

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

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

TABLE OF CONTENTS

Panel 2: Adams State University, Fort Lewis College, Western State Colorado University...	2
Funding Sources, Cost Drivers, and Business Models	2
Tuition Policy Proposal.....	17
Request R1 (Base Reduction for Public Colleges and Universities)	18
House Bill 14-1319 Funding Model 2.0 and Institutional Outcomes/Performance	20
Financial Aid and Low Income Students	25
High School to College Continuum and Workforce Preparation	31
Panel 3: Metropolitan State University of Denver & Colorado Mesa University	34
Funding Sources, Cost Drivers, and Business Models	34
Tuition Policy Proposal.....	45
Request R1 (Base Reduction for Public Colleges and Universities)	47
House Bill 14-1319 Funding Model 2.0 and Institutional Outcomes/Performance	49
Financial Aid and Low Income Students	55
High School to College Continuum and Workforce Preparation	60
Addendum: For Governing Boards.....	64

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

INTRODUCTIONS AND OPENING COMMENTS (5 MINUTES PER GOVERNING BOARD)

Note: the JBC requests only one speaker per governing board

PANEL QUESTIONS

Funding Sources, Cost Drivers, and Business Models

1. Provide an overview of your revenue and expenses.
 - (a) How has your total revenue per student FTE changed over time?

Adams State University

	2011	2012	2013	2014	2015
<i>E&G Revenue*</i>	30,226,940	31,087,868	31,735,941	31,870,729	33,619,192
<i>FTE</i>	2320.9	2459.5	2444.91	2429.43	2385.46
<i>E&G Revenue per FTE</i>	13,024	12,640	12,890	13,119	14,093

**E&G Revenue (education and general revenue) - inflation adjusted*

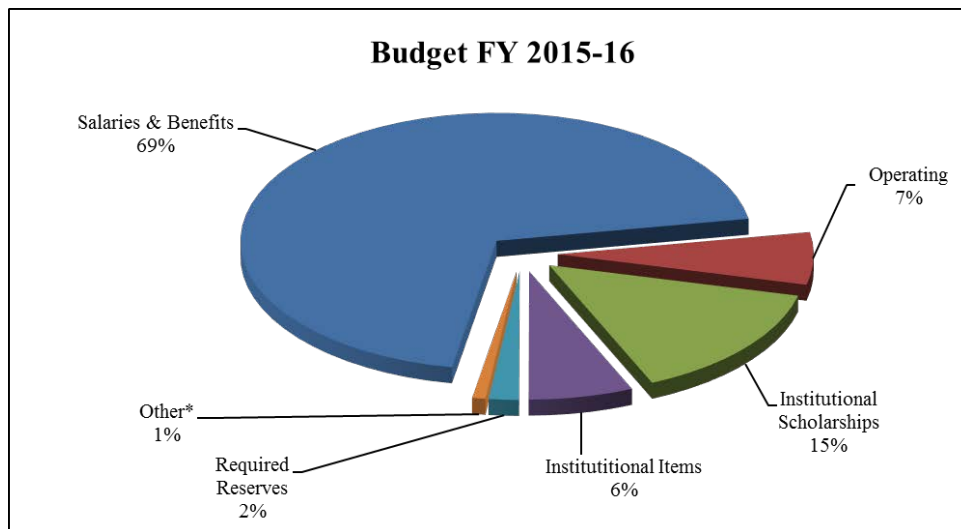
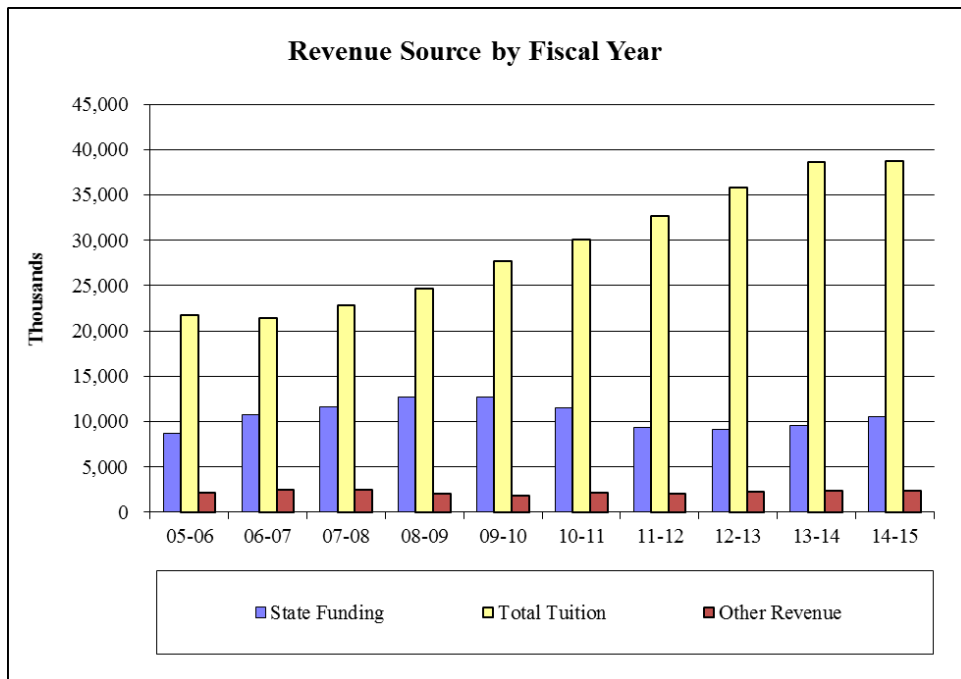
Fort Lewis College

In addition to the details in the charts provided below related to the Education & General Fund budget, Fort Lewis receives revenue from auxiliary operations, student fees, grants, and construction. Revenue from auxiliary operations primarily includes: room, board, bookstore, and parking facilities. Student fees support operations for the Health & Counseling Centers, Athletics, Club Sports, Student Activities/Government, Sustainability, Technology and the Student Life Center. Additionally, student fees support the debt service on the Student Life Center and Student Union buildings.

The college typically receives donations from the Fort Lewis College Foundation in excess of \$1.5M annually that support student scholarships (\$750K) and programmatic operations. The Foundation is currently conducting a \$20M capital campaign, a portion of which will provide for the required \$4.2M match on the Geosciences, Physics & Engineering building.

While Fort Lewis College is a small, rural institution, the college has had success in receiving grants. In FY 2014-15, the college expended a total of \$2.5M between federal, state and private/local grants. Much of the college’s recent grant activity is a result of the growth in the Science, Technology, Engineering, and Math (STEM) disciplines. The faculty have been able to take advantage of continued emphasis on STEM related to 21st century workforce needs, diversity of that workforce by gender and ethnicity, and retention of low income, first generation students.

The following charts provide basic information regarding the structure of the Education & General Fund Budget.



Total Education and General Fund (General fund, total tuition and other) revenue per student has increased 19% over the last five year. The overall change is a result of increases in State support, as well as increases to resident tuition. In FY 2014-15, Fort Lewis College had the second lowest resident tuition and fees among all of the four year institutions in Colorado. The goal of resident tuition increases over this period was to provide a sustainable tuition

level in event of reductions in State support, as forecasted by the Colorado Futures Center.

Actual Total General Fund Revenue per Student FTE				
FY 10-11	FY 11-12	FY 12-13	FY 13-14	FY 14-15
\$12,240	\$12,420	\$13,107	\$14,100	\$14,581

Western State Colorado University

Western's total revenue per student FTE has increased less than \$6,000 since 2012. This is due to a combination of several factors including: 1) growth in overall enrollment (both undergraduate and graduate populations), 2) increases in state support, 3) increases in tuition and fees and 4) increases in auxiliary revenue from sources such as Western's room and board programs.

Fiscal Year	2011-12 Actual	2012-13 Actual	2013-14 Actual	2014-15 Actual	2015-16 Budget
Total Revenue (Gross)	39,768,970	42,840,629	47,589,243	51,747,222	54,145,280
Per Student FTE	19,932	21,518	23,135	24,558	25,696

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

Adams State University

Support from the State of Colorado and Tuition and Fees are our primary revenue sources supporting education and general activities.

Our non-resident tuition is approximately 1/3 of our total student tuition and between 1/4 and 1/5 of our total education and general revenues. Some of the revenue generated from our non-resident tuition goes to support our Experience Colorado scholarship for non-residents. However, even after netting the Experience Colorado scholarship from their tuition, our non-residents pay twice what our resident students pay.

Our other revenue sources are minimal. We collect about \$100K from indirect costs charged to grants we receive. We also have some incidental revenue from things such as transcript fees, library fines, parking tickets, and application fees. The total of both these fees and the

indirect cost recoveries is less than \$500K.

Fort Lewis College

Primary Education & General Fund revenue sources include State funding (FFS & COF), tuition and fees. As shown in the following chart, non-resident tuition comprises approximately 52% of the General Fund budget, in part as a result of the Native American tuition reimbursement.

Fort Lewis College FY 2015-16 General Fund Budget		
	Amount	Percent
State GF support (FFS & COF)	11,822,422	22.8%
Tuition		
Resident	10,362,712	20.0%
Non-Resident	27,049,919	52.3%
Student Fees	940,955	1.8%
Other Revenue	1,601,400	3.1%
Total	51,777,408	100.0%

Revenue sources not reflected in the State budget include auxiliary revenues, grants and student fees related to auxiliary activities. The following table shows the FY 2015-16 budgeted revenues across the institution:

Fort Lewis College Primary Revenue Sources FY 2015-16 Budget	
Education & General Fund	51,777,408
Auxiliary Revenue	17,850,000
Student Fee Revenue	5,500,000
Grant Revenue	3,440,000

Western State Colorado University

Tuition, fees and state appropriations continue to be Western's primary sources of total revenue. Of the \$51.7 million of gross revenue budgeted for FY2015-16, approximately 70% will come from these sources.

Western has traditionally been an attractor of nonresident students, and nonresident tuition has been a critical revenue source for the University. Nonresident tuition rates are

approximately three times that of resident rates, but with almost 30% of Western's undergraduate students coming from out-of-state, the University derives over 50% of its tuition income from this population.

Sources of annual operating revenues that are not considered a part of the state budget include auxiliary revenues and restricted fund revenues. The auxiliary budgets support self-funded activities such as residence halls, food service, bookstore, Extended Studies and graduate programs, conference services, student government and other student fee supported activities. The restricted budgets support activities that are funded from federal, state, or private gifts or grants. Revenue in this category is generally restricted to a specific purpose as determined by the grantor (e.g., financial aid and research). Any funds unexpended generally revert back to the grantor. The amounts of revenue generated from each of these fund categories are listed in the chart below.

Gross Revenue by Account Type					
Fiscal Year	2011-12	2012-13	2013-14	2014-15	2015-16 Budget
State Support	9,344,247	9,225,225	9,532,909	10,585,447	11,643,992
Undergrad Tuition Total:	12,182,334	13,565,630	15,064,346	15,790,882	16,737,804
Resident Student Share	5,716,168	6,645,435	7,498,951	7,776,234	8,279,341
Non-Resident Student Share	6,466,166	6,920,195	7,565,395	8,014,648	8,458,463
Auxiliary Tuition and Fees	4,852,490	5,433,389	6,943,306	8,505,120	9,351,734
Auxiliary Sales & Services	6,664,716	7,304,528	8,576,907	8,886,539	9,035,083
Other Revenue	1,454,675	1,728,445	1,881,047	1,947,903	1,306,820
Restricted Funds	5,107,000	5,455,555	5,485,490	5,942,117	5,994,847
Investment and Interest Income	163,508	127,857	105,237	89,213	75,000
Total Revenue	39,768,970	42,840,629	47,589,243	51,747,222	54,145,280

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

Adams State University

The Cost Driver Analysis Expert Team was established to look into this issue. Several factors were found to drive overall costs. Size was one factor. Another factor discovered was that institutions that serve larger populations of under-represented and non-traditional students incurred higher cost to educate these populations. High percentage of minority students and low ACT and SAT scores were two top predictors of institutional instructional costs.

The Cost Driver Analysis Expert Team and NCHEMS analyzed how we compared to other institutions with respect to overall cost, and also to instructional costs. A peer group of similar institutions was analyzed, then ran through a regression analysis. Based on this analysis, Colorado institutions were spending far less than their peer institutions. The total expenditures for four year institutions was 22.7% less than predicted for the institutions. For Adams State in particular, we were spending 39.8% less than predicted.

This shows just how well Colorado institutions are at keeping overall costs down. We have reduced costs and increased efficiencies as much as possible. However, there are some factors that are out of our control. The population we serve is largely minority and mostly low income. We are not only small, but rural. We do not have the same opportunities for growth as an urban institution. Yet, we are vital to the local economy.

The cost to the student is even harder for us to control. Total cost is not the only factor in determining the cost to the students. When talking total cost to the student, the primary driver is how much of the total institutional costs will be covered by the State. The State of Colorado's funding of institutions has not kept up with costs. The remaining dollars fall to the student.

Fort Lewis College

Slightly less than 70% of the Education & General Fund budgeted expenditures are related to salaries and benefits. Like all higher education institutions in Colorado, Fort Lewis College operates in a nationally competitive search environment related to all faculty and most professional positions. In order to recruit quality candidates, salaries must be competitive and sufficient to afford the high cost of living in Durango. As of FY 2014-15, faculty salaries have reached 100% of peer averages, a multi-year priority of the Board of Trustees. In order to stay competitive, the college must allocate funds of at least 2% annually towards faculty increases, at a cost of approximately \$356K. Additionally, PERA AED and SAED, utilities and IT experience increases and health insurance premiums continue to grow at a rate of over 7% annually. These expense pressures, coupled with reductions in State support, results in an increase in the cost to students.

Western State Colorado University

Over the past several years, it has been the large reductions in state support that have had the most impact on the cost to students. From FY2009-10 to FY2012-13 state appropriations at Western were reduced by over 25%. Offsetting this loss of support required larger than normal increases in tuition in order to prevent draconian cuts in academic programs even

though Western reduced expenditures by approximately a quarter million dollars.

From an expenditure perspective, as identified in the Cost Driver Study conducted for the CDHE by NCHEMS, the largest factor determining the costs of higher education is personnel. Higher education is a people-intensive industry and the quality of the education that is provided is in large part driven by the quality of the people who are delivering and supporting the instruction. At Western, over 50% of the annual budget is spent on faculty and staff compensation and the University continues to lag in average compensation as compared against peer sets defined by the CDHE.

In recent years, other elements of compensation, namely health and retirement benefits, have consumed a disproportionate share of compensation costs. While Western has tried to manage these cost increases through such actions as trimming benefits and passing costs on to employees, some increases are mandated (PERA contributions). However, in order to remain competitive in recruiting and retaining quality faculty and staff, Western must continue to provide competitive benefit packages which has increased the amount of budget directed toward these expenses.

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

Adams State University

Being a small, rural institution in itself poses financial challenges. Add having a large minority population and a population that is largely low income compounds these challenges. Our state support is not enough to fund our costs, and yet, we believe we are beginning to get to a price point that is unattainable or at least perceived as being unattainable by Colorado's most at risk population.

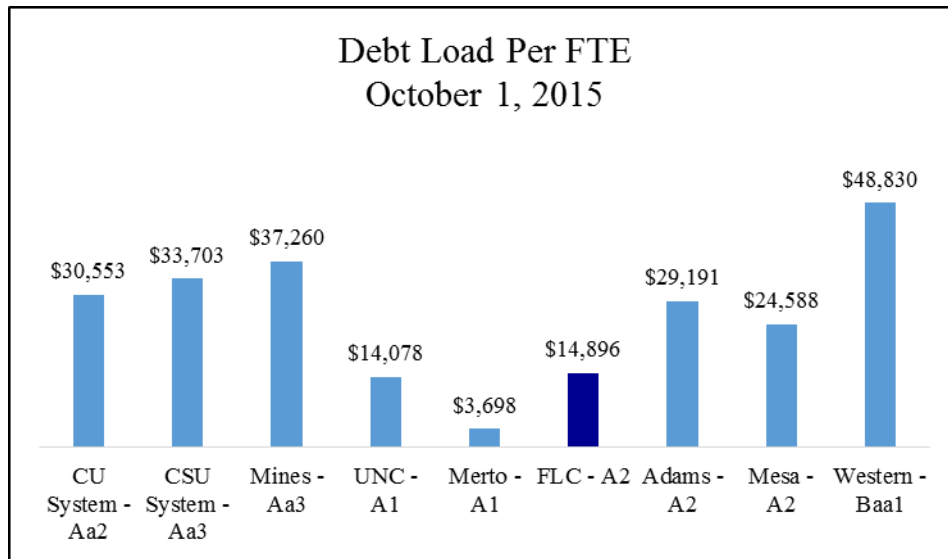
One way we are addressing this is by implementing a four year guaranteed tuition rate for our undergraduates. This will allow our students and their families to better plan for their education. It will also encourage persistence and completion. Adams State hopes to offset the loss in revenue with increases in enrollment driven by the increases in retention and recruitment of students drawn by the guarantee.

Fort Lewis College

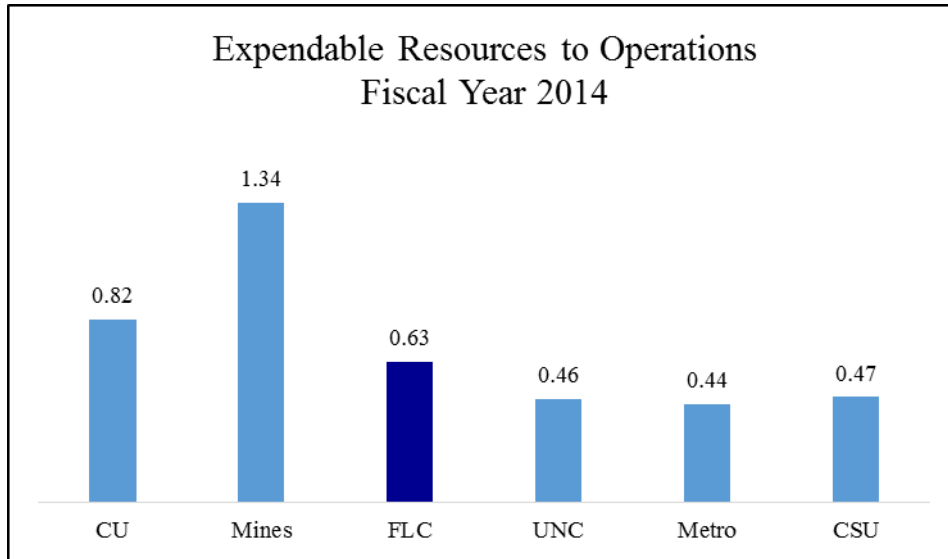
Fort Lewis College is financially sound. The Board of Trustees for Fort Lewis College takes its fiduciary responsibility very seriously and supports the finance staff in its conservative approach in estimating future revenue and expenditure growth, as well as in allocation of incremental revenue. Providing external validity to the college's financial health, in 2015,

the college's credit rating was reaffirmed by Moody's at the A2 level. Analysis by financial advisory staff indicate that the college has several key ratios more consistent with an A1 rating, than its current A2 rating.

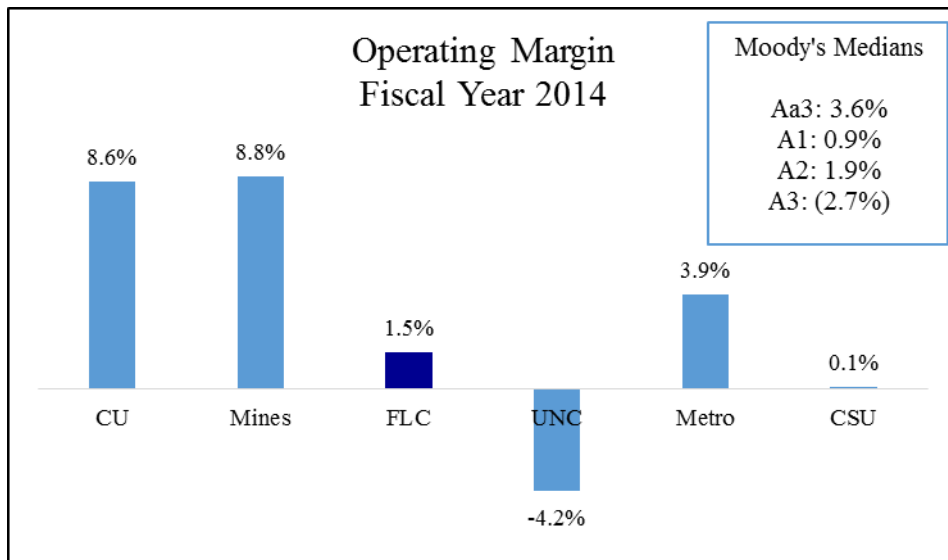
The chart below depicts the student debt load of the college relative to its in-state peers. Fort Lewis College's debt per FTE is roughly half of the State average of \$26,000.



The college's expendable resource base (comprised of unrestricted net assets and restricted expendable assets of the college and Foundation) provides excellent operating flexibility and a cushion for its existing debt burden. FLC enjoys greater balance sheet strength relative to the size of its budget than several of its higher rated peers in the state, as shown in the chart below.



As shown below, Fort Lewis College's FY 2014 operating margin (operating revenues plus Pell Grants, gift revenue, and a three year average of interest income, less operating expenses divided by operating revenue) exceeded the Moody's median for "A1" rated schools nationally.



In addition to employing conservative budgeting and financial management practices, part of the college's financial health is related to facilities health. Some of the steps taken on campus to ensure the facilities are properly maintained include:

- *Systematically, through the maintenance management information system, the physical plant staff addresses over 3,000 preventive maintenance work orders annually.*
- *One full-time employee works exclusively on heating, ventilation, and air conditioning (HVAC) preventive maintenance issues.*
- *Student housing is maintained on a rotational basis, which includes painting, carpet replacements, furniture replacement.*
- *Outside contractors are utilized for life safety inspection and maintenance work for fire sprinkler systems, fire alarm systems, fire extinguishers, gas line testing, and elevators.*
- *Structural Trades staff inspects roofs annually as part of the snow management program.*
- *The college is the process of implementing a formal campus-wide condition assessment program, which will utilize physical plant staff members to assess the current condition of all facilities on campus. This effort will be the basis of the prioritized MRR plan (maintenance, repair, and replacement) going forward.*
- *Funding methodologies are in place to address road and parking lot maintenance on a semi-annual and annual basis.*
- *Infrastructure challenges (underground electrical, water, sewer, storm water, gas, irrigation) have been addressed on a project basis through use of State and college funds, with in-house staff, and when appropriate as part of larger construction and renovation projects.*

Fort Lewis College views the uncertainty surrounding State General Fund appropriations as its primary threat. The 2013 report of the Colorado Futures Center at Colorado State University projects the loss of State funding for higher education by 2030. Based upon these estimates, the college adopted 5 and 10 year planning budget models that anticipate decreases in State funding, as well as inflationary expenditure increases. These models inform budget allocation decisions.

In addition to more long term budget planning, Fort Lewis College pursued investment authority in the 2013 legislative session (HB13-1297). The investment authority will allow the college to earn more than available through the State Treasurer. The college began investing some of its own funds in December 2015. Finally, the college plans to refinance approximately \$40M of revenue bonds within the next three months to avail itself of the current favorable interest rate environment.

Western State Colorado University

Western's composite financial index has been in or above the zone required by the Higher Learning Commission in five out of the past seven years and is on a positive trajectory. There are a variety of factors that contribute to the recent volatility of the University's financial composite index score, but none have been as detrimental as the expensing of depreciation. As a state institution, Western does not have a tuition pricing structure that incorporates the

costs of maintaining state facilities. This is because Western, like all state-owned facilities, has relied on state appropriations to address capital and controlled maintenance needs. However, over the past decade, appropriations for capital projects have been minimal and Western has had to develop other means to address these needs. In particular, Western's students approved a facility fee in 2010 that allowed the University to bond projects that were a critical component of the University's facility master plan and growth objectives. As Western has addressed these facility needs, it has increased the amount of debt owed by the University and has increased the depreciation expense as newer facilities have taken the place of older, fully depreciated buildings. It is because of these factors that Western will continue to be challenged by the composite financial index that was developed by the Higher Learning Commission and used by JBC staff.

More important, however, to Western's Board of Trustees in the assessment of financial health is the University's discipline in managing annual budgets and staying within the Board-approved spending plans. In recent years, the Board has adopted cash reserve policies that protect Western from the fluctuations in state support and student enrollment. Currently, Western maintains an operating reserve of approximately 20% in addition to a debt-service reserve fund with a current balance of over \$1 million.

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

Adams State University

As discussed in the previous answer, one major way we have changed our business model is by offering four year guaranteed tuition. This will go into effect fall of 2016. We are also incentivizing our current students with a lower rate than our new students if they return, and the opportunity to take advantage of that rate until their expected graduation date.

We have changed our academic business model to include a mix of face-to-face courses and online courses. Some students enroll in multiple delivery methods in order to complete their program in the most efficient manner. We have also expanded distance education.

Fort Lewis College

*Over the last few years, Fort Lewis College has worked to adjust the instructional business model. In the 2012-13 academic year, all academic programs developed **maps to graduation**, showing the courses to be taken in each major. A number of operational issues surfaced.*

- *The general education curriculum exceeded the number of credits required by the State of Colorado. These excess credits put pressure on the ability of students to graduate in four years. As a result, the faculty agreed to remove the upper level general education requirement.*
- *Several of the programs required credits in excess of the maximum 120 credit hours established by the State of Colorado. Additionally, some programs had so many curricular offerings, the department could not offer all of the necessary courses on a regular basis.*
- *Review of the differences in credit hour standards highlighted the difficulties for students in transferring credits, to and from Fort Lewis College and the impact on course scheduling. These factors further exacerbated a student's inability to graduate in four years, and added extra costs to both students and the institution.*

As a result of these findings, several curricular changes have been made or are in process.

- *The Board of Trustees approved the administration's proposal to revert to a primarily 3 credit hour model. This substantive change was approved by the Higher Learning Commission in June 2014.*
- *All programs have completed a curricular re-design in part to accommodate the change to the 3 credit hour model and in part to streamline the curriculum. Both efforts are intended to help students graduate in four years and reduce costs.*
- *As part of the curricular re-design process, low enrollment courses have been evaluated and where appropriate, eliminated.*
- *Resources have been reallocated to high enrollment programs, such as, engineering, adventure education and public health.*

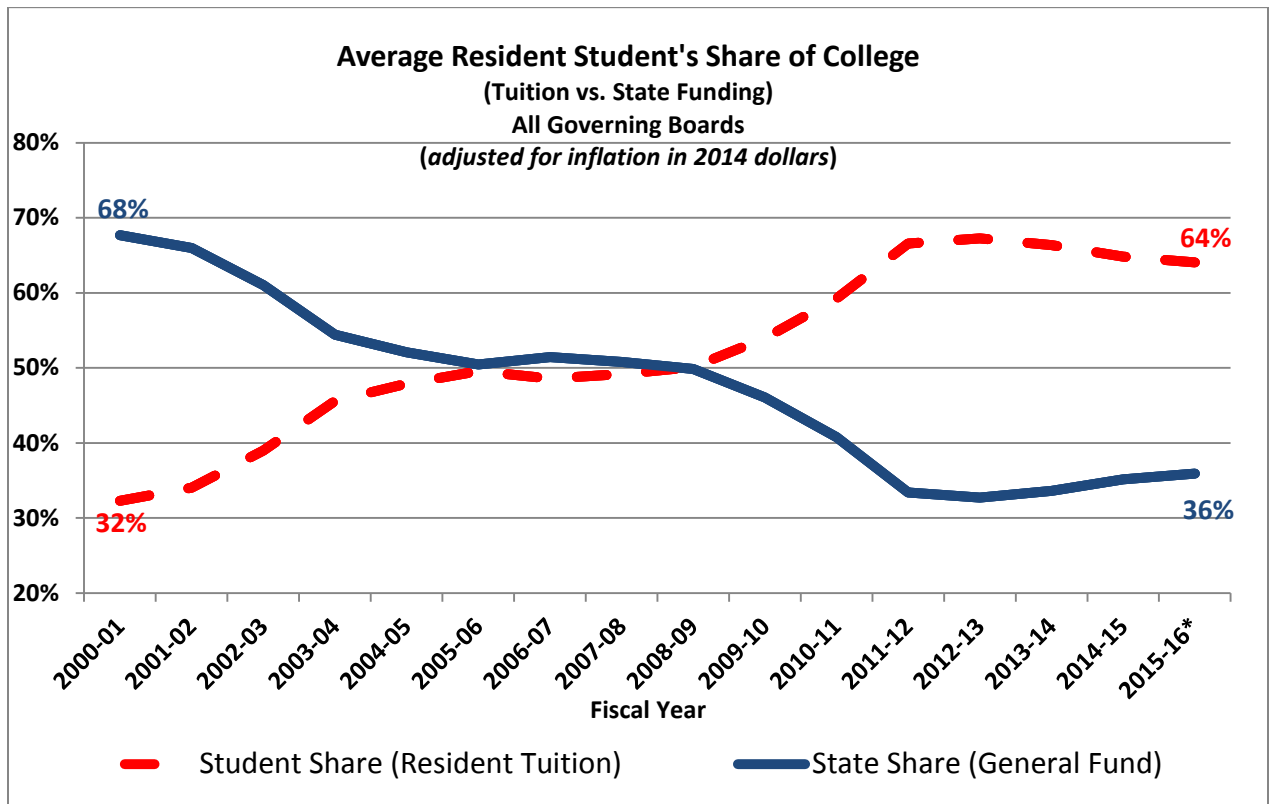
The college continually works to find ways to leverage existing resources and funding. One example includes partnering with the city of Durango through a long-term lease and funding for the improvement of athletic facilities, multi-use fields, softball fields and tennis courts that will benefit intramurals and club sports teams. As part of this agreement, the City will also be responsible for the maintenance of the facilities.

Additionally, the administration frequently reviews under-performing programs and departments. Over the last three years, the college has discontinued programs such as civic engagement and continuing education due to a lack of participation and fiscal management in these programs.

As mentioned earlier, the college pursued investment authority in the 2013 legislative session with the intent of positioning the college with the skills necessary for the potential decrease in State support.

Western State Colorado University

As depicted in the graph below, the biggest change to Western's business model, not unlike most other Colorado institutions, is the movement away from a relatively low cost provider of higher education to one in which costs to students are higher but are offset with larger commitments of institutional financial aid. Since 2011-12, Western's tuition rates for full-time resident students have increased by less than \$2,000, and during this time the University's allocation of institutional aid has increased from \$3.3 million to \$4.7 million.



Two key forces are driving changes in this model. Firstly, the explosion of the community college system over the last couple of decades has created a “lock” on low cost leadership within higher education. Secondly, the new funding model distributes state resources principally based on student enrollment pushing Western toward more tuition reliance in its budget. These two things are causing Western to work harder on its quality and academic outcomes, and focus on enrollment growth. In recent years, the University has redefined the approach towards recruitment and redirected resources towards marketing, recruitment and retention efforts. These efforts are beginning to pay off. Over the past few years, Western has been one of only a few institutions in the state to experience enrollment growth and has increased first year retention rates from the mid-50s to 70 percent. Further, Western's graduation rates have improved over the last decade and continue to surpass DHE peer group averages.

Another major impact to the Colorado higher education business model has been the lack of capital construction and controlled maintenance. Like many institutions in the state, Western has had to fund, through institutional and private sources, building and infrastructure needs over the past 10 years. This has further impacted the cost equation, requiring that students take on a larger burden of the public higher education cost.

Despite all of these changes, Western's pricing remains highly competitive both in the state of Colorado and within the CDHE's-defined peer set. Resident tuition at Western remains the 3rd lowest among Colorado's four-year public institutions and the University's total cost of attendance is below the statewide average.

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

Adams State University

Online learning provides students with an additional delivery method. Undergraduates often enroll in a mix of online and face-to-face courses to complete their degree. The majority of graduate programs have evolved into online programs. This has enabled ASU to deliver these programs across the state and around the country. These graduate programs have provided an additional revenue stream for the institution. Adams State academic departments are constantly monitoring the effectiveness and balance of face-to-face on online learning, and adjusting as necessary.

Fort Lewis College

While fully on-line programs are not currently offered, the strategic plan calls for the College to leverage technology to "Implement pedagogically appropriate technologies for the curriculum and the population that the courses are currently serving." The College has recently appointed its first director of E-Learning who is key to facilitating the adaptation of a new Learning Management System (LMS) and examining the College's offering of on-line and hybrid courses. Students have commented that totally on-line programs would not fit the "close personal touch" character of Fort Lewis College. By offering various modes (on-campus, hybrid, online) of education, the college hopes to offer flexibility to students.

The current model requires that students who take advantage of on-line courses are matriculated students. The college has been hesitant to offer fully on-line programs/degrees, as any qualified Native American student anywhere in the US could take the course, whether they were on campus or not, and the State would be responsible for paying the tuition. The college takes pride as a Native American serving institution and the tuition waiver. As always,

the college is cognizant of any campus business decision that would lead to a large expansion of the tuition waiver program, due to the cost to the State of Colorado.

Western State Colorado University

Western has incorporated on-line learning into all aspects of the learning environment. Most of the University's graduate programs are delivered in a hybrid model of on-line delivery during the school year and summer intensive sessions that are delivered on campus. This has proven to be a highly effective model for Western and has resulted in steady growth as it works well for the professionals that tend to enroll in these programs.

While Western has invested resources in recent years to improve the on-line component of the undergraduate program, at least for the short-term the University will remain principally a residential campus in which students will receive the full benefits of the residential experience.

Tuition Policy Proposal

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

Adams State University

We like the fact that the tuition policy alleviates the need for unnecessary paperwork, especially as we are forced to be more efficient in every possible area. When tuition was appropriated, we were forced to do supplemental requests for enrollment growth, regardless of the rate charged. It was affectively punishing us administratively for accomplishing what we were supposed to accomplish.

We also like that it establishes some guidelines so that the General Assembly can expect to see tuition relief with increases to higher education funding. That said, the proposed policy still acknowledges that all institutions are different and the different governing boards may be facing very different challenges when it comes to tuition setting.

Fort Lewis College

The college is supportive of the Department's tuition policy proposal. Recognizing the linkage between State support and tuition and the differences between the various types of institutions is important. Because "one size does not fit all," it is important that the proposed policy provides an avenue to vary tuition by institution. In FY 2014-15, Fort Lewis College had the second lowest resident tuition and fees, and the lowest nonresident tuition and fees, among the four-year institutions in Colorado. As the college looks to the future, the Board would appreciate having a range of options available related to tuition increases.

As there is wide variation in tuition rates and the variation a 1% increase across the institutions, the college believes that any tuition limit should be restricted in dollars rather than percentages. A percentage limit hurts those institutions with lower tuition and those that have worked to keep tuition low in prior years.

Western State Colorado University

Western supports the Department's tuition policy recommendation. The proposed policy represents an attempt to balance the impacts of changing state appropriations and increased operating expenses in order to maintain institutional viability. The policy recognizes that tuition setting should be the responsibility of the governing boards who are appointed by the Governor and have a far better understanding of institutional needs and market price points. This flexibility is critical for the survival of small schools like Western that in any given year could be disproportionately impacted by state appropriation reduction.

Request R1 (Base Reduction for Public Colleges and Universities)

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

Adams State University

Adams State University is located in the San Luis Valley, which is not only rural, but also one of Colorado's poorest regions. Three of the five counties with the highest poverty in the State of Colorado are located in the San Luis Valley. As a regional educational provider and a Hispanic Serving Institution we are critical to both the local economy and Colorado's most at-risk population.

A lack of state support has forced us to make considerable tuition increases over the past several years. Pell grants have not only not kept up with costs, but have also become more restrictive. In the 2005-2006 academic year, a low income Colorado student who was eligible for a full Pell grant had their tuition and fees covered completely by Pell and had an additional \$957 of Pell grant money to apply to their books and living expenses. In this current year (2015-2016), a Colorado student who is eligible for a full Pell grant still has \$2,799 of tuition and fees to pay in addition to paying for all their books and living expenses.

The majority of our students are from low income and/or first generation households. We do not have the luxury of being able to cover all student expenses with institutional scholarships because we don't have the majority of middle and upper middle class to offset the expense. We have seen a decline in enrollment, and in particular, a decline in our most at-risk students. These students are deciding more and more that they are no longer able to afford college. We are shifting away from serving the very students who are our core purpose to serve. Colorado cannot continue to go down this route.

Adams State is committed to doing our part to keep costs low for these students. We are implementing a four year guaranteed tuition starting in the fall of 2016. This will help our students plan for their education, and encourage them to persist and complete their college degree. We hope to offset the cost of this program with an increase in retention, but we also need the State of Colorado to do their part. With a 3% cut on top of this initiative for our students, we are forced to look at budget cuts that will not be sustainable over the long term.

The first thing to be cut will likely be cost of living increases for faculty and exempt staff. We will also be forced to pass more of the health, life, and dental costs on to the employees. However, over the long-term, this will limit our ability to recruit and retain the talent we need. We have already withheld several cost of living adjustments, and continuing down this route is not sustainable. Furthermore, due to several rounds of budget reductions over the past few years, we have eliminated room for general budget cuts. We may be forced to look at cutting programs, but that will come with a cost to our local economy and workforce.

Fort Lewis College

Utilizing the current formula, the proposed \$20M reduction to higher education equates to a reduction of approximately \$567K to Fort Lewis College. The Department of Higher Education estimated that Fort Lewis would need to increase resident tuition by up to 13.6% to cover inflationary, and PERA AED and SAED increases. The college has utilized a five year budget horizon to help anticipate changes in State support. Based upon internal enrollment and non-discretionary cost increase projections and potential changes in non-resident tuition rates, the \$567K reduction could lead to an increase in resident tuition of up to 10%. At this level of State funding and tuition increases, the college will not have sufficient funds available for strategic initiatives. Funding for initiatives will need to come from internal reallocations.

The proposed \$20M reduction to higher education is a concern to the college as is potential future reductions in the coming years.

Western State Colorado University

Under the proposed budget, Western would receive a funding cut of approximately \$300,000. Without offsetting increases in tuition rates, this reduction would necessitate an evaluation of program cuts. To offset this cut in state support would require an increase in resident tuition rates of 2.8%. The revenue generated would allow Western's budget to remain flat but would not allow for increases in institutional financial aid and cost of living adjustments to the University's personnel and operating budgets which have not seen such adjustment in 3 of the past 5 years. This would be particularly challenging to Western as the cost of living in Gunnison County is higher. Of Western's 18 peer institutions, as identified by the DHE, only 1 has a higher cost of living than Gunnison. Without recognizing this disparity, Western faculty salaries are already below our DHE peer group at roughly 94% of mean. To provide cost of living adjustments would require a resident tuition rate increase upward of 10%.

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

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

Adams State University

Version 2.0 of the H.B. 14-1319 funding model is more predictable and intuitive than Version 1.0. Changes in the inputs make expected changes in the output. However, no funding model can work well until adequately funded.

The very nature of role and mission suggests that it is base funding. It is almost impossible to put a figure that is “per fte” or “per student” on role and mission. If Colorado desires to provide access to their at-risk, and specifically, at-risk rural populations it will come with a base funding cost.

With regard to budget cuts, it is more difficult to use a performance funding model to distribute a cut as opposed to distribute additional funding. This is particularly true in Colorado, where funding for Higher Education is so low to begin with, and institutions are already operating at such high efficiency just to keep the status quo.

Fort Lewis College

The model for FY 2015-16 allocated the second largest percentage increase to Fort Lewis College, while the FY 2016-17 allocates the second largest percentage reduction of any governing board in Colorado to the institution. The DHE staff worked hard to gather input from all governing boards in developing this year’s model. The college believes the current model is an improvement because the annual variance in the model is moderated.

Fort Lewis College has no objection to including role and mission funding as part of the base, as role and mission does not vary, except with a statutory change. The model required through HB 14-1319 has been called “performance” or “outcome based.” For HB 14-1319 to influence institutional behavior, the model and funding commitments from the State will need to be stable.

While using the HB 14-1319 formula to allocate budget reductions can work for one year, if the State continues to reduce funding for higher education in Colorado, the use of the model for budget reductions over the long term is not sustainable. The college feels that using common percentage reductions across all governing boards would be a more effective strategy in the long term. At the model is revised in the future, the college believes the rural nature of the institution should be a factor in the model, as required by statute.

Western State Colorado University

The change from the tuition stability factor to the role and mission differentiation factor was effective in that it better captures the differing base operating expenses of the institutions within Colorado's higher education system. However, under in this model, institutions like Western receive a disproportionate share of funding through one factor which can lead to operational vulnerability. Furthermore, in aggregate, version 2.0, like the original model, distributes far too much of the state's resources on volume based metrics rather than true performance or role and mission distinctions.

Western would support a component that would provide base funding to smaller institutions that are not designed or can be expected to compete in a volume-based model. The new role and mission differentiation factor addresses much of this, but to the extent that funding for this factor can fluctuate with the other factors of the model makes for higher vulnerability to smaller institutions.

Furthermore, Western would support revisions to the model that incorporate tuition revenue and other sources of income into the allocation of state support. This would better reflect the impact that all revenue sources have on the overall viability of institutions.

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

Adams State University

The new funding model has allowed our governing board to have a better understanding of state funding. They now have a better idea what to expect associated with various changes at our institution. In the past, there was not any real predictive model.

However, it is still extremely difficult to plan. A true funding model would be an allocation model, not a redistribution model. We cannot plan for a set dollar associated with a degree, an fte, or anything else when the model is simply reallocating x dollars allocated to the category based on our percentage of the total. This is a problem that can only be solved with a shift in funding philosophy, not a model.

The funding model has impacted the focus of our governing board. The new funding model has a larger emphasis on retention and completion. This has impacted the focus on which new

initiatives are implemented. Although our board has always been working to improve in these areas, the funding model creates an even bigger sense of urgency.

Fort Lewis College

The changes in the new funding model related to retention and completion metrics have not affected the Trustees decision making at Fort Lewis College. The college has been dedicated to improving retention rates for over 15 years. First efforts in the early 2000s involved changing admission requirements related to the number of remedial courses needed by a student. In the mid-2000s, the college requested a statutory change from “moderately selective” to a “selective” institution. Both of these efforts were in response to the general knowledge base that college ready students retain and graduate at a higher rate.

Additionally, Fort Lewis College was one of the first colleges in Colorado to join Complete College America and the 2012 – 2016 strategic plan focuses on student success defined as retention, persistence and completion. These efforts were in advance of the HB 14-1319 funding model.

Western State Colorado University

Western’s Board of Trustees recently adopted a new strategic plan focused on enrollment growth and improved institutional outcomes. These areas of focus were driven in part by the pending changes in the state’s allocation formula. Internally, more resources are being directed towards areas of recruitment and retention. For example, the University’s Foundation has provided \$1.5 million in funding over a five year period to assist in recruitment and brand development efforts. In addition, the University has implemented a first-year experience program with a purpose of engaging Western students into their academic program and integrating them into the broader Gunnison community. These initiatives have been working as Western has been one of only a few institutions in the state to grow enrollment over the past few years, and the University’s retention and graduation rates have been experiencing an upward trend, surpassing peer benchmarks.

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

Adams State University

There are several components of both performance and quality. One of the most straightforward components of performance is degrees awarded. Quality is more difficult to quantify numerically, but extremely important. ASU has implemented an “Academic

Taskforce” to better measure academic quality. Financial position and performance is another component of performance. ASU Board of Trustees has established a Finance and Audit Committee to more closely monitor financial position and performance. We are also developing a financial dashboard for this committee.

ASU also addresses both performance and quality with our “ASU 2020” Strategic Plan. This plan is an intricate part of our operations. All budget adjustments and initiatives are linked directly to the specific goal they represent. Every board meeting, the board agenda contains an agenda item for ASU 2020. In addition, every agenda item is referenced to the ASU 2020 goal it represents.

Each goal in ASU 2020 has specific strategic initiatives that fall under the goal. Under these strategic initiatives, there are specific actions, benchmarks, and measures. These allow our board and administration to easily monitor progress.

Fort Lewis College

Assuring the quality, relevancy, and currency of programs and courses is a central pursuit at Fort Lewis College. All academic programs are reviewed in cycles according to the program review process, which includes reflection on program course content and a peer review process to ensure currency and relevancy. In addition, all academic programs review content in the Catalog of Courses each year. Certificates, majors and minors are approved according to strict curricular standards adhered to by the Curriculum Committee and the curricular process. In academic year 2014-2015, the college underwent curricular redesign for all majors and minors in order to update its programs of study including general education. In addition, a rigorous assessment program for each major ensures that the campus engages in continuous improvement of course content via student learning. Students are held to academic policies on grades and timely completion of core general education courses including mathematics and composition. The college also adheres to rigorous standards which guides course requirements and student performance appropriate for each course level.

Several academic programs are accredited by external, professional accrediting bodies. Many academic programs also collect information from relevant industries, employers, and community stakeholders regarding the quality and currency of their academic programs.

Every FLC academic program includes the collection, analysis, and effective communication of materials germane to their respective discipline or interdisciplinary subject. The policy on rigor serves as a guidepost for introduction, reinforcement, and mastery of skills and content. For example, Inquiry, Critical Thinking, Communication, and Responsible Application of Learning are part of the college-wide learning outcomes which inform academic programs. These outcomes are evident in the annual Arts and Sciences Research, Scholarship and

Creative Activities Symposium, a program of senior capstone research experiences that includes student presentations, recitals, and performances. Undergraduate Research Grants also support upper-division research work by students within their major. In addition, student work is often exhibited in the college's art gallery and in student research exhibited by the School of Business Administration. Students also assist with gathering, displaying and exhibiting work in the gallery, library and archival collections at the Center of Southwest Studies. The capstone experience in the teacher education program also exemplifies the importance of analysis, communication, and skills. Teacher education also provides pedagogical skills for use of technology in the classroom. The skills students acquire by participating in these activities—and through coursework in the general education program—provide evidence that students will be prepared for graduate school, the work environment, and citizenship.

Importantly, the college maintains key performance indicators to measure student performance. These metrics include data on retention, persistence, and graduation rates. The college also collects data on key milestones denoting student progress such as percent of students registered for 15 or more credits, time toward degree completion, student registration, completion of writing and math requirements, and declaration of major. Finally, graduates are tracked through alumni surveys and National Clearing House data.

Western State Colorado University

As part of Western's strategic plan, the Board of Trustees have developed metrics to measure accomplishment of the plan's identified goals. The five goals of the plan include 1) increase enrollment, 2) improve institutional outcomes, 3) increase funding, 4) enhance organizational efficiency, and 5) improve third-party assessments. Metrics under these goals include student headcount and FTE, student diversity, retention rates, graduation rates, student debt load, student loan default rates, career and graduate school placement, donor support, grant income, business partnerships/collaborations, cash-funded program profitability, administrative expenses and awards and rankings. The Board is given updates on the numerous initiatives related to each of these goals on a quarterly basis, and an annual report is provided each October that summarizes progress made on the strategic plan and offers comparisons against Western's DHE peer-set, where applicable.

Financial Aid and Low Income Students

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

Adams State University

In fiscal year 2010-2011, a Colorado resident undergraduate student who was eligible for a full Pell grant had their tuition and fees covered by their Pell grant. In addition, they had \$579 remaining to help with their costs of housing, food, and books. In the current year (2015-2016), a Colorado resident undergraduate student who is eligible for a full Pell, has a remaining \$2,799 to pay towards their tuition and fees, plus cover all of their housing, food, and books.

More students are deciding that education is too expensive an alternative to them.

Fort Lewis College

For purposes of this report, low income students are considered those with some level of financial need. Financial need is defined as the balance remaining after subtracting the expected family contribution from the cost of attendance. Fort Lewis College uses Ruffalo/Noel Levitz to help determine financial aid strategy and track the effectiveness of the strategy in recruitment and retention of students.

The following table compares the gross price for all students, to the net price for all resident students and the net price for resident students with some level of financial need.

Fort Lewis College – Comparison of the Average per Student Gross and Net Price for Resident Freshman					
	Fall 2011	Fall 2012	Fall 2013	Fall 2014	Fall 2015
Total Direct Cost of Attendance (1)	14,334	15,798	16,968	17,598	18,280
Net Price (2) - In-State Freshman - All	9,620	10,621	11,674	11,247	11,541
Net Price – In-State Freshman with Need	5,811	5,727	5,639	6,521	7,111

(1) Gross price includes tuition, fees, room and board.

(2) *Net price represents the actual average price paid by students after federal, state and institutional aid is applies.*

The gross price has increased slightly more than 27% over the past five years, while the net price to students with need has increased by approximately 22%.

Western State Colorado University

Over the last 5 years, direct costs—tuition, fees, room, board and miscellaneous expenses—for Colorado residents at Western have increased from approximately \$14,000 to \$17,500, or 25%. Over that same time, low income (defined as PELL and Level 1) Colorado residents at Western have experienced a net increase (after application of all available aid) in direct costs of less than \$1,000.

Over the last 5 years, direct costs—tuition, fees, room, board and miscellaneous expenses—for nonresident students at Western have increased from approximately \$23,500 to \$28,500, or 21%. Over that same time, low income (defined as PELL and Level 1) nonresident students at Western have experienced a net increase (after application of all available aid) in direct costs of approximately \$1,200.

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

Adams State University

Adams State enrolls the largest percentage of Pell grant eligible student of any Colorado four-year public university. 58% of our Colorado resident students are low-income and Pell eligible. We spent \$3,102,352 of institutional aid on these students. We have restructured our financial aid awarding to increase the amount of institutional aid as well as state need-based aid focusing on the neediest Colorado residents enrolled at Adams State.

One of the results of re-structuring our aid to target our most needy students is the San Luis Valley Promise Scholarship. All San Luis Valley Pell Eligible students are given the San Luis Valley Promise Scholarship. This scholarship guarantees to cover tuition, fees, room and board for our local, needy students.

Fort Lewis College

Institutional aid at Fort Lewis College is directed towards merit scholarships, rather than need-based scholarships. However, a significant amount of the aid awarded as merit does support need-based students. In FY 2014-15, approximately 59% of all institutional aid helped meet need. The following table shows the institutional aid provided to resident students for the last five years.

Fort Lewis College – Merit Scholarships Resident Students (exclusive of athletic scholarships)				
FY 10-11	FY 11-12	FY 12-13	FY 13-14	FY 14-15
\$674,250	\$767,500	\$974,000	\$1,147,875	\$1,039,500

While Fort Lewis College has not changed its institutional aid packaging in light of increases in State need-based aid, the increases received have helped more students afford college. In FY 2015-16, all Pell eligible Level 1 and 2 students are receiving State need-based aid. Level 1 students (150% of Pell) are receiving \$2,300 in the current fiscal year and Level 2 students (200% of Pell) are receiving \$1,500. Before the increase in the State need-based aid program, the college was only able to provide State support to those Level 1 students that met the priority deadline and no Level 2 students qualified for funding.

The college has worked to form more partnerships with outside agencies, many of whom have provisions for matching funds. Some of these programs include the Denver Scholarship Foundation, the Daniels Foundation and the Colorado Opportunity Scholarship Initiative. The Fort Lewis College Foundation is assisting the college by providing for the matching requirements.

Western State Colorado University

At Western, 64% of all institutional aid is provided to PELL and Level 1 students (55% goes to PELL eligible students and 8% goes to Level 1 students). Western has not restructured institutional aid due to the increased allocation in state need-based assistance. The University's allocation of state need-based has been smaller than that received by most other four-year institutions. However, the increase in Western's allocation has allowed the University to raise the amount of state need-based awards to each student by \$400 annually, thereby helping to offset any increase in direct expenses.

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

Adams State University

Adams State is committed to providing access to higher education for all Colorado residents. Locally, we partner with all fourteen school districts in the San Luis Valley. We provide on-going, consistent, post-secondary guidance to students and their families. These activities include, but are not limited to the following examples:

On-Campus Activities:

- *San Luis Valley area college fair*
- *San Luis Valley area career fair*
- *ACT Test Prep Academy*
- *SLV College Goal Sunday Financial Aid Workshop*
- *Various academic department hosted events including ASU Pan American Days, STEM Saturdays, Summer STEM Academy, ASU History Day, ASU Arts Extravaganza, and many more*
- *Various individual school and/or classroom visits and activities*

On-Site Activities (at the individual schools):

- *Applying to College Workshops*
- *Essay writing workshops*
- *Financial aid information sessions and FAFSA completion nights*
- *On-site placement testing and academic advising*
- *Various classroom presentations and high school guidance counselor visits*

We also offer scholarships and other financial incentives. As discussed in our answer to question 11, we offer a San Luis Valley Promise Scholarship to cover the cost of attendance for all Pell-eligible San Luis Valley students. We also have a Grizzly Partner Scholarship which discounts room and board for San Luis Valley students. There are several other scholarships available to our local population through our Foundation.

Statewide, Adams State partners with a variety of school and community-based organizations (CBOs) which serve low-income students. Some CBOs with which ASU has formal and informal partnerships include Colorado Statewide GEARUP, various federal TRIO programs (Upward Bound, Talent Search, Student Support Services), the Denver Scholarship Foundation, the Daniels Fund, various school AVID programs, and Colorado Migrant Education Programs.

Partnering with these organizations, we have been able to provide classroom presentations and workshops, financial aid information and assistance, workshops on applying to college

(where we will waive all application fees), hosted visits to our campus, and scholarship information and assistance.

Fort Lewis College

In planning for college enrollment, low income students face a variety of access and affordability barriers. Increasing college access for all students is important to the institution, and the college actively works to attract students from low socio-economic (SES) backgrounds in the following ways:

- *Visiting high schools and community college with moderate to high Free and Reduced Lunch populations.*
- *Offering application fee waivers based upon family income levels.*
- *Identifying low SES student names through college match services such as ACT and SAT.*
- *Partnering with organizations such as the Denver Scholarship Foundation and the Boys and Girls Club to encourage a culture of college readiness for at-risk students.*
- *Highlighting financial aid, scholarships and affordability topics on our website and in our printed materials.*
- *Conducting access and affordability presentations at schools and community organizations on a regular basis.*

The college also houses and partners with TRIO Educational Talent Search and TRIO Upward Bound. These two organizations specialize in assisting low-income students in preparing for college.

Western State Colorado University

Western is reaching out and recruiting low income students in a number of ways, including educating prospective students and high school counselors about Western's very affordable cost of attendance, which remains highly competitive among all four-year institutions in the state. The University has also dramatically increased recruitment efforts in the Denver-metro and Colorado Springs-metro areas as well as some smaller rural high schools where there are significantly greater numbers of low-income students. Western recruiters are finding that the University's positioning as a small school with excellent academic quality and affordable pricing resonates well within many school districts with large underserved populations.

From a direct marketing perspective, Western has traditionally targeted a wide range of socio-economic segments, particularly given the University's relative affordability and value among four-year institutions.

In addition, the University markets programs like our highly-regarded teacher education

program (which is very marketable in underserved school districts) across the state.

Western is also increasingly active in school events such as financial aid nights, which attracts parents of low income students, who typically have numerous questions and concerns about affording and attending college.

High School to College Continuum and Workforce Preparation

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

Adams State University

Providing students with the opportunity and pathway to receive a technical or associates degree by the time they graduate high school is an excellent option. However, as high school students develop and mature differently and have different ability in this area, Adams State does not think it would be a good idea to make it required for all students. Available to all students, though, is definitely a direction to pursue.

Fort Lewis College

Fort Lewis College believes that all students should strive for a post-secondary education to the level of their ability and interests in order to provide the best chance for lifetime earnings potential, personal satisfaction, and to benefit the State through education and earnings level. While receiving some type of credential related to that post-secondary education effort is important, students must put in the appropriate level of effort and work to achieve the credential to avoid the dilution of the importance of the credential.

Western State Colorado University

It is preferable that all students achieve success during their higher educational experience and Western’s institutional mission focuses on promoting student success through the achievement of baccalaureate degrees, a variety of graduate degrees, and professional certifications, which are of greater value to graduates than associates degrees and technical certifications. Nevertheless, Western has supported students’ achievement of associate degrees by working with the Colorado Department of Higher Education’s “Degree Within Reach” program to put in place reverse transfer whereby students who transfer in from a community college can finish their associate degrees while at Western if they have earned at least 15 credit hours at a Colorado Community College and 70 total college credit hours. Every eligible student is contacted three times per semester and provided advising to complete their associate degree. In its first year, the numbers have been small for this program, with 5 opting in among 62 eligible students. Western, Adams, and UCCS have similar numbers of “Degree Within Reach” completers, while Mesa does not participate. Technical certifications are not within Western’s institutional mission, though Western offers a number of professional certifications to offer greater employability for students graduating from our Business Administration, Education, Exercise and Sports Science, and Recreation and Outdoor Leadership programs.

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

Adams State University

Remedial courses are approximately 3% of the total courses we offer in any given fall semester.

The primary driver behind the need for remediation is that many students graduate high school unprepared for college level math, reading, and/or writing. Much of this lack of college preparation can be attributed to the difficulties in recruiting and retaining qualified teachers in our rural K-12 schools due to the extremely low salaries. Just as TABOR impacts higher education, it also impacts K-12.

Additionally, Adams State University serves many English Language Learners (ELL) students. While these students have the ability to think critically and have good analytical skills, they often struggle with college-level classes due to the language barrier. Adams State is working to provide extra support for these students.

Remedial courses are intended to address academic deficiencies and to prepare students for the subsequent college coursework required. Thus, the subject matter is appropriate. However, we are constantly striving to find better ways to meet this need. The state of Colorado needs to be sure we are treating the cause and not the symptoms as we look to improve in this area.

Fort Lewis College

Fort Lewis College believes that Colorado's educational system (both K-12 and Higher Education) needs to work collaboratively to ensure that all students have the tools needed for higher education success.

Unfortunately, many high school graduates are generally unprepared for college level writing and math. For example, in Fall 2015, of Fort Lewis College confirmed first time freshman, 32% needed at least one English and 45% needed at least one Math remedial course. These percentages are duplicative and based upon the student's initial information in the admission application. Some of these students may have tested out of the remedial category or qualified for supplemental academic instruction. In light of the 2019 admission standards, the inadequacy of these skills will place a burden on the Community College System, as many students will not be admissible into 4-year institutions.

The college graduates approximately 31 teachers annually who mainly serve the region. Fort Lewis College graduated its first cohort in the Masters of Fine Arts, Teacher Leadership in May, 2015. This program was created in part to improve leadership skills among teachers in the K-12 environment

Western State Colorado University

College level English and Mathematics are foundational to advance students' higher education successes across all disciplines. The Western administration and faculty desire first year cohorts that are better prepared for higher education coming out of the K-12 system. Over the past 5 years, more than one third, or an average 36.5%, of the entering class at Western has needed either remediation or supplemental academic instruction (SAI) accompanying their college gateway course in Mathematics or English. Since its inception in Fall of 2014, Western's SAI program has reduced the need for remediation for about 1/3 of these underprepared students with a pass rate of 75% in Math and 100% in English composition.

10:30-10:45 BREAK

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

INTRODUCTIONS AND OPENING COMMENTS (5 MINUTES PER GOVERNING BOARD)

Note: the JBC requests only one speaker per governing board

PANEL QUESTIONS

Funding Sources, Cost Drivers, and Business Models

1. Provide an overview of your revenue and expenses.
 - (a) How has your total revenue per student FTE changed over time?

Metropolitan State University of Denver

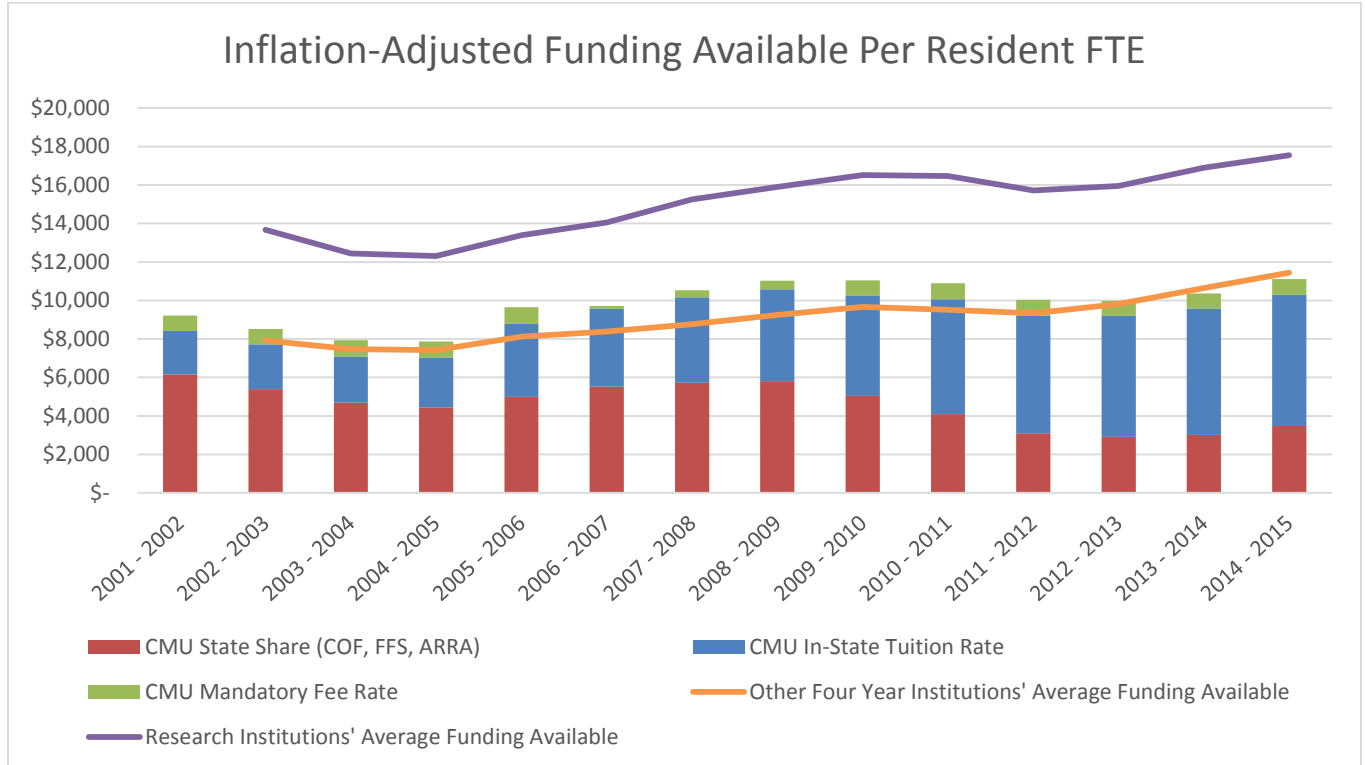
According to national IPEDS data, MSU Denver has the lowest revenue per student of any four year university in the nation with more than 15,000 students. In the last five years, total actual revenue per student FTE has increased from \$6,507 in FY11 to \$8,627 in FY15, or 6.6% per year. To put this in perspective, the University's recent study shows that when compared to our State authorized NCHEMS peers, our revenue per FTE is at only 51% of the group average of \$16,916.

State appropriated revenue per student FTE, has only increased 1.4% per year from FY11 (\$2,619) to FY15 (\$2,813), and remains less than the level of state support per student FTE experienced in FY05 (\$2,848). MSU Denver receives the smallest amount of State funding per student of any 4 year college or university in Colorado. MSU Denver has increased tuition to cover annual mandatory cost increases, student success investments, and salaries. The tuition revenue per FTE, thus, has increased in the last five years from \$3,888 in FY11 to \$5,814 in FY15.

This trend must also be viewed in the context of applicable factors such as the increased expense per FTE (answered in bullet c below), which includes mandatory cost increases.

(Please note that all data referenced above has been adjusted for inflation using the historic national Consumer Price Index)

Colorado Mesa University



Note: Includes Inflation-Adjusted (National CPI in 2015 dollars) State Funding (COF, FFS, ARRA) per Res FTE, Inflation-Adjusted (National CPI in 2015 dollars) In-State Tuition Rate and Inflation-Adjusted (National CPI in 2015 dollars) Mandatory Fee Rate; CU's Tuition and Fee Rates are represented by CU-Boulder; CSU's Tuition and Fee Rates are represented by Fort Collins.

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

Metropolitan State University of Denver

Tuition revenue and State Support are the primary sources of revenue for MSU Denver. For the FY 2015-16 tuition revenue, per our most recent estimate, is over \$100 million or 64% of the total Educational and General (E&G) budget; state support is roughly 30% of the total E&G budget (slightly over \$50 million) but is only 26% of the total MSU Denver operating budget.

While the undergraduate non-resident enrollment is only 3.5% of total student FTE the non-resident revenue is over 9% of total tuition revenue.

The MSU Denver total estimated operating revenue for FY16 is about \$189 million. Of that,

\$165 million (87% of the total) is presented in the Long Bill and the remaining \$24 million is auxiliary revenue.

- *The State budget includes Tuition, COF and Fee-for-service, and Other-Than-Tuition (OTT) revenue. OTT revenue, as presented in the Long Bill, has a variety of sources including interest, academic fees, and the academic facility fee.*
- *Auxiliary funds include our mandatory fees, learning centers like Extended Campus and our Graduate Programs, and our Business Enterprises which include some of the activities at the Auraria Health Center, Campus Recreation, and Athletics. The total estimated auxiliary revenue for FY16 is about \$24 million or 13% of the total operating revenue. That total is broken up as follows:*
 - *Mandatory Fees: \$7 million*
 - *Learning Centers: \$8 million*
 - *Business Enterprises (including institutional overhead): \$9.4 million*

Colorado Mesa University

- *Per CMU's FY 2015 Audited Financial Statements, CMU's primary revenue source is tuition and fees, which account for 54% of total operating revenues. Auxiliary revenues from housing, foodservice, parking, etc. account for 28%.*
- *Non-resident tuition revenue, from the FY 2015 Budget Data Book, is \$10.6 M, or 15.2%, of \$69.9 M in total tuition revenue; non-resident enrollment has doubled since FY 2005.*
- *The original FY 2014-2015 Long Bill estimated revenues of \$78.7 M, which includes: \$58.1 M from the student's share of tuition, \$457.5 K from academic fees and academic facility fees, \$276.5 K of gaming revenues, \$12.9 M from COF and \$7.0 M from fee-for-service. CMU's total FY 2015 Audited Financial Statement operating revenue was \$101.4 M. The amount not reflected in the long bill is largely Auxiliary Revenues.*

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

Metropolitan State University of Denver

MSU Denver's stated goal during the past five years has been to improve student persistence and success. Our budget investments have been fully aligned with this goal. Research demonstrates that student success is highly correlated to the presence and effectiveness of full time faculty (versus graduate assistants or part time faculty), student academic advising, wrap around support services, and grant aid.

In the last five years, the increased cost drivers have been as follows:

- *NACUBO Classification*
 - *Instruction and Academic Support* 16%
 - *Student Services* 16%

- Institutional Support 19%
- O&M of Plant 42%
- Scholarships 77%

The percentages above represent the total percentage increases from FY11 to FY15; showing that scholarships have increased the most over five years due to an increased effort to provide MSU Students with an affordable education, followed by Operation and Maintenance of plant due to the opening of MSU’s Student Success Building in 2012. MSU Denver’s overall investment increases for the past five years are also expressed below in the amount within each category:

- Instruction and Academic Support \$ 7,735,338
- O&M of Plant \$ 3,196,992
- Institutional Support \$ 2,908,296
- Scholarships \$ 2,461,925
- Student Services \$ 2,120,322

MSU Denver has clearly aligned our new investments (cost drivers) with our goals for student success with 67% (\$12.3 million of \$18.4 million). The increased investments over the past five years has been directed to ensure students’ success through instruction and academic support, scholarships, and student services. The increase in instruction investment has been directly related to MSU Denver’s strategic plan initiative to increase student retention through achieving a ratio of 60% of all teaching by full-time faculty, and reduce to 40% teaching by part-time faculty. MSU Denver has nearly reached that goal, having improved from 52% to 58% of all our instruction being delivered by our excellent full time faculty. Over the past 10 years the university has increased the number of full time faculty lines by 200. We have also improved faculty pay, achieving salaries at 96% of the national average for our peer institutions, up from 88% five years ago.

In the last five years, the main cost driver, overall, has been personnel costs; which is 72% of total University costs. The additional investment (cost driver) in Operations and Maintenance of Plant is almost completely driven by mandatory cost increases in utilities and services on the Auraria campus via the Auraria Higher Education Center (AHEC), as well as the new operations and maintenance costs of MSU Denver’s first self-owned building (AHEC owns and operates all other buildings), the Student Success Building. This building was constructed specifically to galvanize all student services into one building, create a massive First Year Success program, and improve advising and financial aid offices. Arguably, these cost increases were also authorized to create greater student success.

Colorado Mesa University

- *Over the last five years, CMU has experienced the largest increases in the Instruction function, double that of any other area. Much of this is attributed to:*
 - *Quality recruitment and retention:*

- *The number of instructional and research faculty has increased from 242 FTE in FY 2005 to 375 FTE in FY 2015 to support increasing enrollments of 49% over this period.*
 - *Faculty and staff received cost of living salary increases, which are tied to the cost of living index.*
 - *Faculty and staff received health insurance benefit increases, which CMU has been able to moderate through plan management and plan changes.*
 - *New programs: Since AY 2009-2010, CMU has added 3 new graduate degrees, 1 baccalaureate degree, 9 baccalaureate majors, 6 associate majors, 13 certificates, 3 minors and 9 concentrations to support regional and state workforce needs.*
- *CMU has also seen a large increase in the Student Services function. CMU offers its students academic advising, free tutoring, career services, peer mentoring, etc. CMU has also expanded its hands-on support services, adding peer mentors and creating an Office of Student Success in the past few years. Finally, in 2015, CMU added student support positions to increase diversity, foster student health and prevent suicide.*
- *Technology has also driven costs. CMU has invested in technologies to support student success, support student access and to improve decision-making for focused investments. For example, CMU has more than doubled the number of smart classrooms since FY 2004, has increased the Internet Bandwidth from 10 Mbps to 1Gbps and has increased the number of wireless access points from zero to 851.*
- *Finally, compliance with state and federal regulations and reporting requirements has driven costs. In the last four years, CMU has experienced 3 funding model changes, a new admissions index, a new Capital Construction scoring system, a new Financial Aid system and Title IX reporting, to name a few. A recent study out of Vanderbilt University suggests regulatory compliance represents 3-11% of higher education institutions' nonhospital operating expenses, and that faculty and staff spend 4-15% of their time complying with federal regulations.¹*

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

Metropolitan State University of Denver

MSU Denver's bond rating from Moody's is A1 stable. This means that our bonds are considered to be investment grade and our investors are subject to a low credit risk. We have received this rating because of Moody's assessment of MSU Denver's overall financial health.

The composite financial index (CFI) is another way to determine an institution's financial health. As with all financial information it is a tool that should be used in connection with other information, such as the financial statements, footnotes, etc., to get the full financial

¹ <http://news.vanderbilt.edu/2015/10/regulatory-compliance/>.

picture. CFI is made up of 4 ratios; the Primary Reserve Ratio, the Viability Ratio, Return on Net Assets, and the Net Operating Revenue Ratio.

A CFI score near 3 represents quality financial health. MSU Denver's CFI for fiscal year 2015 was 2.8 which is up from 2.3 in the prior year.

The highest threat to student success and financial stability is the likelihood of decreases in State appropriations. Since state funding and tuition revenue are the two primary sources of revenue for MSU Denver any negative changes related to these revenues could adversely impact our students' success and the University's financial health.

State funding has always been used to make university education affordable to more citizens. State funding is the difference from private school tuition rates. The loss of State funding is the single largest driver of increased costs to students. We encourage State leaders and legislators to continue to grow funding for higher education in order to ensure that students from moderate and low income families will have access.

A secondary threat to our institution is student enrollment. Surveys of non-returning students indicated that we need to invest in our advising processes to ensure student's success and to improve our enrollment numbers. Our low funding status (both low State investment and low tuition rates) has created a situation in which we have far too few employees to best serve our 20,000 students. We have recently hired 30 additional advisors, financial aid counselors, and student success staff due primarily to this year's additional State funding.

In addition to increased front line student support staff we have invested in forecasting software that helps develop a plan for students which will guide them to courses and programs that enable their highest possibility of success. The goal is to identify student challenges and intervene in real time before problems occur and focus on engaging those students who need intervention immediately.

We have begun investigating self-paced education; the kind of instruction that reacts to the learner's ability to learn; which advances those who can master the material quicker, or supports those that need additional guidance. We believe this type of learning will be highly sought after in the near future and requires an infrastructure that includes more than just more on-line classes. For further descriptions on how we are dealing with financial threats via our on-line program, please see question 4.

MSU Denver is also growing programs (and hence new enrollments) in fields that do not currently have an appropriately trained workforce such as health care management, hospitality, and the advanced manufacturing industry. We have begun creating curriculum for a new Master's of Health Administration and we intend to offer the health care management program entirely online. This will not only create flexibility for our existing students, but it will create accessibility to MSU Denver for students outside of the metro area and outside of Colorado. We have also broken ground on a new Aerospace building that will

house mechanical, electrical and civil engineering technologies; industrial design; and computer science to support an integrated curriculum, and promote collaborative research.

Given the low level of funding from the State and our mission to be an institution of opportunity and to maintain affordability, we have started looking for unique ways to bring a diverse stream of revenue to the University as explained below in question number 3.

Colorado Mesa University

- *CMU's overall financial health is very strong as evidenced by external third party bond rating agency review. This is the measure that investors look at when making investment decisions. CMU has a current Moody's rating of A2 with a Stable Outlook. On December 7, 2015, CMU met with Moody's for a rating update. CMU provided evidence to suggest a rating upgrade to A1 is warranted based on several factors including the following:*
 - *CMU's operating performance and debt affordability score in the "Aa" rating category according to Moody's Higher Education Rating Methodology. The University's overall score maps to an "A1" rating.*
 - *FTE has grown from 4,964 students in FY 2005 to 7,399 in FY 2015, a 49% increase. Non-resident enrollment has doubled over the same time.*
 - *CMU has made formidable investments in its campus: CMU had \$78 M in end of year total assets in FY 2004, compared to \$414 M in FY 2015.*
- *One of the biggest obstacles to an improved CMU bond rating will be the uncertainty of the state's funding outlook in higher education in Colorado, both at the state level and also as a result of the funding formula methodology which does not address CMU's enrollment growth.*
- *Moody's has recently changed its rating methodology, which in the past, was much more heavily reliant on the position of traditional financial ratios, such as the Composite Financial Index (CFI). The new Moody's scorecard assesses both quantitative and qualitative measures in four broad categories and stresses the importance of cash, operating revenues, cash flow to service debt and strategic positioning, all strong suits of CMU:*
 - *Market profile: scope of operations, reputation and pricing power, strategic positioning*
 - *Operating performance: operating results, revenue diversity*
 - *Wealth and liquidity: total wealth, operating reserve, liquidity*
 - *Leverage: financial leverage, debt affordability*
- *CMU's strategy has been to invest in its people, technology and learning-environment infrastructure to ensure quality and access. The university's record of enrollment and student success, along with the external financial validation, certainly confirms a wise use of resources, especially during a period of significantly declining state funding.*

- *CMU continues to have an unqualified financial statement opinion from an external third party firm; and, furthermore, has not received any audit findings the last two years and only one finding over the past ten years.*
 - *Challenges and Opportunities: CMU is preparing for future challenges such as decreasing state support and operating cost increases while maintaining affordability for students, low state aid availability (state aid only accounts for 20% of total aid available to CMU students and Colorado ranks 28th for total aid awarded by state in FY 2013-2014 and 32nd for total state grant dollars per population) and a competitive, disruptive marketplace.*
3. How have you changed your business model over time to address cost increases and General Fund reductions?

Metropolitan State University of Denver

MSU Denver is a leader in the nation in the creation of public private partnerships intended to improve revenues and decrease costs for academic programs. For example, we have entered into multiple public private partnerships. One example is our partnership with Marriott/Sage Hospitality.

This partnership not only delivers hotel services to the Denver community, real-world educational experiences to our students, and provides a revenue stream of \$400,000/year that can be used for institutional scholarships to help keep the cost of education down for our students, it also completely supported the construction of our Hospitality Learning Center which provided all new classrooms for our Hospitality, Tourism, and Events program. This new facility has allowed MSU Denver to double the number of students enrolled in these programs to over 600.

A second example is our partnership with the for-profit DIME to provide contemporary music education to students. We estimate to be generating surplus revenues in this partnership by the third year of the partnership. We continue to look to deliver education to our students in new and different ways, meeting their unique individual needs while ensuring that the education we provide to these students is also meeting the economic demands of our community.

It should be noted that it takes many years for a new venture as described above to come to fruition and even longer to profitability. In the case of the hotel venture, it took two full years to create the partnership, fund the project, and construct it. Three years after operations the hotel is profitable, for a total of five years from inception to financial contribution.

Today we receive \$50 million in State support. For perspective, our tuition and fees would have to increase by 50% to replace this should funding erode entirely. To gain a sense of the size of this loss, Colorado-based Red Robin only generates \$32 million in net profits in 514

restaurants across the nation. REI has net profits of \$44 million. For MSU Denver to replace State funding indicates that we have to create new net revenue flows greatly in excess of this national restaurant chain.

Should State funding for higher education be eliminated altogether due to other State and Federal mandated programs and constitutional issues, it is highly unlikely that MSU Denver or any other university could completely replace it with these forms of partnerships within the time frame necessary.

Further, the University reduces expenditures in a strategic way. MSU Denver employs the LEAN method of transforming institutional processes. This allows us to reduce bloated bureaucracy and needless red tape as well as to implement new processes that are significantly improved, reduce costs, and increase productivity.

Colorado Mesa University

CMU has responded to the changing learning and fiscal environment by attempting to contain costs while leveraging resources. Examples include:

- *Enhanced energy efficiencies: CMU has developed the region's largest renewable energy ground-source heating and cooling system. CMU's geo-exchange system is one of the larger systems of its kind and saves the university over \$600,000 annually in reduced energy consumption, while lowering CMU's carbon footprint by nearly 6,000 metric tons.*
- *Leveraged technology: CMU has leveraged technology to improve access (i.e. CMU Mobile and Desire2Learn), enhance the educational experience (i.e. Degree Works and E-Book Rentals) and streamline operations (i.e. E-Payment and Transfer Equivalency Self Service).*
 - *For example, CMU Mobile, a native app for Apple iOS and Android mobile devices, was rolled out 2015 through the Apple App and Google Play Stores. Students can now access academic information, such as course and grade information, campus news and event information, key department contacts and campus maps from the mobile app, as well as connect to online course material through the Desire2Learn Learning Environment's responsive interface.*
- *Eliminated all instructional dean positions.*
- *Focused on student retention: First to second year retention for first-time, full-time, baccalaureate-seeking undergraduates entering in fall is up from 64.4% in 2010 to 70.4% for students entering in 2014.*
- *Grown enrollments: FTE has grown from 4,964 students in FY 2005 to 7,399 in FY 2015, a 49% increase.*
 - *Non-resident enrollment has doubled over the same time, which helps keep costs affordable for Colorado residents.*
 - *CMU has also grown its online enrollments from zero eight years ago to 11% of student FTE in FY 2015.*

- *From Fall 2010 to Fall 2014, CMU has grown its first generation population among degree-seeking undergraduates by 41%.*
 - *In FY 2014-2015, CMU had 41% Pell-eligible students, which was the third highest rate in Colorado.*
 - *CMU opted out of the State Risk Program: This allows CMU to have lower insurance costs than it would if the university had to be insured in the same program with state departments that are more at risk for on-the-job injuries, such as Transportation and Corrections, saving the university approximately \$333,000 over the first four years.*
4. How does on-line learning fit into your programs? Has this affected your revenue and expenses? How do you see this changing over time?

Metropolitan State University of Denver

MSU Denver's online programs are highly significant to our course offerings currently, and will be so increasingly in the future. While online programs in colleges and universities have similar features providing convenience and accessibility, MSU Denver's online offerings help us better serve our particular student demographics, for whom flexibility in education may be a necessity, not just a convenience. Many of our students who enroll in these sections are from previously underserved populations, including students of color; working adults, including students undergoing changes in their employment and work schedules; and students in the Military service, among others.

MSU Denver's online program continues to see increased student enrollment and expansion of curricular offerings. The courses are increasingly distinguished by enhanced pedagogy and emphasis on student engagement. MSU Denver first began delivering online courses in 1996, when a cohort of 10 faculty developed and offered the first 10 courses through innovative online delivery, among the earliest institutions in Colorado to do so. Over the last 20 years, online courses have become central to our enrollment, as currently 42 departments offer a total of 1,400 online sections. Such developing popularity is evident in recent and current enrollments:

- *FTE student enrollment in online courses equals 20% of all state-funded undergraduate enrollment, an increase of 33% compared to academic year 2009-10.*
- *MSU Denver students enrolled in online courses are an average of 33 years old, compared with 26 for the University as a whole.*
- *FTE online enrollment in Master's programs represents 13.4% of all cash-funded Master's students.*

Online offerings can be a perfect complement for our students, many of whom have to balance such responsibilities as work and family life. Asynchronous delivery, inherent in online courses, is important for such students, whose personal responsibilities can vary from one day

or week to the next, providing access for students who otherwise would not be able to enroll at MSU Denver because of geographic location or time constraints.

MSU Denver currently has two academic programs fully online—Social Work and Health Care Management—meaning that a student could complete 100% of his or her degree online. The Social Work and Health Care Management programs have been offering online degrees for several years, approved for online degree delivery by the Higher Learning Commission.

With our development of online programs, we expect to reach new, underserved students in the Denver Metro area and beyond, reaching out to former college students who have “stopped out” and not completed their degrees, employing the online programs as a re-entry path toward graduation.

The successful effort in implementing and expanding distance learning will entail providing all relevant student support services for students who cannot physically visit the MSU Denver campus. Such services include but are not limited to Advising, Tutoring, Supplemental Instruction, and Access Center Disability Services. Such implementation will involve hiring a Director of Online Learning, who will provide guidance for the Educational Technology Center to continually enhance course quality, consistency, and pedagogy.

Currently additional departments offer large percentages of their courses online, including Accounting, Computer Information Systems, Criminal Justice & Criminology, and Nursing. Our goal is to create additional, fully online degree programs, contributing further to our goal and mission of offering excellence in education to the widest number of students possible, with distance learning as an increasingly important delivery system for MSU Denver.

For FY 2014-15, 20% or \$26.6 million of our tuition revenue was from online classes. We anticipate that a combination of online, competency based, asynchronous, and hybrid offerings could double within the next decade as demand continues to increase from those students for whom convenience in meeting life/school/work balance demands grow.

Colorado Mesa University

Eight years ago CMU had no online programs. CMU’s online program has grown rapidly since that time and now comprises 11% of total CMU instruction in FY 2015 serving 829 FTE students on-line. With CMU’s role and mission to deliver instruction to such a large rural area, CMU sees online as an opportunity to serve Western Colorado. CMU has recently grown its online program by offering an on-line RN to BSN degree and by hiring a Director of Distance Education. However with an increase in the use of technologies in the online environments, innovation is expected to increase. CMU continues to balance costs with the need to remain innovative. Additionally, CMU is always conscious of providing the best quality education possible and so has taken the growth of its online programs slowly.

Tuition Policy Proposal

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

Metropolitan State University of Denver

The University supports the Department's efforts to provide tuition flexibility, transparency, and accountability to the institutions. This is important to allow institutions the ability to react to economic changes, such as reductions in state funding while holding us accountable for student outcomes. MSU Denver supports the continuation of the use of footnotes within the Long Bill rather than by appropriation for tuition rate setting.

The University is concerned with the language that references identifying a tuition rate limit. By focusing on a single rate, institutions with lower tuition rates may be unintentionally harmed when seeking to increase tuition. For example, if the rate limit is 5 percent and MSU Denver charges \$217.50 per credit hour, that increase equates to a \$10.88/ch (\$326.40/year) increase. Another Colorado institution charges \$388 per credit hour, which means the increase equates to \$19.40/ch (\$582/year). That is 78% more (\$255.60) per student than the financial increase allowed to MSU Denver. This means that the funding disparity per student continues to grow, rather than be narrowed. For MSU Denver, the disparity above would be roughly \$4.1 million per year. One size, when it comes to tuition rate limits, does not fit all.

Flexibility in tuition rate setting must accommodate the overall revenues per student (State funding, resident tuition, non-resident tuition, grants, etc.) as well as recognition of extremely low current rates at some institutions. It should likewise take into account the actual net tuition costs to students, not merely the standard rate. This is a major differentiator among universities.

MSU Denver reserves the right for further comment regarding the tuition setting policy as we await final descriptions of the implementation practices which are not yet identified.

Colorado Mesa University

CMU does not support the proposed tuition policy proposal for several reasons including:

- The policy essentially transforms the current coordinating board to a super board.*
- It diminishes the constitutional and statutory authority of the current local institutional boards, who have authority to manage their institutions and as part of that management to set tuition rates.*
- CMU's Board of Trustees, who are appointed by the Governor and confirmed by the Senate, are in the best position to approve rates. They are intimately familiar with CMU's business operations, unique market competitive pressures and the best strategies for improving the market value of CMU's education to meet regional and state needs.*
- As part of its nine-plus month budget process, CMU consults with faculty and staff and students on budgetary needs and financing strategies. Students have a voice and presence*

in the tuition discussion with the President and the governing board. The student voice and institutional differences are diminished in a centralized approach to tuition setting.

- *Centralized policies traditionally support a one-size fits all strategy. Tuition policy must be set in the context of unique institutional mission, student demographics, tuition capacity, geographic location, competitive pressures and tuition history.*
- *As one of the lowest state funded institutions in Colorado on a per student basis, tuition is a critical funding source to support student enrollment.*
- *CMU's tuition revenue estimates provided to the legislature have generally been within less than one percent variance to actuals, suggesting that CMU has been accurate and transparent in its reporting.*
- *Uniform or near uniform limits or caps across all institutions continue to perpetuate funding inequities. One percent increase in tuition at CMU generates substantially different revenues than it does at CU, CSU or Ft. Lewis due to differences in rates, charging methodologies and enrollments. For example, a one percent increase in tuition (based on FY 2014-2015 rates) generates \$195,000 in new revenue at CMU, \$1.4 M for the CU system, \$1.3 M for the CSU system and \$234,000 for Fort Lewis.*
- *CMU has demonstrated a disciplined tuition approach, consistently remaining below the recommended tuition increases. This suggests that no change in oversight or approval is required at CMU.*

Request R1 (Base Reduction for Public Colleges and Universities)

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

Metropolitan State University of Denver

The 3% or \$20 million budget cut to state support amount shows a decrease of \$465K to MSU Denver's state support. This reduction is equivalent to eight new advising positions that were added in FY 2015-16 to support student success and persistence. The real negative impact is much larger due to inflation and mandatory increases. At a very minimum, the University's budget would need about a \$3.1 million increase just to cover inflation, not considering mandatory increases such as PERA or Health Care estimated at another \$1 million. A State reduction in funding would adversely impact our students, since a major source of revenue for the University to replace the \$4,565,000 million gap would be through a larger than normal tuition increase.

Colorado Mesa University

Governor Hickenlooper's proposed FY 2016-2017 state budget would result in a state budget reduction of \$812,000 for CMU. This reduction, together with other projected mandatory/non-discretionary cost increases for utilities, retirement and health insurance cost increases and other operating inflationary costs, will result in a minimum collective negative impact of \$1.5 M. This figure will grow as CMU considers investments in key discretionary areas which promote the institution's strategic plan goals. A combination of budget reductions, revenue enhancements and cost savings will be required to offset this impact. Simultaneously, CMU will experience lost opportunities to promote the state's agenda and CMU's statutory role and mission as some new or enhanced initiatives are delayed.

Further complicating this situation is that the fact that Colorado institutions are already operating with comparatively few state general operating revenues. In fact, CMU is the second lowest funded institution in Colorado on a per FTE resident student basis (see graph, below). This is due, in part, to the fact that state support is currently focused on funding equity across institutions rather than funding student enrollment using current data.

CMU serves an economically depressed region of the state and many students generally need extra help to succeed. CMU ranks third highest in Colorado in terms of the percent of resident students who are Pell eligible. Many of these students are not well prepared for college-level work and frequently need remediation, extra tutoring or additional student support services. Likewise, they require additional financial assistance. The proposed budget reduction will make it difficult to adequately address these growing service and financial needs which are imperative to meeting the state's educational goals.

In spite of the current funding limitations, CMU has been able to increase retention rates as the institution has prioritized internal resources to support student success. Retention rates

have improved from 64.4% in 2010 to 70.4% in 2014. Likewise, CMU's graduation rates continue to improve and exceed the performance of its peers. CMU's ability to sustain this positive momentum might well be limited in a budget reduction scenario.

In order to help maintain affordability, CMU has diligently limited tuition and fee rate increases to about than five percent each of the past five years. State funding reductions, coupled with cost increases, will likely lead to additional upward pressure on tuition rates with a corresponding inability to continue to grow institutional investment in the university's robust merit-based financial aid and work study programs. As an example, an \$812,000 state budget reduction is equivalent to a 1.4% tuition increase, a \$1.5 M impact is equivalent to a 2.5% tuition increase. While CMU continues to prioritize student affordability, the institution also recognizes that, if set too low, it will limit the university's ability to invest in quality and initiatives that support CMU's strategic goals.

It is early in CMU's budget planning process and thus it is difficult to identify specific impacts at this time. While CMU supports the state's higher education goals and will continue to prioritize internal resources in support of those goals as the university has done in the past, there is a limit to how much more CMU can accomplish. As the per student funding data points out, CMU has already significantly leveraged time, talent and resources and is operating very efficiently, making a state reduction difficult to absorb without student and community impacts.

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

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

Metropolitan State University of Denver

MSU Denver has registered our disagreement with the CCHE recommended policy and practice regarding the State allocation model version 2.0. Attached is a previously delivered letter describing our concerns with this proposed model. We remain particularly concerned that the institutions in Colorado who have the largest growth in the number of underserved students and underprepared students in recent past receive the lowest funding per student. These populations require significantly higher investments in grant aid, student support services, and academic remediation to succeed, yet these institutions receive the fewest resources to do so. Version 2.0 reduces the opportunity to improve this situation through the proposed changes.

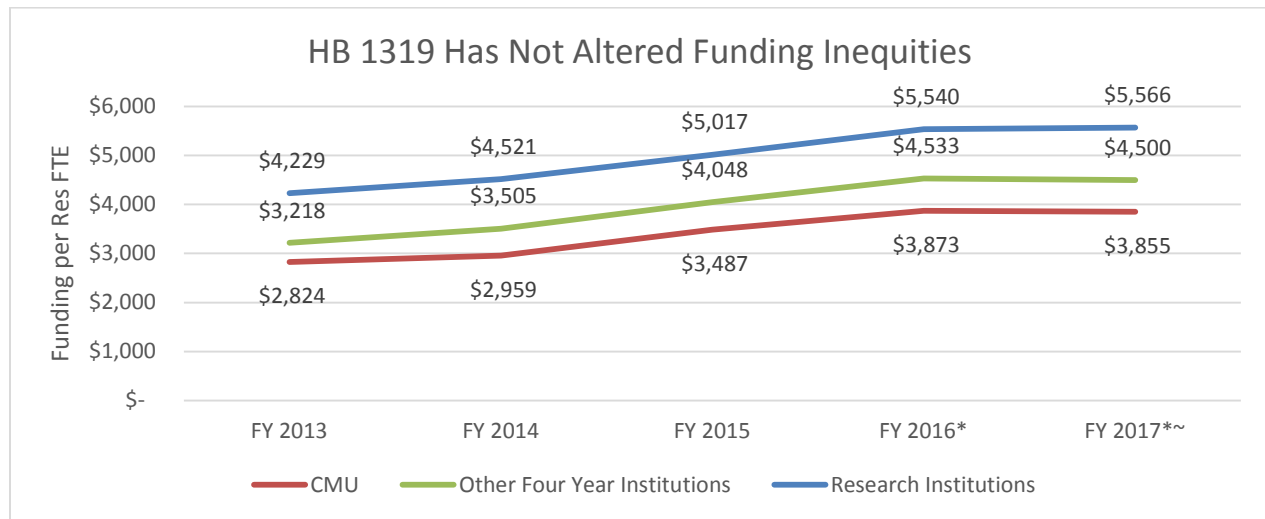
Specifically we are opposed to the substitution of a new “role and mission” factor for the previously agreed upon “weighted credit hour” factor. The new factor uses previously unjustified funding levels per student at each institution, then arbitrarily assigns a “percentage” factor depending on institution size. This action locks in roughly \$130 million into the formula with no opportunity to earn our way out of underfunding. The weighted credit hour factor served as an incentive for all universities to increase the amount of education delivered in accordance with Master Plan goals. The proposed role and mission factor is no incentive for change of any kind and locks into place historical inequities in funding, the very ones HB 1319 intended to correct over time.

Due to our previously expressed opposition to the version 2.0 model, we can only answer the third part of the question based on the version 1.0 model. We believe that the model only works correctly if it is applied over long periods of time, both in times of budget increases and reductions. The 1.0 model created incentives for outcomes as desired in the Higher Education Master Plan, which are important in both good and bad times, arguably even more important in bad times.

Constant changes to the allocation model must be avoided. Universities use the State funding model as a way to guide major investments in order to perform in alignment with Master Plan priorities and to gain maximum State investment through the model. These investments work over long periods of time and incentives must remain in place, else more money than ever is wasted due to changes in the incentive allocation model.

Colorado Mesa University

CMU supports a funding strategy focused on priorities of increasing overall post-secondary completions, meeting high demand fields, increasing participation of low-income Coloradans, improving student success, closing the achievement gap and demonstrating performance. However, at the end of the day, the funding model is currently focused on funding equity across institutions rather than funding student enrollment using current data or rewarding performance. CMU, as noted in question #8, has consistently met its performance contract goals. The table below suggests the funding model has not addressed funding differentials nor recognized past and current performance, especially as some institutions experience significant enrollment growth and graduation success.



Notes:

*Calculation uses FY 2015 Resident FTE Data.

~Proposed funding with flat increase to HE.

CMU continues to advocate, through the Commission staff, for additional changes in the model as required in statute:

- **Utilize current year enrollment for funding purposes** or, at a minimum, a two-year average. This is consistent with past legislative practice. The Commission's proposed budget utilizes AY 2014-2015, enrollment to drive budget allocations for the 2016-2017 budget year. For rapidly growing institutions, the lag in enrollments causes a challenge in serving students who are on our doorstep. Some argue that there is too significant of a variance between estimated enrollments and associated revenue estimates and actual figures. However, data suggests that CMU's variance has been less than one percent and many times closer to one-half of one percent variance.
- CMU has one of the highest percentage of Pell-eligible enrollments, with approximately 40% of resident students Pell eligible. There are substantial added costs of serving this important student constituency. Many of these students are not well prepared for college-level work and frequently need remediation, extra tutoring or additional student support

services. Likewise, they require additional financial assistance. Tennessee, which inspired Colorado's move to performance funding, provides a 40% premium in its funding formula for students receiving Pell Grants.² In order to address these added costs, CMU advocates that the **Pell weighting factor be increased from 10% to 40%**, similar to aspirational peers in other states such as Tennessee and Nevada.

- Statute requires that the model appropriately **recognize institutions with multiple campuses and rural campuses**. Separate calculations were made for all campuses, except for CMU and Metro. This is especially impactful under the new Role and Mission factor as it is driven by type of institution and size. Western Colorado Community College and Montrose are very different campuses from the main CMU campus and should be acknowledged in the funding methodology, similar to other two-year colleges in Colorado.

CMU believes that a properly constructed funding model should work in a fiscal environment of state funding growth or constraint. However, the current model, where dollars do not follow students, does not properly recognize the costs to serve students, including underprepared students, nor reward performance. Role and mission funding should appropriately be base funding, but not under the proposed allocation methodology as it is largely based on historic enrollment and performance ratios and it ignores enrollment growth.

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

Metropolitan State University of Denver

Version 1.0 had a significant impact on our governing board. Our board-approved strategic plan was updated to include metrics and measures and new student success programs designed to align with the allocation model. The Board asked for and received a major budget overhaul for the year which emphasized nearly all of our new investments (\$4.3 million) be placed in new personnel to help students succeed in graduation and academic success as defined in the allocation model.

The Board, highly encouraged by HB 1319 and allocation model 1.0, asked the leadership to rebuild both budgeting investments and the university's strategic plan to align with this opportunity to earn our way out of "poverty".

² <http://www.tn.gov/thec/article/2010-2015-funding-formula>.

Colorado Mesa University

Given the funding model changes every year it is difficult to use it to affect change. CMU's strategic direction, through the university's Strategic Plan, which is reassessed every five years, is aligned with the state's goals. Required by Senate Bill 11-052 and negotiated with each public institution's governing board, institutions' performance contracts lay out specific metrics against which each institution's performance toward meeting the goals is measured. As of the 2015 draft Colorado College Completion Report, CMU achieved each of its goals, listed below. The HB 1319 funding model does not appropriately reward this state-defined performance.

PERFORMANCE CONTRACT DASHBOARD

Colorado Mesa University



Indicator	Goal Number*	Associated Value	Status
Increase undergrad credentials awarded by one percentage point per year	1	14.2%	<input checked="" type="checkbox"/>
Increase undergrad degrees awarded in STEM and healthcare disciplines by one percent per year	1	5.0%	<input checked="" type="checkbox"/>
Increase average six-year grad rates until CCHE average reached	1	32.0%	<input checked="" type="checkbox"/>
Increase average number of undergrad degrees that meet regional workforce needs by one percent per year	1	16.0%	<input checked="" type="checkbox"/>
Increase the percentage of students by one percent per year who complete introductory, college-level courses in English and math	2	8.0%	<input checked="" type="checkbox"/>
Increase the average number of first-time, full-time, students who accumulate at least 30 credit hours by the end of their third semester	2	62.0%	<input checked="" type="checkbox"/>
Reduce grad. rate disparity between underserved and non-underserved (res.)	3	0.0%	<input checked="" type="checkbox"/>
Increase the average number of newly-enrolled resident students from underserved populations by one percent per year from the base year	3	73.0%	<input checked="" type="checkbox"/>
Remain among top 25 percent of peer institutions as measured by the average percentage of expenditures allocated to instruction	4	100.0%	<input checked="" type="checkbox"/>
Increase institutional financial aid awards (per FTE) to students with demonstrated need at a rate at or above tuition percentage increases for resident undergrad students	4	20.2%	<input checked="" type="checkbox"/>

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

Metropolitan State University of Denver

The Board uses the Performance Contract measures from SB 52 as one of two major definitions of performance and quality. The BOT receives a quarterly update as well as an annual update on our performance against those goals, despite the contract's delay due to funding issues. At this time MSU Denver is happy to report that we estimate that we are achieving 80% of those stretch goals.

The Board has approved metrics and measures for every single item in the MSU Denver Strategic Plan. Staff likewise prepares quarterly and annual updates on progress toward those goals. The Board also views our ability to earn additional State funding via the existing allocation model as a financial performance measure.

MSU Denver considers our accreditation status, and the accreditation of multiple discipline-specific organizations as indicators of quality.

Finally, MSU Denver graduates consistently earn salaries upon graduation that rank them in the top 3 among public institutions in the State.

Colorado Mesa University

- *As shown above, as of the 2015 draft Colorado College Completion Report, CMU achieved each of its goals, per Senate Bill 11-052.*
- *Academic Affairs regularly evaluates programs.*
- *Revisions to CMU's assessment processes—including a more active advising function from the Faculty Senate Assessment Committee and regular faculty development sessions on assessment—have strengthened programs' ability to continuously improve.*
- *Colorado Mesa University (CMU) is accredited by the Higher Learning Commission (HLC).*
 - *As a result of its institutional self-study and site visit in November 2013, the university's accreditation was reaffirmed for 10 years.*
- *The following programs at Colorado Mesa University are approved and/or accredited by external professional accreditation bodies:*
 - *Athletic Training Education Program: Accredited by the Commission on Accreditation of Athletic Training Education*
 - *Medical Laboratory Technician: Accredited by the National Accrediting Agency for Clinical Laboratory Sciences*
 - *Music: Accredited by the National Association of Schools of Music*
 - *Nursing:*
 - *Master's and Doctoral level - accredited by the Commission on Collegiate Nursing Education.*
 - *Baccalaureate level - accredited by the Commission on Collegiate Nursing Education and approved by the Colorado State Board of Nursing for licensure*
 - *Associate level - accredited by the Accreditation Commission for Education in Nursing, Inc. and approved by the Colorado State Board of Nursing for licensure*

- *Practical nurse level - accredited by the Accreditation Commission for Education in Nursing, Inc. and approved by the Colorado State Board of Nursing for licensure*
 - *Peace Officer Standards and Training (POST): Approved by the Colorado Peace Officer Standards and Training Board*
 - *Radiologic Technology: Accredited by the Joint Review Committee on Education in Radiologic Technology*
 - *Social Work: Bachelor of Social Work program: Candidacy status – Commission on Accreditation-Council on Social Work Education*
 - *Teacher Education: Colorado Mesa University is approved by the Colorado Department of Higher Education and the Colorado Department of Education to prepare teachers for initial licensure*
 - *Transportation Services: (at CMU's Western Colorado Community College): National Automotive Technicians Education Foundation*
 - *Note: The Mechanical Engineering program, offered through the partnership program between Colorado Mesa University and the University of Colorado Boulder, is accredited by Accreditation Board for Engineering and Technology (ABET). Because the degree is awarded by the University of Colorado, the accreditation is earned through that institution.*
- *Finally, CMU completes a Strategic Plan every five years with strategies and metrics used to evaluate CMU's overall performance and quality. CMU's broad goals are:*
 - *Become the university of choice for students, faculty and staff with a focus on academic excellence.*
 - *Increase the level of educational attainment in the region through quality academic programming.*
 - *Continue the maturation of the university at all of its campuses.*

Financial Aid and Low Income Students

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

Metropolitan State University of Denver

MSU Denver enjoys one of the lowest net cost of attendance of any major university in the nation. We start by offering tuition and fees which are the lowest in the state. MSU Denver's combined tuition and fees are \$6,070 per year for a full time student. The State average of \$9,263 is 53% higher than MSU Denver's. Over four years, this creates a savings of \$12,772 for each student who attends MSU Denver versus the State average.

Beyond the low cost of tuition and fees at MSU Denver, we also offer an amazing amount of aid to students which they do not have to pay back. It is our intent to help students borrow a minimum amount to attend our university. In addition to Pell financial aid and State need-based financial aid, MSU Denver offers direct institutional aid, scholarships and grants through our Foundation, employee partial tuition coverage, and free tuition for students taking between 12 and 18 hours in a semester.

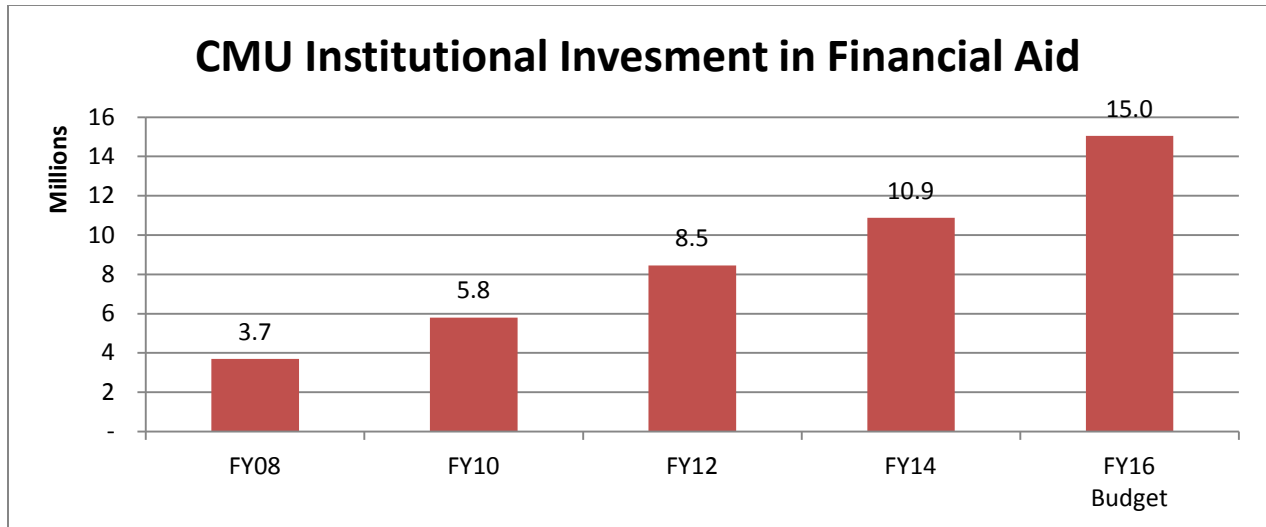
For further discussion on our net costs as a strategy to reach more low-income students please see the answer to question 12 below.

Colorado Mesa University

CMU Tuition and Fees Net Pell and Colorado State Grants (i.e., High Need Students)					
	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Pell Grant	\$5,550	\$5,550	\$5,645	\$5,730	\$5,730
CO Student Grant	\$1,337	\$1,000	\$1,250	\$1,765	\$2,128
Total Grant Dollars	\$6,887	\$6,550	\$6,895	\$7,495	\$7,858
Tuition & Fees	\$6,248	\$6,548	\$6,870	\$7,206	\$7,625
Net Cost to Student	\$ (639)	\$ (2)	\$ (25)	\$ (289)	\$ (233)

Source: CMU Financial Aid data and CCHE Data on CMU Tuition and Fees (30 CHRS).

CMU has also invested heavily in Institutional Financial Aid, as shown in the graph below.



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

Metropolitan State University of Denver

Increases to state need-based financial aid has allowed us to increase and direct our institutional aid more toward families just above the Pell guidelines. These families are essentially functionally poor and have fewer resources from Federal assistance to help with costs. We are trying to lower the net costs for all of our students. We changed our financial aid packaging policy to increase our state need based grants to the lower income students to fully cover all of their tuition, fees and book costs.

Colorado Mesa University

CMU's first form of financial aid is to keep tuition relatively low. From there, CMU strives to provide students a combination of merit-based aid and need-based aid, aligning funding with CMU's desired outcomes. Even with this approach, of the 1,143 students who received an institutional merit scholarship, 739 had need (65%). It seems that Colorado is moving toward need being the emerging policy concept, as opposed to merit. However, this flies in the face of the Lumina data that illustrate the very limited positive outcomes of need-only programs like Pell. Ignoring work and merit is to give up on success-oriented financial aid packaging entirely.

CMU spends much of its institutional aid filling the gap after state and federal financial aid programs have been applied. CMU has not reduced, moved or restructured its institutional aid in light of the recent increases in state aid. The increase has allowed the institution to assist more low income students more completely. Recent aid increases have been very welcome but still do not offset the overall reduction in higher education allocation to institutions. There is still not enough money from state, federal and even institutional sources to cover all documented unmet need for students. CMU would support a review of the state's financial aid allocation methodology to ensure it is aligned with and fully leverages federal and institutional aid.

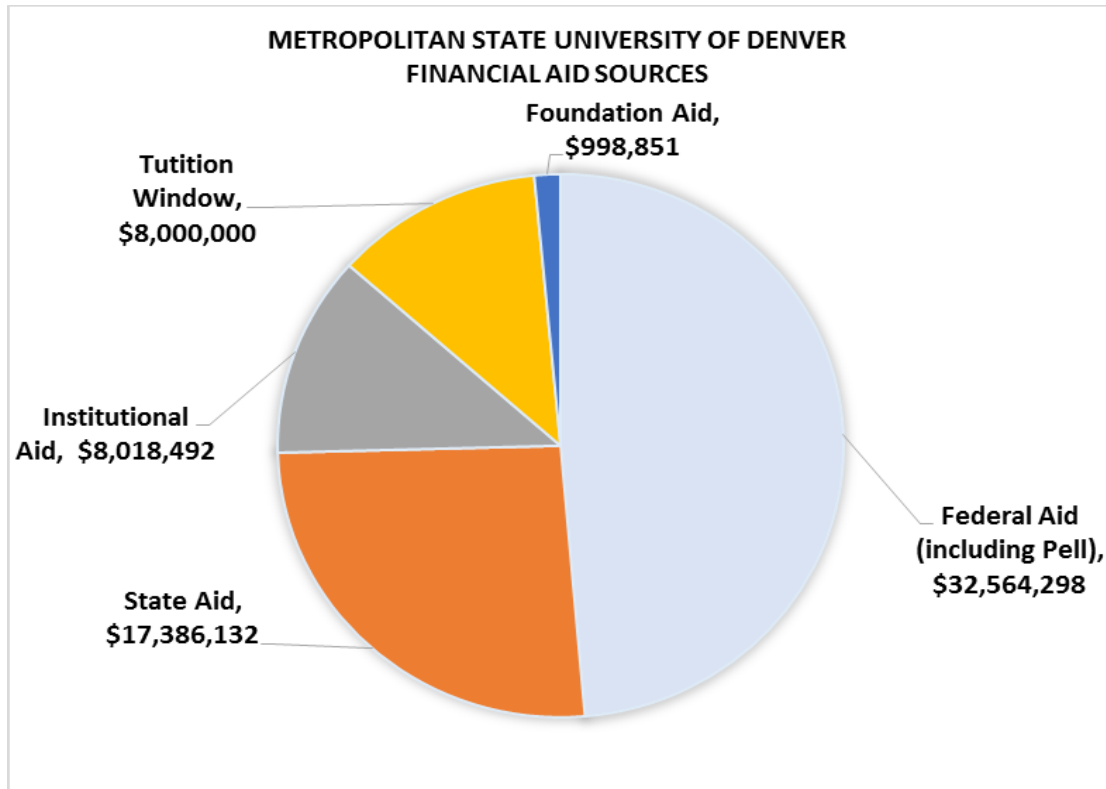
12. What steps do you take to reach out to low income students?

Metropolitan State University of Denver

MSU Denver's mission, as defined 50 years ago during our founding, remains today to serve the underserved and underprepared students of the Front Range and Metropolitan area. We specifically aim our marketing and advertising towards the high schools and transfer institutions who share our mission. Offering our low tuition rate is also part of that strategy to keep our university accessible and affordable for more and more students.

MSU Denver is committed to providing access for enrollment and retention to graduation for all students; in keeping with our mission and goals, these notably include underserved students, with whom MSU Denver has been especially successful, as we enroll the largest number of students of color of any institution in Colorado. This goal includes growing our enrollment of Hispanic students, currently at 22%, in keeping with our Hispanic Serving Institution (HSI) initiative of reaching at least 25% Hispanic enrollment, which will qualify us as an HSI according to U.S. Department of Education criteria, making us eligible to seek Federal funding to support all MSU Denver students.

Finally, MSU Denver offers a net cost to students that makes a four year education more than affordable. In fact, 25% of our students receive grant aid which fully covers their tuition and fees. For FY 15, MSU Denver provided \$67 million in grant aid (see chart) against \$123 million in tuition and fee charges, for an amazing 54% discount rate.



The above financial aid sources are monies that do not require repayment of any kind. Therefore these “free funds”, when deducted from our students’ tuition and fee charges, make the average net cost of tuition and fees for a full year to be an extremely affordable \$3,394

Colorado Mesa University

In conjunction with the Office of Admission, the Financial Aid Office expanded the First Generation Scholarship to reach more low income students. The \$1000 per year scholarship is awarded to first generation students with a 3.0 or above high school GPA. In addition, the Office of Financial Aid conducts several outreach programs to area high schools specifically targeting low income students to provide assistance to complete financial aid applications and forms as well as provide information on paying for college. It does not matter what institution of higher education the student wishes to attend.

Each academic year, the financial aid awarding matrix is adjusted to ensure that Pell Grant eligible students can have tuition and fees covered as long as funding exists.

For the past five years, Colorado Mesa University has allocated \$115,000 per year for a Principal’s Scholarship. The money is allocated to 24 Western Slope high schools varying in amounts from \$1000 to \$10,000 per school, allocated by size of the school, for the high school’s administration to award to students at their school that normally would have

financial difficulty attending college.

Colorado Mesa University has developed a partnership with the R.I.S.E. program in Grand Junction High School that assists students who have struggled financially and academically in their schooling by providing scholarships to these students once they have successfully completed the R.I.S.E. program in high school. Students, by achieving pre-determined milestones, can receive partial tuition and fees, full tuition and fees, or full tuition, fees, room and board. Currently, Colorado Mesa University has 25 students in this program and allocates \$50,000 to assist with the program to cover educational costs. In addition, Colorado Mesa University provides academic counseling to these students while attending high school, such as career counseling, workshops on applying for college and also assistance in completing forms to apply for federal, state and private aid.

A long-standing partnership with the Guardian's Scholars, an organization that assists with foster kids and at risk teenagers in Eagle County, continues to grow. Colorado Mesa University uses \$100,000 of institutional funds per year to match the Guardian's Scholars scholarships and provides academic, career, financial and professional counseling to these students. There are currently 20 Guardian Scholars at Colorado Mesa University and the goal is to have 45 within two years.

High School to College Continuum and Workforce Preparation

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

Metropolitan State University of Denver

MSU Denver agrees that each and every student is better served with one or more forms of post-secondary education credential or degree. The research is clear that employers increasingly require post-secondary education. Students who get any form of higher education enjoy higher salaries and, importantly, high employment rates even in recessions. Any efforts to provide the funding needed to assure that every student can receive a post-secondary credential of some form should be encouraged.

Colorado Mesa University

The concept of graduating high school students with job skills has grown significantly in the past decade with K-12 proponents believing that job-ready graduation requires that students have certificates and/or associate degrees to meet “work force” goals.

However, for most students across Colorado – with perhaps the exception of large metropolitan districts – funds available for high school students to earn concurrent college credit necessary for them to receive the certificates and/or degrees are limited in K-12 districts.

While the state’s community college system has been willing to provide these courses at reduced or free tuition rates, growing pressure on college budgets – particularly growth institutions – does not allow that freedom. Tuition prices would need to significantly increase on traditional students to subsidize the high school students in most four-year institutions.

Local school district caps on the numbers of classes students may take a semester – often limited to two courses – rarely allow students to complete a certificate program while in high school. Most Associate of Arts, Associate of Science and Associate of Applied Science degrees require a minimum of 60 credit hours to complete. Some certificates are achievable under the caps, but certainly not all. National accreditation requirements for some career-technical programs mean the certificate requirements exceed what can be done in four semesters (many K-12 districts restrict concurrent enrollment to juniors and seniors).

While there are more juniors and seniors with capacity to take concurrent courses and earn more than 12 credits a year, many freshman and sophomore students would find the greater rigor of the college course work, combined with high school activities and other high school course homework requirements, a significant work load.

Matching the appropriate college course to the high school graduation requirement is an

additional issue. A district is not always willing to map a specific high school requirement for graduation to a degree requirement for a student in a particular career-technical field. This is less of an issue with traditional AA/AS degree requirements, but remains a factor.

An additional issue involves higher education accreditation requirements. To earn college credits, concurrent instructors must meet college faculty requirements – including significant subject-area course work and have a master’s degree. Those faculty must teach the relevant college-level syllabus for the specific course being offered concurrently. Fewer high school instructors are able to meet these new regional accreditation requirements.

Finally, in a move to ensure high school graduates have skills to enter the work force should not be an invitation to lower graduation expectations for those same students. Ensuring that high school graduates are well grounded in the basics of education continues to be critical.

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

Metropolitan State University of Denver

MSU Denver does offer Supplemental Academic Instruction (SAI) courses in English and Mathematics for students with a specific test score (ACT, SAT, or Accuplacer), which is roughly 5% of all sections offered. These SAI courses have been approved by the CDHE for the university to offer and improve retention of our students. During 2014-15 we provided SAI courses to 1,377 students. SAI courses offer the student longer time frames for mastery of the subject and gives the students college credit, as opposed to traditional remedial courses which students pay for but receive no credit hours toward completion.

Just short of 40% of all applicants to MSU Denver require remedial education. Those who do not choose to take our SAI courses are referred to our campus partner institution, the Community College of Denver.

The primary drivers for remedial education is the State’s admissions policy regarding the preparedness of students attending college. Based on this policy if a student does not score high enough on the ACT, SAT, or Accuplacer tests, they are required to take a non-credit remedial course or a for-credit Supplemental Academic Instruction course.

Ideally, all Colorado high school graduates would be college ready by the time they enroll at a college or university. However the K-12 system in Colorado does not meet the college ready or workforce ready goal for all students. We do note that required remediation is decreasing, a sign that efforts in the K-12 schools in Colorado are succeeding.

Colorado Mesa University

For CMU/WCCC credit hours devoted to remedial by semester and/or academic year have consistently been about 6% +/- over the past five years, based on the semester average credit hour production of 110,000 credit hours per semester. This would calculate to approximately 6,000 credit hours per semester in remedial courses offered. The percentage of students being assessed as needing remedial courses in English or math on entry is higher for entering two-year students (80%) than for four-year students at the institution (32%). Not all students take remedial courses in both subject areas, nor are those taking the courses all assessed as needing remedial. For example, an older student entering a two-year program may choose to take a math remedial course as a refresher before starting a technical degree program.

What are the primary drivers behind the need for remediation?

There is no one-size-fits all answer for this question. As mentioned earlier, students enrolling in two-year programs – particularly career-technical programs – do not fit the first-time, full-time typical freshman demographic. Students enter CTE programs at all ages – from high school to mid-career change ages into their 50s and beyond. Sometimes students are changing careers; others are updating skills for the work place, while still others are looking for new marketable skills after job layoffs.

In general need for remediation is one of three reasons:

- *English and/or math skills insufficient to pass entry-level college courses.*
- *English and/or math skills not sufficiently current for today's entry-level college courses.*
- *English and/or math skills not relevant in previous career, student might not have taken course work in high school or previous college career path that are required today.*

Does the k-12 system provide what the higher education system wants in its students?

If the goal is to prepare a majority of K-12 students to succeed at some post-secondary institution, the majority of students entering at two-year institutions lack sufficient math and English skills to pass the entry-level courses in college and require remediation. However, because of the wide age range of community college students, directly connecting whether high school preparation is insufficient for these students is difficult.

A better measure may be at the four-year institution measure of first-time students, which ranges between 30% and 32%, assessed as needing remediation in one of the two subject areas.

Are we remediating the correct things?

CMU/WCCC evaluate the success of remediation efforts by examining the success students who are taking a remedial math or English course have when they take the required math and/or English course at the college level required in their chosen degree program. One of the institutions performance indicators – 2.6 – has shown steady progress in the numbers of

students successfully passing the college level English and/or math course at the end of their freshman year or the following semester.

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

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

Adams State University

n/a

Fort Lewis College

The college has implemented all legislation.

Western State Colorado University

Western is not aware of any legislation that the University has not fully implemented.

Metropolitan State University of Denver

MSU Denver has implemented all applicable legislation.

Colorado Mesa University

None.

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

Adams State University

n/a

Adams State had no audit findings in the previous year.

Fort Lewis College

Fort Lewis College has no outstanding audit recommendations.

Western State Colorado University

Western does not have any outstanding audit recommendations.

Metropolitan State University of Denver

MSU Denver has implemented all applicable legislation.

Colorado Mesa University

N/A.

11:30-12:00 HISTORY COLORADO

INTRODUCTIONS AND OPENING COMMENTS

Cumbres Toltec Scenic Railroad

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Total Colorado support:

FY 16 - \$1,295,000

FY 15 - \$1,295,000

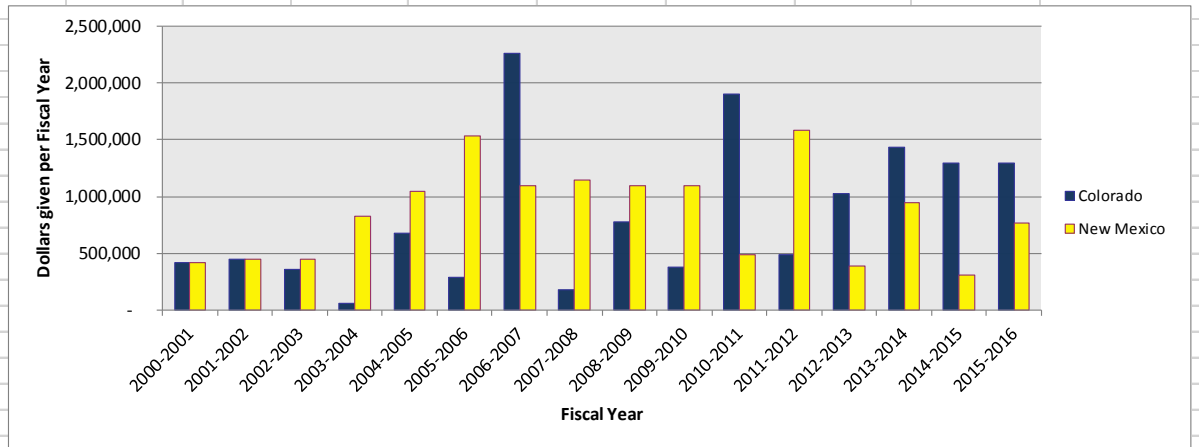
FY 14 - \$1,435,000

FY 13 - \$1,023,000

FY 12 - \$ 488,500

FY 11 - \$1,903,600 support for rebuilding Lobato trestle

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



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

Other sources of revenue:

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

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

The current request is one of a series leading to a planned goal of self-sufficiency in 5-6 years. Together with improving its operating bottom line, the railroad has been implementing an infrastructure upgrade over the past

eight years to overcome the effects of long-deferred maintenance since it was purchased 45 years ago (in very poor condition) by the two states. The plan is to complete the upgrade and shift into on-going maintenance mode, at which time it is expected that the railroad can cover its operating expenses and the infrastructure maintenance. This maintenance covers road grade, locomotives, cars and structures. It includes required regulatory compliance, good management practices and historic preservation objectives.

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

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

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

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

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

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

History Colorado does not have any hotlines.

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

History Colorado does not have any sanctions.

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

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

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

manage their operations.

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

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

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

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

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

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

There has been no impact on accessing funding streams.

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

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

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

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

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

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

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

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

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

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

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

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

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

History Colorado had no reversions.

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

History Colorado is not expecting any increase in federal funding.

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

History Colorado did not transfer between lines.

Fort Lewis College

FORT LEWIS
COLLEGE



REPORT TO THE COLORADO JOINT BUDGET COMMITTEE
JANUARY 2016





STATUTORY ROLE & MISSION

1) There is hereby established a college at Durango, to be known as Fort Lewis College, which shall be a public liberal arts college, with selective admission standards with a historic and continuing commitment to Native American education. In addition, the college may offer professional programs and a limited number of graduate programs to serve regional needs. The Center of Southwest Studies provides a valuable regional, national, and international resource.

(2) (a) Fort Lewis college shall be a regional education provider and shall have two-year authority only for an associate of arts degree in agricultural science.

(b) The Colorado Commission on Higher Education shall, in consultation with the board of trustees of Fort Lewis College, establish the criteria for designation as a regional education provider. (Section 23-52-101, C.R.S.)



HISTORIC COMMITMENT TO NATIVE AMERICANS

Fort Lewis College was established under an agreement between the state and the federal government whereby any qualified Native American student would be admitted tuition free. This century-old commitment taken on by the state has brought Colorado and Fort Lewis College national renown as leaders in educating Native Americans. **No baccalaureate institution in the country awards more degrees to Native Americans than Fort Lewis College.** FLC is the only Native American serving, non-tribal institution in Colorado.

Update on the Native American Indian Education Act

The effort to ensure federal support for the Native American Tuition Waiver is a bipartisan effort in the U.S. Congress. In February 2015, Representative Scott Tipton (R) introduced H.R.1089, which directs the U.S. Department of Education to fund “four-year Native American-serving nontribal institutions of higher education the out-of-state tuition of their Indian students if those schools are required to provide a tuition-free education, with the support of their state, to Indian students in fulfillment of a condition under which the college or state received its original grant of land and facilities from the federal government.” There are currently 42 co-sponsors: 32 Democrats and 10 Republicans.

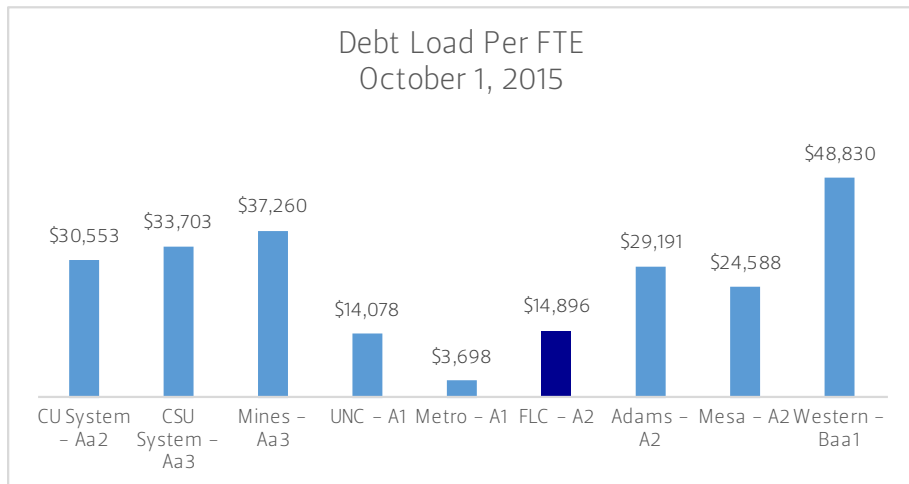
In May, Senator Cory Gardner (R) introduced S.1390, legislation with the same intent as the House bill, with Senator Michael Bennet (D), the bill’s original sponsor, immediately signing on.



FORT LEWIS COLLEGE: FINANCIALLY SOUND

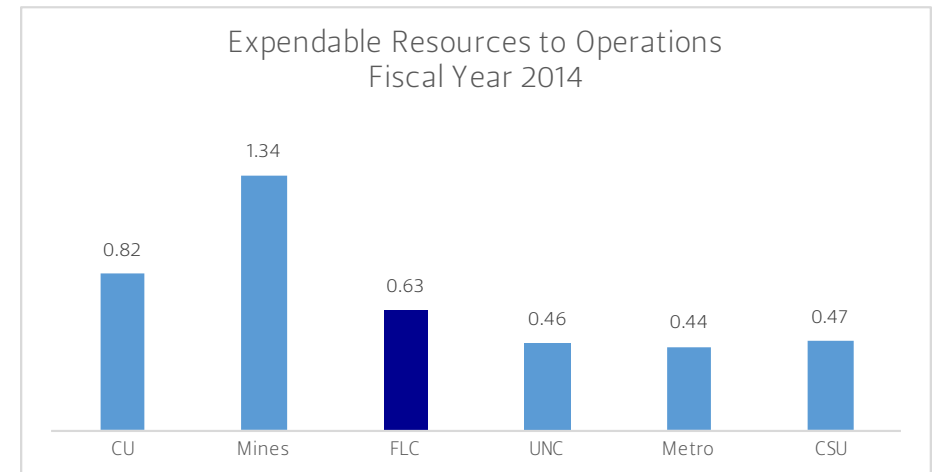
The Board of Trustees for Fort Lewis College takes its fiduciary responsibility very seriously and supports the finance staff in its conservative approach in estimating future revenue and expenditure growth, as well as in allocation of incremental revenue. **Providing external validity to the College's financial health, in 2015, the College's credit rating was reaffirmed by Moody's at the A2 level.**

The chart below depicts the debt load of the College relative to its in-state peers. Fort Lewis College's debt per FTE is roughly half of the state average of \$26,000.



FORT LEWIS COLLEGE: A STRONG BALANCE SHEET

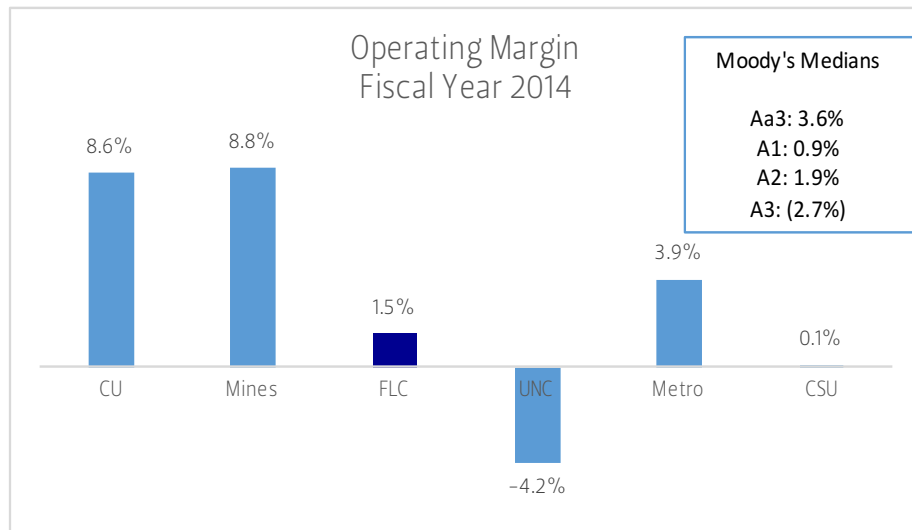
The College's expendable resource base (comprised of unrestricted net assets and restricted expendable assets of the College and Foundation) provides excellent operating flexibility and a cushion for its existing debt burden. **FLC enjoys greater balance sheet strength relative to the size of its budget than several of its higher rated peers in the state, as shown in the chart below.**





FORT LEWIS COLLEGE: STRONG MARGINS

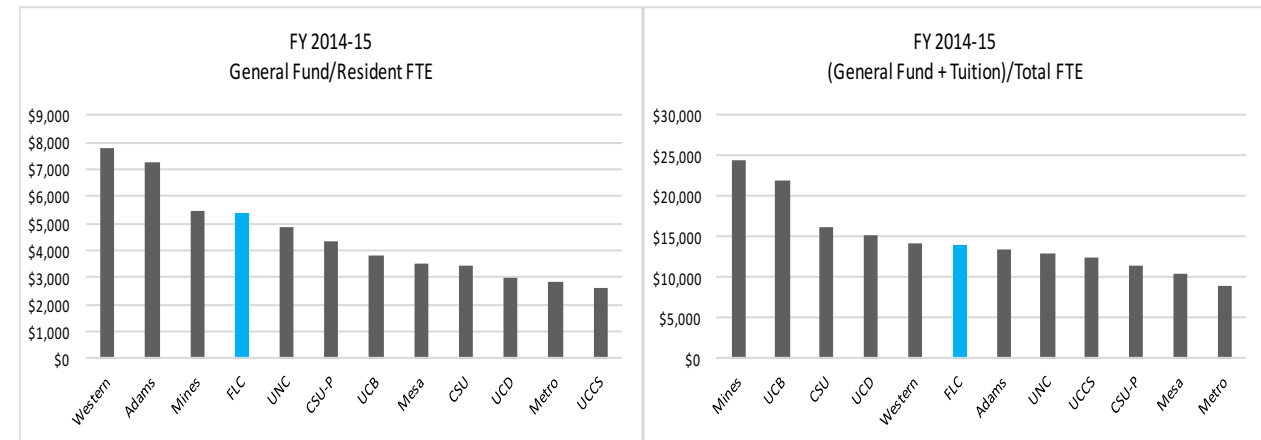
As shown below, Fort Lewis College’s FY 2014 operating margin (operating revenues plus Pell Grants, gift revenue, and a three year average of interest income, less operating expenses divided by operating revenue) exceeded the Moody’s median for “A1” rated schools nationally.



FLC RANKING IN HIGHER EDUCATION FUNDING

Studies of comparative funding levels of Colorado’s higher education institutions consistently show that Fort Lewis College is in the middle of the pack in terms of funding per FTE.

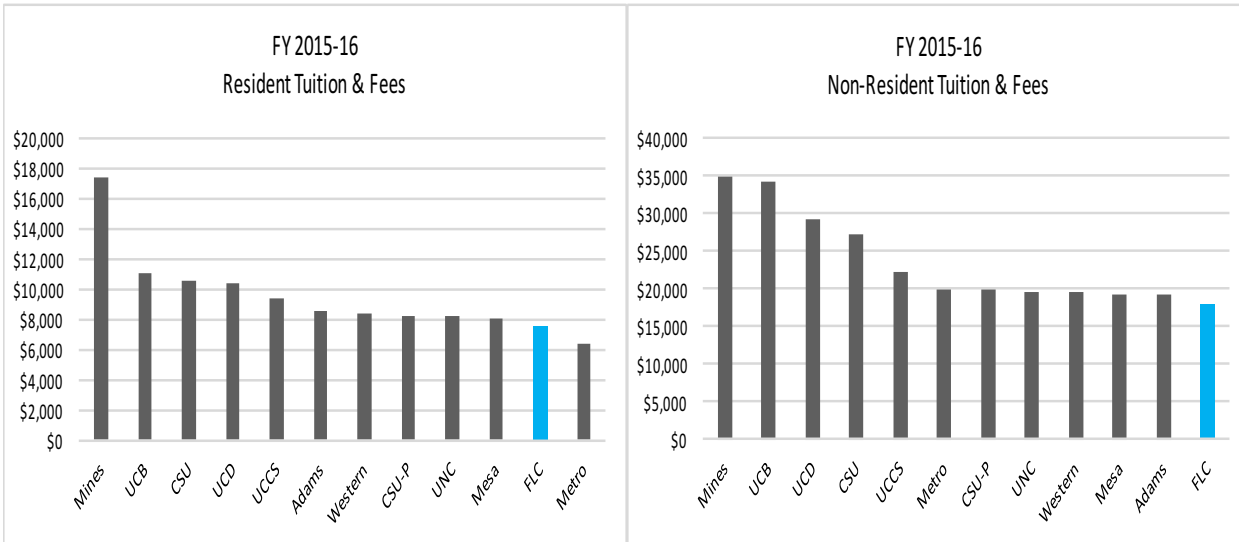
There exists a misperception that the FLC Native American Tuition Waiver program is somehow a windfall for Fort Lewis College. FLC’s normal state funding (COF/FFS) was reduced years ago to account for the Native American appropriation. The charts below illustrate the fact that the College is not overfunded relative to other institutions in the state.





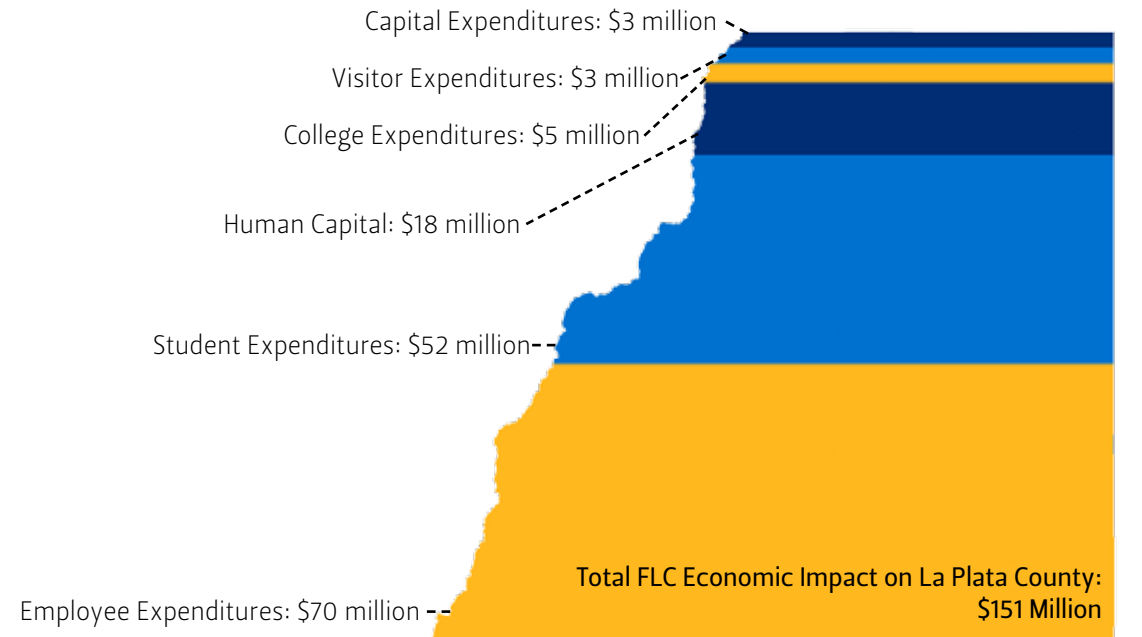
FINANCIAL STABILITY WITHOUT HIGH TUITION & FEES

In FY 2015-16, Fort Lewis College has the second lowest combined resident tuition and fees in the state when compared to other four-year institutions. FLC also has the lowest non-resident tuition and fees among the same group of institutions. Through smart financial planning, FLC provides students with a high quality education while keeping the cost at an affordable level.



FORT LEWIS COLLEGE'S ECONOMIC CONTRIBUTION TO SOUTHWEST COLORADO

The economic impact of Fort Lewis College on southwest Colorado is substantial and diverse. Studies have shown a conservative estimate of the College's impact on La Plata County to be \$151 million.





AN EYE ON THE FUTURE

Fort Lewis College views the uncertainty surrounding State General Fund appropriations as its primary financial threat. The 2013 report of the Colorado Futures Center at Colorado State University projects the loss of State funding for higher education by 2030. Based upon these estimates, the College adopted 5 and 10 year planning budget models that anticipate decreases in state funding, as well as inflationary expenditure increases. These models inform budget allocation decisions.

In addition to more long term budget planning, Fort Lewis College pursued investment authority in the 2013 legislative session (HB13-1297). The investment authority will allow the College to earn more than available through the state treasurer. The College began investing some of its own funds in December 2015.

Finally, the College plans to refinance approximately \$40M of revenue bonds within the next three months to avail itself of the favorable interest rate environment.



INVESTING IN WHAT WE DO WELL

Despite the economic uncertainty facing institutions of higher education, wise investments must be made, particularly in an institution's areas of strength. With the Geosciences, Physics & Engineering Hall project underway, Fort Lewis College is looking to invest in three more of its highly successful programs: Exercise Science, Adventure Education, and Skyhawk Athletics.

The next construction priority for FY 2017-18 is the Exercise Science/Whalen Gymnasium expansion. The renovation and expansion of the gymnasium is envisioned as two separate projects that would accommodate the Exercise Science, Adventure Education, and Skyhawk Athletics programs. The first portion of the renovation and expansion on the south and east sides of the existing gymnasium will include new classrooms, faculty offices, laboratory space, locker room improvements and mechanical system improvements. A program plan (Gymnasium Expansion/Renovation – South and East) that included these projects was submitted to CCHE in July 2006 and subsequently approved on October 13, 2006. CCHE also formally approved revised funding amounts indicated by a program plan amendment on October 4, 2007.

The second phase of the renovation and expansion on the north side of the gymnasium will include new athletic training facilities, new strength training facilities, a practice gym and locker room improvements.



FORT LEWIS
COLLEGE

WWW.FORTLEWIS.EDU



To: Colorado Commission on Higher Education and Lieutenant Governor Garcia
From: Metropolitan State University of Denver and Colorado Mesa University
Date: October 26, 2015
Re: Proposed Changes to Funding HB 1319 Formula

Dear CCHE Commissioners:

We write to you to share both our thanks and concerns regarding the proposed 2015 changes to the funding formula. Metropolitan State University of Denver and Colorado Mesa University, along with our fellow Colorado institutions, have benefitted from additional funding for higher education over the last few years for which you and the Lieutenant Governor were staunch and successful advocates. We thank you for your advocacy for higher education

However, we do have serious reservations about the constantly changing 1319 model and the movement away from a system intended to reward universities for pursuit of the goals of the Higher Education Master Plan. Accordingly, we oppose changes in the funding formula that ignore enrollment growth, including low-income and first-generation students, and revert to allocating a substantial portion of our funding based upon past funding patterns versus performance and recognition of the costs of educating each institution's unique student body.

The proposal before you removes the weighted credit hour factor in the role and mission category and substitutes a new "mission differentiation factor." The effect is to lock in roughly 87 percent of the monies allocated to the role and mission category and tie it to past funding patterns. In our view, pre-1319 higher education historical funding largely ignored both growth and shrinkage of universities, student need for supplemental academic instruction and wrap-around services, and demand for high-cost programs, creating an unsustainable financial situation for several schools, including ours.

More specifically, this year is the first time higher education will not use current year enrollments for budgeting purposes. For a still unexplained reason the funding model uses last year's enrollments (2014-15) to build the 2016-17 budget – funding the future on two-year-old data. Enrollment funding should be current year numbers for next year's budget purposes (or a two-year average if a smoothing factor is a significant concern).

We believe meeting the master plan goals requires greater emphasis on serving low-income and first-generation students. Pell-eligible students are among the best measures we have for closing the achievement gap. Other states have Pell add-on amounts of 40%, recognizing that graduating these students costs significantly more up front. The current model touches on this issue with a modest 10% premium – the minimum statute requires. A recent study reflects that all too often schools that serve those low-income and first-generation students receive the lowest levels of state support. Colorado's data illustrate that same inverse correlation and we are attaching a chart reflective of that reality.

The final funding model version now weights enrollment groups by institution rather than governing boards. However, 1319 specifically calls for a recognition of institutions with multiple campuses, a requirement that continues to be ignored. Prior to this version, models were presented using total governing board weighting factors. The campus factor should be equally weighted.

Last year's allocation model was a step in the right direction to fund growth, performance and provide incentives to better serve Colorado's under-served students, although its effect was tempered by decisions that resulted in no university receiving less than a minimum of an 11% increase and none receiving more than 14%. Accordingly, we believe use of last year's eventual allocation as the basis for the new "mission differentiation factor" does not reflect the kind of change needed to eventually correct historical funding inequities.

While not perfect and in need of updating, the weighted credit hour factor – replaced by the proposed mission differentiation factor – allowed institutions to receive funding for increased credit hour production and matched funding to program growth or existence of more costly programs. We believe this provided incentives to reach out to more prospective students, to encourage universities to work harder at retention, and appropriately work toward the state's goal to increase the number of adults in Colorado with higher education credentials. While it over-weighted low-enrollment graduate programs, we believe modifying the factor was possible. The new "mission differentiation factor" has none of these advantages. A significant disadvantage is that it is viewed as a "base," enshrining past decisions going forward.

It was our hope, and remains our hope, that a funding formula under HB 1319 would allow for universities to *earn* their way to better funding. Recognizing that state funding could likely dwindle and disappear in a decade or so, we believe that CCHE policy should reflect and invigorate our collective march toward achieving the goals of the Higher Education Master Plan. It is our feeling that the proposed changes to the allocation formula do not comport to those goals. While it does provide for greater stability and predictability of funding, we seek a model that is focused more on dynamic accomplishment and equity rather than stasis.

We hold the Commission and the Department in the highest regard and understand the extremely difficult position you face with so many stakeholders, an overall lack of adequate state funding for education, and differences of opinion on this important aspect of funding for the students of our State. We do, however, have an obligation to our students and communities to speak up in support for investment in them and their futures in equal measure to students around the state of Colorado. Thus, today we are expressing our respectful opposition to the proposed changes to the funding formula.

Sincerely,



Stephen M. Jordan, President
Metropolitan State University of Denver



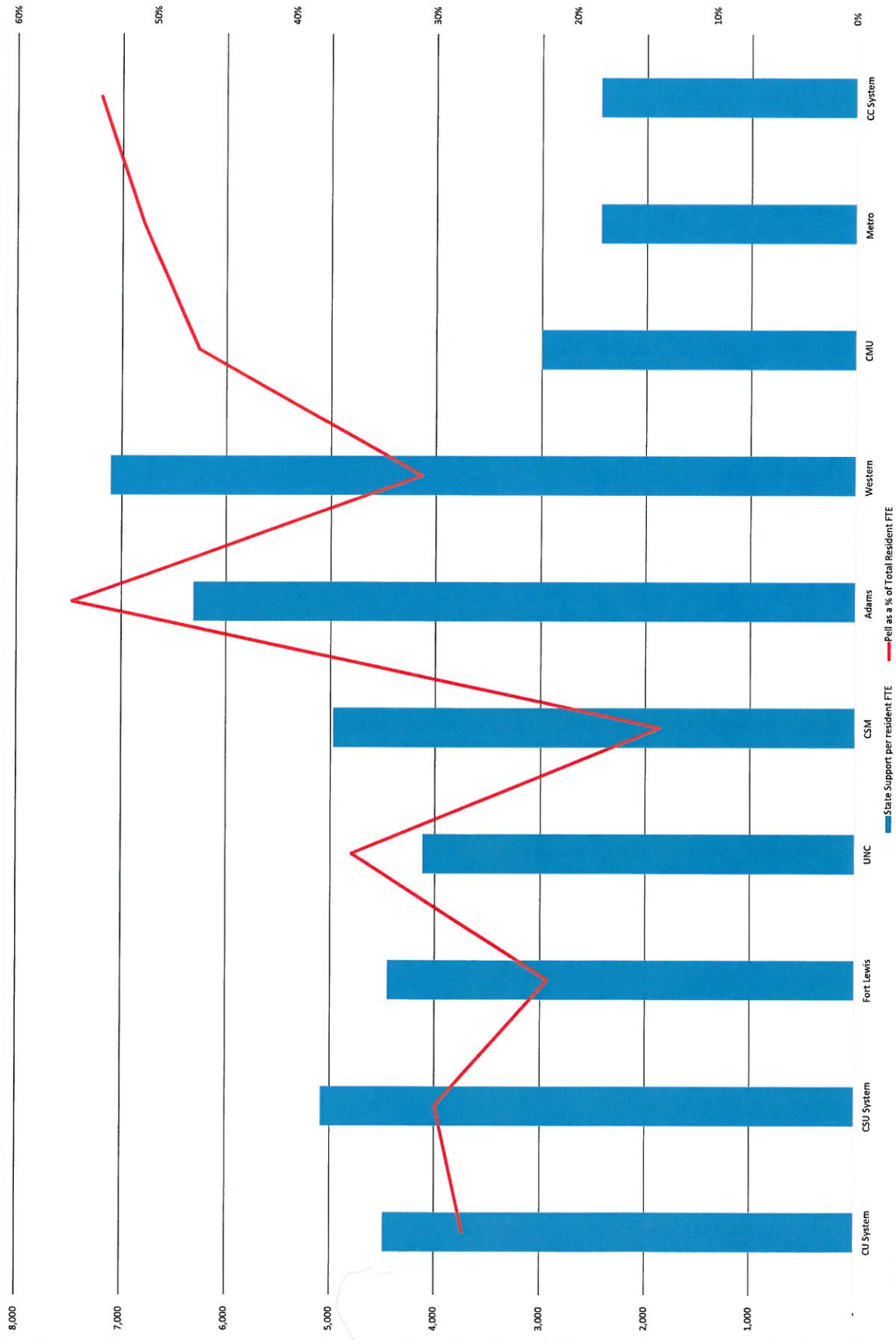
Tim Foster, President
Colorado Mesa University



Michelle M. Lucero, Chair
Metropolitan State University of Denver



Doug Quimby, Chair
Colorado Mesa University



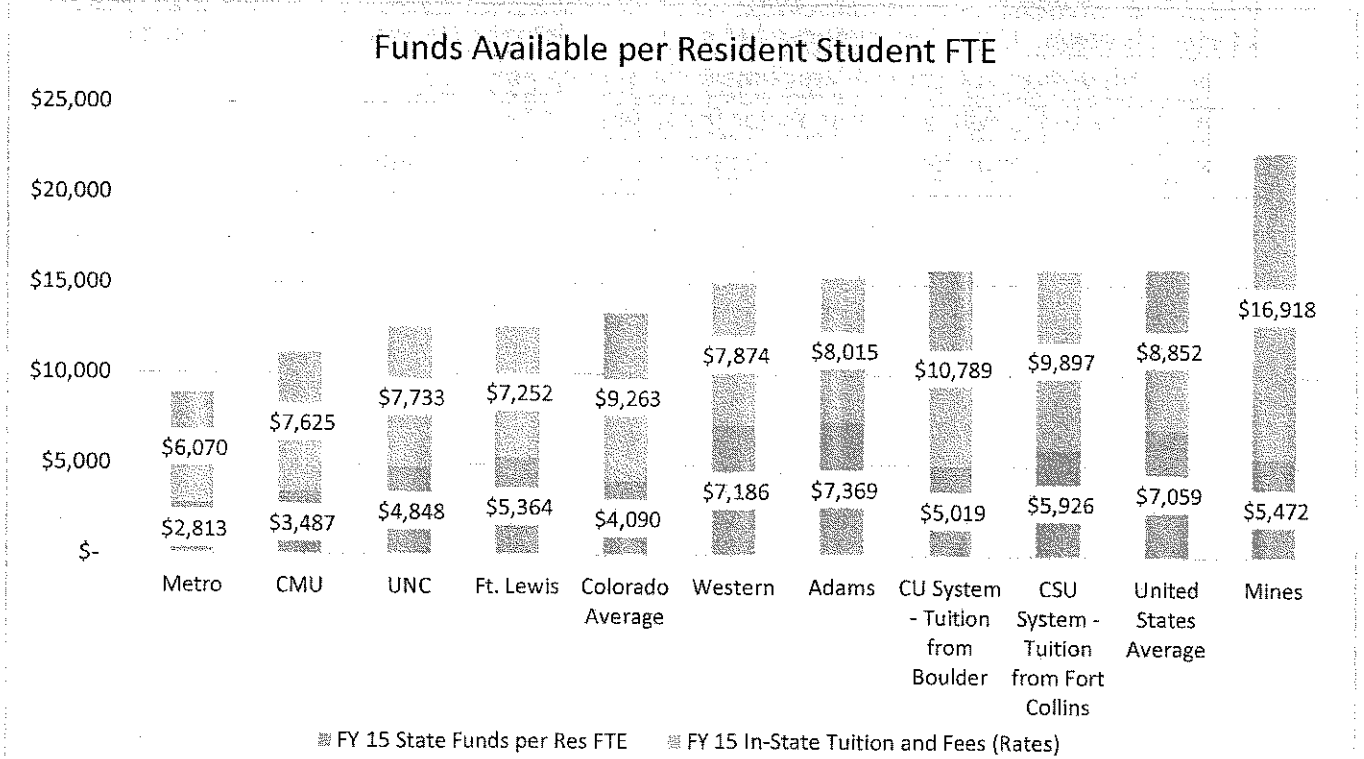
CMU RESPONSES TO JOINT BUDGET COMMITTEE HEARING QUESTIONS - Executive Summary

CMU has met and exceeded its performance goals.



Indicator	Goal Number*	Associated Value	Status
Increase undergrad credentials awarded by one percentage point per year	1	14.2%	<input checked="" type="checkbox"/>
Increase undergrad degrees awarded in STEM and healthcare disciplines by one percent per year	1	5.0%	<input checked="" type="checkbox"/>
Increase average six-year grad rates until ECHE average reached	1	32.0%	<input checked="" type="checkbox"/>
Increase average number of undergrad degrees that meet regional workforce needs by one percent per year	1	18.3%	<input checked="" type="checkbox"/>
Increase the percentage of students by one percent per year who complete introductory, college-level courses in English and math	2	8.0%	<input checked="" type="checkbox"/>
Increase the average number of first-time, full-time, students who accumulate at least 30 credit hours by the end of their third semester	2	62.0%	<input checked="" type="checkbox"/>
Reduce grad. rate disparity between underserved and non-underserved (res.)	3	0.0%	<input checked="" type="checkbox"/>
Increase the average number of newly-enrolled resident students from underserved populations by one percent per year from the base year	3	73.0%	<input checked="" type="checkbox"/>
Remain among top 25 percent of peer institutions as measured by the average percentage of expenditures allocated to instruction	4	100.0%	<input checked="" type="checkbox"/>
Increase institutional financial aid awards (per FTE) to students with demonstrated need at a rate at or above tuition percentage increases for resident undergrad students	4	20.2%	<input checked="" type="checkbox"/>

Yet, CMU receives less state funding than all but one other four year institution, and, at the same time, has held the line on tuition and fees.



Policies which apply uniform rules to very different institutions are problematic. A one

percent tuition increase generates significantly different revenues due to size, tuition structure, enrollment mix, etc.

Table 5. Comparison of 1% Tuition Rate Increase (Per Student)

Institution	FY 2014-15 Resident Tuition (30 CHRS)	Revenue from 1% Resident Tuition Increase	FY 2014-15 Non-Resident Tuition (30 CHRS)	Revenue from 1% Nonresident Tuition Increase
University of Colorado - Boulder	\$9,048	\$90	\$31,410	\$ 314
University of Colorado - Colorado Springs	\$7,710	\$77	\$20,250	\$ 203
University of Colorado - Denver	\$8,760	\$88	\$27,030	\$ 270
Colorado State University	\$7,868	\$79	\$24,048	\$ 240
Colorado State University - Pueblo	\$5,824	\$58	\$16,765	\$ 168
Fort Lewis College	\$5,544	\$55	\$16,072	\$ 161
University of Northern Colorado	\$6,024	\$60	\$17,568	\$ 176
Adams State University	\$5,160	\$52	\$15,960	\$ 160
Colorado Mesa University	\$6,812	\$68	\$18,173	\$ 182
Metropolitan State University of Denver	\$4,973	\$50	\$17,791	\$ 178
Western State Colorado University	\$5,539	\$55	\$15,984	\$ 160
Colorado School of Mines	\$14,790	\$148	\$31,470	\$ 315
Note:				
Continuing non-resident students at UCB do not pay annual tuition increases during their studies. The tuition reported is for the entering freshman class.				

The HB 1319 model does not adequately reward performance or enrollment, especially for at-risk students. CMU has proposed changes, consistent with statutory provisions:

- Utilize most current year enrollment for funding purposes.
- Increase the Pell weighting factor from 10% to 40%.
- Recognize rural institutions with multiple campuses, per statute.

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

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

9:00-10:15 DEPARTMENT OF HIGHER EDUCATION

INTRODUCTION AND OPENING COMMENTS

HIGHER EDUCATION QUESTIONS

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

1. Based on department studies, what are the real cost drivers of the increase in cost to students?
2. How much governing board revenue is not reflected in the state budget? What share of governing board revenue originates as General Fund from an “education and general” perspective versus a total revenue perspective? If more than 10 percent of governing board revenue originates as General Fund, how can they be classified as enterprises under TABOR?
3. From the Department’s perspective, how have institutions changed their business models in response to declining state funding? For example, have they increased their use of adjunct professors?
4. Do you expect institutions to adapt their business models further based on lack of General Fund support? If so, how?
5. How has the net cost of attendance for low income students changed over time?
6. Should Colorado state schools focus on Colorado residents? Are we doing what we should to provide an affordable, quality education for Colorado residents?
7. How is Arizona able to provide a low cost, high quality program? (See p. 37 of the staff budget briefing document)?

Tuition policy proposal

8. What is the Department's plan for implementing its proposed tuition policy? What does it see as the role of the General Assembly in this process? Why does the Department believe this is the appropriate path?
9. Who do you expect to sponsor your proposed tuition bill (if this is now public)? How do you expect the JBC to proceed with figure setting if there is another bill out there?
10. Why not analyze governing board tuition on a more individual basis? Why is a single tuition policy appropriate? If the General Assembly wanted to look at the different cost drivers for different institutions to set tuition, what would be the best way to do this?
11. Can universities continue to operate in a budget cut era if they don't have control of tuition?

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

12. Explain the department's point of view on the model version 2.0. What other options did you consider for addressing role and mission funding and why were those rejected? What is the Department's opinion of the staff alternatives?
13. Describe how the HB 14-1319 model is being used for budget cuts. Is this an appropriate use of the model? Is the proportionate allocation the same if there's a funding increase? What happens with flat funding?
14. What have we accomplished with HB 1319? Did we complicate something and end up with the same answer? How has it changed the budget in terms of what would have happened without it? Have the rural schools benefited as was expected from the plan?
15. If we turn role and mission funding into a "base", does this mean that role and mission no longer matters?
16. What impact does the H.B. 14-1319 model have on institutional net cost and tuition?
17. How are we using the H.B. 14-1319 model to reward performance? Has it impacted performance?
18. In what other ways does the Department assess institutional performance?
19. Why does UNC end up at the bottom? What is driving it? Enrollment?

“Some College” is the New High School:

20. What does the Department think about the idea that every student should have a technical or associate’s degree before leaving school?
21. How much of community college coursework is for remedial classes? How much is being paid in the postsecondary system for costs that should have been covered in the K-12 system?
22. What are the savings to the State and students of the early college system, *i.e.*, when students obtain degrees and certificates before graduating high school?
23. Are high school and postsecondary goals aligned? How do we measure what we value in the two systems? Does k-12 match what Higher Ed wants? Are we remediating the correct things? Does K-12 need to look different?
24. Are workforce ready and college ready the same thing today?
25. What do we know about whether students are landing a job after completing a degree or certificate and how much they earn?
26. What are our four-year institutions doing to lock in a two year accredited degree within the four years?

Federal Mineral Lease Higher Education Certificate of Participation Payments:

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

General Fund Exempt for Higher Education:

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

Other

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

10:15-10:30 BREAK

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

INTRODUCTIONS AND OPENING COMMENTS (5 MINUTES PER GOVERNING BOARD)

Note: the JBC requests only one speaker per governing board

PANEL QUESTIONS

Funding Sources, Cost Drivers, and Business Models

1. Provide an overview of your revenue and expenses.
 - (a) How has your total revenue per student FTE changed over time?
 - (b) What are your primary revenue sources? How significant is revenue from non-residents? Which of your revenue sources are not reflected in the state budget and how large are these?
 - (c) What are the real cost drivers of the increase in cost to students?
2. What is your assessment of the financial health of the institution(s) you oversee? What threats do you see, and how are you addressing them?
3. How have you changed your business model over time to address cost increases and General Fund reductions?
4. How does on-line learning fit into your programs? Has this affected your revenue and expenses? How do you see this changing over time?

Tuition Policy Proposal

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

Request R1 (Base reduction for public colleges and universities)

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

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

7. What do you like/dislike about the “2.0” version of the H.B. 14-1319 funding model? Should role and mission funding be “base” funding? Why? How well do you think the new model works for allocating budget cuts?
8. How has the new funding model affected your governing board? Do you think it has changed allocations from what would otherwise have happened? Has it affected your governing board’s focus or behavior?
9. How does your governing board define performance/quality?

Financial Aid and Low Income Students

10. How has the net cost of attendance at your institution(s) for low income students changed over the last five years?
11. How much of your institutional aid supports low-income Colorado residents? Have you reduced, moved or restructured your institutional aid in light of increases in state need-based aid?
12. What steps do you take to reach out to low income students?

High School to College Continuum and Workforce Preparation

13. What do you think of the idea that no student should leave “school” without a technical certificate or associate’s degree?
14. What share of the courses you provide are remedial? What are the primary drivers behind the need for remediation? Does the k-12 system provide what the higher education system wants in its students? Are we remediating the correct things?
15. Are workforce ready and college ready the same thing today?

ADDENDUM: OTHER QUESTIONS FOR WHICH SOLELY WRITTEN RESPONSES ARE REQUESTED

DEPARTMENT OF HIGHER EDUCATION (FOR CCHE/DEPARTMENT)

(See shorter list below for governing boards)

1. Provide a list of any legislation that the Department has: (a) not implemented or (b) partially implemented. Explain why the Department has not implemented or has only partially implemented the legislation on this list.
2. Please provide a detailed description of all program hotlines administered by the Department, including:

- a. The purpose of the hotline;
 - b. Number of FTE allocated to the hotline;
 - c. The line item through which the hotline is funded; and
 - d. All outcome data used to determine the effectiveness of the hotline.
3. Describe the Department's experience with the implementation of the new CORE accounting system.
 - a. How has the implementation improved business processes in the Department?
 - b. What challenges has the Department experienced since implementation and how have they been resolved (i.e. training, processes, reports, payroll)?
 - c. What impact have these challenges had on the Department's access to funding streams?
 - d. How has the implementation of CORE affected staff workload?
 - e. Do you anticipate that CORE implementation will result in the need for a permanent increase in staff? If so, indicate whether the Department is requesting additional funding for FY 2016-17 to address it.
 4. If the Department receives federal funds of any type, please provide a detailed description of any federal sanctions for state activities of which the Department is already aware. In addition, please provide a detailed description of any sanctions that MAY be issued against the Department by the federal government during FFY 2015-16.
 5. Does the Department have any outstanding high priority recommendations as identified in the "Annual Report of Audit Recommendations Not Fully Implemented" that was published by the State Auditor's Office and dated October 2015 (link below)? What is the department doing to resolve the outstanding high priority recommendations?

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6. Is the department spending money on public awareness campaigns related to marijuana? How is the department working with other state departments to coordinate the campaigns?
7. Based on the Department's most recent available record, what is the FTE vacancy rate by department and by division? What is the date of the report?
8. For FY 2014-15, do any line items in your Department have reversions? If so, which line items, which programs within each line item, and for what amounts (by fund source)? What are the reasons for each reversion? Do you anticipate any reversions in FY 2015-16? If yes, in which programs and line items do you anticipate this reversions occurring? How much and in which fund sources do you anticipate the reversion being?
9. Are you expecting an increase in federal funding with the passage of the FFY 2015-16 federal

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

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

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

1. Provide a list of any legislation that the governing board has: (a) not implemented or (b) partially implemented. Explain why the governing board has not implemented or has only partially implemented the legislation on this list.
2. Does the governing board have any outstanding high priority recommendations as identified in the "Annual Report of Audit Recommendations Not Fully Implemented" that was published by the State Auditor's Office and dated October 2015 (link below)? What is the department doing to resolve the outstanding high priority recommendations?

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

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

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

INTRODUCTIONS AND OPENING COMMENTS (5 MINUTES PER GOVERNING BOARD)

Note: the JBC requests only one speaker per governing board

PANEL QUESTIONS

Funding Sources, Cost Drivers, and Business Models

1. Provide an overview of your revenue and expenses.
 - (a) How has your total revenue per student FTE changed over time?
 - (b) What are your primary revenue sources? How significant is revenue from non-residents? Which of your revenue sources are not reflected in the state budget and how large are these?
 - (c) What are the real cost drivers of the increase in cost to students?
2. What is your assessment of the financial health of the institution(s) you oversee? What threats do you see, and how are you addressing them?
3. How have you changed your business model over time to address cost increases and General Fund reductions?
4. How does on-line learning fit into your programs? Has this affected your revenue and expenses? How do you see this changing over time?

Tuition Policy Proposal

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

Request R1 (Base reduction for public colleges and universities)

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

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

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

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

Financial Aid and Low Income Students

10. How has the net cost of attendance at your institution(s) for low income students changed over the last five years?
11. How much of your institutional aid supports low-income Colorado residents? Have you reduced, moved or restructured your institutional aid in light of increases in state need-based aid?
12. What steps do you take to reach out to low income students?

High School to College Continuum and Workforce Preparation

13. What do you think of the idea that no student should leave "school" without a technical certificate or associate's degree?
14. Does the k-12 system provide what the higher education system wants in its students? What share of your students require remediation or supplemental academic instruction?

10:30-10:45 BREAK

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

INTRODUCTIONS AND OPENING COMMENTS (5 MINUTES PER GOVERNING BOARD)

Note: the JBC requests only one speaker per governing board

PANEL QUESTIONS

Funding Sources, Cost Drivers, and Business Models

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

16. What is your assessment of the financial health of the institution(s) you oversee? What threats do you see, and how are you addressing them?
17. How have you changed your business model over time to address cost increases and General Fund reductions?
18. How does on-line learning fit into your programs? Has this affected your revenue and expenses? How do you see this changing over time?

Tuition Policy Proposal

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

Request R1 (Base reduction for public colleges and universities)

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

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

21. What do you like/dislike about the "2.0" version of the H.B. 14-1319 funding model? Should role and mission funding be "base" funding? Why? How well do you think the new model works for allocating budget cuts?
22. How has the new funding model affected your governing board? Do you think it has changed allocations from what would otherwise have happened? Has it affected your governing board's focus or behavior?
23. How does your governing board define performance/quality?

Financial Aid and Low Income Students

24. How has the net cost of attendance at your institution(s) for low income students changed over the last five years?
25. How much of your institutional aid supports low-income Colorado residents? Have you reduced, moved or restructured your institutional aid in light of increases in state need-based aid?
26. What steps do you take to reach out to low income students?

High School to College Continuum and Workforce Preparation

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

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

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

1. Provide a list of any legislation that the governing board has: (a) not implemented or (b) partially implemented. Explain why the governing board has not implemented or has only partially implemented the legislation on this list.
2. Does the governing board have any outstanding high priority recommendations as identified in the "Annual Report of Audit Recommendations Not Fully Implemented" that was published by the State Auditor's Office and dated October 2015 (link below)? What is the department doing to resolve the outstanding high priority recommendations?

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

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

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

INTRODUCTIONS AND OPENING COMMENTS (5 MINUTES PER GOVERNING BOARD)

*Notes: the JBC requests only one speaker per governing board
A break will be taken as needed*

PANEL QUESTIONS

Funding Sources, Cost Drivers, and Business Models

1. Provide an overview of your revenue and expenses.
 - (a) How has your total revenue per student FTE changed over time?
 - (b) What are your primary revenue sources? How significant is revenue from non-residents? Which of your revenue sources are not reflected in the state budget and how large are these?
 - (c) What are the real cost drivers of the increase in cost to students?
2. What is your assessment of the financial health of the institution(s) you oversee? What threats do you see, and how are you addressing them?
3. How have you changed your business model over time to address cost increases and General Fund reductions?
4. How does on-line learning fit into your programs? Has this affected your revenue and expenses? How do you see this changing over time?

Tuition Policy Proposal

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

Request R1 (Base reduction for public colleges and universities)

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

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

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

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

Financial Aid and Low Income Students

10. How has the net cost of attendance at your institution(s) for low income students changed over the last five years?
11. How much of your institutional aid supports low-income Colorado residents? Have you reduced, moved or restructured your institutional aid in light of increases in state need-based aid?
12. What steps do you take to reach out to low income students?

High School to College Continuum and Workforce Preparation

13. What do you think of the idea that no student should leave "school" without a technical certificate or associate's degree?
14. Does the k-12 system provide what the higher education system wants in its students? What share of your students require remediation or supplemental academic instruction?

11:15-11:30 BREAK

11:30-12:00 HISTORY COLORADO

INTRODUCTIONS AND OPENING COMMENTS

Cumbres Toltec Scenic Railroad

15. Explain the mission of the Cumbres Toltec Scenic Railroad. Are there specific learning objectives or is it just a recreational thing?
16. What's the ridership for the railroad and how has this changed over time?
17. How much is Colorado investing in Cumbres Toltec? Explain the other sources of revenue for the railroad.
18. Is the current request a one-time investment? For how long? Will the railroad become self-sufficient?

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

1. Provide a list of any legislation that the Department has: (a) not implemented or (b) partially implemented. Explain why the Department has not implemented or has only partially implemented the legislation on this list.
2. Please provide a detailed description of all program hotlines administered by the Department, including:
 - a. The purpose of the hotline;
 - b. Number of FTE allocated to the hotline;
 - c. The line item through which the hotline is funded; and
 - d. All outcome data used to determine the effectiveness of the hotline.
3. Describe the Department's experience with the implementation of the new CORE accounting system.
 - a. How has the implementation improved business processes in the Department?
 - b. What challenges has the Department experienced since implementation and how have they been resolved (i.e. training, processes, reports, payroll)?
 - c. What impact have these challenges had on the Department's access to funding streams?
 - d. How has the implementation of CORE affected staff workload?
 - e. Do you anticipate that CORE implementation will result in the need for a permanent increase in staff? If so, indicate whether the Department is requesting additional funding for FY 2016-17 to address it.
4. If the Department receives federal funds of any type, please provide a detailed description of any federal sanctions for state activities of which the Department is already aware. In addition, please provide a detailed description of any sanctions that MAY be issued against the Department by the federal government during FFY 2015-16.
5. Does the Department have any outstanding high priority recommendations as identified in the "Annual Report of Audit Recommendations Not Fully Implemented" that was published by the State Auditor's Office and dated October 2015 (link below)? What is the department doing to resolve the outstanding high priority recommendations?

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6. Is the department spending money on public awareness campaigns related to marijuana? How is the department working with other state departments to coordinate the campaigns?
7. Based on the Department's most recent available record, what is the FTE vacancy rate by

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

8. For FY 2014-15, do any line items in your Department have reversions? If so, which line items, which programs within each line item, and for what amounts (by fund source)? What are the reasons for each reversion? Do you anticipate any reversions in FY 2015-16? If yes, in which programs and line items do you anticipate this reversions occurring? How much and in which fund sources do you anticipate the reversion being?
9. Are you expecting an increase in federal funding with the passage of the FFY 2015-16 federal budget? If yes, in which programs and what is the match requirement for each of the programs?
10. For FY 2014-15, did your department exercise a transfer between lines that is allowable under state statute? If yes, between which line items and programs did this transfer occur? What is the amount of each transfer by fund source between programs and/or line items? Do you anticipate transfers between line items and programs for FY 2015-16? If yes, between which line items/programs and for how much (by fund source)?

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

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