

**COLORADO GENERAL ASSEMBLY  
JOINT BUDGET COMMITTEE**



**SUPPLEMENTAL REQUESTS FOR FY 2010-11**

**DEPARTMENT OF HIGHER EDUCATION**

**JBC Working Document - Subject to Change  
Staff Recommendation Does Not Represent Committee Decision**

**Prepared By:  
Eric Kurtz, JBC Staff  
June 21, 2011**

For Further Information Contact:

Joint Budget Committee Staff  
200 E. 14th Avenue, 3rd Floor  
Denver, Colorado 80203  
Telephone: (303) 866-2061  
TDD: (303) 866-3472

## Prioritized Supplementals

### Supplemental Request, Department Priority #1 College Opportunity Fund Allocation Adjustment

	Request	Recommendation
Stipends - GF	\$778,285	\$778,285
Fee-for-service Contracts - GF	( <u>\$778,285</u> )	( <u>\$778,285</u> )
<b>Total</b>	<b>\$0</b>	<b>\$0</b>

*The request includes corresponding adjustments in the reappropriated funds spending authority for each governing board that are detailed in the table below.*

<p>Does JBC staff believe the request is consistent with the emergency supplemental criteria outlined in Section 24-75-111, C.R.S.? Pursuant to statute, the Controller may authorize an over expenditure of the existing budget if the over expenditure meets the following criteria: (1) Is approved in whole or in part by the Joint Budget Committee; (2) Is necessary due to unforeseen circumstances arising while the General Assembly is not meeting in regular or special session during which such over expenditure can be legislatively addressed; (3) Is approved by the Office of State Planning and Budgeting (except State, Law, Treasury, Judicial, or Legislative Departments); (4) Is approved by the Capital Development Committee, if a capital request; (5) Is consistent with all statutory provisions applicable to the program, function or purpose for which the over expenditure is made; and (6) Does not exceed the unencumbered balance of the fund from which the over expenditure is made as of the date of the over expenditure.</p>	<b>YES</b>
<p>New information is available about the population eligible for stipends.</p>	

**Request:** The Department requests adjusting several line items with a net \$0 impact to match new data about the population eligible for stipends. Statutes provide limited authority for the Department, in conjunction with the institutions, to convert up to 3.0 percent of the spending authority for stipends to fee-for-service contracts, but not the other way around. In cases where the stipend eligible population varied from the forecast by more than the 3.0 percent that the Department can handle administratively with its statutory authority, the Department requests that the JBC approve a decrease in stipend spending authority and a corresponding increase in fee-for-service contract spending authority. Also, the Department requests that in cases where the stipend eligible population exceeded the stipend appropriation the JBC approve an increase in stipend spending authority and a corresponding decrease in the fee-for-service contract.

	Stipends	Fee-for-service
Adams	(\$133,610)	\$133,610
Mesa	(\$474,110)	\$474,110
Mines	(\$215,850)	\$215,850
Northern Colorado	\$45,285	(\$45,285)
<b>TOTAL</b>	<b>(<u>\$778,285</u>)</b>	<b><u>\$778,285</u></b>

**Staff Recommendation:** Staff recommends approval of the request, consistent with the General Assembly's practice in prior years. The FY 2010-11 appropriation was based on targeted net

amounts from combined stipends and fee-for-service contracts. The underlying principal in the allocation of stipends and fee-for-service contracts was meeting the maintenance of effort requirements of the federal American Recovery and Reinvestment Act. The appropriation was not based on independent analysis of the amounts needed for stipends and fee-for-service contracts. Had the forecast used for the appropriation been more accurate in predicting the stipend-eligible population, the General Assembly would have adjusted the stipends and fee-for-service contracts in the appropriation. To provide increases and decreases in stipends now without adjusting the fee-for-service contracts could be arbitrary based on how close the forecast was to the actual mark, rather than rewarding the initiative of institutions that brought in more students and penalizing those that didn't.

The requested changes in stipend funding are due to errors in the enrollment forecast, rather than reflective of the schools that had more or less success recruiting and retaining students. Note that several schools requesting stipend adjustments experienced increases in enrollment, but the increases were not as great as the forecast. For example, Colorado Mesa University experienced a 9.6 percent increase in stipend-eligible enrollment, but the forecast used to make the FY 2010-11 appropriation had predicted a 14.4 percent increase in enrollment. Conversely, several schools that are not requesting stipend adjustments experienced decreases in stipend-eligible enrollment, such as the 5.0 percent decrease at the University of Colorado, but because the forecast was closer to the mark (predicting a 3.3 percent decline in enrollment) the institution does not need a supplemental funding adjustment.

	Stipend Eligible Student FTE			Change from FY 09-10	
	FY 09-10	FY 10-11	FY 10-11	Student FTE	Percent
	Actual	Projected	Actual		
Adams	1,470.6	1,556.0	1,484.2	13.6	0.9%
Mesa	5,228.0	5,984.0	5,729.1	501.1	9.6%
Metro	17,216.5	17,715.0	17,202.1	(14.4)	-0.1%
Western	1,384.7	1,298.0	1,295.8	(88.9)	-6.4%
CSU System	20,362.7	20,771.0	20,656.0	293.3	1.4%
Fort Lewis	2,295.9	2,298.0	2,249.2	(46.7)	-2.0%
CU Regents	28,656.3	27,715.0	27,213.4	(1,442.9)	-5.0%
Mines	2,792.2	2,825.0	2,709.0	(83.2)	-3.0%
UNC	8,003.4	8,058.0	8,082.3	78.9	1.0%
Community Colleges	52,248.0	56,574.0	56,227.2	3,979.2	7.6%
<b>TOTAL</b>	<b>139,658.3</b>	<b>144,794.0</b>	<b>142,848.3</b>	<b>3,190.0</b>	<b>2.3%</b>

To make the stipends work as an incentive for enrollment, the General Assembly would need to determine a basis for the fee-for-service contracts that is independent of the stipends. Also, the General Assembly would need to state this policy at the beginning of a fiscal year, so that governing boards could react to the policy. For FY 2010-11, governing boards are operating under the assumption that stipends and fee-for-service contracts will be adjusted for enrollment to net to the same amount. Staff suspects that institutions still pursue enrollment because of the tuition benefits, and because it is part of their mission, but it is possible that some institutions don't pursue it as vigorously because they assume the stipend revenue increases will be offset by fee-for-service

decreases. At the other end of the spectrum, there may be institutions that aren't cutting expenses as deeply as they should with declining enrollment, because they assume that fee-for-service contract dollars will be increased to compensate for the loss in stipends. To change the General Assembly's historic practice at the end of the fiscal year could be unfair to institutions operating under different assumptions.

From a pragmatic perspective, setting fee-for-service contract amounts independent of stipends would be a challenging task at best, because the stipends pay for a varying amount of the actual cost of undergraduate education at each institution. For some institutions, the stipend more than covers the cost of undergraduate education, and the remainder can be used to subsidize graduate education, or rural education, or any of the other purposes of the fee-for-service contract. At other institutions, the stipend covers only a fraction of the cost of undergraduate education. Accounting for tuition complicates the formula even further.

For these reasons, the staff recommendation is to continue the General Assembly's prior practice of adjusting stipends for enrollment and then adjusting fee-for-service contracts to net to the same total appropriation.