

**CHANGE REQUEST for FY 2009-10 BUDGET REQUEST CYCLE**

Department:	Higher Education
Priority Number:	DI - 1
Change Request Title:	Allocations for the College Opportunity Fund, Local District Colleges, and the Area Vocational Schools

**SELECT ONE (click on box):**

- Decision Item FY 2009-10
- Base Reduction Item FY 2009-10
- Supplemental Request FY 2008-09
- Budget Request Amendment FY 2009-10

**SELECT ONE (click on box):**

Supplemental or Budget Request Amendment Criterion:

- Not a Supplemental or Budget Request Amendment
- An emergency
- A technical error which has a substantial effect on the operation of the program
- New data resulting in substantial changes in funding needs
- Unforeseen contingency such as a significant workload change

Short Summary of Request:

The Department of Higher Education requests \$34,065,864 General Fund and \$32,791,429 reappropriated funds in FY 2009-10 (General Fund for the College Opportunity Fund Program, local district colleges, and the area vocational schools and reappropriated funds for the governing boards). The allocations to the governing boards will be distributed through the College Opportunity Fund program through stipends and fee for service contract payments. In line with the statutory requirements to increase the stipend amount by at least inflation each year, the Department requests a 3.7 percent inflationary increase in the stipend per credit hour from \$92 in FY 2008-09 to \$95 in FY 2009-10. This increase is based on the current calendar year 2008 inflation estimate rounded to the nearest dollar. This equates to a per student FTE stipend amount in FY 2009-10 of \$2,850 for 30 credit hours.

The following chart shows how the total request amount would be split among the governing boards, area vocational schools, the local district colleges, and College Opportunity Fund stipends to participating private institutions:

**FY 2009-10 Department of Higher Education Request**

<b>Governing Board</b>	<b>FY 2009-10 Request</b>
Adams State College	\$651,151
Mesa State College	\$1,145,520
Metro State College	\$2,564,034
Western State College	\$546,819
Colorado State University System	\$6,802,449
Fort Lewis College	\$604,105
University of Colorado System	\$10,444,211
Colorado School of Mines	\$967,165
University of Northern Colorado	\$2,057,171
Colorado Community College System	\$7,008,804
<b>Governing Board Total</b>	<b>\$32,791,429</b>
Area Vocational Schools	\$526,520
Local District Colleges	\$587,940
College Opportunity Fund Private Institution Stipends	\$159,975
<b>Total</b>	<b>\$34,065,864</b>

Background and Appropriation History:

The College Opportunity Fund established a new funding system for the Department of Higher Education and Colorado’s public institutions of higher education as stipulated in Section 23-18-101, et. seq. C.R.S. (2008). Private institutions in Colorado may also apply to participate in the program provided they meet eligibility requirements and enter into a performance contract with the Department. Currently, there are two private institutions participating in the College Opportunity Fund program – the University of Denver and Regis University. Colorado Christian University is expected to apply as a result of the recent decision by the U. S. Court of Appeals that over-ruled the Colorado Commission on Higher Education’s 2006 decision denying Colorado Christian University’s application due to its “pervasively sectarian” character. The increase requested for stipends at privately participating institutions is \$159,975 General Fund in FY 2009-10, of this amount \$123,975 General Fund is anticipated to cover stipends at Colorado Christian University should they participate. In the event Colorado Christian

University does not participate in the program or has less than the projected 87 eligible students and therefore earns less in private stipends, remaining funds should be allocated to the governing boards via the funding model. This model is described in the *Assumptions for Calculations* section below.

The College Opportunity Fund stipend is available to any eligible resident undergraduate student attending one of the participating public institutions. In general, students may receive stipends for 145 credit hours of coursework, although processes are in place to allow students to receive additional stipends for good cause. At public institutions, the stipend is not tied to income criteria and is not considered financial aid; however, in order for a student to be eligible for a stipend at a participating private institution, the student must be eligible for a federal Pell grant and their stipends are therefore considered financial aid.

The College Opportunity Fund program created a mechanism to allow higher education tuition to not count against the revenue limit established in the Taxpayer's Bill of Rights (TABOR or Article X, Section 20 of the Colorado Constitution). In FY 2008-09, the stipend was set at \$2,760 per full time student (FTE) - defined as a 30 credit hour load over a year. Overall, the FY 2008-09 Long Bill (HB08-1375) appropriated stipends to public institutions of higher education in the amount of \$343,214,280 General Fund to cover 124,353 FTE. The FY 2008-09 Long Bill also appropriated \$1,104,000 General Fund in stipends to participating private institutions to cover 800 FTE (Note: the stipend amount at private institutions is equal to one half the amount provided for students at public institutions).

In addition to the stipend mechanism, the College Opportunity Fund program allows the Department, on behalf of the state, to negotiate fee-for-service contracts with each governing board to purchase those services not funded through the stipend portion of the program. As outlined in Section 23-5-130 (2), C.R.S. (2008), these services primarily include graduate education, specialized education services, rural education career development and retraining, and economic development and preservation. Like stipend payments, the amounts provided to each governing board to deliver these services are

outside of the TABOR revenue limit because each service purchased represents an arms-length transaction and a direct market exchange. These contracts are not considered state grants. For FY 2008-09, the HB 08-1375 provides \$335,557,604 to the Department for the purchase of services through this mechanism.

The following table breaks out each institutions total College Opportunity Fund allocation and split between stipends and fee for service contracts in FY 2008-09:

	FY 2008-09 COF Stipends	FY 2008-09 Fee-For-Service Contracts	FY 2008-09 Total
ASC	\$3,806,040	\$10,802,409	\$14,608,449
MSC	\$12,226,800	\$11,778,807	\$24,005,607
MSCD*	\$43,986,120	\$5,727,292	\$49,713,412
WSC	\$4,002,000	\$8,171,017	\$12,173,017
CSU System**	\$53,865,172	\$93,026,340	\$146,891,512
FLC	\$7,087,680	\$5,648,650	\$12,736,330
CU System	\$77,525,640	\$131,573,809	\$209,099,449
CSM	\$7,429,920	\$15,807,466	\$23,237,386
UNC	\$21,804,000	\$22,282,311	\$44,086,311
CCCS*	\$111,581,280	\$30,739,503	\$142,320,783
<b>Total</b>	<b>\$343,314,652</b>	<b>\$335,557,604</b>	<b>\$678,872,256</b>

\*Includes additional stipends funding from SB08-079

\*\*Includes additional stipend funding from SB08-166

This request also seeks General Fund increases for the Local District Community Colleges (Aims Community College and Colorado Mountain College) and the Area Vocational Schools (Emily Griffin Opportunity School, Delta Montrose Area Vocational School, Pickens Tech, and the San Juan Basin Technical College). In FY 2008-09 the General Assembly allocated \$15,890,257 General Fund and \$11,202,546 General Fund, respectively, to the Local District Community Colleges and the Area Vocational Schools.

General Description of Request:

The Department of Higher Education requests \$34,065,864 General Fund and \$32,791,429 reappropriated funds in FY 2009-10 (General Fund for the College Opportunity Fund Program, local district colleges, and the area vocational schools and reappropriated funds for the governing boards). The allocation for the governing boards will be distributed through the College Opportunity Fund program through stipends and fee for service contract payments. In line with the statutory requirements to increase the stipend amount by at least inflation each year, the Department recommends a 3.7 percent increase in the stipend per credit hour from \$92 in FY 2008-09 to \$95 in FY 2009-10. This increase is based on the current calendar year 2008 inflation estimate rounded to the nearest dollar. This equates to a per student FTE stipend amount in FY 2009-10 of \$2,850.

Of the amount above, \$32,791,429 General Fund is to be distributed to the governing boards through the College Opportunity Fund program via reappropriated funds, \$526,520 General Fund is allocated to the Area Vocational Schools, \$587,940 General Fund is allocated to the Local District Community Colleges, and \$159,975 General Fund is set aside to cover the increased private institution stipend amount and the anticipated inclusion of Colorado Christian University as a private institution participating in the College Opportunity Fund program.

Consequences if Not Funded:

No increase in funding will result in Colorado's institutions of higher education being funded at an even lower level compared to their national peers. Updates to a 2006 analysis conducted by the National Center for Higher Education Management Systems (NCHEMS), a well-established private nonprofit organization, showed that Colorado institutions of higher education are funded at a level equivalent to two thirds of the average level of funding given to comparable institutions nationwide on an annual basis. The College Opportunity Fund program creates a mechanism to allow higher education tuition not to count against the TABOR limit, thereby creating greater flexibility for the institutions of higher education. Without the requested increase of \$34,065,864 General

Fund in FY 2009-10, Colorado's public institutions of higher education will likely fall farther behind their peers in terms of relative funding.

Calculations for Request:

<b>Summary of Request FY 2009-10 and FY 2010-11</b>	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
Total Request	\$66,857,293	\$34,065,864	\$0	\$32,791,429	\$0	0.0
(4) College Opportunity Fund Program (A) Stipends state institutions	\$11,195,043	\$11,195,043	\$0	\$0	\$0	0.0
(4) College Opportunity Fund Program (A) Stipends private institutions	\$159,975	\$159,975	\$0	\$0	\$0	0.0
(4) College Opportunity Fund Program (B) Fee-for-service Contracts with State Institutions	\$21,596,386	\$21,596,386	\$0	\$0	\$0	0.0
(5) GOVERNING BOARDS (A) Trustees of Adams State College	\$651,151	\$0	\$0	\$651,151	\$0	0.0
(5) GOVERNING BOARDS (B) Trustees of Mesa State College	\$1,145,520	\$0	\$0	\$1,145,520	\$0	0.0
(5) GOVERNING BOARDS (C) Trustees of Metropolitan State College of Denver	\$2,564,034	\$0	\$0	\$2,564,034	\$0	0.0
(5) GOVERNING BOARDS (D) Trustees of Western State College	\$546,819	\$0	\$0	\$546,819	\$0	0.0
(5) GOVERNING BOARDS (E) Board of Governors of the Colorado State University System	\$6,802,449	\$0	\$0	\$6,802,449	\$0	0.0

<b>Summary of Request FY 2009-10 and FY 2010-11</b>	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
(5) GOVERNING BOARDS (F) Trustees of Fort Lewis College	\$604,105	\$0	\$0	\$604,105	\$0	0.0
(5) GOVERNING BOARDS (G) Regents of the University of Colorado	\$10,444,211	\$0	\$0	\$10,444,211	\$0	0.0
(5) GOVERNING BOARDS (H) Trustees of the Colorado School of Mines	\$967,165	\$0	\$0	\$967,165	\$0	0.0
(5) GOVERNING BOARDS (I) University of Northern Colorado	\$2,057,171	\$0	\$0	\$2,057,171	\$0	0.0
(5) GOVERNING BOARDS (J) State Board for Community Colleges and Occupational Education State System Community Colleges	\$7,008,804	\$0	\$0	\$7,008,804	\$0	0.0
(6) LOCALDISTRICT JUNIOR COLLEGE GRANTS PURSUANT TO SECTION 23-71-301. C.R.S.	\$587,940	\$587,940	\$0	\$0	\$0	0.0
(7) DIVISION OF PRIVATE OCCUPATIONAL EDUCATION (C ) Area Vocational School Support	\$526,520	\$526,520	\$0	\$0	\$0	0.0

The Overall Model Assumptions Table below provides inputs to the “FY 2009-10 Institutions of Higher Education Allocation Model” that is identified on the following page (page 9).

<b>Overall Model Assumptions Table:</b>		Part
Total General Fund Request	\$34,065,864	
Private Stipend increase		
Available General Fund for Model allocation	\$	I
Denver-Boulder-Greeley CPI - OSPB inflation	3.70%	II
% Growth in Resident Tuition Revenue plus available General Fund	6.32%	III
Tiered Resident Tuition Rate Increases		
Research Universities	9.00%	IV
State Colleges	7.00%	V
Community Colleges	5.00%	VI
Non-resident tuition increases up to discretion of governing boards		



STATE OF COLORADO FY 2009-10 BUDGET REQUEST CYCLE: Department of Higher Education

Comp.	FY 2009-10 Institutions of Higher Education Allocation Model												Part	Part Description <3>
	Adams	Mesa	Metro <1>	Western	CSU <1>	Ft Lewis	CU <2>	Mines	UNC	CC <1>	Total			
1	Base General Fund Appropriation FY 2008-09	\$14,608,449	\$24,005,607	\$49,713,412	\$12,173,017	\$146,891,512	\$12,736,330	\$228,043,165	\$23,237,386	\$44,086,311	\$142,320,783	\$697,815,972	a	a = FY 08-09 Appropriation (with <1> and <2>)
	Upfront Inflationary Adjustment 3.7%	\$540,513	\$888,207	\$1,839,396	\$450,402	\$5,434,986	\$471,244	\$8,437,597	\$859,783	\$1,631,194	\$5,265,869	\$25,819,191	b	b = a * II
	Area Vocational Schools Increase =>											\$526,520	c	c = r * \$11,202,546
	Local District Junior College Increase =>											\$587,940	d	d = \$15,890,257 * II
2	Resident FTE Gap											\$3,486,119	e	e = I - b - c - d
	Percentage of Gap	0.46%	3.16%	12.17%	0.52%	19.86%	1.53%	36.50%	1.09%	6.88%	17.83%	100.00%	f	f = NCHEMS Resident FTE % Gap
	General Fund Increase	\$16,050	\$110,316	\$424,377	\$18,038	\$692,350	\$53,227	\$1,272,521	\$37,985	\$239,814	\$621,441	\$3,486,119	g	g = e * f
3	Tuition - General Fund Balance Increase											\$3,486,119	h	h = I - b - c - d
	Base FY 2008-09 General Fund	\$14,608,449	\$24,005,607	\$49,713,412	\$12,173,017	\$146,891,512	\$12,736,330	\$228,043,165	\$23,237,386	\$44,086,311	\$142,320,783	\$697,815,972	i	i = FY 08-09 Appropriation (with <1> and <2>)
	Base Resident Tuition FY 2008-09 Appropriation	\$4,917,565	\$19,740,816	\$46,627,706	\$4,704,785	\$109,401,707	\$8,202,221	\$280,026,965	\$30,431,603	\$38,609,871	\$117,856,313	\$660,519,552	j	j = FY 08-09 Appropriated Resident Tuition Revenue (with <1>)
	Total Resident Tuition and GF Base	\$19,526,014	\$43,746,423	\$96,341,118	\$16,877,802	\$256,293,219	\$20,938,551	\$508,070,130	\$53,668,989	\$82,696,182	\$260,177,096	\$1,358,335,524	k	k = i + j
	Total New Funds (GF + Tuition)	\$1,233,947	\$2,764,557	\$6,088,281	\$1,066,593	\$16,196,462	\$1,323,213	\$32,107,515	\$3,391,614	\$5,225,989	\$16,441,903	\$85,840,074	l	l = k * III
	New Resident Tuition Ability (5.0% -9.0%)	\$344,230	\$1,381,857	\$3,263,939	\$329,335	\$9,846,154	\$574,155	\$25,202,427	\$2,738,844	\$3,474,888	\$5,892,816	\$53,048,646	m	m = j * Resident Tuition Rate (IV, V, or VI)
	New GF	\$889,717	\$1,382,700	\$2,824,342	\$737,259	\$6,350,308	\$749,057	\$6,905,088	\$652,770	\$1,751,101	\$10,549,088	\$32,791,429	n	n = l - m
	General Fund Proportion %	2.71%	4.22%	8.61%	2.25%	19.37%	2.28%	21.06%	1.99%	5.34%	32.17%	100.00%	o	o = governing board "n" / total "n"
	Tuition - General Fund Balance Increase	\$94,588	\$146,997	\$300,261	\$78,379	\$675,113	\$79,634	\$734,093	\$69,397	\$186,163	\$1,121,494	\$3,486,119	p	p = h * o
	Sum of 3	Total General Fund (Governing Boards)	\$ 651,151	\$ 1,145,520	\$ 2,564,034	\$ 546,819	\$ 6,802,449	\$ 604,105	\$ 10,444,211	\$ 967,165	\$ 2,057,171	\$ 7,008,804	\$ 32,791,429	q
Percent of General Fund increase		4.46%	4.77%	5.16%	4.49%	4.63%	4.74%	4.99%	4.16%	4.67%	4.92%	4.70%	r	r = q / a
Percent of General Fund and Res tuition increase		5.10%	5.78%	6.05%	5.19%	6.50%	5.63%	7.29%	6.91%	6.69%	4.96%	6.32%	s	s = (m + q) / k
Percent of Available General Fund		1.99%	3.49%	7.82%	1.67%	20.74%	1.84%	31.85%	2.95%	6.27%	21.37%	100.00%	t	t = governing board "q" / total "q"

<1> Includes HB 08-1375, SB 08-79 (appropriation to Metro and Community College), and SB 08-166 (appropriation to governing boards allocated to CSU System).

<2> Includes HB 08-1375 Tobacco Settlement funding in CU Systems General Fund base (\$18,943,716).

<3> Some references here are made to Overall Model Table Assumptions "Parts".

<b>Share of NCHEMS Gap Analysis by Governing Board</b>	
<b>Governing Board</b>	<b>Percentage of Resident Gap</b>
<b>CU System</b>	36.502511%
<b>CSU System</b>	19.860186%
<b>CCCS</b>	17.826155%
<b>WSC</b>	0.517430%
<b>CSM</b>	1.089599%
<b>UNC</b>	6.879125%
<b>ASC</b>	0.460394%
<b>MSC</b>	3.164425%
<b>MSCD</b>	12.173338%
<b>FLC</b>	1.526837%
<b>Total</b>	<b>100.000000%</b>

The “Share of NECHEMS Gap Analysis by Governing Board” table provided here ties to part “f” from the “FY 2009-10 Institutions of Higher Education Allocation Model” on the previous page (page 9).

STATE OF COLORADO FY 2009-10 BUDGET REQUEST CYCLE: Department of Higher Education

FY 2009-10 Projected College Opportunity Fund Stipend / Fee For Service Contract Split by Governing Board											
	FY 2008-09 COF Stipends	FY 2008-09 FTE	FY 2008-09 Fee For Service Contracts	FY08-09 Total	FY 2009-10 per FTE Stipend	FY 2009-10 Stipend	FY 2009-10 Stipend Increase	FY 2009-10 Fee For Service Contracts	FY 2009-10 Fee For Service Increase	FY 2009-10 Requested Increase	FY 2009-10 Total Allocation
ASC	3,806,040	1,379	10,802,409	14,608,449	2,850	3,930,150	124,110	11,329,450	527,041	651,151	15,259,600
MSC	12,226,800	4,430	11,778,807	24,005,607	2,850	12,625,500	398,700	12,525,627	746,820	1,145,520	25,151,127
MSCD*	43,986,120	15,937	5,727,292	49,713,412	2,850	45,420,450	1,434,330	6,856,996	1,129,704	2,564,034	52,277,446
WSC	4,002,000	1,450	8,171,017	12,173,017	2,850	4,132,500	130,500	8,587,336	416,319	546,819	12,719,836
CSU System**	53,865,172	19,516	93,026,340	146,891,512	2,850	55,621,645	1,756,473	98,072,316	5,045,976	6,802,449	153,693,961
FLC	7,087,680	2,568	5,648,650	12,736,330	2,850	7,318,800	231,120	6,021,635	372,985	604,105	13,340,435
CU System	77,525,640	28,089	131,573,809	209,099,449	2,850	80,053,650	2,528,010	139,490,010	7,916,201	10,444,211	219,543,660
CSM	7,429,920	2,692	15,807,466	23,237,386	2,850	7,672,200	242,280	16,532,351	724,885	967,165	24,204,551
UNC	21,804,000	7,900	22,282,311	44,086,311	2,850	22,515,000	711,000	23,628,482	1,346,171	2,057,171	46,143,482
CCCS*	111,581,280	40,428	30,739,503	142,320,783	2,850	115,219,800	3,638,520	34,109,787	3,370,284	7,008,804	149,329,587
<b>Total</b>	<b>343,314,652</b>		<b>335,557,604</b>	<b>678,872,256</b>		<b>354,509,695</b>	<b>11,195,043</b>	<b>357,153,990</b>	<b>21,596,386</b>	<b>32,791,429</b>	<b>711,663,685</b>
*Includes additional stipend funding from SB08-079											
**Includes additional stipend funding from SB08-166											

The table above illustrates the stipend increase from FY 2008-09 to FY 2009-10. As is noted in the “Assumptions and Calculations” section of the narrative, flat enrollment is included in this submission which shall be updated following the Spring Census, via a stand alone budget amendment.

The following page illustrates the College Opportunity Fund stipend and fee-for-service allocations from a stipend and fee-for-service view only (intended to assist in tracking the requested changes in letternote revised text for the governing boards).

STATE OF COLORADO FY 2009-10 BUDGET REQUEST CYCLE: Department of Higher Education

Governing Boards (Stipend and Fee-for-Service)	FY 2008-09				Request	FY 2009-10
	LONG BILL - HB 08-1375	SB 08-166	SB 08-79	Total FY 08-09	Increase	Total FY 09-10
<b>Adams State College</b>	<b>\$14,608,449</b>	<b>\$0</b>	<b>\$0</b>	<b>\$14,608,449</b>	<b>\$651,151</b>	<b>\$15,259,600</b>
Stipend	\$3,806,040	\$0	\$0	\$3,806,040	\$124,110	\$3,930,150
Fee-for-service	\$10,802,409	\$0	\$0	\$10,802,409	\$527,041	\$11,329,450
<b>Mesa State College</b>	<b>\$24,005,607</b>	<b>\$0</b>	<b>\$0</b>	<b>\$24,005,607</b>	<b>\$1,145,520</b>	<b>\$25,151,127</b>
Stipend	\$12,226,800	\$0	\$0	\$12,226,800	\$398,700	\$12,625,500
Fee-for-service	\$11,778,807	\$0	\$0	\$11,778,807	\$746,820	\$12,525,627
<b>Metro State College</b>	<b>\$49,644,412</b>	<b>\$0</b>	<b>\$69,000</b>	<b>\$49,713,412</b>	<b>\$2,564,034</b>	<b>\$52,277,446</b>
Stipend	\$43,917,120	\$0	\$69,000	\$43,986,120	\$1,434,330	\$45,420,450
Fee-for-service	\$5,727,292	\$0	\$0	\$5,727,292	\$1,129,704	\$6,856,996
<b>Western State College</b>	<b>\$12,173,017</b>	<b>\$0</b>	<b>\$0</b>	<b>\$12,173,017</b>	<b>\$546,819</b>	<b>\$12,719,836</b>
Stipend	\$4,002,000	\$0	\$0	\$4,002,000	\$130,500	\$4,132,500
Fee-for-service	\$8,171,017	\$0	\$0	\$8,171,017	\$416,319	\$8,587,336
<b>Colorado State University System</b>	<b>\$146,862,900</b>	<b>\$28,612</b>	<b>\$0</b>	<b>\$146,891,512</b>	<b>\$6,802,449</b>	<b>\$153,693,961</b>
Stipend	\$53,836,560	\$28,612	\$0	\$53,865,172	\$1,756,473	\$55,621,645
Fee-for-service	\$93,026,340	\$0	\$0	\$93,026,340	\$5,045,976	\$98,072,316
<b>Fort Lewis College</b>	<b>\$12,736,330</b>	<b>\$0</b>	<b>\$0</b>	<b>\$12,736,330</b>	<b>\$604,105</b>	<b>\$13,340,435</b>
Stipend	\$7,087,680	\$0	\$0	\$7,087,680	\$231,120	\$7,318,800
Fee-for-service	\$5,648,650	\$0	\$0	\$5,648,650	\$372,985	\$6,021,635
<b>University of Colorado System</b>	<b>\$209,099,449</b>	<b>\$0</b>	<b>\$0</b>	<b>\$209,099,449</b>	<b>\$10,444,211</b>	<b>\$219,543,660</b>
Stipend	\$77,525,640	\$0	\$0	\$77,525,640	\$2,528,010	\$80,053,650
Fee-for-service	\$131,573,809	\$0	\$0	\$131,573,809	\$7,916,201	\$139,490,010
<b>Colorado School of Mines</b>	<b>\$23,237,386</b>	<b>\$0</b>	<b>\$0</b>	<b>\$23,237,386</b>	<b>\$967,165</b>	<b>\$24,204,551</b>
Stipend	\$7,429,920	\$0	\$0	\$7,429,920	\$242,280	\$7,672,200
Fee-for-service	\$15,807,466	\$0	\$0	\$15,807,466	\$724,885	\$16,532,351
<b>University of Northern Colorado</b>	<b>\$44,086,311</b>	<b>\$0</b>	<b>\$0</b>	<b>\$44,086,311</b>	<b>\$2,057,171</b>	<b>\$46,143,482</b>
Stipend	\$21,804,000	\$0	\$0	\$21,804,000	\$711,000	\$22,515,000
Fee-for-service	\$22,282,311	\$0	\$0	\$22,282,311	\$1,346,171	\$23,628,482
<b>Colorado Community College System</b>	<b>\$142,318,023</b>	<b>\$0</b>	<b>\$2,760</b>	<b>\$142,320,783</b>	<b>\$7,008,804</b>	<b>\$149,329,587</b>
Stipend	\$111,578,520	\$0	\$2,760	\$111,581,280	\$3,638,520	\$115,219,800
Fee-for-service	\$30,739,503	\$0	\$0	\$30,739,503	\$3,370,284	\$34,109,787
<b>Governing Board Total</b>	<b>\$678,771,884</b>	<b>\$28,612</b>	<b>\$71,760</b>	<b>\$678,872,256</b>	<b>\$32,791,429</b>	<b>\$711,663,685</b>
Stipend	\$343,214,280	\$28,612	\$71,760	\$343,314,652	\$11,195,043	\$354,509,695
Fee-for-service	\$335,557,604	\$0	\$0	\$335,557,604	\$21,596,386	\$357,153,990

Note: This chart does not include reappropriated funds in HB 08-1375 related to grants to certain governing boards that are described in the Schedule-13 letternotes. These splits tie to the stipend and fee-for-service letternote allocations on the Schedule 13 only.

Assumptions for Calculations:

Below is the funding methodology to determine the allocation of new state dollars in FY 2009-10. There are three component parts to this funding model (on page 9):

1. Inflationary Adjustment – Governing boards receive an inflationary adjustment on their College Opportunity Fund stipend and fee-for-service appropriation (and tobacco settlement moneys for the CU Health Sciences Center) based on the most current Office of State Planning and Budgeting inflation estimate for calendar year 2008. The current estimate is 3.7 percent.
2. NCHEMS Gap Closure – After adjusting for inflation, any remaining funds are split 50/50 between the second and third components in the model. This component then allocates these funds based on each governing board’s share of the NCHEMS resident FTE gap (i.e., a governing board with 10 percent of gap would receive 10 percent of this portion of the allocation.
3. Tuition Backfill – The third component allocates the other half of the funds remaining after the inflationary adjustment in a manner that balances out each governing board’s ability to raise resident tuition revenue due to the historical limitations included in the Long Bill footnotes. The model assumes that resident tuition rates will increase 5%, 7%, and 9% at the community colleges, four year institutions, and the research institutions, respectively.

Each governing board then receives the total of their respective three component parts.

The Department requests the Area Vocational School receive the same percentage increase in new General Fund as the governing boards. This equates to a 4.7% increase on their FY 2008-09 appropriation.

The Department requests the Local District Junior Colleges only receive an inflationary adjustment of 3.7% to their FY 2008-09 base appropriation because, according to the

NCHEMS funding study, these institutions are funded at a level higher than the peer average.

Finally, \$159,975 General Fund is set aside to cover College Opportunity Fund stipends at the participating private institutions:

- Current Appropriation: 800 FTE at \$1380 per FTE = \$1,104,000
- FY 2009-10 Appropriation: 800 FTE at \$1425 per FTE = \$1,140,000 (\$36,000 increase)
- FY 2009-10 Placeholder for Colorado Christian University = \$123,975

The Department assumes stipend eligible enrollment will not change from the FY 2008-09 projections and, therefore, the changes in the overall stipend amount at each institution is due to the increase from \$92 to \$95 per credit hour. Each February, the Department receives spring census enrollment data and, based on this data, an adjustment to the stipend/fee for service split at the governing boards may be required. In the event this is required, the necessary adjustments can be made during Joint Budget Committee figure setting during the 2009 General Assembly. These changes would not impact the overall request for each governing board. Further an adjustment may be necessary on March 20<sup>th</sup>, 2009 when the final CY 2008 inflation is set. Any change to the inflation estimate would impact the allocations to the governing boards, area vocational schools, and the local district colleges.

Impact on Other Government Agencies:

Increased College Opportunity Fund funding and additional funding for the Local District Community Colleges and the Area Vocational Schools should require no additional full-time employees or administrative costs to the Department of Higher Education or higher education institutions.

Cost Benefit Analysis:

The College Opportunity Fund program (both stipends and fee for service contracts) will help Colorado institutions of higher education maintain reasonable tuition rates to these students. Without these stipends, barriers to higher education access for Colorado residents would be much higher. The myriad economic and social benefits of higher

education have been well documented, and providing increased access to higher education for over 130,000 students through the College Opportunity Fund Program is therefore vital.

Implementation Schedule:

Task	Month/Year
Start-Up Date	July 2009

Statutory and Federal Authority:

This request is consistent with the directive in, Section 23-18-201, C.R.S. (2008) Section 23-18-202 (2) (c), C.R.S (2008), and Section 23-5-129 (5) (a), C.R.S (2008).

Section 23-18-201, C.R.S (2008). *There is hereby created in the department of higher education the college opportunity fund program, which shall be administered by the Colorado student loan program. The college opportunity fund, created in section 23-18-202, shall be a trust fund for the benefit of eligible undergraduate students. It shall consist of a stipend for each undergraduate student in Colorado who applies for the stipend and who is admitted and registers to attend a state or participating private institution of higher education and is determined to be eligible by the Colorado student loan program to receive a stipend. An eligible undergraduate student may use the stipend for undergraduate courses and graduate-level courses that apply toward the student's undergraduate degree that are taken at a state or participating private institution of higher education at a fixed rate per credit hour, set annually by the general assembly.*

Section 23-18-202 (2) (c), C.R.S. (2008) *The commission shall forward to the general assembly and the governor, by November 1 of each year, a list of institutions eligible to receive stipends on behalf of eligible undergraduate students under the program. The*

*commission shall annually request that the general assembly adjust the amount appropriated to the Colorado student loan program for the stipends to reflect at least inflation enrollment growth in the state institutions of higher education.*

*Section 23-5-129 (5) (a), C.R.S (2008), Beginning January 2006, and each January thereafter, the department of higher education shall report to the members of the education committees of the senate and the house of representatives and the members of the joint budget committee of the general assembly the financial effect of the provisions of each performance contract with regard to funding for the affected governing board of a state institution of higher education and overall funding for the statewide system of higher education, any exemptions granted pursuant to subsection (4) of this section, and a review of each state or private institution's operations under the institution's performance contract. The term of a performance contract may be up to ten years. The department of higher education may renew a performance contract at its discretion, with the agreement of the governing board.*



Performance Measures:

<i>DHE Objective</i>	<i>Key Measure: Outcomes</i>		<i>Benchmark/Actual</i>			
			<i>FY 06-07</i>	<i>FY 07-08</i>	<i>FY 08-09 Appropriated</i>	<i>FY 09-10 Request</i>
Achieve adequate funding for higher education over the next several years based upon the NCHEMS Peer Gap Analysis	Reach peer revenue parity in an agreed upon timeframe	<i>B</i>	100%	100%	100%	100%
		<i>A</i>	66.25%	TBD*		
coordinated and coherent system; measures of performance and outcomes	double degrees and certificates	<i>B</i>	N/A	N/A	75,000	75,000
		<i>A</i>	40,300	40,482		

\*FY07-08 peer data available July 2009.