

**COLORADO GENERAL ASSEMBLY
JOINT BUDGET COMMITTEE**



**FY 2012-13 STAFF BUDGET BRIEFING
DEPARTMENT OF HIGHER EDUCATION**

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

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**FY 2012-13 BUDGET BRIEFING
STAFF PRESENTATION TO THE JOINT BUDGET COMMITTEE**

DEPARTMENT OF HIGHER EDUCATION

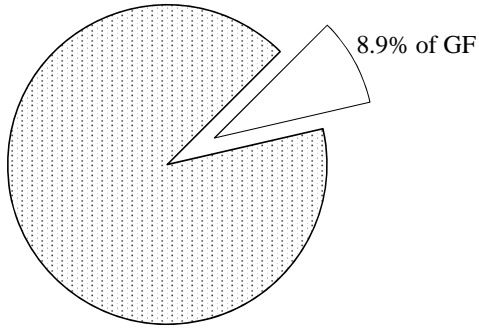
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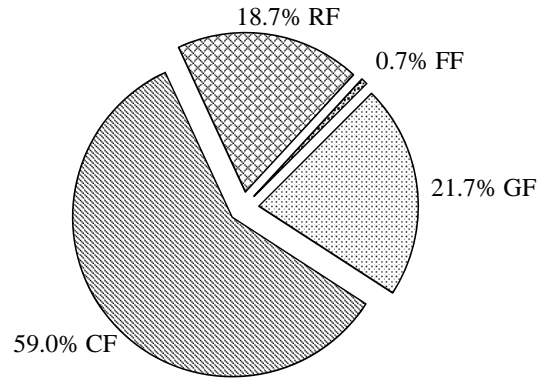
**FY 2012-13 Joint Budget Committee Staff Budget Briefing
Department of Higher Education**

GRAPHIC OVERVIEW

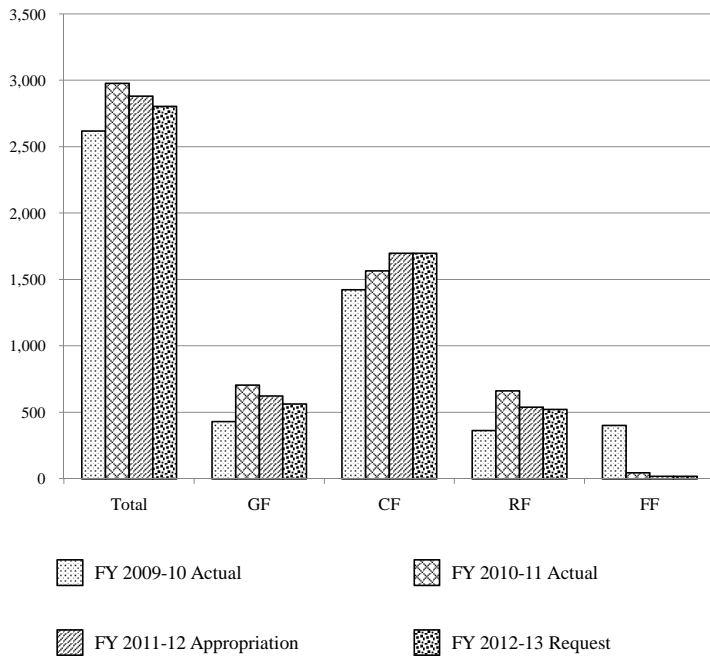
Department's Share of Statewide General Fund



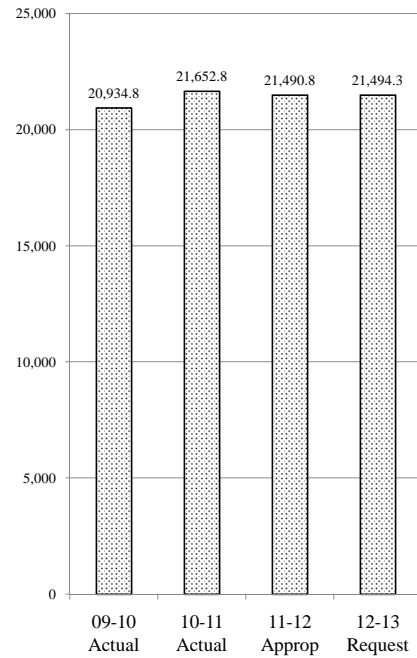
Department Funding Sources



**Budget History
(Millions of Dollars)**

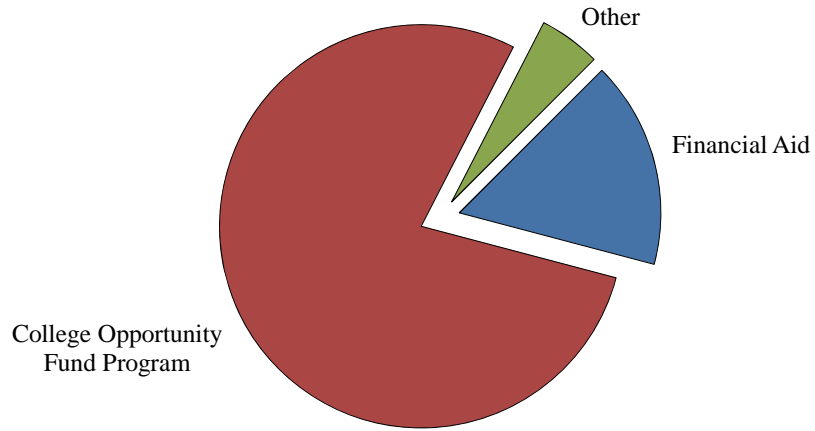


FTE History

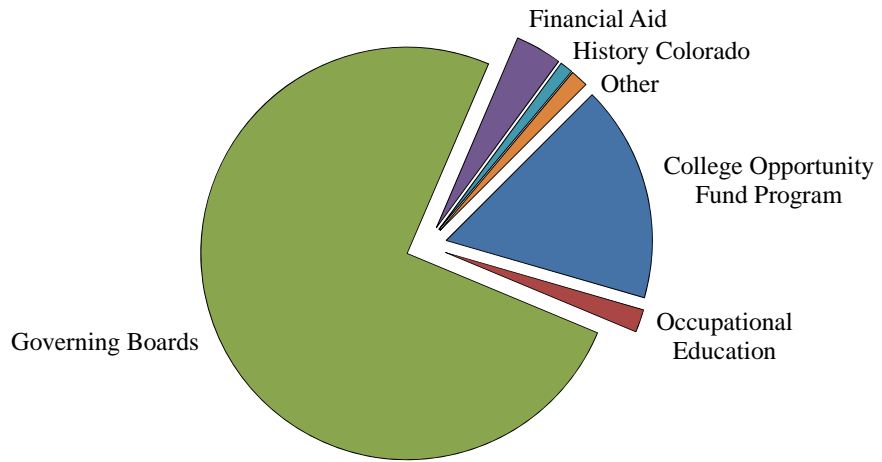


Unless otherwise noted, all charts are based on the FY 2011-12 appropriation.

Distribution of General Fund by Division



Distribution of Total Funds by Division



**FY 2012-13 Joint Budget Committee Staff Budget Briefing
Department of Higher Education**

DEPARTMENT OVERVIEW

Key Responsibilities

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

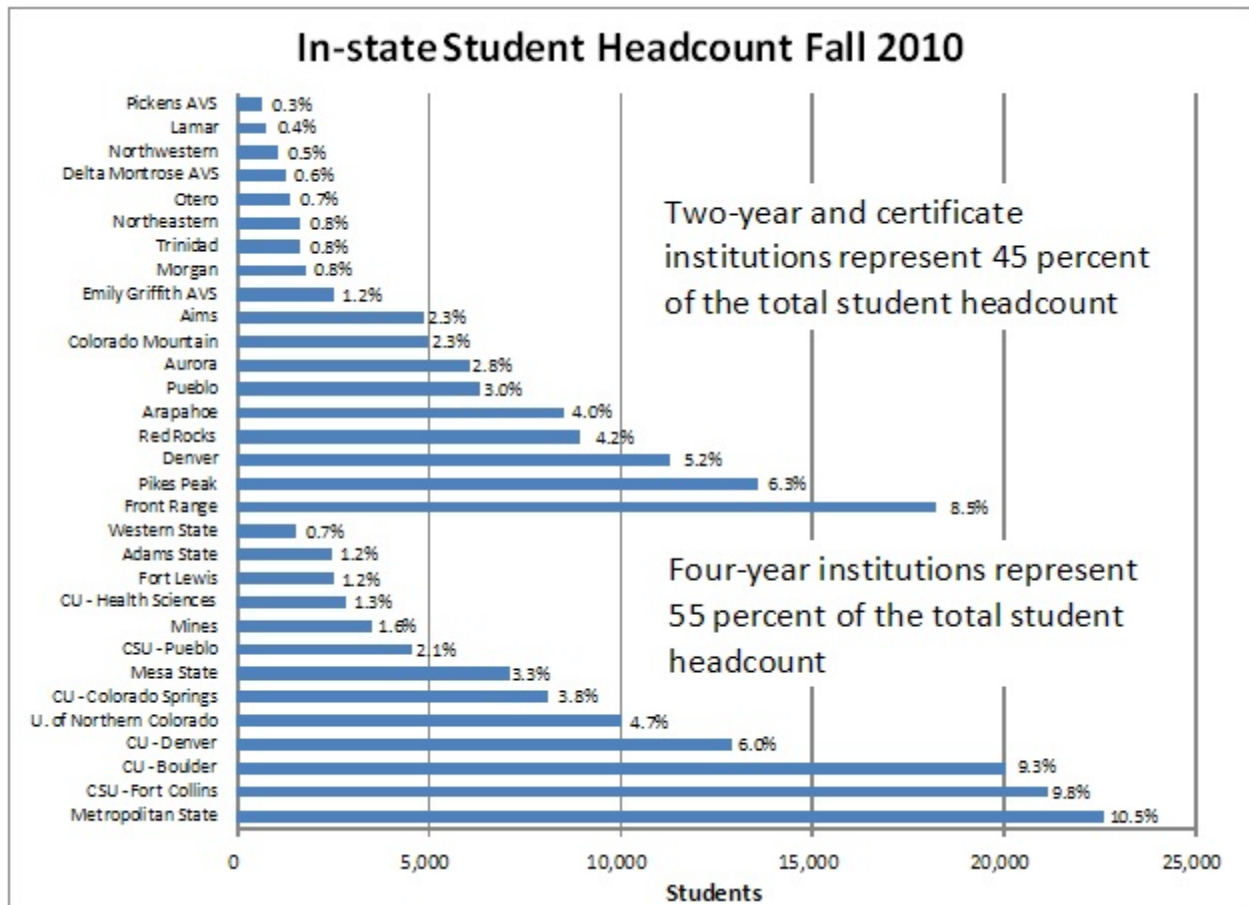
Factors Driving the Budget

Overview and Organization

The public higher education system serves roughly 210,000 students from Colorado annually. Approximately 45 percent of the students attend 2-year and certificate institutions. These include state-operated community colleges, local district junior colleges that receive regional property tax revenues in addition to state funding, and area vocational schools that offer occupational certificates and serve both secondary and post-secondary students. Students attending institutions that offer baccalaureate and higher degrees are concentrated at the University of Colorado, Colorado State University, and Metropolitan State College of Denver.

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

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



Individual versus public responsibility for funding higher education

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

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

Perceptions about the individual versus public responsibility for higher education can change based on the quality and level of education a student seeks. Students wanting more than just the basics

may be expected to contribute more to the cost of their education, but this gets balanced against concerns about relegating low-income students to basic skills institutions. Students pursuing high demand degrees who are projected to earn significant amounts upon graduation may be expected to contribute more to their education, but this may get balanced against economic development goals of encouraging more students in a profession.

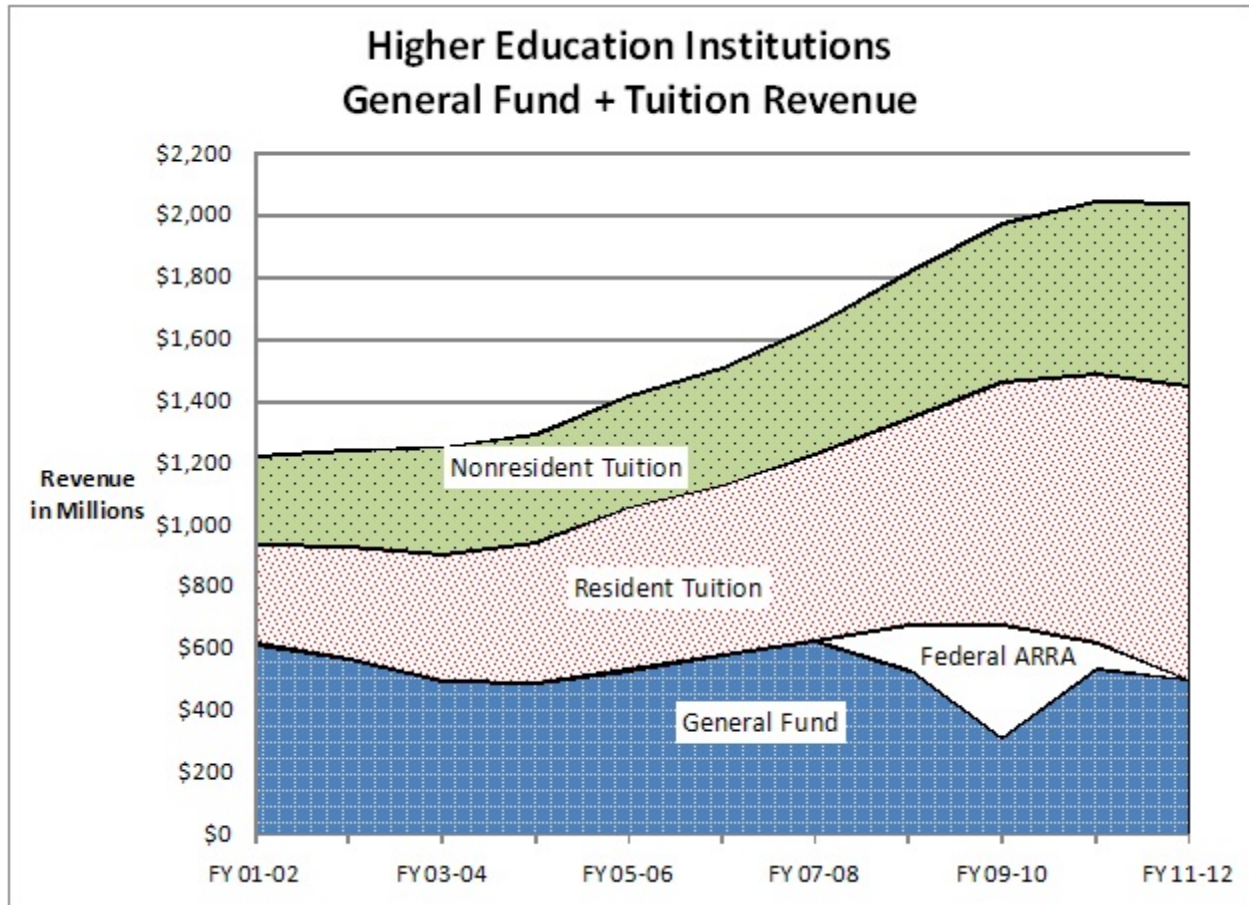
Impact of the statewide budget outlook

Statewide General Fund revenues significantly impact higher education appropriations, as evidenced by the sharp declines in General Fund appropriations for higher education during economic downturns in FY 2002-03 through FY 2004-05, and again in FY 2008-09 through FY 2011-12. The decreases in General Fund appropriations for higher education were disproportionately larger than decreases for other state agencies during the same time frames.

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

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

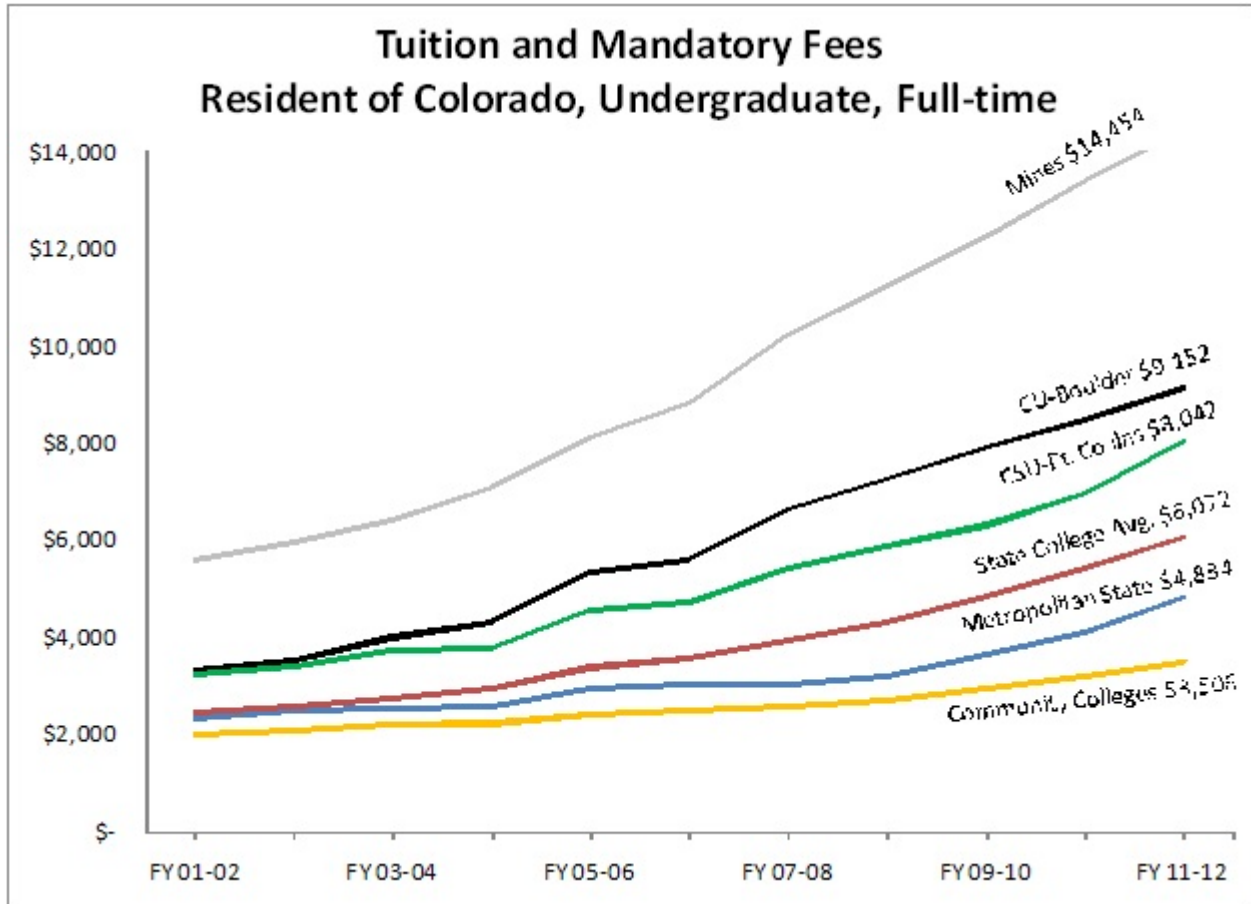
The following chart illustrates how federal ARRA funds and tuition augment General Fund revenues for the higher education institutions, and may provide a portion of the explanation for why higher education has historically been such a big part of budget balancing efforts in Colorado and other states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



Tuition and Fees

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

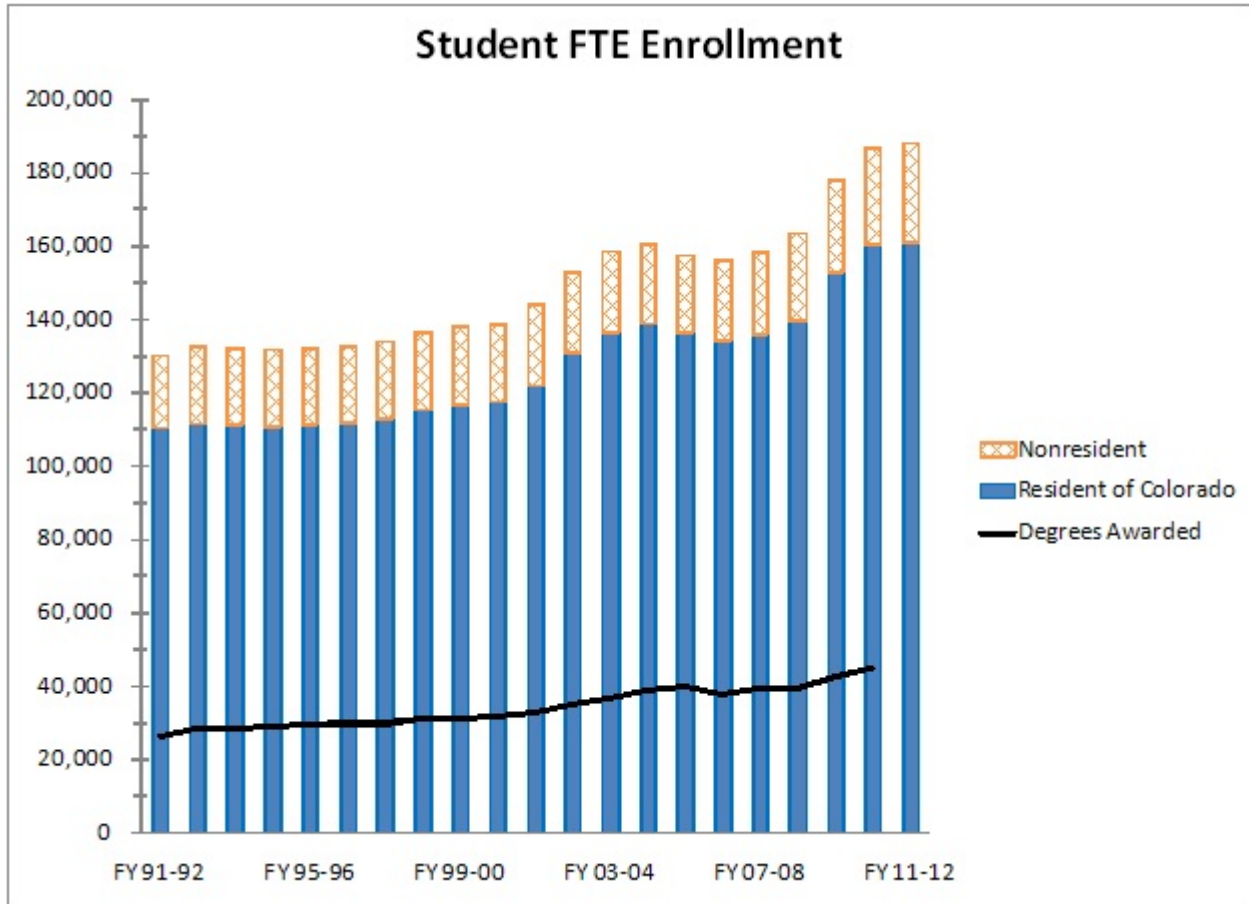
Senate Bill 10-003 temporarily delegated tuition authority to higher education governing boards from FY 2011-12 through FY 2015-16 (five years). During this time frame, governing boards may increase resident undergraduate tuition rates up to 9.0 percent per year, and they may submit a plan to ensure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



Enrollment

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

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



Personnel

Higher education governing boards are allowed by statute to determine the number of employees they need, but the appropriations reflect estimates provided by the governing boards of the number of employee at their institutions, which for FY 2011-12 total 21,119. This doesn't include employees of self-supporting auxiliary programs such as food services, book stores, or housing.

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

College Opportunity Fund Program

Colorado uses a method of distributing higher education funding that is unique from other states. Instead of appropriating General Fund directly to the institutions for their day-to-day operations, the General Assembly appropriates money into a fund that provides stipends to eligible undergraduate students. In addition, the General Assembly appropriates money for differences in the cost of programs at each institution. This second appropriation for cost differentials gets to the institutions through what are called fee-for-service contracts between the CCHE and the governing boards.

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

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

Financial Aid

Of the General Fund appropriations for higher education in FY 2011-12, \$103.6 million (16.6 percent) are for financial aid. The majority of the money goes for need based aid and work study. There are also a number of smaller, special purpose financial aid programs. Financial aid funds are appropriated to the CCHE and then allocated to the institutions, including approximately \$6.5 million in FY 2011-12 for private institutions, based on formulas that consider financial need at the schools, total student enrollment, and program eligibility criteria.

The federal government also provides a significant amount of financial aid for students. The majority of federal grants come through the Pell program for the neediest students. Federal legislation recently increased the maximum Pell grant for a full-time student to \$5,550 in FY 2010-11, from \$4,731 in FY 2008-09. The legislation also expanded eligibility. In FY 2010-11, the average adjusted gross income of the families of dependent students receiving the full Pell award was \$19,501, compared to \$18,352 in FY 2009-10, and the average of students receiving any Pell award was \$31,187, compared to \$37,881 in FY 2009-10.

The federal government also provides low-interest guaranteed loans and tax credits and deductions for tuition. Sixty-seven percent of students completing a bachelor's degree in FY 2010-11 from

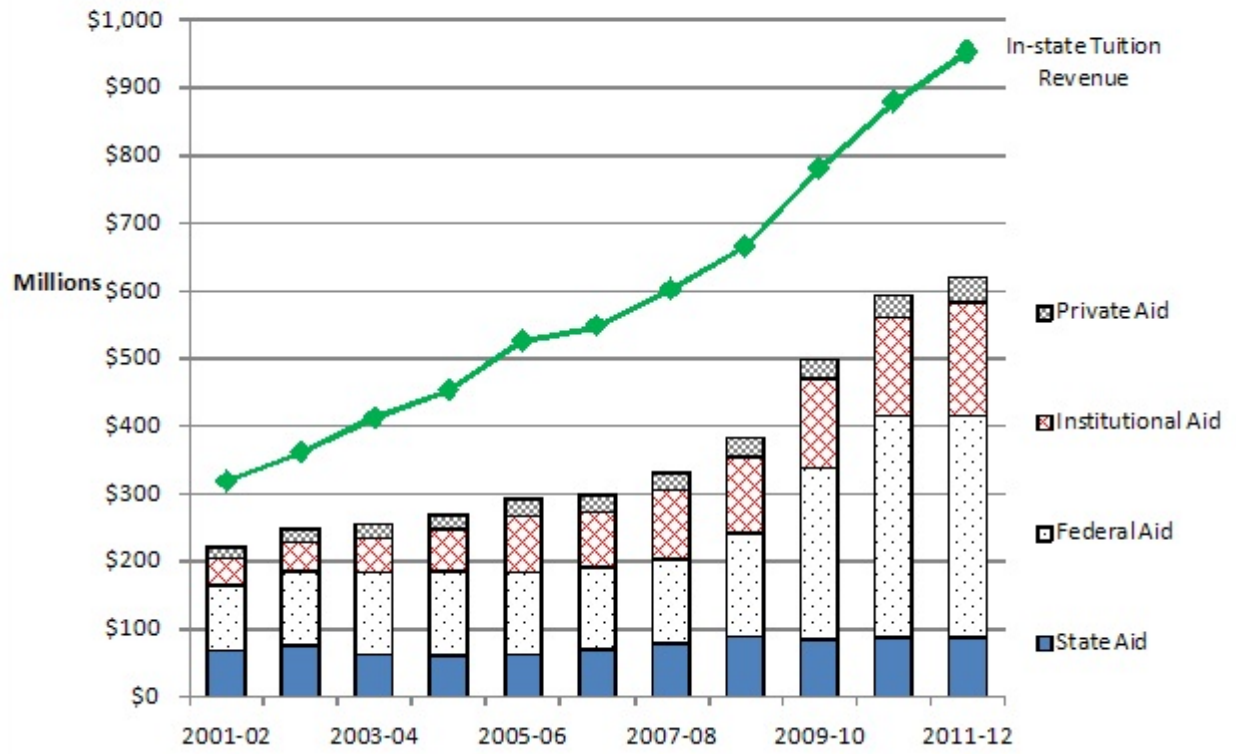
public institutions graduated with the support of federal student loans, and the average amount of federal loans for people graduating with debt was \$23,268.

Another source of funding for financial aid is money set aside by the institutions. Some of the money comes from fundraising, but the majority comes from the operating budgets of the schools. There is significant variation in the amount of money available by institution based on differences in school policies and fundraising.

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

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

Financial Aid Grants and In-state Tuition Revenue at State-operated Higher Education Institutions



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Department of Higher Education**

DECISION ITEM PRIORITY LIST

Pursuant to statute, the CCHE may submit requests for funding higher education institutions directly to the General Assembly. For FY 2012-13, there are no differences between the funding requests from CCHE and the Governor.

Decision Item	GF	CF	RF	FF	Total	FTE
DI-1	0	0	0	0	0	0.0
Fort Lewis Native American Tuition Waivers						
Financial Aid. The Governor and CCHE request transferring \$1,243,553 General Fund from the Need Based Grants line item and \$276,894 General Fund from the Work Study line item to the Native American Students/Fort Lewis College line item to reimburse the college for tuition waivers to qualifying Native American students pursuant to the grant from the federal government that provided the land for the institution. Statutory authority: Section 23-52-105 (1) (b), C.R.S.						
BRI-1	(29,104,400)	0	(28,485,035)	0	(57,589,435)	0.0
Operational Funding Reduction to Colleges and Universities						
Governing Boards. The Governor and CCHE request a reallocation of College Opportunity Fund (COF) stipends and fee-for-service contract dollars among the governing boards that results in a net loss of \$29.0 million General Fund for the public higher education institutions, or 5.7 percent of their FY 2011-12 General Fund appropriation. The distribution formula for the net reduction has three components: \$18.0 million reduced in proportion to the FY 2011-12 General Fund appropriation for each institution; \$18.0 million reduced in proportion to the FY 2011-12 total funds appropriation, including General Fund and tuition, for each institution; and \$7.5 million added back in proportion to increases in enrollment since FY 2005-06.						
		<u>FY 2011-12 GF</u>	<u>Proportional Reductions</u>	<u>Enrollment Adjustment</u>	<u>Net Reduction</u>	<u>Percent</u>
Adams State College		\$11,190,415	(\$643,826)	\$4,877	(\$638,949)	(5.7)%
Colorado Mesa University		18,500,575	(1,245,210)	504,491	(740,719)	(4.0)%
Metro State College		36,961,479	(2,340,559)	773,350	(1,567,209)	(4.2)%
Western State College		9,344,247	(514,256)	0	(514,256)	(5.5)%
CSU System		106,476,533	(7,156,697)	493,517	(6,663,180)	(6.3)%
Fort Lewis College		9,323,117	(587,444)	0	(587,444)	(6.3)%
CU System		145,775,732	(12,571,700)	701,715	(11,869,985)	(8.1)%
Colorado School of Mines		16,254,242	(1,463,049)	123,456	(1,339,593)	(8.2)%
U. of Northern Colorado		32,806,606	(2,126,511)	0	(2,126,511)	(6.5)%
Community College System		<u>112,832,926</u>	<u>(7,335,783)</u>	<u>4,898,594</u>	<u>(2,437,189)</u>	<u>(2.2)%</u>
Subtotal - Governing Boards		\$499,465,872	(\$35,985,035)	\$7,500,000	(\$28,485,035)	(5.7)%
Local District Junior Colleges		11,909,951	n/a	n/a	(679,368)	(5.7)%
Area Vocational Schools		7,664,871	n/a	n/a	(165,561)	(2.2)%
TOTAL - Public		\$519,040,694	(\$35,985,035)	\$7,500,000	(\$29,329,964)	-5.7%

Decision Item	GF	CF	RF	FF	Total	FTE
<p>The request includes a reduction to the COF stipend to public institutions from \$1,860 (for 30 credit hours) to \$1,500 (for 30 credit hours), or from \$62 per credit hour to \$50 per credit hour. In addition to the changes for the public institutions, the request also results in a decrease of \$104,400 General Fund to the COF stipend for private institutions. <i>Statutory authority: Sections 23-18-201 and 202 (2) (c); and 23-5-129 (5) (a), C.R.S.</i></p>						
BRI-2	(24,620,447)	0	0	0	(24,620,447)	0.0
<p>Reduction to Need Based Grants</p> <p>Financial Aid. The Governor and CCHE request a decrease of \$24.6 million General Fund to student financial aid need based grants. This amount represents one-third of the total appropriation for need based grants in FY 2011-12. <i>Statutory authority: Section 23-5-130.5, et. al. C.R.S.</i></p>						
BRI-3	(5,482,078)	0	0	0	(5,482,078)	0.0
<p>Reduction to Work Study</p> <p>Financial Aid. The Governor and CCHE request a decrease of \$5.5 million General Fund in the student financial aid work study program. This amount represents one-third of the total appropriation for work study in FY 2011-12. <i>Statutory authority: Section 23-5-130.5, et. al. C.R.S.</i></p>						
BRI-4	(191,490)	0	0	0	(191,490)	0.0
<p>10 Percent Personal Services Reduction to DHE and CCHE Administration</p> <p>Colorado Commission on Higher Education. The Governor and CCHE request a decrease of \$191,490 General Fund from the personal services funding in the CCHE Administration line item. This amount represents 10 percent of the total appropriation for the CCHE Administration line item in FY 2011-12. The Department intends to seek legislation in the 2012 legislative session that will shift the financing of duties associated with the oversight of private proprietary (for-profit) institutions offering four-year degrees to a cash fund basis rather than being funded through statewide indirect cost recoveries. <i>Statutory authority: Section 23-5-130.5, et. al. C.R.S.</i></p>						
BRI-5	(539,400)	0	0	0	(539,400)	0.0
<p>Reduction of College Opportunity Fund to Private Institutions</p> <p>College Opportunity Fund Program. The Governor and CCHE request a decrease of \$539,400 General Fund to the COF for private stipends. Current statute requires that the private stipend be set at 50 percent of the public stipend rate for Pell eligible undergraduate students attending participating non-profit private institutions (University of Denver, Regis University, and Colorado Christian University). This requested decrease would be achieved by reducing the current private stipend rate to 25 percent of the public stipend rate. This change would require separate legislation. <i>Statutory authority: Section 23-18-202, (2) (e), C.R.S.</i></p>						
BRI-6	(329,964)	0	0	0	(329,964)	0.0
<p>Reduction to College Opportunity Fund Lifetime Credit Hour Limit</p> <p>College Opportunity Fund Program. The Governor and CCHE request a decrease of \$329,964 General Fund to the COF stipends for public institutions. Current statute provides a COF lifetime credit hour limit of 145 credit hours. This requested decrease would be achieved by reducing the lifetime credit hour limit to 140 credit hours. This change would require separate legislation. <i>Statutory authority: Section 23-18-202, (5) (c) (I), C.R.S.</i></p>						

Decision Item	GF	CF	RF	FF	Total	FTE
BRI-7	(44,800)	0	0	0	(44,800)	0.0
<p>Phase Out WICHE Optometry Program</p> <p>Colorado Commission on Higher Education. The Governor and CCHE request a decrease of \$44,800 General Fund from the WICHE Optometry Program as the first step in phasing out the program. Colorado provides a subsidy to resident students who attend out-of-state optometry programs that participate in the Western Interstate Commission on Higher Education (WICHE) student exchange program. In return for this subsidy, the Colorado resident student agrees to return to the State to practice medicine for a specific amount of time. This request would eliminate the subsidy and corresponding agreement to return to Colorado for future optometry students. However, it would maintain the funding for current FY 2011-12 student participants. <i>Statutory authority: Section 23-5-130.5, et. al. C.R.S.</i></p>						
HCC-1	0	1,087,130	0	0	1,087,130	3.5
<p>History Colorado Center Museum Operations</p> <p>History Colorado. History Colorado requests an increase of \$1,087,130 cash funds spending authority and 3.5 FTE for business operations needs associated with the new History Colorado Center being constructed at 1200 Broadway in Denver that is projected to open to the public beginning in spring 2012. The request includes \$195,776 in personal services funding for an exhibits technician (1.0 FTE), a webmaster (1.0 FTE), a marketing coordinator (1.0 FTE), and a volunteer manager (0.5 FTE). In addition, the request includes \$203,863 to fund vacant FTE that were made available when the gift store business was contracted to a third party. The positions include a membership coordinator (1.0 FTE), a group sales manager (1.0 FTE), a systems administrator (1.0 FTE), a rentals coordinator (0.5 FTE), and an education manager (1.0 FTE). The remaining \$687,491 would fund operational costs including the creation of digital content development, on-site interpretive programming, marketing support, and operational support. The requested funding comes from an increase in cash funds from admission fees and event leases. Admission for the new museum will be \$12/adult, \$10/senior, and \$8/child. <i>Statutory authority: Section 23-5-130.5, et. al. C.R.S.</i></p>						
NP-1	0	0	562,100	0	562,100	0.0
<p>Increase for K-12 Categorical Programs</p> <p>Occupational Education. The Department requests an increase of \$562,100 reappropriated funds spending authority to accept a transfer from the Department of Education to administer K-12 occupational education programs through the Colorado Vocational Act. This decision item will be discussed in more detail during the Department of Education briefing.</p>						
NP-2	0	1,352	0	0	1,352	0.0
<p>Fleet Vehicle Replacement</p> <p>State Historical Society. Statewide request for vehicle replacements.</p>						
Total	(60,312,579)	1,088,482	(27,922,935)	0	(87,147,032)	3.5

**FY 2012-13 Joint Budget Committee Staff Budget Briefing
Department of Higher Education**

OVERVIEW OF NUMBERS PAGES

The following table summarizes the total change, in dollars and as a percentage, between the Department's FY 2011-12 appropriation and its FY 2012-13 request.

Total Requested Change, FY 2011-12 to FY 2012-13 (millions of dollars)

Category	GF	CF	RF	FF	Total	FTE
FY 2011-12 Appropriation	\$624.0	\$1,699.2	\$539.6	\$19.0	\$2,881.8	21,490.8
FY 2012-13 Request	563.7	1,699.4	522.8	19.1	2,805.0	21,494.3
Increase / (Decrease)	(\$60.3)	\$0.2	(\$16.8)	\$0.1	(\$76.8)	3.5
Percentage Change	-9.7%	0.0%	-3.1%	0.5%	-2.7%	0.0%

* The General Fund column in the above table includes a General Fund Exempt appropriation of \$226,733,333 for FY 2011-12 and a corresponding request of \$226,733,333 for FY 2012-13.

The following table highlights the individual changes contained in the Department's FY 2012-13 budget request, as compared with the FY 2011-12 appropriation. For additional detail, see the numbers pages in Appendix A.

Requested Changes, FY 2011-12 to FY 2012-13

Category	GF	CF	RF	FF	Total	FTE
Administrative Office						
Common policies	\$0	\$156,432	\$47,005	\$76,692	\$280,129	0.0
Colorado Commission on Higher Education						
Reverse PERA reduction	\$0	\$10,056	\$41,484	\$12,540	\$64,080	0.0
10 percent personal services reduction to administration (BRI-4)	0	0	(191,490)	0	(191,490)	0.0
Phase out WICHE Optometry Program (BRI-7)	0	0	(44,800)	0	(44,800)	0.0
Subtotal	\$0	\$10,056	(\$194,806)	\$12,540	(\$172,210)	0.0
Financial Aid						
10 percent personal services reduction to administration (BRI-4)	(\$191,490)	\$0	\$191,490	\$0	\$0	0.0
Phase out WICHE Optometry Program (BRI-7)	(44,800)	0	44,800	0	0	0.0
Reverse PERA reduction	41,484	0	(41,484)	0	0	0.0

Category	GF	CF	RF	FF	Total	FTE
Native American Tuition Waivers (DI-1)	0	0	0	0	0	0.0
Reduction to need based grants (BRI-2)	(24,620,447)	0	0	0	(24,620,447)	0.0
Reduction to work study (BRI-3)	<u>(5,482,078)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(5,482,078)</u>	<u>0.0</u>
Subtotal	(\$30,297,331)	\$0	\$194,806	\$0	(\$30,102,525)	0.0
College Opportunity Fund Program						
Annualize H.B. 11-1074 (School of Mines Funding of Financial Aid)	\$11,020,202	\$0	\$0	\$0	\$11,020,202	0.0
Operational funding reduction to public colleges and universities (BRI-1)	(28,259,471)	0	0	0	(28,259,471)	0.0
Reduction of COF to private institutions (BRI-5)	(539,400)	0	0	0	(539,400)	0.0
Reduction to COF lifetime credit hour limit (BRI-6)	<u>(329,964)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(329,964)</u>	<u>0.0</u>
Subtotal	(\$18,108,633)	\$0	\$0	\$0	(\$18,108,633)	0.0
Governing Boards						
Operational funding reduction to public colleges and universities (BRI-1)	\$0	\$0	(\$28,485,035)	\$0	(\$28,485,035)	0.0
Annualize H.B. 11-1074 (School of Mines Funding of Financial Aid)	<u>(11,020,202)</u>	<u>0</u>	<u>11,020,202</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
Subtotal	(\$11,020,202)	\$0	(\$17,464,833)	\$0	(\$28,485,035)	0.0
Local District Junior Colleges						
Operational funding reduction to public colleges and universities (BRI-1)	(\$679,368)	\$0	\$0	\$0	(\$679,368)	0.0
Division of Occupational Education						
Increase for K-12 Categorical Programs (NP-1)	\$0	\$0	\$562,100	\$0	\$562,100	0.0
Operational funding reduction to public colleges and universities (BRI-1)	<u>(165,561)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(165,561)</u>	<u>0.0</u>
Subtotal	(\$165,561)	\$0	\$562,100	\$0	\$396,539	0.0
Historical Society						
History Colorado Center museum operations (HCC-1)	\$0	\$1,087,130	\$0	\$0	\$1,087,130	3.5

Category	GF	CF	RF	FF	Total	FTE
Reverse PERA reduction	0	122,811	0	12,920	135,731	0.0
Fleet vehicle replacement (NP-2)	0	1,352	0	0	1,352	0.0
Adjustment to OSPB limited gaming revenue estimate	0	(1,157,211)	0	0	(1,157,211)	0.0
Annualize prior year facilities decision item	<u>0</u>	<u>(8,408)</u>	<u>0</u>	<u>0</u>	<u>(8,408)</u>	<u>0.0</u>
Subtotal	\$0	\$45,674	\$0	\$12,920	\$58,594	3.5
Total Change	(\$60,271,095)	\$212,162	(\$16,855,728)	\$102,152	(\$76,812,509)	3.5

**FY 2012-13 Joint Budget Committee Staff Budget Briefing
Department of Higher Education**

INFORMATIONAL BRIEFING ISSUE

ISSUE: Performance-based Goals and the Department's FY 2012-13 Budget Request

This issue brief summarizes the Department of Higher Education report on its performance relative to its strategic plan and discusses how the FY 2012-13 budget request advances the Department's performance-based goals. Pursuant to the State Measurement for Accountable, Responsive, and Transparent (SMART) Government Act (H.B. 10-1119), the full strategic plan for the Department of Higher Education can be accessed from the Office of State Planning and Budgeting web site.

The issue brief assumes that the performance-based goals are appropriate for the Department. Pursuant to the SMART Government Act, legislative committees of reference are responsible for reviewing the strategic plans and recommending changes to the departments. The issue brief also assumes that the performance measures are reasonable for the performance-based goals. Pursuant to the SMART Government Act the State Auditor periodically assesses the integrity, accuracy, and validity of the reported performance measures. Please note that the Department's strategic plan includes two overarching highest priority goals and related performance measures for each goal. Please also note that History Colorado (formerly the State Historical Society) has submitted a separate strategic plan identifying four overarching highest priority goals and performance measures for each goal.

DISCUSSION:

Performance-based Goals and Measures - Department of Higher Education

The Department's two top priority goals are:

1. Student Access and Retention

Objectives: (1) Student retention; (2) Graduation rates; (3) Minority student enrollment; and (4) Low-income enrollments.

Fall Retention Rates			
Year	2-Year Colleges	4-Year Colleges	Statewide Average
FY 2004-05	48.7%	73.3%	67.4%
FY 2005-06	50.2%	72.5%	72.6%
FY 2006-07	54.9%	74.3%	69.5%
FY 2007-08	53.2%	75.3%	70.6%
FY 2008-09	58.2%	75.0%	71.3%
FY 2009-10	55.3%	75.7%	70.6%

Graduation Rates			
Year	2-Year Colleges	4-Year Colleges	Statewide Average
FY 2004-05	25.8%	55.6%	47.9%
FY 2005-06	21.4%	56.0%	46.0%
FY 2006-07	23.4%	58.3%	49.0%
FY 2007-08	24.8%	57.7%	49.8%
FY 2008-09	22.5%	57.7%	48.8%
FY 2009-10	20.8%	57.2%	49.3%

Fall Minority Enrollment			
Year	2-Year Colleges	4-Year Colleges	Statewide Average
FY 2004-05	26.3%	17.5%	20.5%
FY 2005-06	28.3%	17.7%	21.2%
FY 2006-07	27.7%	18.3%	21.5%
FY 2007-08	26.3%	18.3%	21.1%
FY 2008-09	27.5%	19.1%	22.3%
FY 2009-10	28.9%	20.7%	23.9%

Pell Eligible Enrollment			
Year	2-Year Colleges	4-Year Colleges	Statewide Average
FY 2004-05	n/a	n/a	n/a
FY 2005-06	27,603	26,523	54,126
FY 2006-07	22,976	25,227	48,203
FY 2007-08	23,984	25,264	49,248
FY 2008-09	27,329	26,143	53,472
FY 2009-10	40,304	34,541	74,845

a. How is the Department measuring the specific goal/objective?

Senate Bill 04-189 charged the CCHE with negotiating performance contracts with the COF participant governing boards. These contracts were signed in 2004 following the enactment of this legislation. The performance contracts were created to track agreed upon measurable goals pertaining to the desired policy and program outcomes for the participating public institutions of higher education. Each one of the performance contracts is individually tailored to the specific governing board's unique role and mission; however, most performance contracts include several

common performance measures, principally in areas related to student access and success. Examples of generally consistent performance measures found in the performance contracts include the following:

- Retention Rates (cohort rates);
- Graduation Rates (cohort rates);
- Minority Enrollments (absolute numbers); and,
- Low-Income Enrollments (i.e., Pell Grant recipients; absolute numbers)

b. Is the Department meeting its objective, and if not, why?

Unknown. The Department has not provided benchmarks against which success can be measured.

c. How does the budget request advance the performance-based goal?

Due to the requested reductions in funding by the Department, the budget request does not advance the goal of student access and retention.

2. Financial Accountability

Objective: Increased institutional financial aid.

Total Public Institutional Financial Aid			
Year	Total Financial Aid	Dollar Change from Prior Year	Percent Change from Prior Year
FY 2003-04	\$89,062,661	n/a	n/a
FY 2004-05	\$102,620,315	\$13,557,654	15.2%
FY 2005-06	\$138,113,409	\$35,493,094	34.6%
FY 2006-07	\$139,209,125	\$1,095,716	0.8%
FY 2007-08	\$165,478,388	\$26,269,263	18.9%
FY 2008-09	\$195,859,445	\$30,381,057	18.4%
FY 2009-10	\$222,121,166	\$26,261,721	13.4%
FY 2010-11	\$241,582,016	\$19,460,850	8.8%

a. How is the Department measuring the specific goal/objective?

In 2010, the Colorado General Assembly passed Senate Bill 10-003 as a way to provide financial flexibility to Colorado's higher education system in light of diminishing state revenues and the expiration of assistance from the American Recovery and Reinvestment Act of 2009 (ARRA). Senate Bill 10-003 provided individual governing boards with the authority to set tuition for a period of five years, from FY 2011-12 to FY 2015-16. During this timeframe, governing boards are able to raise resident undergraduate tuition by up to nine percent over the previous year. Governing Boards are also given the authority to raise tuition beyond nine percent in return for accepting additional transparency and accountability by way of a Financial Accountability Plan (FAP).

According to Senate Bill 10-003, governing boards are required to use FAPs to explain the need for projected tuition increases for resident students above nine percent per year as well as demonstrate how their institution or institutions will remain accessible to Colorado's low and middle income students by way of increased institutional financial aid.

b. Is the Department meeting its objective, and if not, why?

Unknown. The Department has not provided benchmarks against which success can be measured.

c. How does the budget request advance the performance-based goal?

Due to the requested reductions in funding by the Department, the budget request does not advance the goal of financial accountability.

Performance-based Goals and Measures - History Colorado

The State Historical Society's four top priority goals are:

1. Create Compelling Educational Experiences for Schools, Students, and Visitors Statewide

Objectives: (1) Serve Coloradans and tourists statewide; (2) Develop and deliver high quality, sustainable museum-based programs that invite visitor participation and engagement and that keep the visitor experience dynamic; (3) Develop and deliver effective on-site, online and outreach programs and services for educators and students across grade levels statewide; and (4) Continue to improve regional museums throughout the state to better serve the communities in which they reside by integrating regional museum programs into the overall, long-term interpretive plan for History Colorado.

History Colorado Center Visitation		
Year	Benchmark	Actual
FY 2009-10	n/a	n/a
FY 2010-11	n/a	n/a
FY 2011-12	37,800	n/a
FY 2012-13	103,000	n/a

Regional Museum Visitation		
Year	Benchmark	Actual
FY 2009-10	175,000	174,876
FY 2010-11	175,000	167,805
FY 2011-12	175,000	n/a
FY 2012-13	175,000	n/a

a. How is the Department measuring the specific goal/objective?

History Colorado reports visitation numbers annually, and the benchmark visitation reflects paid visitors, free-day visitors, special events visitors and member visits.

b. Is the Department meeting its objective, and if not, why?

No. It is still too soon to determine whether History Colorado will meet its visitation goals with respect to the History Colorado Center; however, the regional museum visitation has not met the benchmark for the past two years. One reason for the drop in visitation in FY 2010-11 is that the numbers no longer include visitation at the Pearce-McAllister Cottage, which is no longer a History Colorado museum site.

c. How does the budget request advance the performance-based goal?

History Colorado requests an increase of \$1,087,130 cash funds spending authority and 3.5 FTE for business operations needs associated with the new History Colorado Center. The request includes \$195,776 in personal services funding for an exhibits technician (1.0 FTE), a webmaster (1.0 FTE), a marketing coordinator (1.0 FTE), and a volunteer manager (0.5 FTE). In addition, the request includes \$203,863 to fund vacant FTE that were made available when the gift store business was contracted to a third party. The positions include a membership coordinator (1.0 FTE), a group sales manager (1.0 FTE), a systems administrator (1.0 FTE), a rentals coordinator (0.5 FTE), and an education manager (1.0 FTE). The remaining \$687,491 would fund operational costs including the creation of digital content development, on-site interpretive programming, marketing support, and operational support. This funding is intended to aid in the success of the History Colorado Center, and help it meet its visitation goals.

2. Support State Economic Development Objectives

Objectives: (1) Invest state resources in historic preservation for maximum return to communities in all four corners of the State; (2) Support Colorado's economic development programs from the Governor's Office, the Office of Economic Development, the Colorado Tourism Office, and other state agencies, through promoting heritage offerings statewide and, in particular, History Colorado regional museums and the communities they serve; (3) Continue the active historic preservation of regional museums (State Monuments) and other historic properties statewide and demonstrate best practices in historic preservation, cultural landscape restoration, heritage tourism, and archaeological research while supporting local economies; and (4) Support Main Street initiatives to build local economies and restore historic resources in Colorado communities.

Total Support for the State's Economy by Distributing State Historical Fund Grants for Building Restoration and Rehabilitation		
Year	Benchmark	Actual
FY 2009-10	\$14,198,895	\$80,933,701
FY 2010-11	\$6,904,608	\$39,396,265
FY 2011-12	\$6,908,715	\$39,368,275
FY 2012-13	\$7,500,000	\$42,750,000

a. How is the Department measuring the specific goal/objective?

"The Economic Benefits of Historic Preservation in Colorado," published in 2005, reports that for each \$1 million in grants distributed by the State Historical Fund between 1993 and 2003, approximately \$5.7 million in additional funds were leveraged. History Colorado uses this multiplier of 5.7 to determine the economic benefit of the distributed grants.

b. Is the Department meeting its objective, and if not, why?

Yes. The benchmark in any given year represents the amount awarded for grants in that year. With the multiplier used by History Colorado, the economic benefit exceeds the benchmark in each year.

c. How does the budget request advance the performance-based goal?

History Colorado has requested \$7.5 million for grants in FY 2012-13, which it estimates will generate \$42,750,000 in economic benefit.

3. Build a Better Colorado

Objectives: (1) Help build a strong state identity through History Colorado programs and services to residents and visitors; (2) Update the primary state archaeological and historic places database for improved research opportunities for the public; (3) Continue to increase the high level of excellence in service, stewardship, and preservation to Colorado residents through the Office of Archaeology and Historic Preservation and the State Historical Fund; (4) Ensure access to collections by the broadest possible audiences; and (5) Integrate sustainable practices at all History Colorado sites, museums and collection storage facilities to protect state assets.

Continue Efforts to Gain Physical and Intellectual Control Over Collections		
Year	Benchmark	Actual
FY 2009-10	38,000	122,198
FY 2010-11	38,000	55,813
FY 2011-12	115,000	n/a
FY 2012-13	36,000	n/a

a. How is the Department measuring the specific goal/objective?

The relocation to a new facility has enabled History Colorado to inventory, research, and catalogue thousands of objects, toward the ultimate goal of ensuring that the collections are well-documented and ultimately digitized. One of the most important steps in that process will be to consolidate collections materials housed in various facilities throughout the State, and that will be the focus of their efforts in FY 2012-13.

b. Is the Department meeting its objective, and if not, why?

Yes. History Colorado has exceeded the benchmark for gaining physical and intellectual control over collections for the past two years.

c. How does the budget request advance the performance-based goal?

History Colorado requests operating funding for the new History Colorado Center that will improve their ability to have physical control over collections as well as create digital content.

4. Build a Sustainable Organization

Objectives: (1) Grow earned revenue through enterprise activities; (2) Build a sustainable, effective philanthropic support model; (3) Build partnerships and sponsorships with the business community; (4) Continue to build an operational partnership with non-profit corporations to create a cost effective, elegant and efficient operation; (5) Build infrastructure to support sustainable earned income programs; and (6) Expand History Colorado brand equity through successful programming.

History Colorado Membership Program		
Year	Benchmark	Actual
FY 2009-10	\$320,500	\$341,540
FY 2010-11	\$279,900	\$291,214
FY 2011-12	\$517,266	n/a
FY 2012-13	\$467,790	n/a

Regional Museum Earned Revenue		
Year	Benchmark	Actual
FY 2009-10	\$620,500	\$648,373
FY 2010-11	\$658,131	\$669,499
FY 2011-12	\$756,739	n/a
FY 2012-13	\$777,550	n/a

a. How is the Department measuring the specific goal/objective?

History Colorado measures this objective primarily through the revenue earned from regional museums and the membership program.

b. Is the Department meeting its objective, and if not, why?

Yes. History Colorado has exceeded the benchmark for regional museum and membership revenues for the past two years.

c. How does the budget request advance the performance-based goal?

History Colorado requests operating funding for the new History Colorado Center, which it anticipates will improve public awareness thereby increasing museum and membership revenue.

**FY 2012-13 Joint Budget Committee Staff Budget Briefing
Department of Higher Education**

INFORMATIONAL BRIEFING ISSUE

ISSUE: Update on CCHE Master Plan

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

SUMMARY:

- ❑ Statute requires the Colorado Commission on Higher Education to submit a new master plan for higher education to the General Assembly by September 1, 2012.
- ❑ The Department published the final strategic plan of the Strategic Planning Steering Committee, which must be considered by the Colorado Commission on Higher Education in developing the new master plan for higher education.
- ❑ Using the framework found in the strategic plan, the Colorado Commission on Higher Education arrived at the following four preliminary goals for its 2012 master plan: (1) Increase degree attainment across Colorado; (2) Close gaps in degree attainment among students from traditionally underserved communities; (3) Improve outcomes in remedial education; and (4) Pursue public funding that will allow public institutions of higher education to meet projected enrollment demands while maintaining current productivity efficiencies.
- ❑ One key problem with current funding identified in the strategic plan is the low rank of Colorado's funding per student relative to other states.
- ❑ Despite the lack of overall funding for higher education, Colorado is the most efficient in the country at producing bachelor's and master's degrees.

DISCUSSION:

Section 23-1-108, C.R.S., requires the Colorado Commission on Higher Education (CCHE) to submit a new master plan for higher education to the Governor and the General Assembly by September 1, 2012. In developing the master plan, CCHE must take into account the recommendations of the Higher Education Strategic Planning Steering Committee appointed by the Governor. The Department published the strategic plan developed by the Strategic Planning Steering Committee titled "The Degree Dividend, Building Our Economy and Preserving Our Quality of Life: Colorado Must Decide." The full strategic plan is available from the Department's web site at:

In addition, the master plan will become the basis for the development and implementation of new performance contracts, which will be executed by December 1, 2012. The master plan process, as adopted by the CCHE at its December 2, 2010 meeting, must address the following components:

1. The adoption of the strategic plan, "The Degree Dividend";
2. Narrowing strategic strategies to develop specific institution level plans; and,
3. Ongoing evaluation to maintain accountability and address changing conditions.

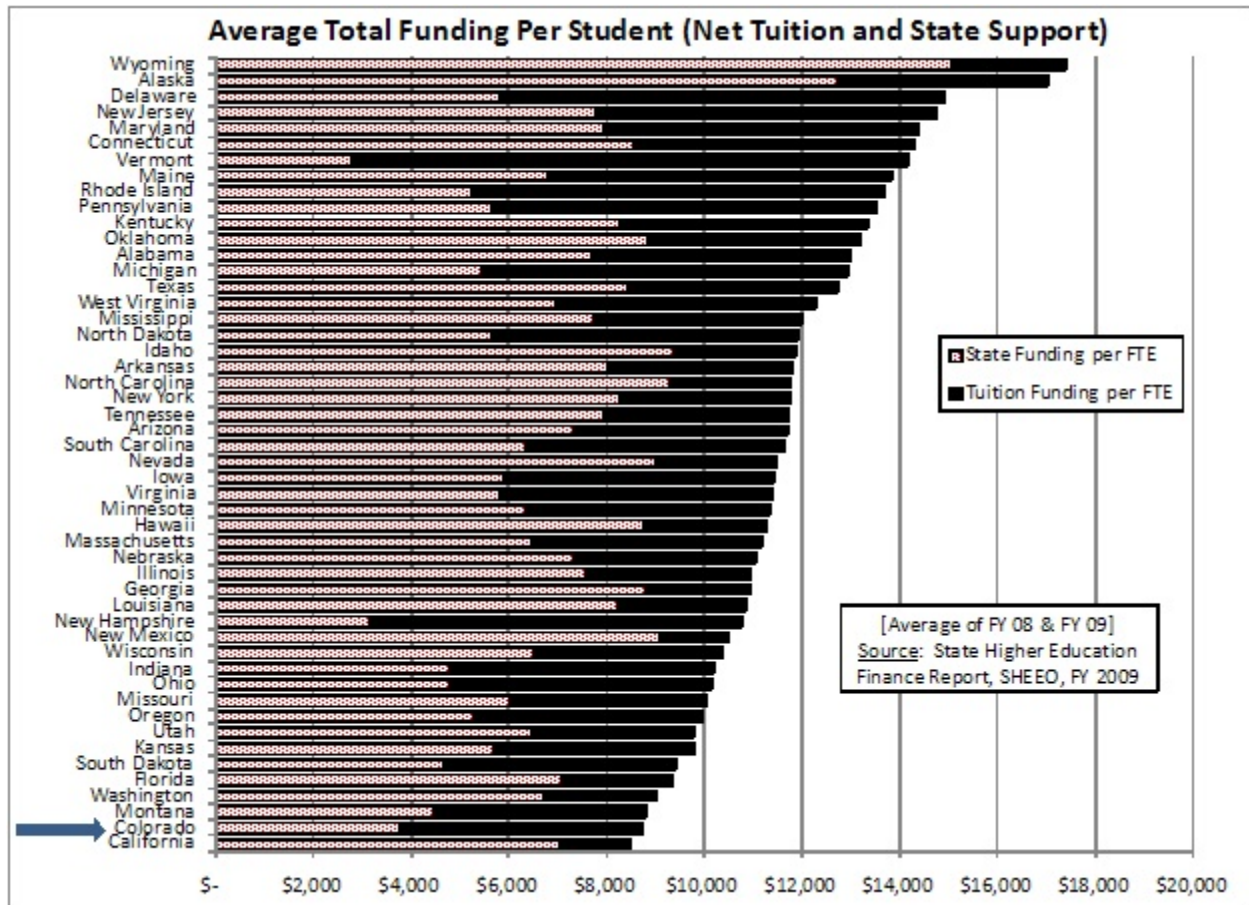
Using the framework found in "The Degree Dividend," the CCHE arrived at four preliminary goals for its 2012 master plan. The CCHE emphasized that these goals are a starting place with the stakeholders of higher education to arrive at agreed upon measures and may be further refined as the CCHE and the Department move forward in the coming months of work to meet the September 1, 2012, statutory deadline. The following identify the CCHE preliminary goals for the 2012 master plan:

1. Increase degree attainment across Colorado in order to meet future workforce demands. The objective of this goal is to identify projected workforce demand, net of the in-migration of talent to the State, which could be used to both benchmark the State's needs and evaluate future progress.
2. Close gaps in degree attainment among students from traditionally underserved communities, in particular, Latinos, students from rural communities, and students from lower socioeconomic households.
3. Improve outcomes in remedial education by successfully aligning the State's postsecondary admission and remedial policies with the State's K-12 system, by assisting the State's school districts in identifying and addressing students' developmental needs before graduating from high school, and by scaling up successful innovations in remedial/developmental placement and instruction.
4. Pursue public funding that will allow public institutions of higher education to meet projected enrollment demands while maintaining current productivity efficiencies. In addition, pursue public funding to lower the burden on students by achieving a mix of revenues that equals 50 percent state funds and 50 percent tuition and fees.

On December 2, 2011, the CCHE is hosting a statewide summit with the chairperson of each governing board, campus chief executive officers, members of the CCHE advisory committee, and DHE staff to discuss and hopefully settle on the goals for the State's next master plan and future performance contracts. This meeting will be held at the Auraria Higher Education Center in Denver.

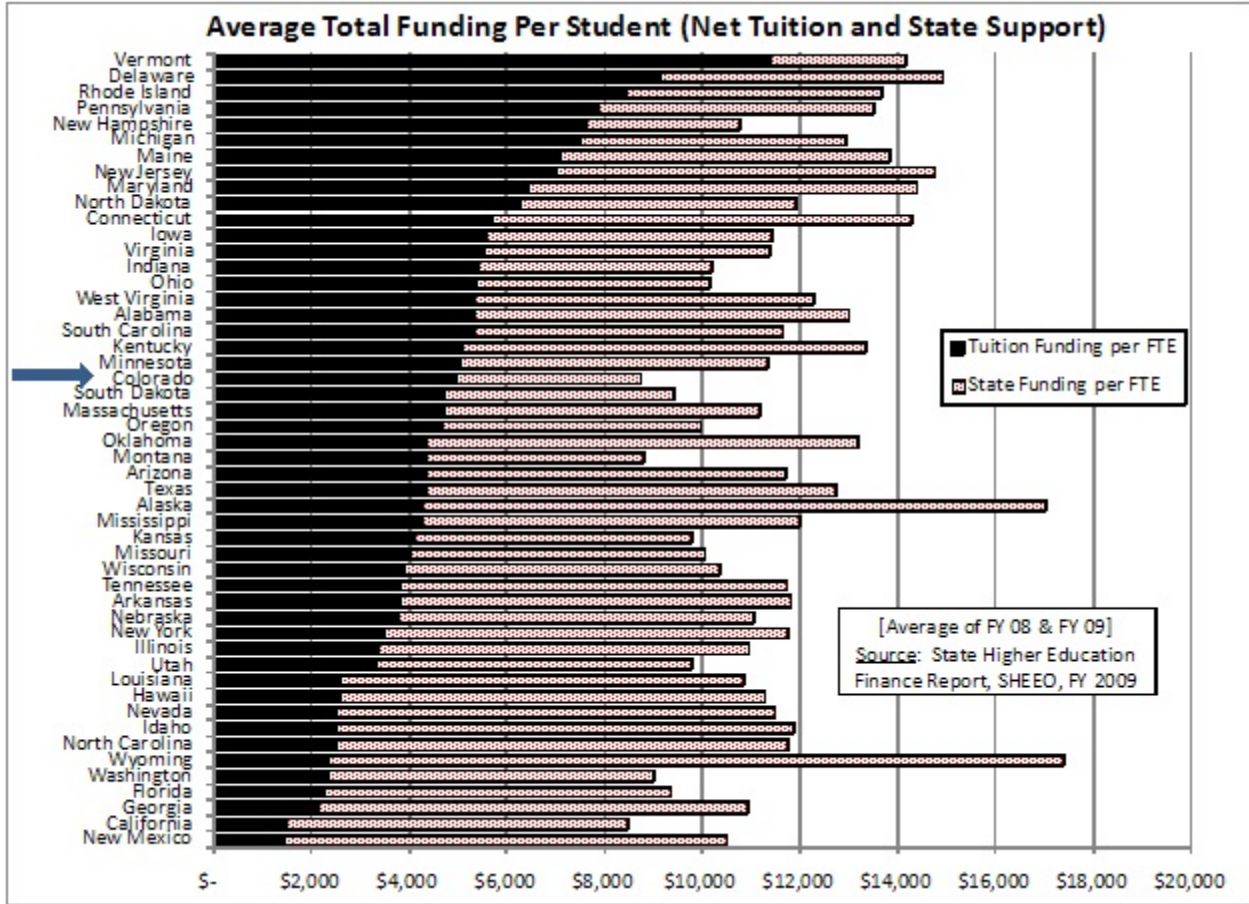
"The Degree Dividend" strategic plan identifies four priorities for higher education: (1) affordability; (2) access; (3) quality; and (4) accountability. One of the key problems with current funding

identified in the plan is the low rank of Colorado's funding per student relative to other states. Colorado ranks second to last relative to other states in average state and tuition funding per student, as can be seen in the following graph. The graph shows net tuition after financial aid.



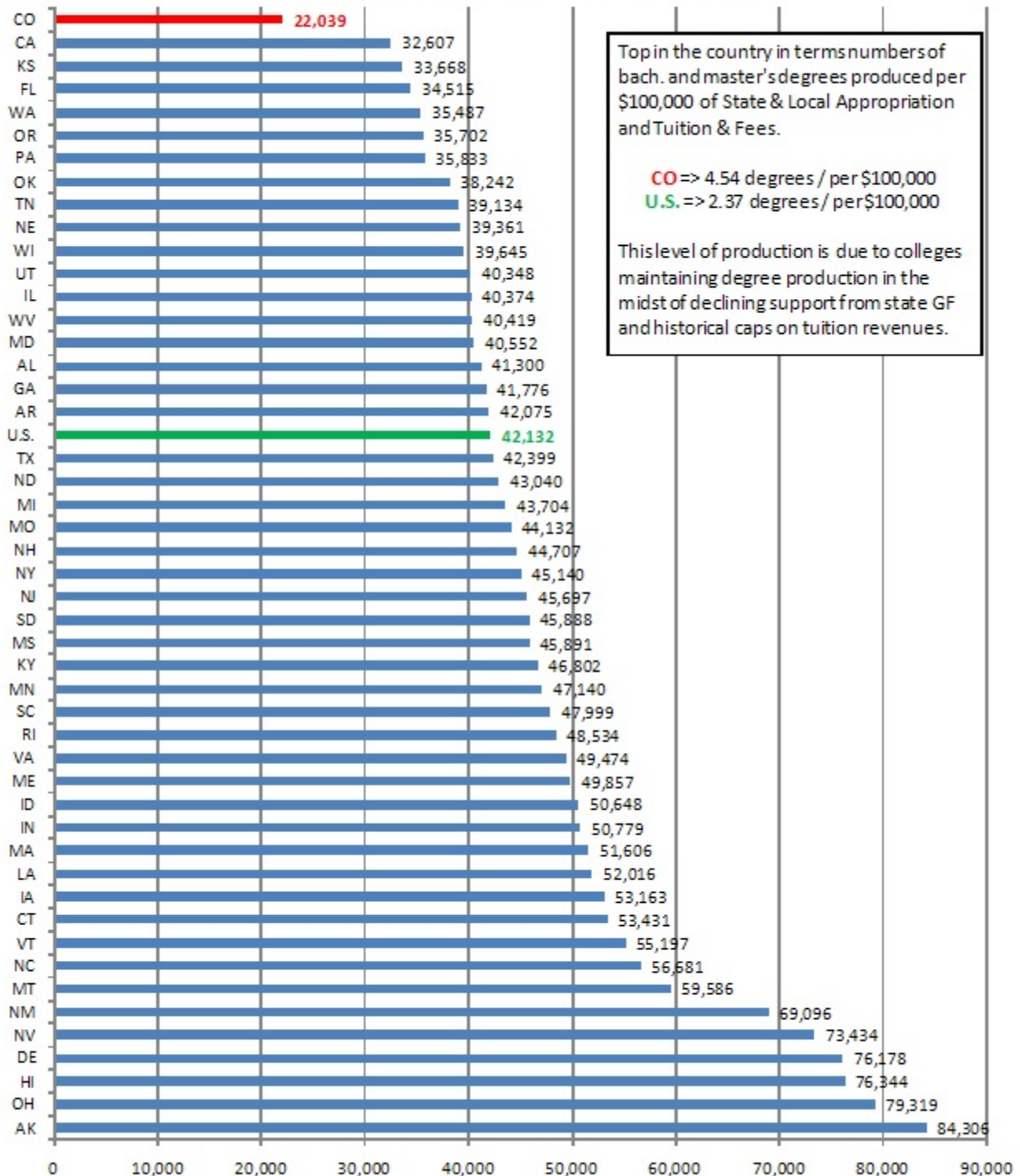
This graph illustrates Colorado's ability to remain competitive with other states in areas such as attracting faculty, offering a diversity of low-enrollment degrees that are less efficient to operate, outreach to perspective students, technology for current students, and support services such as academic and career counseling that help students complete their degrees and find employment.

Colorado's average net tuition charges per student compare favorably to other states considering the low level of state support provided. Colorado's average net tuition ranks 30th out of the 50 states. The following graph inverts the state funding and tuition series, and ranks the states in order of net tuition charges rather than total funds.



This graph shows that Colorado could increase the net tuition charged to students to improve the state's rank in total funds per student. New Hampshire and Vermont appropriate less state funds per student than Colorado, but rank higher in total funds per student due to tuition revenues. Despite the lack of overall funding for higher education, Colorado is the most efficient in the country at producing bachelor's and master's degrees (see the following graph).

**Productivity of bachelor's and master's institutions --
Total Funding per degree/certificate (2008-09) ***



Top in the country in terms numbers of bach. and master's degrees produced per \$100,000 of State & Local Appropriation and Tuition & Fees.

CO => 4.54 degrees / per \$100,000
U.S. => 2.37 degrees / per \$100,000

This level of production is due to colleges maintaining degree production in the midst of declining support from state GF and historical caps on tuition revenues.

Source: NCHEMS -- NCES, IPEDS 2008-09 Completions File; c2009_a Final Release Data File and U.S. Census Bureau, 2009 American Community Survey (ACS) Public Use Microdata Sample (PUMS) File.

* Adjusted by median earning index (U.S. Census Bureau).

**FY 2012-13 Joint Budget Committee Staff Budget Briefing
Department of Higher Education**

INFORMATIONAL BRIEFING ISSUE

ISSUE: Consequences of Reducing Funding for Higher Education

This issue brief discusses the impact of reduced state funding for higher education institutions and provides details on how state funds are allocated to higher education institutions and then spent by those institutions.

SUMMARY:

- ❑ Senate Bill 10-003 required higher education governing boards to submit plans explaining how they would fund the institutions under their control if the General Assembly reduced state funding by 50 percent.
- ❑ If funding were reduced according to the S.B. 10-003 scenario, the FY 2012-13 funding per student in constant 2010 dollars would still be higher than FY 2003-04 in inflation-adjusted dollars.
- ❑ Higher education funding is dispersed in small portions to a large number of institutions, making it difficult to target a handful of underperforming institutions for reductions or closure if state funding were to decline by 50 percent.
- ❑ When institutions are organized by sector, 48 percent of the funding goes to the University of Colorado and Colorado State University systems, which is disproportionate to the students served, in large part due to the cost of the Anschutz Medical Campus, the Veterinary Medicine Program, and the public service agencies operated as part of Colorado State University's mission as a land grant institution (Colorado State Forest Service, Agriculture Experiment Station, and Cooperative Extension Services).
- ❑ Approximately two thirds of the money spent by higher education institutions goes for salaries and benefits, and so reductions in workforce and/or compensation are likely to be part of any effort to significantly reduce expenditures. Of those salaries and benefits, approximately 60 percent are devoted to instruction.

DISCUSSION:

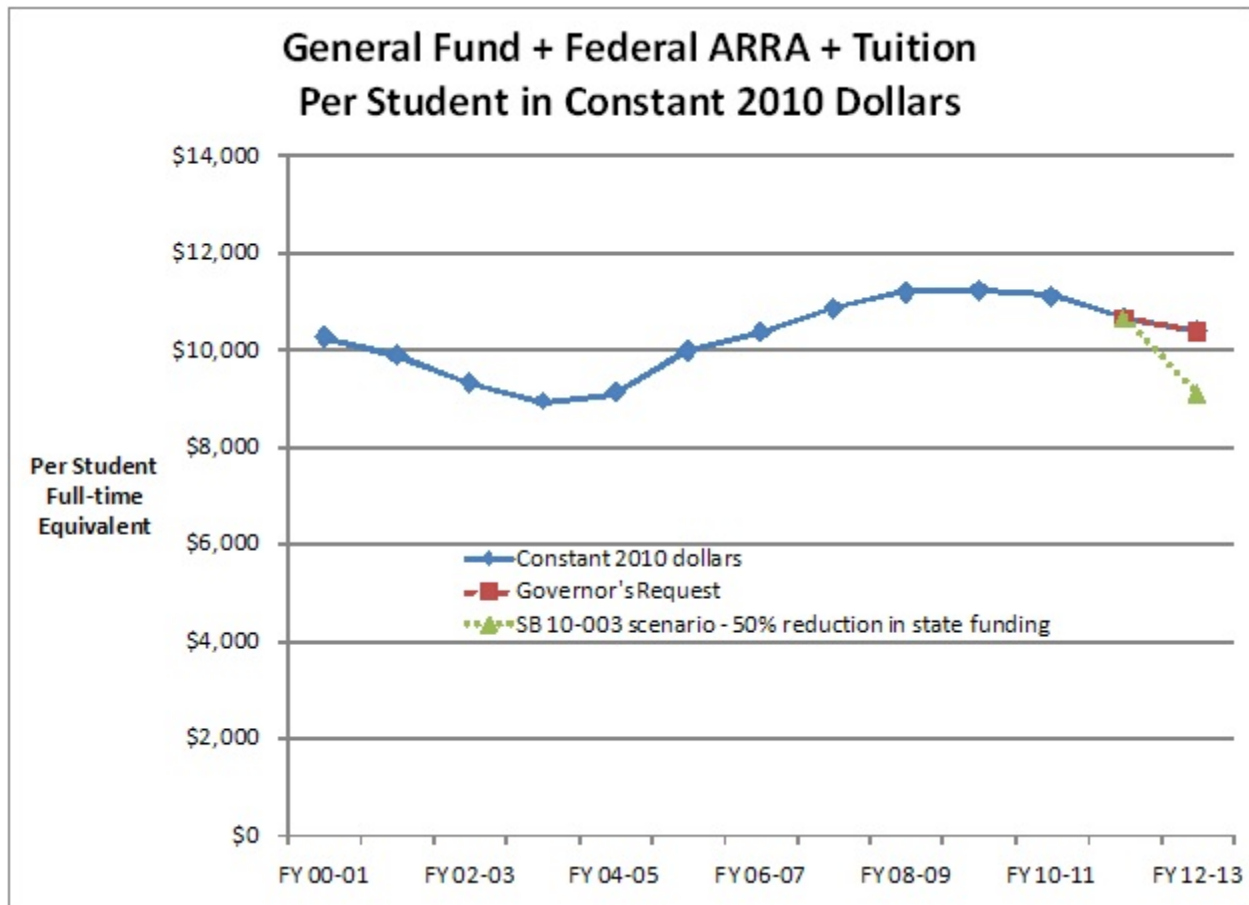
Senate Bill 10-003 required higher education governing boards to submit plans explaining how they would fund the institutions under their control if the General Assembly reduced state funding by 50 percent. The Department submitted a response titled "Accelerated Erosion of State Support -- Fifty

Percent Overall Reductions: What it Means to Colorado." This report is available from the Department's web site at:

http://higher.colorado.gov/Finance/Budget/2010/201011_HEStateSupport.pdf

This JBC staff analysis attempts to expand on the information provided by the higher education institutions to help legislators understand the structure of higher education funding and the options available to institutions to respond to a reduction in funding. Senate Bill 10-003 used the term "overall state funding" when describing the funds that would be reduced by 50 percent in the S.B. 10-003 scenario. The Department interpreted this to mean General Fund for stipends and fee-for-service contracts plus federal funds from ARRA, and so that is the same interpretation used in this briefing document. In addition, the Department assumed General Fund for financial aid would be reduced 50 percent, but the hypothetical financial aid reduction is not the focus of this issue brief.

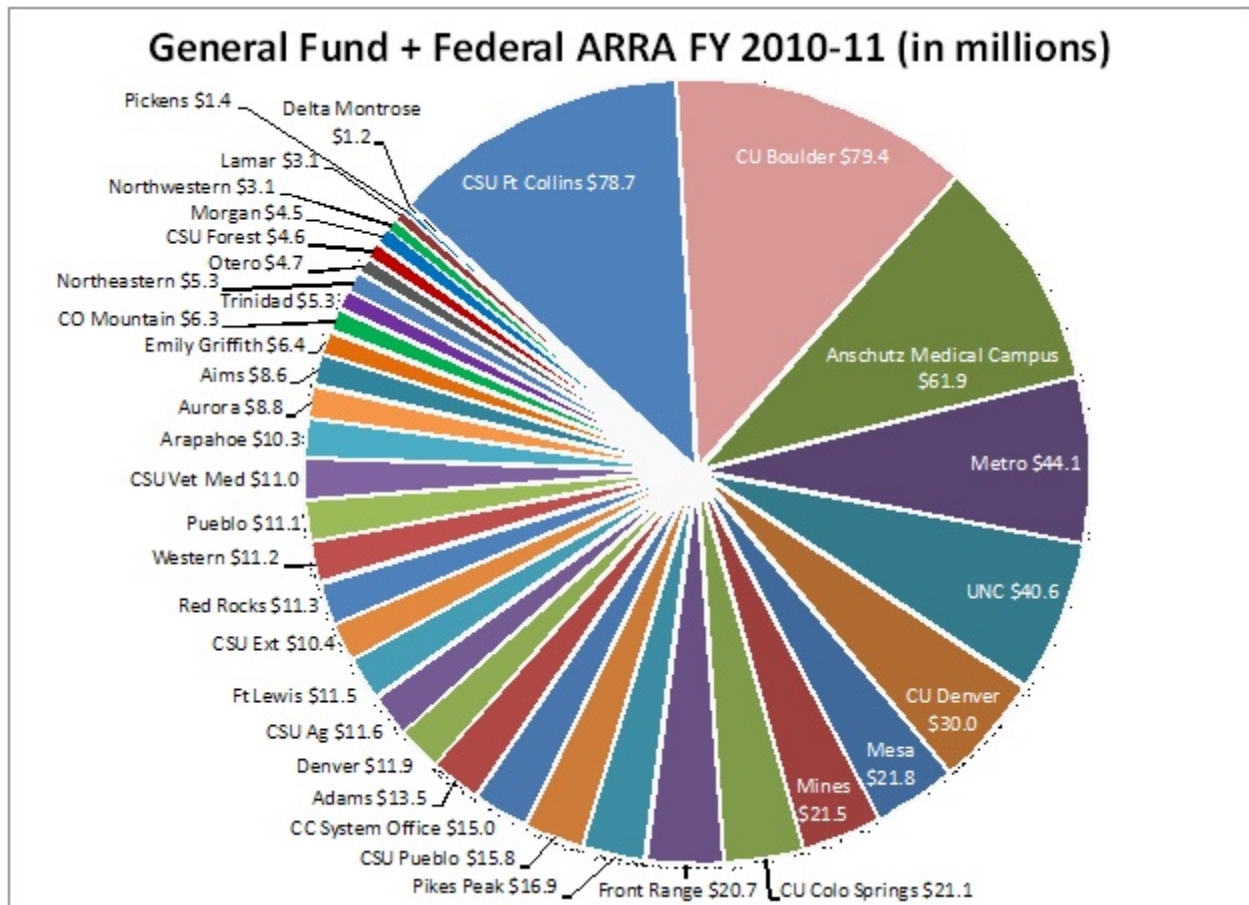
The first chart shows what a 50 percent reduction would do to funding per student FTE in constant 2010 dollars. While the chart depicts a dramatic change in funding per student from FY 2011-12 to FY 2012-13 in the S.B. 10-003 scenario, the statewide funding per student in FY 2012-13 would still be higher than FY 2003-04 in inflation-adjusted dollars. However, the inflation assumption used for this chart is the Denver/Boulder/Greeley consumer price index. Some higher education professionals argue that the Denver/Boulder/Greeley consumer price index doesn't reflect the specific basket of goods purchased by colleges and understates the actual inflation experienced by higher education institutions. Changing the inflation assumption would change the slope of the line.



While this is the impact statewide, the impact by institution varies widely, creating challenges around how to allocate a reduction of this magnitude. To keep the total funds reduction for all institutions the same would require a significant reallocation of General Fund from some institutions with large amounts of tuition revenue to other institutions with small amounts of tuition revenue, and/or uneven tuition rate increases across the state. As a result, this chart understates the political difficulty of achieving the S.B. 10-003 scenario reduction due to the challenge of allocating such a reduction by governing board.

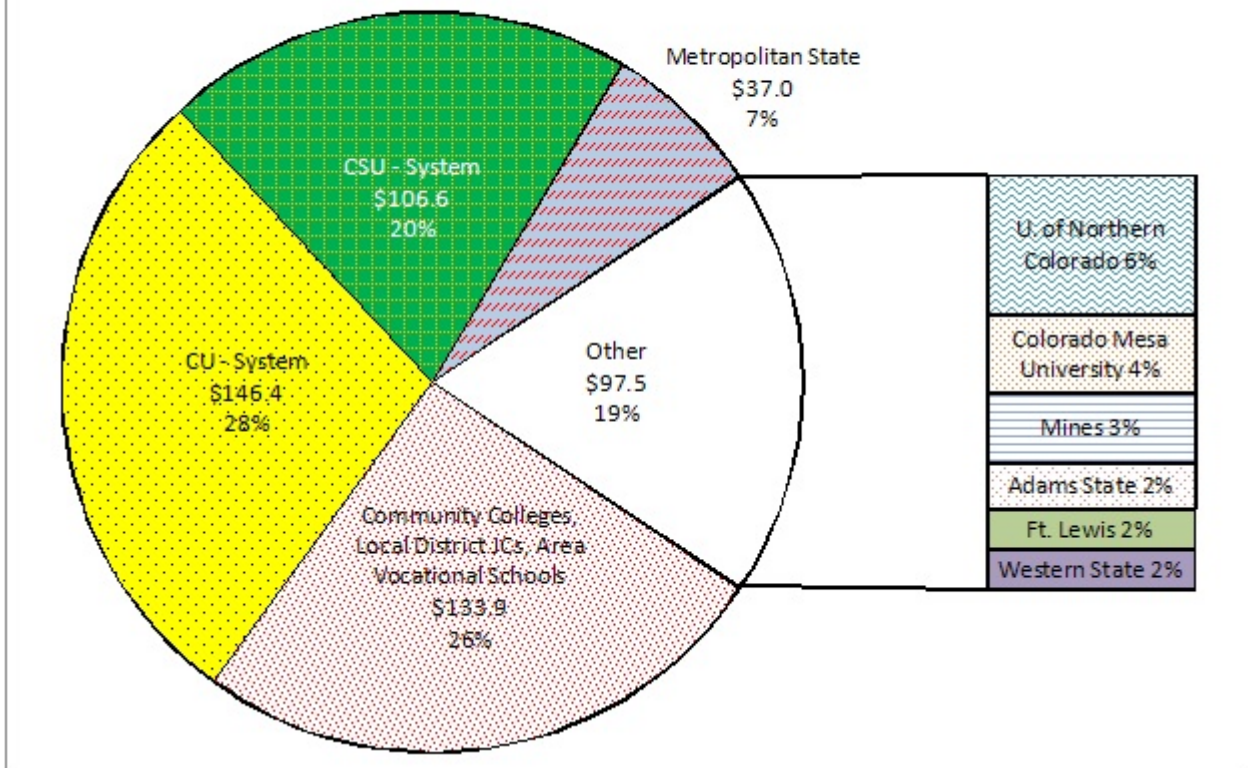
The next series of pie charts focus on where the money for higher education currently goes. The first pie chart shows that there are a couple of institutions that receive very large shares of the General Fund and ARRA appropriations, and many institutions that receive relatively small shares. This chart illustrates one of the difficulties associated with trying to close higher education institutions to achieve a large amount of savings. For all the political upheaval and economic hardship associated with closing an institution, the savings generated is not that large relative to a goal of 50 percent savings, unless the school is one of the big institutions like CSU Fort Collins or CU Boulder. Some other barriers to generating significant savings from closing campuses include:

- Migration of students -- when closing a campus, some portion of the students, and the associated costs of educating them, will migrate to other institutions;
- Upfront costs -- for paying out accumulated leave, disposing or mothballing the property, and retiring debt (particularly for auxiliaries such as housing); and
- Secondary impacts on state revenues and services -- closing an institution would reduce income tax revenues, increase unemployment claims, and could impact other government services that are based on income such as Medicaid.



The next chart groups the institutions into larger categories that follow the functional purposes of the institutions (research, open access, etc.) and political organization of the higher education system. Almost 50 percent of the General Fund is distributed to the University of Colorado and Colorado State University systems. Thirty-three percent of the money goes to open access institutions, including Metropolitan State College of Denver, the community colleges, local district junior colleges, and area vocational schools.

Distribution of FY 2011-12 General Fund (in millions)

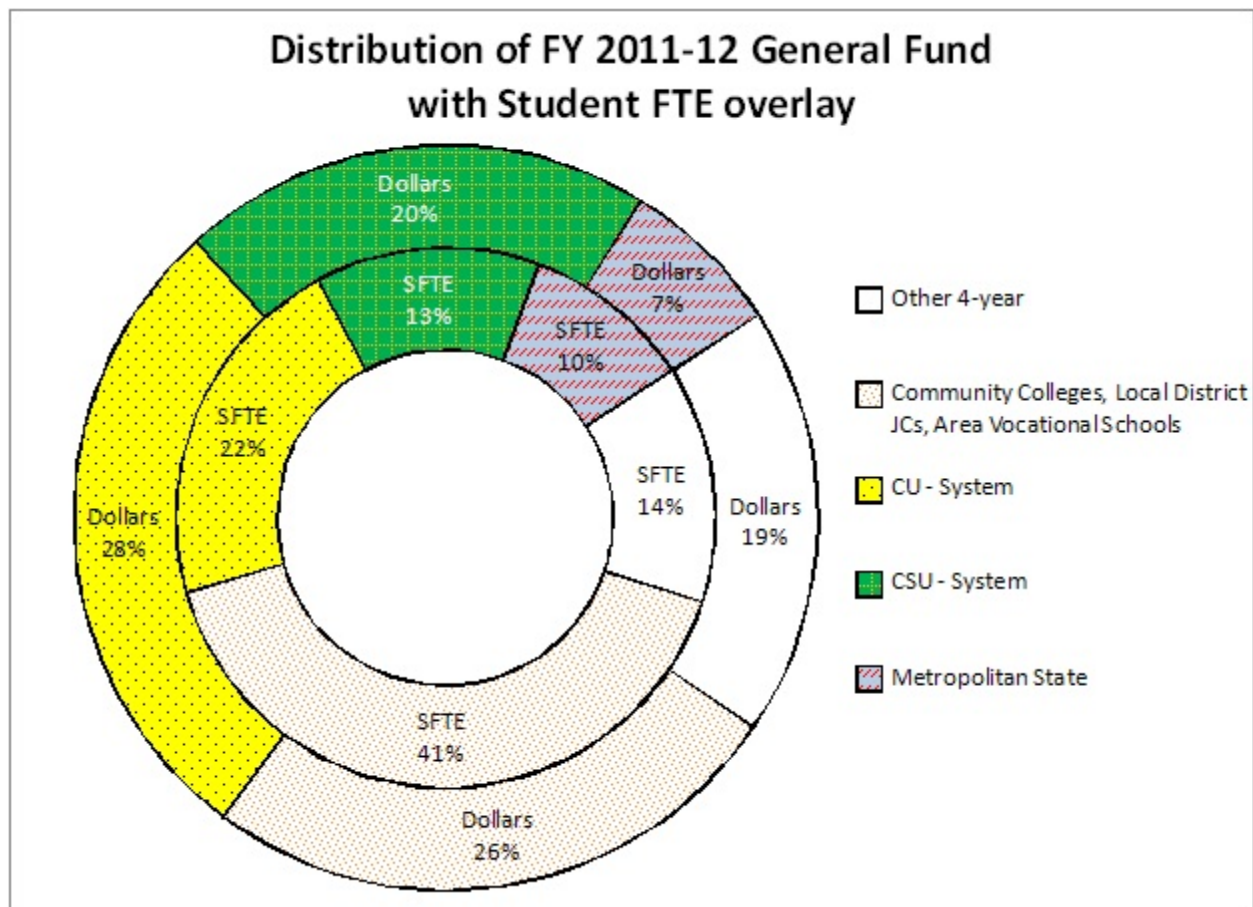


The next chart overlays student FTE on the funding pie. This chart shows that while 51 percent of the credit hours taught are at open access institutions, only 33 percent of the General Fund are spent there. The community colleges and Metropolitan State make significant use of adjunct professors, many of whom are part-time and have other jobs in the community in addition to teaching. This allows the institutions to pay less, and saves on the cost of benefits. They also tend to have small physical plants to maintain relative to the number of students they serve, with commuter campuses and schedules that are spread out from early in the morning until late at night to accommodate working students and allow the same classrooms to be used many times over during the course of a day.

Some factors contributing to the disproportionate amount of General Fund relative to student FTE at the University of Colorado and Colorado State University systems include:

- Land Grant Programs -- these public service agencies at Colorado State University, which include the Colorado State Forest Service, Agricultural Experiment Station, and Cooperative Extension Services, don't generate teaching credit hours, but require General Fund to operate.

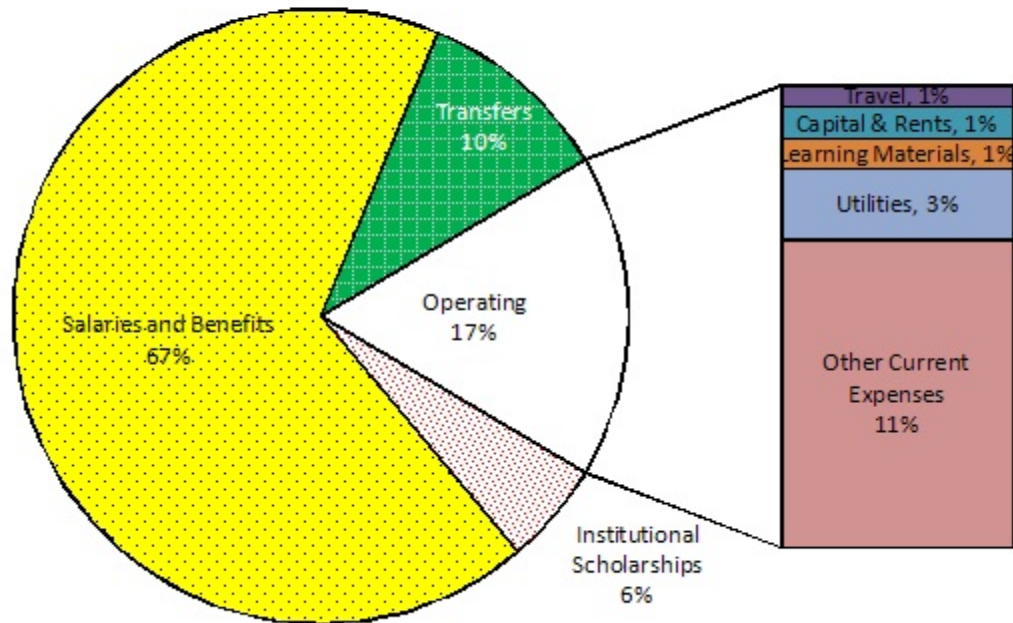
- Anschutz Medical Campus and Professional Veterinary Medicine -- the costs of operating these medical programs relative to the number of students taught are several orders of magnitude larger than any other degree program in the State;
- Graduate programs -- these tend to cost more than undergraduate programs due to low student to faculty ratios; and
- Science and engineering -- the University of Colorado and Colorado State University systems typically have higher proportions of students in these programs than other institutions, and these programs tend to cost more due to business sector competition for faculty and specialized equipment or classrooms necessary for teaching.



The next chart shows how the institutions spend the money they receive. Most of it goes to salaries and benefits. Of those salaries and benefits, roughly 60 percent goes to instruction. If higher education institutions reduced expenditures to absorb a 50 percent reduction in state funding, some of that reduction would likely need to come from instruction, resulting in fewer professors per student, more use of part-time adjunct professors, and/or lower compensation.

How State-operated Higher Education Institutions Spend their Money

(Education and General budget only; excludes self-supporting auxiliaries)



The Institutional Scholarships are funds set aside by the institution from General Fund and tuition revenue. This amount does not include state or federal scholarships or grants from private parties. The transfers relate primarily to the redistribution of indirect cost recoveries to research programs that earned the funds, and capitalized expenses for equipment or facilities.

**FY 2012-13 Joint Budget Committee Staff Budget Briefing
Department of Higher Education**

INFORMATIONAL BRIEFING ISSUE

ISSUE: Proportion of Funding from Students Versus the State

This issue brief provides comparative information about the share of costs borne by students versus the State at different institutions. It also illustrates the historical shift of costs borne by students versus the State.

SUMMARY:

- Statewide 38.0 percent of the Education and General budgets for the higher education institutions come from resident students and 24.7 percent from state funds.
- Significant variations exist in the proportion of total funds students shoulder at different institutions.
- Some of this variation is attributable to the availability of alternative fund sources, such as nonresident tuition.
- Over the past ten years, there has been a significant shift of costs from the State to the students.

DISCUSSION:

Student Share vs. State Share at Each Institution

The "Factors Driving the Budget" section of this briefing describes differing views on the individual versus public responsibility for higher education as a variable in higher education funding. To expand on this further and provide background on the current status of funding, the chart on the following page illustrates the percentage of funding in FY 2010-11 that came from students versus the State at each institution.

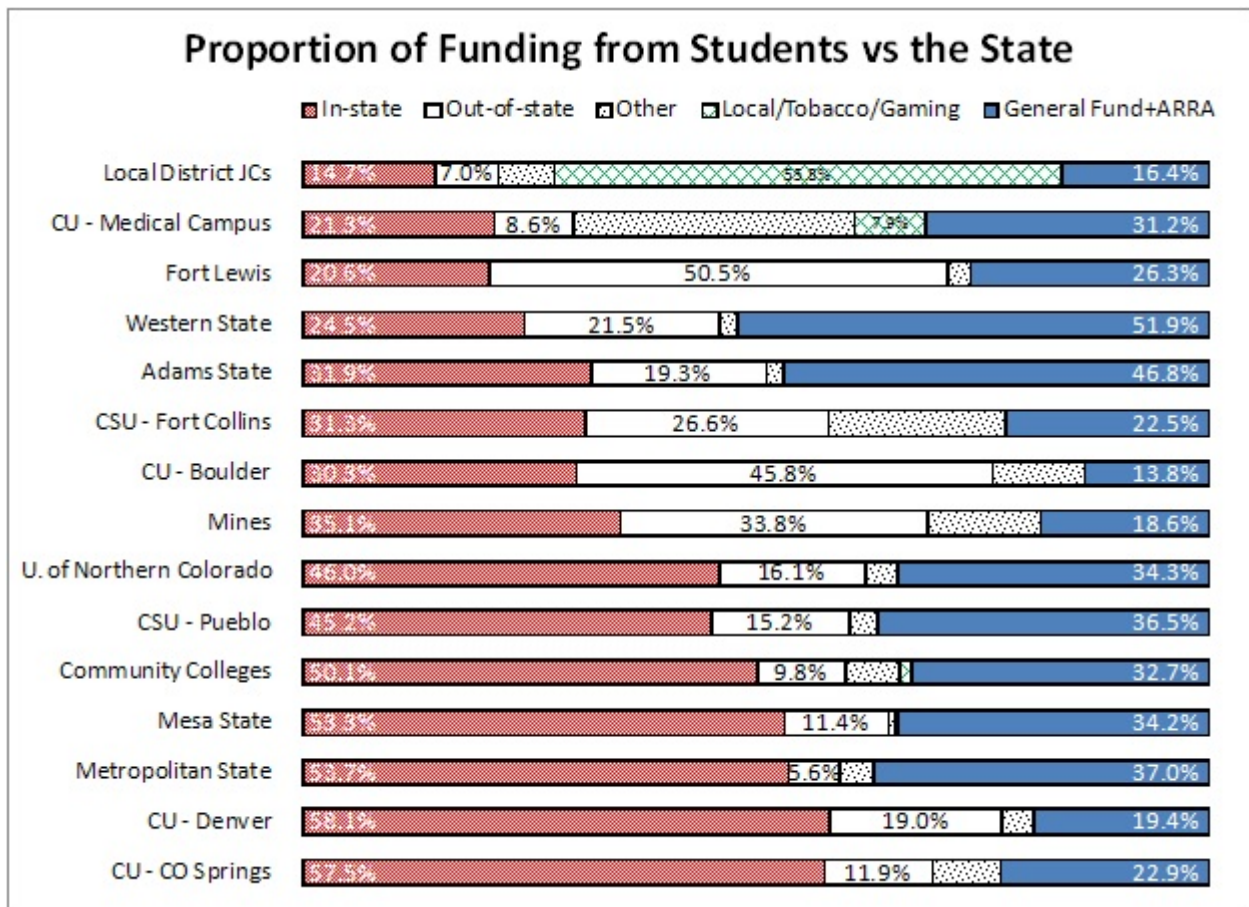
The chart focuses on the Education and General budget of each institution, which is a category of expenditures used by national reporting agencies that excludes self-supporting auxiliary programs such as food services, book stores, or housing. As a result, percentages in this chart may be very different than the percentages in a chart that includes auxiliary programs, such as might commonly be reported as part of the financial statements of an institution or the strategic planning documents of a governing board.

Similarly, percentages reported in this chart will differ from those in the annual report produced by the State Auditor that determines whether higher education institutions qualify as enterprises. The

State Auditor's report not only includes auxiliary programs, but also excludes stipends and fee-for-service contracts from "state grants," based on the way those payments are defined in statute. This serves the purpose of determining the enterprise status of the higher education institutions, but it gives no indication of the contribution of state funding to the operating funds of the institutions.

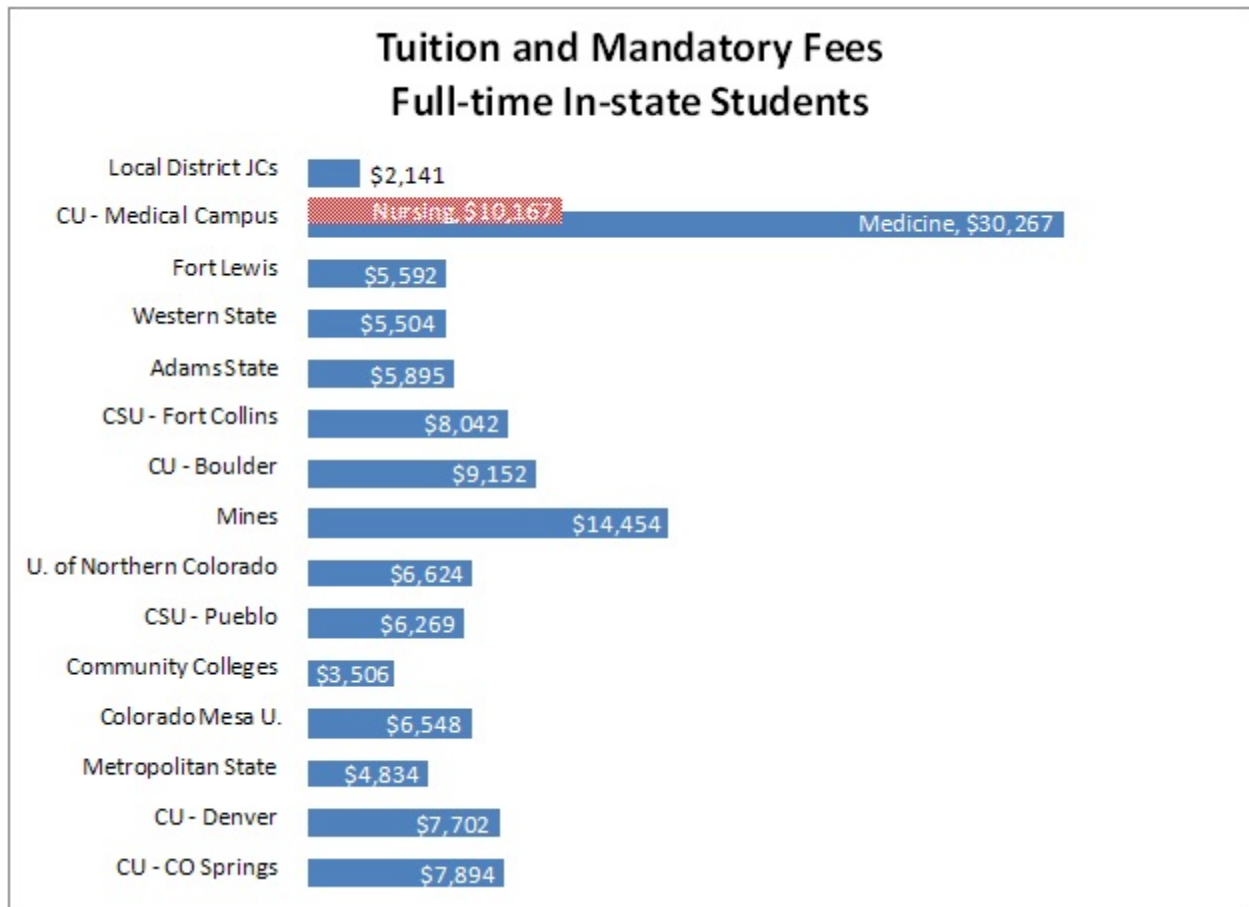
Note that at some institutions alternative sources of revenue, such as nonresident tuition, influence the proportion of state versus public funding. All institutions have some miscellaneous "Other" revenues from sources such as interest earnings, the sale of academic materials, or rents from hosting conferences and other events. For institutions with significant amounts of "Other" revenue, it is primarily attributable to indirect cost recoveries from research grants.

Statewide 38.0 percent of the Education and General budgets for the higher education institutions comes from resident students, 24.7 percent from state funds, and 23.7 percent from nonresident students.



The chart above allows for easy comparisons between institutions of the proportion of funding from students, but it does not provide a sense of scale of what a given percentage of funding means in terms of total costs to the student. For example, at CU - Boulder resident students pay only 30.3 percent of the cost of education compared to 53.7 percent at Metropolitan State College of Denver, but that 30.3 percent requires tuition and fees of \$9,152 at CU - Boulder while tuition and fees at Metropolitan State are almost half that amount at \$4,834.

To provide the missing information about the scale of student costs, the companion chart below lists tuition and mandatory fees for each institution, sorted in the same order as the chart showing in-state funds as a percentage of total funding.

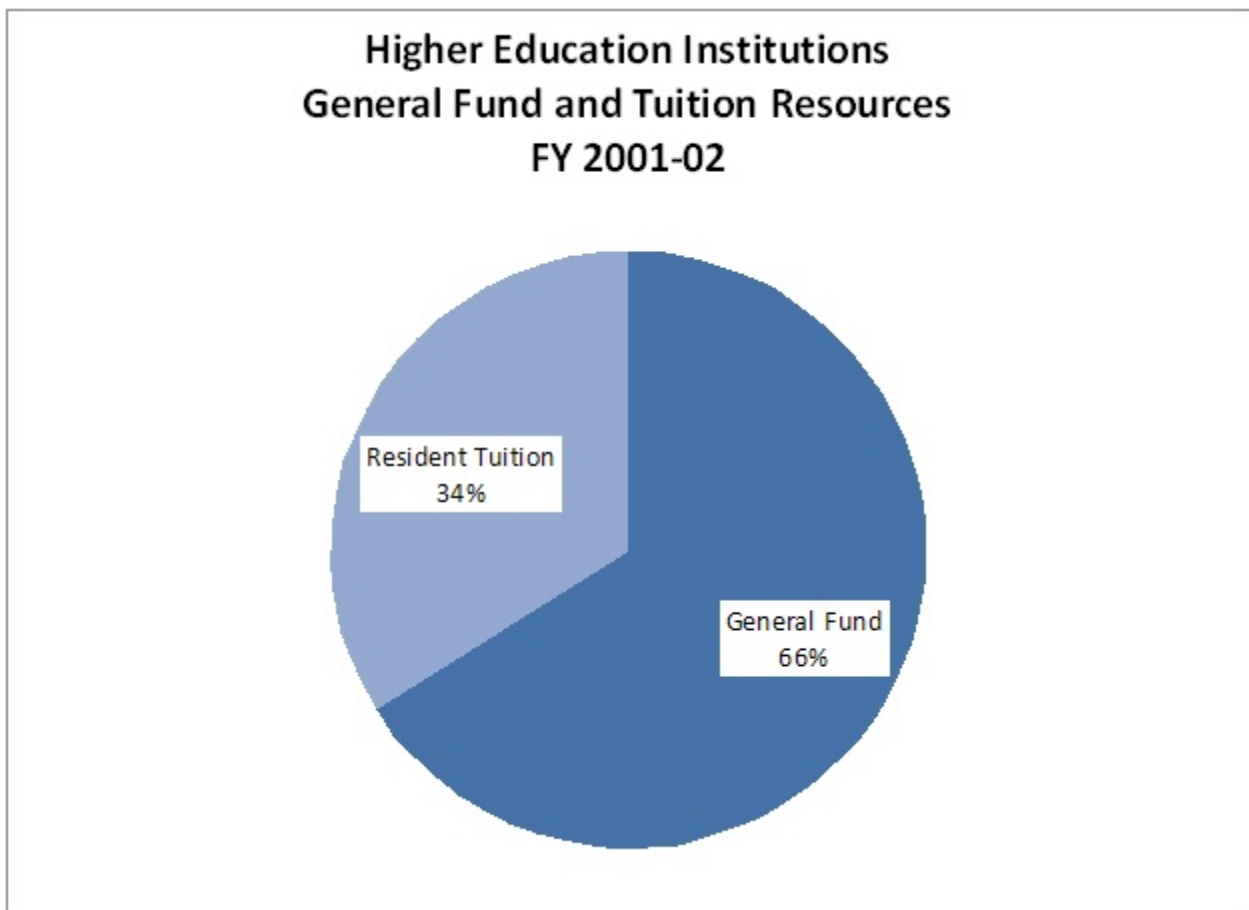


As a rule of thumb, one can add approximately \$13,000 to tuition and fees to get the total cost of attendance. Individual student costs vary by region and living arrangements. The additional costs of attendance on top of tuition and fees include the following components:

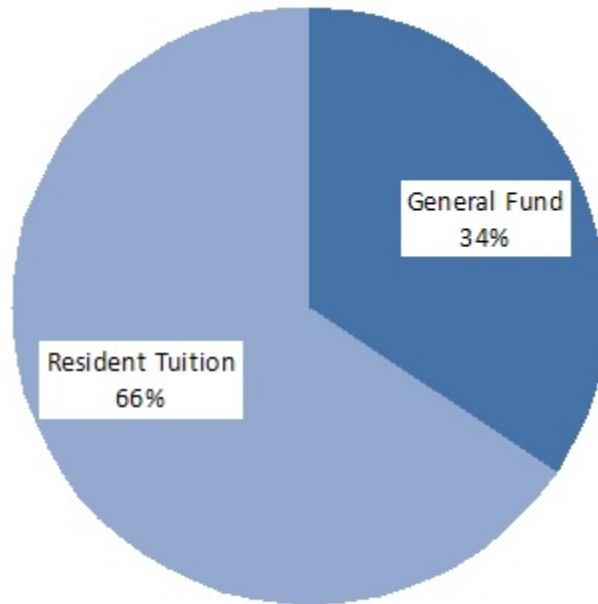
Room	\$5,490
Board	2,988
Books	1,749
Transportation	1,296
Personal Expenses	<u>1,269</u>
Total	\$12,792

Historical Shift of Resident Student Share vs. State Share

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

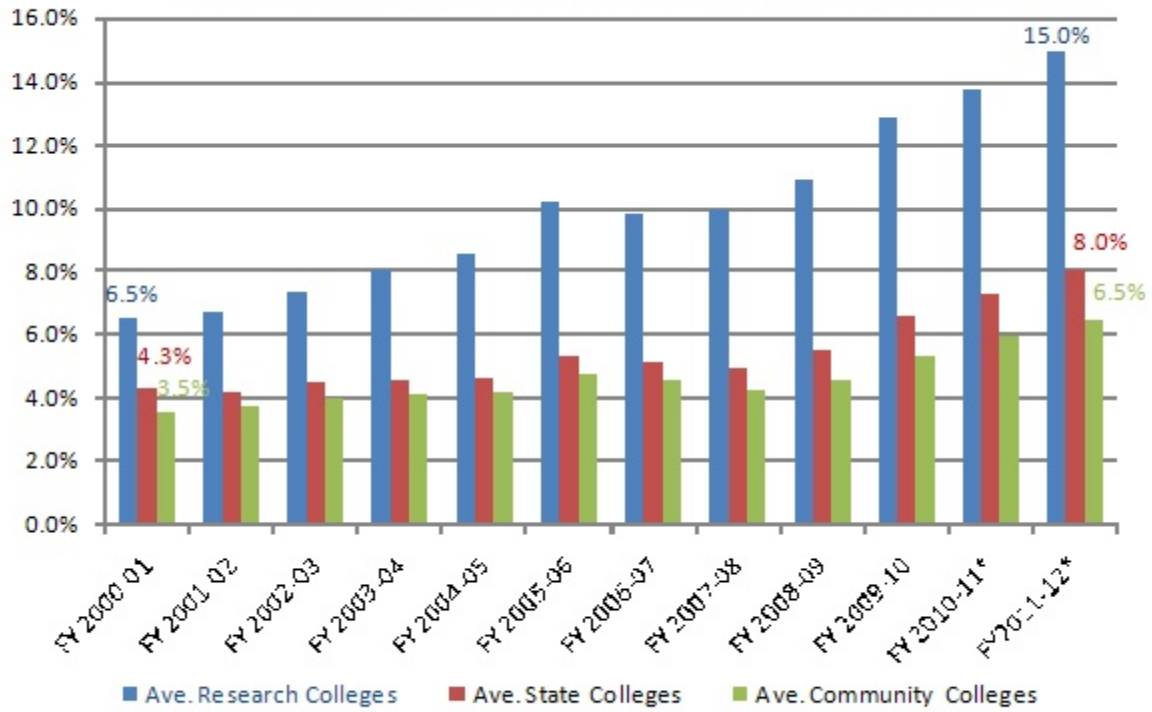


**Higher Education Institutions
General Fund and Tuition Resources
FY 2011-12**



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

Resident Tuition's % Share of Median Household Income Over Time



Source: Appropriated Tuition divided by U.S. Bureau of Census data on Colorado's Median Household Income.

* Most recent published U.S. Bureau of Census data for 2009-10 used in these years.

**FY 2012-13 Joint Budget Committee Staff Budget Briefing
Department of Higher Education**

INFORMATIONAL BRIEFING ISSUE

ISSUE: Financial Aid Programs

This issue brief provides an overview of state, federal, and institutional financial aid programs available to students, as well as the availability of federally guaranteed and nonfederal student loans.

SUMMARY:

- Eligibility for financial aid is determined from cost of attendance and expected family contribution. The issue brief includes a table showing cost of attendance at the state-operated institutions, which is significantly higher than tuition because it includes room, board, books, fees, medical, transportation, and incidentals. The issue brief also includes a table with income ranges associated with different expected family contributions, but because expected family contribution includes factors such as family size and assets, there is not a one-for-one correspondence with income.
- CCHE policy regarding state need based aid requires institutions to distribute the majority of it to very low income students, similar to the federal Pell grant. The average family income of students at the maximum eligibility level for the majority of state need based aid is \$23,541.
- Institutions set aside significant amounts of their operating budgets for institutional financial aid. Institutions have more flexibility in how they target institutional financial aid than state or federal aid.
- Federal, state, and in some cases institutional funding is also available for work study. These are generally campus jobs that are limited to less than 20 hours per week. Statutes require at least 70 percent of state work study jobs to be awarded based on need.
- Federally guaranteed loans and nonfederal loans are also available to students.

DISCUSSION:

Cost of Attendance and Expected Family Contribution. In order to determine eligibility for financial aid, the federal government uses calculations of the "cost of attendance" and "expected family contribution" at each institution. Most state and institutional financial aid piggybacks on these federal calculations. Cost of attendance includes tuition, but it may also include fees, room, board, books, medical, transportation, and incidentals. The following table lists the FY 2010-11 cost of attendance for each Colorado institution:

Institution	Cost of attendance for Full-time students
Colorado School of Mines	\$27,197
University of Colorado - Boulder	\$22,304
University of Colorado - Colorado Springs	\$21,210
University of Colorado Denver	\$20,892
Colorado State University	\$20,778
University of Northern Colorado	\$19,790
Colorado Mesa University	\$19,676
Colorado State University - Pueblo	\$19,407
Adams State College	\$18,764
Fort Lewis College	\$18,717
Western State College	\$18,569
Metropolitan State College of Denver	\$17,886
Community College of Denver	\$17,317
Northeastern Junior College	\$17,275
Pueblo Community College	\$17,191
Trinidad State Junior College	\$17,086
Lamar Community College	\$17,075
Front Range Community College	\$16,977
Pikes Peak Community College	\$16,949
Colorado Northwestern Community College	\$16,929
Red Rocks Community College	\$16,923
Otero Junior College	\$16,886
Arapahoe Community College	\$16,862
Community College of Aurora	\$16,859
Morgan Community College	\$16,851
Aims Community College	\$16,315
Colorado Mountain College	\$15,443

The expected family contribution takes into account variables such as assets, household size, and the number of family members attending college, as well as income, so there is not a one for one correspondence between the expected family contribution and income.

Expected Family Contribution (EFC) by income level			
Family Income Level	Average EFC	Low EFC	High EFC
Below \$20,000	607	0	3,046
\$20,000-\$39,999	2,825	0	7,505
\$40,000-\$59,999	5,515	0	12,175
\$60,000-\$79,999	9,884	2,052	17,717
Above \$79,999	27,849	6,907	48,791

Federal Pell Grant. If there is a difference between the expected family contribution and the cost of attendance, then the federal formula indicates the student has financial need. If a student has financial need and an expected family contribution of \$5,273 or less, then the student is eligible for a federal Pell grant.

State Need Based Aid. CCHE policy distributes state need based financial aid to higher education institutions based on the number of students with Level 1 financial need and the cost of attendance at the institution. CCHE defines Level 1 as 150 percent of Pell eligibility. The median family income with an EFC that is 150 percent of Pell eligibility is \$23,541. The CCHE policy also requires institutions to allocate the majority of the state need based financial aid they receive toward minimum grants of \$850 for these Level 1 students. The institutions have administrative discretion in allocating remaining funds after providing the minimum grants for Level 1 students.

Institutional Aid. Institutions also have their own aid programs. Statute no longer requires that any institution designated as an enterprise annually allocate at least 20 percent of any increase in undergraduate resident tuition revenues above inflation to need based financial assistance. However, Section 23-18-202 (3) (c) (I), C.R.S., requires institutions that raise resident undergraduate tuition by more than nine percent above the previous year to submit a Financial Accountability Plan (FAP) specifying the amount of institutional funds the institution will allocate to need based financial assistance.

Work Study. In addition to federal, institutional, and state grants, a student may receive work study. Work study jobs are typically closer to the campus than jobs the student could get without the work study award. They may also have more student-friendly hours, include an educational component, and pay better, although this is not always the case. The availability of student jobs outside of work study awards varies based on the local economy around each institution. Work study helps the employer, which is usually the institution, by subsidizing the cost of hiring student labor. Federal, state, and in some cases institutional funding is available for work study. Statutes require at least 70 percent of state work study jobs to be awarded based on need. Work study jobs are generally limited to less than 20 hours per week.

Federally Guaranteed Student Loans. If grants and employment are insufficient, students and parents can apply for loans. The table below summarizes the major federal guaranteed loan programs:

Loan Program	Eligibility	Interest Rate	Dependent Lifetime Limit
Stafford (Direct) subsidized	Need based	3.4% -- federal government pays interest while the student is in school and through a 6-month grace period	\$23,000
Stafford unsubsidized	No defaults on Title IV debt	6.8% -- interest is deferred and capitalized while the student is in school	\$31,000 for subsidized and unsubsidized combined
Parent PLUS loan	No adverse credit history (more than 90 days late or a default) in the last 5 years	7.9%	Cost of attendance less aid
Perkins	Need based and limited by available federal funding	5.0%-- federal government pays interest while the student is in school and through a 9-month grace period; no fees	\$20,000

Nonfederal Loans. Students or parents with a good credit history may be able to get private loans in addition to, or instead of, federally guaranteed loans. There are also some charitably funded loans available for students. The federally guaranteed loan programs will generally provide better interest rates and terms than an unsecured private student loan. However, if the private loan is secured (e.g. a home equity line of credit) it may offer a better interest rate. Also, private loans may allow longer repayment periods than the 10 years for federally guaranteed loans.

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DEPARTMENT OF HIGHER EDUCATION Lt. Governor Joseph Garcia, Executive Director
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(1) DEPARTMENT ADMINISTRATIVE OFFICE

Primary Functions: Centrally appropriated items for the Department of Administration, the Commission, the Division of Private Occupational Schools, and the Historical Society. Cash funds reflect the share of costs borne by various cash programs within the Department. Reappropriated funds are from indirect cost recoveries.

Health, Life, and Dental	<u>827,863</u>	<u>939,048</u>	<u>1,028,168</u>	<u>1,182,298</u>
Cash Funds	625,844	643,370	709,171	822,589
Reappropriated Funds	174,788	201,113	201,398	195,865
Federal Funds	27,231	94,565	117,599	163,844
Short-term Disability	<u>10,821</u>	<u>12,428</u>	<u>14,120</u>	<u>15,902</u>
Cash Funds	7,711	8,611	9,810	10,163
Reappropriated Funds	2,470	2,471	2,507	3,321
Federal Funds	640	1,346	1,803	2,418
S.B. 04-257 Amortization Equalization Disbursement	<u>147,974</u>	<u>192,422</u>	<u>223,346</u>	<u>292,915</u>
Cash Funds	105,283	133,322	155,179	189,165
Reappropriated Funds	33,325	38,255	39,652	60,046
Federal Funds	9,366	20,845	28,515	43,704
S.B. 06-235 Supplemental Amortization Equalization Disbursement	<u>92,121</u>	<u>140,309</u>	<u>179,475</u>	<u>251,723</u>
Cash Funds	65,802	97,215	124,698	162,564
Reappropriated Funds	20,465	27,894	31,863	51,602
Federal Funds	5,854	15,200	22,914	37,557

*This line item includes a decision item.

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Workers' Compensation	<u>31,450</u>	<u>32,146</u>	<u>41,652</u>	<u>52,198</u>	
Cash Funds	26,400	26,985	35,643	45,483	
Reappropriated Funds	5,050	5,161	6,009	6,715	
Legal Services	<u>17,681</u>	<u>32,870</u>	<u>33,918</u>	<u>33,918</u>	
Cash Funds	9,319	9,071	9,360	9,360	
Reappropriated Funds	8,362	23,799	24,558	24,558	
Administrative Law Judge Services	<u>0</u>	<u>0</u>	<u>467</u>	<u>663</u>	
Cash Funds	0	0	467	663	
Purchase of Services from Computer Center	<u>89,561</u>	<u>244,484</u>	<u>107,140</u>	<u>189,662</u>	
Cash Funds	13,480	232,991	102,158	173,798	
Reappropriated Funds	76,081	11,493	4,982	15,864	
Multiuse Network Payments	<u>0</u>	<u>59,378</u>	<u>74,792</u>	<u>0</u>	
Cash Funds	0	59,378	74,792	0	
Management and Administration of OIT	<u>0</u>	<u>100,074</u>	<u>98,276</u>	<u>63,334</u>	
Cash Funds	0	100,074	98,276	63,334	
Payment to Risk Management and Property Funds	<u>37,322</u>	<u>11,248</u>	<u>29,090</u>	<u>27,960</u>	
Cash Funds	35,866	10,795	27,803	26,670	
Reappropriated Funds	1,456	453	1,287	1,290	
Leased Space	<u>467,503</u>	<u>484,614</u>	<u>514,210</u>	<u>514,210</u>	
Cash Funds	87,363	118,321	102,842	102,842	
Reappropriated Funds	380,140	366,293	411,368	411,368	

*This line item includes a decision item.

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Total Funds - (1) Department Administrative Office	1,722,296	2,249,021	2,344,654	2,624,783	11.9%
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0%</u>
Cash Funds	977,068	1,440,133	1,450,199	1,606,631	10.8%
Reappropriated Funds	702,137	676,932	723,624	770,629	6.5%
Federal Funds	43,091	131,956	170,831	247,523	44.9%

(2) COLORADO COMMISSION ON HIGHER EDUCATION

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

(A) Administration

Administration	<u>2,594,922</u>	<u>2,779,615</u>	<u>2,624,869</u>	<u>2,487,403</u>	*
<i>FTE</i>	24.5	27.4	30.5	30.5	
Cash Funds	152,235	190,745	256,074	256,074	
Reappropriated Funds	1,989,461	2,125,117	1,996,749	1,846,743	
Federal Funds	453,226	463,753	372,046	384,586	

*This line item includes a decision item.

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Total Funds - (A) Administration	2,594,922	2,779,615	2,624,869	2,487,403	(5.2%)
<i>FTE</i>	<u>24.5</u>	<u>27.4</u>	<u>30.5</u>	<u>30.5</u>	<u>0.0%</u>
Cash Funds	152,235	190,745	256,074	256,074	0.0%
Reappropriated Funds	1,989,461	2,125,117	1,996,749	1,846,743	(7.5%)
Federal Funds	453,226	463,753	372,046	384,586	3.4%

(B) Division of Private Occupational Schools

Division of Private Occupational Schools	<u>618,225</u>	<u>627,789</u>	<u>623,498</u>	<u>633,554</u>	
<i>FTE</i>	6.0	6.9	7.8	7.8	
Cash Funds	618,225	627,789	623,498	633,554	

Total Funds - (B) Division of Private Occupational Schools	618,225	627,789	623,498	633,554	1.6%
<i>FTE</i>	<u>6.0</u>	<u>6.9</u>	<u>7.8</u>	<u>7.8</u>	<u>0.0%</u>
Cash Funds	618,225	627,789	623,498	633,554	1.6%

(C) Special Purpose

Western Interstate Commission for Higher Education (WICHE)	<u>120,000</u>	<u>125,000</u>	<u>125,000</u>	<u>125,000</u>	
Reappropriated Funds	120,000	125,000	125,000	125,000	
WICHE - Optometry	<u>349,862</u>	<u>391,736</u>	<u>399,000</u>	<u>354,200</u>	*
Reappropriated Funds	349,862	391,736	399,000	354,200	

*This line item includes a decision item.

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Distribution to Higher Education Competitive Research Authority	<u>1,330,000</u>	<u>2,330,000</u>	<u>3,381,000</u>	<u>3,381,000</u>	
Cash Funds	1,330,000	2,330,000	3,381,000	3,381,000	
Veterinary School Program Needs	<u>285,000</u>	<u>162,400</u>	<u>285,000</u>	<u>285,000</u>	
Cash Funds	122,600	0	122,600	122,600	
Reappropriated Funds	162,400	162,400	162,400	162,400	
Enrollment/Tuition and Stipend Contingency	<u>5,879,167</u>	<u>20,000,000</u>	<u>0</u>	<u>0</u>	
Cash Funds	5,879,167	20,000,000	0	0	
Total Funds - (C) Special Purpose	7,964,029	23,009,136	4,190,000	4,145,200	(1.1%)
FTE	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0%</u>
Cash Funds	7,331,767	22,330,000	3,503,600	3,503,600	0.0%
Reappropriated Funds	632,262	679,136	686,400	641,600	(6.5%)
Total Funds - (2) Colorado Commission on Higher Education	11,177,176	26,416,540	7,438,367	7,266,157	(2.3%)
FTE	<u>30.5</u>	<u>34.3</u>	<u>38.3</u>	<u>38.3</u>	<u>(0.0%)</u>
Cash Funds	8,102,227	23,148,534	4,383,172	4,393,228	0.2%
Reappropriated Funds	2,621,723	2,804,253	2,683,149	2,448,343	(7.3%)
Federal Funds	453,226	463,753	372,046	384,586	3.4%

*This line item includes a decision item.

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(3) COLORADO COMMISSION ON HIGHER EDUCATION FINANCIAL AID

Primary Function: Provides assistance to students in meeting the costs of higher education. The source of reappropriated moneys is funding transferred from the Department of Human Services for the Early Childhood Professional Loan Repayment program.

(A) Need Based Grants

Need Based Grants	<u>73,986,138</u>	<u>73,817,412</u>	<u>74,607,417</u>	<u>48,743,417</u>	*
General Fund	73,960,726	0	74,515,865	48,415,575	
Cash Funds	0	58,417,412	0	0	
Reappropriated Funds	25,412	15,400,000	91,552	327,842	

Total Funds - (A) Need Based Grants	73,986,138	73,817,412	74,607,417	48,743,417	(34.7%)
FTE	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0%</u>
General Fund	73,960,726	0	74,515,865	48,415,575	(35.0%)
Cash Funds	0	58,417,412	0	0	0.0%
Reappropriated Funds	25,412	15,400,000	91,552	327,842	258.1%

(B) Work Study

Work Study	<u>16,555,219</u>	<u>16,396,507</u>	<u>16,612,357</u>	<u>10,853,385</u>	*
General Fund	16,555,219	16,396,507	16,612,357	10,853,385	

Total Funds - (B) Work Study	16,555,219	16,396,507	16,612,357	10,853,385	(34.7%)
FTE	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0%</u>
General Fund	16,555,219	16,396,507	16,612,357	10,853,385	(34.7%)

*This line item includes a decision item.

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(C) Special Purpose					
Veterans'/Law Enforcement/POW Tuition Assistance	<u>379,625</u>	<u>387,936</u>	<u>364,922</u>	<u>364,922</u>	
General Fund	379,625	387,936	364,922	364,922	
National Guard Tuition Assistance Fund	<u>800,000</u>	<u>800,000</u>	<u>800,000</u>	<u>800,000</u>	
General Fund	800,000	800,000	800,000	800,000	
Native American Students/Fort Lewis College	<u>9,622,969</u>	<u>10,430,371</u>	<u>11,785,002</u>	<u>13,305,449</u>	*
General Fund	9,622,969	10,139,220	11,347,562	12,909,493	
Reappropriated Funds	0	291,151	437,440	395,956	
GEAR - UP	<u>373,460</u>	<u>447,359</u>	<u>600,000</u>	<u>600,000</u>	
Federal Funds	373,460	447,359	600,000	600,000	
Nursing Teacher Loan Forgiveness Pilot	<u>161,600</u>	<u>161,600</u>	<u>0</u>	<u>0</u>	
General Fund	161,600	161,600	0	0	
Required Federal Match	<u>2,444,438</u>	<u>2,598,828</u>	<u>0</u>	<u>0</u>	
General Fund	1,549,530	1,674,962	0	0	
Federal Funds	894,908	923,866	0	0	
Teach Colorado Grant	<u>490,866</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	490,866	0	0	0	

*This line item includes a decision item.

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Total Funds - (C) Special Purpose	14,272,958	14,826,094	13,549,924	15,070,371	11.2%
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0%</u>
General Fund	13,004,590	13,163,718	12,512,484	14,074,415	12.5%
Reappropriated Funds	0	291,151	437,440	395,956	(9.5%)
Federal Funds	1,268,368	1,371,225	600,000	600,000	0.0%

Total Funds - (3) Colorado Commission on Higher Education Financial Aid	104,814,315	105,040,013	104,769,698	74,667,173	(28.7%)
<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	103,520,535	29,560,225	103,640,706	73,343,375	(29.2%)
Cash Funds	0	58,417,412	0	0	0.0%
Reappropriated Funds	25,412	15,691,151	528,992	723,798	36.8%
Federal Funds	1,268,368	1,371,225	600,000	600,000	0.0%

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(4) COLLEGE OPPORTUNITY FUND PROGRAM

Primary Function: Provides General Fund for student stipend payments and for fee-for-service contracts between the Colorado Commission on Higher Education and state higher education institutions.

(A) Stipends

Stipends for eligible full-time equivalent students attending state institutions	<u>184,911,363</u>	<u>265,697,711</u>	<u>274,041,240</u>	<u>221,001,000</u>	*
General Fund	184,911,363	265,697,711	261,712,337	208,672,097	
General Fund Exempt	0	0	12,328,903	12,328,903	
Stipends for eligible full-time equivalent students attending participating private institutions	<u>746,334</u>	<u>1,236,667</u>	<u>1,078,800</u>	<u>435,000</u>	*
General Fund	746,334	1,236,667	1,078,800	435,000	
Supplement to Private Stipends	<u>80,370</u>	<u>0</u>	<u>0</u>	<u>0</u>	
Federal Funds	80,370	0	0	0	

Total Funds - (A) Stipends	185,738,067	266,934,378	275,120,040	221,436,000	(19.5%)
FTE	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0%</u>
General Fund	185,657,697	266,934,378	262,791,137	209,107,097	(20.4%)
General Fund Exempt	0	0	12,328,903	12,328,903	0.0%
Federal Funds	80,370	0	0	0	0.0%

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

Fee-for-service Contracts with State Institutions	<u>127,382,834</u>	<u>327,199,670</u>	<u>214,404,430</u>	<u>249,979,837</u> *	
General Fund	126,582,834	225,933,003	0	35,575,407	
General Fund Exempt	800,000	101,266,667	214,404,430	214,404,430	

Total Funds - (B) Fee-for-service Contracts with State Institutions	127,382,834	327,199,670	214,404,430	249,979,837	16.6%
FTE	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0%</u>
General Fund	126,582,834	225,933,003	0	35,575,407	0.0%
General Fund Exempt	800,000	101,266,667	214,404,430	214,404,430	0.0%

Total Funds - (4) College Opportunity Fund Program	313,120,901	594,134,048	489,524,470	471,415,837	(3.7%)
FTE	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0%</u>
General Fund	312,240,531	492,867,381	262,791,137	244,682,504	(6.9%)
General Fund Exempt	800,000	101,266,667	226,733,333	226,733,333	0.0%
Federal Funds	80,370	0	0	0	0.0%

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(5) GOVERNING BOARDS

Primary Functions: Provides spending authority for revenue earned by higher education institutions from student stipend payments, fee-for-service contracts, tuition, academic program and academic facility fees, and miscellaneous other sources.

(A) Trustees of Adams State College

Trustees of Adams State College	<u>28,281,766</u>	<u>30,180,469</u>	<u>30,070,363</u>	<u>29,431,414</u>	*
<i>FTE</i>	285.3	302.9	294.7	294.7	
Cash Funds	13,673,317	16,732,524	18,879,948	18,879,948	
Reappropriated Funds	7,276,999	13,023,280	11,190,415	10,551,466	
Federal Funds	7,331,450	424,665	0	0	

Total Funds - (A) Trustees of Adams State College	<u>28,281,766</u>	<u>30,180,469</u>	<u>30,070,363</u>	<u>29,431,414</u>	(2.1%)
<i>FTE</i>	<u>285.3</u>	<u>302.9</u>	<u>294.7</u>	<u>294.7</u>	0.0%
Cash Funds	13,673,317	16,732,524	18,879,948	18,879,948	0.0%
Reappropriated Funds	7,276,999	13,023,280	11,190,415	10,551,466	(5.7%)
Federal Funds	7,331,450	424,665	0	0	0.0%

(B) Trustees of Colorado Mesa University

Trustees of Colorado Mesa University	<u>56,526,190</u>	<u>64,670,239</u>	<u>65,990,642</u>	<u>65,249,923</u>	*
<i>FTE</i>	464.4	499.0	534.5	534.5	
Cash Funds	32,520,583	42,583,187	47,490,067	47,490,067	
Reappropriated Funds	12,099,298	21,368,065	18,500,575	17,759,856	
Federal Funds	11,906,309	718,987	0	0	

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Total Funds - (B) Trustees of Colorado Mesa University	56,526,190	64,670,239	65,990,642	65,249,923	(1.1%)
<i>FTE</i>	<u>464.4</u>	<u>499.0</u>	<u>534.5</u>	<u>534.5</u>	<u>0.0%</u>
Cash Funds	32,520,583	42,583,187	47,490,067	47,490,067	0.0%
Reappropriated Funds	12,099,298	21,368,065	18,500,575	17,759,856	(4.0%)
Federal Funds	11,906,309	718,987	0	0	0.0%

(C) Trustees of Metropolitan State College of Denver

Trustees of Metropolitan State College of Denver	<u>119,592,586</u>	<u>127,116,233</u>	<u>131,098,699</u>	<u>129,531,490</u>	*
<i>FTE</i>	1,180.8	1,233.7	1,299.0	1,299.0	
Cash Funds	69,879,174	83,048,502	94,137,220	94,137,220	
Reappropriated Funds	24,531,075	42,665,126	36,961,479	35,394,270	
Federal Funds	25,182,337	1,402,605	0	0	
Total Funds - (C) Trustees of Metropolitan State College of Denver	119,592,586	127,116,233	131,098,699	129,531,490	(1.2%)
<i>FTE</i>	<u>1,180.8</u>	<u>1,233.7</u>	<u>1,299.0</u>	<u>1,299.0</u>	<u>0.0%</u>
Cash Funds	69,879,174	83,048,502	94,137,220	94,137,220	0.0%
Reappropriated Funds	24,531,075	42,665,126	36,961,479	35,394,270	(4.2%)
Federal Funds	25,182,337	1,402,605	0	0	0.0%

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(D) Trustees of Western State College

Trustees of Western State College	<u>21,278,869</u>	<u>22,407,023</u>	<u>21,227,956</u>	<u>20,713,700</u>	*
<i>FTE</i>	243.2	237.3	231.9	231.9	
Cash Funds	9,105,852	11,198,142	11,883,709	11,883,709	
Reappropriated Funds	5,876,752	10,778,294	9,344,247	8,829,991	
Federal Funds	6,296,265	430,587	0	0	

Total Funds - (D) Trustees of Western State College	<u>21,278,869</u>	<u>22,407,023</u>	<u>21,227,956</u>	<u>20,713,700</u>	(2.4%)
<i>FTE</i>	<u>243.2</u>	<u>237.3</u>	<u>231.9</u>	<u>231.9</u>	0.0%
Cash Funds	9,105,852	11,198,142	11,883,709	11,883,709	0.0%
Reappropriated Funds	5,876,752	10,778,294	9,344,247	8,829,991	(5.5%)
Federal Funds	6,296,265	430,587	0	0	0.0%

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

Board of Governors of the Colorado State University System	<u>383,707,110</u>	<u>400,717,689</u>	<u>390,756,718</u>	<u>384,093,538</u>	*
<i>FTE</i>	4,113.2	4,257.8	4,037.8	4,037.8	
Cash Funds	236,650,168	268,657,429	284,110,185	284,110,185	
Reappropriated Funds	65,853,284	126,030,094	106,646,533	99,983,353	
Federal Funds	81,203,658	6,030,166	0	0	

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Total Funds - (E) Board of Governors of the Colorado State University System	383,707,110	400,717,689	390,756,718	384,093,538	(1.7%)
<i>FTE</i>	<u>4,113.2</u>	<u>4,257.8</u>	<u>4,037.8</u>	<u>4,037.8</u>	<u>0.0%</u>
Cash Funds	236,650,168	268,657,429	284,110,185	284,110,185	0.0%
Reappropriated Funds	65,853,284	126,030,094	106,646,533	99,983,353	(6.2%)
Federal Funds	81,203,658	6,030,166	0	0	0.0%

(F) Trustees of Fort Lewis College

Trustees of Fort Lewis College	<u>41,377,089</u>	<u>42,125,037</u>	<u>41,250,496</u>	<u>40,663,052</u>	*
<i>FTE</i>	385.9	372.0	417.8	417.8	
Cash Funds	28,591,831	30,621,766	31,879,379	31,879,379	
Reappropriated Funds	4,949,156	10,605,478	9,371,117	8,783,673	
Federal Funds	7,836,102	897,793	0	0	

Total Funds - (F) Trustees of Fort Lewis College	41,377,089	42,125,037	41,250,496	40,663,052	(1.4%)
<i>FTE</i>	<u>385.9</u>	<u>372.0</u>	<u>417.8</u>	<u>417.8</u>	<u>0.0%</u>
Cash Funds	28,591,831	30,621,766	31,879,379	31,879,379	0.0%
Reappropriated Funds	4,949,156	10,605,478	9,371,117	8,783,673	(6.3%)
Federal Funds	7,836,102	897,793	0	0	0.0%

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(G) Regents of the University of Colorado

Regents of the University of Colorado	<u>860,553,756</u>	<u>897,718,548</u>	<u>884,220,891</u>	<u>872,350,906</u>	*
<i>FTE</i>	6,826.0	6,805.0	6,797.7	6,797.7	
Cash Funds	650,796,775	705,253,028	737,787,628	737,787,628	
Reappropriated Funds	88,868,623	181,555,917	146,433,263	134,563,278	
Federal Funds	120,888,358	10,909,603	0	0	

Total Funds - (G) Regents of the University of Colorado	<u>860,553,756</u>	<u>897,718,548</u>	<u>884,220,891</u>	<u>872,350,906</u>	(1.3%)
<i>FTE</i>	<u>6,826.0</u>	<u>6,805.0</u>	<u>6,797.7</u>	<u>6,797.7</u>	0.0%
Cash Funds	650,796,775	705,253,028	737,787,628	737,787,628	0.0%
Reappropriated Funds	88,868,623	181,555,917	146,433,263	134,563,278	(8.1%)
Federal Funds	120,888,358	10,909,603	0	0	0.0%

(H) Trustees of the Colorado School of Mines

Trustees of the Colorado School of Mines	<u>93,386,959</u>	<u>102,760,302</u>	<u>102,981,042</u>	<u>101,641,449</u>	*
<i>FTE</i>	742.7	749.6	766.6	766.6	
General Fund	0	0	11,020,202	0	
Cash Funds	70,149,573	81,304,057	86,726,800	86,726,800	
Reappropriated Funds	10,594,313	20,585,538	5,234,040	14,914,649	
Federal Funds	12,643,073	870,707	0	0	

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Total Funds - (H) Trustees of the Colorado School of Mines	93,386,959	102,760,302	102,981,042	101,641,449	(1.3%)
<i>FTE</i>	<u>742.7</u>	<u>749.6</u>	<u>766.6</u>	<u>766.6</u>	<u>0.0%</u>
General Fund	0	0	11,020,202	0	(100.0%)
Cash Funds	70,149,573	81,304,057	86,726,800	86,726,800	0.0%
Reappropriated Funds	10,594,313	20,585,538	5,234,040	14,914,649	185.0%
Federal Funds	12,643,073	870,707	0	0	0.0%

(I) University of Northern Colorado

University of Northern Colorado	<u>110,596,183</u>	<u>115,007,420</u>	<u>111,457,751</u>	<u>109,331,240</u>	*
<i>FTE</i>	986.9	1,050.4	1,003.1	1,003.1	
Cash Funds	66,509,872	74,383,330	78,651,145	78,651,145	
Reappropriated Funds	20,515,779	38,842,790	32,806,606	30,680,095	
Federal Funds	23,570,532	1,781,300	0	0	

Total Funds - (I) University of Northern Colorado	110,596,183	115,007,420	111,457,751	109,331,240	(1.9%)
<i>FTE</i>	<u>986.9</u>	<u>1,050.4</u>	<u>1,003.1</u>	<u>1,003.1</u>	<u>0.0%</u>
Cash Funds	66,509,872	74,383,330	78,651,145	78,651,145	0.0%
Reappropriated Funds	20,515,779	38,842,790	32,806,606	30,680,095	(6.5%)
Federal Funds	23,570,532	1,781,300	0	0	0.0%

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(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>348,998,854</u>	<u>386,999,646</u>	<u>387,072,701</u>	<u>384,635,512</u>	*
<i>FTE</i>	5,529.2	5,934.0	5,736.6	5,736.6	
Cash Funds	203,711,654	255,033,689	272,739,775	272,739,775	
Reappropriated Funds	74,100,807	127,442,799	114,332,926	111,895,737	
Federal Funds	71,186,393	4,523,158	0	0	

Total Funds - (J) State Board for Community Colleges and Occupational Education State System Community Colleges	348,998,854	386,999,646	387,072,701	384,635,512	(0.6%)
<i>FTE</i>	<u>5,529.2</u>	<u>5,934.0</u>	<u>5,736.6</u>	<u>5,736.6</u>	<u>0.0%</u>
Cash Funds	203,711,654	255,033,689	272,739,775	272,739,775	0.0%
Reappropriated Funds	74,100,807	127,442,799	114,332,926	111,895,737	(2.1%)
Federal Funds	71,186,393	4,523,158	0	0	0.0%

Total Funds - (5) Governing Boards	2,064,299,362	2,189,702,606	2,166,127,259	2,137,642,224	(1.3%)
<i>FTE</i>	<u>20,757.6</u>	<u>21,441.7</u>	<u>21,119.7</u>	<u>21,119.7</u>	<u>(0.0%)</u>
General Fund	0	0	11,020,202	0	(100.0%)
Cash Funds	1,381,588,799	1,568,815,654	1,664,285,856	1,664,285,856	0.0%
Reappropriated Funds	314,666,086	592,897,381	490,821,201	473,356,368	(3.6%)
Federal Funds	368,044,477	27,989,571	0	0	0.0%

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

Primary Functions: Subsidizes the operations of the State's two local district junior colleges: Aims Community College and Colorado Mountain College. Institutions that are set up as local district junior colleges have special property tax districts that also support their operations and governing boards that are independent from the rest of the community college system. Students from the special property tax districts pay discounted tuition rates.

Local District Junior College Grants	<u>15,890,257</u>	<u>15,467,729</u>	<u>12,506,424</u>	<u>11,827,056</u>	*
General Fund	7,350,751	12,601,934	11,909,951	11,230,583	
Cash Funds	0	836,339	596,473	596,473	
Federal Funds	8,539,506	2,029,456	0	0	

Total Funds - (6) Local District Junior College Grants Pursuant to Section 23-71-301, C.R.S.	15,890,257	15,467,729	12,506,424	11,827,056	(5.4%)
FTE	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0%</u>
General Fund	7,350,751	12,601,934	11,909,951	11,230,583	(5.7%)
Cash Funds	0	836,339	596,473	596,473	0.0%
Federal Funds	8,539,506	2,029,456	0	0	0.0%

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(7) DIVISION OF OCCUPATIONAL EDUCATION

Primary Functions: Administers and supervises vocational programs and distributes state and federal funds for this purpose. Also, coordinates resources for job development, job training, and job retraining. The reappropriated funds represent transfers from the Office of Economic Development and from the Department of Education for the Colorado Vocational Act.

(A) Administrative Costs

Administrative Costs	<u>900,000</u>	<u>900,000</u>	<u>900,000</u>	<u>900,000</u>	
<i>FTE</i>	8.3	7.1	9.0	9.0	
General Fund	105,405	0	0	0	
Reappropriated Funds	794,595	900,000	900,000	900,000	

Total Funds - (A) Administrative Costs	<u>900,000</u>	<u>900,000</u>	<u>900,000</u>	<u>900,000</u>	0.0%
<i>FTE</i>	<u>8.3</u>	<u>7.1</u>	<u>9.0</u>	<u>9.0</u>	<u>0.0%</u>
General Fund	105,405	0	0	0	0.0%
Reappropriated Funds	794,595	900,000	900,000	900,000	0.0%

(B) Distribution of State Assistance for Career and Technical Education pursuant to Section 23-8-102, C.R.S.

Distributions of State Assistance for Career and Technical Education	<u>23,189,191</u>	<u>23,296,124</u>	<u>23,584,498</u>	<u>24,146,598</u>	*
Reappropriated Funds	23,189,191	23,296,124	23,584,498	24,146,598	

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Total Funds - (B) Distribution of State Assistance for Career and Technical Education pursuant to Section 23-8-102, C.R.S.	23,189,191	23,296,124	23,584,498	24,146,598	2.4%
<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	23,189,191	23,296,124	23,584,498	24,146,598	2.4%

(C) Area Vocational School Support

Area Vocational School Support	<u>9,736,132</u>	<u>8,450,501</u>	<u>7,664,871</u>	<u>7,499,310</u>	*
General Fund	4,311,868	7,392,154	7,664,871	7,499,310	
Federal Funds	5,424,264	1,058,347	0	0	

Total Funds - (C) Area Vocational School Support	9,736,132	8,450,501	7,664,871	7,499,310	(2.2%)
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0%</u>
General Fund	4,311,868	7,392,154	7,664,871	7,499,310	(2.2%)
Federal Funds	5,424,264	1,058,347	0	0	0.0%

(D) Sponsored Programs

Administration	<u>1,960,168</u>	<u>2,072,186</u>	<u>2,220,227</u>	<u>2,220,227</u>
<i>FTE</i>	22.9	25.2	23.0	23.0
Federal Funds	1,960,168	2,072,186	2,220,227	2,220,227

*This line item includes a decision item.

**FY 2012-13 Joint Budget Committee Staff Budget Briefing
Department of Higher Education**

APPENDIX A: NUMBERS PAGES

	FY 2009-10 Actual	FY 2010-11 Actual	FY 2011-12 Appropriation	FY 2012-13 Request	Request vs. Appropriation
Programs	<u>14,446,764</u>	<u>14,350,167</u>	<u>14,737,535</u>	<u>14,737,535</u>	
Federal Funds	14,446,764	14,350,167	14,737,535	14,737,535	
Total Funds - (D) Sponsored Programs	16,406,932	16,422,353	16,957,762	16,957,762	0.0%
<i>FTE</i>	<u>22.9</u>	<u>25.2</u>	<u>23.0</u>	<u>23.0</u>	<u>0.0%</u>
Federal Funds	16,406,932	16,422,353	16,957,762	16,957,762	0.0%
(E) Colorado First Customized Job Training					
Colorado First Customized Job Training	<u>2,725,022</u>	<u>2,725,022</u>	<u>2,725,022</u>	<u>2,725,022</u>	
Reappropriated Funds	2,725,022	2,725,022	2,725,022	2,725,022	
Total Funds - (E) Colorado First Customized Job Training	2,725,022	2,725,022	2,725,022	2,725,022	0.0%
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0%</u>
Reappropriated Funds	2,725,022	2,725,022	2,725,022	2,725,022	0.0%
Total Funds - (7) Division of Occupational Education	52,957,277	51,794,000	51,832,153	52,228,692	0.8%
<i>FTE</i>	<u>31.2</u>	<u>32.3</u>	<u>32.0</u>	<u>32.0</u>	<u>0.0%</u>
General Fund	4,417,273	7,392,154	7,664,871	7,499,310	(2.2%)
Reappropriated Funds	26,708,808	26,921,146	27,209,520	27,771,620	2.1%
Federal Funds	21,831,196	17,480,700	16,957,762	16,957,762	0.0%

*This line item includes a decision item.

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Department of Higher Education**

APPENDIX A: NUMBERS PAGES

	FY 2009-10 Actual	FY 2010-11 Actual	FY 2011-12 Appropriation	FY 2012-13 Request	Request vs. Appropriation
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(8) AURARIA HIGHER EDUCATION CENTER

Primary Functions: Established by statute in 1974, the Auraria Higher Education Center (AHEC) is governed by a Board of Directors who oversee the centralized operations of the campus located in Denver. AHEC houses and provides common services to the Community College of Denver, Metropolitan State College of Denver, and the University of Colorado at Denver and Health Sciences Center.

Administration	<u>17,670,252</u>	<u>17,670,252</u>	<u>17,670,252</u>	<u>17,670,252</u>	
<i>FTE</i>	191.3	166.3	172.9	172.9	
Reappropriated Funds	17,670,252	17,670,252	17,670,252	17,670,252	

Total Funds - (8) Auraria Higher Education Center	17,670,252	17,670,252	17,670,252	17,670,252	0.0%
<i>FTE</i>	<u>191.3</u>	<u>166.3</u>	<u>172.9</u>	<u>172.9</u>	<u>0.0%</u>
Reappropriated Funds	17,670,252	17,670,252	17,670,252	17,670,252	0.0%

(9) HISTORY COLORADO

Primary Functions: Collect, preserve, exhibit, and interpret artifacts and properties of historical significance to the State. Distribute gaming revenues earmarked for historic preservation. The cash funds come from gaming revenues deposited in the State Historic Fund, museum revenues, gifts, and grants.

(A) Cumbres and Toltec Railroad Commission

Cumbres and Toltec Railroad Commission	<u>225,000</u>	<u>180,000</u>	<u>202,500</u>	<u>202,500</u>	
General Fund	225,000	180,000	202,500	202,500	

*This line item includes a decision item.

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Department of Higher Education**

APPENDIX A: NUMBERS PAGES

	FY 2009-10 Actual	FY 2010-11 Actual	FY 2011-12 Appropriation	FY 2012-13 Request	Request vs. Appropriation
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Total Funds - (A) Cumbres and Toltec Railroad Commission	225,000	180,000	202,500	202,500	0.0%
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0%</u>
General Fund	225,000	180,000	202,500	202,500	0.0%

(B) Sponsored Programs

Sponsored Programs	<u>294,447</u>	<u>238,383</u>	<u>250,000</u>	<u>250,000</u>	
<i>FTE</i>	2.9	3.0	3.5	3.5	
Cash Funds	0	0	20,000	20,000	
Federal Funds	294,447	238,383	230,000	230,000	

Total Funds - (B) Sponsored Programs	294,447	238,383	250,000	250,000	0.0%
<i>FTE</i>	<u>2.9</u>	<u>3.0</u>	<u>3.5</u>	<u>3.5</u>	<u>0.0%</u>
Cash Funds	0	0	20,000	20,000	0.0%
Federal Funds	294,447	238,383	230,000	230,000	0.0%

(C) Auxiliary Programs

Auxiliary Programs	<u>955,549</u>	<u>909,544</u>	<u>1,553,672</u>	<u>1,757,535</u>	*
<i>FTE</i>	9.1	8.7	14.5	14.5	
Cash Funds	955,549	909,544	1,553,672	1,757,535	

*This line item includes a decision item.

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APPENDIX A: NUMBERS PAGES

	FY 2009-10 Actual	FY 2010-11 Actual	FY 2011-12 Appropriation	FY 2012-13 Request	Request vs. Appropriation
Total Funds - (C) Auxiliary Programs	955,549	909,544	1,553,672	1,757,535	13.1%
<i>FTE</i>	<u>9.1</u>	<u>8.7</u>	<u>14.5</u>	<u>14.5</u>	<u>0.0%</u>
Cash Funds	955,549	909,544	1,553,672	1,757,535	13.1%

(D) Gaming Revenue

Gaming Cities Distribution	<u>4,775,741</u>	<u>4,973,472</u>	<u>5,417,211</u>	<u>4,260,000</u>	
Cash Funds	4,775,741	4,973,472	5,417,211	4,260,000	
Statewide Preservation Grant Program	<u>15,120,151</u>	<u>15,691,593</u>	<u>14,737,942</u>	<u>14,758,933</u>	
<i>FTE</i>	17.1	17.3	18.0	18.0	
Cash Funds	15,120,151	15,691,593	14,737,942	14,758,933	
Society Museum and Preservation Operations	<u>6,565,248</u>	<u>6,166,906</u>	<u>7,398,378</u>	<u>8,389,329</u>	*
<i>FTE</i>	88.5	87.2	91.9	95.4	
Cash Funds	5,574,736	5,293,216	6,714,202	7,692,233	
Federal Funds	990,512	873,690	684,176	697,096	

Total Funds - (D) Gaming Revenue	26,461,140	26,831,971	27,553,531	27,408,262	(0.5%)
<i>FTE</i>	<u>105.6</u>	<u>104.5</u>	<u>109.9</u>	<u>113.4</u>	<u>3.2%</u>
Cash Funds	25,470,628	25,958,281	26,869,355	26,711,166	(0.6%)
Federal Funds	990,512	873,690	684,176	697,096	1.9%

*This line item includes a decision item.

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Department of Higher Education**

APPENDIX A: NUMBERS PAGES

	FY 2009-10 Actual	FY 2010-11 Actual	FY 2011-12 Appropriation	FY 2012-13 Request	Request vs. Appropriation
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Total Funds - (9) History Colorado	27,936,136	28,159,898	29,559,703	29,618,297	0.2%
<i>FTE</i>	<u>117.6</u>	<u>116.2</u>	<u>127.9</u>	<u>131.4</u>	<u>2.7%</u>
General Fund	225,000	180,000	202,500	202,500	0.0%
Cash Funds	26,426,177	26,867,825	28,443,027	28,488,701	0.2%
Federal Funds	1,284,959	1,112,073	914,176	927,096	1.4%

Total Funds - Department of Higher Education	2,609,587,972	3,030,634,107	2,881,772,980	2,804,960,471	(2.7%)
<i>FTE</i>	<u>21,128.2</u>	<u>21,790.8</u>	<u>21,490.8</u>	<u>21,494.3</u>	<u>0.0%</u>
General Fund	427,754,090	542,601,694	397,229,367	336,958,272	(15.2%)
General Fund Exempt	800,000	101,266,667	226,733,333	226,733,333	0.0%
Cash Funds	1,417,094,271	1,679,525,897	1,699,158,727	1,699,370,889	0.0%
Reappropriated Funds	362,394,418	656,661,115	539,636,738	522,781,010	(3.1%)
Federal Funds	401,545,193	50,578,734	19,014,815	19,116,967	0.5%

*This line item includes a decision item.

**FY 2012-13 Joint Budget Committee Staff Budget Briefing
Department of Higher Education**

APPENDIX B: SUMMARY OF MAJOR LEGISLATION

- ❑ **S.B. 11-052 (Heath/Massey):** Extends the deadline for developing a systemwide master plan for higher education until September 1, 2012, adds new goals to be addressed in the master plan, and provides direction regarding the process for developing the master plan. Requires the Colorado Commission on Higher Education to develop a performance-based funding plan by December 1, 2013. Appropriates \$251,769 General Fund and 2.0 FTE to the department.
- ❑ **S.B. 11-076 (Steadman/Becker):** For FY 2011-12 only, reduces the employer contribution rate for the State and Judicial divisions of the Public Employees' Retirement Association (PERA) by 2.5 percent and increases the member contribution rate for these divisions by the same amount. In effect, continues the FY 2010-11 PERA contribution adjustments authorized through S.B. 10-146 for one additional year. Reduces the Department's total appropriation by \$199,811 total funds, of which \$41,484 is General Fund, \$132,867 is cash funds, and \$25,460 is federal funds.
- ❑ **S.B. 11-157 (Steadman/Ferrandino):** Adjusts appropriations to the Departments of Education and Higher Education for FY 2010-11 to reflect the availability of federal Education Jobs Funds and save \$156.3 million General Fund. With respect to the Department of Higher Education, the bill shifts \$60.0 million federal American Recovery and Reinvestment Act of 2009 (ARRA) moneys from higher education to K-12 education, and shifts \$60.0 million General Fund from K-12 education to higher education. These federal moneys must be allocated proportionally between K-12 and higher education based on the relative shortfall in state funding compared to FY 2008-09 appropriations. For more information, see the bill description in the Department of Education section of this report.
- ❑ **S.B. 11-159 (Steadman/Ferrandino):** Repeals and reenacts statute related to the distribution of 50.0 percent of the balance remaining in the Limited Gaming Fund that is allocated to the General Fund or other funds (known as the "State share") at the end of FY 2010-11 and each fiscal year thereafter. For more information, see the bill description in the Governor's Office section of this report.
- ❑ **H.B. 11-1155 (McNulty/Shaffer):** Allows the Lieutenant Governor to concurrently serve as the head of a department and be compensated for the performance of additional duties and functions. Reduces appropriations for the Department of Higher Education by \$37,367 General Fund and 0.5 FTE in FY 2010-11 and \$76,446 General Fund and 1.0 FTE in FY 2011-12 to reflect appointment of the Lieutenant Governor as the executive director for the Department of Higher Education.

- **H.B. 11-1281 (Joshi/Boyd):** Consolidates the Department of Higher Education's Nursing Teacher Loan Forgiveness Program into the Health Service Corps, a loan forgiveness program for health professionals that is operated by the Department of Public Health and Environment's Primary Care Office. Allows the Department of Higher Education to administer remaining obligations of the Nursing Teacher Loan Forgiveness Program until they are paid and retains a \$227,000 balance in the Nursing Teacher Loan Forgiveness Fund (Fund) for this purpose. At the end of FY 2010-11 transfers any Fund balance in excess of \$227,000 to the General Fund, a transfer that is projected to equal \$470,592. Eliminates a \$161,600 General Fund appropriation to the Department of Higher Education for the Nursing Teacher Loan Forgiveness Program that is contained in the FY 2011-12 Long Bill. For more information, see the bill description in the Department of Public Health and Environment section of this report.

**FY 2012-13 Joint Budget Committee Staff Budget Briefing
Department of Higher Education**

**APPENDIX C: UPDATE OF FY 2011-12
LONG BILL FOOTNOTES AND REQUESTS FOR INFORMATION**

Long Bill Footnotes

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

Comment: Expresses legislative intent with regard to rolling forward work study funds. The footnote provides flexibility for the Department to roll forward work study funds, since employment by some students in the summer of the academic year may occur in the next state fiscal year.

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

Comment: Expresses legislative intent with regard to National Guard Tuition Assistance. This footnote expresses legislative intent that the Department not automatically transfer the full appropriation to the Department of Military Affairs, but rather that the Department transfer only the funds necessary to comply with Section 23-5-111.4, C.R.S. The footnote also provides flexibility for the Department to transfer unused funds to other need based financial aid programs. In FY 2010-11 the Department transferred only the minimum funds necessary, but this was all of the appropriation.

- 17 Department of Higher Education, Governing Boards, Trustees of Adams State College; Trustees of Mesa State College; Trustees of Metropolitan State College of Denver; Trustees of Western State College; Board of Governors of the Colorado State University System; Trustees of Fort Lewis College; Regents of the University of Colorado; Trustees of the Colorado School of Mines; University of Northern Colorado; State Board for Community Colleges and Occupational Education State System Community Colleges; and Auraria Higher Education Center** -- Notwithstanding the limitations set forth in subsection (3) of section 1 of this act, the FTE reflected in these line

items are shown for informational purposes and are not intended to be a limitation on the budgetary flexibility allowed by Section 23-1-104 (1) (a) (I), C.R.S.

Comment: Expresses legislative intent with regard to FTE.

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

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

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

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

Requests for Information

- 1 Department of Higher Education, Colorado Commission on Higher Education, Administration** -- The Department should continue its efforts to provide data on the efficiency and effectiveness of state financial aid in expanding access to higher education for Colorado residents. The Department is requested to provide to the Joint Budget Committee by January 1 of each year an evaluation of financial aid programs, which should include, but not be limited to: 1) an estimate of the amount of federal, institutional, and private resources (including tax credits) devoted to financial aid; 2) the number of recipients from all sources; 3) information on typical awards; and 4) the typical debt loads of graduates. To the extent possible, the Department should differentiate the data based on available information about the demographic characteristics of the recipients. To the extent that this information is not currently available, the Department is requested to provide a reasonable estimate, or identify the additional costs that would be associated with collecting the data.

Comment: The report is due January 1.

**APPENDIX D: STATE AUDITOR'S OFFICE RECOMMENDATIONS
NOT ENTIRELY IMPLEMENTED**



State of Colorado

LOIS TOCHTROP, CHAIR
Senator
CINDY ACREE, VICE CHAIR
Representative
DEB GARDNER
Representative
LUCIA GUZMAN
Senator

LEGISLATIVE AUDIT COMMITTEE
Legislative Services Building - Second Floor
200 East 14th Avenue
Denver, Colorado 80203

JAMES KERR
Representative
STEVE KING
Senator
JOE MIKLOSI
Representative
SCOTT RENFROE
Senator

October 31, 2011

Representative Cheri Gerou, Chair
Joint Budget Committee

Dear Representative Gerou:

The Legislative Audit Committee has been concerned about departments not implementing audit recommendations that they have agreed to implement. The State Auditor and her staff have developed a database to track recommendations and produce reports identifying those not implemented. We are providing this report for your consideration as you evaluate the budget requests for the Department of Higher Education.

Attached you will find information regarding the following recommendations:

Department of Higher Education		
<u>Number of Recommendations</u>	<u>Audit of Origination</u>	<u>Audit Date</u>
1 – Colorado State University – Pueblo	State of Colorado Statewide Single Audit	Fiscal Year Ended June 30, 2009
1 – Colorado Student Loan Program dba College Assist	State of Colorado Statewide Single Audit	Fiscal Year Ended June 30, 2009

Thank you for integrating this into your budget process.

Sincerely,

Senator Lois Tochtrop, Chair
Legislative Audit Committee

Office of the State Auditor Recommendations

Financial Recommendations Not Entirely Implemented As of Fiscal Year Ending June 30, 2010

Agency	Recommendation	Statewide Single Audit, Fiscal Year Ending June 30, 2010 Current Recommendation or Disposition of Prior Recommendation				Statewide Single Audit, Fiscal Year Ending June 30, 2009 Report # 1994				Statewide Single Audit, Fiscal Year Ending June 30, 2008 Report # 1970				Statewide Single Audit, Fiscal Year Ending June 30, 2007 Report # 1901			
		Rec Number	Finding Classification	Implementation Status	Implementation Date or Disposition	Rec Number	Finding Classification	Implementation Status	Implementation Date or Disposition	Rec Number	Finding Classification	Implementation Status	Implementation Date or Disposition	Rec Number	Finding Classification	Implementation Status	Implementation Date or Disposition
Department of Higher Education - Colorado State University - Pueblo	Develop policies and procedures to help ensure that institutionally scheduled breaks are excluded from its calculation of amount earned for the return of Title IV funds for students who have withdrawn and have been recipients of Title IV grant or loan assistance.	70	Deficiency in Internal Control	Partially Implemented	August 2010	87	Deficiency in Internal Control	N/A	Agree - original implementation date is September 2009								
Department of Higher Education - Colorado Student Loan Program dba College Assist	Establish procedures to periodically test the accuracy and completeness of the default aversion rebate reports from Nelnet Guarantor Solutions (NGS) to ensure the proper functioning of the new system.	77	Significant Deficiency	Partially Implemented	January 2011	98	Significant Deficiency	N/A	Agree - original implementation date is January 2010								