

**COLORADO GENERAL ASSEMBLY  
JOINT BUDGET COMMITTEE**



**FY 2013-14 STAFF BUDGET BRIEFING  
DEPARTMENT OF HIGHER EDUCATION**

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

**Prepared By:  
Patrick Brodhead, JBC Staff  
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For Further Information Contact:

Joint Budget Committee Staff  
200 E. 14th Avenue, 3rd Floor  
Denver, Colorado 80203  
Telephone: (303) 866-2061  
TDD: (303) 866-3472

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## DEPARTMENT OF HIGHER EDUCATION

### Department Overview

The Department of Higher Education has the following key responsibilities:

- Provides higher education opportunities for Colorado residents;
- Distributes state funding to higher education institutions through:
  - The College Opportunity Fund Program that provides stipends to students for undergraduate education, and
  - Fee-for-service contracts with institutions to provide graduate, professional, specialized, rural, and other education programs;
- Distributes state financial aid for students;
- Regulates and supports occupational education programs; and
- Collects, preserves, exhibits, and interprets items and properties of historical significance through History Colorado (formerly the State Historical Society).

The Colorado Commission on Higher Education (CCHE) serves as the central policy and coordinating board for the Department. The Commission is responsible for negotiating performance contracts with public higher education institutions. Financial aid programs also fall under the purview of CCHE. The executive director of CCHE is also the executive director of the Department and 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.

The College Opportunity Fund Program provides stipends 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. 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.

The Department also includes: 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.

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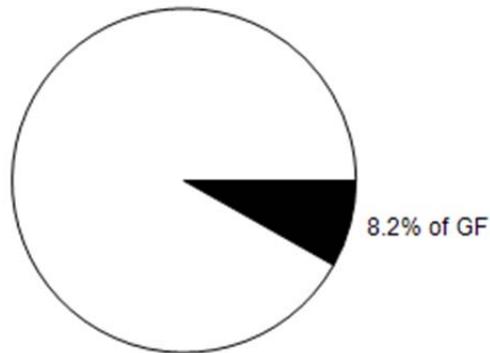
**Department Budget: Recent Appropriations**

<b>Funding Source</b>	<b>FY 2010-11</b>	<b>FY 2011-12</b>	<b>FY 2012-13</b>	<b>FY 2013-14 *</b>
General Fund	\$705,108,145	\$623,962,700	\$619,261,908	\$656,729,783
Cash Funds	1,614,730,367	1,720,379,975	1,851,045,974	1,852,371,714
Reappropriated Funds	643,769,858	550,656,940	544,570,013	573,996,703
Federal Funds	<u>49,455,658</u>	<u>19,014,815</u>	<u>19,113,229</u>	<u>19,181,975</u>
<b>Total Funds</b>	<b>\$3,013,064,028</b>	<b>\$2,914,014,430</b>	<b>\$3,033,991,124</b>	<b>\$3,102,280,175</b>
Full Time Equiv. Staff	21,397.0	21,490.8	21,458.9	21,458.9

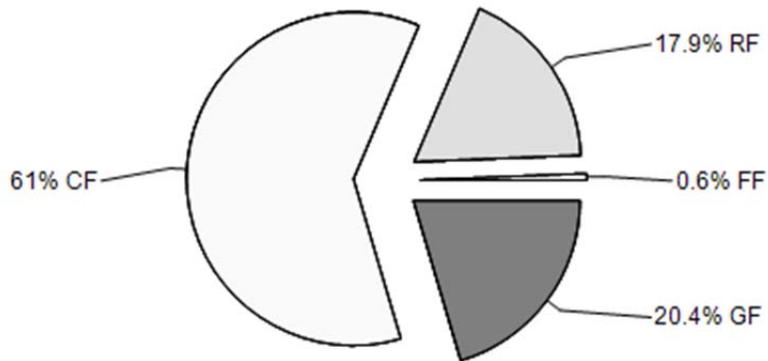
\*Requested appropriation.

## Department Budget: Graphic Overview

**Department's Share of Statewide  
General Fund**

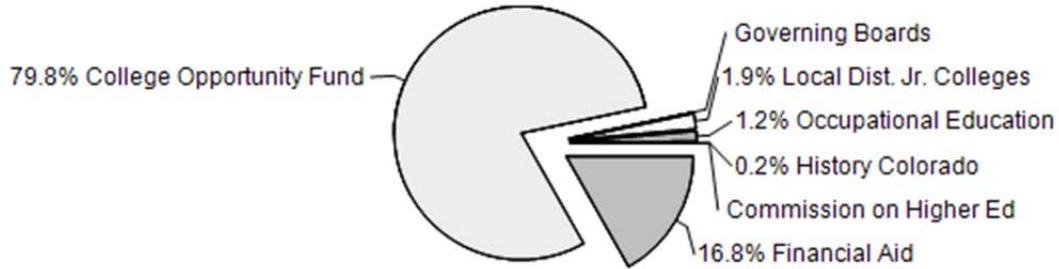


**Department Funding Sources**

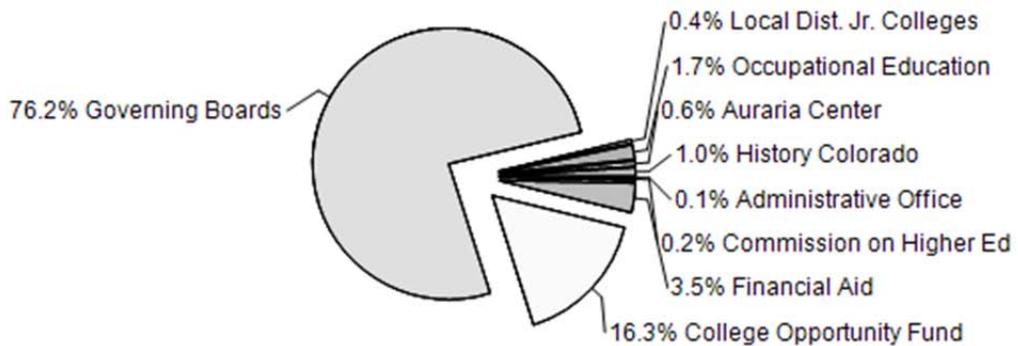


All charts based on FY 2012-13 appropriation.

**Distribution of General Fund by Division**



**Distribution of Total Funds by Division**



All charts based on FY 2012-13 appropriation.

## **General Factors Driving the Budget**

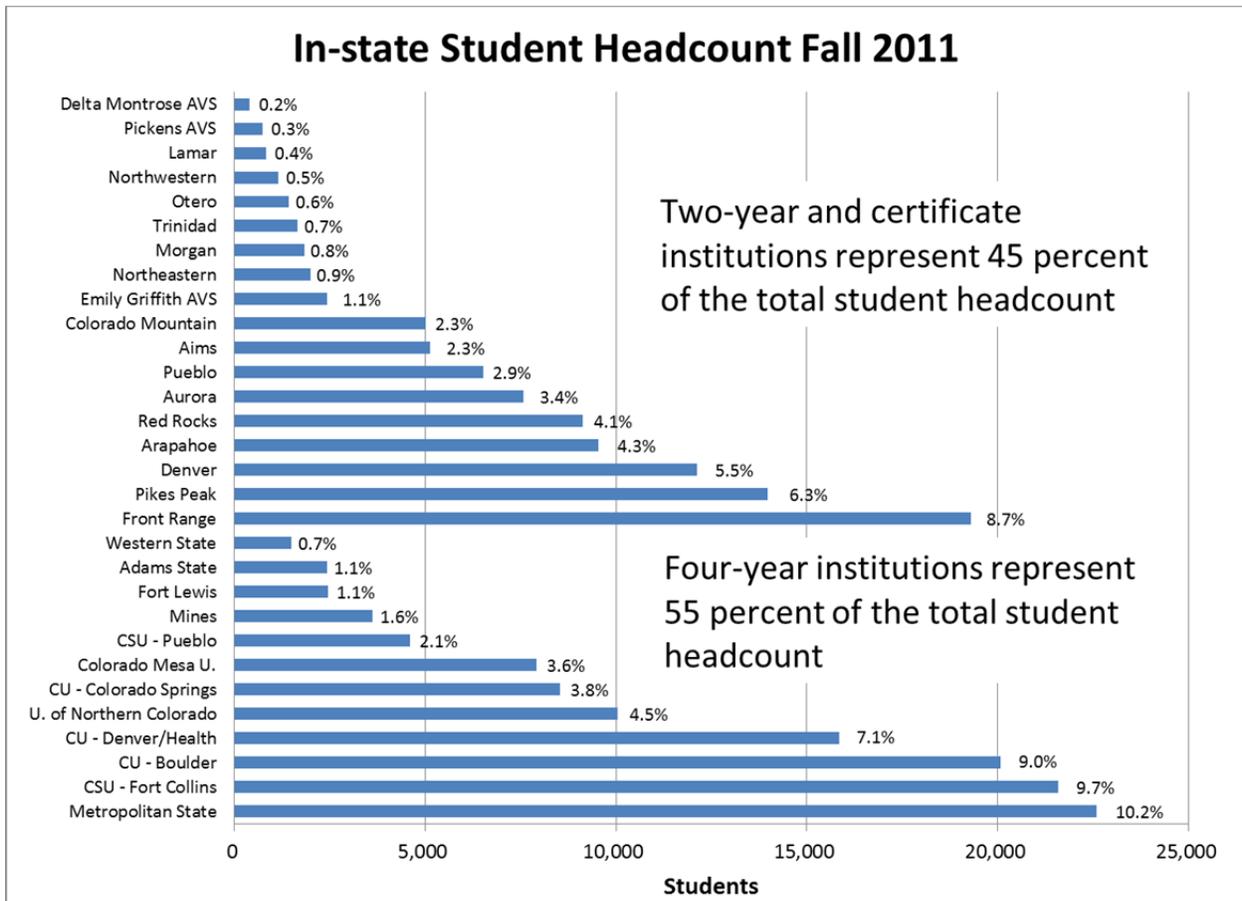
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### **Overview and Organization**

The public higher education system serves roughly 220,000 students from Colorado annually. Approximately 45 percent of the students attend 2-year and certificate institutions. These include state-operated community colleges, local district junior colleges that receive regional property tax revenues in addition to state funding, and area vocational schools that offer occupational certificates and serve both secondary and post-secondary students. Students attending institutions that offer baccalaureate and higher degrees are concentrated at the University of Colorado, Colorado State University, and Metropolitan State College 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 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.



**Individual versus public responsibility for funding higher education**

A key factor driving the budget for the Department of Higher Education is how much policymakers view paying for higher education as an individual versus public responsibility. Opinions vary on when the cost of higher education represents a hardship for students, and to what extent the State has an obligation, if any, to alleviate that hardship in order to provide opportunity and access for students seeking a higher education. There are no statutes, constitutional provisions, or federal guidelines requiring specific amounts of state funding per student.

In addition to any state responsibility to provide opportunity and access, there are perceived public benefits from encouraging higher education. An educated populous may attract businesses and cultural resources to the community, and it is associated with higher wages, and lower unemployment and dependence on public resources. It may also be part of strategies to fill unmet needs in the community, such as nurses or teachers or engineers. Subsidizing higher education is frequently described as a form of economic development for the community.

Perceptions about the individual versus public responsibility for higher education can change based on the quality and level of education a student seeks. Students wanting more than just the basics may be expected to contribute more to the cost of their education, but this gets balanced against concerns about relegating low-income students to basic skills institutions. Students

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pursuing high demand degrees who are projected to earn significant amounts upon graduation may be expected to contribute more to their education, but this may get balanced against economic development goals of encouraging more students in a profession.

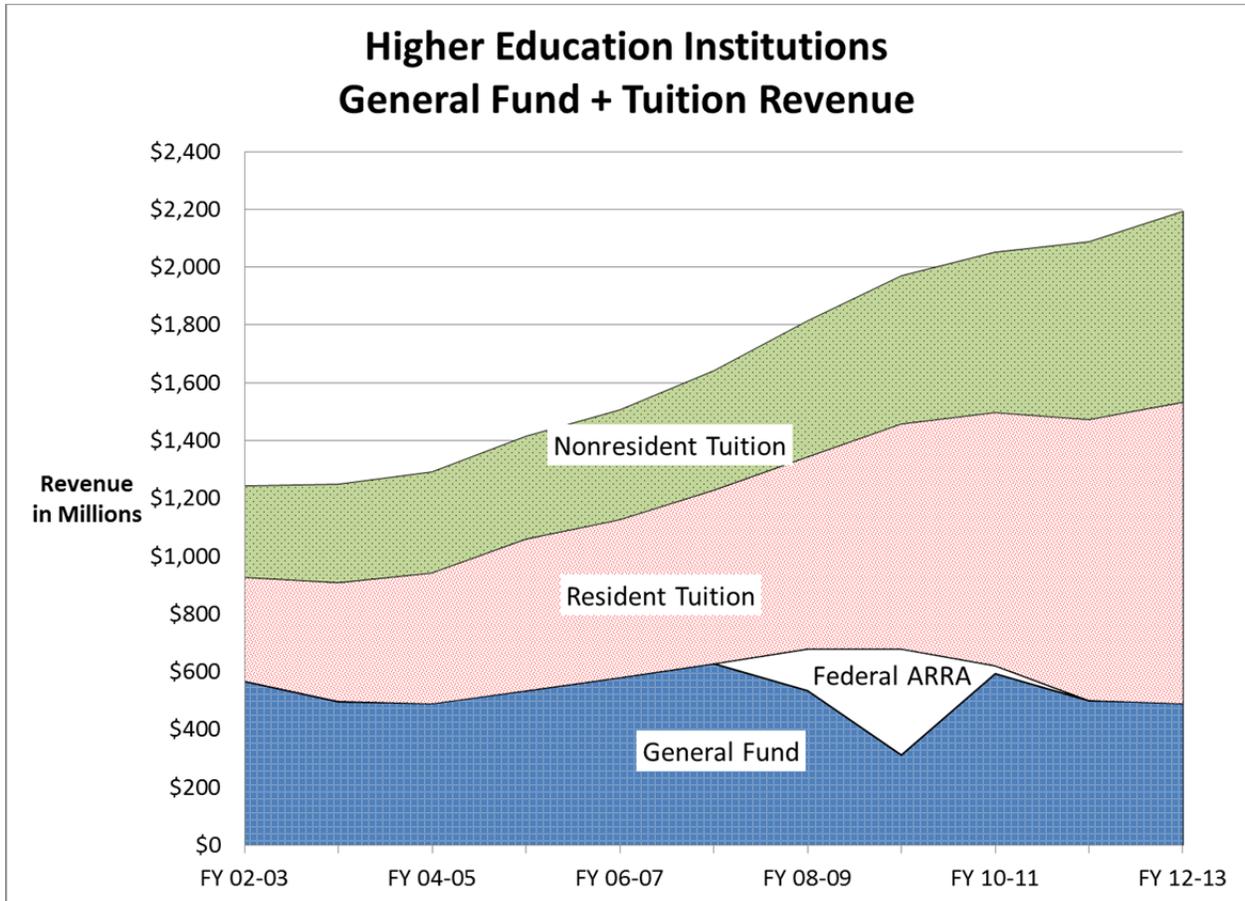
**Impact of the statewide budget outlook**

Statewide General Fund revenues significantly impact higher education appropriations, as evidenced by the sharp declines in General Fund appropriations for higher education during economic downturns in FY 2002-03 through FY 2004-05, and again in FY 2008-09 through FY 2012-13. The decreases in General Fund appropriations for higher education were disproportionately larger than decreases for other state agencies during the same time frames.

The availability of alternative fund sources for higher education may partly explain the disproportionate reductions for higher education. During these years tuition charges increased significantly, and from FY 2008-09 through FY 2010-11 federal money available through the American Recovery and Reinvestment Act of 2009 (ARRA) was used to offset General Fund reductions.

As a condition of accepting the ARRA federal funds for education, the federal government required states to maintain at least the FY 2005-06 General Fund appropriation level for higher education institutions through FY 2010-11. In FY 2009-10, Colorado qualified for a waiver from this maintenance of effort requirement, but not in FY 2010-11. This explains the sharp decrease and subsequent restoration of General Fund in FY 2009-10 and FY 2010-11.

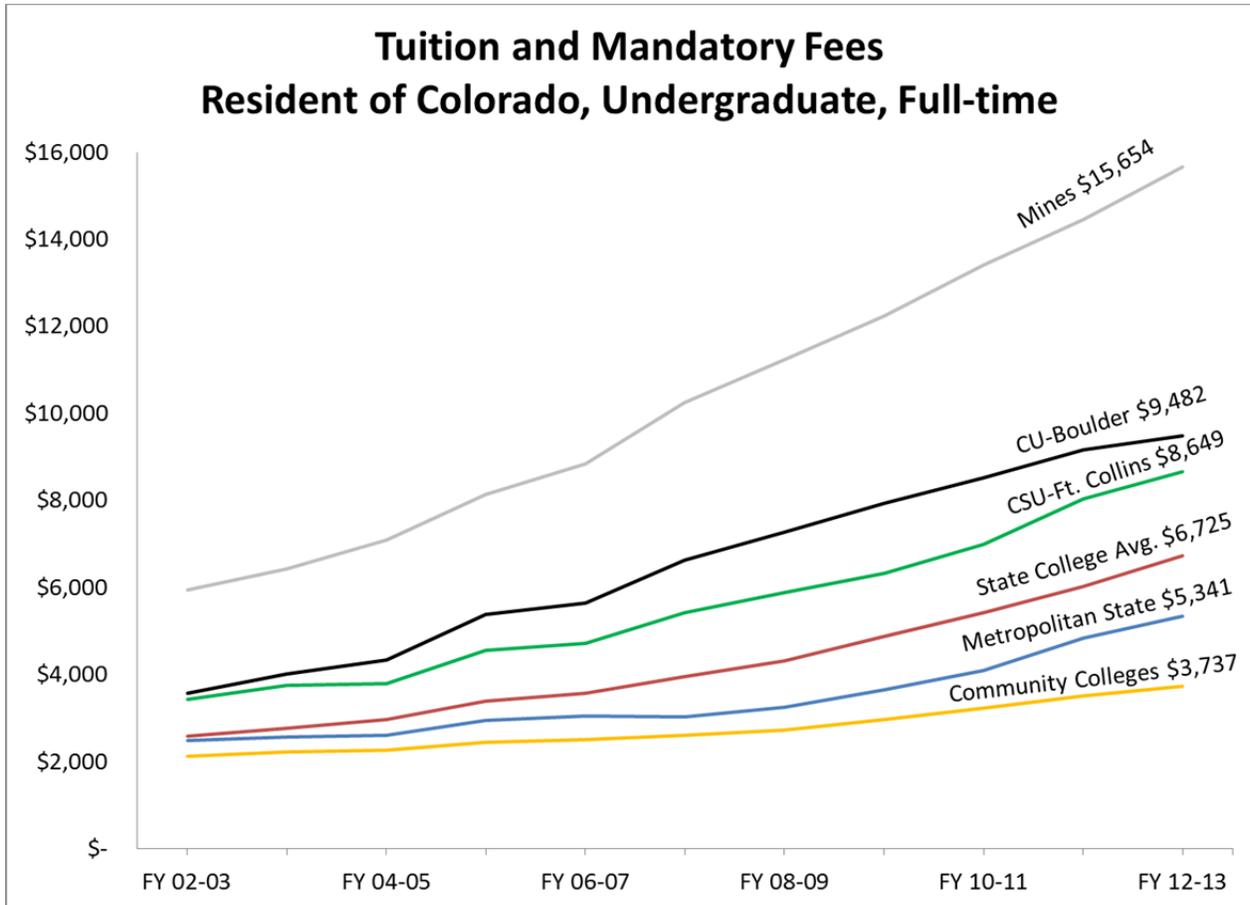
The following chart illustrates how federal ARRA funds and tuition augment General Fund revenues for the higher education institutions, and may provide a portion of the explanation for why higher education has historically been such a big part of budget balancing efforts in Colorado and other states during recessions. It should be noted that the chart does not include adjustments for changes in the number of students served, inflationary factors impacting the cost of providing services, or analysis of whether resources are being used optimally by the higher education institutions. Therefore, the chart is not intended to draw conclusions about the adequacy of General Fund and tuition resources. It is fair, however, to observe from the chart that increases in tuition and decreases in General Fund have transferred more of the burden for funding higher education from state tax revenues to students and their families.



**Tuition and Fees**

Tuition and fee rates are a central consideration in discussions about access and affordability. Projected tuition and fee revenue for the governing boards influences legislative decisions about how much General Fund to appropriate for stipends and fee-for-service contracts.

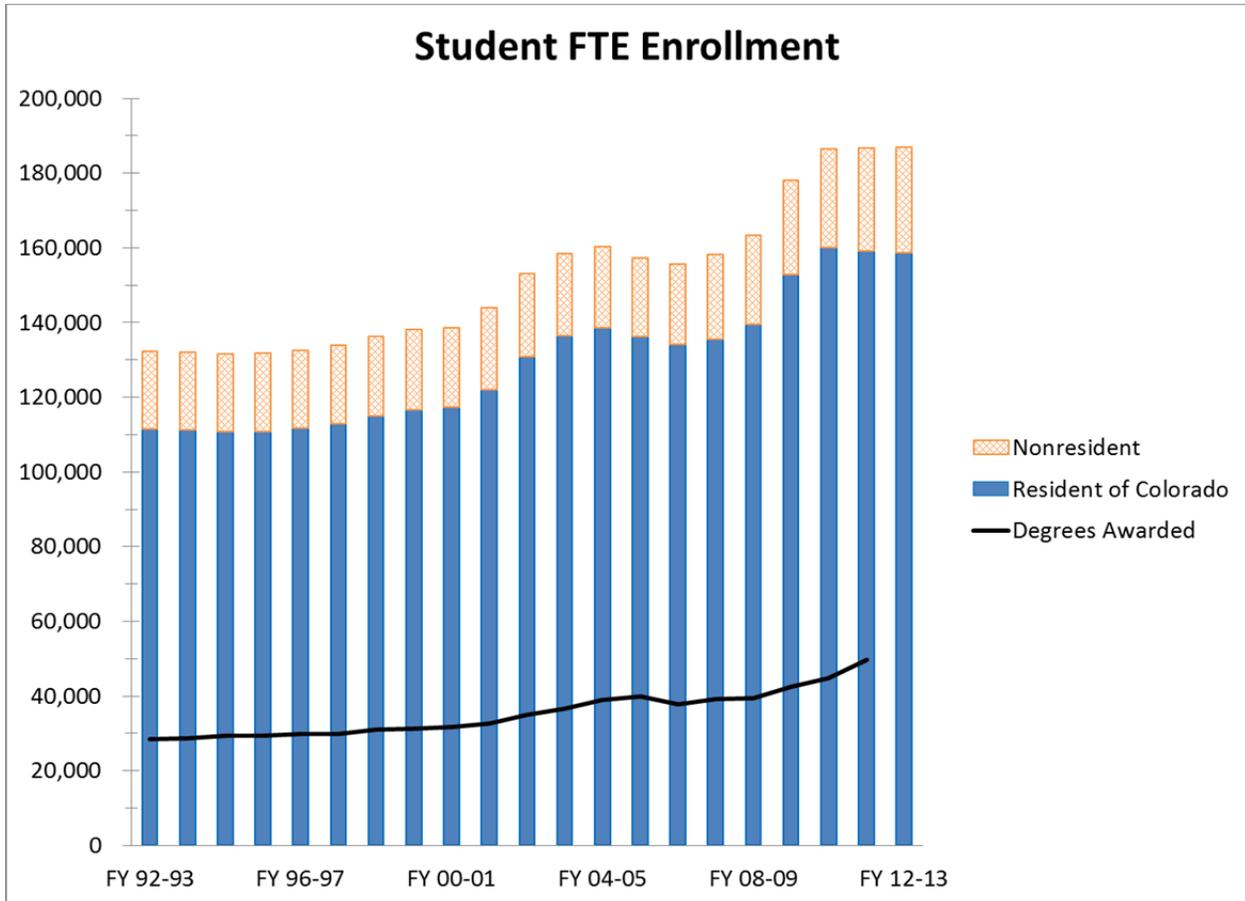
Senate Bill 10-003 temporarily delegated tuition authority to higher education governing boards from FY 2011-12 through FY 2015-16 (five years). During this time frame, governing boards may increase resident undergraduate tuition rates up to 9.0 percent per year, and they may submit a plan to ensure access and affordable tuition for low- and middle-income students to the CCHE for permission to implement larger tuition increases. When the provisions of S.B. 10-003 expire, the responsibility to set tuition spending authority reverts to the General Assembly [Section 23-5-129 (10), C.R.S.], and the tuition increases used to derive the total spending authority for each governing board will be detailed in a footnote to the Long Bill [Section 23-18-202 (3) (b), C.R.S.].



**Enrollment**

Enrollment is both a workload and performance measure for campuses, and it affects tuition and fee revenue. For a few schools, nonresident enrollment is important because nonresident tuition helps subsidize resident education. Increases in enrollment drive costs for faculty, advising, and general operating.

Enrollment tends to be counter-cyclical. In other words, when the economy slows, higher education enrollment increases. The following chart reports student FTE (full-time-equivalent) over the last 20 years. Thirty credit hours in a year equal one full-time-equivalent student. The chart also includes a trend line for degrees awarded. This is an unduplicated count of graduates. The relatively modest enrollment growth in the 1990's and significant growth in the 2000's correlate closely with the economic circumstances of the State during those time frames.



**Personnel**

Higher education governing boards are allowed by statute to determine the number of employees they need, but the appropriations reflect estimates provided by the governing boards of the number of employee at their institutions, which for FY 2012-13 total 21,119. This doesn't include employees of self-supporting auxiliary programs such as food services, book stores, or housing.

Of the amount state-operated institutions spend on education, approximately two-thirds is spent on salaries and benefits and most of this (60 percent) is spent on instructional faculty. Of total personnel costs, roughly 23 percent are associated with classified staff where the salaries and benefits are defined by the state personnel system and policies of the General Assembly, and the other 77 percent are for exempt staff where the governing boards have control of compensation. The market for tenure-track faculty is national. Pressure to offer compensation that is competitive with peer institutions in other states, and for some degree programs competitive with the private sector, is a significant factor in higher education institution expenditures.

**College Opportunity Fund Program**

Colorado uses a method of distributing higher education funding that is unique from other states. Instead of appropriating General Fund directly to the institutions for their day-to-day operations, the General Assembly appropriates money into a fund that provides stipends to eligible

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undergraduate students. In addition, the General Assembly appropriates money for differences in the cost of programs at each institution. This second appropriation for cost differentials gets to the institutions through what are called fee-for-service contracts between the CCHE and the governing boards.

It may be helpful for legislators to focus on the sum of stipends and fee-for-service contracts, rather than each separately. In practice, once stipends and fee-for-service contracts are paid to a higher education institution, the institution makes no distinction between them. The sum of stipends and fee-for-service contracts is the state General Fund support provided to each institution for their operations.

The bill that authorized stipends and fee-for-service contracts (S.B. 04-189) also provided a mechanism for designating qualifying state higher education institutions as enterprises under Article X, Section 20 of the Colorado Constitution (TABOR). Revenue, such as tuition, that is generated by enterprises is exempt from the limits imposed by TABOR and has no impact on any refund that may be due pursuant to TABOR. To achieve enterprise status under TABOR, a program must: (1) be a government-owned business; (2) have authority to issue revenue bonds; and (3) receive less than 10 percent of annual revenue from state and local grants. Stipends and fee-for-service contracts are defined in statute as different from a state grant. All of the institutions have been designated as TABOR enterprises.

### **Financial Aid**

Of the General Fund appropriations for higher education in FY 2012-13, \$104.2 million (16.8 percent) are for financial aid. The majority of the money goes for need based aid and work study. There are also a number of smaller, special purpose financial aid programs. Financial aid funds are appropriated to the CCHE and then allocated to the institutions, including approximately \$6.6 million in FY 2011-12 for private institutions, based on formulas that consider financial need at the schools, total student enrollment, and program eligibility criteria.

The federal government also provides a significant amount of financial aid for students. The majority of federal grants come through the Pell program for the neediest students. Federal legislation recently increased the maximum Pell grant for a full-time student to \$5,550 in FY 2010-11 and expanded Pell eligibility, and those changes continued in FY 2011-12. However, for FY 2012-13, eligibility has been reduced. In FY 2011-12, the average adjusted gross income of the families of dependent students receiving the full Pell award was \$18,955, compared to \$19,501 in FY 2010-11, and the average of students receiving any Pell award was \$30,326, compared to \$31,187 in FY 2010-11.

The federal government also provides low-interest guaranteed loans and tax credits and deductions for tuition. Fifty-nine percent of students completing a bachelor's degree in FY 2011-12 from public institutions graduated with the support of federal student loans, and the average amount of federal loans for people graduating with debt was \$24,850.

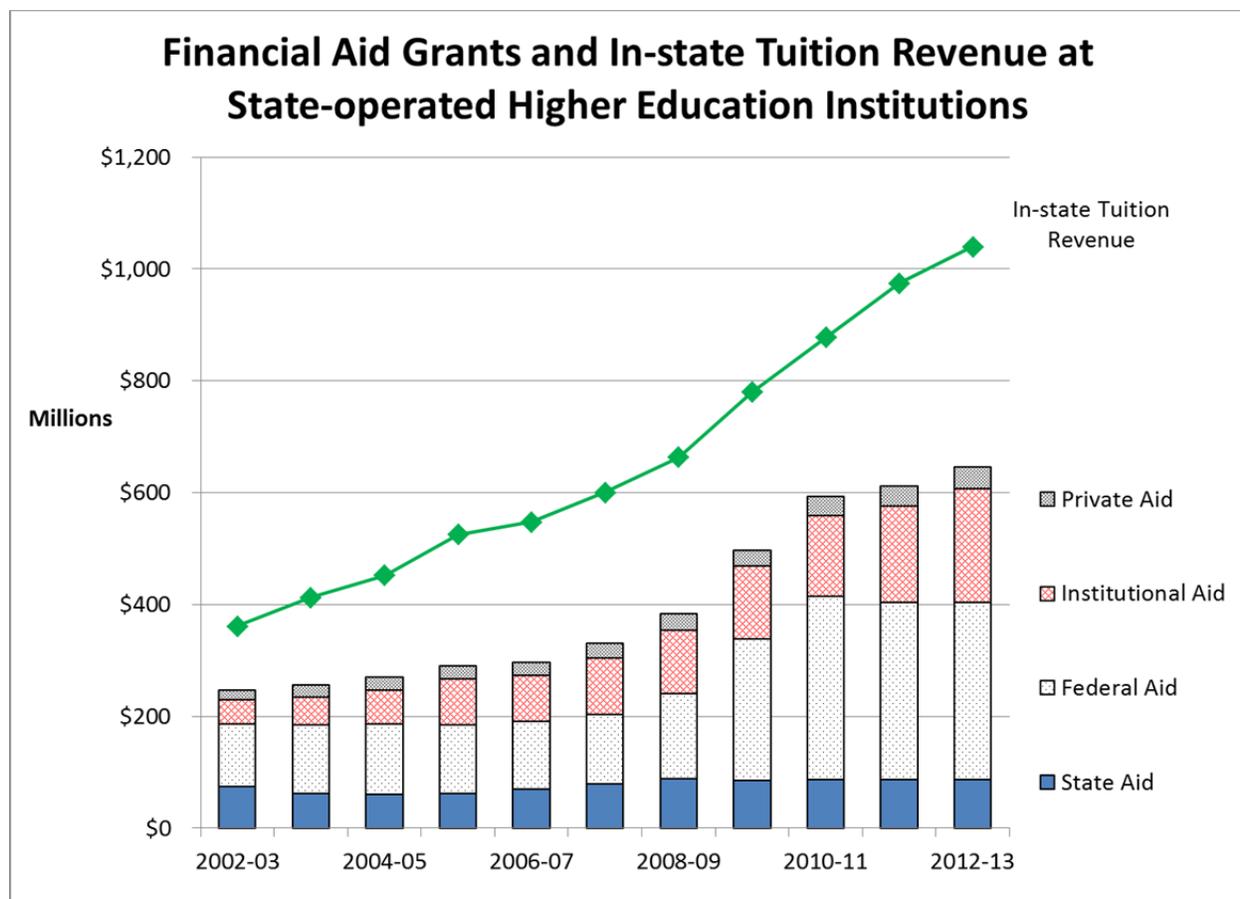
Another source of funding for financial aid is money set aside by the institutions. Some of the money comes from fundraising, but the majority comes from the operating budgets of the

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schools. There is significant variation in the amount of money available by institution based on differences in school policies and fundraising.

The following table shows financial aid grants from various sources awarded to students attending state-operated higher education institutions. As an indication of the buying power of financial aid grants, the chart also provides information on total resident tuition revenues collected. However, it should be noted that financial aid is used for more than paying tuition. It also helps pay for expenses related to room, board, transportation, student fees, and learning materials. Depending on the institution, these other costs of attendance can dwarf the price of tuition. Also, the table does not take into account changes in the economic circumstances of the overall student population, including the number of students with financial need and the amount of need for those students.

Between FY 2008-09 and FY 2010-11 there were changes in the Pell eligibility criteria, an increase in the maximum Pell award, and increases in the number of low-income students qualifying for Pell awards. These changes account for the significant increase in federal funds granted those fiscal years.



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**Summary: FY 2012-13 Appropriation & FY 2013-14 Request**

<b>Department of Higher Education</b>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2012-13 Appropriation:</b>						
HB 12-1335 (Long Bill)	\$3,034,535,714	\$619,571,953	\$1,850,970,474	\$544,880,058	\$19,113,229	21,494.0
Other legislation	(544,590)	(310,045)	75,500	(310,045)	0	(35.4)
<b>TOTAL</b>	<b>\$3,033,991,124</b>	<b>\$619,261,908</b>	<b>\$1,851,045,974</b>	<b>\$544,570,013</b>	<b>\$19,113,229</b>	<b>21,458.9</b>
<b>FY 2013-14 Requested Appropriation:</b>						
FY 2012-13 Appropriation	\$3,033,991,124	\$619,261,908	\$1,851,045,974	\$544,570,013	\$19,113,229	21,458.9
R-1: Public colleges and universities	58,873,239	30,040,620	0	28,832,619	0	0.0
R-2: Financial aid, need based grants	5,348,748	5,348,748	0	0	0	0.0
R-3: Dependent Tuition Assistance Program	55,078	55,078	0	0	0	0.0
R-4: Fort Lewis College Native American tuition waiver	1,568,509	1,568,509	0	0	0	0.0
R-5: Private COF stipend allocation	180,420	180,420	0	0	0	0.0
R-6: Dues for the Western Interstate Commission on Higher Education	6,000	0	0	6,000	0	0.0
R-7: Funding for data and research positions	168,890	0	0	168,890	0	0.0
HC-1: Cumbres and Toltec Scenic Railroad Commission	274,500	274,500	0	0	0	0.0
NPI-1: OIT enterprise asset management	8,987	0	8,987	0	0	0.0
NPI-2: Constitutional increase for categorical programs	348,320	0	0	348,320	0	0.0
Centrally appropriated line items	885,186	0	735,539	80,901	68,746	0.0
IT common policy adjustments	(108,826)	0	(98,786)	(10,040)	0	0.0
Increase in limited gaming funds	680,000	0	680,000	0	0	0.0
<b>TOTAL</b>	<b>\$3,102,280,175</b>	<b>656,729,783</b>	<b>\$1,852,371,714</b>	<b>\$573,996,703</b>	<b>\$19,181,975</b>	<b>21,458.9</b>
<b>Increase/(Decrease)</b>	\$68,289,051	\$37,467,875	\$1,325,740	\$29,426,690	\$68,746	0.0
Percentage Change	2.3%	6.1%	0.1%	5.4%	0.4%	0.0%

**R-1: Public colleges and universities:** The request includes an increase of \$30,040,620 General Fund for the operations of public institutions of higher education. This request equates to a 5.8 percent General Fund increase. The request increases the College Opportunity Fund (COF) stipend to public institutions from \$1,860 (for 30 credit hours) to \$1,920, or from \$62 per credit hour to \$64 per credit hour (a 3.2 percent increase). The total requested increase for COF stipends is \$8,514,300 General Fund, and the total requested increase for COF fee-for-service is \$20,318,318 General Fund. In addition, the request includes a \$740,408 General Fund increase for the Local District Junior Colleges, a \$426,973 General Fund increase for the Area Vocational Schools, and a \$40,620 General Fund increase for private stipends (Section 23-18-202 (2), (e), C.R.S.). The distribution formula has three equally weighted components (\$10 million each). It

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is a combination of proportional FY 2012-13 General Fund allocations, a proportional restoration of the cumulative \$193 million reduction the Department has experienced over the past several fiscal years, and a proportional restoration of the average funding per resident student at FY 2008-09 funding levels. All of the governing boards have signed a letter indicating support for this funding formula.

**R-2: Financial aid, need based grants:** The request includes an increase of \$5,348,748 General Fund for financial aid, need based grants. This request calibrates financial aid funding with the Department's \$30.0 million General Fund request for operations of the public institutions of higher education. The Department's request for operational funding for public institutions provides a 5.8 percent increase for those institutions. Section 23-3.3-103, C.R.S., requires that any General Fund operating increase to the public institutions be accompanied by an increase to financial aid funding at the same percentage. As a result, this \$5.3 million General Fund request equates to a 5.8 percent increase in financial aid funding.

**R-3: Dependent Tuition Assistance Program:** The request includes an increase of \$55,078 General Fund for the Dependent Tuition Assistance Program. The increase is requested to accommodate the increase in the number of eligible students in the program.

**R-4: Fort Lewis College Native American tuition waiver:** The request includes an increase of \$1,568,509 General Fund for the Fort Lewis College Native American tuition waiver. This requested increase 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.

**R-5: Private COF stipend allocation:** The request includes an increase of \$180,420 General Fund for COF private stipend payments. The increase is requested to accommodate the growth in the number of students using the program at participating private institutions (the University of Denver, Regis University, and Colorado Christian University).

**R-6: Dues for the Western Interstate Commission on Higher Education:** The request includes an increase of \$6,000 reappropriated funds to fund the required dues increase for participation in the Western Interstate Commission on Higher Education (WICHE). The source of reappropriated funds is departmental indirect costs.

**R-7: Funding for data and research positions:** The request includes an increase of \$168,890 reappropriated funds to fund two new positions: a research analyst and a research communications analyst. The source of reappropriated funds is departmental indirect costs, and no new FTE are being requested (the positions will fill existing FTE authority within the Department). The request will provide funding for a research analyst to process and analyze data that the Department is unable to accomplish with its current staffing. The request will also allow the department to fund a research communications analyst position that will focus on presenting and interpreting analyses conducted by the Department for administrators, educators, and the general public.

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**HC-1: Cumbres and Toltec Scenic Railroad Commission:** The request includes an increase of \$274,500 General Fund for the operations of the Cumbres and Toltec Scenic Railroad Commission. The request seeks to address the anticipated funding needs for the railroad for the next three fiscal years. The request indicates that its goal is to minimize the annual variances in funding, provide more reliability, and allow the railroad management to better plan for anticipated needs. The request also seeks roll forward authority for any unexpended funds.

**NPI-1: OIT enterprise asset management:** The request includes an increase of \$8,987 cash funds to fund the Department's share of an executive branch information technology asset management program and corresponding data system.

**NPI-2: Constitutional increase for categorical programs:** The request includes an increase of \$348,320 reappropriated funds (transfer from the Department of Education) for secondary career and technical education programs. The reappropriated funds originate as General Fund or State Education Funds in the Department of Education.

**Centrally appropriated line items:** The request includes adjustments to centrally appropriated line items for the following: state contributions for health, life, and dental benefits; short-term disability; supplemental state contributions to the Public Employees Retirement Association (PERA) pension fund; salary survey; merit pay; workers compensation; administrative law judges; payment to risk management and property funds; and leased space.

**IT common policy adjustments:** The request includes adjustments to line items appropriated for: purchase of services from the computer center; and management and administration of the Governor's Office of Information Technology (OIT).

**Increase in limited gaming funds:** The request includes an increase of \$680,000 cash funds to reflect the estimated increase in limited gaming funding distributed to gaming cities.

## **Informational Issue: Performance Audit of the Implementation of the College Opportunity Fund Program**

This issue brief provides a summary of the recent performance audit report released by the Office of the State Auditor concerning the implementation of the College Opportunity Fund Program.

### **SUMMARY:**

- Senate Bill 04-189 created the College Opportunity Fund (COF) Program consisting of two new funding mechanisms for higher education in the State: tuition stipends for eligible students and fee-for-service contracts.
- The Office of the State Auditor recently released a performance audit report, which found that the Department of Higher Education should make improvements to the COF Program with respect to processes for requesting funding, administering stipends, and administering and monitoring performance contracts to help ensure that the program meets statutory intent.
- The Department of Higher Education has implemented several recommendations and will implement the remaining recommendations by December 2013.

### **DISCUSSION:**

#### **Background**

Senate Bill 04-189 created the College Opportunity Fund (COF) Program consisting of two new funding mechanisms for higher education in the State: tuition stipends for eligible students and fee-for-service contracts. First, the bill established the COF Trust Fund (Sections 23-18-201 and 23-18-202, C.R.S.) as a funding source for stipends that undergraduate students can claim as a means to reduce tuition costs. Second, the bill required the Department to enter into fee-for-service contracts with each participating governing board to fund educational services, such as services in rural areas or communities, graduate school services, and services that may increase economic development opportunities in the State (Section 23-1-109.7, C.R.S.).

When it enacted Senate Bill 04-189, the General Assembly intended to revise the way the State funded higher education and encourage undergraduate resident access and enrollment. According to the bill, the General Assembly intended to change the process by which the State finances postsecondary education from funding institutions to funding students. The General Assembly also established three key statutory goals:

1. Increase access to public higher education, including enrollment among Coloradans and under-represented groups;
2. Increase competition and quality throughout public institutions; and
3. Increase accountability for state public institutions of higher education.

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To further the intent and goals of the General Assembly, Senate Bill 04-189 made three main statutory changes by establishing: (1) the College Opportunity Fund Program that provides tuition stipends to students and requires fee-for-service contracts with institutions; (2) performance contracts with institutions that include goals intended to make higher education more accessible, efficient, and effective; and (3) parameters for institutions' to become TABOR-exempt enterprises in order to have greater flexibility to increase spending and generate revenue. According to Senate Bill 04-189, the changes in funding were not intended to cause the closure of any institution, COF Program funding was not an entitlement, and the State could reduce appropriations to governing boards or the stipend amount during times of State revenue short falls.

### **COF Stipends**

Stipend payments are made to institutions on behalf of students who have been approved to participate in the COF Program. Stipends may be used for eligible undergraduate courses taken at the institutions of higher education participating in the COF Program. The concept behind the stipend was that it would inject market forces into the funding and operations of institutions of higher education. The idea was that students would be more aware that they were the beneficiaries of state funding, and this awareness would inform their decisions as to their choice of schools and their academic plans.

### Student Eligibility

To receive COF stipends, students attending participating state public institutions must be Colorado residents (Section 23-18-102 (5) (a) (I), C.R.S.). Students attending participating private institutions must be Colorado residents and graduates of a Colorado high school; must have a demonstrated financial need determined by eligibility for the Federal Pell grant or a successor program; and cannot be pursuing a degree in theology (Section 23-18-102 (5) (a) (II), C.R.S.).

### Course Eligibility

Students receiving tuition stipends may not use them for certain types of courses such as international baccalaureate courses; advanced placement courses; and off-campus, extended campus, or continuing education classes (Section 23-18-202 (5) (d) (I), C.R.S.).

### Stipend Amount

In 2003, the Blue Ribbon Panel recommended undergraduate students receive stipends at \$133 per credit hour or about \$4,000 per year for a full-time student taking 30-credit hours annually. The Department annually requests a fixed stipend amount per credit hour and the General Assembly sets the stipend amount annually during the budget process. The stipend amount is the same for all students attending participating state institutions; students attending participating private institutions receive one-half of the established per credit hour stipend (Section 23-18-202 (2) (b) and (e), C.R.S.). Statute allows the stipend amount to vary from year to year based on the availability of state funds and allows the State to reduce the stipend amount mid-year (Section 23-18-202 (4), C.R.S.). Mid-year reductions occurred in FY 2008-09 and FY 2009-10 due to the economic downturn.

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The Department remits stipend payments directly to institutions on behalf of students and the stipend amount is applied to a student's tuition bill. If a student believes he or she did not receive the correct stipend amount, the student may file an appeal with the Department after the student has tried to resolve the issue with his or her respective institution.

**Stipend Credit Hour Limits and Waivers**

Statute limits the number of stipend payments each student may receive in two ways. First, an undergraduate student may not receive stipend payments for more than 145 credit hours in his or her lifetime when pursuing a baccalaureate degree. According to the Department, the 145 credit hour limit was intended to encourage full-time students to complete their degrees within a reasonable amount of credit hours and years, as well as to control COF Program costs. Second, students who receive COF stipends for 145 credit hours and complete their degree may receive up to 30 additional credit hours for undergraduate courses (Section 23-18-202 (5) (c) (1) (a), C.R.S.), such as those related to continued education, job training, and teaching certificate requirements.

If a student reaches the 145 credit hour limit prior to completing his or her degree, statute allows students attending public institutions to receive two types of waivers of the limit, those issued by public institutions (referred to as institutional waivers - Section 23-18-202 (5) (f), C.R.S.) and those issued by the Commission (referred to as Commission waivers - Section 23-18-202 (5) (e), C.R.S.). Department policy requires students to apply for a waiver at their institution before applying to the Commission. Between FY 2005-06 and FY 2010-11, about 4,300 students received institutional waivers and about 120 students received Commission waivers.

**COF Fee-for-Service Contracts**

The concept of fee-for-service contracts was established by statute to fund higher education services not funded through COF stipends (Section 23-5-130, C.R.S.). Fee-for-service contracts are intended to ensure institutions of higher education provide "specified educational services and facilities required for the full development of Colorado's educational and economic opportunities." Per statute (Section 23-5-130, C.R.S.), fee-for-service contracts may be used to purchase services meeting one of the following criteria:

- Educational services in rural areas or communities in which the cost of delivering the services is not sustained by the amount received in student tuition;
- Educational services required by the Commission to meet its obligations under reciprocal agreements with other states to waive nonresident tuition;
- Graduate school services;
- Educational services that may increase economic development opportunities in the State, including courses to assist students in career development and retraining; and
- Specialized education and professional degrees including, but not limited to, the areas of dentistry, medicine, veterinary medicine, nursing, law, forestry, and engineering.

The Department executed fee-for-service contracts with each of the public governing boards participating in the COF Program; the contracts took effect in FY 2005-06 and were amended on an annual basis to reflect changes in fee-for-service funding allocations.

### **Recent Performance Audit**

The Office of the State Auditor (OSA) recently conducted an audit to review the performance of the Department with respect to the COF Program. The OSA released the resulting Audit Report in June 2012. The Report found that the Department should make improvements with regard to requesting funding, administering stipends, and administering and monitoring performance contracts to help ensure that the COF Program meets statutory intent. Specifically, the Report found that the Department should:

- Submit budget requests that reflect stipend amounts that keep pace with inflation and enrollment, as required by statute, and devise a more precise method for determining fee-for-service contract funding amounts to include in budget requests;
- Develop a risk-based monitoring process to ensure stipends are paid on behalf of eligible students;
- Update policies and guidance for institutions to follow when issuing waivers of statutory stipend limits; and
- Improve performance contracts by creating measurable and meaningful goals, and monitoring institutional performance in a timely manner.

### **Audit Recommendations**

The Report includes four multi-part recommendations for the Department to address the findings. The Report recommends that the Department:

1. Improve processes for determining and recommending to the General Assembly the funding needed for stipends and fee-for-service contracts by: (a) preparing and submitting annual budget requests that reflect stipend amounts that keep pace with inflation and enrollment growth, as required by statute; (b) implementing a more precise process for determining fee-for-service contract funding to better reflect the services institutions provide; and (c) exploring the feasibility of an annual budgetary adjustment to governing boards' appropriations that would better reflect enrollment and the costs of services provided through fee-for-service contracts;
2. Ensure stipends are paid to eligible students for eligible courses by: (a) developing risk-based processes to monitor the eligibility of students to ensure statutory compliance, and (b) following up to ensure problems identified in risk-based reviews are corrected, seeking reimbursement from institutions for unallowable stipends paid, and investigating the 30 student stipends and 6 institutional waivers identified as questionable in the audit;
3. Ensure the use of waivers of the stipend limit do not inhibit the College Opportunity Fund Program's ability to achieve the goals of encouraging timely graduation and distributing stipend dollars equitably to eligible students by: (a) developing written policies defining "one-year" waivers, and (b) providing institutions updated written guidance that reflects the

definition of “one-year” waivers and helps provide greater consistency in institutions’ waiver application processes, including encouraging more deliberative processes for issuing waivers; and

4. Improve the effectiveness of performance contracts by: (a) implementing policies and guidance for the Department and institutions to follow when developing contract goals; (b) coordinating with institutions to establish goals that are clearly defined, measurable, and meaningful; (c) implementing policies and procedures for more timely monitoring of institutional compliance with performance contracts; and (d) ensuring the data used to measure institutional performance is verified for accuracy.

**Recommendation #1: Stipend and Fee-for-Service Funding**

The COF Program was designed to provide stipends to undergraduate students to help offset their tuition costs; target State funding to Colorado residents, particularly those under-represented in higher education; encourage enrollment and accessibility to postsecondary education; and better inform Coloradans of the financial support afforded by the State for higher education. Prior to each fiscal year, the Department requests and the General Assembly approves stipend and fee-for-service appropriations for each governing board. Between FY 2005-06 and FY 2010-11, the COF Program received an average of about \$271 million in annual funding for stipends, or an average of about \$72 per credit hour in stipends for students participating in the Program, and an average of about \$259 million in annual funding for governing boards’ fee-for-service contracts.

The audit found that:

- The stipend amount has not kept pace with inflation and enrollment growth. If the stipend amount had kept pace with inflation each year as intended by statute, the per-hour stipend amount would increase at about the rate of the consumer price index (or about 13.4 percent between FY 2005-06 and FY 2010-11). However, stipends have declined from \$80 to \$62 per credit hour, or 22.5 percent between those fiscal years.
- The shift in the funding mechanism for higher education has not been fully implemented. The idea behind the COF Program was that institutions would receive more funding if they enrolled more students. However, under the current budgeting and funding process, institutions receive a total COF Program appropriation, regardless of changes in enrollment in a given year.
- The Department's method for determining fee-for-service funding is imprecise. The annual fee-for-service funding that governing boards receive is not based on the actual funding needed to provide services under fee-for-service contracts. Instead, the fee-for-service funding is simply the difference between the total COF funding determined by the Department and the stipend amount that is impacted by enrollment.

The Department agrees with this recommendation and has submitted a letter to the Joint Budget Committee identifying the cost associated with keeping the stipend amount on pace with

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inflation and enrollment growth. The letter indicates that in order for the COF stipend to keep up with inflation and enrollment growth, it would cost the State approximately an additional \$149 million General Fund in FY 2013-14. The Department also agrees to work with the institutions and the CCHE to implement the remaining recommendations by December 2012.

**Recommendation #2: Stipend Eligibility and Administration**

The stipend component of the COF Program is overseen by the Department and administered by individual institutions. As it relates to stipend administration, the Department is responsible for:

- Recommending policy to the Commission regarding the issuance of stipends and approval of institutional waivers of the statutory credit hour limits on stipends;
- Issuing stipend payments to institutions on behalf of students;
- Ensuring stipends are paid only for eligible courses and on behalf of eligible students; and
- Granting Commission waivers of the statutory credit hour limits on stipends.

According to Department, student eligibility for COF Program stipends is determined by institutions; the Department does not actively monitor institutional practices for determining eligibility. The processes for ensuring student eligibility are left to the discretion of institutions' management, and include requiring students to provide documentation supporting COF stipend eligibility (i.e., that they are in-state residents for tuition purposes, they graduated from a Colorado high school, they have a financial need, and they are not pursuing a degree in theology). Institutions obtain multiple forms of student identification information, such as a valid drivers' license or passport, tax documentation, military identification, and pay stubs, upon enrollment to verify a student's eligibility. Institutions enter identification information regarding residency status and COF stipend eligibility into two separate state databases: the COF and Student Unit Record Data System (SURDS) databases.

The audit found that:

- Three of 50 students who were tested were ineligible for stipends, and for another 27 students, there was insufficient documentation to demonstrate eligibility; and
- Six of 30 institutional waivers that were reviewed may have exceeded the statutory one-year limit. The audit identified six instances in its sample where stipends paid through institutional waivers between FY 2006-07 and FY 2010-11 were questionable because the stipends were paid over three consecutive semesters (e.g., Fall, Spring, and the Fall of the following academic year, including Winter and Summer terms) that appear to exceed a 12-month period. Such waivers would be allowed if the four semesters all occurred within a 12-month period. However, information maintained by the Department was insufficient to determine whether the stipends were for courses within one year, as required by statute.

The Department agrees with this recommendation and has hired a Finance Policy Officer within existing resources to implement this recommendation by February 2013.

**Recommendation #3: Administration of Waivers**

Between FY 2005-06 and FY 2010-11, approximately 4,300 out of nearly 600,000 students who received COF stipends received waivers of the statutory 145 hour lifetime limit on stipends. Institutions paid the nearly 4,300 students about \$3.7 million in institutional waiver stipends and the Department paid about 120 students approximately \$109,000 in commission waiver stipends. The combined number of students receiving waivers, and thereby receiving stipend payments after reaching the credit hour limit, has increased each year since the implementation of the COF Program.

The audit found that:

- It is not clear that the COF Program has reduced the average number of credit hours students take to complete a degree. In FY 2005-06, when the COF Program was first implemented, the average number of course credit hours at the time of degree completion for an associate's degree for COF participants was 83 hours; in FY 2009-10, the average number of course credit hours for degree completion was 82. Over the same period, the average number of course credit hours at time of degree completion for a baccalaureate degree for COF participants remained between 135 and 136 credit hours.
- Institutions administer waivers differently. For example, some institutions have implemented a process to identify students who are approaching their 145 credit hour stipend limit; notify the students that they will receive a one-year institutional waiver upon application; and allow those students to take additional credit hours under the waiver during the one-year period. In contrast, other institutions have established a more deliberative process in which they review and evaluate the waiver application and factors contributing to the need for a waiver and only approve the number of credit hours needed to complete the degree in the one-year period.

The Department agrees with this recommendation and has indicated that it will work to implement this recommendation by February 2013. However, the Department notes that the additional guidance with regard to more deliberative processes for the granting of waivers could require statutory change.

**Recommendation #4: Performance Contracts**

Currently, there is no funding associated with the performance contracts. However, in FY 2010-11, the General Assembly passed Senate Bill 11-052, which revised how performance contracts will be used in the future. Senate Bill 11-052 and statute require the Commission to create a plan by December 2013 for allocating a portion of each institution's funding based on its success in achieving the goals and outcomes contained in its performance contract. The Commission is required to implement the performance-based funding plan through performance contracts once State General Fund appropriations for higher education, excluding financial aid assistance, exceed \$706 million in a given year, but no sooner than FY 2015-16 (Section 23-1-108, C.R.S.).

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The audit found that:

- Goals were not always clearly defined or measurable. The audit found that each of the five sampled performance contracts reviewed included some goals that were not clearly defined or measurable.
- Goals were not always meaningful. The audit found that each of the performance contracts reviewed contained some goals that were not meaningful because they were not tied to institution missions and strategic plans.
- Contracts included only long-term goals. From FY 2004-05 through FY 2011-12, the Department's approach to performance contracting and monitoring was to establish five-year goals for each institution; collect data with respect to the long-term targets self-reported by institutions; annually report the data to the Commission and the General Assembly; and evaluate each institution's performance at the end of the five-year contract period.
- Some performance data reported by institutions is unreliable. Performance data used by the Department is self-reported by institutions through the Department's SURDS and COF databases and is not independently verified by the Department for accuracy.

The Department agrees with this recommendation and has indicated that it will work with the institutions and the CCHE to implement this recommendation by December 2013.

**RELEVANCE OF BRIEFING ISSUE TO THE DEPARTMENT'S STRATEGIC PLAN:**

This issue brief addresses the following objectives of the Department of Higher Education's Strategic Plan: increasing attainment, improving student success, and restoring fiscal balance.

## **Informational Issue: Update on CCHE Master Plan**

This issue brief discusses the progress of the Colorado Commission on Higher Education in developing a new master plan for higher education.

### **SUMMARY:**

- Since its founding, the Colorado Commission on Higher Education (CCHE) has had the responsibility for statewide strategic planning. Starting in 2004, the Colorado General Assembly passed several bills that modified the CCHE's activities in system wide planning, ultimately culminating in Senate Bill 11-052, which formally linked statewide strategic planning with institutional performance contracts and future performance funding.
- Past performance contracts were not expressly designed to direct resource allocation decisions but the new performance contracts anticipated by Senate Bill 11-052 and linked to the recently completed statewide master plan will directly influence a variety of state- and campus-level resource allocation decisions.
- The Department and CCHE have already started performance contract negotiations with the institution governing boards and leadership. An initial proof of the recently completed statewide master plan is the foundation for the new performance contracts and that work is projected to be completed by December 2012.
- The initial master plan identifies the following four performance goals that will be the basis for the performance contracts: (1) credential completion; (2) student momentum and success; (3) closing progress and attainment gaps; and (4) financial stewardship.

### **DISCUSSION:**

#### **Background**

The CCHE has the responsibility for statewide strategic planning for the system of higher education. In accordance with Section 23-1-108, C.R.S., the CCHE is responsible for the following statewide planning activities:

- Establishing a policy-based and continuing system wide planning, programming, and coordination process to effect the best use of available resources;
- Establishing such academic and vocational education planning as may be necessary to accomplish and sustain system wide goals of high quality, access, diversity, efficiency, and accountability;
- Determining the role and mission of each state-supported institution of higher education within statutory guidelines;
- Establishing enrollment policies, consistent with roles and missions, at state-supported institutions of higher education as described in statute;

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- Establishing state policies that differentiate admission and program standards and that are consistent with institutional roles and missions as described in statute;
- Adopting statewide affirmative action policies for the CCHE, governing boards, and state-supported institutions of higher education; and
- Establishing system wide policies concerning administrative costs.

Historically, the CCHE provided a strategic planning report to the Colorado General Assembly once every four years. However, this process was modified significantly by the passage of S.B. 04-189, which created the College Opportunity Fund (COF) Program. As a result of S.B. 04-189, the traditional planning process outlined in Section 23-1-108, C.R.S., was replaced with the development and execution of institution- or system-specific performance contracts. Following guidance found in statute, these performance contracts addressed common goals such as improvements in student retention, completion rates, and access for underserved students. The original term of the performance contracts was from FY 2005-06 through FY 2009-10, during which time the CCHE did not create an additional strategic plan.

In FY 2009-10, the CCHE performance contracts were extended by the CCHE. In that same fiscal year, the General Assembly passed S.B. 10-003, which granted institutions of higher education increased financial and tuition flexibility in return for increased accountability to ensure the access and success for students from lower and middle income families. Senate Bill 10-003 also required the CCHE to renew its historic role in master planning and prepare a formal statewide strategic plan for delivery to the Governor and General Assembly no later than December 2010. In December 2010, the CCHE formally adopted the Higher Education Strategic Plan's (HESP) report, *The Degree Dividend*, as the foundation of its master planning process.

In FY 2010-11, the General Assembly adopted S.B. 11-052, which directed the CCHE to (1) extend the terms of the existing performance contracts through December 2012; (2) prepare and deliver a formal master plan for higher education no later than September 2012; and (3) prepare new performance contracts for higher education systems, using the newly adopted master plan as the basis for the contracts, by December 2012. The performance contracts being executed must be used for performance funding decisions if a certain level of funding is reached. The level of performance funding is statutorily defined as 25 percent of all new revenue above \$650 million after "restored level of general fund support" (i.e., \$706 million) has been reached (Section 23-1-108 (1.9) (c) (I), C.R.S.).

### **Master Plan**

The CCHE has just completed the process of developing a new statewide master plan according to the directives found in Senate Bill 11-052, most importantly identifying and defining statewide goals for the system of higher education. Final editing and formatting of the master plan is being completed; however, the Department and Commission have provided an initial proof of the final report.

The primary performance goal identified in the initial master plan proof is to increase the number of Coloradans aged 25-34 who hold high-quality postsecondary credentials—certificates and degrees—to 66 percent by 2025. Colorado currently ranks third in the nation in the percentage

of citizens between the ages of 25 and 64 who hold a college degree at 46 percent. In addition to this principal performance goal, the master plan identifies three additional goals for the postsecondary system: improving student progress and momentum; diminishing historical disparities among students from certain populations; and demonstrating the need and justification for improved investments in the postsecondary sector.

The four performance goals are as follows:

- **Goal 1. Credential Completion:** Increase the attainment of high-quality postsecondary credentials across the academic disciplines and throughout Colorado by at least 1,000 new certificates and degrees each year to meet anticipated workforce demands by 2025;
- **Goal 2. Student Momentum and Success:** Improve student success through better outcomes in basic skills education, enhanced student support services and reduced average time to credential for all students;
- **Goal 3. Closing Progress and Attainment Gaps:** Enhance access to, and through, postsecondary education to ensure that the system reflects the changing demographics of the State while reducing attainment gaps among students from underserved communities; and
- **Goal 4. Financial Stewardship:** Develop resources, through increases in state funding that will allow public institutions of higher education to meet projected enrollment demands while promoting affordability, accessibility and efficiency.

### **Goal 1 - Credential Completion**

*Target:* Reach 66 percent postsecondary credential attainment for Colorado citizens aged 25-34 by 2025 (1,000 additional undergraduate credentials per year).

*Indicators of Progress:*

- Graduation rates (cohort rate);
- Increased number of credentials (annual number); and
- Increase science, technology, engineering, and mathematics (STEM) credentials, including in health fields (either the proportion of total credentials awarded or the annual number of new degrees).

### **Goal 2 - Student Momentum and Success**

*Targets:*

- Eliminate disparities in the completion rates of college-level English and mathematics courses between students originally assigned to remediation and those not assigned to remediation;
- Improve student persistence and credit hour accumulation; and
- Reduce average credit hours to degree for undergraduate students.

*Indicators of Progress:*

- Successfully completing (grade of C or better) introductory gtPathways courses (guaranteed transfer courses) in English and mathematics;
- Successfully completing the remedial sequence;
- Persistence and retention rates;
- Credit hour accumulation; and
- Successful transfer out.

**Goal 3 - Closing Progress and Attainment Gaps**

*Target:* Eliminate disparities in postsecondary access, progress, and completion between resident underserved students and resident non-underserved students.

*Indicators of Progress:*

- Increasing the number and proportion of newly enrolled students from traditionally underserved populations;
- Reducing disparities in initial gtPathway course completion in English and math between underserved and non-underserved students;
- Reducing disparities in persistence rates and credit hour attainment between underserved students and non-underserved students;
- Reducing disparities in successful transfer and degree completion between underserved and non-underserved students;
- Increasing retention and graduation rates for underserved students; and
- Increasing the share of degrees in STEM fields among students from underserved populations.

**Goal 4 – Financial Stewardship**

*Targets:*

- Increase the relative share of college costs shouldered by the State, and reverse the trend of increasing the student’s burden, in order to bolster access to degrees and credentials for those who would pursue them; and
- Maintain the State’s national leadership in efficiency and productivity.

*Indicators of Progress:*

- Maintain efficiency by moderating tuition, increasing financial aid expenditures, and increasing instructional expenditures when General Fund dollars increase; and
- Maintain efficiency and productivity above peer levels.

Currently, the CCHE and Department are in the process of working with institution governing boards and leadership to select and weight the specific performance indicators to be used in new performance contracts. Following this issue brief is the performance contract template/worksheet that the CCHE and Department will use to develop the performance contracts.

**RELEVANCE OF BRIEFING ISSUE TO THE DEPARTMENT'S STRATEGIC PLAN:**

This issue brief addresses the following objectives of the Department of Higher Education's Strategic Plan: increasing attainment, improving student success, reducing gaps, and restoring fiscal balance.

				Colorado Performance Contract Worksheet			
		Required Indicators	Indicator Number		Weight (As %)		
Credential Completion	Minimum of two indicators and 20 total points.	1.1, 1.2, or 1.3	1.1	Increase undergraduate credentials awarded by one percentage point per year.			
			1.2	"Maintain excellence" by conferring undergraduate credentials per 100 students enrolled at a level at or among the top 25% of peer institutions			
			1.3	"Maintain excellence" by maintaining graduation rates at or among the top 25% of peer institutions			
					1.4	Annually increase the graduation rate of transfer students	
					1.5	Annually increase proportion of undergraduate credentials awarded in STEM disciplines	
					1.6	Annually increase graduate degree productivity as measured by the number of graduate credentials awarded compared to the number of graduate students (FTE) enrolled.	
					1.7	INSTITUTION DEVELOPED INDICATOR	
						Subtotal Credential Completion	0%
Student Momentum and Success	Minimum of two indicators and 20 total points.		2.1	Annually increase the successful completion (C or better) of introductory gtPathways courses in English and Mathematics			
			2.2	Annually increase the proportion of students who accumulate at least 24 credit hours			
			2.3	Annually increase transfer out rate of degree-seeking associate of art or associate of science students who earn at least 12 credit hours			
			2.4	Annually increase the number of resident students who successfully complete the remedial course sequence			
			2.5	Annually increase retention rates across all student levels (e.g., sophomore, junior, senior)			
			2.6	INSTITUTION DEVELOPED INDICATOR			
						Subtotal Student Momentum and Success	0%
Closing Progress and Attainment Gaps	Minimum of two indicators and 20 total points.	3.1 or 3.2	3.1	Annually reduce disparities in graduation rates between resident underserved and resident non-underserved students			
			3.2	Annually reduce disparities in degree completion (graduates per 100 FTE) between resident underserved and resident non-underserved students			
					3.3	Annually reduce disparities in the successful completion rates of entry-level gtPathways courses English and entry-level mathematics courses between resident underserved students and resident non-underserved students	
					3.4	Annually increase the proportion of newly enrolled resident students who are from resident underserved populations	
					3.5	Annually increase the proportion of resident underserved students who earn postsecondary credentials in STEM disciplines	
					3.6	Annually reduce disparities in the transfer out rate between resident underserved students and resident non-underserved students	
					3.7	Annually reduce disparities in retention rates among resident underserved students and resident non-underserved students across all levels (sophomore, junior, senior)	
					3.8	Annually increase the proportion of resident underserved students who earn graduate-level degrees	
					3.9	INSTITUTION DEVELOPED INDICATOR	
				Subtotal Close Gaps	0%		
Financial Stewardship	Minimum of two indicators and 15 total points.		4.1	Maintain the institution's rank relative to peers regarding the number of degrees awarded per \$100,000 in total operating (E&G) revenues			
			4.2	Moderate resident undergraduate tuition increases when state general fund revenues increase above inflation			
			4.3	Increase expenditures for instruction (per FTE) at a rate that is equivalent to or greater than tuition increases for resident undergraduate students.			
			4.4	Increase institutional need-based financial aid expenditures (per FTE) at a rate at or above tuition increases for resident undergraduate students.			
			4.5	INSTITUTION DEVELOPED INDICATOR			
						Subtotal Financial Stewardship	0%
				Total (Must Total 100%)	0%		

Note: All metrics will be measured using a three-year rolling average. For example, the 2011-12 measurement will use data from 2009-10, 2010-11, and 2011-12.

## **Informational Issue: Impact of Reduced State Funding**

This issue brief discusses the impact of reduced state funding for higher education institutions and provides details on how those reductions have impacted tuition for students.

### **SUMMARY:**

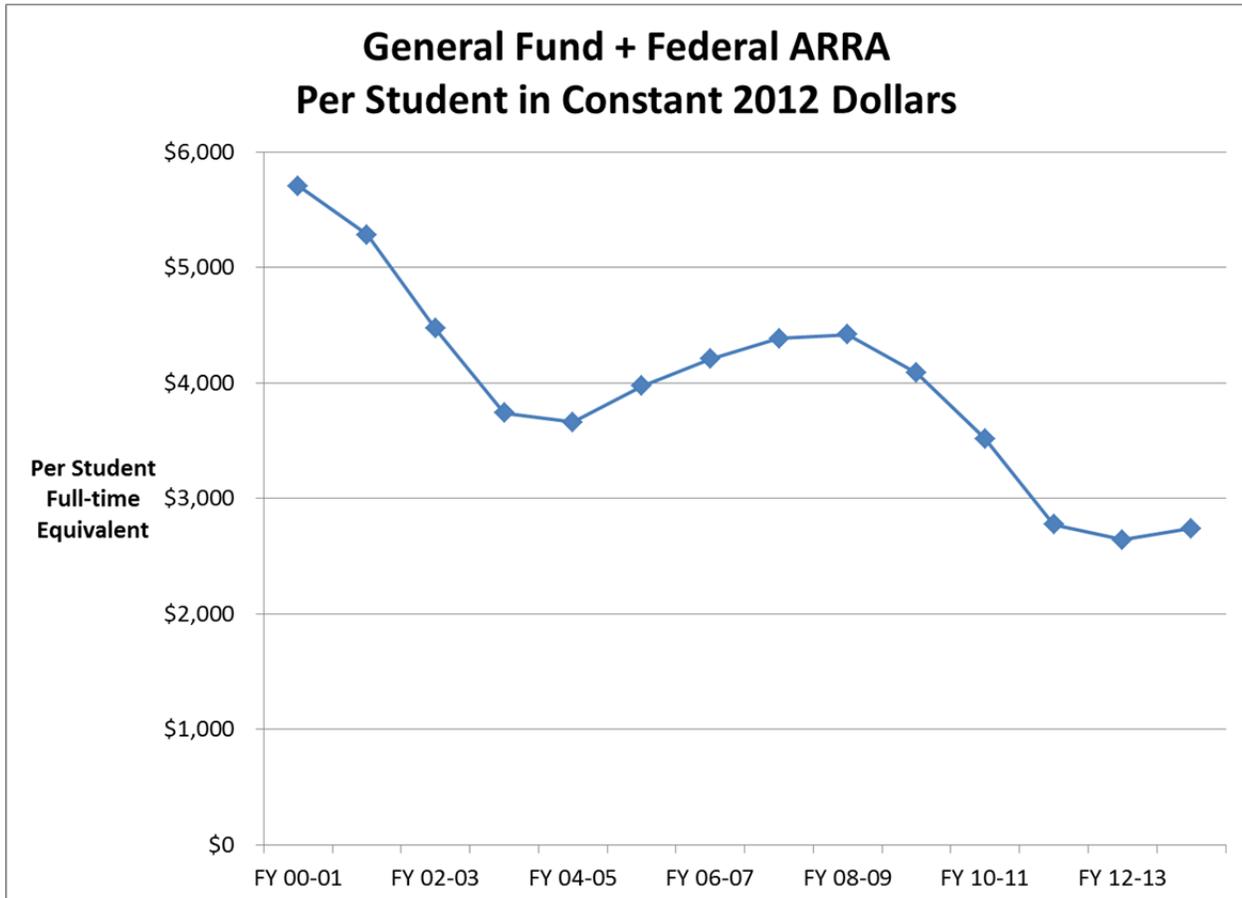
- In FY 2008-09 and FY 2009-10, the General Assembly reduced General Fund for higher education and used federal funds from the American Recovery and Reinvestment Act of 2009 (ARRA) to backfill the lost revenue. Since FY 2008-09, the amount of General Fund/ARRA appropriated for the operations of public higher education institutions has been reduced from \$706.0 million in FY 2008-09 to \$513.2 in FY 2012-13. For FY 2013-14, the Governor has requested an additional \$30 million for the operations of public higher education institutions.
- As a result of reduced General Fund/ARRA appropriations and an increase in student enrollment, the amount of General Fund/ARRA appropriated per student has decreased from \$4,154 in FY 2008-09 to \$2,642 in FY 2012-13.
- Although the amount of General Fund/ARRA appropriations has declined over the past several fiscal years, tuition revenue has kept the total amount of funding per student relatively constant.
- The reduced General Fund/ARRA appropriations and increased tuition have shifted the cost of higher education from the State to students.
- The increasing tuition for higher education also represents a larger percentage of household income.

### **DISCUSSION:**

The General Fund/ARRA appropriation for the operations of public higher education institutions has been reduced from \$706.0 million in FY 2008-09 to \$513.2 million in FY 2012-13, a reduction of 27.3 percent. Over that same time period, full-time-equivalent (FTE) student enrollment, both resident and nonresident, has increased 14.3 percent (a full-time-equivalent student is defined as a student taking 30 credit hours per year). As a result of these two factors, the amount of General Fund/ARRA appropriated per student FTE has decreased from \$4,154 in FY 2008-09 to \$2,642 in FY 2012-13. The Governor's FY 2013-14 budget seeks to reverse this trend of reduced General Fund support for higher education by requesting \$30 million for the operations of the State's public institutions of higher education. This would increase the amount of General Fund/ARRA appropriated per student FTE to \$2,739.

The following chart illustrates the change in General Fund/ARRA support per student FTE. Note that the inflation assumption used for this chart is the Denver/Boulder/Greeley consumer

price index. Some higher education professionals argue that the Denver/Boulder/Greeley consumer price index doesn't reflect the specific basket of goods purchased by colleges and understates the actual inflation experienced by higher education institutions. Changing the inflation assumption would change the slope of the line.



During the 2010 legislative session, the General Assembly passed S.B. 10-003, which provided tuition flexibility for public higher education institutions. Under S.B. 10-003, governing boards are given the authority to raise tuition rates for resident undergraduate students up to 9.0 percent for five years from FY 2011-12 to FY 2015-16. Further, governing boards have the ability to raise resident undergraduate tuition by more than 9.0 percent if the CCHE approves a Financial Accountability Plan. The Financial Accountability Plan details the level of tuition flexibility requested and outlines governing board strategies designed to protect low and middle income students and the needs of underserved and underrepresented students during the period of tuition flexibility.

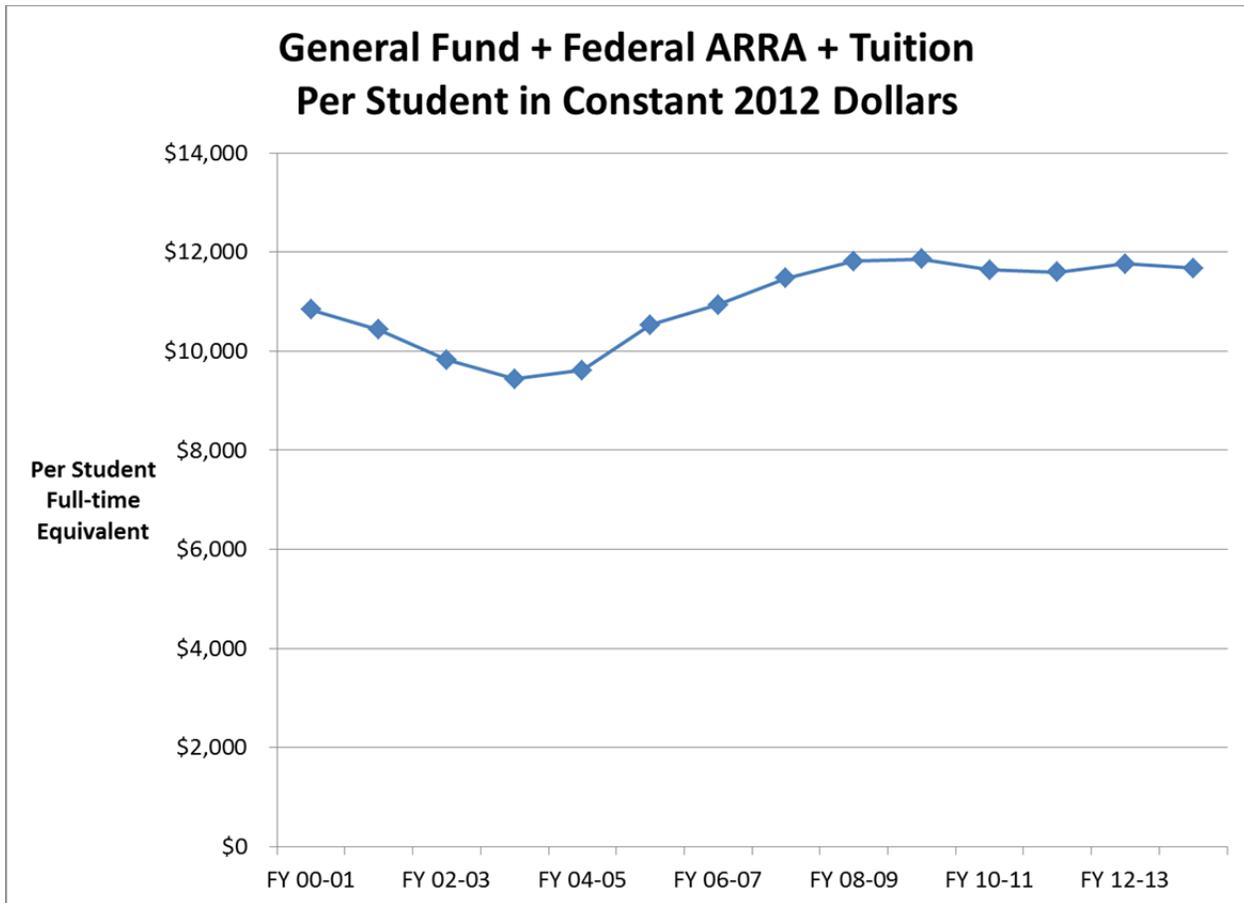
Greater tuition flexibility was offered in response to continued reductions in state operating support for institutions of higher education. Tuition flexibility has allowed institutions to meet operating needs and increase institutional financial aid support to meet the demands of higher enrollment. Tuition flexibility has also allowed institutions to better plan for the future in light of economic uncertainty by bringing tuition rates closer to peer institutions in other states or to

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more market-based levels. They also have the flexibility to make fundamental pricing changes such as closing tuition windows or establishing differential tuition rates for certain degree programs or courses through a more transparent process.

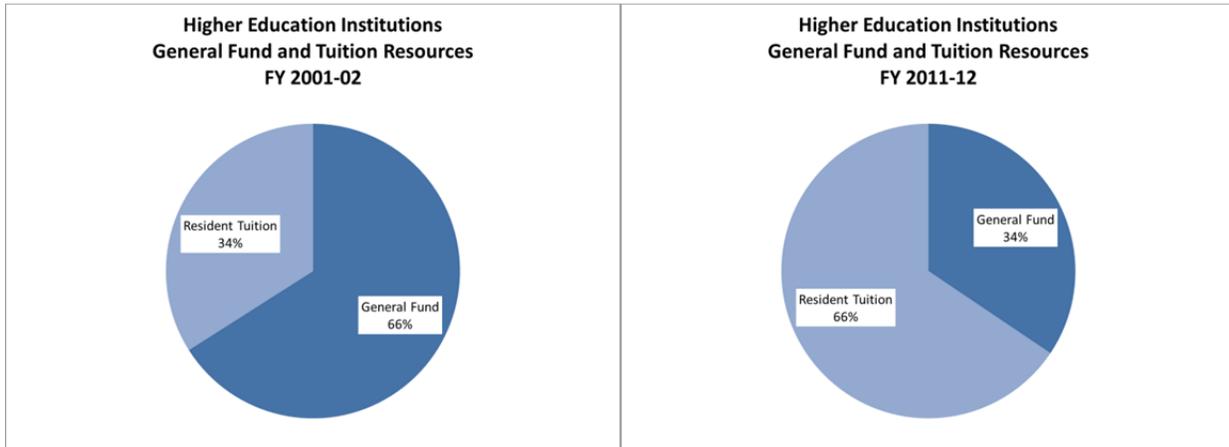
The following chart illustrates the change in General Fund/ARRA and tuition support per student FTE. Note that the inflation assumption used for this chart is the Denver/Boulder/Greeley consumer price index. Changing the inflation assumption would change the slope of the line.



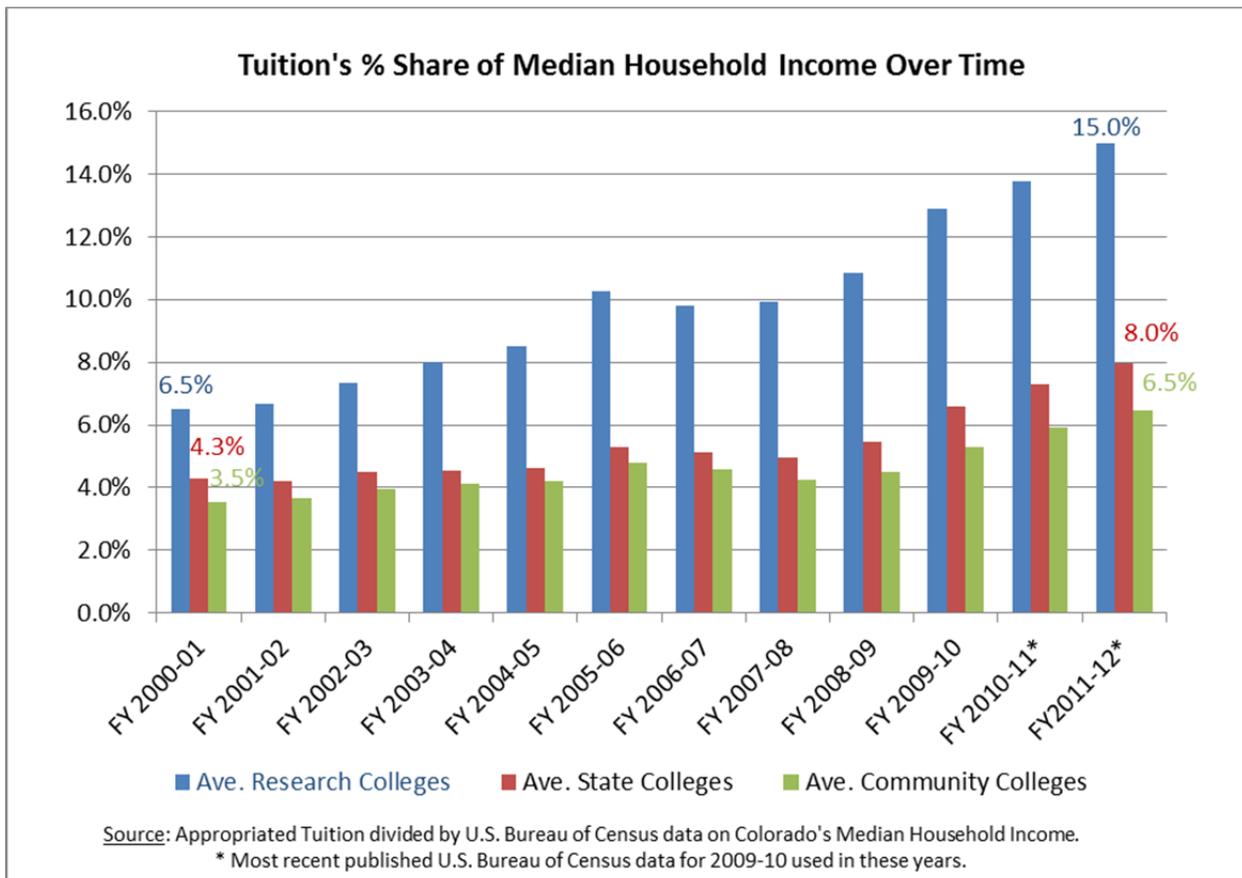
**Historical Shift of Resident Student Share vs. State Share**

Over the last ten years, there has been a shift in how much higher education institutions rely on resident tuition versus General Fund. This shift is illustrated in the next two pie charts. These charts only compare resident tuition with General Fund.

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In addition to resident tuition supporting a greater percentage of resources for higher education institutions, resident tuition is also representing a larger percentage of household income. The following chart illustrates how the percentage share of median household income has changed with regard to resident tuition since FY 2000-01.



**RELEVANCE OF BRIEFING ISSUE TO THE DEPARTMENT'S STRATEGIC PLAN:**

This issue brief addresses the following objective of the Department of Higher Education's Strategic Plan: restoring fiscal balance.

## **Informational Issue: Student Loan Debt**

This issue brief discusses student loan debt for the Class of 2011, the most recent year for which national data is available. Nationally and in Colorado, student loan debt continues to increase, and student loan default rates are beginning to rise after being at historic lows.

### **SUMMARY:**

- Nationally, two-thirds of students who graduated in 2011 with a bachelor's degree had student loan debt, with the average student being \$26,600 in debt. That is a 5 percent increase from the average student loan debt in 2010 (\$25,250). It is also a 53 percent increase from the \$17,350 average student loan debt in 2000. Similar to previous years, about 20 percent of graduates' student loan debt in 2011 is comprised of private loans.
- Colorado graduates had an average of \$22,283 in student loan debt in 2011, ranking the State 38<sup>th</sup> in the nation. In addition, 54 percent of Colorado graduates had student loan debt upon graduation, ranking the State 33<sup>rd</sup> in the nation.
- Balances of student loans have surpassed both auto loans and credit cards, with total student loan debt approaching \$1 trillion. Student loan debt is now the largest form of consumer debt outside of mortgages.
- Default rates for student loans are beginning to climb again after reaching historic lows in the early 2000s. The federal student loan default rate is now the highest it has been in 14 years, and more than five million student loan borrowers have at least one loan past due.

### **DISCUSSION:**

Nationally, two-thirds of college seniors who graduated in 2011 from four-year public and private nonprofit colleges had student loan debt, with an average of \$26,600 for those with loans. That is a five percent increase in national average student loan debt from the previous year, which is similar to the average annual increase over the past few years. It is also a 53 percent increase from the \$17,350 average student loan debt in 2000.

Colorado graduates had an average of \$22,283 in student loan debt in 2011, ranking the State 38<sup>th</sup> in the nation. That is up from \$22,017 in 2010 and \$16,346 in 2005. In addition, 54 percent of Colorado graduates had student loan debt upon graduation, ranking the State 33<sup>rd</sup> in the nation. The following table shows the student loan debt and percentage of students with student loan debt by state in 2011.

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Student Loan Debt				
State	Average Debt	Rank	% with Debt	Rank
New Hampshire	\$32,440	1	75%	3
Pennsylvania	\$29,959	2	70%	7
Minnesota	\$29,793	3	71%	5
Rhode Island	\$29,097	4	69%	8
Connecticut	\$28,783	5	64%	15
Iowa	\$28,753	6	72%	4
Ohio	\$28,683	7	68%	9
Vermont	\$28,273	8	63%	20
District of Columbia	\$28,241	9	52%	40
New Jersey	\$27,610	10	64%	15
Indiana	\$27,500	11	63%	20
Michigan	\$27,451	12	62%	24
North Dakota	\$27,425	13	83%	1
Massachusetts	\$27,181	14	65%	12
Illinois	\$26,470	15	64%	15
Wisconsin	\$26,238	16	67%	10
West Virginia	\$26,227	17	64%	15
Maine	\$26,046	18	71%	5
New York	\$25,851	19	60%	25
South Carolina	\$25,662	20	54%	33
Oregon	\$25,497	21	63%	20
Alabama	\$25,192	22	54%	33
Virginia	\$24,717	23	59%	27
Nebraska	\$24,287	24	63%	20
South Dakota	\$24,232	25	76%	2
Idaho	\$24,134	26	66%	11
Montana	\$24,113	27	65%	12
Maryland	\$24,002	28	55%	32
Mississippi	\$23,537	29	54%	33
Wyoming	\$23,341	30	47%	44
Kansas	\$23,321	31	64%	15
Missouri	\$23,229	32	65%	12
Florida	\$23,054	33	51%	41
Arkansas	\$23,048	34	56%	29
Louisiana	\$22,455	35	46%	45
Georgia	\$22,443	36	58%	28
Kentucky	\$22,287	37	60%	25
<b>Colorado</b>	<b>\$22,283</b>	<b>38</b>	<b>54%</b>	<b>33</b>
Washington	\$22,244	39	56%	27
Texas	\$22,140	40	56%	29

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Oklahoma	\$20,897	41	53%	38
North Carolina	\$20,800	42	54%	33
Tennessee	\$20,703	43	53%	38
Nevada	\$19,954	44	44%	47
Arizona	\$19,950	45	49%	43
California	\$18,879	46	51%	41
Hawaii	\$17,447	47	38%	48
Utah	\$17,227	48	45%	46
Alaska	n/a	n/a	n/a	n/a
Delaware	n/a	n/a	n/a	n/a
New Mexico	n/a	n/a	n/a	n/a

Many factors influence student loan debt levels for each graduating class and the rate of increase over time, such as changes in college costs, family resources, and need based grant aid. Most students in the Class of 2011 started college before the recent economic downturn, but the economy declined while they were in school, widening the gap between rising college costs and what students and their parents could afford. In addition, state budget cuts to higher education, like those seen in Colorado, have led to tuition increases that escalate the need to borrow. However, federal need based grant aid increased while the Class of 2011 was in college, with an especially large Pell Grant increase in FY 2009-10. Institutional grant aid also rose, which helped contain the need to borrow.

Private student loans also assist students with paying for college. The majority of these non-federal loans are made to students by private banks and lenders. Private student loans lack the same flexible repayment options of federal loans, such as unemployment deferment, income-based repayment, and loan forgiveness programs. The most recent available national data indicate that 33 percent of bachelor's degree recipients graduated with private loans, with an average private loan amount of \$12,550. In addition, 20 percent of all student loan debt for the Class of 2011 at public and private nonprofit four-year colleges was composed of private loans.

The outstanding student loan balance now stands at about \$870 billion, surpassing the total credit card balance (\$693 billion) and the total auto loan balance (\$730 billion). The national student loan default rate is currently 9.1 percent, which is the highest it has been in 14 years, and an estimated 5.4 million borrowers have at least one past due student loan account. However, although the default rate is rising, it is low relative the default rates in the late 1980s and early 1990s that were near or over 20 percent.

**RELEVANCE OF BRIEFING ISSUE TO THE DEPARTMENT'S STRATEGIC PLAN:**

This issue brief addresses the following objective of the Department of Higher Education's Strategic Plan: restoring fiscal balance.

**JBC Staff Budget Briefing: FY 2013-14**  
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**Appendix A: Numbers Pages**

	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Appropriation	FY 2013-14 Request	Request vs. Appropriation
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**DEPARTMENT OF HIGHER EDUCATION**  
**Joseph Garcia, Executive Director/Lt. Governor**

**(1) DEPARTMENT ADMINISTRATIVE OFFICE**

Primary Functions: Centrally appropriated items for the Department of Administration, the Commission, the Division of Private Occupational Schools, and the Historical Society. 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>939,048</u>	<u>1,028,168</u>	<u>1,123,166</u>	<u>1,277,856</u>	*
Cash Funds	643,370	709,171	768,119	914,344	
Reappropriated Funds	201,113	201,398	197,183	199,369	
Federal Funds	94,565	117,599	157,864	164,143	
Short-term Disability	<u>12,428</u>	<u>14,120</u>	<u>14,120</u>	<u>19,114</u>	*
Cash Funds	8,611	9,810	9,810	12,934	
Reappropriated Funds	2,471	2,507	2,507	3,574	
Federal Funds	1,346	1,803	1,803	2,606	
S.B. 04-257 Amortization Equalization Disbursement	<u>192,422</u>	<u>223,346</u>	<u>292,914</u>	<u>366,950</u>	*
Cash Funds	133,322	155,179	189,165	245,922	
Reappropriated Funds	38,255	39,652	60,046	70,574	
Federal Funds	20,845	28,515	43,703	50,454	
S.B. 06-235 Supplemental Amortization Equalization Disbursement	<u>140,309</u>	<u>179,475</u>	<u>251,723</u>	<u>331,274</u>	*
Cash Funds	97,215	124,698	162,564	222,013	
Reappropriated Funds	27,894	31,863	51,602	63,713	
Federal Funds	15,200	22,914	37,557	45,548	

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	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Appropriation	FY 2013-14 Request	Request vs. Appropriation
Salary Survey	<u>0</u>	<u>0</u>	<u>0</u>	<u>160,732</u>	
Cash Funds	0	0	0	108,279	
Reappropriated Funds	0	0	0	29,694	
Federal Funds	0	0	0	22,759	
Merit Pay	<u>0</u>	<u>0</u>	<u>0</u>	<u>174,977</u>	
Cash Funds	0	0	0	119,653	
Reappropriated Funds	0	0	0	31,161	
Federal Funds	0	0	0	24,163	
Workers' Compensation	<u>32,146</u>	<u>41,652</u>	<u>47,940</u>	<u>179,965</u>	
Cash Funds	26,985	35,643	41,024	171,029	
Reappropriated Funds	5,161	6,009	6,916	8,936	
Legal Services	<u>32,870</u>	<u>33,918</u>	<u>34,608</u>	<u>34,608</u>	
Cash Funds	9,071	9,360	9,550	9,550	
Reappropriated Funds	23,799	24,558	25,058	25,058	
Administrative Law Judge Services	<u>0</u>	<u>496</u>	<u>684</u>	<u>1,438</u>	
Cash Funds	0	496	684	1,438	
Purchase of Services from Computer Center	<u>244,484</u>	<u>107,140</u>	<u>185,984</u>	<u>151,781</u> *	
Cash Funds	232,991	102,158	170,775	146,612	
Reappropriated Funds	11,493	4,982	15,209	5,169	
Multiuse Network Payments	<u>59,378</u>	<u>74,792</u>	<u>0</u>	<u>0</u>	
Cash Funds	59,378	74,792	0	0	

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	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Appropriation	FY 2013-14 Request	Request vs. Appropriation
Management and Administration of OIT	<u>100,074</u>	<u>98,276</u>	<u>65,636</u>	<u>0</u>	
Cash Funds	100,074	98,276	65,636	0	
COFRS Modernization	<u>0</u>	<u>0</u>	<u>39,319</u>	<u>39,319</u>	
Cash Funds	0	0	19,614	19,614	
Reappropriated Funds	0	0	16,847	16,847	
Federal Funds	0	0	2,858	2,858	
Payment to Risk Management and Property Funds	<u>11,248</u>	<u>29,085</u>	<u>28,403</u>	<u>139,296</u>	
Cash Funds	10,795	27,803	27,146	136,309	
Reappropriated Funds	453	1,282	1,257	2,987	
Leased Space	<u>484,614</u>	<u>493,711</u>	<u>514,210</u>	<u>524,862</u>	
Cash Funds	118,321	89,023	102,842	104,972	
Reappropriated Funds	366,293	404,688	411,368	419,890	
<b>TOTAL - (1) Department Administrative Office</b>	2,249,021	2,324,179	2,598,707	3,402,172	30.9%
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0%</u>
Cash Funds	1,440,133	1,436,409	1,566,929	2,212,669	41.2%
Reappropriated Funds	676,932	716,939	787,993	876,972	11.3%
Federal Funds	131,956	170,831	243,785	312,531	28.2%

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	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Appropriation	FY 2013-14 Request	Request vs. Appropriation
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**(2) COLORADO COMMISSION ON HIGHER EDUCATION**

Primary Functions: Serves as the central policy and coordinating board for higher education. Cash fund sources include fees from proprietary schools deposited in the Private Occupational Schools Fund and payments from other states for veterinary medicine as a part of the exchange program organized by WICHE. Reappropriated funds are from indirect cost recoveries.

**(A) Administration**

Administration	<u>2,779,615</u>	<u>2,593,850</u>	<u>2,562,903</u>	<u>2,713,675</u> *
FTE	27.4	28.4	30.5	30.5
Cash Funds	190,745	199,075	265,086	265,086
Reappropriated Funds	2,125,117	1,971,012	1,913,231	2,064,003
Federal Funds	463,753	423,763	384,586	384,586

<b>SUBTOTAL - (A) Administration</b>	2,779,615	2,593,850	2,562,903	2,713,675	5.9%
FTE	<u>27.4</u>	<u>28.4</u>	<u>30.5</u>	<u>30.5</u>	0.0%
Cash Funds	190,745	199,075	265,086	265,086	0.0%
Reappropriated Funds	2,125,117	1,971,012	1,913,231	2,064,003	7.9%
Federal Funds	463,753	423,763	384,586	384,586	0.0%

**(B) Division of Private Occupational Schools**

Division of Private Occupational Schools	<u>627,789</u>	<u>616,789</u>	<u>633,554</u>	<u>633,554</u>
FTE	6.9	7.7	7.8	7.8
Cash Funds	627,789	616,789	633,554	633,554

<b>SUBTOTAL - (B) Division of Private Occupational Schools</b>	627,789	616,789	633,554	633,554	0.0%
FTE	<u>6.9</u>	<u>7.7</u>	<u>7.8</u>	<u>7.8</u>	0.0%
Cash Funds	627,789	616,789	633,554	633,554	0.0%

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	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Appropriation	FY 2013-14 Request	Request vs. Appropriation
<b>(C) Special Purpose</b>					
Western Interstate Commission for Higher Education (WICHE)	<u>125,000</u>	<u>125,000</u>	<u>125,000</u>	<u>131,000</u>	*
Reappropriated Funds	125,000	125,000	125,000	131,000	
WICHE - Optometry	<u>391,736</u>	<u>395,356</u>	<u>399,000</u>	<u>399,000</u>	
General Fund	0	0	62,261	62,261	
Reappropriated Funds	391,736	395,356	336,739	336,739	
Distribution to Higher Education Competitive Research Authority	<u>2,330,000</u>	<u>2,139,494</u>	<u>3,381,000</u>	<u>3,381,000</u>	
Cash Funds	2,330,000	2,139,494	3,381,000	3,381,000	
Veterinary School Program Needs	<u>162,400</u>	<u>162,400</u>	<u>285,000</u>	<u>285,000</u>	
Cash Funds	0	0	122,600	122,600	
Reappropriated Funds	162,400	162,400	162,400	162,400	
Enrollment/Tuition and Stipend Contingency	<u>20,000,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	
Cash Funds	20,000,000	0	0	0	
<b>SUBTOTAL - (C) Special Purpose</b>	23,009,136	2,822,250	4,190,000	4,196,000	0.1%
FTE	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0%</u>
General Fund	0	0	62,261	62,261	0.0%
Cash Funds	22,330,000	2,139,494	3,503,600	3,503,600	0.0%
Reappropriated Funds	679,136	682,756	624,139	630,139	1.0%

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<b>TOTAL - (2) Colorado Commission on Higher Education</b>	26,416,540	6,032,889	7,386,457	7,543,229	2.1%
<i>FTE</i>	<u>34.3</u>	<u>36.1</u>	<u>38.3</u>	<u>38.3</u>	<u>0.0%</u>
General Fund	0	0	62,261	62,261	0.0%
Cash Funds	23,148,534	2,955,358	4,402,240	4,402,240	0.0%
Reappropriated Funds	2,804,253	2,653,768	2,537,370	2,694,142	6.2%
Federal Funds	463,753	423,763	384,586	384,586	0.0%

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	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Appropriation	FY 2013-14 Request	Request vs. Appropriation
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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. The source of reappropriated moneys is funding transferred from the Department of Human Services for the Early Childhood Professional Loan Repayment program.

**(A) Need Based Grants**

Need Based Grants	<u>73,980,779</u>	<u>74,351,420</u>	<u>73,798,891</u>	<u>79,147,639</u> *
General Fund	0	74,259,868	73,798,891	79,147,639
Cash Funds	58,580,779	0	0	0
Reappropriated Funds	15,400,000	91,552	0	0

<b>SUBTOTAL - (A) Need Based Grants</b>	73,980,779	74,351,420	73,798,891	79,147,639	7.2%
<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	74,259,868	73,798,891	79,147,639	7.2%
Cash Funds	58,580,779	0	0	0	0.0%
Reappropriated Funds	15,400,000	91,552	0	0	0.0%

**(B) Work Study**

Work Study	<u>16,396,507</u>	<u>16,255,513</u>	<u>16,432,328</u>	<u>16,432,328</u>
General Fund	16,396,507	16,255,513	16,432,328	16,432,328

<b>SUBTOTAL - (B) Work Study</b>	16,396,507	16,255,513	16,432,328	16,432,328	0.0%
<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	16,396,507	16,255,513	16,432,328	16,432,328	0.0%

**(C) Special Purpose**

Veterans'/Law Enforcement/POW Tuition Assistance	<u>387,936</u>	<u>443,410</u>	<u>364,922</u>	<u>420,000</u> *
General Fund	387,936	443,410	364,922	420,000

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	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Appropriation	FY 2013-14 Request	Request vs. Appropriation
National Guard Tuition Assistance Fund	800,000	800,000	800,000	800,000	
General Fund	800,000	800,000	800,000	800,000	
Native American Students/Fort Lewis College	10,430,371	11,785,002	12,773,557	14,342,066 *	
General Fund	10,139,220	11,347,562	12,773,557	14,342,066	
Reappropriated Funds	291,151	437,440	0	0	
GEAR - UP	447,359	827,692	600,000	600,000	
Federal Funds	447,359	827,692	600,000	600,000	
Nursing Teacher Loan Forgiveness Pilot	161,600	0	0	0	
General Fund	161,600	0	0	0	
Required Federal Match	2,598,828	0	0	0	
General Fund	1,674,962	0	0	0	
Federal Funds	923,866	0	0	0	
<b>SUBTOTAL - (C) Special Purpose</b>	14,826,094	13,856,104	14,538,479	16,162,066	11.2%
<i>FTE</i>	0.0	0.0	0.0	0.0	0.0%
General Fund	13,163,718	12,590,972	13,938,479	15,562,066	11.6%
Reappropriated Funds	291,151	437,440	0	0	0.0%
Federal Funds	1,371,225	827,692	600,000	600,000	0.0%
<b>TOTAL - (3) Colorado Commission on Higher Education Financial Aid</b>	105,203,380	104,463,037	104,769,698	111,742,033	6.7%
<i>FTE</i>	0.0	0.0	0.0	0.0	0.0%
General Fund	29,560,225	103,106,353	104,169,698	111,142,033	6.7%
Cash Funds	58,580,779	0	0	0	0.0%
Reappropriated Funds	15,691,151	528,992	0	0	0.0%
Federal Funds	1,371,225	827,692	600,000	600,000	0.0%

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	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Appropriation	FY 2013-14 Request	Request vs. Appropriation
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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>265,697,711</u>	<u>261,370,727</u>	<u>263,943,300</u>	<u>272,457,600</u> *
General Fund	265,697,711	159,708,490	221,247,730	229,762,030
General Fund Exempt	0	101,662,237	42,695,570	42,695,570

Stipends for eligible full-time equivalent students attending participating private institutions

	<u>1,236,667</u>	<u>1,280,906</u>	<u>1,078,800</u>	<u>1,299,840</u> *
General Fund	1,236,667	1,280,906	1,078,800	1,299,840

<b>SUBTOTAL - (A) Stipends</b>	266,934,378	262,651,633	265,022,100	273,757,440	3.3%
<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	266,934,378	160,989,396	222,326,530	231,061,870	3.9%
General Fund Exempt	0	101,662,237	42,695,570	42,695,570	0.0%

**(B) Fee-for-service Contracts with State Institutions**

Fee-for-service Contracts with State Institutions

	<u>327,199,670</u>	<u>238,095,145</u>	<u>229,412,527</u>	<u>249,730,846</u> *
General Fund	225,933,003	23,690,715	15,008,097	35,326,416
General Fund Exempt	101,266,667	214,404,430	214,404,430	214,404,430

<b>SUBTOTAL - (B) Fee-for-service Contracts with State Institutions</b>	327,199,670	238,095,145	229,412,527	249,730,846	8.9%
<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	225,933,003	23,690,715	15,008,097	35,326,416	135.4%
General Fund Exempt	101,266,667	214,404,430	214,404,430	214,404,430	0.0%

**JBC Staff Budget Briefing: FY 2013-14**  
**Staff Working Document - Does Not Represent Committee Decision**

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	<b>FY 2010-11 Actual</b>	<b>FY 2011-12 Actual</b>	<b>FY 2012-13 Appropriation</b>	<b>FY 2013-14 Request</b>	<b>Request vs. Appropriation</b>
<b>TOTAL - (4) College Opportunity Fund Program</b>	594,134,048	500,746,778	494,434,627	523,488,286	5.9%
<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	492,867,381	184,680,111	237,334,627	266,388,286	12.2%
General Fund Exempt	101,266,667	316,066,667	257,100,000	257,100,000	0.0%

**JBC Staff Budget Briefing: FY 2013-14**  
**Staff Working Document - Does Not Represent Committee Decision**

	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Appropriation	FY 2013-14 Request	Request vs. Appropriation
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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 College**

Trustees of Adams State College	30,180,469	29,938,930	34,471,996	35,120,236	*
FTE	302.9	294.7	294.7	294.7	
Cash Funds	16,732,524	18,748,515	23,562,885	23,562,885	
Reappropriated Funds	13,023,280	11,190,415	10,909,111	11,557,351	
Federal Funds	424,665	0	0	0	

<b>SUBTOTAL - (A) Trustees of Adams State College</b>	30,180,469	29,938,930	34,471,996	35,120,236	1.9%
<i>FTE</i>	<u>302.9</u>	<u>294.7</u>	<u>294.7</u>	<u>294.7</u>	<u>0.0%</u>
Cash Funds	16,732,524	18,748,515	23,562,885	23,562,885	0.0%
Reappropriated Funds	13,023,280	11,190,415	10,909,111	11,557,351	5.9%
Federal Funds	424,665	0	0	0	0.0%

**(B) Trustees of Colorado Mesa University**

Trustees of Colorado Mesa University	64,670,239	65,625,128	73,265,398	74,453,038	*
FTE	499.0	534.5	534.5	534.5	
Cash Funds	42,583,187	47,124,553	54,634,548	54,634,548	
Reappropriated Funds	21,368,065	18,500,575	18,630,850	19,818,490	
Federal Funds	718,987	0	0	0	

**JBC Staff Budget Briefing: FY 2013-14**  
**Staff Working Document - Does Not Represent Committee Decision**

	<b>FY 2010-11 Actual</b>	<b>FY 2011-12 Actual</b>	<b>FY 2012-13 Appropriation</b>	<b>FY 2013-14 Request</b>	<b>Request vs. Appropriation</b>
<b>SUBTOTAL - (B) Trustees of Colorado Mesa</b>					
<b>University</b>	64,670,239	65,625,128	73,265,398	74,453,038	1.6%
<i>FTE</i>	<u>499.0</u>	<u>534.5</u>	<u>534.5</u>	<u>534.5</u>	<u>0.0%</u>
Cash Funds	42,583,187	47,124,553	54,634,548	54,634,548	0.0%
Reappropriated Funds	21,368,065	18,500,575	18,630,850	19,818,490	6.4%
Federal Funds	718,987	0	0	0	0.0%

**(C) Trustees of Metropolitan State College of Denver**

Trustees of Metropolitan State College of Denver	<u>127,116,233</u>	<u>131,304,673</u>	<u>128,971,863</u>	<u>130,954,904</u> *
FTE	1,233.7	1,299.0	1,299.0	1,299.0
Cash Funds	83,048,502	94,343,194	91,989,858	91,989,858
Reappropriated Funds	42,665,126	36,961,479	36,982,005	38,965,046
Federal Funds	1,402,605	0	0	0

<b>SUBTOTAL - (C) Trustees of Metropolitan State College of Denver</b>					
<b>College of Denver</b>	127,116,233	131,304,673	128,971,863	130,954,904	1.5%
<i>FTE</i>	<u>1,233.7</u>	<u>1,299.0</u>	<u>1,299.0</u>	<u>1,299.0</u>	<u>0.0%</u>
Cash Funds	83,048,502	94,343,194	91,989,858	91,989,858	0.0%
Reappropriated Funds	42,665,126	36,961,479	36,982,005	38,965,046	5.4%
Federal Funds	1,402,605	0	0	0	0.0%

**(D) Trustees of Western State College**

Trustees of Western State College	<u>22,407,023</u>	<u>20,991,913</u>	<u>23,751,446</u>	<u>24,166,134</u> *
FTE	237.3	231.9	231.9	231.9
Cash Funds	11,198,142	11,647,666	14,637,004	14,637,004
Reappropriated Funds	10,778,294	9,344,247	9,114,442	9,529,130
Federal Funds	430,587	0	0	0

**JBC Staff Budget Briefing: FY 2013-14**  
**Staff Working Document - Does Not Represent Committee Decision**

	<b>FY 2010-11 Actual</b>	<b>FY 2011-12 Actual</b>	<b>FY 2012-13 Appropriation</b>	<b>FY 2013-14 Request</b>	<b>Request vs. Appropriation</b>
<b>SUBTOTAL - (D) Trustees of Western State College</b>	22,407,023	20,991,913	23,751,446	24,166,134	1.7%
<i>FTE</i>	<u>237.3</u>	<u>231.9</u>	<u>231.9</u>	<u>231.9</u>	<u>0.0%</u>
Cash Funds	11,198,142	11,647,666	14,637,004	14,637,004	0.0%
Reappropriated Funds	10,778,294	9,344,247	9,114,442	9,529,130	4.5%
Federal Funds	430,587	0	0	0	0.0%

**(E) Board of Governors of the Colorado State University System**

Board of Governors of the Colorado State University  
System

	<u>400,717,689</u>	<u>411,193,879</u>	<u>421,257,266</u>	<u>427,381,325</u> *
FTE	4,257.8	4,037.8	4,002.4	4,002.4
Cash Funds	268,657,429	304,547,346	317,417,714	317,417,714
Reappropriated Funds	126,030,094	106,646,533	103,839,552	109,963,611
Federal Funds	6,030,166	0	0	0

<b>SUBTOTAL - (E) Board of Governors of the Colorado State University System</b>	400,717,689	411,193,879	421,257,266	427,381,325	1.5%
<i>FTE</i>	<u>4,257.8</u>	<u>4,037.8</u>	<u>4,002.4</u>	<u>4,002.4</u>	<u>0.0%</u>
Cash Funds	268,657,429	304,547,346	317,417,714	317,417,714	0.0%
Reappropriated Funds	126,030,094	106,646,533	103,839,552	109,963,611	5.9%
Federal Funds	6,030,166	0	0	0	0.0%

**(F) Trustees of Fort Lewis College**

Trustees of Fort Lewis College

	<u>42,125,037</u>	<u>43,113,153</u>	<u>45,045,006</u>	<u>45,520,719</u> *
FTE	372.0	417.8	417.8	417.8
Cash Funds	30,621,766	33,742,036	35,938,167	35,938,167
Reappropriated Funds	10,605,478	9,371,117	9,106,839	9,582,552
Federal Funds	897,793	0	0	0

**JBC Staff Budget Briefing: FY 2013-14**  
**Staff Working Document - Does Not Represent Committee Decision**

	<b>FY 2010-11 Actual</b>	<b>FY 2011-12 Actual</b>	<b>FY 2012-13 Appropriation</b>	<b>FY 2013-14 Request</b>	<b>Request vs. Appropriation</b>
<b>SUBTOTAL - (F) Trustees of Fort Lewis College</b>	42,125,037	43,113,153	45,045,006	45,520,719	1.1%
<i>FTE</i>	<u>372.0</u>	<u>417.8</u>	<u>417.8</u>	<u>417.8</u>	<u>0.0%</u>
Cash Funds	30,621,766	33,742,036	35,938,167	35,938,167	0.0%
Reappropriated Funds	10,605,478	9,371,117	9,106,839	9,582,552	5.2%
Federal Funds	897,793	0	0	0	0.0%

**(G) Regents of the University of Colorado**

Regents of the University of Colorado	<u>897,718,548</u>	<u>895,971,250</u>	<u>946,571,892</u>	<u>955,587,061</u> *
FTE	6,805.0	6,797.7	6,797.7	6,797.7
Cash Funds	705,253,028	749,537,987	804,743,017	804,743,017
Reappropriated Funds	181,555,917	146,433,263	141,828,875	150,844,044
Federal Funds	10,909,603	0	0	0

<b>SUBTOTAL - (G) Regents of the University of Colorado</b>	897,718,548	895,971,250	946,571,892	955,587,061	1.0%
<i>FTE</i>	<u>6,805.0</u>	<u>6,797.7</u>	<u>6,797.7</u>	<u>6,797.7</u>	<u>0.0%</u>
Cash Funds	705,253,028	749,537,987	804,743,017	804,743,017	0.0%
Reappropriated Funds	181,555,917	146,433,263	141,828,875	150,844,044	6.4%
Federal Funds	10,909,603	0	0	0	0.0%

**(H) Trustees of the Colorado School of Mines**

Trustees of the Colorado School of Mines	<u>102,760,302</u>	<u>109,394,186</u>	<u>113,224,565</u>	<u>114,259,701</u> *
FTE	749.6	766.6	766.6	766.6
General Fund	0	0	0	0
Cash Funds	81,304,057	93,139,944	97,451,983	97,451,983
Reappropriated Funds	20,585,538	16,254,242	15,772,582	16,807,718
Federal Funds	870,707	0	0	0

**JBC Staff Budget Briefing: FY 2013-14**  
**Staff Working Document - Does Not Represent Committee Decision**

	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Appropriation	FY 2013-14 Request	Request vs. Appropriation
<b>SUBTOTAL - (H) Trustees of the Colorado School of Mines</b>					
	102,760,302	109,394,186	113,224,565	114,259,701	0.9%
<i>FTE</i>	<u>749.6</u>	<u>766.6</u>	<u>766.6</u>	<u>766.6</u>	<u>0.0%</u>
General Fund	0	0	0	0	0.0%
Cash Funds	81,304,057	93,139,944	97,451,983	97,451,983	0.0%
Reappropriated Funds	20,585,538	16,254,242	15,772,582	16,807,718	6.6%
Federal Funds	870,707	0	0	0	0.0%

**(I) University of Northern Colorado**

University of Northern Colorado	<u>115,007,420</u>	<u>114,107,716</u>	<u>124,405,052</u>	<u>126,166,901</u> *
FTE	1,050.4	1,003.1	1,003.1	1,003.1
Cash Funds	74,383,330	81,301,110	92,547,957	92,547,957
Reappropriated Funds	38,842,790	32,806,606	31,857,095	33,618,944
Federal Funds	1,781,300	0	0	0

<b>SUBTOTAL - (I) University of Northern Colorado</b>					
	115,007,420	114,107,716	124,405,052	126,166,901	1.4%
<i>FTE</i>	<u>1,050.4</u>	<u>1,003.1</u>	<u>1,003.1</u>	<u>1,003.1</u>	<u>0.0%</u>
Cash Funds	74,383,330	81,301,110	92,547,957	92,547,957	0.0%
Reappropriated Funds	38,842,790	32,806,606	31,857,095	33,618,944	5.5%
Federal Funds	1,781,300	0	0	0	0.0%

**(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>386,999,646</u>	<u>379,418,681</u>	<u>399,945,505</u>	<u>406,132,589</u> *
FTE	5,934.0	5,736.6	5,736.6	5,736.6
Cash Funds	255,033,689	265,085,753	282,255,498	282,255,498
Reappropriated Funds	127,442,799	114,332,928	117,690,007	123,877,091
Federal Funds	4,523,158	0	0	0

**JBC Staff Budget Briefing: FY 2013-14**  
**Staff Working Document - Does Not Represent Committee Decision**

	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Appropriation	FY 2013-14 Request	Request vs. Appropriation
<b>SUBTOTAL - (J) State Board for Community Colleges and Occupational Education State System</b>					
<b>Community Colleges</b>	386,999,646	379,418,681	399,945,505	406,132,589	1.5%
<i>FTE</i>	<u>5,934.0</u>	<u>5,736.6</u>	<u>5,736.6</u>	<u>5,736.6</u>	<u>0.0%</u>
Cash Funds	255,033,689	265,085,753	282,255,498	282,255,498	0.0%
Reappropriated Funds	127,442,799	114,332,928	117,690,007	123,877,091	5.3%
Federal Funds	4,523,158	0	0	0	0.0%
<b>TOTAL - (5) Governing Boards</b>					
<i>FTE</i>	<u>21,441.7</u>	<u>21,119.7</u>	<u>21,084.3</u>	<u>21,084.3</u>	<u>0.0%</u>
General Fund	0	0	0	0	0.0%
Cash Funds	1,568,815,654	1,699,218,104	1,815,178,631	1,815,178,631	0.0%
Reappropriated Funds	592,897,381	501,841,405	495,731,358	524,563,977	5.8%
Federal Funds	27,989,571	0	0	0	0.0%

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	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Appropriation	FY 2013-14 Request	Request vs. Appropriation
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**(6) LOCAL DISTRICT JUNIOR 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.

Local District Junior College Grants	<u>15,467,729</u>	<u>12,506,424</u>	<u>12,522,176</u>	<u>13,262,584</u> *
General Fund	12,601,934	11,909,951	11,909,951	12,650,359
Cash Funds	836,339	596,473	612,225	612,225
Federal Funds	2,029,456	0	0	0

<b>TOTAL - (6) Local District Junior College Grants</b>					
<b>Pursuant to Section 23-71-301, C.R.S.</b>	15,467,729	12,506,424	12,522,176	13,262,584	5.9%
<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	12,601,934	11,909,951	11,909,951	12,650,359	6.2%
Cash Funds	836,339	596,473	612,225	612,225	0.0%
Federal Funds	2,029,456	0	0	0	0.0%

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	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Appropriation	FY 2013-14 Request	Request vs. Appropriation
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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	900,000	900,000	900,000	900,000	
FTE	7.1	8.3	9.0	9.0	
General Fund	0	0	0	0	
Reappropriated Funds	900,000	900,000	900,000	900,000	
<b>SUBTOTAL - (A) Administrative Costs</b>	900,000	900,000	900,000	900,000	0.0%
FTE	7.1	8.3	9.0	9.0	0.0%
General Fund	0	0	0	0	0.0%
Reappropriated Funds	900,000	900,000	900,000	900,000	0.0%

**(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	23,296,124	22,764,221	24,218,018	24,566,338 *	
Reappropriated Funds	23,296,124	22,764,221	24,218,018	24,566,338	
<b>SUBTOTAL - (B) Distribution of State Assistance for Career and Technical Education pursuant to Section 23-8-102, C.R.S.</b>	23,296,124	22,764,221	24,218,018	24,566,338	1.4%
FTE	0.0	0.0	0.0	0.0	0.0%
Reappropriated Funds	23,296,124	22,764,221	24,218,018	24,566,338	1.4%

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	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Appropriation	FY 2013-14 Request	Request vs. Appropriation
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**(C) Area Vocational School Support**

Area Vocational School Support	<u>8,450,501</u>	<u>7,664,871</u>	<u>7,664,871</u>	<u>8,091,844</u> *	
General Fund	7,392,154	7,664,871	7,664,871	8,091,844	
Federal Funds	1,058,347	0	0	0	

<b>SUBTOTAL - (C) Area Vocational School Support</b>	8,450,501	7,664,871	7,664,871	8,091,844	5.6%
<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	7,392,154	7,664,871	7,664,871	8,091,844	5.6%
Federal Funds	1,058,347	0	0	0	0.0%

**(D) Sponsored Programs**

Administration	<u>2,072,186</u>	<u>2,220,227</u>	<u>2,220,227</u>	<u>2,220,227</u>	
FTE	25.2	22.2	23.0	23.0	
Federal Funds	2,072,186	2,220,227	2,220,227	2,220,227	
Programs	<u>14,350,167</u>	<u>14,737,535</u>	<u>14,737,535</u>	<u>14,737,535</u>	
Federal Funds	14,350,167	14,737,535	14,737,535	14,737,535	

<b>SUBTOTAL - (D) Sponsored Programs</b>	16,422,353	16,957,762	16,957,762	16,957,762	0.0%
<i>FTE</i>	<u>25.2</u>	<u>22.2</u>	<u>23.0</u>	<u>23.0</u>	<u>0.0%</u>
Federal Funds	16,422,353	16,957,762	16,957,762	16,957,762	0.0%

**(E) Colorado First Customized Job Training**

Colorado First Customized Job Training	<u>2,725,022</u>	<u>2,725,022</u>	<u>2,725,022</u>	<u>2,725,022</u>	
Reappropriated Funds	2,725,022	2,725,022	2,725,022	2,725,022	

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	<b>FY 2010-11 Actual</b>	<b>FY 2011-12 Actual</b>	<b>FY 2012-13 Appropriation</b>	<b>FY 2013-14 Request</b>	<b>Request vs. Appropriation</b>
<b>SUBTOTAL - (E) Colorado First Customized Job</b>					
<b>Training</b>	2,725,022	2,725,022	2,725,022	2,725,022	0.0%
<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	2,725,022	2,725,022	2,725,022	2,725,022	0.0%
<b>TOTAL - (7) Division of Occupational Education</b>					
	51,794,000	51,011,876	52,465,673	53,240,966	1.5%
<i>FTE</i>	<u>32.3</u>	<u>30.5</u>	<u>32.0</u>	<u>32.0</u>	<u>0.0%</u>
General Fund	7,392,154	7,664,871	7,664,871	8,091,844	5.6%
Reappropriated Funds	26,921,146	26,389,243	27,843,040	28,191,360	1.3%
Federal Funds	17,480,700	16,957,762	16,957,762	16,957,762	0.0%

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	<b>FY 2010-11 Actual</b>	<b>FY 2011-12 Actual</b>	<b>FY 2012-13 Appropriation</b>	<b>FY 2013-14 Request</b>	<b>Request vs. Appropriation</b>
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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>17,670,252</u>	<u>17,670,252</u>	<u>17,670,252</u>	<u>17,670,252</u>
FTE	166.3	172.9	172.9	172.9
Reappropriated Funds	17,670,252	17,670,252	17,670,252	17,670,252

<b>TOTAL - (8) Auraria Higher Education Center</b>	17,670,252	17,670,252	17,670,252	17,670,252	0.0%
<i>FTE</i>	<u>166.3</u>	<u>172.9</u>	<u>172.9</u>	<u>172.9</u>	<u>0.0%</u>
Reappropriated Funds	17,670,252	17,670,252	17,670,252	17,670,252	0.0%

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	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Appropriation	FY 2013-14 Request	Request vs. Appropriation
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**(9) STATE HISTORICAL SOCIETY**

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) Cumbres and Toltec Railroad Commission**

Cumbres and Toltec Railroad Commission	<u>180,000</u>	<u>202,500</u>	<u>1,870,500</u>	<u>2,145,000</u> *
General Fund	180,000	202,500	1,020,500	1,295,000
Cash Funds	0	0	850,000	850,000

<b>SUBTOTAL - (A) Cumbres and Toltec Railroad Commission</b>	180,000	202,500	1,870,500	2,145,000	14.7%
<b>FTE</b>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0%</u>
General Fund	180,000	202,500	1,020,500	1,295,000	26.9%
Cash Funds	0	0	850,000	850,000	0.0%

**(B) Sponsored Programs**

Sponsored Programs	<u>238,383</u>	<u>62,451</u>	<u>250,000</u>	<u>250,000</u>
FTE	3.0	1.2	3.5	3.5
Cash Funds	0	20,000	20,000	20,000
Federal Funds	238,383	42,451	230,000	230,000

<b>SUBTOTAL - (B) Sponsored Programs</b>	238,383	62,451	250,000	250,000	0.0%
<b>FTE</b>	<u>3.0</u>	<u>1.2</u>	<u>3.5</u>	<u>3.5</u>	<u>0.0%</u>
Cash Funds	0	20,000	20,000	20,000	0.0%
Federal Funds	238,383	42,451	230,000	230,000	0.0%

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	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Appropriation	FY 2013-14 Request	Request vs. Appropriation
<b>(C) Auxiliary Programs</b>					
Auxiliary Programs	<u>909,544</u>	<u>1,119,502</u>	<u>1,757,535</u>	<u>1,757,535</u>	
FTE	8.7	11.8	14.5	14.5	
Cash Funds	909,544	1,119,502	1,757,535	1,757,535	
<b>SUBTOTAL - (C) Auxiliary Programs</b>	909,544	1,119,502	1,757,535	1,757,535	0.0%
FTE	<u>8.7</u>	<u>11.8</u>	<u>14.5</u>	<u>14.5</u>	<u>0.0%</u>
Cash Funds	909,544	1,119,502	1,757,535	1,757,535	0.0%
<b>(D) Gaming Revenue</b>					
Gaming Cities Distribution	<u>4,973,472</u>	<u>4,839,002</u>	<u>4,260,000</u>	<u>4,940,000</u>	
Cash Funds	4,973,472	4,839,002	4,260,000	4,940,000	
Statewide Preservation Grant Program	<u>15,691,593</u>	<u>15,597,326</u>	<u>14,758,933</u>	<u>14,758,933</u>	
FTE	17.3	17.3	18.0	18.0	
Cash Funds	15,691,593	15,597,326	14,758,933	14,758,933	
Society Museum and Preservation Operations	<u>6,166,906</u>	<u>6,826,049</u>	<u>8,336,577</u>	<u>8,336,577</u>	
FTE	87.2	89.9	95.4	95.4	
Cash Funds	5,293,216	6,186,346	7,639,481	7,639,481	
Federal Funds	873,690	639,703	697,096	697,096	
<b>SUBTOTAL - (D) Gaming Revenue</b>	26,831,971	27,262,377	27,355,510	28,035,510	2.5%
FTE	<u>104.5</u>	<u>107.2</u>	<u>113.4</u>	<u>113.4</u>	<u>0.0%</u>
Cash Funds	25,958,281	26,622,674	26,658,414	27,338,414	2.6%
Federal Funds	873,690	639,703	697,096	697,096	0.0%

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	<b>FY 2010-11 Actual</b>	<b>FY 2011-12 Actual</b>	<b>FY 2012-13 Appropriation</b>	<b>FY 2013-14 Request</b>	<b>Request vs. Appropriation</b>
<b>TOTAL - (9) State Historical Society</b>	28,159,898	28,646,830	31,233,545	32,188,045	3.1%
<i>FTE</i>	<u>116.2</u>	<u>120.2</u>	<u>131.4</u>	<u>131.4</u>	<u>0.0%</u>
General Fund	180,000	202,500	1,020,500	1,295,000	26.9%
Cash Funds	26,867,825	27,762,176	29,285,949	29,965,949	2.3%
Federal Funds	1,112,073	682,154	927,096	927,096	0.0%
<b>TOTAL - Department of Higher Education</b>	3,030,797,474	2,924,461,774	3,033,991,124	3,102,280,175	2.3%
<i>FTE</i>	<u>21,790.8</u>	<u>21,479.4</u>	<u>21,458.9</u>	<u>21,458.9</u>	<u>0.0%</u>
General Fund	542,601,694	307,563,786	362,161,908	399,629,783	10.3%
General Fund Exempt	101,266,667	316,066,667	257,100,000	257,100,000	0.0%
Cash Funds	1,679,689,264	1,731,968,520	1,851,045,974	1,852,371,714	0.1%
Reappropriated Funds	656,661,115	549,800,599	544,570,013	573,996,703	5.4%
Federal Funds	50,578,734	19,062,202	19,113,229	19,181,975	0.4%

## **Appendix B: Recent Legislation Affecting Department Budget**

### **2011 Session Bills**

**S.B. 11-052:** Extends the deadline for developing a system wide master plan for higher education until September 1, 2012, adds new goals to be addressed in the master plan, and provides direction regarding the process for developing the master plan. Requires the Colorado Commission on Higher Education to develop a performance-based funding plan by December 1, 2013. Appropriates \$251,769 General Fund and 2.0 FTE to the Department of Higher Education in FY 2011-12.

**S.B. 11-076:** For FY 2011-12 only, reduces the employer contribution rate for the State and Judicial divisions of the Public Employees' Retirement Association (PERA) by 2.5 percent and increases the member contribution rate for these divisions by the same amount. In effect, continues the FY 2010-11 PERA contribution adjustments authorized through S.B. 10-146 for one additional year. Reduces the Department's total appropriation by \$199,811 total funds, of which \$41,484 is General Fund, \$132,867 is cash funds, and \$25,460 is federal funds.

**S.B. 11-159:** Repeals and reenacts statute related to the distribution of 50.0 percent of the balance remaining in the Limited Gaming Fund that is allocated to the General Fund or other funds (known as the "State share") at the end of FY 2010-11 and each fiscal year thereafter.

**S.B. 11-209:** General appropriations act for FY 2011-12.

**H.B. 11-1155:** Allows the Lieutenant Governor to concurrently serve as the head of a department and be compensated for the performance of additional duties and functions. Reduces appropriations for the Department of Higher Education by \$37,367 General Fund and 0.5 FTE in FY 2010-11 and \$76,446 General Fund and 1.0 FTE in FY 2011-12 to reflect the appointment of the Lieutenant Governor as the executive director for the Department of Higher Education.

**H.B. 11-1281:** Consolidates the Department of Higher Education's Nursing Teacher Loan Forgiveness Program into the Health Service Corps, a loan forgiveness program for health professionals that is operated by the Department of Public Health and Environment's Primary Care Office. Allows the Department of Higher Education to administer remaining obligations of the Nursing Teacher Loan Forgiveness Program until they are paid and retains a \$227,000 balance in the Nursing Teacher Loan Forgiveness Fund (Fund) for this purpose. At the end of FY 2010-11, transfers any Fund balance in excess of \$227,000 to the General Fund. Eliminates a \$161,600 General Fund appropriation to the Department of Higher Education for the Nursing Teacher Loan Forgiveness Program that is contained in the FY 2011-12 Long Bill.

## **2012 Session Bills**

**H.B. 12-1155:** Specifies the minimum indicators of a student's academic performance that institutions of higher education must use to determine the eligibility of first-time freshman and transfer students. Modifies the policies that the Colorado Commission on Higher Education (CCHE) establishes by which state institutions of higher education offer remedial education and ensures that the policies align with admissions policies. Requires the Department of Higher Education to share its annual enrollment report with the Department of Education, in addition to other education policy makers. Clarifies the CCHE's authority in defining an institution's role and mission. Modifies and clarifies the way in which the State regulates private institutions of higher education, including for-profit proprietary schools, non-profit schools, career and technical colleges, and seminaries and religious training institutions. Appropriates \$75,500 cash funds (from fees paid by private colleges and universities) to the Department of Higher Education.

**H.B. 12-1185:** Supplemental appropriation to modify appropriations to the Department of Higher Education for FY 2011-12.

**H.B. 12-1283:** Consolidates Colorado's homeland security functions, personnel, and resources, enacted under Executive Order D 2011-030, into a new Division of Homeland Security and Emergency Management within the Department of Public Safety. Transfers \$310,045 General Fund and 35.4 FTE from the Colorado State University state forest service to the Division of Fire Safety in the Department of Public Safety.

**H.B. 12-1335:** General appropriations act for FY 2012-13. Also includes a supplemental adjustment to modify appropriations to the Department of Higher Education included in the FY 2011-12 Long Bill (S.B. 11-209).

## **Appendix C:** **Update on Long Bill Footnotes & Requests for Information**

### **Long Bill Footnotes**

- 14 Department of Higher Education, Colorado Commission on Higher Education Financial Aid, Work Study --** It is the intent of the General Assembly to allow the Colorado Commission on Higher Education to roll forward two percent of the Work Study appropriation to the next fiscal year.

Comment: Expresses legislative intent with regard to rolling forward work study funds. 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.

- 15 Department of Higher Education, Colorado Commission on Higher Education Financial Aid, Special Purpose, National Guard Tuition Assistance Fund --** It is the intent of the General Assembly that only the minimum funds necessary to pay tuition assistance for qualifying applicants pursuant to Section 23-5-111.4, C.R.S. will be transferred to the National Guard Tuition Fund administered by the Department of Military Affairs. Any funds appropriated in this line item that are in excess of the minimum necessary to pay tuition assistance for qualifying applicants may be used for need-based financial aid.

Comment: Expresses legislative intent with regard to National Guard Tuition Assistance. This footnote expresses legislative intent that the Department not automatically transfer the full appropriation to the Department of Military Affairs, but rather that the Department transfer only the funds necessary to comply with Section 23-5-111.4, C.R.S. The footnote also provides flexibility for the Department to transfer unused funds to other need based financial aid programs. In FY 2011-12 the Department transferred only the minimum funds necessary, but this was all of the appropriation.

- 16 Department of Higher Education, Governing Boards, Trustees of Adams State College; Trustees of Mesa State College; Trustees of Metropolitan State College of Denver; Trustees of Western State College; Board of Governors of the Colorado State University System; Trustees of Fort Lewis College; Regents of the University of Colorado; Trustees of the Colorado School of Mines; University of Northern Colorado; State Board for Community Colleges and Occupational Education State System Community Colleges; and Auraria Higher Education Center --** Notwithstanding the limitations set forth in subsection (3) of section 1 of this act, the FTE reflected in these line items are shown for informational purposes and are not intended to be a limitation on the budgetary flexibility allowed by Section 23-1-104 (1) (a) (I), C.R.S.

Comment: Expresses legislative intent with regard to FTE.

- 17 Department of Higher Education, Governing Boards, Trustees of Adams State College; Trustees of Mesa State College; Trustees of Metropolitan State College of Denver; Trustees of Western State College; Board of Governors of the Colorado State University System; Trustees of Fort Lewis College; Regents of the University of Colorado; Trustees of the Colorado School of Mines; University of Northern Colorado; State Board for Community Colleges and Occupational Education State System Community Colleges** -- The cash funds appropriations from tuition and academic and academic facility fees are for informational purposes only. Within the parameters of Section 23-5-130.5, C.R.S. higher education governing boards may set the tuition rates for the institutions they govern. The appropriation reflects the projected tuition if institutions increase Colorado resident tuition rates 9.0 percent and nonresident rates 5.0 percent. The General Assembly requests that with the FY 2012-13 budget request the Governor and the Colorado Commission on Higher Education include the assumed tuition rate increases with the level of General Fund support requested.

Comment: Expresses legislative intent with regard to the reporting of projected tuition rate increases by the Governor and the Colorado Commission on Higher Education.

- 18 Department of Higher Education, Local District Junior College Grants Pursuant to Section 23-71-301, C.R.S.** -- It is the intent of the General Assembly in making this appropriation that local district tax revenue supplement, rather than supplant, the amount of General Fund provided, and thus annual General Fund adjustments should be equitable with General Fund adjustments for the state-operated governing boards.

Comment: Expresses legislative intent with regard to General Fund appropriations for the Local District Junior Colleges. Both the Governor and CCHE request an increase in funding for the Local District Junior Colleges using the same methodology applied to the increases for the governing boards.

## **Requests for Information**

- 1 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 January 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. To the extent possible, the Department should differentiate the data based on available information about the demographic characteristics of the recipients. To the extent that this information is not currently available, the Department is requested to provide a reasonable estimate, or identify the additional costs that would be associated with collecting the data.

Comment: The report is due January 1.

## Appendix D: Indirect Cost Assessment Methodology

### Description of Indirect Cost Assessment 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 *Indirect Cost Pool* is comprised of the FY 2011-12 appropriated amounts for the administrative functions of the Colorado Commission on Higher Education, its share of central POTS costs, and its statewide indirect cost allocation. **Table 1** outlines which lines are included in the Department’s Indirect Cost Pool.

<b>Table 1</b>		
<b>Department of Higher Education Indirect Cost Pool</b>		
<b>Division</b>	<b>Line Item</b>	<b>FY 2011-12 Approp.</b>
Department Administrative Office		
	Heath, Life, and Dental	\$197,183
	Short-term Disability	2,507
	AED	60,046
	SAED	51,602
	Workers' Compensation	6,916
	Legal Services	25,058
	GGCC Services	15,209
	COFRS Modernization	16,847
	Risk Management	1,257
	Leased Space	411,368
Colorado Commission on Higher Education		
	WICHE	125,000
	WICHE - Optometry	336,739
	Veterinary School Program Needs	162,400
Occupational Education		
	Administrative Costs	852,826
<b>Total Indirect Cost Pool</b>		<b>\$2,264,958</b>

The *Indirect Cost Base* is comprised of the FY 2011-12 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, the indirect cost pool is allocated proportionately to each funding source. Next, the costs allocated to the cash and reappropriated funding sources, are further allocated to the divisions, programs, and governing boards (in aggregate) based on FY

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2011-12 appropriations. Finally the aggregate governing board costs are then allocated to each individual governing board based on student FTE.

**Table 2** illustrates the final allocations assessed to each program and governing board.

<b>Table 2</b>	
<b>Department of Higher Education Indirect Cost Assessments</b>	
Community Colleges	\$801,072
University of Colorado	640,409
Colorado State University	343,222
Metropolitan State University of Denver	264,091
University of Northern Colorado	125,622
Colorado Mesa University	84,069
Colorado School of Mines	60,597
Fort Lewis College	47,271
History Colorado	30,935
Adams State College	29,041
Western State Colorado University	23,198
Private Occupational Schools	686
CSU Veterinary Medicine	310
Colorado Commission on Higher Education	(100,846)
Auraria Higher Education Center	(84,719)
<b>Total Indirect Cost Assessments</b>	<b>\$2,264,958</b>

**FY 2013-14 Indirect Cost Assessment Request**

For FY 2013-14, the Department has requested \$2,216,196 for indirect cost assessments. **Table 4** shows the anticipated FY 2013-14 Department indirect cost assessment based on the November 1 request. The FY 2013-14 request represents a decrease of \$48,762 from the FY 2012-13 indirect cost assessment due primarily to changes in staffing at the Department.

<b>Table 4</b>				
<b>Department Indirect Cost Assessment Request</b>				
	<b>Total</b>	<b>CF</b>	<b>RF</b>	<b>FF</b>
FY 2013-14 Request	\$2,216,196	\$0	\$2,216,196	\$0
FY 2012-13 Indirect Cost Assessment	<u>2,264,958</u>	<u>0</u>	<u>2,264,958</u>	<u>0</u>
<b>Difference (FY 14 - FY 13)</b>	<b>(\$48,762)</b>	<b>\$0</b>	<b>(\$48,762)</b>	<b>\$0</b>

## Appendix E: Change Requests' Relationship to Performance Measures

This appendix will show how the Department of Higher Education indicates each change request ranks in relation to the Department's top priorities and what performance measures the Department is using to measure success of the request.

<b>Change Requests' Relationship to Performance Measures</b>			
<b>R</b>	<b>Change Request Description</b>	<b>Goals / Objectives</b>	<b>Performance Measures</b>
1	Operational Increase for Public Colleges and Universities	Relationship to objective not provided.	Performance measure not provided.
2	General Fund Increase to Financial Aid, Need Based Grants	To improve the quality of, ensure the affordability or, and promote access to, postsecondary education for the people of Colorado.	Performance measure not provided.
3	Additional Funding for the Dependent Tuition Assistance Program	Relationship to objective not provided.	Performance measure not provided.
4	Ft. Lewis Native American Tuition Waiver	Relationship to objective not provided.	Performance measure not provided.
5	Increase Funding to Private COF Stipend Allocation	Relationship to objective not provided.	Performance measure not provided.
6	Increased Dues for Participation in the Western Interstate Commission on Higher Education (WICHE)	Relationship to objective not provided.	Performance measure not provided.
7	Research and Data Position Funding	Relationship to objective not provided.	Performance measure not provided.
HC-1	Cumbres and Toltec Scenic Railroad Commission Operations	To preserve and develop the Cumbres and Toltec, a historical 19 <sup>th</sup> Century railroad "Museum on Wheels," for the education, enlightenment and enjoyment of future generations.	Performance measure not provided.
NP-1	OIT Enterprise Asset Management	Relationship to objective not provided.	Performance measure not provided.
NP-2	Constitutionally Required Increase for Department of Education Categorical Programs	Relationship to objective not provided.	Performance measure not provided.