Chairman James Polsfut called the meeting to order at 1:10 pm.

Commissioners James Polsfut, Hereford Percy, Dave Edwards, Happy Haynes, Regina Rodriguez and Patty Pacey and were in attendance. Commissioner BJ Scott attended via conference call. Also in attendance were Advisory Committee members Senator Evie Hudak, Julie Marie Shepherd, Kelly Fox, Ruth Annette Carter and Dr. Abe Harraf. Advisors Michael Mincic, Dr. Toni Larson and Rep. Randy Fischer attended via conference call.

Vice Chairman Percy moved to approve the minutes of the June 17, 2010 special CCHE meeting. The motion was seconded by Commissioner Edwards and unanimously passed.

Vice Chairman Percy moved to approve the minutes of the July 8, 2010 CCHE meeting. The motion was seconded by Commissioner Rodriguez and unanimously passed.

Andy Dorsey, President of Front Range Community College, welcomed the Commissioners to the campus. He informed the CCHE of the increased enrollment at the school the last two years and mentioned that students applying for and qualifying for financial aid has doubled in the last two years as a probable result of the economic downturns.

**Higher Education Strategic Plan (HESP) Report:** Executive Director Munn informed the Commission that the HESP steering group held an all day retreat on Tuesday, August 3rd to officially receive and review the recommendations for the subcommittees. Staff will consolidate and align these recommendations for the steering group to review at their next meeting on August 25th. The HESP has scheduled five statewide meetings throughout the state to get feedback from the public on the strategic report. These will occur from mid-September through mid-October. Director Munn and Deputy Director Poast will also meet with the Associated Students of Colorado on September 18th for another feedback session.

**Executive Director’s Report:** On August 17th, there will be a meeting with the Legislative Audit Committee for the Student Fee Audit. Commissioner Pacey will attend the audit with Director Munn and Chief Financial Officer, Mark Cavanaugh.

**Advisory Committee Report:** Senator Evie Hudak spoke of a legislative task force on economic opportunity and poverty reduction formed last year. She is the chair of the education subcommittee and invited members of CCHE and DHE to attend the meetings to talk about opportunities that might be available to assist with access to higher education. **WORKPLAN ITEM**
Review of Performance Contracts for Colorado State University System (CSU) – Dr. Cheryl Lovell, Chief Academic Officer, summarized for the Commission a report on the Colorado State University System’s performance contract. She was joined by System Chancellor Joe Blake, CSU-Ft. Collins President Dr. Tony Frank and CSU-Pueblo President Joe Garcia. Chancellor Blake noted that during the years 2005-2010, CSU has made significant progress towards achieving the goals established and created for them in the performance contract. He talked about CSU being an economic driver, generating approximately one billion dollars for Colorado. The System is important in generating a skilled workforce and provides 7,300 students that enter the workforce each year.

CONSENT ITEMS

Proposal To Offer A Dual Baccalaureate Degree In Biomedical Engineering At Colorado State University
Proposal To Offer A Master Of Science Degree In Systems Engineering At Colorado State University
Proposal To Offer A Doctor Of Philosophy Degree In Systems Engineering At Colorado State University
Proposal To Offer A Baccalaureate Degree In Biochemistry At The University Of Colorado, Colorado Springs
Proposal To Offer A Master Of Science In Information And Communication Technology For Development At The University Of Colorado, Boulder
State Guaranteed General Education Courses, Review Cycle VII, Round III, Communication Courses
Degree Authorization Act – Change Of Authorization For American Pathways University

Commissioner Haynes moved to approve the consent items. The motion was seconded by Commissioner Rodriguez and unanimously passed.

ACTION ITEMS

Potential Resolution On 2010 Ballot Measures – Dr. Kim Poast, Deputy Director, presented this action item as a potential resolution on the 2010 ballot measures Amendments 60, 61 and Proposition 101. These measures would cut tax revenue, prohibit state government from borrowing, and reduce the state income tax from 4.63% to 3.5% gradually over time. Colorado statute permits the Commission to pass a resolution to take a position of advocacy or opposition on any statewide ballot issue. Dr. Poast invited both proponents and opponents to testify before CCHE. Lisa Weil, Policy Communications Director for Great Education Colorado, told CCHE why her organization opposes these measures and how devastating they would be to the statewide ballot issue. Dr. Poast invited both proponents and opponents to testify before CCHE. Lisa Weil, Policy Communications Director for Great Education Colorado, told CCHE why her organization opposes these measures and how devastating they would be to the state wide education system should they pass.

Legislative Council predicts that if these measures pass there would be approximately $38 million for all services to the state, excluding K-12.

Commissioner Haynes expressed interest in the positions that some of the higher education institutions have taken. She stated that there should be clear, strong substantive wording in the resolution
Commissioner Pacey moved that the CCHE oppose all three measures. The motion was seconded by Commissioner Percy and unanimously passed.

DISCUSSION ITEM

Continuing Discussion About Draft Models of FY 2011-2012 General Fund Allocations – Director Munn recapped for the Commission the process in arriving at this point in the allocation process: the special CHCE meetings about Senate Bill 10-03 and the general principles the Commissioners asked staff to follow for the allocation model; setting the Financial Allocation Plans timelines and receiving institutions input on the allocation; examining the financial aid allocation; discussion of several conceptual models for allocation; adopting a timeline to approve an allocation model at a CHCE meeting; directing staff to find what the threshold bottom number might be; and building a model that included specific factors which looked at high cost programs (University of Colorado Anschutz Medical Campus (AMC), and the Colorado State University Professional Veterinary Medical School (PVM)) and enrollment growth.

CFO Mark Cavanaugh presented the Commission with an allocation model based on a total revenue redistribution up to a $450 million funding level. This was the number chosen to keep the institutions “doors open and lights on”, or “the status quo”. If current revenue estimates hold and allow additional funding above $450 million up to $555 million, the model assumes upward adjustments for institutions that have experienced significant enrollment increases since the economic downturn, as well as for high cost programs; CU’s AMC, and CSU’s PVM. Mr. Cavanaugh stated that this approach meets the CCHE allocation principles and according to those principles, this is only intended to be a temporary allocation model.

University of Northern Colorado (UNC) President, Kay Norton, expressed her opinion that there are significant flaws in this allocation model. She stated that the results of the higher education strategic planning process should inform any significant changes in state funding allocation policy, regardless of the amount of funding available. UNC supports the CCHE allocation principles adopted at the June 17th CCHE meeting and believe that this model is inconsistent with those policies in their totality. UNC believes this allocation model represents significant policy changes in how the question of “who gets what in the pot, whatever the amount, is” approached. This model, they believe, is in anticipation of an outcome from the planning process which would shift funding on the basis primarily of undergraduate enrollment to the exclusion of just about everything else that constitutes higher education in the state.

They believe the principle of preserving the status quo is not well served by this model because the shifts in the state investment to particular institutions are disproportionate and the ranges of the change are as much as 37 percentage points. President Norton also stated that such a radical change would not in fact be temporary, despite the stated intent that this be a one year change. She believes that because it is such a radical change, it will become the new base, whatever the result is. Based on her many years of experience, going backwards in the process “doesn’t happen.” She suggested going back and taking a look a the three part models adopted during the past fiscal year that was used in the FY09-10 year as state revenues continued to drop, causing
significant cuts in the state general fund appropriations. She stated that approach would create far less disparity among institutions in terms of the effect of the cuts. UNC believes the allocation methodology needs to be consistent with the CCHE’s past practices.

Dr. Steve Jordan, President of Metropolitan State College of Denver, disagreed with President Norton and supported the model as presented. He believes the model attempts to recognize the impacts of significant enrollment of some of the institutions.

Peter Haan, Chief of Staff at the Colorado School of Mines, Dr. Russ Meyer, Chief Academic Officer for Colorado State University, Kelly Fox, Chief Financial Officer of the University of Colorado and Jeff Barrett, Executive Director of the Emily Griffith Opportunity School along with Lezlie Shirk, Assistant Director of Pickens Technical College, all agreed with Dr. Norton and opposed the allocation model.

Commissioner Edwards did not support the model, nor did Chairman Polsfut. Chairman Polsfut stated that although the model was directionally correct, he felt it was too dramatic and thought that Dr. Norton’s points were valid. Commissioner Rodriguez asked to see a model using $500 million as a base instead for $450 million. Commissioner Haynes would have liked to see a model where the 50/50 split between funding for the high cost programs and enrollment lean more heavily in favor of enrollment.

Commissioner Scott asked staff to try to get consensus from the institutions on an allocation model to be brought to the Commission in September, should this motion to approve pass.

Vice Chairman Percy moved to approve the allocation model brought before the Commission, FY 11-12 Total Revenue Model with Allocations for Med School, Vet School and Enrollment. Commissioner Rodriguez seconded the motion. The vote was three for and three against. The motion did not pass.

**Formation of a Working Group on Student Fee Policies** – Executive Director Munn brought this item to the Commission to approve the formation of a small working group to address the Office of State Auditor’s student fee audit being released on August 17, 2010. This group will perform a review of policies and procedures after the audit process. The group will be comprised student representatives from the Associated Students of Colorado (ASC), along with fee administrators and DHE staff.

Commissioner Haynes moved to approve the formation of a student fee committee. The motion was seconded by Commissioner Edwards and unanimously passed.
FY 2011-2012 Financial Aid Allocation Methodology – Celina Duran, Financial Aid Administrator, presented this item to ask the Commission to consider alternate allocation methodologies, or to maintain the current methodology formula for FY 2011-2012. The current methodology has been in place for the past four years. The two main issues of this methodology are concern proprietary schools receiving state financial aid, and whether financial aid funding should “follow students” or be “allocated to institutions” as is currently the practice. Also to be considered are the different weights of the formula between tiers and graduate school allocations during economic downturns. If the Commission decides to move ahead with a new model, it will have to be in place by the end of the calendar year to allow schools time for packaging and planning for students who will start to apply for financial aid in January 2011 for FY 2012.

The Commission instructed staff to formulate a new methodology for financial aid allocation.

Commissioner Edwards moved to adjourn. The motion was seconded by Commissioner Haynes. The meeting was adjourned at 4:40 pm.