

JOINT BUDGET COMMITTEE



STAFF FIGURE SETTING FY 2018-19

DEPARTMENT OF HIGHER EDUCATION

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

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Additional Appendices:

- Appendix – FY 2017-18 and FY 2018-19 Adjustments to Governing Boards
- Appendix – LCS Tuition and Enrollment Forecast Feb 2018
- Appendix (separate packet) -- Funding History by Governing Board

HOW TO USE THIS DOCUMENT

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

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

DEPARTMENT OVERVIEW

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

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

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

The Department includes the following divisions and programs:

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

SUMMARY OF STAFF RECOMMENDATIONS

DEPARTMENT OF HIGHER EDUCATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2017-18 APPROPRIATION						
S.B. 17-254 (Long Bill)	\$4,299,869,706	\$894,882,900	\$2,644,189,267	\$738,156,049	\$22,641,490	25,086.2
Other legislation	1,743,825	25,000	1,500,000	218,825	0	1.0
Long Bill supplemental	(8,218,074)	0	(8,218,074)	0	0	0.0
TOTAL	\$4,293,395,457	\$894,907,900	\$2,637,471,193	\$738,374,874	\$22,641,490	25,087.2
FY 2018-19 RECOMMENDED APPROPRIATION						
FY 2017-18 Appropriation	\$4,293,395,457	\$894,907,900	\$2,637,471,193	\$738,374,874	\$22,641,490	25,087.2
R1 Improving college affordability and outcomes	135,099,342	75,715,853	0	59,383,489	0	0.0
R2 Tuition spending authority	91,226,222	0	91,226,222	0	0	0.0
R3 Fort Lewis Native American tuition waiver	76,665	76,665	0	0	0	0.0
R4 Emergency completion and retention grant*	0	0	0	0	0	0.0
R5 Occupational credential capacity*	0	0	0	0	0	0.0
R6 Colorado Opportunity Scholarship Initiative	2,000,000	2,000,000	0	0	0	0.0
HC1 History Colorado OIT payments	0	100,000	(100,000)	0	0	0.0
BA1 Strategies for educator preparation programs*	0	0	0	0	0	0.0
NP BA Property Fund adjustment	2,049,082	2,049,082	0	0	0	0.0
Student fee adjustment	10,694,438	0	10,694,438	0	0	0.0
Auraria Higher Education Center adjustment	1,074,659	0	0	1,074,659	0	0.0
Higher Ed limited gaming revenue	672,657	0	672,657	0	0	0.0
Lease-purchase payment adjustments	666,936	2,934,651	(3,229,953)	962,238	0	0.0
Centrally appropriated line items	652,070	142,247	323,148	(54,438)	241,113	0.0
CO Geo Survey total compensation adjustments	175,741	67,287	109,587	0	(1,133)	0.0
Depreciation for higher education capital projects	175,060	175,060	0	0	0	0.0
WICHE membership	4,000	0	0	4,000	0	0.0
Governing board FTE adjustment	0	0	0	0	0	1,078.3
History Colorado FTE adjustments	0	0	0	0	0	(16.9)
Indirect cost adjustment	0	(787,522)	(58,688)	846,210	0	0.0
Annualize prior year legislation	(1,025,000)	(25,000)	(1,000,000)	0	0	0.0
Tobacco Master Settlement revenue adjustment	(765,812)	0	(765,812)	0	0	0.0
Annualize prior year budget actions	(332,483)	(35,691)	(169,108)	(58,676)	(69,008)	0.0
COF private stipend enrollment	(160,857)	(160,857)	0	0	0	0.0
Staff-initiated H/L/D adjustment	(87,714)	(11,596)	(31,110)	(18,165)	(26,843)	0.0
Other	0	0	0	0	0	0.0
TOTAL	\$4,535,590,463	\$977,148,079	\$2,735,142,574	\$800,514,191	\$22,785,619	26,148.6
INCREASE/(DECREASE)	\$242,195,006	\$82,240,179	\$97,671,381	\$62,139,317	\$144,129	1,061.4
Percentage Change	5.6%	9.2%	3.7%	8.4%	0.6%	4.2%
FY 2018-19 EXECUTIVE REQUEST						
Request Above/(Below) Recommendation	(\$2,723,476)	\$6,742,298	(\$5,908,681)	(\$3,583,936)	\$26,843	(1,061.4)

*This request requires a bill. As a result, associated amounts are not included in the staff Long Bill recommendation table but are discussed in the document.

DESCRIPTION OF INCREMENTAL CHANGES

LONG BILL SUPPLEMENTAL: The recommendation includes adjustments to higher education tuition and fee revenue estimates for FY 2017-18.

R1 OPERATING REQUEST FOR PUBLIC COLLEGES AND UNIVERSITIES: The recommendation includes \$75,715,813 (compares to a request of \$73,065,843 General Fund) allocated among public institutions of higher education (state governing boards, local district colleges, and area technical colleges) and financial aid. The recommendation includes: (1) an overall increase of \$61,727,704 (8.95 percent) for the governing boards, allocated based on the H.B. 14-1319 funding model; and (2) an increase of \$13,861,217 for financial aid, reflecting the statutory requirements that financial aid increase at the same rate as support for the governing boards.

State governing boards: Consistent with the request, the recommendation incorporates: \$15.96 million for the General Fund portion of a 2.4 percent inflationary increase; \$1.7 million for health benefits inflation that exceeds base inflation; \$6.0 million for additional completion incentive funding for Pell eligible students; and \$33.2 million to buy down tuition to a 3.0 percent increase. In addition, the staff recommendation includes \$2.6 million for a base adjustment for small comprehensive institutions and rural community colleges.

Local district colleges/area technical colleges: The recommendation includes \$2.3 million for the statutorily-required calibration increase for local district colleges and public area technical colleges.

Financial aid: The recommendation includes \$11.9 million for need-based aid and \$2.0 million for work study. The total aligns with the request and exceeds the statutorily-required calibration increase for financial aid.

The recommendation includes three changes to the H.B. 14-1319 model from the version used for the FY 2017-18 Long Bill. The first two of these were included in the request:

- For every Pell-eligible (low income) undergraduate resident student, the College Opportunity Fund stipend rate “bumped up” by 12.5 percent. Statute requires a bump of at least 10.0 percent for Pell students, and this is where prior-year models were set.
- Every Pell-eligible student who completes a certificate or degree, the degree is weighted 2.0x the usual weight for the degree. Prior year models weighted Pell students at 1.6x the usual weight for the degree.
- Staff has also included a base role and mission adjustment for small comprehensive institutions and rural community colleges as these entities do not compete well in the model due to flat or declining enrollment, struggle financially, and are important economic drivers in their communities.

Under the model, the state-operated boards would receive increases that range from 5.6 percent to 12.5 percent based on the distribution of institutional enrollment and degrees awarded in actual FY 2016-17. Specialty education programs (such as the medical school), local district colleges, and area technical colleges receive the average increase. The Department proposes that governing board inflationary increases that cannot be fully covered by the request will be addressed through tuition increases (Request R2).

The request annualizes to \$144,705,405 in FY 2019-20, and the narrative indicates that additional increases will be sought in subsequent years, although the exact dollars are not specified.

R2 TUITION SPENDING AUTHORITY INCREASE: The recommendation includes \$91,226,222 in cash funds spending authority for state public institutions' tuition revenue for FY 2018-19. This amount is higher than the \$86.0 million included in the request, based on updated revenue estimates. The increase is proposed to cover base costs and strategic initiatives, given a significant General Fund increase. With the exception of Fort Lewis College, the recommendation assumes an increase of no more than 3.0 percent on undergraduate resident tuition with no restrictions on non-resident or graduate tuition or mandatory fees. For Fort Lewis, the recommendation assumes an increase of 5.0 percent on resident and non-resident tuition.

R3 FORT LEWIS NATIVE AMERICAN TUITION WAIVER: The recommendation includes an increase of \$75,665 General Fund for the Fort Lewis College Native American tuition waiver, bringing the total to \$17,024,859 General Fund for the program. Waiver payments are mandated by Section 23-52-105 (1) (b) (I), C.R.S., which requires the General Assembly to fund 100 percent of the tuition obligations for qualifying Native American students attending Fort Lewis College. Funding for the tuition waiver is made one year in arrears and is calculated based on the prior year enrollment estimates. The request included a reduction of \$373,209 General Fund. The recommendation is based on updated data.

R4 EMERGENCY COMPLETION AND RETENTION GRANT: The recommendation and request include \$1,500,000 General Fund to create an Emergency Completion and Retention Grant program in FY 2018-19. This is not shown in the table (which shows Long Bill amounts) but is discussed in the packet. The grant program would assist students who are progressing in college but who require emergency financial assistance to ensure a minor financial mishap does not keep them from completing. The Department indicates that it believes additional statutory authority would be required for the program.

R5 OCCUPATIONAL CREDENTIAL CAPACITY: The request includes \$5,000,000 General Fund for a new Occupational Credential Capacity Grant Program that would be created through separate legislation. The staff recommendation is not shown in the table (which shows Long Bill amounts) but is discussed in the packet. As proposed, the program would enhance the capacity of community colleges, area technical colleges, local district colleges, and Colorado Mesa University to offer high-demand, high-value career and technical education certificates. Funds would be distributed through a request for proposal process.

R6 COLORADO OPPORTUNITY SCHOLARSHIP INITIATIVE: The recommendation includes an increase of \$2,000,000 General Fund for the Colorado Opportunity Scholarship Initiative (COSI) Program, bringing total program funding to \$7,000,000 General Fund for FY 2018-19 and future years. This compares to a request for an increase of \$4,000,000, which would bring the total to \$9,000,000. The program provides matching funds to leverage community support for scholarships. It also provides grants to non-profit organizations and other entities to deliver wraparound services and other resources students need to be successful. Grantees support students while they are still in high school as well as once they have matriculated to college. Approximately 12,400 students are

served in COSI-supported student success programs. The program awards approximately \$7.5 million in scholarship funds annually.

HC1 HISTORY COLORADO OIT PAYMENTS: The recommendation includes \$100,000 General Fund in FY 2018-19, annualizing to \$150,000 in FY 2019-20 to assist History Colorado in addressing escalating Office of Information Technology (OIT) cost increases. (The request provided for somewhat higher amounts that were expected to vary based on actual OIT cost increases; the staff recommendation does not anticipate further adjustments.) The General Fund replaces cash funds otherwise required from the Museum and Preservation Operations Account of the State Historical Fund.

BA1 STRATEGIES FOR EDUCATOR PREPARATION PROGRAMS: The request includes \$2,000,000 one-time Marijuana Tax Cash Funds for a new grant program for educator preparation programs. The staff recommendation is not shown in the table (which shows Long Bill amounts) but is discussed in the packet. As proposed, the request would support a wide variety of different grants designed to improve educator preparation programs and otherwise address teacher shortages.

AURARIA HIGHER EDUCATION CENTER ADJUSTMENT: The recommendation increases spending authority for the Auraria Higher Education Center by \$1,074,659 (5.0 percent) for funds received from the institutions operating on the Auraria campus (University of Colorado – Denver, Metropolitan State University of Denver, and the Community College of Denver).

CENTRALLY APPROPRIATED LINE ITEMS: The recommendation includes adjustments to centrally appropriated line items, as detailed in the table below. Starred items were pending a Committee common policy decision at the time this document was printed.

CENTRALLY APPROPRIATED LINE ITEMS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Salary survey adjustment*	\$398,081	\$10,239	\$209,874	\$78,666	\$99,302	0.0
Health, life, and dental adjustment	307,988	99,972	117,645	(243)	90,614	0.0
Payment to risk management / property funds adjustment	116,900	0	118,662	(1,762)	0	0.0
AED adjustment	54,841	15,751	11,898	1,850	25,342	0.0
SAED adjustment	54,841	15,751	11,898	1,850	25,342	0.0
CORE adjustment	52,244	0	32,659	19,585	0	0.0
Workers' compensation adjustment	11,754	0	(2,880)	14,634	0	0.0
Legal services adjustment*	3,289	0	(9,675)	12,964	0	0.0
Short-term disability adjustment	735	534	(48)	(264)	513	0.0
Merit pay adjustment*	0	0	0	0	0	0.0
Payments to OIT adjustment*	(202,022)	0	(160,184)	(41,838)	0	0.0
Leased space adjustment	(139,880)	0	0	(139,880)	0	0.0
ALJ adjustment	(6,701)	0	(6,701)	0	0	0.0
TOTAL	\$652,070	142,247	\$323,148	(\$54,438)	\$241,113	0.0

*Pending Committee common policy decision. The amount shown for these items is the request.

LEASE PURCHASE PAYMENT ADJUSTMENTS: The recommendation includes adjustments to three lease purchase programs in the Department.

University of Colorado Health Sciences Center at Fitzsimons Lease Purchase: An annual lease-purchase payment for the University of Colorado Health Sciences Center at Fitzsimons was authorized by H.B. 03-1256. The payment is from General Fund and Tobacco Master Settlement Funds. The FY 2017-18

appropriation provided for expenditures from cash fund balances, which were available on a one-time basis. As reserves are now largely expended, additional General Fund is required. The recommendation is for \$14,154,188, including \$7,434,188 from the General Fund and \$6,720,000 from Tobacco Master Settlement cash funds.

Higher Education Federal Mineral Lease (FML) Revenues Lease Purchase: In 2008, the General Assembly authorized the State to enter into lease-purchase agreements to fund various capital construction projects for state-supported institutions of higher education. Annual payments were to be made from Federal Mineral Lease (FML) revenues that were projected to increase. The FML revenue stream has been inconsistent, and General Fund has therefore been required to backfill the obligation. The payment source varies based on FML revenues available. The FY 2018-19 recommendation is for \$17,685,263, with all but \$650,000 from the General Fund.

Colorado History Museum Lease Purchase: An annual lease-purchase payment for construction of the new Colorado History Museum was authorized in 2008. The FY 2018-19 recommendation is for \$3,021,860 cash funds from the Operations Account of the State Historical Fund. This includes a technical adjustment to the amount due.

LEASE-PURCHASE PAYMENT ADJUSTMENTS					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FTE
HED FLM Revenues adjustment	\$874,476	\$962,238	(\$1,050,000)	\$962,238	0.0
Lease Purchase Fitzsimons adjustment	(107,587)	1,972,413	(2,080,000)	0	0.0
Lease Purchase CO History Museum adjustment	(99,953)	0	(99,953)	0	0.0
TOTAL	\$666,936	2,934,651	(\$3,229,953)	\$962,238	0.0

CO GEOLOGICAL SURVEY TOTAL COMPENSATION ADJUSTMENTS: The recommendation provides an increase of \$175,741 for total compensation adjustments at the Colorado Geological Survey at the Colorado School of Mines (CGS). This includes amounts for health/life/dental, salary survey, and supplemental payments to the Public Employees Retirement Association. The request provides a 7.0% increase on the base appropriation for CGS. An offsetting reduction of 5.0 percent to health/life/dental amounts is included in a separate item.

DEPRECIATION FOR HIGHER EDUCATION CAPITAL PROJECTS: Pursuant to Section 24-30-1310 (2)(b), C.R.S., the recommendation adds an annual depreciation-lease equivalent payment line item for higher education projects funded with the General Fund, Capital Construction Fund, or Controlled Maintenance Trust Fund on or after FY 2015-16. The amount due is based on a building’s depreciation schedule. One percent of the project cost is credited to the Controlled Maintenance Trust Fund, and the balance is deposited to the Capital Construction Fund.

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

GOVERNING BOARD FTE ADJUSTMENTS: The recommendation includes an increase of 1,078.3 FTE for the governing boards. This amount is shown for informational purposes only and reflects an estimate of faculty, staff, and administrators who support the institutions’ educational activities.

HISTORY COLORADO FTE ADJUSTMENTS: The recommendation includes a decrease of 16.9 FTE for History Colorado to more closely approximate its current staffing levels. All FTE figures are shown for informational purposes only.

INDIRECT COST ADJUSTMENT: The appropriation includes a net increase of \$787,522 in the Department’s indirect cost assessments, comprised of a reduction of \$58,688 in cash funds and an increase of \$846,210 in reappropriated funds. The additional assessments are used to reduce General Fund appropriations in the Colorado Commission on Higher Education and Colorado Commission in Higher Education Financial Aid divisions.

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

	ANNUALIZE PRIOR YEAR LEGISLATION					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Annualize SB 17-258 (Open Ed Resources)	(\$25,000)	(\$25,000)	\$0	\$0	\$0	0.0
Annualize SB 17-193 (Research Center Prevention Substance Abuse Addiction)	(1,000,000)	0	(1,000,000)	0	0	0.0
TOTAL	(\$1,025,000)	(\$25,000)	(\$1,000,000)	\$0	\$0	0.0

ANNUALIZE PRIOR YEAR BUDGET ACTIONS: The recommendation includes adjustments for the second-year impact of prior year budget actions.

	ANNUALIZE PRIOR YEAR BUDGET ACTIONS					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Annualize FY 18 WICHE optometry	\$7,500	\$0	\$0	\$7,500	\$0	0.0
Annualize FY 18 HC1 Revitalize community museums	(35,691)	(35,691)	0	0	0	0.0
Annualize prior year salary survey	(207,641)	0	(113,507)	(46,020)	(48,114)	0.0
Annualize merit base pay	(87,245)	0	(46,195)	(20,156)	(20,894)	0.0
TOTAL	(\$332,483)	(\$35,691)	(\$169,108)	(\$58,676)	(\$69,008)	0.0

COF PRIVATE STIPEND ENROLLMENT: The recommendation includes a reduction for declining enrollment among students receiving COF stipends at private institutions. Students must be eligible for a Pell grant to receive these stipends.

STAFF-INITIATED H/L/D ADJUSTMENT: The recommendation reduces the requested appropriations for health/life/dental centrally appropriated amounts for employees of the Department and the Colorado Geological Survey

OTHER: The recommendation includes various net \$0 technical adjustments.

MAJOR DIFFERENCES FROM THE REQUEST

- Several of the Department’s initiatives require statutory change. As a result, these are not included in the table above, although staff believes the Committee could consider versions of some of these requests. Staff also recommends funding for an Open Educational Resources initiative that would require a statutory change. This initiative was not included in the request, although the Department expressed support.

Special Bill Items Include:

- Department request R4 for \$1.5 million General Fund for Emergency Retention Grants: Staff recommends if embedded in a clean-up of financial aid statutes so that it can be included as part of need based grants.
- Department request R5 for \$5.0 million General Fund for a Career and Technical Education Grant Program: Staff recommends up to \$10.0 million for a CTE “package” pending feedback from sponsors of other related bills and clearer implementation plans from the Department.
- Department request BA1 for \$2.0 million cash funds (Marijuana Tax Cash Funds) for an Educator Preparation Program grant program: Staff recommends \$1.0 million to \$2.0 million for a more clearly defined program.
- Staff-initiated Open Educational Resources Initiative: Staff recommends \$660,000 General Fund for a new Open Educational Resources initiative based on the recommendation of a Council created by a 2017 JBC bill.
- Staff recommends a bill that includes changes to the Colorado Opportunity Scholarship Initiative Program. No funds need to be included in this bill.

Major differences in the recommendation for amounts in the *Long Bill* include:

For FY 2017-18:

- The staff recommendation includes updates to FY 2017-18 tuition and fee amounts that were not formally requested.

For FY 2018-19:

- The staff recommendation for R1 (General Fund support for institutions and financial aid) adds \$2.6 million General Fund to support small comprehensive and rural institutions.
- The staff recommendation for R2 (Tuition) includes updated estimates of cash fund revenue for FY 2018-19.
- The staff recommendation for R3 (Native American Tuition Waiver) includes \$449,874 General Fund above the request based on updated estimates from Fort Lewis.
- The staff recommendation for R6 (the Colorado Opportunity Scholarship Initiative) includes \$2.0 million General Fund less than the Department request.
- The staff recommendation includes adjustments to various cash funds and FTE amounts shown for informational purposes. This includes adjustments to student fees.

DECISION ITEMS AFFECTING MULTIPLE DIVISIONS

→ R1 OPERATING REQUEST FOR PUBLIC COLLEGES AND UNIVERSITIES

Request R1 incorporates the vast majority of the Department's overall request for General Fund (83.9 percent), as summarized in the table below.

DEPARTMENT OF HIGHER EDUCATION OPERATING BUDGET: REQUESTED GENERAL FUND APPROPRIATIONS CHANGES BY CATEGORY AND GOVERNING BOARD FY 2017-18 TO FY 2018-19					
Governing Boards/Institutions ¹	FY 2017-18 ENACTED	FY 2018-19 REQUEST	AMOUNT CHANGE	PERCENT CHANGE	REQUEST TYPE
Adams State University	\$14,259,963	\$14,775,167	\$515,204	3.6%	R1
Colorado Mesa University	25,951,161	28,427,747	2,476,586	9.5%	R1
Metropolitan State University of Denver	51,626,603	56,499,440	4,872,837	9.4%	R1
Western State Colorado University	11,821,897	12,780,772	958,875	8.1%	R1
Colorado State University System	139,285,526	151,026,813	11,741,287	8.4%	R1
Fort Lewis College	11,784,939	12,210,225	425,286	3.6%	R1
University of Colorado System	194,318,227	213,193,471	18,875,244	9.7%	R1
Colorado School of Mines	21,484,706	22,374,275	889,569	4.1%	R1
University of Northern Colorado	39,597,408	41,808,556	2,211,148	5.6%	R1
Community College System	153,709,215	167,586,896	13,877,681	9.0%	R1
Colorado Mountain College	7,319,484	7,943,772	624,288	8.5%	R1
Aims Community College	8,654,810	9,392,989	738,179	8.5%	R1
Area Technical Colleges	10,218,039	11,089,548	871,509	8.5%	R1
Subtotal - Governing Boards/Institutions	\$690,031,978	\$749,109,671	\$59,077,693	8.6%	
Need-based Grants	128,281,138	140,161,505	11,880,367	9.3%	R1
Work-study	21,432,328	23,413,178	1,980,850	9.2%	R1
COSI scholarship program	5,000,000	9,000,000	4,000,000	80.0%	R6
Emergency retention grants (new)	0	1,500,000	1,500,000	n/a	R4
Other financial aid	23,070,194	22,696,985	(\$373,209)	-1.6%	R3
Subtotal - Financial aid	\$177,783,660	\$196,771,668	\$18,988,008	10.7%	
Lease Purchase Payments for HED Buildings	21,534,800	24,839,451	3,304,651	15.3%	Technical
History Colorado	2,756,401	2,832,917	76,516	2.8%	HC1, Annualize
CTE Grant Program (new)	0	5,000,000	5,000,000	n/a	R5
Other	2,801,061	3,287,588	486,527	17.4%	Annualize, Tech, R1
Total - Department of Higher Education	\$894,907,900	\$981,841,295	\$86,933,395	9.7%	

¹Includes College Opportunity Fund stipends and fee-for-service contracts reappropriated to the governing boards and grants to local district colleges and area technical colleges.

The request includes: (1) an overall increase of \$59,204,626 (8.6 percent) for the governing boards, allocated based on the H.B. 14-1319 funding model, including an adjustment for the COF stipend for private institutions; and (2) an increase of \$13,861,217 for financial aid, reflecting the statutory requirements that financial aid increase at the same rate as support for the governing boards.

State governing boards: The request for the state governing boards incorporates: \$15.96 million for the General Fund portion of a 2.4 percent inflationary increase; \$1.7 million for health benefits inflation that exceeds base inflation; \$6.0 million for additional completion incentive funding for Pell eligible students; and \$33.2 million to buy down tuition to a 3.0 percent increase.

Local district colleges/area technical colleges: The request includes \$2.2 million for the statutorily-required calibration increase for local district colleges and public area technical colleges.

Financial aid: The request includes \$11.9 million for need-based aid and \$2.0 million for work-study for the statutorily-required calibration increase for financial aid.

The R1 request is intended to:

- Address inflationary increases in higher education, including costs related to health benefit increases
- Limit tuition increases by increasing state support for higher education
- Allocate funds for the governing boards consistent with the H.B. 14-1319 funding model with adjustments that align with the State Master Plan
- Comply with other statutory components that align other increases to the increases for the public governing boards. These provisions include:
 - A requirement that the COF stipend for low-income students attending eligible private institutions be 50 percent of the COF stipend at public institutions; and
 - A requirement that state support for financial aid increase at no less than the rate of increase for the public governing boards (Section 23-3.3-103, C.R.S.).

In a change from prior years, the Department's request proposes to "annualize" the request to \$144,705,405 General Fund in FY 2019-20—a further increase of 7.6 percent for the governing boards with commensurate increases in financial aid. It indicates an ongoing intent to fund inflationary increases in subsequent years.

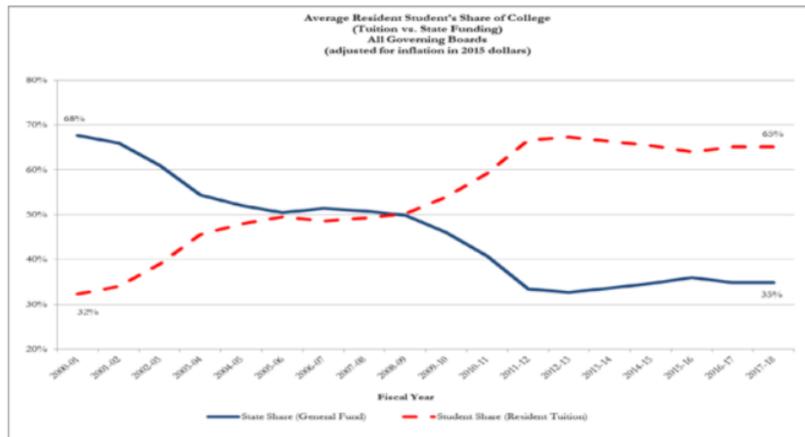
The R1 General Fund request emphasizes that the requested increase will both cover institutions' core inflationary cost increases and reduce the tuition burden on students to make college more affordable.

- Using an approach similar to last year, the request outlines a need for an overall increase for health benefits and inflation of \$17,636,137 General Fund. This represents a 2.4 percent increase in General Fund support for the state governing boards. As noted by the Department, 65 percent of all Colorado state government employees/55 percent of state FTE work in public higher education. Salary and benefits increases for these staff are not appropriated as they are for most state staff but are instead supported through General Fund, tuition, and fees. Such costs minimally increase by inflation.

- The balance of the request (\$39.2 million) is to “buy down” tuition increases. Changes in the model help to direct more of that amount (estimated at \$6.0 million) to institutions serving low-income students.

As noted in the request, tuition increases have averaged 7.4 percent a year for four year schools since FY 2011-12. If tuition increases continue at the current pace, in four years tuition will be over 22 percent higher than current levels, and such increases could hinder affordability and discourage many students from attending college. Tuition has increased far faster than the increase in the median household income: Between FY 2011-12 and FY 2017-18, tuition at four-year institutions increased 44.3 percent. Over the same period, the median household income increased just 18.1 percent.

The Department’s “inverted smiley” chart shows that in 2001 students were responsible for about one-third of higher education costs (limited to tuition, in this analysis), while the State was responsible for two-thirds. By FY 2011-12, that ratio had reversed. The relationship has changed little since that time, although it has not significantly worsened since the end of the Great Recession.



Pursuant to H.B. 14-1319, funding is allocated among higher education governing boards using a model that must include funding for the College Opportunity Fund stipend, institutional role and mission, and institutional performance. Pursuant to statute, and as implemented by the Department and the General Assembly, the role and mission and performance components include various subsections and details that are described in more detail at the back of this packet. One key provision is that no governing board may receive more than five percentage points above nor five percentage points below the average change for all governing boards. This constrains the range of options available.

The Department included two adjustments in the FY 2018-19 version of the model to align it with state goals in the Master Plan.

- In the Role and Mission section of the model, Pell-eligible students receive an extra 12.5 percent of the College Opportunity Fund stipend amount (up from 10.0 percent)
- In the Performance/Completions section of the model, Pell-eligible students receive an extra 1.0 weight (so they are counted as 2.0), rather than the previous 0.6 bump.

These changes have a significant impact and drive more funds to the institutions that serve a larger share of the low-income population: the community college system, Metro State, Colorado Mesa, and

Adams State. Comparisons between the current and former model results are also included in the appendix.

The changes in the model respond to the Committee's RFI #1 from FY 2017-18, which requested that the Department, during its annual review of the funding allocation model, consider various policy issues, including emphasizing support for Pell-eligible students in the model.

See the appendix for additional detail on the model and related calculations and alternatives.

RECOMMENDATION:

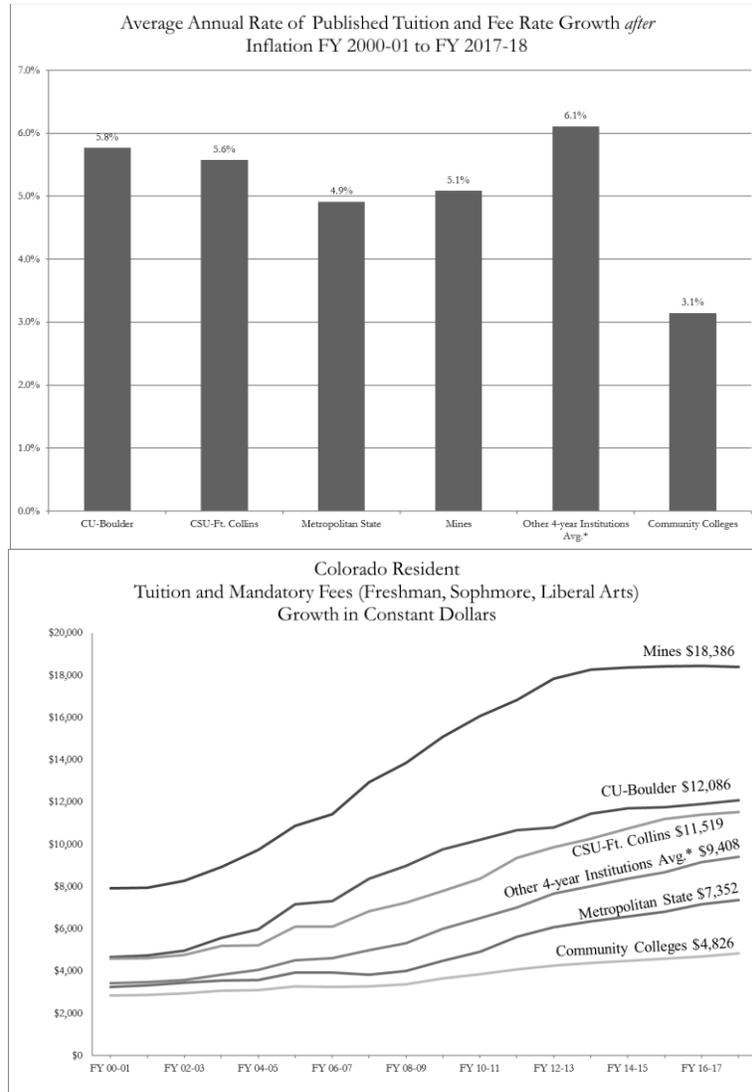
- Staff recommends the request with an adjustment to add \$2.6 million in the role and mission section of the model for small comprehensive and rural institutions.
- Staff recommends the requested increase for financial aid, although this amount is more than would be required by statutory provisions that align governing board increases and financial aid.
- Staff also recommends an RFI to request the Department's assistance in model improvements and to reiterate a request to build in a model component for students who are first in their families to attend college (first generation students).

Staff considered making changes to the model this session but felt that it would be easier for members to address substantive policy and funding issues this session without the added complication of technical changes to the model.

ANALYSIS:

Question #1 How Much?

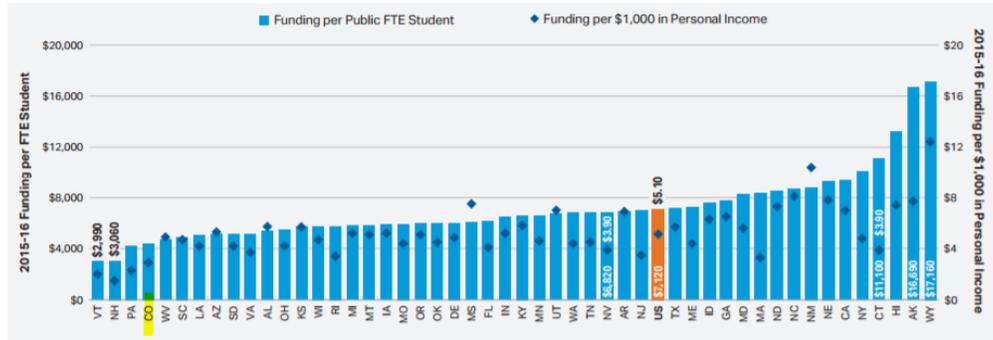
- The first, and most important, question facing the JBC and General Assembly is simply *how much?* The General Assembly has virtually complete discretion over the amount it provides for higher education, and this year's requested General Fund increase is very large: \$88,982,477 General Fund (9.9 percent), which would bring the overall higher education appropriation up to almost \$1.0 billion General Fund. Of the total, \$73.1 million, including amounts for the governing boards and financial aid, is built into this decision item.
- **The rationale presented in the request, which staff believes is compelling, is the need to limit the ongoing growth in tuition. This request is tied to a 3.0 percent cap on growth in undergraduate resident tuition.** This is a more reasonable growth rate than has been seen in recent years.
- As staff has outlined in the past, state General Fund support is a significant factor in the rate of higher education inflation. The rate of increase in tuition has been striking, as reflected in the charts below, which show the rate of increase even after adjusting for inflation. However, the rate of growth has clearly moderated as the State has been able to provide a more consistent level of support for the institutions post-recession.



- A wide array of studies confirm that **student participation is inversely related to higher education cost**. For example, a study of tuition increases from 1980 to 1992 found that for every \$1,000 increase in tuition, participation in community colleges fell by 4.7 percent and participation in 4-year institutions fell by 1.2 percent. While low-income students, in particular, may not actually pay the sticker price, they are far more likely to be aware of the sticker price than of the amount they will actually pay. As a result, a *higher sticker price discourages participation, particularly* among low-income students.¹ In addition, students likely take more time to complete their degrees than in the past in large part due to higher education costs: students often work many hours to finance their educations, and this can make it difficult for them to take a full course load. Colorado's Master Plan includes ambitious goals for increasing completion at state higher education institutions. Allowing tuition to continue to rise at high rates runs directly contrary to state goals.

¹ Kane, 1995, cited in Heller, Donald. Student Price Response in Higher Education: An update to Leslie and Brinkman. The Journal of Higher Education, Vol. 68, No 6 (Nov – Dec., 1997), pp. 624-659

- At Colorado public institutions, in FY 2016-17, 65.4 percent of students graduated with debt and the average debt was \$26,259 for a bachelor’s degree. For students earning an Associate’s degree, 58% percent graduated with debt and the average loan debt was \$13,212.² Student loan debt has now surpassed all other forms of non-mortgage consumer debt.³ While this in part reflects greater participation in higher education, it also reflects the increasing cost of higher education: per-borrower inflation-adjusted higher education debt has increased more than 35 percent since 2004.⁴
- The Department of Higher Education correctly notes that resident tuition increases have been driven substantially by **declines in state support**. Colorado public institutions receive less public support than public institutions in most other states.



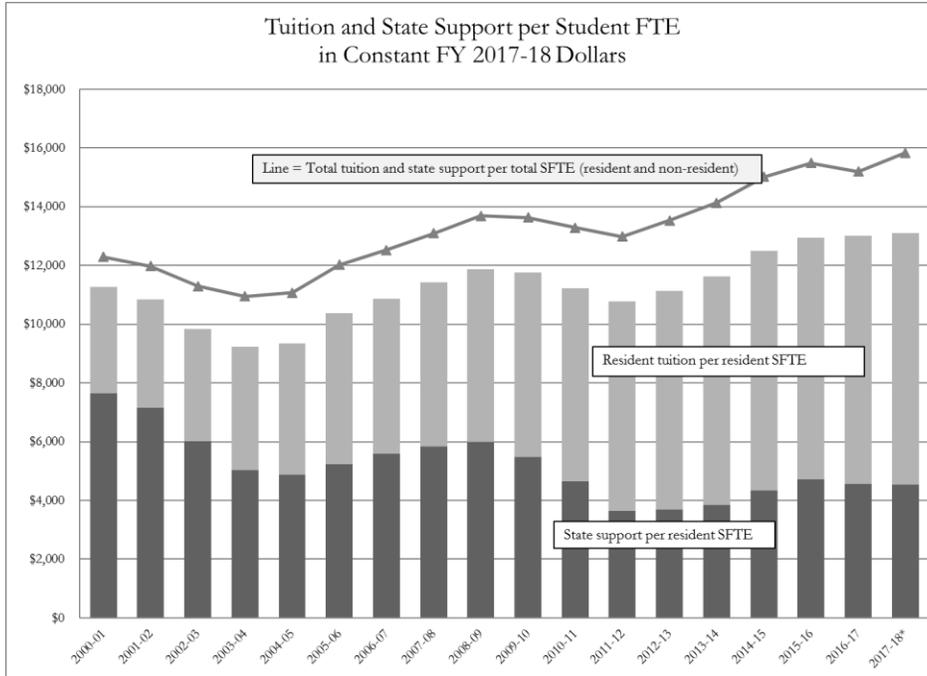
Source: College Board, Trends in College Pricing, 2017 (https://trends.collegeboard.org/sites/default/files/2017-trends-in-college-pricing_0.pdf)

- Colorado institutions have increased tuition well above the level of inflation (defined here as Denver metro CPI) both when state funding has been decreasing and when it has been increasing, though it has been slower when General Fund increases. These increases have allowed total institutional revenue—not simply tuition rates—to increase faster than inflation. *Nonetheless, as shown below, trend has moderated in the last few years, focusing solely on General Fund and tuition per resident student. This likely reflects more stable levels of state support and some legislative, as well as market, pressure on tuition levels.*

² Colorado Department of Higher Education, FY 2015-16 Financial Aid Report

³ Donghoon Lee, *Household Debt and Credit: Student Debt*, February 28, 2013, Federal Reserve Bank of New York <https://www.newyorkfed.org/medialibrary/media/newsevents/mediaadvisory/2013/Lee022813.pdf>

⁴ Federal Reserve Bank of New York Consumer Credit Panel/Equifax, cited in Dustin Weeden, Understanding Student Debt (presentation slides), National Conference of State Legislatures, Legislative Institute on Higher Education, October 11, 2015.



*Estimates

Inflation-adjusted average annual rate of growth	FY 00-01 to FY 04-05	FY 04-05 to FY 08-09	FY 08-09 to FY 11-12	FY 11-12 to FY 16-17
State support/Resident SFTE	-10.6%	5.3%	-15.3%	4.5%
Resident Tuition/Resident SFTE	5.5%	6.9%	6.7%	3.5%
Revenue per resident	-4.5%	6.1%	-3.2%	3.8%
Total revenue/total SFTE	-2.6%	5.4%	-1.7%	3.8%

The specific factors driving higher per-student costs vary by institution. In some cases, institutions are able to increase revenue and thus spending by increasing non-resident revenue. In other cases, institutions face declining student populations and have difficulty decreasing expenditures commensurate with the student declines. See charts in the appendix for more in-depth analysis.

- **This request will not reverse long-term trends in tuition growth but will at least slow the rate of tuition increase by shifting a larger share of costs back to the General Fund.** The Department estimates that, statewide, each 1.0 percent increase in tuition generates about \$9.6 million in revenue for the institutions, while a 1.0 percent increase in General Fund for the governing boards is \$6.9 million. Thus, every 1.0 percent increase in General Fund can, broadly speaking, “buy down” about 0.7 percent of a tuition increase. (The relationship at any given institution varies substantially from this.)
- **Staff remains concerned that the combination of increased state support and the tuition cap still allow for an overall increase in per-student revenue for the higher education institutions of close to 4.0 percent.** In fact, some institutions will not increase tuition to the full amount allowed, but many will choose to come close. “Bowen’s Law posits that the most important factor driving institutional expenditures is the total amount of revenue they have available. Colorado’s institutions are generally efficient because they face the twin pressures of limited General Fund and both market and legislative pressures to constrain tuition. Thus, if the

General Assembly continues to increase General Fund support, staff believes it is critical that this be tied to tuition constraints. *Staff suggests that, if this request is “annualized” as proposed for next year, the FY 2019-20 cap on increases could be restricted to a lower level.*

	Gov. Boards	Adams	Mesa	Metro	Western	CSU Sys	Fl. Lewis	CU	Mines	UNC	CCs
FY 2017-18											
State Funds	663,839,645	14,259,963	25,951,161	51,626,603	11,821,897	139,285,526	11,784,939	194,318,227	21,484,706	39,597,408	153,709,215
Tuition	2,243,533,078	19,171,993	68,064,063	111,744,494	18,593,748	455,645,797	37,325,537	1,024,985,555	140,795,698	93,424,634	273,781,559
Fees/Other	283,784,245	5,946,222	5,934,191	17,104,433	5,502,602	75,522,363	5,781,921	107,812,574	13,839,958	19,089,131	27,250,850
Total	3,191,156,968	39,378,178	99,949,415	180,475,530	35,918,247	670,453,686	54,892,397	1,327,116,356	176,120,362	152,111,173	454,741,624
Student FTE	183,650	2,412	7,741	15,252	2,115	29,775	3,094	58,623	5,953	9,043	49,642
Revenue/Student	17,376	16,328	12,912	11,833	16,979	22,518	17,742	22,638	29,588	16,821	9,160
FY 2018-19											
State Funds	723,223,135	15,294,223	28,432,752	56,485,329	13,301,710	151,551,802	12,521,493	213,239,212	22,396,891	41,822,359	168,177,365
Tuition	2,334,759,300	19,495,000	71,090,823	113,949,031	19,095,358	474,624,870	36,470,841	1,079,305,504	151,118,127	99,213,832	270,395,915
Fees/Other	293,304,852	5,947,904	5,990,615	19,592,820	6,033,106	77,376,685	5,578,254	107,392,437	15,053,276	20,768,704	29,571,051
Total	3,351,287,287	40,737,127	105,514,191	190,027,180	38,430,173	703,553,357	54,570,588	1,399,937,153	188,568,294	161,804,895	468,144,330
Student FTE	185,657	2,412	7,817	15,160	2,115	30,162	2,911	59,983	6,235	9,172	49,689
Revenue/Student	18,051	16,889	13,497	12,535	18,167	23,326	18,746	23,339	30,243	17,641	9,422
Percentage Change	3.9%	3.4%	4.5%	5.9%	7.0%	3.6%	5.7%	3.1%	2.2%	4.9%	2.9%

- If the General Assembly chooses not to provide an increase at the level requested, staff anticipates that some--although not all--institutions will ask to increase tuition by a larger amount.
 - For example, CU, in running scenarios for the Board of Regents, projects that with a state increase of 5.0 percent, rather than the average of 8.6 percent, UCCS tuition would increase by 3.8 percent, rather than 2.8 percent and UCD tuition would increase by 2.8 percent, rather than 1.9 percent. Boulder guaranteed tuition for new freshmen and transfers would remain at 4.0 percent.
 - CSU, running scenarios for the Board of Governors, projects that with a state increase of 5.0 to 8.4 percent, tuition would remain capped at 3.0 percent but that, without any state increase, tuition would increase by 5.0 percent.

Question #2: Allocation of Governing Board Funding

- As described above, the Department’s request incorporates a request from the JBC and statutory guidance to align the funding model with the statewide Higher Education Master Plan. In response, **the Department significantly increased the funding directed in the model related to students who are Pell eligible (low income). The effect of this is to direct more funding to institutions that serve this population (community colleges, MSU Denver, CMU, Adams) and to offer a substantial premium on degrees awarded to this population. Staff supports this change.** The back of this packet includes a comparison of how funds would have been directed in the model with and without this adjustment. In recent years, with a strong economic recovery, many institutions that serve primarily low-income students and that focus on career and technical training and retraining have struggled with declining enrollment. These institutions have also struggled with getting their students to completion. By placing additional emphasis on these students in the funding model, the State appropriately signals its interest in this area--and helps provide the affected institutions with additional revenue they can use toward enhancing services for these students while moderating tuition increases.
- **The staff recommendation also includes an increase for small comprehensive and rural institutions.** Specifically, staff has added: \$500,000 each for Fort Lewis, Western, Adams, and

CSU-Pueblo and \$100,000 each for each of the six small rural community colleges. This is included as a net \$2.6 million increase in the model, rather than a reorganization of funds already included in the model.

- Like the community colleges, Metro, and CMU, the lower-tier comprehensive institutions such as Adams, Fort Lewis, and Western, and CSU Pueblo have also been struggling for some time. Rural community colleges have also faced sharper declines in enrollment than their urban peers.
- Staff calculates that if Adams, Fort Lewis, and Western had kept their “share” of the state funding model since the model was implemented, they would be receiving, collectively \$1.5 million more. This in part reflects performance and declining enrollment at Adams and Fort Lewis that new leadership may be able to help address. However, even an institution like Western that has been growing has difficulty “competing” in a model that is enrollment based and that includes both tiny schools and huge systems like CU.
- The role and mission portion of the funding model is crude, and staff usually prefers to avoid related adjustments. However, there is no other effective tool in the model for assisting small schools. Statute requires that, within role and mission, “to the extent possible, similar institutions must be treated similarly” (Section 23-18-306(2)(b), C.R.S.) staff has therefore recommended across-the-board adjustments for a number of small schools, rather than targeted a “bail out” to specific institutions. This is in part because staff does not wish to unfairly punish institutions that have been reasonably successful or those that are embedded in a system by directing funds solely to stand-alone institutions that are struggling.
- The staff recommendation increases funding overall, rather than reorganizing existing funding the model. This is because staff views current increases in the model as associated with institutional commitments to limit tuition increases to 3.0 percent.

	EXECUTIVE REQUEST				STAFF RECOMMENDATION			
	FY 17-18 APPROPS	FY 18-19 ALLOCATION	CHANGE	% CHANGE FROM PRIOR YEAR	FY 18-19 ALLOCATION	CHANGE	% CHANGE FROM PRIOR YEAR	STAFF REC. ABOVE/(BELOW) REQUEST
Adams	14,259,963	14,775,168	515,205	3.6%	15,294,223	1,034,260	7.3%	519,055
Mesa	25,951,161	28,427,747	2,476,586	9.5%	28,432,752	2,481,591	9.6%	5,005
Mines	21,484,706	22,374,275	889,569	4.1%	22,396,891	912,185	4.2%	22,616
CSU	139,285,526	151,026,814	11,741,288	8.4%	151,551,802	12,266,276	8.8%	524,988
CCCS	153,547,255	167,424,936	13,877,681	9.0%	168,015,405	14,468,150	9.4%	590,469
Ft. Lewis	11,784,939	12,210,225	425,286	3.6%	12,521,493	736,554	6.2%	311,268
Metro	51,626,603	56,499,439	4,872,836	9.4%	56,485,329	4,858,726	9.4%	(14,110)
CU	194,218,227	213,093,471	18,875,244	9.7%	213,139,212	18,920,985	9.7%	45,741
UNC	39,522,408	41,733,556	2,211,148	5.6%	41,747,359	2,224,951	5.6%	13,803

	EXECUTIVE REQUEST				STAFF RECOMMENDATION			
	FY 17-18 APPROPS	FY 18-19 ALLOCATION	CHANGE	% CHANGE FROM PRIOR YEAR	FY 18-19 ALLOCATION	CHANGE	% CHANGE FROM PRIOR YEAR	STAFF REC. ABOVE/(BELOW) REQUEST
Western	11,821,897	12,780,771	958,874	8.1%	13,301,710	1,479,813	12.5%	520,939
CMC	7,319,484	7,943,772	624,288	8.5%	7,974,578	655,094	9.0%	30,806
AIMS	8,654,810	9,392,989	738,179	8.5%	9,429,415	774,605	8.9%	36,426
ATC	10,218,039	11,089,548	871,509	8.5%	11,132,553	914,514	8.9%	43,005
Total	\$689,695,018	\$ 748,772,711	\$59,077,693	8.6%	\$751,422,721	\$61,727,704	8.9%	\$ 2,650,011

Question #3: Funding for Financial Aid

Statute at 23-3.3-103 (1), C.R.S. requires that state support for financial aid (excluding the Native American Waiver) increase at a minimum at the same rate as funding for the governing boards. The calculation below compares this required “calibration” with the Department request and staff recommendation.

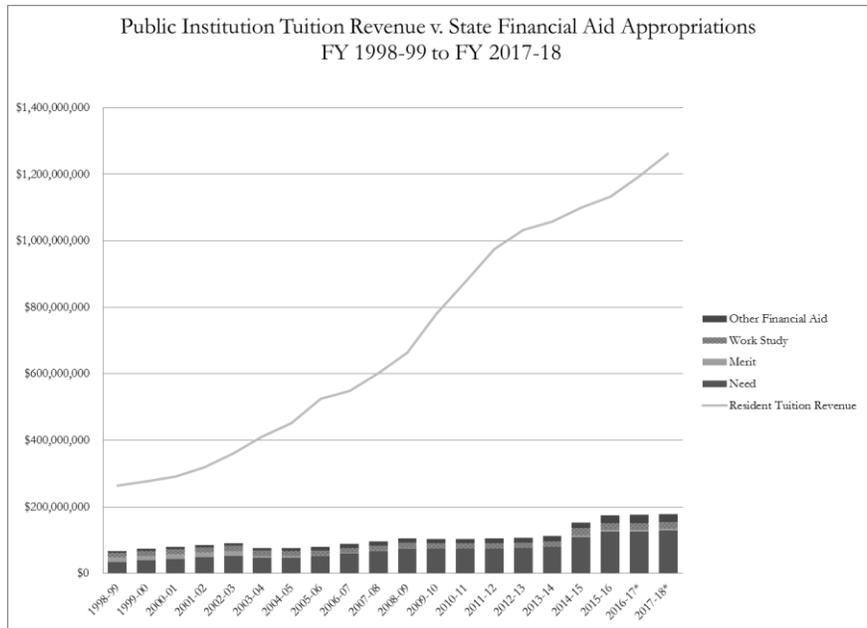
FINANCIAL AID FUNDING REQUIRED BY 23-3.3-103 (1), C.R.S.	
	FY 2017-18 APPROP.
	FY 2018-19 STAFF REC.
Governing Board GF appropriations	
Stipends for students at public institutions	291,259,844
Fee-for-service contracts per 303	252,068,162
Fee-or-service specialty education	120,174,679
Limited purpose	336,960
CO Mountain College	7,319,484
Aims	8,654,810
Area tech colleges	10,218,039
Total	690,031,978
<i>Percentage increase</i>	<i>8.95%</i>
Financial Aid (authorized in article 3.3 of Title 23)	
<i>Base</i>	
Need based - base	128,466,694
Work study	21,432,328
Merit based	5,000,000
Veterans/Law Enforcement/POW	672,000
Colorado Opportunity Scholarship Initiative (COSI)	5,000,000
Career and Tech	450,000
Total	161,021,022
Minimum Increase over prior year required (8.946%)	
14,404,344	
Recommended Increases	
Staff-recommended COSI increase (R6)	2,000,000

FINANCIAL AID FUNDING REQUIRED BY 23-3.3-103 (1), C.R.S.		FY 2017-18 APPROP.	FY 2018-19 STAFF REC.
Increase for Work Study (R1)			1,980,850
Increase for Need-based Aid (minimum) (R1)			10,423,494
Additional Increase for Need-based Aid (R1 - request)			<u>1,456,873</u>
Subtotal			15,861,217
<hr/>			
Total Financial Aid			176,882,239
Percentage increase			9.85%
Total Appropriations governing boards + financial aid	851,053,000		928,641,920
Percentage that is financial aid	0.189		0.190

- The staff recommendation includes the full amount of the request, even though “calibration” would permit a lower figure.
- The General Assembly could choose to distribute the financial increase differently, among any of the categories outlined above. Staff supports the Department proposal.

Rationale:

- The cost-of-attendance continues to increase far faster than inflation. As detailed above, since FY 2011-12, tuition alone has increased at an average annual growth rate of 3.5 percent *above* the rate of inflation. Overall, the cost of attendance



The table below shows, for various Colorado public institutions, the average net price of attendance (tuition, fees, materials and living costs) **after grant aid** for students with various incomes who qualified for federal financial aid in FY 2015-16. As shown, even for very low income students who

receive significant financial aid, financial aid is not enough to cover the cost of food, shelter, and other basic living expenses.

AVERAGE NET COST OF ATTENDANCE (AFTER GRANT AID) FY 2015-16 STUDENTS RECEIVING FEDERAL TITLE IV AID BY INCOME LEVEL					
	AVERAGE NET PRICE (INCOME 0- 30 000)-	AVERAGE NET PRICE (INCOME 30 001-48 000)	AVERAGE NET PRICE (INCOME 48 001-75 000)	AVERAGE NET PRICE (INCOME 75 001-110 000)	AVERAGE NET PRICE (INCOME OVER 110 000)
Adams State University	\$11,446	\$12,552	\$14,558	\$18,288	\$18,960
Colorado Mesa University	14,107	15,060	17,911	19,150	
Colorado Mountain College	7,358	7,338	9,632	12,652	13,417
Colorado School of Mines	23,542	23,209	22,525	28,699	29,476
Colorado State University-Fort Collins	11,287	11,474	15,705	22,814	24,061
Colorado State University-Pueblo	10,626	11,360	14,141	17,045	17,381
Fort Lewis College	12,736	14,254	15,646	19,844	20,638
Metropolitan State University of Denver	10,771	11,226	13,894	17,118	17,668
Pueblo Community College	12,049	12,273	14,838	14,138	
Red Rocks Community College	7,177	8,652	10,589	14,306	14,553
University of Colorado Boulder	15,109	17,104	21,439	27,315	29,203
University of Colorado Colorado Springs	12,047	12,548	16,912	19,949	20,393
University of Colorado Denver/Anschutz Medical Campus	11,382	11,945	15,321	19,364	19,872
University of Northern Colorado	16,776	17,507	19,835	21,300	21,529
Western State Colorado University	12,114	14,094	15,792	18,675	19,313

- Sixty-five percent of students completing a bachelor’s degree from a public institution graduated with federal student debt in FY 2016-17, and the average federal student loan debt at graduation was \$26,259. Fifty-eight percent of students completing an associate’s degree from a public institution graduated with federal student debt in FY 2016-17, and the average student loan debt at graduation was \$13,212.
- For lower income students facing these total attendance costs, financial aid plays a crucial role in students’ ability to attend and succeed in post-secondary studies. Cost is an obstacle to higher education participation and persistence among youth from low-income families, who are far less likely to attend and persist in postsecondary education.⁵ Further, studies have shown that providing need-based aid increases the odds of enrollment, retention, and graduation of lower-income students in higher education.⁶

⁵ Baum, McPherson, Steele, eds, *The Effectiveness of Student Aid Policies: What the Research Tells Us*, The College Board, 2008 <http://professionals.collegeboard.com/profdownload/rethinking-stu-aid-effectiveness-of-stu-aid-policies.pdf>

⁶ See for example, http://gseacademic.harvard.edu/~longbr/Castleman_Long_-_Looking_Beyond_Enrollment_-_draft_Oct2012.pdf

- Demographic changes could threaten the state’s long-term economic health, unless it is able to more effectively meet the educational needs of low-income populations. As indicated in the Master Plan, Colorado has historically done a poor job of supporting this population, which is disproportionately minority, through the educational pipeline.
- Although institutional aid has grown along with tuition, the majority of institutional aid is directed to merit-based aid, which disproportionately benefits wealthier students.⁷ In Colorado, two-thirds of institutional aid awarded is for merit aid, with about half of this amount going to non-resident students.
- Many college administrators believe that work-study improves student retention and completion because these jobs enable students to form relationships with faculty and administrators and remain more closely tied to campus. While where not extensive research on the issue, studies have shown that low income students (who would work off-campus if they did not hold an on-campus job) may particularly benefit from work-study.⁸

Question #4: Funding Model for Next Year

The JBC has often included an RFI to provide some guidance to the Department on potential funding model changes for the subsequent year. Consistent with this, staff recommends the following RFI.

N Colorado Department of Higher Education, Colorado Commission on Higher Education, Administration -- The Department is requested to work with JBC Staff and Legislative Council staff during the legislative interim to explore options for making the funding model more intuitive and transparent. As part of this effort, the Department is requested to have a fully functioning version of all portions of the model, including the performance section of the model, available in spreadsheet format by July 1, 2018. The Department is also requested to continue its efforts to incorporate a model component for students who are first in their families to attend college.

Explanation:

- This summer, staff hopes to work with Legislative Council staff, as well as the Department and institutions, in exploring options for making the model simpler and more transparent. The model will always be an imperfect tool, but staff believes there is room for some improvement.
- Last year, the JBC requested that the Department take steps to include a component in the model to recognize the challenges institutions face in serving students who are first in their families to attend college. The Department responded that it considered this valuable, but that this could not be added to the model before FY 2019-20 at the earliest. Staff would like to see this work continue.

A significant amount of data indicates that students who are first in their families to attend college require additional supports. For example, research by CSU finds that first-generation students, as well as Pell students, have notably lower odds of retention and graduation. For example, a 2015

⁷ Burd, *Undermining Pell: How Colleges Compete for Wealthy Students and Leave the Low-Income Behind*, New America Foundation, May 2013

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

⁸ https://www.brookings.edu/wp-content/uploads/2017/06/ccf_20170622_scott-clayton_evidence_speaks.pdf

CSU institutional research study, *Descriptive Logistic Regression Results*, found: “First generation students have 36 percent lower odds of being retained compared to non-first generation students after controlling for other demographic and academic variables...First generation students also have lower odds of graduating compared to non-first generation students (20%, 27%, and 30% lower odds of graduating in 4, 5, or 6 years).”⁹ Various research studies, including multiple studies cited by the College Board, show similar results.¹⁰ Furthermore, research suggests that while there is overlap between Pell-eligibility (low income) and first generation status, these groups are not the same and that the impact of being first generation **and** Pell-eligible compound. Thus, a study for the Pell Institute found that six years after entry into higher education, 26 percent of those who were low income *or* first generation had completed a baccalaureate degree, while only 11 percent of those who were *both* low income *and* first generation had completed the same degree. For comparison, 55 percent of students who had neither characteristic had their baccalaureate degree after six years.¹¹

→ R2 TUITION SPENDING AUTHORITY INCREASE

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

REQUEST: The request is for an additional \$86,033,097 cash funds spending authority for state public institutions’ tuition revenue for FY 2018-19. The increase is proposed to cover base costs and strategic initiatives, given a significant General Fund increase. The request proposes that Long Bill footnotes cap undergraduate resident tuition increases at 3.0 percent, with no restrictions on non-resident or graduate tuition or mandatory fees.

The proposal is based on the Department’s model for the relationship between General Fund and institutional tuition rates. However, rather than being tied to the increases and decreases for individual *institutions*, the cap is tied to the overall level of state funding.

⁹ <http://irpe-reports.colostate.edu/pdf/ResearchBriefs/Descriptive-Logistic-Regression-Results.pdf>

¹⁰ <https://research.collegeboard.org/sites/default/files/publications/2013/8/presentation-apac-2013-first-generation-college-aspirations-preparedness-challenges.pdf>

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

¹¹ Engle, J. and Tinto V., *Moving Beyond Access: College Success for Low-Income First-Generation Students*, The Pell Institute, 2008. http://www.pellinstitute.org/downloads/publications-Moving_Beyond_Access_2008.pdf

Potential % Change in General Fund	\$ Change in General Fund	\$ Change in Tuition	Potential % Tuition Increase
12.9%	85,610,264	\$0	0.0
10.0%	66,498,455	\$19,111,809	2.0
9.0%	59,848,610	\$25,761,655	2.7
8.0%	53,198,764	\$32,411,500	3.4
7.0%	46,548,919	\$39,061,346	4.1
6.0%	39,899,073	\$45,711,191	4.8
5.0%	33,249,228	\$52,361,037	5.5
4.0%	26,599,382	\$59,010,882	6.2
3.0%	19,949,537	\$65,660,728	6.8
2.0%	13,299,691	\$72,310,573	7.5
1.0%	6,649,846	\$78,960,419	8.2
0.0%	-	\$85,610,264	8.9
-1.0%	(6,649,846)	\$92,260,110	9.6
-2.0%	(13,299,691)	\$98,909,955	10.3
-3.0%	(19,949,537)	\$105,559,801	11.0
-4.0%	(26,599,382)	\$112,209,646	11.7
-5.0%	(33,249,228)	\$118,859,492	12.4
-6.0%	(39,899,073)	\$125,509,337	13.1
-7.0%	(46,548,919)	\$132,159,183	13.8
-8.0%	(53,198,764)	\$138,809,028	14.5
-9.0%	(59,848,610)	\$145,458,874	15.2
-10.0%	(66,498,455)	\$152,108,719	15.9
-11.4%	(76,023,153)	\$161,633,417	16.9

The Department's general arguments, incorporated in both R1 and R2, are as follows:

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

tuition increases may be contained. The request to cap increases on undergraduate resident tuition at 3.0 percent reflects this.

RECOMMENDATION:

Staff recommends:

- The 3.0 percent “caps” included in the Executive request, with the exception of Fort Lewis, which has requested higher caps in light of current revenue challenges.
- Fort Lewis proposed a 6.5 percent cap. Based on both a higher reimbursement for the Native American Tuition Waiver and a recommended increase in support through the funding model, staff recommends a 5.0 percent cap on resident tuition. Further, *staff calculations assume that Fort Lewis will not exceed a 5.0 percent increase on nonresident tuition, as tuition increases for nonresident students drive state General Fund increases in subsequent years*, though staff has not included this explicitly in a footnote, based on prior Committee action.
- Staff recommends using institutional enrollment projections for resident and non-resident students submitted February 2018;
- Staff recommends institutional revenue projections for resident FTE based on the caps and institutional estimates¹²; and
- institutional revenue projections for non-residents based on institutional estimates.⁴

The table below shows the recommended cap by governing board and compares this to: budget assumptions and information publicly available about institutions’ plans; the Department’s tuition model; and a staff tuition model that explores General Fund and resident tuition as a 1:1 trade-off at each institution. Note that there are certain exceptions to the tuition cap to address guaranteed tuition at CU Boulder and a proposed reduction in fees and matching increase in tuition at Adams State.

¹² Staff compared institutional estimates with LCS projections. The results were close, and institutional revenue projections were generally lower than LCS figures, so staff elected to use the institutional amounts. Staff notes that LCS projections are often better than institutional projections based on a comparison of actual results.

Staff Recommendation in Conjunction with Approval of Recommendation for R1				
	Recommended implied "cap" on undergraduate resident rates (figure identified in Long Bill footnote as assumed maximum undergraduate resident student rate increase)	Comparison: Increase included in Feb 2017 budget assumptions or other public information	Comparison: Department tuition increase model	Comparison: Results of staff tuition model assuming a required for 4.3% revenue increase
ASU*	3.0%	3.0%	4.0%	0.6%
CMU	3.0%	3.0%	2.5%	1.6%
MSU	3.0%	3.0%	2.5%	1.6%
WSCU	3.0%	0.0%	0.0%	-6.7%
CSU System	3.0%		3.0%	1.5%
CSU (Fort Collins)		3.0%		
CSU Pueblo		3.0%		
Ft. Lewis	5.0%	6.0%	4.5%	2.1%
CU System*	3.0%		2.5%	2.1%
CU Boulder (fresh/trans only)		4.0%		
UCCS		2.8%		
UCD		1.9%		
Mines	n/a	3.0%	6.5%	4.3%
UNC	3.0%	3.0%	5.0%	3.7%
CCCOES	3.0%	3.0%	2.5%	0.9%

*CU Boulder requests a 4.0 percent increase for freshmen and transfers under their guaranteed 4-year tuition model. Sophmores, Juniors, and Seniors would have 0.0 percent increase. Adams requests an exception for fees that will be eliminated and built into tuition (no net increase to student payments.)

**Staff recommends that the JBC specify its intent--whether included in a Long Bill footnote or not--that Fort Lewis limit any nonresident tuition increase to at most 5.0 percent.

The tables below show the overall combined increase in General Fund plus tuition per student FTE for FY 2017-18 and proposed FY 2018-19.

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

FY 2017-18 AND FY 2018-19 RECOMMENDED TUITION REVENUE APPROPRIATION				
	FY 2017-18*	FY 2018-19	CHANGE	PERCENTAGE
Adams State University	19,171,993	19,495,000	323,007	1.7%
Colorado Mesa University	68,064,063	71,090,823	3,026,760	4.4%
Metropolitan State University	111,744,494	113,949,031	2,204,537	2.0%
Western State Colorado University	18,593,748	19,095,358	501,610	2.7%
Colorado State University System	455,645,797	474,624,870	18,979,073	4.2%
Ft. Lewis College	37,325,537	36,470,841	(854,696)	-2.3%
University of Colorado System	1,024,985,555	1,079,305,504	54,319,949	5.3%
Colorado School of Mines	140,795,698	151,118,127	10,322,429	7.3%
University of Northern Colorado	93,424,634	99,213,832	5,789,198	6.2%
Community College System	273,781,559	270,395,915	(3,385,645)	-1.2%
Total	2,243,533,078	2,334,759,300	91,226,222	4.1%
Based on % increase "cap" per resident x resident SFTE +estimated % increase per non-resident x nonresident SFTE and institutional estimates				

*Includes recommended Long Bill Supplemental

Amounts per student FTE are further summarized below. Informational fee amounts are also reflected, given that, for students, the combination of tuition and fee costs are important. The overall growth shown may exceed the anticipated 3.0 percent for residents, as the General Assembly does not currently limit fees and figures include graduate students.

WEIGHTED AVERAGE TUITION REVENUE PER SFTE - RECOMMENDED APPROPRIATIONS/INFORMATIONAL FEES					
	FY 2018-19 TUITION - RESIDENTS	FY 2018-19 TUITION - NON- RESIDENT	FY 2018-19 MANDATORY FEES - ALL STUDENTS	INCREASE FROM FY 2017- 18 WEIGHTED TUITION + FEES/FTE - RESIDENTS	INCREASE WEIGHTED TUITION + FEES/FTE - NONRESIDENTS
Adams State University	\$6,881	\$10,680	\$2,455	0.0%	3.3%
Colorado Mesa University	8,566	11,844	711	2.8%	4.7%
Metropolitan State University	7,160	17,736	1,292	4.7%	1.4%
Western State Colorado University	5,895	17,128	2,852	4.6%	3.9%
Colorado State University System	11,133	27,177	2,565	2.1%	2.7%
Ft. Lewis College	6,711	18,464	1,916	3.4%	3.7%
University of Colorado System	11,883	32,958	1,537	2.1%	2.9%
Colorado School of Mines	16,169	35,162	2,414	2.7%	1.7%
University of Northern Colorado	9,120	19,032	2,264	5.4%	3.6%
Community College System	4,951	12,760	417	-0.6%	-0.1%

Fort Lewis College Resident and Non Resident Tuition

REQUEST: The President of Fort Lewis College submitted a letter requesting that it be allowed to increase resident tuition by 6.5 percent, based on the results of the Department’s tuition model (the approach used for last year’s request), rather than keeping to a 3.0 percent undergraduate increase. Fort Lewis also continues to request that it be allowed to freely increase its nonresident tuition like the other institutions.

RECOMMENDATION: Staff recommends a resident tuition cap of 5.0 percent for Fort Lewis, in light of the additional General Fund staff has recommended within the higher education funding model. **For this year, staff likewise recommends that Fort Lewis be requested not to increase its nonresident tuition above the 5.0 percent included in the Long Bill revenue estimates**, even if--consistent with recent practice--the Committee chooses not to explicitly state this in a Long Bill footnote. **Staff suggests that the Committee make a motion specifying that nonresident tuition in the Long Bill for Fort Lewis should be calculated based on a 5.0 percent increase, so that its intent is clear.**

BACKGROUND: For FY 2017-18, staff recommended that Fort Lewis be allowed to increase nonresident tuition by 4.0 percent. The Committee approved an assumption of 5.0 percent to be included in Long Bill calculations though not explicitly stated in a footnote. Fort Lewis adopted a 5.0 percent increase in FY 2017-18. The college had not increased nonresident tuition for the prior seven years.

As reflected in the chart below, **in FY 2017-18 Native American students are expected to comprise about sixty percent of the Fort Lewis non-resident population** and less than ten percent of resident student FTE. The state pays sticker-price (rather than a discounted amount) for Native American students who enroll in Fort Lewis College. With a current sticker price for tuition

of \$16,872 for nonresidents and assuming flat nonresident enrollment, **every 1.0 percent increase in nonresident tuition at Fort Lewis drives a direct General Fund cost of \$152,692.** Thus, if enrollment stays flat, **a 5.0 percent increase in nonresident tuition will drive a General Fund cost in FY 2018-19, paid in FY 2019-20, of \$763,458.**

ENROLLMENT BREAK-DOWN FORT LEWIS COLLEGE	FY 2017-18 ESTIMATE
Resident Native American Student FTE	146
Nonresident Native American SFTE	905
Resident non-N.A. student FTE	1,418
Nonresident non-N.A. student FTE	615

After years of large annual increases, the Native American Tuition Waiver payment declined in FY 2017-18 by \$416,054. Although it has again increased for FY 2018-19, the increase is less than \$100,000. Fort Lewis is generally suffering from multiple years of declining enrollment and staff understands it is in the process of implementing \$4.7 million in budget cuts at the institution. Fort Lewis staff have anticipated that the growth in the Native American population will stabilize due to the early implementation of tighter enrollment requirements, and initial data seems to confirm this. Enrollment for nonresident Native American students appears to be stabilizing. ***Recognizing this challenging situation, staff can support the requested additional tuition flexibility. However, the Committee should remain cognizant that, if nonresident enrollment rebounds, the higher level of tuition could translate into significant future General Fund obligations for the waiver.***

→ R5 OCCUPATIONAL CREDENTIAL CAPACITY GRANT PROGRAM AND STAFF-INITIATED CREDENTIAL INCENTIVE PROGRAM (BILL #18 AND APPROPRIATION)

REQUEST: The Department of Higher Education request R5, Occupational Credential Capacity Grant Program, proposes a new \$5,000,000 General Fund grant program to support capacity building for postsecondary occupational education programs.

The State’s *Talent Pipeline* report finds that 16 percent of all labor market vacancies in Colorado will require a certificate by 2025. This reflects a significant increase in demand for such certificates since 2015.

Existing financial resources and incentive structures are not sufficient for institutions to expand their CTE programs in many high cost/high demand fields. The specific obstacles vary depending upon the region and the program but include:

- space availability
- accreditation requirements
- additional resources needed for students; and
- qualified faculty.

The Department’s proposed solution is a new grant program that would help institutions address the specific obstacles they face with respect to expanding existing programs and building new ones. Specific program components:

- The program would use a “request for proposals” (RFP) process requiring institutions to submit plans to address the obstacles they face in expanding or launching specific CTE programs.
- New and expanded programs must address regional labor market demands and be based on an analysis of job openings in the areas.
- Grants would prioritize programs serving underserved populations and locations. Grants could help expand concurrent enrollment opportunities for students dually enrolled in high school and college in low-income, high minority, and rural districts. Grants could also be used to expand CTE programs offered by institutions of higher education in correctional institutions, among other purposes.
- The following institutions would be eligible: community colleges, Colorado Mesa University, area technical colleges, and local district colleges.
- The program would be housed in the Department of Higher Education but, as part of the RFP review process, the Department will coordinate with the Workforce Development Council, which includes the Executive Directors of the Departments of Labor and Employment, Education, the Office of Economic Development and International Trade, and the Department of Higher Education, among others. The Department of Corrections would be included for programs targeting correctional populations.
- As part of the RFP process, the Department will require each institution to explain how their project will increase certificates, the number of additional certificates to be generated, and the timelines.
- Success will be measured by the number of additional certificates added each year in high demand fields. The State is currently seeking to increase certificate production by 643 certificates annually over the next eight years.
- The Department proposes to work on developing the potential RFP during the legislative session, so that the RFP can be released before the end of July 2018 if necessary legislation is approved.
- Creating this program will require new legislation.

In response to staff and Committee hearing questions, the Department indicated:

- Examples of programs that could be funded:
 - Applicants may show that there is a short-term need for certificate production and a one-time influx of emergency financial aid will produce certificates to meet existing industry needs;
 - Applicants may show that a one-time influx of training resources may help institutions to alleviate waitlists by providing a revenue source to onboard faculty;
 - Applicants may show that by providing revenue to overcome barriers to entry, like salaries, this program can assist institutions in developing sustainable new capacity. As the capacity grows, the institution revenue derived from other sources will also grow, thus allowing the additional capacity to remain intact.
- The Department does **not** anticipate that these funds would be used for capital construction.
- While the structure of the grant currently assumes a single year of funding, proposals could span across a couple of years.
- The Department anticipates that this would be a *competitive* grant process.
- Grants would be awarded based on criteria such as demonstrated need, feasibility, anticipated return on investment, and alignment with state or regional workforce needs.

- The Department anticipates accepting requests between \$100,000 and \$1,000,000, and the ability to address special populations. These will be one-time grants to recipients with the possibility to expand into out-years if additional capacity needs can be addressed.

RECOMMENDATION: Staff supports the goal of the proposed grant program, as well as a new formula allocation for CTE programs described below. Nonetheless, staff is very concerned about the apparent lack of detailed planning or stakeholder involvement up to this point. **Staff has outlined preliminary recommendations for a potential bill. However, staff suggests that the Committee wait to proceed with any action until:**

- The Department provides a detailed plan for the grant portion of the initiative, including details that demonstrates active stakeholder involvement in the planning process (e.g., through a “comeback”); and
- The Committee consults with other legislators that have expressed interest in CTE.

Staff believes the JBC, in consultation with other legislators, could consider a CTE “package” that supports:

- Support for **front-end development of CTE** programs through a grant program (\$5.0 million, consistent with request);
- Additional **performance-based operating support** for CTE programs (\$5.0 million beyond request, if available);

However, staff is unable to support a grant program until the Department is able to clearly articulate the proposal and address basic questions such as who will review these proposals. If it can do this, staff will support this initiative in the comeback process. Further, there are currently two bills in play that touch on these issues but differ from the staff recommendation. The Committee may wish to consult with the sponsors of those bills as it considers a path forward.

Related Bills:

Senate Bill 18-133 (Concerning performance funding in higher education fee-for-service contracts for awarding certificates by Sen. Gardner and Speaker Duran) would change the statutory higher education funding model so that each certificate is awarded at 50 percent of the amount for each bachelor’s degree awarded. The bill is currently in the Senate Education Committee.

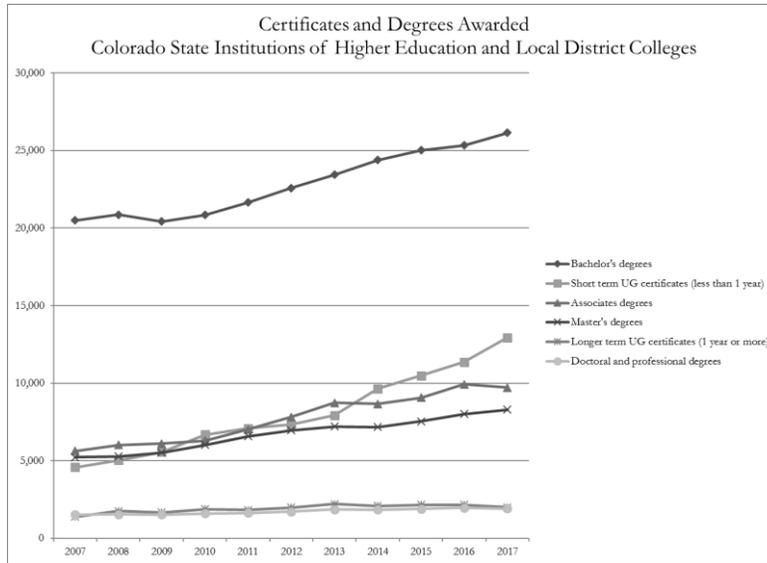
House Bill 18-1034 (Concerning Creation of a Grant Program for Capital Costs Relating to Career and Technical Education by Reps. Covarrubias/McKean and Sen. Priola) proposes a \$10.0 million grant program for capital costs relating to career and technical education. This program would benefit postsecondary CTE providers *and* K-12 CTE providers by funding equipment and capital construction for CTE. It would be administered by the Colorado Workforce Development Council, rather than the Department of Higher Education. The bill passed out of the House Education Committee and is currently in the House Appropriations committee.

ANALYSIS - WHY SUPPORT CAREER AND TECHNICAL EDUCATION?

Background

- About one-third of all community college student FTE are enrolled in CTE programs. State support for *postsecondary* CTE includes \$10.2 million for the area technical colleges and over \$55 million for community colleges and local district colleges based on the share of community college students enrolled in CTE.

- As of FY 2014-15, 34,829 students were enrolled in postsecondary CTE programs, including 10,000 students who are concurrently enrolled in high school and college CTE programs.
- The majority of state and local CTE dollars support CTE in the K-12 system as part of school finance formula. However, much of the coursework the approximately 100,000 K-12 CTE students take reflects sampling/experimenting with CTE. The State only provides CTE *credentials* through the postsecondary system.
- In FY 2016-17, state postsecondary institutions awarded almost 20,000 CTE credentials. In recent years, institutions have significantly increased the rate at which CTE certificates are awarded.



State Workforce Needs

The chart below shows the job opening projections that have served as the basis for the State’s educational attainment and credential production goals. As can be seen, while about 73 percent of projected jobs are anticipated to require education beyond high school a large portion of those jobs do not require a baccalaureate degree but rather “some college” such as a technical credential or associates degree.

Colorado Projected Job Openings 2020

OCCUPATION	JOB OPENINGS BY OCCUPATION AND EDUCATION LEVEL (IN THOUSANDS)					
	Less than high school	High school diploma	Some college/ no degree	Associate's degree	Bachelor's degree	Master's degree or better
Managerial and Professional Office	2	14	31	11	73	35
STEM	0	3	9	4	27	14
Social Sciences	0	0	0	0	2	4
Community Services and Arts	0	3	8	3	28	11
Education	0	1	4	2	20	25
Healthcare Professional and Technical	0	1	5	9	15	14
Healthcare Support	1	5	7	5	2	1
Food and Personal Services	25	50	43	13	29	4
Sales and Office Support	10	64	77	23	71	14
Blue Collar	28	60	42	14	14	2
TOTAL	67	201	226	84	282	124

Share of Job Openings	6.8%	20.4%	23.0%	8.5%	28.7%	12.6%
	27.2%		31.5%		41.3%	
	High school or less		Some college/associates		Bachelors or higher	

Source: Carnevale, Smith, and Strohl, Recovery: Projections of Jobs and Education Requirements through 2020 (Colorado-Recovery section), Georgetown Public Policy Institute, Center on Education and the Workforce, June 2013.

Colorado’s current public postsecondary educational system and postsecondary educational expenditures are heavily weighted toward four-year institutions. The Department provided the following comparison of the actual distribution of degrees awarded and the distribution of need indicated by the Georgetown workforce analyses. While the future is difficult to predict, this suggests that the State should continue to enhance its focus on growing mid-level credentials, such as technical certificates and associates degrees.

2014 Actual Degree Distribution:



Georgetown Degree Distribution based upon Projected Job Needs



Some shorter-term certificates generate significantly more money for a student than some 4-year liberal arts degrees. For example, based on data collected in the Launch My Career Colorado website: <https://launchmycareercolorado.org/>

- A student earning a bachelor’s degree in English at CU Boulder can expect first year wages of just \$23,571 and top future earnings, after about 15 years, of about \$58,081 per year for a degree costing \$92,633.
- A student earning certification in welding at Front Range Community College can expect first year wages of \$35,148 and mid-career wages of \$78,702 for a certificate costing \$6,842.

The State’s Talent Pipeline Report concludes that 7 percent of top jobs--jobs paying a living wage--require a postsecondary certificate. Among jobs that pay a living wage for an individual (as opposed to a family), jobs requiring a certificate make up 11 percent compared to 6 percent that require a bachelor’s degree. These include the following.

OCCUPATION	2015-2025 GROWTH RATE (%)	AVG. ANNUAL OPENINGS
Nursing Assistant	34.3	1,118
Medical Assistant	37.2	548
Dental Assistant	28.5	334
HVAC Mechanics and Installers	44.4	329
LPNs and licensed vocational nurses	28.6	321
EMTs and paramedics	39.0	236
Barbers	34.0	132
Phlebotomists	44.5	122
Estheticians	32.4	65
Audio and visual equipment techs	27.6	55
Medical transcriptionists	25.0	49

POTENTIAL PROGRAM COMPONENTS

As noted above, a CTE “package” could include both funding for front-end program expansion and support for production of CTE certificates on an ongoing basis.

Grant Program: A grant program, requested by the Department, could help to address some of the challenges to expanding CTE programs. Area technical colleges and community colleges indicate that their **ability to expand high quality CTE programs is often limited by front-end costs.** Institutions have indicated that a grant program could be helpful in funding equipment, start-up costs, and capital costs.

To be successful, however, such a program must address:

- Department capacity to review proposals;
- How programs will be scored/fairness;
- Demonstrating industry support;
- Capital funding issues; and
- Timing.

Staff has included some related suggestions below. However, staff believes that further input and feedback from stakeholders is needed to construct a thoughtful program. Staff's preliminary suggestions, if the Committee is interested in this initiative, include:

- Require grantees to demonstrate that the grant will: (1) address a state or regional need for a particular type of certification in a high demand job (based on the Talent Pipeline report and local business demand); (2) cover needed start-up costs for the program, including capital and leased space. The Department's current proposal is extremely broad (e.g., proposing "emergency financial aid" to meet industry needs), and the General Assembly might want a slightly more narrow/clear range of funding targets.
- *Require* close involvement with the Workforce Development Council. One option would be to have the Workforce Development Council oversee the program. Regardless, grants should not be approved without specific support from the Workforce Development Council. Staff has requested that the Department submit a more detailed proposal for the grant selection and approval process (i.e., who will be involved) so that, if this initiative is approved, the process can be clearly articulated in statute.
- Specify that grant funds shall be available for at least two years. Staff does not believe that an effective grant program can be launched, grants awarded, and dollars spent within a year. The Committee might consider a cash fund to hold the dollars.
- Require industry participation, and favor those projects receiving matching funds, equipment, and other resources from a group of industry partners.
- Allow for 2.0-3.0 percent of approved funding (\$100,000 to \$150,000) to be used for administration. The Department asserts that this program can be administered within existing resources. There has been so much turnover in the Department that it is likely that the Department has sufficient excess financial resources to administer the program at present and would not need to use these administrative funds. *However*, staff believes that for a program of this type to be successful, the State would need dedicated staff with expertise in CTE and the ability to assess proposals. *Administration of CTE is currently located in the State Board for Community Colleges and Occupational Education, which administers various formula allocation programs to all relevant entities. The Department has a 0.5 FTE position (currently vacant), shared between the Workforce Development Council and the Department, to compile the Talent Pipeline report, but staff is doubtful that the person in this position, if filled, could effectively also oversee a competitive grant program with dozens of applications and associated post-grant monitoring.*
- Specify that grants may be used for equipment, start-up costs, and some capital expenses. Allow at least \$500,000 to support capital construction activities per grant, so long as there is evidence that there will be future revenue to cover these costs in later years. Capital costs are often the largest obstacles to moving these projects forward. Community colleges have access to capital construction funds through the capital development process, and this grant should not duplicate that process. Area technical colleges (and local district colleges) do not have access to this support. ATCs, in particular, often complain about a lack of related resources. If the program wishes to allow for larger capital grants to ATCs for capital construction, some additional review by the CDC might be appropriate; but this is not necessary for capital spending under \$500,000.

- As the Department has recently proposed to staff, ensure that the request and reporting process builds on the existing structure created for the federal Perkins grant. This federal grant, allocated via formula, supports equipment and other front-end costs for CTE programs. However, funding is disbursed to both secondary and postsecondary programs by the community college system using a formula distribution. With this new grant program, the State hopes to be able to direct larger amounts of funds than are currently available through the formula and thus to spur more significant program development. However, much of the data collection and analysis already required for the Perkins program may be used for this one.

In response to staff questions, the Community College System provided examples of some of the kinds of activities that could be at least partially funded through this initiative. As is clear from these examples, other major sources of support would also be necessary for large program expansions.

- Mobile Welding Lab: 40 ft. portable welding lab requires \$818,000 in equipment and first year personnel and operating of \$121,250.
- Media Program requested by high schools and communities in the area: Program equipment: \$20,000; Start-up costs, including first year personnel and operating \$128,200.
- Health Care Program Expansion: Facility usage is at a maximum for current health programs. In order to expand current or add new programs, the college would need leased space to support growing simulation usage while adding three new programs: surgical technology, respiratory therapy, and physical therapy assistant. Program equipment cost: \$665,000; Startup costs such as accreditation and professional development: \$288,000; First year leased space cost and build out: \$6.7 million.

Area Technical Colleges have indicated to staff that their most significant obstacle to program expansion is space and capital construction costs. Staff is uncertain whether the grant program parameters suggested above by staff would be sufficient to meet their needs. Staff presumes that if the Department is serious about this initiative it will sit down with the Area Technical Colleges to hammer out such issues.

CTE Performance Incentive/Operating Funding: CTE providers such as the community college system argue that if credential attainment is a priority for the General Assembly, it should “put its money where its mouth is” and add weight for CTE in the existing higher education funding model.

Staff has some sympathy for this position, but notes that:

- Making this change within the current higher education funding model drives \$5.4 million to the community colleges at the expense of other institutions, which could limit institutions’ ability to keep to the 3.0 percent tuition cap to which they previously agreed.
- About 25 percent of CTE credentials are driven by the area technical colleges, which receive no related funding benefit from increasing weight on CTE in the higher education model.
- The Department has expressed concern about creating an incentive to issue “junk” certificates. Unlike degrees where requirements are clear, lengths and types of certificates vary enormously.

Given these issues, staff believes there would be value to creating a three-year pilot program, outside of the existing funding model, to add funding for high quality CTE credentials produced. This would enable the state to support the full range of public postsecondary institutions that deliver CTE and provide a sound “test” environment to ensure that the State has good mechanisms for identifying high quality certificates at all of the institutions, including the ATCs.

If the Committee is interested, staff suggests that any bill on the pilot specify the legislature’s intent to increase funding for the pilot based on increases in certificates produced, to the extent state revenue allows.

The table below shows the initial breakdown of \$5.0 million in funding, based on certificates awarded in FY 2016-17 that have not yet been scrubbed to limit to “high quality”.

	FY 2016-17 CERTIFICATES LESS THAN ONE YEAR	FY 2016-17 CERTIFICATES AT LEAST ONE BUT LESS THAN TWO YEARS	TOTAL CERTIFICATES	% OF TOTAL	FUNDING
State community college system	10,975	\$1,675	12,650	63%	\$3,172,812
Colorado Mesa University	242	185	427	2%	107,098
Metro State U of Denver	74	0	74	0%	18,560
Local district colleges	1,717	131	1,848	9%	463,506
Area technical colleges	4,754	182	4,936	25%	1,238,024
Total	17,762	2,173	19,935	100%	\$5,000,000

The amounts shown above would represent increases 11.2 percent for the area technical colleges, 1.9 percent for the community college system, of 2.7 percent for the local district colleges, and 0.4 percent for CMU above the already substantial increases in the executive request.

If desired, the bill could include an offsetting reduction for funding increases included in the higher education funding model for the local district colleges, which have far more resources available than the other entities that must rely solely on state funding and tuition.

➔ BA1 STRATEGIES FOR EDUCATOR PREPARATION PROGRAMS (BILL #19 AND APPROPRIATION)

REQUEST: The Department requests new legislation to provide *one-time* funding of \$2,000,000 Marijuana Tax Cash Funds for grants to support educator preparation strategies to address teacher shortages in Colorado. The funds would support initiatives approved through a Request for Proposals process. Proposals could address initiatives in the following areas:

- Developing dual licensure programs to address shortages in particular content areas
- Cultivating new partnerships with school districts to align educator preparation program enrollment and completion with specific districts’ teacher shortage areas
- Establishing and/or expanding residency and Grow Your Own Programs in collaboration with school districts; and

- Advancing collaboration with school districts by establishing itinerant teachers in shortage areas

Pursuant to H.B. 17-1003 (Teacher Shortage Study and Plan by McLachlan and Coram), the Colorado Departments of Education and Higher Education collaborated to analyze Colorado’s teacher shortage. The Departments collected data through a listening tour and surveys and submitted a report to the General Assembly in December 2017.

Background: Colorado offers state-approved educator preparation programs through 21 traditional educator preparation providers (higher education institutions) and 24 alternative educator preparation providers. Traditional programs are usually targeted to those without a baccalaureate degree, while alternative programs enable a person who already has a baccalaureate degree to obtain a teaching license. A total of 3,268 students completed educator preparation programs in Colorado FY 2015-16. About half of all teachers hired each year in Colorado are recruited from out-of-state.

The Problem:

- Colorado districts face teacher shortages in science, math, world languages, special education, art/music/drama, and early childhood education. Specific shortages vary by region and school district. Some school districts, particularly in rural areas, resort to staffing classrooms with teachers who are not yet qualified in the subject they teach.
- There has been a net 17 percent decline in the number of educators completing traditional and alternative educator preparation programs between 2011 and 2016. The number of individuals completing traditional programs has fallen sharply. This been partially offset by an increase in the number completing alternative programs, but districts throughout the State report difficulty recruiting and retaining teachers in key content areas.
- Approximately one-third of the current teacher workforce will be eligible for retirement within the next five years.
- Teacher shortages are often particularly acute in rural areas. Of the 196 school districts in Colorado, there are 147 rural school districts with a total enrollment of approximately 180,000 students. These rural schools have difficulty recruiting and retaining educators, particularly in the areas of secondary math, secondary science, and speech pathology.
- Individuals in rural areas face unique obstacles to accessing teacher preparation programs. Four-year institutions are often located far away, and internet connectivity and broadband issues may hamper distance education. Although teacher education programs are available throughout the State, it is difficult to find candidates for these programs in remote areas.

Proposed Grants:

The Department proposes to support the following types of projects through one-time grants.

Expand Teacher Residencies and Grow Your Own Programs: Provide grants to help educator preparation programs collaborate with school districts to launch teacher residencies and “grow your own” programs.

- In teacher residencies, students complete a year-long practicum under the mentorship of a master teacher while completing the required educator preparation coursework for licensure. Students completing these programs tend to remain in teaching longer.

- Grow Your Own programs target paraprofessionals in schools who are interested in a career in teaching. The programs are usually a collaboration between educator preparation programs and local school districts that help recruit and support further training for these paraprofessional staff.

Develop dual licensure programs: Provide grants to help educator preparation programs implement and expand dual licensure programs. Teachers with dual licensure (e.g. elementary *and* special education) can meet multiple district needs. Some educator preparation programs already provide training in multiple content areas and could launch dual licensure programs with minimal additional investment, while others might need to hire additional faculty and develop new content.

Align educator preparation programs with district needs: Provide grants to help educator preparation programs expand their ties to school districts and restructure programs to more closely align to district needs. This may include:

- Grants to help align educator preparation program-offerings with districts’ needs for educators with particular specializations.
- Grants to help align teacher candidate (student teacher) placements with anticipated district teacher vacancies so that both the district and the candidate can determine if the student teacher is a good “fit”.

Develop itinerant teacher programs: Support collaborations among rural school districts to employ itinerant teachers who can serve multiple districts and help address the lack of teachers in particular content areas.

Other program parameters:

- Grants will be competitive, with both traditional and alternative programs eligible for funding up to a total of \$500,000 each. Priority will be given to collaborative partnerships including multiple partners and proposals designed to increase services for rural communities.
- The Department requests roll-forward authority for any funds approved to allow sufficient time for implementation.
- Funds will not be used for FTE costs.
- Funds will be distributed directly by the Department to program providers.
- Programs must submit plans for sustainability, as funds available are one-time.
- Recipients and the Department will collect data and submit program evaluations.

RECOMMENDATION: Based on some additional research, staff can envision a version of the Department’s proposal that could be effective. Staff has outlined the parameters of such a program below. The Department’s written proposal was difficult to understand or interpret. While the Department was engaged in a “listening tour” to understand the nature of the educator shortage, it is not clear to staff who has been engaged in developing the response to the problem. More importantly, staff understands that there may be other legislative proposals for addressing the teacher shortage that the legislature may wish to pursue. However, *there is a sound idea at the heart of the Department’s proposal that would be a reasonable use of one-time funds.*

In its request, the Department highlighted a successful, smaller initiative supported with one-time federal funds implemented by the Center for Rural Education at UNC. This federally funded initiative used the expertise of the rural education coordinator created in Section 23-76-103, C.R.S. to convene

school districts, BOCES, and education preparation providers. These entities *jointly* developed proposals designed to provide a pipeline from educator preparation programs into rural school districts. Staff followed-up with the Center and also talked through some options with the dean of the School of Education at MSU.

Based on these conversations, staff believes the General Assembly could consider legislation modeled on the approach used by the Center for Rural Education. Such legislation would authorize the Department to allocate one-time grants to educator preparation programs and school districts and BOCES for initiatives designed to promote collaboration between educator preparation programs and school districts. Resulting grant proposals could facilitate effective training, placement and retention of teachers.

Among other activities, grants might address:

- Developing teacher residencies and grow-your-own programs (also a focus of other bills);
- Improving the educator pipeline to rural schools and school districts;
- Technology to support long-distance supervision and support for teacher candidates;
- Other activities to align educator preparation program services to specific districts' needs.

The key would be requiring the Department, in collaboration with the rural education coordinator, to convene school districts and educator preparation programs to assist these entities in jointly developing proposals for the grant program. Only proposals resulting from this process would be eligible for competitive grant funding. Projects would need to demonstrate that they would be sustainable after the completion of the grant, and the one-time funds would be made available through FY 2019-20.

ANALYSIS: The Department previously used the Center for Rural Education to distribute one-time federal grant funds with a similar goal of aligning educator preparation programs with district needs. For the federal funds, the Center for Rural Education coordinated a proposal “summit” and all potential grantees were required to attend. A variety of interesting projects came from this process, each of which involved a partnership between a school district or BOCES and an educator preparation program.

The process seems to have spurred effective partnerships, despite the fact that both time and funds were quite limited (\$300,000 for a six-month grant program). For example, a collaborative between East Central and Northwest BOCES and UNC included initiating professional development for teacher mentors to support teacher induction, creating a principal and superintendent learning community for rural principals and superintendents, and developing a principal pipeline for rural school teacher-leaders. All projects were required to demonstrate that they would be sustainable after completion of the grant.

There was significant demand for the mini-grants (only 7 of 13 were funded), and all the proposals submitted were reportedly strong. This suggests that there is likely sufficient interest and demand to make use of the funding proposed, given the large number of school districts and educator preparation programs.

Given the UNC “test case”, staff believes funds in the \$1,000,000 to \$2,000,000 range could be appropriately used for this project. Staff would recommend the smaller amount if the General Assembly wishes to focus on rural districts.

→ STAFF-INITIATED BILL & APPROPRIATION: OPEN EDUCATIONAL RESOURCES (BILL #16)

“Open educational resources” (OER) are high-quality teaching, learning, and research resources that reside in the public domain or have been released under an intellectual property license that permits their free use and repurposing by others and may include other resources that are legally available and available to students for free or very low cost.

During the 2017 legislative session, the Committee sponsored S.B. 17-258 (Lundberg/Rankin) to create an OER Council to provide recommendations to the General Assembly on expanding the use of OER at state institutions. This bill was expected to result in recommendations for 2018 legislation to authorize an OER grant program and related activities starting in FY 2018-19.

The OER Council submitted its recommendations and report on November 20, 2017. The report recommends an initiative lasting at least three years that includes: (1) targeted grant funding for institutions and individuals to expand the use of OER in public institutions; (2) promoting knowledge sharing through an annual OER conference and a range of other activities; and (3) establishing a standing state OER Council with 1.0 FTE staff support.

Staff believes there is substantial support among stakeholders, including students, for this initiative. The JBC voted to draft a bill based on the recommendations of the Council. The bill has been distributed to stakeholders and staff anticipates that a version will be available for the Committee’s review prior to figure setting for the Department of Higher Education.

Staff recommends that the Committee adopt the bill as a JBC bill, approve \$660,000 General Fund and 1.0 FTE for the bill for FY 2018-19, and include the bill in the Committee’s Long Bill package.

ANALYSIS

- OER represents a unique opportunity to turn a direct investment of state dollars into significant savings for students.
- Student expenditures on textbooks and other educational materials represent a significant portion of student educational costs. The National Association of College Stores reported average FY 2014-15 textbook spending of \$563 across all students and \$1,019 for first year students.¹³ Costs at this level add over 22 percent to a first-year community college student’s tuition and fees.
- More than 3,000 individuals responded to a survey on OER in Colorado (about 50 percent students). Eighty-nine percent of individual respondents expressed partial or complete agreement with the statement “textbooks have become a serious affordability barrier to students attending Colorado’s colleges and universities.”

¹³ As reported by the California Legislative Analyst’s Office, “The FY 2016-17 Budget: Assessing the Governor’s Zero-Textbook-Cost Proposal”, March 14, 2016. <http://www.lao.ca.gov/reports/2016/3392/zero-textbook-cost-031416.pdf>. The cost of materials assumed for students at Colorado public institutions in financial aid cost of attendance calculations is \$1,800 per year or \$180 per 3 credit course.

- Research conducted at institutions offering OER indicate significant savings. For example, a study involving over 12,000 students at Utah community colleges found savings per student per course of \$90.61 on average, with savings up to \$148 for select science courses.¹⁴
- Studies have found that many students do not buy textbooks and other course materials due to cost, leading students to fail or perform poorly. Other studies show many students take fewer courses or drop courses due to the costs of texts and materials.
- Further research by the OER Council indicates that for every \$1 spent on supporting the use of OER in classrooms through grant programs, students save \$4 dollars. Thus, the OER Council projects that \$450,000 in grant funding allocated during the first year of the proposed OER program initiative will translate into \$1.8 million in savings to students in the first year.
- A number of Colorado higher education institutions have experimented successfully with the use of OER or are working to expand the use of OER. Colorado’s Community College System offered 36 OER courses through CCOOnline in fall 2017. An unduplicated headcount of 4,644 students reaped savings of \$280,285--\$60 per student--as a result of the use of OER in these classes during the one semester. The CU Boulder Chancellor announced a commitment to collaborate with CU student government on efforts to bring OER to students and set aside \$1.0 million in support of the initiative. Chief Academic Officers from 17 of the 27 institutions responding to a survey conducted for the OER Council indicated that OER are used in at least some courses on their campuses.
- The OER Council believes that current pockets of expertise and support for OER at Colorado institutions can be parlayed into much broader adoption of these free resources statewide. For example, the OER survey found librarians are knowledgeable about open licensing, while administrators, faculty and students are less so. Staff hopes that a statewide OER initiative will move faculty and institutions toward a “tipping point” when OER materials are a standard--rather than exceptional--choice for faculty. Staff believes the proposed 3-year OER initiative could help move this forward.
- The OER Council was comprised, per statute, of knowledgeable faculty, librarians and higher education administrators throughout the State. Staff believes the Council has compiled a thoughtful proposal to move OER forward in Colorado. The Council recommends that the OER initiative consist of three main components:
 - Structure and staffing at the state level
 - Knowledge-sharing and community-building activities; and
 - A grant program to fund institutional and individual OER initiatives. The Council proposes both institutional grants and individual grants.

The proposal included the following budget. Staff based the recommended set-aside on these figures. As can be seen in the budget below, the vast majority of the funding would go to targeted grants for faculty and institutions.

¹⁴ Hilton III, J., Robinson, J., Wiley D., and Ackerman, J., “Cost-savings Achieved in Two Semesters Through the Adoption of Open Educational Resources,” *International Review of Research in Open and Distributed Learning*, April 2014. <http://www.irrodl.org/index.php/irrodl/article/view/1700/2833>

Activity	FY 19	FY20	FY21	Total
Targeted Grants ⁷	\$450,000	\$900,000	\$900,000	\$2,250,000
CDHE Support ⁸	\$90,000	\$91,350	\$92,720	\$274,070
Communications Development, including website	\$35,000	\$20,000	\$20,000	\$75,000
State OER Council ⁹	\$5,000	\$3,000	\$3,000	\$11,000
Annual OER Professional Development Event	\$40,000	\$40,000	\$40,000	\$120,000
Workshop/Open Course ¹⁰	\$40,000	\$5,000	\$5,000	\$50,000
Recognition ¹¹	\$0	\$20,000	\$20,000	\$40,000
TOTALS	\$660,000	\$1,079,350	\$1,080,720	\$2,820,070

Additional detail is included in the staff briefing issue on OER (December 19, 2017) and the Council's report: https://higher.ed.colorado.gov/Publications/Reports/legislative/OER/OER_Nov2017.pdf

→ POTENTIAL BILL REQUIRING STATE-FUNDED RESEARCH TO BE FREELY AVAILABLE

FY 2017-18 RFI #4 read as follows:

4. Department of Higher Education, Colorado Commission on Higher Education -- The Department is requested to work with the 4-year institutions and the state librarian to gather information on the current status of open access publishing and data at each institution and the obstacles and opportunities for expanding open access publishing and open data. The Department, in collaboration with the institutions, is requested to submit a report by November 1, 2017, that explores:
 - How important is Open Access Publishing | Open Data to faculty at the institutions right now? For example, approximately what percentage of faculty scholarly research and data (including pre-print editions) is available in, distributed through, or archived by libraries or other locations, so that other researchers and the public can legally access the data free of charge, and how does this vary by discipline?
 - What provisions currently exist at each institution to support production, archiving, and dissemination of open access publications and open data? How satisfied are faculty with these provisions and the current state of and support for Open Access Publishing | Open Data?
 - What steps might lead to greater participation? If there were an expansion of support for or access to Open Access Publishing | Open Data at the institution/system/state level, how likely would faculty be to participate? What types of support might have an impact?

Are there existing models of this approach to open educational resources in other states that can be reviewed as models for future development in Colorado?

- How can alliances among Colorado institutions and inter-state alliances be leveraged to promote open access publication/data and dissemination and use of such publications/data?
- Insofar as the state contributes to some research activities, such as cancer research at the CU Health Sciences Center and agriculture and marijuana-related research at CSU, what provisions exist, if any, for making such research freely available or freely available after a period of time?

The Department submitted the response as requested. The report included responses from two major stakeholder groups: members of the statewide Colorado Alliance of Research Libraries, comprised of library deans and directors from all 4-year institutions involved; and six provosts from the Colorado research universities. The responses provided suggestions for moving Open Access forward, if the General Assembly is interested.

- Both the librarians and the provosts supported further outreach campaigns on campuses to increase awareness of open access as a viable publication option.
- Both groups indicated that the State could (and, per the librarians, should) place a publishing requirement that research the State funds should be freely available. Provosts noted, however, that many projects have multiple funders, and there would need to be appropriate negotiations depending on the amount the State is funding. This provision should allow for open access publishing at the outlet of the researcher's choice.

Is the Committee interested in sponsoring a bill to: (1) require that state-supported research (publications and data sets) at the state's public institutions be made freely available to the public under a Creative Commons (no rights reserved designation) and distributed through an outlet of the researcher's choice? (2) authorizing a modest grant program to promote faculty awareness of Open Access as a publication option? (The provosts discouraged the State from developing its own open access publishing journal or repository, given how rapidly this environment is changing and developing.)

Given the JBC's other legislative commitments and the limited state support targeted to research activities, staff did not include this in the list of potential bill recommendations. However, ***staff concurs that state-funded research should be made freely available to the public and that this would be an appropriate bill to ensure State investments in research are protected for the benefit of citizens.*** Staff also believes that a modest grant program to promote faculty awareness of Open Access could be beneficial. **Before leaving this topic and discontinuing this RFI, staff encourages the Committee to note this recommendation and decide whether it is interested in sponsoring a bill on this issue.**

→ TECHNICAL ADJUSTMENT: INDIRECT COST RECOVERIES

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

RECOMMENDATION: The staff recommendation applies the Department's requested indirect cost collection plan for FY 2018-19. The plan offsets \$6,643,711 that would otherwise be required to support administration and other activities in this department.

Note that statewide indirect cost recoveries amount recommended by staff equals the total amount approved by the JBC, but incorporates different funding splits.

ANALYSIS:

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

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

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

INDIRECT COST RECOVERIES: FY 2018-19 ADJUSTMENT FROM FY 2017-18			
	FY 2018	FY 2019	DIFFERENCE
Cash funds - CollegeInvest statewide indirect cost recoveries	\$150,800	\$92,112	(\$58,688)
Cash funds - Dept. indirect cost recoveries from off-budget entities	996	1,292	296
Reappropriated funds - Statewide indirect recoveries	2,567,946	3,038,346	470,400
Reappropriated funds - Department indirect recoveries	3,263,681	3,511,961	248,280
Total	\$5,983,423	6,643,711	\$660,288

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

	Total Statewide & Department
University of CO	\$2,326,808
CSU System	1,234,040
Ft. Lewis	44,967
Adams State	53,386
Colorado Mesa	225,034
Western State	46,335
Metro State	452,775
Community Colleges	1,345,119
U. of Northern CO	358,537
School of Mines	230,637
Auraria Higher Ed Ctr	14,909
SUBTOTAL	6,332,548
CCHE	\$0
History Colorado	216,287
Private Occupational Schools	1,042
Vet. Medicine	333
SUBTOTAL	\$6,550,210
CollegeInvest	15,735
CollegeAssist	76,377
Local Districts	1,266
Non Public	123
TOTAL	\$6,643,711

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

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

If Committee common policy results in a different amount being used in the Department Administration section (pots), staff requests permission to apply offsetting adjustments in the Need Based Aid line item so that the net increase in indirect collections and net decrease in General Fund from the FY 2017-18 Long Bill remains (\$660,288).

(1) DEPARTMENT ADMINISTRATIVE OFFICE

This division includes funding for centrally appropriated items for:

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

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

DEPARTMENT ADMINISTRATIVE OFFICE						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2017-18 Appropriation						
S.B. 17-254 (Long Bill)	\$4,907,722	\$0	\$2,764,372	\$1,350,722	\$792,628	0.0
TOTAL	\$4,907,722	\$0	\$2,764,372	\$1,350,722	\$792,628	0.0
FY 2018-19 RECOMMENDED APPROPRIATION						
FY 2017-18 Appropriation	\$4,907,722	\$0	\$2,764,372	\$1,350,722	\$792,628	0.0
HC1 History Colorado OIT payments	0	100,000	(100,000)	0	0	0.0
NP BA Property Fund adjustment	2,049,082	2,049,082	0	0	0	0.0
Centrally appropriated line items	652,070	142,247	323,148	(54,438)	241,113	0.0
Annualize prior year budget actions	(303,643)	0	(167,565)	(66,176)	(69,902)	0.0
Staff-initiated H/L/D adjustment	(51,147)	0	(6,606)	(18,165)	(26,376)	0.0
TOTAL	\$7,254,084	\$2,291,329	\$2,813,349	\$1,211,943	\$937,463	0.0
INCREASE/(DECREASE)	\$2,346,362	\$2,291,329	\$48,977	(\$138,779)	\$144,835	0.0
Percentage Change	47.8%	0.0%	1.8%	(10.3%)	18.3%	0.0%
FY 2018-19 EXECUTIVE REQUEST						
Request Above/(Below) Recommendation	\$145,090	\$12,207	(\$45,539)	\$152,046	\$26,376	0.0

DECISION ITEMS - DEPARTMENT ADMINISTRATIVE OFFICE**→ NP BA PROPERTY FUND ADJUSTMENT**

On February 22, 2018, the JBC adopted a common policy for adjustments to the Property Fund in the Department of Personnel. Committee action specified amounts by institution of Higher Education. However, it did not address a unique element of the NP BA Property Fund adjustment: an Executive Branch proposal to fund significant adjustments for the higher education institutions' required Property Fund contributions with General Fund. *Staff recommends the Committee adopt a policy on this issue as part of figure setting for the Department of Higher Education.*

REQUEST: The Executive Department’s BA Property Fund adjustment included a request for \$2,049,082 General Fund supporting Property Fund payments on behalf of several governing boards. Staff has not seen this type of adjustment before. Under the request, the General Fund would pay the entire Property Fund difference between the November 1, 2017 request and the revised January 2, 2018 request on behalf of the governing boards. Neither the Department of Personnel nor the Department of Higher Education requests included a narrative explaining this unusual element of the request, although the Governor’s letter of January 2, 2018 noted that “the intent is to cover the institutions’ costs so that the Governor’s request for no more than a 3.0 percent [tuition] increase can be implemented.”

Background: Typically, the Property Fund amount appropriated in the Department’s Administrative Office supports only payments for the Colorado Commission on Higher Education, the Division of Private Occupational Schools, and History Colorado. Some, but not all, higher education governing boards choose to participate in the State’s self-insurance Property Fund pool. However, institutional payments into the Property Fund are typically paid directly from multiple sources of institutional revenue and are off budget. Instead, the FY 2018-19 Property Fund adjustment relies heavily on the General Fund. **If approved, this appropriation should be considered an additional state grant to the affected institutions.**

Calculations: The table below shows the Department’s overall budget amendment calculations for higher education (including on- and off-budget amounts).

Table 2B: Institutions of Higher Education Requested Property Allocations for FY 2018-19

Agency	Building & Contents Value	% Allocation	FY 2018-19 Property Allocations in November 1 Request	FY 2018-19 Incremental Property Need Budget Amendment Request
Arapahoe Community College	\$ 146,832,592	5.00%	\$ 165,228	\$107,422
Auraria Higher Education Center	\$ 699,664,302	23.82%	\$ 787,320	\$511,869
College Access Network	\$ 31,254	0.00%	\$ 35	\$23
College Invest	\$ 750,550	0.03%	\$ 845	\$549
Colorado Commission on Higher Education	\$ 556,225	0.02%	\$ 626	\$407
Colorado State University - Pueblo	\$ 357,959,628	12.19%	\$ 402,806	\$261,880
Community College of Aurora	\$ 42,365,456	1.44%	\$ 47,673	\$30,994
Denver Community College	\$ 37,158,610	1.27%	\$ 41,814	\$27,185
Front Range Community College	\$ 231,124,279	7.87%	\$ 260,080	\$169,089
History Colorado	\$ 134,939,553	4.59%	\$ 151,845	\$98,721
Lamar Community College	\$ 60,482,394	2.06%	\$ 68,060	\$44,248
Metropolitan State University of Denver	\$ 81,837,776	2.79%	\$ 92,091	\$59,871
Morgan Community College	\$ 52,144,625	1.78%	\$ 58,677	\$38,149
Northeastern Junior College	\$ 139,651,286	4.75%	\$ 157,147	\$102,168
Northwestern Community College	\$ 61,065,242	2.08%	\$ 68,716	\$44,674
Occupational Ed. Division	\$ 210,257,105	7.16%	\$ 236,599	\$153,822
Otero Junior College	\$ 74,489,727	2.54%	\$ 83,822	\$54,496
Pikes Peak Community College	\$ 194,368,616	6.62%	\$ 218,720	\$142,198
Pueblo Community College	\$ 153,962,835	5.24%	\$ 173,252	\$112,638
Red Rocks Community College	\$ 137,299,805	4.67%	\$ 154,501	\$100,447
Trinidad State Junior College	\$ 120,191,688	4.09%	\$ 135,249	\$87,932
Allocation Totals	\$ 2,937,133,547	100.00%	\$ 3,305,106	\$2,148,782

The Department proposes to make General Fund payments to cover the following obligations. This represents the entire amount in the FY 2018-19 Incremental Property Need column in the table above, less obligations for History Colorado, CCHE, the College Access Network and CollegeInvest.

BENEFICIARIES OF STATE REQUEST	
Auraria Campus (CU/Metro/Community Colleges)	\$511,869
Metropolitan State University of Denver	59,871
Colorado State University - Pueblo	261,880
Community Colleges & CC System	1,215,462
Total	\$2,049,082
In addition: the Colorado School of Mines - sustained heavy losses in FY 2017-18 and then withdrew from state self-insurance in FY 2018-19. Because this request is being treated as a matter of replenishing the Property Fund reserve in FY 2018-19, rather than adjusting FY 2017-18 amounts, the School of Mines is held harmless from any additional charges related to its losses.	

RECOMMENDATION: Staff recommends the General Fund adjustment requested by the Executive Branch, but incremental amounts above this should be charged to the institutions.

The staff recommendation includes the following considerations:

- The Property Fund adjustment for FY 2018-19 is far larger than the typical adjustment. For FY 2017-18, total Property Fund amounts charged to the Department of Higher Education, including institutional payments and other off-budget amounts, was \$4,307,791. The FY 2018-19 recommended higher education payment is \$6,092,341. This represents an increase of 41.4 percent, even though the total higher education property value covered has declined by 19.4 percent.
- The adjusted FY 2018-19 request is based on freeze, fire, and hail damage sustained by state buildings in FY 2017-18. The Department of Personnel expects this to be an extraordinary one-time adjustment. The higher education buildings sustained significant damage in FY 2017-18, including:
 - Auraria campus freeze damage - \$1,108,585
 - Auraria campus hail damage - \$338,911
 - Colorado School of Mines hail damage - \$2,968,087
 - Red Rocks Community College hail damage - \$639,054
- Although a large share of charges to the Property Fund relate to hail damage at the Colorado School of Mines, the School of Mines has withdrawn from the State's self-insured pool effective FY 2018-19. The Colorado School of Mines was responsible for 21.74 percent (\$935,349) of the total FY 2017-18 Property Fund allocation for the Department of Higher Education. Because the School of Mines has now withdrawn from the program, either other state institutions must bear much of the responsibility for refilling the Property Fund based on Mines' losses *or* the State would need to use a different mechanism to recoup some of Mines' FY 2017-18 losses from the institution. *If the Committee chooses not to approve this FY 2018-19 General Fund request, staff would recommend that the Higher Education portion of the BA Property Fund adjustment instead be treated as an FY 2017-18 supplemental adjustment and charged out to institutions based on their FY 2017-18 share of state property.*
- Many--though not all--governing boards benefit from this proposal. The institutions most affected have fewer institutional resources (such as non-resident revenue) than others do and flat or declining student enrollment.
- The common policy recommendation from the analyst for the Department of Personnel, adopted by the JBC on February 22, 2018, incorporated the NP BA Property Fund budget amendment into the overall "build" for the Property Fund adjustment. *Committee action on the Property Fund on February 22, 2018 exceeded the request based on a variety of factors typically included in calculating this adjustment.* Staff's calculations assume that these additional common policy charges represent ordinary--versus extraordinary--Property Fund adjustments that can be reasonably charged to the governing boards.

	JBC FEB 22 PROPERTY FUND ACTION	NOVEMBER 1 DPA PROPERTY REQUEST	INCREMENTAL CHANGE (NOV 1 REQUEST LESS JBC ACTION)	STAFF RECOMMENDATION GENERAL FUND BASED ON ORIGINAL GENERAL FUND REQUEST	BALANCE PAID BY INSTITUTION (JBC FEB 22 ACTION LESS GF AMOUNT)	COMPARE TO FY 2017-18 INSTITUTIONAL OBLIGATION	INSTITUTION PAYMENT INCREASE FY 2017-18 TO FY 2018-19	PERCENTAGE CHANGE
CCHE	1,154	626	528					
History CO	279,898	151,845	128,053					
CAN	65	35	30					
College Invest	1,557	845	712					
Auraria	1,451,277	787,320	663,957	511,869	939,408	804,730	134,678	17%
Metro	169,752	92,091	77,661	59,871	109,881	96,478	13,403	14%
CSU-P	742,497	405,806	336,691	261,880	480,617	423,316	57,301	14%
CCCOES	3,446,141	1,866,538	1,579,603	1,215,462	2,230,679	1,885,758	344,921	18%
Total	6,092,341	3,305,106	2,787,235	2,049,082	3,760,585	3,210,282	550,303	17%

The overall staff recommendation for the Risk Management and Property Fund line item includes Committee common policy as adopted for the appropriation for CCHE and History Colorado *plus* the original General Fund amount included in the Executive Request for NP BA Property Fund adjustment.

→ COMMON POLICY ADJUSTMENTS

The recommendation includes common policy as adopted by the Committee for various line items below. However, final Committee action on several items is still pending. This include:

- Salary survey/merit pay
- Legal services
- Payments to OIT

Staff request permission to include common policy decisions and make associated funding split adjustments when the Committee has adopted common policy for these items.

→ STAFF-INITIATED LEASED SPACE ADJUSTMENT

The Department is moving from its current location at 1560 Broadway to new space at 1600 Broadway effective May 2018. The new lease includes a significant cost reduction from the prior lease amount.

Staff recommends reducing the appropriation by \$139,880 reappropriated funds to a total of \$424,927, including \$112,960 cash funds and \$311,967 reappropriated funds from indirect cost recoveries, based on the new lease. The Department’s new space is somewhat smaller (18,182 instead of 21,034 square feet) and provides for a lower rate of \$28.50 per square foot, compared to the previous \$30.29 per square foot prior to property tax deductions. The Department worked with the Department of Personnel staff and its contracted Denver-area leasing specialist to evaluate options

and settle on the new location. The Department appears to have found a new high quality location at an excellent price. Note that a portion of the Department’s overall leased space costs are off-budget amounts that are charged to federal programs and the Colorado Opportunity Scholarship Initiative.

DHE LEASED SPACE CALCULATION	
FY 2018-19 Total Lease	518,187
Less property tax deduction	(84,183)
Additional costs year 1	43,656
Total lease	477,660
On-budget	
DHE	311,967
DPOS	112,960
Total appropriated in LB	424,927
Off-budget balance remaining	
Gear up	25,000
COSI	15,332
CO Challenge	12,402
Total	52,734

→ STAFF-INITIATED H/L/D ADJUSTMENT

The health, life, dental insurance benefit for staff of the Colorado Commission on Higher Education (CCHHE) differs from the benefit provided for other state staff, as CCHHE contracts for its health, life, and dental benefit through the community college system. Over 100 Department staff are covered under the community college plans (includes "off budget" staff for CollegeAssist, CollegeInvest, College in Colorado, and grant-funded programs). This arrangement has been in place for at least 18 years and was originally pursued because it provided a better benefit at a lower cost to the State and employee.

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

- There are notable differences between the plans offered by the State and Community College System. For example, in FY 2015-16, one plan offered by the Community College System (Kaiser) was lower in cost than any of the plans offered by the State. However, all other plans offered by the Community College System were, in total, more expensive than the plans offered by the State.
- The Department directs some funds from its base budget to cover H/L/D benefit costs. In FY 2015-16, about 80 percent of Department staff chose the Kaiser plan, which had a lower total cost

than any state plan. However, the Department chose to pay a larger contribution than the standard employer share under the State plans, so that it fully covered the employee cost.

An annual RFI now requests that the Department submit its H/L/D template in the same format as other state agencies so that, as for other agencies, allocations are based on employee selections x standard state amount per selection. In FY 2017-18, State began providing reimbursement based on an 80 percent state/ 20 percent employee split, resulting in different levels of state contribution per plan. As a result, there is no longer a “standard” state contribution amount for each selection that can be applied to the Department of Higher Education. For FY 2017-18, DPA used the State contribution for the State Kaiser plan as the basis for the State contribution for Higher Education staff.

For FY 2018-19, the Department appears to be reflecting actual DHE contributions for H/L/D, which differ from state amounts. At present, it appears that these contributions are similar, though not identical, to state plan contribution amounts. Staff calculates that if state Kaiser plans for an individual or family of four were selected (the FY 2017-18 approach) state costs would be more than 5.0 percent lower for all fund sources for the CCHE positions affected. Staff believes it would be fairer to identify the state plan amount that most closely resembles each DHE plan used and use that to populate the “pots” template, consistent with the approach used in FY 2017-18. Staff has therefore recommended a 5.0 percent lower appropriation for the CCHE benefit and an adjustment to the RFI that requests that the Department submit data on H/L/D benefits comparable to if state plans were used and demonstrate that charges do not exceed state plan amounts.

The reduction is \$51,147, including \$6,606 cash funds, \$18,165 reappropriated funds from indirect cost recoveries, and \$26,376 federal funds.

→ MOVE DPOS LEGAL SERVICES

The staff recommendation includes **moving costs associated with the Division of Private Occupational Schools**, based on the new allocation method adopted by the Committee during figure setting for the Department of Law. Based on figures included in the FY 2017-18 DOL decision item, this would include the sum of the following percentages of DOL costs, based on a 3-year average of non-litigation hours consumed:

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

Staff previously made this recommendation for FY 2017-18 but failed to make the necessary adjustment in the FY 2017-18 Long Bill, which continues to reflect solely History Colorado and CCHE legal services costs. Staff recommends this adjustment be included in the FY 2018-19 Long Bill.

LINE ITEM DETAIL — DEPARTMENT ADMINISTRATIVE OFFICE

HEALTH, LIFE, AND DENTAL

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

The health, life, dental insurance benefit for staff of the Colorado Commission on Higher Education (CCHE) differs from the benefit provided for other state staff, as CCHE contracts for its health, life, and dental benefit through the community college system. Over 100 Department staff are covered under the community college plans (includes "off budget" staff for CollegeAssist, CollegeInvest, College in Colorado, and grant-funded programs). This arrangement has been in place for at least 18 years and was originally pursued because it provided a better benefit at a lower cost to the State and employee.

An annual RFI requests that the Department submit its H/L/D template in the same format as other state agencies so that, as for other agencies, allocations are based on employee selections x standard state amount per selection.

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

REQUEST: The Department requests an appropriation of \$2,048,899 total funds for this line item.

RECOMMENDATION: The staff recommendation is reflected in the table below. As described above, staff reduced the appropriation for CCHE and DPOS staff by 5.0 percent to bring appropriations in line with amounts that would be available under existing state benefit plans.

DEPARTMENT ADMINISTRATIVE OFFICE, HEALTH, LIFE, AND DENTAL						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2017-18 APPROPRIATION						
S.B. 17-254 (Long Bill)	\$1,740,911	\$0	\$914,129	\$363,535	\$463,247	0.0
TOTAL	\$1,740,911	\$0	\$914,129	\$363,535	\$463,247	0.0
FY 2018-19 RECOMMENDED APPROPRIATION						
FY 2017-18 Appropriation	\$1,740,911	\$0	\$914,129	\$363,535	\$463,247	0.0
Centrally appropriated line items	307,988	99,972	117,645	(243)	90,614	0.0
Staff-initiated H/L/D adjustment	(51,147)	0	(6,606)	(18,165)	(26,376)	0.0
TOTAL	\$1,997,752	\$99,972	\$1,025,168	\$345,127	\$527,485	0.0
INCREASE/(DECREASE)	\$256,841	\$99,972	\$111,039	(\$18,408)	\$64,238	0.0
Percentage Change	14.8%	0.0%	12.1%	(5.1%)	13.9%	0.0%
FY 2018-19 EXECUTIVE REQUEST	\$2,048,899	\$99,972	\$1,031,774	\$363,292	\$553,861	0.0
Request Above/(Below) Recommendation	\$51,147	\$0	\$6,606	\$18,165	\$26,376	0.0

HEALTH/LIFE/DENTAL					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS
Colorado Commission on Higher Education	896,967	0	50,698	345,127	501,142

	HEALTH/LIFE/DENTAL				
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS
Division of Private Occupational Schools	74,812	0	74,812	0	0
History Colorado	1,025,973	99,972	899,658	0	26,343
Total	2,048,899	99,972	1,025,168	345,127	527,485

SHORT-TERM DISABILITY

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

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

REQUEST: The Department requests an appropriation of \$20,759 total funds for this line item, including an OSPB common policy adjustment.

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

DEPARTMENT ADMINISTRATIVE OFFICE, SHORT-TERM DISABILITY						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2017-18 APPROPRIATION						
S.B. 17-254 (Long Bill)	\$20,024	\$0	\$10,993	\$4,366	\$4,665	0.0
TOTAL	\$20,024	\$0	\$10,993	\$4,366	\$4,665	0.0
FY 2018-19 RECOMMENDED APPROPRIATION						
FY 2017-18 Appropriation	\$20,024	\$0	\$10,993	\$4,366	\$4,665	0.0
Centrally appropriated line items	735	534	(48)	(264)	513	0.0
TOTAL	\$20,759	\$534	\$10,945	\$4,102	\$5,178	0.0
INCREASE/(DECREASE)	\$735	\$534	(\$48)	(\$264)	\$513	0.0
Percentage Change	3.7%	0.0%	(0.4%)	(6.0%)	11.0%	0.0%
FY 2018-19 EXECUTIVE REQUEST						
Request Above/(Below) Recommendation	\$0	\$0	\$0	\$0	\$0	0.0

AMORTIZATION EQUALIZATION DISBURSEMENTS

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

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

REQUEST: The Department requests an appropriation of \$612,341 total funds for this line item, including an OSPB common policy adjustment.

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

DEPARTMENT ADMINISTRATIVE OFFICE, S.B. 04-257 AMORTIZATION EQUALIZATION DISBURSEMENT						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2017-18 APPROPRIATION						
S.B. 17-254 (Long Bill)	\$557,500	\$0	\$310,937	\$119,156	\$127,407	0.0
TOTAL	\$557,500	\$0	\$310,937	\$119,156	\$127,407	0.0
FY 2018-19 RECOMMENDED APPROPRIATION						
FY 2017-18 Appropriation	\$557,500	\$0	\$310,937	\$119,156	\$127,407	0.0
Centrally appropriated line items	54,841	15,751	11,898	1,850	25,342	0.0
TOTAL	\$612,341	\$15,751	\$322,835	\$121,006	\$152,749	0.0
INCREASE/(DECREASE)	\$54,841	\$15,751	\$11,898	\$1,850	\$25,342	0.0
Percentage Change	9.8%	0.0%	3.8%	1.6%	19.9%	0.0%
FY 2018-19 EXECUTIVE REQUEST	\$612,341	\$15,751	\$322,835	\$121,006	\$152,749	0.0
Request Above/(Below) Recommendation	\$0	\$0	\$0	\$0	\$0	0.0

SUPPLEMENTAL AMORTIZATION EQUALIZATION DISBURSEMENTS

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

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

REQUEST: The Department requests an appropriation of \$612,341 total funds for this line item, including an OSPB common policy adjustment.

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

DEPARTMENT ADMINISTRATIVE OFFICE, S.B. 06-235 SUPPLEMENTAL AMORTIZATION EQUALIZATION DISBURSEMENT						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2017-18 APPROPRIATION						
S.B. 17-254 (Long Bill)	\$557,500	\$0	\$310,937	\$119,156	\$127,407	0.0
TOTAL	\$557,500	\$0	\$310,937	\$119,156	\$127,407	0.0
FY 2018-19 RECOMMENDED APPROPRIATION						
FY 2017-18 Appropriation	\$557,500	\$0	\$310,937	\$119,156	\$127,407	0.0
Centrally appropriated line items	54,841	15,751	11,898	1,850	25,342	0.0
TOTAL	\$612,341	\$15,751	\$322,835	\$121,006	\$152,749	0.0
INCREASE/(DECREASE)	\$54,841	\$15,751	\$11,898	\$1,850	\$25,342	0.0
Percentage Change	9.8%	0.0%	3.8%	1.6%	19.9%	0.0%
FY 2018-19 EXECUTIVE REQUEST	\$612,341	\$15,751	\$322,835	\$121,006	\$152,749	0.0
Request Above/(Below) Recommendation	\$0	\$0	\$0	\$0	\$0	0.0

SALARY SURVEY

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

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

REQUEST: The Department requested \$398,081, applying an OSPB common policy adjustment.

RECOMMENDATION: This item is **pending** a Committee common policy decision. The table below summarizes the request.

DEPARTMENT ADMINISTRATIVE OFFICE, SALARY SURVEY						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2017-18 APPROPRIATION						
S.B. 17-254 (Long Bill)	\$213,771	\$0	\$119,011	\$46,020	\$48,740	0.0
TOTAL	\$213,771	\$0	\$119,011	\$46,020	\$48,740	0.0
FY 2018-19 RECOMMENDED APPROPRIATION						
FY 2017-18 Appropriation	\$213,771	\$0	\$119,011	\$46,020	\$48,740	0.0
Centrally appropriated line items*	398,081	10,239	209,874	78,666	99,302	0.0
Annualize prior year budget actions	(213,771)	0	(119,011)	(46,020)	(48,740)	0.0
TOTAL*	\$398,081	\$10,239	\$209,874	\$78,666	\$99,302	0.0
INCREASE/(DECREASE)	\$184,310	\$10,239	\$90,863	\$32,646	\$50,562	0.0
Percentage Change	86.2%	0.0%	76.3%	70.9%	103.7%	0.0%
FY 2018-19 EXECUTIVE REQUEST	\$398,081	\$10,239	\$209,874	\$78,666	\$99,302	0.0
Request Above/(Below) Recommendation	\$0	\$0	\$0	\$0	\$0	0.0

*Reflects request, pending Committee action

MERIT PAY

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

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

REQUEST: The Department requested no appropriation for merit pay.

RECOMMENDATION: This item is **pending** a Committee common policy decision. The table below summarizes the request.

DEPARTMENT ADMINISTRATIVE OFFICE, MERIT PAY						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2017-18 APPROPRIATION						
S.B. 17-254 (Long Bill)	\$89,872	\$0	\$48,554	\$20,156	\$21,162	0.0
TOTAL	\$89,872	\$0	\$48,554	\$20,156	\$21,162	0.0

FY 2018-19 RECOMMENDED APPROPRIATION						
FY 2017-18 Appropriation	\$89,872	\$0	\$48,554	\$20,156	\$21,162	0.0
Centrally appropriated line items*	0	0	0	0	0	0.0
Annualize prior year budget actions	(89,872)	0	(48,554)	(20,156)	(21,162)	0.0
TOTAL*	\$0	\$0	\$0	\$0	\$0	0.0
INCREASE/(DECREASE)	(\$89,872)	\$0	(\$48,554)	(\$20,156)	(\$21,162)	0.0
Percentage Change	(100.0%)	0.0%	(100.0%)	(100.0%)	(100.0%)	0.0%
FY 2018-19 EXECUTIVE REQUEST	\$0	\$0	\$0	\$0	\$0	0.0
Request Above/(Below) Recommendation	\$0	\$0	\$0	\$0	\$0	0.0

*Reflects request, pending Committee action

WORKER'S COMPENSATION

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

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

REQUEST: The Department requests \$80,371 total funds for this line item consistent with OSPB common policy.

RECOMMENDATION: The recommendation is to follow the JBC's common policy, which matches the Department request for \$80,371, as reflected in the table below.

DEPARTMENT ADMINISTRATIVE OFFICE, WORKERS' COMPENSATION					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FTE
FY 2017-18 APPROPRIATION					
S.B. 17-254 (Long Bill)	\$68,617	\$0	\$48,506	\$20,111	0.0
TOTAL	\$68,617	\$0	\$48,506	\$20,111	0.0
FY 2018-19 RECOMMENDED APPROPRIATION					
FY 2017-18 Appropriation	\$68,617	\$0	\$48,506	\$20,111	0.0
Centrally appropriated line items	11,754	0	(2,880)	14,634	0.0
TOTAL	\$80,371	\$0	\$45,626	\$34,745	0.0
INCREASE/(DECREASE)	\$11,754	\$0	(\$2,880)	\$14,634	0.0
Percentage Change	17.1%	0.0%	(5.9%)	72.8%	0.0%
FY 2018-19 EXECUTIVE REQUEST	\$80,371	\$0	\$45,626	\$34,745	0.0
Request Above/(Below) Recommendation	\$0	\$0	\$0	\$0	0.0

LEGAL SERVICES

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

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

REQUEST: The Department requests \$38,347 for this line item. The proposed breakdown by division is shown in the table below.

RECOMMENDATION: This item is **pending** a Committee common policy decision. The table below summarizes the request.

DEPARTMENT ADMINISTRATIVE OFFICE, LEGAL SERVICES					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FTE
FY 2017-18 APPROPRIATION					
S.B. 17-254 (Long Bill)	\$35,058	\$0	\$9,675	\$25,383	0.0
TOTAL	\$35,058	\$0	\$9,675	\$25,383	0.0
FY 2018-19 RECOMMENDED APPROPRIATION					
FY 2017-18 Appropriation	\$35,058	\$0	\$9,675	\$25,383	0.0
Centrally appropriated line items*	3,289	0	(9,675)	12,964	0.0
TOTAL*	\$38,347	\$0	\$0	\$38,347	0.0
INCREASE/(DECREASE)					
	\$3,289	\$0	(\$9,675)	\$12,964	0.0
Percentage Change	9.4%	0.0%	(100.0%)	51.1%	0.0%
FY 2018-19 EXECUTIVE REQUEST					
	\$38,347	\$0	\$0	\$38,347	0.0
Request Above/(Below) Recommendation	\$0		\$0	\$0	0.0

*Reflects request, pending Committee action

ADMINISTRATIVE LAW JUDGE SERVICES

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

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

REQUEST: The Department requests \$1,296 total funds for this line item pursuant to OSPB's budget instructions. This includes a common policy adjustment based on the Department's share of actual statewide ALJ usage in FY 2016-17 and the total funding for ALJs approved in the Department of Personnel. In recent years, the Department has used from 0 to 40 ALJ hours.

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

DEPARTMENT ADMINISTRATIVE OFFICE, ADMINISTRATIVE LAW JUDGE SERVICES				
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FTE
FY 2017-18 APPROPRIATION				
S.B. 17-254 (Long Bill)	\$7,982	\$0	\$7,982	0.0
TOTAL	\$7,982	\$0	\$7,982	0.0
FY 2018-19 RECOMMENDED APPROPRIATION				
FY 2017-18 Appropriation	\$7,982	\$0	\$7,982	0.0

Centrally appropriated line items	(6,701)	0	(6,701)	0.0
TOTAL	\$1,281		\$1,281	0.0
INCREASE/(DECREASE)	(\$6,701)	\$0	(\$6,701)	0.0
Percentage Change	(84.0%)	0.0%	(84.0%)	0.0%
FY 2018-19 EXECUTIVE REQUEST	\$1,296	\$0	\$1,296	0.0
Request Above/(Below) Recommendation	\$15		\$15	0.0

PAYMENT TO RISK MANAGEMENT AND PROPERTY FUNDS

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

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

REQUEST: The Department requests an appropriation of \$2,315,042 total funds for this line item including \$2,049,082 General Fund. The request includes the NP BA Property Fund adjustment.

RECOMMENDATION: The staff recommendation is included in the table below and includes a requested one-time General Fund appropriation of \$2,049,082 for the Property Fund budget amendment.

DEPARTMENT ADMINISTRATIVE OFFICE, PAYMENT TO RISK MANAGEMENT AND PROPERTY FUNDS					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FTE
FY 2017-18 APPROPRIATION					
S.B. 17-254 (Long Bill)	\$178,528	\$0	\$168,817	\$9,711	0.0
TOTAL	\$178,528	\$0	\$168,817	\$9,711	0.0
FY 2018-19 RECOMMENDED APPROPRIATION					
FY 2017-18 Appropriation	\$178,528	\$0	\$168,817	\$9,711	0.0
NP BA Property Fund adjustment	2,049,082	2,049,082	0	0	0.0
Centrally appropriated line items	116,900	0	118,662	(1,762)	0.0
TOTAL	\$2,344,510	\$2,049,082	\$287,479	\$7,949	0.0
INCREASE/(DECREASE)	\$2,165,982	\$2,049,082	\$118,662	(\$1,762)	0.0
Percentage Change	1,213.2%	0.0%	70.3%	(18.1%)	0.0%
FY 2018-19 EXECUTIVE REQUEST	\$2,315,042	\$2,049,082	\$258,092	\$7,868	0.0
Request Above/(Below) Recommendation	(\$29,468)	\$0	(\$29,387)	(\$81)	0.0

The breakout by division is reflected below.

LEASED SPACE

This line item pays for leased space for the Department's administrative office. The Department is located at 1560 Broadway until its current lease expires at the end of April 2018. It will then be moving to 18,182 square feet at 1600 Broadway, Suite 2200.

REQUEST: The Department requests \$572,689 total funds for this line item, including \$258,092 cash funds and \$7,868 reappropriated funds.

RECOMMENDATION: **Staff recommends reducing the appropriation by \$139,880 reappropriated funds to a total of \$424,927, including \$112,960 cash funds and \$311,967 reappropriated funds from indirect cost recoveries, based on the new lease.** The Department's new space is somewhat smaller (18,182 instead of 21,034 square feet) and provides for a lower rate of \$28.50 per square foot, compared to the previous \$30.29 per square foot prior to property tax deductions. The Department worked with the Department of Personnel staff and its contracted Denver-area leasing specialist to evaluate options and settle on the new location. The Department appears to have found a new high quality location at an excellent price. Note that a portion of the Department's overall leased space costs are off-budget amounts that are charged to federal programs and the Colorado Opportunity Scholarship Initiative.

DHE LEASED SPACE CALCULATION	
FY 2018-19 Total Lease	518,187
Less property tax deduction	(84,183)
Additional costs year 1	43,656
Total lease	477,660
On-budget	
DHE	311,967
DPOS	112,960
Total appropriated in LB	424,927
Off-budget balance remaining	
Gear up	25,000
COSI	15,332
CO Challenge	12,402
Total	52,734

PAYMENTS TO OIT

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

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

REQUEST: The Department has requested \$499,372 total funds for this line item, including \$112,207 General Fund pursuant to History Colorado’s HC1 request.

RECOMMENDATION: The total staff recommendation for this line item is **pending**. Staff will reflect the amount approved by the Committee when the common policy amount for this service is finalized. The recommendation for the History Colorado decision item is addressed in the History Colorado section.

DEPARTMENT ADMINISTRATIVE OFFICE, PAYMENTS TO OIT					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FTE
FY 2017-18 APPROPRIATION					
S.B. 17-254 (Long Bill)	\$701,394	\$0	\$622,911	\$78,483	0.0
TOTAL	\$701,394	\$0	\$622,911	\$78,483	0.0
FY 2018-19 RECOMMENDED APPROPRIATION					
FY 2017-18 Appropriation	\$701,394	\$0	\$622,911	\$78,483	0.0
HC1 History Colorado OIT payments	0	100,000	(100,000)	0	0.0
Centrally appropriated line items*	(202,022)	0	(160,184)	(41,838)	0.0
TOTAL*	\$499,372	\$100,000	\$362,727	\$36,645	0.0
INCREASE/(DECREASE)	(\$202,022)	\$100,000	(\$260,184)	(\$41,838)	0.0
Percentage Change	(28.8%)	0.0%	(41.8%)	(53.3%)	0.0%
FY 2018-19 EXECUTIVE REQUEST	\$499,372	\$112,207	\$350,520	\$36,645	0.0
Request Above/(Below) Recommendation	\$0	\$12,207	(\$12,207)	\$0	0.0

*Reflects request, pending Committee action

CORE OPERATIONS

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

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

REQUEST: The Department requests \$199,636 total funds for this line item, including a common policy adjustment.

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

DEPARTMENT ADMINISTRATIVE OFFICE, CORE OPERATIONS					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FTE
FY 2017-18 APPROPRIATION					
S.B. 17-254 (Long Bill)	\$171,758	\$0	\$78,960	\$92,798	0.0
TOTAL	\$171,758	\$0	\$78,960	\$92,798	0.0

FY 2018-19 RECOMMENDED APPROPRIATION					
FY 2017-18 Appropriation	\$171,758	\$0	\$78,960	\$92,798	0.0
Centrally appropriated line items	52,244	0	32,659	19,585	0.0
TOTAL	\$224,002		\$111,619	\$112,383	0.0
INCREASE/(DECREASE)					
	\$52,244	\$0	\$32,659	\$19,585	0.0
Percentage Change	30.4%	0.0%	41.4%	21.1%	0.0%
FY 2018-19 EXECUTIVE REQUEST					
	\$199,636	\$0	\$99,477	\$100,159	0.0
Request Above/(Below) Recommendation	(\$24,366)		(\$12,142)	(\$12,224)	0.0

(2) COLORADO COMMISSION ON HIGHER EDUCATION

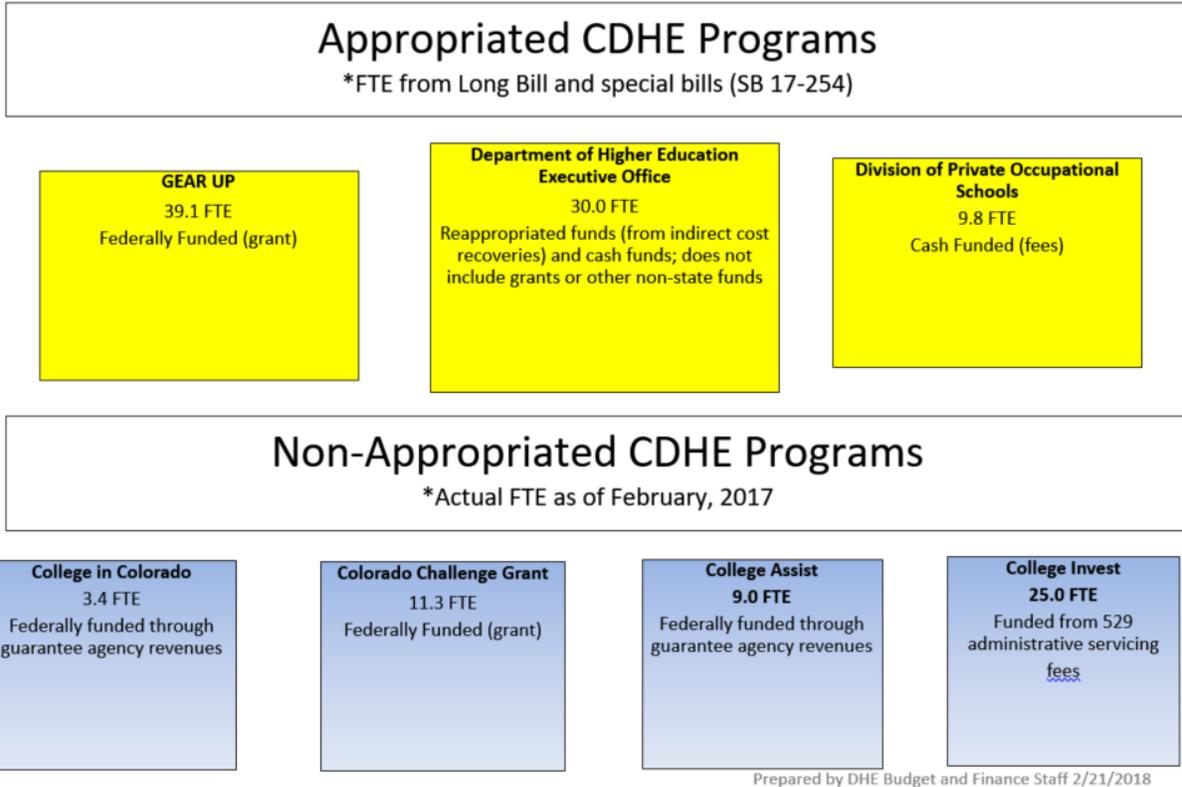
The Colorado Commission on Higher Education serves as a central policy and coordinating board for public higher education in Colorado. This division includes funding for the Commission's staff, the Division of Private Occupational Schools, and special purpose initiatives of the Department. The table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

COLORADO COMMISSION ON HIGHER EDUCATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2017-18 Appropriation						
S.B. 17-254 (Long Bill)	\$125,780,712	\$22,828,996	\$78,026,095	\$19,625,187	\$5,300,434	94.7
Other legislation	243,825	25,000	0	218,825	0	1.0
TOTAL	\$126,024,537	\$22,853,996	\$78,026,095	\$19,844,012	\$5,300,434	95.7
FY 2018-19 RECOMMENDED APPROPRIATION						
FY 2017-18 Appropriation	\$126,024,537	\$22,853,996	\$78,026,095	\$19,844,012	\$5,300,434	95.7
R5 Occupational credential capacity	0	0	0	0	0	0.0
BA1 Strategies for educator preparation programs	0	0	0	0	0	0.0
Lease-purchase payment adjustments	766,889	2,934,651	(3,130,000)	962,238	0	0.0
CO Geo Survey total compensation adjustments	175,741	67,287	109,587	0	(1,133)	0.0
Depreciation for higher education capital projects	175,060	175,060	0	0	0	0.0
WICHE membership	4,000	0	0	4,000	0	0.0
Indirect cost adjustment	0	0	(58,688)	58,688	0	0.0
Annualize prior year legislation	(25,000)	(25,000)	0	0	0	0.0
Annualize prior year budget actions	(1,906)	0	(9,406)	7,500	0	0.0
Staff-initiated H/L/D adjustment	(36,567)	(11,596)	(24,504)	0	(467)	0.0
TOTAL	\$127,082,754	\$25,994,398	\$74,913,084	\$20,876,438	\$5,298,834	95.7
INCREASE/(DECREASE)	\$1,058,217	\$3,140,402	(\$3,113,011)	\$1,032,426	(\$1,600)	0.0
Percentage Change	0.8%	13.7%	(4.0%)	5.2%	(0.0%)	0.0%
FY 2018-19 EXECUTIVE REQUEST						
Request Above/(Below) Recommendation	\$7,186,567	\$5,381,596	\$2,213,192	(\$408,688)	\$467	0.0

PROGRAM BACKGROUND

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

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



NOTE: Both the College in Colorado and the Colorado Challenge Grant program are being phased out as available funding disappears. College in Colorado is expected to be discontinued. Most Colorado Challenge Grant staff are expected to be absorbed within the postsecondary institutions where they are currently located and may be funded through COSI grants.

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

College in Colorado (3.4 FTE; funds originate as federal funds): This program provides outreach and an integrated website for students and counselors to assist students in making the high school-to-college transition. Core funding for College in Colorado is from the state's legacy College Assist/guarantee agency role. While staff was previously informed that the program would likely phase out by FY 2020-21, the Department now indicates that funding only remains through December 2018 in the absence of a new revenue sources. The estimated FY 2018-19 budget is \$300,000 based on support from the Colorado Workforce Development Council and the Department of Labor and Employment.

Colorado Challenge Grant (11.3 FTE federal funds): The mission of the Colorado Challenge is to increase persistence and on-time completion rates for low-income first generation students at select public Colorado institutions of higher education. The Colorado Challenge provides wraparound services and supplemental advising. These services are primarily provided to Colorado GEAR UP, Denver Scholarship Foundation, Daniels Fund scholars and are beginning to be provided to former and current foster youth with Education Training Vouchers. Counselors are stationed at seven college campuses throughout the state. Funds are re-appropriated from a previous GEAR UP grant and augmented with from the Colorado Opportunity Scholarship Initiative. The available federal GEAR UP funding is expected to end at the end of FY 2017-18. ***The Department indicates that the staff who are stationed at higher education institutions (the majority) may either become employed at the institutions where they are stationed or will be grant funded by COSI at those same institutions.***

College Invest (25.0 FTE; cash funds): This agency manages the Colorado college savings plans authorized under section 529 of the Internal Revenue Code. Savings deposited in these 529 accounts are exempt from Colorado income tax, and interest earnings and capital gains on the accounts are exempt from both state and federal tax if used for qualified purposes.

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

Private and Other Federal Grants: The Department reports \$1.2 million in FY 2017-18 other grants and anticipates at least \$0.9 million for FY 2018-19, as shown in the chart below.

CDHE Non-Appropriated Expenditures and Budgets FY 2016 to FY 2019					
Name	FY 15-16 Actual Expenditures	FY 16-17 Actual Expenditures	FY 17-18 Budget	Anticipated FY 18-19 Budget	
Federal Funds					
College Challenge Grant	\$ 1,131,841	\$ 988,907	\$ 1,396,730	\$ 151,988	
No Child Left Behind/Teacher Quality Grants	\$ 424,124	\$ 482,657	\$ 1,013,421	\$ -	
College Assist Total¹					
Operating Expenses & FISMA	\$ 2,071,402	\$ 1,935,274	\$ 2,491,305	\$ 2,750,000	
Servicing fees and rehabilitation discount	\$ 36,122,291	\$ 43,628,248	\$ 41,000,000	\$ 40,000,000	
Claims	\$ 280,872,576	\$ 268,100,898	\$ 251,805,250	\$ 240,000,000	
Colorado Opportunity Fund Administration	\$ 313,865	\$ 321,689	\$ 392,450	\$ 404,000	
College in Colorado	\$ 1,828,178	\$ 1,871,220	\$ 1,490,400	\$ 745,200	
Subtotal: Federal Funds	\$ 321,208,312	\$ 315,857,329	\$ 297,179,405	\$ 283,899,200	
Private Funds					
Credit When It's Due (Lumina)	\$ 32,653	\$ 23,395	\$ -	\$ -	
Technical Assistance to Local Communities (Lumina)	\$ 81,091	\$ 114,573	\$ -	\$ -	
Ford Performance Funding Award	\$ 129,011	\$ -	\$ -	\$ -	
Own Your Future (CDC)	\$ 175,000	\$ 68,444	\$ 125,000	\$ 125,000	
Study Colorado - IIE	\$ 44,856	\$ 22,619	\$ 50,800	\$ -	
Kresge Foundation (FAFSA)	\$ 94,045	\$ 108,436	\$ 234,039	\$ 109,000	
Gill Foundation Support	\$ 9,772	\$ -	\$ -	\$ -	
NGA Talent Dashboard	\$ 17,717	\$ 9,954	\$ 5,068	\$ -	
Colorado Workforce Development Council	\$ 35,437	\$ 88,535	\$ 50,000	\$ 50,000	
IES	\$ -	\$ -	\$ 197,774	\$ 201,242	
Tie Grant	\$ -	\$ -	\$ 370,000	\$ 130,000	
Foster Grant	\$ -	\$ -	\$ 79,003	\$ -	
Colorado Dept of Labor and Employment	\$ -	\$ -	\$ -	\$ 150,000	
Colorado Workforce Development Council	\$ -	\$ -	\$ 133,000	\$ -	
Colorado Workforce Development Council	\$ -	\$ -	\$ -	\$ 150,000	
Subtotal: Private Funds	\$ 619,582	\$ 435,956	\$ 1,244,683	\$ 915,242	
College Invest					
Total Operating Expenses	\$ 5,322,099	\$ 5,973,576	\$ 6,669,000	\$ 7,000,000	
Scholarships & Matching Grant	\$ 1,079,000	\$ 1,046,000	\$ 887,000	\$ 950,000	
Benefits Paid to Participants and Withdrawals	\$ 591,614,000	\$ 669,358,000	\$ 775,942,000	\$ 800,000,000	
Servicing Fees	\$ 24,065,000	\$ 25,317,000	\$ 34,260,000	\$ 40,000,000	
Subtotal College Invest	\$ 622,080,099	\$ 701,694,576	\$ 817,758,000	\$ 847,950,000	
Subtotal: Cash Funds	\$ 622,080,099	\$ 701,694,576	\$ 817,758,000	\$ 847,950,000	
<1> The Department is assuming a flat level of expenditures for College Assist and College Invest for FY 2017-18 as the budgets have not been completed yet.					
<2> The Department received a no-cost extension to complete the work on this grant through September 2016.					
<3> The Department received a no-cost extension to complete the work on this grant through February 2016.					
Prepared by DHE Budget and Finance Staff 2/21/2018					

Source: DHE Budget and Finance Staff 2/28/2018

DECISION ITEMS - COLORADO COMMISSION ON HIGHER EDUCATION

→ TECHNICAL ADJUSTMENT: COLORADO GEOLOGICAL SURVEY COMMON POLICY ADJUSTMENTS

REQUEST: For the FY 2017-18 Long Bill, the JBC moved centrally-appropriated items for the Colorado Geological Survey (CGS) to the CGS line item. At the time, staff anticipated that future growth in the line item would be based on alternative growth factors, rather than actual pots calculations, since benefits for CGS staff are no longer incorporated in the state benefits system. CGS staff now receive benefits through the Colorado School of Mines, which charges the CGS a flat 40 percent for benefits for all staff.

Nonetheless, for FY 2018-19, CGS, in consultation with the Department, chose to submit a request based on state common policy for salary survey and other benefits. Thus, the requested increase is included in the CGS line item but driven by state common policy.

The Department's request is based on:

- Building the prior year salary survey into the base (consistent with other programs); and
- The incremental change in other pots amounts from FY 2017-18 to FY 2018-19 for health, life dental, AED/SAED, and STD.
- Actual salaries and benefits for 15.5 FTE in FY 2018-19.

RECOMMENDATION: Staff recommends the request except that:

- The staff recommendation includes a lower H/L/D adjustment (\$36,567 total funds);
- Salary survey and merit pay adjustments are pending Committee common policy.

The recommendation is for a 5.5 percent increase, which is far higher than the proposed community provider rate increase but lower than the proposed funding increase for higher education institutions. Since CGS staff continue to serve a government function, such as hazard mapping for local communities, staff is supporting the requested approach for now.

Similar to the approach used for CCHE staff benefits, *staff compared the amount requested with the amount that would have been available from state plans if CGS staff had used the Kaiser HMO plan and the state dental insurance (for either an individual or a family of four) plus state-funded life insurance.* State payments for the Kaiser HMO plan are the most costly state options. On this basis, the staff recommendation is for \$208,839 for health/life/dental benefits, which is \$36,567 total funds lower than the amount requested.

For future submissions, staff anticipates that the Department will follow a methodology to ensure that health, life, and dental adjustments do not exceed the amounts that are available for staff on state plans.

COLORADO GEOLOGICAL SURVEY PERSONAL SERVICES ADJUSTMENTS RECOMMENDATION					
COMMON POLICY LINE ITEM	FY 2017-18 APPROPRIATION	GF	CF	RF	FF
Salary Survey	\$32,834	\$10,486	\$21,423	\$0	\$925
Merit Pay	0	0	0	0	0
Shift	0	0	0	0	0
AED	54,420	17,380	35,506	0	1,534
SAED	54,420	17,380	35,506	0	1,534
Short-term Disability	2,128	680	1,388	0	60
Health, Life and Dental	131,295	37,718	90,431	0	3,146
TOTAL	\$275,097	\$83,644	\$184,254	\$0	\$7,199
FY 2018-19 TOTAL					
COMMON POLICY LINE ITEM	RECOMMENDATION	GF	CF	RF	FF
Salary Survey*	\$41,803	\$15,169	\$26,149	\$0	\$485
Merit Pay*	0	0	0	0	0
Shift	0	0	0	0	0
AED	64,304	23,333	40,224	0	747
SAED	64,304	23,333	40,224	0	747
Short-term Disability	2,186	793	1,368	0	25
Health, Life and Dental	208,839	66,221	139,948	-	2,669
TOTAL	\$381,436	\$128,849	\$247,913	\$0	\$4,673
FY 2018-19 INCREMENTAL					
COMMON POLICY LINE ITEM	INCREMENTAL	GF	CF**	RF	FF
Salary Survey*	\$41,803	\$15,169	\$26,149	\$0	\$485
Merit Pay*	0	0	0	0	0
Shift	0	0	0	0	0
AED	9,884	5,953	4,718	0	(787)
SAED	9,884	5,953	4,718	0	(787)
Short-term Disability	58	113	20	0	35
Health, Life and Dental	\$77,544	\$28,503	\$49,517	\$0	(477)
TOTAL	\$139,173	\$55,691	\$85,082	\$0	(\$1,601)

*Reflects request; pending Committee common policy

**Based on the pots templates, 85 percent of the incremental cash funds adjustment is from the Operational Account of the Severance Tax Trust Fund

COLORADO COMMISSION ON HIGHER EDUCATION, SPECIAL PURPOSE, COLORADO GEOLOGICAL SURVEY AT THE COLORADO SCHOOL OF MINES						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS*	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2017-18 APPROPRIATION						
S.B. 17-254 (Long Bill)	\$2,518,177	\$496,605	\$1,670,546	\$50,592	\$300,434	15.5
TOTAL	\$2,518,177	\$496,605	\$1,670,546	\$50,592	\$300,434	15.5
FY 2018-19 RECOMMENDED APPROPRIATION						
FY 2017-18 Appropriation	\$2,518,177	\$496,605	\$1,670,546	\$50,592	\$300,434	15.5

COLORADO COMMISSION ON HIGHER EDUCATION, SPECIAL PURPOSE, COLORADO GEOLOGICAL SURVEY AT THE COLORADO SCHOOL OF MINES						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS*	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
CO Geo Survey total compensation adjustments	175,741	67,287	109,587	0	(1,133)	0.0
Staff-initiated H/L/D adjustment	(36,567)	(11,596)	(24,504)	0	(467)	0.0
TOTAL	\$2,657,351	\$552,296	\$1,755,629	\$50,592	\$298,834	15.5
INCREASE/(DECREASE)	\$139,174	\$55,691	\$85,083	\$0	(\$1,600)	0.0
Percentage Change	5.5%	11.2%	5.1%	0.0%	(0.5%)	0.0%
FY 2018-19 EXECUTIVE REQUEST	\$2,693,918	\$563,892	\$1,780,133	\$50,592	\$299,301	15.5
Request Above/(Below) Recommendation	\$36,567	\$11,596	\$24,504	\$0	\$467	0.0

*Of the incremental cash funds change, 85 percent is estimated to be from the Operational Account of the Severance Tax Trust Fund.

① COLORADO GEOLOGICAL SURVEY SEVERANCE TAX FUNDS - REFINANCE OPTION

The staff recommendation for the Colorado Geological Survey includes \$1,585,133 from the Operational Account of the Severance Tax Trust Fund. The Colorado Geological Survey is the only Tier 1 Severance Tax recipient that is no longer part of the Department of Natural Resources. *Any refinancing of Tier 1 programs with General Fund on a temporary basis should include this program. Furthermore, if the JBC/General Assembly sponsors a bill to modify which programs are funded with Severance Tax on an ongoing basis, this program should be considered for refinancing.* Staff believes that Severance Tax is the most appropriate funding source for the CGS. However, the program’s location outside of the Department of Natural Resources increases administrative complexity. Therefore, if some programs previously funded with Severance Tax are refinanced with General Fund on an ongoing basis, the Committee may wish to include the CGS in such a refinance.

➔ TECHNICAL ADJUSTMENT: WESTERN INTERSTATE COMMISSION FOR HIGHER EDUCATION

REQUEST: The request includes an increase of \$4,000 reappropriated funds from indirect cost recoveries to pay for the increase in Western Interstate Commission for Higher Education (WICHE) dues from \$149,000 to \$153,000 per year.

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

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

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

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

RECOMMENDATION: **Staff recommends the request.** Participation in WICHE seems to offer significant benefits including, in particular, access to the WICHE student exchange programs.

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

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

WICHE dues are now included in the pool of recoverable costs, so most of this increment will be captured as part of a shared responsibility of the higher education institutions in the FY 2019-20 indirect cost calculation. Staff has therefore shown the change as funded through indirect cost collections, even though this adjustment does not modify the amount of indirect cost collections available for use in FY 2018-19.

→ TECHNICAL ADJUSTMENT: HIGHER EDUCATION FEDERAL MINERAL LEASE COP PAYMENTS

REQUEST: The Department requested adjustments for the Higher Education Federal Mineral Lease Certificate of Participation (COP) payment based on Federal Mineral Lease (FML) funds available and the COP payment schedule. The adjustments include a decrease in the total appropriation of \$87,762 and an adjustment to funding sources to reduce the cash funds FML contribution by \$700,000 (to \$1,000,000) and increase the General Fund to make up the difference.

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

state. Funding was ultimately sufficient to fund the first 12 projects, with some additional controlled maintenance projects authorized through H.B. 12-1357 using unspent COP proceeds.

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

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

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

HIGHER EDUCATION FML LEASE PURCHASE APPROPRIATIONS HISTORY			
	CAPITAL CONSTRUCTION FUND/ GENERAL FUND	HIGHER EDUCATION FML REVENUES FUND	TOTAL
FY 2008-09	\$0	10,000,000	\$10,000,000
FY 2009-10	0	16,652,725	16,652,725
FY 2010-11	0	8,877,550	8,877,550
FY 2011-12	4,066,510	8,379,790	12,446,300
FY 2012-13	420,184	18,165,191	18,585,375
FY 2013-14	18,587,975	0	18,587,975
FY 2014-15	18,587,556	0	18,587,556
FY 2015-16	5,781,075	11,991,975	17,773,050
FY 2016-17	12,125,175	5,650,000	17,773,050
FY 2017-18	16,073,025	1,700,000	17,773,025
Total to-date	\$75,641,500	\$71,417,231	\$147,058,731

Notes: The initial appropriation was included S.B. 08-233, which authorized the program (Capital Development Committee bill). Subsequent appropriations appeared in the Capital Construction section of the Long Bill (Treasury) until FY 2015-16, when the appropriation was included in the Treasury operating appropriations section. From FY 2016-17 on, appropriations are in the Department of Higher Education. Obligations end FY 2027-28.

RECOMMENDATION: Staff recommends adjustments necessary for Lease Purchase of Academic Facilities Pursuant to Section 23-19.9-102, C.R.S. However, the staff adjustment differs from the

request based on information from the Treasury and Department of Higher Education about the balance of cash funds available in the FML Revenues Fund and remaining payments due in FY 2017-18. The Department calculates that \$707,844 will be available for FY 2018-19 based on funds received to-date. (Based on the variability of FML funding, including bonus funds which support this line item, staff does not rely on projected FML revenue.) Further, in light of periodic negative adjustments to the FML Revenues Fund based on federal actions, staff recommends retaining a small uncommitted balance.

Pursuant to statute and the state’s COP agreements, if amounts in the Higher Education FML Revenues Fund are insufficient to cover COP payments due, the General Assembly transfers other funds (in this case General Fund) into the Revenues Fund to make the necessary payment. As specified by H.B. 16-1229, these appropriations are made to the Department of Higher Education for transfer to the Treasurer for payment of the COPs. The Department of the Treasury has continuous spending authority for the funds received.

In the table below:

- The first line item deposits General Fund into the Higher Education FML Revenues Fund.
- The second line item provides appropriations for the \$17.7 million FY 2018-19 COP payments, including both cash funds (from FML revenues) and reappropriated funds (from the General Fund appropriated in the first line item).

COLORADO COMMISSION ON HIGHER EDUCATION, SPECIAL PURPOSE, HIGHER EDUCATION FEDERAL MINERAL LEASE REVENUES FUND FOR LEASE PURCHASE OF ACADEMIC FACILITIES			
	TOTAL FUNDS	GENERAL FUND	FTE
FY 2017-18 APPROPRIATION			
S.B. 17-254 (Long Bill)	\$16,073,025	\$16,073,025	0.0
TOTAL	\$16,073,025	\$16,073,025	0.0
FY 2018-19 RECOMMENDED APPROPRIATION			
FY 2017-18 Appropriation	\$16,073,025	\$16,073,025	0.0
Lease-purchase payment adjustments	962,238	962,238	0.0
TOTAL	\$17,035,263	\$17,035,263	0.0
INCREASE/(DECREASE)	\$962,238	\$962,238	0.0
Percentage Change	6.0%	6.0%	0.0%
FY 2018-19 EXECUTIVE REQUEST	\$16,685,263	\$16,685,263	0.0
Request Above/(Below) Recommendation	(\$350,000)	(\$350,000)	0.0

COLORADO COMMISSION ON HIGHER EDUCATION, SPECIAL PURPOSE, LEASE PURCHASE OF ACADEMIC FACILITIES PURSUANT TO SECTION 23-19.9-102					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FTE
FY 2017-18 APPROPRIATION					
S.B. 17-254 (Long Bill)	\$17,773,025	\$0	\$1,700,000	\$16,073,025	0.0
TOTAL	\$17,773,025	\$0	\$1,700,000	\$16,073,025	0.0

COLORADO COMMISSION ON HIGHER EDUCATION, SPECIAL PURPOSE, LEASE PURCHASE OF ACADEMIC FACILITIES PURSUANT TO SECTION 23-19.9-102					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FTE
FY 2018-19 RECOMMENDED APPROPRIATION					
FY 2017-18 Appropriation	\$17,773,025	\$0	\$1,700,000	\$16,073,025	0.0
Lease-purchase payment adjustments	(87,762)	0	(1,050,000)	962,238	0.0
TOTAL	\$17,685,263		\$650,000	\$17,035,263	0.0
INCREASE/(DECREASE)					
	(\$87,762)	\$0	(\$1,050,000)	\$962,238	0.0
Percentage Change	(0.5%)	0.0%	(61.8%)	6.0%	0.0%
FY 2018-19 EXECUTIVE REQUEST					
	\$17,685,263	\$0	\$1,000,000	\$16,685,263	0.0
Request Above/(Below) Recommendation	\$0		\$350,000	(\$350,000)	0.0

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

REQUEST: The Department requests \$14,154,188 total funds for FY 2018-19 Fitzsimons Lease Purchase Payments, including \$8,154,188 from the General Fund and \$6,000,000 tobacco settlement funds. This includes a technical adjustment total funds related to the COP payment schedule and an adjustment to reverse one-time spending from fund balance in FY 2017-18.

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

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

RECOMMENDATION: Staff recommends the same total funding as the request, but staff recommends slightly more spending from tobacco settlement funds, based on the Committee Tobacco Settlement common policy figure setting. Committee common policy establishes an estimate of tobacco funds to be received for FY 2018-19. The program retains a modest fund balance that can be used to make up a shortfall if total receipts are lower than the estimate.

COLORADO COMMISSION ON HIGHER EDUCATION, SPECIAL PURPOSE, UNIVERSITY OF COLORADO, LEASE PURCHASE OF ACADEMIC FACILITIES AT FITZSIMONS				
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FTE

COLORADO COMMISSION ON HIGHER EDUCATION, SPECIAL PURPOSE, UNIVERSITY OF COLORADO, LEASE PURCHASE OF ACADEMIC FACILITIES AT FITZSIMONS				
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FTE
FY 2017-18 APPROPRIATION				
S.B. 17-254 (Long Bill)	\$14,261,775	\$5,461,775	\$8,800,000	0.0
TOTAL	\$14,261,775	\$5,461,775	\$8,800,000	0.0
FY 2018-19 RECOMMENDED APPROPRIATION				
FY 2017-18 Appropriation	\$14,261,775	\$5,461,775	\$8,800,000	0.0
Lease-purchase payment adjustments	(107,587)	2,603,065	(2,710,652)	0.0
TOTAL	\$14,154,188	\$8,064,840	\$6,089,348	0.0
INCREASE/(DECREASE)	(\$107,587)	\$2,603,065	(\$2,710,652)	0.0
Percentage Change	(0.8%)	47.7%	(30.8%)	0.0%
FY 2018-19 EXECUTIVE REQUEST	\$14,154,188	\$8,154,188	\$6,000,000	0.0
Request Above/(Below) Recommendation	\$0	\$89,348	(\$89,348)	0.0

① College in Colorado and College Opportunity Fund Program Administration

The Department administers a number of programs that are entirely off-budget. Some of these programs have been supported by College Assist revenue that resulted from the state's role as a loan guarantee agency for the federal government. This funding source will decline over time as the federal government now makes student loans directly, and the state guarantee-agency role has been eliminated for new loans. The chart below (included in last year's figure setting packet) demonstrated that College Assist expenses exceeded revenues, and it expected to spend down the majority of its remaining fund balance by 2020.

Because this funding source is expiring, two programs that rely on this funding, College in Colorado (CIC) and administration of student COF stipends, will ultimately need to be closed or refinanced.

COF Stipend Administration: Staff anticipates that the General Assembly will need to decide within the next one to two years how to address costs associated with administration of the College Opportunity Fund program. This is a statutory responsibility of the Department but has been absorbed for many years by legacy College Assist revenue. If the State wishes to keep the COF structure, staff assumes that it will ultimately need to take on the associated administrative costs.

College in Colorado: This program operates an extensive web-based career planning and counseling tool used by some school districts to support counseling services <https://www.collegeincolorado.org/>. The tool serves some of the same functions as the Naviance tool, for which many school districts pay, but is provided free of charge. College in Colorado staff also promote college attendance and federal FAFSA (financial aid form) completion through the State.

The program has been seeking alternative sources of revenue for a number of years, but has not been successful. **The Department has publicly announced that federal funding for the College in Colorado program will end June 30, 2018.** In a December 2017 letter to superintendents and BOCES, the program indicated "if commitments for sustainable funding are not realized by June 30,

2018, CIC will begin a six-month decommissioning process through December 2018. Currently, similar products have a per-student cost range of \$2-5.” The program has been working with various partner agencies, including the Department of Labor and Employment and the Department of Human Services, to reimagine the tool and determine if changes would make it more valuable. The Department of Labor and Employment has agreed to provide \$300,000 in grants to sustain the website through December 2018, but staff anticipates that the program will close at that time unless school district or other partners step forward.

The College in Colorado program is not created in statute and has never received direct support from the General Assembly. The Executive Branch has not approached the General Assembly to support the program. While the website may offer some benefits, it is expensive to operate and apparently competes unsuccessfully with tools offered by for-profit companies. There appears to be so little public awareness of this program that staff is uncertain how much impact eliminating the program will have. Staff is not recommending that the General Assembly take any action but wished the Committee to be aware of the change.

COLLEGE ASSIST SPEND DOWN (THOUSAND \$S)					
	2016 actual	2017	2018	2019	2020
Operating Starting Fund Balance	\$58,322.4	\$50,182.8	\$37,032.8	\$24,415.8	\$12,304.6
Revenues	49,722.4	28,853.4	25,394.8	22,227.1	19,920.3
Expenses:					
Servicing, Service Provider, and Collection Agency Fees	54,109.4	37,169.4	33,477.9	30,133.9	26,173.2
Administration	1,748.7	3,167.4	3,325.8	3,492.1	3,666.7
Total Expenses	55,858.0	40,336.8	36,803.7	33,626.0	29,839.9
Net	(6,135.7)	(11,483.4)	(11,408.9)	(11,398.9)	(9,919.6)
Operating Fund Balance Before Discretionary Awards	52,186.8	38,699.4	25,623.9	13,016.9	2,385.0
College in Colorado/College Opportunity Fund Admin Grant	2,003.9	1,666.7	1,208.1	712.3	386.6
Operating Fund Ending Balance	\$50,182.9	\$37,032.7	\$24,415.8	\$12,304.6	\$1,998.4

LINE ITEM DETAIL – COLORADO COMMISSION ON HIGHER EDUCATION

(A) ADMINISTRATION

ADMINISTRATION

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

Master Plan and Institutional Performance

- Develop a master plan with institutions to achieve statewide expectations and goals [23-1-108]
- In collaboration with the public institutions of higher education, ensure the Master Plan is implemented [23-1-108 (1.5)]
- Submit annual reports to the General Assembly, and post on-line, each institution's progress toward meeting Master Plan goals [23-1-108 (1.5)]
- Negotiate performance contracts with the Colorado School of Mines and private institutions that participate in the College Opportunity Fund Program [23-41-104.6 and 23-1-108 (14)]
- Implement policies to assure students can complete programs in a timely fashion [23-1-108 (13), 125] after reviewing
 - advising and counseling
 - the availability of courses
 - barriers to transferring course credits
 - costs
 - the implementation of core courses

Institutional Role and Mission and System Coordination

- Define the role and mission of each institution within statutory guidelines [23-1-108]
- Set admissions criteria consistent with the roll and mission of each institution, including enforcing requirements related to percentages of non-resident students that may be enrolled [23-1-108 (1) (d), (e), 113, 113.5, 113.7]
- Establish service areas, designate regional education providers, and monitor courses provided out of state to ensure that no state funds are used for these [23-1-109, 127, 23-5-116, 23-60-207]
- Authorize bachelor of applied science degrees at community colleges based on demonstrated need, cost-effectiveness, and considering whether such program could instead be provided conjunction with an accredited four-year institution. [23-1-133]
- Establish and enforce transfer agreements and common course numbering, and resolve disputes [23-1-108 (7), 108.5]
- Coordinate a system of core courses and associates degrees that may be transferred from one state institution to another. [23-1-125]

- Standardize assessments of basic skills, specify which institutions may offer basic skills courses and supplemental academic instruction, and report to the General Assembly on program effectiveness [23-1-113, 113.3]
- Coordinate a process to ensure eligible students are aware of their eligibility for an associate's degree (reverse transfer program) [23-1-131]
- Approve comprehensive academic and facilities master plans for the Auraria campus and resolve disputes [23-70-115, 23-70-106.5]
- Establish policies for community colleges to become local district colleges [23-71-205]

State Support for Institutions

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

Capital Construction

- Regulate capital construction [23-1-106 *except as waived by CCHE*], 106.3, 24-82-1202], including
 - setting space utilization standards to measure the need for new projects
 - approving long range and individual facility master plans
 - prioritizing projects for state funding
- Managing appropriations from the Higher Education Federal Mineral Lease Revenues Fund for certificates of participation paid by the FML Revenues Fund [23-1-106.3]

Financial Aid, Student Loans, College Savings Accounts

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

Tuition and Fee Policy

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

Outreach

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

Oversee Select Statewide Policies

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

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

- Analyze state workforce needs versus credential production in coordination with other agencies [23-1-130]
- Coordinate with the State Board of Education to define postsecondary and workforce readiness, align admissions criteria and assessments, and report to school districts on whether students are prepared [23-1-113, 113.2, 113.3, 119]
- Coordinate with the state board of education to ensure that parents and guardians of public school students receive notice regarding postsecondary admissions requirements and precollegiate course requirements [23-1-119.1, 119.2]
- Develop a strategic plan for improving Pre-K-16 mathematics, science, and technology education [22-81-104, 22-83-102]
- Coordinate with the State Board of Education regarding concurrent enrollment [22-35-107]
- Review, approve, and regulate preparation programs for K-12 educators [23-1-121 et seq.]
- Provide financial aid to teachers [23-3.3-901, 23-3.9-102; *funding not presently available*]
- Evaluate and implement 2-year educational programs for professional registered nursing [23-1-126]
- Provide financial aid to nursing professionals [23-3.3-701, 23-3.6-102; *funding not presently available*]
- Collaborate with the Workforce Development Council in the Department of Labor and Employment, the Department of Education, and the community college system to develop and publicize career pathways for students. [24-46.3-104]

Data Reporting and Collecting

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

Promote Technology Transfer

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

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

- Executive and administrative – Includes director, chief operating officer, chief policy officer, and support staff – 5.0 FTE
- Budget and finance – 9.0 FTE
- Research and data management – 8.0 FTE
- Academic affairs – 6.0 FTE
- Advocacy and outreach – 3.0 FTE [includes 1.0 FTE originally authorized for research and data]

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

REQUEST: The Department requests a continuation of \$3,064,440 total funds from fees and indirect cost collections that offset General Fund otherwise required.

RECOMMENDATION: The following table summarizes the staff recommendation, which is calculated consistent with Committee common policy.

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

COLORADO COMMISSION ON HIGHER EDUCATION, ADMINISTRATION, ADMINISTRATION					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FTE
PERSONAL SERVICES					
FY 2017-18 Appropriation	\$2,334,163	\$0	\$88,651	\$2,245,512	30.0
Subtotal - Personal Services	\$2,334,163	\$0	\$88,651	\$2,245,512	30.0
OPERATING EXPENSES					
FY 2017-18 Appropriation	\$610,965	\$0	\$158,818	\$452,147	0.0
Subtotal - Operating Expenses	\$610,965	\$0	\$158,818	\$452,147	0.0
OTHER					
FY 2017-18 Appropriation	\$119,312	\$0	\$52,876	\$66,436	0.0
Subtotal - Other	\$119,312	\$0	\$52,876	\$66,436	0.0
Total Recommended FY 2018-19 Appropriation	\$3,064,440	\$0	\$300,345	\$2,764,095	30.0
FY 2018-19 EXECUTIVE REQUEST	\$3,064,440	\$0	\$300,345	\$2,764,095	30.0
Request Above/(Below) Recommendation	\$0	\$0	\$0	\$0	0.0

(B) DIVISION OF PRIVATE OCCUPATIONAL SCHOOLS

This program is responsible for reviewing the curriculum and establishing standards for private occupational schools in Colorado, pursuant to Section 12-59-101, C.R.S., et. seq. The Division regulates over 356 private occupational schools in Colorado and 40 out-of-state schools that deliver education or training in areas such as cosmetology, real estate, IT/business, massage therapy, trucking, automotive, bartending and allied healthcare professions. The vast majority of schools regulated by the Division are not subject to any other accreditation or quality review process. The Division thus helps to protect students from deceptive trade practices and substandard educational programs. It also maintains the student records of any institution that closes, among other functions.

As outlined in statute, the Division reports to the executive director of the Department, rather than to the Division of Occupational Education within the Community College System. The Board of Private Occupational Schools, which consists of seven members appointed by the Governor and confirmed by the Senate, advises the executive director and has regulatory oversight and rule-making authority.

Division FTE are supported through fees on the regulated schools. This includes the Director, Deputy Director who focuses on investigation and compliance, 1.0 administrative staff who supports both the DPOS board and staff, and 4.0 program specialists who assist schools through the application and renewal process and focus heavily on technical assistance. For FY 2017-18, the General Assembly approved a 2.0 FTE increase for the Division, including an investigative specialist to identify noncompliance issues, including substandard education and deceptive sales and trade, and a data and research specialist. Among other responsibilities, the data and research specialist will assist the Division in moving from a paper-based to an electronic system for managing records.

Current fees on schools subject to DPOS review are as follows:

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

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

REQUEST: The Department requests \$806,148 cash funds and 9.8 FTE for this line item. The request annualizes the FY 2017-18 decision item to add 2.0 FTE.

RECOMMENDATION: Staff recommends the request. The Department correctly annualized operating expenses associated with the new FTE added in FY 2017-18.

COLORADO COMMISSION ON HIGHER EDUCATION, DIVISION OF PRIVATE OCCUPATIONAL SCHOOLS, DIVISION OF PRIVATE OCCUPATIONAL SCHOOLS				
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FTE
PERSONAL SERVICES				
FY 2017-18 Appropriation	\$646,989	\$0	\$646,989	9.8
Annualize prior year budget actions	0	0	0	0.0

COLORADO COMMISSION ON HIGHER EDUCATION, DIVISION OF PRIVATE OCCUPATIONAL SCHOOLS, DIVISION OF PRIVATE OCCUPATIONAL SCHOOLS				
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FTE
Subtotal - Personal Services	\$646,989	\$0	\$646,989	9.8
OPERATING EXPENSES				
FY 2017-18 Appropriation	\$168,565	\$0	\$168,565	0.0
Annualize prior year budget actions	(9,406)	0	(9,406)	0.0
Subtotal - Operating Expenses	\$159,159	\$0	\$159,159	0.0
Total Recommended FY 2018-19 Appropriation	\$806,148	\$0	\$806,148	9.8
FY 2018-19 EXECUTIVE REQUEST	\$806,148	\$0	\$806,148	9.8
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

(C) SPECIAL PURPOSE

WESTERN INTERSTATE COMMISSION ON HIGHER EDUCATION (WICHE)

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

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

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

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

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

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

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

This line item relies on General Fund appropriations that are entirely offset by indirect cost recoveries. WICHE dues are now included in the pool of recoverable costs in the Department's indirect cost collection plan.

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

REQUEST: The Department requests \$153,000 reappropriated funds for this line item, including \$4,000 for a technical increase for WICHE dues.

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

COLORADO COMMISSION ON HIGHER EDUCATION, SPECIAL PURPOSE, WESTERN INTERSTATE COMMISSION FOR HIGHER EDUCATION (WICHE)				
	TOTAL FUNDS	GENERAL FUND	REAPPROPRIATED FUNDS	FTE
FY 2017-18 APPROPRIATION				
S.B. 17-254 (Long Bill)	\$149,000	\$0	\$149,000	0.0
TOTAL	\$149,000	\$0	\$149,000	0.0
FY 2018-19 RECOMMENDED APPROPRIATION				
FY 2017-18 Appropriation	\$149,000	\$0	\$149,000	0.0
WICHE membership	4,000	0	4,000	0.0
TOTAL	\$153,000	\$0	\$153,000	0.0
INCREASE/(DECREASE)	\$4,000	\$0	\$4,000	0.0
Percentage Change	2.7%	0.0%	2.7%	0.0%
FY 2018-19 EXECUTIVE REQUEST				
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

WICHE – OPTOMETRY

This line provides funding for Colorado students to enroll in out-of-state institutions with optometry programs, including private institutions, at subsidized rates through an exchange set up by WICHE. The exchange offers an alternative to establishing such a program in Colorado, as there is currently no optometry school in the State. In return for discounted tuition, participating students agree to return to Colorado to practice optometry for the same number of years as they were supported, or to repay the state for its investment inflated by the federal PLUS student loan rate. As of FY 2015-16, 87 percent of graduates returned to the State.

The program typically serves about 25 students at any given time. The FY 2017-18 state support fee (paid by all states per student) was \$17,725 per year, or about half of typical optometry school tuition. Since FY 2004-05, from 2 to 12 new students have been added to the program each year. Students are funded for their entire time in the multi-year program, so there are only a few students added each year, while others graduate (an O.D. program is typically 4 years).

Fiscal Year 2012-13 request BRI 7 proposed to phase out the program, but the General Assembly did not approve this request. In FY 2017-18, based on request R4, the General Assembly increased the appropriation by \$44,125 to address the impact of inflation over multiple years. This annualizes to add an additional \$7,500 in FY 2018-19. In response to an FY 2017-18 RFI, the Department expressed its continued support for the program but did not support adding additional professional exchange programs.

The program is supported by General Fund that is offset by departmental and state indirect cost recoveries. The program is not included in the pool of recoverable costs in the Department’s indirect cost collection plan.

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

REQUEST: The Department requested \$450,625 including annualization of FY 2017-18 request R4.

RECOMMENDATION: Staff recommends the request, as reflected in the table below.

COLORADO COMMISSION ON HIGHER EDUCATION, SPECIAL PURPOSE, WICHE - OPTOMETRY				
	TOTAL FUNDS	GENERAL FUND	REAPPROPRIATED FUNDS	FTE
FY 2017-18 APPROPRIATION				
S.B. 17-254 (Long Bill)	\$443,125	\$0	\$443,125	0.0
TOTAL	\$443,125	\$0	\$443,125	0.0
FY 2018-19 RECOMMENDED APPROPRIATION				
FY 2017-18 Appropriation	\$443,125	\$0	\$443,125	0.0
Annualize prior year budget actions	7,500	0	7,500	0.0
TOTAL	\$450,625	\$0	\$450,625	0.0
INCREASE/(DECREASE)	\$7,500	\$0	\$7,500	0.0
Percentage Change	1.7%	0.0%	1.7%	0.0%
FY 2018-19 EXECUTIVE REQUEST	\$450,625	\$0	\$450,625	0.0
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

DISTRIBUTION TO THE HIGHER EDUCATION COMPETITIVE RESEARCH AUTHORITY

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

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

COLORADO HIGHER EDUCATION COMPETITIVE RESEARCH AUTHORITY SUMMARY OF FINANCIAL ACTIVITY - CALENDAR YEAR 2017 PREPARED FOR BOARD MEETING 2018		2017
Balance Available January 1		4,139,534
Revenues		
	Limited Gaming Fund	2,100,000
	Interest earnings	38,428
	Total Revenues	2,138,425
Disbursements		
Colorado State University		
	AIR-RA program	132,000
	\$400,000 in total; \$134,000 per year 3 years	
	ARPA-Egrant 3 payments	125,384
	\$376,152 in total	
Colorado School of Mines		
	Engineering Research Center Reinventing Urban Water ERC (renewal)	400,000
	\$400,000 per year/5 years	
	DOE	100,000
	Advanced Composite Manufacturing Innovation	
	\$200,000 per year 5 years	
	split \$100,000 each to CSU and Mines	
University of Colorado - Boulder		
	NSF MRSEC	400,000
	Soft Materials Research Center Liquid Crystal Frontiers; and, Click Nucleic Acid IRGs	
	\$400,000 per year/6 years	
	NSF Science and Technology Center on Real-Time Function Imaging (STROBE) award notification (5 payments of \$400,000)	400,000
	5 payments of \$400,000	
	Total Disbursements	1,577,384
Balance Available at December 31		4,720,575

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

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

RECOMMENDATION: Staff recommends the Department’s request for a continuation of \$2,800,000 cash funds spending authority. Although this exceeds available new revenue for FY 2018-19, the program has a large and growing fund balance, and spending from reserves is possible.

VETERINARY SCHOOL CAPITAL OUTLAY

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

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

The FY 2017-18 appropriation includes \$139,650 from CSU cash funds (reflecting non-resident and WICHE students’ share) and \$145,350 from indirect cost recoveries that offset the need for General Fund.

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

REQUEST: The Department requests a continuation level of funding of \$285,000 total funds for this line item, including \$145,350 from indirect cost recoveries.

RECOMMENDATION: Staff recommends the request. Funding sources are based on the ratio of resident to non-resident students in the program: estimated at 296 residents and 281 non-residents for FY 2018-19. While the funding split could be slightly adjusted, the difference is sufficiently small that the staff recommendation maintains the current ratio.

COLORADO COMMISSION ON HIGHER EDUCATION, SPECIAL PURPOSE, VETERINARY SCHOOL CAPITAL OUTLAY SUPPORT					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FTE
FY 2017-18 APPROPRIATION					
S.B. 17-254 (Long Bill)	\$285,000	\$0	\$139,650	\$145,350	0.0
TOTAL	\$285,000	\$0	\$139,650	\$145,350	0.0
FY 2018-19 RECOMMENDED APPROPRIATION					
FY 2017-18 Appropriation	\$285,000	\$0	\$139,650	\$145,350	0.0
TOTAL	\$285,000		\$139,650	\$145,350	0.0
Percentage Change	0.0%	0.0%	0.0%	0.0%	0.0%

COLORADO COMMISSION ON HIGHER EDUCATION, SPECIAL PURPOSE, VETERINARY SCHOOL CAPITAL OUTLAY SUPPORT					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FTE
FY 2018-19 EXECUTIVE REQUEST	\$285,000	\$0	\$139,650	\$145,350	0.0
Request Above/(Below) Recommendation	\$0		\$0	\$0	0.0

COLORADO GEOLOGICAL SURVEY AT THE COLORADO SCHOOL OF MINES

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

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

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

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

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

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

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

The Colorado School of Mines submitted the fifth and final of these required reports in December 2017. The report notes that efforts to provide these statutory functions at the same service levels provided prior to the transfer are limited by budget and staffing constraints. As part of the transfer, overall appropriations from the Operational Account of the Severance Tax Trust Fund were reduced by 42 percent; even with the additional General Fund support authorized, total funding and FTE were cut sharply. (JBC staff background: The budget for the CGS at the Department of Natural Resources prior to transfer was \$4.5 million, including \$2.3 million from the Operational Account of the Severance Tax Trust Fund.)

The chart below summarizes the CGS FY 2017-18 work-plan. As shown, a significant amount of CGS activity focuses on geologic hazard mapping and related emergency and planning assistance for local governments.

Colorado Geological Survey FY17-18 Work Plan

Project	Deliverable	Funding Partnerships			Mines Technical Partnerships		
		State	Federal	Local	Students	Faculty	Graduates
New Geologic and Geologic Hazard Mapping	Four new geologic/hazard maps (1 24,000); two West Slope and two Front Range	✓	✓	☐	✓	✓	☐
Geothermal Assistance to Local Governments	Collection and dissemination of geothermal data and information as requested by local governments and industry	✓	☐	✓	☐	✓	☐
Landslide Mapping Using LIDAR	Landslide susceptibility maps for two counties	✓	✓	✓	☐	☐	✓
County Debris Flow Mapping	Susceptibility maps for San Miguel and Mesa Counties including areas adjacent to state highways	✓	✓	✓	✓	✓	✓
Industrial Sand Potential on State Land Board Property	Report on sand resources suitable for hydraulic fracturing and other industrial uses	✓	☐	☐	☐	☐	☐
Mesa and Ebert County Groundwater Studies	Evaluate the geology and groundwater resources in each county	✓	☐	✓	☐	✓	☐
Hazard Planning Assistance to Local Governments	Assist with incorporating geologic hazard mitigation into local land use and pre-disaster mitigation plans	✓	✓	✓	☐	☐	✓
Emergency Response Assistance to Local Governments	Provide disaster response and recovery assistance to state and local governments as needed.	✓	☐	✓	☐	☐	☐
Geologic Hazard Derivative Maps	Create hazard maps for state/local planning using existing maps and new technologies	✓	✓	✓	✓	✓	✓
Lower Arkansas Natural Uranium Study	Identify geologic sources of uranium in the Lower Arkansas basin that impact water quality	✓	✓	☐	✓	☐	☐
Mineral and Mineral Fuel Activity Report	Produce report on activity in Colorado during 2016-2017.	✓	☐	☐	☐	☐	☐
Induced Seismicity/Earthquake Hazard Monitoring	Install new seismometers to better discriminate between natural and induced events and locate unknown faults.	✓	✓	☐	✓	✓	✓
Cheyenne Mountain Landslide Study, El Paso County	Provide technical assistance to City of Colorado Springs on movement, stability, and public safety impacts of recent landslide(s)	✓	☐	☐	✓	✓	☐
Land Use Reviews	Reviews proposed subdivisions, school sites and other improvements to help ensure that people and property are not exposed to geologic hazards	☐	☐	✓	✓	☐	✓
Mineral Resource Derivative Maps	Create mineral resource maps from completed geologic maps	✓	☐	☐	☐	☐	☐
Abandoned Mined Lands Inventory Project	Create public database of location and resource issues for abandoned mined lands using federal, state, and local data	✓	✓	✓	☐	☐	☐
Ground Water Atlas of Colorado	Update atlas to evaluate potential for enhanced recharge and aquifer vulnerability.	✓	✓	☐	✓	✓	☐

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

REQUEST: The Department of Higher Education requests \$2,693,918 and 15.5 FTE, including \$563,892 General Fund and \$1,605,961 from the Operational Account of the Severance Tax Trust Fund for the Geological Survey at the Colorado School of Mines. This includes a net adjustment for staff benefits based on a common policy request.

LINE ITEM RECOMMENDATION: The staff recommendation is reflected below. The final amount is pending a Committee common policy decision on salary survey and merit adjustments. **Staff requests permission to apply Committee common policy when this is adopted.**

COLORADO COMMISSION ON HIGHER EDUCATION, SPECIAL PURPOSE, COLORADO GEOLOGICAL SURVEY AT THE COLORADO SCHOOL OF MINES						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2017-18 APPROPRIATION						
S.B. 17-254 (Long Bill)	\$2,518,177	\$496,605	\$1,670,546	\$50,592	\$300,434	15.5
TOTAL	\$2,518,177	\$496,605	\$1,670,546	\$50,592	\$300,434	15.5
FY 2018-19 RECOMMENDED APPROPRIATION						
FY 2017-18 Appropriation	\$2,518,177	\$496,605	\$1,670,546	\$50,592	\$300,434	15.5

COLORADO COMMISSION ON HIGHER EDUCATION, SPECIAL PURPOSE, COLORADO GEOLOGICAL SURVEY AT THE COLORADO SCHOOL OF MINES						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
CO Geo Survey total compensation adjustments	175,741	67,287	109,587	0	(1,133)	0.0
Staff-initiated H/L/D adjustment	(36,567)	(11,596)	(24,504)	0	(467)	0.0
TOTAL	\$2,657,351	\$552,296	\$1,755,629	\$50,592	\$298,834	15.5
INCREASE/(DECREASE)	\$139,174	\$55,691	\$85,083	\$0	(\$1,600)	0.0
Percentage Change	5.5%	11.2%	5.1%	0.0%	(0.5%)	0.0%
FY 2018-19 EXECUTIVE REQUEST	\$2,693,918	\$563,892	\$1,780,133	\$50,592	\$299,301	15.5
Request Above/(Below) Recommendation	\$36,567	\$11,596	\$24,504	\$0	\$467	0.0

INSTITUTE OF CANNABIS RESEARCH AT CSU-PUEBLO

Senate Bill 16-191 authorized the General Assembly to appropriate money from the Marijuana Tax Cash Fund (MTCF) to the Board of Governors of the Colorado State University System (CSU) to fund scientific and social science research at CSU-Pueblo concerning marijuana and other matters that impact the state and its regions. The appropriation was initially provided at the \$900,000 level and was increased to \$1,800,000 MTCF in FY 2017-18.

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

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

REQUEST: The Department of Higher Education requests continuation of \$1,800,000 cash funds from the Marijuana Tax Cash Fund.

RECOMMENDATION: Staff recommends the request for continuation funding of \$1,800,000 cash funds from the Marijuana Tax Cash Fund.

GEAR UP

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

PROGRAM BACKGROUND: The federally-funded GEAR UP program places full-time advisors in more than two dozen middle and high schools across the state. The goal is to help students, who are typically first in their family to attend college, to become college-ready. Advisors recruit roughly 100 students per grade level, starting with eighth-graders, and work with them throughout middle and high

school. Middle-school students may begin with ‘early remediation’ courses (remedial courses that would be required to begin college work if they were college-age) in order to demonstrate that they are college ready. Older students participate in dual enrollment courses that earn college credits while they are in high school in order to build students’ confidence and save them money and time in college. They also take CLEP exams (e.g., in Spanish) to demonstrate proficiency and earn college credit. GEAR UP students graduate high school having earned an average of 17 college credits. These are far more likely to graduate from high school and pursue and persist in college than their peers. The program reports that 87 percent graduate from high school, 84 percent enroll in college in the fall after high school graduation, and 81 percent persist through their first year of college.

FEDERAL GRANT: In FY 2011-12, Colorado received a third seven-year GEAR UP grant for \$5,000,000 per year. Fifty percent of the total (\$2.5 million) is allocated to scholarship/tuition assistance to GEAR UP participants, while the balance primarily supports the salaries of the GEAR UP student advisors. The Department reports that this grant expires at the end of September 2018. It has not yet received a new grant, but is hopeful that it will receive one in the next federal funding cycle so that the program will continue uninterrupted.

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

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

RECOMMENDATION: **Staff recommends a continuation of \$5,000,000 federal funds and 39.1 FTE shown for informational purposes.** Staff notes that salary increases need to be absorbed within the fixed base grant amount. In the event the federal grant is not renewed or is renewed on different terms, staff will recommend a budget adjustment for FY 2019-20.

PROSECUTION FELLOWSHIP PROGRAM

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

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

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

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

RECOMMENDATION: Staff recommends continuation of \$356,496 General Fund. Staff notes that H.B. 18-1102 if adopted, would expand the length of this program to 18 months with an associated increase in funding.

RURAL TEACHER RECRUITMENT, RETENTION, AND PROFESSIONAL DEVELOPMENT

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

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

The University of Northern Colorado was selected as the host institution after a statewide RFP competition. UNC has created a new Center for Rural Education. The Community College System is directing the teacher cadet expansion into the rural regions of the state. Initial activities have included:

- Qualifying 10 teachers to be certified teacher cadet instructors.
- Authorizing 76 student teacher scholarships (\$2,800 each) for a semester of student teaching in a rural district.
- Providing scholarships (\$6,000 each) to 10 teachers from rural districts to pursue concurrent enrollment educator qualifications.
- Providing scholarships (\$6,000 each) for 5 teachers from rural districts to complete an approved program for National Board Teacher Certification.

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

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

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

UNIVERSITY OF COLORADO, LEASE PURCHASE OF ACADEMIC FACILITIES AT FITZSIMONS

The General Assembly authorized the State to enter into a lease purchase agreement for the University of Colorado Health Sciences Center at Fitzsimons pursuant to H.B. 03-1256. The bill authorized an agreement for up to twenty-five years, with the total amount of the agreement not to exceed

\$202,876,109 plus administrative, monitoring, closing costs and interests. The bill further specified that annual aggregate rentals authorized would not exceed \$15,100,000.

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

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

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

REQUEST: The Department requests \$14,154,188 total funds for FY 2018-19, including \$8,154,188 from the General Fund and \$6,000,000 tobacco settlement funds. The request annualizes a one-time \$1.8 million adjustment to spend down the fund balance in the Fitzsimons Trust Fund.

RECOMMENDATION: While staff recommends the same total funding as the request, the fund split is adjusted based on the FY 2018-19 forecast for tobacco settlement revenue. Consistent with the request, the recommendation annualizes the one-time FY 2017-18 adjustment for spending from the fund balance. The total amount is consistent with the amortization schedule for the Fitzsimons COP.

COLORADO COMMISSION ON HIGHER EDUCATION, SPECIAL PURPOSE, UNIVERSITY OF COLORADO, LEASE PURCHASE OF ACADEMIC FACILITIES AT FITZSIMONS				
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FTE
FY 2017-18 APPROPRIATION				
S.B. 17-254 (Long Bill)	\$14,261,775	\$5,461,775	\$8,800,000	0.0
TOTAL	\$14,261,775	\$5,461,775	\$8,800,000	0.0
FY 2018-19 RECOMMENDED APPROPRIATION				
FY 2017-18 Appropriation	\$14,261,775	\$5,461,775	\$8,800,000	0.0
Lease-purchase payment adjustments	(107,587)	2,603,065	(2,710,652)	0.0
TOTAL	\$14,154,188	\$8,064,840	\$6,089,348	0.0
INCREASE/(DECREASE)	(\$107,587)	\$2,603,065	(\$2,710,652)	0.0
Percentage Change	(0.8%)	47.7%	(30.8%)	0.0%
FY 2018-19 EXECUTIVE REQUEST	\$14,154,188	\$8,154,188	\$6,000,000	0.0
Request Above/(Below) Recommendation	\$0	\$89,348	(\$89,348)	0.0

HIGHER EDUCATION FEDERAL MINERAL LEASE REVENUES FUND

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

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

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

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

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

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

REQUEST: The Department requested \$16,685,263 General Fund, including an adjustment to address the decline in FML cash funds revenue available to pay the COPs.

RECOMMENDATION: The staff recommendation is reflected in the table below. The amount included is based on the difference between the COP payments due in FY 2018-19 and FML revenues available. Note that staff bases the amount of revenues available on the amounts currently available in the Higher Education Revenues Cash Fund less annual obligations to be paid, rather than relying on an FML revenues forecast.

	TOTAL FUNDS	GENERAL FUND	FTE
FY 2017-18 APPROPRIATION			
S.B. 17-254 (Long Bill)	\$16,073,025	\$16,073,025	0.0
TOTAL	\$16,073,025	\$16,073,025	0.0
FY 2018-19 RECOMMENDED APPROPRIATION			
FY 2017-18 Appropriation	\$16,073,025	\$16,073,025	0.0
Lease-purchase payment adjustments	1,212,238	1,212,238	0.0
TOTAL	\$17,285,263	\$17,285,263	0.0

	TOTAL FUNDS	GENERAL FUND	FTE
INCREASE/(DECREASE)	\$1,212,238	\$1,212,238	0.0
Percentage Change	7.5%	7.5%	0.0%
FY 2018-19 EXECUTIVE REQUEST	\$16,685,263	\$16,685,263	0.0
Request Above/(Below) Recommendation	(\$600,000)	(\$600,000)	0.0

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

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

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

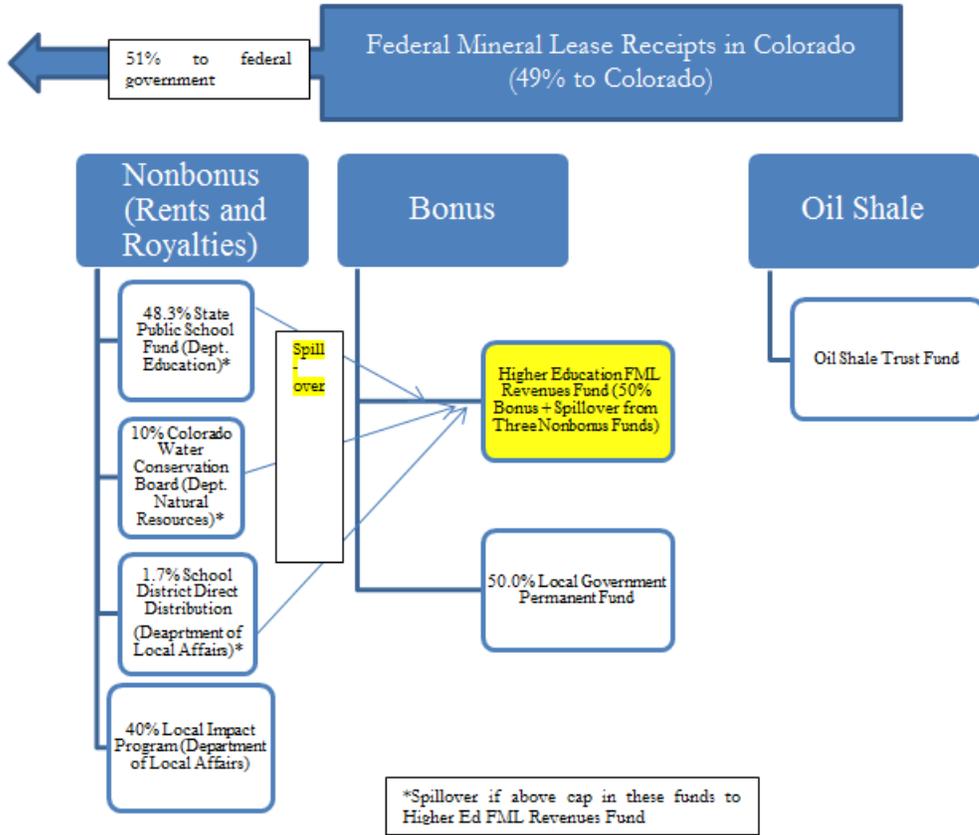
Although the General Assembly anticipated funding would be provided through the FML revenues fund, this revenue stream has been extremely inconsistent, and General Fund backfill has thus been required to make the COP payments in many years.

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

- Transferred the amount in the former Higher Education FML Reserve Fund (\$7.6 million) into the revenues fund upon enactment. Of this amount \$1.9 million was used to help cover FY 2015-16 COP payments and address a shortfall in the fund, while the balance of \$5.7 million was available for appropriation in FY 2016-17.
- Eliminated the Higher Education FML Reserve Fund and directed 50 percent of FML bonus revenue that would previously have been deposited to the reserve fund into the revenues fund. This was expected to add about \$1.0 million per year in FML money to the revenues fund.

- Clarified that appropriations for higher education COPs are made to the Department of Higher Education for transfer to the State Treasurer. Amounts transferred to the Treasurer are continuously appropriated to the Treasurer for purposes of making related payments.

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



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

REQUEST: The Department requested \$17,685,263 total funds, including \$16,685,263 reappropriated funds from General Fund appropriated in the line item above.

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

COLORADO COMMISSION ON HIGHER EDUCATION, SPECIAL PURPOSE, LEASE PURCHASE OF ACADEMIC FACILITIES PURSUANT TO SECTION 23-19.9-102					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FTE
FY 2017-18 APPROPRIATION					
S.B. 17-254 (Long Bill)	\$17,773,025	\$0	\$1,700,000	\$16,073,025	0.0
TOTAL	\$17,773,025	\$0	\$1,700,000	\$16,073,025	0.0

FY 2018-19 RECOMMENDED APPROPRIATION					
FY 2017-18 Appropriation	\$17,773,025	\$0	\$1,700,000	\$16,073,025	0.0
Lease-purchase payment adjustments	(87,762)	0	(1,300,000)	1,212,238	0.0
TOTAL	\$17,685,263		\$400,000	\$17,285,263	0.0
INCREASE/(DECREASE)					
	(\$87,762)	\$0	(\$1,300,000)	\$1,212,238	0.0
Percentage Change	(0.5%)	0.0%	(76.5%)	7.5%	0.0%
FY 2018-19 EXECUTIVE REQUEST					
	\$17,685,263	\$0	\$1,000,000	\$16,685,263	0.0
Request Above/(Below) Recommendation	\$0		\$600,000	(\$600,000)	0.0

TUITION/ENROLLMENT CONTINGENCY

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

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

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

STATUTORY AUTHORITY:

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

RECOMMENDATION: **Staff recommends a continuing appropriation of \$60,000,000 cash funds (tuition spending authority) for this line item for FY 2018-19. This represents less than 3.0 percent of total appropriations for tuition spending authority. Staff also recommends continuing the footnote that explains the purpose of the line item and a footnote requesting data on how it is used.**

OPEN EDUCATIONAL RESOURCES COUNCIL

Senate Bill S.B. 17-258 created the Open Educational Resources Council in the Department of Higher Education. The Council was charged with overseeing a contracted study and making recommendations on increasing the use of Open Educational Resources (OER) at public institutions of higher education. The bill included an appropriation of \$25,000 General Fund to the Department of Higher Education for FY 2017-18 to contract for the study of OER and for other Council expenses. The Council is repealed July 1, 2018.

REQUEST/RECOMMENDATION: As the bill repeals, the Department does not request, and staff does not recommend, an appropriation for FY 2018-19 in the Long Bill. However, this packet includes a recommendation to continue the Council and create an OER grant program through new legislation.

COLORADO STUDENT LEADERS INSTITUTE PILOT

Senate Bill 17-060 relocated the Colorado Student Leaders Institute from the Office of the Lieutenant Governor to the Department of Higher Education. The institute is a competitive residential summer academic program for students who are entering tenth or eleventh grade in the coming fall semester. The institute operates for four weeks each summer during which time participating students attend college level classes and enrichment activities. The program is overseen by an eleven-member board, appointed by the Governor and confirmed by the Senate, which is responsible for selecting students for the program. The program was created as a pilot in 2015 and repeals effective July 1, 2019.

Senate Bill 17-060 also transferred an appropriation of \$218,825 General Fund and 1.0 FTE from the Office of the Lieutenant Governor to the Department of Higher Education for FY 2017-18.

STATUTORY AUTHORITY: Section 23-77-101 through 106, C.R.S.

REQUEST: The Department requests a continuation-level of appropriation of \$218,825 General Fund and 1.0 FTE for FY 2018-19.

RECOMMENDATION: Staff recommends the request for a continuation level of \$218,825 General Fund and 1.0 FTE for the final year before the program repeals.

ANNUAL DEPRECIATION-LEASE EQUIVALENT PAYMENT

Senate Bill 15-211, as amended by S.B. 16-020, created a process to annually set aside an amount equal to the calculated depreciation of a capital asset funded through the capital construction section of the Long Bill. Beginning with projects funded in the 2015 Long Bill, the bill established three set-aside mechanisms based on how a project is funded.

- For projects funded from a cash fund, the state agency annually credits an amount equal to the recorded depreciation to a capital reserve account in the cash fund.
- For projects funded from the General Fund, the Capital Construction Fund, or the Controlled Maintenance Trust Fund, the General Assembly is required to include an annual depreciation-lease equivalent payment line item payable from the General Fund in the operating section of the Long Bill for each state agency, including the Department of Higher Education. Amounts in this line item are credited to the Capital Construction Fund, except that an amount equal to one percent of the project cost is deducted from the payment and credited to the Controlled Maintenance Trust Fund.
- If the project is funded through a financing arrangement, such as a lease-purchase payment, the General Assembly must include an annual controlled maintenance line item payable from the General Fund equal to one percent of the project cost.
- If a project is funded from more than one cash fund or from a cash fund and from state funds, the set-aside amounts are shared proportionately between the various fund sources.

The set-aside amounts may be appropriated for future capital expenses such as routine maintenance, equipment replacement, or the construction of a new building.

The program took effect for capital construction projects first funded in FY 2015-16 from the date of acquisition or the date of completion of the project. Fiscal year FY 2018-19 is the first year in which a depreciation-lease equivalent payment has been required within the Department of Higher Education.

STATUTORY AUTHORITY: Section 24-30-1310, C.R.S.

REQUEST: The Department requests an appropriation of \$175,060 General Fund for this line item for FY 2018-19.

RECOMMENDATION: **Staff recommends the request for an appropriation of \$175,060 General Fund for this line item.**

MEDICATION-TREATMENT PILOT PROGRAM

Senate Bill 17-074 created a pilot program in the College of Nursing in the University of Colorado to make grants for organizations providing medication-assisted treatment to persons with opioid use disorders in Pueblo and Routt counties. The bill required an annual appropriation from the Marijuana Tax Cash Fund (MTCF) of \$500,000 in FY 2017-18 and FY 2018-19 and provided an associated appropriation of \$500,000 MTCF to the University of Colorado for FY 2017-18.

STATUTORY AUTHORITY: Sections 23-21-801, C.R.S., et seq.

REQUEST: The Department requested a continuation level of \$500,000 cash funds for this program in this separate line item for FY 2018-19.

RECOMMENDATION: Staff recommends a continuation level of appropriation of \$500,000 cash funds from the Marijuana Tax Cash Fund, consistent with legislative requirements of 23-21-808, C.R.S. However, because this program is not exempted from the provisions of Section 23-1-104 (1)(b)(II), C.R.S., which specifies that cash funds appropriations for the governing boards shall be appropriated in a single line item, staff has included this \$500,000 in the single line item for appropriation to the Regents of the University of Colorado. [Note, for the same reason, a one-time FY 2017-18 appropriation of \$1,000,000 Marijuana Tax Cash Funds pursuant to S.B. 17-193 (Research Center Prevention Substance Abuse Addiction) has also been reflected in the Regents of the University of Colorado line item.]

(3) COLORADO COMMISSION ON HIGHER EDUCATION FINANCIAL AID

This section includes all appropriations for financial aid in the Higher Education budget. This includes appropriations for need based aid, work study, merit based aid, and various special purpose programs. Financial aid represents about 20 percent of the Department of Higher Education's General Fund budget. The table below summarizes the recommended changes to the Division appropriation for FY 2018-19.

COLORADO COMMISSION ON HIGHER EDUCATION FINANCIAL AID				
	TOTAL FUNDS	GENERAL FUND	REAPPROPRIATED FUNDS	FTE
FY 2017-18 Appropriation				
S.B. 17-254 (Long Bill)	\$177,969,216	\$177,783,660	\$185,556	0.0
TOTAL	\$177,969,216	\$177,783,660	\$185,556	0.0
FY 2018-19 RECOMMENDED APPROPRIATION				
FY 2017-18 Appropriation	\$177,969,216	\$177,783,660	\$185,556	0.0
R1 Improving college affordability and outcomes	13,861,217	13,861,217	0	0.0
R3 Fort Lewis Native American tuition waiver	76,665	76,665	0	0.0
R4 Emergency completion and retention grant	0	0	0	0.0
R6 Colorado Opportunity Scholarship Initiative	2,000,000	2,000,000	0	0.0
Indirect cost adjustment	0	(787,522)	787,522	0.0
TOTAL	\$193,907,098	\$192,934,020	\$973,078	0.0
INCREASE/(DECREASE)	\$15,937,882	\$15,150,360	\$787,522	0.0
Percentage Change	9.0%	8.5%	424.4%	0.0%
FY 2018-19 EXECUTIVE REQUEST	\$196,957,224	\$196,771,668	\$185,556	0.0
Request Above/(Below) Recommendation	\$3,050,126	\$3,837,648	(\$787,522)	0.0

ADDITIONAL PROGRAM BACKGROUND

Of state appropriations for higher education in FY 2017-18, \$178.0 million, including \$177.8 million General Fund, is for financial aid. This represents 19.9 percent of all the state General Fund appropriations for higher education. The majority of the money goes for need-based aid and work study. A small appropriation for merit-based grants was restored in FY 2014-15 and continued in subsequent years, and there are a number of smaller, special purpose financial aid programs. These include the Colorado Opportunity Scholarship Initiative, added in FY 2014-15, to fund services, supports, and scholarships for high achieving low income students in collaboration with private funders and agencies.

State financial aid: For most of the financial aid programs, the General Assembly appropriates financial aid funds to the Colorado Commission on Higher Education, which allocates them to institutions, including to some private institutions, based on formulas that consider financial need at the schools, total student enrollment, student retention, and program eligibility criteria. A total of 72,204 students

received state-supported financial aid in FY 2016-17. The average state need-based award was \$2,137 and the average state work study award was \$2,550.

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

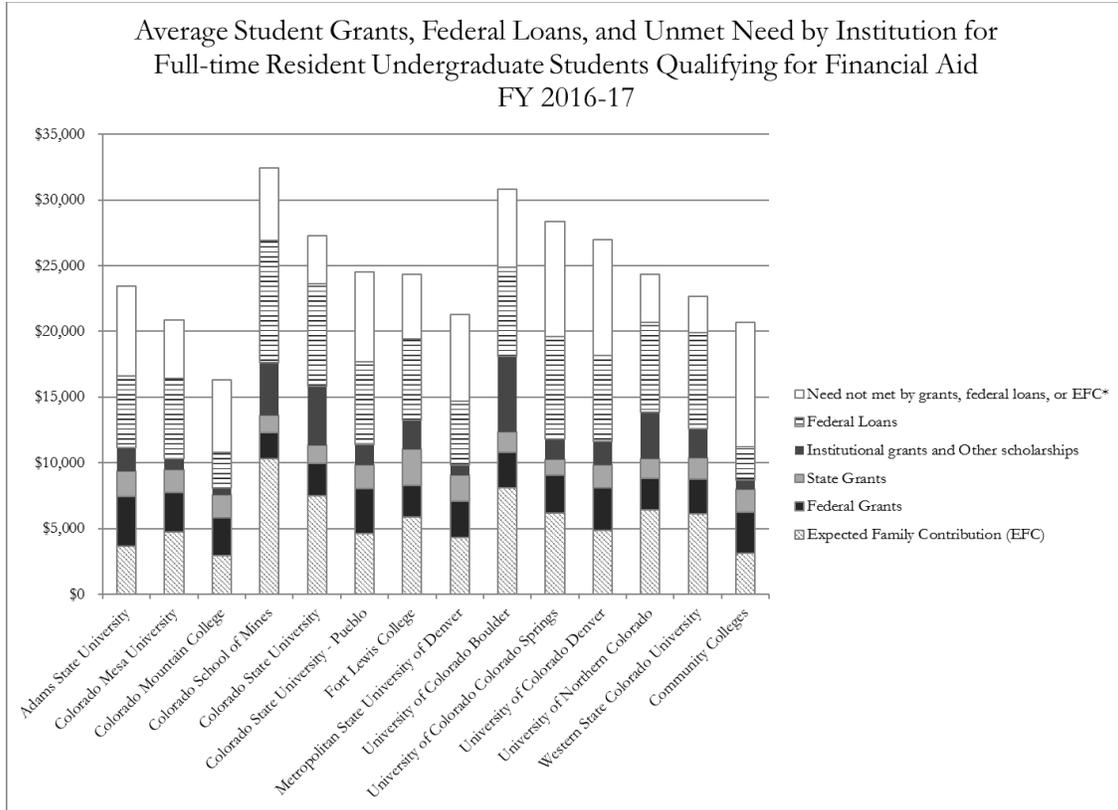
For FY 2014-15, the General Assembly provided a 37.0 percent increase in financial aid, and for FY 2015-16 it provided a 14.0 percent increase. Funding for FY 2016-17 was held virtually flat (a 0.6 percent increase over FY 2015-16). Overall demand for aid continues to far outstrip available funding.

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

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

The calculated “Cost of Attendance” is far greater than just tuition and academic fees. It includes expenses related to room, board, transportation, and learning materials, in addition to tuition. Depending on the institution, these other costs of attendance may dwarf the price of tuition. The total cost of attendance for a resident student in FY 2016-17, including room and board and fees, ranged from \$16,105 at Aims Community College to \$32,431 at the Colorado School of Mines.

The following chart compares grants and loans awarded in FY 2016-17 to full-time resident undergraduate students with financial need (calculated based on federal formulas) and the average cost of attendance for a resident student at various institutions. Of the funding sources shown, only state grants are reflected in the state budget.



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

Federal financial aid: The largest source of need-based aid is the federal government, which provides student grants that are not reflected in the state budget. About one-third of undergraduate students are eligible for a Pell grant. The share ranges from about 20 percent at the Colorado School of Mines to near sixty percent at Adams State University. The federal Pell grant program provided up to \$5,775 per eligible student in FY 2015-16, with an average grant of \$3,439. The families of dependent students receiving a full Pell had an average adjusted gross income of \$14,321 while the average for students receiving any Pell award was \$24,436. In FY 2015-16, 74,730 students attending state public institutions received a Pell grant.

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

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

- Sixty-five percent of students completing a bachelor's degree from a public institution graduated with federal student debt in FY 2016-17, and the average federal student loan debt at graduation was \$26,259.
- Fifty-eight percent of students completing an associate's degree from a public institution graduated with federal student debt in FY 2016-17, and the average student loan debt at graduation was \$13,212.
- There is a substantial gap between the calculated cost of attendance for students with need and known sources of student support. A portion of this gap may be filled with additional unsubsidized student or family loans, which are not included in these figures.

DECISION ITEMS – COLORADO COMMISSION ON HIGHER EDUCATION FINANCIAL AID

→ R4 EMERGENCY RETENTION GRANT (BILL #17)

REQUEST: Department Request R4 is for \$1,500,000 General Fund to create an Emergency Completion and Retention Grant program in an effort to keep students who have a small financial emergency in school.

The request notes that Colorado's retention and graduation rates remain below the nation's, with average statewide retention of 72 percent and six year graduation rates at 60.2 percent at four year institutions. Sudden financial emergencies are sometimes a key factor causing students to drop out of or interrupt their higher education studies. The request cites a Public Agenda study indicating that sixty percent of student who left college felt sole responsibility for paying for college. Students without a family safety net are more vulnerable sudden financial crises and more likely to leave school as a result, even if the dollars needed to address the problem are relatively small.

The request notes that a majority of the state institutions in Colorado provide some form of emergency aid through their foundation or other institutional aid. However, funding is often limited, and several institutions offer loans only, or do not have a program. Some institutions offer only loans.

The Department proposes that the Committee sponsor legislation and provide \$1,500,000 General Fund appropriation to allocate emergency aid to institutions for students within a certain credit hour threshold who are within a certain number of credit hours of graduating and require grants of up to \$1,500. Students would be asked to sign a contract agreeing to pay back the grant if they do not graduate.

RECOMMENDATION: **Staff recommends this request only in the context of a broader bill to clarify the state financial aid statutes.** If the Committee wishes to sponsor such a bill, the bill could permit the Department or institutions to set aside a small portion of the Need Based Grants allocation for distribution for emergency retention grants.

- Staff agrees emergency retention grants are a valuable tool in helping students complete their programs when they are faced with sudden personal financial crises. For this very reason, a large number of the State's public institutions have established programs of this type. The grants

provided are typically small--often in the \$1,000 to \$2,000 range--and are usually provided quietly, at the discretion of institutional staff, when they become aware of a financial crisis that may interrupt a student's studies.

- Staff also understands from both the Department and the institutions, that setting aside funds for this purpose on the front-end of financial aid allocations may be helpful. A present, state need based financial aid is “packaged” for students who qualify. Once committed, these funds cannot be easily redirected to assist a student who has a financial crisis.
- While many of the four-year institutions have large institutional aid resources that may include a modest “set aside” for student financial emergencies, institutions with fewer resources may not have implemented this type of program. Responses to a survey indicated that some colleges do not have a program, e.g., Pikes Peak Community College, Northeastern Junior College, and Fort Lewis College.
- Staff is concerned, however, about creating a small, separate line item for a program of this type. Among other issues, staff imagines that demand for this type of program is likely to vary from year-to-year at the institutional level. Institutions should not feel pressured to “get grants out the door” to comply with particular state expectations on very small emergency retention grants. Thus, even if funds are set aside for these grants on the front-end, it would be appropriate to roll unused amounts into need-based aid allocations.
- If the Committee wishes to sponsor a bill on this topic, staff recommends using this as an opportunity for a more extensive clean-up of financial aid statutes. Financial aid statutes are found in Section 23-3.3-101 through 901, C.R.S. Portions of these statutes have not been modified since 1979 and appear outdated, while other portions were substantially modified by S.B. 10-003. In general, the original statutes gave CCHE substantial authority. As that authority has been pulled back to the General Assembly and the institutions over time, the statutes do not appear to have been consistently modified. In particular, current financial aid statutes:
 - Do not include a definition of “need based” aid or “merit based aid”; and
 - Are written as though the CCHE--rather than the General Assembly--determined the allocation of funds among different types of aid.

Colorado provides higher education institutions an unusual amount of flexibility in the allocation of their state funds. Staff does not propose changing this but believes statute should be clearer about legislative expectations and intent.

- If the Committee sponsors such a bill, it could include a definition of emergency retention grants and permit the Department to allocate up to 1.0 percent of need-based aid appropriations for the purpose of emergency retention grants.

→ R6 COLORADO OPPORTUNITY SCHOLARSHIP INITIATIVE/BILL #15

REQUEST: Department request R6 is for a \$4,000,000 General Fund increase in the annual appropriation for the COSI program, from the current \$5.0 million to \$9.0 million. The request notes that if the appropriation is not increased, COSI will be forced to spend into its corpus, which will have a ratcheting-down effect on the program's support services and scholarships.

RECOMMENDATION: Staff recommends an increase of \$2,000,000 General Fund. The Committee has agreed to draft a bill to eliminate the current restriction that not more than ten percent of the money in the COSI fund in any fiscal year may be awarded for student success programs and that no more than 3.0 percent of the money in the fund may be used for administration. This change will allow the program to spend down its corpus while maintaining grants for student success programs and administration at the current level. If the General Assembly also authorizes a \$2.0 million General Fund increase (instead of the \$4.0 million requested), the program could continue to commit funds at the current level for an additional four years (through FY 2021-22). At that point, the General Assembly could either increase funding by an additional \$4.0 million or scale back the program.

Note: The Committee could adopt the bill recommended by staff (Bill #15) whether or not it provides an increase at the level requested by the Department.

ANALYSIS:

Program Background

- The General Assembly created the Colorado Opportunity Scholarship Initiative in 2014 (H.B. 14-1384) to promote public/private partnerships to fund scholarships and support services for gifted low-income students who might not otherwise pursue or complete higher education.
- COSI was initially seeded with a transfer of \$33.4 million from the CollegeInvest Financial Need Scholarship Fund and a \$1.0 million appropriation. Since FY 2015-16, the General Assembly has appropriated \$5.0 million General Fund to the COSI Fund, from which the Department has continuous spending authority.
- The program offers two kinds of grants. It allocates grants totaling \$3.5 million per year to over 30 community partners that provide student support programs. These programs serve over 12,400 students across the state. It also allocates \$7.5 million per year to counties, higher education institutions, and workforce programs for student scholarships. Recipient entities must match the grants dollar-for-dollar.

Current Statute (Section 23-3.3-1001 through 1005, C.R.S.)

- Up to 10 percent of moneys in the fund in any fiscal year may be awarded to state agencies and nonprofits to support precollegiate and postsecondary student support programs, of which at least 70 percent must be awarded to nonprofit organizations.
- Up to 3 percent of moneys in the fund in any fiscal year may be used for administrative costs.

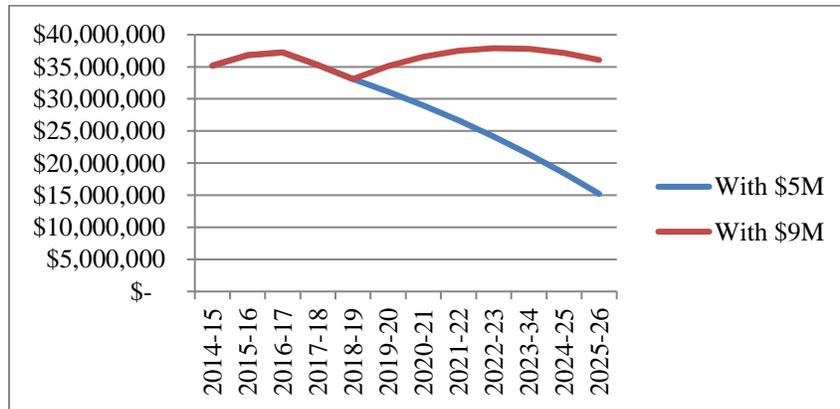
Current Operations

- The Department originally anticipated that additional amounts for scholarships would be deposited in the COSI fund from private donations, and that this would build the “corpus” to help create a sustainable program. This is not how the program has developed.
- The Department is structuring expenditures so that it may comply with the letter of the law that no more than 10 percent of moneys "in the fund in any fiscal year" may be used for student success grants. However, because scholarship amounts are spent-down over multiple years, money "in the fund" is far greater than *uncommitted* money in the Fund. The table below shows the FY 2017-18 commitments, which are similar to the structure since FY 2015-16.

	FY 2017-18 SPENDING AND ANNUAL GRANT COMMITMENTS	
Administration	\$455,501	4.0%
Support grants	3,527,727	30.7%
Scholarship grants	7,500,000	65.3%
Total	\$ 11,483,228	

Department Request

- The Department requests a \$4.0 million General Fund increase for the program, bringing the appropriation to a total of \$9.0 million General Fund, to allow it to maintain its corpus as spending for scholarships increases. Even if the Department keeps its scholarship awards flat, it will need to increase *spending*, as previously committed outlays reduce the size of the COSI Fund.
- Under current law, and in the absence of an increase in the appropriation, the Department will spend down its corpus. *Because spending on student success initiatives is tied to the size of the corpus, this will need to decline.* The chart reflects the Department’ anticipated fund balance under two different appropriation scenarios (with and without an increase).



Staff Observations

Staff believes this program is in its “adolescence”.

- The program as originally conceived was based on models such as the Denver Scholarship Foundation and GEAR UP. These programs tie scholarship awards to intensive support services

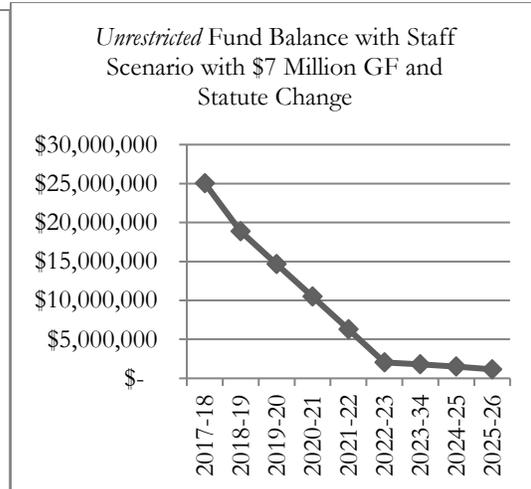
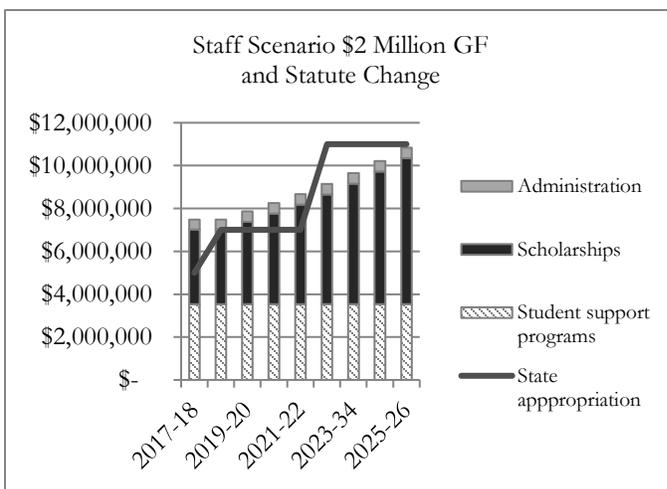
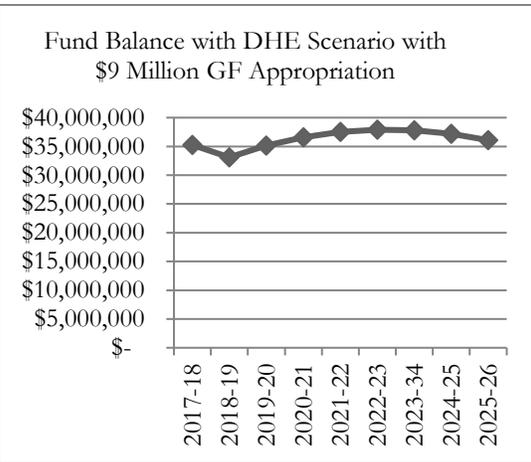
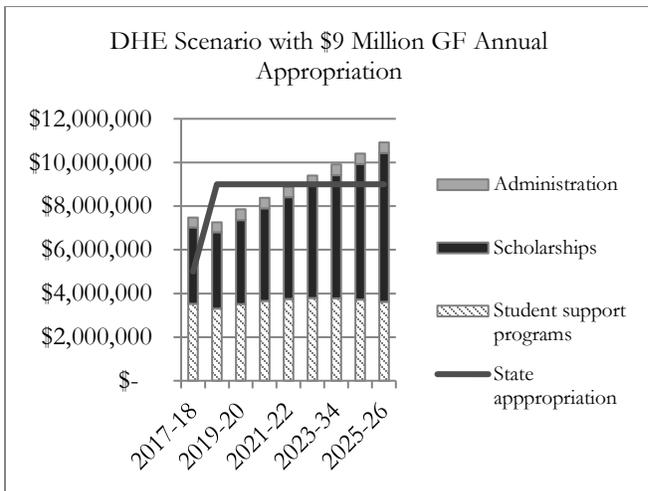
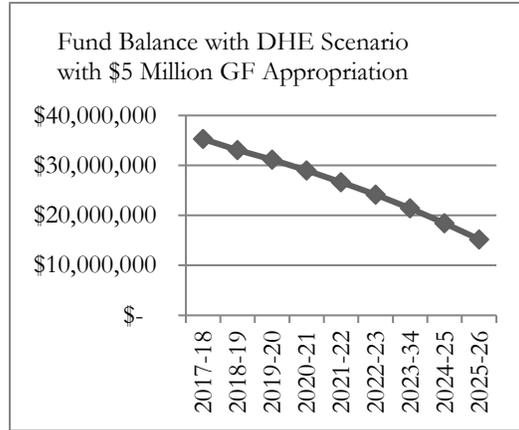
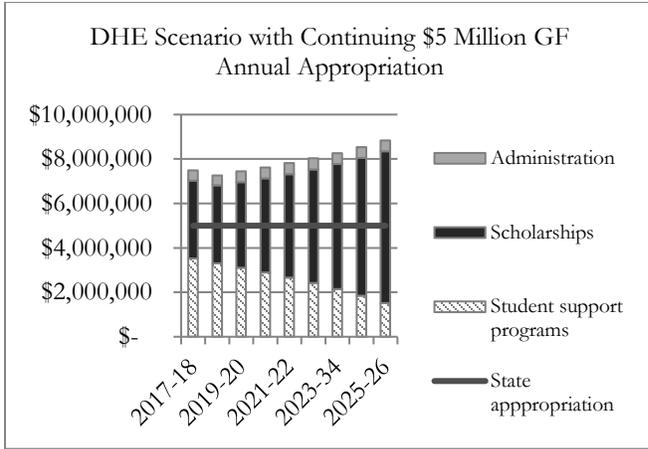
for the students receiving the scholarships. This includes services in high school, during the “bridge” between high school and college, and once students have matriculated to college. As now managed, the program’s matching scholarship and student support grants are not routinely locked together. Instead, COSI usually relies on the higher education institutions serving students with COSI scholarships to provide necessary wrap-around services. Thus, *the program now looks more like two separate initiatives*: one that awards grants for support services to students and one that helps stimulate private philanthropy throughout the State by offering matching state funds for scholarships.

- The program is moving to support a far more limited collection of student support program models. It is now narrowing its program to focus on two models, one at the high school and one at the college level. It is working closely with a program evaluator using a grant from the Governor’s Office to examine the impact of both the scholarship portion of the program and the student success portion of the program and to ensure that it can consistently evaluate and monitor the impact of the programs.
- The scholarship element of the program has helped to draw in an additional \$7.5 million per year in private scholarships and local government support for students. However, it is a very complex mechanism for distributing state funds for scholarships. In contrast, the State committed \$128.5 million in FY 2017-18 to support institutions’ need-based financial aid programs. These funds are distributed in large block grants and are managed by the institutions themselves. *Most of the COSI scholarship funds provide support to needy students at the same institutions—simply through a much more elaborate mechanism.* Staff remains uncertain whether, over the long term, the complex COSI structure will be sustainable and the benefits will outweigh the administrative challenges.

In light of where the program is in its development, staff is uncomfortable recommending an increase at the level the Department has requested--particularly as this level of increase would not be needed if the program did not need to maintain a “corpus”.

The charts below show three scenarios:

- The Department’s anticipated spending pattern and fund balance given current statute and current funding;
- The Department’s anticipated spending pattern and funding balance if the General Assembly increases the program’s appropriation by \$4.0 million;
- The spending pattern staff anticipates if the General Assembly adds only \$2.0 million and modifies statute to eliminate or modify some of the current restrictions on the program. Note that the staff model looks at the unrestricted fund balance—amounts not already committed for scholarships—rather than the cash fund balance.



As reflected in these charts, staff believes that **with a statutory change and \$2.0 million increase, the program could maintain its current spending pattern through FY 2021-22. Alternatively, the General Assembly could provide the statutory change but no increase at this time. If it**

uses this approach, funding would need to be increased at least a year earlier to avoid cuts, and the increase needed would be larger.

① STAFF FINANCIAL AID/STUDENT COMPLETION PROPOSAL (BILL #14)

During budget briefings, staff included a recommendation that the Committee initiate legislation designed to encourage students to enter college immediately upon high school graduation, attend full time and follow “guided pathways” so that they complete in four years (and thus at far lower cost). **Staff is withdrawing this recommendation at this time, in light of lack of enthusiasm among stakeholders.**

Staff proposed a \$1,000 additional incentive grant for resident first-time freshmen with need to attend full-time and participate in other activities that will enable the student to complete within 100 percent time of the student’s degree plan. This would include 2 years for an associate’s degree, the specific time required for a technical certificate, or 4 years for a baccalaureate degree.

- To be eligible for this program:
 - A student would be required to attend full-time, defined as 30 credit hours during the academic year. A student may only take less than 15 credit hours per semester if his or her degree plan and college offerings will allow the student to complete 30 credit hours over the course of the year. Support for each new semester would be contingent on meeting program requirements for the prior semester.
 - The student would need to meet with a counselor, adopt a degree/certificate plan, and take courses consistent with that plan, including completing college English and math requirements in the student’s first year.
- An institution of higher education participating in this program would need to ensure that the necessary courses are available and students are informed of the college’s obligation.
- Staff anticipated that, with this additional incentive, the State might also be able to publicize that first-time resident freshmen with need could attend any state institution without paying tuition and fees. This seemed likely based on available data.

In hearing responses, the Department and institutions raised the following concerns:

- \$1,000 may not be sufficient to incentivize students to attend full time if they are attempting to support themselves, i.e., the incentive might simply provide additional funds to those students already able to attend full time.
- Institutions may not be ready to provide guided pathways for students, although many are working in this direction.
- In general, institutions prefer to manage financial aid options themselves, without state restrictions, and institutions were not enthusiastic about the idea that a portion of new financial aid funding might be targeted to a particular use.
 - Community colleges, that serve fewer first time full time freshmen, wish to focus their resources and energy on their part-time adult students, rather than the first-time freshman population.

- Some four-year institutions would prefer to make more resources available for middle-income students, who they feel they are losing due to cost, rather than targeting additional resources to Pell-eligible students.

Staff continues to believe that student financial incentives, combined with guided pathway requirements designed to help students complete in four years, could be effective in helping the State make progress on its completion problem. Colorado Mountain College has recently instituted a program of this type, and Fort Lewis College has also been very successful using a program of this type to encourage students to “finish in four”. CMC was unable to provide an analysis of the impact of its program prior figure setting, but staff may bring this issue back to the Committee, with some revisions, if the program appears to make a significant impact.

Staff has great respect for the capability of Colorado’s individual higher education institutions. All of the institutions attempt to recruit, retain, and complete students using a range of tools at their disposal. Nonetheless, staff continues to believe there is value in some *statewide* efforts that support practices to achieve statewide goals. Staff looks forward to continuing to work with the institutions, and the Department, on these critical issues.

→ R3 FORT LEWIS COLLEGE NATIVE AMERICAN TUITION WAIVER

REQUEST: As of November 1, 2017, FY 2017-18 enrollment declines at Fort Lewis College led the Department to request a reduction of \$373,209 in the Native American Tuition Waiver funding for FY 2018-19. Funding is made one year in arrears. Thus, the FY 2018-19 request is based on the FY 2017-18 estimate.

RECOMMENDATION: The staff recommendation for R3 is for an *increase* of \$76,665 General Fund, for a total \$17,024,859. The recommendation is based on an updated projection from Fort Lewis received in February 2018. This represents an increase of \$449,874 for Fort Lewis above the original request.

- Consistent with past practice, the staff recommendation is based on the projected current year (FY 2017-18) Native American Tuition Waiver cost. The lower staff figure is based on revised estimates of the FY 2017-18 Native American Tuition Waiver cost provided (as in prior years) in February.
- The state's obligation to waive tuition for Native Americans has been challenged and upheld in court. In 1971, Colorado passed legislation requiring Native American students at Fort Lewis who came from outside Colorado to pay tuition, while resident Native American students would be admitted free of charge. The federal government brought suit against the State, resulting in an injunction requiring that tuition be waived for all Native American students. The 1972 District Court ruling against the State was subsequently upheld by the federal Court of Appeals.
- About 94 percent of costs for the Native American Tuition Waiver are due to costs associated with non-resident students. For FY 2017-18 (used for the FY 2018-19 request), funding requested includes \$1,019,189 for resident students and \$16,181,072 for non-resident students. This reflects declining enrollment for both residents and nonresident students.

	FY 2016-17	FY 2017-18 EST.	CHANGE
Enrollment			
Resident Native American Student FTE	152	146	(6.0)
Nonresident Native American SFTE	<u>907</u>	<u>905</u>	<u>(2.0)</u>
Total	1,059	1,051	(8.0)
Tuition Waiver Cost*			
Resident Native American Student FTE	\$1,042,117	\$1,019,189	(\$22,928)
Nonresident Native American SFTE	<u>15,838,483</u>	<u>\$16,181,072</u>	\$342,589
Total	16,880,600	17,200,261	\$319,661
Per-student Est. Charge**			
Resident Native American Student FTE	\$6,856	\$6,981	\$125
Nonresident Native American SFTE	<u>\$17,462</u>	<u>\$17,880</u>	<u>\$417</u>
All Native American Students average per SFTE	\$15,940	\$16,366	\$425

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

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

- **The table below shows the long-term trend for the waiver.** As shown, after years of large increases, the waiver amount declined in FY 2017-18. The FY 2018-19 amount reflects a modest increase.

Fort Lewis Native American Tuition Waiver Appropriations/Recommendation								
	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19*
General Fund	\$11,785,002	\$12,773,557	\$14,466,230	\$14,841,981	\$16,157,618	\$17,364,248	\$16,948,194	\$17,024,859
Change over prior year	\$1,354,631	\$988,555	\$1,692,673	\$375,751	\$1,315,637	\$1,206,630	(\$416,054)	\$76,665
Percentage Increase	13.00%	8.40%	13.30%	2.60%	8.90%	7.50%	-2.40%	0.45%

*Recommend based on updated request

- The combination of the revised Fort Lewis waiver request and the staff recommendation for R1 (if approved) will drive a 2.8 percent increase in overall General Fund support for Fort Lewis. As shown below, Fort Lewis receives substantially more General Fund support related to the waiver program than from the College Opportunity Fund Program.

Fort Lewis Appropriation and Recommendation: General Fund Support			
	FY 2017-18	FY 2018-19	Change
Native American Waiver Approp/Staff Recommendation	\$16,948,194	\$17,024,859	\$76,665
Governing Board Approp/Request R1	11,784,938	12,521,493	\$736,555
Total General Fund	\$28,733,132	\$29,546,352	\$813,220

- Fort Lewis has proposed that it again be allowed to increase non-resident tuition, which has been held flat for multiple years. Staff has recommended this, as discussed under Request R2.
- Fort Lewis enrollment has declined significantly over the last ten years from 3,719 FTE in FY 2006-17 to 3,084 in estimate year FY 2017-18. During this same period, the number of nonresident Native American students has become a larger and larger share of its total student population, increasing from 14.8 percent in FY 2006-07 to 29.3 percent in estimate FY 2017-18. Once the waiver and other forms of financial aid are included, state General Fund support represents about two-thirds of overall revenue at Fort Lewis College--significantly more than at any other state institution.

LINE ITEM DETAIL – COLORADO COMMISSION ON HIGHER EDUCATION FINANCIAL AID

(A) NEED BASED GRANTS

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

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

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

The CCHE’s current formula for allocating need-based aid is based on the number of Pell-eligible individuals at each institution. It provides an increasing level of funding depending upon whether the student is a freshman, sophomore, junior, etc. The formula is designed to incentivize institutions in their efforts to retain students. *In FY 2016-17, the program served 58,073 students with an average award of \$2,137.*

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

REQUEST: The Department requests \$140,247,061 General Fund, including \$11,880,367 for R1.

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

COLORADO COMMISSION ON HIGHER EDUCATION FINANCIAL AID, NEED BASED GRANTS, NEED BASED GRANTS				
	TOTAL FUNDS	GENERAL FUND	REAPPROPRIATED FUNDS	FTE
FY 2017-18 APPROPRIATION				
S.B. 17-254 (Long Bill)	\$128,466,694	\$128,281,138	\$185,556	0.0
TOTAL	\$128,466,694	\$128,281,138	\$185,556	0.0
FY 2018-19 RECOMMENDED APPROPRIATION				
FY 2017-18 Appropriation	\$128,466,694	\$128,281,138	\$185,556	0.0
R1 Improving college affordability and outcomes	11,880,367	11,880,367	0	0.0
Indirect cost adjustment	0	(787,522)	787,522	0.0
TOTAL	\$140,347,061	\$139,373,983	\$973,078	0.0
INCREASE/(DECREASE)	\$11,880,367	\$11,092,845	\$787,522	0.0
Percentage Change	9.2%	8.6%	424.4%	0.0%
FY 2018-19 EXECUTIVE REQUEST	\$140,347,061	\$140,161,505	\$185,556	0.0
Request Above/(Below) Recommendation	\$0	\$787,522	(\$787,522)	0.0

(B) WORK STUDY

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

The Department has indicated in the past that students receiving work study have better achievement and retention rates than both students who don't work and students who find work on their own, speculating that work study creates a sense of investment, while the regulated hours and locations ensure that employment doesn't interfere with study. *In FY 2016-17, the program served 8,740 students with an average amount of \$2,550 per student.*

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

REQUEST: The Department requests \$21,413,178 for this line item, including \$1,980,850 for Request R1.

***RECOMMENDATION:* Staff recommends the Department's request \$23,413,178 General Fund, including an increase of \$1,980,850 pursuant to Request R1.**

FY 2017-18 APPROPRIATION			
S.B. 17-254 (Long Bill)	\$21,432,328	\$21,432,328	0.0
TOTAL	\$21,432,328	\$21,432,328	0.0
FY 2018-19 RECOMMENDED APPROPRIATION			
FY 2017-18 Appropriation	\$21,432,328	\$21,432,328	0.0
R1 Improving college affordability and outcomes	1,980,850	1,980,850	0.0
TOTAL	\$23,413,178	\$23,413,178	0.0

INCREASE/(DECREASE)	\$1,980,850	\$1,980,850	0.0
Percentage Change	9.2%	9.2%	0.0%
FY 2018-19 EXECUTIVE REQUEST	\$23,413,178	\$23,413,178	0.0
Request Above/(Below) Recommendation	\$0	\$0	0.0

(C) MERIT BASED GRANTS

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

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

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

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

(D) SPECIAL PURPOSE

VETERANS'/LAW ENFORCEMENT/POW TUITION ASSISTANCE

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

Qualified dependents are eligible to pursue an undergraduate education leading to a first baccalaureate degree or a certificate of completion. The educational benefits provided vary depending upon the type of school a student attends. Students attending a public in-state institution of higher education receive free tuition, and if the institution has on-campus living, the room and board (half of double-occupancy) is also included. Students attending private in-state institutions receive the average cost of undergraduate instruction calculated for student at a comparable public institution. Students attending an out-of-state institution receive tuition assistance only, up to the average cost of undergraduate tuition at a comparable Colorado state institution.

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

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

RECOMMENDATION: **Staff recommends the request for a continuation level of funding of \$672,000.** Expenditures for the last three years include \$575,034 in FY 2014-15, \$629,311 in FY 2015-

16, and \$635,507 in FY 2016-17. The line item is somewhat difficult to project due to the small number of students who receive the benefit. In recent years, the program has served from 45 to the current 60 students.

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

NATIONAL GUARD TUITION ASSISTANCE

This line item previously included \$800,000 General Fund for National Guard Tuition Assistance for transfer to the Department of Military and Veterans Affairs. Senate Bill S.B. 17-174 moved this \$800,000 General Fund appropriation to the Department of Military and Veterans Affairs, where the balance of funding for tuition assistance for members of the National Guard is located.

REQUEST/RECOMMENDATION: The Department does not request, and staff does not recommend, funding for this line item.

NATIVE AMERICAN STUDENTS/FORT LEWIS COLLEGE

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

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

REQUEST: The Department requests an appropriation of \$16,948,194 General Fund for this line item, including a reduction for request R3.

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

COLORADO COMMISSION ON HIGHER EDUCATION FINANCIAL AID, SPECIAL PURPOSE, NATIVE AMERICAN STUDENTS/FORT LEWIS COLLEGE			
	TOTAL FUNDS	GENERAL FUND	FTE
FY 2017-18 APPROPRIATION			
S.B. 17-254 (Long Bill)	\$16,948,194	\$16,948,194	0.0
TOTAL	\$16,948,194	\$16,948,194	0.0
FY 2018-19 RECOMMENDED APPROPRIATION			
FY 2017-18 Appropriation	\$16,948,194	\$16,948,194	0.0
R3 Fort Lewis Native American tuition waiver	76,665	76,665	0.0
TOTAL	\$17,024,859	\$17,024,859	0.0

COLORADO COMMISSION ON HIGHER EDUCATION FINANCIAL AID, SPECIAL PURPOSE, NATIVE AMERICAN STUDENTS/FORT LEWIS COLLEGE			
	TOTAL FUNDS	GENERAL FUND	FTE
INCREASE/(DECREASE)	\$76,665	\$76,665	0.0
Percentage Change	0.5%	0.5%	0.0%
FY 2018-19 EXECUTIVE REQUEST	\$16,574,985	\$16,574,985	0.0
Request Above/(Below) Recommendation	(\$449,874)	(\$449,874)	0.0

COLLEGE OPPORTUNITY SCHOLARSHIP INITIATIVE (COSI)

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

Statute provides:

- Up to 10 percent of moneys in the fund any fiscal year “may be awarded to state agencies and nonprofit organizations to assist such agencies and organizations with ensuring that student-success, precollegiate, postsecondary student support services are available to students who are classified as Colorado residents for tuition purposes; increasing the capacity for student support services at postsecondary institutions; and developing connections between local employers, public schools, precollegiate organizations, and postsecondary institutions...” Of this amount, at least 70 percent must be awarded to nonprofit organizations.
- Up to 3 percent of moneys in the fund in any fiscal year may be used for administrative costs.
- Moneys not used for the purposes above must be used to build a financial corpus capable of providing tuition assistance to eligible Colorado students attending eligible Colorado higher education institutions. Such assistance may include direct awards; matching incentives to create or increase other scholarships; loans, or any combination of these.
- To the extent practicable, tuition assistance must be awarded to students representing rural and urban areas and students attending all types of higher education institutions (vocational schools, community colleges, 4-year institutions, research institutions). Also, to the extent practicable, tuition assistance must be evenly distributed between students eligible for federal Pell grants and students with household incomes between 100 percent and 250 percent of Pell income eligibility.

The bill created an advisory board comprised of the executive committee of the State Workforce Development Council, and three Governor appointees to represent research institutions, four-year

postsecondary institutions and community colleges and area vocational schools. It requires this board to establish:

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

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

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

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

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

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

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

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

The program is successfully collaborating with various entities—the Foundation for Colorado Community Colleges, Northwest Community College on Behalf of Moffat and Rio Blanco Counties, the Pueblo Community College Foundation, Metropolitan State University of Denver and the Denver

Scholarship Foundation—to raise the matching scholarship funds and disburse funds to qualifying recipients.

Budget and Long-term Forecast for COSI

In response to staff questions in 2017, the Department provided the following revenue and expenditure chart for the program. Note that the “remaining” amount is expected to continue to decline and that this “remaining” amount includes matching scholarship amounts that take multiple years to fully expend. Based on the program’s current schedule of \$7 million per year in matching scholarship amounts and \$3.0 to \$3.5 million in annual community partner grants—versus \$5.0 million per year in annual General Fund appropriations—staff previously forecast that the program might need to suspend operations after FY 2019-20. Instead, it has submitted a request to increase its appropriation to \$9.0 million General Fund starting in FY 2018-19.

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

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

- Note: Revenues and expenditures through 2/16/2017
 An additional stream of \$5,000,000 was designated in FY15-16 and FY16-17
 <1> from the General Fund. FY17-18 and FY18-19 assumes continued annual funding of \$5 million
 <2> Total salaries expended (FY14-15, FY15-16), and total budgeted (FY16-17, FY17-18, FY18-19)
 <3> Grant money distributed to grantees to-date
 <4> Total program budget expended (FY14-15, FY15-16), and total budgeted (FY16-17, FY17-18, FY18-19)
 <6> Remaining disbursements based on current grant contracts for Community Partner Program Grants (awarded in 2014 and 2016 cycles) and Matching Student Scholarship Grants (awarded in FY15-16 cycle)
 <7> Estimated disbursements based on grants expected to be awarded in FY16-17, FY17-18, FY18-19
 <8> Total of all grant expenses - spent, encumbered and anticipated (<3>, <6>, and <7>)
 <9> Remaining includes encumbered and anticipated expenses as an expenditure in the applicable fiscal year

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

REQUEST: The Department requests an increase of \$4,000,000 General Fund for Request R6 for a total appropriation of \$9,000,000 General Fund for this line item.

RECOMMENDATION: Staff recommends \$7,000,000, as shown in the table below.

COLORADO COMMISSION ON HIGHER EDUCATION FINANCIAL AID, SPECIAL PURPOSE, COLORADO OPPORTUNITY SCHOLARSHIP INITIATIVE FUND			
	TOTAL FUNDS	GENERAL FUND	FTE
FY 2017-18 APPROPRIATION			
S.B. 17-254 (Long Bill)	\$5,000,000	\$5,000,000	0.0
TOTAL	\$5,000,000	\$5,000,000	0.0
FY 2018-19 RECOMMENDED APPROPRIATION			
FY 2017-18 Appropriation	\$5,000,000	\$5,000,000	0.0
R6 Colorado Opportunity Scholarship Initiative	2,000,000	2,000,000	0.0
TOTAL	\$7,000,000	\$7,000,000	0.0
INCREASE/(DECREASE)	\$2,000,000	\$2,000,000	0.0
Percentage Change	40.0%	40.0%	0.0%
FY 2018-19 EXECUTIVE REQUEST			
Request Above/(Below) Recommendation	\$2,000,000	\$2,000,000	0.0

TUITION ASSISTANCE FOR CAREER AND TECHNICAL EDUCATION CERTIFICATE PROGRAMS

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

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

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

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

(4) COLLEGE OPPORTUNITY FUND PROGRAM

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

STIPENDS

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

FEE-FOR-SERVICE CONTRACTS

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

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

GENERAL PROVISIONS

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

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

COLLEGE OPPORTUNITY FUND PROGRAM			
	TOTAL FUNDS	GENERAL FUND	FTE
FY 2017-18 Appropriation			
S.B. 17-254 (Long Bill)	\$665,321,510	\$665,321,510	0.0
TOTAL	\$665,321,510	\$665,321,510	0.0
FY 2018-19 RECOMMENDED APPROPRIATION			
FY 2017-18 Appropriation	\$665,321,510	\$665,321,510	0.0
R1 Improving college affordability and outcomes	59,510,423	59,510,423	0.0
COF private stipend enrollment	(160,857)	(160,857)	0.0
Other	0	0	0.0
TOTAL	\$724,671,076	\$724,671,076	0.0
INCREASE/(DECREASE)	\$59,349,566	\$59,349,566	0.0

COLLEGE OPPORTUNITY FUND PROGRAM			
	TOTAL FUNDS	GENERAL FUND	FTE
Percentage Change	8.9%	8.9%	0.0%
FY 2018-19 EXECUTIVE REQUEST	\$722,292,160	\$722,292,160	0.0
Request Above/(Below) Recommendation	(\$2,378,916)	(\$2,378,916)	0.0

DECISION ITEMS – COLLEGE OPPORTUNITY FUND PROGRAM

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

➔ REDUCE PRIVATE COF STIPEND BASED ON ENROLLMENT

Staff recommends \$1,447,941 General Fund, which is based on an estimate of 1,163.0 FTE using the program (average of FY 2015-16 enrollment of 1,228.3 and FY 2016-17 enrollment of 1,097.7 FTE) x \$1,245 (50 percent of the student stipend recommended for students attending public institutions).

PRIVATE COF STIPEND	FTE
FY 16 enrollment	1,228.3
FY 17 enrollment	1,097.7
FY 2019 estimate: average FTE FY 2016 and FY 2017	1,163.0
Per student rate	\$1,245
Total FY 2018-19 Recommendation	\$1,447,941
<i>Change from FY 2017-18 Appropriation</i>	
FY 2017-18 Appropriation	\$1,481,865
Rate change on prior year FTE (in Request R1)	126,933
Adjustment for enrollment	(160,857)
Net FY 2018-19 Adjustment	(\$33,924)

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

→ FOOTNOTE, RFI, AND APPROPRIATION IN HCPF RELATED TO SCHOOL OF MEDICINE UPL

Staff recommends that the Committee authorize the analyst for the Department of Health Care Policy and Financing to adjust appropriations in HCPF consistent with Committee decisions in the Department of Higher Education for fee-for-service payments for specialty education programs. Associated with this, staff recommends updates to an existing footnote and a new RFI.

Background

- In FY 2017-18, the JBC approved new footnotes in HCPF and Higher Education and an appropriation in HCPF that enables the vast majority of the appropriation for specialty education programs at the University of Colorado, (almost all funding for educational services at the University of Colorado Health Sciences Center) to be transferred to the Department of Health Care Policy and Financing.
- These funds are used to enhance Medicaid medical payments to physicians who are faculty at the School of Medicine and who provide clinical care at University of Colorado Hospital and Children’s Hospital. The state funds transferred to HCPF are then matched by federal funds as part of enhanced physician reimbursements under the Upper Payment Limit (UPL).
- School of Medicine educational programs are “held harmless” because educational programs are reimbursed by University Physicians Inc., a component unit of the University of Colorado responsible for physician billing, before any real increase in payments to physicians.
- As a result of this arrangement, access and services for Medicaid-eligible clients at University Hospital and Children’s Hospital are enhanced, the Commission on Family Medicine Residency Training Program is increased, and staff are added at the Department of Health Care Policy and Financing to manage the program and related accounting.
- The Centers for Medicare and Medicaid Services approved the Upper Payment Limit arrangement during 2017, and HCPF and CU entered into a formal agreement this year to implement this program and identify and measure resulting benefits.

FY 2018-19

- HCPF did not request any adjustment to related appropriations for FY 2018-19, even though the Department of Higher Education has requested a large General Fund increase that would increase the size of the higher education appropriation that could be transferred to HCPF.
- Staff understands from CU that it is requesting that the footnote adopted in FY 2017-18 be modified to increase the amount of funds that may be transferred to HCPF.
- Staff also understands that the agreement between CU and HCPF is supposed to result in a wide variety of measurable benefits. Staff anticipates that the available benefits will increase, if the total funds transferred are also increased.

Modifications to Existing Footnote

Staff recommends the following modifications to the existing footnote and requests permission to insert correct amounts, based on the JBC's final appropriations for fee-for-service contracts for specialty education programs.

- 20 Department of Health Care Policy and Financing, Grand Totals; Department of Higher Education, College Opportunity Fund Program, Fee-for-service Contracts with State Institutions, Fee-for-service Contracts with State Institutions for Specialty Education Programs and Governing Boards, Regents of the University of Colorado -- The Department of Higher Education shall transfer [amount pending] to the Department of Health Care Policy and Financing for administrative costs and family medicine residency placements associated with care provided by the faculty of the health sciences center campus at the University of Colorado that are eligible for payment pursuant to Section 25.5-4-401, C.R.S. ~~It is the General Assembly's assumption that the Department of Health Care Policy and Financing is seeking permission from the~~ IF THE federal Centers for Medicare and Medicaid SERVICES CONTINUE TO ALLOW THE DEPARTMENT OF HEALTH CARE POLICY AND FINANCING to make supplemental payments to the University of Colorado School of Medicine. ~~If permission is granted,~~ MEDICINE, the Department of Higher Education shall transfer the amount approved, up to ~~\$61,521,432~~ [amount pending], to the Department of Health Care Policy and Financing in ~~FY 2017-18~~ FY 2018-19 pursuant to Section 23-18-304(1)(c), C.R.S. If permission is ~~not granted,~~ DISCONTINUED, or is granted for a lesser amount, any portion of the ~~\$61,521,432~~ [amount pending] that is not transferred to the Department of Health Care Policy and Financing shall be transferred to the Regents of the University of Colorado.

Recommended New Request for Information

- C Department of Health Care Policy and Financing, Executive Director's Office and Department of Higher Education, Governing Boards, Regents of the University of Colorado -- Based on agreements between the University of Colorado and the Department of Health Care Policy and Financing regarding the use of Anschutz Medical Campus Funds as the State contribution to the Upper Payment Limit, the General Assembly anticipates various public benefits. The General Assembly further anticipates that any increases to funding available for this program will lead to commensurate increases in public benefits. The University of Colorado and the Department of Health Care Policy and Financing are requested to submit a report to the Joint Budget Committee about the program and these benefits by October 1, 2018.

① LONG BILL SUPPLEMENTAL TO ADJUST COF STIPEND AMOUNTS NOT REQUIRED

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

As part of the changes included in H.B. 14-1319, the Department was given authority to transfer up to 10 percent of the total appropriation to a governing board at year end between stipend and fee-for-service contract amounts. **In light of this transfer authority and in light of current estimates of the FY 2017-18 stipend enrollment from both Legislative Council Staff and the governing boards, staff is not recommending a true-up this year. Staff expects to apply a true up only when it appears that the variance might exceed the Department of Higher Education's authority to transfer up to 10.0 percent of a governing board's appropriation at the end of the year between the COF stipend and fee-for-service appropriations.**

TEST NEED FOR COF STIPEND ADJUSTMENT						
	COF Stipend FTE in FY 2017-18 Long Bill	LCS Feb 2018 Stipend Forecast FY 2017-18	LCS Stipend Forecast above/(below) LB	Total FY 2017-18 governing board approp	Potential increase/(reduce) from Long Bill based on updated forecast	Potential adjustments as % appropriation
Adams	1,224.7	1,048.3	(176.4)	\$14,259,963	(\$407,417)	-2.9%
CMU	6,340.3	6,430.4	90.1	25,951,161	208,131	0.8%
Metro	13,825.6	13,669.8	(155.8)	51,626,603	(359,810)	-0.7%
Western	1,340.3	1,256.0	(84.3)	11,821,897	(194,842)	-1.6%
CSU System	19,083.2	18,983.9	(99.3)	139,285,526	(229,439)	-0.2%
Fort Lewis	1,700.8	1,403.6	(297.2)	11,784,939	(686,603)	-5.8%
CU System	28,080.5	29,169.3	1,088.8	194,318,227	2,515,183	1.3%
CSM	2,736.6	2,745.0	8.4	21,484,706	19,474	0.1%
UNC	6,700.1	6,564.5	(135.6)	39,597,408	(313,262)	-0.8%
CCCS	45,054.4	44,664.2	(390.2)	153,709,215	(901,384)	-0.6%
Total	126,086.5	125,935.0	-151.5	\$663,839,645	(\$5,991,613)	-0.9%

(A) STIPENDS

STIPENDS FOR ELIGIBLE FULL-TIME EQUIVALENT STUDENTS ATTENDING STATE INSTITUTIONS

COF stipend payments are made on behalf of eligible students to each of the governing boards. The FY 2017-18 rate is \$77 per credit hour or \$2,310 per student FTE.

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

REQUEST: The Department request is for \$314,246,227 for this line item, based on funding for 126,203.4 eligible student FTE at an average rate of \$83 per credit hour (\$2,490 per student FTE, based on 30 credit hours). This includes an increase from \$77 to \$83 per credit hour pursuant to request R1. The student FTE figure is based on FY 2016-17 actual eligibility for the COF stipend.

RECOMMENDATION: Staff recommends the request for this line item. Although the overall staff recommendation for R1 varies from the request, this does not affect the amount for student stipends.

COLLEGE OPPORTUNITY FUND PROGRAM, STIPENDS, STIPENDS FOR ELIGIBLE FULL-TIME EQUIVALENT STUDENTS ATTENDING STATE INSTITUTIONS			
	TOTAL FUNDS	GENERAL FUND	FTE
FY 2017-18 APPROPRIATION			
S.B. 17-254 (Long Bill)	\$291,259,844	\$291,259,844	0.0
TOTAL	\$291,259,844	\$291,259,844	0.0
FY 2018-19 RECOMMENDED APPROPRIATION			
FY 2017-18 Appropriation	\$291,259,844	\$291,259,844	0.0
R1 Improving college affordability and outcomes	22,986,383	22,986,383	0.0
TOTAL	\$314,246,227	\$314,246,227	0.0
INCREASE/(DECREASE)	\$22,986,383	\$22,986,383	0.0
Percentage Change	7.9%	7.9%	0.0%
FY 2018-19 EXECUTIVE REQUEST	\$314,246,227	\$314,246,227	0.0
Request Above/(Below) Recommendation	\$0	\$0	0.0

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

COF STIPEND ADJUSTMENT			
	COF STIPEND FTE IN FY 2017-18 LONG BILL (FY 2015-16 ACTUAL)	COF STIPEND FTE RECOMMENDED FY 2018-19 LONG BILL (FY 2016-17 ACTUAL)	CHANGE FY 2017-18 TO FY 2018-19
Adams	1,224.7	1,124.8	(99.9)
CMU	6,340.3	6,349.8	9.5
Metro	13,825.6	13,710.5	(115.1)
Western	1,340.3	1,333.3	(7.0)
CSU System	19,083.2	19,233.9	150.7
Fort Lewis	1,700.8	1,512.5	(188.3)
CU System	28,080.5	28,738.2	657.7
CSM	2,736.6	2,637.0	(99.6)
UNC	6,700.1	6,584.3	(115.8)
CCCS	45,054.4	44,979.1	(75.3)
Total	126,086.5	126,203.4	116.9

STIPENDS FOR STUDENTS ATTENDING PARTICIPATING PRIVATE INSTITUTIONS

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

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

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

RECOMMENDATION: **Staff recommends \$1,447,941 General Fund**, which is based on an estimate of 1,163.0 FTE using the program (average of FY 2015-16 enrollment of 1,228.3 and FY 2016-17 enrollment of 1,097.7 FTE) x \$1,245 (50 percent of the student stipend recommended for students attending public institutions).

COLLEGE OPPORTUNITY FUND PROGRAM, STIPENDS, STIPENDS FOR ELIGIBLE FULL-TIME EQUIVALENT STUDENTS ATTENDING PARTICIPATING PRIVATE INSTITUTIONS			
	TOTAL FUNDS	GENERAL FUND	FTE
FY 2017-18 APPROPRIATION			
S.B. 17-254 (Long Bill)	\$1,481,865	\$1,481,865	0.0
TOTAL	\$1,481,865	\$1,481,865	0.0
FY 2018-19 RECOMMENDED APPROPRIATION			
FY 2017-18 Appropriation	\$1,481,865	\$1,481,865	0.0
R1 Improving college affordability and outcomes	126,933	126,933	0.0
COF private stipend enrollment	(160,857)	(160,857)	0.0
TOTAL	\$1,447,941	\$1,447,941	0.0
INCREASE/(DECREASE)	(\$33,924)	(\$33,924)	0.0
Percentage Change	(2.3%)	(2.3%)	0.0%
FY 2018-19 EXECUTIVE REQUEST	\$1,608,798	\$1,608,798	0.0
Request Above/(Below) Recommendation	\$160,857	\$160,857	0.0

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

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

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

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

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

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

REQUEST: The Department requests \$275,675,654 for this line item, including an increase pursuant to request R1.

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

COLLEGE OPPORTUNITY FUND PROGRAM, FEE-FOR-SERVICE CONTRACTS WITH STATE INSTITUTIONS, FEE-FOR-SERVICE CONTRACTS WITH STATE INSTITUTIONS PURSUANT TO SECTION 23-18-303, C.R.S.			
	TOTAL FUNDS	GENERAL FUND	FTE
FY 2017-18 APPROPRIATION			
S.B. 17-254 (Long Bill)	\$252,068,162	\$252,068,162	0.0
TOTAL	\$252,068,162	\$252,068,162	0.0
FY 2018-19 RECOMMENDED APPROPRIATION			
FY 2017-18 Appropriation	\$252,068,162	\$252,068,162	0.0
R1 Improving college affordability and outcomes	25,641,473	25,641,473	0.0
TOTAL	\$277,709,635	\$277,709,635	0.0
INCREASE/(DECREASE)	\$25,641,473	\$25,641,473	0.0
Percentage Change	10.2%	10.2%	0.0%
FY 2018-19 EXECUTIVE REQUEST	\$275,675,654	\$275,675,654	0.0
Request Above/(Below) Recommendation	(\$2,033,981)	(\$2,033,981)	0.0

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

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

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

REQUEST: The Department requests \$130,424,521 General Fund for this line item, including request R1.

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

COLLEGE OPPORTUNITY FUND PROGRAM, FEE-FOR-SERVICE CONTRACTS WITH STATE INSTITUTIONS, FEE-FOR-SERVICE CONTRACTS WITH STATE INSTITUTIONS FOR SPECIALTY EDUCATION PROGRAMS			
	TOTAL FUNDS	GENERAL FUND	FTE
FY 2017-18 APPROPRIATION			
S.B. 17-254 (Long Bill)	\$120,174,679	\$120,174,679	0.0
TOTAL	\$120,174,679	\$120,174,679	0.0
FY 2018-19 RECOMMENDED APPROPRIATION			
FY 2017-18 Appropriation	\$120,174,679	\$120,174,679	0.0
R1 Improving college affordability and outcomes	10,755,634	10,755,634	0.0
Other	0	0	0.0
TOTAL	\$130,930,313	\$130,930,313	0.0
INCREASE/(DECREASE)	\$10,755,634	\$10,755,634	0.0
Percentage Change	9.0%	9.0%	0.0%
FY 2018-19 EXECUTIVE REQUEST	\$130,424,521	\$130,424,521	0.0
Request Above/(Below) Recommendation	(\$505,792)	(\$505,792)	0.0

LIMITED PURPOSE FEE-FOR-SERVICE CONTRACTS

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

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

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

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

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

(5) GOVERNING BOARDS

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

GOVERNING BOARDS					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FTE
FY 2017-18 Appropriation					
S.B. 17-254 (Long Bill)	\$3,197,875,043	\$0	\$2,534,035,398	\$663,839,645	24,631.9
Other legislation	1,500,000	0	1,500,000	0	0.0
Long Bill supplemental	(8,218,074)	0	(8,218,074)	0	0.0
TOTAL	\$3,191,156,969	\$0	\$2,527,317,324	\$663,839,645	24,631.9
FY 2018-19 RECOMMENDED APPROPRIATION					
FY 2017-18 Appropriation	\$3,191,156,969	\$0	\$2,527,317,324	\$663,839,645	24,631.9
R1 Improving college affordability and outcomes	59,383,489	0	0	59,383,489	0.0
R2 Tuition spending authority	91,226,222	0	91,226,222	0	0.0
Student fee adjustment	10,694,438	0	10,694,438	0	0.0
Higher Ed limited gaming revenue	591,980	0	591,980	0	0.0
Governing board FTE adjustment	0	0	0	0	1,080.4
Annualize prior year legislation	(1,000,000)	0	(1,000,000)	0	0.0
Tobacco Master Settlement revenue adjustment	(765,812)	0	(765,812)	0	0.0
TOTAL	\$3,351,287,286	\$0	\$2,628,064,152	\$723,223,134	25,712.3
INCREASE/(DECREASE)	\$160,130,317	\$0	\$100,746,828	\$59,383,489	1,080.4
Percentage Change	5.0%	0.0%	4.0%	8.9%	4.4%
FY 2018-19 EXECUTIVE REQUEST					
Request Above/(Below) Recommendation	(\$10,535,429)		(\$7,995,657)	(\$2,539,772)	(1,080.4)

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

DECISION ITEMS – GOVERNING BOARDS**FY 2017-18 DECISION ITEMS**

The Department did not submit a request for mid-year adjustments to stipends, fee-for-service contracts, or tuition or fee revenue. Pursuant to Section 23-18-202 (2) (a) (I), C.R.S., the Department is required to annually estimate the number of undergraduate full-time equivalent students eligible for COF stipends and report the numbers by February 15 to the Governor and the Joint Budget Committee. Further, the Department provided estimates of tuition, fee, and COF revenue in February 2018, consistent with the provisions outlined in an annual request for information.

Staff does not recommend adjusting the estimates of COF stipend eligible students for FY 2017-18. While there are differences between earlier projections (based on FY 2015-16 actuals) and current estimates (based on FY 2017-18 data to-date), staff believes the adjustments can be managed within the Department's authority to transfer, at the end of the year, up to 10 percent of the total appropriation for a governing board between fee-for-service and stipend amounts pursuant to Section 23-18-202, C.R.S.

→ FY 2017-18 TUITION ADJUSTMENT

Staff recommends updating tuition amounts for FY 2017-18 to match new projections from the higher education governing boards. FY 2017-18 amounts are appropriated. The Boards all complied with FY 2017-18 footnote assumptions. Legislative Council Staff also prepared a forecast that aligns closely to institutional estimates. The Legislative Council Staff forecast is attached to this packet.

FY 2017-18 Revised Tuition Revenue Estimate			
	FY 2017-18 Long Bill	FY 2017-18 revised forecast	Change
Adams State University	\$21,112,450	\$18,998,341	(\$2,114,109)
Colorado Mesa University	70,269,916	68,064,063	(2,205,853)
Metropolitan State University	114,062,321	111,744,494	(2,317,827)
Western State Colorado University	19,010,662	18,593,748	(416,914)
Colorado State University System	457,885,794	455,645,797	(2,239,997)
Ft. Lewis College	40,074,459	37,325,537	(2,748,922)
University of Colorado System	993,385,672	1,024,985,555	31,599,883
Colorado School of Mines	135,993,878	140,795,698	4,801,820
University of Northern Colorado	99,491,476	93,424,634	(6,066,842)
Community College System	280,649,098	273,781,559	(6,867,539)
Total	\$2,231,935,726	\$2,243,359,426	\$11,423,699

→ FY 2017-18 FEE ADJUSTMENT

Beginning in FY 2017-18, fee amounts reflect mandatory fees charged to all students. These amounts are not appropriated and are shown for informational purposes. However, staff recommends adjusting them for comparison with FY 2018-19 recommended figures.

FY 2017-18 Revised Fee Revenue Estimate			
	FY 2017-18 Long Bill	FY 2017-18 revised forecast	Change
Adams State University	\$6,247,500	\$5,921,735	(\$325,765)
Colorado Mesa University	5,525,694	5,502,239	(23,455)
Metropolitan State University	17,535,770	17,104,433	(431,337)
Western State Colorado University	5,655,581	5,502,602	(152,979)

Colorado State University System	76,344,737	75,522,363	(822,374)
Ft. Lewis College	5,741,921	5,781,921	40,000
University of Colorado System	97,468,984	90,846,762	(6,622,222)
Colorado School of Mines	13,336,810	13,839,958	503,148
University of Northern Colorado	20,316,749	19,089,131	(1,227,618)
Community College System*	29,748,583	18,995,759	(10,752,824)
Total	\$277,922,329	\$258,106,903	(\$19,815,426)

*Incorporates a reassessment of which fees are “mandatory”.

FY 2018-19 DECISION ITEMS

The Department’s request included R1 Operating Request for Public Colleges and R2 Tuition Spending Authority Increase for FY 2018-19. The Department did not submit a request for FY 2017-18 tuition adjustments. Both R1 and R2 are discussed at the beginning of this packet.

As discussed at the beginning of this packet, pursuant to R2, staff has recommended appropriations and footnotes for each higher education governing board for FY 2018-19, consistent with statute. Only amounts for the Colorado School of Mines are shown solely for informational purposes. Staff anticipates that, consistent with past practice, these amounts will be updated in 2019 based on updated estimates.

→ PROJECTED FEE REVENUE - MANDATORY FEES

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

FY 2018-19 Fee Revenue Estimate - Mandatory Fees				
	FY 2017-18 Adjusted Estimate	FY 2018-19 Estimate	Change	% Change
Adams State University	\$5,921,735	\$5,921,735	\$0	0.0%
Colorado Mesa University	5,502,239	5,557,261	55,022	1.0%
Metropolitan State University	17,104,433	19,592,820	2,488,387	14.5%
Western State Colorado University	5,502,602	6,033,106	530,504	9.6%
Colorado State University System	75,522,363	77,376,685	1,854,322	2.5%
Ft. Lewis College	5,781,921	5,578,254	(203,667)	-3.5%
University of Colorado System	90,846,762	92,192,437	1,345,675	1.5%

FY 2018-19 Fee Revenue Estimate - Mandatory Fees				
	FY 2017-18 Adjusted Estimate	FY 2018-19 Estimate	Change	% Change
Colorado School of Mines	13,839,958	15,053,276	1,213,318	8.8%
University of Northern Colorado	19,089,131	20,768,704	1,679,573	8.8%
Community College System	18,995,759	20,727,064	1,731,304	9.1%
Total	\$258,106,903	\$268,801,342	\$10,694,439	4.1%

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

→ AMENDMENT 50 GAMING REVENUE ADJUSTMENT

Staff recommends modifying estimated distributions of limited gaming funds reflected in the Long Bill to align with the FY 2016-17 actual distributions, including amounts allocated to the Local District Colleges). These amounts are shown for informational purposes only and are provided pursuant to Amendment 50 (passed in 2008 to modify limits on bets, hours, and games in Central City, Black Hawk, and Cripple Creek).

AMENDMENT 50 LIMITED GAMING			
	FY 2015-16 ACTUAL	FY 2016-17 ACTUAL	INCREASE TO REFLECT IN FY 2018-19 LONG BILL
<u>State Institutions</u>			
State Community College System	\$8,255,091	\$8,843,987	\$588,896
Adams State University	24,487	26,169	\$1,682
Colorado Mesa University	431,952	433,354	\$1,402
<u>Local District Colleges</u>			
Aims Community College	569,080	633,284	\$64,204
Colorado Mountain College	514,229	530,702	\$16,473
Total	\$9,794,839	\$10,467,496	\$672,657

→ FULL-TIME EQUIVALENT (FTE) ADJUSTMENT

Staff recommends an adjustment to employee FTE shown in the Long Bill for informational purposes. Consistent with past practice, the recommendation reflects FY 2017-18 estimated FTE in the budget data books submitted by the Department.

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

	EMPLOYEE FTE		Recommended	
	FY 2017-18 (FY 2016-17 Data Books Estimates)	FY 2018-19 (FY 2017-18 Data Books Estimates)	Change	Percent
Adams State University	339.5	328.6	(10.9)	-3.2%
Colorado Mesa University	728.3	770.2	41.9	5.8%
Metropolitan State University	1,392.8	1,433.5	40.7	2.9%
Western State Colorado University	250.2	265.0	14.8	5.9%
Colorado State University System*	5,115.2	4,861.3	(253.9)	-5.0%
Ft. Lewis College	441.4	462.3	20.9	4.7%
University of Colorado System**	8,255.5	9,171.4	915.9	11.1%
Colorado School of Mines	952.4	1,008.4	56.0	5.9%
University of Northern Colorado	1,308.0	1,360.7	52.7	4.0%
Community College System	5,848.6	6,050.9	202.3	3.5%
Auraria Higher Education Center	190.2	188.1	(2.1)	-1.1%
TOTAL	24,822.1	25,900.4	1,078.3	4.3%

*CSU has used a different method for calculating FTE in FY 2018-19. Using this method, figures in the FY 2017-18 Long Bill were overstated.

**CU reports that the FY 2016-17 estimate used for the FY 2017-18 appropriation included a technical error and should have been reported as 8,822 FTE. As a result, the FY 2018-19 increase appears larger than it would have had the base number been correct.

→ TOBACCO SETTLEMENT REVENUE ADJUSTMENT

Staff recommends reflecting funding from Tobacco Settlement revenue for the University of Colorado, based on current tobacco settlement revenue estimates and allocation formulas and the additional revenue anticipated to be available. The Department did not request this change, but it reflects the statutory allocation of money from the tobacco master settlement agreement, the projected tobacco revenues, and the JBC's action during figure setting for the tobacco-funded programs. Of the total FY 2017-18 actual allocation, \$1,522,337 is designated for cancer research pursuant to new provisions added in H.B. 16-1408 (Cash Fund Allocations for Health-related Programs), and \$1,680,000 of the total FY 2018-19 actual allocation is for this purpose.

Tobacco Health Education Fund	
FY 2017-18 appropriation	\$15,465,812
FY 2018-19 Estimate	<u>14,700,000</u>

Tobacco Health Education Fund	
FY 2018-19 Appropriation Increase	(\$765,812)

LINE ITEM DETAIL – GOVERNING BOARDS

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

GOVERNING BOARDS, TRUSTEES OF ADAMS STATE UNIVERSITY, TRUSTEES OF ADAMS STATE COLLEGE					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FTE
FY 2017-18 APPROPRIATION					
S.B. 17-254 (Long Bill)	\$41,644,400	\$0	\$27,384,437	\$14,259,963	339.5
Long Bill supplemental	(2,266,222)	0	(2,266,222)	0	0.0
TOTAL	\$39,378,178	\$0	\$25,118,215	\$14,259,963	339.5
FY 2018-19 RECOMMENDED APPROPRIATION					
FY 2017-18 Appropriation	\$39,378,178	\$0	\$25,118,215	\$14,259,963	339.5
R1 Improving college affordability and outcomes	1,034,260	0	0	1,034,260	0.0
R2 Tuition spending authority	323,007	0	323,007	0	0.0
Higher Ed limited gaming revenue	1,682	0	1,682	0	0.0
Student fee adjustment	0	0	0	0	0.0
Governing board FTE adjustment	0	0	0	0	(10.9)
TOTAL	\$40,737,127	\$0	\$25,442,904	\$15,294,223	328.6
INCREASE/(DECREASE)	\$1,358,949	\$0	\$324,689	\$1,034,260	(10.9)
Percentage Change	3.5%	0.0%	1.3%	7.3%	(3.2%)
FY 2018-19 EXECUTIVE REQUEST					
Request Above/(Below) Recommendation	\$2,224,874	\$0	\$2,743,930	(\$519,056)	10.9

GOVERNING BOARDS, TRUSTEES OF COLORADO MESA UNIVERSITY, TRUSTEES OF COLORADO MESA UNIVERSITY					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FTE
FY 2017-18 APPROPRIATION					
S.B. 17-254 (Long Bill)	\$102,178,724	\$0	\$76,227,563	\$25,951,161	728.3
Long Bill supplemental	(2,229,308)	0	(2,229,308)	0	0.0
TOTAL	\$99,949,416	\$0	\$73,998,255	\$25,951,161	728.3
FY 2018-19 RECOMMENDED APPROPRIATION					
FY 2017-18 Appropriation	\$99,949,416	\$0	\$73,998,255	\$25,951,161	728.3
R2 Tuition spending authority	3,026,760	0	3,026,760	0	0.0
R1 Improving college affordability and outcomes	2,481,591	0	0	2,481,591	0.0
Student fee adjustment	55,022	0	55,022	0	0.0
Higher Ed limited gaming revenue	1,402	0	1,402	0	0.0
Governing board FTE adjustment	0	0	0	0	41.9
TOTAL	\$105,514,191	\$0	\$77,081,439	\$28,432,752	770.2

GOVERNING BOARDS, TRUSTEES OF COLORADO MESA UNIVERSITY, TRUSTEES OF COLORADO MESA UNIVERSITY					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FTE
INCREASE/(DECREASE)	\$5,564,775	\$0	\$3,083,184	\$2,481,591	41.9
Percentage Change	5.6%	0.0%	4.2%	9.6%	5.8%
FY 2018-19 EXECUTIVE REQUEST	\$107,044,487	\$0	\$78,616,740	\$28,427,747	728.3
Request Above/(Below) Recommendation	\$1,530,296		\$1,535,301	(\$5,005)	(41.9)

GOVERNING BOARDS, TRUSTEES OF METROPOLITAN STATE COLLEGE OF DENVER, TRUSTEES OF METROPOLITAN STATE COLLEGE OF DENVER					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FTE
FY 2017-18 APPROPRIATION					
S.B. 17-254 (Long Bill)	\$183,224,694	\$0	\$131,598,091	\$51,626,603	1,392.8
Long Bill supplemental	(2,749,164)	0	(2,749,164)	0	0.0
TOTAL	\$180,475,530	\$0	\$128,848,927	\$51,626,603	1,392.8
FY 2018-19 RECOMMENDED APPROPRIATION					
FY 2017-18 Appropriation	\$180,475,530	\$0	\$128,848,927	\$51,626,603	1,392.8
R1 Improving college affordability and outcomes	4,858,726	0	0	4,858,726	0.0
Student fee adjustment	2,488,387	0	2,488,387	0	0.0
R2 Tuition spending authority	2,204,537	0	2,204,537	0	0.0
Governing board FTE adjustment	0	0	0	0	40.7
TOTAL	\$190,027,180	\$0	\$133,541,851	\$56,485,329	1,433.5
INCREASE/(DECREASE)	\$9,551,650	\$0	\$4,692,924	\$4,858,726	40.7
Percentage Change	5.3%	0.0%	3.6%	9.4%	2.9%
FY 2018-19 EXECUTIVE REQUEST	\$191,734,049	\$0	\$135,234,609	\$56,499,440	1,392.8
Request Above/(Below) Recommendation	\$1,706,869		\$1,692,758	\$14,111	(40.7)

GOVERNING BOARDS, TRUSTEES OF WESTERN STATE COLLEGE, TRUSTEES OF WESTERN STATE COLLEGE					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FTE
FY 2017-18 APPROPRIATION					
S.B. 17-254 (Long Bill)	\$36,488,140	\$0	\$24,666,243	\$11,821,897	250.2
Long Bill supplemental	(569,893)	0	(569,893)	0	0.0
TOTAL	\$35,918,247	\$0	\$24,096,350	\$11,821,897	250.2
FY 2018-19 RECOMMENDED APPROPRIATION					
FY 2017-18 Appropriation	\$35,918,247	\$0	\$24,096,350	\$11,821,897	250.2
R1 Improving college affordability and outcomes	1,479,813	0	0	1,479,813	0.0
Student fee adjustment	530,504	0	530,504	0	0.0
R2 Tuition spending authority	501,610	0	501,610	0	0.0
Governing board FTE adjustment	0	0	0	0	14.8
TOTAL	\$38,430,174	\$0	\$25,128,464	\$13,301,710	265.0

GOVERNING BOARDS, TRUSTEES OF WESTERN STATE COLLEGE, TRUSTEES OF WESTERN STATE COLLEGE					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FTE
INCREASE/(DECREASE)	\$2,511,927	\$0	\$1,032,114	\$1,479,813	14.8
Percentage Change	7.0%	0.0%	4.3%	12.5%	5.9%
FY 2018-19 EXECUTIVE REQUEST	\$38,213,395	\$0	\$25,432,623	\$12,780,772	250.2
Request Above/(Below) Recommendation	(\$216,779)		\$304,159	(\$520,938)	(14.8)

GOVERNING BOARDS, BOARD OF GOVERNORS OF THE COLORADO STATE UNIVERSITY SYSTEM, BOARD OF GOVERNORS OF THE COLORADO STATE UNIVERSITY SYSTEM					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FTE
FY 2017-18 APPROPRIATION					
S.B. 17-254 (Long Bill)	\$673,516,057	\$0	\$534,230,531	\$139,285,526	5,115.2
Long Bill supplemental	(3,062,371)	0	(3,062,371)	0	0.0
TOTAL	\$670,453,686	\$0	\$531,168,160	\$139,285,526	5,115.2
FY 2018-19 RECOMMENDED APPROPRIATION					
FY 2017-18 Appropriation	\$670,453,686	\$0	\$531,168,160	\$139,285,526	5,115.2
R2 Tuition spending authority	18,979,073	0	18,979,073	0	0.0
R1 Improving college affordability and outcomes	12,266,276	0	0	12,266,276	0.0
Student fee adjustment	1,854,322	0	1,854,322	0	0.0
Governing board FTE adjustment	0	0	0	0	(253.9)
TOTAL	\$703,553,357	\$0	\$552,001,555	\$151,551,802	4,861.3
INCREASE/(DECREASE)	\$33,099,671	\$0	\$20,833,395	\$12,266,276	(253.9)
Percentage Change	4.9%	0.0%	3.9%	8.8%	(5.0%)
FY 2018-19 EXECUTIVE REQUEST	\$703,305,472	\$0	\$552,278,659	\$151,026,813	5,115.2
Request Above/(Below) Recommendation	(\$247,885)		\$277,104	(\$524,989)	253.9

GOVERNING BOARDS, TRUSTEES OF FORT LEWIS COLLEGE, TRUSTEES OF FORT LEWIS COLLEGE					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FTE
FY 2017-18 APPROPRIATION					
S.B. 17-254 (Long Bill)	\$57,601,319	\$0	\$45,816,380	\$11,784,939	441.4
Long Bill supplemental	(2,708,922)	0	(2,708,922)	0	0.0
TOTAL	\$54,892,397	\$0	\$43,107,458	\$11,784,939	441.4
FY 2018-19 RECOMMENDED APPROPRIATION					
FY 2017-18 Appropriation	\$54,892,397	\$0	\$43,107,458	\$11,784,939	441.4
R1 Improving college affordability and outcomes	736,554	0	0	736,554	0.0
Governing board FTE adjustment	0	0	0	0	20.9
R2 Tuition spending authority	(854,696)	0	(854,696)	0	0.0
Student fee adjustment	(203,667)	0	(203,667)	0	0.0
TOTAL	\$54,570,588	\$0	\$42,049,095	\$12,521,493	462.3
INCREASE/(DECREASE)	(\$321,809)	\$0	(\$1,058,363)	\$736,554	20.9

GOVERNING BOARDS, TRUSTEES OF FORT LEWIS COLLEGE, TRUSTEES OF FORT LEWIS COLLEGE					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FTE
Percentage Change	(0.6%)	0.0%	(2.5%)	6.2%	4.7%
FY 2018-19 EXECUTIVE REQUEST	\$59,807,069	\$0	\$47,596,844	\$12,210,225	441.4
Request Above/(Below) Recommendation	\$5,236,481		\$5,547,749	(\$311,268)	(20.9)

GOVERNING BOARDS, REGENTS OF THE UNIVERSITY OF COLORADO, REGENTS OF THE UNIVERSITY OF COLORADO					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FTE
FY 2017-18 APPROPRIATION					
S.B. 17-254 (Long Bill)	\$1,300,638,695	\$0	\$1,106,320,468	\$194,318,227	8,255.5
Long Bill supplemental	\$24,977,661	\$0	\$24,977,661	\$0	0.0
Other legislation	\$1,500,000	\$0	\$1,500,000	\$0	0.0
TOTAL	\$1,327,116,356	\$0	\$1,132,798,129	\$194,318,227	8,255.5
FY 2018-19 RECOMMENDED APPROPRIATION					
FY 2017-18 Appropriation	\$1,327,116,356	\$0	\$1,132,798,129	\$194,318,227	8,255.5
R2 Tuition spending authority	54,319,949	0	54,319,949	0	0.0
R1 Improving college affordability and outcomes	18,920,985	0	0	18,920,985	0.0
Student fee adjustment	1,345,675	0	1,345,675	0	0.0
Governing board FTE adjustment	0	0	0	0	915.9
Annualize prior year legislation	(1,000,000)	0	(1,000,000)	0	0.0
Tobacco Master Settlement revenue adjustment	(765,812)	0	(765,812)	0	0.0
TOTAL	\$1,399,937,153	\$0	\$1,186,697,941	\$213,239,212	9,171.4
INCREASE/(DECREASE)	\$72,820,797	\$0	\$53,899,812	\$18,920,985	915.9
Percentage Change	5.5%	0.0%	4.8%	9.7%	11.1%
FY 2018-19 EXECUTIVE REQUEST	\$1,359,559,059	\$0	\$1,146,365,588	\$213,193,471	8,255.5
Request Above/(Below) Recommendation	(\$40,378,094)		(\$40,332,353)	(\$45,741)	(915.9)

GOVERNING BOARDS, TRUSTEES OF THE COLORADO SCHOOL OF MINES, TRUSTEES OF THE COLORADO SCHOOL OF MINES					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FTE
FY 2017-18 APPROPRIATION					
S.B. 17-254 (Long Bill)	\$170,815,394	\$0	\$149,330,688	\$21,484,706	952.4
Long Bill supplemental	\$5,304,968	\$0	\$5,304,968	\$0	0.0
TOTAL	\$176,120,362	\$0	\$154,635,656	\$21,484,706	952.4
FY 2018-19 RECOMMENDED APPROPRIATION					
FY 2017-18 Appropriation	\$176,120,362	\$0	\$154,635,656	\$21,484,706	952.4
R2 Tuition spending authority	10,322,429	0	10,322,429	0	0.0
Student fee adjustment	1,213,318	0	1,213,318	0	0.0
R1 Improving college affordability and outcomes	912,185	0	0	912,185	0.0
Governing board FTE adjustment	0	0	0	0	56.0
TOTAL	\$188,568,294	\$0	\$166,171,403	\$22,396,891	1,008.4

GOVERNING BOARDS, TRUSTEES OF THE COLORADO SCHOOL OF MINES, TRUSTEES OF THE COLORADO SCHOOL OF MINES					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FTE
INCREASE/(DECREASE)	\$12,447,932	\$0	\$11,535,747	\$912,185	56.0
Percentage Change	7.1%	0.0%	7.5%	4.2%	5.9%
FY 2018-19 EXECUTIVE REQUEST	\$177,422,870	\$0	\$155,048,595	\$22,374,275	952.4
Request Above/(Below) Recommendation	(\$11,145,424)		(\$11,122,808)	(\$22,616)	(56.0)

GOVERNING BOARDS, UNIVERSITY OF NORTHERN COLORADO, UNIVERSITY OF NORTHERN COLORADO					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FTE
FY 2017-18 APPROPRIATION					
S.B. 17-254 (Long Bill)	\$159,405,633	\$0	\$119,808,225	\$39,597,408	1,308.0
Long Bill supplemental	(7,294,460)	0	(7,294,460)	0	0.0
TOTAL	\$152,111,173	\$0	\$112,513,765	\$39,597,408	1,308.0
FY 2018-19 RECOMMENDED APPROPRIATION					
FY 2017-18 Appropriation	\$152,111,173	\$0	\$112,513,765	\$39,597,408	1,308.0
R2 Tuition spending authority	5,789,198	0	5,789,198	0	0.0
R1 Improving college affordability and outcomes	2,224,950	0	0	2,224,950	0.0
Student fee adjustment	1,679,573	0	1,679,573	0	0.0
Governing board FTE adjustment	0	0	0	0	52.7
TOTAL	\$161,804,894	\$0	\$119,982,536	\$41,822,358	1,360.7
INCREASE/(DECREASE)	\$9,693,721	\$0	\$7,468,771	\$2,224,950	52.7
Percentage Change	6.4%	0.0%	6.6%	5.6%	4.0%
FY 2018-19 EXECUTIVE REQUEST	\$165,161,319	\$0	\$123,352,763	\$41,808,556	1,308.0
Request Above/(Below) Recommendation	\$3,356,425		\$3,370,227	(\$13,802)	(52.7)

GOVERNING BOARDS, STATE BOARD FOR COMMUNITY COLLEGES AND OCCUPATIONAL EDUCATION STATE SYSTEM COMMUNITY COLLEGES, STATE BOARD FOR COMMUNITY COLLEGES AND OCCUPATIONAL EDUCATION STATE SYSTEM COMMUNITY COLLEGES					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FTE
FY 2017-18 APPROPRIATION					
S.B. 17-254 (Long Bill)	\$472,361,987	\$0	\$318,652,772	\$153,709,215	5,848.6
Long Bill supplemental	(17,620,363)	0	(17,620,363)	0	0.0
TOTAL	\$454,741,624	\$0	\$301,032,409	\$153,709,215	5,848.6
FY 2018-19 RECOMMENDED APPROPRIATION					
FY 2017-18 Appropriation	\$454,741,624	\$0	\$301,032,409	\$153,709,215	5,848.6
R1 Improving college affordability and outcomes	14,468,149	0	0	14,468,149	0.0
Student fee adjustment	1,731,304	0	1,731,304	0	0.0
Higher Ed limited gaming revenue	588,896	0	588,896	0	0.0
Governing board FTE adjustment	0	0	0	0	202.3
R2 Tuition spending authority	(3,385,645)	0	(3,385,645)	0	0.0

GOVERNING BOARDS, STATE BOARD FOR COMMUNITY COLLEGES AND OCCUPATIONAL EDUCATION STATE SYSTEM COMMUNITY COLLEGES, STATE BOARD FOR COMMUNITY COLLEGES AND OCCUPATIONAL EDUCATION STATE SYSTEM COMMUNITY COLLEGES					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FTE
TOTAL	\$468,144,328		\$299,966,964	\$168,177,364	6,050.9
INCREASE/(DECREASE)	\$13,402,704	\$0	(\$1,065,445)	\$14,468,149	202.3
Percentage Change	2.9%	0.0%	(0.4%)	9.4%	3.5%
FY 2018-19 EXECUTIVE REQUEST	\$495,542,136	\$0	\$327,955,240	\$167,586,896	5,848.6
Request Above/(Below) Recommendation	\$27,397,808		\$27,988,276	(\$590,468)	(202.3)

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

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

LOCAL DISTRICT COLLEGE GRANTS PURSUANT TO SECTION 23-71-301, C.R.S.				
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FTE
FY 2017-18 Appropriation				
S.B. 17-254 (Long Bill)	\$17,057,603	\$15,974,294	\$1,083,309	0.0
TOTAL	\$17,057,603	\$15,974,294	\$1,083,309	0.0
FY 2018-19 RECOMMENDED APPROPRIATION				
FY 2017-18 Appropriation	\$17,057,603	\$15,974,294	\$1,083,309	0.0
R1 Improving college affordability and outcomes	1,429,699	1,429,699	0	0.0
Higher Ed limited gaming revenue	80,677	0	80,677	0.0
TOTAL	\$18,567,979	\$17,403,993	\$1,163,986	0.0
INCREASE/(DECREASE)	\$1,510,376	\$1,429,699	\$80,677	0.0
Percentage Change	8.9%	8.9%	7.4%	0.0%
FY 2018-19 EXECUTIVE REQUEST				
Request Above/(Below) Recommendation	(\$147,909)	(\$67,232)	(\$80,677)	0.0

DECISION ITEMS – LOCAL DISTRICT COLLEGE GRANTS

This section includes the following adjustments discussed in previous sections:

- R1 Operating Request for Public Colleges and Universities; and
- Adjustment to Amendment 50 Gaming Revenue to reflect actual FY 2016-17 amounts.

No other adjustments are requested or recommended.

LINE ITEM DETAIL – LOCAL DISTRICT COLLEGE GRANTS

AIMS COMMUNITY COLLEGE

Aims community college serves the northern Front Range, with campuses in Greeley, Windsor, Fort Lupton, and Loveland. It served 3,466 student FTE in FY 2016-17 including 3,354 resident students. The community college district was formed in 1967. In FY 2016-17, local tax district support and

other miscellaneous sources of revenue provided 63.5 percent of Aims' education and general revenue, while state support provided 15.5 percent.

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

REQUEST: The Department requests \$9,962,069 including \$9,392,989 General Fund.

RECOMMENDATION:

LOCAL DISTRICT COLLEGE GRANTS PURSUANT TO SECTION 23-71-301, C.R.S., AIMS COMMUNITY COLLEGE				
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FTE
FY 2017-18 APPROPRIATION				
S.B. 17-254 (Long Bill)	\$9,223,890	\$8,654,810	\$569,080	0.0
TOTAL	\$9,223,890	\$8,654,810	\$569,080	0.0
FY 2018-19 RECOMMENDED APPROPRIATION				
FY 2017-18 Appropriation	\$9,223,890	\$8,654,810	\$569,080	0.0
R1 Improving college affordability and outcomes	774,605	774,605	0	0.0
Higher Ed limited gaming revenue	64,204	0	64,204	0.0
TOTAL	\$10,062,699	\$9,429,415	\$633,284	0.0
INCREASE/(DECREASE)	\$838,809	\$774,605	\$64,204	0.0
Percentage Change	9.1%	8.9%	11.3%	0.0%
FY 2018-19 EXECUTIVE REQUEST	\$9,962,069	\$9,392,989	\$569,080	0.0
Request Above/(Below) Recommendation	(\$100,630)	(\$36,426)	(\$64,204)	0.0

COLORADO MOUNTAIN COLLEGE

Colorado Mountain College serves the mountain communities in north-central Colorado, with 11 campus locations, including three residential campuses in Leadville, Glenwood Springs, and Steamboat Springs. It served 3,196 student FTE in FY 2016-17 including 2,809 resident students. The community college district was formed in 1967. In 2011, the General Assembly authorized it to begin offering selected baccalaureate degrees. In FY 2016-17, local tax district support and other miscellaneous sources of revenue provided 63.3 percent of Colorado Mountain College's education and general revenue, while state support provided 12.4 percent.

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

REQUEST: The Department requests \$8,458,001 including \$7,943,772 General Fund.

RECOMMENDATION:

LOCAL DISTRICT COLLEGE GRANTS PURSUANT TO SECTION 23-71-301, C.R.S., COLORADO MOUNTAIN COLLEGE				
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FTE

FY 2017-18 APPROPRIATION				
S.B. 17-254 (Long Bill)	\$7,833,713	\$7,319,484	\$514,229	0.0
TOTAL	\$7,833,713	\$7,319,484	\$514,229	0.0
FY 2018-19 RECOMMENDED APPROPRIATION				
FY 2017-18 Appropriation	\$7,833,713	\$7,319,484	\$514,229	0.0
R1 Improving college affordability and outcomes	655,094	655,094	0	0.0
Higher Ed limited gaming revenue	16,473	0	16,473	0.0
TOTAL	\$8,505,280	\$7,974,578	\$530,702	0.0
INCREASE/(DECREASE)	\$671,567	\$655,094	\$16,473	0.0
Percentage Change	8.6%	9.0%	3.2%	0.0%
FY 2018-19 EXECUTIVE REQUEST				
Request Above/(Below) Recommendation	(\$47,279)	(\$30,806)	(\$16,473)	0.0

(7) DIVISION OF OCCUPATIONAL EDUCATION

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

LOCAL DISTRICT COLLEGE GRANTS PURSUANT TO SECTION 23-71-301, C.R.S.				
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FTE
FY 2017-18 Appropriation				
S.B. 17-254 (Long Bill)	\$17,057,603	\$15,974,294	\$1,083,309	0.0
TOTAL	\$17,057,603	\$15,974,294	\$1,083,309	0.0
FY 2018-19 RECOMMENDED APPROPRIATION				
FY 2017-18 Appropriation	\$17,057,603	\$15,974,294	\$1,083,309	0.0
R1 Improving college affordability and outcomes	1,429,699	1,429,699	0	0.0
Higher Ed limited gaming revenue	80,677	0	80,677	0.0
TOTAL	\$18,567,979	\$17,403,993	\$1,163,986	0.0
INCREASE/(DECREASE)	\$1,510,376	\$1,429,699	\$80,677	0.0
Percentage Change	8.9%	8.9%	7.4%	0.0%
FY 2018-19 EXECUTIVE REQUEST				
Request Above/(Below) Recommendation	(\$147,909)	(\$67,232)	(\$80,677)	0.0

DECISION ITEMS – DIVISION OF OCCUPATIONAL EDUCATION

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

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

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

For FY 2018-19, the Committee has already approved \$4,500,000 for the Colorado First/Existing Industry Job Training program. Action on State Assistance for Career and Technical Education is **pending**.

LINE ITEM DETAIL – DIVISION OF OCCUPATIONAL EDUCATION

(A) ADMINISTRATIVE COSTS

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

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

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

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

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

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

According the annual report on the Career and Technical Act (February 20, 2017), these funds were used to serve 100,552 individual secondary CTE students in 141 public school districts, a special school, eight technical centers, three community colleges, one four-year college and three area technical colleges. In addition there were 23,687 middle school CTE student enrollments.

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

REQUEST: The Department requests a continuation level of \$25,164,481 reappropriated funds.

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

(C) AREA TECHNICAL COLLEGE SUPPORT

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

include Colorado Vocational Act dollars. The Division in consultation with the colleges determines the distribution of General Fund.

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

REQUEST: The Department requests an appropriation of \$11,089,548 General Fund for this line item, including an adjustment for R1 Base Reduction for Public Colleges and Universities.

RECOMMENDATION:

DIVISION OF OCCUPATIONAL EDUCATION, AREA TECHNICAL COLLEGE SUPPORT, AREA TECHNICAL COLLEGE SUPPORT			
	TOTAL FUNDS	GENERAL FUND	FTE
FY 2017-18 APPROPRIATION			
S.B. 17-254 (Long Bill)	\$10,218,039	\$10,218,039	0.0
TOTAL	\$10,218,039	\$10,218,039	0.0
FY 2018-19 RECOMMENDED APPROPRIATION			
FY 2017-18 Appropriation	\$10,218,039	\$10,218,039	0.0
R1 Improving college affordability and outcomes	914,514	914,514	0.0
TOTAL	\$11,132,553	\$11,132,553	0.0
INCREASE/(DECREASE)	\$914,514	\$914,514	0.0
Percentage Change	8.9%	8.9%	0.0%
FY 2018-19 EXECUTIVE REQUEST	\$11,089,548	\$11,089,548	0.0
Request Above/(Below) Recommendation	(\$43,005)	(\$43,005)	0.0

(D) SPONSORED PROGRAMS

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

ADMINISTRATION

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

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

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

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

PROGRAMS

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

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

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

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

(E) COLORADO FIRST CUSTOMIZED JOB TRAINING

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

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

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

RECOMMENDATION: **Staff recommends \$4,500,000 reappropriated funds, consistent with the Committee decision to appropriate \$4,500,000 for the program to the Governor's Office.** The amount in the Department of Higher Education is transferred from the appropriation to the Governor's Office.

(8) AURARIA HIGHER EDUCATION CENTER

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

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

DECISION ITEMS – AURARIA HIGHER EDUCATION CENTER

As previously discussed for the governing boards, **the staff recommendation on FTE to be reflected in the Long Bill is based on FY 2017-18 estimated FTE in the budget data books submitted by the Department.** For AHEC, the recommended adjustment is (0.4) FTE.

→ INCREASE AHEC SPENDING AUTHORITY

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

For FY 2014-15, staff recommended an increase for AHEC (not included in the executive request), to address the impact of inflationary cost increases on the AHEC budget, as AHEC had capped out its spending authority. For the last three years, the Department has requested a technical adjustment for inflation. **The requested adjustment for FY 2018-19 is 5.0 percent (\$1.1 million). Staff recommends the requested adjustment.** The AHEC budget is primarily driven by rates and services negotiated by the institutions operating on the AHEC campus. In light of this, staff does not believe the Long Bill appropriation needs to be unduly restrictive.

LINE ITEM DETAIL – AURARIA HIGHER EDUCATION CENTER

ADMINISTRATION

REQUEST: The Department requests \$22,567,834 reappropriated funds and a continuation level of 188.0 FTE for this line item.

RECOMMENDATION:

AURARIA HIGHER EDUCATION CENTER, ADMINISTRATION				
	TOTAL FUNDS	GENERAL FUND	REAPPROPRIATED FUNDS	FTE

AURARIA HIGHER EDUCATION CENTER, ADMINISTRATION				
	TOTAL FUNDS	GENERAL FUND	REAPPROPRIATED FUNDS	FTE
FY 2017-18 APPROPRIATION				
S.B. 17-254 (Long Bill)	\$21,493,175	\$0	\$21,493,175	190.2
TOTAL	\$21,493,175	\$0	\$21,493,175	190.2
FY 2018-19 RECOMMENDED APPROPRIATION				
FY 2017-18 Appropriation	\$21,493,175	\$0	\$21,493,175	190.2
Auraria Higher Education Center adjustment	1,074,659	0	1,074,659	0.0
Governing board FTE adjustment	0	0	0	(2.1)
TOTAL	\$22,567,834		\$22,567,834	188.1
INCREASE/(DECREASE)	\$1,074,659	\$0	\$1,074,659	(2.1)
Percentage Change	5.0%	0.0%	5.0%	(1.1%)
FY 2018-19 EXECUTIVE REQUEST	\$22,567,834	\$0	\$22,567,834	190.2
Request Above/(Below) Recommendation	\$0		\$0	2.1

(9) HISTORY COLORADO

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

History Colorado’s operating appropriation for FY 2017-18, including centrally appropriated items, is \$34.5 million. Of this, over 70 percent is derived from limited gaming revenue deposited to the State Historical Fund. The 1990 Constitutional amendment that legalized limited stakes gaming in three cities specified that 28 percent of state gaming revenue after administrative expenses would be used for statewide historic preservation efforts. The General Assembly has authorized History Colorado to administer these funds, subject to annual appropriation.

HISTORY COLORADO						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2017-18 Appropriation						
S.B. 17-254 (Long Bill)	\$32,108,227	\$2,756,401	\$28,280,093	\$97,283	\$974,450	137.4
Other legislation	0	0	0	0	0	0.0
Long Bill supplemental	0	0	0	0	0	0.0
TOTAL	\$32,108,227	\$2,756,401	\$28,280,093	\$97,283	\$974,450	137.4
FY 2018-19 RECOMMENDED APPROPRIATION						
FY 2017-18 Appropriation	\$32,108,227	\$2,756,401	\$28,280,093	\$97,283	\$974,450	137.4
Lease-purchase payment adjustments	(99,953)	0	(99,953)	0	0	0.0
History Colorado FTE adjustments	0	0	0	0	0	(16.9)
Annualize prior year budget actions	(26,934)	(35,691)	7,863	0	894	0.0
TOTAL	\$31,981,340	\$2,720,710	\$28,188,003	\$97,283	\$975,344	120.5
INCREASE/(DECREASE)	(\$126,887)	(\$35,691)	(\$92,090)	\$0	\$894	(16.9)
Percentage Change	(0.4%)	(1.3%)	(0.3%)	0.0%	0.1%	(12.3%)
FY 2018-19 EXECUTIVE REQUEST						
Request Above/(Below) Recommendation	\$0	\$0	\$0	\$0	\$0	16.9

THE STATE HISTORICAL FUND

Constitutional Allocations: Article XVIII, Section 9 of the State Constitution, which provides for limited gaming in Central City, Black Hawk, and Cripple Creek, specifies that up to 40 percent of the adjusted gross proceeds from gaming, in addition to license fees, shall be paid by each licensee into the Limited Gaming Fund. For the portion of the revenue derived pre-Amendment 50¹⁵, and after deductions for administrative expenses, the Limited Gaming Fund proceeds are distributed as follows:

- 50 percent to the General Fund or other fund as the General Assembly provides;
- 28 percent to the State Historical Fund;
- 12 percent to Gilpin and Teller counties in proportion to the gaming revenues generated in each;

¹⁵ Amendment 50 provided for bets up to \$100 and provides distributions to higher education institutions.

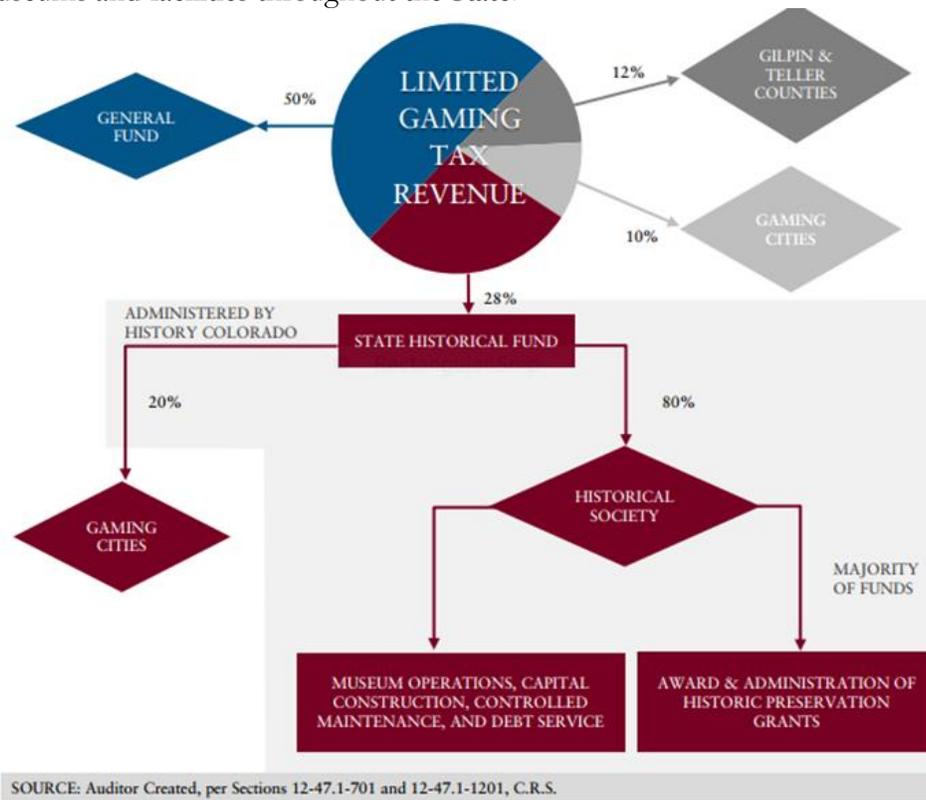
10 percent to the governing bodies of Central City, Black Hawk, and Cripple Creek in proportion to the gaming revenues generated by each.

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

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

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

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



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

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

- To direct the “minority share” of revenue that does not go to gaming cities to museum operations and to include the costs of grant program administration in the calculation of “majority share”. “Majority” is interpreted as 50.1 percent for purposes of the agency’s budget.
- To direct a portion of the funds allocated for operations of the State Historical Society (from the “minority share”) to construction of the new Colorado history museum. Specifically, for FY 2011-12 through FY 2045-46, requires the General Assembly to appropriate each year from the State Historical Fund to the State Historical Society an amount sufficient to cover the Certificates of Participation (COP) payments for the new Colorado history museum. COP payments are currently \$3.1 million per year and will escalate.
- To transfer a portion of the moneys for the statewide grant program (“majority share”) to the Capitol Dome Restoration Fund and other improvements to the State Capitol building. Between FY 2010-11 and FY 2012-13, nearly \$12 million was transferred. Most recently, \$1.0 million was transferred in FY 2015-16 and again in FY 2016-17 for House and Senate chamber restoration pursuant to H.B. 16-1417, and \$1.0 million was transferred in FY 2017-18 to restore the Capitol’s windows and granite exterior.

The table below shows actual and projected gaming receipts deposited to the State Historic Fund that are used to support History Colorado activities.

	STATE HISTORIC FUND LIMITED GAMING RECEIPTS		
	FY 2015-16 ACTUAL FOR USE IN FY 2016-17	FY 2016-17 ACTUAL FOR USE IN FY 2017-18	FY 2017-18 PROJECTION FOR USE IN FY 2018-19*
Majority Share - Statewide Preservation Grant Program (50.1% of 80%)	\$10,226,685	\$10,174,495	10,661,280
Minority Share - Museum Operations and Capital (49.9% of 80%)	10,185,860	10,133,879	10,618,720
Gaming City Direct Distribution (20.0%)	5,103,136	5,077,093	5,320,000
Total to History Colorado	\$25,515,681	\$25,385,467	26,600,000

*OSPB December 2017 forecast

The table below compares recommended appropriations of gaming revenue with amounts likely to be available. As shown, amounts recommended in the Long Bill for the Operations Account, which supports the museums, is likely to exceed available funds.

Comparison Gaming Revenue Recommendation and Actual and Anticipated Gaming Revenue Available					
	Recommended FY 2018-19 Appropriation*	Actual gaming revenue available FY 2017-18	Rec. appropriation above/ (below) FY 2017-18 gaming revenue	Projected gaming revenue available FY 2018-19	Rec appropriation above/ (below) projected FY 2018-19 gaming revenue
Preservation Grants Program Account (informational appropriation)	\$10,237,434	\$10,174,495	\$62,939	\$10,661,280	(\$423,846)
Operations Account (includes \$600,000 capital for community museums)	10,799,924	10,133,879	666,045	10,618,720	181,204
Gaming City Distributions (informational appropriation)	5,300,000	5,077,093	(300,000)	5,320,000	(20,000)
Total	\$26,337,358	\$25,385,467	\$428,984	\$26,600,000	(\$262,642)
*The Department request is \$112,207 lower, due to the impact of HC1					

RECENT EVENTS

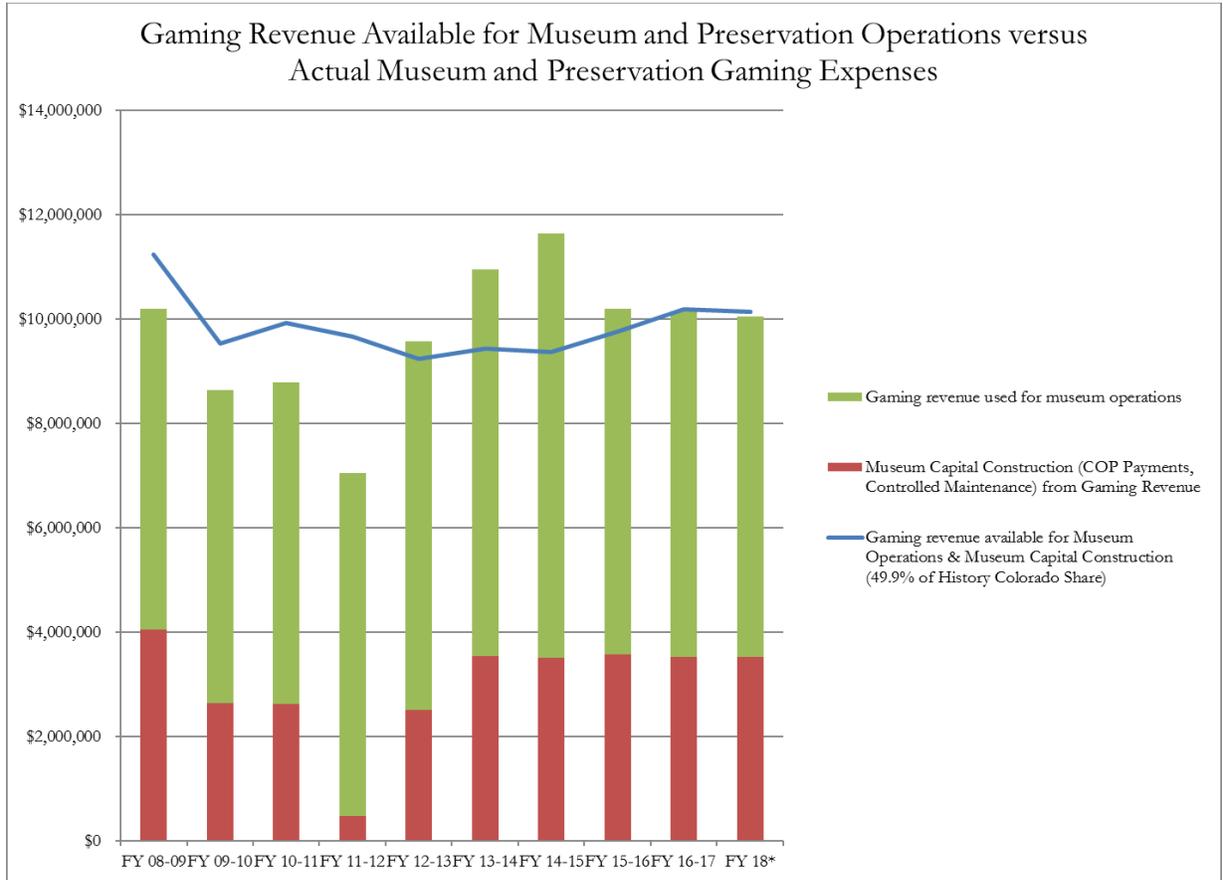
History Colorado is emerging from a challenging period. **A combination of poor management choices and bad luck dating back to 2008 culminated in a structural deficit in FY 2013-14 and FY 2014-15. Changes initiated in 2015 have addressed the deficit and provided the organization with effective new management,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

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

- Voters adopted Amendment 50 in November 2008, which created a new category of “extended” limited gaming revenue and, from FY 2009-10, effectively redirected most increases in tax revenue that would previously have gone in part to History Colorado.
- The Great Recession, combined with Limited Gaming Commission policies that reduced gaming tax rates, sharply depressed gaming revenue in FY 2008-09. Although tax rates and overall revenues partially rebounded, revenues to History Colorado remained essentially flat from FY 2009-10 through FY 2013-14 and only began to gradually increase again in FY 2014-15. Based on the Limited Gaming Commission’s interpretation of how to apply Amendment 50, History Colorado’s gaming revenue again decreased by 0.51 percent for FY 2016-17, despite a slight increase in overall gaming receipts.
- The new facility did not result in sufficient new paying customers to cover the huge additional lease purchase payment. In the years through FY 2010-11, preceding the museum’s move, earned revenue was typically \$1.5 to \$1.7 million per year. In the first full year the new museum was open (FY 2012-13), earned revenue was \$3.7 million, but it has been flat or declining since that time. In FY 2016-17, earned revenue was just \$3.3 million. Thus, while the new History Colorado

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

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



*Projected

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

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

At the beginning of FY 2015-16, a new Board of Directors with an aggressive turn-around mandate took rapid steps to appoint a new interim management team. Through voluntary early

retirements and furloughs and involuntary layoffs the organization reduced personnel (by 26.1 FTE or 20 percent as of June 30, 2016), flattened its management structure, and began to develop additional in-house exhibits, thus eliminating reliance on traveling exhibits from out-of-state. On July 1, 2016, the Board appointed Steve Turner, co-director of the interim management team and the previous +Director of Historic Preservation, the new Executive Director. **The organization closed out FY 2015-16 with only modest red ink, and for FY 2016-17 History Colorado essentially broke even.¹⁶ For FY 2017-18, it projects a modest surplus of \$213,838.**

The chart below includes a long-term projection for History Colorado. This incorporates the Department's work with two JBC staff adjustments: (1) History Colorado included an assumption that OIT costs would grow at a rate of 20 percent per year. Staff has reduced this to 10 percent in light of lower FY 2018-19 OIT costs and ongoing negotiations between History Colorado and OIT which could lead to lower History Colorado costs going forward; (2) Staff has included an FY 2020-21 General Fund reduction of \$200,000 (revenue and expenses) for the Community Museums based on staff's understanding of the Committee's action in FY 2017-18. As shown, *starting in FY 2021-22, when History Colorado's COP payments are scheduled to increase to \$3,525,209, the agency may be unable to fully cover its operating costs.* If OIT costs are higher, as History Colorado projects, the deficit will be greater.

¹⁶ Its books show a shortfall of \$715,818, but this was due to transferring \$738,669 in interest payments to the State Historical Fund associated with the separation of the Historical Fund Operations and Preservation accounts.

STAFF WORKING DOCUMENT – DOES NOT REPRESENT COMMITTEE DECISION

Funding Source/Revenue	Approp/Actual				Forecast							
	FY-14	FY-15	FY-16	FY-17	FY-18	FY-19	FY-20	FY-21	FY-22	FY-23	FY-24	
Federal Grant (Fund 100) Revenue ⁽¹⁾	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Combined Earned Revenue from Operations ⁽¹⁾	\$3,683,118	\$3,751,974	\$3,757,736	\$3,352,026	\$4,009,975	\$4,110,224	\$4,212,980	\$4,318,304	\$4,426,262	\$4,514,787	\$4,605,083	
Prior Year Revenue		\$12,319	\$2,018	\$890								
Operating Transfer from DPA	\$0	\$567,059										
Majority (SHF) Indirect Costs Transfer ⁽²⁾	\$0	\$382,778	\$382,778	\$382,778	\$382,778	\$392,347	\$402,156	\$412,210	\$422,515	\$422,515	\$422,515	
Interest	\$235,294	\$230,040	\$292,397	\$86,273	\$134,158	\$125,072	\$127,211	\$131,183	\$136,284	\$139,009	\$141,789	
Gaming Revenue - Minority (49.9%) ⁽³⁾	\$23,475,304	\$24,455,998	\$10,185,860	\$10,133,879	\$10,139,680	\$10,578,800	\$10,818,320	\$10,926,503	\$11,035,768	\$11,146,126	\$11,257,587	
Community Museum General Fund					\$1,461,401	\$1,567,957	\$1,567,957	\$1,367,957	\$1,367,957	\$1,367,957	\$1,367,957	
Total Revenue	\$ 27,393,715	\$ 29,400,168	\$ 14,620,790	\$ 13,955,846	\$ 16,127,992	\$ 16,774,401	\$ 17,128,624	\$ 17,156,158	\$ 17,388,786	\$ 17,590,395	\$ 17,794,932	
Expenses	FY-14	FY-15	FY-16	FY-17	FY-18	FY-19	FY-20	FY-21	FY-22	FY-23	FY-24	
Combined Operational Budget ⁽¹⁾	\$11,065,560	\$12,083,288	\$10,187,289	\$9,852,897	\$10,075,022	\$10,462,475	\$10,723,287	\$10,990,619	\$11,264,635	\$11,489,927	\$11,719,726	
Community Museum Revitalization					\$1,461,401	\$1,567,957	\$1,567,957	\$1,367,957	\$1,367,957	\$1,367,957	\$1,367,957	
OIT Common Policies ⁽⁴⁾	\$181,968	\$347,961	\$395,445	\$341,974	\$622,124	\$460,168	\$506,185	\$556,803	\$612,484	\$673,732	\$741,105	
HCC MCF/COP ⁽⁵⁾	\$3,021,000	\$3,021,718	\$3,021,830	\$3,021,415	\$3,021,835	\$3,021,860	\$3,021,543	\$3,021,543	\$3,525,209	\$3,525,209	\$3,525,209	
Regional Museum Preservation (Controlled Maintenance Transfer to Fund 4610)	\$528,172	\$495,513	\$515,041	\$508,943	\$500,000	\$600,000	\$600,000	\$600,000	\$600,000	\$600,000	\$600,000	
Higher Education Indirect Costs		\$195,404	\$164,549	\$140,168	\$233,772	\$233,772	\$233,772	\$233,772	\$233,772	\$233,772	\$233,772	
Cash Expenditures State Historical Fund/Transfer Majority Share to New Fund 2008	\$7,483,277	\$8,555,094	\$27,380,187	\$738,669								
Cash Expenditures Gaming Cities	\$4,726,639	\$4,695,061	\$0									
Unemployment and Contingency Plan			\$121,478	\$67,599								
Internal Grants	\$129,689		\$123,262									
Federal Grant (Fund 100) Expense	\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Total Expense	\$27,136,305	\$29,394,039	\$41,909,081	\$14,671,665	\$15,914,154	\$16,346,232	\$16,652,744	\$16,770,694	\$17,604,056	\$17,890,597	\$18,187,769	
Annual Revenue to Expense Surplus / (Shortfall)	\$257,411	\$6,129	-\$27,288,291	(\$715,818)	\$213,838	\$428,169	\$475,880	\$385,464	-\$215,270	-\$300,202	-\$392,837	
Beginning Minority Cash Balance - Combined	\$39,652,001	\$39,320,460	\$39,326,589	\$12,038,298	\$11,322,479	\$11,536,317	\$11,964,486	\$12,440,366	\$12,825,830	\$12,610,560	\$12,310,357	
Ending Minority Cash Balance - Combined	\$39,320,460	\$39,326,589	\$12,038,298	\$11,322,479	\$11,536,317	\$11,964,486	\$12,440,366	\$12,825,830	\$12,610,560	\$12,310,357	\$11,917,520	

⁽¹⁾ Actual Expense and earned revenue growth through FY17, period 13. An assumed 2.5% growth rate begins in FY 2018.

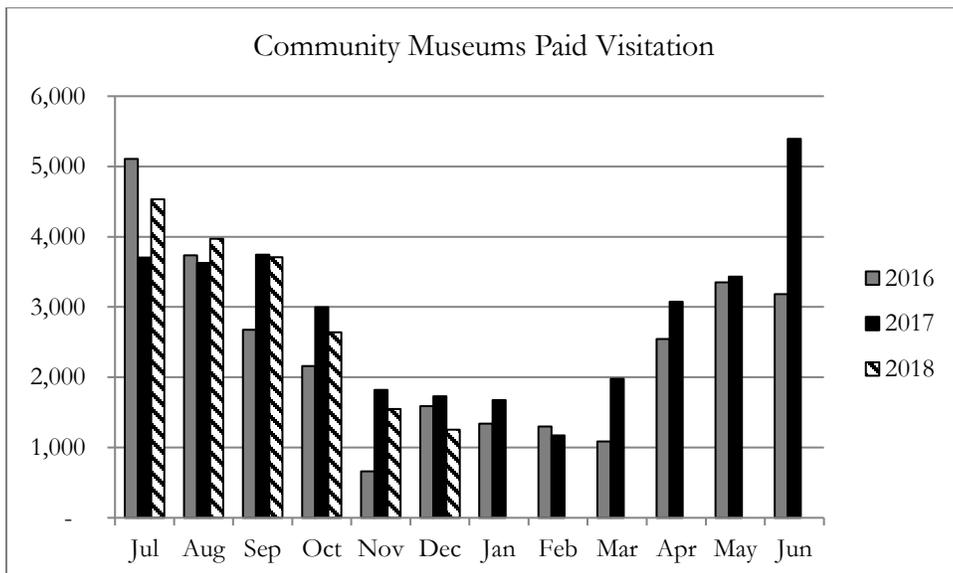
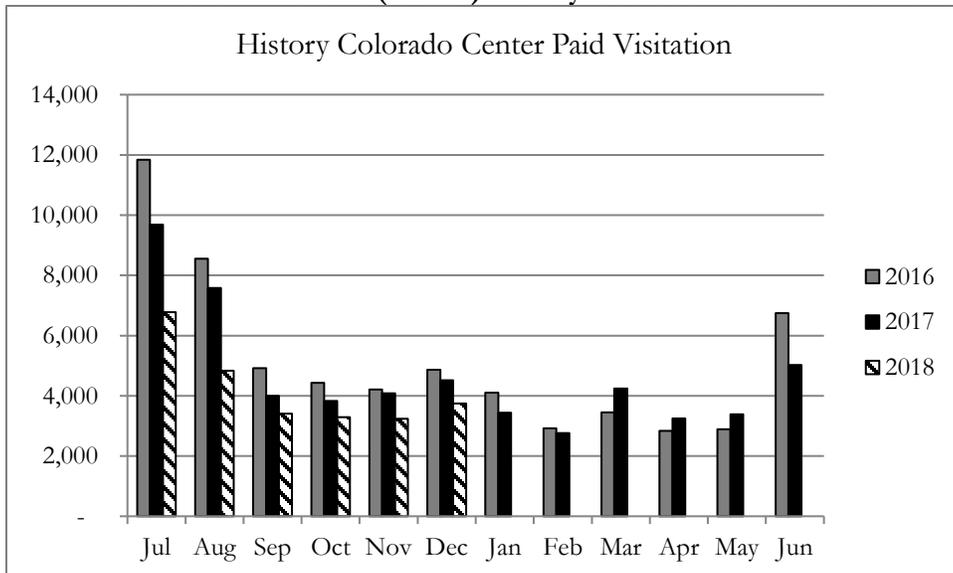
⁽²⁾ Indirect Costs Transfer from Majority flat through FY 2018. For FY 2019 and beyond, a 2% annual increase is assumed.

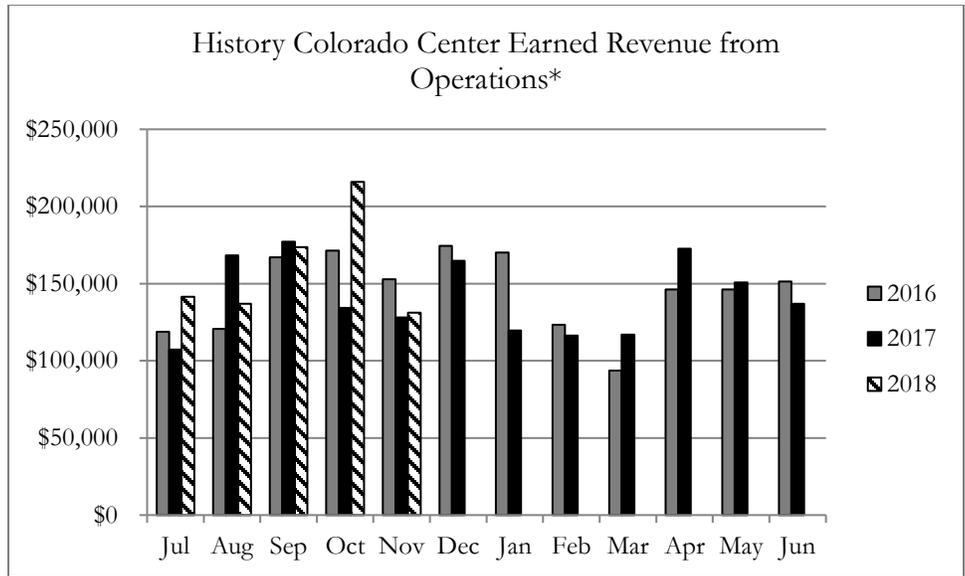
⁽³⁾ Gaming Revenue included is OSPB's September 2017 forecast through FY 2020. For FY 2021 and 2022, a 1% annual increase is used.

⁽⁴⁾ JBC staff included a 10% assumed increase in OIT rates. History Colorado believes these could be as great as 20% per year.

History Colorado’s management has expressed confidence that FY 2017-18 results will be better as it rolls out new exhibits and expands its development efforts. Many of the changes that have been implemented, such as replacing rented exhibits with those that are home-grown, only occurred in late FY 2016-17. The museum also acknowledges that it made a strategic mistake in not offering a splashy, kid-oriented new exhibit for summer 2017. Finally, History Colorado is putting considerable effort into raising additional private funds. (Such funding will go to the History Colorado Foundation, a separate entity, and thus is not visible as organizational revenue until spent.) Staff remains cautiously optimistic that the new management will be able to turn History Colorado into a thriving and financially sustainable entity. **Nonetheless, the General Assembly and the Executive Branch will need to closely monitor the organization’s progress.** As shown in the charts below, paid visitation continues to lag, but revenue has limited correlation to visitation numbers, and revenue generally appears stronger.

FY 2015-16 to FY 2017-18 (to date) History Colorado Visitation and Revenue





*Does not include all History Colorado cash revenue such as from donations, educational programs, and rentals
 Source: History Colorado management dashboards

DECISION ITEMS – HISTORY COLORADO

→ FY 2017-18 SUPPLEMENTAL: ROLL-FORWARD FY 2017-18 IT FUNDS

STAFF RECOMMENDATION: Staff recommends that the Committee provide roll forward authority for \$155,682 General Fund appropriated for the community museums in FY 2017-18. This amount was part of an FY 2017-18 decision item adding General Fund support for the community museums. Staff recommends this be included in an “add-on” Long Bill supplemental. The Department did not formally request the staff-recommended change but did submit an informal request with supporting documentation.

STAFF ANALYSIS: For FY 2017-18, the JBC approved a General Fund appropriation for the community museums. The total approved was \$1,461,401 General Fund in FY 2017-18, annualizing to \$1,425,710 in FY 2018-19 (plus additional amounts in “pots”). The total included, for FY 2017-18, \$27,272 for a point of sale system and \$128,410 for improved technology at the community museums for a total of \$155,682.

The Department’s overall request included staged improvements to IT services throughout the community museum system. Specifically, the request incorporated IT infrastructure upgrades at two of the museums per year through FY 2020-21 and, once upgrades occurred, ongoing costs for public Wi-Fi at each of the ten community museum sites.

The Department has had difficulty obtaining adequate OIT services, particularly at its remote locations. It provided staff with a letter from OIT explaining “the complexities and time consuming activities associated with implementing upgraded infrastructure for the History Colorado (HC) remote sites.” (Memo from Don Wisdom, Sr. Director Infrastructure Operations, OIT to Tonya Covarrubias, Director of Facilities and Budget, History Colorado, November 28, 2017.) According to the memo,

“services such as Wi-Fi, increased network capacity for devices, and expanded internet access for these customers is doable, but not without substantial infrastructure assessment, wireless site surveys, service provider capability determination, and security review. Each of these areas requires in-depth involvement from HC, OIT, and the service providers, some of which do not presently have completed contracts to provide services to the state.” Some key issues highlighted in the memo:

- OIT has not yet executed Internet Service Provider agreements with all state providers that might provide services at History Colorado’s remote locations.
- Each of the remote sites has unique requirements or lacks the capability to support a given service provider’s resources. For example, the local network may not have the necessary cable to support higher communication speed and this may drive need for new fiber cabling.
- History Colorado business requirements reflect a wider range of internet and wireless access need for visitors than what state security policy allows by default.

The letter includes no estimate of the time that is required to address these challenges. More recent information from History Colorado indicates that a joint RFP for the Point of Sale technology is now scheduled to be issued in February 2018. History Colorado indicates that, as a result of these issues, the funds allocated for upgraded IT services at community museums may not be encumbered before the end of the year.

→ HC1 SUSTAINABILITY FROM RECOVERY OF OIT COSTS

REQUEST: History Colorado requests \$112,207 General Fund in FY 2018-19, and an associated reduction in its cash funds appropriation from Gaming revenues, to help it address rapidly escalating charges from the Governor’s Office of Information Technology. The request annualizes to \$204,241 General Fund in FY 2019-20, with a matching reduction in cash fund appropriations.

History Colorado notes that:

- Since 2015, the Governor and General Assembly have taken numerous steps to help History Colorado avert a financial crisis. These include significant changes to the organization’s governance and financial structure. (See staff write-up above.)
- The new Board and management have worked intensively over the last two years to stabilize finances and balance the budget. The organization implemented early retirements, layoffs, and furloughs that reduced the organization’s FTE from 131.4 to 105.3. Non-classified staff did not receive ongoing salary survey or merit pay increase in FY 2015-16 or FY 2017-18. The Board is using new in-house exhibits with History Colorado collections to refresh Museum offerings and bring in visitors. It has also capped expenditure of limited gaming revenue for museum operations at \$10,000,000 to help build reserves.
- The Board’s efforts to balance the budget and invest for the future are hampered by the unpredictable growth in OIT’s common policy costs. OIT costs increased to 4.4 percent of the organization’s earned revenue in FY 2017-18 from 2.5 percent in FY 2016-17. Based on the increases experienced through FY 2017-18, History Colorado projects average annual OIT increases of 20.0 percent per year going forward. The charts below, excerpted from History

Colorado’s extensive documentation, highlight its key concerns. *History Colorado projects an operating deficit of almost \$400,000 in FY 2021-22 based on its internal revenue and expense projections, including its assumption that OIT common policy charges will exceed \$795,000 by FY 2021-22.*

Table 1: History Colorado’s OIT Appropriation FY 2013-14 through FY 2017-18

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
OIT Appropriation	\$ 181,968	\$ 347,961	\$ 395,445	\$ 341,974	\$ 622,124
Change in OIT costs from previous year	6.55%	91.22%	13.65%	-13.52%	81.92%

Table 4: OIT Costs vs. Total Revenue

	FY 2014	FY 2015 ¹	FY 2016	FY 2017	FY 2018 ²	FY 2019 ²	FY 2020 ²	FY 2021 ²	FY 2022 ²
OIT Appropriation ³	\$181,968	\$347,961	\$395,445	\$341,974	\$622,124	\$460,168	\$552,202	\$662,642	\$795,170
Total Revenue ⁴	\$13,117,489	\$13,123,315	\$13,943,596	\$13,485,905	\$14,149,655	\$14,689,024	\$15,031,300	\$15,244,807	\$15,462,030
OIT Costs as a Percentage of Total Revenue	1.39%	2.65%	2.92%	2.54%	4.40%	3.13%	3.67%	4.35%	5.14%
Percent Change of OIT Increase/Decrease	6.55%	91.22%	13.65%	-13.52%	81.92%	-26.03%	20.00%	20.00%	20.00%
Dollar Amount Increase/Decrease to OIT Costs	\$11,193	\$165,993	\$47,484	-\$53,471	\$280,150	\$(161,956)	\$92,034	\$110,440	\$132,528
Percent change Total Revenue	2.24%	0.04%	6.25%	-3.28%	4.92%	3.87%	2.33%	1.42%	1.42%

- History Colorado indicates that if it were able to free up \$112,207 of cash funds revenue, it would be able to invest in activities to further grow its earned revenue. This might include, for example, contracting with temporary staff to drive the sale of additional memberships and target potential donations; and restore a staff person for the exhibits division to further enhance the division’s ability to refresh older exhibits. History Colorado estimates a 125 percent return on investment associated with being relieved of these OIT costs.
- Based on further communication with History Colorado, History Colorado has clarified how it proposes to address annualization of this item:

For FY 2019-20, the General Fund amount provided would be based on the gap between FY 2014-15 and the FY 2019-20 OIT common policy charges. *General Fund would cover the difference between those two figures, which could be more or less than the \$204,241 specified in the request. Whatever the final figure for FY 2019-20 would then be carried forward for a remaining three years through FY 2024-25 without further adjustment.*

RECOMMENDATION: Staff recommends a round \$100,000 refinance of History Colorado OIT costs in FY 2018-19, annualizing to \$150,000 in FY 2019-20.

- History Colorado’s OIT charges for FY 2018-19 are requested at \$460,168, which represents a reduction from FY 2017-18 charges of \$622,124. The request is based on the OIT change since FY

2014-15. Staff finds it difficult to justify recommending General Fund backfill to address an OIT increase in a year when OIT costs are declining but acknowledges that OIT costs are one of a number of challenges for History Colorado.

- *Staff suggests that the annualization be fixed at a total of \$150,000 in FY 2019-20 (assumes a 10 percent average cost increase) rather than having this amount shift depending on final OIT charges for FY 2019-20, given ongoing negotiations between OIT and History Colorado.* History Colorado has been in extensive negotiations with OIT related to changes that may help reduce History Colorado costs and improve performance. Staff hopes that some of the current History Colorado initiatives and tests related to reducing OIT costs prove fruitful. This may address at least some of the rising costs. Staff is concerned that the request as formulated could create a perverse incentive related to History Colorado's current negotiations with OIT. If History Colorado makes changes that remove some of its services from OIT, its OIT common policy costs could decline, resulting in a decrease from the General Fund proposed this year, rather than an increase.
- Statewide, OIT common policy charges have been increasing at an average rate of about 10 percent per year. A number of state departments, including the Department of Labor and Employment, and have requested and received permission to have a portion of their IT costs covered by the General Fund due to a lack of other funding sources to cover this growth.
- History Colorado remains in a financially marginal situation and that its revenue and expenses are likely to again fall out of balance when COP payments increase in FY 2021-22 unless it is able to make great headway in fundraising. *Staff anticipates with this additional assistance History Colorado will move forward without additional near-term requests for General Fund support.*

→ RFI REGARDING HISTORY COLORADO OIT SERVICES

Over the last two years, History Colorado has informed staff and JBC members about challenges it has faced related to services provided by the Governor's Office of Information Technology. The concerns raised involve both cost and quality/type of services. Some of the problems History Colorado faces relate to the organization's unique role: (1) It operates community museums dispersed throughout the State, many in remote areas; (2) Museum visitors and those renting portions of museums for private events expect access to high quality public-facing internet services. History Colorado has described various situations in which these public facing services have gone down, and OIT's response speed has not been at a level History Colorado deems acceptable. History Colorado has also repeatedly expressed dismay at rising OIT costs, culminating in this year's request for General Fund to help cover its OIT costs.

Based on issues raised during History Colorado hearing with the JBC this year, staff requested a formal response from OIT on various questions related to whether History Colorado could separate from OIT services. Staff's understanding is that the Governor's Office could make an internal decision to allow History Colorado to access a variety of services outside of OIT. However, it is clear from the content and tenor of OIT's response that OIT does not support this. The General Assembly could force the issue through legislation, but staff is not recommending this at this time.

Clearly, some of History Colorado's frustration with OIT is not unique to History Colorado. The State moved to centralize OIT services to address a range of problems associated with state agencies operating and contracting for IT services on their own. Centralization brings its own challenges. In 2017, the JBC sponsored H.B. 17-1361 (Evaluate State Information Technology Resources) to explore

a range of issues and concerns about which services are centralized and which are not and the effectiveness of the resulting services. The final report from the independent auditor hired pursuant to the bill is due December 2018. Particularly *in light of this ongoing study, History Colorado and staff agree that legislative action to separate History Colorado from OIT services without OIT consent would be premature.*

History Colorado has suggested that the JBC submit a further request for information, due in November 2018, regarding progress on a range of issues History Colorado is currently negotiating or working on with OIT. History Colorado's hope is that this will keep these issues moving forward in a productive manner. Staff believes this is a reasonable interim step. Staff therefore recommends the Committee add the following Request for Information:

N Governor-Lieutenant Governor-State Planning and Budgeting, Governor's Office of Information Technology and Department of Higher Education, History Colorado -- The Governor's Office of Information Technology and History Colorado are requested to submit a report by October 1, 2018, on the status of projects to improve information technology and communication services for History Colorado. These include the following:

- Clarify OIT billing: OIT staff will work with History Colorado to determine all services needed and associated costs, resolve outstanding questions about how Microsoft software licenses should be purchased and billed, and clarify all components of both common policy and direct billing from OIT. Target dates: March 31 to June 30, 2018.
- Clarify OIT Service Level Agreements: OIT staff will work with History Colorado to clarify the level of service provided in the current service level agreements at all of its properties, including internet, deskside support and phone service, and determine if the agreements meet the agency's business needs.
- Point of Sale Technology: OIT and History Colorado will jointly complete and post an RFP to procure Point of Sale (POS) technology for the community museums, complete the bidding process and have a vendor under contract by June 2018.
- Internet Connectivity - Community Museums: OIT and History Colorado will launch a "proof of concept" test that will enable History Colorado to use an alternative internet services provider at the El Pueblo History Museum. OIT will also cancel unused phone lines and streamline charges for all community museums. The "proof of concept" will be initiated and billing changes implemented by June 30, 2018. Best efforts should be made to ensure Trinidad History Museum and Byers-Evans House Museum have high-speed internet connectivity by June 30, 2018. Internet connectivity at Fort Garland Museum, Grant-Humphreys Mansion and Fort Vasquez should be live by June 30, 2019 and Healy House/Dexter Cabin should be live by June 30, 2020.
- Internet Connectivity - History Colorado Center and Ute Indian Museum: OIT will complete network testing at Ute Indian Museum and History Colorado Center and make recommendations to insure that wifi networks are setup properly for the needs of each space. Survey and recommendations with cost will be made available by June 30, 2018.
- Interactive Geographical Information System: History Colorado will hire a project manager to work with OIT to determine if History Colorado should hire an outside entity or use OIT to stand-up and host an electronic Section 106 interactive Geographical Information System (GIS) platform, used to map Colorado's cultural resources. The goal is to replace the current outdated system and ensure a better client experience. A decision as to whether the platform will be hosted by an outside entity or use OIT will be made by June 30, 2018.

- Deskside support: OIT will take proactive steps to address deskside support problems at History Colorado’s remote locations. History Colorado reports serious problems with technical support for the community museums because OIT staff often cannot respond sufficiently quickly. This may leave facilities without phone, internet, and in some cases related fire and security systems, for several days. History Colorado and OIT are requested to compile a list of issues as they occur, identify the time required to resolve each problem, and explain proposed changes to eliminate excessive delays in the future.

→ STAFF-INITIATED FTE TRUE-UP

The new board and management of History Colorado has significantly reduced the number of employees in order to bring the organization’s revenues and expenditures into balance. While JBC staff has recommended budget adjustments over the years to align the organization’s budget with its structure and available funds, FTE figures in the Long Bill still significantly exceed History Colorado’s actual FTE authorized by its Board. Staff recommends the following adjustments to bring these figures more into alignment.

	HISTORY COLORADO FTE		
	FY 2017-18 LONG BILL	ACTUAL FTE DEC 2017	STAFF REC FY 2018-19 LONG BILL
Central Administration	12.0	10.0	10.0
Facilities Management	7.5	8.0	8.0
History Colorado Center	56.4	38.7	45.0
Community Museums	20.5	19.2	20.5
Office of Archeology & Hist. Pres.	23.0	17.2	20.0
State Historic Fund	18.0	12.8	17.0
Total	137.4	105.9	120.5

Additional notes:

- FTE figures in the Long Bill are shown for informational purposes and History Colorado may thus exceed these figures based on available appropriations and program needs.
- The staff recommendation includes more FTE than the current number of History Colorado employees, based on communication with History Colorado. If History Colorado is able to raise sufficient revenue to fully use its earned revenue appropriation, some of that revenue will be based on increasing staffing.
- The point in time data for December 2017 is based on positions filled at that moment and therefore does not include some vacant positions that are budgeted and will be filled. *Actual FTE data reported for the numbers pages has not been accurate in the past. Staff expects History Colorado to address this for the FY 2019-20 submission.*

LINE ITEM DETAIL – HISTORY COLORADO
(A) CENTRAL ADMINISTRATION**CENTRAL ADMINISTRATION**

This line item includes funding for the President’s Office and staff... The sources of cash funds are gaming revenues deposited in the Operations Account of the State Historical Fund (“minority share”) and cash funds including museum admission fees and user charges deposited to the Enterprise Services Cash Fund.

STATUTORY AUTHORITY: Sections 24-80-201 through 214 and 12-47.1-1201, C.R.S.

REQUEST/ RECOMMENDATION: The request and recommendation are detailed below.

HISTORY COLORADO, CENTRAL ADMINISTRATION, CENTRAL ADMINISTRATION					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FEDERAL FUNDS	FTE
FY 2017-18 APPROPRIATION					
S.B. 17-254 (Long Bill)	\$1,184,667	\$0	\$1,068,325	\$116,342	12.0
TOTAL	\$1,184,667	\$0	\$1,068,325	\$116,342	12.0
FY 2018-19 RECOMMENDED APPROPRIATION					
FY 2017-18 Appropriation	\$1,184,667	\$0	\$1,068,325	\$116,342	12.0
Annualize prior year budget actions	2,541	0	2,541	0	0.0
History Colorado FTE adjustments	0	0	0	0	(2.0)
TOTAL	\$1,187,208		\$1,070,866	\$116,342	10.0
INCREASE/(DECREASE)	\$2,541	\$0	\$2,541	\$0	(2.0)
Percentage Change	0.2%	0.0%	0.2%	0.0%	(16.7%)
FY 2018-19 EXECUTIVE REQUEST	\$1,187,208	\$0	\$1,070,866	\$116,342	12.0
Request Above/(Below) Recommendation	\$0		\$0	\$0	2.0

FACILITIES MANAGEMENT

This line item includes funding for financial oversight and facilities management for all History Colorado facilities throughout the State. This includes budget, accounting, procurement, asset management planning, maintenance, historic preservation, remodeling, controlled maintenance, and capital construction oversight. The source of cash funds is gaming revenues deposited in the Operations Account of the State Historical Fund (“minority share”).

STATUTORY AUTHORITY: Sections 24-80-201 through 214 and 12-47.1-1201, C.R.S.

REQUEST/ RECOMMENDATION: The request and recommendation are detailed below.

HISTORY COLORADO, CENTRAL ADMINISTRATION, FACILITIES MANAGEMENT				
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FTE
FY 2017-18 APPROPRIATION				
S.B. 17-254 (Long Bill)	\$1,477,450	\$0	\$1,477,450	7.5
TOTAL	\$1,477,450	\$0	\$1,477,450	7.5
FY 2018-19 RECOMMENDED APPROPRIATION				
FY 2017-18 Appropriation	\$1,477,450	\$0	\$1,477,450	7.5
Annualize prior year budget actions	4,560	0	4,560	0.0
History Colorado FTE adjustments	0	0	0	0.5
TOTAL	\$1,482,010	\$0	\$1,482,010	8.0
INCREASE/(DECREASE)	\$4,560	\$0	\$4,560	0.5
Percentage Change	0.3%	0.0%	0.3%	6.7%
FY 2018-19 EXECUTIVE REQUEST	\$1,482,010	\$0	\$1,482,010	7.5
Request Above/(Below) Recommendation	\$0		\$0	(0.5)

LEASE PURCHASE OF COLORADO HISTORY MUSEUM

Senate Bill 08-206 authorized the State to enter into lease-purchase agreements for both a new state justice center and a new Colorado state museum. For the history museum, the bill authorized lease purchase (certificate of participation/COP) payments from FY 2011-12 through July 1, 2045 in an annual amount not to exceed \$4,998,000. The bill's fiscal note estimated \$84,000,000 to be financed through COPs out of the \$113.0 million project budget. The museum was financed with a combination of \$25.0 million transferred from the Judicial Branch and moneys from the State Historical Fund from the "minority share" now known as the Operations Account of the State Historical Fund. The financing included \$11.0 million in up-front transfers from the State Historical Fund and ongoing COP payments from this source. These COP payments have strained History Colorado's resources. The COP payments added a \$3.1 million expense to be paid out of the \$9.8 million per year Operations Account budget without any commensurate increase in Operations Account revenue. *COP payments are scheduled to grow to \$3,525,209 in FY 2021-2022, \$3,827,364 in FY 2026-27, \$4,028,812 million in FY 2031-2032, \$4,532,410 in FY 2036-2037, and \$4,998,000 in FY 2039-40, with the final payment in FY 2044-45*

STATUTORY AUTHORITY: Sections 24-80-201 through 214 and 12-47.1-1201, C.R.S.

REQUEST/ RECOMMENDATION: The request and recommendation are detailed below.

HISTORY COLORADO, CENTRAL ADMINISTRATION, LEASE PURCHASE OF COLORADO HISTORY MUSEUM				
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FTE
FY 2017-18 APPROPRIATION				
S.B. 17-254 (Long Bill)	\$3,121,813	\$0	\$3,121,813	0.0
TOTAL	\$3,121,813	\$0	\$3,121,813	0.0
FY 2018-19 RECOMMENDED APPROPRIATION				
FY 2017-18 Appropriation	\$3,121,813	\$0	\$3,121,813	0.0

HISTORY COLORADO, CENTRAL ADMINISTRATION, LEASE PURCHASE OF COLORADO HISTORY MUSEUM				
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FTE
Lease-purchase payment adjustments	(99,953)	0	(99,953)	0.0
TOTAL	\$3,021,860		\$3,021,860	0.0
INCREASE/(DECREASE)	(\$99,953)	\$0	(\$99,953)	0.0
Percentage Change	(3.2%)	0.0%	(3.2%)	0.0%
FY 2018-19 EXECUTIVE REQUEST	\$3,021,860	\$0	\$3,021,860	0.0
Request Above/(Below) Recommendation	\$0		\$0	0.0

(B) HISTORY COLORADO MUSEUMS**HISTORY COLORADO CENTER**

This line item funds the staff for the History Colorado Center in Denver and associated operating expenses. This includes collections and library services, exhibits and interpretation, and education and public programs. The sources of cash funds are gaming revenues deposited in the in the Operations Account of the State Historical Fund (“minority share”) and cash funds including museum admission fees and user charges deposited to the Enterprise Services Cash Fund.

STATUTORY AUTHORITY: Sections 24-80-201 through 214 and 12-47.1-1201, C.R.S.

REQUEST/ RECOMMENDATION: The request and recommendation are detailed below.

HISTORY COLORADO, HISTORY COLORADO MUSEUMS, HISTORY COLORADO CENTER					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FEDERAL FUNDS	FTE
FY 2017-18 APPROPRIATION					
S.B. 17-254 (Long Bill)	\$4,611,859	\$0	\$4,537,882	\$73,977	56.4
TOTAL	\$4,611,859	\$0	\$4,537,882	\$73,977	56.4
FY 2018-19 RECOMMENDED APPROPRIATION					
FY 2017-18 Appropriation	\$4,611,859	\$0	\$4,537,882	\$73,977	56.4
History Colorado FTE adjustments	0	0	0	0	(11.4)
TOTAL	\$4,611,859		\$4,537,882	\$73,977	45.0
INCREASE/(DECREASE)	\$0	\$0	\$0	\$0	(11.4)
Percentage Change	0.0%	0.0%	0.0%	0.0%	(20.2%)
FY 2018-19 EXECUTIVE REQUEST	\$4,611,859	\$0	\$4,537,882	\$73,977	56.4
Request Above/(Below) Recommendation	\$0		\$0	\$0	11.4

COMMUNITY MUSEUMS

This line item funds the staff and associated operating expenses for regional museums and facilities across the state: the El Pueblo Center, Ute Indian Museum, Trinidad History Museum, Fort Garland, the Byers-Evans House, Healy House/Dexter Cabin, the Grant-Humphreys Mansion, and the Georgetown Loop railroad. The sources of cash funds are gaming revenues deposited in the in the

Operations Account of the State Historical Fund and cash funds including museum admission fees and user charges deposited to the Enterprise Services Cash Fund.

STATUTORY AUTHORITY: Sections 24-80-201 through 214 and 12-47.1-1201, C.R.S.

REQUEST/ RECOMMENDATION: The request and recommendation are detailed below.

HISTORY COLORADO, HISTORY COLORADO MUSEUMS, COMMUNITY MUSEUMS				
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FTE
FY 2017-18 APPROPRIATION				
S.B. 17-254 (Long Bill)	\$2,948,601	\$1,461,401	\$1,487,200	20.5
Long Bill supplemental	\$0	\$0	\$0	0.0
Other legislation	\$0	\$0	\$0	0.0
TOTAL	\$2,948,601	\$1,461,401	\$1,487,200	20.5
FY 2018-19 RECOMMENDED APPROPRIATION				
FY 2017-18 Appropriation	\$2,948,601	\$1,461,401	\$1,487,200	20.5
Annualize prior year budget actions	(35,691)	(35,691)	0	0.0
TOTAL	\$2,912,910	\$1,425,710	\$1,487,200	20.5
INCREASE/(DECREASE)	(\$35,691)	(\$35,691)	\$0	0.0
Percentage Change	(1.2%)	(2.4%)	0.0%	0.0%
FY 2018-19 EXECUTIVE REQUEST	\$2,912,910	\$1,425,710	\$1,487,200	20.5
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

MUSEUM EXHIBITS

During the 2016 legislative session, the JBC sponsored H.B. 16-1352 (History Museum Cash Fund). This bill redirected the use of some unspent moneys associated with constructing the new state museum. Among other provisions, it allowed money in the Museum Cash Fund to be appropriated for exhibit planning, development and build-out at other State Historical Society properties. The bill included a one-time \$2.0 million appropriation for museum exhibits from the Fund. History Colorado has four years to expend these funds. History Colorado has not requested, and staff does not recommend, an appropriation for this line item.

(C) OFFICE OF ARCHEOLOGY AND HISTORIC PRESERVATION

PROGRAM COSTS

The Office of Archeology and Historic Preservation documents, studies and protects Colorado's historic places, fulfilling statutory responsibilities assigned to the State Archaeologist and the State Historic Preservation Officer to raise public appreciation of cultural resources. This includes encouraging study of the state's archeological resources, coordinating with federal and state agencies regarding the effects of their actions on historic properties, and preservation planning including designating sites to the State Register of Historic Properties and National Register of Historic Places. The source of cash funds is gaming revenues deposited in the Operations Account of the State Historical Fund ("minority share").

STATUTORY AUTHORITY: Sections 24-80-201 through 214 and 12-47.1-1201, C.R.S.

REQUEST/ RECOMMENDATION: The request and recommendation are detailed below.

(D) STATE HISTORICAL FUND PROGRAM

The State Historical Fund was created by voters through the passage of the 1990 constitutional amendment legalizing limited stakes gaming in Black Hawk, Central City, and Cripple Creek. The amendment requires 28 percent of tax revenue generated be used for historic preservation efforts. This section includes funding for a statewide preservation grant program supported with gaming revenue and funding for a direct distribution for historic preservation to gaming cities, as required by the Constitution.

ADMINISTRATION

The majority of the revenue generated from gaming is to be used for the preservation and restoration of historical sites and municipalities throughout the state. The Historical Society has statutory authority to expend some of these funds to cover the "reasonable costs" of administration. The source of cash funds is gaming revenues deposited in the Preservation and Grant Programs Account of the State Historical Fund (“majority share”).

STATUTORY AUTHORITY: Section 12-47.1-1201, C.R.S.

REQUEST/ RECOMMENDATION: The request and recommendation are detailed below.

HISTORY COLORADO, STATE HISTORICAL FUND PROGRAM, ADMINISTRATION				
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FTE
FY 2017-18 APPROPRIATION				
S.B. 17-254 (Long Bill)	\$1,703,303	\$0	\$1,703,303	18.0
TOTAL	\$1,703,303	\$0	\$1,703,303	18.0
FY 2018-19 RECOMMENDED APPROPRIATION				
FY 2017-18 Appropriation	\$1,703,303	\$0	\$1,703,303	18.0
History Colorado FTE adjustments	0	0	0	(1.0)
TOTAL	\$1,703,303		\$1,703,303	17.0
INCREASE/(DECREASE)	\$0	\$0	\$0	(1.0)
Percentage Change	0.0%	0.0%	0.0%	(5.6%)
FY 2018-19 EXECUTIVE REQUEST	\$1,703,303	\$0	\$1,703,303	18.0
Request Above/(Below) Recommendation	\$0		\$0	1.0

GRANTS

The majority of the revenue generated from gaming is to be used for the preservation and restoration of historical sites and municipalities throughout the state. These moneys are distributed as grants statewide. Funding is from the “majority share” of gaming revenue deposited to the State Historic Fund. The source of cash funds is gaming revenues deposited in the Preservation and Grant Programs

Account of the State Historical Fund (“majority share”). Amounts distributed as grants are continuously appropriated to History Colorado.

STATUTORY AUTHORITY: Section 12-47.1-1201, C.R.S..

REQUEST/ RECOMMENDATION: The request and recommendation are detailed below.

The amount shown reflects an estimate of new grant amounts that will be available in FY 2017-18.

HISTORY COLORADO, STATE HISTORICAL FUND PROGRAM, GRANTS				
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FTE
FY 2017-18 APPROPRIATION				
S.B. 17-254 (Long Bill)	\$8,250,000	\$0	\$8,250,000	0.0
TOTAL	\$8,250,000	\$0	\$8,250,000	0.0
FY 2018-19 RECOMMENDED APPROPRIATION				
FY 2017-18 Appropriation	\$8,250,000	\$0	\$8,250,000	0.0
TOTAL	\$8,250,000		\$8,250,000	0.0
Percentage Change	0.0%	0.0%	0.0%	0.0%
FY 2018-19 EXECUTIVE REQUEST	\$8,250,000	\$0	\$8,250,000	0.0
Request Above/(Below) Recommendation	\$0		\$0	0.0

GAMING CITIES DISTRIBUTION

Twenty percent of revenue generated from gaming and deposited to the State Historical Fund is returned to the gaming cities, pursuant to the state Constitution. Section 12-47.1-1202, C.R.S., establishes standards for the use and administration of the funds by the gaming cities to ensure that expenditures are used as intended for historic restoration and preservation.

STATUTORY AUTHORITY: Sections 12-47.1-1201 and 1202, C.R.S.

REQUEST: History Colorado requests a continuing appropriation of \$5,300,000 cash funds for this line item, which represents the anticipated gaming revenue to be allocated to the State Historical Fund.

RECOMMENDATION: **Staff does not recommend an adjustment at this time, as the amount shown in the Long Bill in FY 2017-18 is close to the anticipated FY 2018-19 receipts.**

HISTORY COLORADO, STATE HISTORICAL FUND PROGRAM, GAMING CITIES DISTRIBUTION				
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FTE
FY 2017-18 APPROPRIATION				
S.B. 17-254 (Long Bill)	\$5,300,000	\$0	\$5,300,000	0.0
TOTAL	\$5,300,000	\$0	\$5,300,000	0.0
FY 2018-19 RECOMMENDED APPROPRIATION				
FY 2017-18 Appropriation	\$5,300,000	\$0	\$5,300,000	0.0

HISTORY COLORADO, STATE HISTORICAL FUND PROGRAM, GAMING CITIES				
DISTRIBUTION				
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FTE
TOTAL	\$5,300,000		\$5,300,000	0.0
Percentage Change	0.0%	0.0%	0.0%	0.0%
FY 2018-19 EXECUTIVE REQUEST	\$5,300,000	\$0	\$5,300,000	0.0
Request Above/(Below) Recommendation	\$0		\$0	0.0

(E) CUMBRES-TOLTEC RAILROAD COMMISSION

This line item funds the state's portion of a cooperative agreement with New Mexico to operate the Cumbres and Toltec Scenic Railroad, pursuant to Section 24-60-1901, C.R.S. The Cumbres and Toltec Railroad is jointly owned by the State of New Mexico and the State of Colorado. The 64-mile track represents the last remaining portion of an 1880 Denver and Rio Grande line from Alamosa to Durango that was called the San Juan Extension. In 1970 Colorado and New Mexico jointly purchased the portion of track between the small towns of Antonito, Colorado and Chama, New Mexico before it was ripped up by the Denver and Rio Grande.

The states set up an interstate commission to operate the railroad that snakes back and forth across the border as a passenger tourism line. The primary sources of operating funds are ticket and gift shop sales. Both states provide a modest ongoing operating appropriation and have historically provided capital appropriations for larger projects. The railroad is also supported by an associated non-profit, the Friends of the Cumbres and Toltec Scenic Railroad, which coordinates volunteer services focused on equipment and facility maintenance and repair.

The railroad has undergone a variety of management changes but is now successfully operated by an LLC formed by the Railroad Commission.

- In FY 2016-17 35,990 passengers rode the railroad, which operates during the tourist season (summer/fall).
- Revenue from ticket and retail sales averages about \$110 per rider. The operating budget was \$4.2 million in FY 2016-17, largely from ticket sales. Operating revenue varies based primarily on the number of riders.
- In contrast, the capital budget has historically depended virtually entirely on appropriations from Colorado and New Mexico. Funds have varied from year to year depending upon railroad needs and available state funding.
- In FY 2012-13, the General Assembly moved capital construction funding for the railroad to the operating budget from the capital construction budget. In FY 2013-14, the General Assembly authorized an appropriation of \$1,092,500 General Fund per year for three years, within the state operating budget, to address specified capital construction needs. Footnote 19 to the FY 2013-14 Long Bill, added at the time, explained that amounts above a \$202,500 base for capital costs and would be revisited after the three-year period authorized.
- In FY 2016-17, the General Assembly reauthorized annual funding at the level approved in FY 2013-14, \$1,092,000 General Fund and \$328,000 cash funds (amounts assumed from the Railroad Commission and the State of New Mexico), for a further period of three years.

- The railroad has been in the process of significant capital repairs and upgrades for an extended period. However, as these come to an end, and assuming modest growth in ridership, the railroad is projecting that it will be able to operate largely self-sufficiently and independent of state capital support by FY 2023-24. This date has moved out a year from an earlier projection. The State of New Mexico has provided little or no support in recent years, and this has slowed progress on capital upgrades.

C&TSRR Capital Investment Model																			
	Actuals					Upgrade Phase Projections					Maintenance Phase Projections					Totals			
	FY13	FY14	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	FY 27	FY18-23	FY24-27	10 Years	
<i>Number of Riders</i>	32,081	34,503	35,682	36,170	35,990	38,600	40,144	41,750	43,420	45,157	46,963	47,902	48,860	49,837	50,834	256,033	197,434	453,466	
Train Operations	[-----000-----]																		
Train Operations Revenues	[-----000-----]																		
Ticket Revenues	\$2,986	\$3,334	\$3,226	\$3,550	\$3,771	\$3,910	\$4,188	\$4,487	\$4,806	\$5,148	\$5,515	\$5,794	\$6,087	\$6,395	\$6,719	\$28,054	\$24,994	\$53,045	
Retail Sales (gross)	\$191	\$182	\$301	\$358	\$399	\$444	\$472	\$506	\$542	\$580	\$622	\$653	\$686	\$721	\$757	\$3,166	\$2,818	\$5,983	
Interest/Other Rev	\$4	\$3	\$7	\$1	\$35	\$30	\$31	\$32	\$33	\$34	\$35	\$36	\$37	\$38	\$39	\$194	\$150	\$344	
Total Revenue	\$3,181	\$3,519	\$3,534	\$3,909	\$4,205	\$4,384	\$4,691	\$5,024	\$5,381	\$5,762	\$6,171	\$6,483	\$6,810	\$7,154	\$7,515	\$31,414	\$27,962	\$59,376	
Less Operating Expenses	\$3,275	\$3,096	\$3,207	\$3,678	\$4,087	\$4,228	\$4,355	\$4,485	\$4,620	\$4,759	\$4,901	\$5,048	\$5,048	\$5,048	\$5,048	\$27,348	\$20,194	\$47,542	
Net Operating Income	-\$94	\$423	\$327	\$231	\$118	\$156	\$337	\$539	\$761	\$1,004	\$1,270	\$1,434	\$1,762	\$2,105	\$2,467	\$4,065	\$7,768	\$11,834	
Contingency Fund Alloc. 20%	\$0	\$0	\$0	\$0	\$0	\$31	\$67	\$108	\$152	\$201	\$254	\$0	\$0	\$0	\$0	\$813	\$0	\$813	
Net After Contingency	-\$94	\$423	\$327	\$231	\$118	\$125	\$269	\$431	\$608	\$803	\$1,016	\$1,434	\$1,762	\$2,105	\$2,467	\$3,252	\$7,768	\$11,021	
Capital Investments	[-----000-----]																		
Capital Funding Allocations	[-----000-----]																		
Track	\$400	\$700	\$350	\$650	\$815	\$1,000	\$975	\$1,000	\$750	\$450	\$450	\$440	\$449	\$449	\$449	\$4,625	\$1,787	\$6,412	
Locomotive Fleet	\$113	\$500	\$455	\$330	\$550	\$450	\$430	\$500	\$515	\$515	\$500	\$575	\$587	\$587	\$587	\$2,910	\$2,336	\$5,246	
Passenger Cars	\$250	\$400	\$50	\$400	\$146	\$416	\$450	\$390	\$689	\$800	\$1,000	\$310	\$209	\$213	\$213	\$3,745	\$945	\$4,690	
Structures	\$468	\$140	\$215	\$165	\$0	\$0	\$14	\$50	\$100	\$200	\$200	\$302	\$308	\$308	\$308	\$564	\$1,226	\$1,790	
	\$1,231	\$1,740	\$1,070	\$1,545	\$1,511	\$1,866	\$1,869	\$1,940	\$2,054	\$1,965	\$2,150	\$1,627	\$1,553	\$1,557	\$1,557	\$9,694	\$6,294	\$15,988	
Funded from Operations						\$125	\$269	\$431	\$608	\$803	\$1,016	\$1,434	\$1,762	\$2,105	\$2,467	\$3,252	\$7,768	\$11,021	
Net Capital Needs	\$1,231	\$1,740	\$1,070	\$1,545	\$1,511	\$1,741	\$1,600	\$1,509	\$1,446	\$1,162	\$1,134	\$193	-\$209	-\$548	-\$910	\$6,442	-\$1,474	\$4,967	
Capital Outlays	[-----Appropriated-----] [-----Projected Requests-----]																		
Colorado	\$931	\$1,090	\$1,085	\$1,100	\$1,096	\$1,096	\$1,085	\$1,085	\$1,085	\$1,045	\$1,020	\$0	\$0	\$0	\$0	\$6,416	\$0	\$6,416	
New Mexico	\$300	\$850	\$185	\$645	\$615	\$0	\$1,018	\$1,075	\$1,075	\$1,045	\$1,020	\$0	\$0	\$0	\$0	\$5,233	\$0	\$5,233	
Balance	\$0	\$200	\$200	\$200	\$200	-\$645	\$503	\$651	\$714	\$928	\$906	-\$193	\$209	\$548	\$910	\$5,207	\$1,474	\$6,682	

REQUEST: The Department requests continuation funding of \$2,050,000, including \$1,295,000 General Fund, with the balance representing cash funds from New Mexico and the Cumbres and Toltec Railroad Commission. This includes the annualization of prior capital funding and the associated request HC1 to restore the funding.

RECOMMENDATION: The staff recommendation is reflected in the table below. Note that New Mexico provided no support for the railroad in FY 2017-18. However, actual receipts have varied. Given that there is no definitive New Mexico decision at this stage in the year, staff has not adjusted the New Mexico contribution amount that is shown for informational purposes.

HISTORY COLORADO, CUMBRES AND TOLTEC RAILROAD COMMISSION, CUMBRES AND TOLTEC RAILROAD COMMISSION				
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FTE
FY 2017-18 APPROPRIATION				
S.B. 17-254 (Long Bill)	\$1,960,000	\$1,295,000	\$665,000	0.0
TOTAL	\$1,960,000	\$1,295,000	\$665,000	0.0
FY 2018-19 RECOMMENDED APPROPRIATION				
FY 2017-18 Appropriation	\$1,960,000	\$1,295,000	\$665,000	0.0
TOTAL	\$1,960,000	\$1,295,000	\$665,000	0.0

HISTORY COLORADO, CUMBRES AND TOLTEC RAILROAD COMMISSION, CUMBRES AND TOLTEC RAILROAD COMMISSION				
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FTE
Percentage Change	0.0%	0.0%	0.0%	0.0%
FY 2018-19 EXECUTIVE REQUEST	\$1,960,000	\$1,295,000	\$665,000	0.0
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

LONG BILL FOOTNOTES AND REQUESTS FOR INFORMATION

LONG BILL FOOTNOTES

Staff recommends **CONTINUING** the following footnotes as amended:

FOOTNOTES OTHER THAN TUITION FOOTNOTES

- 20 Department of Health Care Policy and Financing, Grand Totals; Department of Higher Education, College Opportunity Fund Program, Fee-for-service Contracts with State Institutions, Fee-for-service Contracts with State Institutions for Specialty Education Programs and Governing Boards, Regents of the University of Colorado -- The Department of Higher Education shall transfer [amount pending] to the Department of Health Care Policy and Financing for administrative costs and family medicine residency placements associated with care provided by the faculty of the health sciences center campus at the University of Colorado that are eligible for payment pursuant to Section 25.5-4-401, C.R.S. ~~It is the General Assembly's assumption that the Department of Health Care Policy and Financing is seeking permission from the~~ IF THE federal Centers for Medicare and Medicaid SERVICES CONTINUE TO ALLOW THE DEPARTMENT OF HEALTH CARE POLICY AND FINANCING to make supplemental payments to the University of Colorado School of ~~Medicine. If permission is granted,~~ MEDICINE, the Department of Higher Education shall transfer the amount approved, up to ~~\$61,521,432~~ [amount pending], to the Department of Health Care Policy and Financing in ~~FY 2017-18~~ FY 2018-19 pursuant to Section 23-18-304(1)(c), C.R.S. If permission is ~~not granted,~~ DISCONTINUED, or is granted for a lesser amount, any portion of the ~~\$61,521,432~~ [amount pending] that is not transferred to the Department of Health Care Policy and Financing shall be transferred to the Regents of the University of Colorado.

COMMENT: The Centers for Medicare and Medicaid Services approved the supplemental payment plan during summer 2017. The University of Colorado reported that the interagency agreement between the University and the Department of Health Care Policy and Financing has been signed. The University of Colorado has indicated that, if the Governor's Higher Education request is approved, it would like the amount transferred under this agreement to increase to \$68,797,245. Staff recommends that any increase be tied to proportionate increases in deliverables. An associated RFI is recommended.

- 21 Department of Higher Education, Colorado Commission on Higher Education, Special Purpose, Tuition/Enrollment Contingency -- The Colorado Commission on Higher Education may transfer spending authority from this line item to the Governing Boards in the event that tuition revenues increase beyond appropriated levels. The spending authority for this line item is in addition to the funds appropriated directly to the Governing Boards. It is the intent of the General Assembly that the Colorado Commission on Higher Education not authorize transfers of spending authority from this line item to support tuition increases.

COMMENT: Staff anticipates that this footnote will only be invoked to the extent there is a need for further “true up” between actual expenditures and the modified FY 2018-19 appropriation at the end of the 2018-19 fiscal year. The FY 2016-17 version of this footnote (Footnote 20) was used allow institutions that had enrollment levels higher than anticipated to receive and spend the associated revenue.

- 22 Department of Higher Education, Colorado Commission on Higher Education Financial Aid, Work Study - The Colorado Commission on Higher Education may roll forward up to two percent of the Work Study appropriation to the next fiscal year.

COMMENT: The footnote provides flexibility for the Department to roll forward work study funds because employment by some students in the summer of the academic year may occur in the next state fiscal year. The Department rolled forward \$419,760 of the FY 2016-17 appropriation in this line item to FY 2017-18.

- 33 Department of Higher Education, History Colorado, Central Administration; History Colorado Museums; and Office of Archeology and Historic Preservation -- History Colorado may transfer up to 10.0 percent of the total amount appropriated in these sections between the sections and among the line items within the sections.

COMMENT: This footnote added flexibility in the History Colorado budget to assist in a smooth transition to a new budget structure effective FY 2015-16.

- 34 Department of Higher Education, History Colorado, Cumbres and Toltec Railroad Commission --The amount in this line item is calculated based on the following assumptions: (1) This line item includes \$202,500 for annual Commission operating expenses and other routine ongoing costs including controlled maintenance; (2) the balance of this appropriation is for capital projects including locomotive boiler repair, passenger car upgrades, and track, bridge, and tunnel upgrades; and (3) amounts above the \$202,500 ongoing operating support are based on an analysis of the Railroad's capital outlay needs over a three year period and are not assumed to continue after FY 2018-19. Amounts in this line item that are not expended by June 30, ~~2018~~ 2019 may be rolled forward for expenditure in ~~FY 2018-19~~. FY 2019-20.

COMMENT: This footnote provides a record of legislative intent, given that this line item is “quasi-capital” in nature. Actual expenditures for the Cumbres and Toltec Railroad have remained well below appropriations as funds are rolled forward to future years.

TUITION FOOTNOTES

The tuition footnotes below all reflect the General Assembly's assumptions on governing board tuition. These may need to be modified based on JBC decisions. Staff will bring in additional adjustments as needed.

- 23 Department of Higher Education, Governing Boards, Trustees of Adams State University -- The amount in this line item is calculated based on the assumption that no undergraduate student with in-state classification will pay more tuition in ~~FY 2017-18~~ FY 2018-19 than ~~seven~~ THREE percent over what a student would have paid in ~~FY 2016-17~~ FY 2017-18 for the same credit hours and course of study, EXCEPT THAT TUITION IS ASSUMED TO INCREASE ABOVE THIS AMOUNT FOR NURSING STUDENTS WHO RECEIVE A REDUCTION IN STUDENT FEES EQUAL

TO ANY TUITION INCREASE EXCEEDING THREE PERCENT. This amount is also calculated based on the assumption that the governing board will increase tuition rates for graduate and nonresident students based on its assessment of market conditions. The General Assembly intends to adjust the amount in this line item through supplemental action during fiscal year ~~2017-18~~ FY 2018-19 based on updated enrollment estimates and tuition rate information.

- 24 Department of Higher Education, Governing Boards, Trustees of Colorado Mesa University -- The amount in this line item is calculated based on the assumption that no undergraduate student with in-state classification will pay more tuition in ~~FY 2017-18~~ FY 2018-19 than ~~seven~~ THREE percent over what a student would have paid in ~~FY 2016-17~~ FY 2017-18 for the same credit hours and course of study. This amount is also calculated based on the assumption that the governing board will increase tuition rates for graduate and nonresident students based on its assessment of market conditions. The General Assembly intends to adjust the amount in this line item through supplemental action during fiscal year ~~2017-18~~ 2018-19 based on updated enrollment estimates and tuition rate information.
- 25 Department of Higher Education, Governing Boards, Trustees of Metropolitan State University of Denver -- The amount in this line item is calculated based on the assumption that no undergraduate student with in-state classification will pay more tuition in ~~FY 2017-18~~ FY 2018-19 than ~~seven~~ THREE percent over what a student would have paid in ~~FY 2016-17~~ FY 2017-18 for the same credit hours and course of study. This amount is also calculated based on the assumption that the governing board will increase tuition rates for graduate and nonresident students based on its assessment of market conditions. The General Assembly intends to adjust the amount in this line item through supplemental action during fiscal year ~~2017-18~~ 2018-19 based on updated enrollment estimates and tuition rate information.
- 26 Department of Higher Education, Governing Boards, Trustees of Western State Colorado University -- The amount in this line item is calculated based on the assumption that no undergraduate student with in-state classification will pay more tuition in ~~FY 2017-18~~ FY 2018-19 than ~~seven~~ THREE percent over what a student would have paid in ~~FY 2016-17~~ FY 2017-18 for the same credit hours and course of study. This amount is also calculated based on the assumption that the governing board will increase tuition rates for graduate and nonresident students based on its assessment of market conditions. The General Assembly intends to adjust the amount in this line item through supplemental action during fiscal year ~~2017-18~~ 2018-19 based on updated enrollment estimates and tuition rate information.
- 27 Department of Higher Education, Governing Boards, Board of Governors of the Colorado State University System -- The amount in this line item is calculated based on the assumption that no undergraduate student with in-state classification will pay more tuition in ~~FY 2017-18~~ FY 2018-19 than ~~seven~~ THREE percent over what a student would have paid in ~~FY 2016-17~~ FY 2017-18 for the same credit hours and course of study. This amount is also calculated based on the assumption that the governing board will increase tuition rates for graduate and nonresident students based on its assessment of market conditions. The General Assembly intends to adjust the amount in this line item through supplemental action during fiscal year ~~2017-18~~ 2018-19 based on updated enrollment estimates and tuition rate information.

- 28 Department of Higher Education, Governing Boards, Trustees of Fort Lewis College -- The amount in this line item is calculated based on the assumption that no undergraduate student with in-state classification will pay more tuition in ~~FY 2017-18~~ FY 2018-19 than ~~seven~~ FIVE percent over what a student would have paid in ~~FY 2016-17~~ FY 2017-18 for the same credit hours and course of study. This amount is also calculated based on the assumption that the governing board will increase tuition rates for graduate and nonresident students based on its assessment of market conditions. The General Assembly intends to adjust the amount in this line item through supplemental action during fiscal year ~~2017-18~~ 2018-19 based on updated enrollment estimates and tuition rate information.
- 29 Department of Higher Education, Governing Boards, Regents of the University of Colorado -- The amount in this line item is calculated based on the assumption that no undergraduate student with in-state classification will pay more tuition in ~~FY 2017-18~~ FY 2018-19 than ~~seven~~ THREE percent over what a student would have paid in ~~FY 2016-17~~ FY 2017-18 for the same credit hours and course of study. ~~except that tuition for undergraduate students with in-state classification at the University of Colorado Denver who are enrolled in the School of Engineering and Applied Sciences or the Business School is assumed to increase by up to 10.4 percent.~~ This amount is also calculated based on the assumption that the governing board will increase tuition rates for graduate and nonresident students based on its assessment of market conditions. The General Assembly intends to adjust the amount in this line item through supplemental action during fiscal year ~~2017-18~~ 2018-19 based on updated enrollment estimates and tuition rate information. IN ACCORDANCE WITH THE RESIDENT TUITION GUARANTEE AT THE UNIVERSITY OF COLORADO BOULDER, EACH UNDERGRADUATE RESIDENT STUDENT WITH IN-STATE CLASSIFICATION WHO ENTERED IN FY 2015-16, FY 2016-17, AND FY 2017-18 IS ASSUMED TO HAVE NO INCREASE IN TUITION THROUGH FY 2018-19, FY 2019-20 AND FY 2020-21, RESPECTIVELY. THE TUITION RATE PAID BY EACH UNDERGRADUATE RESIDENT STUDENT WITH IN-STATE CLASSIFICATION ENTERING IN FY 2018-19 IS ASSUMED TO INCREASE BY FOUR PERCENT AND NOT INCREASE FURTHER THROUGH FY 2021-22.
- 30 Department of Higher Education, Governing Boards, Trustees of the Colorado School of Mines -- The cash funds appropriation from tuition in this line item is for informational purposes only. Pursuant to the provisions of 23-41-104.6 (5) (c), C.R.S., the Board of Trustees has authority to establish resident and non-resident tuition rates for the Colorado School of Mines. The General Assembly intends to adjust the amount in this line item through supplemental action during fiscal year ~~2017-18~~ 2018-19 based on updated enrollment estimates and tuition rate information.
- 31 Department of Higher Education, Governing Boards, University of Northern Colorado -- The amount in this line item is calculated based on the assumption that no undergraduate student with in-state classification will pay more tuition in ~~FY 2017-18~~ FY 2018-19 than ~~seven~~ THREE percent over what a student would have paid in ~~FY 2016-17~~ FY 2017-18 for the same credit hours and course of study. This amount is also calculated based on the assumption that the governing board will increase tuition rates for graduate and nonresident students based on its assessment of market conditions. The General Assembly intends to adjust the amount in this line item through supplemental action during fiscal year ~~2017-18~~ 2018-19 based on updated enrollment estimates and tuition rate information.

- 32 Department of Higher Education, Governing Boards, State Board for Community Colleges and Occupational Education State System Community Colleges -- The amount in this line item is calculated based on the assumption that no undergraduate student with in-state classification will pay more tuition in ~~FY 2017-18~~ FY 2018-19 than ~~seven~~ THREE percent over what a student would have paid in ~~FY 2016-17~~ FY 2017-18 for the same credit hours and course of study. This amount is also calculated based on the assumption that the governing board will increase tuition rates for graduate and nonresident students based on its assessment of market conditions. The General Assembly intends to adjust the amount in this line item through supplemental action during fiscal year ~~2017-18~~ 2018-19 based on updated enrollment estimates and tuition rate information.

REQUESTS FOR INFORMATION

Staff recommends **ADDING** the following new requests.

- C Department of Health Care Policy and Financing, Executive Director's Office and Department of Higher Education, Governing Boards, Regents of the University of Colorado -- Based on agreements between the University of Colorado and the Department of Health Care Policy and Financing regarding the use of Anschutz Medical Campus Funds as the State contribution to the Upper Payment Limit, the General Assembly anticipates various public benefits. The General Assembly further anticipates that any increases to funding available for this program will lead to commensurate increases in public benefits. The University of Colorado and the Department of Health Care Policy and Financing are requested to submit a report to the Joint Budget Committee about the program and these benefits by October 1, 2018.
- N Colorado Department of Higher Education, Colorado Commission on Higher Education, Administration -- The Department is requested to work with JBC Staff and Legislative Council staff during the legislative interim to explore options for making the funding model more intuitive and transparent. As part of this effort, the Department is requested to have a functioning version of all portions of the model, including the performance section of the model, available in spreadsheet format by July 1, 2018. The Department is also requested to continue its efforts to incorporate a model component for students who are first in their families to attend college.

COMMENT: The JBC has often included an RFI to provide some guidance to the Department on potential funding model changes for the subsequent year.

- N Governor-Lieutenant Governor-State Planning and Budgeting, Governor's Office of Information Technology and Department of Higher Education, History Colorado -- The Governor's Office of Information Technology and History Colorado are requested to submit a report by October 1, 2018, on the status of projects to improve information technology and communication services for History Colorado. These include the following:
- Clarify OIT billing: OIT staff will work with History Colorado to determine all services needed and associated costs, resolve outstanding questions about how Microsoft software

- licenses should be purchased and billed, and clarify all components of both common policy and direct billing from OIT. Target dates: March 31 to June 30, 2018.
- Clarify OIT Service Level Agreements: OIT staff will work with History Colorado to clarify the level of service provided in the current service level agreements at all of its properties, including internet, deskside support and phone service, and determine if the agreements meet the agency's business needs.
 - Point of Sale Technology: OIT and History Colorado will jointly complete and post an RFP to procure Point of Sale (POS) technology for the community museums, complete the bidding process and have a vendor under contract by June 2018.
 - Internet Connectivity - Community Museums: OIT and History Colorado will launch a "proof of concept" test that will enable History Colorado to use an alternative internet services provider at the El Pueblo History Museum. OIT will also cancel unused phone lines and streamline charges for all community museums. The "proof of concept" will be initiated and billing changes implemented by June 30, 2018. Best efforts should be made to ensure Trinidad History Museum and Byers-Evans House Museum have high-speed internet connectivity by June 30, 2018. Internet connectivity at Fort Garland Museum, Grant-Humphreys Mansion and Fort Vasquez should be live by June 30, 2019 and Healy House/Dexter Cabin should be live by June 30, 2020.
 - Internet Connectivity - History Colorado Center and Ute Indian Museum: OIT will complete network testing at Ute Indian Museum and History Colorado Center and make recommendations to insure that wifi networks are setup properly for the needs of each space. Survey and recommendations with cost will be made available by June 30, 2018.
 - Interactive Geographical Information System: History Colorado will hire a project manager to work with OIT to determine if History Colorado should hire an outside entity or use OIT to stand-up and host an electronic Section 106 interactive Geographical Information System (GIS) platform, used to map Colorado's cultural resources. The goal is to replace the current outdated system and ensure a better client experience. A decision as to whether the platform will be hosted by an outside entity or use OIT will be made by June 30, 2018.
 - Deskside support: OIT will take proactive steps to address deskside support problems at History Colorado's remote locations. History Colorado reports serious problems with technical support for the community museums because OIT staff often cannot respond sufficiently quickly. This may leave facilities without phone, internet, and in some cases related fire and security systems, for several days. History Colorado and OIT are requested to compile a list of issues as they occur, identify the time required to resolve each problem, and explain proposed changes to eliminate excessive delays in the future.

Staff recommends **CONTINUING** the following requests as amended:

6. Department of Higher Education, Colorado Commission on Higher Education, Special Purpose, Tuition/Enrollment Contingency -- The Department is requested to provide information on the amount of Tuition Enrollment Contingency funds distributed to any governing board and whether the governing board complied with Colorado Commission on Higher Education tuition policy and intended limits on undergraduate rates expressed in Long Bill footnotes. This information, AS IT APPLIES TO ACTUAL EXPENDITURES IN FY 2017-

18 SHOULD BE PROVIDED BY NOVEMBER 1, 2018 AND as it applies to actual expenditures in ~~FY 2016-17~~ FY 2018-19, should be provided by November 1, ~~2018~~ 2019.

COMMENT: Staff anticipates that the Department will submit this annually for the most recent actual year.

7. Colorado Department of Higher Education, Colorado Commission on Higher Education, Administration; and Governing Boards -- The Department is requested to coordinate the following annual data submissions to the Joint Budget Committee and Legislative Council Staff to support tuition, fee, and stipend revenue estimates used for appropriations and informational amounts included in the Long Bill.

By November 1, ~~2017~~ 2018: Submit budget data books for each of the governing boards that provide detail on education and general revenue and expenditures for each institution for the most recent actual year (~~FY 2016-17~~) (FY 2017-18) and the current estimate year (~~FY 2017-18~~)(FY 2018-19).

- Include estimate-year ~~FY 2017-18~~ FY 2018-19 full time equivalent (FTE) enrollment data for resident undergraduate and graduate students and non-resident undergraduate and graduate students, in addition to actual year ~~FY 2016-17~~ FY 2017-18 student FTE data. The ~~FY 2017-18~~ FY 2018-19 student FTE estimates should be those used to develop the ~~FY 2017-18~~ FY 2018-19 revenue and expenditure estimates in the data books.
- Identify actual ~~FY 2016-17~~ FY 2017-18 and budgeted ~~FY 2017-18~~ FY 2018-19 student FTE eligible for the College Opportunity Fund (COF) stipend in the budget data book submission.
- The Department is requested to separately provide actual and estimated revenue from mandatory fees using the definitions established by the Department of Higher Education for mandatory fees.

By December 15, ~~2017~~ 2018: Submit fall ~~2018~~ 2019 student FTE census data. This should include resident undergraduate and graduate and non-resident undergraduate and graduate FTE figures for each governing board and institutional break-outs for those governing boards that oversee multiple institutions.

By February 15, ~~2018~~ 2019: Submit revised estimate year ~~FY 2017-18~~ FY 2018-19 and request year ~~FY 2018-19~~ FY 2019-20 revenue and enrollment data for each governing board, along with the comparable ~~FY 2015-16~~ FY 2017-18 actual data for context. ~~If available, also~~ ALSO include data at the institutional level for the University of Colorado and Colorado State University Systems.

- For each year, include FTE enrollment AND REVENUE ESTIMATES for resident undergraduate and graduate students and non-resident undergraduate and graduate students.
- Include annotations explaining assumptions, including tuition and fee rate and enrollment assumptions for the ~~FY 2018-19~~ FY 2019-20 request year.
- Consistent with the requirements of Section 23-18-202 (2) (a) (I), C.R.S., also include an update on the number of student FTE estimated to be eligible for COF stipends in FY ~~2017-18~~ 2018-19 based on the most recent data available (different from the figures used to establish initial stipend appropriations).

- Include actual and estimated revenue from mandatory fees using the definitions established by the Department of Higher Education for mandatory fees.

COMMENT: This RFI helps to ensure that Legislative Council Staff have the data needed for higher education student forecasts. Staff is requesting additional revenue detail this year to more clearly identify the portion of revenue associated with undergraduate resident tuition, since this has been the tuition category of most interest to the General Assembly.

- 8 Department of Higher Education, Colorado Commission on Higher Education, Administration -- The Department should continue its efforts to provide data on the efficiency and effectiveness of state financial aid in expanding access to higher education for Colorado residents. The Department is requested to provide to the Joint Budget Committee by December 1 of each year an evaluation of financial aid programs, which should include, but not be limited to: (1) an estimate of the amount of federal, institutional, and private resources (including tax credits) devoted to financial aid; (2) the number of recipients from all sources; (3) information on typical awards; and (4) the typical debt loads of graduates. The Department is requested to provide more in-depth data on the financial aid awarded at the state's public institutions, by institution. This should include further information on the use of institutional aid, including the extent to which such aid is awarded to residents versus non-residents, for financial need versus merit, and the extent to which merit-based aid is awarded to students who qualify on the basis of need, whether or not the aid was classified as merit-based.

COMMENT: This RFI ensures the JBC receives annual financial aid data.

9. Department of Higher Education, Colorado Commission on Higher Education, Administration -- The Department is requested to submit, as part of the annual request for common policy benefits adjustments, templates that reflect the benefit selection for each member of the Department's staff in a manner that will enable health benefits for these staff to be calculated consistent with common policy. The templates are expected to contain July 2017 data on health benefits actually selected by Department staff AND RELATE STAFF BENEFIT ELECTIONS TO COMPARABLE STATE PLAN PREMIUMS. THE DEPARTMENT SHOULD DEMONSTRATE THAT ITS FUNDING REQUEST DOES NOT EXCEED THE AMOUNT THAT WOULD BE PROVIDED IF DEPARTMENT STAFF WERE ENROLLED IN COMPARABLE STATE PLANS.

COMMENT: This RFI is intended to ensure that the benefits provided for CCHE staff are comparable to those provided for other state staff. Staff has modified the RFI to request further data.

Staff recommends **discontinuing** the following requests:

- 1 Department of Higher Education, Colorado Commission on Higher Education -- The Joint Budget Committee requests that during the annual review process of the new funding allocation model, the Department consider the following policy issues and include with its annual budget request, due November 1, 2017, report on how these issues were examined, incorporated into the current model, or otherwise decided upon:
 - Providing funding in the model for students who are first in their families to attend college (“first generation” students). This could include weighting performance completions and/or adding funding per enrollee if and when feasible.
 - Considering whether additional adjustments are appropriate to align the funding model with state master plan goals.
 - Providing a component for successful student remediation in the model.
 - Further emphasizing support for Pell-eligible students in the model.

COMMENT: The Department provided a comprehensive response November 1, 2017. Its FY 2018-19 submission included an adjustment for Pell students to align the model more closely with master plan goals. It indicated that a component for successful remediation did not appear practical but also indicate it was working to implement a first generation component, possibly as early as FY 2018-19. Staff recommends keeping the amended request to retain focus on this issue.

- 2 Department of Higher Education, History Colorado, History Colorado Museums, Community Museums – History Colorado is requested to submit a report by October 1, 2017 explaining how it will ensure that new resources for the community museums, including new staff, will be used to support broader state regional tourism and historic preservation goals. This may include, but need not be limited to describing:
 - How state-funded community museums will become regional coordinating entities that: (1) support visits to other regional historical museums and sites, including those not owned by the state; and (2) provide information on other History Colorado programs and resources, such as state historic preservation programs and tax credits.
 - How state-funded community museums will integrate their efforts with tourism initiatives sponsored by the Colorado Tourism Office and other state agencies. This should include playing a key role in efforts to integrate state-owned community history museums, other local history museums, historic sites, and historic byways into state tourism promotion.

COMMENT: The Department provided a comprehensive report describing its involvement in supporting broader state regional tourism and historic preservation goals. Staff does not believe additional reporting is required at this time.

- 3 Department of Higher Education, Colorado Commission on Higher Education, Special Purpose, Western Interstate Commission on Higher Education and WICHE Optometry –

The Department is requested to submit a report, by October 1, 2017, on the WICHE professional exchange programs. Does it still make sense for the State to participate in the Optometry program, given the state supply of optometrists? Are there other WICHE exchange programs that should be added or eliminated based on potential benefits and costs to the State?

COMMENT: The Department submitted the response as requested. The response indicates that “At this point, based on the labor data on optometry, the Department recommends maintaining the current appropriation for PSEP optometry. The Department does not recommend expanding the State’s participation beyond optometry.” Staff does not believe additional reporting is required at this time.

- 4 Department of Higher Education, Colorado Commission on Higher Education -- The Department is requested to work with the 4-year institutions and the state librarian to gather information on the current status of open access publishing and data at each institution and the obstacles and opportunities for expanding open access publishing and open data. The Department, in collaboration with the institutions, is requested to submit a report by November 1, 2017, that explores:
- How important is Open Access Publishing | Open Data to faculty at the institutions right now? For example, approximately what percentage of faculty scholarly research and data (including pre-print editions) is available in, distributed through, or archived by libraries or other locations, so that other researchers and the public can legally access the data free of charge, and how does this vary by discipline?
 - What provisions currently exist at each institution to support production, archiving, and dissemination of open access publications and open data? How satisfied are faculty with these provisions and the current state of and support for Open Access Publishing | Open Data?
 - What steps might lead to greater participation? If there were an expansion of support for or access to Open Access Publishing | Open Data at the institution/system/state level, how likely would faculty be to participate? What types of support might have an impact? Are there existing models of this approach to open educational resources in other states that can be reviewed as models for future development in Colorado?
 - How can alliances among Colorado institutions and inter-state alliances be leveraged to promote open access publication/data and dissemination and use of such publications/data?
 - Insofar as the state contributes to some research activities, such as cancer research at the CU Health Sciences Center and agriculture and marijuana-related research at CSU, what provisions exist, if any, for making such research freely available or freely available after a period of time?

COMMENT: The Department submitted the response as requested. Staff does not believe further reporting is required.

5. Department of Higher Education of Higher Education, Colorado Commission on Higher Education - The Department is requested to continue to work with the governing boards

and institutions of higher education to further examine, and to the extent practicable improve, the transferability of credits among state institutions and the applicability of these credits to degrees. The goal of this effort is to speed time-to-degree and reduce the costs for obtaining a degree. The Department is requested to provide a written update to the Joint Budget Committee, by November 1, 2017, on its progress on transfer-related issues covered in the December 2016 JBC staff budget briefing and Department January 2017 hearing responses including:

- Establish a page on the DHE website that points to the electronic databases and tools that most 4-year institutions are already using to show how credits from other institutions transfer to degree requirements;
- Ensure that institutions post notice of how to file a complaint with the Department at a prominent location on their transfer-related website;
- Allow career and technical education (CTE) courses to be evaluated against the gtPathways content and competencies to determine if they meet the statewide agreed upon academic requirements. Identify any impediments, such as accreditation, admission requirements, faculty qualifications, etc., that may prevent CTE courses meeting gtPathways requirements from being transferred.
- Explore changes to the transferrable associates degrees authorized pursuant to Section 23-1-108 (7), C.R.S., to provide for simpler associates degree “meta-majors” that would incorporate the prerequisites for a broader range of 4 year degrees.
- For students whose records were sampled and for whom credits did not transfer, identify, categorize and explain why the credits were not accepted;
- To the extent that it is practicable and would be in the financial interest of the student, offer ideas or policies that could improve the transferability of student credit hours that are not accepted; and
- Determine if there are additional steps that could expand the number of lower division courses automatically transferable across institutions, including concurrent enrollment courses and courses that are not gtPathways.
- The report should also identify other initiatives the Department is pursuing that it believes can significantly improve efficiency-to-degree and any Department recommendations for legislation to support such initiatives.

COMMENT: The Department submitted a thoughtful and thorough response to the request. As reviewed in staff budget briefings last year, about one-third of students transfer, and national and Colorado data indicate that students lose substantial amounts of credit in that process. This RFI asked for further information and analysis on steps that could be taken to reduce credit loss. The Department indicated that it had taken action and was in the process of working on some items

raised in the RFI. *The Department generally took the position that better student advising would be the most effective step toward reducing credit loss.*

Staff does not believe that this request needs to be extended for another year, although staff continues to believe that better transfer policies and procedures, as well as better advising, could assist in reducing the amount of credit lost and credit lost toward a major. For example, some states have common course numbering across all their institutions and thus effectively require credits to be accepted across institutions. However, any such change would be a substantial legislative and administrative lift.

INDIRECT COST ASSESSMENTS

DESCRIPTION OF INDIRECT COST ASSESSMENT METHODOLOGY

There are two major components of the Department’s indirect cost methodology:

- A component for allocating departmental indirect costs; and
- A component for allocating statewide indirect costs, which are significant for this department.

DEPARTMENTAL INDIRECT COST METHODOLOGY

The Department of Higher Education's indirect cost assessment methodology is calculated based on two components: an “*Indirect Cost Pool*”, and an “*Indirect Cost Base*.”

The *Departmental Indirect Cost Pool* is comprised of the FY 2016-17 appropriated amounts for the administrative functions of the Colorado Commission on Higher Education, and its share of central POTS costs. **Table 1** outlines which lines are included in the *Department’s* Indirect Cost Pool.

TABLE 1		
DEPARTMENT OF HIGHER EDUCATION INDIRECT COST POOL		
DIVISION	LINE ITEM	FY 2017-18 APPROP.
Department Administrative Office		
	Centrally-appropriated for CCHE	\$1,350,722
Colorado Commission on Higher Education		
	Administration	3,213,440
	Adjustments (reversions, supplemental adjustments)	(48,747)
	Total Indirect Cost Pool	\$4,480,401
	Reduce for nonpublic schools	<u>(65,014)</u>
	Subtotal	4,450,401
	Cash and Reappropriated Share of Total (78.94%)	\$3,513,253
	Cash Funds indirect cost collections	
	Reappropriated funds indirect cost collections	

The *Indirect Cost Base* is comprised of the FY 2017-18 appropriations shown in Table 1. The costs are allocated to the programs, divisions, and Governing Boards using a multi-tiered allocation methodology.

In the first step of the allocation methodology, costs of services to non-public schools are allocated. The balance of the indirect cost pool is allocated proportionately to each funding source. Next, the costs allocated to the cash and reappropriated funding sources (78.94 percent of the FY 2017-18 total), are further allocated to the divisions, programs, and governing boards (in aggregate) based on FY 2017-18 appropriations. Finally the aggregate governing board costs are then allocated to each individual governing board based on student FTE, using a three-year rolling average.

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

TABLE 2 DEPARTMENT OF HIGHER EDUCATION DEPARTMENTAL INDIRECT COST ASSESSMENTS	
University of CO	\$1,042,144
CSU System	558,626
Ft. Lewis	65,681
Adams State	47,661
Colorado Mesa	148,267
Western State	40,557
Metro State	302,153
Community Colleges	987,947
U. of Northern CO	173,449
School of Mines	110,723
Auraria Higher Ed Ctr	-
SUBTOTAL	\$3,477,207
CCHE	-
Historical Society	33,474
Private Occupational Schools	969
Vet. Medicine	310
SUBTOTAL	\$3,511,961
CollegeInvest	-
CollegeAssist	-
Local District Colleges	1,178
Non Public	114
TOTAL	\$3,513,253

DEPARTMENT SHARE OF *STATEWIDE* INDIRECT COST ASSESSMENT REQUEST

In addition to the *Departmental* indirect cost pool, the Department is responsible for an allocated share of the *statewide* indirect cost pool. For this department, the statewide pool and associated indirect cost collections from the governing boards are large. The statewide indirect cost amount for the Department is allocated to the governing boards based upon their usage of state services as calculated by the State Controller's Office. The statewide indirect cost collection amount, including the Colorado Commission on Higher Education's share of the statewide assessment for FY 2017-18 (which is then allocated to the governing boards) is shown below in **Table 3**.

TABLE 3 DEPARTMENT OF HIGHER EDUCATION STATEWIDE INDIRECT COST ASSESSMENTS	
University of CO	\$1,176,978
CSU System	\$633,541
Ft. Lewis	(\$25,638)
Adams State	\$2,153
Colorado Mesa	\$65,654
Western State	\$2,738
Metro State	\$86,576
Community Colleges	\$269,600
U. of Northern CO	\$172,087
School of Mines	\$111,615
Auraria Higher Ed Ctr	\$99,394
SUBTOTAL	\$2,594,698
CCHE (re-allocated to gov. boards)	\$263,345
Historical Society	\$180,303
Private Occupational Schools	\$0
Vet. Medicine	\$0
SUBTOTAL	\$3,038,346
CollegeInvest	\$15,735
CollegeAssist	\$76,377
Local District Colleges	\$0
Non Public	\$0
TOTAL	\$3,130,458

USE OF INDIRECT COST COLLECTIONS

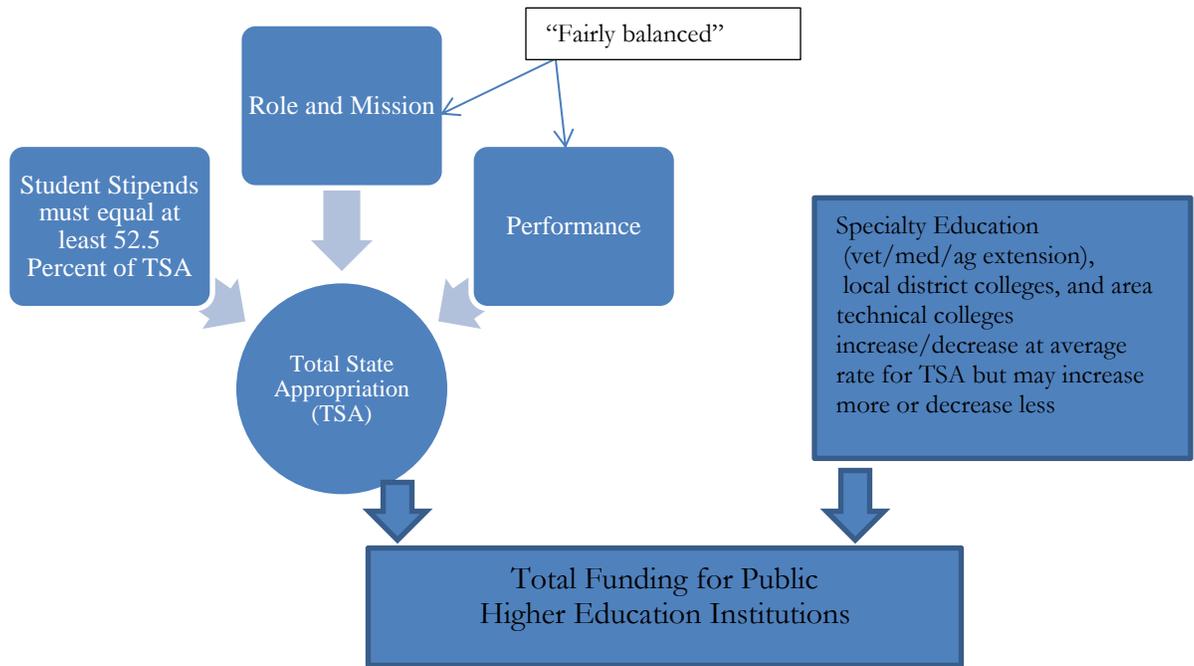
Statewide and departmental indirect cost collections are used to offset General Fund otherwise required in the Department. These funds are applied to centrally appropriated amounts for the Commission on Higher Education, administration and special purpose line items for the Commission, administration for occupational education programs and, depending upon sufficient funds available, need based aid funding.

APPENDIX - HIGHER EDUCATION FUNDING MODEL

MODEL OVERVIEW AND BACKGROUND

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

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



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

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

Institutional mission. Statute requires that the model include an amount to offset the costs incurred in providing undergraduate programs at each institution. At present, this is provided through a flat

amount depending upon the type of governing board (e.g., research institution v. community college, rural v. urban).

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

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

PERFORMANCE FUNDING: The performance funding component includes:

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

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

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

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

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

Recent History

In both FY 2015-16 and FY 2016-17, the Committee made changes to the model from the version initially submitted to reflect Committee policy concerns. Although these changes did not significantly

change the allocation of dollars in the specified years, they did address Committee concerns. Specifically, in FY 2015-16 (the model’s first year), the Committee eliminated an allocation component that was based on underserved minorities and instead increased funding allocated for Pell-eligible (low income) students. In FY 2016-17, the Committee *reduced* the weight awarded for each non-resident degree to be 1/3rd of that awarded for each resident and re-incorporated a model component for weighted credit hours to ensure that the model complied with the very specific requirements of H.B. 14-1319. In FY 2017-18, the model was kept the same as in FY 2017-18.

FY 2018-19 Requested Model

- Excluding specialty education funding for the medical and veterinary schools, the FY 2018-19 model allocates:
 - 53.3 percent of funding to student **stipends** (based on FY 2016-17 undergraduate resident enrollment)
 - 25.7 percent of funding to **role and mission** components, including mission differentiation, weighted credit hours and enrollment of Pell-eligible (low income) students
 - 21.0 percent of funding to **outcomes** measures, including student completions and retention
- **About 75 percent of the model (excluding specialty education) is allocated based on volume**, including numbers of student stipends, Pell-eligible students, degrees awarded, and students who remain enrolled their second year (retention), using the most recent actual data (FY 2016-17). An additional 20.0 percent represents **fixed amounts** per type of institution (mission differentiation); and 5.1 percent based on a fixed total dollar amount that is reallocated among institutions each year based on volumetric factors (weighted credit hours and credentials per 100 SFTE).
- **The FY 2018-19 model incorporates a very gradual shift (also seen last year)** placing additional weight on the performance components (degrees and retention).
- The amount per **undergraduate resident stipend has increased from \$77 to \$83 per credit hour** (\$2,310 per student FTE to \$2,490 per student FTE) or 7.8 percent.
- **The role and mission component (mission differentiation) has been inflated by 8.6 percent**, consistent with the overall increase requested in the model.

The tables and charts below provide additional background and analysis on the model, including the components of model, the resulting allocation of funding by governing board, and the break-down of funding components from an institutional perspective. The tables show: (1) the FY 2018-19 funding with the allocation requested; (2) how the request differs from FY 2017-18 allocations; and (3) the components of the model in the request versus prior years.

	FY 2018-19 FUNDING MODEL ALLOCATION STATE GOVERNING BOARDS				TOTAL FY 2017-18 INCLUDING SPECIALTY EDUCATION
	TOTAL FROM COF STIPEND	TOTAL FROM ROLE & MISSION	SPECIALTY EDUCATION	TOTAL FROM PERFORMANCE	
Adams	\$2,800,794	\$8,995,338		\$2,979,036	14,775,168
Western	\$3,319,876	\$7,255,951		\$2,204,945	12,780,772

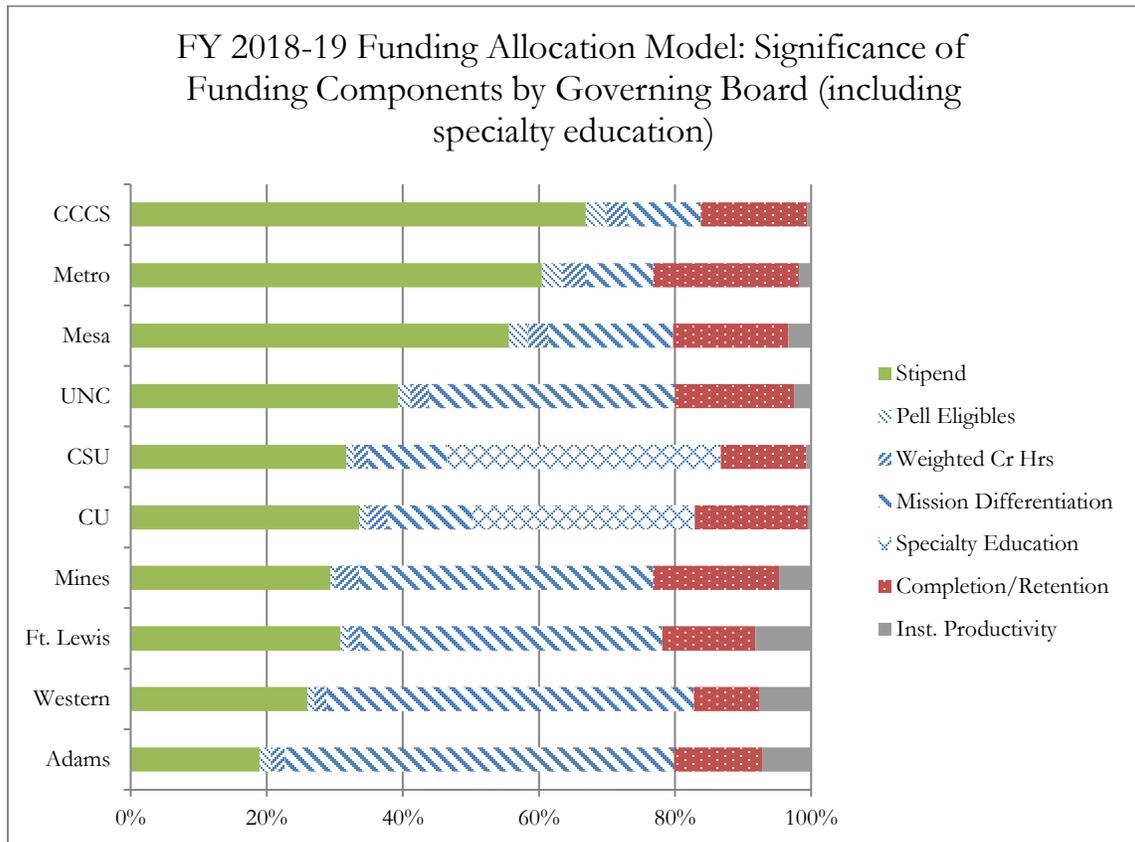
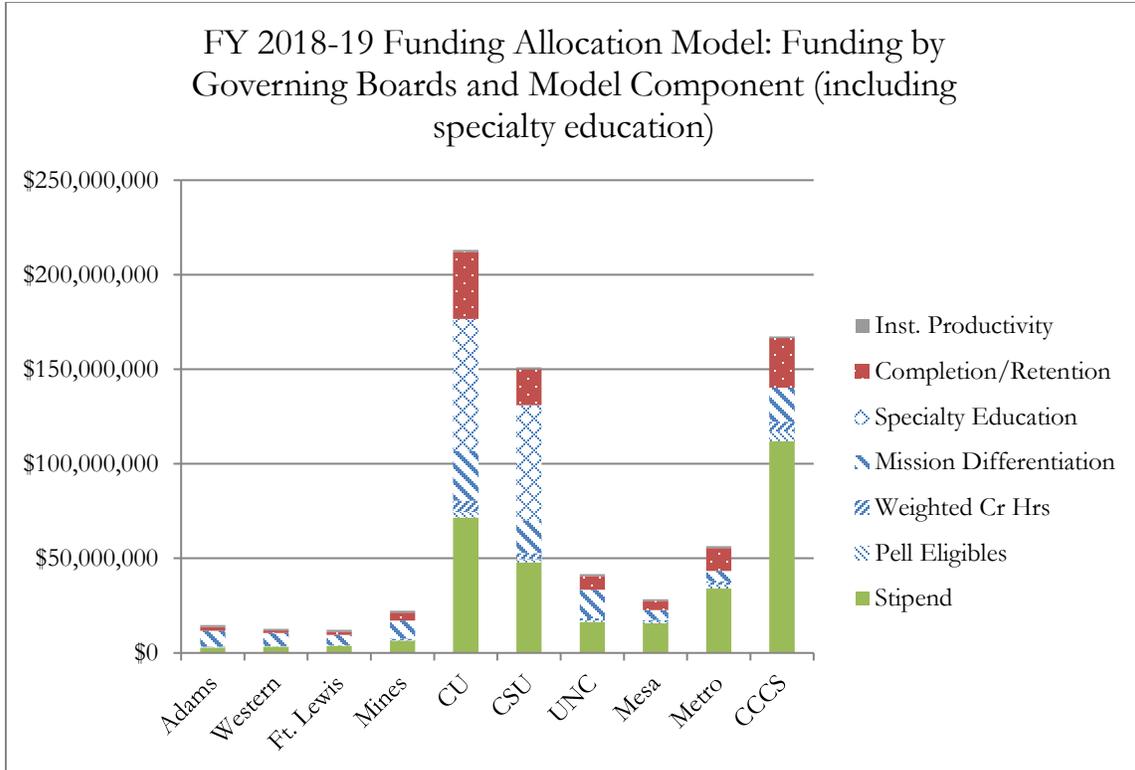
FY 2018-19 FUNDING MODEL ALLOCATION STATE GOVERNING BOARDS					
	TOTAL FROM COF STIPEND	TOTAL FROM ROLE & MISSION	SPECIALTY EDUCATION	TOTAL FROM PERFORMANCE	TOTAL FY 2017-18 INCLUDING SPECIALTY EDUCATION
Ft. Lewis	\$3,766,042	\$5,771,300		\$2,672,883	12,210,225
Mines	\$6,566,006	\$10,607,456		\$5,200,814	22,374,276
CU System	\$71,558,157	\$35,477,322	\$69,621,506	\$36,436,486	213,093,471
CSU System	\$47,892,319	\$22,293,009	\$60,803,015	\$20,038,472	151,026,815
UNC	\$16,394,835	\$16,982,169		\$8,356,553	41,733,557
Mesa	\$15,811,085	\$6,845,091		\$5,771,571	28,427,747
Metro	\$34,139,239	\$9,265,887		\$13,094,313	56,499,439
CCC System	\$111,997,876	\$28,292,181		\$27,134,878	167,424,935
TOTAL	\$314,246,227	\$151,785,704	\$130,424,521	\$123,889,950	720,346,405

FY 2018-19 Requested Change from FY 2017-18 by Funding Category, Including Specialty Education											
	Stipend		Role and Mission & Specialty		Performance		TOTAL				
Adams	(28,370)	-1.0%	443,921	5.2%	99,653	3.5%	515,205	3.6%			
Western	223,821	7.2%	431,263	6.3%	303,791	16.0%	958,875	8.1%			
Ft. Lewis	(162,691)	-4.1%	491,891	9.3%	96,087	3.7%	425,287	3.6%			
Mines	244,349	3.9%	575,188	5.7%	70,032	1.4%	889,569	4.1%			
CU	6,692,294	10.3%	7,903,660	8.1%	4,279,290	13.3%	18,875,244	9.7%			
CSU	3,810,026	8.6%	6,140,114	8.0%	1,791,147	9.8%	11,741,288	8.4%			
UNC	917,716	5.9%	731,076	4.5%	562,356	7.2%	2,211,149	5.6%			
Mesa	1,165,026	8.0%	470,021	7.4%	841,539	17.1%	2,476,585	9.5%			
Metro	2,202,007	6.9%	697,476	8.1%	1,973,354	17.7%	4,872,836	9.4%			
CCCS	7,922,203	7.6%	2,023,469	7.7%	3,932,009	16.9%	13,877,681	9.0%			
TOTAL	22,986,383	7.9%	19,908,079	7.6%	13,949,256	12.7%	56,843,718	8.6%			

FY 2018-19 Higher Education Funding Model: General Fund	% Total Funding Excluding specialty ed.		
	FY 2016-17 Enacted	FY 2017-18 Enacted	FY 2018-19 Request
Stipend \$83 per eligible resident undergraduate FTE for FY 2018-19 (previously \$77)	54.6%	53.6%	53.3%
Role and Mission			
<u>Mission Differentiation/base funding</u>			
<i>Flat amount per type of institution</i>			
Large research institution			
Medium-sized research, part of a system			
Medium-sized stand-alone research institution			
Large comprehensive 4 year institution			
All other comprehensive 4 year institutions			
Small regional 4 year institutions <3,000			
Medium/large community colleges			
Small community colleges			
PLUS			
<i>Special factor/ tuition stability</i>			
Adams			

FY 2018-19 Higher Education Funding Model: General Fund		% Total Funding Excluding specialty ed.		
		FY 2016-17 Enacted	FY 2017-18 Enacted	FY 2018-19 Request
UNC	5,430,000			
Fort Lewis College	202,500			
<u>Weighted Credit Hours (capped at \$20.0 million)</u>		3.8%	3.7%	3.4%
Credit hours provided by each institution (non-resident credit hours excluded), weighted by type of class. For example, a graduate science course might be worth 8 times an undergraduate history class.				
<u>Pell</u> 12.5 percent of stipend for Pell-eligible (previously 10.0 percent)		- 2.1%	1.9%	2.3%
Performance/Outcomes Funding				
Non-residents weighted at 30 percent of residents:				
<u>Completions - 85 percent of performance funding</u>		-		
Number of degrees/transfers: .25 for a certificate or transfer to 1.25 for a graduate degree weighted extra 0.5 for STEM disciplines and 1.0 for Pell (increase from 0.6)		17.1%	18.4%	19.3%
<u>Retentions - 15 percent of performance funding</u>		-		
Number of students completing 30/60/90 credits (4 yr) or 15/30/45 at two-year institution				
<u>Institutional Productivity (capped at \$10.0 million)</u> Credentials per 100 SFTE		1.9%	1.8%	1.7%
Data sources: All model funding components are based on actual prior year data including for number of FTE eligible for COF stipend (FY 2016-17 for FY 2018-19 model), weighted credit hours, and Pell.				

The following charts show the model allocations for each governing board from a State budget perspective and from the perspective of a governing board funded by the model.



EXAMPLES OF MODEL ALTERNATIVES

The following versions show some alternative distribution scenarios.

Do not increase funding for Pell students (apply FY 2017-18 version of the model): The current version of the model includes increases for Pell enrollment, by increasing the “extra” COF stipend for these students from 10.0 percent to 12.5 percent. It also substantially increases funding for Pell student completions. In the prior version of the model, Pell students were weighted 1.6 * the value of the certificate/degree. In the new version of the model, Pell students are weighted at 2.0 * the value of the certificate/degree.

This version of the model provided less for the community college system, Metro State, and Colorado Mesa University and more for the University of Colorado, Colorado State University, and the School of Mines. The largest differences were that the earlier version provided \$1.1 million more for the University of Colorado and \$1.0 million less for the community college system.

SAME TOTAL FY 2018-19 DOLLARS, BUT USING FY 2017-18 VERSION WITHOUT PELL ADJUSTMENTS					
GOVERNING BOARD	FY 2018-19 EXECUTIVE REQUEST	EXEC REQUEST - % CHANGE FROM PRIOR YEAR	FY 2018-19 MODEL USING FY 2017-18 MODEL SETTINGS	MODEL WITH FY 2017-18 SETTINGS - CHANGE FROM PRIOR YEAR	MODEL WITH FY 2017-18 SETTINGS ABOVE/(BELOW) REQUEST
Adams State University	\$14,775,168	3.6%	\$14,795,022	3.8%	\$19,854
Colorado Mesa University	28,427,747	9.5%	28,230,869	8.8%	(196,878)
Colorado School of Mines	22,374,275	4.1%	22,599,888	5.2%	225,613
Colorado State U. System	90,223,799	8.4%	90,546,988	8.7%	323,189
CO Community College System	167,424,936	9.0%	166,470,669	8.4%	(954,267)
Fort Lewis College	12,210,225	3.6%	12,180,079	3.6%	(30,146)
Metro State University	56,499,439	9.4%	55,933,493	8.3%	(565,946)
U. of Colorado System	143,471,965	10.3%	144,531,215	11.1%	1,059,250
U. of Northern Colorado	41,733,556	5.6%	41,791,499	5.7%	57,943
Western State Colorado U.	12,780,771	8.1%	12,788,515	8.2%	7,744
TOTAL (model)	\$589,921,881	8.6%	589,868,236	8.6%	\$0

Increase weight on certificates: The current executive request, like the previous versions of the higher education funding model approved pursuant to H.B. 14-1319, weights certificates at 0.25 (provided for certificates that take at least one year to complete). For comparison, associates degrees are awarded 0.5, bachelor’s degrees are awarded 1.0, and masters and doctoral degrees are awarded 1.25.

The table below shows the model results as submitted in the request (with certificates at 0.25) and the results if certificates are instead weighted at 0.5 (like associates degrees), without changing total funds available, the COF stipend or most other model components.¹⁷

¹⁷ Amounts for Adams, Mines, and Fort Lewis had to be adjusted in the 0.5 model (as did Adams and Fort Lewis in the Department’s model) to keep them within the “guard rails” that no governing board’s annual adjustment may vary from the average increase/decrease by more than 5.0 percentage points.

This adjustment increases funding for the community colleges by \$5.4 million and decreases funding for the other higher education institutions that are not allowed to award undergraduate certificates. The largest decreases would be CU (\$2.5 million) and CSU (\$1.3 million). Funding for Colorado Mesa University, which awards both certificates and higher-level degrees, stays flat.

SAME TOTAL FY 2018-19 DOLLARS, BUT WITH CERTIFICATES WEIGHTED AT 0.5 INSTEAD OF 0.25					
GOVERNING BOARD	FY 2018-19 EXECUTIVE REQUEST	EXEC REQUEST - % CHANGE FROM PRIOR YEAR	FY 2018-19 MODEL TOTAL WITH CERTIFICATES AT 0.5	MODEL WITH CERTIFICATES AT 0.5 - % CHANGE FROM PRIOR YEAR	MODEL WITH CERTIFICATES AT 0.5 ABOVE/(BELOW) REQUEST
Adams State University	\$14,775,168	3.6%	\$14,770,800	3.6%	(\$4,368)
Colorado Mesa University	28,427,747	9.5%	28,427,611	9.5%	(136)
Colorado School of Mines	22,374,275	4.1%	22,253,506	3.6%	(120,769)
Colorado State U. System	90,223,799	8.4%	88,887,748	6.8%	(1,336,051)
CO Community College System	167,424,936	9.0%	172,779,410	12.5%	5,354,474
Fort Lewis College	12,210,225	3.6%	12,206,489	3.6%	(3,736)
Metro State University	56,499,439	9.4%	55,705,930	7.9%	(793,510)
U. of Colorado System	143,471,965	10.3%	140,997,523	8.4%	(2,474,442)
U. of Northern Colorado	41,733,556	5.6%	41,212,300	4.3%	(521,257)
Western State Colorado U.	12,780,771	8.1%	12,680,565	7.3%	(100,206)
TOTAL (model)	\$589,921,881	8.6%	\$589,921,881	8.6%	\$0

Increase COF stipend funding: The current executive request, like others in recent years, has set the COF stipend in the model close to the minimum of 52.5 percent of the total. This reflects an effort to reward more than “seat time”. However, increasing the stipend is an option. The table below compares the current request, which allocates \$83 per COF credit hour (\$2,490 per student FTE) with an allocation of \$90 per COF credit hour (\$2,700 per FTE). This change increases the share of “total state appropriation” for COF stipends from to 57.8 percent. In this version of the model, some additional adjustments are required to keep Adams, Fort Lewis College, and the Colorado School of Mines within the model “guardrails”.

This adjustment increases funding for the community colleges (by \$3.5 million) and Colorado Mesa University, while reducing funding for the University of Colorado System (by \$2.5 million), the Colorado State University System, and the University of Northern Colorado.

GOVERNING BOARD	SAME TOTAL FY 2018-19 DOLLARS, BUT WITH COF STIPEND AT \$90 PER CREDIT HOUR				
	FY 2018-19 EXECUTIVE REQUEST	EXEC REQUEST - % CHANGE FROM PRIOR YEAR	FY 2018-19 MODEL WITH COF STIPEND INCREASED TO \$90 CREDIT HOURS	FY 2018-19 MODEL WITH STIPEND INCREASED TO \$90 CREDIT HOURS-% CHANGE	MODEL WITH FY 2017-18 SETTINGS ABOVE/(BELOW) REQUEST
Adams State University	\$14,775,168	3.6%	14,766,438	3.6%	(\$8,730)
Colorado Mesa University	28,427,747	9.5%	28,632,643	10.3%	204,896
Colorado School of Mines	22,374,275	4.1%	22,263,123	3.6%	(111,152)
Colorado State U. System	90,223,799	8.4%	89,673,673	7.7%	(550,126)
CO Community College System	167,424,936	9.0%	170,770,875	11.2%	3,345,939
Fort Lewis College	12,210,225	3.6%	12,204,056	3.6%	(6,169)
Metro State University	56,499,439	9.4%	56,527,159	9.5%	27,720
U. of Colorado System	143,471,965	10.3%	140,954,792	8.4%	(2,517,173)
U. of Northern Colorado	41,733,556	5.6%	41,365,598	4.7%	(367,958)
Western State Colorado U.	12,780,771	8.1%	12,763,524	8.0%	(17,247)
TOTAL (model)	\$589,921,881	8.6%	589,921,881	8.6%	\$0

JBC Staff Staff Figure Setting - FY 2018-19
Staff Working Document - Does Not Represent Committee Decision

Appendix A: Number Pages

	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	FY 2018-19 Recommendation
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DEPARTMENT OF HIGHER EDUCATION
Kim Hunter Reed, Executive Director

(1) DEPARTMENT ADMINISTRATIVE OFFICE

This section includes centrally appropriated line items for the Colorado Commission on Higher Education, Department administration, the Division of Private Occupational Schools, and History Colorado. Allocations for the higher education governing boards are not included in this section. Cash funds are primarily from the State Historical Fund. Reappropriated funds are from indirect cost recoveries.

Health, Life, and Dental	<u>1,902,038</u>	<u>1,526,429</u>	<u>1,740,911</u>	<u>2,048,899</u>	<u>1,997,752</u>
General Fund	0	5,119	0	99,972	99,972
Cash Funds	1,144,173	842,980	914,129	1,031,774	1,025,168
Reappropriated Funds	349,353	260,229	363,535	363,292	345,127
Federal Funds	408,512	418,101	463,247	553,861	527,485
Short-term Disability	<u>25,965</u>	<u>20,161</u>	<u>20,024</u>	<u>20,759</u>	<u>20,759</u>
General Fund	0	353	0	534	534
Cash Funds	16,856	11,635	10,993	10,945	10,945
Reappropriated Funds	4,319	3,568	4,366	4,102	4,102
Federal Funds	4,790	4,605	4,665	5,178	5,178
S.B. 04-257 Amortization Equalization Disbursement	<u>534,843</u>	<u>552,761</u>	<u>557,500</u>	<u>612,341</u>	<u>612,341</u>
General Fund	0	9,563	0	15,751	15,751
Cash Funds	347,174	318,025	310,937	322,835	322,835
Reappropriated Funds	88,956	100,157	119,156	121,006	121,006
Federal Funds	98,713	125,016	127,407	152,749	152,749

JBC Staff Staff Figure Setting - FY 2018-19
Staff Working Document - Does Not Represent Committee Decision

	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	FY 2018-19 Recommendation
S.B. 06-235 Supplemental Amortization Equalization					
Disbursement	<u>516,610</u>	<u>547,001</u>	<u>557,500</u>	<u>612,341</u>	<u>612,341</u>
General Fund	0	9,463	0	15,751	15,751
Cash Funds	335,338	314,711	310,937	322,835	322,835
Reappropriated Funds	85,924	99,113	119,156	121,006	121,006
Federal Funds	95,348	123,714	127,407	152,749	152,749
Salary Survey	<u>133,092</u>	<u>0</u>	<u>213,771</u>	<u>398,081</u>	<u>398,081</u>
General Fund	0	0	0	10,239	10,239
Cash Funds	86,399	0	119,011	209,874	209,874
Reappropriated Funds	22,138	0	46,020	78,666	78,666
Federal Funds	24,555	0	48,740	99,302	99,302
Merit Pay	<u>123,247</u>	<u>0</u>	<u>89,872</u>	<u>0</u>	<u>0</u>
General Fund	0	0	0	0	0
Cash Funds	79,317	0	48,554	0	0
Reappropriated Funds	20,270	0	20,156	0	0
Federal Funds	23,660	0	21,162	0	0
Workers' Compensation	<u>87,984</u>	<u>85,322</u>	<u>68,617</u>	<u>80,371</u>	<u>80,371</u>
Cash Funds	78,459	69,596	48,506	45,626	45,626
Reappropriated Funds	9,525	15,726	20,111	34,745	34,745
Legal Services	<u>41,302</u>	<u>38,406</u>	<u>35,058</u>	<u>38,347</u>	<u>38,347</u>
Cash Funds	11,747	9,119	9,675	0	0
Reappropriated Funds	29,555	29,287	25,383	38,347	38,347
Administrative Law Judge Services	<u>0</u>	<u>7,475</u>	<u>7,982</u>	<u>1,296</u>	<u>1,281</u>
Cash Funds	0	7,475	7,982	1,296	1,281

JBC Staff Staff Figure Setting - FY 2018-19
Staff Working Document - Does Not Represent Committee Decision

	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	FY 2018-19 Recommendation
Payment to Risk Management and Property Funds	<u>94,719</u>	<u>128,937</u>	<u>178,528</u>	<u>2,315,042</u>	<u>2,344,510</u> *
General Fund	0	0	0	2,049,082	2,049,082
Cash Funds	90,678	121,074	168,817	258,092	287,479
Reappropriated Funds	4,041	7,863	9,711	7,868	7,949
Leased Space	<u>546,166</u>	<u>584,525</u>	<u>564,807</u>	<u>572,689</u>	<u>424,927</u>
Cash Funds	109,232	139,069	112,960	114,536	112,960
Reappropriated Funds	436,934	445,456	451,847	458,153	311,967
Payments to OIT	<u>408,001</u>	<u>393,394</u>	<u>701,394</u>	<u>499,372</u>	<u>499,372</u> *
General Fund	0	0	0	112,207	100,000
Cash Funds	396,577	342,581	622,911	350,520	362,727
Reappropriated Funds	11,424	50,813	78,483	36,645	36,645
CORE Operations	<u>74,699</u>	<u>158,645</u>	<u>171,758</u>	<u>199,636</u>	<u>224,002</u>
Cash Funds	58,699	86,457	78,960	99,477	111,619
Reappropriated Funds	16,000	72,188	92,798	100,159	112,383
TOTAL - (1) Department Administrative Office	4,488,666	4,043,056	4,907,722	7,399,174	7,254,084
FTE	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
General Fund	0	24,498	0	2,303,536	2,291,329
Cash Funds	2,754,649	2,262,722	2,764,372	2,767,810	2,813,349
Reappropriated Funds	1,078,439	1,084,400	1,350,722	1,363,989	1,211,943
Federal Funds	655,578	671,436	792,628	963,839	937,463

JBC Staff Staff Figure Setting - FY 2018-19
Staff Working Document - Does Not Represent Committee Decision

	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	FY 2018-19 Recommendation
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(2) COLORADO COMMISSION ON HIGHER EDUCATION

The Colorado Commission for Higher Education (CCHE) serves as the central policy and coordinating board for higher education. This section includes funding for CCHE and Department administration, the Division of Private Occupational Schools, which regulates proprietary institutions, and a large number of special purpose programs that rely on various funding sources.

(A) Administration

Administration	<u>3,070,381</u>	<u>3,075,597</u>	<u>3,064,440</u>	<u>3,064,440</u>	<u>3,064,440</u>
FTE	30.0	30.0	30.0	30.0	30.0
General Fund	326,450	0	0	0	0
Cash Funds	148,622	107,373	300,345	300,345	241,657
Reappropriated Funds	2,595,309	2,968,224	2,764,095	2,764,095	2,822,783

SUBTOTAL - (A) Administration	3,070,381	3,075,597	3,064,440	3,064,440	3,064,440
<i>FTE</i>	<u>30.0</u>	<u>30.0</u>	<u>30.0</u>	<u>30.0</u>	<u>30.0</u>
General Fund	326,450	0	0	0	0
Cash Funds	148,622	107,373	300,345	300,345	241,657
Reappropriated Funds	2,595,309	2,968,224	2,764,095	2,764,095	2,822,783

(B) Division of Private Occupational Schools

Division of Private Occupational Schools	<u>602,909</u>	<u>655,452</u>	<u>815,554</u>	<u>806,148</u>	<u>806,148</u>
FTE	7.8	5.8	9.8	9.8	9.8
Cash Funds	602,909	655,452	815,554	806,148	806,148

SUBTOTAL - (B) Division of Private Occupational Schools	602,909	655,452	815,554	806,148	806,148
<i>FTE</i>	<u>7.8</u>	<u>5.8</u>	<u>9.8</u>	<u>9.8</u>	<u>9.8</u>
Cash Funds	602,909	655,452	815,554	806,148	806,148

JBC Staff Staff Figure Setting - FY 2018-19
Staff Working Document - Does Not Represent Committee Decision

	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	FY 2018-19 Recommendation
(C) Special Purpose					
Western Interstate Commission for Higher Education (WICHE)	<u>137,000</u>	<u>145,000</u>	<u>149,000</u>	<u>153,000</u>	<u>153,000</u> *
General Fund	0	0	0	0	0
Reappropriated Funds	137,000	145,000	149,000	153,000	153,000
WICHE - Optometry	<u>393,300</u>	<u>389,158</u>	<u>443,125</u>	<u>450,625</u>	<u>450,625</u>
General Fund	0	0	0	0	0
Reappropriated Funds	393,300	389,158	443,125	450,625	450,625
Distribution to Higher Education Competitive Research Authority	<u>2,800,000</u>	<u>1,987,608</u>	<u>2,800,000</u>	<u>2,800,000</u>	<u>2,800,000</u>
Cash Funds	2,800,000	1,987,608	2,800,000	2,800,000	2,800,000
Veterinary School Capital Outlay Support	<u>285,000</u>	<u>285,000</u>	<u>285,000</u>	<u>285,000</u>	<u>285,000</u>
Cash Funds	131,100	133,950	139,650	139,650	139,650
Reappropriated Funds	153,900	151,050	145,350	145,350	145,350
Institute of Cannabis Research at CSU-Pueblo	<u>0</u>	<u>899,256</u>	<u>1,800,000</u>	<u>1,800,000</u>	<u>1,800,000</u>
Cash Funds	0	899,256	1,800,000	1,800,000	1,800,000
Colorado Geological Survey at the Colorado School of Mines	<u>2,182,858</u>	<u>2,213,674</u>	<u>2,518,177</u>	<u>2,693,918</u>	<u>2,657,351</u>
FTE	15.5	15.5	15.5	15.5	15.5
General Fund	411,494	413,829	496,605	563,892	552,296
Cash Funds	1,537,955	1,507,192	1,670,546	1,780,133	1,755,629
Reappropriated Funds	50,000	0	50,592	50,592	50,592
Federal Funds	183,409	292,653	300,434	299,301	298,834

JBC Staff Staff Figure Setting - FY 2018-19
Staff Working Document - Does Not Represent Committee Decision

	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	FY 2018-19 Recommendation
GEAR-UP	<u>6,411,757</u>	<u>9,466,893</u>	<u>5,000,000</u>	<u>5,000,000</u>	<u>5,000,000</u>
FTE	39.1	25.4	39.1	39.1	39.1
Federal Funds	6,411,757	9,466,893	5,000,000	5,000,000	5,000,000
Rural Teacher Recruitment, Retention, and Professional Development	<u>0</u>	<u>441,095</u>	<u>441,095</u>	<u>441,095</u>	<u>441,095</u>
FTE	0.0	0.3	0.3	0.3	0.3
General Fund	0	441,095	441,095	441,095	441,095
Prosecution Fellowship Program	<u>356,496</u>	<u>356,496</u>	<u>356,496</u>	<u>356,496</u>	<u>356,496</u>
General Fund	356,496	356,496	356,496	356,496	356,496
University of Colorado, Lease Purchase of Academic Facilities at Fitzsimons	<u>14,289,937</u>	<u>14,255,211</u>	<u>14,261,775</u>	<u>14,154,188</u>	<u>14,154,188</u>
General Fund	7,204,931	7,249,326	111,354	2,803,767	2,083,767
General Fund Exempt	0	0	5,350,421	5,350,421	5,350,421
Cash Funds	7,085,006	7,005,885	8,800,000	6,000,000	6,720,000
Higher Education Federal Mineral Lease Revenues Fund for Lease Purchase of Academic Facilities	<u>0</u>	<u>12,125,175</u>	<u>16,073,025</u>	<u>16,685,263</u>	<u>17,035,263</u>
General Fund	0	12,125,175	16,073,025	16,685,263	17,035,263
Lease Purchase of Academic Facilities Pursuant to Section 23-19.9-102	<u>0</u>	<u>17,764,453</u>	<u>17,773,025</u>	<u>17,685,263</u>	<u>17,685,263</u>
Cash Funds	0	5,639,278	1,700,000	1,000,000	650,000
Reappropriated Funds	0	12,125,175	16,073,025	16,685,263	17,035,263
Tuition/Enrollment Contingency	<u>0</u>	<u>17,031,479</u>	<u>60,000,000</u>	<u>60,000,000</u>	<u>60,000,000</u>
Cash Funds	0	17,031,479	60,000,000	60,000,000	60,000,000

JBC Staff Staff Figure Setting - FY 2018-19
Staff Working Document - Does Not Represent Committee Decision

	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	FY 2018-19 Recommendation
Open Educational Resources Council	0	0	<u>25,000</u>	0	0
General Fund	0	0	25,000	0	0
Colorado Student Leaders Institute Pilot	0	0	<u>218,825</u>	<u>218,825</u>	<u>218,825</u>
FTE	0.0	0.0	1.0	1.0	1.0
Reappropriated Funds	0	0	218,825	218,825	218,825
Occupational Credential Capacity Grant Program	0	0	0	<u>5,000,000</u>	0 *
General Fund	0	0	0	5,000,000	0
Annual Depreciation-Lease Equivalent Payment	0	0	0	<u>175,060</u>	<u>175,060</u> *
General Fund	0	0	0	175,060	175,060
Medication Treatment Pilot Program	0	0	0	<u>500,000</u>	0
Cash Funds	0	0	0	500,000	0
Strategies for Educator Preparation Programs	0	0	0	<u>2,000,000</u>	0 *
Cash Funds	0	0	0	2,000,000	0
SUBTOTAL - (C) Special Purpose	26,856,348	77,360,498	122,144,543	130,398,733	123,212,166
FTE	<u>54.6</u>	<u>41.2</u>	<u>55.9</u>	<u>55.9</u>	<u>55.9</u>
General Fund	7,972,921	20,585,921	17,503,575	26,025,573	20,643,977
General Fund Exempt	0	0	5,350,421	5,350,421	5,350,421
Cash Funds	11,554,061	34,204,648	76,910,196	76,019,783	73,865,279
Reappropriated Funds	734,200	12,810,383	17,079,917	17,703,655	18,053,655
Federal Funds	6,595,166	9,759,546	5,300,434	5,299,301	5,298,834

JBC Staff Staff Figure Setting - FY 2018-19
Staff Working Document - Does Not Represent Committee Decision

	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	FY 2018-19 Recommendation
TOTAL - (2) Colorado Commission on Higher Education	30,529,638	81,091,547	126,024,537	134,269,321	127,082,754
<i>FTE</i>	<u>92.4</u>	<u>77.0</u>	<u>95.7</u>	<u>95.7</u>	<u>95.7</u>
General Fund	8,299,371	20,585,921	17,503,575	26,025,573	20,643,977
General Fund Exempt	0	0	5,350,421	5,350,421	5,350,421
Cash Funds	12,305,592	34,967,473	78,026,095	77,126,276	74,913,084
Reappropriated Funds	3,329,509	15,778,607	19,844,012	20,467,750	20,876,438
Federal Funds	6,595,166	9,759,546	5,300,434	5,299,301	5,298,834

JBC Staff Staff Figure Setting - FY 2018-19
Staff Working Document - Does Not Represent Committee Decision

	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	FY 2018-19 Recommendation
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(3) COLORADO COMMISSION ON HIGHER EDUCATION FINANCIAL AID

Financial aid programs assist students in covering the cost of higher education. This section includes state appropriations for need based grants, merit based grants, work study, and various special purpose financial aid programs.

(A) Need Based Grants

Need Based Grants	124,935,001	125,005,343	128,466,694	140,347,061	140,347,061 *
General Fund	9,774,030	10,122,678	993,997	12,874,364	12,086,842
General Fund Exempt	115,160,971	114,796,702	127,287,141	127,287,141	127,287,141
Reappropriated Funds	0	85,963	185,556	185,556	973,078
SUBTOTAL - (A) Need Based Grants	124,935,001	125,005,343	128,466,694	140,347,061	140,347,061
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
General Fund	9,774,030	10,122,678	993,997	12,874,364	12,086,842
General Fund Exempt	115,160,971	114,796,702	127,287,141	127,287,141	127,287,141
Reappropriated Funds	0	85,963	185,556	185,556	973,078

(B) Work Study

Work Study	20,806,014	20,506,321	21,432,328	23,413,178	23,413,178 *
General Fund	5,000,000	4,073,993	0	1,980,850	1,980,850
General Fund Exempt	15,806,014	16,432,328	21,432,328	21,432,328	21,432,328
SUBTOTAL - (B) Work Study	20,806,014	20,506,321	21,432,328	23,413,178	23,413,178
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
General Fund	5,000,000	4,073,993	0	1,980,850	1,980,850
General Fund Exempt	15,806,014	16,432,328	21,432,328	21,432,328	21,432,328

JBC Staff Staff Figure Setting - FY 2018-19
Staff Working Document - Does Not Represent Committee Decision

	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	FY 2018-19 Recommendation
(C) Merit Based Grants					
Merit Based Grants	<u>5,181,007</u>	<u>4,999,999</u>	<u>5,000,000</u>	<u>5,000,000</u>	<u>5,000,000</u>
General Fund	5,181,007	4,999,999	0	0	0
General Fund Exempt	0	0	5,000,000	5,000,000	5,000,000
SUBTOTAL - (C) Merit Based Grants	5,181,007	4,999,999	5,000,000	5,000,000	5,000,000
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
General Fund	5,181,007	4,999,999	0	0	0
General Fund Exempt	0	0	5,000,000	5,000,000	5,000,000

(D) Special Purpose

Veterans'/Law Enforcement/POW Tuition Assistance					
General Fund	<u>629,311</u>	<u>635,507</u>	<u>672,000</u>	<u>672,000</u>	<u>672,000</u>
General Fund	629,311	635,507	672,000	672,000	672,000
Native American Students/Fort Lewis College					
General Fund	<u>16,157,618</u>	<u>17,364,248</u>	<u>16,948,194</u>	<u>16,574,985</u>	<u>17,024,859</u> *
General Fund	1,315,637	2,522,267	0	0	76,665
General Fund Exempt	14,841,981	14,841,981	16,948,194	16,574,985	16,948,194
Emergency Completion and Retention Grant					
General Fund	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,500,000</u>	<u>0</u> *
General Fund	0	0	0	1,500,000	0
Colorado Opportunity Scholarship Initiative Fund					
General Fund	<u>9,572,074</u>	<u>12,536,101</u>	<u>5,000,000</u>	<u>9,000,000</u>	<u>7,000,000</u> *
General Fund	5,000,000	5,000,000	0	4,000,000	2,000,000
General Fund Exempt	0	0	5,000,000	5,000,000	5,000,000
Cash Funds	4,572,074	7,536,101	0	0	0

JBC Staff Staff Figure Setting - FY 2018-19
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	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	FY 2018-19 Recommendation
Tuition Assistance for Career and Technical Education Certificate Programs	<u>158,044</u>	<u>363,399</u>	<u>450,000</u>	<u>450,000</u>	<u>450,000</u>
General Fund	158,044	363,399	450,000	450,000	450,000
National Guard Tuition Assistance Fund	<u>800,000</u>	<u>800,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
General Fund	800,000	800,000	0	0	0
SUBTOTAL - (D) Special Purpose	27,317,047	31,699,255	23,070,194	28,196,985	25,146,859
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
General Fund	7,902,992	9,321,173	1,122,000	6,622,000	3,198,665
General Fund Exempt	14,841,981	14,841,981	21,948,194	21,574,985	21,948,194
Cash Funds	4,572,074	7,536,101	0	0	0
TOTAL - (3) Colorado Commission on Higher Education Financial Aid	178,239,069	182,210,918	177,969,216	196,957,224	193,907,098
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
General Fund	27,858,029	28,517,843	2,115,997	21,477,214	17,266,357
General Fund Exempt	145,808,966	146,071,011	175,667,663	175,294,454	175,667,663
Cash Funds	4,572,074	7,536,101	0	0	0
Reappropriated Funds	0	85,963	185,556	185,556	973,078

JBC Staff Staff Figure Setting - FY 2018-19
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	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	FY 2018-19 Recommendation
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(4) COLLEGE OPPORTUNITY FUND PROGRAM

This section includes General Fund appropriations for student stipend payments and for fee-for-service contracts between the Colorado Commission on Higher Education and the governing boards that oversee the state higher education institutions.

(A) Stipends

Stipends for eligible full-time equivalent students

attending state institutions	<u>283,694,654</u>	<u>280,807,833</u>	<u>291,259,844</u>	<u>314,246,227</u>	<u>314,246,227</u> *
General Fund	28,212,607	34,948,289	0	22,986,383	22,986,383
General Fund Exempt	255,482,047	245,859,544	291,259,844	291,259,844	291,259,844

Stipends for eligible full-time equivalent students

attending participating private institutions	<u>1,506,375</u>	<u>1,313,375</u>	<u>1,481,865</u>	<u>1,608,798</u>	<u>1,447,941</u> *
General Fund	0	0	38,490	165,423	4,566
General Fund Exempt	1,506,375	1,313,375	1,443,375	1,443,375	1,443,375

SUBTOTAL - (A) Stipends	285,201,029	282,121,208	292,741,709	315,855,025	315,694,168
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
General Fund	28,212,607	34,948,289	38,490	23,151,806	22,990,949
General Fund Exempt	256,988,422	247,172,919	292,703,219	292,703,219	292,703,219

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

Fee-for-service Contracts with State Institutions

Pursuant to Section 23-18-303, C.R.S.	<u>246,756,224</u>	<u>249,365,556</u>	<u>252,068,162</u>	<u>275,675,654</u>	<u>277,709,635</u> *
General Fund	26,059,525	9,686,687	0	23,607,492	25,641,473
General Fund Exempt	220,696,699	239,678,869	252,068,162	252,068,162	252,068,162

JBC Staff Staff Figure Setting - FY 2018-19
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	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	FY 2018-19 Recommendation
Fee-for-service Contracts with State Institutions for Specialty Education Programs	<u>116,133,797</u>	<u>116,411,292</u>	<u>120,174,679</u>	<u>130,424,521</u>	<u>130,930,313</u> *
General Fund	11,732,099	9,594	3,772,981	13,649,614	14,155,406
General Fund Exempt	104,401,698	116,401,698	116,401,698	116,774,907	116,774,907
Limited Purpose Fee-for-Service Contracts with State Institutions	<u>86,960</u>	<u>336,960</u>	<u>336,960</u>	<u>336,960</u>	<u>336,960</u>
General Fund	86,960	336,960	336,960	336,960	336,960
SUBTOTAL - (B) Fee-for-service Contracts with State Institutions	362,976,981	366,113,808	372,579,801	406,437,135	408,976,908
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
General Fund	37,878,584	10,033,241	4,109,941	37,594,066	40,133,839
General Fund Exempt	325,098,397	356,080,567	368,469,860	368,843,069	368,843,069
TOTAL - (4) College Opportunity Fund Program	648,178,010	648,235,016	665,321,510	722,292,160	724,671,076
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
General Fund	66,091,191	44,981,530	4,148,431	60,745,872	63,124,788
General Fund Exempt	582,086,819	603,253,486	661,173,079	661,546,288	661,546,288

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(5) GOVERNING BOARDS

This section includes spending authority for revenue earned by the state higher education institutions from student stipend payments, fee-for-service contracts with the Colorado Commission on Higher Education, tuition, and miscellaneous other sources. Cash funds are primarily from tuition and student fees. Reappropriated funds are initially appropriated as General Fund in the College Opportunity Fund Program section.

(A) Trustees of Adams State University

Trustees of Adams State College	<u>39,739,427</u>	<u>41,217,307</u>	<u>39,378,178</u>	<u>42,962,001</u>	<u>40,737,127</u> *
FTE	320.8	323.8	339.5	339.5	328.6
Cash Funds	25,618,410	27,140,947	25,118,215	28,186,834	25,442,904
Reappropriated Funds	14,121,017	14,076,360	14,259,963	14,775,167	15,294,223

SUBTOTAL - (A) Trustees of Adams State University					
Trustees of Adams State University	39,739,427	41,217,307	39,378,178	42,962,001	40,737,127
FTE	<u>320.8</u>	<u>323.8</u>	<u>339.5</u>	<u>339.5</u>	<u>328.6</u>
Cash Funds	25,618,410	27,140,947	25,118,215	28,186,834	25,442,904
Reappropriated Funds	14,121,017	14,076,360	14,259,963	14,775,167	15,294,223

(B) Trustees of Colorado Mesa University

Trustees of Colorado Mesa University	<u>92,025,821</u>	<u>95,917,634</u>	<u>99,949,416</u>	<u>107,044,487</u>	<u>105,514,191</u> *
FTE	666.7	705.8	728.3	728.3	770.2
Cash Funds	67,560,465	71,636,905	73,998,255	78,616,740	77,081,439
Reappropriated Funds	24,465,356	24,280,729	25,951,161	28,427,747	28,432,752

SUBTOTAL - (B) Trustees of Colorado Mesa University					
Trustees of Colorado Mesa University	92,025,821	95,917,634	99,949,416	107,044,487	105,514,191
FTE	<u>666.7</u>	<u>705.8</u>	<u>728.3</u>	<u>728.3</u>	<u>770.2</u>
Cash Funds	67,560,465	71,636,905	73,998,255	78,616,740	77,081,439
Reappropriated Funds	24,465,356	24,280,729	25,951,161	28,427,747	28,432,752

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(C) Trustees of Metropolitan State College of Denver

Trustees of Metropolitan State College of Denver	<u>166,702,575</u>	<u>174,374,023</u>	<u>180,475,530</u>	<u>191,734,049</u>	<u>190,027,180</u> *
FTE	1,325.7	1,345.4	1,392.8	1,392.8	1,433.5
Cash Funds	116,549,176	122,959,022	128,848,927	135,234,609	133,541,851
Reappropriated Funds	50,153,399	51,415,001	51,626,603	56,499,440	56,485,329

SUBTOTAL - (C) Trustees of Metropolitan State College of Denver	166,702,575	174,374,023	180,475,530	191,734,049	190,027,180
FTE	<u>1,325.7</u>	<u>1,345.4</u>	<u>1,392.8</u>	<u>1,392.8</u>	<u>1,433.5</u>
Cash Funds	116,549,176	122,959,022	128,848,927	135,234,609	133,541,851
Reappropriated Funds	50,153,399	51,415,001	51,626,603	56,499,440	56,485,329

(D) Trustees of Western State College

Trustees of Western State College	<u>32,356,791</u>	<u>35,121,312</u>	<u>35,918,247</u>	<u>38,213,395</u>	<u>38,430,174</u> *
FTE	248.8	257.2	250.2	250.2	265.0
Cash Funds	21,372,696	23,586,385	24,096,350	25,432,623	25,128,464
Reappropriated Funds	10,984,095	11,534,927	11,821,897	12,780,772	13,301,710

SUBTOTAL - (D) Trustees of Western State College	32,356,791	35,121,312	35,918,247	38,213,395	38,430,174
FTE	<u>248.8</u>	<u>257.2</u>	<u>250.2</u>	<u>250.2</u>	<u>265.0</u>
Cash Funds	21,372,696	23,586,385	24,096,350	25,432,623	25,128,464
Reappropriated Funds	10,984,095	11,534,927	11,821,897	12,780,772	13,301,710

JBC Staff Staff Figure Setting - FY 2018-19
Staff Working Document - Does Not Represent Committee Decision

	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	FY 2018-19 Recommendation
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(E) Board of Governors of the Colorado State University System

Board of Governors of the Colorado State University System	<u>594,319,942</u>	<u>639,917,940</u>	<u>670,453,686</u>	<u>703,305,472</u>	<u>703,553,357</u> *
FTE	4,868.8	4,752.8	5,115.2	5,115.2	4,861.3
Cash Funds	459,659,757	505,399,633	531,168,160	552,278,659	552,001,555
Reappropriated Funds	134,660,185	134,518,307	139,285,526	151,026,813	151,551,802

SUBTOTAL - (E) Board of Governors of the Colorado State University System	594,319,942	639,917,940	670,453,686	703,305,472	703,553,357
FTE	<u>4,868.8</u>	<u>4,752.8</u>	<u>5,115.2</u>	<u>5,115.2</u>	<u>4,861.3</u>
Cash Funds	459,659,757	505,399,633	531,168,160	552,278,659	552,001,555
Reappropriated Funds	134,660,185	134,518,307	139,285,526	151,026,813	151,551,802

(F) Trustees of Fort Lewis College

Trustees of Fort Lewis College	<u>56,859,423</u>	<u>54,604,130</u>	<u>54,892,397</u>	<u>59,807,069</u>	<u>54,570,588</u> *
FTE	415.0	422.5	441.4	441.4	462.3
Cash Funds	45,037,000	43,122,930	43,107,458	47,596,844	42,049,095
Reappropriated Funds	11,822,423	11,481,200	11,784,939	12,210,225	12,521,493

SUBTOTAL - (F) Trustees of Fort Lewis College	56,859,423	54,604,130	54,892,397	59,807,069	54,570,588
FTE	<u>415.0</u>	<u>422.5</u>	<u>441.4</u>	<u>441.4</u>	<u>462.3</u>
Cash Funds	45,037,000	43,122,930	43,107,458	47,596,844	42,049,095
Reappropriated Funds	11,822,423	11,481,200	11,784,939	12,210,225	12,521,493

JBC Staff Staff Figure Setting - FY 2018-19
Staff Working Document - Does Not Represent Committee Decision

	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	FY 2018-19 Recommendation
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(G) Regents of the University of Colorado

Regents of the University of Colorado	<u>1,163,441,655</u>	<u>1,248,039,719</u>	<u>1,327,116,356</u>	<u>1,359,559,059</u>	<u>1,399,937,153</u> *
FTE	8,007.0	8,821.1	8,255.5	8,255.5	9,171.4
Cash Funds	978,825,988	1,061,507,023	1,132,798,129	1,146,365,588	1,186,697,941
Reappropriated Funds	184,615,667	186,532,696	194,318,227	213,193,471	213,239,212

SUBTOTAL - (G) Regents of the University of Colorado	1,163,441,655	1,248,039,719	1,327,116,356	1,359,559,059	1,399,937,153
FTE	<u>8,007.0</u>	<u>8,821.1</u>	<u>8,255.5</u>	<u>8,255.5</u>	<u>9,171.4</u>
Cash Funds	978,825,988	1,061,507,023	1,132,798,129	1,146,365,588	1,186,697,941
Reappropriated Funds	184,615,667	186,532,696	194,318,227	213,193,471	213,239,212

(H) Trustees of the Colorado School of Mines

Trustees of the Colorado School of Mines	<u>156,078,569</u>	<u>164,023,299</u>	<u>176,120,362</u>	<u>177,422,870</u>	<u>188,568,294</u> *
FTE	851.8	952.4	952.4	952.4	1,008.4
Cash Funds	135,531,241	143,384,249	154,635,656	155,048,595	166,171,403
Reappropriated Funds	20,547,328	20,639,050	21,484,706	22,374,275	22,396,891

SUBTOTAL - (H) Trustees of the Colorado School of Mines	156,078,569	164,023,299	176,120,362	177,422,870	188,568,294
FTE	<u>851.8</u>	<u>952.4</u>	<u>952.4</u>	<u>952.4</u>	<u>1,008.4</u>
Cash Funds	135,531,241	143,384,249	154,635,656	155,048,595	166,171,403
Reappropriated Funds	20,547,328	20,639,050	21,484,706	22,374,275	22,396,891

JBC Staff Staff Figure Setting - FY 2018-19
Staff Working Document - Does Not Represent Committee Decision

	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	FY 2018-19 Recommendation
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(I) University of Northern Colorado

University of Northern Colorado	<u>137,479,040</u>	<u>144,038,615</u>	<u>152,111,173</u>	<u>165,161,319</u>	<u>161,804,894</u> *
FTE	1,196.2	1,218.6	1,308.0	1,308.0	1,360.7
Cash Funds	96,386,311	104,925,381	112,513,765	123,352,763	119,982,536
Reappropriated Funds	41,092,729	39,113,234	39,597,408	41,808,556	41,822,358

SUBTOTAL - (I) University of Northern Colorado	137,479,040	144,038,615	152,111,173	165,161,319	161,804,894
FTE	<u>1,196.2</u>	<u>1,218.6</u>	<u>1,308.0</u>	<u>1,308.0</u>	<u>1,360.7</u>
Cash Funds	96,386,311	104,925,381	112,513,765	123,352,763	119,982,536
Reappropriated Funds	41,092,729	39,113,234	39,597,408	41,808,556	41,822,358

(J) State Board for Community Colleges and Occupational Education State System Community Colleges

State Board for Community Colleges and Occupational Education State System Community Colleges	<u>429,435,325</u>	<u>441,207,383</u>	<u>454,741,624</u>	<u>495,542,136</u>	<u>468,144,328</u> *
FTE	5,779.7	5,858.9	5,848.6	5,848.6	6,050.9
Cash Funds	275,798,824	287,877,236	301,032,409	327,955,240	299,966,964
Reappropriated Funds	153,636,501	153,330,147	153,709,215	167,586,896	168,177,364

SUBTOTAL - (J) State Board for Community Colleges and Occupational Education State System Community Colleges	429,435,325	441,207,383	454,741,624	495,542,136	468,144,328
FTE	<u>5,779.7</u>	<u>5,858.9</u>	<u>5,848.6</u>	<u>5,848.6</u>	<u>6,050.9</u>
Cash Funds	275,798,824	287,877,236	301,032,409	327,955,240	299,966,964
Reappropriated Funds	153,636,501	153,330,147	153,709,215	167,586,896	168,177,364

JBC Staff Staff Figure Setting - FY 2018-19
Staff Working Document - Does Not Represent Committee Decision

	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	FY 2018-19 Recommendation
TOTAL - (5) Governing Boards	2,868,438,568	3,038,461,362	3,191,156,969	3,340,751,857	3,351,287,286
<i>FTE</i>	<u>23,680.5</u>	<u>24,658.5</u>	<u>24,631.9</u>	<u>24,631.9</u>	<u>25,712.3</u>
Cash Funds	2,222,339,868	2,391,539,711	2,527,317,324	2,620,068,495	2,628,064,152
Reappropriated Funds	646,098,700	646,921,651	663,839,645	720,683,362	723,223,134

JBC Staff Staff Figure Setting - FY 2018-19
Staff Working Document - Does Not Represent Committee Decision

	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	FY 2018-19 Recommendation
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(6) LOCAL DISTRICT COLLEGE GRANTS PURSUANT TO SECTION 23-71-301, C.R.S.

This section includes state subsidies for the operation of Colorado's two local district colleges: Aims Community College and Colorado Mountain College. Local district colleges receive financial support from special property tax districts and are governed by boards elected by tax district residents. Students from the districts pay discounted tuition rates.

Colorado Mountain College	<u>7,452,827</u>	<u>7,673,741</u>	<u>7,833,713</u>	<u>8,458,001</u>	<u>8,505,280</u> *
General Fund	1,102,019	1,102,019	1,278,464	1,902,752	1,933,558
General Fund Exempt	6,041,020	6,041,020	6,041,020	6,041,020	6,041,020
Cash Funds	309,788	530,702	514,229	514,229	530,702
 Aims Community College	 <u>8,797,792</u>	 <u>9,079,459</u>	 <u>9,223,890</u>	 <u>9,962,069</u>	 <u>10,062,699</u> *
General Fund	1,836,871	1,836,871	2,045,505	2,783,684	2,820,110
General Fund Exempt	6,609,305	6,609,305	6,609,305	6,609,305	6,609,305
Cash Funds	351,616	633,283	569,080	569,080	633,284

TOTAL - (6) Local District College Grants					
Pursuant to Section 23-71-301, C.R.S.	16,250,619	16,753,200	17,057,603	18,420,070	18,567,979
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
General Fund	2,938,890	2,938,890	3,323,969	4,686,436	4,753,668
General Fund Exempt	12,650,325	12,650,325	12,650,325	12,650,325	12,650,325
Cash Funds	661,404	1,163,985	1,083,309	1,083,309	1,163,986

JBC Staff Staff Figure Setting - FY 2018-19
Staff Working Document - Does Not Represent Committee Decision

	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	FY 2018-19 Recommendation
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(7) DIVISION OF OCCUPATIONAL EDUCATION

This section includes all state funding and most federal funding distributed to K-12 and higher education institutions for occupational education programs. The State Board for Community Colleges and Occupational Education is responsible for distributing these funds consistent with state and federal law. Most reappropriated funds are from transfers from the Governor's Office of Economic Development and the Department of Education.

(A) Administrative Costs

Administrative Costs	<u>715,469</u>	<u>900,000</u>	<u>900,000</u>	<u>900,000</u>	<u>900,000</u>
FTE	9.0	9.0	9.0	9.0	9.0
Reappropriated Funds	715,469	900,000	900,000	900,000	900,000
SUBTOTAL - (A) Administrative Costs	715,469	900,000	900,000	900,000	900,000
FTE	<u>9.0</u>	<u>9.0</u>	<u>9.0</u>	<u>9.0</u>	<u>9.0</u>
Reappropriated Funds	715,469	900,000	900,000	900,000	900,000

(B) Distribution of State Assistance for Career and Technical Education pursuant to Section 23-8-102, C.R.S.

Distributions of State Assistance for Career and Technical Education	<u>25,436,648</u>	<u>25,639,363</u>	<u>26,164,481</u>	<u>26,164,481</u>	<u>26,164,481</u>
Reappropriated Funds	25,436,648	25,639,363	26,164,481	26,164,481	26,164,481
SUBTOTAL - (B) Distribution of State Assistance for Career and Technical Education pursuant to Section 23-8-102, C.R.S.	25,436,648	25,639,363	26,164,481	26,164,481	26,164,481
FTE	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Reappropriated Funds	25,436,648	25,639,363	26,164,481	26,164,481	26,164,481

JBC Staff Staff Figure Setting - FY 2018-19
Staff Working Document - Does Not Represent Committee Decision

	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	FY 2018-19 Recommendation
(C) Area Technical College Support					
Area Technical College Support	<u>9,971,721</u>	<u>9,971,721</u>	<u>10,218,039</u>	<u>11,089,548</u>	<u>11,132,553</u> *
General Fund	1,879,876	1,879,876	2,126,194	2,997,703	3,040,708
General Fund Exempt	8,091,845	8,091,845	8,091,845	8,091,845	8,091,845
SUBTOTAL - (C) Area Technical College					
Support	9,971,721	9,971,721	10,218,039	11,089,548	11,132,553
FTE	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
General Fund	1,879,876	1,879,876	2,126,194	2,997,703	3,040,708
General Fund Exempt	8,091,845	8,091,845	8,091,845	8,091,845	8,091,845
(D) Sponsored Programs					
Administration	<u>2,162,625</u>	<u>2,229,863</u>	<u>2,220,227</u>	<u>2,220,227</u>	<u>2,220,227</u>
FTE	23.0	23.0	23.0	23.0	23.0
Federal Funds	2,162,625	2,229,863	2,220,227	2,220,227	2,220,227
Programs	<u>13,562,368</u>	<u>13,802,151</u>	<u>13,353,751</u>	<u>13,353,751</u>	<u>13,353,751</u>
Federal Funds	13,562,368	13,802,151	13,353,751	13,353,751	13,353,751
SUBTOTAL - (D) Sponsored Programs					
FTE	<u>23.0</u>	<u>23.0</u>	<u>23.0</u>	<u>23.0</u>	<u>23.0</u>
Federal Funds	15,724,993	16,032,014	15,573,978	15,573,978	15,573,978
(E) Colorado First Customized Job Training					
Colorado First Customized Job Training	<u>4,500,000</u>	<u>4,500,000</u>	<u>4,500,000</u>	<u>4,500,000</u>	<u>4,500,000</u>
Reappropriated Funds	4,500,000	4,500,000	4,500,000	4,500,000	4,500,000

JBC Staff Staff Figure Setting - FY 2018-19
Staff Working Document - Does Not Represent Committee Decision

	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	FY 2018-19 Recommendation
SUBTOTAL - (E) Colorado First Customized					
Job Training	4,500,000	4,500,000	4,500,000	4,500,000	4,500,000
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Reappropriated Funds	4,500,000	4,500,000	4,500,000	4,500,000	4,500,000
TOTAL - (7) Division of Occupational					
Education	56,348,831	57,043,098	57,356,498	58,228,007	58,271,012
<i>FTE</i>	<u>32.0</u>	<u>32.0</u>	<u>32.0</u>	<u>32.0</u>	<u>32.0</u>
General Fund	1,879,876	1,879,876	2,126,194	2,997,703	3,040,708
General Fund Exempt	8,091,845	8,091,845	8,091,845	8,091,845	8,091,845
Reappropriated Funds	30,652,117	31,039,363	31,564,481	31,564,481	31,564,481
Federal Funds	15,724,993	16,032,014	15,573,978	15,573,978	15,573,978

JBC Staff Staff Figure Setting - FY 2018-19
Staff Working Document - Does Not Represent Committee Decision

	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	FY 2018-19 Recommendation
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(8) AURARIA HIGHER EDUCATION CENTER

Established by statute in 1974, the Auraria Higher Education Center (AHEC) is governed by a Board of Directors who oversee the centralized operations of the campus located in Denver. AHEC provides common services to the Community College of Denver, Metropolitan State University of Denver, and the University of Colorado at Denver. Reappropriated funds are from the three governing boards that share the AHEC campus.

Administration	<u>18,852,754</u>	<u>19,628,225</u>	<u>21,493,175</u>	<u>22,567,834</u>	<u>22,567,834</u> *
FTE	191.0	190.2	190.2	190.2	188.1
Reappropriated Funds	18,852,754	19,628,225	21,493,175	22,567,834	22,567,834
TOTAL - (8) Auraria Higher Education Center	18,852,754	19,628,225	21,493,175	22,567,834	22,567,834
FTE	<u>191.0</u>	<u>190.2</u>	<u>190.2</u>	<u>190.2</u>	<u>188.1</u>
Reappropriated Funds	18,852,754	19,628,225	21,493,175	22,567,834	22,567,834

JBC Staff Staff Figure Setting - FY 2018-19
Staff Working Document - Does Not Represent Committee Decision

	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	FY 2018-19 Recommendation
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(9) HISTORY COLORADO

The State Historical Society (History Colorado) collects, preserves, exhibits, and interprets artifacts and properties of historical significance to the State. It also distributes gaming revenues earmarked for historic preservation. Cash funds include gaming revenues that are deposited to various State Historic Fund accounts, museum revenues, gifts, and grants.

(A) Central Administration

Central Administration	<u>1,128,235</u>	<u>1,489,661</u>	<u>1,184,667</u>	<u>1,187,208</u>	<u>1,187,208</u>
FTE	12.0	12.0	12.0	12.0	10.0
Cash Funds	908,056	1,373,319	1,068,325	1,070,866	1,070,866
Federal Funds	220,179	116,342	116,342	116,342	116,342
Facilities Management	<u>1,784,346</u>	<u>1,777,146</u>	<u>1,477,450</u>	<u>1,482,010</u>	<u>1,482,010</u>
FTE	7.5	7.5	7.5	7.5	8.0
Cash Funds	1,784,346	1,777,146	1,477,450	1,482,010	1,482,010
Lease Purchase of Colorado History Museum	<u>3,021,830</u>	<u>3,021,415</u>	<u>3,121,813</u>	<u>3,021,860</u>	<u>3,021,860</u>
Cash Funds	3,021,830	3,021,415	3,121,813	3,021,860	3,021,860

SUBTOTAL - (A) Central Administration	5,934,411	6,288,222	5,783,930	5,691,078	5,691,078
FTE	19.5	19.5	19.5	19.5	18.0
Cash Funds	5,714,232	6,171,880	5,667,588	5,574,736	5,574,736
Federal Funds	220,179	116,342	116,342	116,342	116,342

(B) History Colorado Museums

History Colorado Center	<u>3,986,469</u>	<u>4,388,444</u>	<u>4,611,859</u>	<u>4,611,859</u>	<u>4,611,859</u>
FTE	56.4	56.4	56.4	56.4	45.0
Cash Funds	3,892,211	3,934,985	4,537,882	4,537,882	4,537,882
Federal Funds	94,258	453,459	73,977	73,977	73,977

JBC Staff Staff Figure Setting - FY 2018-19
Staff Working Document - Does Not Represent Committee Decision

	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	FY 2018-19 Recommendation
Community Museums	<u>923,257</u>	<u>1,082,070</u>	<u>2,948,601</u>	<u>2,912,910</u>	<u>2,912,910</u>
FTE	14.5	20.5	20.5	20.5	20.5
General Fund	0	0	1,461,401	1,425,710	1,425,710
Cash Funds	923,257	1,082,070	1,487,200	1,487,200	1,487,200
Museum Exhibits	<u>0</u>	<u>149,184</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Funds	0	149,184	0	0	0
SUBTOTAL - (B) History Colorado Museums	4,909,726	5,619,698	7,560,460	7,524,769	7,524,769
<i>FTE</i>	<u>70.9</u>	<u>76.9</u>	<u>76.9</u>	<u>76.9</u>	<u>65.5</u>
General Fund	0	0	1,461,401	1,425,710	1,425,710
Cash Funds	4,815,468	5,166,239	6,025,082	6,025,082	6,025,082
Federal Funds	94,258	453,459	73,977	73,977	73,977
(C) Office of Archeology and Historic Preservation					
Program Costs	<u>1,641,524</u>	<u>1,635,071</u>	<u>1,550,534</u>	<u>1,552,190</u>	<u>1,552,190</u>
FTE	23.0	23.0	23.0	23.0	20.0
Cash Funds	575,468	550,822	669,120	669,882	669,882
Reappropriated Funds	0	24,391	97,283	97,283	97,283
Federal Funds	1,066,056	1,059,858	784,131	785,025	785,025
SUBTOTAL - (C) Office of Archeology and Historic Preservation	1,641,524	1,635,071	1,550,534	1,552,190	1,552,190
<i>FTE</i>	<u>23.0</u>	<u>23.0</u>	<u>23.0</u>	<u>23.0</u>	<u>20.0</u>
Cash Funds	575,468	550,822	669,120	669,882	669,882
Reappropriated Funds	0	24,391	97,283	97,283	97,283
Federal Funds	1,066,056	1,059,858	784,131	785,025	785,025

JBC Staff Staff Figure Setting - FY 2018-19
Staff Working Document - Does Not Represent Committee Decision

	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	FY 2018-19 Recommendation
(D) State Historical Fund Program					
Administration	<u>1,656,534</u>	<u>1,376,850</u>	<u>1,703,303</u>	<u>1,703,303</u>	<u>1,703,303</u>
FTE	18.0	18.0	18.0	18.0	17.0
Cash Funds	1,656,534	1,376,850	1,703,303	1,703,303	1,703,303
Grants	<u>7,842,454</u>	<u>9,176,666</u>	<u>8,250,000</u>	<u>8,250,000</u>	<u>8,250,000</u>
Cash Funds	7,842,454	9,176,666	8,250,000	8,250,000	8,250,000
Gaming Cities Distribution	<u>4,891,200</u>	<u>5,103,136</u>	<u>5,300,000</u>	<u>5,300,000</u>	<u>5,300,000</u>
Cash Funds	4,891,200	5,103,136	5,300,000	5,300,000	5,300,000
SUBTOTAL - (D) State Historical Fund					
Program	14,390,188	15,656,652	15,253,303	15,253,303	15,253,303
FTE	<u>18.0</u>	<u>18.0</u>	<u>18.0</u>	<u>18.0</u>	<u>17.0</u>
Cash Funds	14,390,188	15,656,652	15,253,303	15,253,303	15,253,303
(E) Cumbres and Toltec Railroad Commission					
Cumbres and Toltec Railroad Commission	381,646	<u>198,081</u>	<u>1,960,000</u>	<u>1,960,000</u>	<u>1,960,000</u>
General Fund	361,646	178,081	1,295,000	1,295,000	1,295,000
Cash Funds	20,000	20,000	665,000	665,000	665,000
SUBTOTAL - (E) Cumbres and Toltec Railroad					
Commission	381,646	198,081	1,960,000	1,960,000	1,960,000
FTE	0.0	0.0	0.0	0.0	0.0
General Fund	361,646	178,081	1,295,000	1,295,000	1,295,000
Cash Funds	20,000	20,000	665,000	665,000	665,000

JBC Staff Staff Figure Setting - FY 2018-19
Staff Working Document - Does Not Represent Committee Decision

	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	FY 2018-19 Recommendation
TOTAL - (9) History Colorado	27,257,495	29,397,724	32,108,227	31,981,340	31,981,340
<i>FTE</i>	<u>131.4</u>	<u>137.4</u>	<u>137.4</u>	<u>137.4</u>	<u>120.5</u>
General Fund	361,646	178,081	2,756,401	2,720,710	2,720,710
Cash Funds	25,515,356	27,565,593	28,280,093	28,188,003	28,188,003
Reappropriated Funds	0	24,391	97,283	97,283	97,283
Federal Funds	1,380,493	1,629,659	974,450	975,344	975,344
TOTAL - Department of Higher Education	3,848,583,650	4,076,864,146	4,293,395,457	4,532,866,987	4,535,590,463
<i>FTE</i>	<u>24,127.3</u>	<u>25,095.1</u>	<u>25,087.2</u>	<u>25,087.2</u>	<u>26,148.6</u>
General Fund	107,429,003	99,106,639	31,974,567	120,957,044	113,841,537
General Fund Exempt	748,637,955	770,066,667	862,933,333	862,933,333	863,306,542
Cash Funds	2,268,148,943	2,465,035,585	2,637,471,193	2,729,233,893	2,735,142,574
Reappropriated Funds	700,011,519	714,562,600	738,374,874	796,930,255	800,514,191
Federal Funds	24,356,230	28,092,655	22,641,490	22,812,462	22,785,619

	Rat	Gov. Boards	Adams	Mesa	Metro	Western	CSU Sys	Ft. Lewis	CU	Mines	UNC	CCs
fig Board Detail												
Staff Recommendation #												
FY 2017-18 TOTAL												
Stipend-eligible SFTE assumption		126,086.5	1,224.7	6,340.3	13,825.6	1,340.3	19,083.2	1,700.8	28,080.5	2,736.6	6,700.1	45,054.4
State-operated Stipends @ FFS per Section 303	\$	291,259,844	2,829,163	14,646,059	31,937,232	3,096,055	44,082,292	3,928,733	64,865,863	6,321,656	15,477,118	104,075,673
Specialty education	\$	120,174,679		11,305,102	19,689,371	8,725,842	39,178,625	7,856,206	65,202,294	15,163,050	24,045,290	49,471,582
Limited purpose FFS	\$	336,960	0	0	0	0	0	0	100,000	0	75,000	161,960
TOTAL State Funds (all/landscape bills only)	\$	646,584,675	14,259,963	25,951,161	51,626,603	11,821,897	139,285,526	11,784,939	194,318,227	21,484,706	39,597,408	153,709,215
Resident Tuition		1,254,448,892	11,343,931	54,015,640	102,388,283	8,786,530	231,553,989	10,129,821	482,944,598	54,549,360	65,391,895	233,344,845
Nonresident Tuition		<u>989,084,186</u>	<u>7,828,062</u>	<u>14,048,423</u>	<u>9,356,211</u>	<u>9,807,218</u>	<u>224,091,808</u>	<u>27,195,716</u>	<u>542,040,957</u>	<u>86,246,338</u>	<u>28,032,739</u>	<u>40,436,714</u>
State/Tuition	\$	2,243,533,078	\$19,171,993	\$68,064,063	\$111,744,494	\$18,593,748	\$455,645,797	\$37,325,537	\$1,024,985,555	\$140,795,698	\$93,424,634	\$273,781,559
State/Tuition	\$	2,907,372,723	\$ 33,431,956	\$ 94,015,224	\$ 163,371,097	\$ 30,415,645	\$ 594,931,323	\$ 49,110,476	\$ 1,219,303,782	\$ 162,280,404	\$ 133,022,042	\$ 427,490,774
Marijuana CF Bills	\$	1,500,000							\$ 1,500,000			
Tobacco		15,465,812							15,465,812			
Gaming		8,711,530	24,487	431,952								8,255,091
Mandatory fees		258,106,903	\$5,921,735	\$ 5,502,239	\$ 17,104,433	\$ 5,502,602	\$75,522,363	\$5,781,921	\$90,846,762	\$ 13,839,958	\$ 19,089,131	\$ 18,995,759
TOTAL	\$	3,189,656,968	\$ 39,378,178	\$ 99,949,415	\$ 180,475,530	\$ 35,918,247	\$ 670,453,686	\$ 54,892,397	\$ 1,325,616,356	\$ 176,120,362	\$ 152,111,173	\$ 454,741,624

	Rat	Gov. Boards	Adams	Mesa	Metro	Western	CSU Sys	Ft. Lewis	CU	Mines	UNC	CCs
Changes - FY 2018-19												
	#											
	30											
Final Action												
Stipend-eligible SFTE assumption		116.9	(99.9)	9.5	(115.1)	(7.0)	150.7	(188.3)	657.7	(99.6)	(115.8)	(75.3)
e-operated Stipends @ ##		22,986,383	(28,370)	1,165,026	2,202,007	223,821	3,810,027	(162,691)	6,692,294	244,349	917,717	7,922,203
FFS per Section 303		25,641,473	1,062,630	1,316,565	2,656,719	1,255,992	3,442,047	899,245	6,487,260	667,836	1,307,234	6,545,946
Specialty education		10,755,634	-	-	-	-	5,014,203	-	5,741,431	-	-	-
Limited purpose FFS		-	-	-	-	-	-	-	-	-	-	-
TOTAL State Funds	\$	59,383,490	\$ 1,034,260	\$ 2,481,591	\$ 4,858,726	\$ 1,479,813	\$ 12,266,276	\$ 736,554	\$ 18,920,985	\$ 912,185	\$ 2,224,951	\$ 14,468,150
<i>subject to adjustment</i>												
Resident		40,238,204	2,069	2,176,830	2,488,717	207,393	7,890,520	(265,384)	23,186,656	3,443,844	3,941,274	(2,833,716)
Nonresident Tuition	\$	50,988,018	<u>320,938</u>	<u>849,930</u>	<u>(284,180)</u>	<u>294,217</u>	<u>11,088,553</u>	<u>(589,312)</u>	<u>31,133,293</u>	<u>6,878,585</u>	<u>1,847,924</u>	<u>(551,929)</u>
State/Tuition	\$	150,609,712	\$ 1,357,267	\$ 5,508,351	\$ 7,063,263	\$ 1,981,422	\$ 31,245,349	\$ (118,142)	\$ 73,240,934	\$ 11,234,614	\$ 8,014,149	\$ 11,082,505
Marijuana CF bills	\$	(1,000,000)							(1,000,000)			
Tobacco		(765,812)	-	-	-	-	-	-	(765,812)	-	-	-
Gaming		591,980	1,682	1,402	-	-	-	-	-	-	-	588,896
Mandatory Fees (all)		10,694,439	-	55,022	2,488,387	530,504	1,854,322	(203,667)	1,345,675	1,213,318	1,679,573	1,731,304
TOTAL	\$	161,130,319	\$ 1,358,949	\$ 5,564,776	\$ 9,551,649	\$ 2,511,926	\$ 33,099,671	\$ (321,809)	\$ 73,820,797	\$ 12,447,932	\$ 9,693,722	\$ 13,402,705

	Rat	Gov. Boards	Adams	Mesa	Metro	Western	CSU Sys	Ft. Lewis	CU	Mines	UNC	CCs
#												
FY 2018-19 recomme												
Final Action												
Stipend-eligible												
SFTE assumption		126,203.4	1,124.8	6,349.8	13,710.5	1,333.3	19,233.9	1,512.5	28,738.2	2,637.0	6,584.3	44,979.1
e-operated Stipends @ ## \$		314,246,227	2,800,794	15,811,085	34,139,239	3,319,876	47,892,319	3,766,042	71,558,157	6,566,006	16,394,835	111,997,876
FFS per Section 303 \$		277,709,635	12,493,430	12,621,667	22,346,090	9,981,834	42,620,672	8,755,451	71,689,554	15,830,886	25,352,524	56,017,528
Specialty education \$		130,930,313					61,038,812		69,891,501			
Limited purpose FFS \$		336,960	0	0	0	0	0	0	100,000	0	75,000	161,960
BTOTAL State Funds \$		723,223,135	15,294,223	28,432,752	56,485,329	13,301,710	151,551,802	12,521,493	213,239,212	22,396,891	41,822,359	168,177,365
Resident \$		1,294,687,096	11,346,000	56,192,471	104,877,000	8,993,923	239,444,509	9,864,437	506,131,254	57,993,204	69,333,169	230,511,129
Nonresident \$		1,040,072,204	<u>8,149,000</u>	<u>14,898,352</u>	<u>9,072,031</u>	<u>10,101,435</u>	<u>235,180,361</u>	<u>26,606,404</u>	<u>573,174,250</u>	<u>93,124,923</u>	<u>29,880,663</u>	<u>39,884,786</u>
Tuition \$		2,334,759,300	\$19,495,000	\$71,090,823	\$113,949,031	\$19,095,358	\$474,624,870	\$36,470,841	\$1,079,305,504	\$151,118,127	\$99,213,832	\$270,395,915
State/Tuition \$		3,057,982,435	\$ 34,789,223	\$ 99,523,575	\$ 170,434,360	\$ 32,397,067	\$ 626,176,672	\$ 48,992,334	\$ 1,292,544,716	\$ 173,515,018	\$ 141,036,191	\$ 438,573,279
Marijuana CF bills		500,000							\$ 500,000			
Tobacco		14,700,000							14,700,000			
Gaming		9,303,510	26,169	433,354								8,843,987
Mandatory Fees (all)		268,801,342	5,921,735	5,557,261	19,592,820	6,033,106	77,376,685	5,578,254	92,192,437	15,053,276	20,768,704	20,727,064
TOTAL \$		3,350,787,287	\$ 40,737,127	\$ 105,514,191	\$ 190,027,180	\$ 38,430,173	\$ 703,553,357	\$ 54,570,588	\$ 1,399,437,153	\$ 188,568,294	\$ 161,804,895	\$ 468,144,330

Forecast Summary

Legislative Council Staff Forecast

COF FTE	ASU	CMU	MSU	WSCU	CSU	Ft. Lewis	CU	Mines	UNC	CCCOES	Total
2017-18	1,048	6,430	13,670	1,256	18,984	1,404	29,169	2,745	6,564	44,664	125,935
2018-19	1,033	6,381	13,629	1,258	19,016	1,333	30,125	2,836	6,551	44,486	126,647
2017-18 Enrollment (FTE)	ASU	CMU	MSU	WSCU	CSU	Ft. Lewis	CU	Mines	UNC	CCCOES	Total
Resident	1,660	6,528	14,727	1,525	21,210	1,537	41,630	3,462	7,525	46,528	146,332
Nonresident	762	1,239	530	578	8,473	1,486	16,875	2,491	1,519	3,036	36,988
Total (Fee-Eligible)	2,422	7,767	15,257	2,103	29,683	3,023	58,505	5,953	9,044	49,564	183,321
2018-19 Enrollment (FTE)	ASU	CMU	MSU	WSCU	CSU	Ft. Lewis	CU	Mines	UNC	CCCOES	Total
Resident	1,642	6,626	14,683	1,539	21,181	1,464	42,789	3,588	7,545	46,342	147,398
Nonresident	779	1,251	529	583	8,793	1,418	17,226	2,648	1,555	3,030	37,811
Total (Fee-Eligible)	2,420	7,877	15,211	2,122	29,974	2,881	60,015	6,236	9,100	49,372	185,208
2017-18 Tuition Revenue	ASU	CMU	MSU	WSCU	CSU	Ft. Lewis	CU	Mines	UNC	CCCOES	Total
Resident	11,343,931	53,836,428	102,407,136	8,683,367	227,736,708	10,105,319	491,401,430	54,390,315	65,642,017	232,727,957	1,258,274,607
Nonresident	7,828,062	13,834,655	9,883,776	9,968,495	228,206,791	27,117,798	537,657,218	85,752,057	28,522,957	41,127,089	989,898,898

Institutions' Forecasts

2017-18 Enrollment (FTE)	ASU	CMU	MSU	WSCU	CSU	Ft. Lewis	CU	Mines	UNC	CCCOES	Total
Resident	1,649	6,495	14,722	1,526	21,294	1,564	41,666	3,461	7,524	46,485	146,385
Nonresident	763	1,245	530	590	8,481	1,530	16,958	2,492	1,519	3,157	37,265
Total (Fee-Eligible)	2,412	7,741	15,252	2,115	29,775	3,094	58,623	5,953	9,043	49,642	183,650
2018-19 Enrollment (FTE)	ASU	CMU	MSU	WSCU	CSU	Ft. Lewis	CU	Mines	UNC	CCCOES	Total
Resident	1,649	6,560	14,649	1,526	21,508	1,470	42,592	3,587	7,602	46,563	147,705
Nonresident	763	1,258	512	590	8,654	1,441	17,391	2,648	1,570	3,126	37,952
Total (Fee-Eligible)	2,412	7,817	15,160	2,115	30,162	2,911	59,983	6,235	9,172	49,689	185,657
2017-18 Tuition Revenue	ASU	CMU	MSU	WSCU	CSU	Ft. Lewis	CU	Mines	UNC	CCCOES	Total
Resident	11,237,745	54,015,640	102,388,283	8,786,530	231,553,989	10,129,821	482,944,598	54,549,360	65,391,895	233,344,845	1,254,342,707
Nonresident	7,760,595	14,048,423	9,356,211	9,807,218	224,091,808	27,195,716	542,040,957	86,246,338	28,032,739	40,436,714	989,016,719

USER-DEFINED ASSUMPTIONS

2018-19 Tuition Rate Increase Assumptions

(Rate Increase per FTE)

	ASU	CMU	MSU	WSCU	CSU Ft. Collins	CSU Pueblo	Ft. Lewis	CU	Mines	UNC	CCCOES
Resident	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	5.0%	3.0%	3.7%	3.0%	3.0%
Nonresident	3.0%	5.0%	0.0%	3.0%	2.5%	3.0%	5.0%	4.0%	3.7%	3.0%	3.0%

2017-18 Tuition Revenue Base Legislative Council Choose Legislative Council or the institutions' tuition forecast.

2018-19 Enrollment Assumptions

per FTE Grow tuition while accounting for prior year enrollment (per FTE) based on the Legislative Council forecast, or assume flat enrollment growth (Flat).

TUITION ASSUMPTIONS

2017-18 Tuition Revenue	ASU	CMU	MSU	WSCU	CSU	Ft. Lewis	CU	Mines	UNC	CCCOES	Total
Resident	11,343,931	53,836,428	102,407,136	8,683,367	227,736,708	10,105,319	491,401,430	54,390,315	65,642,017	232,727,957	1,258,274,607
Nonresident	7,828,062	13,834,655	9,883,776	9,968,495	228,206,791	27,117,798	537,657,218	85,752,057	28,522,957	41,127,089	989,898,898
2018-19 Tuition Revenue	ASU	CMU	MSU	WSCU	CSU	Ft. Lewis	CU	Mines	UNC	CCCOES	Total
Resident	11,555,736	56,280,168	105,162,912	9,022,548	234,252,773	10,104,215	520,231,152	58,462,553	67,788,493	238,750,956	1,311,611,506
Nonresident	8,241,533	14,671,651	9,854,125	10,360,450	242,736,252	27,170,751	570,781,717	94,518,044	30,082,149	42,276,180	1,050,692,853

BACKGROUND CHARTS BY GOVERNING BOARD

Notes for all charts:

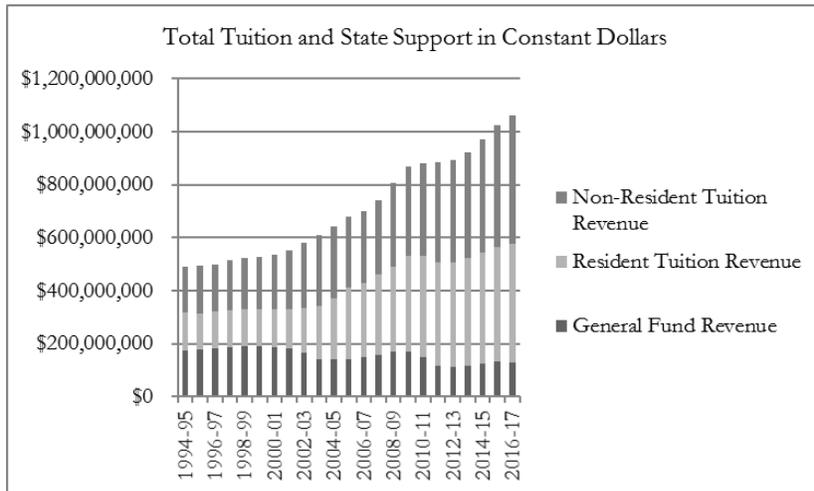
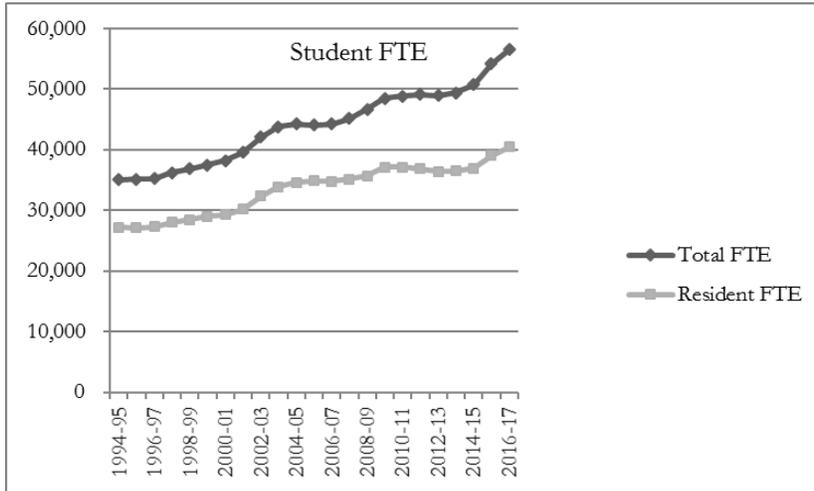
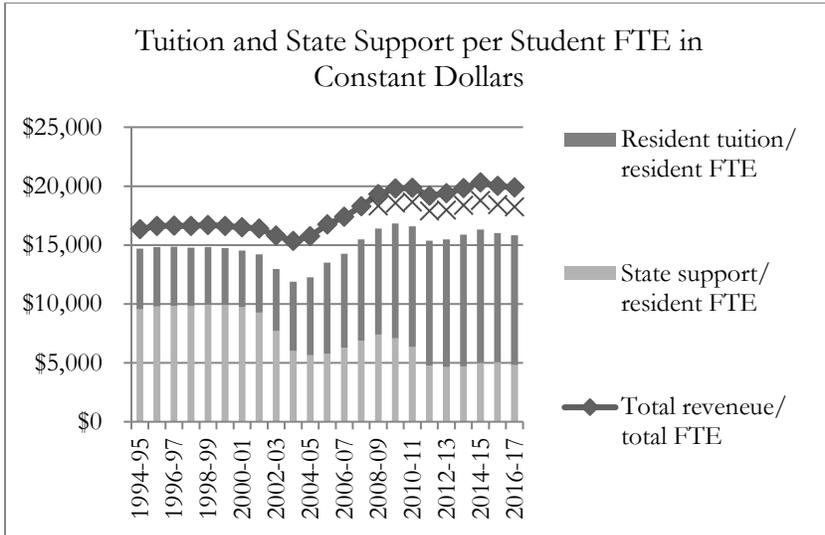
Charts on institutional tuition and General Fund revenue and student FTE are based on staff data records.

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

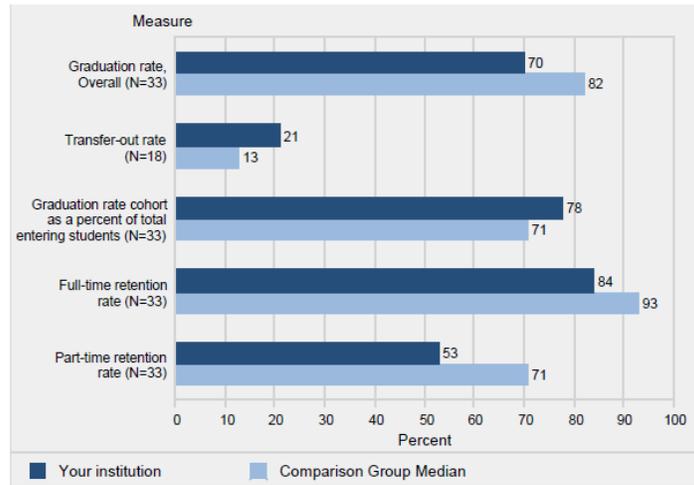
Full reports for 2017, which include more complete contextual information about the institutions, as well as data-base access to more recent data, is available at:

<https://nces.ed.gov/ipeds/Home/UseTheData>

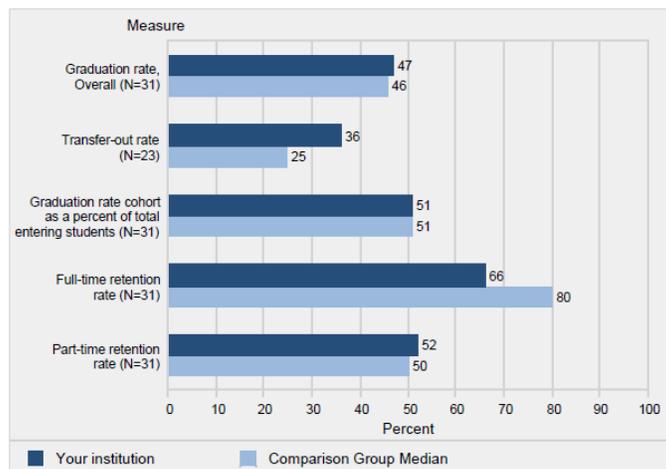
University of Colorado System



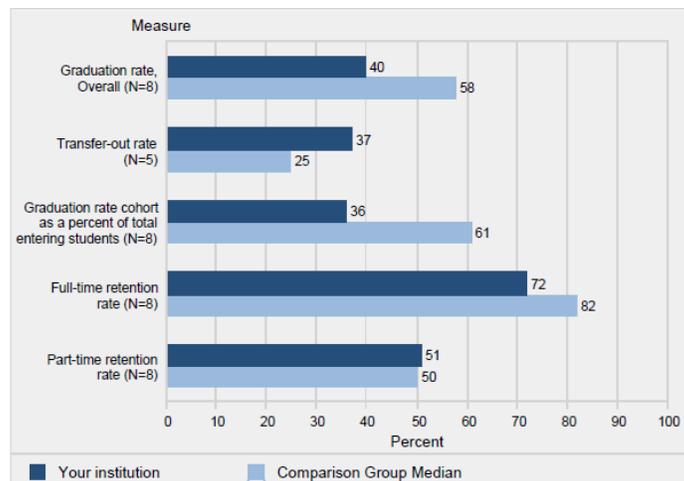
CU Boulder



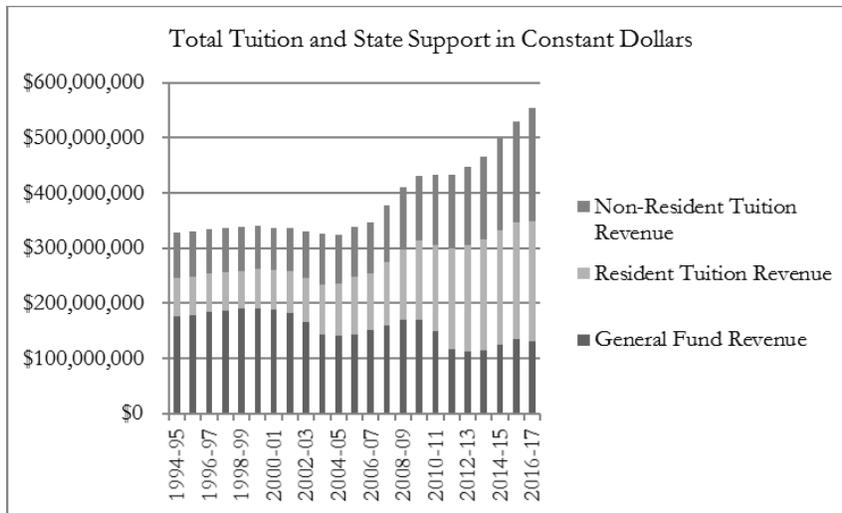
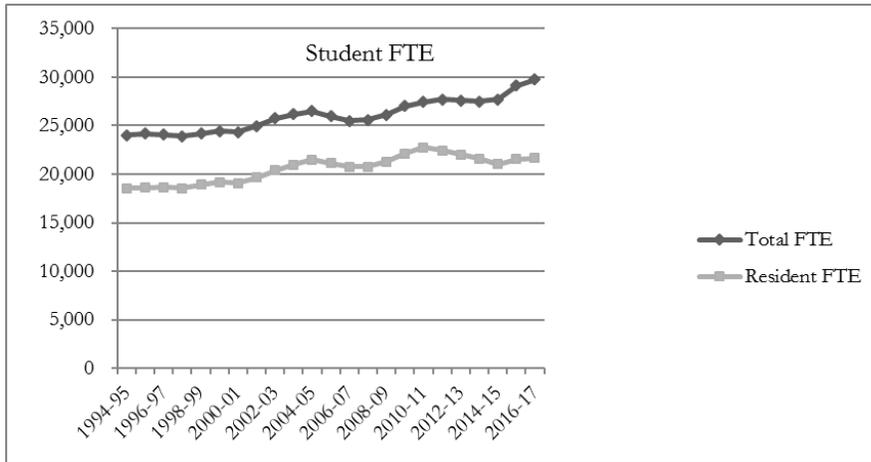
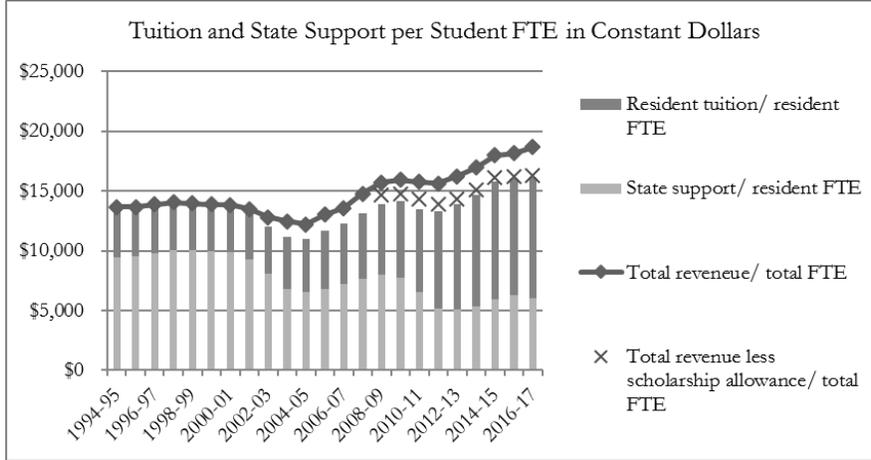
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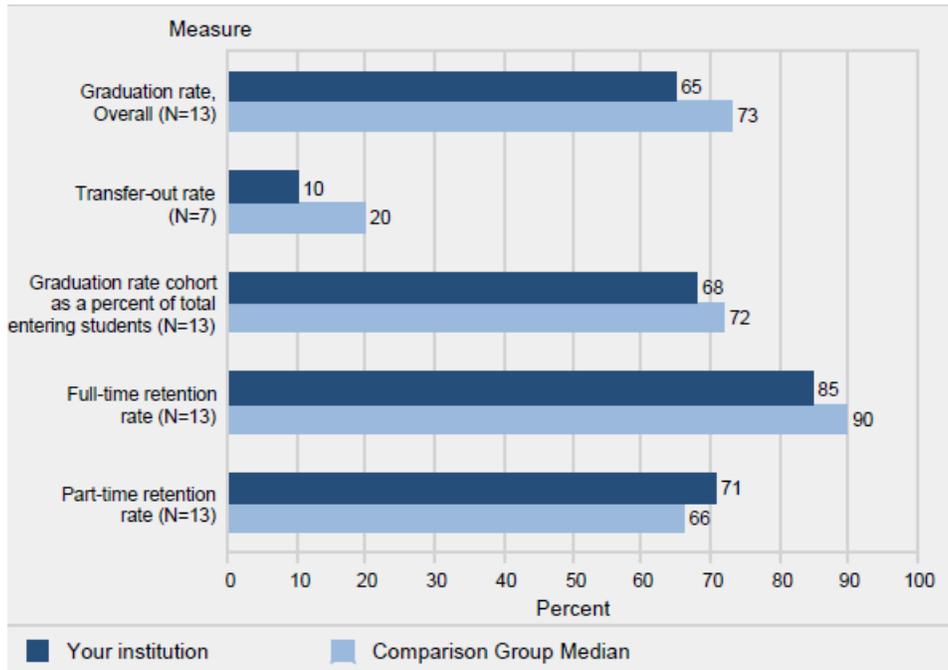
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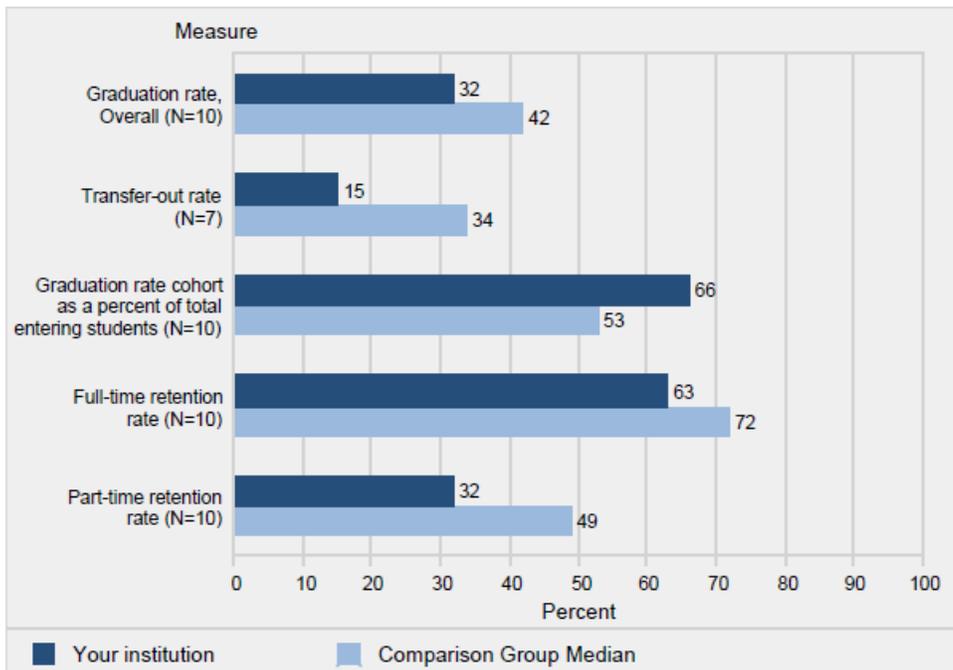
Colorado State University System



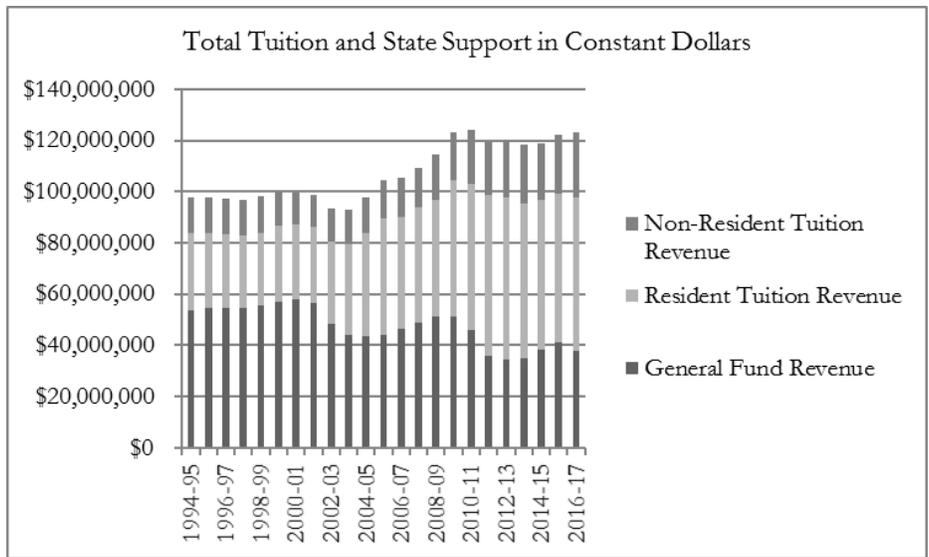
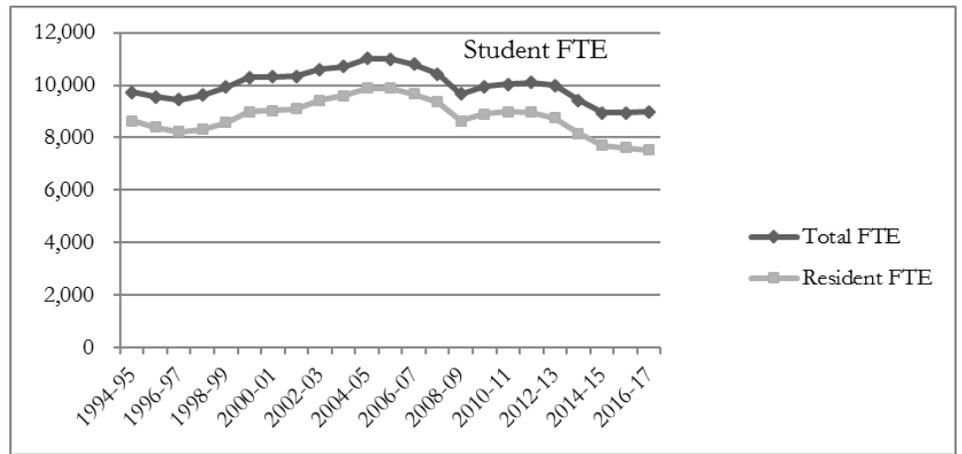
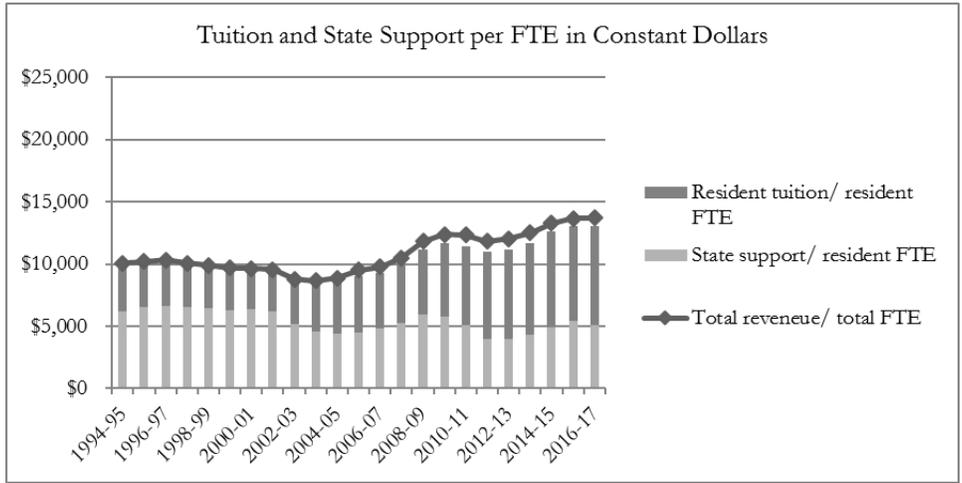
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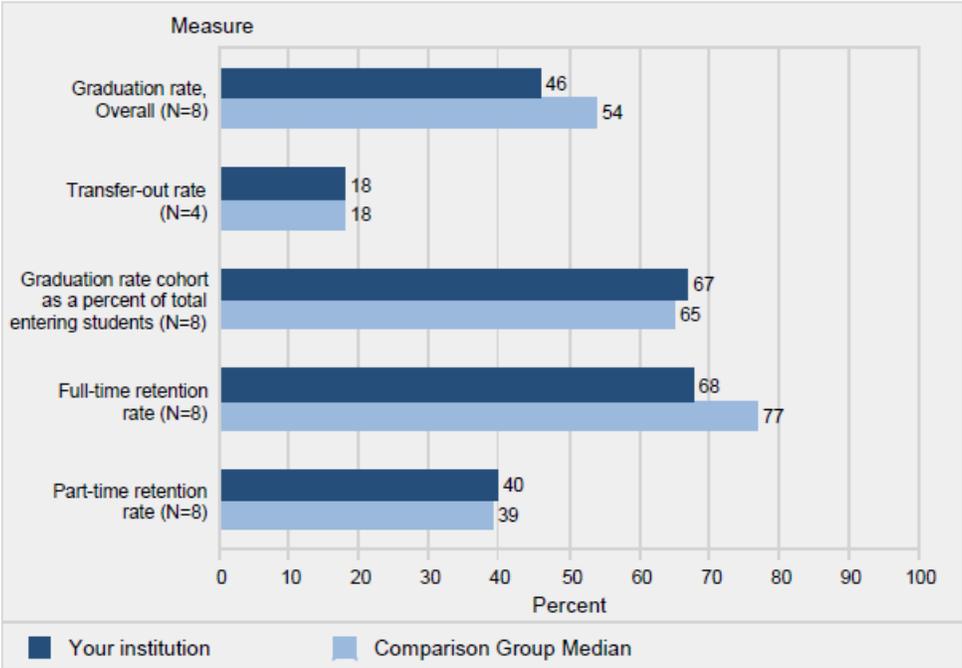
CSU Pueblo



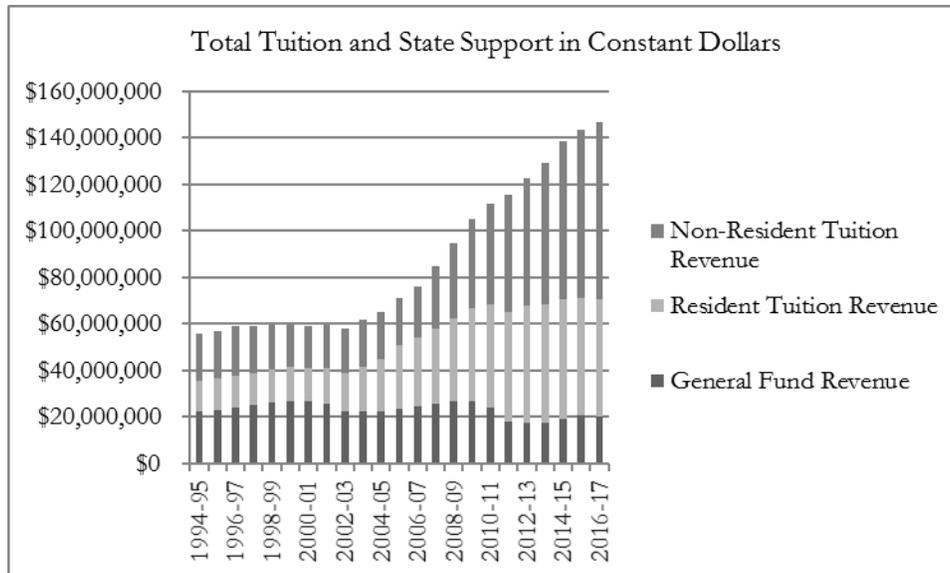
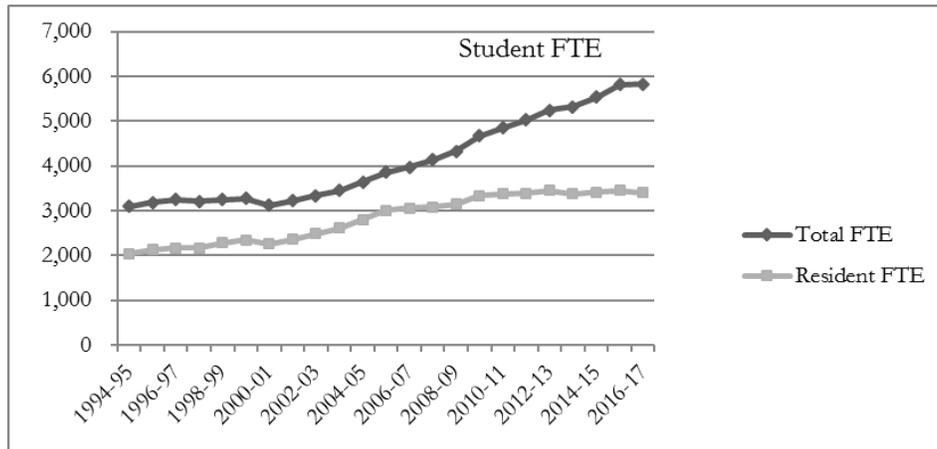
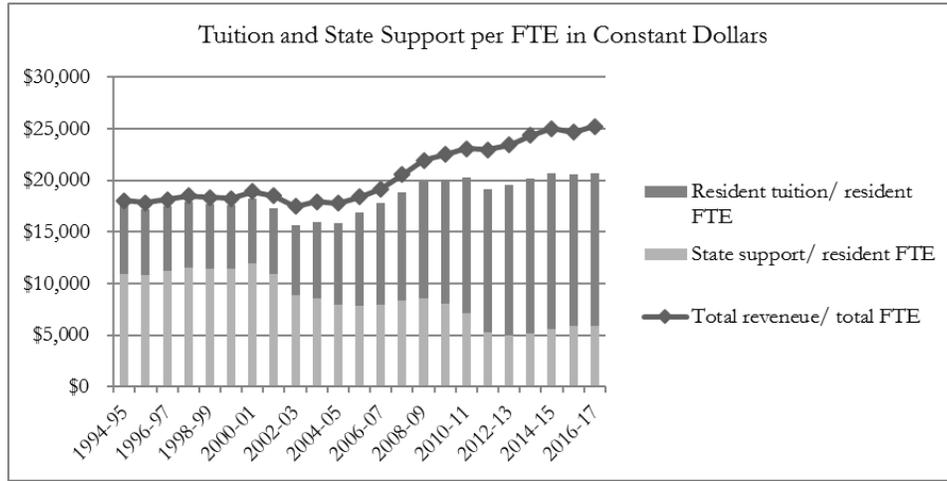
University of Northern Colorado



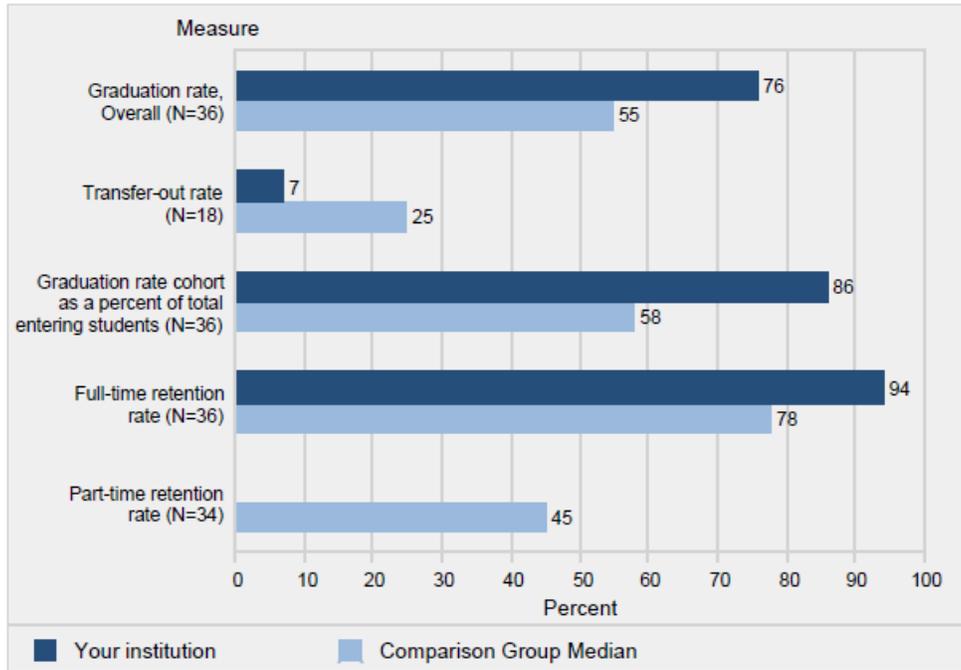
University of Northern Colorado



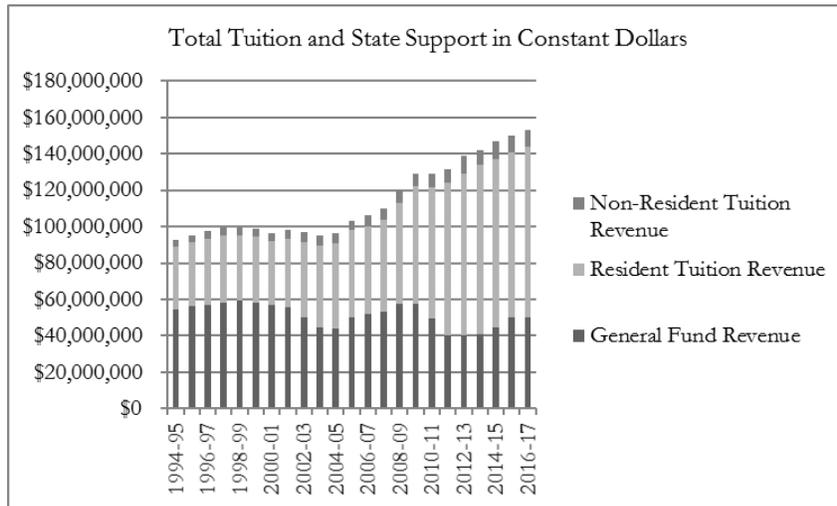
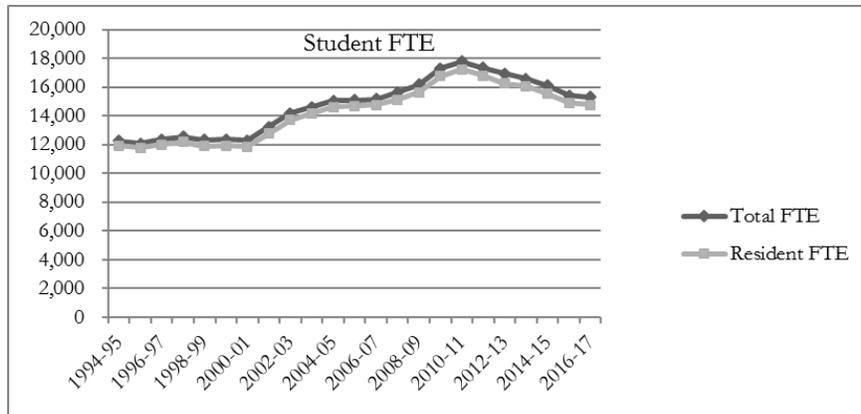
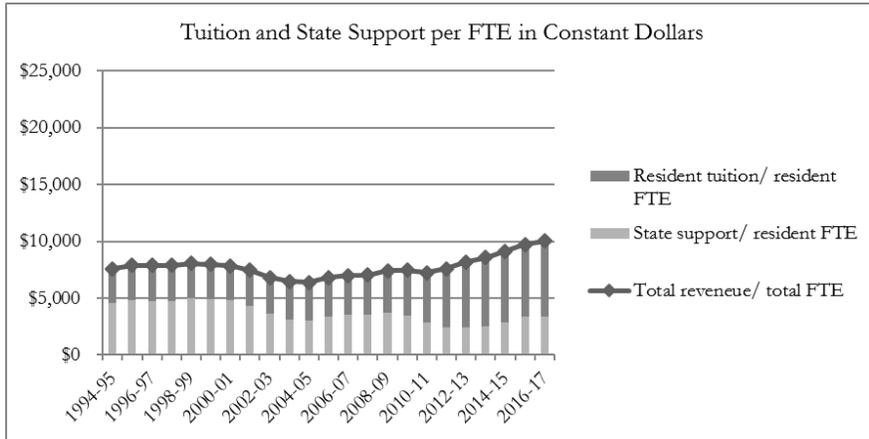
Colorado School of Mines



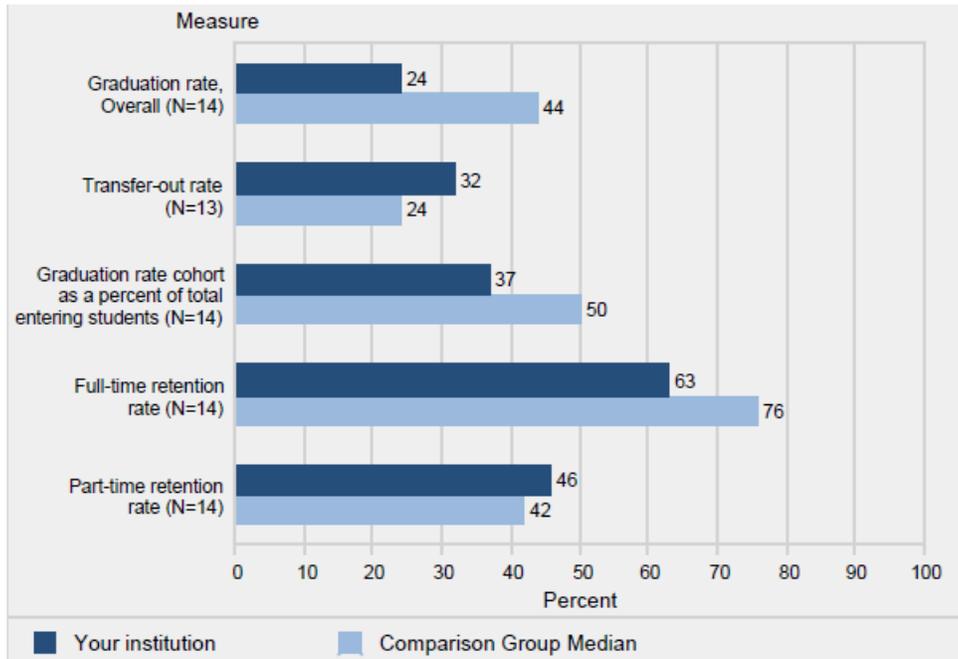
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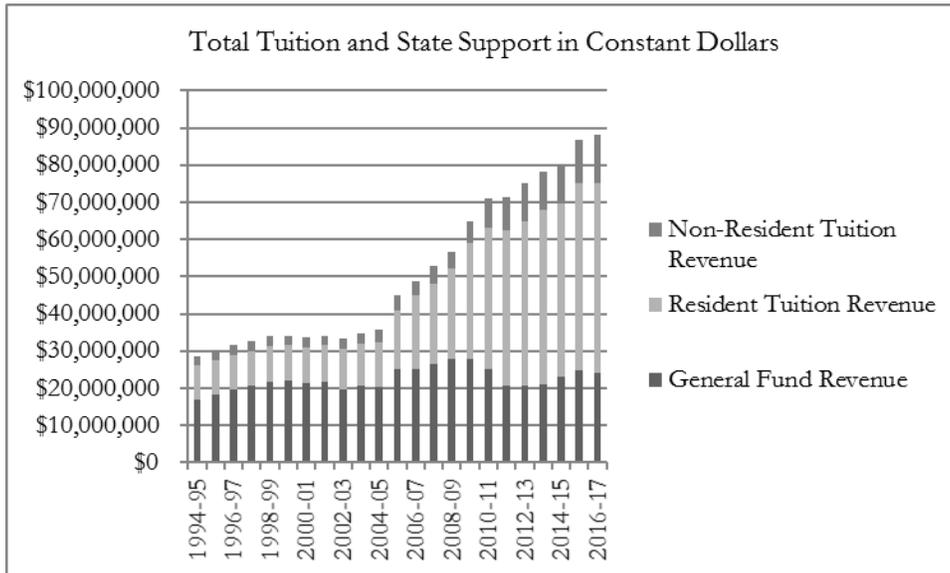
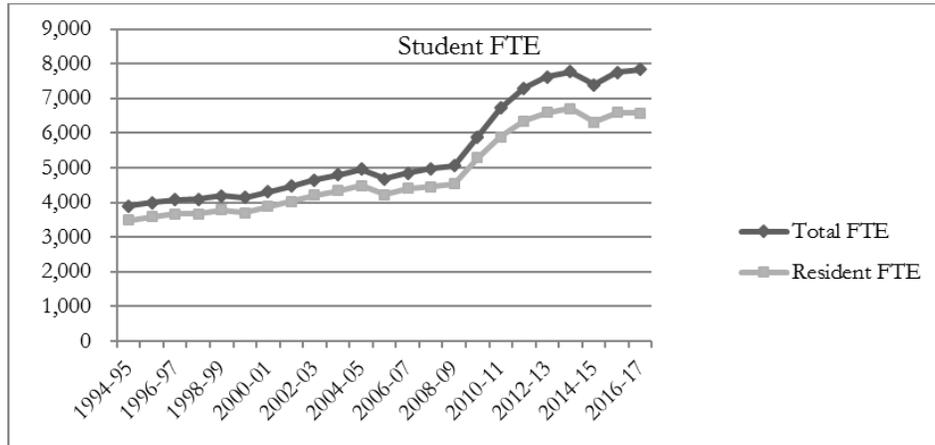
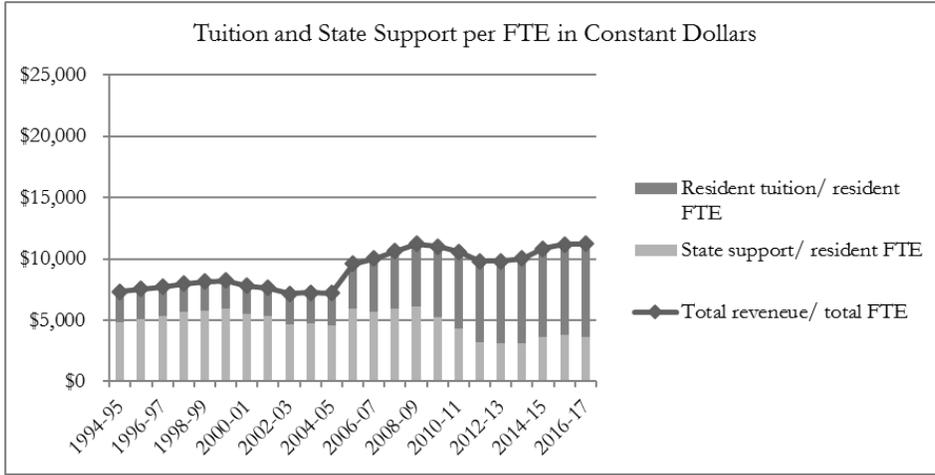
Metropolitan State University of Denver



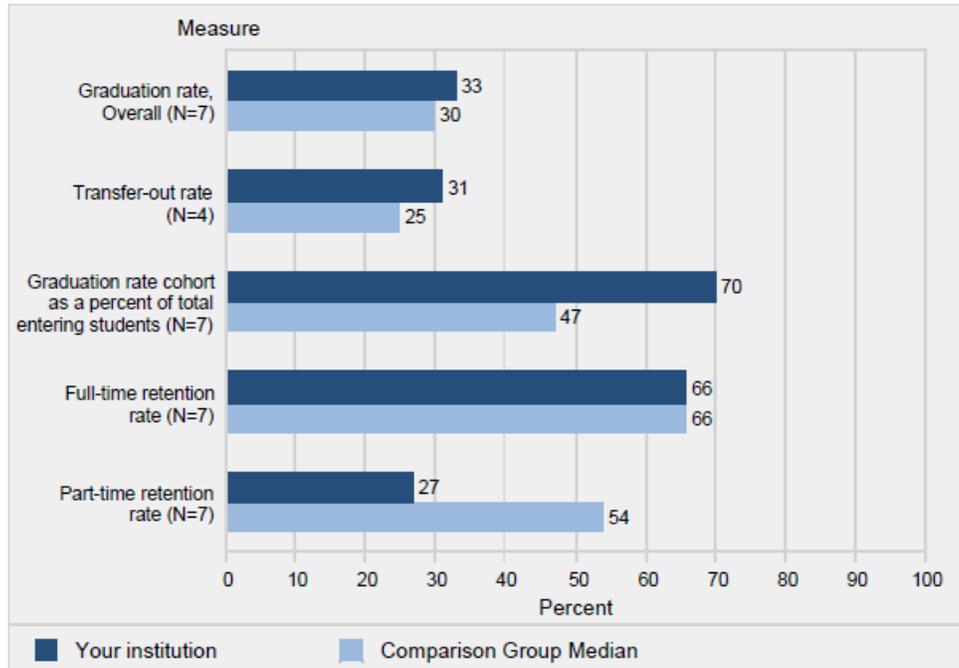
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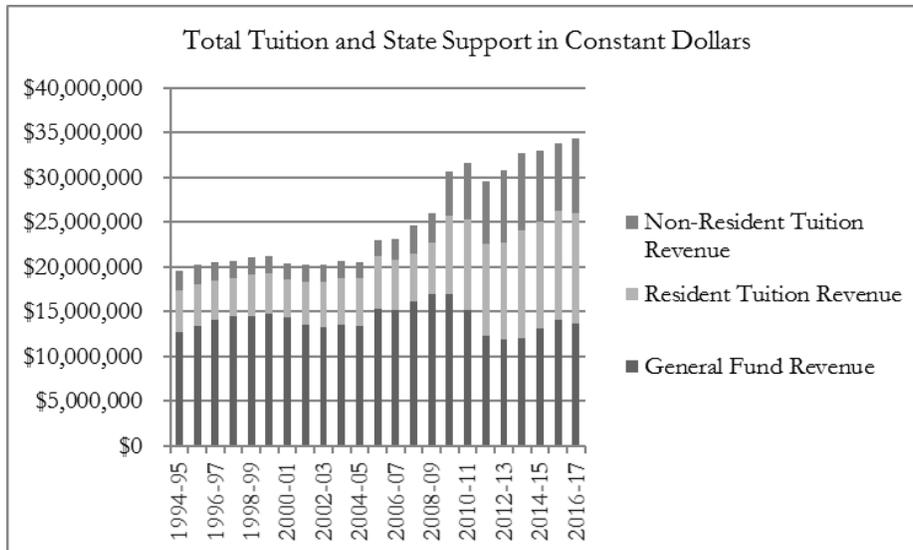
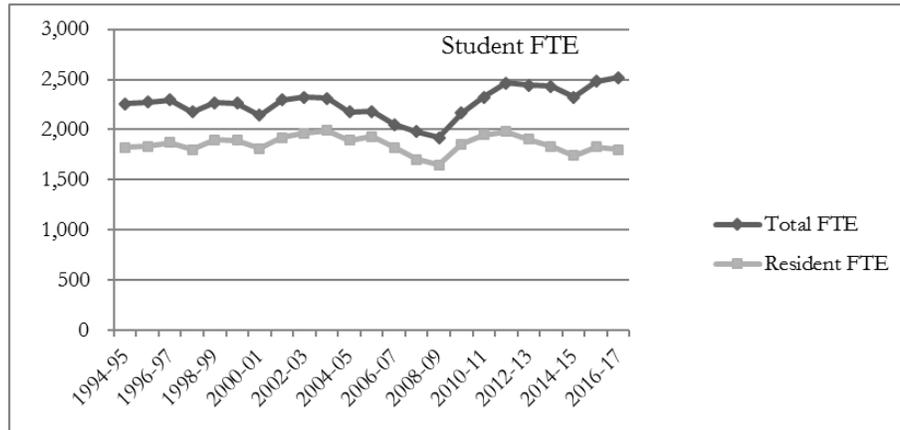
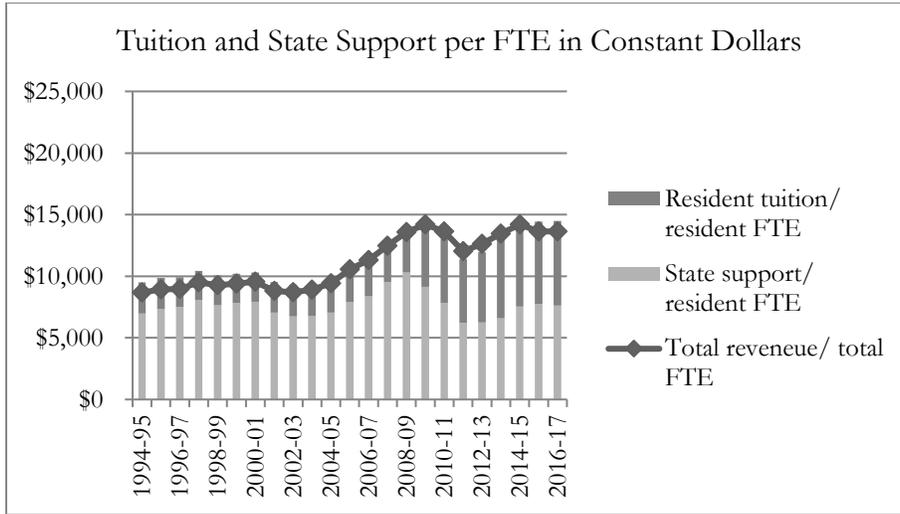
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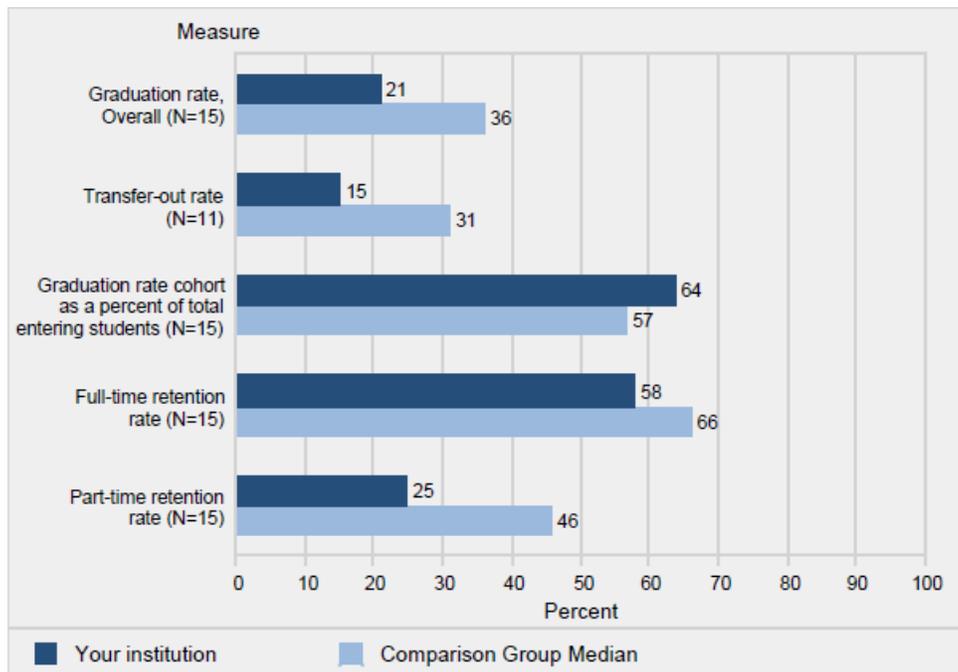
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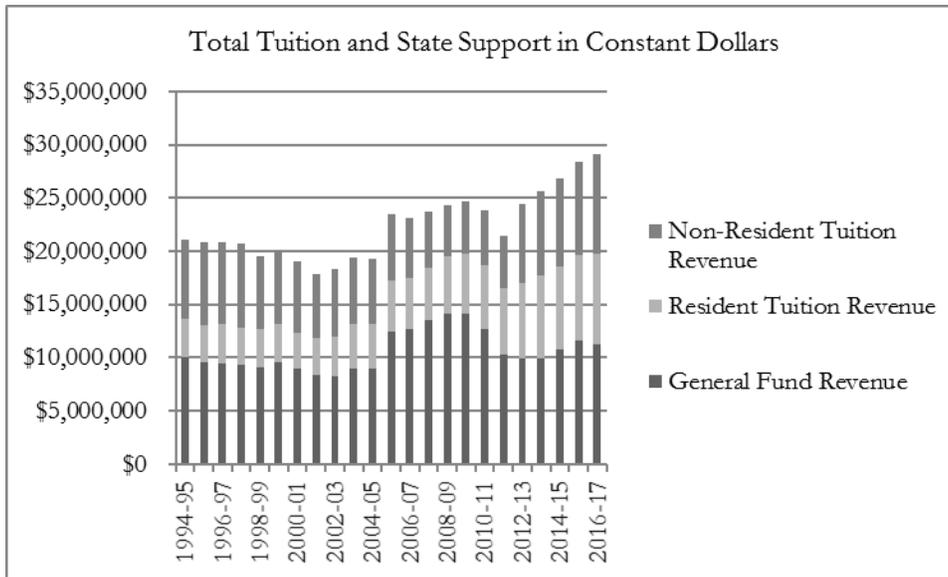
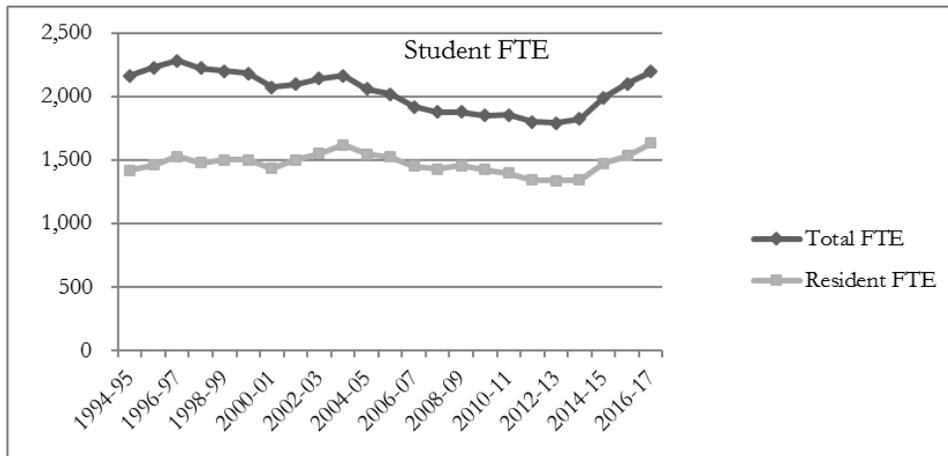
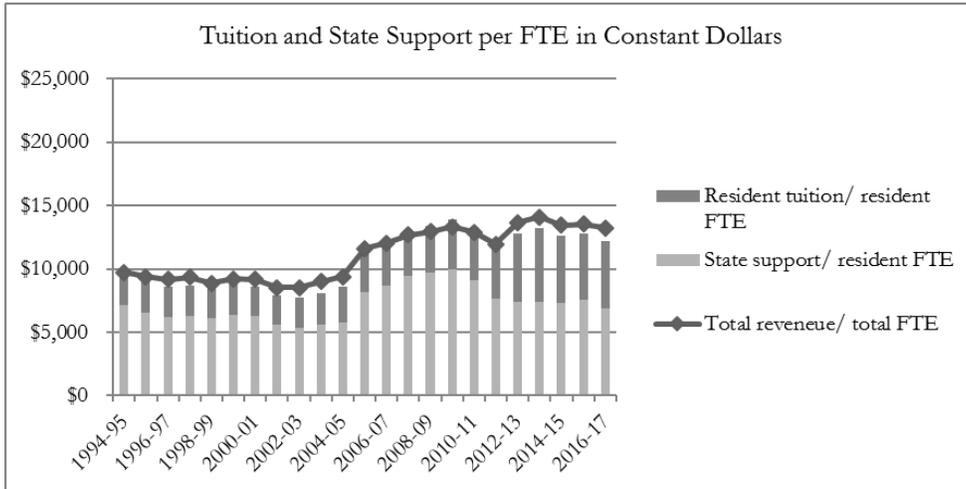
Adams State University



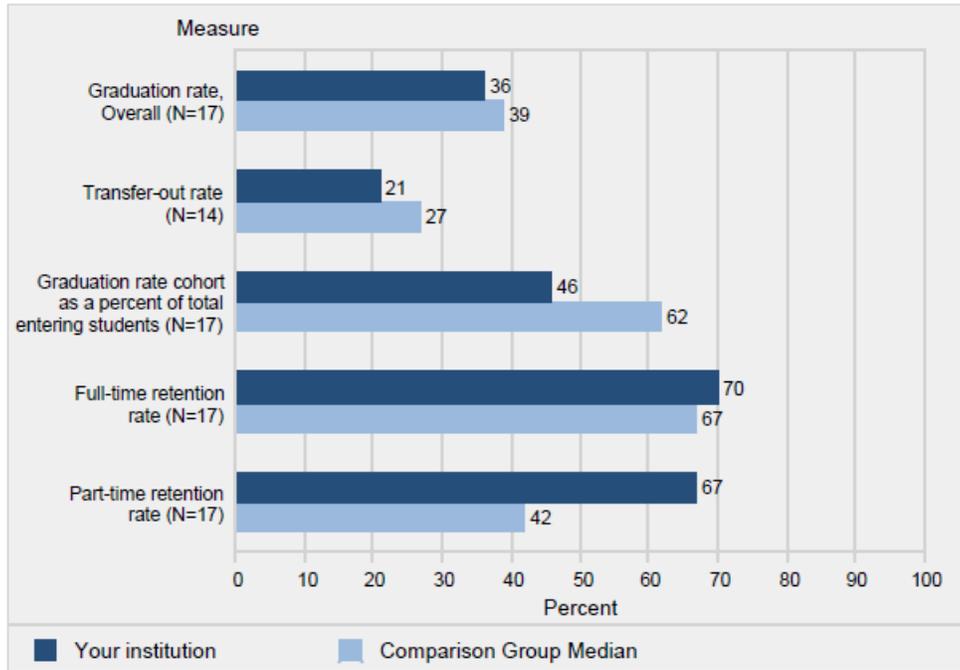
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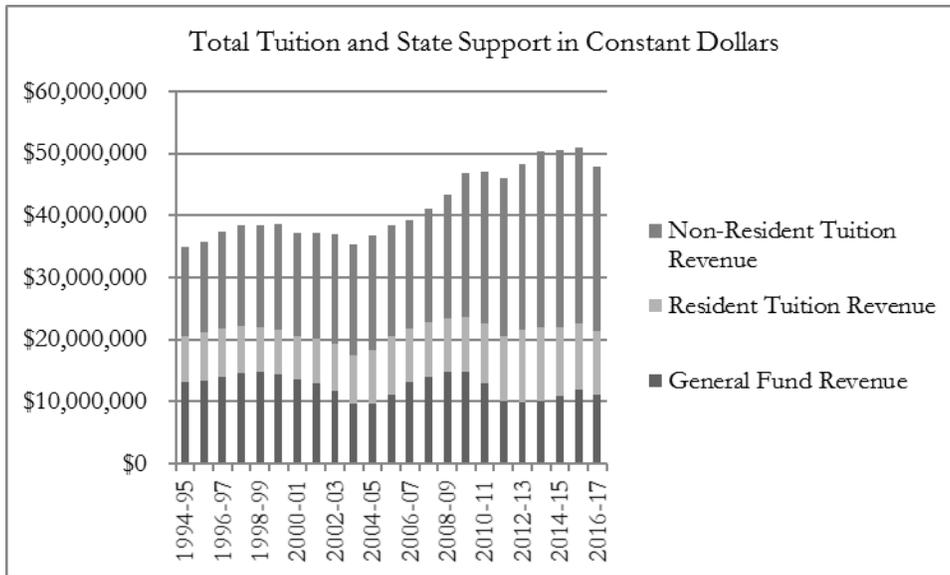
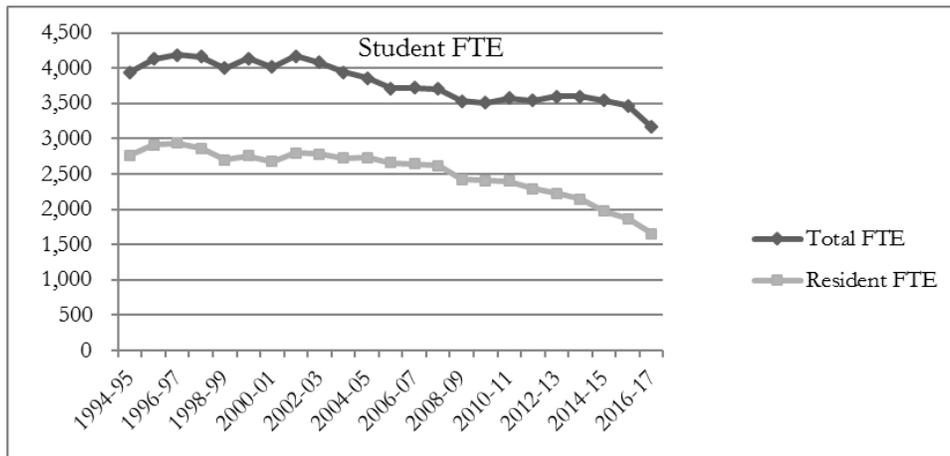
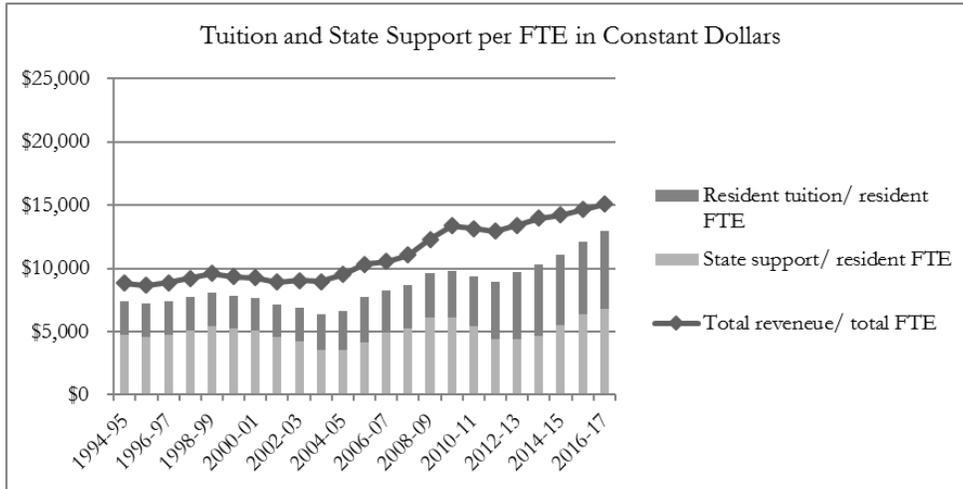
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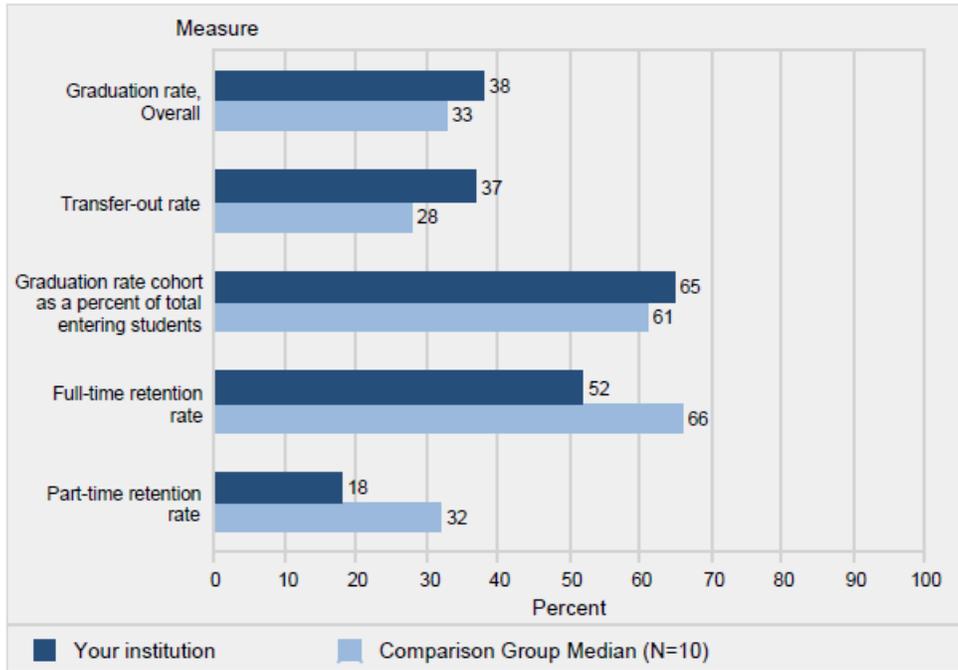
Western State Colorado University



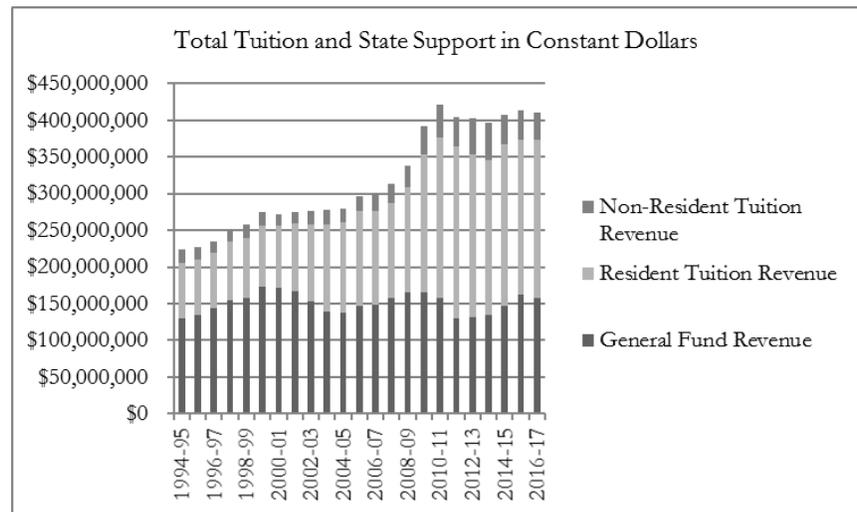
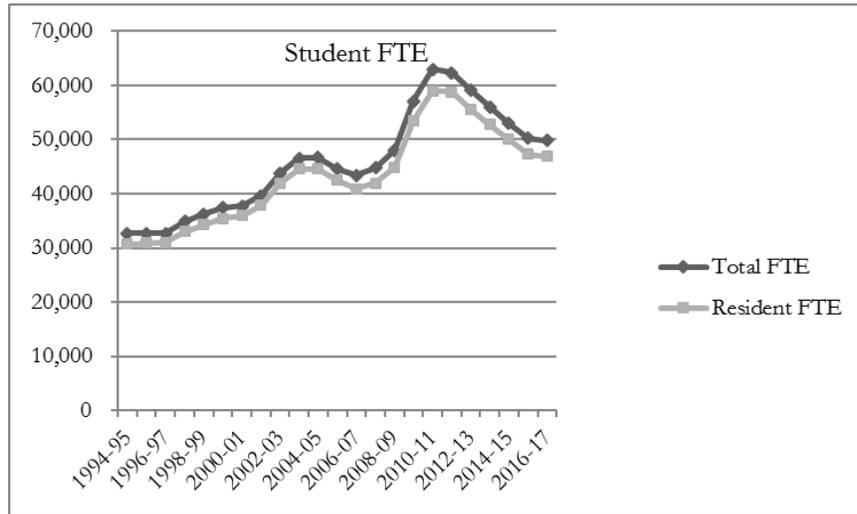
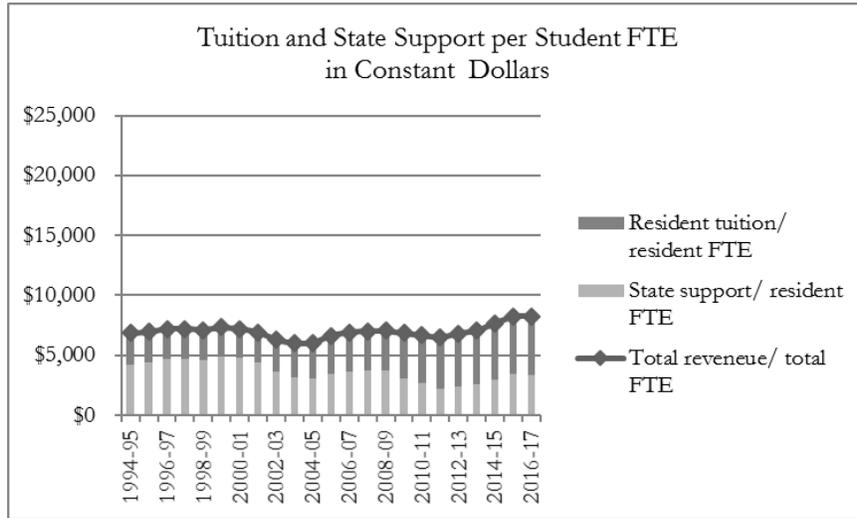
Fort Lewis College



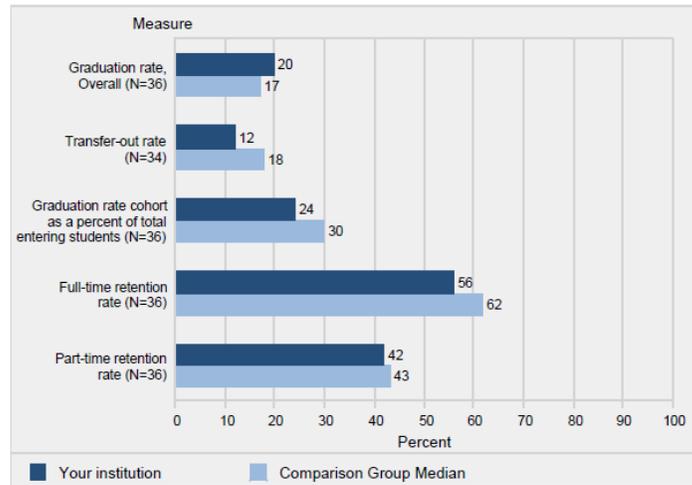
Fort Lewis College



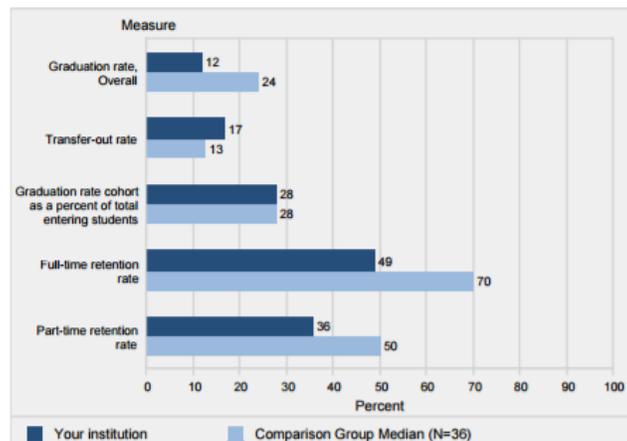
Colorado Community College System



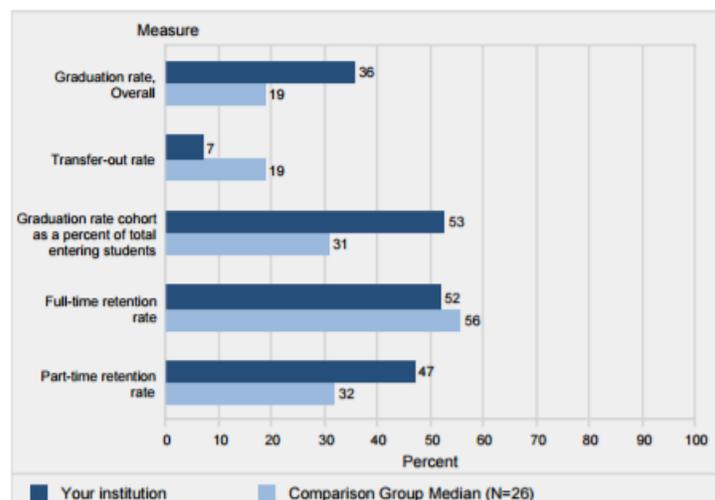
Front Range Community College

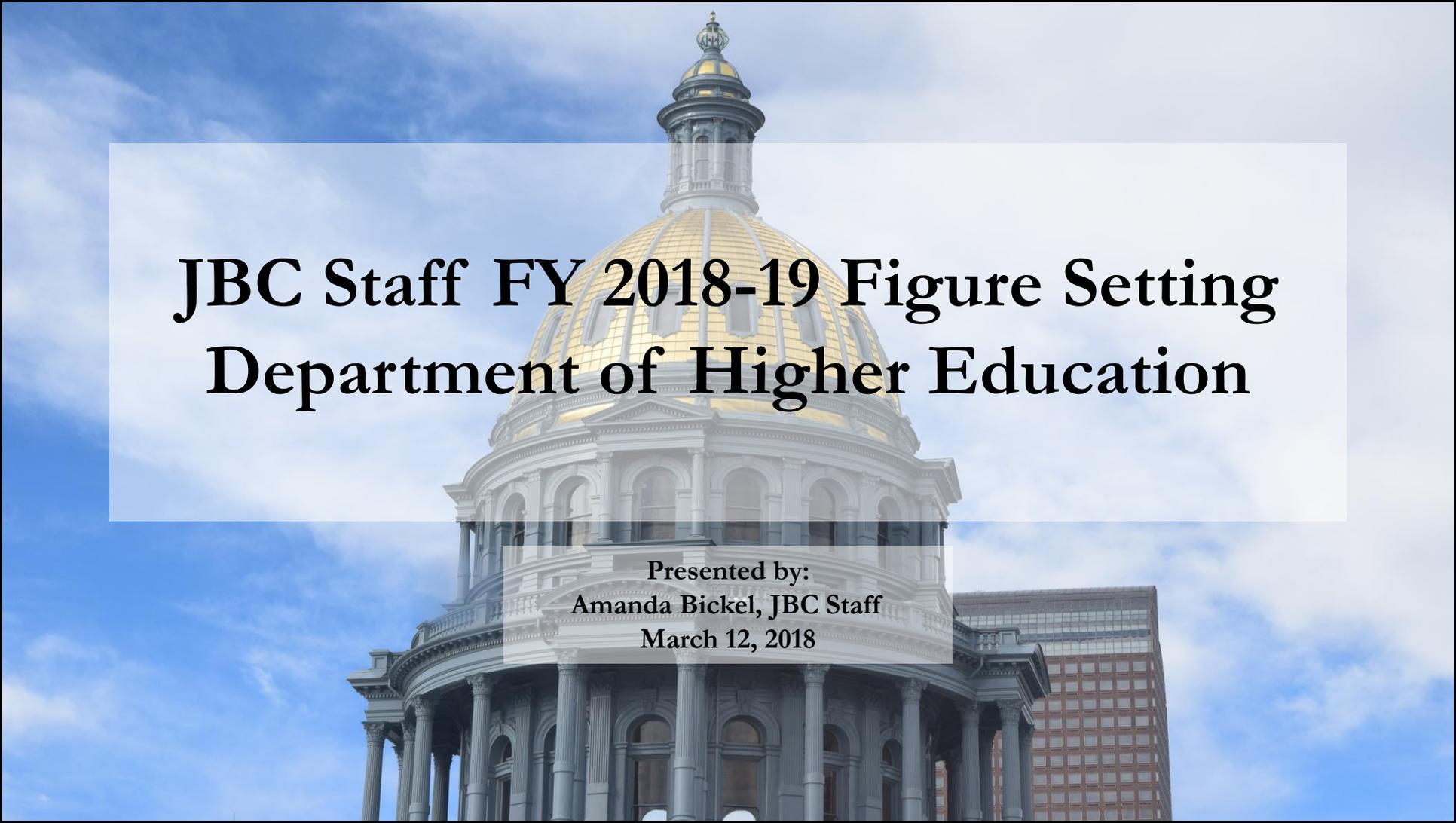


Pikes Peak Community College



Otero Junior College





JBC Staff FY 2018-19 Figure Setting Department of Higher Education

**Presented by:
Amanda Bickel, JBC Staff
March 12, 2018**

Agencies Included in Staff Figure Setting Document

Department
Administrative Office
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Colorado Commission on
Higher Education
(Page 62)

Colorado Commission
on Higher Education
Financial Aid
(Page 98)

College Opportunity
Fund Program
(Page 120)

Governing Boards
(Page 128)

Local District College
Grants
(Page 139)

Division of Occupational
Education
(Page 142)

Auraria Higher
Education Center
(Page 146)

History Colorado
(Page 148)

Overview Long Bill + Special Bills

Staff Recommendation

\$4.5 billion total funds
\$979.4 million General Fund
26,149.6 FTE

Department Request

\$4.5 billion total funds
\$983.9 million General Fund
25,087.2 FTE

17 Staff-initiated Changes

16 Department Requested Changes

33 Department and Staff Decision Items

(includes decision items, budget amendments, and staff-initiated changes)

Staff Recommendation

Long Bill

\$4.5 billion total funds,
\$977.1 million General Fund
26,148.6 FTE

Dept. Request

Long Bill

\$4.5 billion total funds,
\$977.4 million General Fund
25,087.2 FTE

Special Bills

R4 Emergency Completion & Retention (as part
of larger bill) - \$1.5 million GF
R5 Occupational Credential - \$0 (pending)
BA1 Educator Prep. (version) - \$1.0 million CF
Open Ed Resources - \$0.7 million GF, 1.0 FTE

Subtotal - \$3.2 million TF, \$2.2 million GF

Total - \$4.5 billion
GF - \$979.3 million

Special Bills

R4 Emergency Completion & Retention - \$1.5
million GF
R5 Occupational Credential - \$5.0 million GF
BA1 Educator Prep. (version) - \$2.0 million CF

Subtotal - \$8.5 million TF, \$6.5 million GF

Total - \$4.5 billion
GF - \$983.9 million

Decision Items Affecting Multiple Divisions

Change Requests

- ❑ R1 Operating request for public colleges and universities (p.9)
- ❑ R2 Tuition spending authority increase (p.22)
- ❑ R5 Occupational Credential Capacity Grant Program (p.27)
- ❑ BA1 Strategies for Educator Preparation Programs (p.35)
- ❑ Staff-initiated Open Educational Resources Initiative (p.39)
- ❑ Potential Bill requiring State-funded research to be freely available (p.41)
- ❑ Technical Adjustment: Indirect cost recoveries (p.43)

(1) Department Administrative Office

Change Requests

- NP BA Property Fund adjustment (p.45)
- Common policy adjustments (p.49)
- Staff-initiated leased space adjustment (p.49)
- Staff-initiated H/L/D adjustment (p.50)
- Move DPOS legal services (p.51)

Line Items, Base Appropriations, and Other Changes

- (1) Department Administrative Office (p.51-61)

(2) Colorado Commission on Higher Education (p.62)

Change Requests

- ❑ Technical: CO Geological Survey common policy (p.66)
- ❑ Technical: Western Interstate Commission for HED (p.68)
- ❑ Technical: HED Federal Mineral Lease COP (p.69)
- ❑ Technical: CU Fitzsimons COP (p.72)
- ❑ 2 informational items – p. 68, p.73

Line Items, Base Appropriations, and Other Changes

- ❑ (2) Colorado Commission on Higher Ed (p.75-97)

(3) CCHE Financial Aid (p.98)

Change Requests

- R4 Emergency Retention Grants/Bill #17 (p.101)
- R6 CO Opportunity Scholarship Initiative (p.101)
- R3 Fort Lewis Native American Tuition Waiver (p.108)
- Informational item (p.107)

Line Items, Base Appropriations, and Other Changes

- (3) CCHE Financial Aid (p. 110-117)

(4) College Opportunity Fund Program(p.118)

Change Requests

- Staff-initiated reduce private COF stipend (p.120)
- Staff-initiated footnote, RFI, HCPF appropriation re. School of Medicine UPL (p.121)
- Informational item (p.122)

Line Items, Base Appropriations, and Other Changes

- (4) College Opportunity Fund Program (p. 123-127)

(5) Governing Boards (p.128)

Change Requests

- FY 2017-18: 2 items -Tuition and fee adjustments (p.129)
- Staff-initiated: Projected fee revenue (p.130)
- Staff-initiated: Amendment 50 gaming adjustment (p.131)
- Staff-initiated: FTE adjustment (p.131)
- Staff-initiated: Tobacco settlement revenue (p.132)

Line Items, Base Appropriations, and Other Changes

- (5) Governing Boards (p.133-138)

(6) Local District College Grants (p.139)

Change Requests

None (decision items affecting this division are addressed in other sections)

Line Items, Base Appropriations, and Other Changes

- (6) Local District College Grants (p. 139-141)

(7) Division of Occupational Education (p.142)

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- Colorado First/Existing Industries and State Assistance for Career and Technical Education (p.142)

Line Items, Base Appropriations, and Other Changes

- (7) Division of Occupational Education (p.143-145)

(8) Auraria Higher Education Center (p.146)

Change Requests

- Increase AHEC spending authority (p.146)

Line Items, Base Appropriations, and Other Changes

- (8) Auraria Higher Education Center (p.146-147)

(9) History Colorado (p.148)

Change Requests

- FY 2017-18: Supplemental roll-forward IT funds (p.156)
- HC1 Sustainability from recovery of OIT costs (p.157)
- RFI regarding History Colorado OIT services (p.159)
- Staff-initiated: FTE true-up (p.161)

Line Items, Base Appropriations, and Other Changes

- (9) History Colorado (p.162-170)

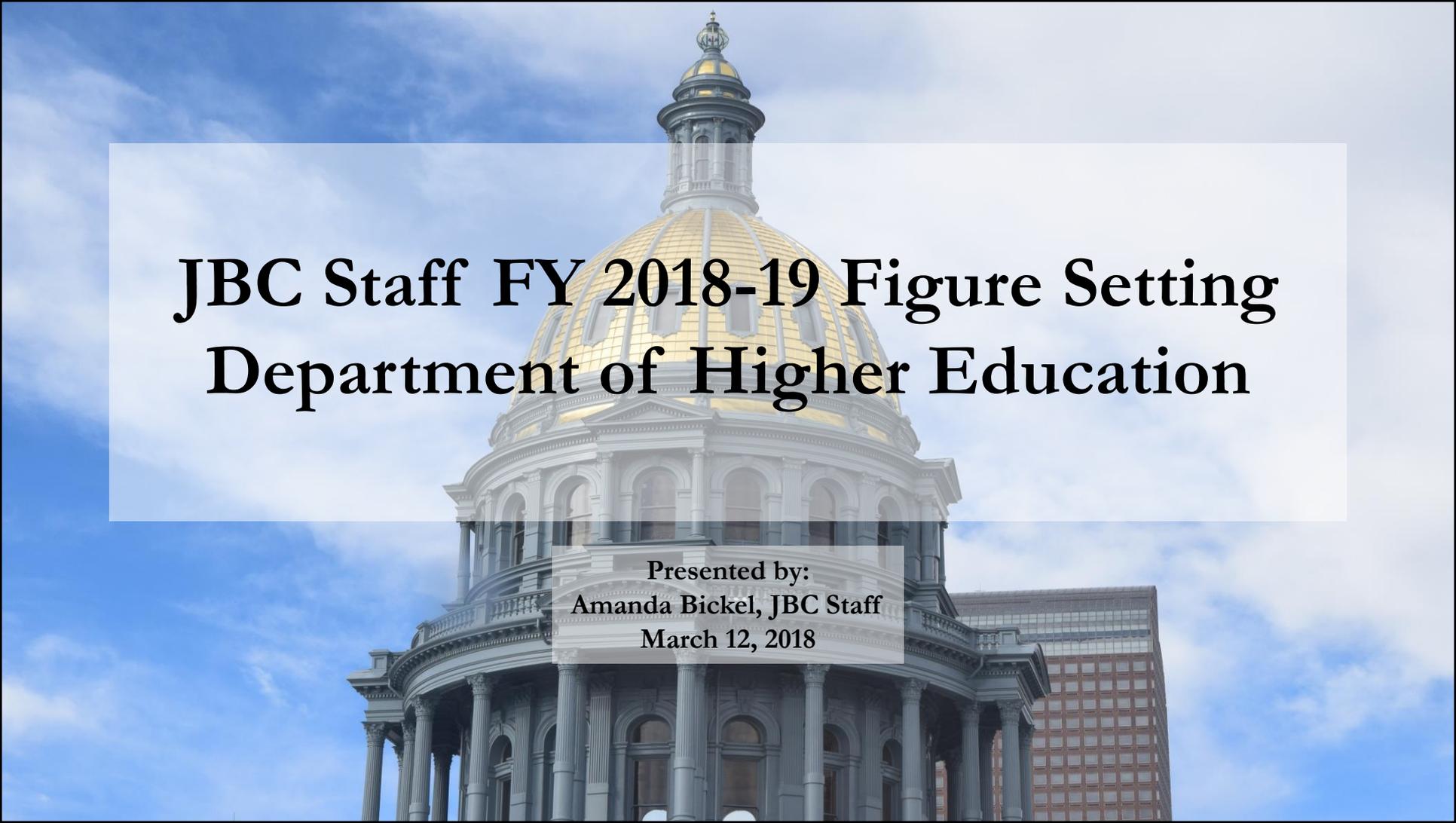
Long Bill Footnotes and RFIs (p.171)

Long Bill Footnotes

- 15 Recommendations (p.171)

Requests for Information

- 8 Recommendations for New/Retained (p.175)



JBC Staff FY 2018-19 Figure Setting Department of Higher Education

Presented by:
Amanda Bickel, JBC Staff
March 12, 2018