



Fiscal Year 2017-18 Budget Request, Allocation Model, and Tuition Policy

October 24, 2016

Colorado Commission on Higher Education Meeting



COLORADO
Department of
Higher Education

Current Economic Conditions

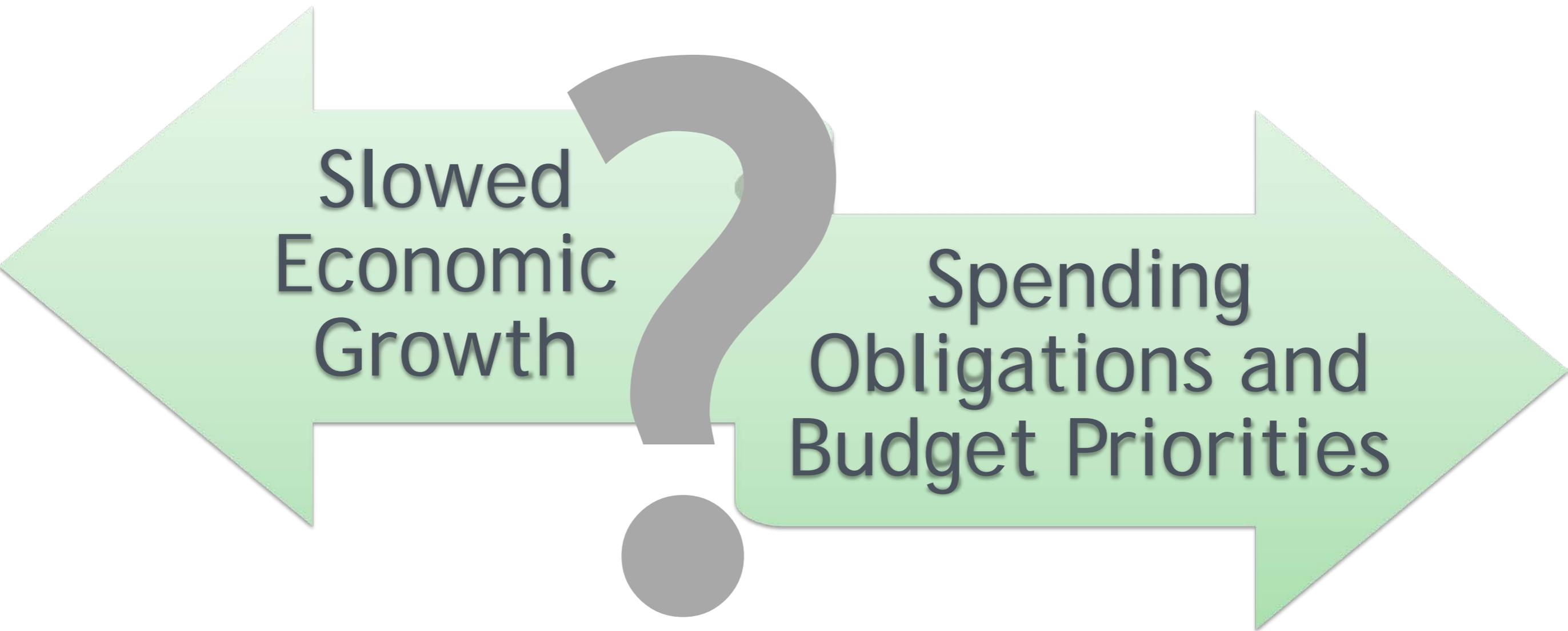
Modest National Economic Growth:

- Strong consumer spending but persistently weak business investment and international uncertainty
- 5% unemployment but increasing inflationary expectations

Moderated Economic Growth in Colorado:

- Diverse state economy continues to grow but at moderated pace
- 3.8% unemployment: regional differences
- Oil and Gas Industry: Persistently weak
- Continued but slowed growth impacting state fiscal situation

State Fiscal Outlook

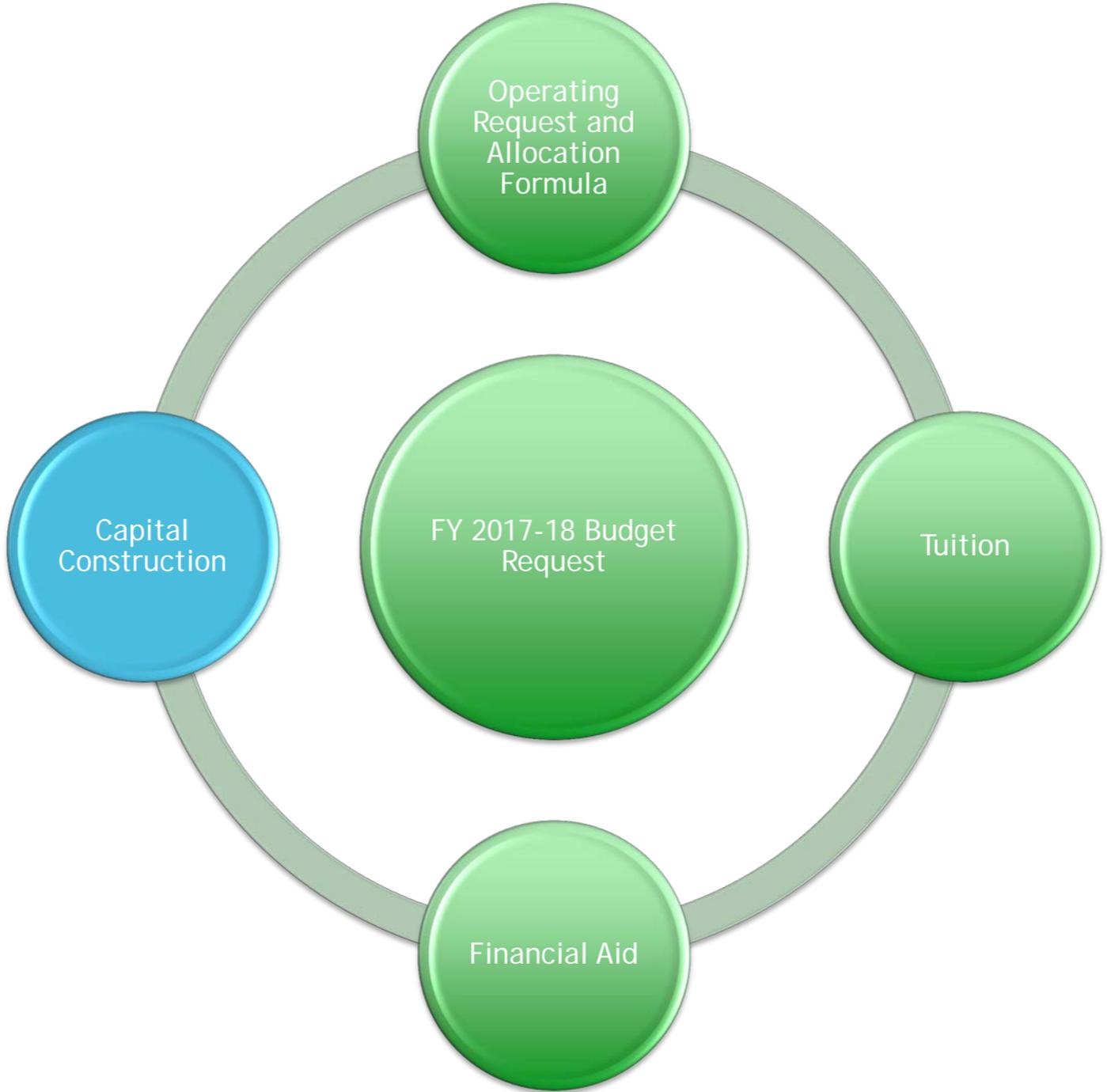


A diagram consisting of two large, light green arrows pointing in opposite directions. The left arrow points left and contains the text 'Slowed Economic Growth'. The right arrow points right and contains the text 'Spending Obligations and Budget Priorities'. A large, grey question mark is positioned between the two arrows, overlapping both.

Slowed
Economic
Growth

Spending
Obligations and
Budget Priorities

FY 2017-18 Budget Request



Capital Construction

Fiscal Year 2017-18 Prioritized List:

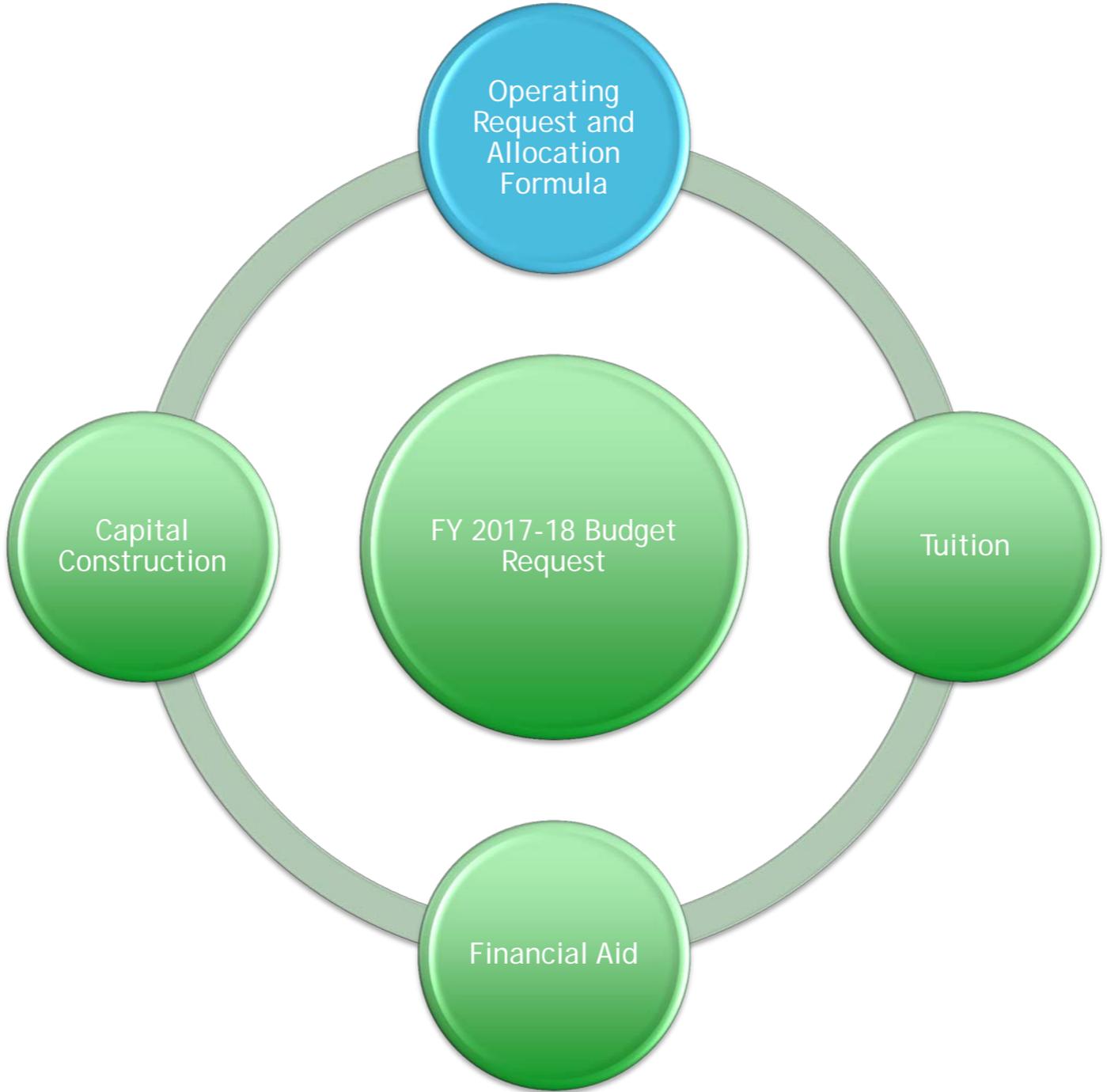
- 32 capital submissions (\$353.3 million in state funds) (\$116.0 million in cash funds)
- 26 capital construction projects; 6 IT projects.
- 3 COP Projects: CSU- Fort Collins - National Western Center Requests (\$50.0 million in state funds) (123.4 million in cash funds).
- Process: project scoring, feedback from institutions and Fiscal Affairs and Audit members, moved to the CCHE, final vote.

2017-18 Capital Construction: CCE Action

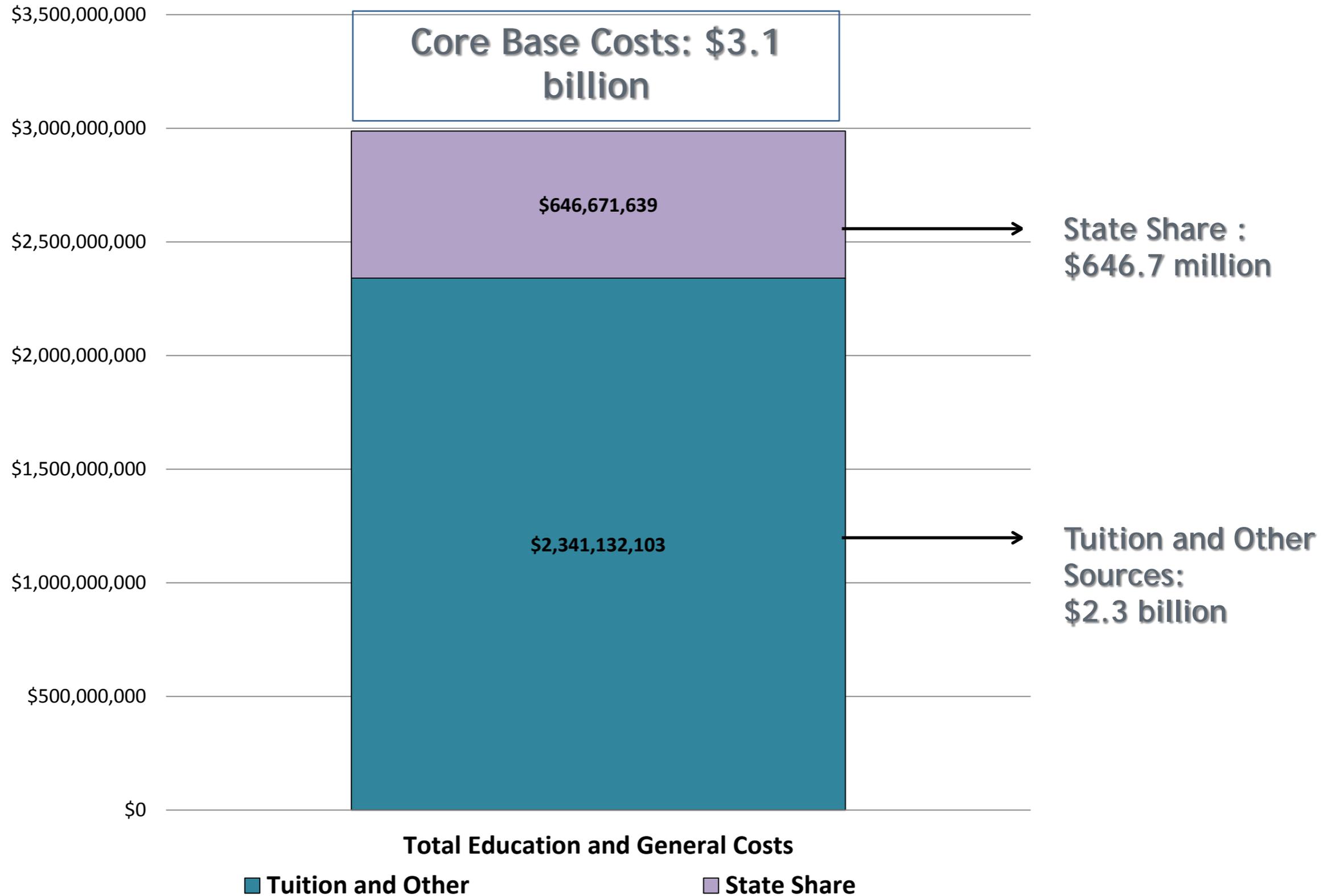
Staff Recommendation (4 actions required):

- Approve the six (6) projects seeking a program plan waiver for being under the \$2 million threshold.
- Approve the eight (8) projects requiring program plan approval.
- Approve the FY 2017-18 capital priority list as recommended by the Fiscal Affairs and Audit Standing Committee and grant the Department the ability to make any necessary technical adjustments to projects.
- Acknowledge and forward to the Governor's Office and the General Assembly the complete list.

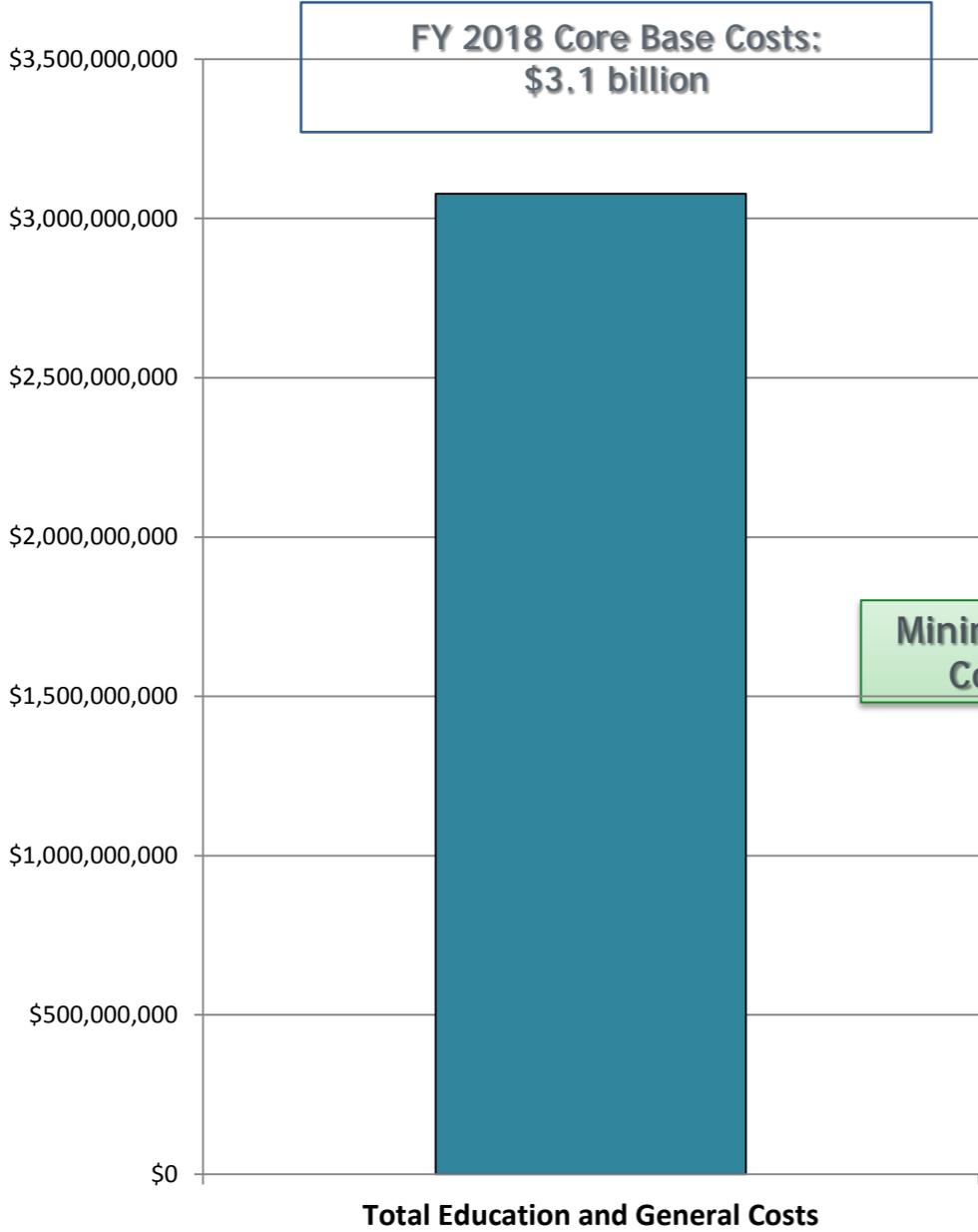
FY 2017-18 Budget Request



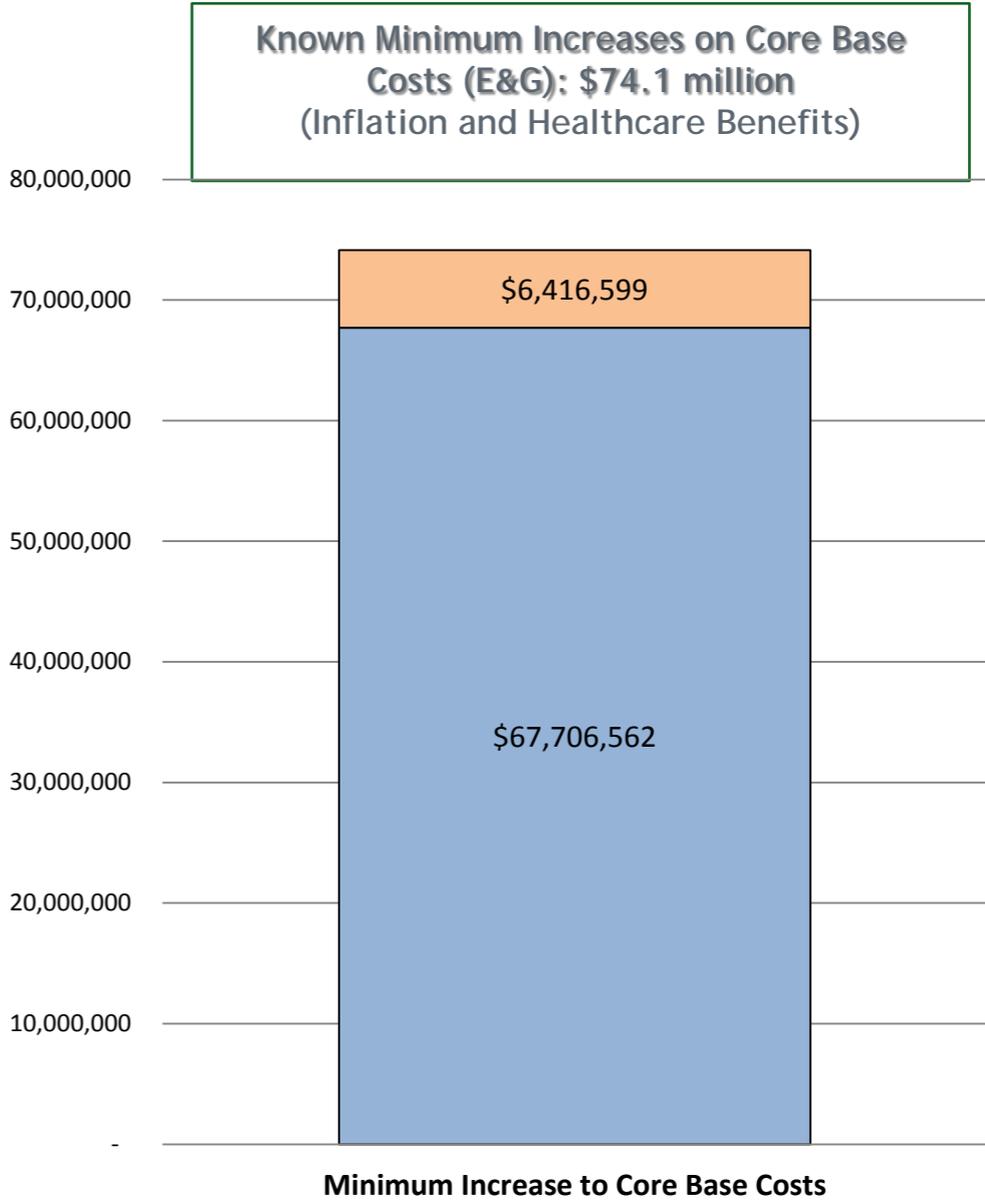
FY 2018 Core Base Costs & Revenue Sources



Financing Core Base Costs & Known Minimum Increases Requires Significant Annual Investment



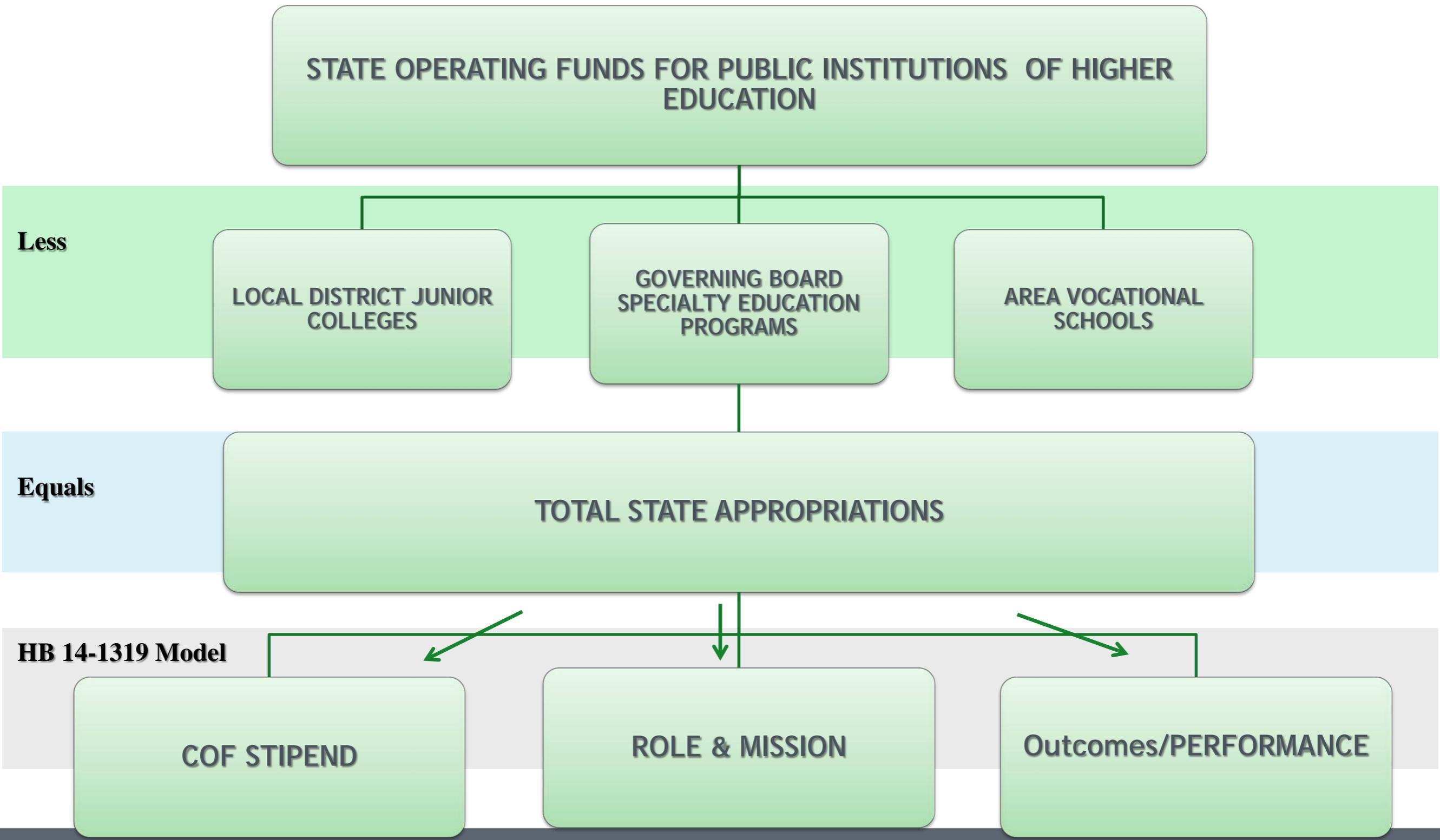
Minimum Increases to Core Base Costs



■ Inflationary Increase - 2.2% ■ Healthcare Benefits Increase - 6.4%

Higher Education Funding Allocation Model

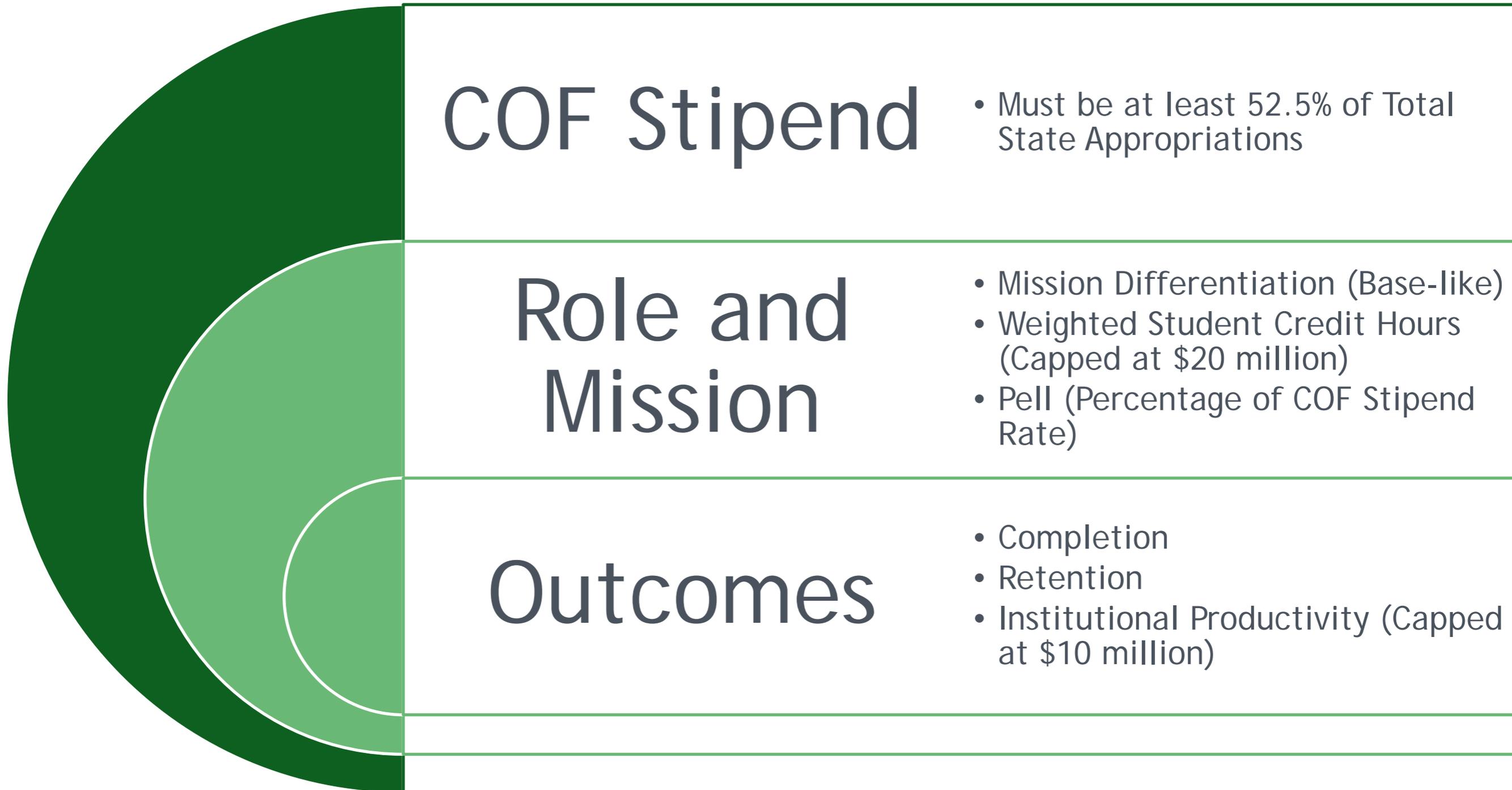
Model Process



Higher Education Funding Allocation Model: FY 2016-17 Changes

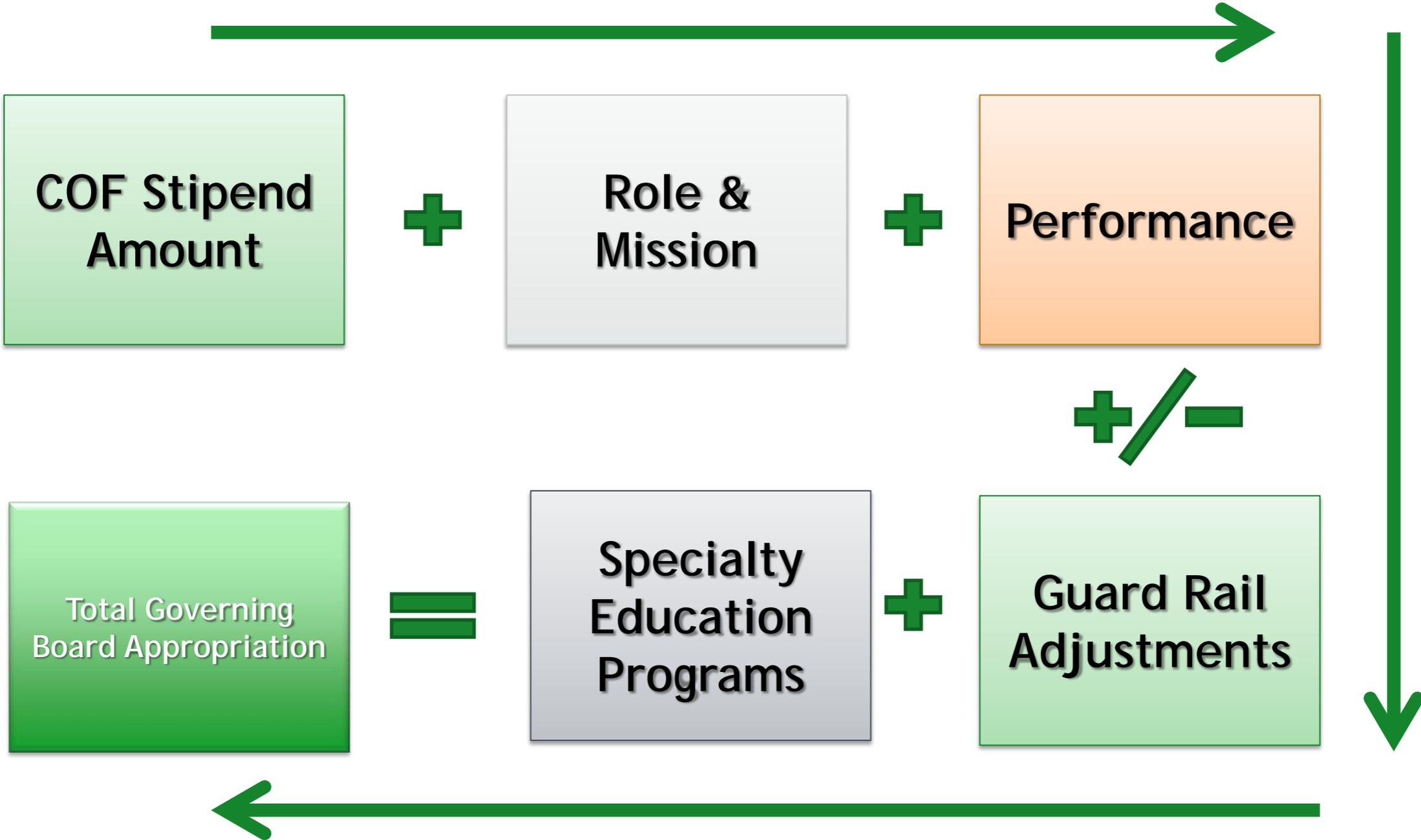
Model Component	CCHE Adopted Model	JBC Adopted Model
College Opportunity Fund (COF) Stipend	<u>Stipend Rate Per Resident Undergraduate Credit Hour</u> \$73 (based on FY 2014-15 actuals)	<u>Stipend Rate Per Resident Undergraduate Credit Hour</u> \$75 (based on FY 2014-15 actuals)
Role & Mission	<u>Mission Differentiation</u> Based on the outputs from the FY 2015-16 funding allocation model and institution type and size.	<u>Mission Differentiation*</u> Flat amount per type of institution plus a special tuition stability factor (\$5.4 million for UNC and \$1.55 million for ASU).
	<u>Pell as % of the COF stipend</u> 10% of the COF Stipend	<u>Pell as % of the COF stipend</u> 10% of the COF Stipend
		<u>Weighted Student Credit Hours*</u> Funding to offset the costs incurred in providing funding based on the number of completed credit hours and the costs associated with delivering the credits (non-resident credit hours excluded).
Model Component	CCHE Adopted Model	JBC Adopted Model
Performance/Outcomes	<u>Completion</u> The number of credentials awarded and students transferred with specific weights related to the academic award level and subject (no distinction between resident and nonresident students).	<u>Completion*</u> The number of credentials awarded and students transferred with specific weights related to the academic award level and subject (Nonresident students weighted at 30% of resident students).
	<u>Retention</u> Number of students who make academic progress of 25%, 50%, and 75% in the relative two-year or four-year program (no distinction between resident and nonresident students).	<u>Retention*</u> Number of students who make academic progress of 25%, 50%, and 75% in the relative two-year or four-year program (Nonresident students weighted at 30% of resident students).
	<u>Institutional Productivity</u> Credentials per student full time equivalent.	<u>Institutional Productivity</u> Credentials per student full time equivalent.

Higher Education Funding Allocation Model Framework: FY 2017-18



Higher Education Funding Allocation Model

Final Allocations



Higher Education Funding Allocation Model

FLAT Scenario

Governing Board	FY 16-17 Total (COF and FFS)	Total From COF Stipend	Total From Role & Mission	Total from Performance	Total From Model (Pre Guardrails)	% Change from Prior Year (Pre Guardrails)
Adams	\$14,076,360	\$2,755,679	\$8,389,124	\$2,829,582	\$13,974,384	-0.72%
Mesa	\$24,280,729	\$14,265,642	\$6,240,209	\$4,818,507	\$25,324,358	4.30%
Mines	\$20,639,050	\$6,157,457	\$9,807,752	\$5,018,193	\$20,983,402	1.67%
CSU	\$80,703,936	\$42,937,298	\$20,501,892	\$17,767,875	\$81,207,064	0.62%
CCCS	\$153,168,187	\$101,372,409	\$25,753,509	\$22,579,774	\$149,705,692	-2.26%
Ft. Lewis	\$11,481,200	\$3,826,688	\$5,157,187	\$2,532,215	\$11,516,090	0.30%
Metro	\$51,415,001	\$31,107,694	\$8,406,973	\$10,838,993	\$50,353,660	-2.06%
CU	\$123,835,765	\$63,181,036	\$32,384,285	\$31,290,622	\$126,855,943	2.44%
UNC	\$39,038,234	\$15,075,115	\$16,015,901	\$7,606,886	\$38,697,902	-0.87%
Western	\$11,534,927	\$3,015,638	\$6,664,607	\$1,874,652	\$11,554,896	0.17%
Total (model)	\$530,173,389	\$283,694,654	\$139,321,437	\$107,157,299	\$530,173,389	0.00%

Higher Education Funding Allocation Model

5% Increase

Governing Board	FY 16-17 Total (COF and FFS)	Total From COF Stipend	Total From Role & Mission	Total from Performance	Total From Model (Pre Guardrails)	% Change from Prior Year (Pre Guardrails)
Adams	\$14,076,360	\$2,902,648	\$8,716,099	\$2,932,065	\$14,550,812	3.37%
Mesa	\$24,280,729	\$15,026,476	\$6,511,737	\$5,048,007	\$26,586,220	9.50%
Mines	\$20,639,050	\$6,485,855	\$10,260,132	\$5,249,882	\$21,995,869	6.57%
CSU	\$80,703,936	\$45,227,287	\$21,366,746	\$18,754,499	\$85,348,532	5.76%
CCCS	\$153,168,187	\$106,778,937	\$26,790,160	\$23,861,996	\$157,431,093	2.78%
Ft. Lewis	\$11,481,200	\$4,030,778	\$5,403,437	\$2,623,956	\$12,058,171	5.03%
Metro	\$51,415,001	\$32,766,771	\$8,731,770	\$11,419,230	\$52,917,771	2.92%
CU	\$123,835,765	\$66,550,691	\$33,715,108	\$33,073,880	\$133,339,680	7.67%
UNC	\$39,038,234	\$15,879,121	\$16,489,632	\$7,992,339	\$40,361,093	3.39%
Western	\$11,534,927	\$3,176,472	\$6,987,158	\$1,929,189	\$12,092,818	4.84%
Total (model)	\$530,173,389	\$298,825,035	\$144,971,980	\$112,885,043	\$556,682,058	5.00%

Changes to Model Components:

COF to \$79

Mission Differentiation increase of 5%

Higher Education Funding Allocation Model

5% Decrease

Governing Board	FY 16-17 Total (COF and FFS)	Total From COF Stipend	Total From Role & Mission	Total from Performance	Total From Model (Pre Guardrails)	% Change from Prior Year (Pre Guardrails)
Adams	\$14,076,360	\$2,608,709	\$8,062,148	\$2,727,100	\$13,397,956	-4.82%
Mesa	\$24,280,729	\$13,504,808	\$5,968,680	\$4,589,007	\$24,062,495	-0.90%
Mines	\$20,639,050	\$5,829,060	\$9,355,372	\$4,786,503	\$19,970,934	-3.24%
CSU	\$80,703,936	\$40,647,308	\$19,637,038	\$16,781,250	\$77,065,596	-4.51%
CCCS	\$153,168,187	\$95,965,880	\$24,716,858	\$21,297,552	\$141,980,290	-7.30%
Ft. Lewis	\$11,481,200	\$3,622,598	\$4,910,937	\$2,440,475	\$10,974,009	-4.42%
Metro	\$51,415,001	\$29,448,617	\$8,082,175	\$10,258,757	\$47,789,549	-7.05%
CU	\$123,835,765	\$59,811,381	\$31,053,462	\$29,507,363	\$120,372,206	-2.80%
UNC	\$39,038,234	\$14,271,109	\$15,542,170	\$7,221,432	\$37,034,711	-5.13%
Western	\$11,534,927	\$2,854,804	\$6,342,055	\$1,820,115	\$11,016,973	-4.49%
Total (model)	\$530,173,389	\$268,564,272	\$133,670,893	\$101,429,554	\$503,664,720	-5.00%

Changes to Model Components:

COF to \$71

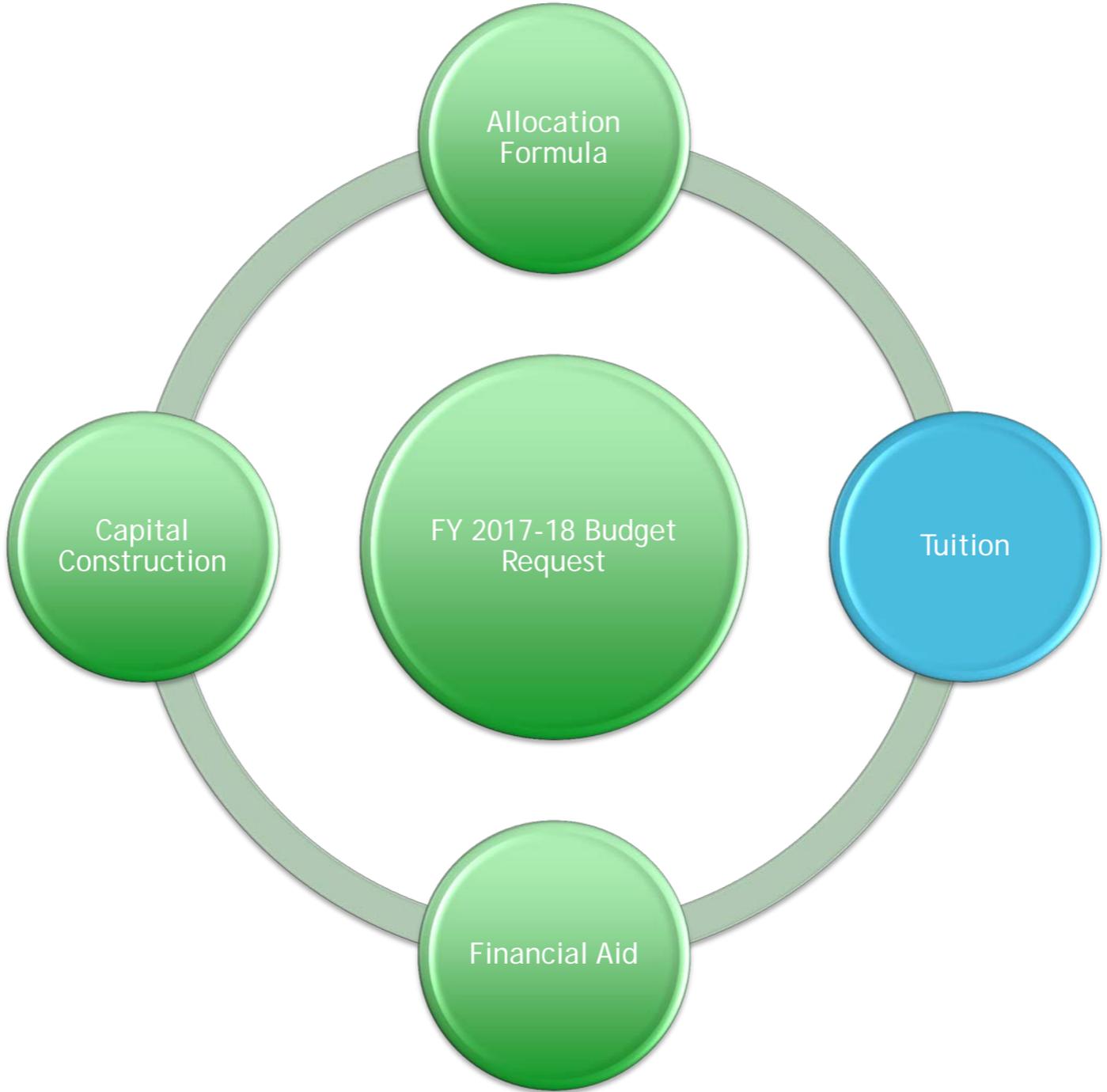
Mission Differentiation decrease of 5%

2017-18 Operating Request and Allocation Formula: Action

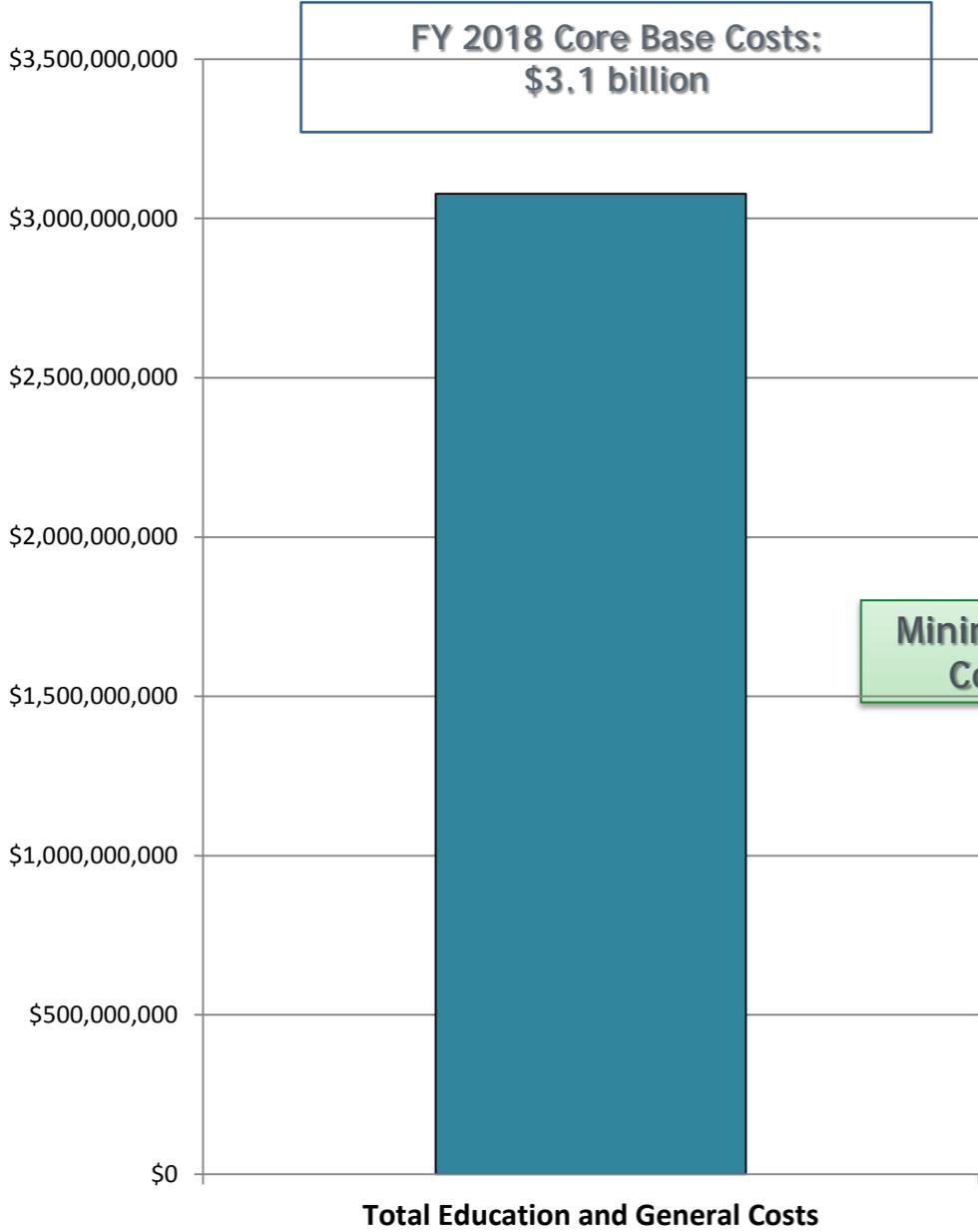
Staff Recommendation:

- Approve the weights and metrics from the model at the scenario levels and direct staff to adjust accordingly once the General Fund request is known. Staff will bring the general fund request with allocation to the Commission for approval on 11/2.

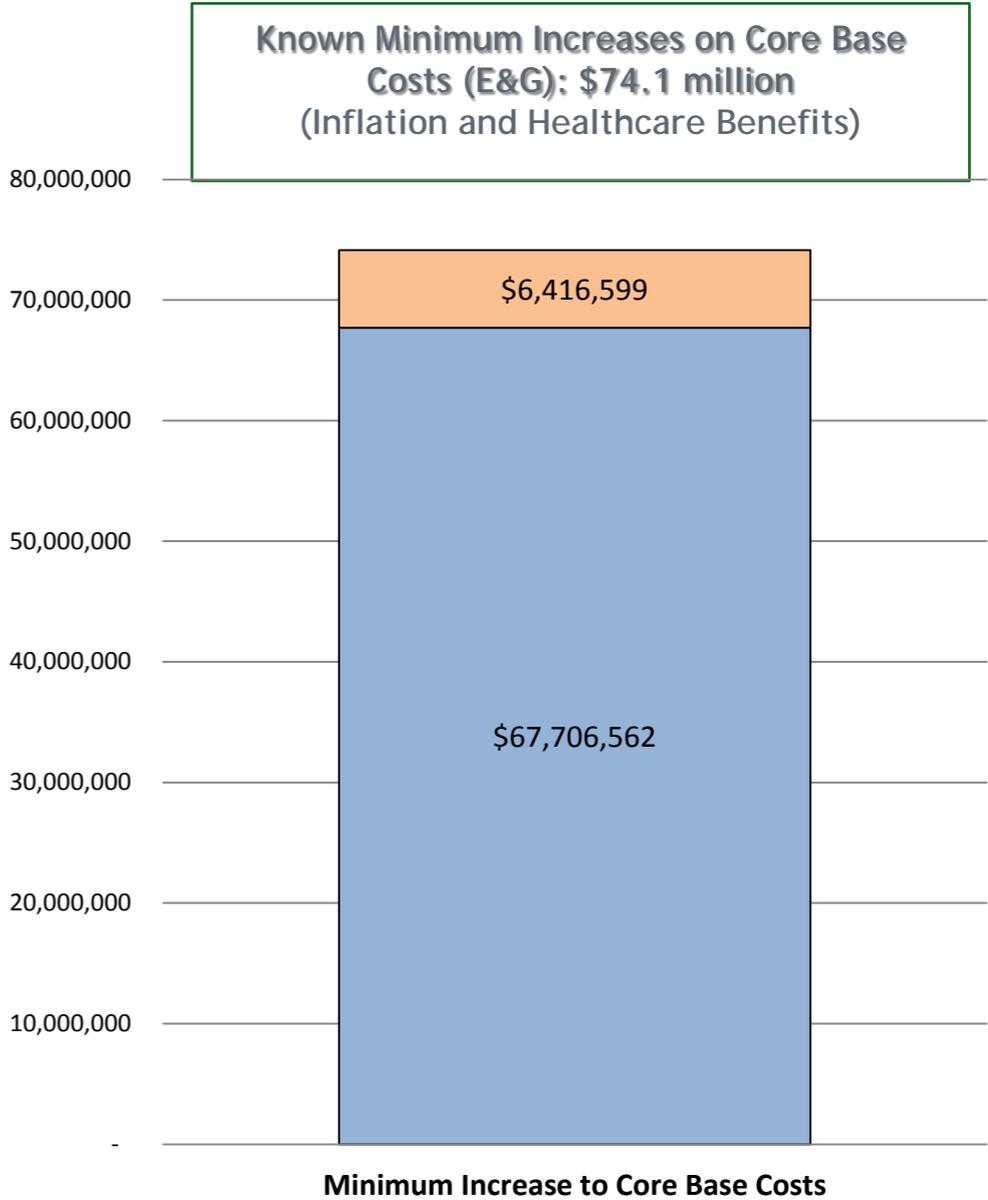
FY 2017-18 Tuition



Financing Core Base Costs & Known Minimum Increases Requires Significant Annual Investment

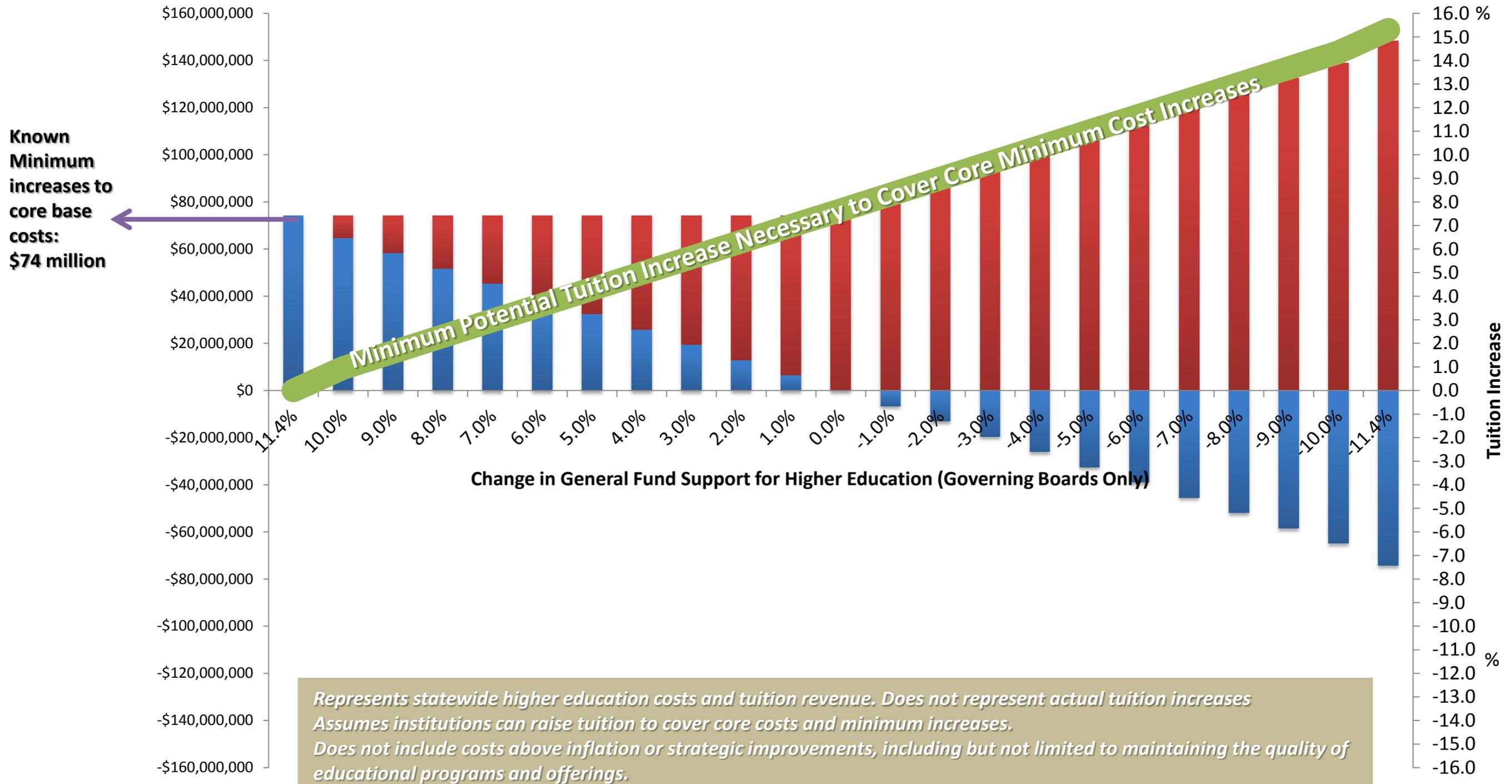


Minimum Increases to Core Base Costs

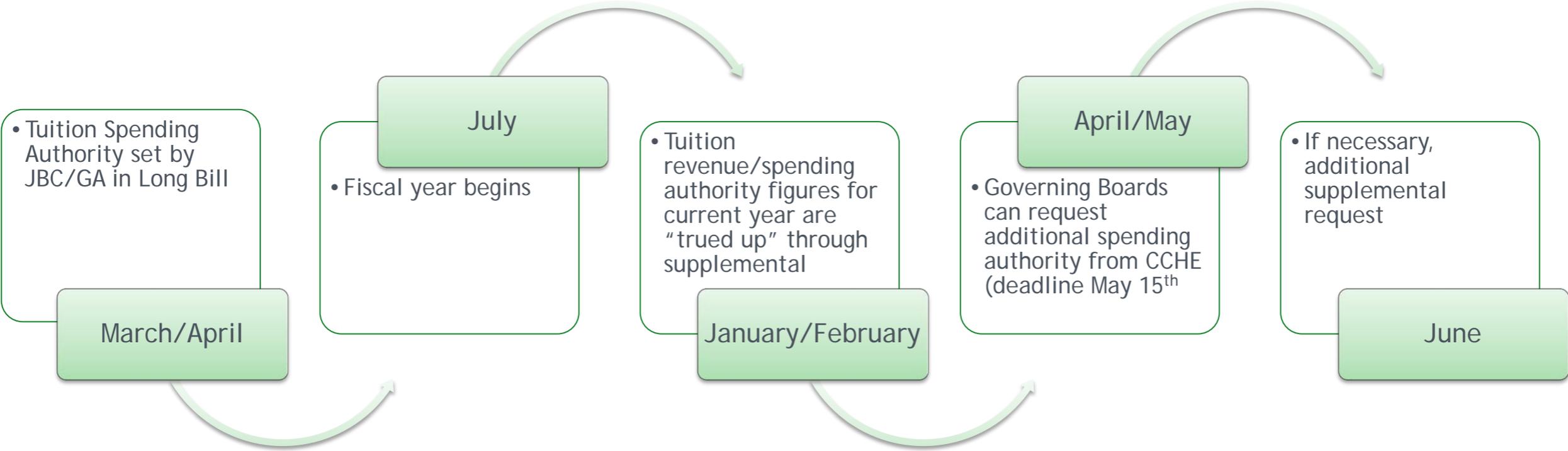


■ Inflationary Increase - 2.2% ■ Healthcare Benefits Increase - 6.4%

Linking the General Fund & Tuition: Covering Core Minimum (inflationary) Cost Increases in FY 2017-18



Tuition Spending Authority and Contingency Request Process

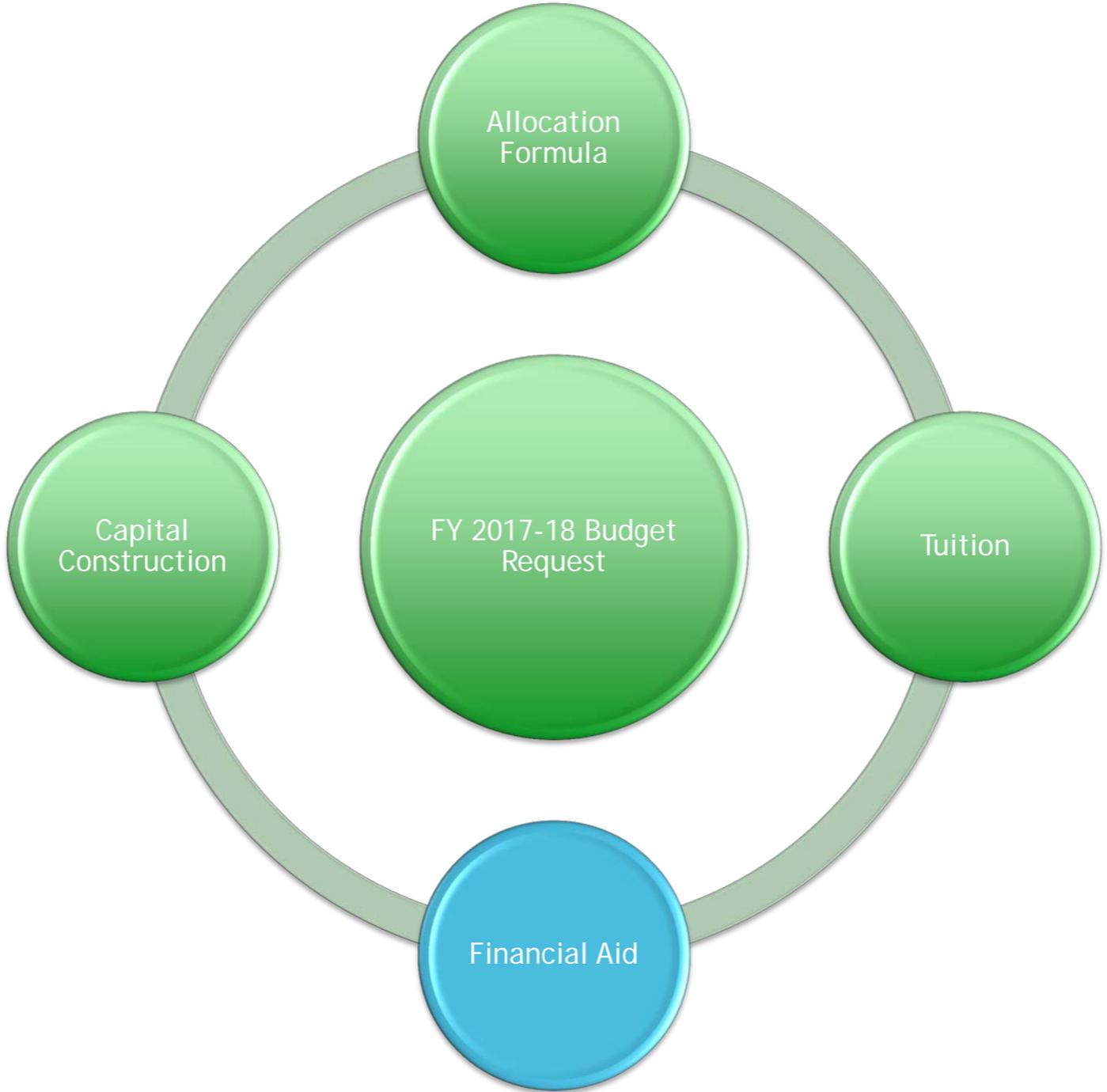


2017-18 Tuition: Action

Staff Recommendation:

- No formal action is required at this time. Staff will bring final tuition spending authority request to the Commission on 11/2.

FY 2017-18 Budget Request



Financial Aid

\$174 million for FY 2016-17:

- \$125 million for need-based aid
- \$21 million for work-study
- \$18 million for special purpose
- \$5 million for merit

FY 2017-18 Outlook for three general fund scenarios:

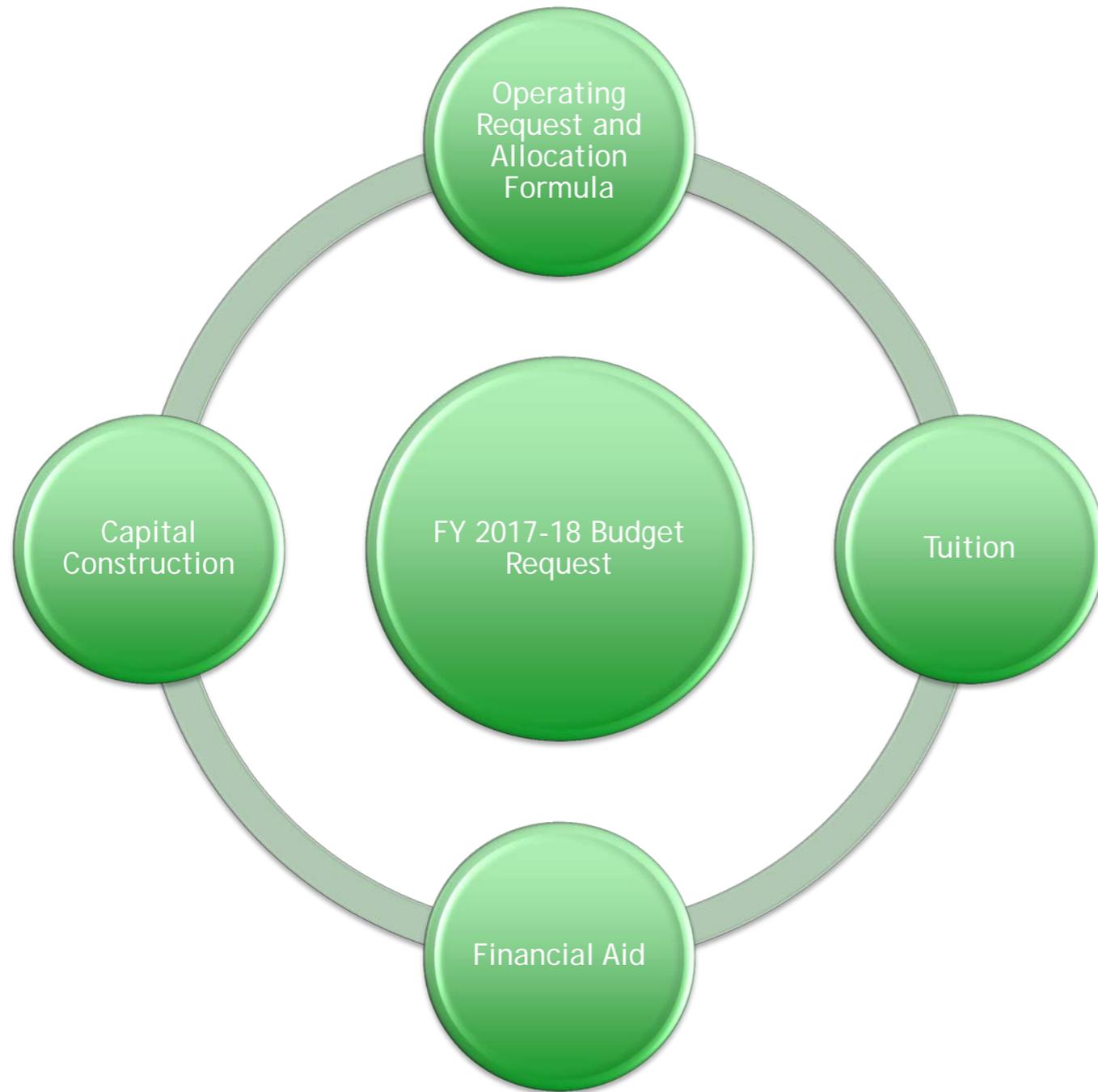
- Increase: statutory mandate to increase financial aid by the same percentage as operating
- Flat: no mandate, but likely no change
- Reduction: unknown and dependent on overall budget priorities

2017-18 Financial Aid: Action

Staff Recommendation:

- No formal action is required at this time. Pursuant to statute, if there is a general fund increase for higher education, state financial aid will increase proportionately. The financial allocation process will follow the normal timeline (CCHE approval in spring).

FY 2017-18 Budget Request: Next Steps



Next Steps:

- Staff will bring to the Commission for approval on 11/2.
 - General fund request with governing board allocations
 - Tuition spending authority and recommended upper tuition limit

