

MEMORANDUM

TO: Joint Budget Committee

FROM: Eric Kurtz, JBC Staff (303-866-4952)

SUBJECT: Higher Education Staff Comebacks

DATE: March 19, 2007

1. **Revised Legislative Council Staff Forecast:** On March 12, 2007, the JBC approved the following distributions of new General Fund and percentage increases in tuition spending authority by governing board:

	<u>General Fund</u>	<u>Tuition</u>
Adams	\$1,061,668	5.0%
Mesa	1,743,704	5.0%
Metro	3,478,995	5.0%
Western	884,911	5.0%
CSU System	10,425,736	7.0%
Ft. Lewis	908,142	5.0%
CU	15,194,462	7.0%
Mines	1,693,914	7.0%
UNC	3,207,159	7.0%
Com Colleges	<u>10,310,311</u>	3.5%
Gov Boards	\$48,909,002	

At the March 12, 2007 meeting, JBC staff explained that Legislative Council Staff was considering revisions to the forecasts of stipend-eligible SFTE and of tuition revenue, based on additional information provided by the governing boards. On March 16, 2007 LCS released revised forecasts for higher education. The attached legal-size tables show the JBC's actions on General Fund and on tuition applied to the March 16, 2007 forecast. The total General Fund remains unchanged, but the amount allocated through stipends versus fee-for-service contracts is different using the 3/16/07 LCS forecast of stipend-eligible students rather than the original LCS forecast.

Higher Education Staff Comebacks

Page 2

March 19, 2007

Increase/(Decrease) in Appropriations Using 3/16/07 LCS Forecast Instead of Original LCS Forecast			
	Stipends	Fee-for-service	TOTAL
Adams	\$0	\$0	\$0
Mesa	283,020	(283,020)	0
Metro	0	0	0
Western	24,030	(24,030)	0
CSU System	0	0	0
Ft. Lewis	109,470	(109,470)	0
CU	0	0	0
Mines	(37,380)	37,380	0
UNC	(277,680)	277,680	0
Com Colleges	(2,253,480)	2,253,480	0
TOTAL	(\$2,152,020)	\$2,152,020	\$0

Overall, the 3/16/07 LCS forecast of the tuition revenue generated with the percentage increases approved by the JBC is \$2.5 million . The impact by governing board is summarized in the table below.

Increase/(Decrease) in Tuition Authority Using 3/16/07 LCS Forecast Instead of Original LCS Forecast	
Adams	\$0
Mesa	0
Metro	0
Western	144,069
CSU System	0
Ft. Lewis	1,071,226
CU	0
Mines	(126,339)
UNC	(654,444)
Com Colleges	(2,975,745)
TOTAL	(\$2,541,233)

Staff recommends that the Committee vote to approve using the 3/16/07 LCS forecast of stipend-eligible enrollment and of tuition revenue.

- 2. Stipends for students at private institutions:** The JBC did not vote specifically on funding for stipends for students attending participating private institutions. The stipend rate for students attending participating private institutions is set by statute at half of the rate for students attending state-operated institutions. The JBC approved a \$90 increase in the stipend rate for full-time students attending state-operated institutions, and so the increase in the stipend rate for full-time students attending participating private institutions will be \$45 (an increase from

Higher Education Staff Comebacks

Page 3

March 19, 2007

\$1,290 to \$1,335). The issue is the forecast of Pell-eligible students that will sign up for and authorize COF payments in FY 2007-08. The table below compares the Department request and the JBC staff recommendation.

	FY 2006-07 Appropriation	Department's FY 2007-08 Request	JBC Staff FY 2007-08 Recommendation
Stipend-eligible SFTE	600.0	1,397.0	800.0
Stipend rate	\$1,290	\$1,335	\$1,335
Amount	\$774,000	\$1,864,995	\$1,068,000

The Department submitted information on Pell-eligible students at the University of Denver and Regis University, the two participating private institutions. According to the Department, over the last four years there have been between 1,100 and 1,400 undergraduate SFTE at the two institutions that would appear to qualify for a stipend. However, in FY 2005-06 the two institutions submitted billings for stipend payments for a total 623 SFTE. Assuming that the growth in stipend billings that occurred between the Fall of 2005 and the Fall of 2006 continues for the rest of the year, the institutions are on pace to bill for 761.2 SFTE in FY 2007-08. The Department was not able to provide an explanation for the disparity between Pell-eligible students and stipend billings. In the absence of information about why the billings are so far below the population of Pell-eligible students, staff chose to assume 800 eligible SFTE. At a stipend rate of \$1,335 per SFTE, enrollment of 800 eligibles would cost \$1,068,000. This is a \$294,000 increase over the FY 2006-07 appropriation.

- 3. Financial aid programs:** The JBC approved the increases requested by the Department for financial aid programs with the understanding that these increases were sufficient to comply with Section 23-3.3-103, C.R.S., which says that the annual appropriations for student financial assistance shall increase by at least the same percentage as the aggregate percentage increase of all general fund appropriations to the institutions of higher education. However, staff does not believe that the financial aid increases are sufficient to comply with Section 23-3.3-103, C.R.S. Based on conversations with Legislative Legal Services, the higher education institutions referred to in Section 23-3.3-103 should be interpreted to include all of the governing boards, the local district junior colleges, and the area vocational schools. The financial aid programs include all financial aid programs (not just need based aid).

Higher Education Staff Comebacks

Page 4

March 19, 2007

	FY 2006-07	FY 2007-08	Percentage Increase
Governing Boards	\$578,724,530	\$627,633,532	8.5%
Local District Junior Colleges	\$13,668,051	\$14,823,001	8.5%
Area Vocational Schools	<u>\$9,635,902</u>	<u>\$10,450,136</u>	8.5%
TOTAL - Institutions	\$602,028,483	\$652,906,669	8.5%
Need Based Grants	\$60,096,963	\$65,396,963	8.8%
All other aid	<u>\$27,660,796</u>	<u>\$28,150,732</u>	1.8%
TOTAL - Financial Aid	\$87,757,759	\$93,547,695	6.6%
Additional increase required		<u>\$1,626,583</u>	
TOTAL - Financial Aid		\$95,174,278	8.5%

It appears that the Department made it's calculations based just on need based financial aid. Also, due to timing issues the budget request did not take into account the impact of the supplemental bill. Finally, the financial aid request was based on the Governor's request that did not include any increases for the Area Vocational Schools or Local District Junior Colleges.

Under the College Opportunity Fund there are technically no General Fund appropriations directly to the governing boards. It may be possible to argue that, therefore, Section 23-3.3-103, C.R.S. does not apply. However, there was no discussion of eliminating the financial aid requirements in Section 23-3.3-103, C.R.S. when the COF program was adopted by the General Assembly, and staff suspects that the language in Section 23-3.3-103, C.R.S. was not updated to reflect the new funding paradigm due to an oversight, rather than due to an intentional change in policy by the General Assembly. Furthermore, even assuming that the governing boards are not included, the percentage increase for the remaining higher education institutions (the local district junior colleges and area vocational schools) exceeds the percentage increase approved by the JBC for financial aid.

To comply with Section 23-3.3-103, C.R.S., staff recommends increasing the General Fund appropriations for need based financial aid by \$1,626,583 General Fund. Alternatively, the JBC could reduce General Fund appropriations for the higher education institutions, or adopt some combination of an increase for financial aid and decrease for the higher education institutions.

Higher Education Staff Comebacks

Page 5

March 19, 2007

If the JBC adopts an increase for financial aid, it could apply the increase to programs other than need based aid. Representative Pommer flagged the Pre-collegiate Programs for a potential increase (currently funded at \$800,000), and Senator Tapia flagged the Grant Program for Nurses Training authorized in Section 23-3.3-701, C.R.S. for a potential increase (not currently funded; last funded at \$335,856 in FY 2002-03).

4. **Auraria Higher Education Center:** After the JBC approved spending authority for the Auraria Higher Education Center (AHEC), staff for AHEC and financial officers from the three institutions that share the campus agreed on a proposed budget that will be submitted to the AHEC board later this month. The proposed budget is for \$15,686,087, which is an \$871,326 increase over the FY 2006-07 appropriation. The proposed increase is slightly less than a six percent increase. If approved by the AHEC Board (which includes representatives from each of the institutions, a representative from the faculty, a student representative, and governor appointees), charges to the three institutions will be increased to raise the additional revenue.

Staff recommends that the JBC provide spending authority for the proposed \$15,686,087.

This provides the AHEC Board with enough spending authority to provide for all of the expenses identified by the AHEC staff, if they chose. The AHEC Board could approve a lower amount.

4. **Historical Society utilities:** In making a funding recommendation on the Historical Society's #2 decision item for utilities, staff overlooked a supplemental comeback approved by the Committee. The Department had requested \$90,000 spending authority from the State Historical Fund. The JBC approved the staff recommendation for \$45,000. However, during supplemental comebacks, the JBC had approved \$49,925. This is the amount that was included in the supplemental bill and approved by the General Assembly. Staff recommends carrying this \$49,925 forward using that amount for the FY 2007-08 appropriation instead of the \$45,000 previously approved by the JBC.

Summary of FY 2007-08 Stipend and Fee-for-service

	Rate	Total	Adams	Mesa	Metro	Western	CSU Sys	Ft. Lewis	CU	Mines	UNC	CCs	
FY 2006-07 Appropriation:													
1		Estimated stipend-eligible SFTE	123,524	1,511	4,491	14,342	1,509	19,216	2,578	28,248	2,704	8,945	39,980
2	\$2,580	State-operated stipends @	\$ 318,691,920	\$ 3,898,380	\$ 11,586,780	\$ 37,002,360	\$ 3,893,220	\$ 49,577,280	\$ 6,651,240	\$ 72,879,840	\$ 6,976,320	\$ 23,078,100	\$ 103,148,400
3		Fee-for-service contracts in Long Bill	\$ 258,636,124	\$ 8,664,032	\$ 9,045,856	\$ 4,163,555	\$ 6,577,560	\$ 73,786,913	\$ 4,094,553	\$ 105,515,552	\$ 13,067,037	\$ 14,870,911	\$ 18,850,155
4		Supplemental for UCHSC	\$ 1,396,486	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,396,486	\$ -	\$ -	\$ -
5		Fee-for-service contracts	\$ 260,032,610	\$ 8,664,032	\$ 9,045,856	\$ 4,163,555	\$ 6,577,560	\$ 73,786,913	\$ 4,094,553	\$ 106,912,038	\$ 13,067,037	\$ 14,870,911	\$ 18,850,155
6		TOTAL COF Program	\$ 578,724,530	\$ 12,562,412	\$ 20,632,636	\$ 41,165,915	\$ 10,470,780	\$ 123,364,193	\$ 10,745,793	\$ 179,791,878	\$ 20,043,357	\$ 37,949,011	\$ 121,998,555
7		Percentage share of total	100.0%	2.2%	3.6%	7.1%	1.8%	21.3%	1.9%	31.1%	3.5%	6.6%	21.1%
FY 2007-08 Changes:													
8		Stipend-eligible SFTE	(1,377)	(99)	36	900	(61)	(27)	(20)	(879)	6	(212)	(1,021)
9	\$2,580	Enrollment changes @	\$ (3,552,660)	\$ (255,420)	\$ 92,880	\$ 2,322,000	\$ (157,380)	\$ (69,660)	\$ (51,600)	\$ (2,267,820)	\$ 15,480	\$ (546,960)	\$ (2,634,180)
10	\$90	Rate increase @	\$ 10,993,230	\$ 127,080	\$ 407,430	\$ 1,371,780	\$ 130,320	\$ 1,727,010	\$ 230,220	\$ 2,463,210	\$ 243,900	\$ 785,970	\$ 3,506,310
11	\$2,670	Stipend changes	\$ 7,440,570	\$ (128,340)	\$ 500,310	\$ 3,693,780	\$ (27,060)	\$ 1,657,350	\$ 178,620	\$ 195,390	\$ 259,380	\$ 239,010	\$ 872,130
12		Fee-for-service contracts	\$ 41,468,432	\$ 1,190,008	\$ 1,243,394	\$ (214,785)	\$ 911,971	\$ 8,768,386	\$ 729,522	\$ 14,999,072	\$ 1,434,534	\$ 2,968,149	\$ 9,438,181
13		TOTAL COF Program	\$ 48,909,002	\$ 1,061,668	\$ 1,743,704	\$ 3,478,995	\$ 884,911	\$ 10,425,736	\$ 908,142	\$ 15,194,462	\$ 1,693,914	\$ 3,207,159	\$ 10,310,311
14		Percentage increase	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%
FY 2007-08 Appropriation:													
15		Stipend-eligible SFTE forecast (3/23/07 LCS)	122,147	1,412	4,527	15,242	1,448	19,189	2,558	27,369	2,710	8,733	38,959
16	\$2,670	State-operated stipends @	\$ 326,132,490	\$ 3,770,040	\$ 12,087,090	\$ 40,696,140	\$ 3,866,160	\$ 51,234,630	\$ 6,829,860	\$ 73,075,230	\$ 7,235,700	\$ 23,317,110	\$ 104,020,530
17		Fee-for-service contracts	\$ 301,501,042	\$ 9,854,040	\$ 10,289,250	\$ 3,948,770	\$ 7,489,531	\$ 82,555,299	\$ 4,824,075	\$ 121,911,110	\$ 14,501,571	\$ 17,839,060	\$ 28,288,336
18		TOTAL COF Program	\$ 627,633,532	\$ 13,624,080	\$ 22,376,340	\$ 44,644,910	\$ 11,355,691	\$ 133,789,929	\$ 11,653,935	\$ 194,986,340	\$ 21,737,271	\$ 41,156,170	\$ 132,308,866
19		Percentage share of total	100.0%	2.2%	3.6%	7.1%	1.8%	21.3%	1.9%	31.1%	3.5%	6.6%	21.1%

Summary of FY 2007-08 Tuition

	Total	Adams	Mesa	Metro	Western	CSU Sys	Ft. Lewis	CU	Mines	UNC	CCs
1 FY 2006-07 Tuition Appropriation	\$ 921,360,931	\$ 6,368,109	\$ 19,958,072	\$ 44,214,860	\$ 8,980,816	\$ 163,433,524	\$ 22,407,865	\$ 453,264,459	\$ 40,759,486	\$ 51,043,730	\$ 110,930,010
2 Full-time, undergraduate, lower-division, annual tuition rate (30 credit hours per year)		\$2,030	\$3,442	\$2,447	\$2,554	\$3,466 (Ft. Collins)	\$2,522	\$4,554 (Boulder)	\$7,852	\$3,276	\$2,237
3 Revised FY 2006-07 estimate (3/16/07 LCS)	\$ 917,756,629	\$ 6,364,607	\$ 19,958,072	\$ 42,902,156	\$ 8,717,028	\$ 160,710,700	\$ 21,907,865	\$ 443,635,332	\$ 42,040,873	\$ 49,526,272	\$ 121,993,724
4 Resident	\$ 543,835,334	\$ 4,851,264	\$ 15,966,458	\$ 38,723,523	\$ 3,931,515	\$ 85,356,500	\$ 7,262,140	\$ 224,969,364	\$ 23,920,269	\$ 36,936,223	\$ 101,918,078
5 Nonresident	\$ 373,921,295	\$ 1,513,343	\$ 3,991,614	\$ 4,178,633	\$ 4,785,513	\$ 75,354,200	\$ 14,645,725	\$ 218,665,968	\$ 18,120,604	\$ 12,590,049	\$ 20,075,646
6 Difference revised FY 2006-07 estimate to approp	\$ (3,604,302)	\$ (3,502)	\$ -	\$ (1,312,704)	\$ (263,788)	\$ (2,722,824)	\$ (500,000)	\$ (9,629,127)	\$ 1,281,387	\$ (1,517,458)	\$ 11,063,714
FY 2007-08 Changes:											
7 Enrollment adjustment	\$ 9,058,083	\$ (175,269)	\$ 489,110	\$ 849,590	\$ (14,300)	\$ 436,173	\$ 292,915	\$ 6,977,378	\$ 760,444	\$ (148,746)	\$ (409,212)
8 Resident	\$ 4,023,853	\$ (73,247)	\$ 407,681	\$ 791,589	\$ 31,436	\$ 739,176	\$ -	\$ 2,287,449	\$ 365,980	\$ (16,621)	\$ (509,590)
9 Nonresident	\$ 5,034,230	\$ (102,022)	\$ 81,429	\$ 58,001	\$ (45,736)	\$ (303,003)	\$ 292,915	\$ 4,689,929	\$ 394,464	\$ (132,125)	\$ 100,378
10 Each 1.0 percent resident tuition - revenue	\$ 5,478,592	\$ 47,780	\$ 163,741	\$ 395,151	\$ 39,630	\$ 860,957	\$ 72,621	\$ 2,272,568	\$ 242,862	\$ 369,196	\$ 1,014,085
11 Each 1.0 percent resident tuition - rate		\$20.30	\$34.42	\$24.47	\$25.54	\$34.66	\$25.22	\$45.54	\$78.52	\$32.76	\$22.37
12 Allowable percentage increase:		5.0%	5.0%	5.0%	5.0%	7.0%	5.0%	7.0%	7.0%	7.0%	3.5%
13 Revenue from rate adjustment	\$ 58,595,738	\$ 309,467	\$ 1,022,359	\$ 2,187,588	\$ 435,137	\$ 11,280,281	\$ 1,110,039	\$ 31,542,890	\$ 2,996,092	\$ 3,456,427	\$ 4,255,458
14 Estimated Resident	\$ 33,362,999	\$ 238,901	\$ 818,707	\$ 1,975,756	\$ 198,148	\$ 6,026,697	\$ 363,107	\$ 15,907,977	\$ 1,700,037	\$ 2,584,372	\$ 3,549,297
15 Estimated Nonresident	\$ 25,232,739	\$ 70,566	\$ 203,652	\$ 211,832	\$ 236,989	\$ 5,253,584	\$ 746,932	\$ 15,634,913	\$ 1,296,055	\$ 872,055	\$ 706,161
16 TOTAL adjustment	\$ 67,653,821	\$ 134,198	\$ 1,511,469	\$ 3,037,178	\$ 420,837	\$ 11,716,454	\$ 1,402,954	\$ 38,520,268	\$ 3,756,536	\$ 3,307,681	\$ 3,846,246
17 Estimated Resident	\$ 37,386,852	\$ 165,654	\$ 1,226,388	\$ 2,767,345	\$ 229,584	\$ 6,765,873	\$ 363,107	\$ 18,195,426	\$ 2,066,017	\$ 2,567,751	\$ 3,039,707
18 Estimated Nonresident	\$ 30,266,969	\$ (31,456)	\$ 285,081	\$ 269,833	\$ 191,253	\$ 4,950,581	\$ 1,039,847	\$ 20,324,842	\$ 1,690,519	\$ 739,930	\$ 806,539
19 FY 2007-08 Tuition Spending Authority	\$ 985,410,450	\$ 6,498,805	\$ 21,469,541	\$ 45,939,334	\$ 9,137,865	\$ 172,427,154	\$ 23,310,819	\$ 482,155,600	\$ 45,797,409	\$ 52,833,953	\$ 125,839,970
20 Estimated Resident	\$ 581,222,186	\$ 5,016,918	\$ 17,192,846	\$ 41,490,868	\$ 4,161,099	\$ 92,122,373	\$ 7,625,247	\$ 243,164,790	\$ 25,986,286	\$ 39,503,974	\$ 104,957,785
21 Estimated Nonresident	\$ 404,188,264	\$ 1,481,887	\$ 4,276,695	\$ 4,448,466	\$ 4,976,766	\$ 80,304,781	\$ 15,685,572	\$ 238,990,810	\$ 19,811,123	\$ 13,329,979	\$ 20,882,185

NOTES: Although the tuition table shows estimates for resident and nonresident tuition, the footnote language approved by the JBC provides an option for four-year institutions to implement different percentage increases than shown in the table if they stay within the total spending authority and meet certain conditions for students with financial need.

Department of Higher Education, Governing Boards, Board of Governors of the Colorado State University System; Regents of the University of Colorado; Trustees of the Colorado School of Mines; University of Northern Colorado -- Undergraduate resident tuition credit hour rate increases are limited to 7%. However, for research institutions, governing boards have the option to set tuition levels within a 7% total tuition revenue limit, provided that all resident undergraduate students with any unmet need (i.e., Levels 1, 2 and 3) receive sufficient financial aid to cover any increase in unmet need resulting from an increase in tuition credit hour rates above 5%.

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; Trustees of Fort Lewis College -- Undergraduate resident tuition credit hour rate increases are limited to 5%. However, for four-year institutions, governing boards have the option to set tuition levels within a 5% total tuition revenue limit, provided that all resident undergraduate students with any unmet need (i.e., Levels 1, 2 and 3) receive sufficient financial aid to cover any increase in unmet need resulting from an increase in tuition credit hour rates above 5%.

Department of Higher Education, Governing Boards, State Board for Community Colleges and Occupational Education State System Community Colleges -- Undergraduate resident tuition credit hour rate increases are limited to 3.5%.

MEMORANDUM

TO: Joint Budget Committee

FROM: Eric Kurtz

SUBJECT: Tuition Authority

DATE: March 12, 2007

This memo is intended to highlight some of the key statutory and constitutional provisions governing the process of setting tuition.

Section 4 of Article VIII of the Colorado Constitution indicates: "The governing boards of the state institutions of higher education, whether established by this constitution or by law, shall have the general supervision of their respective institutions and the exclusive control and direction of all funds of and appropriations to their respective institutions, unless otherwise provided by law."

Many of the governing boards have statutory duties that specifically mention tuition, while others have broader language similar to the Colorado Constitution. Here are some examples of the specific tuition references for some of the governing boards:

University of Colorado

23-20-112. General powers of the board. The board of regents shall enact laws for the government of the university; appoint the requisite number of professors, tutors, and all other officers; and determine the salaries of such officers and the amount to be paid for tuition in accordance with the level of cash fund appropriations set by the general assembly for the university pursuant to section 23-1-103.5. It shall remove any officer connected with the university when in its judgment the good of the institution requires it.

Colorado State University - Fort Collins

23-31-107. Tuition fees - discrimination. The board of governors of the Colorado state university system shall fix tuition in accordance with the level of cash fund appropriations set by the general assembly for the university pursuant to section 23-1-103.5. The board may discriminate in regard to tuition between students from this state and students from other states.

Colorado School of Mines

23-41-104.6. Performance contract - authorization - operations.

(5) While operating pursuant to the performance contract negotiated pursuant to this section, the board of trustees of the Colorado school of mines:

(c) (I) Shall have sole authority to establish resident and nonresident tuition rates for the Colorado school of mines; except that the annual percentage increase in resident tuition rates shall not exceed a percentage equal to two times the rate of the percentage change in the consumer price index for the Denver metropolitan area.

(II) On or before February 15, 2003, and on or before February 15 of each year thereafter during which the Colorado school of mines operates pursuant to the performance contract negotiated pursuant to this section, the Colorado school of mines shall report to the Colorado commission on higher education, the joint budget committee of the general assembly, and the education committees of the senate and the house of representatives on its plans for resident and nonresident tuition increases for the following academic year. The general assembly shall consider such information in establishing the amount of higher education tuition spending authority in the annual general appropriation bill.

Fort Lewis College

23-52-105. Tuition fees - Indians.

(1) (a) Repealed.

(b) On and after September 1, 2002, the board of trustees shall fix tuition in accordance with the level of cash fund appropriations set by the general assembly for the college pursuant to section 23-1-103.5, subject to the restriction that all qualified Indian pupils shall at all times be admitted to such college free of charge for tuition and on terms of equality with other pupils. The general assembly shall appropriate from the state general fund one hundred percent of the moneys required for tuition for such qualified Indian pupils.

(2) Special programs may also be offered to assist Indian pupils to prepare for, begin, or continue their college education at Fort Lewis college. Indian pupils shall not be charged tuition for such programs. The size of any special programs offered pursuant to this subsection (2) shall be limited by the facilities and revenues available and by the level of appropriations set therefor by the general assembly.

Prior to the creation of the College Opportunity Fund program and the subsequent designation of the higher education institutions as enterprises, the following statute governed tuition:

23-1-103.5. Establishment of annual allowable cash fund revenues and expenditures by general assembly.

(2) (a) For the 1993-94 fiscal year and fiscal years thereafter, the amount of cash funds appropriated in the general appropriation bill by the general assembly for the governing boards and the boards of trustees for all state-supported institutions of higher education shall equal the maximum amount of cash funds that such governing boards and boards of trustees shall raise, spend, or transfer to reserves for that fiscal year.

(b) For the purposes of this section, "cash funds" means funds received from tuition income, fees, indirect cost recoveries, and other sources of funds that can be appropriated as cash funds for state-supported institutions of higher education, excepting those funds derived from gifts, federal funds, or other sources which any expenditure or reserve increase therefrom is not subject to the provisions of section 20 of article X of the state constitution.

With the designation of the higher education institutions as enterprises, tuition revenue is no longer subject to TABOR, and so it would seem that Section 23-1-103.5, C.R.S. does not apply. However, Section 23-5-129, C.R.S. says that General Assembly retains authority over tuition:

23-5-129. Governing boards - performance contract - authorization - operations. (10) While a state institution of higher education is operating pursuant to a performance contract negotiated pursuant to this section, the general assembly retains the authority to approve tuition spending authority for the governing board of the institution.

Furthermore, Section 23-18-202 (3) (b), C.R.S. requires the General Assembly to describe its tuition assumptions in an annual footnote:

23-18-202. College opportunity fund - appropriations - payment of stipends - reimbursement - repeal. (3) (b) The tuition increases from which the general assembly derived the total cash spending authority for each governing board shall be noted in a footnote in the annual general appropriations act.

COLORADO GENERAL ASSEMBLY

JOINT BUDGET COMMITTEE



FY 2007-08 STAFF FIGURE SETTING RECOMMENDATIONS: DEPARTMENT OF HIGHER EDUCATION 2ND FIGURE SETTING MEETING

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

**Prepared By:
Eric Kurtz, JBC Staff
March 12, 2007**

For Further Information Contact:

**Joint Budget Committee Staff
200 E. 14th Avenue, 3rd Floor
Denver, Colorado 80203
Telephone: (303) 866-2061
Facsimile: (303) 866-2150
(TDD 866-3472)**

Following is a truncated and updated version of the JBC Staff Figure Setting Recommendations presented on March 7, 2007. Before the numbers pages is a summary of the General Fund request submitted by Governor Owens in November, the current request as amended by Governor Ritter, and the current revised CCHE request. These are compared with the JBC staff recommendation. The numbers pages have been updated with a new column to reflect JBC actions to date and to correct an error in the Gov. Req. column for the Local District Junior Colleges and Area Vocational Schools. Items the JBC has not yet acted on are shaded. The narrative includes descriptions of the staff recommendation for only the line items the JBC has not yet acted on.

Comparison of General Fund Recommendations as of 3/8/07

	Gov. Owens Nov.	Gov. Ritter	CCHE	Staff Rec.
FY 2006-07 Approp	\$689,673,756	\$689,673,756	\$689,673,756	\$689,673,756
One-time Legal Services	37,070	37,070	37,070	37,070
CU Utility Supplemental	<u>0</u>	<u>1,396,486</u>	<u>1,396,486</u>	<u>1,396,486</u>
FY 2006-07 Increases	37,070	1,433,556	1,433,556	1,433,556
FY 2006-07 Base	\$689,710,826	\$691,107,312	\$691,107,312	\$691,107,312
One-time Legal Services	(37,070)	(37,070)	(37,070)	(37,070)
Need Based	0	5,300,000	5,300,000	5,300,000
Native American	0	429,207	429,207	429,207
National Guard	<u>0</u>	<u>0</u>	<u>0</u>	<u>60,729</u>
Financial Aid	0	5,729,207	5,729,207	5,789,936
Adams	603,630	1,061,668	1,061,668	824,869
Mesa	988,666	1,743,704	1,743,704	1,354,773
Metro	2,995,698	3,478,995	3,478,995	2,703,021
Western	472,100	884,911	884,911	687,529
CSU System	10,205,277	10,425,736	10,425,736	8,100,295
Ft. Lewis	831,872	908,142	908,142	705,586
CU	20,615,246	15,194,462	15,194,462	11,805,429
Mines	2,170,876	1,693,914	1,693,914	1,316,080
UNC	2,570,525	3,207,159	3,207,159	2,491,794
Com Colleges	<u>7,455,115</u>	<u>10,310,311</u>	<u>10,310,311</u>	<u>8,010,625</u>
Gov Boards	48,909,005	48,909,002	48,909,002	38,000,001
Private Stipends	1,090,995	1,090,995	1,090,995	294,000
LDJCs	0	0	1,154,950	902,091
AVS	0	0	814,234	635,970
Cumbres & Toltec	0	0	0	(410,000)
FY 2007-08 Increases	49,962,930	55,692,134	57,661,318	45,174,928
FY 2007-08 Approp	\$739,673,756	\$746,799,446	\$748,768,630	\$736,282,240

2nd Figure Setting Shading = Items still requiring action	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08			JBC Action	Notes
	Actual	Actual	Approp	Gov. Req.	CCHE Req.	Staff Rec.		

DEPARTMENT OF HIGHER EDUCATION
Executive Director: David Skaggs

(1) Department Administrative Office

(Primary Functions: Centrally appropriated items for CCHE, DPOS, Arts, and Historical. Cash funds reflect the share of costs borne by various cash programs within the Department and indirect cost recoveries from enterprises. Cash funds exempt are from gaming revenues.)

Health, Life, and Dental	<u>413,773</u>	<u>458,152</u>	<u>565,992</u>	<u>683,911</u>	<u>683,911</u>	<u>683,910</u>	<u>683,910</u>
General Fund	0	0	0	0	0	0	0
Cash Funds	58,887	155,572	189,588	243,085	243,085	243,084	243,084
Cash Funds Exempt	352,648	302,580	376,404	426,498	426,498	426,498	426,498
Federal Funds	2,238	0	0	14,328	14,328	14,328	14,328
Short-term Disability	<u>11,625</u>	<u>9,543</u>	<u>7,086</u>	<u>10,307</u>	<u>10,307</u>	<u>9,793</u>	<u>9,793</u>
General Fund	0	0	0	0	0	0	0
Cash Funds	1,679	4,766	3,246	3,197	3,197	3,409	3,409
Cash Funds Exempt	9,849	4,006	3,359	5,589	5,589	5,525	5,525
Federal Funds	97	771	481	1,521	1,521	859	859
Amortization Equalization Payments	<u>0</u>	<u>16,185</u>	<u>47,033</u>	<u>120,262</u>	<u>120,262</u>	<u>90,400</u>	<u>90,400</u>
General Fund	0	0	0	0	0	0	0
Cash Funds	0	8,060	21,542	42,003	42,003	31,473	31,473
Cash Funds Exempt	0	6,814	22,295	65,418	65,418	50,996	50,996
Federal Funds	0	1,311	3,196	12,841	12,841	7,931	7,931
Salary Survey and Senior Executive Service	<u>161,462</u>	<u>251,030</u>	<u>217,561</u>	<u>325,251</u>	<u>325,251</u>	<u>276,947</u>	<u>276,947</u>
General Fund	0	0	0	0	0	0	0
Cash Funds	23,543	101,792	71,323	91,197	91,197	85,722	85,722
Cash Funds Exempt	136,568	133,115	126,579	190,675	190,675	161,106	161,106
Federal Funds	1,351	16,123	19,659	43,379	43,379	30,119	30,119
Performance-based Pay Awards	<u>96,844</u>	<u>0</u>	<u>0</u>	<u>75,171</u>	<u>75,171</u>	<u>123,924</u>	<u>123,924</u>
General Fund	0	0	0	0	0	0	0
Cash Funds	13,503	0	0	24,176	24,176	34,645	34,645
Cash Funds Exempt	82,570	0	0	41,128	41,128	75,954	75,954
Federal Funds	771	0	0	9,867	9,867	13,325	13,325
Worker's Compensation	<u>21,678</u>	<u>16,717</u>	<u>16,988</u>	<u>15,597</u>	<u>15,597</u>	<u>Pending</u>	<u>Pending</u>
General Fund	0	0	0	0	0		
Cash Funds	769	6,870	13,884	4,445	4,445		
Cash Funds Exempt	20,909	9,847	3,104	11,152	11,152		

2nd Figure Setting Shading = Items still requiring action	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08		Staff Rec.	JBC Action	Notes
	Actual	Actual	Approp	Gov. Req.	CCHE Req.			
Legal Services	<u>36,102</u>	<u>100,124</u>	<u>78,388</u> S	<u>42,067</u>	<u>42,067</u>	<u>Pending</u>	<u>Pending</u>	
# of Hours (non-add)	586	448	995	448	448	448	448	
General Fund	0	71,250	37,070	0	0			
Cash Funds	0	21,656	33,728	34,477	34,477			
Cash Funds Exempt	36,102	7,218	7,590	7,590	7,590			
Purchase of Services from Computer Center	<u>4,864</u>	<u>6,312</u>	<u>6,392</u>	<u>21,508</u>	<u>21,508</u>	<u>Pending</u>	<u>Pending</u>	
General Fund	0	0	0	0	0			
Cash Funds	0	3,080	3,190	18,306	18,306			
Cash Funds Exempt	4,864	3,232	3,202	3,202	3,202			
Payment to Risk Management/Property Funds	<u>17,983</u>	<u>18,999</u>	<u>25,347</u>	<u>23,588</u>	<u>23,588</u>	<u>Pending</u>	<u>Pending</u>	
General Fund	0	0	0	0	0			
Cash Funds	1,024	926	2,568	1,287	1,287			
Cash Funds Exempt	16,959	18,073	22,779	22,301	22,301			
Leased Space	<u>380,747</u>	<u>382,352</u>	<u>353,073</u>	<u>370,956</u>	<u>370,956</u>	<u>370,956</u>	<u>370,956</u>	
General Fund	0	0	0	0	0	0	0	
Cash Funds	87,572	382,352	353,073	370,956	370,956	370,956	370,956	
Cash Funds Exempt	293,175	0	0	0	0	0	0	
TOTAL - (1) Administrative Office	<u>1,145,078</u>	<u>1,259,414</u>	<u>1,317,860</u>	<u>1,688,618</u>	<u>1,688,618</u>	<u>1,555,930</u>	<u>1,555,930</u>	
General Fund	0	71,250	37,070	0	0	0	0	
Cash Funds	186,977	685,074	692,142	833,129	833,129	769,289	769,289	
Cash Funds Exempt	953,644	484,885	565,312	773,553	773,553	720,079	720,079	
Federal Funds	4,457	18,205	23,336	81,936	81,936	66,562	66,562	

(2) Colorado Commission on Higher Education

(Primary Functions: Serves as the central policy and coordinating board for higher education. Cash fund sources include indirect cost recoveries from enterprises, 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. Cash funds exempt include waste tire fees deposited in the Advanced Technology Fund and indirect cost recoveries.)

(A) Administration	2,342,016	2,224,290	2,478,586	2,541,434	2,541,434	2,515,756	2,515,756
FTE	<u>26.6</u>	<u>28.1</u>	<u>30.1</u>	<u>30.1</u>	<u>30.1</u>	<u>30.1</u>	<u>30.1</u>
General Fund	0	0	0	0	0	0	0
FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cash Funds	125,443	1,844,650	1,944,338	1,992,071	1,992,071	1,949,105	1,949,105

2nd Figure Setting Shading = Items still requiring action	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08				Notes
	Actual	Actual	Approp	Gov. Req.	CCHE Req.	Staff Rec.	JBC Action	
FTE	0.0	24.5	26.5	26.5	26.5	26.5	26.5	
Cash Funds Exempt	1,911,906	58,795	184,248	184,248	184,248	215,615	215,615	
FTE	23.0	0.0	0.0	0.0	0.0	0.0	0.0	
Federal Funds	304,667	320,845	350,000	365,115	365,115	351,036	351,036	
FTE	3.6	3.6	3.6	3.6	3.6	3.6	3.6	
Financial Aid Research	5,000	5,000	0	0	0	0	0	
FTE	<u>0.1</u>	<u>0.1</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	
Cash Funds	0	5,000						
Cash Funds Exempt	5,000	0						
(B) Div. of Private Occupational Schools	501,494	507,519	526,780	535,695	535,695	533,977	533,977	
FTE	<u>6.7</u>	<u>7.8</u>	<u>7.8</u>	<u>7.8</u>	<u>7.8</u>	<u>7.8</u>	<u>7.8</u>	
Cash Funds	501,494	507,519	526,780	535,695	535,695	533,977	533,977	
FTE	<u>6.7</u>	<u>7.8</u>	<u>7.8</u>	<u>7.8</u>	<u>7.8</u>	<u>7.8</u>	<u>7.8</u>	
Cash Funds Exempt	0	0	0	0	0	0	0	
FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
(C) Special Purpose								
WICHE (Annual Dues)	<u>105,000</u>	<u>108,000</u>	<u>112,000</u>	<u>112,000</u>	<u>112,000</u>	<u>116,000</u>	<u>116,000</u>	
General Fund	0	0	0	0	0	0	0	
Cash Funds	0	108,000	112,000	112,000	112,000	116,000	116,000	
Cash Funds Exempt	105,000	0	0	0	0	0	0	
WICHE Optometry	<u>266,400</u>	<u>326,400</u>	<u>399,000</u>	<u>399,000</u>	<u>399,000</u>	<u>399,000</u>	<u>399,000</u>	
General Fund	0	0	0	0	0	0	0	
Cash Funds	0	326,400	399,000	399,000	399,000	399,000	399,000	
Cash Funds Exempt	266,400	0	0	0	0	0	0	
Advanced Technology Grants - CFE	532,661	825,000	825,000	825,000	825,000	825,000	825,000	
Veterinary School Program Needs	<u>285,000</u>	<u>285,000</u>	<u>285,000</u>	<u>285,000</u>	<u>285,000</u>	<u>285,000</u>	<u>285,000</u>	
General Fund	0	0	0	0	0	0	0	
Cash Funds	122,600	285,000	285,000	285,000	285,000	285,000	285,000	
Cash Funds Exempt	162,400	0	0	0	0	0	0	
Enrollment/Tuition and Stipend Contingency	<u>4,309,090</u>	<u>0</u>	<u>20,000,000</u>	<u>20,000,000</u>	<u>20,000,000</u>	<u>20,000,000</u>	<u>20,000,000</u>	
Cash Funds	4,309,090		0	0	0	0	0	
Cash Funds Exempt	0		20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	
Subtotal - (C) Special Purpose	5,498,151	1,544,400	21,621,000	21,621,000	21,621,000	21,625,000	21,625,000	

2nd Figure Setting Shading = Items still requiring action	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08			JBC Action	Notes
	Actual	Actual	Approp	Gov. Req.	CCHE Req.	Staff Rec.		
TOTAL - (2) CCHE	8,346,661	4,281,209	24,626,366	24,698,129	24,698,129	24,674,733	24,674,733	
FTE	<u>33.4</u>	<u>36.0</u>	<u>37.9</u>	<u>37.9</u>	<u>37.9</u>	<u>37.9</u>	<u>37.9</u>	
General Fund	0	0	0	0	0	0	0	
Cash Funds	5,058,627	3,076,569	3,267,118	3,323,766	3,323,766	3,283,082	3,283,082	
Cash Funds Exempt	2,983,367	883,795	21,009,248	21,009,248	21,009,248	21,040,615	21,040,615	
Federal Funds	304,667	320,845	350,000	365,115	365,115	351,036	351,036	

(3) Financial Aid

(Primary Functions: Provides assistance to students in meeting the costs of higher education. The source of cash funds exempt is money transferred from the Department of Human Services for the Early Childhood Professional Loan Repayment program.)

(A) Need Based Grants

General Need Based Grants	<u>37,756,459</u>	<u>44,285,061</u>	<u>52,136,963</u>	<u>57,436,963</u>	<u>57,436,963</u>	<u>65,396,963</u>	<u>57,436,963</u>	
General Fund	37,756,459	44,285,061	52,136,963	57,436,963	57,436,963 A	65,396,963	57,436,963	#2
Federal Funds	0	0	0	0	0	0	0	
Governor's Opportunity Scholarships - GF	7,936,087	8,000,000	7,960,000 S	8,000,000	8,000,000	0	7,960,000	Buescher 6-0 keep GOS separate from General Need
Subtotal - (A) Need Based Grants (GF)	45,692,546	52,285,061	60,096,963	65,436,963	65,436,963	65,396,963	65,396,963	
(B) Merit Based Grants	<u>6,458,308</u>	<u>1,497,959</u>	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,500,000</u>	
General Fund	6,458,308	1,497,959	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	
Cash Funds Exempt	0	0	0	0	0	0	0	
(C) Work Study - GF	14,780,158	15,111,267	14,884,300 S	15,003,374	15,003,374	14,884,300	14,884,300	
(D) Special Purpose								
Precollegiate Programs - GF	0	0	800,000	800,000	800,000	800,000	800,000	Pommer - flagged potential inc
Required Federal Match	<u>3,376,350</u>	<u>3,225,829</u>	<u>3,026,350</u>	<u>3,026,350</u>	<u>3,026,350</u>	<u>3,026,350</u>	<u>3,026,350</u>	
General Fund	2,076,350	1,925,829	1,726,350	1,726,350	1,726,350	1,726,350	1,726,350	
Federal Funds	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	
Veterans'/Law Enforcement/POW Tuition Assistance								
General Fund	316,844	364,922	364,922	364,922	364,922	364,922	364,922	
National Guard Tuition Assistance - GF	410,207	410,207	589,271 S	430,197	430,197	650,000	650,000	

2nd Figure Setting Shading = Items still requiring action	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08			JBC Action	Notes
	Actual	Actual	Approp	Gov. Req.	CCHE Req.	Staff Rec.		
Native American Students/Fort Lewis College General Fund	6,477,140	7,299,164	7,634,353	8,063,560	8,063,560 A	8,063,560	8,063,560	
Grant Program for Nurses Training - GF	0	0	0	0	0	0	0	<i>Tapia - flagged potential inc.</i>
Early Childhood Professional Loan Repayment Cash Funds Exempt	3,500	5,000	5,000	5,000	5,000	0	0	
Nursing Teacher Loan Forgiveness Pilot - GF	0	0	161,600	161,600	161,600	161,600	161,600	
GEAR - UP - FF	0	0	0	0	0	600,000	600,000	
Subtotal - (D) Special Purpose	10,584,041	11,305,122	11,781,496	12,051,629	12,051,629	12,866,432	12,866,432	
TOTAL - (3) Financial Aid	77,515,053	80,199,409	89,062,759	94,791,966	94,791,966	95,447,695	95,447,695	
General Fund	76,211,553	78,894,409	87,757,759	93,486,966	93,486,966	93,547,695	93,547,695	
Cash Funds Exempt	3,500	5,000	5,000	5,000	5,000	0	0	
Federal Funds	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,900,000	1,900,000	

(4) College Opportunity Fund Program

(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)

Stipends - State								
<i>Eligible Students (non-add)</i>		113,251.3	123,524.0	123,122.1	123,122.1	122,953.0	Pending	
<i>Rate per 30 Credit Hours (non-add)</i>		2,400	2,580	2,670	2,670	2,670		
General Fund	0	271,803,110	318,691,920	328,735,880	328,735,880	328,284,510		#1
Stipends - Private								
<i>Eligible Students (non-add)</i>		600.0	600.0	1,397.0	1,397.0	800.0	Pending	
<i>Rate per 30 Credit Hours (non-add)</i>		1,200	1,290	1,335	1,335	1,335		
General Fund	0	720,000	774,000	1,864,995	1,864,995	1,068,000		#1
Subtotal - Stipends	0	272,523,110	319,465,920	330,600,875	330,600,875	329,352,510	0	
Fee-for-service Contracts - GF	0	262,378,433	260,032,610 S	298,897,652	298,897,652	288,440,021	Pending	#1
TOTAL - (4) College Opportunity Fund Program								
General Fund	0	534,901,543	579,498,530	629,498,527	629,498,527	617,792,531	0	

2nd Figure Setting Shading = Items still requiring action	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08			JBC Action	Notes
	Actual	Actual	Approp	Gov. Req.	CCHE Req.	Staff Rec.		

(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	17,278,847	18,373,243	19,022,617	20,402,690	20,402,690	19,982,326	96,240	
FTE	276.1	286.9	<u>286.1</u>	<u>286.1</u>	<u>286.1</u>	<u>271.5</u>	<u>271.5</u>	
College Opportunity Fund/GF pre 05-06	<u>10,316,691</u>	<u>12,149,322</u>	<u>12,562,412</u>	<u>13,624,080</u>	<u>13,624,080</u>	<u>13,387,281</u>	Pending #1	
Student Stipend Payments - CFE		3,375,990	3,898,380	3,773,230	3,773,230	3,770,040		
Fee-for-service Contracts - CFE		8,773,332	8,664,032	9,850,850	9,850,850 A	9,617,241		
Tuition - CFE/CF pre 05-06	<u>5,504,470</u>	<u>6,136,638</u>	<u>6,368,109</u>	<u>6,686,514</u>	<u>6,686,514</u>	<u>6,498,805</u>	Pending #3	
Resident	4,123,172	4,748,660	4,900,765			5,016,918		
Nonresident	1,381,298	1,387,978	1,467,344			1,481,887		
Academic Fees - CFE		87,283	92,096	92,096	92,096	96,240	96,240	
Other than Tuition - CF	609,830	0	0	0	0	0	0	
Auxiliary - CF	847,856	0	0	0	0	0	0	
(B) Trustees of Mesa State College	29,250,004	35,751,958	40,740,708	43,482,316	43,482,316	43,816,950	360,000	
FTE	408.4	405.5	<u>426.6</u>	<u>426.6</u>	<u>426.6</u>	<u>452.2</u>	<u>452.2</u>	
College Opportunity Fund/GF pre 05-06	<u>15,775,165</u>	<u>19,888,392</u>	<u>20,632,636</u>	<u>22,376,340</u>	<u>22,376,340</u>	<u>21,987,409</u>	Pending #1	
Student Stipend Payments - CFE		9,733,520	11,586,780	11,668,786	11,668,786	11,804,070		
Fee-for-service Contracts - CFE		10,154,872	9,045,856	10,707,554	10,707,554 A	10,183,339		
Tuition - CFE/CF pre 05-06	<u>11,845,586</u>	<u>15,858,766</u>	<u>19,958,072</u>	<u>20,955,976</u>	<u>20,955,976</u>	<u>21,469,541</u>	Pending #3	
Resident	9,156,197	12,550,210	15,574,199			17,192,846		
Nonresident	2,689,389	3,308,556	4,383,873			4,276,695		
Academic Fees - CFE		4,800	150,000	150,000	150,000	360,000	360,000	
Other than Tuition - CF	280,154	0	0	0	0	0	0	
Auxiliary - CF	1,349,099	0	0	0	0	0	0	
(C) Trustees of Metropolitan State College	81,822,528	82,721,879	85,940,425	91,630,163	91,630,163	90,558,270	750,000	
FTE	<u>964.2</u>	<u>964.9</u>	<u>1,023.1</u>	<u>1,023.1</u>	<u>1,023.1</u>	<u>1,056.3</u>	<u>1,056.3</u>	

2nd Figure Setting Shading = Items still requiring action	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08			JBC Action	Notes
	Actual	Actual	Approp	Gov. Req.	CCHE Req.	Staff Rec.		
College Opportunity Fund/GF pre 05-06	<u>33,951,845</u>	<u>39,778,568</u>	<u>41,165,915</u>	<u>44,644,910</u>	<u>44,644,910</u>	<u>43,868,936</u>	Pending #1	
Student Stipend Payments - CFE		33,883,200	37,002,360	39,958,379	39,958,379	40,696,140		
Fee-for-service Contracts - CFE		5,895,368	4,163,555	4,686,531	4,686,531 A	3,172,796		
Tuition - CFE/CF pre 05-06	<u>40,276,015</u>	<u>42,262,524</u>	<u>44,214,860</u>	<u>46,425,603</u>	<u>46,425,603</u>	<u>45,939,334</u>	Pending #3	
Resident	36,292,722	38,385,745	40,155,812			41,490,868		
Nonresident	3,983,293	3,876,779	4,059,048			4,448,466		
Academic Fees - CFE		680,787	559,650	559,650	559,650	750,000	750,000	
Other than Tuition - CF	2,221,311	0	0	0	0	0	0	
Auxiliary - CF	5,373,357	0	0	0	0	0	0	
(D) Trustees of Western State College	16,109,395	18,960,962	19,751,596	21,085,548	21,085,548	20,178,105	26,000	
FTE	201.3	200.8	<u>205.1</u>	<u>205.1</u>	<u>205.1</u>	<u>230.9</u>	<u>230.9</u>	
College Opportunity Fund/GF pre 05-06	<u>6,896,788</u>	<u>9,892,147</u>	<u>10,470,780</u>	<u>11,355,691</u>	<u>11,355,691</u>	<u>11,158,309</u>	Pending #1	
Student Stipend Payments - CFE		3,592,800	3,893,220	3,849,251	3,849,251	3,842,130		
Fee-for-service Contracts - CFE		6,299,347	6,577,560	7,506,440	7,506,440 A	7,316,179		
Tuition - CFE/CF pre 05-06	<u>8,027,876</u>	<u>8,780,615</u>	<u>8,980,816</u>	<u>9,429,857</u>	<u>9,429,857</u>	<u>8,993,796</u>	Pending #3	
Resident	3,310,570	3,780,705	3,948,072			4,161,099		
Nonresident	4,717,306	4,999,910	5,032,744			4,832,697		
Academic Fees - CFE		288,200	300,000	300,000	300,000	26,000	26,000	
Other than Tuition - CF	473,447	0	0	0	0	0	0	
Auxiliary - CF	711,284	0	0	0	0	0	0	
(E) Colorado State University System	307,317,583	273,462,105	293,691,717	315,057,800	315,057,800 A	308,311,642	4,420,000	
FTE	<u>3,636.5</u>	<u>3,417.9</u>	<u>3,750.1</u>	<u>3,750.1</u>	<u>3,750.1</u>	<u>3,852.4</u>	<u>3,852.4</u>	
College Opportunity Fund/GF pre 05-06	<u>109,183,992</u>	<u>113,620,028</u>	<u>123,364,193</u>	<u>133,789,929</u>	<u>133,789,929</u>	<u>131,464,488</u>	Pending #1	
Student Stipend Payments - CFE		45,405,600	49,577,280	50,929,466	50,929,466	51,234,630		
Fee-for-service Contracts - CFE		68,214,428	73,786,913	82,860,463	82,860,463 A	80,229,858		
Tuition - CFE/CF pre 05-06	<u>140,879,254</u>	<u>155,161,777</u>	<u>163,433,524</u>	<u>174,873,871</u>	<u>174,873,871</u>	<u>172,427,154</u>	Pending #3	
Resident	72,804,846	82,968,862	86,829,481			92,122,373		
Nonresident	68,074,408	72,192,915	76,604,043			80,304,781		
Academic Fees - CFE		4,510,300	6,224,000	6,224,000	6,224,000	4,250,000	4,250,000	
Appropriated Grants - CF	0	0	500,000	0	0	0	0	

2nd Figure Setting Shading = Items still requiring action	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08			JBC Action	Notes
	Actual	Actual	Approp	Gov. Req.	CCHE Req.	Staff Rec.		
Appropriated Grants - CFE	170,000	170,000	170,000	170,000	170,000	170,000	170,000	
Other than Tuition - CF	32,954,345	0	0	0	0	0	0	
Auxiliary - CF	24,129,992	0	0	0	0	0	0	
(F) Trustees of Fort Lewis College	32,418,765	31,696,667	34,351,658	36,378,193	36,378,193	34,888,972	1,198,000	
FTE	389.3	413.3	<u>425.2</u>	<u>425.2</u>	<u>425.2</u>	<u>432.3</u>	<u>432.3</u>	
College Opportunity Fund/GF pre 05-06	<u>7,435,161</u>	<u>8,757,822</u>	<u>10,745,793</u>	<u>11,653,935</u>	<u>11,653,935</u>	<u>11,451,379</u>	Pending #1	
Student Stipend Payments - CFE		5,971,200	6,651,240	6,634,741	6,634,741	6,720,390		
Fee-for-service Contracts - CFE		2,786,622	4,094,553	5,019,194	5,019,194 A	4,730,989		
Tuition - CFE/CF pre 05-06	<u>20,904,991</u>	<u>21,771,794</u>	<u>22,407,865</u>	<u>23,528,258</u>	<u>23,528,258</u>	<u>22,239,593</u>	Pending #3	
Resident	6,615,618	7,536,978	7,412,004			7,490,361		
Nonresident	14,289,373	14,234,816	14,995,861			14,749,232		
Academic Fees - CFE		1,121,051	1,150,000	1,150,000	1,150,000	1,150,000	1,150,000	
Appropriated Grants - CFE	46,090	46,000	48,000 S	46,000	46,000	48,000	48,000	
Other than Tuition - CF	1,515,499	0	0	0	0	0	0	
Auxiliary - CF	2,517,024	0	0	0	0	0	0	
(G) Regents of the University of Colorado	617,835,880	605,770,144	651,071,399	697,994,373	697,994,373 A	695,172,751	21,419,844	
FTE	6,140.3	5,971.2	<u>6,169.8</u>	<u>6,169.8</u>	<u>6,169.8</u>	<u>6,441.1</u>	<u>6,441.1</u>	
College Opportunity Fund/GF pre 05-06	<u>150,672,841</u>	<u>159,103,983</u>	<u>179,791,878</u>	<u>194,986,340</u>	<u>194,986,340</u>	<u>191,597,307</u>	Pending #1	
Student Stipend Payments - CFE		63,396,000	72,879,840	74,455,016	74,455,016	73,075,230		
Fee-for-service Contracts - CFE		95,707,983	106,912,038 S	120,531,324	120,531,324 A	118,522,077		
Tuition - CFE/CF pre 05-06	<u>387,814,767</u>	<u>427,775,517</u>	<u>453,264,459</u>	<u>484,992,971</u>	<u>484,992,971</u>	<u>482,155,600</u>	Pending #3	
Resident	176,137,836	215,144,987	241,541,197			243,164,790		
Nonresident	211,676,931	212,630,530	211,723,262			238,990,810		
Academic Fees - CFE		18,233,113	17,357,531	17,357,531	17,357,531	20,762,313	20,762,313	
Appropriated Grants - CFE	0	657,531	657,531	657,531	657,531	657,531	657,531	
Other than Tuition - CF	50,746,381	0	0	0	0	0	0	
Auxiliary - CF	28,601,891	0	0	0	0	0	0	
(H) Colorado School of Mines	52,012,465	58,268,589	64,145,318	68,692,396	68,692,396	70,633,185	3,350,000	
FTE	563.7	465.9	<u>591.2</u>	<u>591.2</u>	<u>591.2</u>	<u>629.4</u>	<u>629.4</u>	

2nd Figure Setting Shading = Items still requiring action	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08			JBC Action	Notes
	Actual	Actual	Approp	Gov. Req.	CCHE Req.	Staff Rec.		
College Opportunity Fund/GF pre 05-06	<u>17,187,980</u>	<u>18,793,625</u>	<u>20,043,357</u>	<u>21,737,271</u>	<u>21,737,271</u>	<u>21,359,437</u>	Pending #1	
Student Stipend Payments - CFE		6,103,200	6,976,320	7,287,964	7,287,964	7,273,080		
Fee-for-service Contracts - CFE		12,690,425	13,067,037	14,449,307	14,449,307 A	14,086,357		
Tuition - CFE/CF pre 05-06	<u>32,883,706</u>	<u>37,646,698</u>	<u>40,759,486</u>	<u>43,612,650</u>	<u>43,612,650</u>	<u>45,923,748</u>	Pending #3	
Resident	17,271,521	21,489,369	23,057,979			26,112,625		
Nonresident	15,612,185	16,157,329	17,701,507			19,811,123		
Academic Fees - CFE		153,266	142,475	142,475	142,475	150,000	150,000	
Appropriated Grants - CF	0	0	2,000,000	0	0	0	0	
Appropriated Grants - CFE	250,000	1,675,000	1,200,000	3,200,000	3,200,000	3,200,000	3,200,000	
Other than Tuition - CF	728,058	0	0	0	0	0	0	
Auxiliary - CF	962,721	0	0	0	0	0	0	
(I) University of Northern Colorado	78,935,332	83,818,506	89,730,758	96,510,978	96,510,978	94,685,669	756,467	
FTE	986.8	1,000.0	<u>1,006.9</u>	<u>1,006.9</u>	<u>1,006.9</u>	<u>1,015.0</u>	<u>1,015.0</u>	
College Opportunity Fund/GF pre 05-06	<u>33,590,909</u>	<u>35,176,878</u>	<u>37,949,011</u>	<u>41,156,170</u>	<u>41,156,170</u>	<u>40,440,805</u>	Pending #1	
Student Stipend Payments - CFE		21,160,800	23,078,100	23,429,358	23,429,358	23,594,790		
Fee-for-service Contracts - CFE		14,016,078	14,870,911	17,726,812	17,726,812 A	16,846,015		
Tuition - CFE/CF pre 05-06	<u>41,927,778</u>	<u>47,906,042</u>	<u>51,043,730</u>	<u>54,616,791</u>	<u>54,616,791</u>	<u>53,488,397</u>	Pending #3	
Resident	31,279,584	35,909,033	38,262,476			39,924,743		
Nonresident	10,648,194	11,997,009	12,781,254			13,563,654		
Academic Fees - CFE		735,586	738,017	738,017	738,017	756,467	756,467	
Other than Tuition - CF	1,805,795	0	0	0	0	0	0	
Auxiliary - CF	1,610,850	0	0	0	0	0	0	
(J) State Board for the Community Colleges and Occupational Education								
State System Community Colleges	230,145,050	241,274,232	240,004,864	254,197,725	254,197,725	264,442,921	5,618,026	
FTE	4,386.1	4,627.7	4,669.5	4,669.5	4,669.5	<u>4,576.4</u>	<u>4,576.4</u>	
College Opportunity Fund/GF pre 05-06	<u>106,279,979</u>	<u>117,020,778</u>	<u>121,998,555</u>	<u>132,308,866</u>	<u>132,308,866</u>	<u>130,009,180</u>	Pending #1	
Student Stipend Payments - CFE		79,180,800	103,148,400	106,749,689	106,749,689	106,274,010		
Fee-for-service Contracts - CFE		37,839,978	18,850,155	25,559,177	25,559,177 A	23,735,170		
Tuition - CFE/CF pre 05-06	<u>109,678,829</u>	<u>118,157,415</u>	<u>110,930,010</u>	<u>114,812,560</u>	<u>114,812,560</u>	<u>128,815,715</u>	Pending #3	

2nd Figure Setting Shading = Items still requiring action	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08			JBC Action	Notes
	Actual	Actual	Approp	Gov. Req.	CCHE Req.	Staff Rec.		
Resident	95,100,171	102,348,575	95,738,130			107,230,087		
Nonresident	14,578,658	15,808,840	15,191,880			21,585,628		
Academic Fees - CFE		6,096,039	7,076,299	7,076,299	7,076,299	5,618,026	5,618,026	
Appropriated Grants - CFE	2,000,000	0	0	0	0	0	0	
Other than Tuition - CF	11,457,795	0	0	0	0	0	0	
Auxiliary - CF	728,447	0	0	0	0	0	0	
TOTAL - (5) Governing Boards	1,463,125,849	1,450,098,285	1,538,451,060	1,645,432,182	1,645,432,182	1,642,670,791	37,994,577	
FTE	<u>17,952.7</u>	<u>17,754.1</u>	<u>18,553.6</u>	<u>18,553.6</u>	<u>18,553.6</u>	<u>18,957.5</u>	<u>18,957.5</u>	
College Opportunity Fund/GF pre 05-06	<u>491,291,351</u>	<u>534,181,543</u>	<u>578,724,530</u>	<u>627,633,532</u>	<u>627,633,532</u>	<u>616,724,531</u>	0	
Student Stipend Payments - CFE		271,803,110	318,691,920	328,735,880	328,735,880	328,284,510	0	
Fee-for-service Contracts - CFE		262,378,433	260,032,610	298,897,652	298,897,652	288,440,021	0	
Tuition - CFE/CF pre 05-06	<u>799,743,272</u>	<u>881,457,786</u>	<u>921,360,931</u>	<u>979,935,051</u>	<u>979,935,051</u>	<u>987,951,683</u>	0	
Resident	452,092,237	524,863,124	557,420,115	0	0	583,906,710	0	
Nonresident	347,651,035	356,594,662	363,940,816	0	0	404,044,973	0	
Academic Fees - CFE	0	31,910,425	33,790,068	33,790,068	33,790,068	33,919,046	33,919,046	
Appropriated Grants - CF	0	0	2,500,000	0	0	0	0	
Appropriated Grants - CFE	2,466,090	2,548,531	2,075,531	4,073,531	4,073,531	4,075,531	4,075,531	
Other than Tuition - CF	102,792,615	0	0	0	0	0	0	
Auxiliary - CF	66,832,521	0	0	0	0	0	0	
TOTAL - (6) Local District Junior College Grants								
General Fund	11,038,334	12,601,934	13,668,051	13,668,051	14,823,001 A	14,570,142	Pending #4	
TOTAL - (7) Advisory Commission on Family							Pending	
Medicine	1,576,501	1,576,502	1,703,558	1,903,558	1,903,558	0	0	
FTE	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>		<u>0.0</u>	
General Fund	0	0	0	0	0		0	
Cash Funds Exempt	1,576,501	1,576,502	1,703,558	1,903,558	1,903,558		0 ACF #1	

2nd Figure Setting Shading = Items still requiring action	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08			JBC Action	Notes
	Actual	Actual	Approp	Gov. Req.	CCHE Req.	Staff Rec.		
(8) 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 cash funds exempt represent transfers from the Office of Economic Development and from the Department of Education for the Colorado Vocational Act.)								
(A) Administrative Costs	562,036	543,510	900,000	900,000	900,000	900,000	900,000	900,000
FTE	<u>6.6</u>	<u>5.4</u>	<u>9.0</u>	<u>9.0</u>	<u>9.0</u>	<u>9.0</u>	<u>9.0</u>	<u>9.0</u>
General Fund	486,805	299,880	0	0	0	0	0	0
Cash Funds	0	243,630	900,000	900,000	900,000	900,000	900,000	900,000
Cash Funds Exempt	75,231	0	0	0	0	0	0	0
(B) Colorado Vocational Act Distributions								
Cash Funds Exempt	19,959,556	19,996,048	20,635,922	20,635,922	20,635,922	21,208,319	21,208,319	
(C) Area Vocational School Support								
General Fund	8,505,528	8,505,528	9,635,902	9,635,902	10,450,136 A	10,271,872	Pending #4	
(D) Sponsored Programs								
(1) Administration								
Federal Funds	2,134,459	1,439,039	2,217,012	2,217,012	2,217,012	2,262,431	2,262,431	
FTE	25.2	25.2	25.2	25.2	25.2	23.0	23.0	
(2) Sponsored Programs								
Federal Funds	14,817,697	12,874,615	15,321,254	15,321,254	15,321,254	15,015,100	15,015,100	
Subtotal - (D) Sponsored Programs	16,952,156	14,313,654	17,538,266	17,538,266	17,538,266	17,277,531	17,277,531	
(E) Colorado First Customized Job Training								
Cash Funds Exempt	22	1,169,211	2,725,022	2,725,022	2,725,022	2,725,022	2,725,022	
(F) Existing Industry Training								
Cash Funds Exempt	2,725,000	598,405	0	0	0	0	0	
TOTAL - (8) Occupational Education	48,704,298	45,126,356	51,435,112	51,435,112	52,249,346	52,382,744	42,110,872	
FTE	<u>31.8</u>	<u>30.6</u>	<u>34.2</u>	<u>34.2</u>	<u>34.2</u>	<u>32.0</u>	<u>32.0</u>	
General Fund	8,992,333	8,805,408	9,635,902	9,635,902	10,450,136	10,271,872	0	
Cash Funds	0	243,630	900,000	900,000	900,000	900,000	900,000	
Cash Funds Exempt	22,759,809	21,763,664	23,360,944	23,360,944	23,360,944	23,933,341	23,933,341	
Federal Funds	16,952,156	14,313,654	17,538,266	17,538,266	17,538,266	17,277,531	17,277,531	

2nd Figure Setting Shading = Items still requiring action	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08			JBC Action	Notes
	Actual	Actual	Approp	Gov. Req.	CCHE Req.	Staff Rec.		

(9) Auraria Higher Education Center

(Primary Functions: Coordinate administration of the Auraria campus. The cash funds exempt represent payments from the resident institutions.)

Administration	13,473,601	14,305,316	14,814,761	14,814,761	14,814,761	14,814,761	14,814,761
FTE	<u>124.3</u>	<u>124.7</u>	<u>123.6</u>	<u>123.6</u>	<u>123.6</u>	<u>123.6</u>	<u>123.6</u>
Cash Funds	4,678,133	14,305,316	14,814,761	14,814,761	14,814,761	14,814,761	14,814,761
Cash Funds Exempt	8,795,468	0	0	0	0	0	0
Auxiliary Enterprises - CF	42,100	2,264,486	2,440,000 S	50,000	50,000	50,000	50,000

TOTAL - (9) AHEC	13,515,701	16,569,802	17,254,761	14,864,761	14,864,761	14,864,761	14,864,761
FTE	<u>124.3</u>	<u>124.7</u>	<u>123.6</u>	<u>123.6</u>	<u>123.6</u>	<u>123.6</u>	<u>123.6</u>
Cash Funds	4,720,233	16,569,802	17,254,761	14,864,761	14,864,761	14,864,761	14,864,761
Cash Funds Exempt	8,795,468	0	0	0	0	0	0

TOTAL - Council on the Arts							
Program Costs	1,172,167	1,416,000	0	0	0	0	0
FTE	<u>2.0</u>	<u>2.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
General Fund	500,000	700,000	0	0	0	0	0
Cash Funds Exempt	16,000	16,000	0	0	0	0	0
Federal Funds	656,167	700,000	0	0	0	0	0

(10) 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 primary source of cash funds is museum revenues. Most of the cash funds exempt comes from gaming revenues deposited in the State Historic Fund, but also includes gifts and grants.)

(A) Cumbres and Toltec Railroad Commission							
General Fund	10,000	260,000	510,000	510,000	510,000	100,000	100,000
(B) Sponsored Programs	205,310	259,126	250,000	250,000	250,000	250,000	250,000
FTE	<u>3.0</u>	<u>2.9</u>	<u>3.5</u>	<u>3.5</u>	<u>3.5</u>	<u>3.5</u>	<u>3.5</u>
Cash Funds	0	1,100	0	0	0	0	0
Cash Funds Exempt	51,745	15,182	20,000	20,000	20,000	20,000	20,000
Federal Funds	153,565	242,844	230,000	230,000	230,000	230,000	230,000
(C) Auxiliary Programs	1,446,400	1,137,484	1,535,699	1,535,699	1,535,699	1,535,699	1,535,699

2nd Figure Setting Shading = Items still requiring action	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08			JBC Action	Notes
	Actual	Actual	Approp	Gov. Req.	CCHE Req.	Staff Rec.		
FTE	<u>16.0</u>	<u>12.7</u>	<u>14.5</u>	<u>14.5</u>	<u>14.5</u>	<u>14.5</u>	<u>14.5</u>	
Cash Funds	934,190	586,243	1,035,699	1,035,699	1,035,699	1,035,699	1,035,699	
Cash Funds Exempt	512,210	551,241	500,000	500,000	500,000	500,000	500,000	
(D) Gaming Revenue								
Gaming Cities Distribution								
Cash Funds Exempt - SHF	5,174,483	5,204,091	5,668,939	5,668,939	5,668,939	5,878,129	5,878,129	
Statewide Preservation Grant Program								
Cash Funds Exempt - SHF	23,336,997	18,432,859	17,220,244 S	17,130,244	17,130,244 A	17,863,255	17,863,255	Hist #1, Hist #2
FTE	17.3	16.5	18.0	18.0	18.0	18.0	18.0	
Society Museum and Preservation								
Operations	5,508,538	5,801,705	6,019,330	6,109,330	6,109,330	6,184,489	6,184,489	
FTE	<u>89.9</u>	<u>90.9</u>	<u>90.9</u>	<u>90.9</u>	<u>90.9</u>	<u>90.9</u>	<u>90.9</u>	
Cash Funds	699,442	696,740	695,347	695,347	695,347	692,748	692,748	
Cash Funds Exempt - SHF	4,169,081	4,464,965	4,685,263 S	4,775,263	4,775,263 A	4,838,634	4,838,634	Hist #1, Hist #2
Federal Funds	640,015	640,000	638,720	638,720	638,720	653,107	653,107	
Subtotal - (D) Gaming Revenue	34,020,018	29,438,655	28,908,513	28,908,513	28,908,513	29,925,873	29,925,873	
TOTAL - (10) Historical Society								
FTE	<u>126.2</u>	<u>123.0</u>	<u>126.9</u>	<u>126.9</u>	<u>126.9</u>	<u>126.9</u>	<u>126.9</u>	
General Fund	10,000	260,000	510,000	510,000	510,000	100,000	100,000	
Cash Funds	1,633,632	1,284,083	1,731,046	1,731,046	1,731,046	1,728,447	1,728,447	
Cash Funds Exempt	33,244,516	28,668,338	28,094,446	28,094,446	28,094,446	29,100,018	29,100,018	
Federal Funds	793,580	882,844	868,720	868,720	868,720	883,107	883,107	
TOTAL - Dept. of Higher Education								
FTE	<u>18,270.4</u>	<u>18,070.4</u>	<u>18,876.2</u>	<u>18,876.2</u>	<u>18,876.2</u>	<u>19,277.9</u>	<u>19,277.9</u>	
General Fund	588,043,571	636,234,544	691,107,312	746,799,446	748,768,630	736,282,240	93,647,695	
Cash Funds	513,804,838	21,859,158	26,345,067	21,652,702	21,652,702	21,545,579	21,545,579	
Cash Funds Exempt	539,961,934	1,503,496,469	1,610,689,568	1,720,578,931	1,720,578,931	1,717,464,844	112,788,630	
Federal Funds	20,011,027	17,535,548	20,080,322	20,154,037	20,154,037	20,478,236	20,478,236	

Key:

ITALICS = non-add figure, included for informational purposes

2nd Figure Setting	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08				
Shading = Items still requiring action	Actual	Actual	Approp	Gov. Req.	CCHE Req.	Staff Rec.	JBC Action	Notes

A = impacted by a budget amendment submitted after the November 1 request
S = impacted by a supplemental appropriation approved by the Joint Budget Committee

4) COLLEGE OPPORTUNITY FUND PROGRAM

The College Opportunity Fund Program section provides General Fund support in the form of stipends for students to attend public and private institutions. It also includes a pot of General Fund for CCHE to use to enter into fee-for-service contracts with the institutions. These fee-for-service contracts address education needs in the state not otherwise covered by the stipends, such as graduate education, specialized education, and rural education. The Governing Board section includes the cash funds exempt spending authority for the higher education institutions to receive and expend the stipend payments on behalf of students, and to receive and expend the fee-for-service contracts.

(A) Stipends

Student Stipend Payments for Students Attending State Institutions

Description: This line item provides for the payments from the General Fund to the College Opportunity Fund for stipends associated with students attending state-operated higher education institutions.

Request: In the November 1 request, the Governor and CCHE both proposed a 3.5 percent increase in the stipend rate from \$2,580 to \$2,670 per year for a full-time student taking 30 credit hours. The 3.5 percent is equal to the forecast of 2006 inflation OSPB was using at the time. The Governor and CCHE forecast a slight decrease of 402 SFTE in the total stipend-eligible population (a decrease of 0.3 percent) from the FY 2005-06 appropriation.

A February 19, 2007 letter to the JBC from the Department's executive director described a change in the distribution of total state funds to the governing boards. Supporting documentation provided by the Department showed the amount requested from stipends unchanged. Based on conversations with representatives from the Department, staff understands that the Governor and CCHE are still requesting the \$90 increase in the stipend rate. All changes in the distribution of total state funds among the governing boards are to be accomplished through changes to the fee-for-service contracts.

Recommendation: **Staff recommends the requested increase in the stipend rate per SFTE, although the staff calculation of the cost of this increase is based on the March 2007 LCS enrollment forecast rather than the Department's enrollment estimate.** Section 23-18-202 (2) (c), C.R.S. instructs CCHE to request an increase for stipends, "to reflect at least inflation and enrollment growth in the state institutions of higher education." This suggests that the General Assembly expected the stipend rate to increase by inflation each year. The 2006 calendar year Denver/Boulder CPI showed a 3.6 percent increase. Applying a 3.6 percent increase rather than the requested 3.5 percent increase results in a stipend rate per credit hour of \$89.10 versus \$89.01. Either way, staff recommends rounding down to the nearest whole dollar and using \$89.00 per credit hour, which translates to \$2,670 per SFTE.

Based on the March 2007 LCS enrollment forecast, there would be a small decrease in the stipends from the FY 2006-07 appropriation of \$1,473,180 for changes in the projected enrollment.

Increasing the rate by \$3 per credit hour, or \$90 per SFTE, would cost \$11,065,770 General Fund. The net stipend change would be \$9,592,590 General Fund. The detail of the calculations by governing board can be seen in lines 8 through 11 on page 2 of the Appendix at the end of this document.

Student Stipend Payments for Students Attending Private Institutions

Description: This line item provides funding for the payments from the General Fund to the College Opportunity Fund for stipends associated with students attending participating private higher education institutions. Pursuant to statute, students who graduate from a Colorado high school, who demonstrate financial need by qualifying for a federal Pell grant, and who attend a participating private institution, are entitled to receive half of the stipend amount for students attending public schools.

Request: The request is for an increase in the stipend rate of \$45 per SFTE according to the statutory formula that sets the stipend reimbursement rate for students attending private schools at half of the reimbursement rate for students attending public schools. The request projected that 1,397 eligible SFTE would authorize stipends at private schools.

Recommendation: **Staff recommends the requested stipend rate increase of \$45 per SFTE, but staff recommends assuming 800 eligible SFTE will authorize payments.** The stipend rate for students attending private schools is set by statute at half the rate for students attending public schools. The Department submitted information on Pell-eligible students at the University of Denver and Regis. According to the Department, over the last four years there were between 1,100 and 1,400 undergraduate SFTE at the two institutions that would appear to qualify for a stipend. However, in FY 2005-06 the two institutions submitted billings for stipend payments for a total 623 SFTE. Assuming that the enrollment growth that occurred between the Fall of 2005 and the Fall of 2006 continues for the rest of the year (which may not be a good assumption, since Regis' billings increased 24.8 percent and DU's 3.0 percent), the institutions are on pace to bill for 761.2 SFTE in FY 2007-08. The Department was not able to provide an explanation for the disparity. In the absence of information about why the billings are so far below the population of Pell-eligible students, staff chose to assume 800 eligible SFTE. If the Department is able to explain the disparity and provide a better forecast, staff will present a comeback to the Committee. At a stipend rate of \$1,335 per SFTE, enrollment of 800 eligibles would cost \$1,068,000. This is a \$294,000 increase over the FY 2006-07 appropriation.

(B) Fee-for-service Contracts

Description: This line item provides General Fund for CCHE to enter into fee-for-service contracts with the higher education institutions to address education needs in the state not otherwise covered by the stipends, such as graduate education, specialized education, and rural education.

Request: In the November 1 request, the Department asked for an adjustment to the fee-for-service contracts for the difference between the Department's mandated cost model and the additional revenue projected from stipends. The Governor's request proposed the stipends plus fee-for-service

contracts cover approximately 70 percent of the mandated costs while CCHE proposed that they cover 100 percent. In addition, CCHE requested \$25 million for a second year of funding for "unfunded enrollment" for all institutions and then submitted a budget amendment for another \$11.5 million for "unfunded enrollment" specifically for the University of Colorado Health Sciences Center.

On January 2, 2007 and again on January 19, 2007 the Governor requested a \$1,662,483 General Fund increase in fee-for-service contracts for utility expenses for the University of Colorado in FY 2006-07. Neither of these supplemental requests included a budget amendment modifying the FY 2007-08 request. The JBC approved a total of \$1,396,486 for the request.

In a letter dated February 19, 2007, the executive director for the Department described a change in the distribution of total state funds to the governing boards. Instead of using the mandated cost model, the Department proposed distributing new funds using a proration based on the FY 2006-07 appropriation of state funds.

Supporting documentation provided by the Department clearly shows that the Department included the \$1,396,486 approved by the JBC for UCHSC in the base when calculating the percentages for distributing new funds. However, other documents provided by the Department applied the requested new funds to the unmodified FY 2006-07 base for CU, creating some ambiguity about whether the supplemental increase for UCHSC was intended as a one-time increase or a base-building increase. Following conversations with representatives from the Department and OSPB, staff believes that both CCHE and the Governor intended the \$1.4 million to be base building, and so this is how the funding is reflected in the numbers pages. However, at the time this document was prepared, staff had not received official confirmation. It appears that OSPB overlooked the \$1.4 million in the total for FY 2007-08 when attempting to present a budget that balanced within the 6.0 percent limit.

The Commission voted to endorse the new distribution formula and a request of \$48.9 million in total for stipends and fee-for-service contracts, consistent with the Governor's request. Thus, the "CCHE Req." column in the numbers pages has been revised down from the original. The table below compares the original and revised requests. All of the difference is applied to the fee-for-service contracts. The Department has not requested any change in the stipend amount.

November 1 Request vs Current Request - Governor			
	Original Request Stipends + FFS	New Request Stipends + FFS	Difference
Adams	\$603,630	\$1,061,668	\$458,038
Mesa	988,666	1,743,704	\$755,038
Metro	2,995,698	3,478,995	\$483,297
Western	472,100	884,911	\$412,811
CSU System	10,205,277	10,425,736	\$220,459
Ft. Lewis	831,872	908,142	\$76,270
CU	20,615,246	15,194,462	(\$5,420,784)
Mines	2,170,876	1,693,914	(\$476,962)
UNC	2,570,525	3,207,159	\$636,634
Com Colleges	7,455,115	10,310,311	\$2,855,196
TOTAL	\$48,909,005	\$48,909,002	(\$3)

November 1 Request vs Current Request - CCHE			
	Original Request Stipends + FFS	New Request Stipends + FFS	Difference
Adams	\$1,028,278	\$1,061,668	\$33,390
Mesa	2,219,463	1,743,704	(\$475,759)
Metro	7,197,887	3,478,995	(\$3,718,892)
Western	858,218	884,911	\$26,693
CSU System	17,597,027	10,425,736	(\$7,171,291)
Ft. Lewis	1,267,182	908,142	(\$359,040)
CU	47,557,441	15,194,462	(\$32,362,979)
Mines	4,425,963	1,693,914	(\$2,732,049)
UNC	4,686,575	3,207,159	(\$1,479,416)
Com Colleges	19,717,831	10,310,311	(\$9,407,520)
TOTAL	\$106,555,865	\$48,909,002	(\$57,646,863)

Of the total \$48.9 million request, \$38.9 million is for fee-for-service contracts funded in this line item, and the remaining and \$10.0 million is for stipends

Recommendation: Staff recommends \$28.4 million for the fee-for-service contracts, which would provide for a combined stipend and fee-for-service increase of \$38.0 million, or 6.6 percent, on the FY 2006-07 base. Staff recommends distributing the fee-for-service contract funds to the governing boards according to the prorated distribution formula described in the February 19, 2007 letter from the Department. Details of the calculation by governing board can be found in lines 8 through 14 on page 2 of the Appendix at the end of this document.

Pursuant to Section 23-5-130, C.R.S. the fee-for-service contracts are to purchase:

- educational services in rural areas or communities in which the cost of delivering education services is not sustained by the amount received in student tuition;
- educational services required for reciprocal agreements with other states;
- graduate services;
- educational services that may increase economic development opportunities; and
- specialized education and professional degrees.

It would seem that the Department should be able to identify a cost per unit of service and apply that consistently to make purchases throughout the state. In practice, it is difficult to view the fee-for-service contracts in isolation of the stipends. It is also difficult to view them separate from tuition and fees. Stipend and tuition/fee revenue more than cover the cost of some courses, and don't come close to covering the cost of other courses. The amount of stipend and tuition/fee revenue available to support graduate education, reciprocal agreements, professional education, etc. varies based on the composition of courses at each institution. Other factors also contribute to cost differences, such as regional economics that impact staff compensation, tuition and fee rates, class sizes that influence economies of scale, and the volume and condition of physical plant operated by the institution, to name a few of the variables. For these reasons, the amount that CCHE needs to spend to purchase similar services from two different institutions may vary significantly.

For the November 1 request, the Department did not provide a detailed cost study describing the amount needed for each type of fee-for-service contract. Rather, the Department looked at a combined inflationary increase in stipends and fee-for-service contracts for "mandated costs" for the institutions to maintain current service levels. Similarly, the new distribution formula described in the February 19, 2007 letter from the Department also targets a combined stipend and fee-for-service inflationary increase, but based on the FY 2006-07 appropriation base rather than "mandated costs." Neither approach describes service improvements that will be accomplished with the additional funds. Staff can't say, for example, that the requested funding will provide so many new graduate slots. Nor can staff analyze the cost-benefit of providing those additional graduate slots.

In the absence of a detailed cost study or some other justification of the amount required for the fee-for-service contracts, staff followed the lead of the Department and focused on identifying a reasonable combined stipend and fee-for-service inflationary increase. The Department's November 1 request identified "mandated costs" of \$70.1 million to maintain current service levels. In the FY 2006-07 budget the ratio of General Fund to tuition for the governing boards in total is roughly 40 percent to 60 percent (38.6 percent to 61.4 percent). If this same ratio were applied to the \$70.1 million, the General Fund share of "mandated costs" would be approximately \$28 million.

However, the study commissioned by the Department from the National Center for Higher Education Management Systems (NCHEMS) earlier this year suggests that current service levels are inadequate. The report indicated that Colorado institutions are operating at \$832 million below the level of expenditures per student by peer institutions. This is concerning because higher education institutions compete in a national market for faculty. If institutions reduce services to students to maintain competitive faculty compensation (e.g. by increasing class sizes, cutting academic and career counseling, or deferring technology and infrastructure upgrades), then the standard of education in Colorado will be below peers.

Making Colorado institutions more competitive with peer institutions could be accomplished by increasing General Fund or tuition, or some combination of both. There are models for providing higher education that don't rely on significant amounts of General Fund. The well-regarded

Grapevine report from the Center for the Study of Education Policy at Illinois State University ranks Colorado 48th among the states in state tax revenues devoted to higher education per capita and per \$1,000 in personal income. The two states Colorado beats out are Massachusetts and New Hampshire. Massachusetts is certainly not considered a backwater of higher education. The state has a significant knowledge-based economy. It relies heavily on private institutions to deliver higher education. Colorado is limited in what it can spend on higher education by revenues and constitutional spending limits. Arguably, Colorado ranks 48th in spending per \$1,000 of personal income on higher education because Colorado's combined state and local tax revenues per \$1,000 of personal income rank in that same range (46th according to Legislative Council Staff). Given these constraints, Colorado may want to follow a model like Massachusetts and allow public higher education institutions to price themselves like private institutions.

Staff believes that the Department needs to develop long-term goals for the level of state versus private support for higher education, with the understanding that a significant new General Fund investment will most likely require a vote of the people. If the current revenue constraints remain unchanged, staff believes that targeted investments of General Fund and significant increases in tuition at selected institutions would be a better approach than the requested across-the-board increase. Because the Department hasn't mapped out a plan for strategic General Fund investment, and because of the six percent limit on General Fund, staff is uncomfortable recommending the \$48.9 million total increase requested by the Department.

For the briefing, staff included the following chart of higher education appropriations. Only twice before has the General Assembly provided a one-year increase of the size requested, and that was in FY 2005-06 and FY 2006-07 immediately following the passage of Referendum C. Note that in the two decades prior to the most recent economic downturn, General Fund appropriations for higher education exceeded six percent twice. The compound average annual rate of growth for those 20 years was 4.2 percent.

<u>Fiscal Year</u>	<u>General Fund</u>	<u>Dollar Increase</u>	<u>Percent Inc</u>
1982-83	341,619,320		
1983-84	359,365,156	17,745,836	5.2%
1984-85	380,369,772	21,004,616	5.8%
1985-86	399,076,789	18,707,017	4.9%
1986-87	415,944,442	16,867,653	4.2%
1987-88	439,909,457	23,965,015	5.8%
1988-89	475,182,070	35,272,613	8.0%
1989-90	498,108,361	22,926,291	4.8%
1990-91	502,360,547	4,252,186	0.9%
1991-92	496,888,234	(5,472,313)	-1.1%
1992-93	526,379,705	29,491,471	5.9%

<u>Fiscal Year</u>	<u>General Fund</u>	<u>Dollar Increase</u>	<u>Percent Inc</u>
1993-94	531,735,863	5,356,158	1.0%
1994-95	538,166,358	6,430,495	1.2%
1995-96	581,494,518	43,328,160	8.1%
1996-97	618,594,727	37,100,209	6.4%
1997-98	651,896,598	33,301,871	5.4%
1998-99	676,520,205	24,623,607	3.8%
1999-00	716,058,536	39,538,331	5.8%
2000-01	747,562,014	31,503,478	4.4%
2001-02	750,030,496	2,468,482	0.3%
2002-03	685,529,236	(64,501,260)	-8.6%
2003-04	591,409,402	(94,119,834)	-13.7%
2004-05	587,972,772	(3,436,630)	-0.6%
2005-06	636,485,608	48,512,836	8.3%
2006-07	689,673,756	53,188,148	8.4%

The staff recommendation is significantly below the Department's request, and significantly below the amount identified in the NCHEMS study to make Colorado's higher education institutions competitive with peers. However, it is well above a six percent increase. Not counting the two years following the passage of Referendum C, the staff recommendation would rank as the third highest one-year General Fund increase for Higher Education ever. It is a little less than half way between the \$28.0 million required to maintain current services based on the "mandated cost" model, and the Department's request for \$48.9 million.

The amount for each governing board is determined by prorating the total based on the FY 2006-07 appropriation. The amount from stipends is based on projected eligible enrollment and a rate of \$2,670 per SFTE. The difference between the total and the stipends is the amount recommended for fee-for-service contracts. The detail of the calculation by governing board can be found on page 2 of the Appendix at the end of this document.

(5) GOVERNING BOARDS

The Governing Board section includes the cash funds exempt spending authority for the higher education institutions to receive and expend the stipend payments on behalf of students, and to receive and expend the fee-for-service contracts. It also includes cash funds exempt spending authority for tuition and academic fee revenue and appropriated grants. Each governing board is

appropriated funding in a single line item, but the letter note associated with the appropriation includes details on all of the components mentioned above and discussed in more detail below.

Student Stipend Payments

Description: This shows the amount of cash funds exempt expected to be received from student stipend payments. Section 23-18-202 (1) (a), C.R.S. requires the General Assembly to provide cash funds exempt spending authority to each governing board for tuition received from stipends.

Request: As discussed above, the Department requested a \$90 increase in the stipend rate per student.

Recommendation: **As discussed above, staff recommends the requested \$90 increase in the stipend rate per student.** The impact by governing board of the staff recommendation is detailed in the table on page 2 of the Appendix at the end of this document.

Fee-for-service Payments

Description: This provides cash funds exempt spending authority for the governing boards to receive and expend the fee-for-service contract payments.

Request: The Department's request for fee-for-service payments has already been discussed.

Recommendation: **The staff recommendation is to reflect the previously recommended amounts for each governing board.** The impact by governing board of the staff recommendation is detailed in the table on page 2 of the Appendix at the end of this document.

Tuition

Description: This provides cash funds exempt spending authority for tuition revenue.

Request: The Governor and CCHE both requested a 7.0 percent increase in tuition spending authority for CU, CSU, Mines, and UNC, a 5.0% increase in tuition spending authority for the other four-year institutions, and a 3.5 percent increase in tuition spending authority for the community colleges. This would be on top of any adjustments for enrollment. The request did not include a projection of the enrollment adjustment to tuition.

Recommendation: **Staff recommends tuition spending authority based on the requested percentage increases and the March 2007 LCS forecast of enrollment.** As discussed in the fee-for-service contracts section, staff believes that if current revenue constraints are not changed, the Department should implement targeted General Fund investments and allow significant increases in tuition at selected institutions, in order to maintain the capacity of the higher education institutions to compete in a national market for faculty. The Department's General Fund request does not follow this approach, but the tuition request is targeted to specific institutions. Staff would like to see more market analysis and a justification of the targeted tuition increases based on the economic circumstances of the students served by the institutions. Staff would also like to see targeted tuition increases integrated with the financial aid request. However, the proposed increases are not

excessive compared to national trends and Colorado institutions generally rank below peers in pricing. Therefore, the staff recommendation is to defer to the request from the Department.

Section 23-18-202 (3) (b), C.R.S. requires the General Assembly to identify in a footnote the tuition increases used to derive the total cash spending authority for each governing board. Staff recommends the following wording for the footnote:

N Department of Higher Education, Governing Boards -- To determine the total spending authority, the General Assembly assumed rate increases in each student's share of resident and nonresident tuition of 7.0 percent at the University of Colorado, Colorado State University, Colorado School of Mines, and the University of Northern Colorado; 5.0 percent at Adams State College, Mesa State College, Metropolitan State College of Denver, Western State College, and Fort Lewis College; and 3.5 percent at the community colleges. These rates are used in order to increase spending authority for program enhancements and this is not an attempt by the General Assembly to set tuition policy. Each governing board will give consideration to establishing equity of tuition increases among the campuses and programs under the governing board's jurisdiction.

6) LOCAL DISTRICT JUNIOR COLLEGES

Description: This line item provides funding for Aims Community College and Colorado Mountain College. The Fall Final/Spring Census indicates that there are 5,029 Colorado student FTE at these two institutions. The FY 2006-07 appropriation of \$13,668,051 equates to \$2,718 per resident SFTE. This compares to an FY 2006-07 appropriation for the Community Colleges from stipends and fee-for-service contracts combined of \$2,967 per resident SFTE, using the March 2007 LCS forecast of all resident SFTE at the Community Colleges.

	LDJCs	Community Colleges
FY 2006-07 Appropriation	\$13,668,051	\$121,998,555
Estimated resident SFTE	5,029	41,115
Funding per SFTE	\$2,718	\$2,967

Request: In the November 1 request, the Governor did not ask for any increase for the Local District Junior Colleges. The Commission requested a \$478,382, or 3.5 percent, inflationary increase.

In a February 19, 2007 letter to the JBC and supporting documents provided to staff, the Department requested a \$1,154,950 General Fund increase, or 8.45 percent, to match the requested increase for

the Community Colleges. This is the amount reflected in the "CCHE Req." column of the numbers pages. The February 19, 2007 letter indicated that the Governor did not take a position on the additional funds for the Local District Junior Colleges, and so no change is reflected in the "Gov. Req." column of the numbers pages.

Recommendation: Staff recommends a \$902,091 General Fund, or 6.6 percent, increase for the Local District Junior Colleges. The combined stipend and fee-for-service increase recommended by staff for the Community Colleges is 6.6 percent. The Local District Junior Colleges serve a similar population, and so staff is recommending a similar percentage increase in funding.

8) DIVISION OF OCCUPATIONAL EDUCATION

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

C) Area Vocational School Support

Description: This line provides state support for the four area vocational schools to provide post-secondary vocational training. In addition to the General Fund shown in the Long Bill, the AVS charge minimal tuition and fees to students. Also, the AVS provide some vocational training to secondary students with funds from their local school districts, which may include Colorado Vocational Act dollars. The distribution of General Fund is determined by the Division in consultation with the AVS.

Request: In the November 1 request, the Governor did not propose any increase, while CCHE asked for a \$337,257, or 3.5 percent increase.

In a February 19, 2007 letter to the JBC and supporting documents provided to staff, the Department requested a \$814,234 General Fund increase, or 8.45 percent, to match the requested increase for the Community Colleges. This is the amount reflected in the "CCHE Req." column of the numbers pages. The February 19, 2007 letter indicated that the Governor did not take a position on the additional funds for the Area Vocational Schools, and so no change is reflected in the "Gov. Req." column of the numbers pages.

Recommendation: Staff recommends a \$635,970 General Fund, or 6.6 percent, increase for the Area Vocational Schools. The combined stipend and fee-for-service increase recommended for the Community Colleges is 6.6 percent. There are similarities between the populations served by the Community Colleges and by the Area Vocational Schools, and so staff is recommending a similar

percentage increase in funding.

FOOTNOTES

Staff recommends replacing the following footnote with the language in the footnote labeled "N":

43 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 -- It is the intent of the General Assembly that no governing board increase the tuition credit hour rate for resident undergraduate students more than 2.5 percent. These rates are used in order to increase spending authority for program enhancements and this is not an attempt by the General Assembly to set tuition policy. Each governing board will give consideration to establishing equity of tuition increases among the campuses and programs under the governing board's jurisdiction.

N Department of Higher Education, Governing Boards -- To determine the total spending authority, the General Assembly assumed rate increases in each student's share of resident and nonresident tuition of 7.0 percent at the University of Colorado, Colorado State University, Colorado School of Mines, and the University of Northern Colorado; 5.0 percent at Adams State College, Mesa State College, Metropolitan State College of Denver, Western State College, and Fort Lewis College; and 3.5 percent at the community colleges. These rates are used in order to increase spending authority for program enhancements and this is not an attempt by the General Assembly to set tuition policy. Each governing board will give consideration to establishing equity of tuition increases among the campuses and programs under the governing board's jurisdiction.

Comment: Section 23-18-202 (3) (b), C.R.S. requires the General Assembly to identify in a footnote the tuition increases used to derive the total cash spending authority for each governing board. The new wording reflects the rate assumptions in the staff recommendation on tuition.

COLORADO GENERAL ASSEMBLY

JOINT BUDGET COMMITTEE



FY 2007-08 STAFF FIGURE SETTING RECOMMENDATIONS: DEPARTMENT OF HIGHER EDUCATION

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

**Prepared By:
Eric Kurtz, JBC Staff
March 7, 2007**

For Further Information Contact:

**Joint Budget Committee Staff
200 E. 14th Avenue, 3rd Floor
Denver, Colorado 80203
Telephone: (303) 866-2061
Facsimile: (303) 866-2150
(TDD 866-3472)**

CORRECTED	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08			Notes
	Actual	Actual	Approp	Gov. Req.	CCHE Req.	Staff Rec.	

DEPARTMENT OF HIGHER EDUCATION
Executive Director: David Skaggs

(1) Department Administrative Office

(Primary Functions: Centrally appropriated items for CCHE, DPOS, Arts, and Historical. Cash funds reflect the share of costs borne by various cash programs within the Department and indirect cost recoveries from enterprises. Cash funds exempt are from gaming revenues.

Health, Life, and Dental	<u>413,773</u>	<u>458,152</u>	<u>565,992</u>	<u>683,911</u>	<u>683,911</u>	<u>683,910</u>
General Fund	0	0	0	0	0	0
Cash Funds	58,887	155,572	189,588	243,085	243,085	243,084
Cash Funds Exempt	352,648	302,580	376,404	426,498	426,498	426,498
Federal Funds	2,238	0	0	14,328	14,328	14,328
Short-term Disability	<u>11,625</u>	<u>9,543</u>	<u>7,086</u>	<u>10,307</u>	<u>10,307</u>	<u>9,793</u>
General Fund	0	0	0	0	0	0
Cash Funds	1,679	4,766	3,246	3,197	3,197	3,409
Cash Funds Exempt	9,849	4,006	3,359	5,589	5,589	5,525
Federal Funds	97	771	481	1,521	1,521	859
Amortization Equalization Payments	<u>0</u>	<u>16,185</u>	<u>47,033</u>	<u>120,262</u>	<u>120,262</u>	<u>90,400</u>
General Fund	0	0	0	0	0	0
Cash Funds		8,060	21,542	42,003	42,003	31,473
Cash Funds Exempt		6,814	22,295	65,418	65,418	50,996
Federal Funds		1,311	3,196	12,841	12,841	7,931
Salary Survey and Senior Executive Service	<u>161,462</u>	<u>251,030</u>	<u>217,561</u>	<u>325,251</u>	<u>325,251</u>	<u>276,947</u>
General Fund	0	0	0	0	0	0
Cash Funds	23,543	101,792	71,323	91,197	91,197	85,722
Cash Funds Exempt	136,568	133,115	126,579	190,675	190,675	161,106
Federal Funds	1,351	16,123	19,659	43,379	43,379	30,119
Performance-based Pay Awards	<u>96,844</u>	<u>0</u>	<u>0</u>	<u>75,171</u>	<u>75,171</u>	<u>123,924</u>
General Fund	0	0	0	0	0	0
Cash Funds	13,503			24,176	24,176	34,645
Cash Funds Exempt	82,570			41,128	41,128	75,954
Federal Funds	771			9,867	9,867	13,325
Worker's Compensation	<u>21,678</u>	<u>16,717</u>	<u>16,988</u>	<u>15,597</u>	<u>15,597</u>	<u>Pending</u>
General Fund	0	0	0	0	0	0

CORRECTED	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08		Staff Rec.	Notes
	Actual	Actual	Approp	Gov. Req.	CCHE Req.		
Cash Funds	769	6,870	13,884	4,445	4,445		
Cash Funds Exempt	20,909	9,847	3,104	11,152	11,152		
Legal Services	<u>36,102</u>	<u>100,124</u>	<u>78,388</u> S	<u>42,067</u>	<u>42,067</u>		<u>Pending</u>
# of Hours (non-add)	586	448	995	448	448		448
General Fund	0	71,250	37,070	0	0		
Cash Funds	0	21,656	33,728	34,477	34,477		
Cash Funds Exempt	36,102	7,218	7,590	7,590	7,590		
Purchase of Services from Computer Center	<u>4,864</u>	<u>6,312</u>	<u>6,392</u>	<u>21,508</u>	<u>21,508</u>		<u>Pending</u>
General Fund	0	0	0	0	0		
Cash Funds	0	3,080	3,190	18,306	18,306		
Cash Funds Exempt	4,864	3,232	3,202	3,202	3,202		
Payment to Risk Management/Property Funds	<u>17,983</u>	<u>18,999</u>	<u>25,347</u>	<u>23,588</u>	<u>23,588</u>		<u>Pending</u>
General Fund	0	0	0	0	0		
Cash Funds	1,024	926	2,568	1,287	1,287		
Cash Funds Exempt	16,959	18,073	22,779	22,301	22,301		
Leased Space	<u>380,747</u>	<u>382,352</u>	<u>353,073</u>	<u>370,956</u>	<u>370,956</u>		<u>370,956</u>
General Fund	0	0	0	0	0		0
Cash Funds	87,572	382,352	353,073	370,956	370,956		370,956
Cash Funds Exempt	293,175	0	0	0	0		0
TOTAL - (1) Administrative Office	<u>1,145,078</u>	<u>1,259,414</u>	<u>1,317,860</u>	<u>1,688,618</u>	<u>1,688,618</u>		<u>1,555,930</u>
General Fund	0	71,250	37,070	0	0		0
Cash Funds	186,977	685,074	692,142	833,129	833,129		769,289
Cash Funds Exempt	953,644	484,885	565,312	773,553	773,553		720,079
Federal Funds	4,457	18,205	23,336	81,936	81,936		66,562

(2) Colorado Commission on Higher Education

(Primary Functions: Serves as the central policy and coordinating board for higher education. Cash fund sources include indirect cost recoveries from enterprises, fees from proprietary sc

(A) Administration	2,342,016	2,224,290	2,478,586	2,541,434	2,541,434	2,515,756
FTE	<u>26.6</u>	<u>28.1</u>	<u>30.1</u>	<u>30.1</u>	<u>30.1</u>	<u>30.1</u>

CORRECTED	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08			Notes
	Actual	Actual	Approp	Gov. Req.	CCHE Req.	Staff Rec.	
General Fund	0	0	0	0	0	0	
FTE	0.0	0.0	0.0	0.0	0.0	0.0	
Cash Funds	125,443	1,844,650	1,944,338	1,992,071	1,992,071	1,949,105	
FTE	0.0	24.5	26.5	26.5	26.5	26.5	
Cash Funds Exempt	1,911,906	58,795	184,248	184,248	184,248	215,615	
FTE	23.0	0.0	0.0	0.0	0.0	0.0	
Federal Funds	304,667	320,845	350,000	365,115	365,115	351,036	
FTE	3.6	3.6	3.6	3.6	3.6	3.6	
Financial Aid Research	5,000	5,000	0	0	0	0	
FTE	<u>0.1</u>	<u>0.1</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	
Cash Funds	0	5,000					
Cash Funds Exempt	5,000	0					
(B) Div. of Private Occupational Schools	501,494	507,519	526,780	535,695	535,695	533,977	
FTE	<u>6.7</u>	<u>7.8</u>	<u>7.8</u>	<u>7.8</u>	<u>7.8</u>	<u>7.8</u>	
Cash Funds	501,494	507,519	526,780	535,695	535,695	533,977	
FTE	6.7	7.8	7.8	7.8	7.8	7.8	
Cash Funds Exempt	0	0	0	0	0	0	
FTE	0.0	0.0	0.0	0.0	0.0	0.0	
(C) Special Purpose							
WICHE (Annual Dues)	<u>105,000</u>	<u>108,000</u>	<u>112,000</u>	<u>112,000</u>	<u>112,000</u>	<u>116,000</u>	
General Fund	0	0	0	0	0	0	
Cash Funds	0	108,000	112,000	112,000	112,000	116,000	
Cash Funds Exempt	105,000	0	0	0	0	0	
WICHE Optometry	<u>266,400</u>	<u>326,400</u>	<u>399,000</u>	<u>399,000</u>	<u>399,000</u>	<u>399,000</u>	
General Fund	0	0	0	0	0	0	
Cash Funds	0	326,400	399,000	399,000	399,000	399,000	
Cash Funds Exempt	266,400	0	0	0	0	0	
Advanced Technology Grants - CFE	532,661	825,000	825,000	825,000	825,000	825,000	
Veterinary School Program Needs	<u>285,000</u>	<u>285,000</u>	<u>285,000</u>	<u>285,000</u>	<u>285,000</u>	<u>285,000</u>	
General Fund	0	0	0	0	0	0	
Cash Funds	122,600	285,000	285,000	285,000	285,000	285,000	
Cash Funds Exempt	162,400	0	0	0	0	0	

CORRECTED	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08			Notes
	Actual	Actual	Approp	Gov. Req.	CCHE Req.	Staff Rec.	
Enrollment/Tuition and Stipend Contingency	<u>4,309,090</u>	<u>0</u>	<u>20,000,000</u>	<u>20,000,000</u>	<u>20,000,000</u>	<u>20,000,000</u>	
Cash Funds	4,309,090		0	0	0	0	
Cash Funds Exempt	0		20,000,000	20,000,000	20,000,000	20,000,000	
Subtotal - (C) Special Purpose	5,498,151	1,544,400	21,621,000	21,621,000	21,621,000	21,625,000	
TOTAL - (2) CCHE	8,346,661	4,281,209	24,626,366	24,698,129	24,698,129	24,674,733	
FTE	<u>33.4</u>	<u>36.0</u>	<u>37.9</u>	<u>37.9</u>	<u>37.9</u>	<u>37.9</u>	
General Fund	0	0	0	0	0	0	
Cash Funds	5,058,627	3,076,569	3,267,118	3,323,766	3,323,766	3,283,082	
Cash Funds Exempt	2,983,367	883,795	21,009,248	21,009,248	21,009,248	21,040,615	
Federal Funds	304,667	320,845	350,000	365,115	365,115	351,036	
(3) Financial Aid							
<i>(Primary Functions: Provides assistance to students in meeting the costs of higher education. The source of cash funds exempt is money transferred from the Department of Human Services for the Early Childhood Professional Loan Repayment program.)</i>							
(A) Need Based Grants							
General Need Based Grants	<u>37,756,459</u>	<u>44,285,061</u>	<u>52,136,963</u>	<u>57,436,963</u>	<u>57,436,963</u>	<u>65,396,963</u>	
General Fund	37,756,459	44,285,061	52,136,963	57,436,963	57,436,963	65,396,963	#2
Federal Funds	0	0	0	0	0	0	
Governor's Opportunity Scholarships - GF	7,936,087	8,000,000	7,960,000	8,000,000	8,000,000	0	
Subtotal - (A) Need Based Grants (GF)	45,692,546	52,285,061	60,096,963	65,436,963	65,436,963	65,396,963	
(B) Merit Based Grants	<u>6,458,308</u>	<u>1,497,959</u>	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,500,000</u>	
General Fund	6,458,308	1,497,959	1,500,000	1,500,000	1,500,000	1,500,000	
Cash Funds Exempt	0	0	0	0	0	0	
(C) Work Study - GF	14,780,158	15,111,267	14,884,300	15,003,374	15,003,374	14,884,300	
(D) Special Purpose							
Precollegiate Programs - GF	0	0	800,000	800,000	800,000	800,000	

CORRECTED	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08			Notes
	Actual	Actual	Approp	Gov. Req.	CCHE Req.	Staff Rec.	
Required Federal Match	<u>3,376,350</u>	<u>3,225,829</u>	<u>3,026,350</u>	<u>3,026,350</u>	<u>3,026,350</u>	<u>3,026,350</u>	
General Fund	2,076,350	1,925,829	1,726,350	1,726,350	1,726,350	1,726,350	
Federal Funds	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	
Veterans'/Law Enforcement/POW Tuition Assistance							
General Fund	316,844	364,922	364,922	364,922	364,922	364,922	
National Guard Tuition Assistance - GF	410,207	410,207	589,271 S	430,197	430,197	650,000	
Native American Students/Fort Lewis College							
General Fund	6,477,140	7,299,164	7,634,353	8,063,560	8,063,560 A	8,063,560	
Grant Program for Nurses Training - GF	0	0	0	0	0	0	
Early Childhood Professional Loan Repayment							
Cash Funds Exempt	3,500	5,000	5,000	5,000	5,000	0	
Nursing Teacher Loan Forgiveness Pilot - GF	0	0	161,600	161,600	161,600	161,600	
GEAR - UP - FF	0	0	0	0	0	600,000	
Subtotal - (D) Special Purpose	10,584,041	11,305,122	11,781,496	12,051,629	12,051,629	12,866,432	
TOTAL - (3) Financial Aid	<u>77,515,053</u>	<u>80,199,409</u>	<u>89,062,759</u>	<u>94,791,966</u>	<u>94,791,966</u>	<u>95,447,695</u>	
General Fund	76,211,553	78,894,409	87,757,759	93,486,966	93,486,966	93,547,695	
Cash Funds Exempt	3,500	5,000	5,000	5,000	5,000	0	
Federal Funds	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,900,000	

(4) College Opportunity Fund Program

(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)

Stipends - State

Eligible Students (non-add)

113,251.3 123,524.0 123,122.1 123,122.1 122,953.0

Rate per 30 Credit Hours (non-add)

2,400 2,580 2,670 2,670 2,670

General Fund

0 271,803,110 318,691,920 328,735,880 328,735,880 328,284,510

#1

CORRECTED	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08			Notes
	Actual	Actual	Approp	Gov. Req.	CCHE Req.	Staff Rec.	
Stipends - Private							
Eligible Students (non-add)		600.0	600.0	1,397.0	1,397.0	800.0	
Rate per 30 Credit Hours (non-add)		1,200	1,290	1,335	1,335	1,335	
General Fund	0	720,000	774,000	1,864,995	1,864,995	1,068,000	#1
Subtotal - Stipends	0	272,523,110	319,465,920	330,600,875	330,600,875	329,352,510	
Fee-for-service Contracts - GF	0	262,378,433	260,032,610	298,897,652	298,897,652	288,440,021	#1
TOTAL - (4) College Opportunity Fund Program							
General Fund	0	534,901,543	579,498,530	629,498,527	629,498,527	617,792,531	

(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 a

(A) Trustees of Adams State College	17,278,847	18,373,243	19,022,617	20,402,690	20,402,690	19,982,326	
FTE	276.1	286.9	<u>286.1</u>	<u>286.1</u>	<u>286.1</u>	<u>271.5</u>	
College Opportunity Fund/GF pre 05-06	<u>10,316,691</u>	<u>12,149,322</u>	<u>12,562,412</u>	<u>13,624,080</u>	<u>13,624,080</u>	<u>13,387,281</u>	#1
Student Stipend Payments - CFE		3,375,990	3,898,380	3,773,230	3,773,230	3,770,040	
Fee-for-service Contracts - CFE		8,773,332	8,664,032	9,850,850	9,850,850	9,617,241	A
Tuition - CFE/CF pre 05-06	<u>5,504,470</u>	<u>6,136,638</u>	<u>6,368,109</u>	<u>6,686,514</u>	<u>6,686,514</u>	<u>6,498,805</u>	#3
Resident	4,123,172	4,748,660	4,900,765			5,016,918	
Nonresident	1,381,298	1,387,978	1,467,344			1,481,887	
Academic Fees - CFE		87,283	92,096	92,096	92,096	96,240	
Other than Tuition - CF	609,830	0	0	0	0	0	
Auxiliary - CF	847,856	0	0	0	0	0	
(B) Trustees of Mesa State College	29,250,004	35,751,958	40,740,708	43,482,316	43,482,316	43,816,950	
FTE	408.4	405.5	<u>426.6</u>	<u>426.6</u>	<u>426.6</u>	<u>452.2</u>	
College Opportunity Fund/GF pre 05-06	<u>15,775,165</u>	<u>19,888,392</u>	<u>20,632,636</u>	<u>22,376,340</u>	<u>22,376,340</u>	<u>21,987,409</u>	#1
Student Stipend Payments - CFE		9,733,520	11,586,780	11,668,786	11,668,786	11,804,070	
Fee-for-service Contracts - CFE		10,154,872	9,045,856	10,707,554	10,707,554	10,183,339	A

CORRECTED	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08			Notes
	Actual	Actual	Approp	Gov. Req.	CCHE Req.	Staff Rec.	
Tuition - CFE/CF pre 05-06	<u>11,845,586</u>	<u>15,858,766</u>	<u>19,958,072</u>	<u>20,955,976</u>	<u>20,955,976</u>	<u>21,469,541</u>	#3
Resident	9,156,197	12,550,210	15,574,199			17,192,846	
Nonresident	2,689,389	3,308,556	4,383,873			4,276,695	
Academic Fees - CFE		4,800	150,000	150,000	150,000	360,000	
Other than Tuition - CF	280,154	0					
Auxiliary - CF	1,349,099	0					
(C) Trustees of Metropolitan State							
College	81,822,528	82,721,879	85,940,425	91,630,163	91,630,163	90,558,270	
FTE	<u>964.2</u>	<u>964.9</u>	<u>1,023.1</u>	<u>1,023.1</u>	<u>1,023.1</u>	<u>1,056.3</u>	
College Opportunity Fund/GF pre 05-06	<u>33,951,845</u>	<u>39,778,568</u>	<u>41,165,915</u>	<u>44,644,910</u>	<u>44,644,910</u>	<u>43,868,936</u>	#1
Student Stipend Payments - CFE		33,883,200	37,002,360	39,958,379	39,958,379	40,696,140	
Fee-for-service Contracts - CFE		5,895,368	4,163,555	4,686,531	4,686,531 A	3,172,796	
Tuition - CFE/CF pre 05-06	<u>40,276,015</u>	<u>42,262,524</u>	<u>44,214,860</u>	<u>46,425,603</u>	<u>46,425,603</u>	<u>45,939,334</u>	#3
Resident	36,292,722	38,385,745	40,155,812			41,490,868	
Nonresident	3,983,293	3,876,779	4,059,048			4,448,466	
Academic Fees - CFE		680,787	559,650	559,650	559,650	750,000	
Other than Tuition - CF	2,221,311	0	0	0	0	0	
Auxiliary - CF	5,373,357	0	0	0	0	0	
(D) Trustees of Western State College							
College	16,109,395	18,960,962	19,751,596	21,085,548	21,085,548	20,178,105	
FTE	201.3	200.8	<u>205.1</u>	<u>205.1</u>	<u>205.1</u>	<u>230.9</u>	
College Opportunity Fund/GF pre 05-06	<u>6,896,788</u>	<u>9,892,147</u>	<u>10,470,780</u>	<u>11,355,691</u>	<u>11,355,691</u>	<u>11,158,309</u>	#1
Student Stipend Payments - CFE		3,592,800	3,893,220	3,849,251	3,849,251	3,842,130	
Fee-for-service Contracts - CFE		6,299,347	6,577,560	7,506,440	7,506,440 A	7,316,179	
Tuition - CFE/CF pre 05-06	<u>8,027,876</u>	<u>8,780,615</u>	<u>8,980,816</u>	<u>9,429,857</u>	<u>9,429,857</u>	<u>8,993,796</u>	#3
Resident	3,310,570	3,780,705	3,948,072			4,161,099	
Nonresident	4,717,306	4,999,910	5,032,744			4,832,697	
Academic Fees - CFE		288,200	300,000	300,000	300,000	26,000	

CORRECTED	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08			Notes
	Actual	Actual	Approp	Gov. Req.	CCHE Req.	Staff Rec.	
Other than Tuition - CF	473,447	0	0	0	0	0	
Auxiliary - CF	711,284	0	0	0	0	0	
(E) Colorado State University System	307,317,583	273,462,105	293,691,717	315,057,800	315,057,800	A 308,311,642	
FTE	<u>3,636.5</u>	<u>3,417.9</u>	<u>3,750.1</u>	<u>3,750.1</u>	<u>3,750.1</u>	<u>3,852.4</u>	
College Opportunity Fund/GF pre 05-06	<u>109,183,992</u>	<u>113,620,028</u>	<u>123,364,193</u>	<u>133,789,929</u>	<u>133,789,929</u>	<u>131,464,488</u>	#1
Student Stipend Payments - CFE		45,405,600	49,577,280	50,929,466	50,929,466	51,234,630	
Fee-for-service Contracts - CFE		68,214,428	73,786,913	82,860,463	82,860,463	A 80,229,858	
Tuition - CFE/CF pre 05-06	<u>140,879,254</u>	<u>155,161,777</u>	<u>163,433,524</u>	<u>174,873,871</u>	<u>174,873,871</u>	<u>172,427,154</u>	#3
Resident	72,804,846	82,968,862	86,829,481			92,122,373	
Nonresident	68,074,408	72,192,915	76,604,043			80,304,781	
Academic Fees - CFE		4,510,300	6,224,000	6,224,000	6,224,000	4,250,000	
Appropriated Grants - CF	0	0	500,000	0	0	0	
Appropriated Grants - CFE	170,000	170,000	170,000	170,000	170,000	170,000	
Other than Tuition - CF	32,954,345	0	0	0	0	0	
Auxiliary - CF	24,129,992	0	0	0	0	0	
(F) Trustees of Fort Lewis College	32,418,765	31,696,667	34,351,658	36,378,193	36,378,193	34,888,972	
FTE	389.3	413.3	<u>425.2</u>	<u>425.2</u>	<u>425.2</u>	<u>432.3</u>	
College Opportunity Fund/GF pre 05-06	<u>7,435,161</u>	<u>8,757,822</u>	<u>10,745,793</u>	<u>11,653,935</u>	<u>11,653,935</u>	<u>11,451,379</u>	#1
Student Stipend Payments - CFE		5,971,200	6,651,240	6,634,741	6,634,741	6,720,390	
Fee-for-service Contracts - CFE		2,786,622	4,094,553	5,019,194	5,019,194	A 4,730,989	
Tuition - CFE/CF pre 05-06	<u>20,904,991</u>	<u>21,771,794</u>	<u>22,407,865</u>	<u>23,528,258</u>	<u>23,528,258</u>	<u>22,239,593</u>	#3
Resident	6,615,618	7,536,978	7,412,004			7,490,361	
Nonresident	14,289,373	14,234,816	14,995,861			14,749,232	
Academic Fees - CFE		1,121,051	1,150,000	1,150,000	1,150,000	1,150,000	
Appropriated Grants - CFE	46,090	46,000	48,000	S 46,000	46,000	48,000	
Other than Tuition - CF	1,515,499	0	0	0	0	0	
Auxiliary - CF	2,517,024	0	0	0	0	0	

CORRECTED	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08			Notes
	Actual	Actual	Approp	Gov. Req.	CCHE Req.	Staff Rec.	
(G) Regents of the University of Colorado	617,835,880	605,770,144	651,071,399	697,994,373	697,994,373	A 695,172,751	
FTE	6,140.3	5,971.2	<u>6,169.8</u>	<u>6,169.8</u>	<u>6,169.8</u>	<u>6,441.1</u>	
College Opportunity Fund/GF pre 05-06	<u>150,672,841</u>	<u>159,103,983</u>	<u>179,791,878</u>	<u>194,986,340</u>	<u>194,986,340</u>	<u>191,597,307</u>	#1
Student Stipend Payments - CFE		63,396,000	72,879,840	74,455,016	74,455,016	73,075,230	
Fee-for-service Contracts - CFE		95,707,983	106,912,038	S 120,531,324	120,531,324	A 118,522,077	
Tuition - CFE/CF pre 05-06	<u>387,814,767</u>	<u>427,775,517</u>	<u>453,264,459</u>	<u>484,992,971</u>	<u>484,992,971</u>	<u>482,155,600</u>	#3
Resident	176,137,836	215,144,987	241,541,197			243,164,790	
Nonresident	211,676,931	212,630,530	211,723,262			238,990,810	
Academic Fees - CFE		18,233,113	17,357,531	17,357,531	17,357,531	20,762,313	
Appropriated Grants - CFE	0	657,531	657,531	657,531	657,531	657,531	
Other than Tuition - CF	50,746,381	0	0	0	0	0	
Auxiliary - CF	28,601,891	0	0	0	0	0	
(H) Colorado School of Mines	52,012,465	58,268,589	64,145,318	68,692,396	68,692,396	70,633,185	
FTE	563.7	465.9	<u>591.2</u>	<u>591.2</u>	<u>591.2</u>	<u>629.4</u>	
College Opportunity Fund/GF pre 05-06	<u>17,187,980</u>	<u>18,793,625</u>	<u>20,043,357</u>	<u>21,737,271</u>	<u>21,737,271</u>	<u>21,359,437</u>	#1
Student Stipend Payments - CFE		6,103,200	6,976,320	7,287,964	7,287,964	7,273,080	
Fee-for-service Contracts - CFE		12,690,425	13,067,037	14,449,307	14,449,307	A 14,086,357	
Tuition - CFE/CF pre 05-06	<u>32,883,706</u>	<u>37,646,698</u>	<u>40,759,486</u>	<u>43,612,650</u>	<u>43,612,650</u>	<u>45,923,748</u>	#3
Resident	17,271,521	21,489,369	23,057,979			26,112,625	
Nonresident	15,612,185	16,157,329	17,701,507			19,811,123	
Academic Fees - CFE		153,266	142,475	142,475	142,475	150,000	
Appropriated Grants - CF	0	0	2,000,000	0	0	0	
Appropriated Grants - CFE	250,000	1,675,000	1,200,000	3,200,000	3,200,000	3,200,000	
Other than Tuition - CF	728,058	0	0	0	0	0	
Auxiliary - CF	962,721	0	0	0	0	0	
(I) University of Northern Colorado	78,935,332	83,818,506	89,730,758	96,510,978	96,510,978	94,685,669	
FTE	986.8	1,000.0	<u>1,006.9</u>	<u>1,006.9</u>	<u>1,006.9</u>	<u>1,015.0</u>	

CORRECTED	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08			Notes
	Actual	Actual	Approp	Gov. Req.	CCHE Req.	Staff Rec.	
College Opportunity Fund/GF pre 05-06	<u>33,590,909</u>	<u>35,176,878</u>	<u>37,949,011</u>	<u>41,156,170</u>	<u>41,156,170</u>	<u>40,440,805</u>	#1
Student Stipend Payments - CFE		21,160,800	23,078,100	23,429,358	23,429,358	23,594,790	
Fee-for-service Contracts - CFE		14,016,078	14,870,911	17,726,812	17,726,812 A	16,846,015	
Tuition - CFE/CF pre 05-06	<u>41,927,778</u>	<u>47,906,042</u>	<u>51,043,730</u>	<u>54,616,791</u>	<u>54,616,791</u>	<u>53,488,397</u>	#3
Resident	31,279,584	35,909,033	38,262,476			39,924,743	
Nonresident	10,648,194	11,997,009	12,781,254			13,563,654	
Academic Fees - CFE		735,586	738,017	738,017	738,017	756,467	
Other than Tuition - CF	1,805,795	0	0	0	0	0	
Auxiliary - CF	1,610,850	0	0	0	0	0	
(J) State Board for the Community Colleges and Occupational Education							
State System Community Colleges	230,145,050	241,274,232	240,004,864	254,197,725	254,197,725	264,442,921	
FTE	4,386.1	4,627.7	4,669.5	4,669.5	4,669.5	<u>4,576.4</u>	
College Opportunity Fund/GF pre 05-06	<u>106,279,979</u>	<u>117,020,778</u>	<u>121,998,555</u>	<u>132,308,866</u>	<u>132,308,866</u>	<u>130,009,180</u>	#1
Student Stipend Payments - CFE		79,180,800	103,148,400	106,749,689	106,749,689	106,274,010	
Fee-for-service Contracts - CFE		37,839,978	18,850,155	25,559,177	25,559,177 A	23,735,170	
Tuition - CFE/CF pre 05-06	<u>109,678,829</u>	<u>118,157,415</u>	<u>110,930,010</u>	<u>114,812,560</u>	<u>114,812,560</u>	<u>128,815,715</u>	#3
Resident	95,100,171	102,348,575	95,738,130			107,230,087	
Nonresident	14,578,658	15,808,840	15,191,880			21,585,628	
Academic Fees - CFE		6,096,039	7,076,299	7,076,299	7,076,299	5,618,026	
Appropriated Grants - CFE	2,000,000	0	0	0	0	0	
Other than Tuition - CF	11,457,795	0	0	0	0	0	
Auxiliary - CF	728,447	0	0	0	0	0	
TOTAL - (5) Governing Boards	1,463,125,849	1,450,098,285	1,538,451,060	1,645,432,182	1,645,432,182	1,642,670,791	
FTE	<u>17,952.7</u>	<u>17,754.1</u>	<u>18,553.6</u>	<u>18,553.6</u>	<u>18,553.6</u>	<u>18,957.5</u>	
College Opportunity Fund/GF pre 05-06	<u>491,291,351</u>	<u>534,181,543</u>	<u>578,724,530</u>	<u>627,633,532</u>	<u>627,633,532</u>	<u>616,724,531</u>	
Student Stipend Payments - CFE		271,803,110	318,691,920	328,735,880	328,735,880	328,284,510	
Fee-for-service Contracts - CFE		262,378,433	260,032,610	298,897,652	298,897,652	288,440,021	

CORRECTED	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08			Notes
	Actual	Actual	Approp	Gov. Req.	CCHE Req.	Staff Rec.	
Tuition - CFE/CF pre 05-06	<u>799,743,272</u>	<u>881,457,786</u>	<u>921,360,931</u>	<u>979,935,051</u>	<u>979,935,051</u>	<u>987,951,683</u>	
Resident	452,092,237	524,863,124	557,420,115	0	0	583,906,710	
Nonresident	347,651,035	356,594,662	363,940,816	0	0	404,044,973	
Academic Fees - CFE	0	31,910,425	33,790,068	33,790,068	33,790,068	33,919,046	
Appropriated Grants - CF	0	0	2,500,000	0	0	0	
Appropriated Grants - CFE	2,466,090	2,548,531	2,075,531	4,073,531	4,073,531	4,075,531	
Other than Tuition - CF	102,792,615	0	0	0	0	0	
Auxiliary - CF	66,832,521	0	0	0	0	0	

TOTAL - (6) Local District Junior College Grants							
General Fund	11,038,334	12,601,934	13,668,051	13,668,051	14,823,001 A	14,570,142	#4

TOTAL - (7) Advisory Commission on Family						Pending	
Medicine	1,576,501	1,576,502	1,703,558	1,903,558	1,903,558	0	
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	0	0	0		
Cash Funds Exempt	1,576,501	1,576,502	1,703,558	1,903,558	1,903,558		ACF #1

(6) 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 j

(A) Administrative Costs	562,036	543,510	900,000	900,000	900,000	900,000
FTE	<u>6.6</u>	<u>5.4</u>	<u>9.0</u>	<u>9.0</u>	<u>9.0</u>	<u>9.0</u>
General Fund	486,805	299,880	0	0	0	0
Cash Funds	0	243,630	900,000	900,000	900,000	900,000
Cash Funds Exempt	75,231	0	0	0	0	0
(B) Colorado Vocational Act Distributions						
Cash Funds Exempt	19,959,556	19,996,048	20,635,922	20,635,922	20,635,922	21,208,319

CORRECTED	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08			Notes
	Actual	Actual	Approp	Gov. Req.	CCHE Req.	Staff Rec.	
(C) Area Vocational School Support General Fund	8,505,528	8,505,528	9,635,902	9,635,902	10,450,136 A	10,271,872	#4
(D) Sponsored Programs							
(1) Administration							
Federal Funds	2,134,459	1,439,039	2,217,012	2,217,012	2,217,012	2,262,431	
FTE	25.2	25.2	25.2	25.2	25.2	23.0	
(2) Sponsored Programs							
Federal Funds	14,817,697	12,874,615	15,321,254	15,321,254	15,321,254	15,015,100	
Subtotal - (D) Sponsored Programs	16,952,156	14,313,654	17,538,266	17,538,266	17,538,266	17,277,531	
(E) Colorado First Customized Job Training Cash Funds Exempt	22	1,169,211	2,725,022	2,725,022	2,725,022	2,725,022	
(F) Existing Industry Training Cash Funds Exempt	2,725,000	598,405	0	0	0	0	
TOTAL - (6) Occupational Education	48,704,298	45,126,356	51,435,112	51,435,112	52,249,346	52,382,744	
FTE	<u>31.8</u>	<u>30.6</u>	<u>34.2</u>	<u>34.2</u>	<u>34.2</u>	<u>32.0</u>	
General Fund	8,992,333	8,805,408	9,635,902	9,635,902	10,450,136	10,271,872	
Cash Funds	0	243,630	900,000	900,000	900,000	900,000	
Cash Funds Exempt	22,759,809	21,763,664	23,360,944	23,360,944	23,360,944	23,933,341	
Federal Funds	16,952,156	14,313,654	17,538,266	17,538,266	17,538,266	17,277,531	
(7) Auraria Higher Education Center							
(Primary Functions: Coordinate administration of the Auraria campus. The cash funds exempt represent payments from the resident institutions.)							
Administration	13,473,601	14,305,316	14,814,761	14,814,761	14,814,761	14,814,761	
FTE	<u>124.3</u>	<u>124.7</u>	<u>123.6</u>	<u>123.6</u>	<u>123.6</u>	<u>123.6</u>	
Cash Funds	4,678,133	14,305,316	14,814,761	14,814,761	14,814,761	14,814,761	
Cash Funds Exempt	8,795,468	0	0	0	0	0	
Auxiliary Enterprises - CF	42,100	2,264,486	2,440,000 S	50,000	50,000	50,000	

CORRECTED	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08			Notes
	Actual	Actual	Approp	Gov. Req.	CCHE Req.	Staff Rec.	
TOTAL - (7) AHEC	13,515,701	16,569,802	17,254,761	14,864,761	14,864,761	14,864,761	
FTE	<u>124.3</u>	<u>124.7</u>	<u>123.6</u>	<u>123.6</u>	<u>123.6</u>	<u>123.6</u>	
Cash Funds	4,720,233	16,569,802	17,254,761	14,864,761	14,864,761	14,864,761	
Cash Funds Exempt	8,795,468	0	0	0	0	0	

TOTAL - (8) Council on the Arts							
Program Costs	1,172,167	1,416,000	0	0	0	0	
FTE	<u>2.0</u>	<u>2.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	
General Fund	500,000	700,000	0	0	0	0	
Cash Funds Exempt	16,000	16,000	0	0	0	0	
Federal Funds	656,167	700,000	0	0	0	0	

(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 primary source of cash funds is museum revenues. Most of the cash funds exempt comes from gaming revenues deposited in the State Historic Fund, but also includes gifts and grants.)

(A) Cumbres and Toltec Railroad Commission							
General Fund	10,000	260,000	510,000	510,000	510,000	100,000	
(B) Sponsored Programs	205,310	259,126	250,000	250,000	250,000	250,000	
FTE	<u>3.0</u>	<u>2.9</u>	<u>3.5</u>	<u>3.5</u>	<u>3.5</u>	<u>3.5</u>	
Cash Funds	0	1,100	0	0	0	0	
Cash Funds Exempt	51,745	15,182	20,000	20,000	20,000	20,000	
Federal Funds	153,565	242,844	230,000	230,000	230,000	230,000	
(C) Auxiliary Programs	1,446,400	1,137,484	1,535,699	1,535,699	1,535,699	1,535,699	
FTE	<u>16.0</u>	<u>12.7</u>	<u>14.5</u>	<u>14.5</u>	<u>14.5</u>	<u>14.5</u>	
Cash Funds	934,190	586,243	1,035,699	1,035,699	1,035,699	1,035,699	
Cash Funds Exempt	512,210	551,241	500,000	500,000	500,000	500,000	
(D) Gaming Revenue							
Gaming Cities Distribution							
Cash Funds Exempt - SHF	5,174,483	5,204,091	5,668,939	5,668,939	5,668,939	5,878,129	
Statewide Preservation Grant Program							

CORRECTED	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08			Notes
	Actual	Actual	Approp	Gov. Req.	CCHE Req.	Staff Rec.	
Cash Funds Exempt - SHF	23,336,997	18,432,859	17,220,244	S 17,130,244	17,130,244	A 17,863,255	Hist #1, Hist #2
FTE	17.3	16.5	18.0	18.0	18.0	18.0	
Society Museum and Preservation							
Operations	5,508,538	5,801,705	6,019,330	6,109,330	6,109,330	6,184,489	
FTE	<u>89.9</u>	<u>90.9</u>	<u>90.9</u>	<u>90.9</u>	<u>90.9</u>	<u>90.9</u>	
Cash Funds	699,442	696,740	695,347	695,347	695,347	692,748	
Cash Funds Exempt - SHF	4,169,081	4,464,965	4,685,263	S 4,775,263	4,775,263	A 4,838,634	Hist #1, Hist #2
Federal Funds	640,015	640,000	638,720	638,720	638,720	653,107	
Subtotal - (D) Gaming Revenue	34,020,018	29,438,655	28,908,513	28,908,513	28,908,513	29,925,873	
TOTAL - (9) Historical Society							
FTE	<u>126.2</u>	<u>123.0</u>	<u>126.9</u>	<u>126.9</u>	<u>126.9</u>	<u>126.9</u>	
General Fund	10,000	260,000	510,000	510,000	510,000	100,000	
Cash Funds	1,633,632	1,284,083	1,731,046	1,731,046	1,731,046	1,728,447	
Cash Funds Exempt	33,244,516	28,668,338	28,094,446	28,094,446	28,094,446	29,100,018	
Federal Funds	793,580	882,844	868,720	868,720	868,720	883,107	
TOTAL - Dept. of Higher Education							
FTE	<u>18,270.4</u>	<u>18,070.4</u>	<u>18,876.2</u>	<u>18,876.2</u>	<u>18,876.2</u>	<u>19,277.9</u>	
General Fund	588,043,571	636,234,544	691,107,312	746,799,446	748,768,630	736,282,240	
Cash Funds	513,804,838	21,859,158	26,345,067	21,652,702	21,652,702	21,545,579	
Cash Funds Exempt	539,961,934	1,503,496,469	1,610,689,568	1,720,578,931	1,720,578,931	1,717,464,844	
Federal Funds	20,011,027	17,535,548	20,080,322	20,154,037	20,154,037	20,478,236	
Key:							
<i>ITALICS</i> = non-add figure, included for informational purposes							
A = impacted by a budget amendment submitted after the November 1 request							
S = impacted by a supplemental appropriation approved by the Joint Budget Committee							

1) DEPARTMENT ADMINISTRATIVE OFFICE

The Department Administrative Office includes funding for the centrally appropriated costs for the Colorado Commission on Higher Education (CCHE); the Division of Private Occupational Schools; and the State Historical Society. Funding for the governing boards is contained in the governing board line items.

Health, Life, and Dental

Description: Provides for health, life, and dental premiums.

Request: The Department requested funding pursuant to OSPB's budget instructions.

Recommendation: **The staff recommendation is based on the JBC's common policy.**

Short-term Disability

Description: Provides for short-term disability premiums.

Request: The Department requested funding pursuant to OSPB's budget instructions.

Recommendation: **The staff recommendation is based on the JBC's common policy.**

Amortization Equalization Disbursements

Description: Pays for increasing the effective PERA rate pursuant to S.B. 04-257.

Request: The Department requested funding pursuant to OSPB's budget instructions.

Recommendation: **The staff recommendation is based on the JBC's common policy.**

Salary Survey and Senior Executive Service

Description: Provides for salary survey and senior executive service pay increases.

Request: The Department requested funding pursuant to OSPB's budget instructions.

Recommendation: **The staff recommendation is based on the JBC's common policy.**

Performance-based Pay Awards

Description: Provides for performance-based pay increases.

Request: The Department requested funding pursuant to OSPB's budget instructions.

Recommendation: **The staff recommendation is based on the JBC's common policy.**

Worker's Compensation

Description: Provides for workers' compensation premiums.

Request: The Department requested funding pursuant to OSPB's budget instructions.

Recommendation: **The recommendation is to follow the JBC's common policy, which was pending at the time this document was prepared.** Workers' compensation premiums are calculated based on claims history. When the JBC makes a common policy decision, staff will apply the policy to this line item.

Legal Services for 448 hours

Description: Provides for legal services needs.

Request: The Department requests continuation level funding according to OSPB's budget instructions.

Recommendation: **Staff recommends funding for 448 legal services hours. The amount is pending a common policy by the JBC on the legal services hourly rate.** The FY 2006-07 appropriation includes a one-time supplemental for legal expenses related to litigation on the College Opportunity Fund. The one-time funding will not be carried forward to FY 2007-08 because the Department is not sure how much, if any, they will spend on this case in FY 2007-08.

Purchase of Services from Computer Center

Description: Provides for purchase of services from GGCC.

Request: The Department requests continuation level funding according to OSPB's budget instructions.

Recommendation: **The staff recommendation is to follow the JBC's common policy, which was pending at the time this document was prepared.** When the JBC makes a common policy decision, staff will apply the policy to this line item.

Payment to Risk Management and Property Funds

Description: Provides for risk management and property premiums

Request: The Department requests continuation level funding according to OSPB's budget instructions.

Recommendation: **The staff recommendation is to follow the JBC's common policy, which was pending at the time this document was prepared.** When the JBC makes a common policy decision, staff will apply the policy to this line item.

Leased Space

Description: Pays for leased space for CCHE in the CU building.

Request: The Department requests a five percent increase due to higher lease rates.

Recommendation: **Staff recommends the requested amount, based on negotiated lease rates.**

Division Summary

The table below summarizes all of the staff recommendations for this section.

Department Administrative Office						
Item	TOTAL	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	Indirect
Health, Life and Dental	\$683,910	\$0	\$243,084	\$426,498	\$14,328	\$157,522
Short-term Disability	9,793	0	3,409	5,525	859	1,798
Amortization Equalization Payments	90,400	0	31,473	50,996	7,931	16,600
Salary Survey and Senior Executive Service	276,947	0	85,722	161,106	30,119	51,221
Performance-based Pay Awards	123,924	0	34,645	75,954	13,325	19,880
Worker's Compensation	0	-----	Pending	-----		
Legal Services for 448 hours	0	-----	Pending	-----		
Purchase of Services from Computer Center	0	-----	Pending	-----		
Payment to Risk Management/Property Funds	0	-----	Pending	-----		
Leased Space	370,956	0	370,956	0	0	285,636
Total	\$1,555,930	\$0	\$769,289	\$720,079	\$66,562	\$532,657

2) COLORADO COMMISSION ON HIGHER EDUCATION

The Colorado Commission on Higher Education serves as a central policy and coordinating board for public higher education in Colorado.

A) Administration

Administration

Description: This line item pays for personal services, contracts, and operating expenses associated with CCHE and staff. The source of cash funds is indirect cost recoveries from enterprises, and the source of cash funds exempt is indirect cost recoveries from non-enterprises.

Position	FY 2005-06 Actual	FY 2006-07 Estimate	FY 2007-08 Request	FY 2007-08 Recom.
Executive Director	1.0	1.0	1.0	1.0
Marketing/Events/Access Initiatives	1.0	1.2	1.0	1.0
Financial Aid Administration	1.5	1.3	1.5	1.5
Data Collection/Reporting/IT	2.0	4.5	4.5	4.5
Budget Analysis	4.5	2.0	2.0	2.0
Capital Analysis	2.0	1.0	1.0	1.0
Audit and Compliance	1.5	3.5	3.5	3.5
COF Contract Coordinator	0.5	0.8	0.5	0.5
Academic Program Analysis	4.0	3.2	4.0	4.0
Government Relations	1.0	1.0	1.0	1.0
Accounting/Human Resources	2.0	2.0	2.5	2.5
Administrative Support	<u>3.5</u>	<u>5.0</u>	<u>4.0</u>	<u>4.0</u>
State-funded Positions	24.5	26.5	26.5	26.5
Federal Gear-Up	<u>3.6</u>	<u>3.6</u>	<u>3.6</u>	<u>3.6</u>
TOTAL	28.1	30.1	30.1	30.1

Request: The Department requests continuation level funding according to OSPB's budget instructions.

Recommendation: **Staff recommends continuation level funding.**

CCHE Administration					
Item	TOTAL	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2005-06 Long Bill	\$2,478,586	\$1,944,338	\$184,248	\$350,000	30.1
Salary Survey	47,733	44,933	0	2,800	
-0.5 percent Base Personal Services Reduction	(10,563)	(7,878)	(921)	(1,764)	
Adjust indirect fund sources	0	(32,288)	32,288		
Total	\$2,515,756	\$1,949,105	\$215,615	\$351,036	30.1

The recommended cash funds versus cash funds exempt is based on the proportion of indirect cost recoveries paid by enterprises versus non-enterprises.

Financial Aid Research for the General Assembly

Description: This line item was created in FY 2004-05 by reducing the Administration line item. It was intended to ensure that the Department would provide information to the General Assembly about financial aid programs in a timely fashion. In part, this line item was in response to a veto by the Governor of footnotes requesting information about financial aid. The Governor indicated in his veto message that the footnotes created a reporting burden for the Department without providing funding for the necessary research. In FY 2006-07 the line item was eliminated because despite dedicated funding to respond to the General Assembly's footnotes requesting information on financial aid, the Department did not respond adequately to the footnotes. The FY 2005-06 version of the financial aid footnotes is shown below:

- 48 **Department of Higher Education, Colorado Commission on Higher Education, Administration, Financial Aid Research for the General Assembly --** 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 November 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.
- 49 **Department of Higher Education, Colorado Commission on Higher Education, Administration, Financial Aid Research for the General Assembly --** The Department is requested to submit a report to the Joint Budget Committee by November 1, 2005, comparing the retention rates of students receiving Governor's Opportunity Scholarships with retention rates for low-income students receiving other types of financial aid packages.
- 50 **Department of Higher Education, Colorado Commission on Higher Education, Administration , Financial Aid Research for the General Assembly --** The Department is requested to submit a report to the Joint Budget Committee by November 1 each year documenting the base level of institutional financial aid at each institution and demonstrating that at least 20 percent of any increase in undergraduate resident tuition revenues in excess of inflation is being devoted to need-based financial assistance pursuant to section 23-18-202 (3) (c), C.R.S.

Request: The Department did not request funding.

Recommendation: **Staff recommends no funding.** Although the General Assembly eliminated this funding in FY 2006-07, it continued the footnotes in a modified form, emphasizing that the General Assembly still wants the information.

B) Division of Private Occupational Schools

Description: This program is responsible for reviewing the curriculum and establishing standards for the roughly 315 private occupational schools in Colorado. The source of cash funds is fee revenue from the individual schools and the students. Pursuant to statute, the Division reports to the executive director of the Department, rather than to the Division of Occupational Education within the Community College System.

Request: The Department requests continuation level funding calculated pursuant to the OSPB budget instructions.

Recommendation: **Staff recommends continuation level funding pursuant to the JBC's common policies.** Having an agency to ensure that private occupational schools meet minimum standards provides protection to consumers who make a considerable sacrifice of time and money to obtain their education. These consumers often justify the expense based on an expected improvement in their economic status, which may never materialize if the educational standards of the teaching institution are not adequate. The Division of Private Occupational Schools also benefits legitimate schools by preventing "fly by night" operations from competing.

The components of the staff recommendation for continuation level funding are summarized in the table below.

Division of Private Occupational Schools		
Item	Dollars	FTE
FY 2006-07 Long Bill	\$526,780	7.8
Salary Survey	8,915	
-0.5 Percent Personal Services Base Reduction	(1,718)	
Total	\$533,977	7.8

C) Special Purpose

Western Interstate Commission on Higher Education (WICHE)

Description: The line provides funding for Colorado's dues to support WICHE. This coalition of Western States works to benefit each other through sharing research data and the development of reciprocity and student exchange programs. WICHE provides the following main services:

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

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

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

In WICHE's professional exchange program, students pay resident tuition rates and the sending state pays a support fee to the receiving state. Colorado is a net importer of students through the professional exchange program. Of the 202 students that came to Colorado in 2005-06, 134 came for the Professional Veterinary Medicine Program at CSU. The other students that came through the professional exchange program were attracted by programs at UCHSC, primarily Dentistry, which received 38 students.

WICHE Exchange Programs	Received		Sent	
	Students	Fees Received	Students	Fees Paid
Undergraduate	1,507	N.A.	2,496	N.A.
Graduate	127	N.A.	42	N.A.
Professional	202	\$4,756,022	24	\$326,400

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

The 15 member states of WICHE all pay the same dues. Member dues represent approximately a third of WICHE's budget, with the remainder coming primarily from grants and contracts. The source of cash funds is indirect cost recoveries.

Request: The Department requested continuation level funding.

Recommendation: **Staff recommends an increase of \$4,000, or 3.6 percent, based on information from WICHE about the FY 2007-08 dues.** Colorado's participation in WICHE benefits both the state and neighboring region. Failure to pay the dues would mean Colorado could not join in the veterinary medicine professional exchange program, among other things.

WICHE - Optometry

Description: This line provides funding for Colorado students to enroll in out-of-state institutions with optometry programs at resident tuition rates through an exchange set up by WICHE. The exchange offers an alternative to establishing such a program in Colorado. In return for the discounted tuition, the students agree to return to Colorado to practice optometry, or to repay the state for its investment. Historically 75 percent of the students return. The funding is based on enrollment and the reimbursement rates negotiated by the WICHE institutions. The source of cash funds is indirect cost recoveries.

Request: The Department requests continuation level funding.

Recommendation: **Staff recommends continuation funding.** The exact number of participants is not known until they enroll. The current level of funding would provide slightly more than the most recent estimate of 25 participants provided by the Department, allowing a cushion in case the estimate is off.

Advanced Technology Grants

Description: These grants, administered by CCHE pursuant to Section 23-1-106.5, C.R.S., help transfer academic research to private sector applications. The source of cash funds exempt is waste tire funds deposited in the Advanced Technology Fund pursuant to the formula in Section 25-17-203, C.R.S. These waste tire funds are continuously appropriated by statute to CCHE and are included in the Long Bill for informational purposes only. The moneys are shown as cash funds exempt in Higher Education because they are transferred from the Department of Local Affairs. The waste tire fee revenue is subject to TABOR and contributes to the excess revenue that must be refunded from the General Fund.

Request: The Department requested continuation level funding.

Recommendation: **Staff recommends continuation level funding, based on projected revenues.**

Veterinary School Program Needs

Description: This line represents the WICHE cash funds (currently 43 percent) and state funds (57 percent) for capital outlay associated with CSU's veterinary medicine program. These moneys appear in the CCHE budget rather than under the Board of Governors of the Colorado State University System with the rest of the veterinary medicine school money due to an agreement with WICHE that requires separate accounting. The funding split is based on the ratio of residents to out-

of-state WICHE students. The FY 2006-07 appropriation includes \$122,600 from WICHE cash funds and \$162,400 from indirect cost recoveries that are offsetting the need for General Fund.

Request: The request is for a continuing level of funds.

Recommendation: **Staff recommends continuation level funding.** The JBC has a common policy for no inflationary increase for standard capital outlay and operating expenses.

Enrollment/Tuition and Stipend Contingency

Description: This line provides spending authority that CCHE can transfer to any of the governing boards in the event that enrollment increases above projected levels, resulting in greater revenue than expected. The line item was included in the past because the statutes specify that the cash fund appropriations to the governing boards in the Long Bill represent a cap on the revenue higher education institutions may raise. If cash revenues reached the appropriation cap and there was no contingency, schools could be forced to either refund tuition or stop enrolling additional students.

With the passage of S.B. 04-189, all of the higher education institutions have been designated as enterprises and so their revenue is exempt from TABOR. However, Section 23-5-129 (10), C.R.S., stipulates that while a state institution of higher education operates pursuant to a performance contract with CCHE (which is a condition of participation in the College Opportunity Fund program) the General Assembly, "retains the authority to approve tuition spending authority for the governing board of the institution." Thus, the line item remains relevant to tuition spending authority in the current funding environment.

The line item can also provide additional spending authority for stipends if an institution has more eligible students than assumed in the appropriation.

This line item represents spending authority only. There is no revenue behind it to support expenditures. If CCHE transfers the spending authority to a governing board, it increases the cap on how much revenue that school can raise, but the school has to be earning the revenue to take advantage of the increased spending authority.

The line item is accompanied by a footnote indicating that the spending authority may not be used to support tuition or fee increases.

Request: The Department requested continuation level funding.

Recommendation: **Staff recommends continuation level funding.** Staff believes that dealing with the possibility that the forecasts of tuition revenue and stipend authorizations are too low would be better accomplished through a statutory change. This line item provides phantom spending authority in the Long Bill and artificially inflates the appropriation. There is also potential for abuse of this line item, because the purpose of the line, including the prohibition on using it to support tuition or fee increases, is described in a footnote that could be vetoed. However, the JBC rejected a staff

recommendation last year to sponsor legislation. Therefore, the line item is required.

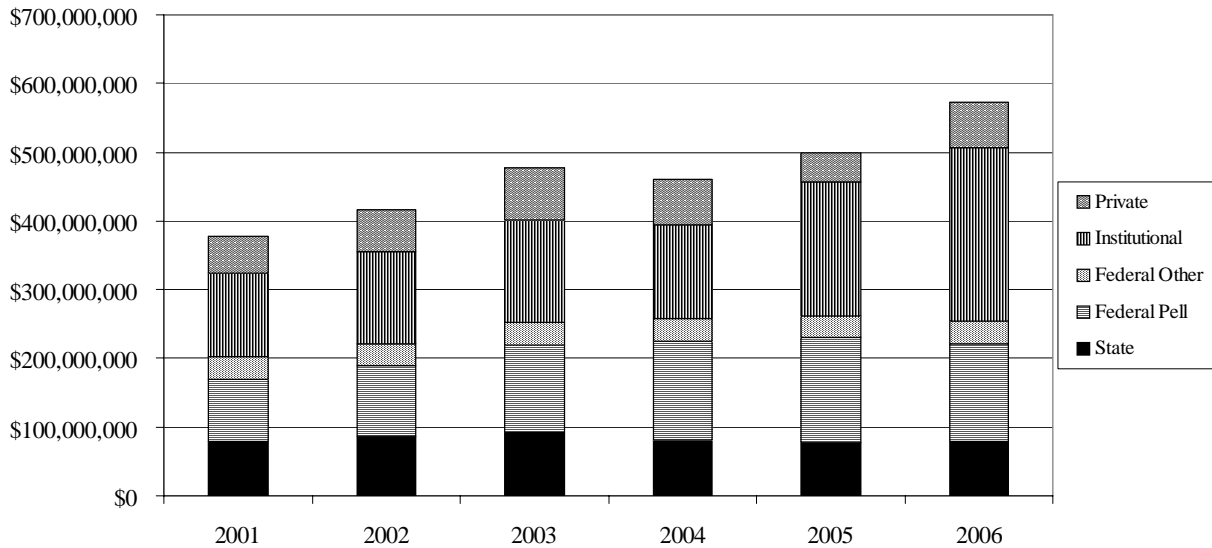
The major components of the bill recommended by staff last year are outlined in the bullets below.

- Each year the JBC would make a finding about whether the tuition rate increases implemented by the higher education governing boards are consistent with the maximum tuition spending authority provided by the General Assembly in the Long Bill and related spending bills.
 - Upon making the finding, the JBC would send a letter notifying CCHE, OSPB, and the State Controller.
 - If the JBC found that the tuition rate increases were consistent with the maximum spending authority provided, the State Controller would be authorized to allow schools to over-expend their tuition and stipend cash funds exempt spending authority for unexpected changes in enrollment.
 - Although individual schools would be able to over-expend the cash funds exempt spending authority for stipends, the College Access Network could not pay out more than is in the College Opportunity Fund.
 - If the total number of hours billed by all schools exceeded the appropriation, CAN would still reduce the stipend payments pursuant to Section 23-18-202 (4) (b), C.R.S.
 - Either a purpose clause or something in the statutory language would explain that the bill was intended to address an annual problem with predicting the exact tuition and stipend revenue earned by each school. The reason for the JBC making a finding about the tuition rate increases would be to prevent abuse of the over-expenditure authority being granted, rather than to give the JBC or General Assembly any new control over tuition that is not already in statute.
-
-

3) COLORADO COMMISSION ON HIGHER EDUCATION FINANCIAL AID

This section funds the CCHE-operated financial aid programs. There are also federally funded and institution-based financial aid programs that do not appear in the Long Bill. The graph below charts grant-based financial aid available in the state from state and non-state sources from FY 2000-01 through FY 2005-06. It does not include federal loans. Federally guaranteed loans are a significant form of financial aid to students, but their value is: a) providing access to loans that might not otherwise be available to young people with no income or credit history; and b) providing repayment terms that are in some cases below prevailing market conditions (this is especially true for loans where interest payments are subsidized while the student is in school). Measuring the value of federal loans to students requires analysis of the other available options and is a complicated process. Because the federal loans are so different from grants in the way that they assist students, including them in the table below would distort the picture and reduce the meaning of the graph. In FY 2005-06 \$834.6 million in federal loans were provided in Colorado.

Financial Aid Grants

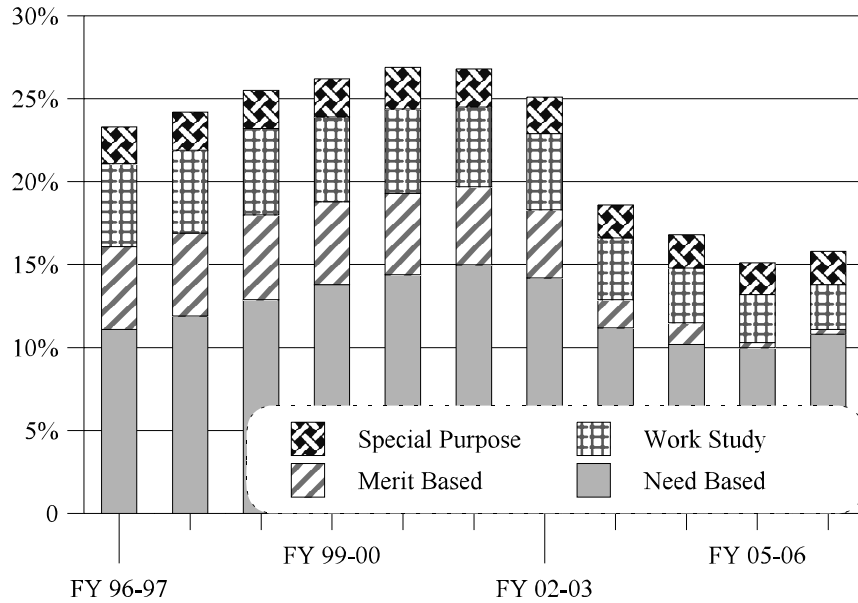


The graph illustrates the increasing importance of institutional aid. One of the provisions of the COF implementing legislation requires that institutions set aside 20 percent of any increase in undergraduate resident tuition revenue above inflation for need-based financial aid. This may have contributed to an increase in institutional aid. However, Colorado institutions are also mimicking national pricing trends, and some of the increase in institutional aid is to compensate for the lack of increases in federal and state grants.

Approximately 86.4 percent of state financial aid is distributed to students at public institutions and 13.6 percent to students at private institutions.

The next table shows state financial aid as a percentage of total resident tuition paid. Financial aid is used for more than just tuition. Showing state financial aid in relation to total resident tuition paid is intended to give the JBC a sense of the buying power of state financial aid over time. Total resident tuition revenues reflect both changes in enrollment and changes in tuition rates.

Financial Aid as a Percentage of Resident Tuition Revenue



The next table shows the number of students served and the average award for the three major state aid programs over time.

Year	Need Based Aid		Merit Aid		Work-study	
	Students	Ave. Award	Students	Ave. Award	Students	Ave. Award
2000	38,603	\$1,051	10,364	\$1,125	8,027	\$1,806
2001	30,617	\$1,439	11,653	\$1,228	8,439	\$1,743
2002	30,040	\$1,659	12,306	\$1,205	8,468	\$1,903
2003	30,842	\$1,756	10,552	\$1,410	8,887	\$1,974
2004	26,811	\$1,491	5,415	\$1,273	8,278	\$1,992
2005	25,508	\$1,476	5,363	\$1,205	7,875	\$1,995
2006	28,832	\$1,536	1,383	\$1,083	8,247	\$1,832

The Department provided data on the average debt load on federal student loans carried by students graduating with federal student loans:

Average Student Debt Loan at Graduation-Associates Degree			
Institution	2004	2005	2006
Adams State College	12,035	6,244	8,488
Aims Community College	9,498	8,305	8,784
Arapahoe Community College	9,785	9,149	9,955
Colorado Mountain College	9,287	8,613	8,573
Colorado Northwestern Community College	9,214	9,950	11,482
Community College of Aurora	10,974	9,194	10,254
Community College of Denver	10,271	9,385	11,260
Front Range Community College	9,572	9,863	10,408
Lamar Community College	6,936	6,194	7,582
Mesa State College	12,240	8,651	9,681
Morgan Community College	6,400	7,873	7,549
Northeastern Junior College	6,453	5,135	6,077
Otero Junior College	7,723	7,805	8,191
Pikes Peak Community College	9,768	8,241	7,847
Pueblo Community College	11,630	10,538	10,984
Red Rocks Community College	11,505	8,591	8,706
Trinidad State Junior College	6,790	6,387	8,293

LOANS INCLUDED: Federal Stafford Loans Unsubsidized; Federal Perkins Loan; Federal Stafford Loans Subsidized; Federal Health Profession Loans; Other Loans

Average Student Debt Loan at Graduation-Baccalaureate Degree			
Institution	2004	2005	2006
Adams State College	16,580	15,646	16,699
Colorado School of Mines	16,714	15,591	16,103
Colorado State University	16,997	16,570	17,623
Colorado State University - Pueblo	18,702	18,746	20,485
Fort Lewis College	16,272	15,963	15,925
Mesa State College	16,927	17,047	17,763
Metropolitan State College of Denver	19,906	19,502	19,636
University of Colorado - Boulder	19,126	19,607	18,105
University of Colorado - Colorado Springs	17,518	17,793	16,525
University of Colorado at Denver	17,468	21,719	21,552
University of Colorado Health Sciences Center*	35,553		
University of Northern Colorado	16,628	15,905	16,744
Western State College	16,620	18,872	15,956

LOANS INCLUDED: Federal Stafford Loans Unsubsidized; Federal Perkins Loan; Federal Stafford Loans Subsidized; Federal Health Profession Loans; Other Loans
* Combined with UCD for 2005 and 2006

These tables do not include information on private loans used to finance higher education, such as 2nd mortgages, 401k borrowing, and credit cards. The College Board estimates that nationally private loans now account for 22 percent of higher education loan volume.

Staff believes that information on the percentage of students graduating with debt would be a useful addition to CCHE's report. Also, it may be better to look at median debt burdens rather than average debt burdens as an indicator for what the "typical" student faces.

The Department could make the debt burden information far more meaningful if it projected monthly payments and compared these to starting salaries for a few well-recognized professions. The Department's CollegeInColorado web site uses something called SLOPE (Student Loans Over Projected Earnings) to help students and families plan for college. The web site recommends that monthly loan payments should not exceed 8 percent of a student's first year salary. Staff used the web site to estimate these loans as a percentage of a starting elementary education teacher's salary. Through trial and error, staff got fairly close, although not exactly, to the average total loan amount for CSU - Pueblo. The mix of loans (Stafford subsidized, Stafford unsubsidized, PLUS, etc.) and the assumptions about interest rates make a difference in the required monthly payment. Staff is concerned that based on current interest rates the average debt burden for graduates from CSU - Pueblo would exceed the recommended 8.0 percent of the average starting elementary education teacher's salary.

Per statute, the annual percentage increase in appropriations for financial assistance must be at least as great as the aggregate annual percentage increase in General Fund appropriations for the institutions of higher education.

A) Need Based Grants

This section includes two line items: General Need Based Grants and Governor's Opportunity Scholarships. The funds in the General Need Based Grants line benefit both graduate and undergraduate students attending eligible institutions in Colorado, which include some private institutions. The GOS funds are for undergraduates only.

The table below shows historic increases in need-based financial aid. The decrease in FY 2003-04 was implemented after the JBC's bill to eliminate financial aid to private institutions failed to pass the General Assembly.

Year	General Need	Part-time	GOS	Total	Increase	Percent
FY 1991-92	12,283,697	500,000	--	12,783,697		
FY 1992-93	13,333,697	500,000	--	13,833,697	1,050,000	8.2%
FY 1993-94	17,083,697	750,000	--	17,833,697	4,000,000	28.9%
FY 1994-95	19,683,697	750,000	--	20,433,697	2,600,000	14.6%
FY 1995-96	23,858,435	1,250,000	--	25,108,435	4,674,738	22.9%
FY 1996-97	26,106,431	1,250,000	--	27,356,431	2,247,996	9.0%
FY 1997-98	29,239,141	1,250,000	--	30,489,141	3,132,710	11.5%
FY 1998-99	32,859,277	1,250,000	--	34,109,277	3,620,136	11.9%
FY 1999-00	35,373,152	1,250,000	1,800,000	38,423,152	4,313,875	12.6%
FY 2000-01	37,149,077	1,250,000	3,800,000	42,199,077	3,775,925	9.8%
FY 2001-02	40,348,002	1,250,000	6,000,000	47,598,002	5,398,925	12.8%
FY 2002-03	43,550,101	--	8,000,000	51,550,101	3,952,099	8.3%
FY 2003-04*	37,935,202	--	8,000,000	45,935,202	(5,614,899)	-10.9%
FY 2004-05	37,935,202	--	8,000,000	45,935,202	0	0.0%

Year	General Need	Part-time	GOS	Total	Increase	Percent
FY 2005-06	44,285,488	--	8,000,000	52,285,488	6,350,286	13.8%
FY 2006-07	52,136,963	--	7,960,000	60,096,963	7,811,475	14.9%
FY 2007-08 Req.	57,436,963	--	8,000,000	65,436,963	5,340,000	8.9%

** In addition to the appropriation by the General Assembly, the Governor allocated \$2.0 million flexible federal funds for General Need Based Grants.*

General Need Based Grants

Description: This line includes grants for full-time and part-time graduate and undergraduate students with demonstrated financial need. In FY 2005-06 there were 28,832 students that received need based aid with an average award of \$1,536.

Request: As the #2 priority for the Department, the Governor and requested an additional \$5,300,000 General Fund, or a 10.2 percent increase, for need-based financial aid. The request, when combined with the request for Native American Tuition Assistance, ensures that the aggregate General Fund percentage increase for financial aid programs is at least as great as the requested General Fund increase for the higher education institutions as required by Section 23-3.3-103, C.R.S.

Recommendation: **Staff recommends the requested increase.** Until the recent budget crunch, the Joint Budget Committee had a long history of fully funding the request from the executive branch for need based financial aid. The FY 2007-08 budget request is a significant percentage increase on the base, but the previous table illustrated that it is consistent with the historic increases approved by the General Assembly. The number of students with financial need that could benefit from an increase in this program is significantly more than the General Assembly could likely fund in a single year, given constitutional and statutory constraints on the budget and current expenditure patterns.

In addition, staff recommends folding the appropriation for the Governor's Opportunity Scholarships int this line item as described below.

Governor's Opportunity Scholarships

Description: This line item provides approximately \$2 million per year in "no cost of attendance" grants to very low-income students. Schools are supposed to target students who would not otherwise attend college. GOS recipients do not take out any loans. One of the conditions of the GOS grant is that a student attend full-time and stay on target to graduate in four years.

Request: The Department requested the amount appropriated in the Long Bill last year. The JBC approved a supplemental reducing the GOS by \$40,000 in FY 2006-07 to help pay for increased costs for National Guard Tuition Assistance. The Department's did not factor this in to the request for FY 2007-08.

Recommendation: **Staff recommends continuing the FY 2006-07 appropriation as adjusted by the supplemental, and combining this appropriation with the General Need Based Grants line item.** The GOS was created without specific statutory authority. Rather, CCHE used its general authority over financial aid to carve out funding for this initiative. Funding was provided in a

separate line item by the General Assembly after the fact. CCHE requested increases specifically for the GOS and legislators wanted to track the progress of the program. The Department has indicated to staff that it intends to phase out the program. All current recipients will be funded through the end of their degree, but no new grants will be made. The Department said concerns about equity are the primary reason why the program is being phased out. The Department wants to reduce the potential of two students with similar economic circumstances receiving vastly different grants.

B) Merit Based Grants

Description: Merit based grants provide awards to both undergraduate and graduate students attending eligible institutions in Colorado. The awards are used to recognize and encourage outstanding achievement in academic and other talent areas. The high point for funding was FY 2002-03, when \$14,874,498 was appropriated.

Request: The Department requested continuation level funding.

Recommendation: **Staff recommends continuation level funding.**

C) Work Study

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

Request: The Department requested the amount appropriated in the Long Bill last year. The JBC approved a supplemental reducing Work Study by \$119,074 in FY 2006-07 to help pay for increased costs for National Guard Tuition Assistance. The Department's did not factor this in to the request for FY 2007-08.

Staff Recommendation: **Staff recommends continuing the FY 2006-07 appropriation as adjusted by the supplemental.**

D) Special Purpose

Precollegiate Programs

Description: This program was created with a new appropriation in the FY 2006-07 Long Bill. At the hearing, the Department explained the way that it designed the program. Students must qualify for and receive a Federal Academic Competitiveness Grant. The Federal Academic Competitiveness Grants are for Pell-eligible students enrolled as full-time, degree-seeking students in their first or second year, and are designed to provide an incentive for students to take a rigorous secondary school program of study. Priority for state precollegiate scholarships is given to students that participated in a CCHE-approved precollegiate program. Awards are capped at \$1,000.

Request: The Department requested continuation level funding.

Recommendation: **Staff recommends continuation level funding.** Staff has concerns that this program was created without specific statutory authorization, and might be considered substantive legislation in the Long Bill. However, this argument came up during floor debate on the Long Bill, and the legislature decided to provide funding. There is general statutory authority for CCHE to create financial aid programs, and for the Department to foster precollegiate programs. This is a new program and more time is needed before the effectiveness and cost-benefit of the program relative to other financial aid programs can be evaluated. Therefore, staff is recommending continuation funding.

Required Federal Match

Description: This line provides the federally required state match for the Perkins Student Loan Program, the Colorado Leveraging Education Assistance Partnership, and the Student Leveraging Education Assistance Partnership grant. These programs help very low-income students similar to those targeted by GOS. Most of the federal funds drawn down through this match go directly to the students or institutions, and so do not appear in the Long Bill, but a small portion flow through CCHE.

Request: The Department requested continuation funding based on the federal Perkins matching requirements.

Recommendation: **Staff recommends the requested amount based on federal matching requirements.**

Veterans'/Law Enforcement/POW Tuition Assistance

Description: This line pays tuition, room and board for Colorado dependents of deceased or permanently disabled members of the national guard, law enforcement, firefighters, prisoners of war and military personnel missing in action. By statute this is the first priority of any state financial aid funds. If the appropriation in this line is insufficient to cover costs, CCHE must use money appropriated in other financial aid line items for this purpose.

Request: For FY 2005-06, the Department submitted and the JBC approved a supplemental increase based actual enrollment. The Department did not request continuation of this increased spending authority in FY 2006-07.

Recommendation: **Staff recommends continuation of the increased spending authority provided in the supplemental.** Staff believes that the Department's failure to request continuation of the spending authority in FY 2006-07 was an error.

National Guard Tuition Assistance

Description: House Bill 04-1347 required that the first priority of any funds appropriated for financial aid in the Department of Higher Education be providing tuition assistance to national guard

members, up to \$650,000. This puts the National Guard Tuition Assistance on the same footing with the Veterans'/Law Enforcement/POW Tuition Assistance. Thus, if the General Fund appropriation is insufficient for the actual number of qualifying applicants, CCHE must use funds appropriated for other financial aid programs for this purpose, up to the \$650,000 statutory cap.

Request: The Department requested the amount appropriated in the Long Bill last year. The JBC approved a supplemental increasing the National Guard Tuition Assistance by \$159,074 in FY 2006-07 for increased enrollments. The Department's did not factor this in to the request for FY 2007-08.

Recommendation: **During figure setting for the Department of Military Affairs the JBC approved a \$60,729 General Fund, or 10.3 percent, increase for this program.** This brings the appropriation to the statutory cap of \$650,000. If more students enroll, or the cost of the grants increases, the Department is not required to transfer any more money to the Department of Military Affairs. Instead, the Department of Military Affairs will prorate the benefit per student.

Native American Students/Fort Lewis College

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

Request: The Department requests an increase of \$429,207 based on estimated tuition waivers granted in the current year.

Recommendation: **Staff recommends the requested amount.** The state's obligation to waive tuition for Native Americans has been challenged and upheld in court. Of the students receiving the waiver, approximately 111 are enrolled at the resident tuition rate and 545 are enrolled at the nonresident tuition rate. The state subsidy of Native American tuition represents approximately 35 percent of all the tuition collected by Fort Lewis. Nonresident tuition from Native Americans is over 50 percent of all nonresident tuition collected by Fort Lewis. When the General Assembly approves tuition increases for Fort Lewis, a portion of that increase becomes a General Fund obligations in the following year for tuition waivers granted to Native Americans.

Grant Program for Nurses Training

Description: These funds were used to support individuals pursuing a nursing education who agreed to practice in Colorado. Funding was eliminated in FY 2003-04

Request: The Department did not request funding.

Recommendation: **Staff recommends no funding.**

Early Childhood Professional Loan Repayment

Description: This program was created by H.B. 01-1293 (Williams S./Dyer). It allows qualified early childhood professionals to receive up to \$2,000 to repay school loans. The source of funds is federal child care development moneys transferred from the Department of Human Services.

Request: The Department requested continuation level funding.

Recommendation: **During figure setting for the Department of Human Services, the JBC approved discontinuing funding.** The statutory authorization for the program is scheduled to expire in FY 2007-08.

Nursing Teacher Loan Forgiveness Pilot Program

Description: This program was created S.B. 06-136 (Tapia/Butcher). It allows payments of up to \$20,000 for all or part of the principal and interest on a loan for persons who teach courses in nursing at a state institution of higher education for at least 5 consecutive academic years after receipt of an advanced nursing degree. Each year that the teacher is employed in a qualified position, the lesser of one-fifth or \$4,000 shall be paid or forgiven.

Request: The Department requested continuation level funding.

Recommendation: **Staff recommends continuation level funding, consistent with the fiscal note assumptions about FY 2007-08 costs for the program.**

GEAR-UP

Description: The Department has received approximately \$1.75 million federal funds per year for the last few years for GEAR-UP scholarships.

Request: These are federal funds and the Department did not request an appropriation.

Recommendation: **Since the General Assembly includes the federally funded FTE to administer the Gear-up program in the Department Administration appropriation, staff recommends including the grant funds in the financial aid section.** The Department estimates that scholarship payments will total \$600,000 in FY 2007-08. The program is still gearing up. The difference between the federal payment and grants allocated in FY 2007-08 will be held in a fund and used in future years.

4) COLLEGE OPPORTUNITY FUND PROGRAM

The College Opportunity Fund Program section provides General Fund support in the form of stipends for students to attend public and private institutions. It also includes a pot of General Fund

for CCHE to use to enter into fee-for-service contracts with the institutions. These fee-for-service contracts address education needs in the state not otherwise covered by the stipends, such as graduate education, specialized education, and rural education. The Governing Board section includes the cash funds exempt spending authority for the higher education institutions to receive and expend the stipend payments on behalf of students, and to receive and expend the fee-for-service contracts.

Before describing the staff recommendations for FY 2007-08, there are some issues related to FY 2006-07 and even FY 2005-06 that need to be discussed.

Potential supplemental adjustments to the FY 2006-07 stipend and fee-for-service appropriations

Description: The FY 2006-07 General Fund appropriation for stipends and for fee-for-service contracts was based on a projection of the stipend-eligible population produced by Legislative Council Staff (LCS) in February of 2006. Actual expenditures to date suggest that the assumption about the stipend-eligible population used for the FY 2006-07 appropriation was too high in total. In March of 2007, LCS produced a new forecast of the stipend-eligible population. This new forecast indicates that Metro will exceed its appropriated stipend spending authority and all other governing boards will be below the appropriated stipend spending authority. The original forecast used for the appropriation and the new forecast can be seen in lines 1 through 4 in the table on page 1 of the Appendix at the end of this document.

Request: At the January 1 deadline for submitting supplementals, several key pieces of data necessary for forecasting the stipend-eligible population were not yet available, including the CCHE Fall Final/Spring Census enrollment figures and the Spring COF invoices. Thus, neither the Governor or CCHE had sufficient information to submit an official request to adjust the stipend appropriation.

Since the new LCS forecast came out, staff has had discussions with representatives from the Department about how to handle the lower projection. At this time, the Department is inclined to use procedures existing in statute (described in the "Recommendation" section under Option 3) to address the lower-than-expected population, rather than requesting a change to the FY 2006-07 appropriation. *However, Department staff have not had a chance to consult with the governing boards or the Commission.* Also, the Department has concerns about the accuracy of the forecast for the Community Colleges. Due to computer problems, the Community Colleges are behind schedule for submitting Spring invoices for stipend-eligible SFTE and corrections to their Fall billings. If actual enrollments are significantly higher or lower for the Community Colleges (or any other governing board), the Department may change it's position. For these reasons, the Department might submit a supplemental request at a later date, probably through the emergency process authorized by H.B. 98-1331.

Recommendation: The three main options for responding to the new LCS forecast of the stipend-eligible population are described below, along with some of the pros and cons of each choice.

Option 1 - Make supplemental increases/(decreases) to stipends: Based on the new LCS

forecast, the JBC could reduce FY 2006-07 stipend appropriations by a total of \$5,069,700 General Fund. New data is available and arguably the appropriation should reflect the General Assembly's most current and best educated projection of the final stipend-eligible enrollment. Adjusting the appropriation to match actual enrollments provides rewards and penalties for institutions based on their performance in recruiting and retaining students. This approach is consistent with the statutes. One of the purposes expressed in S.B. 04-189 of funding students through the COF rather than funding institutions is "strengthening competition among institutions." The governing boards aren't projected to earn the revenue in FY 2006-07, and so the General Assembly might as well reduce the General Fund appropriation and put the money to use elsewhere in the budget.

Option 2 - Adjust fee-for-service contracts to "hold harmless": While adjusting the stipend appropriation to match the forecast can be viewed as providing rewards and penalties for enrollment, it can also be viewed as arbitrarily benefitting/hurting governing boards based on whether the original enrollment forecast was accurate or not. The General Assembly's method of providing funding in FY 2006-07 targeted a combined increase in stipends and fee-for-service contracts for each governing board. Had the February 2006 LCS forecast of the stipend-eligible population been more accurate, it is probable that the General Assembly would have provided less spending authority for stipends and more spending authority for fee-for-service contracts for the same total increase. Why should an institution like Western State be penalized now just because the stipend forecast was more wrong for that institution than for other institutions? A supplemental that increased fee-for-service contracts at the same time that it reduced stipend appropriations would ensure that the institutions are held harmless.

Although this approach doesn't provide rewards and penalties for performance, another finding in S.B. 04-189 was, "without increased resources, Colorado's system of public higher education will be challenged in meeting the need for postsecondary education." Reducing the stipends without increasing the fee-for-service contracts would be counterproductive to providing more resources for higher education.

Option 3 - Let the Department use existing statutory flexibility to address the variances: If the General Assembly doesn't make a supplemental change to the FY 2006-07 appropriation, the Department could use existing statutory authority to hold the governing boards partially, but not completely, harmless. For members that are interested, the next four paragraphs explain how CCHE would do this, and lines 11 through 17 of the table on page 1 of the Appendix at the end of this document show the detailed calculations by governing board. Alternatively, members can skip to the table below that compares the three options.

Section 23-18-202 (1) (c), C.R.S. allows each governing board to negotiate with CCHE to convert up to three percent of the amount appropriated for stipends into a fee-for-service contract. The institution has to offer a service that the Department is statutorily authorized to acquire, and CCHE has to agree to the contract.

If the March 2007 LCS forecast is correct, the unearned revenue at three institutions (Adams, Mesa,

and CU) will be more than the three percent threshold. These institutions would not be eligible to convert the amount in excess of three percent into fee-for-service contracts, costing them in total \$619,793 in lost revenue.

That \$619,793 is not enough to cover the amount that Metro is projected to be over the stipend appropriation. The Department would need to reserve another \$912,727 for Metro. Department staff indicate that most likely they would prorate the \$912,727 across the other institutions and reduce the amount of stipend spending authority each could convert into a fee-for-service contract by that amount. There are other possible ways of allocating the costs for Metro among the institutions. This is how Department staff explained that they would approach it.

The Department would then have enough money reserved in the COF to pay for the projected stipend-eligible population at Metro. The Department could transfer spending authority from the Enrollment/Cash Fund Contingency line item to Metro to ensure that Metro had cash funds exempt spending authority for the increased stipend payments.

The following table compares the outcome of the three options, assuming that the March 2007 LCS forecast is accurate.

Comparison of Change in Total State Funds			
	Option 1:	Option 2:	Option 3:
	Supplemental Reduction	Hold Harmless	Administrative Solution
Adams	(\$201,240)	\$0	(\$96,920)
Mesa	(459,240)	0	(149,180)
Metro	1,532,520	0	1,532,520
Western	(208,980)	0	(104,798)
CSU System	(423,120)	0	(160,640)
Ft. Lewis	(41,280)	0	(21,551)
CU	(2,518,080)	0	(567,829)
Mines	(87,720)	0	(22,605)
UNC	(534,060)	0	(74,777)
Com Colleges	(2,128,500)	0	(334,220)
TOTAL	(\$5,069,700)	\$0	\$0

Staff recommends that the Committee follow Option 3 to let the Department use existing statutory flexibility to address the variances and not introduce a supplemental. The JBC should strongly consider Option 1 if it needs the resources to balance the budget in FY 2006-07. However, in FY 2006-07 the General Assembly voted to provide a significant increase for the higher education institutions to restore funding that had been reduced between FY 2001-02 and FY 2005-06. Option 1 moves funding in the reverse direction of this policy decision. Option 2 and Option 3 maintain the current total level of funding for the higher education governing boards. They differ from each other in the distribution of that funding by governing board. Historically, and at times statutorily, the General Assembly has delegated decision-making authority about the distribution of funds to CCHE. The Department has expressed a preference for Option 3, and staff recommends following that guidance. Staff believes that Option 3 is most consistent with the statutory language on how the COF Program is supposed to work. The money follows where students enroll, but there is some

limited authority for the Department to protect governing boards from major losses in revenue by converting stipend spending authority to fee-for-service contracts.

Potential supplemental adjustments to FY 2006-07 tuition and fee spending authority

Description: The Department submitted three supplemental requests related to tuition and fee spending authority that the JBC delayed action on because the March 2007 LCS forecast was not out yet.

Request: The three supplemental requests are summarized in the table and narrative below.

Priority	Governing Board	Issue	Total	General Fund	Cash Funds Exempt
1	Community Colleges	Tuition revenue in 05-06 was higher than expected and that changes the forecast of 06-07 (and 07-08) revenues	\$8,992,340	\$0	\$8,992,340
2	Colorado School of Mines	Nonresident enrollment to date is significantly higher than expected	\$1,281,387	\$0	\$1,281,387
4	Mesa State College	A technical error in the way fees were categorized caused an understatement of academic fees	\$325,000	\$0	\$325,000
TOTAL			\$10,598,727	\$0	\$10,598,727

1. **Community Colleges, Tuition Revenue --** The Community Colleges believe that the forecast used for the FY 2006-07 appropriation was based on faulty assumptions about the FY 2005-06 base level of tuition revenue. Actual revenues in FY 2005-06 were approximately \$9.0 million, or 8.2 percent, higher than the assumption used by Legislative Council Staff to forecast FY 2006-07 revenues. This resulted in a forecast of FY 2006-07 tuition revenue that was too low. The Community Colleges increased tuition rates for FY 2006-07 at the 2.5 percent permitted by the legislature in the FY 2006-07 Long Bill. Based on the trends in tuition revenues to date, the Community Colleges believe they will exceed the appropriated spending authority by \$3,882,550 unless a supplemental is approved.
2. **Colorado School of Mines, Nonresident Tuition Revenue --** Nonresident enrollment (particularly international students) has been much higher than expected. The institution projects that tuition revenue will exceed the appropriated spending authority by a total of \$1,281,387. The governing board increased per credit hour tuition rates by 2.5 percent, consistent with the tuition footnote in the FY 2006-07 Long Bill. The institution also increased the threshold for full-time tuition status. The FY 2006-07 tuition footnote allowed this kind of increase, although institutions were still bound by the total tuition spending authority appropriated. According to the Department, the action by Mines to increase the full-time tuition threshold would not have caused them to exceed the appropriated tuition spending authority had nonresident enrollment matched the Legislative Council Staff projection.

4. **Mesa State College, Academic Fees** -- Based on a review of fees, the institution believes that it mis-categorized some fees and understated the amount of academic fees. To prevent institutions from circumventing tuition restrictions by raising fees, the legislature appropriates spending authority for academic fees. However, auxiliary fees are not appropriated in the Long Bill. Mesa State College mistakenly categorized some fees as auxiliary fees that should have been categorized as academic fees. The requested spending authority does not represent an increase in charges to students, but rather a restatement of revenues to more accurately reflect the purpose and use of the funds.

Recommendation: The March 2007 LCS forecast concurs that tuition revenue at Mines and the Community Colleges will exceed the appropriated spending authority. The detail of the forecast by governing board and the difference from the appropriation can be seen in lines 3 through 6 on page 3 of the Appendix at the end of this document. For the Community Colleges, the March 2007 LCS forecast is projecting \$11.1 million more in revenue than the appropriation, rather than the \$9.0 million that the Department estimated back in January. In addition to underestimating the FY 2005-06 base for the Community Colleges, to date there has been significantly higher nonresident enrollment at the Community Colleges than originally anticipated. The state demographer is reporting that immigration to Colorado is up, and this may be one factor contributing to the increase in nonresident enrollment at the Community Colleges. These new arrivals have not been in Colorado long enough to establish residency.

If the JBC adopts the staff recommendation to forego a supplemental for the stipends and fee-for-service contracts, then staff recommends that the JBC not run a supplemental for tuition and fee spending authority either. The FY 2006-07 Long Bill includes \$20.0 million spending authority in an Enrollment/Tuition and Stipend Contingency line item. A footnote explains that spending authority from this line item can be transferred to the governing boards in the event that enrollment and revenues are in excess of the appropriation. Based on the March 2007 LCS forecast, the Department would need to use \$1.5 million of this amount to provide additional stipend spending authority for Metro, and another \$12.3 million to provide additional tuition spending authority for the Community Colleges and Mines. The current appropriation is sufficient to manage the projected variation in revenue from the original appropriation.

Staff also believes that the Enrollment/Tuition and Stipend Contingency line item could be used for the additional spending authority that Mesa State needs, although there is room for another interpretation. The footnote for the Enrollment/Tuition and Stipend Contingency line item specifically refers to transfers related to tuition and stipend spending authority. There is not specific authorization of transfers related to fees. However, the footnote includes a prohibition against transfers for the purpose of increasing fee rates, which suggests transfers related to fees were contemplated by the General Assembly. Section 23-1-104 (1) (a) (III), C.R.S. says that appropriations to the governing boards, "shall be combined for the purposes of determining spending authority." This suggests that, absent other statutory restrictions, the spending authority for tuition and fees is fungible, and historical this is the way that the governing boards and the State Controller have treated the appropriation. Staff does not see any policy reason for prohibiting the Department

from using the Enrollment/Tuition and Stipend Contingency line item for unexpected increases in fee revenue.

If the JBC decides to run a supplemental to adjust stipend and/or fee-for-service contract spending authority, then the JBC should probably go ahead and adjust tuition and fee spending authority, too, to reflect the most recent estimates. Doing so would make the FY 2006-07 budget more informative. Also, the percentage and dollar changes from the FY 2006-07 appropriation to the FY 2007-08 appropriation will make more sense to readers when the Long Bill Narrative is prepared if the FY 2006-07 base is adjusted to reflect current estimates.

Discussion of the Department's reconciliation of FY 2005-06

Description: The discussion of stipend spending authority so far has focused on a scenario where total stipend enrollments are below the appropriated level, but in FY 2005-06 the opposite happened. The Department came up with a way to reconcile the FY 2005-06 appropriation that was reasonable and accepted by the governing boards, but staff believes that it was not in compliance with the statutes.

As discussed above, if the stipend-eligible forecast is too high and an institution does not earn the full stipend appropriation, Section 23-18-202 (1) (c), C.R.S. allows a governing board to negotiate with CCHE to convert up to three percent of the amount appropriated for stipends into a fee-for-service contract. The institution has to offer a service that the Department is authorized to acquire, and CCHE has to agree to the contract.

If the forecast is too low, there is no similar statutory provision allowing fee-for-service contracts to be converted into stipends. Instead, Section 23-18-202 (4) (b), C.R.S. requires the Colorado student loan program to reduce the amount of the stipend per credit hour for all students to match the available funds, subject to Joint Budget Committee approval.

23-18-202 (4) (b) If moneys in the college opportunity fund in any fiscal year are not sufficient to pay the rate per credit hour . . . then the Colorado student loan program shall reduce the amount of the stipend per credit hour for all students to match the available funds, subject to joint budget committee approval.

Despite this explicit statutory language, in FY 2005-06 the Department did not reduce the stipend rate to match the available funds. Rather, the Department capped stipend payments when the number of bills submitted by a governing board exceeded the appropriation. In a memo dated November 14, 2006 (see appendix), the Department argued that because the General Assembly reduced stipend appropriations and increased fee-for-service contract appropriations in a supplemental bill, the shortfall in the COF at the end of the year, "was not a true shortfall in funding but simply an accounting issue caused by the miscalculated efforts [in the supplemental bill] to hold the institutions harmless." The Department went on to say:

If the technical adjustment made to the FY2006 budget appropriations [in the

supplemental bill] had been more accurate, the institutions would have received the same level of funding but simply through different accounting lines. Thus, the Department agreed it would have been an unnecessary and overly complicated process to attempt to reduce the stipend amount to reflect the COF fund balance...

While the Department's desire to avoid over complicating the process is understandable, staff believes that the Department's actions were not consistent with the statutory directive in Section 23-18-202 (4) (b), C.R.S. to reduce the stipend rate. It could be argued that every student did not receive the same stipend benefit (although, no student was charged more tuition because of the way the Department distributed the stipends). From an accounting perspective, governing boards earned revenue that was not paid by CCHE. Some institutions decided to cover the shortfall with institutional financial aid, which reduced the aid available for other students. Other institutions treated the shortfall as an open accounts receivable, which may eventually be written off as bad debt, but the accountants have not yet decided how to record it. CCHE capped payments for the private institutions as well. Since these institutions didn't receive any compensating funds through the fee-for-service contracts, this was a true shortfall for them.

If the Department intends to use the same process of capping stipend payments in the future, staff believes that they should seek a statutory change.

The Department's actions changed the mix of stipends versus fee-for-service contracts from the appropriated levels, but they did not change the total state funds received by each governing board. The Department capped stipend payments for governing boards that over-earned the stipends. For governing boards that under-earned stipends, the Department increased the fee-for-service contract. So, every governing board received the same amount in total for stipend and fee-for-service contracts as the appropriation. If the Department had followed the directive in Section 23-18-202 (4) (b), C.R.S. and reduced the stipend rate, the total state funds earned by each governing board would have been different than the appropriation by the amounts in the table below.

Distribution of Stipends under Section 23-18-202 (4) (b), C.R.S.			
	FY 2005-06 Stipend-eligible SFTE	Adjust Stipend Rate for Available Funds	Difference from Appropriation
Stipend Rate		\$2,366.57	(\$33.43)
		<u>Payments:</u>	
Adams	1,406.7	\$3,328,966	(\$52,634)
Mesa	4,055.6	\$9,597,941	(\$172,459)
Metro	14,223.0	\$33,659,767	(\$223,433)
Western	1,497.6	\$3,544,136	(\$51,064)
CSU System	19,052.9	\$45,090,103	(\$322,697)
Ft. Lewis	2,512.1	\$5,945,061	(\$38,139)
CU	26,538.9	\$62,806,247	(\$613,753)
Mines	2,544.4	\$6,021,541	(\$84,059)
UNC	8,925.3	\$21,122,388	(\$38,412)
Com Colleges	34,137.8	\$80,789,450	\$1,596,650
TOTAL	114,894.4	\$271,905,600	\$0

Besides the Community Colleges, six other governing boards exceeded the projection of stipend-eligible SFTE in FY 2005-06, but correctly implementing Section 23-18-202 (4) (b), C.R.S. would have shifted funds from those institutions to the Community Colleges. The table below shows the projected stipend-eligible SFTE versus the actual.

FY 2005-06 Projected vs. Actual Stipend-eligible SFTE			
	Projected Stipend-eligible SFTE	Actual Stipend-eligible SFTE	Actual Greater/ (Less) than Projection
Adams	1,409.0	1,406.7	(2.3)
Mesa	4,071.0	4,055.6	(15.4)
Metro	14,118.0	14,223.0	105.0
Western	1,498.0	1,497.6	(0.4)
CSU System	18,922.0	19,052.9	130.9
Ft. Lewis	2,493.0	2,512.1	19.1
CU	26,425.0	26,538.9	113.9
Mines	2,544.0	2,544.4	0.4
UNC	8,817.0	8,925.3	108.3
Com Colleges	32,997.0	34,137.8	1,140.8
TOTAL	113,294.0	114,894.4	1,600.4

No matter how the Department decides to handle payments to the governing boards if the stipend-eligible enrollment is greater than the forecast, Section 23-18-202 (4) (a), C.R.S. requires that the student's share of in-state tuition shall not change.

FY 2007-08 RECOMMENDATIONS

(A) Stipends

Student Stipend Payments for Students Attending State Institutions

Description: This line item provides for the payments from the General Fund to the College Opportunity Fund for stipends associated with students attending state-operated higher education institutions.

Request: In the November 1 request, the Governor and CCHE both proposed a 3.5 percent increase in the stipend rate from \$2,580 to \$2,670 per year for a full-time student taking 30 credit hours. The 3.5 percent is equal to the forecast of 2006 inflation OSPB was using at the time. The Governor and CCHE forecast a slight decrease of 402 SFTE in the total stipend-eligible population (a decrease of 0.3 percent) from the FY 2005-06 appropriation.

A February 19, 2007 letter to the JBC from the Department's executive director described a change in the distribution of total state funds to the governing boards. Supporting documentation provided by the Department showed the amount requested from stipends unchanged. Based on conversations with representatives from the Department, staff understands that the Governor and CCHE are still

requesting the \$90 increase in the stipend rate. All changes in the distribution of total state funds among the governing boards are to be accomplished through changes to the fee-for-service contracts.

Recommendation: Staff recommends the requested increase in the stipend rate per SFTE, although the staff calculation of the cost of this increase is based on the March 2007 LCS enrollment forecast rather than the Department's enrollment estimate. Section 23-18-202 (2) (c), C.R.S. instructs CCHE to request an increase for stipends, "to reflect at least inflation and enrollment growth in the state institutions of higher education." This suggests that the General Assembly expected the stipend rate to increase by inflation each year. The 2006 calendar year Denver/Boulder CPI showed a 3.6 percent increase. Applying a 3.6 percent increase rather than the requested 3.5 percent increase results in a stipend rate per credit hour of \$89.10 versus \$89.01. Either way, staff recommends rounding down to the nearest whole dollar and using \$89.00 per credit hour, which translates to \$2,670 per SFTE.

Based on the March 2007 LCS enrollment forecast, there would be a small decrease in the stipends from the FY 2006-07 appropriation of \$1,473,180 for changes in the projected enrollment. Increasing the rate by \$3 per credit hour, or \$90 per SFTE, would cost \$11,065,770 General Fund. The net stipend change would be \$9,592,590 General Fund. The detail of the calculations by governing board can be seen in lines 8 through 11 on page 2 of the Appendix at the end of this document.

Student Stipend Payments for Students Attending Private Institutions

Description: This line item provides funding for the payments from the General Fund to the College Opportunity Fund for stipends associated with students attending participating private higher education institutions. Pursuant to statute, students who graduate from a Colorado high school, who demonstrate financial need by qualifying for a federal Pell grant, and who attend a participating private institution, are entitled to receive half of the stipend amount for students attending public schools.

Request: The request is for an increase in the stipend rate of \$45 per SFTE according to the statutory formula that sets the stipend reimbursement rate for students attending private schools at half of the reimbursement rate for students attending public schools. The request projected that 1,397 eligible SFTE would authorize stipends at private schools.

Recommendation: Staff recommends the requested stipend rate increase of \$45 per SFTE, but staff recommends assuming 800 eligible SFTE will authorize payments. The stipend rate for students attending private schools is set by statute at half the rate for students attending public schools. The Department submitted information on Pell-eligible students at the University of Denver and Regis. According to the Department, over the last four years there were between 1,100 and 1,400 undergraduate SFTE at the two institutions that would appear to qualify for a stipend. However, in FY 2005-06 the two institutions submitted billings for stipend payments for a total 623 SFTE. Assuming that the enrollment growth that occurred between the Fall of 2005 and the Fall of 2006 continues for the rest of the year (which may not be a good assumption, since Regis' billings

increased 24.8 percent and DU's 3.0 percent), the institutions are on pace to bill for 761.2 SFTE in FY 2007-08. The Department was not able to provide an explanation for the disparity. In the absence of information about why the billings are so far below the population of Pell-eligible students, staff chose to assume 800 eligible SFTE. If the Department is able to explain the disparity and provide a better forecast, staff will present a comeback to the Committee. At a stipend rate of \$1,335 per SFTE, enrollment of 800 eligibles would cost \$1,068,000. This is a \$294,000 increase over the FY 2006-07 appropriation.

(B) Fee-for-service Contracts

Description: This line item provides General Fund for CCHE to enter into fee-for-service contracts with the higher education institutions to address education needs in the state not otherwise covered by the stipends, such as graduate education, specialized education, and rural education.

Request: In the November 1 request, the Department asked for an adjustment to the fee-for-service contracts for the difference between the Department's mandated cost model and the additional revenue projected from stipends. The Governor's request proposed the stipends plus fee-for-service contracts cover approximately 70 percent of the mandated costs while CCHE proposed that they cover 100 percent. In addition, CCHE requested \$25 million for a second year of funding for "unfunded enrollment" for all institutions and then submitted a budget amendment for another \$11.5 million for "unfunded enrollment" specifically for the University of Colorado Health Sciences Center.

On January 2, 2007 and again on January 19, 2007 the Governor requested a \$1,662,483 General Fund increase in fee-for-service contracts for utility expenses for the University of Colorado in FY 2006-07. Neither of these supplemental requests included a budget amendment modifying the FY 2007-08 request. The JBC approved a total of \$1,396,486 for the request.

In a letter dated February 19, 2007, the executive director for the Department described a change in the distribution of total state funds to the governing boards. Instead of using the mandated cost model, the Department proposed distributing new funds using a proration based on the FY 2006-07 appropriation of state funds.

Supporting documentation provided by the Department clearly shows that the Department included the \$1,396,486 approved by the JBC for UCHSC in the base when calculating the percentages for distributing new funds. However, other documents provided by the Department applied the requested new funds to the unmodified FY 2006-07 base for CU, creating some ambiguity about whether the supplemental increase for UCHSC was intended as a one-time increase or a base-building increase. Following conversations with representatives from the Department and OSPB, staff believes that both CCHE and the Governor intended the \$1.4 million to be base building, and so this is how the funding is reflected in the numbers pages. However, at the time this document was prepared, staff had not received official confirmation. It appears that OSPB overlooked the \$1.4 million in the total for FY 2007-08 when attempting to present a budget that balanced within the 6.0 percent limit.

The Commission voted to endorse the new distribution formula and a request of \$48.9 million in total for stipends and fee-for-service contracts, consistent with the Governor's request. Thus, the "CCHE Req." column in the numbers pages has been revised down from the original. The table below compares the original and revised requests. All of the difference is applied to the fee-for-service contracts. The Department has not requested any change in the stipend amount.

November 1 Request vs Current Request - Governor			
	Original Request Stipends + FFS	New Request Stipends + FFS	Difference
Adams	\$603,630	\$1,061,668	\$458,038
Mesa	988,666	1,743,704	\$755,038
Metro	2,995,698	3,478,995	\$483,297
Western	472,100	884,911	\$412,811
CSU System	10,205,277	10,425,736	\$220,459
Ft. Lewis	831,872	908,142	\$76,270
CU	20,615,246	15,194,462	(\$5,420,784)
Mines	2,170,876	1,693,914	(\$476,962)
UNC	2,570,525	3,207,159	\$636,634
Com Colleges	7,455,115	10,310,311	\$2,855,196
TOTAL	\$48,909,005	\$48,909,002	(\$3)

November 1 Request vs Current Request - CCHE			
	Original Request Stipends + FFS	New Request Stipends + FFS	Difference
Adams	\$1,028,278	\$1,061,668	\$33,390
Mesa	2,219,463	1,743,704	(\$475,759)
Metro	7,197,887	3,478,995	(\$3,718,892)
Western	858,218	884,911	\$26,693
CSU System	17,597,027	10,425,736	(\$7,171,291)
Ft. Lewis	1,267,182	908,142	(\$359,040)
CU	47,557,441	15,194,462	(\$32,362,979)
Mines	4,425,963	1,693,914	(\$2,732,049)
UNC	4,686,575	3,207,159	(\$1,479,416)
Com Colleges	19,717,831	10,310,311	(\$9,407,520)
TOTAL	\$106,555,865	\$48,909,002	(\$57,646,863)

Of the total \$48.9 million request, \$38.9 million is for fee-for-service contracts funded in this line item, and the remaining and \$10.0 million is for stipends

Recommendation: Staff recommends \$28.4 million for the fee-for-service contracts, which would provide for a combined stipend and fee-for-service increase of \$38.0 million, or 6.6 percent, on the FY 2006-07 base. Staff recommends distributing the fee-for-service contract funds to the governing boards according to the prorated distribution formula described in the February 19, 2007 letter from the Department. Details of the calculation by governing board can be found in lines 8 through 14 on page 2 of the Appendix at the end of this document.

Pursuant to Section 23-5-130, C.R.S. the fee-for-service contracts are to purchase:

- educational services in rural areas or communities in which the cost of delivering education services is not sustained by the amount received in student tuition;
- educational services required for reciprocal agreements with other states;
- graduate services;
- educational services that may increase economic development opportunities; and
- specialized education and professional degrees.

It would seem that the Department should be able to identify a cost per unit of service and apply that consistently to make purchases throughout the state. In practice, it is difficult to view the fee-for-service contracts in isolation of the stipends. It is also difficult to view them separate from tuition and fees. Stipend and tuition/fee revenue more than cover the cost of some courses, and don't come close to covering the cost of other courses. The amount of stipend and tuition/fee revenue available to support graduate education, reciprocal agreements, professional education, etc. varies based on the composition of courses at each institution. Other factors also contribute to cost differences, such as regional economics that impact staff compensation, tuition and fee rates, class sizes that influence economies of scale, and the volume and condition of physical plant operated by the institution, to name a few of the variables. For these reasons, the amount that CCHE needs to spend to purchase similar services from two different institutions may vary significantly.

For the November 1 request, the Department did not provide a detailed cost study describing the amount needed for each type of fee-for-service contract. Rather, the Department looked at a combined inflationary increase in stipends and fee-for-service contracts for "mandated costs" for the institutions to maintain current service levels. Similarly, the new distribution formula described in the February 19, 2007 letter from the Department also targets a combined stipend and fee-for-service inflationary increase, but based on the FY 2006-07 appropriation base rather than "mandated costs." Neither approach describes service improvements that will be accomplished with the additional funds. Staff can't say, for example, that the requested funding will provide so many new graduate slots. Nor can staff analyze the cost-benefit of providing those additional graduate slots.

In the absence of a detailed cost study or some other justification of the amount required for the fee-for-service contracts, staff followed the lead of the Department and focused on identifying a reasonable combined stipend and fee-for-service inflationary increase. The Department's November 1 request identified "mandated costs" of \$70.1 million to maintain current service levels. In the FY 2006-07 budget the ratio of General Fund to tuition for the governing boards in total is roughly 40 percent to 60 percent (38.6 percent to 61.4 percent). If this same ratio were applied to the \$70.1 million, the General Fund share of "mandated costs" would be approximately \$28 million.

However, the study commissioned by the Department from the National Center for Higher Education Management Systems (NCHEMS) earlier this year suggests that current service levels are inadequate. The report indicated that Colorado institutions are operating at \$832 million below the level of expenditures per student by peer institutions. This is concerning because higher education

institutions compete in a national market for faculty. If institutions reduce services to students to maintain competitive faculty compensation (e.g. by increasing class sizes, cutting academic and career counseling, or deferring technology and infrastructure upgrades), then the standard of education in Colorado will be below peers.

Making Colorado institutions more competitive with peer institutions could be accomplished by increasing General Fund or tuition, or some combination of both. There are models for providing higher education that don't rely on significant amounts of General Fund. The well-regarded Grapevine report from the Center for the Study of Education Policy at Illinois State University ranks Colorado 48th among the states in state tax revenues devoted to higher education per capita and per \$1,000 in personal income. The two states Colorado beats out are Massachusetts and New Hampshire. Massachusetts is certainly not considered a backwater of higher education. The state has a significant knowledge-based economy. It relies heavily on private institutions to deliver higher education. Colorado is limited in what it can spend on higher education by revenues and constitutional spending limits. Arguably, Colorado ranks 48th in spending per \$1,000 of personal income on higher education because Colorado's combined state and local tax revenues per \$1,000 of personal income rank in that same range (46th according to Legislative Council Staff). Given these constraints, Colorado may want to follow a model like Massachusetts and allow public higher education institutions to price themselves like private institutions.

Staff believes that the Department needs to develop long-term goals for the level of state versus private support for higher education, with the understanding that a significant new General Fund investment will most likely require a vote of the people. If the current revenue constraints remain unchanged, staff believes that targeted investments of General Fund and significant increases in tuition at selected institutions would be a better approach than the requested across-the-board increase. Because the Department hasn't mapped out a plan for strategic General Fund investment, and because of the six percent limit on General Fund, staff is uncomfortable recommending the \$48.9 million total increase requested by the Department.

For the briefing, staff included the following chart of higher education appropriations. Only twice before has the General Assembly provided a one-year increase of the size requested, and that was in FY 2005-06 and FY 2006-07 immediately following the passage of Referendum C. Note that in the two decades prior to the most recent economic downturn, General Fund appropriations for higher education exceeded six percent twice. The compound average annual rate of growth for those 20 years was 4.2 percent.

<u>Fiscal Year</u>	<u>General Fund</u>	<u>Dollar Increase</u>	<u>Percent Inc</u>
1982-83	341,619,320		
1983-84	359,365,156	17,745,836	5.2%
1984-85	380,369,772	21,004,616	5.8%
1985-86	399,076,789	18,707,017	4.9%
1986-87	415,944,442	16,867,653	4.2%

<u>Fiscal Year</u>	<u>General Fund</u>	<u>Dollar Increase</u>	<u>Percent Inc</u>
1987-88	439,909,457	23,965,015	5.8%
1988-89	475,182,070	35,272,613	8.0%
1989-90	498,108,361	22,926,291	4.8%
1990-91	502,360,547	4,252,186	0.9%
1991-92	496,888,234	(5,472,313)	-1.1%
1992-93	526,379,705	29,491,471	5.9%
1993-94	531,735,863	5,356,158	1.0%
1994-95	538,166,358	6,430,495	1.2%
1995-96	581,494,518	43,328,160	8.1%
1996-97	618,594,727	37,100,209	6.4%
1997-98	651,896,598	33,301,871	5.4%
1998-99	676,520,205	24,623,607	3.8%
1999-00	716,058,536	39,538,331	5.8%
2000-01	747,562,014	31,503,478	4.4%
2001-02	750,030,496	2,468,482	0.3%
2002-03	685,529,236	(64,501,260)	-8.6%
2003-04	591,409,402	(94,119,834)	-13.7%
2004-05	587,972,772	(3,436,630)	-0.6%
2005-06	636,485,608	48,512,836	8.3%
2006-07	689,673,756	53,188,148	8.4%

The staff recommendation is significantly below the Department's request, and significantly below the amount identified in the NCHEMS study to make Colorado's higher education institutions competitive with peers. However, it is well above a six percent increase. Not counting the two years following the passage of Referendum C, the staff recommendation would rank as the third highest one-year General Fund increase for Higher Education ever. It is a little less than half way between the \$28.0 million required to maintain current services based on the "mandated cost" model, and the Department's request for \$48.9 million.

The amount for each governing board is determined by prorating the total based on the FY 2006-07 appropriation. The amount from stipends is based on projected eligible enrollment and a rate of \$2,670 per SFTE. The difference between the total and the stipends is the amount recommended for fee-for-service contracts. The detail of the calculation by governing board can be found on page 2 of the Appendix at the end of this document.

(5) GOVERNING BOARDS

The Governing Board section includes the cash funds exempt spending authority for the higher education institutions to receive and expend the stipend payments on behalf of students, and to receive and expend the fee-for-service contracts. It also includes cash funds exempt spending authority for tuition and academic fee revenue and appropriated grants. Each governing board is appropriated funding in a single line item, but the letter note associated with the appropriation includes details on all of the components mentioned above and discussed in more detail below.

Student Stipend Payments

Description: This shows the amount of cash funds exempt expected to be received from student stipend payments. Section 23-18-202 (1) (a), C.R.S. requires the General Assembly to provide cash funds exempt spending authority to each governing board for tuition received from stipends.

Request: As discussed above, the Department requested a \$90 increase in the stipend rate per student.

Recommendation: **As discussed above, staff recommends the requested \$90 increase in the stipend rate per student.** The impact by governing board of the staff recommendation is detailed in the table on page 2 of the Appendix at the end of this document.

Fee-for-service Payments

Description: This provides cash funds exempt spending authority for the governing boards to receive and expend the fee-for-service contract payments.

Request: The Department's request for fee-for-service payments has already been discussed.

Recommendation: **The staff recommendation is to reflect the previously recommended amounts for each governing board.** The impact by governing board of the staff recommendation is detailed in the table on page 2 of the Appendix at the end of this document.

Tuition

Description: This provides cash funds exempt spending authority for tuition revenue.

Request: The Governor and CCHE both requested a 7.0 percent increase in tuition spending authority for CU, CSU, Mines, and UNC, a 5.0% increase in tuition spending authority for the other four-year institutions, and a 3.5 percent increase in tuition spending authority for the community colleges. This would be on top of any adjustments for enrollment. The request did not include a projection of the enrollment adjustment to tuition.

Recommendation: **Staff recommends tuition spending authority based on the requested percentage increases and the March 2007 LCS forecast of enrollment.** As discussed in the fee-for-service contracts section, staff believes that if current revenue constraints are not changed, the Department should implement targeted General Fund investments and allow significant increases

in tuition at selected institutions, in order to maintain the capacity of the higher education institutions to compete in a national market for faculty. The Department's General Fund request does not follow this approach, but the tuition request is targeted to specific institutions. Staff would like to see more market analysis and a justification of the targeted tuition increases based on the economic circumstances of the students served by the institutions. Staff would also like to see targeted tuition increases integrated with the financial aid request. However, the proposed increases are not excessive compared to national trends and Colorado institutions generally rank below peers in pricing. Therefore, the staff recommendation is to defer to the request from the Department.

Section 23-18-202 (3) (b), C.R.S. requires the General Assembly to identify in a footnote the tuition increases used to derive the total cash spending authority for each governing board. Staff recommends the following wording for the footnote:

N Department of Higher Education, Governing Boards -- To determine the total spending authority, the General Assembly assumed rate increases in each student's share of resident and nonresident tuition of 7.0 percent at the University of Colorado, Colorado State University, Colorado School of Mines, and the University of Northern Colorado; 5.0 percent at Adams State College, Mesa State College, Metropolitan State College of Denver, Western State College, and Fort Lewis College; and 3.5 percent at the community colleges. These rates are used in order to increase spending authority for program enhancements and this is not an attempt by the General Assembly to set tuition policy. Each governing board will give consideration to establishing equity of tuition increases among the campuses and programs under the governing board's jurisdiction.

Academic Fees and Academic Facility Fees

Description: This includes course fees and other fees that directly support the academic mission of the institutions. It does not include fees associated with ancillary auxiliary activities.

Request: The Department did not request a change in funding for FY 2007-08.

Recommendation: **The staff recommendation is based on revenue estimates submitted by the schools.** The detail of the recommendation by governing board is shown in the table below. The percentage changes for some of the governing boards appear large, but this is primarily due to poor estimates of FY 2006-07 revenues used for the FY 2006-07 appropriation. This line item appeared for the first time in the FY 2005-06 Long Bill and accountants and budget staff at the institutions are still figuring out which revenues are included, and how to estimate costs.

	FY 2006-07 Approp	FY 2007-08 Estimate	Difference	Percent
Adams	\$92,096	\$96,240	\$4,144	4.5%
Mesa	150,000	360,000	210,000	140.0%
Metro	559,650	750,000	190,350	34.0%
Western	300,000	26,000	(274,000)	-91.3%
CSU System	6,224,000	4,250,000	(1,974,000)	-31.7%
Ft. Lewis	1,150,000	1,150,000	0	0.0%
CU	17,357,531	20,762,313	3,404,782	19.6%
Mines	142,475	150,000	7,525	5.3%
UNC	738,017	756,467	18,450	2.5%
Com Colleges	7,076,299	5,618,026	(1,458,273)	-20.6%
TOTAL	\$33,790,068	\$33,919,046	\$128,978	0.4%

Mesa State explained in a supplemental request that they made a technical error when estimating revenues for the FY 2006-07 appropriation, which explains the percentage increase between the FY 2006-07 appropriation and the FY 2007-08 estimate. The University of Colorado did not submit a supplemental request, but clearly they also under estimated fees for the FY 2006-07 appropriation. The actual academic fees in FY 2005-06 for CU were \$18.2 million, and the current estimate for FY 2006-07 is \$20.0 million. From this more recent FY 2006-07 estimate, the projected increase for FY 2007-08 is 3.8 percent. A similar situation occurred with Metro. The actual fee revenue for Metro in FY 2005-06 was \$680,787.

Appropriated Grants

Description: A few of the governing boards have at times received grants from mineral and energy impact funds administered by the Department of Local Affairs. Statutes require that grants from these funds to state agencies be authorized by the General Assembly through an appropriation. In addition, the General Assembly has appropriated spending authority to the Colorado School of Mines from the Oil and Gas Conservation and Environmental Response Fund for research related to S.B. 05-66. In FY 2006-07, the General Assembly made appropriations from the Operational Account of the Severance Tax Trust Fund for the Colorado Water Resources Research Institute at CSU and the Colorado Renewable Energy Authority at the Colorado School of Mines.

Request: The Department requested the following amounts for appropriated grants:

<u>Governing Board</u>	<u>FY 2006-07</u>	<u>FY 2007-08</u>	<u>Comment</u>
Colorado State University	\$670,000	\$170,000	S.B. 06-183 included a one-time FY 2006-07 appropriation from the Operational Account of the Severance Tax Trust Fund for the Colorado Water Resources Research Institute that will not continue in FY 2007-08.
Fort Lewis College	\$48,000	\$46,000	For some reason, the Department did not request continuation of the \$2,000 supplemental increase approved by the JBC in FY 2006-07 for a mineral and energy impact grant from the Department of Local Affairs for technical assistance to local governments in the southwest region.

<u>Governing Board</u>	<u>FY 2006-07</u>	<u>FY 2007-08</u>	<u>Comment</u>
University of Colorado	\$657,531	\$657,531	
Colorado School of Mines	\$3,200,000	\$3,200,000	

Recommendation: Staff recommends the requested amounts, except that staff recommends continuation of the \$2,000 supplemental increase approved by the JBC for Fort Lewis College. The JBC approved a \$2,000 increase in spending authority for Fort Lewis to reflect an increase in the grant amount from the Department of Local Affairs for technical assistance to local governments in the southwest region of the state in dealing with the impacts of mineral and energy production.

Reflecting FTE in the Long Bill

Description: Prior to FY 1999-00, FTE designations were not included in the Long Bill for Higher Education. In FY 1999-00 the JBC adopted a policy of reflecting FTE for all departments in the Long Bill to provide additional information about the number of state employees. Pursuant to statute, the governing boards can hire as many or as few employees as they see fit.

Recommendation: The staff recommendation on FTE in the Long Bill is based on FY 2006-07 estimated FTE in the budget request. This is consistent with the historic practice of the JBC of using the current year estimate in the budget data books for each governing board.

The percent change in estimated staffing levels for the governing boards in most cases exceeds the percent change in student FTE, but this should not be surprising because between FY 2005-06 and FY 2006-07 the General Assembly provided a significant increase in General Fund appropriations. Some of that increase was used for new staff to reduce class sizes, offer more courses, provide additional academic and career counseling to students, and otherwise increase the level of service.

	FY 2006-07 Long Bill	Estimate in FY 2007-08 Request	Difference	Percent
Adams	286.1	271.5	(14.6)	-5.1%
Mesa	426.6	452.2	25.6	6.0%
Metro	1,023.1	1,056.3	33.2	3.2%
Western	205.1	230.9	25.8	12.6%
CSU System	3,750.1	3,852.4	102.3	2.7%
Fort Lewis	425.2	432.3	7.1	1.7%
CU Regents	6,169.8	6,441.1	271.3	4.4%
Mines	591.2	629.4	38.2	6.5%
UNC	1,006.9	1,015.0	8.1	0.8%
Community Colleges	4,669.5	4,576.4	(93.1)	-2.0%
	18,553.6	18,957.5	403.9	2.2%

6) LOCAL DISTRICT JUNIOR COLLEGES

Description: This line item provides funding for Aims Community College and Colorado Mountain College. The Fall Final/Spring Census indicates that there are 5,029 Colorado student FTE at these two institutions. The FY 2006-07 appropriation of \$13,668,051 equates to \$2,718 per resident SFTE. This compares to an FY 2006-07 appropriation for the Community Colleges from stipends and fee-for-service contracts combined of \$2,967 per resident SFTE, using the March 2007 LCS forecast of all resident SFTE at the Community Colleges.

	LDJCs	Community Colleges
FY 2006-07 Appropriation	\$13,668,051	\$121,998,555
Estimated resident SFTE	5,029	41,115
Funding per SFTE	\$2,718	\$2,967

Request: In the November 1 request, the Governor did not ask for any increase for the Local District Junior Colleges. The Commission requested a \$478,382, or 3.5 percent, inflationary increase.

In a February 19, 2007 letter to the JBC and supporting documents provided to staff, the Department requested a \$1,154,950 General Fund increase, or 8.45 percent, to match the requested increase for the Community Colleges. This is the amount reflected in the "CCHE Req." column of the numbers pages. The February 19, 2007 letter indicated that the Governor did not take a position on the additional funds for the Local District Junior Colleges, and so no change is reflected in the "Gov. Req." column of the numbers pages.

Recommendation: **Staff recommends a \$902,091 General Fund, or 6.6 percent, increase for the Local District Junior Colleges.** The combined stipend and fee-for-service increase recommended by staff for the Community Colleges is 6.6 percent. The Local District Junior Colleges serve a similar population, and so staff is recommending a similar percentage increase in funding.

7) ADVISORY COMMISSION ON FAMILY MEDICINE

The recommendation for this section will be dealt with during figure setting for the Department of Health Care Policy and Financing.

8) DIVISION OF OCCUPATIONAL EDUCATION

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

A) Administrative Costs

Description: These FTE are responsible for approving the programs and distributing funds. The source of cash funds exempt is indirect cost recoveries.

Request: The Department requested continuation level funding.

Recommendation: **Staff recommends continuation level funding, despite lower than anticipated expenditures in FY 2005-06.** In FY 2005-06 appropriations for this line item were increased from \$600,000 to \$900,000 to more accurately reflect actual expenditures for administration. Previously, a portion of the administrative expenditures were being paid for from the appropriation for the community colleges governing board. When funding for the governing board expenses was changed from General Fund to stipends and fee-for-service contracts, the State Auditor had concerns that this might make it difficult to demonstrate to the federal government that Colorado was providing the required administrative match for Perkins programs. While the spending authority was increased to \$900,000 in FY 2005-06, the Department only spent \$543,510. According to the Department, the Administrative Costs were so low compared to the appropriation because: 1) Educational Services restructured and temporarily reduced staffing to conform with audit recommendations; and 2) The CVA/Perkins audit found that some expenses were not being properly charged/allocated, so the system office immediately ceased charges to this line in order to research and resolve the issues. The Division believes that it has adapted to the audit recommendations and that expenditures in FY 2006-07 and FY 2007-08 will be much closer to the \$900,000 level. The Community Colleges are scheduled for a follow-up hearing with the Legislative Audit Committee this week.

B) Colorado Vocational Act Distributions pursuant to Section 23-8-102, C.R.S.

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

Request: The Department requested continuation level funding.

Recommendation: **During figure setting for the Department of Education, the JBC approved a \$572,397, or 2.8 percent, increase in funding for the Colorado Vocational Act.**

C) Area Vocational School Support

Description: This line provides state support for the four area vocational schools to provide post-secondary vocational training. In addition to the General Fund shown in the Long Bill, the AVS charge minimal tuition and fees to students. Also, the AVS provide some vocational training to secondary students with funds from their local school districts, which may include Colorado Vocational Act dollars. The distribution of General Fund is determined by the Division in consultation with the AVS.

Request: In the November 1 request, the Governor did not propose any increase, while CCHE asked for a \$337,257, or 3.5 percent increase.

In a February 19, 2007 letter to the JBC and supporting documents provided to staff, the Department requested a \$814,234 General Fund increase, or 8.45 percent, to match the requested increase for the Community Colleges. This is the amount reflected in the "CCHE Req." column of the numbers pages. The February 19, 2007 letter indicated that the Governor did not take a position on the additional funds for the Area Vocational Schools, and so no change is reflected in the "Gov. Req." column of the numbers pages.

Recommendation: **Staff recommends a \$635,970 General Fund, or 6.6 percent, increase for the Area Vocational Schools.** The combined stipend and fee-for-service increase recommended for the Community Colleges is 6.6 percent. There are similarities between the populations served by the Community Colleges and by the Area Vocational Schools, and so staff is recommending a similar percentage increase in funding.

D) Sponsored Programs

These are federally funded occupational education programs.

Administration

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

Request: The Department requested continuation level funding.

Recommendation: **Staff recommends a slight increase in federal funds of \$45,419, and a decrease in FTE of 2.2 to reflect the most recent estimate from the Community Colleges of the amount of revenue that will be received and the number of employees.**

Programs

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

Request: The Department requests continuation level funding.

Recommendation: Staff recommends a decrease of \$306,154 federal funds to reflect the most recent estimate from the Community Colleges of the amount of revenue that will be received.

E) Colorado First Customized Job Training

Description: These are General Fund dollars transferred from the Governor's Office for community colleges to provide training to employees of new companies or expanding firms.

Request: The Department's request is for continuation level funding.

Recommendation: During figure setting for the Governor's Office, the JBC approved continuation level funding.

F) Existing Industry Training

Description: These are General Fund dollars transferred from the Governor's Office for community colleges to provide training to employees of companies already located in Colorado that are experiencing major technological changes. Funding was eliminated in FY 2003-04, but statutes allow moneys appropriated for the Colorado First Customized Training Program to be used for Existing Industry Training.

Request: The Department did not request funding.

Recommendation: Staff recommends no funding.

9) AURARIA HIGHER EDUCATION CENTER

Administration

Description: The Auraria Higher Education Center collects funds from the institutions with programs on the Auraria campus for operation and maintenance of the campus. While there is some impact on AHEC's budget when enrollment changes on the campus, much of the expenses are for fixed costs related to maintaining the buildings and coordinating activities of the co-tenants. The source of cash funds is payments by enterprises and the source of cash funds exempt is payments by non-enterprises.

Request: The Department requested continuation level funding.

Recommendation: The staff recommendation is based on the estimated FY 2007-08 budget included in the budget data book and the estimate of FY 2006-07 FTE.

Auxiliary Enterprises

Description: This line item provides spending authority for revenues from business ventures that are

not exempt from TABOR.

Request: The Department requests continuation \$50,000. In FY 2006-07 AHEC received a supplemental of \$2,390,000, but the Department did not request continuation of this supplemental. The supplemental was for internal service charges between AHEC and the resident institutions of the campus for things like lock smithing, postage, fleet management, special event security, room rentals, minor remodeling, and telephone moves. Because the resident institutions of the campus are designated as enterprises, but AHEC is not, the internal service charges were crossing the TABOR boundry. The State Controller would not allow AHEC to record the expenditures unless cash funds spending authority was provided by the General Assembly.

Last year the JBC asked AHEC to explore designating these internal service charges as enterprise activities, or perhaps designating all of AHEC as an enterprise. AHEC is looking into creating an enterprise, but was not able to do it in FY 2006-07 due to a review by the State Auditor of AHEC's charge-back procedures. The State Auditor identified places where some of AHEC's charges for services did not completely capture the true cost of providing that service. AHEC did not submit the enterprise request, assuming that the State Auditor would not certify enterprise status until these charge-back issues were resolved. AHEC anticipates submitting an enterprise request in FY 2007-08.

Recommendation: **Staff recommends the requested \$50,000.** This recommendation assumes that AHEC will either designate these internal service charges as enterprise activities, or designate all of AHEC as an enterprise. If the designation does not occur, staff assumes that AHEC will submit another supplemental.

10) COUNCIL ON THE ARTS

Description: This line item funds the personal services, operating, and grants associated with the Council on the Arts. The General Fund appropriation provides a match for the federal funds. The source of cash funds is gifts, grants and donations.

Request: The Department did not submit a request. In FY 2006-07, the Council on the Arts was transferred to the Governor's Office.

Recommendation: **Staff recommends no funding.**

11) STATE HISTORICAL SOCIETY OF COLORADO

The State Historical Society collects, preserves, exhibits and interprets properties and artifacts of historical significance. In addition to operating museums and historical sites throughout the state, the Society distributes gaming funds for preservation projects.

(A) Cumbres-Toltec Railroad Commission

Description: This line item funds the state's portion of a cooperative agreement with New Mexico to operate the Cumbres-Toltec Railroad.

Request: The Department requested continuation level funding.

Recommendation: **Staff recommends \$100,000.** According to staff for the New Mexico legislature, New Mexico provided an operating appropriation of \$100,000 for FY 2007-08.

Last year the railroad presented information that ridership in 2005 was less than expected, and the railroad had to release staff over the winter. As a result, critical maintenance work in preparation for the 2006 season was not performed. The FY 2005-06 and FY 2006-07 appropriations were to address the urgent cash flow needs identified by the C&TRR. In 2006 ridership recovered and the staff recommendation is to match the New Mexico operating appropriation.

In addition to the operating appropriation, the New Mexico legislature provided \$2.0 million for capital construction.

The CDC's priority list includes three projects for the Cumbres and Toltec Scenic Railroad: 1) a Level I controlled maintenance project (Level I controlled maintenance was ranked 3rd on the CDC's priority list) for the Chama Car Shop/Engine House Rehabilitation for \$80,000; 2) Track Rehabilitation (ranked 35th) for \$1,350,000; and 3) Steam Locomotive Rehabilitation (ranked 51st) for \$450,000. If all three projects are funded, the state would spend \$1,880,000 on capital construction for the railroad.

The railroad needs a significant investment in track maintenance over the next several years to reduce wear on the rolling stock and make the ride smoother, faster, and more attractive to tourists. However, these costs are better addressed through the capital budget than the operating budget. The staff recommendation is for a minimal annual operating subsidy that matches the New Mexico commitment. Approximately two thirds of the riders originate in Chama, the New Mexico terminus of the railroad.

(B) Sponsored Programs

Description: This line item provides spending authority for a variety of programs supported through restricted donations, federal funds and other dedicated sources. Examples of activities include special exhibits, and artifact conservation and processing.

Request: The Department requested continuation level funding based on projected revenues.

Recommendation: **Staff recommends the requested amount, based on expected revenues.**

(C) Auxiliary Programs

Description: This line item provides spending authority for various self-supporting activities of the Historical Society. Included in this line are the museum shop, public education and membership/publications. There are 14.5 FTE associated with this line item.

Request: The Department requested continuation level funding based on projected revenues.

Recommendation: **Staff recommends the requested amount, based on expected revenues.**

(D) Gaming Revenues

The voter-approved amendment to Colorado's constitution that permitted limited gaming included a formula allocation of the tax revenues generated from gaming activities. This constitutional formula has been further modified by statute. The table below shows the projected FY 2007-08 allocation of limited gaming funds according to the constitutional and statutory provisions.

Limited Gaming Fund Distribution	Constitutional Percent	Statutory Percent	FY 07-08 Projected
<u>Distributions to Cities and Counties - Unrestricted Use</u>	<u>22.0%</u>	<u>22.0%</u>	<u>\$23,092,651</u>
Gilpin and Teller Counties	12.0%	12.0%	\$12,595,992
Cripple Creek, Central City, Black Hawk	10.0%	10.0%	\$10,496,660
<u>State Historical Fund (SHF) - Preservation and Restoration</u>	<u>28.0%</u>	<u>28.0%</u>	<u>\$29,390,647</u>
Cripple Creek, Central City, Black Hawk (20% of SHF)	5.6%	5.6%	\$5,878,129
Statewide Grants and Society Operations (80% of SHF)	22.4%	22.4%	\$23,512,518
<u>Purposes Determined by General Assembly</u>	<u>50.0%</u>	<u>50.0%</u>	<u>\$52,483,299</u>
Local Government Limited Gaming Impact Fund		6.5%	\$6,822,829
Colorado Travel and Tourism Promotion Fund		set amount	\$19,981,350
Sate Council on the Arts Cash Fund		set amount	\$1,577,475
Film Incentives Cash Fund		set amount	\$525,825
New Jobs Incentives Cash Fund		set amount	\$3,154,950
General Fund/Transportation Needs		Remainder	\$20,420,870
Total:	100.0%	100.0%	\$104,966,597

**Requested Allocation of General Fund/Transportation Needs:*

Department of Transportation

General Fund

Subject \$20,420,870
to Annual \$0
Approp. \$20,420,870

The 28 percent of limited gaming moneys deposited in the State Historical Fund support activities of the State Historical Society. The total amount for the State Historical Fund is determined by the constitution and revenues, but within the amount allocated for statewide grants and society operations, the General Assembly can influence how much is allocated for grants versus operations.

Gaming Cities Distribution

Description: A portion of the revenue generated from gaming is returned to the gaming cities as defined in Section 12-47.1-701, C.R.S.

Request: The Department requested continuation level funding.

Recommendation: **The staff recommendation is based on the more recent revenue estimate detailed in the table above.**

Statewide Preservation Grant Program

Description: The majority of the revenue generated from gaming is used for the preservation and restoration of historical sites and municipalities throughout the state. The Historical Society has statutory authority to expend some of these funds to cover the "reasonable costs" of administration.

Request: The Department's request reflects expected revenues less funding for decision items #1 and #2 that the Department proposes spending on Society Museum and Preservation Operations.

Recommendation: **The staff recommendation is based on a more recent revenue estimate and the following calculation of remaining funds after all other obligations:**

Historic Preservation Grant Program	
Item	Dollars
Projected Gaming Revenue to the State Historical Fund	\$29,390,647
Gaming Cities Distribution	(5,878,129)
Society Museum and Preservation Operations	(4,838,634)
Indirect Cost Assessment	(180,629)
Estimated "Pots" Expenditures	(630,000)
Remaining for Statewide Preservation Grant Program	\$17,863,255

Some of the money in the State Historical Fund is used for centrally appropriated "pots" in the Executive Director's Office, like Health, Life and Dental or Short-Term Disability. The actual amounts for some of the potted items are pending a JBC common policy. The table shows an estimate of the pots and other obligations that will need to be paid before the remaining money can be granted out for preservation projects.

The recommendations on decision items #1 and #2 are discussed with the next line item and

incorporated into the total for the Museum and Preservation Operations amount in the table above.

Society Museum and Preservation Operations

Description: This line item funds the administrative staff for the division and the staff for the museums and associated operating expenses. The primary sources of cash funds are museum admission fees and user charges. The cash funds exempt come from gaming revenues deposited in the State Historical Fund.

Staffing Summary	FY 2005-06 Actual	FY 2006-07 Approp.	FY 2007-08 Request	FY 2007-08 Recomm.
Collections and Library	16.2	17.6	17.6	17.6
Interpretation	9.3	13.1	13.1	13.1
Museum Facilities	22.7	24.2	24.2	24.2
Outreach and Development	4.0	5.0	5.0	5.0
Preservation	18.5	21.0	21.0	21.0
Support Services	8.6	10.0	10.0	10.0
TOTAL	79.3	90.9	90.9	90.9

Request: The Department's request includes decision item #1 to provide \$50,000 increased spending authority from the State Historical Fund for security services, and decision item #2 to provide \$90,000 increased spending authority from the State Historical Fund for utility expenses. Both of these requests were also considered by the JBC during the supplemental process.

The Department's request does not include annualization of salary survey increases, or a base reduction, per the OSPB budget instructions, but this is a technical error, rather than reflective of a policy decision to request less.

***Recommendation:* For decision item #1, staff recommends continuation of the \$50,000 supplemental spending authority approved by the JBC.**

For Decision item #2, staff recommends \$45,000 rather than the requested \$90,000. At supplemental time, the JBC denied the request for additional utility expenses, primarily because it did not meet the JBC's supplemental criteria. It was related to utility increases that occurred between FY 2003-04 and the current year. These were known costs that should have been requested through the normal budget cycle. The supplemental process should be reserved for emergencies and unexpected expenditures.

Since the JBC is now going through the normal budget cycle, it is reasonable to consider this utility request. The Department has experienced increased costs as shown in the table below.

Fiscal Year	Utility Expense	Increase	Percent
FY 2003-04 Actual	\$100,159		
FY 2004-05 Actual	\$131,253	\$31,094	31.0%

Fiscal Year	Utility Expense	Increase	Percent
FY 2005-06 Actual	\$151,304	\$20,051	15.3%
FY 2006-07 est.	\$160,735	\$9,431	6.2%
FY 2007-08 est.	\$190,159	\$29,424	18.3%

A \$90,000 increase in utility costs, if it materializes as projected by the Department, is a significant increase relative to the size of the Historical Society's budget. Of the Society Museum and Preservation Operations line item, approximately \$1.5 million is devoted to operating expenses. The requested \$90,000 represents a 6.0 percent increase on this base.

There is a board that allocates the preservation grants, and according to staff at the Society the board has approved the requested increase in utility expenses.

On the other hand, the Historical Society is not the only state agency that has experienced increased utility costs. The JBC has not provided utility increases as common policy. It has provided utility increases in selected cases for departments with institutional programs with vulnerable populations, such as the Mental Health Institutes and the Department of Corrections. The Historical Society does not meet this description.

The Society Museum and Preservation Operations line item is a program line item that combines personal services and operating expenses. This provides the Historical Society enormous flexibility, if necessary, to manage increases in operating expenses by holding positions vacant or downgrading positions.

The staff recommendation is that the Society should manage a portion of the utility increase within existing appropriations, and the JBC should authorize a shift in spending authority from the Statewide Preservation Grants line item for the other portion of utility expenses.

The components of the staff recommendation are summarized in the following table.

Historical Society Administration						
Item	Total Dollars	General Fund	Cash Funds	Cash Exempt	Federal Funds	FTE
FY 2006-07 Long Bill	\$5,969,330	\$0	\$695,347	\$4,635,263	\$638,720	90.9
Supplemental	50,000	0	0	50,000	0	0.0
Salary Survey	143,438	0	0	126,579	16,859	0.0
-0.5 Percent Base Reduction	(23,279)	0	(2,599)	(18,208)	(2,472)	0.0
#2 Utilities	45,000	0	0	45,000	0	0.0
Total	\$6,184,489	\$0	\$692,748	\$4,838,634	\$653,107	90.9

Indirect Cost Recoveries

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

Request: The table below shows how the Department will assess indirect costs.

	<u>FY 2006-07</u>	<u>FY 2007-08</u>	<u>Difference</u>
Adams	90,168	87,480	(2,688)
Mesa	103,359	96,846	(6,513)
Western	73,079	49,530	(23,549)
Metro	261,819	279,046	17,227
CSU System	795,267	601,166	(194,101)
Fort Lewis	101,115	100,750	(365)
University of CO	1,321,827	850,484	(471,343)
Mines	130,586	120,915	(9,671)
Northern CO	269,019	275,346	6,327
Community Colleges	1,450,233	1,344,354	(105,879)
AHEC	35,002	29,677	(5,325)
Private Oc. Schools	2,940	5,345	2,405
CollegeInvest	27,310	29,137	1,827
College Access Network	80,229	127,340	47,111
Arts	0	0	0
Historical	140,578	180,629	40,051
Other	<u>472</u>	<u>339</u>	<u>(133)</u>
	4,883,003	4,178,384	(704,619)

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

The Department is in the fifth year of a five-year plan to change the allocation of statewide indirect costs among the institutions. The Department used to allocate statewide and departmental indirect costs to the institutions based on each school's share of total funds. The new methodology looks at actual usage of centralized services to allocate the statewide indirect. For departmental indirect the new methodology uses student FTE.

Of the total indirect collected, the amounts from the Auraria Higher Education Center, the Division of Private Occupational Schools, and the Historical Society, totaling \$215,651, are treated as cash funds exempt transfers. The remaining \$3,962,733 is paid by entities designated as TABOR enterprises, and so it is cash fund revenue to the state.

***Recommendation:* Staff recommends approval of the Department's indirect cost recovery plan.**

The allocation of indirect cost recoveries to offset General Fund is pending JBC decisions on several centrally appropriated pots. Last year the total indirect cost recoveries exceeded the administration-related line items in the Department of Higher Education and the excess was applied to offset General Fund in the Department of Personnel. Staff does not anticipate that happening in FY 2007-08, but part of the recommendation is for permission to adjust the Department of Personnel appropriations, if necessary. If the distribution indirect cost recoveries within the Department of Higher Education needs to be adjusted after the common policies are set by the JBC, staff will apply adjust the Division of Occupational Education, Administration line item.

FOOTNOTES

Staff recommends continuation of the following footnotes, with additions shown in small caps and deletions in struck type.

- 36 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 November 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 Governor vetoed this footnote* on the grounds that it interferes with the ability of the executive branch to administer the appropriation and may constitute substantive legislation. As discussed at the briefing, the Department failed to fully comply with the footnote. However, staff assumes that the General Assembly still wants the information, and so the staff recommendation is to continue the footnote. The Committee received a partial response at the hearing.

38 Department of Higher Education, Colorado Commission on Higher Education, Administration -- The Department is requested to submit a report to the Joint Budget Committee by November 1 each year documenting the base level of institutional financial aid at each institution and demonstrating that at least 20 percent of any increase in undergraduate resident tuition revenues in excess of inflation is being devoted to need-based financial assistance pursuant to section 23-18-202 (3) (c), C.R.S.

Comment: *The Governor vetoed this footnote* on the grounds that it interferes with the ability of the executive branch to administer the appropriation and may constitute substantive legislation. As discussed at the briefing, the Department failed to fully comply with the footnote. However, staff assumes that the General Assembly still wants the information, and so the staff recommendation is to continue the footnote. The Committee received a partial response at the hearing.

38a Department of Higher Education, Colorado Commission on Higher Education, Administration -- The Department is requested to submit a report to the House and Senate Education Committees and the Joint Budget Committee by ~~November 1, 2006~~, November 1, 2007, analyzing the impact of need based financial aid programs on the recruitment, retention, and academic performance of under-served students, and making recommendations for improvement.

Comment: *The Governor vetoed this footnote* on the grounds that it interferes with the ability of the executive branch to administer the appropriation and may constitute substantive legislation. As discussed at the briefing, the Department failed to fully comply with the footnote. The Committee received a partial response at the hearing. The wording of this footnote suggests that it is information the General Assembly may want one year, but not necessarily every year. The main piece of information missing from the Department's response at the hearing was recommendations for improvement. Until the Department submits those recommendations, staff assumes that the General Assembly still wants the information.

38b Department of Higher Education, Colorado Commission on Higher Education, Special Purpose, Enrollment/Tuition and Stipend Contingency -- The Colorado Commission on Higher Education may transfer spending authority from this line item to the Governing Boards in the event that tuition or stipend revenues increase beyond appropriated levels. The spending authority for this line item shall be in addition to the funds appropriated directly to the Governing Boards. The Colorado Commission on Higher Education shall not authorize transfers of spending authority from this line item to support tuition or fee increases.

Comment: This footnote provides guidance on how the Department may use the appropriation.

39 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: The footnote provides flexibility for the Department to roll forward work study funds, since employment by some students in the summer of the academic year may occur in the next state fiscal year.

- 40 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: This footnote expresses the General Assembly's intent with regard to the amount of the transfer to the Department of Military Affairs, and provides flexibility for CCHE to apply unused funds to need based financial aid.

- 42 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: This footnote expresses legislative intent with regard to FTE.

Staff recommends replacing the following footnote with the language in the footnote labeled "N":

- 43 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 -- It is the intent of the General Assembly that no governing board increase the tuition credit hour rate for resident undergraduate students more than 2.5 percent. These rates are used in order to increase spending authority for program enhancements and this is not an attempt by the General Assembly to set tuition policy. Each governing board will give consideration to establishing equity of tuition increases among the campuses and programs under the governing board's jurisdiction.

N Department of Higher Education, Governing Boards -- To determine the total spending authority, the General Assembly assumed rate increases in each student's share of resident and nonresident tuition of 7.0 percent at the University of Colorado, Colorado State University, Colorado School of Mines, and the University of Northern Colorado; 5.0 percent at Adams State College, Mesa State College, Metropolitan State College of Denver, Western State College, and Fort Lewis College; and 3.5 percent at the community colleges. These rates are used in order to increase spending authority for program enhancements and this is not an attempt by the General Assembly to set tuition policy. Each governing board will give consideration to establishing equity of tuition increases among the campuses and programs under the governing board's jurisdiction.

Comment: Section 23-18-202 (3) (b), C.R.S. requires the General Assembly to identify in a footnote the tuition increases used to derive the total cash spending authority for each governing board. The new wording reflects the rate assumptions in the staff recommendation on tuition.

Staff recommends eliminating the following footnotes:

37 Department of Higher Education, Colorado Commission on Higher Education, Administration -- The Department is requested to submit a report to the Joint Budget Committee by November 1, 2006, comparing the retention rates of students receiving Governor's Opportunity Scholarships with retention rates for low-income students receiving other types of financial aid packages.

Comment: *The Governor vetoed this footnote* on the grounds that it interferes with the ability of the executive branch to administer the appropriation and may constitute substantive legislation. As discussed at the briefing, the Department failed to fully comply with the footnote. The Department has indicated that it wants to eliminate the program, and staff has recommended combining the line item with the General Need Based Grants line item.

39a Department of Higher Education, Colorado Commission on Higher Education Financial Aid, Special Purpose, Scholarships for Pre-collegiate Programs -- It is the intent of the General Assembly that to receive a grant from the Scholarships for Pre-collegiate Programs a student must be a Colorado high school graduate eligible for resident tuition and have been accepted into an institution of higher education in Colorado. Further, the student must have been enrolled in and successfully completed an eligible pre-collegiate

program of at least one year offered during the high school academic year. It is the intent of the General Assembly that the Colorado Commission on Higher Education or their designee will determine which pre-collegiate programs are eligible.

Comment: *The Governor vetoed this footnote* on the grounds that it interferes with the ability of the executive branch to administer the appropriation and may constitute substantive legislation. Staff agrees with the Governor's assessment. Parameters for this program should probably be authorized in statute rather than the Long Bill.

- 41 Department of Higher Education, Colorado Commission on Higher Education Financial Aid, Special Purpose, Early Childhood Professional Loan Repayment Program; and Department of Human Services, Division of Child Care, Early Childhood Professional Loan Repayment Program --** It is the intent of the General Assembly that no more than 10 percent of all expenditures from this line item shall be for program administration.

Comment: The statutory authority for this program is scheduled to expire, and staff has recommended eliminating funding.

- 41b Department of Higher Education, College Opportunity Fund Program, Stipends --** It is the intent of the General Assembly that no stipends from the College Opportunity Fund shall be disbursed on behalf of non-legal residents of the United States.

Comment: The statutes provide guidance on the eligibility of students for stipends.

Options for Responding to Revised Forecast of FY 2006-07 Stipend-eligible Population

Rate		Total	Adams	Mesa	Metro	Western	CSU Sys	Ft. Lewis	CU	Mines	UNC	CCs
FY 2006-07 Stipend Appropriation:												
1	Estimated stipend-eligible SFTE	123,524	1,511	4,491	14,342	1,509	19,216	2,578	28,248	2,704	8,945	39,980
2	State-operated stipends @ \$2,580	\$318,691,920	\$3,898,380	\$11,586,780	\$37,002,360	\$3,893,220	\$49,577,280	\$6,651,240	\$72,879,840	\$6,976,320	\$23,078,100	\$103,148,400
Calculation based on March 2007 LCS enrollment forecast:												
3	Estimated stipend-eligible SFTE	121,559	1,433	4,313	14,936	1,428	19,052	2,562	27,272	2,670	8,738	39,155
4	State-operated stipends @ \$2,580	\$313,622,220	\$3,697,140	\$11,127,540	\$38,534,880	\$3,684,240	\$49,154,160	\$6,609,960	\$70,361,760	\$6,888,600	\$22,544,040	\$101,019,900
Option 1 - Supplemental increase/(decrease) to stipends:												
5	Stipend-eligible SFTE	(1,965)	(78)	(178)	594	(81)	(164)	(16)	(976)	(34)	(207)	(825)
6	State-operated stipends \$0	\$(5,069,700)	\$(201,240)	\$(459,240)	\$1,532,520	\$(208,980)	\$(423,120)	\$(41,280)	\$(2,518,080)	\$(87,720)	\$(534,060)	\$(2,128,500)
7	Percent change from original estimate	-1.6%	-5.2%	-4.0%	4.1%	-5.4%	-0.9%	-0.6%	-3.5%	-1.3%	-2.3%	-2.1%
Option 2 - Adjust fee-for-service contracts to "hold harmless":												
8	State-operated stipends	\$(5,069,700)	\$(201,240)	\$(459,240)	\$1,532,520	\$(208,980)	\$(423,120)	\$(41,280)	\$(2,518,080)	\$(87,720)	\$(534,060)	\$(2,128,500)
9	Fee-for-service contracts	\$5,069,700	\$201,240	\$459,240	\$(1,532,520)	\$208,980	\$423,120	\$41,280	\$2,518,080	\$87,720	\$534,060	\$2,128,500
10	Total Change	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Option 3 - Let the Department use existing statutory and appropriation flexibility to address variances:												
11	Unearned stipends - shortfall more than 3.0%	\$(619,793)	\$(84,289)	\$(111,637)	\$-	\$(92,183)	\$-	\$-	\$(331,685)	\$-	\$-	\$-
12	Additional reversion to cover Metro (prorated)	\$(912,727)	\$(12,631)	\$(37,543)	\$-	\$(12,615)	\$(160,640)	\$(21,551)	\$(236,144)	\$(22,605)	\$(74,777)	\$(334,220)
13	Increased stipend payments to Metro	\$1,532,520	\$-	\$-	\$1,532,520	\$-	\$-	\$-	\$-	\$-	\$-	\$-
14	Stipends converted to fee-for-service contracts	\$(5,069,700)	\$(104,320)	\$(310,060)	\$-	\$(104,182)	\$(262,480)	\$(19,729)	\$(1,950,251)	\$(65,115)	\$(459,283)	\$(1,794,280)
15	Total stipend change	\$(5,069,700)	\$(201,240)	\$(459,240)	\$1,532,520	\$(208,980)	\$(423,120)	\$(41,280)	\$(2,518,080)	\$(87,720)	\$(534,060)	\$(2,128,500)
16	Fee-for-service contract change	\$5,069,700	\$104,320	\$310,060	\$-	\$104,182	\$262,480	\$19,729	\$1,950,251	\$65,115	\$459,283	\$1,794,280
17	Net Impact	\$-	\$(96,920)	\$(149,180)	\$1,532,520	\$(104,798)	\$(160,640)	\$(21,551)	\$(567,829)	\$(22,605)	\$(74,777)	\$(334,220)

Summary of FY 2007-08 Stipend and Fee-for-service Recommendation

	Rate	Total	Adams	Mesa	Metro	Western	CSU Sys	Ft. Lewis	CU	Mines	UNC	CCs
FY 2006-07 Appropriation:												
1												
		123,524	1,511	4,491	14,342	1,509	19,216	2,578	28,248	2,704	8,945	39,980
2												
	\$2,580	\$318,691,920	\$ 3,898,380	\$11,586,780	\$37,002,360	\$ 3,893,220	\$ 49,577,280	\$ 6,651,240	\$ 72,879,840	\$ 6,976,320	\$ 23,078,100	\$103,148,400
3												
		\$258,636,124	\$ 8,664,032	\$ 9,045,856	\$ 4,163,555	\$ 6,577,560	\$ 73,786,913	\$ 4,094,553	\$105,515,552	\$13,067,037	\$ 14,870,911	\$ 18,850,155
4												
		\$ 1,396,486	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,396,486	\$ -	\$ -	\$ -
5												
		\$260,032,610	\$ 8,664,032	\$ 9,045,856	\$ 4,163,555	\$ 6,577,560	\$ 73,786,913	\$ 4,094,553	\$106,912,038	\$13,067,037	\$ 14,870,911	\$ 18,850,155
6												
		\$578,724,530	\$ 12,562,412	\$20,632,636	\$41,165,915	\$10,470,780	\$123,364,193	\$ 10,745,793	\$179,791,878	\$20,043,357	\$ 37,949,011	\$121,998,555
7												
		100.0%	2.2%	3.6%	7.1%	1.8%	21.3%	1.9%	31.1%	3.5%	6.6%	21.1%
<hr/>												
FY 2007-08 Recommended Changes:												
8												
		(571)	(99)	(70)	900	(70)	(27)	(61)	(879)	20	(108)	(177)
9												
	\$2,580	\$ (1,473,180)	\$ (255,420)	\$ (180,600)	\$ 2,322,000	\$ (180,600)	\$ (69,660)	\$ (157,380)	\$ (2,267,820)	\$ 51,600	\$ (278,640)	\$ (456,660)
10												
	\$90	\$ 11,065,770	\$ 127,080	\$ 397,890	\$ 1,371,780	\$ 129,510	\$ 1,727,010	\$ 226,530	\$ 2,463,210	\$ 245,160	\$ 795,330	\$ 3,582,270
11												
		\$ 9,592,590	\$ (128,340)	\$ 217,290	\$ 3,693,780	\$ (51,090)	\$ 1,657,350	\$ 69,150	\$ 195,390	\$ 296,760	\$ 516,690	\$ 3,125,610
12												
		\$ 28,407,411	\$ 953,209	\$ 1,137,483	\$ (990,759)	\$ 738,619	\$ 6,442,945	\$ 636,436	\$ 11,610,039	\$ 1,019,320	\$ 1,975,104	\$ 4,885,015
13												
		\$ 38,000,000	\$ 824,869	\$ 1,354,773	\$ 2,703,021	\$ 687,529	\$ 8,100,295	\$ 705,586	\$ 11,805,429	\$ 1,316,080	\$ 2,491,794	\$ 8,010,625
14												
		6.6%	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%
<hr/>												
FY 2007-08 Recommendation:												
15												
		122,953	1,412	4,421	15,242	1,439	19,189	2,517	27,369	2,724	8,837	39,803
16												
	\$2,670	\$328,284,510	\$ 3,770,040	\$11,804,070	\$40,696,140	\$ 3,842,130	\$ 51,234,630	\$ 6,720,390	\$ 73,075,230	\$ 7,273,080	\$ 23,594,790	\$106,274,010
17												
		\$288,440,021	9,617,241	10,183,339	3,172,796	7,316,179	80,229,858	4,730,989	118,522,077	14,086,357	16,846,015	23,735,170
18												
		\$616,724,531	13,387,281	21,987,409	43,868,936	11,158,309	131,464,488	11,451,379	191,597,307	21,359,437	40,440,805	130,009,180
19												
		100.0%	2.2%	3.6%	7.1%	1.8%	21.3%	1.9%	31.1%	3.5%	6.6%	21.1%

Summary of FY 2007-08 Tuition Recommendation

	Total	Adams	Mesa	Metro	Western	CSU Sys	Ft. Lewis	CU	Mines	UNC	CCs
1 FY 2006-07 Tuition Appropriation	\$ 921,360,931	\$ 6,368,109	\$ 19,958,072	\$ 44,214,860	\$ 8,980,816	\$ 163,433,524	\$ 22,407,865	\$ 453,264,459	\$ 40,759,486	\$ 51,043,730	\$ 110,930,010
2 Full-time, undergraduate, lower-division, annual tuition rate (30 credit hours per year)		\$2,030	\$3,442	\$2,447	\$2,554	\$3,466 (Ft. Collins)	\$2,522	\$4,554 (Boulder)	\$7,852	\$3,276	\$2,237
3 Revised FY 2006-07 estimate (March 2007 LCS)	\$ 917,756,629	\$ 6,364,607	\$ 19,958,072	\$ 42,902,156	\$ 8,717,028	\$ 160,710,700	\$ 21,907,865	\$ 443,635,332	\$ 42,040,873	\$ 49,526,272	\$ 121,993,724
4 Resident	\$ 543,835,334	\$ 4,851,264	\$ 15,966,458	\$ 38,723,523	\$ 3,931,515	\$ 85,356,500	\$ 7,262,140	\$ 224,969,364	\$ 23,920,269	\$ 36,936,223	\$ 101,918,078
5 Nonresident	\$ 373,921,295	\$ 1,513,343	\$ 3,991,614	\$ 4,178,633	\$ 4,785,513	\$ 75,354,200	\$ 14,645,725	\$ 218,665,968	\$ 18,120,604	\$ 12,590,049	\$ 20,075,646
6 Difference revised FY 2006-07 estimate to approp	\$ (3,604,302)	\$ (3,502)	\$ -	\$ (1,312,704)	\$ (263,788)	\$ (2,722,824)	\$ (500,000)	\$ (9,629,127)	\$ 1,281,387	\$ (1,517,458)	\$ 11,063,714
FY 2007-08 Recommended Changes:											
7 Enrollment adjustment	\$ 11,505,479	\$ (175,269)	\$ 489,110	\$ 849,590	\$ (151,508)	\$ 436,173	\$ (727,300)	\$ 6,977,378	\$ 878,517	\$ 462,884	\$ 2,465,904
8 Resident	\$ 6,602,166	\$ (73,247)	\$ 407,681	\$ 791,589	\$ 31,436	\$ 739,176	\$ (128,463)	\$ 2,287,449	\$ 484,053	\$ 376,621	\$ 1,685,871
9 Nonresident	\$ 4,903,313	\$ (102,022)	\$ 81,429	\$ 58,001	\$ (182,944)	\$ (303,003)	\$ (598,837)	\$ 4,689,929	\$ 394,464	\$ 86,263	\$ 780,033
10 Each 1.0 percent resident tuition - revenue	\$ 5,504,375	\$ 47,780	\$ 163,741	\$ 395,151	\$ 39,630	\$ 860,957	\$ 71,337	\$ 2,272,568	\$ 244,043	\$ 373,128	\$ 1,036,039
11 Each 1.0 percent resident tuition - rate		\$20.30	\$34.42	\$24.47	\$25.54	\$34.66	\$25.22	\$45.54	\$78.52	\$32.76	\$22.37
Recommended allowable percentage increase:											
12 Resident		5.0%	5.0%	5.0%	5.0%	7.0%	5.0%	7.0%	7.0%	7.0%	3.5%
13 Nonresident		5.0%	5.0%	5.0%	5.0%	7.0%	5.0%	7.0%	7.0%	7.0%	3.5%
14 Revenue from rate adjustment	\$ 58,689,575	\$ 309,467	\$ 1,022,359	\$ 2,187,588	\$ 428,276	\$ 11,280,281	\$ 1,059,028	\$ 31,542,890	\$ 3,004,358	\$ 3,499,241	\$ 4,356,087
15 Resident	\$ 33,469,210	\$ 238,901	\$ 818,707	\$ 1,975,756	\$ 198,148	\$ 6,026,697	\$ 356,684	\$ 15,907,977	\$ 1,708,303	\$ 2,611,899	\$ 3,626,138
16 Nonresident	\$ 25,220,365	\$ 70,566	\$ 203,652	\$ 211,832	\$ 230,128	\$ 5,253,584	\$ 702,344	\$ 15,634,913	\$ 1,296,055	\$ 887,342	\$ 729,949
17 TOTAL recommended adjustment	\$ 70,195,054	\$ 134,198	\$ 1,511,469	\$ 3,037,178	\$ 276,768	\$ 11,716,454	\$ 331,728	\$ 38,520,268	\$ 3,882,875	\$ 3,962,125	\$ 6,821,991
18 Resident	\$ 40,071,376	\$ 165,654	\$ 1,226,388	\$ 2,767,345	\$ 229,584	\$ 6,765,873	\$ 228,221	\$ 18,195,426	\$ 2,192,356	\$ 2,988,520	\$ 5,312,009
19 Nonresident	\$ 30,123,678	\$ (31,456)	\$ 285,081	\$ 269,833	\$ 47,184	\$ 4,950,581	\$ 103,507	\$ 20,324,842	\$ 1,690,519	\$ 973,605	\$ 1,509,982
20 FY 2007-08 Tuition Spending Authority	\$ 987,951,683	\$ 6,498,805	\$ 21,469,541	\$ 45,939,334	\$ 8,993,796	\$ 172,427,154	\$ 22,239,593	\$ 482,155,600	\$ 45,923,748	\$ 53,488,397	\$ 128,815,715
21 Resident	\$ 583,906,710	\$ 5,016,918	\$ 17,192,846	\$ 41,490,868	\$ 4,161,099	\$ 92,122,373	\$ 7,490,361	\$ 243,164,790	\$ 26,112,625	\$ 39,924,743	\$ 107,230,087
22 Nonresident	\$ 404,044,973	\$ 1,481,887	\$ 4,276,695	\$ 4,448,466	\$ 4,832,697	\$ 80,304,781	\$ 14,749,232	\$ 238,990,810	\$ 19,811,123	\$ 13,563,654	\$ 21,585,628