



Cost and FTE

- The Department of Higher Education requests an increase of \$73.1 million General Fund (\$129.9 million Total Funds) to increase affordability for students and families and to improve outcomes for low-income students.

Current Program

- Over 205,000 Colorado residents are enrolled in 2 and 4 year public institutions. Two and four year institutions awarded over 59,000 post-secondary credentials in 2015.
- Past studies have shown Colorado public higher education institutions to be among the most productive and efficient in the nation.
- In 2014 the General Assembly passed HB14-1319, a performance funding allocation system which funds institutions based on performance outcomes including degrees completed, student retention, STEM degrees, and number of low-income (Pell) students.
- SB14-001 made significant General Fund investments in Colorado public higher education and financial aid, capping resident tuition increases at 6.0 percent for FY 2014-15 and FY 2015-16. State funding increases were flat for FY 2016-17 and the FY 2017-18 appropriation provided a modest funding increase of \$20.5 million.
- The 2017 CCHE Master Plan seeks to respond to workforce demand for credentials, erase equity gaps, improve student success, and improve college affordability.

Problem or Opportunity

- Since FY 2011-12, tuition increases have averaged 7.4 percent a year at four-year schools, increasing over 44 percent in total. In contrast, median income grew only 18 percent during this time.
- Adding funding for inflation and health care costs for Colorado's public colleges and universities will help moderate tuition increases. Base funding increases, along with a tuition buy-down, funding for low-income student degree attainment, and an increase of over 8.5 percent for student financial aid, will increase affordability for resident undergraduate students and their families.

Consequences of Problem

- If tuition increases continue at the current pace, in four years tuition will be over 22% higher than current levels. Such increases could hinder affordability and discourage many students from attending college. Colorado needs to increase its post-secondary credentials in order to meet future workforce demand.

Proposed Solution

- The requested increase of \$73.1 million General Fund increased affordability for Colorado students by holding down tuition increases, increasing financial aid to low-income students, and funding improved outcomes for low-income students. The request is calculated based on the goal of limiting tuition increases to no more than 3.0 percent for Colorado resident undergraduate students.

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Schedule 13

Funding Request for the FY 2018-19 Budget Cycle

Department of Higher Education

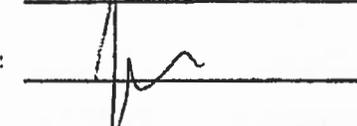
Request Title

R-01 Improving College Affordability and Outcomes

Dept. Approval By: 

Supplemental FY 2017-18

Change Request FY 2018-19

OSPB Approval By: 

Budget Amendment FY 2018-19

Summary Information	Fund	FY 2017-18		FY 2018-19		FY 2019-20
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation*
Total		\$4,040,034,257	\$0	\$4,040,034,257	\$129,809,560	\$144,705,405
FTE		24,831.9	0.0	24,831.9	0.0	0.0
Total of All Line Items Impacted by Change Request	GF	\$840,890,349	\$0	\$840,890,349	\$73,065,843	\$144,705,405
	CF	\$2,535,118,707	\$0	\$2,535,118,707	\$0	\$0
	RF	\$664,025,201	\$0	\$664,025,201	\$56,843,717	\$0
	FF	\$0	\$0	\$0	\$0	\$0

*The out-year FY 2019-20 continuation only captures the GF impact of the request. Funds will be reappropriated to the Governing Boards in FY 2019-20 based on the HB14-1319 performance outcome allocations.

Line Item Information	Fund	FY 2017-18		FY 2018-19		FY 2019-20
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
Total		\$128,466,694	\$0	\$128,466,694	\$11,880,367	\$23,529,576
FTE		0.0	0.0	0.0	0.0	0.0
03. Colorado Commission on Higher Education Financial Aid, (A) Need Based Grants - Needs Based Grants	GF	\$128,281,138	\$0	\$128,281,138	\$11,880,367	\$23,529,576
	CF	\$0	\$0	\$0	\$0	\$0
	RF	\$185,556	\$0	\$185,556	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

Total		\$21,432,328	\$0	\$21,432,328	\$1,980,850	\$3,924,144
FTE		0.0	0.0	0.0	0.0	0.0
03. Colorado Commission on Higher Education Financial Aid, (B) Work Study -- Work Study	GF	\$21,432,328	\$0	\$21,432,328	\$1,980,850	\$3,924,144
	CF	\$0	\$0	\$0	\$0	\$0
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

	Total	\$291,259,844	\$0	\$291,259,844	\$22,986,383	\$78,790,086
	FTE	0.0	0.0	0.0	0.0	0.0
04. College Opportunity Fund	GF	\$291,259,844	\$0	\$291,259,844	\$22,986,383	\$78,790,086
Program, (A) Stipends -- Stipends for Public Students	CF	\$0	\$0	\$0	\$0	\$0
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

	Total	\$1,481,865	\$0	\$1,481,865	\$126,933	\$251,406
	FTE	0.0	0.0	0.0	0.0	0.0
04. College Opportunity Fund	GF	\$1,481,865	\$0	\$1,481,865	\$126,933	\$251,406
Program, (A) Stipends -- Stipends Eligible	CF	\$0	\$0	\$0	\$0	\$0
FTE Students - Private Institutions	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

	Total	\$252,068,162	\$0	\$252,068,162	\$23,607,492	\$23,607,492
	FTE	0.0	0.0	0.0	0.0	0.0
04. College Opportunity Fund	GF	\$252,068,162	\$0	\$252,068,162	\$23,607,492	\$23,607,492
Program, (B) Fee-for-Service Contracts with State Institutions -- Fee-for-Service Contracts With State Institutions	CF	\$0	\$0	\$0	\$0	\$0
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

	Total	\$120,174,679	\$0	\$120,174,679	\$10,249,842	\$10,249,842
	FTE	0.0	0.0	0.0	0.0	0.0
04. College Opportunity Fund	GF	\$120,174,679	\$0	\$120,174,679	\$10,249,842	\$10,249,842
Program, (B) Fee-for-Service Contracts with State Institutions -- Fee-for-Service Contracts/State Institutions/Specialty Educ.	CF	\$0	\$0	\$0	\$0	\$0
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

	Total	\$41,644,400	\$0	\$41,644,400	\$515,204	\$0
05. Governing	FTE	339.5	0.0	339.5	0.0	0.0
Boards, (A) Trustees	GF	\$0	\$0	\$0	\$0	\$0
of Adams State	CF	\$27,384,437	\$0	\$27,384,437	\$0	\$0
University -- Trustees	RF	\$14,259,963	\$0	\$14,259,963	\$515,204	\$0
of Adams State	FF	\$0	\$0	\$0	\$0	\$0
College						

	Total	\$102,178,724	\$0	\$102,178,724	\$2,476,586	\$0
05. Governing	FTE	728.3	0.0	728.3	0.0	0.0
Boards, (B) Trustees	GF	\$0	\$0	\$0	\$0	\$0
of Colorado Mesa	CF	\$76,227,563	\$0	\$76,227,563	\$0	\$0
University -- Trustees	RF	\$25,951,161	\$0	\$25,951,161	\$2,476,586	\$0
of Colorado Mesa	FF	\$0	\$0	\$0	\$0	\$0
University						

	Total	\$183,224,694	\$0	\$183,224,694	\$4,872,837	\$0
05. Governing	FTE	1,392.8	0.0	1,392.8	0.0	0.0
Boards, (C) Trustees	GF	\$0	\$0	\$0	\$0	\$0
of Metropolitan State	CF	\$131,598,091	\$0	\$131,598,091	\$0	\$0
College of Denver --	RF	\$51,626,603	\$0	\$51,626,603	\$4,872,837	\$0
Trustees of	FF	\$0	\$0	\$0	\$0	\$0
Metropolitan State						
College of Denver						

	Total	\$36,488,140	\$0	\$36,488,140	\$958,875	\$0
05. Governing	FTE	250.2	0.0	250.2	0.0	0.0
Boards, (D) Trustees	GF	\$0	\$0	\$0	\$0	\$0
of Western State	CF	\$24,666,243	\$0	\$24,666,243	\$0	\$0
College -- Trustees of	RF	\$11,821,897	\$0	\$11,821,897	\$958,875	\$0
Western State College	FF	\$0	\$0	\$0	\$0	\$0

	Total	\$673,516,057	\$0	\$673,516,057	\$11,741,287	\$0
05. Governing	FTE	5,115.2	0.0	5,115.2	0.0	0.0
Boards, (E) Board of	GF	\$0	\$0	\$0	\$0	\$0
Governors, Colorado	CF	\$534,230,531	\$0	\$534,230,531	\$0	\$0
State University	RF	\$139,285,526	\$0	\$139,285,526	\$11,741,287	\$0
System -- Board of	FF	\$0	\$0	\$0	\$0	\$0
Governors of the						
Colorado State						
University System						

	Total	\$57,601,319	\$0	\$57,601,319	\$425,286	\$0
	FTE	441.4	0.0	441.4	0.0	0.0
05. Governing Boards, (F) Trustees of Fort Lewis College - Trustees of Fort Lewis College	GF	\$0	\$0	\$0	\$0	\$0
	CF	\$45,816,380	\$0	\$45,816,380	\$0	\$0
	RF	\$11,784,939	\$0	\$11,784,939	\$425,286	\$0
	FF	\$0	\$0	\$0	\$0	\$0

	Total	\$1,300,638,695	\$0	\$1,300,638,695	\$18,875,244	\$0
	FTE	8,255.5	0.0	8,255.5	0.0	0.0
05. Governing Boards, (G) Regents of the University Of Colorado -- Regents of the University Of Colorado	GF	\$0	\$0	\$0	\$0	\$0
	CF	\$1,106,320,468	\$0	\$1,106,320,468	\$0	\$0
	RF	\$194,318,227	\$0	\$194,318,227	\$18,875,244	\$0
	FF	\$0	\$0	\$0	\$0	\$0

	Total	\$170,815,394	\$0	\$170,815,394	\$889,569	\$0
	FTE	952.4	0.0	952.4	0.0	0.0
05. Governing Boards, (H) Trustees of the Colorado School of Mines -- Trustees of the Colorado School of Mines	GF	\$0	\$0	\$0	\$0	\$0
	CF	\$149,330,688	\$0	\$149,330,688	\$0	\$0
	RF	\$21,484,706	\$0	\$21,484,706	\$889,569	\$0
	FF	\$0	\$0	\$0	\$0	\$0

	Total	\$159,405,633	\$0	\$159,405,633	\$2,211,148	\$0
	FTE	1,308.0	0.0	1,308.0	0.0	0.0
05. Governing Boards, (I) University of Northern Colorado - University of Northern Colorado	GF	\$0	\$0	\$0	\$0	\$0
	CF	\$119,808,225	\$0	\$119,808,225	\$0	\$0
	RF	\$39,597,408	\$0	\$39,597,408	\$2,211,148	\$0
	FF	\$0	\$0	\$0	\$0	\$0

	Total	\$472,361,987	\$0	\$472,361,987	\$13,877,681	\$0
	FTE	5,848.6	0.0	5,848.6	0.0	0.0
05. Governing Boards, (J) State Board for Comm Colleges and Occupational Ed System -- State Board for Comm. Colleges and Occupational Ed System	GF	\$0	\$0	\$0	\$0	\$0
	CF	\$318,652,772	\$0	\$318,652,772	\$0	\$0
	RF	\$153,709,215	\$0	\$153,709,215	\$13,877,681	\$0
	FF	\$0	\$0	\$0	\$0	\$0

	Total	\$7,833,713	\$0	\$7,833,713	\$624,288	\$1,216,413
	FTE	0.0	0.0	0.0	0.0	0.0
06. Local District	GF	\$7,319,484	\$0	\$7,319,484	\$624,288	\$1,216,413
Junior College Grants	CF	\$514,229	\$0	\$514,229	\$0	\$0
-- Colorado Mountain College	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

	Total	\$9,223,890	\$0	\$9,223,890	\$738,179	\$1,438,328
	FTE	0.0	0.0	0.0	0.0	0.0
06. Local District	GF	\$8,654,810	\$0	\$8,654,810	\$738,179	\$1,438,328
Junior College Grants	CF	\$569,080	\$0	\$569,080	\$0	\$0
-- Aims Community College	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

	Total	\$10,218,039	\$0	\$10,218,039	\$871,509	\$1,698,118
	FTE	0.0	0.0	0.0	0.0	0.0
07. Division of	GF	\$10,218,039	\$0	\$10,218,039	\$871,509	\$1,698,118
Occupational Education, (C) Area	CF	\$0	\$0	\$0	\$0	\$0
Vocational School Support -- Area	RF	\$0	\$0	\$0	\$0	\$0
Vocational School Support	FF	\$0	\$0	\$0	\$0	\$0

CF Letternote Text Revision Required? Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	If Yes, see schedule 4 fund source detail.
RF Letternote Text Revision Required? Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	
FF Letternote Text Revision Required? Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	
Requires Legislation?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
Type of Request?	Department of Higher Education Prioritized Request			
Interagency Approval or Related Schedule 1?	None			



COLORADO

Department of Higher Education

John W. Hickenlooper
Governor

Dr. Kim Hunter Reed
Executive Director

FY 2018-19 Funding Request | November 1, 2017

Department Priority: R-01

Request Detail: Improving College Affordability and Outcomes

Summary of Incremental Funding Change for FY 2018-19	Total Funds	General Fund
Operational Funding Increase for Public Colleges and Universities	\$129,909,560	\$73,065,843

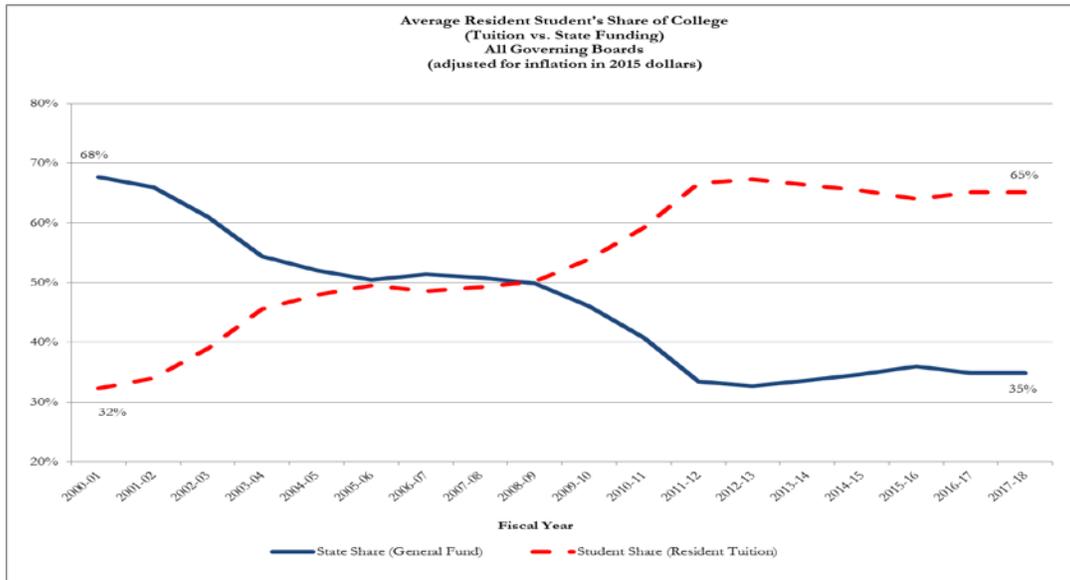
The Department of Higher Education requests \$73.1 million General Fund to cover the General Fund share of minimum cost increases to the cost of college, additional support services to Pell-eligible students, and an additional tuition buy-down to mitigate the rising cost of tuition. This request is comprised of three key components: (1) \$56.8 million General Fund for the General Fund portion of inflationary increases on Education & General expenses (\$15.96 million), employee health benefit increases (\$1.7 million), additional completion incentive funding for Pell-eligible students (\$6.0 million), and funding to buy down tuition to a 3.0 percent increase (\$33.2 million); (2) \$2,233,975 General Fund for the statutorily required calibration increase for Local District Colleges and public Area Technical Colleges, and (3) \$13.9 million General Fund for the financial aid calibration required pursuant to Section 23-3.3-103, C.R.S. and \$126,933 for the Private COF stipend. Of the \$13.9 million General Fund for financial aid, the Department requests \$11.9 million for need-based aid and \$2.0 million for work-study. Of this total request, \$56.8 million will be further reappropriated to the Governing Boards. Thus, the \$73.1 million plus the reappropriated \$56.8 million equals the total funds request of \$129.9 million.

Please note, this request is the first in a multi-year student and family affordability initiative designed to moderate tuition increases across four fiscal years, thereby creating greater predictability on this previously volatile area. The strategic direction embodied in the funding in this request is continued in the out-year annualization of this request into FY 2019-20, and can be annualized out to Fiscal Year 2021-22.

Problem or Opportunity:

College affordability is a significant concern for students, families, and the State of Colorado. Tuition increases over the last five years are substantial, outpacing median family income growth. Tuition increases impact the perception of college affordability, especially as median family incomes lag. As General Fund has been reduced, tuition increases have had to make up the difference – resulting in higher costs for students and families.

As the chart on page 2 reflects, in FY 2000-01, the State covered 68 percent of the cost of college, while students and families picked up 32 percent. By FY 2011-12, those numbers had reversed. This trend has been tempered somewhat by the investments in higher education in FY 2014-15 and FY 2015-16, such that the State pays now for about 35 percent of the cost of college.



Currently, in FY 2017-18 students and families continue to cover approximately two-thirds of the costs while the State pays for the remaining third. In the FY 2017-18 budget, the State was able to maintain the current funding split through a modest increase, but the State was not able to reduce the burden on students and families. The table below shows the tuition levels for the Governing Boards from FY 2011-12 to FY 2017-18.

BOARD/INSTITUTION	FY 11-12	FY 12-13	FY 13-14	FY 14-15	FY 15-16	FY 16-17	FY 17-18
CSU	6,307	6,875	7,494	7,868	8,300	8,716	9,152
CSU Pueblo	4,592	5,494	5,494	5,824	6,159	7,269	7,705
CU Boulder	7,672	8,056	8,760	9,048	9,312	9,768	10,248
CU Co Springs	6,720	7,050	7,470	7,710	7,980	8,280	8,610
CU Denver	6,776	7,980	8,460	8,760	9,090	9,420	9,720
Mines	12,585	13,590	14,400	14,790	15,225	15,690	16,170
Adams	3,312	3,816	4,872	5,160	5,448	5,736	5,736
Western	3,922	4,627	5,275	5,539	5,844	6,312	6,624
Metro	3,809	4,304	4,691	4,973	5,222	5,693	6,062
Colorado Mesa	5,780	6,102	6,438	6,812	7,185	7,572	8,100
Fort Lewis	4,048	4,800	5,232	5,544	5,856	6,360	6,723
UNC	5,300	5,464	5,748	6,024	6,372	6,906	7,374

Four-year Institution Avg	5,902	6,513	7,028	7,338	7,666	8,144	8,519
		-	-	-	-		
Community College Avg.	3,176	3,383	3,585	3,747	3,915	4,107	4,337

Despite increases in median family income coming out of the Great Recession, tuition increases have still outpaced growth in median family income. On average, four-year tuition has increased \$2,617 or 44.3 percent over this period for four-year institutions. Thus, a family’s wages over this time period are not keeping pace with tuition increases.

	FY 2011-12	FY 2017-18	6 Yr. \$ Change	% Change
Tuition 4 Yr	5,902	8,519	2,617	44.3%
Median Family Income	61,788	72,999	11,211	18.1%

As with any service providing entity, public institutions of higher education have fixed costs that they must meet in order to keep their organizations performing at their current level. Unlike other organizations, institutions of higher education have not historically done an adequate job of communicating the root of these costs to their primary funders. As a result, a level of frustration has taken hold with state policy makers, students and their families.

Higher Education Enhanced Accountability and Transparency

This budget request is submitted in the Department’s continuing effort to provide transparency about higher education costs. Like all service providers, public institutions of higher education have fixed costs they must cover in order to keep their organizations functioning. However, in Colorado, these base costs may have not been adequately quantified and communicated to policy makers. As a result, the need for annual revenue increases (whether from General Fund or from tuition) has led to a lack of clarity among policy makers, students, and their families.

2015 Colorado Higher Education Cost Study Shows Colorado Cost Containment

The Department contracted with the National Center for Higher Education Management Systems (NCHEMS) to perform an analysis of higher education costs in Colorado, and how these compared to national costs (“Why Higher Education Costs are What They Are” June 30, 2015). According to the NCHEMS report, the majority of costs at Colorado public institutions of higher education are a direct result of faculty and staff compensation. Remaining costs include supplies and operating expenses (utilities, insurance, office and laboratory supplies, maintenance of plant etc.), interest and depreciation. Among the findings, the study found:

- Colorado institutions have fewer resources to expend on activities designed to fulfill their missions than do other similar institutions elsewhere in the country.
- Colorado institutions are spending an increasing share of their resources on faculty and staff.
- Colorado institutions are more reliant on part-time faculty than their national counterparts.

Colorado Higher Education Core Base Costs

The U.S. Census Bureau's report on State Government employment and payroll data for March 2015 shows that 65 percent of all State of Colorado government employees are working in public higher education. However, the State does not provide a direct increase in funding for these employees for cost-of-living and health, life, and dental insurance through the compensation common policies. These increases are paid either through state funding for operational funding for public colleges and universities (General Fund) or with tuition increases. At a minimum, these costs (e.g., supplies, utilities, employee cost of living increases and benefits) will increase by inflation.

Education and General Expenses are a Base Cost Center

Education and General Expenses (E&G) are a subset of expenses which includes education and related expenses plus state-funded research. At public institutions of higher education these cost centers are primarily funded by two sources: (1) General Fund appropriations from the State, and (2) students and families from tuition.

The US Census Bureau's report on State Government employment and payroll data for March 2015, the most recent data available, shows that 65 percent of all State of Colorado government employees are working in public higher education, resulting in 55 percent of the State's Full-time Equivalent (FTE) employees.¹ However, the State does not provide a direct increase in funding for these employees for cost-of-living and health, life and dental insurance. While it is possible to pass insurance costs on to professors and institutional staff and not pay for salary increases, the academic job market is fluid. For Colorado institutions of higher education to recruit and retain the top researchers and instructors, they must offer competitive compensation. Other states that have seen state funding for higher education drop in recent years have seen an exodus of faculty from public universities.²

According to the Department of Personnel and Administration's June 2016 Workforce file, about one in four (22.6 percent) of the State's classified employees are working at a public institution of higher education. Unlike other state departments, institutions of higher education do not receive annual appropriations for changes to compensation common policies. At a minimum, these costs (e.g., supplies, utilities, employee cost of living increases and benefits) will increase by inflation from FY 2018 to FY 2019. In addition, colleges' contributions to employees' health benefits are projected to increase due to the cost of healthcare. According to the Centers for Medicare and Medicaid Services' National Health Projections, State and Local Government employer contributions to private health insurance premiums for employees are expected to increase by 6.5 percent in FY 2018 and 7.0 percent in FY 2019. These minimum increases to fixed costs – inflation and personnel – are, generally speaking, either picked up by the State in the form of increased operating appropriations, or increased costs to students and families in the form of tuition.

Higher Education Performance Outcomes Model

¹ US Census Bureau, "2015 Annual Survey of Public Employment and Payroll." Web. 21 July 2017. <<http://www.census.gov/govs/apes/>>.

² Gardner, Lee. "Turmoil Raises Specter of Faculty Exodus From Public Colleges." *The Chronicle of Higher Education*. N.p., 19 June 2016. Web. 21 July 2017. <<http://chronicle.com/article/Turmoil-Raises-Specter-of/236854>>.

House Bill 14-1319 requires that the system of public higher education be allocated funding using a performance outcome allocation model. The Department revised the HB14-1319 performance outcomes model following direction given by the JBC in its 2015 RFI and in its June 2015 meeting with the Department. Additionally, the JBC made further adjustments to the model during its FY 2016-17 figure setting deliberations on the Long Bill (HB16-1405). In the FY 2017-18 Governing Board requests were made through this JBC revised model. For FY 2018-19, the request is again made through the JBC revised model.

Proposed Solution:

The Department requests \$73,065,843 General Fund for state-funded institutions of higher education (colleges, universities, local district colleges, and area technical colleges) operating budgets (\$59,077,692), and the statutorily required financial aid increase (\$13,861,217). This request acknowledges the base cost increases for educational and general costs and for health insurance benefit employee costs that the institutions must bear in FY 2018-19. The request also serves to offset tuition increases, and moderate tuition growth for FY 2018-19 to statewide goal of 3.0 percent. In doing so, this request represents a cost-sharing plan to partially offset tuition increases to students and families. This request is part of a multi-year plan to moderate tuition growth by providing General Fund support. The funding in this request is built into the out-year FY 2019-20, and can be annualized through FY 2021-22. The request is comprised of the following components:

Table A: Request Summary

Inflationary Requested Increase	15,955,886
Health Benefits Requested Increase	1,680,251
Additional Pell-Eligible Student Support Funding	6,000,000
Additional Tuition Buy Down	33,207,580
Total Requested for Governing Boards	56,843,717
Percentage Increase for Governing Boards	8.5291%
LDJC and AVS Operating Increase	2,233,975
Total Requested Operating Increase	59,077,692
Total Operating Percentage Increase	8.56577%
Financial Aid Calibration	13,861,217
Private COF Stipend (Estimated at 8.6% Increase)	126,933
Total Request Increase	73,065,843

Governing Boards (\$56.8 million General Fund). The requested \$56,843,717 million General Fund for Governing Board operating costs results in an 8.5 percent increase to Governing Boards. This sum is comprised of an inflationary increase of \$15.96 million, a health benefits component of \$1.7 million, the Pell-eligible student support funding adjustment of \$6.0 million, and the additional tuition buy down of \$33.2 million.

Two components of the request, the inflationary increase and health benefits increase, a combined \$17.6 million, cover the General Fund portion (21%) of the inflationary and health benefit increases to E&G at public institutions. The FY 2019 request calculates an estimated FY 2018 E&G using inflationary and projected health benefit. The cost calculation model then uses the estimated FY 2017 base to calculate the

FY 2018 minimum cost increase using projected inflation and health benefit increases. Appendix A includes detailed calculations.

In total, the Department estimates minimum cost increases to E&G for FY 2019 to be \$85,610,264 with the General Fund share being 21% or \$17.6 million. The request covers those minimum costs while providing additional funding for specific purposes. To incent Pell-eligible student completion, one of the targets in the Colorado Commission on Higher Education’s Master Plan, the Department requests \$6.0 million for Pell-eligible student completion incentives. Recent research indicates that for three states (Indiana, Tennessee, and Ohio) with Outcomes-Based Funding Models, Pell-eligible student enrollment was steady since implementing a model, but this population did not see a corresponding increase in completions.³ In an effort to incent completions, the Department requests \$6.0 million to be targeted to low-income student completions in the State’s funding model. To combat rising tuition, the Department requests an additional \$33.2 million for a tuition buy down. This request in total will keep tuition, on average, to a 3.0 percent increase.

Governing Board Distribution

The Governing Boards’ distribution of the requested \$56.8 million General Fund runs through the HB14-1319 higher education funding model. Money that runs through the funding model is distributed to one of three buckets: 1) College Opportunity Fund stipend, 23-18-303, C.R.S.; 2) Fee-for-Service contracts (FFS): comprised of Role & Mission and Performance Funding; and 3) Specialty Education Program Fee-for-Service contracts (SEP FFS). Additionally, funding can be provided to institutions outside of the funding model through Limited Purpose Fee-for-Service Contracts for specific legislated programs. The distribution of the \$56.8 million to governing boards amongst these four categories of funding is shown in the table below.

Long Bill Item	FY 2018 Appropriation	FY 19 Requested Change	FY 19 Requested Appropriation
COF Stipend	\$ 291,259,844	\$ 22,986,383	\$ 314,246,227
23-18-303, C.R.S FFS	\$ 252,068,162	\$ 23,607,492	\$ 275,675,654
SEP FFS	\$ 120,174,679	\$ 10,249,842	\$ 130,424,521
Limited Purpose FFS	\$ 336,960	\$ -	\$ 336,960
Governing Board Total	\$ 663,839,645	\$ 56,843,717	\$ 720,683,362

As previously stated, the Department will run the \$56.8 million through the funding allocation model using the FY 2018 model. As a result of increased general funds in the model, the Department adjusted the COF stipend per credit hour amount and Mission Differentiation amounts for each governing board by the total percent increase General Funds (8.5%). Additionally, the Department directed approximately \$6.0 million to Pell student completions by increasing the model weight for that category. This is done with the intention of incenting increased Pell student completions by directing additional funds to institutions for that student population. For more details on the funding allocation model metrics and weights, please see Appendix C. The tables below include the requested governing board distribution of funds and change request for FY 2019.

³ Merisotas, Jamie and Lubbers, Theresa. "Paying for Higher Education Results Might Help Hoosiers." The Indianapolis Star. N.p., 23 July 2017. Web. 26 July 2017. <<http://www.indystar.com/story/opinion/2017/07/23/paying-higher-education-results-might-help-hoosiers/499114001/>>.

FY 2019 Requested Governing Board Allocations

Governing Board	COF Stipend	23-18-203 FFS	SEP FFS	Limited Purpose FFS	Total
ASU	\$2,800,794	\$11,974,375			\$14,775,168
CMU	\$15,811,085	\$12,616,662			\$28,427,747
MSU					
Denver	\$34,139,239	\$22,360,201			\$56,499,439
WSCU	\$3,319,876	\$9,460,895			\$12,780,771
CSU	\$47,892,319	\$42,331,480	\$60,803,015		\$151,026,814
FLC	\$3,766,042	\$8,444,183			\$12,210,225
CU	\$71,558,157	\$71,913,807	\$69,621,506	\$100,000	\$213,093,471
Mines	\$6,566,006	\$15,808,270			\$22,374,275
UNC	\$16,394,835	\$25,338,722		\$75,000	\$41,733,556
CCCS	\$111,997,876	\$55,427,060		\$161,960	\$167,424,936
TOTAL	\$314,246,227	\$275,675,654	\$130,424,521	\$336,960	\$720,683,362

Change in Governing Board Allocations: FY 2018 to FY 2019 Request

Governing Board	COF Stipend	23-18-203 FFS	SEP FFS	Limited Purpose FFS	Total*	Change
ASU	-\$28,370	\$543,574	\$0	\$0	\$515,205	3.61%
CMU	\$1,165,026	\$1,311,560	\$0	\$0	\$2,476,586	9.54%
MSU						
Denver	\$2,202,007	\$2,670,830	\$0	\$0	\$4,872,836	9.44%
WSCU	\$223,821	\$735,054	\$0	\$0	\$958,874	8.11%
CSU	\$3,810,026	\$3,152,855	\$4,778,406	\$0	\$11,741,288	8.43%
FLC	-\$162,691	\$587,977	\$0	\$0	\$425,286	3.61%
CU	\$6,692,294	\$6,711,514	\$5,471,436	\$0	\$18,875,244	9.72%
Mines	\$244,349	\$645,220	\$0	\$0	\$889,569	4.14%
UNC	\$917,716	\$1,293,432	\$0	\$0	\$2,211,148	5.60%
CCCS	\$7,922,203	\$5,955,478	\$0	\$0	\$13,877,681	9.04%
TOTAL	\$22,986,383	\$23,607,492	\$10,149,842	\$0	\$56,843,717	8.56%

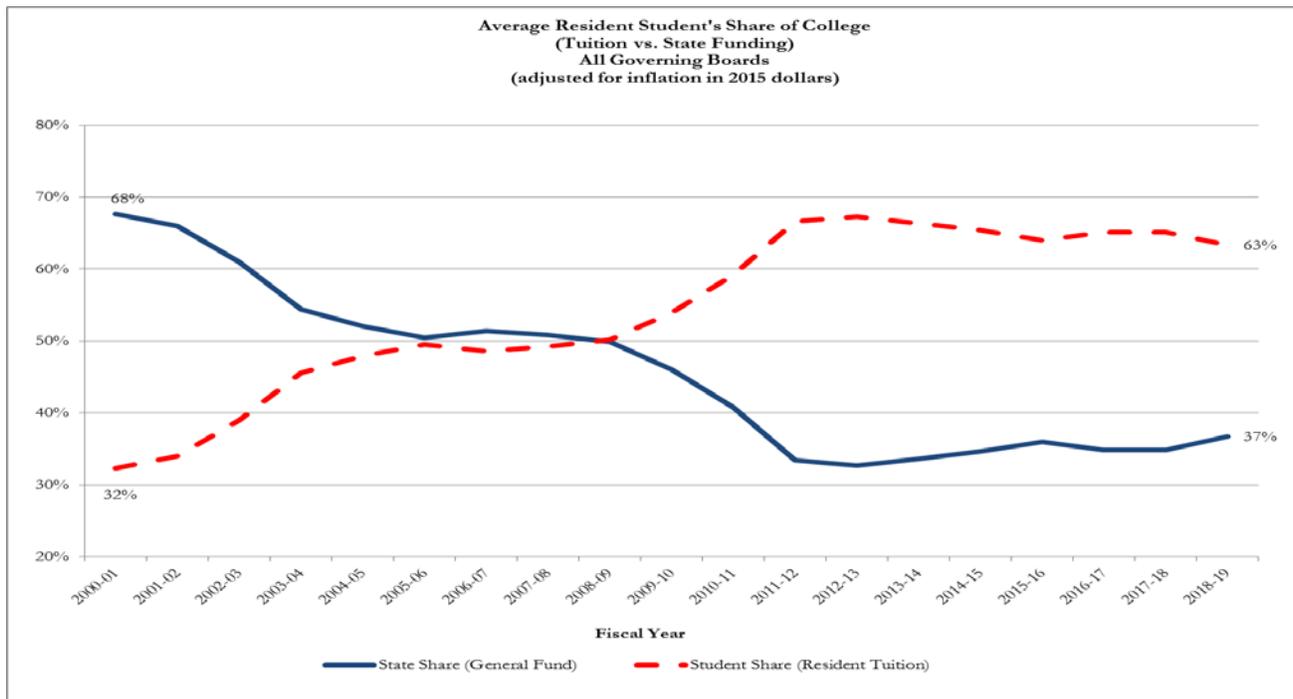
*Allocations may be \$1.00 dollar off from the allocations in the Schedule 13 due to rounding.

Local District Colleges/Area Technical Colleges (\$2.2 million General Fund). The increase provides \$2,233,975 to fund the Local District Colleges and Area Technical Colleges at the same overall percent increase as the Governing Boards (Section 23-18-304 C.R.S.).

Financial Aid (\$13.9 million General Fund). As in past years, statute (Section 23-3.3-103, C.R.S.) requires a proportional increase for categorical financial aid programs when operating funding for institutions increases. The requested 8.56 percent operating increase for Governing Boards, Local District Colleges, and Area Technical Colleges results in a corresponding financial aid increase of \$13,861,217. For the proportional increase to financial aid calculations, see Appendix B.

Anticipated Outcomes:

The Department anticipates a statewide goal of 3.0 percent tuition increases at Governing Boards if the State provides the requested funding. The requested increase, combined with a requested governing board tuition rate, which takes into account the amount of state support institutions receive, would continue last year's concerted effort by the State of Colorado to implement a defined post-secondary cost-sharing policy. Additionally, this request makes a concerted effort to ease the burden on students and families by buying down tuition. The Department believes that only minimal General Fund increases to cover the General Fund portion of minimum costs, does not go far enough to provide support for the state's institutions and promote affordability for Coloradans. Therefore, additional supports for low-income students, and a robust tuition buy down supporting the statewide tuition goal of 3.0 percent are incorporated into this request. In other words, a commitment to minimal annual increases by the State will result in predictable and steady increases in tuition for students and families, leaving them better able to prepare for the costs of college. The annualization of this request and out-year impacts is a further commitment toward state support for higher education and moderate tuition increase. See the companion decision item "R-2 Tuition Spending Authority" for more information about estimated tuition revenue and spending authority.



Assumptions and Calculations:

Various assumptions have been used to calculate the request. The Department uses a two-step process to calculate the FY 2019 minimum base cost increases. To build an estimated FY 2017 E&G base, this request uses:

- an estimated FY 2018 CPI of 2.6% on the FY 2017 base to determine the amount of inflationary cost increases the institutions will likely experience in FY 2018, and;
- a health benefits employer contribution growth rate of 3.9% (6.5% growth less 2.6% inflation).

To determine the FY 2019 minimum base cost increase, this request uses:

- an estimated FY 2019 CPI of 2.4% on the estimated FY 2018 E&G base,
- a health benefits employer contribution growth rate of 4.6% (7.0% growth less 2.4% inflation).

CPI estimates are derived from the Governor's Office of State Planning and Budgeting inflation forecasts, issued in September 2017. The health care benefit growth is taken from the Centers for Medicare and Medicaid Services National Health Expenditure Projections.

Appendix A, tables one (1) through six (6), include detailed calculations for the request.

Appendix B includes the detailed calculations for the Section 23-3.3-103, C.R.S. required proportional increase to financial aid.

Education and Related (E&G) costs are derived from institutional 2016 Budget Data Book submissions, FY 16-17 estimates. Health care benefit payments are the actual payments extracted from CORE InfoAdvantage.

More information about the Delta Cost Project definition of E&G can be found at: http://www.deltacostproject.org/sites/default/files/products/issuebrief_02.pdf

Appendix B includes the §23-3.3-103, C.R.S. financial aid calibration calculations.

Table A-1: FY 19 Request Summary

Inflationary/ Requested Increase	15,955,886
Health Benefits Requested Increase	1,680,251
Additional Pell-Eligible Student Support Funding	6,000,000
Additional Tuition Buy Down	33,207,580
Total Requested for Governing Boards	56,843,717
Percentage Increase for Governing Boards	8.5291%
LDC and ATC Operating Increase	2,233,975
Total Requested Operating Increase	59,077,692
Total Operating Percentage Increase	8.56577%
Financial Aid Calibration	13,861,217
Private COF Stipend (Estimated at 8.6% Increase)	126,933
Total Request Increase	73,065,843

A-2 - 2018 E&G Increase due to Health Benefits

		FY 2018 Health Care Percent Increase ¹	
		2017 Health Benefits Total ²	2018 Estimated Health Benefits Increase
Governing Board			
Adams		2,297,081	89,586
Mesa		4,178,753	162,971
Metro		7,543,890	294,212
Western		2,161,508	84,299
CSU		30,602,556	1,193,500
Ft. Lewis		3,531,460	137,727
CU		71,502,103	2,788,582
Mines		9,612,474	374,886
UNC		11,844,188	461,923
CCC		27,382,662	1,067,924
TOTAL		170,656,675	6,655,610

¹ 2017 health benefits increase taken from the Centers for Medicare and Medicaid Services' "National Health Expenditure 2015-2025 Projections - Amounts and Average Annual Growth From Previous Year Shown, By Type of Sponsor, Selected Calendar Years 2009-2025", State and Local Government employer contributions to private health insurance premiums, less the estimated inflation.

² 2017 health benefits extracted from CORE InfoAdvantage actual institutional expenditures for health benefits for FY 2017

A-3 2018 E&G with Inflationary and PERA Increases

Governing Board	2017 E&G Total ¹	2018 Percent Increase ¹		Estimated 2018 E&G
		2018 Inflationary Increase	2018 Estimated Health Benefits Increase	
Adams	35,128,179	913,333	89,586	36,131,098
Mesa	90,679,185	2,357,659	162,971	93,199,815
Metro	175,925,139	4,574,054	294,212	180,793,404
Western	29,760,372	773,770	84,299	30,618,440
CSU	633,449,226	16,469,680	1,193,500	651,112,406
Fl. Lewis	53,635,727	1,394,529	137,727	55,167,983
CU	1,355,394,768	35,240,004	2,788,582	1,393,413,354
Mines	172,192,929	4,477,016	374,886	177,044,832
UNC	147,094,505	3,824,457	461,923	151,380,885
CCC	445,726,735	11,588,895	1,067,924	458,383,554
TOTAL	3,138,976,765	81,613,396	6,655,610	3,227,245,772

¹ Percent increase based on September 2017 OSPB FY 18 inflation projection (2.4%), page 42.

² Education & General (E&G) total derived from institutional 2016 Budget Data Book submissions, FY 16-17 estimates.

STEP TWO: FY 2019 MINIMUM COST INCREASE BUILD-UP
A-4 2019 E&G Increase due to Health Benefits

Governing Board	FY 2018 Healthcare Percent Increase ¹	
	2018 Estimated Health Benefits Total ²	2019 Estimated Health Benefits Increase
Adams	2,386,667	109,787
Mesa	4,341,724	199,719
Metro	7,838,102	360,553
Western	2,245,807	103,307
CSU	31,796,056	1,462,619
Ft. Lewis	3,669,187	168,783
CU	74,290,685	3,417,372
Mines	9,987,360	459,419
UNC	12,306,111	566,081
CCC	28,450,586	1,308,727
TOTAL	177,312,285	8,156,365

¹ 2018 health benefits increase taken from the centers for Medicare and Medicaid Services' "National Health Expenditure 2015-2025 Projections - Amounts and Average Annual Growth From Previous Year Shown, By Type of Sponsor, Selected Calendar Years 2009-2025", State and Local Government employer contributions to private health insurance premiums, less the estimated inflation.

² 2018 Estimated health benefits total from table A-2 above

A-5 2019 Minimum Cost Increases Build Up

	2019 Inflationary Increase ¹	2.4%	General Fund as a Percentage of E&G ²	21.0%		
Governing Board	2018 E&G Total ³	2019 Inflationary Increase	2019 Healthcare Benefits Increase ⁴	Total FY 2019 Increase	Percent General Funded ⁵	Total FY 2018 Request
Adams	36,131,098	867,146	109,787	976,933	40%	387,941
Mesa	93,199,815	2,236,796	199,719	2,436,515	27%	652,414
Metro	180,793,404	4,339,042	360,553	4,699,594	29%	1,373,480
Western	30,618,440	734,843	103,307	838,150	39%	324,861
CSU	651,112,406	15,626,698	1,462,619	17,089,316	21%	3,629,061
Fl. Lewis	55,167,983	1,324,032	168,783	1,492,814	21%	319,550
CU	1,393,413,354	33,441,921	3,417,372	36,859,292	14%	5,072,702
Mines	177,044,832	4,249,076	459,419	4,708,495	12%	564,360
UNC	151,380,885	3,633,141	566,081	4,199,222	27%	1,114,455
CCC	458,383,554	11,001,205	1,308,727	12,309,932	34%	4,232,550
TOTAL	3,227,245,772	77,453,899	8,156,365	85,610,264	21%	17,636,137

¹ Inflationary increase based on September 2017 OSP8 FY 19 inflation projection (2.4%), page 42.

² General Fund as a Percentage of E&G is calculated using the institutional 2016 Budget Data Book submissions, FY 16-17 revenue estimates.

³ Estimated 2018 Education & General (E&G) total derived from table A-3

⁴ Estimated 2019 Healthcare benefits increase derived from table A-4

⁵ Percent General Fund calculated using the institutional 2016 Budget Data Book submissions, FY 16-17 estimates.

Table A-6: FY 20 Request Summary

Inflationary Requested Increase	16,338,827
Health Benefits Requested Increase	1,260,846
Additional Pell-Eligible Student Support Funding	-
Additional Tuition Buy Down	38,204,030
Total Requested for Governing Boards	55,803,703
Percentage Increase for Governing Boards	7.4540%
LDC and ATC Operating Increase	2,118,884
Total Requested Operating Increase	57,922,587
Total Operating Percentage Increase	7.74%
Financial Aid Calibration	13,592,503
Private COE Stipend (estimated at 7.7% Increase)	124,472
Total Request Increase	71,639,562

STEP TWO: FY 2020 MINIMUM COST INCREASE BUILD-UP
A-7 2020 E&G Increase due to Health Benefits

Governing Board	FY 2020 Healthcare Percent Increase ¹	
	2019 Estimated Health Benefits Total ²	2020 Estimated Health Benefits Increase
Adams	2,496,454	82,383
Mesa	4,541,444	149,868
Metro	8,198,654	270,556
Western	2,349,114	77,521
CSU	33,258,674	1,097,536
F. Lewis	3,837,970	126,653
CU	77,708,057	2,564,366
Mines	10,446,779	344,744
UMC	12,872,192	424,782
CCC	29,759,313	982,057
TOTAL	185,468,650	6,120,465

¹ 2019 health benefits increase taken from the centers for Medicare and Medicaid Services' "National Health Expenditure 2015-2025 Projections - Amounts and Average Annual Growth From Previous Year Shown, By Type of Sponsor, Selected Calendar Years 2009-2025"; State and Local Government employer contributions to private health insurance premiums, less the estimated inflation.

² 2019 Estimated health benefits total from table A-4 above

A-8 2020 Minimum Cost Increases Build Up

	2019 E&G Total ³	2020 Inflationary Increase	2020 Healthcare Benefits Increase ⁴	Total FY 2020 Increase	Percent General Funded ⁵	Total FY 2018 Request
Governing Board		2.4%	General Fund as a Percentage of E&G ²		21.0%	
Adams	36,998,244	887,958	82,383	970,341	40%	385,323
Mesa	95,436,611	2,290,479	149,868	2,440,346	27%	653,440
Metro	185,132,446	4,443,179	270,556	4,713,734	29%	1,377,612
Western	31,353,283	752,479	77,521	830,000	39%	321,702
CSU	666,739,104	16,001,738	1,097,536	17,099,275	21%	3,631,176
Ft. Lewis	56,492,014	1,355,808	126,653	1,482,461	21%	317,334
CU	1,426,855,275	34,244,527	2,564,366	36,808,892	14%	5,065,766
Mines	181,293,908	4,351,054	344,744	4,695,797	12%	562,838
UNC	155,014,027	3,720,337	424,782	4,145,119	27%	1,100,096
CCC	469,384,759	11,265,234	982,057	12,247,292	34%	4,211,012
TOTAL	3,304,699,670	79,312,792	6,120,465	85,433,258	21%	17,599,673

¹ Inflationary increase based on September 2017 OSPB FY 19 inflation projection (2.0%), page 42.

² General Fund as a Percentage of E&G is calculated using the institutional 2016 Budget Data Book submissions, FY 16-17 revenue estimates.

³ Estimated 2019 Education & General (E&G) total derived from table A-5

⁴ Estimated 2020 Healthcare benefits increase derived from table A-4

⁵ Percent General Fund calculated using the institutional 2016 Budget Data Book submissions, FY 16-17 estimates.

Table A-9: FY 21 Request Summary

Inflationary/ Requested Increase	16,730,959
Health Benefits Requested Increase	1,302,454
Additional Pell-Eligible Student Support Funding	-
Additional Tuition Buy Down	38,986,896
Total Requested for Governing Boards	57,020,309
Percentage Increase for Governing Boards	7.07%
LDC and ATC Operating Increase	2,159,707
Total Requested Operating Increase	59,180,016
Total Operating Percentage Increase	7.34%
Financial Aid Calibration	13,889,612
Private COF Stipend (Estimated at 7.3% Increase)	126,721
Total Request Increase	73,196,349

STEP TWO: FY 2021 MINIMUM COST INCREASE BUILD-UP
A-10 2020 E&G Increase due to Health Benefits

Governing Board	2020 Estimated Health Benefits Total ²	FY 2021 Healthcare Percent Increase ¹	
		3.30%	2021 Estimated Health Benefits Increase
Adams	2,578,837	85,102	
Mesa	4,691,311	154,813	
Metro	8,469,210	279,484	
Western	2,426,635	80,079	
CSU	34,356,210	1,133,755	
Ft. Lewis	3,964,623	130,833	
CU	80,272,422	2,648,990	
Mines	10,791,523	356,120	
UNC	13,296,975	438,800	
CCC	30,741,370	1,014,465	
TOTAL	191,589,116	6,322,441	

¹ 2021 health benefits increase taken from the centers for Medicare and Medicaid Services' "National Health Expenditure 2015-2025 Projections - Amounts and Average Annual Growth From Previous Year Shown, by Type of Sponsor, Selected Calendar Years 2009-2025", State and Local Government employer contributions to private health insurance premiums, less the estimated inflation.

² 2020 Estimated health benefits total from table A-7 above

A-11 2021 Minimum Cost Increases Build Up

Governing Board	2020 ERG Total ³	2021 Inflationary Increase ¹		General Fund as a Percentage of ERG ²		Percent General Funded ⁵	FY 21 Minimum Costs
		Increase	2021 Inflationary Increase	Benefits Increase ⁴	Total FY 2021 Increase		
Adams	37,886,202	909,269	2,345,450	85,102	994,370	40%	394,865
Mesa	97,727,089	189,575,625	4,549,815	154,813	2,500,263	27%	669,484
Metro	32,105,762	770,538	279,484	80,079	4,829,299	29%	1,411,387
Western	682,740,842	16,385,780	1,133,755	130,833	17,519,535	39%	329,694
CSU	57,847,823	1,388,348	130,833	1,519,180	37,715,385	21%	3,720,422
Ft. Lewis	1,461,099,801	4,455,479	356,120	4,811,599	12,550,065	21%	325,194
CU	185,644,961	3,809,625	438,800	4,248,425	4,315,115	14%	5,190,520
Mines	480,649,993	11,535,600	1,014,465	12,550,065	1,127,513	12%	576,718
UNC	3,384,012,462	81,216,299	6,322,441	87,538,740	1,127,513	27%	1,127,513
CCC						34%	4,315,115
TOTAL							

¹ Inflationary increase based on September 2017 OSPB FY 19 inflation projection (2.0%), page 42.

² General Fund as a Percentage of ERG is calculated using the institutional 2016 Budget Data Book submissions, FY 16-17 revenue estimates.

³ Estimated 2020 Education & General (EREG) total derived from table A-8

⁴ Estimated 2021 Healthcare benefits increase derived from table A-10

⁵ Percent General Fund calculated using the institutional 2016 Budget Data Book submissions, FY 16-17 estimates.

Table A-12: FY 22 Request Summary

Inflationary Requested Increase	17,132,502
Health Benefits Requested Increase	1,304,664
Additional Pell-eligible Student Support Funding	39,627,510
Additional Tuition Buy Down	58,064,676
Total Requested for Governing Boards	6,7088%
Percentage Increase for Governing Boards	2,194,098
LDC and ATC Operating Increase	60,258,773
Total Requested Operating Increase	6.96%
Total Operating Percentage Increase	14,144,868
Financial Aid Calibration	128,884
Private COF Stipend (estimated at 7.0% increase)	74,532,526
Total Request Increase	

STEP TWO: FY 2022 MINIMUM COST INCREASE BUILD-UP

A-13 2022 ERG Increase due to Health Benefits

	FY 2022 Healthcare Percent Increase ¹	2022 Estimated Health Benefits Increase
Governing Board		
Adams	2,663,938	85,246
Mesa	4,846,125	155,076
Metro	8,748,694	279,958
Western	2,506,714	80,215
CSU	35,489,965	1,135,679
Ft. Lewis	4,095,455	131,055
CU	82,921,412	2,653,485
Mines	11,147,643	356,725
UNC	13,735,775	439,545
CCC	31,755,835	1,016,187
TOTAL	197,911,557	6,333,170

¹ 2022 health benefits increase taken from the centers for Medicare and Medicaid Services' "National Health Expenditure 2015-2025 Projections - Amounts and Average Annual Growth From Previous Year Shown, By Type of Sponsor, Selected Calendar Years 2009-2025".

State and Local Government employer contributions to private health insurance premiums, less the estimated inflation.

² 2021 Estimated health benefits total from table A-10 above

A-14 2022 Minimum Cost Increases Build Up

	2021 E&G Total ³	2022 Inflationary Increase ¹	2022 Healthcare Benefits Increase ⁴	Total FY 2022 Increase	Percent General Funded ⁵	FY 22 Minimum Costs
Governing Board						
Adams	38,795,471	931,091	85,246	1,016,337	40%	403,588
Mesa	100,072,540	2,401,741	155,076	2,556,817	27%	684,627
Metro	194,125,440	4,659,011	279,958	4,938,969	29%	1,443,438
Western	32,876,300	789,031	80,215	869,246	39%	336,914
CSU	699,126,622	16,779,039	1,135,679	17,914,718	21%	3,804,342
Ft. Lewis	59,236,171	1,421,668	131,055	1,552,723	21%	332,374
CU	1,496,166,197	35,907,989	2,653,485	38,561,474	14%	5,306,962
Mines	190,100,440	4,562,411	356,725	4,919,135	12%	589,608
UNC	162,543,988	3,901,056	439,545	4,340,601	27%	1,151,976
CCC	492,185,593	11,812,454	1,016,187	12,828,641	34%	4,410,898
TOTAL	3,465,228,761	83,165,490	6,333,170	89,498,660	21%	18,437,166

¹ Inflationary increase based on September 2017 OSPB FY 19 inflation projection (2.0%), page 42.

² General Fund as a Percentage of E&G is calculated using the institutional 2016 Budget Data Book submissions, FY 16-17 revenue estimates.

³ Estimated 2021 Education & General (E&G) total derived from table A-11

⁴ Estimated 2022 Healthcare benefits increase derived from table A-13

⁵ Percent General Fund calculated using the institutional 2016 Budget Data Book submissions, FY 16-17 estimates.

Table A6: Local District Junior College and Area Vocational Schools Increase

	FY 18 State Funding ¹	FY 19 Request	FY 19 Total	FY 20 Request	FY 20 Total	FY 21 Request	FY 21 Total	FY 22 Request
Governing Board								
Colorado Mountain College	7,319,484	624,288	\$7,943,772	\$592,125	\$8,535,897	\$603,533	\$9,139,430	\$613,144
Alms Community College	8,654,810	738,179	\$9,392,989	\$700,149	\$10,093,138	\$713,638	\$10,806,776	\$725,002
Area Technical Colleges	10,218,039	871,509	\$11,089,548	\$826,610	\$11,916,157	\$842,535	\$12,758,693	\$855,952
TOTAL	26,192,333	2,233,975	\$28,426,308	\$2,118,884	\$30,545,192	\$2,159,707	\$32,704,899	\$2,194,098

¹ Appropriations from SB17-254.

Appendix B: FY 18-19 Calculation for Percentage Increase in Financial Aid

FY 2017-18 General Fund Base Calculation		FY 2018-19 Financial Aid Request	
	GF FY 17-18 Base		GF FY 18-19 Continuation
Governing Boards (Private Stipends)	664,984,550 (1,481,865)	Need Based Work Study DTAP National Guard Merit Aid	128,466,694 21,432,328 672,000 800,000 5,000,000
Other schools (AVS and LDC)	26,192,333	Tuition Assistance for Career and Technical Education Certificate Programs Colorado Opportunity Scholarship Initiative Total Fin Aid	450,000 5,000,000 161,821,022
Total	689,695,018		
Total Increase	a 59,077,692		b 13,861,217
% GF Increase	8.6%		11,880,367
FY 2017-18 increase required for Financial Aid GF		Need-Based Aid Work-Study	1,980,850

a = total requested increase of General Fund for Institutions of Higher Education per Decision Item #1
 b = calculated percentage increase for financial aid per section 23-3-3-103, C.R.S.

Assumptions:
 In order to comply with language in section 23-3-3-103, C.R.S., "higher
 All Governing Boards
 Local District Colleges
 Area Technical Colleges
 The calculation does not include
 General Fund for College
 Opportunity Fund stipends to
 private institutions of higher
 education.

Applicable financial aid programs used to calculate the base include:
 Need Based Grants
 Work Study
 Veterans/Law Enforcement/POW Tuition Assistance
 National Guard Tuition Assistance
 Merit Aid
 Colorado Opportunity Scholarship Initiative
 Tuition Assistance for Career and Technical Education Certificate Programs
 The base calculation for financial
 aid does not include the Ft. Lewis
 Native American Student Tuition
 Waiver. This financial aid provision
 is found under a different statutory
 title than is referenced in section 23-
 3.3-103, C.R.S. Because it does not
 fall within the scope of section 23-
 3.3-103, C.R.S., it is not included in
 the base calculation.

Appendix B: FY 19-20 Calculation for Percentage Increase in Financial Aid

FY 2017-18 General Fund Base Calculation		FY 2018-19 Financial Aid Request	
	GF FY 18-19 Base		GF FY 18-19 Continuation
Governing Boards (Private Stipends)	721,828,267 (1,608,798)	Need Based Work Study DTAP	140,347,061 23,413,178 672,000
Other schools (AVS and LDC)	28,426,308	National Guard Merit Aid	800,000 5,000,000
Total	748,645,777	Tuition Assistance for Career and Technical Education Certificate Programs Colorado Opportunity Scholarship Initiative Total Fin Aid	450,000 5,000,000 175,682,239
Total Increase	a 57,922,587		b 13,592,503
% GF Increase	7.7%	Need-Based Work-Study	11,649,209 1,943,294
FY 2017-18 increase required for Financial Aid GF			

a = total requested increase of General Fund for Institutions of Higher Education per Decision Item #1
 b = calculated percentage increase for financial aid per section 23-3-103, C.R.S.

Assumptions:
 In order to comply with language in section 23-3-103, C.R.S., "higher All Governing Boards
 Local District Colleges
 Area Technical Colleges
 The calculation does not include General Fund for College Opportunity Fund stipends to private institutions of higher education.

Applicable financial aid programs used to calculate the base include:
 Need Based Grants
 Work Study
 Veterans/Law Enforcement/POW Tuition Assistance
 National Guard Tuition Assistance
 Merit Aid
 Colorado Opportunity Scholarship Initiative
 Tuition Assistance for Career and Technical Education Certificate Programs
 The base calculation for financial aid does not include the Ft. Lewis Native American Student Tuition Waiver. This financial aid provision is found under a different statutory title than is referenced in section 23-3-3-103, C.R.S. Because it does not fall within the scope of section 23-3-3-103, C.R.S., it is not included in the base calculation.

Appendix B: FY 20-21 Calculation for Percentage Increase in Financial Aid

FY 2017-18 General Fund Base Calculation		FY 2018-19 Financial Aid Request	
	GF FY 19-20 Base		GF FY 19-20 Continance
Governing Boards (Private Stipends)	777,631,970 (1,726,841)	Need Based Work Study DTAP	151,996,270 25,356,472
Other schools (AVS and LDC)	30,545,192	National Guard Merit Aid	672,000 800,000 5,000,000
Total	806,450,321	Tuition Assistance for Career and Technical Education Certificate Programs Colorado Opportunity Scholarship Initiative Total Fin Aid	450,000 5,000,000 189,274,742
Total Increase	59,180,016		b
% GF Increase	7.3%		13,889,612
FY 2017-18 increase required for Financial Aid GF			

a = total requested increase of General Fund for Institutions of Higher Education per Decision Item #1
 b = calculated percentage increase for financial aid per section 23-3-103, C.R.S.

Assumptions:
 In order to comply with language in section 23-3-103, C.R.S., "higher" All Governing Boards Local District/Colleges Area Technical Colleges
 The calculation does not include General Fund for College Opportunity Fund stipends to private institutions of higher education.

Applicable financial aid programs used to calculate the base include:
 Need Based Grants
 Work Study
 Veterans/Law Enforcement/POW Tuition Assistance
 National Guard Tuition Assistance
 Merit Aid
 Colorado Opportunity Scholarship Initiative
 Tuition Assistance for Career and Technical Education Certificate Programs
 The base calculation for financial aid does not include the Ft. Lewis Native American Student Tuition Waiver. This financial aid provision is found under a different statutory title than is referenced in section 23-3-3-103, C.R.S. Because it does not fall within the scope of section 23-3-3-103, C.R.S., it is not included in the base calculation.

Appendix B: FY 21-22 Calculation for Percentage Increase in Financial Aid

FY 2017-18 General Fund Base Calculation		FY 2018-19 Financial Aid Request	
	GF FY 20-21 Base		GF FY 20-21 Continance
Governing Boards (Private Stipends)	834,652,279 (1,853,562)	Need Based Work Study DTAP National Guard Merit Aid	165,885,882 25,356,472 672,000 800,000 5,000,000
Other schools (AVS and LDC)	32,704,899	Tuition Assistance for Career and Technical Education Certificate Programs Colorado Opportunity Scholarship Initiative	450,000 5,000,000 203,164,354
Total	865,503,615	Total Fin Aid	14,144,868
Total Increase	a 60,258,773		b
% GF Increase	7.0%		
FY 2017-18 increase required for Financial Aid GF			

a = total requested increase of General Fund for Institutions of Higher Education per Decision Item #1
 b = calculated percentage increase for financial aid per section 23-3-103, C.R.S.

Assumptions:
 in order to comply with language in section 23-3-103, C.R.S. "higher
 All Governing Boards
 Local District Colleges
 Area Technical Colleges
 The calculation does not include General Fund for College Opportunity Fund stipends to private institutions of higher education.

Applicable financial aid programs used to calculate the base include:
 Need Based Grants
 Work Study
 Veterans/Law Enforcement/POW Tuition Assistance
 National Guard Tuition Assistance
 Merit Aid
 Colorado Opportunity Scholarship Initiative
 Tuition Assistance for Career and Technical Education Certificate Programs
 The base calculation for financial aid does not include the Ft. Lewis Native American Student Tuition Waiver. This financial aid provision is found under a different statutory title than is referenced in section 23-3-3-103, C.R.S. Because it does not fall within the scope of section 23-3-3-103, C.R.S., it is not included in the base calculation.

Appendix C:

Funding Allocation Model Definitions and Weights

College Opportunity Fund Stipend

Student stipends are authorized under the College Opportunity Fund Program (23-18-201, et.seq.); and must be at least 52.5 percent of “total state appropriation” Section 23-18- 305 (2) (a), C.R.S.

College Opportunity Fund (COF) Stipend		
Measurement in HB 14-1319 Model	Stipend Rate	% of TSA
Based on FY 2016-17 COF actuals.	\$77 (subject to change)	53.5

Role & Mission

The Performance metrics reward institutions for the number of credentials awarded and students transferred [23-18-303(4)(a), C.R.S.]; as well as academic progress/retention [23- 18-303(4)(b), C.R.S.]. These metrics are based on the count of credentials awarded and transferred by a governing board and the student counts of those who are reaching these thresholds at each institution in a given academic year. In addition, the CCHE Funding Allocation Model includes an additional metric pursuant to 23-18-303 (4)(c), C.R.S. that rewards performance in a manner which recognizes institutional performance in relation to their size and capacity. Per the 2015-16 JBC Adopted Model, Weighted Student Credit Hours are also included, in order to offset the costs associated with delivering credits to resident students (non-residents are excluded).

Role & Mission Factor Definitions and Data Sources		
Factor	Definition	Date Source/Year
Mission Differentiation	A flat amount is allocated based on the institution’s size and type with a special factor adjustment for institutions that adjusts the base amount based on funding changes.	Based on JBC Adopted Model and adjusted based on funding changes.
Support Services for Pell-eligible Students	Credit hours for resident undergraduate Pell eligible students summed by institution. Use Pell-eligible credit hours as a percent of the College Opportunity Fund (COF) stipend (must never be less than 10 percent of COF). For FY 2018-19, the weighting on this factor has been increased by 2.5% from 10% to 12.5% of the COF Stipend dollar amount.	Student Unit Record Data System (SURDS)/ Academic Year (AY) 2016-17 and COF Actuals for 2016-17

Weighted Student Credit Hours	Provides funding based on the number of completed credit hours and the costs associated with delivering the credits (non-resident credit hours excluded).	Student Unit Record Data System (SURDS)/ Academic Year (AY) 2016-17
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More on Mission Differentiation:

The Mission Differentiation factor is a flat amount allocated based on the institutional size and type with a special factor adjustment for two institutions. The dollar amounts allocated for Mission Differentiation are outlined in the table below. The special adjustments made for three institutions are outlined in the model allocations for the Role and Mission Factors.

<u>Research institutions</u>	
Research institution cost of operations (comp amount + \$1.8 million)	6,600,000
Add-on for any stand-alone R institution smaller than 10,000	2,300,000
Add-on for any R institution larger than 20,0000	4,650,000
<u>Comprehensive institutions</u>	
Comp institution cost of operations	4,800,000
Add-on for any stand-alone institution smaller than 3,000	1,550,000
Add-on for any Comp institution larger than 15,000	300,000
<u>Community colleges</u>	
Community college cost of operations	1,000,000
Add-on for small rural institutions	600,000

Outcomes/Performance

The Performance metrics reward institutions for the number of credentials awarded and students transferred [23-18-303(4)(a), C.R.S.]; as well as academic progress/retention [23- 18-303(4)(b), C.R.S.]. These metrics are based on the student counts at each institution who are reaching these thresholds. In addition, FY 2016-17 funding allocation model includes an additional metric pursuant to 23-18-303 (4)(c), C.R.S. that rewards performance in a manner that recognizes institutional performance in relation to their size and capacity.

As required in statute, the model includes specific weights related to the academic award level and identifies STEM and health care as “high priority” subjects that receive a higher weight. Additional bonuses are provided for completions awarded to and transfers of Pell- eligible (required by statute). Pursuant to the JBC model adopted in 2016-17, non-resident students are counted at .3.

Completion and Transfer weights are as follows:

Outcomes/Performance Metric Definitions and DataSources		
Metric	Definition	Data Source/ Year
Completion	<p>The number of certificates or degrees awarded an institution and the number of students who transfer from a community college to another institution after the completion of a minimum of 18 credit hours. The amount to be awarded for each certificate or degree is based on the subject and level of the credential.</p> <p>Certificates will be counted when issued for:</p> <ul style="list-style-type: none"> • Programs spanning one year (24 credit hours) or more; or • Programs less than one year (24 credit hours) and meeting the federal “gainful employment” definition, or representing the highest award earned at stop-out. When multiple certificates of less than one year are earned by a student then only one is counted. <p>Students earning multiple certificates in an academic year will have each earned certificate count as a separate outcome. A community college that receives an incentive for a transfer student cannot also receive a retention bonus for that student in the same year.</p> <p>The value shall be increased for each credential earned by or transfer of a Pell-eligible undergraduate student.</p>	<p>Student Unit Record Data System (SURDS)/ AY 2015-16</p>
Retention	<p>The number of students who make the following steps of academic progress:</p> <p>Four-year institutions –number of students who cross the threshold of completing:</p> <ul style="list-style-type: none"> • 30 credit hours • 60 credit hours • 90 credit hours <p>Two-year institutions - number of students who cross the threshold of completing:</p> <ul style="list-style-type: none"> • 15 credit hours • 30 credit hours • 45 credit hours <p>Concurrent enrollment will be included and each student will be counted only once at each academic progress interval. Students crossing multiple progress intervals are counted in the highest interval.</p>	<p>Student Unit Record Data System (SURDS)/ AY 2015-16</p>

Outcomes/Performance Metric Definitions and DataSources		
Metric	Definition	Data Source/ Year
Institutional Productivity	Calculated by: <ol style="list-style-type: none"> 1. Dividing an institutions total weighted degree total by Student Full-time Equivalent (SFTE) = “Awards per FTE” 2. Indexing individual institutions’ “Awards per FTE” to the state average “Awards per FTE” 3. Multiply “indexed awards per FTE” by total “awards per FTE” funding to get allocation by institution for this metrics 	Student Unit Record Data System (SURDS)/ AY 2016-17

Outcomes/Performance Metric Weights

Completion and Transfer Weights	
Credential Level	Weight
Transfer	.25
Certificates	0.25
Associates	0.50
Bachelors	1.00
Graduate Certificate	0.25
Masters	1.25
Specialists	1.25
Doctoral	1.25

Additional Undergraduate Completion/Transfer Bonus for Priority Populations	
Type	Additional Bonus
Pell-Eligible	2.0
STEM and Heath	1.5
Non-Resident Student Weight	.3

Retention Weights (completed credit hours)	
Credit Hours Accumulated	CCHE Adopted Model Weight
15/30	.25
30/60	.50
45/90	.75

After the points have been calculated for the completion and retention metrics, weights are then uniformly applied to the counts for each institution.

Completion and Retention Metric Weights	
Completion	85%
Retention	15%

Institutional Productivity
This metric functions as a “carve out” off the top of the amount allocated to the Performance component of the model and is capped at \$10 million.



COLORADO

Department of
Higher Education

Cost and FTE

- The Department of Higher Education requests an additional \$86.0 million in cash funds spending authority to reflect public post-secondary institutions' tuition revenue for FY 2018-19. The resident tuition in this request is tied to a statewide goal of 3.0 percent resident, undergraduate tuition increases. The statewide goal ties directly to the General Fund support in R-01 (Improving College Affordability and Outcomes) and is the first step in a multi-year approach focused on college affordability.

Current Program

- Colorado public institutions' tuition revenue for resident and non-resident students is appropriated by the General Assembly.
- Each 1.0 percent increase in tuition results in about \$9.6 million of revenue for institutions.

Problem or Opportunity

- Pursuant to Section 23-5-129 (6) (c), C.R.S. and Section 23-1-108 (12) (b), C.R.S., the Commission of Higher Education is required to provide its tuition recommendations for resident undergraduate students for each state institution of higher education in its budget request.
- Inflationary and health care costs, along with funding for other strategic initiatives, must be covered by one of two sources: state General Fund or student tuition revenue.
- Providing Colorado students and families with modest tuition growth goal of 3% will promote affordability and the multi-year nature of the request will provide greater predictability on college costs.

Consequences of Problem

- Tuition cash fund spending authority for resident and non-resident students at Colorado public institutions must be appropriated by the General Assembly pursuant to statute.
- Funding in this request is necessary to implement the Department's goals for college affordability outlined in its R-1 ("Improving College Affordability and Outcomes").

Proposed Solution

- An increase of \$86.0 million cash fund spending authority for tuition revenue will allow institutions to remain financially viable by covering inflationary and healthcare benefit cost increases.
- The 3.0 percent statewide goal for resident, undergraduate tuition will enhance affordability for Coloradans and the multi-year nature of the request will provide greater reliability for a student and family's college financial planning.

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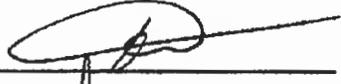
Schedule 13

Funding Request for the FY 2018-19 Budget Cycle

Department of Higher Education

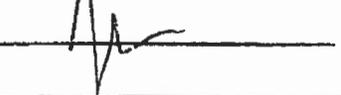
Request Title

R-02 Tuition Spending Authority

Dept. Approval By: 

Supplemental FY 2017-18

Change Request FY 2018-19

OSPB Approval By: 

Budget Amendment FY 2018-19

Summary Information	Fund	FY 2017-18		FY 2018-19	FY 2019-20	
		Initial	Supplemental	Change	Continuation	
		Appropriation	Request	Request		
Total		\$3,197,875,043	\$0	\$3,197,875,043	\$86,033,097	\$176,600,938
FTE		24,631.9	0.0	24,631.9	0.0	0.0
Total of All Line Items Impacted by Change Request						
GF		\$0	\$0	\$0	\$0	\$0
CF		\$2,634,035,398	\$0	\$2,534,035,398	\$88,033,097	\$175,600,938
RF		\$663,839,645	\$0	\$663,839,645	\$0	\$0
FF		\$0	\$0	\$0	\$0	\$0

Line Item Information	Fund	FY 2017-18		FY 2018-19	FY 2019-20	
		Initial	Supplemental	Base	Change	
		Appropriation	Request	Request	Request	
Total		\$41,644,400	\$0	\$41,644,400	\$802,397	\$1,637,317
FTE		339.5	0.0	339.5	0.0	0.0
05. Governing Boards, (A) Trustees of Adams State University - Trustees of Adams State College						
GF		\$0	\$0	\$0	\$0	\$0
CF		\$27,384,437	\$0	\$27,384,437	\$802,397	\$1,637,317
RF		\$14,259,963	\$0	\$14,259,963	\$0	\$0
FF		\$0	\$0	\$0	\$0	\$0

Total		\$102,178,724	\$0	\$102,178,724	\$2,389,177	\$4,864,083
FTE		728.3	0.0	728.3	0.0	0.0
05. Governing Boards, (B) Trustees of Colorado Mesa University - Trustees of Colorado Mesa University						
GF		\$0	\$0	\$0	\$0	\$0
CF		\$76,227,563	\$0	\$76,227,563	\$2,389,177	\$4,864,083
RF		\$25,951,161	\$0	\$25,951,161	\$0	\$0
FF		\$0	\$0	\$0	\$0	\$0

	Total	\$183,224,694	\$0	\$183,224,694	\$3,636,518	\$7,392,864
	FTE	1,392.8	0.0	1,392.8	0.0	0.0
05. Governing Boards, (C) Trustees of Metropolitan State College of Denver -- Trustees of Metropolitan State College of Denver	GF	\$0	\$0	\$0	\$0	\$0
	CF	\$131,598,091	\$0	\$131,598,091	\$3,636,518	\$7,392,864
	RF	\$51,626,603	\$0	\$51,626,603	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

	Total	\$36,488,140	\$0	\$36,488,140	\$766,380	\$1,565,554
	FTE	250.2	0.0	250.2	0.0	0.0
05. Governing Boards, (D) Trustees of Western State College -- Trustees of Western State College	GF	\$0	\$0	\$0	\$0	\$0
	CF	\$24,666,243	\$0	\$24,666,243	\$766,380	\$1,565,554
	RF	\$11,821,897	\$0	\$11,821,897	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

	Total	\$673,516,057	\$0	\$673,516,057	\$18,048,128	\$36,853,278
	FTE	5,115.2	0.0	5,115.2	0.0	0.0
05. Governing Boards, (E) Board of Governors, Colorado State University System -- Board of Governors of the Colorado State University System	GF	\$0	\$0	\$0	\$0	\$0
	CF	\$534,230,531	\$0	\$534,230,531	\$18,048,128	\$36,853,278
	RF	\$139,285,526	\$0	\$139,285,526	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

	Total	\$57,601,319	\$0	\$57,601,319	\$1,780,464	\$3,643,253
	FTE	441.4	0.0	441.4	0.0	0.0
05. Governing Boards, (F) Trustees of Fort Lewis College -- Trustees of Fort Lewis College	GF	\$0	\$0	\$0	\$0	\$0
	CF	\$45,816,380	\$0	\$45,816,380	\$1,780,464	\$3,643,253
	RF	\$11,784,939	\$0	\$11,784,939	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

	Total	\$1,300,638,695	\$0	\$1,300,638,695	\$40,045,120	\$81,803,771
	FTE	8,255.5	0.0	8,255.5	0.0	0.0
05. Governing Boards, (G) Regents of the University Of Colorado -- Regents of the University Of Colorado	GF	\$0	\$0	\$0	\$0	\$0
	CF	\$1,106,320,468	\$0	\$1,106,320,468	\$40,045,120	\$81,803,771
	RF	\$194,318,227	\$0	\$194,318,227	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

	Total	\$170,815,394	\$0	\$170,815,394	\$5,717,907	\$11,689,256
05. Governing Boards, (H) Trustees of the Colorado School of Mines -- Trustees of the Colorado School of Mines	FTE	952.4	0.0	952.4	0.0	0.0
	GF	\$0	\$0	\$0	\$0	\$0
	CF	\$149,330,688	\$0	\$149,330,688	\$5,717,907	\$11,689,256
	RF	\$21,484,706	\$0	\$21,484,706	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

	Total	\$159,405,633	\$0	\$159,405,633	\$3,544,538	\$7,223,402
05. Governing Boards, (I) University of Northern Colorado -- University of Northern Colorado	FTE	1,308.0	0.0	1,308.0	0.0	0.0
	GF	\$0	\$0	\$0	\$0	\$0
	CF	\$119,808,225	\$0	\$119,808,225	\$3,544,538	\$7,223,402
	RF	\$39,597,408	\$0	\$39,597,408	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

	Total	\$472,361,987	\$0	\$472,361,987	\$9,302,468	\$18,928,160
05. Governing Boards, (J) State Board for Comm Colleges and Occupational Ed System -- State Board for Comm. Colleges and Occupational Ed System	FTE	5,848.6	0.0	5,848.6	0.0	0.0
	GF	\$0	\$0	\$0	\$0	\$0
	CF	\$318,652,772	\$0	\$318,652,772	\$9,302,468	\$18,928,160
	RF	\$153,709,215	\$0	\$153,709,215	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

CF Letternote Text Revision Required	Yes <input type="checkbox"/>	No <input type="checkbox"/>	If Yes, see schedule 4 fund source detail.
RF Letternote Text Revision Required	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
FF Letternote Text Revision Required	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
Requires Legislation?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	
Type of Request?	Department of Higher Education Prioritized Request		
Interagency Approval or Related Schedule	None		

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COLORADO
 Department of Higher Education

FY 2018-19 Funding Request | November 1, 2017

John W. Hickenlooper
 Governor

Dr. Kim Hunter Reed
 Executive Director

Department Priority: R-2
Request Detail: Tuition Spending Authority

Summary of Incremental Funding Change for FY 2018-19	Total Funds	General Fund
Tuition Spending Authority	\$86,033,097	\$0.0

The Department of Higher Education requests an increase of \$86,033,097 cash funds spending authority to reflect estimated public institutions’ tuition revenue for FY 2018-19. The portion of the increase for resident undergraduate students is based on the statewide goal of a moderate 3.0% tuition increase at Governing Board institutions in conjunction with Department Request R-01 (“Improving College Affordability and Outcomes”) starting in FY 2018-19. Increased tuition spending authority is necessary to assist institutions in keeping up with base costs and other initiatives. Based on this request the total spending authority for tuition revenue in FY 2018-19 would be \$2,231.9 million cash funds. In coordination with R-1 (“Improving College Affordability and Outcomes”) and out-year planning goals, this request contains an out-year annualization that reflects the estimated FY 2019-20 second year tuition cost of the request.

Problem or Opportunity:

The inflationary increase on core expenses and increased health care costs drive funding increases to pay for total institutional base costs. These costs can be financed through tuition revenue or state General Fund investment. The General Fund requested in R-1 is linked to moderate tuition increases to the statewide goal of 3.0 percent resident, undergraduate tuition in this request. Each 1.0 percent increase in tuition results in about \$9.6 million of revenue for institutions.

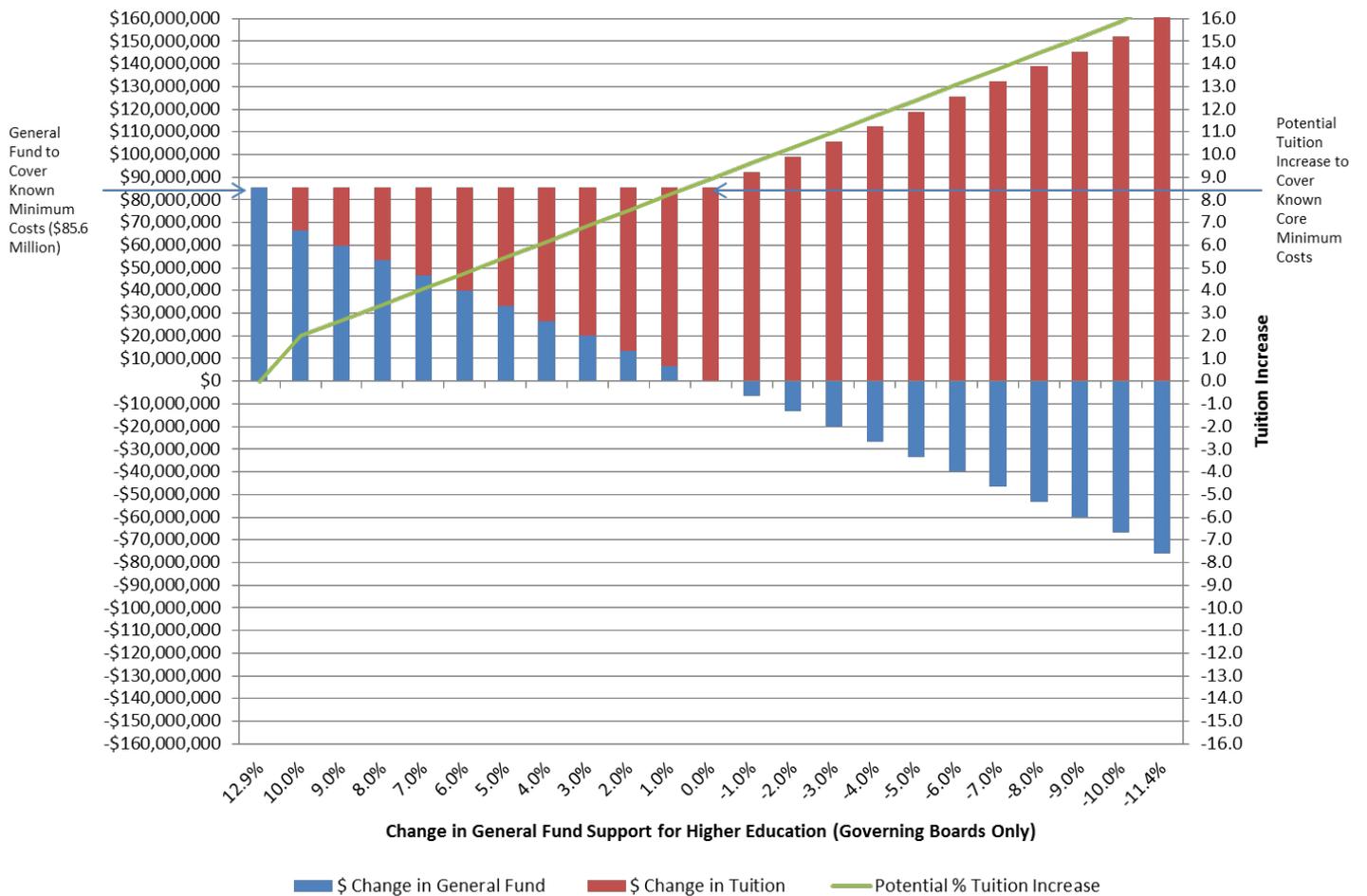
Under current law, tuition revenue is appropriated at all state institutions except the Colorado School of Mines. Also, pursuant to C.R.S §23-5-129 (6)(c) and C.R.S §23-1-108 (12)(b), the Commission is required to include in the annual budget request, detailed tuition recommendations for resident undergraduate students for each state institution of higher education.

Proposed Solution:

House Bill 14-1319 [C.R.S. § 23-18-306(5)] directed the Colorado Commission on Higher Education to submit to the General Assembly by November 1, 2015, new tuition policies that ensure both accessible and affordable higher education for Colorado residents, while reflecting the level of state funding for institutions, and the need of each institution to enhance its financial position and sustainability. The Commission adopted a tuition policy, based on the idea of cost-sharing, which directly links tuition increases to the level of General Fund support. In other words, an increase in General Fund investment results in lower tuition increases, while a decrease in General Fund investment results in higher tuition increases.

Tuition Spending Authority and Footnote Language

The Department of Higher Education requests a total increase of \$86 million in cash funds spending authority to support the anticipated increase in tuition revenue in FY 2018-19. Based on this request the total spending authority for tuition revenue in FY 2018-19 would be \$2,231,935,727 cash funds with a 3.0 percent statewide goal for undergraduate, resident tuition. The statewide 3.0 percent goal is linked to the Department’s R-1 Request, which demonstrates institutional core minimum costs and provides significant General Fund support for institutions to offset those costs (for the core minimum cost estimate, please refer to R-1). Each 1.0 percent increase in tuition generates about \$9.6 million of revenue for institutions (see following table).



Potential % Change in General Fund	\$ Change in General Fund	\$ Change in Tuition	Potential % Tuition Increase
12.9%	85,610,264	\$0	0.0
10.0%	66,498,455	\$19,111,809	2.0
9.0%	59,848,610	\$25,761,655	2.7
8.0%	53,198,764	\$32,411,500	3.4
7.0%	46,548,919	\$39,061,346	4.1
6.0%	39,899,073	\$45,711,191	4.8
5.0%	33,249,228	\$52,361,037	5.5
4.0%	26,599,382	\$59,010,882	6.2
3.0%	19,949,537	\$65,660,728	6.8
2.0%	13,299,691	\$72,310,573	7.5
1.0%	6,649,846	\$78,960,419	8.2
0.0%	-	\$85,610,264	8.9
-1.0%	(6,649,846)	\$92,260,110	9.6
-2.0%	(13,299,691)	\$98,909,955	10.3
-3.0%	(19,949,537)	\$105,559,801	11.0
-4.0%	(26,599,382)	\$112,209,646	11.7
-5.0%	(33,249,228)	\$118,859,492	12.4
-6.0%	(39,899,073)	\$125,509,337	13.1
-7.0%	(46,548,919)	\$132,159,183	13.8
-8.0%	(53,198,764)	\$138,809,028	14.5
-9.0%	(59,848,610)	\$145,458,874	15.2
-10.0%	(66,498,455)	\$152,108,719	15.9
-11.4%	(76,023,153)	\$161,633,417	16.9

The Department's request does not place any rate or revenue limits on allowable increases for resident graduate students and nonresident students. It is possible that adjustments will be required either through the Commission's appropriated contingency fund or through the supplemental process to offset enrollment increase.

The Department and Executive Branch look forward to working with the General Assembly to achieve the goal of moderating tuition. The following Table provides recommended tuition spending authority figures by Governing Board based on funding model outcomes and the proposed tuition footnote language for the FY 2018-19 Long Bill.

	FY 2017-18 Tuition Revenue Estimate by Campus	FY 2018-19 Requested Tuition Spending Authority Increase Based on Rate Assumption	FY 2018-19 Total Tuition Revenue Estimate Based on Rate Assumption
ASU	21,112,450	802,397	21,914,847
CMU	70,269,917	2,389,177	72,659,094
MSU	114,062,321	3,636,518	117,698,839
WSCU	19,010,662	766,380	19,777,042
CSU	457,885,794	18,048,128	475,933,922

	FY 2017-18 Tuition Revenue Estimate by Campus	FY 2018-19 Requested Tuition Spending Authority Increase Based on Rate Assumption	FY 2018-19 Total Tuition Revenue Estimate Based on Rate Assumption
Ft. Lewis	40,074,459	1,780,464	41,854,923
CU	993,385,672	40,045,120	1,033,430,792
Mines**	135,993,878	5,717,907	141,711,785
UNC	99,491,476	3,544,538	103,036,014
CCCOES	280,649,098	9,302,468	289,951,566
Total	2,231,935,727	86,033,097	2,317,968,824

**Shown for informational purposes only.

The following table provides information on the tuition increase assumptions used to calculate the tuition spending authority. It is important to note that the resident undergraduate tuition increases represent the requested increase tied to the statewide goal of 3% and do not reflect official governing board action.

FY 2018-19 Tuition Revenue Increase Assumption										
	ASU	CMU	MSU	WSCU	CSU	Ft. Lewis	CU	Mines	UNC	CCCOES
Resident	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Non-resident	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%

In addition, the following is suggested footnote language based on the tuition analysis provided above:

Department of Higher Education, Governing Boards, Trustees of Adams State University -- The amount in this line item is calculated based on the assumption that no undergraduate student with in-state classification will pay more tuition in FY 2018-19 than three percent over what a student would have paid in FY 2017-18 for the same credit hours and course of study. This amount is also calculated based on the assumption that the governing board will increase tuition rates for graduate and nonresident students based on its assessment of market conditions. The General Assembly intends to adjust the amount in this line item through supplemental action during fiscal year 2018-19 based on updated enrollment estimates and tuition rate information.

Department of Higher Education, Governing Boards, Trustees of Colorado Mesa University-- The amount in this line item is calculated based on the assumption that no undergraduate student with in-state classification will pay more tuition in FY 2018-19 than three percent over what a student would have paid in FY 2017-18 for the same credit hours and course of study. This amount is also calculated based on the assumption that the governing board will increase tuition rates for graduate and nonresident students based on its assessment of market conditions. The General Assembly intends to adjust the amount in this line item through supplemental action during fiscal year 2018-19 based on updated enrollment estimates and tuition rate information.

Department of Higher Education, Governing Boards, Trustees of Metropolitan State University of Denver -- The amount in this line item is calculated based on the assumption that no undergraduate student with in-state classification will pay more tuition in FY 2018-19 than three percent over what a student would have paid in FY 2017-18 for the same credit hours and course of study. This amount is also calculated based on the assumption that the governing board will increase tuition rates for graduate and nonresident students based on its assessment of market conditions. The General Assembly intends to adjust the amount in this line item through supplemental action during fiscal year 2018-19 based on updated enrollment estimates and tuition rate information.

Department of Higher Education, Governing Boards, Trustees of Western State Colorado University-- The amount in this line item is calculated based on the assumption that no undergraduate student with in-state classification will pay more tuition in FY 2018-19 than three percent over what a student would have paid in FY 2017-18 for the same credit hours and course of study.

This amount is also calculated based on the assumption that the governing board will increase tuition rates for graduate and nonresident students based on its assessment of market conditions. The General Assembly intends to adjust the amount in this line item through supplemental action during fiscal year 2018-19 based on updated enrollment estimates and tuition rate information.

Department of Higher Education, Governing Boards, Board of Governors of the Colorado State University System-- The amount in this line item is calculated based on the assumption that no undergraduate student with in-state classification will pay more tuition in FY 2018-19 than three percent over what a student would have paid in FY 2017-18 for the same credit hours and course of study. This amount is also calculated based on the assumption that the governing board will increase tuition rates for graduate and nonresident students based on its assessment of market conditions. The General Assembly intends to adjust the amount in this line item through supplemental action during fiscal year 2018-19 based on updated enrollment estimates and tuition rate information.

Department of Higher Education, Governing Boards, Trustees of Fort Lewis College-- The amount in this line item is calculated based on the assumption that no undergraduate student with in-state classification will pay more tuition in FY 2018-19 than three percent over what a student would have paid in FY 2017-18 for the same credit hours and course of study. This amount is also calculated based on the assumption that the governing board will increase tuition rates for graduate and nonresident students based on its assessment of market conditions. The General Assembly intends to adjust the amount in this line item through supplemental action during fiscal year 2018-19 based on updated enrollment estimates and tuition rate information.

Department of Higher Education, Governing Boards, Trustees of the Colorado School of Mines – The cash funds appropriation from tuition in this line item is for informational purposes only. Pursuant to the provisions of 23-41-104.6 (5) (c), C.R.S., the Board of Trustees has authority to establish resident and non-resident tuition rates for the Colorado School of Mines. The amount shown is based on the Colorado School of Mines' February 2018 tuition forecast. The General Assembly intends to adjust the amount in this line item through supplemental action during fiscal year 2018-19 based on updated enrollment estimates and tuition rate information.

Department of Higher Education, Governing Boards, University of Northern Colorado--The amount in this line item is calculated based on the assumption that no undergraduate student with in-state classification will pay more tuition in FY 2018-19 than three percent over what a student would have paid in FY 2017-18 for the same credit hours and course of study. This amount is also calculated based on the assumption that the governing board will increase tuition rates for graduate and nonresident students based on its assessment of market conditions. The General Assembly intends to adjust the amount in this line item through supplemental action during fiscal year 2018-19 based on updated enrollment estimates and tuition rate information.

Department of Higher Education, Governing Boards, Regents of the University of Colorado--The amount in this line item is calculated based on the assumption that no undergraduate student with in-state classification will pay more tuition in FY 2018-19 than three percent over what a student would have paid in FY 2017-18 for the same credit hours and course of study. This amount is also calculated based on the assumption that the governing board will increase tuition rates for graduate and nonresident students based on its assessment of market conditions. The General Assembly intends to adjust the amount in this line item through supplemental action during fiscal year 2018-19 based on updated enrollment estimates and tuition rate information. In accordance with the resident tuition guarantee at the University of Colorado Boulder, each undergraduate resident student with in-state classification who entered in FY 2015-16, FY 2016-17, and FY 2017-18 shall have no increase in tuition through FY 2018-19, FY 2019-20 and FY 2020-21, respectively, and the tuition rate paid by each undergraduate resident student with in-state classification entering in FY 2018-19, in total shall not exceed an average annual two percent increase through FY 2021-22.

Department of Higher Education, Governing Boards, State Board for Community Colleges and Occupational Education State System Community Colleges--The amount in this line item is calculated based on the assumption that no undergraduate student with in-state classification will pay more tuition in FY 2018-19 than three percent over what a student would have paid in FY 2017-18 for the same credit hours and course of study. This amount is also calculated based on the assumption that the governing board will increase tuition rates for graduate and nonresident students based on its assessment of market conditions. The General Assembly intends to adjust the amount in this line item through supplemental action during fiscal year 2018-19 based on updated enrollment estimates and tuition rate information.

Anticipated Outcomes:

Tuition is inexorably tied to state General Fund investment. The Department anticipates a statewide goal for tuition increases of 3.0 percent if the State pays for its share of public higher education institutions' increases to fixed costs. Along with the General Fund increase specified in the Department's Operating Request (R-1), the tuition spending authority request will allow Colorado's public institutions to keep up with base costs and provide flexibility to address strategic initiatives.

Assumptions and Calculations:

To derive the projected spending authority in this request, the Department utilized the tuition revenue figures in the FY 2017-18 Long Bill (S.B. 17-254), and assumed a 5.0 percent increase to nonresident tuition and applied the tuition rate from the Department's cost matrix with some adjustments to the overall requested change in state funding. The sum of these two amounts, is added to the FY 2017-18 base, to arrive at the total amount requested for tuition revenue spending authority in FY 2018-19.

The Department collects its annual tuition and fee survey in mid-September. This survey will enable the calculation of actual base tuition rates and account for all differential rates. The Department collects the fall census enrollment report and the Budget Data Book submissions in mid-October, which combined, enable the most accurate enrollment and tuition revenue projections available. The Department anticipates using all of these reports to more accurately estimate tuition spending authority and will submit future budget amendments as necessary.

Appendix A

FY 2018-19 Tuition Revenue Estimate

	ASU	CMU	MSU	WSCU	CSU	Ft. Lewis	CU	Mines	UNC	CCCOES	
Resident	12,661,280	56,215,933	103,329,898	9,207,677	242,308,079	11,162,958	481,208,180	54,089,348	71,501,791	236,499,334	
Non-resident	8,451,170	14,053,984	10,732,423	9,802,985	215,577,715	28,911,501	512,177,492	81,904,530	27,989,685	44,149,764	
Total	21,112,450	70,269,917	114,062,321	19,010,662	457,885,794	40,074,459	993,385,672	135,993,878	99,491,476	280,649,098	
Resident Share	0.60	0.80	0.91	0.48	0.53	0.28	0.48	0.40	0.72	0.84	
Non-Res Share	0.400293178	0.200000006	0.094092626	0.515657212	0.4708111	0.721444568	0.515587758	0.6022663	0.281327464	0.157313046	
Total											
Appropriation											
Check	21,112,450	70,269,917	114,062,321	19,010,662	457,885,794	40,074,459	993,385,672	135,993,878	99,491,476	280,649,098	2,231,935,727

FY 2018-19 Tuition Revenue Assumption

	ASU	CMU	MSU	WSCU	CSU	Ft. Lewis	CU	Mines*	UNC	CCCOES
Resident	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Non-resident	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%

Tuition Revenue is informational for Colorado School of Mines

FY 2018-19 Tuition Revenue Estimate

	ASU	CMU	MSU	WSCU	CSU	Ft. Lewis	CU	Mines	UNC	CCCOES
Resident	13,041,119	57,902,411	106,429,795	9,483,907	249,577,322	11,497,847	495,644,425	55,712,029	73,646,845	243,594,314
Non-resident	8,873,728	14,756,683	11,269,044	10,293,134	226,356,600	30,357,076	537,786,367	85,999,756	29,389,169	46,357,253
Total	21,914,847	72,659,094	117,698,839	19,777,042	475,933,922	41,854,923	1,033,430,792	141,711,785	103,036,014	289,951,566

FY 2018-19 Requested Tuition Spending Authority Increase

	ASU	CMU	MSU	WSCU	CSU	Ft. Lewis	CU	Mines	UNC	CCCOES	Total
Resident	379,838	1,686,478	3,099,897	276,230	7,269,242	334,889	14,436,245	1,622,680	2,145,054	7,094,980	38,345,534
Non-resident	422,558	702,699	536,621	490,149	10,778,886	1,445,575	25,608,875	4,095,226	1,399,484	2,207,488	47,687,562
Total	802,397	2,389,177	3,636,518	766,380	18,048,128	1,780,464	40,045,120	5,717,907	3,544,538	9,302,468	86,033,097

Appendix A

FY 2019-20 Tuition Revenue Estimate

	ASU	CMU	MSU	WSCU	CSU	Ft. Lewis	CU	Mines	UNC	CCCOES	
Resident	13,041,119	57,902,411	106,429,795	9,483,907	249,577,322	11,497,847	495,644,425	55,712,029	73,646,845	243,594,314	
Non-resident	8,873,728	14,756,683	11,269,044	10,293,134	226,356,600	30,357,076	537,786,367	85,999,756	29,389,169	46,357,253	
Total	21,914,847	72,659,094	117,698,839	19,777,042	475,933,922	41,854,923	1,033,430,792	141,711,785	103,036,014	289,951,566	
Resident Share	0.60	0.80	0.91	0.48	0.53	0.28	0.48	0.40	0.72	0.84	
Non-Res Share	0.400293178	0.200000006	0.094092626	0.515657212	0.4708111	0.721444568	0.515587758	0.6022663	0.281327464	0.157313046	
Total											
Appropriation											
Check	21,914,847	72,659,094	117,698,839	19,777,042	475,933,922	41,854,923	1,033,430,792	141,711,785	103,036,014	289,951,566	2,317,968,824

FY 2019-20 Tuition Revenue Assumption

	ASU	CMU	MSU	WSCU	CSU	Ft. Lewis	CU	Mines*	UNC	CCCOES
Resident	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Non-resident	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%

* Tuition is informational for the Colorado School of Mines.

FY 2019-20 Tuition Revenue Estimate

	ASU	CMU	MSU	WSCU	CSU	Ft. Lewis	CU	Mines	UNC	CCCOES
Resident	13,432,352	59,639,484	109,622,688	9,768,425	257,064,642	11,842,782	510,513,758	57,383,390	75,856,251	250,902,143
Non-resident	9,317,415	15,494,517	11,832,497	10,807,791	237,674,430	31,874,930	564,675,685	90,299,744	30,858,627	48,675,115
Total	22,749,767	75,134,001	121,455,185	20,576,215	494,739,072	43,717,712	1,075,189,443	147,683,134	106,714,878	299,577,258

FY 2019-20 Requested Tuition Spending Authority Increase

	ASU	CMU	MSU	WSCU	CSU	Ft. Lewis	CU	Mines	UNC	CCCOES	Total
Resident	391,234	1,737,072	3,192,894	284,517	7,487,320	344,935	14,869,333	1,671,361	2,209,405	7,307,829	39,495,900
Non-resident	443,686	737,834	563,452	514,657	11,317,830	1,517,854	26,889,318	4,299,988	1,469,458	2,317,863	50,071,941
Total	834,920	2,474,906	3,756,346	799,174	18,805,150	1,862,789	41,758,651	5,971,349	3,678,864	9,625,692	89,567,841

Appendix A

FY 2020-21 Tuition Revenue Estimate

	ASU	CMU	MSU	WSCU	CSU	Ft. Lewis	CU	Mines	UNC	CCCOES	
Resident	13,432,352	59,639,484	109,622,688	9,768,425	257,064,642	11,842,782	510,513,758	57,383,390	75,856,251	250,902,143	
Non-resident	9,317,415	15,494,517	11,832,497	10,807,791	237,674,430	31,874,930	564,675,685	90,299,744	30,858,627	48,675,115	
Total	22,749,767	75,134,001	121,455,185	20,576,215	494,739,072	43,717,712	1,075,189,443	147,683,134	106,714,878	299,577,258	
Resident Share	0.60	0.80	0.91	0.48	0.53	0.28	0.48	0.40	0.72	0.84	
Non-Res Share	0.400293178	0.200000006	0.094092626	0.515657212	0.4708111	0.721444568	0.515587758	0.6022663	0.281327464	0.157313046	
Total											
Appropriation											
Check	22,749,767	75,134,001	121,455,185	20,576,215	494,739,072	43,717,712	1,075,189,443	147,683,134	106,714,878	299,577,258	2,407,536,665

FY 2018-19 Tuition Revenue Assumption

	ASU	CMU	MSU	WSCU	CSU	Ft. Lewis	CU	Mines*	UNC	CCCOES
Resident	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Non-resident	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%

Tuition Revenue is informational for Colorado School of Mines

FY 2020-21 Tuition Revenue Estimate

	ASU	CMU	MSU	WSCU	CSU	Ft. Lewis	CU	Mines	UNC	CCCOES
Resident	13,835,323	61,428,668	112,911,369	10,061,477	264,776,581	12,198,066	525,829,171	59,104,891	78,131,938	258,429,207
Non-resident	9,783,285	16,269,243	12,424,122	11,348,180	249,558,152	33,468,676	592,909,469	94,814,731	32,401,559	51,108,871
Total	23,618,608	77,697,911	125,335,491	21,409,658	514,334,733	45,666,742	1,118,738,640	153,919,622	110,533,497	309,538,078

FY 2020-21 Requested Tuition Spending Authority Increase

	ASU	CMU	MSU	WSCU	CSU	Ft. Lewis	CU	Mines	UNC	CCCOES	Total
Resident	402,971	1,789,185	3,288,681	293,053	7,711,939	355,283	15,315,413	1,721,502	2,275,688	7,527,064	40,680,777
Non-resident	465,871	774,726	591,625	540,390	11,883,722	1,593,746	28,233,784	4,514,987	1,542,931	2,433,756	52,575,538
Total	868,841	2,563,910	3,880,305	833,442	19,595,661	1,949,030	43,549,197	6,236,489	3,818,619	9,960,820	93,256,315

Appendix A

FY 2021-22 Tuition Revenue Estimate

	ASU	CMU	MSU	WSCU	CSU	Ft. Lewis	CU	Mines	UNC	CCCOES	
Resident	13,835,323	61,428,668	112,911,369	10,061,477	264,776,581	12,198,066	525,829,171	59,104,891	78,131,938	258,429,207	
Non-resident	9,783,285	16,269,243	12,424,122	11,348,180	249,558,152	33,468,676	592,909,469	94,814,731	32,401,559	51,108,871	
Total	23,618,608	77,697,911	125,335,491	21,409,658	514,334,733	45,666,742	1,118,738,640	153,919,622	110,533,497	309,538,078	
Resident Share	0.60	0.80	0.91	0.48	0.53	0.28	0.48	0.40	0.72	0.84	
Non-Res Share	0.400293178	0.200000006	0.094092626	0.515657212	0.4708111	0.721444568	0.515587758	0.6022663	0.281327464	0.157313046	
Total											
Appropriation											
Check	23,618,608	77,697,911	125,335,491	21,409,658	514,334,733	45,666,742	1,118,738,640	153,919,622	110,533,497	309,538,078	2,500,792,980

FY 2021-22 Tuition Revenue Assumption

	ASU	CMU	MSU	WSCU	CSU	Ft. Lewis	CU	Mines*	UNC	CCCOES
Resident	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Non-resident	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%

Tuition Revenue is informational for Colorado School of Mines

FY 2021-22 Tuition Revenue Estimate

	ASU	CMU	MSU	WSCU	CSU	Ft. Lewis	CU	Mines	UNC	CCCOES
Resident	14,250,383	63,271,528	116,298,710	10,363,322	272,719,878	12,564,008	541,604,046	60,878,038	80,475,896	266,182,084
Non-resident	10,272,450	17,082,705	13,045,328	11,915,589	262,036,059	35,142,110	622,554,943	99,555,468	34,021,637	53,664,315
Total	24,522,832	80,354,233	129,344,038	22,278,911	534,755,938	47,706,118	1,164,158,989	160,433,506	114,497,533	319,846,398

FY 2021-22 Requested Tuition Spending Authority Increase

	ASU	CMU	MSU	WSCU	CSU	Ft. Lewis	CU	Mines	UNC	CCCOES	Total
Resident	415,060	1,842,860	3,387,341	301,844	7,943,297	365,942	15,774,875	1,773,147	2,343,958	7,752,876	41,901,201
Non-resident	489,164	813,462	621,206	567,409	12,477,908	1,673,434	29,645,473	4,740,737	1,620,078	2,555,444	55,204,314
Total	904,224	2,656,322	4,008,547	869,253	20,421,205	2,039,376	45,420,349	6,513,883	3,964,036	10,308,320	97,105,515



Cost and FTE

- The Department requests a decrease of \$373,209 General Fund/Total Funds for the Fort Lewis College Native American Tuition Waiver in FY 2018-19.

Current Program

- Colorado is required via Federal treaty and State law to fund tuition for any qualified Native American student who attends Fort Lewis College. Federal treaty with Colorado applies to all Native American students throughout the United States. Therefore, the appropriation covers both resident and non-resident tuition for participating students.

Problem or Opportunity

- Fort Lewis College is forecasting an enrollment decline of 3.0 percent and 6.0 percent for resident and non-resident students, respectively. These student enrollment changes are the result of tightening admissions requirements at Fort Lewis College. The enrollment changes result in slight cost decreases for the program.

Consequences of Problem

- If the funding for the Fort Lewis Native American Tuition Waiver is not decreased, the line item will be overfunded.

Proposed Solution

- The Department requests that the Fort Lewis College Native American Tuition Waiver funding be decreased to adjust for the impact of the forecasted Native American student enrollment declines.

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Schedule 13

Funding Request for the FY 2018-19 Budget Cycle

Department of Higher Education

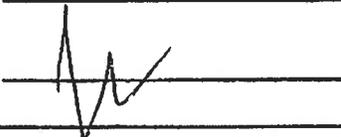
Request Title

R-03 Fort Lewis Native American Tuition Waiver

Dept. Approval By: 

Supplemental FY 2017-18

Change Request FY 2018-19

OSPB Approval By: 

Budget Amendment FY 2018-19

Summary Information	Fund	FY 2017-18		FY 2018-19	FY 2019-20	
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	Total	\$16,948,194	\$0	\$16,948,194	(\$373,209)	(\$373,209)
	FTE	0.0	0.0	0.0	0.0	0.0
Total of All Line Items Impacted by Change Request	GF	\$16,948,194	\$0	\$16,948,194	(\$373,209)	(\$373,209)
	CF	\$0	\$0	\$0	\$0	\$0
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

Line Item Information	Fund	FY 2017-18		FY 2018-19	FY 2019-20	
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	Total	\$16,948,194	\$0	\$16,948,194	(\$373,209)	(\$373,209)
	FTE	0.0	0.0	0.0	0.0	0.0
03. Colorado Commission on Higher Education Financial Aid, (D) Special Purposes -- Native American Students/Fort Lewis College	GF	\$16,948,194	\$0	\$16,948,194	(\$373,209)	(\$373,209)
	CF	\$0	\$0	\$0	\$0	\$0
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

CF Letternote Text Revision Required	Yes <input type="checkbox"/> No <input type="checkbox"/>	If Yes, see schedule 4 fund source detail.
RF Letternote Text Revision Required	Yes <input type="checkbox"/> No <input type="checkbox"/>	
FF Letternote Text Revision Required	Yes <input type="checkbox"/> No <input type="checkbox"/>	
Requires Legislation?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
Type of Request?	Department of Higher Education Prioritized Request	
Interagency Approval or Related Schedule	None	

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COLORADO
Department of Higher Education

John W. Hickenlooper
Governor

Dr. Kim Hunter Reed
Executive Director

FY 2018-19 Funding Request | November 1, 2017

Department Priority: R-3
Request Detail: Fort Lewis Native American Tuition Waiver

Summary of Incremental Funding Change for FY 2018-19	Total Funds	General Fund
Fort Lewis College Native American Tuition Waiver	(\$373,209)	(\$373,209)

The Department of Higher Education requests a decrease of \$373,209 General Fund to account for the anticipated cost of the Fort Lewis College Native American Tuition Waiver in FY 2018-19. This decrease would bring the total budget for this program down to \$16,574,985 General Fund/Total Funds.

Problem or Opportunity:

A decrease in the funding for the Ft. Lewis College Native American Tuition Waiver is necessary to reflect anticipated enrollment decreases which reduce the need for funding in the line item. The request incorporates an estimated decrease of 3.0 percent and 6.0 percent enrollment for resident and non-resident Native American students. With this decrease, the State will still nonetheless be in full compliance with state statutory and federal requirements.

Statutory Requirements

Section 23-52-105 (1) (b), C.R.S. states, “The general assembly shall appropriate from the state general fund one hundred percent of the money required for tuition for such qualified Indian pupils” at Fort Lewis College. Fort Lewis College waives tuition for these students upfront and receives reimbursement for these students from the State in the subsequent fiscal year. Thus, the funding for this program is in arrears, such that this FY 2018-19 request covers the prior year’s actual waivers which will be granted in FY 2017-18.

Background

In 1910, the United States Commissioner of Indian Affairs recommended that the property encompassing Ft. Lewis College (which had been previously declared a federally owned Indian school) be transferred to Colorado if the state were willing to accept certain conditions. The Sixty-first Congress passed an Act which granted the State of Colorado the Ft. Lewis property provided that: “...said lands and buildings shall be held and maintained by the State of Colorado as an institution of learning, and that Indian pupils shall at all times be admitted to such school free of charge for tuition and on terms of equality with white pupils...”

In 1911, Colorado Governor John P. Shafroth signed the Executive Order which accepted Ft. Lewis under the conditions of the 1910 Act of Congress. By the 1960s, increasing numbers of Native American students

were attending the school and the associated cost prompted the Colorado Legislature in 1971 to enact legislation that limited full tuition coverage to only Native American pupils who qualified for in-state tuition in Colorado. This legislation was challenged by the Federal government in 1972 as a breach of the contract created by the 1910 Acts and 1911 Executive Order. Chief Judge Alfred A. Arraj ruled in favor of the Federal Government that the Act and the acceptance of its terms by Colorado resulted in a contract that required Colorado to admit any Native American student to Ft. Lewis College free of charge for tuition. This decision was further upheld by the United States Court of Appeals, Tenth Circuit. It is this legal precedent that directs State policy and budgetary action regarding the Ft. Lewis Native American Tuition Waiver currently.

The estimates for the program as provided by Fort Lewis College are lower due to decreases in student enrollment which result from changes in the institution's admission requirements. The enrollment changes are the sole factor resulting in a decrease of \$373,209 General Fund. If this request is not approved, the State will be over-funding the program and out of compliance with Colorado statute and the federal treaty.

Proposed Solution:

The decrease will ensure that the line item is appropriately calibrated to anticipated enrollment. With this decrease, the State will still nonetheless be fully funding its statutory obligations for paying student tuition associated with Native American student enrollment and tuition costs at Fort Lewis College.

Anticipated Outcomes:

The mission of the Colorado Department of Higher Education is to improve the quality of, ensure the affordability of, and promote access to postsecondary education for the people of Colorado. In fulfilling the terms of the Ft. Lewis Native American tuition waiver, the Department not only ensures compliance with statute but also promotes access to postsecondary education for a significantly underserved minority population.

Assumptions and Calculations:

Please see Attachment A for the detailed calculations used to arrive at this request submitted by Fort Lewis College. The following assumptions were used for these calculations:

- The FY 2018-19 budget request (\$16,574,985 total, a decrease of \$373,209 General Fund) is based on the FY 2017-18 estimate of actual waivers (as all funding is made in arrears, based on the prior year).
- The FY 2017-18 appropriation was based on FY 2016-17 estimates; however, this calculated amount is recalibrated in this request.
- The request assumes that resident and non-resident students will represent the same percentage of total enrollments as actual FY 2017-18 enrollments.

The request accounts for a tuition increase in FY 2017-18 of 5.7% for resident students, 5.0% for non-resident students, and enrollment decreases of 3.0% and 6.0%, respectively, for resident and non-resident students. Around 85% percent of the students served in the Fort Lewis Native American Tuition Waiver

are non-resident students and 15% percent are residents. Thus, the decrease reflects the combined factors of changes to enrollment, resident and non-resident tuition changes.

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Budget Office
1000 Rim Drive
Durango, CO 81301

(970) 247-7435 tel
(970) 247-7175 fax

July 26, 2017

Andrew Rauch
Department of Higher Education
1560 Broadway, Suite 1600
Denver, Colorado 80202

Re: Native American Appropriation

Dear Andrew,

The initial estimate of the Native American student tuition waivers to be granted for FY 2017-18 is \$16,574,985. This amount also represents the estimate of the legislative appropriation needed for FY 2018-19. The appropriation decrease from the prior year results from an estimated decreased resident and non-resident Native American enrollment of 3% and 6% respectively, and an adjustment of the FY 2017-18 appropriation (FY 2016-17 reimbursement) from estimate to actual.

I will provide revised estimates in September 2017 and February 2018 for the actual FY 2018-19 funding needed as enrollment numbers become solidified.

If you have any questions or need additional information, please contact me at (970) 247-7435.

Sincerely,

A handwritten signature in black ink, appearing to read "Michele Peterson".

Michele Peterson
Associate Vice President, Finance and Administration

cc: Amanda Bickel, Joint Budget Committee
Henry Sobanet, Office of State Planning and Budget
Dene Kay Thomas, Fort Lewis College
Steve Schwartz, Fort Lewis College
Cheryl Wiescamp, Fort Lewis College
Ed Bowditch, Fort Lewis College

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FORT LEWIS COLLEGE
NATIVE AMERICAN APPROPRIATION REQUEST
FY 18-19 ESTIMATED APPROPRIATION REQUEST
BASED ON FY 17-18 ESTIMATE OF ACTUAL WAIVERS

	FALL	WINTER	SUMMER SESSION I	PREVIOUS YEAR FUNDING ADJUSTMENT	TOTAL
Native American Appropriation FY 17-18 Request made in Feb 17 Based on FLC Estimate of 100% Tuition Waivers for FY 16-17	\$8,584,089	\$7,460,052	\$1,011,861	(107,808)	\$16,948,194
Actual Native American Tuition Waivers for FY 16-17 Source FGIBDST 6/30/17	8,596,689	7,467,008	816,903	n/a	16,880,600
FY 16-17 Funding Adjustment	12,600	6,956	(194,958)	n/a	(175,402)
Funding Required For FY 18-19 Funded in Arrears, FY 18-19 Funding is for FY 17-18 Waivers	8,504,607	7,387,555	858,225	(175,402)	16,574,985 (373,209)

PROJECTED TUITION BY RESIDENCY STATUS

BASED ON ASSUMPTIONS BELOW

RESIDENT	526,837	471,738	72,059
NON-RESIDENT	7,977,770	6,915,816	786,166
TOTAL	8,504,607	7,387,555	858,225

ASSUMPTIONS:

RESIDENT BREAKDOWN PERCENTAGE	6.17%
NON-RESIDENT BREAKDOWN PERCENTAGE	93.83%

RESIDENT TUITION INCREASE	5.70%
NON-RESIDENT TUITION INCREASE	5.00%

PROJECTED NATIVE AMERICAN GROWTH (DECLINE) - BY TERM

Resident	-3.00%	-3.00%	0.00%
Non-Resident	-6.00%	-6.00%	0.00%

DOLLAR VALUE OF NATIVE AMERICAN WAIVERS

	FY 2016-17 - Actual			FY 2016-17 Waiver Est.	Diff
	RESIDENT	NON-RESIDENT	TOTAL	\$	
FALL - 2016	513,842	8,082,847	8,596,689	8,584,089	12,600
Spring - 2017	460,102	7,006,906	7,467,008	7,460,052	6,956
Summer - 2017	68,173	748,729	816,903	1,011,861	(194,958)
TOTAL	1,042,117	15,838,483	16,880,600	17,056,002	(175,402)
BREAKDOWN	6.17%	93.83%	100.00%		

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Cost and FTE

- The Department requests \$1,500,000 General Fund to create an Emergency Completion and Retention Grant program in FY 2018-19 in an effort to keep students who have a small financial emergency in school.

Current Program

- The State of Colorado does not currently fund completion grants, but these grants are gaining national attention as a low-cost, high-return retention and completion tool targeted to students within a certain credit hour threshold of completing or retaining.
- Institutions across the country, including in Colorado, utilize institutional aid to provide small amounts (\$1,500 or less generally) of emergency financial support to students faced with unanticipated costs that force a student to choose between continuing their studies and working toward their credential, or paying for the emergency event.
- Completion grants can be especially critical for minority, low-income, or first generation students who may lack the means to address unanticipated costs.
- Current completion grant programs are relatively small, and funding is provided on a first-come first-served basis or as a loan, preventing some needy students from accessing the funds.

Problem or Opportunity

- Colorado's current financial aid programs are designed to reduce a student's cost of attendance and do not necessarily have the flexibility to address one-off financial issues that may impact a student's ability to complete or stay in school.
- Traditional financial aid programs cannot anticipate nor accommodate emergency costs.
- Completion grant funding would allow institutions to leverage additional funds in connection with their own programs to help more students receive the benefit and persist through completion.

Consequences of Problem

- Students who would likely otherwise stay in school and finish their degree could continue to be derailed by relatively small, unexpected financial needs.
- The State will struggle to meet its attainment goal if it does not support proven strategies to accelerate students that are close to completing a credential.

Proposed Solution

- Fund \$1,500,000 General Fund for a grant program to help students who are progressing in college but who may have a small financial mishap in order to help improve student completion rates.

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Schedule 13

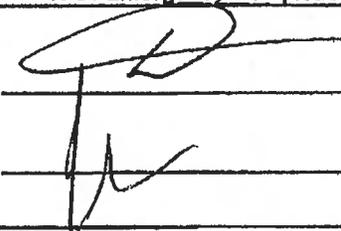
Funding Request for the FY 2018-19 Budget Cycle

Department of Higher Education

Request Title

R-04 Emergency Completion and Retention Grant

Dept. Approval By: _____



Supplemental FY 2017-18

Change Request FY 2018-19

OSPB Approval By: _____

Budget Amendment FY 2018-19

Summary Information	Fund	FY 2017-18		FY 2018-19		FY 2019-20
		Initial	Supplemental	Base Request	Change Request	Continuation
		Appropriation	Request			
Total		\$0	\$0	\$0	\$1,500,000	\$1,500,000
FTE		0.0	0.0	0.0	0.0	0.0
Total of All Line Items Impacted by Change Request	GF	\$0	\$0	\$0	\$1,500,000	\$1,500,000
	CF	\$0	\$0	\$0	\$0	\$0
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

Line Item Information	Fund	FY 2017-18		FY 2018-19		FY 2019-20
		Initial	Supplemental	Base Request	Change Request	Continuation
		Appropriation	Request			
Total		\$0	\$0	\$0	\$1,500,000	\$1,500,000
03. Colorado Commission on Higher Education Financial Aid, (D) Special Purposes -- Emergency Completion and Retention Grant	FTE	0.0	0.0	0.0	0.0	0.0
	GF	\$0	\$0	\$0	\$1,500,000	\$1,500,000
	CF	\$0	\$0	\$0	\$0	\$0
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

CF Letternote Text Revision Required	Yes <input type="checkbox"/> No <input type="checkbox"/>	If Yes, see schedule 4 fund source detail.
RF Letternote Text Revision Required	Yes <input type="checkbox"/> No <input type="checkbox"/>	
FF Letternote Text Revision Required	Yes <input type="checkbox"/> No <input type="checkbox"/>	
Requires Legislation?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	
Type of Request?	Department of Higher Education Prioritized Request	
Interagency Approval or Related Schedule	None	

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COLORADO

Department of Higher Education

John W. Hickenlooper
Governor

Dr. Kim Hunter Reed
Executive Director

FY 2018-19 Funding Request | November 1, 2017

Department Priority: R-04
Request Detail: Emergency Completion and Retention Grant

Summary of Incremental Funding Change for FY 2018-19	Total Funds	General Fund
Emergency Completion and Retention Grant	\$1,500,000	\$1,500,000

Problem or Opportunity:

In order to keep pace with the State's workforce needs, the primary goal of the Colorado Commission on Higher Education's (CCHE) Master Plan is to increase the number of Coloradoans with a postsecondary credential to 66% by 2025. As estimated in the Master Plan, an additional 9,200 credentials will be needed annually on top of natural growth to achieve this goal. Additional credentials can be generated by institutions retaining and completing more of the students that are currently enrolled. The most recent data published by the Department of Higher Education shows an average, state-wide retention rate of 72%¹ and a six-year graduation rate for four-year institutions of 60.2%². Colorado's retention rates for both two-year (55.7%) and four-year (78.2%) institutions are below the national average as the state ranks 40th and 31st respectively. Colorado's completion rates (23.9% for two-year and 54.9% for four year) are around average, 22nd for two-year and 24th for four-year, there is room for improvement.

Often times, retention and completion are thought of as the byproduct of academic factors like a student's preparedness or the number of times a student changes majors. However, students may not persist or complete due to financial factors. The rising cost of higher education places low-income and working students at a disadvantage as they are often unable to rely on assistance from parents or family to cover extraneous expenses. As indicated in a Public Agenda study, 60% of the students that left college without graduating felt sole responsibility for paying for college³. A lack of financial support from other sources impacted the student's persistence and ultimately, their graduation.

To provide students who are lacking external financial supports with an opportunity to obtain resources to persist and graduate, institutions are turning to microgrants or other short-term, emergency aid solutions. While emergency aid can take many forms, one common approach, according to a NASPA – Student Affairs Administrators in Higher Education study, is grants targeted to students facing unforeseen financial issues⁴. These grants are usually capped at around \$1,500, but students often must meet eligibility requirements including having unmet need. These aid programs provide institutions a tool that works beyond the current financial aid structure. Most aid programs are designed to address a student's cost of

¹ http://highered.colorado.gov/Publications/Reports/Enrollment/FY2015/2015_RetentionRates.pdf

² http://highered.colorado.gov/Publications/Reports/Enrollment/FY2015/2015_GradRates.pdf

³ <https://www.publicagenda.org/files/theirwholelivesaheadofthem.pdf>

⁴ https://www.naspa.org/images/uploads/main/Emergency_Aid_Report.pdf

attendance (COA), which is a set total dollar estimate for expenses like tuition, fees, living expenses, and transportation. A student's aid is packaged to their COA, so dynamic life events are not accounted for in traditional student aid. Loans are a part of traditional aid packages, so students encountering an unforeseen event could stop out while also having loans. Students often do not understand the value of a higher education degree when making the choice to stop out⁵, so a program that goes beyond the traditional aid apparatus can yield high returns. A report issued by the Association of Public Land-Grant Universities (APLU) surveying ten Land-Grant Universities found an extensive return on investment at several of the institutions in the study, and it highlighted the impact this program has on students that traditionally struggle to access and graduate college⁶.

Currently, the State does not provide any aid for emergency grants. A majority of the institutions in Colorado provide some form of emergency aid either through their foundation or their institutional aid. However, funding is often limited, and several institutions offer loans only, or do not have a program. There is an opportunity, at the state level, to provide funding to all public institutions for emergency retention and completion grants. One state institution has seen approximately 80% retention or completion from their grant recipients, but with additional funds, their program could be expanded and other institutions could implement similar programs.

There is an opportunity for the State to provide funding to all public institutions for use as emergency completion and retention grant programs. Targeting aid to those on the cusp of stopping out will help the state achieve its attainment goal and meet its workforce demands.

Proposed Solution:

The Department of Higher Education (DHE) proposes \$1,500,000 General Fund to allocate emergency aid to institutions for students within a certain credit hour threshold of completing their program. This program will require a statutory change providing authorization to create the program. Currently there is no statewide funding for emergency aid, and while institutions are providing some funding, expanding the opportunity allows the state to impact more students on the cusp of stopping out.

The program would be limited to students with demonstrated need who are within a certain number of credit hours of graduating. The basis for this approach is to target aid to students without other resources who are close to either persisting to their final year or graduating. This aid should be targeted to students who are close to a credential, and the grant should be capped at \$1,500. This amount of funding can cover a couple of catastrophic events for a student or a larger single even like a health care issue. However, the award amount should be capped to prevent over-use by a small number of students given that reliance on this grant is likely an indicator of a more systemic issue impacting the student's finances.

While many institutions have emergency aid available to students, there are institutions that provide only loans or do not provide any aid at all. The proposed solution will provide statewide access to emergency aid. The Department will work with the institutional financial aid directors to determine the specific program guidelines, but the general program outline consists of:

1. Awards made to students with demonstrated need;
2. Aid targeted to students who are within a certain number of credits of graduating (second semester Juniors would likely be eligible);

⁵ <https://www.publicagenda.org/files/theirwholelivesaheadofthem.pdf>

⁶ <http://www.aplu.org/projects-and-initiatives/urban-initiatives/coalition-of-urban-serving-universities/aplu-usu-dropout-trap-full.pdf>

3. Students must be enrolled at least part-time;
4. A student must meet with a financial aid counselor to receive the grant;
5. \$1,500 maximum award for eligible students;
6. Award is only able to go toward certain expenses;
7. A student must sign a contract stating that they will pay back the grant if they do not graduate; and
8. Upon receipt of the grant, the student should work to develop an academic plan to ensure graduation.

The Department is reviewing other ways to improve retention and completion like intrusive advising, math pathways, meta majors, and other policy-based approaches. However, emergency aid is a demonstrated way to have an impact on retention and completion at a small cost. Georgia State University reports having impacted 2,600 students with their aid program, and in 2012-13, approximately 70% of the seniors targeted completed within two semesters.⁷ Indiana University-Purdue University Indianapolis (IUPUI) has a program targeted toward students with a minimum of 80 credits who would complete their degree within a year if the student attended fulltime. In 2013-14, 150 students were identified as eligible, and 75% of the students graduated within the year⁸.

Anticipated Outcomes:

The Department anticipates that this program will help the State achieve the CCHE's 2017 Master Plan 66 percent attainment goal by assisting students that are on the cusp of completing with emergency aid for situations that would have caused the student to stop out. By focusing on students within a certain number of credit hours of their degree, these state funds will be used in the most efficient way to support the attainment goal at all institutions.

Each student that persists or completes in this program is likely a student that would not have done so otherwise. To analyze this program, the Department will use data to track successful awards. Data on this award program will be provided to the Department through the annual Student Unit Record Database System (SURDS) submission. The Department anticipates seeing an increase in completions and retention rates. The exact amount cannot be determined at this point, but the Department would anticipate an impact that is aligned with the research, and that a high percentage of all award recipients persist or complete. Using the SURDS submissions, the Department will link between the financial aid information and the completion/retention information to determine if the program is successful. This data will be available to the Department annually, so information can be collected each year. The Department will analyze the yearly impact but will also conduct a more robust statistical analysis on the impact of the grant once there is a sufficient cohort of data (approximately four years' worth).

The CCHE 2017 Master Plan has a key goal to reduce the attainment gap. Additionally, Senate Bill 17-297 required the Department to report on each institution's progress toward the CCHE's Master Plan and toward increased credential attainment and retention by minority and low-income students. These student populations are often the least likely to succeed and complete. The research cited above notes that emergency grant programs often impact students who are the least likely to succeed. Implementing an emergency completion and retention grant program will allow the institutions to use aid to benefit those students who are least likely to succeed and assist institutions in increasing retention and completions of those students included in the annual report.

⁷ http://hcmstrategists.com/maximizingresources/images/Tuition_Paper.pdf

⁸ <http://www.aplu.org/projects-and-initiatives/urban-initiatives/coalition-of-urban-serving-universities/aplu-usu-dropout-trap-full.pdf>

Assumptions and Calculations:

Minnesota is in the process of developing a small (\$175,000) emergency grant program that was created as part of the State Budget Bill⁹. However, as a centralized financial aid state, Minnesota has more direct control on awards. The Department could not find any additional information on statewide programs. Institutional programs vary in size. Georgia State University's program is \$2.5 million¹⁰. In looking at average awards, the range for lifetime limit programs was between \$250 and \$5,000, but the most used award amount was \$1,500. In determining the request amount, the Department used an award cap of \$1,500 to build out to a request amount of \$1,500,000. Assuming each student received the maximum award, this program would generate 1,000 additional completions or retentions.

⁹ <https://www.revisor.leg.state.mn.us/laws/?year=2017&type=0&doctype=Chapter&id=89>

¹⁰ http://hcmstrategists.com/maximizingresources/images/Tuition_Paper.pdf



Cost and FTE

- The Department requests an increase of \$5,000,000 General Fund to create the Occupational Credential Capacity Grant Program in FY 2018-19.

Current Program

- In 2017, Colorado awarded 15,845 post-secondary certificates.
- The median earnings for certificates of one year or longer was \$44,070 (2016 Talent Pipeline Report).
- 16 percent of the openings in the State's top jobs require a certificate (2016 Talent Pipeline Report).
- Colorado provides \$450,000 in a Career and Technical Education Grant financial aid program for short-term (less than a year) certificates at Community Colleges, Technical Colleges, Local District Colleges, and Colorado Mesa University.
- Approximately 10,000 students enrolled in Career and Technical Education courses through Concurrent Enrollment; however, greater options for career and technical education are needed.

Problem or Opportunity

- By 2025, Colorado must increase its certificate production to address projected workforce needs and support the Master Plan goal of 66% credential attainment by 2025.
- Colorado's post-secondary system is not fully equipped to drive increased high-demand certificate production due to a need for increased capacity. There is also an opportunity to utilize this grant funding to bring higher education to target populations by using the RFP process to support CTE Concurrent Enrollment programs in targeted areas and increasing capacity of CTE offerings in the correctional system.

Consequences of Problem

- Without increasing certificate completions, the State will be short of the number of credentials needed to meet its workforce demands and thus cannot sustain its economic growth.
- By targeting certain populations, the long-term benefit of higher education will reduce reliance on the state's safety net programs and will have lasting impacts across generations by providing access to high-demand, high-value certificates.

Proposed Solution

- The Department requests \$5.0 million General Fund to support increased capacity for high-demand certificates that will create an opportunity for high school graduates, inmates, or other target populations to attain a credential. The Department's RFP process for distributing the funds will be responsive to regional needs by allowing institutions to select the certificate fields that are the highest demand in the different regions in Colorado.
- This new program will provide community colleges, technical colleges, local district colleges, and Colorado Mesa University with an opportunity to receive funds to increase Future Ready Certificate production and increase the State's high-demand certificates while targeting concurrent enrollment student and other specific student populations.
- Legislation will be needed to implement this program.

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Schedule 13

Funding Request for the FY 2018-19 Budget Cycle

Department of Higher Education

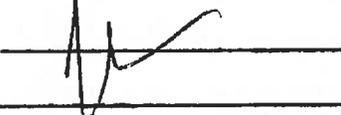
Request Title

R-05 Occupational Credential Capacity Grant Program

Dept. Approval By: 

Supplemental FY 2017-18

Change Request FY 2018-19

OSPB Approval By: 

Budget Amendment FY 2018-19

Summary Information	Fund	FY 2017-18		FY 2018-19	FY 2019-20	
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
Total		\$0	\$0	\$0	\$5,000,000	\$5,000,000
FTE		0.0	0.0	0.0	0.0	0.0
Total of All Line Items Impacted by Change Request						
GF		\$0	\$0	\$0	\$5,000,000	\$5,000,000
CF		\$0	\$0	\$0	\$0	\$0
RF		\$0	\$0	\$0	\$0	\$0
FF		\$0	\$0	\$0	\$0	\$0

Line Item Information	Fund	FY 2017-18		FY 2018-19	FY 2019-20	
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
Total		\$0	\$0	\$0	\$5,000,000	\$5,000,000
FTE		0.0	0.0	0.0	0.0	0.0
02. Colorado Commission on Higher Education, (C) Special Purpose -- Occupational Credential Capacity Grant Program						
GF		\$0	\$0	\$0	\$5,000,000	\$5,000,000
CF		\$0	\$0	\$0	\$0	\$0
RF		\$0	\$0	\$0	\$0	\$0
FF		\$0	\$0	\$0	\$0	\$0

CF Letternote Text Revision Required	Yes <input type="checkbox"/> No <input type="checkbox"/>	If Yes, see schedule 4 fund source detail.
RF Letternote Text Revision Required	Yes <input type="checkbox"/> No <input type="checkbox"/>	
FF Letternote Text Revision Required	Yes <input type="checkbox"/> No <input type="checkbox"/>	
Requires Legislation?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	
Type of Request?	Department of Higher Education Prioritized Request	
Interagency Approval or Related Schedule	None	

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COLORADO
Department of Higher Education

John W. Hickenlooper
Governor

Dr. Kim Hunter Reed
Executive Director

FY 2018-19 Funding Request | November 1, 2017

Department Priority: R-5
Request Detail: Occupational Credential Capacity Grant Program

Summary of Incremental Funding Change for FY 2018-19	Total Funds	General Fund
Occupational Credential Capacity Grant Program	\$5,000,000	\$5,000,000

The Department of Higher Education seeks \$5,000,000 General Fund/total funds in FY 2018-19 to target resources in order to increase the number of high-demand certificate credentials. These credentials will be available to concurrent enrollment students, post-secondary students, and Department of Correction’s inmates. The funding will be strategically directed to institutions and locations that meet targeted workforce development criteria. This request will require statutory authority to implement.

Problem or Opportunity:

Colorado’s economy continues to be one of the strongest in the nation and is bolstered by a strong jobs market. The State’s unemployment rate was the lowest in the country in April of 2017¹ indicating a continuing need for qualified employees to meet the labor market demand. Two of the top-five percentage contributors driving Colorado’s Gross Domestic Product (GDP) growth in 2016 were health care and construction. These industries are highlighted in the Department’s 2016 Talent Pipeline Report as sectors with high annual job growth, over 2.4% annually². As noted in a joint Brookings and American Enterprise Institute study, higher education, primarily community colleges, have taken on the duty of providing training through certificate programs tied to occupations.³ To continue to meet the employment needs in these industries and grow the state’s economy, Colorado must invest in certificate programs as part of a more robust strategy to invest in a higher education.

Colorado must also invest in a postsecondary system acceptable for all income levels. Over the past several decades, income and education level have become increasingly correlated.⁴ Therefore, the State needs to provide more options that lead to a sustainable career. Certificates are a critical part of a postsecondary system that meets the needs of today’s economy and of all Coloradoans. In Colorado, two high-demand industries, health care and construction, are heavily reliant on certificate programs to fill vacancies for Certified Nursing Assistants (CNAs), medical assistants, electricians, HVAC mechanics, plumbers, and carpenters. According to the 2016 Talent Pipeline Report, high-demand fields have higher than average earnings and higher than average vacancies. Overall 16% of all labor market vacancies in Colorado will

¹ OSPB Forecast <https://drive.google.com/file/d/0B0TNL0CtD9wXZWZIVXRfSnhEa2s/view>
² https://www.colorado.gov/pacific/sites/default/files/17-0109_2016_CO_Talent_Pipeline_Report_1.pdf
³ <https://www.brookings.edu/wp-content/uploads/2016/07/Full-Report.pdf>
⁴ <https://www.brookings.edu/wp-content/uploads/2016/07/Full-Report.pdf>

require a certificate.⁵ Additional data pulled by the Department shows the following percentage changes in jobs for high demand fields.

Occupation Title (Limited to Occupations with Certificate Offerings that are less than 1 year)	2015-2025 Growth Rate (%)	Annual Avg. Openings
Nursing Assistants	34.31	1,118
Medical Assistants	37.15	548
Dental Assistants	28.53	334
Heating, Air Conditioning, and Refrigeration Mechanics and Installers	44.41	329
Licensed Practical and Licensed Vocational Nurses	28.62	312
Emergency Medical Technicians and Paramedics	39.04	236
Barbers	33.98	132
Phlebotomists	44.47	122
Skincare Specialists (Estheticians)	32.38	65
Audio and Video Equipment Technicians	27.62	55
Medical Transcriptionists	25.00	49

To address Colorado’s workforce demands and keep pace with the current labor market, the Colorado Commission on Higher Education’s (CCHE) Master Plan calls for 66% of the population to have a credential by 2025. Embedded within that goal, and aligning specifically with the need for certificates, is a target to increase certificate production from its current total of 15,845 to 20,915 between now and 2025. That is 5,070 additional credentials over eight years, or an annual increase of 634 certificates beyond the current production.

Colorado’s current higher education funding structure provides some support for CTE certificates. The cost of CTE certificates is worked into the weighted credit hours factor in Colorado’s Performance Funding Model, and completions of high-demand certificates are weighted higher than other certificates. Additionally, there are financial aid resources provided by the state to students looking to attain a short-term certificate. While these financial resources may provide funding for students and some incentive to institutions to increase certificate production, the profit maximization opportunity to that drives increased capacity is not achievable particularly in high-demand fields that have higher costs.

To achieve the needed increase in certificates, the State must provide the incentive to institutions to increase capacity and provide more access to students in high-demand certificates. Capacity is a function of a variety of factors including: labor market demand, student interest, accreditation requirements for specific programs, space availability and requirements, additional resources for students, and qualified faculty. Each institution may face different issues in expanding capacity, and each institution may need to focus on different labor market demands. Relying on the free market alone may not produce the desired amount of work-based learning and training.⁶ This creates an opportunity for the State of Colorado to assist institutions in expanding their capacity in order to meet workforce demands.

⁵ https://www.colorado.gov/pacific/sites/default/files/17-0109_2016_CO_Talent_Pipeline_Report_1.pdf

⁶ <https://www.brookings.edu/wp-content/uploads/2016/07/Full-Report.pdf>

Proposed Solution:

As a solution, to assist institutions in building out certificate program capacity, the Department requests \$5.0 million General Fund to create the Colorado Career Credential Capacity Grant Program. This program will be designed to increase institutional capacity in high-demand, short-term certificates. The Department understands that each institution faces different challenges in building capacity and different regional demands, so the Program will be managed through a Request for Proposal process. This process allows each eligible institution to submit a request to the Department demonstrating how it can build capacity to increase certificate production while being responsive to regional labor market demands. Such an RFP process is being successfully implemented in Wisconsin with a similar program operated by their technical college system. Wisconsin's RFPs outline different categories for funding, such as career pathways and core industries. For each category, the RFP explicitly outlines the funds available, specific limitations, measurable objectives, allowable activities, and any other requirements.⁷ Drawing on this approach, the Department would be intentional in designing the RFP to support attainment goals.

This program also provides an opportunity to target and enhance capacity for certain underserved populations and locations across the state. By allowing institutions to increase the postsecondary CTE offerings, institutions may make additional capacity available through Concurrent Enrollment offerings. This creates a new opportunity for the state to bring college to high school students in low-income, high minority, and rural districts that may be lacking in these opportunities. Research indicates that low-income students are under-represented in concurrent enrollment programs and earn concurrent enrollment credits at a lower-rate than their peers. By limiting the program to short-term certificates, the goal is to increase the number of high school students that graduate with a high-demand, short-term certificate at the same time as they receive their high school diploma.

Career and Technical Education is also currently provided to the correctional population. Institutions looking to expand their offerings in correctional facilities will be able to apply for the grant. Enhancing the capacity and offerings available to that population will assist in reducing recidivism rates by providing inmates with a high-demand certificate that can lead to better economic outcomes. Targeting these populations shifts the dynamic by bringing additional postsecondary offerings to students and inmates which can significantly improve inmates' prospective economic outcomes.

The Governor's Results First Research and Evidence-Based Policy Team considers concurrent enrollment an evidence-based strategy, and there is rigorous research to support its efficacy⁸. Research demonstrates that concurrent enrollment can increase high school graduation, improve college grade point average, and increase the likelihood of graduating with a 4-year degree. Specifically, as it relates to low-income students, at least one rigorous research study demonstrates that concurrent enrollment opportunities may mitigate some of the disadvantageous impacts of poverty by improving academic achievement and college-going rates.⁹ Additionally, postsecondary education for the correctional population is considered to be an

⁷ [http://mywtcs.wtcsystem.edu/grants/general-purpose-revenue-\(gpr\)](http://mywtcs.wtcsystem.edu/grants/general-purpose-revenue-(gpr))

⁸ For additional information on research and evaluation studies on concurrent enrollment, visit <http://www.wsipp.wa.gov/BenefitCost/Program/685>. Information can also be accessed in the "What Works Clearinghouse" at <https://ies.ed.gov/ncee/wwc/InterventionReport/671>

⁹ Jorgensen, Dan D., "Concurrent Enrollment Programs and Acquired Social Capital for Students from Impoverished Backgrounds: An Examination of High School and College Outcomes" (2013). Electronic Theses and Dissertations. 325. <http://digitalcommons.du.edu/etd/325>

evidence-based strategy, and there is rigorous research to support its efficacy¹⁰. Research demonstrates that postsecondary education for inmates can significantly reduce recidivism. Although the research on this population focuses on the outcome of future crime reduction, additional outcomes, such as employment and earnings, certainly may be realized through the attainment of higher education.

The program leverages existing momentum, financing, and program structures for CTE. Currently, over 10,000 high school students are enrolled in Career and Technical Education (CTE) Concurrent Enrollment. The CDHE currently allocates \$450,000 annually in targeted financial aid funding to support CTE credential production. While this financial aid program is different in intent, it is complementary to this request as it provides a tuition assistance opportunity for students. Through House Bill 17-1180, the Department was able to restructure the student eligibility criteria for this grant to allow institutions to award funds to students based on eligibility for Pell, Medicaid, TANF, Free and Reduced Lunch, or other income-based criteria. These new criteria, developed as a result of House Bill 17-1180 give institutions more flexibility in awarding the grant and targets the identified populations. House Bill 16-1289 provides a \$1 million annual appropriation supporting a 3-year pilot program awarding school districts up to \$1,000 per student for successful completion of one of the qualified programs. All funding last year was used to reward certificate production. Approximately 1,800 credentials were funded, but 1,300 were not due to lack of adequate incentive funding. House Bill 17-1041 requires school counselors to discuss alternative educational opportunities provided through certificates and military enlistment with students and parents/guardians when developing the student's individual career and academic plan (ICAP). As a result, students in high school will now have career and technical education as part of their career pathway discussion.

To determine funding, the Department will set up an RFP process. The RFP will clearly state the purpose to increase capacity while outlining the criteria on which submissions will be reviewed. Priority will be given to institutions that are increasing capacity for target populations as well as those that are able to leverage additional funds. The program will be limited to the same institutions that are eligible, by law, to participate in the Career and Technical Education Grant (CTE Grant) Program created in 23-3.3-1101.

As part of the RFP review process, the Department will coordinate with the Workforce Development Council. The Executive Directors of the Department of Labor and Employment, the Department of Education, the Office of Economic Development and International Trade, and the Department of Higher Education sit on the council, creating a ready-made partnership for the RFP review process. If an institution submits a request to increase their capacity through prison education, the Department of Corrections would be included as part of the review process. This review will allow for representatives from a variety of departments to analyze the proposals and to assess the efficiency through which the proposals meet Colorado's needs.

This program will allow institutions to isolate their biggest barriers to increasing capacity and submit a request to the Department for grant funding. These issues may be related to tuition assistance for students, increasing the number of faculty, and/or providing additional training resources. Instead of dictating that institutions increase capacity, the Department's proposed solution is designed to address institutional needs and barriers in order to increase certificate production. The Department will require that institutions submit proposals to increase the number of certificates in high-demand fields as defined in the annual Talent Pipeline Report. Thus, the increases will be tied to the state's workforce demands and will be

¹⁰ For additional information on research and evaluation studies on postsecondary education for inmates, please visit <http://www.wsipp.wa.gov/BenefitCost/Program/735>

responsive to these demands change. Institutions will also be encouraged to leverage existing partnerships or resources.

The grant is responsive to local community needs. For instance, in the Southern Colorado Region, including Pueblo, the top five high-demand, short-term certificates are:

Occupation Title	2016 Jobs	2026 Jobs	2016 - 2026 Change	2016 - 2026 % Change	Annual Openings
Nursing Assistants	2,001	2,435	434	22%	94
Heavy and Tractor-Trailer Truck Drivers	1,033	1,215	182	18%	39
Licensed Practical and Licensed Vocational Nurses	533	703	170	32%	35
Medical Assistants	661	830	169	26%	32
Emergency Medical Technicians and Paramedics	461	628	167	36%	26

Under the RFP requested here, Pueblo Community College, or another community college in the region, could submit an RFP response that addresses these local workforce needs. Additionally, the institution could enhance their proposal by targeting high school students through existing Concurrent Enrollment offerings or inmates through an existing partnership with a correctional facility. The RFP would articulate how capacity in these programs would be built, the cost, the additional certificates generated, ability to meet the needs of target populations, and any additional financing options that are available.

This program also seeks to expand capacity and opportunity for students seeking occupational training opportunities. Certificates are becoming increasingly valuable as the required skills for entry-level positions continue to increase.¹¹ This solution will also provide an opportunity for adult learners to gain new skills, as well as an option for students who seek choices other than a traditional four-year college path.

West Virginia distributes post-secondary funding for CTE programs via a block grant. These grants can be used to cover salaries, fixed costs, and additional part-time personnel. This funding is distributed through a formula that accounts for these different factors.¹² A 2014 United States Department of Education Report on funding Career and Technical Education highlights two state competitive grant programs in Illinois and Wisconsin. Illinois’s grant program was designed to provide professional development workshops around the state, whereas Wisconsin’s program targets funding to at-risk student populations in specific CTE programs. Their RFP process outlines the funds available for each program, the measurable objectives, allowable activities, and other information as needed¹³. Colorado will build off of the structures used by other states to create its program. Colorado has a variety of public institutions that provide short-term certificates, so housing the program in the Department and engaging the Workforce Development Council will allow for all relevant institutions to participate while giving the Department the best ability to analyze program efficiencies and success statewide.

¹¹ <https://www.insidehighered.com/news/2017/03/24/indiana-creates-free-tuition-program-certificate-earners>

¹² http://s3.amazonaws.com/PCRN/docs/NCICTE_CTE_Finance_Study.pdf

¹³ <http://mywtcs.wtcsystem.edu/wtcsinternal/cmspages/getdocumentfile.aspx?nodeguid=06339bca-d9f6-42cb-9f70-9b324ce43fde>

Anticipated Outcomes:

The Department anticipates that this program will assist institutions in increasing the number of concurrent enrollment students and postsecondary students graduating with certificates. As part of the RFP process, the Department will require each institution to explain precisely how their project will increase certificates, the number of additional certificates that will be generated, and the timeline for this increase. The Workforce Development Council, Department of Education, and the Department of Corrections will also be involved in the RFP review as necessary. Success of this program will be measured by the number of additional certificates added each year in high-demand fields, with the intent that in eight years, Colorado has increased its total certificate production to a total of 20,915. To achieve this goal, the state needs to increase its production by approximately 634 certificates annually over the next eight years. Institutions that address target populations and leverage additional resources will be given priority.

By increasing the number of certificate holders, the Department anticipates this program will help meet labor market demands in high-demand fields. The Department will review the Talent Pipeline Report data and analyze impact on high-demand fields as a check on the program's efficacy. The Department will also analyze the return from each program to develop a Return on Investment calculation.

Assumptions and Calculations:

States fund Career and Technical Education at different levels. Colorado funds CTE primarily through its secondary system. To increase post-secondary funding, the state must increase its capacity. Capacity can be expanded in a variety of ways. Institutions may need additional materials and training equipment for to expand the number of students able to participate. This program would provide resources to do so. Rural parts of the state may need to address specific needs like health care where the costs associated with expanding capacity are high. This program would allow institutions to address regional needs through providing funds to expand capacity in high-cost programs. Institutions could build new concurrent enrollment partnerships or expand existing ones where demand exceeds capacity. Institutions could also target the funds to existing programs at correctional facilities to assist inmates in receiving high-demand certificates while incarcerated. To achieve these goals, the Department believes \$5 million can be targeted to strategically increase capacity.

During the legislative session, the Department will review additional material to assist in developing an RFP that has distinct and measurable criteria. The Department will create the RFP for this process, and generate regional lists of high-demand short-term certificates eligible under this program. In designing the RFP, the Department will work with the Workforce Development Council and the eligible institutions to ensure that the necessary questions are asked and accountability measures are included.

At the beginning of the fiscal year, before the end of July 2018, the Department will issue the RFP. Institutions will have a month from the date of issuance to provide their response. The Department will then convene the necessary members of the Workforce Development Council and other agencies to review the responses. After a two week deliberation period to review the proposals and assess their merits relative to the RFP criteria, the Department will issue the awards. Award recipients will have until the end of the fiscal year to spend the funds. Each recipient will also be required to provide the Department with a report outlining how additional capacity was created, the number of new certificates created, the number of new certificates generated for target populations, the cost per certificate, and other required reporting items. The Department will review all of these submissions and work to generate a return on investment calculation for the program.



Cost and FTE

- The Department requests a \$4.0 million General Fund increase to the Colorado Opportunity Scholarship Initiative (COSI), bringing the total annual budget to \$9.0 million General Fund in FY 2018-19.

Current Program

- The COSI was created in 2014 to leverage and maximize the State's investment through community matching funds to ensure that students have the resources they need for college.
- Approximately 12,400 students are served annually through COSI's grant-funded programs. COSI also leverages \$7.5 million annually in community-matched tuition support. (Over 4,300 annual scholarships have been granted for post-secondary education, and the number is expected to grow.) Approximately \$13.5 million has been awarded thus far, along with \$26.9 million in matching funds, to fund student scholarships over the next four years.
- COSI is effectively leveraging the state's investment by making support for tuition available in 80 percent of the state's counties, 29 public institutions of higher education, and 15 workforce development programs.

Problem or Opportunity

- At the current \$5 million appropriation, expenditures will soon exceed resources. Consequently, COSI will be unable to meet the demand of the projected growth, thus negatively impacting students. With the additional support, COSI could expand upon and provide valuable services to assist communities in building local capacity to invest in, and support, their own students in every community in the state.

Consequences of Problem

- If the appropriation is not increased, COSI will be forced to spend into its corpus, which will have a ratcheting-down effect on the program's support services and scholarships.

Proposed Solution

- An increase of \$4.0 million General Fund would help COSI build sustainability, ensure a strong level of wraparound student support programming and scholarship aid, and expand the funding directed to scholarships and wraparound services by a projected 69 percent and 12 percent, respectively.

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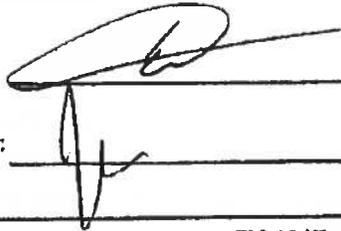
Schedule 13

Funding Request for the FY 2018-19 Budget Cycle

Department of Higher Education

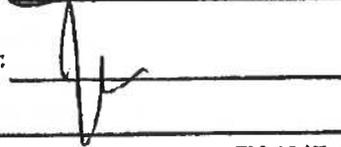
Request Title

R-06 Colorado Opportunity Scholarship Initiative

Dept. Approval By: 

Supplemental FY 2017-18

Change Request FY 2018-19

OSPB Approval By: 

Budget Amendment FY 2018-19

Summary Information	Fund	FY 2017-18		FY 2018-19	FY 2019-20	
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	Total	\$5,000,000	\$0	\$5,000,000	\$4,000,000	\$4,000,000
	FTE	0.0	0.0	0.0	0.0	0.0
Total of All Line Items Impacted by Change Request	GF	\$5,000,000	\$0	\$5,000,000	\$4,000,000	\$4,000,000
	CF	\$0	\$0	\$0	\$0	\$0
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

Line Item Information	Fund	FY 2017-18		FY 2018-19	FY 2019-20	
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	Total	\$5,000,000	\$0	\$5,000,000	\$4,000,000	\$4,000,000
03. Colorado Commission on Higher Education Financial Aid, (D) Special Purposes -- Colorado Opportunity Scholarship Initiative Fund	FTE	0.0	0.0	0.0	0.0	0.0
	GF	\$5,000,000	\$0	\$5,000,000	\$4,000,000	\$4,000,000
	CF	\$0	\$0	\$0	\$0	\$0
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

CF Letternote Text Revision Required	Yes <input type="checkbox"/> No <input type="checkbox"/>	If Yes, see schedule 4 fund source detail.
RF Letternote Text Revision Required	Yes <input type="checkbox"/> No <input type="checkbox"/>	
FF Letternote Text Revision Required	Yes <input type="checkbox"/> No <input type="checkbox"/>	
Requires Legislation?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
Type of Request?	Department of Higher Education Prioritized Request	
Interagency Approval or Related Schedule	None	

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COLORADO

Department of Higher Education

John W. Hickenlooper
Governor

Dr. Kim Hunter Reed
Executive Director

FY 2018-19 Funding Request | November 1, 2017

Department Priority: R-06
Request Detail: Colorado Opportunity Scholarship Initiative

Summary of Incremental Funding Change for FY 2018-19	Total Funds	General Fund
Colorado Opportunity Scholarship Initiative	\$4,000,000	\$4,000,000

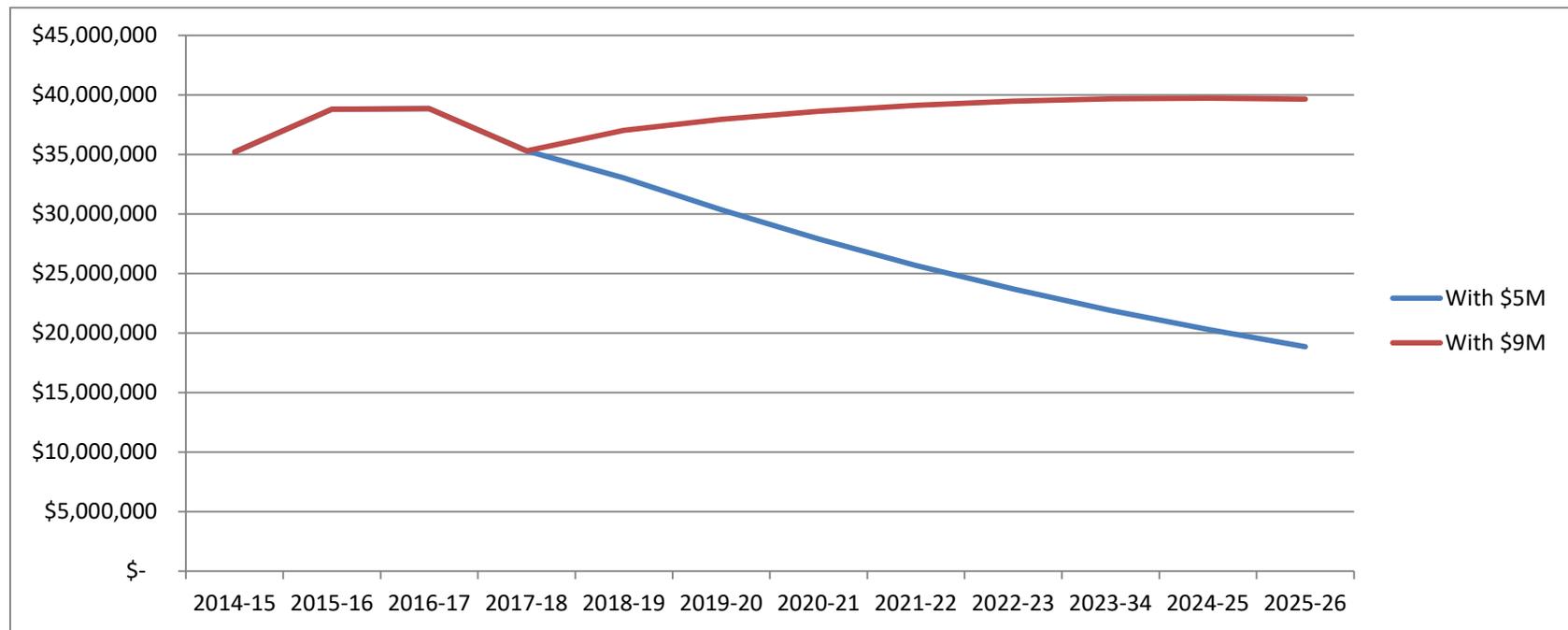
The Department of Higher Education requests a \$4.0 million General Fund increase for the Colorado Opportunity Scholarship Initiative (COSI). Because COSI has experienced growth at a much higher rate than originally anticipated, additional funding is necessary to avoid a reduction in the current level of services to students and communities and to expand affordability through sustainable program growth. Now is the time to focus on pivoting from a "grant funding project" to a program that creates systemic change. Equity and access have never been more important to the economic well-being of the State of Colorado. Created in statute, C.R.S.23-3.3-1001 recognized that a matching scholarship program could expand opportunity to more students than a solely state funded program. It also recognized that scholarships alone were not enough. Instead, when scholarship dollars are coupled with rigorous student support, students are much more likely to complete a postsecondary degree or certificate and in a timely fashion – saving them money and protecting valuable public dollars. The proposed increase will help protect the corpus, maintain funding for crucial student services, grow total dollars for scholarships, and ensure the longevity of the Initiative by allowing for incremental yet sustainable growth.

Problem or Opportunity:

Approaching its third year, COSI has already had a significant impact in Colorado. The Initiative addresses the challenge of postsecondary credential attainment in two ways: accessibility and affordability. To increase accessibility, the Scholarship Initiative funds wrap-around support programs that help prepare students for postsecondary education. To increase affordability, the Scholarship Initiative provides tuition support and leverages matching funds for community scholarships. This ensures that tuition costs are not a barrier to entry and student loan debt can be mitigated. By increasing student success programs and financial resources, the Scholarship Initiative's efforts will result in greater postsecondary access, persistence, and completion for Coloradans. A credential serves as a path into the workforce, allowing the student to earn a living wage, prepare for the future, and contribute back to the community. However, based on the Initiative's current annual appropriation of \$5 million, the program's impact is unsustainable.

Colorado Opportunity Scholarship Initiative Grant Spending and Projections

The following chart and table illustrate the problem. With the current level of appropriation, COSI would suffer a significant decrease in available funds causing a drastic reduction in support services and scholarships. But with increased funding, sustainability will allow COSI to maintain current award levels and expand the total funding for student supports and scholarships by a projected 12% and 69% respectively. Without the increased funding, COSI will be forced to reduce its program supports and scholarships, which will impact the students in Colorado working to attain a post-secondary credential.



	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-34	2024-25	2025-26
With \$5M	\$ 38,834,584	\$ 35,296,642	\$ 33,025,794	\$ 30,336,040	\$ 27,884,436	\$ 25,677,992	\$ 23,692,193	\$ 21,904,974	\$ 20,296,476	\$ 18,848,829
With \$9M	\$ 38,834,584	\$ 35,296,642	\$ 37,025,794	\$ 37,936,040	\$ 38,618,186	\$ 39,123,211	\$ 39,466,105	\$ 39,660,289	\$ 39,717,776	\$ 39,649,301

The Scholarship Initiative works to:

- **Provide scholarships to qualified students** with an Expected Family Contribution of up to 250% of Pell-Eligibility who are participating in a rigorous student success program.
- **Foster community partnerships that increase total dollars available to students for tuition assistance in Colorado.** Communities can partner with the State, leveraging this public investment to create customized scholarship programs.
- **Increase and improve student support programs for Colorado's students** by committing to a series of multi-year grants -- in high school and beyond – for programs that will better prepare students for and support them through postsecondary education.
- **Create a network of student support and scholarship programs** throughout the state to nurture collaboration, provide support, and disseminate best practices.

Currently, the Colorado Opportunity Scholarship Initiative funds over 30 Community Partner Program Grants for student support programs, serving more than 12,400 students across the state. These programs support secondary and post-secondary efforts in urban and rural settings across Colorado. The COSI advisory board and staff work diligently to ensure that funding is focused on geographic or demographic areas of most need, and/or on targeted populations to ensure that all students have equal access.

To-date, \$12.3 million has been expended to provide wrap-around support services encouraging post-secondary success.

These support service awards:

- Average \$150,000 (\$75,000 annually).
- Have an average cost of service per student of \$168.58.

83% of programs serve high school students by funding:

- College and career centers.
- Expanded concurrent enrollment.
- Post-secondary Navigators and additional counseling support.

49% of programs serve students in post-secondary programs, by funding:

- Intrusive advising through the Colorado Challenge, a student success best practice
- Expanded career services.
- Expanded STEM education.

29% of the programs serve rural areas:

- Trinidad State Junior College.
- Delta School District in partnership with Technical College of the Rockies.
- Colorado Mountain College and surrounding school districts.
- Coldharbour Institute in Gunnison, Colorado.
- Northeastern Career to School Connect Initiative.
- Kids at their Best in Fort Morgan and surrounding counties.

Community Partner Program grants are intended to:

- Promote existing student success programs that support students in postsecondary degree and certificate completion.
- Increase the availability of programs and infrastructure, particularly in rural and underserved communities.
- Align student success best practices throughout the state to ensure that all students have equitable access to services.

Grantees are selected based upon the anticipated impact of student support programs in the following areas, as defined by 23-3.3-1001, et. seq., C.R.S.:

- Reductions in remediation rates and associated costs.
- Reductions in average time required to earn a degree.
- Reductions in disparities between the academic achievements of certain student populations based on demographic, geographic, and economic indicators.
- Reductions in student loan debt.
- Increases in graduation rates.
- Increases in student retention rates.
- Adoption of best practices for student support services.
- Implementation of postsecondary and professional competencies.
- Fulfillment of local workforce needs.
- Improvements in tuition affordability.

- Improvements in students' access to Federal grant programs and other Federal sources of support for postsecondary students.

Priority is given to community partnerships that focus on developing connections among local employers, public schools, pre-collegiate organizations and postsecondary institutions, as well as to those with a sustainable and replicable program model.

Funding is strategically given to applicants demonstrating high need and serving a high density of their community's population. These programs are often the only ones providing such services in a school district or in a region. Without the increase in funds COSI would no longer be able to support these activities.

For the Matching Student Scholarship Grants, the Scholarship Initiative solicits applications from eligible counties, institutions of higher education and community workforce programs to increase the amount of scholarship-giving available for post-secondary students in Colorado. Allocations are made according to the population of high school seniors eligible for Free and Reduced Lunch (FRL) for counties and the population of Pell eligible students for institutions of higher education.¹

By 2017-18, over \$9,700,000 will have been disbursed for scholarships:

- 2015-2016: **\$1,894,428**
- 2016-2017: **\$3,586,024**
- 2017-18 (projected): **\$4,250,000**

Leveraging roughly \$7.5 million annually, the initiative has partnered with local programs, matching new scholarship dollars one-to-one. To-date \$26.9 million has been awarded, including \$13.5 million in matching funds to be distributed in student scholarships over the next 4 years. The program is designed to

- Generate greater availability of scholarship dollars;
- Promote scholarship programs that include services to help students persist and complete a degree or certificate;
- Encourage communities to create or leverage partnerships with scholarship foundations to assist their students by covering the costs of higher education and motivating students to pursue a degree or credential; and
- Align tuition assistance programs with workforce development programs.

¹ A county's percentage of FRL population is based on the state's total population of K-12 students of FRL students, according to the Colorado Department of Education, and is used to determine estimated share of allocated funds. Data used for the total population of Free and Reduced Lunch (FRL) seniors is an estimation based on the percentage of FRL population in the district for all K-12 students, multiplied by the total number of on-time graduating seniors in a particular class. An institution of higher education's (IHE) percentage of 250% Pell eligible population is based on the total 250% Pell eligible population at Colorado public institutions of higher education. Workforce programs do not have set allocations, and are approved based on the discretion of the COSI Advisory Board.

Local programs that receive grants must distribute scholarships to Colorado students who attend Colorado public institutions of higher education. Students whose family income is 250 percent or less of PELL eligibility are eligible for scholarships funded by the Colorado Opportunity Scholarship Initiative.

COSI is growing every year. While this growth is certainly a marker of success, it will require COSI to decrease programming expenditures if kept at its current allocation of \$5 million. As staff continue to conduct outreach and work with communities to access their scholarship funds, the number of students receiving tuition assistance increases impressively. For example, in the 2015-16 academic year, 933 scholarships were disbursed by 5 grantee organizations, while in 2016-17, 41 organizations granted 4,313 scholarships, an increase of more than 450% in scholarships and over 800% increase in participation by grantee organizations.

Since its inception, COSI has awarded over 100 Matching Student Scholarship Grants that will begin implementation in the next year or so. As the scholarship programs continue to grow and the number of partners and scholarship recipients increases, more dollars will be spent, therefore depleting the corpus more rapidly as years go on—and thus decreasing the amount available to enhance the mandated student support services.

Currently, the Scholarship Initiative can invest no more than 10% of total program funds annually to support wrap-around service programs throughout the state using evidence-based or promising strategies. In order to continue to provide Colorado students with services and programs that address timely completion and success in preparation for and during postsecondary education, we need to support communities with access tools, resources, and assistance for coordinated efforts. With significant investments in student support programs throughout the state, the Scholarship Initiative has advanced toward its goal of providing resources that help students get to and through certificate, associates and bachelors programs and into the workforce.

Additional funding will continue to support the mission and vision of COSI, the CDHE master plan, and the intent of the General Assembly. It will expand program reach and achieve better state-wide outcomes for students through the promotion of research-based practices, strategic alignment, and improvement of organizational performance.

Proposed Solution:

The Department requests an additional \$4.0 million to the annual appropriation for COSI. This increase, resulting in a total of \$9 million General Fund per year, will maintain current levels of wraparound student support programming and existing scholarships while also allowing for the total funding for support services and scholarships to grow by a projected 12% and 69% respectively..

Colorado Opportunity Scholarship Initiative Grant Spending and Projections

The following tables illustrate the effects of the proposed solution by increasing state funding from \$5 million to \$9 million. This chart is for illustrative purposes, and certain cost and program growth assumptions are made. These assumptions give the illusion that the base is growing. However, in actuality, costs will face upward pressure, and programmatic growth could exceed projected levels. With the additional funding, both student support grants and scholarship grants will be sustainable (as shown in lines 6 and 7).

1	with 5 million	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-34	2024-25	2025-26	
2	Fund Balance	\$35,191,437	\$ 38,794,603	\$ 38,834,584	\$ 35,296,642	\$ 33,025,794	\$ 30,336,040	\$ 27,884,436	\$ 25,677,992	\$ 23,692,193	\$ 21,904,974	\$ 20,296,476	\$ 18,848,829	
3	Expenses													
4	Salary & Benefits			\$ 234,162	\$ 333,750	\$ 333,750	\$ 368,000	\$ 368,000	\$ 368,000	\$ 368,000	\$ 368,000	\$ 368,000	\$ 368,000	held constant
5	Operating				\$ 121,410	\$ 103,425	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	held constant
6	Support program grants	\$ 3,519,144	\$ 3,879,460	\$ 3,586,024	\$ 3,529,664	\$ 3,302,579	\$ 3,033,604	\$ 2,788,444	\$ 2,567,799	\$ 2,369,219	\$ 2,190,497	\$ 2,029,648	\$ 1,884,883	10% of fund b
7	Scholarship grants				\$ 3,586,024	\$ 4,250,000	\$ 4,250,000	\$ 4,250,000	\$ 4,250,000	\$ 4,250,000	\$ 4,250,000	\$ 4,250,000	\$ 4,250,000	
8	Total Expenses				\$ 7,570,848	\$ 7,989,754	\$ 7,751,604	\$ 7,506,444	\$ 7,285,799	\$ 7,087,219	\$ 6,908,497	\$ 6,747,648	\$ 6,602,883	
9														
10	Revenue (Interest + General Fund)				\$ 5,300,000	\$ 5,300,000	\$ 5,300,000	\$ 5,300,000	\$ 5,300,000	\$ 5,300,000	\$ 5,300,000	\$ 5,300,000	\$ 5,300,000	
1	with 9 million	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-34	2024-25	2025-26	
2	Fund Balance	\$35,191,437	\$ 38,794,603	\$ 38,834,584	\$ 35,296,642	\$ 37,025,794	\$ 37,936,040	\$ 38,618,186	\$ 39,123,211	\$ 39,466,105	\$ 39,660,289	\$ 39,717,776	\$ 39,649,301	
3	Expenses													
4	Salary & Benefits			\$ 234,162	\$ 333,750	\$ 333,750	\$ 368,000	\$ 368,000	\$ 368,000	\$ 368,000	\$ 368,000	\$ 368,000	\$ 368,000	held constant
5	Operating				\$ 121,410	\$ 103,425	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	held constant
6	Support program grants	\$ 3,519,144	\$ 3,879,460	\$ 3,586,024	\$ 3,529,664	\$ 3,702,579	\$ 3,793,604	\$ 3,861,819	\$ 3,912,321	\$ 3,946,610	\$ 3,966,029	\$ 3,971,778	\$ 3,964,930	10% of fund b
7	Scholarship grants				\$ 3,586,024	\$ 4,250,000	\$ 4,356,250	\$ 4,465,156	\$ 4,576,785	\$ 4,691,205	\$ 4,808,485	\$ 4,928,697	\$ 5,051,914	25% annual i
8	Total Expenses				\$ 7,570,848	\$ 8,389,754	\$ 8,617,854	\$ 8,794,975	\$ 8,957,106	\$ 9,105,815	\$ 9,242,514	\$ 9,368,475	\$ 9,484,845	
9														
10	Revenue (Interest + General Fund)				\$ 9,300,000	\$ 9,300,000	\$ 9,300,000	\$ 9,300,000	\$ 9,300,000	\$ 9,300,000	\$ 9,300,000	\$ 9,300,000	\$ 9,300,000	

Under the current annual appropriation level of \$5.0 million, COSI would have to reduce the total dollar amount going to support programs by 47% from FY 17-18 to FY 25-26. In this scenario, scholarship funding would increase by 18% from FY 17-18 to FY 18-19, but would need to be held constant in the out-years to FY 25-26. This will limit COSI's ability to support students in their efforts for post-secondary success. If the appropriation is increased to \$9.0 million, COSI will be able to increase total funding for scholarships by a projected 69%, from \$3.6 million in the current fiscal year to \$5.1 million in FY 25-26. The program will also be able to sustain a modest 12% increase in support services, from \$3.5 million in FY 17-18 to \$4.0 million in FY 25-26. This highlights the need to increase the appropriation from \$5.0 million to \$9.0 million to sustain and grow scholarships funding and maintain critical student supports.

COSI staff will continue to be diligent stewards of this state funded program and develop a stronger rigor-based support network among grantees. These services will lead to a significant impact to programs and students supported by COSI's funds, and will provide better outcomes aimed at increasing degree completion and a highly qualified state workforce.

The increase to the annual allocation will allow COSI to fully realize its potential throughout Colorado -- to increase student success outcomes and meet the future demands of our workforce. Below are examples of the program's success to date. The positive cultural impact COSI has made in only two years cannot be ignored, and the potential for further growth will only enhance its impact.

Anticipated Outcomes:

Grantees have been overwhelmingly positive about the impact of the Scholarship Initiative. Preliminary data and extensive anecdotal evidence supports these efforts. A forthcoming report of annual outcomes demonstrates:

- For students receiving services at the College and Career Centers at Rangeview and Hinkley High Schools in Aurora Public Schools, the percentage of students who are college ready in Math and English Language Arts increased by 20.5% and 7.3%, respectively between the 2014-15 and 2015-16 school years.
- In Denver, both The Bridge Project and Environmental Learning for Kids had a high school graduation rate of 100% for students in their programs. As a comparison, the 4-year high school graduation rate of economically disadvantaged students in Denver for 2015 was just 59.9%.
- Participants in the Academy of Health Sciences program at Delta High School had a postsecondary enrollment rate of 100%, with 98% attending a 4 year institution, compared to an overall 46% postsecondary enrollment rate for Delta County School District 50J ; and
- Colorado Challenge students outperformed their peers in persistence, credit hours completed per term and with increasingly higher GPAs compared to previous terms.
- Colorado Northwest Community College noted, "We've increased corporate giving this past year – in one case by 25%. We have reached out to new businesses and corporations, with excellent

results. Scholarship Initiative has been the key component in “telling our story” in our service area and beyond. The Scholarship Initiative strategy has raised our giving, and our enrollment!” In addition, the Foundation for Colorado Community Colleges said, “Our partnership with CDHE on the Scholarship Initiative Matching Student Scholarship Grants program has sparked statewide excitement for scholarships, motivated gifts from new donors and increased giving at each college.” In particular, the following examples of success were noted:

- Community College of Denver was able to leverage their CDHE allocation of \$92,052 to engage a foundation that had not previously provided any support, leading to a matching gift of \$100,000 for scholarships. CCD had not previously received a scholarship grant larger than \$25,000.
- Front Range Community College has seen a 25% increase in gifts this year, much of which can be attributed to the Scholarship Initiative.
- The Scholarship Initiative enabled Otero Junior College to promote their impact within the community, which was attractive to donors. The focus on Colorado students, particularly local students was helpful in showing local impact and ensuring that constituents see that their donations are staying local and helping local students.

The Chair of the State Board for Community Colleges and Occupational Education recently visited 17 different community college sites (for reasons other than COSI) throughout the state and was told repeatedly how important COSI grants had become for the community college system’s efforts to improve student access and success. Additionally, students have directly expressed how meaningful these scholarships and support services have been in helping them achieve their educational goals. It is not only the financial assistance that is making a difference for students, but also it is the increased confidence resulting from somebody believing in them and showing an interest in their future. For example, COSI staff has received more than 50 letters from Morgan Community College students expressing their appreciation for what COSI has done for them.

Going forward, evaluations will be undertaken on an annual basis to measure program impact. Scholarship Initiative staff is working meticulously to examine programs proven to be most successful and is sharing those successes with COSI programs. Internally, COSI staff is working with DU Action Lab to continue momentum and progress by building on the program’s successes and lessons learned from the challenges. This will allow COSI to demonstrate the social impact and value derived by this unique public/private partnership. The proposed increase will allow the program to sustain current levels of service and expand the funding directed to scholarships and wraparound services by a projected 69% and 12% respectively.