

*Draft policy regarding adjusting NCHEMS-gap allocation model for resident FTE and tuition*

The Commission finds that the allocation of general fund state support to each institution should be based on its total NCHEMS revenue gap (state support and tuition) and its share of resident students. Adjusting state support based on assumptions about the extent to which each institution should rely on tuition revenue makes only an incremental difference in allocation levels and does not justify the complexity of including a “tuition share” variable in the model.

The allocation of general funds remaining after the adjustment prescribed in the [pending] inflation adjustment policy should be calculated according to each institution’s total revenue gap compared to its peers, adjusted by its share of all resident student FTE according to the most recent student census data.

The Commission believes the governing boards face a continuing need to set tuition and fees to meet operating requirements, especially if the state is not able to make adequate progress toward the state support levels contemplated in the NCHEMS-gap model. It also recognizes that resident tuition at Colorado institutions is generally below that of their national peers. The Commission recommends that the legislature provide greater flexibility in tuition spending authority in order to reconcile spending authority with actual COF-eligible enrollment levels at the end of each fiscal year.