Joint House and Senate Education Committee Oversight Hearing for the Department of Higher Education

January 16, 2013 HCR 0112



Overview of Presentation

- The Department of Higher Education
 - Mission Statement
 - Commission
 - Key Functions and Divisions
- Snapshot of Higher Education in Colorado
 - Institutions and Students
- SMART Act (House Bill 10-1119)
 - Colorado Competes: Master Plan (Senate Bill 11-052)
 - Performance Contracts (Senate Bill 11-052)
- FY13-14 Budget Request (Joint Rule 25)
 - Operating
 - Financial Aid
 - Other Decision Items
- Initiatives

The Department of Higher Education

The mission of the Department of Higher Education is to improve the quality of, ensure the affordability of, and promote access to, post-secondary education for the people of Colorado.

In pursuing its mission, the Department of Higher Education will act as an advocate for the students and institutions of postsecondary education and will coordinate and, as needed, regulate the activities of the state's postsecondary education institutions.

The Colorado Commission on Higher Education

- The state's central policy and coordinating board for higher education;
- CCHE includes eleven members appointed by the Governor:
 - four-year terms, with limit of two consecutive terms.
 - At least one member from each congressional district, and at least one from west of the continental divide.
- Advisory Committee includes 6 legislative representatives.
 - Plus: Faculty, Student, Non-profit Private, Institutional Finance, Academic Council, K-12 and Parent Advisory members

Higher Education Policy in Colorado

Colorado General Assembly

- Establishes Statewide and General and Institution-Specific Policies
- •Establishes Annual Budget
- •Establishes the Scope of the Postsecondary System by Creating Institution Specific Roles and Missions

Governing Boards

- •Implement Institution-specific policies
- Provide administrative support to colleges and universities
- · Allocate state revenues and financial aid
- Hire college presidents
- Prepare Institutional Master Plan
- Set tuition and fees
- Set academic programs

Colorado Commission on Higher Education

- Coordinates with Governing Boards to Implement Statewide Policies Established by the Legislature
- Coordinates with Governing Boards to Prepare Annual Budget Request
- •Allocates State Revenues Pursuant to Direction from the Legislature
- •Prepares Statewide Master Plan Pursuant to Requirements Established by the Legislature

Department of Higher Education Division Budgets and FTE

College Assist

Director, Angela Baier
9.0 FTE
\$3,200,000
Federally funded through guarantee agency revenues

Department of Higher Education Executive Office

Executive Director, Joe Garcia 26.9 FTE

\$2.2 million total fund

re-appropriated funds (from indirect cost recoveries) and cash funds does not include grants or other non-state funds

Division of Private Occupational Schools

Director, Lorna Candler
7.8 FTE
\$633,544
Cash Funded (fees)

College in Colorado

Director, Dawn Taylor-Owens
12.0 FTE
\$2,800,000
Funded by College Assist (\$3.2 M)

GEAR UP

Director, Scott Mendelsberg
6.25 FTE
\$571,308
Federally Funded (grant)

College Invest

CEO, Angela Baier
21.0 FTE
\$1,550,000*
Funded from 529 admin fees

Higher Education in Colorado: Institutions

- 31 Public Institutions of Higher Education (established by the Colorado General Assembly and the Colorado Constitution)
 - 13 four-year and research institutions
 - 15 two-year public institutions
 - 3 Area Vocational Schools/Colleges
- Over 330 private occupational schools (Division of Private Occupational Schools, CRS 12-59-101 et seq)
- Over 100 degree-granting private colleges and religious training institutions (Degree Authorization Act, CRS 23-2-101 et seq)

Higher Education in Colorado: Students

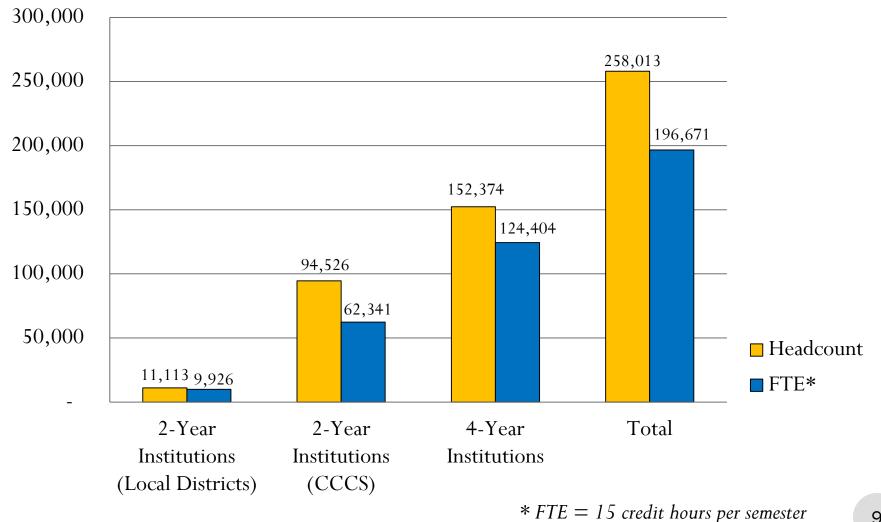
2011-12 (public institutions):

- Enrollment:
 - ± 196,671 FTE
 - \pm 258,014 headcount
- Degree seeking 90%; Non-Degree 10%
- Undergraduate 90%; Graduate 10%
- Resident 86%; Out-of-State 14%
- Male 46%; Female 54% (consistent trend over past decade)

2011-12: 40,431 Degrees; 9,308 Certificates = 49,739 Total

FY 11-12 Total Enrollment: Headcount and FTE

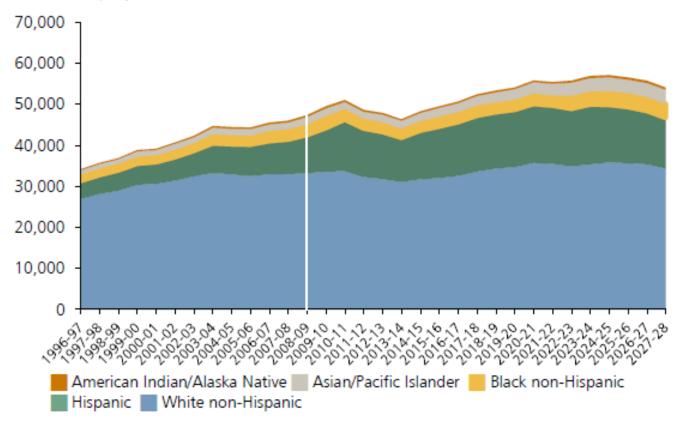
(Includes public institutions only – incomplete data for private institutions)



Planning for Demographical Changes

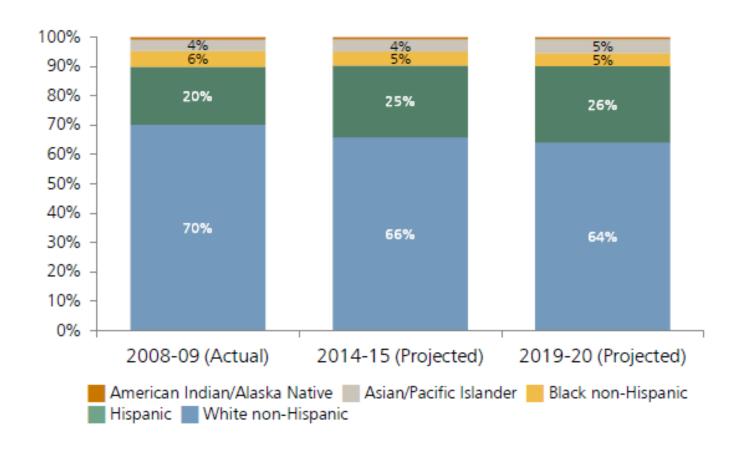
Public High School Graduates by Race/Ethnicity

Colorado will experience increasing diversity in its public high school graduating classes throughout the years projected:



Planning for Demographical Changes

Composition of Public High School Graduates by Race/Ethnicity



Planning for Changes by Age

Enrollment Growth in Colorado's Public Institutions of Higher Education

Based on population change alone, Colorado's public institutions could enroll more than 40,000 (over 20%) additional new Colorado students by 2021. Much of this growth will be fueled by the dramatic increases of the state's Hispanic/Latino population. The most dramatic enrollment changes are expected to be among adult undergraduates aged 25 and older (Figure 2).

20,639
29,655

New freshmen (+17%*)

Trad age transfers (+21%*)

Non-trad transfers (+5%*)

New adult undergrad (+18%*)

Graduate (+9%*)

(*)- percent change from 2010

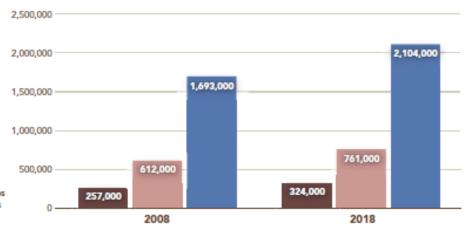
Figure 2: College Enrollment in 2021

Facts about Colorado's Future Labor Market

By 2018, nearly 70% of all of the jobs in Colorado will require some level of postsecondary education (5th highest in the nation).

In contrast, the demand for high school trained adults in Colorado is the second weakest in the nation (49th in the nation).

CHANGE IN JOBS BY EDUCATION LEVEL: 2008 AND 2018.								
Education level	2008 Jobs	2018 Jobs	Difference					
High school dropouts	257,000	324,000	68,000					
High school graduates	612,000	761,000	149,000					
Postsecondary	1,693,000	2,104,000	411,000					



SMART ACT Audit Findings:

The Department of Higher Education did not have any specific findings that were highlighted through the report.

However, there were some areas where DHE was presented as being deficient in achieving the requirements.

- 1. Higher Education is lacking "strategies" to meet performance goals (they belong at the IHE level)
- 2. Performance Evaluation of measures not in place (premature at the time of the audit)
- 3. Specified period for successful performance (that is now in place)
- 4. Not developed with the input of employee organizations (we do not have an employee organization)

The Department plan covers 99 percent of our line items and 75 percent of our "programs" (with the exception of **History Colorado** and the **Higher Ed Competitive Research Authority**).

"Colorado Competes" and the SMART Act: Linking Funding to Results

<u>Process created through Senate Bill 11-052 in support of House Bill 10-1119 (SMART Act):</u>

- (1) Determine Performance-Based Statewide Goals
 - (2) Articulate Goals in Statewide Master Plan (Colorado Competes)
 - (3) Performance Contracts that implement the Statewide Master Plan
 - (4) Performance Funding

CCHE Master Planning: Statewide Goals

Goal 1: Increasing Attainment: Increase the attainment of high-quality postsecondary credentials across the academic disciplines and throughout Colorado by at least 1,000 new degrees and certificates each year to meet anticipated workforce demands by 2025.

Goal 2: Improving Student Success: Improve student success through better outcomes in basic skills education, enhanced student support services and reduced average time to credential for all students.

Goal 3: Reducing Gaps: Enhance access to, and through, postsecondary education to ensure that the system reflects the changing demographics of the state while reducing attainment gaps among students from underserved communities.

Goal 4: Restoring Fiscal Balance: Develop resources, through increases in state funding, that will allow public institutions of higher education to meet projected enrollment demands while promoting affordability, accessibility and efficiency.

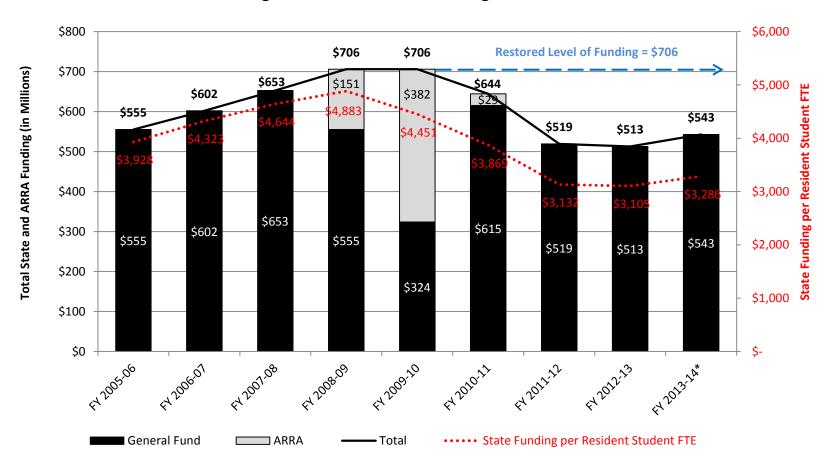
"Colorado Competes: A Completion Agenda for Higher Education" — Master Plan

FY 2013-14 Budget Request

- The request for FY 2013-14 includes an additional \$37 Million General Fund over current year (FY12-13):
- \$30 Million is requested to be directed to the public institutions of higher education for operations.
 - This is on average a 5.8% system wide increase.
 - Step in the right direction when compared to over 27% reduction in funding (FY 09-10 to FY 12-13)
 - Investments will be applied to institutional priorities, helping meet statewide goals of the master plan.

FY 2013-14 Budget Request

State Funding for Public Institutions of Higher Education



^{*} Based on Governor Hickenlooper's November 1, 2012 -- FY 2013-14 Budget Request

<u>Source</u>: Colorado Department of Higher Education
Utilizing Appropriations and Legislative Council Enrollment Forecast

FY 2013-14 Budget Request (CEO Letter)



November 1, 2012

Chairman Richard Kaufman Colorado Commission on Higher Education 1560 Broadway, Suite 1600 Denver, CO 80202

Re: Higher Education Funding Allocation

Dear Chairman Kaufman and Members of the Colorado Commission on Higher Education:

We would like to thank the Governor and Lt. Governor for the recent decision to recommend a \$30 million increase in state funding for the higher education operating budget in FY 2013-14. This is the first time since FY 2008-09 that the operating funding request represents an increase and where budget cutting was not the focus of the higher education funding conversation.

This being said, we all know that there is still a long way to go. We continue to be significantly below prior state funding levels and even further behind state support for higher education in nearly every other state. However, this does not diminish our gratitude for what is a clear commitment on the part of the administration to make higher education a top priority. This increase will give institutions flexibility to invest in priorities such as deferred maintenance, student services, restoring reserves and financial aid.

Over the past three fiscal years, statewide budget balancing has necessitated \$193 million in reductions to higher education from the \$706 million funding level in FY 2009-10. During this time, enrollments have increased substantially. Higher education institutions balanced budgets through a combination of cuts, tuition increases and operating efficiencies while working hard to maintain access as reflected by the substantial enrollment growth throughout the system. This has created significant challenges in maintaining and advancing quality within the higher education system.

The Governor's Office has asked that institutions work together on an allocation methodology as part of the budget submission to the General Assembly on November 1. Colorado has a diverse array of public institutions each serving unique student-customers which makes finding a mutually agreeable funding allocation a challenge.

We believe it is in the best interest of the Governor, General Assembly, Commission and most importantly, Colorado students and families, that institutions come together in agreement around an allocation methodology. Working together, the Colorado institutions have agreed to the attached allocation methodology for FY 2013-14. If the \$30 million allocation for operating were to either increase or decrease during the 2013 legislative session, this same methodology would be applied.

The agreed-upon allocation represents a combination of the three equal parts described below. Each dollar will be split three ways:

Higher Education Funding Allocation November 1, 2012

- One third is based on a proportional increase calculated from each governing board's proportional share of state General Fund for FY 2012-13;
- One third is based on a proportional restoration of each governing board's share of the \$193 million General Fund cut that has been experienced since FY 2008-09; and
- One third is based on a proportional restoration of the average funding per resident student funding level in FY 2008-09 at the most recent final enrollment levels by governing board (to acknowledge recent enrollment growth).

We understand the need to balance many competing priorities as Colorado continues to work toward a full economic recovery. We deeply appreciate the Governor's recommendation to increase funding for higher education.

Sincerely,

Bruce D. Benson, President University of Colorado System

Riel Segg

Dr. M.W. Scoggins, President Colorado School of Mines

Many J M Walli

Nancy McCallin, President Colorado Community College System

Dr. Dene Kay Thomas, President Fort Lewis College

Derflei

Dr. David Svaldi, President Adams State College

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Dr. Marilynn Liddell, President Aims Community College

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Jeff A. Barratt, Executive Director Emily Griffith Technical College

John Jones, Director Delta-Montrose Technical College Tim Foster, President Colorado Mesa University

Michael V. Martin, Chancellor Colorado State University System

Kay Norton, President University of Northern Colorado

Dr. Stephen M. Jordan, President Metropolitan State College of Denver

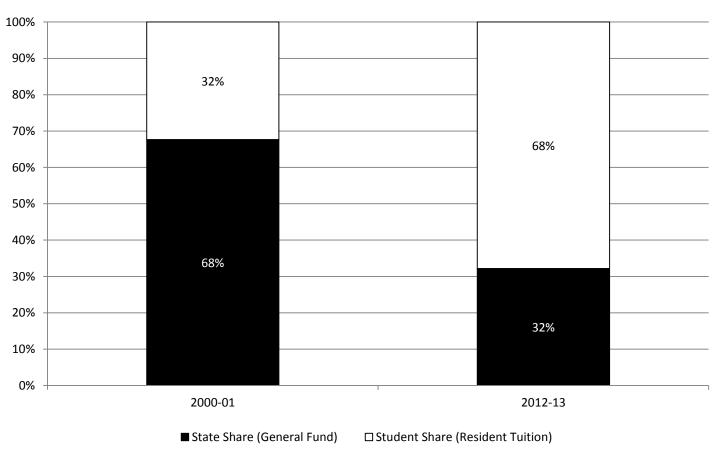
Dr. Jay Helman, President Western State College

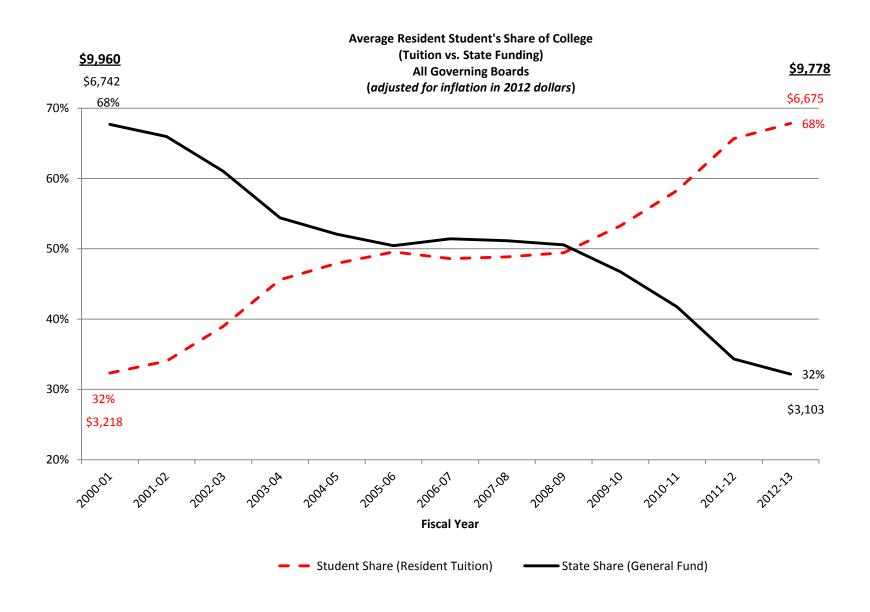
Dr. Stanley Jensen, President Colorado Mountain College

Teina McConnell, Executive Director Pickens Technical College

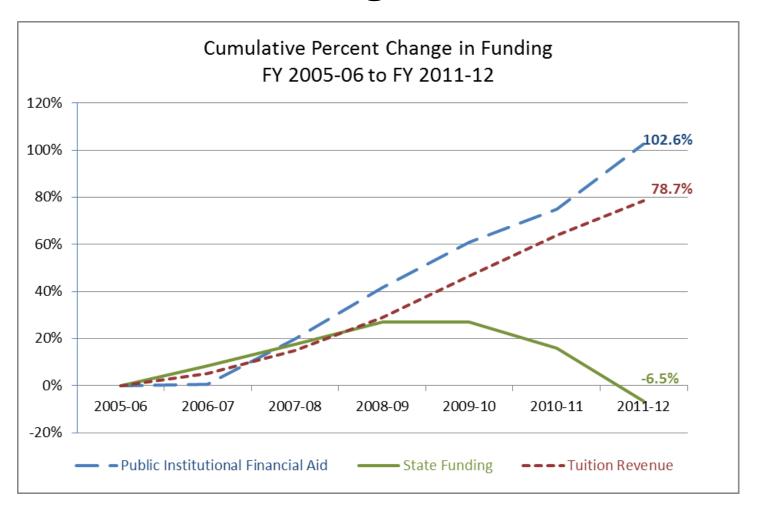
FY 2013-14 Budget Request

College Funding split Student vs. State

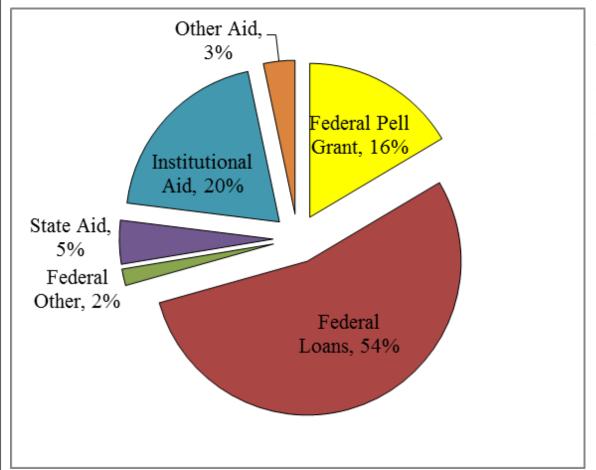




Change in Institutional Financial Aid at Public Institutions of Higher Education



Financial Aid: 2011-12 Sources and Amounts



Average awards per student recipient:

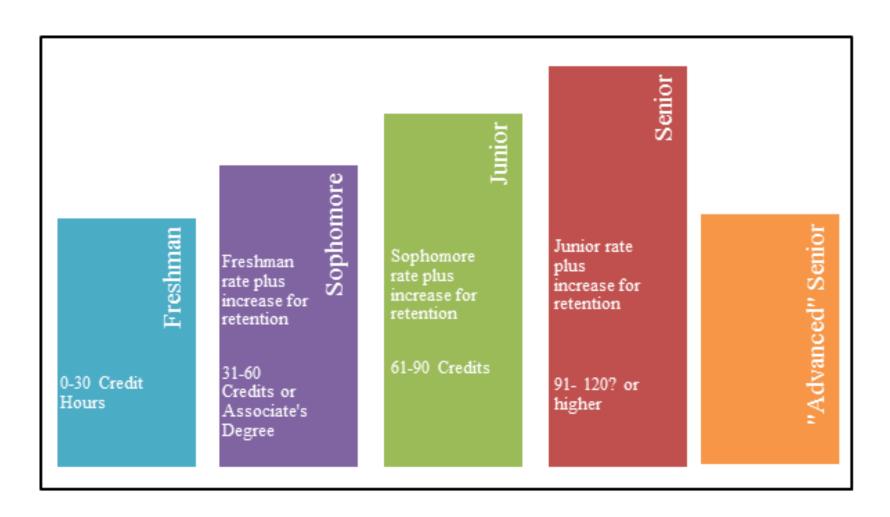
Average Pell Grant = \$3,264 Average State Need-Based Grant = \$1,056 Average State Work-Study Award = \$2,348 Average Institutional Grant = \$4,985

Aid by Type	Total Dollars
ind by type	10001201015
Federal Pell Grant	\$381,468,453
Federal Loans	\$1,255,762,761
Federal Other	\$40,238,156
	. , ,
State Aid	\$106,311,324
Institutional Aid	\$456,985,165
Other Aid	\$76,696,173
Total	\$2,317,462,0320

FY 2013-14 Budget Request

- **Section 23-3.3.-103, C.R.S.** requires that any General Fund operating increase to the governing boards be accompanied by an increase to the financial aid funding at the same aggregate percentage. This request complies this with this section of statute.
- \$5.3 Million General Fund directed towards "Need Based" Financial Aid.
- Mentioned in last week's State of the State.
- Unique in the nation, this money will be combined with the existing allocation for financial aid to support Coloradans with the highest need and incentivizes retention and timely completion.
- Focused on PELL eligible students that demonstrate annual credit accumulation.

CCHE Financial Aid Allocation Incentives for Completion Concept



FY 2013-14 Budget Request

- Additional Budget Decision Items:
 - \$1.6 Million General Fund for Fort Lewis College Native American Tuition Waiver
 - o Statutory obligation. Primarily due to increases in non-resident student enrollments.
 - \$180,420 General Fund increase to COF Stipend to Private institutions of higher education
 - o Due to increased eligible enrollments at participating private non-profit colleges.
 - \$168,890 reappropriated funds for Research and Data Position Funding
 - O DHE is the only state agency that houses the information for the entire system of higher education.
 - DHE needs this additional capacity to utilize data for meaningful purposes for the general public, General Assembly, Colleges and Universities (no new FTE just funding to fill positions)
 - \$55,078 General Fund Dependent Tuition Assistance Program
 - \$6,000 reappropriated funds for WICHE dues

Examples of Current Initiatives

- **CHECRA** (Statutory board state matching funds to Federal research grants)
- StudyColorado (July 2012 Executive Order)
- **Core to College** (K-12 to HIED alignment work; funded)
- Completion Innovation Challenge (Remedial Redesign and performance funding; funded)
- Complete to Compete Grant (Performance contract development; National Governors Association; funded)
- PARCC National Assessment Governing Board
- Interstate College Authorization Compact
- **Reverse Transfer Initiative** (Lumina Foundation)
- **Equity Scorecard** (with WICHE, MSUD, CU-Denver, and CCA)
- Jobs for the Future Early College Policy Design (Bill & Melinda Gates Foundation)
- College Measures Workforce Outcomes Data Development (Lumina Foundation)
- Performance Funding Planning and Statewide Needs Assessment (Ford Foundation; pending)
- Educator Preparation Support for New K-12 Standards (Rose Community Foundation; pending)
- Education for Previously Incarcerated (VERA Institute Grant; pending)

<u>Addendum</u>

FY 2013-14 Allocation Agreement:

November 1, 2012			\$30 Million			
CURRENT FIS CAL YEAR			Final Allocation			
IHEs	FY 12-13	I	FY 13-14	\$ Change	% Change	
Adams	10,909,111		11,557,351	648,240	5.9%	
Mesa	18,630,850		19,818,490	1,187,640	6.4%	
Metro	36,982,005	I	38,965,046	1,983,041	5.4%	
Western	9,114,442	I	9,529,130	414,688	4.5%	
CSU	103,669,552		109,793,611	6,124,059	5.9%	
Ft. Lewis	9,058,839	I	9,534,552	475,713	5.3%	
CU	141,171,344		150,186,513	9,015,169	6.4%	
Mines	15,772,582	I	16,807,718	1,035,136	6.6%	
UNC	31,857,095	I	33,618,944	1,761,849	5.5%	
CCs	116,190,007		122,377,091	6,187,084	5.3%	
Gov Boards	493,355,827		522,188,446	28,832,619	5.8%	
LDJC	11,909,951		12,650,359	740,408	6.2%	
AVS	7,664,871		8,091,844	426,973	5.6%	
Total	512,930,649		542,930,649	30,000,000	5.8%	

Resident Student's Share of College — Tuition Expenses

Institution	FY 2011-12 Tuition only (30 credit hrs)	FY 2012-13 Tuition only (30 credit hrs)	Dollar Increase	% Increase
Adams State University	\$3,312	\$3,816	\$504	15.2%
Colorado Community College System	\$3,176	\$3,383	\$207	6.5%
Colorado Mesa University	\$5,780	\$6,103	\$324	5.6%
Colorado School of Mines	\$12,585	\$13,590	\$1,005	8.0%
Colorado State University System	CSU: \$6,307	CSU: \$6,875	\$568	9.0%
	CSU-P: \$4,486	CSU-P: \$5,194	\$708	15.8%
Fort Lewis College	\$4,048	\$4,800	\$752	18.6%
Metropolitan State University of Denver	\$3,809	\$4,304	\$495	13.0%
University of Colorado System	UCCS: \$6,720	UCCS: \$7,050	\$330	4.9%
	UCD: \$6,776	UCD: \$7,980	\$1,204	17.8%
	UCB: \$7,672	UCB: \$8,056	\$384	5.0%
University of Northern Colorado	\$5,300	\$5,464	\$164	3.1%
Western State Colorado University	\$3,922	\$4,627	\$705	18.0%

NOTE: The tuition figures identified above are considered "Base Tuition Rates" (30 credit hours) and do not include tuition differentials, etc. No fees are identified in these figures.