

Note: The on-line document includes two components:

- Supplemental Budget Requests FY 2020-21 and FY 2021-22, January 13, 2022; and
- Memo: Additional Staff-initiated Supplemental Adjustments for Department of Higher Education, January 13, 2022

JOINT BUDGET COMMITTEE



SUPPLEMENTAL BUDGET REQUESTS FY 2020-21 AND FY 2021-22

DEPARTMENT OF HIGHER EDUCATION

JBC WORKING DOCUMENT - SUBJECT TO CHANGE
STAFF RECOMMENDATION DOES NOT REPRESENT COMMITTEE DECISION

PREPARED BY:
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JANUARY 13, 2022

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DEPARTMENT OF HIGHER EDUCATION

DEPARTMENT OVERVIEW

The Department of Higher Education is responsible for higher education and vocational training programs in the state. The Department also includes appropriations for the State Historical Society (History Colorado).

SUMMARY: FY 2020-21 APPROPRIATION AND RECOMMENDATION

DEPARTMENT OF HIGHER EDUCATION: RECOMMENDED CHANGES FOR FY 2020-21						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2020-21 APPROPRIATION						
FY 2020-21 Appropriation	\$3,771,896,511	\$612,749,705	\$2,701,753,080	\$431,543,250	\$25,850,476	26,733.3
CURRENT FY 2020-21 APPROPRIATION:	\$3,771,896,511	\$612,749,705	\$2,701,753,080	\$431,543,250	\$25,850,476	26,733.3
RECOMMENDED CHANGES						
Current FY 2020-21 Appropriation	\$3,771,896,511	612,749,705	\$2,701,753,080	\$431,543,250	\$25,850,476	26,733.3
S2 Roll-forward authority request for S.B. 21-232 (COSI Displaced Workers)	0	0	0	0	0	0.0
RECOMMENDED FY 2020-21 APPROPRIATION:	\$3,771,896,511	\$612,749,705	\$2,701,753,080	\$431,543,250	\$25,850,476	26,733.3
RECOMMENDED INCREASE/(DECREASE)	\$0	\$0	\$0	\$0	\$0	0.0
Percentage Change	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FY 2020-21 EXECUTIVE REQUEST						
Request Above/(Below) Recommendation	\$0	\$0	\$0	\$0	\$0	0.0

REQUEST/RECOMMENDATION DESCRIPTIONS

S2 ROLL-FORWARD AUTHORITY REQUEST FOR S.B. 21-232 (COSI DISPLACED WORKERS): The Department requests roll-forward authority for \$15,000,000 cash funds appropriated in S.B. 21-232 for the COSI Displaced Workers program. The funds are from the Workers, Employers, and Workforce Centers Cash Fund, from money that originates from the federal Coronavirus State Fiscal Recovery Fund. Staff recommends new legislation to clarify how the appropriation will be implemented, which will allow spending through FY 2023-24.

SUMMARY: FY 2021-22 APPROPRIATION AND RECOMMENDATION

DEPARTMENT OF HIGHER EDUCATION: RECOMMENDED CHANGES FOR FY 2021-22						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2021-22 APPROPRIATION						
SB 21-205 (Long Bill)	\$5,056,931,482	\$1,222,058,740	\$2,819,411,196	\$990,050,158	\$25,411,388	26,544.5
Other legislation	58,898,380	(5,828,599)	74,678,386	(9,951,407)	0	4.7
CURRENT FY 2021-22 APPROPRIATION:	\$5,115,829,862	\$1,216,230,141	\$2,894,089,582	\$980,098,751	\$25,411,388	26,549.2
RECOMMENDED CHANGES						
Current FY 2021-22 Appropriation	\$5,115,829,862	1,216,230,141	\$2,894,089,582	\$980,098,751	\$25,411,388	26,549.2
S1 Roll-forward Authority for H.B. 21-1330	0	0	0	0	0	0.0
RECOMMENDED FY 2021-22 APPROPRIATION:	\$5,115,829,862	\$1,216,230,141	\$2,894,089,582	\$980,098,751	\$25,411,388	26,549.2
RECOMMENDED INCREASE/(DECREASE)	\$0	\$0	\$0	\$0	\$0	0.0
Percentage Change	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FY 2021-22 EXECUTIVE REQUEST	\$5,115,829,862	\$1,216,230,141	\$2,894,089,582	\$980,098,751	\$25,411,388	26,549.2
Request Above/(Below) Recommendation	\$0	\$0	\$0	\$0	\$0	0.0

REQUEST/RECOMMENDATION DESCRIPTIONS

S1 ROLL-FORWARD AUTHORITY FOR H.B. 21-1330: The Department requests roll-forward authority for \$1,000,000 cash funds appropriated for the Colorado Re-Engaged Initiative (CORE Initiative), which was created and funded in H.B. 21-1330. The funds are from the Workers, Employers, and Workforce Centers Cash Fund, from money that originates from the federal Coronavirus State Fiscal Recovery Fund. Staff recommends the request for roll-forward authority for the appropriation through the end of SFY 2023-24.

PRIORITIZED SUPPLEMENTAL REQUESTS

S1 ROLL-FORWARD AUTHORITY FOR H.B. 21-1330

	REQUEST	RECOMMENDATION
TOTAL	\$0	\$0
FTE	0.0	0.0
General Fund	0	0
Cash Funds	0	0
Federal Funds	0	0

Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria? **YES**

[An emergency or act of God; a technical error in calculating the original appropriation; data that was not available when the original appropriation was made; or an unforeseen contingency.]

Explanation: The Department and staff agree that the request addresses information that was not available when the original appropriation was made.

DEPARTMENT REQUEST: The Department requests roll-forward authority for \$1,000,000 cash funds appropriated for the Colorado Re-Engaged Initiative (CORE Initiative) for FY 2021-22. The funds are from the Workers, Employers, and Workforce Centers Cash Fund and originate as federal Coronavirus State Fiscal Recovery Fund money. The \$1.0 million appropriated for the CORE Initiative is one component of a total \$51.5 million cash funds appropriated in H.B. 21-1330 for multiple programs.

The CORE Initiative is a new initiative that requires participating four-year institutions to offer associate degrees specifically for students who left the institutions without completing baccalaureate degrees. The request notes that creating a new degree takes time, as institutions must solicit approval from their governing boards, as well as other entities such as faculty councils, must create the curriculum, and must pursue approval from their regional accreditor (the Higher Learning Commission).

The request indicates that to be successful the Department requires a full-time position dedicated to guiding the process through FY 2023-24. However, the current appropriation clause only provides funding in FY 2021-22. The Department does not believe it will be able to implement the new program in one year.

STAFF RECOMMENDATION: Staff recommends that the Committee approve the request to provide roll-forward authority for the \$1,000,000 cash funds appropriated for the Colorado Reengaged Initiative through SFY 2023-24.

STAFF ANALYSIS: In response to staff questions, the Department provided the following initial plan for spending the appropriation for the CORE Initiative. The Department cautions that this represents a preliminary estimate and is subject to change.

CORE INITIATIVE OPERATING BUDGET - DRAFT 1/7/22				
	FY 2022	FY 2023	FY 2024	CUM. TOTAL BY CATEGORY
Salary - Dir. Student Transitions & Degree Comp.	\$53,250	\$71,000	\$71,000	\$195,250
Benefits - Dir. Student Transitions & Degree Comp.	19,192	25,576	25,576	70,344
DHE Data Analysis, Research and Policy	10,000	5,000		15,000
DHE Finance Office	5,000	5,000	5,000	15,000
DHE Communications	5,000	5,000		10,000
HLC Substantive Change Process Fees **		8,600		8,600
Program Outreach & Marketing	20,000	250,000	100,000	370,000
Advisory Payments to Working Group Institutions*	70,000			70,000
Grants for Participating Institutions **	80,000	30,000		110,000
Improvements to CCCS systems for Reverse Transfer	100,000			100,000
Annual Total***	\$362,442	\$400,176	\$201,576	\$964,194

CORE INITIATIVE OPERATING BUDGET - DRAFT 1/7/22				
	FY 2022	FY 2023	FY 2024	CUM. TOTAL BY CATEGORY
* Assumes \$10,000 to 6 participating 4-year institutions and \$5,000 each to CMC and CCCS				
** Assumes 4 or 5 IHEs participate in CORE launch. The Department reports that the Higher Learning Commission has agreed to review a joint application for authorizing associates' degrees that would apply to all participating institutions.				
*** \$35,806 balance remaining for contingencies and other adjustments				

Basis for the recommendation:

- As noted in the Department's request, the program is a new, legislatively authorized initiative. Given the multiple entities involved in creation of a new degree program, staff believes the Department's expectation that this will take several years is credible.
- The draft budget provided by the Department represents a plausible spending plan.
- Staff notes that the federal funds being used are available through the end of December 2024, and the request to extend the appropriation through June 30, 2024 (the end of SFY 2023-24) is within federal timeframes for using money from the federal Coronavirus State Fiscal Recovery Fund. If the program cannot be successfully launched in this timeframe and there are no other state or federal adjustments, unspent funds will be redirected to the Unemployment Insurance Trust Fund at the end of December 2024, based on current law.
- Staff believes that roll-forward authority, as requested, provides the program a better opportunity for success than other options such as reducing the FY 2021-22 appropriation and authorizing new appropriations in FY 2022-23 and FY 2023-24, given the uncertainty associated with creating a new program. Since the General Assembly created and funded the program, staff supports the Department's efforts to successfully implement the initiative.

S2 ROLL-FORWARD AUTHORITY REQUEST FOR S.B. 21-232 (COSI DISPLACED WORKERS)

	REQUEST	RECOMMENDATION
TOTAL	\$0	\$0
FTE	0.0	0.0
General Fund	0	0
Cash Funds	0	0
Federal Funds	0	0

Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria? **YES**

[An emergency or act of God; a technical error in calculating the original appropriation; data that was not available when the original appropriation was made; or an unforeseen contingency.]

Explanation: The Department request indicates that the appropriation reflected a technical error, because the funds were not deposited in the Colorado Opportunity Scholarship Initiative Fund which has continuous spending authority. Staff does not believe this was a technical error but believes that the Department's plans for administration include information that was not available when the original appropriation was made.

DEPARTMENT REQUEST: The Department requests additional roll-forward authority for funds remaining from the \$15.0 million cash funds appropriated in S.B. 21-232 for the Colorado Opportunity Scholarship Initiative (COSI) Displaced Workers Grant (renamed the Back to Work program). These funds were appropriated for FY 2020-21, with roll-forward to FY 2021-22, from the Workers, Employers, and Workforce Centers Cash Fund, from amounts originating as federal Coronavirus State Fiscal Recovery Fund money. The request indicates that the roll-forward authority is needed for COSI and its grantees (institutions of higher education and community partners) to fully implement the program.

STAFF RECOMMENDATION: **Staff recommends that, instead of a supplemental, the JBC sponsor new legislation to clarify how this appropriation will be implemented. Staff requests the Committee's authorization to begin work on a bill draft.** Because of the way the appropriation was structured in S.B. 21-232, the Department has signed contracts that commit to full payment for grantees at the end of FY 2021-22, even though program implementation is through FY 2023-24. Staff does not believe this is sound way to structure a multi-year contract. Staff believes that if the General Assembly adopts legislation to specify that grantees will be paid annually, the Department will have appropriate grounds for modifying the contracts. **Based on initial discussion, staff expects the Department to support this change and does not expect grantees to object.** The Department has indicated that it hoped to modify the contracts if the supplemental for roll-forward authority was approved, but staff believes a statutory change will establish a clearer basis for modifying the contracts.

STAFF ANALYSIS:

Background - the bill: Senate Bill 21-232 (Displaced Workers Grant; Sens. Zenzinger & Kirkmeyer, Reps. Kipp & Bird) provided an FY 2020-21 appropriation of \$15.0 million cash funds that originated from federal Coronavirus State Fiscal Recovery Fund money to be used by the Colorado Scholarship Initiative Board.

The purpose of the program, as described in the legislative declaration, was to provide grants to higher education institutions, community partners, and workforce centers for scholarships, wraparound supports, and recruitment and retention to serve at least 3,000 displaced workers needing to reskill, upskill, or complete industry-recognized credentials. However, the bill did not provide a statutory framework for the program. Instead, the General Assembly anticipated that COSI would implement the program based on existing law and decisions by the COSI Board, which has fairly broad statutory authority related to programs implemented by COSI. The COSI Board had previously implemented a Displaced Workers program (\$900,000) based on its existing funding and statutes in April 2020, and the additional funding was expected to build on this.

While the bill was moving through the legislative process, there was some discussion of whether other substantive language should be added to the program and/or whether the \$15.0 million should be deposited in the COSI Fund/a parallel fund with the same restrictions. However, as adopted, the bill simply included non-statutory legislative declarations and an appropriation that was authorized for use through FY 2021-22.

Implementation: In response to staff questions, the Department reported that the program is similar to the existing COSI program, but there are some differences, particularly with respect to eligibility and the types of degrees funded.

	COSI POSTSECONDARY	NEW PROGRAM
Applicant eligibility	Nonprofit organizations - 501(c)(3) or 501 (c)(4) - , state agencies, and community partnerships committed to increasing the availability of student access and success programs and wraparound student support services for secondary or postsecondary students are eligible to apply	Non-profit organizations - 501(c)(3) or 501 (c)(4) - , state agencies, and community partnerships committed to increasing the availability of student access and success programs and wraparound student support services for postsecondary students are eligible to apply
Participant eligibility	<ul style="list-style-type: none"> • COSI Matching Student Scholarship Scholars • Enroll at a Colorado public institution of higher education • New, re-engaged, or currently enrolled students. • 0 and 250% of pell-eligibility 	<ul style="list-style-type: none"> • Displaced due to COVID-19 pandemic. (Students must self-certify that they experienced a negative economic impact from the pandemic.) • Must complete a credential or degree within the grant term. • New, re-engaged, or currently enrolled students. • 0-250% of pell-eligibility. • Enroll at a Colorado Public Institution of Higher Education. • Pursue credentials or degrees aligned with Colorado Top Jobs. <ul style="list-style-type: none"> ○ Prioritizing health care, education, information technology, and jobs with the most significant projected annual opportunities.

The Department indicates that for most of the contracts the funding ratios are consistent with COSI's usual approach: 2/3rds of the funds are for direct financial support for students (scholarships), while 1/3rd is for wrap-around services and outreach. All funds for this program are being allocated to grantees, with none set aside for department administration.

Allocation of Funds:

- In FY 2020-21, the Department allocated additional funds to the six existing Displaced Workers program grantees to enable them to provide additional supports, as well as to extend the grant term. \$5.1 million was committed, including \$4.2 million originating as federal funds in addition to the \$0.9 million previously allocated in state funds.
- For FY 2021-22, COSI awarded funds to 15 additional grantees, primarily comprised of higher education institutions and institutional foundations. The website identifies \$10.8 million in additional funds. (See link above for grantees and amounts.) . For additional information on grantees and amounts see: [Back To Work - Providers | Higher Education \(colorado.gov\)](#),
- The Department provided a table showing numbers of students served, anticipated completions, and per-student amounts. The table below extrapolates from this data to show final anticipated expenditures by year.

COSI DISPLACED WORKERS/BACK TO WORK					
YEAR	# OF STUDENT SERVED	# OF COMPLETIONS	# OF GRANTS AWARDED	PER/STUDENT AMOUNTS (BASED ON # SERVED)	TOTAL FUNDING
FY2020-2021(completed) COSI funds for wraparound support	516	127	6	\$872	\$449,952
FY2021-2022(estimated)	2,500	1,316	21	2,264	5,660,000
FY2022-2023(estimated)	3,000	1,409	21	2,000	6,000,000
FY2023-2024(estimated)	2,000	1,137	15	1,839	3,678,000
Total	8,016	3,989	63		\$ 15,787,952
Total Available (\$15.0 million originating as federal funds; \$0.9 million originating as state funds)					<u>15,900,000</u>
Balance (unallocated/other)					(\$112,048)

- As shown in the table, the Department expects its grantees to spend the dollars received over multiple years. However, when staff reviewed a sample contract, it was clear the Department had agreed to deliver the funds at the end of FY 2021-22 because of the structure of the appropriation.
- Staff and the Department agree that this is not a good way to structure these contracts. The program would like to modify the contracts so that expenditures and performance are aligned on an annual basis.

Staff Considerations:

- Given the structure of the bill as adopted, staff understands that the General Assembly intended to give the COSI program latitude in implementation of the displaced workers program. While JBC staff did not expect that the program would extend spending over four years, the overall approach seems consistent with the General Assembly's intent to provide flexibility.
- Program implementation, as described by the Department and reflected on its website, reflects the Department's reasonable efforts to move quickly on this program. However, the payment structure, as constrained by the current appropriation clause, does not seem sound.
- State contracts specify that contracts are subject to legislative appropriation changes. Staff therefore believes that establishing *in statute* that the program will make annual payments to providers will establish appropriate legal basis for changing the contracts. Legal challenge seems unlikely in any case, since the program says that grantees generally prefer an annual payment structure.
- **If the Committee is willing to sponsor a related bill, JBC will work with the Department over the next few weeks to clarify the language and appropriation.** At present, staff anticipates that the bill will include a brief description of the program, a requirement that payments to grantees be made annually, and a modification to the bill's current appropriation clause to ensure that funds may be spent though the FY 2023-24 grant period.

MEMORANDUM



JOINT BUDGET COMMITTEE

TO Members of the Joint Budget Committee
FROM Amanda Bickel, JBC Staff (303-866-4960)
DATE January 13, 2022
SUBJECT Additional staff-initiated supplemental adjustments for Department of Higher Education

The following items were not included in the Executive Request for the Department of Higher Education. Staff believes that these items should be included in either the FY 2021-22 supplemental bill for the department or, *for those line item amounts that will be further amended based on February data*, as part of a Long Bill add-on that makes related supplemental adjustments. Regardless of when the adjustments are addressed from a mechanical perspective, staff recommends that the Committee make related decisions now.

STAFF-INITIATED SUPPLEMENTAL REQUESTS

STAFF-INITIATED - ADJUSTMENT TO MSU DENVER APPROPRIATION AND TUITION FOOTNOTE

	REQUEST	RECOMMENDATION
TOTAL	\$0	(\$50,000)
FTE	0.0	0.0
General Fund	0	(\$50,000)
Cash Funds	0	pending
Reappropriated Funds	0	(\$50,000)

Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria? YES

[An emergency or act of God; a technical error in calculating the original appropriation; data that was not available when the original appropriation was made; or an unforeseen contingency.]

Explanation: The recommendation is based on data that was not available when the original appropriation was made.

DEPARTMENT REQUEST: The Department did not request this change. Staff anticipated receiving a supplemental request related to this issue, but this has not been forthcoming from the Executive Branch.

STAFF RECOMMENDATION: Staff recommends that the Committee:

- Modify the FY 2021-22 Long Bill footnote for Metropolitan State University of Denver (MSU Denver) to align with the decision of the MSU Denver Board to close its "tuition window" in FY 2021-22.
- Reduce the FY 2021-22 appropriation for MSU Denver by \$50,000 General Fund on a one-time basis, through a reduction in the General Fund appropriation for College Opportunity Fund fee-for-service contracts and an associated adjustment to MSU's reappropriated funds. Staff believes it is important for the General Assembly to signal that there are consequences if an institution fails to comply with its Long Bill tuition footnote.

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- As part of the *figure setting process (when more data is available)*, adjust MSU Denver's cash funds spending authority for FY 2021-22 to fully reflect its anticipated cash funds revenue from tuition, including from the change to the footnote.

The change staff would recommend to the MSU footnote is shown below.

28 Department of Higher Education, Governing Boards, Trustees of Adams State University, Trustees of Colorado Mesa University, Trustees of Metropolitan State University of Denver, Trustees of Western Colorado University, Board of Governors of the Colorado State University System, Trustees of Fort Lewis College, Regents of the University of Colorado, and State Board for Community Colleges and Occupational Education State System Community Colleges -- The amounts in these line items are calculated based on the assumption that no undergraduate student with in-state classification will pay more tuition in FY 2021-22 than three percent over what a student would have paid in FY 2020-21 for the same credit hours and course of ~~study~~. STUDY, EXCEPT THAT THE INCREASE FOR STUDENTS TAKING MORE THAN TWELVE CREDIT HOURS AT METROPOLITAN STATUTE UNIVERSITY OF DENVER MAY EXCEED THIS DUE TO AN ANTICIPATED CHANGE TO A LINEAR TUITION STRUCTURE. These amounts are also calculated based on the assumption that each governing board will increase tuition rates for graduate and nonresident students based on its assessment of market conditions. The General Assembly intends to adjust the amounts in these line items through supplemental action during FY 2021-22 based on updated enrollment estimates and tuition rate information.

STAFF ANALYSIS: During staff's budget briefing, staff noted for the JBC that MSU Denver was out of compliance with its Long Bill tuition footnote for FY 2021-22. MSU's Board of Trustees voted during the summer of 2021 to close its "tuition window" for FY 2021-22. This violated the Long Bill footnote that described legislative assumptions for setting MSU's tuition spending authority.

MSU's previous tuition window allowed students to pay for credits that exceeded 12 in any given semester at a reduced rate. **In closing the tuition window, MSU made the cost of every credit hour above 12 in a semester the same as the cost of every credit hour below 12.** Because of this change, students at MSU Denver enrolled in more than 12 credit hours per semester are experiencing a sharp increase in their tuition rates. For example, **students enrolled in 15 credit hours each semester (30 per year/considered a full FTE), who previously paid \$7,452 in tuition per semester now pays \$8,280, an increase of 11.1 percent.**

Three years ago, MSU sought permission for a footnote change related to the tuition window for FY 2019-20. It received permission to close the window, but it ultimately did not fully implement the change. Given this, it knew or should have known that it would be violating its footnote without a related footnote adjustment. **Staff believes it is incumbent upon the JBC to take some responsive action if it expects higher education institutions to comply with tuition footnote restrictions in the future.**

However, staff is not recommending a more substantial penalty because the General Assembly had indicated that it would support closing the tuition window for FY 2019-20, and staff believes the decision to close the tuition window is reasonable from a policy perspective. Specifically, MSU has previously provided data indicating that the students at MSU who are able to

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take 15 credit hours per semester are students with greater financial resources and disproportionately includes those who are not on financial aid. Thus, to the extent MSU faces substantial revenue constraints due to declining enrollment, closing the tuition window is a way to raise revenue that has less impact on students with financial need.

The total FY 2021-22 MSU Denver appropriation is \$219,471,786, including \$146,932,735 cash funds from tuition and fees and \$72,539,051 reappropriated funds that originate as General Fund. **A one-time reduction of \$50,000 represents a reduction of less than 0.07% in MSU's state funds appropriation and is approximately equal to the difference between an increase of 3.0 percent (\$447 per year) and the actual increase of 11.1 percent (\$1,656 per year) for 41 student FTE taking 15 credits each semester (30 total for the year).** The staff recommendation would affect FY 2021-22 only, i.e., staff would not include this change in the FY 2022-23 base.

STAFF-INITIATED - ADJUSTMENT TO UNIVERSITY OF COLORADO AND COLORADO STATE UNIVERSITY SPENDING AUTHORITY - TO BE INCORPORATED IN LONG BILL ADD-ON

	REQUEST	RECOMMENDATION
TOTAL	\$0	\$32,667,217
FTE	0.0	0.0
General Fund	0	0
Cash Funds	0	32,667,217
Reappropriated Funds	0	0

Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria? YES

[An emergency or act of God; a technical error in calculating the original appropriation; data that was not available when the original appropriation was made; or an unforeseen contingency.]

Explanation: The recommended adjustment is based on information that was not available when the FY 2021-22 appropriation was made, as the recommendation is based on final revenue at the close of FY 2020-21.

DEPARTMENT REQUEST: The Department did not request this supplemental. However, staff discussed this recommendation during the briefing, so the Department is aware of it. The Department's position on this issue is unclear.

STAFF RECOMMENDATION: Staff recommends that the Committee make adjustments to the FY 2021-22 cash funds appropriations for the University of Colorado and Colorado State University System to provide spending authority for excess revenue received in FY 2020-21. **The adjustments would add \$10,297,290 cash fund spending authority for the Colorado State University System and \$22,369,927 cash fund spending authority for the Colorado State University System for FY 2021-22.**

Staff recommends that these adjustments be applied in addition to other FY 2021-22 tuition spending authority adjustments that are still pending. **Staff recommends all tuition spending authority changes, including the changes described here, be part of the regular FY 2021-22 Long Bill add-on supplemental** to avoid multiple supplemental changes to the same appropriations.

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STAFF ANALYSIS: As described in the staff budget related to an annual RFI report, tuition revenue received by some institutions in FY 2020-21 exceeded the spending authority provided by the General Assembly, even after contingency funds were distributed (\$60.0 million appropriated in a separate line item). The table below is drawn from the Department's FY 2022-23 R2 request, which included information on final spending authority granted. Based on this data, staff would have expected the Department to approach the JBC about an interim supplemental in June 2021 to provide additional spending authority. The Executive Branch did not submit a late interim supplemental. Instead, arrangements were made with the institutions to ensure that they did not over expend their appropriations.

The Department has not submitted any related supplementals thus far. **As indicated during the briefing, staff is recommending an FY 2021-22 supplemental to provide the additional spending authority related to the FY 2020-21 revenue. Staff also expects that some Department procedures will be revised so this is not an issue in the future.** The Department indicated in the hearing on January 11 that it is revising procedures so that it approaches the JBC in June if end-of-year adjustments are required.

Since the need for the additional spending authority is due to enrollment, rather than tuition rates, staff believes additional spending authority should be provided. The difference between actual revenue and the amount in the Long Bill was simply a large forecast error, reflecting an underestimate of enrollment or the tuition associated with enrollment by the institutions. CU and CSU complied with FY 2020-21 restrictions on tuition rates.

TUITION SPENDING AUTHORITY VERSUS REVENUE - FY 2020-21

	FY 2020-21 APPROPRIATION AFTER LONG BILL ADD-ON	CONTINGENCY FUNDS DISTRIBUTED	FY 2020-21 SPENDING AUTHORITY AFTER \$60.0 MILLION IN CONTINGENCY FUNDS WERE DISTRIBUTED	FINAL ESTIMATE OF EXPENDITURES INCLUDED IN R2 TABLES	SPENDING ABOVE/(BELOW) FINAL SPENDING AUTHORITY
Adams State University	\$21,183,079	\$723	\$21,183,802	\$21,087,815	(\$95,987)
Colorado Mesa University	72,043,336	0	72,043,336	70,514,105	(1,529,231)
Metropolitan State University of Denver	111,343,670	3,151,004	114,494,674	112,898,057	(1,596,617)
Western Colorado University	16,563,599	0	16,563,599	15,503,812	(1,059,787)
Colorado State University System	435,367,948	19,630,221	454,998,169	465,295,459	10,297,290
Fort Lewis College	41,909,810	0	41,909,810	41,795,009	(114,801)
University of Colorado System	1,070,573,330	34,478,052	1,105,051,382	1,127,421,309	22,369,927
University of Northern Colorado	77,696,289	740,000	78,436,289	78,363,856	(72,433)
Colorado Community College System	273,474,970	2,000,000	275,474,970	271,160,617	(4,314,353)
Total	2,120,156,031	\$60,000,000	2,180,156,031	\$2,204,040,039	