

**COLORADO GENERAL ASSEMBLY
JOINT BUDGET COMMITTEE**



**FY 2011-12 STAFF BUDGET BRIEFING
DEPARTMENT OF HIGHER EDUCATION**

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

**Prepared By:
Eric Kurtz, JBC Staff
November 17, 2010**

For Further Information Contact:

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

**FY 2011-12 BUDGET BRIEFING
STAFF PRESENTATION TO THE JOINT BUDGET COMMITTEE**

DEPARTMENT OF HIGHER EDUCATION

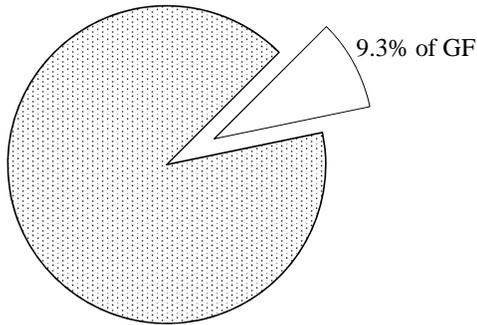
Table of Contents

| | |
|---|----|
| Graphic Overview | 1 |
| Department Overview | 4 |
| Decision Items | 13 |
| Overview of Numbers Pages | 15 |
| Issues: | |
| Significant Actions taken from FY 2007-08 to FY 2010-11 to Balance the Budget | 17 |
| Consequences of reducing funding for higher education | 22 |
| Proportion of funding from students versus the state | 30 |
| Department's Strategic Plan | 34 |
| Appendices: | |
| A - Numbers Pages | 39 |
| B - Summary of Major Legislation from 2010 Legislative Session | 56 |
| C - Update on Long Bill Footnotes and Requests for Information | 59 |

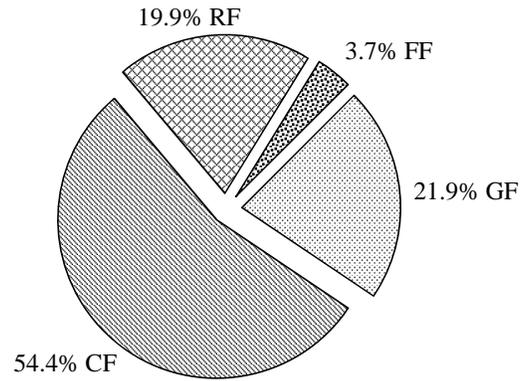
**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Higher Education**

GRAPHIC OVERVIEW

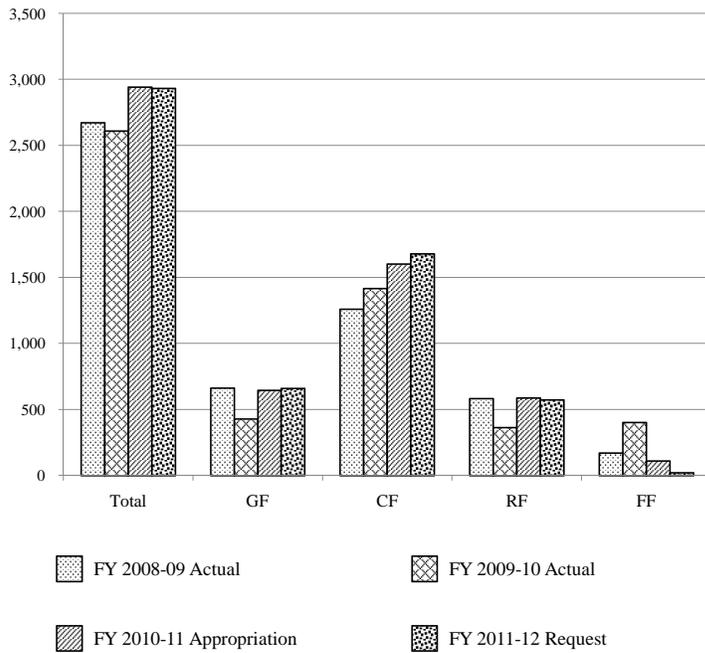
Department's Share of Statewide General Fund



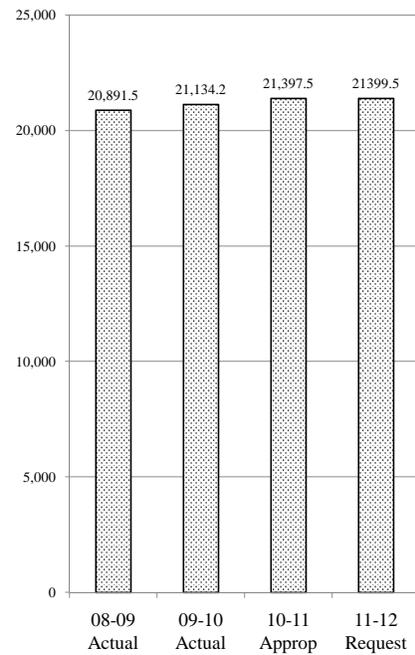
Department Funding Sources



**Budget History
(Millions of Dollars)**

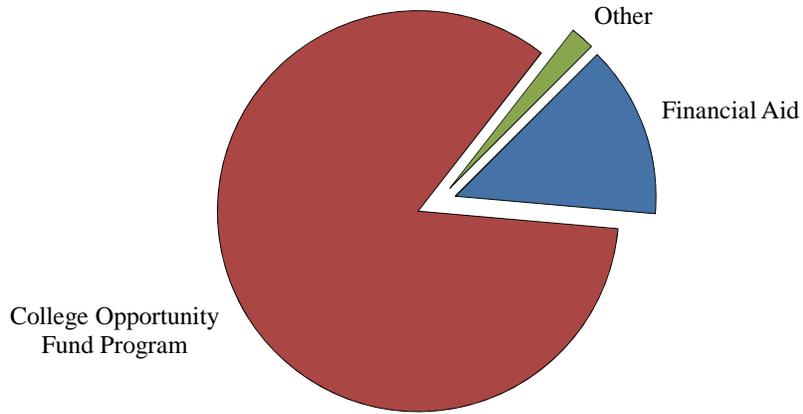


FTE History

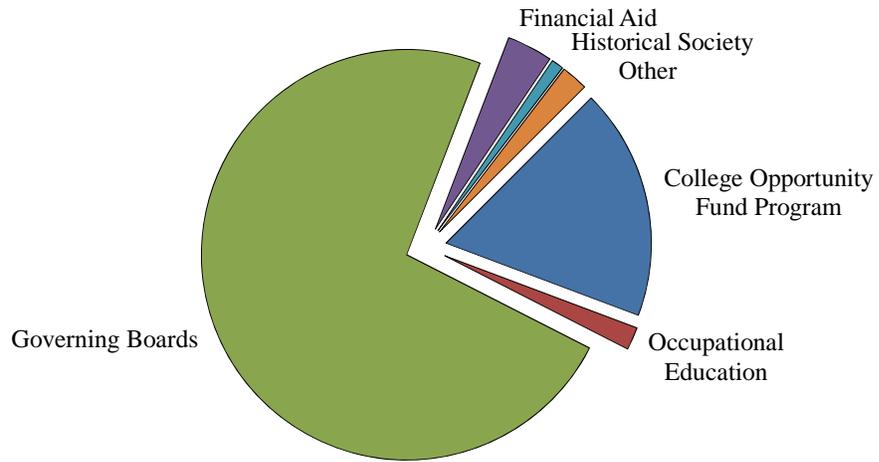


Unless otherwise noted, all charts are based on the FY 2010-11 appropriation.

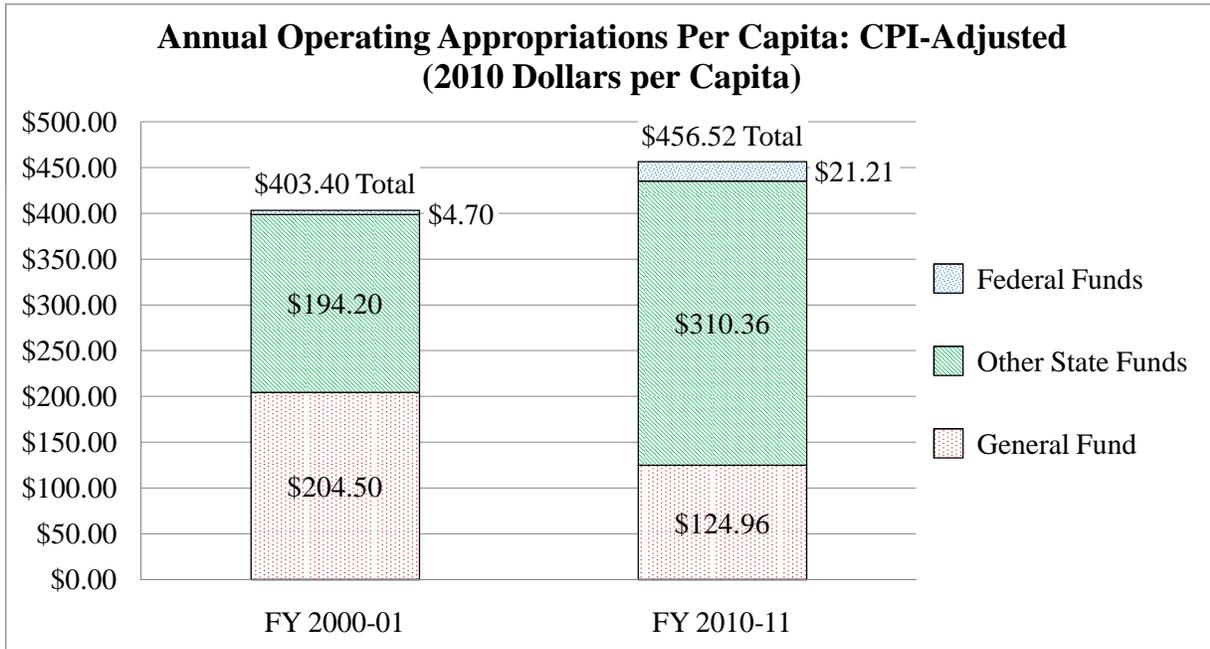
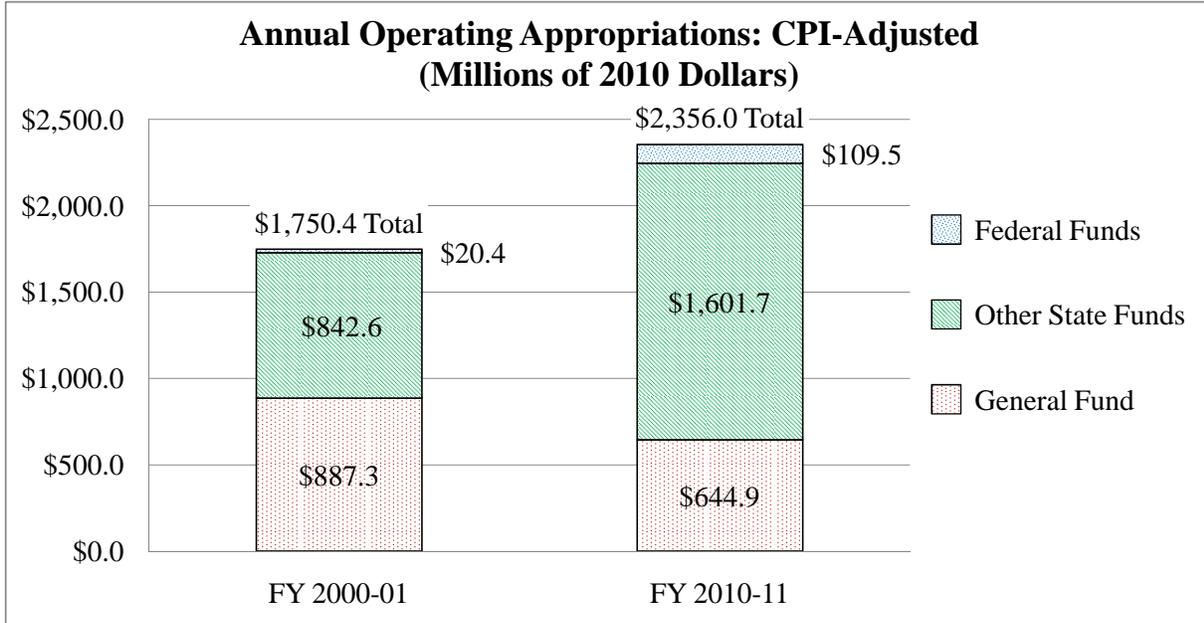
Distribution of General Fund by Division



Distribution of Total Funds by Division



**FY 2011-12 Joint Budget Committee Staff Budget Briefing
 Department of Higher Education
 COMPARISON OF FY 2000-01 AND FY 2010-11 APPROPRIATIONS**



NOTES: (1) All appropriations above *exclude* duplicate appropriations (i.e., these appropriations exclude reappropriated funds for FY 2010-11 and, for FY 2000-01, exclude amounts that would have been classified as reappropriated funds). For this department, these excluded amounts primarily reflect transfers within the Department from the College Opportunity Fund to the Governing Boards for Stipends and Fee-for-service Contracts, and a transfer from the Department of Education for career and technical education.

(2) For the purpose of providing comparable figures, FY 2000-01 appropriations are adjusted to reflect changes in the Denver-Boulder-Greeley consumer price index (CPI) from 2000 to 2010. Based on the Legislative Council Staff September 2010 Economic and Revenue Forecast, the CPI is projected to increase 21.9 percent over this period.

(3) In the per capita chart, above, appropriations are divided by the Colorado population (for 2000 and 2010, respectively). Based on the Legislative Council Staff September 2010 Economic and Revenue Forecast, Colorado population is projected to increase by 18.9 percent over this period.

**FY 2011-12 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 the State Historical Society.

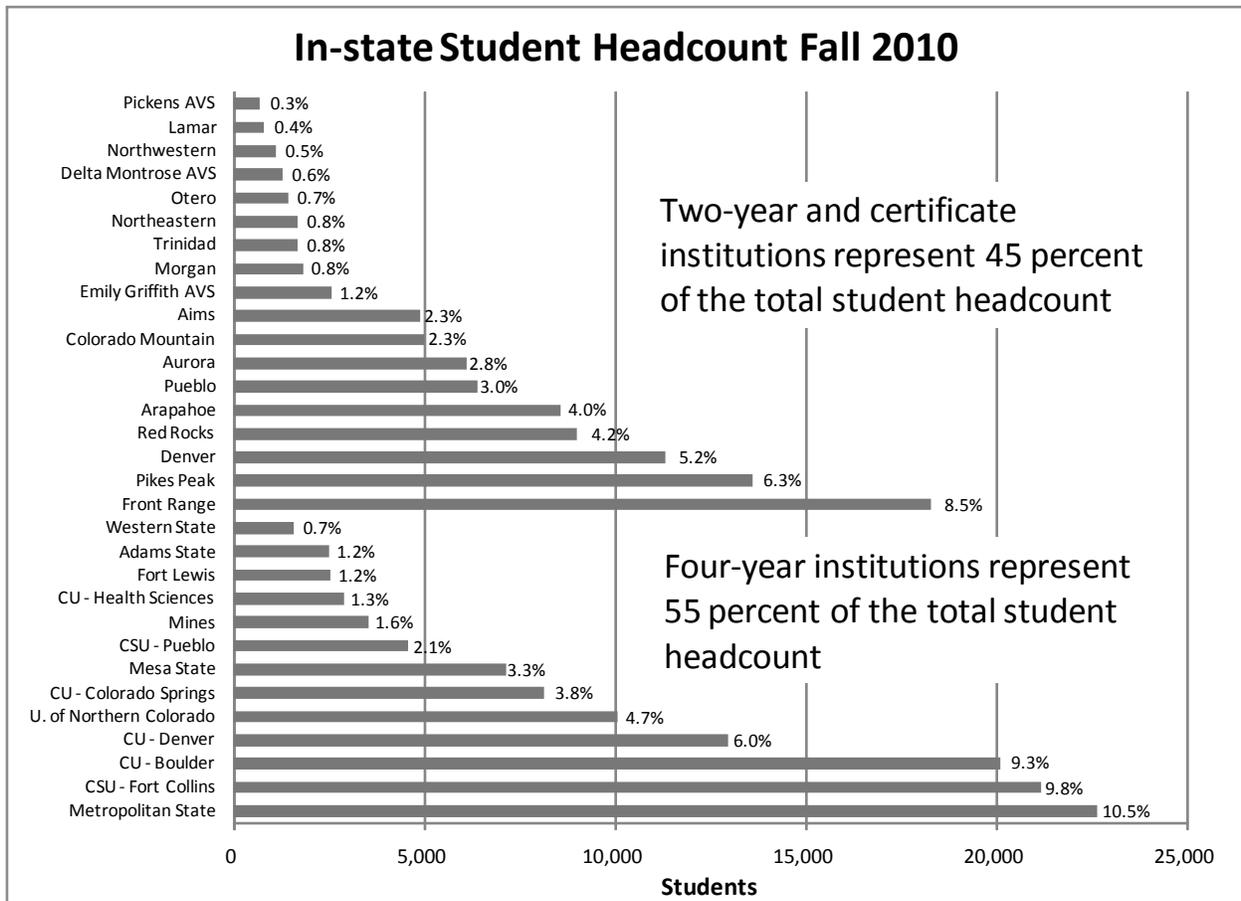
Factors Driving the Budget

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 (Commission) coordinates the higher education delivery system, including requests for state funding. The Commission 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.

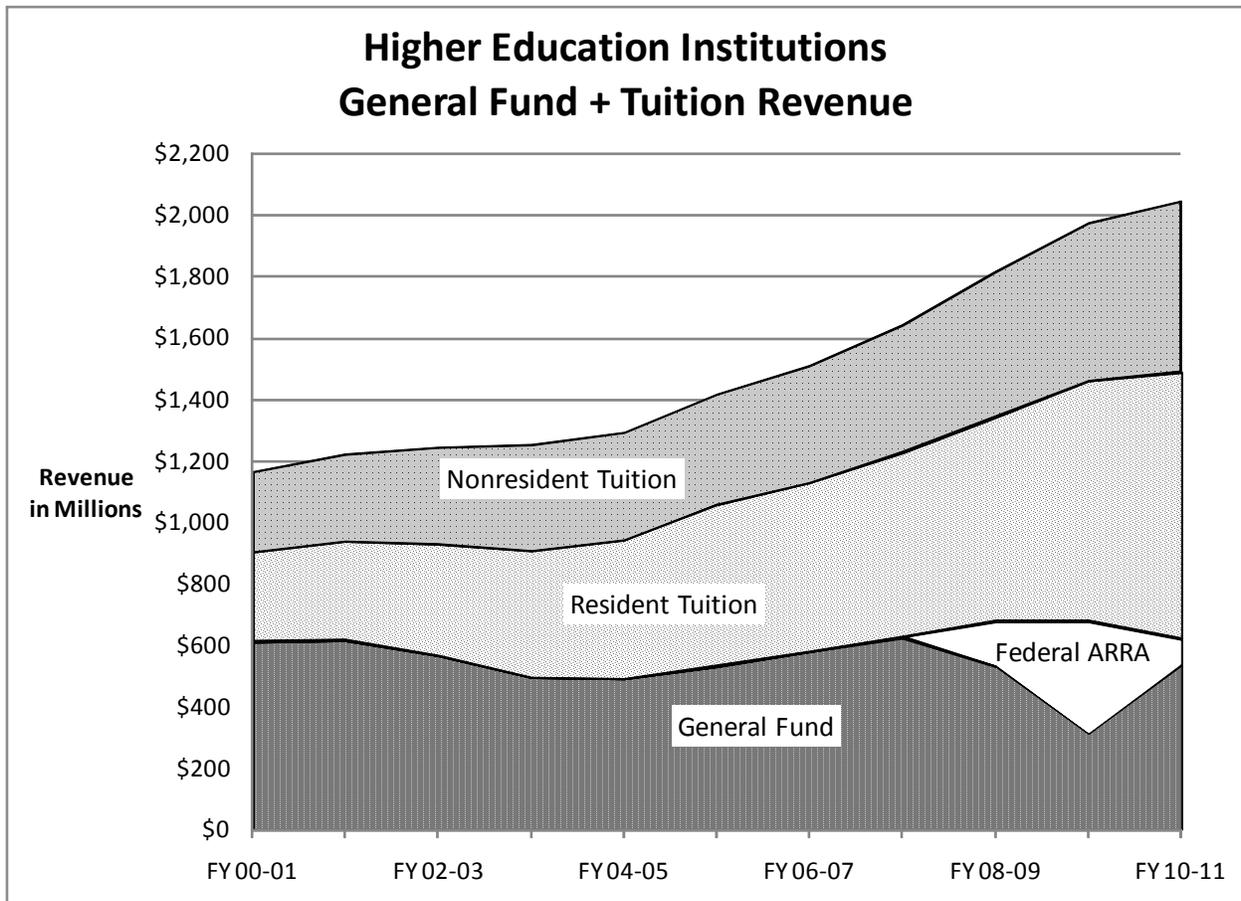
Impact of the statewide budget outlook

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 and FY 2009-10. 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

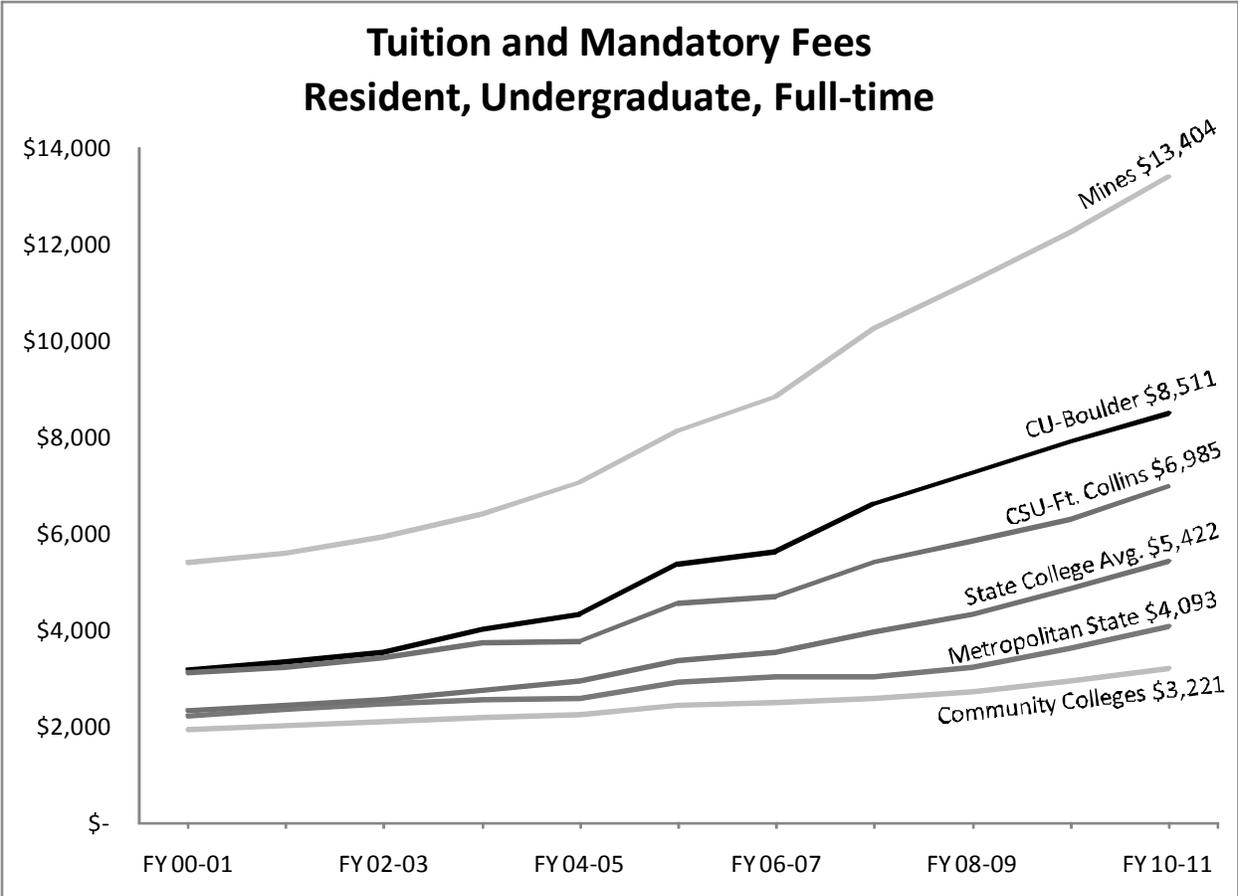
The following chart illustrates how federal ARRA funds and tuition augment General Fund revenues for the higher education institutions, and may provide a portion of the explanation for why higher education has historically been such a big part of budget balancing efforts in Colorado and other states 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, and thus 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.

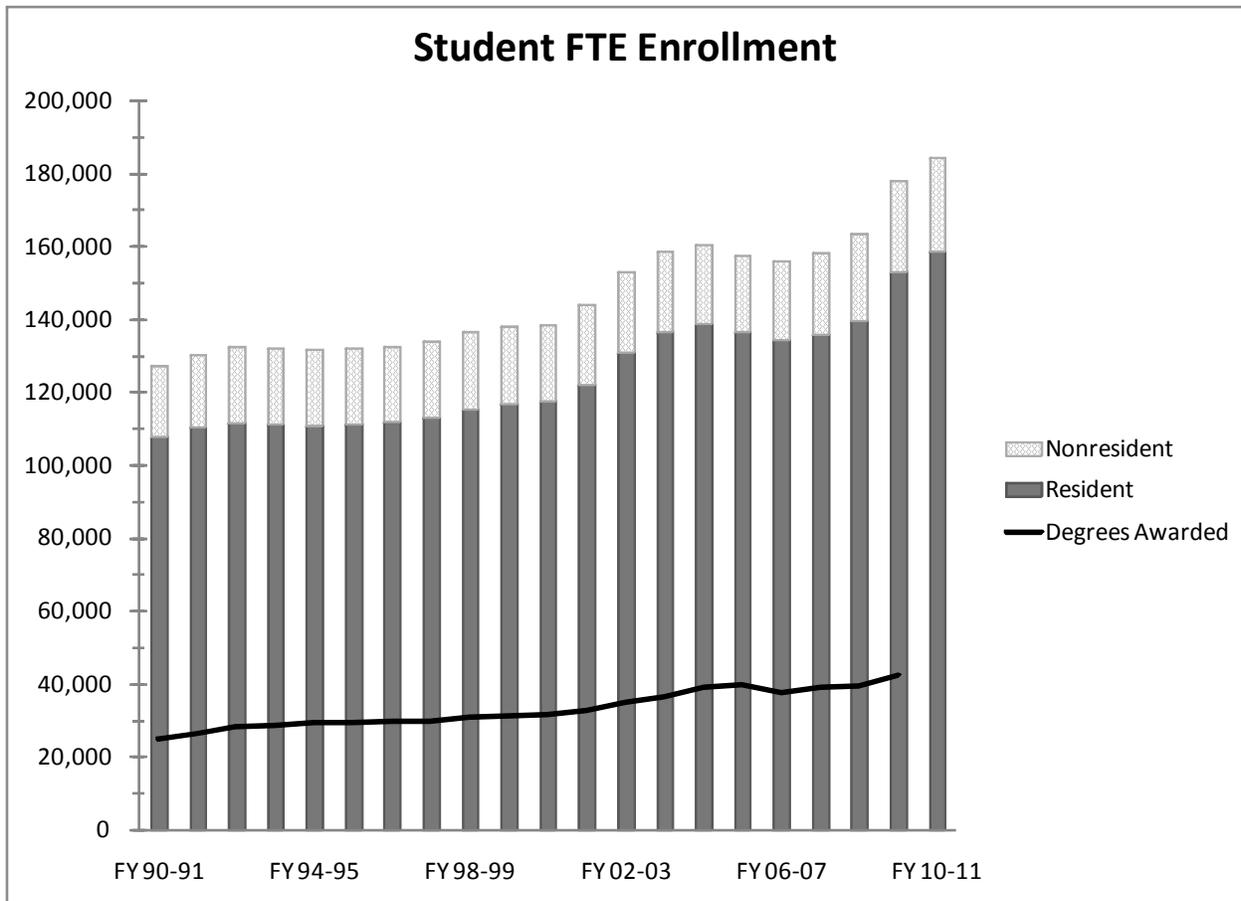
Senate Bill 10-003 temporarily delegated tuition authority to higher education governing boards from FY 2011-12 through FY 2015-16 (five years). During this time frame, governing boards may increase resident undergraduate tuition rates up to 9.0 percent per year, and they may submit a plan to ensure access and affordable tuition for low- and middle-income students to the Commission for permission to implement larger rate 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 10 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 2010-11 total 21,034. 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 Commission 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 2010-11, \$88.6 million (13.7 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 Commission and then allocated to the institutions, including approximately \$8 million per year 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 2009-10 the average adjusted gross income of the families of dependent students receiving the full Pell award was \$18,352, compared to \$14,118 in FY 2008-09, and the average of students receiving any Pell award was \$37,881, compared to \$25,720 in FY 2008-09.

The federal government also provides low-interest guaranteed loans and tax credits and deductions for tuition. Sixty-five percent of students completing a bachelor's degree in FY 2009-10 from public

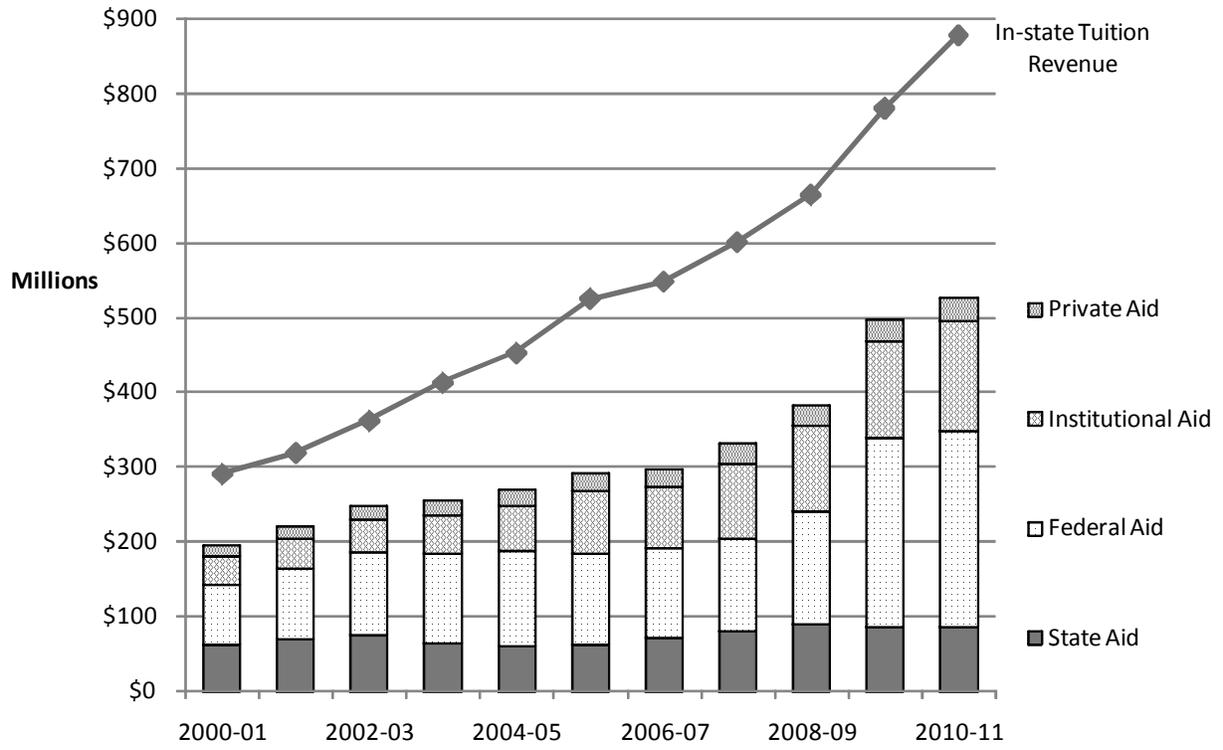
institutions graduated with the support of federal student loans, and the average amount of federal loans for people graduating with debt was \$22,084.

Another source of funding for financial aid is money set aside by the institutions. Some of the money comes from fund raising, 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 fund raising.

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 2009-10 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 that fiscal year.

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



**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Higher Education**

DECISION ITEM PRIORITY LIST

Pursuant to statute, the Colorado Commission on Higher Education (CCHE) may submit requests for funding higher education institutions directly to the General Assembly. For FY 2011-12 there are no differences between the funding requests from CCHE and the Governor.

| Decision Item | GF | CF | RF | FF | Total | FTE |
|--|-----------|--------------------------|-----------------------|--------------------------|-------------------------|-----------------------|
| 1 | 0 | 0 | (13,398,376) | 0 | (13,398,376) | 0.0 |
| Allocations for the College Opportunity Fund and State Fiscal Stabilization Funds | | | | | | |
| Governing Boards. The <i>Governor and CCHE</i> request a reallocation of fee-for-service contract dollars among the governing boards that when combined with the expiration of one-time federal funds through the American Recovery and Reinvestment Act of 2009 (ARRA) results in a net loss of \$89.4 million for the public higher education institutions, or 13.9 percent of their FY 2010-11 General Fund and ARRA. The distribution formula for the net reduction has three components: \$48.3 million reduced in proportion to FY 2010-11 combined General Fund and ARRA for each institution; \$48.3 million reduced in proportion to FY 2010-11 total funds, including General Fund and ARRA and tuition, for each institution; and \$10 million added back in proportion to increases in enrollment since FY 2005-06. | | | | | | |
| | | <u>FY 2010-11</u> | <u>Federal</u> | <u>DI #1 GF</u> | <u>Net</u> | |
| | | <u>GF+ARRA</u> | <u>ARRA</u> | <u>Allocation</u> | <u>Reduction</u> | <u>Percent</u> |
| Adams State College | | \$13,447,945 | (\$1,298,623) | (361,274) | (1,659,897) | -12.3% |
| Mesa State College | | 22,087,052 | (2,198,660) | (278,771) | (2,477,431) | -11.2% |
| Metro State College | | 44,067,731 | (4,289,163) | (618,326) | (4,907,489) | -11.1% |
| Western State College | | 11,208,881 | (1,316,734) | (54,279) | (1,371,013) | -12.2% |
| CSU System | | 132,060,260 | (18,440,232) | (222,697) | (18,662,929) | -14.1% |
| Fort Lewis College | | 11,503,271 | (2,745,449) | 1,142,444 | (1,603,005) | -13.9% |
| CU System | | 192,465,520 | (33,361,538) | (594,651) | (33,956,189) | -17.6% |
| Colorado School of Mines | | 21,456,245 | (2,662,620) | (1,106,782) | (3,769,402) | -17.6% |
| U. of Northern Colorado | | 40,624,090 | (5,447,212) | (300,760) | (5,747,972) | -14.1% |
| Community College System | | 131,965,957 | (13,831,805) | 1,356,981 | (12,474,824) | -9.5% |
| Subtotal - Governing Boards | | \$620,886,952 | (\$85,592,036) | (1,038,115) | (86,630,151) | -14.0% |
| Local District Junior Colleges | | 14,631,390 | (2,029,456) | 68,850 | (1,960,606) | -13.4% |
| Area Vocational Schools | | 8,964,761 | (1,572,607) | 720,955 | (851,652) | -9.5% |
| TOTAL - Public | | \$644,483,103 | (\$89,194,099) | (248,310) | (89,442,409) | -13.9% |
| In addition to the changes for the public institutions, the request allocates \$248,310 General Fund for stipends for students attending private schools, based on the projected stipend-eligible population. This makes the net General Fund impact of the request \$0. Finally, the request reflects the implementation of S.B. 10-003 (Higher Education Flexibility, Morse and Penry/Middleton and May), which replaces the fee-for-service contract with the Colorado School of Mines with a direct General Fund appropriation. Appropriating funds directly to the Colorado School of Mines, along with reallocating money from public institutions to stipends for students at private institutions, reduces the reappropriated funds in the Department of Higher Education. | | | | | | |
| <i>Statutory authority: Sections 23-18-201 and 202 (2) (c); and 23-5-129 (5) (a), C.R.S.</i> | | | | | | |

| Decision Item | GF | CF | RF | FF | Total | FTE |
|--|----------|-------------------|---------------------|-----------------|-------------------|------------|
| 2 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| Fort Lewis Native American Tuition Waivers Financial Aid. The <i>Governor and CCHE</i> propose transferring \$937,624 General Fund from the Need Based Grants 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. <i>Statutory authority: Section 23-52-105 (1) (b), C.R.S.</i> | | | | | | |
| 3 | 0 | 94,250,644 | 0 | 0 | 94,250,644 | 0.0 |
| Tuition Placeholder Governing Boards. The <i>Governor and CCHE</i> included a placeholder for tuition increases "for informational purposes only" in the budget request. Senate Bill 10-003 allows governing boards to increase resident undergraduate tuition rates up to 9.0 percent, and to submit plans to ensure access and affordable tuition for low- and middle-income students to CCHE for permission to implement larger rate increases, without further legislative approval. The placeholder estimates tuition with a 9.0 percent increase in resident rates and a 5.0 percent increase in nonresident rates. <i>Statutory authority: Section 23-5-130.5, et. al. C.R.S.</i> | | | | | | |
| Hist - 1 | 0 | 716,553 | 0 | 0 | 716,553 | 2.0 |
| New History Colorado Center - Facilities Budget Request Historical Society. The Historical Society requests an increase of \$850,816 cash funds spending authority for maintenance, security, and utilities associated with the new History Colorado Center being constructed at 1200 Broadway in Denver that is projected to open in October 2011. The request includes 2.0 new state employees to act as building manager and plant mechanic. All other maintenance services included in the decision item will be contracted. Of the total, \$134,308 will come from limited gaming revenue deposited in the State Historical Fund, reducing the amount available for historic preservation grants. The remaining \$716,553 represents 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> | | | | | | |
| NP - Transfer from K-12 | 0 | 0 | 140,150 | 0 | 140,150 | 0.0 |
| Increase for K-12 Categorical Programs Occupational Education. The Department requests an increase in 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. | | | | | | |
| NP - PERA | 0 | (145,616) | (25,247) | (21,663) | (192,526) | 0.0 |
| Statewide PERA Adjustment Department Administrative Office and State Historical Society. | | | | | | |
| NP - Printing | 0 | 470 | 147 | 0 | 617 | 0.0 |
| Printing of Statewide Warrants Department Administrative Office and State Historical Society. | | | | | | |
| Total Governor | 0 | 94,822,051 | (13,283,326) | (21,663) | 81,517,062 | 2.0 |

**FY 2011-12 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 2010-11 appropriation and its FY 2011-12 request.

Total Requested Change, FY 2010-11 to FY 2011-12 (millions of dollars)

| Category | GF | CF | RF | FF | Total | FTE |
|--------------------------|---------|-----------|----------|----------|-----------|----------|
| FY 2010-11 Appropriation | \$644.9 | \$1,601.7 | \$586.2 | \$109.5 | \$2,942.3 | 21,397.5 |
| FY 2011-12 Request | 660.6 | 1,680.2 | 572.7 | 20.3 | 2,933.8 | 21,399.5 |
| Increase / (Decrease) | \$15.7 | \$78.5 | (\$13.5) | (\$89.2) | (\$8.5) | 2.0 |
| Percentage Change | 2.4% | 4.9% | -2.3% | -81.5% | -0.3% | 0.0% |

The following table highlights the individual changes contained in the Department's FY 2011-12 budget request, as compared with the FY 2010-11 appropriation. For additional detail, see the numbers pages in Appendix A.

Requested Changes, FY 2010-11 to FY 2011-12

| Category | GF | CF | RF | FF | Total | FTE |
|---|-----------------------|-----------------------|--------------------|------------|-----------------------|------------|
| Financial Aid | | | | | | |
| Need Based Aid one-time cash funds from CollegeInvest | \$15,400,000 | (\$15,400,000) | \$0 | \$0 | \$0 | 0.0 |
| Native American Tuition Waivers (DI #2) | 0 | 0 | 0 | 0 | 0 | 0.0 |
| Indirect cost recoveries changes in assumptions | <u>291,151</u> | <u>0</u> | <u>(291,151)</u> | <u>0</u> | <u>0</u> | <u>0.0</u> |
| Subtotal | \$15,691,151 | (\$15,400,000) | (\$291,151) | \$0 | \$0 | 0.0 |
| College Opportunity Fund Program | | | | | | |
| Private stipends projected increase in eligible students (DI #1) | \$248,310 | \$0 | \$0 | \$0 | \$248,310 | 0.0 |
| Move fee-for-service contract with Mines to a direct appropriation in Governing Boards division (DI #1) | (12,359,803) | 0 | 0 | 0 | (12,359,803) | 0.0 |
| Institution allocations (DI #1) | <u>(1,038,115)</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>(1,038,115)</u> | <u>0.0</u> |
| Subtotal | (\$13,149,608) | \$0 | \$0 | \$0 | (\$13,149,608) | 0.0 |

| Category | GF | CF | RF | FF | Total | FTE |
|--|---------------------|----------------------|-----------------------|-----------------------|----------------------|--------------|
| Governing Boards | | | | | | |
| Federal ARRA Stabilization Funds | \$0 | \$0 | \$0 | (\$85,592,036) | (\$85,592,036) | 0.0 |
| Move fee-for-service contract with Mines to a direct appropriation in Governing Boards division, and institution allocations (DI #1) | 12,359,803 | 0 | (13,397,918) | 0 | (1,038,115) | 0.0 |
| Tuition Placeholder (DI #3; 9 percent for residents) | 0 | <u>94,214,297</u> | 0 | 0 | <u>94,214,297</u> | <u>0.0</u> |
| Subtotal | \$12,359,803 | \$94,214,297 | (\$13,397,918) | (\$85,592,036) | \$7,584,146 | 0.0 |
| Local District Junior Colleges (DI #1 and Federal ARRA Stabilization) | \$68,850 | \$0 | \$0 | (\$2,029,456) | (\$1,960,606) | 0.0 |
| Division of Occupational Education | | | | | | |
| Area Vocational Schools (DI #1 and Federal ARRA Stabilization) | \$720,955 | \$0 | \$0 | (\$1,572,607) | (\$851,652) | 0.0 |
| Colorado Vocational Act | 0 | 0 | <u>140,150</u> | 0 | <u>140,150</u> | <u>0.0</u> |
| Subtotal | \$720,955 | \$0 | \$140,150 | (\$1,572,607) | (\$711,502) | 0.0 |
| Historical Society (Hist #1 - Museum Operations, and PERA and printing) | \$0 | \$696,379 | \$0 | \$265 | \$696,644 | (2.0) |
| Competitive Research Authority (one-time distribution of gaming funds) | \$0 | (\$1,000,000) | \$0 | \$0 | (\$1,000,000) | 0.0 |
| Other | \$0 | \$57,693 | \$35,245 | \$36,100 | \$129,038 | 0.0 |
| Total Change | \$15,691,151 | \$78,568,369 | (\$13,513,674) | (\$89,157,734) | (\$8,411,888) | (2.0) |

**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Higher Education**

BRIEFING ISSUE

ISSUE: Significant Actions Taken from FY 2007-08 to FY 2010-11 to Balance the Budget

Total appropriations to the Department of Higher Education have increased since FY 2007-08 due to tuition rate increases, an influx of federal funds from the American Recovery and Reinvestment Act of 2009 (ARRA), and one-time cash funds for financial aid from CollegeInvest. General Fund appropriations fluctuated dramatically, but public funds including the federal ARRA funds and cash funds for financial aid from CollegeInvest were more stable.

SUMMARY:

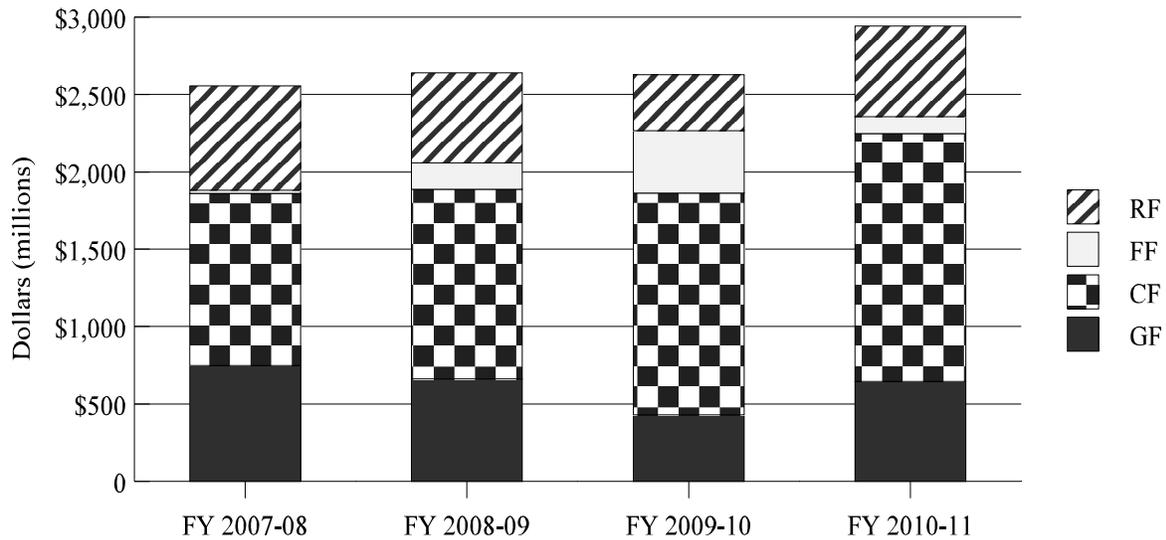
- ❑ In FY 2008-09 and FY 2009-10 the General Assembly reduced General Fund for higher education significantly and used federal ARRA funds to backfill the lost revenue. In FY 2010-11 the General Assembly increased General Fund to meet maintenance of effort requirements of the federal ARRA, but not to the original FY 2008-09 appropriation level.
- ❑ The General Assembly increased state appropriations for financial aid by \$9.1 million, or 9.5 percent. Most of the growth occurred in FY 2008-09. In FY 2010-11 the General Assembly refinanced \$15.4 General Fund for financial aid with cash funds from CollegeInvest. The Governor proposes restoring the General Fund in FY 2011-12.
- ❑ The General Assembly transferred \$80.3 million from higher education related cash funds to the General Fund, including \$44.3 million from the Colorado CollegeInvest Scholarship Trust Fund to promote a precollegiate curriculum, and \$41.3 million from federal mineral lease revenues deposited in the Higher Education Federal Mineral Lease Revenues Fund and the Higher Education Maintenance and Reserve Fund, which funds are dedicated for lease purchase payments, controlled maintenance projects, and fiscal downturns.

DISCUSSION:

From FY 2007-08 to FY 2010-11, total appropriations to the Department of Higher Education increased by approximately 15.1 percent (\$386 million). Most of this increase is attributable to increases in tuition and academic fees. General Fund was reduced, but replaced with federal ARRA funds and an appropriation from a cash fund balance for financial aid from CollegeInvest

Appropriations to the Department of Higher Education for FY 2007-08 through FY 2010-11 are illustrated in the bar chart and detailed in the table below.

Department Appropriations FY 2007-08 to FY 2010-11



| Department of Higher Education Appropriations FY 2007-08 to FY 2010-11 | | | | | |
|--|-----------------|-----------------|-----------------|---------------|----------------------|
| | Total Funds | General Fund | Cash Funds | Federal Funds | Reappropriated Funds |
| FY 2007-08 /a | \$2,555,973,789 | \$747,717,300 | \$1,112,828,420 | \$20,478,236 | \$674,949,833 |
| FY 2008-09 | 2,639,891,885 | 661,973,800 | 1,224,926,051 | 170,906,168 | 582,085,866 |
| FY 2009-10 | 2,627,663,370 | 428,761,033 | 1,433,870,516 | 402,284,178 | 362,747,643 |
| FY 2010-11 | 2,942,199,142 | 644,870,589 | 1,601,678,889 | 109,482,271 | 586,167,393 |
| Increase/(Decrease.) /b | \$386,225,353 | (\$102,846,711) | \$488,850,469 | \$89,004,035 | (\$88,782,440) |
| Percent Change /b | 15.1% | (13.8)% | 43.9% | 434.6% | (13.2)% |

a/ FY 2007-08 Appropriations have been adjusted to reflect the same "cash funds" and "reappropriated funds" format implemented in FY 2008-09. Source: Page 165 of the FY 2008-09 Appropriations Report, plus 2009 legislation affecting FY 2007-08 appropriations (S.B. 09-188, S.B. 09-259).

b/ Increase/(Decrease) and Percent Change compare FY 2007-08 and FY 2010-11.

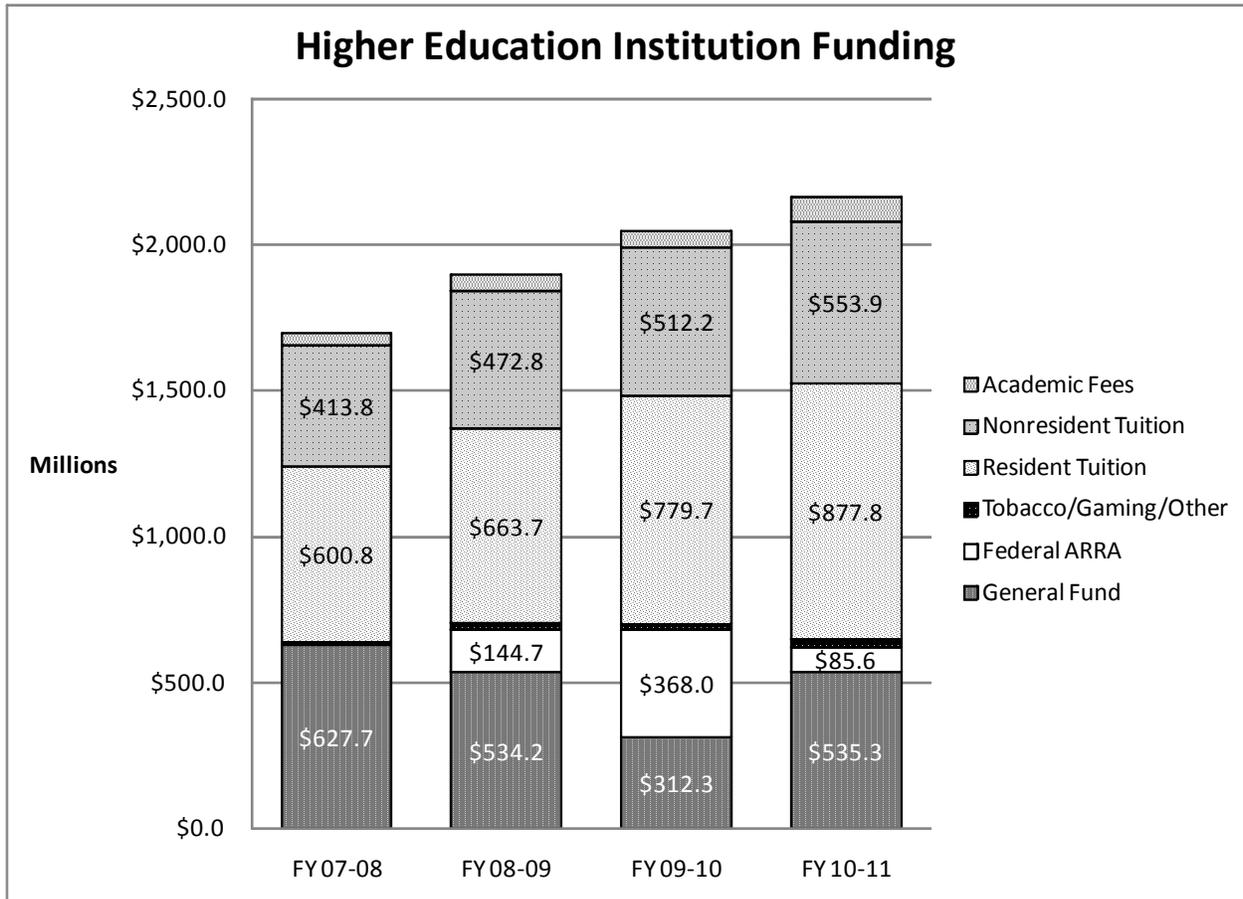
Excluding reappropriated funds, the total appropriations for the Department of Higher Education increased every year. The reappropriated funds are primarily a double count of stipends and fee-for-service contracts, which are first appropriated to the Colorado Commission on Higher Education and then reappropriated to each governing board.

Major Budget Balancing Actions from FY 2007-08 to FY 2010-11

Higher Education Institutions

The table below summarizes funding provided to the state-operated higher education institutions. The General Fund is money appropriated for stipends and for fee-for-service contracts that was

transferred to the governing boards. It charts actual tuition and fees and the most recent projection for FY 2010-11, which is slightly different than charting the appropriated tuition and fees. The chart does not include the Local District Junior Colleges or Area Vocational Schools, since tuition and fees are not appropriated for those entities, but some of the bullet points after the chart do include information about the Local District Junior Colleges and Area Vocational Schools.



1. The state received federal funds earmarked for education from the American Recovery and Reinvestment Act of 2009 (ARRA) totaling \$621.9 million. This money could be spent between state FY 2008-09 and FY 2010-11 for higher education and K-12. To date, Colorado has allocated all of the money for higher education. Of this total, \$598.3 million was allocated to the state-operated higher education institutions and \$23.6 million was distributed to Local District Junior Colleges and Area Vocational Schools.
2. As a condition of accepting the federal ARRA funds, the state had to maintain at least the FY 2005-06 level of state support for education, but in FY 2009-10 Colorado met criteria for a waiver from this maintenance of effort requirement. General Fund appropriations were

reduced significantly in FY 2009-10, but were increased again in FY 2010-11 to satisfy the federal ARRA requirements.

3. Also as a condition of accepting the ARRA funds, the state had to use the federal money to attempt to maintain the original FY 2008-09 appropriations for education, which included increases that were approved for higher education before the scope of the economic downturn was known. In FY 2010-11 there were not enough federal ARRA funds to continue to maintain the original FY 2008-09 appropriation, and so funding was reduced.
4. The formula for distributing money from the Tobacco Settlement Agreement was changed, resulting in an increase of approximately \$9.5 million per year for the Anschutz Medical Campus of the University of Colorado beginning in FY 2008-09.
5. Community colleges and other schools with a 2-year mission began receiving in FY 2010-11 a share of revenue generated from an expansion of limited gaming approved in Amendment 50, passed by voters in 2008. The estimate used for the appropriation was \$8.4 million, but the actual distribution was \$6.2 million.
6. Overall public support increased in FY 2008-09, maintained in FY 2009-10, and then declined in FY 2010-11 to almost exactly the original FY 2007-08 funding level. Public support includes General Fund, federal ARRA, tobacco, gaming, and a few smaller grants.
7. During this time resident tuition revenue grew by an estimated \$277.0 million, or 13.5 percent per year. That annual growth rate could be divided very roughly with 4.6 percent attributable to enrollment increases and approximately 8.9 percent attributable to rate increases. Nonresident tuition revenue grew \$140.1 million.
8. All appropriated funds from public support, tuition, and fees combined grew \$469.6 million, or approximately 8.5 percent per year.

Financial Aid

In FY 2008-09 financial aid appropriations were increased 11.1 percent and these increases were protected from mid-year supplemental reductions. Then, in FY 2009-10 small reductions in the total financial appropriations were made with the elimination of Merit Based Grants and Precollegiate Scholarships. In FY 2010-11 one-time cash funds from CollegeInvest were used to replace \$15.4 million General Fund for Need Based Grants, and \$500,000 General Fund for Teach Colorado Grants was eliminated. The Governor requests restoration of the General Fund for Need Based Grants in FY 2011-12. All other financial aid appropriations remained largely unchanged, with the exception of Native American Tuition Waivers required by the federal grant that provided the land for Fort Lewis College. The table below summarizes changes to appropriations for financial aid programs by year.

| | FY 2007-08 Appropriation | FY 2008-09 Change | FY 2009-10 Change | FY 2010-11 Change | FY 2010-11 Appropriation |
|-----------------------------------|-----------------------------|----------------------|----------------------|----------------------|-----------------------------|
| Need Based Grants - GF | 67,023,546 | 7,270,600 | (175,412) | (15,374,588) | 58,744,146 |
| Need Based Grants - CollegeInvest | 0 | 0 | 0 | 15,400,000 | 15,400,000 |
| Merit Based Grants | 1,500,000 | 0 | (1,500,000) | 0 | 0 |
| Work Study | 14,884,300 | 1,728,057 | 0 | 0 | 16,612,357 |
| Native American Waivers | 8,063,560 | 295,861 | 1,263,548 | 807,402 | 10,430,371 |
| Precollegiate Scholarships | 800,000 | 800,000 | (1,600,000) | 0 | 0 |
| Other | 2,902,872 | 500,000 | 175,412 | (525,412) | 3,052,872 |
| TOTAL | 95,174,278 | 10,594,518 | (1,836,452) | 307,402 | 104,239,746 |

Actions Taken to Increase Available State Revenues

1. The General Assembly transferred a total of \$44.3 million from the Colorado CollegeInvest Scholarship Trust Fund to the General Fund between FY 2009-10 and FY 2010-11 . Prior to the transfers interest earned by the Colorado CollegeInvest Scholarship Trust Fund was used for a scholarship program to promote a precollegiate curriculum. The General Assembly left enough in the Fund for the projected cost of scholarships already promised to students who will start their higher education in FY 2011-12, but not enough for any new cohorts of students.
2. The General Assembly transferred a total of \$41.3 million from federal mineral lease revenues deposited in the Higher Education Federal Mineral Lease Revenues Fund and the Higher Education Maintenance and Reserve Fund to the General Fund between FY 2008-09 and FY 2010-11. The Higher Education Federal Mineral Lease Revenues Fund (Revenues Fund) receives a formula allocation of federal mineral lease payments. It is used to make lease purchase payments on higher education capital construction projects. The Higher Education Maintenance and Reserve Fund (M&R Fund) receives 50 percent of federal mineral lease bonus payments. It can also receive a spillover if income to the Revenues Fund exceeds \$50 million. The principal of the M&R Fund is supposed to remain in the fund as a reserve. Interest earnings may be used for higher education controlled maintenance. The reserve in the M&R Fund is one of the places that the Revenues Fund can turn to if income to the Revenues Fund is insufficient to make the annual lease purchase payments for higher education capital construction. In addition, the General Assembly can appropriate the principal of the M&R Fund to pay for higher education operating expenses in the event that General Fund revenues are insufficient to maintain the statutory 4.0 percent reserve.

**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Higher Education**

BRIEFING ISSUE

ISSUE: Consequences of reducing funding for higher education

This issue brief expands on the responses from the higher education institutions to a requirement in S.B. 10-003 that they submit plans for continued operation with a 50 percent reduction in state funding.

SUMMARY:

- Staff believes the higher education institutions have options for reducing expenditures and increasing revenues to absorb a 50 percent reduction in state support without closing colleges, and in this respect the S.B. 10-003 scenario is not far-fetched.
- The reduction in the S.B. 10-003 scenario is \$310.4 million, including \$224.9 million General Fund and \$85.6 million federal funds.
- From the total funds, including tuition, this is a 9.2 percent reduction. It is a 10.9 percent reduction per student in constant 2010 dollars. If funding were reduced according to the S.B. 10-003 scenario, the FY 2011-12 funding per student in constant 2010 dollars would be higher than in FY 2001-02 through FY 2004-05.
- 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 the goal is to generate \$310.4 million in savings.
- When institutions are organized by sector, 51 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.
- Institutions could also increase tuition to address a reduction in state funding. Each one percent increase in resident and nonresident rates generates \$14.4 million statewide.

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:

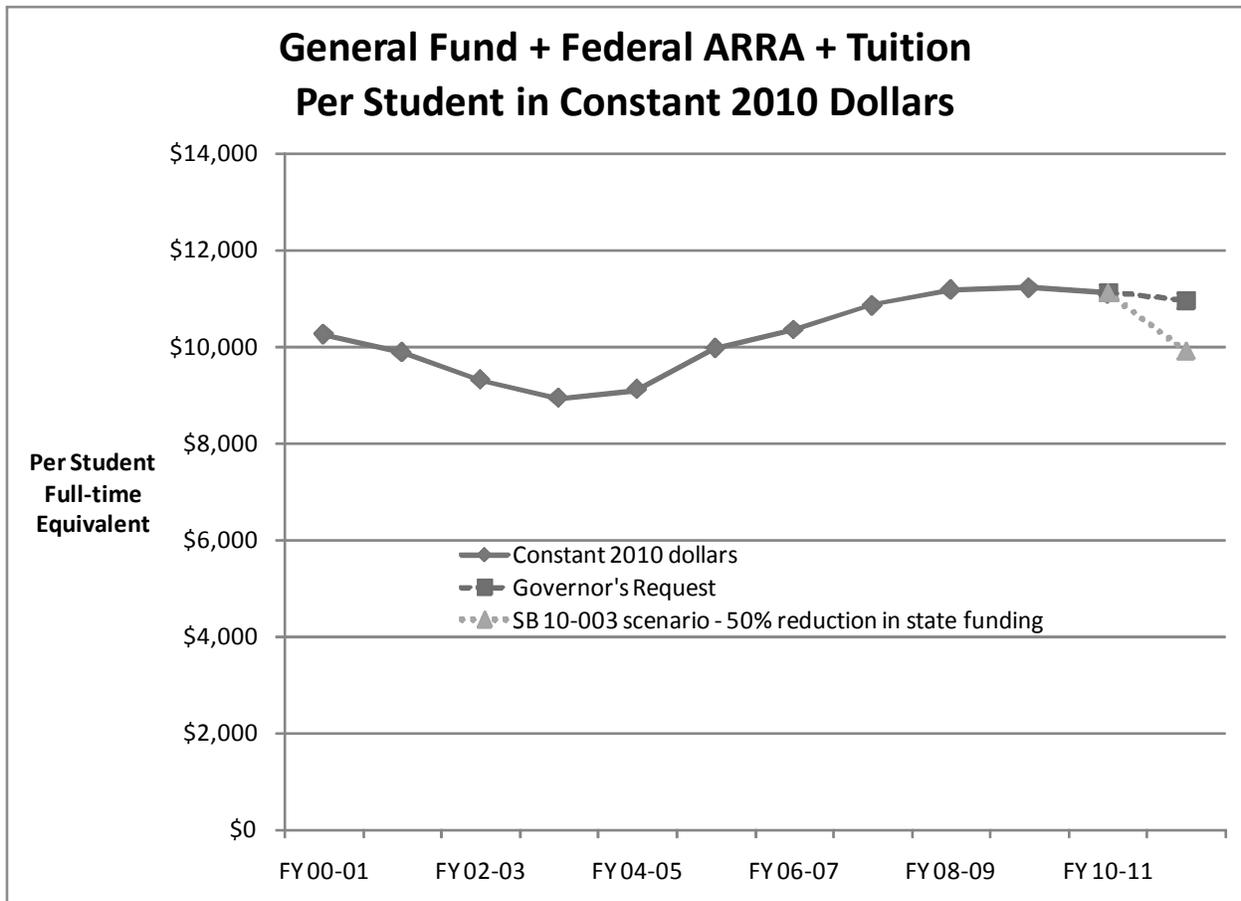
http://higher.ed.colorado.gov/Finance/Budget/2010/201011_HEStateSupport.pdf

Staff believes the higher education institutions have options for reducing expenditures and increasing revenues to absorb a 50 percent reduction in state support without closing colleges, and in this respect the S.B. 10-003 scenario is not far-fetched. However, legislators should consider the impacts on student costs and the quality of education that would be provided.

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 of that magnitude. 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 total reduction from the state-operated higher education institutions in the S.B. 10-003 scenario is \$310.4 million, including \$224.9 million General Fund and \$85.6 million federal ARRA funds. Another \$11.8, including \$10.0 million General Fund and \$1.8 million federal funds would be reduced by applying the reduction to the Local District Junior Colleges and Area Vocational Schools. These were not specifically part of the S.B. 10-003 scenario, but staff has included some information about them where comparable data is readily available.

The first chart shows what a 50 percent reduction would do to funding per student FTE in constant 2010 dollars. The line labeled "SB 10-003 scenario - 50% reduction in state funding" assumes a 9.0 percent increase in resident tuition rates and a 5.0 percent increase in nonresident tuition rates consistent with the "Governor's Request." 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 inflation assumptions would change the slope of the line. While the chart depicts a dramatic change in funding per student from FY 2010-11 to FY 2011-12 in the S.B. 10-003 scenario, the statewide funding per student in FY 2011-12 would be higher than the years from FY 2001-02 through FY 2004-05 in inflation-adjusted dollars.



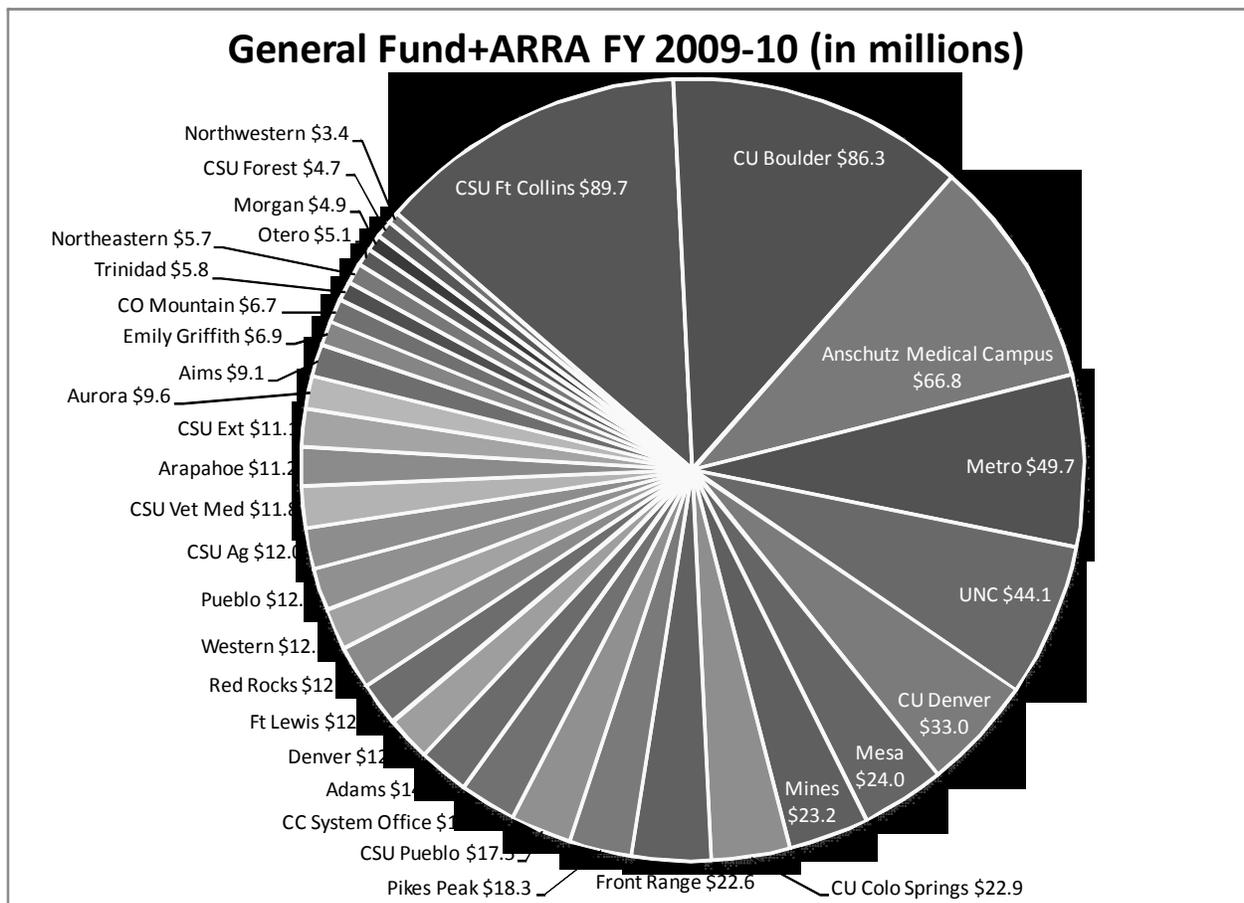
Tuition revenues mitigate the impact on the funding per student of a 50 percent reduction in state appropriations. Legislative Council Staff estimates tuition increases of 9.0 percent for residents and 5.0 percent for nonresidents would generate \$122.7 million more in FY 2011-12 than the current appropriation, partially offsetting the S.B. 10-003 scenario reduction in state funding of \$310.4 million, resulting in a net funding reduction of \$187.7 million. This is a 9.2 percent reduction in absolute dollars. On a per student, inflation-adjusted basis, it is a 10.9 percent reduction.

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.

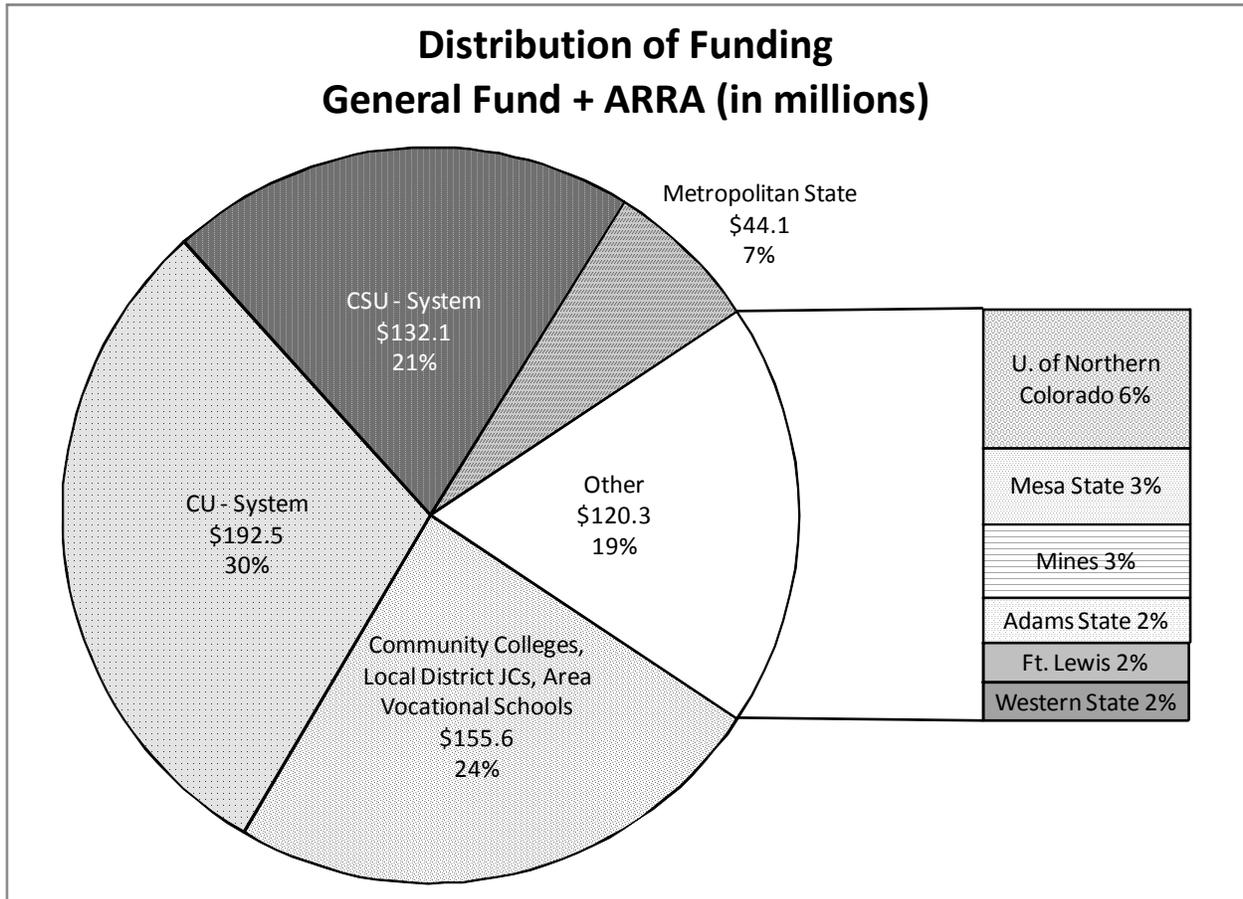
The next series of pie charts focus on where the money for higher education currently goes. The first pie chart shows that there are a couple of institutions that receive very large shares of the General

Fund and ARRA appropriations, and lots of 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 \$310.4 million of 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.



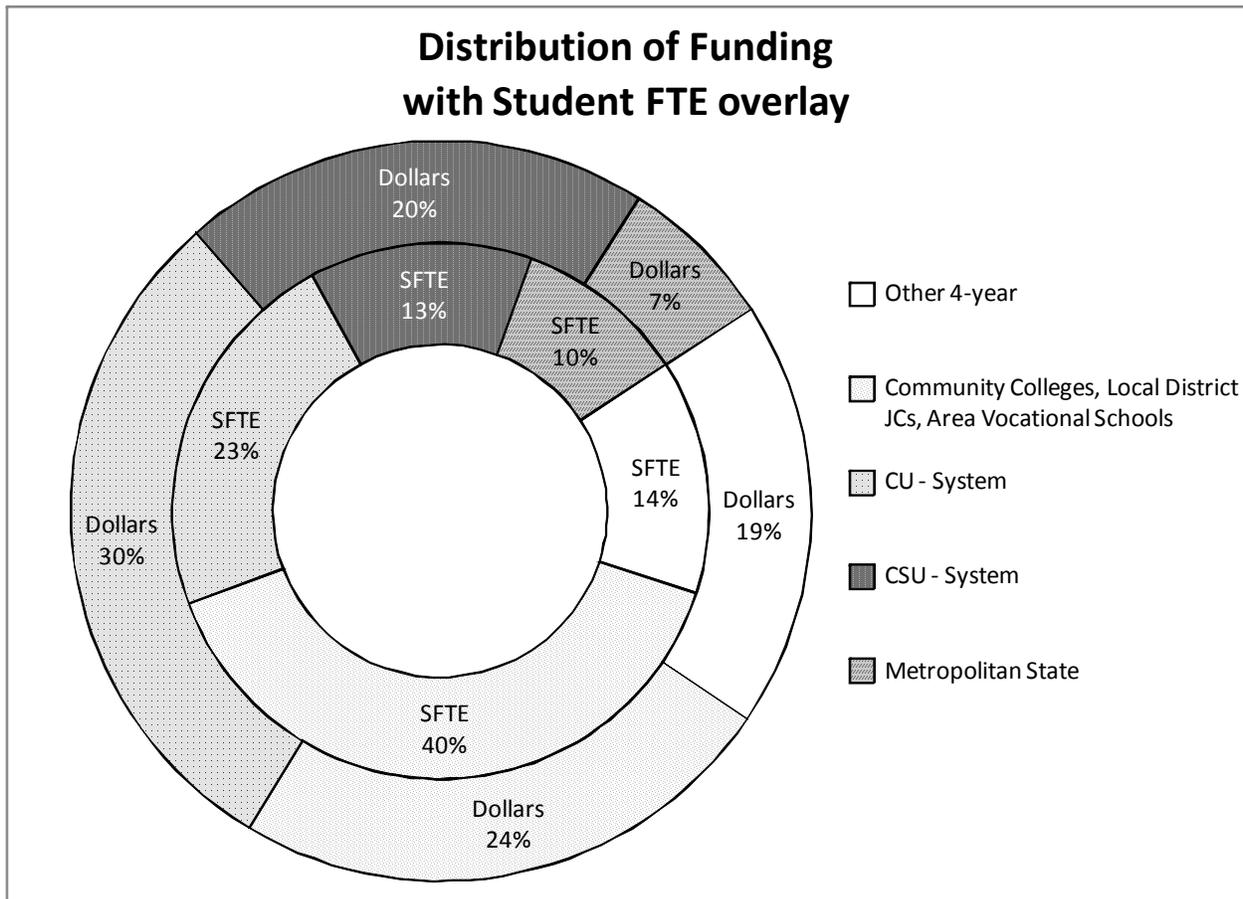
The next chart groups the institutions into larger categories that follow the functional purposes of the institutions (research, open access, etc.) and political organization of the higher education system. Over 50 percent of the General Fund plus ARRA is distributed to the University of Colorado and Colorado State University systems. Thirty-one 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.



The next chart overlays student FTE on the funding pie. This chart shows that while 50 percent of the credit hours taught are at open access institutions, only 31 percent of the General Fund and ARRA dollars 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 plant 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.

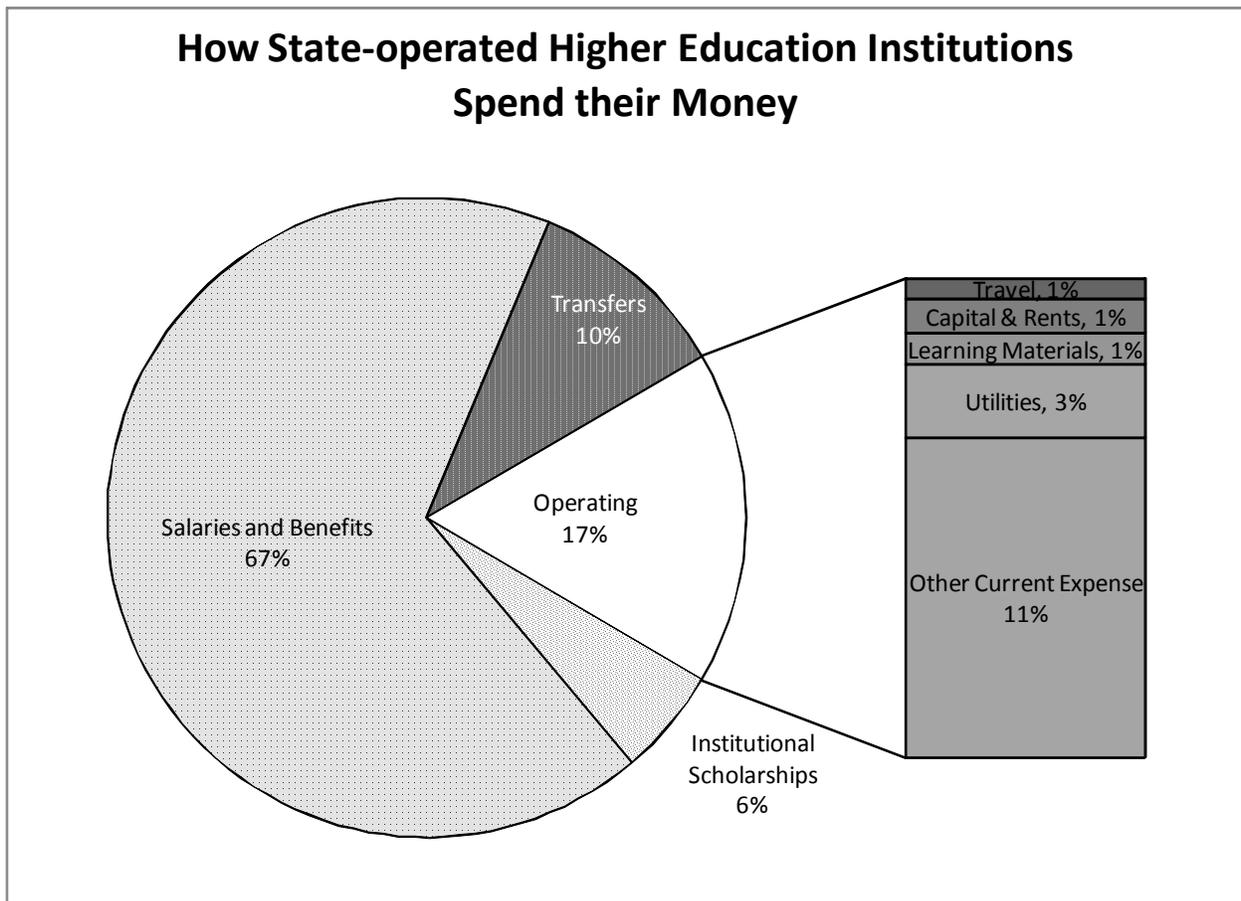
Some factors contributing to the disproportionate amount of General Fund relative to student FTE at the University of Colorado and Colorado State University systems include:

- 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; and
- 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.

However, it is important to keep in mind the point made earlier that a 50 percent reduction in state funds is only a 9.2 percent reduction in total funds (10.9 percent per student inflation-adjusted) statewide. So, the wedge that would need to come out of this pie, while significant, is smaller than it might sound initially.



The sub-categories of operating expenses are those where the General Assembly, CCHE, or institutions themselves have requested information in the past, and so the Department has standardized reporting in the budget data books prepared by the higher education to capture these expenses. It is possible to tease apart the operating expenses further, if the JBC has specific categories of expenses it wants to identify, but it would require a survey of the institutions.

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.

Of the transfers, 76.2 percent occur in the University of Colorado system, 8.3 percent occur at Colorado State University in Fort Collins, and 6.4 percent occur at Mesa State College. These transfers represent 91.0 percent of the total statewide. In the case of the University of Colorado, 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. Presumably at Colorado State University in Fort Collins the transfers are for similar purposes. At Mesa State College the transfers are all for capitalized expenses for equipment and facilities and an emergency reserve.

Of course, higher education institutions are not limited to reductions in expenditures in deciding how to absorb a decrease in state funding. With the flexibility provided by S.B. 10-003 institutions could increase tuition. Each one percent increase in resident and nonresident tuition generates an estimated \$14.4 million. Of that amount, \$8.8 million comes from the increase in resident tuition and \$5.6 million from the nonresidents.

**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Higher Education**

BRIEFING ISSUE

ISSUE:

Proportion of funding from students versus the state.

This issue brief provides comparative information about the share of costs born by students versus the state at different institutions.

SUMMARY:

- Statewide 35.5 percent of the Education and General budgets for the higher education institutions come from resident students and 28.4 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.
- Another factor contributing to the variation is the total cost of the program. Students paying small shares of a high-cost program can have higher tuition and fees than students paying high shares of a low-cost program.

DISCUSSION:

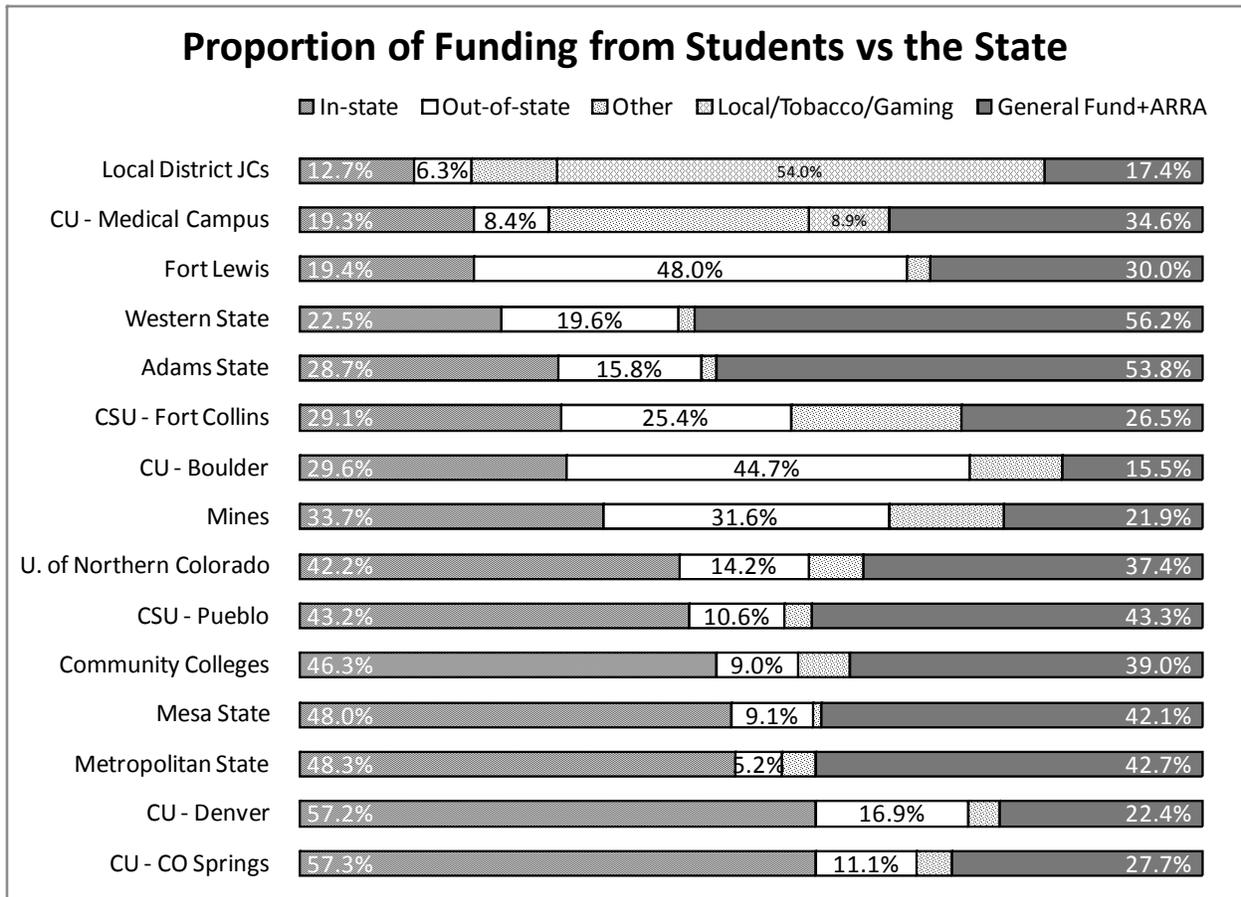
The "Factors Driving the Budget" section of this briefing describes differing views on the individual versus public responsibility for higher education as a variable in higher education funding. To expand on this further and provide background on the current status of funding, the chart at the end of this briefing issue illustrates the percentage of funding in FY 2009-10 that came from students versus the state at each institution.

The table 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 table may be very different than the percentages in a table 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 table will differ from those in the often misused 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 very narrow purpose of the State Auditor's report 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.

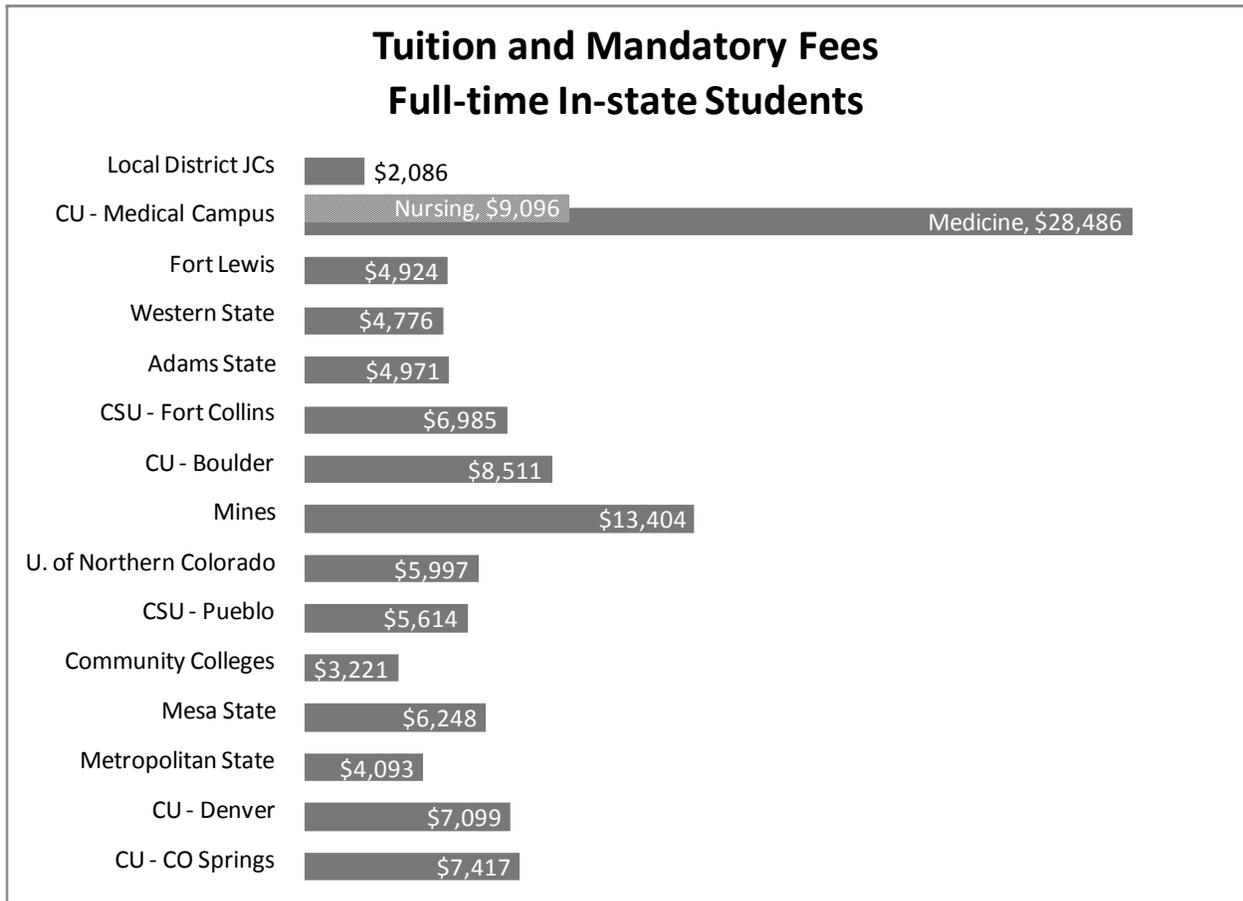
Note that at some institutions alternative sources of revenue, such as nonresident tuition, influence the proportion of state versus public funding. All institutions have some miscellaneous "Other" revenues from sources such as interest earnings, the sale of academic materials, or rents from hosting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

Statewide 35.5 percent of the Education and General budgets for the higher education institutions comes from resident students and 28.4 percent from state funds.



The table 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 students pay only 29.6 percent of the cost of education compared to 48.3 percent at Metropolitan State College of Denver, but that 29.6 percent requires tuition and fees of \$8,511 at CU - Boulder while tuition and fees at Metropolitan State are less than half that amount at \$4,093.

To provide the missing information about the scale of student costs, the companion chart on the following page 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 \$12,792 to tuition and fees to get the total cost of attendance. Individual student costs vary by region and living arrangements, but this is the guidance from the Colorado Commission on Higher Education to the institutions for use in the federal determination of financial aid eligibility for students sharing a room off. 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 |

**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Higher Education**

BRIEFING ISSUE

ISSUE: Department's Strategic Plan

This issue brief discusses selected recommendations in the Department's strategic plan for higher education that have significant fiscal impacts or relevance to recent legislative discussions about the budget.

SUMMARY:

- The Department recently published the final report 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 due to the General Assembly December 15, 2010.
- Key problems with current funding identified in the report include the gap in academic achievement between majority and minority populations, and the low rank of Colorado's funding per student relative to other states.
- The report concludes that Colorado needs to invest more state funds and lists several options for increasing tax revenues to support higher education.
- Almost all the recommendations in the report are contingent on increased state funding, and the report offers little guidance on priorities if state funding is reduced.
- In the event new funding is available the report recommends setting aside funding for performance and to match local tax dollars that support higher education.
- The report also recommends a shift in funding from fee-for-service contracts to stipends.

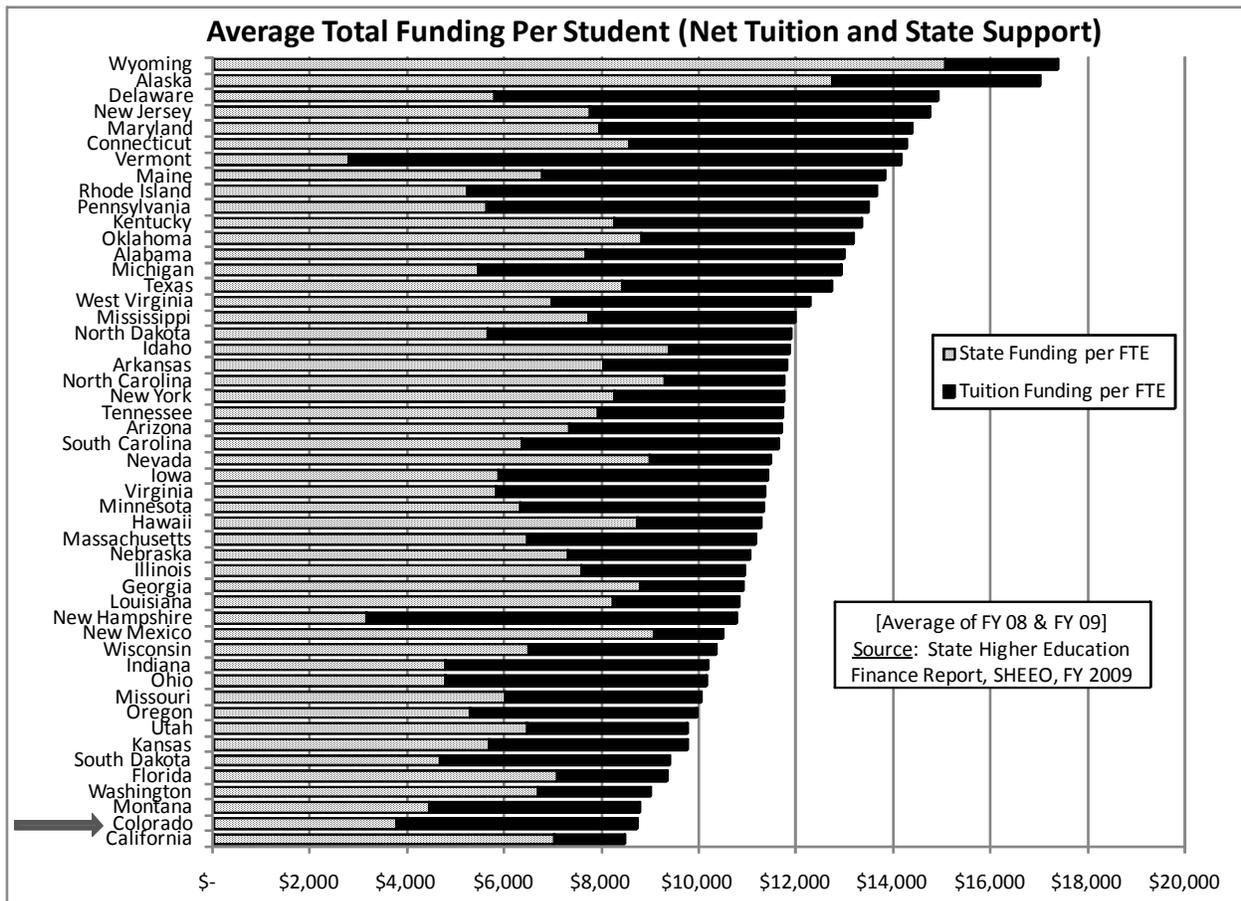
DISCUSSION:

Senate Bill 10-003 requires the Colorado Commission on Higher Education (CCHE) to submit a new master plan for higher education to the Governor and the legislature by December 15, 2010. 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 recently published the final report of the Strategic Planning Steering Committee titled "The Degree Dividend, Building Our Economy and Preserving Our Quality of Life: Colorado Must Decide." The full report is available from the Department's web site at:

The recommendations of the report are wide ranging and this issue brief highlights only a few with significant fiscal impacts and relevance to recent legislative discussions about the budget.

Two key trends emphasized in the report as being of particular importance to the steering committee include the growing Hispanic population in the state, projected to reach 23 percent of the total population by 2035, and a difference of 31.2 points between the percentage of whites in Colorado with an associates degree or higher and the percentage of Hispanics. The Department reports that among the states this ranks as the second largest gap (behind California) between a majority ethnic group and the next largest ethnic group.

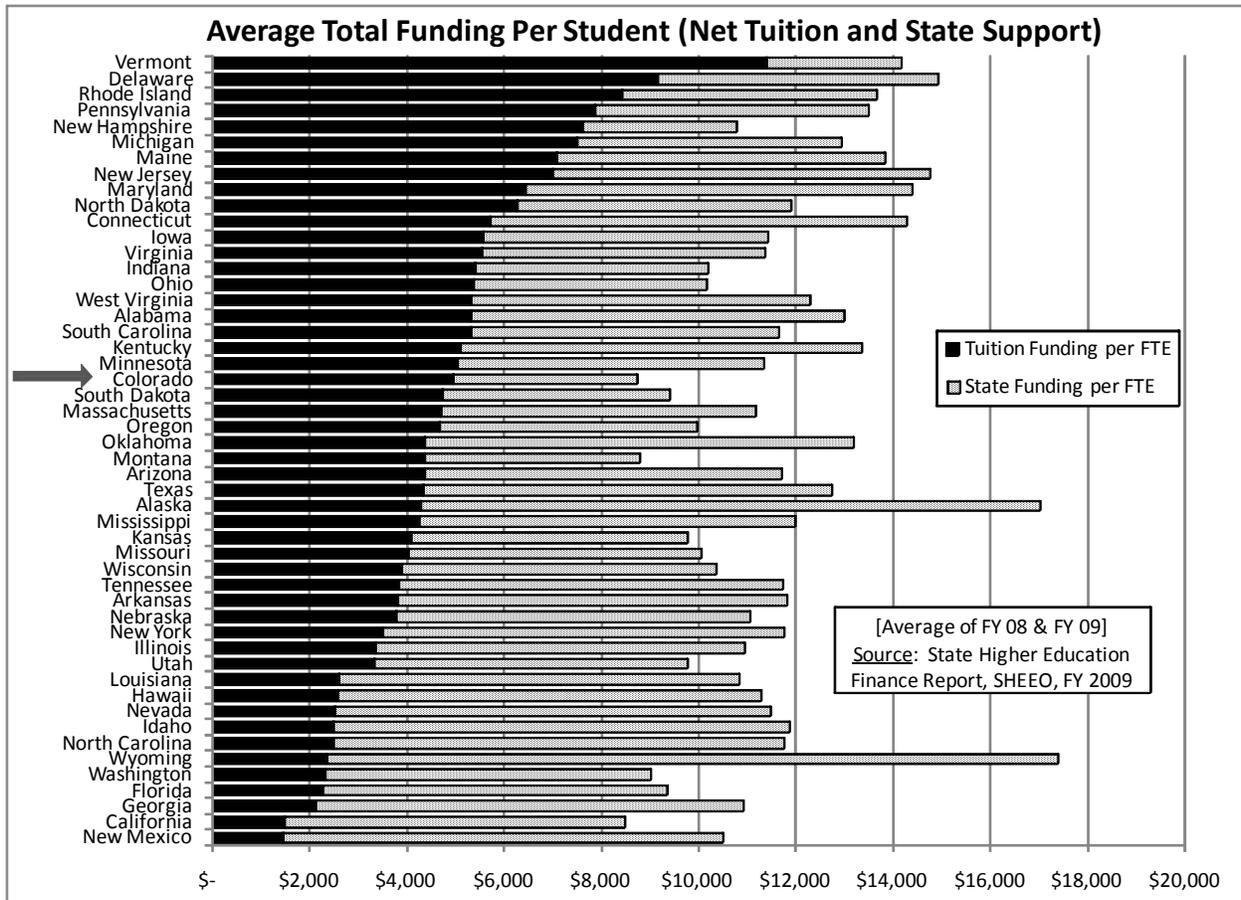
Another trend that appeared of particular importance, since it was charted twice in the report, was Colorado's second to last rank relative to other states in average state and tuition funding per student. The chart reports net tuition after financial aid.



Staff interprets this chart as a measure of 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.

The report fails to note that 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 chart inverts the state funding and tuition series, and ranks the states in order of net tuition charges rather than total funds.



If Colorado increased the net tuition charged to students it could improve the state's rank in total funds per student. New Hampshire and Vermont appropriate even less state funds per student than Colorado, but rank significantly higher in total funds per student due to tuition revenues.

This suggests that the question is not whether Colorado can improve or remain competitive in total funding relative to other states, but rather whether Colorado wants to do so at the expense of students or at the expense of the state. Of course, the willingness of students to pay more tuition may be different in Colorado than in other states, and so staff may be overestimating the ability of Colorado

institutions to raise tuition, but there are models in other states where net tuition charges are much higher than in Colorado.

The report by the Strategic Planning Steering Committee concludes that Colorado should increase state support and recommends the state "create a sustainable funding source for higher education, at a level to make Colorado competitive nationally and internationally . . . [and] to invest in financial aid at a level that will allow any student who meets admission requirements to obtain a higher education degree or certificate." Toward this end, the strategic plan lists five options, "deemed the most feasible and appropriate," and estimates the potential revenue from each, without endorsing any particular option or combination of options.

| Options to raise revenue | Department estimate of revenue (in millions) |
|---|--|
| Restore Income and sales tax rates to 5.0% and 3.0% respectively | \$445 |
| Expand sales tax to specific services | \$550 |
| Implement 1.0% surcharge on extraction | \$150 |
| Implement a 4.0 mill levy statewide | \$350 |
| Implement a 4.0 mill levy in counties where an institution of higher education is located | \$240 |

Most of the recommendations in the report are predicated on increased funding. The report describes four funding scenarios that it titles: Accelerated Erosion; Losing Ground; Restoration; and Competitive. In the Losing Ground Scenario, which is defined as the current funding level, the strategies where the plan indicates progress is achievable include:

- Support multiple entry points into college;
- Allow for flexible pathways to completion of degrees and certificates;
- Focus on college earlier;
- Increase alignment and collaboration across P-20 education and workforce systems;
- Maintain current governance structure;
- Enhance responsibility and authority of CCHE;
- Review institutional missions within 18 months; and
- Require consultation with CCHE in appointment of the executive director of the Department.

In the Accelerated Erosion scenario, which is defined as \$550 million or less state funding, the report indicates progress is achievable only on the strategies of: Maintain current governance structure; Enhance responsibility and authority of CCHE; and Require consultation with CCHE in appointment of the executive director of the Department.

The report does not make recommendations on how to prioritize or structure funding in the Accelerated Erosion scenario, but supporting documents provided by the Department indicate that the Strategic Planning Steering Committee discussed converting portions of the remaining funding for stipends and fee-for-service contracts into appropriations for financial aid to emphasize access for low income students over other priorities.

With increased funding, the report recommends setting aside portions of state funding for measurable progress in outcome-based achievements, and to match locally raised tax funding. Some of the specific performance funding ideas mentioned include:

- Incentive payments to institutions that enroll and graduate high portions of low- and middle-income students;
- Incentive payments to institutions that provide training in vocational or graduate programs of particular need to the state; and
- Increased financial aid for students who obtain a degree or certificate on time or early.

With regard to the College Opportunity Fund Program, the report recommends maximizing appropriations for student stipends and minimizing fee-for-service contracts, which is a curious departure from prior practice by CCHE. An analysis of the College Opportunity Fund Program last year, by the Western Interstate Commission on Higher Education (WICHE), found that it failed to meet every stated goal of the program except enterprise status for the higher education institutions. The WICHE report identified the goals for the College Opportunity Fund Program as:

- Provide the legal and philosophical grounds for higher education institutions to achieve enterprise status under TABOR;
- Enhance the impact of market forces on public higher education institutions, thereby compelling them to become more disciplined and efficient in their operations, as well as more conscious of the need to recruit state residents; and,
- Promote access to higher education for under-represented populations, including the poor, minorities, and males.

While WICHE reported the shortcomings of the College Opportunity Fund Program, it noted that program implementation has compromised the original intent of the legislation, and that a change in policies might produce different results. In particular, WICHE noted that the way stipends and fee-for-service contracts are used in conjunction to protect institutions' overall funding levels has undermined the incentives for institutions to enroll more targeted students.

Certainly legislative policies have played a role in how the College Opportunity Fund has been implemented, but CCHE, the body charged with developing a funding allocation model for recommendation to the General Assembly, has never submitted a formula that rewards or penalizes institutions with stipends. All of the CCHE funding distribution formulas since the introduction of the College Opportunity Fund Program, including the request this year, have focused on the combined amount from stipends and fee-for-service contracts. The request this year includes a \$10 million enrollment adjustment, but the adjustment is made through the fee-for-service contracts, rather than the stipends, and the adjustment amount does not correlate to the value of the stipends. In only one year, FY 2006-07, did CCHE particularly emphasize increasing the stipend rate, with a request for a 7.5 percent increase, and even then it merely shifted money from fee-for-service contracts to stipends in the CCHE allocation formula with no net impact on the total for any institution.

FY 2011-12 Joint Budget Committee Staff Briefing
Department of Higher Education

| | Appendix A: Numbers Pages | | | FY 2011-12 | | Notes | |
|--|---------------------------|----------------------|----------------------|---------------------|-----------------|-------|--|
| | FY 2008-09 Actual | FY 2009-10 Actual | FY 2010-11 Approp | Governor Request | CCHE Request | | |

DEPARTMENT OF HIGHER EDUCATION
Executive Director: D. Rico Munn

(1) Department Administrative Office

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

| | | | | | |
|---------------------------------------|----------------|----------------|----------------|------------------|------------------|
| Health, Life, and Dental | <u>882,911</u> | <u>827,863</u> | <u>939,048</u> | <u>1,028,168</u> | <u>1,028,168</u> |
| General Fund | 0 | 0 | 0 | 0 | 0 |
| Cash Funds | 667,459 | 625,844 | 643,370 | 709,171 | 709,171 |
| RF/CFE - Indirect | 186,410 | 174,788 | 201,113 | 201,398 | 201,398 |
| Federal Funds | 29,042 | 27,231 | 94,565 | 117,599 | 117,599 |
| | | | | | |
| Short-term Disability | <u>10,878</u> | <u>10,821</u> | <u>12,428</u> | <u>15,306</u> | <u>15,306</u> |
| General Fund | 0 | 0 | 0 | 0 | 0 |
| Cash Funds | 7,626 | 7,711 | 8,611 | 10,403 | 10,403 |
| RF/CFE - Indirect | 2,185 | 2,470 | 2,471 | 3,187 | 3,187 |
| Federal Funds | 1,067 | 640 | 1,346 | 1,716 | 1,716 |
| | | | | | |
| S.B. 04-257 Amortization Equalization | | | | | |
| Disbursement | <u>134,611</u> | <u>147,974</u> | <u>192,422</u> | <u>242,133</u> | <u>242,133</u> |
| General Fund | 0 | 0 | 0 | 0 | 0 |
| Cash Funds | 94,577 | 105,283 | 133,322 | 164,566 | 164,566 |
| RF/CFE - Indirect | 26,894 | 33,325 | 38,255 | 50,423 | 50,423 |
| Federal Funds | 13,140 | 9,366 | 20,845 | 27,144 | 27,144 |
| | | | | | |
| S.B. 06-235 Supplemental Amortization | | | | | |
| Equalization Disbursement | <u>63,042</u> | <u>92,121</u> | <u>140,309</u> | <u>194,571</u> | <u>194,571</u> |
| General Fund | 0 | 0 | 0 | 0 | 0 |
| Cash Funds | 44,277 | 65,802 | 97,215 | 132,240 | 132,240 |
| RF/CFE - Indirect | 12,606 | 20,465 | 27,894 | 40,519 | 40,519 |

FY 2011-12 Joint Budget Committee Staff Briefing
Department of Higher Education

| | Appendix A: Numbers Pages | | | FY 2011-12 | | Notes | |
|---|---------------------------|----------------------|----------------------|---------------------|-----------------|----------|------|
| | FY 2008-09 Actual | FY 2009-10 Actual | FY 2010-11 Approp | Governor Request | CCHE Request | Governor | CCHE |
| Federal Funds | 6,159 | 5,854 | 15,200 | 21,812 | 21,812 | | |
| Salary Suvey and Senior Executive Service | <u>387,536</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | | |
| General Fund | 0 | 0 | 0 | 0 | 0 | | |
| Cash Funds | 253,197 | 0 | 0 | 0 | 0 | | |
| RF/CFE - Indirect | 86,694 | 0 | 0 | 0 | 0 | | |
| Federal Funds | 47,645 | 0 | 0 | 0 | 0 | | |
| Performance-based Pay Awards | <u>122,241</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | | |
| General Fund | 0 | 0 | 0 | 0 | 0 | | |
| Cash Funds | 83,177 | 0 | 0 | 0 | 0 | | |
| RF/CFE - Indirect | 25,182 | 0 | 0 | 0 | 0 | | |
| Federal Funds | 13,882 | 0 | 0 | 0 | 0 | | |
| Worker's Compensation | <u>22,492</u> | <u>31,450</u> | <u>32,146</u> | <u>26,965</u> | <u>26,965</u> | | |
| General Fund | 0 | 0 | 0 | 0 | 0 | | |
| Cash Funds | 16,596 | 26,400 | 26,985 | 22,636 | 22,636 | | |
| RF/CFE - Indirect | 5,896 | 5,050 | 5,161 | 4,329 | 4,329 | | |
| Legal Services | <u>33,644</u> | <u>17,681</u> | <u>32,870</u> | <u>32,870</u> | <u>32,870</u> | | |
| <i># of Hours (non-add)</i> | <i>448</i> | <i>448</i> | <i>448</i> | <i>448</i> | <i>448</i> | | |
| General Fund | 0 | 0 | 0 | 0 | 0 | | |
| Cash Funds | 9,284 | 9,319 | 9,071 | 9,071 | 9,071 | | |
| RF/CFE - Indirect | 24,360 | 8,362 | 23,799 | 23,799 | 23,799 | | |
| Administrative Law Judge Services | <u>0</u> | <u>0</u> | <u>0</u> | <u>537</u> | <u>537</u> | | |
| <i># of Hours (non-add)</i> | | | <i>0</i> | <i>0</i> | <i>0</i> | | |
| General Fund | | | 0 | 0 | 0 | | |
| Cash Funds | | | 0 | 537 | 537 | | |
| RF/CFE - Indirect | | | 0 | 0 | 0 | | |
| Purchase of Services from Computer | | | | | | | |

FY 2011-12 Joint Budget Committee Staff Briefing
Department of Higher Education

| | Appendix A: Numbers Pages | | | FY 2011-12 | | Notes | |
|---|---------------------------|----------------------|----------------------|---------------------|------------------|-------|--|
| | FY 2008-09 Actual | FY 2009-10 Actual | FY 2010-11 Approp | Governor Request | CCHE Request | | |
| Center | <u>94,110</u> | <u>89,561</u> | <u>244,484</u> | <u>135,465</u> | <u>135,465</u> | | |
| General Fund | 0 | 0 | 0 | 0 | 0 | | |
| Cash Funds | 14,101 | 13,480 | 232,991 | 129,097 | 129,097 | | |
| RF/CFE - Indirect | 80,009 | 76,081 | 11,493 | 6,368 | 6,368 | | |
| Multiuse Network Payments | <u>0</u> | <u>0</u> | <u>59,378</u> | <u>74,078</u> | <u>74,078</u> | | |
| General Fund | | 0 | 0 | 0 | 0 | | |
| Cash Funds | | 0 | 59,378 | 74,078 | 74,078 | | |
| RF/CFE - Indirect | | 0 | 0 | 0 | 0 | | |
| Management and Administration of OIT | <u>0</u> | <u>0</u> | <u>100,074</u> | <u>102,176</u> | <u>102,176</u> | | |
| General Fund | | 0 | 0 | 0 | 0 | | |
| Cash Funds | | 0 | 100,074 | 102,176 | 102,176 | | |
| RF/CFE - Indirect | | 0 | 0 | 0 | 0 | | |
| Payment to Risk Management/ Property Funds | <u>46,140</u> | <u>37,322</u> | <u>11,248</u> | <u>27,605</u> | <u>27,605</u> | | |
| General Fund | 0 | 0 | 0 | 0 | 0 | | |
| Cash Funds | 44,346 | 35,866 | 10,795 | 26,493 | 26,493 | | |
| RF/CFE - Indirect | 1,794 | 1,456 | 453 | 1,112 | 1,112 | | |
| Leased Space | <u>507,150</u> | <u>467,503</u> | <u>514,210</u> | <u>514,210</u> | <u>514,210</u> | | |
| General Fund | 0 | 0 | 0 | 0 | 0 | | |
| Cash Funds | 96,149 | 87,363 | 102,842 | 102,842 | 102,842 | | |
| RF/CFE - Indirect | 411,001 | 380,140 | 411,368 | 411,368 | 411,368 | | |
| Approp vs Request | | | | | | | |
| TOTAL - (1) Administrative Office | <u>2,304,755</u> | <u>1,722,296</u> | <u>2,278,617</u> | <u>2,394,084</u> | <u>2,394,084</u> | 5.1% | |
| General Fund | 0 | 0 | 0 | 0 | 0 | 0.0% | |
| Cash Funds | 1,330,789 | 977,068 | 1,424,654 | 1,483,310 | 1,483,310 | 4.1% | |
| RF/CFE - Indirect | 863,031 | 702,137 | 722,007 | 742,503 | 742,503 | 2.8% | |
| Federal Funds | 110,935 | 43,091 | 131,956 | 168,271 | 168,271 | 27.5% | |

FY 2011-12 Joint Budget Committee Staff Briefing
Department of Higher Education

| | Appendix A: Numbers Pages | | | FY 2011-12 | | Notes | |
|--|---------------------------|------------|------------|------------|---------|-------|------------------|
| | FY 2008-09 | FY 2009-10 | FY 2010-11 | Governor | CCHE | | Governor CCHE |
| | Actual | Actual | Approp | Request | Request | | |

(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 | 2,357,969 | 2,594,922 | 2,826,113 | 2,840,647 | 2,840,647 | NP-PERA, NP-Printing |
| FTE | <u>31.1</u> | <u>31.1</u> | <u>31.5</u> | <u>31.5</u> | <u>31.5</u> | |
| General Fund | 0 | 0 | 0 | 0 | 0 | |
| FTE | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| Cash Funds | 147,502 | 152,235 | 244,065 | 244,065 | 244,065 | |
| FTE | 0.0 | 0.0 | 0.4 | 0.4 | 0.4 | |
| RF/CFE | 1,895,016 | 1,989,461 | 2,205,990 | 2,220,739 | 2,220,739 | |
| FTE | 27.5 | 27.5 | 27.5 | 27.5 | 27.5 | |
| Federal Funds | 315,451 | 453,226 | 376,058 | 375,843 | 375,843 | |
| FTE | 3.6 | 3.6 | 3.6 | 3.6 | 3.6 | |
| (B) Div. of Private Occupational Schools | | | | | | |
| Cash Funds | 514,776 | 618,225 | 631,465 | 630,502 | 630,502 | NP-PERA |
| FTE | 7.8 | 7.8 | 7.8 | 7.8 | 7.8 | |
| (C) Special Purpose | | | | | | |
| WICHE (Annual Dues) | <u>120,000</u> | <u>120,000</u> | <u>125,000</u> | <u>125,000</u> | <u>125,000</u> | |
| General Fund | 0 | 0 | 0 | 0 | 0 | |
| Cash Funds | 0 | 0 | 0 | 0 | 0 | |
| RF/CFE | 120,000 | 120,000 | 125,000 | 125,000 | 125,000 | |
| WICHE Optometry | <u>381,516</u> | <u>349,862</u> | <u>399,000</u> | <u>399,000</u> | <u>399,000</u> | |
| General Fund | 0 | 0 | 0 | 0 | 0 | |
| Cash Funds | 0 | 0 | 0 | 0 | 0 | |
| RF/CFE | 381,516 | 349,862 | 399,000 | 399,000 | 399,000 | |

FY 2011-12 Joint Budget Committee Staff Briefing
Department of Higher Education

| | Appendix A: Numbers Pages | | | FY 2011-12 | | Notes |
|--|---------------------------|----------------------|----------------------|---------------------|-------------------|--------------------------|
| | FY 2008-09 Actual | FY 2009-10 Actual | FY 2010-11 Approp | Governor Request | CCHE Request | |
| Distribution to the Higher Education | | | | | | |
| Competitive Research Authority | <u>330,000</u> | <u>1,330,000</u> | <u>2,330,000</u> | <u>1,330,000</u> | <u>1,330,000</u> | |
| Cash Funds | 330,000 | 1,330,000 | 2,330,000 | 1,330,000 | 1,330,000 | |
| RF/CFE | 0 | 0 | 0 | 0 | 0 | |
| Veterinary School Program Needs | <u>285,000</u> | <u>285,000</u> | <u>285,000</u> | <u>285,000</u> | <u>285,000</u> | |
| General Fund | 0 | 0 | 0 | 0 | 0 | |
| Cash Funds | 122,600 | 122,600 | 122,600 | 122,600 | 122,600 | |
| RF/CFE | 162,400 | 162,400 | 162,400 | 162,400 | 162,400 | |
| Enrollment/Tuition and Stipend Contingency | <u>11,038,000</u> | <u>5,879,167</u> | <u>20,000,000</u> | <u>20,000,000</u> | <u>20,000,000</u> | |
| Cash Funds | 11,038,000 | 5,879,167 | 20,000,000 | 20,000,000 | 20,000,000 | |
| RF/CFE | 0 | 0 | 0 | 0 | 0 | |
| Subtotal - (C) Special Purpose | 12,154,516 | 7,964,029 | 23,139,000 | 22,139,000 | 22,139,000 | Approp vs Request |
| TOTAL - (2) CCHE | 15,027,261 | 11,177,176 | 26,596,578 | 25,610,149 | 25,610,149 | -3.7% |
| FTE | <u>38.9</u> | <u>38.9</u> | <u>39.3</u> | <u>39.3</u> | <u>39.3</u> | |
| General Fund | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Cash Funds | 12,152,878 | 8,102,227 | 23,328,130 | 22,327,167 | 22,327,167 | -4.3% |
| RF/CFE | 2,558,932 | 2,621,723 | 2,892,390 | 2,907,139 | 2,907,139 | 0.5% |
| Federal Funds | 315,451 | 453,226 | 376,058 | 375,843 | 375,843 | -0.1% |

(3) Financial Aid

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

| | | | | | | |
|-----------------------|-------------------|-------------------|-------------------|-------------------|-------------------|----------------------------|
| (A) Need Based Grants | <u>74,193,958</u> | <u>73,986,138</u> | <u>74,144,146</u> | <u>73,206,522</u> | <u>73,206,522</u> | |
| General Fund | 74,193,958 | 73,960,726 | 58,744,146 | 73,206,522 | 73,206,522 | #2 Native American Tuition |

FY 2011-12 Joint Budget Committee Staff Briefing
Department of Higher Education

| | Appendix A: Numbers Pages | | | FY 2011-12 | | Notes |
|--|---------------------------|----------------------|----------------------|---------------------|-------------------|----------------------------|
| | FY 2008-09 Actual | FY 2009-10 Actual | FY 2010-11 Approp | Governor Request | CCHE Request | |
| Cash Funds | 0 | 0 | 15,400,000 | 0 | 0 | |
| Reappropriated Funds | 0 | 25,412 | 0 | 0 | 0 | |
| (B) Merit Based Grants - GF | 1,499,975 | 0 | 0 | 0 | 0 | |
| (C) Work Study - GF | 16,572,778 | 16,555,219 | 16,612,357 | 16,612,357 | 16,612,357 | |
| (D) Special Purpose | | | | | | |
| Precollegiate Programs - GF | 1,541,722 | 0 | 0 | 0 | 0 | |
| Required Federal Match | <u>2,411,952</u> | <u>2,444,438</u> | <u>3,026,350</u> | <u>3,026,350</u> | <u>3,026,350</u> | |
| General Fund | 1,539,413 | 1,549,530 | 1,726,350 | 1,726,350 | 1,726,350 | |
| Federal Funds | 872,539 | 894,908 | 1,300,000 | 1,300,000 | 1,300,000 | |
| Veterans'/Law Enforcement/POW Tuition Assistance | | | | | | |
| General Fund | 427,331 | 379,625 | 364,922 | 364,922 | 364,922 | |
| National Guard Tuition Assistance - GF | 650,000 | 800,000 | 800,000 | 800,000 | 800,000 | |
| Native American Students/Fort Lewis Colleg | <u>8,359,421</u> | <u>9,622,969</u> | <u>10,430,371</u> | <u>11,367,995</u> | <u>11,367,995</u> | #2 Native American Tuition |
| General Fund | 8,359,421 | 9,622,969 | 10,139,220 | 11,367,995 | 11,367,995 | |
| Reappropriated Funds | 0 | 0 | 291,151 | 0 | 0 | |
| Nursing Teacher Loan Forgiveness Pilot | | | | | | |
| General Fund | 161,600 | 161,600 | 161,600 | 161,600 | 161,600 | |
| GEAR - UP - FF | 472,797 | 373,460 | 600,000 | 600,000 | 600,000 | |
| Teach Colorado Grant (SB 08-133) - GF | 482,995 | 490,866 | 0 | 0 | 0 | |
| FTE | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |

FY 2011-12 Joint Budget Committee Staff Briefing
Department of Higher Education

| | Appendix A: Numbers Pages | | | FY 2011-12 | | Notes | |
|--------------------------------|---------------------------|----------------------|----------------------|---------------------|-----------------|-------|--|
| | FY 2008-09 Actual | FY 2009-10 Actual | FY 2010-11 Approp | Governor Request | CCHE Request | | |
| Subtotal - (D) Special Purpose | 14,507,818 | 14,272,958 | 15,383,243 | 16,320,867 | 16,320,867 | | |

Approp vs Request

| | | | | | | |
|----------------------------------|-------------|-------------|-------------|-------------|-------------|---------|
| TOTAL - (3) Financial Aid | 106,774,529 | 104,814,315 | 106,139,746 | 106,139,746 | 106,139,746 | 0.0% |
| FTE | <u>0.0</u> | <u>0.0</u> | <u>0.0</u> | <u>0.0</u> | <u>0.0</u> | |
| General Fund | 105,429,193 | 103,520,535 | 88,548,595 | 104,239,746 | 104,239,746 | 17.7% |
| Cash Funds | 0 | 0 | 15,400,000 | 0 | 0 | -100.0% |
| RF/CFE | 0 | 25,412 | 291,151 | 0 | 0 | -100.0% |
| Federal Funds | 1,345,336 | 1,268,368 | 1,900,000 | 1,900,000 | 1,900,000 | 0.0% |

(4) College Opportunity Fund Program

(Provides General Fund for student stipend payments and for fee-for-service contracts between the Colorado Commission on Higher Education and state higher education institutions)

| | | | | | | |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|----------------------------|
| Stipends - State | <u>261,617,888</u> | <u>184,911,363</u> | <u>267,879,308</u> | <u>267,879,308</u> | <u>267,879,308</u> | |
| General Fund | 261,617,888 | 184,911,363 | 267,879,308 | 267,879,308 | 267,879,308 | |
| Cash Funds Exempt | 0 | 0 | 0 | 0 | 0 | |
| <i>Eligible Students (non-add)</i> | <i>128,244.1</i> | <i>140,084.4</i> | <i>144,021.1</i> | <i>144,021.1</i> | <i>144,021.1</i> | |
| <i>Rate per 30 Credit Hours (non-add)</i> | <i>\$2,040</i> | <i>\$1,320</i> | <i>\$1,860</i> | <i>\$1,860</i> | <i>\$1,860</i> | |
| | | | | | | |
| Stipends - Private | | | | | | |
| General Fund | 832,401 | 746,334 | 830,490 | 1,078,800 | 1,078,800 | #1 Institution Allocations |
| <i>Eligible Students (non-add)</i> | <i>1,261.2</i> | <i>1,130.8</i> | <i>893.0</i> | <i>1,160.0</i> | <i>1,160.0</i> | |
| <i>Rate per 30 Credit Hours (non-add)</i> | <i>\$660</i> | <i>\$660</i> | <i>\$930</i> | <i>\$930</i> | <i>\$930</i> | |
| | | | | | | |
| Supplement to Private Stipends - FF | 0 | 80,370 | 0 | 0 | 0 | |

| | | | | | | |
|---------------------|-------------|-------------|-------------|-------------|-------------|--|
| Subtotal - Stipends | 262,450,289 | 185,738,067 | 268,709,798 | 268,958,108 | 268,958,108 | |
|---------------------|-------------|-------------|-------------|-------------|-------------|--|

| | | | | | | |
|--------------------------------|-------------|-------------|-------------|-------------|-------------|----------------------------|
| Fee-for-service Contracts - GF | 272,563,654 | 127,382,834 | 267,415,608 | 254,017,232 | 254,017,232 | #1 Institution Allocations |
| | | | | | | Approp vs Request |

FY 2011-12 Joint Budget Committee Staff Briefing
Department of Higher Education

| | FY 2008-09 Actual | Appendix A: Numbers Pages | | FY 2011-12 | | Notes | |
|---|----------------------|---------------------------|----------------------|---------------------|--------------------|----------|-------|
| | | FY 2009-10 Actual | FY 2010-11 Approp | Governor Request | CCHE Request | Governor | CCHE |
| TOTAL - (4) College Opportunity Fund | | | | | | | |
| Program | <u>535,013,943</u> | <u>313,120,901</u> | <u>536,125,406</u> | <u>522,975,340</u> | <u>522,975,340</u> | | -2.5% |
| General Fund | 535,013,943 | 313,040,531 | 536,125,406 | 522,975,340 | 522,975,340 | | -2.5% |
| Cash Funds Exempt | 0 | 0 | 0 | 0 | 0 | | 0.0% |
| Federal Funds | 0 | 80,370 | 0 | 0 | 0 | | 0.0% |
| †General Fund Exempt | 294,300,000 | 800,000 | 101,266,667 | 101,266,667 | 101,266,667 | | 0.0% |

(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 | 23,827,138 | 28,281,766 | 27,990,785 | 27,267,151 | 27,267,151 | #1 Institution Allocations |
| FTE | <u>281.2</u> | <u>285.3</u> | <u>274.4</u> | <u>274.4</u> | <u>274.4</u> | |
| College Opportunity Fund | <u>12,149,322</u> | <u>7,276,999</u> | <u>12,149,322</u> | <u>11,788,048</u> | <u>11,788,048</u> | |
| Student Stipend Payments | 2,760,206 | 1,944,835 | 2,871,592 | 2,871,592 | 2,871,592 | |
| Fee-for-service Contracts | 9,389,116 | 5,332,164 | 9,277,730 | 8,916,456 | 8,916,456 | |
| Federal Stimulus | 2,459,127 | 7,331,450 | 1,298,623 | 0 | 0 | |
| Limited Gaming | | 0 | 31,844 | 31,844 | 31,844 | |
| Tuition | <u>7,826,753</u> | <u>11,873,163</u> | <u>12,390,688</u> | <u>13,326,951</u> | <u>13,326,951</u> | #3 Tuition Placeholder |
| Resident | 4,933,031 | 7,613,713 | 7,918,224 | 8,630,864 | 8,630,864 | |
| Nonresident | 2,893,722 | 4,259,450 | 4,472,464 | 4,696,087 | 4,696,087 | |
| Academic Fees | 1,391,936 | 1,800,154 | 2,120,308 | 2,120,308 | 2,120,308 | |
| (B) Trustees of Mesa State College | 49,318,613 | 56,526,190 | 58,122,874 | 58,593,685 | 58,593,685 | |
| FTE | <u>465.8</u> | <u>464.4</u> | <u>519.2</u> | <u>519.2</u> | <u>519.2</u> | |

FY 2011-12 Joint Budget Committee Staff Briefing
Department of Higher Education

| | Appendix A: Numbers Pages | | | FY 2011-12 | | Notes |
|---|---------------------------|----------------------|----------------------|---------------------|-------------------|----------------------------|
| | FY 2008-09 Actual | FY 2009-10 Actual | FY 2010-11 Approp | Governor Request | CCHE Request | |
| College Opportunity Fund | <u>19,888,392</u> | <u>12,099,298</u> | <u>19,888,392</u> | <u>19,609,621</u> | <u>19,609,621</u> | #1 Institution Allocations |
| Student Stipend Payments | 9,183,975 | 6,900,238 | 9,963,834 | 9,963,834 | 9,963,834 | |
| Fee-for-service Contracts | 10,704,417 | 5,199,060 | 9,924,558 | 9,645,787 | 9,645,787 | |
| Federal Stimulus | 4,117,215 | 11,906,309 | 2,198,660 | 0 | 0 | |
| Limited Gaming | 0 | 0 | 231,957 | 231,957 | 231,957 | |
| Tuition | <u>24,890,256</u> | <u>31,979,772</u> | <u>35,265,511</u> | <u>38,213,753</u> | <u>38,213,753</u> | #3 Tuition Placeholder |
| Resident | 20,801,315 | 26,867,114 | 29,624,151 | 32,290,325 | 32,290,325 | |
| Nonresident | 4,088,941 | 5,112,658 | 5,641,360 | 5,923,428 | 5,923,428 | |
| Academic Fees | 422,750 | 540,811 | 538,354 | 538,354 | 538,354 | |
| (C) Trustees of Metropolitan State College | | | | | | |
| College | 104,097,048 | 119,592,586 | 125,457,690 | 126,466,829 | 126,466,829 | #1 Institution Allocations |
| FTE | <u>1,160.3</u> | <u>1,180.8</u> | <u>1,266.1</u> | <u>1,266.1</u> | <u>1,266.1</u> | |
| College Opportunity Fund | <u>39,778,568</u> | <u>24,531,075</u> | <u>39,778,568</u> | <u>39,160,242</u> | <u>39,160,242</u> | |
| Student Stipend Payments | 32,764,054 | 22,864,020 | 33,395,742 | 33,395,742 | 33,395,742 | |
| Fee-for-service Contracts | 7,014,514 | 1,667,055 | 6,382,826 | 5,764,500 | 5,764,500 | |
| Federal Stimulus | 9,934,844 | 25,182,337 | 4,289,163 | 0 | 0 | |
| Tuition | <u>53,360,025</u> | <u>61,757,726</u> | <u>68,724,632</u> | <u>74,641,260</u> | <u>74,641,260</u> | #3 Tuition Placeholder |
| Resident | 47,764,600 | 55,712,877 | 62,009,906 | 67,590,798 | 67,590,798 | |
| Nonresident | 5,595,425 | 6,044,849 | 6,714,726 | 7,050,462 | 7,050,462 | |
| Academic Fees | 1,023,611 | 8,121,448 | 12,665,327 | 12,665,327 | 12,665,327 | |
| (D) Trustees of Western State College | | | | | | |
| College | 20,923,615 | 21,278,869 | 21,120,181 | 20,450,864 | 20,450,864 | #1 Institution Allocations |
| FTE | <u>242.7</u> | <u>243.2</u> | <u>243.2</u> | <u>243.2</u> | <u>243.2</u> | |

FY 2011-12 Joint Budget Committee Staff Briefing
Department of Higher Education

| | Appendix A: Numbers Pages | | | FY 2011-12 | | Notes |
|---|---------------------------|----------------------|----------------------|---------------------|--------------------|----------------------------|
| | FY 2008-09 Actual | FY 2009-10 Actual | FY 2010-11 Approp | Governor Request | CCHE Request | |
| College Opportunity Fund | <u>9,892,147</u> | <u>5,876,752</u> | <u>9,892,147</u> | <u>9,837,868</u> | <u>9,837,868</u> | |
| Student Stipend Payments | 2,914,486 | 1,827,900 | 2,568,660 | 2,568,660 | 2,568,660 | |
| Fee-for-service Contracts | 6,977,661 | 4,048,852 | 7,323,487 | 7,269,208 | 7,269,208 | |
| Federal Stimulus | 2,280,870 | 6,296,265 | 1,316,734 | 0 | 0 | |
| Tuition | <u>8,724,598</u> | <u>9,104,032</u> | <u>9,800,540</u> | <u>10,502,236</u> | <u>10,502,236</u> | #3 Tuition Placeholder |
| Resident | 4,607,258 | 4,861,398 | 5,291,719 | 5,767,974 | 5,767,974 | |
| Nonresident | 4,117,340 | 4,242,634 | 4,508,821 | 4,734,262 | 4,734,262 | |
| Academic Fees | 26,000 | 1,820 | 110,760 | 110,760 | 110,760 | |
| (E) Colorado State University System | 369,958,763 | 383,707,110 | 396,562,553 | 395,594,042 | 395,594,042 | #1 Institution Allocations |
| FTE | <u>4,257.6</u> | <u>4,113.2</u> | <u>4,136.9</u> | <u>4,136.9</u> | <u>4,136.9</u> | |
| College Opportunity Fund | <u>113,620,029</u> | <u>65,683,284</u> | <u>113,620,028</u> | <u>113,397,331</u> | <u>113,397,331</u> | |
| Student Stipend Payments | 40,387,109 | 26,885,068 | 39,164,656 | 39,164,656 | 39,164,656 | |
| Fee-for-service Contracts | 73,232,920 | 38,798,216 | 74,455,372 | 74,232,675 | 74,232,675 | |
| Federal Stimulus | 33,271,484 | 81,203,658 | 18,440,232 | 0 | 0 | |
| Tuition | <u>206,363,756</u> | <u>224,013,890</u> | <u>244,749,692</u> | <u>262,444,110</u> | <u>262,444,110</u> | #3 Tuition Placeholder |
| Resident | 108,463,588 | 123,291,999 | 136,423,320 | 148,701,419 | 148,701,419 | |
| Nonresident | 97,900,168 | 100,721,891 | 108,326,372 | 113,742,691 | 113,742,691 | |
| Academic Fees | 11,953,494 | 12,636,278 | 19,582,601 | 19,582,601 | 19,582,601 | |
| Appropriated Grants - CF | 4,750,000 | 0 | 0 | 0 | 0 | |
| Appropriated Grants - RF/CFE | 0 | 170,000 | 170,000 | 170,000 | 170,000 | |
| (F) Trustees of Fort Lewis College | 38,239,706 | 41,377,089 | 41,290,706 | 41,469,690 | 41,469,690 | #1 Institution Allocations |
| FTE | <u>379.7</u> | <u>385.9</u> | <u>418.2</u> | <u>418.2</u> | <u>418.2</u> | |

FY 2011-12 Joint Budget Committee Staff Briefing
Department of Higher Education

| | FY 2008-09 Actual | Appendix A: Numbers Pages | | FY 2011-12 | | Notes |
|--|----------------------|---------------------------|----------------------|---------------------|--------------------|----------------------------|
| | | FY 2009-10 Actual | FY 2010-11 Approp | Governor Request | CCHE Request | |
| College Opportunity Fund | <u>8,757,822</u> | <u>4,901,156</u> | <u>8,757,822</u> | <u>9,900,266</u> | <u>9,900,266</u> | |
| Student Stipend Payments | 4,790,249 | 3,045,240 | 4,243,404 | 4,243,404 | 4,243,404 | |
| Fee-for-service Contracts | 3,967,573 | 1,855,916 | 4,514,418 | 5,656,862 | 5,656,862 | |
| Federal Stimulus | 3,978,508 | 7,836,102 | 2,745,449 | 0 | 0 | |
| Tuition | <u>24,649,839</u> | <u>27,662,062</u> | <u>28,743,480</u> | <u>30,525,469</u> | <u>30,525,469</u> | #3 Tuition Placeholder |
| Resident | 7,402,523 | 7,632,628 | 8,620,393 | 9,396,228 | 9,396,228 | |
| Nonresident | 17,247,316 | 20,029,434 | 20,123,087 | 21,129,241 | 21,129,241 | |
| Academic Fees | 853,537 | 929,769 | 995,955 | 995,955 | 995,955 | |
| Appropriated Grants - RF/CFE | 0 | 48,000 | 48,000 | 48,000 | 48,000 | |
| (G) Regents of the University of Colorado | | | | | | |
| FTE | <u>808,840,078</u> | <u>860,553,756</u> | <u>907,910,972</u> | <u>909,554,230</u> | <u>909,554,230</u> | #1 Institution Allocations |
| FTE | <u>6,883.5</u> | <u>6,826.0</u> | <u>6,920.9</u> | <u>6,920.9</u> | <u>6,920.9</u> | |
| College Opportunity Fund | <u>159,103,983</u> | <u>88,211,092</u> | <u>159,103,982</u> | <u>158,509,331</u> | <u>158,509,331</u> | |
| Student Stipend Payments | 57,163,715 | 38,072,993 | 55,346,160 | 55,346,160 | 55,346,160 | |
| Fee-for-service Contracts | 101,940,268 | 50,138,099 | 103,757,822 | 103,163,171 | 103,163,171 | |
| Federal Stimulus | 49,995,467 | 120,888,358 | 33,361,538 | 0 | 0 | |
| Tobacco Settlement Distribution | 17,997,300 | 17,150,000 | 16,004,485 | 16,004,485 | 16,004,485 | |
| Tuition | <u>550,777,678</u> | <u>600,947,700</u> | <u>666,395,809</u> | <u>701,995,256</u> | <u>701,995,256</u> | #3 Tuition Placeholder |
| Resident | 278,471,993 | 311,068,550 | 351,864,510 | 383,532,316 | 383,532,316 | |
| Nonresident | 272,305,685 | 289,879,150 | 314,531,299 | 318,462,940 | 318,462,940 | |
| Academic Fees | 30,308,119 | 32,699,075 | 32,387,627 | 32,387,627 | 32,387,627 | |
| Appropriated Grants - RF/CFE | 657,531 | 657,531 | 657,531 | 657,531 | 657,531 | |
| (H) Colorado School of Mines | | | | | | |
| FTE | <u>82,841,518</u> | <u>93,386,959</u> | <u>100,773,005</u> | <u>102,347,877</u> | <u>102,347,877</u> | #1 Institution Allocations |

FY 2011-12 Joint Budget Committee Staff Briefing
Department of Higher Education

| | Appendix A: Numbers Pages | | | FY 2011-12 | | Notes |
|--|---------------------------|----------------------|----------------------|---------------------|-------------------|----------------------------|
| | FY 2008-09 Actual | FY 2009-10 Actual | FY 2010-11 Approp | Governor Request | CCHE Request | |
| FTE | <u>669.0</u> | <u>742.7</u> | <u>684.2</u> | <u>684.2</u> | <u>684.2</u> | |
| College Opportunity Fund | <u>18,793,625</u> | <u>10,594,313</u> | <u>18,793,625</u> | <u>17,686,843</u> | <u>17,686,843</u> | |
| Student Stipend Payments | 5,525,943 | 3,746,454 | 5,327,040 | 5,327,040 | 5,327,040 | |
| Fee-for-service Contracts | 13,267,682 | 6,847,859 | 13,466,585 | 0 | 0 | |
| Direct General Fund Grant | 0 | 0 | 0 | 12,359,803 | 12,359,803 | |
| Federal Stimulus | 4,443,761 | 12,643,073 | 2,662,620 | 0 | 0 | |
| Tuition | <u>58,536,372</u> | <u>67,488,862</u> | <u>75,816,760</u> | <u>81,161,034</u> | <u>81,161,034</u> | #3 Tuition Placeholder |
| Resident | 30,463,174 | 34,441,793 | 38,835,915 | 42,331,147 | 42,331,147 | |
| Nonresident | 28,073,198 | 33,047,069 | 36,980,845 | 38,829,887 | 38,829,887 | |
| Academic Fees | 1,067,760 | 2,660,711 | 3,500,000 | 3,500,000 | 3,500,000 | |
| Appropriated Grants - CF | 0 | 0 | 0 | 0 | 0 | |
| Appropriated Grants - RF/CFE | 0 | 0 | 0 | 0 | 0 | |
| (I) University of Northern Colorado | 99,408,134 | 110,596,183 | 113,564,367 | 113,263,912 | 113,263,912 | #1 Institution Allocations |
| FTE | <u>983.4</u> | <u>986.9</u> | <u>986.9</u> | <u>986.9</u> | <u>986.9</u> | |
| College Opportunity Fund | <u>35,176,878</u> | <u>20,515,779</u> | <u>35,176,878</u> | <u>34,876,118</u> | <u>34,876,118</u> | |
| Student Stipend Payments | 16,007,646 | 10,561,318 | 15,646,320 | 15,646,320 | 15,646,320 | |
| Fee-for-service Contracts | 19,169,232 | 9,954,461 | 19,530,558 | 19,229,798 | 19,229,798 | |
| Federal Stimulus | 8,909,433 | 23,570,532 | 5,447,212 | 0 | 0 | |
| Tuition | <u>54,432,163</u> | <u>62,121,465</u> | <u>68,334,451</u> | <u>73,781,968</u> | <u>73,781,968</u> | #3 Tuition Placeholder |
| Resident | 39,134,502 | 45,821,514 | 50,769,853 | 55,339,140 | 55,339,140 | |
| Nonresident | 15,297,661 | 16,299,951 | 17,564,598 | 18,442,828 | 18,442,828 | |
| Academic Fees | 889,660 | 4,388,407 | 4,605,826 | 4,605,826 | 4,605,826 | |

FY 2011-12 Joint Budget Committee Staff Briefing
Department of Higher Education

| | FY 2008-09 Actual | Appendix A: Numbers Pages | | FY 2011-12 | | Notes |
|--|----------------------|---------------------------|----------------------|---------------------|--------------------|----------------------------|
| | | FY 2009-10 Actual | FY 2010-11 Approp | Governor Request | CCHE Request | |
| (J) State Board for the Community | | | | | | |
| Colleges and Occupational Education | | | | | | |
| State System Community Colleges | 299,735,038 | 348,998,854 | 363,857,995 | 369,226,994 | 369,226,994 | #1 Institution Allocations |
| FTE | <u>5,192.1</u> | <u>5,529.2</u> | <u>5,584.0</u> | <u>5,584.0</u> | <u>5,584.0</u> | |
| College Opportunity Fund | <u>117,020,778</u> | <u>72,600,807</u> | <u>118,134,152</u> | <u>119,491,133</u> | <u>119,491,133</u> | |
| Student Stipend Payments | 90,120,506 | 69,059,655 | 99,351,900 | 99,351,900 | 99,351,900 | |
| Fee-for-service Contracts | 26,900,272 | 3,541,152 | 18,782,252 | 20,139,233 | 20,139,233 | |
| Federal Stimulus | 25,300,005 | 71,186,393 | 13,831,805 | 0 | 0 | |
| Limited Gaming | 0 | 0 | 7,260,991 | 7,260,991 | 7,260,991 | |
| Tuition | <u>149,056,274</u> | <u>194,956,762</u> | <u>214,432,398</u> | <u>232,276,221</u> | <u>232,276,221</u> | #3 Tuition Placeholder |
| Resident | 123,747,433 | 162,377,008 | 178,055,092 | 194,080,050 | 194,080,050 | |
| Nonresident | 25,308,841 | 32,579,754 | 36,377,306 | 38,196,171 | 38,196,171 | |
| Academic Fees | 6,857,981 | 8,754,892 | 8,698,649 | 8,698,649 | 8,698,649 | |
| Appropriated Grants - RF/CFE | 1,500,000 | 1,500,000 | 1,500,000 | 1,500,000 | 1,500,000 | |
| Approp vs Request | | | | | | |
| TOTAL - (5) Governing Boards | 1,897,189,651 | 2,064,299,362 | 2,156,651,128 | 2,164,235,274 | 2,164,235,274 | 0.4% |
| FTE | <u>20,515.3</u> | <u>20,757.6</u> | <u>21,034.0</u> | <u>21,034.0</u> | <u>21,034.0</u> | |
| College Opportunity Fund | <u>534,181,544</u> | <u>312,290,555</u> | <u>535,294,916</u> | <u>534,256,801</u> | <u>534,256,801</u> | -0.2% |
| Student Stipend Payments | 261,617,889 | 184,907,721 | 267,879,308 | 267,879,308 | 267,879,308 | 0.0% |
| Fee-for-service Contracts | 272,563,655 | 127,382,834 | 267,415,608 | 254,017,690 | 254,017,690 | -5.0% |
| Direct General Fund Grant | 0 | 0 | 0 | 12,359,803 | 12,359,803 | 0.0% |
| Federal Stimulus | 144,690,714 | 368,044,477 | 85,592,036 | 0 | 0 | -100.0% |
| Tobacco Settlement Distribution | 17,997,300 | 17,150,000 | 16,004,485 | 16,004,485 | 16,004,485 | 0.0% |
| Limited Gaming | 0 | 0 | 7,524,792 | 7,524,792 | 7,524,792 | 0.0% |

FY 2011-12 Joint Budget Committee Staff Briefing
Department of Higher Education

| | Appendix A: Numbers Pages | | | FY 2011-12 | | Notes | |
|------------------------------|---------------------------|----------------------|----------------------|----------------------|----------------------|-------|--|
| | FY 2008-09 Actual | FY 2009-10 Actual | FY 2010-11 Approp | Governor Request | CCHE Request | | |
| Tuition | <u>1,138,617,714</u> | <u>1,291,905,434</u> | <u>1,424,653,961</u> | <u>1,518,868,258</u> | <u>1,518,868,258</u> | 6.6% | |
| Resident | 665,789,417 | 779,688,594 | 869,413,083 | 947,660,261 | 947,660,261 | 9.0% | |
| Nonresident | 472,828,297 | 512,216,840 | 555,240,878 | 571,207,997 | 571,207,997 | 2.9% | |
| Academic Fees | 54,794,848 | 72,533,365 | 85,205,407 | 85,205,407 | 85,205,407 | 0.0% | |
| Appropriated Grants - CF | 4,750,000 | 0 | 0 | 0 | 0 | 0.0% | |
| Appropriated Grants - RF/CFE | 2,157,531 | 2,375,531 | 2,375,531 | 2,375,531 | 2,375,531 | 0.0% | |

Approp vs Request

| | | | | | | | |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|---------|----------------------------|
| TOTAL - (6) Local District Junior | | | | | | | #1 Institution Allocations |
| College Grants | <u>15,890,257</u> | <u>15,890,257</u> | <u>15,467,729</u> | <u>13,507,123</u> | <u>13,507,123</u> | -12.7% | |
| General Fund | 12,601,934 | 7,350,751 | 12,601,934 | 12,670,784 | 12,670,784 | 0.5% | |
| Cash Funds | 0 | 0 | 836,339 | 836,339 | 836,339 | 0.0% | |
| Federal Funds | 3,288,323 | 8,539,506 | 2,029,456 | 0 | 0 | -100.0% | |

(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 | 857,406 | 900,000 | 900,000 | 900,000 | 900,000 | |
| FTE | <u>7.1</u> | <u>8.3</u> | <u>9.0</u> | <u>9.0</u> | <u>9.0</u> | |
| General Fund | 0 | 105,405 | 0 | 0 | 0 | |
| Cash Funds | 0 | 0 | 0 | 0 | 0 | |
| RF/CFE | 857,406 | 794,595 | 900,000 | 900,000 | 900,000 | |
| (B) Distribution of State Assistance for Career and Technical Education pursuant to Section 23-8-102. C.R.S. | | | | | | |
| RF/CFE | 21,672,472 | 23,189,191 | 23,296,124 | 23,436,274 | 23,436,274 | NP-K-12 Categorical Program |

FY 2011-12 Joint Budget Committee Staff Briefing
Department of Higher Education

| | FY 2008-09 Actual | Appendix A: Numbers Pages | | FY 2011-12 | | Notes |
|--|----------------------|---------------------------|----------------------|---------------------|-------------------|----------------------------|
| | | FY 2009-10 Actual | FY 2010-11 Approp | Governor Request | CCHE Request | |
| (C) Area Vocational School Support | <u>11,202,546</u> | <u>9,736,132</u> | <u>8,964,761</u> | <u>8,113,109</u> | <u>8,113,109</u> | #1 Institution Allocations |
| General Fund | 8,505,528 | 4,311,868 | 7,392,154 | 8,113,109 | 8,113,109 | |
| Federal Funds | 2,697,018 | 5,424,264 | 1,572,607 | 0 | 0 | |
| (D) Sponsored Programs | | | | | | |
| (1) Administration | | | | | | |
| Federal Funds | 1,902,038 | 1,960,168 | 2,220,227 | 2,220,227 | 2,220,227 | |
| FTE | 22.6 | 22.9 | 23.0 | 23.0 | 23.0 | |
| (2) Sponsored Programs | | | | | | |
| Federal Funds | 14,292,642 | 14,446,764 | 14,737,535 | 14,737,535 | 14,737,535 | |
| Subtotal - (D) Sponsored Programs | 16,194,680 | 16,406,932 | 16,957,762 | 16,957,762 | 16,957,762 | |
| (E) Colorado First Customized Job Training | | | | | | |
| RF/CFE | 2,725,022 | 2,725,022 | 2,725,022 | 2,725,022 | 2,725,022 | |
| | | | | | | Approp vs Request |
| TOTAL - (7) Occupational Education | 52,652,126 | 52,957,277 | 52,843,669 | 52,132,167 | 52,132,167 | -1.3% |
| FTE | <u>29.7</u> | <u>31.2</u> | <u>32.0</u> | <u>32.0</u> | <u>32.0</u> | |
| General Fund | 8,505,528 | 4,417,273 | 7,392,154 | 8,113,109 | 8,113,109 | 9.8% |
| Cash Funds | 0 | 0 | 0 | 0 | 0 | #DIV/0! |
| RF/CFE | 25,254,900 | 26,708,808 | 26,921,146 | 27,061,296 | 27,061,296 | 0.5% |
| Federal Funds | 18,891,698 | 21,831,196 | 18,530,369 | 16,957,762 | 16,957,762 | -8.5% |
| | | | | | | Approp vs Request |
| TOTAL - (8) Auraria Higher Education Center | 16,625,772 | 17,670,252 | 17,670,252 | 17,670,252 | 17,670,252 | 0.0% |
| FTE | <u>195.2</u> | <u>191.3</u> | <u>166.3</u> | <u>166.3</u> | <u>166.3</u> | |
| Cash Funds | 0 | 0 | 0 | 0 | 0 | 0.0% |

FY 2011-12 Joint Budget Committee Staff Briefing
Department of Higher Education

| | FY 2008-09 Actual | Appendix A: Numbers Pages | | FY 2011-12 | | Notes | |
|--------|----------------------|---------------------------|----------------------|---------------------|-----------------|----------|------|
| | | FY 2009-10 Actual | FY 2010-11 Approp | Governor Request | CCHE Request | Governor | CCHE |
| RF/CFE | 16,625,772 | 17,670,252 | 17,670,252 | 17,670,252 | 17,670,252 | 0.0% | |

(9) State Historical Society

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

(A) Cumbres and Toltec Railroad Commission

| | | | | | | |
|--------------|---------|---------|---------|---------|---------|--|
| General Fund | 100,000 | 225,000 | 202,500 | 202,500 | 202,500 | |
|--------------|---------|---------|---------|---------|---------|--|

(B) Sponsored Programs

| | | | | | | |
|---------------|------------|------------|------------|------------|------------|--|
| FTE | <u>1.5</u> | <u>2.7</u> | <u>3.5</u> | <u>3.5</u> | <u>3.5</u> | |
| Cash Funds | 0 | | 20,000 | 20,000 | 20,000 | |
| Federal Funds | 221,127 | 294,448 | 230,000 | 230,000 | 230,000 | |

(C) Auxiliary Programs

| | | | | | | |
|------------|------------|------------|-------------|-------------|-------------|----------------------|
| FTE | <u>8.6</u> | <u>8.9</u> | <u>14.5</u> | <u>14.5</u> | <u>14.5</u> | NP-PERA, NP-Printing |
| Cash Funds | 942,675 | 955,549 | 1,551,313 | 1,549,489 | 1,549,489 | |

(D) Gaming Revenue

| | | | | | | |
|----------------------------|------------------|------------------|------------------|------------------|------------------|--|
| Gaming Cities Distribution | <u>5,633,135</u> | <u>4,775,741</u> | <u>5,272,879</u> | <u>5,272,879</u> | <u>5,272,879</u> | |
| Cash Funds | 5,633,135 | 4,775,741 | 5,272,879 | 5,272,879 | 5,272,879 | |

Statewide Preservation Grant Program

| | | | | | | |
|------------|-------------|-------------|-------------|-------------|-------------|----------------------|
| FTE | <u>15.7</u> | <u>16.8</u> | <u>18.0</u> | <u>18.0</u> | <u>18.0</u> | NP-PERA, NP-Printing |
| Cash Funds | 17,758,341 | 15,120,150 | 14,387,302 | 14,366,378 | 14,366,378 | |

Society Museum and Preservation

| | | | | | | |
|------------|-------------|-------------|-------------|-------------|-------------|----------------------|
| Operations | 6,391,478 | 6,565,247 | 6,762,023 | 7,481,415 | 7,481,415 | CHS #1 Facilities |
| FTE | <u>86.6</u> | <u>86.8</u> | <u>89.9</u> | <u>91.9</u> | <u>91.9</u> | NP-PERA, NP-Printing |
| Cash Funds | 5,720,539 | 5,574,735 | 6,069,627 | 6,788,754 | 6,788,754 | |

FY 2011-12 Joint Budget Committee Staff Briefing
Department of Higher Education

| | FY 2008-09 Actual | Appendix A: Numbers Pages | | FY 2011-12 | | Notes | |
|--------------------------------------|----------------------|---------------------------|----------------------|---------------------|-------------------|----------|------|
| | | FY 2009-10 Actual | FY 2010-11 Approp | Governor Request | CCHE Request | Governor | CCHE |
| Federal Funds | 670,939 | 990,512 | 692,396 | 692,661 | 692,661 | | |
| Subtotal - (D) Gaming Revenue | 29,782,954 | 26,461,138 | 26,422,204 | 27,120,672 | 27,120,672 | | |

Approp vs Request

| | | | | | | |
|---------------------------------------|--------------|--------------|--------------|--------------|--------------|------|
| TOTAL - (9) Historical Society | 31,046,756 | 27,936,135 | 28,426,017 | 29,122,661 | 29,122,661 | 2.5% |
| FTE | <u>112.4</u> | <u>115.2</u> | <u>125.9</u> | <u>127.9</u> | <u>127.9</u> | |
| General Fund | 100,000 | 225,000 | 202,500 | 202,500 | 202,500 | 0.0% |
| Cash Funds | 30,054,690 | 26,426,175 | 27,301,121 | 27,997,500 | 27,997,500 | 2.6% |
| Federal Funds | 892,066 | 1,284,960 | 922,396 | 922,661 | 922,661 | 0.0% |

Approp vs Request

| | | | | | | |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|--------|
| TOTAL - Dept. of Higher Education | 2,672,525,050 | 2,609,587,971 | 2,942,199,142 | 2,933,786,796 | 2,933,786,796 | -0.3% |
| FTE | <u>20,891.5</u> | <u>21,134.2</u> | <u>21,397.5</u> | <u>21,399.5</u> | <u>21,399.5</u> | |
| General Fund | 661,650,598 | 428,554,090 | 644,870,589 | 660,561,282 | 660,561,282 | 2.4% |
| Cash Funds | 1,259,698,219 | 1,417,094,269 | 1,601,678,889 | 1,680,247,258 | 1,680,247,258 | 4.9% |
| CFE/RF | 581,641,710 | 362,394,418 | 586,167,393 | 572,653,719 | 572,653,719 | -2.3% |
| Federal Funds | 169,534,523 | 401,545,194 | 109,482,271 | 20,324,537 | 20,324,537 | -81.4% |
| †General Fund Exempt | 294,300,000 | 800,000 | 101,266,667 | 101,266,667 | 101,266,667 | 0.0% |

Key:

- ITALICS* = non-add figure, included for informational purposes
- A** = impacted by a budget amendment submitted after the November 1 request
- S** = impacted by a supplemental appropriation approved by the Joint Budget Committee

**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Higher Education**

APPENDIX B: SUMMARY OF MAJOR LEGISLATION

S.B. 10-003: Temporarily removes statutory provisions providing that the General Assembly annually set limits on tuition increases and replaces those provisions with authority for governing boards to increase tuition, but increases greater than 9.0 percent for resident undergraduates require approval from the Colorado Commission on Higher Education. To obtain approval for increases greater than 9.0 percent, institutions must provide a 4-year financial and accountability plan specifying:

- the amount of increase;
- the manner in which the school will ensure access and affordable tuition for low- and middle-income students and disadvantaged students;
- the manner in which the school is implementing flexibility with state fiscal rules; and
- measures the school will implement to ensure service levels and quality academic programs.

This delegated tuition authority lasts for five years, from FY 2011-12 through FY 2015-16, after which authority to limit tuition revenues reverts to the General Assembly.

In addition, the bill:

- Requires CCHE to submit a master plan for higher education by December 15, 2010;
- Requires each governing board to submit plans by November 10, 2010 to fund the schools under its control in the following fiscal year if the General Assembly reduces overall state funding for higher education by 50 percent;
- Reduces requirements for the University of Colorado and Colorado State University regarding the percentage of students who must be residents, if the institutions admit all qualified resident first-time freshmen applicants, among other requirements;
- Permits higher education institutions to distribute financial aid allocated to them by the Colorado Commission on Higher Education according to their own policies and procedures;
- Permits schools to adopt their own fiscal procedures and be exempt from the fiscal rules of the state controller and from participation in central services (e.g., printing, document management, mail-related services);
- Reduces the Colorado Commission on Higher Education's duties to review acquisitions of real property;
- Allows schools to provide post-employment compensation regardless of the length of employment; and,
- Provides for a new performance contract with the Colorado School of Mines, and for appropriations through this performance contract in lieu of a fee-for-service contract.

S.B. 10-064: Permits an institution of higher education to make an application for the College Opportunity Fund on behalf of an enrolled student, if the student gives his or her permission. Increases stipend spending authority by \$403,868 and reduces tuition spending authority by the same amount based on projected increases in the number of students authorizing the stipend. Also, reduces fee-for-service contracts by \$403,868 to offset the General Fund cost of the increased stipends.

| Impact of S.B. 10-064 by Governing Board | | | | |
|---|--------------------|------------------|------------------------|--------------------|
| Governing Board | TOTAL | Stipends | Fee-for-service | Tuition |
| Adams State College | (\$1,612) | \$1,612 | (\$1,612) | (\$1,612) |
| Mesa State College | (1,674) | 1,674 | (1,674) | (1,674) |
| Metropolitan State College of Denver | (218,922) | 218,922 | (218,922) | (218,922) |
| Colorado State University System | (177,196) | 177,196 | (177,196) | (177,196) |
| Fort Lewis College | (4,464) | 4,464 | (4,464) | (4,464) |
| TOTAL | (\$403,868) | \$403,868 | (\$403,868) | (\$403,868) |

S.B. 10-108: Allows nonpublic institutions to request that the Department of Higher Education review courses for whether they meet general education requirements for inclusion in the statewide guaranteed transfer agreement between institutions through the "gtPATHWAYS" program. Appropriates \$36,820 and 0.4 FTE from a review fee to cover all direct and indirect costs.

H.B. 10-1301: Supplemental appropriation to modify FY 2009-10 appropriations to the Department of Higher Education included in the FY 2009-10 Long Bill (S.B. 09-259).

H.B. 10-1327: Makes the following transfers from cash funds to the General Fund in FY 2009-10 to augment FY 2009-10 General Fund revenue:

| Cash Fund Transfers in H.B. 10-1327 | | |
|--|--|---------------|
| Cash Funds | Department | Amount |
| Higher Education Maintenance and Reserve Fund | Department of Higher Education | 2,300,000 |
| Motor Fleet Management Fund | Department of Personnel and Administration | 397,143 |
| Waste Tire Cleanup Fund | Department of Local Affairs | 1,900,000 |
| Public Safety Communications Trust Fund | Governor's Office | 230,520 |
| Capital Construction Fund - Emergency Controlled Maintenance Account | Department of Personnel and Administration | 335,000 |
| Processors and End Users of Waste Tires Cash Fund | Department of Local Affairs | 500,000 |

| Cash Fund Transfers in H.B. 10-1327 | | |
|--|---------------------------------|---------------------|
| Local Government Permanent Fund | Department of Local Affairs | 14,305,697 |
| Perpetual Base Account of the Severance Tax Trust Fund | Department of Natural Resources | \$2,000,000 |
| Operational Account of the Severance Tax Trust Fund | Department of Natural Resources | 11,000,000 |
| Local Government Severance Tax Fund | Department of Local Affairs | 50,327,796 |
| Law Enforcement Assistance Fund | Department of Transportation | 1,560,315 |
| Total | | \$84,856,471 |

H.B. 10-1339: Makes changes to the distribution of limited gaming funds, including providing \$2.0 million for distribution to the Higher Education Competitive Research Authority in FY 2009-10. Provides an increase of \$1.0 million over the appropriation in the Long Bill for the Department to expend the money in FY 2010-11. Without H.B. 10-1339, distributions to the Higher Education Competitive Research Authority were not expected to occur in FY 2009-10, based on statutory triggers tied to revenue forecasts. For more information, see the "Recent Legislation" section at the end of the Governor - Lieutenant Governor - State Planning and Budgeting.

H.B. 10-1376: General appropriations act for FY 2010-11. Contains supplemental adjustments to FY 2009-10 and FY 2008-09 appropriations.

H.B. 10-1383: Refinances \$15.4 million General Fund appropriated in the Long Bill for need-based financial aid with cash funds from the CollegeInvest Scholarship Trust Fund. Transfers \$29.8 million from the CollegeInvest Scholarship Trust Fund to the General Fund. Provides a one-year exception during FY 2010-11 to a statutory requirement that appropriations for financial aid increase by at least the same percentage increase as appropriations for the higher education institutions.

**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Higher Education**

**APPENDIX C: UPDATE OF FY 2010-11
LONG BILL FOOTNOTES AND REQUESTS FOR INFORMATION**

Long Bill Footnotes

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

Comment: Expresses legislative intent with regard to the Enrollment/Tuition and Stipend Contingency line item. In FY 2009-10 the Department transferred \$5.9 million spending authority to the institutions.

- 13 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.

- 14 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. In FY 2009-10 the Department transferred only the minimum funds necessary, but this was all of the appropriation.

- 15 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.

- 16 Department of Higher Education, Governing Boards, Trustees of Adams State College; Trustees of Mesa State College; Trustees of Metropolitan State College of Denver; Trustees of Western State College; Board of Governors of the Colorado State University System; Trustees of Fort Lewis College; Regents of the University of Colorado; Trustees of the Colorado School of Mines; University of Northern Colorado; State Board for Community Colleges and Occupational Education State System Community Colleges** -- It is the intent of the General Assembly that no resident undergraduate student shall pay more tuition in FY 2010-11 than 9.0 percent over what they would have paid in FY 2009-10 for the same credit hours and course of study. It is the intent of the General Assembly that the institutions may increase all graduate and nonresident tuition rates to reflect market conditions and that any additional spending authority necessary to cover graduate and nonresident tuition rate increases will be addressed through a supplemental appropriation during the 2011 session.

Comment: All of the higher education institutions complied with letter of the limit. Mesa State College charged a higher rate for freshmen than for sophomores through seniors, interpreting the footnote to apply to continuing students only.

- 17 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

- 20 **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.

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

Comment: The report is due January 1.