



Colorado General Assembly
Joint Budget Committee

JOINT BUDGET COMMITTEE STAFF FY 2017-18 BUDGET BRIEFING SUMMARY

Department of Higher Education

The Department of Higher Education is responsible for higher education and vocational training programs in the state. The Department's FY 2016-17 appropriation represents approximately 15.0 percent of statewide operating appropriations and 8.7 percent of statewide General Fund appropriations.

FY 2016-17 APPROPRIATION AND FY 2017-18 REQUEST

DEPARTMENT OF HIGHER EDUCATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2016-17 APPROPRIATION:						
HB 16-1405 (Long Bill)	4,061,311,383	870,343,621	2,453,407,936	715,047,309	22,512,517	24,491.1
Other legislation	14,745,619	691,095	13,804,524	250,000	0	0.3
TOTAL	\$4,076,057,002	\$871,034,716	\$2,467,212,460	\$715,297,309	\$22,512,517	24,491.4
FY 2017-18 APPROPRIATION:						
FY 2016-17 Appropriation	\$4,076,057,002	871,034,716	\$2,467,212,460	\$715,297,309	\$22,512,517	24,491.4
R1 Operating request for public colleges and universities	36,549,617	20,506,613	0	16,043,004	0	0.0
R2 Tuition spending authority increase	116,397,363	0	116,397,363	0	0	0.0
R3 Fort Lewis Native American Tuition Waiver	88,300	88,300	0	0	0	0.0
R4 WICHE Optometry	44,125	0	0	44,125	0	0.0
R5 WICHE dues increase	4,000	0	0	4,000	0	0.0
HC1 Revitalization funds for community museums	1,589,044	1,589,044	0	0	0	0.0
HC2 Realignment of History Colorado Long Bill	0	0	0	0	0	0.0
NP1 Resources for administrative courts	76	0	76	0	0	0.0
NP2 OIT Secure Colorado	13,488	0	8,514	4,974	0	0.0
NP3 OIT deskside staffing	5,394	0	5,394	0	0	0.0
Higher Ed Federal Mineral Lease COP	4,868,748	4,870,898	(4,873,048)	4,870,898	0	0.0
Auraria Higher Ed Center adjustment	1,216,595	0	0	1,216,595	0	0.0
Centrally appropriated line items	1,151,028	45,433	712,925	260,060	132,610	0.0
Fitzsimons COP	6,564	12,449	(5,885)	0	0	0.0
Annualize prior year legislation	(8,132,020)	0	(7,932,020)	(200,000)	0	0.0
Other	(2)	0	(2)	0	0	0.0
TOTAL	\$4,229,859,322	\$898,147,453	\$2,571,525,777	\$737,540,965	\$22,645,127	24,491.4
INCREASE/(DECREASE)	\$153,802,320	\$27,112,737	\$104,313,317	\$22,243,656	\$132,610	0.0
Percentage Change	3.8%	3.1%	4.2%	3.1%	0.6%	0.0%

R1 OPERATING REQUEST FOR PUBLIC COLLEGES AND UNIVERSITIES: The request includes an increase of \$20,506,613 General Fund allocated among public institutions of higher education (state governing boards, local district colleges, and area technical colleges) and financial aid. The request includes: (1) an overall increase of \$16,712,891 (2.5 percent) for the governing boards, allocated based on the H.B. 14-1319 funding model; and (2) an increase of \$3,793,722 for need-based financial aid, consistent with statutory requirements that financial aid increase

at the same rate as support for the governing boards. The Department does not propose to change the H.B. 14-1319 model from the version used for the FY 2016-17 Long Bill. Under the model, the state-operated boards would receive increases that range from 0.3 percent to 6.9, based on the distribution of institutional enrollment and degrees awarded in actual FY 2015-16. Specialty education programs (such as the medical school), local district colleges, and area technical colleges receive a 2.5 percent increase. The request is based on the need for various inflationary increases at the Boards. The Department proposes that governing board inflationary increases that cannot be fully covered by the request will be addressed through tuition increases (Request R2).

R2 TUITION SPENDING AUTHORITY INCREASE: The request is for an additional \$116.4 million in cash funds spending authority for state public institutions' tuition revenue for FY 2017-18. The increase is proposed to cover base costs and strategic initiatives, given a moderate General Fund increase. The request would cover a 2.2 percent inflationary increase and funding for health care increases. The request reflects: (1) institutions' base funding needs; (2) the General Fund increase requested for each governing board; and (3) feedback from the affected governing boards. The request proposes that Long Bill footnotes authorize 5.0 percent to 7.7 percent increases in undergraduate resident tuition rates, depending upon the governing board, with no restrictions on non-resident or graduate tuition or mandatory fees.

R3 FORT LEWIS NATIVE AMERICAN TUITION WAIVER: The request includes an increase of \$88,300 General Fund for the Fort Lewis College Native American tuition waiver, bringing the total to \$17,452,548 General Fund for the program. This requested increase is mandated by Section 23-52-105 (1) (b) (I), C.R.S., which requires the General Assembly to fund 100 percent of the tuition obligations for qualifying Native American students attending Fort Lewis College. Funding for the tuition waiver is made one year in arrears and is calculated based on the prior year enrollment estimates.

R4 WICHE OPTOMETRY: The Department requests an increase of \$44,125 reappropriated funds (indirect cost recoveries) to fund the Western Interstate Commission on Higher Education Optometry Professional Student Exchange Program (PSEP) in FY 2017-18, bringing the total appropriation to \$443,125. This program allows Colorado resident students to pursue professional degrees in optometry at designated out-of-state institutions at a tuition rate comparable to an instate tuition rate, through payment of a "support fee" appropriated by the General Assembly. In FY 2016-17, five qualified students were eligible for the program but only two could be accepted based on available funding.

R5 WICHE DUES INCREASE: The request includes an increase of \$4,000 appropriated funds (indirect cost recoveries) to pay for the increase in Western Interstate Commission for Higher Education (WICHE) dues.

HC1 REVITALIZATION FUNDS FOR COMMUNITY MUSEUMS: History Colorado requests an increase of \$1,589,044 General Fund in FY 2017-18 for Colorado's eight community museums located across the state. A portion of the funding would support 8.0 FTE whose responsibilities would focus on community museum security, local community involvement, philanthropic development, and educational outreach in remote areas. A portion would also support the development of revenue-generating enterprise programs that will enable the community museums to reduce the General Fund support required over time. General Fund support would gradually step down over multiple years, declining to \$975,942 by FY 2024-25.

HC2 REALIGNMENT OF HISTORY COLORADO LONG BILL: History Colorado requests that \$306,475 cash funds in its facilities management line item be moved to the community museums line item to provide the community museums more control over and accountability for community museum funds. This change has a net \$0 impact and represents a minor adjustment to the new History Colorado's Long Bill structure adopted in FY 2015-16.

NP1 RESOURCES FOR ADMINISTRATIVE COURTS: This request is for the Department’s share of a Department of Personnel initiative to upgrade to a new electronic case management system for the administrative courts.

NP2 OIT SECURE COLORADO: This request is for the Department’s share of a Governor’s Office of Information Technology (OIT) initiative to improve statewide information security.

NP3 OIT DESKSIDE STAFFING: This request is for the Department’s share of an initiative to improve end-user support for state agencies.

HIGHER ED FEDERAL MINERAL LEASE COP: The request is for an increase of \$4,870,898 General Fund based on a decline in Federal Mineral Lease (FML) revenue available to cover certain state lease-purchase obligations. In 2008, the General Assembly authorized the State to enter into lease-purchase agreements (certificates of participation/COPs) to fund capital construction projects for state-supported institutions of higher education. Annual payments were to be made from Federal Mineral Lease (FML) revenues that were projected to increase. The FML revenue stream has been inconsistent, and General Fund has therefore been required to backfill the obligation. House Bill 16-1229, sponsored by the JBC, made some additional FML fund balance available in FY 2016-17, but this will be exhausted for FY 2017-18, so additional General Fund is again required.

CENTRALLY APPROPRIATED LINE ITEMS: The request includes adjustments to centrally appropriated line items, as detailed in the table below.

CENTRALLY APPROPRIATED LINE ITEMS					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS
Health, life, and dental adjustment	\$414,799	\$19,862	\$239,340	\$103,062	52,535
Short-term disability adjustment	2,260	284	1,061	797	118
AED adjustment	59,179	7,817	28,495	18,968	3,899
SAED adjustment	64,939	7,917	31,809	20,012	5,201
Salary survey adjustment	336,345	9,553	190,459	65,476	70,857
Workers’ compensation adjustment	(15,027)	0	(19,916)	4,889	0
Legal services adjustment	1,885	0	520	1,365	0
ALJ adjustment	543	0	543	0	0
Payment to risk management / property funds adjustment	5,542	0	3,372	2,170	0
Leased space adjustment	7,989	0	1,598	6,391	0
Payments to OIT adjustment	268,408	0	247,879	20,529	0
CORE adjustment	4,166	0	(12,235)	16,401	0
Total	\$1,151,028	\$45,433	\$712,925	\$260,060	132,610

FITZSIMONS COP: The request includes a technical adjustment to the total amount and General Fund and Tobacco Master Settlement Funds shares of the annual lease-purchase payment for the University of Colorado Health Sciences Center at Fitzsimons that was authorized by H.B. 03-1256.

ANNUALIZE PRIOR YEAR LEGISLATION: The request includes adjustments for the second- and third-year impact of prior year legislation.

ANNUALIZE PRIOR YEAR LEGISLATION					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS
Annualize HB 15-1274	(\$200,000)	\$0	\$0	(\$200,000)	0
Annualize HB 16-1453 Cybersecurity	(7,932,020)	0	(7,932,020)	0	0
Total	(\$8,132,020)	\$0	(\$7,932,020)	(\$200,000)	0

OTHER: The request includes a minor technical adjustment.

SUMMARY OF ISSUES PRESENTED TO THE JOINT BUDGET COMMITTEE

REQUEST R2 AND PROPOSED HIGHER EDUCATION TUITION INCREASES: The Department of Higher Education has requested \$116.4 million in additional cash funds spending authority, and related Long Bill footnotes, to accommodate undergraduate resident tuition increases averaging 6.0 percent.

HIGHER EDUCATION REQUEST R1 OPERATIONAL INCREASE FOR PUBLIC COLLEGES AND UNIVERSITIES: The Department of Higher Education request R1 incorporates most of the General Fund increase requested for the Department of Higher Education and includes both a 2.5 percent increase for the governing boards, allocated consistent with the H.B. 14-1319 funding formula, and an associated increase for financial aid.

PROPOSAL TO TRANSFER CU SPECIALTY EDUCATION FUNDING TO ENHANCE MEDICAID REIMBURSEMENTS: The requests for the Department of Health Care Policy and Higher Education include a plan to access additional federal Medicaid funds for medical services provided by faculty of the University of Colorado School of Medicine.

HISTORY COLORADO REQUESTS: Colorado has addressed its structural budget imbalance and has a dynamic new management team. However, the annual lease-purchase payment for the History Colorado Center leaves few resources for other institutional improvements. The organization has therefore requested an appropriation of \$1.6 million General Fund for its community museums, which, if approved would represent the first significant General Fund support for museum operations since FY 2002-03.

IMPROVING TRANSFER: One-third of students entering Colorado public institutions each year are transfer students. Students lose large amounts of credit in the transfer process, often due to changes in their degree program. Colorado has been in the forefront of efforts to ease transfer among institutions, but there is still room for improvement.

PROMOTING OPEN ACCESS RESEARCH AND EDUCATIONAL MATERIALS: The open access movement seeks to increase the availability of scholarly research by making the product of research freely available on the internet. Open educational resources draw on such freely available materials in lieu of other textbooks to reduce student educational costs. The General Assembly should consider legislation to: (1) promote and expand open access to scholarly publications produced at state institutions; and (2) promote development and use of open educational resources in courses offered at Colorado public institutions.

FOR MORE INFORMATION

JBC STAFF ANALYST: Amanda Bickel
(303) 866-4960
Amanda.bickel@state.co.us

TO READ THE ENTIRE BRIEFING: http://leg.colorado.gov/sites/default/files/fy2017-18_hedbrf.pdf