

**COLORADO GENERAL ASSEMBLY
JOINT BUDGET COMMITTEE**



**FY 2016-17 STAFF FIGURE SETTING COMEBACKS
DEPARTMENT OF HIGHER EDUCATION**

**JBC Working Document - Subject to Change
Staff Recommendation Does Not Represent Committee Decision**

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*JBC Staff Figure Setting Tabled and Comeback Items: FY 2016-17
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➔ Summary of JBC Action on Support for Governing Boards and Alternatives

JBC Action: No net reduction in funding; apply funding model

Governing Board	FY 15-16 Appropriation	FY 16-17 Recommendation	Percent Change from Prior Year	Recommended Reduction
Adams	\$14,121,017	\$14,076,432	-0.3%	(44,585)
Mesa	24,465,356	24,280,882	-0.8%	(184,474)
Metro	50,153,399	51,415,421	2.5%	1,262,022
Western	11,643,992	11,534,967	-0.9%	(109,025)
CSU	134,660,184	134,519,015	-0.1%	(141,169)
Ft. Lewis	11,822,422	11,481,261	-2.9%	(341,161)
CU	184,615,667	186,433,928	1.0%	1,818,261
Mines	20,547,328	20,639,206	0.4%	91,878
UNC	41,092,729	39,034,517	-5.0%	(2,058,212)
Community College System	153,549,541	153,256,006	-0.2%	(293,535)
CO Mountain College	7,143,039	7,143,039	0.0%	-
Aims Community College	8,446,176	8,446,176	0.0%	-
Area Vocational Schools	9,971,721	9,971,721	0.0%	-
Governing Board Total	672,232,571	672,232,571	0.0%	-
COF Private Stipend*	1,506,375	\$1,443,375	-4.2%	-\$63,000
Total Reduction				-\$63,000

*includes caseload reduction for private COF stipend

\$5 Million Reduction

Governing Board	FY 15-16 Appropriation	FY 16-17 Recommendation	Percent Change from Prior Year	Recommended Reduction
Adams	\$14,121,017	\$14,021,240	-0.71%	(\$99,777)
Mesa	24,465,356	24,108,941	-1.46%	(356,415)
Metro	50,153,399	50,983,536	1.66%	830,137
Western	11,643,992	11,495,409	-1.28%	(148,583)
CSU	134,660,184	133,500,378	-0.86%	(1,159,806)
Ft. Lewis	11,822,422	11,424,636	-3.36%	(397,786)
CU	184,615,667	184,973,692	0.19%	358,025
Mines	20,547,328	20,528,117	-0.09%	(19,211)
UNC	41,092,729	38,770,527	-5.65%	(2,322,202)
Community College System	153,549,541	152,064,268	-0.97%	(1,485,273)
CO Mountain College	7,143,039	7,090,002	-0.74%	(53,037)
Aims Community College	8,446,176	8,383,463	-0.74%	(62,713)
Area Vocational Schools	9,971,721	9,897,681	-0.74%	(74,040)
Governing Board Total	672,232,571	667,241,890	-0.74%	-4,990,681
COF Private Stipend	1,506,375	1,433,753	-5.07%	(72,622)
Total Reduction				(\$5,063,303)

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\$10 Million Reduction					
Governing Board	FY 15-16 Appropriation	FY 16-17 Recommendation	Percent Change from Prior Year	Recommended Reduction	
Adams	\$14,121,017	\$13,964,760	-1.11%	(\$156,257)	
Mesa	24,465,356	23,942,719	-2.14%	(522,637)	
Metro	50,153,399	50,562,023	0.81%	408,624	
Western	11,643,992	11,455,344	-1.62%	(188,648)	
CSU	134,660,184	132,448,547	-1.64%	(2,211,637)	
Ft. Lewis	11,822,422	11,366,252	-3.86%	(456,170)	
CU	184,615,667	183,451,716	-0.63%	(1,163,951)	
Mines	20,547,328	20,404,992	-0.69%	(142,336)	
UNC	41,092,729	38,522,659	-6.25%	(2,570,070)	
Community College System	153,549,541	150,950,841	-1.69%	(2,598,700)	
CO Mountain College	7,143,039	7,036,965	-1.48%	(106,074)	
Aims Community College	8,446,176	8,320,750	-1.49%	(125,426)	
Area Vocational Schools	9,971,721	9,823,641	-1.48%	(148,080)	
Governing Board Total	672,232,571	662,251,209	-1.48%	-9,981,362	
COF Private Stipend	1,506,375	1,424,130	-5.78%	(82,245)	
Total Reduction				(\$10,063,607)	

\$15 Million Reduction					
Governing Board	FY 15-16 Appropriation	FY 16-17 Recommendation	Percent Change from Prior Year	Recommended Reduction	
Adams	\$14,121,017	\$13,908,820	-1.50%	(\$212,197)	
Mesa	24,465,356	23,772,018	-2.83%	(693,338)	
Metro	50,153,399	50,131,774	-0.04%	(21,625)	
Western	11,643,992	11,415,443	-1.96%	(228,549)	
CSU	134,660,184	131,415,774	-2.41%	(3,244,410)	
Ft. Lewis	11,822,422	11,308,773	-4.34%	(513,649)	
CU	184,615,667	181,965,516	-1.44%	(2,650,151)	
Mines	20,547,328	20,289,217	-1.26%	(258,111)	
UNC	41,092,729	38,280,147	-6.84%	(2,812,582)	
Community College System	153,549,541	149,781,481	-2.45%	(3,768,060)	
CO Mountain College	7,143,039	6,983,928	-2.23%	(159,111)	
Aims Community College	8,446,176	8,258,037	-2.23%	(188,139)	
Area Vocational Schools	9,971,721	9,749,601	-2.23%	(222,120)	
Governing Board Total	672,232,571	657,260,528	-2.23%	-14,972,042	
COF Private Stipend	1,506,375	1,414,508	-6.49%	(91,867)	
Total Reduction				(\$15,063,909)	

How much General Fund would it take to cover basic inflationary increases? Based on staff's calculations, approximately \$48.5 million General Fund would be enough to cover a 2.6 percent inflationary increase on both the current resident tuition base and the General Fund base for the institutions. In theory, this could result in no tuition increase or negative

tuition for some institutions, while UNC, based on the General Fund allocation, would still require a tuition increase of up to 4.0 percent. However, *given that the institutions have argued for no difference in tuition whether they are cut \$20 million or not, staff suspects that they would still argue for significant tuition increases on top of such funding.* The Department has asserted that with an increase of over \$56 million, tuition increases of 3-4 percent should be permitted.

➔ Revised Tuition Caps and Appropriations Associated with JBC Action Associated with General Fund Support for the Governing Boards

In response to Committee action on General Fund support for the governing boards (no net General Fund reduction), staff solicited additional feedback from the governing boards on revised tuition caps. The tables below compare the original staff recommendation (with GF cuts) and the revised caps requested by the governing boards. As reflected, **the majority of governing boards request that you maintain caps at the same level whether or not you cut General Fund.** The primary exceptions are those that already expected to set tuition at a level below either the no-cut or \$20 million cut cap. However, **the community college system, Metropolitan State University of Denver, and Fort Lewis College have all indicated that providing more or less General Fund will directly impact their tuition rates.**

Institutions that argue for no change in caps whether or not there is a General Fund cut appear to be influenced by the following factors:

- **Some governing boards (particularly the large four-year institutions) are already far along in their budgeting process for FY 2016-17.** This includes making offers and packaging financial aid for students who will arrive in the fall. For their internal budgeting purposes, these institutions—including the University of Colorado, CSU Fort Collins, and UNC—have approached their tuition level as essentially fixed for FY 2016-17 and treated the General Fund portion of their budget as the piece that might shift. *All these governing boards hope is that if the General Fund amount shifts, you will support their directing funds into staff compensation and other institutional priorities.* I anticipate that these institutions will make adjustments to tuition if the General Assembly asks for them and CCHE then imposes such adjustments through rules. However, the General Assembly would be asking for significant systemic adjustments.
- These, and some other governing boards, may also feel that market forces are the most important factors constraining tuition growth. They may feel that they need significant additional revenue to meet core ongoing costs—either because enrollment and thus tuition revenue is declining or because they want to make investments related to population growth--but won't go there because of market forces. Thus, they apply budget cuts to make up the difference. Such boards generally argue they needed a higher tuition cap in a 3.0 percent General Fund cut environment than they'd originally proposed—but didn't propose it because it was unrealistic. *Thus, most institutions hope that if you restore General Fund for the higher education institutions you will allow them to use at least some of the additional moneys to invest in their operations.*

Institutions that say that the additional General Fund will affect tuition levels:

Metropolitan State University of Denver, the Community College System, and Fort Lewis College have, in contrast, indicated that they expect to change tuition levels depending upon the level of General Fund support. Thus, for these institutions the differences in the staff calculations would make a difference.

For other institutions there might be no direct impact on tuition levels this year between a \$20 million cut and flat funding.

- *These responses don't provide a compelling case for restoring the \$20.0 million General Fund.*
- *Nonetheless, staff would recommend the maximum tuition levels proposed by the institutions.*
- *In the future, staff hopes that there will be a more robust process involving CCHE that provides for a more in depth-analysis of what tuition levels are appropriate and that this will be part of the budget request submitted in November.*
- *Staff also hopes to work with CCHE to find a way to build in an approach to tuition caps that reflects a longer-term view-point—both backward and forward in time. Both institutions and students benefit from tuition adjustments that do not swing too much from year-to-year. Institutions take this into account when setting tuition. Thus, they clearly increase tuition even in years when General Fund support is relatively strong and in years when General Fund is declining. If they plan well, the increases applied when General Fund support was strong helps mitigate the scale of increases when General Fund declines. Staff believes tuition caps need to take this pattern into account to the extent feasible.*
- *Finally, staff believes that tuition policy needs to confront head-on the issue of the "tuition discount". Many institutions that propose large resident tuition increases then assume that they will "reinvest" a large portion of that amount—often 30 percent or more—in financial aid. Staff recognized the need to provide support for students with significant need, but is increasingly concerned by the tendency of all of the state institutions to implement so-called "high tuition/high aid" models. While this pricing strategy may be appropriate at private institutions, staff does not wish to see the state's public institutions move toward a model in which a 50 percent tuition discount is the norm and sticker prices mean nothing. Setting some state standards in this regard, through tuition increase assumptions, may be appropriate.*

*JBC Staff Figure Setting Tabled and Comeback Items: FY 2016-17
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JBC Action - No Net GF Cut for Governing Boards				
	Recommended implied "cap" on undergraduate resident rates (figure identified in Long Bill footnote as assumed maximum undergraduate resident student rate increase)	Any "additional flexibility" added to reach specified resident undergraduate cap	Comparison: Maximum assumed increase included in governing board's Feb 2016 assumptions or other public information	Recommended implied "cap" on nonresident rates
ASU	6%	0.0%	5%	n/a
CMU	8%	3.7%	5% - 8%	n/a
MSU*	9%	6.1%	11%	n/a
WSCU	8%	0.0%	8%	n/a
CSU**	6%	1.6%	6%	n/a
Ft. Lewis	9%	0.0%	12%	0%
CU***	5%	1.6%	5%	n/a
Mines	n/a	n/a	5%	n/a
UNC	9%	0.9%	8.4%	n/a
CCCOES	7%	1.7%	12%	n/a

* MSU proposes that, if the additional General Fund is provided, students in its "tuition window" (12-18 credit hours) will only receive an increase of 6 percent, while the increase for other students could go up as high as 9 percent. Forty-four percent of MSU students take 12-18 credit hours and thus fall within the "window".

** CSU proposes to close the "tuition window" for CSU Pueblo: currently, student costs do not increase in the range from 12-18 credits per semester; the CSU-P proposal would change this to a linear structure in which student would pay the same amount per credit hour. Staff understands that this would affect about half of CSU Pueblo's students, who would see an increases of 14-28 percent.

*** CU proposes additional increases to tuition for students at the CU Boulder Business School and College of Engineering and Applied Science, adding \$25 per credit hour (\$750 per 30 credit hours), resulting in a 12 percent increase for lower-level students and 8 percent for upper level students. In addition, the proposed increase for the school of nursing would be 5.1 percent.

Note: Staff anticipates that the CCCOES figure shown above would need to increase if the Committee takes a cut.

JBC Staff Recommendation - Includes \$20 million GF Cut to Governing Boards				
	Recommended implied "cap" on undergraduate resident rates (figure identified in Long Bill footnote as assumed maximum undergraduate resident student rate increase)	Any "additional flexibility" added to reach specified resident undergraduate cap	Comparison: Maximum assumed increase included in governing board's Feb 2016 assumptions or other public information	Recommended implied "cap" on nonresident rates
ASU	8%	0.0%	5%	n/a
CMU	8%	2.3%	5% - 8%	n/a
MSU	9%	3.9%	11%	n/a
WSCU	10%	0.0%	8%	n/a
CSU	6%	0.0%	6%	n/a
Ft. Lewis	11%	0.0%	12%	0%
CU	5%	0.2%	5%	n/a
Mines	n/a	n/a	5%	n/a
UNC	10%	0.0%	8.4%	n/a
CCCOES	7%	0.0%	12%	n/a

Note: Staff assumes that the annotations included above related to specific institutions would also be applied if the General Assembly provides for the \$20 million cut.

As discussed below, to reduce any confusion, staff has simplified the proposed tuition footnotes to eliminate some details of the calculation. However, the table below summarizes the assumptions that are included in the amounts recommended for the FY 2016-17 Long Bill with respect to weighted average tuition rates. (Note that these figures differ from "base" resident undergraduate tuition and fee figures, as tuition differentials for different programs and course levels are included.)

Calculated Weighted Average Tuition Revenue Per SFTE - Recommended Appropriations/Informational Fees (May be Lower Than Recommended Caps, Based on Gov. Board Assumptions)						
	FY 2016-17 Tuition - Residents	FY 2016-17 Tuition - Non- resident	FY 2016-17 Mandatory Fees - All students	Increase from FY 16 Weighted Tuition/ FTE - Residents	Increase from FY 16 Weighted Tuition/FTE - Non-residents	Increase Weighted Tuition + Fees/FTE - Residents
ASU	\$6,881	\$13,140	\$2,785	5.0%	5.0%	6.5%
CMU	\$8,007	\$11,632	\$779	8.0%	8.0%	7.3%
MSU	\$6,608	\$17,955	\$1,041	9.0%	8.0%	7.8%
WSCU	\$5,666	\$16,285	\$2,452	5.2%	2.8%	6.2%
CSU	\$10,657	\$26,111	\$2,408	4.8%	1.3%	4.7%
Ft. Lewis	\$6,185	\$17,380	\$1,750	8.8%	0.0%	6.6%
CU	\$11,967	\$32,143	\$1,452	4.2%	1.8%	3.9%
Mines	\$15,982	\$34,897	\$2,328	4.5%	6.3%	4.1%
UNC	\$8,496	\$18,613	\$2,089	9.0%	7.1%	10.3%
CCCOES	\$4,845	\$13,136	\$602	7.0%	5.7%	6.5%

➔ Recommended FY 2016-17 Footnotes

Staff has modified the original footnote example included in the figure setting packet to be more consistent with the 23-18-202 (3) (b), C.R.S. and to reduce any confusion.

Pursuant to Section 23-18-202 (3) (b), C.R.S.:

(a) For the state fiscal year commencing July 1, 2005, and for each state fiscal year thereafter, the general assembly shall appropriate spending authority to each governing board for the funds estimated to be received by an institution, under the direction and control of the governing board, as stipends, consistent with the provisions of [section 23-1-104...](#)

(b) (1) The tuition increases from which the general assembly derived the total cash spending authority for each governing board shall be noted in a footnote in the annual general appropriations act.

N Department of Higher Education, Governing Boards, Trustees of Adams State University -- 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 than six percent over what a student would have paid in FY 2015-16 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 based on updated enrollment estimates and tuition rate information.

N Department of Higher Education, Governing Boards, Trustees of Colorado Mesa University -- 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 than eight percent over what a student would have paid in FY 2015-16 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 based on updated enrollment estimates and tuition rate information.

N Department of Higher Education, Governing Boards, Trustees of Metropolitan State University of Denver -- 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 than nine percent over what a student would have paid in FY 2015-16 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 based on updated enrollment estimates and tuition rate information.

N Department of Higher Education, Governing Boards, Trustees of Western State Colorado University -- 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 than eight percent over what a student would have paid in FY 2015-16 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 based on updated enrollment estimates and tuition rate information.

- N Department of Higher Education, Governing Boards, Board of Governors of the Colorado State University System -- 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 than six percent over what a student would have paid in FY 2015-16 for the same credit hours and course of study, except that the increase for some students at Colorado State University at Pueblo is assumed to exceed this due to an anticipated change to a linear tuition structure for students taking between twelve and eighteen credit hours. 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 based on updated enrollment estimates and tuition rate information.
- N Department of Higher Education, Governing Boards, Trustees of Fort Lewis College -- The amount in this line item is calculated based on the assumptions that: (1) no undergraduate student with in-state classification will pay more tuition in FY 2016-17 than nine percent over what a student would have paid in FY 2015-16 for the same credit hours and course of study; and (2) no student classified as a non-resident will pay more tuition in FY 2016-17 than what such a student would have paid in FY 2015-16 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 any 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 based on updated enrollment estimates and tuition rate information.
- N Department of Higher Education, Governing Boards, Regents of the University of Colorado -- 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 than five percent over what a student would have paid in FY 2015-16 for the same credit hours and course of study, except that: (1) tuition for undergraduate students with in state classification at the University of Colorado Denver who are enrolled in the School of Engineering and Applied Sciences or the Business School is assumed to increase by up to 12.0 percent; and tuition for students enrolled in the College of Nursing at the University of Colorado Health Sciences Center is assumed to increase by up to 5.1 percent . 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 based on updated enrollment estimates and tuition rate information.
- N 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 based on updated enrollment estimates and tuition rate information.

N Department of Higher Education, Governing Boards, University of Northern Colorado -- 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 than nine percent over what a student would have paid in FY 2015-16 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 based on updated enrollment estimates and tuition rate information.

N Department of Higher Education, Governing Boards, University of Northern Colorado -- 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 than nine percent over what a student would have paid in FY 2015-16 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 based on updated enrollment estimates and tuition rate information.

N Department of Higher Education, Governing Boards, State Board for Community Colleges and Occupational Education State System Community Colleges -- 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 than seven percent over what a student would have paid in FY 2015-16 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 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 based on updated enrollment estimates and tuition rate information.