8%	7.0%	n/a
Colorado Mesa	6.0%	6.0%	2.9%	3.1%	6.0%	n/a
Metro State	7.0%	7.0%	6.2%	0.8%	7.0%	n/a
Western State	6.0%	6.0%	6.6%	-0.6%	6.0%	n/a
CSU System*	6.0%		5.0%		6.0%	
CSU (Fort Collins)		5.0%		0.0%		n/a
CSU Pueblo		6.0%	5.0%	1.0%		
Fort Lewis	6.0%	6.0%	6.1%	-0.1%	6.0%	4.0%
CU System	5.0%		4.3%		5.0%	n/a
CU Boulder		4.9%		0.6%		
UCCS		4.0%		-0.3%		
UCD		2.9%		-1.4%		
Mines	n/a	3.0%	4.3%	-1.3%	n/a	n/a
UNC	7.0%	6.8%	6.2%	0.6%	7.0%	n/a
Com. College System	7.7%	7.7%	7.0%	0.7%	7.7%	n/a
** CSU also requests permission to adjust its differential tuition rate for Human Development and Family Studies from low to medium, which will result in a higher increase for students in that program.						

⁵ Pursuant to Section 23-18-202 (3)(b) (I), C.R.S., the Long Bill must specify the tuition increases from which the General Assembly derived the total cash spending authority for each governing board in a Long Bill footnote. For all governing boards except the Colorado School of Mines (for which tuition is not currently appropriated), the footnote are used to express implied caps on tuition levels.

The tables below show the overall combined increase in General Fund plus tuition per student FTE for FY 2016-17 and proposed FY 2017-18.

GENERAL FUND AND RESIDENT AND NON-RESIDENT TUITION PER STUDENT FTE BY GOVERNING BOARD FY 2015-16, FY 2016-17 AND FY 2017-18					
	FY 2015-16 TOTAL GF+TUITION/SFTE	FY 2016-17 TOTAL GF+TUITION/SFTE	PERCENTAGE CHANGE	FY 2017-18 TOTAL GF+TUITION/SFTE	PERCENTAGE CHANGE
Adams State University	\$13,626	\$13,224	-2.9%	\$13,313	0.7%
Colorado Mesa University	11,131	11,414	2.5%	12,105	6.1%
Metropolitan State University	9,742	10,402	6.8%	10,858	4.4%
Western State Colorado U.	13,526	13,598	0.5%	14,113	3.8%
Colorado State University System	18,151	18,954	4.4%	19,758	4.2%
Fort Lewis College	14,652	15,055	2.7%	15,722	4.4%
University of Colorado System	19,798	20,254	2.3%	20,914	3.3%
Colorado School of Mines	24,676	25,786	4.5%	26,538	2.9%
University of Northern Colorado	13,666	14,095	3.1%	14,596	3.6%
Community College System	8,060	8,340	3.5%	8,769	5.1%
Total	\$14,603	\$15,185	4.0%	\$15,793	4.0%

The specific cash fund adjustments for the recommendation are summarized below.

FY 2017-18 RECOMMENDED TUITION REVENUE APPROPRIATION				
	FY 2016-17	FY 2017-18	CHANGE	PERCENTAGE
Adams State University	19,879,000	\$21,112,450	\$1,233,450	6.2%
Colorado Mesa University	65,022,197	69,738,014	4,715,817	7.3%
Metropolitan State University	107,230,227	114,062,321	6,832,094	6.4%
Western State Colorado University	18,316,024	19,010,662	694,638	3.8%
Colorado State University System	431,810,664	457,885,794	26,075,130	6.0%
Ft. Lewis College	38,065,066	40,074,459	2,009,393	5.3%
University of Colorado System	944,777,384	993,385,672	48,608,288	5.1%
Colorado School of Mines	129,396,963	135,993,878	6,596,915	5.1%
University of Northern Colorado	88,704,974	99,491,476	10,786,502	12.2%
Community College System	263,242,577	280,649,098	17,406,521	6.6%
Total	\$2,106,445,076	\$2,231,403,824	\$124,958,748	5.9%
Based on % increase "cap" per resident x resident SFTE +estimated % increase per non-resident x nonresident SFTE and institutional estimates				

Amounts per student FTE are further summarized below. Informational fee amounts are also reflected, given that, for students, the combination of tuition and fee costs are important.

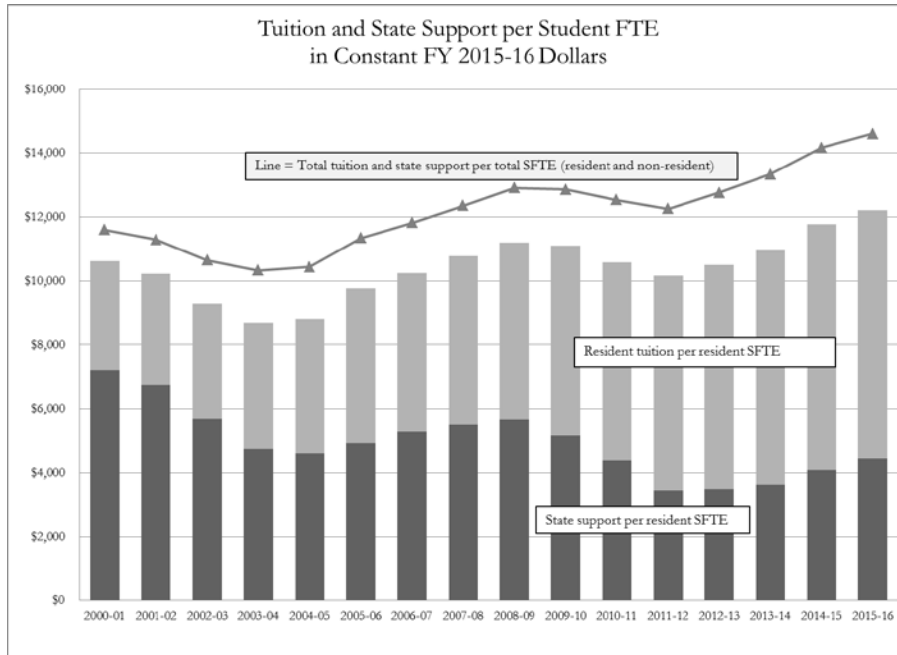
WEIGHTED AVERAGE TUITION REVENUE PER SFTE - RECOMMENDED APPROPRIATIONS/INFORMATIONAL FEES					
	FY 2017-18 TUITION - RESIDENTS	FY 2017-18 TUITION - NON- RESIDENT	FY 2017-18 MANDATORY FEES - ALL STUDENTS	INCREASE FROM FY 17 WEIGHTED TUITION + FEES/FTE - NON- RESIDENTS	INCREASE WEIGHTED TUITION + FEES/FTE - RESIDENTS
Adams State University	\$7,057	\$9,749	\$2,351	7.4%	5.7%
Colorado Mesa University	\$8,503	\$10,479	\$699	5.6%	5.7%

WEIGHTED AVERAGE TUITION REVENUE PER SFTE - RECOMMENDED APPROPRIATIONS/INFORMATIONAL FEES					
	FY 2017-18 TUITION - RESIDENTS	FY 2017-18 TUITION - NON-RESIDENT	FY 2017-18 MANDATORY FEES - ALL STUDENTS	INCREASE FROM FY 17 WEIGHTED TUITION + FEES/FTE - NON-RESIDENTS	INCREASE WEIGHTED TUITION + FEES/FTE - RESIDENTS
Metropolitan State University	\$7,123	\$16,115	\$1,149	6.8%	0.4%
Western State Colorado University	\$5,716	\$17,238	\$2,589	6.2%	3.5%
Colorado State University System	\$10,814	\$26,366	\$2,530	4.4%	2.4%
Ft. Lewis College	\$6,477	\$18,459	\$1,741	5.7%	5.0%
University of Colorado System	\$11,794	\$31,579	\$1,716	2.7%	2.7%
Colorado School of Mines	\$15,300	\$32,948	\$2,248	1.9%	1.2%
University of Northern Colorado	\$8,862	\$18,068	\$2,132	7.5%	3.2%
Community College System	\$5,062	\$14,274	\$601	7.1%	4.9%

ANALYSIS

In general, institutions and the General Assembly must balance the following factors when considering what levels of tuition increase are appropriate:

AVAILABLE GENERAL FUND: The Department argues that the biggest factor driving tuition increases in the decline in State support. While this is not the sole factor, it is the largest one. The Department’s tuition request is based on the relationship between tuition and state support. Staff finds some of the detail behind the Department’s model for tuition/General Fund trade-off problematic. However, the general argument that there is a relationship is doubtless correct. State support is far less significant than it once was. As the Committee is aware, 15 years ago state support represented about two-thirds of core tuition+state support per student. It now covers about one-third.

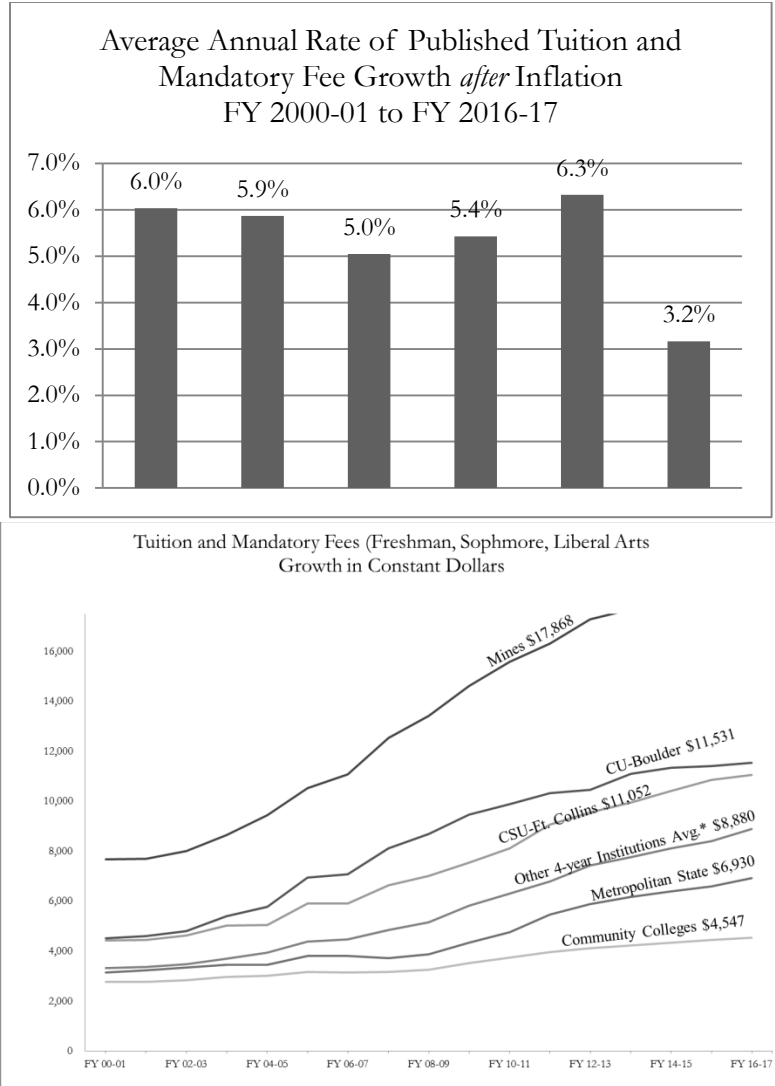


The tuition cost burden on students. As the General Assembly is aware, tuition has been growing far faster than median household income. High tuition rates are a particular problem for the lowest income students.

- Studies indicate that student participation is inversely related to higher education cost. For example, a study of tuition increases from 1980 to 1992 found that for every \$1,000 increase in tuition, participation in community colleges fell by 4.7 percent and participation in 4-year institutions fell by 1.2 percent. While low income students, in particular, may not actually pay the sticker price, they are far more likely to be aware of the sticker price than of the amount they will actually pay. As a result, a *higher sticker price discourages participation, particularly* among low income students.⁶ Colorado's Master Plan includes ambitious goals for increasing completion at state higher education institutions. Allowing tuition to continue to rise at high rates runs directly contrary to state goals.
- Both low and middle-income students must often take on substantial debt to complete their degrees. National student loan debt has topped \$1.2 trillion, prompting widespread discussion of the potential impact of this on young adults and the economy as a whole.⁷ Sixty-seven percent of students completing a bachelor's degree from a Colorado public institution graduated with debt in FY 2015-16, and the average federal student loan debt at graduation was \$25,877. For students completing an associate's degree, the loan debt at graduation was \$13,374. Many students take on debt but do not complete a degree at all.

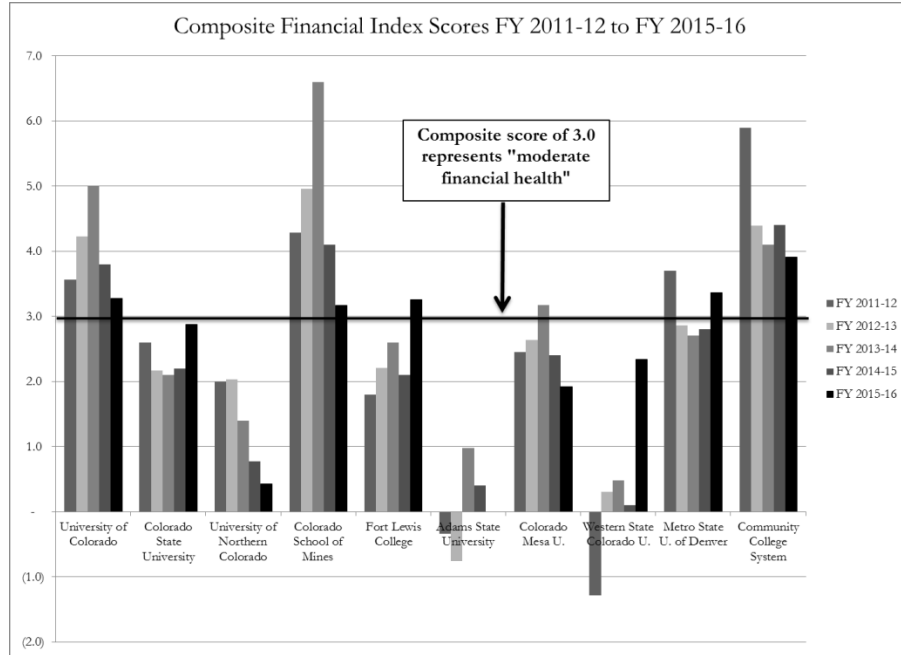
⁶ Kane, 1995, cited in Heller, Donald. Student Price Response in Higher Education: An update to Leslie and Brinkman. *The Journal of Higher Education*, Vol. 68, No 6 (Nov – Dec., 1997), pp. 624-659

⁷ See, for example, *Consumer Financial Protection Bureau, Student Loan Affordability: Analysis of Public Input on Impact and Solutions*, May 8, 2013. <http://www.consumerfinance.gov/reports/student-loan-affordability/>



The financial viability of the institution. As institutions become more reliant on tuition, they must behave more like businesses. If these businesses were to fail, the repercussions for the State would be very significant. Institutions must cover core costs to retain employees and often feel they must do much more in order to attract students. A number of the state’s institutions are now in marginal financial condition. *February 2017 performance audits of both Western State Colorado University and Adams State* underline the vast institutional debt burdens facing both institutions. Auditors note that both institutions must increase operating cash flows by \$2 to \$3 million above fiscal year 2015 levels to cover debt service needs, while already-high net tuition revenues for both already limit their capacity to raise tuition.⁸ The University of Northern Colorado was recently downgraded by ratings agencies and is in the midst of a multi-year “sustainability initiative” to try to rebuild its student population. When an institution facing a troubling financial situation indicates that it needs to increase to tuition to as part of a sustainability plan, the argument cannot be rejected out-of-hand.

⁸ Links to the audits are: https://leg.colorado.gov/sites/default/files/documents/audits/1665p-a_western_state_0.pdf and https://leg.colorado.gov/sites/default/files/documents/audits/1665p-b_adams_state_university.pdf



Educational quality. Colorado’s higher education institutions generally operate on fewer resources than similar institutions in other states, as indicated by the 2015 study the Department contracted with the National Center for Higher Education Management Statistics. Colorado’s institutions also have poorer outcomes than institutions in many other states, as suggested by some of the data on the following pages: reports provided to the state institutions to compare their performance with other institutions they consider their “peers”. These comparisons must be viewed with caution, since the institutions may choose “peer” institutions that are quite similar or quite different. Nonetheless, it’s striking that almost every report shows lower overall funding, higher overall tuition, and lower overall results than “peer” entities. One recent study finds “large causal impacts of spending on enrollment and degree completion” and suggests that increasing spending may be more important than cutting tuition in increasing post-secondary attainment.⁹

Staff Approach to Tuition Caps

In general, neither the General Assembly nor JBC staff is well positioned to micro-manage tuition rates at the state’s large and complex higher education institutions. However, staff believes the General Assembly’s involvement in the process is beneficial. Some studies have shown that the very process of bringing proposals to the General Assembly helps keep tuition under control.¹⁰

⁹ Demining, J. and Walters, C. *The Impacts of Price and Spending Subsidies on U.S. Postsecondary Attainment*, January 2017. Retrieved 3/1/2017.

http://scholar.harvard.edu/files/ddeming/files/demingwalters_higheredspending_jan2017.pdf

¹⁰ Lowry, R. C. 2001. Governmental structure, trustee selection, and public university prices and spending: Multiple means to similar ends. *American Journal of Political Science* 45 (4): 845-861 Jack Knott and A. Abigail Payne, 2003. See also The Impact of State Governance Structures on Management and Performance of Public Organizations: A Study of Higher Education Institutions, Institute of Government and Public Affairs, University of Illinois. Mikyong Minsum Kim and Jangwan Ko, The Impact of State Control Policies on College Tuition Increases, *Education Policy*, July 2015 vo. 29 no. 5.

To help inform the discussion, staff uses a simple model (see staff’s briefing issue) as a starting point for review of institutional tuition proposals. Staff then contacts those institutions that fall outside the cap for additional input. The Department used a different, also highly simplified model to propose tuition caps and followed a similar process of asking institutions for input when they felt they could justify a higher rate. Among those that fell outside of staff’s rate (see blue shaded items on table above):

- CU Boulder has applied a four-year guaranteed tuition rate. Thus, although it is seeking a somewhat higher tuition rate for new students, those students will then be guaranteed the same tuition for four years. Most other CU schools reflect modest inflationary increases.
- UNC and CSU-Pueblo have both been struggling with financial challenges for some time and feel the increases are critical to their ongoing viability.
- Colorado Mesa and Metro State both have “access” mission (2-year/ modified open enrollment) and represent relatively lower-cost (and lower-state-support) entities. Both appear to be spending more per student in recent years, in part related to lower numbers of students and in part related to investments in quality.

The table below shows the tuition rates at the institutions and recent-year changes (not adjusted for inflation). The rates shown are for undergraduate resident tuition—the rates the General Assembly has typically attempted to limit.

Changes in Tuition Rates at State institutions														
	"Soft" 9% Cap, GF budget cuts through FY 2012-13; modest GF increase FY 2013-14								Hard 6% Cap; large GF increases for 2 years				Appropriated Tuition; GF flat on average but	
	FY 10-11	% chg	FY 11-12	% chg	FY 12-13	% chg	FY 13-14	% chg	FY 14-15	% chg	FY 15-16	% chg	FY 16-17	% chg
CU-Boulder	\$7,018	8.9%	\$7,672	9.3%	\$8,056	5.0%	\$8,760	8.7%	\$9,048	3.3%	\$9,312	2.9%	\$9,768	4.9%
CSU	5,256	9.0%	6,307	20.0%	6,875	9.0%	7,494	9.0%	7,868	5.0%	8,300	5.5%	8,716	5.0%
Metropolitan State	3,107	9.0%	3,809	22.6%	4,304	13.0%	4,691	9.0%	4,973	6.0%	5,222	5.0%	5,693	9.0%
Mines	11,550	9.1%	12,585	9.0%	13,590	8.0%	14,400	6.0%	14,790	2.7%	15,225	2.9%	15,716	3.2%
Community Colleges	2,888	9.0%	3,176	10.0%	3,383	6.5%	3,585	6.0%	3,747	4.5%	3,915	4.5%	4,107	4.9%
UCCS	6,270	7.2%	6,720	7.2%	7,050	4.9%	7,470	6.0%	7,710	3.2%	7,980	3.5%	8,280	3.8%
CU - Denver	6,216	8.8%	6,776	9.0%	7,980	17.8%	8,460	6.0%	8,760	3.5%	9,090	3.8%	9,420	3.6%
CSU - Pueblo	4,068	9.0%	4,592	12.9%	5,494	19.6%	5,494	0.0%	5,824	6.0%	6,159	5.8%	7,296	18.5%
Fort Lewis College	3,380	9.0%	4,048	19.8%	4,800	18.6%	5,232	9.0%	5,544	6.0%	5,856	5.6%	6,360	8.6%
UNC	4,680	8.9%	5,300	13.2%	5,464	3.1%	5,748	5.2%	6,024	4.8%	6,372	5.8%	6,906	8.4%
Adams State U	2,952	8.8%	3,312	12.2%	3,816	15.2%	4,872	27.7%	5,160	5.9%	5,448	5.6%	5,736	5.3%
CO Mesa U	5,480	16.8%	5,780	5.5%	6,102	5.6%	6,438	5.5%	6,812	5.8%	7,185	5.5%	7,572	5.4%
Western State CO U	3,422	9.0%	3,922	14.6%	4,627	18.0%	5,275	14.0%	5,539	5.0%	5,844	5.5%	6,312	8.0%

To provide additional context, staff has attached a collection of data to this packet with additional detail about the history of funding for each governing board, its FTE trends, and completion and retention rates (some of the performance data that is most commonly reported for higher education institutions).

Fort Lewis Non Resident Tuition

Fort Lewis has requested that it be allowed to freely increase its nonresident tuition like the other institutions. It emphasizes that it has not increased nonresident tuition in seven years. The Native American Tuition waiver declined this year (by \$416,054) for the first time in memory, based on a decline in student enrollment.

Staff recommends that Fort Lewis' be held to a nonresident increase of **no more than 4.0 percent, the average state tuition per SFTE increase**. As reflected in the chart below, **in FY 2016-17 Native American students are expected to comprise about sixty percent of the Fort Lewis non-resident population** and less than 10 percent of resident student FTE. The state pays sticker-price (rather than a discounted amount) for Native American students who enroll in Fort Lewis College. **With a current sticker price for tuition of \$16,072 for nonresidents and assuming flat nonresident enrollment, every 1.0 percent increase in nonresident tuition at Fort Lewis drives a direct General Fund cost of \$152,684. Thus, if enrollment stays flat, a 4.0 percent increase in nonresident tuition will drive a General Fund cost in FY 2017-18, paid in FY 2018-19, of \$610,736.**

ENROLLMENT BREAK-DOWN FORT LEWIS COLLEGE	FY 2016-17 ESTIMATE
Resident Native American Student FTE	160
Nonresident Native American SFTE	950
Resident non-N.A. student FTE	1,577
Nonresident non-N.A. student FTE	652

Staff is hesitant to support any nonresident tuition increase at Fort Lewis, given a history of annual increases exceeding \$1.0 million driven solely by enrollment. However, Fort Lewis staff anticipate that the growth in the Native American population will stabilize, or possibly decline, due to the early implementation of tighter enrollment requirements. Under new CCHE admissions standards, which Fort Lewis is implementing earlier than required, it is no longer admitting students who require significant remediation (need basic skills courses). It believes this is affecting, and will continue to affect, nonresident admissions. Staff also has some general concerns about the overall decline in the Fort Lewis' population and, related to this, its ongoing financial health. *Note: If the Committee approves this recommendation, staff will incorporate an associated reduction in the tuition estimate for Fort Lewis.*

What Happens to Tuition if the Requested General Fund Increase is Not Available?

- Using the funding distribution model, if total state support is flat, some institutions will receive increases and some will receive decreases, as reflected in the chart below. Following the Department's model, the following tuition caps would be applied. However, in reality not all institutions would make adjustments.
- The University of Colorado has indicated in public presentations to the Regents that under either the current request or a flat funding scenario, the same tuition rates would hold, and these are all at or below 5.0 percent.
- On the other hand, it's likely that the community colleges would need to increase tuition by up to two percentage points more if they received a 2.2 percent cut. While a 9.0 percent increase seems unlikely, there would be a difference, as they would receive a cut under the model.
- In general, as the research institutions have already moved forward in packaging student loans and similar steps, they are more likely to manage changes in state funding via adjustments to their expenditures. However, a *large* shift in state funding could lead even some of the research institutions to adjust their tuition plans.

COMPARISON: GENERAL FUND AND TUITION WITH REQUEST VERSUS FLAT FUNDING

GOVERNING BOARDS/INSTITUTIONS*	R1 PERCENTAGE GF FUNDING CHANGE	PROPOSED TUITION CAP	FUNDING MODEL PERCENTAGE CHANGE IF \$0 OVERALL GF INCREASE	CAP FROM DEPARTMENT MODEL WITH \$0
Adams State University	1.3%	7.0%	-0.7%	8.0%
Colorado Mesa University	6.9%	6.0%	4.3%	8.0%
Metropolitan State University of Denver	0.4%	7.0%	-2.0%	9.0%
Western State Colorado University	2.5%	6.0%	0.2%	8.0%
Colorado State University System	2.9%	6.0%	0.4%	8.0%
Fort Lewis College	2.6%	6.0%	0.3%	8.0%
University of Colorado System	4.2%	5.0%	1.6%	6.5%
Colorado School of Mines	4.1%	n/a	1.6%	n/a
University of Northern Colorado	1.2%	7.0%	-0.9%	8.0%
Community College System	0.2%	7.7%	-2.2%	9.0%

BACKGROUND CHARTS BY GOVERNING BOARD

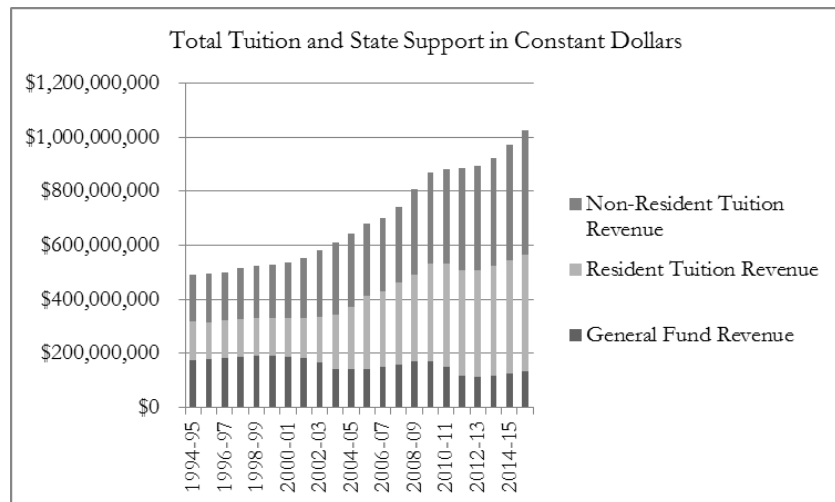
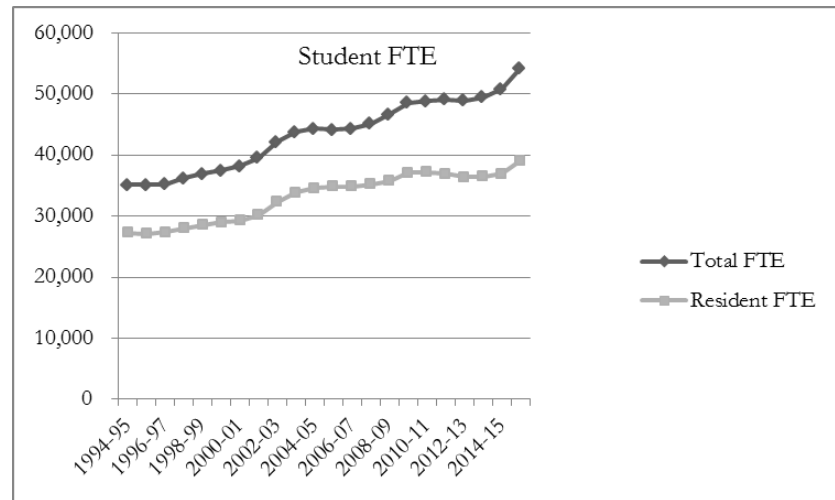
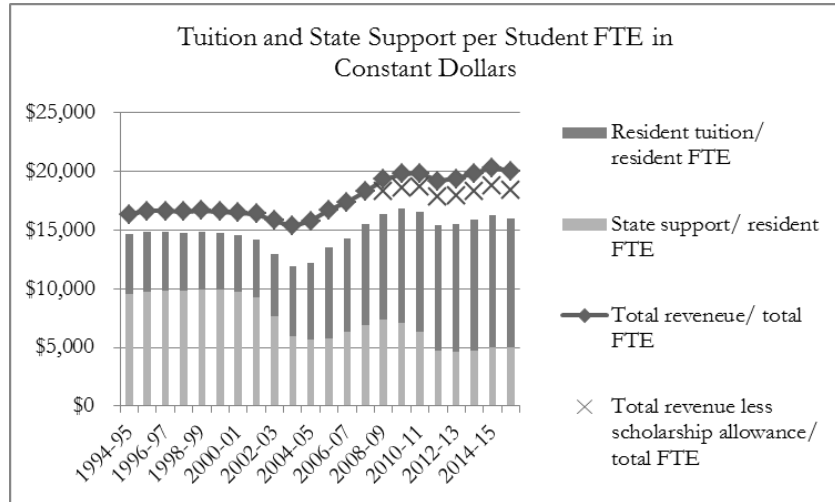
Notes for all charts:

Charts on institutional tuition and General Fund revenue and student FTE are based on staff data records.

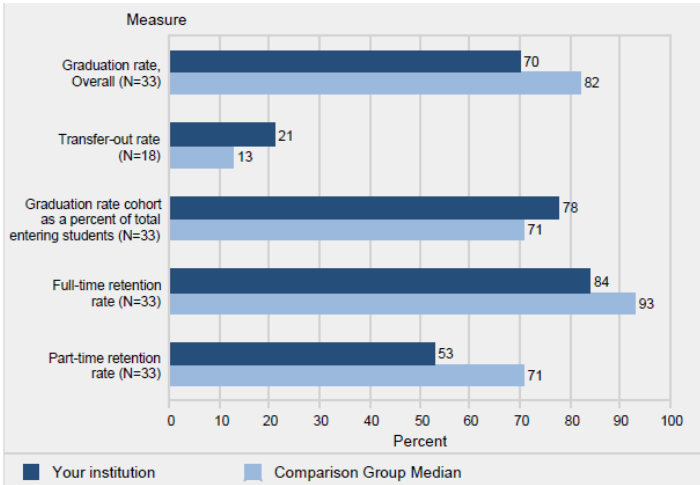
Charts on retention and completion are from the IPEDS Data Feedback Report to each institution in 2015. The “comparison institutions” represent comparisons selected by the institutions themselves, and the institutions may use different approaches in selecting these comparisons. Graduation rates are for six year graduation (for 4-year institutions) or three year graduation (for 2-year institutions). Graduation rates are for full-time first-time degree/certificate seeking undergraduate students. As shown, in some cases this represents a minority of students entering the institution, due to the high rate of transfer among institutions.

Full reports, which include more complete contextual information about the institutions, as well as data-base access to more recent data, is available at: <https://nces.ed.gov/ipeds/Home/UseTheData>

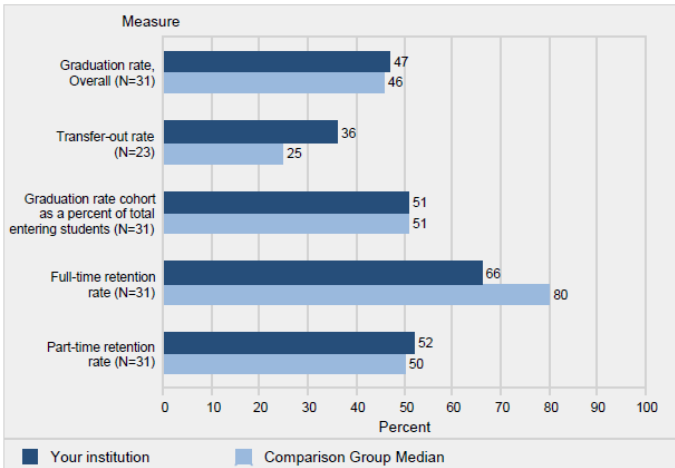
University of Colorado System



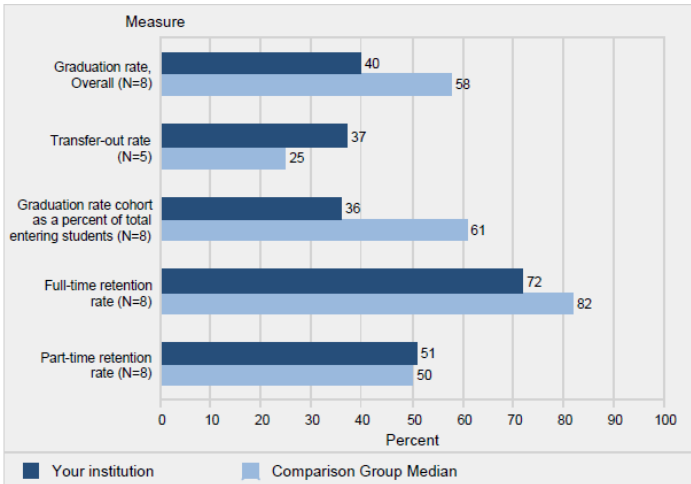
CU Boulder



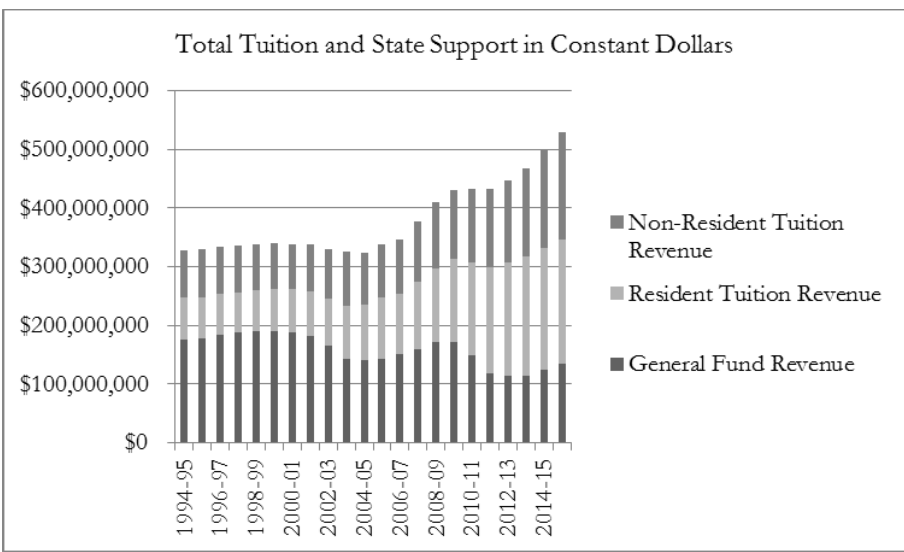
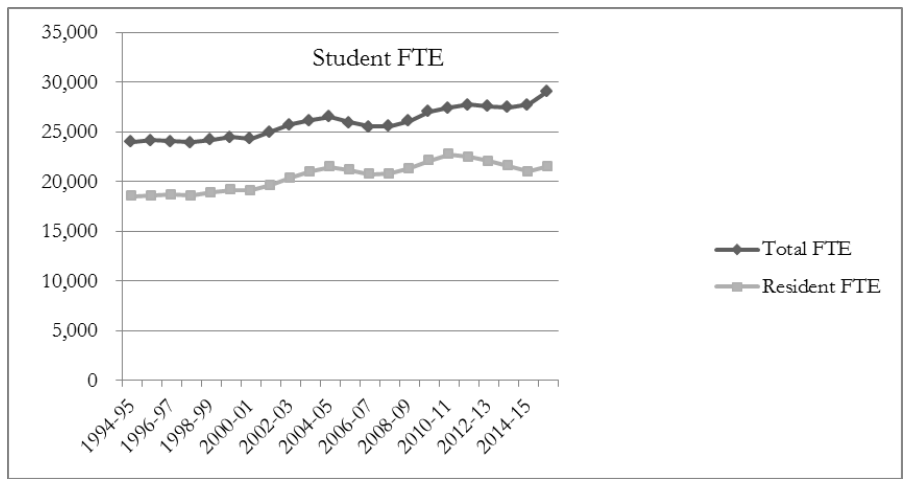
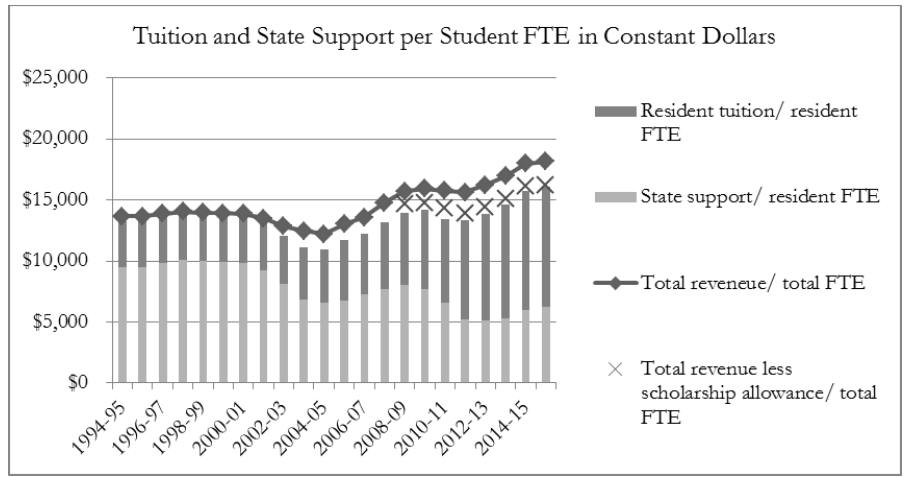
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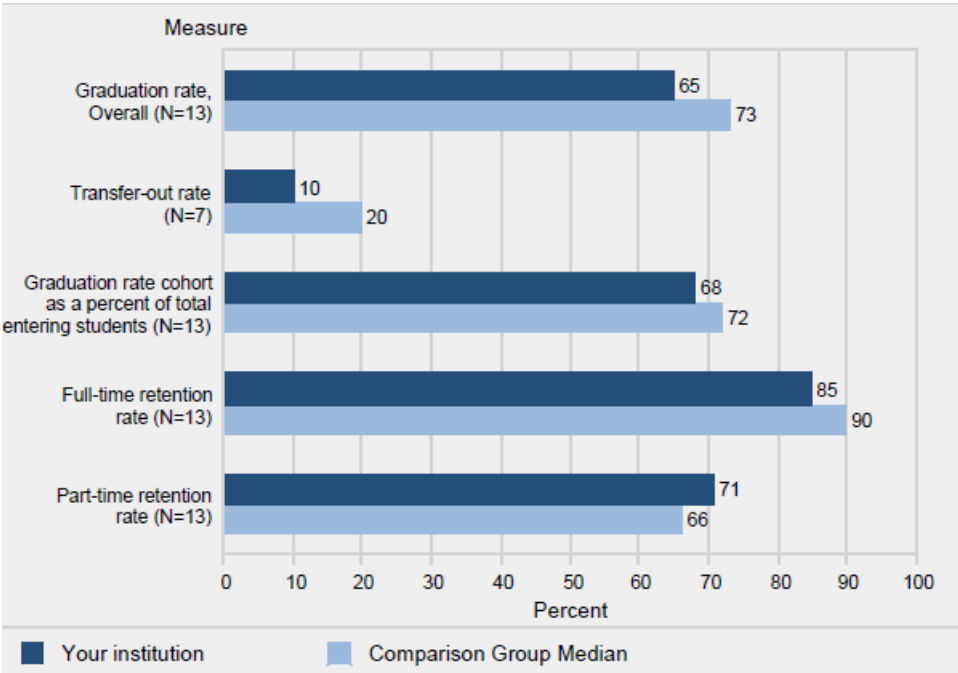
UCD



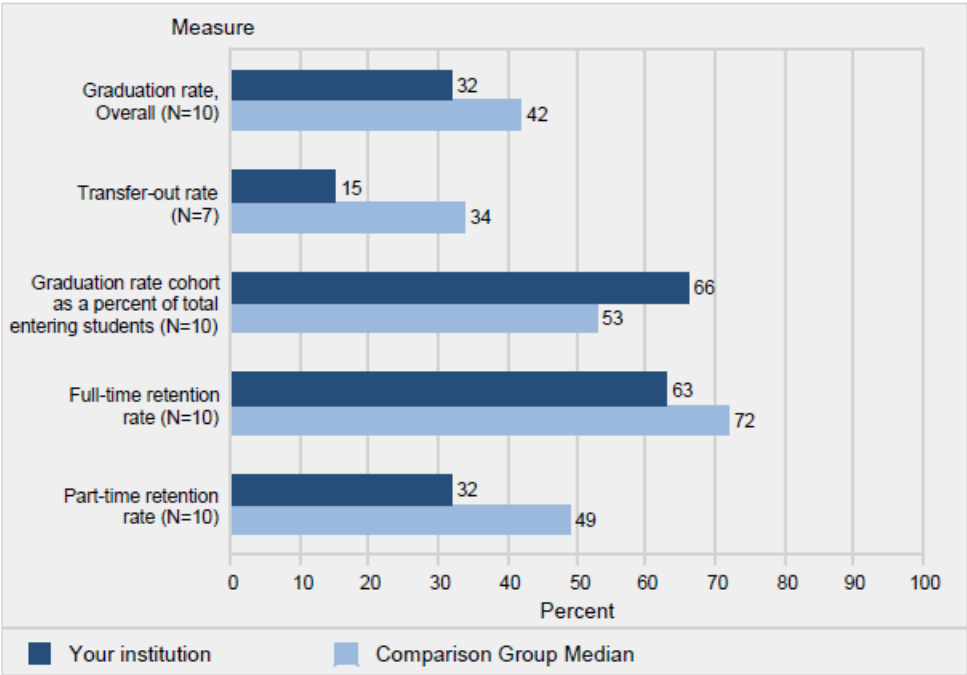
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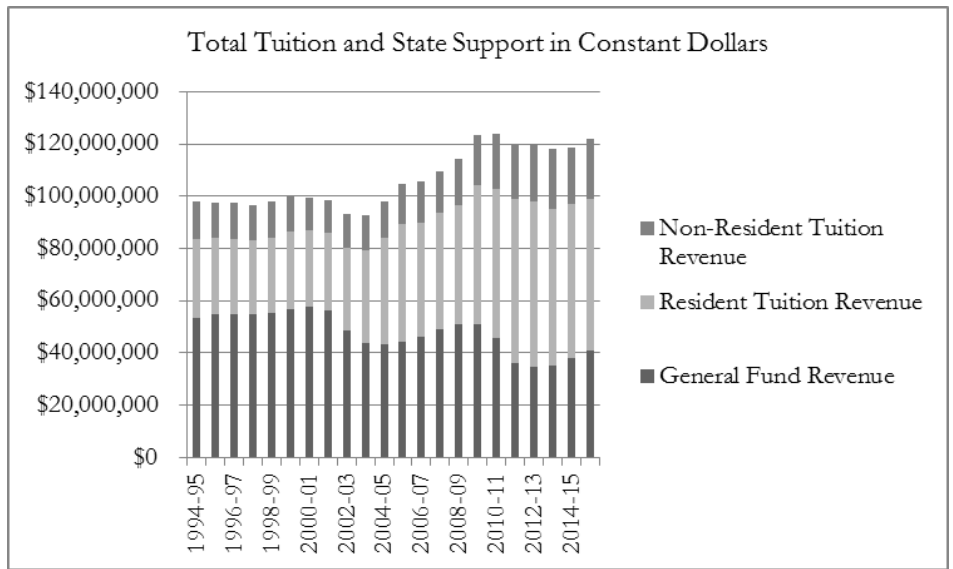
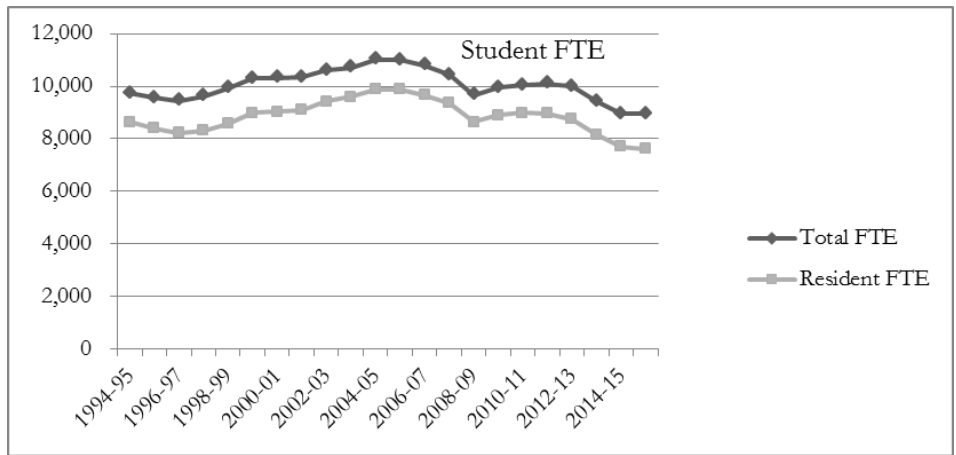
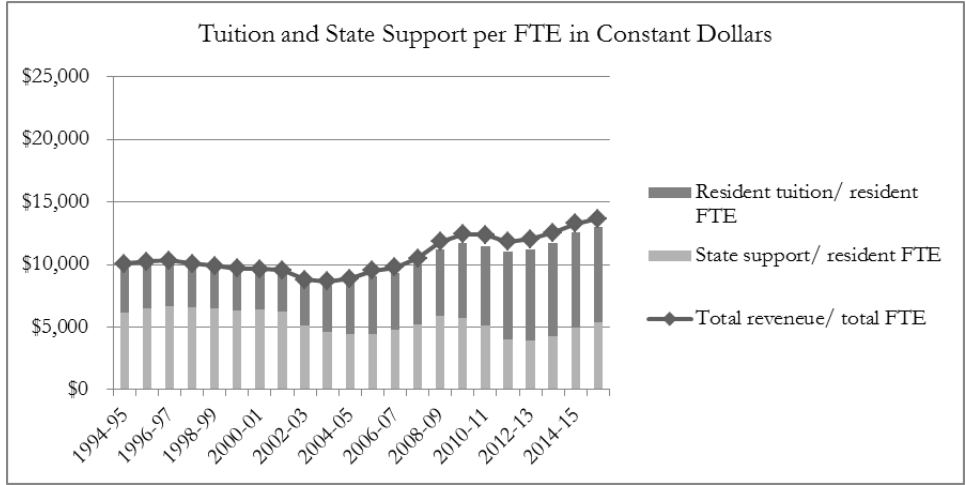
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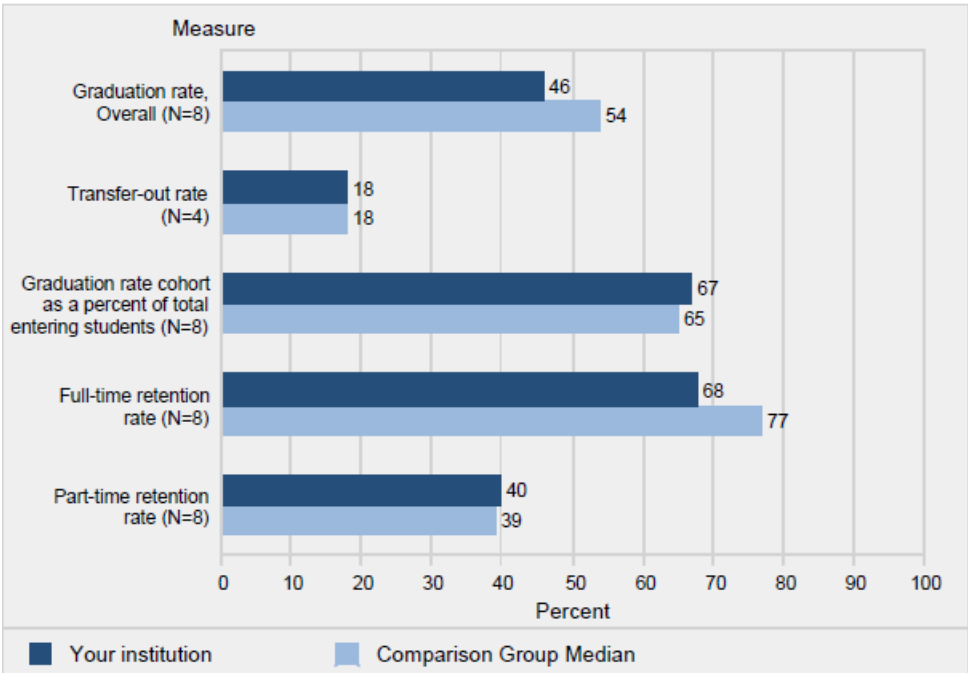
CSU Pueblo



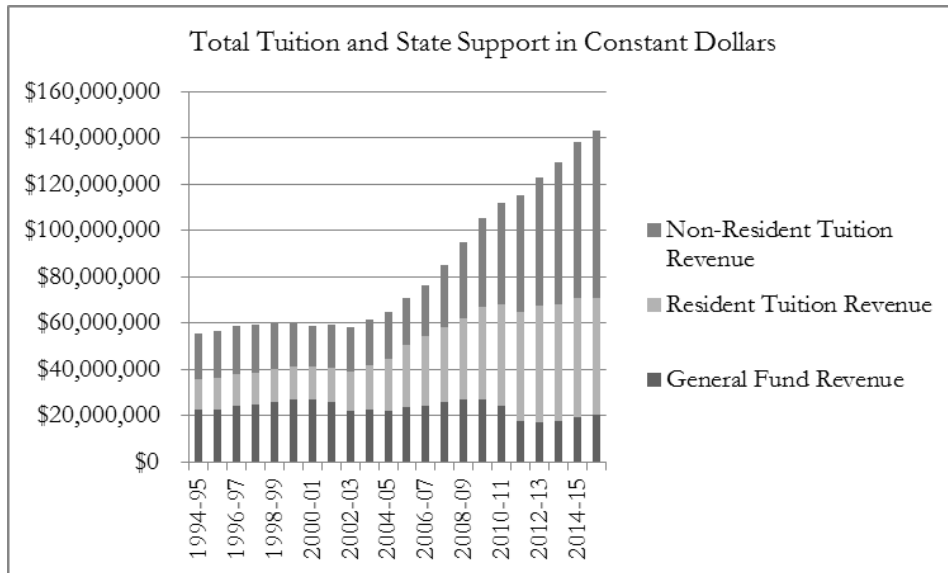
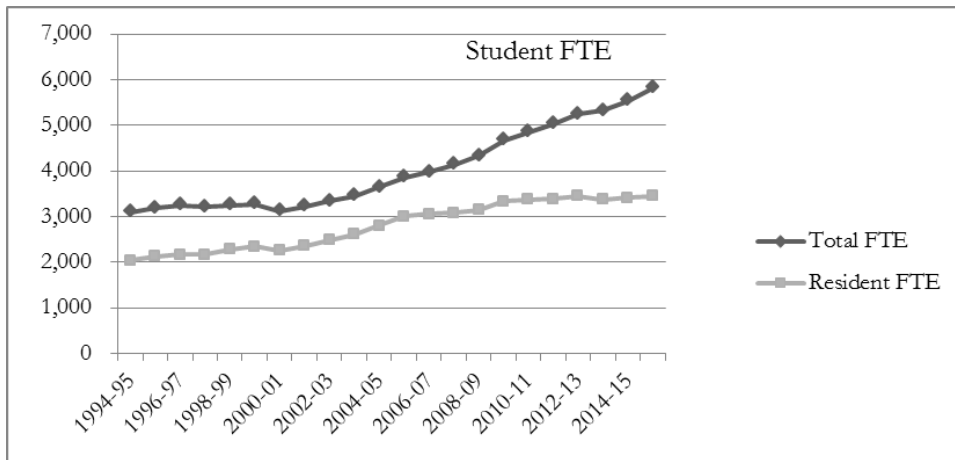
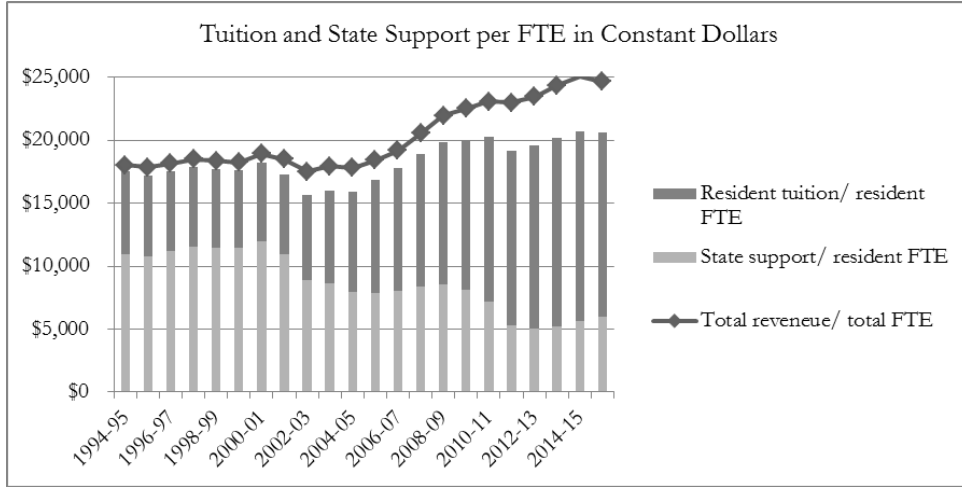
University of Northern Colorado



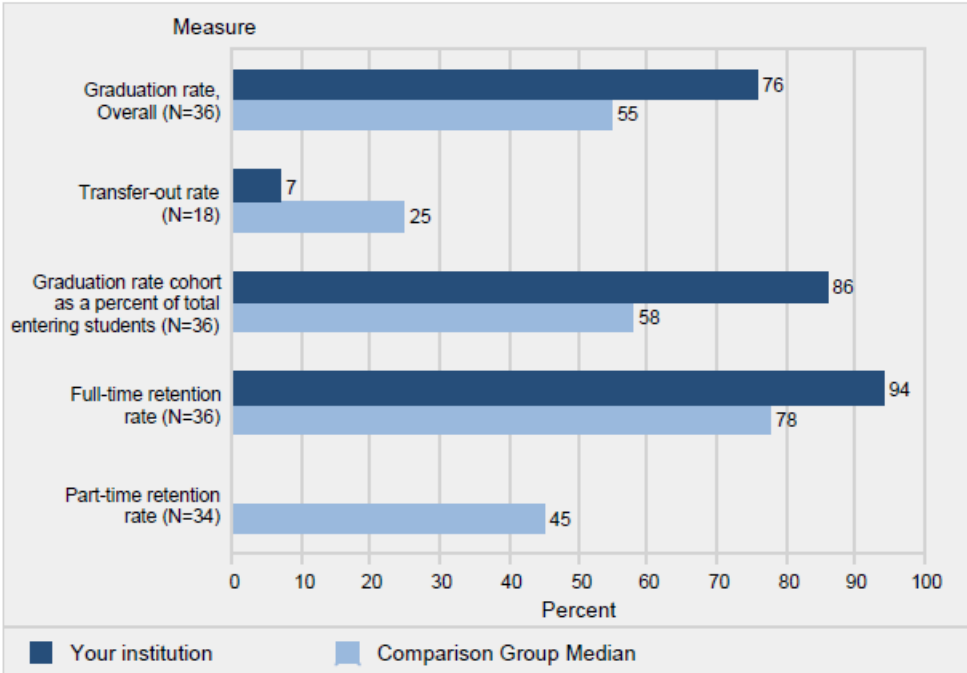
University of Northern Colorado



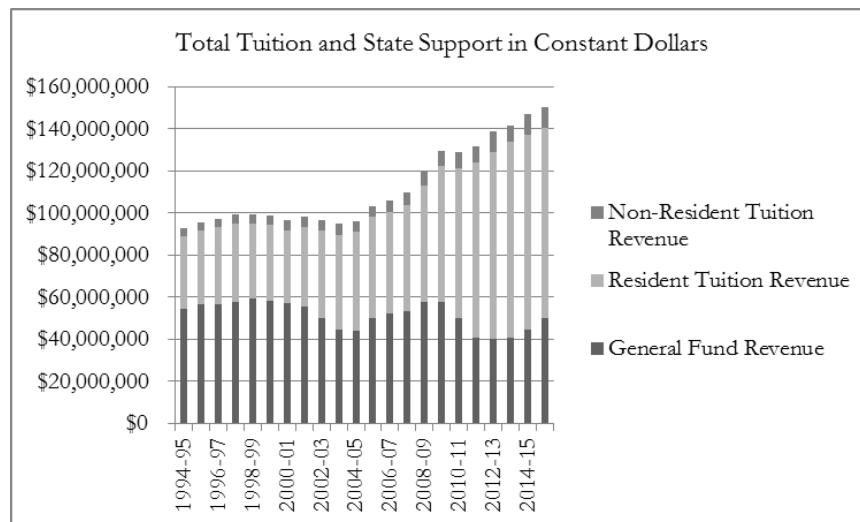
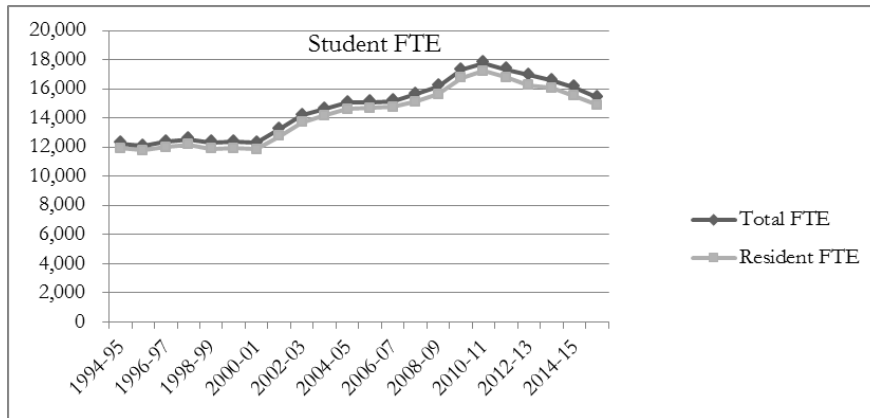
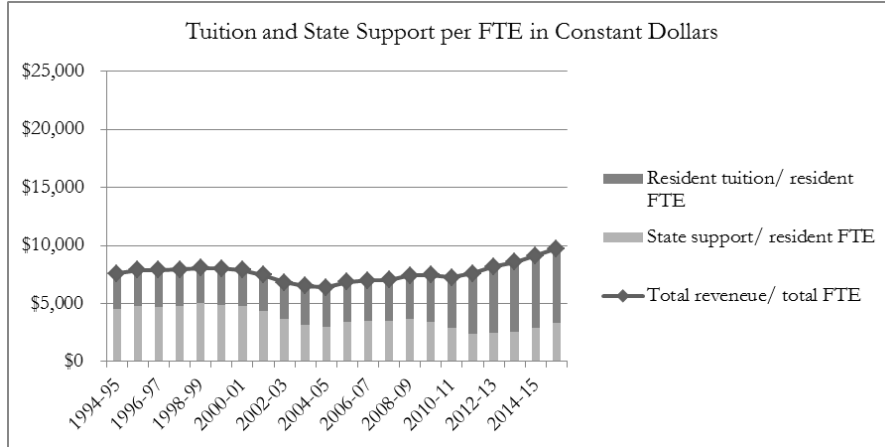
Colorado School of Mines



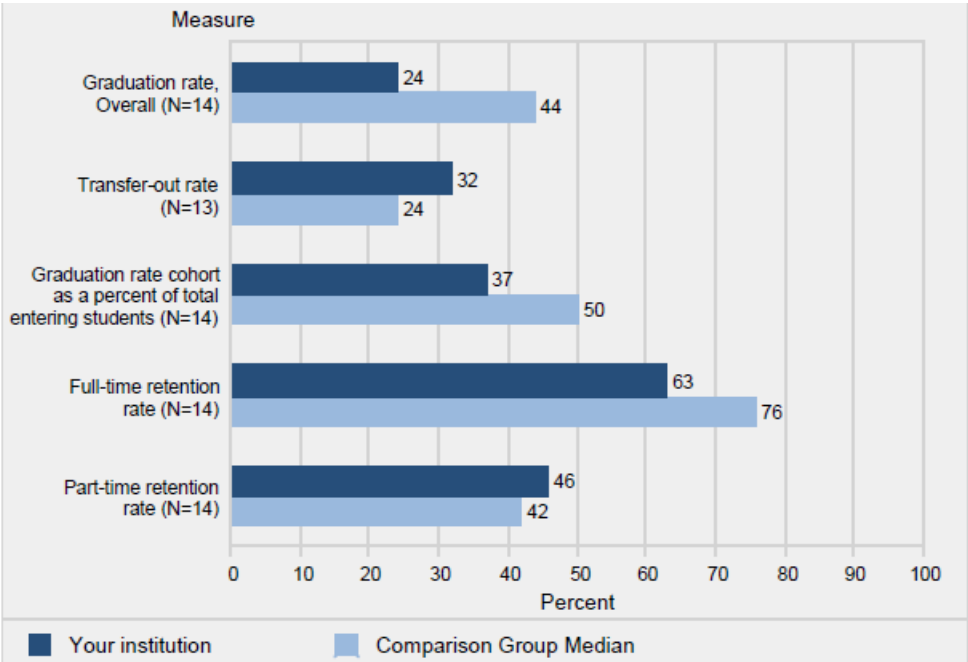
Colorado School of Mines



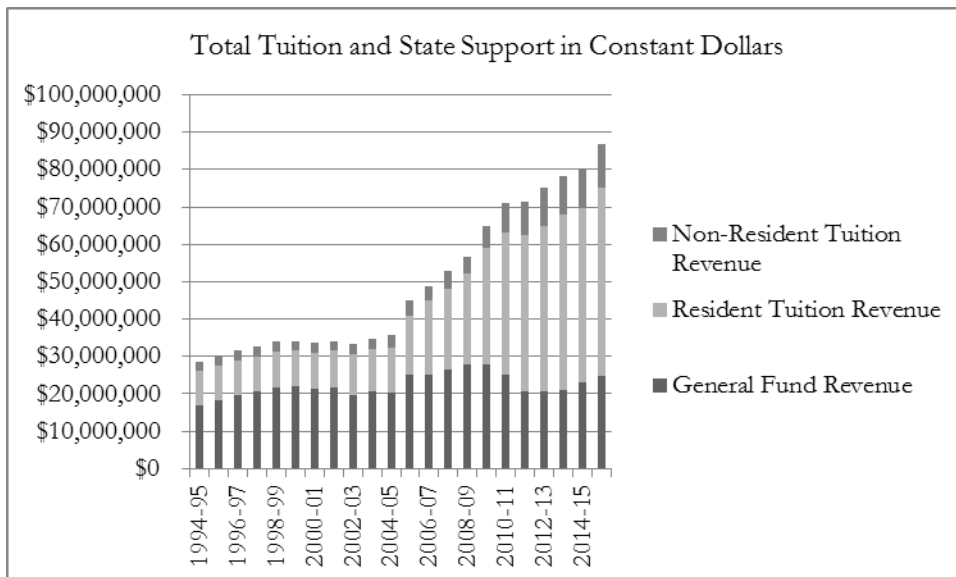
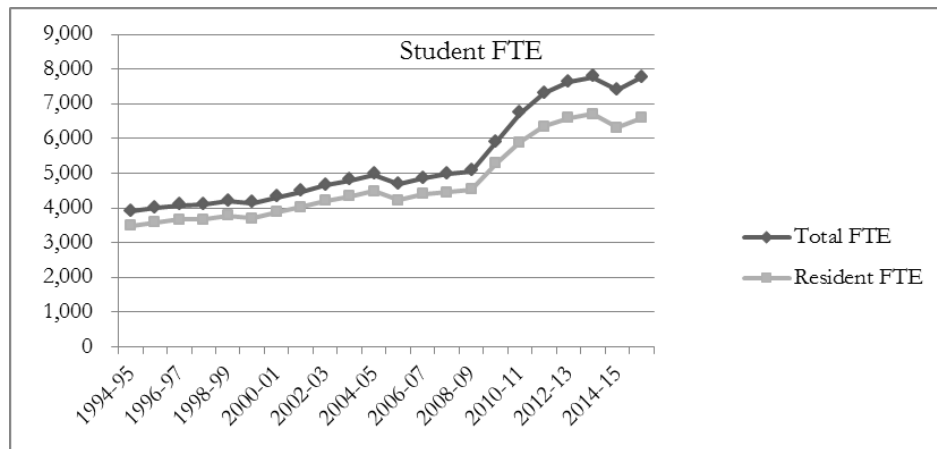
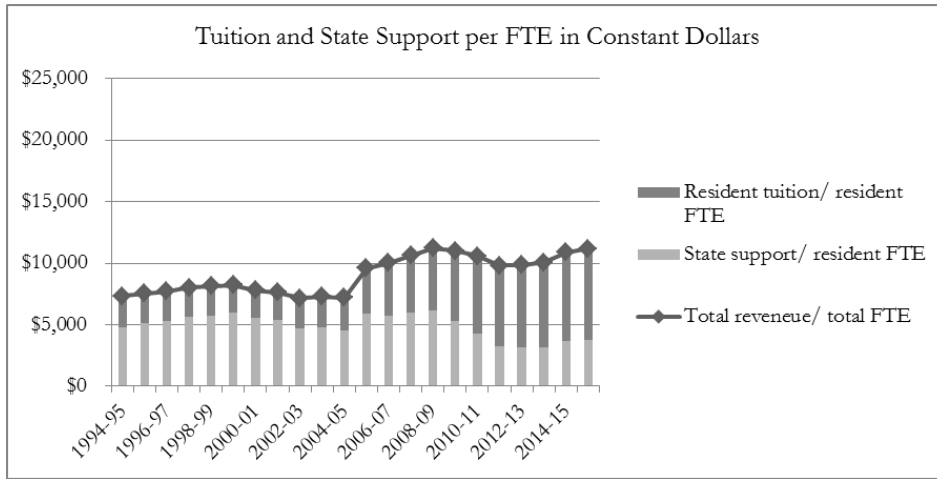
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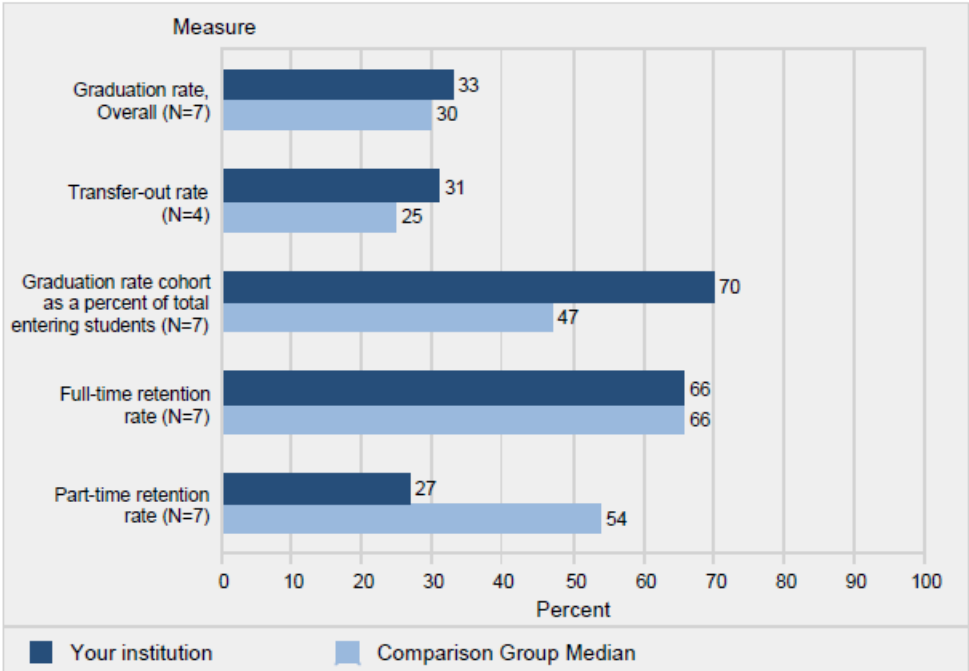
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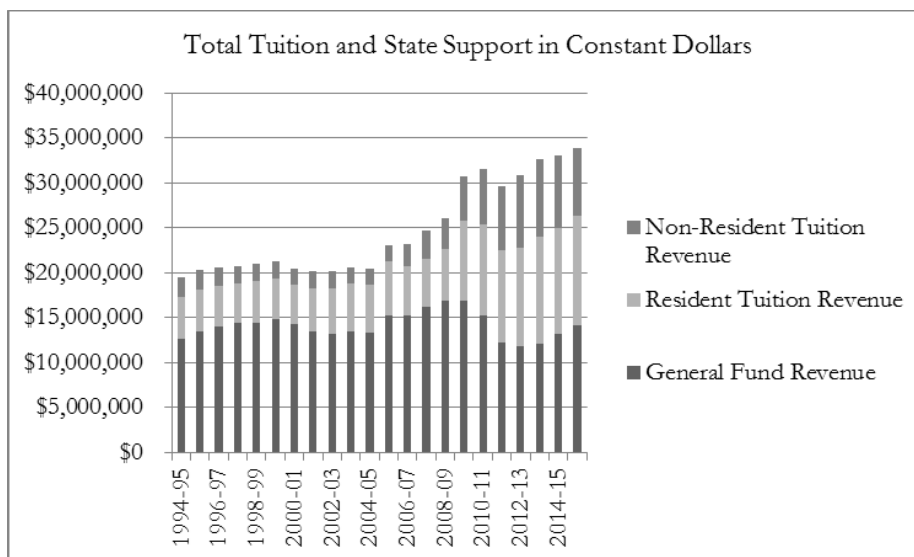
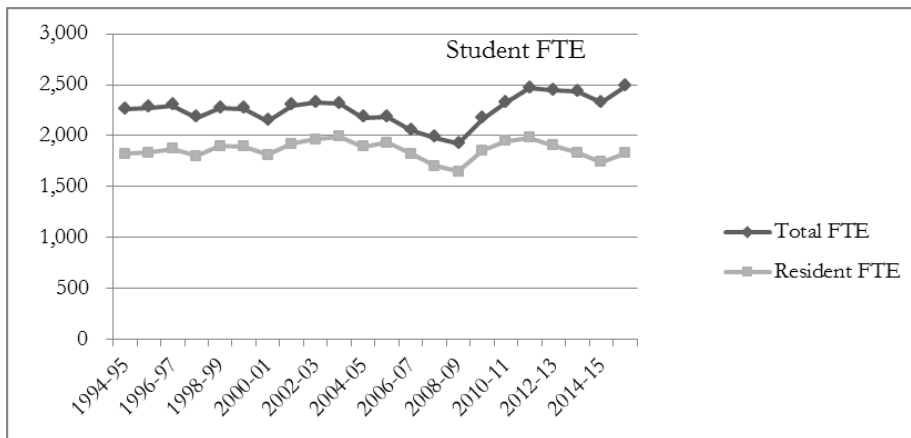
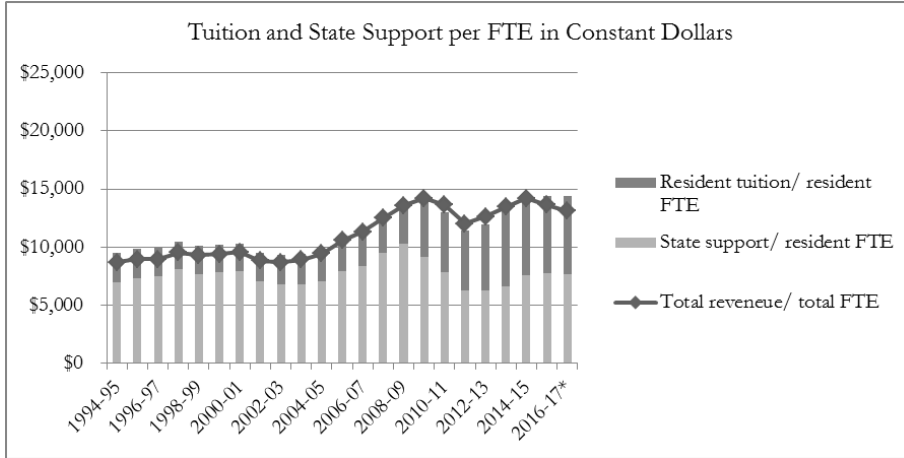
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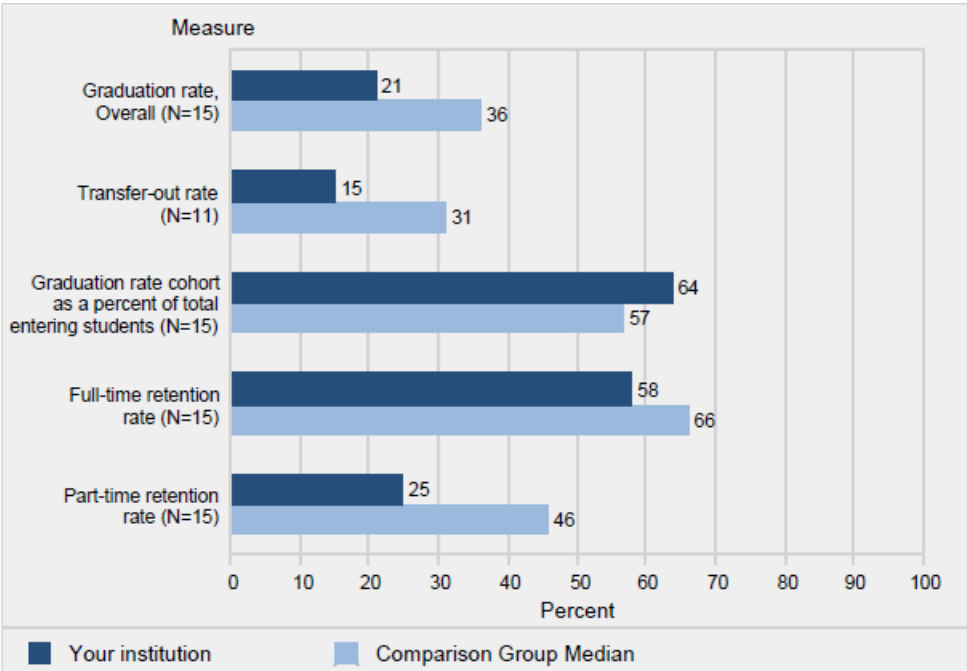
Colorado Mesa University



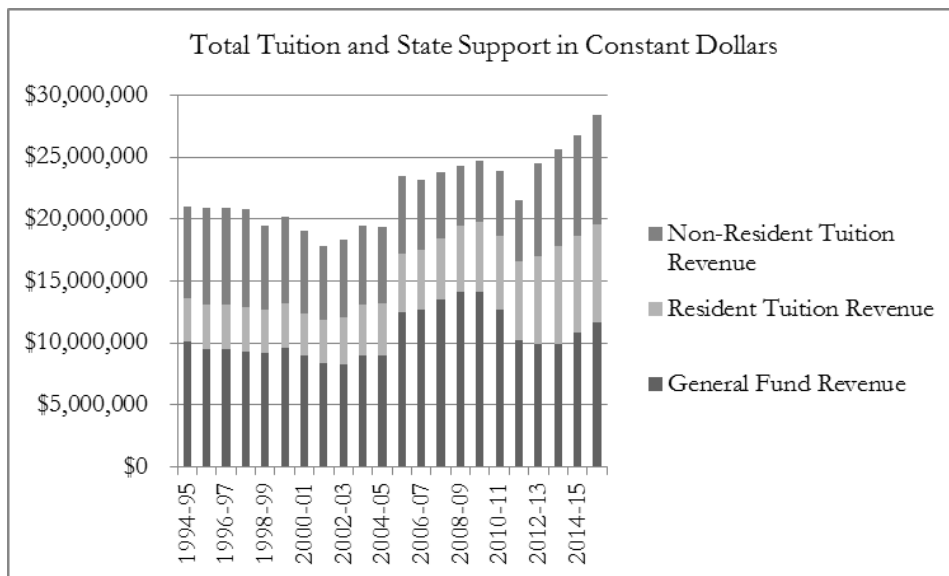
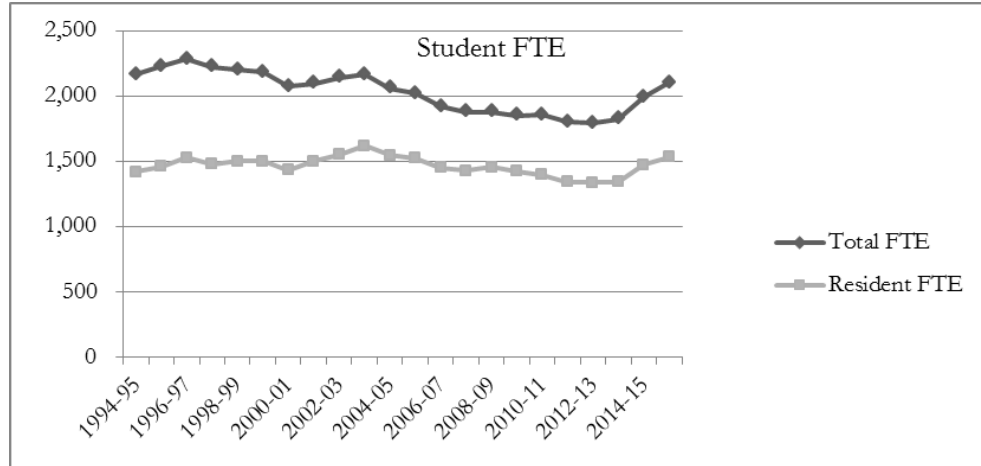
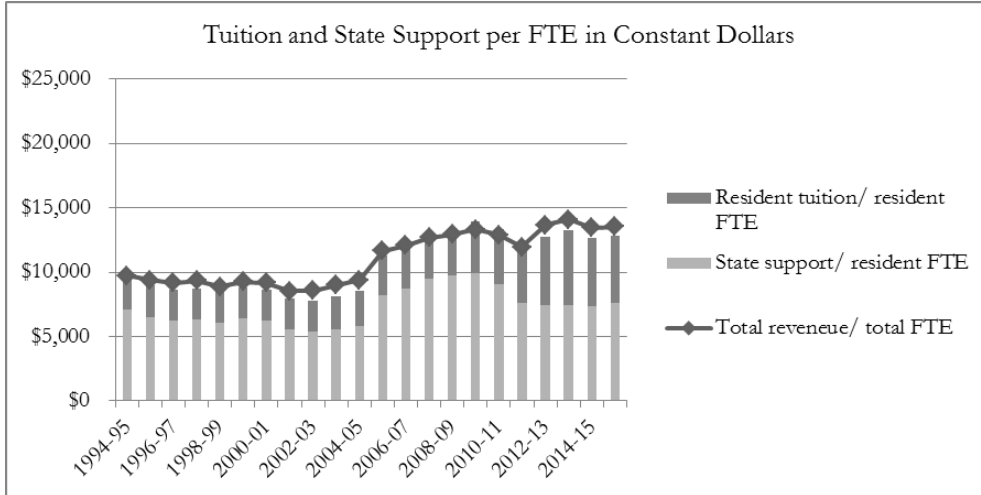
Adams State University



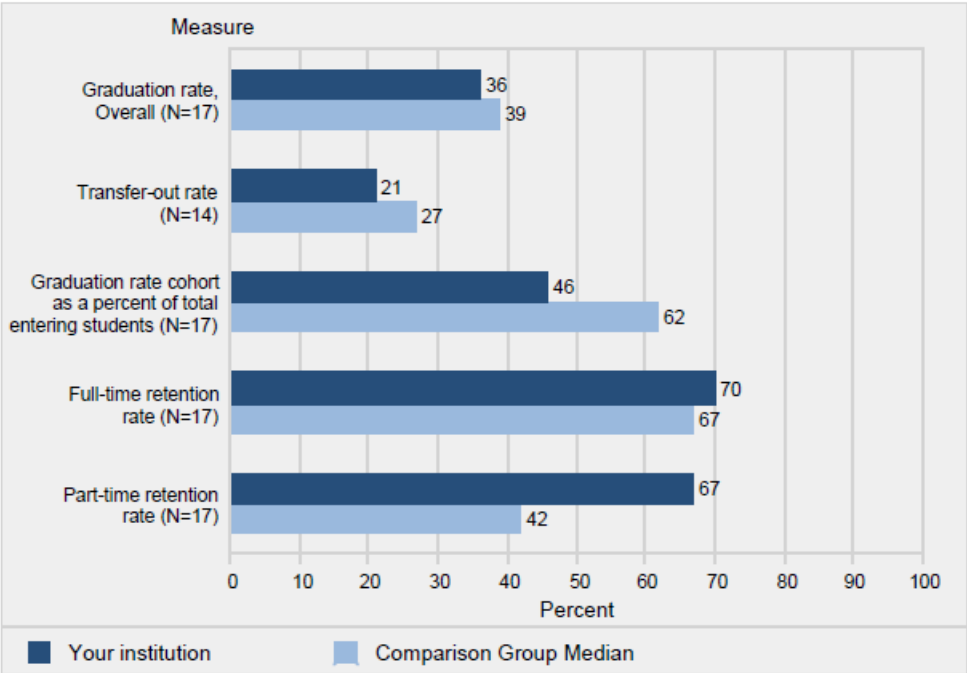
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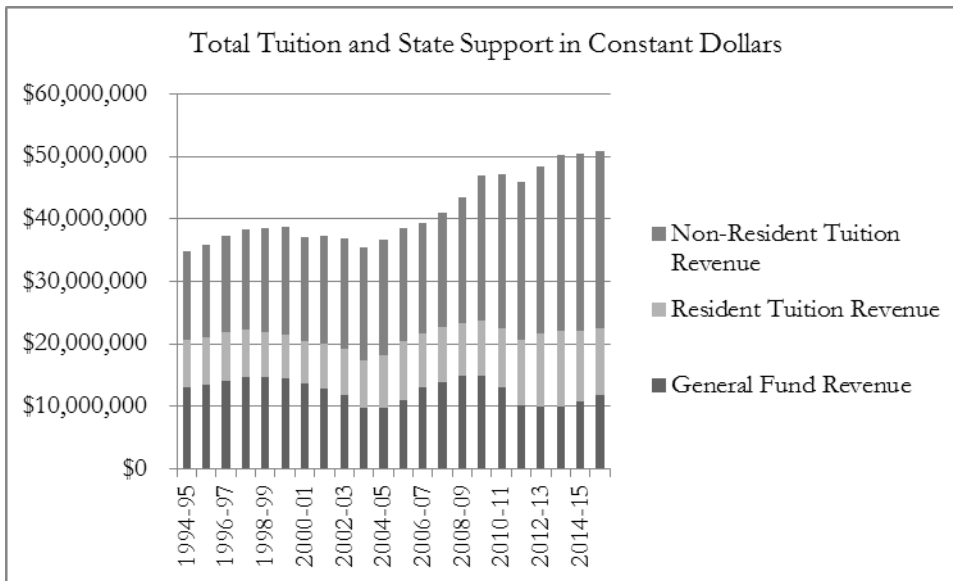
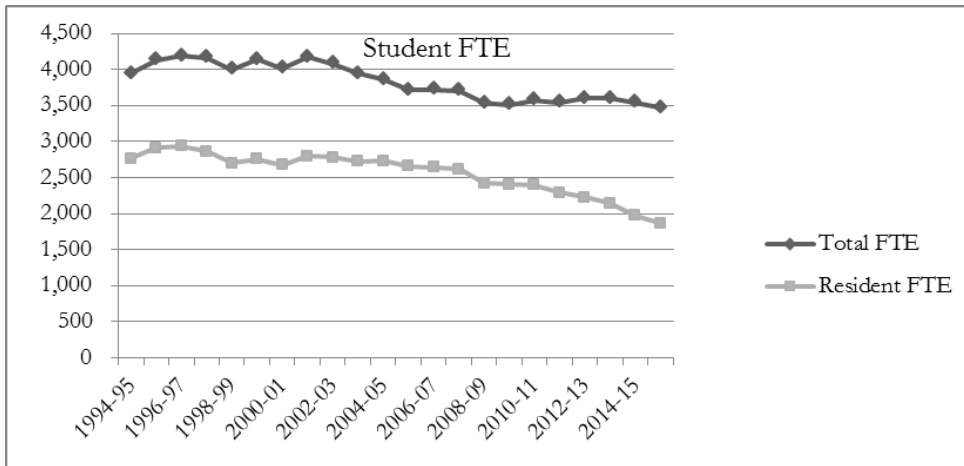
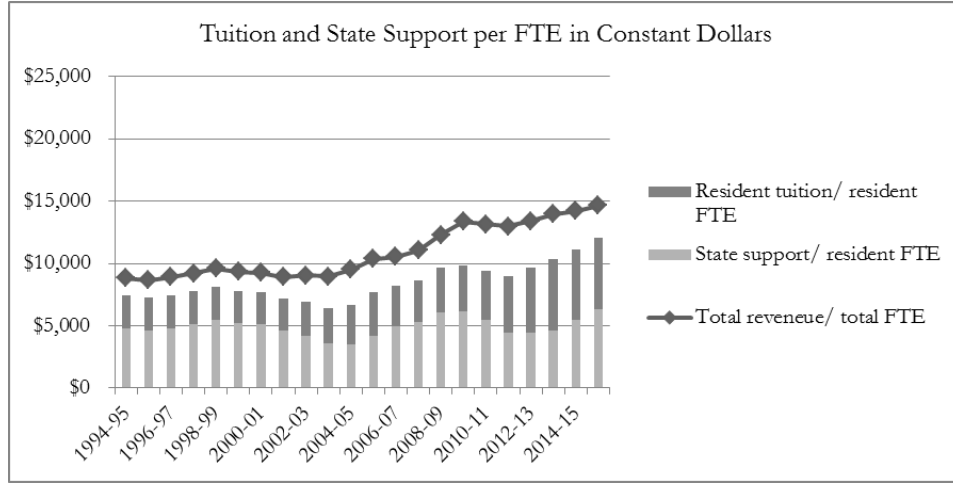
Western State Colorado University



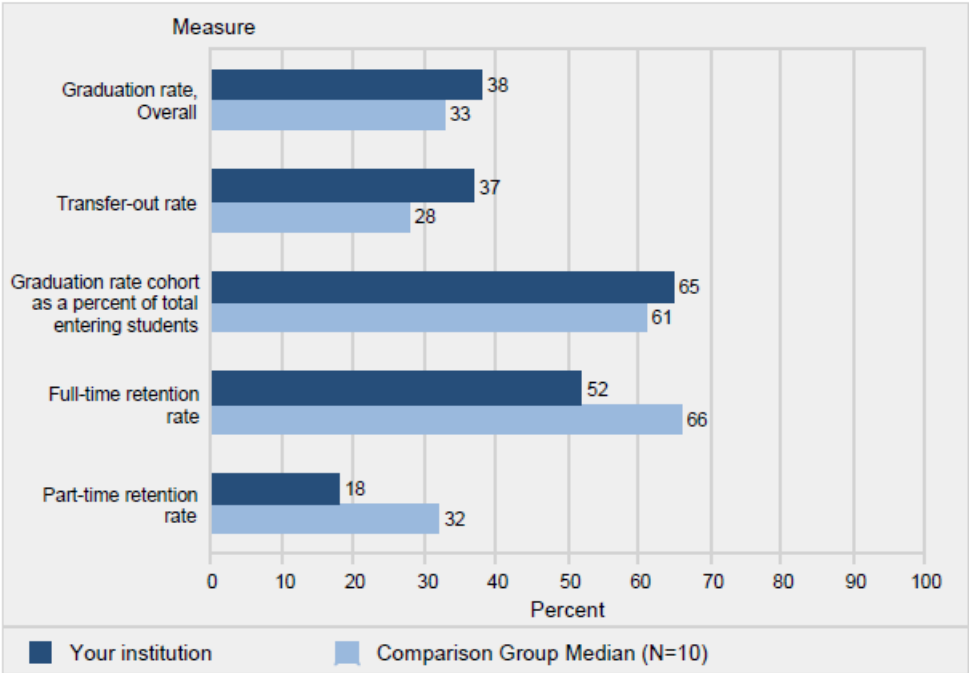
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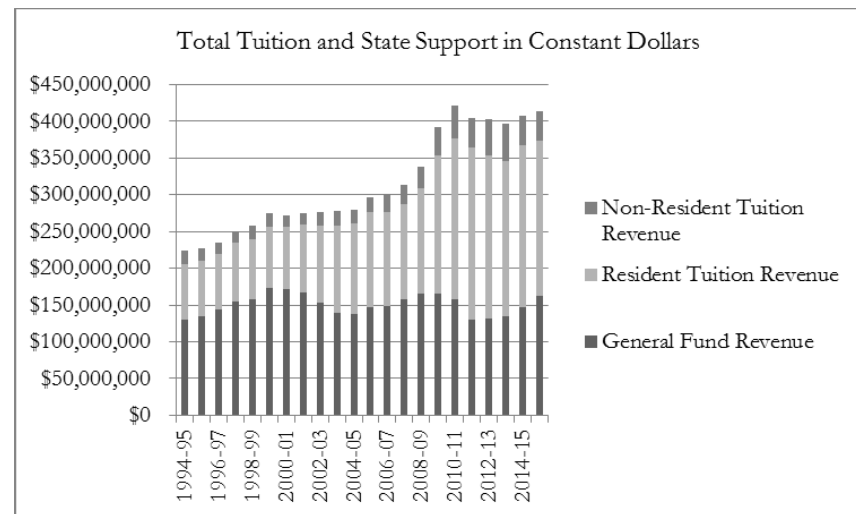
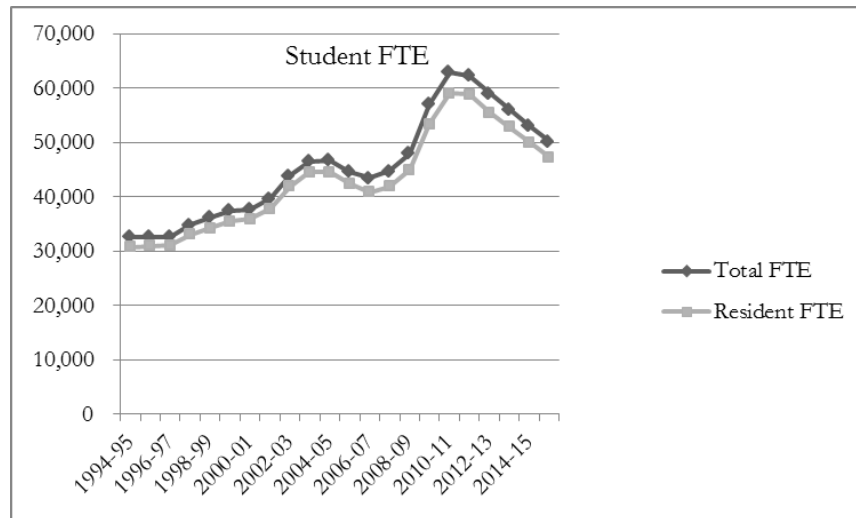
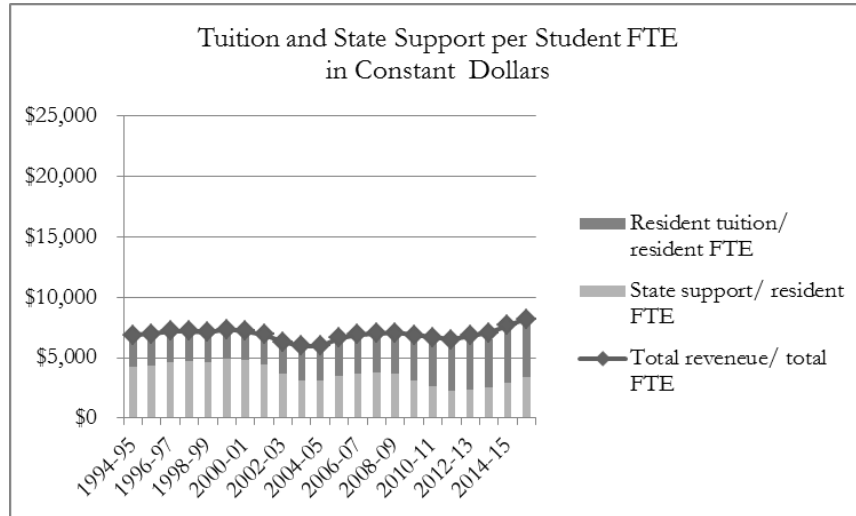
Fort Lewis College



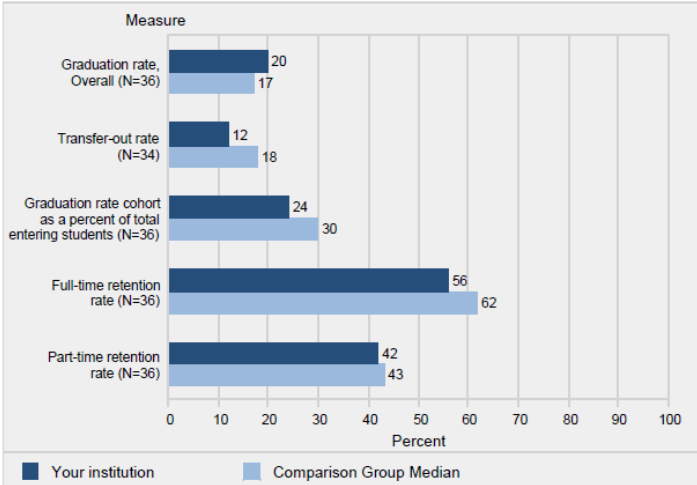
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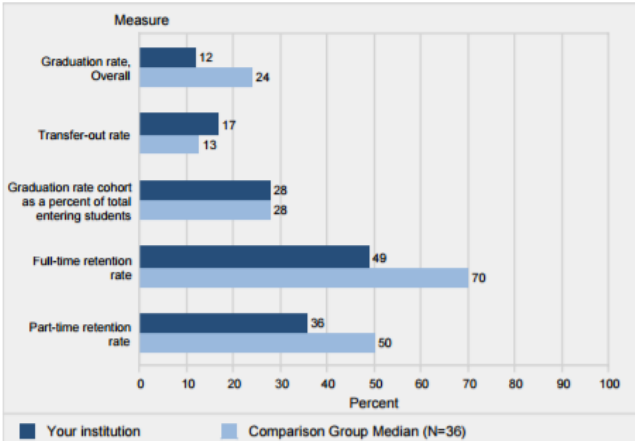
Colorado Community College System



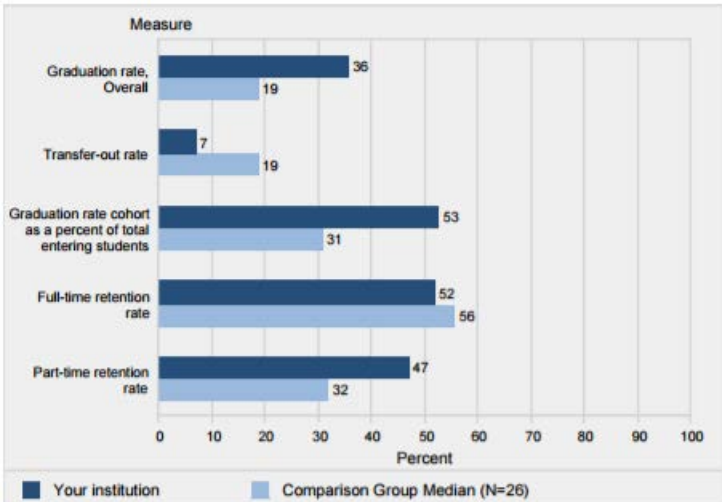
Front Range Community College



Pikes Peak Community College



Otero Junior College



→ INDIRECT COST RECOVERIES

REQUEST: This is a staff-initiated change and was not requested by the Department. However, the Department annually submits an indirect cost collection plan in February.

RECOMMENDATION: The staff recommendation applies the Department's requested indirect cost collection plan for FY 2017-18. The plan offsets \$5,983,423 that would otherwise be required to support administration and other activities in this department.

ANALYSIS:

The Department charges cash, reappropriated, and federal funded programs for their portion of statewide overhead costs, such as human resources in the Department of Personnel, and for Department overhead costs for CCHE and the Department Administration. The revenues generated, called indirect cost recoveries, are then used to offset the need for General Fund.

The Department has submitted a requested indirect cost allocation plan, detailed below, but has not submitted a request for related adjustments to line items typically supported through indirect cost collections.

Staff recommends the Department's allocation plan and recommends indirect cost adjustments in several department line items, based on the total revenue generated by departmental and statewide indirect cost collections the amount required to support line items typically funded through indirect cost collections. Final adjustments are possible related to pending Committee decisions for some centrally-appropriated line items. Note that the full scale of the indirect cost adjustment is not visible in the Department summary table because many of the indirect collection increases are incorporated into other adjustments, such as to centrally appropriated line items.

INDIRECT COST RECOVERIES: ADJUSTMENT FROM FY 2016-17			
	FY 2017	FY 2018	DIFFERENCE
CF Statewide indirect recoveries from off-budget entities	97,924	150,800	52,876
RF Statewide indirect cost recoveries	2,325,780	2,567,946	242,166
CF Department indirect recoveries from off-budget entities	784	996	212
RF Department indirect recoveries	3,138,257	3,263,681	125,424
Total	\$5,562,745	\$5,983,423	\$420,678

Indirect Cost Plan: The table below shows The Department's requested indirect cost allocation plan. These figures include \$3,264,677 for Departmental indirect cost collections and \$2,718,746 for statewide indirect cost collections. For additional detail on the assessment methodology, see the figure setting appendix.

	TOTAL STATEWIDE & DEPARTMENT
University of CO	\$1,861,134
CSU System	\$1,058,582
Ft. Lewis	\$44,013
Adams State	\$59,226
Colorado Mesa	\$220,146
Western State	\$48,820
Metro State	\$425,637
Community Colleges	\$1,309,750
U. of Northern CO	\$332,715
School of Mines	\$218,826
Auraria Higher Ed Ctr	\$17,682
SUBTOTAL	\$5,596,531
CCHE	\$0
History Colorado	\$233,772
Private Occupational Schools	\$1,004
Vet. Medicine	\$321
SUBTOTAL	\$5,831,627
CollegeInvest	\$28,521
CollegeAssist	\$122,279
Local Districts	\$878
Non Public	\$118
TOTAL	\$5,983,423

Typically, the share of indirect costs allocated to the General Fund are not collected, because it is unnecessary to collect from the General Fund in order to pay the General Fund. A large portion of the cash funds each institution collects is just a transfer of General Fund from the College Opportunity Fund Program. However, if higher education institutions were not charged for a share of centrally provided services, like those provided by the Department of Personnel, then these services would need to be considered a state grant for purposes of determining the enterprise status of the institutions. To avoid this, the higher education institutions are assessed indirect on revenue earned from stipend payments and fee-for-service contracts.

All of the indirect recoveries are characterized as reappropriated funds except the recoveries from CollegeInvest and College Assist. Those two agencies are not otherwise appropriated in the Long Bill, and so the indirect cost recoveries from them are not a double count.

If Committee common policy results in a different amount being used in the Department Administration section (pots), staff requests permission to apply offsetting adjustments in the Need

Based Aid line item so that the net increase in indirect collections and net decrease in General Fund from the FY 2016-17 Long Bill remains \$420,679.

ADDITIONAL NOTES: Staff has for a number of years discussed with the Department whether the entire approach to departmental indirect costs should be scrapped, in favor of direct General fund appropriations. The arguments in favor of such a change include:

- Reduced complexity;
- Eliminating occasionally contentious discussions of what expenses should be “in” or “out” of collections;
- Providing the Department with additional independence so that it is in a stronger position to express opinions that may not align with those of the institutions; and
- Eliminating TABOR impacts associated with indirect costs. At present, because the higher education institutions are considered TABOR enterprises, the revenue they contribute for indirect cost collections is considered TABOR revenue to the State, and increased collections may contribute to General Fund refunds.

Arguments against include:

- The current structure may accurately reflect the Department’s position as a “coordinating body”.
- The institutional share of costs may help limit Department administrative growth to those activities that are of most importance to the institutions. For example there are currently a number of significant Department functions that are supported by the revenue from the Department’s historic role as a loan guarantee agency. There may well be pressure in the next few years to fund some of these activities “on budget”. Staff believes it may be helpful to have the input of the higher education institutions to determine whether ongoing support of these activities is of value. Their involvement will be heightened if they support the activities with indirect cost collections.
- While an adjustment could be made to fund CCHE with General Fund in the current year in a way that is cost-neutral (by reducing General Fund allocations to the governing boards), eliminating the indirect cost collection structure would likely increase General Fund obligations over time.

Staff previously brought this issue to the Committee’s attention, and the Committee chose not to make a change. *At present, staff recommends continuing to support CCHE with indirect cost collections. However, staff will continue to pursue:*

- Summer meetings with DHE and institutional staff to ensure there is agreement with respect to which costs should be included in indirect cost pool. For example, staff suspects that WICHE dues should probably be included in the pool of recoverable costs.
- Changes to administrative procedures, possibly through changes to DHE letternotes, that might enable indirect cost collections to be exempted from TABOR revenue calculations.

→ MOVE CGS “POTS” APPROPRIATION TO GEOLOGICAL SURVEY LINE ITEM

Staff recommends shifting personal services “pots” for the Colorado Geological Survey (CGS) line item into the line item for the CGS. In future years, staff proposes to apply an overall

inflationary adjustment to the CGS line item based on the higher education inflationary increase approved by the JBC, the community provider rate approved by the JBC or simply the prior actual calendar year’s Denver-Boulder-Greeley inflationary rate.

Pursuant to H.B. 12-1355 and H.B. 13-1057 and an MOU between the Department of Natural Resources and the Colorado School of Mines, the Colorado Geological Survey (CGS), excluding the Avalanche Information Center, was transferred to the Colorado School of Mines in mid-FY 2012-13. The CGS currently receives an appropriation of \$2,243,363 and 15.5 FTE, including \$413,829 General Fund and \$1,346,975 from the Operational Account of the Severance Tax Trust Fund for the Geological Survey at the Colorado School of Mines. The CGS is the only entity funded from "Tier I" of the Operational Account of the Severance Tax Trust Fund that is not within the Department of Natural Resources.

The CGS has now been located at the Colorado School of Mines for over four years, and its staff have shifted to benefits provided through the Colorado School of Mines. All but 1.5 FTE were expected to be “exempt”/non-classified staff by the beginning of FY 2017-18. The CGS pays the Colorado School of Mines 40 percent of base salaries for non-classified staff to cover benefits and related costs, without regard to what the State pays to CGS through the “pots” mechanism. **Because staff salaries and related information is no longer included in the State Personnel System databases, CGS, Mines, and DHE must go through a manual process to arrive at the appropriate state “pots” figures. This does not seem like a useful exercise, since state systems are not being used to make the related benefits payments.**

Colorado Geological Survey Centrally-appropriated					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS
HLD	\$131,295	\$37,718	\$90,431	\$0	3,146
Salary Survey (request)	32,209	9,553	21,145	0	1,511
STD	2,403	637	1,706	0	60
AED	54,418	17,380	35,505	0	1,533
SAED	54,418	17,380	35,505	0	1,533
Total	\$274,743	\$82,668	\$184,292	\$0	\$7,783

Staff anticipates that this change will likely lead to somewhat smaller annual increases for CGS than would have occurred through the current process of trying to align CGS staff and state benefits policies. For example, this year’s requested increase provides for a 6.3 percent increase on the CGS base, which is higher than the 2.5 percent requested for base funding increases at higher education institutions. However, most of the increase for FY 2017-18 is driven by a correction to information about HLD benefits for CGS staff, so staff would not normally expect the gap to be so large.

Staff continues to believe that some routine annual process for increasing the CGS budget is appropriate, i.e, an annual inflationary change. The General Assembly chose to retain the CGS and continue to fund it on the grounds that it provides important state and local government services such as hazard assessments, i.e., it is not purely a teaching or research entity like other Mines’ components. Activities are largely supported by General Fund and severance taxes, and CGS does not receive tuition revenue. **To ensure that public services are supported over time, some mechanism for covering annual staff salary and benefits increases for those providing “core” CGS functions must be provided. CGS has indicated that it will work with the Colorado**

School of Mines and the Department of Higher Education to propose a methodology in next year's budget request for addressing routine annual increases for CGS.

Amounts currently included in the "numbers" pages do not include the proposed change. If approved, staff will apply the change once Committee policy for "pots" has been finalized for FY 2017-18.

(1) DEPARTMENT ADMINISTRATIVE OFFICE

This division includes funding for centrally appropriated items for:

- the Colorado Commission on Higher Education and central administration for the Department of Higher Education, the GEAR UP program and the Division of Private Occupational Schools;
- the Colorado Geological Survey at the Colorado School of Mines;
- and History Colorado.

These centrally appropriated items include salary survey, risk management, leased space, health benefits, and other miscellaneous expenses. *These expenses are not appropriated centrally for the higher education institutions or other divisions within the Department.* The sources of cash funds include limited gaming revenues deposited in the State Historical Fund and various fees. The source of reappropriated funds is statewide and departmental indirect cost recoveries.

DEPARTMENT ADMINISTRATIVE OFFICE						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2016-17 Appropriation						
HB 16-1405 (Long Bill)	\$4,019,555	\$24,498	\$2,237,647	\$1,085,974	\$671,436	0.0
TOTAL	\$4,019,555	\$24,498	\$2,237,647	\$1,085,974	\$671,436	0.0
FY 2017-18 RECOMMENDED APPROPRIATION						
FY 2016-17 Appropriation	\$4,019,555	\$24,498	\$2,237,647	\$1,085,974	\$671,436	0.0
NP1 Resources for administrative courts	76	0	76	0	0	0.0
NP2 OIT Secure Colorado	13,488	0	8,514	4,974	0	0.0
NP3 OIT deskside staffing	5,394	0	5,394	0	0	0.0
BANP3 HRIS Maintenance	21,429	0	19,119	2,310	0	0.0
Centrally appropriated line items	1,152,699	58,170	702,505	263,657	128,367	0.0
TOTAL	\$5,212,641	\$82,668	\$2,973,255	\$1,356,915	\$799,803	0.0
INCREASE/(DECREASE)	\$1,193,086	\$58,170	\$735,608	\$270,941	\$128,367	0.0
Percentage Change	29.7%	237.4%	32.9%	24.9%	19.1%	0.0%
FY 2017-18 EXECUTIVE REQUEST						
Request Above/(Below) Recommendation	(\$111,037)	(\$12,777)	(\$93,715)	(\$3,322)	(\$1,223)	0.0

DECISION ITEMS - DEPARTMENT ADMINISTRATIVE OFFICE

The Department did not submit any decision items affecting this division other than the following non-prioritized items that are addressed in Committee common policy decisions:

- NP1 Resources for administrative courts
- NP2 OIT Secure Colorado
- NP3 OIT deskside staffing
- BANP3 HRIS Maintenance

LINE ITEM DETAIL — DEPARTMENT ADMINISTRATIVE OFFICE**HEALTH, LIFE, AND DENTAL**

This line item funds the State's contribution to state employee medical and dental plans. The request is made for the entire Department, based on the recommended contribution rates as submitted by the State Personnel Director and enrollment figures. As for all centrally-appropriated items in this section, the amounts do not fund benefits for employees of the state higher education institutions.

The health, life, dental insurance benefit for staff of the Colorado Commission on Higher Education (CCHE) differs from the benefit provided for other state staff, as CCHE contracts for its health, life, and dental benefit through the community college system. Over 100 Department staff are covered under the community college plans (includes "off budget" staff for CollegeAssist, CollegeInvest, College in Colorado, and grant-funded programs). This arrangement has been in place for at least 17 years and was originally pursued because it provided a better benefit at a lower cost to the State and employee.

November 2016 RFI and Previous Approach

In November 2016, in response to a Request for Information, the Department submitted data comparing the community college and state health plans. That report detailed differences in total costs, amounts charged to employees, and plan options. Key findings included:

- There are notable differences between the plans offered by the State and Community College System. One plan offered by the Community College System (Kaiser) was lower in cost than any of the plans offered by the State. All other plans offered by the Community College System were, in total, more expensive than the plans offered by the State. The Department offers the Kaiser plan to its employees for free (no employee share) for both the individual and family plan, while employees on State plans all pay monthly premiums. However, the other plans offered by the Department/Community College system have premiums that are comparable to or higher than the premiums paid by participants in the State plans.
- The Department directs some funds from its base budget to cover H/L/D benefit costs. In FY 2015-16, about 80 percent of Department staff chose the Kaiser plan, which had a lower total cost than any state plan. However, the Department chose to pay a larger contribution than the standard employer share under the State plans, so that it fully covered the employee cost. For FY 2015-16, it paid \$493 per month to \$1,435 per month per employee, versus the \$466 to \$1,230 paid by employers using the State plan. It did this out of its base budget (the CCHE administration and Division of Private Occupational Schools line items). For FY 2016-17, staff anticipated that the Department would spend approximately \$30,000 in cash and reappropriated funds in its base budget to cover the difference between the health, life, dental "pots" appropriation and the benefit it provides.
- Based on the submission, staff concluded that the approach JBC staff adopted in FY 2015-16 was reasonable. Beginning in FY 2015-16, JBC staff had asked that the Department submit its H/L/D template in the same format as other state agencies so that, as for other agencies, allocations would be based on employee selections x standard state amount per selection. Based on the 2016 RFI response, staff found that the Department was likely to receive a slightly inflated allocation due to the lack of employee+spouse and employee+children options in the

community college plan, but felt that the difference small enough that the employee selection x standard state amount could continue to be used.

New State Approach to Calculating H/L/D benefits – January 2017 Budget Amendment

In January 2017, DPA submitted a new common policy proposal for H/L/D benefits that significantly changed how the state calculates the benefits. Instead of simply offering a flat state amount per each type of selection (employee, employee+spouse, etc.), without regard to the type of plan, the State is now providing reimbursement based on an 80 percent state/ 20 percent employee split, resulting in different levels of state contribution per plan. **As a result there is no longer a “standard” state contribution amount for each selection that can be applied to the Department of Higher Education. In light of this, DPA used the State contribution for the State Kaiser plan as the basis for the State contribution, as this was closest to the premiums for the Department’s Kaiser plan (its lowest cost plan & the one used by the majority of its staff).** For informational purposes, the difference between the Department’s current contributions for its Kaiser plan and the State’s contributions for Kaiser plans are shown below. However, DPA is using the state contribution for the State Kaiser plan (rather than the Department contribution for the Department Kaiser plan) as the basis for the pots calculation. **Staff believes this approach is reasonable.**

	HIGHER EDUCATION KAISER PLAN PREMIUM	STATE KAISER PLAN PREMIUM	DHE ABOVE/(BELOW) STATE PLAN
Individual	507	\$501	\$6.44
Family	1,293	\$1,322	(\$29.32)

STATUTORY AUTHORITY: Sections 24-50-611 and 24-50-603 (9), C.R.S.

REQUEST: The Department requests an appropriation of \$1,824,262 total funds for this line item, including OSPB common policy adjustments. For employees on the community college plan, the request was based on the individual's actual choice (employee or family) rather than the hypothetical choice they would have made using state plan options.

RECOMMENDATION: The staff recommendation is reflected in the table below. The staff recommendation is higher than the request due to a technical correction to the amount for the Colorado Geological Survey.

DEPARTMENT ADMINISTRATIVE OFFICE, HEALTH, LIFE, AND DENTAL						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2016-17 APPROPRIATION						
HB 16-1405 (Long Bill)	\$1,526,429	\$5,119	\$842,980	\$260,229	\$418,101	0.0
TOTAL	\$1,526,429	\$5,119	\$842,980	\$260,229	\$418,101	0.0
FY 2017-18 RECOMMENDED APPROPRIATION						
FY 2016-17 Appropriation	\$1,526,429	\$5,119	\$842,980	\$260,229	\$418,101	0.0
Centrally appropriated line items	345,777	32,599	161,580	103,306	48,292	0.0
TOTAL	\$1,872,206	\$37,718	\$1,004,560	\$363,535	\$466,393	0.0

DEPARTMENT ADMINISTRATIVE OFFICE, HEALTH, LIFE, AND DENTAL						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
INCREASE/(DECREASE)	\$345,777	\$32,599	\$161,580	\$0	\$48,292	0.0
Percentage Change	22.7%	636.8%	19.2%	39.7%	11.6%	0.0%
FY 2017-18 EXECUTIVE REQUEST						
	\$1,824,262	\$24,941	\$970,616	\$363,535	\$465,170	0.0
Request Above/(Below) Recommendation	(\$47,944)	(\$12,777)	(\$33,944)	\$0	(\$1,223)	0.0

Health/Life/Dental						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Colorado Commission on Higher Education	\$812,919	\$0	\$53,134	\$363,535		396,250
Division of Private Occupational Schools	69,446	0	69,446	0		0
Colorado Geological Survey	131,295	37,718	90,431	0		3,146
History Colorado	858,546	0	791,549	0		66,997
Total	\$1,872,206	\$37,718	\$1,004,560	\$363,535		466,393

SHORT-TERM DISABILITY

This line item is used to purchase short-term disability (STD) coverage. Pursuant to Section 24-50-609 (13), C.R.S., short-term disability provides for a partial payment of an employee's salary if an individual becomes disabled and cannot perform his or her duties. This benefit is available to all employees and is paid entirely by the State. The coverage provides for a 30-day waiting period, and it will pay 60.0 percent of an employee's salary for a maximum of five months.

STATUTORY AUTHORITY: Sections 24-50-611, C.R.S., and 24-50-603 (13), C.R.S.

REQUEST: The Department requests an appropriation of \$22,421 total funds for this line item, including an OSPB common policy adjustment.

RECOMMENDATION: The staff recommendation is reflected in the table below and is based on common policy.

DEPARTMENT ADMINISTRATIVE OFFICE, SHORT-TERM DISABILITY						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2016-17 APPROPRIATION						
HB 16-1405 (Long Bill)	\$20,161	\$353	\$11,635	\$3,568	\$4,605	0.0
TOTAL	\$20,161	\$353	\$11,635	\$3,568	\$4,605	0.0
FY 2017-18 RECOMMENDED APPROPRIATION						
FY 2016-17 Appropriation	\$20,161	\$353	\$11,635	\$3,568	\$4,605	0.0
Centrally appropriated line items	2,260	284	1,061	797	118	0.0
TOTAL	\$22,421	\$637	\$12,696	\$4,365	\$4,723	0.0
INCREASE/(DECREASE)	\$2,260	\$284	\$1,061	\$797	\$118	0.0
Percentage Change	11.2%	80.5%	9.1%	22.3%	2.6%	0.0%

DEPARTMENT ADMINISTRATIVE OFFICE, SHORT-TERM DISABILITY						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2017-18 EXECUTIVE REQUEST	\$22,421	\$637	\$12,696	\$4,365	\$4,723	0.0
Request Above/(Below) Recommendation	\$0	\$0	\$0	\$0	\$0	0.0

Short-Term Disability					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS
Colorado Commission on Higher Education	\$8,790	\$0	\$473	\$4,365	3,952
Division of Private Occupational Schools	795	0	795	0	0
Colorado Geological Survey	2,403	637	1,706	0	60
History Colorado	10,433	0	9,722	0	711
Total	\$22,421	\$637	\$12,696	\$4,365	4,723

AMORTIZATION EQUALIZATION DISBURSEMENTS

This line item increases the effective state contribution to the Public Employees’ Retirement Association (PERA) pursuant to S.B. 04-257 (Section 24-51-111, C.R.S.).

STATUTORY AUTHORITY: Section 24-51-411, C.R.S.

REQUEST: The Department requests an appropriation of \$611,940 total funds for this line item, including an OSPB common policy adjustment.

RECOMMENDATION: The staff recommendation is reflected in the table below.

DEPARTMENT ADMINISTRATIVE OFFICE, S.B. 04-257 AMORTIZATION EQUALIZATION DISBURSEMENT						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2016-17 APPROPRIATION						
HB 16-1405 (Long Bill)	\$552,761	\$9,563	\$318,025	\$100,157	\$125,016	0.0
TOTAL	\$552,761	\$9,563	\$318,025	\$100,157	\$125,016	0.0
FY 2017-18 RECOMMENDED APPROPRIATION						
FY 2016-17 Appropriation	\$552,761	\$9,563	\$318,025	\$100,157	\$125,016	0.0
Centrally appropriated line items	59,179	7,817	28,495	18,968	3,899	0.0
TOTAL	\$611,940	\$17,380	\$346,520	\$119,125	\$128,915	0.0
INCREASE/(DECREASE)	\$59,179	\$7,817	\$28,495	\$18,968	\$3,899	0.0
Percentage Change	10.7%	81.7%	9.0%	18.9%	3.1%	0.0%
FY 2017-18 EXECUTIVE REQUEST						
Request Above/(Below) Recommendation	\$0	\$0	\$0	\$0	\$0	0.0

The table below shows the estimated allocation to different agencies and divisions funded in this line item.

Amortization Equalization Disbursements					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS
Colorado Commission on Higher Education	\$235,559	\$0	\$12,434	\$119,125	104,000
Division of Private Occupational Schools	22,713	0	22,713	0	0
Colorado Geological Survey	54,418	17,380	35,505	0	1,533
History Colorado	299,250	0	275,868	0	23,382
Total	\$611,940	\$17,380	\$346,520	\$119,125	128,915

SUPPLEMENTAL AMORTIZATION EQUALIZATION DISBURSEMENTS

This line item increases the effective state contribution to the Public Employees Retirement Association (PERA) pursuant to S.B. 06-235 (Section 24-51-111, C.R.S.)

STATUTORY AUTHORITY: Section 24-51-411, C.R.S.

REQUEST: The Department requests an appropriation of \$611,940 total funds for this line item, including an OSPB common policy adjustment.

RECOMMENDATION: The staff recommendation is reflected in the table below.

DEPARTMENT ADMINISTRATIVE OFFICE, S.B. 06-235 SUPPLEMENTAL AMORTIZATION EQUALIZATION DISBURSEMENT						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2016-17 APPROPRIATION						
HB 16-1405 (Long Bill)	\$547,001	\$9,463	\$314,711	\$99,113	\$123,714	0.0
TOTAL	\$547,001	\$9,463	\$314,711	\$99,113	\$123,714	0.0
FY 2017-18 RECOMMENDED APPROPRIATION						
FY 2016-17 Appropriation	\$547,001	\$9,463	\$314,711	\$99,113	\$123,714	0.0
Centrally appropriated line items	64,939	7,917	31,809	20,012	5,201	0.0
TOTAL	\$611,940	\$17,380	\$346,520	\$119,125	\$128,915	0.0
INCREASE/(DECREASE)	\$64,939	\$7,917	\$31,809	\$20,012	\$5,201	0.0
Percentage Change	11.9%	83.7%	10.1%	20.2%	4.2%	0.0%
FY 2017-18 EXECUTIVE REQUEST	\$611,940	\$17,380	\$346,520	\$119,125	\$128,915	0.0
Request Above/(Below) Recommendation	\$0	\$0	\$0	\$0	\$0	0.0

The table below shows the estimated allocation to different agencies and divisions funded in this line item.

Amortization Equalization Disbursements					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS
Colorado Commission on Higher Education	\$235,559	\$0	\$12,434	\$119,125	104,000
Division of Private Occupational Schools	22,713	0	22,713	0	0
Colorado Geological Survey	54,418	17,380	35,505	0	1,533
History Colorado	299,250	0	275,868	0	23,382
Total	\$611,940	\$17,380	\$346,520	\$119,125	128,915

SALARY SURVEY

This line item pays for department staff salary increases related to the annual compensation survey. This survey compares state employee compensation to the market for comparable jobs.

STATUTORY AUTHORITY: Section 24-50-104, C.R.S.

REQUEST: The Department requested \$336,345, applying an OSPB common policy adjustment.

RECOMMENDATION: This item is **pending** a Committee common policy decision.

MERIT PAY

This line item funds pay increases related to employee performance evaluations.

STATUTORY AUTHORITY: Pursuant to Section 24-50-104 (1) (c), C.R.S.

REQUEST: The Department requested no appropriation for merit pay.

RECOMMENDATION: This item is **pending** a Committee common policy decision.

WORKER'S COMPENSATION

This line item pays the Department's share of the workers' compensation program for state employees. This program is administered by the Department of Personnel.

STATUTORY AUTHORITY: Section 24-30-1510.7, C.R.S.

REQUEST: The Department requests \$70,295 total funds for this line item consistent with OSPB common policy.

RECOMMENDATION: The recommendation is to follow the JBC's common policy, as reflected in the table below.

DEPARTMENT ADMINISTRATIVE OFFICE, WORKERS' COMPENSATION					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FTE
FY 2016-17 APPROPRIATION					
HB 16-1405 (Long Bill)	\$85,322	\$0	\$69,596	\$15,726	0.0
TOTAL	\$85,322	\$0	\$69,596	\$15,726	0.0
FY 2017-18 RECOMMENDED APPROPRIATION					
FY 2016-17 Appropriation	\$85,322	\$0	\$69,596	\$15,726	0.0
Centrally appropriated line items	(16,705)	0	(21,090)	4,385	0.0
TOTAL	\$68,617		\$48,506	\$20,111	0.0
INCREASE/(DECREASE)	(\$16,705)	\$0	(\$21,090)	\$4,385	0.0
Percentage Change	(19.6%)	0.0%	(30.3%)	27.9%	0.0%

DEPARTMENT ADMINISTRATIVE OFFICE, WORKERS' COMPENSATION					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FTE
FY 2017-18 EXECUTIVE REQUEST	\$70,295	\$0	\$49,680	\$20,615	0.0
Request Above/(Below) Recommendation	\$1,678		\$1,174	\$504	0.0

The break-out by division is reflected below.

Worker's Compensation					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS
Colorado Commission on Higher Education	\$20,111	\$0	\$0	\$20,111	0
Division of Private Occupational Schools	\$1,690	\$0	1,690	0	0
Colorado Geological Survey	\$0	0	0	0	0
History Colorado	\$46,816	\$0	46,816	0	0
Total	\$68,617	\$0	\$48,506	\$20,111	0

LEGAL SERVICES

This line item provides funding for the Department’s purchase of legal services from the Department of Law.

STATUTORY AUTHORITY: Sections 24-31-101 (1) (a), C.R.S., and 24-75-112 (1) (i), C.R.S.

REQUEST: The Department requests \$44,467 for this line item, based on 448 hours of legal services. The proposed break-down by division is shown in the table below.

Legal Services					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS
Colorado Commission on Higher Education	\$32,196	\$0	\$0	\$32,196	0
Division of Private Occupational Schools	0	0	0	0	0
Colorado Geological Survey	0	0	0	0	0
History Colorado	12,271	\$0	12,271	0	0
Total	\$44,467	\$0	\$12,271	\$32,196	0

RECOMMENDATION: Staff recommends that the Department receive an allocation of Department of Law costs in this line item consistent with Committee common policy. This line item has historically received an allocation based on 448 hours, based solely on the legal services usage of CCHE and History Colorado (not DPOS). The 448 hours is consistent with recent-year usage for CCHE and the Historical Society.

The staff recommendation includes **moving costs associated with the Division of Private Occupational Schools**, based on the new allocation method adopted by the Committee during figure setting for the Department of Law. Based on the figures included in the DOL decision item, this would include the sum of the following percentages of DOL costs, based on a 3-year average of non-litigation hours consumed:

- .088 percent DOL costs allocated to CCHE
- .108 percent DOL costs allocated to History Colorado/State Historical Society
- .109 percent DOL costs allocated to the Division of Private Occupational Schools

Staff understands that, for FY 2017-18, litigation costs will be allocated proportionate with the base amount. This should result in somewhat reduced costs to DPOS and somewhat higher costs for CCHE and History Colorado than they have experienced in recent years. DPOS's 2-year average for litigation was 1,370 hours, CCHE had none, while the Historical Society's average was 253.

The specific appropriation is **pending** final costs for the Department of Law.

ADMINISTRATIVE LAW JUDGE SERVICES

This line item provides funding the Department to purchase Administrative Law Judge services from the Department of Personnel. In this Department, the only entity using ALJ services is the Division of Private Occupational Schools.

STATUTORY AUTHORITY: Sections 24-30-1001 (3) and 24-30-1002, C.R.S.

REQUEST: The Department requests \$7,475 total funds for this line item pursuant to OSPB's budget instructions. This includes a non-prioritized adjustment for the Office of Administrative Courts Electronic Case Management System.

The request is based on the Department's 0.18% of the statewide ALJ use in FY 2015-16.

FISCAL YEAR	ALJ HOURS USED
2010-11	4.4
2011-12	10.4
2012-13	18.6
2013-14	0.0
2014-15	39.7
2015-16	39.4

RECOMMENDATION: The recommendation is to follow the JBC's common policy, as reflected in the table below. The appropriation is from various cash funds and is based on utilization by the Division of Private Occupational Schools.

DEPARTMENT ADMINISTRATIVE OFFICE, ADMINISTRATIVE LAW JUDGE SERVICES				
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FTE
FY 2016-17 APPROPRIATION				
HB 16-1405 (Long Bill)	\$7,475	\$0	\$7,475	0.0
TOTAL	\$7,475	\$0	\$7,475	0.0
FY 2017-18 RECOMMENDED APPROPRIATION				

DEPARTMENT ADMINISTRATIVE OFFICE, ADMINISTRATIVE LAW JUDGE SERVICES				
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FTE
FY 2016-17 Appropriation	\$7,475	\$0	\$7,475	0.0
Centrally appropriated line items	431	0	431	0.0
NP1 Resources for administrative courts	76	0	76	0.0
TOTAL	\$7,982		\$7,982	0.0
INCREASE/(DECREASE)	\$507	\$0	\$507	0.0
Percentage Change	6.8%	0.0%	6.8%	0.0%
FY 2017-18 EXECUTIVE REQUEST	\$8,094	\$0	\$8,094	0.0
Request Above/(Below) Recommendation	\$112		\$112	0.0

PAYMENT TO RISK MANAGEMENT AND PROPERTY FUNDS

This line item provides funding for the Department's share of the statewide costs for the liability and property programs operated by the Department of Personnel and Administration. The state's liability program is used to pay liability claims and expenses brought against the State. The property program provides insurance coverage for state buildings and their contents.

STATUTORY AUTHORITY: Section 24-30-1510 and 24-30-1510.5, C.R.S.

REQUEST: The Department requests an appropriation of \$142,109 total funds for this line item pursuant to OSPB's budget instructions.

RECOMMENDATION: The recommendation is to follow the JBC's common policy, as reflected in the table below.

DEPARTMENT ADMINISTRATIVE OFFICE, PAYMENT TO RISK MANAGEMENT AND PROPERTY FUNDS					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FTE
FY 2016-17 APPROPRIATION					
HB 16-1405 (Long Bill)	\$128,967	\$0	\$121,074	\$7,893	0.0
TOTAL	\$128,967	\$0	\$121,074	\$7,893	0.0
FY 2017-18 RECOMMENDED APPROPRIATION					
FY 2016-17 Appropriation	\$128,967	\$0	\$121,074	\$7,893	0.0
Centrally appropriated line items	49,561	0	47,743	1,818	0.0
TOTAL	\$178,528		\$168,817	\$9,711	0.0
INCREASE/(DECREASE)	\$49,561	\$0	\$47,743	\$1,818	0.0
Percentage Change	38.4%	0.0%	39.4%	23.0%	0.0%
FY 2017-18 EXECUTIVE REQUEST	\$142,109	\$0	\$132,015	\$10,094	0.0
Request Above/(Below) Recommendation	(\$36,419)		(\$36,802)	\$383	0.0

The break-out by division is reflected below.

Risk Management and Property					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS
Colorado Commission on Higher Education	\$9,711	\$0	\$0	\$9,711	0
Division of Private Occupational Schools	\$621	\$0	621	0	0
Colorado Geological Survey	\$0	\$0		0	0
History Colorado	\$168,196	\$0	168,196	0	0
Total	\$178,528	\$0	\$168,817	\$9,711	0

LEASED SPACE

This line item pays for leased space for the Department's administrative office at 1560 Broadway.

REQUEST: The Department requests \$564,807 total funds for this line item based on the terms of the lease. This amount includes a \$7,989 increase. The Department entered into this lease at the end of FY 2007-08, and the terms of the contract continue through April 2018. The contract includes annual inflationary escalators. The requested increase is based on the increase in the lease and the Department's estimated costs for May and June 2018, given that its lease is expiring in April.

RECOMMENDATION: **Staff recommends the Department's request based on the cost of the lease and estimated additional payments for May and June 2018.** The current lease is subject to annual escalators pursuant to the contract. The lease cost for FY 2017-18 is \$636,457 for 21,034 square feet or about \$30.29 per square foot, with a total annual estimated payment due of \$670,167 including additional utility, operating, and parking costs. This is more than the current appropriation because the Department offsets costs through a property tax deduction credit and sub-lease

payments from off-budget and other programs with federal and continuous spending authority.

	FY 2016-17	FY 2017-18 Estimated
Total Lease Per Contract	\$ 636,457.00	\$ 637,038.00
Additional Operating	\$ 16,347.42	\$ 16,347.42
Parking cost	\$ 11,100.00	\$ 11,100.00
Additional Electric	\$ 5,681.94	\$ 5,681.94
Total Lease Space costs	\$ 669,586.36	\$ 670,167.36
DHE lease Space Appropriation	\$ (445,456.00)	\$ (451,847.00)
DPOS Lease Space Appropriation	\$ (111,362.00)	\$ (112,960.00)
Total FY 16-17 Leases Space Appropriation	\$ (556,818.00)	\$ (564,807.00)
Remaining FY 16-17 Lease space Costs	\$ 112,768.36	\$ 105,360.36
Property Tax Deductions	\$ (33,251.40)	\$ (33,251.40)
Sub-lease College Invest	\$ (39,252.07)	\$ (33,155.00)
Gear up Payment	(19,327.15)	(18,697.90)
COSI	\$ (12,079.47)	\$ (11,686.19)
Challenge	\$ (8,858.28)	\$ (8,569.87)
Total Supplemental incomes	\$ (112,768.36)	\$ (105,360.36)

The Department is currently working with the Department of Personnel staff and its contracted Denver-area leasing specialist to determine whether it will renew the current lease or seek an alternative location at a potentially lower price beginning in late FY 2017-18/beginning of FY 2018-19. According to the Department of Personnel specialist:

- There is no Capitol Complex leased space that is unoccupied, so that is not an alternative for the Department.
- DPA staff now consider 1560 Broadway, where the Department is currently located, to be “B+” space and consistent with the type of space used by other agencies. DORA and the Public Defender are also located in this building.
- The costs of the buildings being considered, all of which are high-rises in the civic center area, range from \$23.00 per square foot to \$31.66 per square foot, including operating expenses. The estimated cost of renewing the current lease is \$27.15 per square foot.
- A key price driver is the square footage per FTE, with “high end” including up to 250 sq. ft. per FTE and a data center providing as little as 160 sq. ft. per FTE.
- The Department is seeking space along with off-budget CollegeInvest, which manages the state’s 529 savings plan and off-budget programs including College in Colorado.

PAYMENTS TO OIT

This line item supports information technology services provided by the Governor’s Office of Information Technology.

STATUTORY AUTHORITY: Section 24-37.5-104, C.R.S.

REQUEST: The Department has requested \$702,113 total funds for this line item, corresponding to requested adjustments in the Office of Information Technology, including:

- \$268,408 for the standard common policy adjustment
- \$21,429 for BA HRIS Maintenance
- \$13,488 for NP2 OIT Secure Colorado
- \$5,394 for NP3 OIT Deskside staffing

RECOMMENDATION: The staff recommendation for this line item is **pending**. Staff will reflect the amount approved by the Committee, if any, when the common policy amount for this service is finalized.

CORE OPERATIONS

This line item supports the new state accounting and budgeting system. Appropriations in department operating budgets are reappropriated to the Department of Personnel.

STATUTORY AUTHORITY: Section 24-30-209, C.R.S.

REQUEST: The Department requests \$162,811 total funds for this line item, including a common policy adjustment.

RECOMMENDATION: The recommendation is to follow the JBC's common policy, as reflected in the table below.

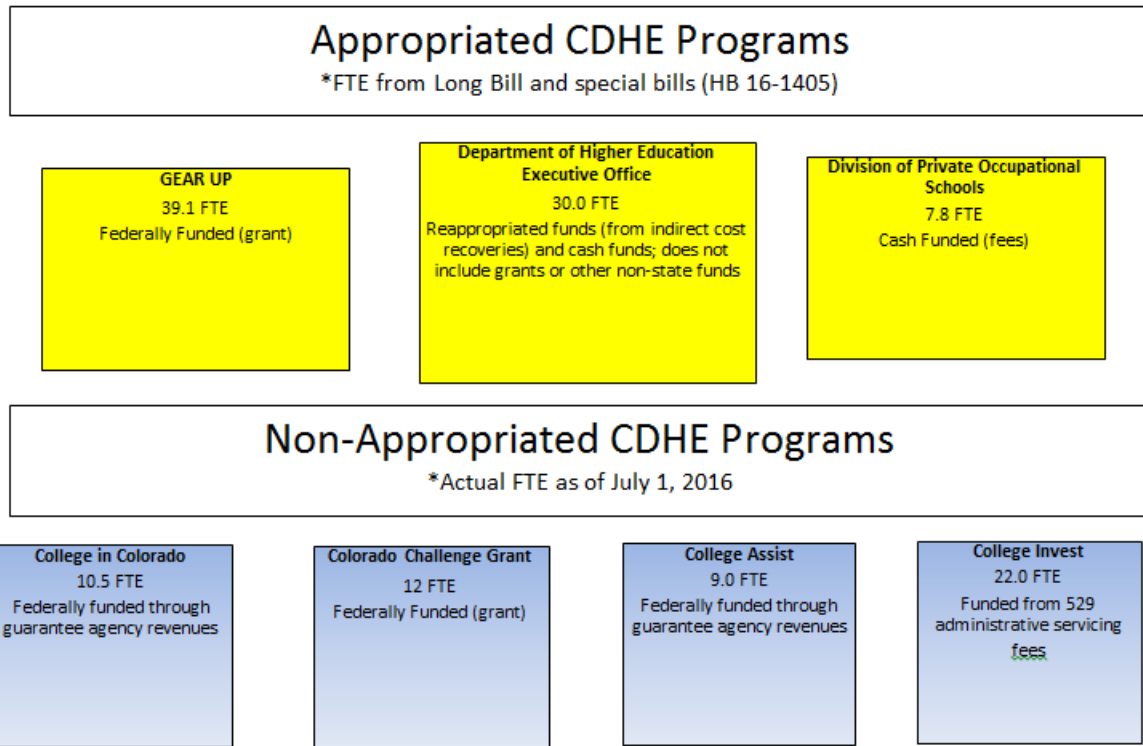
DEPARTMENT ADMINISTRATIVE OFFICE, CORE OPERATIONS					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FTE
FY 2016-17 APPROPRIATION					
HB 16-1405 (Long Bill)	\$158,645	\$0	\$86,457	\$72,188	0.0
TOTAL	\$158,645	\$0	\$86,457	\$72,188	0.0
FY 2017-18 RECOMMENDED APPROPRIATION					
FY 2016-17 Appropriation	\$158,645	\$0	\$86,457	\$72,188	0.0
Centrally appropriated line items	13,113	0	(7,497)	20,610	0.0
TOTAL	\$171,758		\$78,960	\$92,798	0.0
INCREASE/(DECREASE)	\$13,113	\$0	(\$7,497)	\$20,610	0.0
Percentage Change	8.3%	0.0%	(8.7%)	28.6%	0.0%
FY 2017-18 EXECUTIVE REQUEST					
Request Above/(Below) Recommendation	(\$8,947)		(\$4,738)	(\$4,209)	0.0

(2) COLORADO COMMISSION ON HIGHER EDUCATION

The Colorado Commission on Higher Education serves as a central policy and coordinating board for public higher education in Colorado. This division includes funding for the Commission's staff, the Division of Private Occupational Schools, and special purpose initiatives of the Department.

Much of the Department's activities are off-budget. The chart below reflects the full array of programs operated by the Department, including those that are off budget.

Department of Higher Education Program Budgets and Associated Employees (FTE)



Prepared by DHE Budget and Finance Staff 2/15/2017

Appropriated programs are described under the relevant line items in this division. A brief description of major non-appropriated programs is included here, followed by a spreadsheet summarizing existing programs and projections.

College in Colorado (10.5 FTE; funds originate as federal funds): This program provides outreach and an integrated website for students and counselors to assist students in making the high school-to-college transition. Core funding for College in Colorado is from the state's legacy College Assist/guarantee agency role. Because guarantee agency revenue is being gradually phased out staff understands it is likely that by FY 2020-21 the program will either need a new revenue source or will need to be phased out.

Colorado Challenge Grant (12.0 FTE federal funds): The mission of the Colorado Challenge is to increase persistence and on-time completion rates for low-income first generation students at select public Colorado institutions of higher education. The Colorado Challenge impacts students by providing

wraparound services and supplemental advising. These services are primarily provided to Colorado GEAR UP, Denver Scholarship Foundation, Daniels Fund scholars and are beginning to be provided to former and current foster youth with Education Training Vouchers. Eleven counselors are stationed at seven college campuses throughout the state. Funds are re-appropriated from a previous GEAR UP grant and augmented with from the Colorado Opportunity Scholarship Initiative. The available federal funding expires in April 2018, and the Department is seeking alternative sources.

College Invest (22.0 FTE; cash funds): This agency manages the Colorado college savings plans authorized under section 529 of the Internal Revenue Code. Savings deposited in these 529 accounts are exempt from Colorado income tax, and interest earnings and capital gains on the accounts are exempt from both state and federal tax if used for qualified purposes.

College Assist (9.0 FTE; federal funds): College Assist served as the guarantee agency for student loans issued before the federal government took over this role. The agency no longer provides student loan origination and disbursement assistance but is now focused solely on default prevention for previously-issued loans. Because the federal government now issues student loans directly, the State still receives revenue related to historic loans but not new ones. Staff anticipates that the program will gradually phase-out, but this appears to be slow process.

Other Federal Grants: The Department anticipates \$568,742 for FY 2016-17 from federal No Child Left Behind/teacher quality grants but does not currently anticipate other federal support for FY 2017-18.

Private Grants: The Department expects \$732,290 for FY 2016-17 from various federal grants, similar to the levels received in recent years. Staff assumes that receipts in FY 2017-18 may be similar, although this information is not yet available.

CDHE NON-APPROPRIATED EXPENDITURES AND BUDGETS					
FY 2015 TO FY 2018					
	FY 14-15 ACTUAL EXPENDITURES	FY 15-16 ACTUAL EXPENDITURES	FY 16-17 BUDGET	ANTICIPATED FY 17-18 BUDGET	
Federal Funds					
College Access Challenge Grant	1,123,430	1,123,430	1,123,430	1,123,430	
No Child Left Behind/Teacher Quality Grants	530,409	424,124	568,742	-	
College Assist Total ¹	299,832,152	285,270,775	297,337,699	297,337,699	<1>
Operating Expenses	1,823,246	2,209,573	3,142,899	3,142,899	<1>
Claims and Rehabilitation Discount	297,706,143	282,885,508	293,990,740	293,990,740	<1>
Colorado Opportunity Fund Administration	302,763	175,694	204,060	204,060	<1>
College in Colorado	1,494,872	1,997,792	1,902,208	1,902,208	<1>
Subtotal: Federal Funds	302,980,863	288,816,122	300,932,079	300,363,337	
Private Funds					
Credit When It's Due (Lumina)	60,658	32,653	23,395	-	<2>

CDHE NON-APPROPRIATED EXPENDITURES AND BUDGETS FY 2015 TO FY 2018					
	FY 14-15 ACTUAL EXPENDITURES	FY 15-16 ACTUAL EXPENDITURES	FY 16-17 BUDGET	ANTICIPATED FY 17-18 BUDGET	
Technical Assistance to Local Communities (Lumina)	-	81,091	118,909	-	
Ford Performance Funding Award	37,474	129,011	-	-	<3>
Own Your Future (CDC)	48,058	175,000	125,000	100,000	
Core to College	270,169				
Study Colorado - HIE	27,274	44,856			
Rose Teacher Prep Effectiveness Award	100,995				
Kresge Foundation (FAFSA)	177,264	94,045	342,474	-	
Gill Foundation Support	-	9,772	10,228	-	
NGA Talent Dashboard	-	17,717	62,283		
Colorado Workforce Development Council	45,753	35,437	50,000	50,000	
Subtotal: Private Funds	767,646	619,582	732,290	150,000	
Cash Funds					
College Invest					
Total Operating Expenses	4,141,000	4,407,028	5,139,000	5,139,000	<1>
Scholarship & Loan Forgiveness	1,437,000	1,079,378	1,180,000	1,180,000	<1>
Benefits Paid to Participants and Withdrawals	548,259,000	592,456,281	691,370,000	691,370,000	<1>
Servicing Fees	23,815,000	24,052,005	25,399,000	25,399,000	<1>
Subtotal College Invest	577,652,000	621,994,692	723,088,000	723,088,000	<1>
Subtotal: Cash Funds	577,652,000	621,994,692	723,088,000	723,088,000	
<1> The Department is assuming a flat level of expenditures for College Assist and College Invest for FY 2017-18 as the budgets have not been completed yet.					
<2> The Department received a no-cost extension to complete the work on this grant through September 2016.					
<3> The Department received a no-cost extension to complete the work on this grant through February 2016.					

Source: DHE Budget and Finance Staff 2/15/2017

COLORADO COMMISSION ON HIGHER EDUCATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2016-17 Appropriation						
HB 16-1405 (Long Bill)	\$119,305,502	\$20,144,826	\$77,980,235	\$15,887,788	\$5,292,653	92.4
Other legislation	1,341,095	441,095	900,000	0	0	0.3
TOTAL	\$120,646,597	\$20,585,921	\$78,880,235	\$15,887,788	\$5,292,653	92.7
FY 2017-18 RECOMMENDED APPROPRIATION						
FY 2016-17 Appropriation	\$120,646,597	\$20,585,921	\$78,880,235	\$15,887,788	\$5,292,653	92.7
R4 WICHE Optometry	44,125	44,125	0	0	0	0.0
R5 WICHE dues increase	4,000	4,000	0	0	0	0.0
BA1 DPOS Increased Workload	158,912	0	158,912	0	0	2.0
Higher Ed Federal Mineral Lease COP	3,945,700	3,947,850	(3,950,000)	3,947,850	0	0.0
Fitzsimons COP	6,564	(1,787,551)	1,794,115	0	0	0.0
Indirect cost adjustments	0	(48,125)	52,876	(4,751)	0	0.0
Veterinary medicine capital outlay adjustment	0	0	5,700	(5,700)	0	0.0
Annualize prior year legislation	(200,000)	0	0	(200,000)	0	0.0
Other	0	0	0	0	0	0.0
TOTAL	\$124,605,898	\$22,746,220	\$76,941,838	\$19,625,187	\$5,292,653	94.7
INCREASE/(DECREASE)	\$3,959,301	\$2,160,299	(\$1,938,397)	\$3,737,399	\$0	2.0
Percentage Change	3.3%	10.5%	(2.5%)	23.5%	0.0%	2.2%
FY 2017-18 EXECUTIVE REQUEST	\$125,528,946	\$25,469,268	\$74,160,214	\$20,606,811	\$5,292,653	94.7
Request Above/(Below) Recommendation	\$923,048	\$2,723,048	(\$2,781,624)	\$981,624	\$0	(0.0)

DECISION ITEMS - COLORADO COMMISSION ON HIGHER EDUCATION

→ R4 WICHE OPTOMETRY

The Department requests an increase of \$44,125 reappropriated funds (indirect cost recoveries) to fund the Western Interstate Commission on Higher Education Optometry Professional Student Exchange Program (PSEP) in FY 2017-18, bringing the total appropriation to \$443,125. This program allows Colorado resident students to pursue professional degrees in optometry at designated out-of-state institutions (four now participating) at a tuition rate comparable to an instate tuition rate, through payment of a “support fee” appropriated by the General Assembly.

The current funding level is \$399,000, and the program serves 22 students. The FY 2017-18 state support fee (paid by all states per student) is \$17,725. Since FY 2004-05, from 2 to 12 new students have been added to the program each year, but students are funded for their entire time in the multi-year program, so there are only a few students added each year, while others graduate (an O.D. program is typically 4 years). *In FY 2016-17, five new qualified students were eligible for the program but only two could be accepted based on available funding.* The program previously served up to 30 students (FY 2004-05), but the number who can participate has been reduced over time as prices have increased and the appropriation has not. The program last received an increase in FY 2007-08.

In return for the benefit of a lower price, students must practice optometry in Colorado for the same number of years they received the support fee or repay the support fee at an interest rate equal

to the federal PLUS student loan rate (6.31 percent for FY 2016-17). As of FY 2015-16, 87 percent of PSEP graduates returned to the State.

Colorado participates in this program because there is no optometry program located within the State. WICHE staff (contacted by JBC staff) report that the four optometry schools where Colorado sends students under this program are all private out-of-state schools, as no public optometry schools currently participate in the WICHE optometry program. The state contribution for optometry is thus applied as a credit against the student's bill—essentially a state scholarship—in return for the student's agreeing to return to their home state or repay the grant. The annual cost for these private optometry schools appears to be about \$36,000 per year, so the state's contribution is close to half of the tuition charge.

An additional \$7,500 is required in FY 2018-19 to annualize the request.

RECOMMENDATION: Staff recommends the request but has shown it as a General Fund amount, as this program is not included in the pool of costs subject to indirect cost recovery and greater use of indirect costs in this line item simply reduces the amount available to offset General Fund elsewhere in the Department.

The State's participation in the program is consistent with its general level of support for medical education, and the program contributes to ensuring an adequate supply of optometrists in the State as the population ages.

- The State directly benefits from its investment in this program, since students must return to their home state or repay the subsidy received. In contrast, Colorado provides large direct subsidies to higher education professional programs located within the state (medicine and veterinary medicine) with no related guarantee that students will remain in-state.
- The level of support per student, \$17,725, is comparable to or lower than the state support presently provided per student for Colorado-based professional medical and veterinary education, if this is defined as simply total state support for the Health Sciences Center or the Professional Veterinary School, divided by the number of resident students or divided by the total number of students.
 - Of total specialty education support provided by the State to CU in FY 2015-16, \$62,739,234 was applied to fee-for-service contracts for the medical school which was largely used to support 3,571 graduate students, including 2,890 resident graduate students (medicine, nursing, dental medicine, pharmacy, public health). Simply dividing this support by the 2,890 resident graduate students yields an average level of support of \$21,709 General Fund per resident graduate student, or \$17,569 per student without regard to residency or discipline.
 - Of the total specialty education support provided to CSU in FY 2015-16, \$22,110,686 was applied to the professional veterinary school. The school served 1,027 graduate students in FY 2015-16, including 533 resident graduate students. Thus, dividing state support by the resident graduate students yields an average level of support of \$41,483,

and dividing state support by the total number of students without regard to residency yields an average level of support of \$21,529.

The Department provided documentation demonstrating:

- The support fee has increased annually by 1-3 percent since FY 2007-08, although no increase has been provided in state appropriations since that time, driving a reduction in the number of participants.
- Colorado is generally a significant beneficiary of the PSEP program: far more students come to Colorado under the program than Colorado sends out under the program.

Professional Student Exchange Program								
Table 3. Student and Support Fee Totals, by State, 2015-16								
State	Number of Students Sent	Total Fees Paid	Number of Students Received			Total Fees Received by Enrolling Institutions		
			Public	Private	Total	Public	Private	Total
Alaska	17	\$282,900	0	0	0	\$0	\$0	\$0
Arizona	169	3,888,102	3	147	150	96,210	2,679,803	2,776,013
California	0	0	12	81	93	319,370	1,513,840	1,833,210
CNMI	0	0	0	0	0	0	0	0
Colorado	23	393,300	164	13	177	4,881,207	220,900	5,102,107
Hawai i	49	981,633	1	0	1	32,070	0	32,070
Idaho	0	0	1	0	1	17,000	0	17,000
Montana	81	2,260,980	4	0	4	50,425	0	50,425
Nevada	36	715,072	2	11	13	64,140	158,065	222,205
New Mexico	79	2,189,983	3	0	3	49,100	0	49,100
North Dakota	41	859,488	17	0	17	407,610	0	407,610
Oregon	0	0	25	64	89	732,185	1,042,916	1,775,101
South Dakota	0	0	2	0	2	0	0	0
Utah	44	667,513	2	0	2	30,050	0	30,050
Washington	0	0	60	9	69	1,562,150	161,650	1,723,800
Wyoming	109	2,427,420	0	0	0	0	0	0
Out of Region	n/a	n/a	9	18	27	215,900	431,800	647,700
TOTALS	648	\$14,666,391	305	343	648	\$8,457,417	\$6,208,974	\$14,666,391

- A study by the Lewin Group projects a national shortage of optometrists in the coming years as demand grows and supply grows at a slower rate based on anticipated retirements and insufficient entry into the workforce.¹¹

Although staff recommends the request, it is uncertain whether the State needs to subsidize education of optometrists to ensure an adequate supply.

- According to the Bureau of Labor Statistics, Colorado has a relatively high density of optometrists compared to other states (a “location quotient” of 1.27 compared to a national average of 1.0).¹² The Department of Regulatory Agencies reports 1,395 active optometrist licenses in the state or about 1 optometrist per 3,839 Colorado residents.
- Based on the number of optometry graduates nationwide, Colorado is likely subsidizing about 25 percent of new optometrists who settle in the State.¹³

¹¹ The Lewin Group, “Eye Care Workforce Study: Supply and Demand Projections”, Prepared for the American Optometric Association and the Association of Schools and Colleges of Optometry, April 25, 2014,

¹² Bureau of Labor Statistics, Occupational Employment Statistics, May 2015, Optometrists. <https://www.bls.gov/oes/current/oes291041.htm#st>

¹³ The Lewin Group anticipated 1,749 US graduates per year in 2017. Based on Colorado’s share of the national population, Colorado’s targeted “share” of optometry graduates would be 29. On average, 5-6 Colorado WICHE program participants graduate per year.

- The Lewin Group study referenced above also indicates that more efficient scheduling of existing optometrists could, theoretically, address the projected shortfall of optometrists.

→ R5 WESTERN INTERSTATE COMMISSION FOR HIGHER EDUCATION

The request includes an increase of \$4,000 reappropriated funds from indirect cost recoveries to pay for the increase in Western Interstate Commission for Higher Education (WICHE) dues from \$145,000 to \$149,000 per year.

WICHE is a coalition of 15 western states that benefit members through shared research data and the development of reciprocity and student exchange programs. WICHE provides the following main services:

- ▶ coordinates the undergraduate, graduate and professional student exchange programs;
- ▶ operates conferences on national and western higher education issues;
- ▶ conducts research and develops publications on regional and national higher education issues (tuition and fee report, summary of recent legislation, student demographics, etc.); and
- ▶ provides a forum for exchanging information, such as interstate technology efforts.

Membership in WICHE allows Colorado institutions of higher education to participate in the Western Undergraduate Exchange Program (WUE). WUE students pay 150 percent of resident tuition rates at institutions in other participating states. The professional and graduate education exchange programs allows students to attend selected uncommon, specialized, or high-quality graduate programs in other WICHE states at resident tuition rates. For the professional programs, the member's state pays a fee and, in some cases including Colorado, requires participant students to return to their home states.

Dues represent approximately one-third of WICHE's annual budget and are equally apportioned among the 15 members. Grants from foundations and corporations and federal support represent the remainder of WICHE's budget.

Staff recommends the request but has shown it as a General Fund amount, as this program is not included in the pool of costs subject to indirect cost recovery and greater use of indirect costs in this line item simply reduces the amount available to offset General Fund elsewhere in the Department. Participation in WICHE seems to offer significant benefits including, in particular, access to the WICHE student exchange programs.

In FY 2015-16, Colorado sent 23 students to the professional student exchange program in other states (for Optometry) and received 177 in various disciplines; in 2015, it sent 96 students to other states through the Western Regional Graduate Program and received 427; also in 2015, it sent 2,578 Colorado students to other states through the Western Undergraduate Exchange but received 3,503 students from other participating states.

WICHE also produces a variety of studies and documents of value to Colorado public higher education institutions, such as studies of tuition and fees, and educational attainment, and numbers of high school graduates in western states.

The amount is shown as General Fund because: (1) in the first year any amount is added for departmental administration, it is not included in the pool of costs for indirect cost recovery calculations. The pool is based on prior year appropriations; (2) WICHE dues are not currently included in the pool of recoverable indirect costs. Thus, an increase in indirect cost appropriations for WICHE simply reduces the amount available to offset General Fund elsewhere in the Department.

→ BA1 DIVISION OF PRIVATE OCCUPATIONAL SCHOOLS INCREASED WORKLOAD

The Department requests \$158,912 cash funds from the Private Occupational School Fund and 2.0 FTE for the division of Private Occupational Schools for FY 2017-18. The funding is requested to address recent severe workload issues that became evident after the November 1 request was formulated and submitted. The request annualizes to \$149,506 cash funds in FY 2018-19, based on eliminating one-time computer and office furniture costs.

BACKGROUND: The Division is statutorily charged with overseeing postsecondary private occupational schools. This includes regulatory oversight to over 356 private occupational schools in Colorado and 40 out-of-state schools that deliver education to training in a variety of occupational areas such as cosmetology, real estate, IT/business, massage therapy, trucking, automotive, bartending, and allied healthcare professions. The Division currently includes 7.0 FTE who are supported through fees on the regulated schools. This includes the Director, Deputy Director who focuses on investigation and compliance, 1.0 administrative staff who supports both the DPOS board and staff, and 4.0 program specialists who assist schools through the application and renewal process and focus heavily on technical assistance.

REQUEST: The Division estimates that its workload has increased by approximately 25 percent over the last 24 months, while revenue collected has decreased due to decreased enrollments in private occupational schools. DPOS Board non-compliance actions increased from a previous high of 19 in 2012 to 201 in 2016, as DPOS staff have cracked down on required filings.

Department staff are unable to keep up with the increased workload, making it impossible for staff to fulfill statutorily-required duties.

- The Division has been unable to initiate several investigations of noncompliant schools in a timely manner, so these schools continue to enroll students, while currently enrolled students are subjected to substandard education.
- The Division has been unable to conduct follow-ups to ensure illegal schools have ceased operations as required.
- The Division has been unable to provide training that would increase the number of schools in compliance with regulations.

The major drivers of the workload increase include:

- The Department has increased its investigative efforts in response to student complaints and sister agencies' reports/complaints of issues under the Division's jurisdiction. The Division has had to devote staff resource to investigate additional complaints, prepare data for legal action, and finance administration and litigation involved. DPOS has seen an uptick in such

investigations in part based on its participation in a task force including the Department of Regulatory Agencies and the FBI that has led to increased reports from DORA, federal occupational licensing, and law enforcement officers about schools that may be in violation of minimum standards. For example, DPOS now learns from law enforcement and DORA when they are shutting down a business (e.g., a massage parlor) due to illegal activity (e.g., prostitution), if that business is associated with a training school.

- New federal mandates, laws, and actions including Gainful Employment, Borrowers Defense, and Financial Responsibility Composite Scores. These measures and resulting legal action have restricted access to federal funds for some schools, which has driven several large entities to close. Anthem, Westwood, Regency, ITT Tech, Heritage all closed within the last 18 months, displacing over 1,500 students. These closures trigger state regulatory responsibilities, *i.e.*, the Division must collect all educational records for active and graduated students to provide students and must attempt to provide students with viable options for continued training or train out or reimbursement for pre-paid unearned tuition.
- Both on its own initiative under existing state law and to ensure Colorado is compliant with federal rules and regulations, the Division and Board have increased the rigor of statutory duties and processes. Application processes as well as quarterly and annual reporting requirements have become more rigorous, increasing the time required for these activities by an estimated 25 percent. The Department instituted a more rigorous application process within the last year. As schools come up for renewal on a three-year cycle, they go through this more intensive process.

The Division hired two temporary part-time FTE in June 2016 to help address the large number of schools out of compliance but has determined that to bring all schools into compliance it will need additional full-time staff.

The Division has statutory authority to adjust its fees annually so that revenue generated from fees supports the Division's direct and indirect costs. The fees were last modified September 2014. The Division is seeking to increase both fees and spending authority to add the requested 2.0 FTE.

The new positions sought include:

- 1.0 FTE investigative specialist to identify noncompliance issues including substandard education and deceptive sales and trade.
- 1.0 FTE data and research specialist to manage the increased workload associated with the new federal laws and mandates, as well as school closures. This position would also collect data necessary to comply with statutory duties and mission to protect students.

The Department reports that without the additional staff, it will lose current overworked and staff and will be unable to comply with statutory duties. It also notes that it carried out a LEAN exercise in 2015 to streamline procedures, but increased workload has outpaced resulting workload savings.

RECOMMENDATION: Staff recommends the request for \$158,912 cash funds and 2.0 FTE. Note that *contrary to common policy*, staff included the requested funding for "pots" (benefits) in the DPOS line item, as requested by the Department. Because DPOS is such a small agency and must use the DPOS fees to support activities, there is unlikely to be sufficient excess in centrally-appropriated line items to support benefits for the new staff. The funding annualizes to \$149,506 in FY 2018-19.

ANALYSIS:

This program plays an important role in protecting both the consumer and the public purse.

- Less reputable schools may target vulnerable populations in ways that enrich the schools and provide little or no benefit to the students who enroll.
- Many proprietary schools provide quality training; however, there is reason for federal concerns about the cost and quality of education being provided by some institutions. According to federal databases, private for-profit schools operating in Colorado that have accreditation (the only ones allowed to access federal student grant and loan programs) seem to have total cost of attendance after grants that are substantially higher 50-100 percent) than the cost of attendance at a community college and often report post-college earnings that are similar or lower.¹⁴ Further, on a national basis, students at proprietary institutions have, on average, higher default rates (15.0 percent) than students at public and non-profit institutions.¹⁵
- The Division reports that only about 20 percent of the schools it regulates, enrolling about 50 percent of students, have any accreditation. It seems particularly important to ensure that schools without accreditation meet some minimum standards, e.g., that those teaching courses have some related qualifications are not simply defrauding students.
- From staff's perspective, it is in the interest of students, the public, and reputable private occupational schools to ensure that schools that do not adequately benefit students do not operate in the State.
- Staff consulted with the organization that represents private occupational schools in Colorado (Colorado Association of Career Colleges and Schools) and, while the organization had not taken a formal position on the request, their representative indicated that they agreed DPOS could use additional resources.

If the federal government reduces its oversight and pressure on proprietary schools this will cut back on some of the additional workload recently experienced by the division. Specifically, the request for the 1.0 FTE new data and research specialist was driven in significant part by the closure of a large number of large schools with many students who need to be “trained out” or receive refunds—and associated large numbers of student records that must be, per statute, stored in perpetuity by the Division.

However, the Division has argued that even if far fewer schools close moving forward, this position will still be needed for:

- Moving a vast backlog of paper records dating to 1981 to an electronic system;

¹⁴ See

<https://collegescorecard.ed.gov/search/?degree=a&state=CO&control=public&control=profit&sort=advantage:desc&page=1>

¹⁵ For more information on student default rates, see the federal student aid database: <https://www2.ed.gov/offices/OSFAP/defaultmanagement/cdr.html>

- Strategizing and implementing a plan for an integrated electronic data system (since the Division still works on paper records);
- When schools close (which occurs annually, even without federal involvement), gathering student financial records for the purpose of determining prepaid unearned tuition to refund and assisting displaced students;
- Tracking and analyzing data on school programs, enrollment, and graduation rates, and school responses to board actions;
- Internet monitoring to identify potential illegal schools; and
- Organizing records in response to CORA, FOIA, and subpoena requests.

The division also notes that, if federal actions subside, it will need a more rigorous process to determine financial stability and viability of schools, as it relies on federal expertise at present. The new position would be responsible for collecting and analyzing more of this information.

While staff supports the requested spending authority increase, the increase is likely to drive somewhat higher fees. DPOS recently raised its fees sharply (January 2017) to fill a budget hole caused by the closure of schools that hadn't yet paid their 2017 fees. Current fees are as follows:

- Approval for a provisional school (a new school) is \$5,000 per school and \$2,500 per campus.
- Renewal (every 3 years) is \$2,000
- Review of new programs and courses is \$500
- Quarterly assessments per student are \$5.00 (\$20/year/student)

➔ HIGHER EDUCATION FEDERAL MINERAL LEASE COP

The Department requested adjustments for the Higher Education Federal Mineral Lease Certificate of Participation (COP) payment based on Federal Mineral Lease (FML) funds available and the COP payment schedule. The adjustments include an increase in the appropriation of \$4,870,898 General Fund for FY 2017-18.

Pursuant to statute and the state's COP agreements, if amounts in the Higher Education FML Revenues Fund are insufficient to cover COP payments due, the General Assembly transfers other funds (in this case General Fund) into the Revenues Fund to make the necessary payment. FML revenues are currently low, and the State has exhausted one-time funds that were available due to H.B. 16-1229 (Higher Ed Financial Obligation Repayment) in FY 2016-17. As a result, additional General Fund is required in FY 2017-18 to backfill the decline in FML revenue.

In the table below:

- The first line item deposits General Fund into the Higher Education FML Revenues Fund.
- The second line item provides appropriations for the \$17.8 million FY 2017-18 COP payments, including both cash funds (from FML revenues) and reappropriated funds (from the General Fund appropriated in the first line item).

HIGHER EDUCATION FEDERAL MINERAL LEASE REVENUES FUND FOR LEASE PURCHASE OF ACADEMIC FACILITIES			
	GENERAL FUND	TOTAL	
FY 2016-17 appropriation	\$12,125,175	\$12,125,175	
HiEd FML COP Adjustment	4,870,898	4,870,898	
TOTAL	\$16,996,073	\$16,996,073	
LEASE PURCHASE OF ACADEMIC FACILITIES PURSUANT TO SECTION 23-19.9-102			
	CASH FUNDS (FML Revenues)	REAPPROPRIATED FUNDS (General Fund from line above)	TOTAL
FY 2016-17 appropriation	\$5,650,000	12,125,175	17,775,175
HiEd FML COP Adjustment	(4,873,048)	4,870,898	(2,150)
TOTAL	\$776,952	\$16,996,073	\$17,773,025

As specified by H.B. 16-1229, these appropriations are made to the Department of Higher Education for transfer to the Treasurer for payment of the COPs. The Department of the Treasury has continuous spending authority for the funds received.

BACKGROUND: In 2008, the General Assembly authorized the State to enter into lease-purchase agreements (certificates of participation/COPs) to fund capital construction projects for state-supported institutions of higher education. The decision reflected: (1) a desire to fund additional capital construction projects at state higher education institutions despite limited available capital construction funds; and (2) projected increases in federal mineral lease (FML) revenue due to natural gas leases on the Roan Plateau. Pursuant to S.B.08-233 and H.J.R 08-1042, the General Assembly authorized COP payments to fund 17 projects for higher education academic buildings across the state. Funding was ultimately sufficient to fund the first 12 projects, with some additional controlled maintenance projects authorized through H.B. 12-1357 using unspent COP proceeds.

Section 23-1-106.3 (1) (b) (IV), C.R.S. specifies that the anticipated annual state-funded payments for the principal and interest components under all lease purchase agreements on the projects may not exceed *an average of \$16,200,000* per year for the first ten years of payment and may not exceed an average of \$16,800,000 for the second ten years of payment. Payments will end in FY 2027-28, and no new issuances are allowed under current law.

The COP payments are made from the Higher Education FML Revenues Fund (Revenues Fund), created in Section 23-19.9-102, C.R.S. The Revenues Fund receives statutory allocations of FML revenue, including “spillover” from other funds that receive FML revenue and, per H.B. 16-1229, 50 percent of FML “bonus” payments. However, under statute and the COP agreements, if amounts in the Higher Education FML Revenues Fund are insufficient to cover COP payments due, the General Assembly transfers other funds into the Revenues Fund to make the necessary payment.

Since FY 2011-12, the General Assembly has frequently had to partially or entirely replace appropriations from the FML Revenues Fund with General Fund due to insufficient FML revenues. The table below compares funding sources for COP payments since the program’s inception.

FML LEASE PURCHASE APPROPRIATIONS*		
	FY 2008-09 to FY 2016-17	FY 2017-18 Request
General Fund**	\$59,568,475	\$776,952
Higher Education FML Revenues Fund	\$79,717,231	\$16,996,073
	\$139,285,706	\$17,775,175

*Includes appropriations in the Long Bill Capital Construction (Treasury) section through FY 2015-16 and in the Treasury operating budget in FY 2016-17.

**Including Capital Construction Fund appropriations.

RECOMMENDATION: Staff recommends adjustments necessary for Lease Purchase of Academic Facilities Pursuant to Section 23-19.9-102, C.R.S. However, the staff adjustment includes less General Fund and more cash funds based on information from the Treasury and Department of Higher Education about the balance of cash funds available in the FML Revenues Fund and remaining payments due in FY 2016-17. In sum, a conservative estimate of FML cash funds revenues available for use in FY 2017-18, based on amounts that have already been received and scheduled payments remaining in FY 2016-17, is \$1,700,000. As a result, the staff recommendation requires \$923,048 LESS General Fund than the request.

COLORADO COMMISSION ON HIGHER EDUCATION, SPECIAL PURPOSE, HIGHER EDUCATION FEDERAL MINERAL LEASE REVENUES FUND FOR LEASE PURCHASE OF ACADEMIC FACILITIES			
	TOTAL FUNDS	GENERAL FUND	FTE
FY 2016-17 APPROPRIATION			
HB 16-1405 (Long Bill)	\$12,125,175	\$12,125,175	0.0
TOTAL	\$12,125,175	\$12,125,175	0.0
FY 2017-18 RECOMMENDED APPROPRIATION			
FY 2016-17 Appropriation	\$12,125,175	\$12,125,175	0.0
Higher Ed Federal Mineral Lease COP	3,947,850	3,947,850	0.0
TOTAL	\$16,073,025	\$16,073,025	0.0
INCREASE/(DECREASE)	\$3,947,850	\$3,947,850	0.0
Percentage Change	32.6%	32.6%	0.0%
FY 2017-18 EXECUTIVE REQUEST	\$16,996,073	\$16,996,073	0.0
Request Above/(Below) Recommendation	\$923,048	\$923,048	0.0

COLORADO COMMISSION ON HIGHER EDUCATION, SPECIAL PURPOSE, LEASE PURCHASE OF ACADEMIC FACILITIES PURSUANT TO SECTION 23-19.9-102					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FTE
FY 2016-17 APPROPRIATION					
HB 16-1405 (Long Bill)	\$17,775,175	\$0	\$5,650,000	\$12,125,175	0.0

COLORADO COMMISSION ON HIGHER EDUCATION, SPECIAL PURPOSE, LEASE PURCHASE OF ACADEMIC FACILITIES PURSUANT TO SECTION 23-19.9-102					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FTE
TOTAL	\$17,775,175	\$0	\$5,650,000	\$12,125,175	0.0
FY 2017-18 RECOMMENDED APPROPRIATION					
FY 2016-17 Appropriation	\$17,775,175	\$0	\$5,650,000	\$12,125,175	0.0
Higher Ed Federal Mineral Lease COP	(2,150)	0	(3,950,000)	3,947,850	0.0
TOTAL	\$17,773,025	\$0	\$1,700,000	\$16,073,025	0.0
INCREASE/(DECREASE)	(\$2,150)	\$0	(\$3,950,000)	\$3,947,850	0.0
Percentage Change	(0.0%)	0.0%	(69.9%)	32.6%	0.0%
FY 2017-18 EXECUTIVE REQUEST	\$17,773,025	\$0	\$776,952	\$16,996,073	0.0
Request Above/(Below) Recommendation	\$0		(\$923,048)	\$923,048	0.0

→ TECHNICAL ADJUSTMENTS: UNIVERSITY OF COLORADO, LEASE PURCHASE OF ACADEMIC FACILITIES AT FITZSIMONS

Staff recommends a fund-split adjustment to an appropriation for the lease purchase of academic facilities at Fitzsimons, including use of a portion of the fund balance in the Fitzsimons Trust Fund.

BACKGROUND: The General Assembly authorized the State to enter into a lease purchase agreement for the University of Colorado Health Sciences Center at Fitzsimons pursuant to H.B. 03-1256 (Section 23-20-136 (3.5), C.R.S. The bill authorized an agreement for up to twenty-five years, with the total amount of the agreement not to exceed \$202,876,109 plus administrative, monitoring, closing costs and interests. The bill further specified that annual aggregate rentals authorized would not exceed \$15,100,000. The General Assembly further authorized use of up to \$8,000,000 per year of Tobacco Master Settlement revenues for this purpose in Section 23-20-136 (3.5), C.R.S. The annual amount is based on total tobacco settlement funds received and the statutory allocation of the funds. These funds are deposited to the Fitzsimons Trust Fund.

This line item was moved from the capital construction section of the Long Bill to the operating section in FY 2015-16.

REQUEST: The Department requests \$14,261,775 total funds for FY 2017-18, including \$7,261,775 from the General Fund and \$7,000,000 tobacco settlement funds. This included a minor technical adjustment related to the COP payment schedule.

RECOMMENDATION: While staff recommends the same total funding as the request, staff recommends additional spending from the Fitzsimons Trust Fund reserve. **Staff recommends an increase of \$1,794,115 tobacco funds for FY 2017-18 and a related General Fund reduction.** This Fund had a balance of \$3.1 million at the beginning of FY 2016-17, and the balance was expected to grow further in FY 2016-17. The staff recommendation would leave a balance of \$1.4 million (20 percent of annual revenue) to cushion against under-receipts of revenue in future years. **Note, that this is a one-time adjustment, and additional General Fund will be required in FY 2018-19 to align with annual revenue of about \$6.4 million.**

TOBACCO SETTLEMENT FUNDS TO FITZSIMONS TRUST FUND	
<u>Fitzsimons Trust Fund</u>	
June 30, 2016 Fund Balance	\$3,088,436
Actual FY 2016-17 Tobacco Revenue anticipated to Fitz Trust based June 2016 receipts	7,645,706
Less FY 2016-17 appropriation from Fitz Trust Fund	<u>(7,005,885)</u>
Fund balance anticipated June 30, 2017	\$3,728,257
FY 2017-18 projected new tobacco revenue	6,430,265
Fitz Trust Fund anticipated to be available in FY 2017-18	10,158,522
<u>Use of Fund in FY 2017-18</u>	
Total COP payment scheduled FY 2017-18	<u>14,261,775</u>
General Fund (balance of payment)	5,461,775
Tobacco Approp. Recommended	8,800,000
Net Change to Fitz Trust Fund Balance from current	(2,369,735)
Anticipated balance in Fitz Trust Fund end of FY 2017-18	1,358,522
Change in Cash Funds appropriation for FY 2017-18	1,794,115

i College in Colorado

Some of the Department’s off-budget programs—College in Colorado (CIC) as well as administration related to COF stipends--are supported by College Assist revenue that resulted from the state's role as a loan guarantee agency for the federal government. This funding source will decline over time as the federal government now makes student loans directly, and the state guarantee-agency role has been eliminated for new loans. As reflected in the chart, College Assist expenses exceed revenues, and it expects to spend down the majority of its current \$50 million fund balance between 2017 and 2020. **As shown below, support for College in Colorado and operation of the College Opportunity Fund will fall to just \$712,300 by FY 2018-19.**

College Assist Spend Down (Thousand \$s)					
	2016 actual	2017	2018	2019	2020
Operating Starting Fund Balance	\$58,322.4	\$50,182.8	\$37,032.8	\$24,415.8	\$12,304.6
Revenues	49,722.4	28,853.4	25,394.8	22,227.1	19,920.3
Expenses:					
Servicing, Service Provider, and Collection Agency Fees	54,109.4	37,169.4	33,477.9	30,133.9	26,173.2
Administration	1,748.7	3,167.4	3,325.8	3,492.1	3,666.7
Total Expenses					

College Assist Spend Down (Thousand \$s)					
	2016 actual	2017	2018	2019	2020
	55,858.0	40,336.8	36,803.7	33,626.0	29,839.9
Net	(6,135.7)	(11,483.4)	(11,408.9)	(11,398.9)	(9,919.6)
Operating Fund Balance Before Discretionary Awards	52,186.8	38,699.4	25,623.9	13,016.9	2,385.0
College in Colorado/College Opportunity Fund Admin Grant	2,003.9	1,666.7	1,208.1	712.3	386.6
Operating Fund Ending Balance	\$50,182.9	\$37,032.7	\$24,415.8	\$12,304.6	\$1,998.4

In response to staff questions, the Department responded as follows:

“Currently 8.8 FTE work for CIC. The Department is engaged in discussions with potential funders and partners about possible future funding for CIC. In addition to the discussions about ways to raise revenue, the Department is also analyzing CIC’s current workload, projects and deliverables to determine which are critical to the State. We are looking at which CIC functions are tied to statutory requirements as well as talking to stakeholders about which CIC products are the most useful and critical to their work. Once this process is completed, the Department will have a better sense of possible changes to CIC’s scope and how to best manage the anticipated funding decrease. The Department understands the importance of this issue and will keep you informed as we move forward with our evaluation.”

LINE ITEM DETAIL – COLORADO COMMISSION ON HIGHER EDUCATION

(A) ADMINISTRATION

ADMINISTRATION

This line item pays for personal services, contracts, and operating expenses associated with CCHE and staff. The sources of cash funds include indirect cost recoveries paid by CollegeInvest and College Assist, and fees paid by private institutions for program approval pursuant to Section 23-1-125 (5) and Section 23-2-104.5, C.R.S. The sources of reappropriated funds include indirect cost recoveries and a transfer from the Department of Education for aligning public education with postsecondary and workforce readiness standards.

Master Plan

- Develop a master plan and performance contracts with institutions to achieve statewide expectations and goals [23-1-108, 23-5-129, 23-41-104.6]
- Recommend changes to the statewide expectations and goals
- Measure progress toward statewide expectations and goals

Institutional Role and Mission and System Coordination

- Define the role and mission of each institution within statutory guidelines [23-1-108]
- Set admissions criteria consistent with the roll and mission of each institution, including enforcing requirements related to percentages of non-resident students that may be enrolled [23-1-108 (1) (d), (e), 113, 113.5, 113.7]
- Establish service areas, designate regional education providers, and monitor courses provided out of state to ensure that no state funds are used for these [23-1-109, 127, 23-5-116, 23-60-207]
- Authorize bachelor of applied science degrees at community colleges based on demonstrated need, cost-effectiveness, and considering whether such program could instead be provided conjunction with an accredited four-year institution. [23-1-133]
- Evaluate duplicate graduate programs and discontinue them where the need is not justified by special excellence, geographical or other particular needs served, or the unique contributions of duplicate programs [23-1-107/ *This authority is generally waived by CCHE*]
- Establish and enforce transfer agreements and common course numbering, and resolve disputes [23-1-108 (7), 108.5]
- Coordinate a system of core courses and associates degrees that may be transferred from one state institution to another. [23-1-125]
- Standardize assessments of basic skills, specify which institutions may offer basic skills courses and supplemental academic instruction, and report to the General Assembly on program effectiveness [23-1-113, 113.3]
- Approve public and private academic and degree programs and investigate complaints [23-1-107 (oversight limited under performance contracts)]
- Coordinate a process to ensure eligible students are aware of their eligibility for an associate's degree (reverse transfer program). [23-1-131]
- Approve comprehensive academic and facilities master plans for the Auraria campus and resolve disputes [23-70-115, 23-70-106.5]
- Establish policies for community colleges to become local district colleges [23-71-205]

State Support for Institutions

- Develop and report on the system of funding for higher education established pursuant to H.B. 14-1319 [23-18-301 through 307]
- Request operating funds for state institutions [23-1-109.7]
- Negotiate fee-for-service contracts [23-1-109.7]
- Oversee stipends [23-18-101 et seq.]
- Report on College Opportunity Fund Program [23-18-207]
- Prepare fiscal notes to help the legislature assess the impact of legislation
- Approve the acceptance of gifts by institutions, if they require on-going state expenditures [23-5-112]

Capital Construction

- Regulate capital construction [23-1-106 *except as waived by CCHE*], 106.3, 24-82-1202], including
 - setting space utilization standards to measure the need for new projects
 - approving long range and individual facility master plans
 - prioritizing projects for state funding

- Managing appropriations from the Higher Education Federal Mineral Lease Revenues Fund for certificates of participation paid by the FML Revenues Fund [23-1-106.3]

Financial Aid, Student Loans, College Savings Accounts

- Oversee financial aid programs [23-3.3-101 et seq.]
- Distribute financial aid to institutions [23-3.3-101 et seq.]
- Act as designated state agency to administer federal loan programs [23-3-101 through 107, 23-3.1-103; being phased out]
- Oversee CollegeInvest [23-3.1-205.7]
- Oversee the Colorado Opportunity Scholarship Initiative (COSI) under the Executive Director and the COSI advisory board [23-3.3-1001 et. seq.]

Tuition and Fee Policy

- Set tuition and fee policies based on roll and mission [23-1-108 (12)]
- Approve fixed tuition policies [23-5-131]
- Negotiate reciprocal tuition agreements [23-1-108 (10), 112, 23-3.3-601]
- Adopt policies concerning the definition, assessment, increase, and use of fees, and the minimum necessary student input [23-1-123]

Incentivize Institutional Performance

- Negotiate performance contracts with state-operated institutions [23-5-129]
- Recognize and reward (the latter is not currently funded) programs of excellence and improvement initiatives [23-1-118, 120]
- Implement policies to assure students can complete programs in a timely fashion [23-1-108 (13), 125] after reviewing
 - advising and counseling
 - the availability of courses
 - barriers to transferring course credits
 - costs
 - the implementation of core courses

Outreach

- Perform outreach to potential students [23-1-119.1, 23-1-119.2, 23-13-106, 23-15-110.5, 23-18-205]

Oversee Select Statewide Policies

- Establish policies for determining student residency status within statutory guidelines [23-1-105, 23-7-101 et seq.]
- Adopt statewide affirmative action policies [23-1-108 (1) (f)]
- Ensure academic credit for American sign language courses [23-1-128]

Coordinate with State Board of Education and Department of Labor on Workforce Needs

- Analyze state workforce needs versus credential production in coordination with other agencies [23-1-130]

- Coordinate with the State Board of Education to define postsecondary and workforce readiness, align admissions criteria and assessments, and report to school districts on whether students are prepared [23-1-113, 113.2, 113.3, 119]
- Coordinate with the state board of education to ensure that parents and guardians of public school students receive notice regarding postsecondary admissions requirements and precollegiate course requirements [23-1-119.1, 119.2]
- Develop a strategic plan for improving Pre-K-16 mathematics, science, and technology education [22-81-104, 22-83-102]
- Coordinate with the State Board of Education regarding concurrent enrollment [22-35-107]
- Review, approve, and regulate preparation programs for K-12 educators [23-1-121 et seq.]
- Provide financial aid to teachers [23-3.3-901, 23-3.9-102]
- Evaluate and implement 2-year educational programs for professional registered nursing [23-1-126]
- Provide financial aid to nursing professionals [23-3.3-701, 23-3.6-102; *funding not presently available*]
- Collaborate with the Workforce Development Council in the Department of Labor and Employment, the Department of Education, and the community college system to develop and publicize career pathways for students. [24-46.3-104]

Data Reporting and Collecting

- Prescribe uniform reporting and collect data regarding
 - financial information [23-1-105]
 - counting and classifying student FTE [23-1-105]
 - academic data [23-1-108 (8)]
 - students eligible for stipends [23-18-202, 203]
 - financial aid [23-3.3-101]
 - shared data with the state board of education [23-1-109.3, 119.3]
 - performance [23-5-129, 23-41-104.6]
 - facility inventories [24-30-1303.5]
 - auxiliary bonds [23-5-102]
 - students convicted of riot offenses [23-5-124, 126]
 - information requested by federal agencies in anti-terrorism investigations [23-5-126]

Promote Technology Transfer

- Coordinate technology policy
- Facilitate the transfer of technology from higher education to the private sector [23-1-106.7, 23-5-121]
- Facilitate the establishment of the statewide telecommunications network [24-30-1804]

Staffing: The staff in this line item fall into the following major sections:

- Executive and administrative – Includes director, chief operating officer, chief policy officer, and support staff – 5.0 FTE
- Budget and finance – 9.0 FTE
- Research and data management – 8.0 FTE
- Academic affairs – 6.0 FTE

- Advocacy and outreach – 3.0 FTE [includes 1.0 FTE originally authorized for research and data]

Since FY 2013-14, the General Assembly has added \$289,227 and 3.0 FTE to this line item for data analysis staff (1.0 FTE position was internally redirected by the Department to a "communications manager" position) and \$306,169 and 3.0 FTE for financial management staff pursuant to H.B 14-1319.

REQUEST: The Department requests \$3,064,440 total funds from fees and indirect cost collections that offset General Fund otherwise required. The request annualizes (eliminates) \$200,000 reappropriated funds that had been passed through to College in Colorado from the Department of Labor. The appropriation funded website work for three new career pathways pursuant to H.B. 15-1274 (Creation of Career Pathways for Students).

RECOMMENDATION: The following table summarizes the staff recommendation, which is calculated consistent with Committee common policy, except that staff has included adjustments related to indirect cost collections. This is the only difference between the request and recommendation.

The line item includes the components shown, but the Department has flexibility to shift funds among these funding categories.

COLORADO COMMISSION ON HIGHER EDUCATION, ADMINISTRATION, ADMINISTRATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
PERSONAL SERVICES						
FY 2016-17 Appropriation	\$2,334,163	\$0	\$88,651	\$2,245,512	\$0	30.0
Annualize prior year legislation	0	0	0	0	0	0.0
Indirect cost adjustments	0	0	0	0	0	0.0
Subtotal - Personal Services	\$2,334,163	\$0	\$88,651	\$2,245,512	\$0	30.0
OPERATING EXPENSES						
FY 2016-17 Appropriation	\$610,965	\$0	\$158,818	\$452,147	\$0	0.0
Annualize prior year legislation	0	0	0	0	0	0.0
Indirect cost adjustments	0	0	0	0	0	0.0
Subtotal - Operating Expenses	\$610,965	\$0	\$158,818	\$452,147	\$0	0.0
OTHER						
FY 2016-17 Appropriation	\$319,312	\$0	\$0	\$319,312	\$0	0.0
Annualize prior year legislation	(200,000)	0	0	(200,000)	0	0.0
Indirect cost adjustments	0	0	53,872	(53,872)	0	0.0
Subtotal - Other	\$119,312	\$0	\$53,872	\$65,440	\$0	0.0
Total Recommended FY 2017-18 Appropriation	\$3,064,440	\$0	\$301,341	\$2,763,099	\$0	30.0
FY 2017-18 EXECUTIVE REQUEST	\$3,064,440	\$0	\$247,469	\$2,816,971	\$0	30.0
Request Above/(Below) Recommendation	\$0	\$0	(\$53,872)	\$53,872	\$0	0.0

(B) DIVISION OF PRIVATE OCCUPATIONAL SCHOOLS

This program is responsible for reviewing the curriculum and establishing standards for private occupational schools in Colorado, pursuant to Section 12-59-101, C.R.S., et. seq. The Division regulates over 300 private occupational schools in Colorado and 40 out-of-state schools that deliver

education or training in areas such as cosmetology, real estate, IT/business, massage therapy, trucking, automotive, bartending and allied healthcare professions.

As outlined in statute, the Division reports to the executive director of the Department, rather than to the Division of Occupational Education within the Community College System. The Board of Private Occupational Schools, which consists of seven members appointed by the Governor and confirmed by the Senate, advises the executive director and has regulatory oversight and rule-making authority. The source of cash funds in this division is fee revenue from the individual schools and the students.

STATUTORY AUTHORITY: Section 12-59-101, C.R.S., et. seq.

REQUEST: The Department requests \$815,554 cash funds and 9.8 FTE for this line item, including BA1 DPOS Increased Workload.

RECOMMENDATION: Staff recommends the request. As discussed above, staff believes that the data provided supports the need for additional FTE.

COLORADO COMMISSION ON HIGHER EDUCATION, DIVISION OF PRIVATE OCCUPATIONAL SCHOOLS, DIVISION OF PRIVATE OCCUPATIONAL SCHOOLS				
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FTE
PERSONAL SERVICES				
FY 2016-17 Appropriation	\$499,383	\$0	\$499,383	7.8
BA1 DPOS Increased Workload	147,606	0	147,606	2.0
Subtotal - Personal Services	\$646,989	\$0	\$646,989	9.8
OPERATING EXPENSES				
FY 2016-17 Appropriation	\$157,259	\$0	\$157,259	0.0
BA1 DPOS Increased Workload	11,306	0	11,306	0.0
Subtotal - Operating Expenses	\$168,565	\$0	\$168,565	0.0
OTHER				
FY 2016-17 Appropriation	\$0	\$0	\$0	0.0
BA1 DPOS Increased Workload	0	0	0	0.0
Subtotal - Other	\$0	\$0	\$0	0.0
Total Recommended FY 2017-18 Appropriation	\$815,554	\$0	\$815,554	9.8
FY 2017-18 EXECUTIVE REQUEST	\$815,554	\$0	\$815,554	9.8
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

(C) SPECIAL PURPOSE

WESTERN INTERSTATE COMMISSION ON HIGHER EDUCATION (WICHE)

The line provides funding for Colorado's dues to support WICHE. This coalition of 15 western states works to benefit members through shared research data and the development of reciprocity and student exchange programs. WICHE provides the following main services:

- ▶ coordinates the undergraduate, graduate and professional student exchange programs;
- ▶ operates conferences on national and western higher education issues;
- ▶ conducts research and develops publications on regional and national higher education issues (tuition and fee report, summary of recent legislation, student demographics, etc.); and
- ▶ provides a forum for exchanging information, such as interstate technology efforts.

Through WICHE's undergraduate exchange program, students pay 150 percent of resident tuition rates. Colorado sends more students out of state than it accepts through this program. Each state controls the circumstances under which they accept students.

The graduate education exchange program allows students to attend selected uncommon, specialized, or high-quality graduate programs in other WICHE states at resident tuition rates. For the receiving institution, accepting out-of-state students at the reduced WICHE rate can help fill out low-enrollment courses.

In WICHE's professional exchange program, students pay resident tuition rates and the sending state pays a support fee to the receiving state. Colorado is a net importer of students through the professional exchange program.

Examples of WICHE's research publications and data sharing initiatives can be found at WICHE's web site: <http://www.wiche.edu/>

Dues represent approximately one-third of WICHE's annual budget and are equally apportioned among the 15 members. Grants from foundations and corporations and federal support represent the remainder of WICHE's budget.

This line item relies on General Fund appropriations that are entirely offset by indirect cost recoveries. However, *WICHE dues have not historically been included in the pool of recoverable costs in the Department's indirect cost collection plan.*

STATUTORY AUTHORITY: Sections 24-60-601 and 23-1-108 (10), C.R.S..

REQUEST: The Department requests \$149,000 reappropriated funds for this line item, including \$4,000 for R5 to address a WICHE dues increase.

RECOMMENDATION: The staff recommendation is reflected in the table below. In addition to the changes shown, as discussed under indirect cost recoveries,

	TOTAL FUNDS	GENERAL FUND	REAPPROPRIATED FUNDS	FTE
FY 2016-17 APPROPRIATION				
HB 16-1405 (Long Bill)	\$145,000	\$0	\$145,000	0.0
TOTAL	\$145,000	\$0	\$145,000	0.0
FY 2017-18 RECOMMENDED APPROPRIATION				
FY 2016-17 Appropriation	\$145,000	\$0	\$145,000	0.0
R5 WICHE dues increase	4,000	4,000	0	0.0
Indirect cost adjustments	0	(4,000)	4,000	0.0
TOTAL	\$149,000	\$0	\$149,000	0.0
INCREASE/(DECREASE)	\$4,000	\$0	\$4,000	0.0
Percentage Change	2.8%	0.0%	2.8%	0.0%
FY 2017-18 EXECUTIVE REQUEST	\$149,000	\$0	\$149,000	0.0
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

WICHE – OPTOMETRY

This line provides funding for Colorado students to enroll in out-of-state institutions with optometry programs at subsidized rates through an exchange set up by WICHE. The exchange offers an alternative to establishing such a program in Colorado. In return for the discounted tuition, the students agree to return to Colorado to practice optometry, or to repay the state for its investment. Historically, more than 75 percent of the students return. The funding is based on enrollment and the reimbursement rates negotiated by the WICHE institutions. The source of reappropriated funds is indirect cost recoveries. FY 2012-13 request BRI #7 proposed to phase out the program, but the General Assembly did not approve this request.

This line item relies on General Fund appropriations that are offset by indirect cost recoveries. However, these costs have not historically been included in the pool of recoverable costs in the Department’s indirect cost collection plan.

STATUTORY AUTHORITY: Sections 24-60-601 and 23-1-108 (10), C.R.S.

REQUEST: The Department requested an appropriation of \$443,125 reappropriated funds for this line item, including an increase of \$44,125 for request R4.

RECOMMENDATION: The staff recommendation is reflected in the table below and includes the requested adjustment for R4, as previously discussed.

	TOTAL FUNDS	GENERAL FUND	REAPPROPRIATED FUNDS	FTE
FY 2016-17 APPROPRIATION				
HB 16-1405 (Long Bill)	\$399,000	\$0	\$399,000	0.0
TOTAL	\$399,000	\$0	\$399,000	0.0
FY 2017-18 RECOMMENDED APPROPRIATION				
FY 2016-17 Appropriation	\$399,000	\$0	\$399,000	0.0
R4 WICHE Optometry	44,125	44,125	0	0.0
Indirect cost adjustments	0	(44,125)	44,125	0.0

	TOTAL FUNDS	GENERAL FUND	REAPPROPRIATED FUNDS	FTE
TOTAL	\$443,125	\$0	\$443,125	0.0
INCREASE/(DECREASE)	\$44,125	\$0	\$44,125	0.0
Percentage Change	11.1%	0.0%	11.1%	0.0%
FY 2017-18 EXECUTIVE REQUEST	\$443,125	\$0	\$443,125	0.0
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

DISTRIBUTION TO THE HIGHER EDUCATION COMPETITIVE RESEARCH AUTHORITY

The Higher Education Competitive Research Authority is created in Section 23-19.7-102, C.R.S. The authority is overseen by a board comprised of the presidents or designees of the research institutions and a Governor appointee (currently the Lt. Governor). Its role is to provide matching funds for federal research grants.

The Authority was initially supported by waste tire fees and more recently by Limited Gaming Funds. Senate Bill 13-133 provided for a limited gaming funds transfer of \$2,100,000 at the end of FY 2012-13 and subsequent years. This is currently the sole source of revenue. The table below reflects calendar year revenues and disbursements in 2016 to provide matching funds for various grants at the research institutions. Disbursements for projects are typically spread over two to six years.

COLORADO HIGHER EDUCATION COMPETITIVE RESEARCH AUTHORITY SUMMARY OF FINANCIAL ACTIVITY - CALENDAR YEAR 2016 PREPARED FOR BOARD MEETING 2017		2016
Balance Available January 1		4,899,101
Revenues		
Limited Gaming Fund		2,100,000.00
interest earnings		32,898.50
Total Revenues		2,132,899
Disbursements		
Colorado State University		
AIR-RA program		132,000.00
\$400,000 in total; \$134,000 per year 3 years		
MRI : Development: Development of a Ship-based C-Band Polarimetric Radar		220,000.00
\$917,836.00 in total		
DOE Accelerator		90,000.00
\$90,000.00 in total		
Colorado School of Mines		
Engineering Research Center Reinventing Urban Water ERC (renewal)		400,000.00

COLORADO HIGHER EDUCATION COMPETITIVE RESEARCH AUTHORITY			
SUMMARY OF FINANCIAL ACTIVITY - CALENDAR YEAR 2016			
PREPARED FOR BOARD MEETING 2017			
			2016
	\$400,000 per year/5 years		
	NSF WSC Category 2 Collaborative		75,000.00
	\$75,000 per year/5 years		
	DOE		100,000.00
	Advanced Composite Manufacturing Innovation		
	\$300,000 per year 5 years		
	split \$100,000 each to CU, CSU and Mines		
	MRI: Acquisition of a coupled optical and scanning probe microscopy facility for advanced materials research		64,858.00
	\$64,858.00 in total		
	MRI: Environmental X-ray Photoelectron Spectroscopy Facility for Characterizing Active Interfaces		247,050.00
	\$247,050.00 in total		
University of Colorado - Boulder			
	Soft Materials Research Center/Materials Research Science and Engineering Center		
	\$400,000 per year/6 years		
	NSF MRSEC		800,000.00
	Soft Materials Research Center Liquid Crystal Frontiers; and, Click Nucleic Acid IRGs		
	\$400,000 per year/6 years		
	MRI Collaborative Consortium: Acquisitions of a Shared Supercomputer		220,000.00
	\$220,000.00 for 2015 to be split between the two awards		
	NSF Science and Technology Center on Real-Time Function Imaging (STROBE) award notification		400,000.00
	5 payments of \$400,000		
	MRI: CU Boulder: Acquisition of an Inductively Coupled Plasma Dry Etching System for Highly Controlled Etching of Chalcogenides and Related Compounds, PI Wounjhang Park		143,558.00
	\$478,527.00 in total		
	Total Disbursements		2,892,466
	Balance Available at December 31		4,139,534

STATUTORY AUTHORITY: Section 23-19.7-102, C.R.S.

REQUEST: The Department requests a continuation level of funding of \$2,800,000 cash funds for this line item.

RECOMMENDATION: Staff recommends the Department’s request for a continuation of **\$2,800,000 cash funds spending authority**. Although this exceeds available new revenue for FY 2017-18, the program has a sufficient fund balance that spending from reserves is possible.

VETERINARY SCHOOL PROGRAM NEEDS CAPITAL OUTLAY SUPPORT

This line represents cash funds and state funds for capital outlay associated with CSU's veterinary medicine program consistent with the provisions of 23-31-118 (2), C.R.S. The funding split is based on the ratio of resident students to non-resident students in the veterinary medicine program. Statute requires that a fee of \$1,001 be assessed to all non-resident and WICHE students. The state appropriation covers this cost-component for resident students, and states participating in the WICHE agreement cover this cost-component for their students. The funds are used for the purchase and replacement of equipment used in the education of veterinary students, with about half (\$496.98 per student) used for capital equipment for use of veterinary students and the balance used for capital construction funding directly related to the veterinary medicine program.

The State’s contribution is shown as reappropriated funds from indirect cost recoveries, but this represents indirect cost recoveries that offset General Fund otherwise required. (The appropriation is not included in the Department’s pool of recoverable costs.) The balance of the appropriation is shown for informational purposes and represents CSU’s collections from non-resident and WICHE students. The cash funds do not pass through the state accounting system.

The FY 2016-17 appropriation includes \$131,100 from CSU cash funds (reflecting non-resident and WICHE students’ share) and \$153,900 from indirect cost recoveries that offset the need for General Fund.

STATUTORY AUTHORITY: Sections 23-31-118(2), C.R.S.

REQUEST: The Department requests a continuation level of funding of \$285,000 total funds for this line item, including \$151,050 from indirect cost recoveries.

RECOMMENDATION: As reflected in the table, staff recommends the request for a continuation level of funding of \$285,000 total funds, but a slight fund adjustment, as the funding sources are based on the ratio of resident to non-resident students in the program: estimated at 293 residents and 281 non-residents for FY 2017-18.

Staff also recommends changing the name of the line item to clarify its purpose.

COLORADO COMMISSION ON HIGHER EDUCATION, SPECIAL PURPOSE, VETERINARY SCHOOL PROGRAM NEEDS CAPITAL OUTLAY					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FTE
FY 2016-17 APPROPRIATION					
HB 16-1405 (Long Bill)	\$285,000	\$0	\$133,950	\$151,050	0.0
TOTAL	\$285,000	\$0	\$133,950	\$151,050	0.0
FY 2017-18 RECOMMENDED APPROPRIATION					
FY 2016-17 Appropriation	\$285,000	\$0	\$133,950	\$151,050	0.0

COLORADO COMMISSION ON HIGHER EDUCATION, SPECIAL PURPOSE, VETERINARY SCHOOL PROGRAM NEEDS CAPITAL OUTLAY					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FTE
Veterinary medicine capital outlay adjustment	0	0	5,700	(5,700)	0.0
TOTAL	\$285,000		\$139,650	\$145,350	0.0
INCREASE/(DECREASE)	\$0	\$0	\$5,700	(\$5,700)	0.0
Percentage Change	0.0%	0.0%	4.3%	(3.8%)	0.0%
FY 2017-18 EXECUTIVE REQUEST	\$285,000	\$0	\$133,950	\$151,050	0.0
Request Above/(Below) Recommendation	\$0		(\$5,700)	\$5,700	0.0

COLORADO GEOLOGICAL SURVEY AT THE COLORADO SCHOOL OF MINES

Pursuant to H.B. 12-1355 and H.B. 13-1057 and an MOU between the Department of Natural Resources and the Colorado School of Mines, the Colorado Geological Survey (CGS), excluding the Avalanche Information Center, was transferred to the Colorado School of Mines in mid-FY 2012-13. The transfer downsized the CGS and the amount of money it received from the Operational Account of the Severance Tax Trust Fund (reduction of \$908,000), although the JBC subsequently added \$300,000 General Fund to the appropriation to retain some functions that were not included in the original transfer plans. An additional \$105,494 General Fund and 1.0 FTE was added in FY 2015-16.

The CGS is the only entity funded from "Tier I" of the Operational Account of the Severance Tax Trust Fund that is not within the Department of Natural Resources.

Most State funding provided for the Survey is for Geologic Hazard mitigation, consistent with an MOU between the school of Mines and the Department of Natural Resources when the CGS was transferred. However, the General Fund provided by the General Assembly has allowed the Division to retain a nucleus of activities in a broader range of areas.

- **land use reviews**, funded through fees paid by local governments (new subdivision proposals and new school locations must be reviewed by CGS for geologic hazards);
- **other geologic hazard work** supported with Severance tax (e.g., identifying areas of natural geologic hazards, providing related technical assistance to state and local governments, creating guidelines for land use in natural hazard areas);
- **surface mapping activities**, which are closely related to and integrated with the geologic hazard work and are supported with both Severance tax and federal funds.
- **groundwater activities**, including mapping, reporting, and technical assistance and advisory work for state and local governments (1.0 FTE supported with General Fund).
- **energy and minerals activities**, including mapping and reporting on mineral deposits and energy resources, as well as reporting on the status of the energy industry. This includes projects related to **geothermal energy** and **carbon sequestration** (1.5 FTE total for energy and minerals activities supported with General Fund). The Oil and Gas Commission in the Department of Natural Resources is now doing this work internally for oil and gas deposits. The CGS continues to do some work in this area for other minerals.

The CGS is expected to bring in additional matching funds to augment the state support provided. The move to the Colorado School of Mines is expected to facilitate growth of such outside funding opportunities.

Both CGS and Mines representatives have indicated to staff that they believe the move of CGS to Mines will ultimately be good for both entities. The move presented some initial challenges and some integration is now occurring, although CGS's public focus and mission is distinct from Mines'.

Report: House Bill 12-1355 required a report to the General Assembly on or before December 1, 2013 and each December thereafter through 2017 concerning the priority of functions for the CGS determined by the School of Mines, the sufficiency of Severance Tax moneys to implement the functions and objectives of the survey, and additional funding available from other sources to carry out these functions.

The Colorado School of Mines submitted the fourth of these required reports in 2016. The report notes that efforts to provide these statutory functions at the same service levels provided prior to the transfer are limited by budget and staffing constraints. As part of the transfer, overall appropriations from the Operational Account of the Severance Tax Trust Fund were reduced by 42 percent; even with the additional General Fund support authorized, total funding and FTE were cut sharply. (JBC staff background: The budget for the CGS at the Department of Natural Resources prior to transfer was \$4.5 million, including \$2.3 million from the Operational Account of the Severance Tax Trust Fund. The FY 2016-17 budget is \$2.2 million, including \$1.3 million from the Operational Account and \$0.4 million from the General Fund.)

The chart below summarizes the CGS FY 2016-17 work-plan. As shown, a significant amount of CGS activity focuses on geologic hazard mapping and related emergency and planning assistance for local governments.

Colorado Geological Survey FY16-17 Work Plan

Project	Deliverable	Funding Partnerships			Mines Technical Partnerships		
		State	Federal	Local	Students	Faculty	Graduates
New Geologic and Geologic Hazard Mapping	Four new geologic/hazard maps (1:24,000); two West Slope and two Front Range	✓	✓	☐	✓	☐	☐
Geothermal Assistance to Local Governments	Collection and dissemination of geothermal data and information in response to requests from local governments and industry	✓	☐	☐	✓	✓	☐
Landslide Mapping Using LiDAR	Landslide susceptibility maps for four counties	✓	✓	✓	☐	☐	✓
Debris Flow Mapping	Susceptibility maps for three counties	✓	✓	☐	✓	✓	✓
Industrial Sand Potential on State Land Board Property	Report on sand resources suitable for hydraulic fracturing and other industrial uses	✓	☐	☐	☐	☐	☐
Mesa, Park, and Chaffee County Groundwater Studies	Reports on groundwater sources in each county	✓	☐	✓	☐	☐	☐
Hazard Planning Assistance to Local Governments	Assist with incorporating geologic hazard mitigation into local land use and pre-disaster mitigation plans	✓	✓	✓	☐	☐	✓
Emergency Response Assistance to Local Governments	Provide disaster response and recovery assistance to state and local governments as needed.	✓	☐	☐	☐	☐	☐
Geologic Hazard Derivative Maps	Create hazard maps for state/local planning using existing maps and new technologies	✓	✓	✓	✓	☐	✓
Geothermal Resource Assessment in the Piceance Basin	Compile geothermal gradient maps using data from oil and gas wells	✓	✓	☐	✓	☐	☐
Mineral and Mineral Fuel Activity Report	Produce report on activity in Colorado during 2015-2016.	✓	☐	☐	☐	☐	☐
Induced Seismicity/Earthquake Hazard Monitoring	Install two new seismometers to better discriminate between natural and induced events and locate unknown faults.	✓	✓	☐	✓	✓	☐
Archuleta County Rockfall and Landslide Study	Evaluate the style of movement, stability, and potential triggers of a large landslide	✓	☐	☐	✓	✓	☐
Land Use Reviews	Reviews proposed subdivisions, school sites and other improvements to help ensure that people and property are not exposed to geologic hazards	☐	☐	✓	✓	☐	✓
Mineral Resource Derivative Maps	Create mineral resource maps from completed geologic maps	✓	☐	☐	☐	☐	☐
Geothermal Technical Assistance to CEO	Ongoing geothermal technical support to the Colorado Energy Office. Complete direct-use feasibility study for Town of Rico.	✓	☐	✓	✓	✓	☐

STATUTORY AUTHORITY: Sections 23-41-201 through 210, C.R.S.

REQUEST: The Department of Higher Education requests continuation of \$2,243,363 and 15.5 FTE, including \$413,829 General Fund and \$1,346,975 from the Operational Account of the Severance Tax Trust Fund for the Geological Survey at the Colorado School of Mines.

LINE ITEM RECOMMENDATION: The staff recommendation is for a continuation amount of \$2,243,363 and 15.5 FTE, including \$413,829 General Fund and \$1,346,975 from the Operational Account of the Severance Tax Trust Fund, PLUS transfer of the CGS pots to this line item. The transfer is not yet reflected in the numbers pages, pending any final Committee decisions on the salary survey pot. However, the current estimate of funds to transfer is reflected below. Of the cash fund pots, 90 percent (\$165,863) is assumed to be from the Operational Account of the Severance Tax Trust Fund.

Colorado Geological Survey Centrally-appropriated					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS
HLD	\$131,295	\$37,718	\$90,431	\$0	3,146
Salary Survey (request)	32,209	9,553	21,145	0	1,511
STD	2,403	637	1,706	0	60
AED	54,418	17,380	35,505	0	1,533
SAED	54,418	17,380	35,505	0	1,533
Total	\$274,743	\$82,668	\$184,292	\$0	\$7,783

INSTITUTE OF CANNABIS RESEARCH AT CSU-PUEBLO

Senate Bill 16-191 authorized the General Assembly to appropriate money from the Marijuana Tax Cash Fund (MTCF) to the Board of Governors of the Colorado State University System (CSU) to fund scientific and social science research at CSU-Pueblo concerning marijuana and other matters that impact the state and its regions.

Update: CSU reported that, for the first year, 12 research projects have been recommended for funding by a peer-review board. CSU-P consults with the Department of Public Health and Environment to avoid any funding overlap. The larger research areas to be funded include a study on the effects of medicinal cannabinoids on seizures in those with epilepsy, a study of use of industrial hemp fibers as reinforcing agents, and study for an enhanced method for extracting cannabidiol from cannabis leaves and flowers using pressurized liquid extraction. A conference and journal are in the planning processes, and a manager has been hired for the program.

STATUTORY AUTHORITY: Sections 23-31-112, C.R.S.

REQUEST: The Department of Higher Education requests continuation of \$900,000 cash funds from the Marijuana Tax Cash Fund.

RECOMMENDATION: Staff recommends the request for continuation funding of \$900,000 cash funds from the Marijuana Tax Cash Fund.

GEAR UP

This line item was added in FY 2014-15 to show all federal funding for the GEAR UP grant program, as this is where the program is managed. Previously, only portions of GEAR UP funding were on-budget, although the overall size of the grant has not changed. The full program was moved the Department of Higher Education at the end of FY 2012-13.

PROGRAM BACKGROUND: The federally-funded GEAR UP program places full-time advisors in more than two dozen middle and high schools across the state. The goal is to help students, who are typically first in their family to attend college, to become college-ready. Advisors recruit roughly 100 students per grade level, starting with eighth-graders, and work with them throughout middle and high school. Middle-school students historically began with ‘early remediation’ courses (remedial courses that would be required to begin college work if they were college-age) in order to demonstrate that they are college ready. Older students participate in dual enrollment courses that

earn college credits while they are in high school in order to build students’ confidence and save them money and time in college. They also take CLEP exams (e.g., in Spanish) to demonstrate proficiency and earn college credit. GEAR UP students graduate high school having earned an average of 17 college credits. These are far more likely to graduate from high school and pursue and persist in college than their peers. The program reports that 87 percent graduate from high school, 84 percent enroll in college in the fall after high school graduation, and 81 percent persist through their first year of college.

FEDERAL GRANT: In FY 2011-12, Colorado received a third seven-year GEAR UP grant for \$5,000,000 per year. Fifty percent of the total (\$2.5 million) is directed to direct scholarship/tuition assistance to GEAR UP participants, while the balance primarily supports the salaries of the GEAR UP student advisors.

Position	FTE
Pre-Collegiate Advisors	25.5
College Advisors	8.0
Management Team	5.0
Data Staff Support	0.6
Total GEAR-UP FTE	39.1

REQUEST: The Department requests continuation of \$5,000,000 federal funds and 39.1 FTE shown for informational purposes.

RECOMMENDATION: **Staff recommends a continuation of \$5,000,000 federal funds and 39.1 FTE shown for informational purposes.** Staff notes that salary increases need to be absorbed within the fixed base grant amount.

PROSECUTION FELLOWSHIP PROGRAM

Senate Bill 14-174, amended by S.B. 15-043, created the Prosecution Fellowship Program. Through state funding appropriated to the Department of Higher Education, the Colorado District Attorney's Council (CDAC) oversees and facilitate the placement of six recent graduates from the state's two major law schools, the University of Colorado at Boulder and the University of Denver, into one year prosecution fellowships in rural jurisdictions around the state. Fellows receive an intensive trial advocacy course from CDAC over the summer before placement in the community in September.

The fellowships were filled beginning in FY 2015-16, and CDAC has reported that the program is achieving its goals of providing prosecution work experience for law school graduates and assisting understaffed rural prosecutor's offices.

STATUTORY AUTHORITY: Sections 23-19.3-101 and 102, C.R.S.

REQUEST: The Department requests continuation of \$356,496 General Fund.

RECOMMENDATION: Staff recommends continuation of \$356,496 General Fund.

RURAL TEACHER RECRUITMENT, RETENTION, AND PROFESSIONAL DEVELOPMENT

Senate Bill 16-104 (Incentives to Build Number of Rural Teachers) created several new programs to provide incentives for individuals to become teachers in rural school districts, and to support the needs of professional educators in rural school districts. The bill included statutory authorization and funding for:

- a rural education coordinator (\$145,000);
- financial stipends for student teachers who agree to teach in rural areas (\$112,000),
- support for teacher cadet programs to support high school students interested in pursuing teaching careers in rural schools (\$50,000);
- funds for national board certification, concurrent enrollment certification, and other professional development for rural teachers (\$120,000); and
- support to the Department of Higher Education to oversee these programs.

Update: The Department reported that the University of Northern Colorado was selected as the host institution after a statewide RFP competition. UNC is creating a new Center for Rural Education. The Community College System is directing the teacher cadet expansion into the rural regions of the state. Initial activities including qualifying 10 teachers to be certified teacher cadet instructors. There are multiple ongoing efforts to support teachers in rural districts to become qualified to teach concurrent enrollment courses, and these efforts will be expanded by the new Center.

STATUTORY AUTHORITY: Sections 23-76-101 through 106, C.R.S.

REQUEST: The Department requests continuation funding of \$441,095 General Fund and 0.3 FTE for this program.

RECOMMENDATION: Staff recommends continuation funding of \$441,095 General Fund and 0.3 FTE.

UNIVERSITY OF COLORADO, LEASE PURCHASE OF ACADEMIC FACILITIES AT FITZSIMONS

The General Assembly authorized the State to enter into a lease purchase agreement for the University of Colorado Health Sciences Center at Fitzsimons pursuant to H.B. 03-1256. The bill authorized an agreement for up to twenty-five years, with the total amount of the agreement not to exceed \$202,876,109 plus administrative, monitoring, closing costs and interests. The bill further specified that annual aggregate rentals authorized would not exceed \$15,100,000.

The General Assembly further authorized use of up to \$8,000,000 per year of Tobacco Master Settlement revenues for this purpose in Section 23-20-136 (3.5), C.R.S. The annual amount is based on total tobacco settlement funds received and the statutory allocation of the funds. These funds are deposited to the Fitzsimons Trust Fund.

This line item was moved from the capital construction section of the Long Bill to the operating section in FY 2015-16.

STATUTORY AUTHORITY: Sections 23-20-136 (3.5), C.R.S., and H.B. 03-1256.

REQUEST: The Department requests \$14,261,775 total funds for FY 2017-18, including \$7,261,775 from the General Fund and \$7,000,000 tobacco settlement funds.

RECOMMENDATION: While staff recommends the same total funding as the request, the fund split is adjusted based on the FY 2017-18 forecast for tobacco settlement revenue and the excess tobacco revenue received in FY 2016-17 (fund balance). The total amount is consistent with the amortization schedule for the Fitzsimons COP.

COLORADO COMMISSION ON HIGHER EDUCATION, SPECIAL PURPOSE, UNIVERSITY OF COLORADO, LEASE PURCHASE OF ACADEMIC FACILITIES AT FITZSIMONS				
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FTE
FY 2016-17 APPROPRIATION				
HB 16-1405 (Long Bill)	\$14,255,211	\$7,249,326	\$7,005,885	0.0
TOTAL	\$14,255,211	\$7,249,326	\$7,005,885	0.0
FY 2017-18 RECOMMENDED APPROPRIATION				
FY 2016-17 Appropriation	\$14,255,211	\$7,249,326	\$7,005,885	0.0
Fitzsimons COP	6,564	(1,787,551)	1,794,115	0.0
Other	0	0	0	0.0
TOTAL	\$14,261,775	\$5,461,775	\$8,800,000	0.0
INCREASE/(DECREASE)	\$6,564	(\$1,787,551)	\$1,794,115	0.0
Percentage Change	0.0%	(24.7%)	25.6%	0.0%
FY 2017-18 EXECUTIVE REQUEST	\$14,261,775	\$7,261,775	\$7,000,000	0.0
Request Above/(Below) Recommendation	\$0	\$1,800,000	(\$1,800,000)	0.0

HIGHER EDUCATION FEDERAL MINERAL LEASE REVENUES FUND

This line item is used to appropriate General Fund into the Higher Education Federal Mineral Lease (FML) Revenues Fund (revenues fund). Once in the revenues fund, the moneys are subject to annual reappropriation for the Lease Purchase of Academic Facilities Pursuant to Section 23-19.9-102, C.R.S.

BACKGROUND: The revenues fund was created to support lease-purchase (certificate of participation /COP) payments for higher education capital construction projects authorized in 2008. Created in Section 23-19.9-102, C.R.S., the fund receives the "spillover" (amounts that exceed caps) from other funds that receive statutory allocations of FML revenue, as well as 50 percent of FML bonus revenues.

In most recent years, FML revenues deposited to the revenues fund have not been sufficient to cover required COP payments, and the General Assembly has appropriated General Fund to make up the difference.

The Master Indenture for the COPs states that “payment of Rent and all other payments by the State under the Leases shall constitute currently appropriated expenditures of the State and shall be paid solely from the Higher Education Federal Mineral Lease Revenues Fund and any moneys in the Higher Education Institutions Lease Purchase Cash Fund.” (This second fund receives institutional contributions.) The Indenture also specifies that if FML revenues are insufficient, the State may deposit General Fund into the revenues fund to make up the difference.

In light of this, all moneys to be used for the COP payments, including General Fund, are deposited to the revenues fund. This line item is included in the Long Bill to make the necessary General Fund deposit. The amount appropriated in this line item is then reappropriated in the subsequent line item (Lease Purchase of Academic Facilities Pursuant to Section 23-19.9-102, C.R.S.) for payment of the COPs.

STATUTORY AUTHORITY: Section 23-19.9-102, C.R.S.

REQUEST: The Department requested \$16,996,073 General Fund, including an adjustment to address the decline in FML cash funds revenue available to pay the COPs.

RECOMMENDATION: The staff recommendation is reflected in the table below. The amount included is based on the difference between the COP payments due in FY 2017-18 and FML revenues anticipated to be available. As discussed at the beginning of this division, the recommendation, for \$16,073,025, is lower than the request based on the FML fund balance anticipated to be available for use in FY 2017-18.

COLORADO COMMISSION ON HIGHER EDUCATION, SPECIAL PURPOSE, HIGHER EDUCATION FEDERAL MINERAL LEASE REVENUES FUND FOR LEASE PURCHASE OF ACADEMIC FACILITIES			
	TOTAL FUNDS	GENERAL FUND	FTE
FY 2016-17 APPROPRIATION			
HB 16-1405 (Long Bill)	\$12,125,175	\$12,125,175	0.0
TOTAL	\$12,125,175	\$12,125,175	0.0
FY 2017-18 RECOMMENDED APPROPRIATION			
FY 2016-17 Appropriation	\$12,125,175	\$12,125,175	0.0
Higher Ed Federal Mineral Lease COP	3,947,850	3,947,850	0.0
TOTAL	\$16,073,025	\$16,073,025	0.0
INCREASE/(DECREASE)	\$3,947,850	\$3,947,850	0.0
Percentage Change	32.6%	32.6%	n/a
FY 2017-18 EXECUTIVE REQUEST	\$16,996,073	\$16,996,073	0.0
Request Above/(Below) Recommendation	\$923,048	\$923,048	0.0

LEASE PURCHASE OF ACADEMIC FACILITIES PURSUANT TO SECTION 23-19.9-102, C.R.S.

In 2008, the General Assembly authorized the State to enter into lease-purchase agreements (certificates of participation/COPs) to fund capital construction projects for state-supported institutions of higher education. The General Assembly anticipated significant increases in federal mineral lease (FML) revenue due to natural gas leases on the Roan Plateau and, in light of this, modified the formula allocation for FML revenue to direct a portion to support the new COPs. The Higher Education FML Revenues Fund (revenues fund), created in Section 23-19.9-102, C.R.S., receives the "spillover" (amounts that exceed caps) from other funds that receive statutory allocations of FML revenue plus 50 percent of all FML bonus revenue. Amounts in this fund are subject to annual appropriation for the higher education COP payments.

Through S.B. 08-233 and H.J.R 08-1042, the General Assembly authorized COP payments to fund 17 projects for higher education academic buildings. Funding was ultimately sufficient to fund the first 12 projects, with some additional controlled maintenance projects authorized through H.B. 12-1357 using unspent COP proceeds. Pursuant to Section 23-1-106.3 (1) (b) (IV), C.R.S. the anticipated annual state-funded payments for the principal and interest components under all lease purchase agreements on the projects is not to exceed an average of \$16,200,000 per year for the first ten years of payment and is not to exceed \$16,800,000 for the second ten years of payment. Payments will end in FY 2027-28.

Although the General Assembly anticipated funding would be provided through the FML revenues fund, this revenue stream has been extremely inconsistent, and General Fund backfill has thus been required to make the COP payments in many years, as reflected in the table below.

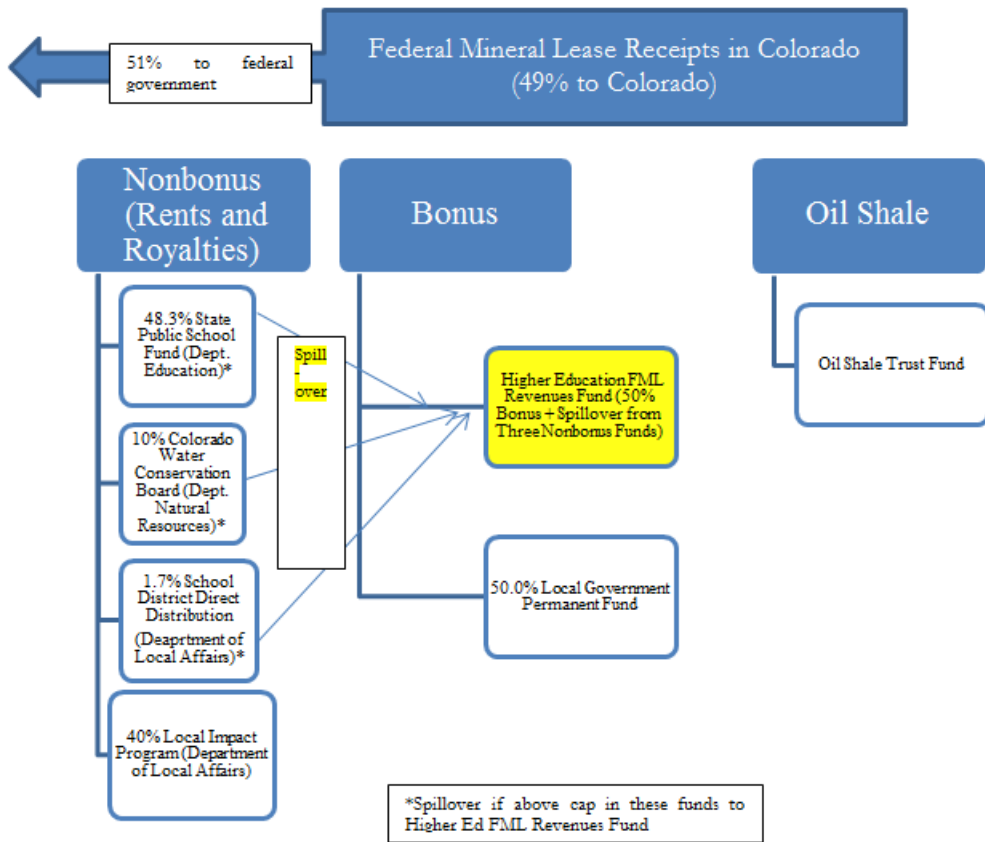
APPROPRIATIONS - LEASE PURCHASE OF ACADEMIC FACILITIES PURSUANT TO SECTION 23-19.9-102, C.R.S.									
	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17
Cap. Con. Fund/ General Fund	\$0	\$0	\$0	\$4,066,510	\$420,184	\$18,587,975	\$18,587,556	\$5,781,075	\$12,125,175
HED FML Revenues Fund	10,000,000	16,652,725	8,877,550	8,379,790	18,165,191	0	0	11,991,975	5,650,000
Total	\$10,000,000	\$16,652,725	\$8,877,550	\$12,446,300	\$18,585,375	\$18,587,975	\$18,587,556	\$17,773,050	\$17,773,050
Notes: The initial appropriation was included S.B. 16-233, which authorized the program (Capital Development Committee bill). Subsequent appropriations appeared in the Capital Construction section of the Long Bill (Treasury) until FY 2015-16, when the appropriation was included in the Treasury operating appropriations section.									

During the 2016 legislative session, the JBC sponsored H.B. 16-1229 to make some changes to the funding structure for the COP payments. This bill:

- Transferred the amount in the former Higher Education FML Reserve Fund (\$7.6 million) into the revenues fund upon enactment. Of this amount \$1.9 million was used to help cover FY 2015-16 COP payments and address a shortfall in the fund, while the balance of \$5.7 million was available for appropriation in FY 2016-17.

- Eliminated the Higher Education FML Reserve Fund and directed 50 percent of FML bonus revenue that would previously have been deposited to the reserve fund into the revenues fund. This was expected to add about \$1.0 million per year in FML money to the revenues fund.
- Clarified that appropriations for higher education COPs are made to the Department of Higher Education for transfer to the State Treasurer. Amounts transferred to the Treasurer are continuously appropriated to the Treasurer for purposes of making related payments.

The chart below summarizes the flow of FML revenue used for these Higher Education COP payments including the changes in H.B. 16-1229.



STATUTORY AUTHORITY: Sections 23-1-106.3, 23-19.9-101 and 102, and 34-63-102, C.R.S.

REQUEST: The Department requested \$17,775,175 total funds, including \$16,996,973 reappropriated funds from General Fund appropriated in the line item above.

RECOMMENDATION: The staff recommendation is reflected in the table below. As discussed at the beginning of this division, staff projects more FML revenue will be available to support this line item than was included in the Executive Request.

COLORADO COMMISSION ON HIGHER EDUCATION, SPECIAL PURPOSE, LEASE PURCHASE OF ACADEMIC FACILITIES PURSUANT TO SECTION 23-19.9-102					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FTE
FY 2016-17 APPROPRIATION					
HB 16-1405 (Long Bill)	\$17,775,175	\$0	\$5,650,000	\$12,125,175	0.0
TOTAL	\$17,775,175	\$0	\$5,650,000	\$12,125,175	0.0
FY 2017-18 RECOMMENDED APPROPRIATION					
FY 2016-17 Appropriation	\$17,775,175	\$0	\$5,650,000	\$12,125,175	0.0
Higher Ed Federal Mineral Lease COP	(2,150)	0	(3,950,000)	3,947,850	0.0
TOTAL	\$17,773,025	\$0	\$1,700,000	\$16,073,025	0.0
INCREASE/(DECREASE)	(\$2,150)	\$0	(\$3,950,000)	\$3,947,850	0.0
Percentage Change	(0.0%)	0.0%	(69.9%)	32.6%	0.0%
FY 2017-18 EXECUTIVE REQUEST	\$17,773,025	\$0	\$776,952	\$16,996,073	0.0
Request Above/(Below) Recommendation	\$0		(\$923,048)	\$923,048	0.0

TUITION/ENROLLMENT CONTINGENCY

This line item provides spending authority that CCHE may transfer to any of the governing boards in the event that enrollment increased above projected levels, resulting in greater revenue and expenditures than expected. It is included because the cash fund appropriations to the governing boards in the Long Bill represent a cap on higher education expenditures.

After a five-year hiatus, tuition is again appropriated in FY 2016-17. In light of this, the line item was reinstated in FY 2016-17. If tuition expenditures reach the appropriation cap and there is no contingency, schools could be forced to stop enrolling additional students because they would not have sufficient spending authority to serve the additional students.

Staff anticipates that annual tuition appropriations to each governing board will be "trued up" each year through late supplemental action (a Long Bill add-on). Nonetheless, (1) there will still be some variance between supplemental appropriations and final institutional spending, due to late student decisions and summer sessions; and (2) in some years, some institutions may experience extraordinary enrollment adjustments due to macro-economic factors. Under such circumstances these institutions could approach their annual spending cap before a late supplemental is adopted.

REQUEST: The Department requested a continuation level of appropriation for this line item.

RECOMMENDATION: **Staff recommends a continuing appropriation of \$60,000,000 cash funds (tuition spending authority) for this line item for FY 2017-18.** This represents less than 3.0 percent of total appropriations for tuition spending authority. However, based on an analysis of recent end-of-year variances, staff believes this figure should be ample. The line item will be used for the first time since its reinstatement at the end of FY 2016-17. **Staff also recommends continuing the footnote that explains the purpose of the line item and an RFI requesting data on how it is used.**

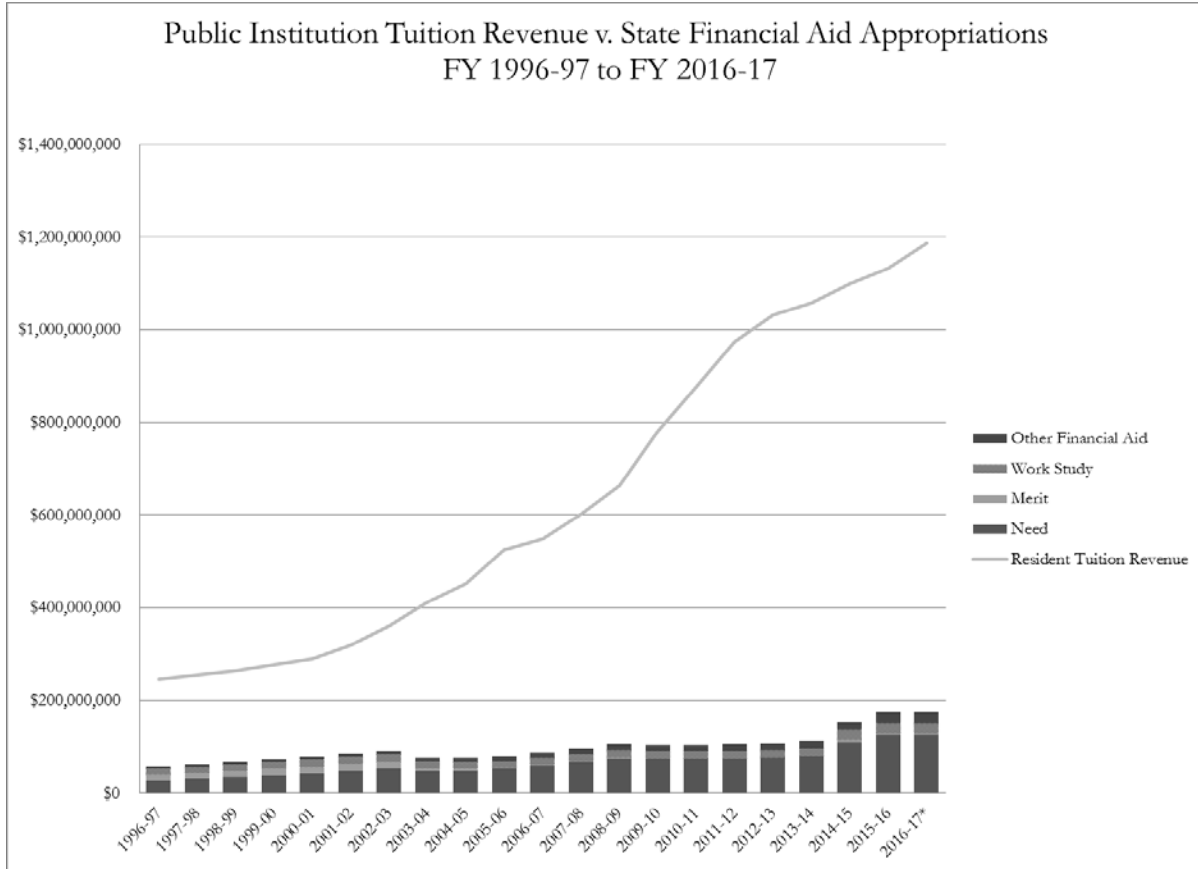
(3) COLORADO COMMISSION ON HIGHER EDUCATION FINANCIAL AID

Of the state General Fund appropriations for higher education in FY 2016-17, \$175.2 million (20.1 percent) is for financial aid. The majority of the money goes for need-based aid and work study. A small appropriation for merit-based grants was restored in FY 2014-15 and continued in subsequent years, and there are a number of smaller, special purpose financial aid programs. These include the Colorado Opportunity Scholarship Initiative, added in FY 2014-15, to fund services, supports, and scholarships for high achieving low income students in collaboration with private funders and agencies.

State financial aid: For most of the financial aid programs, the General Assembly appropriates financial aid funds to the Colorado Commission on Higher Education, which allocates them to institutions, including to some private institutions, based on formulas that consider financial need at the schools, total student enrollment, student retention, and program eligibility criteria. A total of 77,801 students received state-supported financial aid in FY 2015-16, most of whom received need-based aid or work study support. The average state need-based award was \$1,963 and the average state work study award was \$2,512.

Most state aid is need-based. Smaller amounts are provided for work-study and merit-based aid. In addition, the State supports various special-purpose aid programs that are described by line item in the sections below. These include support for the Fort Lewis Native American Tuition Waiver and the Colorado Opportunity Scholarship Initiative, among others.

For FY 2014-15, the General Assembly provided a 37.0 percent increase in financial aid, and for FY 2015-16 it provided a 14.0 percent increase. Funding for FY 2016-17 was held virtually flat (a 0.6 percent increase over FY 2015-16). Overall demand for aid continues to far outstrip available funding, as suggested by the chart below.



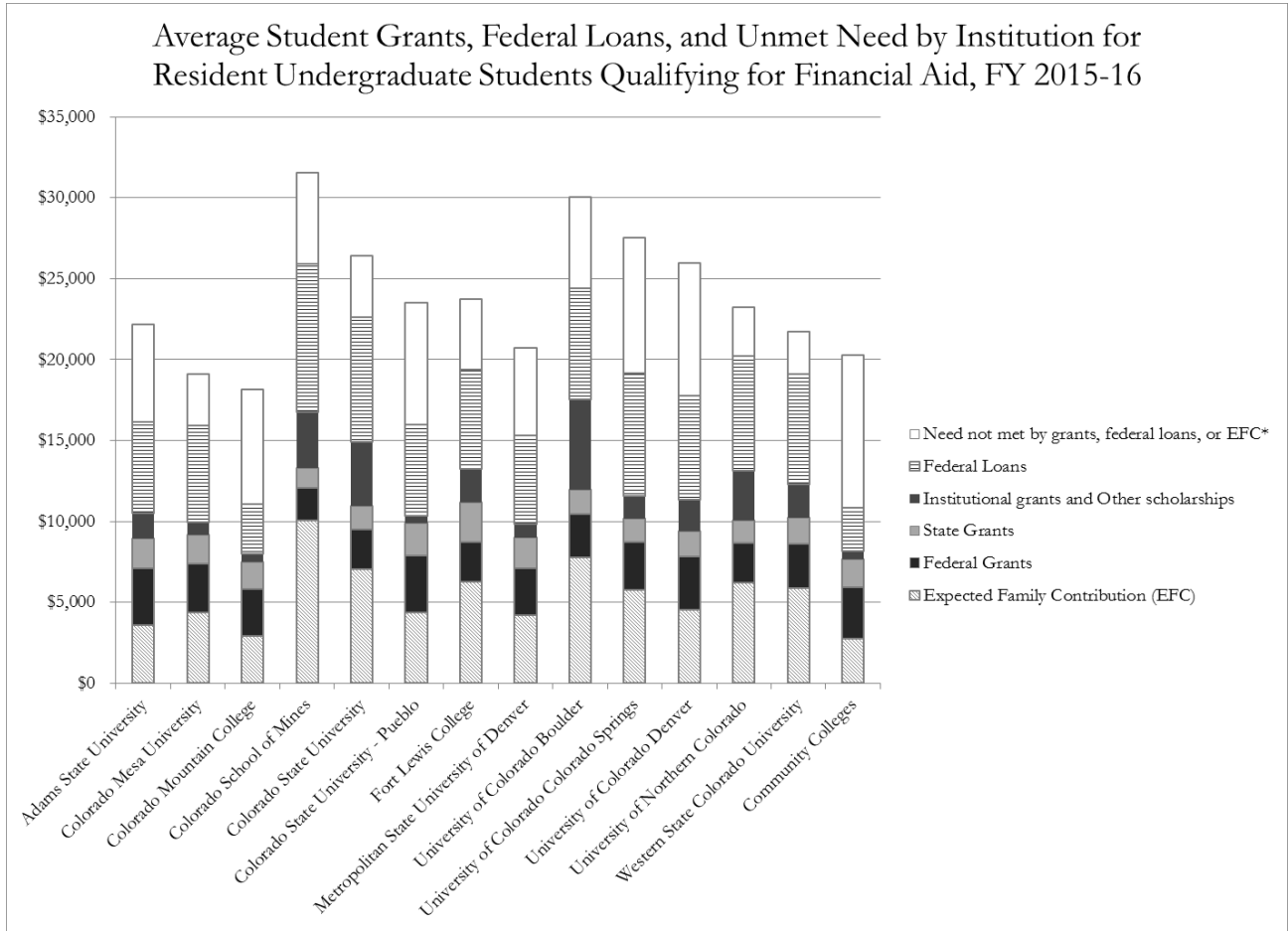
*Tuition revenue reflects estimates used for budgeting purposes for FY 2016-17.

Statutory Guidance on State Financial Aid Funding: Section 23-3.3-103, C.R.S. requires that the annual appropriations for student financial assistance (need-based, merit-based, work-study, and assistance to national guard members and to dependents of deceased or disabled national guard members and first-responders), and the Colorado Opportunity Scholarship Initiative, increase, in total, by at least the same percentage as the aggregate percentage increase of all General Fund appropriations to institutions of higher education.

Student Need and Other Sources of Support: Most sources of student financial aid are not reflected in the state budget. However, even when these other funding sources are included, financial aid support is far less than the cost of higher education.

The calculated “Cost of Attendance” is far greater than just tuition and academic fees. It includes expenses related to room, board, transportation, and learning materials, in addition to tuition. Depending on the institution, these other costs of attendance may dwarf the price of tuition. The total cost of attendance for a resident student in FY 2015-16, including room and board and fees, ranged from \$17,169 at Aims Community College to \$31,535 at the Colorado School of Mines.

The following chart compares grants and loans awarded in FY 2015-16 to full-time resident undergraduate students with financial need (calculated based on federal formulas) and the average cost of attendance for a resident student at various institutions. Of the funding sources shown, only state grants are reflected in the state budget.



*This shortfall may be addressed by the student by reducing their out-of-pocket costs, e.g., by living with family or in less expensive accommodation than the cost of attendance formula calculates, by additional earned income or savings, or by private unsubsidized loans taken out by the student or family.

PELL RESIDENT UNDERGRADUATE FTE FY 2015-16			
	UNDERGRAD PELL FTE	UNDERGRAD RESIDENT FTE	PELL-ELIGIBLE AS % RESIDENT UNDERGRAD FTE
Adams State University	790	1,390	57%
Colorado Mesa University	2,627	6,515	40%
Colorado School of Mines	615	2,896	21%
Colorado State University System	5,196	19,267	27%
Community College System	17,221	47,272	36%
Fort Lewis College	521	1,857	28%
Metropolitan State University of Denver	5,816	14,892	39%
University Colorado System	9,027	29,990	30%
University of Northern Colorado	2,394	6,899	35%

PELL RESIDENT UNDERGRADUATE FTE FY 2015-16			
	UNDERGRAD PELL FTE	UNDERGRAD RESIDENT FTE	PELL-ELIGIBLE AS % RESIDENT UNDERGRAD FTE
Western State Colorado University	421	1,372	31%

As reflected in the chart, state grants represent only one relatively small component of financial aid.

Federal financial aid: The largest source of need-based aid is the federal government, which provides student grants that are not reflected in the state budget. The federal Pell grant program provided up to \$5,775 per eligible student in FY 2015-16, with an average grant of \$3,439. The families of dependent students receiving a full Pell had an average adjusted gross income of \$14,321 while the average for students receiving any Pell award was \$24,436. In FY 2015-16, 74,730 students attending state public institutions received a Pell grant.

Institutional financial aid: Students may also receive grants from the higher education institutions they attend. About 25 percent of all the aid students receive at public and private Colorado institutions is institutional aid. Some institutions make significant funds available from their operating budgets and donated funds, based on moneys available and the number of students who qualify for institutional aid. About one-third of institutional aid is used for need-based aid, primarily for resident students, and this is reflected in the chart above.

Student debt: In order to fill the gap between cost of attendance and available grant funds, students typically rely heavily on student loans. In addition to grant funds, the federal government provides guaranteed loans and tax credits and deductions for tuition.

- Sixty-seven percent of students completing a bachelor's degree from a public institution graduated with debt in FY 2015-16, and the average federal student loan debt at graduation was \$25,877.
- Sixty percent of students completing an associate's degree from a public institution graduated with debt in FY 2015-16, and the average student loan debt at graduation was \$13,374.
- There is a substantial gap between the calculated cost of attendance for students with need and known sources of student support. A portion of this gap may be filled with additional unsubsidized student or family loans which are not included in these figures.

COLORADO COMMISSION ON HIGHER EDUCATION FINANCIAL AID					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FTE
FY 2016-17 Appropriation					
HB 16-1405 (Long Bill)	\$175,289,308	\$175,203,345	\$0	\$85,963	0.0
TOTAL	\$175,289,308	\$175,203,345	\$0	\$85,963	0.0
FY 2017-18 RECOMMENDED APPROPRIATION					
FY 2016-17 Appropriation	\$175,289,308	\$175,203,345	\$0	\$85,963	0.0
R1 Operating request for public colleges and universities	3,895,962	3,895,962	0	0	0.0
R3 Fort Lewis Native American Tuition Waiver	(416,054)	(416,054)	0	0	0.0
Indirect cost adjustments	0	(93,400)	996	92,404	0.0
Move Natl Guard Tuition Assistance to MIL	(800,000)	(800,000)	0	0	0.0
TOTAL	\$177,969,216	\$177,789,853	\$996	\$178,367	0.0
INCREASE/(DECREASE)	\$2,679,908	\$2,586,508	\$996	\$92,404	0.0
Percentage Change	1.5%	1.5%	0.0%	107.5%	0.0%
FY 2017-18 EXECUTIVE REQUEST					
Request Above/(Below) Recommendation	\$1,202,114	\$1,295,514	(\$996)	(\$92,404)	0.0

DECISION ITEMS – COLORADO COMMISSION ON HIGHER EDUCATION FINANCIAL AID

→ R3 FORT LEWIS COLLEGE NATIVE AMERICAN TUITION WAIVER

REQUEST: As of November 1, 2016, Resident student tuition growth and Native American enrollment growth at Fort Lewis were projected to drive a need for an additional \$ 88,300 General Fund in FY 2017-18. Funding is made one year in arrears. Thus, the FY 2017-18 request was based on the FY 2016-17 estimate.

RECOMMENDATION: The staff recommendation for R3 is for a *decrease* of \$416,054 General Fund, for a total \$16,948,194. The recommendation is based on an updated projection from Fort Lewis received in February 2017.

- Consistent with past practice, the staff recommendation is based on the projected current year (FY 2016-17) Native American Tuition Waiver cost. The lower staff figure is based on revised estimates of the FY 2016-17 Native American Tuition Waiver cost provided (as in prior years) in February.
- The state's obligation to waive tuition for Native Americans has been challenged and upheld in court. In 1971, Colorado passed legislation requiring Native American students at Fort Lewis who came from outside Colorado to pay tuition, while resident Native American students would be admitted free of charge. The federal government brought suit against the State, resulting in an injunction requiring that tuition be waived for all Native American students. The 1972 District Court ruling against the State was subsequently upheld by the federal Court of Appeals.

- About 94 percent of costs for the Native American Tuition Waiver are due to costs associated with non-resident students. For FY 2016-17 (used for the FY 2017-18 request), funding requested includes \$1,055,342 for resident students and \$16,000,660 for non-resident students. This represents a decline from the prior year, due to flattening enrollment for nonresidents and declining enrollment for resident students.

	FY 2015-16	FY 2016-17 EST.	CHANGE
Enrollment			
Resident Native American Student FTE	161	153	(8.0)
Nonresident Native American SFTE	<u>949</u>	<u>950</u>	<u>1.0</u>
Total	1,110	1,103	(7.0)
Tuition Waiver Cost*			
Resident Native American Student FTE	\$1,019,051	\$1,055,342	\$36,297
Nonresident Native American SFTE	<u>\$16,020,952</u>	<u>\$16,000,660</u>	<u>(\$20,292)</u>
Total	17,040,003	17,056,002	\$15,999
Per-student Est. Charge**			
Resident Native American Student FTE	\$6,330	\$6,898	\$568
Nonresident Native American SFTE	<u>\$16,882</u>	<u>\$16,843</u>	<u>(\$39)</u>
All Native American Students average per SFTE	\$15,351	\$15,463	\$112

*Excludes adjustments for prior years that are part of the appropriations.

**Enrollment and waiver amounts generated from this calculation exceed Fort Lewis' official tuition rates, due primarily to summer-session costs.

- The Native American enrollment change and 2.4 percent decline in the waiver funding request is markedly different from recent-year trends. Staff is uncertain whether this reflects the beginning of an ongoing change or a temporary aberration.**

Fort Lewis Native American Tuition Waiver Appropriations/Recommendation								
	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18*
General Fund	\$10,430,371	\$11,785,002	\$12,773,557	\$14,466,230	\$14,841,981	\$16,157,618	\$17,364,248	\$16,948,194
Change over prior year		\$1,354,631	\$988,555	\$1,692,673	\$375,751	\$1,315,637	\$1,206,630	(\$416,054)
Percentage Increase		13.0%	8.4%	13.3%	2.6%	8.9%	7.5%	-2.4%

*Recommend based on updated request

- The combination of the revised Fort Lewis waiver request and request R1 (if approved as requested) will drive a 0.4 percent net reduction in overall General Fund support for Fort Lewis. Nonetheless, even with the adjustment, Fort Lewis receives substantially more General Fund support related to the waiver program than from the College Opportunity Fund Program.

Fort Lewis Appropriation and Request: General Fund Support			
	FY 2016-17	FY 2017-18	Change
Native American Waiver Approp/Staff Recommendation	\$17,364,248	\$16,948,194	(\$416,054)
Governing Board Approp/Request R1	11,481,200	11,784,938	303,738
Total General Fund	\$28,845,448	\$28,733,132	(\$112,316)

- Fort Lewis continues to work with Colorado's Congressional delegation to try and secure federal support for the Native American tuition waivers, since so many of the students are not from Colorado. Fort Lewis reports that their lobbying effort remains strong, with 56 co-sponsors in the House for H.R. 1089 and eight in the Senate for S. 1390 [bills that would provide federal support for non-resident Native American students], and it is the number one higher education priority for Senators Gardner and Bennet, as well as Rep. Tipton, for inclusion in the Higher Education Reauthorization Act. Nonetheless, staff does not think the State should count on a near-term change, given uncertainty federal legislative action.
- Fort Lewis has proposed that it again be allowed to increase non-resident tuition, which has been held flat for multiple years.

Additional Background on Fort Lewis Native American Tuition Waiver

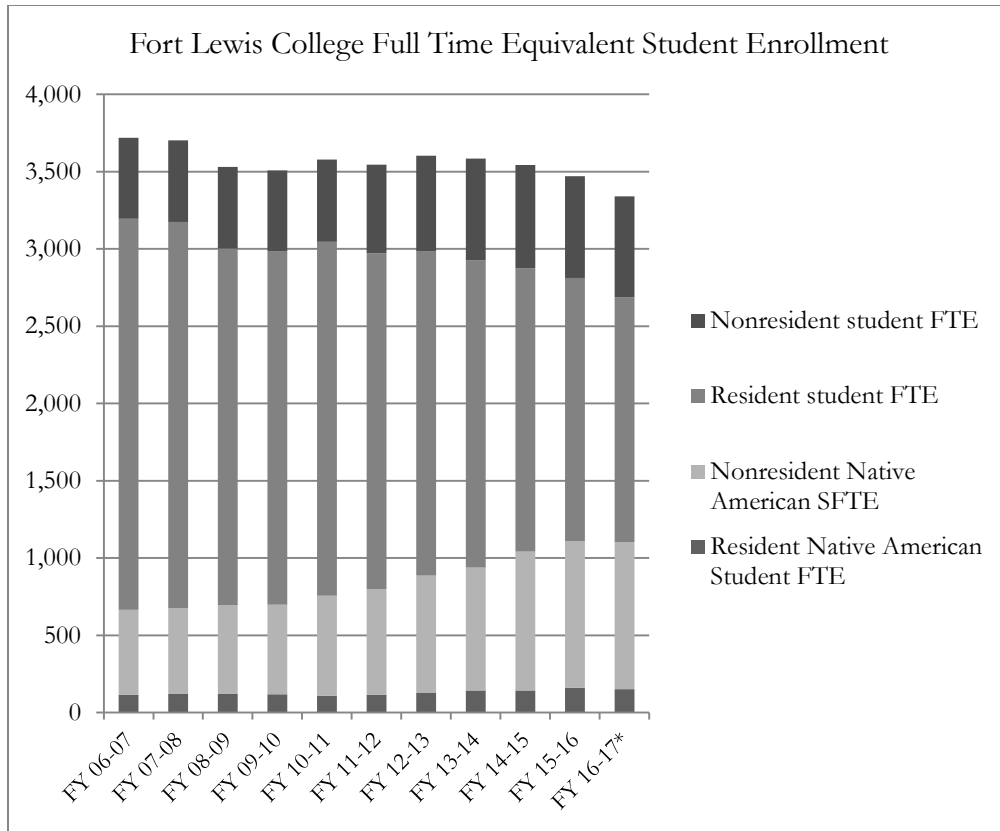
Ft. Lewis History: The Old Fort Lewis property in Hesperus, Colorado was home to a military post and an Indian boarding school, both operated by the federal government. In 1910, the federal government offered the land to the State on two conditions: (1) that the lands and buildings would be held and maintained by the State; and (2) that “Indian pupils shall at all times be admitted to such school free of charge for tuition and on terms of equality with white pupils”. The provisions were outlined in a 1910 Act of Congress, and the State’s subsequent acceptance was outlined in an Executive Order by then Governor Shaforth.

The school was initially an agricultural and mechanical arts high school. In the 1930s, it expanded into a two-year college, and in 1948 it was brought under the control of the State Board of Agriculture. In 1956, the college moved 18 miles east to a hill overlooking Durango and became a four-year institution, awarding its first baccalaureate degrees in 1964.

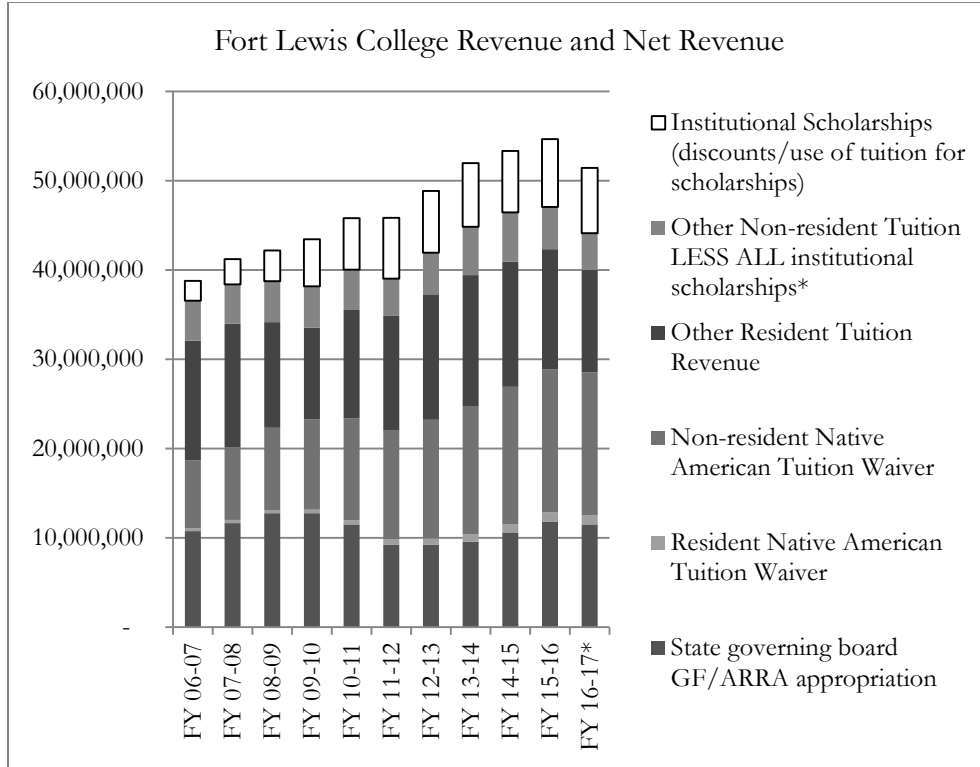
Throughout the institution’s changes, Colorado continued to provide free tuition for Native American students, regardless of their state of origin. In 1971, Colorado passed legislation requiring Native American students at Fort Lewis who came from outside Colorado to pay tuition, while resident Native American students would be admitted free of charge. The federal government brought suit against the State, resulting in an injunction requiring that tuition be waived for all Native American students. The 1972 District Court ruling against the State was subsequently upheld by the federal Court of Appeals. As a result, Colorado has continued to cover Native American tuition costs for both in-state and out-of-state students.

State Costs and Students Served: The charts below show: (1) The relatively rapid growth in non-resident student enrollment at Fort Lewis; (2) the large and growing significance of Native American Tuition Waiver revenue for non-resident students on Fort Lewis’ overall tuition revenue picture; and (3) the average “education and general” cost per student and sources of support at Fort

Lewis versus Adams State and Western State, which, like Fort Lewis, are small institutions located far from the State’s Front Range population centers.



*FY 2016-17 reflects estimated enrollment

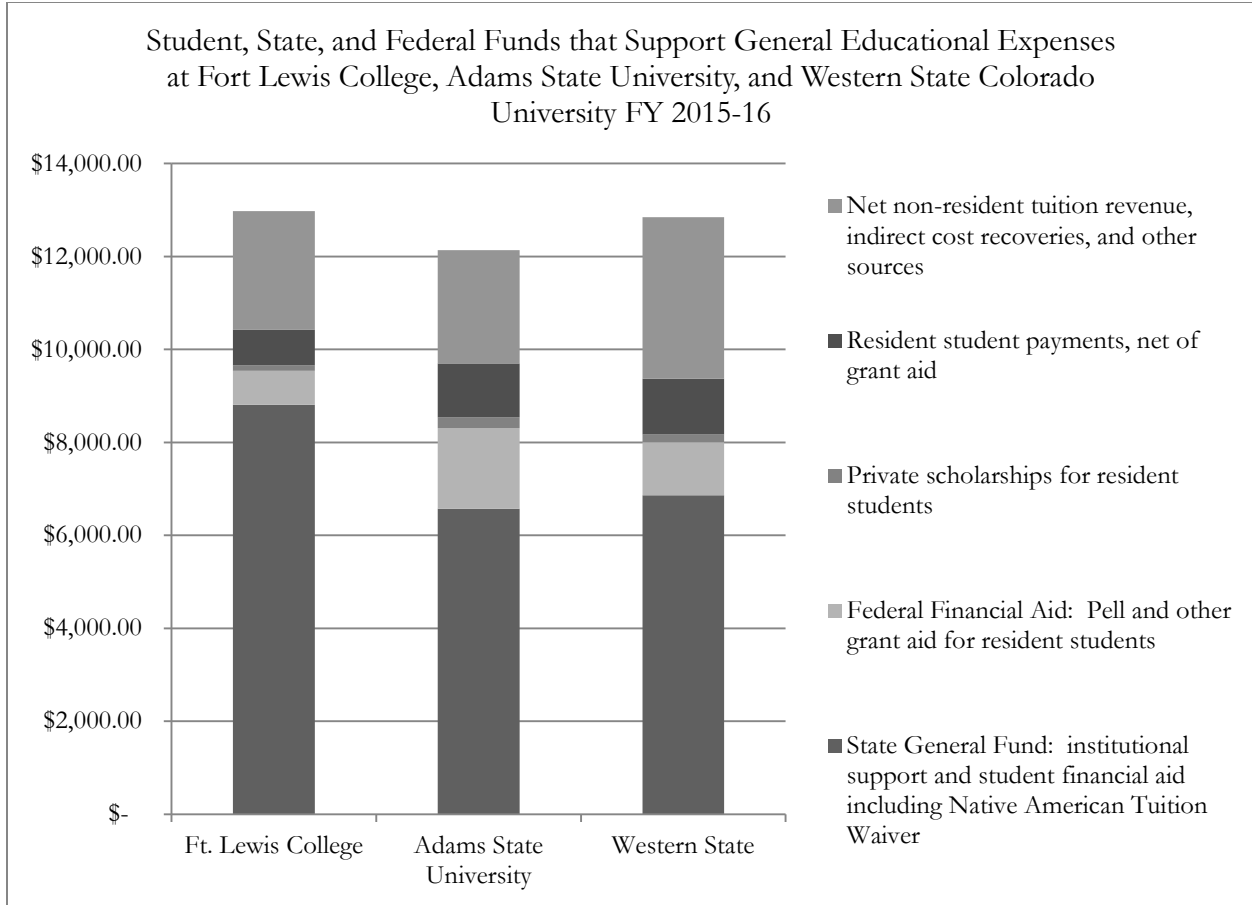


*For purposes of this chart, institutional scholarships are reflected as an offset to non-resident tuition. In practice, about one-third of institutional scholarships went to resident students.

As shown in the chart above:

- Revenue from non-residents who receive the Native American Tuition Waiver represents a source of support for the institution.
- A significant portion of institutional revenue is directed to scholarships. In part because the State pays full cost—rather than a discounted cost—for Native American students, Fort Lewis is able to provide substantial scholarships/discounts for non-native students, including both residents and non-residents.
- Total revenue and revenue after adjusting for scholarships (net revenue) fell sharply in FY 2016-17. Even on a per-student basis, net revenue from GF and tuition, less tuition scholarships, appears to have declined for FY 2016-17.

As of FY 2015-16, Fort Lewis' net revenue per student (after removing institutional scholarship revenue) was somewhat above that of its peers (Adams and Western) and General Fund comprised a larger share of its overall operating revenue if the tuition waiver is included. This is reflected in the chart below.



Notes: Reflects educational and general revenue per student FTE, based on FY 2015-16 data from budget data books and Department financial aid report. This calculation *excludes revenue received but then expended as institutional financial aid.*

→ REQUEST R1 – NEED BASED AID COMPONENT

Statute at Section 23-3.3-103 requires that the appropriation for student financial assistance under the article increase by at least the same percentage as the aggregate percentage increase of all General Fund appropriations to institutions of higher education. As a result, the Department’s Request R1 incorporates an increase for need-based aid. The table below summarizes staff’s calculation of the calibrated increase.

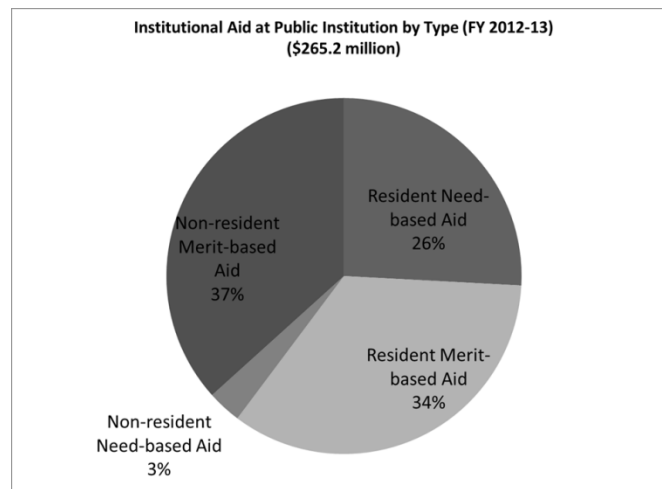
FINANCIAL AID FUNDING REQUIRED BY 23-3.3-103 (1), C.R.S.		
	FY 2016-17	FY 2017-18
	APPROP	REC.
Governing Board GF appropriations		
Stipends for students at public institutions	289,362,877	291,259,844
Fee-for-service contracts per 303	240,810,512	252,068,162
Fee-or-service specialty education	116,411,292	119,299,679
Limited purpose	336,960	336,960
CMC	7,143,039	7,319,484

FINANCIAL AID FUNDING REQUIRED BY 23-3.3-103 (1), C.R.S.		
	FY 2016-17	FY 2017-18
	APPROP	REC.
Aims	8,446,176	8,654,810
Area tech colleges	9,971,721	10,218,039
Total	672,482,577	689,156,978
Increase over prior year		16,674,401
Percentage Increase in Gov Board GF appropriations		
Financial Aid (authorized in article 3.3 of Title 23)		
Need based - base	124,570,732	124,570,732
Work study	21,432,328	21,432,328
Merit based	5,000,000	5,000,000
Veterans/Law Enforcement/POW	672,000	672,000
National Guard Tuition Assistance*		-
Colorado Opportunity Scholarship Initiative (COSI)	5,000,000	5,000,000
Career and Tech	450,000	450,000
Total	157,125,060	157,125,060
Increase over prior year recommended		3,895,962
Total Appropriations gov boards + financial aid	829,607,637	850,178,000
Percentage that is financial aid	0.189	0.189
Financial Aid increase is dictated by 23-3.3-103 (1), C.R.S.		
Notes: (1) Private COF stipends are excluded from the calculated increase for the governing boards;		
(2) Funds have been removed for the National Guard Tuition Assistance Program from the FY 2016-17 base as the program has now been moved to the Department of Military and Veterans Affairs.		

The General Assembly could choose to direct this increase into another financial aid program in the same article. However, staff supports directing the funds to need-based aid.

- As detailed in charts above, financial aid programs, particularly for needy students, have not kept pace with increased demand, leading to increased reliance on student debt to finance the cost of higher education.
- Cost for low income students is a major obstacle to participation in higher education and thus to the State achieving its Master Plan goals for a more educated population.
- For students at the lowest end of the economic spectrum, with incomes below \$30,000, average net cost of attendance at public institutions of higher education still substantially exceeds assistance provided.

- Although institutional aid has grown along with tuition, the vast majority of institutional aid is directed to merit-based aid. Colorado's larger institutions offer standard merit-based tuition reductions for resident students: the University of Colorado offers an "esteemed scholars" program that provides merit aid of \$2,500 to \$5,000 per year and CSU Fort Collins offers reductions of \$1,000 to \$4,000 per year based, in each case, on GPA and standardized test scores. The institutions note that these kinds of programs help to keep gifted Colorado students in-state. However, *merit-based aid disproportionately benefits better-off students, who are likely to be better-prepared than less wealthy students*. Researchers have pointed out that institutions have increasingly directed institutional aid to merit-based aid. This reflects a competitive environment among institutions in which institutions actively recruit students by offering them tuition discounts. Nationally, the share of high income students receiving grants has grown, while the share of low-income students receiving grants has declined.¹⁶



LINE ITEM DETAIL – COLORADO COMMISSION ON HIGHER EDUCATION FINANCIAL AID

(A) NEED BASED GRANTS

This line item includes grants for full-time and part-time graduate and undergraduate students with demonstrated financial need attending eligible institutions in Colorado, which include some private institutions.

Determining Need: Financial need is determined by the formula of [cost of attendance] – [estimated family contribution] = need. The federal Pell grant formula determines the estimated family contribution and is the amount the family is expected to contribute before any aid (including low interest subsidized federal loans) can be offered. The State Auditor's Office confirms that need-

¹⁶ Burd, *Undermining Pell: How Colleges Compete for Wealthy Students and Leave the Low-Income Behind*, New America Foundation, May 2013

http://education.newamerica.net/sites/newamerica.net/files/policydocs/Merit_Aid%20Final.pdf

based aid, including both state and federal need-based aid, has been authorized consistent with this formula.

Allocations to Institutions: Pursuant to Section 23-3.3-102, C.R.S., CCHE is responsible for determining the allocation of financial aid among the institutions. However, public institutions are authorized to administer their financial assistance program according to policies and procedures established by their governing boards. According to CCHE, some public institutions' need-based aid policies authorize use of state-funded need based aid for individuals with estimated family contribution of up to 150 percent of Pell-grant eligibility.

The CCHE's current formula for allocating need-based aid is based on the number of Pell-eligible individuals at each institution. It provides an increasing level of funding depending upon whether the student is a freshman, sophomore, junior, etc. The formula is designed to incentivize institutions in their efforts to retain students. *In FY 2015-16, the program served 63,318 students with an average award of \$1,963.*

STATUTORY AUTHORITY: Section 23-3.3-501, C.R.S.

REQUEST: The Department requests \$128,364,454 General Fund, including \$3,793,722 for R1.

RECOMMENDATION: The staff recommendation is reflected in the table below and incorporates the increase associated with R1.

COLORADO COMMISSION ON HIGHER EDUCATION FINANCIAL AID, NEED BASED GRANTS, NEED BASED GRANTS					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FTE
FY 2016-17 APPROPRIATION					
HB 16-1405 (Long Bill)	\$124,570,732	\$124,484,769	\$0	\$85,963	0.0
TOTAL	\$124,570,732	\$124,484,769	\$0	\$85,963	0.0
FY 2017-18 RECOMMENDED APPROPRIATION					
FY 2016-17 Appropriation	\$124,570,732	\$124,484,769	\$0	\$85,963	0.0
R1 Operating request for public colleges and universities	3,895,962	3,895,962	0	0	0.0
Indirect cost adjustments	0	(93,400)	996	92,404	0.0
TOTAL	\$128,466,694	\$128,287,331	\$996	\$178,367	0.0
INCREASE/(DECREASE)	\$3,895,962	\$3,802,562	\$996	\$92,404	0.0
Percentage Change	3.1%	3.1%	0.0%	107.5%	0.0%
FY 2017-18 EXECUTIVE REQUEST	\$128,364,454	\$128,278,491	\$0	\$85,963	0.0
Request Above/(Below) Recommendation	(\$102,240)	(\$8,840)	(\$996)	(\$92,404)	0.0

(B) WORK STUDY

Work Study allows resident undergraduates to earn money to help pay for college. Eligibility is for students with financial need as well as students who can benefit from work experience, but statutes require that at least 70 percent of the funds be awarded based on need. Students may work at state-funded educational institutions, non-profit organizations, or government agencies.

The Department has indicated in the past that students receiving work study have better achievement and retention rates than both students who don't work and students who find work on their own, speculating that work study creates a sense of investment, while the regulated hours and locations ensure that employment doesn't interfere with study. *In FY 2015-16, the program served 8,911 students with an average amount of \$2,512 per student.*

STATUTORY AUTHORITY: Section 23-3.3-401, C.R.S.

REQUEST: The Department requests a continuation of \$21,432,328 General Fund for this line item.

***RECOMMENDATION:* Staff recommends the Department's request for a continuation of \$21,432,328 General Fund.**

(C) MERIT BASED GRANTS

Prior to FY 2009-10 merit based grants provided awards to both undergraduate and graduate students attending eligible institutions in Colorado, which include some private institutions. The awards were used to recognize and encourage outstanding achievement in academic and other talent areas. In FY 2009-10 funding was eliminated to address the budget shortfall. It was restored in S.B. 14-001. In FY 2015-16, the program served 3,929 students with an average award of \$1,310.

STATUTORY AUTHORITY: Section 23-3.3-501, C.R.S.

REQUEST: The Department requests continuation funding at the level of \$5,000,000 General Fund.

***RECOMMENDATION:* Staff recommends the request for continuation funding of \$5,000,000 General Fund.**

(D) SPECIAL PURPOSE**VETERANS'/LAW ENFORCEMENT/POW TUITION ASSISTANCE**

This line item pays tuition, room, and board for Colorado dependents of deceased or permanently disabled members of the National Guard, law enforcement, firefighters, prisoners of war and military personnel missing in action. Pursuant to Section 23-3.3-202, C.R.S. this is the first priority of any state financial aid funds. If the appropriation in this line is insufficient to cover costs, CCHE must use money appropriated in other financial aid line items for this purpose.

Qualified dependents are eligible to pursue an undergraduate education leading to a first baccalaureate degree or a certificate of completion. The educational benefits provided vary

depending upon the type of school a student attends. Students attending a public in-state institution of higher education receive free tuition, and if the institution has on-campus living, the room and board (half of double-occupancy) is also included. Students attending private in-state institutions receive the average cost of undergraduate instruction calculated for student at a comparable public institution. Students attending an out-of-state institution receive tuition assistance only, up to the average cost of undergraduate tuition at a comparable Colorado state institution.

STATUTORY AUTHORITY: Section 23-3.3-204 and 23-3.3-205, C.R.S.

REQUEST: The Department requests a continuation of \$672,000 General Fund for this line item.

RECOMMENDATION: **Staff recommends the request for a continuation level of funding of \$672,000.** In FY 2015-16, actual expenditures were \$629,311, having grown from \$575,034 in FY 2014-15. The Department currently projects that it will use \$660,210 in FY 2016-17; though it will use less if fewer students participate in spring semester than in fall. The line item is somewhat difficult to project due to the small number of students who receive the benefit. In recent years, the program has served 45-60 students.

Pursuant to the current interpretation of Section 23-3.3-102 (7), C.R.S., a funding shortfall of up to 10 percent may be addressed via transfers from other financial aid programs. (Shortfalls were addressed by transfers from moneys rolled forward in the work-study line item.) When the difference exceeded 10 percent, additional transfers were authorized through the Governor's transfer authority (for like-purposes, up to \$5.0 million; Section 24-75-108, C.R.S.).

NATIONAL GUARD TUITION ASSISTANCE

Since the adoption of H.B. 04-1347, the first priority of any funds appropriated for financial aid in the Department of Higher Education must be providing tuition assistance to national guard members (in addition to the priority provided to Veterans'/Law Enforcement/POW Tuition Assistance). Pursuant to statute, funding for this program is capped at \$800,000. Thus, if the General Fund appropriation is insufficient for the actual number of qualifying applicants, CCHE must use funds appropriated for other financial aid programs for this purpose, up to the \$800,000 statutory cap.

STATUTORY AUTHORITY: Section 23-3.3-202 and 23-5-111.4, C.R.S.

REQUEST: The Department requests a continuation level of funding of \$800,000 General Fund for this line item.

RECOMMENDATION: **Staff recommends that this line item be eliminated.** S.B. 17-174 moves this \$800,000 General Fund appropriation to the Department of Military and Veterans Affairs, where the balance of funding for tuition assistance for members of the National Guard is located. This bill also eliminates the requirement that \$800,000 in funding for this program be provided first priority before other financial aid programs in the Department of Higher Education. As S.B. 17-174 has passed both houses, staff assumes the bill will be enacted prior to Long Bill introduction.

NATIVE AMERICAN STUDENTS/FORT LEWIS COLLEGE

To comply with a federal treaty and the contract that granted the Fort Lewis property to the state in 1911, Section 23-52-105, C.R.S. requires that the General Assembly appropriate funds to cover 100 percent of the cost of tuition for qualified Native Americans who wish to attend Fort Lewis College. The college waives tuition for these students up front, and then receives reimbursement in the following fiscal year.

STATUTORY AUTHORITY: Section 23-42-105, C.R.S.

REQUEST: The Department requests an appropriation of \$17,452,458 General Fund for this line item, including a small increase for request R3.

RECOMMENDATION: The staff recommendation is summarized in the table below and reflects updated data from Fort Lewis for request R3, as discussed at the beginning of this division.

COLORADO COMMISSION ON HIGHER EDUCATION FINANCIAL AID, SPECIAL PURPOSE, NATIVE AMERICAN STUDENTS/FORT LEWIS COLLEGE			
	TOTAL FUNDS	GENERAL FUND	FTE
FY 2016-17 APPROPRIATION			
HB 16-1405 (Long Bill)	\$17,364,248	\$17,364,248	0.0
TOTAL	\$17,364,248	\$17,364,248	0.0
FY 2017-18 RECOMMENDED APPROPRIATION			
FY 2016-17 Appropriation	\$17,364,248	\$17,364,248	0.0
R3 Fort Lewis Native American Tuition Waiver	(416,054)	(416,054)	0.0
TOTAL	\$16,948,194	\$16,948,194	0.0
INCREASE/(DECREASE)	(\$416,054)	(\$416,054)	0.0
Percentage Change	(2.4%)	(2.4%)	0.0%
FY 2017-18 EXECUTIVE REQUEST	\$17,452,548	\$17,452,548	0.0
Request Above/(Below) Recommendation	\$504,354	\$504,354	0.0

COLLEGE OPPORTUNITY SCHOLARSHIP INITIATIVE (COSI)

The College Opportunity Scholarship Initiative promotes public/private partnerships to fund scholarships and support services for gifted low-income students who might not otherwise pursue or complete higher education. Created in H.B. 14-1384, it was initially seeded with a transfer of \$33.4 million from the CollegeInvest Financial Need Scholarship Fund and a \$1.0 million appropriation. In FY 2015-16 and FY 2016-17, the General Assembly appropriated \$5.0 million General Fund to the COSI Fund, from which the Department has continuous spending authority.

Statute provides:

- Up to 10 percent of moneys in the fund any fiscal year “may be awarded to state agencies and nonprofit organizations to assist such agencies and organizations with ensuring that student-

success, precollegiate, postsecondary student support services are available to students who are classified as Colorado residents for tuition purposes; increasing the capacity for student support services at postsecondary institutions; and developing connections between local employers, public schools, precollegiate organizations, and postsecondary institutions...” Of this amount, at least 70 percent must be awarded to nonprofit organizations.

- Up to 3 percent of moneys in the fund in any fiscal year may be used for administrative costs.
- Moneys not used for the purposes above must be used to build a financial corpus capable of providing tuition assistance to eligible Colorado students attending eligible Colorado higher education institutions. Such assistance may include direct awards; matching incentives to create or increase other scholarships; loans, or any combination of these.
- To the extent practicable, tuition assistance must be awarded to students representing rural and urban areas and students attending all types of higher education institutions (vocational schools, community colleges, 4-year institutions, research institutions). Also, to the extent practicable, tuition assistance must be evenly distributed between students eligible for federal Pell grants and students with household incomes between 100 percent and 250 percent of Pell income eligibility.

The bill created an advisory board comprised of the executive committee of the State Workforce Development Council, and three Governor appointees to represent research institutions, four-year postsecondary institutions and community colleges and area vocational schools. It requires this board to establish:

- eligibility for state agencies, nonprofit organizations, and public institutions of higher education to participate in the initiative;
- criteria for eligibility of students to apply for and receive grants from the initiative; and
- rules establishing permissible uses of grant and scholarship moneys from the initiative.

The program has thus far provided several different kinds of grants, described below.

Community Partner Program Grants: In the first year (2014), grants were awarded for the community partner program (\$3.4 million). The program awarded grants to 28 organizations, including non-profits, K-12 and higher education institutions with pre-collegiate, collegiate, and bridge programs to support student participation and success in higher education. Grants were provided for two years (FY 2014-15 and FY 2015-16). The Department subsequently awarded an additional round of these two-year grants for FY 2016-17 and FY 2017-18, including "legacy grants" for organizations funded in the first round and new grants for other qualified applicants.

Collective Impact Initiative Grants: The Department issued 2-year Collective Impact Initiative Grants starting in FY 2016-17. The grants support cross-sector collaborative groups including at least three of the following: K-12, higher education, non-profit, business, government, philanthropy, and/or other community stakeholder. These provide funding for two years (\$150,000 per year state funds which must have \$50,000 in local match). The grants are designed to encourage communities to organize across multiple sectors to help close the attainment gap and will continue through FY 2017-18. Further rounds will be provided in subsequent year if private support is available.

Matching Scholarship Grants: These grants began in FY 2015-16. In its June 2015 legislative report, the program announced plans to allow counties, higher education institutions, and workforce programs to apply for matching scholarship grants totaling \$7 million of the \$35 million in the fund in FY 2015-16. This included:

- \$5 million allocated to counties based on free and reduced lunch populations;
- \$1.5 million made available to public institutions of higher education; and
- \$500,000 for workforce development scholarships.

The program provided a similar allocation of \$7 million for matching scholarship grants in FY 2016-17 and anticipates doing the same in FY 2017-18. *Scholarship moneys awarded will not be spent immediately. The department reports that disbursements will vary between one and four years.*

State grants are matched scholarship funds from state and philanthropic sources. Matching funds are provided by state higher education institutions and institutional foundations operating on behalf of county governments. These entities will then distribute the grants (state funds and matching funds) to students whose family income is 250 percent or less of PELL eligibility.

The program is successfully partnering with various entities—the Foundation for Colorado Community Colleges, Northwest Community College on Behalf of Moffat and Rio Blanco Counties, the Pueblo Community College Foundation, Metropolitan State University of Denver and the Denver Scholarship Foundation—to raise the matching scholarship funds and disburse funds to qualifying recipients.

Budget and Long-term Forecast for COSI

In response to staff questions, the Department provided the following revenue and expenditure chart for the program. Note that the “remaining” amount is expected to continue to decline and that **this “remaining” amount includes matching scholarship amounts that take multiple years to fully expend.** Based on the program’s current schedule of \$7 million per year in matching scholarship amounts and \$3.0 to \$3.5 million in annual community partner grants—versus \$5.0 million per year in annual General Fund appropriations—staff previously forecast that the program might need to suspend operations after FY 2019-20. There may be significant program and funding changes between now and then, but the **Committee should be aware that the program is presently spending down the corpus it received in its first year.**

**Colorado Opportunity Scholarship Initiative
REVENUE AND EXPENDITURES THROUGH 2/16/2017**

	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
<1> Beginning Fund Balance	\$ 35,191,437	\$ 38,794,603	\$ 38,834,584	\$ 34,314,437	\$ 30,097,407
<2> Salary and Benefits	\$ 98,236	\$ 186,605	\$ 263,677	\$ 333,750	\$ 333,750
<3> Community Partner Program Grants	\$ 2,175,608	\$ 3,527,608	\$ 2,609,443	-	-
Matching Student Scholarship Grants	\$ -	\$ 947,214	\$ 1,938,753	-	-
<4> Operating	\$ 47,395	\$ 64,697	\$ 121,751	\$ 103,425	\$ 103,425
<5> Total Expenses	\$ 2,321,239	\$ 4,726,123	\$ 4,933,625	\$ 437,175	\$ 437,175
Interest Revenue	\$ 270,343	\$ 365,177	\$ 365,177	\$ 300,000	\$ 300,000
<6> Total Encumbered Community Partner Program Grant Distributions			\$1,068,337	\$3,175,835	-
Total Encumbered Matching Student Scholarship Grant Distributions			\$1,412,726	\$2,499,827	\$461,406
<7> Total Anticipated Community Partner Program Grant Distributions					\$3,000,000
Total Anticipated Matching Student Scholarship Grant Distributions			\$ 2,470,636	\$ 3,404,193	\$ 4,460,969
<8> Total Grant Expenses	\$ 2,175,608	\$ 4,474,822	\$ 9,499,896	\$ 9,079,855	\$ 7,922,375
<9> REMAINING	\$ 33,140,541	\$ 33,826,654	\$ 29,314,437	\$ 25,097,407	\$ 22,037,857

Note: Revenues and expenditures through 2/16/2017

An additional stream of \$5,000,000 was designated in FY15-16 and FY16-17

- <1> from the General Fund. FY17-18 and FY18-19 assumes continued annual funding of \$5 million
- <2> Total salaries expended (FY14-15, FY15-16), and total budgeted (FY16-17, FY17-18, FY18-19)
- <3> Grant money distributed to grantees to-date
- <4> Total program budget expended (FY14-15, FY15-16), and total budgeted (FY16-17, FY17-18, FY18-19)
- <6> Remaining disbursements based on current grant contracts for Community Partner Program Grants (awarded in 2014 and 2016 cycles) and Matching Student Scholarship Grants (awarded in FY15-16 cycle)
- <7> Estimated disbursements based on grants expected to be awarded in FY16-17, FY17-18, FY18-19
- <8> Total of all grant expenses - spent, encumbered and anticipated (<3>, <6>, and <7>)
- <9> Remaining includes encumbered and anticipated expenses as an expenditure in the applicable fiscal year

Some additional observations about the program:

- The Department is structuring expenditures so that it may comply with the letter of the law that no more than 10 percent of moneys "in the fund in any fiscal year" may be used for student success grants. However, because scholarship amounts are spent-down over multiple years, moneys "in the fund" are far greater than *uncommitted* moneys in the Fund. This enables the program to spend more than 10 percent of total revenue received on community partner program grants. *Thus far, the program appears to be committing about one-third of annual commitments to grants to organizations and communities that support student participation and success in higher education.*
- As originally conceived, the program anticipated that additional amounts for scholarships might be deposited in the COSI fund from private donations. However, the program is instead requiring the entities (counties and higher education institutions) that receive scholarship grants to provide matching funds without passing these funds through state government. Staff believes this is a sensible change.

STATUTORY AUTHORITY: Section 23-3.3-1001 through 1005, C.R.S.

REQUEST: The Department requests a continuation level of funding of \$5,000,000 General Fund for this line item.

***RECOMMENDATION:* Staff recommends the Department's request for a continuation level of funding of \$5,000,000 General Fund.**

TUITION ASSISTANCE FOR CAREER AND TECHNICAL EDUCATION CERTIFICATE PROGRAMS

House Bill 15-1275 (Winter/Heath, Marble) directed the Colorado Commission on Higher Education to create a tuition assistance program for students enrolled in career and technical education certificate programs, subject to available appropriations. The program is for students who meet the income eligibility requirements for the federal Pell grant but do not qualify for the grant because the certificate program in which they are enrolled does not meet minimum credit hour requirements. The bill included a General Fund appropriation of \$450,000 for tuition assistance for such students attending community colleges, Colorado Mesa University, area vocational schools, and local district junior colleges.

STATUTORY AUTHORITY: Section 23-3.3-1101, C.R.S.

REQUEST: The Department requests a continuing appropriation of \$450,000 General Fund for this line item.

RECOMMENDATION: **Staff recommends the request for continuation funding of \$450,000 General Fund.**

(4) COLLEGE OPPORTUNITY FUND PROGRAM

The College Opportunity Fund Program section includes line items for stipends for students at state operated institutions, stipends for students at private institutions, and fee-for-service contracts with state supported institutions. The Governing Board section includes the reappropriated funds spending authority for the higher education institutions to receive and expend the stipend payments on behalf of students, and to receive and expend the fee-for-service contracts. Both fee-for-service and student stipend requirements are now codified in article 18 of Title 23 pursuant to H.B. 14-1319.

STIPENDS

- With some exceptions, resident undergraduate students who attend a state operated higher education institution are eligible for a stipend per credit hour taken.
- The General Assembly annually sets the stipend rate through the Long Bill.
- Statutes express the intent of the General Assembly that the Department request at least inflation and enrollment growth for the stipends.
- Stipends are not considered a state grant for purposes of determining the enterprise status of higher education institutions.
- The General Assembly must appropriate spending authority to the higher education institutions for money received from stipends.
- If there is not enough money in the College Opportunity Fund to pay all student stipends at the rate established in the Long Bill, the Department of Higher Education must prorate the stipend payments to the institutions. Although the higher education institutions receive less from stipend payments in this scenario, they may not increase the student share of tuition to compensate for the lost revenue per student.
- Students that qualify for the federal need-based Pell grant that attend a participating private institution (currently the University of Denver, Regis, and Colorado Christian University) are eligible for a stipend equal to half of the stipend for students attending a state supported institution.

FEE-FOR-SERVICE CONTRACTS

- An institution of higher education may annually negotiate a fee-for-service contract with the Department for the delivery of role and mission funding and performance funding. Role and mission factors and performance metrics must be tied to the policy goals established by General Assembly and the CCHE in the Master Plan and must comply with detailed requirements outlined in Section 23-18-303, C.R.S.
- Role and mission funding includes an amount to offset the costs incurred in providing undergraduate programs at each institution, based on a variety of components such as whether the institution is rural or urban. Role and mission funding also includes amounts for support services for Pell-eligible students, graduate programs, remediation costs, and optional additional role and mission elements. Role and mission factors may be applied differently to institutions, but to the extent possible, similar institutions must be treated similarly.

- Performance metrics include amounts for completion and retention and optional additional metrics. Performance funding metrics must be applied uniformly to all governing boards.
- The components of fee-for-service contracts should be “fairly balanced” between role and mission factors and performance metrics.
- In addition to role and mission and performance funding, an institution may negotiate a fee-for-service contract for the delivery of specialty educational programs, defined as the CU health sciences center campus, the CSU veterinary school, and various CSU extension programs.
- Fee-for-service contracts are not considered a state grant for purposes of determining the enterprise status of higher education institutions.

GENERAL PROVISIONS

- Funding for stipends must comprise at least 52.5 percent of the sum total of stipends, role and mission factors, and performance metric amounts (“total state appropriation” or TSA).
- Annual adjustments to funding for specialty education programs (as well as local district junior colleges and area vocational schools) must be equal to the annual percentage change in total state appropriation, though funding may increase by more than or decrease by less than TSA.
- Up to ten percent of the total appropriation to a governing board may be shifted between fee-for-service and stipend funding at year end, based on the actual number of FTE eligible for the stipend.
- For FY 2015-16 through FY 2019-20, the appropriation to a governing board will not increase by more than 5.0 percentage above nor decrease by more than 5.0 percentage points below the annual change in funding for the TSA.
- In developing the annual general appropriation bill, the Joint Budget Committee shall follow the provision so Section 23-18-303 in calculating the amounts of fee-for-service contracts, but may apply different weights to the factors and metrics than the values determined by the CCHE.

The Department initially contracted with the National Center for Higher Education Management Systems to develop a model consistent with the requirements of H.B. 14-1319 outlined above. For FY 2016-17, the Department brought the model "in house", and a "2.0" version was submitted for FY 2016-17. The Committee modified the model prior to adoption into the FY 2016-17 Long Bill. The Department’s FY 2017-18 submission was based on the adopted model. Additional information about the model is included at the beginning of this packet.

COLLEGE OPPORTUNITY FUND PROGRAM			
	TOTAL FUNDS	GENERAL FUND	FTE
FY 2016-17 Appropriation			
HB 16-1405 (Long Bill)	\$648,115,016	\$648,115,016	0.0
Other legislation	250,000	250,000	0.0
TOTAL	\$648,365,016	\$648,365,016	0.0
FY 2017-18 RECOMMENDED APPROPRIATION			
FY 2016-17 Appropriation	\$648,365,016	\$648,365,016	0.0
R1 Operating request for public colleges and universities	16,081,494	16,081,494	0.0
TOTAL	\$664,446,510	\$664,446,510	0.0

COLLEGE OPPORTUNITY FUND PROGRAM			
	TOTAL FUNDS	GENERAL FUND	FTE
INCREASE/(DECREASE)	\$16,081,494	\$16,081,494	0.0
Percentage Change	2.5%	2.5%	0.0%
FY 2017-18 EXECUTIVE REQUEST	\$664,446,510	\$664,446,510	0.0
Request Above/(Below) Recommendation	\$0	\$0	0.0

DECISION ITEMS – COLLEGE OPPORTUNITY FUND PROGRAM

The Department's sole request affecting this section was R1 Operating Request for Public Colleges and Universities. This request is addressed at the beginning of the packet. The staff recommendation aligns with the request, providing for a 2.48 percent increase in General Fund allocated to the governing boards.

① LONG BILL SUPPLEMENTAL TO ADJUST COF STIPEND AMOUNTS NOT REQUIRED

In the past, the Long Bill typically included a Long Bill Supplemental Add-on to adjust figures in prior year appropriations to “rebalance” appropriations for College Opportunity Fund student stipends and fee-for-service contracts. These adjustments were made to update appropriations based on revised estimates of the numbers of students eligible for the COF stipend, which would drive increases or decreases to the governing boards. These adjustments would typically include corresponding adjustments to fee-for-service contract amounts so that, in the end, the total appropriation to each governing board would not change from the amount included in its original annual appropriation.

As part of the changes included in H.B. 14-1319, the Department was given authority to transfer up to 10 percent of the total appropriation to a governing board at year end between stipend and fee-for-service contract amounts. **In light of this transfer authority and in light of current estimates of the FY 2015-16 stipend enrollment from both Legislative Council Staff and the governing boards, staff is not recommending a true-up this year. Staff expects to apply a true-up only when it appears that the variance might exceed the Department of Higher Education's authority to transfer up to 10.0 percent of a governing board's appropriation at the end of the year between the COF stipend and fee-for-service appropriations.**

TEST NEED FOR COF STIPEND ADJUSTMENT						
	COF STIPEND FTE IN FY 2016-17 LONG BILL	LCS FEB 2017 STIPEND FORECAST FY 2016-17	LCS STIPEND FORECAST ABOVE/(BELOW) LB	TOTAL FY 2016-17 GOVERNING BOARD APPROP	POTENTIAL INCREASE/(REDUCE) FROM LONG BILL BASED ON UPDATED FORECAST	POTENTIAL ADJUSTMENTS AS % APPROPRIATION
Adams	\$1,285	1,151.2	(133.5)	\$14,076,360	(\$276,126)	-2.0%
CMU	6,091.6	6,334.0	242.3	24,280,729	673,145.0	2.8%
Metro	14,332.8	13,659.7	(673.1)	51,415,001	(1,404,207.0)	-2.7%
Western	1,318.8	1,356.4	37.6	11,534,927	48,361.5	0.4%

TEST NEED FOR COF STIPEND ADJUSTMENT						
	COF STIPEND FTE IN FY 2016-17 LONG BILL	LCS FEB 2017 STIPEND FORECAST FY 2016-17	LCS STIPEND FORECAST ABOVE/(BELOW) LB	TOTAL FY 2016-17 GOVERNING BOARD APPROP	POTENTIAL INCREASE/(REDUCE) FROM LONG BILL BASED ON UPDATED FORECAST	POTENTIAL ADJUSTMENTS AS % APPROPRIATION
CSU System	19,132.3	19,254.6	122.3	134,518,307	(55,390.5)	0.0%
Fort Lewis	1,796.0	1,578.3	(217.7)	11,481,200	(630,322.5)	-5.5%
CU System	27,712.2	28,516.1	803.9	186,532,686	1,196,460.0	0.6%
CSM	2,753.1	2,550.6	(202.5)	20,639,050	(455,008.0)	-2.2%
UNC	6,862.6	6,693.3	(169.4)	39,113,234	(363,628.0)	-0.9%
CCCS	47,321.5	44,739.1	(2,582.3)	153,330,147	(4,724,898.0)	-3.1%
Total	128,605.7	125,833.3	(2,772.4)	\$646,921,641	(\$5,991,613)	-0.9%

(A) STIPENDS**STIPENDS FOR ELIGIBLE FULL-TIME EQUIVALENT STUDENTS ATTENDING STATE INSTITUTIONS**

COF stipend payments are made on behalf of eligible students to each of the governing boards. The FY 2016-17 rate is \$75 per credit hour or \$2,250 per student FTE.

STATUTORY AUTHORITY: Section 23-18-202, C.R.S.

REQUEST: The Department request is for \$291,259,844 for this line item, based on funding for 128,605.6 eligible student FTE at an average rate of \$77 per credit hour (\$2,310 per student FTE, based on 30 credit hours). This includes an increase from \$75 to \$77 per credit hour pursuant to request R1. The student FTE figure is based on FY 2015-16 actual eligibility for the COF stipend.

RECOMMENDATION: Staff recommends the request for this line item. As previously discussed, staff recommends the R1 request as submitted.

Additional detail is included in the discussion of R1. The table below shows the number of stipend eligible students by governing board.

COF STIPEND ADJUSTMENT			
	COF STIPEND FTE IN FY 2016-17 LONG BILL (FY 2014-15 ACTUAL)	COF STIPEND FTE RECOMMENDED FY 2017-18 LONG BILL (FY 2015-16 ACTUAL)	CHANGE FY 2016-17 TO FY 2017-18
Adams	1,284.7	1,224.7	(60.0)
CMU	6,091.6	6,340.3	248.7
Metro	14,332.8	13,825.6	(507.2)
Western	1,318.8	1,340.3	21.5
CSU System	19,132.3	19,083.2	(49.1)
Fort Lewis	1,796.0	1,700.8	(95.2)
CU System	27,712.2	28,080.5	368.3
CSM	2,753.1	2,736.6	(16.5)
UNC	6,862.6	6,700.1	(162.5)
CCCS	47,321.5	45,054.4	(2,267.1)
Total	128,605.6	126,086.5	(2,519.1)

STIPENDS FOR STUDENTS ATTENDING PARTICIPATING PRIVATE INSTITUTIONS

Students who qualify for the federal need-based Pell grant and attend a participating private institution are eligible for a stipend equal to half of the stipend for students attending a state operated institution. Three institutions currently participate in this program: Colorado Christian University, the University of Denver, and Regis University.

STATUTORY AUTHORITY: 23-18-202 (2) (e), C.R.S.

REQUEST: The Department requests \$1,481,865 General Fund including an increase of \$38,490 to align with the COF rate increase in request R1 and assuming continuation of 1,283 student FTE. Pursuant to statute the private stipend amount is based on 50 percent of the amount for students attending public institutions.

RECOMMENDATION: **Staff recommends the request for \$1,481,865 General Fund**, which is based on an estimate of 1,283 FTE using the program x \$1,155 (50 percent of the student stipend recommended for students attending public institutions).

Pursuant to statute, the funding level for stipends at private and public institutions are linked, and the private stipend amount must be set at 50 percent of the public rate. As noted above, only Pell-eligible students benefit from the program.

(B) FEE-FOR-SERVICE CONTRACTS WITH STATE INSTITUTIONS

Each governing board has a fee-for-service contract with the Department for services not supported through the COF stipend payment. Pursuant to H.B. 14-1319, these contracts are based on role and mission and performance factors, pursuant to Section 23-18-303, C.R.S. or are based on specialty education programs (school of medicine, veterinary medicine, and agricultural extension programs) pursuant to Section 23-18-304, C.R.S. In addition, Section 23-18-308, C.R.S. authorizes fee-for-service contracts for limited purposes, e.g., a contract with a particular governing board for a specific service.

FEE-FOR-SERVICE CONTRACTS WITH STATE INSTITUTIONS PURSUANT TO SECTION 23-18-303, C.R.S.

This line item includes funding for both role and mission funding and outcomes/performance funding as authorized in Section 23-18-303, C.R.S. The Department is required to submit a request for each governing board for both role and mission and performance funding as part of its annual budget request, using a model that complies with statute.

STATUTORY AUTHORITY: 23-18-303, C.R.S.

REQUEST: The Department requests \$252,068,162 for this line item, including an increase pursuant to request R1.

RECOMMENDATION: The staff recommendation is summarized below. Details of the request and recommendation are addressed in the discussion at the beginning of the packet on request R1.

COLLEGE OPPORTUNITY FUND PROGRAM, FEE-FOR-SERVICE CONTRACTS WITH STATE INSTITUTIONS, FEE-FOR-SERVICE CONTRACTS WITH STATE INSTITUTIONS PURSUANT TO SECTION 23-18-303, C.R.S.			
	TOTAL FUNDS	GENERAL FUND	FTE
FY 2016-17 APPROPRIATION			
HB 16-1405 (Long Bill)	\$240,810,512	\$240,810,512	0.0

COLLEGE OPPORTUNITY FUND PROGRAM, FEE-FOR-SERVICE CONTRACTS WITH STATE INSTITUTIONS, FEE-FOR-SERVICE CONTRACTS WITH STATE INSTITUTIONS PURSUANT TO SECTION 23-18-303, C.R.S.			
	TOTAL FUNDS	GENERAL FUND	FTE
TOTAL	\$240,810,512	\$240,810,512	0.0
FY 2017-18 RECOMMENDED APPROPRIATION			
FY 2016-17 Appropriation	\$240,810,512	\$240,810,512	0.0
R1 Operating request for public colleges and universities	11,257,650	11,257,650	0.0
TOTAL	\$252,068,162	\$252,068,162	0.0
INCREASE/(DECREASE)	\$11,257,650	\$11,257,650	0.0
Percentage Change	4.7%	4.7%	0.0%
FY 2017-18 EXECUTIVE REQUEST	\$252,068,162	\$252,068,162	0.0
Request Above/(Below) Recommendation	\$0	\$0	0.0

FEE-FOR-SERVICE CONTRACTS WITH STATE INSTITUTIONS FOR SPECIALTY
EDUCATION PROGRAMS

This line item provides funding for the School of Veterinary Medicine and agricultural extension programs at Colorado State University and for the University of Colorado Health Sciences Center.

STATUTORY AUTHORITY: 23-18-304, C.R.S.

REQUEST: The Department requests \$119,299,679 General Fund for this line item, including request R1.

RECOMMENDATION: The staff recommendation is summarized below. Details of the request and recommendation are addressed in the discussion at the beginning of the packet on request R1.

COLLEGE OPPORTUNITY FUND PROGRAM, FEE-FOR-SERVICE CONTRACTS WITH STATE INSTITUTIONS, FEE-FOR-SERVICE CONTRACTS WITH STATE INSTITUTIONS FOR SPECIALTY EDUCATION PROGRAMS			
	TOTAL FUNDS	GENERAL FUND	FTE
FY 2016-17 APPROPRIATION			
HB 16-1405 (Long Bill)	\$116,411,292	\$116,411,292	0.0
TOTAL	\$116,411,292	\$116,411,292	0.0
FY 2017-18 RECOMMENDED APPROPRIATION			
FY 2016-17 Appropriation	\$116,411,292	\$116,411,292	0.0
R1 Operating request for public colleges and universities	2,888,387	2,888,387	0.0
TOTAL	\$119,299,679	\$119,299,679	0.0
INCREASE/(DECREASE)	\$2,888,387	\$2,888,387	0.0
Percentage Change	2.5%	2.5%	0.0%

COLLEGE OPPORTUNITY FUND PROGRAM, FEE-FOR-SERVICE CONTRACTS WITH STATE INSTITUTIONS, FEE-FOR-SERVICE CONTRACTS WITH STATE INSTITUTIONS FOR SPECIALTY EDUCATION PROGRAMS			
FY 2017-18 EXECUTIVE REQUEST	\$119,299,679	\$119,299,679	0.0
Request Above/(Below) Recommendation	\$0	\$0	0.0

LIMITED PURPOSE FEE-FOR-SERVICE CONTRACTS

This line item provides funding for special purpose activities that may be contracted with specific governing boards. The line item currently includes funding associated with:

- Career pathways authorized in Section 23-18-308
- Inclusive Higher Education Pilot Program authorized in S.B. 16-196

STATUTORY AUTHORITY: 23-18-308, C.R.S.

REQUEST: The Department requests a continuation amount for this line item, including \$86,960 for a contract with the community college system for a career pathways project authorized in Section 23-18-308. C.R.S., and \$250,000 continuation funding for the inclusive higher education pilot program at the University of Northern Colorado, Arapahoe Community College, and UCCS.

RECOMMENDATION: Staff recommends the request for a continuation amount of \$336,960.

GOVERNING BOARDS

This division includes a single line item for each governing board that contains reappropriated funds spending authority for stipends, fee-for-service contracts, and appropriated grants, and cash funds spending authority for tuition, academic and academic facility fees, and revenue from the tobacco master settlement agreement.

Note: All reappropriated amounts shown represent General Fund initially appropriated in the College Opportunity Fund Program section and reappropriated to the Governing Boards. Cash Funds amounts, with few exceptions, represent tuition and fee revenue.

GOVERNING BOARDS					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FTE
FY 2016-17 Appropriation					
Long Bill Supplemental	\$46,385,624	\$0	\$46,385,624	\$0	0.0
HB 16-1405 (Long Bill)	2,990,962,068	0	2,344,290,427	646,671,641	24,044.7
Other legislation	11,154,524	0	10,904,524	250,000	0.0
TOTAL	\$3,048,502,216	\$0	\$2,401,580,575	\$646,921,641	24,044.7
FY 2017-18 RECOMMENDED APPROPRIATION					
FY 2016-17 Appropriation	\$3,048,502,216	\$0	\$2,401,580,575	\$646,921,641	24,044.7
R1 Operating request for public colleges and universities	16,043,004	0	0	16,043,004	0.0
R2 Tuition spending authority increase	124,958,748	0	124,958,748	0	0.0
Fee adjustment	12,967,575	0	12,967,575	0	0.0
Higher Ed limited gaming revenue	1,788,178	0	1,788,178	0	0.0
Tobacco master settlement revenue adjustment	140,439	0	140,439	0	0.0
Employee FTE adjustment	0	0	0	0	340.8
Annualize prior year legislation	(7,932,020)	0	(7,932,020)	0	0.0
TOTAL	\$3,196,468,140	\$0	\$2,533,503,495	\$662,964,645	24,385.5
INCREASE/(DECREASE)	\$147,965,924	\$0	\$131,922,920	\$16,043,004	340.8
Percentage Change	4.9%	0.0%	5.5%	2.5%	1.4%
FY 2017-18 EXECUTIVE REQUEST	\$3,126,624,939	\$0	\$2,463,660,294	\$662,964,645	24,044.7
Request Above/(Below) Recommendation	(\$69,843,201)		(\$69,843,201)	\$0	(340.8)

DECISION ITEMS – GOVERNING BOARDS

FY 2016-17 DECISION ITEMS

The Department did not submit a request for adjustments to stipends, fee-for-service contracts, or tuition or fee revenue after its January 15, 2017 submission. Pursuant to Section 23-18-202 (2) (a) (I), C.R.S., the Department is required to annually estimate the number of undergraduate full-time equivalent students eligible for COF stipends and report the numbers by February 15 to the Governor and the Joint Budget Committee. Further, the Department provided estimates of tuition, fee, and COF revenue in February 2017, consistent with the provisions outlined in an annual request for information.

As previously discussed, staff does not recommend adjusting the estimates of COF stipend eligible students for FY 2016-17. While there are differences between earlier projections (based on FY 2015-16 actuals) and current estimates (based on FY 2016-17 data to-date), staff believes the adjustments can be managed within the Department's authority to transfer, at the end of the year, up to 10 percent of the total appropriation for a governing board between fee-for-service and stipend amounts pursuant to Section 23-18-202, C.R.S.

→ FY 2016-17 TUITION ADJUSTMENT

Staff recommends updating tuition amounts for FY 2016-17 to match new projections from the higher education governing boards. FY 2016-17 amounts are appropriated. The Boards all complied with FY 2016-17 footnote assumptions. Legislative Council Staff also prepared a forecast which aligns closely to institutional estimates. The Legislative Council Staff forecast is attached to this packet.

FY 2016-17 REVISED TUITION REVENUE ESTIMATE			
	FY 2016-17 LONG BILL	FY 2016-17 REVISED FORECAST	CHANGE
Adams State University	\$20,056,050	\$19,879,000	(\$177,050)
Colorado Mesa University	\$66,827,458	\$65,022,197	(\$1,805,261)
Metropolitan State University	\$105,524,167	\$107,230,227	\$1,706,060
Western State Colorado University	\$17,874,830	\$18,316,024	\$441,194
Colorado State University System	\$417,008,560	\$431,810,664	\$14,802,104
Ft. Lewis College	\$40,496,891	\$38,065,066	(\$2,431,825)
University of Colorado System	\$931,319,730	\$944,777,384	\$13,457,654
Colorado School of Mines	\$133,847,436	\$129,396,963	(\$4,450,473)
University of Northern Colorado	\$88,590,203	\$88,704,974	\$114,771
Community College System	\$258,683,346	\$263,242,577	\$4,559,231
Total	\$2,080,228,671	\$2,106,445,076	\$26,216,405

→ FY 2016-17 FEE ADJUSTMENT

Beginning in FY 2016-17, fee amounts reflect mandatory fees charged to all students. These amounts are not appropriated and are shown for informational purposes. However, staff recommends adjusting them for comparison with FY 2017-18 recommended figures.

FY 2016-17 REVISED FEE REVENUE ESTIMATE			
	FY 2016-17 LONG BILL	FY 2016-17 REVISED FORECAST	CHANGE
Adams State University	\$6,569,160	\$5,752,100	(\$817,060)
Colorado Mesa University	6,094,986	5,424,371	(670,615)
Metropolitan State University	15,642,901	16,596,948	954,047
Western State Colorado University	5,133,893	5,186,945	53,052
Colorado State University System	67,958,136	74,202,469	6,244,333
Ft. Lewis College	6,133,000	5,490,523	(642,477)
University of Colorado System	76,454,291	92,414,639	15,960,348
Colorado School of Mines	13,132,026	12,919,122	(212,904)
University of Northern Colorado	18,452,587	17,657,689	(794,898)
Community College System	29,214,555	29,309,948	95,393

FY 2016-17 REVISED FEE REVENUE ESTIMATE			
	FY 2016-17 LONG BILL	FY 2016-17 REVISED FORECAST	CHANGE
Total	\$244,785,535	\$264,954,754	\$20,169,219

FY 2017-18 DECISION ITEMS

The Department's request included R1 Operating Request for Public Colleges and R2 Tuition Spending Authority Increase for FY 2017-18. The Department did not submit a request for FY 2016-17 tuition adjustments, presumably because it anticipated being able to provide sufficient spending authority using the previously-authorized tuition contingency authority if needed and anticipated JBC adjustments. Both R1 and R2 are discussed at the beginning of this packet.

As discussed at the beginning of this packet, pursuant to R2, staff has recommended appropriations and footnotes for each higher education governing board for FY 2017-18, consistent with statute. Only amounts for the Colorado School of Mines are shown solely for informational purposes. Staff anticipates that, consistent with past practice, these amounts will be updated in 2018 based on updated estimates.

→ PROJECTED FEE REVENUE - MANDATORY FEES

Staff recommends including fee estimates for each of the governing boards based on their revenue from all mandatory fees. Fee revenue is shown for informational purposes only, but does correspond to overall student costs. It is important to note that the "mandatory fees" shown are based on the Department's definition and include fees for student activities (e.g. student government, athletics), as well as fees for capital construction and fees related to academic programs. These fees are included because they are mandatory for all students, regardless of whether the student is enrolled in a particular program or course.

FY 2017-18 FEE REVENUE ESTIMATE - MANDATORY FEES				
	FY 2016-17 ADJUSTED ESTIMATE	FY 2017-18 ESTIMATE	CHANGE	% CHANGE
Adams State University	\$5,752,100	\$6,247,500	\$495,400	8.6%
Colorado Mesa University	\$5,424,371	\$5,525,694	\$101,323	1.9%
Metropolitan State University	\$16,596,948	\$17,535,770	\$938,822	5.7%
Western State Colorado University	\$5,186,945	\$5,655,581	\$468,636	9.0%
Colorado State University System	\$74,202,469	\$76,344,737	\$2,142,268	2.9%
Ft. Lewis College	\$5,490,523	\$5,741,921	\$251,398	4.6%
University of Colorado System	\$92,414,639	\$97,468,984	\$5,054,345	5.5%
Colorado School of Mines	\$12,919,122	\$13,336,810	\$417,688	3.2%
University of Northern Colorado	\$17,657,689	\$20,316,749	\$2,659,060	15.1%
Community College System	\$29,309,948	\$29,748,583	\$438,635	1.5%
Total	\$264,954,754	\$277,922,329	\$12,967,575	4.9%

Note that in prior years, only fees that were considered academic and/or part of "education and general" revenue were included.

→ AMENDMENT 50 GAMING REVENUE ADJUSTMENT

Staff recommends modifying estimated distributions of limited gaming funds reflected in the Long Bill to align with the FY 2015-16 actual distributions of \$9,794,839 (including amounts allocated to the Local District Colleges). These amounts are shown for informational purposes only and are provided pursuant to Amendment 50 (passed in 2008 to modify limits on bets, hours, and games in Central City, Black Hawk, and Cripple Creek).

AMENDMENT 50 LIMITED GAMING			
	FY 2014-15 ACTUAL	FY 2015-16 Actual	Increase to reflect in FY 2017-18 Long Bill
<u>State Institutions</u>			
State Community College System	\$6,545,140	\$8,255,091	\$1,709,951
Adams State University	21,568	24,487	\$2,919
Colorado Mesa University	356,644	431,952	\$75,308
<u>Local District Colleges</u>			
Aims Community College	413,645	569,080	\$155,435
Colorado Mountain College	365,887	514,229	\$148,342
Total	\$7,702,884	\$9,794,839	\$1,167,264

→ FULL-TIME EQUIVALENT (FTE) ADJUSTMENT

Staff recommends an adjustment to employee FTE shown in the Long Bill for informational purposes. Consistent with past practice, the recommendation is based on FY 2016-17 estimated FTE in the budget data books submitted by the Department, with the exception of FTE at CSU. Due to anomalies in the data submitted, staff has reflected CSU's FY 2015-16 actual FTE data, rather than FY 2016-17 estimates.

Prior to FY 1999-00, FTE designations were not included in the Long Bill for Higher Education. In FY 1999-00 the JBC adopted a policy of reflecting FTE for all departments in the Long Bill to provide additional information about the number of state employees. Pursuant to statute, the governing boards may hire as many or as few employees as they see fit. The staff recommendation is consistent with the historic practice of the JBC of using the current year estimate in the budget data books for each governing board. Note that amounts in this section do not include the adjustment for the Auraria Higher Education Center, which is shown in a separate Long Bill section.

The total FTE included in the Governing Boards section for informational purposes is 24,385.4 including an increase of 340.7 for FY 2017-18.

EMPLOYEE FTE				
	FY 2016-17	FY 2017-18	RECOMMENDED	
	(FY 2015-16 DATA BOOKS ESTIMATES)	(FY 2016-17 DATA BOOKS ESTIMATES)	CHANGE	PERCENT
Adams State University	331.6	339.5	7.9	2.4%
Colorado Mesa University	705.8	728.3	22.5	3.2%
Metropolitan State University	1,453.2	1392.8	(60.4)	-4.2%
Western State Colorado University	248.1	250.2	2.1	0.8%
Colorado State University System*	4,856.2	4868.8	12.6	0.3%
Ft. Lewis College	430.4	441.4	11.0	2.6%
University of Colorado System	7,982.3	8255.5	273.2	3.4%
Colorado School of Mines	896.8	952.4	55.6	6.2%
University of Northern Colorado	1,136.5	1308.0	171.5	15.1%
Community College System	6,003.8	5848.6	(155.2)	-2.6%
Auraria Higher Education Center	190.6	190.2	(0.4)	-0.2%
TOTAL	24,235.3	24,575.6	340.3	1.4%

*The CSU amount currently reflected is based on the FY 2015-16 due to a discrepancy in the FY 2016-17 data.

→ TOBACCO SETTLEMENT REVENUE ADJUSTMENT

Staff recommends reflecting funding from Tobacco Settlement revenue for the University of Colorado of \$15,465,812, an increase of \$140,439 based on current tobacco settlement revenue estimates and allocation formulas and the additional revenue anticipated to be available in the fund balance based on FY 2015-16 actual distributions. The Department did not request this change, but it reflects the statutory allocation of money from the tobacco master settlement agreement, the projected tobacco revenues, and the JBC's action during figure setting for the tobacco-funded programs. Of the total FY 2016-17 actual allocation, \$1,911,426 is designated for cancer research pursuant to new provisions added in H.B. 16-1408 (Cash Fund Allocations for Health-related Programs), and \$1,607,566 of the total FY 2017-18 actual allocation is for this purpose.

TOBACCO HEALTH EDUCATION FUND	
FY 2016-17 appropriation	\$15,325,373
FY 2016-17 actual	<u>16,724,981</u>
Additional revenue above the FY 17 appropriation	1,399,608
FY 2017-18 estimated revenue	<u>14,066,204</u>
FY 2017-18 Total Available	15,465,812
FY 2017-18 Appropriation Increase	\$140,439

GOVERNING BOARDS					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FTE
FY 2016-17 Appropriation					
Long Bill Supplemental	\$46,385,624	\$0	\$46,385,624	\$0	0.0
HB 16-1405 (Long Bill)	2,990,962,068	0	2,344,290,427	646,671,641	24,044.7
Other legislation	11,154,524	0	10,904,524	250,000	0.0
TOTAL	\$3,048,502,216	\$0	\$2,401,580,575	\$646,921,641	24,044.7
FY 2017-18 RECOMMENDED APPROPRIATION					
FY 2016-17 Appropriation	\$3,048,502,216	\$0	\$2,401,580,575	\$646,921,641	24,044.7
R1 Operating request for public colleges and universities	16,043,004	0	0	16,043,004	0.0
R2 Tuition spending authority increase	124,958,748	0	124,958,748	0	0.0
Fee adjustment	12,967,575	0	12,967,575	0	0.0
Higher Ed limited gaming revenue	1,788,178	0	1,788,178	0	0.0
Tobacco master settlement revenue adjustment	140,439	0	140,439	0	0.0
Employee FTE adjustment	0	0	0	0	340.8
Annualize prior year legislation	(7,932,020)	0	(7,932,020)	0	0.0
TOTAL	\$3,196,468,140	\$0	\$2,533,503,495	\$662,964,645	24,385.5
INCREASE/(DECREASE)	\$147,965,924	\$0	\$131,922,920	\$16,043,004	340.8
Percentage Change	4.9%	0.0%	5.5%	2.5%	1.4%
FY 2017-18 EXECUTIVE REQUEST	\$3,126,624,939	\$0	\$2,463,660,294	\$662,964,645	24,044.7
Request Above/(Below) Recommendation	(\$69,843,201)		(\$69,843,201)	\$0	(340.8)

LINE ITEM DETAIL – GOVERNING BOARDS

General Note: All reappropriated amounts shown represent General Fund initially appropriated in the College Opportunity Fund Program section and reappropriated to the Governing Boards. Cash Funds amounts, with few exceptions, represent tuition and fee revenue.

GOVERNING BOARDS, TRUSTEES OF ADAMS STATE UNIVERSITY, TRUSTEES OF ADAMS STATE COLLEGE					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FTE
FY 2016-17 APPROPRIATION					
HB 16-1405 (Long Bill)	\$40,723,138	\$0	\$26,646,778	\$14,076,360	331.6
Long Bill Supplemental	(994,110)	0	(994,110)	0	0.0
TOTAL	\$39,729,028	\$0	\$25,652,668	\$14,076,360	331.6
FY 2017-18 RECOMMENDED APPROPRIATION					
FY 2016-17 Appropriation	\$39,729,028	\$0	\$25,652,668	\$14,076,360	331.6
R2 Tuition spending authority increase	1,233,450	0	1,233,450	0	0.0
Fee adjustment	495,400	0	495,400	0	0.0
R1 Operating request for public colleges and universities	183,603	0	0	183,603	0.0
Higher Ed limited gaming revenue	2,919	0	2,919	0	0.0
Employee FTE adjustment	0	0	0	0	7.9
TOTAL	\$41,644,400		\$27,384,437	\$14,259,963	339.5
INCREASE/(DECREASE)	\$1,915,372	\$0	\$1,731,769	\$183,603	7.9
Percentage Change	4.8%	0.0%	6.8%	1.3%	2.4%
FY 2017-18 EXECUTIVE REQUEST					
Request Above/(Below) Recommendation	\$505,699		\$505,699	\$0	(7.9)

GOVERNING BOARDS, TRUSTEES OF COLORADO MESA UNIVERSITY, TRUSTEES OF COLORADO MESA UNIVERSITY					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FTE
FY 2016-17 APPROPRIATION					
HB 16-1405 (Long Bill)	\$97,559,817	\$0	\$73,279,088	\$24,280,729	705.8
Long Bill Supplemental	(2,475,876)	0	(2,475,876)	0	0.0
TOTAL	\$95,083,941	\$0	\$70,803,212	\$24,280,729	705.8
FY 2017-18 RECOMMENDED APPROPRIATION					
FY 2016-17 Appropriation	\$95,083,941	\$0	\$70,803,212	\$24,280,729	705.8
R2 Tuition spending authority increase	4,715,817	0	4,715,817	0	0.0
R1 Operating request for public colleges and universities	1,670,432	0	0	1,670,432	0.0
Fee adjustment	101,323	0	101,323	0	0.0
Higher Ed limited gaming revenue	75,308	0	75,308	0	0.0
Employee FTE adjustment	0	0	0	0	22.5
TOTAL	\$101,646,821	\$0	\$75,695,660	\$25,951,161	728.3
INCREASE/(DECREASE)	\$6,562,880	\$0	\$4,892,448	\$0	22.5
Percentage Change	6.9%	0.0%	6.9%	0.0%	3.2%
FY 2017-18 EXECUTIVE REQUEST	\$103,239,896	\$0	\$77,288,735	\$25,951,161	705.8
Request Above/(Below) Recommendation	\$1,593,075		\$1,593,075	\$0	(22.5)

GOVERNING BOARDS, TRUSTEES OF METROPOLITAN STATE COLLEGE OF DENVER, TRUSTEES OF METROPOLITAN STATE COLLEGE OF DENVER					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FTE
FY 2016-17 APPROPRIATION					
HB 16-1405 (Long Bill)	\$172,582,069	\$0	\$121,167,068	\$51,415,001	1,453.2
Long Bill Supplemental	\$2,660,107	\$0	\$2,660,107	\$0	0.0
TOTAL	\$175,242,176	\$0	\$123,827,175	\$51,415,001	1,453.2
FY 2017-18 RECOMMENDED APPROPRIATION					
FY 2016-17 Appropriation	\$175,242,176	\$0	\$123,827,175	\$51,415,001	1,453.2
R2 Tuition spending authority increase	6,832,094	0	6,832,094	0	0.0
Fee adjustment	938,822	0	938,822	0	0.0
R1 Operating request for public colleges and universities	211,602	0	0	211,602	0.0
Employee FTE adjustment	0	0	0	0	(60.4)
TOTAL	\$183,224,694	\$0	\$131,598,091	\$51,626,603	1,392.8
INCREASE/(DECREASE)	\$7,982,518	\$0	\$7,770,916	\$211,602	(60.4)
Percentage Change	4.6%	0.0%	6.3%	0.4%	(4.2%)
FY 2017-18 EXECUTIVE REQUEST	\$179,981,782	\$0	\$128,355,179	\$51,626,603	1,453.2
Request Above/(Below) Recommendation	(\$3,242,912)		(\$3,242,912)	\$0	60.4

GOVERNING BOARDS, TRUSTEES OF WESTERN STATE COLLEGE, TRUSTEES OF WESTERN STATE COLLEGE					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FTE
FY 2016-17 APPROPRIATION					
HB 16-1405 (Long Bill)	\$34,543,650	\$0	\$23,008,723	\$11,534,927	248.1
Long Bill Supplemental	\$494,246	\$0	\$494,246	\$0	0.0
TOTAL	\$35,037,896	\$0	\$23,502,969	\$11,534,927	248.1
FY 2017-18 RECOMMENDED APPROPRIATION					
FY 2016-17 Appropriation	\$35,037,896	\$0	\$23,502,969	\$11,534,927	248.1
R2 Tuition spending authority increase	694,638	0	694,638	0	0.0
Fee adjustment	468,636	0	468,636	0	0.0
R1 Operating request for public colleges and universities	286,970	0	0	286,970	0.0
Employee FTE adjustment	0	0	0	0	2.1
TOTAL	\$36,488,140	\$0	\$24,666,243	\$11,821,897	250.2
INCREASE/(DECREASE)	\$1,450,244	\$0	\$1,163,274	\$286,970	2.1
Percentage Change	4.1%	0.0%	4.9%	2.5%	0.8%
FY 2017-18 EXECUTIVE REQUEST					
Request Above/(Below) Recommendation	(\$677,203)		(\$677,203)	\$0	(2.1)

GOVERNING BOARDS, BOARD OF GOVERNORS OF THE COLORADO STATE UNIVERSITY SYSTEM, BOARD OF GOVERNORS OF THE COLORADO STATE UNIVERSITY SYSTEM					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FTE
FY 2016-17 APPROPRIATION					
HB 16-1405 (Long Bill)	\$619,485,003	\$0	\$484,966,696	\$134,518,307	4,856.2
Long Bill Supplemental	\$21,046,437	\$0	\$21,046,437	\$0	0.0
TOTAL	\$640,531,440	\$0	\$506,013,133	\$134,518,307	4,856.2
FY 2017-18 RECOMMENDED APPROPRIATION					
FY 2016-17 Appropriation	\$640,531,440	\$0	\$506,013,133	\$134,518,307	4,856.2
R2 Tuition spending authority increase	26,075,130	0	26,075,130	0	0.0
R1 Operating request for public colleges and universities	3,892,219	0	0	3,892,219	0.0
Fee adjustment	2,142,268	0	2,142,268	0	0.0
Employee FTE adjustment	0	0	0	0	12.6
TOTAL	\$672,641,057	\$0	\$534,230,531	\$138,410,526	4,868.8
INCREASE/(DECREASE)	\$32,109,617	\$0	\$28,217,398	\$3,892,219	12.6
Percentage Change	5.0%	0.0%	5.6%	2.9%	0.3%
FY 2017-18 EXECUTIVE REQUEST					
Request Above/(Below) Recommendation	(\$26,206,644)		(\$26,206,644)	\$0	(12.6)

GOVERNING BOARDS, TRUSTEES OF FORT LEWIS COLLEGE, TRUSTEES OF FORT LEWIS COLLEGE					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FTE
FY 2016-17 APPROPRIATION					
HB 16-1405 (Long Bill)	\$58,111,091	\$0	\$46,629,891	\$11,481,200	430.4
Long Bill Supplemental	(3,074,302)	0	(3,074,302)	0	0.0
TOTAL	\$55,036,789	\$0	\$43,555,589	\$11,481,200	430.4
FY 2017-18 RECOMMENDED APPROPRIATION					
FY 2016-17 Appropriation	\$55,036,789	\$0	\$43,555,589	\$11,481,200	430.4
R2 Tuition spending authority increase	2,009,393	0	2,009,393	0	0.0
R1 Operating request for public colleges and universities	303,739	0	0	303,739	0.0
Fee adjustment	251,398	0	251,398	0	0.0
Employee FTE adjustment	0	0	0	0	11.0
TOTAL	\$57,601,319		\$45,816,380	\$11,784,939	441.4
INCREASE/(DECREASE)	\$2,564,530	\$0	\$2,260,791	\$303,739	11.0
Percentage Change	4.7%	0.0%	5.2%	2.6%	2.6%
FY 2017-18 EXECUTIVE REQUEST	\$60,552,481	\$0	\$48,767,542	\$11,784,939	430.4
Request Above/(Below) Recommendation	\$2,951,162		\$2,951,162	\$0	(11.0)

GOVERNING BOARDS, REGENTS OF THE UNIVERSITY OF COLORADO, REGENTS OF THE UNIVERSITY OF COLORADO					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FTE
FY 2016-17 APPROPRIATION					
HB 16-1405 (Long Bill)	\$1,206,559,576	\$0	\$1,020,126,890	\$186,432,686	7,982.3
Long Bill Supplemental	\$29,418,002	\$0	\$29,418,002	\$0	0.0
Other legislation	\$11,004,524	\$0	\$10,904,524	\$100,000	0.0
TOTAL	\$1,246,982,102	\$0	\$1,060,449,416	\$186,532,686	7,982.3
FY 2017-18 RECOMMENDED APPROPRIATION					
FY 2016-17 Appropriation	\$1,246,982,102	\$0	\$1,060,449,416	\$186,532,686	7,982.3
R2 Tuition spending authority increase	48,608,288	0	48,608,288	0	0.0
R1 Operating request for public colleges and universities	7,785,541	0	0	7,785,541	0.0
Fee adjustment	5,054,345	0	5,054,345	0	0.0
Tobacco master settlement revenue adjustment	140,439	0	140,439	0	0.0
Employee FTE adjustment	0	0	0	0	273.2
Annualize prior year legislation	(7,932,020)	0	(7,932,020)	0	0.0
TOTAL	\$1,300,638,695		\$1,106,320,468	\$194,318,227	8,255.5
INCREASE/(DECREASE)	\$53,656,593	\$0	\$45,871,052	\$7,785,541	273.2
Percentage Change	4.3%	0.0%	4.3%	4.2%	3.4%
FY 2017-18 EXECUTIVE REQUEST	\$1,263,983,608	\$0	\$1,069,665,381	\$194,318,227	7,982.3
Request Above/(Below) Recommendation	(\$36,655,087)		(\$36,655,087)	\$0	(273.2)

GOVERNING BOARDS, TRUSTEES OF THE COLORADO SCHOOL OF MINES, TRUSTEES OF THE COLORADO SCHOOL OF MINES					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FTE
FY 2016-17 APPROPRIATION					
HB 16-1405 (Long Bill)	\$167,618,512	\$0	\$146,979,462	\$20,639,050	896.8
Long Bill Supplemental	(4,663,377)	0	(4,663,377)	0	0.0
TOTAL	\$162,955,135	\$0	\$142,316,085	\$20,639,050	896.8
FY 2017-18 RECOMMENDED APPROPRIATION					
FY 2016-17 Appropriation	\$162,955,135	\$0	\$142,316,085	\$20,639,050	896.8
R2 Tuition spending authority increase	6,596,915	0	6,596,915	0	0.0
R1 Operating request for public colleges and universities	845,656	0	0	845,656	0.0
Fee adjustment	417,688	0	417,688	0	0.0
Employee FTE adjustment	0	0	0	0	55.6
TOTAL	\$170,815,394		\$149,330,688	\$21,484,706	952.4
INCREASE/(DECREASE)	\$7,860,259	\$0	\$7,014,603	\$845,656	55.6
Percentage Change	4.8%	0.0%	4.9%	4.1%	6.2%
FY 2017-18 EXECUTIVE REQUEST	\$175,156,540	\$0	\$153,671,834	\$21,484,706	896.8
Request Above/(Below) Recommendation	\$4,341,146		\$4,341,146	\$0	(55.6)

GOVERNING BOARDS, UNIVERSITY OF NORTHERN COLORADO, UNIVERSITY OF NORTHERN COLORADO					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FTE
FY 2016-17 APPROPRIATION					
HB 16-1405 (Long Bill)	\$146,081,024	\$0	\$107,042,790	\$39,038,234	1,136.5
Other legislation	\$75,000	\$0	\$0	\$75,000	0.0
Long Bill Supplemental	(680,127)	0	(680,127)	0	0.0
TOTAL	\$145,475,897	\$0	\$106,362,663	\$39,113,234	1,136.5
FY 2017-18 RECOMMENDED APPROPRIATION					
FY 2016-17 Appropriation	\$145,475,897	\$0	\$106,362,663	\$39,113,234	1,136.5
R2 Tuition spending authority increase	10,786,502	0	10,786,502	0	0.0
Fee adjustment	2,659,060	0	2,659,060	0	0.0
R1 Operating request for public colleges and universities	484,174	0	0	484,174	0.0
Employee FTE adjustment	0	0	0	0	171.5
TOTAL	\$159,405,633		\$119,808,225	\$39,597,408	1,308.0
INCREASE/(DECREASE)	\$13,929,736	\$0	\$13,445,562	\$484,174	171.5
Percentage Change	9.6%	0.0%	12.6%	1.2%	15.1%
FY 2017-18 EXECUTIVE REQUEST	\$152,343,055	\$0	\$112,745,647	\$39,597,408	1,136.5
Request Above/(Below) Recommendation	(\$7,062,578)		(\$7,062,578)	\$0	(171.5)

GOVERNING BOARDS, STATE BOARD FOR COMMUNITY COLLEGES AND OCCUPATIONAL EDUCATION STATE SYSTEM COMMUNITY COLLEGES, STATE BOARD FOR COMMUNITY COLLEGES AND OCCUPATIONAL EDUCATION STATE SYSTEM COMMUNITY COLLEGES					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FTE
FY 2016-17 APPROPRIATION					
HB 16-1405 (Long Bill)	\$447,698,188	\$0	\$294,443,041	\$153,255,147	6,003.8
Long Bill Supplemental	\$4,654,624	\$0	\$4,654,624	\$0	0.0
Other legislation	\$75,000	\$0	\$0	\$75,000	0.0
TOTAL	\$452,427,812	\$0	\$299,097,665	\$153,330,147	6,003.8
FY 2017-18 RECOMMENDED APPROPRIATION					
FY 2016-17 Appropriation	\$452,427,812	\$0	\$299,097,665	\$153,330,147	6,003.8
R2 Tuition spending authority increase	17,406,521	0	17,406,521	0	0.0
Higher Ed limited gaming revenue	1,709,951	0	1,709,951	0	0.0
Fee adjustment	438,635	0	438,635	0	0.0
R1 Operating request for public colleges and universities	379,068	0	0	379,068	0.0
Employee FTE adjustment	0	0	0	0	(155.2)
TOTAL	\$472,361,987		\$318,652,772	\$153,709,215	5,848.6
INCREASE/(DECREASE)	\$19,934,175	\$0	\$19,555,107	\$379,068	(155.2)
Percentage Change	4.4%	0.0%	6.5%	0.2%	(2.6%)
FY 2017-18 EXECUTIVE REQUEST	\$466,972,128	\$0	\$313,262,913	\$153,709,215	6,003.8
Request Above/(Below) Recommendation	(\$5,389,859)		(\$5,389,859)	\$0	155.2

(6) LOCAL DISTRICT COLLEGE GRANTS PURSUANT TO SECTION 23-71-301, C.R.S.

This division provides funding for grants to Aims Community College and Colorado Mountain College. These institutions also receive tax revenue from local taxing districts which provide the majority of their funding. The source of cash funds is limited gaming revenue distributed to higher education institutions with a 2-year mission. Pursuant to Section 23-18-304 (3), C.R.S., state support for these institutions increases or decreases at the same rate as the average change in funding for the state-operated governing boards, except that under some circumstances they may increase more or decrease less.

LOCAL DISTRICT COLLEGE GRANTS PURSUANT TO SECTION 23-71-301, C.R.S.				
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FTE
FY 2016-17 Appropriation				
HB 16-1405 (Long Bill)	\$16,368,747	\$15,589,215	\$779,532	0.0
TOTAL	\$16,368,747	\$15,589,215	\$779,532	0.0
FY 2017-18 RECOMMENDED APPROPRIATION				
FY 2016-17 Appropriation	\$16,368,747	\$15,589,215	\$779,532	0.0
R1 Operating request for public colleges and universities	385,079	385,079	0	0.0
Higher Ed limited gaming revenue	303,777	0	303,777	0.0
TOTAL	\$17,057,603	\$15,974,294	\$1,083,309	0.0
INCREASE/(DECREASE)	\$688,856	\$385,079	\$303,777	0.0
Percentage Change	4.2%	2.5%	39.0%	0.0%
FY 2017-18 EXECUTIVE REQUEST	\$16,753,826	\$15,974,294	\$779,532	0.0
Request Above/(Below) Recommendation	(\$303,777)	\$0	(\$303,777)	0.0

DECISION ITEMS – LOCAL DISTRICT COLLEGE GRANTS

This section includes the following adjustments discussed in previous sections:

- R1 Operating Request for Public Colleges and Universities; and
- Adjustment to Amendment 50 Gaming Revenue to reflect actual FY 2015-16 amounts.

No other adjustments are requested or recommended.

LINE ITEM DETAIL – LOCAL DISTRICT COLLEGE GRANTS

AIMS COMMUNITY COLLEGE

Aims community college serves the northern Front Range, with campuses in Greeley, Windsor, Fort Lupton, and Loveland. It served 3,356 student FTE in FY 2015-16 including 3,260 resident students. The community college district was formed in 1967. In FY 2014-15, local tax district

support and other miscellaneous sources of revenue provided 57.5 percent of Aims' education and general revenue, while state support provided 17.4 percent.

STATUTORY AUTHORITY: Sections 23-71-301 and 302 and 23-18-304 (3), C.R.S.

REQUEST: The Department requests \$9,060,455 including \$8,654,810 General Fund.

RECOMMENDATION:

LOCAL DISTRICT COLLEGE GRANTS PURSUANT TO SECTION 23-71-301, C.R.S., AIMS COMMUNITY COLLEGE				
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FTE
FY 2016-17 APPROPRIATION				
HB 16-1405 (Long Bill)	\$8,859,821	\$8,446,176	\$413,645	0.0
TOTAL	\$8,859,821	\$8,446,176	\$413,645	0.0
FY 2017-18 RECOMMENDED APPROPRIATION				
FY 2016-17 Appropriation	\$8,859,821	\$8,446,176	\$413,645	0.0
R1 Operating request for public colleges and universities	208,634	208,634	0	0.0
Higher Ed limited gaming revenue	155,435	0	155,435	0.0
TOTAL	\$9,223,890	\$8,654,810	\$569,080	0.0
INCREASE/(DECREASE)	\$364,069	\$208,634	\$155,435	0.0
Percentage Change	4.1%	2.5%	37.6%	0.0%
FY 2017-18 EXECUTIVE REQUEST	\$9,068,455	\$8,654,810	\$413,645	0.0
Request Above/(Below) Recommendation	(\$155,435)	\$0	(\$155,435)	0.0

COLORADO MOUNTAIN COLLEGE

Colorado Mountain College serves the mountain communities in north-central Colorado, with 11 campus locations, including three residential campuses in Leadville, Glenwood Springs, and Steamboat Springs. It served 3,363 student FTE in FY 2015-16 including 2,946 resident students. The community college district was formed in 1967. In 2011, the General Assembly authorized it to begin offering selected baccalaureate degrees. In FY 2014-15, local tax district support and other miscellaneous sources of revenue provided 64.9 percent of Colorado Mountain College's education and general revenue, while state support provided 12.4 percent.

STATUTORY AUTHORITY: Sections 23-71-301 and 302 and 23-18-304 (3), C.R.S.

REQUEST: The Department requests \$7,231,728 including \$6,921,940 General Fund.

RECOMMENDATION:

LOCAL DISTRICT COLLEGE GRANTS PURSUANT TO SECTION 23-71-301, C.R.S., COLORADO MOUNTAIN COLLEGE				
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FTE
FY 2016-17 APPROPRIATION				
HB 16-1405 (Long Bill)	\$7,508,926	\$7,143,039	\$365,887	0.0
TOTAL	\$7,508,926	\$7,143,039	\$365,887	0.0
FY 2017-18 RECOMMENDED APPROPRIATION				
FY 2016-17 Appropriation	\$7,508,926	\$7,143,039	\$365,887	0.0
R1 Operating request for public colleges and universities	176,445	176,445	0	0.0
Higher Ed limited gaming revenue	148,342	0	148,342	0.0
TOTAL	\$7,833,713	\$7,319,484	\$514,229	0.0
INCREASE/(DECREASE)	\$324,787	\$176,445	\$148,342	0.0
Percentage Change	4.3%	2.5%	40.5%	0.0%
FY 2017-18 EXECUTIVE REQUEST				
Request Above/(Below) Recommendation	(\$148,342)	\$0	(\$148,342)	0.0

(7) DIVISION OF OCCUPATIONAL EDUCATION

The Division is administratively located within the State Board for the Community Colleges and Occupational Education State System Community Colleges and has responsibility for approving programs and maintaining standards for public vocational programs (the Division of Private Occupational Schools in CCHE oversees proprietary schools). The Division also distributes state and federal funds for occupational education.

DIVISION OF OCCUPATIONAL EDUCATION					
	TOTAL FUNDS	GENERAL FUND	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2016-17 Appropriation					
HB 16-1405 (Long Bill)	\$56,585,062	\$9,971,721	\$31,039,363	\$15,573,978	32.0
TOTAL	\$56,585,062	\$9,971,721	\$31,039,363	\$15,573,978	32.0
FY 2017-18 RECOMMENDED APPROPRIATION					
FY 2016-17 Appropriation	\$56,585,062	\$9,971,721	\$31,039,363	\$15,573,978	32.0
R1 Operating request for public colleges and universities	246,318	246,318	0	0	0.0
TOTAL	\$56,831,380	\$10,218,039	\$31,039,363	\$15,573,978	32.0
INCREASE/(DECREASE)	\$246,318	\$246,318	\$0	\$0	0.0
Percentage Change	0.4%	2.5%	0.0%	0.0%	0.0%
FY 2017-18 EXECUTIVE REQUEST	\$56,831,380	\$10,218,039	\$31,039,363	\$15,573,978	32.0
Request Above/(Below) Recommendation	\$0	\$0	\$0	\$0	0.0

DECISION ITEMS – DIVISION OF OCCUPATIONAL EDUCATION

This section includes the adjustment for R1 Operating Request for Public Colleges and Universities, which affects the Area Technical Colleges. There were no other requests for this section.

→ LINE ITEMS FOR COLORADO FIRST/EXISTING INDUSTRY JOB TRAINING AND DISTRIBUTION OF STATE ASSISTANCE FOR CAREER AND TECHNICAL EDUCATION PURSUANT TO SECTION 23-8-102, C.R.S.

The line item for Colorado First/Existing Industry Job Training is set in the Governor's Office, and the line item for Distribution of State Assistance for Career and Technical Education is set in the Department of Education. Staff requests permission to set these line items consistent with decisions made during figure setting presentations for these two other departments.

LINE ITEM DETAIL – DIVISION OF OCCUPATIONAL EDUCATION

(A) ADMINISTRATIVE COSTS

These FTE, located in the community college system, are responsible for approving occupational education programs and distributing funds to both higher education and K-12 entities. The source of reappropriated funds is indirect cost recoveries.

STATUTORY AUTHORITY: 23-8-101, C.R.S., et. seq.

REQUEST: The Department requests a continuation level of funding of \$900,000 reappropriated funds and 9.0 FTE.

RECOMMENDATION: **Staff recommends the request for continuation funding of \$900,000 reappropriated funds from departmental and statewide indirect cost collections and 9.0 FTE.**

(B) DISTRIBUTION OF STATE ASSISTANCE FOR CAREER AND TECHNICAL EDUCATION PURSUANT TO SECTION 23-8-102, C.R.S.

The appropriation provides state support for secondary students enrolled in vocational programs in school districts across the state. These funds help the school districts offset, in part, the higher cost of vocational education. State statutes and regulations from the Division define the eligible costs for which K-12 schools may apply for reimbursement. The source of reappropriated funds is a transfer from the Department of Education. This is one of the categorical programs covered by Amendment 23.

According to the annual report on the Career and Technical Act (February 29, 2016), these funds were used to serve 96,854 individual secondary CTE students in 147 public school districts, a special school, eight technical centers, three community colleges, one four-year college and three area technical colleges. In addition there were 20,721 middle school CTE student enrollments.

STATUTORY AUTHORITY: Section 23-8-102, C.R.S.

REQUEST: The Department requests a continuation level of \$25,639,363 reappropriated funds.

RECOMMENDATION: **The amount for this line item is pending figure setting for the Department of Education.** *Staff requests permission to set the amount for this line item consistent with the Committee's final decision for figure setting in the Department of Education.*

(C) AREA TECHNICAL COLLEGE SUPPORT

This line provides state support for the three area technical colleges to provide post-secondary vocational training: Delta-Montrose Technical College, Emily Griffith Technical College, and Pickens Technical College. In addition to the General Fund shown in the Long Bill, the area technical colleges charge tuition and fees to students. These institutions operate within local school districts and provide vocational training to secondary students with funds from their local school districts, which may include Colorado Vocational Act dollars. The distribution of General Fund is determined by the Division in consultation with the colleges.

STATUTORY AUTHORITY: Sections 23-71-303 and Section 23-18-304 (2), C.R.S.

REQUEST: The Department requests an appropriation of \$9,675,895 General Fund for this line item, including an adjustment for R1 Base Reduction for Public Colleges and Universities.

RECOMMENDATION:

DIVISION OF OCCUPATIONAL EDUCATION, AREA TECHNICAL COLLEGE SUPPORT, AREA TECHNICAL COLLEGE SUPPORT			
	TOTAL FUNDS	GENERAL FUND	FTE
FY 2016-17 APPROPRIATION			
HB 16-1405 (Long Bill)	\$9,971,721	\$9,971,721	0.0
TOTAL	\$9,971,721	\$9,971,721	0.0
FY 2017-18 RECOMMENDED APPROPRIATION			
FY 2016-17 Appropriation	\$9,971,721	\$9,971,721	0.0
R1 Operating request for public colleges and universities	246,318	246,318	0.0
TOTAL	\$10,218,039	\$10,218,039	0.0
INCREASE/(DECREASE)	\$246,318	\$246,318	0.0
Percentage Change	2.5%	2.5%	0.0%
FY 2017-18 EXECUTIVE REQUEST	\$10,218,039	\$10,218,039	0.0
Request Above/(Below) Recommendation	\$0	\$0	0.0

(D) SPONSORED PROGRAMS

The programs in this section are federally funded occupational education programs.

ADMINISTRATION

These FTE review educational programs to ensure compliance with federal Perkins requirements and approve courses eligible for federal funds. They also provide training and technical assistance to educators and students.

STATUTORY AUTHORITY: Section 23-60-301, C.R.S.

REQUEST: The Department requests a continuation level of funding of \$2,220,227 federal funds and 23.0 FTE for this line item.

RECOMMENDATION: **Staff recommends the Department's request for a continuation level of funding of \$2,220,227 federal funds and 23.0 FTE.** Actual spending has remained in-line with this figure.

PROGRAMS

These funds are federal "Carl Perkins" funds, and are distributed to Community Colleges, Local District Junior Colleges, Area Vocational Schools, and K-12 districts.

STATUTORY AUTHORITY: Section 23-60-301, C.R.S.

REQUEST: The Department requests a continuation level of funding of \$13,353,751 federal funds for this line item.

RECOMMENDATION: **Staff recommends a continuation level of \$13,353,751 for this line item.** This line item is shown for informational purposes, so appropriations do not constrain spending. Recent actuals are close to this figure.

(E) COLORADO FIRST CUSTOMIZED JOB TRAINING

This line item is for General Fund dollars transferred from the Governor's Office for community colleges to provide training to employees of new companies or expanding firms.

STATUTORY AUTHORITY: SECTION 23-60-306, C.R.S.

REQUEST: The Department requests \$4,500,000 reappropriated funds for this line item.

RECOMMENDATION: **The staff recommendation is pending figure setting for the Governor's Office, from which these funds are transferred.**

(8) AURARIA HIGHER EDUCATION CENTER

The Auraria Higher Education Center (AHEC) collects funds from the institutions with programs on the Auraria campus for operation and maintenance of the campus. While there is some impact on AHEC's budget when enrollment changes on the campus, much of the expenses are for fixed costs related to maintaining the buildings and coordinating activities of the co-tenants. The source of reappropriated funds is payments by the three institutions that share the AHEC campus: University of Colorado at Denver, Metropolitan State University of Denver, and the Community College of Denver. Pursuant to statute, institutions' base payments for support of AHEC are appropriated; however, individual institutions may contract with AHEC for specific additional services, and related AHEC expenditures do not require additional appropriation.

STATUTORY AUTHORITY: Section 23-70-101 through 23-70-116, C.R.S.

DECISION ITEMS – AURARIA HIGHER EDUCATION CENTER

As previously discussed for the governing boards, **the staff recommendation on FTE to be reflected in the Long Bill is based on FY 2016-17 estimated FTE in the budget data books submitted by the Department.** For AHEC, the recommended adjustment is (0.4) FTE.

→ INCREASE AHEC SPENDING AUTHORITY

The three institutions that share the Auraria campus work with AHEC to determine fair rates and the allocation of costs among the institutions. These costs typically increase due to inflationary adjustments for salary and benefits and, in some cases, due to the growing student population on the AHEC campus.

For FY 2014-15, staff recommended an increase for AHEC (not included in the executive request), to address the impact of inflationary cost increases on the AHEC budget, as AHEC had capped out its spending authority. For the last three years, the Department has requested a technical adjustment for inflation. **The requested adjustment for FY 2017-18 is a larger increase of 6.0 percent (\$1.2 million), which may provide an adequate increase for more than a year. Staff recommends the requested adjustment.** The AHEC budget is primarily driven by rates and services negotiated by the institutions operating on the AHEC campus. In light of this, staff does not believe the Long Bill appropriation needs to be unduly restrictive.

LINE ITEM DETAIL – AURARIA HIGHER EDUCATION CENTER

ADMINISTRATION

REQUEST: The Department requests \$21,493,175 reappropriated funds and a continuation level of 188.0 FTE for this line item.

RECOMMENDATION:

AURARIA HIGHER EDUCATION CENTER				
	TOTAL FUNDS	GENERAL FUND	REAPPROPRIATED FUNDS	FTE
FY 2016-17 Appropriation				
HB 16-1405 (Long Bill)	\$20,276,580	\$0	\$20,276,580	190.6
TOTAL	\$20,276,580	\$0	\$20,276,580	190.6
FY 2017-18 RECOMMENDED APPROPRIATION				
FY 2016-17 Appropriation	\$20,276,580	\$0	\$20,276,580	190.6
Auraria Higher Ed Center adjustment	1,216,595	0	1,216,595	0.0
Employee FTE adjustment	0	0	0	(0.4)
TOTAL	\$21,493,175		\$21,493,175	190.2
INCREASE/(DECREASE)	\$1,216,595	\$0	\$1,216,595	(0.4)
Percentage Change	6.0%	0.0%	6.0%	(0.2%)
FY 2017-18 EXECUTIVE REQUEST	\$21,493,175	\$0	\$21,493,175	190.6
Request Above/(Below) Recommendation	\$0		\$0	0.4

(9) HISTORY COLORADO

The State Historical Society, now known as History Colorado, is simultaneously a non-profit charitable “501 (c) (3)” organization and an institution of higher education authorized pursuant to Section 24-80-201, C.R.S. Founded in 1879, the agency operates the History Colorado Center in Denver and many other history museums, archeological and historic sites throughout the State. It is charged with preserving the state’s history and documenting it for the benefit of its citizens and it provides a wide variety of services related to this mission.

History Colorado’s operating appropriation for FY 2016-17, including centrally-appropriated items, is \$34.2 million. Of this, over 75 percent is derived from limited gaming revenue deposited to the State Historical Fund. The 1990 Constitutional amendment that legalized limited stakes gaming in three cities specified that 28 percent of state gaming revenue after administrative expenses would be used for statewide historic preservation efforts. The General Assembly has authorized History Colorado to administer these funds, subject to annual appropriation.

RECENT EVENTS

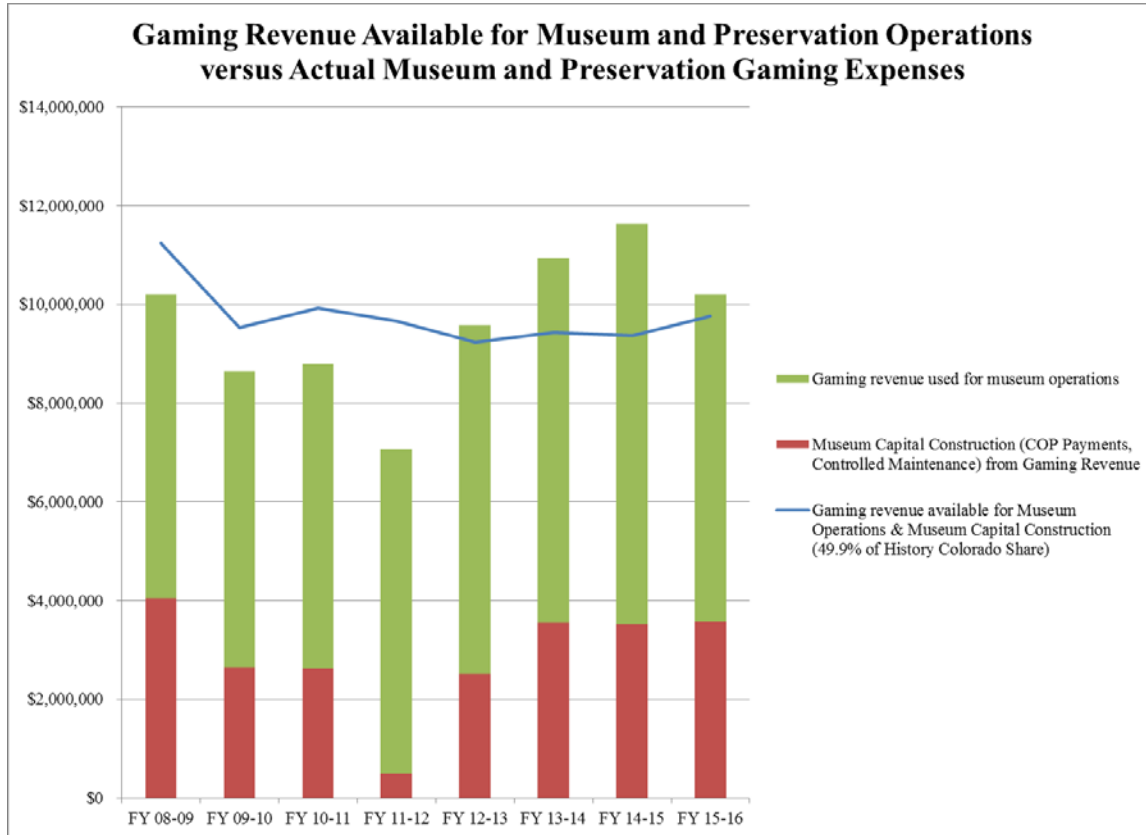
History Colorado is emerging from a challenging period. **A combination of poor management choices and bad luck dating back to 2008 culminated in a structural deficit in FY 2013-14 and FY 2014-15. Changes initiated in 2015 have addressed the deficit and provided the organization with highly effective new management, but History Colorado remains saddled with heavy debt which will affect it for many years into the future.**

In 2008, as part of the decision to rebuild the Judicial Center, the General Assembly authorized the Historical Society to execute a lease-purchase agreement for up to \$85.0 million in principal, with annual payments not to exceed \$4,998,000 to build a new museum. The resulting annual lease-purchase obligation, now \$3.1 million, represents about 30 percent of the organization’s limited gaming funding stream for museum operations. The organization anticipated that it would be able to cover the lease-purchase payments through increases in earned revenue. It also anticipated that gaming revenue to the organization would continue to increase, as it had in prior years. These expectations were frustrated for several reasons:

- Voters adopted Amendment 50 in November 2008, which created a new category of “extended” limited gaming revenue and, from FY 2009-10, effectively redirected most increases in tax revenue that would previously have gone in part to History Colorado.
- The Great Recession, combined with Limited Gaming Commission policies that reduced gaming tax rates, sharply depressed gaming revenue in FY 2008-09. Although tax rates and overall revenues partially rebounded, revenues to History Colorado remained essentially flat from FY 2009-10 through FY 2013-14 and only began to gradually increase again in FY 2014-15. Increases are effectively limited to 3.0 percent annually under the Gaming Commission’s current interpretation of how to apply Amendment 50.
- The new facility did not result in sufficient new paying customers to cover the huge additional lease purchase payment. In the years through FY 2010-11, preceding the museum’s move, earned revenue was typically \$1.5 to \$1.7 million per year. In the first full year the new museum was open (FY 2012-13), earned revenue was \$3.7 million. In FY 2015-16, earned revenue (excluding some transferred funds) was \$3.4 million. Thus, while the new History Colorado

Center has resulted in some additional new revenue, the increase is well under \$2.0 million and well below the new \$3.1 million lease purchase expense.

As a result of these factors, the organization faced a serious structural imbalance beginning in FY 2013-14, the first full year of lease-purchase payments.



Initially, the scale of the imbalance and the implications were not entirely clear to the museum’s Board of Directors or other oversight entities, in part due to other problems at the organization: poor accounting and financial management practices. The institution was the subject of two highly critical audits from the Office of the State Auditor in 2014 which indicated that, among other issues, the organization was not following various standard government accounting practices.

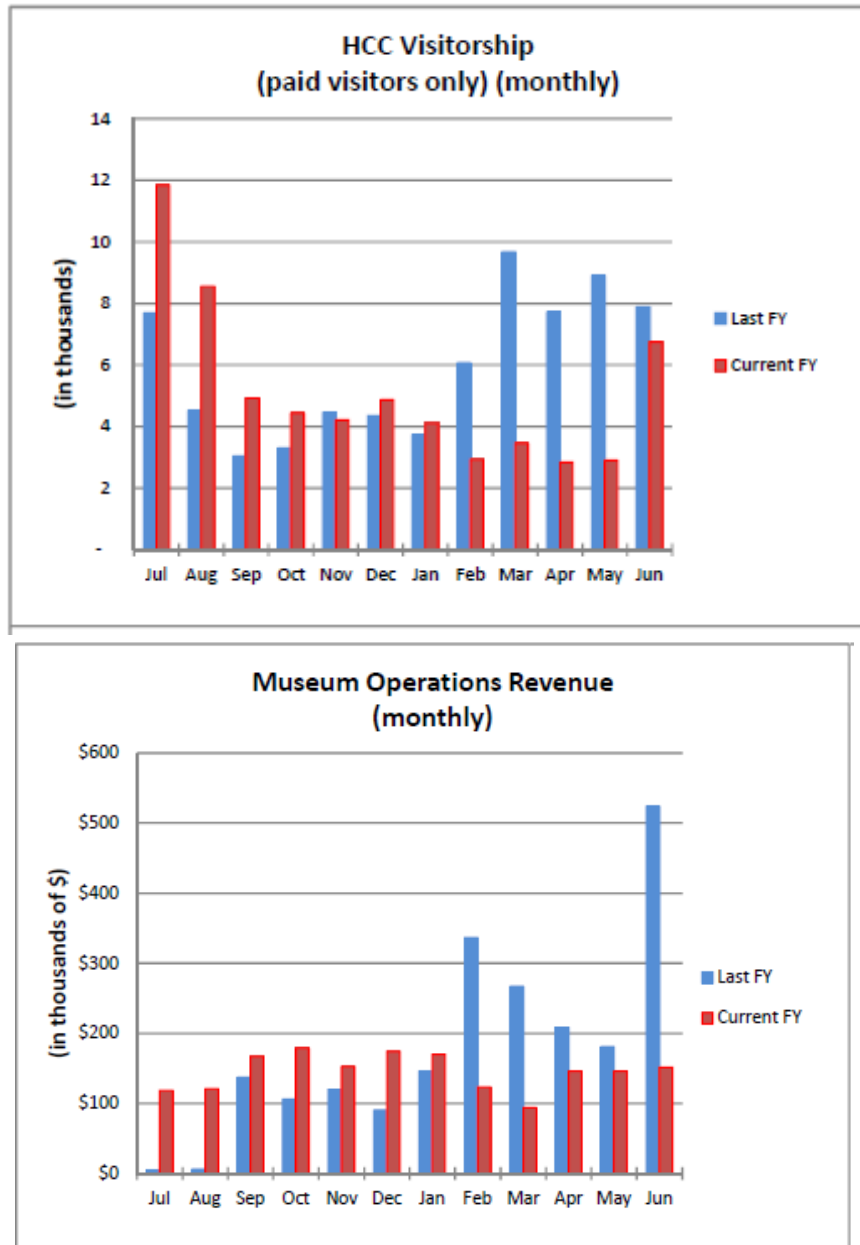
As both financial and management problems became more clear, the organization, the Governor and General Assembly worked together to modify the organization’s oversight structure, ultimately giving the Governor (rather than the organization’s membership), authority to select the Board of Directors, with the consent of the Senate (S.B. 15-225). JBC budget actions and bills also helped to highlight the key issues during the 2015 legislative session.

At the beginning of FY 2015-16, a new high-powered Board of Directors with an aggressive turn-around mandate took rapid steps to appoint a new interim management team. Through voluntary early retirements and furloughs and involuntary layoffs the organization reduced personnel (by 26.1 FTE or 20 percent as of June 30, 2016), flattened its management structure, and began to develop additional in-house exhibits, thus eliminating reliance on traveling exhibits from out-of-

state. On July 1, 2016, the Board appointed Steve Turner, co-director of the interim management team and the previous Director of Historic Preservation, the new Executive Director. **The organization closed out FY 2015-16 with a budget approaching balance. Its final shortfall for FY 2015-16 was \$513,326--lower than the \$834,080 originally projected. It will begin rebuilding reserves in FY 2016-17. However, the institution’s smaller operating budget leaves little space for new initiatives.**

In the last fiscal year, neither museum revenue nor visitation increased significantly. The challenge for the institution in the coming years is whether new management and energy can change this.

FY 2014-15 to FY 2015-16 History Colorado Visitation and Revenue (all museums)



Source: History Colorado management dashboards

THE STATE HISTORICAL FUND

Constitutional Allocations: Article XVIII, Section 9 of the State Constitution, which provides for limited gaming in Central City, Black Hawk, and Cripple Creek, specifies that up to 40 percent of the adjusted gross proceeds from gaming, in addition to license fees, shall be paid by each licensee into the Limited Gaming Fund. For the portion of the revenue derived pre-Amendment 50¹⁷, and after deductions for administrative expenses, the Limited Gaming Fund proceeds are distributed as follows:

- 50 percent to the General Fund or other fund as the General Assembly provides;
- 28 percent to the State Historical Fund;
- 12 percent to Gilpin and Teller counties in proportion to the gaming revenues generated in each;
- 10 percent to the governing bodies of Central City, Black Hawk, and Cripple Creek in proportion to the gaming revenues generated by each.

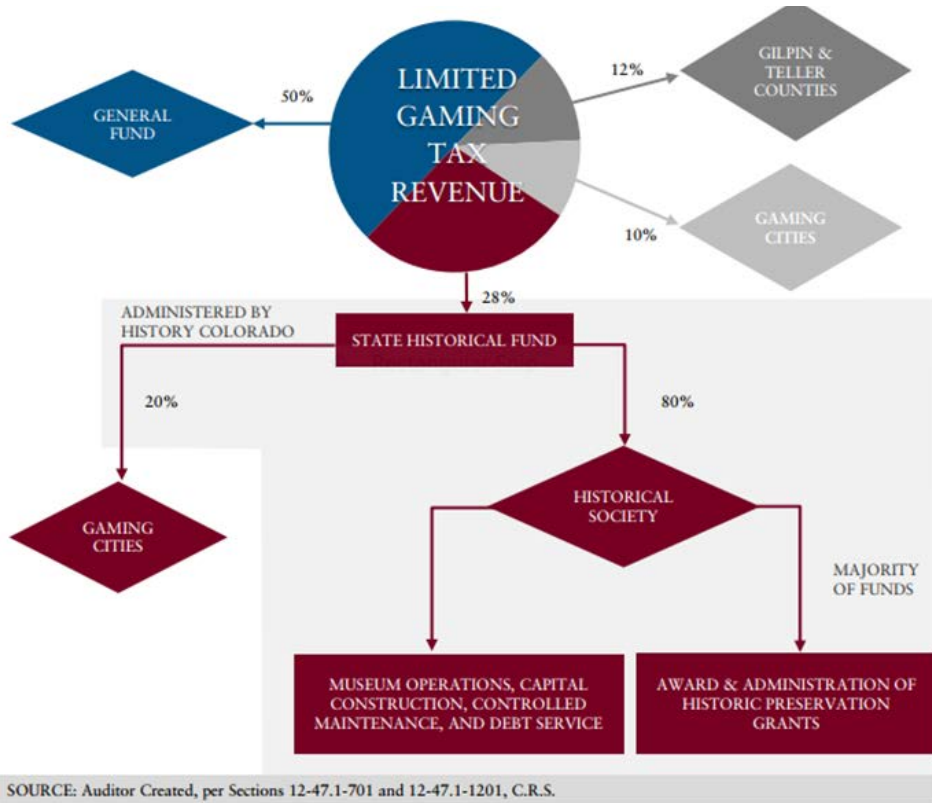
The Constitution further specifies that, of the amount distributed to the State Historical Fund:

- 20 percent be used for the preservation and restoration of the three gaming cities; and
- 80 percent “shall be used for the historic preservation and restoration of historical sites and municipalities throughout the state in a manner to be determined by the general assembly.”

The total amount for the State Historical Fund is determined by the constitution and revenues, but within this, the General Assembly has latitude in the use of the funds for statewide grants and other state historic preservation needs, including Historical Society operations and related capital construction projects. Pursuant to Section 12-47.1-1201, C.R.S.:

- the statewide preservation program (a statewide grant program) must constitute the *majority share* of the 80 percent to be used for statewide preservation activities.
- *the minority share* may be used to support operations of the History Colorado center and regional history museums and facilities throughout the State.

¹⁷ Amendment 50 provided for bets up to \$100 and provides distributions to higher education institutions.



Statutory Guidelines: Over the years, the General Assembly has increased its reliance on the State Historical Fund for operation of History Colorado museums and to make various repairs and upgrades to the state Capitol. While consistent with the goals of the State Historical Fund to support historic preservation, these actions have reduced the availability of moneys for statewide historic preservation grants.

As outlined Section 12-47.1-1201, C.R.S., the General Assembly has elected:

- To direct the “minority share” of revenue that does not go to gaming cities to museum operations and to include the costs of grant program administration in the calculation of “majority share”. “Majority” is interpreted as 50.1 percent for purposes of the agency’s budget.
- To direct a portion of the funds allocated for operations of the State Historical Society (from the “minority share”) to construction of the new Colorado history museum. Specifically, for FY 2011-12 through FY 2045-46, requires the General Assembly to appropriate each year from the State Historical Fund to the State Historical Society an amount sufficient to cover the Certificates of Participation (COP) payments for the new Colorado history museum. COP payments are currently \$3.1 million per year.
- To transfer a portion of the moneys for the statewide grant program (“majority share”) to the Capitol Dome Restoration Fund and other improvements to the State Capitol building. Between FY 2010-11 and FY 2012-13 nearly \$12 million was transferred. Most recently, \$1.0 million was transferred in FY 2015-16 and again in FY 2016-17 for House and Senate chamber restoration pursuant to H.B. 16-1417.

The table below shows actual FY 2015-16 gaming receipts deposited to the State Historic Fund which will be used to support History Colorado activities in FY 2016-17. The total includes a 4.3 percent increase over FY 2014-15 receipts.

STATE HISTORIC FUND LIMITED GAMING RECEIPTS		
	FY 2015-16 ACTUAL FOR USE IN FY 2016-17	FY 2016-17 FORECAST* FOR USE IN FY 2017-18
Majority Share - Statewide Preservation Grant Program (50.1% of 80%)	\$10,226,685	10,621,200
Minority Share - Museum Operations and Capital (49.9% of 80%)	10,185,860	10,578,800
Gaming City Direct Distribution (20.0%)	5,103,136	5,300,000
Total to History Colorado	\$25,515,681	26,500,000

*OSPB December 2016 forecast

DECISION ITEMS – HISTORY COLORADO

→ HC1 – REVITALIZATION FUNDING FOR COMMUNITY MUSEUMS

REQUEST: The Executive Request proposes an appropriation of \$1,589,044 General Fund for History Colorado. The request proposes that this appropriation be reduced to \$1,387,513 in FY 2020-21 and further reduced to \$975,942 in FY 2024-25.

Most of History Colorado’s focus and investment in recent years has been on the new History Colorado Center in Denver. However, History Colorado has community museums across the state including:

- Ute Indian Museum (Montrose)
- Fort Garland Museum and Cultural Center (Costilla County)
- Trinidad History Museum (Trinidad)
- El Pueblo History Museum ((Pueblo)
- Healy House and Dexter Cabin (Leadville)
- Byers-Evans House (Denver)
- Grant Humphreys Mansion (Denver)
- Fort Vasquez (Platteville)

These facilities are staffed by 0.5 to 3.0 FTE and see visitation ranging from as little as 1,825 (Healy House in Leadville) to 58,843 (El Pueblo) per year, as reflected in the chart below.

	Byers Evans House	El Pueblo History Museum	Fort Garland Museum	Fort Vasquez Museum	Grant Humphreys Mansion	Healy House & Dexter Cabin	Trinidad History Museum	Ute Indian Museum	Community Museum Admin
Location	Denver	Pueblo	Costilla County	Platteville	Denver	Leadville	Trinidad	Montrose	
Budget FY17	\$117,316	\$304,842**	\$230,024	\$87,288	\$186,529	\$94,716	\$208,644	\$244,105	\$252,598
Revenue Expectation FY17	\$45,000	\$75,000	\$70,000	\$32,000	\$325,000	\$18,000	\$24,000	\$94,500	
Actual Revenue FY16	\$46,525	\$87,661	\$68,709	\$33,412	\$219,063	\$16,320	\$23,209	\$125,454*	\$4,689
Overall Visitation FY16	11,274	58,843	10,260	4,680	13,632	1,825	7,297	8,323*	
FTEs	1.0 FTE	3.0 FTE	2.0 FTE	part-time temp staff	1.0 FTE	0.5 FTE	2.0 FTE	2.0 FTE	1.0 FTE
Months of Operation	year-round	year-round	April-November	March-December	year-round	June-mid October	year-round	year-round	

As shown in the table below, total costs per visitor and earnings per visitor vary by museum. Costs per visitor are highest at those with the smallest visitation, as would be expected.

Base Budget and Earnings per Visitor at the Community Museums			
	2017 Projected Visitation	FY 2016-17 budget per visitor	FY 2016-17 Earnings per visitor
Byers-Evans (Denver)	12,700	\$10.41	\$4.13
El Pueblo (Pueblo)	63,500	\$5.18	\$1.49
Ft. Garland (Costilla County)	10,800	\$22.42	\$6.70
Ft Vasquez (Platteville)	5,100	\$18.65	\$7.14
Grant-Humphreys (Denver)	14,400	\$13.68	\$16.07
Healy (Leadville)	3,000	\$51.90	\$8.94
Trinidad (Trinidad)	8,600	\$28.59	\$3.18
Ute (Montrose)	9,000	\$29.33	\$14.95
TOTAL (including administration)	127,100	\$14.86	\$5.37

The request highlights the following problems at the community museums:

- Insufficient staffing: Results in inability to both keep facilities open and comply with a range of other expectations for museums including ensuring high quality interpretive content.
- Security: At some remote locations, e.g., Fort Garland, there is insufficient staff to protect the large site.
- Part-year closures: Inability to remain open year round due to resources, making it impossible to serve local schools.
- Technology: Most museums lack adequate technology to improve operations and increase revenue generation, e.g., lack of guest wireless to facilitate educational programs.

The request argues that with additional support in the near-term community museums will not only address these problems, but:

- will drive economic benefits, particularly in rural regions; and
- will increase their self-sufficiency, reducing their long-term dependence on state support.

The request is structured over an eight year period, during which time General Fund support is proposed to very gradually decrease, while earned revenue is anticipated to increase.

	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25 and thereafter
FTE: Community Support (8.0 FTE)	\$434,999	\$434,999	\$434,999	\$434,999	\$434,999	\$434,999	\$434,999	\$434,999
FTE operations expense	\$70,392	\$7,600	\$7,600	\$7,600	\$7,600	\$7,600	\$7,600	\$7,600
Museum Restoration	\$138,739	\$138,739	\$138,739					
Technology	\$128,410	\$128,410	\$128,410	\$128,410	\$128,410	\$128,410	\$128,410	\$128,410
Community Revitalization Programs	\$404,933	\$404,933	\$404,933	\$404,933	\$404,933	\$404,933	\$404,933	\$404,933
Sustainability Program Development	\$411,571	\$411,571	\$411,571	\$411,571	\$411,571	\$411,571	\$411,571	
TOTAL General Fund Revenue	\$1,589,044	\$1,526,252	\$1,526,252	\$1,387,513	\$1,387,513	\$1,387,513	\$1,387,513	\$975,942

New FTE: This includes:

- 1.0 FTE community museum curator to ensure that History Colorado collections are displayed in community museums
- 1.0 FTE development manager to raise funds in local communities for the museums
- 1.0 FTE Fort Garland education coordinator to serve schools in the San Luis Valley
- 1.0 FTE Byers Evans House education coordinator to implement profitable adult-education programs focusing on historic preservation workshops for homeowners, heritage arts, and architectural programs, as well as to coordinate school bus tours.
- 3.0 FTE (1.0 FTE each): Trinidad History Museum, Ute Indian Museum, El Pueblo Museum for maintenance/rental staff to alleviate directors from activities such as snow removal, facilitate revenue-generating rental programs, and enhance security.
- 0.5 FTE for Healy House to expand the current position to full-time and enable more community-based business development.
- 0.5 FTE for Fort Garland security staff to help protect the oldest property owned by the state.

The request indicates that FTE “authority” is not required but that funding is needed to support existing FTE authority which is not filled due to lack of funds.

Museum Restoration: Proposed to include new rental, events, utility, and security system equipment and upgrades, exhibit repairs, point of sale systems, and new curriculum development and educational materials.

Technology: Reflects implementing IT infrastructure and costs of ongoing annual service fees. Spreads one-time investments over a five year period (rolling out progressively over five years at different institutions).

Community Revitalization Programs: Reflects plans for programming upgrades: instructors and materials for programs for children and adults, community generated exhibits and oral histories, summer camps, exhibit development and maintenance.

Sustainability Program development: Further development of various activities that generate ongoing income for the museums: space rentals, bus tours, community outreach activities.

Visitation and Earned Revenue Projection: The most visible product of this initiative, if it is successful, will be increased visitation to the community museums. In FY 2015-16, visitation to the community museums, excluding Georgetown Loop, was just 116,134. The request proposes that this will increase to 150,000 by FY 2017-18 and over 300,000 in 10 years.

Community Museums Anticipated Visitation, Proposed Budget, and Earnings over Time			
	FY 2016-17	FY 2017-18	FY 2024-25
Visitation	127,100	150,100	333,700
Budget (FY 17+GF+increase earned)	\$1,726,062	\$3,410,735	\$3,793,857
Earned revenue	\$721,192	\$816,820	\$1,813,045
Budget/Visitor	\$13.58	\$22.72	\$11.37
Earnings/Visitor	\$5.67	\$5.44	\$5.43

RECOMMENDATION:

Staff recommends the request for \$1,589,044 General Fund, except that, rather than progressive reductions between FY 2020-21 and FY 2024-25, staff recommends that the total be annualized to \$1,200,000 in FY 2020-21. Any further adjustments in out-years beyond that point should be based on a separate analysis of the situation at that time.

Staff also recognizes that in a tight budget year the Committee has other spending priorities than developing community museums. **Staff has therefore outlined arguments both for and against the proposal and notes that the Committee could also elect to provide a lower amount than the \$1.6 million requested.** In particular, staff believes that the Committee could consider providing only **\$1,200,000** from the outset and requiring the community museums to seek private foundation support as matching funding for the proposed community revitalization and sustainability efforts.

Reasons to support the request:

- **Staff has confidence in the new History Colorado management** and would like to support the museums' energetic leadership as it works to revitalize museums throughout the State.
 - The proposal has been carefully researched and conceived and reflects needs expressed by the community museums across the state.
 - The director of the community museums has been remarkably successful thus far. The request highlights the revitalization of the El Pueblo museum (under the direction of the current director for all the community museums). From FY 2013-14 to FY 2015-16, visitation increased from 26,851 to 58,843, while revenue increased from \$51,775 to \$91,402.
- **The community museums provide a way to support economic development** in some outlying parts of the State, since these museums can provide a center for community activity and a reason for people to come to certain parts of the State.
- **History Colorado supports expanding the role of community museums to become regional coordinating bodies.** Colorado is full of hundreds of small history and community

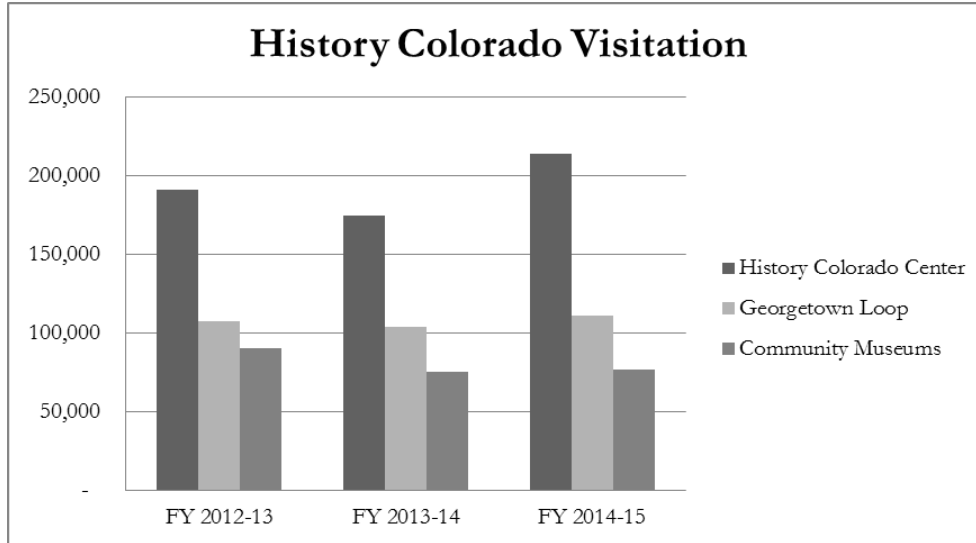
museums, only a few of which are supported by the State. Others are small for-profits or non-profits and run by towns or community foundations. For example, Leadville alone has seven museums, only one of which is a state museum. If the State chooses to provide additional resources, the community museums must extend their responsibilities, serving as a central point of contact for local historic preservation efforts and engaging in joint marketing and programming with other local historic facilities. Staff believes this is part of History Colorado's vision and hopes that it will continue to be emphasized.

- **It is unlikely that community museums' role and activity can be expanded without additional General Fund support.** Since the passage of Amendment 50 and the recession in 2008, History Colorado's support from gaming revenue has grown at a far lower pace. Meanwhile, COP payments for the History Colorado Center in Denver have absorbed a vast share of available gaming revenue. While staff anticipates that History Colorado will pursue private philanthropy, it is easier to do this if facilities are well-maintained, engaging, and drawing in the public.

Reservations about the request:

- **This would be the first significant General Fund appropriation for History Colorado operations since FY 2002-03.**¹⁸
- **The request would more than double the current community museums appropriation.** Setting aside a technical request, which would also increase the line item, the request would add \$1.6 million General Fund to the current \$1.2 million base budget shown in the Long Bill (\$0.9 million FY 2015-16 actual expenses). The Department identifies the base budget for the community museums as \$1,726,062 after including appropriations in facilities line items and "pots". This represents a very large requested increase. Note also that \$2.0 million over four years from reserve funds (effectively \$500,000 per year for four years) was appropriated for community museum exhibits during the 2016 legislative session.
- **Museum visitation has been falling, rather than growing. It's uncertain if this trend can be reversed.** The community museums represent about 20 percent of History Colorado's visitation, and in much of the state this visitation has been falling. History Colorado indicates that there is a nationwide trend in falling attendance at "house museums" such as a number of the facilities in the History Colorado collection. In general, History Colorado continues to struggle with visitation. This may in part be the time required for new management to bring up new exhibits. *However, both the value and the success of History Colorado ultimately rests on visitation.*

¹⁸ Excluding Cumbres and Toltec railroad support and capital construction funding



Source: Annual Reports

- **There's no realistic expectation that community museums will ever be able to fully cover their costs.** With rare exceptions, community museums are unable to generate enough income to cover their operating expenses, let alone capital appropriations. The request does not expect to change this. The request would increase the budget per visitor from \$13.58 to \$22.72 from FY 2016-17 to FY 2017-18, while earned revenue would remain under \$6.00 per person. While per-person costs might decline over time as visitation increased, per-person earnings are not expected to change much or to catch up to per-person costs.

Annualization differences between the request and recommendation:

- The request proposes that an initial \$1.6 million appropriation be reduced to \$1,387,513 in FY 2021 and further reduced to \$975,942 in FY 2024-25. Staff believes that the 8 year timeline for adjusting General Fund appropriations is probably too long for state budgeting purposes. **Should the General Assembly fund the request, staff believes it would be more reasonable to reduce any new appropriation one-time in FY 2020-21, using that as an opportunity to determine whether the museums have seen the hoped-for increases in visitation and activities.** The turn-around at El Pueblo happened very quickly; *staff believes it will soon be evident whether any new investments in staff and resources are achieving results.*
- **The Staff recommendation would provide ongoing General Fund for staff and operating costs but anticipates that, beginning in FY 2020-21, \$200,000 of the \$815,000 in costs associated with community revitalization and sustainability programs will be supported out of earned revenue.** Staff believes that this will provide a reasonable point for a “check in” to examine the appropriate level of funding going forward. (Staff does not assume a further “annualization” in FY 2024-2025 but instead anticipates that the community museums will receive a \$1.2 million General Fund appropriation from FY 2020-21 forward until the General Assembly makes an affirmative decision to modify the appropriation.)

→ HC2 REALIGNMENT OF HISTORY COLORADO LONG BILL LINE ITEMS

REQUEST: The Department requests that \$306,475 Cash Funds (Limited Gaming Funds) be moved from the Central Administration, Facilities Management line item to the History Colorado Museums, Community Museums line item, in order to give the community museums more functional control over their maintenance and utilities expenses. In FY 2015-16, the JBC adopted significant changes to the History Colorado budget structure in order to make key components more transparent and easier to track. This represents a modest additional adjustment.

RECOMMENDATION: Staff recommends the request to move the appropriation. Staff also recommends eliminating one of the the footnotes provided for the last two years that allowed History Colorado to move spending authority between line items. History Colorado agrees that this is no longer needed.

→ STAFF INITIATED: ELIMINATE EXCESS OPERATIONS ACCOUNT SPENDING AUTHORITY

REQUEST: The Department did not request any adjustments to its spending authority.

RECOMMENDATION: Staff recommends reducing appropriations from the Operations Account of the State Historical Fund by \$400,000, based on revenue that is not available. The recommendation includes the following reductions in cash funds appropriations from the Operations Account and consultation with History Colorado.

- \$50,000 from Central Administration
- \$50,000 from Facilities Management
- \$100,000 from the History Colorado Center
- \$25,000 for the Community Museums
- \$175,000 for the Office of Archeology and Historic Preservation

ANALYSIS:

The History Colorado budget is based on the *prior year's* revenue to the State Historic Fund. Thus, FY 2017-18 moneys available will be determined largely by FY 2016-17 gaming receipts. The table below shows actual FY 2015-16 gaming receipts deposited to the State Historic Fund which are used to support History Colorado activities in FY 2016-17.

The table below shows actual FY 2015-16 gaming receipts deposited to the State Historic Fund which will be used to support History Colorado activities in FY 2016-17. The total includes a 4.3 percent increase over FY 2014-15 receipts.

STATE HISTORIC FUND LIMITED GAMING RECEIPTS		
	FY 2015-16 ACTUAL FOR USE IN FY 2016-17	FY 2016-17 FORECAST* FOR USE IN FY 2017-18
Majority Share - Statewide Preservation Grant Program (50.1% of 80%)	\$10,226,685	10,621,200
Minority Share - Museum Operations and Capital (49.9% of 80%)	10,185,860	10,578,800
Gaming City Direct Distribution (20.0%)	5,103,136	5,300,000
Total to History Colorado	\$25,515,681	26,500,000

*OSPB December 2016 forecast

COMPARISON GAMING REVENUE REQUEST AND ACTUAL AND ANTICIPATED GAMING REVENUE AVAILABLE			
	Requested FY 2017-18 Appropriation	Requested appropriation above/(below) FY 2015-16 actual gaming revenue	Requested appropriation above/(below) FY 2016-17 projected gaming revenue
Preservation Grants Program Account (informational appropriation)	\$9,885,997	(\$340,688)	(\$735,203)
Operations Account (inc. capital)	11,025,978	840,118	447,178
Gaming City Distributions (informational appropriation)	5,000,000	(103,136)	(300,000)
Total	\$25,911,975	\$396,294	(\$588,025)

As shown in the table above, there are discrepancies between actual and projected gaming revenue available and current appropriations. Staff initiated changes are intended to reduce these discrepancies.

Staff proposes to reduce the appropriation from the operations account by \$400,000. This represents the *minimum reduction staff believes is appropriate to more closely align the appropriation with funds likely to be available*. As shown in the table above, the requested appropriation is \$447,178 higher than the revenue available based on the OSPB December forecast. Even if revenue comes in somewhat above this estimate, the final appropriation with staff’s recommendation. would be no more than available revenue.

The History Colorado Board has been restricting expenditures well below the appropriation level proposed by staff, due to limited available revenue and its desire to build reserves. The table below summarizes the overall budget for History Colorado’s Operations Budget (uses the “minority share” of gaming funds). As can be seen, the History Colorado Board has conservatively assumed only \$10,000,000 per year in expenditures from gaming funds for History Colorado operations. The staff proposal would drop spending authority to \$10.6 million.

Capped at \$10m

Museum Operations Budget: Combined Gaming ("Minority Share"), Earned, and Federal Grant Revenue			
	FY 2016-17	FY 2017-18	FY 2018-19
Revenue Total	\$15,080,051	\$15,735,074	\$15,813,315
Gaming Revenue	\$10,000,000	\$10,000,000	\$10,000,000
Earned revenue from museum operations	\$3,461,962	\$3,912,070	\$3,990,311
"Majority Share" indirect cost transfer	\$382,778	\$382,778	\$382,778
Federal Revenue	\$1,213,000	\$1,395,226	\$1,395,226
Interest (Anticipated Interest Income - Gaming)	\$22,311	\$45,000	\$45,000
Expenses Total	\$15,080,051	\$15,732,799	\$15,727,566
Cash Expenditures-History Colorado Museum Operations	\$8,998,602	\$9,686,738	\$9,655,286
Debt Service Payments/COP	\$3,021,835	\$3,021,835	\$3,021,860
Transfer Payments/Capital Construction from Gaming Revenue	\$600,000	\$600,000	\$600,000
Non-Personnel POTS	\$533,446	\$771,000	\$786,420
Higher Education Indirect Costs	\$140,168	\$190,000	\$190,000
Federal Expenditures	\$1,213,000	\$1,395,226	\$1,474,000
Website Development and Maintenance	\$170,000	\$0	\$0
Exhibit-Related DAM Security	\$213,000	\$68,000	\$0
Miscellaneous-Contingency	\$190,000	\$0	\$0
Revenue to Expense Surplus/(Shortfall)	\$0	\$2,275	\$85,749
Beginning Cash Balance (Combined Funds)	\$13,221,943	\$13,221,943	\$13,224,218
Ending Cash Balance (Combined Funds)	\$13,221,943	\$13,224,218	\$13,309,967

In FY 2016-17, the Department requested that staff leave the excess Operations Account appropriations untouched while History Colorado worked to address the issue for FY 2017-18. Although History Colorado did ask for a minor budget adjustment (described above), it ultimately did not propose any cuts to its spending authority. Based on further review of the impact of “pots” increases on the History Colorado budget, **staff is** uncomfortable continuing to leave so much excess in the budget because the scale of the excess is growing rather than shrinking: pots increases are growing faster than increases in gaming revenue.

Historical Fund Operations Account	
FY 2017-18 Appropriations	
Centrally appropriated items (current estimate)	\$2,108,652
Operating appropriations in History Colorado Division, including lease purchase payment	8,317,328
Capital construction appropriation for community museum maintenance	600,000
Total Appropriations	\$11,025,980
Estimate: FY 2016-17 revenue deposited to Operations Account for use in FY 2017-18 (OSPB Dec 2016 forecast)	10,578,800
Difference (over)/under appropriated revenue	(\$447,180)

Other Excess – Not adjusted: History Colorado appropriations include revenue from museum entry fees and memberships and gift shop sales that is well below the actual level the organization has been able to earn. The FY 2016-17 Long Bill and FY 2017-18 request include \$4,444,464 from this

source, but it may take several years for History Colorado to grow into this figure. FY 2015-16 earned revenue came in even lower than expectations.

	ACTUAL FY 2015-16 REVENUE	REQUESTED CONTINUATION BUDGET	DIFFERENCE (REQUESTED BUDGET ABOVE/ (BELOW) AMOUNTS ESTIMATED AVAILABLE)
Enterprise Services Cash Fund	\$3,374,158	\$4,444,464	\$1,070,306

Staff has also noted that there appears to be an excess FTE appropriation in the budget. History Colorado indicates, however, that it is considering bringing some currently contracted staff “in house” and therefore also requests that its FTE authority remain intact.

FTE shown in History Colorado Budget	
FY 2016-17 FTE reflected	131.1
Anticipated to be used (FTE as of June 2016)	105.3
HC proposal to use 8.0 FTE existing authority	8.0
Base appropriation that may be needed for FY 2017-18	113.3
Excess in budget	17.8
Percentage difference	15.7%

➔ REFLECT ADDITIONAL FUNDS FOR PRESERVATION GRANTS AND DISTRIBUTIONS TO GAMING CITIES FOR INFORMATIONAL PURPOSES

Preservation Grants: The staff recommendation adds \$350,000 to the preservation grants program line item based on an estimate of the amount of funds likely to be available for new grants. This increases the amount shown in this line item from \$7,900,000 to \$8,250,000. This amount is shown for informational purposes, given that amounts for grants are continuously appropriated to History Colorado. This would bring appropriations from the Preservation Grants Account of the State Historical Fund to \$10,235,997, which is still less than the approximately \$10.6 million in new revenue which may be available in this account for FY 2017-18 if the current forecast holds. Since the amount in the line item for grants does not constrain the allocation, staff recommends a conservative number consistent with History Colorado's current budgeting approach of using the most recent actual. **The recommended \$8.25 million total funds shown from the Preservation Grants Program Account (including grants and grant administration) is slightly above the amount actually received in FY 2015-16 for use in FY 2016-17.**

Staff notes that although the FY 2016-17 appropriation reflected estimated new grants of \$7.9 million, H.B. 16-1417 redirected \$1,000,000 in FY 2015-16 and \$1,000,000 in FY 2016-17 to Senate and House Chamber restoration, so the total amount available for other grants was effectively reduced by \$1.0 million in each year (to \$6.9 million in FY 2016-17)

Gaming Cities Distribution: The staff recommendation adds \$300,000 to the amount for gaming cities distributions, bringing the amount up from the current \$5,000,000 to \$5,300,000. This amount

is also shown for informational purposes. **This estimate consistent with the most recent OSPB forecast.**

LINE ITEM DETAIL – HISTORY COLORADO

(A) CENTRAL ADMINISTRATION

CENTRAL ADMINISTRATION

This line item includes funding for the President’s Office and staff.. The sources of cash funds are gaming revenues deposited in the Operations Account of the State Historical Fund (“minority share”) and cash funds including museum admission fees and user charges deposited to the Enterprise Services Cash Fund.

STATUTORY AUTHORITY: Sections 24-80-201through 214 and 12-47.1-1201, C.R.S.

REQUEST/ RECOMMENDATION: The request and recommendation are detailed below.

HISTORY COLORADO, CENTRAL ADMINISTRATION, CENTRAL ADMINISTRATION					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FEDERAL FUNDS	FTE
FY 2016-17 APPROPRIATION					
HB 16-1405 (Long Bill)	\$1,234,667	\$0	\$1,118,325	\$116,342	12.0
TOTAL	\$1,234,667	\$0	\$1,118,325	\$116,342	12.0
FY 2017-18 RECOMMENDED APPROPRIATION					
FY 2016-17 Appropriation	\$1,234,667	\$0	\$1,118,325	\$116,342	12.0
Align HC appropriations with revenue	(50,000)	0	(50,000)	0	0.0
TOTAL	\$1,184,667		\$1,068,325	\$116,342	12.0
INCREASE/(DECREASE)	(\$50,000)	\$0	(\$50,000)	\$0	0.0
Percentage Change	(4.0%)	0.0%	(4.5%)	0.0%	0.0%
FY 2017-18 EXECUTIVE REQUEST	\$1,234,667	\$0	\$1,118,325	\$116,342	12.0
Request Above/(Below) Recommendation	\$50,000		\$50,000	\$0	0.0

FACILITIES MANAGEMENT

This line item includes funding for financial oversight and facilities management for all History Colorado facilities throughout the State. This includes budget, accounting, procurement, asset management planning, maintenance, historic preservation, remodeling, controlled maintenance, and capital construction oversight. The source of cash funds is gaming revenues deposited in the Operations Account of the State Historical Fund (“minority share”).

STATUTORY AUTHORITY: Sections 24-80-201 through 214 and 12-47.1-1201, C.R.S.

REQUEST/ RECOMMENDATION: The request and recommendation are detailed below.

HISTORY COLORADO, CENTRAL ADMINISTRATION, FACILITIES MANAGEMENT				
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FTE
FY 2016-17 APPROPRIATION				
HB 16-1405 (Long Bill)	\$1,833,925	\$0	\$1,833,925	7.5
TOTAL	\$1,833,925	\$0	\$1,833,925	7.5
FY 2017-18 RECOMMENDED APPROPRIATION				
FY 2016-17 Appropriation	\$1,833,925	\$0	\$1,833,925	7.5
HC2 Realignment of History Colorado Long Bill	(306,475)	0	(306,475)	0.0
Align HC appropriations with revenue	(50,000)	0	(50,000)	0.0
TOTAL	\$1,477,450		\$1,477,450	7.5
INCREASE/(DECREASE)	(\$356,475)	\$0	(\$356,475)	0.0
Percentage Change	(19.4%)	0.0%	(19.4%)	0.0%
FY 2017-18 EXECUTIVE REQUEST	\$1,527,450	\$0	\$1,527,450	7.5
Request Above/(Below) Recommendation	\$50,000		\$50,000	0.0

LEASE PURCHASE OF COLORADO HISTORY MUSEUM

Senate Bill 08-206 authorized the State to enter into lease-purchase agreements for both a new state justice center and a new Colorado state museum. For the history museum, the bill authorized lease purchase (certificate of participation/COP) payments from FY 2011-12 through July 1, 2045 in an annual amount not to exceed \$4,998,000,. The bill's fiscal note estimated \$84,000,000 to be financed through COPs out of the \$113.0 million project budget. The museum was financed with a combination of \$25.0 million transferred from the Judicial Branch and moneys from the State Historical Fund from the "minority share" now known as the Operations Account of the State Historical Fund. The financing included \$11.0 million in up-front transfers from the State Historical Fund and ongoing COP payments from this source. These COP payments have strained History Colorado's resources because the COP payments added a \$3.1 million expense to be paid out of the \$9.8 million per year Operations Account budget without any commensurate increase in Operations Account revenue. *COP payments are scheduled to grow to \$3,525,209 in FY 2021-2022, \$3,827,364 in FY 2026-27, \$4,028,812 million in FY 2031-2032, \$4,532,410 in FY 2036-2037, and \$4,998,000 in FY 2039-40, with the final payment in FY 2044-45*

STATUTORY AUTHORITY: Sections 24-80-201 through 214 and 12-47.1-1201, C.R.S.

REQUEST/ RECOMMENDATION: The request and recommendation are detailed below.

HISTORY COLORADO, CENTRAL ADMINISTRATION, LEASE PURCHASE OF COLORADO HISTORY MUSEUM				
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FTE
FY 2016-17 APPROPRIATION				
HB 16-1405 (Long Bill)	\$3,121,815	\$0	\$3,121,815	0.0
TOTAL	\$3,121,815	\$0	\$3,121,815	0.0
FY 2017-18 RECOMMENDED APPROPRIATION				
FY 2016-17 Appropriation	\$3,121,815	\$0	\$3,121,815	0.0

HISTORY COLORADO, CENTRAL ADMINISTRATION, LEASE PURCHASE OF COLORADO HISTORY MUSEUM				
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FTE
Other	(2)	0	(2)	0.0
TOTAL	\$3,121,813		\$3,121,813	0.0
INCREASE/(DECREASE)	(\$2)	\$0	(\$2)	0.0
Percentage Change	(0.0%)	n/a	(0.0%)	n/a
FY 2017-18 EXECUTIVE REQUEST	\$3,121,813	\$0	\$3,121,813	0.0
Request Above/(Below) Recommendation	\$0	0	\$0	0.0

(B) HISTORY COLORADO MUSEUMS

HISTORY COLORADO CENTER

This line item funds the staff for the History Colorado Center in Denver and associated operating expenses. This includes collections and library services, exhibits and interpretation, and education and public programs. The sources of cash funds are gaming revenues deposited in the in the Operations Account of the State Historical Fund (“minority share”) and cash funds including museum admission fees and user charges deposited to the Enterprise Services Cash Fund.

STATUTORY AUTHORITY: Sections 24-80-201 through 214 and 12-47.1-1201, C.R.S.

REQUEST/ RECOMMENDATION: The request and recommendation are detailed below.

HISTORY COLORADO, HISTORY COLORADO MUSEUMS, HISTORY COLORADO CENTER					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FEDERAL FUNDS	FTE
FY 2016-17 APPROPRIATION					
HB 16-1405 (Long Bill)	\$4,711,859	\$0	\$4,637,882	\$73,977	56.4
TOTAL	\$4,711,859	\$0	\$4,637,882	\$73,977	56.4
FY 2017-18 RECOMMENDED APPROPRIATION					
FY 2016-17 Appropriation	\$4,711,859	\$0	\$4,637,882	\$73,977	56.4
Align HC appropriations with revenue	(100,000)	0	(100,000)	0	0.0
TOTAL	\$4,611,859		\$4,537,882	\$73,977	56.4
INCREASE/(DECREASE)	(\$100,000)	\$0	(\$100,000)	\$0	0.0
Percentage Change	(2.1%)	0.0%	(2.2%)	0.0%	0.0%
FY 2017-18 EXECUTIVE REQUEST	\$4,711,859	\$0	\$4,637,882	\$73,977	56.4
Request Above/(Below) Recommendation	\$100,000		\$100,000	\$0	0.0

COMMUNITY MUSEUMS

This line item funds the staff and associated operating expenses for regional museums and facilities across the state: the El Pueblo Center, Ute Indian Museum, Trinidad History Museum, Fort Garland, the Byers-Evans House, Healy House/Dexter Cabin, the Grant-Humphreys Mansion, and the Georgetown Loop railroad. The sources of cash funds are gaming revenues deposited in the in

the Operations Account of the State Historical Fund and cash funds including museum admission fees and user charges deposited to the Enterprise Services Cash Fund.

STATUTORY AUTHORITY: Sections 24-80-201 through 214 and 12-47.1-1201, C.R.S.

REQUEST/ RECOMMENDATION: The request and recommendation are detailed below.

HISTORY COLORADO, HISTORY COLORADO MUSEUMS, COMMUNITY MUSEUMS				
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FTE
FY 2016-17 APPROPRIATION				
HB 16-1405 (Long Bill)	\$1,205,725	\$0	\$1,205,725	14.5
TOTAL	\$1,205,725	\$0	\$1,205,725	14.5
FY 2017-18 RECOMMENDED APPROPRIATION				
FY 2016-17 Appropriation	\$1,205,725	\$0	\$1,205,725	14.5
HC1 Revitalization funds for community museums	1,589,044	1,589,044	0	0.0
HC2 Realignment of History Colorado Long Bill	306,475	0	306,475	0.0
Align HC appropriations with revenue	(25,000)	0	(25,000)	0.0
TOTAL	\$3,076,244	\$1,589,044	\$1,487,200	14.5
INCREASE/(DECREASE)	\$1,870,519	\$1,589,044	\$281,475	0.0
Percentage Change	155.1%	0.0%	23.3%	0.0%
FY 2017-18 EXECUTIVE REQUEST	\$3,101,244	\$1,589,044	\$1,512,200	14.5
Request Above/(Below) Recommendation	\$25,000	\$0	\$25,000	0.0

MUSEUM EXHIBITS

During the 2016 legislative session, the JBC sponsored H.B. 16-1352 (History Museum Cash Fund). This bill redirected the use of some unspent moneys associated with constructing the new state museum. Among other provisions, it allowed money in the Museum Cash Fund to be appropriated for exhibit planning, development and build-out at other State Historical Society properties. The bill included a one-time \$2.0 million appropriation for museum exhibits from the Fund. History Colorado has four years to expend these funds.

HISTORY COLORADO, HISTORY COLORADO MUSEUMS, MUSEUM EXHIBITS				
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FTE
FY 2016-17 APPROPRIATION				
Other legislation	\$2,000,000	\$0	\$2,000,000	0.0
TOTAL	\$2,000,000	\$0	\$2,000,000	0.0
FY 2017-18 RECOMMENDED APPROPRIATION				
FY 2016-17 Appropriation	\$2,000,000	\$0	\$2,000,000	0.0
Annualize prior year legislation	(2,000,000)	0	(2,000,000)	0.0
TOTAL	\$0	\$0	\$0	0.0
INCREASE/(DECREASE)	(\$2,000,000)	\$0	(\$2,000,000)	0.0

HISTORY COLORADO, HISTORY COLORADO MUSEUMS, MUSEUM EXHIBITS				
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FTE
Percentage Change	(100.0%)	0.0%	(100.0%)	0.0%
FY 2017-18 EXECUTIVE REQUEST	\$2,000,000	\$0	\$2,000,000	0.0
Request Above/(Below) Recommendation	\$2,000,000		\$2,000,000	0.0

(C) OFFICE OF ARCHEOLOGY AND HISTORIC PRESERVATION

PROGRAM COSTS

The Office of Archeology and Historic Preservation documents, studies and protects Colorado's historic places, fulfilling statutory responsibilities assigned to the State Archaeologist and the State Historic Preservation Officer to raise public appreciation of cultural resources. This includes encouraging study of the state's archeological resources, coordinating with federal and state agencies regarding the effects of their actions on historic properties, and preservation planning including designating sites to the State Register of Historic Properties and National Register of Historic Places. The source of cash funds is gaming revenues deposited in the Operations Account of the State Historical Fund ("minority share").

STATUTORY AUTHORITY: Sections 24-80-201 through 214 and 12-47.1-1201, C.R.S.

REQUEST/ RECOMMENDATION: The request and recommendation are detailed below.

HISTORY COLORADO, OFFICE OF ARCHEOLOGY AND HISTORIC PRESERVATION, PROGRAM COSTS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2016-17 APPROPRIATION						
HB 16-1405 (Long Bill)	\$1,628,251	\$0	\$844,120	\$0	\$784,131	23.0
Long Bill Supplemental	\$51,383	\$0	\$0	\$51,383	\$0	0.0
TOTAL	\$1,679,634	\$0	\$844,120	\$51,383	\$784,131	23.0
FY 2017-18 RECOMMENDED APPROPRIATION						
FY 2016-17 Appropriation	\$1,679,634	\$0	\$844,120	\$51,383	\$784,131	23.0
Align HC appropriations with revenue	(175,000)	0	(175,000)	0	0	0.0
TOTAL	\$1,504,634	\$0	\$669,120	\$51,383	\$784,131	23.0
INCREASE/(DECREASE)	(\$175,000)	\$0	(\$175,000)	\$0	\$0	0.0
Percentage Change	(10.4%)	0.0%	(20.7%)	0.0%	0.0%	0.0%
FY 2017-18 EXECUTIVE REQUEST	\$1,628,251	\$0	\$844,120	\$0	\$784,131	23.0
Request Above/(Below) Recommendation	\$123,617		\$175,000	(\$51,383)	\$0	0.0

(D) STATE HISTORICAL FUND PROGRAM

The State Historical Fund was created by voters through the passage of the 1990 constitutional amendment legalizing limited stakes gaming in Black Hawk, Central City, and Cripple Creek. The amendment requires 28 percent of tax revenue generated be used for historic preservation efforts. This section includes funding for a statewide preservation grant program supported with gaming revenue and funding for a direct distribution for historic preservation to gaming cities, as required by the Constitution.

ADMINISTRATION

The majority of the revenue generated from gaming is to be used for the preservation and restoration of historical sites and municipalities throughout the state. The Historical Society has statutory authority to expend some of these funds to cover the "reasonable costs" of administration. The source of cash funds is gaming revenues deposited in the Preservation and Grant Programs Account of the State Historical Fund ("majority share").

STATUTORY AUTHORITY: Section 12-47.1-1201, C.R.S..

REQUEST/ RECOMMENDATION: The request and recommendation are detailed below.

HISTORY COLORADO, STATE HISTORICAL FUND PROGRAM, ADMINISTRATION				
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FTE
FY 2016-17 APPROPRIATION				
HB 16-1405 (Long Bill)	\$1,703,303	\$0	\$1,703,303	18.0
TOTAL	\$1,703,303	\$0	\$1,703,303	18.0
FY 2017-18 RECOMMENDED APPROPRIATION				
FY 2016-17 Appropriation	\$1,703,303	\$0	\$1,703,303	18.0
TOTAL	\$1,703,303		\$1,703,303	18.0
Percentage Change	0.0%	0.0%	0.0%	0.0%
FY 2017-18 EXECUTIVE REQUEST	\$1,703,303	\$0	\$1,703,303	18.0
Request Above/(Below) Recommendation	\$0		\$0	0.0

GRANTS

The majority of the revenue generated from gaming is to be used for the preservation and restoration of historical sites and municipalities throughout the state. These moneys are distributed as grants statewide. Funding is from the "majority share" of gaming revenue deposited to the State Historic Fund. The source of cash funds is gaming revenues deposited in the Preservation and Grant Programs Account of the State Historical Fund ("majority share"). Amounts distributed as grants are continuously appropriated to History Colorado.

STATUTORY AUTHORITY: Section 12-47.1-1201, C.R.S..

REQUEST/ RECOMMENDATION: The request and recommendation are detailed below.

The amount shown reflects an estimate of new grant amounts that will be available in FY 2017-18.

HISTORY COLORADO, STATE HISTORICAL FUND PROGRAM, GRANTS				
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FTE
FY 2016-17 APPROPRIATION				
HB 16-1405 (Long Bill)	\$7,900,000	\$0	\$7,900,000	0.0
TOTAL	\$7,900,000	\$0	\$7,900,000	0.0
FY 2017-18 RECOMMENDED APPROPRIATION				
FY 2016-17 Appropriation	\$7,900,000	\$0	\$7,900,000	0.0
Informational funds adjustments	350,000	0	350,000	0.0
TOTAL	\$8,250,000		\$8,250,000	0.0
INCREASE/(DECREASE)	\$350,000	\$0	\$350,000	0.0
Percentage Change	4.4%	0.0%	4.4%	0.0%
FY 2017-18 EXECUTIVE REQUEST	\$7,900,000	\$0	\$7,900,000	0.0
Request Above/(Below) Recommendation	(\$350,000)		(\$350,000)	0.0

GAMING CITIES DISTRIBUTION

Twenty percent of revenue generated from gaming and deposited to the State Historical Fund is returned to the gaming cities, pursuant to the state Constitution. Section 12-47.1-1202, C.R.S., establishes standards for the use and administration of the funds by the gaming cities to ensure that expenditures are used as intended for historic restoration and preservation.

STATUTORY AUTHORITY: Sections 12-47.1-1201 and 1202, C.R.S..

REQUEST: History Colorado requests a continuing appropriation of \$5,000,00 cash funds for this line item, which represents the anticipated gaming revenue to be allocated to the State Historical Fund.

RECOMMENDATION: **Staff recommends adjusting the amount in this line item based on recent gaming revenue projections.** This amount is included in the Long Bill for informational purposes, since the allocation is constitutional. This is a reasonable estimate of amounts anticipated to be received.

HISTORY COLORADO, STATE HISTORICAL FUND PROGRAM, GAMING CITIES DISTRIBUTION				
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FTE
FY 2016-17 APPROPRIATION				
HB 16-1405 (Long Bill)	\$5,000,000	\$0	\$5,000,000	0.0
TOTAL	\$5,000,000	\$0	\$5,000,000	0.0
FY 2017-18 RECOMMENDED APPROPRIATION				
FY 2016-17 Appropriation	\$5,000,000	\$0	\$5,000,000	0.0
Informational funds adjustments	300,000	0	300,000	0.0
TOTAL	\$5,300,000		\$5,300,000	0.0

HISTORY COLORADO, STATE HISTORICAL FUND PROGRAM, GAMING CITIES DISTRIBUTION				
INCREASE/(DECREASE)	\$300,000	\$0	\$300,000	0.0
Percentage Change	6.0%	0.0%	6.0%	0.0%
FY 2017-18 EXECUTIVE REQUEST	\$5,000,000	\$0	\$5,000,000	0.0
Request Above/(Below) Recommendation	(\$300,000)		(\$300,000)	0.0

(E) CUMBRES-TOLTEC RAILROAD COMMISSION

This line item funds the state's portion of a cooperative agreement with New Mexico to operate the Cumbres and Toltec Scenic Railroad, pursuant to Section 24-60-1901, C.R.S. The Cumbres and Toltec Railroad is jointly owned by the State of New Mexico and the State of Colorado. The 64-mile track represents the last remaining portion of an 1880 Denver and Rio Grande line from Alamosa to Durango that was called the San Juan Extension. In 1970 Colorado and New Mexico jointly purchased the portion of track between the small towns of Antonito, Colorado and Chama, New Mexico before it was ripped up by the Denver and Rio Grande.

The states set up an interstate commission to operate the railroad that snakes back and forth across the border as a passenger tourism line. The primary sources of operating funds are ticket and gift shop sales. Both states provide a modest ongoing operating appropriation and have historically provided capital appropriations for larger projects. The railroad is also supported by an associated non-profit, the Friends of the Cumbres and Toltec Scenic Railroad, which coordinates volunteer services focused on equipment and facility maintenance and repair.

The railroad has undergone a variety of management changes but is now successfully operated by an LLC formed by the Railroad Commission.

- About 37,000 passengers per year ride the railroad, which operates during the tourist season (summer/fall).
- Revenue from ticket and retail sales averages about \$110 per rider. The operating budget is about \$4.0 million per year, largely from ticket sales, and varies based primarily on the number of riders.
- In contrast, the capital budget has historically depended virtually entirely on appropriations from Colorado and New Mexico. Funds have varied from year to year depending upon railroad needs and available state funding.
- In FY 2012-13, the General Assembly moved capital construction funding for the railroad to the operating budget from the capital construction budget. In FY 2013-14, the General Assembly authorized an appropriation of \$1,092,500 General Fund per year for three years, within the state operating budget, to address specified capital construction needs. Footnote 19 to the FY 2013-14 Long Bill, added at the time, explained that amounts above a \$202,500 base for capital costs and would be revisited after the three-year period authorized.
- In FY 2016-17, the General Assembly reauthorized annual funding at the level approved in FY 2013-14, \$1,092,000 General Fund and \$328,000 cash funds (amounts assumed from the Railroad Commission and the State of New Mexico), for a further period of three years.
- The railroad has been in the process of significant capital repairs and upgrades for an extended period. However, as these come to an end, and assuming modest growth in ridership, the

railroad is projecting that it will be able to operate largely self-sufficiently and independent of state capital support by FY 2022-23.

C&TSRR CAPITAL INVESTMENT MODEL -- WORKING DRAFT

10 YEAR PROJECTION Updated 01/03/17		HISTORY				ON-GOING UPGRADE PROGRAMS						CAPITAL MAINT PHASE				TOTALS			
		FY 13	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	FY 17-22	FY 23-26	10 Years	
TRAIN OPERATIONS DATA																			
Number of Riders (FY)		30,019	34,494	33,217	35,572	36,750	38,588	40,517	42,543	44,670	46,010	47,390	49,760	52,248	54,860	249,077	204,258	453,335	
		\$000																	
Gross Income		\$3,034	\$3,299	\$3,533	\$3,908	\$4,293	\$4,621	\$4,975	\$5,357	\$5,769	\$6,106	\$6,457	\$6,829	\$7,223	\$7,641	\$31,122	\$28,151	\$59,273	
Less Operating Expenses		\$3,443	\$3,096	\$3,426	\$3,678	\$4,015	\$4,135	\$4,259	\$4,387	\$4,519	\$4,654	\$4,794	\$4,938	\$5,086	\$5,239	\$25,970	\$20,057	\$46,027	
Net Operating Income		-\$409	\$203	\$107	\$230	\$279	\$486	\$716	\$970	\$1,250	\$1,452	\$1,663	\$1,891	\$2,137	\$2,402	\$5,152	\$8,094	\$13,246	
Contingency fund alloc.		\$0	\$0	\$0	\$0	\$279	\$486	\$649	\$48	\$63	\$73	\$83	\$95	\$107	\$120	\$1,597	\$405	\$2,002	
Net after contingency		\$0	\$0	\$0	\$0	\$0	\$0	\$67	\$921	\$1,188	\$1,379	\$1,580	\$1,797	\$2,031	\$2,282	\$3,555	\$7,690	\$11,244	
CAPITAL NEEDS																			
Track		\$425	\$700	\$350	\$630	\$1,030	\$1,002	\$1,028	\$928	\$616	\$422	\$431	\$440	\$448	\$458	\$5,026	\$1,777	\$6,803	
Locomotive		\$0	\$500	\$335	\$330	\$510	\$520	\$530	\$541	\$552	\$338	\$575	\$586	\$598	\$610	\$2,991	\$2,369	\$5,360	
Passenger Cars		\$256	\$400	\$50	\$200	\$434	\$443	\$452	\$461	\$689	\$929	\$201	\$205	\$209	\$214	\$3,408	\$829	\$4,237	
Structures		\$437	\$140	\$335	\$365	\$0	\$0	\$14	\$1,131	\$1,136	\$634	\$172	\$176	\$179	\$183	\$2,915	\$710	\$3,625	
Historic fleet		\$0	\$200	\$200	\$200	\$202	\$206	\$210	\$22	\$22	\$23	\$23	\$23	\$24	\$24	\$685	\$94	\$779	
Total Needs		\$1,118	\$1,940	\$1,270	\$1,725	\$2,176	\$2,171	\$2,234	\$3,083	\$3,015	\$2,346	\$1,402	\$1,430	\$1,458	\$1,489	\$15,025	\$5,779	\$20,804	
Funded from Operations		\$0	\$0	\$0	\$0	\$0	\$0	\$67	\$921	\$1,188	\$1,379	\$1,580	\$1,797	\$2,031	\$2,282	\$3,555	\$7,690	\$11,244	
Net Capital Needs		\$1,118	\$1,940	\$1,270	\$1,725	\$2,176	\$2,171	\$2,167	\$2,162	\$1,827	\$967	\$0	\$0	\$0	\$0	\$11,470	\$0	\$11,470	
CAPITAL OUTLAYS																			
		----- Appropriated -----				----- Projected Requests -----													
Colorado		\$818	\$1,090	\$1,085	\$1,080	\$1,076	\$1,071	\$1,067	\$1,062	\$914	\$484	\$0	\$0	\$0	\$0	\$5,674	\$0	\$5,674	
New Mexico		\$300	\$850	\$185	\$645	\$615	\$1,075	\$1,100	\$1,100	\$914	\$484	\$0	\$0	\$0	\$0	\$5,288	\$0	\$5,288	
ASSUMPTIONS:																			
						FY 17-22	FY 23-28												
Ridership compound growth rate projection						5%	3%												
Yield/passenger compound increase %/yr						3%	3%												
Retail /rider/year increase						3%	3%												
Present scope of operations, plus inflation						3%	3%												
Contingency fund build to \$1.5M: then as % of NOI								5%	each year										
Capital upgrade/maint, %/year inflation						2%	2%												

REQUEST: The Department requests continuation funding of \$2,050,000, including \$1,295,000 General Fund, with the balance representing cash funds from New Mexico and the Cumbres and Toltec Railroad Commission. This includes the annualization of prior capital funding and the associated request HC1 to restore the funding.

RECOMMENDATION: The staff recommendation is reflected in the table below. The recommendation includes an informational adjustment for funds anticipated to be available from the State of New Mexico.

HISTORY COLORADO, CUMBRES AND TOLTEC RAILROAD COMMISSION, CUMBRES AND TOLTEC RAILROAD COMMISSION				
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FTE
FY 2016-17 APPROPRIATION				
HB 16-1405 (Long Bill)	\$2,050,000	\$1,295,000	\$755,000	0.0
TOTAL	\$2,050,000	\$1,295,000	\$755,000	0.0
FY 2017-18 RECOMMENDED APPROPRIATION				
FY 2016-17 Appropriation	\$2,050,000	\$1,295,000	\$755,000	0.0
Informational funds adjustments	(90,000)	0	(90,000)	0.0
TOTAL	\$1,960,000	\$1,295,000	\$665,000	0.0
INCREASE/(DECREASE)	(\$90,000)	\$0	(\$90,000)	0.0
Percentage Change	(4.4%)	0.0%	(11.9%)	0.0%
FY 2017-18 EXECUTIVE REQUEST	\$2,050,000	\$1,295,000	\$755,000	0.0
Request Above/(Below) Recommendation	\$90,000	\$0	\$90,000	0.0

LONG BILL FOOTNOTES AND REQUESTS FOR INFORMATION

LONG BILL FOOTNOTES

Staff recommends **CONTINUING** the following footnotes:

FOOTNOTES OTHER THAN TUITION FOOTNOTES

- 20 Department of Higher Education, Colorado Commission on Higher Education, Special Purpose, Tuition/Enrollment Contingency -- The Colorado Commission on Higher Education may transfer spending authority from this line item to the Governing Boards in the event that tuition revenues increase beyond appropriated levels. The spending authority for this line item is in addition to the funds appropriated directly to the Governing Boards. It is the intent of the General Assembly that the Colorado Commission on Higher Education not authorize transfers of spending authority from this line item to support tuition increases.

COMMENT: The full impact of this new footnote will not be known until the end of FY 2016-17. Staff anticipates that initial adjustments to the FY 2016-17 appropriation will occur in spring 2017, as part of a supplemental “add on” to the FY 2017-18 Long Bill. Staff anticipates that this footnote will only be invoked to the extent there is a need for further “true up” between actual expenditures and the modified FY 2016-17 appropriation at the end of the fiscal year.

- 21 Department of Higher Education, Colorado Commission on Higher Education Financial Aid, Work Study - The Colorado Commission on Higher Education may roll forward up to two percent of the Work Study appropriation to the next fiscal year.

COMMENT: The footnote provides flexibility for the Department to roll forward work study funds because employment by some students in the summer of the academic year may occur in the next state fiscal year. The Department rolled forward \$99,668 of the FY 2015-16 appropriation in this line item to FY 2016-17.

- 32 Department of Higher Education, History Colorado, Central Administration; History Colorado Museums; and Office of Archeology and Historic Preservation -- History Colorado may transfer up to 10.0 percent of the total amount appropriated in these sections between the sections and among the line items within the sections.

COMMENT: This footnote added flexibility in the History Colorado budget to assist in a smooth transition to a new budget structure beginning in FY 2015-16. Budget schedules indicate that History Colorado used this authority to transfer \$72,000 cash funds from the History Colorado Center line item to the Facilities Management line item in FY 2015-16.

- 34 Department of Higher Education, History Colorado, Cumbres and Toltec Railroad Commission --The amount in this line item is calculated based on the following

assumptions: (1) This line item includes \$202,500 for annual Commission operating expenses and other routine ongoing costs including controlled maintenance; (2) the balance of this appropriation is for capital projects including locomotive boiler repair, passenger car upgrades, and track, bridge, and tunnel upgrades; and (3) amounts above the \$202,500 ongoing operating support are based on an analysis of the Railroad's capital outlay needs over a three year period and are not assumed to continue after FY 2018-19. Amounts in this line item that are not expended by June 30, 2017 may be rolled forward for expenditure in FY 2017-18.

COMMENT: This footnote provides a record of legislative intent, given that this line item is “quasi-capital” in nature. Staff notes that actual expenditures for the Cumbres and Toltec Railroad have remained well below appropriations as funds are rolled forward to future years.

Staff recommends **CONTINUING** the following footnotes as amended:

TUITION FOOTNOTES

The tuition footnotes below all reflect the General Assembly’s assumptions on governing board tuition. Staff will insert figures related to rate assumptions based on JBC decisions. In some cases, minor adjustments to policy for a particular board program may be requested. Staff will bring in any such additional adjustments once final cap decisions have been reached.

Boards other than Fort Lewis and Colorado School of Mines

various Department of Higher Education, Governing Boards, Trustees/Regents of _____ -- The amount in this line item is calculated based on the assumption that no undergraduate student with in-state classification will pay more tuition in FY ~~2016-17~~ 2017-18 than ~~six~~ ___ percent over what a student would have paid in FY ~~2015-16~~ 2016-17 for the same credit hours and course of study. This amount is also calculated based on the assumption that the governing board will increase tuition rates for graduate and nonresident students based on its assessment of market conditions. The General Assembly intends to adjust the amount in this line item through supplemental action during fiscal year ~~2016-17~~ 2017-18 based on updated enrollment estimates and tuition rate information.

27 Department of Higher Education, Governing Boards, Trustees of Fort Lewis College -- The amount in this line item is calculated based on the assumptions that no undergraduate student with in-state classification will pay more tuition in FY ~~2016-17~~ 2017-18 than ~~nine~~ ___ percent over what a student would have paid in in FY ~~2015-16~~ 2016-17 for the same credit hours and course of study. THIS AMOUNT IS ALSO CALCULATED BASED ON THE ASSUMPTION THAT NO UNDERGRADUATE STUDENT WITH OUT-OF-STATE CLASSIFICATION WILL PAY MORE TUITION IN FY 2017-18 THAN ___ PERCENT OVER WHAT A STUDENT WOULD HAVE PAID IN IN FY 2016-17 FOR THE SAME CREDIT HOURS AND COURSE OF STUDY. This amount is also calculated based on the assumption that the governing board ~~will increase tuition rates for nonresident students consistent with the decision of the governing board and~~ will increase tuition rates for graduate students based on its assessment of market conditions. The General Assembly intends to adjust the amount in this line item through supplemental action during fiscal year ~~2016-17~~ 2017-18 based on updated enrollment estimates and tuition rate information.

- 29 Department of Higher Education, Governing Boards, Trustees of the Colorado School of Mines – The cash funds appropriation from tuition in this line item is for informational purposes only. Pursuant to the provisions of 23-41-104.6 (5) (c), C.R.S., the Board of Trustees has authority to establish resident and non-resident tuition rates for the Colorado School of Mines. The amount shown ~~is based on the Colorado School of Mines' February 2016 tuition forecast. The General Assembly intends to adjust the amount in this line item through supplemental action during fiscal year 2016-17~~ REFLECTS AN ANNUAL TUITION FORECAST THAT IS ADJUSTED AS NEEDED based on updated enrollment estimates and tuition rate information.

In addition the **FY 2016-17 footnote** for the School of Mines should be amended as follows:

- 29 Department of Higher Education, Governing Boards, Trustees of the Colorado School of Mines – The cash funds appropriation from tuition in this line item is for informational purposes only. Pursuant to the provisions of 23-41-104.6 (5) (c), C.R.S., the Board of Trustees has authority to establish resident and non-resident tuition rates for the Colorado School of Mines. The amount shown is based on the Colorado School of Mines' February ~~2016~~ 2017 tuition forecast. The General Assembly intends to adjust the amount in this line item through supplemental action during fiscal year 2016-17 based on updated enrollment estimates and tuition rate information.

Staff recommends **discontinuing** the following footnote:

- 33 Department of Higher Education, History Colorado, State Historical Fund Program, Administration and Statewide Preservation Grants -- History Colorado may transfer up to 10.0 percent of the total amount appropriated in the Administration line item to or from the Statewide Preservation Grants line item.

COMMENT: This footnote added flexibility in the History Colorado budget to assist in a smooth transition to a new budget structure beginning in FY 2015-16. The Department did not use this flexibility in FY 2015-16.

REQUESTS FOR INFORMATION

Staff recommends **CONTINUING** the following requests as amended:

2. Department of Higher Education, Colorado Commission on Higher Education, Special Purpose, Tuition/Enrollment Contingency -- The Department is requested to provide information on the amount of Tuition Enrollment Contingency funds distributed to any governing board and whether the governing board complied with Colorado Commission on Higher Education tuition policy and intended limits on undergraduate rates expressed in Long Bill footnotes. This information, as it applies to actual expenditures in FY 2016-17, should be provided by November 1, ~~2017~~2018.

COMMENT: The first response to this request will not be available until 2017.

3. Colorado Department of Higher Education, Colorado Commission on Higher Education, Administration; and Governing Boards -- The Department is requested to coordinate the following annual data submissions to the Joint Budget Committee and Legislative Council Staff to support tuition, fee, and stipend revenue estimates used for appropriations and informational amounts included in the Long Bill.

By November 1, 2016: Submit budget data books for each of the governing boards that provide detail on education and general revenue and expenditures for each institution for the most recent actual year (FY 2015-16) and the current estimate year (FY 2016-17). ~~In a change from prior years:~~

- Include estimate-year FY 2016-17 full time equivalent (FTE) enrollment data for resident undergraduate and graduate students and non-resident undergraduate and graduate students, in addition to actual year FY 2015-16 student FTE data. The FY 2016-17 student FTE estimates should be those used to develop the FY 2016-17 revenue and expenditure estimates in the data books.
- Identify actual FY 2015-16 and budgeted FY 2016-17 student FTE eligible for the College Opportunity Fund (COF) stipend in the budget data book submission.
- THE DEPARTMENT IS REQUESTED TO SEPARATELY PROVIDE ~~Include~~ actual and estimated revenue from mandatory fees using the definitions established by the Department of Higher Education for mandatory fees.

By December 15, 2016: Submit fall 2016 student FTE census data. This should include resident undergraduate and graduate and non-resident undergraduate and graduate FTE figures for each governing board and institutional break-outs for those governing boards that oversee multiple institutions. ~~Also include actual year-to-date COF FTE from the most recent accounting records by governing board and institution.~~

By February 15, 2017: Submit revised estimate year FY 2016-17 and request year FY 2017-18 revenue and enrollment data for each governing board, along with the comparable FY 2015-16 actual data for context. If available, also include data at the institutional level for the University of Colorado and Colorado State University Systems.

- For each year, include FTE enrollment for resident undergraduate and graduate students and non-resident undergraduate and graduate students.
- Include annotations explaining assumptions, including tuition and fee rate and enrollment assumptions for the FY 2017-18 request year.
- Consistent with the requirements of Section 23-18-202 (2) (a) (I), C.R.S., also include an update on the number of student FTE estimated to be eligible for COF stipends in FY 2016-17 based on the most recent data available (different from the figures used to establish initial stipend appropriations).
- Include actual and estimated revenue from mandatory fees using the definitions established by the Department of Higher Education for mandatory fees.

COMMENT: The Governor instructed the Department to comply to the extent feasible, with some specific adjustments, based on when certain data is available. Staff has adjusted the request for FY 2017-18 to address these concerns.

The Department is complying with the request and has submitted the budget data books and mandatory fee report as requested.

4. Department of Higher Education, Colorado Commission on Higher Education, Administration -- The Department should continue its efforts to provide data on the efficiency and effectiveness of state financial aid in expanding access to higher education for Colorado residents. The Department is requested to provide to the Joint Budget Committee by December 1 of each year an evaluation of financial aid programs, which should include, but not be limited to: (1) an estimate of the amount of federal, institutional, and private resources (including tax credits) devoted to financial aid; (2) the number of recipients from all sources; (3) information on typical awards; and (4) the typical debt loads of graduates. The Department is requested to provide more in-depth data on the financial aid awarded at the state's public institutions, by institution. ~~To the extent feasible, this~~ THIS should include further information on the use of institutional aid, including the extent to which such aid is awarded to residents versus non-residents, for financial need versus merit, and the extent to which merit-based aid is awarded to students who qualify on the basis of need, whether or not the aid was classified as merit-based.

COMMENT: The Department submitted an early version of its report. While the report generally complies with the request, staff continues to seek additional information on institutional aid.

5. Department of Higher Education, Colorado Commission on Higher Education, Administration -- The Department is requested to submit, as part of the annual request for common policy benefits adjustments, templates that reflect the benefit selection for each member of the Department's staff in a manner that will enable health benefits for these staff to be calculated consistent with common policy. The templates are expected to contain July ~~2016~~ 2017 data on health benefits actually selected by Department staff.

COMMENT: The Department has complied with the request.

Staff recommends **DISCONTINUING** The following requests for information:

1. Department of Higher Education, Colorado Commission on Higher Education, Administration -- As part of its FY 2017-18 budget request, the Department is requested to consider including mandatory fees, as well as tuition, in any proposed restrictions on institutional rate increases.

COMMENT: In an email to staff, the Department responded: “As discussed in the Department’s November 1, 2015 response to FY 2015-16 Request for Information DHE-26, we do not recommend a change in fee policies or the that mandatory fees be included in tuition rate restrictions. We continue to feel that current statute and policy is appropriate and provides a rational, transparent process that is inclusive of student input and is in line with

the General Assembly’s goal of greater transparency and accountability in cost to students and families for higher education.” Thus, it appears that if the Committee wishes to ensure that policies related to tuition also take fees into account, new legislation would be required.

INDIRECT COST ASSESSMENTS

DESCRIPTION OF INDIRECT COST ASSESSMENT METHODOLOGY

There are two major components of the Department’s indirect cost methodology:

- A component for allocating departmental indirect costs; and
- A component for allocating statewide indirect costs, which are significant for this department.

DEPARTMENTAL INDIRECT COST METHODOLOGY

The Department of Higher Education's indirect cost assessment methodology is calculated based on two components: an “*Indirect Cost Pool*”, and an “*Indirect Cost Base*.”

The *Departmental Indirect Cost Pool* is comprised of the FY 2015-16 appropriated amounts for the administrative functions of the Colorado Commission on Higher Education, and its share of central POTS costs. **Table 1** outlines which lines are included in the *Department’s* Indirect Cost Pool.

TABLE 1		
DEPARTMENT OF HIGHER EDUCATION INDIRECT COST POOL		
DIVISION	LINE ITEM	FY 2015-16 APPROP.
Department Administrative Office		
	Centrally-appropriated for CCHE	\$1,071,233
Colorado Commission on Higher Education		
	Administration	3,200,3682
	Adjustments (reversions, supplemental adjustments)	(103,788)
	Total Indirect Cost Pool	\$4,168,127
	Reduce for nonpublic schools	<u>(63,758)</u>
	Subtotal	4,168,127
	Cash and Reappropriated Share of Total (78.32%)	\$3,264,677

The *Indirect Cost Base* is comprised of the FY 2015-16 appropriations shown in Table 1. The costs are allocated to the programs, divisions, and Governing Boards using a multi-tiered allocation methodology.

In the first step of the allocation methodology, costs of services to non-public schools are allocated. The balance of the indirect cost pool is allocated proportionately to each funding source. Next, the costs allocated to the cash and reappropriated funding sources (78.32 percent of the FY 2016-17 total), are further allocated to the divisions, programs, and governing boards (in aggregate) based on FY 2016-17 appropriations. Finally the aggregate governing board costs are then allocated to each individual governing board based on student FTE, using a three-year rolling average.

Table 2 illustrates the final allocations assessed to each program and governing board.

TABLE 2 DEPARTMENT OF HIGHER EDUCATION DEPARTMENTAL INDIRECT COST ASSESSMENTS	
University of CO	\$928,172
CSU System	\$507,099
Ft. Lewis	\$63,785
Adams State	\$43,876
Colorado Mesa	\$137,846
Western State	\$35,554
Metro State	\$289,197
Community Colleges	\$958,116
U. of Northern CO	\$164,309
School of Mines	\$100,133
Auraria Higher Ed Ctr	\$0
SUBTOTAL	\$3,228,088
CCHE	\$0
Historical Society	\$34,373
Private Occupational Schools	\$959
Vet. Medicine	\$306
SUBTOTAL	\$3,263,726
CollegeInvest	\$0
CollegeAssist	\$0
Local District Colleges	\$838
Non Public	113
TOTAL	\$3,264,677

DEPARTMENT SHARE OF *STATEWIDE* INDIRECT COST ASSESSMENT REQUEST

In addition to the *Departmental* indirect cost pool, the Department is responsible for an allocated share of the *statewide* indirect cost pool. For this department, the statewide pool and associated indirect cost collections from the governing boards are large. The statewide indirect cost amount for the Department is allocated to the governing boards based upon their usage of state services as calculated by the State Controller’s Office. The statewide indirect cost collection amount, including the Colorado Commission on Higher Education’s share of the statewide assessment for FY 2016-17 (which is then allocated to the governing boards) is shown below in **Table 3**.

TABLE 3	
DEPARTMENT OF HIGHER EDUCATION	
STATEWIDE	
INDIRECT COST ASSESSMENTS	
University of CO	\$854,208
CSU System	\$527,616
Ft. Lewis	(\$22,774)
Adams State	\$13,285
Colorado Mesa	\$75,812
Western State	\$11,592
Metro State	\$73,731
Community Colleges	\$290,509
U. of Northern CO	\$160,673
School of Mines	\$113,980
Auraria Higher Ed Ctr	\$117,883
SUBTOTAL	\$2,216,515
CCHE (re-allocated to gov. boards)	\$153,650
Historical Society	\$197,781
Private Occupational Schools	\$0
Vet. Medicine	\$0
SUBTOTAL	\$2,567,946
CollegeInvest	\$28,521
CollegeAssist	\$122,279
Local District Colleges	\$0
Non Public	\$0
TOTAL	\$2,718,746

USE OF INDIRECT COST COLLECTIONS

Statewide and departmental indirect cost collections are used to offset General Fund otherwise required in the Department. These funds are applied to centrally appropriated amounts for the Commission on Higher Education, administration and special purpose line items for the Commission, administration for occupational education programs and, depending upon sufficient funds available, need based aid funding.

JBC Staff Staff Figure Setting - FY 2017-18
Staff Working Document - Does Not Represent Committee Decision

Appendix A: Number Pages

	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	FY 2017-18 Recommendation
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DEPARTMENT OF HIGHER EDUCATION
Kim Hunter Reed, Executive Director

(1) DEPARTMENT ADMINISTRATIVE OFFICE

Primary Functions: Centrally appropriated items for the Department of Administration, the Commission, the Division of Private Occupational Schools, and History Colorado. Cash funds reflect the share of costs born by various cash programs within the Department. Reappropriated funds are from indirect cost recoveries.

Health, Life, and Dental	<u>1,477,269</u>	<u>1,902,038</u>	<u>1,526,429</u>	<u>1,824,262</u>	<u>1,872,206</u> *
General Fund	0	0	5,119	24,941	37,718
Cash Funds	885,006	1,144,173	842,980	970,616	1,004,560
Reappropriated Funds	256,321	349,353	260,229	363,535	363,535
Federal Funds	335,942	408,512	418,101	465,170	466,393
Short-term Disability	<u>23,373</u>	<u>25,965</u>	<u>20,161</u>	<u>22,421</u>	<u>22,822</u>
General Fund	0	0	353	637	637
Cash Funds	14,332	16,856	11,635	12,696	13,097
Reappropriated Funds	3,691	4,319	3,568	4,365	4,365
Federal Funds	5,350	4,790	4,605	4,723	4,723
S.B. 04-257 Amortization Equalization Disbursement	<u>432,278</u>	<u>534,843</u>	<u>552,761</u>	<u>611,940</u>	<u>611,940</u>
General Fund	0	0	9,563	17,380	17,380
Cash Funds	264,719	347,174	318,025	346,520	346,520
Reappropriated Funds	68,381	88,956	100,157	119,125	119,125
Federal Funds	99,178	98,713	125,016	128,915	128,915

JBC Staff Staff Figure Setting - FY 2017-18
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	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	FY 2017-18 Recommendation
S.B. 06-235 Supplemental Amortization Equalization					
Disbursement	<u>405,261</u>	<u>516,610</u>	<u>547,001</u>	<u>611,940</u>	<u>631,156</u>
General Fund	0	0	9,463	17,380	17,380
Cash Funds	248,174	335,338	314,711	346,520	365,736
Reappropriated Funds	64,107	85,924	99,113	119,125	119,125
Federal Funds	92,980	95,348	123,714	128,915	128,915
Salary Survey	<u>226,207</u>	<u>133,092</u>	0	<u>336,345</u>	<u>336,245</u>
General Fund	0	0	0	9,553	9,553
Cash Funds	118,595	86,399	0	190,459	190,359
Reappropriated Funds	45,302	22,138	0	65,476	65,476
Federal Funds	62,310	24,555	0	70,857	70,857
Workers' Compensation	<u>108,627</u>	<u>87,984</u>	<u>85,322</u>	<u>70,295</u>	<u>68,617</u>
Cash Funds	99,322	78,459	69,596	49,680	48,506
Reappropriated Funds	9,305	9,525	15,726	20,615	20,111
Legal Services	<u>61,619</u>	<u>41,302</u>	<u>42,582</u>	<u>44,467</u>	<u>44,467</u>
General Fund	18,216	0	0	0	0
Cash Funds	11,287	11,747	11,751	12,271	12,271
Reappropriated Funds	32,116	29,555	30,831	32,196	32,196
Administrative Law Judge Services	<u>2,654</u>	0	<u>7,475</u>	<u>8,094</u>	<u>7,982</u> *
Cash Funds	2,654	0	7,475	8,094	7,982
Payment to Risk Management and Property Funds	<u>131,534</u>	<u>94,719</u>	<u>128,967</u>	<u>142,109</u>	<u>178,528</u> *
Cash Funds	128,964	90,678	121,074	132,015	168,817
Reappropriated Funds	2,570	4,041	7,893	10,094	9,711

JBC Staff Staff Figure Setting - FY 2017-18
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	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	FY 2017-18 Recommendation
Leased Space	<u>534,607</u>	<u>546,166</u>	<u>556,818</u>	<u>564,807</u>	<u>564,807</u>
Cash Funds	107,102	109,232	111,362	112,960	112,960
Reappropriated Funds	427,505	436,934	445,456	451,847	451,847
Payments to OIT	<u>358,208</u>	<u>408,001</u>	<u>393,394</u>	<u>702,113</u>	<u>702,113</u> *
General Fund	120	0	0	0	0
Cash Funds	347,961	396,577	342,581	623,487	623,487
Reappropriated Funds	10,127	11,424	50,813	78,626	78,626
CORE Operations	<u>166,006</u>	<u>74,699</u>	<u>158,645</u>	<u>162,811</u>	<u>171,758</u>
General Fund	99,353	0	0	0	0
Cash Funds	49,806	58,699	86,457	74,222	78,960
Reappropriated Funds	16,847	16,000	72,188	88,589	92,798
Merit Pay	<u>149,056</u>	<u>123,247</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Funds	101,034	79,317	0	0	0
Reappropriated Funds	17,765	20,270	0	0	0
Federal Funds	30,257	23,660	0	0	0
TOTAL - (1) Department Administrative Office	4,076,699	4,488,666	4,019,555	5,101,604	5,212,641
FTE	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
General Fund	117,689	0	24,498	69,891	82,668
Cash Funds	2,378,956	2,754,649	2,237,647	2,879,540	2,973,255
Reappropriated Funds	954,037	1,078,439	1,085,974	1,353,593	1,356,915
Federal Funds	626,017	655,578	671,436	798,580	799,803

JBC Staff Staff Figure Setting - FY 2017-18
Staff Working Document - Does Not Represent Committee Decision

	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	FY 2017-18 Recommendation
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(2) COLORADO COMMISSION ON HIGHER EDUCATION

Primary Functions: Services as the central policy and coordinating board for higher education. This section also includes funding for various special purpose programs. Cash fund sources include fees from proprietary schools deposited in the Private Occupational Schools Fund, tobacco settlement moneys that support the lease purchase of academic facilities at Fitzsimons, limited gaming funds that support higher education research grants, and severance tax funds that support the Colorado Geological Survey at the Colorado School of Mines, among other sources. Reappropriated funds are primarily from indirect cost recoveries.

(A) Administration

Administration	<u>3,107,380</u>	<u>3,070,381</u>	<u>3,264,440</u>	<u>3,064,440</u>	<u>3,064,440</u>
FTE	26.4	30.0	30.0	30.0	30.0
General Fund	786,770	326,450	0	0	0
Cash Funds	179,481	148,622	247,469	247,469	300,345
Reappropriated Funds	2,141,129	2,595,309	3,016,971	2,816,971	2,764,095
Federal Funds	0	0	0	0	0

SUBTOTAL - (A) Administration	3,107,380	3,070,381	3,264,440	3,064,440	3,064,440
FTE	<u>26.4</u>	<u>30.0</u>	<u>30.0</u>	<u>30.0</u>	<u>30.0</u>
General Fund	786,770	326,450	0	0	0
Cash Funds	179,481	148,622	247,469	247,469	300,345
Reappropriated Funds	2,141,129	2,595,309	3,016,971	2,816,971	2,764,095
Federal Funds	0	0	0	0	0

(B) Division of Private Occupational Schools

Division of Private Occupational Schools	<u>664,386</u>	<u>602,909</u>	<u>656,642</u>	<u>815,554</u>	<u>815,554</u> *
FTE	7.0	7.8	7.8	9.8	9.8
Cash Funds	664,386	602,909	656,642	815,554	815,554

JBC Staff Staff Figure Setting - FY 2017-18
Staff Working Document - Does Not Represent Committee Decision

	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	FY 2017-18 Recommendation
SUBTOTAL - (B) Division of Private					
Occupational Schools	664,386	602,909	656,642	815,554	815,554
<i>FTE</i>	<u>7.0</u>	<u>7.8</u>	<u>7.8</u>	<u>9.8</u>	<u>9.8</u>
Cash Funds	664,386	602,909	656,642	815,554	815,554

(C) Special Purpose

Western Interstate Commission for Higher Education

(WICHE) 137,000 137,000 145,000 149,000 149,000 *

 General Fund 0 0 0 0 0

 Reappropriated Funds 137,000 137,000 145,000 149,000 149,000

WICHE - Optometry 399,000 393,300 399,000 443,125 443,125 *

 General Fund 0 0 0 0 0

 Reappropriated Funds 399,000 393,300 399,000 443,125 443,125

Distribution to Higher Education Competitive

Research Authority 1,414,342 2,800,000 2,800,000 2,800,000 2,800,000

 Cash Funds 1,414,342 2,800,000 2,800,000 2,800,000 2,800,000

Veterinary School Program Needs 285,000 285,000 285,000 285,000 285,000

 Cash Funds 131,100 131,100 133,950 133,950 139,650

 Reappropriated Funds 153,900 153,900 151,050 151,050 145,350

JBC Staff Staff Figure Setting - FY 2017-18
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	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	FY 2017-18 Recommendation
Colorado Geological Survey at the Colorado School of Mines	<u>2,137,695</u>	<u>2,182,858</u>	<u>2,243,363</u>	<u>2,243,363</u>	<u>2,243,363</u>
FTE	5.7	15.5	15.5	15.5	15.5
General Fund	306,000	411,494	413,829	413,829	413,829
Cash Funds	1,541,150	1,537,955	1,486,289	1,486,289	1,486,289
Reappropriated Funds	0	50,000	50,592	50,592	50,592
Federal Funds	290,545	183,409	292,653	292,653	292,653
Institute of Cannabis Research at CSU-Pueblo	<u>0</u>	<u>0</u>	<u>900,000</u>	<u>900,000</u>	<u>900,000</u>
FTE	0.0	0.0	0.0	0.0	0.0
Cash Funds	0	0	900,000	900,000	900,000
GEAR-UP	<u>6,620,644</u>	<u>6,411,757</u>	<u>5,000,000</u>	<u>5,000,000</u>	<u>5,000,000</u>
FTE	40.0	39.1	39.1	39.1	39.1
Federal Funds	6,620,644	6,411,757	5,000,000	5,000,000	5,000,000
Prosecution Fellowship Program	<u>0</u>	<u>356,496</u>	<u>356,496</u>	<u>356,496</u>	<u>356,496</u>
General Fund	0	356,496	356,496	356,496	356,496
Rural Teacher Recruitment, Retention, and Professional Development	<u>0</u>	<u>0</u>	<u>441,095</u>	<u>441,095</u>	<u>441,095</u>
FTE	0.0	0.0	0.3	0.3	0.3
General Fund	0	0	441,095	441,095	441,095
University of Colorado, Lease Purchase of Academic Facilities at Fitzsimons	<u>0</u>	<u>14,289,937</u>	<u>14,255,211</u>	<u>14,261,775</u>	<u>14,261,775</u>
General Fund	0	7,204,931	7,249,326	7,261,775	5,461,775
Cash Funds	0	7,085,006	7,005,885	7,000,000	8,800,000

JBC Staff Staff Figure Setting - FY 2017-18
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	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	FY 2017-18 Recommendation
Higher Education Federal Mineral Lease Revenues					
Fund for Lease Purchase of Academic Facilities	<u>0</u>	<u>0</u>	<u>12,125,175</u>	<u>16,996,073</u>	<u>16,073,025</u>
FTE	0.0	0.0	0.0	0.0	0.0
General Fund	0	0	12,125,175	16,996,073	16,073,025
Lease Purchase of Academic Facilities Pursuant to Section 23-19.9-102	<u>0</u>	<u>0</u>	<u>17,775,175</u>	<u>17,773,025</u>	<u>17,773,025</u>
FTE	0.0	0.0	0.0	0.0	0.0
Cash Funds	0	0	5,650,000	776,952	1,700,000
Reappropriated Funds	0	0	12,125,175	16,996,073	16,073,025
Enrollment/Tuition and Stipend Contingency	<u>0</u>	<u>0</u>	<u>60,000,000</u>	<u>60,000,000</u>	<u>60,000,000</u>
FTE	0.0	0.0	0.0	0.0	0.0
Cash Funds	0	0	60,000,000	60,000,000	60,000,000
SUBTOTAL - (C) Special Purpose	10,993,681	26,856,348	116,725,515	121,648,952	120,725,904
FTE	<u>45.7</u>	<u>54.6</u>	<u>54.9</u>	<u>54.9</u>	<u>54.9</u>
General Fund	306,000	7,972,921	20,585,921	25,469,268	22,746,220
Cash Funds	3,086,592	11,554,061	77,976,124	73,097,191	75,825,939
Reappropriated Funds	689,900	734,200	12,870,817	17,789,840	16,861,092
Federal Funds	6,911,189	6,595,166	5,292,653	5,292,653	5,292,653
TOTAL - (2) Colorado Commission on Higher Education	14,765,447	30,529,638	120,646,597	125,528,946	124,605,898
FTE	<u>79.1</u>	<u>92.4</u>	<u>92.7</u>	<u>94.7</u>	<u>94.7</u>
General Fund	1,092,770	8,299,371	20,585,921	25,469,268	22,746,220
Cash Funds	3,930,459	12,305,592	78,880,235	74,160,214	76,941,838
Reappropriated Funds	2,831,029	3,329,509	15,887,788	20,606,811	19,625,187
Federal Funds	6,911,189	6,595,166	5,292,653	5,292,653	5,292,653

JBC Staff Staff Figure Setting - FY 2017-18
Staff Working Document - Does Not Represent Committee Decision

	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	FY 2017-18 Recommendation
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(3) COLORADO COMMISSION ON HIGHER EDUCATION FINANCIAL AID

Primary Function: Provides assistance to students in meeting the costs of higher education.

(A) Need Based Grants

Need Based Grants	110,399,584	124,935,001	124,570,732	128,364,454	128,466,694 *
General Fund	4,874,528	9,774,030	9,688,067	13,481,789	13,490,629
General Fund Exempt	105,179,880	115,160,971	114,796,702	114,796,702	114,796,702
Cash Funds	0	0	0	0	996
Reappropriated Funds	345,176	0	85,963	85,963	178,367

SUBTOTAL - (A) Need Based Grants	110,399,584	124,935,001	124,570,732	128,364,454	128,466,694
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
General Fund	4,874,528	9,774,030	9,688,067	13,481,789	13,490,629
General Fund Exempt	105,179,880	115,160,971	114,796,702	114,796,702	114,796,702
Cash Funds	0	0	0	0	996
Reappropriated Funds	345,176	0	85,963	85,963	178,367

(B) Work Study

Work Study	20,442,881	20,806,014	21,432,328	21,432,328	21,432,328
General Fund	0	5,000,000	5,000,000	5,000,000	5,000,000
General Fund Exempt	20,442,881	15,806,014	16,432,328	16,432,328	16,432,328

SUBTOTAL - (B) Work Study	20,442,881	20,806,014	21,432,328	21,432,328	21,432,328
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
General Fund	0	5,000,000	5,000,000	5,000,000	5,000,000
General Fund Exempt	20,442,881	15,806,014	16,432,328	16,432,328	16,432,328

JBC Staff Staff Figure Setting - FY 2017-18
Staff Working Document - Does Not Represent Committee Decision

	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	FY 2017-18 Recommendation
(C) Merit Based Grants					
Merit Based Grants	<u>5,010,052</u>	<u>5,181,007</u>	<u>5,000,000</u>	<u>5,000,000</u>	<u>5,000,000</u>
General Fund	0	5,181,007	5,000,000	5,000,000	5,000,000
General Fund Exempt	5,010,052	0	0	0	0
SUBTOTAL - (C) Merit Based Grants	5,010,052	5,181,007	5,000,000	5,000,000	5,000,000
FTE	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
General Fund	0	5,181,007	5,000,000	5,000,000	5,000,000
General Fund Exempt	5,010,052	0	0	0	0

(D) Special Purpose

Veterans'/Law Enforcement/POW Tuition Assistance					
General Fund	<u>575,034</u>	<u>629,311</u>	<u>672,000</u>	<u>672,000</u>	<u>672,000</u>
General Fund	575,034	629,311	672,000	672,000	672,000
National Guard Tuition Assistance Fund					
General Fund	<u>800,000</u>	<u>800,000</u>	<u>800,000</u>	<u>800,000</u>	<u>0</u>
General Fund	800,000	800,000	800,000	800,000	0
Native American Students/Fort Lewis College					
General Fund	<u>14,841,981</u>	<u>16,157,618</u>	<u>17,364,248</u>	<u>17,452,548</u>	<u>16,948,194</u> *
General Fund	0	1,315,637	2,522,267	2,610,567	2,106,213
General Fund Exempt	14,841,981	14,841,981	14,841,981	14,841,981	14,841,981
Colorado Opportunity Scholarship Initiative Fund					
General Fund	<u>3,321,360</u>	<u>9,572,074</u>	<u>5,000,000</u>	<u>5,000,000</u>	<u>5,000,000</u>
General Fund	1,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Cash Funds	2,321,360	4,572,074	0	0	0

JBC Staff Staff Figure Setting - FY 2017-18
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	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	FY 2017-18 Recommendation
Tuition Assistance for Career and Technical Education Certificate Programs General Fund	<u>0</u> 0	<u>158,044</u> 158,044	<u>450,000</u> 450,000	<u>450,000</u> 450,000	<u>450,000</u> 450,000
SUBTOTAL - (D) Special Purpose	19,538,375	27,317,047	24,286,248	24,374,548	23,070,194
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
General Fund	2,375,034	7,902,992	9,444,267	9,532,567	8,228,213
General Fund Exempt	14,841,981	14,841,981	14,841,981	14,841,981	14,841,981
Cash Funds	2,321,360	4,572,074	0	0	0
TOTAL - (3) Colorado Commission on Higher Education Financial Aid	155,390,892	178,239,069	175,289,308	179,171,330	177,969,216
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
General Fund	7,249,562	27,858,029	29,132,334	33,014,356	31,718,842
General Fund Exempt	145,474,794	145,808,966	146,071,011	146,071,011	146,071,011
Cash Funds	2,321,360	4,572,074	0	0	996
Reappropriated Funds	345,176	0	85,963	85,963	178,367

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	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	FY 2017-18 Recommendation
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(4) COLLEGE OPPORTUNITY FUND PROGRAM

Primary Function: Provides General Fund for student stipend payments and for fee-for-service contracts between the Colorado Commission on Higher Education and state higher education institutions.

(A) Stipends

Stipends for eligible full-time equivalent students attending state institutions	<u>289,362,876</u>	<u>283,694,654</u>	<u>289,362,877</u>	<u>291,259,844</u>	<u>291,259,844</u> *
General Fund	0	28,212,607	0	1,896,967	1,896,967
General Fund Exempt	289,362,876	255,482,047	289,362,877	289,362,877	289,362,877
Stipends for eligible full-time equivalent students attending participating private institutions	<u>1,506,375</u>	<u>1,506,375</u>	<u>1,443,375</u>	<u>1,481,865</u>	<u>1,481,865</u> *
General Fund	0	0	0	38,490	38,490
General Fund Exempt	1,506,375	1,506,375	1,443,375	1,443,375	1,443,375

SUBTOTAL - (A) Stipends	290,869,251	285,201,029	290,806,252	292,741,709	292,741,709
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
General Fund	0	28,212,607	0	1,935,457	1,935,457
General Fund Exempt	290,869,251	256,988,422	290,806,252	290,806,252	290,806,252

(B) Fee-for-service Contracts with State Institutions

Fee-for-service Contracts with State Institutions Pursuant to Section 23-18-303, C.R.S.	<u>0</u>	<u>246,756,224</u>	<u>240,810,512</u>	<u>252,068,162</u>	<u>252,068,162</u> *
General Fund	0	26,059,525	1,131,643	12,389,293	12,389,293
General Fund Exempt	0	220,696,699	239,678,869	239,678,869	239,678,869

JBC Staff Staff Figure Setting - FY 2017-18
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	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	FY 2017-18 Recommendation
Fee-for-service Contracts with State Institutions for Specialty Education Programs	<u>0</u>	<u>116,133,797</u>	<u>116,411,292</u>	<u>119,299,679</u>	<u>119,299,679</u> *
General Fund	0	11,732,099	9,594	2,897,981	2,897,981
General Fund Exempt	0	104,401,698	116,401,698	116,401,698	116,401,698
Limited Purpose Fee-for-Service Contracts with State Institutions	<u>0</u>	<u>86,960</u>	<u>336,960</u>	<u>336,960</u>	<u>336,960</u>
General Fund	0	86,960	336,960	336,960	336,960
Fee-for-service Contracts with State Institutions	<u>292,931,609</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
General Fund	250,000	0	0	0	0
General Fund Exempt	292,681,609	0	0	0	0
SUBTOTAL - (B) Fee-for-service Contracts with State Institutions	292,931,609	362,976,981	357,558,764	371,704,801	371,704,801
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
General Fund	250,000	37,878,584	1,478,197	15,624,234	15,624,234
General Fund Exempt	292,681,609	325,098,397	356,080,567	356,080,567	356,080,567
TOTAL - (4) College Opportunity Fund Program	583,800,860	648,178,010	648,365,016	664,446,510	664,446,510
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
General Fund	250,000	66,091,191	1,478,197	17,559,691	17,559,691
General Fund Exempt	583,550,860	582,086,819	646,886,819	646,886,819	646,886,819

JBC Staff Staff Figure Setting - FY 2017-18
Staff Working Document - Does Not Represent Committee Decision

	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	FY 2017-18 Recommendation
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(5) GOVERNING BOARDS

Primary Functions: Provides spending authority for revenue earned by higher education institutions from student stipend payments, fee-for-service contracts, tuition, academic program and academic facility fees, and miscellaneous other sources.

(A) Trustees of Adams State University

Trustees of Adams State College	<u>32,527,072</u>	<u>39,739,427</u>	<u>39,729,028</u>	<u>42,150,099</u>	<u>41,644,400</u> *
FTE	319.6	320.8	331.6	331.6	339.5
Cash Funds	19,689,783	25,618,410	25,652,668	27,890,136	27,384,437
Reappropriated Funds	12,837,289	14,121,017	14,076,360	14,259,963	14,259,963

SUBTOTAL - (A) Trustees of Adams State					
University	32,527,072	39,739,427	39,729,028	42,150,099	41,644,400
FTE	<u>319.6</u>	<u>320.8</u>	<u>331.6</u>	<u>331.6</u>	<u>339.5</u>
Cash Funds	19,689,783	25,618,410	25,652,668	27,890,136	27,384,437
Reappropriated Funds	12,837,289	14,121,017	14,076,360	14,259,963	14,259,963

(B) Trustees of Colorado Mesa University

Trustees of Colorado Mesa University	<u>78,955,368</u>	<u>92,025,821</u>	<u>95,083,941</u>	<u>103,239,896</u>	<u>101,646,821</u> *
FTE	640.2	666.7	705.8	705.8	728.3
Cash Funds	56,928,117	67,560,465	70,803,212	77,288,735	75,695,660
Reappropriated Funds	22,027,251	24,465,356	24,280,729	25,951,161	25,951,161

SUBTOTAL - (B) Trustees of Colorado Mesa					
University	78,955,368	92,025,821	95,083,941	103,239,896	101,646,821
FTE	<u>640.2</u>	<u>666.7</u>	<u>705.8</u>	<u>705.8</u>	<u>728.3</u>
Cash Funds	56,928,117	67,560,465	70,803,212	77,288,735	75,695,660
Reappropriated Funds	22,027,251	24,465,356	24,280,729	25,951,161	25,951,161

JBC Staff Staff Figure Setting - FY 2017-18
Staff Working Document - Does Not Represent Committee Decision

	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	FY 2017-18 Recommendation
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(C) Trustees of Metropolitan State College of Denver

Trustees of Metropolitan State College of Denver	<u>145,809,389</u>	<u>166,702,575</u>	<u>175,242,176</u>	<u>179,981,782</u>	<u>183,224,694</u> *
FTE	1,313.2	1,325.7	1,453.2	1,453.2	1,392.8
Cash Funds	102,128,196	116,549,176	123,827,175	128,355,179	131,598,091
Reappropriated Funds	43,681,193	50,153,399	51,415,001	51,626,603	51,626,603

SUBTOTAL - (C) Trustees of Metropolitan State College of Denver	145,809,389	166,702,575	175,242,176	179,981,782	183,224,694
FTE	<u>1,313.2</u>	<u>1,325.7</u>	<u>1,453.2</u>	<u>1,453.2</u>	<u>1,392.8</u>
Cash Funds	102,128,196	116,549,176	123,827,175	128,355,179	131,598,091
Reappropriated Funds	43,681,193	50,153,399	51,415,001	51,626,603	51,626,603

(D) Trustees of Western State College

Trustees of Western State College	<u>26,565,226</u>	<u>32,356,791</u>	<u>35,037,896</u>	<u>35,810,937</u>	<u>36,488,140</u> *
FTE	244.6	248.8	248.1	248.1	250.2
Cash Funds	15,979,779	21,372,696	23,502,969	23,989,040	24,666,243
Reappropriated Funds	10,585,447	10,984,095	11,534,927	11,821,897	11,821,897

SUBTOTAL - (D) Trustees of Western State College	26,565,226	32,356,791	35,037,896	35,810,937	36,488,140
FTE	<u>244.6</u>	<u>248.8</u>	<u>248.1</u>	<u>248.1</u>	<u>250.2</u>
Cash Funds	15,979,779	21,372,696	23,502,969	23,989,040	24,666,243
Reappropriated Funds	10,585,447	10,984,095	11,534,927	11,821,897	11,821,897

JBC Staff Staff Figure Setting - FY 2017-18
Staff Working Document - Does Not Represent Committee Decision

	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	FY 2017-18 Recommendation
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(E) Board of Governors of the Colorado State University System

Board of Governors of the Colorado State University System	484,788,862	594,319,942	640,531,440	646,434,413	672,641,057 *
FTE	4,856.1	4,868.8	4,856.2	4,856.2	4,868.8
Cash Funds	362,810,378	459,659,757	506,013,133	508,023,887	534,230,531
Reappropriated Funds	121,978,484	134,660,185	134,518,307	138,410,526	138,410,526

SUBTOTAL - (E) Board of Governors of the Colorado State University System	484,788,862	594,319,942	640,531,440	646,434,413	672,641,057
FTE	4,856.1	4,868.8	4,856.2	4,856.2	4,868.8
Cash Funds	362,810,378	459,659,757	506,013,133	508,023,887	534,230,531
Reappropriated Funds	121,978,484	134,660,185	134,518,307	138,410,526	138,410,526

(F) Trustees of Fort Lewis College

Trustees of Fort Lewis College	50,600,826	56,859,423	55,036,789	60,552,481	57,601,319 *
FTE	409.7	415.0	430.4	430.4	441.4
Cash Funds	40,006,222	45,037,000	43,555,589	48,767,542	45,816,380
Reappropriated Funds	10,594,604	11,822,423	11,481,200	11,784,939	11,784,939

SUBTOTAL - (F) Trustees of Fort Lewis College	50,600,826	56,859,423	55,036,789	60,552,481	57,601,319
FTE	409.7	415.0	430.4	430.4	441.4
Cash Funds	40,006,222	45,037,000	43,555,589	48,767,542	45,816,380
Reappropriated Funds	10,594,604	11,822,423	11,481,200	11,784,939	11,784,939

JBC Staff Staff Figure Setting - FY 2017-18
Staff Working Document - Does Not Represent Committee Decision

	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	FY 2017-18 Recommendation
(G) Regents of the University of Colorado					
Regents of the University of Colorado	<u>1,055,261,427</u>	<u>1,163,441,655</u>	<u>1,246,982,102</u>	<u>1,263,983,608</u>	<u>1,300,638,695</u> *
FTE	7,821.7	8,007.0	7,982.3	7,982.3	8,255.5
Cash Funds	888,163,616	978,825,988	1,060,449,416	1,069,665,381	1,106,320,468
Reappropriated Funds	167,097,811	184,615,667	186,532,686	194,318,227	194,318,227
SUBTOTAL - (G) Regents of the University of Colorado					
FTE	<u>7,821.7</u>	<u>8,007.0</u>	<u>7,982.3</u>	<u>7,982.3</u>	<u>8,255.5</u>
Cash Funds	888,163,616	978,825,988	1,060,449,416	1,069,665,381	1,106,320,468
Reappropriated Funds	167,097,811	184,615,667	186,532,686	194,318,227	194,318,227
(H) Trustees of the Colorado School of Mines					
Trustees of the Colorado School of Mines	<u>138,966,344</u>	<u>156,078,569</u>	<u>162,955,135</u>	<u>175,156,540</u>	<u>170,815,394</u> *
FTE	835.2	851.8	896.8	896.8	952.4
Cash Funds	120,296,888	135,531,241	142,316,085	153,671,834	149,330,688
Reappropriated Funds	18,669,456	20,547,328	20,639,050	21,484,706	21,484,706
SUBTOTAL - (H) Trustees of the Colorado School of Mines					
FTE	<u>835.2</u>	<u>851.8</u>	<u>896.8</u>	<u>896.8</u>	<u>952.4</u>
Cash Funds	120,296,888	135,531,241	142,316,085	153,671,834	149,330,688
Reappropriated Funds	18,669,456	20,547,328	20,639,050	21,484,706	21,484,706

JBC Staff Staff Figure Setting - FY 2017-18
Staff Working Document - Does Not Represent Committee Decision

	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	FY 2017-18 Recommendation
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(I) University of Northern Colorado

University of Northern Colorado	<u>121,696,776</u>	<u>137,479,040</u>	<u>145,475,897</u>	<u>152,343,055</u>	<u>159,405,633</u> *
FTE	1,110.1	1,196.2	1,136.5	1,136.5	1,308.0
Cash Funds	84,340,249	96,386,311	106,362,663	112,745,647	119,808,225
Reappropriated Funds	37,356,527	41,092,729	39,113,234	39,597,408	39,597,408

SUBTOTAL - (I) University of Northern Colorado	121,696,776	137,479,040	145,475,897	152,343,055	159,405,633
FTE	<u>1,110.1</u>	<u>1,196.2</u>	<u>1,136.5</u>	<u>1,136.5</u>	<u>1,308.0</u>
Cash Funds	84,340,249	96,386,311	106,362,663	112,745,647	119,808,225
Reappropriated Funds	37,356,527	41,092,729	39,113,234	39,597,408	39,597,408

(J) State Board for Community Colleges and Occupational Education State System Community Colleges

State Board for Community Colleges and Occupational Education State System Community Colleges	<u>414,739,364</u>	<u>429,435,325</u>	<u>452,427,812</u>	<u>466,972,128</u>	<u>472,361,987</u> *
FTE	5,916.8	5,779.7	6,003.8	6,003.8	5,848.6
Cash Funds	277,273,440	275,798,824	299,097,665	313,262,913	318,652,772
Reappropriated Funds	137,465,924	153,636,501	153,330,147	153,709,215	153,709,215

SUBTOTAL - (J) State Board for Community Colleges and Occupational Education State System Community Colleges	414,739,364	429,435,325	452,427,812	466,972,128	472,361,987
FTE	<u>5,916.8</u>	<u>5,779.7</u>	<u>6,003.8</u>	<u>6,003.8</u>	<u>5,848.6</u>
Cash Funds	277,273,440	275,798,824	299,097,665	313,262,913	318,652,772
Reappropriated Funds	137,465,924	153,636,501	153,330,147	153,709,215	153,709,215

JBC Staff Staff Figure Setting - FY 2017-18
Staff Working Document - Does Not Represent Committee Decision

	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	FY 2017-18 Recommendation
TOTAL - (5) Governing Boards	2,549,910,654	2,868,438,568	3,048,502,216	3,126,624,939	3,196,468,140
<i>FTE</i>	<u>23,467.2</u>	<u>23,680.5</u>	<u>24,044.7</u>	<u>24,044.7</u>	<u>24,385.5</u>
Cash Funds	1,967,616,668	2,222,339,868	2,401,580,575	2,463,660,294	2,533,503,495
Reappropriated Funds	582,293,986	646,098,700	646,921,641	662,964,645	662,964,645

JBC Staff Staff Figure Setting - FY 2017-18
Staff Working Document - Does Not Represent Committee Decision

	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	FY 2017-18 Recommendation
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(6) LOCAL DISTRICT COLLEGE GRANTS PURSUANT TO SECTION 23-71-301, C.R.S.

Primary Functions: Subsidizes the operations of the state's two local district junior colleges: Aims Community College and Colorado Mountain College. Institutions that are set up as local district junior colleges have special property tax districts that also support their operations and governing boards that are independent from the rest of the community college system. Students from the special property tax districts pay discounted tuition rates.

Colorado Mountain College	<u>0</u>	<u>7,452,827</u>	<u>7,508,926</u>	<u>7,685,371</u>	<u>7,833,713</u> *
General Fund	0	1,102,019	1,102,019	1,278,464	1,278,464
General Fund Exempt	0	6,041,020	6,041,020	6,041,020	6,041,020
Cash Funds	0	309,788	365,887	365,887	514,229
 Aims Community College	 <u>0</u>	 <u>8,797,792</u>	 <u>8,859,821</u>	 <u>9,068,455</u>	 <u>9,223,890</u> *
General Fund	0	1,836,871	1,836,871	2,045,505	2,045,505
General Fund Exempt	0	6,609,305	6,609,305	6,609,305	6,609,305
Cash Funds	0	351,616	413,645	413,645	569,080
 Local District Junior College Grants	 <u>14,705,995</u>	 <u>0</u>	 <u>0</u>	 <u>0</u>	 <u>0</u>
General Fund Exempt	14,044,591	0	0	0	0
Cash Funds	661,404	0	0	0	0

TOTAL - (6) Local District College Grants					
Pursuant to Section 23-71-301, C.R.S.	14,705,995	16,250,619	16,368,747	16,753,826	17,057,603
FTE	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
General Fund	0	2,938,890	2,938,890	3,323,969	3,323,969
General Fund Exempt	14,044,591	12,650,325	12,650,325	12,650,325	12,650,325
Cash Funds	661,404	661,404	779,532	779,532	1,083,309

JBC Staff Staff Figure Setting - FY 2017-18
Staff Working Document - Does Not Represent Committee Decision

	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	FY 2017-18 Recommendation
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(7) DIVISION OF OCCUPATIONAL EDUCATION

Primary Functions: Administers and supervises vocational programs and distributes state and federal funds for this purpose. Also, coordinates resources for job development, job training, and job retraining. The reappropriated funds represent transfers from the Office of Economic Development and from the Department of Education for the Colorado Vocational Act.

(A) Administrative Costs

Administrative Costs	<u>712,839</u>	<u>715,469</u>	<u>900,000</u>	<u>900,000</u>	<u>900,000</u>
FTE	9.0	9.0	9.0	9.0	9.0
Reappropriated Funds	712,839	715,469	900,000	900,000	900,000

SUBTOTAL - (A) Administrative Costs	712,839	715,469	900,000	900,000	900,000
FTE	<u>9.0</u>	<u>9.0</u>	<u>9.0</u>	<u>9.0</u>	<u>9.0</u>
Reappropriated Funds	712,839	715,469	900,000	900,000	900,000

(B) Distribution of State Assistance for Career and Technical Education pursuant to Section 23-8-102, C.R.S.

Distributions of State Assistance for Career and Technical Education	<u>25,101,461</u>	<u>25,436,648</u>	<u>25,639,363</u>	<u>25,639,363</u>	<u>25,639,363</u>
Reappropriated Funds	25,101,461	25,436,648	25,639,363	25,639,363	25,639,363

SUBTOTAL - (B) Distribution of State Assistance for Career and Technical Education pursuant to Section 23-8-102, C.R.S.	25,101,461	25,436,648	25,639,363	25,639,363	25,639,363
FTE	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Reappropriated Funds	25,101,461	25,436,648	25,639,363	25,639,363	25,639,363

JBC Staff Staff Figure Setting - FY 2017-18
Staff Working Document - Does Not Represent Committee Decision

	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	FY 2017-18 Recommendation
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(C) Area Technical College Support

Area Technical College Support	<u>8,983,694</u>	<u>9,971,721</u>	<u>9,971,721</u>	<u>10,218,039</u>	<u>10,218,039</u> *
General Fund	0	1,879,876	1,879,876	2,126,194	2,126,194
General Fund Exempt	8,983,694	8,091,845	8,091,845	8,091,845	8,091,845

SUBTOTAL - (C) Area Technical College Support	8,983,694	9,971,721	9,971,721	10,218,039	10,218,039
Support	8,983,694	9,971,721	9,971,721	10,218,039	10,218,039
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
General Fund	0	1,879,876	1,879,876	2,126,194	2,126,194
General Fund Exempt	8,983,694	8,091,845	8,091,845	8,091,845	8,091,845

(D) Sponsored Programs

Administration	<u>2,100,956</u>	<u>2,162,625</u>	<u>2,220,227</u>	<u>2,220,227</u>	<u>2,220,227</u>
FTE	17.3	23.0	23.0	23.0	23.0
Federal Funds	2,100,956	2,162,625	2,220,227	2,220,227	2,220,227
Programs	<u>13,143,191</u>	<u>13,562,368</u>	<u>13,353,751</u>	<u>13,353,751</u>	<u>13,353,751</u>
Federal Funds	13,143,191	13,562,368	13,353,751	13,353,751	13,353,751

SUBTOTAL - (D) Sponsored Programs	15,244,147	15,724,993	15,573,978	15,573,978	15,573,978
<i>FTE</i>	<u>17.3</u>	<u>23.0</u>	<u>23.0</u>	<u>23.0</u>	<u>23.0</u>
Federal Funds	15,244,147	15,724,993	15,573,978	15,573,978	15,573,978

(E) Colorado First Customized Job Training

Colorado First Customized Job Training	<u>2,781,733</u>	<u>4,500,000</u>	<u>4,500,000</u>	<u>4,500,000</u>	<u>4,500,000</u>
Reappropriated Funds	2,781,733	4,500,000	4,500,000	4,500,000	4,500,000

JBC Staff Staff Figure Setting - FY 2017-18
Staff Working Document - Does Not Represent Committee Decision

	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	FY 2017-18 Recommendation
SUBTOTAL - (E) Colorado First Customized					
Job Training	2,781,733	4,500,000	4,500,000	4,500,000	4,500,000
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Reappropriated Funds	2,781,733	4,500,000	4,500,000	4,500,000	4,500,000
TOTAL - (7) Division of Occupational					
Education	52,823,874	56,348,831	56,585,062	56,831,380	56,831,380
<i>FTE</i>	<u>26.3</u>	<u>32.0</u>	<u>32.0</u>	<u>32.0</u>	<u>32.0</u>
General Fund	0	1,879,876	1,879,876	2,126,194	2,126,194
General Fund Exempt	8,983,694	8,091,845	8,091,845	8,091,845	8,091,845
Reappropriated Funds	28,596,033	30,652,117	31,039,363	31,039,363	31,039,363
Federal Funds	15,244,147	15,724,993	15,573,978	15,573,978	15,573,978

JBC Staff Staff Figure Setting - FY 2017-18
Staff Working Document - Does Not Represent Committee Decision

	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	FY 2017-18 Recommendation
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(8) AURARIA HIGHER EDUCATION CENTER

Primary Functions: Established by statute in 1974, the Auraria Higher Education Center (AHEC) is governed by a Board of Directors who oversee the centralized operations of the campus located in Denver. AHEC houses and provides common services to the Community College of Denver, Metropolitan State College of Denver, and the University of Colorado at Denver and Health Sciences Center.

Administration	<u>18,376,048</u>	<u>18,852,754</u>	<u>20,276,580</u>	<u>21,493,175</u>	<u>21,493,175</u>
FTE	181.3	191.0	190.6	190.6	190.2
Reappropriated Funds	18,376,048	18,852,754	20,276,580	21,493,175	21,493,175
TOTAL - (8) Auraria Higher Education Center	18,376,048	18,852,754	20,276,580	21,493,175	21,493,175
FTE	<u>181.3</u>	<u>191.0</u>	<u>190.6</u>	<u>190.6</u>	<u>190.2</u>
Reappropriated Funds	18,376,048	18,852,754	20,276,580	21,493,175	21,493,175

JBC Staff Staff Figure Setting - FY 2017-18
Staff Working Document - Does Not Represent Committee Decision

	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	FY 2017-18 Recommendation
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(9) HISTORY COLORADO

Primary Functions: Collect, preserve, exhibit, and interpret artifacts and properties of historical significance to the State. Distribute gaming revenues earmarked for historic preservation. The cash funds come from gaming revenues deposited in the State Historic Fund, museum revenues, gifts, and grants.

(A) Central Administration

Central Administration	0	<u>1,128,235</u>	<u>1,234,667</u>	<u>1,234,667</u>	<u>1,184,667</u>
FTE	0.0	12.0	12.0	12.0	12.0
Cash Funds	0	908,056	1,118,325	1,118,325	1,068,325
Federal Funds	0	220,179	116,342	116,342	116,342
Facilities Management	0	<u>1,784,346</u>	<u>1,833,925</u>	<u>1,527,450</u>	<u>1,477,450</u> *
FTE	0.0	7.5	7.5	7.5	7.5
Cash Funds	0	1,784,346	1,833,925	1,527,450	1,477,450
Lease Purchase of Colorado History Museum	0	<u>3,021,830</u>	<u>3,121,815</u>	<u>3,121,813</u>	<u>3,121,813</u>
Cash Funds	0	3,021,830	3,121,815	3,121,813	3,121,813
SUBTOTAL - (A) Central Administration	0	5,934,411	6,190,407	5,883,930	5,783,930
FTE	0.0	19.5	19.5	19.5	19.5
Cash Funds	0	5,714,232	6,074,065	5,767,588	5,667,588
Federal Funds	0	220,179	116,342	116,342	116,342

(B) History Colorado Museums

History Colorado Center	0	<u>3,986,469</u>	<u>4,711,859</u>	<u>4,711,859</u>	<u>4,611,859</u>
FTE	0.0	56.4	56.4	56.4	56.4
Cash Funds	0	3,892,211	4,637,882	4,637,882	4,537,882
Federal Funds	0	94,258	73,977	73,977	73,977

JBC Staff Staff Figure Setting - FY 2017-18
Staff Working Document - Does Not Represent Committee Decision

	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	FY 2017-18 Recommendation
Community Museums	<u>0</u>	<u>923,257</u>	<u>1,205,725</u>	<u>3,101,244</u>	<u>3,076,244</u> *
FTE	0.0	14.5	14.5	14.5	14.5
General Fund	0	0	0	1,589,044	1,589,044
Cash Funds	0	923,257	1,205,725	1,512,200	1,487,200
Museum Exhibits	<u>0</u>	<u>0</u>	<u>2,000,000</u>	<u>2,000,000</u>	<u>0</u>
Cash Funds	0	0	2,000,000	2,000,000	0
SUBTOTAL - (B) History Colorado Museums	0	4,909,726	7,917,584	9,813,103	7,688,103
<i>FTE</i>	<u>0.0</u>	<u>70.9</u>	<u>70.9</u>	<u>70.9</u>	<u>70.9</u>
General Fund	0	0	0	1,589,044	1,589,044
Cash Funds	0	4,815,468	7,843,607	8,150,082	6,025,082
Federal Funds	0	94,258	73,977	73,977	73,977
(C) Office of Archeology and Historic Preservation					
Program Costs	<u>0</u>	<u>1,641,524</u>	<u>1,679,634</u>	<u>1,628,251</u>	<u>1,504,634</u>
FTE	0.0	23.0	23.0	23.0	23.0
Cash Funds	0	575,468	844,120	844,120	669,120
Reappropriated Funds	0	0	51,383	0	51,383
Federal Funds	0	1,066,056	784,131	784,131	784,131
SUBTOTAL - (C) Office of Archeology and Historic Preservation	0	1,641,524	1,679,634	1,628,251	1,504,634
<i>FTE</i>	<u>0.0</u>	<u>23.0</u>	<u>23.0</u>	<u>23.0</u>	<u>23.0</u>
Cash Funds	0	575,468	844,120	844,120	669,120
Reappropriated Funds	0	0	51,383	0	51,383
Federal Funds	0	1,066,056	784,131	784,131	784,131

JBC Staff Staff Figure Setting - FY 2017-18
Staff Working Document - Does Not Represent Committee Decision

	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	FY 2017-18 Recommendation
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(D) State Historical Fund Program

Administration	0	1,656,534	1,703,303	1,703,303	1,703,303
FTE	0.0	18.0	18.0	18.0	18.0
Cash Funds	0	1,656,534	1,703,303	1,703,303	1,703,303
Grants	0	7,842,454	7,900,000	7,900,000	8,250,000
Cash Funds	0	7,842,454	7,900,000	7,900,000	8,250,000
Gaming Cities Distribution	4,695,061	4,891,200	5,000,000	5,000,000	5,300,000
Cash Funds	4,695,061	4,891,200	5,000,000	5,000,000	5,300,000

SUBTOTAL - (D) State Historical Fund					
Program	4,695,061	14,390,188	14,603,303	14,603,303	15,253,303
FTE	0.0	18.0	18.0	18.0	18.0
Cash Funds	4,695,061	14,390,188	14,603,303	14,603,303	15,253,303

(E) Cumbres and Toltec Railroad Commission

Cumbres and Toltec Railroad Commission	548,434	381,646	2,050,000	2,050,000	1,960,000
General Fund	513,434	361,646	1,295,000	1,295,000	1,295,000
Cash Funds	35,000	20,000	755,000	755,000	665,000

SUBTOTAL - (E) Cumbres and Toltec Railroad					
Commission	548,434	381,646	2,050,000	2,050,000	1,960,000
FTE	0.0	0.0	0.0	0.0	0.0
General Fund	513,434	361,646	1,295,000	1,295,000	1,295,000
Cash Funds	35,000	20,000	755,000	755,000	665,000

JBC Staff Staff Figure Setting - FY 2017-18
Staff Working Document - Does Not Represent Committee Decision

	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	FY 2017-18 Recommendation
Sponsored Programs					
Sponsored Programs	<u>213,055</u>	<u>0</u>	<u>0</u>	<u>0</u>	
FTE	3.5	0.0	0.0	0.0	
Federal Funds	213,055	0	0	0	
SUBTOTAL - Sponsored Programs	213,055	0	0	0	
FTE	<u>3.5</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	
Federal Funds	213,055	0	0	0	
Auxiliary Programs					
Auxiliary Programs	<u>1,926,563</u>	<u>0</u>	<u>0</u>	<u>0</u>	
FTE	14.5	0.0	0.0	0.0	
Cash Funds	1,926,563	0	0	0	
SUBTOTAL - Auxiliary Programs	1,926,563	0	0	0	
FTE	<u>14.5</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	
Cash Funds	1,926,563	0	0	0	
Gaming Revenue					
Statewide Preservation Grant Program	<u>8,542,068</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
FTE	18.0	0.0	0.0	0.0	0.0
Cash Funds	8,542,068	0	0	0	0
Society Museum and Preservation Operations	<u>12,090,144</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
FTE	95.4	0.0	0.0	0.0	0.0
Cash Funds	11,286,998	0	0	0	0
Federal Funds	803,146	0	0	0	0

JBC Staff Staff Figure Setting - FY 2017-18
Staff Working Document - Does Not Represent Committee Decision

	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	FY 2017-18 Recommendation
SUBTOTAL - Gaming Revenue	20,632,212	0	0	0	0
<i>FTE</i>	<u>113.4</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Cash Funds	19,829,066	0	0	0	0
Federal Funds	803,146	0	0	0	0
TOTAL - (9) History Colorado	28,015,325	27,257,495	32,440,928	33,978,587	32,189,970
<i>FTE</i>	<u>131.4</u>	<u>131.4</u>	<u>131.4</u>	<u>131.4</u>	<u>131.4</u>
General Fund	513,434	361,646	1,295,000	2,884,044	2,884,044
Cash Funds	26,485,690	25,515,356	30,120,095	30,120,093	28,280,093
Reappropriated Funds	0	0	51,383	0	51,383
Federal Funds	1,016,201	1,380,493	974,450	974,450	974,450
TOTAL - Department of Higher Education	3,421,865,794	3,848,583,650	4,122,494,009	4,229,930,297	4,296,274,533
<i>FTE</i>	<u>23,885.3</u>	<u>24,127.3</u>	<u>24,491.4</u>	<u>24,493.4</u>	<u>24,833.8</u>
General Fund	9,223,455	107,429,003	57,334,716	84,447,413	80,441,628
General Fund Exempt	752,053,939	748,637,955	813,700,000	813,700,000	813,700,000
Cash Funds	2,003,394,537	2,268,148,943	2,513,598,084	2,571,599,673	2,642,782,986
Reappropriated Funds	633,396,309	700,011,519	715,348,692	737,543,550	736,709,035
Federal Funds	23,797,554	24,356,230	22,512,517	22,639,661	22,640,884

	Rate	Gov. Boards	Adams	Mesa	Metro	Western	CSU Sys	Ft. Lewis	CU	Mines	UNC	CCs
	\$ 75											
FY 2016-17 TOTAL with special bills	30											
Final Action												
Stipend-eligible SFTE assumption		128,605.6	1,284.7	6,091.6	14,332.8	1,318.8	19,132.3	1,796.0	27,712.2	2,753.1	6,862.6	47,321.5
State-operated Stipends @ \$2,250	\$	289,362,877	\$ 2,890,626	\$ 13,706,155	\$ 32,248,782	\$ 2,967,276	\$ 43,047,716	\$ 4,041,098	\$ 62,352,540	\$ 6,194,533	\$ 15,440,878	\$ 106,473,273
FFS per Section 303	\$	240,810,512	\$ 11,185,734	\$ 10,574,574	\$ 19,166,219	\$ 8,567,651	\$ 37,656,220	\$ 7,440,102	\$ 61,483,225	\$ 14,444,517	\$ 23,597,356	\$ 46,694,914
Specialty education	\$	116,411,292					\$ 53,814,371		\$ 62,596,921			
Limited purpose in LB	\$	86,960										\$ 86,960
SUBTOTAL State Funds	\$	646,671,641	14,076,360	24,280,729	51,415,001	11,534,927	134,518,307	11,481,200	186,432,686	20,639,050	39,038,234	153,255,147
Resident		1,187,734,053	12,027,750	53,461,966	95,595,121	8,657,545	220,676,301	11,280,629	451,142,678	53,235,636	63,667,346	217,989,081
Nonresident		<u>892,494,618</u>	<u>8,028,300</u>	<u>13,365,492</u>	<u>9,929,046</u>	<u>9,217,285</u>	<u>196,332,259</u>	<u>29,216,262</u>	<u>480,177,052</u>	<u>80,611,800</u>	<u>24,922,857</u>	<u>40,694,265</u>
Tuition		\$2,080,228,671	\$20,056,050	\$66,827,458	\$105,524,167	\$17,874,830	\$417,008,560	\$40,496,891	\$931,319,730	\$133,847,436	\$88,590,203	\$258,683,346
State/Tuition	\$	2,726,900,312	\$ 34,132,410	\$ 91,108,187	\$ 156,939,168	\$ 29,409,757	\$ 551,526,867	\$ 51,978,091	\$ 1,117,752,416	\$ 154,486,486	\$ 127,628,437	\$ 411,938,493
Tobacco		12,352,869							12,352,869			
Gaming		6,923,352	21,568	356,644								6,545,140
Mandatory Fees (all)		244,785,535	6,569,160	6,094,986	15,642,901	5,133,893	67,958,136	6,133,000	76,454,291	13,132,026	18,452,587	29,214,555
TOTAL	\$	2,990,962,068	\$ 40,723,138	\$ 97,559,817	\$ 172,582,069	\$ 34,543,650	\$ 619,485,003	\$ 58,111,091	\$ 1,206,559,576	\$ 167,618,512	\$ 146,081,024	\$ 447,698,188
Limited Purpose FFS in special bills	\$	250,000							\$ 100,000		\$ 75,000	\$ 75,000
TOTAL - all bills - state funds	\$	646,921,641	\$ 14,076,360	\$ 24,280,729	\$ 51,415,001	\$ 11,534,927	\$ 134,518,307	\$ 11,481,200	\$ 186,532,686	\$ 20,639,050	\$ 39,113,234	\$ 153,330,147
TOTAL - all bills- all funds	\$	2,991,212,068	\$ 39,296,127	\$ 83,808,850	\$ 165,285,709	\$ 31,774,283	\$ 530,091,180	\$ 53,409,825	\$ 1,148,537,561	\$ 143,037,105	\$ 128,793,507	\$ 430,442,087

	Rate	Gov. Boards	Adams	Mesa	Metro	Western	CSU Sys	Ft. Lewis	CU	Mines	UNC	CCs
Recommended Long Bill Supplemental changes - FY 2016-17												
Stipend-eligible SFTE assumption		-	-	-	-	-	-	-	-	-	-	-
State-operated Stipends @	\$	-	-	-	-	-	-	-	-	-	-	-
FFS per Section 303	\$	-	-	-	-	-	-	-	-	-	-	-
Specialty education	\$	-	-	-	-	-	-	-	-	-	-	-
Limited purpose FFS in LB												
SUBTOTAL State Funds	\$	-	-	-	-	-	-	-	-	-	-	-
Subtotal - State Funds in LB or supplementals		-	-	-	-	-	-	-	-	-	-	-
Resident		6,097,041	(294,650)	(793,986)	2,006,219	158,935	3,296,113	(666,735)	4,389,999	(2,422,636)	(504,059)	927,841
Nonresident		20,119,364	117,600	(1,011,275)	(300,159)	282,259	11,505,991	(1,765,090)	9,067,655	(2,027,837)	618,830	3,631,390
Tuition		26,216,405	(177,050)	(1,805,261)	1,706,060	441,194	14,802,104	(2,431,825)	13,457,654	(4,450,473)	114,771	4,559,231
State/Tuition	\$	26,216,405	\$(177,050)	\$(1,805,261)	\$1,706,060	\$441,194	\$14,802,104	\$(2,431,825)	\$13,457,654	\$(4,450,473)	\$114,771	\$4,559,231
Tobacco		0	0	0	0	0	0	0	0	0	0	0
Gaming		0	0	0	0	0	0	0	0	0	0	0
Mandatory fees		20,169,219	(817,060)	(670,615)	954,047	53,052	6,244,333	(642,477)	15,960,348	(212,904)	(794,898)	95,393
TOTAL	\$	46,385,624	\$(994,110)	\$(2,475,876)	\$2,660,107	\$494,246	\$21,046,437	\$(3,074,302)	\$29,418,002	\$(4,663,377)	\$(680,127)	\$4,654,624
Ltd purpose fee-for-service in special bills	\$	10,904,524	-	-	-	-	-	-	10,904,524	-	-	-
TOTAL - all bills - state funds	\$	10,904,524	-	-	-	-	-	-	10,904,524	-	-	-
TOTAL - all bills- all funds	\$	57,290,148	\$432,901	\$11,275,091	\$9,956,467	\$3,263,613	\$110,440,260	\$1,626,964	\$98,444,541	\$19,918,030	\$16,682,390	\$21,985,725

	Rate	Gov. Boards	Adams	Mesa	Metro	Western	CSU Sys	Ft. Lewis	CU	Mines	UNC	CCs
Final FY 2016-17 amounts with Long Bill Supplemental												
Stipend-eligible SFTE assumption		128,605.6	\$ 1,285	\$ 6,092	\$ 14,333	\$ 1,319	\$ 19,132	\$ 1,796	\$ 27,712	\$ 2,753	\$ 6,863	\$ 47,322
State-operated Stipends @	\$	289,362,877	\$ 2,890,626	\$ 13,706,155	\$ 32,248,782	\$ 2,967,276	\$ 43,047,716	\$ 4,041,098	\$ 62,352,540	\$ 6,194,533	\$ 15,440,878	\$ 106,473,273
FFS per Section 303	\$	240,810,512	\$ 11,185,734	\$ 10,574,574	\$ 19,166,219	\$ 8,567,651	\$ 37,656,220	\$ 7,440,102	\$ 61,483,225	\$ 14,444,517	\$ 23,597,356	\$ 46,694,914
Specialty education	\$	116,411,292					\$ 53,814,371		\$ 62,596,921			
Limited purpose in LB	\$	86,960										\$ 86,960
SUBTOTAL State Funds (Long Bill/landscape bills only)	\$	646,671,641	14,076,360	24,280,729	51,415,001	11,534,927	134,518,307	11,481,200	186,432,686	20,639,050	39,038,234	153,255,147
Resident		1,193,831,094	11,733,100	52,667,980	97,601,340	8,816,480	223,972,414	10,613,894	455,532,677	50,813,000	63,163,287	218,916,922
Nonresident		<u>912,613,982</u>	<u>8,145,900</u>	<u>12,354,217</u>	<u>9,628,887</u>	<u>9,499,544</u>	<u>207,838,250</u>	<u>27,451,172</u>	<u>489,244,707</u>	<u>78,583,963</u>	<u>25,541,687</u>	<u>44,325,655</u>
Tuition	\$	2,106,445,076	\$19,879,000	\$65,022,197	\$107,230,227	\$18,316,024	\$431,810,664	\$38,065,066	\$944,777,384	\$129,396,963	\$88,704,974	\$263,242,577
State/Tuition	\$	2,753,116,717	\$ 33,955,360	\$ 89,302,926	\$ 158,645,228	\$ 29,850,951	\$ 566,328,971	\$ 49,546,266	\$ 1,131,210,070	\$ 150,036,013	\$ 127,743,208	\$ 416,497,724
Tobacco		12,352,869							12,352,869			
Gaming		6,923,352	21,568	356,644								6,545,140
Mandatory fees		264,954,754	\$5,752,100	\$ 5,424,371	\$ 16,596,948	\$ 5,186,945	\$74,202,469	\$5,490,523	\$92,414,639	\$ 12,919,122	\$ 17,657,689	\$ 29,309,948
TOTAL	\$	3,037,347,692	\$ 39,729,028	\$ 95,083,941	\$ 175,242,176	\$ 35,037,896	\$ 640,531,440	\$ 55,036,789	\$ 1,235,977,578	\$ 162,955,135	\$ 145,400,897	\$ 452,352,812
Amounts in in special bills (gov board section)	\$	11,154,524							\$ 11,004,524		\$ 75,000	\$ 75,000
TOTAL - all bills - state funds	\$	657,826,165	\$ 14,076,360	\$ 24,280,729	\$ 51,415,001	\$ 11,534,927	\$ 134,518,307	\$ 11,481,200	\$ 197,437,210	\$ 20,639,050	\$ 39,113,234	\$ 153,330,147
TOTAL - all bills- all funds	\$	3,048,502,216	\$ 39,729,028	\$ 95,083,941	\$ 175,242,176	\$ 35,037,896	\$ 640,531,440	\$ 55,036,789	\$ 1,246,982,102	\$ 162,955,135	\$ 145,475,897	\$ 452,427,812

	Rate	Gov. Boards	Adams	Mesa	Metro	Western	CSU Sys	Ft. Lewis	CU	Mines	UNC	CCs
FY 2017-18 Governing Board Detail												
Staff Recommendation	\$	75										
FY 2016-17 TOTAL with LB add-on and special bills		30										
Stipend-eligible SFTE assumption		128,605.6	\$ 1,285	\$ 6,092	\$ 14,333	\$ 1,319	\$ 19,132	\$ 1,796	\$ 27,712	\$ 2,753	\$ 6,863	\$ 47,322
State-operated Stipends @	\$	289,362,877	\$ 2,890,626	\$ 13,706,155	\$ 32,248,782	\$ 2,967,276	\$ 43,047,716	\$ 4,041,098	\$ 62,352,540	\$ 6,194,533	\$ 15,440,878	\$ 106,473,273
FFS per Section 303	\$	240,810,512	\$ 11,185,734	\$ 10,574,574	\$ 19,166,219	\$ 8,567,651	\$ 37,656,220	\$ 7,440,102	\$ 61,483,225	\$ 14,444,517	\$ 23,597,356	\$ 46,694,914
Specialty education	\$	116,411,292					\$ 53,814,371		\$ 62,596,921			
Limited purpose FFS	\$	336,960						\$ 100,000		\$ 75,000	\$ 161,960	
SUBTOTAL State Funds (Long Bill/landscape bills only)	\$	646,584,675	14,076,360	24,280,729	51,415,001	11,534,927	134,518,307	11,481,200	186,532,686	20,639,050	39,113,234	153,330,147
Resident		1,193,831,094	11,733,100	52,667,980	97,601,340	8,816,480	223,972,414	10,613,894	455,532,677	50,813,000	63,163,287	218,916,922
Nonresident		<u>912,613,982</u>	<u>8,145,900</u>	<u>12,354,217</u>	<u>9,628,887</u>	<u>9,499,544</u>	<u>207,838,250</u>	<u>27,451,172</u>	<u>489,244,707</u>	<u>78,583,963</u>	<u>25,541,687</u>	<u>44,325,655</u>
Tuition	\$	2,106,445,076	\$19,879,000	\$65,022,197	\$107,230,227	\$18,316,024	\$431,810,664	\$38,065,066	\$944,777,384	\$129,396,963	\$88,704,974	\$263,242,577
State/Tuition	\$	2,753,366,717	\$ 33,955,360	\$ 89,302,926	\$ 158,645,228	\$ 29,850,951	\$ 566,328,971	\$ 49,546,266	\$ 1,131,310,070	\$ 150,036,013	\$ 127,818,208	\$ 416,572,724
Cybersecurity (1x funds)									\$ 7,932,020			
Tobacco		15,325,373							15,325,373			
Gaming		6,923,352	21,568	356,644								6,545,140
Mandatory fees		264,954,754	\$5,752,100	\$ 5,424,371	\$ 16,596,948	\$ 5,186,945	\$74,202,469	\$5,490,523	\$92,414,639	\$ 12,919,122	\$ 17,657,689	\$ 29,309,948
TOTAL	\$	3,040,570,196	\$ 39,729,028	\$ 95,083,941	\$ 175,242,176	\$ 35,037,896	\$ 640,531,440	\$ 55,036,789	\$ 1,239,050,082	\$ 162,955,135	\$ 145,475,897	\$ 452,427,812

	Rate	Gov. Boards	Adams	Mesa	Metro	Western	CSU Sys	Ft. Lewis	CU	Mines	UNC	CCs
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Changes - FY 2017-18

\$ 75

30

Final Action

Stipend-eligible SFTE assumption		(2,519.1)	(60.0)	248.7	(507.2)	21.5	(49.1)	(95.2)	368.3	(16.5)	(162.5)	(2,267.1)
State-operated Stipends @ \$2,250	\$2,250	1,896,967	(61,463)	939,904	(311,550)	128,779	1,034,576	(112,365)	2,513,323	127,123	36,240	(2,397,600)
FFS per Section 303		11,257,650	245,066	730,528	523,152	158,191	1,522,405	416,104	3,719,069	718,533	447,934	2,776,668
Specialty education		2,888,387	-	-	-	-	1,335,238	-	1,553,149	-	-	-
Limited purpose FFS		-	-	-	-	-	-	-	-	-	-	-

SUBTOTAL State Funds \$ 16,043,004 \$ 183,603 \$ 1,670,432 \$ 211,602 \$ 286,970 \$ 3,892,219 \$ 303,739 \$ 7,785,541 \$ 845,656 \$ 484,174 \$ 379,068

Note: tuition figures still subject to adjustment

Resident		67,698,423	829,080	3,713,640	6,832,094	435,795	10,939,089	636,834	21,320,454	787,380	6,805,418	15,398,639
Nonresident	\$	57,260,325	404,370	1,002,177	0	258,843	15,136,041	1,372,559	27,287,834	5,809,535	3,981,084	2,007,882

Tuition 124,958,748 1,233,450 4,715,817 6,832,094 694,638 26,075,130 2,009,393 48,608,288 6,596,915 10,786,502 17,406,521

State/Tuition \$ 141,001,752 \$ 1,417,053 \$ 6,386,249 \$ 7,043,696 \$ 981,608 \$ 29,967,349 \$ 2,313,132 \$ 56,393,829 \$ 7,442,571 \$ 11,270,676 \$ 17,785,589

Cybersecurity

Tobacco		140,439	-	-	-	-	-	-	140,439	-	-	-
Gaming		1,788,178	2,919	75,308	-	-	-	-	-	-	-	1,709,951

Mandatory Fees (all) 12,967,575 495,400 101,323 938,822 468,636 2,142,268 251,398 5,054,345 417,688 2,659,060 438,635

TOTAL \$ 155,897,944 \$ 1,915,372 \$ 6,562,880 \$ 7,982,518 \$ 1,450,244 \$ 32,109,617 \$ 2,564,530 \$ 61,588,613 \$ 7,860,259 \$ 13,929,736 \$ 19,934,175

	Rate	Gov. Boards	Adams	Mesa	Metro	Western	CSU Sys	Ft. Lewis	CU	Mines	UNC	CCs
	\$ 77											
FY 2017-18 action		30										
Final Action												
Stipend-eligible SFTE assumption		126,086.5	1,224.7	6,340.3	13,825.6	1,340.3	19,083.2	1,700.8	28,080.5	2,736.6	6,700.1	45,054.4
State-operated Stipends @	\$2,310	\$ 291,259,844	2,829,163	14,646,059	31,937,232	3,096,055	44,082,292	3,928,733	64,865,863	6,321,656	15,477,118	104,075,673
FFS per Section 303	\$	252,068,162	11,430,800	11,305,102	19,689,371	8,725,842	39,178,625	7,856,206	65,202,294	15,163,050	24,045,290	49,471,582
Specialty education	\$	119,299,679					55,149,609		64,150,070			
Limited purpose FFS	\$	336,960	0	0	0	0	0	0	100,000	0	75,000	161,960
SUBTOTAL State Funds	\$	662,964,645	14,259,963	25,951,161	51,626,603	11,821,897	138,410,526	11,784,939	194,318,227	21,484,706	39,597,408	153,709,215
Resident	\$	1,261,529,517	12,562,180	56,381,620	104,433,434	9,252,275	234,911,503	11,250,728	476,853,131	51,600,380	69,968,705	234,315,561
Nonresident	\$	969,874,307	<u>8,550,270</u>	<u>13,356,394</u>	<u>9,628,887</u>	<u>9,758,387</u>	<u>222,974,291</u>	<u>28,823,731</u>	<u>516,532,541</u>	<u>84,393,498</u>	<u>29,522,771</u>	<u>46,333,537</u>
Tuition	\$	2,231,403,824	\$21,112,450	\$69,738,014	\$114,062,321	\$19,010,662	\$457,885,794	\$40,074,459	\$993,385,672	\$135,993,878	\$99,491,476	\$280,649,098
State/Tuition	\$	2,894,368,469	\$ 35,372,413	\$ 95,689,175	\$ 165,688,924	\$ 30,832,559	\$ 596,296,320	\$ 51,859,398	\$ 1,187,703,899	\$ 157,478,584	\$ 139,088,884	\$ 434,358,313
Cybersecurity									\$ -			
Tobacco		15,465,812							15,465,812			
Gaming		8,711,530	24,487	431,952								8,255,091
Mandatory Fees (all)		277,922,329	6,247,500	5,525,694	17,535,770	5,655,581	76,344,737	5,741,921	97,468,984	13,336,810	20,316,749	29,748,583
TOTAL	\$	3,196,468,140	\$ 41,644,400	\$ 101,646,821	\$ 183,224,694	\$ 36,488,140	\$ 672,641,057	\$ 57,601,319	\$ 1,300,638,695	\$ 170,815,394	\$ 159,405,633	\$ 472,361,987

Forecast Summary

Legislative Council Staff Forecast

COF FTE	ASU	CMU	MSU	WSCU	CSU	Ft. Lewis	CU	Mines	UNC	CCCOES	Total
2016-17	1,141	6,391	13,660	1,356	19,255	1,578	28,516	2,551	6,693	44,739	125,880
2017-18	1,124	6,429	13,660	1,359	19,287	1,563	28,986	2,563	6,727	44,560	126,258

2016-17 Enrollment (FTE)	ASU	CMU	MSU	WSCU	CSU	Ft. Lewis	CU	Mines	UNC	CCCOES	Total
Resident	1,778	6,574	14,713	1,628	21,716	1,729	39,879	3,386	7,621	46,941	145,966
Nonresident	789	1,250	539	567	8,163	1,562	15,977	2,432	1,447	3,005	35,731
Total (Fee-Eligible)	2,568	7,824	15,252	2,195	29,879	3,291	55,855	5,818	9,068	49,946	181,697

2017-18 Enrollment (FTE)	ASU	CMU	MSU	WSCU	CSU	Ft. Lewis	CU	Mines	UNC	CCCOES	Total
Resident	1,783	6,674	14,713	1,643	21,687	1,716	40,491	3,377	7,692	46,753	146,530
Nonresident	838	1,263	539	567	8,466	1,554	16,303	2,531	1,603	2,999	36,662
Total (Fee-Eligible)	2,621	7,937	15,252	2,210	30,153	3,270	56,794	5,908	9,296	49,752	183,192

2016-17 Tuition Revenue	ASU	CMU	MSU	WSCU	CSU	Ft. Lewis	CU	Mines	UNC	CCCOES	Total
Resident	12,000,851	52,841,901	97,463,210	9,007,675	223,863,676	10,518,055	456,099,228	50,621,778	61,977,852	220,417,636	1,194,811,861
Nonresident	8,841,651	12,716,798	9,758,232	9,213,969	206,545,718	27,565,087	498,823,755	78,731,722	26,151,701	42,238,288	920,586,920

Institutions' Forecasts

2016-17 Enrollment (FTE)	ASU	CMU	MSU	WSCU	CSU	Ft. Lewis	CU	Mines	UNC	CCCOES	Total
Resident	1,779	6,566	14,662	1,619	21,747	1,737	39,659	3,387	7,626	46,574	145,355
Nonresident	877	1,250	598	566	8,080	1,562	15,900	2,414	1,449	3,261	35,956
Total (Fee-Eligible)	2,656	7,815	15,260	2,185	29,827	3,299	55,559	5,801	9,075	49,834	181,311

2017-18 Enrollment (FTE)	ASU	CMU	MSU	WSCU	CSU	Ft. Lewis	CU	Mines	UNC	CCCOES	Total
Resident	1,780	6,631	14,662	1,619	21,723	1,737	40,433	3,373	7,895	46,286	146,138
Nonresident	877	1,275	598	566	8,457	1,562	16,357	2,561	1,634	3,246	37,132
Total (Fee-Eligible)	2,657	7,905	15,260	2,185	30,180	3,299	56,790	5,934	9,529	49,532	183,270

2016-17 Tuition Revenue	ASU	CMU	MSU	WSCU	CSU	Ft. Lewis	CU	Mines	UNC	CCCOES	Total
Resident	11,733,100	52,667,980	97,601,340	8,816,480	223,972,414	10,613,894	455,532,677	50,813,000	63,163,287	218,916,922	1,193,831,094
Nonresident	8,145,900	12,354,217	9,628,887	9,499,544	207,838,250	27,451,172	489,244,707	78,583,963	25,541,687	44,325,655	912,613,982

USER-DEFINED ASSUMPTIONS

2017-18 Tuition Rate Increase Assumptions

(Rate Increase per FTE)

	ASU	CMU	MSU	WSCU	CSU Ft. Collins	CSU Pueblo	Ft. Lewis	CU	Mines	UNC	CCCOES
Resident	7.0%	6.0%	7.0%	6.0%	5.0%	6.0%	6.0%	5.0%	3.0%	7.0%	7.7%
Nonresident	5.0%	6.0%	0.0%	5.0%	2.5%	6.0%	5.0%	4.0%	3.5%	2.5%	5.0%

2016-17 Tuition Revenue Base Institutions Choose Legislative Council or the institutions' tuition forecast.

2017-18 Enrollment Assumptions per FTE Grow tuition while accounting for prior year enrollment (per FTE) based on the Institutions forecast, or assume flat enrollment growth (Flat).

TUITION ASSUMPTIONS

2016-17 Tuition Revenue	ASU	CMU	MSU	WSCU	CSU	Ft. Lewis	CU	Mines	UNC	CCCOES	Total
Resident	11,733,100	52,667,980	97,601,340	8,816,480	223,972,414	10,613,894	455,532,677	50,813,000	63,163,287	218,916,922	1,193,831,094
Nonresident	8,145,900	12,354,217	9,628,887	9,499,544	207,838,250	27,451,172	489,244,707	78,583,963	25,541,687	44,325,655	912,613,982
2017-18 Tuition Revenue	ASU	CMU	MSU	WSCU	CSU	Ft. Lewis	CU	Mines	UNC	CCCOES	Total
Resident	12,562,180	56,381,620	104,433,434	9,345,469	234,911,503	11,250,728	487,650,324	52,111,798	69,968,705	234,315,561	1,272,931,321
Nonresident	8,550,270	13,356,394	9,628,887	9,974,521	222,974,291	28,823,731	523,425,744	86,304,295	29,522,771	46,333,537	978,894,440

Model Results

Request (same order)

Governing Board	FY 2016-17	FY 2017-18	Percent Change from Prior Year	Change in \$
Adams	14,076,360	\$14,259,964	1.30%	183,604
Mesa	24,280,729	\$25,951,161	6.88%	1,670,432
Mines	20,639,050	\$21,484,706	4.10%	845,656
CSU	134,518,307	\$138,410,526	2.89%	3,892,219
CCCS	153,255,147	\$153,634,215	0.25%	379,068
Ft. Lewis	11,481,200	\$11,784,938	2.65%	303,738
Metro	51,415,001	\$51,626,603	0.41%	211,602
CU	186,432,686	\$194,218,227	4.18%	7,785,541
UNC	39,038,234	\$39,522,408	1.2%	484,174
Western	11,534,927	\$11,821,896	2.49%	286,969
				-
CMC	7,143,039	\$7,319,484	2.47%	176,445
AIMS	8,446,176	\$8,654,810	2.47%	208,634
ATC	9,971,721	\$10,218,039	2.47%	246,318
Total	672,232,577	688,906,977	2.4805%	16,674,400

Flat Funding Scenario

Governing Board	FY 2016-17	FY 2017-18	Percent Change from Prior Year	Change in \$
Adams	14,076,360	\$13,977,835	-0.70%	(98,525)
Mesa	24,280,729	\$25,325,584	4.30%	1,044,855
Mines	20,639,050	\$20,960,770	1.56%	321,720
CSU	134,518,307	\$135,010,859	0.37%	492,552
CCCS	153,255,147	\$149,879,426	-2.20%	(3,375,721)
Ft. Lewis	11,481,200	\$11,520,557	0.34%	39,357
Metro	51,415,001	\$50,361,456	-2.05%	(1,053,545)
CU	186,432,686	\$189,400,750	1.59%	2,968,064
UNC	39,038,234	\$38,681,692	-0.9%	(356,542)
Western	11,534,927	\$11,552,712	0.15%	17,785
				-
CMC	7,143,039	\$7,143,039	0.00%	-
AIMS	8,446,176	\$8,446,176	0.00%	-
ATC	9,971,721	\$9,971,721	0.00%	-
Total	672,232,577	672,232,577	0.0000%	-

Other Options

The following options use the same total dollars as the request but allocate it differently.

Option with increase for stipend by \$3

FY 2017-18 Funding Model Allocation and Change from FY 2016-17 EXCLUDING Specialty Education						
	FY 16-17 Approps (COF and FFS)	Total From COF Stipend	Total From Role & Mission	Total from Performance	Total From Model (Pre Guardrails)	% Change from Prior Year (Pre Guardrails)
Adams	\$14,076,360	\$2,939,390	\$8,558,524	\$2,669,159	\$14,167,073	0.6%
Western	\$11,534,927	\$3,216,680	\$6,828,477	\$1,789,281	\$11,834,438	2.6%
Ft. Lewis	\$11,481,200	\$4,081,800	\$5,284,097	\$2,388,607	\$11,754,505	2.4%
Mines	\$20,639,050	\$6,567,954	\$10,037,803	\$4,655,513	\$21,261,270	3.0%
CU System	\$123,835,765	\$67,393,105	\$33,126,340	\$28,499,160	\$129,018,605	4.2%
CSU System	\$80,703,936	\$45,799,784	\$20,978,066	\$16,223,441	\$83,001,291	2.8%
UNC	\$39,038,234	\$16,080,123	\$16,272,641	\$7,003,508	\$39,356,272	0.8%
Mesa	\$24,280,729	\$15,216,685	\$6,398,716	\$4,459,255	\$26,074,656	7.4%
Metro	\$51,415,001	\$33,181,540	\$8,620,760	\$9,930,707	\$51,733,007	0.6%
Community College System	\$153,168,187	\$108,130,569	\$26,423,700	\$20,572,620	\$155,126,890	1.3%
TOTAL	\$530,173,389	\$302,607,631	\$142,529,124	\$98,191,250	\$543,328,005	2.48%

Option for increase to Pell enrollment to 15%

FY 2017-18 Funding Model Allocation and Change from FY 2016-17 EXCLUDING Specialty Education						
	FY 16-17 Approps (COF and FFS)	Total From COF Stipend	Total From Role & Mission	Total from Performance	Total From Model (Pre Guardrails)	% Change from Prior Year (Pre Guardrails)
Adams	\$14,076,360	\$2,829,163	\$8,642,620	\$2,787,156	\$14,258,939	1.3%
Western	\$11,534,927	\$3,096,055	\$6,873,310	\$1,852,074	\$11,821,438	2.5%
Ft. Lewis	\$11,481,200	\$3,928,733	\$5,339,569	\$2,494,236	\$11,762,538	2.5%
Mines	\$20,639,050	\$6,321,656	\$10,103,302	\$4,922,276	\$21,347,235	3.4%
CU System	\$123,835,765	\$64,865,863	\$34,087,709	\$30,552,377	\$129,505,949	4.6%
CSU System	\$80,703,936	\$44,082,292	\$21,531,462	\$17,359,426	\$82,973,179	2.8%
UNC	\$39,038,234	\$15,477,118	\$16,527,630	\$7,447,313	\$39,452,062	1.1%
Mesa	\$24,280,729	\$14,646,059	\$6,678,531	\$4,723,497	\$26,048,087	7.3%
Metro	\$51,415,001	\$31,937,232	\$9,240,210	\$10,598,783	\$51,776,225	0.7%
Community College System	\$153,168,187	\$104,075,673	\$28,257,729	\$22,048,952	\$154,382,353	0.8%
TOTAL	\$530,173,389	\$291,259,845	\$147,282,071	\$104,786,090	\$543,328,005	2.48%

Option with increase for Pell enrollment to 15% AND increase bump for Pell completion to 1.0

FY 2017-18 Funding Model Allocation and Change from FY 2016-17 EXCLUDING Specialty Education						
	FY 16-17 Approps (COF and FFS)	Total From COF Stipend	Total From Role & Mission	Total from Performance	Total From Model (Pre Guardrails)	% Change from Prior Year (Pre Guardrails)
Adams	\$14,076,360	\$2,829,163	\$8,642,620	\$2,813,987	\$14,285,770	1.5%
Western	\$11,534,927	\$3,096,055	\$6,873,310	\$1,871,966	\$11,841,330	2.7%
Ft. Lewis	\$11,481,200	\$3,928,733	\$5,339,569	\$2,537,712	\$11,806,014	2.8%
Mines	\$20,639,050	\$6,321,656	\$10,103,302	\$4,789,361	\$21,214,320	2.8%
CU System	\$123,835,765	\$64,865,863	\$34,087,709	\$29,884,473	\$128,838,045	4.0%
CSU System	\$80,703,936	\$44,082,292	\$21,531,462	\$17,266,735	\$82,880,489	2.7%
UNC	\$39,038,234	\$15,477,118	\$16,527,630	\$7,375,230	\$39,379,979	0.9%
Mesa	\$24,280,729	\$14,646,059	\$6,678,531	\$4,823,727	\$26,148,317	7.7%
Metro	\$51,415,001	\$31,937,232	\$9,240,210	\$11,045,716	\$52,223,158	1.6%
Community College System	\$153,168,187	\$104,075,673	\$28,257,729	\$22,377,181	\$154,710,583	1.0%
TOTAL	\$530,173,389	\$291,259,845	\$147,282,071	\$104,786,090	\$543,328,005	2.48%

MEMORANDUM



JOINT BUDGET COMMITTEE

TO Joint Budget Committee
FROM Amanda Bickel, JBC Staff
DATE March 7, 2017
SUBJECT Open Educational Resources Bill Recommendation

SUMMARY

During the staff December 2016 higher education briefing, staff recommended that the JBC sponsor a bill to promote the adoption of Open Educational Resources (OER) and Open Access (OA) scholarly materials in the State. The goal of OER is to save students in higher education considerable sums of money, among other potential benefits. The goal of OA publishing is to expand access to scholarly work for other scholars and the public as a whole by eliminating “paywall” barriers. **Based on work with stakeholders, discussed below, staff now believes that the bill should focus solely on OER.**

The JBC expressed interest in this issue and requested that staff return with additional information on costs and benefits. The information below is related specifically to OER (materials targeted at students), since this is the arena in which savings and impacts on Colorado students are clear. Staff has also met with stakeholders to further explore the issue. Staff’s revised recommendation:

- Sponsor a bill to create a new **Open Educational Resources Council** to provide guidance on promoting the development and adoption of Open Educational Resources at state institutions. This Council would focus specifically on developing and promoting the use of free instruction materials for the benefit of Colorado students. For FY 2017-18, staff anticipates modest costs (\$50,000-\$100,000) to survey state needs and establish a framework for moving the issue forward. Staff anticipates that this will position the state to structure an effective grant program to promote use of OER in FY 2018-19.
- Option: Submit a Request for Information (RFI) to the Department of Higher Education requesting that meetings be convened with the 4-year institutions to (a) review the current status of efforts to promote open access publication of scholarly materials; (b) identify how to best promote open access publication of scholarly materials and (c) develop ways to move this forward in a more coordinated manner among any participating institutions. *Staff has included some draft language below for the Committee’s consideration if members are interested. However, staff also believes that CCHE and the institutions could be left to work on the research publications issue themselves, given the General Assembly’s limited involvement in funding research.*

COSTS AND BENEFITS OF AN OER INITIATIVE

The current staff recommendation is to create an OER Council that would provide recommendations for additional legislation and initiatives to be adopted during the 2018 legislative session. Staff would expect a cost in the \$50,000-\$100,000 range for FY 2017-18. However, depending upon Council recommendations, staff would expect a budget in the \$1,000,000 range for

legislation adopted in 2018. Costs and benefits described below focus on the potential future costs and benefits, rather than initial planning costs.

The savings/benefit side of the equation seems clear:

- The cost of materials assumed for students at Colorado public institutions (in financial aid cost of attendance calculations) is \$1,800 per year or \$180 per 3 credit course. This estimate may be high. However, the National Association of College Stores reported average FY 2014-15 textbook spending of \$563 across all students and \$1,019 for first year students.¹ This is in line with figures reported by some Colorado institutions and a Utah study described below. Tuition and fees for a full-time community college student (resident) in Colorado in FY 2016-17 averages \$4,547. Thus, *assuming \$1,019 in textbook costs for a first year student, the additional cost of materials may thus add over 22 percent to a community college student's tuition and fees.*
- Research conducted at institutions offering OER courses confirm significant savings. For example, a study conducted by Brigham Young University at Utah community colleges examined the specific costs of textbooks for course sections that were not OER versus those sections that were in OER. The study spanned eight community colleges comparing 2,642 students enrolled in course sections designated as OER and 9,767 students in comparable course sections that used traditional textbooks. The study found savings per student per course of \$90.61 on average, with the savings amount ranging from \$148.28 for a biology fundamentals course to \$39.74 for a developmental reading course.²
- Significantly, **a number of studies have found that many students do not buy textbooks and other course materials due to cost.** A 2012 Florida Virtual Campus study of over 20,000 Florida state college and university students found that more than 64 percent of respondents had not purchased a textbook due to cost. Seventeen percent of respondents said that, as a result they had failed a course. Nearly half of students also reported taking fewer courses due to text book costs, 27 percent reported dropping a course, and 21 percent reported withdrawing from a course due to textbook costs. University of Colorado staff report that they have also found evidence that lower income students may not purchase required materials, leading to significant negative educational impacts.
- In addition to these quantifiable benefits, many of those involved in OER believe that OER may improve educational quality. This is particularly true when it requires faculty to engage more thoughtfully with course materials than if reliant on a pre-packaged textbook.
- California and institutions in other states are experimenting with entire courses, sections, and even degrees that are branded as \$0 textbook costs.

The cost side of the equation is less clear, but indications are hopeful:

¹ As reported by the California Legislative Analyst's Office, "The FY 2016-17 Budget: Assessing the Governor's Zero-Textbook-Cost Proposal", March 14, 2016. <http://www.lao.ca.gov/reports/2016/3392/zero-textbook-cost-031416.pdf>

² Hilton III, J., Robinson, J., Wiley D., and Ackerman, J., "Cost-savings Achieved in Two Semesters Through the Adoption of Open Educational Resources," *International Review of Research in Open and Distributed Learning*, April 2014. <http://www.irrodl.org/index.php/irrodl/article/view/1700/2833>

- The core question: How much must be spent per course or course section (and thus per student) to support a faculty member to either develop or adopt OER resources? Staff does not know what the recommended OER Council will propose with respect to particular initiatives, the related costs, and how many students will be affected by any dollars spent. Thus it's not yet possible to say with certainty what the program's costs would be.
- There are already a wide array of OER textbooks and other materials available for lower division courses on a large number of platforms. See for example, Openstax.org and Merlot.org, among many others. Thus, **staff believes that much of the work required to bring OER into wider adoption may involve educating, incentivizing, and assisting faculty in identifying and adopting OER materials for their courses, rather than developing new materials.** The State may have an important role to play in assisting faculty by identifying materials that align with the State's requirements for gtPathways courses, e.g., through a central website or portal. However, it's not yet clear to what extent the State would need to develop new materials or digitally store them, given the magnitude of existing resources. *This is a key question for a new OER Council to explore.*
- **Staff has a suggested \$1.0 million as the potential future-year cost of a grant program to promote adoption of OER.** Staff believes this is a reasonable scale in light of costs and activities in other states. For example, California has been on the forefront of OER initiatives. One of its recent initiatives set aside \$3.0 million for grant funding to promote OER at public institutions.³ That program offers \$50,000 per campus based on development of and support for a campus-level plan to provide OER materials for students. The grant provides \$1,000 per course or section in which: (1) open educational resources are adopted; and (2) cost savings for the section are greater than 30 percent, calculated as the number of students enrolled in the section multiplied by the per-student decrease in the cost of books and supplies. By staff's rough calculation, **California's grant program would assure that the state expenditure is no less than the saving per student in the first year the course is offered** (\$100 per course for materials x 30% savings x 35 students = \$1,050). **Staff anticipates that in many cases savings would be higher, and student savings would continue in future years** if the course continues to be offered, while state grant costs for the course would not.
- Staff believes a key function of this initiative would be to spread the word about OER and OER resources widely enough among faculty that they begin to use these resources themselves, even without specific incentive or support funding from the State. If an institution hits this "tipping point", there will be far more beneficiaries and benefits than expenditures.

BACKGROUND

"Open educational resources" (OER), as defined in California legislation, are high-quality teaching, learning, and research resources that reside in the public domain or have been released under an intellectual property license that permits their free use and repurposing by others, and may include other resources that are legally available and

³ http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201520160AB798

free of cost to students. This may include full courses, course materials, modules, textbooks, faculty-created content, streaming videos, tests, software, and any other tools, materials, or techniques used to support access to knowledge.⁴

“Open access” (OA) publishing of scholarly material, makes scholarly articles, academic publications, and related data freely accessible online with the goal of promoting the exchange of ideas and knowledge. Like OER materials, such materials are licensed under a legal intellectual property framework that allows their free use and dissemination.

During staff’s December 2016 higher education briefing, staff recommended that the JBC sponsor a bill to promote the adoption of OER and OA scholarly materials in the State. Recommendations included: creation of an open access educational council, creation of a grant program to promote development, organization, and use of open educational resources for students, and potentially requiring all scholarly publications by faculty at state institutions be made freely available after a no more than 12 month embargo.

During budget hearings, higher education institutions and the Department of Higher Education generally expressed support for an initiative to promote OER, including a grant program. Support for state involvement in OA scholarly publishing was less clear.

With the assistance of the Department, staff convened an initial meeting with stakeholders, including representatives of the Department, the institutions, and the state librarian to further flesh out the level of institutional interest and appropriate next steps. **Based on the meeting, there appears to be a high level of interest in moving forward.**

Based on this initial meeting, staff also believes that the development and promotion of OER for the benefit of students is largely a different task from promotion of OA publishing of scholarly materials. While staff believes both are important, the OER issue has more immediate relevance to the JBC and the General Assembly given potentially very significant cost savings for students. Thus, staff now recommends:

- a bill to create a council focused on promoting OER.
- If desired, an RFI to explore whether and how to promote OA publishing. Alternatively, CCHE and the institutions could work on the OA publishing issue themselves, without formal reporting to the JBC.

DETAILED BILL RECOMMENDATION:

Create an **Open Educational Resource Council** with the following mission:

To expand access to and use of free open educational resources to lower the cost of attendance, increase learning, and promote equal access to course

⁴ CU librarians have suggested that Colorado might wish to modify this definition, but staff believes this is a reasonable starting point.

materials for students attending Colorado public higher education institutions.

The proposed membership of the Council:

- 10 professionals from the governing boards (suggested: 4 faculty, 3 library professionals, 1 instructional design professional, 1 IT professional, and 1 administrator);
- The Executive Director of the Department of Higher Education or her designee;
- The Commissioner of Education or her designee;
- The State Librarian or his designee;
- Possibly - 1-2 K-12 library professionals;
- Possibly - 1 student from the governing boards.

The duties of the OER Council should be as follows:

- Facilitate a contracted “environmental scan” and gap analysis of OER in Colorado that explores the current uptake, options for, and obstacles to further adoption of OER at each Colorado institution of higher education. This review will be completed no later than November 1, 2017.
- Based on the results of the environmental scan, recommend initiatives that would be most likely to result in cost savings and other educational benefits for students at state institutions of higher education, including students enrolled concurrently in high school and college. These initiatives may include, but need not be limited to:
 - Identifying OER course materials associated with Colorado GtPathways and Career and Technical Education core competencies and creating a centralized website or other mechanism to identify, provide access, and, if necessary, store these materials for use by faculty throughout the State. This may include:
 - Identifying which courses/core competencies and materials should be the initial focus of such an initiative, taking into consideration the frequency of use/potential demand for such materials, including the extent of use in concurrent enrollment courses and, potentially, cost of associated materials.
 - Establishing standard legal copyright and licensing requirements.
 - Developing standards for materials, including expectations for peer review, confirming permission for deposit/use, and maintaining currency of materials.
 - Determining the best mechanism for making approved OER materials accessible for faculty and students and ensuring they are effectively shared among institutions, either through connections to institutions’ individual libraries and other established course-sharing means, or through a statewide mechanism such as the Colorado Virtual Library.

- Developing a grant program to promote adoption and use of OER on a regional or statewide basis. This may include, but need not be limited to: (a) initiatives for staff development and training and technology support; (b) faculty incentives specifically tied to implementation and use of OER; (c) efforts to launch and brand entire courses or sections of courses as free-materials/OER courses; and (d) incentives and support to higher education libraries or in concurrent enrollment sites to build on and improve the existing infrastructure in libraries for storing, accessing, and sharing learning materials among students, faculty, or institutions.
- Identifying other strategies to leverage OER work and knowledge at one institution into the knowledge base for others, such as facilitating active sharing of materials, methods, and technology platforms, publicity, training, conferences, and professional development.
- Including recommendations on how OER initiatives recommended by the Council should be evaluated. This must include procedures for evaluating cost savings to students based on the adoption of OER materials in courses and sections and may include other evaluation components such as assessing the effectiveness of program processes and materials and the level of awareness about the program.

Detailed RFI Language – Open Access Publication of Scholarly Materials and Data

Note: The RFI below reflects suggested language if the JBC wishes more information on this topic. Alternatively, the JBC could simply allow the Department of Higher Education and the institutions to further pursue this topic on their own.

N Department of Higher Education, Colorado Commission on Higher Education -- The Department is requested to work with the 4-year institutions and the state librarian to gather information on the current status of open access publishing and data at each institution and the obstacles and opportunities for expanding open access publishing and open data. The Department, in collaboration with the institutions, is requested to submit a report by November 1, 2017, that explores:

- How important is Open Access Publishing | Open Data to faculty at the institutions right now? For example, approximately what percentage of faculty scholarly research and data (including pre-print editions) is available in, distributed through, or archived by libraries or other locations, so that other researchers and the public can legally access the data free of charge, and how does this vary by discipline?
- What provisions currently exist at each institution to support production, archiving, and dissemination of open access publications and open data? How satisfied are faculty with these provisions and the current state of and support for Open Access Publishing | Open Data?
- What steps might lead to greater participation? If there were an expansion of support for or access to Open Access Publishing | Open Data at the institution/system/state level, how likely would faculty be to participate? What types of support might have an impact? Are there existing models of this approach to open educational resources in other states that can be reviewed as models for future development in Colorado?

- How can alliances among Colorado institutions and inter-state alliances be leveraged to promote open access publication/data and dissemination and use of such publications/data?
- Insofar as the state contributes to some research activities, such as cancer research at the CU Health Sciences Center and agriculture and marijuana-related research at CSU, what provisions exist, if any, for making such research freely available or freely available after a period of time?

MEMORANDUM



JOINT BUDGET COMMITTEE

TO Joint Budget Committee
FROM Amanda Bickel, JBC Staff
DATE March 7, 2017
SUBJECT Higher Education Performance Contracting and Funding Bill Options

In January of this year, the Committee expressed interest in sponsoring a bill to clean up higher education performance funding statutes. This was prompted by concerns raised by President Foster of Colorado Mesa University, and reiterated by some other institutions, that institutions should not need to enter into detailed performance contract *negotiations* in 2017 based on the performance funding provisions of S.B. 11-052, given that the provisions of S.B. 11-052 had been largely superseded by the new funding formula created in H.B. 14-1319.

Staff had several meetings with the Department of Higher Education and has since had conversations with a number of the governing boards. Two versions of a potential bill have been drafted to-date. However, **based on preliminary feedback from institutions, staff now believes it may be worth drafting a third bill. Before OLLS starts work on this, staff would like guidance from the JBC on how it would like to proceed.**

At a minimum, **there is agreement among the institutions, the Department, and staff that Section 23-1-108 (1.9), C.R.S., concerning performance funding based on institutional performance contracts should be repealed.** The “trigger” for implementing this funding could potentially be hit next year, driving significant workload and greatly adding to the complexity of the funding model.

However, other provisions are still being discussed. There are currently three bill options that the Committee could consider:

- 1 **Eliminate performance funding but retain performance contracting**, relying primarily on H.B. 14-1319 measures for performance reporting. (Department proposal) Specifically, maintain the current system of performance contracting but modify the language so that the institutions merely affirm their commitment to master plan goals and receive funding based on the H.B. 14-1319 funding model. This would keep in place the Department’s ability to waive various statutory provisions for institutions with performance contracts and, depending upon the bill draft, could potentially eliminate any ongoing performance reporting other than H.B. 14-1319.

Staff believes that this should only be considered if such a bill also: (1) narrows CCHE’s ability to waive statute for governing boards with performance contracts (currently very broad authority); and (2) ensures ongoing capacity for CCHE to report to the General Assembly on master plan performance, including performance items that are not currently in the H.B. 14-1319 funding model.

- 2 **Eliminate performance funding; suspend performance reporting and negotiation; and ask for a report.** (Staff proposal if agreement cannot be reached on #1 or #3) This proposal would suspend through FY 2017-18 performance negotiations and performance reporting, limiting this to H.B. 14-1319

funding requirements; and request a report on whether the entire performance “contracting” concept should continue, including provisions related to the Department’s ability to waive various statutes.

A draft of this proposal was circulated to the institutions. Staff understands that they expressed preference for the Department’s version of Option #1—but it is not clear to staff whether they would support a version with the adjustments recommended by staff, since staff only recently circulated this version.

- 3 **Eliminate performance funding and performance contracting.** (Alternative now being supported by some institutions) Because there has not yet been an official bill draft on this option, the Department indicates that it has an open mind on this proposal but would need to consider the details of a draft.

Staff could support this option (and believes it makes more sense than Option #1) with the idea that such a bill would also: (1) strike from statute (or allow CCHE to waive without a performance contract) the three statutory provisions currently waived by CCHE; (2) eliminate CCHE’s overly-broad authority to waive all of article 1 of Title 23; and (3) ensure ongoing capacity for CCHE to report to the General Assembly on master plan performance, including performance of individual institutions.

HISTORY OF PERFORMANCE CONTRACTING AND FUNDING

There have been multiple rounds of significant statutory changes related to performance reporting or performance funding since 2004. There are also significant performance-related statutory provisions dating to the 1980s and 1990s, some of which are still extant.

S.B. 04-189 (COF): In 2004, the General Assembly adopted S.B. 04-189 to create the College Opportunity Fund program and establish the system of student stipends (payments per eligible resident undergraduate). As part of this bill, the General Assembly authorized the Department of Higher Education to negotiate performance contracts with both private governing boards receiving COF and all of the public governing boards. Provisions that are still on the books at 23-5-129, C.R.S. include:

- The negotiated performance contract goals must be be “measurable and tailored to the role of each institution...” A large number of goals and measures “may” be incorporated in performance contracts, including many items that remain of interest to the General Assembly, e.g., comparative cost and productivity data and student performance after graduation. (23-5-129 (2) (c), C.R.S.)
- “A state institution of higher education’s compliance with the goals specified in the performance **contract may be in lieu of the requirements of article 1 of this title [23]...**” This provision effectively authorizes CCHE to waive enormous sections of statute (over 50 pages) concerning CCHE’s responsibilities, including many statutory sections that have been added since 2004. In practice and at present, only a few sections of statute have actually been waived or partially waived as part of performance contracts, but this statutory provision allows for far more. (23-5-129 (2) (a), C.R.S.) The bill also specified that while operating under a performance contract, governing boards would not need to obtain permission from CCHE to modify academic and vocational programs so long as their programs remain consistent with the institution’s statutory role and mission.
- Beginning January 2006 and each January thereafter, data collected and used to measure a state or private institution of higher education’s progress toward the goals set forth in the institution’s performance contract...shall be made available to [members of the education committees and the JBC] and to other members of the General Assembly and...the public on request.” (23-5-129 (5) (b), C.R.S.)

- S.B. 04-189 also allowed CCHE to waive the provisions of article 13 of title 23, concerning an earlier quality indicator reporting system dating to 1996. (Article 13 was subsequently repealed in S.B. 11-052.)

S.B. 10-003 (HIGHER EDUCATION FLEXIBILITY) AND S.B. 11-052 (GOALS FOR HIGHER ED. SYSTEM): Among other provisions:

- Required CCHE to develop a higher education master plan to be implemented through the performance contracts created in 23-5-129. (23-1-108 (1.5), C.R.S.)
- **Added a performance funding component to allocate a portion of funding based on the performance contracts, once state General Fund support for the higher education institutions was above \$706 million.** The amount to be awarded is 25 percent of any funding amount above \$650 million. The performance funding is based on the performance measures outlined pursuant to the master plan and the performance contracts authorized in 23-5-129. (23-1-108 (1.9), C.R.S.) This provision was later amended so that it would not take effect before FY 2017-18.
- Repealed article 13 of title 23 (the old quality indicator system).

H.B. 14-1319 (HIGHER EDUCATION OUTCOMES FUNDING): Established the current system for allocating funding among the higher education governing boards. Among other provisions:

- Required that a portion of funding be allocated based completions (number of degrees awarded/transfer out), retention of students at the institution, and optional other performance measures (degrees awarded per 100 SFTE is a current additional measure). At present, these measures represent about 15 percent of total funding allocated to governing boards. (23-18-303, C.R.S.)
- Specified that **notwithstanding other provisions, in a fiscal year in which the provisions of 23-1-108 (1.9) apply** (the old performance funding system established under S.B. 11-052), **funding will be allocated under that system**, in addition to amounts funded through the rest of the H.B. 14-1319 formula (23-18-305 (4), C.R.S.)

CURRENT STATUS OF PERFORMANCE CONTRACTING

- The Department has established performance contracts with each of the higher education governing boards. These contracts include:
 - Detailed provisions that were negotiated with each of the governing boards regarding how they would contribute to state master plan goals. These vary by governing board.
 - Provisions indicating which statutes and Commission policies are waived as a result of the governing board entering into a performance contract. (23-1-105.5, 106, and 107 and related Commission policies). The contracts are found at the following site: <http://higher.ed.colorado.gov/Academics/PerformanceContracts/>
- Performance results pursuant to the contracts are still not clear. The Department has attempted to compile data on institutional performance based on the detailed measures in each contract. However, staff's understanding is that this has been an extremely difficult and time consuming exercise, and no formal report has been submitted to the General Assembly regarding the governing boards' performance (despite provisions of 23-5-129 (5) (b) that seem to require such reporting each January).
- Department reporting is now focused on H.B. 14-1319 measures, since these relate directly to institutional funding.

STAFF, DEPARTMENT, AND INSTITUTIONAL AGREEMENT/ AREAS OF DISCUSSION

- All parties agree that Section 23-1-108 (1.9) concerning the old performance funding system should be repealed.
- After consulting with various parties, the Department proposed a bill version designed to retain current statutes related to performance contracting, but to modify them so that the only performance measures and reporting are those items funded through H.B. 14-1319. The Department's goal was to address institutional concerns about negotiating performance contracts without changing provisions that allow statutes to be waived for governing boards that have a performance contract.
- Staff was concerned that: (1) the Department's bill draft might effectively limit future reporting on performance other than the H.B. 14-1319 measures; and (2) CCHE's ability to waive large amounts of statute is too broad and not sufficiently transparent to members of the General Assembly. Staff worked with OLLS to draft a bill that incorporated the Department's proposal and staff modifications. The staff modifications specified that CCHE could waive the specific statutory provisions currently waived (and made this more transparent), but eliminated CCHE's broader authority to waive any statute in article 1 of title 23.
- The Department objected to the staff modifications, leading staff to develop another draft that: eliminated performance funding, temporarily suspended performance reporting requirements, and required a report on how performance contracting should be addressed. This was circulated to the institutions.
- Most institutions disliked the option circulated by staff, and, over the last week, staff has heard that a number of institutions would like a full repeal of performance contracting.
- The Department has indicated that it would consider this, although it has some concerns about complexity/unintended consequences and would like its new executive director to be able to weigh in.

RECOMMENDATION

- **Staff recommends preparing another bill draft to entirely repeal performance contracting. This will provide something concrete for all parties to consider.** It is possible that a draft can be developed that would satisfy staff, the Department, and the institutions. However, *staff does not know if any JBC members—or members of the Education Committee—are wedded to the idea of performance “contracting.”* If legislators are interested in retaining performance contracting, it may not be worthwhile to draft another bill.
- **If there's not adequate support for another alternative, staff would recommend some version of Option 2, i.e., do this as a two-step process, avoiding onerous negotiations and performance reporting in the near-term, while allowing members of the General Assembly and the Department and its new director to consider how to proceed moving forward.**

Given uncertainty about the institutions' current preference and the Committee's direction, staff has not attached bill drafts to this memo. However, early drafts have been circulated to the institutions, and staff will provide these to the Committee if the Committee is interested.

MEMORANDUM



JOINT BUDGET COMMITTEE

TO Joint Budget Committee
FROM Amanda Bickel, JBC Staff
DATE March 7, 2017 (**revised** 7/17/2017)
SUBJECT Update on Transfer-related Issues

Note: the survey results summary in this document has been updated to incorporate additional institutional responses and for technical corrections.

SUMMARY

Staff has provided the final results of staff's transfer study, based on data received through the end of December 2016. Consistent with the preliminary analysis outlined during the budget briefing:

- Total amounts of credits lost are disturbing: an average of one semester of credits for students transferring to 4-year institutions and one year of credit for students transferring to 2-year institutions.
- However, the vast majority of the lost credit appears to be related to student decisions to change majors/focus of study.
- While staff continues to believe that there is significant room for improvement to make transfer smoother and easier and limit credit loss, staff does not believe there are obvious legislative "fixes" to the problem. Fixing transfer primarily requires long-term, detailed efforts at the institutional and statewide administrative levels.
- There are issues on which legislative changes could be considered, however, some would be contentious, and none are likely to deliver obvious near-term savings. Thus, staff is not recommending that the Committee carry a related bill at this time.
- Staff believes it is important for the General Assembly to continue to pressure institutions and CCHE to continue to make progress on this issue, so staff does recommend an RFI asking the Department to report progress on some of the issues raised by staff. The Department indicated interest in working on these issues in its hearing response.

SURVEY RESULTS

As reviewed in staff's budget briefing:

- 22,759 students transferred into Colorado public four-year institutions in FY 2014-15. Transfer students comprise about one-third of all new students entering public 4-year institutions.
- National data indicate that thirty-five percent of beginning first-time undergraduates transfer, and, on average, students lose 13 credits in their first transfer.

The records survey requested by staff (100 student records surveyed at each of the 4-year institutions and most 2-years) confirms significant credit loss. Figures below have been updated from those presented in December.

- **Students who transfer to or among Colorado public institutions lose large numbers of credits.**¹ Based on transcript reviews, covering 1,172 transfer students at 4-year institutions and 858 transfer students at 2-year institutions:

¹ This excludes credits lost because grades were too low (D, F or withdrawn) or a course was repeated.

- **70 percent of students transferring to a 2-year institution lost credits, with an average credit loss of 25.5 credits for those students** (almost a full year of work).
- **42 percent of students transferring to a 4-year institution lost credits, with an average credit loss of 16.3 credits for those students** (a full semester of work). There are significant differences among the institutions.

4 YEAR INSTITUTION RESULTS	
Total number of credits lost (1,172 student records reviewed)	8,064
Number of students losing credits	494
Percentage of students losing credits	42.2%
Avg. credits lost/not transferred per affected student	16.3
Avg. credits successfully transferred per student (99% of all transfer students sampled transferred credit)	49.0

4 YEAR INSTITUTIONS - DISTRIBUTION OF CREDITS LOST AMONG AFFECTED STUDENTS	
Percentage of students losing credits who lost:	
0-6 credits	46%
7-14 credits	25%
15-30 credits	13%
31-50 credits	10%
More than 50 credits	7%

As shown below, there's considerable variation among the institutions with respect to credit loss.

Average Credit loss by 4 Year Institution												
	UCB	CSU	CSU-P	MSU	UCCS	WSCU	UNC	Mines	UCD	ASU	CMC	CMU
Avg. credit loss	11.5	9.3	18.7	10.2	15.3	17.1	14.0	23.1	11.2	31.2	19.9	22.9
% transfer students losing credit	72.0%	44.0%	60.0%	27.0%	44.0%	16.8%	32.0%	84.5%	57.0%	30.0%	37.0%	14.0%

Source: Sample of 100 transcripts pulled by each institution.

2 YEAR INSTITUTION RESULTS	
Total number of credits lost (858 student records reviewed)	15,406
Number of students losing credits	603
Percentage of students losing credits	70.3%
Avg. credits lost/not transferred per affected student	25.5
Avg. credits successfully transferred per student (83% of all transfer students sampled transferred credit)	14.3

2 YEAR INSTITUTIONS - DISTRIBUTION OF CREDITS LOST AMONG AFFECTED STUDENTS	
Percentage of students losing credits who lost:	
0-6 credits	27%
7-14 credits	22%
15-30 credits	22%
31-50 credits	14%
More than 50 credits	15%

Consistent with staff's preliminary findings:

- Although the numbers are shocking, the majority of credit loss appears to reflect student decisions to change degree path or (for students at community college) to return for retraining.
- In some cases, better counseling might help avoid credit loss.
- In other cases, credit loss may reflect overly-rigid degree requirements and bureaucratic barriers that institutions must continue to work to address.

RECOMMENDED RFI

N Department of Higher Education, Colorado Commission on Higher Education – The Department is requested to continue to work with the governing boards and institutions of higher education to improve the transferability of credits among state institutions and the applicability of these credits to degrees, thereby speeding time-to-degree and reducing costs for obtaining a degree. The Department is requested to provide a written update to the Joint Budget Committee, by November 1, 2017, on its progress on transfer-related issues covered in the December 2016 JBC staff budget briefing and Department January 2017 hearing responses, including:

- Establishing a page on the DHE website that points to the electronic databases and tools that most 4-year institutions are already using to show how credits from other institutions transfer to degree requirements;
- Ensuring that institutions post notice of how to file a complaint with the Department at a prominent location on their transfer-related websites;
- Exploring how to maximize the number of career and technical education credits that can be counted toward academic degree requirements both in the institution where the student is taking the course and in institutions to which they might transfer, e.g., through cross-listing some CTE courses with academic courses and adding them to “gtPathways”;
- Developing/strengthening degree pathways (state-designated for transfer and within institutions) to facilitate graduation for students through simpler, broader degree requirements; and
- Determining if there are additional steps that could expand the number of lower division courses automatically transferrable across institutions, including concurrent enrollment courses and courses that are not gtPathways.

The report should identify initiatives the Department is pursuing that it believes can significantly improve efficiency-to-degree and any Department recommendations for legislation to support such initiatives.

LEGISLATION OPTIONS

- The Department indicated in its hearing responses that it might be helpful if the General Assembly wished to establish a deadline for building broader pathways for transferrable two-year degrees (e.g., establishing requirements that would provide transferrable credits for an individual on a social-science track, rather than one narrowly tailored to psychology). This is likely to require a multi-year process. Staff believes this would be helpful, but it might be an issue to refer to the Education Committees
- Staff continues to believe there maybe value in ensuring all academic-content concurrent enrollment courses are gtPathways. However, staff is aware that this is potentially contentious among institutions that are operating extension courses for high school students that may not qualify as gtPathways. Last year's H.B. 16-1144 (Transparency College Courses High School Students) by Reps. J. Becker and Pettersen and Sen. Grantham took steps to ensure that families receive notice about which courses do and do not meet the requirements of the concurrent enrollment statute. Particularly in light of this, staff believes the Education Committee may be better positioned to lead further work in this area.