

STATE BOARD FOR COMMUNITY COLLEGES AND OCCUPATIONAL EDUCATION

Work Session Agenda

April 11, 2007

8:30 AM

Front Range Community College
College Hill Library, L211

- I. **Executive Session** pursuant to CRS 24-6-402 (3)(b)(I) regarding personnel issues - **1 hour**
- II. **Welcome by Karen Reinertson, President of FRCC** (at approx. 9:30)
- III. **Discussion Items**
 - A. Outstanding Program, Cliff Richardson, RRCC – **5 min**
 - B. Outstanding Faculty, Lance Bolton, NJC – **5 min**
 - C. Outstanding Student, Michele Haney, MCC – **5 min**
 - D. Legislative Update, Jason Hopfer and Moira Cullen – **15 min**
 - E. ERP Update, Jim Ritchey (*Hand Carry*) – **15 min**
 - F. Budget Update, Mark Superka and Marilyn Golden (*Hand Carry*) – **20 min**
 - G. FY 07-08 Tuition and Fees Increase Requests, Mark Superka and Marilyn Golden (*Consent Agenda Item A*) – **20 min**
 - H. Reserve Requirements and Use and Compensated Absence Policy, Lisa Grefrath and Marilyn Golden (*Consent Agenda Item B*) – **15 min**
 - I. Lowry Rent Policy, Mark Superka and Marilyn Golden (*Consent Agenda Item C*) – **10 min**
 - J. FRCC Westminster Campus Facilities Master Plan, Karen Reinertson, Mike Kupcho and Andy Dorsey (*Consent Agenda Item D*) – **20 min**
 - K. Colorado Perkins One Year Transition Plan, Jennifer Sobanet – **20 min**
 - L. COF Panel Discussion continuation – **1 hour**
- IV. **Written Reports**
 - A. COF Administrative Costs, Mark Superka and Marilyn
 - B. Lowry Development Update, Gwen Anderson

STATE BOARD FOR COMMUNITY COLLEGES AND OCCUPATIONAL EDUCATION

April 11, 2007

TOPIC: Fiscal Year 2007-08 Tuition and Fee Increase Requests

PRESENTED BY: Mark Superka, Budget Director
 Carla Johnson, Deputy Budget Director

1. Tuition Increase: The Joint Budget Committee has approved a 3.5 percent rate cap for resident undergraduate tuition for the Community Colleges in Fiscal Year 2007-08. If this increase is approved by the General Assembly and the Governor, staff recommends that the Board approve a 3.5 percent rate increase for resident tuition, excluding CCC Online tuition. The tuition increase would go into effect with the Fall term in Fiscal Year 2007-08.

CCCS Student Share of Tuition Request: (if a 3.5 percent increase is approved by the General Assembly, Governor and SBCCOE)

Resident Tuition: The student share of resident tuition will increase as follows:

- Resident Tuition, Student Share: $\$74.55 + 2.60 = \77.15

Non-Resident Tuition: Non-resident tuition rates for residential and non-residential colleges have remained unchanged since the last increase that took place in Fiscal Year 2003-04. Staff surveyed the Community Colleges as to whether non-resident tuition should increase and if so, by what percentage. The following feedback was received: four colleges prefer no increase; two colleges prefer a 1.75% increase; four colleges prefer a 3.5% increase; and three colleges did not identify a preference.

When the results from those colleges that identified a preference are weighted by the number of students impacted, the results are as follows:

No Increase	1.75% Increase	3.5% Increase
31.0%	10.1%	58.9%

Dependent on the rate of increase approved, the following rates would be effective Fall term of Fiscal Year 2007-08:

	Current	Proposed	Proposed
	(0%)	(1.75%)	(3.5%)
Non-Resident, With Dorms:	\$276.10	\$280.95	\$285.75
Non-Resident, Without Dorms:	\$345.15	\$351.20	\$357.25

Staff recommends that the Board approve an increase of 3.5 percent for the non-resident tuition rates for residential and non-residential campuses in Fiscal Year 2007-08.

Reciprocal Tuition: The states of Colorado and New Mexico have maintained a Reciprocal Tuition Agreement since January 1985. This agreement allows a fixed number of eligible students from New Mexico to enroll at Colorado institutions of higher education at in-state tuition rates and an equal number of eligible students from Colorado to do the same at New Mexico institutions. Under this agreement, CCCS charges New Mexico students the student share of resident tuition, which will increase by 3.5 percent as follows:

- Reciprocal (New Mexico): $\$74.55 + 2.60 = \77.15

CCC Online Tuition: CCC Online currently charges student share tuition of \$136.40 plus COF for both resident and non-resident students. The student share of CCC Online tuition (\$136.40) will not change; however, the COF stipend is expected to increase from \$86 to \$89 in Fiscal Year 2007-08. Non-resident students and students not eligible to receive the COF stipend will experience the \$3 increase in CCC Online tuition:

- CCC Online: $\$136.40 + 89.00 = \225.40

Differential Tuition: While there are no new requests to create differential tuition for particular programs, the 3.5 percent tuition increase would apply to existing differential tuition rates.

- Resident Dental Hygiene: $\$146.30 + 5.10 = \151.40
- Resident Aviation Maintenance: $\$146.30 + 5.10 = \151.40
- Resident Aviation Flight $\$177.05 + 6.20 = \183.25
- Resident Nursing: $\$108.60 + 3.80 = \112.40
- Resident Nursing Internet (PPCC): $\$170.45 + 5.95 = \176.40
- Resident Physician Assistant: $\$280.40 + 9.80 = \290.20
- Non-Resident Differential: $\$345.15 + 12.10 = \357.25
- Non-Resident Physician Assistant: $\$386.30 + 13.50 = \399.80

Non-Resident Pilot Programs: The non-resident tuition for pilot programs at CNCC, LCC, NJC, and OJC were set at a rate equivalent to the student share resident tuition rate plus the COF stipend. As both of these components are expected to increase by 3.5 percent for 2007-08, the non-resident pilot program rates are also expected to increase:

- Non-Resident Pilot Programs: $\$160.55 + 5.60 = \166.15

For those colleges that provide an institutional scholarship to reduce this rate, the minimum charge would be 150 percent of the student share of resident tuition (\$77.15).

- Minimum Non-Resident Pilot Program tuition after Institutional Scholarship: $\$111.85 + 3.90 = \115.75

Trinidad State Junior College has expressed interest in beginning a non-resident tuition pilot program equivalent to the existing pilot program. If TSJC finds this to be

a feasible option, their proposal will be submitted for Board approval prior to implementation.

Western Undergraduate Exchange (WUE) Tuition: The WUE program is part of an interstate compact on higher education by the Western Interstate Commission for Higher Education (WICHE) that allows students from other states to attend Colorado public colleges and universities at reduced rates. For CCCS, this rate is based on the student share of resident tuition plus COF stipend. As both of these components are expected to increase by 3.5 percent in Fiscal Year 2007-08, the WUE rate would also increase.

- Western Undergraduate Exchange (WUE): $\$160.55 + 5.60 = \166.15

For those colleges that provide an institutional scholarship to reduce this rate, the minimum charge would be 150 percent of the student share of resident tuition (\$77.15).

- Minimum WUE after Institutional Scholarship: $\$111.85 + 3.90 = \115.75

2. New Fee Requests: The following colleges request new fees as described below:

Arapahoe Community College: ACC requests a new course specific fee of \$10.00 per term for each student registered for Geographic Information Systems (GIS) courses GIS 101 and GIS 210. This fee will cover the cost of printing maps for these courses.

	Proposed	No. Students Impacted
GIS 101 and 210:	\$10.00	30

Community College of Denver: CCD requests a new campus-wide mandatory Health Services fee to pay for implementation of mandatory immunization requirements at the Auraria Campus. The proposed fee is \$2.00 per term for each student at the Auraria campus.

	Proposed	No. Students Impacted
Health Services:	\$2.00	11,228

Pueblo Community College: PCC requests a new campus-wide mandatory Health Fee to pay for supplies, equipment and medical personnel to administer an on-campus health clinic. The proposed fee is \$20 per term for students registered for six or more credit hours.

	Proposed	No. Students Impacted
Health Clinic:	\$20.00	9,196

3. Existing College Specific Fee Increase Requests: The following colleges request an increase in fees as described below:

Arapahoe Community College: ACC requests an increase in the course specific fee charged per term for each student registered for the Theatre in Denver (THE 110) course, to cover increased theatre ticket prices. This fee covers the cost of theatre tickets for 5-8 events per term.

	Current	Proposed	Increase (\$)	Increase (%)
Theatre Tickets:	\$100.00	\$125.00	\$25.00	25.0%

Community College of Denver: CCD requests increases for the Clean Energy and Student Government fees.

The Clean Energy fee provides additional funding to purchase clean renewable electrical power for the Auraria Campus. The Student Advisory Committee to the Auraria Board (SACAB) requested an expansion of this fee to provide for an enhanced Sustainable Campus Program. This would require a phased increase in this fee, from \$1 to \$3 per term beginning Spring 2008. The fee would increase to \$4 per term in Spring 2009 and to \$5 per term in Spring 2010 and continuing through the end of 2011. The students of the Auraria Campus will vote on this expansion on April 25th and 26th, 2007.

The Student Government fee funds student government operations and student activities. The increase in this fee would fund scholarships for student activities. This fee is assessed on a per credit hour basis.

	Current	Proposed	Increase (\$)	Increase (%)
Clean Energy:	\$1.00	\$3.00	\$2.00	200.0%
Student Government:	\$4.75	\$5.45	\$.70	14.7%

Front Range Community College: FRCC requests an inflationary increase for the Parking Facilities fee and an increase in the Student Government fee for inflation plus the increased cost of utilities and a new custodial agreement. These fees are assessed on a per credit hour basis. The Parking Facilities fee increase is rounded to the nearest nickel.

	Current	Proposed	Increase (\$)	Increase (%)
Parking Facilities:	\$1.15	\$1.20	\$.05	4.3%
Student Government:	\$3.00	\$3.15	\$.15	5.0%

Morgan Community College: MCC requests an inflationary increase in the Student Activity fee at the Fort Morgan campus. This fee is assessed on a per credit hour basis, to a

maximum of 12 credit hours per semester. The Student Activity fee was last increased in the 2005-06 academic year. Fee increases are rounded to the nearest nickel.

	Current	Proposed	Increase (\$)	Increase (%)
Student Activity:	\$2.85	\$2.95	\$.10	3.5%

Otero Junior College: OJC requests an increase to its Student Center fee to equalize fee revenues with the cost of operating the OJC Student Center. This fee has not been increased since it was initially assessed in 1963 and the revenues received have not been sufficient to meet increased costs. This fee is assessed on a per credit hour basis.

	Current	Proposed	Increase (\$)	Increase (%)
Student Center:	\$4.50	\$5.50	\$1.00	22.2%

Pikes Peak Community College: Pikes Peak’s fees are currently assessed on a tiered credit hour basis. The college will be conducting a student vote to determine whether fees will be assessed on a per-credit hour basis or a semester basis to accommodate Banner requirements. The options presented to the students will be to charge fees based on:

- Option 1:** per credit hour
- Option 2:** per semester

Whether students decide to have fees assessed on a per credit hour or per semester basis, either option is anticipated to earn the same level of revenue.

PPCC requests an inflationary increase (3.5%) to its Recreation and Sports, Parking Lot, and Student Government fees. The Recreation and Sports fee supports sports and recreation activities and equipment. Revenue from the Parking Lot fee supports the operation and maintenance of parking lots, and the provision of leased parking at the Downtown Studio Campus. The Student Government fee funds student activities, including clubs and organizations, student conferences and competitions, and campus center.

	Current (1-3 credit hrs)	Current (4+ credit hrs)	Option 1 (per credit hr)	Option 2 (per semester)
Recreation and Sports:	\$3.85	\$6.35	\$.68	\$5.56
Parking Lot:	\$5.95	\$10.60	\$1.12	\$9.20
Student Government:	\$5.65	\$10.00	\$1.05	\$8.68

PPCC also requests an inflationary increase in the *non-bond* portion of the Student Center Bond fee, equating to a 2.5 percent increase in the overall fee. The Student Center Bond fee funds the renovation of student auxiliary space as well as repayment of the bond obligation.

	Current (1-3 credit hrs)	Current (4+ credit hrs)	Option 1 (per credit hr)	Option 2 (per semester)
Student Center:	\$5.95	\$16.05	\$1.61	\$13.25

Lastly, PPCC requests an increase in the *non-bond* portion of the Child Development Center (CDC) Bond fee. Revenue from this fee is used for operation and maintenance costs for the child care facilities in addition to bond obligation payments. Currently, fee revenue is not sufficient to address CDC operational costs and the annual bond obligation. The 22.7 percent increase would bring revenue to a breakeven point with operating costs. This fee increase will be put to student vote on April 24th and 25th, 2007.

	Current (1-3 credit hrs)	Current (4+ credit hrs)	Option 1 (per credit hr)	Option 2 (per semester)
Child Development Center:	\$8.50	\$24.60	\$2.94	\$24.19

Red Rocks Community College: RRCC requests an inflationary increase to its Student Activity and Student Parking fees. These fees are assessed on a per credit hour basis, to a maximum of 12 credit hours per semester, for on-campus courses or sections. Fee increases are rounded to the nearest nickel.

	Current	Proposed	Increase (\$)	Increase (%)
Student Activity:	\$4.95	\$5.10	\$.15	3.0%
Student Parking:	\$1.05	\$1.10	\$.05	4.8%

4. System Wide Fee Increase Request: The CCCS requests an inflationary increase in the mandatory Registration Fee that is assessed to students each semester. This fee was last increased for the Fall term of Fiscal Year 2004-05. The fee increase is rounded to the nearest nickel.

	Current	Proposed	Increase (\$)	Increase (%)
Registration Fee:	\$10.40	\$10.75	\$.35	3.4%

5. Room and Board Increase Requests: The following colleges request an increase in the room and board rates. Rates shown here are for room and board combined given that this is the way it is charged. Students may not reside in the dormitories without purchasing the meal package.

Lamar Community College: LCC requests a 4.0 percent increase to both single and double occupancy room and board charges. This increase is expected to increase additional revenue by \$33,847. The rate increase is attributed to cost increases for the food supplier, Sodexo, and due to the substantial increase in minimum wage. (Rates quoted below are per term)

	Current	Proposed	Increase (\$)	Increase (%)
Double Occupancy: (19 meals)	\$2,287	\$2,378.50	\$91.50	4.0%
Single Occupancy: (19 meals)	\$2,904	\$3,020	\$116	4.0%

Northeastern Junior College: NJC requests a 3.0 percent increase to single, double and suite occupancy rates. This increase is expected to increase revenue by \$37,071. The rate increase is attributed to an anticipated overall cost increase for personnel, food cost, and residence hall repairs. (Rates quoted below are per term)

	Current	Proposed	Increase (\$)	Increase (%)
Double Occupancy: (19 meals)	\$2,581	\$2,658	\$77	3.0%
Double Occupancy: (14 meals)	\$2,523	\$2,599	\$76	3.0%
Double Occupancy: (10 meals)	\$2,467	\$2,541	\$74	3.0%
Suite (4 person): (19 meals)	\$2,882	\$2,968	\$86	3.0%
Suite (4 person): (14 meals)	\$2,824	\$2,909	\$85	3.0%
Suite (4 person): (10 meals)	\$2,768	\$2,851	\$83	3.0%
Single Occupancy: (19 meals)	\$3,050	\$3,141	\$91	3.0%
Single Occupancy: (14 meals)	\$2,992	\$3,082	\$90	3.0%
Single Occupancy: (10 meals)	\$2,936	\$3,024	\$88	3.0%

Otero Junior College: OJC requests an increase of 4.0 percent to double and single occupancy rates. This increase is expected to increase revenue by \$34,475. The rate increase is attributed to increased meal costs and higher labor costs due to the substantial increase in minimum wage.

	Current	Proposed	Increase (\$)	Increase (%)
Double Occupancy: (19 meals)	\$2,256	\$2,346	\$90	4.0%
Double Occupancy: (15 meals)	\$2,178	\$2,265	\$87	4.0%
Single Occupancy: (19 meals)	\$2,440	\$2,538	\$98	4.0%
Single Occupancy: (15 meals)	\$2,363	\$2,458	\$95	4.0%

Trinidad State Junior College: TSJC requests an increase to its double and single occupancy rates. This increase is expected to increase revenue by \$34,440. The requested

increase is attributed to a 3.9 percent increase in meal costs and a 3.0 percent increase in room costs related to utilities and supplies. Rates are rounded to the nearest half dollar.

	Current	Proposed	Increase (\$)	Increase (%)
Double Occupancy: (19 meals)	\$2,196	\$2,277.50	\$81.50	3.7%
Single Occupancy: (19 meals)	\$2,576	\$2,669	\$93	3.6%

Colorado Northwestern Community College: There is no room and board increase requested for CNCC.

6. Estimated Revenue Impact: While total enrollment will drive the actual revenue earned from proposed increases to tuition and fees, the anticipated revenue impact is shown below:

	Total Estimated Revenue Increase
Resident Tuition	\$2,986,937
Non-Resident Tuition	786,647
New Fees	184,720
Increased Fees	321,261
Registration Fee	48,489
Room and Board	139,834
Total¹	\$4,467,888

¹ Increase is based on 3.5 percent increase to non-resident tuition. Total Estimated Revenue Increase based on a 1.75 percent increase to non-resident tuition would be \$4,124,526.

Staff Recommendation: Staff recommends approval of the Fiscal Year 2007-08 tuition and fee increases, as outlined in this agenda item and the attached tables.

WORK SESSION III, G
CONSENT AGENDA VI, A
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COLORADO COMMUNITY COLLEGE SYSTEM
 Proposed FY 2007-08 Tuition Schedule
All figures are displayed as per credit hour unless otherwise noted

ATTACHMENT I

RESIDENT STUDENTS

	Current (2006-07)			Proposed (2007-08)			
	Student Share of Tuition	+ COF Stipend	= Total Resident Tuition	Student Share of Tuition	+ COF Stipend	= Total Resident Tuition	Increase
Resident Tuition - On Campus	74.55	86.00	160.55	77.15	89.00	166.15	3.5%
Hybrid Courses (ACC)	105.45	86.00	191.45	109.15	89.00	198.15	3.5%
CCC Online / Campus Online	136.40	86.00	222.40	136.40	89.00	225.40	1.3%
Interactive Television (PPCC)	79.60	86.00	165.60	82.40	89.00	171.40	3.5%
Dental Hygiene	146.30	86.00	232.30	151.40	89.00	240.40	3.5%
Aviation Maintenance	146.30	86.00	232.30	151.40	89.00	240.40	3.5%
Aviation Flight	177.05	86.00	263.05	183.25	89.00	272.25	3.5%
Nursing	108.60	86.00	194.60	112.40	89.00	201.40	3.5%
Nursing - Internet (PPCC)	170.45	86.00	256.45	176.40	89.00	265.40	3.5%
Physician's Assistant	280.40	86.00	366.40	290.20	89.00	379.20	3.5%

NON-RESIDENT STUDENTS

	Current (2006-07)	Proposed (2007-08)	
	Non-Resident Tuition Rate	Non-Resident Tuition Rate	Increase
Non-Resident Tuition - With Dorms	276.10	285.75	3.5%
Non-Resident Tuition - Without Dorms	345.15	357.25	3.5%
Non-Resident Differential	345.15	357.25	3.5%
Non-Resident Physician Assistant	386.30	399.80	3.5%
International Students (OJC)	200.00	200.00	0.0%
CCC Online Non-Residents	222.40	225.40	1.3%
WUE Tuition	160.55	166.15	3.5%
Reciprocity Students (New Mexico)	74.55	77.15	3.5%
NJC Pilot	160.55	166.15	3.5%
LCC Pilot	160.55	166.15	3.5%
OJC Pilot	160.55	166.15	3.5%
CNCC Pilot	160.55	166.15	3.5%

STATE BOARD FOR COMMUNITY COLLEGES AND OCCUPATIONAL
EDUCATION

April 11, 2007 Meeting

TOPIC: Reserve Requirements and Use and Compensated Absence Policy

PRESENTED BY: Marilyn Golden, Vice President for Finance and Administration
Lisa Grefrath, System Controller

EXPLANATION:

BP 8 – 160 directs a Board review of reserve policy in 2007 to determine if the minimum reserve requirement should be changed. This discussion outlines a rationale for standardizing the calculations, reliance on audited year-end financial statements rather than appropriations and increasing the requirement on a phased-in basis to a one-month reserve. Note that nearly all colleges and the System Office have presently met that goal.

Technically, reserves are a subset of unrestricted net assets and should be considered relatively liquid. Unrestricted net assets refer to the elements of equity as reported in the System's financial statements and may contain other items that are less liquid than others, such as inventories and prepaids that are considered less liquid than cash and accounts receivable. There are different terminologies in use for "reserves" including budget stabilization funds, rainy day funds, and others, but in concept there is the common theme of setting aside revenues during times of stronger economic standing to be used during times of weaker growth or decline. They are used to buffer against financial shocks.

Similar in concept to a reserve, but structurally different from an accounting perspective, compensated absences are treated as a liability that reduces net assets and is for the purpose of paying out employees at retirement or upon termination. While compensated absences are treated as a *liability* rather than a *reserve*, in effect, provision has been made to cover the potential expense of employee payouts.

How much is enough:

The initial adoption of Board Policy 8 – 160 occurred on May 14, 2003 and at that time the goal was to achieve a 4% reserve in each of the colleges and the System Office on a three-year phased-in basis. On May 10, 2006, Staff presented to the Board a request to increase the reserve level from 4% to 6%. This request was coupled with the influx of new money to the System via the *Unfunded Enrollment* appropriation. At that time, the justification was that if each month represents 8.3% of the year, then 4% represents approximately two weeks of operation. An increase to a 6% reserve was thought to be a modest step toward a goal of a one month reserve. In the May 10, 2006 presentation, a goal of one month (8%) held in reserve was identified as a future direction to work towards.

General Fund appropriations declined for the Colorado Community College System by 6.7% in FY 2002-2003 and by another 9.4% in FY 2003-2004. The two-year total General Fund reduction equaled \$19.4 million. Couple the budget cuts with increased enrollment

and the General Fund reduction on a per student basis was 35.3% from FY 2001-2002 to FY 2004-2005. With the tuition increases, the net revenue reduction during that period was still significant at 16.7%. The reductions occurred at the same time that increased legislative requirements were imposed through HB 04-1086.

Staff reviewed literature for guidance on best practice. The Center on Budget and Policy Priorities (*Heavy Weather: Are State Rainy Day Funds Working*, May 13, 2003, Bob Zahradnik and Rose Ribeiro) reported that many of the states that set up “rainy day funds” had capped them at 5%. However, the national state budget shortfalls in 2002, 2003 and 2004 were nearly 10%. The National Conference of State Legislatures (NCSL) reports that in 2003 alone, the shortfall was over 15%. The Center on Budget and Policy suggested that funds on the order of magnitude of 10% to 15% would have been necessary to avert the need to significantly reduce expenditures. The Center’s analysis stated that in 2000, states carried reserve balances of 10.4% and by 2003 reserve balances for state governments had declined to 3.4%. Many states set their reserve benchmark at 5% but that level proved inadequate. The Government Finance Officers Association (GFOA) questioned a 5% reserve as well. In a statement of recommended practices released in 2002, GFOA stated that:

“...GFOA recommends, at a minimum, that general purpose governments, regardless of size, maintain unreserved fund balance in their general fund of *no less than five to 15 percent* of regular general fund operating revenues, or of *no less than one to two months* [that is, eight to 16 percent] of regular general fund operating expenditures...”

Standard and Poor’s considers total general fund balances (including rainy day funds) of 15% or more to be “strong,” while balances of 5% or less to be “low” for local government tax-backed general obligation bond ratings. Most of the documents reviewed reported ranges of 5% to 10%. A commonly reported rule of thumb in the literature was to hold in reserve one to two months’ (8% to 16%) of operating expenditures.

For the Community College System, enrollment is a volatile element that must be accounted for, particularly in an environment of COF stabilization and HB 06-1023. A 1% fluctuation in enrollment relates to approximately \$1 million. In the May 10, 2006 Board meeting, the System was permitted to hold back one-time unfunded enrollment dollars, “to create a buffer in the system office against the unexpected consequences of enrollment fluctuations as we stabilize in the COF environment.”

However, there is a counterpoint to the thinking that reserves should be at a high level. That is, money held in reserve is not working for the colleges on behalf of students. It is a resource that is unavailable for investment and operations in the colleges. Determining what level is enough needs to balance the very legitimate concern that the money needs to be working for the colleges not amassing, while needs such as staffing or competitive salaries go unmet.

FY 04-05 Reporting of Reserve Status:

In practice, the calculation of reserves has not been standardized and the calculation has been self-reported to the System Office. Data collection and verification has been a lengthy process. There are situations in which the differences in calculation methodology may have worked to the detriment of the college and others where it appeared to shed a more favorable light.

BP 8-160 requires that reserves be calculated on appropriations including General Fund, Tuition and Fees. Each college and the System Office are allocated a portion of the General Fund appropriation. But the reserve is to be calculated on the basis of tuition and fees as well. While the Long Bill does carry estimated revenues from tuition and fees, this figure is not allocated to the colleges and is often very rough. For this reason, each college must handle this portion of the calculation individually.

As of February 8, 2006 (the Board report on Reserve status), all colleges had met the 1% reserve requirement for FY 2004-2005. However, it appeared likely that two colleges would have difficulty in getting to the FY 2005-2006 2% goal by the end of FY 2005-2006. Again, there were inconsistent calculation methodologies and the calculations were not based on audited figures. Table 1 provides a summary of the information presented a year ago.

Table 1: February 8, 2006 Presentation to Board
of FY 2004-2005 Reserve Status as Percent of Allocated Appropriation

Entity	Reported Percent Reserve	FY 2004-2005 Reserve as Percent of Appropriation
ACC	11.0%	\$2,387,868
CCA	11.6%	1,707,465
CCD	1.4%	311,417
CNCC	10.6%	704,437
FRCC	7.6%	3,163,802
LCC	1.2%	56,694
MCC	18.3%	1,023,802
NJC	24.6%	2,120,219
OJC	7.9%	544,240
PPCC	4.6%	1,345,509
PCC	14.7%	2,721,733
RRCC	10.9%	2,227,786
TSJC	19.6%	1,799,054
CCCS	16.5%	1,709,722
<i>System wide</i>	<i>9.9%</i>	<i>\$21,823,748</i>

While the overall reporting suggests a System wide reserve of nearly 10%, it would be preferable to have a standardized calculation approach that uses audited figures. The same is true of compensated absences. Colleges attempt to calculate them as intended, but it is

clear that the execution is not uniform, although may be materially correct for audit purposes.

Next Step and Basis for Recommendation:

The recommended calculation utilizes audited financial statements for FY 2005-2006.

Attachment 1 provides detailed representation by college and for the System Office of the following information from Audited Financial Statements from FY 2005-2006 year end (as of 6-30-06):

- Actual *audited* operating expenses are provided by functional category of expenditure for FY 05-06 (e.g., instruction, public service, academic support) including those for auxiliary expenses (e.g., CCC Online). These exclude depreciation expense which is a non-cash transaction. An average monthly operating expense is calculated from FY 05-06 actuals.
- Current debt for capital leases and bonds is provided for informational purposes. This is the debt liability for a one-year period, not the total balance to retire all debt.
- Total of one month of operating expense together with one-year's worth of debt obligation. This is provided for informational purposes.

Attachment 2 provides the calculation for a recommended reserve. The following explanations walk down the content of each of the five blocks of information in Attachment 2.

- ***Can the Colleges Support a Reserve that is Equivalent to One Month's Average Operating Expense from Unrestricted Net Assets?*** The current Board Policy requirement is that colleges and System Office reach a 6% reserve by July 2007. As of June 30, 2006, the requirement for that point in time was to be at a 2% reserve with a goal two years out of 4% of *appropriations*. As presented here, this calculation relies on year-end unrestricted net assets, so uses a different base than previously defined. It also includes auxiliary expenses and un-pledged auxiliary revenues, since both relate to financial obligations. Board set-asides that were for such things as enrollment fluctuations, future ERP expense (including Delta), marketing, etc., are subtracted from System unrestricted net assets, since these are incurred on behalf of the colleges.

One cautionary note is that accounts receivable, or the value of money owed to the colleges or the System, may comprise a significant portion of the liquid assets that are available to meet the reserve. This is an issue in particular for Lamar Community College where it appears that an amount equivalent to approximately half the value of the unrestricted net asset may be in accounts receivable. See the fourth section on Attachment 2 – *Additional Information* for the status of *Unrestricted Cash and Cash Equivalents as of 6-30-06*. It must be noted that portions of these figures are obligated (e.g., Colorado Vocational Act, CCC Online, etc., for CCCS) but it is a snapshot in time of cash status, not a reflection of reserve status. The significance of this for this

analysis is that LCC's cash position represents less than their unrestricted net assets position at that moment in time.

All but two of the colleges would be presently in compliance with a *new* policy of having one month's worth of operating expense covered based on this calculation.

It is also very important to point out that some colleges have been "saving" toward large projects. For example, Arapahoe Community College has designated a portion of their unrestricted net assets toward capital projects through their Advisory Council. This is not a designation by the SBCCOE, so while ACC has been setting these dollars aside, they are technically available for reserve. Note that ACC previously reported a reserve at 11% of *appropriated funds* or \$2.4 million – a figure that is similar to the one month of operating expenses. This new calculation is very consistent with their prior status from a dollar perspective.

- ***How Many Months will Unrestricted Net Assets, Net of Set Asides, Cover?*** The second block on Attachment 2 shows two calculations. The first calculation excludes capital-related debt that is reported on Attachment 1. From this, all but one college/System Office on the basis of their unrestricted net assets could materially meet a standard of a one-month reserve. Pikes Peak Community College's average monthly operating expense for FY 2005-2006 was \$3.7 million and they had an unrestricted net asset of \$2.3 million – this corresponds to approximately nineteen days of buffer. Lamar Community College only misses the mark by 0.04%.

As noted in the second calculation, and while it is not suggested here that capital debt coverage be a piece of the calculation initially, it is worth noting that most colleges could cover one-month's operating expense plus one year's worth of their capital-related debt (bond or lease).

- ***What Percent Is Unrestricted Net Assets, Net of Set Asides, of Total Operating Expenses?*** The third block expresses the value of the unrestricted net assets as a percent rather than as a function of time. For reference, one month of time is approximately 8% of the year.
- ***Additional Information.*** Two items are shown here:
 - Unrestricted Cash and Cash Equivalents as of 6-30-06: This metric represents a snapshot as of this date of the cash each of the entities had on hand. There absolutely ARE obligations against some of these figures (e.g., CCCS figure includes CVA dollars that are obligated), but there is value in noting the cash position.
 - Compensated Absences: Both current and non-current compensated absence liabilities are presented here. Note that these figures are classified as liabilities that have already been subtracted from the assets to arrive at unrestricted net assets. Note too that operating expenses from Attachment 1 include payroll. The objective of compensated absence liabilities is to make provision for

payroll-related obligations that are beyond the budgeted annual personal services base (e.g., retirement payouts). System wide, the value of the compensated absence liability is \$10,943,040. If \$28,963,273 would fund one full month of operating expenses (including payroll), the present compensated absence liability increases the buffer by 38%.

Compensated absence calculations, like the reserve calculations, have been interpreted, and thus calculated, in an inconsistent manner. So although this liability is materially correct from an audit perspective, the methodology employed to calculate it should be clarified and applied in a standard manner to all colleges and the System Office.

RECOMMENDATION:

There are three elements in the recommendation:

- Change BP 8-160 such that CCCS reserve policy is to hold in reserve the equivalent of one full month of operating expenses. The calculation should be based on the most recent year-end audited financial statements and should be prepared by the System Office with input from the colleges.
- The reserve should be set at one month's operating expense and for those colleges not presently there, steps should be taken to accomplish compliance by July 1, 2009.
- Expenditures should not reduce the reserve level below 8% without Board approval.

Attachment 1: Colorado Community College System - Operating Expenses and Current Annual Debt Obligation for Bonds and Capital Leases

Source: Audited Financial Statements from Fiscal Year Ended June 30, 2006

Item	ACC	CCA	CCD	CNCC	FRCC	LCC	MCC	NJC	OJC	PPCC	PCC	RRCC	TSJC	CCCS*	FY 06 Total
Actual FY 2005-2006 Operating Expenses:															
Instruction	12,422,770	8,771,494	15,944,763	2,769,404	28,434,645	2,341,661	3,744,535	5,148,272	10,333,414	17,300,661	15,264,304	13,814,799	5,701,468	20,066,201	162,058,391
Public service	-	49,669	287,269	-	438,681	-	193,893	-	2,663	-	-	1,704,211	259,538	471,949	3,407,873
Academic support	2,600,386	1,210,692	5,088,755	587,529	4,120,932	342,795	1,081,089	578,451	495,229	5,130,669	1,426,957	2,163,521	809,599	49,406	25,121,529
Student services	1,963,485	2,068,051	4,235,494	890,812	6,354,638	664,116	680,426	1,375,287	786,659	4,982,660	2,986,879	2,535,799	2,540,358	(270,415)	31,794,249
Institutional support	3,775,653	2,289,789	3,065,177	955,751	6,956,882	728,597	1,012,394	1,501,424	517,800	4,613,213	2,513,131	2,685,953	1,294,881	20,094,379	40,057,055
Operation/maintenance of plant	3,078,475	2,962,383	2,661,745	877,300	5,977,326	943,093	664,648	1,238,755	2,267,704	5,482,998	3,100,682	2,697,209	1,541,353	4,982,215	38,475,886
Scholarships and fellowships	1,181,256	1,224,190	1,852,226	733,142	2,737,511	1,025,670	232,279	239,305	(569,383)	2,160,403	455,796	801,869	855,357	-	12,929,621
Auxiliary enterprises	1,155,085	19,914	1,366,022	1,675,890	7,082,151	1,621,948	618,447	2,666,445	2,146,662	5,287,246	2,645,297	2,815,057	2,587,869	10,384,891	33,714,677
Total Operating Expenses	26,177,110	18,596,182	34,501,451	8,489,828	62,102,766	7,667,880	8,227,711	12,747,939	15,980,748	44,957,850	28,393,046	29,218,418	15,590,423	55,778,626	347,559,281
Avg. Monthly Operating Expenses	2,181,426	1,549,682	2,875,121	707,486	5,175,231	638,990	685,643	1,062,328	1,331,729	3,746,488	2,366,087	2,434,868	1,299,202	4,648,219	28,963,273
<i>* Note: CCCS Expenses includes items such as Colorado Vocational Act, Carl Perkins, CCC Online, System-wide IT support, etc.</i>															

For Informational Purposes Only -- Current Annual Debt for Capital Leases and Bonds:															
Bonds payable	-	910,000	-	-	3,936,854	-	410,000	2,515,000	-	4,284,454	2,220,000	2,345,000	690,000	-	17,311,308
Capital leases payable	2,300,001	-	-	-	-	-	3,361	-	-	4,280,000	209,264	1,244,931	-	6,684,825	14,722,382

For Informational Purposes Only -- One month's average expenses plus current annual capital debt															
	4,481,427	2,459,682	2,875,121	707,486	9,112,085	638,990	1,099,004	3,577,328	1,331,729	12,310,942	4,795,351	6,024,799	1,989,202	11,333,044	60,996,963

Attachment 2: Colorado Community College System - Reserve Calculation Including Auxiliary Revenues and Expenses

Source: Audited Financial Statements from Fiscal Year Ended June 30, 2006

Item	ACC	CCA	CCD	CNCC	FRCC	LCC	MCC	NJC	OJC	PPCC	PCC	RRCC	TSJC	CCCS	FY 06 Total
Can the Colleges Support a Reserve that is Equivalent to One Month's Average Operating Expense from Unrestricted Net Assets:															
<i>Caveat: Unrestricted net assets includes Accounts Receivable. If the Receivables are not collected, there would be a cash shortfall. Below, Additional Information is provided at point in time (as of 6-30-06) for the cash and cash equivalents balances. Note that Lamar Community College's cash is less than their unrestricted net asset at that point in time. That is the impact of receivables.</i>															
Unrestricted Net Assets	13,220,865	2,977,680	3,461,452	3,132,346	11,236,576	611,160	1,881,305	2,689,058	3,934,013	2,302,379	6,357,603	5,012,673	2,658,058	17,709,189	75,263,473
Less System Set Aside for Enrollment Fluctuations from one-time unfunded enrollment														(2,569,612)	(2,569,612)
Less one time unfunded enrollment set aside for FY 06-07 ERP (incl. Delta)														(2,148,921)	(2,148,921)
Less Board-designated (June 2006) items including marketing, Lowry development, asset management, seed money														(1,529,652)	(1,529,652)
Unrestricted Net Assets net of System Set Asides	13,220,865	2,977,680	3,461,452	3,132,346	11,236,576	611,160	1,881,305	2,689,058	3,934,013	2,302,379	6,357,603	5,012,673	2,658,058	11,461,004	79,982,006
Less one month's average operating expenses (<i>excluding</i> current annual debt obligation)	2,181,426	1,549,682	2,875,121	707,486	5,175,231	638,990	685,643	1,062,328	1,331,729	3,746,488	2,366,087	2,434,868	1,299,202	4,648,219	28,963,273
Remaining unrestricted net asset with one month operating expense reserve	11,039,439	1,427,998	586,331	2,424,860	6,061,346	(27,830)	1,195,662	1,626,730	2,602,284	(1,444,109)	3,991,516	2,577,805	1,358,856	6,812,785	51,018,733

Attachment 2: Colorado Community College System - Reserve Calculation Including Auxiliary Revenues and Expenses

Source: Audited Financial Statements from Fiscal Year Ended June 30, 2006

Item	ACC	CCA	CCD	CNCC	FRCC	LCC	MCC	NJC	OJC	PPCC	PCC	RRCC	TSJC	CCCS	FY 06 Total
How Many Months will Unrestricted Net Assets, Net of Set Asides Cover?															
Total number of months that could be covered <i>excluding</i> capital debt	6.06	1.92	1.20	4.43	2.17	0.96	2.74	2.53	2.95	0.61	2.69	2.06	2.05	2.47	2.76
Total number of months that could be covered <i>including</i> capital debt	5.01	1.33	1.20	4.43	1.41	0.96	2.14	0.16	2.95	(1.67)	1.66	0.58	1.51	1.03	1.66

What Percent Is Unrestricted Net Assets, Net of Set Asides, of Total Operating Expenses (Reference: Attachment 1)?															
Unrestricted net assets, net of set asides, as a percent of annual Total Operating Expenses	47%	15%	9%	34%	17%	7%	21%	19%	23%	5%	21%	16%	16%	19%	21%

Additional Information:															
Unrestricted Cash and Cash Equivalents as of 6/30/06 (a portion of which is obligated)	16,860,665	7,140,225	4,184,214	4,090,166	23,144,420	387,937	2,774,346	5,861,989	9,690,706	6,566,061	10,239,996	9,841,370	3,170,023	29,908,210	131,939,444
Compensated Absences															
Current compensated absences liability	350,890	245,166	378,096	119,586	652,012	108,144	161,295	175,012	179,874	579,411	381,820	432,200	246,496	480,305	4,490,307
Noncurrent compensated absences liability	512,946	252,270	623,602	105,904	1,140,001	169,790	316,173	328,474	421,687	810,949	470,575	449,841	307,055	543,466	6,452,733
	<u>863,836</u>	<u>497,436</u>	<u>1,001,698</u>	<u>225,490</u>	<u>1,792,013</u>	<u>277,934</u>	<u>477,468</u>	<u>503,486</u>	<u>601,561</u>	<u>1,390,360</u>	<u>852,395</u>	<u>882,041</u>	<u>553,551</u>	<u>1,023,771</u>	<u>10,943,040</u>

Notes:

- Some colleges designated funds for specific purposes in anticipation of future expenditures such as capital development, for example, ACC with guidance from its Advisory Board, has been planning ahead for capital needs. However, these designations are not formal obligations or restrictions. As such, the money would be available to the college for operating needs.
- The revenue that supports the unrestricted net assets includes auxiliary revenues. However, pledged revenue has been removed, thus, these funds are available.
- The Unrestricted Cash and Cash Equivalents as of 6-30-06 for CCCS, includes CCC Online and Year End appropriations not yet distributed (e.g., Unfunded Enrollment).

STATE BOARD FOR COMMUNITY COLLEGES AND OCCUPATIONAL EDUCATION

April 11, 2007

TOPIC: Lowry Rent Policy

PRESENTED BY: Marilyn Golden, Vice President for Finance and Administration
Mark Superka, Budget Director

EXPLANATION:

This presentation seeks Board approval to alter how Lowry rent revenue from the Community College of Aurora (CCA) and the Community College of Denver (CCD) is collected and allocated to colleges within the community college system. The current methodology relies on obsolete utilization data and the mechanisms for redistributing and allocating this funding to the colleges within the system are not efficient.

Background

At its June 9, 2004 meeting, the Board voted to charge rent to the Community College of Aurora and the Community College of Denver for their use of Lowry campus facilities. The requirement that CCA and CCD pay rent was phased-in over three years. FY 2006-2007 is the last year of the phase-in.

At the same meeting, the Board also voted to redistribute the Lowry campus rent revenue received from CCA and CCD back to all of the colleges (including CCA and CCD). This revenue is allocated at the same percentage as the state support (e.g., stipend and fee-for-service funds) is allocated through the Base Allocation Model. These Lowry rental funds constitute, along with state support, tuition, fees, and grant revenue, the funding that colleges use to plan their budgets for the coming year. In the May 2006 Board presentation of the Base Allocation Model for FY 2006-2007, the Board approved staff recommendation to revisit the Lowry rent policy for FY 2007-08 and to redistribute 66.6% of the FY 2006-07 full year rental revenue (i.e., the same amount as FY 2005-2006) back to the colleges.

Limitations of the Current Methodology

There are two primary issues at present:

- *The current calculation relies on out-dated space utilization data.* The space utilized in FY 2002-2003 was different from the space presently utilized in FY 2006-2007. For example, CCA has moved the Film School into Building 965 and is fully utilizing that high technology building, but has moved out of all but one room in 905.
- *The current redistribution mechanism is inefficient.* Rent payments are made by CCA and CCD to the System Office. Except the current year (per May 2006 Board discussion), none of the revenue earned from CCA and CCD stays with Lowry

operations, leaving the operating costs associated with those buildings uncovered by rent earned and reliant on direct funding from other means. Campus operations costs include such things as: utilities, custodial and grounds services, security services, and snow removal. As a result, the System must finance the campus operating costs by taking it off the top of its portion of the Base Allocation Model funding, while redistributing the rental revenue to the colleges. This is not an efficient way to allocate funding.

Attachment 1 provides a detailed comparison of the space utilization in FY 2002-03 compared to the current utilization in FY 2006-07. In addition, Attachment 1 also shows the Board-approved allocations of Lowry rent revenue to the colleges for FY 2006-07.

RECOMMENDATION:

As a result of the limitations outlined above, staff is recommending the following:

- 1) Permit the rental income from CCA and CCD to fund the cost of operating the portion of the facilities that they occupy and eliminate the distribution of the CCA and CCD rent to the colleges in the system for FY 2007-08; and
- 2) In the FY 2007-08 budget allocation, redistribute the equivalent amount of the System Office's current base state support allocation to the colleges via the base allocation model on an ongoing basis.

The above actions would allow the colleges to receive the equivalent amount of revenue that previously was generated through the Lowry rent redistribution, holding the colleges harmless on an ongoing basis.

ATTACHMENT: Status of CCA and CCD Space Utilization Assumptions and Base Allocation Distribution

ATTACHMENT 1

CCA in FY 2002-2003:

- Building 758 – Info Tech: 1,692 GSF. Annual rent assigned to space: \$7,908. Status: No longer in use.
- Building 859 - Science: 51,240 GSF. Annual rent assigned to space: \$239,471. Status: Fully utilized.
- Building 905 – Film Video: 52,000 GSF. Annual rent assigned to space: \$243,023. Status: As of January 2006, using one high-bay room. Remainder is leased to charter school (New America School) with direct payment to CCCS.
- Building 901 – CCA: 49,080 GSF. Annual rent assigned to space: \$229,376. Status: Second Floor is leased to charter school (Lotus School) with direct payment to CCCS.
- Building 863 – Gym: 15,600 GSF. Annual rent assigned to space: \$72,907. Status: Still in use but with CCA in control of the building use.
- Building 840 – Diesel Mechanics: 9,870 GSF. Annual rent assigned to space: \$46,128. Status: Fully utilized.
- Building 903 – CCA Student Services: 50,060 GSF. Annual rent assigned to space: \$233,956. Status: Fully utilized.
- Building 900 – Dormitory: 94,450 GSF: Annual rent assigned to space: \$0

CCD in FY 2002-2003:

- Building 758 – Info Tech: 1,692 GSF. Annual rent assigned to space: \$7,908. Status: No longer in use.
- Building 753 – Dental Clinic: 14,777 GSF. Annual rent assigned to space: \$69,060. Status: Fully utilized.
- Building 849 – Health: 52,000 GSF. Annual rent assigned to space: \$243,023. Status: Fully utilized.

Current Allocation Methodology

During the May 9, 2006 Board meeting, the Board approved redistributing the FY 2005-06 amount of the Lowry rental revenue to the colleges based on the current methodology. If the Board decides to adhere to the June 9, 2004 approach, the remaining rent (1/2 of this amount) from CCA and CCD would be distributed yet this year on the percentage basis shown below.

Table 1: Lowry Rent Redistribution and Allocation to Colleges

College	FY 2006-2007 Lowry Rent Allocation	Percent of Total CCA/CCD Rent Revenues
LCC	\$ 22,318	2.6%
CNCC	27,750	3.2%
MCC	33,826	3.9%
OJC	38,788	4.5%
TSJC	43,826	5.1%
NJC	40,963	4.7%
CCA	68,086	7.9%
PCC	79,560	9.2%
RRCC	78,418	9.0%
ACC	79,191	9.1%
CCD	89,174	10.3%
PPCC	114,299	13.2%
FRCC	150,117	17.3%
Total	\$ 866,316	100.0%

As noted, these amounts are built into the revenue expectations of each of the colleges; the first half of this commitment was distributed in January of this year.

STATE BOARD FOR COMMUNITY COLLEGES AND OCCUPATIONAL EDUCATION

April 11, 2007

TOPIC: Front Range Community College Westminster Facilities Master Plan

PRESENTED BY: Karen Reinertson, President, Front Range Community College

EXPLANATION:

Front Range Community College requests approval of its Facilities Master Plan for the Westminster Campus dated February 2007. Below is a summary of the Master Plan. The full Master Plan is available online at

<http://www.frontrange.edu/FRCCTemplates/FRCC1.aspx?id=5575>

Overall Summary:

The Westminster Campus of Front Range Community College (FRCC) was built as the North Campus of the Community College of Denver in 1977. In 1983, the state legislature transformed the North Campus into Front Range Community College. Since that time, the College has grown northward, adding campuses in Fort Collins, Boulder County, and a center in Brighton.

The original Westminster facility was a long thin structure designed to take advantage of solar energy. It was also designed to serve students in traditional technical and industrial programs, and had large spaces devoted to collision repair, machining, and electronics laboratories.

Since the facility was constructed, the service area has changed significantly. Demand for most technical and industrial occupations has diminished significantly, and demand for transfer courses and health care training has increased substantially. Transfer and health care now account for 74% of campus enrollment, with developmental studies accounting for another 13%.

The region's population has also changed significantly. The inner Denver suburbs that had been the core of the Westminster campus service area – Northglenn, Federal Heights, southern Thornton and southern Westminster – have become older, less educated and more ethnically diverse. All of those areas have seen a drop in high school graduation rates. For FRCC - Westminster, this has meant increasing demand for developmental studies courses, as students are increasingly under-prepared for college. At the same time, growing suburbs north of the campus have developed a high tech employment base. Students from those areas are increasingly interested in transfer courses and less interested in technical and industrial fields.

Previous capital improvement projects have partially responded to the changes in the service area by renovating a portion of the original building and adding a library and student center. However, major portions of the building have not changed substantially since its construction and no longer are fully functional nor attractive to students. The long range future of the campus

will depend in part on a series of targeted renovations that make it more useable and more acceptable to students.

The present campus configuration hinders efforts to respond to the current and future demand for training in healthcare, general studies and developmental education. In several program areas, laboratory space, both for science classes and health care training, is or will be insufficient to handle demand. The configuration also hides key student services well away from the main entrance, and confuses students by separating, onto two different levels and three separate areas, services that students typically access in sequence.

The configuration problems will be exacerbated as enrollment grows over the next six years. Much of the projected enrollment growth will be driven by development north of the campus. Because of that development, population of our core student base, 18 to 24 year olds, is expected to grow 14% from 2005 to 2011.

In addition to enrollment growth based on population increases, the campus foresees modest growth based on re-organization of programs and increases in penetration rates, especially among high school students. The campus has planned several efforts to build better links with high schools and to increase overall penetration rates in the community. Campus leadership has also been re-focusing programs on high growth areas. Finally, current enrollment appears to be at the bottom of a cyclical downturn.

The result is that the campus projects an enrollment increase of approximately 11% through 2011. The enrollment changes will differ from program to program, with some expanding and some contracting.

The Brighton Center, a satellite center of the Westminster Campus, is currently located in approximately 4,000 square feet of the old Adams County Courthouse on Bridge Street in Brighton. It is estimated the Center will require approximately 10,000 square feet of space in the short term. The County plans to demolish the current facility within the next couple of years. To address these two issues, the College is currently searching for space to lease and reviewing other possibilities in conjunction with the City.

Space Analysis:

Using the projected target year 2011 enrollment mix, the Westminster Campus of Front Range Community College shows an overall surplus of 61,835 ASF or a 23% surplus space when comparing guideline space needs to existing, on-campus space. This surplus belies the fact that due to dramatic program changes and relatively little renovation, much of the building is not well suited for its current mission. Due to changes in program offerings and teaching paradigms, classrooms need to be converted to open laboratories, more teaching laboratories need to be built, the administrative area of the 'Student Services One Stop' needs to be expanded and faculty offices need to be renovated. There are two areas of space deficit based on the analysis: performance and exhibit (4,676 ASF) and physical plant (1,930 ASF).

The outcome of this master plan has been the development of two capital improvement projects; both being requested from State of Colorado capital construction funds. Full implementation will address the deficits noted above, create a significantly better environment for students, allow expansion of programs for which there is significant demand, increase efficiency and communication of staff, and support the cultural welfare of the region.

Capital Improvement Project - CIP-1

The plan addresses three critical existing deficiencies at the campus:

1. Multiple locations for student services, each of which is distant from the main parking areas and from the main building entrances, resulting in confusion for students, poor communication among staff, and inefficient service delivery.
2. Lack of adequate faculty offices and meeting areas for all transfer departments; this plan address the most egregious needs, in the mathematics department.
3. Minimal gathering, large group meeting, and performance space.

Implementation of this capital improvement project will consolidate student service functions from their present locations on the C-Level and B-Level into a common location to provide better access to students using a "One-Stop" methodology. One-stop centers are increasingly standard in student services design, as they are both efficient and friendly to students. The units to be relocated include, but are not limited to, the enrollment center, financial aid, the testing center, academic advising, the Institute for Community and Professional Development, and other related student services and student support functions. These functions will be located in the southwest section of the C-Level with a new entry area established to provide direct access from student parking areas.

In addition, the relocation of the Student Enrollment Services, Academic Support Services, and other functions from their present locations will allow the renovation of these spaces to meet the other critical needs. The current advising area will be repurposed, with minimal renovation, to become math offices, student tutorial area, and classrooms. This will finally allow all math faculty to share a common office area and will greatly improve faculty accessibility to students.

The center section of the C-Level where financial aid and admissions and other functions are presently located will be renovated for assembly and exhibit space as well as student collaborative learning spaces in association with Theatre and Arts. The College-wide administration also presently located in this area will relocate to the existing Institute for Community and Professional Development space on the east end of the C-Level. The space needs analysis for the master plan shows a space deficit on campus for assembly and exhibit space and the Theatre program is in need of performance space to satisfy the needs for both the College and community programs' facilities needs.

Approximately 23,000 square feet of the west end of the C-Level will be renovated for Student Services with approximately 12,000 square feet of the center section of the C-Level renovated

following the relocation of student services. Towards implementation of the consolidated student service functions, a new entry will require 500 ASF of new space. The total estimated cost for this project is approximately \$4.6 million.

Capital Improvement Project - CIP-2

The space needs analysis and the classroom utilization analysis indicate existing classroom and academic offices on the Westminster Campus were created for an academic pedagogy that is no longer present. The facility was originally built to provide a solar mechanical system, which was abandoned many years ago. The building is linear in nature with one corridor stretching the entire length of the facility. The mechanical systems are exposed with minimal finishes.

These observations have led to the second capital improvement project which is recommended to be a systematic renovation and reallocation of classrooms, faculty office, some light laboratory, and campus administrative space to address building functional obsolescence issues.

There are five primary areas located on three floors of the building that will be addressed by this project. All of these areas are classrooms and faculty offices with some light laboratory and campus administrative space included. The object of this capital project is to create faculty office suites that provide for better use of existing space as well as providing greater use of existing resources and services to both faculty and students.

The classroom redistribution and reallocation included within each renovation project will right-size the classrooms to more effectively meet the needs of current and future curriculum with greater collaborative learning areas and cross-disciplinary spaces for problem-based learning.

As many different and dispersed areas of the facility are affected, the initial project will set the tone for interior finishes and outcomes for each of the phased projects that will follow. It is anticipated that the design would all occur at once; however, implementation would occur in phases to provide for space for classes while renovation occurs.

Fine Arts are currently located in the northeast area of C-Level. However, existing space is constraining and the enrollment projections illustrate growth in these programs. Additionally, existing space is not configured to meet current teaching paradigms. Therefore, CIP-2 recommends that Fine Arts & Humanities be part of the academic space renovation.

During the cycle of this master planning period additional Allied Health programs are contemplated on the Westminster Campus. Existing Allied Health space, including laboratories and faculty offices, is presently located on the A-Level. Partial renovation of this space to provide additional laboratories for new programs is recommended as part of the phased renovation of academic space during this capital improvement project. The total estimated cost for this project is approximately \$9.3 million.

The dynamic nature of this facilities master plan is meant to support the academic role and mission of the FRCC - Westminster Campus. This plan expresses the commitment of the

College to provide the facilities needed, to enhance the comprehensive educational needs of its students, and to support the economic and cultural well being of its service area. This master plan provides the College with a vision for an improved physical environment that will enable it to fulfill its role as a successful higher education institution.

STATE BOARD FOR COMMUNITY COLLEGE AND OCCUPATIONAL EDUCATION

April 11, 2007

TOPIC: Colorado Perkins One-Year Transition Plan

PRESENTED BY: Dr. Linda Bowman, VP of Academic and Student Services
CTE Strategic Planning Work Group

EXPLANATION:

As discussed in the March 14, 2007 Board meeting, CCCS must submit to the US Department of Education, Office of Vocational and Adult Education (OVAE) the one-year State Transition Plan to be in compliance with the Carl D. Perkins Career and Technical Education Improvement Act of 2006.

The framework for the Colorado Perkins Transition Plan is based on the final guide from OVAE provided to CCCS on March 13, 2007. According to OVAE, “[T]he framework for the guide is based on the requirements in the Act and a renewed vision of career and technical education (CTE) programs for the 21st century. Signed into law on August 12, 2006, the Act represents nearly three years of work on the part of Congress and the U.S. Department of Education (Department), in cooperation with other Federal agencies and the State and local agencies affected by its policies, to provide continuing Federal support for rigorous CTE programs that prepare students for today’s competitive workforce. The Act envisions that all students will achieve challenging academic and technical standards and be prepared for high-skill, high-wage, or high-demand occupations in current or emerging professions. The Act provides an increased focus on the academic achievement of career and technical education students, improves State and local accountability, and strengthens the connections between secondary and postsecondary education.”

In essence, this law asks the states to lead CTE into the 21st century by focusing on program improvement in a globally competitive environment and ensuring modern, durable, and rigorous CTE programs. In particular, the Act requires states to:

- Develop challenging academic and technical standards and related, challenging integrated instruction;
- Increase opportunities for individuals to keep America competitive;
- Focus on high skill, high wage, or high demand occupations;
- Promote partnerships (education, workforce boards, business and industry, etc);
- Provide technical assistance and professional development.

A full copy of the Colorado Perkins Transition Plan may be found on the CCCS website at <http://www.cccs.edu/Docs/SBCCOE/Agenda/Apr07>. As permitted by the federal legislation, CCCS opted to produce a one-year transition plan rather than a multi-year

plan in order to provide more time for the state and local participants to adjust to the new requirements of the Act. While the state must submit to the federal government the one-year Perkins Transition Plan, all local recipients must submit to the state a Local Perkins Transition Plan. The Local Perkins Transition Plans are due to the state by September 30, 2007. The Purposes of the Act are realized through efforts at both the state (CCCS) and local (school districts, area technical colleges, colleges, and consortia) levels.

Below is a short summary of the expectations of the Colorado State Perkins Transition Plan. In the full copy of the Colorado Perkins Transition Plan on the website, there are detailed implementation plans as well as a copy of the Local Perkins Transition Plan. The Local Perkins Transition Plan is the guidance provided by the state (CCCS) to the local grant recipients regarding how they participate in the realization of the purposes of the Perkins Act.

According to the Act, the State Perkins Transition Plan must address the following expectations:

- Develop local CTE Plans of Study that
 - Align with rigorous and challenging academic content standards and student achievement standards (NCLB)
 - Are relevant and challenging at the postsecondary level
 - Lead from secondary to post-secondary education (including 4-year institutions and beyond)
 - Lead to employment in high skill, high wage, or high demand occupations
- Strengthen local CTE Programs
 - Improve academic rigor
 - Improve integration of academics in CTE courses
 - Improve technical quality of CTE courses
 - Improve partnerships with business and industry
 - Meet the needs of special populations
- Focus on articulation agreements to create seamless transitions for students
- Share best practices (particularly regarding the transition of students from secondary to post-secondary education and other student success concepts)
- Partner with business and industry and work force initiatives
- Use data to drive program decisions
- Provide Technical Assistance to local recipients
- Recruit and retain CTE administration, faculty and teachers
 - Including representatives from underrepresented groups
 - Including efforts to improve the transition from business and industry to teaching
- Improve Professional Development of CTE Administrators and Educators
 - Focus on integration and rigor (both academic and technical)
 - Sustained, ongoing professional development opportunities
- Accountability
 - Ensure reliable and valid data
 - Develop processes for negotiating with local recipients

- Develop a role for recipients in providing input to state targets

CCCS will go through a negotiation process with OVAE regarding the submission of this Transition Plan. In particular, the Accountability Section and the Financial Requirements section will be changed as we go through this process. For example, CCCS has not yet received the Colorado Fiscal Year 2007-08 award of federal funds for this Plan; therefore, CCCS could not complete the dollar amounts in this Plan. These will be updated as we work with OVAE on these items. The final deadline for the Plan submission was set for April 16, 2007 and OVAE recently extended that due date to May 7, 2007.

The collaborative process used to develop this Colorado Perkins Transition Plan allows CCCS to use this document as the foundation for our CTE Strategic Planning work across the state.

RECOMMENDATION

Staff recommends SBCCOE approve the Colorado Perkins Transition Plan allowing CCCS staff the flexibility to make changes to the Plan as CCCS works with OVAE prior to final submission.

STATE BOARD FOR COMMUNITY COLLEGES AND OCCUPATIONAL
EDUCATION

April 11, 2007

TOPIC: College Opportunity Fund Administrative Costs

PRESENTED BY: Mark Superka, Budget Director
Marilyn Golden, Vice President for Finance and Administration

EXPLANATION:

During the March Board meeting, a panel was convened to discuss issues the administrative issues surrounding the implementation of the College Opportunity Fund (COF) program within the community college system. At that time, staff communicated that we were collecting information regarding the administrative costs of COF implementation at the colleges. This brief report is to provide the results of the cost survey. The costs incurred by the System are not included in these figures.

During FY 2006-07, community colleges estimate that approximately \$583,000 was spent either implementing/troubleshooting COF program-related activities or was lost revenue in the form of less interest income and COF-related write-offs. Table 1 summarizes the main areas of activity that colleges undertook to implement COF.

**Table 1: Actions Taken and Related Costs/Lost Revenue Associated
with Implementing COF**

Actions Taken By All Colleges	Estimated Costs/Lost Revenue
Hiring new/temporary staff	\$28,230
Advertising COF	\$11,900
Follow up mailings to get student authorization/necessary documentation	\$13,693
Follow up phone banks/other communications to get student authorization/necessary documentation	\$137,268
Training for staff and students	\$14,020
Additional workstations for sign up	\$18,150
Student record/file clean up	\$52,961
Opportunity cost of reassignment of staff duties	\$156,251
Web site alterations	\$6,535
Other actions*	\$143,723
Total	\$582,732

*Other actions include interest income lost and write-offs for select colleges, as well as misc. other actions.

STATE BOARD FOR COMMUNITY COLLEGES AND OCCUPATIONAL EDUCATION

April 11, 2007

TOPIC: Lowry Campus Status of Development Efforts, Deed Restriction Transfer and Environmental Issues

PRESENTED BY: Gwen Anderson, Director of Lowry Development

EXPLANATION:

1. Development Efforts: Contract negotiations have been successfully completed with the selected consultant team for Phase II Planning and Development services. The consultant team is led by **Design Workshop, Inc.**, a local land planning and architecture firm, and also includes: **CRL Associates, Inc.**, a multi-disciplinary public affairs consulting firm, **Parsons Brinckerhoff, Inc.**, a world-wide engineering firm; **Starboard Realty Group, Inc.**, a real estate development project management firm; and **Ronald Straka**, a local land planner and architect. Work on the municipal boundary adjustment, the site rezoning and a formal public outreach program will be commencing immediately; however, the timing of and the ability to pursue some of the tasks associated with these efforts may be impacted by the timing of the transfer of the site's use restrictions as described below.
2. Deed Restriction Transfer: CCCS has been working cooperatively with the U.S. Department of Education for the past couple of years on a mutually agreed-upon strategy of transferring the thirty-year use restrictions imposed on the Lowry Campus in the transferring Deeds issued by the U.S. Department of Education to other properties owned by CCCS. All required appraisal, survey and documentation steps specified by the Department of Education have been taken, and the transfer documents, in their mutually approved form, have been in the hands of the Department of Education awaiting signature since October of 2006. Aggressive efforts are currently being made to finalize this transaction. A meeting between Gwen Anderson and the Director of Real Property for the U.S. Department of Education is scheduled in Boston on April 4, 2007.
3. Environmental Issues: Most environmental issues pertaining to the Lowry Campus have been remediated or privatized under a prior agreement between the U.S. Air Force, the Lowry Redevelopment Authority and Lowry Assumption, LLC. However, possible asbestos contamination in the soil on that portion of the Campus that lies in Aurora and in the Campus structures that have not yet been demolished or renovated has not been addressed by prior remediation efforts or privatization agreements. The bulk of the liability for the ultimate cleanup of any of these unaddressed potential contaminants lies with the U.S. Air Force; however, it would be to the advantage of CCCS to have an expedient and effective means for remedying any future issue of environmental contamination on the Campus. Consequently, CCCS staff is working with the U.S. Air Force in an effort to reach agreement on a privatization strategy for the remainder of the Campus' potential environmental issues. A formal proposal is being prepared for presentation to the Air Force within the next thirty days.