

COLORADO COMMISSION ON HIGHER EDUCATION

August 31, 2001
Special Meeting
Tivoli Student Union
Auraria Higher Education Center

MINUTES

Commissioners

Present: Raymond T. Baker; Terrance L. Farina; David E. Greenberg; Robert A. Hessler; Peggy Lamm, Vice Chair; Ralph J. Nagel, Chair; Dean L. Quamme; and William B. Vollbracht.

Advisory Committee

Present: Senator Kenneth Arnold; Wayne Artis; Kevin Kasel; Representative Keith King; Senator Ron Tupa (by telephone); and Senator Sue Windels.

Commission Staff

Present: Timothy E. Foster, Executive Director; Jeanne Adkins; JoAnn Evans; Jim Jacobs; and Kathleen Von Achen.

I. Call to Order

Chair Ralph Nagel called the special meeting of the Colorado Commission on Higher Education to order at 2:07 p.m. in Room 320 of the Tivoli Student Center at the Auraria Higher Education Center in Denver, Colorado.

II. Reports

A. Chair's Report

Commissioner Ralph Nagel, Chair of the Commission reported that Commissioner James Stewart was excused absent. The Chair had no further report.

B. Commissioners' Reports

No reports.

C. Advisory Committee Reports

No reports.

D. Public Comment

No public comments.

III. Consent Items

A. Draft Report on Postsecondary Education Enrollment Options for Legislative Audit Committee

This item was moved from a Consent Item to an Action Item.

Action: Commissioner Nagel moved that the Draft Report on Postsecondary Education Enrollment Options for Legislative Audit Committee be moved from a Consent Item to an Action Item. Commissioner Hessler seconded the motion and the motion carried unanimously.

B. 2002 Commission Meeting Schedule

The Commission will hold eight regularly scheduled meetings during 2002. Teleconference or special meetings may be scheduled based upon need. During the months of January through April the Commission will meet on Friday afternoons, and during the months of May through December 2002, the Commission will be on Thursday mornings.

Staff Recommendation:

That the Commission approve the 2002 meeting schedule.

C. Teacher Loan Forgiveness Program

Action: Commissioner Lamm made a motion to move the Teacher Loan Forgiveness Program from an Action Item to a Consent Item. Commissioner Hessler seconded the motion. The motion carried unanimously.

The Colorado Student Obligation Bond Authority (CSOBA) requested approval of policies related to the Teacher Loan Forgiveness Program. The program is designed to assist teachers in managing their student loan debt and to pursue teaching opportunities in high demand disciplines. In addition, the program is expected to assist school districts in the recruitment and retention of teachers in certain disciplines. The CSOBA will administer the program, and has committed \$6.0 million in funding. The first year of implementation for this pilot program is 2001-02.

Staff Recommendation

The staff recommends that the Commission approve additional policies beyond the Colorado Revised Statutes for administration of the Teacher Loan Forgiveness Program. The following is the staff recommendation regarding additional policies:

- The teacher will receive 12 months of student loan payment benefit for each academic year of teaching. For purposes of this program one academic year is generally a nine (9) month school year between June 1 and May 30 of each year.
- Teachers must be teaching at least .50% of one (1) FTE (full-time equivalent), as defined by the school, in a qualified position.
 - teachers may be teaching in more than one school district in qualified positions
 - teachers may be teaching in more than one of the qualified positions
- The four years of loan forgiveness must be consecutive unless the teacher is on an approved leave of absence from the school district. Upon returning to the school district and teaching in a qualified position the teacher will be assigned to their initial cohort year.
- The benefit for each teacher is based on the following:
 - eligible educational loans secured by the teacher to complete a Colorado Commission on Higher Education approved program of preparation
 - repayment of educational loans can not be accelerated in order to increase the amount of the benefit
 - the benefit will be prorated for teachers that work less than one full academic year
 - the monthly payment benefit is calculated on a standard 10-year payout or extended payout, if selected by borrower, for all loans except consolidation
 - consolidation monthly payment benefit is calculated on a standard payout period based on total indebtedness
 - number of eligible teachers qualifying for forgiveness
- The monthly payment benefit will be applied to eligible educational loans while in the statuses of school, grace, deferment, forbearance or repayment. Payments will cease on loans in default or bankruptcy.
- Educational loans may not be greater than 29 days delinquent at time of initial approval or annual renewal. Greater than 29 days delinquent will disqualify the teacher for eligibility.
- Eligible educational loans owned by CSOBA that would qualify for forgiveness are Federal Stafford Loans, Federal Supplemental Loans for Students and Federal Consolidation Loans. (Federal Family Education Loans, FFELP)
- Federal Direct Loans and Federal Direct Consolidation Loans (Federal Direct Loans) may also qualify for forgiveness with gifts, grants and donations received by the Commission.
- Colorado State University and the University of Colorado-Boulder are providing funding for their graduates that meet the statute and have Federal Direct Loans. The rules and regulations are the same and CSOBA will administer the program.
- The deadline for application may be established annually by CCHE in order to improve the delivery of assistance to coincide with teachers' contracts, educational loan debt, etc.
- Applications received after the deadline may be considered based on available funding.
- The name of the program will be Loan Incentive For Teachers (LIFT).
- A teacher with both FFELP loans and Federal Direct Loans will have the benefit applied to FFELP first and any remaining benefit to Direct loans. Direct loan benefits can only be paid from gifts, grants and donations received by the Commission.

- Teachers will be required to renew eligibility annually.

Action: Commissioner Greenberg moved to approve Consent Items B and C. Commissioner Baker seconded the motion and the motion carried.

IV. Action Items

A. Fiscal Year 2002-2003 CCHE Budget Review and Governing Board Recommendation

Mr. James Jacobs introduced Kathleen Von Achen, CCHE Financial Officer, and they presented an overview of the proposed budget recommendations. The recommendations are funded in terms of enrollment, inflation for the high cost agencies of CU and CSU, enrollment for the Health Sciences Center, programs of excellence, financial aid, and various items that the legislature has supported in the past for a total of \$45.58 million. The General Assembly through a footnote in the Long Bill limits higher education's budget request to six percent. Cash funds, which include tuition and certain instructional fees, was based on a 3.3 percent inflation rate. The inflation rate has been revised in the past few days up to 5.4 percent for the first six months of this year, and CCHE will be receiving a revised inflation number shortly. The proposed budget request will be modified to reflect that change.

The 2002-03 financial aid request is higher than usual with a 14.4 percent request. It has been the Commission's priority in the past two years to provide higher education access to lower-income students through the Governor's Opportunity Scholarship (GOS) program and need-based financial aid.

Mr. Jacobs reported that five governing board chief executive officers would present their decision item requests for fiscal year 2002-2003. CCHE staff will make a budget recommendation following the governing board presentations.

The State Colleges of Colorado

Dr. Lee Halgren, President of The State Colleges of Colorado, thanked the Commission for the opportunity to discuss the four initiatives for the State Colleges.

1. Guaranteed base-budget funding floor for Adams State, Mesa State and Western State Colleges. Three of the state colleges historically and traditionally have served rural Colorado. The delivery of quality education to rural areas of the state is more expensive because of location and the relatively small size of the institutions. The Trustees of The State Colleges believes that the current funding methodology does not recognize these factors or the critical role that these institutions play in the regions that they serve.
2. Propose that the language of the statute be changed to allow a 40 percent average non-resident admission rate for the State College system.

Currently the statute indicates that non-resident admission should be kept at 33 percent of the total student population. The State Colleges would like to raise the non-resident level to 40 percent. That would occur only after all qualified resident students have been admitted. This item would require legislation action to move to the 40 percent level.

3. Regional salary survey for rural institutions. Currently classified salaries are set by a salary survey based on the Denver/Boulder metropolitan area and non-reflective of conditions in Gunnison, Alamosa, or Grand Junction resulting in higher labor costs than the region. Dr. Halgren provided examples of classified staff salaries far exceeding faculty salaries.
4. MSCD is seeking continuing authorization to continue to receive state funding assistance for five degree programs offered on Metro South and Metro North, not on the Auraria main campus. The established CCHE policy and statute allows assistance for these off-campus programs (aimed to be funded solely by cash funds through tuition and fees) with state general FTE funding for a period of no more than three years at the beginning of the program to accommodate the increasing population and growth in the metropolitan area.

Questions raised by the Commission: what would be an optimal size to maintain economic efficiency at the three rural state colleges? Dr. Halgren responded that the Trustees have contracted with an external consultant to look at the relative levels of efficiency for the institutions.

Executive Director Foster reported that if Metropolitan State College of Denver exits the State College system, the base funding (floor) will have a great impact in sustaining the remaining state colleges.

The Trustees' request to raise the out-of-state enrollment cap and the request to review classified salaries both require legislative action rather than Commission action.

Staff Recommendation

CCHE staff does not recommend funding request number 1 at this time. A cost study being conducted by State Colleges would better delineate funding bases than decision item number 4 above. Metropolitan State College of Denver is encouraged to offer these programs on a cash-funded basis beginning with the Summer 2002 Term." CCHE staff does not recommend this request per the March 22 memo.

Action: Commissioner Nagel moved to support the staff recommendation. Commissioner Greenberg seconded the motion and the motion carried.

Community Colleges of Colorado System

Dr. Joe May, President of the Community Colleges of Colorado, and Dr. George Delaney, Vice President for Finance for the community college system, presented the budget request for the community college system.

1. The first item is outside of higher education. It is a request for \$2.1 million in cash for the Colorado Vocational Act, a secondary education program administered by the State Board for Community Colleges. The secondary vocational enrollment headcount had increased by 12 percent and 5 percent respectively over the last few years.
2. High Cost Programs. The community colleges have experienced growth in medium and high cost programs in the last two years. Growth in low cost programs has been less than one percent. Last year students enrolled in the high cost programs represented 59 percent of the FTE in the system. The high cost programs include nursing, fire science and police academy. The community colleges requested \$4.7 million for high cost programs to help meet the demand for nurses. The nursing program costs about \$2,100 more than the system is funded for the program. The request was two-fold: to reduce financial incentives that lead to reduction, capping or even closing of police and fire academy programs and to look at incentives to grow the programs by 10 percent over the next two years.

Representative King suggested that the system look at a differentiated tuition process especially for high cost programs. Dr. May responded that the system is seriously exploring that alternative. In addition the system will be coming forward with a proposal to reduce resident students' costs about 30 percent over a two-year period to bring Colorado in line with the national average of 25 percent. The cost to the state in year one is \$4.6 million and in year two, \$4.6 million, which will reduce the tuition to students by \$260 over that time period.

The Commission recognizes that education at the community college level in Colorado is priced higher than in other states and that might be affecting the lack of growth in enrollment or low participation rate among the bottom and low income student population.

3. The Carl Perkins Vocational Education Act scholarship five percent matching fund requirement would be \$720,000. With each increase the system gets behind in terms of amount necessary to participate in the program. The request is to increase the Administrative Costs line item to a level equal to the required 5% federal match for the Carl Perkins Act. This would both ensure compliance with federal guidelines, and with the increase in resources, allow the SBCCOE to cope with the management demands associated with the large increases in vocational program enrollments. This year they need an additional \$76,000.

4. A base increase of about \$430,000 to meet inflation. The request is to reduce the share of total instructional costs paid by resident students to no more than 30% over a two-year period.

Staff Recommendation: Mr. Jacobs reported that staff recommend approval of the Carl Perkins Vocational Education Act (#3), tuition relief (#4), and inflation increase. Staff does not recommend the high cost programs differentials (#2) or the occupational education administrative cost (#1). This is an approval of \$373,000 based on a 3.3 percent inflation.

Action: Commissioner Farina moved approval of the staff recommendation. Commissioner Quamme seconded the motion and the motion carried unanimously.

University of Northern Colorado

President Hank Brown, reported that UNC did something very unusual by making a special funding request. This has not been done in many years. For the past three years UNC has received cost-of-living increases but no increase above cost-of-living. The University has dropped its original request for an adjustment on the base. This year's request is through a combination of general funds and tuition increases to at least get the institution back to a cost-of-living.

President Brown said that the University took the position to look at expenditures before coming to the Commission for additional funding. They looked at every penny spent in non-instructional costs. That process resulted in large cuts in administrative overhead and the funds were transferred to instruction. The institution will spend-out at above 55 percent for instruction making UNC the highest in the state and one of the highest in the region. It is with the strength of that effort to reduce and eliminate administrative costs that they request funding at cost-of-living. Several vice president positions were eliminated, a dean, seven associate and assistant deans, and the elimination of over 100 other jobs. Awards and research grants from outside the University have increased by 25 percent in the first year, and 50 percent the second year as a result of reorganization.

UNC's budget process has also been revised. UNC is one of the few institutions in the nation that in the last three years has reduced non-instructional costs, not only in absolute terms, but in stated dollars as well. The request is:

1. Increase the general fund allocation to the average of other doctorate granting universities (i.e., \$68 per FTE). This adjustment would recover \$615,944 of the inflationary deficit (\$68 x 9058 resident FTE).
2. Allow the remaining deficit to be recovered from tuition increases phased in over the next three years.

This is a request to move up to at least cost-of-living with regard to revenue which is a combination of tuition and per student general fund. This equates to roughly \$200 in tuition phased in over three years plus the general fund to bring the institution to cost-of-living.

President Brown stated that although UNC is a doctoral granting institution, its funding is the lowest among any of the doctoral granting institutions in the state. It is below a number of institutions that don't offer doctoral degrees and below five community colleges. Having looked at expenditures first, the University requested funding to keep even with inflation. The institution is involved in a Western Undergraduate Exchange (WUE) program which is so generous that the net cost on WUE students is a loss to UNC. Out-of-state students have dropped from 657 to 128 two years ago. This year that was brought up to 160 plus out-of-state students.

Executive Director Foster encouraged UNC to look at a different kind of growth. For example, a blend of growth, FTE and the differential increase rates on the out-of-state tuition. He said there could be more elements on the table rather than isolating it on a marginal basis.

Staff Recommendation:

Staff does not recommend this request. CCHE has requested additional information on why the campus believes it will be incurring a 350 reduction in FTE in the budget year. No further information has been provided by the institution at this time. UNC contends this request will not require new funding. CCHE contends approving this request would increase UNC's per resident general fund rate. This would cost the state the amount of \$875,325 in less funding to spend overall. CCHE is waiting for further information.

Action: It was the consensus of the Commission that action will be taken on the UNC budget request after approval of the Trustees of the University of Northern Colorado.

Colorado State University System

Ed Bowditch, Vice Chancellor for Administrative Affairs for the Colorado State University System, reported that the State Board of Agriculture approved two decision items for Phase 2 funding for the Colorado State University agencies (Cooperative Extension, Agricultural Experiment Station, and the Colorado State Forest Service) as well as the enrollment adjustment for the School of Professional Veterinary Medicine. Since the agency programs have no credit hours generated, they are unable to have consideration for funding increments based on enrollment increases. Mr. Bowditch outlined the initiatives to continue the next phase in each initiative.

In addition the Board requested an additional five seats to be subsidized in the School of Veterinary Medicine at about \$100,000.

Ms. Adkins pointed out that two initiatives in the CSU system budget request are connected with two other state agencies, the Department of Natural Resources and

the Department of Public Health and Environment. There is value in examining the budget initiative further to assure that two state agencies are not duplicating responsibilities. Mr. Bowditch responded that the initiatives are much more educational in nature and believe they belong under the auspices of CSU. He also indicated that it would be unlikely that the system would take money that had been generated through student FTE and allocate it to these areas in total.

Staff Recommendation:

CCHE staff again recommends this funding in order to bring the cohorts into an equal number of students. This change will not increase the overall size of the program since these seats will replace 5 WICHE zed/non-resident seats.

Action: Commissioner Lamm moved to forward the CSU budget initiative with the recommendation that the Office of State Planning and Budgeting (OSP) evaluate them with the respective departments which they are connected. Commissioner Quamme seconded the motion and the motion carried unanimously.

University of Colorado System

Executive Director Foster pointed out that in the interest of time there were several decision items in the University of Colorado budget request that could be handled as consent items. Based on that discussion the following motion was approved.

Action: Commissioner Nagel moved decision items 4, 7, and 8 as consent items. Commissioner Quamme seconded the motion and the motion carried unanimously. (See August 31, 2001 agenda item IV, A table 4.) Final approval of the initiative will be taken after the Regents have taken action.

Dr. Elizabeth (Betsy) Hoffman, President of the University of Colorado System, Maureen Ediger, Chair of the Board of Regents, and Dr. James Shore, Chancellor of the University of Colorado Health Sciences Center, and Dr. Richard Byyny, Chancellor of the University of Colorado at Boulder, were available to respond to Commissioners.

Decision Item #5, Nursing School Enrollment Growth Funding, -- Dr. Shore spoke in support of the growth funding for nursing based on the number of applicants. It is an expensive program and the institution is considering reallocation of funds from the graduate to the undergraduate program. There is a desire from the communities and community colleges for a degree completion (BA) with CU.

Staff Analysis

Due to this nursing shortage, CCHE supports continued targeted general fund support for increasing the resident nursing enrollment at UCHSC for three programs within the School of Nursing. The three programs requesting enrollment funding are: the Nursing Doctorate program, the Masters of Science in Nursing and the Bachelors of Science in

Nursing. These three programs involve direct patient care as part as component of their programs and their later employment. The PhD in Nursing was not included in the enrollment funding recommendation due to its academic focus, rather than a focus on direct patient care delivery. Last year's funding equated to approximately 28 additional nursing students at \$14,463 per student, amounting to \$404,964. Because the actual funded amount was \$417,667, a technical adjustment will be made in the FY 2002-03 funded amount to subtract the overage of \$12,703 funded in the current year. The resulting \$307,509 request amount for FY 2003 is a net of the negative adjustment for the over funded amount of \$12,703 from FY 2002.

Action: Commissioner Hessler moved approval of the staff analysis. Commissioner Nagel seconded the motion and the motion carried unanimously.

Decision Item #9, UCHSC Tuition Adjustment.--The UCHSC is requesting an annual increase in resident tuition rates above inflation over the next four fiscal years for selected programs in the School of Dentistry (SOD), the School of Nursing (SON) and the School of Medicine (SOM).

Action: No action was taken at this time. This item is pending a recommendation from the Regents.

University of Colorado at Boulder

Dr. Richard Byyny, Chancellor of the University of Colorado at Boulder, presented the institution's tuition proposal. The goals of the revised tuition plan are to moderate enrollment growth, enhance undergraduate education, improve the quality of the students, increase financial aid and access; and to invest in academic program quality to assure a quality research institution in Colorado.

The institution proposed a four-year investment plan and a partnership to improve the quality of learning and to support the academic and research programs.

Increase the quality of the students:

- a. Reduce the use of the admission index window from 20% to 15% over a four- to five-year period. 20% of matriculating students would be below the 103 mark.
- b. Guarantee admission to the top 10% high school students
- c. Stabilize enrollment by reducing or stabilizing the size of the freshman class to assure a quality experience for the students.
- d. Increase financial aid, need-based and merit-based, to attract students.
- e. Improve academic quality by enhancing the quality of the core programs and graduate education. Provide an opportunity for transfer and graduate students to complete an education at UCB.
- f. Invest in academic programs and research to increase national and international distinction in selected areas.

UCB proposed a phased-in tuition rate increase of \$1,200 per year. It would not apply to current students during the four-year phase-in and the increase will be

reduced for new students, so the tuition rate adjustment will result in a net increase of \$300 per academic year. This would be in addition to the annual inflation rate adjustment adopted by the General Assembly. Financial aid would take up 30% of the increase. The request also seeks that UCB be excluded from future enrollment funding. In return, the Boulder campus would have their general fund allocated in a block grant in the amount of inflation plus 1%. The plan did outline tuition gains - \$2 million in incremental revenue in year one, with a projected maximum revenue potential of \$32 million in year four. It did not list general fund gains. Additional funds from these tuition adjustments would be used for: 1) Scholarships, 2) Academic Program Enhancement, 3) Academic Support Services, 4) Faculty Recruitment and Retention.

The Commissioners and advisory committee members asked for clarification on the admission window, use of the tuition increase to reduce the general fund allocation, the guaranteed admission for the top ten percent of graduating high school class, and the TABOR implications regarding the proposal to increase tuition. In addition, the University would garner more support if the institution could increase institutional efficiency and review administrative costs.

Representatives of the institution responded to each of the concerns and assured the Commission that the institution would invest in areas that will increase student learning and high demand areas. Cost containing procedures are in place and are a priority of the system.

Staff Summary: The staff will be working with UNC. There will be further analysis of the UCHSC cash tuition and the UCB proposal. There will need to be a request for general fund dollars. At this time the higher education budget is \$4.6 million higher than in the original proposal, so staff will develop some different scenarios for further consideration at the next meeting.

B. Teacher Loan Forgiveness Program

Action: Commissioner Lamm made a motion to move the Teacher Loan Forgiveness Program action item from an Action Item to a Consent Item. Commissioner Hessler seconded the motion. The motion carried unanimously. (See III, C.)

C. Draft Report on Postsecondary Education Options for Legislative Audit Committee

Ms. Adkins reported that the Legislative Audit Committee at its July 2001 hearing on the Postsecondary Education Enrollment Options (PSEO) Program audit asked that the Commission and the Colorado Department of Education (CDE) collectively present a report on several audit recommendations. The draft report was presented to the Commission for review.

The Postsecondary Enrollment Options Act allows high school students who are considering dropping out or who have sufficient credits to graduate and are free to attend college courses to enroll in the state's higher education institutions.

Generally, the statute requires that the school district pay the tuition for the student, or that the student pay the tuition and claim reimbursement from the school district upon successful completion of the course. The statute requires agreements between participating school districts and the postsecondary institutions involved. The statute requires agreements between participating school districts and the postsecondary institutions involved. The new policy suggests a framework for the school district-college contract as a result of this audit.

There are two distinctly separate programs: Fast Track, which is designed for high school students who have completed graduation requirements to allow them to gain college credits while in high school; and PSEO, which allows students to concurrently enroll in college and high school, earning high school credits for college course work.

Dr. John McKay, President of Morgan Community College in Fort Morgan, testified in support of the proposed contract. He encouraged everyone to find ways to increase the participation rate in certain high schools within this program, particularly small schools throughout eastern Colorado. He noted that some school districts have chosen not to participate in the program.

Ms. Adkins reported that some school districts have chosen not to allow their students the opportunity to participate because the tuition cuts into their budget. CDE and CCHE are encouraging school districts to participate in the program by providing more information about the program. The ColoradoMentor will provide students with college information and include an information piece on PSEO.

Staff Recommendation:

That the Commission approve the draft report and that the director forward the joint report with a letter indicating the Commission's approval to the State Auditor and the members of the Legislative Audit Committee.

Action: Commissioner Nagel moved approval of the staff recommendation. Commissioner Lamm seconded the motion and the motion carried unanimously.

VI. Discussion and Possible Action

None

VII. Written Reports for Possible Discussion

A. Fiscal Statement Revenue Project Update

This item was postponed.

B. Final FTE Student Enrollment Report, FY 2001

Ms. Bridget Mullen made a presentation on the final FTE Student Enrollment Report for fiscal year 2001. She reported that there was a small growth of four percent in enrollment in the past five years with undergraduates making up 92 percent of the total FTE population.

The Commission accepted the Final FTE Student Enrollment Report, FY 2001.

C. Degree Program Name Change University of Northern Colorado

The Commission accepted the report on Program Name Changes under Delegated Authority approved by the Executive Director in January 2000:

Institution: University of Northern Colorado

Current Program Name: Black Studies (B.A.)

New Name: Africana Studies (B.A)

Approved by: Board of Trustees of UNC

Rationale:

- To reflect the goals of the program and curriculum that focuses on peoples of continental Africa and the Diaspora.
- To be consistent with the name of the Department and curriculum (which has been changed from Black Studies to Africana Studies).
- To reflect the more contemporary label of the diverse issues covered by scholarship in the field.

Scope of Proposed Change:

No substantive change of curriculum. No impact on students.

Proposed Action by Executive Director:

Approve the name change as requested effective 2002-2003.

Action: Commissioner Greenberg moved to adjourn the meeting. Commissioner Hessler seconded the motion. The meeting adjourned at 5:55 p.m.