

**Schedule 13**  
**Change Request for FY 08-09 Budget Request Cycle**

Request Title:  Decision Item FY 08-09     Base Reduction Item FY 08-09     Supplemental FY 07-08     Budget Request Amendment FY 08-09  
 Department: Higher Education    Dept. Approval by: *[Signature]*    Date: 2-20-08  
 Priority Number: BA - 5    OSPB Approval: *[Signature]*    Date: 2/20/08

	Fund	1	2	3	4	5	6	7	8	9	10
		Prior-Year Actual FY 06-07	Appropriation FY 07-08	Supplemental Request FY 07-08	Total Revised Request FY 07-08	Base Request FY 08-09	Decision/ Base Reduction FY 08-09	November 1 Request FY 08-09	Budget Amendment FY 08-09	Total Revised Request FY 08-09	Change from Base (Column 5) FY 09-10
Total of All Line Items	Total	259,979,610	301,501,042	0	301,501,042	301,501,042	0	301,501,042	4,900,000	306,401,042	4,900,000
	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	GF	257,045,530	301,501,042	0	301,501,042	301,501,042	0	301,501,042	4,900,000	306,401,042	4,900,000
	GFE	2,934,080	0	0	0	0	0	0	0	0	0
	CF	0	0	0	0	0	0	0	0	0	0
	CFE	0	0	0	0	0	0	0	0	0	0
	FF	0	0	0	0	0	0	0	0	0	0
(4) College Opportunity Fund Program (B) Fee-for-service Contracts with State Institutions	Total	259,979,610	301,501,042	0	301,501,042	301,501,042	0	301,501,042	4,900,000	306,401,042	4,900,000
	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	GF	257,045,530	301,501,042	0	301,501,042	301,501,042	0	301,501,042	4,900,000	306,401,042	4,900,000
	GFE	2,934,080	0	0	0	0	0	0	0	0	0
	CF	0	0	0	0	0	0	0	0	0	0
	CFE	0	0	0	0	0	0	0	0	0	0
	FF	0	0	0	0	0	0	0	0	0	0

Letternote revised text:  
 Cash Fund name/number, Federal Fund Grant name:  
 IT Request:  Yes  No  
 Request Affects Other Departments:  Yes  No    If Yes, List Other Departments Here:

**CHANGE REQUEST for FY 08-09 BUDGET REQUEST CYCLE**

Department:	Higher Education
Priority Number:	BA - 5
Change Request Title:	<b>Underrepresented Student's Fee-for-Service Contract</b>

**SELECT ONE (click on box):**

- Decision Item FY 08-09
- Base Reduction Item FY 08-09
- Supplemental Request FY 07-08
- Budget Request Amendment FY 08-09

**SELECT ONE (click on box):**

Supplemental or Budget Request Amendment Criterion:

- Not a Supplemental or Budget Request Amendment
- An emergency
- A technical error which has a substantial effect on the operation of the program
- New data resulting in substantial changes in funding needs
- Unforeseen contingency such as a significant workload change

Short Summary of Request:

The Department of Higher Education recommends allocating \$4,900,000 General Fund to the fee for service contract component of the College Opportunity Fund program in FY 2008-09 to institutions who typically serve underserved populations, and where a large percentage of students require remediation prior to beginning post-secondary level coursework. These funds would be distributed to institutions based upon Colorado Commission on Higher Education approved criteria and would be distributed through institution fee for service contracts in FY 2008-09.

Background and Appropriation History:

The fee for service component has been in place under the College Opportunity Fund program since FY 2005-06 and until now has not been used as a means to distribute funds with a specific, measurable goal as in this instance.

General Description of Request:

In order to address the demand for a more educated workforce and meet the Governor's goal of doubling the number of degrees and certificates, Colorado must be more effective in attracting students from underserved populations to post-secondary education. One strategy for accomplishing this objective is to give additional support to those components of the higher education system that are best positioned to recruit and retain such students or otherwise have demonstrated a commitment to improving access for underserved students. It is expected that these schools would primarily be the so-called "access" institutions, however, the criteria would also contemplate participation by any institution with demonstrated commitment to improve enrollment and retention of underserved student populations. The "access" institutions also show the highest rates of need for, and the provision of, remedial instruction in English and math. The Department will use the proposed \$4,900,000 General Fund in FY 2008-09 to provide support to those public institutions identified under criteria set by the Colorado Commission on Higher Education to increase their capacity to recruit and retain (and remediate) such students. For schools meeting the Commission's threshold criteria, funds would be allocated in rough proportion to the current and anticipated enrollments of underserved students at the qualifying institutions. The funds so allocated would then be considered part of the schools' base funding in FY 2008-09.

The Commission's policy would be developed and approved by July 1, 2008 so that these funds can be allocated using the established criteria to qualifying institutions through amendments to their fee for service contracts at the start of the fiscal year. This budget amendment recommends allocating the funds to the fee for service line of the Long Bill under the Department of Higher Education. Once the distribution mechanisms are in place and funds allocated to specific institutions, the Department will submit a FY 2008-09 supplemental request to reflect the distribution of the additional \$4,900,000 General Fund by institution and Governing Board.

One method to reach the Governor's goal to double the number of degrees and certificates awarded is to increase the success rate of students taking developmental courses. Currently, approximately 25% of students taking developmental course work fail the courses, and 10% drop out of the courses. Through the program developed to

allocate these funds, both the failure rate and the withdrawal rate should decrease over five years.

Currently, in the performance contracts with governing boards, institutions are expected to increase the enrollment rate of underserved populations which they are doing but the issue is no longer one relegated just to access but needs to focus on success. This request seeks to address the success component.

Calculations for Request:

\$4,900,000 is requested for this new program to be distributed through the fee for service contract component of the College Opportunity Fund program.

Summary of Request FY08-09	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Total Request	\$4,900,000	\$4,900,000	\$0	\$0	\$0	0.0
(4) College Opportunity Fund Program (B) Fee-for-service Contracts with State Institutions	\$4,900,000	\$4,900,000	\$0	\$0	\$0	0.0

Summary of Request FY09-10	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Total Request	\$4,900,000	\$4,900,000	\$0	\$0	\$0	0.0
(4) College Opportunity Fund Program (B) Fee-for-service Contracts with State Institutions	\$4,900,000	\$4,900,000	\$0	\$0	\$0	0.0

Assumptions for Calculations: \$4,900,000 General Fund requested in FY 2008-09.

Impact on Other Government Agencies: Increased College Opportunity Fund funding to recruit and retain students from underserved populations should require no additional full-time employees or administrative costs to the Department of Higher Education or higher education institutions.

Cost Benefit Analysis: The Department commissioned an economic impact study from the Adams Group in December 2007. The study determined the economic benefits to the state from the higher education system. For example, the study determined that:

A \$100 million operating appropriation spent within the state of Colorado at its colleges, universities and professional schools will generate another \$147.63 million in expenditures in other sectors of the state's economy (e.g., manufacturing, transportation, public utilities, trade, finance and services). It will create 3,063 jobs, including direct employment at the colleges and universities, which will pay \$87.81 million in wages and salaries. Assuming that the average worker pays about 9.1% of his salary in state and local taxes (Dunn), the \$100 million expenditure will generate almost \$8 million in tax revenues.

The study also estimated the benefits to individuals with post-secondary education and found that a person with a four year degree will earn an additional \$1.1 million over forty years.

Statutory and Federal Authority:

This request is consistent with the directive in, Section 23-18-201, C.R.S. (2007), Section 23-18-202 (2) (c), C.R.S. (2007), Section 23-5-129 (5) (a), C.R.S (2007), and Section 23-5-130, C.R.S. (2007).

Section 23-18-201, C.R.S. (2007). *There is hereby created in the department of higher education the college opportunity fund program, which shall be administered by the Colorado student loan program. The college opportunity fund, created in section 23-18-202, shall be a trust fund for the benefit of eligible undergraduate students. It shall consist of a stipend for each undergraduate student in Colorado who applies for the stipend and who is admitted and registers to attend a state or participating private institution of higher education and is determined to be eligible by the Colorado student loan program to receive a stipend. An eligible undergraduate student may use the stipend for undergraduate courses and graduate-level courses that apply toward the student's undergraduate degree that are taken at a state or participating private institution of higher education at a fixed rate per credit hour, set annually by the general assembly.*

Section 23-18-202 (2) (c), C.R.S. (2007) *The commission shall forward to the general assembly and the governor, by November 1 of each year, a list of institutions eligible to receive stipends on behalf of eligible undergraduate students under the program. The commission shall annually request that the general assembly adjust the amount appropriated to the Colorado student loan program for the stipends to reflect at least inflation enrollment growth in the state institutions of higher education.*

Section 23-5-129 (5) (a), C.R.S. (2007), *Beginning January 2006, and each January thereafter, the department of higher education shall report to the members of the education committees of the senate and the house of representatives and the members of the joint budget committee of the general assembly the financial effect of the provisions of each performance contract with regard to funding for the affected governing board of a state institution of higher education and overall funding for the statewide system of higher education, any exemptions granted pursuant to subsection (4) of this section, and a review of each state or private institution's operations under the institution's performance contract. The term of a performance contract may be up to ten years. The*

*department of higher education may renew a performance contract at its discretion, with the agreement of the governing board.*

Section 23-5-130, C.R.S. (2007), Governing boards - fee-for-service contracts - authorization - repeal. (2) *Beginning July 1, 2005, the governing board of a state institution of higher education may annually negotiate a fee-for-service contract with the department for the delivery of higher education services by the institution to the residents of the state of Colorado.*

Performance Measures:

<i>DHE Objective</i>	<i>Key Measure: Outcomes</i>		<i>Benchmark/Actual</i>			
			<i>FY 05-06</i>	<i>FY 06-07</i>	<i>FY 07-08 Appropriated</i>	<i>FY 08-09 Request</i>
restore adequate revenues over the next several years	peer institutions' avg. revenues (	<b>B</b>	100%	100%	100%	100%
		<b>A</b>	-	63.7%	67.3%	71.0%
coordinated and coherent system; measures of performance and outcomes	double degrees and certificates	<b>B</b>	N/A	N/A	75,000	75,000
		<b>A</b>	37,793	40,300	43,100	46,100