Chairman Raymond Baker called the meeting to order at 9:35am.

Dr. David Svaldi, President of Adams State College, welcomed the Commissioners to the Adams State campus and gave the Commissioners a brief overview of the college and the challenges they and their Board of Trustees are facing.

Commissioner Raymond Baker, Jill Brake, Patty Pacey, Michael Plachy, James Polsfut, Greg Stevinson and James Stewart were in attendance. Commissioners Richard Ramirez and Joel Rosenstein attended via conference call and Commissioner Edward Robinson was excused. Also in attendance were Advisory Committee members, Robert Applegate and Mark Malone.

Commissioner Stevinson moved to approve the minutes of the September 6 meeting. Commissioner Plachy seconded the motion. The motion passed unanimously.

There were no Chair or Commissioner reports.

**Executive Director Report:** Executive Director David Skaggs called attention to the draft agenda for the October 19th institutional budget presentation given to the Commissioners. He also reported that the first meeting joint staff working group of the Department of Higher Education and the Department of Education had occurred the week of September 24th. This is the beginning of an important, on-going interdepartmental relationship.

**Advisory Committee Report:** Student Advisory Committee member, Robert Applegate, reported that the Associated Students of Colorado (ASC) nominated and voted on the person who will be next student representative on the Advisory Committee. He stated that the ASC would like to have a seat on the Commission in the future and would ask the Commission to consider this, understanding that it is a policy decision that the General Assembly would make.

**Public Comment:** Marie Centano, an assistant professor of social science at Adams State, informed the Commission about the Adams State College Model United Nations and distributed a copy of a proposal to participate in the national model UN conference in New York in April, 2008.

George Walker referred to an article quoting Commissioner James Stewart regarding the lack of racial and ethnic diversity in the state’s institutions, as he reiterated his own criticism of the lack of diversity.
Robert Moore, Vice President for Budget and Finance for the University of Colorado, reported that the timeline at CU for completing a capital construction project was 78 months from initial concept to occupancy as reported by their task force. He suggested the timeline be shortened with “concurrent” planning. Executive Director Skaggs said he expects legislation will be introduced in the next session to address the timeline issue raised by the University. Mr. Moore also addressed three donor-driven capital construction projects submitted without programs plans after DHE’s deadline for budget requests, a deadline designed to comply with General Assembly deadlines and procedures. Commissioner Stevinson requested that in the future CU submit capital construction projects prior to the department’s priority deadline, as do the other state institutions. Andrew Carlson, Director of Capital Assets, reported the projects were included in the CCHE comprehensive five-year capital improvement plan.

**ACTION ITEMS**

**New And Continuing State Funded Capital Projects And Priority List, FY08-09:** Andrew Carlson, Director of Capital Assets, reported that the department reviewed 51 new or continuing state funded capital construction projects of which 11 were continuation projects, 34 were non-continuation projects and six were from the Colorado Historical Society. The total for the 11 continuation projects is $133,410,584. The remaining projects are either projects that were approved and prioritized, but not funded, last year for FY07-08, or new projects. The total FY08-09 state funds cost of all projects requested by institutions of higher education for funding is $329,473,523; for higher education and the Colorado Historical Society the total is $334,647,621. The total cost (including non-state funds) for all requested projects is $691,752,417, including both prior appropriations as well as current and out-year costs.

On September 19, 2007, the Commission’s Sub-Committee on Capital Assets met to recommend the priority list presented in this agenda item. The Sub-Committee recommended prioritizing only 32 of the 51 capital requests to better align the request with a more reasonable, yet still demanding, total request in FY08-09 for submission to the General Assembly. These projects include at least the first and second priority of each governing board. The Sub-Committee also recommended phasing in projects 18 – 32 from the priority list, with funding for only professional services costs (architecture and engineering) in FY08-09. If funded by the legislature, these projects would become continuation projects next year and would need additional state funding in FY09-10.

The recommended priority list of 32 capital requests totals $237,822,291 in state funds. In addition, institutions are bringing approximately $56 million in cash funds to pay for a portion of these projects. The total out year cost of these projects is $357,951,099 in state funds.

The final prioritization list approved by the Commission will be forwarded to the Governor’s Office. Department staff will work with staff from the Governor’s Office of State Planning and Budget (OSPB) to merge the Commission’s priorities with the priorities of other state agencies.
and submit a comprehensive list to the legislature’s Capital Development Committee (CDC) on November 1, 2007.

Mr. Carlson asked the Commission to amend the staff recommendation to approve Morgan Community College’s Nursing, Health Technology and Science Building as a new program plan along with four requests for waivers, 19 other new program plans and 18 program plan amendments. DHE staff further asked that the Commission approve the FY08-09 capital priority list as recommended by the Sub-Committee on Capital Assets, prioritized based on status as a continuation project, governing board priority, health and life safety issues, and programs of high state priority, and including phased funding for projects 18 – 32, and forward the list to the Capital Development Committee (CDC) as part of the Governor’s capital request for FY08-09.

Staff recommends that the Commission acknowledge and forward to the Governor’s Office and the General Assembly the complete number and costs of all higher education capital projects submitted in FY08-09 for informational purposes.

Commissioner Pacey moved to approve the staff’s recommendations and Commissioner Brake seconded the motion. The motion passed unanimously.

**Five Year Capital Improvements Program FY08-09 TO FY12-13:** Andrew Carlson presented a five year capital improvements program for all higher education institutions for fiscal years 08-09 to12-13. State law requires the department and the Commission to collect from each governing board and then annually file a list of all plan projects for the next five years. The combined five-year plans show total needs of over $3.7 billion in Total Funds (TF) and state funding needs of over $1.7 billion. Total FY08-09 state funded requests are over $334 million with total fund requests at $942 million. This indicates that public institutions of higher education in Colorado will need nearly $1 billion this year to meet current capital needs, with a majority of the burden being placed on the institutions which fund these projects through cash sources such as student fees, cash reserves, private donations, and increasingly through bonds funded by tuition revenue.

Staff recommends that the Commission approve the Five-Year Capital Improvements Program and forward it to the Governor, the Office of State Planning and Budgeting, the Capital Development Committee and the Joint Budget Committee.

Commissioner Stevinson moved to approve the Five-Year Capital Improvements Program and forward it to the Governor, the Office of State Planning and Budgeting, the Capital Development Committee and the Joint Budget Committee. Commissioner Plachy seconded the motion. The motion passed unanimously.

**Nominations For CCHE Advisory Committee**— David Skaggs, Executive Director of the Department of Higher Education, reported that the Commission is authorized and directed by section 23-1-130(1)(b) and (c), C.R.S., to appoint seven advisory committee members, in
addition to the six members appointed by the leadership of the general assembly. Paragraph 1(b) specifies that one member shall be a faculty representative and one shall be a student representative. Paragraph 1(c) specifies that not more than five other members should be appointed to represent “educational and other groups.”

At present, the Advisory Committee consists only of the legislative members and the faculty and student representatives. The statutory language appears to be mandatory as to filling the remaining five seats on the Advisory Committee. A Commission policy regarding nominations for the remaining five vacancies and for successors to the current faculty and student representatives is needed to comply with the statute.

Staff recommends that the following additional entities be requested to nominate representatives to serve on the CCHE Advisory Committee for staggered terms of two years, beginning January 1, 2008: Independent Higher Education of Colorado (IHEC); Academic Council; Chief Financial Officers; and two by the Commissioner of Education. To enable the staggering of terms, the initial appointments of the faculty, academic officer, private college and one of the K-12 representatives would be for one year. The nominations for representatives of the students, faculty, academic officers and financial officers should be rotated as much as practicable to enable representation over time from the different public institutions. The Commission would retain full discretion regarding actual appointment of nominees.

Commissioner Stevinson moved to adopt the recommendation and Commissioner Polsfut seconded the motion. The motion passed unanimously.

**Draft Revisions To Title 23, CRS** – This item was tabled until the November 1, 2007 CCHE meeting.

**INFORMATION ITEM**

**Peer Gap Closure Update**– Diane Lindner, Chief Financial Officer, informed the Commission of developments in the NCHEMS peer gap revenue analysis and methodology for updating each fiscal year. The next step is the translation of peer revenues gaps into the budget policy and distribution mechanisms that can bring Colorado institutions to peer parity over the next several years. To translate the gross FTE revenue gap amounts into budget policy for FY2008-2009 and begin to close the peer gap, there needs to be a policy decision on the proper split between general fund and tuition and fees for each type of institution. Determining the share of higher education costs that should be borne by the state and by the student/family is a policy decision that can set a financial course for several years.

The Peer Gap Closure Model is predicated on national numbers that compare Colorado numbers to funding received by each Colorado institution’s peers. The most recent national numbers are for the Fiscal Year 2005-2006 and are provided to the Department of Higher Education by the NCHEMS. The methodology to update the data for the FY 2007-2008 is being reviewed by the
CFO’s, the Governor’s Office and the State Higher Education Executive Officer’s (SHEEO). New data for Colorado will be submitted on October 15th; at that time the peer gap will be recalculated and the new data distributed.

Staff recommends concurrence by the Commission to proceed in discussions with institutions on the peer gap closure model as discussed in this agenda item.

Commissioner Stevinson moved to adjourn. The meeting was adjourned at 11:30am.