

**COLORADO GENERAL ASSEMBLY  
JOINT BUDGET COMMITTEE**



**FY 2010-11 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 18, 2009**

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 2010-11 BUDGET BRIEFING  
STAFF PRESENTATION TO THE JOINT BUDGET COMMITTEE**

**DEPARTMENT OF HIGHER EDUCATION**

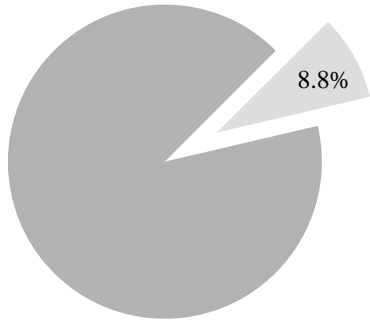
**Table of Contents**

Graphic Overview .....	1
Department Overview .....	3
Decision Items .....	12
Overview of Numbers Pages .....	16
Issues:	
Federal funding for higher education from the American Recovery and Reinvestment Act (ARRA) .....	18
Closing colleges .....	23
"Privatizing" state institutions .....	27
Proportional reductions .....	31
Eliminating financial aid for private institutions .....	34
Appendices:	
A - Numbers Pages .....	36
B - Summary of Major Legislation from 2009 Legislative Session .....	54
C - Update on Long Bill Footnotes and Requests for Information .....	56
D - Executive Summary of the Five-year Statutory Evaluation of the College Opportunity Fund Program .....	60

**FY 2009-10 Joint Budget Committee Staff Budget Briefing  
Department of Higher Education**

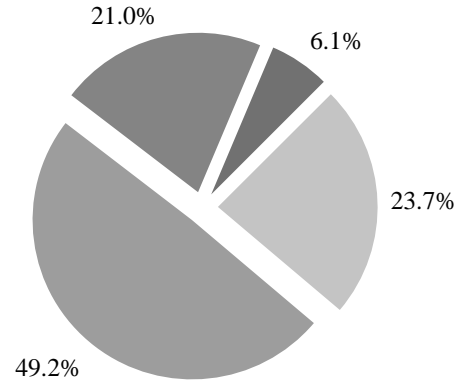
**GRAPHIC OVERVIEW**

**Department's Share of Statewide General Fund**



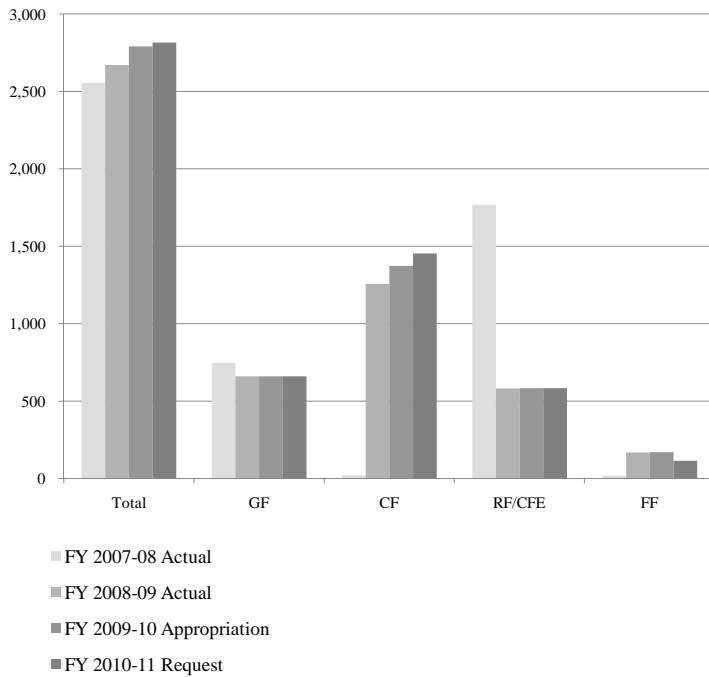
- Department of Higher Education
- Statewide General Fund

**Department Funding Sources**

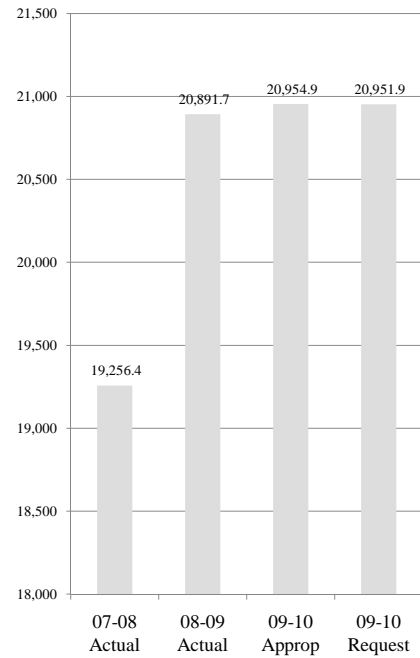


- General Fund
- Cash Funds
- Reappropriated Funds
- Federal Funds

**Budget History  
(Millions of Dollars)**

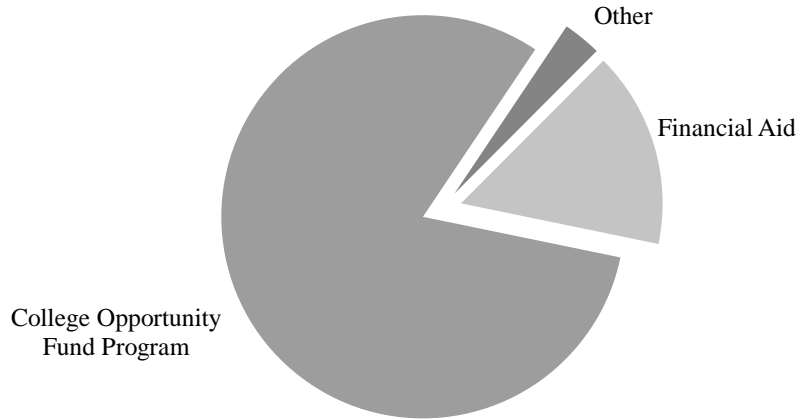


**FTE History**

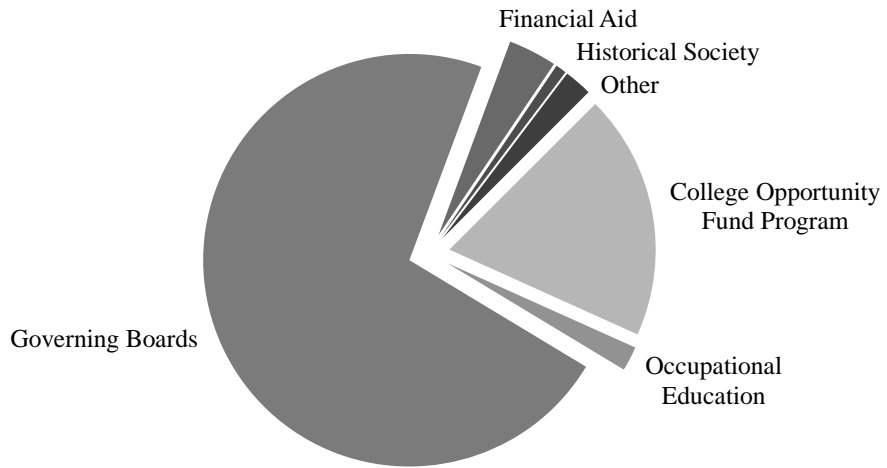


Unless otherwise noted, all charts are based on the FY 2008-09 appropriation.

**Distribution of General Fund by Division**



**Distribution of Total Funds by Division**



**FY 2010-11 Joint Budget Committee Staff Budget Briefing  
Department of Higher Education**

**DEPARTMENT OVERVIEW**

**Key Responsibilities**

- ✓ Provides higher education opportunities for Colorado residents through 26 state-operated campuses, two local district junior colleges, and four area vocational schools.
- ✓ Administers the College Opportunity Fund Program that provides stipends to students for undergraduate education.
- ✓ Negotiates fee-for-service contracts with institutions to provide graduate, professional, specialized, rural, and other education programs.
- ✓ Distributes state financial assistance for students to attend public, private, or proprietary schools.
- ✓ Through the State Historical Society, collects, preserves, exhibits and interprets items and properties of historical significance.

**Factors Driving the Budget**

The Department of Higher Education accounts for 8.8 percent of state General Fund appropriations in FY 2009-10, making it the fifth largest General Fund appropriation behind the Department of Education, Department of Health Care Policy and Financing, Department of Human Services, and Department of Corrections. The relative rank of Higher Education funding may be misleading, because the FY 2009-10 appropriation for Higher Education includes \$150 million federal funds from the American Recovery and Reinvestment Act. In prior years, Higher Education was the third largest General Fund appropriation, although for at least the last 20 years the share of state General Fund dedicated to higher education has trended downward from 20.3 percent in FY 1989-90. Higher Education has by far the largest number of state employees, with 20,948 appropriated full-time-equivalent (FTE) positions in FY 2009-10.

The Colorado Commission on Higher Education (Commission) oversees the higher education delivery system. Each state-operated institution also reports to a governing board. The members of the Commission and of the governing boards are appointed by the Governor, except at the University of Colorado, where they are elected. Through statutes, the General Assembly has delegated significant budgetary control to the governing boards. Within broad parameters the governing boards are allowed to determine how to spend the revenue they earn, and they can retain unspent funds at the end of each fiscal year for future initiatives.

The 26 state-operated institutions of higher education (institutions) serve a head-count of roughly 210,000 students from Colorado per year. The following table shows the number of resident full-time-equivalent (FTE) students at each institution. It also shows the two independent local district junior colleges that receive state General Fund in addition to local tax revenue.

**Resident Students by Institution  
and Governing Board — FY 2008-09**

<b>Public Institutions</b>	<b>Resident Student FTE</b>	<b>Percent of Total</b>
<b>University of Colorado:</b>	<u>35,691</u>	25.6%
CU - Boulder	17,744	12.7%
CU - Colorado Springs	6,118	4.4%
CU - Denver	8,734	6.3%
CU - Health Sciences Center	3,095	2.2%
<b>Colorado State University System:</b>	<u>21,303</u>	15.3%
CSU - Fort Collins	17,884	12.8%
CSU - Pueblo	3,419	2.5%
<b>Fort Lewis College</b>	2,426	1.7%
<b>Colorado School of Mines</b>	3,144	2.3%
<b>University of Northern Colorado</b>	8,658	6.2%
<b>Adams State College</b>	1,646	1.2%
<b>Mesa State College</b>	4,541	3.3%
<b>Metropolitan State College of Denver</b>	15,621	11.2%
<b>Western State College</b>	1,453	1.0%
<b>Community College System:</b>	<u>44,920</u>	32.2%
Arapahoe CC	4,370	3.1%
Northwestern CC	686	0.5%
CC of Aurora	3,338	2.4%
CC of Denver	4,933	3.5%
Front Range CC	9,945	7.1%
Lamar CC	674	0.5%
Morgan CC	999	0.7%
Northeastern Junior College	1,343	1.0%
Otero Junior College	1,123	0.8%
Pikes Peak CC	7,624	5.5%
Pueblo CC	3,761	2.7%
Red Rocks CC	4,841	3.5%
Trinidad State Junior College	1,283	0.9%
<b>Local District Junior Colleges:</b>	<u>5,455</u>	3.9%
Aims CC	3,031	2.2%
Colorado Mountain College	2,143	1.5%
<b>Total Resident Student FTE</b>	<b>139,403</b>	<b>100.0%</b>

Another significant part of the department's duties is to regulate the state's occupational education programs. The Community College System administers the Colorado Vocational Act, which provides resources for high school technical education, the federal Perkins program, and economic development funds to help companies provide industry-specific training. The Community College System also has responsibility for the four Area Vocational Schools (Emily Griffith Opportunity School, T.H. Pickens Technical Center, Delta-Montrose Vocational Technical Center, and San Juan Basin Area Vocational School).

### **Individual versus public responsibility for 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. Higher education benefits individuals by increasing their earning potential and exposing them to cultural and social experiences that may improve their quality of life, but it also has a public benefit. 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. Some studies have linked it with better physical health and a greater degree of civic involvement.

### **Higher education performance expectations**

Hand in hand with decisions about the degree of individual versus public funding for higher education, legislators must determine what they expect from public higher education institutions in exchange for the General Fund support. Some examples of current statutory expectations include the minimum percentage of in-state students relative to out-of-state students that an institution must accept, and how selective each institution may be with admissions criteria.

Another type of performance criteria is the tuition and fee rates charged by the institutions. Statutes state that the General Assembly retains the ability to approve tuition spending authority for the governing boards (Section 23-5-129 (10), C.R.S.). Furthermore, statutes require that the General Assembly annually note the tuition increases it uses to derive the total spending authority for each governing board in a footnote to the Long Bill (Section 23-18-202 (3) (b), C.R.S.).

At times the legislature has attempted to use performance criteria such as time to graduation or graduation rates as a basis for determining the distribution of funding and/or the total level of funding for higher education. Currently, higher education institutions report this type of data as part of performance contracts with the Colorado Commission on Higher Education and, while it may influence legislative funding decisions, it is not overtly part of the General Fund distribution formula.

### Impact of the statewide budget outlook

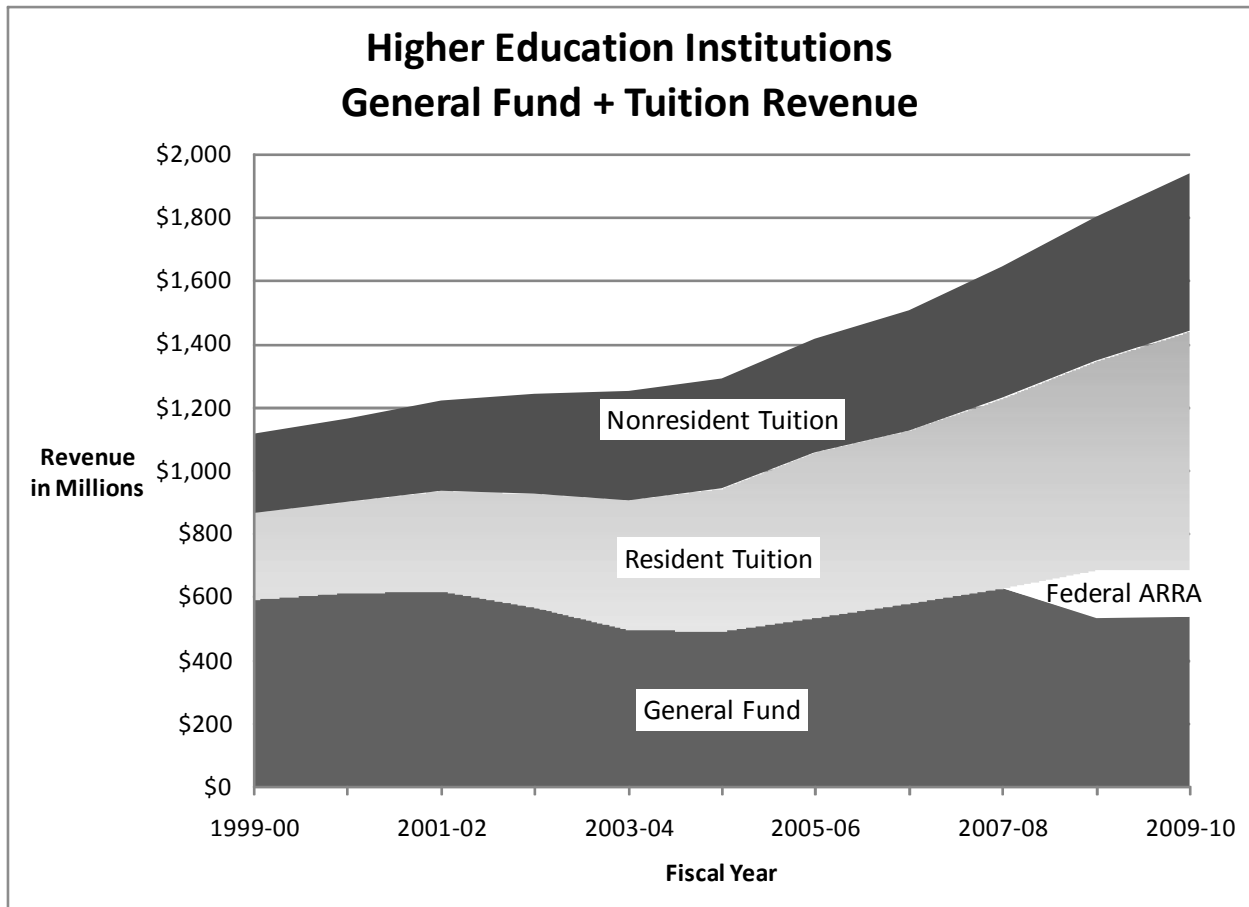
During the last economic downturn, reductions to higher education represented a significant portion of the actions by the General Assembly to adjust the budget to available revenues. This was true not only in Colorado, but in most states nationwide, and it is a pattern seen in prior years as well. The table below compares General Fund appropriations in FY 2000-01 with FY 2004-05.

<b>General Fund Appropriations for Major Departments During the Most Recent Recession (in millions)</b>				
<b>Department</b>	<b>FY 2000-01</b>	<b>FY 2004-05</b>	<b>Difference</b>	<b>Percent</b>
Health Care	\$1,015.0	\$1,280.8	\$265.8	26.2%
Education	\$2,143.5	\$2,514.6	\$371.1	17.3%
Corrections	\$423.8	\$496.8	\$73.0	17.2%
Judicial	\$206.5	\$219.0	\$12.5	6.1%
Human Services	\$498.4	\$484.9	(\$13.5)	-2.7%
Higher Education	\$747.6	\$588.0	(\$159.6)	-21.3%
All Other	\$366.3	\$256.8	(\$109.5)	-29.9%

In this same time frame tuition charges increased significantly, to some degree mitigating the impact of the General Fund reductions on the operating revenue of the higher education institutions. The increases in tuition transferred more of the burden for funding higher education from state tax revenues to students.

The following chart illustrates how tuition supplements General Fund revenues for the higher education institutions, and perhaps provides 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 also illustrates how the higher education institutions have fared in terms of General Fund appropriations and tuition spending authority in the years following a recession. However, it should be noted that the chart does not include adjustments for changes in the number of students served, or inflationary factors impacting the cost of providing services. Also, it makes no judgements about whether resources were being used optimally prior to the recession. Thus, legislators should be cautious about drawing conclusions from the chart about the adequacy of General Fund and tuition increases during and following the recession. That is a complicated and subjective analysis beyond the scope of this overview.





### 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.

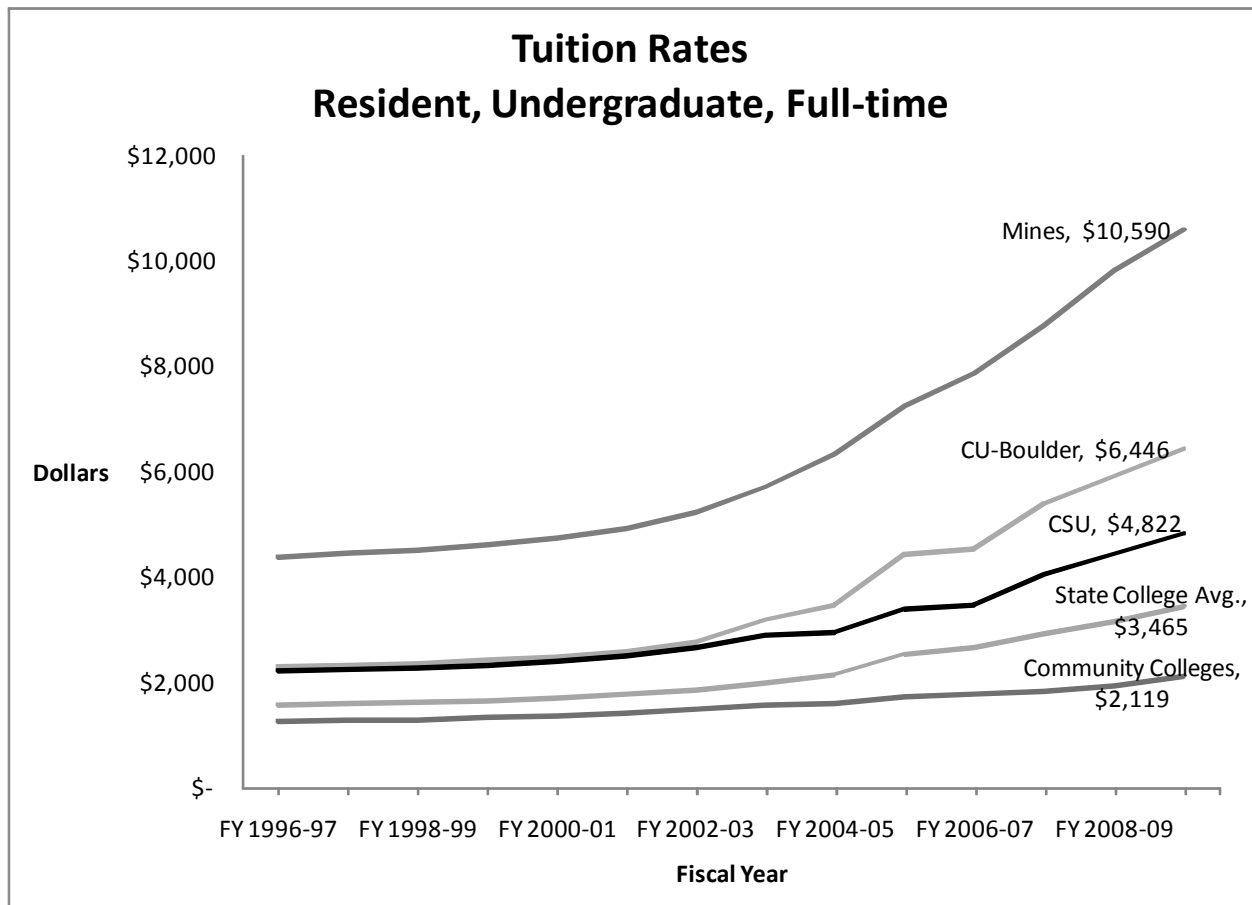
It may be helpful for legislators to focus on the sum of stipends and fee-for-service contracts, rather than each separately. In practice, once stipends and fee-for-service contracts are paid to a higher education institution the institution makes no distinction between them. The sum of stipends and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

## Enterprise Status

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 TABOR. Revenue, such as tuition, that is generated by enterprises is exempt from the limits imposed by TABOR and has no impact on the refund. 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.

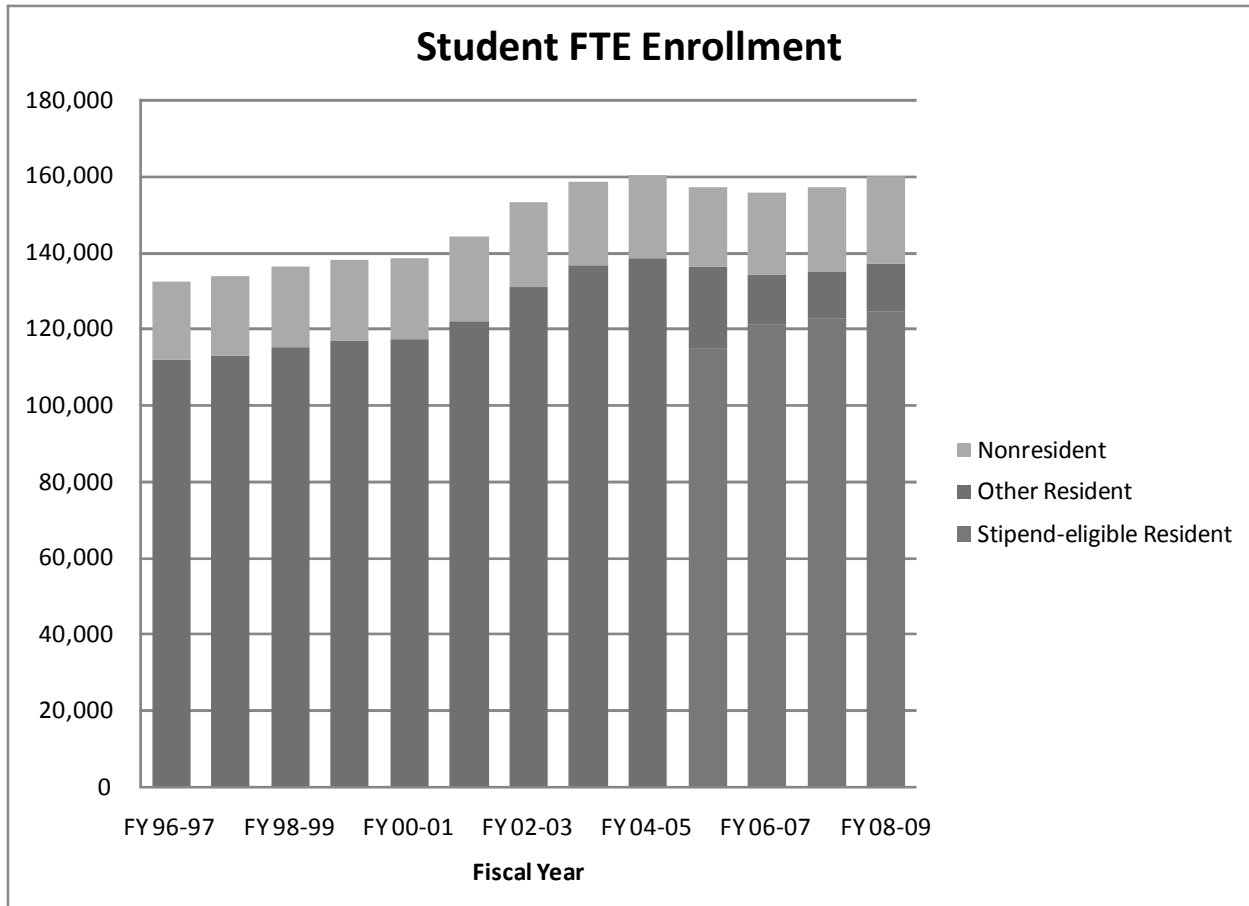
## Tuition

As described above, statutes require the General Assembly to annually note the tuition increases it uses to derive the total spending authority for each governing board in a footnote to the Long Bill (Section 23-18-202 (3) (b), C.R.S.). Tuition rates are a central consideration in discussions about access and affordability. Total projected tuition revenue for the governing boards influences legislative decisions about how much General Fund to appropriate for stipends and fee-for-service contracts. The graph below charts changes in tuition rates at selected institutions over the last 12 years.



## Enrollment

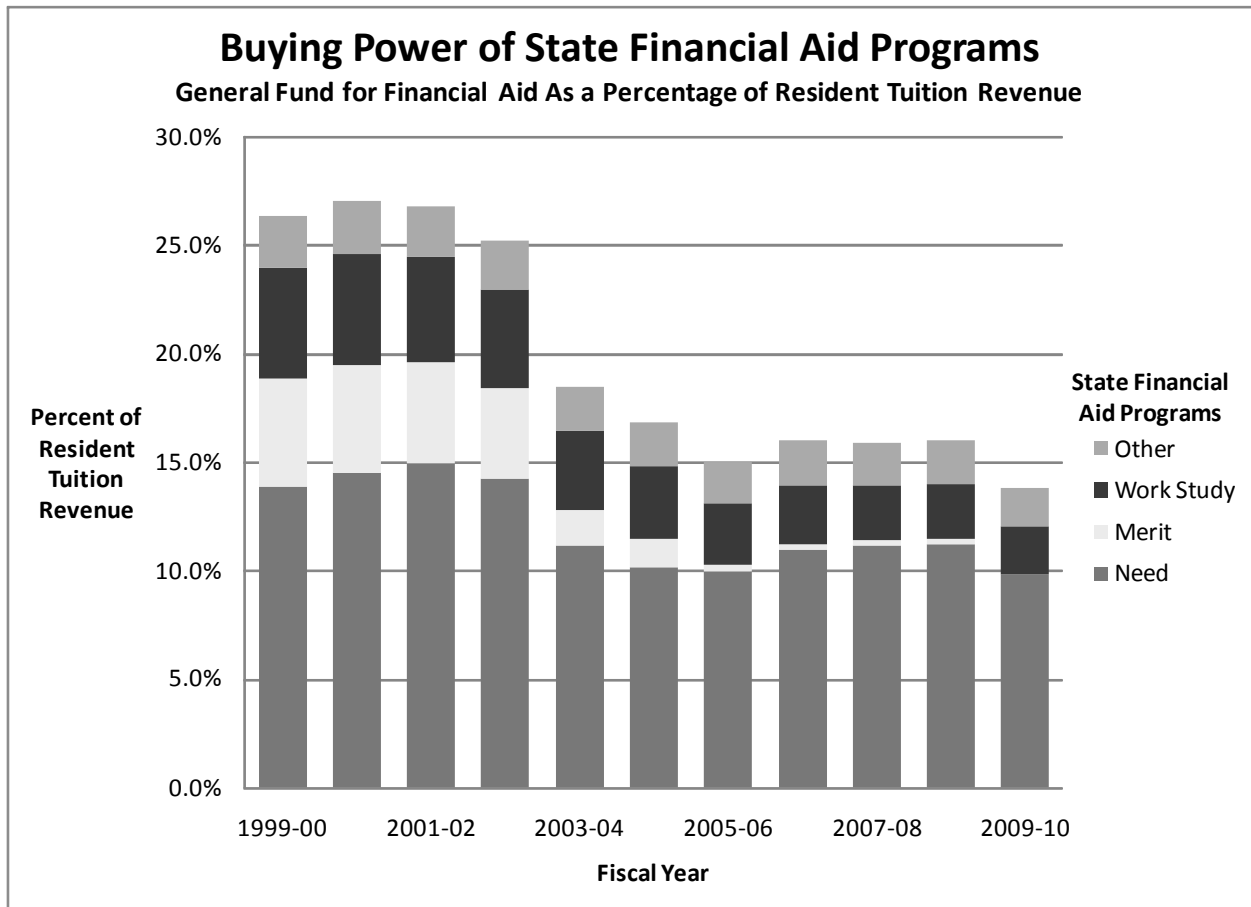
Enrollment is both a workload and performance measure for the campuses, and it affects tuition revenue. For a few schools, nonresident enrollment is important in terms of total revenue, since nonresident tuition helps subsidize resident education. Enrollment tends to be counter-cyclical. In other words, when the economy slows, higher education enrollment increases. The following chart reports student FTE over the last 12 years. Thirty credit hours in a year equals one full-time-equivalent student.



## Financial Aid

Of the General Fund appropriation for higher education in FY 2009-10, \$103.9 million (16.0 percent) is 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 based on formulas that consider financial need at the schools, total student enrollment, and program eligibility criteria.

The following table shows General Fund appropriations for financial aid as a percentage of resident tuition revenues over time. The table provides an indication of the buying power of financial aid appropriations. 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. 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.



The federal government also provides a significant amount of financial aid for students. The most recent year of data shows federal Pell Grants to the neediest students attending schools in Colorado (both public and private) totaled \$156.1 million in FY 2007-08. Federal guaranteed loan programs provided another \$988.4 million for students and their parents. The federal government also provides tax credits and deductions for tuition.

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 Commission reports the total institutional financial aid available in the state in FY 2007-08 was \$288.2 million.

**FY 2010-11 Joint Budget Committee Staff Budget Briefing  
Department of Higher Education**

**DECISION ITEM PRIORITY LIST**

<b>Decision Item</b>	<b>GF</b>	<b>CF</b>	<b>RF</b>	<b>FF</b>	<b>Total</b>	<b>FTE</b>
1 Governor	0	0	0	(55,981,956)	(55,981,956)	0.0
<i>CCHE</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0.0</i>
<b>Allocations for the College Opportunity Fund and State Fiscal Stabilization Funds</b>						
<p><b>Governing Boards.</b> The <i>Governor's</i> request reflects a reduction of \$56.0 million federal funds from the American Recovery and Reinvestment Act (ARRA) for the higher education institutions, which in addition to the Governing Boards includes the Local District Junior Colleges and the Area Vocational Schools. The request is consistent with early supplemental requests submitted in August and October to spend more of the available ARRA money in FY 2009-10, leaving less for FY 2010-11. The distribution of the reduction by institution is in proportion to increases in state funding provided in FY 2007-08 and FY 2006-07.</p> <p><i>CCHE</i> requests that the combined state and ARRA funding remain unchanged. When <i>CCHE</i> voted on its budget recommendation, the Governor had not yet submitted his October plan to use the ARRA money in FY 2009-10. To accomplish <i>CCHE's</i> goal would require either rejecting the Governor's October plan for the ARRA funds, or adding \$56.0 million General Fund in FY 2010-11. As of this publication, <i>CCHE</i> has not met to consider the Governor's October plan, and so staff is not sure if that information would influence <i>CCHE's</i> request.</p> <p><i>Statutory authority: Sections 23-18-201 and 202 (2) (c); and 23-5-129 (5) (a), C.R.S.</i></p>						
		<b><u>FY 2009-10</u></b>	<b><u>Proposed</u></b>	<b><u>Percent</u></b>		
		<b><u>GF+ARRA</u></b>	<b><u>Reduction</u></b>	<b><u>Reduction</u></b>		
Adams State College		\$14,608,449	\$1,045,784	7.2%		
Mesa State College		24,005,607	1,730,136	7.2%		
Metro State College		49,713,412	5,269,753	10.6%		
Western State College		12,173,017	868,516	7.1%		
Colorado State University System		146,891,512	13,704,684	9.3%		
Fort Lewis College		12,736,330	1,134,928	8.9%		
University of Colorado System		209,099,449	14,992,069	7.2%		
Colorado School of Mines		23,237,386	1,598,103	6.9%		
University of Northern Colorado		44,086,311	3,115,667	7.1%		
Community College System		143,787,197	10,693,377	7.4%		
<b>Subtotal - Governing Boards</b>		<b>\$680,338,670</b>	<b>\$54,153,017</b>	<b>8.0%</b>		
Area Vocational Schools		15,890,257	1,134,067	7.1%		
Local District Junior Colleges		9,736,132	694,872	7.1%		
<b>TOTAL</b>		<b>\$705,965,059</b>	<b>\$55,981,956</b>	<b>7.9%</b>		

Decision Item	GF	CF	RF	FF	Total	FTE
2 Governor	0	81,200,442	0	0	81,200,442	0.0
<i>CCHE</i>	<i>0</i>	<i>82,114,654</i>	<i>0</i>	<i>0</i>	<i>82,114,654</i>	<i>0.0</i>
<b>Tuition and Fee Spending Authority</b>						
<p><b>Governing Boards.</b> Both the <i>Governor and CCHE</i> request tuition spending authority for 9.0 percent increases in resident undergraduate rates. Except at Fort Lewis College (see below), the dollar amounts requested assume graduate tuition will increase at the same rate as undergraduate tuition, and nonresident tuition will increase 5.0 percent, but the requests propose that graduate and nonresident tuition not be limited by the legislature. For Fort Lewis College the <i>Governor</i>, but not <i>CCHE</i>, proposes that nonresident tuition be held constant, due to the requirement that the state reimburse Fort Lewis for tuition for qualified Native Americans. Fort Lewis estimates the cost of waiving tuition for qualified Native Americans in FY 2009-10 as \$10.7 million, and 96 percent of this is attributable to nonresidents. Increasing nonresident rates at Fort Lewis would increase the General Fund required the next year for tuition waivers for Native Americans.</p> <p><i>Statutory authority: Sections 23-5-129 (10); 23-1-104 (1) (a) (I); and 23-18-202 (3) (b), C.R.S.</i></p>						
3 Governor	0	0	0	0	0	0.0
<i>CCHE</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0.0</i>
<b>Fort Lewis College Native American Tuition Waivers</b>						
<p><b>Financial Aid.</b> The <i>Governor</i> proposes transferring \$1,103,094 General Fund from the Work Study line item to the Native American Students/Fort Lewis College line item to reimburse the college for tuition waivers to qualifying Native American students pursuant to the grant from the federal government that provided the land for the institution and Section 23-52-105 (1) (b), C.R.S. <i>CCHE's</i> request did not specifically account for the increase in costs for Native American tuition waivers, but did request that overall financial aid programs be maintained at the FY 2009-10 funding level. <i>Statutory authority: Section 23-52-105 (1) (b), C.R.S.</i></p>						
NP - Transfer from K-12	0	0	106,901	0	106,901	0.0
<b>Corresponding Amendment 23 Required Increase (CDE's DI-01)</b>						
<p><b>Occupational Education.</b> The Department requests a \$106,901 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.</p>						
NP - IT Consolidation	0	(22,602)	0	0	(22,602)	(3.0)
<b>Statewide Information Technology Staff Consolidation</b>						
<b>Department Administrative Office and State Historical Society.</b>						
<b>Total Governor</b>	<b>0</b>	<b>81,177,840</b>	<b>106,901</b>	<b>(55,981,956)</b>	<b>25,302,785</b>	<b>(3.0)</b>
<b>Total CCHE</b>	<b>0</b>	<b>82,092,052</b>	<b>106,901</b>	<b>0</b>	<b>82,198,953</b>	<b>(3.0)</b>

**Requested FY 2010-11 Annualization of August 24, 2009 and October 28, 2009  
Budget Reduction Proposals**

<b>Decision Item</b>	<b>GF</b>	<b>CF</b>	<b>RF</b>	<b>FF</b>	<b>Total</b>	<b>FTE</b>																												
ES-1	(80,370)	0	0	0	(80,370)	0.0																												
<b>FY 2009-10 Higher Edcaton Budget Balancing General Fund Reduction</b>																																		
<p><b>College Opportunity Fund Program and Governing Boards.</b> In August and October the Governor indicated his intent to submit supplemental requests to reduce FY 2009-10 General Fund for the higher education institutions and backfill with federal money from the American Recovery and Reinvestment Act. The August plan included reducing the stipend rate and fee-for-service contracts. The Governor has not yet proposed an allocation between stipends and fee-for-service contracts for the October reduction. For FY 2010-11, the Governor's request largely restores the General Fund to comply with the ARRA maintenance of effort requirement, but all of the restored funding, at least for the August reduction, would be provided to the institutions through fee-for-service contracts. Thus, the FY 2010-11 request reflects a lower stipend rate than the FY 2009-10 appropriation, and a higher amount for fee-for-service contracts. Stipends for students attending private institutions are pegged by statute to 50 percent of the stipend rate for students attending public institutions, and so the FY 2010-11 request does not include restoring stipends for students at private institutions.</p> <p><i>Statutory authority: Sections 23-18-201 and 202 (2) (c); and 23-5-129 (5) (a), C.R.S.</i></p> <table border="0" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th align="center"><u><b>FY 2009-10</b></u></th> <th align="center"><u><b>FY 2010-11</b></u></th> <th></th> </tr> <tr> <th></th> <th align="center"><u><b>Approp</b></u></th> <th align="center"><u><b>Request</b></u></th> <th align="center"><u><b>Difference</b></u></th> </tr> </thead> <tbody> <tr> <td>Stipend rate for full-time student</td> <td align="right">\$2,040</td> <td align="right">\$1,860</td> <td align="right">(\$180)</td> </tr> <tr> <td>Stipend dollars</td> <td align="right">271,493,400</td> <td align="right">247,538,100</td> <td align="right">(23,955,300)</td> </tr> <tr> <td>Fee-for-service dollars</td> <td align="right">263,801,516</td> <td align="right">287,756,816</td> <td align="right">23,955,300</td> </tr> <tr> <td>Private stipend dollars</td> <td align="right"><u>910,860</u></td> <td align="right"><u>830,490</u></td> <td align="right"><u>(80,370)</u></td> </tr> <tr> <td></td> <td align="right">536,205,776</td> <td align="right">536,125,406</td> <td align="right">(80,370)</td> </tr> </tbody> </table>								<u><b>FY 2009-10</b></u>	<u><b>FY 2010-11</b></u>			<u><b>Approp</b></u>	<u><b>Request</b></u>	<u><b>Difference</b></u>	Stipend rate for full-time student	\$2,040	\$1,860	(\$180)	Stipend dollars	271,493,400	247,538,100	(23,955,300)	Fee-for-service dollars	263,801,516	287,756,816	23,955,300	Private stipend dollars	<u>910,860</u>	<u>830,490</u>	<u>(80,370)</u>		536,205,776	536,125,406	(80,370)
	<u><b>FY 2009-10</b></u>	<u><b>FY 2010-11</b></u>																																
	<u><b>Approp</b></u>	<u><b>Request</b></u>	<u><b>Difference</b></u>																															
Stipend rate for full-time student	\$2,040	\$1,860	(\$180)																															
Stipend dollars	271,493,400	247,538,100	(23,955,300)																															
Fee-for-service dollars	263,801,516	287,756,816	23,955,300																															
Private stipend dollars	<u>910,860</u>	<u>830,490</u>	<u>(80,370)</u>																															
	536,205,776	536,125,406	(80,370)																															
ES-2	(22,500)	0	0	0	(22,500)	0.0																												
<b>CTSRR Annual Routine Maintenance State Historical Society.</b> In August the Governor indicated his intent to request a supplemental to reduce FY 2009-10 General Fund for maintenance of the Cumbres and Toltec Scenic Railroad. The FY 2010-11 request continues this proposed reduction. <i>Statutory authority: Section 24-60-1901, C.R.S.</i>																																		
<b>TOTAL</b>	<b>(102,870)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(102,870)</b>	<b>0.0</b>																												



**FY 2010-11 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 2009-10 appropriation and its FY 2010-11 request.

**Total Requested Change, FY 2008-09 to FY 2009-10 (millions of dollars)**

<b>Category</b>	<b>GF</b>	<b>CF</b>	<b>RF</b>	<b>FF</b>	<b>Total</b>	<b>FTE</b>
FY 2008-09 Appropriation	\$660.6	\$1,373.5	\$585.6	\$170.9	\$2,790.6	20,954.9
FY 2009-10 Request	660.5	1,454.9	585.7	115.0	2,816.1	20,951.9
Increase / (Decrease)	(\$0.1)	\$81.4	\$0.1	(\$55.9)	\$25.5	(3.0)
Percentage Change	0.0%	5.9%	0.0%	-32.7%	0.9%	0.0%

The following table highlights the individual changes contained in the Department's FY 2009-10 budget request, as compared with the FY 2008-09 appropriation. For additional detail, see the numbers pages in Appendix A.

**Requested Changes, FY 2009-10 to FY 2010-11**

<b>Category</b>	<b>GF</b>	<b>CF</b>	<b>RF</b>	<b>FF</b>	<b>Total</b>	<b>FTE</b>
<b>Governing Boards</b>						
Federal ARRA Stabilization Funds (DI #1)	\$0	\$0	\$0	(\$54,153,017)	(\$54,153,017)	0.0
Tuition (DI #2; 9 percent for residents)	<u>0</u>	<u>81,200,442</u>	<u>0</u>	<u>0</u>	<u>81,200,442</u>	<u>0.0</u>
<b>Subtotal</b>	<b>\$0</b>	<b>\$81,200,442</b>	<b>\$0</b>	<b>(\$54,153,017)</b>	<b>\$27,047,425</b>	<b>0.0</b>
<b>Financial Aid</b>						
Work Study (DI #3)	(\$1,103,094)	\$0	\$0	\$0	(\$1,103,094)	0.0
Native American (DI #3)	<u>1,103,094</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,103,094</u>	<u>0.0</u>
<b>Subtotal</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0</b>
<b>Local District Junior Colleges (DI #1)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$1,134,067)</b>	<b>(\$1,134,067)</b>	<b>0.0</b>
<b>Area Vocational Schools (DI #1)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$694,872)</b>	<b>(\$694,872)</b>	<b>0.0</b>
<b>Private Stipends (ES #1)</b>	<b>(\$80,370)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$80,370)</b>	<b>0.0</b>
<b>Colorado Vocational Act</b>	<b>\$0</b>	<b>\$0</b>	<b>\$106,901</b>	<b>\$0</b>	<b>\$106,901</b>	<b>0.0</b>

Category	GF	CF	RF	FF	Total	FTE
<b>Historical Society</b>						
Museum Operations (NP-IT Consolidation)	\$0	(\$226,008)	\$0	\$0	(\$226,008)	(3.0)
Cumbres and Toltec Railroad (ES-2)	(22,500)	0	0	0	(22,500)	0.0
<b>Subtotal</b>	<b>(\$22,500)</b>	<b>(\$226,008)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$248,508)</b>	<b>(3.0)</b>
<b>Other</b>	<b>\$22,412</b>	<b>\$445,061</b>	<b>(\$55,221)</b>	<b>(\$108,685)</b>	<b>\$303,567</b>	<b>0.0</b>
<b>Total Change</b>	<b>(\$80,458)</b>	<b>\$81,419,495</b>	<b>\$51,680</b>	<b>(\$56,090,641)</b>	<b>\$25,300,076</b>	<b>(3.0)</b>

The request does not include an increase from limited gaming revenues pursuant to Amendment 50 for colleges with a 2-year mission. OSPB indicates this was an oversight that will be corrected with a budget amendment. OSPB projects the following amounts and distribution based on the constitutional and statutory formulas:

<b>Estimated Allocation of Amendment 50 Moneys by Governing Board Fiscal Year 2010-11</b>			
<b>Institution</b>	<b>FY08-09 Resident FTE</b>	<b>FY08-09 Percentage of Total</b>	<b>FY10-11 Projected Allocation</b>
ACC	4,370	8.4%	639,086
CNCC	686	1.3%	100,323
CCA	3,338	6.5%	488,162
CCD	4,933	9.5%	721,421
FRCC	9,945	19.2%	1,454,395
LCC	674	1.3%	98,568
MCC	999	1.9%	146,098
NJC	1,343	2.6%	196,406
OJC	1,123	2.2%	164,232
PPCC	7,624	14.7%	1,114,963
PCC	3,761	7.3%	550,023
RRCC	4,841	9.4%	707,967
TSJC	1,283	2.5%	187,631
<b>CCCS Total</b>	<b>44,920</b>	<b>86.8%</b>	<b>6,569,274</b>
Aims CC	3,031	5.9%	443,265
Colorado Mountain College	2,143	4.1%	313,401
<b>Local District Total</b>	<b>5,174</b>	<b>10.0%</b>	<b>756,666</b>
Adams State College	197	0.4%	28,810
Mesa State College	1,435	2.8%	209,860
<b>Total</b>	<b>51,726</b>	<b>100.0%</b>	<b>7,564,610</b>

**Note:** this distribution is based on FY08-09 resident FTE, the most recent year available, per Section 12-47.1-701.5, (3) (c) (I), C.R.S. (2009).

This projected revenue from limited gaming funds is significantly below previous estimates used for the Blue Book analysis of the amendment by Legislative Council Staff, primarily due to the downturn in the economy. The gaming communities have fully implemented the allowable changes to gaming practices under Amendment 50. For upcoming years, OSPB forecasts the following amounts will be available for expenditure from gaming money:

FY 2011-12	\$10.4
FY 2012-13	\$11.8
FY 2013-14	\$13.2

A provision of Amendment 50 stipulates that the money is "to supplement existing state funding."

**FY 2010-11 Joint Budget Committee Staff Budget Briefing  
Department of Higher Education**

**BRIEFING ISSUE**

**ISSUE:** Federal funding for higher education from the American Recovery and Reinvestment Act (ARRA)

This issue brief summarizes the impact on the Department of Higher Education of the Governor's August and October proposals for spending federal ARRA funds, and some key federal rules regarding the expenditure of Education Stabilization Funds from the State Fiscal Stabilization Fund of ARRA.

**SUMMARY:**

- ❑ ARRA funding includes a maintenance of effort requirement equal to FY 2005-06 state support for higher education and K-12.
- ❑ Colorado probably qualifies for a waiver from this maintenance of effort requirement in FY 2009-10, but not in FY 2010-11, which has a significant impact on other departments that will have to absorb reductions that might otherwise be made to higher education.
- ❑ The ARRA money for education must be spent to backfill lost General Fund to the FY 2008-09 funding level. If the General Assembly reduces K-12 funding further than proposed by the Governor, some of the ARRA money must be taken from higher education to backfill K-12.
- ❑ August and October plans submitted by the Governor would spend more of the available ARRA money in FY 2009-10, leaving insufficient funds to fully backfill higher education institutions in FY 2010-11. The Governor proposes allocating the reduction in ARRA funds to the higher education institutions in the reverse order of increases in state funding since FY 2005-06.

**DISCUSSION:**

Of the moneys for Colorado in the State Fiscal Stabilization Fund of the American Recovery and Reinvestment Act (ARRA), federal statute designates \$621.9 million as Education Stabilization Funds that must be spent on higher education and K-12 education. The money may be spent over FY 2008-09, FY 2009-10, and FY 2010-11.

ARRA requires states accepting the Education Stabilization Funds to maintain state support for higher education institutions and K-12 at least at the levels provided in FY 2005-06. A state may apply for a waiver from this maintenance of effort requirement. Based on guidance from the federal

Department of Education, OSPB believes that Colorado would qualify for a waiver in FY 2009-10, but almost certainly would not qualify for a waiver in FY 2010-11.

To qualify for a waiver in FY 2010-11, Colorado would need, among other things, to allocate the same percentage of available revenues for higher education and K-12 as it did in FY 2009-10. Both OSPB and Legislative Council Staff project that General Fund revenues will increase in FY 2010-11, meaning that appropriations for higher education and K-12 would need to increase in order to maintain the same percentage of available revenues and qualify for a waiver.

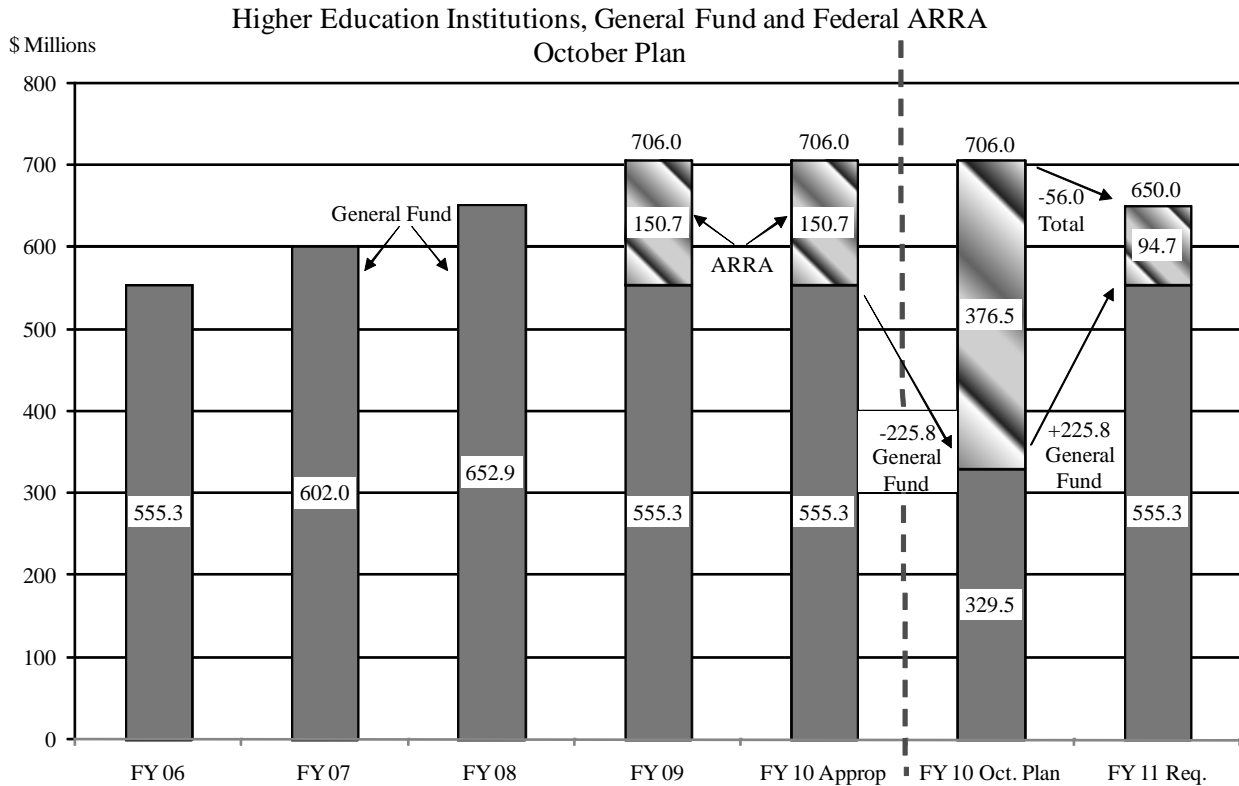
The maintenance of effort requirement applies to state FY 2008-09, FY 2009-10, and FY 2010-11. Colorado must meet the maintenance of effort requirement in each of these fiscal years even if all of the Education Stabilization Fund money is spent prior to the end of FY 2010-11. In other words, accelerating ARRA expenditures to FY 2009-10 would not eliminate the FY 2010-11 maintenance of effort requirement. Staff has not found any specific federal guidance on what the sanction would be for failure to meet the maintenance of effort requirement, but presumably all of the ARRA money would be in jeopardy. The federal government could garnish future federal payments to recovery an amount equal to the ARRA funds.

The lack of flexibility in higher education funding in FY 2010-11 means the General Assembly will need to make greater reductions and/or revenue enhancements in other areas of the budget than has been customary in recent years in order to close the deficit. When revenues dropped in FY 2008-09, higher education was \$150.7 of the General Assembly's solution. In FY 2009-10, despite the constraint of the ARRA maintenance of effort requirement, the Governor proposes an ARRA waiver so that higher education can be \$225.8 million of the solution to the deficit. In the previous downturn the legislature followed a similar pattern. In FY 2001-02 higher education supplemental bills reduced higher education appropriations \$14.6 million. In FY 2002-03 supplemental bills reduced higher education appropriations \$112.3 million. In FY 2003-04 higher education appropriations were \$94.1 million below the FY 2002-03 ending appropriation.

The Governor's August and October plans for addressing the FY 2009-10 General Fund shortfall include reducing state support for higher education by \$225.8 million. This requires a federal waiver, because the current FY 2009-10 appropriation for higher education is at the minimum to meet the ARRA maintenance of effort requirement. For FY 2010-11 the General Fund must be restored to meet the ARRA maintenance of effort requirement, since Colorado would not meet the waiver criteria. Even if the General Assembly rejected the Governor's August and October plans, the FY 2010-11 General Fund appropriation for the higher education institutions would still need to equal at least \$555.3 million to meet the ARRA maintenance of effort requirement. If the General Assembly accepts the August and October plans, the ARRA money runs out in FY 2010-11 and there is not enough money to fully restore the funding for the higher education institutions to the FY 2008-09 baseline.

The table on the next page summarizes the Governor's proposal for higher education. For FY 2011-12 the ARRA money will be gone. Several OSPB documents show estimates for FY 2011-12 with

no increase in General Fund to backfill the lost ARRA money. Because there will be no maintenance of effort requirement in FY 2011-12, the legislature could reduce General Fund for the higher education institutions below the \$555.3 million threshold in that year.



Federal guidance requires Colorado to spend Education Stabilization Funds first to backfill decreases in higher education and K-12 funding below the original FY 2008-09 level. If this threshold is met, then there are other optional ways Colorado may spend the ARRA money. Originally the Governor proposed spending some of the Education Stabilization Funds on K-12 education in FY 2009-10 and FY 2010-11. The state funding levels for higher education and K-12 proposed in the Governor's October plan and FY 2010-11 budget request would require Colorado to spend all of the available Education Stabilization Funds on higher education so that state and ARRA funding are as close to the target FY 2008-09 funding level as possible.

For FY 2010-11 the Governor's request for state support for K-12 funding is \$6.1 million above the FY 2008-09 funding level. If the legislature reduced K-12 further than requested by the Governor, and below the FY 2008-09 funding level, then higher education would no longer receive all of the Education Stabilization Funds. In that scenario, ARRA would require the state to allocate the Education Stabilization Funds to higher education and K-12 in proportion to the dollar shortfall of each below their FY 2008-09 funding level. For example, if the General Assembly reduced \$106

million more from K-12 funding than proposed by the Governor, then K-12 would receive 40 percent of the available ARRA funds in FY 2010-11, as illustrated in the table below.

	K-12	Higher Ed	TOTAL
Governor's Request in millions	3,399.1	555.3	3,954.4
Hypothetical additional reduction	<u>(106.0)</u>		<u>(106.0)</u>
Subtotal	3,293.1	555.3	3,848.4
ARRA targeted FY 2008-09 funding level	<u>3,392.9</u>	<u>706.0</u>	<u>4,098.9</u>
Deficit from FY 2008-09 funding level	(99.8)	(150.7)	(250.5)
Percent share of ARRA defined deficit	40%	60%	100%
FY 10-11 allocation of available ARRA funds	37.7	57.0	94.7

To achieve the FY 2009-10 General Fund reductions for higher education proposed in the August plan, OSPB recommends reducing the stipend rate from \$2,040 for a full-time, full-year student to \$1,860 and taking the remainder from the fee-for-service contracts. Reducing the stipend rate preserves enough appropriations from the fee-for-service contracts for institutions to continue to take advantage of the more favorable bond rates available through the Higher Education Intercept Program (S.B. 08-245 Windels/Buescher). The Governor has not yet submitted a proposal for how to allocate the October plan reductions, but if access to the Higher Education Intercept Program continues to be a priority, then further reductions in the stipend rate will be necessary. While staff would encourage the Committee to concentrate on the combined stipend and fee-for-service amount as the relevant measure of state support for higher education, it is possible that reductions in the stipend rate may be perceived differently by the public than reductions in fee-for-service contracts.

Because the FY 2009-10 General Fund reductions proposed in the August and October plans would be entirely backfilled with ARRA funds, the allocations of the reductions by governing board are not significant, unless one believes they provide some indication of what the Governor would propose if reductions are necessary in FY 2011-12 after the ARRA money has run out. The August plan allocated half the General Fund reductions to the governing boards in proportion to existing General Fund appropriations, and half in proportion to estimated total General Fund and tuition, with a \$10 million adjustment for institutions with the greatest enrollment growth between FY 2005-06 and FY 2008-09. The Governor has not yet submitted a plan for allocating the October General Fund reduction.

For FY 2010-11, the reduction in ARRA funding is allocated to the higher education institutions in the reverse order of increases in funding since FY 2005-06. So, the reduction eliminates increases provided between FY 2006-07 and FY 2007-08 first. Then, it reduces part of the increases provided between FY 2005-06 and FY 2006-07. This approach is consistent with the ARRA legislation that treats FY 2005-06 as the maintenance of effort baseline, but the allocation is not mandated by ARRA. To the extent that the increases in funding provided by the legislature between FY 2005-06 and the present were to address funding inequities or other policy concerns at specific institutions, this approach erodes progress toward those objectives.

OSPB estimates that the tuition increases recommended by the Governor will offset the loss of ARRA funding for most institutions.

Governing Board	FY 2009-10	FY 2010-11	Difference	Percent Dif.
<b>Adams</b>	<b><u>\$22,555,317</u></b>	<b><u>\$22,111,679</u></b>	<b><u>(\$443,638)</u></b>	<b><u>-2.0%</u></b>
Stipend/FFS/ARRA	14,608,449	13,562,665	(1,045,784)	-7.2%
Tuition	7,946,868	8,549,014	602,146	7.6%
<b>Mesa</b>	<b><u>51,737,630</u></b>	<b><u>52,320,225</u></b>	<b><u>582,595</u></b>	<b><u>1.1%</u></b>
Stipend/FFS/ARRA	24,005,607	22,275,471	(1,730,136)	-7.2%
Tuition	27,732,023	30,044,754	2,312,731	8.3%
<b>Metro</b>	<b><u>111,206,547</u></b>	<b><u>111,205,576</u></b>	<b><u>(971)</u></b>	<b><u>0.0%</u></b>
Stipend/FFS/ARRA	49,713,412	44,443,659	(5,269,753)	-10.6%
Tuition	61,493,135	66,761,917	5,268,782	8.6%
<b>Western</b>	<b><u>21,520,488</u></b>	<b><u>21,319,100</u></b>	<b><u>(201,388)</u></b>	<b><u>-0.9%</u></b>
Stipend/FFS/ARRA	12,173,017	11,304,501	(868,516)	-7.1%
Tuition	9,347,471	10,014,599	667,128	7.1%
<b>CSU System</b>	<b><u>376,140,628</u></b>	<b><u>378,918,856</u></b>	<b><u>2,778,228</u></b>	<b><u>0.7%</u></b>
Stipend/FFS/ARRA	146,891,512	133,186,828	(13,704,684)	-9.3%
Tuition	229,249,116	245,732,028	16,482,912	7.2%
<b>Fort Lewis</b>	<b><u>39,045,482</u></b>	<b><u>38,632,795</u></b>	<b><u>(412,687)</u></b>	<b><u>-1.1%</u></b>
Stipend/FFS/ARRA	12,736,330	11,601,402	(1,134,928)	-8.9%
Tuition	26,309,152	27,031,393	722,241	2.7%
<b>CU Regents</b>	<b><u>805,791,690</u></b>	<b><u>822,411,686</u></b>	<b><u>16,619,996</u></b>	<b><u>2.1%</u></b>
Stipend/FFS/ARRA	209,099,449	194,107,380	(14,992,069)	-7.2%
Tuition	596,692,241	628,304,306	31,612,065	5.3%
<b>Mines</b>	<b><u>22,387,257</u></b>	<b><u>22,387,257</u></b>	<b><u>0</u></b>	<b><u>0.0%</u></b>
Stipends	23,237,386	21,639,283	(1,598,103)	-6.9%
Fee-for-service	66,680,711	71,403,384	4,722,673	7.1%
<b>UNC</b>	<b><u>100,099,934</u></b>	<b><u>101,447,747</u></b>	<b><u>1,347,813</u></b>	<b><u>1.3%</u></b>
Stipend/FFS/ARRA	44,086,311	40,970,644	(3,115,667)	-7.1%
Tuition	56,013,623	60,477,103	4,463,480	8.0%
<b>Com. Colleges</b>	<b><u>315,552,744</u></b>	<b><u>319,205,651</u></b>	<b><u>3,652,907</u></b>	<b><u>1.2%</u></b>
Stipend/FFS/ARRA	143,787,197	133,093,820	(10,693,377)	-7.4%
Tuition	171,765,547	186,111,831	14,346,284	8.4%
<b>TOTAL</b>	<b><u>\$1,933,568,557</u></b>	<b><u>\$1,960,615,982</u></b>	<b><u>\$27,047,425</u></b>	<b><u>1.4%</u></b>
Stipend/FFS/ARRA	680,338,670	626,185,653	(54,153,017)	-8.0%
Tuition	1,253,229,887	1,334,430,329	81,200,442	6.5%



**FY 2010-11 Joint Budget Committee Staff Budget Briefing  
Department of Higher Education**

**BRIEFING ISSUE**

**ISSUE:**

Closing colleges

This issue brief discusses a hypothetical closure of a small rural community college to provide a rough sense of the cost savings potential and identify policy concerns associated with this strategy.

**SUMMARY:**

- The biggest barrier to this strategy is identifying which institution or institutions will be closed.
- The institutions with the highest cost per student tend to be the small, rural institutions that don't receive a lot of money in total.
- The savings are mitigated if students migrate to another Colorado institution.
- Some institutions have significant on-going liabilities, especially for auxiliary facilities such as dormitories, that would need to be addressed.
- Indirect impacts on associated businesses, the demand for state services, and state tax revenues could further offset the savings.

**DISCUSSION:**

One of the more common suggestions for how to reduce the scope of Colorado's higher education system is to close colleges. Colorado has too many schools, the argument goes, and the state would be more efficient if it shut some of them down. The biggest barrier to closing institutions, and the issue that usually stops the discussion from going any further, is identifying which school or schools to close.

Without consideration for any policy concern other than reducing the budget, the biggest savings probably occurs by closing institutions with high state support per student. This is because the students wouldn't necessarily go away, but rather migrate to another institution, and from a budget perspective the state would want them to migrate to a lower cost institution. Unfortunately, the small, rural institutions that tend to have the highest state support per student often don't receive a lot of General Fund in total.

For illustration purposes, staff decided to model closing Northeastern Junior College in Sterling. According to the Community College budget data book the campus received \$3,400 state support per student FTE in FY 2009-10 not including ARRA funds. In addition to having a relatively high General Fund per student by Colorado community college standards, Northeastern Junior College is only 45 minutes away from Morgan Community College in Fort Morgan in one direction and the Sidney campus of Western Nebraska Community College in another direction. Western Nebraska Community College actually charges about \$600 less in annual tuition for a full-time student from Colorado than Northeastern Junior College, if the student applies through the Western Undergraduate Exchange program organized by the Western Interstate Commission on Higher Education (WICHE).

From a short-term budget savings perspective, the state should hope that a large number of the students either decide not to attend college or go out-of-state. This may sound funny, but it saves the state the most money, because the state doesn't need to pay for those students at another Colorado institution. From a longer term view, those who choose not to attend college are likely to earn less and access more state support services. Those who attend college out of state may not return. Staff has no basis for guessing how students might respond if Northeastern Junior College were closed, but for illustration purposes staff assumed a full 60 percent don't cost the state any more money, because they either don't pursue college (30 percent) or go out of state (30 percent). If the state is fortunate, the percentage will be higher, saving the state more money, but the converse is also possible.

Some students will migrate to another Colorado college. Here the best outcome for the state would be for the students to migrate to an urban community college, where costs per student are lowest. For illustration, staff assumed 10 percent would go to Denver Community College. Another good option for the state would be for students to attend a local district junior college where property taxes help support the institution. Staff modeled 10 percent of the students attending Aims Community College in Greeley. The staff calculations assume only 10 percent choose to attend Morgan Community College 45 minutes down the road. If more students choose to stay close to home, it would decrease the savings to the state, because Morgan Community College receives more state support per student than Denver or Aims. In fact, Morgan Community College receives more state support per student than Northeastern Junior College, which might make it a better candidate for closure. However, in total Morgan receives less than Northeastern, and so when staff modeled closing Morgan with the same enrollment assumptions the total savings was very similar, and using the same enrollment assumptions may not make sense due to less proximity to out-of-state options.

Some students will decide to go straight for a 4-year college, rather than a community college. A logical choice might be Colorado State University at Fort Collins, with its emphasis on agricultural sciences. Staff assumed 5 percent would attend CSU. Not all of the students will meet the admission criteria, though, and will choose a less selective school like the University of Northern Colorado in Greeley. Staff assumed 5 percent would attend UNC.

If the legislature chose not to reimburse institutions for students that migrate from a closed college, those institutions would still experience an increase in costs that would undermine their ability to maintain current service levels. The incremental cost of adding the new students may not be equal to each institution's current cost per student, due to economies of scale.

The next consideration is what happens to the facilities. If the state could find a private buyer who would reuse the facilities for a business purpose this could provide a source of revenue to pay off liabilities, alternative employment opportunities for the staff, and economic development for the community. A private buyer would significantly improve the pro arguments for closing a college. Another option would be for the state to reuse the facility, for example as a prison. This results in more of shift of costs from one department to another, rather than a net savings, but there could be cost avoidance in this scenario if the state would otherwise need to build a new prison facility.

This analysis assumes there is no private buyer and the facility will be mothballed. Northeastern Junior College reports \$4.6 million in liabilities for bonds and capital leases related to dormitories, food service, parking, and energy improvements. Staff assumes the state wouldn't attempt to retire this with a lump sum payment, since that would be more than the annual savings from closing the college, but rather the state would make the annual payment of \$495,000 from the General Fund. Not every community college has this much in liabilities. Otero and Lamar Community Colleges have relatively high General Fund per student FTE operating costs and report no bond or capital lease liabilities. However, Lamar starts with a significantly smaller level of total state support than Northeastern Junior College, and it may not be reasonable to make the same migration assumptions for Otero.

Northeastern Junior College				Savings
Resident SFTE	1,343			
State support per SFTE	\$3,400			
FY 2008-09 stipends and FFS	\$4,566,081			\$4,556,081
Migration	Cost per SFTE	Percent SFTE	Cost to State	
Western Nebraska	\$0	30.0%	\$0	
No college	\$0	30.0%	\$0	
Denver Community College	\$2,234	10.0%	\$300,026	
Aims Community College	\$2,400	10.0%	\$322,320	
Morgan Community College	\$4,187	10.0%	\$562,314	
CSU Fort Collins	\$3,421	5.0%	\$229,720	
UNC	\$4,063	5.0%	<u>\$272,830</u>	
	Migration	100.0%	\$1,687,211	\$2,878,870
Liabilities				
Total	\$4,471,266			
Annual payment	\$494,716			\$2,384,154

At this point the estimated savings from closing the institution is \$2.4 million with favorable student migration assumptions, but there are several other factors to consider. Losses in state income and sales tax may offset the savings. Northeastern reports it is the third largest employer in the region with 236.8 FTE and salaries, not including benefits, totaling \$5.8 million. If all the staff are unemployed for a year, the lost state taxes would be \$235,000, assuming a 3.1 percent effective income tax rate and one third of salaries spent on goods and services subject to the state sales tax of 2.9 percent. Not all of the staff would remain unemployed, and some might find better paying jobs and/or create more economic development. However, the student migration assumptions include a large percentage of students going out of state, and so it would be reasonable to assume some of the staff follow them out of Colorado. Also, staff hasn't estimated indirect economic impacts such as fewer pizza parlors, coffee shops, and office suppliers that serve the students and institution. Businesses that depend on the graduates would be impacted, such as health providers, wind farms, and agricultural industries. Family farms and other small businesses that stay afloat by having a spouse work at the college could be impacted. There could be an increase in demand for state services such as unemployment insurance and Medicaid associated with the closure. Local property assessed values might decrease, impacting the school finance formula. The cost to mothball the facility might be significant, depending on the level of facility preservation and the level of safeguarding against vandalism and liability desired. The campus map identifies 32 structures (some with shared walls) at two different sites.

**FY 2010-11 Joint Budget Committee Staff Budget Briefing  
Department of Higher Education**

**BRIEFING ISSUE**

**ISSUE:** "Privatizing" state institutions

This issue brief discusses a hypothetical "privatization" of a state institution to provide a rough sense of the cost savings potential and identify policy concerns associated with this strategy.

**SUMMARY:**

- "Privatization" in this issue brief means little or no state support for operating expenses. A wide range of other policy considerations could be part of "privatization," including maintaining some degree of preferential tuition for Colorado residents.
- A privatized institution, as opposed to a closed institution, continues to provide an economic benefit to the local community and state.
- With an 18 percent increase in resident tuition rates for two years the CU Boulder campus could completely replace state support, not including ARRA funds. To replace state support and set aside 20 percent of tuition increases for financial aid would require 22.5 percent increases for two years. In this scenario, at the end of two years CU Boulder's tuition rate would still be below many large public research institutions in other states.
- Additional increases would be necessary if the state expected CU Boulder to replace ARRA funds, increase compensation, and make quality improvements, as opposed to just maintaining current service levels during the two-year time period.

**DISCUSSION:**

Along with closing institutions, another commonly promoted idea for reducing the scope of the higher education system is to "privatize" institutions. Privatization means different things to different people, and doesn't necessarily involve cutting all ties to the state. For this discussion, staff will use the term privatization to mean little or no General Fund for operating expenses. A wide range of other policies could be part of a privatization discussion, such as tuition flexibility, eligibility for state financial aid and capital construction, admission criteria for Colorado residents, nonresident enrollment caps, preferential tuition and financial aid for Colorado residents, governance, legal protections, regulatory relief, etc. Even if the state doesn't continue to provide operating support, it did largely construct the campuses and could demand some performance results in return. In using the term privatization, staff is not assuming any particular configuration of policies other than little or no General Fund support for operating expenses.

If an institution could successfully operate independent of state support, then it would continue offering an economic benefit to the community, which is an advantage over the policy option of closing institutions. Both privatization and closing institutions would reduce the low-cost higher education opportunities in the state. A privatized institution that maintains some ties to the state could, conceivably, still offer some degree of preferential tuition and financial aid to Colorado residents, but expectations in this area would need to be tempered by the need of the institution to earn revenue to replace lost General Fund.

To successfully privatize, an institution would need to draw students in Colorado and nationally who are willing and able to pay the higher tuition necessary to backfill lost General Fund revenue. Also, the smaller the difference between current tuition rates and the amount necessary to backfill lost General Fund revenue, the easier to imagine the privatization succeeding (i.e., the institution doesn't fail).

For illustrating this policy option, staff selected the CU Boulder campus. The General Assembly could consider experimenting with a smaller institution with strong nonresident enrollment, such as Western State College, Fort Lewis College, or the Colorado School of Mines, but these three institutions together don't receive as much General Fund as CU Boulder, and so privatizing them would result in less savings. Colorado's constitution specifically calls for a public higher education institution in Boulder under the control of the Regents. The legislature would need to consider what it means to be a public institution with little or no General Fund for operating expenses. Also, the Boulder campus is part of a system and the legislature would need to consider how privatizing it would impact the other campuses. Would the Colorado Springs and Denver campuses be privatized as well? CU's leadership has testified on several occasions that it does not believe the Anschutz Medical Campus could survive without continued state support.

For these estimates staff used the FY 2008-09 actual stipends and fee-for-service contracts, not including ARRA money, and the FY 2009-10 estimated resident and nonresident tuition from the CU budget data book.

<b>Estimated Revenue</b>	<b>FY 2009-10</b>
Stipends	33,274,713
Fee-for-service	<u>30,670,450</u>
General Fund	63,945,163
Resident Undergraduate Tuition	121,793,742
Resident Graduate Tuition	27,489,124
Nonresident Tuition	<u>235,744,191</u>
Tuition	385,027,057

Nonresident tuition revenue for CU can be complicated to forecast. CU's already high nonresident rates may be near a threshold where rate increases impact enrollment, and a difference of just 40 students could change revenue by \$1.0 million. CU offers nonresident undergraduates a guaranteed tuition rate for four years, and so nonresident rate increases take time to work through the system,

as not all students are initially subject to the increase. For these reasons staff modeled just the five percent per year increase in nonresident tuition included in the Governor's request, and assumed roughly one quarter of the students would pay the higher rate.

If CU raised resident undergraduate and graduate tuition rates 18 percent for two years, it could fully replace the \$63.9 million General Fund support currently provided by the state.

	FY 2009-10 est.	Year 1	Revenue Inc.	Year 2	Revenue Inc.	Cumulative 2-year Rev. Inc.
Resident Undergraduate	121,793,742	18.0%	21,922,874	18.0%	25,868,991	47,791,864
Resident Graduate	27,489,124	18.0%	4,948,042	18.0%	5,838,690	10,786,732
Nonresident	235,744,191	5.0%	2,946,802	5.0%	3,094,143	6,040,945
Tuition	385,027,057		29,817,718		34,801,823	64,619,542

Current law requires institutions to set aside 20 percent of tuition rate increases in excess of inflation for need based financial aid. For CU to replace the lost General Fund and set aside 20 percent of resident tuition rate increases for financial aid would require a 22.5 percent increase each year for two years. In two years CU would set aside \$14.6 million for need based financial aid.

If the state pursued this strategy, CU Boulder's tuition would probably be one of the highest in the west outside of California, but not out-of-line with public institutions in the mid-west and on the east coast. The table below shows how CU's tuition would compare to a sampling of other institutions, using a conservative assumption that those institutions raise tuition only 3.0 percent each year over the two-year period.

Institution	FY 09-10	FY 10-11	FY 11-12
CU Boulder 18%	6,446	18.0% 7,606	18.0% 8,975
CU Boulder 22.5%	6,446	22.5% 7,896	22.5% 9,673
University of Michigan	11,470	3.0% 11,814	3.0% 12,169
University of Delaware	8,540	3.0% 8,796	3.0% 9,060
University of Texas	8,520	3.0% 8,776	3.0% 9,039
University of Missouri	7,368	3.0% 7,589	3.0% 7,817
University of Washington	7,125	3.0% 7,339	3.0% 7,559

All of these institutions receive more state support per student than CU Boulder. It is probably unreasonable to assume CU could match the quality and amenities of the other institutions without similar state support. This probable disparity in services, along with differences in local economics and attitudes about tuition, make it difficult to assess if students and families in Colorado would pay these rates for a privatized institution.

These tuition rate increases would not provide funds for CU to replace lost ARRA money. CU Boulder's share of the ARRA money in FY 2008-09 was \$22.3 million. If the expectation is that CU Boulder replace this revenue with tuition, as opposed to operating reductions, the institution would need to implement larger rate increases. However, only part of the ARRA money is going away in FY 2010-11, and so the institution could bank some of the increased revenue from tuition rate increases in that year to help address the projected shortfall in FY 2011-12. This would allow CU Boulder to push some of the ARRA cliff to FY 2012-13 and spread tuition rate increases to backfill lost ARRA funds over three years.

These tuition rate increases also wouldn't provide CU Boulder any margin for salary and benefit increases, inflation, or quality improvement initiatives. Staff is unsure how this compares with the expectations for other state agencies during the same time period. It could be better than the standard for other state agencies, if the legislature pursues policies like the reduction in the PERA contribution proposed by the Governor.

As with closing institutions, privatizing institutions may lead to student migration. If students choose to attend, for example, CSU Fort Collins instead of CU Boulder, because of the significant tuition rate increases at CU Boulder, it would offset some of the savings associated with privatizing CU Boulder. It could also make it harder for CU Boulder to replace lost General Fund with tuition if the campus experiences a net loss of enrollment. If privatization included additional flexibility regarding nonresident enrollment caps, there could be a net statewide gain in enrollment that might have indirect impacts on the economy.

CU Boulder is characterized in the constitution as a statewide institution and this is reflected in the governance structure and, to some degree, enrollment patterns of the institution. Arguably, privatizing an institution like CU Boulder spreads the burden of budget reductions more broadly across the state than closing small regional institutions.



**FY 2010-11 Joint Budget Committee Staff Budget Briefing  
Department of Higher Education**

**BRIEFING ISSUE**

**ISSUE:** Proportional reductions

This issue brief discusses ways reductions for higher education can be proportional but not equitable, and factors to consider in evaluating proportional reductions relative to other cost saving strategies.

**SUMMARY:**

- Proportional reductions are perceived as the fairest approach, and have historically been the dominant strategy employed by the General Assembly for reducing higher education.
- Proportional reductions based on General Fund can be harder or easier for institutions to absorb according to the availability of tuition revenue and the scope of indirect cost recoveries from auxiliary activities.
- Proportional reductions based on total funds can penalize students already paying a higher share of their education costs, reduce the value of entrepreneurial efforts in recruiting and other areas, and reward inefficient institutions.
- If reductions are deep and long-term, proportional allocations may result in the state doing lots of things poorly, rather than doing some things mediocre to well and some things not at all.

**DISCUSSION:**

An across the board reduction in General Fund for all higher education institutions is often perceived as the fairest approach. The allocations of the higher education economic benefit to each student and community are reduced by the same amount per dollar. Also, spreading reductions over a large number of institutions mitigates the impact on any given institution or student. Proportional reductions of one form or another have historically been the dominant, bordering on exclusive, policy approach employed by the legislature for reducing higher education expenditures.

However, reductions that are described as proportional do not always have equitable impacts on every campus by every measure. For example, a reduction based on each governing board's share of General Fund appropriations will be disproportionately harder to manage for an institution like Adams State College than the CSU System, because Adams State College relies much more heavily on the General Fund for operating expenses.

	Adams	CSU System
Stipends and fee-for-service	12,149,322	113,620,029
Tuition	<u>7,826,753</u>	<u>206,363,756</u>
TOTAL	19,976,075	319,983,785
10 percent reduction in GF	1,214,932	11,362,003
Percent TOTAL reduction	6.1%	3.6%

In addition, the CSU System can spread administrative costs over a larger and more robust array of auxiliary programs than can Adams State College. Portions of the instructors' salaries can be charged to federally funded research grants, and private giving is more significant. None of these are factors in a proportional reduction, but they all contribute to a governing board's ability to absorb a proportional reduction.

The potential inequities of a proportional General Fund reduction can be compounded by tuition policies that provide more tuition spending authority to institutions that already raise significant revenue from tuition. Last year, the Governor proposed, and the legislature authorized, tuition increases of 9.0 percent for research institutions, 7.0 percent for 4-year colleges, and 5.0 percent for community colleges. Not only would a proportional General Fund reduction that year have been easier to manage for institutions with large amounts of tuition in their base appropriation, but those institutions would also have enjoyed the largest offsetting tuition rate increases.

The ability of institutions to absorb proportional reductions needs to be a consideration in evaluating whether economic benefits to students and communities are really being reduced equitably. If proportional reductions cause an institution to fail to thrive, then those proportional reductions represent a disproportionate burden to the community and students, even though the reduction in funding per base dollar is the same as elsewhere in the state.

An alternative to a proportional reduction based on General Fund is a proportional reduction based on total funds including tuition. Some institutions with large amounts of tuition revenue argue that this penalizes them for being entrepreneurial, especially in the recruitment of nonresidents. It also potentially penalizes students that are already being asked to pay a higher proportion of the cost of their education.

Part of the analysis of different proportional reductions for higher education hinges on why there are disparities in state support between institutions. Are the disparities because some institutions need the additional state funds to provide services given the parameters of their student population and course offerings? Or are they because these institutions are inefficient, poor at recruiting, offering an inferior product, lacking in support from their local community, and/or insufficiently entrepreneurial in finding ways to pay for themselves? If the later, a proportional reduction based on General Fund may make more sense than a proportional reduction on total funds.

Analyzing the benefits of proportional reductions versus other strategies also boils down to perceptions about the depth and duration of reductions. A short term storm can be weathered with proportional reductions. But, if the choice is between doing lots of things poorly for a long time, or doing some things mediocre to well and some things not at all, then other policy options may be more attractive.

**FY 2010-11 Joint Budget Committee Staff Budget Briefing  
Department of Higher Education**

**BRIEFING ISSUE**

**ISSUE:**

Eliminating financial aid for private institutions

**SUMMARY:**

- Maintenance of effort requirements for the federal American Recovery and Reinvestment Act do not apply to financial aid appropriations.
- In FY 2009-10 the Colorado Commission on Higher Education allocated \$8.2 million financial aid for private institutions. Another \$911,000 General Fund was appropriated for stipend-eligible students attending participating private institutions.

**DISCUSSION:**

The maintenance of effort requirement of the federal American Recovery and Reinvestment Act (ARRA) applies to appropriations for higher education institutions, and specifically not to appropriations for financial aid. The impact of reducing financial aid is self evident, but there are ways to target reductions based on policy criteria. For example, the state could choose to prioritize financial aid only for students attending state-supported institutions. As shown in the table on the following page, in FY 2009-10 the Colorado Commission on Higher Education has allocated \$8.2 million financial aid for private institutions.

Another \$911,000 General Fund was appropriated for stipend-eligible students attending participating private institutions. To be eligible for a stipend at a participating private institution, a student must meet the federal Pell Grant need-based criteria. Also, the stipend amount for a student attending a participating private institution is half the amount for students attending state supported institutions. During debate on the College Opportunity Fund legislation, some legislators argued that the ability of students to spend the stipend at private institutions was a critical component of making the case that stipends are the property of the student and not a state grant for purposes of determining the enterprise eligibility of institutions under TABOR.

## FY 2009-10 Financial Aid Allocations

Institution	CCRP	GRAD	GOS*	Work-Study	CLEAP*	SLEAP*	Total
<b>Public Four-Year Institutions</b>							
Adams State College	1,546,228		111,000	376,770	45,405	64,189	2,143,593
Colorado School of Mines	848,772	343,774	48,150	405,087	48,315	-	1,694,098
Colorado State University	5,865,235	1,002,828	348,500	1,628,855	191,806	94,304	9,131,528
Colorado State University - Pueblo	2,259,471	20,571	187,500	705,377	82,078	37,642	3,292,639
Fort Lewis College	1,014,854		50,000	268,856	6,840	26,943	1,367,493
Mesa State College	2,777,816		104,320	664,590	52,390	48,736	3,647,852
Metropolitan State College of Denver	7,516,096		169,800	1,955,721	123,262	164,434	9,929,313
University of Colorado - Boulder	5,420,932	708,272	192,600	1,469,666	197,481	74,887	8,063,838
University of Colorado - Colorado Springs	2,775,226	101,459	321,000	577,539	45,841	38,038	3,859,103
University of Colorado - UCD	4,063,666	3,297,231	417,300	753,982	64,468	127,189	8,723,836
University of Northern Colorado	3,541,072	149,945	350,000	945,168	112,784	198,510	5,297,478
Western State College	660,766		40,000	225,155	33,908	14,660	974,490
				0			-
				0			-
<b>Public Two-Year Institutions</b>							
Aims Community College	1,383,790			260,737	36,091	-	1,680,618
Arapahoe Community College	1,323,568			278,358	32,744	-	1,634,669
Colorado Mountain College	382,538			103,691	18,045	-	504,274
Colorado Northwestern Community College	187,652			70,073	10,187	-	267,912
Community College of Aurora	1,392,191		30,000	235,457	5,676	-	1,663,324
Community College of Denver	2,486,591		65,000	695,389	34,927	-	3,281,906
Front Range Community College	3,479,718			752,359	63,450	-	4,295,527
Lamar Community College	358,362			110,241	6,840	-	475,443
Morgan Community College	416,126			115,478	4,220	-	535,824
Northeastern Junior College	478,246			154,955	8,441	-	641,643
Otero Junior College	774,327		15,000	190,657	13,534	-	993,518
Pikes Peak Community College	3,241,465		13,500	781,814	68,835	-	4,105,614
Pueblo Community College	2,721,357		47,000	642,192	48,752	-	3,459,301
Red Rocks Community College	1,351,291			289,066	21,247	-	1,661,604
Trinidad State Junior College	788,790			326,465	22,557	-	1,137,812
							-
<b>Public Area Vocational Schools</b>							
Delta-Montrose	64,386				-	-	64,386
Emily Griffith	179,175			40,233	-	-	219,408
TH Pickens	111,467			25,540	3,493	-	140,500
<b>SUBTOTAL PUBLIC</b>	<b>59,411,174</b>	<b>5,624,080</b>	<b>2,510,670</b>	<b>15,049,472</b>	<b>1,403,617</b>	<b>889,532</b>	<b>84,888,545</b>
<b>Non-Profit Private Institutions</b>							
Colorado Christian University	555,917			173,535			729,452
Colorado College	199,863		32,100	147,675	8,295	-	387,933
Denver University	944,855	27,361	110,567	462,961	23,720	26,547	1,596,010
Regis University	1,084,491	251,387	107,000	435,540	19,646	38,830	1,936,893
							-
<b>For-Profit Private Institutions</b>							
Art Inst of CO	519,335			206,313	-	-	725,648
Everest (Blair Jr College)	337,275				-	-	337,275
Everest (Parks Jr College)	515,314			19,624	-	-	534,938
Colorado Technical Univ	355,583				-	-	355,583
ConCorde Career Inst	191,963				-	-	191,963
Devry (Denver Technical)	331,196				-	-	331,196
Heritage College	50,825				-	-	50,825
Intellitec Coll--CS	105,948				-	-	105,948
Intellitec Coll--GJ	62,774				-	-	62,774
Intellitec Health/Med1	209,504				-	-	209,504
International Bty	55,559				-	-	55,559
IBMC	50,825				-	-	50,825
Kaplan College	50,825				-	-	50,825
Rocky Mtn Col A&D	93,818			117,237	-	-	211,055
Redstone (Westwood Aviat)	133,580						133,580
Westwood Coll Tech	117,480						117,480
<b>SUBTOTAL PRIVATE</b>	<b>5,966,931</b>	<b>278,747</b>	<b>249,667</b>	<b>1,562,884</b>	<b>51,661</b>	<b>65,377</b>	<b>8,175,267</b>
<b>**Remaining need-based (GOS) funds</b>			<b>102,877</b>				<b>102,877</b>
<b>TOTAL</b>	<b>65,378,104</b>	<b>5,902,827</b>	<b>2,863,214</b>	<b>16,612,357</b>	<b>1,455,278</b>	<b>954,909</b>	<b>93,166,689</b>

\* Estimates for remaining students in GOS program.

\*\*There is a reserve of \$102,877 in Need-based (GOS) funds set aside for unanticipated changes in the GOS phase out estimates and the transition of new CCRP. If not used by Nov. 15th will be put into undergraduate formula

\*\*\*CLEAP/SLEAP allocation pending award notice.

FY 2010-11 Joint Budget Committee Staff Briefing  
 Department of Higher Education  
 APPENDIX A: NUMBERS PAGES

	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Approp	FY 2010-11		Notes	
				Governor Request	CCHE Request	Governor	CCHE

For FY 2008-09 the JBC approved eliminating the cash funds exempt category of appropriations and replacing it with reappropriated funds. Reappropriated funds are those moneys that are appropriated for a second or more time in the same fiscal year. Moneys that were previously categorized as cash funds exempt that are not reappropriated funds are characterized in the new budget format as cash funds, regardless of the TABOR status of the funds.

**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>683,910</u>	<u>882,911</u>	<u>827,863</u>	<u>852,879</u>	<u>852,879</u>
General Fund	0	0	0	0	0
Cash Funds	243,084	667,459	625,844	584,622	584,622
RF/CFE	426,498	186,410	174,788	174,525	174,525
Federal Funds	14,328	29,042	27,231	93,732	93,732
 Short-term Disability	 <u>9,793</u>	 <u>10,878</u>	 <u>11,236</u>	 <u>12,196</u>	 <u>12,196</u>
General Fund	0	0	0	0	0
Cash Funds	3,409	7,626	7,989	8,072	8,072
RF/CFE	5,525	2,185	2,558	2,611	2,611
Federal Funds	859	1,067	689	1,513	1,513
 S.B. 04-257 Amortization Equalization					
Disbursement	<u>90,581</u>	<u>134,611</u>	<u>153,103</u>	<u>196,939</u>	<u>196,939</u>
General Fund	0	0	0	0	0
Cash Funds	31,473	94,577	108,814	133,086	133,086
RF/CFE	51,177	26,894	34,343	40,426	40,426
Federal Funds	7,931	13,140	9,946	23,427	23,427

FY 2010-11 Joint Budget Committee Staff Briefing  
 Department of Higher Education  
 APPENDIX A: NUMBERS PAGES

	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Approp	FY 2010-11		Notes Governor	CCHE
				Governor Request	CCHE Request		
S.B. 06-235 Supplemental Amortization							
Equalization Disbursement	<u>18,904</u>	<u>63,042</u>	<u>95,326</u>	<u>143,604</u>	<u>143,604</u>		
General Fund	0	0	0	0	0		
Cash Funds	6,557	44,277	68,009	97,044	97,044		
RF/CFE	10,694	12,606	21,101	29,477	29,477		
Federal Funds	1,653	6,159	6,216	17,083	17,083		
Salary Suvey and Senior Executive Service	<u>258,113</u>	<u>387,536</u>	<u>0</u>	<u>0</u>	<u>0</u>		
General Fund	0	0	0	0	0		
Cash Funds	79,165	253,197	0	0	0		
RF/CFE	150,482	86,694	0	0	0		
Federal Funds	28,466	47,645	0	0	0		
Performance-based Pay Awards	<u>123,924</u>	<u>122,241</u>	<u>0</u>	<u>0</u>	<u>0</u>		
General Fund	0	0	0	0	0		
Cash Funds	34,645	83,177	0	0	0		
RF/CFE	75,954	25,182	0	0	0		
Federal Funds	13,325	13,882	0	0	0		
Worker's Compensation	<u>17,542</u>	<u>22,492</u>	<u>33,311</u>	<u>35,038</u>	<u>35,038</u>		
General Fund	0	0	0	0	0		
Cash Funds	5,756	16,596	27,963	29,413	29,413		
RF/CFE	11,786	5,896	5,348	5,625	5,625		
Legal Services	<u>93,783</u>	<u>33,644</u>	<u>33,770</u>	<u>33,770</u>	<u>33,770</u>		
<i># of Hours (non-add)</i>		448	448	448	448		
General Fund	61,514	0	0	0	0		
Cash Funds	26,447	9,284	9,319	9,319	9,319		
RF/CFE	5,822	24,360	24,451	24,451	24,451		
Purchase of Services from Computer Center	<u>120,097</u>	<u>94,110</u>	<u>94,110</u>	<u>241,836</u>	<u>241,836</u>	NP - IT consolidation	

FY 2010-11 Joint Budget Committee Staff Briefing  
 Department of Higher Education  
 APPENDIX A: NUMBERS PAGES

	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Approp	FY 2010-11		Notes Governor	CCHE
				Governor Request	CCHE Request		
General Fund	74,732	0	0	0	0		
Cash Funds	27,485	14,101	14,101	230,467	230,467		
RF/CFE	17,880	80,009	80,009	11,369	11,369		
Multiuse Network Payments	<u>0</u>	<u>0</u>	<u>0</u>	<u>61,749</u>	<u>61,749</u>	NP - IT consolidation	
General Fund				0	0		
Cash Funds				61,749	61,749		
RF/CFE				0	0		
Management and Administration of OIT	<u>0</u>	<u>0</u>	<u>0</u>	<u>100,074</u>	<u>100,074</u>	NP - IT consolidation	
General Fund				0	0		
Cash Funds				100,074	100,074		
RF/CFE				0	0		
Payment to Risk Management/ Property Funds	<u>28,376</u>	<u>46,140</u>	<u>40,419</u>	<u>3,484</u>	<u>3,484</u>		
General Fund	0	0	0	0	0		
Cash Funds	755	44,346	38,839	3,011	3,011		
RF/CFE	27,621	1,794	1,580	473	473		
Leased Space	<u>362,265</u>	<u>507,150</u>	<u>514,210</u>	<u>514,210</u>	<u>514,210</u>		
General Fund	0	0	0	0	0		
Cash Funds	362,265	96,149	102,842	102,842	102,842		
RF/CFE	0	411,001	411,368	411,368	411,368		
							<b>Approp. Vs. Request</b>
<b>TOTAL - (1) Administrative Office</b>	<u>1,807,288</u>	<u>2,304,755</u>	<u>1,803,348</u>	<u>2,195,779</u>	<u>2,195,779</u>	21.8%	
General Fund	136,246	0	0	0	0		
Cash Funds	821,041	1,330,789	1,003,720	1,359,699	1,359,699	35.5%	
RF/CFE	783,439	863,031	755,546	700,325	700,325	-7.3%	
Federal Funds	66,562	110,935	44,082	135,755	135,755	208.0%	



FY 2010-11 Joint Budget Committee Staff Briefing  
 Department of Higher Education  
 APPENDIX A: NUMBERS PAGES

	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Approp	FY 2010-11		Notes Governor	CCHE
				Governor Request	CCHE Request		
<b>(2) Colorado Commission on Higher Education</b>							
<i>(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.)</i>							
(A) Administration	2,390,137	2,357,969	2,807,179	2,839,581	2,839,581		
FTE	<u>30.1</u>	<u>31.1</u>	<u>31.1</u>	<u>31.1</u>	<u>31.1</u>		
General Fund	0	0	0	0	0		
FTE	0.0	0.0	0.0	0.0	0.0		
Cash Funds	1,905,869	147,502	159,735	159,735	159,735		
FTE	26.5	0.0	0.0	0.0	0.0		
RF/CFE	215,615	1,895,016	2,269,848	2,295,260	2,295,260		
FTE	0.0	27.5	27.5 S	27.5	27.5		
Federal Funds	268,653	315,451	377,596	384,586	384,586		
FTE	3.6	3.6	3.6	3.6	3.6		
 (B) Div. of Private Occupational Schools							
Cash Funds	484,585	514,776	640,555	640,555	640,555		
FTE	6.0	7.8	7.8	7.8	7.8		
 (C) Special Purpose							
WICHE (Annual Dues)	<u>116,000</u>	<u>120,000</u>	<u>120,000</u>	<u>120,000</u>	<u>120,000</u>		
General Fund	0	0	0	0	0		
Cash Funds	116,000	0	0	0	0		
RF/CFE	0	120,000	120,000	120,000	120,000		
 WICHE Optometry							
General Fund	<u>395,644</u>	<u>381,516</u>	<u>399,000</u>	<u>399,000</u>	<u>399,000</u>		
General Fund	0	0	0	0	0		
Cash Funds	395,644	0	0	0	0		
RF/CFE	0	381,516	399,000	399,000	399,000		

FY 2010-11 Joint Budget Committee Staff Briefing  
 Department of Higher Education  
 APPENDIX A: NUMBERS PAGES

	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Approp	FY 2010-11		Notes	
				Governor Request	CCHE Request	Governor	CCHE
Distribution to the Higher Education							
Competitive Research Authority	<u>901,854</u>	<u>330,000</u>	<u>1,330,000</u>	<u>1,330,000</u>	<u>1,330,000</u>		
Cash Funds	0	330,000	1,330,000	1,330,000	1,330,000		
RF/CFE	901,854	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	285,000	122,600	122,600	122,600	122,600		
RF/CFE	0	162,400	162,400	162,400	162,400		
Enrollment/Tuition and Stipend Contingency	<u>13,998,159</u>	<u>11,038,000</u>	<u>20,000,000</u>	<u>20,000,000</u>	<u>20,000,000</u>		
Cash Funds	0	11,038,000	20,000,000	20,000,000	20,000,000		
RF/CFE	13,998,159	0	0	0	0		
<b>Subtotal - (C) Special Purpose</b>	<b>15,696,657</b>	<b>12,154,516</b>	<b>22,134,000</b>	<b>22,134,000</b>	<b>22,134,000</b>		<b>Approp. Vs. Request</b>
<b>TOTAL - (2) CCHE</b>	18,571,379	15,027,261	25,581,734	25,614,136	25,614,136		0.1%
FTE	<u>36.1</u>	<u>38.9</u>	<u>38.9</u>	<u>38.9</u>	<u>38.9</u>		
General Fund	0	0	0	0	0		
Cash Funds	3,187,098	12,152,878	22,252,890	22,252,890	22,252,890		0.0%
RF/CFE	15,115,628	2,558,932	2,951,248	2,976,660	2,976,660		0.9%
Federal Funds	268,653	315,451	377,596	384,586	384,586		1.9%

**(3) Financial Aid**

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

(A) Need Based Grants

General Need Based Grants	<u>66,981,729</u>	<u>74,193,958</u>	<u>74,144,146</u>	<u>74,144,146</u>	<u>74,144,146</u>
---------------------------	-------------------	-------------------	-------------------	-------------------	-------------------

FY 2010-11 Joint Budget Committee Staff Briefing  
 Department of Higher Education  
 APPENDIX A: NUMBERS PAGES

	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Approp	FY 2010-11		Notes	
				Governor Request	CCHE Request	Governor	CCHE
General Fund	66,981,729	74,193,958	74,118,734	74,144,146	74,144,146		
Reappropriated Funds		0	25,412	0	0		
Federal Funds	0	0	0	0	0		
Governor's Opportunity Scholarships - GF	0	0	0	0	0		
<b>Subtotal - (A) Need Based Grants (GF)</b>	<b>66,981,729</b>	<b>74,193,958</b>	<b>74,144,146</b>	<b>74,144,146</b>	<b>74,144,146</b>		
(B) Merit Based Grants - GF	1,494,744	1,499,975	0	0	0		
(C) Work Study - GF	14,821,314	16,572,778	16,612,357	15,509,263	16,612,357	#3	
(D) Special Purpose							
Precollegiate Programs - GF	804,952	1,541,722	0	0	0		
Required Federal Match	<u>2,412,920</u>	<u>2,411,952</u>	<u>3,026,350</u>	<u>3,026,350</u>	<u>3,026,350</u>		
General Fund	1,524,898	1,539,413	1,726,350	1,726,350	1,726,350		
Federal Funds	888,022	872,539	1,300,000	1,300,000	1,300,000		
Veterans'/Law Enforcement/POW Tuition Assistance							
General Fund	390,469	427,331	364,922	364,922	364,922		
National Guard Tuition Assistance - GF	649,319	650,000	800,000	800,000	800,000		
Native American Students/Fort Lewis College							
General Fund	8,063,560	8,359,421	9,622,969	10,726,063	9,622,969	#3	
Early Childhood Professional Loan Repayment							
Cash Funds Exempt	0	0	0	0	0		
Nursing Teacher Loan Forgiveness Pilot							

FY 2010-11 Joint Budget Committee Staff Briefing  
 Department of Higher Education  
 APPENDIX A: NUMBERS PAGES

	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Approp	FY 2010-11		Notes	
				Governor Request	CCHE Request	Governor	CCHE
General Fund	161,600	161,600	161,600	161,600	161,600		
GEAR - UP - FF	404,834	472,797	600,000	600,000	600,000		
Teacher and Principal Training Grants - FF	0	0	0	0	0		
Teach Colorado Grant (SB 08-133) - GF	0	482,995	500,000	500,000	500,000		
FTE	0.0	0.2	0.2	0.2	0.2		
<b>Subtotal - (D) Special Purpose</b>	<b>12,887,654</b>	<b>14,507,818</b>	<b>15,075,841</b>	<b>16,178,935</b>	<b>15,075,841</b>		<b>Approp. Vs. Request</b>
<b>TOTAL - (3) Financial Aid</b>	<b>96,185,441</b>	<b>106,774,529</b>	<b>105,832,344</b>	<b>105,832,344</b>	<b>105,832,344</b>	0.0%	
FTE	0.0	0.2	0.2	0.2	0.2		
General Fund	94,892,585	105,429,193	103,906,932	103,932,344	103,932,344	0.0%	
RF/CFE	0	0	25,412	0	0	-100.0%	
Federal Funds	1,292,856	1,345,336	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>329,696,192</u>	<u>261,617,888</u>	<u>271,493,400</u>	<u>247,538,100</u>	<u>247,538,100</u>	ES-1
General Fund	326,660,516	261,617,888	271,493,400	247,538,100	247,538,100	
Cash Funds Exempt	3,035,676	0	0	0	0	
<i>Eligible Students (non-add)</i>	<i>123,481.7</i>	<i>128,244.1</i>	<i>133,085.0</i>	<i>133,085.0</i>	<i>133,085.0</i>	
<i>Rate per 30 Credit Hours (non-add)</i>	<i>\$2,670</i>	<i>\$2,040</i>	<i>\$2,040</i>	<i>\$1,860</i>	<i>\$1,860</i>	
Stipends - Private						
<i>Eligible Students (non-add)</i>	<i>798.0</i>	<i>816.1</i>	<i>893.0</i>	<i>893.0</i>	<i>893.0</i>	ES-1
<i>Rate per 30 Credit Hours (non-add)</i>	<i>\$1,335</i>	<i>\$1,020</i>	<i>\$1,020</i>	<i>\$930</i>	<i>\$930</i>	

FY 2010-11 Joint Budget Committee Staff Briefing  
 Department of Higher Education  
 APPENDIX A: NUMBERS PAGES

	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Approp	FY 2010-11		Notes Governor	CCHE
				Governor Request	CCHE Request		
General Fund	1,065,330	832,401	910,860	830,490	830,490		
<b>Subtotal - Stipends</b>	<b>330,761,522</b>	<b>262,450,289</b>	<b>272,404,260</b>	<b>248,368,590</b>	<b>248,368,590</b>		
College Opportunity Fund Balance - GF	1,201,366	0	0	0	0		
Fee-for-service Contracts - GF	297,958,166	272,563,654	263,801,516	287,756,816	287,756,816	ES-1	<b>Approp. Vs. Request</b>
<b>TOTAL - (4) College Opportunity Fund Program</b>	<u>629,921,054</u>	<u>535,013,943</u>	<u>536,205,776</u>	<u>536,125,406</u>	<u>536,125,406</u>	0.0%	
General Fund	626,885,378	535,013,943	536,205,776	536,125,406	536,125,406	0.0%	
Cash Funds Exempt	3,035,676	0	0	0	0		
†General Fund Exempt	294,300,000	800,000	0	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.)*

<b>(A) Trustees of Adams State College</b>	20,843,396	23,827,138	23,032,317	22,588,679	23,634,463	
FTE	<u>271.5</u>	<u>281.2</u>	<u>271.2</u>	<u>271.2</u>	<u>271.2</u>	
College Opportunity Fund	<u>13,624,080</u>	<u>12,149,322</u>	<u>12,149,322</u>	<u>12,149,322</u>	<u>12,149,322</u>	ES-1
Student Stipend Payments	3,667,925	2,760,206	2,656,080	2,421,720	2,656,080	
Fee-for-service Contracts	9,956,155	9,389,116	9,493,242	9,727,602	9,493,242	
Federal Stimulus	0	2,459,127	2,459,127	1,413,343	2,459,127	#1
Tuition	<u>7,123,291</u>	<u>7,826,753</u>	<u>7,946,868</u>	<u>8,549,014</u>	<u>8,549,014</u>	#2
Resident	4,457,230	4,933,031	5,120,070	5,580,876	5,580,876	
Nonresident	2,666,061	2,893,722	2,826,798	2,968,138	2,968,138	

FY 2010-11 Joint Budget Committee Staff Briefing  
 Department of Higher Education  
 APPENDIX A: NUMBERS PAGES

	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Approp	FY 2010-11		Notes
				Governor Request	CCHE Request	
Academic Fees	96,025	1,391,936	477,000	477,000	477,000	
<b>(B) Trustees of Mesa State College</b>	44,750,687	49,318,613	52,167,630	52,750,225	54,480,361	
FTE	<u>452.2</u>	<u>465.8</u>	<u>508.9</u>	<u>508.9</u>	<u>508.9</u>	
College Opportunity Fund	<u>22,376,340</u>	<u>19,888,392</u>	<u>19,888,392</u>	<u>19,888,392</u>	<u>19,888,392</u>	ES-1
Student Stipend Payments	11,701,293	9,183,975	9,014,760	8,219,340	9,014,760	
Fee-for-service Contracts	10,675,047	10,704,417	10,873,632	11,669,052	10,873,632	
Federal Stimulus	0	4,117,215	4,117,215	2,387,079	4,117,215	#1
Tuition	<u>21,963,026</u>	<u>24,890,256</u>	<u>27,732,023</u>	<u>30,044,754</u>	<u>30,044,754</u>	#2
Resident	18,048,806	20,801,315	23,153,239	25,237,031	25,237,031	
Nonresident	3,914,220	4,088,941	4,578,784	4,807,723	4,807,723	
Academic Fees	411,321	422,750	430,000	430,000	430,000	
<b>(C) Trustees of Metropolitan State College</b>	93,351,476	104,097,048	116,206,190	116,205,219	121,474,972	
FTE	<u>1,056.3</u>	<u>1,160.3</u>	<u>1,196.9</u>	<u>1,196.9</u>	<u>1,196.9</u>	
College Opportunity Fund	<u>44,644,910</u>	<u>39,778,568</u>	<u>39,778,568</u>	<u>39,778,568</u>	<u>39,778,568</u>	ES-1
Student Stipend Payments	40,888,137	32,764,054	34,578,000	31,527,000	34,578,000	
Fee-for-service Contracts	3,756,773	7,014,514	5,200,568	8,251,568	5,200,568	
Federal Stimulus	0	9,934,844	9,934,844	4,665,091	9,934,844	#1
Tuition	<u>47,865,187</u>	<u>53,360,025</u>	<u>61,493,135</u>	<u>66,761,917</u>	<u>66,761,917</u>	#2
Resident	42,780,232	47,764,600	54,853,147	59,789,930	59,789,930	
Nonresident	5,084,955	5,595,425	6,639,988	6,971,987	6,971,987	

FY 2010-11 Joint Budget Committee Staff Briefing  
 Department of Higher Education  
 APPENDIX A: NUMBERS PAGES

	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Approp	FY 2010-11		Notes Governor	CCHE
				Governor Request	CCHE Request		
Academic Fees	841,379	1,023,611	4,999,643	4,999,643	4,999,643		
<b>(D) Trustees of Western State College</b>	19,977,535	20,923,615	21,520,488	21,319,100	22,187,616		
FTE	<u>230.9</u>	<u>242.7</u>	<u>242.3</u>	<u>242.3</u>	<u>242.3</u>		
College Opportunity Fund	<u>11,355,691</u>	<u>9,892,147</u>	<u>9,892,147</u>	<u>9,892,147</u>	<u>9,892,147</u>	ES-1	
Student Stipend Payments	3,731,330	2,914,486	2,921,280	2,663,520	2,921,280		
Fee-for-service Contracts	7,624,361	6,977,661	6,970,867	7,228,627	6,970,867		
Federal Stimulus	0	2,280,870	2,280,870	1,412,354	2,280,870	#1	
Tuition	<u>8,621,844</u>	<u>8,724,598</u>	<u>9,347,471</u>	<u>10,014,599</u>	<u>10,014,599</u>	#2	
Resident	4,170,064	4,607,258	4,993,872	5,443,320	5,443,320		
Nonresident	4,451,780	4,117,340	4,353,599	4,571,279	4,571,279		
Academic Fees	0	26,000	0	0	0		
<b>(E) Colorado State University System</b>	329,972,259	369,958,763	388,544,328	391,322,556	405,027,240		
FTE	<u>3,852.4</u>	<u>4,257.6</u>	<u>4,228.0</u>	<u>4,228.0</u>	<u>4,228.0</u>		
College Opportunity Fund	<u>133,789,929</u>	<u>113,620,029</u>	<u>113,620,028</u>	<u>113,620,028</u>	<u>113,620,028</u>	ES-1	
Student Stipend Payments	51,120,902	40,387,109	41,524,200	37,860,300	41,524,200		
Fee-for-service Contracts	82,669,027	73,232,920	72,095,828	75,759,728	72,095,828		
Federal Stimulus	0	33,271,484	33,271,484	19,566,800	33,271,484	#1	
Tuition	<u>183,781,827</u>	<u>206,363,756</u>	<u>229,249,116</u>	<u>245,732,028</u>	<u>245,732,028</u>	#2	
Resident	96,136,104	108,463,588	125,511,413	136,807,440	136,807,440		
Nonresident	87,645,723	97,900,168	103,737,703	108,924,588	108,924,588		
Academic Fees	12,080,503	11,953,494	12,233,700	12,233,700	12,233,700		
Appropriated Grants - CF	150,000	4,750,000	0	0	0		

FY 2010-11 Joint Budget Committee Staff Briefing  
 Department of Higher Education  
 APPENDIX A: NUMBERS PAGES

	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Approp	FY 2010-11		Notes Governor	CCHE
				Governor Request	CCHE Request		
Appropriated Grants - RF/CFE	170,000	0	170,000	170,000	170,000		
<b>(F) Trustees of Fort Lewis College</b>	35,398,842	38,239,706	40,093,482	39,680,795	41,729,935		
FTE	<u>432.3</u>	<u>379.7</u>	<u>461.9</u>	<u>461.9</u>	<u>461.9</u>		
College Opportunity Fund	<u>11,653,935</u>	<u>8,757,822</u>	<u>8,757,822</u>	<u>8,757,822</u>	<u>8,757,822</u>	ES-1	
Student Stipend Payments	6,775,801	4,790,249	4,706,280	4,291,020	4,706,280		
Fee-for-service Contracts	4,878,134	3,967,573	4,051,542	4,466,802	4,051,542		
Federal Stimulus	0	3,978,508	3,978,508	2,843,580	3,978,508	#1	
Tuition	<u>22,784,772</u>	<u>24,649,839</u>	<u>26,309,152</u>	<u>27,031,393</u>	<u>27,945,605</u>	#2	
Resident	7,415,269	7,402,523	8,024,904	8,747,145	8,747,145		
Nonresident	15,369,503	17,247,316	18,284,248	18,284,248	19,198,460		
Academic Fees	912,135	853,537	1,000,000	1,000,000	1,000,000		
Appropriated Grants - RF/CFE	48,000	0	48,000	48,000	48,000		
<b>(G) Regents of the University of Colorado</b>	716,966,486	808,840,078	849,657,526	866,277,522	881,269,591		
FTE	<u>6,441.1</u>	<u>6,883.5</u>	<u>6,914.5</u>	<u>6,914.5</u>	<u>6,914.5</u>		
College Opportunity Fund	<u>194,986,340</u>	<u>159,103,983</u>	<u>159,103,982</u>	<u>159,103,982</u>	<u>159,103,982</u>	ES-1	
Student Stipend Payments	73,652,240	57,163,715	59,051,880	53,841,420	59,051,880		
Fee-for-service Contracts	121,334,100	101,940,268	100,052,102	105,262,562	100,052,102		
Federal Stimulus	0	49,995,467	49,995,467	35,003,398	49,995,467	#1	
Tobacco Settlement Distribution	8,511,345	17,997,300	17,150,000	17,150,000	17,150,000	#2	
Tuition	<u>490,388,093</u>	<u>550,777,678</u>	<u>596,692,241</u>	<u>628,304,306</u>	<u>628,304,306</u>		
Resident	254,141,636	278,471,993	311,656,933	339,706,057	339,706,057		



FY 2010-11 Joint Budget Committee Staff Briefing  
 Department of Higher Education  
 APPENDIX A: NUMBERS PAGES

	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Approp	FY 2010-11		Notes Governor	CCHE
				Governor Request	CCHE Request		
Nonresident	236,246,457	272,305,685	285,035,308	288,598,249	288,598,249		
Academic Fees	22,423,177	30,308,119	26,058,305	26,058,305	26,058,305		
Appropriated Grants - RF/CFE	657,531	657,531	657,531	657,531	657,531		
<b>(H) Colorado School of Mines</b>	71,964,514	82,841,518	92,068,097	95,192,667	96,790,770		
FTE	<u>629.4</u>	<u>669.0</u>	<u>667.5</u>	<u>667.5</u>	<u>667.5</u>		
College Opportunity Fund	<u>21,737,271</u>	<u>18,793,625</u>	<u>18,793,625</u>	<u>18,793,625</u>	<u>18,793,625</u>	ES-1	
Student Stipend Payments	7,079,257	5,525,943	5,526,360	5,038,740	5,526,360		
Fee-for-service Contracts	14,658,014	13,267,682	13,267,265	13,754,885	13,267,265		
Federal Stimulus	0	4,443,761	4,443,761	2,845,658	4,443,761	#1	
Tuition	<u>49,668,163</u>	<u>58,536,372</u>	<u>66,680,711</u>	<u>71,403,384</u>	<u>71,403,384</u>	#2	
Resident	27,232,248	30,463,174	34,715,919	37,840,352	37,840,352		
Nonresident	22,435,915	28,073,198	31,964,792	33,563,032	33,563,032		
Academic Fees	559,080	1,067,760	2,150,000	2,150,000	2,150,000		
Appropriated Grants - CF	0	0	0	0	0		
Appropriated Grants - RF/CFE	0	0	0	0	0		
<b>(I) University of Northern Colorado</b>	92,681,279	99,408,134	103,141,988	104,489,801	107,605,468		
FTE	<u>1,015.0</u>	<u>983.4</u>	<u>983.4</u>	<u>983.4</u>	<u>983.4</u>		
College Opportunity Fund	<u>41,156,170</u>	<u>35,176,878</u>	<u>35,176,878</u>	<u>35,176,878</u>	<u>35,176,878</u>	ES-1	
Student Stipend Payments	22,126,286	16,007,646	15,754,920	14,364,780	15,754,920		
Fee-for-service Contracts	19,029,884	19,169,232	19,421,958	20,812,098	19,421,958		
Federal Stimulus	0	8,909,433	8,909,433	5,793,766	8,909,433	#1	
Tuition	<u>50,733,637</u>	<u>54,432,163</u>	<u>56,013,623</u>	<u>60,477,103</u>	<u>60,477,103</u>	#2	

FY 2010-11 Joint Budget Committee Staff Briefing  
 Department of Higher Education  
 APPENDIX A: NUMBERS PAGES

	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Approp	FY 2010-11		Notes Governor	CCHE
				Governor Request	CCHE Request		
Resident	37,654,429	39,134,502	41,569,972	45,311,269	45,311,269		
Nonresident	13,079,208	15,297,661	14,443,651	15,165,834	15,165,834		
Academic Fees	791,472	889,660	3,042,054	3,042,054	3,042,054		
<b>(J) State Board for the Community</b>							
<b>Colleges and Occupational Education</b>							
<b>State System Community Colleges</b>	268,206,594	299,735,038	323,443,661	327,096,568	337,789,945		
FTE	<u>4,576.4</u>	<u>5,192.1</u>	<u>5,089.0</u>	<u>5,089.0</u>	<u>5,089.0</u>		
College Opportunity Fund	<u>132,329,692</u>	<u>117,020,778</u>	<u>118,134,152</u>	<u>118,134,152</u>	<u>118,134,152</u>	ES-1	
Student Stipend Payments	108,195,901	90,120,506	95,759,640	87,310,260	95,759,640		
Fee-for-service Contracts	24,133,791	26,900,272	22,374,512	30,823,892	22,374,512		
Federal Stimulus	0	25,300,005	25,653,045	14,959,668	25,653,045	#1	
Tuition	<u>131,613,363</u>	<u>149,056,274</u>	<u>171,765,547</u>	<u>186,111,831</u>	<u>186,111,831</u>	#2	
Resident	108,724,465	123,747,433	143,950,164	156,905,679	156,905,679		
Nonresident	22,888,898	25,308,841	27,815,383	29,206,152	29,206,152		
Academic Fees	4,263,539	6,857,981	6,390,917	6,390,917	6,390,917		
Appropriated Grants - RF/CFE	0	1,500,000	1,500,000	1,500,000	1,500,000		
<b>Approp. Vs. Request</b>							
<b>TOTAL - (5) Governing Boards</b>	1,694,113,068	1,897,189,651	2,009,875,707	2,036,923,132	2,091,990,361	1.3%	
FTE	<u>18,957.5</u>	<u>20,515.3</u>	<u>20,563.6</u>	<u>20,563.6</u>	<u>20,563.6</u>		
College Opportunity Fund	<u>627,654,358</u>	<u>534,181,544</u>	<u>535,294,916</u>	<u>535,294,916</u>	<u>535,294,916</u>	0.0%	
Student Stipend Payments	328,939,072	261,617,889	271,493,400	247,538,100	271,493,400	-8.8%	
Fee-for-service Contracts	298,715,286	272,563,655	263,801,516	287,756,816	263,801,516	9.1%	
Tuition	<u>1,014,543,203</u>	<u>1,138,617,714</u>	<u>1,253,229,887</u>	<u>1,334,430,329</u>	<u>1,335,344,541</u>	6.5%	

FY 2010-11 Joint Budget Committee Staff Briefing  
 Department of Higher Education  
 APPENDIX A: NUMBERS PAGES

	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Approp	FY 2010-11		Notes	
				Governor Request	CCHE Request	Governor	CCHE
Resident	600,760,483	665,789,417	753,549,633	821,369,099	821,369,099	9.0%	
Nonresident	413,782,720	472,828,297	499,680,254	513,061,230	513,975,442	2.7%	
Federal Stimulus	0	144,690,714	145,043,754	90,890,737	145,043,754	-37.3%	
Tobacco Settlement Distribution	8,511,345	17,997,300	17,150,000	17,150,000	17,150,000	0.0%	
Academic Fees	42,378,631	54,794,848	56,781,619	56,781,619	56,781,619	0.0%	
Appropriated Grants - CF	150,000	4,750,000	0	0	0		
Appropriated Grants - RF/CFE	875,531	2,157,531	2,375,531	2,375,531	2,375,531	0.0%	

<b>TOTAL - (6) Local District Junior</b>							
<b>College Grants</b>	<u>14,823,001</u>	<u>15,890,257</u>	<u>15,890,257</u>	<u>14,756,190</u>	<u>15,890,257</u>	#1, ES-1	
General Fund	14,823,001	12,601,934	12,601,934	12,601,934	12,601,934		
Federal Funds		3,288,323	3,288,323	2,154,256	3,288,323		

<b>TOTAL - (7) Advisory Commission on Family</b>							
<b>Medicine</b>	1,903,558	<i>See HCPF</i>	<i>See HCPF</i>	<i>See HCPF</i>	<i>See HCPF</i>		
FTE	<u>0.0</u>						
General Fund	0						
RF/CFE	1,903,558						

**(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.)

FY 2010-11 Joint Budget Committee Staff Briefing  
 Department of Higher Education  
 APPENDIX A: NUMBERS PAGES

	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Approp	FY 2010-11		Notes Governor	CCHE
				Governor Request	CCHE Request		
(A) Administrative Costs	870,261	857,406	900,000	900,000	900,000		
FTE	<u>7.3</u>	<u>7.1</u>	<u>9.0</u>	<u>9.0</u>	<u>9.0</u>		
General Fund	118,522	0	243,936	243,936	243,936		
Cash Funds	751,739	0	0	0	0		
RF/CFE	0	857,406	656,064	656,064	656,064		
(B) Colorado Vocational Act Distributions							
RF/CFE	21,208,319	21,672,472	23,189,191	23,296,092	23,296,092	NP - transfer from K-12	
(C) Area Vocational School Support	<u>10,450,136</u>	<u>11,202,546</u>	<u>9,736,132</u>	<u>9,041,260</u>	<u>9,736,132</u>	#1, ES-1	
General Fund	10,450,136	8,505,528	7,392,154	7,392,154	7,392,154		
Federal Funds		2,697,018	2,343,978	1,649,106	2,343,978		
(D) Sponsored Programs							
(1) Administration							
Federal Funds	1,945,725	1,902,038	2,220,227	2,220,227	2,220,227		
FTE	21.8	22.6	23.0	23.0	23.0		
(2) Sponsored Programs							
Federal Funds	15,000,036	14,292,642	14,737,535	14,737,535	14,737,535		
<b>Subtotal - (D) Sponsored Programs</b>	<b>16,945,761</b>	<b>16,194,680</b>	<b>16,957,762</b>	<b>16,957,762</b>	<b>16,957,762</b>		
(E) Colorado First Customized Job Training							
RF/CFE	2,725,022	2,725,022	2,725,022	2,725,022	2,725,022		
							<b>Approp. Vs. Request</b>
<b>TOTAL - (7) Occupational Education</b>	<b>52,199,499</b>	<b>52,652,126</b>	<b>53,508,107</b>	<b>52,920,136</b>	<b>53,615,008</b>	<b>-1.1%</b>	
FTE	<u>29.1</u>	<u>29.7</u>	<u>32.0</u>	<u>32.0</u>	<u>32.0</u>		
General Fund	10,568,658	8,505,528	7,636,090	7,636,090	7,636,090	0.0%	
Cash Funds	751,739	0	0	0	0		

FY 2010-11 Joint Budget Committee Staff Briefing  
 Department of Higher Education  
 APPENDIX A: NUMBERS PAGES

	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Approp	FY 2010-11		Notes	
				Governor Request	CCHE Request	Governor	CCHE
RF/CFE	23,933,341	25,254,900	26,570,277	26,677,178	26,677,178	0.4%	
Federal Funds	16,945,761	18,891,698	19,301,740	18,606,868	19,301,740	-3.6%	

**(8) Auraria Higher Education Center**

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

Administration	15,545,113	16,625,772	17,670,252	17,670,252	17,670,252	
FTE	<u>123.6</u>	<u>195.2</u>	<u>191.3</u>	<u>191.3</u>	<u>191.3</u>	
Cash Funds	15,545,113	0	0	0	0	
RF/CFE	0	16,625,772	17,670,252	17,670,252	17,670,252	
Auxiliary Enterprises - CF	100,000	0	0	0	0	
						<b>Approp. Vs. Request</b>

<b>TOTAL - (8) AHEC</b>	15,645,113	16,625,772	17,670,252	17,670,252	17,670,252	0.0%
FTE	<u>123.6</u>	<u>195.2</u>	<u>191.3</u>	<u>191.3</u>	<u>191.3</u>	
Cash Funds	15,645,113	0	0	0	0	
RF/CFE	0	16,625,772	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	100,000	225,000	202,500	202,500	ES-2
--------------	---------	---------	---------	---------	---------	------

(B) Sponsored Programs

FTE	<u>1.5</u>	<u>1.5</u>	<u>3.5</u>	<u>3.5</u>	<u>3.5</u>	
Cash Funds	0	0	20,000	20,000	20,000	

FY 2010-11 Joint Budget Committee Staff Briefing  
 Department of Higher Education  
 APPENDIX A: NUMBERS PAGES

	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Approp	FY 2010-11		Notes	
				Governor Request	CCHE Request	Governor	CCHE
RF/CFE	0	0	0	0	0		
Federal Funds	136,328	221,127	230,000	230,000	230,000		
(C) Auxiliary Programs	995,868	842,036	1,562,179	1,562,179	1,562,179		
FTE	<u>9.8</u>	<u>8.6</u>	<u>14.5</u>	<u>14.5</u>	<u>14.5</u>		
Cash Funds	723,182	458,085	1,562,179	1,562,179	1,562,179		
RF/CFE	272,686	383,951	0	0	0		
(D) Gaming Revenue							
Gaming Cities Distribution	<u>5,955,976</u>	<u>5,633,135</u>	<u>4,721,360</u>	<u>4,721,360</u>	<u>4,721,360</u>		
Cash Funds	0	5,633,135	4,721,360	4,721,360	4,721,360		
Cash Funds Exempt	5,955,976	0	0	0	0		
Statewide Preservation Grant Program	17,847,403	17,758,341	10,441,028	10,441,028	10,441,028		
FTE	<u>15.2</u>	<u>15.7</u>	<u>18.0</u>	<u>18.0</u>	<u>18.0</u>		
Cash Funds	0	17,758,341	10,441,028	10,441,028	10,441,028		
Cash Funds Exempt	17,847,403	0	0	0	0		
Society Museum and Preservation							
Operations	6,204,765	6,391,478	7,001,471	6,874,567	6,874,567		NP-IT Consolidation
FTE	<u>83.6</u>	<u>86.6</u>	<u>92.9</u>	<u>89.9</u>	<u>89.9</u>		
Cash Funds	692,748	5,720,539	6,305,912	6,168,986	6,168,986		
Cash Funds Exempt	4,858,910	0	0	0	0		
Federal Funds	653,107	670,939	695,559	705,581	705,581		
<b>Subtotal - (D) Gaming Revenue</b>	<b>12,160,741</b>	<b>29,782,954</b>	<b>22,163,859</b>	<b>22,036,955</b>	<b>22,036,955</b>		<b>Approp. Vs. Request</b>
<b>TOTAL - (9) Historical Society</b>	<b>31,240,340</b>	<b>30,946,117</b>	<b>24,201,038</b>	<b>24,051,634</b>	<b>24,051,634</b>	<b>-0.6%</b>	
FTE	<u>110.1</u>	<u>112.4</u>	<u>128.9</u>	<u>125.9</u>	<u>125.9</u>		
General Fund	100,000	100,000	225,000	202,500	202,500	<b>-10.0%</b>	
Cash Funds	1,415,930	29,570,100	23,050,479	22,913,553	22,913,553	<b>-0.6%</b>	

FY 2010-11 Joint Budget Committee Staff Briefing  
 Department of Higher Education  
 APPENDIX A: NUMBERS PAGES

	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Approp	FY 2010-11		Notes	
				Governor Request	CCHE Request	Governor	CCHE
CFE/RF	28,934,975	383,951	0	0	0		
Federal Funds	789,435	892,066	925,559	935,581	935,581	1.1%	

**Approp. Vs. Request**

<b>TOTAL - Dept. of Higher Education</b>	2,556,409,741	2,672,424,411	2,790,568,563	2,816,089,009	2,872,985,177	0.9%	
FTE	<u>19,256.4</u>	<u>20,891.7</u>	<u>20,954.9</u>	<u>20,951.9</u>	<u>20,951.9</u>		
General Fund	747,405,868	661,650,598	660,575,732	660,498,274	660,498,274	0.0%	
Cash Funds	21,970,921	1,259,213,629	1,373,468,595	1,454,888,090	1,455,802,302	5.9%	
CFE/RF	1,767,669,685	582,025,661	585,643,182	585,694,862	585,694,862	0.0%	
Federal Funds	19,363,267	169,534,523	170,881,054	115,007,783	170,989,739	-32.7%	
† <i>General Fund Exempt</i>	<i>294,300,000</i>	<i>800,000</i>	<i>0</i>	<i>0</i>	<i>0</i>		

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 2010-11 Joint Budget Committee Staff Budget Briefing  
Department of Higher Education**

**APPENDIX B: SUMMARY OF MAJOR LEGISLATION**

**S.B. 09-043:** Authorizes San Juan Basin Area Vocational School to merge into Pueblo Community College and change its name to Southwest Colorado Community College, a division of Pueblo Community College. Also, limits the two-year authority of Fort Lewis College to include only an associates of arts degree in agricultural science. Makes the following changes to appropriations:

	<b>TOTAL</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>
Area Vocational Schools	(\$1,466,414)	(\$1,113,374)	\$0	\$0	(\$353,040)
Stipends (for 300.0 Student FTE)	612,000	612,000	0	0	0
Fee-for-service Contracts	501,374	501,374	0	0	0
Community Colleges	2,216,414	0	750,000	1,113,374	353,040
<b>TOTAL</b>	<b>\$1,863,374</b>	<b>\$0</b>	<b>\$750,000</b>	<b>\$1,113,374</b>	<b>\$0</b>

**S.B. 09-052:** Transfers \$1.0 million limited gaming funds that would otherwise be deposited in the General Fund to the Innovative Higher Education Research Fund in FY 2008-09. Requires similar transfers in future years, but contingent on there being enough General Fund revenue to allow the maximum General Fund appropriations permitted by Section 24-75-201.1 (1) (a), C.R.S. Appropriates \$1.0 million cash funds from the Innovative Higher Education Research Fund to the Department of Higher Education for distribution to the Higher Education Competitive Research Authority for grants.

**S.B. 09-188:** Supplemental appropriation to modify FY 2008-09 appropriations included in the FY 2008-09 Long Bill (H.B. 08-1375).

**S.B. 09-259:** General appropriations act for FY 2009-10. Contains supplemental adjustments to FY 2007-08 and FY 2008-09 appropriations.

**S.B. 09-269:** Reduces appropriations from tobacco-settlement moneys, including a reduction of \$262,571 in the appropriation for the University of Colorado Health Sciences Center, and transfers tobacco-settlement moneys to the General Fund. For a complete list of the appropriation reductions and transfers in the bill, see the description in the Department of Public Health and Environment.

**H.B. 09-1039:** Changes eligibility criteria for in-state tuition for active and honorably discharged members of the armed forces and their dependents. Reduces net cash funds tuition spending authority for various governing boards by an aggregate total of \$1,876,512.



**H.B. 09-1267:** Eliminates current statutory language referring to "pervasively sectarian" institutions and replaces it with language that prohibits assistance to students pursuing professional degrees in theology or degrees in preparation for careers in the clergy. Appropriates \$94,860 General Fund for stipends for an estimated 93.0 additional eligible full-time-equivalent students at participating private institutions.

**H.B. 09-1290:** Increases the maximum the Colorado Commission on Higher Education must allocate to tuition assistance for members of the National Guard from money appropriated for financial aid from \$650,000 to \$800,000. Reduces General Fund appropriations for need based grants by \$150,000 and increases General Fund appropriations for tuition assistance for members of the National Guard by a like amount.

**FY 2009-10 Joint Budget Committee Staff Budget Briefing  
Department of Higher Education**

**APPENDIX C: UPDATE OF FY 2009-10  
LONG BILL FOOTNOTES AND REQUESTS FOR INFORMATION**

**Long Bill Footnotes**

**13a Department of Higher Education, Colorado Commission on Higher Education, Administration, Administration; and College Opportunity Fund Program, Fee-for-service Contracts with State Institutions --** It is the intent of the General Assembly that the Department of Higher Education reduce expenditures for the Department's administration line item by five percent. The Department should accordingly collect less in FY 2009-10 in indirect cost recoveries from the higher education agencies.

Comment: The Department reports it made the reduction to administrative expenses and will submit an account to the Joint Budget Committee.

**14 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 2008-09 the Department transferred \$11,038,000 spending authority to the institutions.

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

Comment: Expresses legislative intent with regard to rolling forward Work Study funds.

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

funds appropriated in this line item that are in excess of the minimum necessary to pay tuition assistance for qualifying applicants may be used for need based financial aid.

Comment: Expresses legislative intent with regard to National Guard Tuition Assistance. In FY 2008-09 the Department transferred only the minimum funds necessary, but this was all of the appropriation.

- 17 **Department of Higher Education, Governing Boards, Trustees of Adams State College; Trustees of Mesa State College; Trustees of Metropolitan State College of Denver; Trustees of Western State College; Board of Governors of the Colorado State University System; Trustees of Fort Lewis College; Regents of the University of Colorado; Trustees of the Colorado School of Mines; University of Northern Colorado; State Board for Community Colleges and Occupational Education State System Community Colleges; and Auraria Higher Education Center --** Notwithstanding the limitations set forth in subsection (3) of section 1 of this act, the FTE reflected in these line items are shown for informational purposes and are not intended to be a limitation on the budgetary flexibility allowed by Section 23-1-104 (1) (a) (I), C.R.S.

Comment: Expresses legislative intent with regard to FTE.

- 18 **Department of Higher Education, Governing Boards, Trustees of Adams State College; Trustees of Mesa State College; Trustees of Metropolitan State College of Denver; Trustees of Western State College; Board of Governors of the Colorado State University System; Trustees of Fort Lewis College; Regents of the University of Colorado; Trustees of the Colorado School of Mines; University of Northern Colorado; State Board for Community Colleges and Occupational Education State System Community Colleges --** It is the intent of the General Assembly that any effective increase in the resident undergraduate tuition rate not exceed 9.0 percent per student or 9.0 percent per credit hour. In the event that reductions in funding from the stipends and fee-for-service contracts with higher education institutions exceed 9.0 percent of the appropriation for stipends and fee-for-service contracts in H.B. 08-1375, the institutions of higher education shall be allowed to increase tuition above the 9.0 percent limit up to the amount necessary to backfill the loss of funds, subject to the approval of the institutions's respective governing board. It is the intent of the General Assembly that any increases in spending authority necessary to cover the backfill of lost stipends and fee-for-service contracts will be addressed through a supplemental in the 2010 session. 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 increase will be addressed through a supplemental appropriation during the 2010 session.

Comment: The Governor vetoed this on the grounds that it attempts to administer the appropriation. He further argued that the footnote failed to account for federal ARRA

moneys that backfilled institutions to FY 2008-09 funding levels, and that the footnote ran counter to ARRA instructions to mitigate tuition increases. The Governor instructed governing boards to limit per student and per credit hour resident undergraduate rate increases to 9 percent, and make efforts to offset tuition rate increases for low income students with institutional financial aid. All of the institutions except CU Denver and Colorado Springs implemented between 8.5 and 9.0 percent resident undergraduate tuition rate increases.

- 18a **Department of Higher Education, Governing Boards, State Board for Community Colleges and Occupational Education State System Community Colleges --** It is the intent of the General Assembly that administrative costs for the community college's system office be reduced by one hundred thousand dollars (\$100,000) and that the savings be allocated to the community college institutions under the control of the governing board.

Comment: The Community Colleges report they reduced administrative expenses as requested and will submit an accounting to the Joint Budget Committee.

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

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

## Requests for Information

- 26 **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.

- 27 **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.

- 28 **Department of Higher Education, Colorado Commission on Higher Education, Administration** -- The Department, in cooperation with the Colorado Commission on Higher Education, the higher education institutions, and the Office of State Planning and Budgeting, is requested to submit a report to the Joint Budget Committee by September 15, 2009, presenting options for how to measure and ensure access and affordability if governing boards are granted greater flexibility in setting tuition rates.

Comment: The Department did not submit the report by the date requested. The Governor instructed the Department to comply to the extent feasible, but to make it part of a review and update of the statewide higher education master plan, and respond by December 1. A draft report was presented to the Colorado Commission on Higher Education at its November meeting. This draft can be accessed from the Department's web site at:

<http://highered.colorado.gov/CCHE/Meetings/2009/nov/nov09index.html>

**An Evaluation of Colorado's College Opportunity Fund  
and Related Policies**

**A Report Prepared for the Colorado Department of Higher Education,  
made possible in part with support from the Donnell-Kay Foundation**



## Executive Summary

During the spring of 2004, the State of Colorado adopted a policy that finances its higher education enterprise principally through vouchers rather than through the more traditional approach of making direct appropriations to institutions. The enacting legislation created the College Opportunity Fund (COF), which established a stipend available to all lawfully present Colorado residents to use to offset their in-state tuition costs at the public (and eligible private) higher education institution of their choice. The legislation included two other prominent features: fee-for-service contracts were created to pay institutions to fulfill a set of specific state needs not covered by the stipend; and performance contracts negotiated between each institution and the Colorado Commission on Higher Education (CCHE) were to ensure accountability while allowing for greater institutional autonomy and deregulation.

Not only did the enacting legislation mark a significant departure from past practice in Colorado, it also represented the first and, to date, only attempt in the United States to experiment with a voucher-based system for financing higher education statewide. Recognizing the novelty of the approach, the Colorado Legislature inserted a requirement that the COF policy be formally evaluated within five years of passage. The Colorado Department of Higher Education (DHE), with support from the Donnell-Kay Foundation, contracted with the Western Interstate Commission for Higher Education (WICHE) to do this evaluation, and this report is the result.

The first step in the evaluation was to examine the original intent of the legislation, in order to better evaluate its effectiveness. Based on interviews with several of the policy's more prominent proponents, as well as individuals who were directly involved in its development, we found that the legislation was intended to accomplish three principal objectives. First, the policy was designed to provide the legal and philosophical grounds allowing public higher education institutions and the tuition revenue they collect to be exempt from the revenue and expenditure limitations imposed by the Taxpayers Bill of Rights (TABOR). Second, some proponents believed that the enhanced market forces introduced by the legislation would compel higher education institutions to become more disciplined and efficient in their operations, as well as more conscious of the need to recruit state residents. Finally, proponents intended that the stipend would promote access to higher education for underrepresented populations, including the poor, minorities, and males.

Despite these ambitions, the evidence suggests that COF has not succeeded in reaching these aims, other than providing for higher education to be exempted from TABOR's revenue and spending limitations. A data analysis of student enrollment records shows that the stipend's inception in the 2005-2006 academic year coincided with declines in the number of targeted populations enrolling in higher education. While the number of college students continued to climb rapidly throughout the nation, in Colorado overall enrollment records fell when COF went into effect. Students from underrepresented racial/ethnic and low-income backgrounds were less likely to be enrolled under COF than previously. The rate at which Colorado's high school graduates enrolled directly at an in-state institution showed a slight decline initially, while the mixture of males and females remained steady. The enrollment of adult learners over the age of 25 generally fell more significantly than did the enrollment of traditional-age students.

But what is especially clear is how enrollment patterns differed by institutional sector when COF went into effect: the policy change is associated with much larger declines in enrollment at Colorado's two-year institutions than at its four-year institutions. While it is not possible to conclusively determine that the voucher program was a reason behind the observed decreases in enrollment, it is at least true that the COF policy did not succeed in ensuring better access to postsecondary education between 2005, when it went into effect, and 2007.

Among the principal findings is that the COF policy's implementation compromised its original intent. In particular, the way the stipend and fee-for-service components of the policy are used in conjunction to protect institutions' overall funding levels stifles their ability to incentivize institutions to enroll more targeted students or meet other identified state needs. Institutions recognize that they will not be rewarded for enrolling more students. Additionally, two-year colleges described how the requirement to authorize and determine eligibility for COF presents unique obstacles that they believe have complicated their ability to attract and enroll students from all backgrounds, but especially those from targeted populations. Focus group participants also revealed a general indifference to (if not ignorance of) the performance contracts and the expectations within them, in large part because they did not perceive there were any real rewards or penalties for performance. Consequently, the COF legislation has had a negligible effect on institutional decision making.

Yet the COF policy has marked a significant step forward in at least one respect: making Colorado's public higher education institutions exempt from TABOR. By any measure Colorado's higher education institutions are underfunded compared to most other states, partly because, prior to COF, TABOR largely prevented them from increasing tuition revenue. Assuring that Colorado's colleges and universities have a more reliable base of support is vital; even institutional representatives who have no love for COF generally are unwilling to once again be subject to TABOR's strict revenue limitations. Otherwise, COF has failed to live up to its original intentions to improve access and impose a more conscious market orientation on institutions, while making public policies relating to higher education less transparent overall.

The report concludes with three sets of options for approaching the set of issues addressed by COF. First, Colorado may choose to make no substantive changes and continue with the existing COF program. After four years under COF, it is apparent that institutions and students are increasingly familiar with the stipend and are now better able to address related issues, even if the two-year colleges face greater challenges in this regard. But taking this option would not address the issues raised in this evaluation, nor would it provide any real hope of achieving the goals related to access or performance that were originally intended when the COF policy was developed and enacted.

Second, Colorado may seek to abandon the voucher-based approach and consider restoring traditional direct appropriations as the principal means of financing its higher education enterprise. In doing so the state would risk bringing higher education back under the auspices of the TABOR amendment, which (after the tuition increases permitted under COF) would have significant implications for the state budget as a whole. Additionally, this option would result in the same performance issues that existed



prior to COF and that were viewed at that time as insufficient in terms of providing access and efficiently meeting Colorado's needs.

Finally, Colorado could amend the existing set of policies to enhance the likelihood of success in achieving state goals. The specific reforms that might be considered relate to all three of COF's components. With respect to the stipend, our evaluation revealed that several reforms might better ensure improved access, including: guaranteeing the stipend's value and increasing state need-based financial aid; eliminating the requirement to explicitly authorize the stipend and streamlining eligibility verification processes; eliminating the 145-credit-hour limitation; and increasing the state's efforts to market the stipend. Relating to the fee-for-service funding, reforms might include: more clearly articulating state needs to ensure that they remain appropriate for Colorado as a whole (not as a collection of institutions); tying a portion of the fee-for-service funding to successfully serving students (particularly those from targeted populations), as measured by completed courses or degrees; and disentangling the fee-for-service funding stream from the stipend funding stream, so that institutions are rewarded for enrollment increases and meeting identified state needs. With respect to the performance contracts, reforms might include: focusing such contracts more on outcome measures that truly reflect performance rather than input measures; and linking the fee-for-service payments for serving underrepresented populations to the accomplishment of explicitly identified, measurable goals related to serving students from those populations. Lastly, Colorado's administration of the COF stipend is less efficient and accountable than it might be if it relied on one (rather than two) separate but parallel databases to track enrollments and stipend usage and if it conducted annual data audits of stipend usage, using student-level data (which is especially important, so long as the credit hour limitation remains in place). This appears to be the option that holds the best prospect for change.

As no other state relies on a voucher-based funding mechanism for financing higher education, there has been great interest in Colorado's experiment. But given the many ways in which the COF legislation's original intent has been compromised, it is not clear whether the policy's failures lie with its philosophy or its implementation. Colorado's choices consist of carrying forward the existing COF policy; making appropriate amendments to it, such as those suggested, to enhance the likelihood of success; or abandoning the voucher-based experiment.