

JOINT BUDGET COMMITTEE



ADDITIONAL SUPPLEMENTAL BUDGET REQUESTS FY 2021-22

DEPARTMENT OF HIGHER EDUCATION

(History Colorado & Auraria Higher Education Center)

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

PREPARED BY:
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Letter from History Colorado, 1-18-22

Question responses from Auraria Higher Education Center 1-18-22

DEPARTMENT OF HIGHER EDUCATION

STAFF-INITIATED SUPPLEMENTAL REQUESTS

STAFF-INITIATED - HISTORY COLORADO CASH FUNDS SPENDING AUTHORITY

	REQUEST	RECOMMENDATION*
TOTAL	\$2,689,480	\$2,689,480
FTE	0.0	0.0
General Fund	0	0
Cash Funds	2,689,480	2,689,480
Federal Funds	0	0

*Line item details on the staff recommendation are still pending

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 believes this item reflects information that was not available when the original appropriation was made. History Colorado limited gaming revenue, which was allocated in early FY 2021-22 based on FY 2020-21 gaming tax revenue, was much higher than History Colorado had anticipated.

DEPARTMENT REQUEST: The Department did not formally request this item, as OSPB supplemental deadlines had passed by the time this problem was identified. On Friday January 14, staff received a letter from History Colorado requesting that the JBC provide an additional \$2,689,480 in cash funds spending authority from limited gaming revenue, representing increases of 13.0 to 26.5 percent in five line items for FY 2021-22. The change would increase History Colorado's FY 2021-22 appropriation from the Museum and Preservation Operations Account from \$7,301,016 to \$9,990,496 cash funds for FY 2021-22, including centrally appropriated amounts in Department Administration, as well as History Colorado line items. Although this was not a formal supplemental request, OSPB supported History Colorado in bringing this issue forward for the JBC's consideration.

History Colorado's initial proposal reflected allocating the additional spending authority requested in the same proportions as History Colorado's current allocation of operating amounts from the Museum and Preservation Operations Account.

HC SPENDING AUTHORITY - MUSEUM AND PRESERVATION OPERATIONS ACCOUNT OF STATE HISTORICAL FUND (FUND 4390)				
	CURRENT AMOUNT (FROM FY 2021-22 LONG BILL)	%	REQUESTED ADJUSTMENT (USING SAME RATIOS AS ORIGINAL APPROPRIATIONS)	FINAL ADJUSTED FY22 BUDGET AMOUNT
Central Administration	\$1,132,460	22.0%	\$591,686	\$1,724,146
Facilities Management	1,365,065	26.5%	712,712	2,077,777
History Colorado Center	1,250,031	24.2%	650,854	1,900,885
Community Museums	735,068	14.3%	384,596	1,119,664
Office of Archeology & Historic Preservation	674,423	13.0%	349,632	1,024,055
Subtotal	\$5,157,047	100%	\$2,689,480	\$7,846,527
Centrally-Appropriated Costs (POTS, etc.)	2,143,969		0	2,143,969
Total HC Spending Authority - Fund 4390	\$7,301,016		\$2,689,480	\$9,990,496
Difference (Gaming Distribution less Spending Authority)	\$2,689,480			

STAFF RECOMMENDATION: Staff recommends History Colorado's request in principal but recommends delaying final action until History Colorado provides more accurate line item and FTE detail that ties to the narrative on proposed uses of spending authority.

STAFF ANALYSIS: Last week, staff learned that History Colorado had just been notified by the Controller that it was approaching the end of its available cash funds spending authority for FY 2021-22, although it was only mid-way through the year. Based on additional conversations with OSPB and History Colorado and further documentation provided by History Colorado, staff clarified the problem. In sum, for FY 2021-22, the JBC refinanced \$3.5 million in History Colorado Certificate of Participation (COP) payments with General Fund. However, it did not make associated cash funds spending authority increases in other History Colorado line items. When gaming revenue rebounded at the end of FY 2020-21, resulting in higher-than-anticipated revenue available for FY 2021-22, History Colorado's Board authorized additional program spending. However, due to staff turnover, History Colorado staff failed to realize that they would also require additional cash funds spending authority from the General Assembly.

REQUEST DETAILS

In response to JBC Staff questions, the Department has explained how it is using/intends to use the additional spending authority in FY 2021-22. These are described below, along with JBC staff notes that provide additional background or context.

\$500,000 - COMMUNITY MUSEUM BUDGET: History Colorado indicates the funds are needed to support community museum basic staffing and programs. This ongoing funding will enable Community Museums to continue to support its basic staffing; community programs such as Hands-On History, Museum of Memory, Borderlands of Southern Colorado, community-centered fellowships, etc.; and sustainability programs such as enhanced rentals business, full and stable operating hours, and enhanced gift shop experiences. [JBC Staff note: In FY 2017-18, the General Assembly added \$1.6 million General Fund to the History Colorado budget. This represented the first significant General Fund appropriation for History Colorado in many years and more than doubled the budget for community museums. The expectation was that the additional funding would result in additional visitation and earned revenue in out-years, which would replace the need for some of the General Fund. The JBC approved the request, indicating that the appropriation would be reduced to \$1.2 million in FY 2020-21 and ongoing.¹ This annualization occurred, but, due to COVID impacts on earned revenue, the hoped-for substitution of other funding sources has not been realized, so the museums have been struggling.]

\$650,000 - DEFERRED MAINTENANCE: Prior to COVID, History Colorado's funding for maintenance of its statewide museums and historic sites had dwindled to pay for more pressing operating needs. The funding was once \$1 million in Cash Funds devoted to the controlled maintenance needs of community museums and Georgetown Loop Railroad. [JBC Staff note: The FY 2021-22 Long Bill appropriation for History Colorado Regional Museum Preservation Projects is now \$310,000, including \$200,000 from gaming revenue and \$110,000 from Georgetown Loop revenue. For comparison, in FY 2015-16, this line item included \$1.1 million, including \$600,000 from gaming revenue.] The budgeted funds for this year enable History Colorado to begin correcting the cumulative deferred maintenance by its previous and pandemic-related funding issues. Some of the projects these funds will support are: significant roof and HVAC repairs at El Pueblo History Museum; stabilize windows and upgrade lighting at Center for Colorado Women's History; paving of parking lot, geothermal and glass partitions for rentals at the Ute Indian Museum; roof repairs at Fort Garland Museum; landscaping, irrigation and water diversion at Trinidad History Museum; security upgrades at sites throughout museum network.

\$1,250,000 - PERSONNEL: The spending authority requested is based on a combination of new staffing, consistent with History Colorado's strategic plan (about \$450,000), and spending authority sufficient to eliminate previous vacancy savings and pay ongoing costs of costs supported in FY 2020-21 and FY 2019-20 from Paycheck Protection Plan loans (\$2.0 million per year). Vacant positions that are now being filled include a Director of Marketing, various philanthropy and development staff, a facilities project manager, a groundskeeper, and an educator for the community museum in Trinidad. New positions related to the 2019 strategic plan include a statewide coordinator for Hands On History, a Curator of Black Heritage, a manager of Engagement for Colorado Black Communities, and a Chief Preservation Officer.

\$100,000 - CONVERSION OF DIGITAL BADGES: Upgrade software used in History Colorado's popular online program, which was created with now obsolete software. The online learning program became even more used and important during COVID and remote learning. However, History Colorado must convert these web-based exhibits to current software or the exhibits will no longer be available to

¹ The request had proposed that funding be reduced to \$1.4 million in FY 2020-21 and \$1.0 million by FY 2024-25; JBC action annualized funding to \$1.2 million in FY 2020-21 with no expectation of further reductions.

classrooms and the public. Here is a link to the current web site (before the conversion): exhibits.historycolorado.org

\$700,000 - TECHNOLOGY: This encapsulates funding to restart important projects paused by COVID, including the connectivity road map for Community Museums (to provide quality internet service to museum staff, patrons, and event attendees), point-of-sale support for History Colorado's museum network (including inventory tracking, event ticketing, membership management and more), staff computer refresh (25% of staff annually), migration of the customer relations management (CRM) system to the current version (old version no longer supported), phone system upgrade at the community museums (to take advantage of the new connectivity infrastructure, and VPN services and cybersecurity upgrade, to name a few.

Also in response to staff questions, **History Colorado provided data that demonstrated the variance between History Colorado's March 2021 projection of expenditures and its December 2021 projection of expenditures for FY 2021-22, as presented to History Colorado's board.** The most significant revenue and expenditure forecast changes are highlighted. **As shown, after the gaming revenue available became more clear (and adjustments in earned revenue forecasts), History Colorado outlined additional anticipated expenses for various programs.**

HISTORY COLORADO BUDGET DOCUMENTS FOR HISTORY COLORADO BOARD - FORECAST CHANGE FROM MARCH 2021 TO DECEMBER 2021					
	ACTUAL FY 2020-21	FORECAST FY 2021-22		VARIANCE (DEC ABOVE/(BELOW) MAR 2021 FORECAST)	% CHANGE
		MAR. 2021	DEC. 2021		
HISTORY COLORADO & COMMUNITY MUSEUMS					
REVENUE					
Earned Revenue (program fees, admissions, gift shops)	1,829,816	4,090,284	3,352,923	(737,361)	(18.0%)
State Funds	10,638,874	13,158,813	16,507,194	3,348,381	25.4%
Gaming Taxes (Minority Share)*	5,691,382	6,658,917	9,990,496	3,331,579	50.0%
SHF Administrative Cost Allocation	324,913	325,000	325,000	0	0.0%
General Funds/Reappropriated Funds (incl. Sust.)	2,627,980	2,628,687	2,644,039	15,352	0.6%
Interagency Transfer from Dome Painting	1,940,000				
COP Relief HC-01	N/A	3,525,209	3,525,209	0	0.0%
Interest & Other Revenue	54,599	21,000	22,450	1,450	6.9%
Federal Funds (Grants, Preservation Support)	1,589,070	1,310,171	1,410,171	100,000	7.6%
Other (Rise Grant, Restricted Donations)	1,289,355	1,989,000	1,812,661	(176,339)	(8.9%)
TOTAL REVENUES	15,347,115	20,548,268	23,082,949	2,534,681	12.3%
EXPENSES					
Program Services Expenses:					
History Colorado Center (HCC)	4,055,923	5,647,654	6,738,600	1,090,946	19.3%
Personnel	2,709,377	3,577,704	4,461,450	883,746	24.7%

HISTORY COLORADO BUDGET DOCUMENTS FOR HISTORY COLORADO BOARD - FORECAST CHANGE FROM MARCH 2021 TO DECEMBER 2021					
	ACTUAL FY 2020-21	FORECAST FY 2021-22		VARIANCE (DEC ABOVE/(BELOW) MAR 2021 FORECAST)	% CHANGE
		MAR. 2021	DEC. 2021		
Other Operating	260,658	469,950	677,150	207,200	44.1%
Restricted Donations Expenditures	1,085,888	1,600,000	1,600,000	0	0.0%
Community Museums	2,203,021	2,807,179	3,363,165	555,986	19.8%
Personnel	1,530,251	2,032,723	2,088,709	55,986	2.8%
Other Operating	672,770	774,456	1,274,456	500,000	64.6%
Preservation Services (OAHF)	1,247,805	1,772,828	1,772,828	0	0.0%
Grant	748,683	1,098,697	1,098,697	0	0.0%
Personnel	410,864	588,792	588,792	0	0.0%
Other Operating	88,258	85,339	85,339	0	0.0%
Total Program Services Expenses:	7,506,749	10,227,661	11,874,593	1,646,932	16.1%
Support Services Expense:					
Administration & Facilities	1,598,458	3,433,952	4,353,844	919,892	26.8%
Personnel	1,172,844	2,431,039	2,650,931	219,892	9.0%
Other Operating (incl. IT)	425,614	1,002,913	1,702,913	700,000	69.8%
Philanthropy	564,134	733,430	750,356	16,926	2.3%
Personnel	425,614	575,830	592,756	16,926	2.9%
Other Operating	138,520	157,600	157,600	0	0.0%
Total Support Services Expenses:	2,162,592	4,167,382	5,104,200	936,818	22.5%
Other Operating Expense:					
Staff Salary Survey Adjustment		217,000	(inc. above)		
History Colorado Center (HCC)	3,017,481	3,525,841	3,525,841	0	0.0%
Rent (Certificates of Participation)	3,017,481	3,525,841	3,525,841	0	0.0%
Other	1,747,955	1,365,057	2,115,057	750,000	54.9%
Capital Construction & Maintenance	418,217	310,000	960,000	650,000	209.7%
Dept. of Higher Education Cost Allocation	161,756	161,756	161,756	0	0.0%
Federal Grants	781,565	121,431	121,431	0	0.0%
State Cost Allocation (POTS, IT, Legal, Risk)	386,417	771,870	771,870	0	0.0%
Other Operating	N/A	0	100,000	100,000	n/a
Total Other Operating Expenses:	4,765,436	5,107,898	5,640,898	533,000	10.4%
TOTAL EXPENSES	\$14,434,777	\$19,502,941	\$22,619,691	\$3,116,750	16.0%
HISTORY COLORADO CENTER & COMMUNITY MUSEUMS SURPLUS (DEFICIT)					
	912,338	1,045,327	463,258	(582,069)	(55.7%)

*Gaming amounts are based on the earnings in the prior year

The table below shows the fluctuations in both gaming and earned revenue for the last few years.

	ACTUAL FY19	ACTUAL FY20	ACTUAL FY21	BUDGET FY22
Earned Revenue	\$ 4,221,897	\$ 3,575,698	\$ 1,829,816	\$ 3,352,923
Gaming Minority Share	\$ 10,605,239	\$ 10,490,247	\$ 5,691,382	\$ 9,990,496

JBC STAFF CONSIDERATIONS

Staff believes that approving supplemental spending authority for History Colorado cash funds is consistent with the JBC's intent when it added General Fund for History Colorado COPs.

- Prior to the pandemic, History Colorado was receiving \$10.5 million per year in limited gaming revenue that was deposited to the Museum and Preservation Operations Account of the State Historical Fund and appropriated to support museum and program operating costs.² At the time, these funds were supporting museum operations, some community museum capital expenses, programming, and History Colorado Certificate of Participation (COP) payments. As a result of casino closures in spring 2020, the revenue available for this purpose fell to just \$5.7 million for FY 2020-21, a reduction of \$4.8 million.
- **During figure setting for FY 2021-22, in a Committee-initiated action, the JBC voted to refinance History Colorado's entire annual COP payment (\$3.5 million beginning in FY 2021-22), replacing cash funds appropriated from the Museum and Preservation Operations Account to General Fund on an ongoing basis. Staff's understanding was that this action was intended to address History Colorado acute funding shortfalls that resulted from the pandemic and also to address a longstanding challenge, highlighted in History Colorado's October 2019 Strategic Plan, that History Colorado did not have sufficient revenue to achieve its mission.** History Colorado's challenges dated to 2008. In this year, the General Assembly authorized construction of a new history museum to be funded through COPs paid for using History Colorado gaming revenue. Payments started at \$3.0 million. Later in 2008, voters adopted amendment 50, and then recession hit the gaming industry, and the Gaming Commission adjusted tax rates, reducing History Colorado's gaming revenue available for museum operations by about \$1.7 million. The combination of high COP payments and reduced gaming revenue resulted in a structural deficit. Although History Colorado closed this deficit through deep cuts (and some additional General Fund support), its financial situation has remained precarious for the last decade. The recommendation from History Colorado's 2019 strategic planning process was to seek addition state support for its COP payments. The goal was to provide sufficient revenue that History Colorado could increase its impact. The expectation outlined in the Strategic Plan was that History Colorado would use the revenue no longer required for COPs to support other parts of its mission.

²The *Constitution* allocates 28.0 percent of the revenue for original (pre-amendment 50) limited gaming recipients to the Historical Society and, of this amount, 20 percent must be allocated for preservation activities in the gaming localities. Of the remaining 80 percent, *statute* directs the "majority share" of 50.1 percent to the statewide preservation grant program. History Colorado museums, programs, and various capital expenses are funded from the remaining "minority share" of 49.9 percent deposited in the Museum and Preservation Operations Account of the State Historical Fund.

- **Staff understood the JBC's funding action for FY 2021-22 as a decision to implement the History Colorado Strategic Plan recommendation, including enabling History Colorado to redirect gaming revenue to other needs.** However, at the time, both History Colorado and JBC Staff expected gaming revenue available for FY 2021-22 would remain fairly low. While the forecasts for gaming revenue earned in FY 2020-21 improved throughout the year, neither History Colorado nor JBC Staff anticipated that revenue would rebound to close to FY 2018-19 levels and strain existing spending authority. Staff is dismayed by the timing of this request. However, based on staff's understanding of the JBC's intent when refinancing the History Colorado COPs, *staff supports providing additional spending authority and reflecting additional FTE associated with this spending authority.* **Staff presumes that providing additional spending authority will enable History Colorado to implement its Strategic Plan. This, in turn, seems consistent with the Committee's previous action.**

Staff also believes that History Colorado's plans deserve scrutiny by the JBC and General Assembly, consistent with typical procedures. Although the money requested is cash funds spending authority and can only be spent for History Colorado activities, if the General Assembly is dissatisfied with History Colorado museum operations, it could place funds in different History Colorado line items, reduce the state General Fund support currently provided to History Colorado (for COPs and community museums), or implement statutory changes to direct a greater share of revenue back to the Statewide Preservation Program.

With respect to the request submitted so far, **the proposed expenditures do not align with the adjustments History Colorado has requested by line item.**

- **The \$650,000 proposed for deferred maintenance belongs in an existing capital construction line item and requires approval by the CDC in addition to the JBC.** *Staff has referred this portion of the proposal to the CDC, which is expected to review it on January 20.*
- The \$500,000 for community museums appears to belong in the community museums line item.
- Staff does not have sufficient information to know where the other portions of the request should be appropriated or the FTE that should be associated with these amounts. However, **History Colorado's initial proposal, which reflects a proportional adjustment to each operating line item in the budget, is clearly not consistent with its actual expenditure plans.**

Staff is not comfortable recommending line item adjustments until History Colorado can provide a more realistic outline of how its spending plans align with its need for additional spending authority. **Staff anticipates that History Colorado will provide the additional information in time for staff to bring this to the JBC as a comeback on Monday January 24.** Prior to the 24th, staff also expects to review details of the proposed technology expenditures with Joint Technology Committee staff to ensure that they have no related concerns.

HISTORY COLORADO GOALS AND PERFORMANCE: History Colorado's 2019 Strategic Plan promised that, with additional resources, History Colorado would "engage 1 million people annually by 2025". The plan was to double the number of people History Colorado engaged with from 563,750 in FY 2018-19. The pandemic has significantly affected implementation, but History Colorado continues to identify this as its central goal. History Colorado's 1 million goal is now defined as based on "**interpersonal engagement**", defined as "in-person and digital activities in which we have direct engagement and participation with our audiences who are actively involved at the moment (e.g., live-

streamed or in-person events, admissions, research visits)". To the extent the JBC action is funding the Strategic Plan, it seems particularly important to track History Colorado's outcomes. The following tables are from its FY 2021-22 Performance Plan.³

Actual Performance:

SPI 1 – Engage One Million People Annually by 2025

The big idea of this plan is Double Our Impact! History Colorado focuses on human-to-human interaction and engagement because it is the best opportunity for the organization to generate a meaningful relationship with audiences and Colorado residents.

Measure	Base	FY 17	FY 18	FY19	FY20	FY 21 End Period 11	FY 21 Goal
Interpersonal Engagement*	571,860	507,496	550,971	553,288	454,115	208,712	280,565
Independent Engagement**	1,028,319	55,161	178,230	316,172	1,150,488	1,360,088	1,196,423
Social Engagement**	533,988	n/a	187,457	539,840	874,668	757,933	946,778

*Due to Covid-19, human to interpersonal engagement continues to be down 75% from base levels. Over the last quarter, there has been an uptick in museum visitors and at the end of April, Georgetown Loop will be operating again.

** At the end of the fiscal year 2019-20, there was an abnormal spike in independent engagement that has since leveled to typical trends. For this year we are seeing a consistently higher trend than we have in previous years.

Goal:

Engagement Type	Base	June 30, 2022	June 30, 2023 (One-year goal)	June 30, 2025 (Three-year goal)
Interpersonal Engagement*	571,860	608,343*	797,347	1,014,341
Independent Engagement	1,028,319	1,398,523	1,623,523	2,281,807
Social Engagement	533,988	793,642	935,295	1,315,541

* For FY 2021-22 a reduction in attendance is still expected from targeted growth rates every year. While this number is above base, it is not expected to meet our target growth goals set in the strategic plan

LOOKING FORWARD:

GENERAL FUND SUPPORT: Staff notes that General Fund support for History Colorado is expected to decline from \$6.1 million in FY 2021-22 to \$5.1 million in FY 2022-23. The JBC provided \$1.0 million per year in additional General Fund support in FY 2020-21 and FY 2021-22 to address pandemic-related revenue declines. This will be eliminated for FY 2022-23.

GAMING REVENUE: Staff currently anticipates gaming revenue available for FY 2022-23 will continue to increase, based on recent forecasts. Additional information will be available for FY 2022-23 figure setting. Revenue is dependent in part on total gaming revenues and in part on the allocation of these revenues between the "original" recipients (the General Fund, History Colorado, and gaming cities and counties) and the "extended" gaming recipients added by Proposition 50 in 2008 (community colleges, gaming cities and counties). State statute that implemented Proposition 50 capped growth for original recipients at 3.0 percent per year. House Bill 20-1400 (Temporary Reallocation of Limited Gaming Tax Revenues), a JBC bill, temporarily modified this restriction so that funding for original

³ https://drive.google.com/file/d/1NtJ253U_x0ZQtaYrY518AV2vnu-ejEVw/view

recipients could rebound after a steep drop related to the pandemic. The statute added by H.B. 20-1400 (at Section 44-30-702, C.R.S.) specifies that the old formula, including the cap on growth for the original recipients, again applies "beginning the fiscal year immediately following the fiscal year in which total limited gaming tax revenue collections have again equaled or exceeded the amount of total limited gaming tax revenues collected in state fiscal year 2018-19". Total FY 2020-21 limited gaming tax revenue (available for use in FY 2021-22) rebounded to close to--but still below--FY 2018-19 levels. It seems likely that FY 2021-22 revenues will surpass FY 2018-19 funding, triggering the return to the previous statutory formula one year later.

JBC MEMBER-INITIATED SUPPLEMENTAL DISCUSSION

AURARIA HIGHER EDUCATION CENTER

AURARIA HIGHER EDUCATION CENTER REQUEST: In a letter to the JBC dated January 14, Auraria Higher Education Center (AHEC) requested the JBC's assistance in addressing FY 2021-22 revenue shortfalls. On January 18, 2022, in response to questions from JBC Staff, **AHEC indicated that it is seeking additional funding of \$8.1 million for FY 2021-22.** The fund source was not specified, although staff assumes that such funding could be from the state General Fund, contributions from institutions on the AHEC campus, or potentially federal Coronavirus State Fiscal Recovery Funds.

STAFF RECOMMENDATION: **Staff is not making a recommendation on this item at this time,** as it has been brought forward at the request of a JBC member, rather than as an Executive Branch request. However, staff has significant concerns about the timing of this request. Staff and the Committee first became aware of this request on January 14, and AHEC responded to staff questions, including basic questions about funding sought and the current year budget, at 8:30 pm on January 18, when documents were due to the JBC at noon the next day. This provided staff with very little time for analysis. Furthermore, it appears to staff that the information presented by AHEC represents the beginning, rather than the end, of a conversation with the Executive Branch and the institutions on the AHEC campus, as other entities have not weighed in on the proposal. Given this, **this request may not be ripe for Committee action.**

ADDITIONAL INFORMATION AND ITEMS FOR THE JBC'S CONSIDERATION:

2021 SESSION JBC ACTION: Last year, AHEC approached the JBC to highlight its financial challenges. While the institutions operating on the AHEC campus (Metropolitan State University of Denver, the University of Colorado at Denver, and the Community College of Denver) had each received federal HEERF funding to help address COVID-related revenue shortfalls, AHEC was not eligible for such support. At the same time, it had been dramatically affected by moves to on-line instruction and reduced parking and other revenue. Similar revenue impacts were being experienced on other higher education campuses, but these other campuses had access to backfill from federal funds which were not available to AHEC due to AHEC's unique structure. In response, the JBC sponsored S.B. 21-109 (Bond Payments for Auraria Higher Education Center), which enabled bond payments for AHEC to be covered by sources other than revenue from auxiliary enterprises and provided an appropriation of \$5,500,000, including \$2,750,000 from the General Fund and \$2,750,000 from cash funds from the institutions on the AHEC campus for payments for bond and COP payments and for reserves required to meet bond coverage ratios. The bill specified the amount each entity on the campus would contribute.

CURRENT REQUEST: In a letter to the JBC dated January 14, 2022, AHEC noted that it continues to see far fewer students on campus than in the past: about 60-65 percent of the usual 20,000 between 10:00 am and 2:00 pm. AHEC auxiliary revenues have partially rebounded from \$20.1 million in FY

2020-21 to an estimated \$30.4 million for FY 2021-22, but this is still \$12.9 million short of pre-pandemic revenue of \$41.7 million.

Late on January 18, in response to staff questions, AHEC indicated that it is seeking \$8.1 million to address its FY 2021-22 revenue shortfalls. AHEC indicates that the additional funding will address the following needs. Please see the attached AHEC response to staff for additional detail.

SUMMARY OF AHEC JANUARY 18, 2022 REQUEST		
ITEM	AMOUNT REQUESTED (MILLIONS)	ADDITIONAL INFORMATION
Campus Staffing	\$1.35	Campus safety and peace officer positions; facilities maintenance positions; early learning center staff to open 4 additional classrooms; increase student wages to City of Denver minimum; training and equipment for safety and peace officers.
Annual Infrastructure and Maintenance Needs	4.75	Address deferred maintenance including parking lot maintenance (\$1.75M), Tivoli Student Union accumulated maintenance (\$2.0M), Tivoli Student Union Wireless Upgrades
Operations/RTD pass subsidy	2.0	AHEC contracts with RTD to provide low-cost bus passes for students through College Pass program at a fixed cost of \$5.6 M. This year, an estimated 7,000 students will opt into the program, paying \$140 per semester and providing approximately \$2.0 M in revenue. AHEC thus faces a remaining liability of \$3.7 million and seeks assistance for \$2.0 million of this, which must be paid by the end of FY 2022-23.
TOTAL	\$8.1	

STATUS OF DISCUSSIONS WITH OSPB/INSTITUTIONS ON THE CAMPUS: In response to staff questions, AHEC indicated that they did not speak with the Department or OSPB before submitting this request to the JBC, although they are now in conversation. They indicated that they have been in regular communication with the institutions on the AHEC campus and recently notified them that AHEC would be approaching the JBC; however, AHEC's proposal does not incorporate additional contributions from the institutions, and it is unclear to staff whether these institutions were approached for contributions before AHEC approached the JBC. AHEC notes the institutions also face financial struggles related to significant enrollment declines, and they have contributed an additional combined \$1 million in FY 2021-22 to support AHEC operations.

AHEC BUDGET DATA: In response to staff questions, AHEC provided additional detail on FY 2021-22 revenue and expenses, including a comparison to FY 2018-19. This detail is attached. As shown, **AHEC reflects a total revenue and expense reduction of over 20.0 percent from FY 2018-19.** AHEC's general fund revenue (revenue from constituent institutions to cover operating costs) is projected to be down just 1.6 percent from FY 2018-19, as a result of additional support from the institutions. However, auxiliary revenues have declined more sharply. This revenue comprised 58 percent of AHEC's 2018-19 revenue and now comprises about 47 percent of revenue. Some of the decline reflects a decision to outsource Tivoli bookstore operations to Barnes and Nobles. However, **even excluding this component, auxiliary revenue is down \$7.0 million (22 percent) from FY 2018-19.** AHEC's budget reflects reductions in total expenditures that align with these reductions in revenues. **It is hard to know from this high level revenue/expenditure data how damaging this reduction has been to AHEC operations** and how it has affected students, staff, and the physical plant on the AHEC campus.

ITEMS TO CONSIDER WHEN EVALUATING THIS REQUEST

AHEC NEEDS AND POPULATION SERVED: AHEC correctly notes: (1) the students it serves are disproportionately from disadvantaged backgrounds; (2) its finances have been severely affected by pandemic--far more than higher education institutions that draw on a more diverse array of revenue sources; (3) unlike other higher education entities, it did not receive any federal HEERF funds. These funds have been critical to propping up other institutions, including the institutions on the AHEC campus which received all the benefits of federal support based on their enrollment but did not need to manage all costs, since some of these were borne by AHEC.

TEMPORARY FUNDING NEEDS/AVAILABLE REVENUE: AHEC's funding needs are pandemic-driven and are presumed to be largely temporary. The State has considerable one-time funds available from both state and federal sources. Both state and federal leaders have indicated an expectation that one-time funds should be used, at least in part, to address the immediate economic impacts of the pandemic. The current challenges faced by AHEC seem to fit that description.

BUDGET SITUATION FOR CONSTITUENT INSTITUTIONS: The constituent institutions on the AHEC campus are also likely to have one-time funds available in FY 2021-22. Data collected from the institutions in fall 2021 indicated that almost all the public higher education institutions are in a strong near-term financial position due to federal support or (in the case of CU) investment performance. This is true despite declining enrollment that may threaten institutional health over the longer-term. For example, MSU Denver reported estimated total revenue of \$331.2 million in FY 2021-22, representing an increase of \$48.9 million (17.3 percent) over total FY 2020-21 revenue. This was largely due to federal and state support, as enrollment has declined and total tuition revenue is projected to be relatively flat despite rate increases. As also discussed during the budget briefing, the University of Colorado System saw a \$1.5 billion improvement in its financial position at the end of FY 2020-21. CU has indicated that this primarily reflects one-time investment earnings. Staff does not have institution-level data on Community College of Denver finances but notes that HEERF institutional support for community colleges represented about 20 percent of the annual total funds revenue for community colleges--proportionately far more than was received by institutions serving more advantaged students.

INPUT AND FINANCIAL CONTRIBUTIONS FROM AHEC CONSTITUENT INSTITUTIONS: Many of the areas in which AHEC requests support directly impact the students and staff of AHEC's constituent institutions, e.g., security, maintenance, child care facility staffing, and Tivoli Student Union wireless upgrades. JBC staff believes the institutions on the AHEC campus are better positioned than JBC staff to assess the importance of these needs when weighed against the other costs faced by the institutions themselves. Would the institutions consider these items a priority if they had to pay 50 percent? This will not be clear until these institutions are directly engaged in the discussion.

INPUT FROM CAPITAL DEVELOPMENT COMMITTEE/OFFICE OF STATE ARCHITECT: AHEC indicates that \$4.75 million of its request is to cover annual infrastructure and deferred maintenance needs. It is not clear to staff whether appropriating these funds as requested requires review or prioritization by CCHE, the Capital Development Committee or the Office of the State Architect, and staff will need to explore this further with the Office of Legislative Legal Services. Regardless, given more time, staff would consult with the Office of the State Architect about how the needs outlined compare to other state infrastructure needs. Staff notes that many higher education

institutions have delayed maintenance and capital expenditures as a strategy for managing pandemic-related budget shortfalls. Staff would like to better understand how AHEC's maintenance needs compare.

AURARIA HIGHER EDUCATION CENTER FY2021-22 BUDGET

SUMMARY OF FUNDS

	2018-19 Actual	2021-22 Budget	Budget Change	% Change
<u>REVENUES</u>				
<u>GENERAL FUND</u>				
Institutional Operating Support	\$20,901,970	\$22,493,228	\$1,591,258	7.6%
Institutional Support-Deferred Maintenance	\$1,580,655	\$2,000,000	\$419,345	26.5%
Other Income	\$922,807	\$618,700	-\$304,107	-33.0%
Auxiliary Support	\$5,549,501	\$3,386,153	-\$2,163,348	-39.0%
TOTAL GENERAL FUND	\$28,954,933	\$28,498,081	-\$456,852	-1.6%
<u>STUDENT REVENUE BOND FUND</u>				
Student Bond Fees	\$5,386,516	\$4,908,861	-\$477,655	-8.9%
Tivoli Student Union Operations	\$3,888,223	\$3,537,571	-\$350,652	-9.0%
Tivoli Station (Bookstore)	\$8,560,506	\$0	-\$8,560,506	-100.0%
Starbucks	\$1,322,862	\$936,100	-\$386,762	-29.2%
Early Learning Center	\$2,534,339	\$2,126,000	-\$408,339	-16.1%
TOTAL STUDENT REVENUE BOND FUND	\$21,692,445	\$11,508,532	-\$10,183,913	-46.9%
TOTAL GENERAL FUND	\$12,357,200	\$8,370,000	-\$3,987,200	-32.3%
<u>GENERAL AUXILIARY</u>				
Facilities Auxiliaries	\$5,570,092	\$4,139,870	-\$1,430,222	-25.7%
Other General Auxiliaries	\$1,016,975	\$1,059,560	\$42,585	4.2%
TOTAL GENERAL AUXILIARIES	\$6,587,067	\$5,199,430	-\$1,387,637	-21.1%
TOTAL REVENUES	\$69,591,645	\$53,576,043	-\$16,015,602	-23.0%
<u>EXPENDITURES</u>				
<u>GENERAL FUND</u>				
TOTAL GENERAL FUND	\$28,172,254	\$28,498,081	\$325,827	1.2%
<u>STUDENT REVENUE BOND FUND</u>				
Tivoli Student Union Operations	\$8,201,689	\$8,463,354	\$261,665	3.2%
Tivoli Station (Bookstore)	\$8,601,953	\$0	-\$8,601,953	-100.0%
Starbucks	\$1,233,528	\$933,660	-\$299,868	-24.3%
Early Learning Center	\$2,571,647	\$2,111,518	-\$460,129	-17.9%
Deferred Maintenance	\$535,555	\$0	-\$535,555	-100.0%
TOTAL STUDENT REVENUE BOND FUND	\$21,144,372	\$11,508,532	-\$9,635,840	-45.6%
TOTAL GENERAL FUND	\$11,170,259	\$8,370,000	-\$2,800,259	-25.1%
<u>GENERAL AUXILIARY</u>				
Facilities Auxiliaries	\$5,599,312	\$4,139,870	-\$1,459,442	-26.1%
Other General Auxiliaries	\$894,228	\$1,059,422	\$165,194	18.5%
TOTAL GENERAL AUXILIARY	\$6,493,540	\$5,199,292	-\$1,294,248	-19.9%
TOTAL EXPENDITURES	\$66,980,425	\$53,575,905	-\$13,404,521	-20.0%

Critical unbudgeted items - FY22

	\$M	
Critical Staffing Needs	\$ 1.35	
Accumulated Annual Maintenance		
- Parking Maintenance	\$ 1.75	
- Tivoli Maintenance	\$ 2.00	
- Tivoli Technology Refresh	\$ 1.00	
Net RTD Liability	\$ 3.70	FY21-22
	\$ 2.00	FY22-23

Total Critical Unbudgeted Items	\$ 8.10	Assumes \$2M RTD liability
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Attachments

History Colorado Letter
AHEC Response to Staff Questions



History Colorado

We Are Colorado. Somos Colorado.

Summary of Request

History Colorado is requesting the spending authority to access a significant portion of Cash Funds that are statutorily allocated to the organization for operating expenses. History Colorado formally requests an increase to its Cash Funds spending authority by \$2.7 million, which represents about 12% of the organization's expected operating revenue for FY 2021-22, and without the ability to access these funds, History Colorado will have to make immediate and significant cuts to its operations, including staff layoffs.

Current Program

History Colorado is dependent on limited gaming revenue, which provides nearly 80 percent of the agency's funding. In Spring of 2020, when Colorado casinos shut down to meet necessary public health protocols, this created a more than 50 percent reduction in History Colorado's limited gaming funds. The funding gap was filled by a number of one time proactive measures, which enabled the agency to continue its business operations. The agency also made significant reductions in operating expenses (39%) to avoid laying off staff during the height of the economic and health crisis.

Colorado gaming revenue made a surprising recovery even as the pandemic lingers and casinos still operate with COVID-related limitations. In Spring 2021, at figure setting, History Colorado's limited gaming minority share funds were projected to be \$5.1 million (plus an additional \$2.4 million in POTS). Yet, in the remainder of the fiscal year, this number nearly doubled in the final three months to \$9.9 million. History Colorado received the funds from the Department of Revenue in August 2021. However, as this type of dramatic shift in projected gaming revenue and actual revenue was highly unusual, the agency only realized recently that it needed to request spending authority for the difference of actual funds. History Colorado's main sources of operating revenue (earned revenue and limited gaming minority) have fluctuated significantly since 2019, given the effects of the pandemic (Table 1).

Table 1

	Actual FY19	Actual FY20	Actual FY21	Budget FY22
Earned Revenue	\$ 4,221,897	\$ 3,575,698	\$ 1,829,816	\$ 3,352,923
Gaming Minority Share	\$ 10,605,239	\$ 10,490,247	\$ 5,691,382	\$ 9,990,496

This request has no General Fund implications, and by law, these Cash Funds can only be used to cover History Colorado’s operations costs, and cannot be transferred for other purposes. History Colorado is requesting an increase to its Cash Funds spending authority by \$2.7 million, distributed in the manner listed in Table 2.

Table 2

		Current Amount		Requested Adjustment	Final Adjusted FY22 Budget Amount
		(from FY 2021-22 Long Bill)	%	(using same ratios as original appropriations)	
HC Spending Authority Fund 4390 only					
Central Administration	GCHAACENT	\$1,132,460	22%	\$591,686	\$1,724,146
Facilities Management	GCHACFCIL	\$1,365,065	26.5%	\$712,711	\$2,077,776
History Colorado Center	GCHAKHCCM	\$1,250,031	24.2%	\$650,854	\$1,900,885
Community Museums	GCHANCOMM	\$735,068	14.3%	\$384,596	\$1,119,664
Office of Archeology & Historic Preservation	GCHAOOHP	\$674,423	13%	\$349,632	\$1,024,055
Subtotal		\$5,157,047	100%	\$2,689,480	\$7,846,527
Centrally-Appropriated Costs (POTS, etc.)	(various)	\$2,143,969		\$0	\$2,143,969
Total HC Spending Authority - Fund 4390		\$7,301,016		\$2,689,480	\$9,990,496

staffing; community programs such as HandsOn History, Museum of Memory, Borderlands of Southern Colorado, community-centered fellowships, etc.; and sustainability programs such as enhanced rentals business, full and stable operating hours, enhanced gift shop experiences, etc.

Deferred Maintenance

\$650,000

Prior to COVID, History Colorado's funding for maintenance of its statewide museums and historic sites had dwindled to pay for more pressing operating needs. The funding was once \$1 million in Cash Funds devoted to the controlled maintenance needs of community museums and Georgetown Loop Railroad. This fund had shrunk to only \$500,000 prior to COVID, with nearly \$300,000 devoted to safety-related maintenance to the rolling stock of Georgetown Loop Railroad. Only the remaining \$200,000 was spread each year across the other 8 museums and historic sites. COVID, again, exacerbated this issue, leaving only \$80,000 in the budget to address community museum maintenance issues. The budgeted funds for this year enable History Colorado to begin correcting the cumulative deferred maintenance by its previous and pandemic-related funding issues. Some of the projects these funds will support are: significant roof and HVAC repairs at El Pueblo History Museum; stabilize windows and upgrade lighting at Center for Colorado Women's History; paving of parking lot, geothermal and glass partitions for rentals at the Ute Indian Museum; roof repairs at Fort Garland Museum; landscaping, irrigation and water diversion at Trinidad History Museum; security upgrades at sites throughout museum network.

Personnel

\$1,250,000

During FY 2020-21 and FY 2019-20, a large portion of History Colorado's personnel expenditures were covered by two Paycheck Protection Plan loans that have since been forgiven. This has been a major factor in History Colorado's personnel costs falsely appearing to be significantly higher in FY 2021-22 than they were in prior years. The PPP loans covered \$2 million in payroll expenses for History Colorado for each fiscal year 2019-20 and 2020-21.

Additionally, in FY 2020-21 and FY 2019-20, History Colorado opted not to backfill vacancies that arose during that time, due to the uncertain nature of the pandemic. At the beginning of FY 2021-22, with the news that limited gaming revenue had rebounded to pre-pandemic levels sooner than anticipated, History Colorado filled several of those positions that had been left empty during the past two fiscal years. These positions include, among others, a Director of Marketing, various philanthropy and development staff, a facilities project manager, a groundskeeper, and an educator for the community museum in Trinidad. History Colorado also budgeted for several new key positions related to its 2019 strategic plan, including a statewide coordinator for Hands On History, a Curator of Black Heritage, a manager of Engagement for Colorado Black Communities,

and a Chief Preservation Officer. The estimated total compensation for these new positions is about \$450,000 of the \$1.25 million in Personnel costs.

Conversion of Digital Badges **\$100,000**

Convert History Colorado's popular online program, which was created with now obsolete software. The online learning program became even more used and important during COVID and remote learning. However, History Colorado must convert these web based exhibits to current software or the exhibits will no longer be available to classrooms and the public. Here is a link to the current web site (before the conversion): exhibits.historycolorado.org

Technology **\$700,000**

This encapsulates funding to restart important projects paused by COVID, including the connectivity road map for Community Museums (to provide quality internet service to museum staff, patrons, and event attendees), point-of-sale support for History Colorado's museum network (including inventory tracking, event ticketing, membership management and more), staff computer refresh (25% of staff annually), migration of the CRM system to the current version (old version no longer supported), phone system upgrade at the community museums (to take advantage of the new connectivity infrastructure, and VPN services and cybersecurity upgrade, to name a few.

Problem or Opportunity

Without the necessary spending authority for full Cash Funds allocated to History Colorado's minority share, History Colorado will need to make significant funding cuts to operations including layoffs. Here are the details:

- Due to technical issues – rather than policy or fiscal issues – in their budget submissions, History Colorado finds themselves in a difficult and urgent budget situation for the ongoing fiscal year (FY 21-22), where they are left without spending authority to expend a significant portion (27%, \$2.7M out of \$10M) of Cash Funds that are statutorily allocated to them for operating expenses and they had budgeted for.
- This amount (\$2.7M) is approximately 12% of History Colorado's expected operating revenue for FY 21-22 and without the authority to expend these Cash Funds, they will need to make immediate and significant cuts to their ongoing operations, including staff layoffs (\$10.4M of their budgeted expenses for FY 21-22, which is 46% of their operating expenditure, is on personnel costs).
- This budget oversight was the result of a misunderstanding of History Colorado's statutory authority that only came into light due to the COVID-related uncertainty

in limited gaming tax revenue projections during the pandemic and the recovery out of it.

- This issue has no General Fund implications. The source of these Cash Funds is limited gaming tax revenue. Under current law, these Cash Funds can only be used to cover History Colorado's operational costs, and cannot be transferred out for other purposes.

Background

C.R.S. 4430-701 (1)(d)(II) allocates 28% of available limited gaming tax revenue to the State Historical Fund, 39.9% of which is allocated to the Museum and Preservations Account under C.R.S. 4430-1201 (5)(c)(I)(B). C.R.S. 4430-1201 (5)(b) holds that these funds may be expended for "costs incurred... in connection with fulfilling the society's mission as a state educational institution to collect, preserve, and interpret the history of Colorado and the west..." Furthermore, C.R.S. 4430-1201 (5)(c)(II) holds that any money in this fund that remains unspent at the end of a fiscal year, shall remain in the fund and not be transferred. For FY 2022, this allocation represents 43.3% of History Colorado's expected revenue. In addition, 40.1% of the limited tax revenue allocated to the State Historical Fund is allocated to History Colorado's Preservation Grant Account to be used to make and facilitate a grant program.

The funds allocated to the grant program ("majority share") are continuously and automatically appropriated, while the funds allocated to the Museum and Preservations Account for operating expenses ("minority share") are not and instead require annual appropriation to provide spending authority. These appropriations are based on projections of limited gaming tax revenue. Usually, the discrepancy between actual limited gaming tax revenue and the projections upon which History Colorado's operating funds are appropriated and budgeted is small enough that they do not need to request any modification to the appropriation through a supplemental, and the balance of the Cash Fund carries over to the next fiscal year. Their Nov 1st budget request also usually requests no change from prior year's appropriations (other than transfers) and JBC staff updates that appropriation in the Long Bill based on updated projections of limited gaming tax revenue. This process had always been sufficient in the past because limited gaming revenue has always increased year over year, before the pandemic. History Colorado continued this practice during the ongoing budget cycle.

However, last year, based on dire projections of a significant drop in limited gaming tax revenue due to the pandemic, the General Assembly reduced History Colorado's cash fund appropriation significantly. If this projected drop in gaming tax revenue were to materialize, History Colorado would have needed to scale their programming back significantly for the current fiscal year (FY 2022). Those projections didn't come true, and limited gaming tax revenue bounced back to pre-pandemic levels. This allowed History

Colorado to avoid budget cuts, but they neglected to request a supplemental to increase their cash fund appropriation. Due to this step never having been required in the past, they had assumed that the funds were continuously appropriated. In reality, only the majority share is continuously appropriated, while the minority share is not.

History Colorado also neglected to request an increase in their appropriation for the next fiscal year (FY 2223) to match the increased cash fund revenue, but JBC staff is likely to fix that based on latest projections of limited gaming tax revenue during figure setting. But for FY 2122, this oversight means that while their Cash Fund balance has recovered, their spending authority has not increased to match the increased revenue flowing into the Cash Fund. Without realizing this gap between Cash Fund balance and appropriation, History Colorado budgeted their FY 2122 activities based on the balance of their Cash Fund, and now find themselves without spending authority to complete their planned activities for the remainder of the fiscal year, despite the funds being available in the Cash Fund. In addition, History Colorado is not looking to modify its spending authority on earned revenue as the agency continues to navigate a year of COVID-related uncertainty, while continuing to manage expenses for the year and remaining optimistic for the fourth quarter.

If additional spending authority is not provided so that History Colorado can utilize these funds, then they would need to make drastic cuts to their operations and staff roster for the remainder of the current fiscal year.

Proposed Solution

History Colorado respectfully requests a Joint Budget Committee staffed supplemental that provides the necessary spending authority for History Colorado to access the full limited-gaming funds already allocated to the agency. The intent of longstanding provisions in statute are for these funds to be spent by History Colorado annually. This is a technical issue resulting from oversights in the agency's budget submissions, and not a policy or fiscal issue. Yet, without the spending authority, History Colorado faces steep consequences including layoffs. With spending authority, however, the agency can implement their budget approved by their Board, which includes the full allocation of \$9.9 million received from DOR in August 2021.

1/18/22 Questions for the Auraria Higher Education Center:

1. *Identify the actual dollar amount being requested, and if you could get a supplemental now, how would you use it:*

The Auraria Higher Education Center (AHEC) has experienced critical operational and financial impacts to the campus due to COVID over the past two years. In addition, without federal and state aid, we have been forced to reduce expenditures across the board, which impacts our ability to steward the campus. If we were able to get supplemental funding now, we would focus on the several main areas highlighted below:

Total Request - \$8.1M

I. Campus Staffing - \$1.35M

Our focus would start with funding currently unfunded positions, with a prioritization for those that provide critical safety and support to the campus. The specific roles that we would immediately target would include:

1. Campus-wide safety and peace officer positions, including emergency management and continuity of operations staff
2. Facilities positions that provide critical upkeep and continuity of services to our campus
3. Early Learning Center Staffing, including teachers and teacher aides.
 - a. Teachers and Teaching Aides to expand capacity and allow us to open up four (4) additional classrooms, which would provide 40-48 additional children.
4. We would address the current student wage disparity, and bring our student salaries up to the City of Denver minimum wage
5. We would invest in training and equipment for our safety and peace officer roles

II. Annual Infrastructure and Maintenance Needs - \$4.75M

Given revenue declines, we have not invested in annual maintenance over the past two years. Given the accumulated annual maintenance needs for the campus, the associated safety concerns we have, and the availability of contractors, we would immediately invest in the following areas:

1. Parking lot accumulated ongoing maintenance (\$1.75M), which includes repaving and restriping the lots (17), LED lighting upgrades, technology upgrades with our pay stations, power washing and deep cleaning the garages (3) and general parking lot and bollard repairs
2. Tivoli Student Union accumulated ongoing annual maintenance (\$2M), which includes key infrastructure upgrades including chiller repairs, replacing water mains, fixing the courtyard underlayment and associated drains and fixing/replacing boilers and pumps
3. Tivoli Student Union Wireless Upgrades (\$1M) – We need to upgrade our end-of-life wireless access points from 1 GB to 10 GB. This will allow us to provide for 100% wireless

coverage in the Student Union, thus increasing access for students and staff/faculty. In addition, this will help address impacts on the current public safety access for ACPD.

III. Operations - \$2M

As mentioned in our conversation this morning, AHEC contracts with RTD to provide affordable public transportation to those that most need it through the RTD College Pass program. We have a current fixed-price contract with RTD for \$5.6M. The current liability for RTD is \$3.7M for FY 21/22, which represents the difference between the RTD fixed-price contract and the anticipated number of students who opt-in to purchase the pass (\$140/semester); 7000 students opted into the program this past fall semester. We have negotiated with RTD to carry forward any unpaid portion into FY22/23, however based on anticipated student participation, we will still have an estimated \$2M contractual liability to pay RTD at the end of FY22/23. This liability is unbudgeted.

2. *If you get this, but not until the long bill supplemental (April/May), what are the impacts (why can't you wait)?*

As highlighted in our previous response, we feel these requests are crucial to AHEC, providing staffing in critical areas, as well as maintaining the safety, efficiency, and sustainability of our campus. While the RTD payment could be delayed to FY22/23 (a layaway plan), the staffing and maintenance requests are mission critical to our organization, and the vitality of the campus. Further delays in scheduling annual maintenance activities also raise issues of cost escalations with contractors, contractor availability, and potential safety issues for our campus.

3. *What will you do if we don't give you the supplemental?*

As a statutorily created state entity, without additional funds, our ability to steward this campus is severely impaired. We have taken comprehensive measures to reduce our costs and minimize our financial exposure as evidenced by our current budget, but our ability to steward the campus and provide an effective, safe and efficient environment is at a compromised level. Any further material cost reduction actions would further deplete the campus, and our ability to serve our current constituents.

At this time, additional staffing cuts would be detrimental, however the unpredictable nature of this virus could force us to revisit this. If supplemental funding is not approved, student services will be impacted, including reduced hours of operations. In addition, annual maintenance will be paused again, further compounding our current issues. Our margin is currently very close to zero, and we increasingly have no margin of error.

MEMORANDUM



JOINT BUDGET COMMITTEE

TO Members of the Joint Budget Committee
FROM Amanda Bickel, JBC Staff (303-866-4960)
DATE January 21, 2021
SUBJECT History Colorado Supplemental Request - Additional Adjustments

As described in the *Staff-initiated History Colorado Cash Funds Spending Authority* write-up (January 21, 2021), History Colorado requested line-item adjustment which did not align with the uses of funds it described in its letter dated January 18, 2021. In response to staff questions, History Colorado has provided a revised proposal for line item adjustments, outlined below.

- **The adjustments now include an increase of 17.0 FTE.** History Colorado has already requested an increase of 21.0 FTE and \$0 for FY 2022-23 to more accurately reflect its current staffing and administration structure. The supplemental adjustment proposed for FY 2021-22 would simply reflect most of the additional FTE one year earlier. FTE notations are shown for informational purposes and are not legally controlling.
- **On the morning of January 20, 2022 the Capital Development Committee unanimously voted to approve a supplemental appropriation for Regional Museum Preservation Projects in the capital budget of \$650,000.**

Staff recommends the adjustments outlined in the table below.

FY 2021-22 CURRENT AND RECOMMENDED SPENDING AUTHORITY FROM
MUSEUM AND PRESERVATION OPERATIONS ACCOUNT OF THE STATE HISTORICAL FUND

	FY 2021-22 LONG BILL	FTE	REQUESTED/RECOMMENDED ADJUSTMENT	FTE*	FINAL FY 22 BUDGET AMOUNT	FTE	USE OF SUPPLEMENTAL FUNDS (SEE STAFF WRITE-UP FOR ADDITIONAL INFORMATION)
History Colorado Operating Budget Line Items							
Central Administration	\$1,132,460	10.0	\$800,000	4.0	\$1,932,460	14.0	\$100,000 Digital Badges; \$700,000 Technology
Facilities Management	1,365,065	8.0	0	0.0	1,365,065	8.0	
History Colorado Center	1,250,031	45.0	739,480	10.0	1,989,511	55.0	Personal Services
Community Museums	735,068	20.5	500,000	3.0	1,235,068	23.5	Community Museums
Office of Archeology & Historic Preservation	674,423	20.0	0	0.0	674,423	20.0	
Capital Construction Budget							
Regional Museum Preservation Projects**	210,000	0.0	650,000	0.0	860,000	0.0	Deferred Maintenance - CDC approved on 1/21/22
Subtotal	\$5,367,047	103.5	\$2,689,480	17.0	\$8,056,527	120.5	
Centrally-Appropriated Costs (POTS, etc.)	2,143,969		0		2,143,969	0.0	
Total HC Spending Authority**	\$7,511,016		\$2,689,480		\$10,200,496	120.5	

*The allocation of FTE among line items is expected to change for FY 2022-23 if History Colorado proposed budget reorganization is approved.

**The FY 2021-22 total spending authority recommended from the Museum and Preservation Operations Account of the State Historical Fund, including the supplemental adjustment, is \$210,000 more than the \$9,990,496 History Colorado originally anticipated. History Colorado failed to account for the \$210,000 base spending authority for Regional Museum Preservation Projects when calculating existing spending authority. It currently anticipates spending a total of \$650,000 for Regional Museum Preservation Projects, rather than \$860,000. However, since the supplemental adjustment approved by the Capital Development Committee was \$650,000, staff recommends the JBC approve an appropriation consistent with the CDC's action and anticipate that History Colorado may spend less than the total appropriated amount for capital projects.

Sen. Tammy Story, *Chair*
Sen. Rhonda Fields
Sen. Jerry Sonnenberg

Rep. Edie Hooton, *Vice Chair*
Rep. Janice Rich
Rep. Donald Valdez



Capital Development Committee
State Capitol Building, Room 029
Denver, Colorado 80203-1784
(303) 866-3521



January 20, 2022

Representative Julie McCluskie, Chair
Joint Budget Committee
200 East 14th Avenue, Third Floor
Denver, CO 80203

Dear Representative McCluskie,

On January 20, 2022, the Capital Development Committee (CDC) considered one regular supplemental request submitted pursuant to Section 24-75-111, C.R.S. The request was originally submitted to the Joint Budget Committee as an operating request, and was subsequently referred to the CDC. *The CDC approved the request as submitted.* Table 1 summarizes the request. Descriptions of the approved requests are attached.

Table 1
Capital Development Committee Recommendation
Regular Supplemental Request

Department Name	Project Title	Project Short Description	Cost	Vote
Higher Education, History Colorado	Regional Museum Preservation Projects	The ongoing project addresses a number of historical preservation projects at regional museums. The request increases cash funding for this annual line item.	\$650,000 CF	6-0

If you have any questions or concerns about the CDC's recommendation, please call Bo Pogue, Legislative Council Staff, at 303-866-5390.

Sincerely,

Senator Tammy Story
Chair, Capital Development Committee

Representative Julie McCluskie

January 20, 2022

Page 2

c: Capital Development Committee Members
Joint Budget Committee Members
Jeanni Stefanik, Governor's Office of State Planning and Budgeting
Vanessa Reilly, Governor's Office of State Planning and Budgeting
Dawn DiPrince, History Colorado
Luis Colon, History Colorado
Lauren Gilliland, Department of Higher Education
Jason Schrock, Department of Higher Education
Amanda Bickel, Joint Budget Committee Staff
Capital Development Committee Staff