

FEE-FOR-SERVICE CONTRACT ADDENDUM

Addendum # 14	Original Contract CMS (CLIN) # 05-00004	Addendum CMS # 60358
-------------------------	---------------------------------------------------	--------------------------------

1) PARTIES

This Addendum to the above-referenced Original Contract ("Contract") is entered into by and between the Governing Board for the University of Colorado System ("Institution"), and the STATE OF COLORADO ("State") acting by and through the Department of Higher Education ("Department").

2) EFFECTIVE DATE

This Addendum shall not be effective or enforceable until it is approved and signed by the Colorado State Controller or designee (hereinafter called the "Effective Date").

3) FACTUAL RECITALS

a. The parties entered into the Contract dated July 1, 2005 (CLIN #05-00004), the first Amendment (CLIN# 06-00015), the First Addendum (CLIN #07-00003) the Second Addendum (CLIN #08-00007), the Third Addendum (CLIN #09-00010), the Fourth Addendum (CLIN #09-00023), the Fifth Addendum (CMS #3363), the Sixth Addendum (CMS #3940), the Seventh Addendum (CMS #19722), the Eighth Addendum (CMS #20924), the Ninth Addendum (CMS #33708), the Tenth Addendum (CMS #33990), the Eleventh Addendum (CMS #45141), the Twelfth Addendum (CMS #49698), and the Thirteenth Addendum (CMS #60357) for the purchase of higher educational services.

b. Additional funds have been budgeted, appropriated and otherwise made available for the purchase of additional higher education services for the residents of the state of Colorado for FY 2012-13.

c. Additional funds have been budgeted, appropriated and otherwise made available for the purchase of additional higher education services for the residents of the state of Colorado for FY 2013-14.

4) CONSIDERATION-CONTINGENCY

The Parties acknowledge that the mutual promises and covenants contained herein and other good and valuable consideration are sufficient and adequate to support this Addendum. The funding of this Contract is contingent upon the Department's funding from the Joint Budget Committee of the Colorado General Assembly (JBC). The JBC reserves the right to adjust the funding amount of the Contract in accordance with changes in student enrollment at the Institution.

5) LIMITS OF EFFECT

This Addendum is incorporated by reference into the Contract, and the Contract and all prior amendments or addenda thereto, if any, remain in full force and effect except as specifically modified herein.

6) MODIFICATIONS

a. FY 2012-13 close out

The JBC has adjusted the FY 2012-13 amount by seventy-seven thousand, three hundred eighty-four dollars (\$77,384) less for a total contract amount of seven hundred

ninety-seven million, five hundred eighty-eight thousand, six hundred forty-five dollars (\$797,588,645) through the end of FY 2012-13. This adjusted the earlier agreement by 197 credit hours of courses that assist student in Graduate I (Master level) services at a FY 2012-13 rate of \$392 per credit hour.

b. FY 2013-14 allocation

The Department will transfer an additional ninety-seven million, six hundred seventy-eight thousand, three hundred fifty-nine dollars (\$97,678,359) for a total contract amount of eight hundred ninety-five million, two hundred sixty-seven thousand, four dollars (\$895,267,004) through the end of FY 2013-14 for the purchase of the higher education services set forth in **Exhibit A-14**, attached hereto and incorporated by reference, under Fund Number **100**, Appropriation Account **FFS**. Upon the commencement of the Fourteenth Addendum, the Department will transfer this amount in monthly payments (1/12 of total) within the first week of each month of the term of the contract.

c. Intercept Program

In accordance with SB08-245, if the Institution participates in the Intercept program the Institution is required to notify the Department of the Treasury (hereinafter referred to as the "Treasury") when the Institution is unable to make a required bond payment. The Treasury will make the required payment on behalf of the Institution and the Treasury is authorized to intercept the System's Fee-For-Service payment to recoup expended funds. Any payments made under the Contract (even if intercepted by a third party) are considered to be payments made to the Institution for services provided under the terms of the Contract.

7) START DATE

This Addendum shall take effect on the later of its Effective Date or July 1, 2013.

8) ORDER OF PRECEDENCE

In the event of any conflict, inconsistency, variance, or contradiction between the provisions of this Addendum and any of the provisions of the Contract, the provisions of this Addendum shall in all respects supersede, govern, and control.

9) AVAILABLE FUNDS

FINANCIAL OBLIGATIONS OF THE STATE PAYABLE AFTER THE CURRENT FISCAL YEAR ARE CONTINGENT UPON FUNDS FOR THAT PURPOSE BEING APPROPRIATED, BUDGETED, AND OTHERWISE MADE AVAILABLE.

THE PARTIES HERETO HAVE EXECUTED THIS AMENDMENT

* Persons signing for Contractor hereby swear and affirm that they are authorized to act on Contractor's behalf and acknowledge that the State is relying on their representations to that effect.

CONTRACTOR University of Colorado	STATE OF COLORADO John Hickenlooper. GOVERNOR Department of Higher Education
By:  By: Bruce Benson Title: President	By:  By: Lt. Gov. Joseph A. Garcia, Executive Director
 By: Michael Carrigan Title: Chair, Board of Regents	

ALL CONTRACTS REQUIRE APPROVAL BY THE STATE CONTROLLER

CRS §24-30-202 requires the State Controller to approve all State Contracts. This Contract is not valid until signed and dated below by the State Controller or delegate. Contractor is not authorized to begin performance until such time. If Contractor begins performing prior thereto, the State of Colorado is not obligated to pay Contractor for such performance or for any goods and/or services provided hereunder.

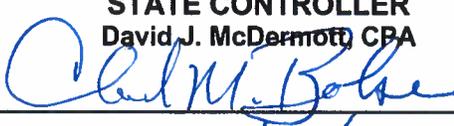
STATE CONTROLLER David J. McDermott, CPA
By:  Date: <u>9/12/13</u>

EXHIBIT A-14

STATEMENT OF WORK THE REGENTS OF THE UNIVERSITY OF COLORADO

The General Assembly has found that some services that are offered by institutions of higher education go beyond the scope of undergraduate services and are not part of the College Opportunity Fund stipend program. Instead, the General Assembly has determined that it is in the best interests of the state for the Department to purchase these selected postsecondary educational services for the benefit of students. In accordance with 23-1-109.7 Colorado Revised Statutes (CRS) these services may include, but need not be limited to:

- a) Educational services in rural areas or communities in which the cost of delivering the educational services is not sustained by the amount received in student tuition;
- b) Educational services required of the commission to meet its obligations under reciprocal agreements pursuant to section 23-1-112;
- c) Graduate school services;
- d) Educational services that may increase economic development opportunities in the state, including courses to assist students in career development and retraining; and
- e) Specialized educational services and professional degrees, including but not limited to the areas of dentistry, medicine, veterinary medicine, nursing, law, forestry, and engineering.

I. Graduate and Other Educational Services

In order to purchase graduate educational services the Department and the Institution have developed a cost model that identifies expenses incurred by the Institution in educating graduate students. Based upon this cost information, the Department shall purchase services on a per credit hour basis. The per credit hour basis is a common method of determining costs and is easily identifiable and auditable under this contract.

Such services are purchased in order to provide advanced degrees in various fields of study. Each degree is designed to provide a specific field of knowledge to students that benefit the educational mission of the student and the state. A highly educated workforce attracts businesses and people to the state and helps create a diverse and robust economy. Further, these services allow citizens the opportunity to improve their educational knowledge and career opportunities by learning new skills. The Department finds that people who are highly trained and specialized in a field of study are more easily employed and desirable in the workplace, the Department therefore finds that the purchase of these services benefits all citizens and ensures the economic vitality of the state.

The Institution shall provide graduate and other educational services to the Department consistent with its statutory role and mission. The Department on a credit hour cost basis shall purchase such services. The Institution shall ensure that all similarly situated students shall benefit from Graduate or Other Educational Services purchased by the Department on a per credit hour basis.

Other postsecondary educational services shall be purchased in accordance with Title 23, Article 1, Section 109.7, Colorado Revised Statutes. Specifically, the following services shall be purchased:

- a. The Department shall purchase 63,028 credit hours for Graduate I (Master level) services. The rate at which such credit hours shall be purchased will be \$456 per credit hour in accordance with costs identified in Exhibit C-14 for a total of \$28,727,974
- b. The Department shall purchase 11,720 credit hours for Graduate II (Doctorate level) services. The rate at which such credit hours shall be purchased will be \$1,545 per credit hour in accordance with costs identified in Exhibit C-14 for a total of \$18,113,596.

II. Specialized educational services and professional degrees

The Department shall purchase specialized educational services to support high cost health sciences programs that provide educational services for the training of students in the fields of medicine, dentistry, nursing, pharmacy, and other health sciences programs and professional degrees. Such services are vital to providing training for health sciences professionals in numerous fields in which the citizens of this state benefit.

The Department shall purchase 17,657 graduate credit hours of Health Sciences professional service programs. The rate at which such credit hours shall be purchased will be \$2879 per credit hour for a total of \$50,836,789.

In order to ensure that such services are provided in a reasonable and fiscally responsible manner, the Institution shall report annually, through the Student Unit Reporting Data System, and the Final Student Enrollment Report, or by other means established by the Department, on the number of student FTE served and credit hours provided by each category listed in this exhibit. If such report shows an amount of credit hours lower than is purchased herein, the Department shall adjust the payments under this contract accordingly. Further the Department may audit such services periodically to ensure that the number of credit hours purchased has been provided.

Nothing in this section shall prevent the Institution from enrolling students above and beyond the units contracted for under Other Educational Services.

**FY 2012-2013 Unfunded Graduate Education Costs Estimate
Exhibit C-14**

		Total Grad Costs for FFS from Cost Study Per FTE	Graduate Tuition & Fee Rev. Per FTE	Net Difference Per FTE	Net Difference Per Credit Hour
University of Colorado	Graduate 1	\$31,757	\$18,083	\$13,674	\$456
	Graduate 2	\$69,004	\$22,641	\$46,363	\$1,545
	AMC	\$145,253	\$58,880	\$86,373	\$2,879

The University of Colorado
Using the CCHE Undergraduate/Graduate Cost Study Model
FY 2012-13(Est) Budget Data Book

Student and Faculty FTE
FY 12 Actual

Format 40

	<u>Student FTE</u>			
	UCB	UCCS	UCD	Total
Undergraduate	23,697	6,916	8,307	38,920
Graduate I	1,746	677	2,319	4,742
Graduate II	1,161	95	120	1,376
Total	26,604	7,688	10,746	45,038
				142,260

	<u>Faculty FTE</u>			
	UCB	UCCS	UCD	Total
	865	491	382	1,738
	264	136	232	632
	357	64	47	468
Total	1,486	691	661	2,838

	<u>% Student FTE</u>			
	UCB	UCCS	UCD	Total
Undergraduate	89.1%	90.0%	77.3%	86.4%
Graduate I	6.6%	8.8%	21.6%	10.5%
Graduate II	4.4%	1.2%	1.1%	3.1%
Total	100%	100%	100%	100%

	<u>% Faculty FTE</u>			
	UCB	UCCS	UCD	Total
	58.2%	71.1%	57.8%	61.2%
	17.8%	19.7%	35.1%	22.3%
	24.0%	9.3%	7.1%	16.5%
Total	100%	100%	100%	100%

	<u>Student to Faculty Ratios</u>			
	UCB	UCCS	UCD	Total
Undergraduate	27	14	22	22
Graduate I	7	5	10	8
Graduate II	3	1	3	3
Total	18	11	16	16

E&G Expenditures
FY 13 Estimate

	UCB	UCCS	UCD	Total
Instruction	\$ 280,330,139	\$ 48,120,983	\$ 79,639,764	\$ 408,090,886
Research	\$ 10,195,464	\$ 238,425	\$ 12,816	\$ 10,446,705
Public Service	\$ 419,517	\$ -	\$ 24,517	\$ 444,034
Academic Support	\$ 70,662,934	\$ 9,488,688	\$ 22,827,521	\$ 102,979,143
Student Services	\$ 23,085,921	\$ 7,982,345	\$ 8,606,117	\$ 39,674,383
Institutional Support	\$ 34,842,010	\$ 14,574,098	\$ 13,471,593	\$ 62,887,701
O&M of Plant	\$ 58,084,528	\$ 8,664,625	\$ 9,315,444	\$ 76,064,597
Scholarships and Fellowships	\$ 50,974,297	\$ 5,336,195	\$ 14,479,585	\$ 70,790,077
Hospitals	\$ -	\$ -	\$ -	\$ -
Transfers	\$ 71,417,546	\$ 4,525,770	\$ 13,060,689	\$ 89,004,005
Total	\$ 600,012,356	\$ 98,931,129	\$ 161,438,048	\$ 860,381,531

Undergraduate vs. Graduate Costs Per FTE

Fixed Costs

Methodology: Sum of (Research, Public Service, Student Services, Institutional Support, O&M, Scholarships and Fellowships, and Hospitals Expenditures) / Total Student FTE

	UCB	UCCS	UCD	Total
Undergraduate	\$ 9,360	\$ 5,375	\$ 5,488	\$ 7,756
Graduate I	\$ 9,360	\$ 5,375	\$ 5,488	\$ 7,756
Graduate II	\$ 9,360	\$ 5,375	\$ 5,488	\$ 7,756

Variable Costs

Methodology: ((Instruction+Academic Support) * Faculty FTE)/Student FTE

	UCB	UCCS	UCD	Total
Undergraduate	\$ 8,622	\$ 5,919	\$ 7,129	\$ 8,042
Graduate I	\$ 35,714	\$ 16,748	\$ 15,509	\$ 24,001
Graduate II	\$ 72,630	\$ 56,166	\$ 60,716	\$ 61,248

Total Costs

Methodology: Fixed Costs + Variable Costs

	UCB	UCCS	UCD	Total
Undergraduate	\$ 17,982	\$ 11,294	\$ 12,616	\$ 15,798
Graduate I	\$ 45,074	\$ 22,123	\$ 20,996	\$ 31,757
Graduate II	\$ 81,990	\$ 61,541	\$ 66,203	\$ 69,004

Per credit hour

Minus Stipend

526.59	464.59
1,058.55	
2,300.15	

The University of Colorado
 Anschutz Medical Campus
 FY 2012-13 (Est) Data

Fee-For-Service: Anschutz Medical Campus

Anschutz Medical Campus - SFTE	2,957
Total Cost/SFTE - based on average peer cost	\$145,253
Tuition & Other Than Tuition Revenues/SFTE	\$58,880
Difference	\$86,373
Per credit hour rate	\$2,879.10
Credit Hours purchased	17,657.2

Note: Peer average and AMC cost per SFTE inflated from FY 2008

**FY 2013-2014 Unfunded Graduate Education Costs Estimate
Exhibit C-14**

		Total Grad Costs for FFS from Cost Study Per FTE	Graduate Tuition & Fee Rev. Per FTE	Net Difference Per FTE	Net Difference Per Credit Hour
University of Colorado					
	Graduate 1	\$31,757	\$18,083	\$13,674	\$456
	Graduate 2	\$69,004	\$22,641	\$46,363	\$1,545
	AMC	\$145,253	\$58,880	\$86,373	\$2,879

The University of Colorado
Using the CCHE Undergraduate/Graduate Cost Study Model
FY 2013-14(Est) Budget Data Book

Student and Faculty FTE
FY 12 Actual

Format 40

	<u>Student FTE</u>			
	<u>UCB</u>	<u>UCCS</u>	<u>UCD</u>	<u>Total</u>
Undergraduate	23,697	6,916	8,307	38,920
Graduate I	1,746	677	2,319	4,742
Graduate II	1,161	95	120	1,376
Total	26,604	7,688	10,746	45,038
				142,260

	<u>Faculty FTE</u>			
	<u>UCB</u>	<u>UCCS</u>	<u>UCD</u>	<u>Total</u>
Undergraduate	865	491	382	1,738
Graduate I	264	136	232	632
Graduate II	357	64	47	468
Total	1,486	691	661	2,838

	<u>% Student FTE</u>			
	<u>UCB</u>	<u>UCCS</u>	<u>UCD</u>	<u>Total</u>
Undergraduate	89.1%	90.0%	77.3%	86.4%
Graduate I	6.6%	8.8%	21.6%	10.5%
Graduate II	4.4%	1.2%	1.1%	3.1%
Total	100%	100%	100%	100%

	<u>% Faculty FTE</u>			
	<u>UCB</u>	<u>UCCS</u>	<u>UCD</u>	<u>Total</u>
Undergraduate	58.2%	71.1%	57.8%	61.2%
Graduate I	17.8%	19.7%	35.1%	22.3%
Graduate II	24.0%	9.3%	7.1%	16.5%
Total	100%	100%	100%	100%

	<u>Student to Faculty Ratios</u>			
	<u>UCB</u>	<u>UCCS</u>	<u>UCD</u>	<u>Total</u>
Undergraduate	27	14	22	22
Graduate I	7	5	10	8
Graduate II	3	1	3	3
Total	18	11	16	16

E&G Expenditures
FY 13 Estimate

	<u>UCB</u>	<u>UCCS</u>	<u>UCD</u>	<u>Total</u>
Instruction	\$ 280,330,139	\$ 48,120,983	\$ 79,639,764	\$ 408,090,886
Research	\$ 10,195,464	\$ 238,425	\$ 12,816	\$ 10,446,705
Public Service	\$ 419,517	\$ -	\$ 24,517	\$ 444,034
Academic Support	\$ 70,662,934	\$ 9,488,688	\$ 22,827,521	\$ 102,979,143
Student Services	\$ 23,085,921	\$ 7,982,345	\$ 8,606,117	\$ 39,674,383
Institutional Support	\$ 34,842,010	\$ 14,574,098	\$ 13,471,593	\$ 62,887,701
O&M of Plant	\$ 58,084,528	\$ 8,664,625	\$ 9,315,444	\$ 76,064,597
Scholarships and Fellowships	\$ 50,974,297	\$ 5,336,195	\$ 14,479,585	\$ 70,790,077
Hospitals	\$ -	\$ -	\$ -	\$ -
Transfers	\$ 71,417,546	\$ 4,525,770	\$ 13,060,689	\$ 89,004,005
Total	\$ 600,012,356	\$ 98,931,129	\$ 161,438,046	\$ 860,381,531

Undergraduate vs. Graduate Costs Per FTE

Fixed Costs

Methodology: Sum of (Research, Public Service, Student Services, Institutional Support, O&M, Scholarships and Fellowships, and Hospitals Expenditures) / Total Student FTE

	<u>UCB</u>	<u>UCCS</u>	<u>UCD</u>	<u>Total</u>
Undergraduate	\$ 9,360	\$ 5,375	\$ 5,488	\$ 7,756
Graduate I	\$ 9,360	\$ 5,375	\$ 5,488	\$ 7,756
Graduate II	\$ 9,360	\$ 5,375	\$ 5,488	\$ 7,756

Variable Costs

Methodology: ((Instruction+Academic Support) * Faculty FTE)/Student FTE

	<u>UCB</u>	<u>UCCS</u>	<u>UCD</u>	<u>Total</u>
Undergraduate	\$ 8,622	\$ 5,919	\$ 7,129	\$ 8,042
Graduate I	\$ 35,714	\$ 16,748	\$ 15,509	\$ 24,001
Graduate II	\$ 72,630	\$ 56,166	\$ 60,716	\$ 61,248

Total Costs

Methodology: Fixed Costs + Variable Costs

	<u>UCB</u>	<u>UCCS</u>	<u>UCD</u>	<u>Total</u>
Undergraduate	\$ 17,982	\$ 11,294	\$ 12,616	\$ 15,798
Graduate I	\$ 45,074	\$ 22,123	\$ 20,996	\$ 31,757
Graduate II	\$ 81,990	\$ 61,541	\$ 66,203	\$ 69,004

Per credit hour

Minus Stipend

526.59
1,058.55
2,300.15

464.59

The University of Colorado
Using the CCHE Undergraduate/Graduate Cost Study Model
FY 2013-14(Est) Budget Data Book

Fee-For-Service: Graduate Funding Calculation

Total Cost (Expenditures on Graduate Education) From CCHE Model

Graduate I	\$ 150,589,838	31,757	61.3%
Graduate II	\$ 94,950,090	69,004	38.7%
	<u>\$ 245,539,928</u>		

E&G Tuition Revenues - Graduate Education

Graduate I	\$ 85,748,424	18,083
Graduate II	<u>\$ 31,154,544</u>	22,641
	<u>\$ 116,902,968</u>	

Remaining Costs (new section added simply to show the difference between cost and tuition)

Graduate I	\$ 64,841,414	13,674
Graduate II	<u>\$ 63,795,546</u>	46,363
	<u>\$ 128,636,960</u>	

Remaining Costs Covered by Other Revenues

Graduate I	\$ 36,113,440	79,232	456
Graduate II	<u>\$ 45,681,949</u>		
	81,795,389		

Remaining Cost Covered by FFS - Graduate Education Funding

Graduate I	\$ 28,727,974	
Graduate II	<u>\$ 18,113,597</u>	
	<u>\$ 46,841,571</u>	long bill

Credit Hours Purchased	Per Credit Amount	Credit Hours
Graduate I	\$ 456	63,028.3
Graduate II	\$ 1,545	11,720.7

Check: Revenues = Expenditures

	Expenditures	Revenues
Graduate I	\$ 150,589,838	\$ 150,589,838
Graduate II	<u>\$ 94,950,090</u>	<u>\$ 94,950,090</u>
	<u>\$ 245,539,928</u>	<u>\$ 245,539,928</u>

The University of Colorado
Anschutz Medical Campus
FY 2013-14 (Est) Data

Fee-For-Service: Anschutz Medical Campus

Anschutz Medical Campus - SFTE	2,957
Total Cost/SFTE - based on average peer cost	\$145,253
Tuition & Other Than Tuition Revenues/SFTE	\$58,880
Difference	\$86,373
Per credit hour rate	\$2,879.10
Credit Hours purchased	17,657.2

Note: Peer average and AMC cost per SFTE inflated from FY 2008