

JOINT BUDGET COMMITTEE



SUPPLEMENTAL BUDGET REQUESTS FY 2023-24

DEPARTMENT OF HIGHER EDUCATION

(Colorado Commission on Higher Education, Division of Occupational Education, Auraria Higher Education Center, & History Colorado)

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

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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 2023-24 APPROPRIATION AND RECOMMENDATION

DEPARTMENT OF HIGHER EDUCATION: RECOMMENDED CHANGES FOR FY 2023-24

	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2023-24 APPROPRIATION						
FY 2023-24 Long Bill	5,798,810,576	1,502,218,202	3,082,301,297	1,187,840,403	26,450,674	26,753.9
Other legislation	55,137,818	53,582,341	370,140	1,185,337	0	4.8
CURRENT FY 2023-24 APPROPRIATION:	5,853,948,394	1,555,800,543	3,082,671,437	1,189,025,740	26,450,674	26,758.7
RECOMMENDED CHANGES						
Current FY 2023-24 Appropriation	5,853,948,394	1,555,800,543	3,082,671,437	1,189,025,740	26,450,674	26,758.7
S1/BA1 Cybersecurity incident remediation	1,637,991	1,637,991	0	0	0	1.6
S2/BA3 Division of Occupational Ed admin cost	214,648	214,648	0	0	0	0.0
S3 AHEC indirect cost increase	1,746,425	0	0	1,746,425	0	0.0
S4 HB 22-1349 Spending auth. extension	0	0	0	0	0	0.0
HC S1 250-150 Commission cash fund	0	0	0	0	0	0.0
Nonprioritized common policy requests	159,526	65,700	93,826	0	0	0.0
RECOMMENDED FY 2023-24 APPROPRIATION:	5,857,706,984	1,557,718,882	3,082,765,263	1,190,772,165	26,450,674	26,760.3
RECOMMENDED INCREASE/(DECREASE)	3,758,590	1,918,339	93,826	1,746,425	0	1.6
Percentage Change	0.1%	0.1%	0.0%	0.1%	0.0%	0.0%
FY 2023-24 EXECUTIVE REQUEST	5,857,706,984	1,557,479,618	3,082,765,263	1,191,011,429	26,450,674	26,760.3
Request Above/(Below) Recommendation	0	(239,264)	0	239,264	0	(0.0)

REQUEST/RECOMMENDATION DESCRIPTIONS

S1/BA1 CYBERSECURITY INCIDENT REMEDIATION: The Department requests an increase of \$1,637,991 General Fund and 1.6 FTE in FY 2023-24. Of the total amount requested, \$1,124, 625 would be one-time funds for which the Department is requesting roll forward authority through FY 2024-25. The Department also submitted a budget amendment request for FY 2024-25 for \$770,738 ongoing General Fund which would be impacted by the Committee's decision regarding this supplemental request. Funding would be used to address IT infrastructure upgrades and needs related to the 2023 cybersecurity breach and data incident. The funding will allow the Department to harden

its IT infrastructure and hire additional staff to maintain a more secure cyber environment. Staff recommends approval of the request.

S2/BA3 DIVISION OF OCCUPATIONAL EDUCATION ADMINISTRATIVE COST INCREASE: The Department requests an increase of \$21,648 reappropriated funds for the Division of Occupational Education’s administrative costs in FY 2023-24. The Department asserts that this appropriation necessary to meet the State’s required 5.0 percent match for the federal Perkins V funding for administrative costs and that the appropriation has not increased since 2019-20 despite an increase in Perkins awards and an associated increase in administrative costs. Staff agrees that an increase is necessary to achieve compliance with federal Perkins requirements and recommends approving an increase of \$214,648 General Fund (rather than reappropriated funds) because the Department’s statewide indirect cost assessments are not sufficient to fund the increase as requested.

S3 AURARIA HIGHER EDUCATION CENTER COST INCREASE: The Department requests an increase of \$1,746,425 in reappropriated funds for the Auraria Higher Education Center (AHEC) to bring the appropriation for fiscal year 2023-24 up to the negotiated “not to exceed” cap as agreed upon by AHEC and the constituent institutions’ boards. The funds originate as payments from the constituent institutions. Staff recommends approval of the request.

S4 POSTSECONDARY STUDENT SUCCESS DATA SYSTEM (HB22-1349) SPENDING AUTHORITY: The Department requests an extension (roll forward) of spending authority for \$3.0 million cash funds and 1.0 FTE appropriated through H.B. 22-1349 (Postsecondary Student Success Data System). The requested extension from June 30, 2024, to December 31, 2026, would allow the Department more time to meet the requirements of the legislation, the plans for which were delayed due to difficulties contracting with a vendor and the impacts of the 2023 cybersecurity incident. Staff recommends approval of the request.

HC S1 250/150 COMMISSION CASH FUND: History Colorado requests that the JBC sponsor legislation as part of the supplemental package to create a term-limited, continuously appropriated cash fund in FY 2023-24 for the 250-150 Commission with the intent to repeal the fund at the end of FY 2026-27. The new cash fund would receive earned revenue from the sale of 250-150 commemorative merchandise and be utilized to sponsor community grants for 250-150 activities across the state. Staff recommends denial of the request as it does not meet the JBC’s criteria for a supplemental request.

NONPRIORITIZED COMMON POLICY REQUESTS: The request includes an increase of \$25,238 total funds for the Department of Higher Education and an increase of \$48,704 cash funds for History Colorado’s respective shares of a nonprioritized DPA risk funding adjustment. Also included is an increase of \$85,592 total funds, including \$41,084 General Fund and \$44,508 cash funds, for History Colorado’s share of real time billing in the Governor’s Office of Information Technology. The Department of Higher Education requested \$24,616 reappropriated funds for a portion of the nonprioritized request; however, staff recommends General Fund because indirect cost assessments are not sufficient to fund the increase as requested. The recommendation on these items is pending Committee common policy decisions.

PRIORITIZED SUPPLEMENTAL REQUESTS

S1/BA1 CYBERSECURITY INCIDENT REMEDIATION

	REQUEST	RECOMMENDATION
TOTAL	\$1,637,991	\$1,637,991
FTE	1.6	1.6
General Fund	1,637,991	1,637,991
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: JBC staff and the Department agree that this request is the result of an unforeseen contingency, specifically the cyber ransomware attack in June 2023.

DEPARTMENT REQUEST: The Department requests an increase of \$1,637,991 General Fund and 1.6 FTE in FY 2023-24 in response to the 2023 cybersecurity breach and data incident. Of the total amount requested, \$1,124,625 would be one-time funds for which the Department is requesting roll forward authority. The Department also submitted a budget amendment request for FY 2024-25 for \$770,738 ongoing General Fund which would be impacted by the Committee's decision regarding this supplemental request. Funding would be used to address IT infrastructure upgrades and needs related to the incident. The funding will allow the Department to harden its IT infrastructure and hire additional staff to maintain a more secure cyber environment.

STAFF RECOMMENDATION: Staff recommends approval of the request.

STAFF ANALYSIS:

Background

On June 19, 2023, the Department became aware that a cybersecurity ransomware incident had taken place impacting its network systems. In addition to significant disruption of network systems, the Department's investigation revealed that certain data was copied from the CDHE systems during the breach, including personally identifiable information. The incident also interrupted and corrupted certain required data submissions from institutions of higher education.

CDHE has been working with a third-party specialist to investigate the extent of the breach and notify impacted individuals. CDHE is offering complimentary access to credit monitoring and identify theft protection services through Experian to impacted individuals. As this is considered an ongoing criminal investigation, and for security reasons, all details of the breach cannot be made publicly available.

System Remediation Update and Next Steps

Following the incident, priority was placed on returning the Department to "neutral" and immediate hardening of its IT security. According to the Department, this has been accomplished, and the Department has returned to near-normal operations. Furthermore, this remediation work has been approved for coverage by the Department's insurance or the State Office of Risk Management. Data

recovery and the rebuilding of its data systems are still ongoing, costs for which have been approved by insurance coverage.

Insurance will not cover any upgrades to its infrastructure security or database upgrades as providers will only cover costs pertaining to getting the Department back to its previous status. However, the Department recognizes that its previous cybersecurity status has proven to be insufficient to protect against threats and is working with outside entities to chart a better path forward.

As part of the remediation process, the Department reviewed its data governance policies and determined additional measures are necessary to align with the state's data security and data sharing standards. Additionally, the Department consulted other Colorado state agencies, higher education coordinating and governing bodies in Colorado and other states, federal higher education agencies, and multiple outside data security experts to determine best practices and recommended measures to ensure student data are exchanged and stored securely. Through this consultation process, the Department overhauled its data policies to align with OIT's Government Data Advisory Board and created an initial implementation plan to reduce risks and improve the quality and reliability of the database.

Part of the Department's plans to immediately further harden its cybersecurity includes contracting with a Managed Service Provider for four months at an additional cost of \$100,625 which is not covered by insurance and, therefore, the Department has charged towards its administrative appropriations. Further costs were incurred to upgrade its backup and storage which were not covered by insurance. Both will increase ongoing costs to the Department which are part of related ongoing costs discussed below.

Department Request and JBC Staff Analysis

As a companion to the supplemental request, the Department submitted a budget amendment for ongoing costs to implement and maintain best practices. The supplemental and budget amendment requests can be broken into the parts shown in the chart below:

S1/BA1 CYBERSECURITY INCIDENT REMEDIATION FUNDING REQUEST				
ITEM	FY 2023-24 FUNDING	FY 2023-24 FTE	FY 2024-25 FUNDING	FY 2024-25 FTE
Subscription Services (including Managed Service Provider)	\$294,360		\$294,360	
Personnel Costs	\$219,006	1.6	\$476,378	4.0
One-time Upgrades to IT infrastructure	\$204,625		\$0	
Contracted Professional Services	\$920,000		\$0	
Total Supplemental Request	\$1,637,991	1.6	\$770,738	4.0

SUBSCRIPTION SERVICES AND ONE-TIME SECURITY-RELATED UPGRADES TO IT INFRASTRUCTURE

As stated previously, in response to the cybersecurity incident the Department contracted with a Managed Service Provider (MSP) and believes this to be critical to maintain a secure data environment. Currently, the Department is utilizing FY 2023-24 administrative funds to cover the costs of this agreement but is on track to over expend its administrative budget before the close of the fiscal year. Both the supplemental and the budget amendment request include services provided by the MSP, continued enhanced storage backup, and an application to protect against future ransomware attacks.

To maximize the partnership with the Managed Service Provider and leverage the support of an experienced Security Operations Center, the Department requests one-time funding for upgrades to

the department's IT infrastructure to create and/or replace existing systems in multiple areas including but not limited to remote monitoring and management of PCs, Internet Service Provider, core network equipment, and servers; monitoring, detection, response, and remediation of threats and vulnerabilities; and account security, management, data backup, and more. These initial upgrades are intended to bring the Department in line with best cyber security practices and situate it to maximize an ongoing partnership with the MSP.

CONTRACTED PROFESSIONAL SERVICES FOR DATABASE CHANGES

The Department requests \$920,000 to enlist temporary assistance from contract professional services to bring its data system in line with the Department's new data governance policies. This requires several changes including migrating program data into the secure database, redesigning the database architecture to align with the new data archive and retention policy, modifying the database to ensure compliance with the database audit policy, reducing the amount of and accessibility to personally identifiable information (PII) in the database, updating SQL code and stored procedures to ensure compatibility with security methods, reviewing all data management practices and frameworks to ensure proper data and cyber security practices, and implementing best practices for data storage.

Costs for these services are estimated based on the scope of work and quotes provided by an outside contractor. The Department indicates that the timeline for completion of the necessary changes depends on the speed of contracting and the vendor. The Department is requesting roll forward authority of the one-time funds as the expenditure of these funds depends on the contracting process and the efficiency of the contractor.

PERSONNEL COSTS

The Department requests an increase of \$219,006 to hire 4.0 new positions in FY 2023-24, equating to 1.6 FTE in the partial year, to oversee the implementation and maintenance of the new cybersecurity infrastructure and student information databases. The requested positions include: a Data Security Manager, a Database Support Professional, a Data Integration Manager, and a System Administrator. Costs for the FTEs in FY 2023-24 are prorated to reflect the timing of hiring during the current fiscal year and would increase to \$476,378 and 4.0 FTE in FY 2024-25 and ongoing. These additional FTEs will ensure future programs and data collections are fully integrated and comply with Department policies. The Description of responsibilities for each can be found in Appendix B.

Currently, the Department employs a total of 3.5 dedicated IT staff for the Commission on Higher Education IT-related needs. This includes 1.5 FTE responsible for building, structuring, and managing two database servers containing 26 individual databases, each of which hold sensitive information. These FTE are also responsible for data backup, websites, and report development. The Department employs 2.0 IT staff that handle all IT infrastructure and security as well as HelpDesk inquiries, employee training, user account creation and maintenance, network traffic monitoring, and any cross-agency liaison services. The request would more than double the Department's dedicated IT staff.

JBC Staff Analysis and Recommendation

The Department collects, maintains, and reports an enormous amount of data, including but not limited to individual student information as well as institutional information. Though the Department indicates it has made significant strides to secure its data and IT systems, the cyber ransomware attack illuminated the need for enhanced security and significant database modifications. Staff has reached out to the Joint Technology Committee to get feedback on the request, ensuring it is the most reasonable approach. The Department is scheduled to meet with the Joint Technology Committee in

an executive session on January 18, 2024, and if as a result of the JTC meeting the department suggests a different approach, staff will return to the Joint Budget Committee with a “comeback” including the new information.

The Department indicates that as a non-affiliated agency, it does not receive services from OIT but engaged with the office to ensure the most cost-beneficial option informed the request. To become an affiliated agency for OIT, a requirement to receive support services from the office, would require between \$200,000 and \$300,000 with a first-year implementation of the “lift and shift” totaling more than \$4.0 million. Therefore, OIT and the Department agree that the submitted request represents the most prudent option for the State at this time.

Approval of this request could precipitate the need to approve the Department’s budget amendment request as well, though perhaps not at the requested levels. Currently, the Department does not employ adequate staff to accomplish and maintain the needed extensive IT security and database infrastructure changes. Furthermore, in recent years the General Assembly has tasked the Department with improving and enhancing its data collection, analysis, and reporting capabilities to provide additional guidance to policy and budget decisions. The occurrence and timing of the cyber incident were such that the Department could not have foreseen the acute need for additional resources.

Staff anticipated receiving a supplemental request for this item far sooner than when it was submitted. With the Department having already put itself in the position of overspending its administrative lines, the Joint Budget Committee is in the awkward position of having to approve a decision that has already been effectively made or risk putting the Department in a negative financial situation. A timely supplemental submission via the 1331 process would have allowed the Joint Budget Committee to provide greater oversight and proactively address the funding needs. However, given current circumstances and having reviewed the submitted documents, staff recommends that the Committee approve the request.

S2/BA3 DIV. OF OCCUPATIONAL EDUCATION ADMIN. COST INCREASE

	REQUEST	RECOMMENDATION
TOTAL	\$214,648	\$214,648
FTE	0.0	0.0
General Fund	214,648	214,648
Cash Funds	0	0
Reappropriated 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: JBC staff and the Department agree that this request was a technical error that was not identified within the budget timeline.

DEPARTMENT REQUEST: The Department requests an increase of \$214,648 in reappropriated funds for the Division of Occupational Education’s administrative costs in FY 2023-24. The

Department asserts that this appropriation is required to meet the State’s required 5.0 percent match for the federal Perkins V funding administrative costs and that the appropriation has not increased since 2019-20 despite an increase in Perkins awards and an associated increase in administrative costs.

STAFF RECOMMENDATION: Staff agrees that an increase is necessary to achieve compliance with federal Perkins requirements and recommends approving an increase of \$214,648 General Fund (rather than reappropriated funds) because the Department’s statewide indirect cost assessments are not sufficient to fund the increase as requested.

STAFF ANALYSIS:

Background

The Division of Occupational Education oversees Colorado Vocational Act programs, the Area Technical Colleges, federal Perkins technical training programs, and resources for the promotion of job development, job training, and job retraining. The FTE funded in this line are administratively located in the Colorado Community College System and are responsible for approving occupational education programs and distributing funds to both higher education and K-12 entities.

The federal Carl D. Perkins Career and Technical Education Act (Perkins V) provides State formula grants for the development and implementation of career and technical education (CTE) programs and was reauthorized in 2018. Grants are allotted to states through a formula based on each state’s populations in certain age groups and per capita income. Each state must distribute no less than 85 percent of its Perkins Title I formula funds to local education agencies, area career and technical schools, community colleges, and other public or private nonprofit institutions that offer CTE programs. States may determine the distribution of funds across secondary and postsecondary education.

Program Funding and Department Request

According to federal law, the state administrator of the Perkins Title I grant may not spend more than 5.0 percent of its grant, or \$250,00, whichever is greater, on administrative activities. Additionally, federal law requires states to match administrative expenditures dollar for dollar from non-federal sources. Historically, the Division of Occupational Education has made five percent of Colorado’s Perkins award available for administration, however the state match has not always aligned as can be seen in the following chart:

COLORADO FEDERAL PERKINS AWARD				
YEAR	AWARD	5.0 PERCENT	APPROPRIATION	DIFFERENCE
FY 2019-20	\$18,868,489	\$943,424	\$900,000	(\$43,424)
FY 2020-21	19,173,648	958,682	962,309	\$3,627
FY 2021-22	19,975,087	998,754	962,309	(\$36,445)
FY 2022-23	20,677,590	1,033,880	962,309	(\$71,571)
FY 2023-24	21,378,823	1,068,941	962,309	(\$106,632)

The request represents the sum of the difference between the appropriation and required match for FY 2021-22 through FY 2023-24. The Department indicates that the division’s Perkins Manager confirmed that this approach will satisfy the state match requirement for the three previous years.

These funds are typically sourced from statewide indirect cost recoveries, consistent with the Department's request.

Estimated federal Perkins awards are announced in March, complicating the budget request for the Department because the information is not available for the budget process. However, this appears to be a persistent issue which the Department has not addressed in several years, through either supplemental requests or changes to the Long Bill appropriation. The Department has submitted a budget amendment request which would provide an additional \$100,000 in reappropriated funds in FY 2024-25 addition to the supplemental request, anticipating the need for more funding to meet the federal match requirement in FY 2024-25. Staff expects to recommend approval of the budget amendment amount as General Fund rather than reappropriated funds, however, as this increase will not provide additional reappropriated revenue.

JBC Staff Analysis and Recommendation

Staff recommends approval of the request as it was a technical error on the part of the Department in calculating its appropriation needs for this program. However, staff recommends \$214,648 General Fund instead of reappropriated funds as statewide indirect cost assessments are insufficient to fund the request.

This appears to be a persistent issue which should be addressed appropriately moving forward. Additionally, it should be noted that the federal Perkins program administrative allowance of 5.0 percent is permissive and not required. Therefore, the State may choose to appropriate a reasonable amount for administration and the Division could adjust its administrative expenses accordingly to maintain compliance with the federal match requirements.

The Department became aware of the appropriation deficiency in June/July 2023 and worked with the Division to find the best path forward. The federal Perkins program reviews the status of the 5% match requirement over a three-year period, and that review is upcoming. Therefore, the Division asserts the funding difference must be addressed in the current fiscal year. The U.S. Department of Education uses the average appropriation over a 3-year period in its review process. Without the appropriation, the state risks being out of compliance with the state plan per the requirements of the federal Perkins award. It is unclear what the repercussions of Staff will work with the Department to ensure that future requests take into consideration possible changes to the federal Perkins award.

S3 AURARIA HIGHER EDUCATION CENTER COST INCREASE

	REQUEST	RECOMMENDATION
TOTAL	\$1,74,6425	\$1,74,6425
FTE	0.0	0.0
General Fund	0	0
Cash Funds	0	0
Reappropriated Funds	1,746,425	1,746,425
Federal Funds	0	0

Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria?	YES
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[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: Based on information made available to JBC staff during the figure setting process for FY 2023-24, staff was made aware of the potential need for this increase in funding. Due to outstanding questions regarding AHEC funding as it pertains to TABOR implications, JBC staff proposed that this adjustment be submitted as a supplemental request rather than through the original FY 2023-24 appropriation.

DEPARTMENT REQUEST: The Department requests an increase of \$1,746,425 reappropriated funds for the Auraria Higher Education Center (AHEC) to bring the appropriation for FY 2023-24 up to the negotiated cap as agreed upon by AHEC and the constituent institutions' boards.

STAFF RECOMMENDATION: Staff recommends approval of the request.

STAFF ANALYSIS:

Background

The Auraria Higher Education Center (AHEC) is a campus in downtown Denver shared by the Community College of Denver (CCD), Metropolitan State University of Denver (MSU), and University of Colorado Denver (UCD). Established as a separate state entity in Section 23-70-101 C.R.S., AHEC provides and manages shared services, facilities, and properties in support of the three institutions. The three constituent institutions pay AHEC a negotiated fee for its operations and maintenance of the campus.

AHEC collects fees by institution based on consideration of student FTE and campus footprint. In FY 2023-24, the split is approximately 50.0 percent MSU, 37.0 percent UCD, and 13.0 percent CCD. AHEC indicates that indirect cost recoveries from MSU, CCD, and UCD comprise approximately $\frac{3}{4}$ of their total revenue. Expenditures are approximately 69.0 percent for AHEC managed state-owned facilities including, but not limited to, campus planning, utilities, and deferred maintenance; 15.0 percent for staff and operations of AHEC managed state-owned facilities including administration and business services; and 16.0 percent for safety and security staff and AHEC managed state-owned facilities/assets.

The amount shown in the Long Bill is the negotiated “not to exceed” cap as agreed upon by the three institutions' boards and the AHEC board, reflected as reappropriated funds because the initial appropriation is to the institutions. Individual institutions may also contract with AHEC for specific additional services, and those expenditures do not require additional appropriation. AHEC also has two off-budget auxiliary enterprises, one for student facilities and one for parking.

Request and Justification

According to the request, negotiations between AHEC and the three constituent institutions begin in December when AHEC presents a “not to exceed” number to the institutions. Refinements and adjustments are made by AHEC through March, and final determinations are made in April. The AHEC Board of Directors and the institutions' boards approve the amount in May. In previous years, the Department's request for this line item reflected a percent increase intended to provide a reasonable increase in operating costs. As this appropriation represents the not-to-exceed limit, this methodology proved adequate to set a ceiling while negotiations were ongoing.

For unknown reasons, this methodology was not pursued in the budget request for the current fiscal year, and the requested increase of \$100,000 in reappropriated funds for the current fiscal year was

insufficient to meet the negotiated not-to-exceed limit as agreed upon by the component institutions and AHEC. The Department's request is to align the Long Bill indirect cost assessment appropriation with the actual negotiated not-to-exceed cap of \$25,986,383, as reappropriated funds to AHEC, an increase of \$1,746,425 as requested.

Staff Recommendation

Staff was made aware of the potential need for an increase during figure setting for FY 2023-24, and preliminary data was made available; however, this action was delayed to investigate whether funding could be provided to AHEC directly with General Fund or another way to avoid what is considered by staff a double-counting of state revenue for the purposes of TABOR. As discussed during the staff briefing, the Department responded to a Request for Information regarding the AHEC funding methodology and determined that the current funding methodology, reappropriated funds derived from the constituent institutions, is the only viable option at this time. Until another path forward can be found, funding AHEC in this way will continue to drive out General Fund per TABOR requirements. Staff has verified with the Department that the funding for this increase exists as part of the negotiated contract and will not cause financial disruption for the constituent institutions. For these reasons, staff recommends approval of this request.

S4 POSTSECONDARY STUDENT SUCCESS DATA SYSTEM (HB22-1349) SPENDING AUTHORITY

	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: JBC staff and the Department agree that this request is the result of an unforeseen contingency.

DEPARTMENT REQUEST: The Department requests an extension of spending authority of the \$3.0 million cash funds that originate as state General Fund and 1.0 FTE appropriated through H.B. 22-1349, the Postsecondary Student Success Data System bill. The requested extension from June 30, 2024, to December 31, 2026, would allow the Department more time to meet the requirements of the legislation, the plans for which were delayed due to a prolonged contract negotiation and the impacts of the 2023 cybersecurity incident.

STAFF RECOMMENDATION: Staff recommends approval of the request.

STAFF ANALYSIS:**Background**

House Bill 22-1349 (Postsecondary Student Success Data System) requires the Department of Higher Education to develop measures of student success and a postsecondary student success data system. The bill included an appropriation of \$3,000,000 to the Department from the Workers, Employers, and Workforce Centers Cash Fund from money originating from the General Fund, and 1.0 FTE. Appropriated funds are available for expenditure through FY 2023-24.

Per the legislation, the Department must develop student success measures as well as create and maintain an interactive data system for student success information that will support decision-making by the legislature, institutions of higher education, and the public. This system must provide statewide longitudinal data connecting K-12, postsecondary, and workforce information to track outcomes for postsecondary students into and through the workforce. It must include both a public facing interface as well as an individual internal interface for institutions and must provide disaggregated data including populations by race, ethnicity, gender, and socioeconomic factors. The goal is to provide enhanced data analysis and reporting for institutions and for the public to inform and enhance personal, policy, and budgeting decisions.

Staff Analysis and Recommendation

According to the Department, implementation of this legislation is delayed due to administrative struggles in executing an agreement with a third-party service provider and the impacts of the 2023 cybersecurity incident that resulted in disruption of the Department's student information system. According to the Department, spending authority through FY 2026-27 would provide the time needed to execute and accomplish the goals of the legislation.

Staff recommends approval of the request and recommends the inclusion of an annual Request for Information tracking process on the implementation of this legislation be included in the FY 2024-25 Long Bill.

HC S1 250/150 COMMISSION CASH FUND

	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? NO

[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: History Colorado indicates the supplemental request is the result of a desire to begin collecting and utilizing earned revenue from merchandise sales, and that a continuously appropriated cash fund would meet this need. As this does not meet one of the Joint Budget Committee's supplemental criteria, staff does not recommend approval of the request.

DEPARTMENT REQUEST: History Colorado requests that the JBC sponsor legislation as part of the supplemental package to create a term-limited, continuously appropriated cash fund in FY 2023-24 for the 250-150 Commission with the intent to repeal the fund at the end of FY 2026-27. The new cash fund would receive earned revenue from the sale of 250-150 commemorative merchandise and be utilized to sponsor community grants for 250-150 activities across the state.

STAFF RECOMMENDATION: Staff recommends denial of the request as it does not meet the JBC's supplemental criteria.

STAFF ANALYSIS:

Background

Senate Bill 22-011 created the America 250-Colorado 150 Commission (250-150 Commission) to develop programs and a plan for the official observance of the 250th anniversary of the founding of the United States and the 150th anniversary of Colorado statehood. The Commission is directed to promote statewide and local plans for related activities between July 1, 2025 and December 31, 2026.

Current funding for this initiative includes \$651,503 General Fund, \$151,504 of which was provided annually through S.B. 22-011 to cover basic operations for one FTE and minimal in-person community engagement. An additional \$500,000 was provided through S.B. 23-297 as one-time funding to be used for fundraising efforts. The Department has not yet spent any of the one-time funding for fundraising but has received \$10K in sponsorships funding from the U.S. Semiquincentennial Commission for use of the federal 250 logo. Because these funds were received as a donation, they have been deposited in the History Colorado restricted donation fund and may be accessed at any time by the Commission.

The 250-150 Commission adopted a logo and is exploring options for print on merchandise. The Commission anticipates rolling out a new website on January 24, 2024, which will include a donation page. The Department aims to have merchandise available for sale when the site goes live. The Commission believes earning potential ranges from \$200,000 to \$4.5 million based on 1976 commemoration activities and earned revenue adjusted for inflation.

Department Request and Justification

History Colorado currently manages a continuously appropriated cash fund for donations but not for earned revenue. Earned revenue is deposited into a separate cash fund which is subject to appropriation. The Commission requests a dedicated 250-150 cash fund which would be continuously appropriated for the purpose of collecting and accessing donations and earned revenues upon receipt. The Commission intends to provide community grants from donations and earned revenue to be distributed across the state, assisting communities with their local 250-150 commemorations.

Without a continuously appropriated cash fund, History Colorado could collect donations and earned revenues, but only the donations would be immediately accessible for commemorative activities. Expenditure of earned revenues would be required to go through the appropriations process, a step the Commission believes would pose as a significant barrier to successful operations and commemorative efforts.

The request for the 250-150 cash fund was submitted on November 1 as part of the Governor's proposed FY 2024-25 budget; however, the Commission indicates it would like to begin selling

merchandise as soon as it is available and requests the cash fund immediately for any proceeds of the sales.

Staff Analysis and Recommendation

Staff does not dispute the efficiency of a continuously appropriated cash fund; however, staff disagrees that this meets the narrow criteria of a supplemental request and is not persuaded that it cannot be adequately addressed through the normal budget process.

The General Assembly established the Commission in statute in 2022. The proposed need for a continuously appropriated cash fund was identified only recently and was not included in previous requests. Though earned revenue may be imminent, the Commission does not anticipate spending any of the earned revenue until the beginning of FY 2024-25, and there does not appear to be an imminent need for a continuous appropriation. Therefore, staff recommends the Committee address this request for the FY 2024-25 year through the normal budget process.

Staff believes earned revenue credited to the existing History Colorado cash fund may be credited to the new cash fund at that time if the legislature approves the request. Furthermore, the Committee should consider its level of comfort in ceding its oversight of expenditures by the Commission. Finally, the Committee may also consider the TABOR implications related to the earned revenue. Revenue earned by the sale of merchandise will drive out General Fund for the State. History Colorado indicates that it may be possible to run the funds through an outside entity such as a foundation, and staff believes more consideration should be given to this option.

If the Committee chooses not to approve the supplemental request, more time can be given to explore alternative funding options that could be discussed during the figure setting process as this item has also been requested as part of the History Colorado change requests for FY 2024-25. If the Committee chooses to sponsor the supplemental legislation, staff recommends including a request for information requiring the Commission to report regularly on the use of the funds, expected earned revenues, and timeline for expenditure.

STATEWIDE COMMON POLICY SUPPLEMENTAL REQUESTS

These requests are not prioritized and are not analyzed in this packet. The JBC will act on these items later when it makes decisions regarding common policies.

DEPARTMENT'S PORTION OF STATEWIDE SUPPLEMENTAL REQUEST	TOTAL	GENERAL FUND	CASH FUNDS	REAPPROP. FUNDS	FEDERAL FUNDS	FTE
NPS-01 CHDE DPA Risk funding adjustment	\$25,230	\$24,616	\$614	\$0	\$0	0.0
NPS-01 HC OIT Real time billing	85,592	41,084	44,508	0	0	0.0
NPS-02 HC DPA Risk funding adjustment	48,704	0	48,704	0	0	0.0
S1 Roll forward HB 22-1220, Teacher Stipends	0	0	0	0	0	0.0
S1 Roll forward SB 22-181, Behav. Hlt Wkfce	0	0	0	0	0	0.0
DEPARTMENT'S TOTAL STATEWIDE SUPPLEMENTAL REQUESTS	\$159,526	\$41,084	\$93,826	\$24,616	\$0	0.0

STAFF RECOMMENDATION: The staff recommendation for these requests is pending Committee action on common policy supplementals. The Department of Higher Education requested \$24,616 reappropriated funds for a portion of the nonprioritized request; however, staff recommends General Fund because indirect cost assessments are not sufficient to fund the increase as requested. Staff asks permission to include the corresponding appropriations in the Department's supplemental bill when the Committee acts on common policy supplementals. If staff believes there is reason to deviate from the common policy, staff will appear before the Committee at a later date to present the relevant analysis. *ARPA-related supplemental requests will be discussed in more detail at a later date and may be included in separate legislation.*

APPENDIX A: NUMBERS PAGES

JBC Staff Supplemental Recommendations - FY 2023-24
Staff Working Document - Does Not Represent Committee Decision

Appendix A: Numbers Pages

	FY 2022-23 Actual	FY 2023-24 Appropriation	FY 2023-24 Requested Change	FY 2023-24 Rec'd Change	FY 2023-24 Total w/Rec'd Change
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DEPARTMENT OF HIGHER EDUCATION
Angie Paccione, Executive Director

HC S1 250-150 Commission cash fund

(2) COLORADO COMMISSION ON HIGHER EDUCATION AND HIGHER EDUCATION SPECIAL PURPOSE PROGRAMS

(C) Special Purpose

H.B. 22-1349 Student Success Data System	<u>0</u>				
FTE	0.0	0.0			
Cash Funds	0	NaN			

(9) HISTORY COLORADO

(A) Central Administration

America 250 - Colorado 150 Commission	<u>148,889</u>	<u>651,503</u>	<u>0</u>	<u>0</u>	<u>651,503</u>
FTE	0.9	1.0	0.0	0.0	1.0
General Fund	148,889	651,503	0	0	651,503
Cash Funds	0	0	0	0	0
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0

Total for HC S1 250-150 Commission cash fund	148,889	651,503	0	0	651,503
FTE	0.9	1.0	0.0	0.0	1.0
General Fund	148,889	651,503	0	0	651,503
Cash Funds	0	0	0	0	0
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0

JBC Staff Supplemental Recommendations - FY 2023-24
Staff Working Document - Does Not Represent Committee Decision

	FY 2022-23 Actual	FY 2023-24 Appropriation	FY 2023-24 Requested Change	FY 2023-24 Rec'd Change	FY 2023-24 Total w/Rec'd Change
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S1/BA1 Cybersecurity incident remediation

(2) COLORADO COMMISSION ON HIGHER EDUCATION AND HIGHER EDUCATION SPECIAL PURPOSE PROGRAMS

(A) Administration

Administration	<u>3,744,295</u>	<u>4,317,202</u>	<u>1,637,991</u>	<u>1,637,991</u>	<u>5,955,193</u>
FTE	33.0	34.9	1.6	1.6	36.5
General Fund	3,450,614	4,009,940	1,637,991	1,637,991	5,647,931
Cash Funds	171,564	202,082	0	0	202,082
Reappropriated Funds	97,901	105,180	0	0	105,180
Federal Funds	24,216	0	0	0	0

(7) DIVISION OF OCCUPATIONAL EDUCATION

(A) Administrative Costs

Administrative Costs	<u>962,309</u>	<u>962,309</u>	<u>214,648</u>	<u>214,648</u>	<u>1,176,957</u>
FTE	9.0	9.0	0.0	0.0	9.0
General Fund	0	0	0	214,648	214,648
Reappropriated Funds	962,309	962,309	214,648	0	962,309

(8) AURARIA HIGHER EDUCATION CENTER

Administration	<u>23,848,685</u>	<u>24,239,958</u>	<u>1,746,425</u>	<u>1,746,425</u>	<u>25,986,383</u>
FTE	211.4	222.7	0.0	0.0	222.7
General Fund	0	0	0	0	0
Cash Funds	0	0	0	0	0
Reappropriated Funds	23,848,685	24,239,958	1,746,425	1,746,425	25,986,383
Federal Funds	0	0	0	0	0

JBC Staff Supplemental Recommendations - FY 2023-24
Staff Working Document - Does Not Represent Committee Decision

	FY 2022-23 Actual	FY 2023-24 Appropriation	FY 2023-24 Requested Change	FY 2023-24 Rec'd Change	FY 2023-24 Total w/Rec'd Change
Total for S1/BA1 Cybersecurity incident remediation	28,555,289	29,519,469	3,599,064	3,599,064	33,118,533
<i>FTE</i>	<u>253.4</u>	<u>266.6</u>	<u>1.6</u>	<u>1.6</u>	<u>268.2</u>
General Fund	3,450,614	4,009,940	1,637,991	1,852,639	5,862,579
Cash Funds	171,564	202,082	0	0	202,082
Reappropriated Funds	24,908,895	25,307,447	1,961,073	1,746,425	27,053,872
Federal Funds	24,216	0	0	0	0
Totals Excluding Pending Items					
HIGHER EDUCATION					
TOTALS for ALL Departmental line items	5,347,436,079	5,853,948,394	3,599,064	3,599,064	5,857,547,458
<i>FTE</i>	<u>26,435.1</u>	<u>26,758.7</u>	<u>1.6</u>	<u>1.6</u>	<u>26,760.3</u>
General Fund	1,355,227,916	434,472,378	1,637,991	1,852,639	436,325,017
General Fund Exempt	0	1,121,328,165	0	0	1,121,328,165
Cash Funds	2,862,657,734	3,082,671,437	0	0	3,082,671,437
Reappropriated Funds	1,067,737,116	1,189,025,740	1,961,073	1,746,425	1,190,772,165
Federal Funds	61,813,313	26,450,674	0	0	26,450,674

APPENDIX B: REQUESTED POSITIONS

The positions requested by the Department are described in their request as follows:

1. Data Security Manager – this individual will help implement industry best practices for the secure storage of personally identifiable information (PII) for CDHE databases, systems, and applications. This position will work closely with CDHE's Director of IT to ensure alignment and documentation of security efforts organization wide. This FTE will also manage data sharing protocols and agreements with external partners and support the Department by providing ongoing assessment, review, and implementation of best practices for retaining, encrypting, securely storing, and/or properly destroying/archiving PII.
2. Database Support Professional – this individual will assist in the building, structuring, and secure management of CDHE databases. This position will work closely with CDHE's Database Administrator to ensure alignment to other CDHE systems. Specifically, this FTE will assist with increased, on-going workload to manage, maintain, upgrade, and improve the Department's infrastructure.
3. Data Integration Manager – this individual will manage data from approximately 20 existing programs and any additional programs which need to be integrated into the Department's encrypted database and manage external partnerships for secure web applications used to securely collect data related to these programs. This individual will internalize work to the data division which has, out of necessity due to limited capacity, been outsourced to other Department staff without database management and data security training. This position will enhance the existing program staff's effectiveness by freeing up capacity to focus on programmatic work.
4. System Administrator – this individual will assist with increased, on-going workload associated with managing, maintaining, upgrading, and improving the Department's infrastructure, including the Department's network, firewall, web servers, virtualized hosts, servers, Microsoft 364 tenant, storage arrays, and backup solutions.

Salary analysis for the requested positions can be found on the next page.

Expenditure Detail		FY 2023-24			FY 2024-25		
Personal Services:							
	Classification Title	Biweekly Salary	FTE	Budget Amt	Biweekly Salary	FTE	Budget Amt
	FTE						
	DATA MANAGEMENT IV	\$3,507	0.4	\$36,475	-	1.0	\$91,188
	IT PROFESSIONAL	\$3,730	0.4	\$38,789	-	1.0	\$96,972
	IT PROFESSIONAL	\$3,038	0.4	\$31,598	-	1.0	\$78,996
	IT PROFESSIONAL	\$3,038	0.4	\$31,598	-	1.0	\$78,996
	\$0			\$0	-	-	\$0
	\$0			\$0	-	-	\$0
	\$0			\$0	-	-	\$0
	FTE Total	\$13,314	1.6	\$138,461		4.0	\$346,152
	Personnel Costs	<i>Percent/Cost</i>			<i>Percent/Cost</i>		
	PERA	11.50%		\$15,923	11.50%		\$39,807
	Medicare	1.45%		\$2,008	1.45%		\$5,019
	Personnel Total		1.6	\$156,392		4.0	\$390,978
	Central Appropriations	<i>Percent/Cost</i>			<i>Percent/Cost</i>		
	Health-Life-Dental	\$11,033		\$17,653	\$11,033		\$44,132
	STD	0.16%		\$222	0.16%		\$554
	AED	5.00%		\$6,923	5.00%		\$17,308
	SAED	5.00%		\$6,923	5.00%		\$17,308
	FAMLI	0.45%		\$623	0.45%		\$1,558
	Indirect Costs, if applicable						
	Leased Space, if applicable	\$4,650					
	Central Appropriations Total		1.6	\$32,344		4.0	\$80,860
	Operating Expenses:						
	One-Time Operating	<i>Operating Cost</i>	FTE	Budget Amt	<i>Operating Cost</i>	FTE	Budget Amt
	PC, One-Time	\$2,000	4.0	\$8,000	\$0	0.0	\$0
	Office Furniture, One-Time	\$5,000	4.0	\$20,000	\$0	0.0	\$0
	Other One-Time			\$0		0.0	\$0
	Other One-Time			\$0		0.0	\$0
	Other One-Time			\$0		0.0	\$0
	Other One-Time			\$0		0.0	\$0
	One-Time Operating Expense Total			\$28,000			\$0
	Ongoing Operating	<i>Operating Cost</i>	FTE	Budget Amt	<i>Operating Cost</i>	FTE	Budget Amt
	Regular FTE Operating Expenses	\$500	2.0	\$1,000	\$500	4.0	\$2,000
	Cisco/Jabber Remote Phone	\$235	2.0	\$470	\$235	4.0	\$940
	Computer Software	\$400	2.0	\$800	\$400	4.0	\$1,600
	Other			\$0			\$0
	Other			\$0			\$0
	Other			\$0			\$0
	Other			\$0			\$0
	Ongoing Operating Expense Total			\$2,270			\$4,540
	TOTAL REQUEST			\$219,006			\$476,378
	FTE			1.6			4.0
	General Fund			\$219,006			\$476,378
	Cash Fund (NAME)			\$0			\$0
	Reappropriated Funds			\$0			\$0
	Federal Funds			\$0			\$0
	FTE Calculation Assumptions:						
	Personal Services -- Beginning July 1, 2020, new employees will be paid on a bi-weekly pay schedule and are not subject to the pay date shift; however new full-time positions should be reflected in Year 1 as 0.92 FTE to account for a four week hiring period. This applies to personal services costs only.						
	Operating Expenses -- Base operating expenses are included per FTE for \$500 per year. In addition, for regular FTE, annual telephone costs assume base charges of \$235 per year/FTE for Cisco Jabber. Use \$450 per year/FTE if a standard desktop phone is needed. If a cell phone is needed, use \$115 per year/FTE.						
	Standard Capital Purchases -- Each additional employee necessitates the purchase of a Personal Computer (\$1,410), docking station and monitors (\$260), Office Suite Software (\$330), and office furniture (\$5,000).						