

MINUTES OF THE COLORADO COMMISSION ON HIGHER EDUCATION SPECIAL MEETING

March 16, 2005
Telephonic

Chairperson Judy Weaver called the meeting to order at 9:30 a.m.

Commission members attending were Terry Farina, Vice-Chairperson; Judy Altenberg; James Stewart; Richard Garcia; Mike Feeley; Ray Baker and Dean Quamme. Commissioners Pres Montoya and Greg Stevinson were excused. Commission Staff members attending were Executive Director Rick O'Donnell, Rich Schweigert, Jenna Langer, Diane Lindner, and Mary Lou Lawrence.

Chairperson Weaver thanked the staff and the institutions for the monumental work in a very short time on these budget submissions.

Executive Director O'Donnell thanked the institutions and Rich Schweigert and his staff for their hard work. He said the staff reconciled budget calculations with institutional requests for tuition and credit hour increases that balance the needs of the institutions and the interest of the students resulting in a budget based on actual costs rather than guesses.

The proposed budget presented is based has mandated costs. The staff and the Joint Budget Committee (JBC) have been working on mandated costs and budget increases that recognize the need and uniqueness of each institution since the same percentage increase was not appropriate for all schools. In addition, each institution submitted decision items as the Commission requested, the majority of which concerned issues of quality, especially faculty recruitment and retention, and capital initiatives concerning controlled maintenance and technology needs.

ACTION ITEM

Fiscal Year 2005-2006 Department Budget Request: Staff member Rich Schweigert explained that, pursuant to budget process established in SB04-189 and Commission policy, institution tuition Decision Items were to be forwarded to the General Assembly. The JBC initially approved the highest recommended tuition increase in many years. The Governor wrote the JBC stating that he would veto those increases. As a result, the JBC asked the parties revert to the old processes and resubmit tuition figures based on institutional requests and Commission recommendations. In accordance with the mandatory cost model, four cost areas from submitted budget books - salaries, insurance, utilities and financial aid - were reviewed to obtain actual expenses to which a specific inflationary factor per area was applied rather than one inflationary increase for all areas.

Mr. Schweigert explained the spreadsheet and figures providing individualized percentage increases for each school based on costs and quality and capital initiatives. If approved by the Commission, the new figures would be submitted to the JBC at 4 p.m. this afternoon. He recommended Commission approval of the mandated cost model figures, for an average increase of 7.3% plus quality and capital initiatives. Mr. Schweigert said it was a generous plan.

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Commissioner Weaver asked what the “other” expense was for CU and Mr. Schweigert said it was for medical graduate programs at the University of Colorado Health Science Center which were, in effect, differential tuition rates. She asked for a comparison of increases for the Community College System (CCCS) over the past few years. Mr. O’Donnell said CCCS has had a 15% increase over the past 5 years for an average of 3% per year, the lowest of any of the systems which have increased between a 25% and 50% during the same time.

Commissioner Quamme expressed concern there was insufficient flexibility to cover the fluctuating and escalating costs of utilities. Mr. Schweigert said utility costs probably were not adequately budgeted. This issue has been discussed by the Chief Operating Officers, and they are researching an inflation percentage to address this issue.

Commissioner Weaver asked if there would be a method to identify if the amounts in the budget were spent in the area for which they were designated. Mr. Schweigert responded such tracking would be possible from data institutions submitted in the budget data books.

Commissioner Quamme asked if the controlled maintenance funds authorized met the requests of the institutions. Mr. Schweigert said it covered a portion of the requests. Requests for Information Technology initiatives were not fully funded.

Commissioner Stewart stated the model was very good but asked if it could be subject to mistakes similar to fiscal miscalculations recently found in other areas of state government. Mr. Schweigert said he was comfortable with the calculations but had reservations relative to the final state budget and the revenues to support it. He hopes to see additional general revenue funds allocated to higher education mitigating the pressure on tuition as a funding mechanism. Mr. O’Donnell commented that, at the Governor’s direction, Office of Budget and Planning’s (OSPB’s) submission to the JBC, which is the same as what the Commission has been asked to approve, would include a notation requesting an increase to the stipend if additional general revenue funds were available.

Commissioner Farina was pleased with the credibility of the requests but was concerned there may be insufficient institutional flexibility for school budget overruns and asked if footnotes could address flexibility for the schools. Mr. O’Donnell stated that the quality and capital requests would not be separated in the Long Bill, giving the schools flexibility.

Commissioner Quamme inquired on the status of tobacco securitization and if an amount of potential additional revenue had been allocated to higher education. Mr. O’Donnell responded that JBC and the legislative leadership were determining how much money was needed relative to funds available before proceeding with securitization. Additional

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revenue is becoming available due to budget miscalculations and alternative revenue sources being explored.

Presidents McCallin, Norton, Trefney and Hoffman thanked the staff and were pleased with the recommend budgetary increases for their respective schools. President Hoffman asked if the \$3 million dollars for the Health Science Center had been restored and Mr. O'Donnell assured her it had making her overall revenue increase 11%.

Presidents Foster, Hoffman and Norton were concerned if the recommend tuition increases were on a specific individual student assessment basis or an average allowing the schools flexibility. Mr. O'Donnell said the content of a footnote addressing this issue would be authored by the JBC in consultation with OSPB & the Governor and he will express these concerns to the Governor.

Commissioner Farina expressed concern about the apparent tension between the JBC and the Commission and hopes that the collaborative effort between CCHE & the institutions, as demonstrated by the performance contracts, would be conveyed to the JBC.

President Hoffman stated that the CEO's felt an average increase of 12% rather than a student specific percentage demonstrated the collaborative spirit among the parties.

Commissioners Altenberg, Garcia and Feeley commended the staff and the institutions hard, productive work in a minimal of time. Commissioner Altenberg concurred with Commissioner Farina's comments on oversight flexibility.

President Helman requested further consultation regarding the requested 11% increase to the budget for Western State. Mr. O'Donnell said he and Mr. Schweigert would work with him to address his concerns.

Commissioner Weaver moved to accept the staff's amended recommendation regarding budget increases for each school and Commissioner Stewart seconded the Motion. The motion was unanimously approved.

Mr. O'Donnell said the recommended budget data would be presented to the JBC that afternoon and wording regarding tuition caps would be in OSPB's comeback. President Foster asked to review OSPB's presentation and Mr. O'Donnell said he did not think there would be any footnote language presented today.

The meeting was adjourned at 10:18 am.