

TOPIC: FISCAL YEAR 2008-2009 DEPARTMENT BUDGET REQUEST

PREPARED BY: DAVID SKAGGS/DIANE LINDNER

I. SUMMARY

The Department of Higher Education requests a \$57 million general fund increase to its budget for institutions of higher education; the governor is proposing an additional \$2.5 million to restore funding to the student work study program (\$1.7 million) and to add \$800,000 for pre-collegiate scholarships.

II. BACKGROUND

The Department of Higher Education has an FY2007-2008 general fund budget of \$746 million. The request for an additional \$59.5 million brings the total higher education state support to \$805.5 million, to include tuition stipends, “fee for service” agreements between the schools and the Department of Higher Education and state-funded student financial aid. The budget request also adds a cost of living increase for the local district junior colleges and an adjustment for the area vocational schools. The budget is summarized in the chart below:

Type of Request	Requested Increase
Stipends at \$2,670	\$ 4,608,420
Fee for Service Agreement Increase	43,944,781
State-Funded Student Financial Assistance	7,270,600
Area Vocational Schools	731,509
Local Area District Colleges	444,690
Restoration of Work Study Funding	1,728,057
Scholarships for Pre-Collegiate Programs	800,000
Total	\$59,528,057

The Department, with the Governor, is proposing approximately an 8% increase for state supported institutions of higher education, emphasizing affordability and restoring funding levels of the work study program, increasing financial aid, and providing additional scholarships for students who have demonstrated need who are in middle school or high school and taking curriculum designed to promote enrollment in higher education.

III. STAFF ANALYSIS

The following chart summarizes the change request over the FY07-08 base for the Department.

FY 08-09 Operating Budget Request				
Type of Cost	FY 07-08 Base	FY 08-09 Increase	FY 08-09 Total	% Change
Governing Boards	\$625,553,182	\$48,553,201	\$674,106,383	8%
Financial Aid	\$95,174,278	\$7,270,600	\$102,444,878	8%
Local District Junior Colleges	\$14,823,001	\$444,690	\$15,267,691	3%
Area Vocational Schools	\$10,450,136	\$731,509	\$11,181,645	7%
Restore Work Study Funding to FY 02-03 Level	\$0	\$1,728,057	\$1,728,057	-
Additional Funding for Pre-collegiate Program	\$0	\$800,000	\$800,000	-
Total	\$746,000,597	\$59,528,057	\$805,528,654	8.0%

The **Governing Board** request is considered a “placeholder” for the College Opportunity Fund Program, including the COF stipends and the fee for service contracts with institutions. The allocation and distribution of funds will be determined following the completion of a total funding model being developed by the Department in consultation with the institutions. The following factors should be noted:

- The recommended stipend amount is \$2,670 per 30 credit hours for an eligible full-time equivalent student attending state institutions and remains the same as the FY07-08 stipend level. The current enrollment is estimated at a three year average of 123,873 resident undergraduate students. This estimate will be revised when the Department receives student spring census.
- It is anticipated that total funding model will be completed in December 2007. Upon completion of the funding model the Department of Higher Education will submit its request on behalf of the Executive Branch in the form of a Budget Amendment and/or Amendments for the following: an increase in stipend payments on behalf of eligible students based on enrollment; fee-for-service increase; allocation and distribution of the Colorado funding model; and requested tuition increases for governing boards.

The \$7.3 million request for state-funded **Financial Aid**:

- Student financial aid seeks to provide equal opportunity to otherwise qualified students whose personal or family resources are insufficient to cover the cost of attending college. A primary goal of the Colorado Commission on Higher Education and the Department of Higher Education is to expand student access to Colorado’s institutions of higher education.
- Increasing state-funding levels for need-based financial aid will help decrease the amount of need being met through loans, savings and credit card debt for Colorado students with the greatest financial need, increase the number of students qualifying for need-based aid that actually receive aid, and increase the amount of aid per student.
- According to the most recent annual National Association of State Student Grant and Aid Programs (NASSGAP) Colorado ranks 26 out 52 states (including Puerto Rico and Washington D.C.) in need-based grant funding per undergraduate FTE (\$260.82 per FTE)

and 30 out of 52 in total grant dollars per undergraduate FTE (\$304.97). This puts Colorado in the middle to lower half of undergraduate aid per student when compared with the rest of the nation.

The request for the **Area Vocational Schools (AVS)** is an increase for \$731,509 General Fund in to offset the increased costs of providing post-secondary vocational programs. There are four schools, the Emily Griffith Opportunity School in Denver, T.H. Pickens Technical Center in Aurora, Delta-Montrose Area Vocational-Technical Center in Delta, and San Juan Basin Technical School in Cortez. These schools provide low-cost access to business and industry training within their communities. Although general fund support for these schools increased 21% over the past two years have, they lost 27% of their general fund support during budget cuts in FY 2003-04.

There are two **local district junior colleges (LDJC)**, Aims Community College and Colorado Mountain College. These LDJC's are public, two-year, post secondary institutions dedicated to responding to the educational needs of the local, regional, and global communities. The increased appropriation is a cost of living adjustment to maintain the existing commitment to these schools, recognizing their unique mix of funding sources which includes a local district property tax base. The programs offered at these colleges are important to the economies of their respective regions as well as to the entire State.

The Governor's priority for the **restoration of work study funding levels** to the FY 2002-2003 levels:

- Colorado's work study program funds are used to provide student employment for qualified students at either the attending institution or off campus at either non-profit or for-profit organizations. Seventy percent of an institution's work study recipients must be need-based.
- \$1,728,057 in General Fund for the program should enable an additional 871 need-based students to receive work study aid.
- The National Center for Educational Statistics (NCES) found that working on campus part-time facilitated social integration and may increase retention and graduation rates.

The administration's priority for the **pre-collegiate scholarship program**:

- The Colorado Pre-Collegiate Academic Competitiveness Grant Match (PACG) provides matching grant funds to Colorado high school graduates who receive a Federal Academic Competitiveness Grant (ACG) with priority going to students who participated in eligible pre-collegiate programs. Awards may not exceed \$1,000 per student or the student's unmet need.
- Pre-collegiate programs work with middle school or high school students with demonstrated need and are designed to encourage participation in higher education. Colorado GEAR UP, for example, works in a number of school districts to educate students about the benefits of higher education in terms of earning ability and about the availability of financial aid, and provides a scholarship upon successful completion of the program. These funds would provide scholarship support to some additional 800 students.

IV. STAFF RECOMMENDATION

Approval by the Commission for the Department of Higher Education to proceed with submission of the FY09 budget.