DEPARTMENT OF HIGHER EDUCATION
FY 2016-17 JOINT BUDGET COMMITTEE HEARING AGENDA
(3 of 3)

Thursday, January 7, 2016
9:00 am – 12:00 pm

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9:00-11:15 PANEL 4: UNIVERSITY OF COLORADO, COLORADO STATE UNIVERSITY, COLORADO SCHOOL OF MINES, UNIVERSITY OF NORTHERN COLORADO

INTRODUCTIONS AND OPENING COMMENTS (5 MINUTES PER GOVERNING BOARD)
Notes: the JBC requests only one speaker per governing board
A break will be taken as needed

PANEL QUESTIONS

Funding Sources, Cost Drivers, and Business Models

1. Provide an overview of your revenue and expenses.

   (a) How has your total revenue per student FTE changed over time?

University of Colorado

The FY 2015-16 University of Colorado's consolidated operating budget includes anticipated revenues and expenditures at $3.55 billion system wide. The Education and General Operations, E & G, comprises 35.8 percent of the total CU budget. Revenues for E & G come from tuition and fees, state appropriations, and indirect cost recoveries. Restricted funds account for roughly one fourth of the CU budget. Federal research grants are one example of restricted funds, the moneys must be used for a dedicated purpose. Auxiliaries account for the largest share of the budget at 39.5 percent. Campus housing, university health centers, and athletics are examples of auxiliary expenses. The Board of Regents annually votes on the final budget in June. The FY 2015-16 budget reflects the collective efforts of the Regents, campuses, and the Office of the President. (For additional detail visit the following link, https://www.cu.edu/budgetpolicy/board-regents-budget-presentations).

When considering per student revenue, we focus on E &G revenues. The CU System's resident tuition revenue and state support per resident SFTE has increased by 13.1 percent, from $15,027 in FY 2000-01 to $16,992 in FY 2015-16 when adjusted for inflation. When annualized, this equates to a 0.8% increase in revenue per resident student above inflation each year. Our study can be seen at: Funding Higher Education in Colorado: 2001 to Present.

Over the same period, state support per resident FTE at CU has dropped by 50.2% from $10,057 to $5,008 when adjusted for inflation. When annualized, this equates to a -4.5% reduction in state funding per resident student each year for the past 15 years at CU.

Colorado State University

Total revenues for the CSU System totaled $1.25B in FY 2015. Approximately 44% of the total revenues came from student tuition and fees and state appropriations and 56% was *generated from restricted revenue sources. The restricted revenues generated can only be used for the specific purpose for which it is collected. These sources include grants and contracts, auxiliary enterprises, gifts, veterinary hospital, etc. Restricted revenues do not offset the direct costs related to educating students.*

Nonresident tuition revenue is 14% of the total revenues for the CSU System.

The single largest source of revenue for the CSU System is student tuition and fees. It comprises approximately 37% of total revenue. Looking at the breakout between resident and non-resident tuition, of the total tuition collected, 39% comes from non-resident students and 61% is generated from resident students.

Looking at total revenues on a per FTE basis, most revenue sources have remained consistent over the time period. Student tuition and fees have increased as a percent to total revenues and state appropriations have decreased.

Colorado School of Mines

Please see the attached Statement of Revenues, Expenses and Changes in Net Position for fiscal year 2015 which details revenue and expenses as summarized below (in thousands):

Total Revenue	*$254,827*
Total Expense	*$240,113*
Increase in Net Position	*$ 14,714*

Colorado School of Mines

Statements of Revenues, Expenses and Changes in Net Position

Years Ended June 30, 2015 and 2014 *(in thousands)*

	2015		2014	
	University	Component Unit	University	Component Unit
Operating Revenues				
Tuition and fees, (net of scholarship allowance of $25,696 in 2015 and $23,088 in 2014)	$ 115,027	-	104,589	-
Fee for service	12,475	-	11,636	-
Federal grants and contracts	34,489	-	35,409	-
State grants and contracts	3,614	-	3,145	-
Nongovernmental grants and contracts	17,895	-	22,047	-
Auxiliary enterprises, (net of scholarship allowance of $256 in 2015 and $247 in 2014)	21,304	-	19,870	-
Contributions	-	33,091	-	48,916
Other operating revenues	2,978	2,423	3,043	2,278
Total Operating Revenues	207,782	35,514	199,739	51,194
Operating Expenses				
Education and General				
Instruction	73,685	-	64,595	-
Research	46,923	-	46,691	-
Public service	448	-	165	-
Academic support	18,934	-	16,058	-
Student services	7,309	-	6,044	-
Institutional support	18,240	38,662	15,555	24,508
Operation and maintenance of plant	22,720	-	16,969	-
Scholarships and fellowships	1,484	-	1,221	-
Total Education and General	189,743	38,662	167,298	24,508
Auxiliary enterprises	25,866	-	22,690	-
Depreciation and amortization	16,778	3	16,213	9
Total Operating Expenses	232,387	38,665	206,201	24,517
Operating Income (Loss)	(24,605)	(3,151)	(6,462)	26,677
Nonoperating Revenues (Expenses)				
State appropriations, non-capital	1,858	-	2,218	-
Contributions from the Foundation	19,374	-	14,765	-
Contributions	884	-	1,816	-
Investment income, net	890	(1,833)	5,914	40,573
Interest on debt	(7,689)	-	(8,669)	-
Loss on early extinguishment of debt	-	-	(1,744)	-
Federal nonoperating revenue	4,367	-	4,240	-
Other nonoperating expenses	(37)	-	(173)	-
Other nonoperating revenue	155	-	76	-
Net Nonoperating Revenues (Expenses)	19,802	(1,833)	18,443	40,573
Income (Loss) Before Other Revenues	(4,803)	(4,984)	11,981	67,250
Capital appropriations and contributions from state	1,760	-	-	-
Academic facility fee	3,274	-	3,153	-
Capital grants and gifts	13,827	-	4,332	-
Additions to permanent endowments	656	-	172	-
Settlement proceeds	-	-	11,058	-
Total Other Revenues	19,517	-	18,715	-
Increase (Decrease) in Net Position	14,714	(4,984)	30,696	67,250
Net Position, Beginning of Year	270,249	312,754	239,553	245,504
Adjustment for change in accounting principle	(234,550)	-	-	-
Net Position, Beginning of Year, Restated	35,699	312,754	239,553	245,504
Net Position, End of Year	$ 50,413	307,770	270,249	312,754

The accompanying notes are an integral part of the financial statements

The following chart details total revenue as well as operating revenue per student FTE from fiscal years 2011-2015. Operating revenues include tuition, fees, research, auxiliary revenue and state fee for service revenue.

Non-operating and Other revenue generally include gifts (capital and non-capital), interest, investment gains and losses, and capital state appropriations. Large fluctuations are a reflection of large capital gifts and capital appropriations.

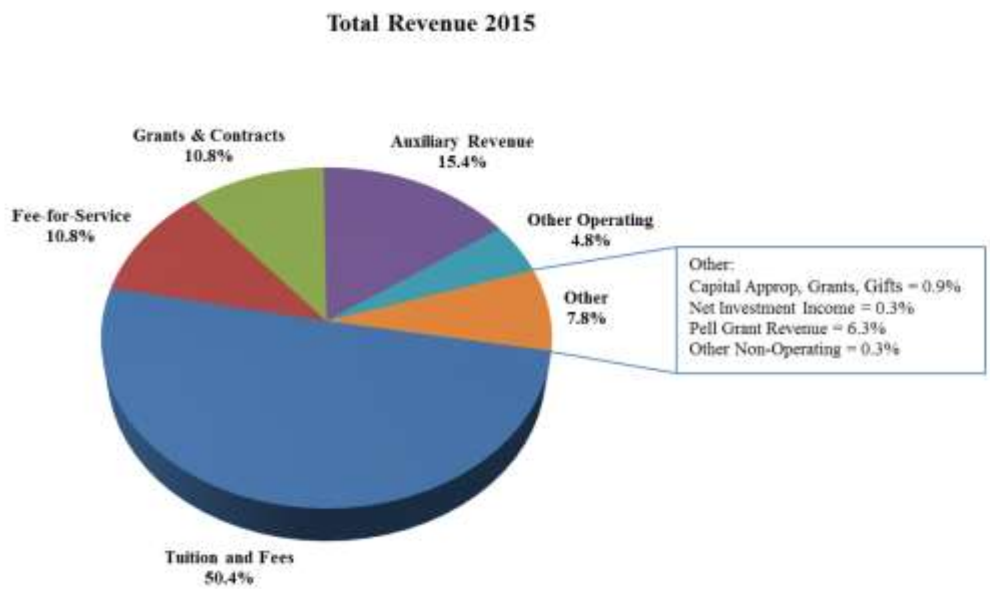
Total Revenue Compared with Student FTE

$ amounts in thousands

Revenues:	FY11	FY12	% Chg	FY13	% Chg	FY14	% Chg	FY15	% Chg
Operating	$ 166,090	$ 178,860	7.7%	$ 190,660	6.6%	$ 199,739	4.8%	$ 207,782	4.0%
Non-Operating	$ 19,651	$ 17,895	-8.9%	$ 22,821	27.5%	$ 27,285	19.6%	$ 27,528	0.9%
Other	$ 17,856	$ 10,585	-40.7%	$ 10,490	-0.9%	$ 18,715	78.4%	$ 19,517	4.3%
Total Revenues	**$ 203,597**	**$ 207,340**	**1.8%**	**$ 223,971**	**8.0%**	**$ 245,739**	**9.7%**	**$ 254,827**	**3.7%**
Student FTE:									
Resident	3,379.2	3,391.9	0.4%	3,452.4	1.8%	3,379.2	-2.1%	3,412.0	1.0%
Non-resident	1,463.8	1,666.0	13.8%	1,786.6	7.2%	1,935.5	8.3%	2,117.3	9.4%
Total Student FTE	**$ 4,843**	**$ 5,058**	**4.4%**	**$ 5,239**	**3.6%**	**$ 5,315**	**1.4%**	**$ 5,529**	**4.0%**
Total Rev/Student FTE	**$ 42.0**	**$ 41.0**	**-2.5%**	**$ 42.8**	**4.3%**	**$ 46.2**	**8.2%**	**$ 46.1**	**-0.3%**
Operating Rev/Student FTE	**34.3**	**35.4**	**3.1%**	**36.4**	**2.9%**	**37.6**	**3.3%**	**37.6**	**0.0%**

University of Northern Colorado

Total University revenues of $202.9, $199.7, and $196.5 million in fiscal years 2015, 2014, and 2013, respectively, consist of operating revenue, Pell grants, other non-operating revenue, capital appropriations and contributions, and capital grants and gifts. Total revenues increased $3.2 million, or 1.6%, between fiscal years 2014 and 2015 and increased $3.2 million, or 1.6%, between fiscal years 2014 and 2013.



Condensed Statement of Revenues, Expenses, and Changes in Net Position

For the Year Ended June 30,

	2015	2014	2013
Operating Revenues			
Net Tuition and Fees	$ 102,175,619	$ 102,853,226	$ 103,803,210
Fee-for-Service	21,916,149	19,782,469	17,915,857
Grants and Contracts	21,851,247	18,238,653	17,222,531
Auxiliary	31,272,265	33,213,951	33,642,896
Other	9,847,995	9,523,404	9,803,557
Total Operating Revenues	187,063,275	183,611,703	182,388,051
Operating Expenses			
Education and General	163,942,408	159,975,065	151,404,933
Education and General (GASB 68)	2,996,437	-	-
Auxiliary	27,209,745	26,810,670	26,761,610
Depreciation	17,069,138	16,592,499	16,279,574
Total Operating Expenses	211,217,728	203,378,234	194,446,117
Operating Loss	(24,154,453)	(19,766,531)	(12,058,066)
Nonoperating Revenues & Expenses			
Federal Grant and Contracts	12,732,959	13,024,992	13,638,482
Other Nonoperating Revenue/Expense	1,322,240	1,207,412	348,292
Nonoperating Capital Interest Expense	(5,295,433)	(5,749,898)	(6,010,802)
Gain (Loss) before Other Items	(15,394,687)	(11,284,025)	(4,082,094)
Capital Appropriations and Contributions	616,702	1,701,412	207,288
Capital Grants and Gifts	1,156,264	207,400	-
Loss on Disposal of Assets	(1,052)	(17,191)	(6,322)
Increase (Decrease) in Net Position	(13,622,773)	(9,392,404)	(3,881,128)
Net Position - Beginning of Year	162,763,458	172,155,862	176,036,990
GASB 68 Adjustment to Net Position	(117,500,593)	-	-
Net Position - End of Year	$ 31,640,092	$ 162,763,458	$ 172,155,862

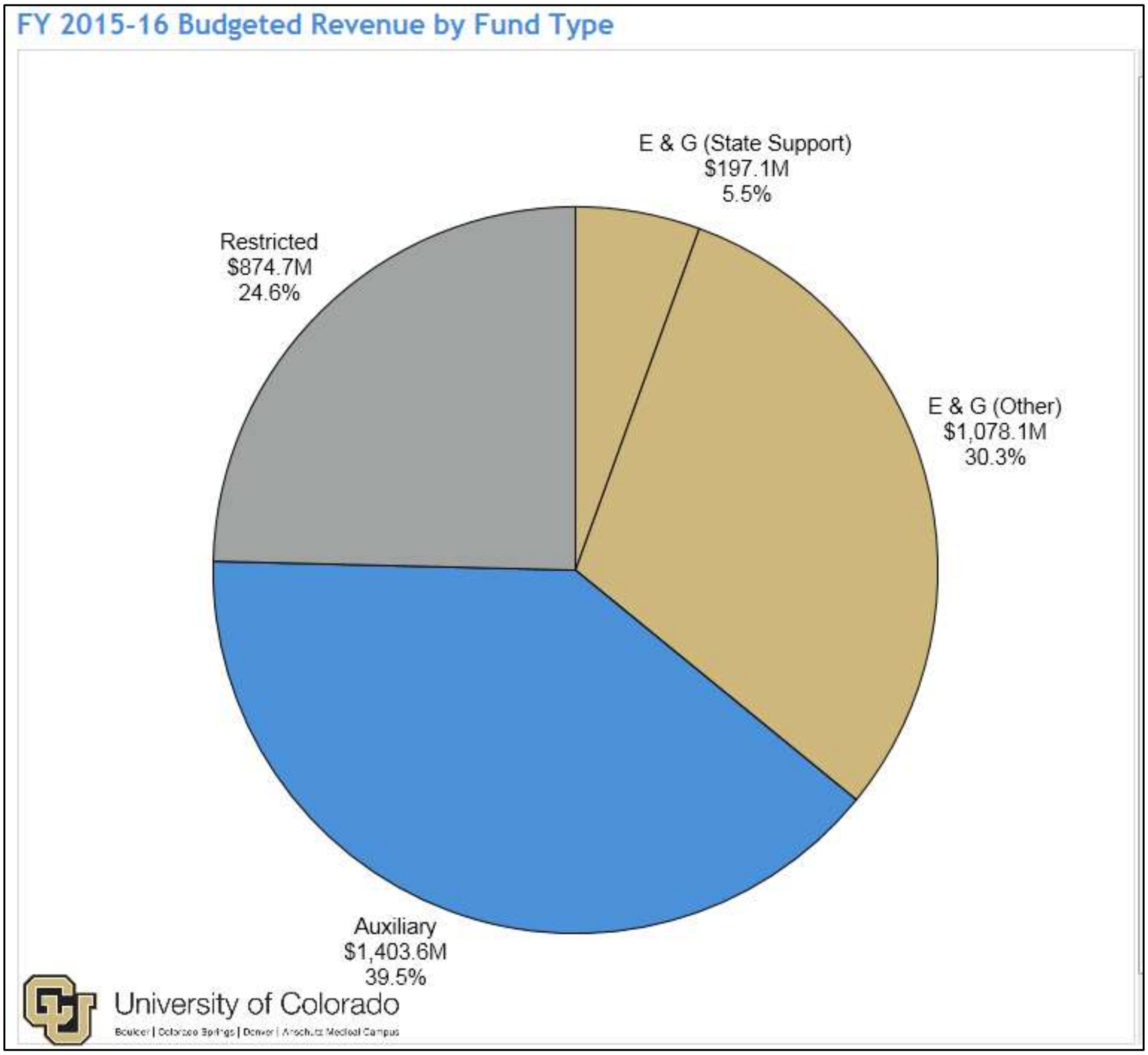
Year	Revenue	Fall Final Total FTE	Revenue per FTE
2015	$202,900,000	9,504	$21,349
2014	$199,700,000	10,016	$19,938
2013	$196,500,000	10,398	$18,898
2012	$197,000,000	10,524	$18,719
2011	$195,400,000	10,502	$18,606

(b) What are your primary revenue sources? How significant is revenue from non-residents? Which of your revenue sources are not reflected in the state budget and how large are these?

University of Colorado

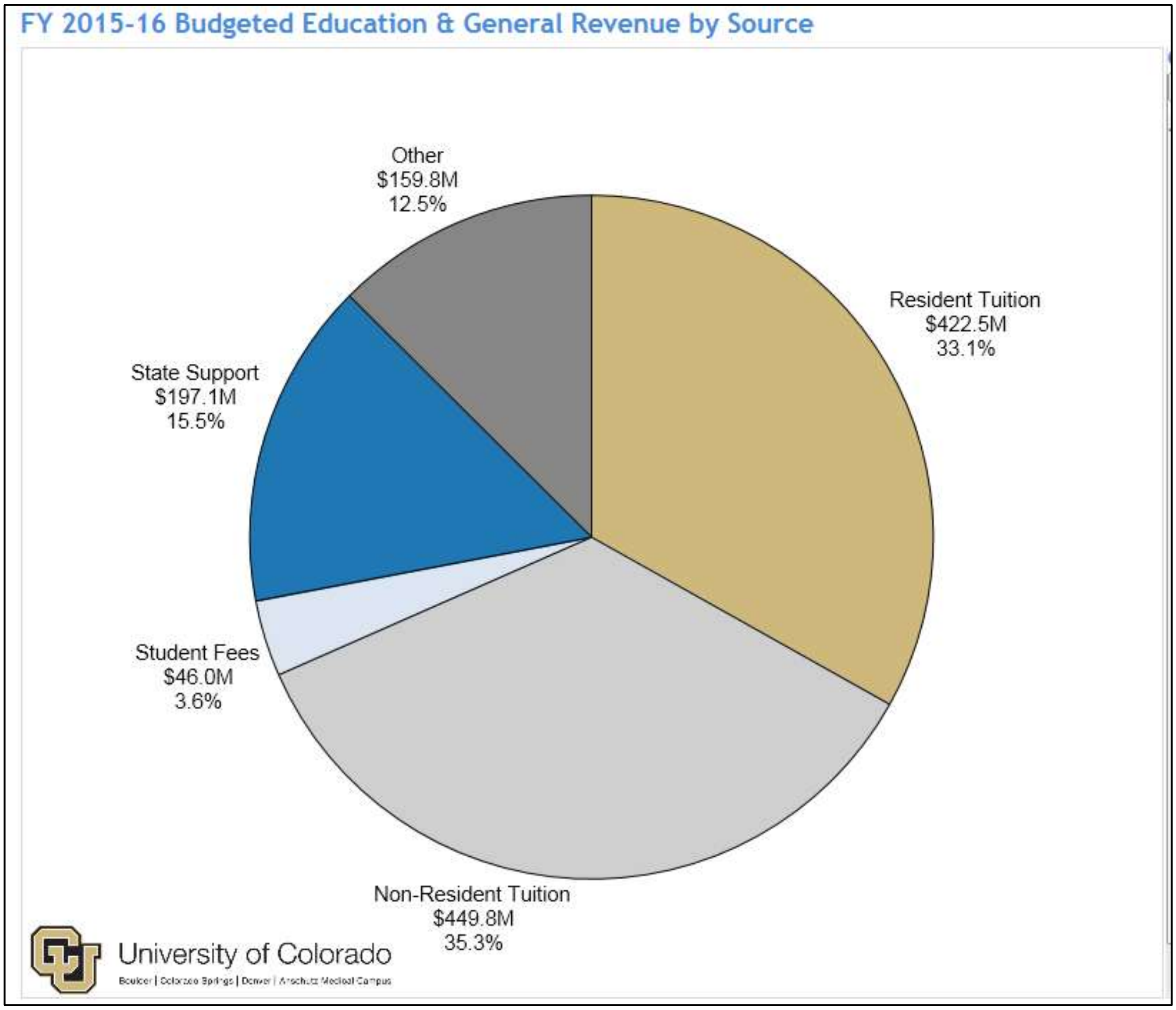
What are your primary revenue sources?

Education and General operating (E&G), Auxiliaries, and Restricted funds are the primary revenue sources for the University of Colorado. Investment Income and Gifts are an increasing portion of our overall revenue and tied to the economy. Tuition, as a share of total revenue, has been the most stable component. The chart below, FY 2015-16 Budgeted Revenue by Fund Type, reflects sources by type and with the percent share for the University of Colorado System. https://www.cu.edu/201516-budget



<u>How significant is revenue from non-residents?</u>

The chart below shows revenue by source. Non-resident tuition revenue is estimated to account for 35.3 percent of revenue in 2016.



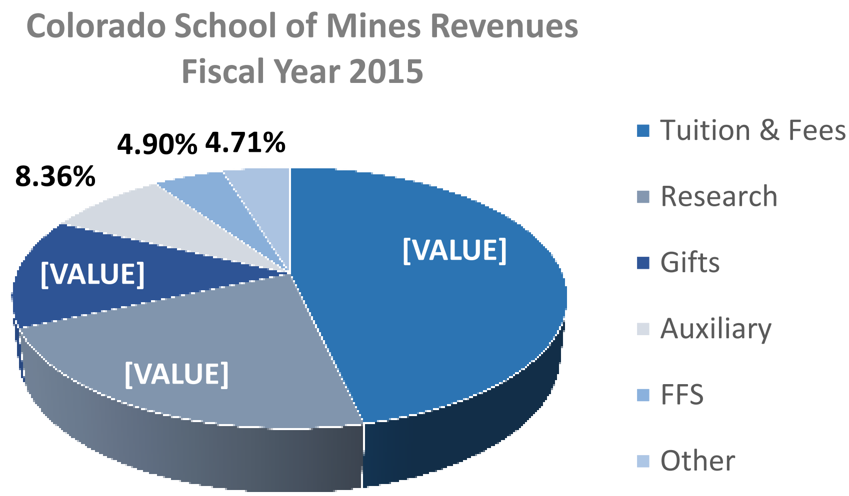
<u>Which of your revenue sources are not reflected in the state budget and how large are these?</u>

The state budget includes state general fund support for operating (COF, Fee for Service, and Specialty Education Program funds), state funding for approved capital projects and controlled maintenance, and state funded student financial aid. Restricted funds and auxiliaries are not part of the state budget and combined are 64 percent of CU's budget.

Colorado State University

See response to question a) above.

Colorado School of Mines



Non-residents provide 54% of gross tuition revenue. Research, Auxiliary and Gifts are not defined as Education and General revenue and are typically restricted or designated for a specific purpose.

University of Northern Colorado

What are your primary revenue sources?
UNC's primary revenue sources are from students. Tuition, fees, room& board, and other student revenues comprise about 65 % of our total revenue.

How significant is revenue from non-residents?
About 20% of UNC students are non-residents; they pay about 30% of our gross tuition.

Which of your revenue sources are not reflected in the state budget and how large are these?
UNC has about $41 million of auxiliary and other revenue and $10.4 million in grants, gifts and contracts which are not reflected in the state budget. UNC also receives about $17.7 million in pass-through federal and private financial aid that is used to pay student tuition & fees (which are reflected in the state budget).

(c) What are the real cost drivers of the increase in cost to students?

University of Colorado

The leadership at CU has been examining this issue and recently completed an analysis to determine what is driving per student costs at CU. We found that E&G spending increased only slightly more than inflation over the past few years. We wanted a better understanding as to why.

As expected, compensation is the largest component on the E &G expenditure budget. However, we found that on ***average compensation for our major employee categories has increased by less than inflation over the past several years. We also found that our student to employee ratio has remained very stable over time****. We then looked at total compensation to see if employee benefits were driving student cost growth. We found that benefit costs at CU are indeed increasing a rate faster than inflation, but only slightly so. As is the case in most sectors, health care is the primary driver for benefit costs at CU.*

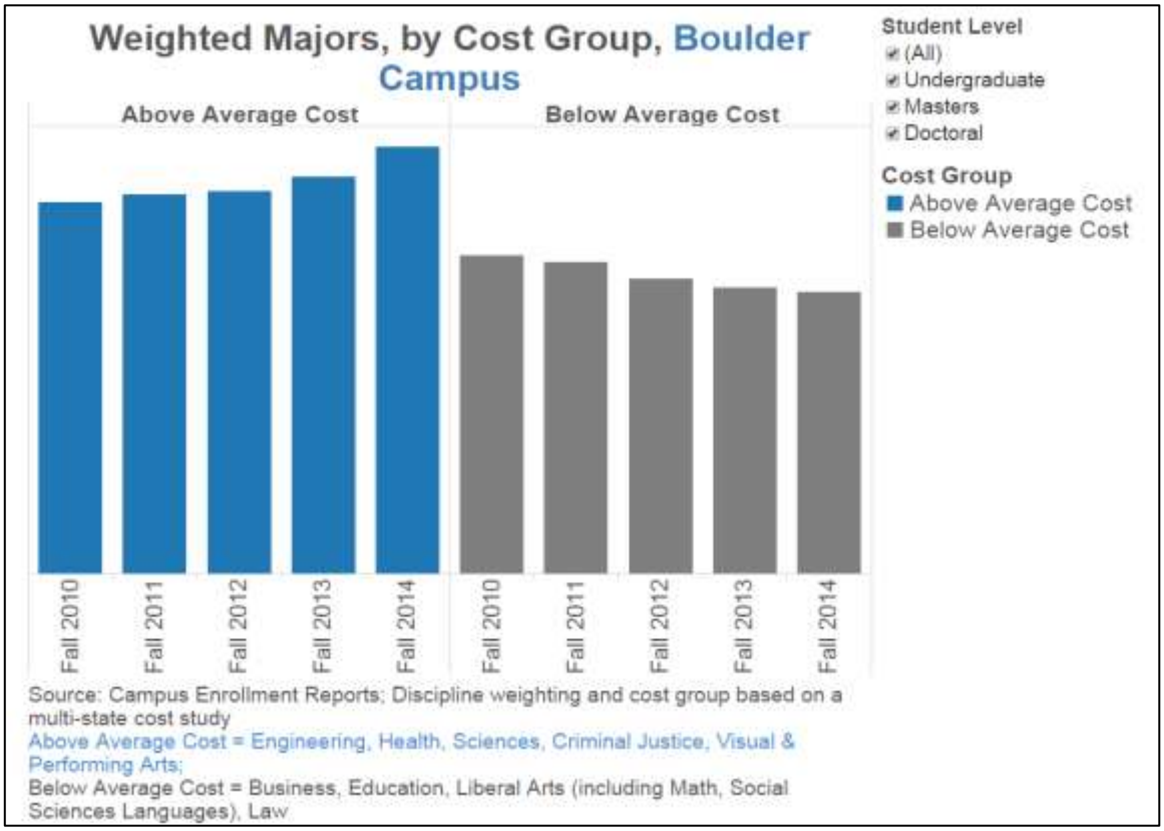
After examining spending on employees, we looked at enrollment growth. While the enrollment picture from campus to campus varies over time, enrollments at CU as a whole have been quite stable over the past few years. Enrollment, we determined, has not driven spending growth at a rate above inflation.

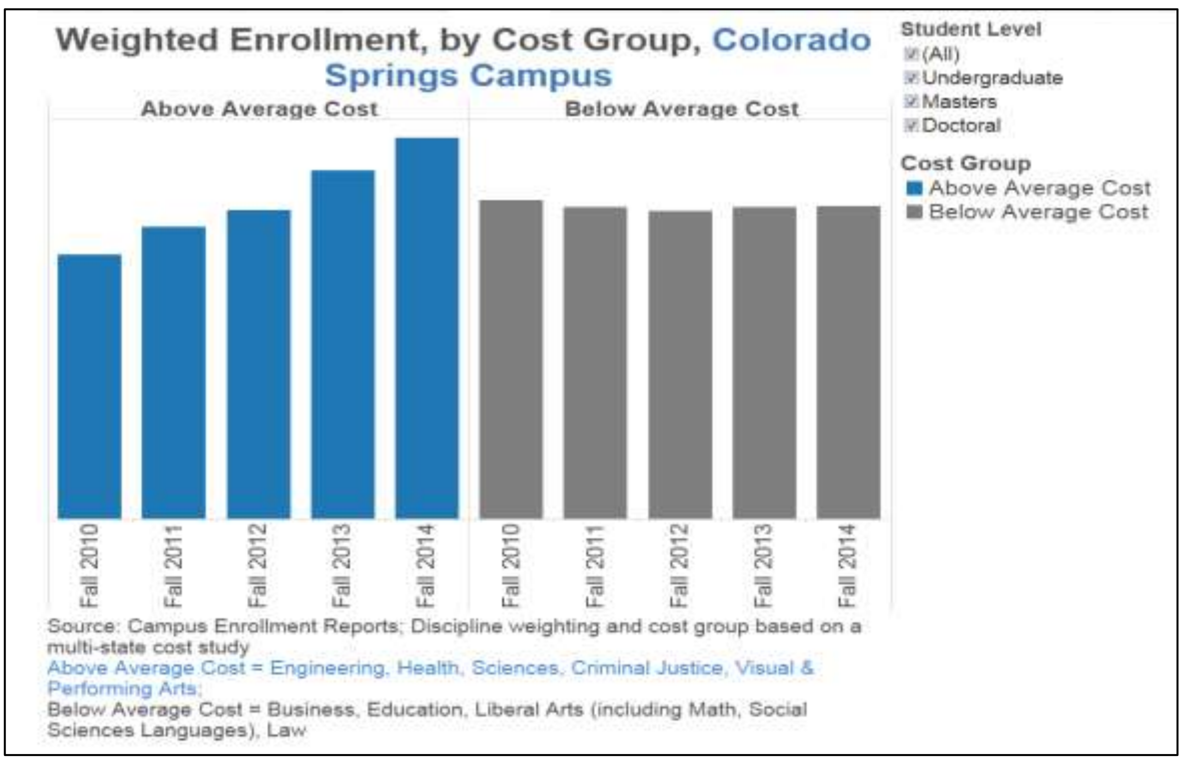
We then turned our focus to the type of majors our students are pursing. This is where our findings were notable. The limited per student spending increases above inflation that are actually occurring, are in large part attributable to the types of majors in which our students are enrolling.

We found that at CU, ***student majors are shifting from low cost to high cost programs*** *at every campus. It is more expensive to educate a student enrolled in a high cost program so spending increases as enrollments in these programs increase. After seeing this trend we were not surprised. It appears the efforts in Colorado and throughout the nation to encourage students to explore STEM and other high skill professions are working.*

We weighted student majors to integrate in the combined effect of program cost and enrollment, which resulted in the following graphs. These graphs show this trend by campus. Our "Cost Drivers at CU" study can be found at: https://www.cu.edu/cost-drivers-cu.

While this is the trend at CU, it is likely the trend at other institutions in the state as well. This new reality, where many students enroll in higher cost programs after being encouraged to do so, makes the state funding challenges facing CU and all of Colorado's intuitions of higher education, that much more acute.


Weighted Majors, by Cost Group, Boulder Campus
Above Average Cost
Below Average Cost
Student Level
(All)
Undergraduate
Masters
Doctoral
Cost Group
Above Average Cost
Below Average Cost
Fall 2010
Fall 2011
Fall 2012
Fall 2013
Fall 2014
Fall 2010
Fall 2011
Fall 2012
Fall 2013
Fall 2014
Source: Campus Enrollment Reports; Discipline weighting and cost group based on a multi-state cost study
Above Average Cost = Engineering, Health, Sciences, Criminal Justice, Visual & Performing Arts;
Below Average Cost = Business, Education, Liberal Arts (including Math, Social Sciences Languages), Law


Weighted Enrollment, by Cost Group, Colorado Springs Campus
Above Average Cost
Below Average Cost
Student Level
(All)
Undergraduate
Masters
Doctoral
Cost Group
Above Average Cost
Below Average Cost
Fall 2010
Fall 2011
Fall 2012
Fall 2013
Fall 2014
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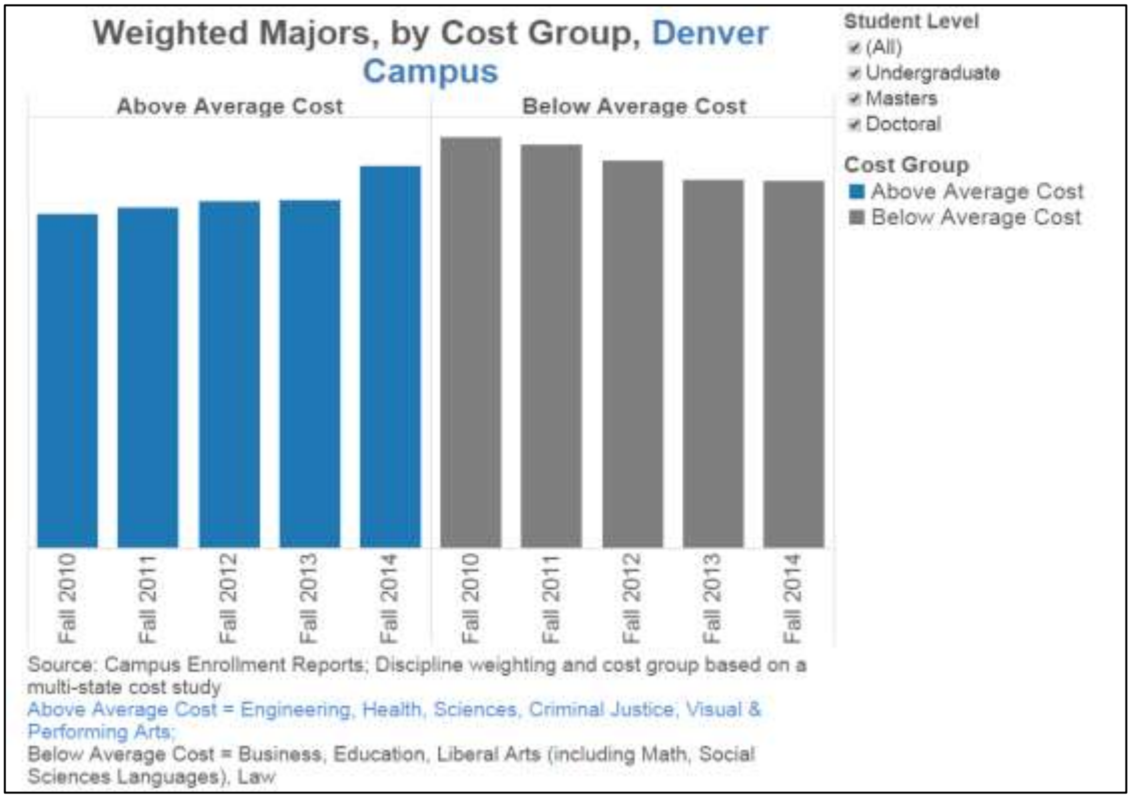


Colorado State University

Costs related to instruction and academic support for our students are the largest costs to the CSU System. It is essential that our universities be competitive in the market for faculty. We are competing in a national market to hire highly qualified faculty and in turn they bring with them research funding which helps to support the university's mission. STEM and health care programs are extremely expensive because of the costs associated with individualized training and the clinical experiences required as an essential part of the education program.

Colorado School of Mines

The main cost drivers for the School of Mines are: salary and benefits; financial aid and graduate support; and capital and deferred maintenance. Balancing the market demands of providing high tech facilities and high quality faculty, while increasing support for Colorado resident students, creates unique challenges in our cost structure. Mines' cost structure is further strained by our narrow mission since all of our degree programs are in high-cost engineering and applied science fields. A recent cost-driver study conducted by the Department of Higher Education as well as the new funding model recognized engineering disciplines as the most costly programs to operate.

In addition to these base cost drivers Mines has made significant investments to enhance our programs and continue to improve outcomes (e.g. the Center for Innovative Teaching and Learning, the Center for Academic Services and Advising, the Studio Bio labs etc.). Continued investments drive our success and are critical to the success of our students.

Below is further information about the 3 main cost drivers at Mines.

Salaries and Benefits

In fiscal year 2016, base salaries and benefits increased by over $3.2 million (compared to a $1.87 million increase in state funding). Health benefits and PERA continue to drive compensation increases. In fiscal year 2012 CSM paid on average, $0.30 of fringe for each dollar of salary. Today, this cost has increased to almost $0.40 cents for faculty and $0.36 for classified staff. Of the total fringe, almost half ($0.20) is for the employer contribution to PERA.

Financial Aid and Graduate Support

Institutional financial aid and graduate support increased by $4.1 million in fiscal year 2016. Of that increase, $2.2 million is for resident students. In 2010 the School of Mines committed to converting all state funds received in fee for service to financial and graduate support for resident students within ten years. Fiscal year 2016 is the fifth year of that commitment with 50% ($7.1 million) of our fee for service revenue dedicated to support our resident students.

Capital and Deferred Maintenance

The School of Mines continues to invest institutional funds in capital projects and controlled maintenance. In fiscal year 2016, Mines will self-fund over $2.5 million in campus-wide deferred maintenance, small capital projects across campus for classroom and lab renovations, and improvements/expansions of information technology. For a highly focused engineering and applied science university like Mines, improving classroom, laboratory and campus technologies and information technologies is especially important.

In addition, Mines continues to use institutional funds to invest in larger projects. For example, in fiscal year 2016 the State of Colorado generously provided funding to help Mines replace its boiler plant with a new one. While this is not an attractive project to private donors it is absolutely critical to the operation of a campus. The campus would have to shut down if the existing system fails. Given limited availability of state funding, Mines is self-funding $6 million to cover one-half of the project costs.

Although we have been successful in raising gift funds for several new academic and student facilities, no project is funded at 100% without using the schools funds. Recent examples include:

- *CoorsTek Center for Applied Science and Engineering*

- *The General Research Laboratory Annex*
- *The Clear Creek Athletics Complex*

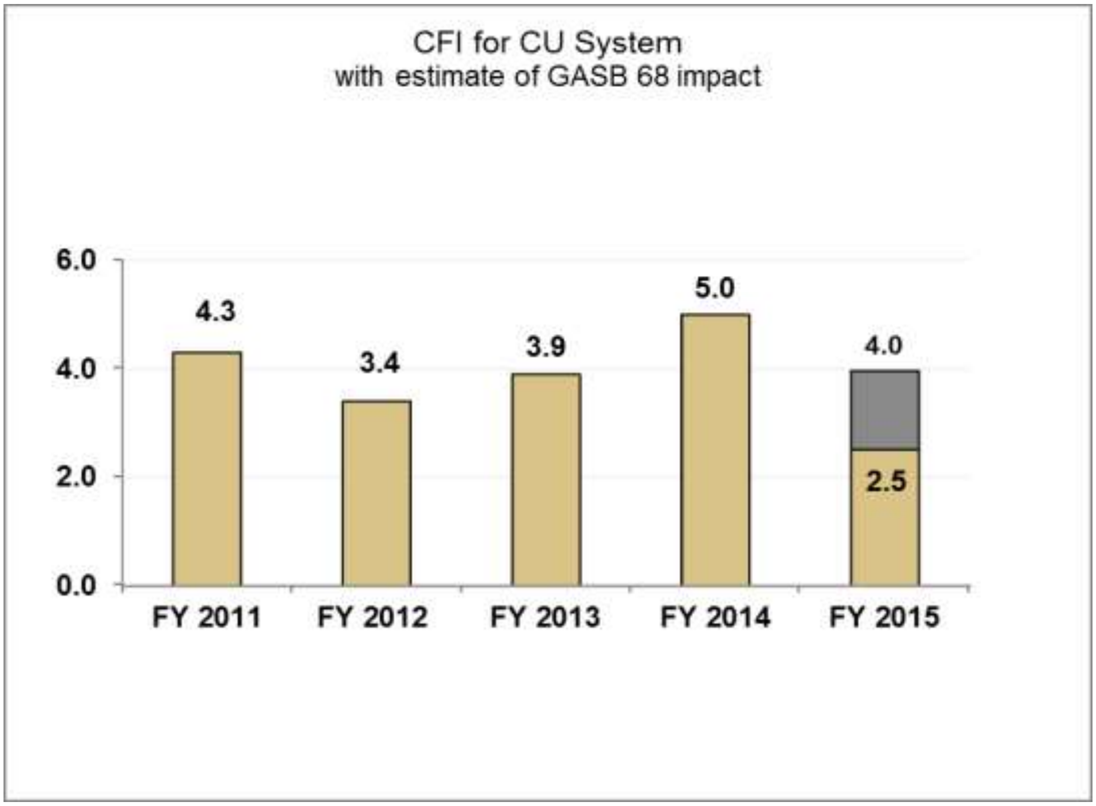
University of Northern Colorado

Operating cost increases which include greater-than-inflation annual increases in utilities, food costs, technology, library materials, health insurance, and PERA, as well as general inflation. In addition, consistent with the Colorado statewide master plan, UNC is making investments to improve our student success and graduation rates. These include 1) recruiting and retaining qualified faculty and staff, which requires competitive compensation, 2) providing comprehensive student support services and 3)investing in research and technology infrastructure to provide students with a doctoral research university instructional experience.

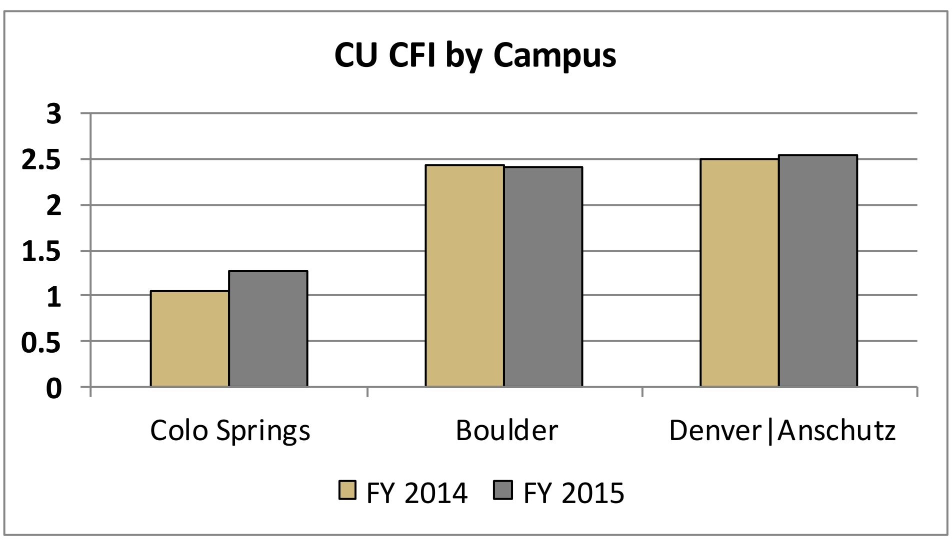
2. What is your assessment of the financial health of the institution(s) you oversee? What threats do you see, and how are you addressing them?

University of Colorado

The University of Colorado's financial situation is sound, yet negatively impacted by relatively low levels of state funding. We track our financial health through several measures, each of which is routinely presented to the Board of Regents in public session. These metrics include our credit rating, the Composite Financial Index, and our liquidity and debt ratios. The university is well positioned to continue delivering on its education, research, and service missions. The chart below shows CU's Composite Financial Index on a consolidated basis. The chart shows CU's CFI with and without the impact of the adoption of GASB 68 related to net pension liability.



The Composite Financial Index measures for individual campuses are shown below. Please note that the net pension liability resulting from GASB 68 is recorded at the System level, not at the individual campus level.



As noted above, a pressing threat to the university is inadequate state funding. Recent increases in state funding have been appreciated and important to maintaining access to a

CU education, allowing each campus to keep tuition increases in check and support disadvantaged students.

We have adapted to low state support by focusing on efforts to strengthen enrollment, retention and completion rates. It is critical that we not only continue to meet our enrollment goals but to also retain and graduate students as quickly as possible in order to help minimize student debt loads. We are also expanding our non-general fund revenue streams. This includes partnering with business and non-profits, seeking non-governmental grants and contracts, and increasing our philanthropic activities.

- *The new Bioscience 2 building on the Anschutz Medical Campus provides a unique opportunity for commercial bioscience companies to interact on a daily basis with students and faculty of the University's innovative bioengineering program.*
- *As part of CU Boulder's Grand Challenge initiative, the campus is investing $4 million to leverage Front Range scientific and engineering capabilities. The university will partner with industry and government to increase federal and commercial partnerships engaged in CU-Boulder Earth and space exploration efforts and create new pathways for educating and training students to meet the national needs in emerging Earth and space exploration businesses.*
- *The new Visual and Performing Arts complex on the Colorado Springs campus will host local arts organizations, including high school performing arts departments, Colorado Springs Dance Theatre, Colorado Springs Children's Chorale and Colorado Springs Conservatory.*

Private contributions to the University of Colorado increased more than 19% during FY 2014-15, The FY 2014-15 increase marks the sixth consecutive year of increasing contributions, which include funds given through both the University of Colorado Foundation and the university.

The Board of Regents has identified the issue of "Other Revenue Sources" as an area critical importance and they created a metric to measure each campus' performance. This, and the other Regent Metrics, can be seen at: https://www.cu.edu/budgetpolicy/regent-metrics-2015

Colorado State University

CSU-Pueblo: While CSU-Pueblo remains financially viable, there have been some financial challenges associated with enrollment declines and reductions in state funding. Similar to other regional comprehensive institutions across the country, CSU-Pueblo has been required to become more strategic in recruitment efforts while working diligently to contain costs and increase revenue streams without adversely affecting our academic mission. As a Hispanic Serving Institution (HSI), CSU-Pueblo serves many low income students and first generation students. These students are more reliant on financial aid and are less able to bear cost shifting from state funding with increases to tuition and fees.

The threats to the financial health of the institution stem primarily from factors that affect revenue streams to the institution. These include: (a) proposed reductions in state funding for operating expenses; (b) limited capital construction funds; (c) limited controlled maintenance funds; (d) sharply reduced funds for statewide information technology projects; (e) potential tuition caps; (f) potential enrollment declines; and (g) potential reductions in financial aid funding at the state and federal level.

We are addressing the threats by taking steps to increase enrollment on campus and expand academic programs. To that end, CSU-Pueblo has instituted a more strategic marketing campaign to increase the number of applicants. We are taking steps to improve the packaging of financial aid to more effectively use limited financial aid funds for recruitment purposes. In FY 2014-15, we added six new sports; the increase in the number of athletes has benefited the institution in terms of net revenue received from the tuition and fees paid by these students.

CSU-Pueblo is also partnering with the Colorado Department of Corrections to offer certificate programs to offenders. Furthermore, we have invested in construction projects to improve the campus environment to enhance our recruitment and retention strategies. These construction projects include: (a) a $16.0 million (state capital construction funds) for a new general classroom building; (b) $32.5 million (student fees and donations) for a major renovation and expansion of the Occhiato Student Center; and (c) a $3.0 million (gifts and donations) for a new soccer/lacrosse field and field house. CSU-Pueblo has tried to keep costs down to remain affordable for students and to be competitive with our peer institutions. To that end, we did not increase tuition in FY 2013-14. However, tuition increases in subsequent years have been necessary. Collectively, these efforts have made the campus more financially viable.

CSU has managed well through the reductions in state funding that occurred from 2009 thru 2014. A large part of our success can be attributed to the University's intentional strategic planning for growth while at the same time increasing quality and excellence in education and creating a vibrant campus climate.

This growth is the result of deliberate and planned efforts to increase CSU's brand recognition and recruiting efforts within the states comprising the majority of our domestic non-resident students. CSU has also been very deliberate and successful in increasing our international student population. During this time of increasing non-resident enrollments, we have also been intentional in ensuring that we remain Colorado's school or choice for freshmen who are seeking to extend their education to include a bachelor's degree and beyond.

In order to preserve and improve the quality of our educational offerings during the declining years of State funding, it was necessary for the University to increase tuition. As a result, the State has become a "minority partner" in sharing in the cost of higher education. This *situation, which is occurring across the nation, is resulting in a growing privatization of public higher education. Further "shrinking" of State funding, not only in the form of general fund support but also declining support for controlled maintenance and capital construction funding, is the largest threat to CSU.*

In order to address this threat, CSU continues to improve upon our educational program offerings and the related facilities in which our students earn their degrees. CSU is investing with intent to create an educational and physical environment that shapes its future, enhances the student experience and broadens its touch beyond its footprint. Continuing to increase our enrollment through the attraction of a diverse student population, including those that are first generation students as well as those that have the highest need for financial support, is of the utmost importance to CSU.

Colorado School of Mines

Our financial position remains strong as demonstrated with our improved bond rating to Aa3 (previously A1) by Moody's Investors Service. Our Composite Financial Index remains healthy at 4.0, even after making significant investments in capital projects.

Our most immediate concern is using our net assets to backfill reductions in state funding for use in operations and the lack of state capital and deferred maintenance funding for buildings. We are particularly concerned with finding resources to invest in new technologies in the classroom which is critical to our program delivery. We continue to partner with our generous donors to help with new facilities and classroom equipment. We also work to develop relationships with industry. Some of our partners in industry assist with software use in the classroom and research to ensure our graduates leave with a strong skillset in the latest technology.

University of Northern Colorado

From FY09 through FY13 UNC built up cash balances and set them aside in designated reserves. Beginning in FY14 UNC began using these reserves to address capital deferred maintenance and to make investments in quality including fundamentally changing our student support model. These investments – or spending down reserves – have the short-term direct effect of reducing financial ratios (including the composite financial index) that measure financial health. The long-term effect is strategically strengthening UNC's educational delivery and achieving fiscal sustainability with limited state support. This is detailed in our Five-year Fiscal Sustainability Plan (a living document which was most recently updated and reviewed with our Board of Trustees in November 2015).

3. How have you changed your business model over time to address cost increases and General Fund reductions?

University of Colorado

All Colorado institutions have adapted to reduced state support over the past decade out of necessity. At CU, we have maintained our commitment to quality teaching and learning while also reviewing our program offerings to ensure all programs are sustainable. In addition to the actions taken in response to reduced state support mentioned above (expanding nontraditional revenue streams), we have increased our efficiency across administrative areas. Some of the most dramatic changes have come through legislative initiatives that allow the university to take advantage of our size and scale in the areas of self-insurance, procurement, and financial operations.

- *Through creation of a university health trust, health, life and dental premiums are consistently below the national average. Since moving to self-insurance, CU has saved $6.3 million annually.*
- *CU can measure its overall total cost of risk (property and casualty losses and program operating costs) using a standardized methodology. The results include:*
    - *Total cost of risk reduction of $1,642,425 for FY 2014.*
    - *Cumulative total reduction of $13,105,468 (53 percent) since FY 2006; an average total cost of risk reduction of $1,638,184 annually.*
- *CU has contracted for replacement of procurement and travel cards using flexibility granted from recent state legislation. CU expects to generate $7.5 million in offsets over five years.*
- *CU Treasury Financing Activity*
    - *Saved a total of $18.2 million on the refinancing when it issued the Series 2014B, 2015A, and 2015B Refunding Revenue Bonds.*
    - *CU refinanced bonds to free up $60 million in cash flow over 25 years.*

During the last year alone, CU implemented cost savings, cost avoidances and efficiencies and ***saving our campuses nearly $40 million****. Last year's list of efficiencies can be found at:* *http://www.cu.edu/sites/default/files/Operating_Efficiencies_2015.pdf*

Colorado State University

CSU-Pueblo: The business model has not necessarily changed over time. However, we have taken strategic steps to contain costs and increase revenue. The university has reduced its budget in response to declining enrollment. In FY 2014-15, $3.3 million in budget adjustments were made. In FY 2015-16, $2.1 million in adjustments were made. Significant effort was made to minimize the impact to the academic mission of the university. Additionally, the university has increased tuition and fees, in part, to address inflationary *costs and reductions in General Fund received from the state. Perhaps most importantly, the university has developed a more strategic approach to enrollment management (see the answer to Question #2 for details).*

As the land-grant institution of the State of Colorado, CSU is in the business of delivering on its three-part mission of excellence in teaching, research, service and extension. CSU is vested in setting the standard for public research universities in each of these areas for the benefit of the citizens of Colorado, the United States and the world. Over the years, CSU has been very cost effective in deploying the resources entrusted to it in delivering on this mission. With salaries and benefits being the largest cost component of the University, we are constantly looking at ways to increase efficiencies through the use of technology in both the academic as well administrative areas. Enhancements accomplished through technology include, but are not limited to, the following items:

- *Joining Unizin, a partnership with Indiana University, the University of Michigan, the University of Florida and many others. The purpose of this collaboration is to significantly enhance the manner in which educational content is prepared, delivered to students, preserved and shared across universities, thereby, strengthening our traditional missions of education and research using the most innovative technology available today. The Unizin partners selected Canvas due to its superior suite of tools, advanced easy-to-use interface and commitment to providing open-source (at no cost) technology enhancements in the future. Unizin members subscribe to Canvas at a special low rate reflecting the shared purchasing power of the collaboration.*

- *Joining Kuali, a partnership with Indiana University, Cornell, University of Connecticut, University of Arizona, MIT, and many others. Through the partnership the Kuali Foundation, a 501(c) 3 organization, was established and is dedicated to the development of open source administrative software solutions for higher education. Kuali is committed to providing sustainable software that helps schools keep their resources directed towards their mission critical activities by significantly reducing costs associated with administrative systems, such as financial, human resources, student, library and research management systems.*

- *Online Learning Blended with Classroom Instruction – Utilizing technology to deliver lecture content, whereby students can choose when to engage in the lecture session (view multiple times to master the content), along with certain homework assignments, course materials and assessment tools. By using this technology, we are able to reduce utilization of physical resources up to 1/3 as well as improve on our student's success by offering multiple platforms in which to engage in the learning process. By reducing the amount of physical resources needed to deliver the educational content, we can be* *significantly more effective in managing our classroom utilization and reduce the number of overall classrooms needed. Improving upon student's success, we increase retention and time to graduation.*

Colorado School of Mines

We continue to maximize current revenue streams and diversifying revenues as much as possible. Over the past decade Mines has increased enrollment by over 50%. This has allowed Mines to increase non-resident and international student populations while also ensuring that more resident students are enrolled at Mines than 10 years ago. To support this enrollment growth we have broadened the categories of our faculty to create a teaching faculty classification. Teaching faculty are permanent, full-time faculty members whose primary roles are teaching. This has new model has not relieved tenure-line faculty from teaching responsibilities. In fact, Mines tenure-line faculty continue to teach on average greater credit hours than counterparts at other high research active engineering universities. Instead this new model has allowed Mines to grow both enrollment and research while maintaining and enhancing the hallmarks and reputation of a Mines education for our students.

We also employ a budgeting process that ensures our expenditures closely align with our strategic plan. Only new requests that are in line with strategic initiatives, or needs critical to operations have been funded. Other funding requests have been filled through realignments of existing funds, gifts, or auxiliary revenues.

University of Northern Colorado

UNC is currently in the second year (FY16) of our Five-year Fiscal Sustainability Plan. The plan is a roadmap for achieving long-term fiscal sustainability with limited state support which focuses on three actions: (A) growing enrollment by recruiting a broader mix of students, which includes expanding programs to serve these students when necessary and appropriate; (B) growing enrollment by improving student persistence to graduation; and (C) creating sustainable cost savings by refining operational practices to be more effective and more efficient.

4. How does on-line learning fit into your programs? Has this affected your revenue and expenses? How do you see this changing over time?

University of Colorado

The university views on-line delivery as a vehicle to reach additional students seeking a CU *education, as well as way to relieve unmet student demand that is constrained by our brick-and-mortar facilities. CU faculty are engaged in a wide range of on-line activities. Two prominent examples include Massive Open Online Courses (MOOCs) and an improved student portal to CU's current and future online course offerings.*

First, through Coursera, CU offers fifteen non-credit courses, including a five-course specialization with a rigorous capstone project. Overall combined enrollments in these MOOCS are approaching 600,000. Learners have the option of paying a fee ($49-79) to receive a certificate for successful completion of a course, and the university has begun to see modest revenue from those certificates. Other value that the university realizes from MOOCs includes student recruitment, dissemination of research, crowd-sourced research, opportunities for scholarship of teaching and learning, and showcasing CU faculty and courses to national and international audiences. Second, CU has begun development of a common online portal that will allow students to view online course, program, and certificate offerings at each of CU's campuses and choose which best meet their needs.

Last year, CU offered 2,365 online course sections with 42,982 student enrollments. Additionally, CU offered 34,825 online credit hours to high schools students for dual credit. These efforts will be enhanced through the launch of a common CU Connect web portal that will allow students to view the range of online offering across the system and tailor their enrollment to their needs. While the majority of online students also take regular courses on a CU campus, there were 2,918 students enrolled exclusively online for Fall 2015. The new common portal will appeal to both currently enrolled students and new students who aren't able to attend a CU campus.

Colorado State University

CSU – Pueblo: CSU-Pueblo integrates technology into many of its courses and programs. With respect to online learning, CSU-Pueblo has approximately 25 courses with at least one online section. Recently, CSU-Pueblo entered into a partnership with CSU-Global for the development of an online degree program for construction management. At this stage, online programs have not had a measurable impact on revenue and expenses for the campus. However, given the high demand for these courses, they are a critical component to the university's overall recruitment and retention strategy. As these programs become mature in their development and become more prevalent, it is anticipated that they will contribute positively to the university's bottom line.

CSU – Utilization of online learning tools has been a practice at CSU long before the most recent boom that was initiated by the advent of MOOCS. CSU currently offers a wide range of fully online graduate degree programs including, but not exclusive to, an MBA, an M.M. in Music Therapy, an M.E. or M.S. in most of our Engineering programs as well as multiple programs from our other colleges. We also offer seven different fully online undergraduate degree programs including Psychology, Interdisciplinary Liberal Arts, Human Development and Family Studies, Fire and Emergency Services Administration, Economics, Anthropology *and Agricultural Business. In addition to offering fully online degree programs, we also deliver many individual courses online to provide students with the flexibility and convenience of taking courses at times and locations that fit into their life style and degree program.*

The revenue generated from these online courses is included within our tuition figures noted in #1 above. Also see response to #3.

Colorado School of Mines

Currently on-line learning is being explored and implemented as ways to enhance, not replace, the classroom experience. One of the key hallmarks of a Mines education that is valued by employers is the hands-on education that our students experience. We are carefully integrating on-line learning to enhance that experience. At the same time we recognize that some engineering and science programs are moving to an online platform, especially in certain disciplines such as computer science and electrical engineering. At this time, Mines does not have the technical infrastructure in place to ensure that we can deliver a quality online engineering degree. Online programming requires significant capital investments, not unlike adding a completely new degree program or building a new building. We continue to explore financial options in order to make investments in online technology, including leveraging online graduate and continuing education programming to generate revenue.

University of Northern Colorado

Online programs and classes are an important component (along with hybrid and face-to-face instruction) of delivering education to students. For Fall Census 2015 22% of our undergraduate population was enrolled in at least one online course as compared to 18% for Fall Census 2014. For graduate students 39% were enrolled in at least one online course as compared to 37% for Fall Census 2014.

<u>Has this affected your revenue and expenses?</u>
There are incremental costs to developing and delivering classes and programs online. Some online course revenues replace revenues for classes previously delivered online (for example, on-campus student who occasionally take an online class) and some online course revenue is new revenue.

<u>How do you see this changing over time?</u>
We believe online programs will continue to be a part of our portfolio, especially for undergraduate degree completion and graduate education. Increasing undergraduate enrollment also involves creating new degree programs that have demonstrated high demand. As we develop these high demand degrees, we are exploring the option to deliver these programs online as we only offer five online degree completion programs (American Sign Language: English Interpretation, Dietetics, Psychology, Sociology and Nursing RN-BSN). We will launch a call to develop online undergraduate degrees next Fall.

<u>Tuition Policy Proposal</u>

5. What do you like/dislike about the Department's tuition policy proposal?

University of Colorado

The University of Colorado supports the Department's tuition policy proposal. We believe that the Board of Regents is uniquely situated to know the needs of CU and the students we serve. The Regents are elected by the people of Colorado and are accountable to them. We believe they should retain authority to set tuition rates because they are thoroughly informed of the cost pressures both the university and our students are facing. The University of Colorado supports the CCHE tuition policy recommendation because it would enable the Regents to retain this critical authority during times of flat funding or funding reductions.

*The **Regents and CU leadership have proven their commitment to modest tuition increases** over the past several years. While the 6 percent tuition cap was in place, CU's tuition increases for resident students came in significantly below that cap. The Regents also consider the combined impact of tuition and fees when setting their policy. The combined impact is publicly presented (and available online) to the Board and both the administration and Board have clearly shown their commitment to keeping increases low.*

The University of Colorado also supports the CCHE recommendation that would empower CCHE to determine acceptable tuition increase ranges when state funding for higher education increases. This approach allows for predictable tuition policy setting that respects the unique role of governing boards while clearly linking the impact of the Legislature's state funding decisions to tuition increases.

Colorado State University

Under the current "timeout" from tuition caps and appropriations the CSU System has been very successful in moving the pendulum on student access and success. In fact the entering freshman class at CSU is the most diverse in university history. It has the most low income students, diversity, and is the largest entering class in recent history. It reflects a five year effort to improve the recruitment, retention, and graduation of students in our system. All accomplished without any oversight. We would prefer the extension of the "timeout" for another five years. The Department of Higher Education's tuition policy proposal is probably the next best idea and one we support. The system supports the Department of Higher Education's recommendation that tuition revenue appropriations remain informational only in the Long Bill.

Colorado School of Mines

We support granting greater authority to governing boards in establishing tuition rates for the institutions for which they have fiduciary responsibility. Ensuring affordability of a degree and balancing the financial stability of an institution are among the greatest responsibilities that members of a governing board takes on. This will be even more important with the new funding model that will increase the differentiation of state funding of each institution.

We do have concern that the Department's proposal is too dependent upon annual fluctuations in state funding, especially as it may impact the ability of an institution to pursuing long-term financial planning.

University of Northern Colorado

We understand the limits and volatility of state funding and our Board appreciates the flexibility to make tuition decisions, particularly from a multi-year planning perspective.

Request R1 (Base Reduction for Public Colleges and Universities)

6. How would the proposed budget reductions affect your institution?

University of Colorado

State funding helps to not only mitigate resident tuition increases, but it also enables CU to pay for critical needs on our campuses. For example, our campuses alone have a $477 million General Fund maintenance backlog. Similar to the state budget, this is an area of CU's budget that suffers when state funding does not keep up.

It is important to the University of Colorado to provide access to Colorado residents so before considering tuition increases, the campuses have provided examples of internal controls that would be considered. Current year revenue estimates are not yet known at this time, but if revenues are down at any of the campuses, the funding gap and university costs would be first reconciled by looking to potential actions as outlined below. The following summary was provided at the request of JBC staff prior to her briefing.

Boulder

- *Would consider roll back of investments in deferred maintenance, specifically the new CAMP. At Boulder, the General Fund portion accounts for $386.6 million of the deferred maintenance backlog and every year that that is not aggressively addressing this issue increases the campus' liability.*

- *Would consider holding positions open. This would be possible for a short-term but not for the long-term strategy for addressing continued revenue shortfalls.*

- *Would look to information technology and whether some of the investments being made in that area could be delayed.*

UCCS

- *Would reduce the campus' plans to increase staffing to help address enrollment growth. UCCS has one of, if not the leanest staff to student ratios of public higher education institutions in the state. Loss of these funds directly impacts our ability to increase staffing in critical compliance and service positions such as academic advisors, licensed counselors, and campus police.*

- *Would consider delay and reductions to infrastructure improvements including controlled maintenance.*

Denver | Anschutz

- *In any year, the ability to absorb impacts from state funds decreases is affected by the status of enrollment. At this time, the Denver and Anschutz campuses have not finalized the impact of enrollment. However, it is likely that enrollment will not be able to absorb the impact of state fund decreases in FY 2016-17.*

- *While the Denver Campus continues to explore revenue strategies that support modest base rate increases to tuition, so as not to encourage decline in enrollment, the Denver Campus may need to consider one time and ongoing expense budget reductions to balance to budget shortfalls.*

- *It was hoped that HB 14-1319 would protect the Anschutz Medical Campus to some degree from significant reductions in state funds, as the campus has enrollment constraints due to limited clinical placements, accreditation policies, student debt, and simulation availability. It is possible that the School of Medicine could experience accreditation issues during its FY 16-17 review because of issues involving high student debt and lack of general funding.*

- *If state funds decline for Anschutz, serious efficiencies in programs and operating costs will have to be considered, the majority of which will have to be absorbed by schools and colleges.*

Colorado State University

The CSU System is in the early stages of planning for the FY 2016-2017 budget year. A $4M reduction in state support will likely mean no investment in quality initiatives, deferring academic investments, reducing unit budgets by 2% across the organization and foregoing employee salary increases. It may also mean increasing tuition to offset the base reduction. Options currently being considered include tuition increases between 3% to 6%, charging for all credit hours above 12 (at CSU Pueblo).

Colorado School of Mines

As with all schools, not only will we backfill this cut to our current operating budget, we must find funding to cover all of our mandated cost increases. Although specific budget adjustments have not been finalized to address these cuts, our goal is to minimize the impact on students in the classroom. Difficult decisions will be made on how to balance the continued success of our students with tuition adjustments and investment reductions.

Examples of large investments that may be subject to cuts or delays include: the on-line learning initiative, a new student success and innovation hub, and additional investments in our Center for Innovative Teaching and Learning. As discussed in question 3, our budget *process includes strict scrutiny over new requests to hold operating costs down and ensure new line items address our strategic plan and critical needs.*

University of Northern Colorado

While we have planned for limited state support, application of the current funding model and a GF reduction of $20 million results in a 7.4% decrease to UNC's state funding ($3 million). This decrease is approximately 1.5% of our total operating budget. We are already working to increase student success, ensure that our academic programs are well-structured to meet today's market demands, and increase enrollment, all while identifying sustainable cost savings. A $ 3 million reduction will requires us to look at tuition increases. After the effect of additional institutional discounting, it would take about $420 per undergraduate student (or a 6.6% increase to resident undergraduate tuition) to make up the $3 million.

House Bill 14-1319 Funding Model 2.0 and Institutional Outcomes/Performance

7. What do you like/dislike about the "2.0" version of the H.B. 14-1319 funding model? Should role and mission funding be "base" funding? Why? How well do you think the new model works for allocating budget cuts?

University of Colorado

CU consented to the 2.0 version of the model. CU continues to believe HB 14-1319 was quite flawed but we are also committed to working with CCHE to make it work. We are grateful to the DHE for working diligently with the institutions to modify the components in the model to improve the mechanics of the model to make it intuitive, while staying true to the spirit of the legislation. ***The projected FY 2016-17 governing board allocation is far from perfect but it is reasonable given the requirement in HB 1319 that a single formula be implemented to fund an incredibly diverse range of institutions.*** *There was much compromise in the 2.0 model development and review process. Every institution could argue that a portion of HB 1319 was not adequately included or emphasized. From CU's perspective that was certainly the case as well. However, nearly all institutions, including CU, agreed that the allocation was fair enough and should be used in FY 2016-17.*

It is also important to note that the model will result in a significant range of funding changes for institutions in FY 2016-17. While all would be cut, some will be cut more deeply than others. One can argue if this is a positive or negative outcome, it is however, a reality of the model.

A base amount built into the model helps to stabilize what could otherwise be a wildly volatile allocation model. Without some level of predictability for future funding, it is challenging for institutions to manage budgets year over year. Identifying additional efficiencies becomes more and more challenging as the state investment becomes a smaller share of total higher education funding. It is always difficult to distribute cuts. Distributing cuts through the model is a new approach.

The fundamental problem is that state funding for higher education in Colorado is deeply inadequate. This new allocation model does not drive additional funding for higher education. Poor funding levels have had an ongoing negative impact on institutions, students and their families. We are grateful to the Governor, Lt. Governor, Legislature and CCHE for the increases over the past two years. However, since 2001, state funding for resident students in Colorado has declined by over 33% when adjusted for inflation. At CU, the drop has been over 50%. With the FY 2016-17 budget, we are once again resuming the slide down the funding hill. ***No formula, no matter how sophisticated or thoughtfully constructed will substantially mitigate or reverse this undesirable trend****.*

Colorado State University

In regards to role and mission funding, we believe the variable figures in that side of the model represent the settlement of past issues in higher education such as base funding. By including these amounts the issue of past problems in our mind is put to rest and therefore we encourage their inclusion in the model.

The model works fine for allocating budget cuts and actually shows the varying financial effect on each institution or system. The guardrails are probably more of an issue to some institutions than the model in a declining funding environment.

Colorado School of Mines

We appreciate the collaborative effort of the Department in the development of the model. The unique role and mission of each institution makes a "one size fits all" allocation model very difficult, if not impossible. Although the role and mission funding in the model should address the uniqueness of each institution, we believe the model, in total, serves volume driven outcomes over performance.

University of Northern Colorado

Version 2.0 of the funding model is an improvement over the first version; Including role and mission funding as base funding helps to reduce the volatility inherent in a volume-based model. However, it seems counterintuitive for a model that is supposed to be providing funding and incentives for improved performance to be used for allocation when funding is being cut.

8. How has the new funding model affected your governing board? Do you think it has changed allocations from what would otherwise have happened? Has it affected your governing board's focus or behavior?

University of Colorado

It is too soon to know how the model will affect CU over time. The transition funding that was provided in year one allowed governing boards to plan for the shift in the way general fund will be allocated moving forward. The premise of the model assumes that higher education in Colorado is adequately funded and is paying for performance. The model redistributes existing funds amongst the institutions based on the factors, with enrollment being the biggest driver. The performance goals sought in HB 1319 and the goals of the CCHE master plan *have long been the goals of CU and the Board of Regents as well. While the model may slightly shift state funds to institutions that perform well on the HB 1319 metrics, it will not influence CU's behavior because CU is already intensely focused on the priorities outlined in the law. CU seeks to be a leader in higher education nationally. Like our sister institutions throughout the state, our goals are not solely driven by funding but by our commitment to high quality education as well.*

Colorado State University

The new funding model for the CSU System is important as it for the first time recognizes performance and graduation and that is something we excel at as a system. We applaud this recognition and hope more funds can be placed on the performance side of the model.

Our board actively monitors the progress on the model and its outcomes so it has been helpful in framing for them how our institutions do in certain areas. Since the CSU System board has always had a very active focus on budget and revenue/expense issues it has not changed behavior but has been found to be helpful in informing them.

Colorado School of Mines

Although every state funding allocation applied to Higher Education has impacted Mines differently from year to year, our goal is to use these funds to further the intent of the State. As discussed above in 1(c), we have committed to use all of our state fee for service revenue for financial aid and graduate support for our resident students by 2021.

In addition to increasing general financial aid, we have established the Colorado Scholars fund providing funding for Pell eligible, high merit students to cover all their tuition. Mines has used these funds to develop an undergraduate research experience program, allowing students to actively work on research projects while obtaining their degree. We have also expanded our financial aid for summer programs to help students with pay for their field sessions and provide additional summer work study funds for resident students.

University of Northern Colorado

UNC is the institution most disadvantaged by the funding model and the state funding available for UNC students is worse than it would have been in the absence of HB14-1319. We remain committed to the goals of our fiscal sustainability plan and our making the investments necessary to improve our student success and graduation rates; reductions in UNC's state funding have not changed that focus.

9. How does your governing board define performance/quality?

University of Colorado

The Board of Regents defined strategic priorities in coordination with campus leadership to advance the University of Colorado Campuses. These priorities include: Increasing student success and exemplifying Colorado's diversity; ensuring the university's ongoing financial stability/vitality; Advancing Colorado's economy; and Increasing the university's outreach and reputation.

The Board then identified several metrics that could be used to gauge how the university is performing in the following areas:

> *Student success and diversity is to be measured through incoming transfer population, retention rates, graduation rates, and degrees awarded, all viewed by race/ethnicity groups and student level. In addition, measuring the distribution of student financial aid and number of Federal Pell recipients affects the economic diversity of the student population. These measures align with the CCHE master plan goal 1, increasing credential attainment, goal 2, improving student success, and goal 3, enhancing access to and through postsecondary education ensuring that the system reflects the changing demographics in Colorado. The priorities specified in the 1319 higher education funding model are aligned with these priorities.*
>
> *Ensuring the university's financial stability and vitality will be measured by analysis of reliance on and reliability of revenue sources and changes over time. This includes efforts to increase fundraising, endowment, and industry partnerships. This aligns with goal 4 of the CCHE master plan in that it recognizes the need to develop and enhance resources that ensure affordability, accessibility, and efficiency.*
>
> *The number of awards and amount of sponsored research, from federal, non-federal, public and private sources, is a measure of the university's outreach, reputation, and effect on the economy through technology transfer, patents, and the creation of companies and jobs.*

Each campus of the University of Colorado established goals for these metrics in coordination with their respective strategic planning initiatives. These goals were presented in July 2015 and will be reviewed annually by the Board of Regents.

The university posted online each campus' historic performance on the Regent Metrics. This can be seen at: https://www.cu.edu/budgetpolicy/regent-metrics-2015

Colorado State University

The Board of Governors of the Colorado State University System considers several key metrics in assessing performance/quality, linking these metrics to the distinct role and mission of each CSU System institution. These include:

- *Student success rates (graduation and persistence)*
- *Affordability, as determined via peer comparisons, market demand, financial aid support*
- *Effective stewardship of state resources (budget, operations, and personnel management; private fundraising; leveraging of resources for statewide benefit; development of strategic partnerships that support innovation and efficiency; accountability to taxpayers)*
- *Reputation (including accreditation, state and national rankings, alumni engagement, enrollment demand)*
- *Research funding*
- *County commissioner satisfaction (for CSU-Fort Collins, which serves every county in the state through Extension and engagement activities)*

Colorado School of Mines

To help evaluate success in achieving the goals of the most recently adopted strategic plan, the Board of Trustees tracks the following performance measures:

- *Graduation rates – 4,5,6 years rates – for all students and underserved students*
- *Freshman retention – for all student and underserved students*
- *BS Degree outcome rate*
- *Student Selectivity*
- *Student Satisfaction*
- *Enrollment*
- *Faculty headcount and student to faculty ratio*
- *Research Expenditures*
- *Endowment and dollars raised*
- *Financial ratios*

The Board also engages visiting committees for each academic department to help evaluate quality and relevance of degree programs. Visiting committees meet every 2 or 3 years, and consist of academic, government, and industry representatives.

University of Northern Colorado

At UNC, academic quality means providing students first-rate academic programs with customized learning opportunities and individual support at a doctoral research university.

Financial Aid and Low Income Students

10. How has the net cost of attendance at your institution(s) for low income students changed over the last five years?

University of Colorado

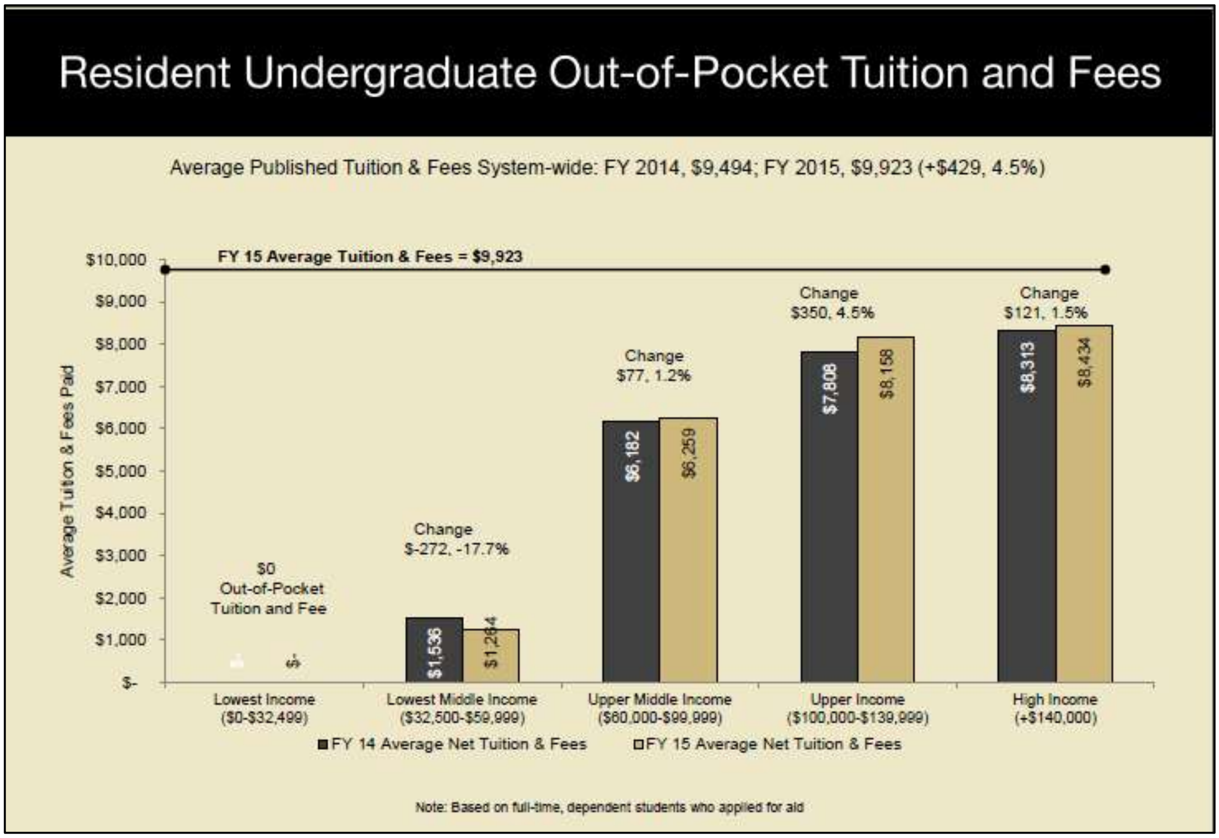
The University of Colorado supports low-income students by providing enough financial aid to pay for the cost tuition and fees, plus books for eligible resident students who qualify for Pell grants as part of the CU Promise program. All CU campuses offer this benefit. Students may be eligible for additional assistance, depending on their circumstance and course of study. At CU, the lowest income group receives the largest percentage of aid from all sources and has the lowest net price of any other income category at all campuses. The actual net price depends on the lifestyle of the student.

- *Since 2010-11, the average net price for resident Pell recipients has decreased by five percent system wide. The total amount dedicated to institutional aid for low-income students has increased by 48 percent. In 2014-15 pricing for Pell students over this period of time has changed as follows:*
- *Boulder net price decreased by 15 percent. 25 Percent of resident, undergraduates received a Pell grant.*
- *Denver net price decreased by one percent. 45 Percent of resident, undergraduates at Denver received a Pell grant.*
- *UCCS net price increased by 19%. 39 percent of the students at UCCSS are Pell eligible.*

Since 2010-11, the number of resident Pell recipients attending the CU campuses has increased by 23.5 percent.

Each November, the Board of Regents is given a presentation on financial aid and affordability. The study looks at the aid sources utilized by resident undergraduate students and evaluates change in price to the student by income group. The study looks at both tuition/fees costs and the total cost of attendance. The study that was presented to the Regents this November can be seen at:
https://www.cu.edu/sites/default/files/Financial_Aid_FY2015.pdf

Below, is a slide from that presentation that shows the average out-of-pocket tuition and fees price change for students system wide from 2014 to 2015 by income group.



Colorado State University

CSU: The net COA for our low-income students has remained flat over the last five years due to the creation of our Commitment to Colorado (CTC) grant program in fall 2011. As part of its land grant mission, Colorado State University wants to ensure that financial challenges will not prevent any undergraduate Colorado student who is admitted to the university from attending. CSU's Commitment to Colorado provides Colorado students who have a family Adjusted Gross Income (AGI) on their most recently filed federal income tax return(s) of $57,000 or less (and who meet other eligibility requirements) with grant funds from federal, state and university sources to cover at least one-half the cost of student share of base tuition. Students who are eligible for federal Pell Grant may be eligible to receive grant funds to cover at least 100% of student share of base tuition and standard fees.

Since CTC guarantees the cost of tuition and fees will be covered with grant aid, the net cost remains flat. Increases in room and board have been addressed with additional state and institutional aid.

Even while the number of Pell-eligible students at CSU is on the rise, it's important to note we've been able to maintain access and affordability for all our students across the economic spectrum. For example, in our last graduating class, 44% of CSU graduates last year left the university with zero student loan debt.

CSU's average debt at graduation is $21,240 – less than the cost of an inexpensive new car and significantly less than the national average of $28,950. CSU continues to have among the lowest default rates in the country at 2.8% (the national average is 13.7%).

CSU-Pueblo has increased the amount of Colorado Student Grant (CSG) given to those students living on campus. Also the "other educational costs" or "miscellaneous" component of the cost of attendance was increased not only due to community factors but also to allow as much room as possible for Federal, State, Institutional, and Scholarship aid. Students who also have an inability to pay for semester charges are able to appeal for additional grant aid to help subsidize the cost of attendance.

CSU-Pueblo

	2011	**2012**	**2013**	**2014**	**2015**
Cost of Attendance	$17,168	$18,010	$19,246	$19,382	$19,792
Ave. Aid for Pell Eligible Students	($10,559)	($9,975)	($9,948)	($10,320)	($10,355)
Net Cost of Attendance	$6,609	$8,035	$9,298	$9,062	$9,437

Colorado School of Mines

Net Cost of Attendance (includes tuition, fees, room and board, books, other) Full Pell Eligible Students					
	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016
Net COA for Pell Eligible Students					
Higher Merit	$ 15,124	$ 17,251	$ 18,299	$ 9,540	$ 9,414
Low Merit	$ 17,624	$ 19,751	$ 20,799	$ 14,540	$ 14,414
No Merit	$ 20,124	$ 22,251	$ 23,299	$ 24,028	$ 23,192
Gross COA	$ 27,374	$ 29,501	$ 30,644	$ 31,458	$ 31,767

University of Northern Colorado

UNC continues to increase the amount of money going towards institutional financial aid, both in absolute dollars and as a percentage of tuition and fees. These funds are used for low and middle income students, with middle income students often being the ones that face the largest financial challenges since they are ineligible for federal Pell funding.

UNC's gross tuition and fees remain among the lowest in the state of Colorado and our data shows that our institutional discounting is comparable to other institutions.

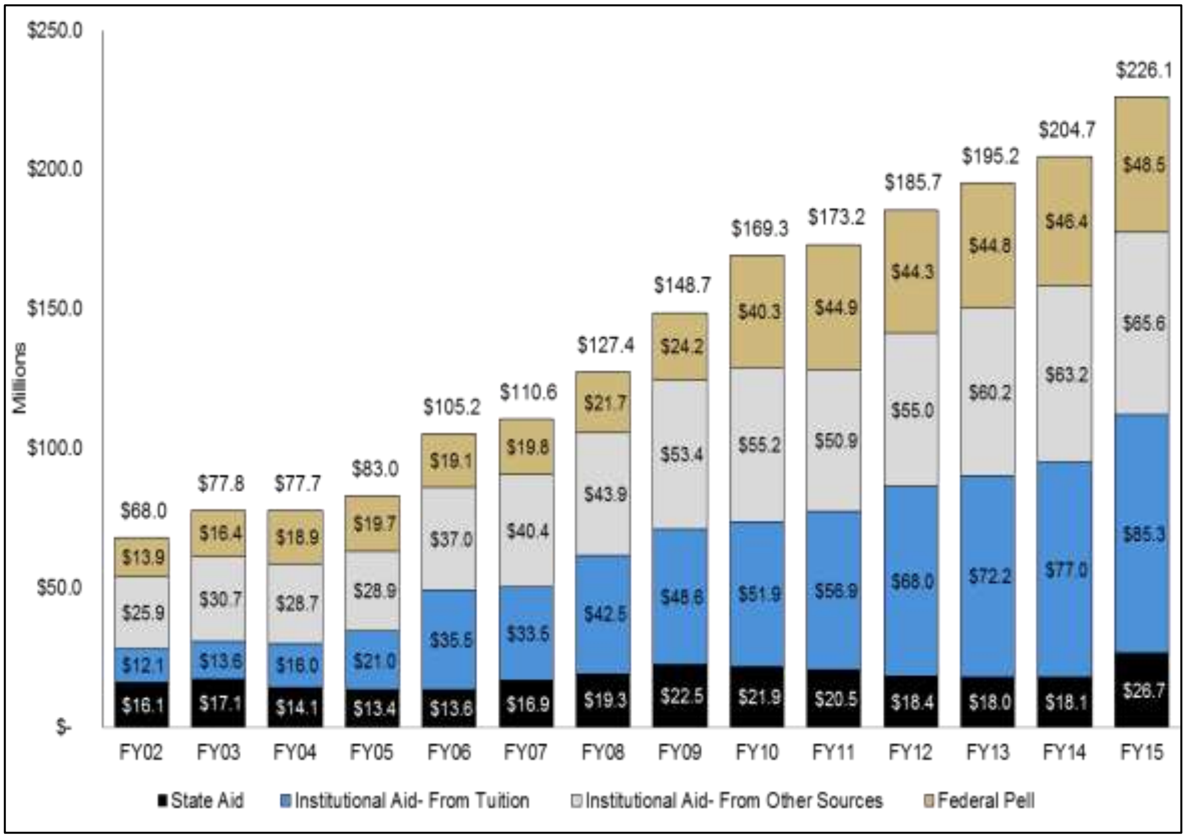
11. How much of your institutional aid supports low-income Colorado residents? Have you reduced, moved or restructured your institutional aid in light of increases in state need-based aid?

University of Colorado

In FY 2014-15 CU devoted $151 million of institutional funds to financial aid. Of this amount, $93 million or 61% was allocated to resident students. In 2014-15 of $73.7 million CU awarded was need based aid. $22.9 million of institutional awards—both merit and need based—to students with incomes below $32,500. This data reflects resident, undergraduates enrolled full-time, student enrolled less than full-time were awarded an additional $3.2 million. Institutional aid is intended to provide access to students from all backgrounds, attract and retain talented students, and to support graduate research. Each campus customizes aid packages to suit the population they serve. In 2013-14, the Boulder campus created the CU Esteemed Scholars which allows high-achieving low income students access to additional financial aid dollars (on top of the CU Promise program) to help fund their education.

From 2010-11 to 2015-16, state financial aid allocated to institutions (need-based, merit, and work-study) has increased by nearly 61 percent. CU is grateful to the Governor and Legislature for the increase. The CU campuses allocations have increased by 49 percent over the period. Affordability for low-income students is extremely important to us. Each year, including during the recession, the university has continued to grow institutional student financial assistance. The chart below shows our investment over time.

Financial Aid by Source at the University of Colorado



Colorado State University

CSU: 100% of CSU need-based aid goes to Colorado residents.

We have not removed institutional aid as state aid has increased. CSU's institutional need-based aid has increased 82% since 2010-11, and privately funded scholarships have increased 38%.

CSU invests more than $20M (45% of the overall institutional aid budget) in institutional funds targeted to low-income students. These figures do not account for merit aid received by our low-income students.
Three key enhancements have been achieved with the increase in state need-based aid.

- *Increased need-based aid to new freshmen and sophomores to assist in covering the cost of living on campus.*

- *Increased need-based aid to our lowest-income juniors and seniors to assist in covering the cost of differential tuition.*

- *For the first time in CSU's history, we offered low-income students $1M in need-based aid for summer session. Historically, aid opportunities for summer session at CSU, like most institutions, was left to un-used Pell grant and student loans. The goal of providing need-based aid for summer session is to provide opportunities for low-income students to complete their degree at the same pace as other students.*

CSU-Pueblo: 55% of CSU-Pueblo's institutional aid supports low-income (Pell eligible) Colorado residents. We have restructured the Colorado Student Grant (CSG) to allow low-income students living on campus to use these funds for housing-related expenses.

Colorado School of Mines

Mines created a Colorado Scholars fund to specifically assist high achieving Pell students in fiscal year 2015. This program provides scholarships and grants to ensure that any Pell student who qualifies for a merit scholarship from Mines will attend Mines tuition free. Prior to the creation of the fund, in fiscal year 2014, Mines provided $5.1 million in institutional grants and scholarships for Colorado resident students. $1.1 million (21%) of this funding went to Pell eligible students. In fiscal year 2015, with the creation of the Colorado Scholars Fund, Mines has increased institutional grants and scholarships to $6.9 million for Colorado Students and $2.1 million (30%) went to Pell eligible students.

University of Northern Colorado

We review and adjust our aid packages every year including consideration of federal and state need-based aid. We continue to increase our need-based aid for both low-income and middle-income students on annual basis

12. What steps do you take to reach out to low income students?

University of Colorado

In addition to the financial assistance, CU also invests $123.3 million in student services available to ensure student success. Student services available includes counseling, writing *centers, tutors, and financial literacy tools. Building strong campus communities provides support to all students. The student services teams provide outreach to low-income students to recruit new students and to serve current students. Student engagement is critical to student success. Each campus has a pre-collegiate office where the initial contact with students occurs. Through pre-collegiate services counselors are able to identify students that may need additional support and direct students to resources. The pre-collegiate offices at all CU campuses provide additional support to first generation students with financial aid counseling, financial literacy programs, and mentoring.*

At both the Denver and Boulder campuses first generation, low-income students who may need additional support may access services through the Trio office. The Trio offices provide outreach services to first generation and low-income students to ensure student success. Each campus has tailored services for the population they serve, but generally students are able to access academic support and guidance, advocacy and personal support, peer mentoring, tutorial assistance, career preparation, financial aid assistance, and organizing cultural and community events. Trio programs are partially funded through federal grants. (http://www.ucdenver.edu/life/services/TRiO/Pages/default.aspx, http://www.colorado.edu/sasc/triosss)

At Boulder, the financial aid office provides outreach sessions, workshops, presentations, and information events to a variety of audiences throughout the year on financial aid and financial literacy topics. These sessions are held on-campus, locations in the Denver Metro area and at area high schools. Depending on the type of event, attendance at these events can range from 10 to 1,500 attendees.

At UCCS the office of student retention is the hub for student support services. The Multicultural Office for Student Access, Inclusiveness, and Community (MOSAIC) manages numerous events and programs and coordinates extensively with both the Office of Student Activities as well as dozens of Student Clubs to support student success. Students have access to mentoring and academic skill development workshops if necessary. There is an early alert system in place to ensure that if a student is falling behind academically there is one on one support available. UCCS received a federal grant in December that will help provide daycare assistance for low-income students in need of child care assistance while in school. The program reduces the cost of child care by 30-45 percent.

At the Denver Campus the Lynx Center serves as the one stop center for students that foster student well-being and success. Through the Lynx Center students have access to mentoring, study groups, student orientation, and student activities. Denver is in the process of implementing a new program, Loving Lynx, to provide resources to students in need. The program partners with organizations such as Samaritan House and Urban Peak to provide seamless access to services not available on campus, but also provides essential needs items (toiletries, bedding, short-term housing assistance) as well as groceries through their food bank.

Colorado State University

CSU: As a land-grant university, access and affordability are core components of the CSU mission and high priorities of the institution at every level. We employ a number of strategies from both the access and success perspective. We have partnered with under-represented-serving high schools and support programs across Colorado to assist in college-readiness efforts and to ensure students and families are aware that CSU is affordable. This partnership program is referred to as the Alliance and includes the following schools:

- *Adams City High School*
- *Centauri High School*
- *Fort Lupton High School*
- *Hinkley High School*
- *John Mall High School*
- *Montezuma-Cortez High School*
- *Rocky Ford High School*
- *Sierra High School*
- *Trinidad High School*

We are well aware of the changing demographics in Colorado and provide Spanish-speaking presentations and communications. Once on campus, most of our under-represented students are members of our Community for Excellence, which offers transitional services and on-going support.

As the university in Colorado that enrolls more Colorado high-school students than any other, we have found that these efforts and programs like the Commitment to Colorado are critical for ensuring that low-income students have full access to a research-university education in Colorado.

CSU-Pueblo: CSU-Pueblo takes steps to reach out to low income students while they are still prospects as well as when they are enrolled at the university. Freshmen and sophomores in high school receive a "Financing Your Education" brochure in addition to a college preparation checklist. Parents of high school juniors and seniors receive information regarding filing the FAFSA and other sources of aid low income students may qualify for. Once a student becomes admitted to the university, an affordability campaign is launched describing the value of a CSU-Pueblo education and the role financial aid plays.

Current students receive information about and are encouraged to enroll (free of charge) in the SALT program. SALT is an online tool that helps students keep track student loan debt, forecast debt and monthly payment, and gives access to borrower counselors via email and phone to help answer student loan questions. Academic advisors on campus also assist low income students with financial literacy and provide intervention when needed regarding the *financial aid process. Students are encouraged to utilize information and resources about financial literacy on the university website:*

http://www.csupueblo.edu/FinancialAid/FinancialLiteracy/Pages/FinancialLiteracy.aspx

Colorado School of Mines

Mines partners with Denver Public Schools and participates in their day/night college fair series. We also collaborate with the Denver Scholarship Foundation which assists low-income students. In addition, we provide several summer programs to reach middle school students in low income areas to promote interest in pursuing a STEM educations. These programs include:

- *Summer Academic Focused Education (SAFE) – a week long day summer camp for 30 student from Skinner Middle School – DPS*
- *STRIVE Pre Summer Academic Focused Education – a week long day summer camp for 30 students from the STRIVE Preparatory Middle School (DPS Charter School)*
- *DPS Summer Academic Focused Education week long day summer camp for 40 middle school students from Montbello/Martin Luther King Early College System - DPS*

University of Northern Colorado

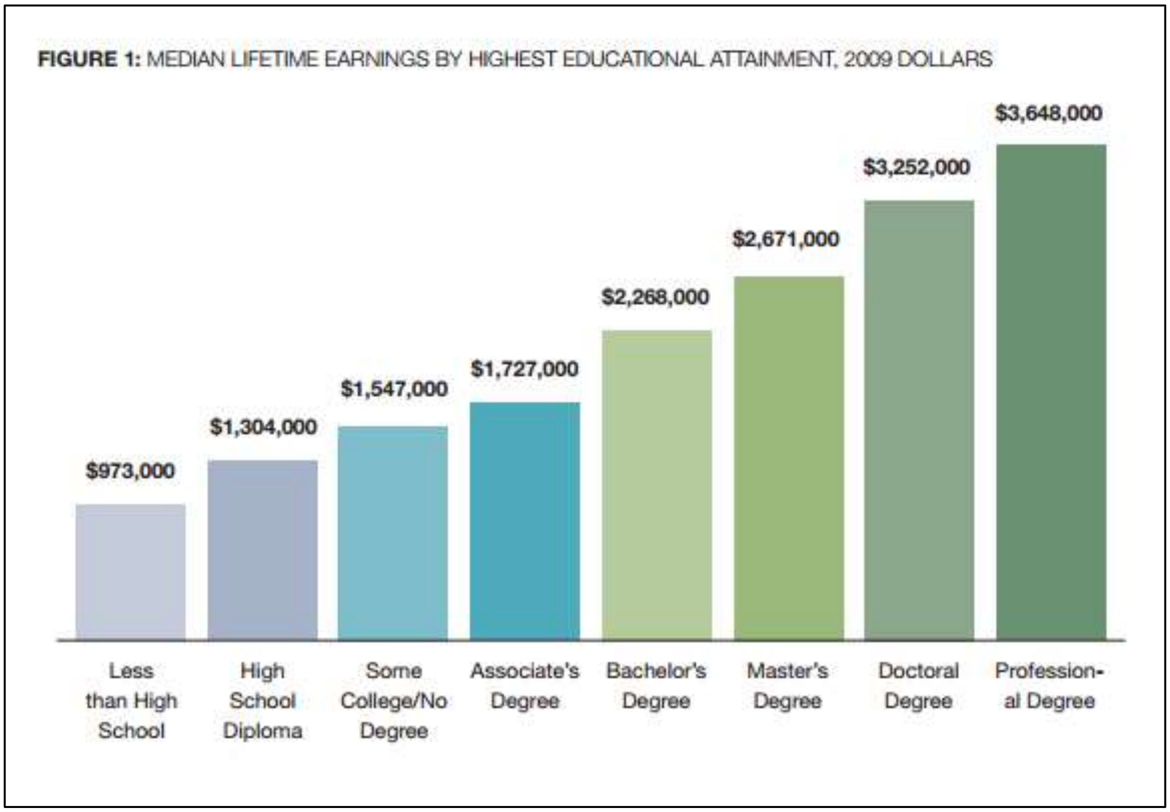
UNC admissions and financial aid counselors work collaboratively with high school students and their families to help them navigate cost of attendance and financial aid processes. Once on campus, UNC offers support through the Center for Human Enrichment (CHE), the Cumbres program and in partnership with the Denver Scholarship Foundation.

High School to College Continuum and Workforce Preparation

13. What do you think of the idea that no student should leave "school" without a technical certificate or associate's degree?

University of Colorado

Certificates can provide students with quicker access to the work-force. CU supports the goal of increasing the number of high quality credentials awarded in the state as part of the statewide Master Plan, but our focus is degree attainment. Research indicates that over time, the lifetime earnings of degree recipients generally increase by the level of degree. The Georgetown Center on Education and Workforce periodically reviews lifetime earnings by degree type. The graphic from the most recent report is below. For the full report visit: https://cew.georgetown.edu/wp-content/uploads/2014/11/collegepayoff-complete.pdf.



Additionally, CU participates in the statewide articulation agreement that allows students who complete an associate's degree to transfer credits into the related baccalaureate program. Both UCCS and Boulder include transfer agreements for engineering students. There is a lot of work being done to create pathways for all students. For more information, please visit http://highered.colorado.gov/Academics/Transfers/Students.html.

Colorado State University

The CSU System believes in the value of education, and our focus on student success has the attainment of degrees and credentials as its primary focus. The productivity and economic well-being of our population are all increased when our citizens are more educated, so we are delighted any time post-secondary education in any form is a priority for our state. That being said, it is well-demonstrated that the economic benefits of a bachelor's degree provide the greatest return on investment to both individuals and the state. That is where our mission is focused.

Colorado School of Mines

We believe that it is the responsibility of a higher education institution to assist students achieve their academic goals and reduce as many barriers (especially administrative) as possible. That said we also believe that students also have a responsibility as well in earning their credentials. The credential will begin to lose value in the marketplace if there is a perception that the credential was guaranteed and not earned. Furthermore, students who complete some work but not all the requirements for a degree do receive documentation of their achievements through a transcript.

University of Northern Colorado

Given that 60%-75% of jobs require some level of postsecondary education, technical certificates and associate's degrees are an important element of Colorado's educational system. As a doctoral research university, UNC also offers a liberal arts core and research in the classroom that provide students with knowledge and critical thinking skills to support multiple career paths and social-civic engagement.

14. Does the k-12 system provide what the higher education system wants in its students? What share of your students require remediation or supplemental academic instruction?

University of Colorado

The state has been working on P20 alignment for some time. While efforts have been made to streamline high school graduation requirements and higher education admission requirements, they are not in perfect alignment, but there is effort being made by both sectors. As stated on the CDE website, their goal is to reduce dropout rates, reduce gaps in academic achievement, and increase the number of students who continue to higher education.

In 2013, 55.3 percent of the 2013 high school graduating class enrolled in a postsecondary *institution in the fall immediately following graduation (CDHE, K12 Progress & Outcomes). There are many reasons for not enrolling in postsecondary institutions directly from high school, but certainly lack of preparation is an important one.*

Additionally, four years after enrolling in college, 28 percent of the 2010 high school graduating cohort had earned at least one postsecondary credential, be it a certificate or degree (CDHE, K12 Progress & Outcomes). While there are many reasons for not finishing within four years, preparation certainly is a key component. Finally, we can look at remediation data. Overall, the percentage of the 2013 high school graduates, pursuing postsecondary education who placed into remediation in at least one subject was 34.2% (CDHE, Remedial Report). In summary, only two-thirds of high school graduates are college ready upon high school graduation.

From the DHE remedial report, the statistical data for remedial courses taken in the fall or spring term following high school graduation are below (includes courses taken outside of CU because by law, CU cannot not offer remedial courses) for freshmen students.

- *Boulder – 0.4% of freshmen students took at least one remedial course at another institution.*
- *UCCS – 25.4% of freshmen students took at least one remedial course at another institution.*
- *Denver – 16.3% of freshmen students took at least one remedial course at another institution.*
- *Statewide average – 34.2% of freshmen students took at least one remedial course.*

Colorado State University

A small percentage of new undergraduates – about 9 percent -- coming to CSU each year are "in need of remediation" in at least one subject (in accordance with the statewide remedial education policy). The most frequent remediation need is for mathematics (6.0 percent). We don't teach remedial classes; these students either spend some time reviewing and then re-taking a placement exam or taking a class at Front Range Community College. Our departments are in the process of considering supplementary instruction options for entry-level courses.

Colorado School of Mines

Because Mines has selective admissions requirements we only have a few students who may require remediation – all related to writing – and so we do not offer SAIs.

University of Northern Colorado

Student success in both k-12 and higher education requires both academic quality/student support and the commitment of the student. The Colorado k-12 system generally offers students the education necessary to be successful in post-secondary education. Roughly 4% of UNC's students require remediation or supplemental academic instruction

11:15-11:30 BREAK

ADDENDUM: OTHER QUESTIONS FOR WHICH SOLELY WRITTEN RESPONSES ARE REQUESTED - DEPARTMENT OF HIGHER EDUCATION (GOVERNING BOARDS)

1. Provide a list of any legislation that the governing board has: (a) not implemented or (b) partially implemented. Explain why the governing board has not implemented or has only partially implemented the legislation on this list.

University of Colorado

All legislation has been fully implemented by the University of Colorado at this time.

Colorado State University

There is no known legislation that the CSU System, when directed in that legislation, has not implemented.

Colorado School of Mines

None.

University of Northern Colorado

2. Does the governing board have any outstanding high priority recommendations as identified in the "Annual Report of Audit Recommendations Not Fully Implemented" that was published by the State Auditor's Office and dated October 2015 (link below)? What is the department doing to resolve the outstanding high priority recommendations?

http://www.leg.state.co.us/OSA/coauditor1.nsf/All/4735187E6B48EDF087257ED0007FE8CA/$FILE/1542S%20Annual%20Report.%20Status%20of%20Outstanding%20Audit%20Recommendations,%20As%20of%20June%2030,%202015.%20Informational%20Report.%20October%202015.pdf

University of Colorado

The University of Colorado does not have any outstanding audit findings to address.

Colorado State University

n/a

Colorado School of Mines

None.

University of Northern Colorado

THE WALL STREET JOURNAL.

http://www.wsj.com/articles/giving-college-administrators-a-business-education-1440628508

OPINION | COMMENTARY

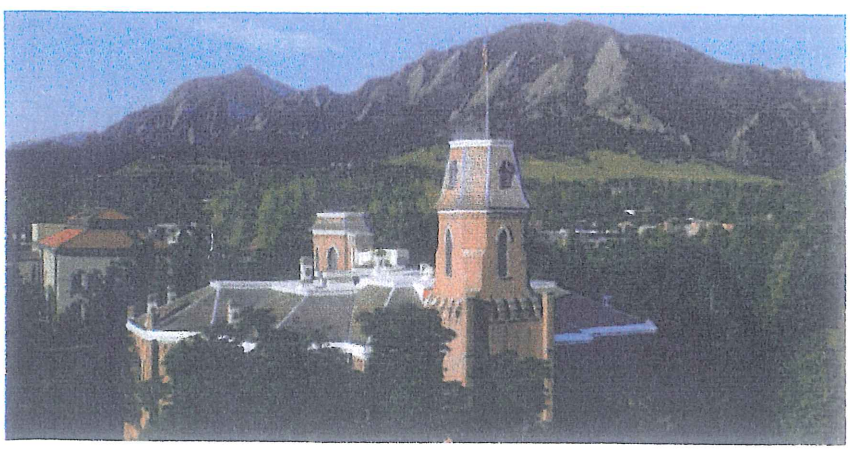
Giving College Administrators a Business Education

When state funding at the University of Colorado began drying up, we quickly found cuts that saved millions.

By BRUCE D. BENSON
Aug. 26, 2015 6:35 p.m. ET

The days of flush state funding for higher education are gone, and public universities are slowly recognizing that they must do better than approach state legislatures each year with hats in hand, asking for more.

At the University of Colorado, we have been dealing with steep drops in state support for eight years, from $229 million in 2008 to $184 million today, with a low of $146 million in 2011. When I took over as president of the university in March 2008, the storm clouds of recession were beginning to gather. I knew our four-campus system of nearly 60,000 students was headed for a downturn, but, like most people, I didn't anticipate its severity.



The University of Colorado campus in Boulder. *PHOTO: UNIVERSITY OF COLORADO/COLLEGIATE IMAGES/GETTY IMAGES*

Nearly 50 years in business, beginning in oil and gas exploration, taught me that tough economic times force measures you should be taking anyway. The recession's silver lining was the opportunity to introduce a more fiscally responsible institutional mind-set. We took a three-pronged approach: find efficiencies, build collaboration and generate new revenue.

Universities aren't known for economic efficiency, and prerecession CU was no different—which meant there were plenty of cost savings to be found throughout the system. In fiscal 2010-11, we streamlined bureaucracy and let go of 148 administrative staff—a painful down-sizing for some, yes, but a right-sizing for the school that helped preserve many other jobs. After hearing about CU's dire financial situation, about a quarter of the faculty volunteered to teach one additional course for modest compensation increases of about $4,000 each.

We cut red tape, trimming the school's administrative policies to 86 from 210—or to 260 pages from 650. For instance, we raised the cost threshold at which an official event requires paperwork approval to $500 from $100, eliminating 8,000 forms—and the work of processing them—annually.

CU persuaded Colorado legislators to let the university opt out of the state procurement system and rely on our more efficient internal system, saving $8.3 million since fall 2010. Another piece of legislation has saved millions by allowing volunteer real-estate experts (mostly alumni) to guide the university system's property evaluations and negotiations, so we don't have to pay the state for that service. We sold more than $50 million in unnecessary assets, such as a conference center in Aspen and CU's former medical campus in Denver.

With an audit of our insurance-plan participation, we found dependents on CU plans who weren't eligible for coverage. Total savings: $2.3 million annually. We moved to a system of self-insurance and kept a lid on premiums. Revamping the prescription-drug benefit by leveraging CU's buying power to get better rebates and reduced wholesale prices saved $7 million annually. We aggressively refinanced our bonds, freeing up $60 million in cash over the next 25 years.

The result of these changes is that the university system's administrative overhead is 37% below that of national peers, according to data from the U.S. Education Department.

At the same time, we sought new revenue. Marketing online education—now at 42,000 annual enrollments, up from 34,000 six years ago—expanded CU's reach. We convinced state legislators to remove the cap on international students (without limiting the number of Coloradans) and doubled enrollment from abroad to 2,140 in 2014 from 1,005 in 2010, which has increased revenue by more than $30 million to date at the Boulder campus alone.

Most on our campuses realized that financial straits made change necessary, which smoothed the turnaround, but that's not to say there wasn't pushback. We closed a popular newspaper for faculty and staff, with 11 employees and a $600,000 annual budget, and replaced it with an electronic weekly, saving a half a million dollars annually. We didn't need to be in the newspaper business, but there were protests. Moving fundraising from the separate CU Foundation to the university was a bit rocky, given the culture shock of integrating 175 fundraisers from a different organization. Yet the result speaks volumes: 20% increases in money raised in each of the past two years. The increased emphasis on online education offends some teachers, who want classrooms with 20 students and a blackboard, nothing more. The key to overcoming dissent was communicating intent, listening to protests to separate serious concerns from plain old grumbling, and taking heat but hanging tough.

There is always more work to do. A school-wide change in CU management has made it more likely that finding fresh ways to pare costs and improve efficiency will be possible: Nearly 90% of those in top leadership positions are new to their jobs or to the university in the past eight years. If public institutions want to remain a viable option for all students, they must learn to operate more like businesses—because easy state money is not coming back.

Mr. Benson is the president of the University of Colorado.

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University of Colorado Efficiency Measures
July 31, 2015; Aug. 26, 2015

Overview

The University of Colorado comprises four campuses with 59,000 degree-seeking students and another 8,000 taking courses for credit. Its flagship CU Boulder campus was founded in 1876 and is a member of the prestigious Association of American Universities. The CU Colorado Springs campus is an anchor in southern Colorado and is among the fastest-growing campuses in the West. The CU Denver campus is a vibrant urban university in the heart of downtown that grants more master's degrees than any Colorado public university. The CU Anschutz Medical Campus in Aurora is one of the only medical campuses in America where teaching, research and clinical practice happen on one site (the campus is less than 15 years old and occupies the site of a decommissioned US Army Medical Garrison). CU employs 29,000 people (Colorado's third-largest employer) and has an annual budget of $3.55 billion. The university receives slightly more than 5 percent of its annual budget from state funding. By comparison, Wisconsin Gov. Scott Walker proposes cutting $250 million from the state's higher education budget over the next two years. If that should happen, per student state funding at the University of Wisconsin-Madison would still be more than four times that of the University of Colorado – Boulder. CU in 2008 undertook a concerted effort to operate more efficiently, resulting in the items below.

Efficiency Highlights:

- University of Colorado policies were reduced from 210 in 2008 to 86 today, substantially reducing red tape and multiple-step reporting. Additionally, the number of pages in policies was reduced from 650 to 260. As one example of the effect, changing the requirement for dollar threshold for filing an official function form from $100 to $500 eliminates the need for 8,000 forms annually.
- A branding initiative started in 2008 reduced the number of campus- and unit-based logos and visual identities from more than 400 to our unifying interlocking CU (along with athletic marks on two campuses), substantially saving in costs related to agency fees, graphic design, web page production, photography and video. The branding initiative was based on the premise that the University of Colorado is one university with four campuses. Clearly defining brand architecture continues to lead to efficiencies and eliminates visual confusion among constituents.
- The entire fundraising operation of the university was restructured in 2013, moving some 200 fundraisers to report to units within the university rather than to the CU Foundation, a separate 501 C3 organization. The restructuring has led to more efficiency and accountability. CU closed the 2015 fiscal year (June 30) at a record $375.5 million in private support, continuing an upward trend. Fundraising records have been set in each of the past six years. University annual fundraising totals have increased from $205 million in FY 2008 to $375.5 million today.
- The University of Colorado was the lead on securing legislation in each of the past seven legislative sessions that allows it (and in most cases, other Colorado public colleges and universities) to operate more efficiently and effectively. Legislation includes opting out of burdensome and inefficient state procurement requirements, opting out of state fiscal rules, which reduces administrative work on routine transactions, the ability to streamline the approval process for cash-funded capital construction projects, and the ability for the university to conduct its own plumbing and electrical inspections on large projects, leading to efficiencies and savings. A complete list of legislation begins on page 10.

- Legislation secured also leads to revenue gains, particularly the bill that allows CU to increase the number of international students without affecting caps on non-resident students, thus increasing enrollment and revenue. International student enrollment at the CU-Boulder campus has increased from four to eight percent since legislation passed, adding some $30-35 million in additional revenue.
- Efficiencies have helped the university limit tuition increases. Most recently, increases averaged 3.4 percent across campuses, the lowest increases in nearly a decade. Additionally, CU internally generates some $140 million in financial aid, up from $86 million in 2008.
- In FY 14 64 percent of CU students had debt, below the national average of 69 percent. Average debt was $26,263, compared with $28,400 nationally. CU graduates had a loan default rate of 4.1 percent, below the national average of 13.7 percent.
- Student savings include a textbook rental program saving nearly $2 million at the Boulder campus and a mobile application that allows students to change schedules or check grades at the Colorado Springs campus.
- Employee savings include a new retirement vendor platform that will reduce participation fees for employees by 31 percent and lead to considerable efficiencies in the university's management of its retirement program.
- Through creation of a university health trust, health, life and dental premiums are consistently below the national average. Since moving to self-insurance, the university has saved $6.3 million annually.
- The university has engaged industry leader Salesforce to implement a constituent relationship management (CRM) data platform across all campuses, which will connect CU's primary databases of record (student information, HR, alumni/donor, finance) and lead to efficiencies and greater coordination in all interactions with the university's internal and external constituents.
- CU has reduced and consolidated programs, leading to efficiencies, while also adding revenue-generating programs. The university closed its Journalism School and created the first new college in nearly five decades, the College of Media, Communication and Information. It consolidated programs from several disparate colleges and departments to realize academic and administrative efficiencies.
- CU has implemented Cisco Telepresence technology, allowing for effective videoconferencing among personnel on four campuses and at system administration. The technology has led to substantial savings in travel time among campuses and a system office that are separated by five miles at the least and 60 miles at most.
- ERA: by moving to an electronic grants submission software, CU has successfully submitted over $1B in Federal competitive submissions S2S via Grants.Gov and have eliminated many of the administrative errors that typically occur as well as reducing the amount of information our faculty need to supply.
- CU reorganized its intercollegiate athletics department for more efficient and effective operation. Additionally, the department is in the middle of a $105 million fundraising campaign to fund scholarship endowments and capital improvements (the $156 million project will be financed by a combination of bond financing and private contributions). To date, the campaign has raised $18.1 million for endowments and $57.6 million for enhancements/additions to athletics facilities.
- Campus savings include multiple energy efficiency efforts resulting in savings of more than $2 million at CU Denver | Anschutz this year, along with numerous other efficiencies listed below.
- Systemwide collaborations on technology have resulted in over $1 million of savings in the first year of implementation.

Employee-initiated efficiency highlights:

CU Shared Practices ("CUSP") is a 4-year-old recognition program encouraging CU employees to develop and implement efficiencies throughout the CU system. Employees have developed practices, tools and innovations to create efficiencies.

- Universitywide project green cleaning: A targeted Request for Proposals (RFP) for green cleaning products leveraged the university's buying power to reduce costs for a projected a 23 percent annual product cost reduction.
- CU-Boulder Green Labs Program: Between 2009 and the end of the 2014 the program resulted in $79,000 a year in electricity savings, $34,000 a year in water savings, $50,000 a year in heating and cooling savings, 28,000 pounds of foam, pipette tip boxes, & plastic film recycled, and 500 gallons of solvents recycled.
- CU CPAs earning CPE: University certified public accountants (CPA) earn up to 64 continuing professional education (CPE) credits a year with little cost to the university, since the program draws on the knowledge and skills of existing staff. A minimum of 30 employees per course, each day (track) of each quarter, results in over $86,000 in savings annually.

Efficiencies through legislation

Operational Flexibility

- Procurement card – CU has contracted for replacement of procurement and travel cards using flexibility granted from recent state legislation. CU expects to generate $7.5 million over five years.
- Strategic Sourcing Contracts – CU competed for its own scientific supplies contract resulting in a savings of $800,000 in the first year over the existing state contract.
- Opt out of fiscal rules – the Board of Regents voted to opt out of State Fiscal Rules, reducing administrative efforts for routine transaction processing. This relieves the burden on purchasing staffs that have been reduced due to budget constraints.
- Colorado Correctional Industries (CCI) – Adds flexibility when disposing of surplus state property or purchasing goods and services from CCI.
- Redundant Reporting Elimination – eliminates redundant reporting to the Colorado Commission on Higher Education, the Department of Personnel and State Buildings Division, and the state's information office.
- Change requirement for dollar threshold for filing an official function form from $100 to $500 eliminates the need for 8,000 forms annually.

Capital Construction and Facilities

- Property acquisition – the Board of Regents approved the purchase of a property on CU Boulder's East Campus using the new flexibility granted in flexibility legislation. This building was built in the Boulder research park for Sybase with mechanical and electrical systems that are well-suited to address the deficit of research space on the Boulder campus.
- Capital Construction - the State Building Division's small construction "public project" threshold was increased from $150,000 to $500,000, eliminating burdensome procedures and accelerating completion on small construction projects.
- Cash Funded - SB 09-290 streamlined the approval process for cash funded capital construction projects. It also reduces redundancies in reporting by changing expenditure reporting from a quarterly to annual basis.
- Construction Bonds: Cleans up the bonding statute to provide flexibility to use surplus revenues for other capital facility construction and maintenance uses.
- Process Efficiency: Clarifies the definition of "capital construction" to exclude education-related scientific equipment.

Systemwide Collaboration

- Four Campus Identity Management has been implemented by managing a person's digital identity and providing resources based on that identity. By not duplicating efforts at each campus, CU realizes expanded capabilities and efficiencies and a potential savings of manpower and equipment in excess of $350,000 a year.
- IT contract consolidation for all four campuses. Substantial savings of approximately $597,000 annually.
- Telephone technology standardization across campuses for a unified vendor for telephony services resulted in deeper discounts (from 48 percent to 76 percent on certain items) and a deeper knowledge base across the system in supporting the technology.
- Network vendor standardization across the system for greater discounts on hardware and software from Cisco create a deeper expertise and knowledgebase across the system.
- Video technology standardization across the system so that shared services become possible for video-switching, redundant voice, and video-based conference calls between campuses using CU-owned infrastructure.
- Device and application management software across the university has saved $50,000 annually, which has been re-invested in other equipment and technologies.

Boulder Campus Efficiencies

- A comprehensive study of space with the expectation that it will reduce the need for new space and improve the revenue generating opportunities of existing space.
- The campus is using ESCO's to help improve the energy efficiency of existing aging facilities. The first phase of the program was approved for $50 million. The cost of this program will be repaid through energy savings, resulting in campuswide energy cost reductions.
- Implemented DocuSign electronic signature for all HR documents and processes. A fully paperless process was implemented in late 2014. The result has been the elimination of a file room approximately 1,000 sq. ft. in size, and improved workflow efficiency and effectiveness: tasks that once took a week are more and completed within two days.
- A new HR Business Partner Model is expected to provide a higher level of service and more effectively utilize technology, which will result in more specialized positions and fewer positions that have HR processing as a portion of their job.
- In FY 2016 a campuswide dedicated desktop support model will be implemented for better power in computer purchases and to ensure the appropriate level of machine and software is purchased for the user.
- Further implemented a textbook rental program saving students close to $2 million in 2014.
- Restructured administrative support including:
    - CU Police Department restructured and eliminated three positions in 2014.
    - Parking and Transportation eliminated an administrative layer for a reduction of $100,000 that allowed the department it keep its parking rates low.
- The Creative Writing Program was restructured to no longer be a stand-alone academic unit resulting in decreased overhead.
- The campus rental fleet of vehicles was decommissioned in favor of an external vendor. Expected to save approximately $200,000 annually.

Colorado Springs Campus Efficiencies

- Installation of solar panels on the Alpine Parking Garage saves about $2,000/month
- The replacement of shower heads in resident halls from 3.0 G.P.M to 1.5 G.P.M. is saving water and an estimated $10,600 each year.
- The LED light retrofit of two buildings and three parking lots saves $8,550 each year.
- The parking lighting in the Alpine Garage and Field has both motion and light level sensors so they are only on when needed by light level and/or by motion.
- Replacing 233 toilets saves 1.5 gallons/flush and is expected to save $15,500 annually. The old toilets were crushed and used as base underneath the Village at Alpine Valley.
- Consolidation of auxiliary facilities with general fund facilities to create one Facilities Services department in 2014 is saving the university $124,000 annually plus benefits.
- Floating holidays consolidated to assigned holidays at Christmas and New Year provides continuity of service for student clients and saves in utility costs as buildings are shut down over the extended holiday closure.

CU Denver I Anschutz Campus Efficiencies (Note: Denver and Anschutz campuses are administratively consolidated)

- Anschutz has implemented two phases of the energy efficiency projects for Research 1, resulting in an energy savings of $897,000 for the 2014 calendar year. Phase III will complete the phased project in 2015 for additional energy savings.
- Denver's Student Commons Building Xcel rebate for energy efficient design of over $133,000 in 2014 on equipment incorporated into the facility.
- CU Denver, Metropolitan State University of Denver, Community College of Denver, and AHEC are collaborating with the Governor's Colorado Energy Office to start a bid process for Energy Performance Contractors on the Auraria Campus.
- A CU Denver I Anschutz program evaluates and forecasts gas purchases directly from suppliers to meet current and future demand. Purchasing gas bypassing Xcel has resulted in a savings of $1,085,000 for the 2014 calendar year.

System Administration

Procurement Service Center

Strategic Procurement Benefits

- Temporary Labor (3 contracts): $1.3 million in savings.
- Executed a 2 year contract extension with Dell; $90,000 savings on desktop computers.
- Green Cleaning Chemicals & Paper: $394,000 in savings.
- Renewal of Colorado Correctional Industries (CCI) furniture contract: $268,000 in savings.

CU Marketplace

- 93 percent of purchase orders are processed the day they are created (2 percent increase).
- 73 percent of purchase orders are placed with catalog suppliers (4 percent increase).
- 52 percent of invoices are received electronically (5.5 percent increase).

- 6 percent reduction in procurement card transactions due to CU Marketplace efficiency.

Established Long-Term Agreements

- Office of Naval Research approved procurement system through September 2016.
- Renegotiated the university's commercial card contract with US bank through April 2019.
- Negotiated a contract renewal with SciQuest for CU Marketplace through 2020.

Campus Services

- Developed IT and Facilities Commodity Manager positions to enhance customer service outreach to large-spend departments; campuses report significant savings.

Employee Services

- Implemented paycards and eliminated the mailing of paper checks as of July 1, 2014, estimated to save CU $190,000 the next five years.
- Created an off-cycle payroll that runs weekly, eliminating data entry of corrected payroll by Employee Services. Each hand-drawn check process costs about $25 in university resources, allowing Employee Services to redirect $112,000 annually to other initiatives.
- Reviewed current retirement plans to move CU participants in the 401(a) and 403(b) to the new best-in-class investment lineup, saving $4.5 million in participation fees.
- Completed the Tower Watson HR Effectiveness study, which measured FTE dedicated to HR throughout CU and also the perception of HR from various stakeholders. The final report has recommendations to streamline and create efficiencies in the CU HR landscape.
- Assisted in the creation of a national High Potential Leadership Program for individuals in HR in higher education to send up to three individuals to develop talent to assist in their HR career. TIAA CREF is sponsoring the program with design input from CU and eight other institutions.

University Information Systems

Vendor Consolidation Efforts

- Established CU-Wide Oracle Agreement
  - Planned cost avoidance of over $1,000,000 for the next four years.
  - CU labeled as a strategic account for Oracle and created opportunity to achieve "Core School" status for Oracle employment of CU graduates and research dollars.
  - Established CU-Wide VMware Technology License Agreement: Estimated cost savings up to $1.8 million over 5 years.
  - RAVE Emergency Notification System: Consolidated four campuses, resulting in cost savings and contracting efficiencies.

Student Support

- Prospective Student ID and Password Reset Near-Real Time Solution
  - Prospective students who forget their ID/Password when applying to CU were given a near-real time solution saving students and staff critical waiting time.
  - New functionality that drastically reduces support burden on campus admission staff by about 90 percent during admission peak season in this area.

- UCCS2Go Mobile Application Deployment
    - Students can register, check grades and other common functions on the go from iOS and Android devices.
    - CU-Boulder and CU Denver are expected to roll-out the mobile application this year.
- Added Payment Plans for Students
    - Improve convenience for payers.
    - Increase access and affordability for students.
    - Streamline business office functions, such as a reduction in campus support calls.
- eSign Student Agreement Added to CU-Boulder Portal
    - Boulder Financial Aid office brought into compliance with the U.S. E-Sign Act for student self-service transactions and communications related to federal financial aid.
    - Students opting in to electronic delivery of 1098T tax forms, resulting in significant savings for the university in costs to mail the forms and time to administer.

Campus Support

- Implemented Multi-Factor Authentication on HCM Self-Service through the campus portals, such as direct deposit changes, requiring a second authentication to increase security on faculty/staff personal data.
- Campus and Departmental efficiency improvements in Singularity
    - Automated batch importing of Royal documents for CU Denver and UCCS admissions.
    - New integration with Electronic Research and Administration System with document management resulting in paperless processes and saving university significant dollars in paper storage and handling.
- Implemented eBenefits Self-Service in Campus Portals
    - Drastically reduced paperwork and administration in benefit changes or new setups.
    - More efficient benefit processing, particularly for new hires.
- Single Sign-On Technology Standardized
    - Removed fully custom code to leverage vendor-supported technology, greatly reducing the risk in accessing CU-wide services and support as applications change.
    - Enabled Degree Audit and Reporting Services (DARS) for single sign-on from the student portal, delivering a better user experience.
- Growth in Electronic Research and Administration at CU Denver
    - In CY2013, CU Denver submitted proposals of over $47,000,000. In CY2014, proposals were over $740,000,000
    - CU-Boulder is expecting to roll-out the eRA solution this year.

Internal Efficiencies

- UIS Reorganization
    - Improved process and tools allowed positions to be redefined and reallocated to add 8.0 FTE value for more efficient services to customers, including adding the additional CRM line of business, while remaining budget neutral.
    - UIS Network Connections Moved to Leverage CU Denver, annual savings $48,000.

Capital Planning

- Campus facility departments have shared services such as the administration of the As-Needed Architectural, Engineering & Consultant Services program for the Colorado

Springs and Boulder campuses, while the Office of the State Architect has given the Boulder campus additional flexibility to acquire consultant services.

- HB 14-1387 revised procurement thresholds to increase the dollar amount that will trigger the publication of certain notices, the need for contractor bonds, and how a design team is selected for a project. Changes are anticipated to streamline smaller construction projects; the bill also allowed CU-Boulder to continue plumbing and electrical inspections.

Treasury

Financing Activity

- Saved a total of $18.2 million on the refinancing when it issued the Series 2014B, 2015A, and 2015B Refunding Revenue Bonds.
- Achieved present value savings of $4.5 million on the Series 2015C Refunding Revenue Bonds.
- Secured a yield of 3.5 percent on the Series 2014A Revenue Bonds that is being used to fund five CU-Boulder construction projects.

Investment Activity

- Shortened the duration of the University's Treasury Pool to reduce asymmetric interest rate risk. Despite reducing this risk, the three- and five-year investment returns through Dec. 31, 2014, were above the benchmark at 7.6 percent and 6.2 percent, respectively.

Campus Support

- Provided training for the Controller's Continuing Professional Education program. The training focused on treasury topics relevant to the university's financial professionals.
- Provided credit card security training for campuses' IT personnel to encourage campus participation, reduce the costs for training and the risk of a damaging security breach.

University Risk Management

CU can measure its overall total cost of risk (property and casualty losses and program operating costs) using a standardized methodology. The results include:

- Total cost of risk reduction of $1,642,425 for FY 2014.
- Cumulative total reduction of $13,105,468 (53 percent) since FY 2006; an average total cost of risk reduction of $1,638,184 annually.

Property/Casualty/Workers' Compensation

- Total CU Property/Casualty/Workers' Compensation self-insurance program savings of $7,977,514 in FY 2014 (an increase of 59 percent over FY 2013) as a result of third-party recovery, vendor contract agreements and aggressive claim negotiations.
- Workers' compensation and general liability claim costs reduced by $901,993 (23 percent) for FY 2014.
- Average workers' compensation and general liability per claim costs reduced $6,429 (35 percent) for FY 2014 through campus risk management program efforts, favorable loss experience and aggressive in-house claims management.

University Controller

- Controller's Office absorbed accounting and reporting services for the University of Colorado Health and Welfare Trust and the University of Colorado Real Estate Foundation (CUREF) – earning $12,000 annually in fees previously paid to external accounting firm and funding three salaried positions for $155,000 annually.
- Negotiated new RFP for external audit services required for CU's Annual Report resulting in fee reduction and savings of $14,000 annually over a five-year contract.
- Developed an online version of CU's Annual Financial Report and new accompanying Illustrated Guide earning a national (NACUBO) award for innovation in effectively communicating financial information and saving $6,000 annually by eliminating print publication-related costs.
- Sponsored the CU Shared Practices (CUSP) Program recognizing innovative employees from all campuses who devised ways to save university resources. CU-wide resulting savings are significant but difficult to estimate.
- Continuing Professional Education (CPE) helping employees understand and fulfill their fiscal roles/responsibilities and obtain no-cost professional development saving campuses an estimated $86,000 annually.

Health and Welfare Trust

Structural Efficiencies

- Held health plan premium rates below the national average every year since 2010 by managing plans efficiently and aggregating resources across CU, UCHealth and UPI.

Vendor Agreements

- Launched RFP for prescription drug services for savings to the health plan in excess of $7 million annually starting July 1, 2015.
- Saved over $1 million last fiscal year by negotiating robust performance guarantees, tracking and holding vendors accountable when they failed to meet CU's standards.
- Anthem and Kaiser, the Trust's administrative services partners, adjudicate the claims on behalf of the health Trust. Negotiated lower administrative contracts with these service providers yielding over $500,000 savings annually beginning in 2014.

Compliance

- Identified prescription drug pricing errors during 2014 and negotiated a direct payment to CU for approximately $3 million.
- Uncovered billing error in 2014, which yielded a recovery to the Trust of $5 million.
- Most recent Trust financial audit completed by an independent outside CPA firm, yielded solid financial protocols with no material negative findings.

Other Benefits

- Continue to add health-related features to the CU Health Plan, including how to become healthier through weight reduction, fitness activities, smoking cessation and regular prevention checks and how to teach small children good fitness habits. The latter children's fitness program, Brussels and Mussels, the first of its kind by an employer in the country has generated much good publicity for CU and can lead to healthier employees and their families, which in turn, reduces cost to CU.

Legislation passed by the Colorado General Assembly that Fosters Efficiencies at the University of Colorado

HB09-290 Higher Ed Capital Construction Approval Sponsors: Bacon/Riesberg	**Cash Funded Capital Construction Process** -Repealed requirements that projects constructed using cash funds in excess of $2 million must be approved by the legislative Capital Development Committee and Joint Budget Committee. -Instead, the university annually submits 2-year projections for all cash-funded projects over $2 million -Exempted 'total projects' under $1 million or 'professional services' under $100,000 from the public notice requirements. -Authorized institutions to use the internet to invite bids for construction projects -Authorized the use of an electronic medium for publishing notice of final settlements
HB10-1181 DPA Administrative Clean-up Sponsors: Todd/Bacon	**Procurement Card** -Allowed the university to negotiate and participate in its own procurement card program **Strategic Sourcing Contracts** -Allowed the university to negotiate our own contracts for purchasing supplies and other goods **Post Audit Review** -Exempted the university from Department of Personnel post audit review of reclassified positions
SB10-003 Higher Education Flexibility Sponsors: Penry/Morse	**Tuition Flexibility** -Gave governing boards flexibility to raise tuition for resident undergrads up to 9 percent without legislative or Colorado Commission on Higher Education (CCHE) approval for five years -Established CCHE approval process for increases in tuition above 9 percent threshold **International Students** -Excluded foreign students from current statutory limits on nonresident enrollment **Financial Aid** -Permitted schools to award state financial aid according to institutional policies and procedures, not CCHE policy **State Fiscal Rules** -Allowed governing boards to adopt their own fiscal procedures and opt out of state fiscal rules **PERA retiree employment**

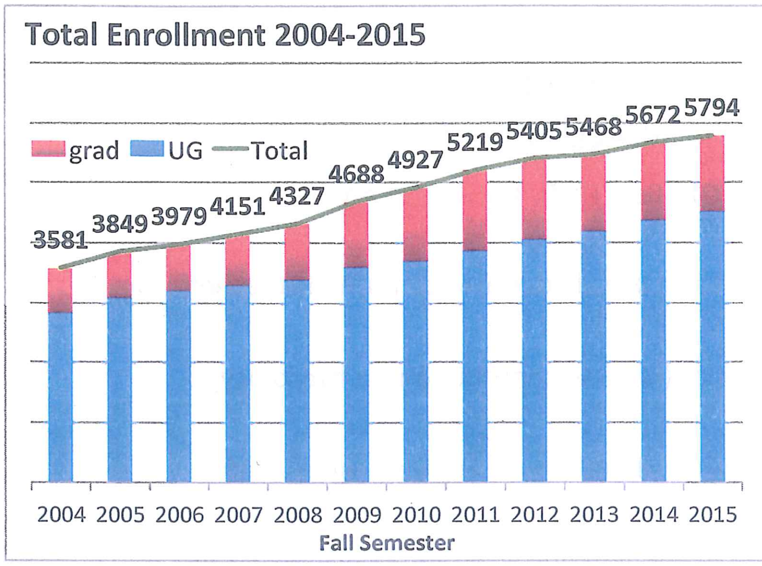
	-Increased from 110 to 140 the number of days a PERA retiree may work for a state institution (up to 10 retirees per campus) **Separation Incentives** -Allowed employees who have worked for the university for less than five years to receive a separation incentive **IT Systems** -Clarified that higher education IT systems do not require state oversight **Centralized contract management system** Exempted the university from the requirement to use the state's centralized contract management system **Capital Construction and Real Estate** -Streamlined CCHE approval for all acquisitions of real property that are cash funded
HB11-1301 Higher Education Institution Efficiency Sponsors: Waller/Schwartz	**Guaranteed Tuition** -Allows the university to pursue a resident undergraduate guaranteed tuition plan without the FAP approval process -Provides students with additional input on the development of student fee policies -Clarifies that student fees are not annually appropriated by the legislature **Creation of Nonprofit entities** -Allows the university to create a nonprofit entity without approval from CCHE **Indemnification** -Allows the university to indemnify and hold harmless a contractor when it is in our best interest **Information Security Plan reporting** -Simplifies reporting requirements to the state for information security plans **Special Event Liquor Permits** -Allows the university to serve alcohol for fundraising gatherings with a special event permit rather than a full liquor license **Surplus State Property and Furniture Purchases** -Adds flexibility when disposing of surplus state property or purchasing goods and services from CCI. **Professional , Auxiliary-, and Restricted-Funded positions**

	-Clarifies the definition of professional positions and amends the definition to include positions funded by restricted or auxiliary funds **Contracts for Personnel Services Contracts** -Removes state limitations on certain contracts for personnel services **Employee Idea Recognition Program** -Exempts the university from the state employee idea recognition program and allows the university to use existing programs **Group Benefit Plans** -Authorizes the university to offer group benefit plans to classified employees in lieu of plans approved by state if certain conditions are met **Employee Incentive Program** -Reinforces university authority to offer incentives to classified employees **Capital Construction** -Clarifies use of streamlined review process for cash funded projects approved prior to passage of SB 290 -Exempts purchases of cash funded scientific equipment from State and Legislative review -Removes limits on how the university may use surplus of income that were pledged to build auxiliary facility

COLORADO SCHOOL OF MINES
EARTH • ENERGY • ENVIRONMENT

Unique Statutory Role and Mission

"The school of mines shall be a specialized baccalaureate and graduate research institution with high admission standards. The Colorado school of mines shall have a unique mission in energy, mineral and material science and engineering and associated engineering and science fields."

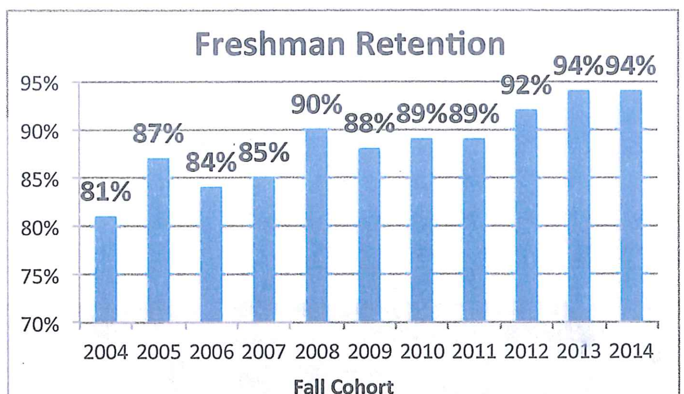


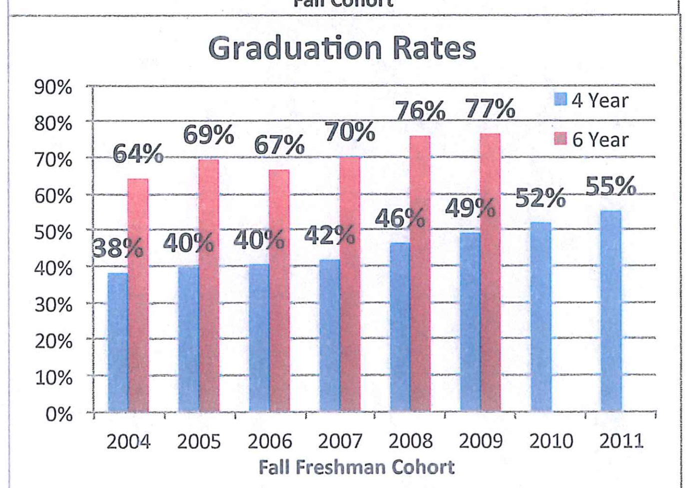
- 50% enrollment growth since 2005
- 28% women; 17% ethnic / racial under-represented.
- Largest freshman class in Mines history; 31.6% women

Student Success

Retention and graduation rates continue to reach new highs.
- Freshman to Sophomore retention: 94%
- 4-year grad rate: 55%
- 6-year grad rate: 77%

1,387 degrees awarded in 2015
- 63% increase since 2008





Sponsored Research Awards and Highlights

$63.5 million in FY2015.
- 94% increase since 2007
- Approximately 45% from industry or non-federal sources.

Traditional strengths in extractive industries, renewable energy, and advanced materials.

Emerging prominence in water resources/ hydrology, nuclear, advanced manufacturing, bioengineering and biomechanics.

Undergraduate research experiences strongly promoted and supported.

COLORADO SCHOOL OF MINES
EARTH • ENERGY • ENVIRONMENT

Distinct and Distinguished: Recent accomplishments and recognition of Mines faculty, students, staff

- Men's Cross Country NCAA Division II Champions.
- RMAC championships in soccer and volleyball.
- 2015 TMS Materials Bowl Champions – Mines Material Advantage Student Chapter.
- 1st place in Rocky Mountain Regional Ethics Bowl – "McBride Ethics" team.
- American Society of Mechanical Engineers (ASME) 2015 Best Ph.D. Thesis of the Year: Dr. John Steuben (Ph.D. '14).
- 2015 Cottrell Scholar – Dr. Eric Toberer. One of the most prestigious awards for early teacher: scholars in chemistry, physics and astronomy.
- American Geophysical Union's Langbein Lecture Award (lifetime contributions in hydrology): Dr. Tissa Illangasekare
- Distinguished achievement (ASSEE's Olmsted Award) for liberal arts in engineering education: Dr. Juan Lucena.
- 2015 National Academic Advising Association Outstanding Advising Program – "Faculty at CASA."

11:30-12:00 HISTORY COLORADO

INTRODUCTIONS AND OPENING COMMENTS

Cumbres Toltec Scenic Railroad

15. Explain the mission of the Cumbres & Toltec Scenic Railroad. Are there specific learning objectives or is it just a recreational thing?

The mission of the Cumbres & Toltec is to preserve and develop a historical 19th century railroad "museum on wheels" for the education, enlightenment, and enjoyment of future generations.

The Cumbres & Toltec is supported by an active volunteer group the "Friends of the Cumbres & Toltec Scenic Railroad." Through joint efforts by the Cumbres & Toltec Scenic Railroad Commission and the "Friends," the railroad was designated as a National Historic Landmark in 2012. The "Friends" provide docents who ride every regular train telling the passengers about the "gold rush," the cultural history of the area, the building, operation, and eventual decline of the railroad in the 1960s. Each passenger receives a trip map and a brief historical overview of the railroad.

The "Friends" offer a "Junior Engineers" program for the youngsters on the train that includes a discovery workbook. With parental help the children learn about the railroad and its history. At the end of the ride, they receive a certificate and a pin for their efforts. Handouts for self-guided walking tours of the historic rail yard and maintenance facilities are also available.

In addition, the "Friends" have several "work sessions" each year during which there is an opportunity for hands-on learning of the craft skills necessary to build and maintain the historic cars and structures along the 64-mile railroad. This work provides context that allows the riders to experience firsthand the ambiance of mountain railroading as it existed over 100 years ago.

The Steam Schools are a unique educational opportunity offered by the C&TS. These four-day classes provide hands on experience in steam era railroad technology. Through three levels of classes, students under the guidance of qualified railroad personnel learn safety and operating rules. They are then taught to operate locomotives and special trains across the railroad.

In a cooperative effort with a vocational education program in a high school in Albuquerque, the students are completely rebuilding a 30' long wooden flat car to operational condition.

Along with these programs the railroad has for several years operated special "Geology Trains." These sold-out trains are a daylong, 64-mile geologic field trip lead by geology professors. Participants have the opportunity to view and learn about a variety of geologic zones and the geologic history of Colorado.

In 2016, a similar program focusing on the ecology and diverse botany of the region will be led by professionals in that field. The railroad provides the opportunity to experience the botany of four of the five life zones in Colorado, as well as an abundance of wildlife.

The railroad is the eastern end of a bi-state historic byway, the Tracks Across Borders Byway (TABB). Its purpose is to educate the public about the history of the railroad, the native people of the area and the cultural interplay between the Utes, the Apache, and the later immigrants.

The Cumbres & Toltec is now beginning the process of being designated a UNESCO "World Heritage Site."

16. What's the ridership for the railroad and how has this changed over time?

The following spreadsheet shows the ridership over the last several years (fiscal year numbers available only since FY 12).

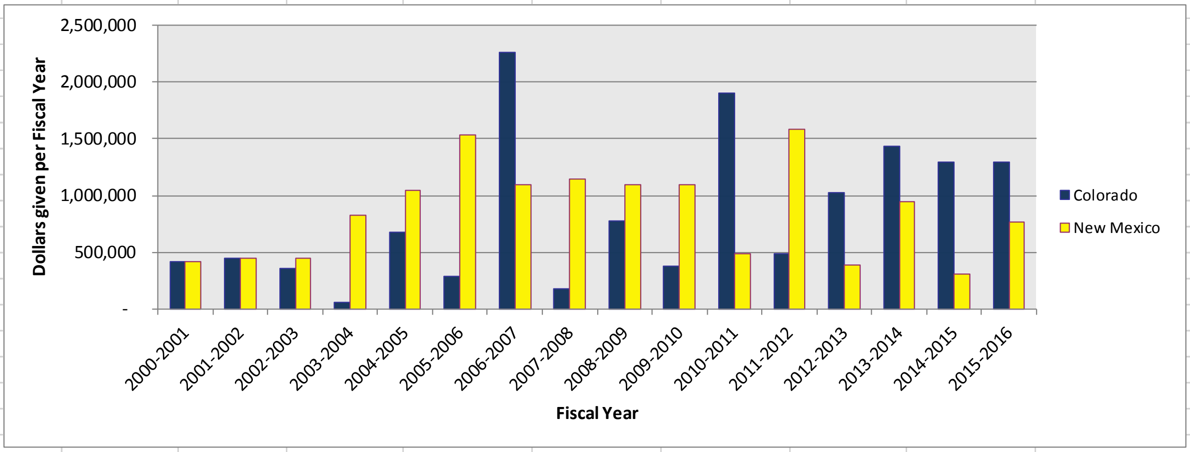
Year	Fiscal Year Ridership	Calendar Year Ridership	Total including winter trains	Notes
2016	36,200			Projected ridership
2015	33,213	36,170	39,344	
2014	34,493	32,942	35,403	
2013	29,545	34,529	0	
2012	32,734	28,972	0	
2011		31,842	32,021	Lobato trestle back in service late June
2010		29,326		Lobato trestle fire occurred late June
2009		41,479		
2008		44,744		
2007		43,772		
2006		40,795		
2005		33,023		
2004		30,061		
2003		16,829		One locomotive available for service
2002		24,883		Forest Service shutdown

17. How much is Colorado investing in Cumbres & Toltec? Explain the other sources of revenue for the railroad.

Total Colorado support:

FY 16 - $1,295,000
FY 15 - $1,295,000
FY 14 - $1,435,000
FY 13 - $1,023,000
FY 12 - $ 488,500
FY 11 - $1,903,600 support for rebuilding Lobato trestle

State-appropriated capital funding summary for Cumbres & Toltec Scenic Railroad



	Colorado				New Mexico				Combined
Date	Capital	Other	Operating	Totals	Capital	Other	Operating	Totals	Total
2000-2001	410,000	-	10,000	**420,000**	410,000		10,000	**420,000**	**840,000**
2001-2002	441,000	-	10,000	**451,000**	441,000		10,000	**451,000**	**902,000**
2002-2003	260,000	-	102,000	**362,000**	440,000		10,000	**450,000**	**812,000**
2003-2004	-	-	55,000	**55,000**	120,000		710,000	**830,000**	**885,000**
2004-2005	486,000	180,000	10,000	**676,000**	250,000		800,000	**1,050,000**	**1,726,000**
2005-2006	30,000	-	260,000	**290,000**	1,000,000		535,000	**1,535,000**	**1,825,000**
2006-2007	1,750,000	-	510,000	**2,260,000**	1,000,000		100,000	**1,100,000**	**3,360,000**
2007-2008	80,000	-	100,000	**180,000**	1,050,000		100,000	**1,150,000**	**1,330,000**
2008-2009	675,000	-	100,000	**775,000**	1,000,000		97,500	**1,097,500**	**1,872,500**
2009-2010	175,000	-	202,500	**377,500**	1,000,000		94,200	**1,094,200**	**1,471,700**
2010-2011	1,701,100	-	202,500	**1,903,600**	400,000		90,700	**490,700**	**2,394,300**
2011-2012	286,000	-	202,500	**488,500**	1,500,000		87,000	**1,587,000**	**2,075,500**
2012-2013	818,000		205,000	**1,023,000**		300,000	87,000	**387,000**	**1,410,000**
2013-2014	1,090,000	140,000	205,000	**1,435,000**	850,000		98,700	**948,700**	**2,383,700**
2014-2015	1,085,000		210,000	**1,295,000**	-	185,000	123,200	**308,200**	**1,603,200**
2015-2016	1,080,000	-	215,000	**1,295,000**	500,000	145,000	123,200	**768,200**	**2,063,200**
	9,957,100	320,000	2,589,500	**13,286,600**	9,551,000	630,000	3,066,500	**13,667,500**	**26,954,100**
Differential		Over 16 years New Mexico has provided				$ 380,900	more funding than Colorado		

Other sources of revenue:

- New Mexico legislative support
- Private foundations – grants for special projects - Boettcher, Candelaria, NGPF
- Ticket sales
- Retail sales
- Movie contracts
- Charter trains
- Colorado State Historical Fund

18. Is the current request a one-time investment? For how long? Will the railroad become self-sufficient?

The current request is one of a series leading to a planned goal of self-sufficiency in 5-6 years. Together with improving its operating bottom line, the railroad has been implementing an infrastructure upgrade over the past eight years to overcome the effects of long-deferred maintenance since it was purchased 45 years ago (in very poor condition) by the two states. The plan is to complete the upgrade and shift into on-going maintenance mode, at which time it is expected that the railroad can cover its operating expenses and the infrastructure maintenance. This maintenance covers road grade, locomotives, cars and structures. It includes required regulatory compliance, good management practices and historic preservation objectives.

The upgrade plan is obviously predicated on continued and predictable support from both states. An important factor is that if the plan is delayed, the costs to achieve the shift to on-going maintenance become higher, particularly with regard to the road grade (a half completed upgrade deteriorates much more rapidly than one that is complete).

Funding for the administrative function of the Cumbres & Toltec Scenic Railroad Commission will be on-going even after the infrastructure improvements have been completed.

ADDENDUM: OTHER QUESTIONS FOR WHICH SOLELY WRITTEN RESPONSES ARE REQUESTED
DEPARTMENT OF HIGHER EDUCATION (HISTORY COLORADO)

1. Provide a list of any legislation that the Department has: (a) not implemented or (b) partially implemented. Explain why the Department has not implemented or has only partially implemented the legislation on this list.

   History Colorado has implemented all legislation, except for the portion of SB15-225 that authorizes the creation of a Directors Council. The Board continues to evaluate the most appropriate and useful, and least administratively burdensome structure for securing outside citizen involvement in History Colorado's activities and fundraising efforts, which was the intent of the legislation.

2. Please provide a detailed description of all program hotlines administered by the Department, including:

   History Colorado does not have any hotlines.

3. If the Department receives federal funds of any type, please provide a detailed description of any federal sanctions for state activities of which the Department is already aware. In addition, please provide a detailed description of any sanctions that MAY be issued against the Department by the federal government during FFY 2015-16.

   History Colorado does not have any sanctions.

4. Describe the Department's experience with the implementation of the new CORE accounting system.
   a. How has the implementation improved business processes in the Department?

      The implementation of CORE recognizes a state-wide vision that supports records, workflows, internal controls, appropriate authorizations, HR systems, and integration with SMART Act legislation that could be improved if these processes were more tightly embedded within the financial system itself. CORE enables these improvements to business processes, and it provides the capability to ensure on a state level that all agencies operate in a consistent manner, and further that they will be compliant with State fiscal policy. Recognizing that CORE is a multi-year implementation that will easily extend into FY 2017-18, the strategic vision of CORE and improvements to business processes are not yet realized. We haven't experienced immediate and tangible benefits from CORE in FY 2014-15 because its implementation is a major transformation of technologies and staff, converting a 30 year old system to an updated, comprehensive financial management tool that manages a complex array of the State's financial operations. As examples,

      - Considering that staff expense is our highest percent of total operating expense, when CORE is fully integrated with a replacement HRMS for CPPS, we anticipate improvements in managing monthly closing, labor cost allocation, federal grant reporting, benefits monitoring, budgeting and reporting.
      - Once PB is fully integrated with CORE, we look forward to improvements that will transform our business processes, from budget schedule preparation to managing financial performance.
      - As we continue to build on CORE's reporting capability, InfoAdvantage gives us the capability to create daily dashboards or financial updates that will help our division managers more effectively

manage their operations.

- Although scanning support documentation into the system is a transformational change in business process and a step that takes addition front-end effort, the long-term vision of document retrieval and records retention will provide a more systematic and efficient method for documentation access, on-demand.
- CORE provides the capability of business processes decentralization that may help History Colorado in the future to process transactions at our community museums.
- CORE may allow us to improve our administration of gifts and donations received from others and also our management of State Historic Funds granted in the future.
- Once we are able to catch up and resolve issues affecting month and year-end closing schedules, the additional staff time that we have currently spent on problem resolution will be shifted to improve our service to division managers.
- The implementation of CORE eliminates our dependence on outdated technologies that could not be converted in COFRS. Looking forward, as technologies change, we will be kept current in CORE.

b. What challenges has the Department experienced since implementation and how have they been resolved (i.e. training, processes, reports, payroll)?

Training has been provided to the Department and was scheduled to meet the needs of our Agency prior to and during implementation. We were also fortunate to have had staff members at History Colorado attain a level of expertise that allowed them to train other departments in critical areas like accounts payable and requisitioning. Report integrity was an issue recognized by the reports user group, which caused a review of all state-generated reports by some dedicated reports experts at a state level to ensure their accuracy. Regardless of payroll back-end processing difficulty, all employees have been paid on time.

History Colorado's biggest immediate challenge is reporting financial data to its leadership team and the Board of Directors. Because accounting periods and payroll are not closed in a timely or consistent manner, it is challenging to produce reports that are meaningful and accurate enough to make sound business decisions. Currently, History Colorado pulls the monthly financial data from CORE on the last working day of the month. Because payroll has not posted at the time reports are pulled, staff then pulls payroll information from CPPS and adds those numbers into the reports. Because of the manual process, there are added complications and risk of reporting errors.

During FY 2014-15 History Colorado, like other departments, experienced numerous system processing challenges, system bugs, process work-around steps, and various learning issues. This is not uncommon to systems as extensive as CORE, serving such a diverse number of state agencies. Because many of our challenges were not unique, several departments met and communicated with each other to share knowledge and learn from each other. In addition, there are opportunities such as the controller's forum and budget director's meetings to identify, discuss and resolve common issues of concern. CORE also has a staffed help desk that assists departments with problems and coordinates system modifications and processing off-hours with the departments. Numerous challenges remain, but as the controllers and department staff work together, issues that we encounter during this implementation either get resolved over time or at least are known so that we can work around them.

c. What impact have these challenges had on the Department's access to funding streams?

There has been no impact on accessing funding streams.

d. How has the implementation of CORE affected staff workload?

Staff workload has increased in accounting and the implementation of CORE has both increased staff hours worked and has pushed additional work onto program staff.

e. Do you anticipate that CORE implementation will result in the need for a permanent increase in staff? If so, indicate whether the Department is requesting additional funding for FY 2016-17 to address it.

The Department will not be requesting any FTE increase in FY 2016-17 and is not requesting additional funding.

5. Does the Department have any outstanding high priority recommendations as identified in the "Annual Report of Audit Recommendations Not Fully Implemented" that was published by the State Auditor's Office and dated October 2015 (link below)? What is the department doing to resolve the outstanding high priority recommendations?

http://www.leg.state.co.us/OSA/coauditor1.nsf/All/4735187E6B48EDF087257ED0007FE8CA/$FILE/1542S%20Annual%20Report.%20Status%20of%20Outstanding%20Audit%20Recommendations,%20As%20of%20June%2030,%202015.%20Informational%20Report.%20October%202015.pdf

History Colorado does not have any high priority recommendations on this list.

6. Is the department spending money on public awareness campaigns related to marijuana? How is the department working with other state departments to coordinate the campaigns?

History Colorado does not spend money on public awareness campaigns related to marijuana.

7. Based on the Department's most recent available record, what is the FTE vacancy rate by department and by division? What is the date of the report?

History Colorado
FTE Summary
For the Fiscal Year 2015-16 Through December, 2015

	Long Bill Appropriation	FTE Count As of 7/1/15	Year-to-Date Reductions	Year-to-Date Additions	Current FTE Count	Open Positions that will be Filled
Central Administration	12	13	5		8	1
Facilities Management	7.5	7	2	2	7	
History Colorado Center	56.4	56.3	17.88	2	40.42	2
Community Museums	14.5	12.5	2	3	13.5	1
Office of Archeology and Historic Preservation	23	23	5.8	1	18.2	
State Historical Fund Program Administration	18	15.2	4.2	4	15	
Total:	131.4	127	36.88	12	102.12	4

8. For FY 2014-15, do any line items in your Department have reversions? If so, which line items, which programs within each line item, and for what amounts (by fund source)? What are the reasons for each reversion? Do you anticipate any reversions in FY 2015-16? If yes, in which programs and line items do you anticipate this reversions occurring? How much and in which fund sources do you anticipate the reversion being?

History Colorado had no reversions.

9. Are you expecting an increase in federal funding with the passage of the FFY 2015-16 federal budget? If yes, in which programs and what is the match requirement for each of the programs?

History Colorado is not expecting any increase in federal funding.

10. For FY 2014-15, did your department exercise a transfer between lines that is allowable under state statute? If yes, between which line items and programs did this transfer occur? What is the amount of each transfer by fund source between programs and/or line items? Do you anticipate transfers between line items and programs for FY 2015-16? If yes, between which line items/programs and for how much (by fund source)?

History Colorado did not transfer between lines.

History Colorado

Update to Joint Budget Committee

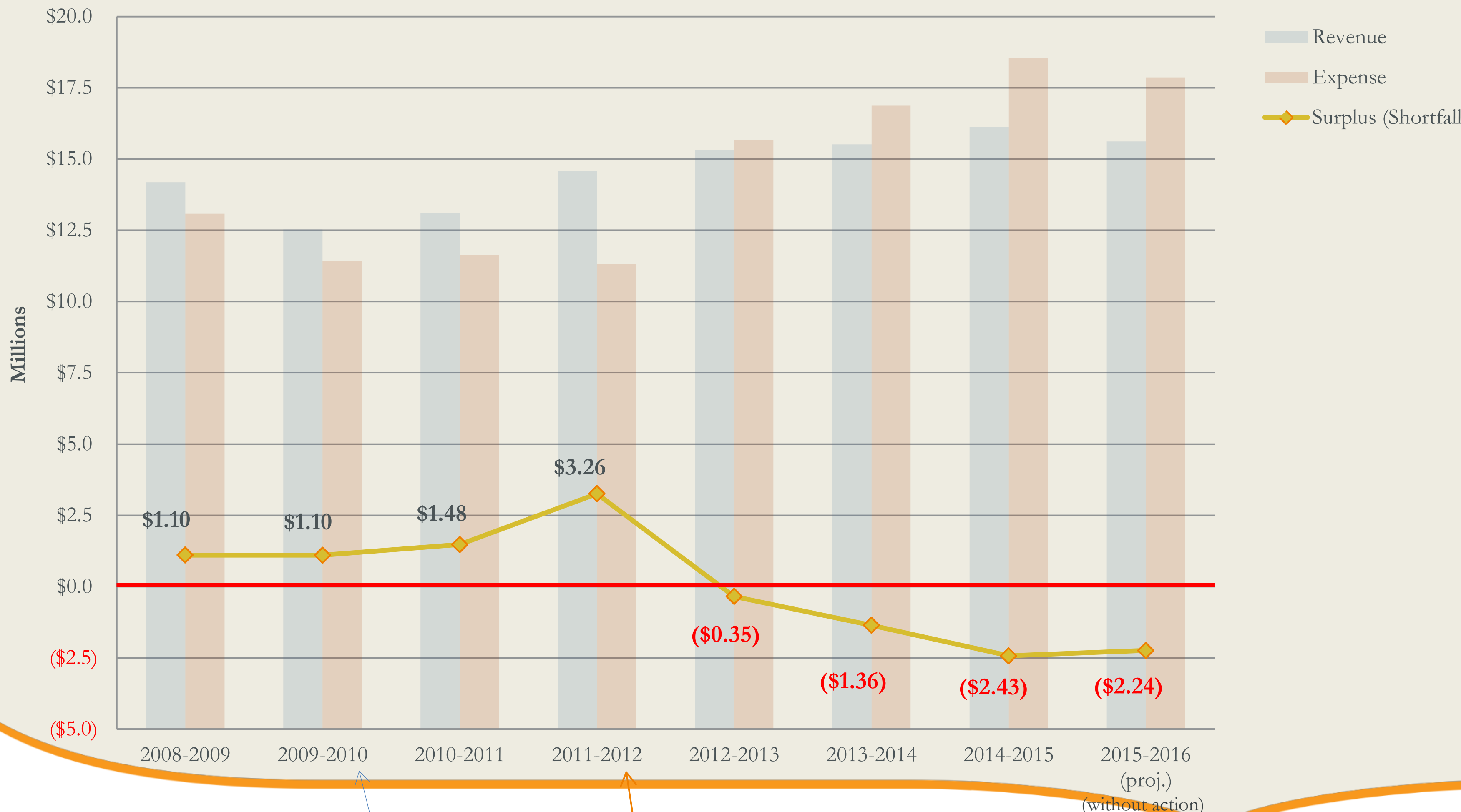
January 7, 2016

HISTORY Colorado

History Colorado (ex SHF)

Revenues/Expenses/Surplus (Shortfall)

(FY09-FY15 actual; FY16 projected)



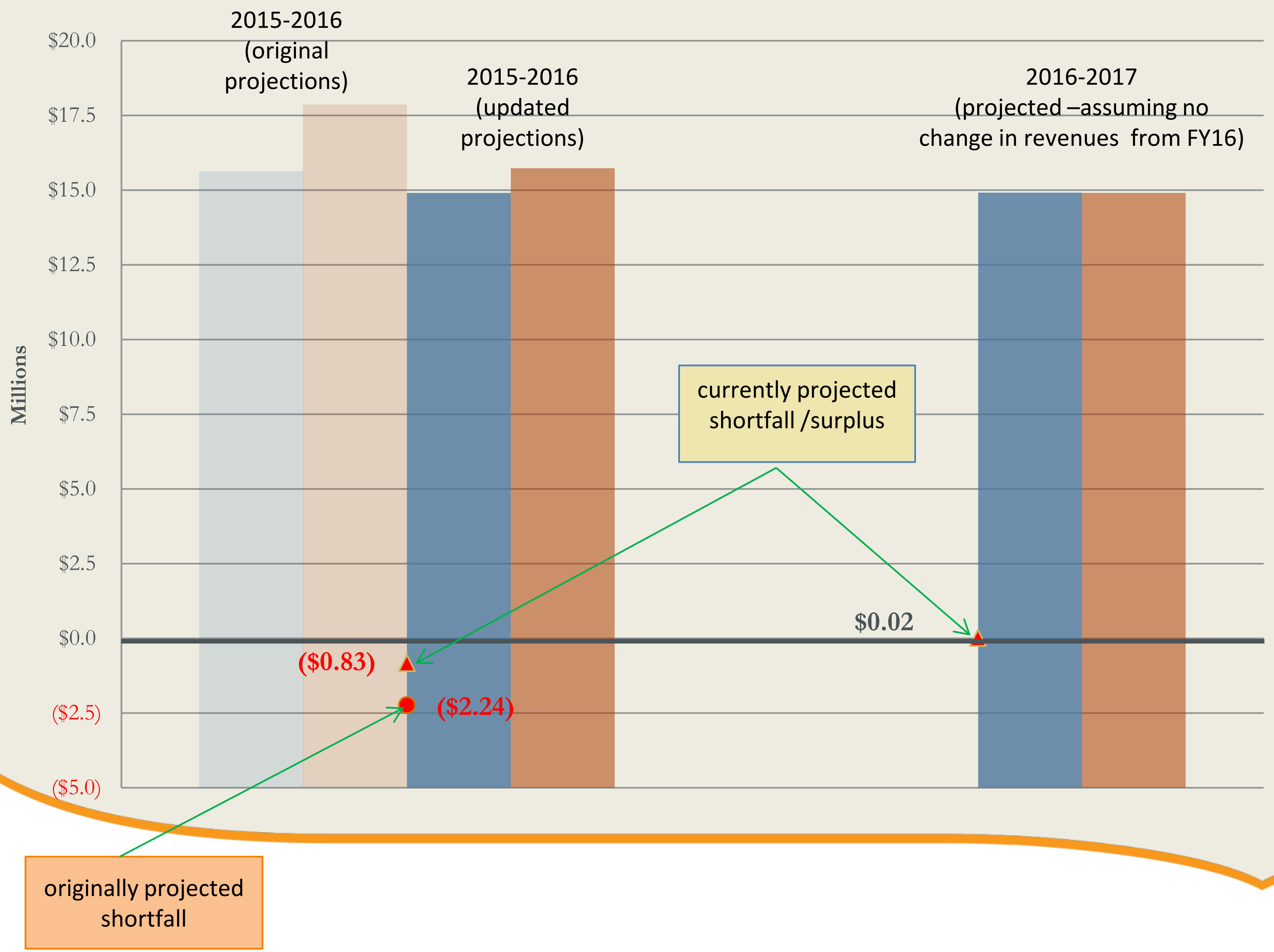
Old Museum Closes March 2010

New Museum Opens April 2012

HISTORY Colorado

History Colorado (ex SHF)

Revenues/Expenses/Surplus (Shortfall) (FY16 & FY17 projected)



a bottom-line improvement over original FY16 projections of 60+% in FY16 and 100% in FY17 even assuming no improvement in revenues

HISTORY Colorado

Distribution of History Colorado Operating Appropriation (FY 2015-16)

$29.5 million Total Operating Appropriation
$22.4 million - gaming taxes
$ 4.5 million - enterprise revenues
$ 1.0 million - Federal grants
$ 1.6 million - General Fund + C&T Cash Funds

$8.8 million (gaming taxes) → Historic Preservation Grants & Admin (SHF) (net of administrative charge)

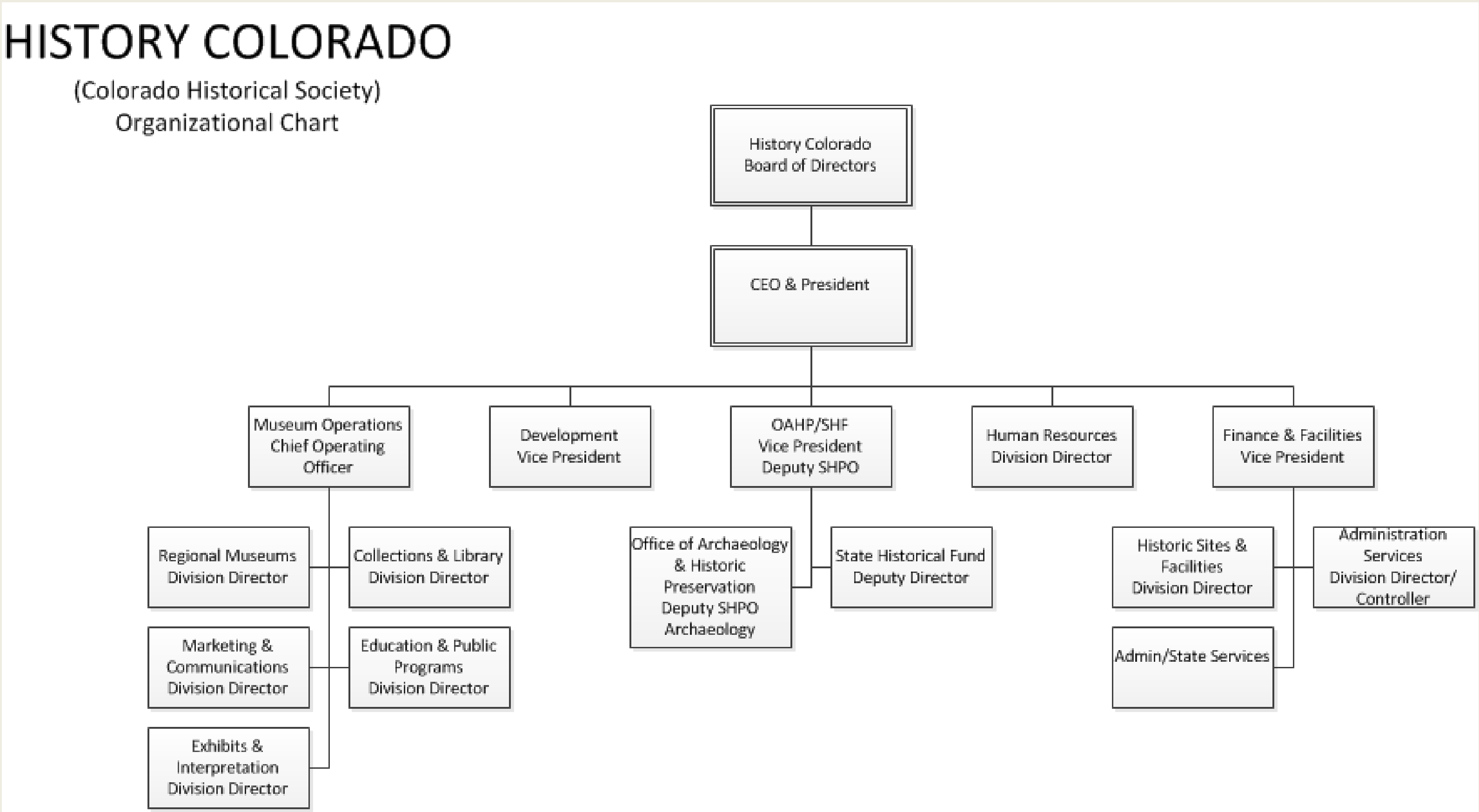
$4.9 million (gaming taxes) → Gaming Cities

$1.6 million (General Fund + C&T Cash Funds) → Cumbres & Toltec Scenic Railroad

$3.1 million (gaming taxes) → HCC Lease/Purchase (COP) Payment

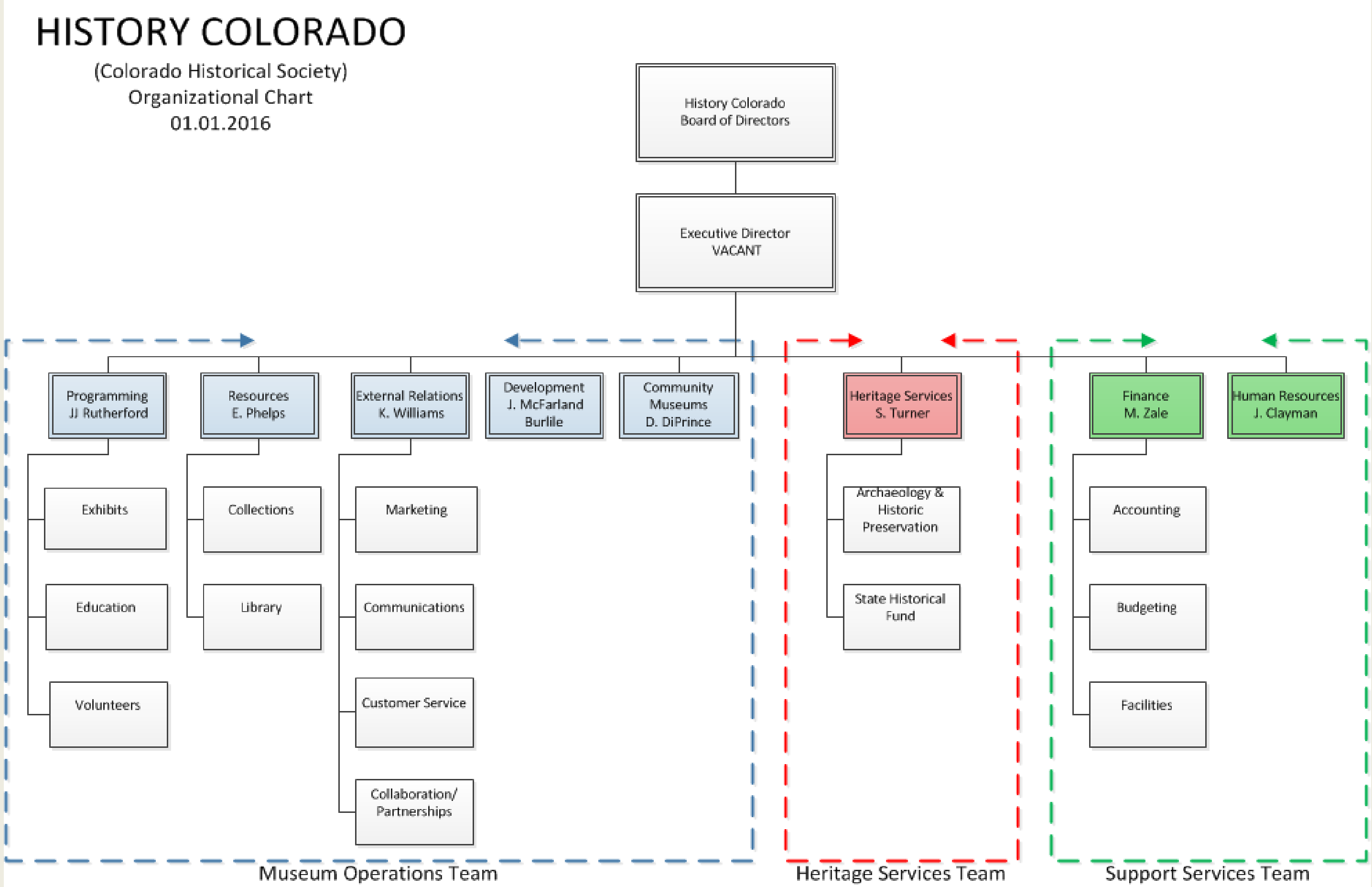
$11.1 million → History Colorado Museum Operations (including 8 Community Museums & 4 Historic Sites)
+
Office of Archaeology & Historic Preservation
(approx. 102 FTE total)

2014 Organizational Structure



HISTORY Colorado

New Organizational Structure



Questions

DEPARTMENT OF HIGHER EDUCATION
FY 2016-17 JOINT BUDGET COMMITTEE HEARING AGENDA
(1 of 3)

Tuesday, January 5, 2016
9:00 am – 12:00 pm

9:00-10:15 DEPARTMENT OF HIGHER EDUCATION

INTRODUCTION AND OPENING COMMENTS

HIGHER EDUCATION QUESTIONS

Higher Education Funding Sources, Tuition and Fee Increases, Institutional Cost Drivers, and Business Models

1. Based on department studies, what are the real cost drivers of the increase in cost to students?

2. How much governing board revenue is not reflected in the state budget? What share of governing board revenue originates as General Fund from an "education and general" perspective versus a total revenue perspective? If more than 10 percent of governing board revenue originates as General Fund, how can they be classified as enterprises under TABOR?

3. From the Department's perspective, how have institutions changed their business models in response to declining state funding? For example, have they increased their use of adjunct professors?

4. Do you expect institutions to adapt their business models further based on lack of General Fund support? If so, how?

5. How has the net cost of attendance for low income students changed over time?

6. Should Colorado state schools focus on Colorado residents? Are we doing what we should to provide an affordable, quality education for Colorado residents?

7. How is Arizona able to provide a low cost, high quality program? (See p. 37 of the staff budget briefing document)?

Tuition policy proposal

8. What is the Department's plan for implementing its proposed tuition policy? What does it see as the role of the General Assembly in this process? Why does the Department believe this is the appropriate path?

9. Who do you expect to sponsor your proposed tuition bill (if this is now public)? How do you expect the JBC to proceed with figure setting if there is another bill out there?

10. Why not analyze governing board tuition on a more individual basis? Why is a single tuition policy appropriate? If the General Assembly wanted to look at the different cost drivers for different institutions to set tuition, what would be the best way to do this?

11. Can universities continue to operate in a budget cut era if they don't have control of tuition?

Request R1, House Bill 14-1319 Funding Model 2.0, and Institutional Outcomes/Performance

12. Explain the department's point of view on the model version 2.0. What other options did you consider for addressing role and mission funding and why were those rejected? What is the Department's opinion of the staff alternatives?

13. Describe how the HB 14-1319 model is being used for budget cuts. Is this an appropriate use of the model? Is the proportionate allocation the same if there's a funding increase? What happens with flat funding?

14. What have we accomplished with HB 1319? Did we complicate something and end up with the same answer? How has it changed the budget in terms of what would have happened without it? Have the rural schools benefited as was expected from the plan?\

15. If we turn role and mission funding into a "base", does this mean that role and mission no longer matters?

16. What impact does the H.B. 14-1319 model have on institutional net cost and tuition?

17. How are we using the H.B. 14-1319 model to reward performance? Has it impacted performance?

18. In what other ways does the Department assess institutional performance?

19. Why does UNC end up at the bottom? What is driving it? Enrollment?

<u>"Some College" is the New High School:</u>

20. What does the Department think about the idea that every student should have a technical or associate's degree before leaving school?

21. How much of community college coursework is for remedial classes? How much is being paid in the postsecondary system for costs that should have been covered in the K-12 system?

22. What are the savings to the State and students of the early college system, *i.e.*, when students obtain degrees and certificates before graduating high school?

23. Are high school and postsecondary goals aligned? How do we measure what we value in the two systems? Does k-12 match what Higher Ed wants? Are we remediating the correct things? Does K-12 need to look different?

24. Are workforce ready and college ready the same thing today?

25. What do we know about whether students are landing a job after completing a degree or certificate and how much they earn?

26. What are our four-year institutions doing to lock in a two year accredited degree within the four years?

<u>Federal Mineral Lease Higher Education Certificate of Participation Payments:</u>

27. [Background: The General Assembly authorized new higher education certificates of participation (COPs) payments in 2008 that were expected to be supported by federal mineral lease (FML) moneys. FML moneys have not been consistently available for the payments, so the General Fund has provided partial or full backfill. JBC staff has recommended either eliminating higher education from the FML allocations structure and instead supporting the COPs with General Fund or combining the two higher education funds (the FML Revenues Fund and the FML Maintenance and Reserve Fund).] Does the Executive Branch have a position on the recommendation at this time?

<u>General Fund Exempt for Higher Education:</u>

28. [Background: Based on General Fund trends and technical problems with making retroactive General Fund Exempt adjustments after the close of the fiscal year, JBC staff has recommended a change to the statutory requirement that most General Fund Exempt be equally split between K-12 funding, higher education, and health care.] Does the Executive Branch have a position on the recommendation at this time?

Other

29. How many residents establish residency before they graduate? What is the State policy on this?

30. What is the impact on classified staff at Higher Education institutions if the General Assembly approves the current executive request for salary survey and anniversary, *i.e.*, no increases other than to ensure all classified staff receive the minimum in their range? Are there any differences between how higher education and other state classified state staff are treated?

10:15-10:30 BREAK

10:30-12:00 PANEL 1: COMMUNITY COLLEGES, LOCAL DISTRICT JUNIOR COLLEGES, AREA VOCATIONAL SCHOOLS

INTRODUCTIONS AND OPENING COMMENTS (5 MINUTES PER GOVERNING BOARD)

Note: the JBC requests only one speaker per governing board

PANEL QUESTIONS

Funding Sources, Cost Drivers, and Business Models

1. Provide an overview of your revenue and expenses.
   (a) How has your total revenue per student FTE changed over time?
   (b) What are your primary revenue sources? How significant is revenue from non-residents? Which of your revenue sources are not reflected in the state budget and how large are these?
   (c) What are the real cost drivers of the increase in cost to students?

2. What is your assessment of the financial health of the institution(s) you oversee? What threats do you see, and how are you addressing them?

3. How have you changed your business model over time to address cost increases and General Fund reductions?

4. How does on-line learning fit into your programs? Has this affected your revenue and expenses? How do you see this changing over time?

Tuition Policy Proposal

5. What do you like/dislike about the Department's tuition policy proposal?

Request R1 (Base reduction for public colleges and universities)

6. How would the proposed budget reductions affect your institution?

House Bill 14-1319 Funding Model 2.0 and Institutional Outcomes/Performance

7. What do you like/dislike about the "2.0" version of the H.B. 14-1319 funding model? Should role and mission funding be "base" funding? Why? How well do you think the new model works for allocating budget cuts?

8. How has the new funding model affected your governing board? Do you think it has changed allocations from what would otherwise have happened? Has it affected your governing board's focus or behavior?

9. How does your governing board define performance/quality?

<u>Financial Aid and Low Income Students</u>

10. How has the net cost of attendance at your institution(s) for low income students changed over the last five years?

11. How much of your institutional aid supports low-income Colorado residents? Have you reduced, moved or restructured your institutional aid in light of increases in state need-based aid?

12. What steps do you take to reach out to low income students?

<u>High School to College Continuum and Workforce Preparation</u>

13. What do you think of the idea that no student should leave "school" without a technical certificate or associate's degree?

14. What share of the courses you provide are remedial? What are the primary drivers behind the need for remediation? Does the k-12 system provide what the higher education system wants in its students? Are we remediating the correct things?

15. Are workforce ready and college ready the same thing today?

ADDENDUM: OTHER QUESTIONS FOR WHICH SOLELY WRITTEN RESPONSES ARE REQUESTED
DEPARTMENT OF HIGHER EDUCATION (FOR CCHE/DEPARTMENT)
(See shorter list below for governing boards)

1. Provide a list of any legislation that the Department has: (a) not implemented or (b) partially implemented. Explain why the Department has not implemented or has only partially implemented the legislation on this list.

2. Please provide a detailed description of all program hotlines administered by the Department, including:

a. The purpose of the hotline;
b. Number of FTE allocated to the hotline;
c. The line item through which the hotline is funded; and
d. All outcome data used to determine the effectiveness of the hotline.

3. Describe the Department's experience with the implementation of the new CORE accounting system.
   a. How has the implementation improved business processes in the Department?
   b. What challenges has the Department experienced since implementation and how have they been resolved (i.e. training, processes, reports, payroll)?
   c. What impact have these challenges had on the Department's access to funding streams?
   d. How has the implementation of CORE affected staff workload?
   e. Do you anticipate that CORE implementation will result in the need for a permanent increase in staff? If so, indicate whether the Department is requesting additional funding for FY 2016-17 to address it.

4. If the Department receives federal funds of any type, please provide a detailed description of any federal sanctions for state activities of which the Department is already aware. In addition, please provide a detailed description of any sanctions that MAY be issued against the Department by the federal government during FFY 2015-16.

5. Does the Department have any outstanding high priority recommendations as identified in the "Annual Report of Audit Recommendations Not Fully Implemented" that was published by the State Auditor's Office and dated October 2015 (link below)? What is the department doing to resolve the outstanding high priority recommendations?

   http://www.leg.state.co.us/OSA/coauditor1.nsf/All/4735187E6B48EDF087257ED0007FE8CA/$FILE/1542S%20Annual%20Report.%20Status%20of%20Outstanding%20Audit%20Recommendations,%20As%20of%20June%2030,%202015.%20Informational%20Report.%20October%202015.pdf

6. Is the department spending money on public awareness campaigns related to marijuana? How is the department working with other state departments to coordinate the campaigns?

7. Based on the Department's most recent available record, what is the FTE vacancy rate by department and by division? What is the date of the report?

8. For FY 2014-15, do any line items in your Department have reversions? If so, which line items, which programs within each line item, and for what amounts (by fund source)? What are the reasons for each reversion? Do you anticipate any reversions in FY 2015-16? If yes, in which programs and line items do you anticipate this reversions occurring? How much and in which fund sources do you anticipate the reversion being?

9. Are you expecting an increase in federal funding with the passage of the FFY 2015-16 federal

budget? If yes, in which programs and what is the match requirement for each of the programs?

10. For FY 2014-15, did your department exercise a transfer between lines that is allowable under state statute? If yes, between which line items and programs did this transfer occur? What is the amount of each transfer by fund source between programs and/or line items? Do you anticipate transfers between line items and programs for FY 2015-16? If yes, between which line items/programs and for how much (by fund source)?

ADDENDUM: OTHER QUESTIONS FOR WHICH SOLELY WRITTEN RESPONSES ARE REQUESTED DEPARTMENT OF HIGHER EDUCATION (GOVERNING BOARDS)

1. Provide a list of any legislation that the governing board has: (a) not implemented or (b) partially implemented. Explain why the governing board has not implemented or has only partially implemented the legislation on this list.

2. Does the governing board have any outstanding high priority recommendations as identified in the "Annual Report of Audit Recommendations Not Fully Implemented" that was published by the State Auditor's Office and dated October 2015 (link below)? What is the department doing to resolve the outstanding high priority recommendations?

   http://www.leg.state.co.us/OSA/coauditor1.nsf/All/4735187E6B48EDF087257ED0007FE8CA/$FILE/1542S%20Annual%20Report.%20Status%20of%20Outstanding%20Audit%20Recommendations,%20As%20of%20June%2030,%202015.%20Informational%20Report.%20October%202015.pdf

DEPARTMENT OF HIGHER EDUCATION
FY 2016-17 JOINT BUDGET COMMITTEE HEARING AGENDA
(2 of 3)

Wednesday, January 6, 2016
9:00 am – 12:00 pm

9:00-10:30 PANEL 2: ADAMS STATE UNIVERSITY, FORT LEWIS COLLEGE, WESTERN STATE COLORADO UNIVERSITY

INTRODUCTIONS AND OPENING COMMENTS (5 MINUTES PER GOVERNING BOARD)
Note: the JBC requests only one speaker per governing board

PANEL QUESTIONS

Funding Sources, Cost Drivers, and Business Models

1. Provide an overview of your revenue and expenses.
   (a) How has your total revenue per student FTE changed over time?
   (b) What are your primary revenue sources? How significant is revenue from non-residents? Which of your revenue sources are not reflected in the state budget and how large are these?
   (c) What are the real cost drivers of the increase in cost to students?

2. What is your assessment of the financial health of the institution(s) you oversee? What threats do you see, and how are you addressing them?

3. How have you changed your business model over time to address cost increases and General Fund reductions?

4. How does on-line learning fit into your programs? Has this affected your revenue and expenses? How do you see this changing over time?

Tuition Policy Proposal

5. What do you like/dislike about the Department's tuition policy proposal?

Request R1 (Base reduction for public colleges and universities)

6. How would the proposed budget reductions affect your institution?

House Bill 14-1319 Funding Model 2.0 and Institutional Outcomes/Performance

7. What do you like/dislike about the "2.0" version of the H.B. 14-1319 funding model? Should role and mission funding be "base" funding? Why? How well do you think the new model works for allocating budget cuts?

8. How has the new funding model affected your governing board? Do you think it has changed allocations from what would otherwise have happened? Has it affected your governing board's focus or behavior?

9. How does your governing board define performance/quality?

Financial Aid and Low Income Students

10. How has the net cost of attendance at your institution(s) for low income students changed over the last five years?

11. How much of your institutional aid supports low-income Colorado residents? Have you reduced, moved or restructured your institutional aid in light of increases in state need-based aid?

12. What steps do you take to reach out to low income students?

High School to College Continuum and Workforce Preparation

13. What do you think of the idea that no student should leave "school" without a technical certificate or associate's degree?

14. Does the k-12 system provide what the higher education system wants in its students? What share of your students require remediation or supplemental academic instruction?

10:30-10:45 BREAK

10:45-12:00 PANEL 3: METROPOLITAN STATE UNIVERSITY OF DENVER & COLORADO MESA UNIVERSITY

INTRODUCTIONS AND OPENING COMMENTS (5 MINUTES PER GOVERNING BOARD)

Note: the JBC requests only one speaker per governing board

PANEL QUESTIONS

Funding Sources, Cost Drivers, and Business Models

15. Provide an overview of your revenue and expenses.

    (a) How has your total revenue per student FTE changed over time?

    (b) What are your primary revenue sources? How significant is revenue from non-residents? Which of your revenue sources are not reflected in the state budget and how large are these?

    (c) What are the real cost drivers of the increase in cost to students?

16. What is your assessment of the financial health of the institution(s) you oversee? What threats do you see, and how are you addressing them?

17. How have you changed your business model over time to address cost increases and General Fund reductions?

18. How does on-line learning fit into your programs? Has this affected your revenue and expenses? How do you see this changing over time?

Tuition Policy Proposal

19. What do you like/dislike about the Department's tuition policy proposal?

Request R1 (Base reduction for public colleges and universities)

20. How would the proposed budget reductions affect your institution?

House Bill 14-1319 Funding Model 2.0 and Institutional Outcomes/Performance

21. What do you like/dislike about the "2.0" version of the H.B. 14-1319 funding model? Should role and mission funding be "base" funding? Why? How well do you think the new model works for allocating budget cuts?

22. How has the new funding model affected your governing board? Do you think it has changed allocations from what would otherwise have happened? Has it affected your governing board's focus or behavior?

23. How does your governing board define performance/quality?

Financial Aid and Low Income Students

24. How has the net cost of attendance at your institution(s) for low income students changed over the last five years?

25. How much of your institutional aid supports low-income Colorado residents? Have you reduced, moved or restructured your institutional aid in light of increases in state need-based aid?

26. What steps do you take to reach out to low income students?

High School to College Continuum and Workforce Preparation

27. What do you think of the idea that no student should leave "school" without a technical certificate or associate's degree?

28. Does the k-12 system provide what the higher education system wants in its students? What share of your students require remediation or supplemental academic instruction?

ADDENDUM: OTHER QUESTIONS FOR WHICH SOLELY WRITTEN RESPONSES ARE REQUESTED - DEPARTMENT OF HIGHER EDUCATION (GOVERNING BOARDS)

1. Provide a list of any legislation that the governing board has: (a) not implemented or (b) partially implemented. Explain why the governing board has not implemented or has only partially implemented the legislation on this list.

2. Does the governing board have any outstanding high priority recommendations as identified in the "Annual Report of Audit Recommendations Not Fully Implemented" that was published by the State Auditor's Office and dated October 2015 (link below)? What is the department doing to resolve the outstanding high priority recommendations?

http://www.leg.state.co.us/OSA/coauditor1.nsf/All/4735187E6B48EDF087257ED0007FE8CA/$FILE/1542S%20Annual%20Report.%20Status%20of%20Outstanding%20Audit%20Recommendations,%20As%20of%20June%2030,%202015.%20Informational%20Report.%20October%202015.pdf

DEPARTMENT OF HIGHER EDUCATION
FY 2016-17 JOINT BUDGET COMMITTEE HEARING AGENDA
(3 of 3)

Thursday, January 7, 2016
9:00 am – 12:00 pm

9:00-11:15 PANEL 4: UNIVERSITY OF COLORADO, COLORADO STATE UNIVERSITY, COLORADO SCHOOL OF MINES, UNIVERSITY OF NORTHERN COLORADO

INTRODUCTIONS AND OPENING COMMENTS (5 MINUTES PER GOVERNING BOARD)
Notes: the JBC requests only one speaker per governing board
A break will be taken as needed

PANEL QUESTIONS

Funding Sources, Cost Drivers, and Business Models

1. Provide an overview of your revenue and expenses.
   (a) How has your total revenue per student FTE changed over time?
   (b) What are your primary revenue sources? How significant is revenue from non-residents? Which of your revenue sources are not reflected in the state budget and how large are these?
   (c) What are the real cost drivers of the increase in cost to students?

2. What is your assessment of the financial health of the institution(s) you oversee? What threats do you see, and how are you addressing them?

3. How have you changed your business model over time to address cost increases and General Fund reductions?

4. How does on-line learning fit into your programs? Has this affected your revenue and expenses? How do you see this changing over time?

Tuition Policy Proposal

5. What do you like/dislike about the Department's tuition policy proposal?

Request R1 (Base reduction for public colleges and universities)

6. How would the proposed budget reductions affect your institution?

House Bill 14-1319 Funding Model 2.0 and Institutional Outcomes/Performance

7. What do you like/dislike about the "2.0" version of the H.B. 14-1319 funding model? Should role and mission funding be "base" funding? Why? How well do you think the new model works for allocating budget cuts?

8. How has the new funding model affected your governing board? Do you think it has changed allocations from what would otherwise have happened? Has it affected your governing board's focus or behavior?

9. How does your governing board define performance/quality?

Financial Aid and Low Income Students

10. How has the net cost of attendance at your institution(s) for low income students changed over the last five years?

11. How much of your institutional aid supports low-income Colorado residents? Have you reduced, moved or restructured your institutional aid in light of increases in state need-based aid?

12. What steps do you take to reach out to low income students?

High School to College Continuum and Workforce Preparation

13. What do you think of the idea that no student should leave "school" without a technical certificate or associate's degree?

14. Does the k-12 system provide what the higher education system wants in its students? What share of your students require remediation or supplemental academic instruction?

11:15-11:30 BREAK

11:30-12:00 HISTORY COLORADO

INTRODUCTIONS AND OPENING COMMENTS

Cumbres Toltec Scenic Railroad

15. Explain the mission of the Cumbres Toltec Scenic Railroad. Are there specific learning objectives or is it just a recreational thing?

16. What's the ridership for the railroad and how has this changed over time?

17. How much is Colorado investing in Cumbres Toltec? Explain the other sources of revenue for the railroad.

18. Is the current request a one-time investment? For how long? Will the railroad become self-sufficient?

ADDENDUM: OTHER QUESTIONS FOR WHICH SOLELY WRITTEN RESPONSES ARE REQUESTED DEPARTMENT OF HIGHER EDUCATION (HISTORY COLORADO)

1. Provide a list of any legislation that the Department has: (a) not implemented or (b) partially implemented. Explain why the Department has not implemented or has only partially implemented the legislation on this list.

2. Please provide a detailed description of all program hotlines administered by the Department, including:
   a. The purpose of the hotline;
   b. Number of FTE allocated to the hotline;
   c. The line item through which the hotline is funded; and
   d. All outcome data used to determine the effectiveness of the hotline.

3. Describe the Department's experience with the implementation of the new CORE accounting system.
   a. How has the implementation improved business processes in the Department?
   b. What challenges has the Department experienced since implementation and how have they been resolved (i.e. training, processes, reports, payroll)?
   c. What impact have these challenges had on the Department's access to funding streams?
   d. How has the implementation of CORE affected staff workload?
   e. Do you anticipate that CORE implementation will result in the need for a permanent increase in staff? If so, indicate whether the Department is requesting additional funding for FY 2016-17 to address it.

4. If the Department receives federal funds of any type, please provide a detailed description of any federal sanctions for state activities of which the Department is already aware. In addition, please provide a detailed description of any sanctions that MAY be issued against the Department by the federal government during FFY 2015-16.

5. Does the Department have any outstanding high priority recommendations as identified in the "Annual Report of Audit Recommendations Not Fully Implemented" that was published by the State Auditor's Office and dated October 2015 (link below)? What is the department doing to resolve the outstanding high priority recommendations?

   http://www.leg.state.co.us/OSA/coauditor1.nsf/All/4735187E6B48EDF087257ED0007FE8CA/$FILE/1542S%20Annual%20Report.%20Status%20of%20Outstanding%20Audit%20Recommendations,%20As%20of%20June%2030,%202015.%20Informational%20Report.%20October%202015.pdf

6. Is the department spending money on public awareness campaigns related to marijuana? How is the department working with other state departments to coordinate the campaigns?

7. Based on the Department's most recent available record, what is the FTE vacancy rate by

department and by division? What is the date of the report?

8. For FY 2014-15, do any line items in your Department have reversions? If so, which line items, which programs within each line item, and for what amounts (by fund source)? What are the reasons for each reversion? Do you anticipate any reversions in FY 2015-16? If yes, in which programs and line items do you anticipate this reversions occurring? How much and in which fund sources do you anticipate the reversion being?

9. Are you expecting an increase in federal funding with the passage of the FFY 2015-16 federal budget? If yes, in which programs and what is the match requirement for each of the programs?

10. For FY 2014-15, did your department exercise a transfer between lines that is allowable under state statute? If yes, between which line items and programs did this transfer occur? What is the amount of each transfer by fund source between programs and/or line items? Do you anticipate transfers between line items and programs for FY 2015-16? If yes, between which line items/programs and for how much (by fund source)?

ADDENDUM: OTHER QUESTIONS FOR WHICH SOLELY WRITTEN RESPONSES ARE REQUESTED - DEPARTMENT OF HIGHER EDUCATION (GOVERNING BOARDS)

1. Provide a list of any legislation that the governing board has: (a) not implemented or (b) partially implemented. Explain why the governing board has not implemented or has only partially implemented the legislation on this list.

2. Does the governing board have any outstanding high priority recommendations as identified in the "Annual Report of Audit Recommendations Not Fully Implemented" that was published by the State Auditor's Office and dated October 2015 (link below)? What is the department doing to resolve the outstanding high priority recommendations?

http://www.leg.state.co.us/OSA/coauditor1.nsf/All/4735187E6B48EDF087257ED0007FE8CA/$FILE/1542S%20Annual%20Report.%20Status%20of%20Outstanding%20Audit%20Recommendations,%20As%20of%20June%2030,%202015.%20Informational%20Report.%20October%202015.pdf