

**Schedule 13**

**Department of Higher Education**

**Funding Request for The FY 2019-20 Budget Cycle**

Request Title

**NP-01 Integrated Document Solutions Increased Input Costs**

Dept. Approval By: \_\_\_\_\_  
 OSPB Approval By: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Supplemental FY 2018-19

Budget Amendment FY 2019-20

Change Request FY 2019-20

X

Summary Information	Fund	FY 2018-19		FY 2019-20		FY 2020-21
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	Total	\$3,064,440	\$0	\$3,149,824	\$7,564	\$15,817
	FTE	30.0	0.0	30.0	0.0	0.0
Total of All Line Items Impacted by Change Request	GF	\$0	\$0	\$0	\$0	\$0
	CF	\$241,657	\$0	\$248,375	\$0	\$0
	RF	\$2,822,783	\$0	\$2,901,449	\$7,564	\$15,817
	FF	\$0	\$0	\$0	\$0	\$0

Line Item Information	Fund	FY 2018-19		FY 2019-20		FY 2020-21
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	Total	\$3,064,440	\$0	\$3,149,824	\$7,564	\$15,817
	FTE	30.0	0.0	30.0	0.0	0.0
02. Colorado Commission on Higher Education, (A) Administration, (1) Administration - Administration	GF	\$0	\$0	\$0	\$0	\$0
	CF	\$241,657	\$0	\$248,375	\$0	\$0
	RF	\$2,822,783	\$0	\$2,901,449	\$7,564	\$15,817
	FF	\$0	\$0	\$0	\$0	\$0

Auxiliary Data			
Requires Legislation?	NO		
Type of Request?	Department of Higher Education Non-Prioritized Request	Interagency Approval or Related Schedule 13s:	No Other Agency Impact



# COLORADO

Department of  
Higher Education

Priority: R-01  
Investing in College Affordability and Outcomes  
FY 2019-20 Change Request

## ***Cost and FTE***

- The Department of Higher Education requests an increase of \$120.9 million General Fund (\$214.7 million total funds) to increase affordability for students and families and to improve outcomes for students.

## ***Current Program***

- Over 210,000 Colorado residents are enrolled in 2 and 4-year public institutions. Over 62,000 post-secondary credentials were awarded by 2- and 4-year institutions in 2017.
- 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 HB 14-1319, 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.
- Senate Bill 14-001 invested significant General Fund in Colorado public higher education and financial aid, capped resident tuition increases at 6.0 percent for FY 2014-15 and FY 2015-16. State funding did not increase in FY 2016-17. The FY 2017-18 appropriation provided a modest funding increase of \$20.5 million, but the FY 2018-19 investment was a substantial \$75.7 million.
- The 2017 Colorado Commission on Higher Education 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 averaged 6.9 percent a year at four-year schools, increasing over 48.0 percent in total. In contrast, median income grew only 34.0 percent during this time, a 14.0 percentage point difference.
- Adding funding for inflation and health care costs for Colorado's public colleges and universities will allow for tuition to be held constant. Base funding increases to offset tuition increases, and an increase of over 12.9 percent for student financial aid will increase affordability for resident undergraduate students and their families.

## ***Consequences of Problem***

- Tuition increases have been outpacing income and tuition has grown by 48.0 percent since FY 2011-12. Continued 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 \$120.9 million General Fund increases affordability for Colorado students by holding tuition constant and increasing financial aid to low-income students. The request is calculated based on the goal of capping tuition increases at FY 2018-19 levels for Colorado resident undergraduate students.

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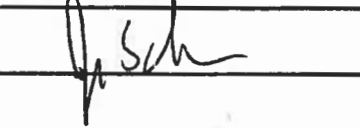
**Schedule 13**

**Department of Higher Education**

**Funding Request for The FY 2019-20 Budget Cycle**

Request Title

**R-01 Investing in College Affordability and Outcomes**

Dept. Approval By:		_____	Supplemental FY 2018-19
OSPB Approval By:		_____	Budget Amendment FY 2019-20
		X	Change Request FY 2019-20

Summary Information	Fund	FY 2018-19		FY 2019-20		FY 2020-21
		Initial Appropriation	Supplemental	Base Request	Change Request	Continuation
			Request			
<b>Total</b>		\$4,288,603,655	\$0	\$4,278,954,467	\$214,741,027	\$0
<b>Total of All Line Items Impacted by Change Request</b>	FTE	25,712.3	0.0	25,712.3	0.0	0.0
	GF	\$908,689,588	\$0	\$893,422,563	\$120,877,419	\$0
	CF	\$2,637,409,588	\$0	\$2,658,234,728	\$0	\$0
	HR	\$742,524,379	\$0	\$729,297,178	\$93,863,608	\$0
	FF	\$0	\$0	\$0	\$0	\$0

Line Item Information	Fund	FY 2018-19		FY 2019-20		FY 2020-21
		Initial Appropriation	Supplemental	Base Request	Change Request	Continuation
			Request			
<b>Total</b>		\$142,001,436	\$0	\$140,347,061	\$22,967,385	\$0
	FTE	0.0	0.0	0.0	0.0	0.0
03. Colorado Commission on Higher Education Financial Aid, (A) Need Based Grants, (1) Need Based Grants - Needs Based Grants	GF	\$141,027,394	\$0	\$139,373,019	\$22,967,385	\$0
	CF	\$0	\$0	\$0	\$0	\$0
	RF	\$974,042	\$0	\$974,042	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

	<b>Total</b>	\$321,818,425	\$0	\$314,246,227	\$41,913,122	\$0
	FTE	0.0	0.0	0.0	0.0	0.0
04. College Opportunity Fund Program, (A) Stipends, (1) Stipends - Stipends for Public Students	GF	\$321,818,425	\$0	\$314,246,227	\$41,913,122	\$0
	CF	\$0	\$0	\$0	\$0	\$0
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

Line Item Information	Fund	FY 2018-19	FY 2019-20	FY 2020-21		
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	<b>Total</b>	<b>\$1,482,831</b>	<b>\$0</b>	<b>\$1,447,941</b>	<b>\$188,009</b>	<b>\$0</b>
	FTE	0.0	0.0	0.0	0.0	0.0
04. College Opportunity Fund Program, (A)	GF	\$1,482,831	\$0	\$1,447,941	\$188,009	\$0
Stipends, (1) Stipends -	CF	\$0	\$0	\$0	\$0	\$0
Stipends Eligible FTE	RF	\$0	\$0	\$0	\$0	\$0
Students - Private Institutions	FF	\$0	\$0	\$0	\$0	\$0
	<b>Total</b>	<b>\$282,016,793</b>	<b>\$0</b>	<b>\$277,709,635</b>	<b>\$34,949,756</b>	<b>\$0</b>
	FTE	0.0	0.0	0.0	0.0	0.0
04. College Opportunity Fund Program, (B) Fee-for-Service Contracts with State Institutions, (1) Fee-for-Service Contracts with State Institutions - Fee-for-Service Contracts With State Institutions	GF	\$282,016,793	\$0	\$277,709,635	\$34,949,756	\$0
	CF	\$0	\$0	\$0	\$0	\$0
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0
	<b>Total</b>	<b>\$132,279,160</b>	<b>\$0</b>	<b>\$130,930,313</b>	<b>\$17,000,729</b>	<b>\$0</b>
	FTE	0.0	0.0	0.0	0.0	0.0
04. College Opportunity Fund Program, (B) Fee-for-Service Contracts with State Institutions, (1) Fee-for-Service Contracts with State Institutions - Fee-for-Service Contracts/State Institutions/Specialty Educ.	GF	\$132,279,160	\$0	\$130,930,313	\$17,000,729	\$0
	CF	\$0	\$0	\$0	\$0	\$0
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0
	<b>Total</b>	<b>\$41,277,285</b>	<b>\$0</b>	<b>\$40,737,127</b>	<b>\$1,223,112</b>	<b>\$0</b>
	FTE	328.6	0.0	328.6	0.0	0.0
05. Governing Boards, (A) Trustees of Adams State University, (1) Trustees of Adams State University - Trustees of Adams State College	GF	\$0	\$0	\$0	\$0	\$0
	CF	\$25,442,904	\$0	\$25,442,904	\$0	\$0
	RF	\$15,834,361	\$0	\$15,294,223	\$1,223,112	\$0
	FF	\$0	\$0	\$0	\$0	\$0

Line Item Information	Fund	FY 2018-19	FY 2019-20	FY 2020-21		
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	<b>Total</b>	<b>\$108,555,632</b>	<b>\$0</b>	<b>\$105,814,191</b>	<b>\$3,287,349</b>	<b>\$0</b>
	FTE	770.2	0.0	770.2	0.0	0.0
05. Governing Boards, (B) Trustees of Colorado Mesa University, (1) Trustees of Colorado Mesa University - Trustees of Colorado Mesa University	GF	\$0	\$0	\$0	\$0	\$0
	CF	\$77,081,439	\$0	\$77,081,439	\$0	\$0
	RF	\$29,474,193	\$0	\$28,732,752	\$3,287,349	\$0
	FF	\$0	\$0	\$0	\$0	\$0
	<b>Total</b>	<b>\$191,885,834</b>	<b>\$0</b>	<b>\$190,327,180</b>	<b>\$7,025,687</b>	<b>\$0</b>
	FTE	1,433.5	0.0	1,433.5	0.0	0.0
05. Governing Boards, (C) Trustees of Metropolitan State College of Denver, (1) Trustees of Metropolitan State College of Denver - Trustees of Metropolitan State College of Denver	GF	\$0	\$0	\$0	\$0	\$0
	CF	\$133,541,851	\$0	\$133,541,851	\$0	\$0
	RF	\$58,343,983	\$0	\$56,785,329	\$7,025,687	\$0
	FF	\$0	\$0	\$0	\$0	\$0
	<b>Total</b>	<b>\$39,171,812</b>	<b>\$0</b>	<b>\$38,830,174</b>	<b>\$1,065,410</b>	<b>\$0</b>
	FTE	265.0	0.0	265.0	0.0	0.0
05. Governing Boards, (D) Trustees of Western State College, (1) Trustees of Western State College - Trustees of Western State College	GF	\$0	\$0	\$0	\$0	\$0
	CF	\$25,128,464	\$0	\$25,128,464	\$0	\$0
	RF	\$14,043,348	\$0	\$13,501,710	\$1,065,410	\$0
	FF	\$0	\$0	\$0	\$0	\$0
	<b>Total</b>	<b>\$706,859,627</b>	<b>\$0</b>	<b>\$704,753,357</b>	<b>\$19,400,320</b>	<b>\$0</b>
	FTE	4,861.3	0.0	4,861.3	0.0	0.0
05. Governing Boards, (E) Board of Governors, Colorado State University System, (1) Board of Governors, Colorado State University System - Board of Governors of the Colorado State University System	GF	\$0	\$0	\$0	\$0	\$0
	CF	\$552,001,555	\$0	\$552,001,555	\$0	\$0
	RF	\$154,858,072	\$0	\$152,751,802	\$19,400,320	\$0
	FF	\$0	\$0	\$0	\$0	\$0

Line Item Information	FY 2018-19		FY 2019-20		FY 2020-21	
	Fund	Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	Total	\$55,102,191	\$0	\$54,570,588	\$2,079,352	\$0
	FTE	462.3	0.0	462.3	0.0	0.0
	GF	\$0	\$0	\$0	\$0	\$0
05. Governing Boards, (F) Trustees of Fort Lewis College, (1) Trustees of Fort Lewis College - Trustees of Fort Lewis College	CF	\$42,049,095	\$0	\$42,049,095	\$0	\$0
	RF	\$13,053,096	\$0	\$12,521,493	\$2,079,352	\$0
	FF	\$0	\$0	\$0	\$0	\$0
	Total	\$1,413,384,410	\$0	\$1,417,272,843	\$30,029,993	\$0
	FTE	9,171.4	0.0	9,171.4	0.0	0.0
	GF	\$0	\$0	\$0	\$0	\$0
05. Governing Boards, (G) Regents of the University Of Colorado, (1) Regents of the University Of Colorado - Regents of the University Of Colorado	CF	\$1,194,879,391	\$0	\$1,201,233,631	\$0	\$0
	RF	\$218,505,019	\$0	\$216,039,212	\$30,029,993	\$0
	FF	\$0	\$0	\$0	\$0	\$0
	Total	\$189,044,896	\$0	\$201,039,194	\$2,767,033	\$0
	FTE	1,008.4	0.0	1,008.4	0.0	0.0
	GF	\$0	\$0	\$0	\$0	\$0
05. Governing Boards, (H) Trustees of the Colorado School of Mines, (1) Trustees of the Colorado School of Mines - Trustees of the Colorado School of Mines	CF	\$166,171,403	\$0	\$178,642,303	\$0	\$0
	RF	\$22,873,493	\$0	\$22,396,891	\$2,767,033	\$0
	FF	\$0	\$0	\$0	\$0	\$0
	Total	\$162,475,262	\$0	\$161,804,894	\$4,895,705	\$0
	FTE	1,360.7	0.0	1,360.7	0.0	0.0
	GF	\$0	\$0	\$0	\$0	\$0
05. Governing Boards, (I) University of Northern Colorado, (1) University of Northern Colorado - University of Northern Colorado	CF	\$119,982,536	\$0	\$119,982,536	\$0	\$0
	RF	\$42,492,726	\$0	\$41,822,358	\$4,895,705	\$0
	FF	\$0	\$0	\$0	\$0	\$0

Line Item Information	FY 2018-19		FY 2019-20		FY 2020-21	
	Fund	Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	Total	\$472,039,010	\$0	\$468,444,328	\$22,089,647	\$0
	FTE	6,050.9	0.0	6,050.9	0.0	0.0
	GF	\$0	\$0	\$0	\$0	\$0
05. Governing Boards, (J) State Board for Comm Colleges and Occupational Ed System,	CF	\$299,966,964	\$0	\$299,966,964	\$0	\$0
(1) State Board for Comm Colleges and Occupational Ed System - State Board for Comm. Colleges and Occupational Ed System	RF	\$172,072,046	\$0	\$168,477,364	\$22,089,647	\$0
	FF	\$0	\$0	\$0	\$0	\$0
	Total	\$8,649,950	\$0	\$8,505,280	\$1,035,464	\$0
	FTE	0.0	0.0	0.0	0.0	0.0
06. Local District Junior College Grants, (A) Local District Junior College Grants, (1) Local District Junior College Grants - Colorado Mountain College	GF	\$8,119,248	\$0	\$7,974,578	\$1,035,464	\$0
	CF	\$530,702	\$0	\$530,702	\$0	\$0
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0



Line Item Information	Fund	FY 2018-19	FY 2019-20	FY 2020-21		
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	<b>Total</b>	<b>\$10,248,586</b>	<b>\$0</b>	<b>\$10,062,699</b>	<b>\$1,224,368</b>	<b>\$0</b>
	FTE	0.0	0.0	0.0	0.0	0.0
06. Local District Junior College Grants, (A) Local District Junior College	GF	\$9,615,302	\$0	\$9,429,415	\$1,224,368	\$0
Grants, (1) Local District Junior College Grants - Aims Community College	CF	\$633,284	\$0	\$633,284	\$0	\$0
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

	<b>Total</b>	<b>\$12,311,435</b>	<b>\$0</b>	<b>\$12,311,435</b>	<b>\$1,598,586</b>	<b>\$0</b>
	FTE	0.0	0.0	0.0	0.0	0.0
07. Division of Occupational Education, (C) Area Vocational School Support, (1) Area Vocational School Support - Area Technical Colleges	GF	\$12,311,435	\$0	\$12,311,435	\$1,598,586	\$0
	CF	\$0	\$0	\$0	\$0	\$0
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

Auxiliary Data			
Requires Legislation?	NO		
Type of Request?	Department of Higher Education	Interagency Approval or	No Other Agency Impact

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# COLORADO

Department of Higher Education

2018

FY 2019-20 Funding Request | November 1,

John W. Hickenlooper  
Governor

Dan Baer  
Executive Director

**Department Priority: R-01**  
**Request Detail: Investing in College Affordability and Outcomes**

Summary of Incremental Funding Change for FY 2019-20	Total Funds	General Fund
Operational Funding Increase for Public Colleges and Universities	\$214,741,027	\$120,877,419

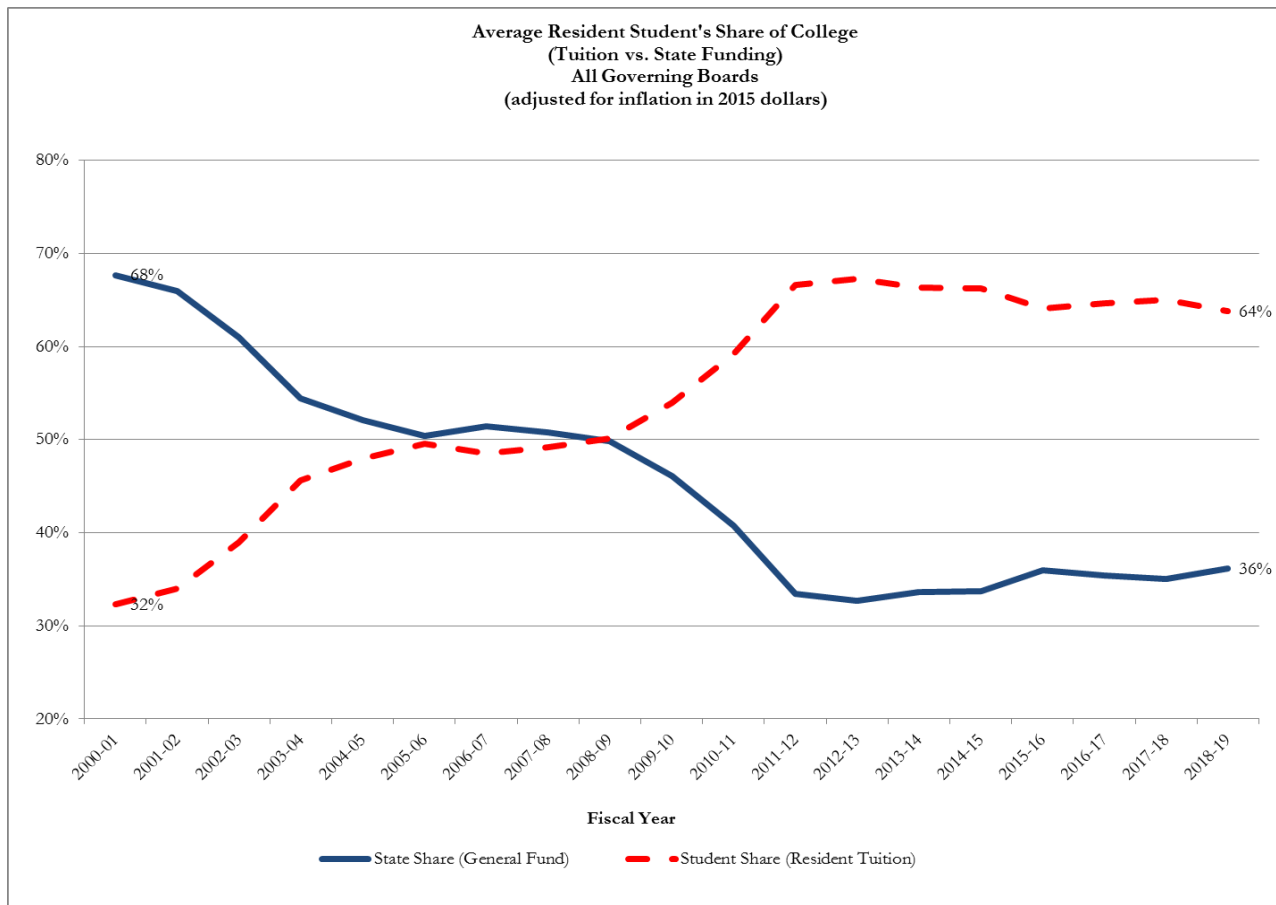
The Department of Higher Education requests \$120.9 million General Fund to cover institutional core minimum costs that would otherwise be passed on to students and families. This request is comprised of three key components: (1) \$93.9 million General Fund for the General Fund portion of inflationary increases on Education & General expenses (\$17.9 million), employee health benefit increases (\$929,474) and an additional tuition buy down to hold resident, undergraduate tuition rates constant at FY 2018-19 levels (\$75.0 million); (2) \$3.9 million General Fund for the statutorily required calibration increase for Local District Colleges and public Area Technical Colleges, and (3) \$23.0 million General Fund for the financial aid calibration required pursuant to Section 23-3.3-103, C.R.S. and \$188,009 for the Private COF stipend. Of this total request, \$93.8 million will be further reappropriated to the Governing Boards. Thus, the \$120.9 million plus the reappropriated \$93.8 million equals the total funds request of \$214.7 million.

This request builds off of last year’s request designed to keep resident tuition at a statewide average of 3.0 percent, but takes that a step further by keeping tuition at a constant level for Colorado’s students and families. Through this tuition buy-down and the ability to annualize this request into future fiscal years, it will create greater predictability in volatile areas. The request builds upon the FY 2019-20 annualization submitted last year, updates inflation and health care numbers, and enhances affordability for resident students by keeping tuition rates constant at FY 2018-19 levels. The strategic direction embodied in the funding in this request is continued in the out-year annualization of this request into FY 2020-21, and can be annualized out to FY 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, vastly outpacing median family income growth. Tuition increases impact the perception of college affordability, especially as median family incomes lag behind in growth. As General Fund appropriations were reduced during the recession, tuition increases 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 68.0 percent of the cost of college, while students and families picked up 32.0 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, and then again through a significant investment in FY 2018-19. As a result, the state now pays 36.0 percent of the cost, but continued investment is needed to reverse the trend.



Currently, in FY 2018-19 students and families continue to cover approximately 64.0 percent of the costs while the State pays for the remaining 36.0 percent. In the FY 2018-19 budget, the State was able to buy down the split that students and families cover through a substantive investment. However, students and families continue to pick up a larger share of the costs, and costs have increased significantly over time. The table below shows the tuition levels for the Governing Boards from FY 2011-12 to FY 2018-19.

<b>BOARD/ INSTITUTION</b>	<b>FY 11-12</b>	<b>FY 12-13</b>	<b>FY 13-14</b>	<b>FY 14-15</b>	<b>FY 15-16</b>	<b>FY 16-17</b>	<b>FY 17-18</b>	<b>FY 18-19</b>	<b>7-Year Change</b>
<b>CSU-FC</b>	6,307	6,875	7,494	7,868	8,300	8,716	9,152	9,426	49.5
<b>CSU Pueblo</b>	4,592	5,494	5,494	5,824	6,159	7,269	7,705	7,936	72.8
<b>CU Boulder</b>	7,672	8,056	8,760	9,048	9,312	9,768	10,248	10,728	39.8
<b>CU Co Springs</b>	6,720	7,050	7,470	7,710	7,980	8,280	8,610	8,850	31.7
<b>CU Denver</b>	6,776	7,980	8,460	8,760	9,090	9,420	9,720	9,900	46.1
<b>Mines</b>	12,585	13,590	14,400	14,790	15,225	15,690	16,170	16,650	32.3
<b>Adams</b>	3,312	3,816	4,872	5,160	5,448	5,736	5,736	5,736	73.2
<b>Western</b>	3,922	4,627	5,275	5,539	5,844	6,312	6,624	6,624	68.9
<b>Metro</b>	3,809	4,304	4,691	4,973	5,222	5,693	6,062	6,244	63.9
<b>Colorado Mesa</b>	5,780	6,102	6,438	6,812	7,185	7,572	8,100	8,344	44.4
<b>Fort Lewis</b>	4,048	4,800	5,232	5,544	5,856	6,360	6,723	7,056	74.3

<b>UNC</b>	5,300	5,464	5,748	6,024	6,372	6,906	7,374	7,596	43.3
<b>Four-year Institution Avg</b>	5,902	6,513	7,028	7,338	7,666	8,144	8,519	8,758	48.4
<b>Community College Avg.</b>	3,176	3,383	3,585	3,747	3,915	4,107	4,337	4,468	40.7

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 \$2,856 or 48.4 percent over this period for four-year institutions compared to 33.5 percent growth in median family income. Thus, a family’s wages over this time period are not keeping pace with tuition increases.

	<b>FY 2011-12</b>	<b>FY 2018-19</b>	<b>7 Yr. \$ Change</b>	<b>% Change</b>
Tuition 4 Yr	5,902	8,758	2,856	48.4%
Median Family Income	58,629	78,319	19,690	33.5%

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. Institutions of higher education have not effectively been able to communicate 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 2016 shows that a majority 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. Without an incentive for innovation and cost reduction, these increases are paid either through state funding for operational funding for public colleges and universities (General Fund) or with tuition increases.

### **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. Other, auxiliary costs are funded through separate revenue streams, which can grow based on the available revenue.

The US Census Bureau's report on State Government employment and payroll data for 2016 the most recent data available, shows that 65.0 percent of all State of Colorado government employees are working in public higher education, resulting in 59.0 percent of the State's Full-time Equivalent (FTE) employees.<sup>1</sup> Institutions do not receive direct state appropriations to cover increases in employee costs, so while it is costs can be passed on to staff, 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.<sup>2</sup>

According to the Department of Personnel and Administration's June 2017 Workforce file, about one in six (16.8 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 2018-19 to FY 2019-20. 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 5.2 percent in FY 2019-20. 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**

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

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<sup>1</sup> US Census Bureau, "2016 Annual Survey of Public Employment and Payroll." Web. 23 July 2018. <<https://www.census.gov/data/tables/2016/econ/apes/annual-apes.html>>.

<sup>2</sup> 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>>.

through this JBC revised model. For FY 2018-19, there was an adjustment to increase the Role and Mission and Completion weightings for Pell-eligible students. For FY 2019-20, the request will be made using the model that was utilized for the FY 2018-19 request.

***Proposed Solution:***

The Department requests \$120,877,419 General Fund for state-funded institutions of higher education (colleges, universities, local district colleges, and area technical colleges) operating budgets (\$97,722,026), and the statutorily required financial aid increase (\$22,967,385). 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 2019-20. The request also serves to offset tuition increases by keeping rates constant at FY 2018-19 levels. In doing so, this request represents a cost offset for students and families by shifting the burden of minimum cost increase entirely to the state. This request is part of a multi-year plan to moderate tuition growth by providing General Fund support. To sustain the investment and continue to enhance the affordability of higher education for Coloradoans, this request can be annualized to through FY 2021-22. The request is comprised of the following components:

**Table A: FY 2019-20 Request Summary**

Inflationary Requested Increase	17,886,380
Health Benefits Requested Increase	929,474
Additional Tuition Buy Down	75,047,753
<b>Total Requested for Governing Boards</b>	<b>93,863,607</b>
Percentage Increase for Governing Boards	12.9846%
<b>LDJC and AVS Operating Increase</b>	<b>3,858,418</b>
<b>Total Requested Operating Increase</b>	<b>97,722,026</b>
<b>Total Operating Percentage Increase</b>	12.9846%
<b>Financial Aid Calibration</b>	<b>22,967,385</b>
<b>Private COF Stipend (Estimated at 12.9% Increase)</b>	<b>188,009</b>
<b>Total Request Increase</b>	<b>120,877,419</b>

**Governing Boards (\$93.9 million General Fund).** The requested \$93,863,607 million General Fund for Governing Board operating costs results in a 12.9 percent increase to Governing Boards. This sum is comprised of an inflationary increase of \$17.9 million, a health benefits component of \$929,474, and tuition relief for Colorado’s students and families of \$75.0 million.

Two components of the request, the inflationary increase and health benefits increase, a combined \$18.8 million, cover the General Fund portion (20.1 percent) of the inflationary and health benefit increases to E&G at public institutions. The FY 2019-20 request draws from the annualization of the calculations used in the FY 2018-19 request and applies updated inflation rates on E&G expenses and health care. The cost calculation model takes the estimated E&G and health benefits base from the prior year’s build up and increases the costs from inflation. Appendix A includes detailed calculations for FY 2019-20 and the prior year’s estimates.

In total, the Department estimates minimum cost increases to E&G for FY 2019-20 to be \$93,863,607 with the General Fund share being 20.1 percent or \$18.8 million. The request covers those minimum costs while providing additional funding to address affordability for Colorado’s students and families.

### Governing Board Distribution

The Governing Boards’ distribution of the requested \$93.9 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 (COF), 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 \$93.9 million to governing boards amongst these four categories of funding is shown in the table below.

<b>Long Bill Item</b>	<b>FY 2018-19 Appropriation</b>	<b>FY 2019-20 Requested Change</b>	<b>FY 2019-20 Requested Appropriation</b>
<b>COF Stipend</b>	\$ 314,246,227	\$ 41,913,122	\$ 356,159,350
<b>23-18-303, C.R.S FFS</b>	\$ 277,709,635	\$ 34,949,756	\$ 312,659,392
<b>SEP FFS</b>	\$ 130,930,313	\$ 17,000,729	\$ 147,931,042
<b>Governing Board Total</b>	<b>\$ 723,223,135</b>	<b>\$ 93,863,607</b>	<b>\$ 816,749,783</b>

The table below reflects limited purpose fee for service contract totals for governing boards that have received funding through this mechanism. These funds are directed to governing boards through legislation and are not allocated through the funding allocation model, thus they are captured separately from the COF and Fee-for-Service contract amounts that are allocated through the model.

#### Limited Purpose Fee for Service Contracts

<b>CMU</b>	\$300,000
<b>MSU-Denver</b>	\$300,000
<b>WSCU</b>	\$200,000
<b>CSU</b>	\$1,200,000
<b>CU</b>	\$2,900,000
<b>UNC</b>	\$75,000
<b>CCCS</b>	\$461,960
<b>Total</b>	<b>\$5,436,960</b>

As previously stated, the Department will run the \$93.9 million through the funding allocation model using the FY 2018-19 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 (12.9 percent). Allocations are made through the model that was adopted for and utilized in making FY 2018-19 allocations. 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 2019-20.



FY 2019-20 Requested Governing Board Allocations

<b>Governing Board</b>	<b>COF Stipend</b>	<b>23-18-203 FFS</b>	<b>SEP FFS</b>	<b>Total</b>
<b>ASU</b>	\$2,961,418	\$13,555,917	-	<b>\$16,517,335</b>
<b>CMU</b>	\$17,556,043	\$14,164,058	-	<b>\$31,720,101</b>
<b>MSU</b>	\$39,024,341	\$24,486,675	-	<b>\$63,511,015</b>
<b>Denver</b>				
<b>WSCU</b>	\$3,654,471	\$10,712,649	-	<b>\$14,367,120</b>
<b>CSU</b>	\$53,186,883	\$48,800,805	\$68,964,435	<b>\$170,952,123</b>
<b>FLC</b>	\$3,917,576	\$10,683,269	-	<b>\$14,600,845</b>
<b>CU</b>	\$82,539,545	\$81,663,053	\$78,966,607	<b>\$243,169,205</b>
<b>Mines</b>	\$7,864,463	\$17,299,461	-	<b>\$25,163,924</b>
<b>UNC</b>	\$18,917,047	\$27,726,017	-	<b>\$46,643,064</b>
<b>CCCS</b>	\$126,537,563	\$63,567,488	-	<b>\$190,105,052</b>
<b>TOTAL</b>	<b>\$356,159,350</b>	<b>\$312,659,392</b>	<b>\$147,931,042</b>	<b>\$816,749,783</b>

Fiscal Year 2019-20 Requested Governing Board Allocations and Percentage Change

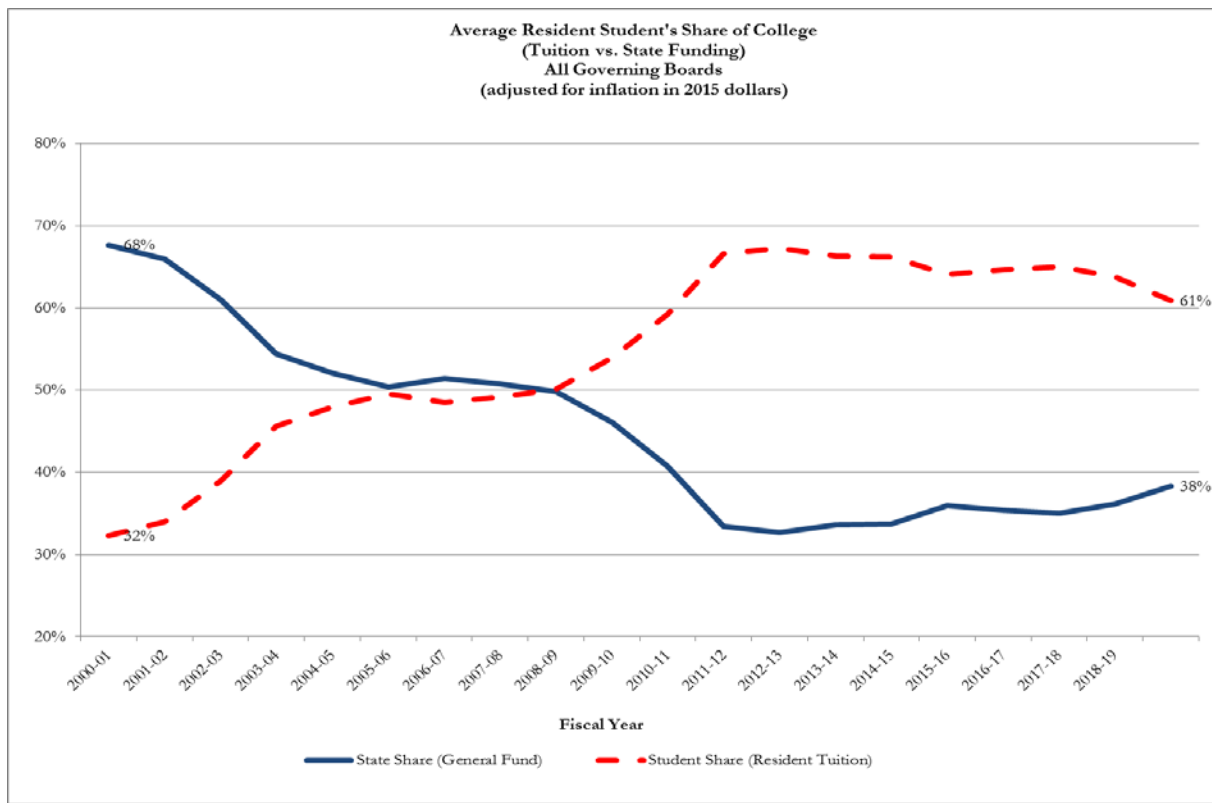
<b>Governing Board</b>	<b>COF Stipend</b>	<b>23-18-203 FFS</b>	<b>SEP FFS</b>	<b>Total*</b>	<b>Change</b>
<b>ASU</b>	\$2,961,418	\$13,555,917	-	<b>\$16,517,335</b>	8.00%
<b>CMU</b>	\$17,556,043	\$14,164,058	-	<b>\$31,720,101</b>	11.56%
<b>MSU</b>	\$39,024,341	\$24,486,675	-	<b>\$63,511,015</b>	12.44%
<b>Denver</b>					
<b>WSCU</b>	\$3,654,471	\$10,712,649	-	<b>\$14,367,120</b>	8.01%
<b>CSU</b>	\$53,186,883	\$48,800,805	\$68,964,435	<b>\$170,952,123</b>	12.80%
<b>FLC</b>	\$3,917,576	\$10,683,269	-	<b>\$14,600,845</b>	16.61%
<b>CU</b>	\$82,539,545	\$81,663,053	\$78,966,607	<b>\$243,169,205</b>	14.09%
<b>Mines</b>	\$7,864,463	\$17,299,461	-	<b>\$25,163,924</b>	12.35%
<b>UNC</b>	\$18,917,047	\$27,726,017	-	<b>\$46,643,064</b>	11.70%
<b>CCCS</b>	\$126,537,563	\$63,567,488	-	<b>\$190,105,052</b>	13.15%
<b>TOTAL</b>	<b>\$356,159,350</b>	<b>\$312,659,392</b>	<b>\$147,931,042</b>	<b>\$816,749,783</b>	12.98%

**Local District Colleges/Area Technical Colleges (\$3.9 million General Fund).** The increase provides \$3,858,418 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 (\$23.0 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 12.9 percent operating increase for Governing Boards, Local District Colleges, and Area Technical Colleges results in a corresponding financial aid increase of \$22,967,385. For the proportional increase to financial aid calculations, see Appendix B.

**Anticipated Outcomes:**

The Department anticipates that this request would cover minimum costs and create affordability through tuition relief for Colorado’s students and families by keeping tuition rates constant at FY 2018-19 levels. The requested increase would continue the concerted effort by the State of Colorado to implement a defined post-secondary cost-sharing policy by funding the costs through state appropriations. Additionally, this request makes a concerted effort to ease the burden on students and families by sending a clear message on affordability. 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. In other words, a commitment to supporting higher education and addressing minimal costs that would be financed through tuition, students and families will college as being affordable. The annualization of this request and out-year impacts is a further commitment toward state support for higher education and restraining the cost to students and families. A companion request, R-02, reflects consistent tuition spending authority for governing boards in coordination with this request. The anticipate outcome of this approach is represented below, and results in the narrowing of the split between the student and family share and the state share of 11.0 percent since FY 2011-12.



**Assumptions and Calculations:**

Various assumptions have been used to calculate the request. The Department utilized the continuation of the Core Minimum Cost Build-Up provided in the FY 2018-19 budget request as the basis for this request. To build out the cost estimates for FY 2019-20, the Department used the following cost inflators:

- An estimated FY 2019-20 CPI of 2.7 percent on the FY 2018-19 base to determine the amount of inflationary cost increases the institutions will likely experience in FY 2019-20, and;
- A health benefits employer contribution growth rate of 2.5 percent (5.2 percent growth less 2.7 percent inflation).

CPI estimates are derived from the Governor's Office of State Planning and Budgeting inflation forecasts, issued in June 2018. The health care benefit growth is taken from the Centers for Medicare and Medicaid Services National Health Expenditure Projections.

Appendix A, Tables A.1 through A.3, include detailed calculations for the request.

Education and Related (E&G) costs are derived from institutional 2016 Budget Data Book submissions, FY 2016-17 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](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.

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**Table A.1: FY 20 Request Summary**

Inflationary Requested Increase	17,886,380
Health Benefits Requested Increase	929,474
Additional Tuition Buy Down	-
Total Requested for Governing Boards	75,047,753
Percentage Increase for Governing Boards	93,863,607
LDJC and AVS Operating Increase	12.9846%
<b>Total Requested Operating Increase</b>	<b>3,858,418</b>
<b>Total Operating Percentage Increase</b>	<b>97,722,026</b>
Financial Aid Calibration	12.9846%
Private COF Stipend (Estimated at 12.9% Increase)	22,967,385
	188,009
<b>Total Request Increase</b>	<b>120,877,419</b>

A-5 2019 Minimum Cost Increases Build Up

	2019 Inflationary Increase <sup>1</sup>	2.4%	General Fund as a Percentage of E&G <sup>2</sup>	21.0%		
<b>Governing Board</b>	<b>2018 E&amp;G Total <sup>3</sup></b>	<b>2019 Inflationary Increase</b>	<b>2019 Healthcare Benefits Increase <sup>4</sup></b>	<b>Total FY 2019 Increase</b>	<b>Percent General Funded <sup>5</sup></b>	<b>Total FY 2018 Request</b>
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
<b>TOTAL</b>	<b>3,227,245,772</b>	<b>77,453,899</b>	<b>8,156,365</b>	<b>85,610,264</b>	<b>21%</b>	<b>17,636,137</b>

<sup>1</sup> Inflationary increase based on September OSPB FY 18 inflation projection (2.4%), page 65.

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

<sup>3</sup> Estimated 2017 Education & General (E&G) total derived from Prior Year Estimates

<sup>4</sup> Estimated 2018 Healthcare benefits increase derived from table A-4

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

A.3 2020 Minimum Cost Increases Build Up

	2019 E&G Total <sup>3</sup>	2020 Inflationary Increase <sup>1</sup>	2020 Healthcare Benefits Increase <sup>4</sup>	Total FY 2020 Increase	Percent General Funded <sup>5</sup>	Total FY 2018 Request
Governing Board	36,998,244	998,953	62,411	1,061,364	42%	440,560
Adams	95,436,611	2,576,788	113,536	2,690,325	27%	715,341
Mesa	185,132,446	4,998,576	204,966	5,203,542	28%	1,452,694
Metro	31,353,283	846,539	58,728	905,266	38%	339,855
Western	666,739,104	18,001,956	831,467	18,833,423	21%	3,873,298
CSU	56,492,014	1,525,284	95,949	1,621,234	22%	353,690
Ft. Lewis	1,426,855,275	38,525,092	1,942,701	40,467,794	13%	5,425,758
CU	181,293,908	4,894,936	261,169	5,156,105	12%	623,572
Mines	155,014,027	4,185,379	321,805	4,507,184	25%	1,136,871
UNC	469,384,759	12,673,388	743,983	13,417,371	34%	4,613,323
CCC	3,304,699,670	89,226,891	4,636,716	93,863,607	20%	18,815,854
<b>TOTAL</b>						

<sup>1</sup> Inflationary increase based on the June 2018 OSPB inflation projection (2.7%).

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

<sup>3</sup> Estimated 2019 Education & General (E&G) total derived from table A-2

<sup>4</sup> Estimated 2019 Healthcare benefits increase derived from table A-4

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

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**Appendix B: 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 Continuance
Governing Boards (Private Stipends)	724,334,116 (1,447,941)	Need Based Work Study DTAP	140,347,061 23,413,178 672,000
Other schools (AVS and LDC)	29,715,428	Merit Aid	5,000,000
Total	752,601,603	Tuition Assistance for Career and Technical Education Certificate Programs Colorado Opportunity Scholarship Initiative	450,000 7,000,000
Total Increase	a 97,722,026	Total Fin Aid	176,882,239
% GF Increase	13.0%		b 22,967,385
FY 2017-18 increase required for Financial Aid GF		Need-Based Work-Study	

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.  
 All Governing Boards  
 Local District Junior Colleges  
 Area Vocational Schools  
 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.

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# 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 2017-18 COF actuals.	\$83 (subject to change)	53.1

## 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
<b>Mission Differentiation</b>	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.
<b>Support Services for Pell-eligible Students</b>	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).  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) 2017-18 and COF Actuals for 2017-18

<b>Weighted Student Credit Hours</b>	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) 2017-18
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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 and an additional adjustment for rural institutions. The dollar amounts allocated for Mission Differentiation are outlined in the table below. The special adjustments made for two institutions are outlined in the model allocations for the Role and Mission Factors.

<b><u>Research institutions</u></b>	
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
<b><u>Comprehensive institutions</u></b>	
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
<b><u>Community colleges</u></b>	
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 0.3.

Completion and Transfer weights are as follows:

<b>Outcomes/Performance Metric Definitions and DataSources</b>		
<b>Metric</b>	<b>Definition</b>	<b>Data Source/ Year</b>
<b>Completion</b>	<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"> <li>• Programs spanning one year (24 credit hours) or more; or</li> <li>• 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.</li> </ul> <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>	Student Unit Record Data System (SURDS)/ AY 2017-18
<b>Retention</b>	<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"> <li>• 30 credit hours</li> <li>• 60 credit hours</li> <li>• 90 credit hours</li> </ul> <p>Two-year institutions - number of students who cross the threshold of completing:</p> <ul style="list-style-type: none"> <li>• 15 credit hours</li> <li>• 30 credit hours</li> <li>• 45 credit hours</li> </ul> <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>	Student Unit Record Data System (SURDS)/ AY 2017-18

<b>Outcomes/Performance Metric Definitions and DataSources</b>		
<b>Metric</b>	<b>Definition</b>	<b>Data Source/Year</b>
<b>Institutional Productivity</b>	Calculated by: <ol style="list-style-type: none"> <li>1. Dividing an institutions total weighted degree total by Student Full-time Equivalent (SFTE) = "Awards per FTE"</li> <li>2. Indexing individual institutions' "Awards per FTE" to the state average "Awards per FTE"</li> <li>3. Multiply "indexed awards per FTE" by total "awards per FTE" funding to get allocation by institution for this metrics</li> </ol>	Student Unit Record Data System (SURDS)/ AY 2017-18

### Outcomes/Performance Metric Weights

<b>Completion and Transfer Weights</b>	
<b>Credential Level</b>	<b>Weight</b>
Transfer	0.25
Certificates	0.25
Associates	0.50
Bachelors	1.00
Graduate Certificate	0.25
Masters	1.25
Specialists	1.25
Doctoral	1.25

<b>Additional Undergraduate Completion/Transfer Bonus for Priority Populations</b>	
<b>Type</b>	<b>Additional Bonus</b>
Pell-Eligible	2.0
STEM and Heath	1.5
Non-Resident Student Weight	0.3

<b>Retention Weights (completed credit hours)</b>	
<b>Credit Hours Accumulated</b>	<b>CCHE Adopted Model Weight</b>
15/30	0.25
30/60	0.50
45/90	0.75

After the points have been calculated for the completion and retention metrics, weights are then

uniformly applied to the counts for each institution.

<b>Completion and Retention Metric Weights</b>	
Completion	85%
Retention	15%

<b>Institutional Productivity</b>
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.



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# COLORADO

Department of  
Higher Education

Priority: R-02  
Tuition Spending Authority  
FY 2019-20 Change Request

## ***Cost and FTE***

- The Department of Higher Education requests an additional \$50.8 million in cash funds spending authority to reflect public post-secondary institutions' tuition revenue for FY 2019-20. The resident tuition in this request is tied to flat tuition rates for resident, undergraduate students, so the increased spending authority is only tied to an increased rate for non-resident students. This request goal ties directly to the General Fund support in R-01 (Investing in College Affordability and Outcomes) and is 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 in revenue across all 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 constant tuition rates relative to FY 2018-19 promotes affordability of higher education.

## ***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-01 (Investing in College Affordability and Outcomes).

## ***Proposed Solution***

- An increase of \$50.8 million cash fund spending authority for tuition revenue allows institutions to increase non-resident tuition up to 5.0 percent.
- Flat tuition for resident, undergraduate tuition, bought down directly through a General Fund investment, will enhance affordability for Coloradans.

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**Schedule 13**

**Department of Higher Education**

**Funding Request for The FY 2019-20 Budget Cycle**

**Request Title**  
**R-02 Tuition Spending Authority**

Dept. Approval By:   
 OSPB Approval By: \_\_\_\_\_

Supplemental FY 2018-19  
 Budget Amendment FY 2019-20  
 Change Request FY 2019-20

\_\_\_\_\_  
 X

Summary Information	Fund	FY 2018-19		FY 2019-20		FY 2020-21
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
<b>Total</b>		<b>\$3,377,785,839</b>	<b>\$0</b>	<b>\$3,383,393,876</b>	<b>\$60,766,445</b>	<b>\$0</b>
FTE		25,712.3	0.0	25,712.3	0.0	0.0
<b>Total of All Line Items Impacted by Change Request</b>	GF	\$0	\$0	\$0	\$0	\$0
	CF	\$2,838,245,802	\$0	\$2,855,070,742	\$50,766,445	\$0
	RF	\$741,550,337	\$0	\$728,323,134	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

Line Item Information	Fund	FY 2018-19		FY 2019-20		FY 2020-21
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
<b>Total</b>		<b>\$41,277,265</b>	<b>\$0</b>	<b>\$40,737,127</b>	<b>\$382,540</b>	<b>\$0</b>
FTE		328.6	0.0	328.6	0.0	0.0
05. Governing Boards, (A) Trustees of Adams State University, (1) Trustees of Adams State University - Trustees of Adams State College	GF	\$0	\$0	\$0	\$0	\$0
	CF	\$25,442,904	\$0	\$25,442,904	\$382,540	\$0
	RF	\$15,834,361	\$0	\$15,294,223	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

<b>Total</b>		<b>\$106,555,832</b>	<b>\$0</b>	<b>\$105,814,191</b>	<b>\$723,381</b>	<b>\$0</b>
FTE		770.2	0.0	770.2	0.0	0.0
05. Governing Boards, (B) Trustees of Colorado Mesa University, (1) Trustees of Colorado Mesa University - Trustees of Colorado Mesa University	GF	\$0	\$0	\$0	\$0	\$0
	CF	\$77,081,439	\$0	\$77,081,439	\$723,381	\$0
	RF	\$29,474,193	\$0	\$28,732,752	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

Line Item Information	Fund	FY 2018-19	FY 2019-20		FY 2020-21	
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	<b>Total</b>	<b>\$191,885,834</b>	<b>\$0</b>	<b>\$190,327,180</b>	<b>\$500,621</b>	<b>\$0</b>
	FTE	1,433.5	0.0	1,433.5	0.0	0.0
	GF	\$0	\$0	\$0	\$0	\$0
05. Governing Boards, (C) Trustees of Metropolitan State College of Denver, (1)	CF	\$133,541,851	\$0	\$133,541,851	\$500,621	\$0
Trustees of Metropolitan State College of Denver - Trustees of Metropolitan State College of Denver	RF	\$58,343,983	\$0	\$56,785,329	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0
	<b>Total</b>	<b>\$39,171,812</b>	<b>\$0</b>	<b>\$38,630,174</b>	<b>\$490,093</b>	<b>\$0</b>
	FTE	265.0	0.0	265.0	0.0	0.0
	GF	\$0	\$0	\$0	\$0	\$0
05. Governing Boards, (D) Trustees of Western State College, (1)	CF	\$25,128,464	\$0	\$25,128,464	\$490,093	\$0
Trustees of Western State College - Trustees of Western State College	RF	\$14,043,348	\$0	\$13,501,710	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0
	<b>Total</b>	<b>\$706,859,627</b>	<b>\$0</b>	<b>\$704,753,357</b>	<b>\$10,945,453</b>	<b>\$0</b>
	FTE	4,861.3	0.0	4,861.3	0.0	0.0
	GF	\$0	\$0	\$0	\$0	\$0
05. Governing Boards, (E) Board of Governors, Colorado State University System, (1) Board of Governors, Colorado State University System - Board of Governors of the Colorado State University System	CF	\$552,001,555	\$0	\$552,001,555	\$10,945,453	\$0
	RF	\$154,858,072	\$0	\$152,751,802	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

Line Item Information	Fund	FY 2018-19	FY 2019-20		FY 2020-21	
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	<b>Total</b>	<b>\$55,102,191</b>	<b>\$0</b>	<b>\$54,570,588</b>	<b>\$1,316,481</b>	<b>\$0</b>
	FTE	462.3	0.0	462.3	0.0	0.0
	GF	\$0	\$0	\$0	\$0	\$0
05. Governing Boards, (F) Trustees of Fort Lewis College, (1) Trustees of Fort Lewis College - Trustees of Fort Lewis College	CF	\$42,049,095	\$0	\$42,049,095	\$1,316,481	\$0
	RF	\$13,053,096	\$0	\$12,521,493	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0
	<b>Total</b>	<b>\$1,413,384,410</b>	<b>\$0</b>	<b>\$1,417,272,843</b>	<b>\$28,329,900</b>	<b>\$0</b>
	FTE	9,171.4	0.0	9,171.4	0.0	0.0
	GF	\$0	\$0	\$0	\$0	\$0
05. Governing Boards, (G) Regents of the University Of Colorado, (1) Regents of the University Of Colorado - Regents of the University Of Colorado	CF	\$1,194,879,391	\$0	\$1,201,233,631	\$28,329,900	\$0
	RF	\$218,505,019	\$0	\$216,039,212	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0
	<b>Total</b>	<b>\$189,044,896</b>	<b>\$0</b>	<b>\$201,039,194</b>	<b>\$4,609,051</b>	<b>\$0</b>
	FTE	1,008.4	0.0	1,008.4	0.0	0.0
	GF	\$0	\$0	\$0	\$0	\$0
05. Governing Boards, (H) Trustees of the Colorado School of Mines, (1) Trustees of the Colorado School of Mines - Trustees of the Colorado School of Mines	CF	\$166,171,403	\$0	\$178,642,303	\$4,609,051	\$0
	RF	\$22,873,493	\$0	\$22,396,891	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

Line Item Information	FY 2018-19			FY 2019-20		FY 2020-21
	Fund	Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	<b>Total</b>	<b>\$162,475,282</b>	<b>\$0</b>	<b>\$161,804,894</b>	<b>\$1,485,577</b>	<b>\$0</b>
	FTE	1,380.7	0.0	1,360.7	0.0	0.0
05. Governing Boards, (I)	GF	\$0	\$0	\$0	\$0	\$0
University of Northern Colorado, (1) University of Northern Colorado -	CF	\$119,982,536	\$0	\$119,982,536	\$1,485,577	\$0
University of Northern Colorado	RF	\$42,492,726	\$0	\$41,822,358	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0
	<b>Total</b>	<b>\$472,039,010</b>	<b>\$0</b>	<b>\$468,444,328</b>	<b>\$1,983,348</b>	<b>\$0</b>
	FTE	6,050.9	0.0	6,050.9	0.0	0.0
05. Governing Boards, (J) State Board for Comm Colleges and Occupational Ed System, (1) State Board for Comm Colleges and Occupational Ed System -	GF	\$0	\$0	\$0	\$0	\$0
State Board for Comm. Colleges and Occupational Ed System	CF	\$299,966,964	\$0	\$299,966,964	\$1,983,348	\$0
	RF	\$172,072,046	\$0	\$168,477,364	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

Auxiliary Data			
Requires Legislation?	NO		
Type of Request?	Department of Higher Education	Interagency Approval or	No Other Agency Impact

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# COLORADO

Department of Higher Education

2018

FY 2019-20 Funding Request | November 1,

John W. Hickenlooper  
Governor

Dan Baer  
Executive Director

**Department Priority: R-02**  
**Request Detail: Tuition Spending Authority**

Summary of Incremental Funding Change for FY 2019-20	Total Funds	General Fund
Tuition Spending Authority	\$50,766,444	\$0.0

The Department of Higher Education requests an increase of \$50,766,444 cash funds spending authority to reflect estimated public institutions’ tuition revenue for FY 2019-20. The portion of the increase for resident undergraduate students is flat and is made in conjunction with Department Request R-01 (“Improving College Affordability and Outcomes”), and builds upon the statewide efforts made in FY 2018-19 to invest directly in affordability for resident students. The additional spending authority in this request is based solely on an increase in non-resident tuition. The total requested spending authority for tuition revenue in FY 2019-20 would be \$2,385.5 million cash funds. In coordination with R-01 (“Improving College Affordability and Outcomes”) and out-year planning goals, this request can be annualized to maximize the investment in affordability by sustaining it for future years.

**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-01 is linked to constant tuition rates. Each 1.0 percent increase in tuition results in about \$9.6 million of revenue for institutions.

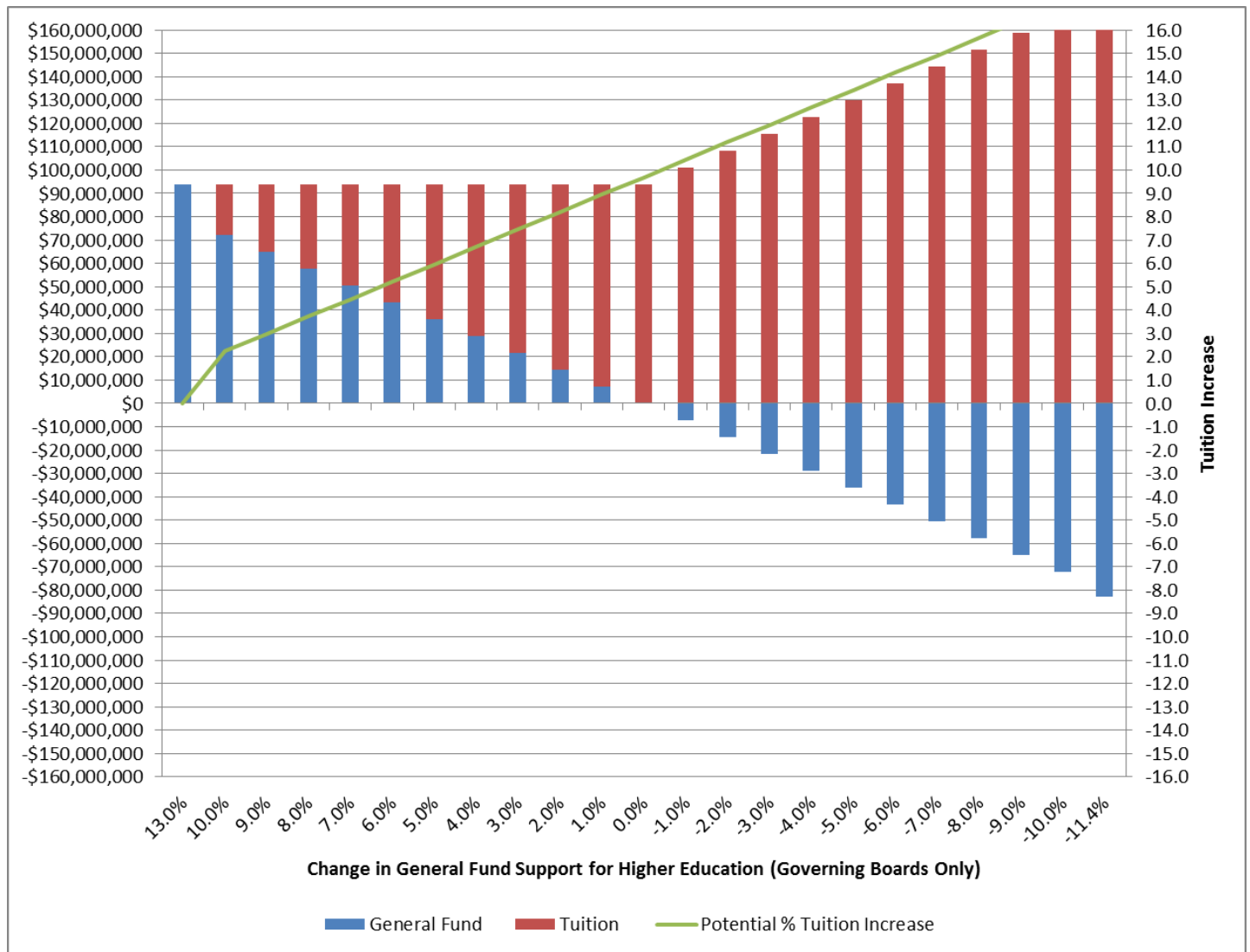
Under current law, tuition revenue is appropriated at all state institutions except the Colorado School of Mines. Also, pursuant to C.R.S §23-5-129 (6)(c) and C.R.S §23-1-108 (12)(b), the Commission is required to include in the annual budget request, detailed tuition recommendations for resident undergraduate 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. 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 \$50.8 million in cash funds spending authority to support the anticipated increase in tuition revenue in FY 2019-20. Based on this request the total spending authority for tuition revenue in FY 2019-20 would be \$2,385,525,745 cash funds with a flat resident, undergraduate tuition rate. The effort to keep tuition flat is directly linked to the Department’s R-01 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-01). Each 1.0 percent increase in tuition generates about \$9.6 million of revenue for institutions (see following table).



Change in GF Approps	General Fund	Tuition	Potential % Tuition Increase
13.0%	93,863,607	\$0	0.0
10.0%	72,288,618	\$21,574,990	2.2
9.0%	65,059,756	\$28,803,852	3.0
8.0%	57,830,894	\$36,032,713	3.7
7.0%	50,602,032	\$43,261,575	4.5
6.0%	43,373,171	\$50,490,437	5.2
5.0%	36,144,309	\$57,719,299	6.0
4.0%	28,915,447	\$64,948,160	6.7
3.0%	21,686,585	\$72,177,022	7.5
2.0%	14,457,724	\$79,405,884	8.2
1.0%	7,228,862	\$86,634,746	8.9
0.0%	-	\$93,863,607	9.7
-1.0%	(7,228,862)	\$101,092,469	10.4
-2.0%	(14,457,724)	\$108,321,331	11.2
-3.0%	(21,686,585)	\$115,550,193	11.9
-4.0%	(28,915,447)	\$122,779,054	12.7
-5.0%	(36,144,309)	\$130,007,916	13.4
-6.0%	(43,373,171)	\$137,236,778	14.2
-7.0%	(50,602,032)	\$144,465,640	14.9
-8.0%	(57,830,894)	\$151,694,501	15.7
-9.0%	(65,059,756)	\$158,923,363	16.4
-10.0%	(72,288,618)	\$166,152,225	17.2
-11.4%	(82,642,651)	\$176,506,258	18.2

The Department’s request does not place any rate or revenue limits on allowable increases for resident graduate students and nonresident students, just as it does not assume any cost controls or other efficiency gains. 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 the Governing Board based on funding model outcomes and the proposed tuition footnote language for the FY 2018-19 Long Bill. These figures will be trued-up based on enrollment forecast, and non-resident enrollments may see an additional shift due to legislation passed in 2018.

	<b>FY 2018-19 Tuition Revenue Estimate by Campus</b>	<b>FY 2019-20 Requested Tuition Spending Authority Increase Based on Rate Assumption</b>	<b>FY 2019-20 Total Tuition Revenue Estimate Based on Rate Assumption</b>
<b>ASU</b>	19,495,000	382,540	19,877,540
<b>CMU</b>	71,090,824	723,381	71,814,205
<b>MSU</b>	113,949,031	500,621	114,449,652

	<b>FY 2018-19 Tuition Revenue Estimate by Campus</b>	<b>FY 2019-20 Requested Tuition Spending Authority Increase Based on Rate Assumption</b>	<b>FY 2019-20 Total Tuition Revenue Estimate Based on Rate Assumption</b>
<b>WSCU</b>	19,095,358	490,093	19,585,451
<b>CSU</b>	474,624,870	10,945,453	485,570,323
<b>Ft. Lewis</b>	36,470,841	1,316,481	37,787,322
<b>CU</b>	1,079,305,504	28,329,900	1,107,635,404
<b>Mines**</b>	151,118,127	4,609,051	155,727,178
<b>UNC</b>	99,213,832	1,485,577	100,699,409
<b>CCCOES</b>	270,395,914	1,983,348	272,329,262
<b>Total</b>	2,334,759,301	50,766,444	2,385,525,745
**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 zero percent and do not reflect official governing board action.

FY 2018-19 Tuition Revenue Increase Assumption										
	<b>ASU</b>	<b>CMU</b>	<b>MSU</b>	<b>WSCU</b>	<b>CSU</b>	<b>Ft. Lewis</b>	<b>CU</b>	<b>Mines</b>	<b>UNC</b>	<b>CCCOE S</b>
Resident	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
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 2019-20 than what a student would have paid in FY 2018-19 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 2019-20 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 2019-20 than what a student would have paid in FY 2018-19 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 2019-20 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 2019-20 than what a student would have paid in FY 2018-19 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 2019-20 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 2019-20 than what a student would have paid in FY 2018-19 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 2019-20 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 2019-20 than what a student would have paid in FY 2018-19 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 2019-20 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 2019-20 than what a student would have paid in FY 2018-19 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 2019-20 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 2019 tuition forecast. The General Assembly intends to adjust the amount in this line item through supplemental action during fiscal year 2019-20 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 2019-20 what a student would have paid in FY 2018-19 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 2019-20 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 2019-20 than what a student would have paid in FY 2018-19 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 2019-20 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, FY 2017-18, and FY 2018-19 shall have no increase in tuition through, FY 2019-20, FY 2020-21, and FY 2021-22 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 2019-20 than what a student would have paid in FY 2018-19 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 2019-20 based on updated enrollment estimates and tuition rate information.

***Anticipated Outcomes:***

Tuition is inexorably tied to state General Fund investment. The Department anticipates a flat tuition rates if the State pays for the entire 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 2018-19 Long Bill (H.B. 18-1322), 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 2018-19 base, to arrive at the total amount requested for tuition revenue spending authority in FY 2019-20.

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.

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**Appendix A**

**FY 2018-19 Tuition Revenue Estimate**

	<b>ASU</b>	<b>CMU</b>	<b>MSU</b>	<b>WSCU</b>	<b>CSU</b>	<b>Ft. Lewis</b>	<b>CU</b>	<b>Mines</b>	<b>UNC</b>	<b>CCCOES</b>	
Resident	11,844,201	56,623,203	103,936,616	9,293,496	255,715,801	10,141,229	512,707,509	58,937,115	69,502,293	230,728,959	
Non-resident	7,650,799	14,467,621	10,012,415	9,801,862	218,909,069	26,329,612	566,597,995	92,181,012	29,711,539	39,666,955	
<b>Total</b>	<b>19,495,000</b>	<b>71,090,824</b>	<b>113,949,031</b>	<b>19,095,358</b>	<b>474,624,870</b>	<b>36,470,841</b>	<b>1,079,305,504</b>	<b>151,118,127</b>	<b>99,213,832</b>	<b>270,395,914</b>	
Resident Share	0.608	0.796	0.912	0.487	0.539	0.278	0.475	0.390	0.701	0.853	
Non-Res Share	0.392	0.204	0.088	0.513	0.461	0.722	0.525	0.610	0.299	0.147	
total approp dbl check	19,495,000	71,090,824	113,949,031	19,095,358	474,624,870	36,470,841	1,079,305,504	151,118,127	99,213,832	270,395,914	2,334,759,301

**FY 2019-20 Tuition Revenue Assumption**

	<b>ASU</b>	<b>CMU</b>	<b>MSU</b>	<b>WSCU</b>	<b>CSU</b>	<b>Ft. Lewis</b>	<b>CU</b>	<b>Mines*</b>	<b>UNC</b>	<b>CCCOES</b>
Resident	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
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 the Colorado School of Mines

**FY 2019-20 Tuition Revenue Estimate**

	<b>ASU</b>	<b>CMU</b>	<b>MSU</b>	<b>WSCU</b>	<b>CSU</b>	<b>Ft. Lewis</b>	<b>CU</b>	<b>Mines</b>	<b>UNC</b>	<b>CCCOES</b>	
Resident	11,844,201	56,623,203	103,936,616	9,293,496	255,715,801	10,141,229	512,707,509	58,937,115	69,502,293	230,728,959	
Non-resident	8,033,339	15,191,002	10,513,036	10,291,956	229,854,523	27,646,092	594,927,895	96,790,062	31,197,116	41,650,303	
<b>Total</b>	<b>19,877,540</b>	<b>71,814,205</b>	<b>114,449,652</b>	<b>19,585,451</b>	<b>485,570,323</b>	<b>37,787,322</b>	<b>1,107,635,404</b>	<b>155,727,178</b>	<b>100,699,409</b>	<b>272,379,262</b>	<b>2,385,525,745</b>

**FY 2019-20 Requested Tuition Spending Authority Increase**

	<b>ASU</b>	<b>CMU</b>	<b>MSU</b>	<b>WSCU</b>	<b>CSU</b>	<b>Ft. Lewis</b>	<b>CU</b>	<b>Mines</b>	<b>UNC</b>	<b>CCCOES</b>	<b>Total</b>
Resident	0	0	0	0	0	0	0	0	0	0	0
Non-resident	382,540	723,381	500,621	490,093	10,945,453	1,316,481	28,329,900	4,609,051	1,485,577	1,983,348	50,766,444
<b>Total</b>	<b>382,540</b>	<b>723,381</b>	<b>500,621</b>	<b>490,093</b>	<b>10,945,453</b>	<b>1,316,481</b>	<b>28,329,900</b>	<b>4,609,051</b>	<b>1,485,577</b>	<b>1,983,348</b>	<b>50,766,444</b>





***Cost and FTE***

- The Department requests an increase of \$2,293,590 General Fund for the Fort Lewis College Native American Tuition Waiver in FY 2019-20.

***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 increase of 7.5 percent for resident students and 7.2 percent for non-resident students. These student enrollment changes are the result of tightening admissions requirements at Fort Lewis College. The enrollment changes coupled with tuition rate increases for resident and non-resident students are driving up the necessary funding for the program.

***Consequences of Problem***

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

***Proposed Solution***

- The Department requests that the Fort Lewis College Native American Tuition Waiver funding be increased to adjust for the impact of the forecasted Native American student enrollment and changes in tuition rates.

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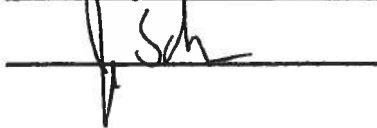
**Schedule 13**

**Department of Higher Education**

**Funding Request for The FY 2019-20 Budget Cycle**

Request Title

**R-03 Fort Lewis Native American Tuition Waiver**

Dept. Approval By:		_____	<b>Supplemental FY 2018-19</b>
OSPB Approval By:		_____	<b>Budget Amendment FY 2019-20</b>
		X	<b>Change Request FY 2019-20</b>

Summary Information	Fund	FY 2018-19		FY 2019-20		FY 2020-21
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	<b>Total</b>	\$17,024,859	\$0	\$17,024,859	\$2,293,590	\$2,293,590
	FTE	0.0	0.0	0.0	0.0	0.0
<b>Total of All Line Items Impacted by Change Request</b>	<b>GF</b>	\$17,024,859	\$0	\$17,024,859	\$2,293,590	\$2,293,590
	CF	\$0	\$0	\$0	\$0	\$0
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

Line Item Information	Fund	FY 2018-19		FY 2019-20		FY 2020-21
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	<b>Total</b>	\$17,024,859	\$0	\$17,024,859	\$2,293,590	\$2,293,590
	FTE	0.0	0.0	0.0	0.0	0.0
<b>03. Colorado Commission on Higher Education Financial Aid, (D) Special Purposes, (1) Special Purposes - Native American Students/Fort Lewis College</b>	<b>GF</b>	\$17,024,859	\$0	\$17,024,859	\$2,293,590	\$2,293,590
	CF	\$0	\$0	\$0	\$0	\$0
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

Auxiliary Data			
Requires Legislation?	NO		
Type of Request?	Department of Higher Education Prioritized Request	Interagency Approval or Related Schedule 13s:	No Other Agency Impact

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# COLORADO

## Department of Higher Education

FY 2019-20 Funding Request | November 1, 2018

John W. Hickenlooper  
Governor

Dan Baer  
Executive Director

**Department Priority: R-03**  
**Request Detail: Fort Lewis Native American Tuition Waiver**

Summary of Incremental Funding Change for FY 2019-20	Total Funds	General Fund
Fort Lewis College Native American Tuition Waiver	\$2,293,590	\$2,293,590

The Department of Higher Education requests an increase of \$2,293,590 General Fund to account for the anticipated cost of the Fort Lewis College Native American Tuition Waiver in FY 2019-20. This increase would bring the total budget for this program up to \$19,318,449 General Fund/Total Funds.

### ***Problem or Opportunity:***

An increase in the funding for the Fort Lewis College Native American Tuition Waiver is necessary to reflect anticipated enrollment shifts and tuition increases. The request incorporates an estimated increase of 7.5 percent for resident Native American students and an increase of 7.2 percent for non-resident Native American students. These enrollment changes coincide with a 5.0 percent increase in resident and non-resident tuition rates. With this increase, the State will still 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 2019-20 request covers the prior year’s actual waivers which will be granted in FY 2018-19.

### **Background**

In 1910, the United States Commissioner of Indian Affairs recommended that the property encompassing Fort 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 Fort 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 Fort 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 Fort 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 Fort Lewis Native American Tuition Waiver currently.

The estimates for the program as provided by Fort Lewis College are higher due to enrollment changes, an increase in resident students and non-resident students, and increased resident and non-resident tuition rates. General Fund. If this request is not approved, the State will be under-funding the program and out of compliance with Colorado statute and the federal treaty.

#### ***Proposed Solution:***

The increase will ensure that the line item is appropriately calibrated to anticipated enrollment. With this increase, the State will still 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 Fort 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 2019-20 budget request (\$19,318,449 in total, an increase of \$2,293,590 General Fund) is based on the FY 2018-19 estimate of actual waivers (as all funding is made in arrears, based on the prior year).
- The FY 2018-19 appropriation was based on FY 2017-18 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 2018-19 of 5.0 percent for resident students, 5.0 percent for non-resident students, and enrollment increases of 7.5 percent for resident students and an increase of 7.2 percent for non-resident students. Around 85.0 percent of the students served in the Fort Lewis Native American Tuition Waiver are non-resident students and 15.0 percent are residents. Thus, the increase reflects the combined factors of changes to enrollment and resident and non-resident tuition changes.

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Budget Office  
1000 Rim Drive  
Durango, CO 81301

(970) 247-7435 tel

September 27, 2018

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 2018-19 is \$19,318,449, \$851,117 higher than the estimate provided in July. This amount also represents the estimate of the legislative appropriation needed for FY 2019-20. The appropriation increase from FY 2018-19 results from the following assumptions:

Resident Tuition Rate change	+ 5.0%
Non-Resident Tuition Rate change	+ 5.0%
Resident enrollment change	- 7.5%
Non-Resident enrollment change	+ 7.2%

Additionally, the estimate includes an adjustment of the FY 2018-19 appropriation to bring the FY 2017-18 reimbursement from estimate to actual results. I will provide revised estimates in February 2019 for the actual FY 2019-20 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  
Lauren Larson, Office of State Planning and Budget  
Tom Stritikus, Steve Schwartz, Cheryl Wiescamp and Ed Bowditch, Fort Lewis College



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FORT LEWIS COLLEGE  
 NATIVE AMERICAN APPROPRIATION REQUEST  
 FY 19-20 ESTIMATED APPROPRIATION REQUEST  
 BASED ON FY 18-19 ESTIMATE OF ACTUAL WAIVERS

	FALL	WINTER	SUMMER SESSION I	PREVIOUS YEAR FUNDING ADJUSTMENT	TOTAL
Native American Appropriation FY 18-19 Request made in Feb 18 Based on FLC Estimate of 100% Tuition Waivers for FY 17-18	\$8,594,221	\$7,751,068	\$854,972	(175,402)	#####
Actual Native American Tuition Waivers for FY 17-18 Source FGIBDST 6/30/18	8,594,222	7,734,194	945,671	n/a	17,274,087
FY 17-18 Funding Adjustment	1	(16,874)	90,699	n/a	73,826
Funding Required For FY 19-20 Funded in Arrears, FY 19-20 Funding is for FY 18-19 Waivers	9,857,773	8,393,897	992,954	73,826	19,318,449

**PROJECTED TUITION BY RESIDENCY STATUS**  
 BASED ON ASSUMPTIONS BELOW

RESIDENT	496,929	417,000	69,208
NON-RESIDENT	9,360,844	7,976,897	923,746
TOTAL	9,857,773	8,393,897	992,954

**ASSUMPTIONS:**

RESIDENT BREAKDOWN PERCENTAGE	5.83%
NON-RESIDENT BREAKDOWN PERCENTAGE	94.17%

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

PROJECTED NATIVE AMERICAN GROWTH (DECLINE) - BY TERM

Resident	-7.50%	-7.50%	0.00%
Non-Resident	10.30%	4.00%	0.00%

**DOLLAR VALUE OF NATIVE AMERICAN WAIVERS**

	FY 2017-18 - Actual			FY 2017-18 Waiver Est.	Difference	
	RESIDENT	NON-RESIDENT	TOTAL		\$	%
FALL - 2016	511,638	8,082,583	8,594,222	8,594,221	1	0.00%
Spring - 2017	429,343	7,304,851	7,734,194	7,751,068	(16,874)	-0.22%
Summer - 2017	65,913	879,758	945,671	854,972	90,699	9.59%
TOTAL	1,006,894	16,267,192	17,274,087	17,200,261	73,826	0.43%
BREAKDOWN	5.83%	94.17%	100.00%			



# COLORADO

Department of  
Higher Education

Priority: R-04  
Colorado Teacher Scholarship  
FY 2019-20 Change Request

## *Cost and FTE*

- The Department requests \$6,560,000 General Fund for the creation of a scholarship program for current students and recent graduates of teacher preparation programs at public institutions. The program would also create an online recruitment tool based on Teach.org and provide funding for an evidence-based evaluation.

## *Current Program*

- Like many other states, Colorado is facing a teacher shortage in specific subjects and in geographic areas, such as small rural districts and suburban districts.
- Between FY 2010-11 and FY 2015-16, enrollment in Colorado's teacher preparation programs fell 24.0 percent and completions fell 16.0 percent.
- Most state funding in support of teachers addresses retention in the first few years of teaching or recruitment and support in high-demand classrooms after graduation rather than increasing the number of students starting teacher preparation programs.

## *Problem or Opportunity*

- The average starting salary for a teacher in a Colorado public school is \$32,126, and in the state's smallest rural districts where 95.0 percent of teacher starting salaries are below the cost of living, the average starting salary is just \$26,761.
- The turnover rate for Colorado teachers is approximately 17.0 percent, and the state's estimated cost of filling those positions ranges from \$21 million to \$61 million.
- Approximately 50.0 percent of Colorado's teachers are recruited from out-of-state due to a lack of applicants for hard-to-fill positions; out-of-state teachers are more challenging to retain.

## *Consequences of Problem*

- When districts cannot fill empty positions, they have no choice but to staff classrooms with teachers not yet qualified to teach those subjects. This is detrimental to students in those classrooms.
- The urban/rural divide will be exacerbated without a meaningful solution to attract teachers.

## *Proposed Solution*

- The Department will allocate \$6,180,000 to block grants, of up to \$4,000 per student per year, to institutions for the purpose of recruiting and retaining students in teacher education programs and during their first two years of teaching. This solution is designed to substantively change the recruitment, retention, and success of teacher candidates.
- A \$1,000 increase in grant aid is estimated to increase enrollment by 4.0 percent. This proposed solution could meaningfully change the calculus for students considering a career as a teacher.
- The request also includes \$250,000 to fund the creation of a Colorado-specific Teach.org recruitment tool, and \$130,000 for an evidence-based evaluation.

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**Schedule 13**

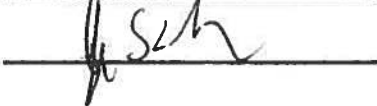
**Department of Higher Education**

**Funding Request for The FY 2019-20 Budget Cycle**

**Request Title**

**R-04 Colorado Teacher Scholarship**

Dept. Approval By:  \_\_\_\_\_ **Supplemental FY 2018-19**

OSPB Approval By:  \_\_\_\_\_ **Budget Amendment FY 2019-20**

\_\_\_\_\_ **X** \_\_\_\_\_ **Change Request FY 2019-20**

Summary Information	Fund	FY 2018-19		FY 2019-20		FY 2020-21
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	Total	\$0	\$0	\$0	\$6,560,000	\$0
	FTE	0.0	0.0	0.0	0.0	0.0
Total of All Line Items Impacted by Change Request	GF	\$0	\$0	\$0	\$6,560,000	\$0
	CF	\$0	\$0	\$0	\$0	\$0
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

Line Item Information	Fund	FY 2018-19		FY 2019-20		FY 2020-21
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	Total	\$0	\$0	\$0	\$6,560,000	\$0
	FTE	0.0	0.0	0.0	0.0	0.0
03. Colorado Commission on Higher Education Financial Aid, (D) Special Purposes, (1) Special Purposes - Colorado Teacher Scholarship	GF	\$0	\$0	\$0	\$6,560,000	\$0
	CF	\$0	\$0	\$0	\$0	\$0
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

Auxiliary Data			
Requires Legislation?	YES		
Type of Request?	Department of Higher Education Prioritized Request	Interagency Approval or Related Schedule 13s:	No Other Agency Impact

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# COLORADO

## Department of Higher Education

FY 2019-20 Funding Request | November 1, 2018

John W. Hickenlooper

**Department Priority: R-04**

**Request Detail: Colorado Teacher Scholarship**

Executive Director

Summary of Incremental Funding Change for FY 2019-20	Total Funds	General Fund
Colorado Teacher Scholarship	\$6,560,000	\$6,560,000

### **Problem or Opportunity:**

Few institutions are as critical to the success of both individuals and society as our public schools. And as economist Eric Hanushek notes, no measured aspect of schools is so important in determining student achievement as teacher quality. An above-average teacher can, by some conservative estimates, produce an increase of \$10,600 on each student's lifetime earnings; in a class of 20 students, that's a \$212,000 increase in aggregate earnings.<sup>1</sup> Beyond economic outcomes, good teachers can have a profound impact on their students in countless ways. But rather than investing in the education of quality teachers, Colorado mirrors the nation in facing a teacher shortage due to declining enrollment and completion in teacher preparation programs, and in retention of teachers in the field once they have graduated. From academic year 2010-11 to academic year 2015-16, enrollment in Colorado's teacher preparation programs fell by 24.0 percent, and completions over that same time period fell 16.0 percent. At the same time, the turnover rate for teachers in Colorado is approximately 17.0 percent, with 9,319 teachers new to the district they were teaching in for the 2016-17 school year. The estimated cost of filling empty positions from teacher turnover ranges from \$21 million to \$61 million.<sup>2</sup> Without taking action to recruit and retain future educators, Colorado risks further missed opportunities as the shortage worsens, and the state must address this shortage through a substantive change in policy.

One of the most commonly cited reasons for not pursuing a career in teaching continues to be cost – the price of an education degree compared with the return on investment from that degree is a deterrent for students who may otherwise enter the field. The average starting salary for a teacher in a Colorado public school is \$32,126 – 9.0 percent lower than the national average of \$36,141. In rural districts the problem of teacher pay is especially acute, as over 95.0 percent of those districts' salaries are below the cost of living. In the state's smallest rural districts, the average starting salary is just \$26,761.<sup>3</sup> In the face of such challenging financial situations, it is unsurprising that enrollment in teacher educator programs has fallen, and that Colorado licenses approximately 50.0 percent of its teachers from out of state each year.

Finances would be challenging for teachers even without student debt. But in the 2016-17 academic year the average debt at graduation for Colorado loan recipients was \$26,259.<sup>4</sup> The monthly payment for a student with average debt is approximately \$299. For a teacher in a rural district, this is 13.0 percent of their monthly income. Without a shift in how Colorado attracts and retains teachers, the state will continue to face a shortage.

<sup>1</sup> <http://hanushek.stanford.edu/publications/valuing-teachers-how-much-good-teacher-worth>

<sup>2</sup> [https://higher.ed.colorado.gov/Publications/Reports/teachereducation/2017/TeacherShortages\\_Nation\\_Colorado\\_Dec2017.pdf](https://higher.ed.colorado.gov/Publications/Reports/teachereducation/2017/TeacherShortages_Nation_Colorado_Dec2017.pdf)

<sup>3</sup> Ibid.

<sup>4</sup> [https://higher.ed.colorado.gov/Publications/Reports/FinancialAid/FY2017/201617\\_FARReport\\_rel02132018.pdf](https://higher.ed.colorado.gov/Publications/Reports/FinancialAid/FY2017/201617_FARReport_rel02132018.pdf)

For a potential educator, the cost of the degree compared to the pay offered in return is a major deterrent, especially in STEM fields, where the potential for earning is much greater in other jobs with similar degree requirements. This issue is exacerbated for low-income students, who are more likely to select a major based on its “usefulness” or potential for earnings.<sup>5</sup> And in many districts pay is structured so that obtaining an advanced degree is the best way to secure a raise in pay – an additional cost that still would not lead to a raise large enough to see significant returns on the substantial investment of a postbaccalaureate degree.

Between the significant cost of an education degree, the comparatively low return on that investment – both within the field when compared with other states and between other fields – and the challenges posed by most teacher pay structures, there are many factors that would logically drive prospective students away from pursuing education as a career path. And yet increasing the number of teacher credentials produced in the state is a critical part of the Department’s Master Plan, one that will be difficult to achieve without change.

The principal strategic goal of the Department’s Master Plan is to increase the number of credentials obtained by Coloradans. Embedded within that goal is a target to increase teacher preparation program completions from 2,800 to 3,280 by 2025, a 17.0 percent increase in awards.<sup>6</sup> However, in order to achieve this goal the State must reverse the trend of declining enrollment in teacher preparation programs. Recent efforts to aid teachers have primarily focused on helping them during their residencies, or recruiting and supporting them in high-demand classrooms after they graduate. Additionally, the most recent legislative session saw the introduction of a teacher loan forgiveness program, although it was not advanced.

However, many of these programs focus on aiding educators *after* they have made the commitment to pursue a teaching degree and work in a classroom. In order to reverse declining enrollment, students also need to be attracted to teaching as a profession at the beginning of their undergraduate careers, and then supported through their first years in the classroom.

There is an opportunity for the state to provide funding to increase enrollment at public educator preparation programs through grant aid directed at buying down the cost of a degree and incenting uptake in the field. Offering grant aid, rather than loan repayments or other post-graduation support, is the most straightforward way to draw potential teachers into the classroom at the beginning of their undergraduate careers, helping the state achieve its attainment goals and provide well-trained, qualified teachers in K-12 classrooms across the state.

***Proposed Solution:***

The Department of Higher Education (DHE) proposes \$6,560,000 General Fund to fund a holistic approach to teacher recruitment through financial aid and the development of a website. The funding for scholarships, \$6,180,000 of the total, would be allocated block grants to institutions for the purpose of supporting students in teacher education programs and during their first two years of teaching to offset the cost of starting out in the profession. Funding would be distributed to institutions based on their number of educator preparation credentials produced in the prior year as a percentage of the total number of educator credentials produced at eligible institutions in the state. Priority would be given to students enrolling in their freshman year or students who are rising sophomores. Students would be eligible for funding for a maximum of six years. This program would require a statutory change.

<sup>5</sup> <https://www.theatlantic.com/business/archive/2015/07/college-major-rich-families-liberal-arts/397439/>

<sup>6</sup> <https://highered.colorado.gov/publications/CDHE-Master-Plan-2017.pdf>



This program would be limited to students in approved educator preparation programs at Colorado's public institutions. The basis to this approach is to both support currently enrolled students and to encourage greater numbers of prospective students to enroll in educator preparation programs. This aid should be targeted towards students with a desire to remain in Colorado and teach, especially in high-demand subject areas or geographic areas with shortages, and the grant should be capped at \$4,000 annually, renewable for up to four years at an undergraduate institution. After completion of an approved teacher education program, a graduate could also be eligible for a grant capped at \$4,000 annually and distributed by the Department upon verification of employment in a high-need subject area or geographic area.

The Department will work with institutional financial aid directors to determine specific program guidelines, but the general program outline at the institutional level consists of:

1. Awards made to students currently in educator preparation programs or students planning on entering educator preparation programs;
2. Grants can be awarded to any eligible student, but the following students would take priority:
  - a. Students with financial need,
  - b. Students seeking licensure in a high-demand subject area, or
  - c. Students matching the demographic of the districts in which they hope to teach.
3. Students must be enrolled full time to be eligible for full award benefits but are still eligible for partial award benefits if enrolled at least part time;
4. Students must maintain a 2.5 minimum GPA;
5. \$4,000 maximum award for eligible students, renewable for up to four years.

Once the student has graduated, they will be eligible for up to two years of additional support administered by the Department under the following guidelines:

1. Awards made to educators who submit verification of employment in either:
  - a. Early childhood education,
  - b. A high-demand subject area, or
  - c. A geographic area with an identified teacher shortage.
2. \$4,000 award for eligible students, renewable for one year after the initial award.

While many institutions have some amount of financial aid available for future educators, it is not sufficient to attract and retain students, as evidenced by declining enrollment in teacher preparation programs. As Dynarski and Scott-Clayton (2013) have observed, a \$1,000 increase in grant aid can increase enrollment by up to 4 percent.<sup>7</sup> To reach the Master Plan's teacher preparation credential attainment goal, there will need to be an increase in the number of credentials of approximately 17.0 percent. If an increase in grant aid of \$1,000 can be associated with a 4 percent increase in enrollment, then a \$4,000 increase in aid could lead to a corresponding increase in enrollment of approximately 16.0 percent, close to the increase in credentials needed to close the gap between Colorado's educator preparation program graduates and open teaching positions across the state. The availability of \$4,000 grants for educators post-graduation will also serve as incentive to remain in the state and teach in districts that have a high need for this skill. The Department recommends starting with a manageable investment as the program develops. Then after measuring results, the Department could request additional funding to meet full demand.

The remainder of the funding, \$380,000, would be split for two purposes. The first would be a \$250,000 investment in a Colorado-specific version of teach.org. Teach.org is a nonprofit that partners with public entities to develop and create teacher recruitment tools to draw students into teacher preparation programs. With pilot programs in Dallas and Kansas City that have preliminary results showing increased interest in teacher preparation programs, Colorado could benefit from the tool's development and implementation as the state addresses the educator shortage. The Department would coordinate the implementation of this with the Department of Education.

<sup>7</sup> <http://www.nber.org/papers/w18710.pdf>

The remaining \$130,000 would be used as a one-time set aside to develop and execute an evaluation of the program, with the funding returning to the scholarship in subsequent years. This program represents a divergence from the typical approach to scholarships, with the intention change the calculus for students wanting to become teachers, and therefore, requires an evaluation. During the design and implementation of this program, the Department will identify performance measures related to the number of students seeking a teaching degree and the number of placements. Department staff will collect data through the regular financial aid and educator preparation submissions. After adequate data has been obtained, the Department will measure the impact of the scholarship through an evaluation of the outcomes and comparisons to enrollment in educator preparation programs prior to the advent of the scholarship. This report would provide the necessary evaluation of the program's outcomes to see if it is achieving the desired goals of increasing recruitment, increasing placement, and buying down debt. The Department would use this report to determine future funding levels of the program.

### ***Anticipated Outcomes:***

The Department anticipates that this program will aid in the recruitment and retention of future educators, both at the undergraduate level and once they have entered the field. By limiting post-credential awards to school districts and content areas with shortages, these state funds will be used to incentivize trained teachers to teach in schools they may not have otherwise entered. And while the Department cannot directly impact teacher starting salaries, this grant is essentially a bonus for teachers as they begin their careers – if applied directly to the average Colorado graduate's student loan debt of \$26,259, these grants could reduce that debt by approximately 30 percent over two years. This will help achieve the CCHE's Master Plan in two ways. First, it will help reach Goal One, an increase in credential attainment, specifically in teacher education programs which is a high-need area identified in the plan. Second, it will help make an education preparation credential more affordable by providing direct, straightforward aid to students in these programs, reducing their need to take on student debt, and potentially reducing their debt burden following graduation.

While the Department believe that additional aid will attract students, this new program could fundamentally shift the outcomes for teachers. Instead of leaving with the average loan debt, students, through the additional \$4,000 in aid, would potentially leave with closer to \$10,000 in debt. The monthly debt payment for a debt load of \$10,000 is \$115. This reduction in monthly payments would provide rural teachers with an additional \$184 a month compared to their original monthly debt payment of \$299 based on the average debt. The state would continue the subsidy into the individual's career, increasing their income and helping them transition into the profession. By fundamentally changing the approach for students interested in teaching, the Department anticipates that students enrolled in and completing teacher preparation programs would exceed the numbers identified in the Master Plan and potentially eliminate the shortage across Colorado.

To analyze this program, the Department will collect data from institutional financial aid coordinators on the recruitment and persistence of students receiving aid through the program. Although the exact outcomes of the program cannot be projected at this point in time, the Department anticipates that the availability of this aid would have an impact supported by the research of Dynarski and Scott-Clayton indicating that an additional \$1,000 of grant aid can increase enrollment by up to 4.0 percent.<sup>8</sup> Their review of various financial aid strategies also found that upfront grants have a larger impact on access than loans, as students are often debt averse and more motivated by clear, easily understood financial aid programs.

The Department will analyze yearly data but will also conduct a more robust statistical analysis on the grant's impact once there is a more significant amount of data – approximately six years' worth, once a full cohort of grantees has had time to matriculate and teach for two years, thus taking full advantage of the program's benefits.

Once the Department creates the state's teach.org webpage, it will monitor the impacts on recruitment and interest in the education profession.

#### ***Research and Evidence-Based Policy (REP) Team Review:***

As a new program, this scholarship will require an evaluation of outcomes to assess its efficacy. The evaluation will be scoped to determine the impact this new scholarship has on educator preparation degree completion, debt upon graduation, and placement. The Department currently tracks the number of students completing educator preparation programs, so there is a baseline measure for the relative impact of this program that currently exists. To track recipients of the scholarship, Department staff will add a field to the existing financial aid database and link recipients to the educator preparation data that is submitted. This process will create the necessary data to analyze the impact of the program on teacher degree attainment and debt upon graduation. Through qualitative analysis imbedded in the evaluation, the Department will follow-up on teacher placement. The Department will use this information to measure the impact of the new program.

As the scholarship will not be awarded to all students who enroll in educator preparation programs, the Department will utilize the \$130,000 set-aside to evaluate the impact of the program relative to students who did not receive a grant through a rigorous quasi-experimental design. The evaluation will also include a statistical analysis, through a difference in differences model, of the impact on the number of students completing educator preparation programs after the implementation of the program. This evaluation will be the basis of any future funding requests.

#### ***Assumptions and Calculations:***

Many states offer some form of teacher loan forgiveness. However, those programs are typically small, funding just 100-200 participants annually, and they forgive limited amounts of debt annually – about \$2,500 per person. Additionally, loan forgiveness programs are more effective tools for retention than they are for completion – given their debt aversion, student enrollment and retention decisions are more likely to be influenced by a straightforward grant, and research has shown that the framing and program design of an aid program can be critical to its successes or failures.<sup>9</sup>

In order to reach the 3,280 teacher preparation credentials the Master Plan calls for, credential production must increase by 480 – an approximately 17.0 percent increase in credential production.<sup>10</sup> Given the research of Dynarski and Scott-Clayton showing that an additional \$1,000 in grant aid can increase enrollment by up to 4 percent, in order to increase enrollment by at least 16.0 percent as necessary to reach the Master Plan goal a more substantial investment of \$4,000 per student would be necessary. The Department realizes that standing-up a program that would fully fund each one of the necessary teacher credentials identified in the Master Plan would be ambitious. If each of the 3,280 students receiving credentials were offered the full grant amount, the total program cost would be \$13,130,000. Making an initial investment of this magnitude could present administrative challenges at the campus level. To scale the cost of the program and determine if this approach is viable from an outcomes and an administrative perspective, the Department believes an investment of \$6,180,000 in General Fund is a sufficient to change the calculus of students becoming teachers while providing the state the opportunity to experiment with this approach before expanding it. This dollar amount would sufficiently cover 1,545 awards, or a full cohort of 257 students depending on the number of new students each institution is able to attract. After discussing the costs, the Department believes that \$380,000 is sufficient to contract and develop a Colorado-specific version of teach.org, and the estimates on the Results First evaluation were provided by OSPB.

<sup>8</sup> <http://www.nber.org/papers/w18710.pdf>

<sup>9</sup> Ibid.

<sup>10</sup> <https://higher.ed.colorado.gov/publications/CDHE-Master-Plan-2017.pdf>

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## General Funds Available

- Wells Fargo judgment
- K12 state share decrease from infl/enrollment reduction
- K12 local share increase from property taxes

