



# *Fiscal Year 2016-17 Budget Request, Allocation Model, and Tuition Policy*

October 29, 2015

Colorado Commission on Higher Education Meeting



**COLORADO**  
Department of  
Higher Education

# *Current Economic Conditions*

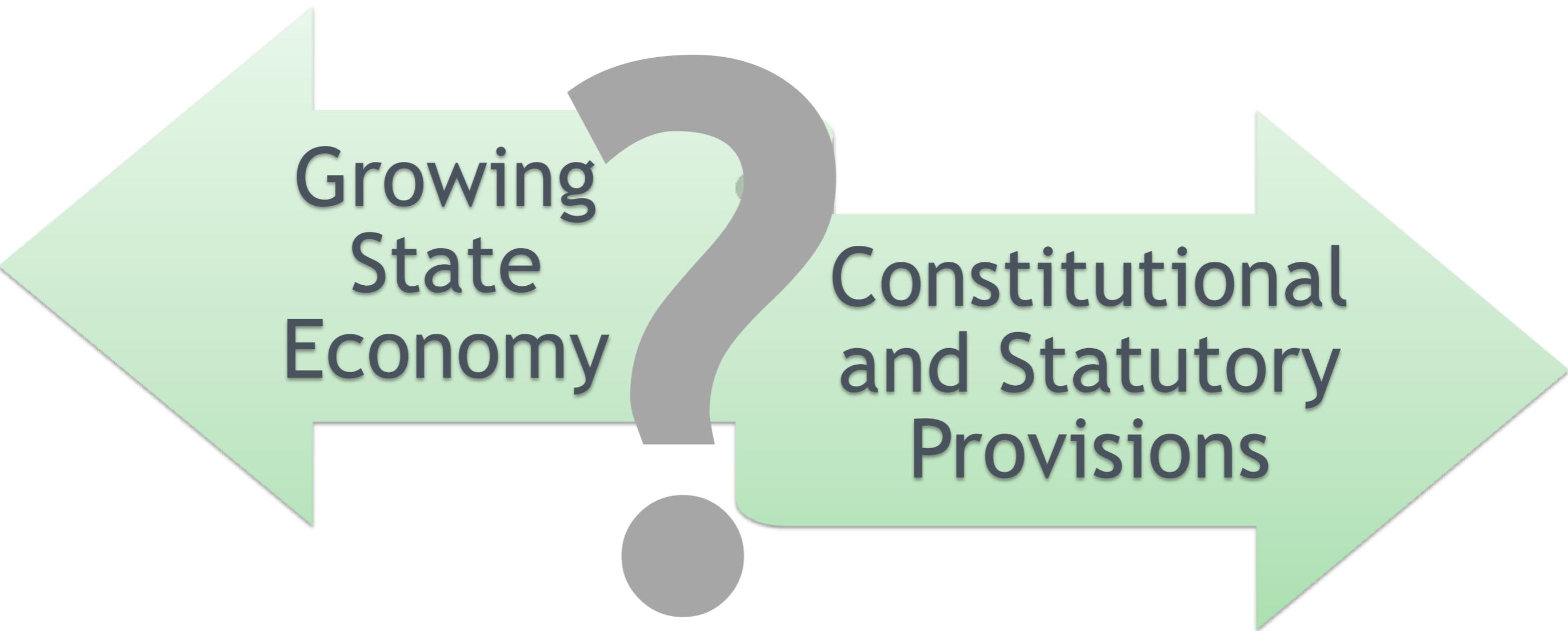
## Robust National Economic Growth

- National growth driven by consumer spending and business investment
- 5.1% unemployment and low inflationary expectations

## Strong State Economy:

- Diverse industry has the state experiencing strong growth
- 4.3% unemployment: regional differences
- Oil and Gas Industry: constrained growth
- Overall robust growth impacting state fiscal situation

# *State Fiscal Outlook*



**Growing  
State  
Economy**

**Constitutional  
and Statutory  
Provisions**

# Capital Construction

## Fiscal Year 2016-17 Prioritized List:

- 31 capital submissions (\$289.9 million in state funds) (\$112.4 in cash funds)
- 5 continuation projects (\$42.5 million in state funds) (\$40.6 million cash funds)
- 26 previously unfunded projects (\$247.4 in state funds) (\$71.8 million in cash funds)
- Process: project scoring, feedback from institutions and Fiscal Affairs and Audit members, moved to the CCHE, final vote

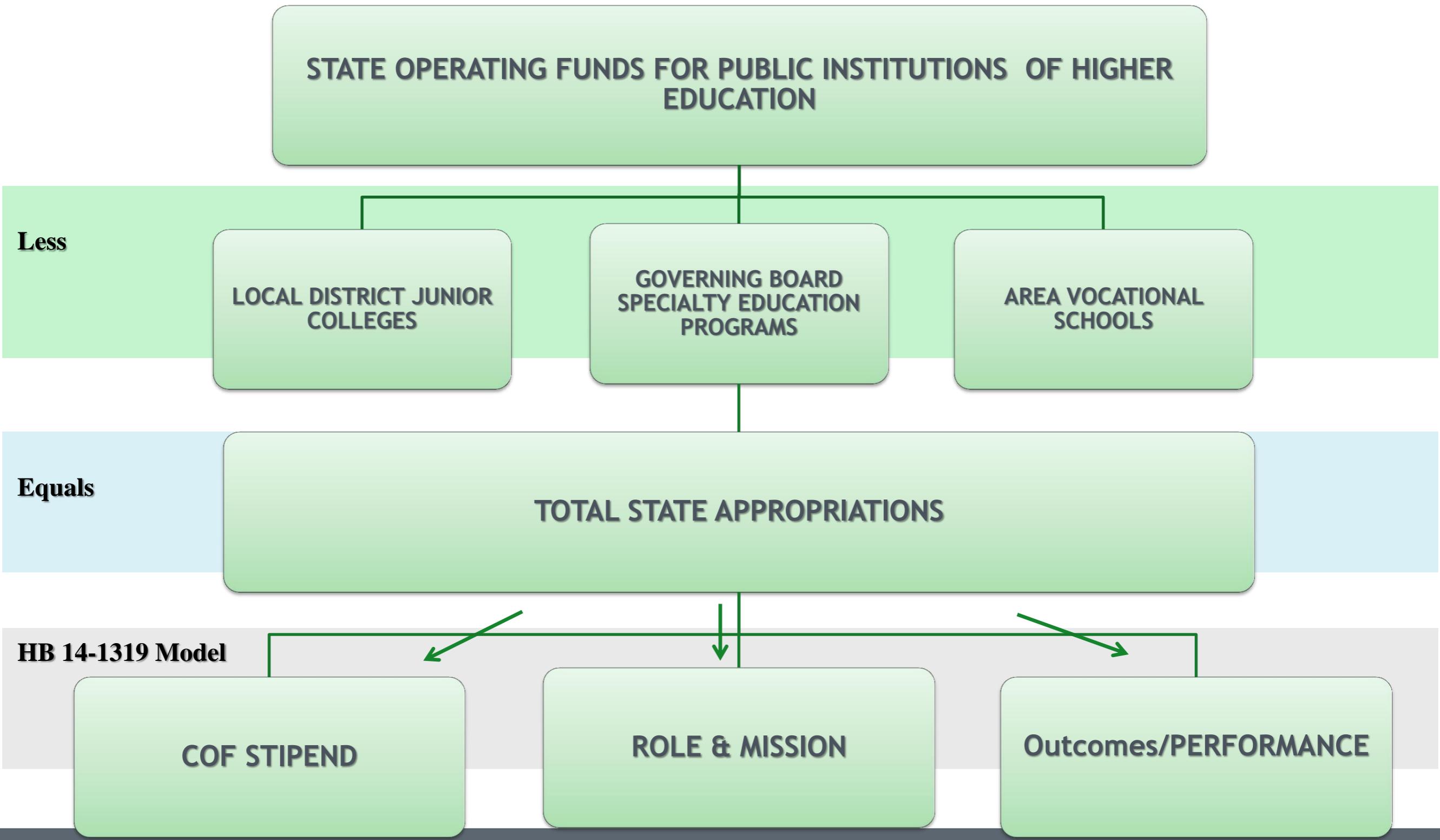
# *Capital Construction: Actions*

## Four Actions Needed:

- Approve the necessary waivers from program planning requirements
- Approve the eleven new or revised program plans
- Approve the FY 2016-17 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 project amounts
- Acknowledge and forward to the Governor's Office and the General Assembly the complete list

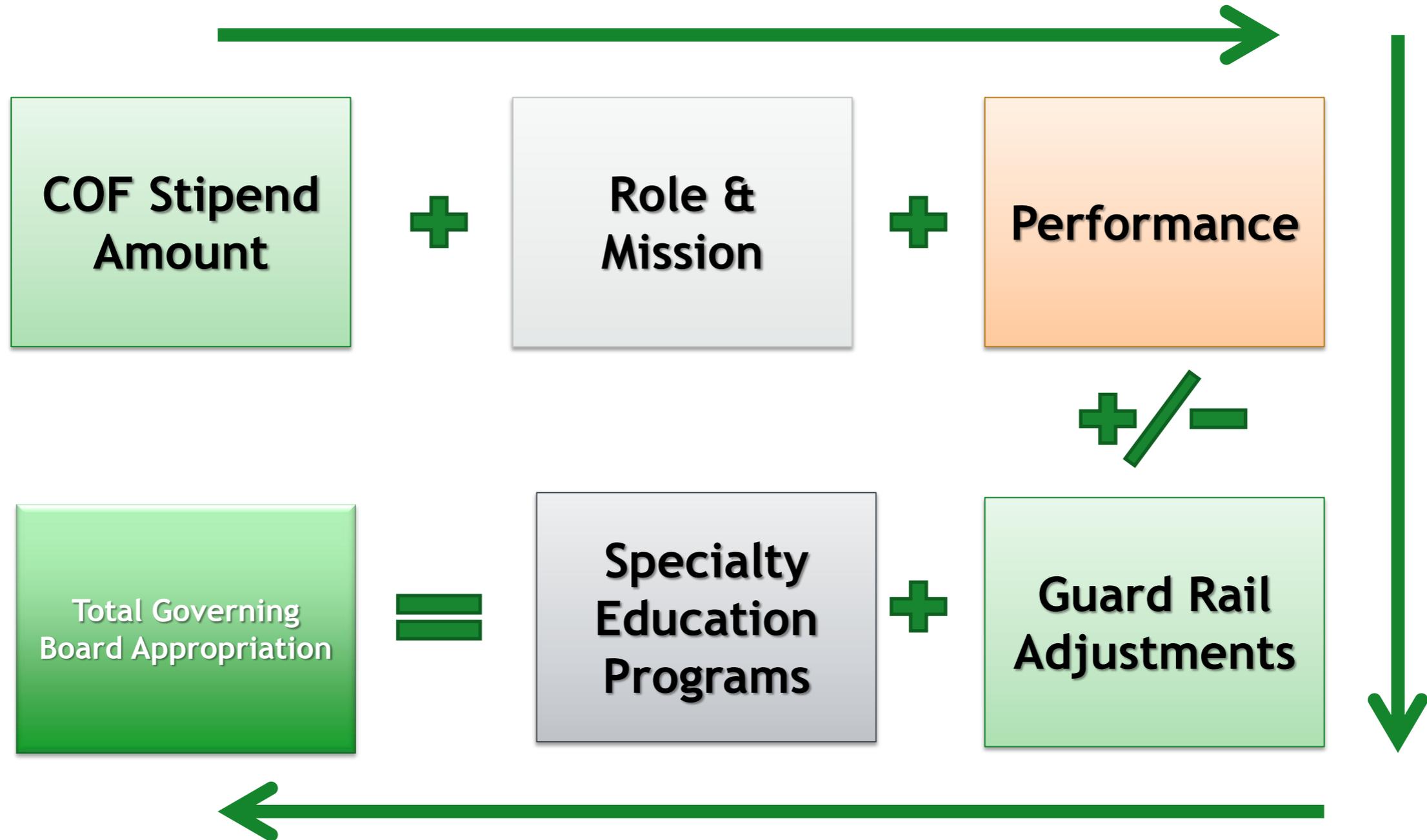
# Higher Education Funding Allocation Model

## Model Process

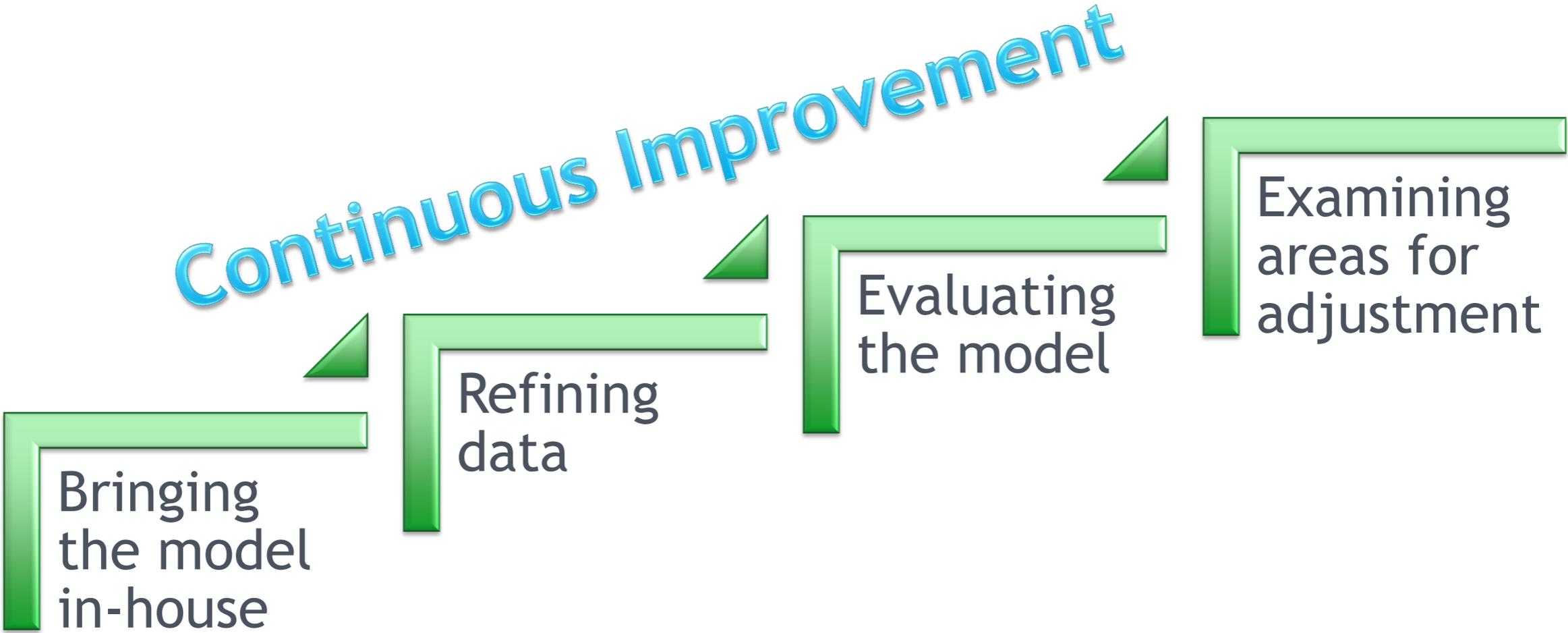


# Higher Education Funding Allocation Model

## Final Allocations

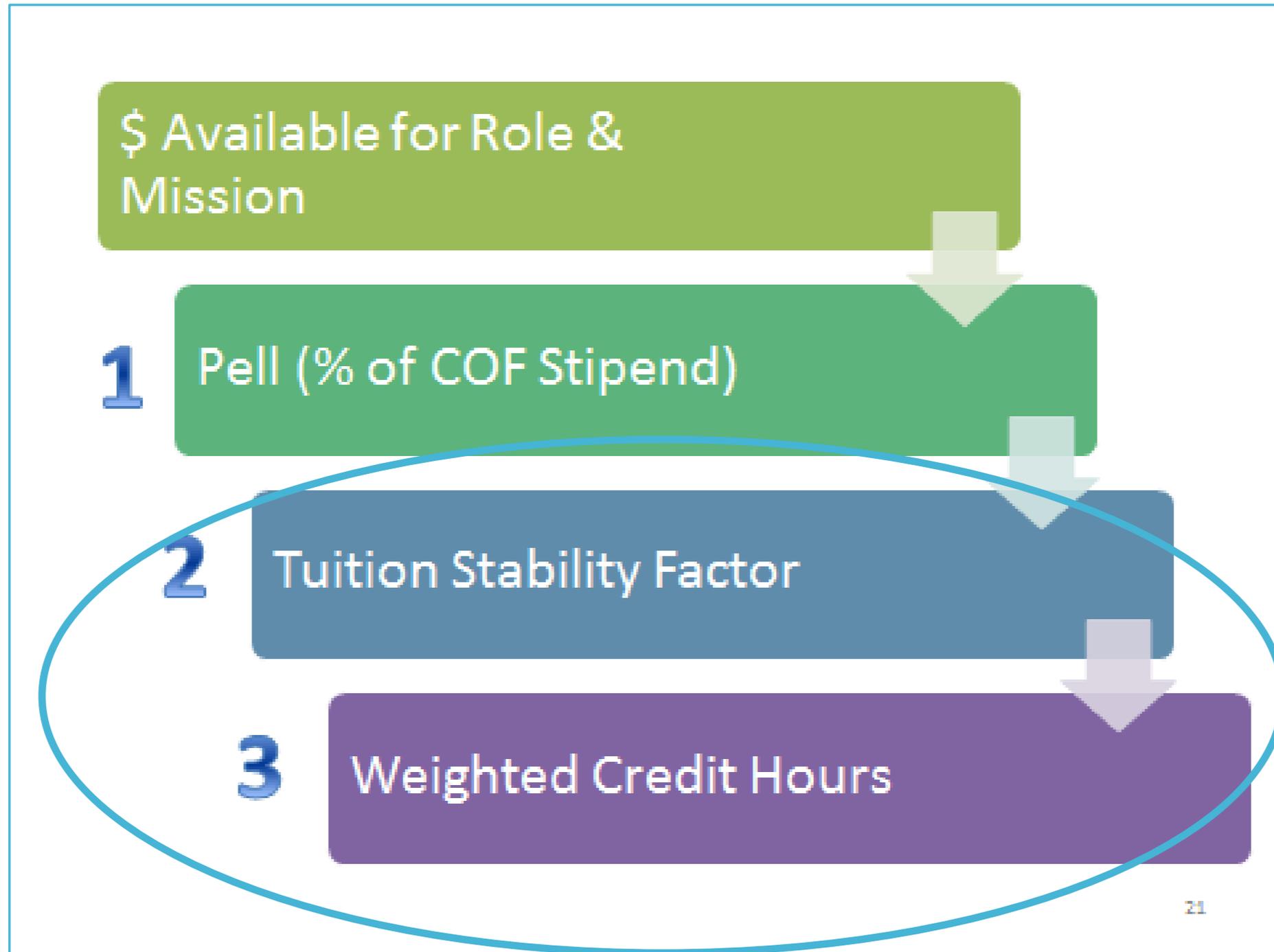


# Higher Education Funding Allocation Model Review Process



# Higher Education Funding Allocation Model

## 1.0 Framework—Role & Mission

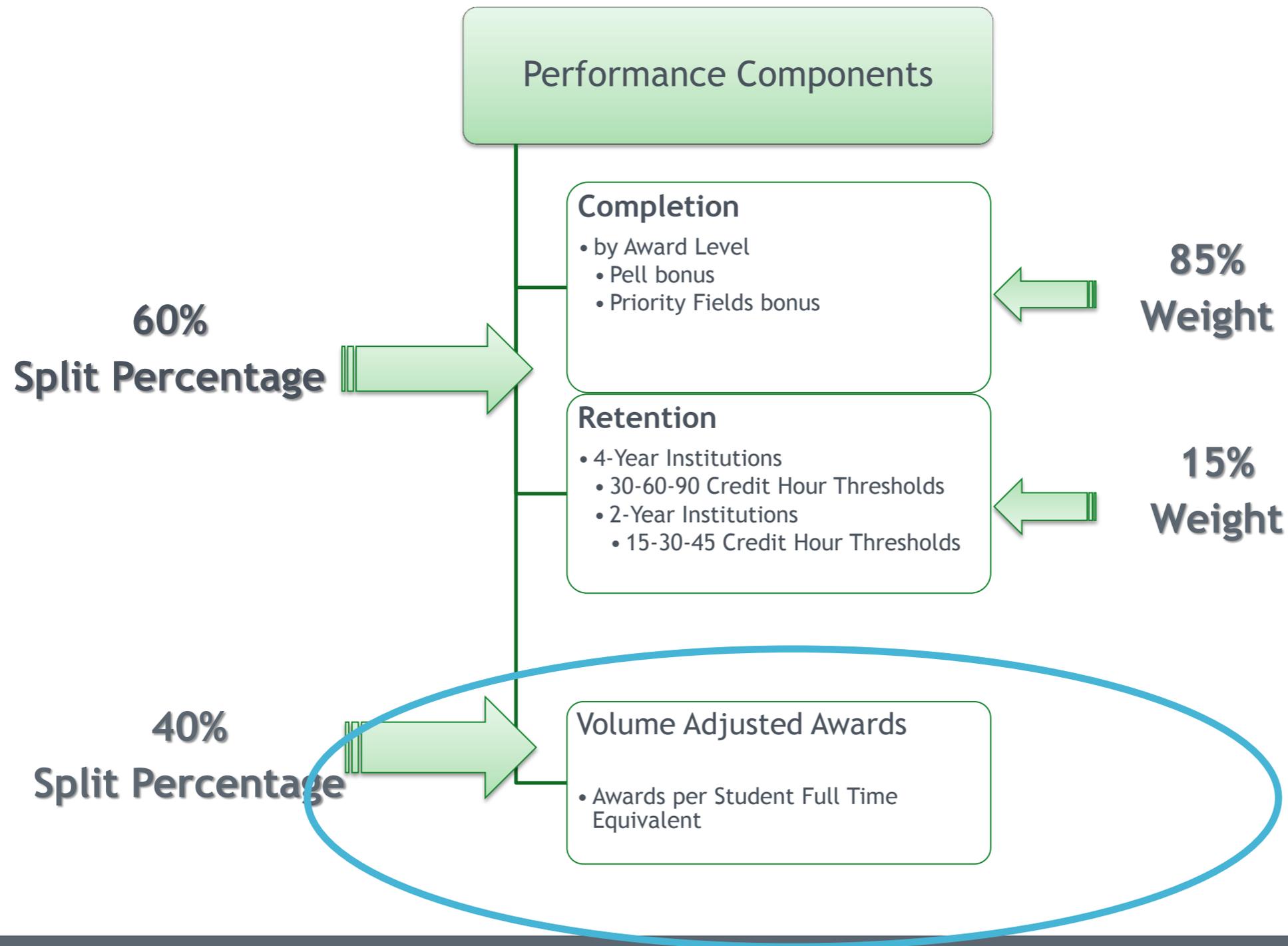


# Higher Education Funding Allocation Model 2.0 Framework, Mission Differentiation

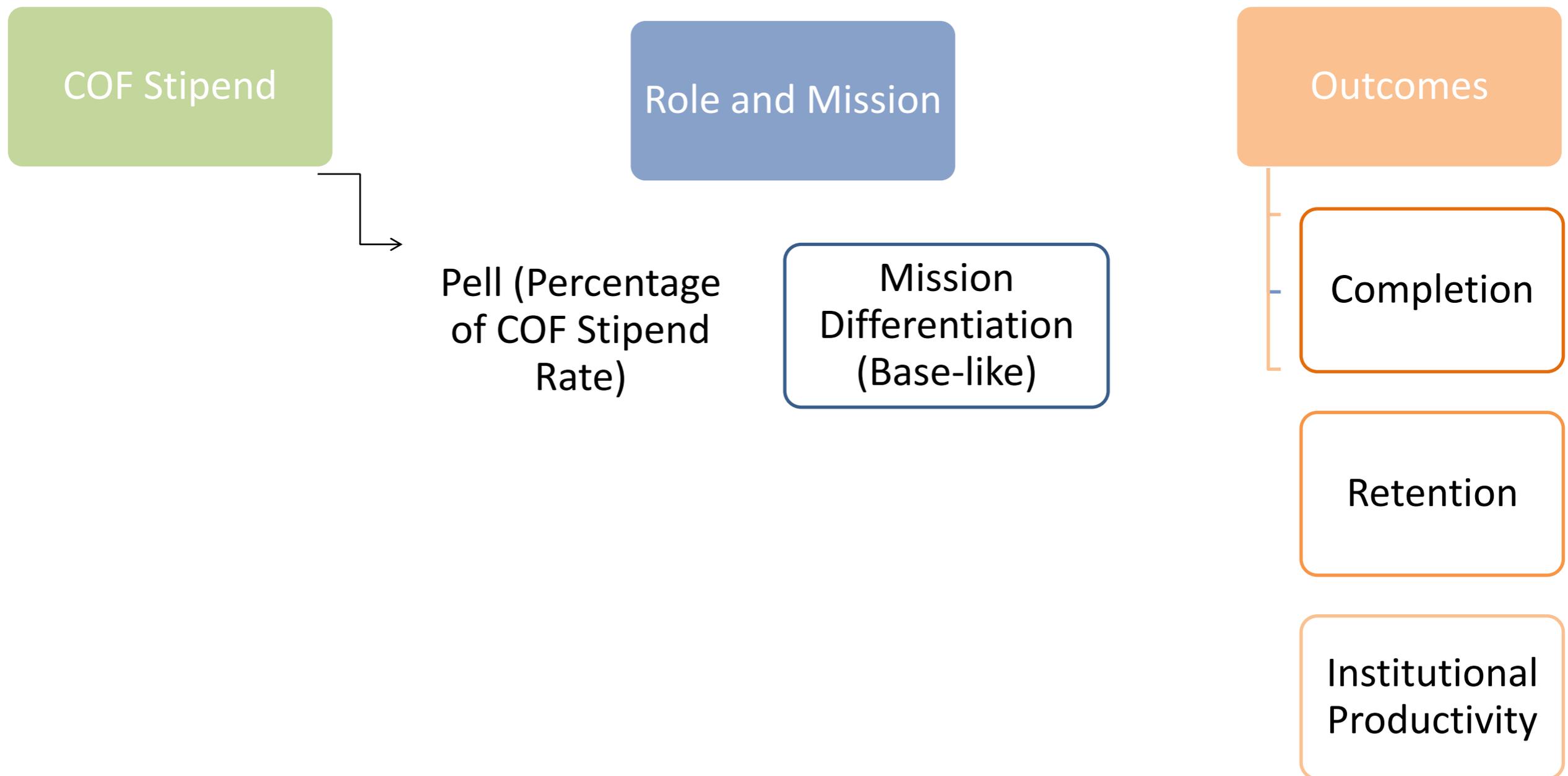


Research		
	R1 25,000+	0.450
	15,000 to R2 25,000	0.500
	R3 Under 15,000	0.675
Comp 4-year		
	C1 15,000+	0.450
	10,000 to C2 15,000	0.500
	5,000 to C3 10,000	0.600
	C4 2,500 to 5,000	0.675
	C5 Under 2,500	0.750
2-year		
	A 7,500 +	0.450
	B 1,500 to 7,500	0.600
	C < 1,500	0.650

# Higher Education Funding Allocation Model 1.0 Framework—Outcomes/Performance



# Higher Education Funding Allocation Model 2.0 Framework



# *Funding Allocation Model: Action*

## Staff Recommendation:

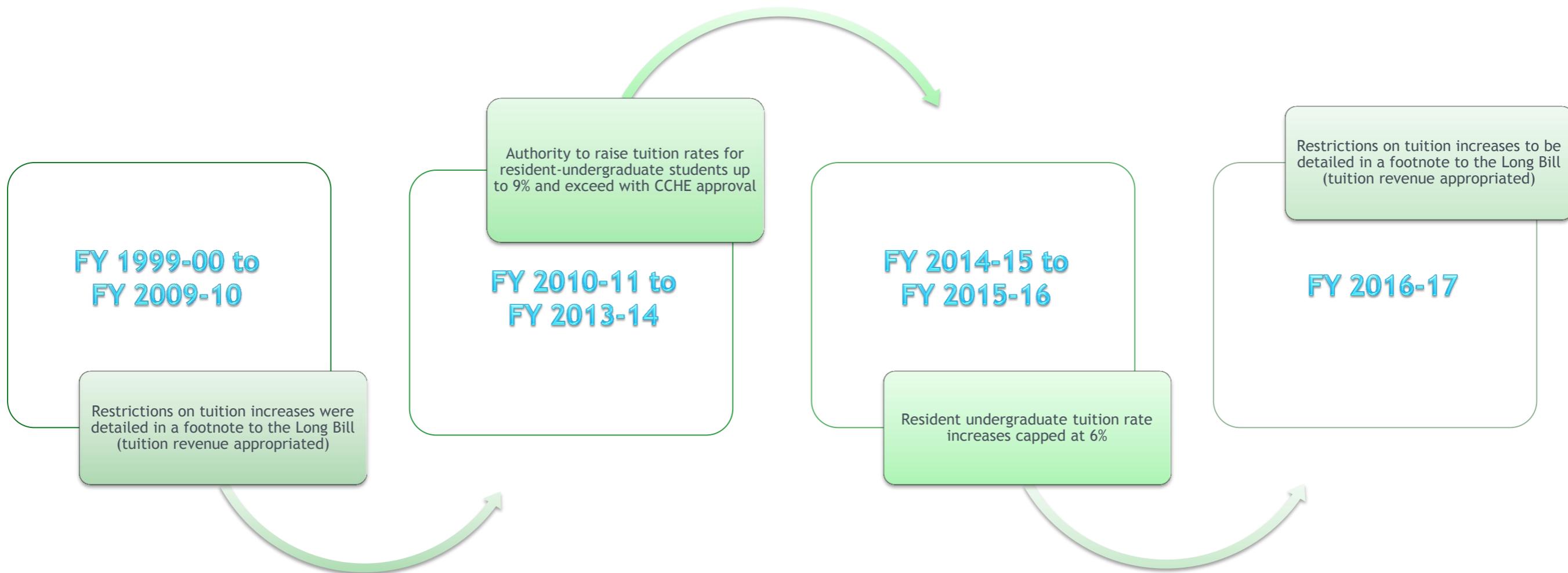
- The Commission approve the technical and structural changes to the FY 2016-17 version of the model.
- The Commission will take separate action on the FY 2016-17 allocation.

# The Statutory Charge

Charge to Develop  
Tuition Policies Pursuant  
to H.B. 14-1319

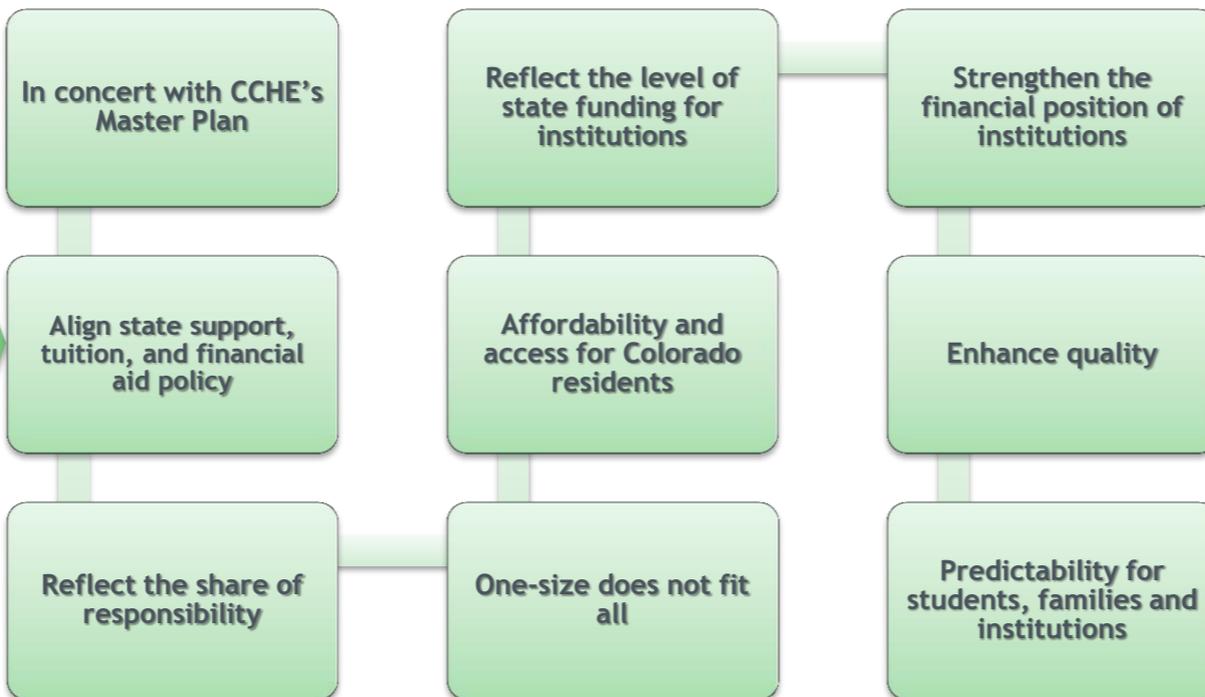
C.R.S §23-18-306 (5)...(5) The general assembly finds and declares that it is vital that Colorado's higher education system is accessible and affordable for all Coloradans. The institutions' tuition policies are an important component of ensuring both the affordability and sustainability of Colorado's higher education system. With the expiration of tuition policies implemented pursuant to recent legislation, it is imperative that the commission and the governing boards of state institutions of higher education, as well as other interested parties, work cooperatively to structure an ongoing tuition policy for the state. **Therefore, by November 1, 2015, the commission shall submit to the joint budget committee and to the education committees of the house of representatives and the senate tuition policies that ensure both accessible and affordable higher education for Colorado's residents.** The tuition policies must also reflect the level of state funding for institutions and the need of each institution to enhance the quality of educational programs and offerings and strengthen the financial position of the institution. The commission shall develop the tuition policy recommendations in consultation with the governing boards of the institutions and other interested parties using an inclusive and transparent process.

# Tuition Policy Background: The History of Tuition Policy in Colorado



# Tuition Policy Background: Principles

**Affordability**



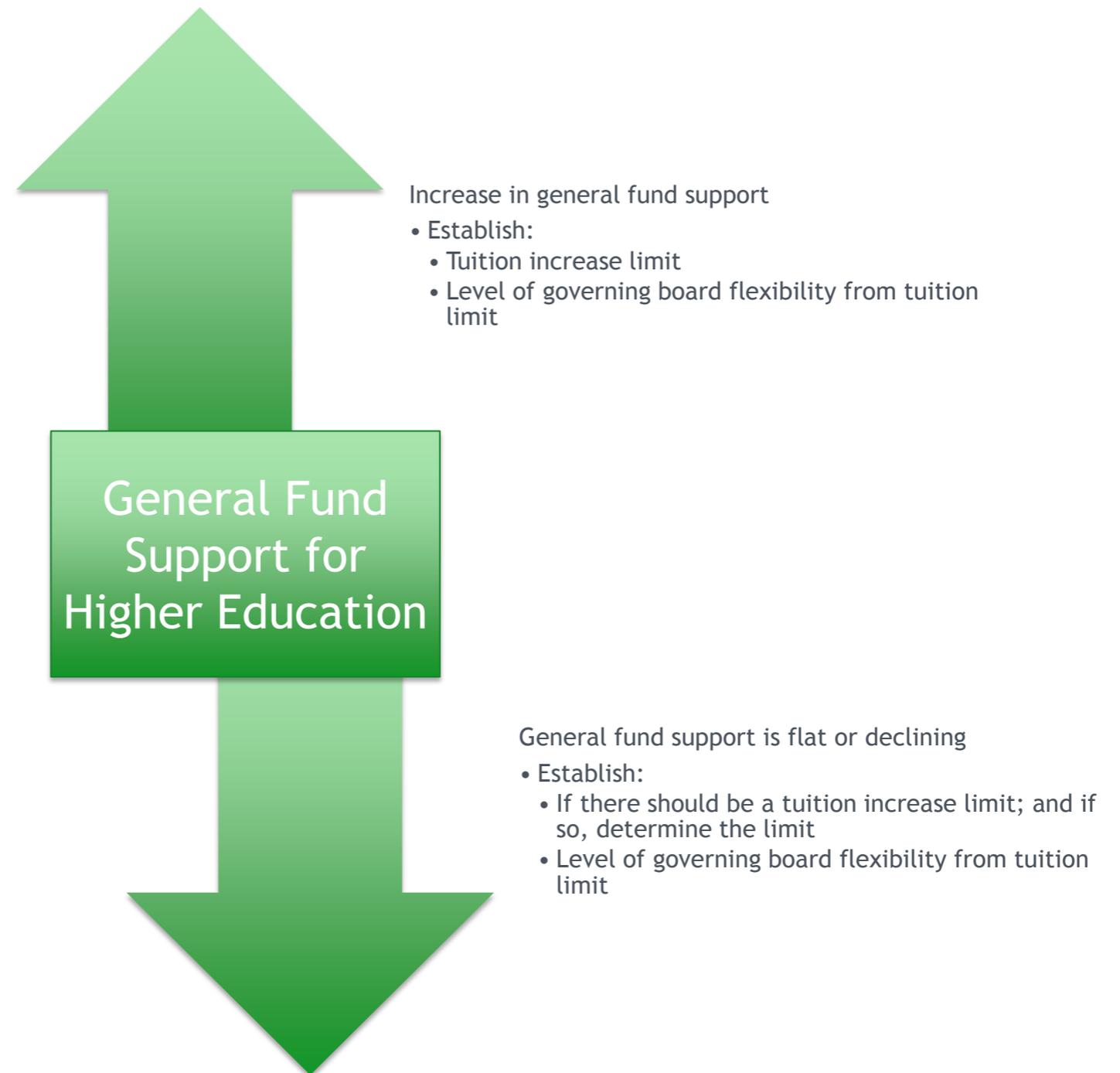
**Sustainability**

# Proposed Tuition Policy:

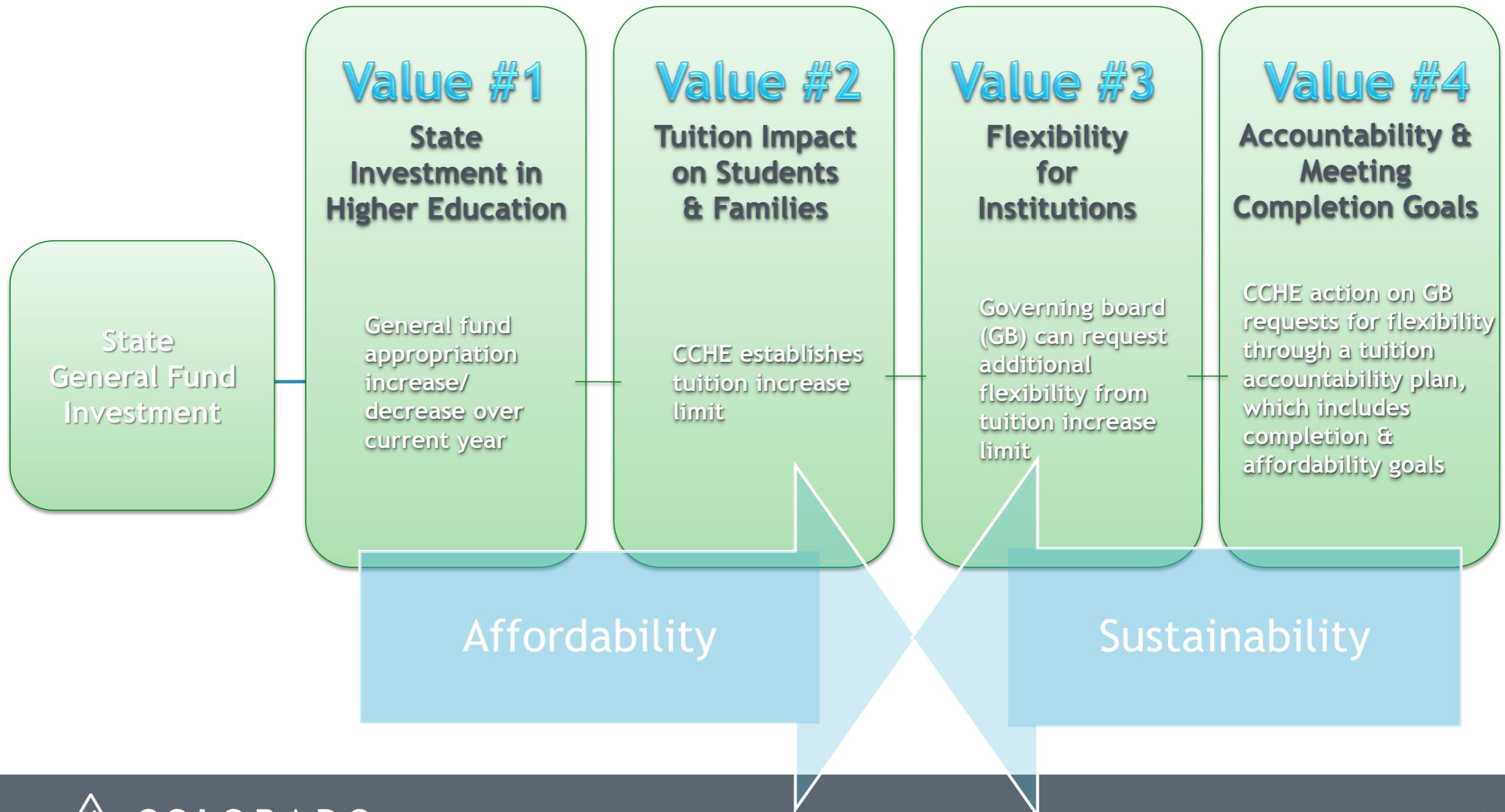
## Conditions for Establishing a Tuition Increase Limit

*State appropriations are the key incentive to keep tuition low and play the biggest role in the tuition rate charged.*

-State Tuition, Fees, and Financial Assistance Policies for Public Colleges and Universities: 2012-13, State Higher Education Executive Officers (SHEEO)

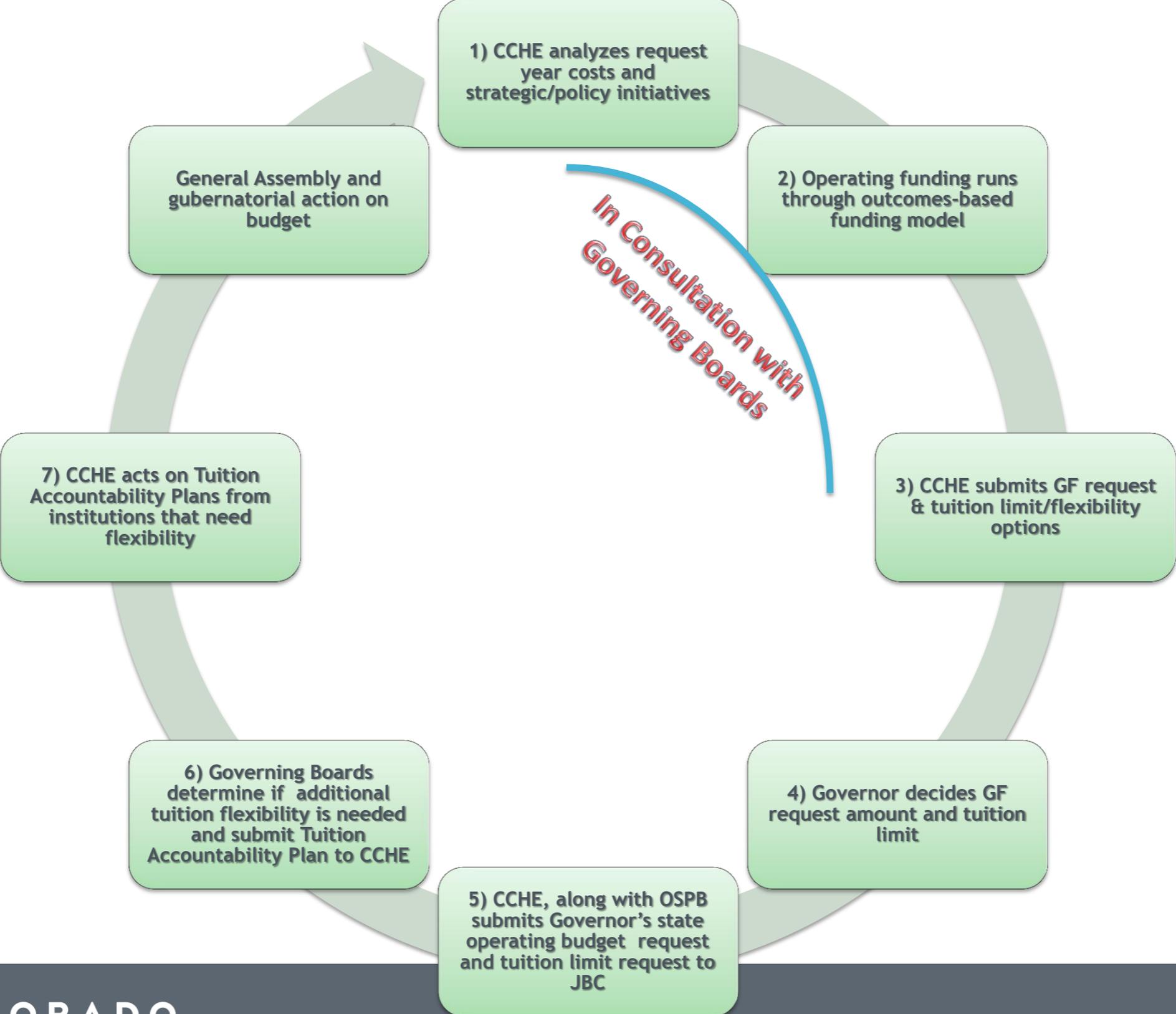


# Proposed Tuition Policy: Philosophy and Values



# Tuition Policy Framework:

## CCHE Business Cycle Approach to Tuition Policy

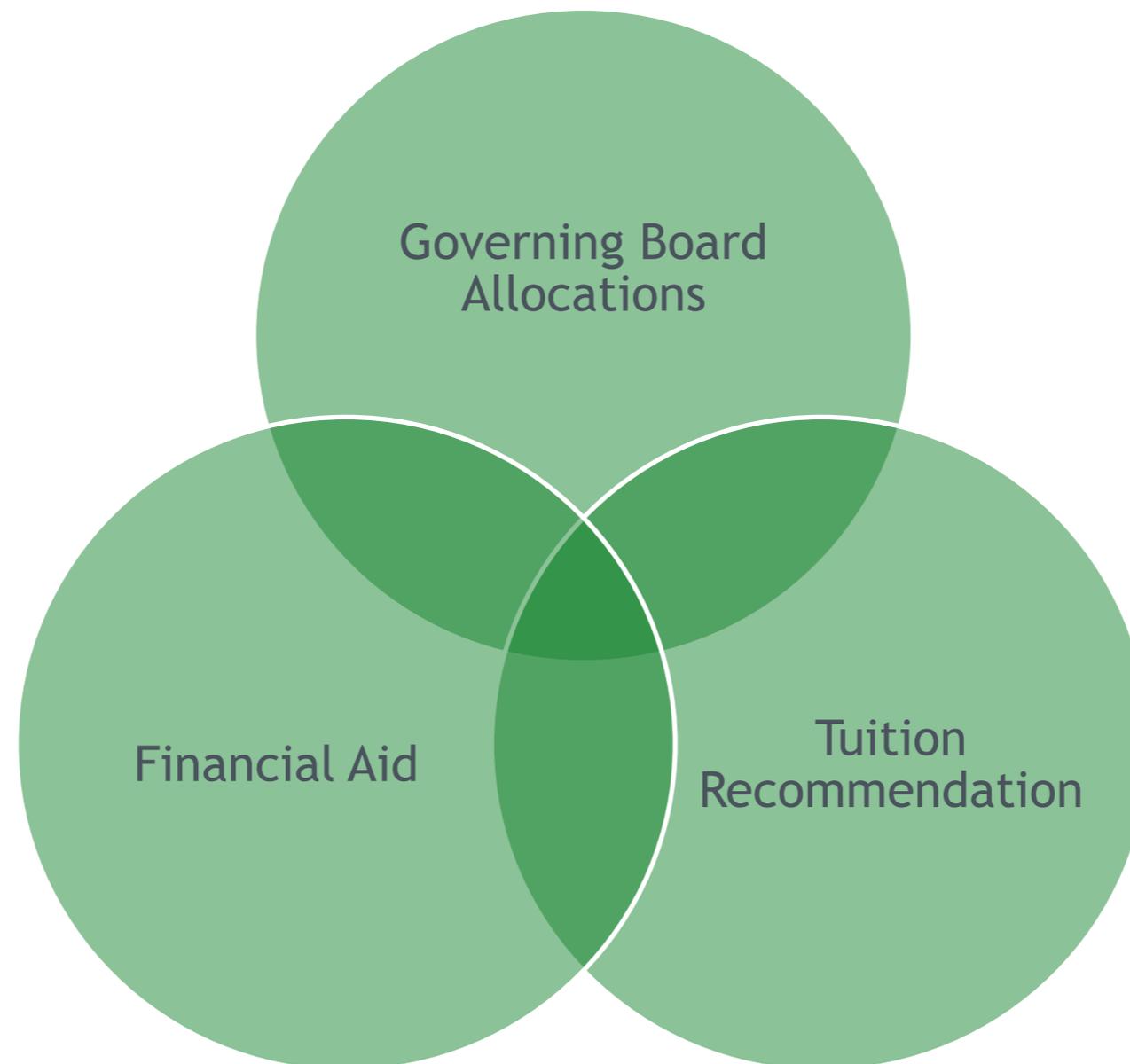


# *Tuition Policy Process: Action*

## Staff Recommendation:

- The Commission approve this approach to develop annual tuition limit recommendations as described above and amend Commission policies to clearly outline the Commission's role and processes including the development of Tuition Accountability Plan forms, processes and procedures.

# *FY 2016-17 Budget Request*



# Higher Education Funding Allocation Model 2.0 Framework—FLAT Scenario

Governing Board	FY 15-16 Approps (COF and FFS)	FY 2016-17 Total From COF Stipend	FY 2016-17 Total From Role & Mission	FY 2016-17 Total from Performanc e	FY 2016-17 Total From Model	% Change from Prior Year (Pre Guardrails)
Adams	\$14,121,017	\$2,890,626	\$8,510,340	\$2,853,800	\$14,254,765	0.95%
Mesa	\$24,465,356	\$13,706,155	\$6,500,682	\$4,144,173	\$24,351,011	-0.47%
Mines	\$20,547,328	\$6,194,533	\$9,771,997	\$4,807,023	\$20,773,553	1.10%
CSU	\$80,845,813	\$43,047,716	\$20,546,221	\$17,056,183	\$80,650,120	-0.24%
CCCS	\$153,462,581	\$106,473,273	\$28,467,474	\$17,932,111	\$152,872,858	-0.38%
Ft. Lewis	\$11,822,422	\$4,041,098	\$5,046,259	\$2,492,511	\$11,579,868	-2.05%
Metro	\$50,153,399	\$32,248,782	\$9,817,499	\$9,119,909	\$51,186,189	2.06%
CU	\$122,018,746	\$62,352,540	\$31,925,706	\$29,341,897	\$123,620,143	1.31%
UNC	\$41,092,729	\$15,440,878	\$16,715,361	\$7,057,469	\$39,213,708	-4.57%
Western	\$11,643,992	\$2,967,276	\$6,757,260	\$1,946,535	\$11,671,071	0.23%
			\$144,058,800			
<b>Total</b>	<b>\$530,173,383</b>	<b>\$289,362,876</b>		<b>\$96,751,611</b>	<b>\$530,173,286</b>	

# Higher Education Funding Allocation Model 2.0 Framework—5% Increase

Governing Board	FY 2015-16 Appropriation (COF and FFS)	FY 2016-17 Total From COF Stipend	FY 2016-17 Total From Role & Mission	FY 2016-17 Total from Performance	FY 2016-17 Total From Model	% Change from Prior Year (Pre Guardrails)
Adams	\$14,121,017	\$3,006,251	\$8,934,051	\$3,011,077	\$14,951,379	5.88%
Mesa	\$24,465,356	\$14,254,401	\$6,819,845	\$4,435,514	\$25,509,760	4.27%
Mines	\$20,547,328	\$6,442,314	\$10,259,103	\$5,142,881	\$21,844,298	6.31%
CSU	\$80,845,813	\$44,769,624	\$21,561,335	\$18,501,995	\$84,832,954	4.93%
CCCS	\$153,462,581	\$110,732,204	\$29,846,406	\$19,488,009	\$160,066,618	4.30%
Ft. Lewis	\$11,822,422	\$4,202,741	\$5,297,227	\$2,631,803	\$12,131,771	2.62%
Metro	\$50,153,399	\$33,538,733	\$10,293,630	\$9,853,101	\$53,685,465	7.04%
CU	\$122,018,746	\$64,846,642	\$33,501,497	\$31,897,545	\$130,245,683	6.74%
UNC	\$41,092,729	\$16,058,513	\$17,545,402	\$7,597,044	\$41,200,959	0.26%
Western	\$11,643,992	\$3,085,967	\$7,094,086	\$2,033,006	\$12,213,059	4.89%
<b>Total</b>	<b>\$530,173,383</b>	<b>\$300,937,391</b>	<b>\$151,152,582</b>	<b>\$104,591,974</b>	<b>\$556,681,947</b>	

Changes to Model Components:

COF to \$78

Mission Differentiation increase of 5%

# Higher Education Funding Allocation Model 2.0 Framework—5% Decrease

Governing Board	FY 2015-16 Appropriation (COF and FFS)	FY 2016-17 Total From COF Stipend	FY 2016-17 Total From Role & Mission	FY 2016-17 Total from Performance	FY 2016-17 Total From Model	% Change from Prior Year
Adams	\$14,121,017	\$2,775,000	\$8,086,629	\$2,696,522	\$13,558,152	-3.99%
Mesa	\$24,465,356	\$13,157,909	\$6,181,519	\$3,852,833	\$23,192,261	-5.20%
Mines	\$20,547,328	\$5,946,752	\$9,284,891	\$4,471,165	\$19,702,808	-4.11%
CSU	\$80,845,813	\$41,325,807	\$19,531,107	\$15,610,372	\$76,467,286	-5.42%
CCCS	\$153,462,581	\$102,214,342	\$27,088,543	\$16,376,213	\$145,679,098	-5.07%
Ft. Lewis	\$11,822,422	\$3,879,454	\$4,795,292	\$2,353,219	\$11,027,964	-6.72%
Metro	\$50,153,399	\$30,958,831	\$9,341,368	\$8,386,716	\$48,686,914	-2.92%
CU	\$122,018,746	\$59,858,438	\$30,349,915	\$26,786,250	\$116,994,603	-4.12%
UNC	\$41,092,729	\$14,823,243	\$15,885,319	\$6,517,895	\$37,226,456	-9.41%
Western	\$11,643,992	\$2,848,585	\$6,420,434	\$1,860,063	\$11,129,083	-4.42%
<b>Total</b>	<b>\$530,173,383</b>	<b>\$277,788,360</b>	<b>\$136,965,017</b>	<b>\$88,911,248</b>	<b>\$503,664,625</b>	

Changes to Model Components:

COF to \$72

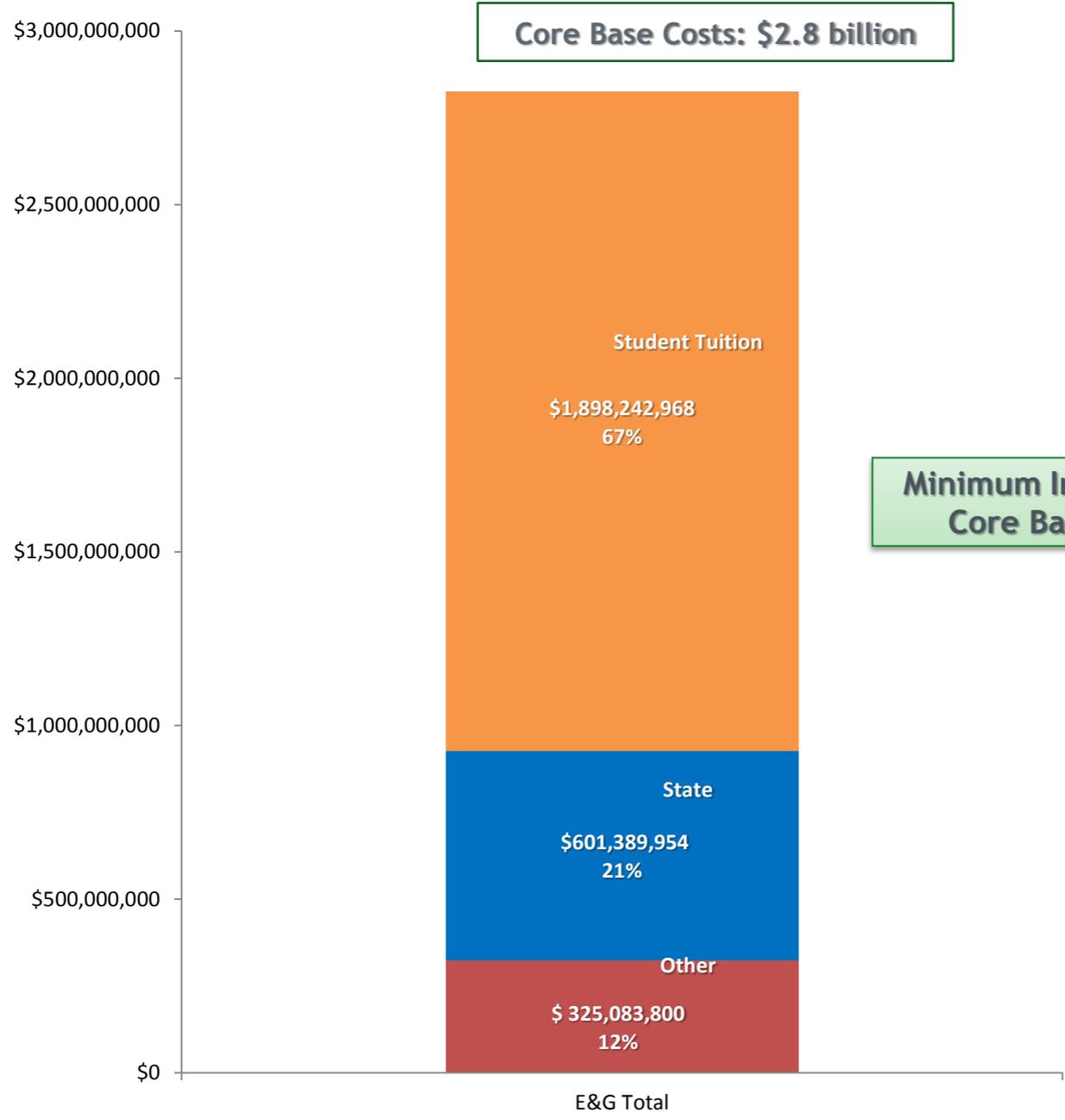
Mission Differentiation decrease of 5%

# *2016-17 Allocations: Action*

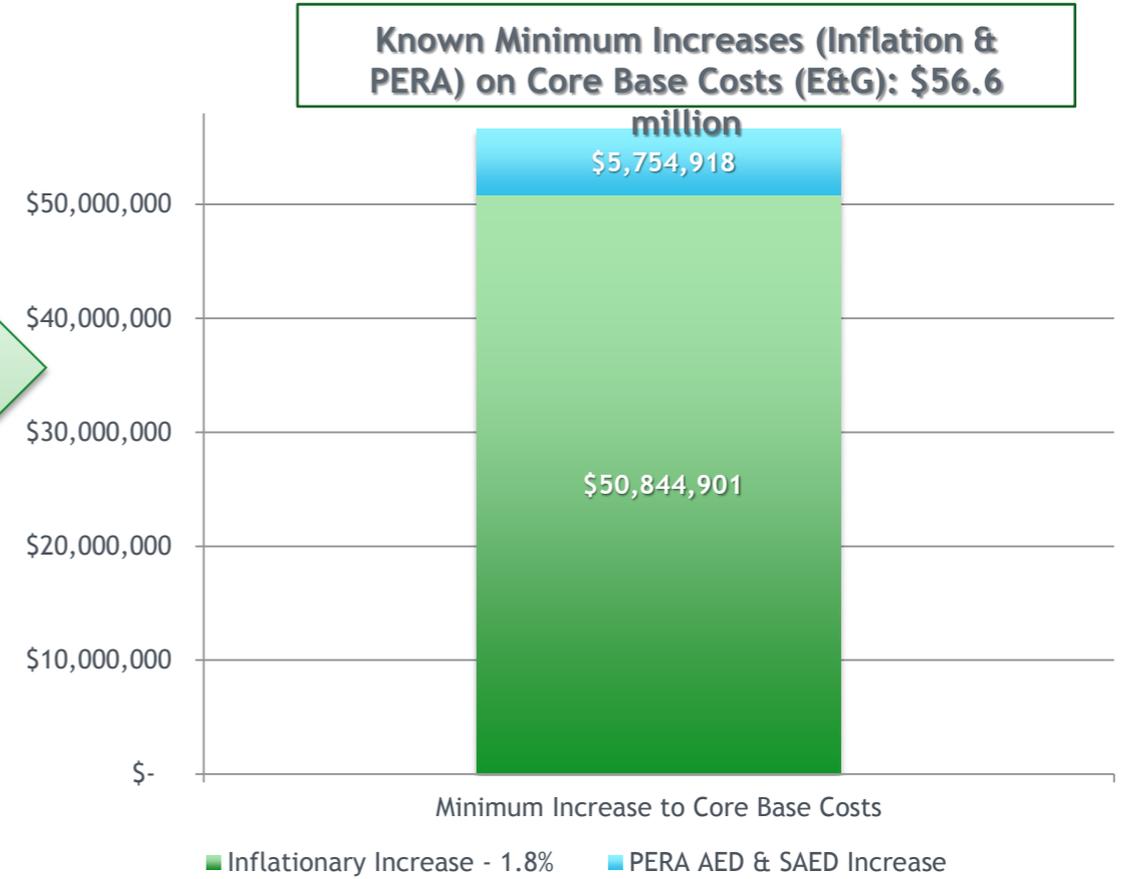
## Staff Recommendation:

- Approve the outputs from the model at the scenario levels and direct staff to adjust accordingly once the GF request is known.

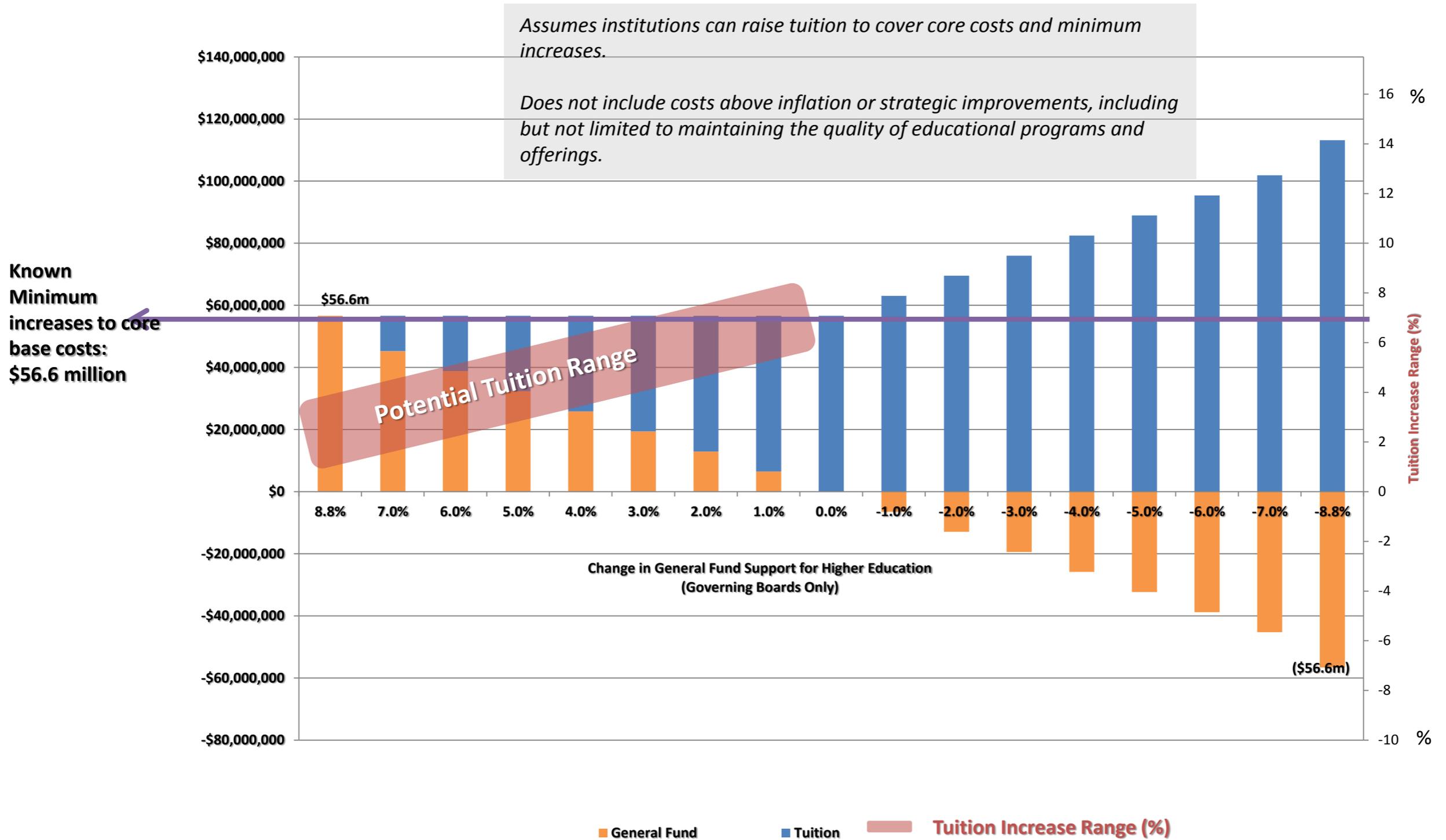
# Financing Core Base Costs & Known Minimum Increases Requires Significant Annual Investment (FY 2016-17)



**Minimum Increases to Core Base Costs**



# Linking the General Fund & Tuition: Approach for FY 2016-17



# *Tuition Policy Recommendation*

For FY 2016-17, the tuition policy recommendation is as follows:

- If the state General Fund appropriation is flat or falls below the level appropriated in FY 2015-16 (\$672 million), there will be no restrictions on tuition levels set by governing boards.
- If the state General Fund appropriation increases above the level appropriated for FY 2015-16, the tuition increase limit on resident undergraduate tuition is dependent upon the level of state investment. For example, a state General Fund increase of 5 percent will result in a CCHE requested tuition increase limit of 6 percent.
- Because all state general funds are allocated through the higher education allocation funding formula, some governing boards may receive an allocation that is less than the overall percentage growth for higher education. Those governing boards receiving less than the overall percentage growth may increase tuition by one percentage point higher than the tuition recommendation limit (e.g., if the overall increase is 5 percent with a tuition increase limit of 6 percent; a governing board receiving a general fund increase of less than 5 percent would be able to increase tuition up to 7 percent).
- Governing boards will have the ability to request flexibility above CCHE tuition increase limit through a Tuition Accountability Plan.

# *Financial Aid*

\$174 million for FY 2015-16:

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

FY 2016-17 Outlook for three general fund scenarios:

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

