

JOINT BUDGET COMMITTEE



STAFF BUDGET BRIEFING FY 2021-22

DEPARTMENT OF HIGHER EDUCATION

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

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ADDITIONAL RESOURCES

Brief summaries of all bills that passed during the 2019 and 2020 legislative sessions that had a fiscal impact on this department are available in Appendix A of the annual Appropriations Report: <https://leg.colorado.gov/publications/appropriations-report-fiscal-year-2020-21>

The online version of the briefing document, which includes the Numbers Pages, may be found by searching the budget documents on the General Assembly's website by visiting leg.colorado.gov/content/budget/budget-documents. Once on the budget documents page, select the name of this department's *Department/Topic*, "Briefing" under *Type*, and ensure that *Start date* and *End date* encompass the date a document was presented to the JBC.

DEPARTMENT OF HIGHER EDUCATION

DEPARTMENT OVERVIEW

RESPONSIBILITIES

Distributes state appropriations for governing boards consistent with decisions of the General Assembly:

State General Fund appropriations are provided for:

- The College Opportunity Fund Program that provides stipends to students for undergraduate education
- Fee-for-service contracts with state institutions to support other higher education activities, such as graduate and professional education, and to provide performance incentives
- State subsidies for governing boards that are not subdivisions of state government, such as Local District Colleges and Area Technical College
- Financial aid programs

The Department also monitors cash funds tuition spending authority provided to each state governing board and has authority to reallocate certain spending authority based on end-of-year enrollment and revenue received.

Coordinates and establishes statewide policies under CCHE: Establishes policy and provides central coordination for state-supported higher education programs under the authority of the Colorado Commission on Higher Education (CCHE). This includes ensuring institutional degree programs are consistent with institutional missions, establishing statewide enrollment policies and admissions standards, determining allocation of financial aid among institutions, and coordinating statewide higher education operating and capital construction budget requests, including tuition policy requests. CCHE is also responsible for proposing the model for the allocation of higher education operating funds consistent with the provisions of H.B. 20-1366.

Data collection, research and reports: Develops reports on the higher education system as needed or directed by the General Assembly, and, as part of this function, provides a central repository for higher education data with links to P-12 and employment data;

Vocational education: Oversees and allocates funding from various sources for vocational and occupational education programs provided in both higher education and K-12 settings.

Private occupational schools: Regulates private occupational schools under the oversight of Colorado State Board of Private Occupational Schools.

CollegeInvest and CollegeAssist: Oversees statutorily-authorized state enterprises with responsibilities related to college savings and student loan programs. These programs are off-budget.

Colorado Opportunity Scholarship Initiative (COSI) board: Under oversight of the COSI board, allocates grants to nonprofits and other entities to increase the availability of pre-collegiate and postsecondary student support and provides associated student scholarships. New appropriations for COSI are on-budget, but COSI spends from a fund balance transferred to it in prior years by the General Assembly. Expenditures from this fund are not subject to appropriation.

Federal and private grants administration: Administers various programs supported through federal and private grants. This includes, among others, the federally-funded Gear Up program (on-budget), which provides services beginning in middle school that are designed to increase higher education participation for youth who might not otherwise attend college.

History Colorado: Collects, preserves, exhibits, and interprets items and properties of historical significance through the State Historical Society. History Colorado is overseen by a separate appointed board and is largely funded through Constitutionally-authorized limited gaming revenues.

DEPARTMENT STRUCTURE

Overall Department Structure: Authority over Colorado's higher education system is fairly decentralized. Individual governing boards of higher education institutions have substantial independent authority over the management of their institutions. The Governor appoints, with consent of the Senate, most members of these governing boards (with the exception of the regents of the University of Colorado, who are elected), the members of CCHE, members of the State Board of Private Occupational Schools, members of the CollegeInvest Board, and members of the Board of Directors of the State Historical Society. The Governor also appoints some members of the Colorado Opportunity Scholarship Initiative board.

Department divisions include the Department Administrative Office (centrally-appropriated line items), Colorado Commission on Higher Education, Colorado Commission on Higher Education Financial Aid, College Opportunity Fund Program, Governing Boards, Local District Colleges, the Division of Occupational Education, the Auraria Higher Education Center, and History Colorado, as described below.

Colorado Commission on Higher Education: The executive director of CCHE is also the executive director of the Department. The appropriation for CCHE funds the Commission's central administrative staff of 30.0 FTE, the Division of Private Occupational Schools, and various special-purpose line items. This section is largely supported through indirect cost recoveries.

College Opportunity Fund Program and Governing Boards: The majority of state General Fund appropriations to the Department are for the College Opportunity Fund (COF) Program, with amounts reappropriated to each of the governing boards in consolidated line items in the Governing Boards section. The COF Program provides stipends for undergraduate resident students to attend public colleges and participating private colleges in Colorado and also supports fee-for-service contracts with public higher education institutions for educational performance and services not covered by the stipends.

Colorado Commission on Higher Education Financial Aid: State support for higher education financial aid, which has historically comprised about 20.0 percent of General Fund appropriations to the Department, is appropriated to CCHE for allocation to the Governing Boards. For FY 2020-21, over one third of the Department's General Fund budget is appropriated for financial aid, due to the larger decline in direct support for the public governing boards.

Other Higher Education Divisions: 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. Separate divisions provide state subsidies for Local District Colleges and reappropriated funds for the Auraria Higher Education Center, which maintains the single shared campus of the Community College of Denver, Metropolitan State College of Denver, and the University of Colorado at Denver.

History Colorado: The Department budget includes appropriations for the Colorado History Museum and regional community museums and facilities, as well as preservation grant programs. Funding is largely comprised of state Limited Gaming revenues deposited to the State Historical Fund. History Colorado is considered a state educational institution. However, it is overseen by its own Board, and CCHE has no administrative authority over the organization.

DEPARTMENT BUDGET: RECENT APPROPRIATIONS

FUNDING SOURCE	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22 ¹
General Fund ^{2, 3}	\$1,003,593,739	\$1,111,529,895	\$604,518,340	\$1,111,169,093
Cash Funds	2,739,337,662	2,822,976,639	2,901,671,594	2,975,550,435
Reappropriated Funds	819,590,900	901,199,179	431,676,885	904,908,033
Federal Funds	22,785,619	475,835,590	25,850,476	25,725,788
TOTAL FUNDS	\$4,585,307,920	\$5,311,541,303	\$3,963,717,295	\$5,017,353,349
Full Time Equiv. Staff	26,150.0	26,304.0	26,733.3	26,732.8

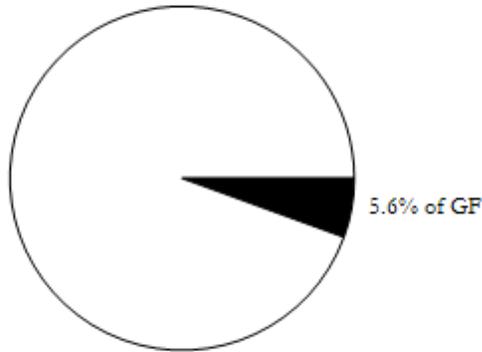
¹Requested appropriation.

²Includes appropriations from the CARE subfund in the General Fund for FY 2019-20.

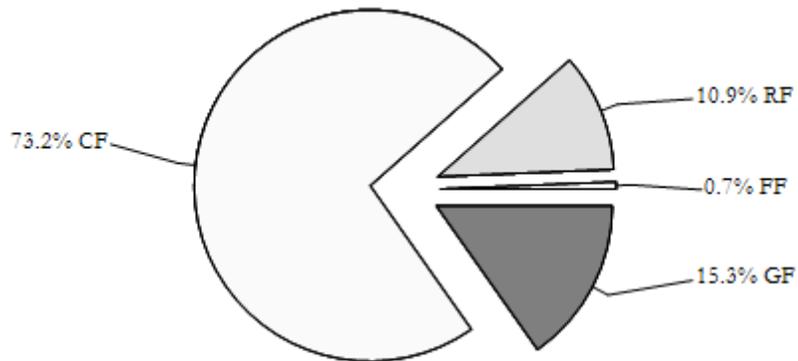
³Includes General Fund Exempt.

DEPARTMENT BUDGET: GRAPHIC OVERVIEW

Department's Share of Statewide General Fund

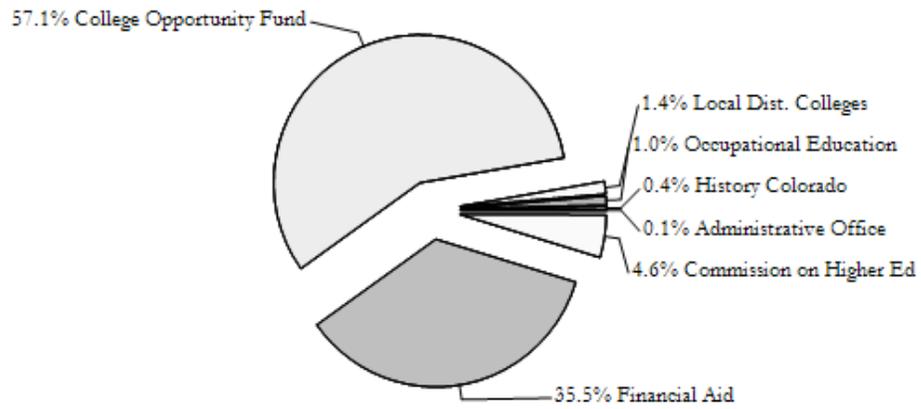


Department Funding Sources

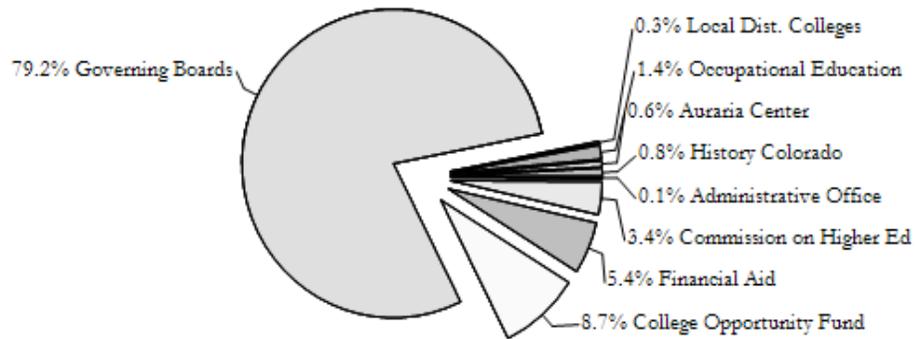


All charts are based on the FY 2020-21 appropriation.

Distribution of General Fund by Division



Distribution of Total Funds by Division

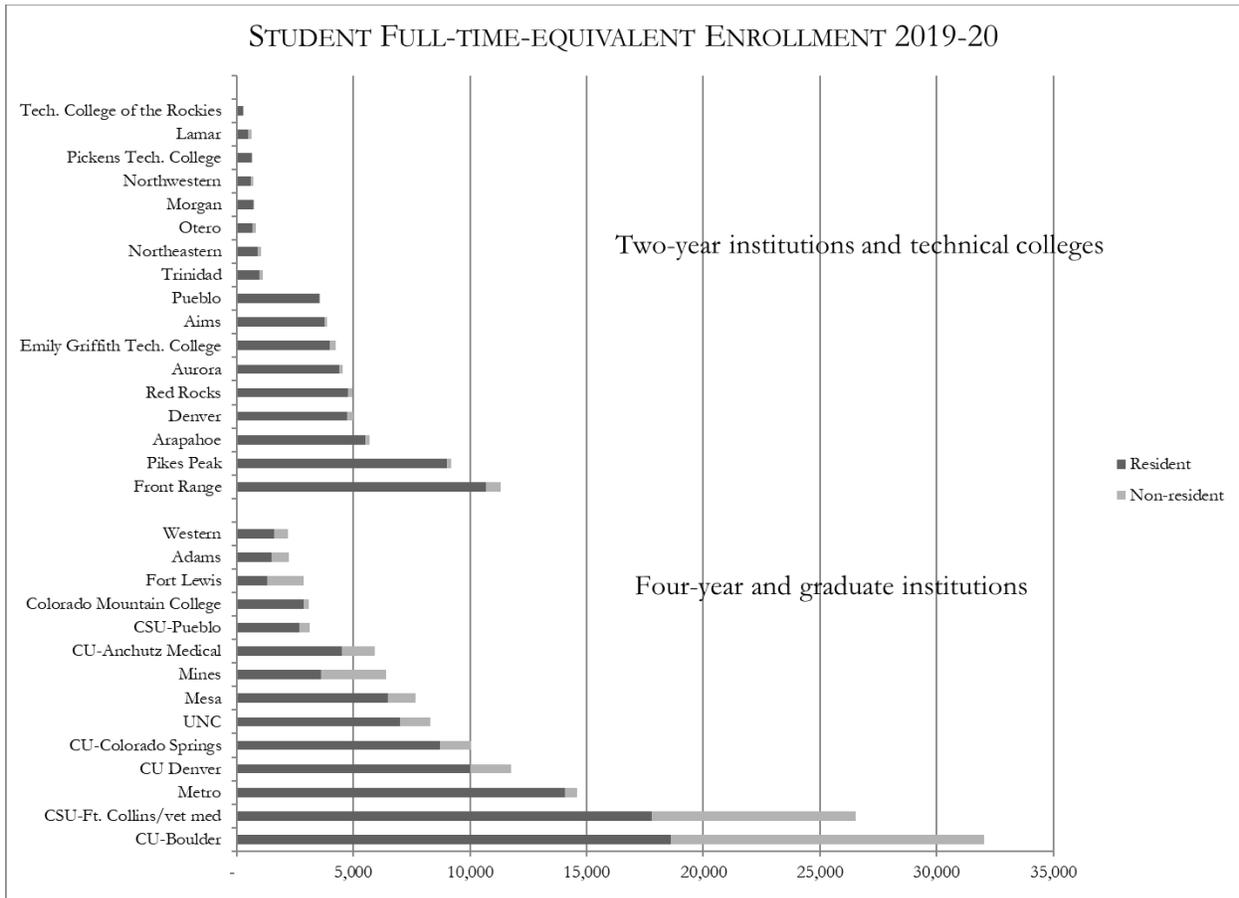


All charts are based on the FY 2020-21 appropriation.

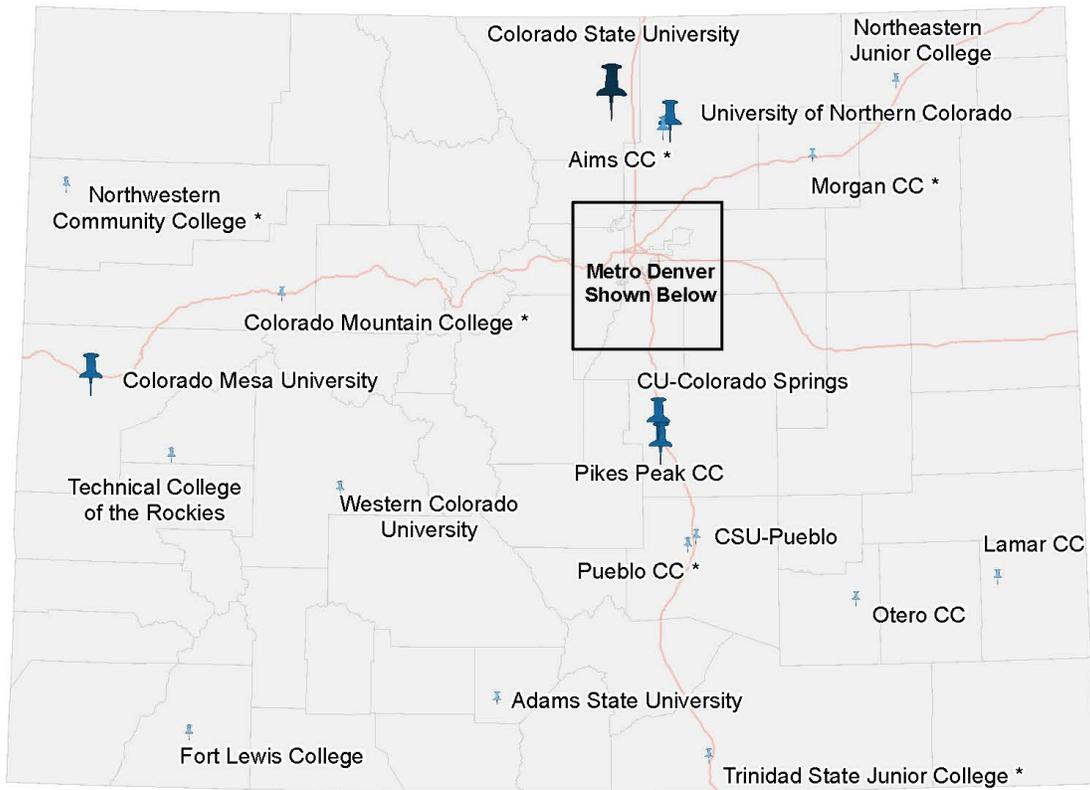
GENERAL FACTORS DRIVING THE BUDGET

The public higher education system served 195,196 full-time equivalent students (FTE) in FY 2019-20, including 156,472 Colorado residents, in 31 institutions. Of the total, 183,125 students attended one of the 27 institutions overseen by 10 state governing boards. The remaining 12,071 student FTE attended local district colleges, which receive regional property tax revenues in addition to state funding, or area technical colleges, which offer occupational certificates and serve both secondary and post-secondary students. Approximately one-third of student FTE attend two-year and certificate institutions. Students attending institutions that offer baccalaureate and higher degrees are concentrated at the University of Colorado, Colorado State University, and Metropolitan State University of Denver.

The Colorado Commission on Higher Education (Commission) coordinates the higher education delivery system, including requests for state funding. However, each institution has a governing board that makes policy and budget decisions for the institution.



Colorado Public Higher Education Institutions



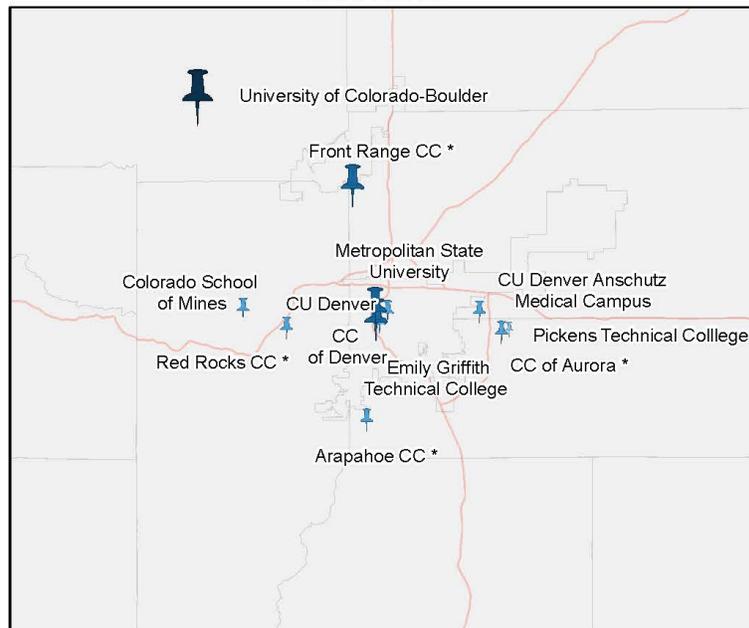
Metro Denver

Student FTE Served, FY 2019-20

-  Less than 3,600
-  3601-7,500
-  7,501-15,000
-  Greater than 15,000

* This institution has additional campuses that are not reflected on the map. The size of the symbol at the primary location is based on total student FTE for the institution, including all campuses.

Source: Joint Budget Committee Staff

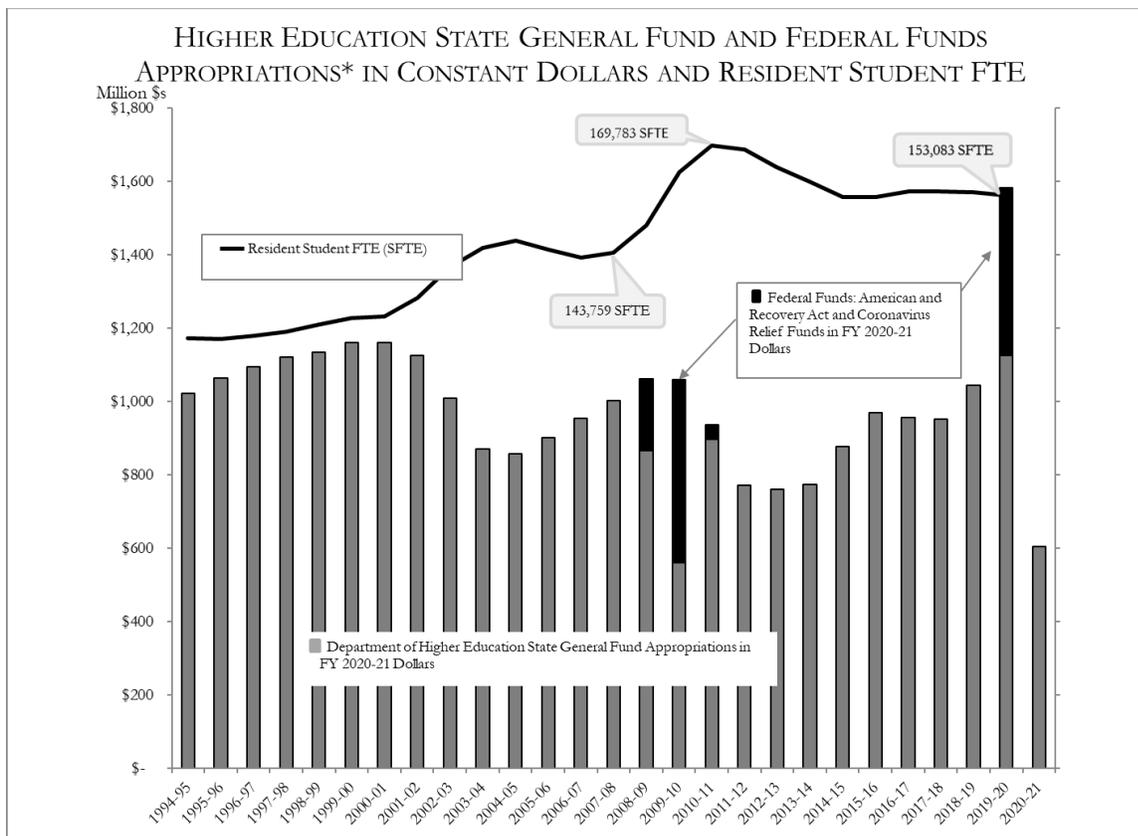


IMPACT OF THE STATEWIDE BUDGET OUTLOOK

The State has historically subsidized higher education at state institutions based on the public benefits of providing educational access to all citizens and promoting a more educated population. An educated population is associated with higher wages, lower unemployment, and lower dependence on public resources. Higher education may also be part of strategies to fill unmet needs in the community, such as nurses or teachers or engineers. Finally, subsidizing higher education is frequently described as a form of economic development for the community, as it attracts business and cultural resources.

While there are many potential benefits to supporting higher education, there are no statutes, constitutional provisions, or federal guidelines requiring specific amounts of state funding per student. As a result, this is one of the budget areas most affected by the availability of state funds.

The chart below shows how statewide General Fund support for higher education has declined during economic downturns and rebounded under stronger economic conditions. General Fund appropriations for higher education were cut from \$1.12 billion in FY 2019-20 to \$0.6 billion in FY 2020-21 in response to the COVID-19 pandemic and resulting declines in available state revenue. As also shown in the chart, federal funds allocated by the Governor in FY 2019-20 were expected to assist the public higher education system in addressing the disaster emergency. General Fund was also cut sharply starting in FY 2002-03 and FY 2008-09 in response to declines in available state revenue, and federal allocations were also used during the Great Recession to assist the higher education system. Historically, student demand for higher education is higher during recessions and lower as the economy improves; however, the immediate impact of the pandemic has been to reduce enrollment.



*Includes federal funds shown for informational purposes

The table below shows the allocation of the overall adjustment in General Fund support by governing board and funding category in FY 2019-20 and FY 2020-21, as well as the federal Coronavirus Relief Fund federal funds allocated by the governor and reflected in the Long Bill for informational purposes for FY 2019-20. These funds are available for expenditure through December 30, 2020, and the vast majority will be expended in FY 2020-21.

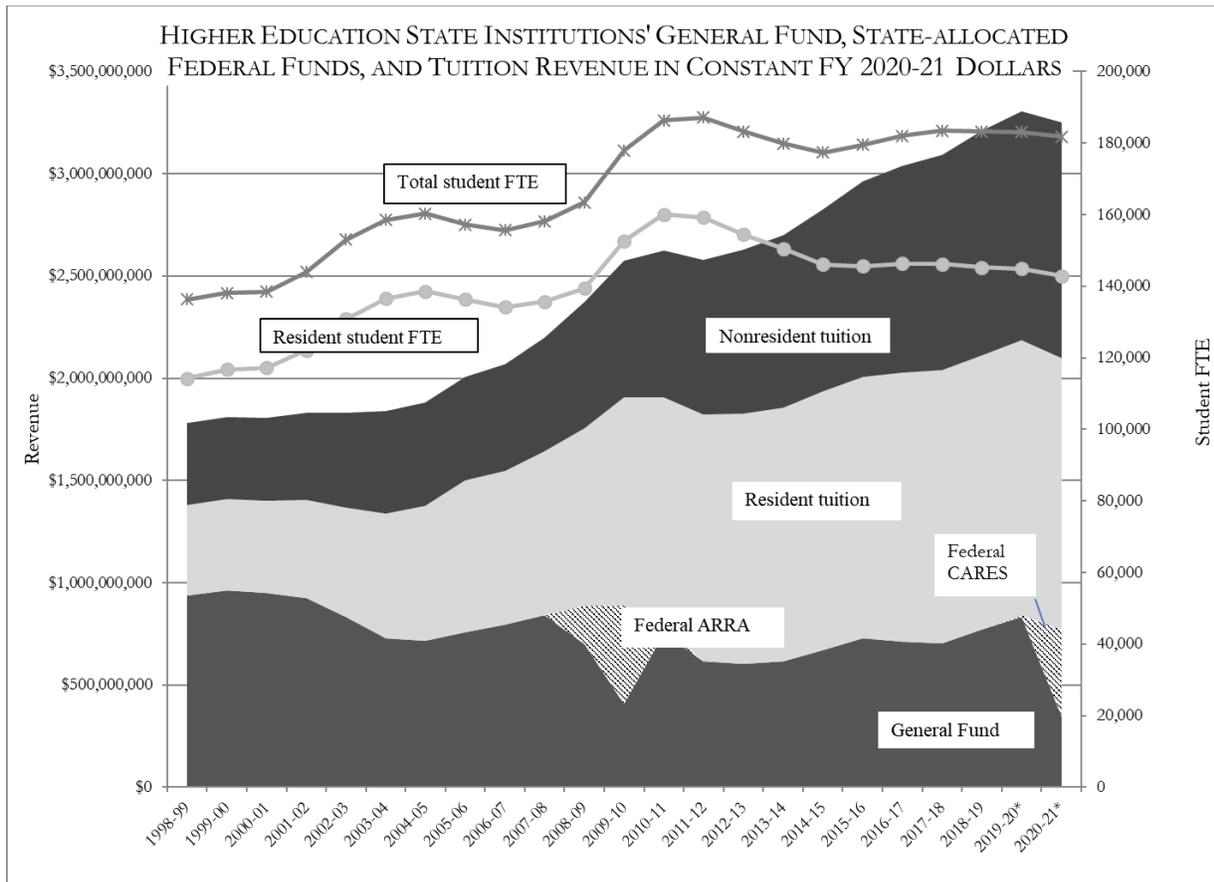
DEPARTMENT OF HIGHER EDUCATION OPERATING BUDGET: GENERAL FUND APPROPRIATIONS ¹ CHANGES BY CATEGORY AND GOVERNING BOARD FY 2019-20 to FY 2020-21					CORONAVIRUS RELIEF FEDERAL FUNDS
	FY 2019-20	FY 2020-21	AMOUNT CHANGE	PERCENTAGE CHANGE	FY 2019-20
Adams State University	\$17,280,257	\$7,257,708	(\$10,022,549)	(58.0%)	\$9,144,890
Colorado Mesa University	32,484,959	13,700,035	(18,784,924)	(57.8%)	17,032,611
Metropolitan State University of Denver	63,969,142	26,923,391	(37,045,751)	(57.9%)	33,694,364
Western Colorado University	15,235,379	6,436,427	(8,798,952)	(57.8%)	7,956,877
Colorado State University System	172,378,536	72,628,333	(99,750,203)	(57.9%)	90,404,048
Fort Lewis College	14,136,437	5,937,304	(8,199,133)	(58.0%)	7,481,148
University of Colorado System	244,873,926	101,157,248	(143,716,678)	(58.7%)	127,737,562
Colorado School of Mines	25,371,265	10,655,931	(14,715,334)	(58.0%)	13,426,734
University of Northern Colorado	47,079,464	19,816,875	(27,262,589)	(57.9%)	24,875,245
Community College System	190,447,695	80,192,920	(110,254,775)	(57.9%)	100,478,897
Colorado Mountain College	9,010,042	3,784,218	(5,225,824)	(58.0%)	4,768,207
Aims Community College	10,653,783	4,474,589	(6,179,194)	(58.0%)	5,638,091
Area Technical Colleges	13,910,021	5,842,209	(8,067,812)	(58.0%)	7,361,326
Subtotal - Governing Boards/Institutions	\$856,830,906	\$358,807,188	(\$498,023,718)	(58.1%)	\$450,000,000
Financial Aid	219,788,594	214,320,698	(5,467,896)	(2.5%)	0
Lease Purchase Payments/Capital-related for HED Buildings	26,030,291	24,586,951	(1,443,340)	(5.5%)	0
History Colorado	2,830,198	2,280,206	(549,992)	(19.4%)	0
Other	6,049,906	4,523,297	(1,526,609)	(25.2%)	0
TOTAL	\$1,111,529,895	\$604,518,340	(\$507,011,555)	(45.6%)	\$450,000,000

¹ Includes College Opportunity Fund stipends, fee-for-service contracts, and grants to local district colleges and area technical colleges in all enacted bills.

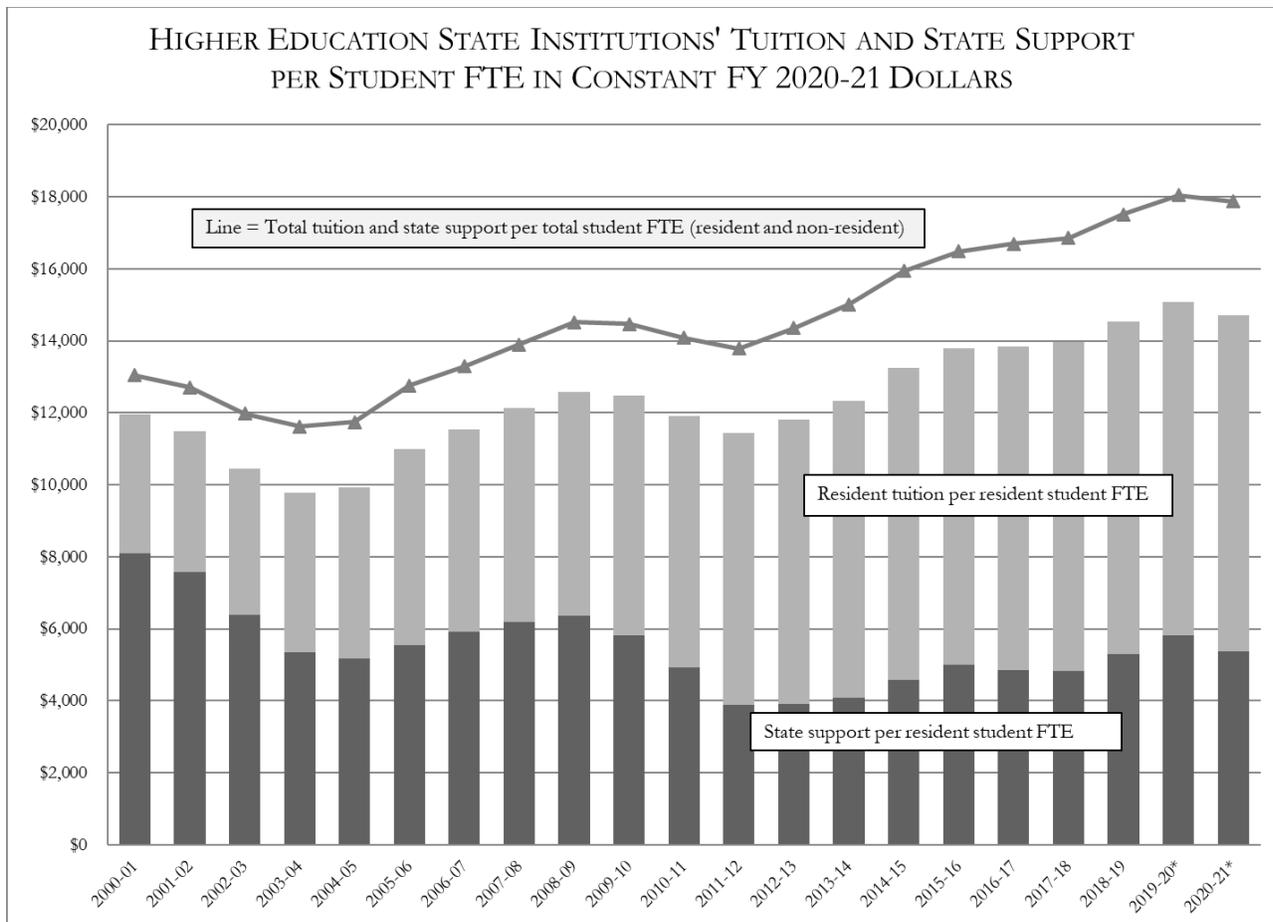
In past recessions, the General Assembly has expected increased tuition payments to help compensate for reduced state support. Colorado has always expected that individuals and families who benefit from higher education will bear at least some portion of the cost. Policymakers differ in the extent to which they believe higher education should be an individual versus a public responsibility. However, because state funds are limited and tuition increases are feasible, Colorado and other states have historically addressed state budget constraints by increasing the share of higher education costs borne by individuals and families.

The State's response to the COVID-19 pandemic has been different thus far. For FY 2020-21, the General Assembly and Governor restricted tuition increases to 3.0 percent for undergraduate resident students, and many institutions have kept their tuition flat for FY 2020-21. Public higher education tuition is already relatively high, the COVID-19 pandemic has changed the educational experience, and institutions have been uncertain whether further increases would suppress enrollment. While higher unemployment usually results in increases in postsecondary enrollment, enrollment declined in FY 2020-21. This may change when the pandemic is contained, but this is challenging to forecast.

The charts below illustrate how tuition, as well as federal funds, have augmented General Fund revenues for the higher education institutions over time on a per-student basis. As shown, based on actual revenue, tuition revenue increases more than compensated for declines in General Fund support through FY 2019-20. In FY 2020-21, total revenue allocated by the state, as well as tuition revenue, has thus far declined, but federal stimulus funds allocated directly to institutions will partially offset this decline from an institutional perspective.



* FY 2020-21 amounts reflect budgeted amounts except that Coronavirus Relief Fund amounts not expended in FY 2019-20 are assumed to be expended in FY 2020-21. Amounts shown for FY 2019-20 and FY 2020-21 do not include additional direct federal allocations to higher education institutions awarded under the CARES Act.



* FY 2020-21 amounts reflect budgeted amounts except that Coronavirus Relief Fund amounts not expended in FY 2019-20 are assumed to be expended in FY 2020-21. Amounts shown for FY 2019-20 and FY 2020-21 do not include additional direct federal allocations to higher education institutions awarded under the CARES Act.

TUITION AND FEES

Tuition and fee rates have a significant impact on public access to higher education: high rates may discourage participation or may result in high debt loads for those who do participate. Nonetheless, Colorado and other states have often used tuition increases to substitute for higher education General Fund support due to the multiple demands on state General Fund revenue. The decline in state support per student FTE over the last two decades explains a significant portion, but not all, tuition increases through FY 2019-20.

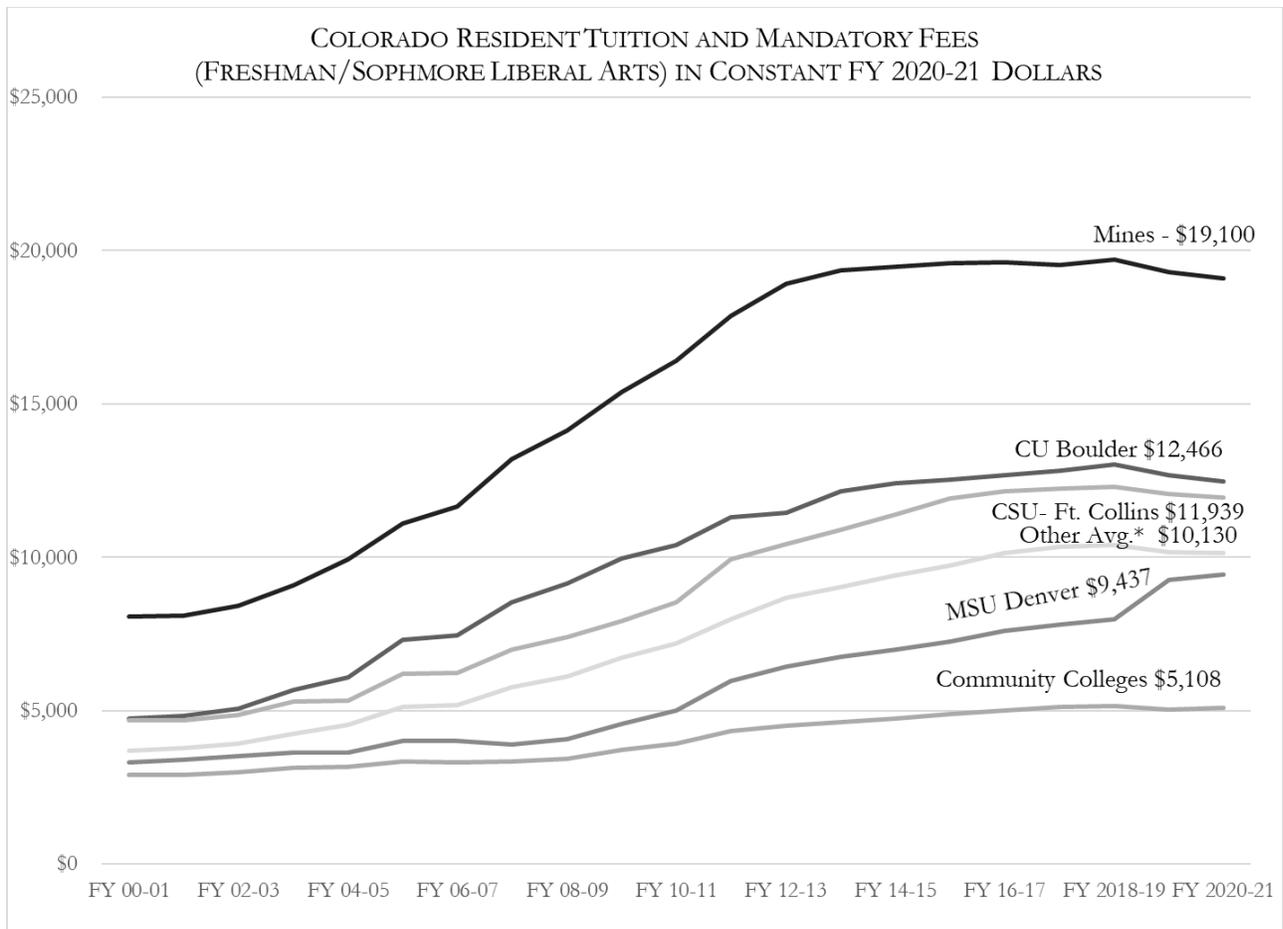
The General Assembly has provided more flexibility for institutions to increase tuition revenue in times of state General Fund cuts and has restricted tuition growth when more state revenue is available for higher education.

- Prior to FY 2011-12, the General Assembly appropriated tuition revenue to the institutions and set forth its assumptions about tuition increases in a Long Bill footnote.
- For the five-year period from FY 2011-12 through FY 2015-16, the General Assembly delegated tuition-setting authority to the higher education governing boards within specified statutory limits. From FY 2011-12 through FY 2013-14, governing boards could increase resident undergraduate tuition rates up to 9.0 percent per year, and could submit a plan to ensure access and affordable

tuition for low- and middle-income students to the Commission for permission to implement larger rate increases. In FY 2014-15 and FY 2015-16, the General Assembly paired increases in state funding with a 6.0 percent "hard" cap on undergraduate resident tuition increases.

- Beginning in FY 2016-17, the General Assembly again began to appropriate tuition and set limits on tuition through the Long Bill for all institutions except the Colorado School of Mines [Sections 23-1-104 (1)(b) and 23-41-104.6 (5)(c)(I)(A), C.R.S.]. The tuition increases used to derive the total spending authority for each governing board are detailed in a footnote to the Long Bill [Section 23-18-202 (3)(b)(I), C.R.S.]. The General Assembly typically imposes higher or lower limits on resident undergraduate tuition increases based on the General Fund appropriations authorized for the year. Specific limits may differ by institution.
- For FY 2020-21, Long Bill footnotes and tuition spending authority restrict resident undergraduate tuition to an increase of 3.0 percent. Based on this authority, the community college system and Metropolitan State University of Denver increased tuition 3.0 percent, Western Colorado University increased tuition 2.9 percent, and Adams State University increased tuition 2.1 percent. Other institutions kept posted tuition flat; however most increased fees, apart from the University of Colorado at Boulder and Denver, both of which *decreased* fees.
- The FY 2021-22 Executive Request again proposes a 3.0 percent cap on undergraduate resident tuition, but also proposes that the Colorado Commission on Higher Education be allowed to authorize higher figures on a case-by-case basis, which might allow for far higher rates.

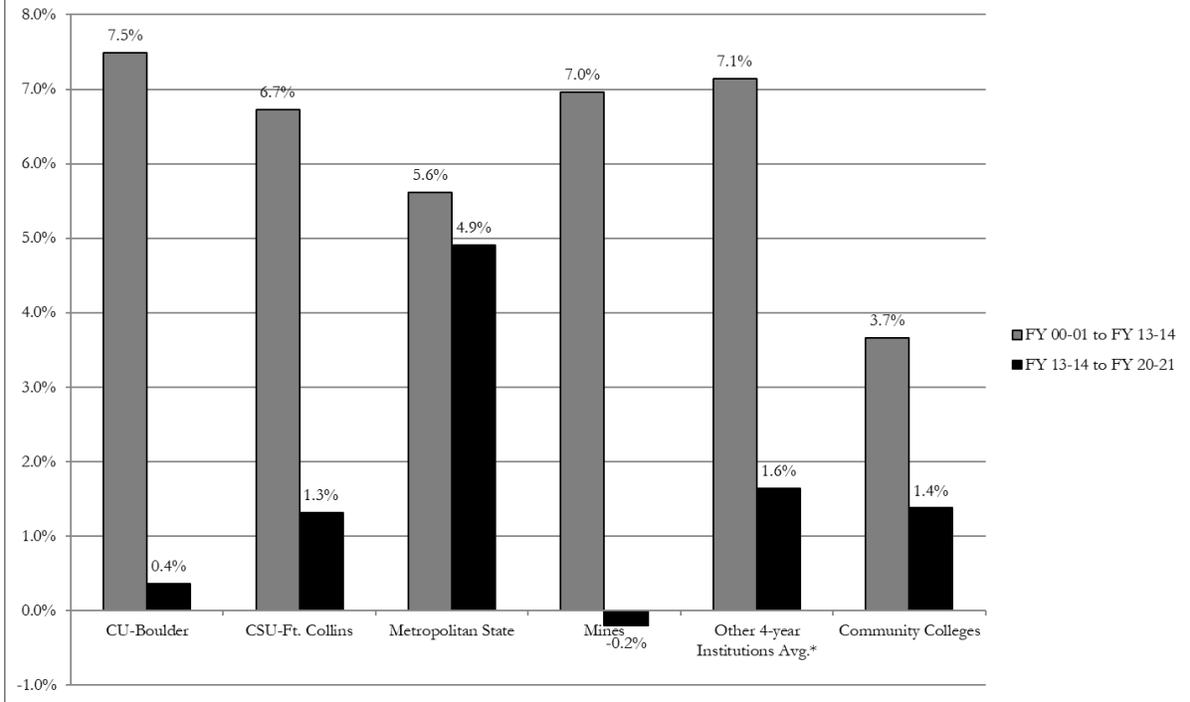
The chart below shows the growth in tuition and fee rates through FY 2020-21. All rates are for students who are full-time (30 credit hours per year), beginning their studies, Colorado resident, undergraduate, and taking liberal arts and sciences courses. The amounts for prior years are shown *after* adjusting for inflation (FY 2020-21 dollars).



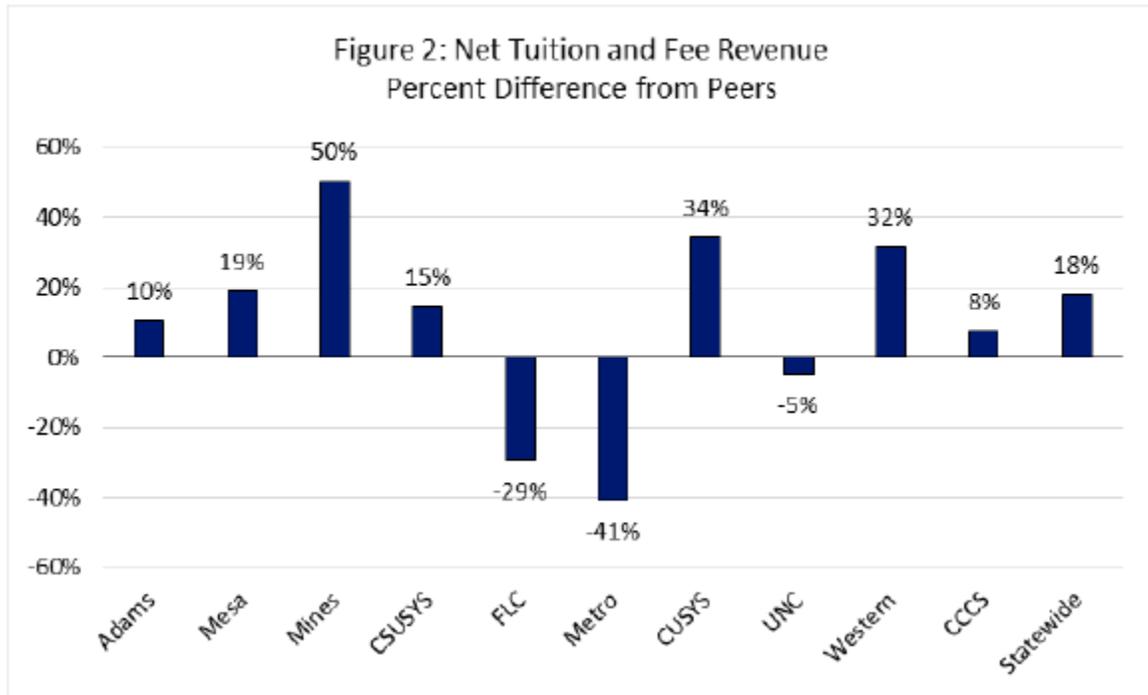
*CSU-Pueblo, Fort Lewis College, University of Northern Colorado, Adams State University, Colorado Mesa University, Western Colorado University

As reflected in the chart, for some of the state’s most expensive institutions--CU Boulder, Colorado School of Mines, and CSU Fort Collins, posted tuition and fees for liberal arts students are now at or below the 2015 level in inflation-adjusted amounts. However, costs for less expensive institutions, such as Metropolitan State University of Denver, remain on an upward trajectory.

Average Annual Growth in Published Tuition and Fee Rates **after** Adjusting for Inflation
(Colorado Resident Freshman/Sophomore Liberal Arts)



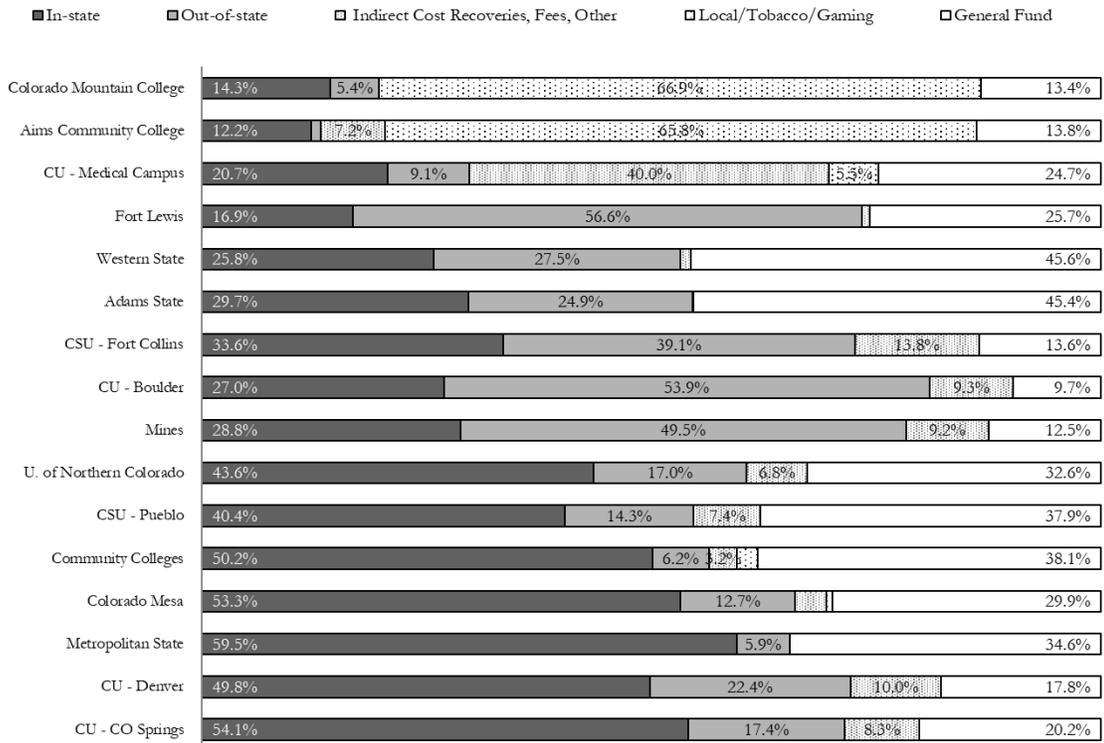
National data from the State Higher Education Officers on average tuition and fees by state and the Hanover study recently completed by the Department indicate that many (though not all) Colorado public institutions have tuition and fee rates that exceed those of their peers nationwide, **after** adjusting for grant aid. From an institutional operations perspective, this compensates for the low levels of state support provided in Colorado compared to other states. The chart below is excerpted from a Department memo on the Hanover Resource Analysis Project.



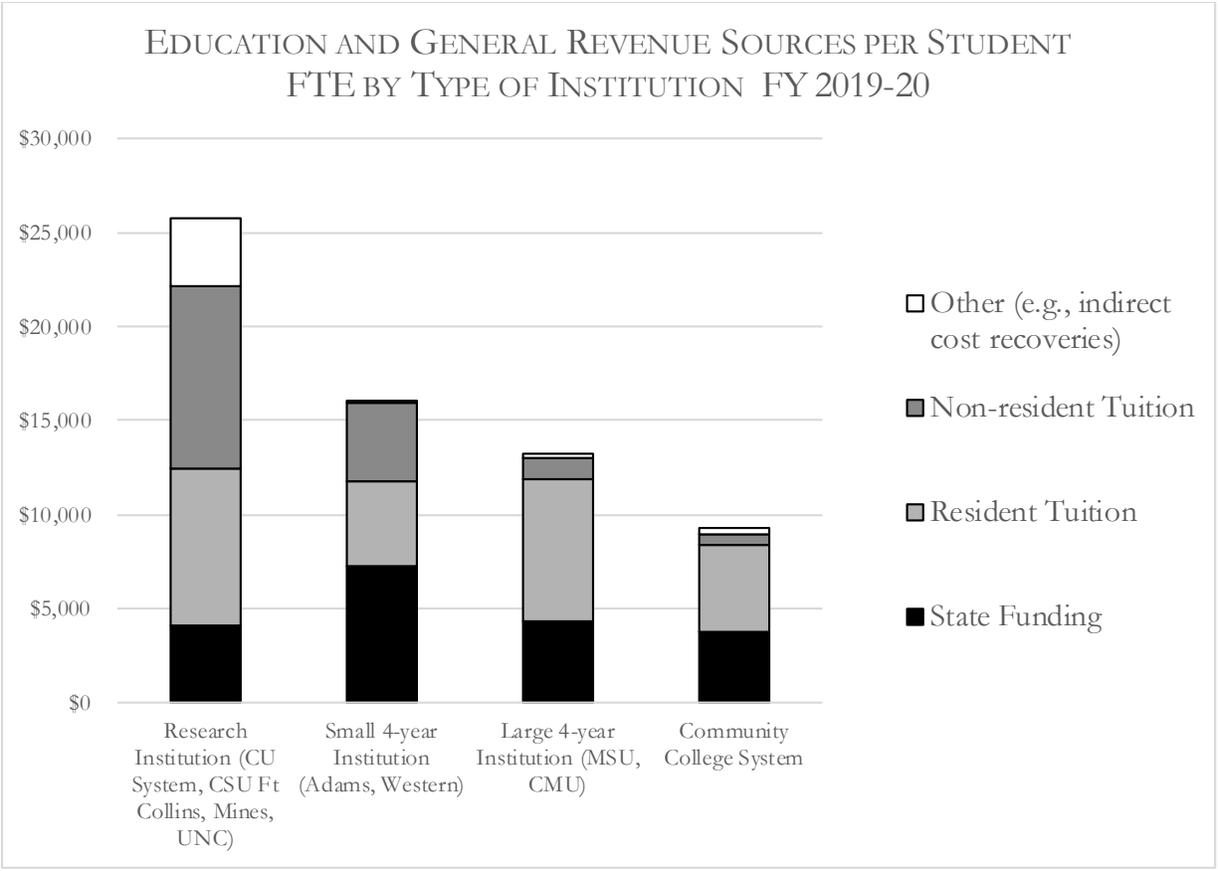
SOURCES OF FUNDS

Institutions have different abilities to bring in out-of-state student tuition revenue or to raise tuition above that of other institutions based upon their individual missions and the populations they serve. The chart below compares the revenue mix at various state institutions for educational expenditures reported to the General Assembly in FY 2019-20. Note that this excludes revenue and expenditures for research grants and auxiliary facilities such as dormitories and dining halls.

PROPORTION OF FUNDING FROM STUDENTS VS THE STATE FY 2019-20



The differences in the portion of funding from different sources is also closely related to the total revenue different types of institutions are able to access. The following chart groups several types of governing boards into categories to highlight these differences in Education and General resources.



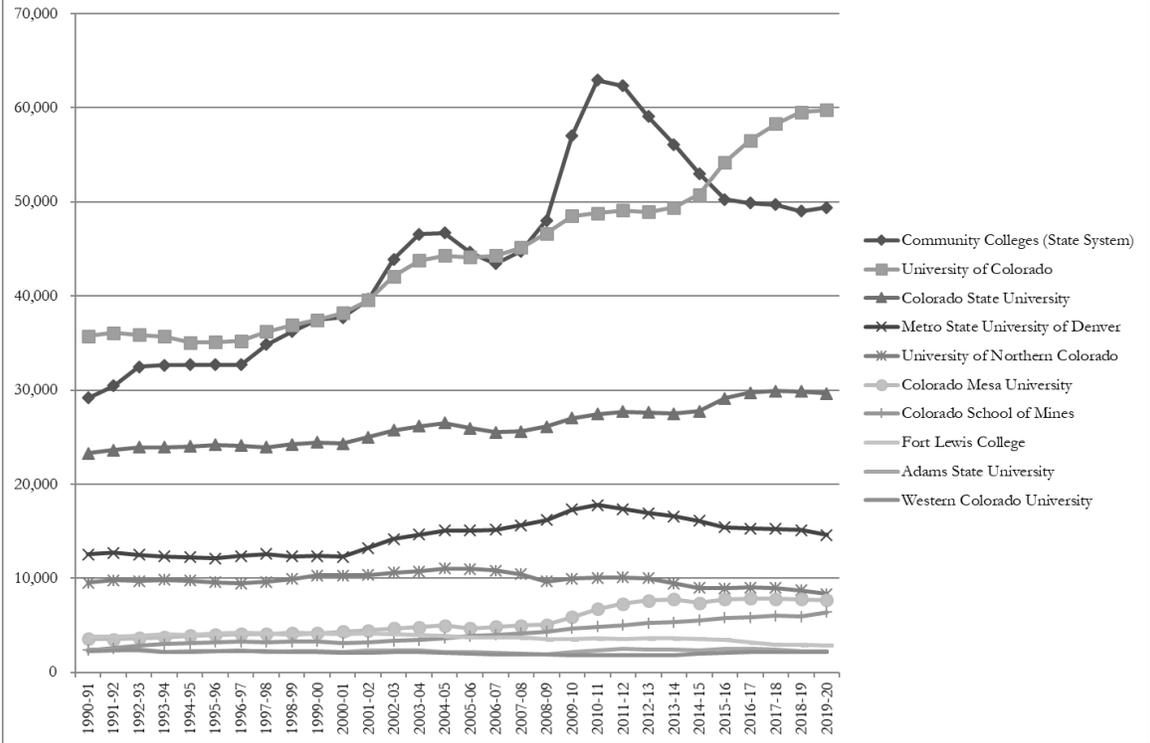
ENROLLMENT

Enrollment is both a workload and performance measure for campuses, and it affects tuition and fee revenue, as well as state support. For some institutions, nonresident enrollment is important because nonresident tuition helps subsidize resident education. Increases in enrollment also drive costs for faculty, advising, and general operating.

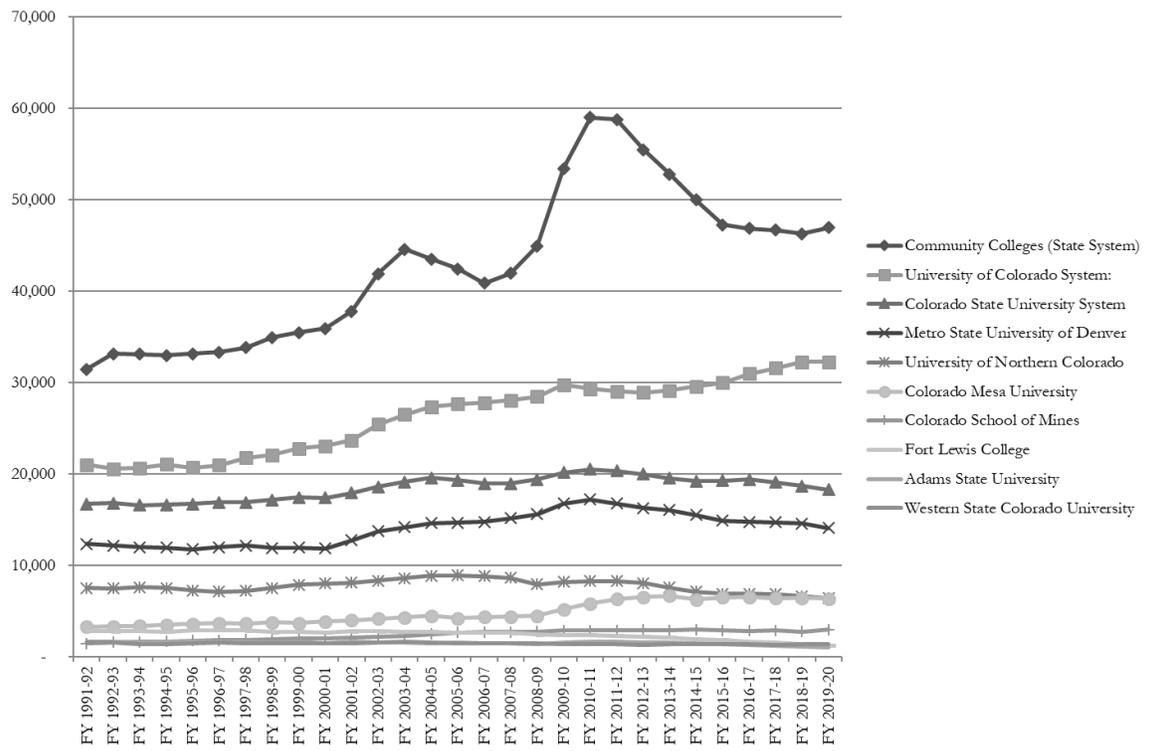
Enrollment has historically been counter-cyclical: when the economy slows, higher education enrollment usually grows more rapidly. This affects most institutions to some extent but is particularly notable for the community college system.

The COVID-19 pandemic has reduced enrollment at almost all institutions, but there could be significant increases after the pandemic is contained, particularly if the economy continues to struggle. The following charts report student FTE from FY 1991-92 through FY 2019-20 (excluding local district college and area technical college data). Thirty credit hours in a year equals one full-time-equivalent student for undergraduates. In FY 2015-16, total student FTE enrollment increased for the first time since FY 2011-12, but there was wide variation in the enrollment trend by institution. The charts below show: (1) total FTE by institution, including residents, non-residents, undergraduate, and graduate students; and (2) resident undergraduate FTE by institution. As of FY 2019-20, the University of Colorado System served more students in total than any other governing board, but the community college system served by far the largest share of resident undergraduate students.

TOTAL STUDENT FTE HIGHER EDUCATION STATE INSTITUTIONS



RESIDENT UNDERGRADUATE FTE HIGHER EDUCATION STATE INSTITUTIONS



PERSONNEL

Higher education governing boards are allowed by statute to determine the number of employees they need, but the Long Bill reflects estimates provided by the governing boards of the numbers of employees at their institutions. In FY 2019-20, the state institutions, including the Auraria Higher Education Center, employed 26,493.0 FTE, excluding employees of self-supporting auxiliary programs such as food services, bookstores, or housing. While the pandemic may modestly reduce employment, higher education will remain the largest employer of state FTE by a wide margin. Figures on the number of employees working at state higher education institutions in auxiliary enterprises is not routinely collected by the State. However, federal Bureau of Labor Statistics data that captures state government higher educational services employment in Colorado reported 79,600 employees in the sector in 2019.

Of the amount state-operated institutions spend on education, approximately two-thirds is spent on salaries and benefits, and most of this is spent on instructional faculty. Some higher education FTE such as administrative support and maintenance staff, are classified staff for whom salaries and benefits are defined by the state personnel system and the policies of the General Assembly. However, the majority of FTE and personal services expenditures are for exempt staff such as faculty for whom governing boards have control of compensation.

Increases in benefit costs have been a consistent cost driver at state institutions. Staff salary trends, however, have varied by institution in response to a range of internal and external factors.

- Four-year institutions that employ tenure-track faculty in high-demand fields have typically felt the need to offer compensation to professors competitive with peer institutions in other states and, in some cases, the private sector. However, this pressure is not consistent across all academic fields. At two-year institutions, the vast majority of staff are adjunct faculty who carry part-time teaching loads and receive modest compensation.
- During previous recessions when institutions faced enrollment increases and state funding cuts, both 4-year and 2-year institutions increased the number of lower-paid, often part-time staff, thus reducing average compensation costs.
- In years when the economy has been stronger and state funding has increased, institutions have faced pressure from their employees to improve compensation and have often done so.
- In response to the COVID-19 pandemic, many institutions contained costs by imposing furloughs on both faculty and staff.

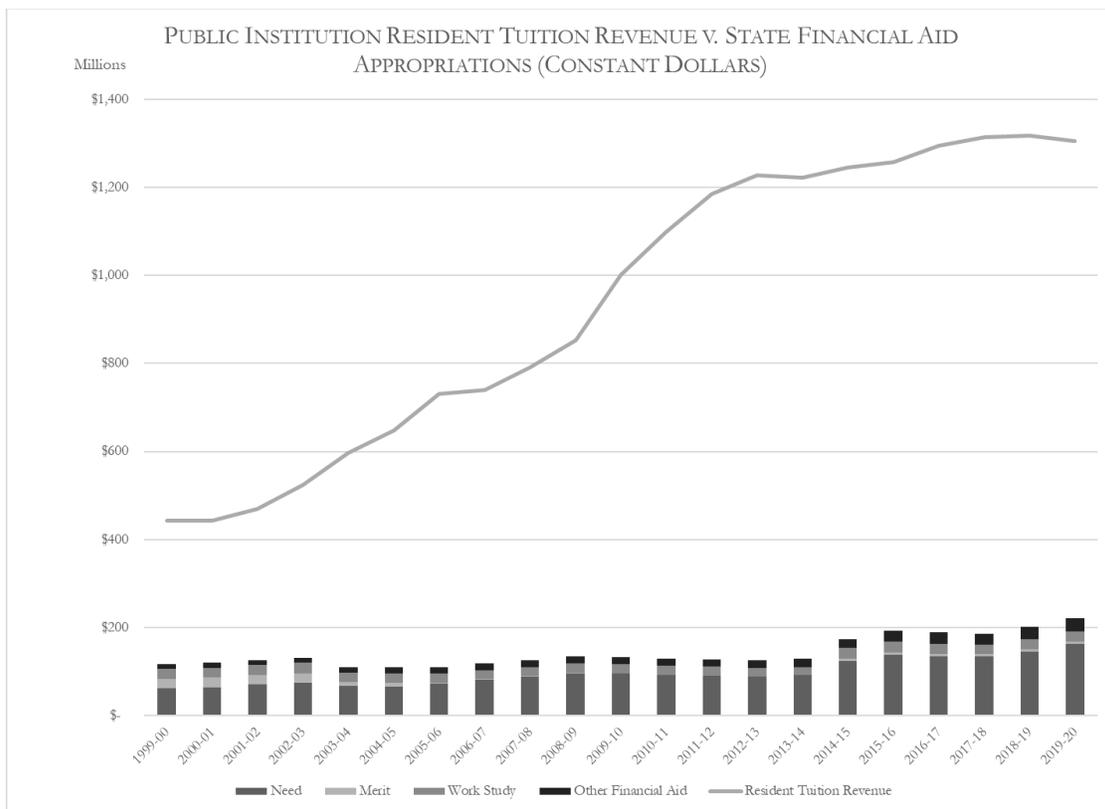
FINANCIAL AID

Of state appropriations for higher education in FY 2020-21, \$215.6 million total funds, including \$214.3 million General Fund, is for financial aid. In recent years financial aid has been about 20.0 percent of state higher education General Fund appropriations. However, for FY 2020-21, it represents 35.5 percent, due to the sharp reduction in other higher education General Fund appropriations, since General Fund financial aid appropriations were largely untouched by budget cuts. Most state financial aid is for need-based aid and work-study. There are also a number of smaller, special purpose financial aid programs. These include the Fort Lewis College Native American tuition waiver, which covers tuition for any Native American student attending Fort Lewis College pursuant

to a treaty obligation, and the Colorado Opportunity Scholarship Initiative, which funds services and scholarships for high achieving low-income students in collaboration with private funders and agencies. For FY 2020-21 some special purpose programs were reduced, including a \$5.0 million Merit Based Aid appropriation which was eliminated. However, core Need Based Aid and Work Study appropriations were not reduced.

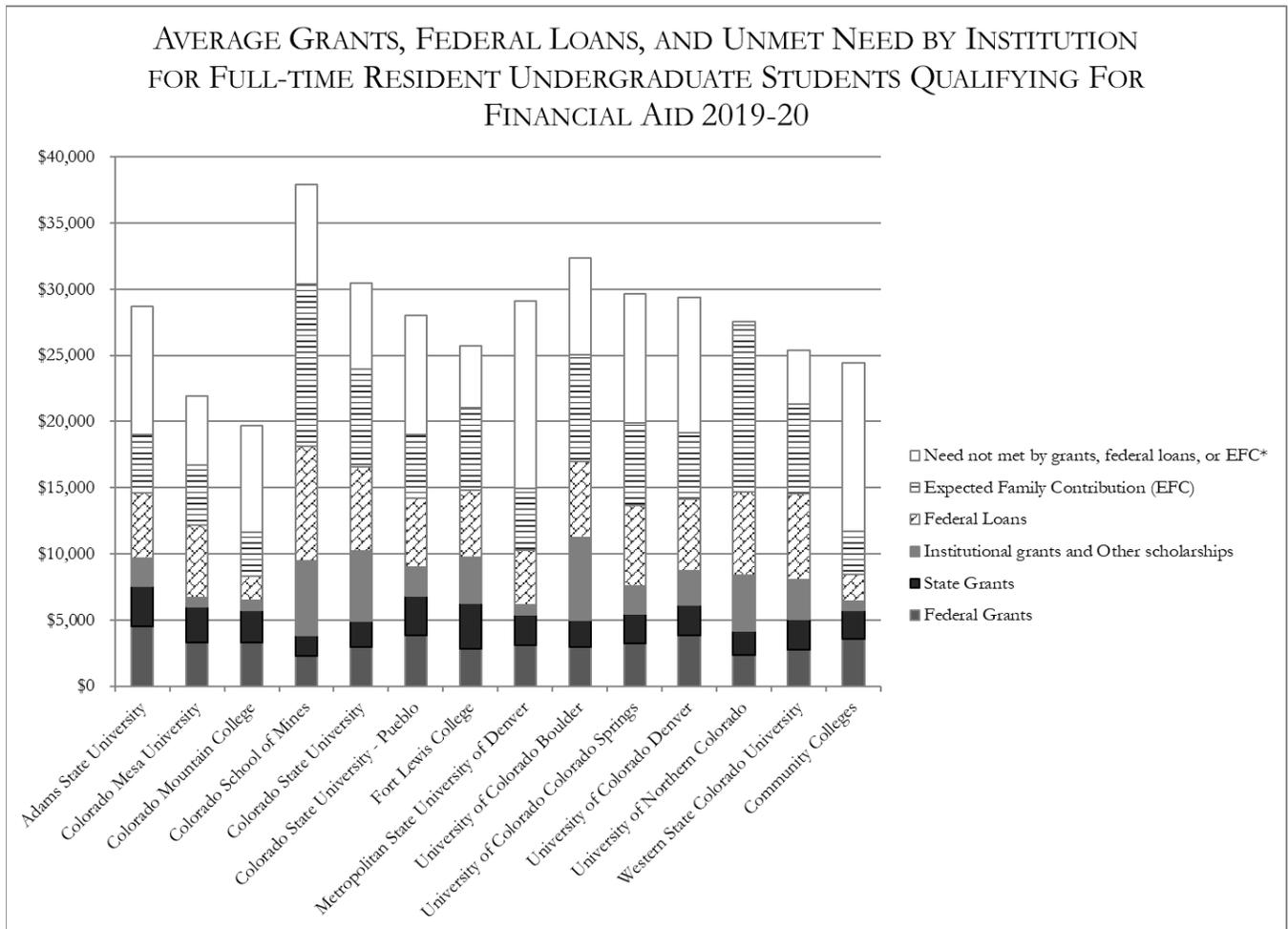
For most of the financial aid programs, the General Assembly appropriates state financial aid funds to the Colorado Commission on Higher Education, which allocates them to institutions, including to some private institutions, based on formulas that consider financial need at the schools, total student enrollment, student retention, and program eligibility criteria. A total of 72,922 students received state-supported financial aid in FY 2019-20. The average state need-based award was \$2,556 and the average state work-study award was \$2,940.

Section 23-3.3-103, C.R.S., requires that most state-funded financial aid increase at no less than the increase for the governing boards, and there have been significant increases in recent years, including \$19.1 million (10.7 percent) in FY 2018-19 and \$23.4 million (11.9 percent) in FY 2019-20. Although appropriations for the governing boards were cut sharply in FY 2020-21, financial aid remained largely intact. Nonetheless, overall demand for aid continues to outstrip available funding. In FY 2001-02, total state financial aid disbursements equaled 26.8 percent of resident tuition revenue at state institutions; for FY 2019-20 this figure was 16.9 percent.



Most sources of student financial aid are not reflected in the state budget. Yet even when these other funding sources are included, financial aid support is far less than the cost of higher education. The following chart compares grants and loans awarded in FY 2019-20 to full-time resident undergraduate

students with financial need (calculated based on federal formulas) and the average cost of attendance for a resident student at various institutions. The average cost of attendance includes the cost of room, board, transportation, and learning materials, in addition to tuition and fees. Depending on the institution, these other costs of attendance may dwarf the price of tuition. The total cost of attendance for a resident student in FY 2019-20 ranged from \$17,424 at Aims Community College to \$37,920 at the Colorado School of Mines.



*This shortfall may be addressed by the student by reducing their out-of-pocket costs, e.g., by living with family or in less expensive accommodation than the cost of attendance formula calculates, by additional earned income or savings, or by private unsubsidized loans taken out by the student or family.

Federal Grants: The largest source of need-based aid is the federal government. The federal Pell grant program provided up to \$6,195 per eligible student in FY 2019-20, with an average grant of \$3,852 in Colorado. Among undergraduate resident students attending Colorado state institutions of higher education, 31.3 percent qualified for the Pell grant in FY 2019-20.

Institutional Grants: Students may also receive grants from the higher education institutions they attend. Statewide, at public and private institutions, institutional aid comprised 54.0 percent of all grant aid. Much of this grant aid is merit aid that may be awarded to nonresidents to reduce the posted cost of nonresident. However, nearly \$200 million in FY 2019-20 was for grant aid for resident undergraduate students at public institutions, including both merit and need-based aid. The majority of this was

distributed to students with financial need. Of the \$620.8 million in aid granted at public institutions to resident undergraduates with need in FY 2019-20, \$170.8 million (27.1 percent) was from institutional awards. The balance was from federal aid (40.3 percent), State aid (26.0 percent), and other scholarships (6.7 percent).

Federal Student Loans: In order to fill the gap between cost of attendance and available grant funds, students typically rely on student loans. In addition to grant funds, the federal government provides guaranteed loans and tax credits and deductions for tuition.

- Of students completing a bachelor's degree from a public institution, 50.7 percent graduated with federal student loan debt in FY 2019-20, and the average debt at graduation for these students was \$26,289, with a range from \$14,638 to \$32,901 depending upon the institution. For institutions serving a lower income Colorado resident population, the share of students graduating with debt is typically over 60.0 percent.
- For students completing an associate's degree, the average federal student loan debt at graduation ranged from \$8,347 to \$15,169 in FY 2019-20. In FY 2018-19, the Department reported that approximately 42.0 percent of students completing an associate's degree from a public institution graduate with federal student debt.

Other Sources: There is a substantial gap between the calculated cost of attendance for students with need and known sources of student support. A portion of this gap may be filled with additional unsubsidized student or family loans, which are not included in these figures.

INSTITUTIONAL FINANCIAL HEALTH

As state institutions become more dependent upon tuition revenue, their survival has become more dependent upon their performance as businesses. While the governing boards have considerable operating autonomy and independent responsibility for their financial well-being, they are components of state government, employ large numbers of state staff, and play a critical role in the state economy. Thus, the General Assembly has an active interest in how well or poorly the institutions are performing financially.

In addition, the State provides a financial backstop for bonds issued by most of the state institutions. For bonds issued under the higher education revenue bond intercept program (Section 23-5-139, C.R.S.), loan rates are based on the state's credit rating rather than the institution's, and the State agrees to make bond payments if the institution is unable to do so. Under statutory provisions amended in S.B. 16-204 (Higher Education Revenue Bond Intercept), the Capital Development Committee and Joint Budget Committee must approve requests that increase a governing board's debt under the program.

Data collected by JBC staff indicates that the financial positions of public higher education institutions generally increased from FY 2018-19 to FY 2019-20, though it is likely to decline in FY 2020-21. Additional information is included in a staff briefing issue about the impact of the COVID-19 pandemic on institutional financial health.

SUMMARY: FY 2020-21 APPROPRIATION & FY 2021-22 REQUEST

DEPARTMENT OF HIGHER EDUCATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2020-21 APPROPRIATION:						
HB 20-1360 (Long Bill)	3,972,963,677	610,162,421	2,903,252,129	433,698,651	25,850,476	26,733.3
Other legislation	(9,246,382)	(5,644,081)	(1,580,535)	(2,021,766)	0	0.0
TOTAL	\$3,963,717,295	\$604,518,340	\$2,901,671,594	\$431,676,885	\$25,850,476	26,733.3
FY 2021-22 REQUESTED APPROPRIATION:						
FY 2020-21 Appropriation	\$3,963,717,295	604,518,340	\$2,901,671,594	\$431,676,885	\$25,850,476	26,733.3
R1 State operating funding for public higher education	84,367,840	43,530,352	0	40,837,488	0	0.0
R2 Tuition spending authority	74,406,003	0	74,406,003	0	0	0.0
R3 Fort Lewis Native American tuition waiver	2,889,596	2,889,596	0	0	0	0.0
R4 Wind down professional student exchange program	(126,025)	0	0	(126,025)	0	0.0
R5 Restore Cybercoding Cryptology program	4,000,000	2,000,000	0	2,000,000	0	0.0
R6 Realign funding for Colorado Student Leader Institute	(218,825)	(218,825)	0	0	0	(1.0)
R7 Continue Open Educational Resources program	100,838	0	0	100,838	0	1.0
R8 RISE Fund for higher education	10,000,000	10,000,000	0	0	0	0.0
R9 Restore Educator Loan Forgiveness program	2,898,963	2,898,963	0	0	0	0.5
HC1 Financial sustainability for History Colorado	0	0	(930,632)	930,632	0	0.0
HC2 Cumbres and Toltec operating appropriation	521,500	0	0	521,500	0	0.0
NP1 DPA Center for Organizational Effectiveness	3,604	0	0	3,604	0	0.0
NP2 Extend pause annual depreciation lease payment	(4,689,432)	(4,689,432)	0	0	0	0.0
NP3 OIT budget request package	(39,151)	0	(39,151)	0	0	0.0
NP4 Increased Medicaid match for financing payments	(8,904,766)	(4,452,383)	0	(4,452,383)	0	0.0
Annualize prior year budget actions	883,603,790	450,726,406	0	432,877,384	0	0.0
Annualize prior year legislation	4,209,000	3,754,100	235,513	152,815	66,572	(1.0)
Lease purchase payment adjustments	666,466	103,023	424,449	138,994	0	0.0
Auraria Higher Education Center	100,000	0	0	100,000	0	0.0
Centrally appropriated line items	(152,347)	108,953	(217,341)	147,301	(191,260)	0.0
WICHE dues	(1,000)	0	0	(1,000)	0	0.0
TOTAL	\$5,017,353,349	\$1,111,169,093	\$2,975,550,435	\$904,908,033	\$25,725,788	26,732.8
INCREASE/(DECREASE)	\$1,053,636,054	\$506,650,753	\$73,878,841	\$473,231,148	(\$124,688)	(0.5)
Percentage Change	26.6%	83.8%	2.5%	109.6%	(0.5%)	(0.0%)

R1 STATE OPERATING FUNDING FOR PUBLIC HIGHER EDUCATION: The request includes an increase of \$84,367,840 General Fund for public higher education (state governing boards, local district colleges, and area technical colleges). The request includes an overall increase of \$83,353,669 for student stipends, fee-for-service contracts, and grants for the public governing boards, local district

colleges, and area technical colleges, allocated based on the H.B. 20-1366 funding model. It also adds \$1,014,171 to align stipend amounts for students attending private institutions with stipends for students at the public institutions, as required by statute. In combination with a component to annualize one-time FY 2020-21 funding reductions, the request restores total funding for the governing boards to the FY 2019-20 level.

As requested, the state-operated boards would receive total appropriations that range from 0.8 percent below their FY 2019-20 level to 0.5 percent above their FY 2019-20 level, based on the results of the performance section of the H.B. 20-1366 model. The request is paired with the R2 request for tuition spending authority.

The request includes a proposed statutory change to suspend the requirement that financial aid increase at the same rate as funding for the governing boards for FY 2021-22. Without such a change, an additional appropriation for financial aid would be required or a portion of the requested funding for public institutions would need to be allocated to financial aid. Although funding for the governing boards was reduced in FY 2020-21, most funding for financial aid was not.

R2 TUITION SPENDING AUTHORITY: The request holds resident undergraduate tuition to an increase of 3.0 percent for FY 2021-22 but proposes that the Colorado Commission on Higher Education be allowed to authorize additional increases. The request includes \$74.4 million in cash funds spending authority for state public institutions' tuition revenue for resident and nonresident students. The request proposes that Long Bill footnotes restrict undergraduate resident tuition increases, 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 \$2,889,596 General Fund (13.3 percent) for the Fort Lewis College Native American tuition waiver. This will bring total waiver payments to \$24,680,191 General Fund. Waiver payments are 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. The vast majority of funds support Native American students who are not Colorado residents.

R4 WIND DOWN PROFESSIONAL STUDENT EXCHANGE PROGRAM: The request proposes to phase-out funding for the Western Interstate Commission on Higher Education (WICHE) professional student exchange program. The program allows residents of WICHE members states pursuing a professional degree in certain health fields who do not have the opportunity to study in their own state to enroll in an in-region institution in another state and receive tuition support from their home state. Colorado currently supports only optometry students, as medical and veterinary programs are available in Colorado. Students receive annual support of \$18,830 in return for a commitment to return to Colorado for four years, or the grant converts to a loan. As a budget balancing measure, the General Assembly reduced the program by \$74,025 in FY 2020-21, eliminating funding for new students to enter (4 slots would have been available) and anticipated a further reduction in FY 2021-22. The Department's request reduces the program by \$126,025 (6 slots) in FY 2021-22, \$171,775 (9 slots) in FY 2022-23, and \$78,800 in FY 2023-24 (4 slots), when the program would end after the last cohort graduates.

R5 RESTORE CYBERCODING CRYPTOLOGY PROGRAM: The request is to fully restore funding for the Cybercoding Cryptology Program to the level in FY 2019-20, eliminating a cut of \$2,000,000 General Fund, which is then reappropriated to the governing boards, that was taken in FY 2020-21 as a budget balancing measure.

R6 REALIGN FUNDING FOR COLORADO STUDENT LEADERS INSTITUTE: The request proposes to eliminate funding for the Colorado Student Leaders Institute (COSLI), providing savings of \$218,825 General Fund and 1.0 FTE. COSLI is a four-week residential summer program on the University of Colorado Denver campus for up to 100 Colorado students in tenth and 11th grade. Students must be nominated by their district or charter school and selected by the COSLI Board. Students who complete the program receive three hours of college credit. Actual participation in the program has typically ranged from 60-75 students per year, with about 50% who are first-generation college students and 40-50 percent who are both first generation and eligible for free or reduced lunch. The Department indicates that other programs, such as the Colorado Opportunity Scholarship Initiative program, are more effectively targeted at low-income, underrepresented minority, and first-generation students. In order to eliminate funding, a bill is required to clarify that program funding is subject to available appropriation. The Department requests the Committee sponsor the bill.

R7 CONTINUE OPEN EDUCATIONAL RESOURCES: The request includes \$100,838 reappropriated funds and 1.0 FTE in FY 2021-22 and ongoing for the continuation of the Open Educational Resources (OER) program. This request would allow the Department to maintain a state-level Director of Open Educational Resources and OER Council to support the further development of free digital textbooks and course materials at Colorado's public institutions of higher education. The proposed fund source is reappropriated funds from indirect cost collections, which the Department proposes to reallocate from the Professional Student Exchange Program. (Staff note: both the R4 savings and R7 request may be viewed as General Fund, as the indirect cost collections offset General Fund that is otherwise required.) The OER program is set to repeal on November 1, 2021. The Department requests that the JBC sponsor legislation to reauthorize the program for an additional five years.

R8 RISE FUND FOR HIGHER EDUCATION: The Department requests a one-time appropriation of \$10,000,000 General Fund in FY 2021-22 to expand on the Response Innovation, and Student Equity (RISE) Education Fund created by the Governor in the summer of 2020. The funds would be dedicated to providing grants, in partnership with the Department of Higher Education, to Colorado's public institutions of higher education to support institution-led initiatives to reduce costs, improve operational efficiency, and adapt and lead in the post-pandemic "new normal". The program would be administered by the same staff that administer the \$32.7 million federally-funded RISE Education Fund in the Governor's Office. The Department requests that the JBC sponsor legislation establishing the program.

R9 RESTORE EDUCATOR LOAN FORGIVENESS PROGRAM: The Department requests \$2,898,963 General Fund and 0.5 FTE in FY 2021-22 to restore the Educator Loan Forgiveness Program established by S.B. 19-003. The law authorized the Department to make payments on qualified loans on behalf of a limited number of qualifying teachers, principals, and special service providers, with educators serving rural and hard-to-fill positions prioritized. The program was de-funded in FY 2019-20 and ongoing in order to balance the FY 2020-21 budget. The request would provide sufficient funding to prepay the full cost of one cohort of 100 teachers receiving 5 years of \$5,000 in loan forgiveness per year. Under Executive Order D 2020 050, the program was discontinued in 2020 and

no awards were made, despite the receipt of over 1,300 applications, and the program did not accept applications for FY 2020-21.

HC1 FINANCIAL SUSTAINABILITY FOR HISTORY COLORADO: The Department requests that the JBC sponsor legislation that would redirect \$930,532 in FY 2021-22 and \$1.9 million in FY 2022-23 through FY 2038-39 to support History Colorado Certificate of Participation payments. Under current law, these amounts are to be used to support Capitol Complex Master Plan implementation. Although the request is identified as from reappropriated funds, the source of the money is General Fund amounts that are transferred to the Capitol Complex Master Plan Implementation Fund under current law.

HC2 CUMBRES AND TOLTEC OPERATING APPROPRIATION: The Department requests that the JBC sponsor legislation that would redirect \$521,500 in FY 2021-22 only to support Cumbres and Toltec Railroad operations. Under current law, this amount is to be used to support Capitol Complex Master Plan implementation. Although the request is identified as from reappropriated funds, the source of the money is General Fund amounts that are transferred to the Capitol Complex Master Plan Implementation Fund under current law. Staff assumes that, if the JBC approves this request, a single bill would be used to modify transfers to the Capitol Complex Master Plan Implementation Fund, and this would encompass both HC1 and HC2.

NP1 DPA CENTER FOR ORGANIZATIONAL EFFECTIVENESS: The request includes the Department's share of a request from the Department of Personnel (DPA) to restructure financing for DPA's Center for Organizational Effectiveness.

NP2 EXTEND PAUSE ANNUAL DEPRECIATION LEASE PAYMENT: The request includes the Department's share of a statewide request for new legislation to extend a suspension of the annual depreciation lease equivalent payment. This mechanism for supporting capital construction expenditures was suspended in FY 2020-21 pursuant to H.B. 20-1398.

NP3 OIT BUDGET REQUEST PACKAGE: The request includes the Department's share of the Governor's Office of Information Technology's budget package adjustments.

NP4 INCREASED MEDICAID MATCH FOR FINANCING PAYMENTS: The request includes the Department's share of a request in the Department of Health Care Policy and Financing that will require new legislation related to H.B. 20-1385 (Use of Increased Medicaid Match). H.B. 20-1385 enables the state to capture additional federal Medicaid match provided through the Families First Coronavirus Response to offset General Fund expenditures; however, the request indicates a need for technical statutory adjustment that would allow additional savings to the General Fund into FY 2021-22 and FY 2022-23. Staff notes that due to a technical error in the base request, which did not annualize the prior year bill on this topic, *savings in FY 2021-22 will actually be \$2.0 million less than the amount shown.*

ANNUALIZE PRIOR YEAR BUDGET ACTIONS The request includes a net increase of \$883.6 million total funds, including \$450.7 million General Fund, for prior year budget actions, summarized in the following table. As shown, almost all of the increase is to reverse a one-time reduction in FY 2020-21 to funding for the public governing boards. A Long Bill footnote explained the General Assembly's intent that, of the 58.0 percent reduction to the public institutions of higher education in FY 2020-21, all but 5.0 percentage points was expected to be one-time only. This portion of the request annualizes

the FY 2020-21 cut consistent with the footnote, restoring all but 5.0 percentage points of the funding. The balance is restored in request R1, so that the total request restores total funding to the public institutions to the FY 2019-20 level.

ANNUALIZE PRIOR YEAR BUDGET ACTIONS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
TA7 Annualize ongoing reduction to public institutions	\$883,548,906	\$450,671,522	\$0	\$432,877,384	\$0	0.0
FY20-21 GF HLD reduction	54,884	54,884	0	0	0	0.0
TOTAL	\$883,603,790	\$450,726,406	\$0	\$432,877,384	\$0	0.0

ANNUALIZE PRIOR YEAR LEGISLATION The request includes a net increase of \$4.2 million total funds to reflect the FY 2021-22 impact of bills passed in previous sessions, summarized in the following table.

ANNUALIZE PRIOR YEAR LEGISLATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
HB 20-1398 Depreciation Lease Equivalent Adjustment (restore)	\$3,461,717	\$3,461,717	\$0	\$0	\$0	0.0
HB 20-1398 Depreciation Lease Equivalent Adjustment (annualize)	1,227,716	1,227,716	0	0	0	0.0
HB 20-1379 PERA Direct Distribution	478,087	25,566	233,519	152,559	66,443	0.0
SB18-200 PERA unfunded liability	2,656	277	1,994	256	129	0.0
HB 18-1331 Open Educational Resources	(961,176)	(961,176)	0	0	0	(1.0)
TOTAL	\$4,209,000	\$3,754,100	\$235,513	\$152,815	\$66,572	(1.0)

Staff anticipates that funds associated with several additional bills not included in the request will need to be annualized in FY 2021-22 based on current law. This includes most Marijuana Tax Cash Fund awards to the University of Colorado for programs related to opioid addiction prevention and treatment and funding in H.B. 20-1385 (Use of Increased Medicaid Match).

LEASE PURCHASE PAYMENT ADJUSTMENTS: The request includes annual technical adjustments to three lease purchase obligations: the University of Colorado Health Sciences Center at Fitzsimons lease purchase authorized by H.B. 03-1256; the Higher Education Federal Mineral Lease Revenues lease purchase that supported the construction of various higher education capital construction projects in 2008; and the lease purchase for the new History Colorado Center authorized in 2008.

AURARIA HIGHER EDUCATION CENTER: The request increases spending authority for the Auraria Higher Education Center by \$100,000 for funds received from the institutions operating on the Auraria campus (University of Colorado – Denver, Metropolitan State University of Denver, and the Community College of Denver).

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

WICHE DUES: The request includes a reduction for fees paid to the Western Interstate Commission on Higher Education, which provides research services and runs inter-state student exchange programs used by the department and public institutions of higher education.

BUDGET REQUESTS IMPACTING FY 2020-21 – COVID-19 STIMULUS PACKAGE

The Governor’s 2020 budget request includes items that will be formally submitted for consideration during the supplemental budget cycle that starts in January. These items reflect the Governor’s FY 2020-21 COVID-19 Stimulus Package.

During the annual supplemental budget cycle, the Joint Budget Committee (JBC) does not have the same opportunity to discuss issues of interest directly with state agency staff as it does with budget requests submitted in November. Many of the proposed FY 2020-21 stimulus requests include substantial investments of General Fund. Committee members are encouraged to raise questions related to these proposals during this JBC staff briefing so that staff can include these items on the agency’s budget hearing agenda. Beyond investigating the details or concerns with proposed changes, no action is required to be taken by the JBC at this time.

FY 2020-21 COVID-19 STIMULUS PROPOSAL -- TO BE ACTED ON IN JANUARY 2021 ¹						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2020-21 APPROPRIATION						
HB 20-1360 (Long Bill)	\$3,972,963,677	\$610,162,421	\$2,903,252,129	\$433,698,651	\$25,850,476	26,733.3
Other legislation	(9,246,382)	(5,644,081)	(1,580,535)	(2,021,766)	0	0.0
TOTAL	\$3,963,717,295	\$604,518,340	\$2,901,671,594	\$431,676,885	\$25,850,476	26,733.3
FY 2020-21 PROPOSED COVID-19 STIMULUS						
FY 2020-21 Appropriation	\$3,963,717,295	\$604,518,340	\$2,901,671,594	\$431,676,885	\$25,850,476	26,733.3
S1 Colorado's Plan for Workforce and Economic Recovery - Colorado Opportunity Scholarship Initiative						
Initiative	15,000,000	15,000,000	0	0	0	0.0
TOTAL	\$3,978,717,295	\$619,518,340	\$2,901,671,594	\$431,676,885	\$25,850,476	26,733.3
INCREASE/(DECREASE)	\$15,000,000	\$15,000,000	\$0	\$0	\$0	0.0
Percentage Change	0.4%	2.5%	0.0%	0.00%	0.00%	0.0

¹ The General Fund amounts listed for the COVID-19 Stimulus Package above are reflected as General Fund appropriations, even if the proposal involves the *transfer* of General Fund to another fund. Details about the proposed funding mechanism are described below. The proposed Stimulus Package also includes budget requests for FY 2021-22, which do not appear in this table. Current request items are included in the Summary: FY 2020-21 Appropriation & FY 2021-22 Request table above.

FY 2020-21 COVID-19 STIMULUS PROPOSAL DESCRIPTIONS

S1 COLORADO’S PLAN FOR WORKFORCE AND ECONOMIC RECOVERY - COLORADO OPPORTUNITY SCHOLARSHIP INITIATIVE: The request includes an increase of \$15.0 million General Fund for the Colorado Opportunity Scholarship Initiative (COSI) Program for its Displaced Worker Program. In 2020, COSI expanded its scholarship and wraparound support program to address the COVID crisis by creating this program focused on workers displaced by the pandemic who have some college but no degree. Currently, COSI’s Displaced Worker program is used to incentivize colleges to redirect existing COSI scholarship funds or create new scholarships for displaced workers, but extra funding for scholarships has not been provided. The new funds would be used to: (1) provide approximately \$3,000 per academic year for 3,150 displaced workers from highly impacted industries who are seeking primarily certificates and associates degrees (\$9.45 million)

(2) Provide \$75,000 annually to support 12 new positions at a workforce center, non-profit or community college, each of which will annually connect 150 displaced workers to retraining programs (\$0.9 million); and (3) provide up to \$1,350,000 for institutions of higher education for capacity and infrastructure (e.g., a teacher education program may need to add a faculty member to accommodate new candidates).

INFORMATIONAL ISSUE: 2020 SESSION BUDGET BALANCING ACTIONS

In response to the budget challenges in the 2020 Session, the Joint Budget Committee and the General Assembly took actions that reduced the FY 2019-20 General Fund appropriations to the Department of Higher Education by \$1.8 million¹. Fiscal year 2020-21 appropriations to the Department were further reduced by \$507.0 million (45.6 percent). The General Assembly also reduced cash funds appropriations by \$1.3 million and suspended a \$2.1 million cash funds transfer to the Department, thereby increasing cash funds available for balancing purposes. These adjustments contributed to the net decrease in the Department's General Fund and total funds budget for FY 2020-21.

SUMMARY

FY 2019-20 Budget

- During the 2020 Session, the General Assembly reduced FY 2019-20 General Fund appropriations to the Department of Higher Education by \$1.8 million for three programs that had been created through new legislation in FY 2019-20: Educator Loan Forgiveness (\$500,000), Growing Great Teachers Teacher Mentor Grants (\$1,125,000), and the Second Chance Scholarship Program (\$200,000).

FY 2020-21 Budget

- For FY 2020-21, the General Assembly reduced General Fund appropriations to the Department of Higher Education by an additional \$507.0 million. Of the total, \$493.2 million was for a 58.0 percent reduction in base General Fund allocations to the public institutions of higher education. Notably, the institutions received new allocations of \$450.0 million federal funds from Coronavirus Relief Funds in FY 2019-20, based on an executive order by the Governor.
- The General Assembly also reduced cash funds appropriations of Marijuana Tax Cash Funds by \$1.3 million and suspended a \$2.1 million cash funds transfer of limited gaming funds to the Department, thereby increasing cash funds available for balancing purposes.
- The vast majority of reductions to the Department were expected to be temporary. The Long Bill included a footnote specifying the General Assembly's intent that only 5.0 percentage points of the 58.0 percent reduction to the public institutions of higher education should be treated as an ongoing base reduction for purposes of developing the FY 2021-22 appropriation, while the balance was assumed to be a one-time reduction that would be restored.

DISCUSSION

Confronting the budget challenges of the 2020 legislative session, the Committee and the General Assembly took a variety of budget balancing actions in the Department of Higher Education for both FY 2019-20 and FY 2020-21.

¹ This was partially offset by a one-time \$600,000 appropriation from the CARE subfund in the General Fund, which originated as federal funds.

FY 2018-19 to FY 2019-20:

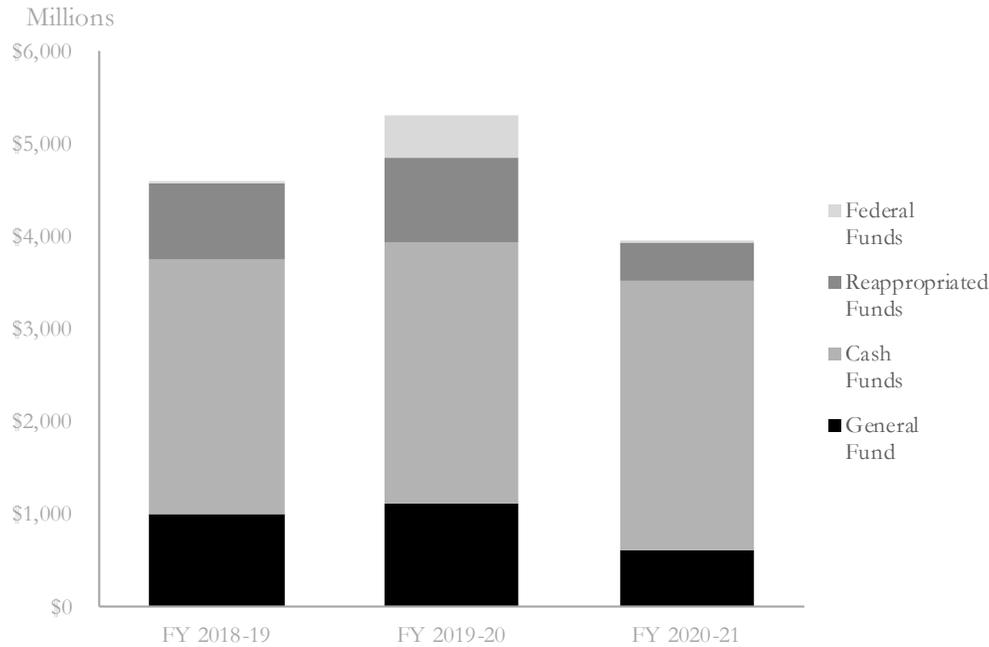
- Prior to mid-year 2020 session adjustments, appropriations to the Department increased by \$290.5 million total funds from FY 2018-19 to FY 2019-20, including an increase of \$109.1 million (10.9 percent) General Fund. This incorporated large increases for the public higher education institutions and financial aid.
- During the 2020 session, the General Assembly, reduced appropriations by \$1.8 million General Fund, but made other adjustments for tuition estimates and federal stimulus funds (Coronavirus Relief Funds). The appropriation was increased by \$450.0 million federal funds to reflect, for informational purposes, the impact of a Governor's executive order allocating this amount to the public institutions. With this adjustment, the General Fund increase over FY 2018-19 was still \$107.9 million (10.8 percent), but the increase in total appropriations was \$726.2 million.

FY 2019-20 to FY 2020-21: Facing revenue challenges for FY 2020-21, the General Assembly took a variety of actions to both reduce the Department's General Fund appropriations and to make other revenues available for balancing purposes. The General Fund appropriation was decreased by \$507.1 million from FY 2019-20 to FY 2020-21 (representing a decrease of \$399.1 million below FY 2018-19 levels). The Department's *total* budget decreased by \$1.3 billion, reflecting both the impact of the General Fund cut and the impact of eliminating the one-time FY 2019-20 federal funding of \$450.0 million, among other adjustments.

Note about the federal funds: The additional federal funding provided in FY 2019-20 creates a distortion in the state budget, overstating both the total funds increase in FY 2019-20 and the total funds decrease in FY 2020-21. Although the \$450.0 million federal funds increase was reflected in the FY 2019-20 appropriation, actual expenditures in FY 2019-20 were minimal and most of the funds will therefore be expended in FY 2020-21. The federal funds are available through December 2020.

The following graph shows the Department's annual appropriations for FY 2018-19 through FY 2020-21. A table with appropriations detail by major fund source follows the graph. Please note that the FY 2019-20 appropriations include the adjustments and reductions made during the 2020 Session.

Recent Department of Higher Education Appropriations



Department of Higher Education Appropriations FY 2019-20 through FY 2020-21						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2018-19 Final	\$4,585,307,920	\$1,003,593,739	\$2,739,337,662	\$819,590,900	\$22,785,619	26,150.0
FY 2019-20 Adjusted	5,311,541,303	1,111,529,895	2,822,976,639	901,199,179	475,835,590	26,304.0
FY 2020-21	3,963,717,295	604,518,340	2,901,671,594	431,676,885	25,850,476	26,733.3
Change from FY 2019-20 to FY 2020-21	(\$1,347,824,008)	(\$507,011,555)	\$78,694,955	(\$469,522,294)	(\$449,985,114)	6.5
Percent change FY 2019-20 to FY 2020-21	-25.4%	-45.6%	2.8%	-52.1%	-94.6%	0.0%

SUMMARY OF 2020 SESSION BUDGET BALANCING APPROPRIATION CHANGES

The following table summarizes the budget balancing actions that impacted appropriations to the Department of Higher Education for both FY 2019-20 and FY 2020-21, including actions taken through the Long Bill and other legislation. Please note:

- Unless otherwise indicated, JBC Staff assumes that the FY 2020-21 adjustments are ongoing for FY 2021-22. Staff has noted where the Committee (or the General Assembly) specifically designated actions as one-time in nature. For this department, the majority of adjustments were identified as one-time only. Staff has also noted whether the Governor’s budget request proposes to continue the reduction in FY 2021-22 or restore the funding.
- The table only reflects balancing actions that specifically changed appropriations. The cash fund adjustments in the table below that do not have an associated General fund reduction were part of actions to make additional resources available for budget balancing purposes outside of the Department.
- Actions to increase available revenues (such as transfers from cash funds to the General Fund) are not included in this table and are discussed in a separate section.

2020 SESSION BUDGET BALANCING APPROPRIATION CHANGES - DEPARTMENT OF HIGHER EDUCATION^a

	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2019-20 APPROPRIATION BALANCING ITEMS:						
Growing Great Teachers Grants	(\$1,125,000)	(\$1,125,000)	\$0	\$0	\$0	0.0
Educator Loan Forgiveness	(500,000)	(500,000)	0	0	0	0.0
Second Chance Scholarships	(200,000)	(200,000)	0	0	0	0.0
TOTAL	(\$1,825,000)	(\$1,825,000)	\$0	\$0	\$0	0.0
FY 2020-21 APPROPRIATION BALANCING ITEMS:						
Appropriation Reductions						
Base funding for public higher education	(967,894,015)	(494,179,142)	0	(473,714,873)	0	0.0
Merit Based Grants	(5,000,000)	(5,000,000)	0	0	0	0.0
Cybercoding cryptology program	(4,000,000)	(2,000,000)	0	(2,000,000)	0	0.0
Use of Increased Medicaid Match (HB 20-1385) ^b	(4,043,532)	(2,021,766)	0	(2,021,766)	0	0.0
Modify automatic funding for capital construction (HB 20-1398) ^c	(3,461,717)	(3,461,717)	0	0	0	0.0
Cumbres and Toltec Railroad capital	(1,146,500)	(1,146,500)	0	0	0	0.0
Colorado Opportunity Scholarship Initiative	(1,000,000)	(1,000,000)	0	0	0	0.0
Colorado First Customized Job Training	(1,000,000)	0	0	(1,000,000)	0	0.0
Institute for Cannabis Research	(800,000)	0	(800,000)	0	0	0.0
Innovative higher education research (HB 20-1399) ^d	(800,000)	0	(800,000)	0	0	0.0
Annualize FY 2019-20 reductions for Educator Loan Forgiveness, Growing Great Teachers, Second Chance Scholarships	(777,343)	(777,343)	0	0	0	(3.0)
Rural Teaching Fellowship program	(500,000)	(500,000)	0	0	0	0.0
Opioid awareness program (HB 20-1364) ^e	(500,000)	0	(500,000)	0	0	0.0
PERA direct distribution (HB 20-1379) ^f	(441,133)	(160,598)	(280,535)	0	0	0.0
Prosecution Fellowship Program	(356,496)	(356,496)	0	0	0	0.0
Open Educational Resources	(200,000)	(200,000)	0	0	0	0.0
WICHE Optometry program	(74,025)	(74,025)	0	0	0	0.0
HLD decrease/personal services base reduction	(54,864)	(54,864)	0	0	0	0.0
Subtotal - Appropriation Reductions	(\$992,049,625)	(\$510,932,451)	(\$2,380,535)	(\$478,736,639)	\$0	(3.0)
Fund Source Adjustments						
None	\$0	\$0	\$0	\$0	\$0	0.0
Subtotal - Fund Source Adjustments	\$0	\$0	\$0	\$0	\$0	0.0
TOTAL	(\$992,049,625)	(\$510,932,451)	(\$2,380,535)	(\$478,736,639)	\$0	(3.0)
BALANCING ITEMS AS PERCENTAGE OF TOTAL APPROPRIATION:						
FY 2019-20 Appropriation	\$5,311,541,303	\$1,111,529,895	\$2,822,976,639	\$901,199,179	\$475,835,590	26,304.0
FY 2020-21 Appropriation	\$3,963,717,295	\$604,518,340	\$2,901,671,594	\$431,676,885	\$25,850,476	26,733.3
FY 2020-21 Actions as Percentage of FY 2019-20 Appropriation	(18.7%)	(46.0%)	(0.1%)	(53.1%)	0.0%	(0.0%)

^a Unless otherwise indicated, actions were reflected in the Long Bill (H.B. 20-1360)

^b House Bill 20-1385 reduced General Fund appropriations for a number of programs, including funding for the University of Colorado, in light of additional federal funds that programs would receive based on enhanced federal Medicaid match rates.

^c House Bill 20-1398 suspended for one year a requirement for depreciation lease equivalent payments. These payments are intended to build funding for capital and controlled maintenance programs.

^d House Bill 20-1399 suspended, for two years, automatic transfers of limited gaming funds to various programs, including a program in the Department of Higher Education that provides a state match for federal research grants. The bill included a reduction in spending authority for the program.

^e House Bill 20-1364 reduced a requirement for an appropriation to the University of Colorado for an opioid awareness program from a \$750,000 annual appropriation to a \$250,000 annual appropriation and made an associated appropriation adjustment.

^f House Bill 20-1379 eliminated PERA Direct Distribution appropriations for all departments for FY 2020-21 only.

FY 2019-20 APPROPRIATION – MID-YEAR ADJUSTMENTS

GROWING GREAT TEACHERS GRANTS: The appropriation adjustment reduced funding for this program by \$1,125,000. This was a new program in FY 2019-20, and the program had not yet been fully implemented.

EDUCATOR LOAN FORGIVENESS: The appropriation adjustment reduced funding for this program by \$500,000. This was a new program in FY 2019-20, and the program had not yet been fully implemented.

SECOND CHANCE SCHOLARSHIPS: The appropriation adjustment reduced funding for this program by \$200,000. This was a new program in FY 2019-20, and the program had not yet been fully implemented.

FY 2020-21 APPROPRIATION – APPROPRIATION REDUCTIONS

BASE FUNDING FOR PUBLIC HIGHER EDUCATION: The appropriation includes a reduction of \$493,187,703 General Fund (58.0 percent) in General Fund support for public institutions of higher education. This is a budget balancing reduction. The reduction is proportionate to the institutions' FY 2019-20 share of General Fund appropriations, and amounts are allocated in compliance with the requirements of H.B. 14-1319. Funding includes a reduction in the stipend for undergraduate resident students from \$94 per credit hour in FY 2019-20 to \$40 per credit hour (\$1,200 per student FTE) in FY 2020-21, reductions in fee-for-service contracts with the state governing boards, and reductions in grants to local district colleges and area technical colleges. The appropriation includes an associated reduction of \$991,440 General Fund for stipends for students at private institutions, as this is based on 50.0 percent of the stipend amount for students at public institutions. A footnote specifies the General Assembly's intent that only 5.0 percentage points of the reduction should be treated as an ongoing base reduction for purposes of developing the FY 2021-22 appropriation. Note that stipend and fee-for-service contract amounts are appropriated to the Department and then reappropriated to the state governing boards, leading to a double-count in the appropriation.

BASE STATE SUPPORT FOR PUBLIC HIGHER EDUCATION INSTITUTIONS		
	FY 2019-20 BASE STUDENT STIPENDS, FEE-FOR-SERVICE CONTRACTS UNDER 23-18-303 AND FOR SPECIALTY EDUCATION	FY 2020-21 REDUCTION
Adams State University	\$17,280,257	(\$10,022,549)
Colorado Mesa University	32,184,959	(18,667,276)
Metropolitan State University	63,669,142	(36,928,103)
Western State Colorado University	15,035,379	(8,720,520)
Colorado State University System	170,828,219	(99,080,366)
Fort Lewis College	14,136,437	(8,199,133)
University of Colorado System	241,373,927	(139,996,876)
Colorado School of Mines	25,371,265	(14,715,334)
University of Northern Colorado	47,004,464	(27,262,589)

BASE STATE SUPPORT FOR PUBLIC HIGHER EDUCATION INSTITUTIONS		
	FY 2019-20 BASE STUDENT STIPENDS, FEE-FOR-SERVICE CONTRACTS UNDER 23-18-303 AND FOR SPECIALTY EDUCATION	FY 2020-21 REDUCTION
Community College System	189,865,735	(110,122,127)
Sub-total, State Governing Boards	816,749,784	(473,714,873)
Colorado Mountain College	9,010,042	(5,225,824)
Aims Community College	10,653,783	(6,179,194)
Area Technical Colleges	13,910,021	(8,067,812)
Total	\$850,323,630	(\$493,187,703)

The Department's FY 2021-22 fully restores the \$493.2 million General Fund reduced in FY 2020-21, with minor adjustments to the amount for each institution.

MERIT BASED GRANTS: The appropriation eliminates the \$5.0 million General Fund appropriation for merit based grants. Since FY 2014-15 this amount has been allocated by the Colorado Commission on Higher Education to institutions of higher education that then award the funds to students on the basis of academic or other merit. The Department has not requested funding for Merit Based Grants for FY 2021-22.

CYBERCODING CRYPTOLOGY PROGRAM: The appropriation strikes \$2.0 million of the \$5.1 million General Fund appropriation for cybercoding cryptology programs at the state institutions of higher education. This funding is provided through limited purpose fee-for-service contracts with six of the state governing boards. General Fund is appropriated to the Department and then reappropriated to the governing boards, leading to a double-count in the appropriation. Reductions are applied in proportion to each governing board's share of the base funding. The Department's FY 2021-22 budget request proposes to restore all funding cut.

USE OF INCREASED MEDICAID MATCH (HB 20-1385): House Bill 20-1385 requires, for FY 2019-20 and FY 2020-21, that the amount of increased federal financial participation above 50 percent for Medicaid certified public expenditures be transferred to the General Fund. Changes include a temporary exception to the higher education funding formula to reduce the General Fund for the health sciences center at the University of Colorado by the amount of federal funds in excess of 50 percent. The Department's FY 2021-22 budget request includes an additional reduction anticipated based on the delayed impact of FY 2019-20 Medicaid match adjustments. This will require additional legislation.

MODIFY AUTOMATIC FUNDING FOR CAPITAL CONSTRUCTION (HB 20-1398): Suspends the annual depreciation-lease equivalent payment mechanism for FY 2020-21. Decreases General Fund appropriations for the annual depreciation-lease equivalent payment in six departments, including a reduction of \$3.5 million in the Department of Higher Education. The Department's FY 2021-22 request proposes to continue the suspension for an additional year, based on requested new legislation.

CUMBRES AND TOLTEC RAILROAD CAPITAL: The appropriation removes capital-related funding for the Cumbres and Toltec Railroad (\$1,146,500 General Fund). As discussed above, a Long Bill supplemental footnote allows the railroad to use up to \$1.0 million General Fund from unspent prior year capital appropriations for operating expenses during FY 2020-21 and FY 2021-22. The

Department's FY 2021-22 request does not restore capital funding but does request additional operating support for FY 2021-22.

COLORADO OPPORTUNITY SCHOLARSHIP INITIATIVE: The appropriation reduces the appropriation for the Colorado Opportunity Scholarship Initiative (COSI) by \$1.0 million, from \$7,000,000 General Fund to \$6,000,000 General Fund. The program funds matching student scholarships and support services for secondary and post-secondary students to support student matriculation, persistence, and success in higher education. The request does not restore this change; however, a supplemental stimulus request would significantly increase COSI funding for displaced workers.

COLORADO FIRST CUSTOMIZED JOB TRAINING: The appropriation reduces the appropriation for this program from \$4.5 million to \$3.5 million reappropriated funds, reflecting amounts transferred from the Governor's Office of Economic Development for community colleges to provide training to employees of new companies or expanding firms. The request continues this change in FY 2021-22.

INSTITUTE FOR CANNABIS RESEARCH: The appropriation reduces the appropriation for the Institute for Cannabis Research at Colorado State University - Pueblo by \$800,000 cash funds. The FY 2019-20 appropriation was \$1.8 million cash funds from the Marijuana Tax Cash Fund. The appropriation reduces this funding to \$1.0 million cash funds. The FY 2021-22 request does not restore this change.

INNOVATIVE HIGHER EDUCATION RESEARCH (HB 20-1399): House Bill 20-1399 suspends various limited gaming tax transfers to cash funds for two years and makes related adjustments to appropriations in several departments. Among other changes, the bill suspends statutory limited gaming fund transfers of \$2.1 million to the Innovative Higher Education Research Fund. This fund provides matching dollars for some federal research grants awarded to public higher education research institutions. In light of reduced money available in the fund, the bill reduces cash funds appropriations to the Department by \$800,000.

ANNUALIZE FY 2019-20 REDUCTIONS FOR EDUCATOR LOAN FORGIVENESS, GROWING GREAT TEACHERS, SECOND CHANCE SCHOLARSHIPS: The appropriation includes the second-year impact of mid-year adjustments included in the Long Bill supplemental. This includes eliminating the \$450.0 million in one-time federal funds allocated by the Governor in FY 2019-20 from Coronavirus Relief Funds. It also includes reducing \$777,343 General Fund and 3.0 FTE to eliminate the balance of funding for the Educator Loan Forgiveness program, Growing Great Teachers program, and the Second Chance Scholarship program. All three programs were created through new legislation during the 2019 session but never fully launched due to the Coronavirus pandemic and the decline in available state funds in FY 2019-20. The FY 2021-22 request includes adding funding for the Educator Loan Forgiveness program to fully restore the program but does not request funding for the other two programs.

RURAL TEACHING FELLOWSHIP PROGRAM: The appropriation reduces the appropriation for the Rural Teacher Fellowship Program by \$500,000 General Fund. The program provides a fellowship of \$5,000 for a student teacher in a rural area if that amount is matched by the student's institution. The program has been spending less than \$100,000 per year, and a roll-forward of approximately \$170,000 is anticipated to be available for FY 2020-21. This program is now combined in a single line item with

other programs designed to support rural educators. The appropriation for the combined line item is \$709,354 General Fund for FY 2020-21. The FY 2021-22 request continues funding at this level in FY 2021-22.

OPIOID AWARENESS PROGRAM (HB 20-1364): House Bill 20-1364 reduces a requirement to appropriate funds from the Marijuana Tax Cash Fund to the Center for Research into Substance Use Disorder Prevention, Treatment, and Recovery Support Strategies at the University of Colorado. Statute previously required an appropriation of \$750,000 for the program for state fiscal years 2019-20 through 2023-24. This is changed to \$250,000 minimum funding beginning in FY 2020-21 under the provisions of the bill. The funds are to implement a program to increase public awareness concerning the safe use, storage, and disposal of opioids and the availability of naloxone and other drugs used to block the effects of an opioid overdose. The bill reduces the appropriation to the Department of Higher Education for the Regents of the University of Colorado by \$500,000 cash funds from the Marijuana Tax Cash Fund for FY 2020-21, allowing these funds to be used for budget balancing purposes in other departments. However, a separate adjustment in the Long Bill restores \$250,000 for the program, so the net program reduction was only \$250,000, leaving total funding of \$500,000. The Department has requested a continuation amount of \$500,000 for FY 2021-22. For FY 2021-22 Department *also* reflected continuation of \$2.5 million Marijuana Tax Cash Funds for the Medication Assisted Treatment pilot program and \$50,000 for a perinatal data linkage program, both of which are also operated by the Center for Research into Substance Use Disorder Prevention, Treatment, and Recovery Support Strategies at the University of Colorado. Staff has subsequently confirmed with the University of Colorado and the Department that this was an error, as the additional \$2.55 million should annualize and should not be continued in FY 2021-22 in the absence of new legislation.

PERA DIRECT DISTRIBUTION (HB 20-1379): House Bill 20-1379 eliminated PERA Direct Distribution appropriations for all departments for FY 2020-21 only. The Department's FY 2021-22 request restores the funding.

PROSECUTION FELLOWSHIP PROGRAM: The appropriation suspends for one year funding for the Prosecution Fellowship Program. The program places six recent graduates from the state's two major law schools, the University of Colorado at Boulder and the University of Denver, into one-year prosecution fellowships in rural jurisdictions around the state. The Department's FY 2021-22 request does *not* restore funding for the program. The Department has indicated that this was an error, based on subsequent communication.

OPEN EDUCATIONAL RESOURCES: The appropriation reduces funding for the Open Educational Resources (OER) grant program by \$200,000 General Fund. Open educational resources are high-quality teaching, learning, and research resources that reside in the public domain or have been released under an intellectual property license that permits their free use and repurposing by others. The OER grant program provides grants to public institutions of higher education to promote the use of OER at the institutions and to faculty and staff, individually or in groups, to create and adapt open educational resources. With this reduction, the program has an appropriation of \$960,877 for FY 2020-21. The entire appropriation will be eliminated in FY 2021-22 unless the program is reauthorized. The Department's FY 2021-22 request proposes reauthorizing the program but with FY 2021-22 funding that would only be sufficient for staff support (no grants).

WICHE OPTOMETRY PROGRAM: The appropriation reduces appropriations for the Western Interstate Commission on Higher Education (WICHE) Optometry program by \$74,025 General Fund. This is a budget balancing reduction. This program provides funding of approximately \$18,000 per student per year for Colorado students to enroll in out-of-state institutions with optometry programs at subsidized rates. The exchange offers an alternative to establishing such a program in Colorado, as there is currently no optometry school in the State. In return for discounted tuition, participating students agree to return to Colorado to practice optometry for the same number of years as they were supported or to repay the state for its investment. The appropriation reduces funding for the program based on not enrolling new students as others complete their program. The appropriation reflects the assumption that four positions will not be filled in FY 2020-21 and an additional four will not be filled in FY 2021-22. The Department's FY 2021-22 request proposes to phase out the program entirely by the end of FY 2023-24.

HLD DECREASE/PERSONAL SERVICES BASE REDUCTION: The appropriation reduced appropriations for health, life, and dental insurance by \$54,864 General Fund in lieu of a 5.0 percent personal services base reduction. The Department's FY 2021-22 request proposes to restore this funding.

FY 2020-21 APPROPRIATION – FUND SOURCE ADJUSTMENTS

None.

ACTIONS TO INCREASE AVAILABLE REVENUES

As reflected in the table above, the General Assembly's actions included steps to reduce cash funds appropriations from the Marijuana Tax Cash Fund and limited gaming funds. These funds were then available to address other state balancing needs, including transfer to the General Fund. However, no cash funds were transferred from any department-managed funds to the General Fund.

POINTS TO CONSIDER

Looking toward the FY 2021-22 budget, staff offers the following points to consider regarding the Department of Higher Education.

- The FY 2021-22 request restores almost all funding cut in this department in FY 2020-21, including the total base reduction applied to the public institutions.
- In some cases the Department has requested restoring programs that staff anticipated would be reduced or eliminated on an ongoing basis, based on 2020 session legislative action (Cybercoding Cryptology and Educator Loan Forgiveness)
- In other cases, the Department has reduced more deeply in out-years than staff anticipated, based on 2020 legislative action (WICHE Optometry Program)

INFORMATIONAL ISSUE: PUBLIC HIGHER EDUCATION FINANCE -- BUDGET BALANCING IN THE TIME OF COVID-19

Fiscal impacts of the COVID-19 pandemic on public institutions of higher education have thus far been less severe than was feared. However, institutions have taken a wide range of cost-cutting measures and drawn from reserves to balance their budgets while also providing educational services in a complex pandemic-affected environment.

SUMMARY

- During the 2020 regular legislative session, the General Assembly set funding levels for the higher education governing boards in an environment of considerable uncertainty about the enrollment and revenue impacts of the COVID-19 pandemic.
- While the General Assembly cut funding for the governing boards by 58.0 percent for FY 2020-21, the combination of actions by the federal government, the Governor, and the General Assembly provided a net *increase* in government funding for public higher education institutions when both FY 2019-20 and FY 2020-21 are considered.
- From a fiscal perspective, the higher education institutions generally emerged from FY 2019-20 in stronger financial health than the year before. The pandemic occurred late in the year, and institutions implemented a range of cost-cutting measures to offset losses related to closing auxiliary facilities and expenditures for COVID-related operational costs.
- The fiscal impacts for FY 2020-21 have thus far been less severe at most institutions than the institutions feared, but enrollment has fallen 5.2 percent and revenue has fallen 2.8 percent overall, with some institutions affected more severely. Institutions that serve a less-advantaged student population continue to face greater challenges than wealthier research institutions.
- To proactively balance revenue impacts, as well as cost increases associated with the pandemic, almost all institutions eliminated vacant positions, cut operating costs, and delayed physical plant improvements. Many institutions also instituted furloughs.
- It still remains unclear whether the challenges of the fall semester will further depress enrollment in spring 2021 and how progress in addressing the pandemic and the status of the state economy will affect student enrollment decisions for FY 2021-22.

DISCUSSION

REVISITING LAST YEAR'S DELIBERATIONS

As the Committee is aware, the COVID-19 pandemic has had very significant impacts on the operation of institutions of higher education.

In March 2020, institutions moved to all on-line instruction, presenting enormous difficulties for students, faculty, and administrative staff. To continue to deliver educational services, faculty had to quickly re-think how previously in-person courses would be delivered. Most students who had been living in university housing moved home. Students who had been relying on the IT infrastructure provided by institutions had to scramble for access to computer equipment and adequate internet connections to access their coursework. Federal HEERF funds (described below) provided resources for direct support to students through the 50.0 percent of federal funding that was set aside for students, but institutions had to determine how to distribute the funds.

Institutions expressed significant concerns about financial impacts. There was pressure from students to provide refunds for room and board, as well as tuition and fees. Without revenue from housing, dining, and parking, many universities' lowest paid employees who provided dining and custodial services were furloughed, since the associated activities and the associated revenue were gone.

In late May, when the Joint Budget Committee last discussed the issue, staff shared analyses developed by the higher education institutions reflecting both uncertainty about final FY 2019-20 impacts and an enormous range of potential outcomes for FY 2020-21.

PROJECTED IMPACT FROM CORONAVIRUS RESPONSE TOTAL - COLORADO PUBLIC HIGHER EDUCATION INSTITUTIONS						
ESTIMATE RANGE	SCENARIO #1 IMPACTS ASSUMPTIONS: ALL IN-PERSON LEARNING		SCENARIO #2 IMPACTS ASSUMPTIONS: ONE SEMESTER ONLINE & ONE IN PERSON		SCENARIO #3 IMPACTS ASSUMPTIONS: ALL ONLINE	
	EDUCATION & GENERAL REVENUE	TOTAL REVENUE	EDUCATION & GENERAL REVENUE	TOTAL REVENUE	EDUCATION & GENERAL REVENUE	TOTAL REVENUE
Low Estimate	(\$96,873,338)	(\$368,307,615)	(\$291,536,427)	(\$744,206,754)	(\$562,026,988)	(\$1,438,866,104)
High Estimate	(394,968,779)	(839,746,346)	(930,681,275)	(1,634,146,055)	(1,016,306,814)	(2,141,061,127)

This range of potential impacts was set against the following information about institutions' state support, "education and general" budgets, total budgets, and potentially expendable reserve funds, with the scale of potential impacts ranging from manageable, at the low end of Scenario #1 (\$96.9 million total in Education and General budgets and \$368.3 million in total revenue) to devastating at the high end of Scenario #3 (\$1.0 million in Education and General budgets and \$2.1 million in total revenue).

STATE HIGHER EDUCATIONS INSTITUTIONS - EDUCATION & GENERAL BUDGETS, TOTAL BUDGETS, AND EXPENDABLE ASSETS				
	FY 2019-20 GENERAL FUND OPERATING APPROPRIATIONS	ESTIMATED E&G BUDGETS FOR FY 2019-20 ¹	ESTIMATED TOTAL REVENUE FOR FY 2019-20 ²	EXPENDABLE ASSETS FROM FY 2018-19 FINANCIAL STATEMENTS, ADJUSTED ³
University of Colorado	\$244,273,926	\$1,628,361,094	\$4,627,071,579	3,150,741,000
Colorado State University	172,378,536	787,443,788	1,660,688,742	900,970,000
University of Northern Colorado	47,329,464	147,144,931	237,417,352	62,748,000
Colorado School of Mines	25,371,265	201,777,564	325,807,885	247,777,356
Fort Lewis College	14,136,437	54,640,955	83,679,660	51,971,000
Adams State University	17,280,257	33,243,850	57,682,754	30,664,000
Colorado Mesa U.	32,484,959	104,151,315	164,869,403	81,200,468
Western State Colorado U.	15,235,379	34,034,148	66,158,497	19,584,997
Metro State U. of Denver	63,969,142	182,438,819	215,734,251	91,542,121
Community College System	190,447,695	510,454,978	746,360,893	335,218,000
TOTAL	\$822,907,060	\$3,683,691,442	\$8,185,471,016	\$4,972,416,942

¹ Source: Data provided by the Department of Higher Education in February 2020 for purposes of estimating the governing boards' core minimum costs.

² Source: Office of the State Auditor, Higher Education TABOR Enterprise Status Memo, Fiscal Year 2019 (October 2019) <http://leg.colorado.gov/audits/higher-education-tabor-enterprise-status-memo-fiscal-year-2019>

³ Source: Governing board submissions to JBC staff in November and December 2019 for purposes of compiling Composite Financial Index figures for each board. These figures exclude pension liabilities. At a meeting with the Boards on 4/20/20 about the proposed cuts, the boards emphasized that a significant share of these funds are not truly unrestricted. For example, some of the funds shown reflect reserves in institutional foundations, to which institutions may not have access. The institutions have not thus far provided alternative figures that they feel are more accurate.

This analysis of potential impacts that were beyond the General Assembly's control--health threats from COVID-19, the potential need to move all instruction online, and related enrollment declines--*set the stage for decisions by the Governor and the General Assembly that, in total, led to minimal impact on government support for the higher education institutions.*

ACTION TAKEN: STATE FUNDS REDUCTIONS AND FEDERAL FUNDING INCREASES

As part of budget balancing actions during the 2020 regular session, the General Assembly reduced funding for the higher education institutions by \$493,187,704 General Fund (58.0 percent) for state FY 2020-21. However, federal funding increases helped to soften the impact of this reduction from a total funds perspective. The related funding was all included in the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) which was enacted March 27, 2020 and was made available beginning in FY 2019-20.

- The Governor allocated \$450.0 million from the State's share of Coronavirus Relief Funds (CRF). These funds were allocated by the Governor in an executive order on May 18, 2020, before the ends of SFY 2019-20, and are available through December 30, 2020 (half way through SFY 2020-21).
- The federal government provided *direct* support to the higher education institutions on a formula basis via other provisions in the CARES Act through the Higher Education Emergency Relief Fund (HEERF). Most of these funds were allocated by the federal Department of Education in April 2020. Under federal law, the funds could be available as late as September 30, 2022; however, the federal government indicated that in most cases the funds provided to support institutions

would be available for one year from the date a grant was awarded to an institution, suggesting that virtually all funds will be expended in FY 2020-21.

- Fifty percent of the HEERF funds allocated were required to be provided directly to students. The staff analysis below focuses solely on the 50.0 percent of funds that were allowed to be used for institutional support.

The table below summarizes the impact of the federal funds increases versus the state General Fund cuts. As shown, the total federal funds awarded (\$522,226,047) exceeded the cut in state General Fund (\$498,023,718) by \$24,202,327 or 2.8 percent of the FY 2019-20 General Fund appropriation.

- Adjustments to state funding and funding allocated by the Governor from Coronavirus Relief Funds were distributed proportionately with how funds in FY 2019-20 were allocated among the governing boards.
- Funding provided directly to institutions via the federal stimulus bill provided relatively more support to institutions serving disadvantaged populations (Pell-eligible and minority serving), so these institutions received somewhat more than others.

FEDERAL FUNDS AWARDED TO INSTITUTIONS OF HIGHER EDUCATION VERSUS FY 2020-21 GENERAL FUND REDUCTIONS							
ENTITY	FEDERAL HEERF FUNDS FOR INSTITUTION SUPPORT (50% OF TOTAL)	FEDERAL CORONA-VIRUS RELIEF FUND ALLOCATION BY GOVERNOR	TOTAL FEDERAL FUNDS AVAILABLE (FY 2019-20 & 2020-21)	FY 2019-20 STATE GENERAL FUND APPROPS.	FY 2020-21 GENERAL FUND REDUCTIONS (COMPARED TO FY 2019-20)	TOTAL FEDERAL FUNDS AVAILABLE ABOVE/(BELOW) FY 2020-21 GENERAL FUND REDUCTION	NET CHANGE FUNDING AS PERCENT FY 2019-20 GENERAL FUND APPROPS.
<i>Research Systems</i>							
U. of Colorado	\$18,872,212	\$127,737,562	\$146,609,774	244,873,926	(\$143,716,678)	\$2,893,096	1.2%
Colorado State U.	10,978,434	90,404,048	101,382,482	\$172,378,536	(99,750,203)	1,632,279	0.9%
<i>Independent Research Institutions</i>							
U. of Northern Colorado	3,825,107	24,875,245	28,700,352	47,079,464	(27,262,589)	1,437,763	3.1%
CO School of Mines	1,722,558	13,426,734	15,149,292	25,371,265	(14,715,334)	433,958	1.7%
<i>Comprehensive 4 Year Institutions</i>							
Fort Lewis	1,693,532	7,481,148	9,174,680	14,136,437	(8,199,133)	975,547	6.9%
Adams State U.	841,994	9,144,890	9,986,884	17,280,257	(10,022,549)	(35,665)	(0.2%)
Colorado Mesa U.	3,534,190	17,032,611	20,566,801	32,484,959	(18,784,924)	1,781,877	5.5%
Western CO U.	676,670	7,956,877	8,633,547	15,235,379	(8,798,952)	(165,405)	(1.1%)
Metro State U.	7,723,142	33,694,364	41,417,506	63,969,142	(37,045,751)	4,371,755	6.8%
<i>Community College System</i>							
13 institutions	18,613,196	100,478,897	119,092,093	190,447,695	(110,254,775)	8,837,318	4.6%

FEDERAL FUNDS AWARDED TO INSTITUTIONS OF HIGHER EDUCATION VERSUS
FY 2020-21 GENERAL FUND REDUCTIONS

ENTITY	FEDERAL HEERF FUNDS FOR INSTITUTION SUPPORT (50% OF TOTAL)	FEDERAL CORONA-VIRUS RELIEF FUND ALLOCATION BY GOVERNOR	TOTAL FEDERAL FUNDS AVAILABLE (FY 2019-20 & 2020-21)	FY 2019-20 STATE GENERAL FUND APPROPS.	FY 2020-21 GENERAL FUND REDUCTIONS (COMPARED TO FY 2019-20)	TOTAL FEDERAL FUNDS AVAILABLE ABOVE/(BELOW) FY 2020-21 GENERAL FUND REDUCTION	NET CHANGE FUNDING AS PERCENT FY 2019-20 GENERAL FUND APPROPS.
<i>Local District Colleges</i>							
Colorado Mountain	890,097	4,768,207	5,658,304	9,010,042	(5,225,824)	432,480	4.8%
Aims Community	1,270,594	5,638,091	6,908,685	10,653,783	(6,179,194)	729,491	6.8%
<i>Area Technical Colleges</i>							
3 institutions	1,584,321	7,361,326	8,945,647	13,910,021	(8,067,812)	877,835	6.3%
TOTAL	\$72,226,047	\$450,000,000	\$522,226,047	\$856,830,906	(\$498,023,718)	\$24,202,329	2.8%

While the table above compares the total federal funds awarded in FY 2019-20 with General Fund reductions in FY 2020-21, a portion of the federal funds were expended in FY 2019-20. According to data submitted to state and federal authorities:

- Of the Coronavirus Relief Funds allocated by the Governor, \$7,857,254 (1.7 percent) was expended by the institutions in SFY 2019-20.
- The first report due to federal authorities regarding expenditure of HEERF funds was for expenditure through September 30, 2020, so there is currently no mechanism for identifying the portion expended during *state* FY 2019-20. Of total allocations, \$38,126,975 was expended as of September 30, 2020. For purposes of this analysis, staff has assumed that \$15,250,790 was expended in SFY 2019-20. This is based on 40.0 percent of the amount expended as of September 30, 2020, since the state fiscal year encompassed two of the five months of potential spending between May and September 2020.
- Based on the figures above, staff assumes that \$23.1 million (4.4 percent) of federal funds, including both HEERF institutional support and CRF funds, were expended in FY 2019-20, leaving \$499,118,003 in federal funds available for institutional support in FY 2020-21.

UPDATE: POSITIVE FINANCIAL PERFORMANCE RESULTS FOR FY 2019-20

Although institutions were concerned about the financial fallout of moving programs online in FY 2019-20, in the end, **most institutions had better financial outcomes in FY 2019-20 than had been forecast before the pandemic.**

- The majority of the school year was over before the pandemic hit
- Institutions did not refund tuition
- While institutions did refund unused room and board and some fees, the fiscal impact was muted and was offset by aggressive action to limit expenditures, which kept budgets in balance

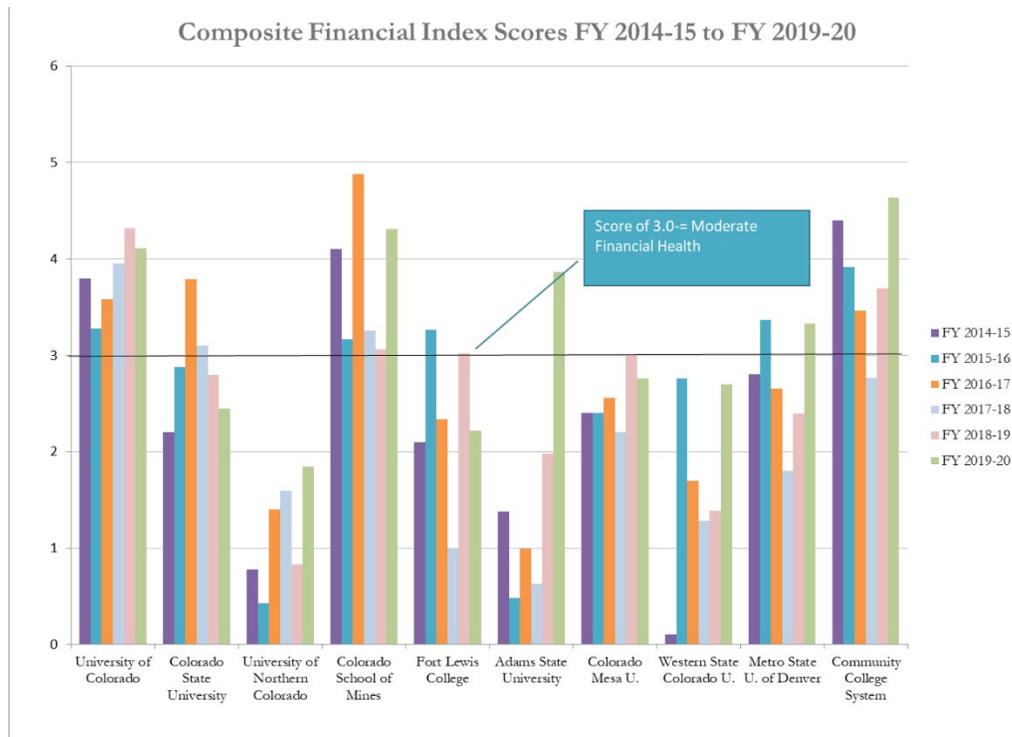
From an Education and General revenue perspective:

- Tuition and fee revenue exceeded Legislative Council Staff projections developed prior to the pandemic. While some institutions came in lower than projected, the overall variance for tuition and fees was \$14.7 million, which is less than 0.5 percent and well within the normal range, with no evidence that Education and General revenue was negatively affected by the pandemic late in the school year.
- Actual Education and General revenue reported through the Department's Budget Data Books likewise came in above--rather than below--revised estimates of Education and General revenue submitted to the Department and provided by the Department to JBC staff in February 2020. The variance was \$42.6 million, which, though significant in nominal terms, represents variance of just 1.2 percent overall in a positive direction. The mixed results by institution, with some slightly above and some slightly below the forecast, suggests normal forecast error, rather than evidence that the pandemic and institutional response had a consistent impact on Education and General Revenue.

From a total funds perspective, results also appear *relatively* positive. While some boards exhibited financial stress, issues reported were generally consistent with long-term trends.

- In data collected by JBC staff, the public institutions reported collectively spending an additional \$69.8 million (about 0.8 percent of their total revenue) for direct expenses such as personal protective equipment (PPE) related to the pandemic, but also reported \$62.5 million in expenditure decreases such as furloughs, hiring freezes, and reduced travel that offset these additional costs.
- Every governing board reported an increase in net assets, and only two reported small operating losses for the year, based on data submitted for the annual Composite Financial Index, which combines various ratios of institutional financial health.
- Six of the ten boards reflected improvements in the Composite Financial Index compared to the prior year, including some of those that have been under greatest financial stress.

The Composite Financial Index (CFI) is a tool designed to summarize institutional financial health. It combines four financial ratios (primary reserve ratio, viability ratio, return on net assets, and net operating ratio) to provide an overall indicator of a governing board's financial well-being. The CFI is calculated on a scale from below 0 to 10.0, with a result below 0 indicating that the institution's viability is in question and a score of 3.0 representing the threshold for moderate financial health.



Source: Institutional data submissions using the methodology outlined in KPMG, Prager, Sealy & Co, Attain, "Strategic Financial Analysis for Higher Education, Seventh Edition", 2010.

Notes: Figures are adjusted to remove the impact of GASB 68 and GASB 75 (pension and post-employment liabilities)

- Total revenue to the higher education governing boards grew by \$344.5 million (4.2 percent) from \$8.20 billion to \$8.54 billion from FY 2018-19 to FY 2019-20, based on data submitted for the CFI, with eight of the ten boards reporting revenue growth of 2.6 to 7.7 percent. Two boards reported revenue decline, including the University of Northern Colorado, which reported revenue decline of \$22.9 million (9.0 percent). While this is concerning, staff believes it is more reflective of multiple years of declining enrollment than the impact of the pandemic.

UPDATE: MID-YEAR ACTUALS AND ESTIMATES FOR FY 2020-21

Based on actual data and estimates provided by the governing boards, the pandemic is having much more significant impacts on institutional finances in FY 2020-21 than in FY 2019-20. However, **the overall impact on both enrollment and institutional finances falls at the low end of the potential impacts discussed in the spring.**

Enrollment

The table below compares actual Fall 2019 to Fall 2020 changes in Student FTE Enrollment.

CHANGES IN STUDENT FTE ENROLLMENT: FALL 2019 TO FALL 2020						
	ALL STUDENTS	COLORADO RESIDENTS		NONRESIDENTS		ALL STUDENTS
	FIRST TIME UG ENROLLMENT TOTAL	RESIDENT UNDERGRAD ENROLLMENT	RESIDENT GRADUATE ENROLLMENT	NONRESIDENT UNDERGRAD ENROLLMENT	NONRESIDENT GRADUATE ENROLLMENT	TOTAL ENROLLMENT
<i>4 Year Research Institution Systems</i>						

CHANGES IN STUDENT FTE ENROLLMENT: FALL 2019 TO FALL 2020						
	ALL STUDENTS	COLORADO RESIDENTS		NONRESIDENTS		ALL STUDENTS
	FIRST TIME UG ENROLLMENT TOTAL	RESIDENT UNDERGRAD ENROLLMENT	RESIDENT GRADUATE ENROLLMENT	NONRESIDENT UNDERGRAD ENROLLMENT	NONRESIDENT GRADUATE ENROLLMENT	TOTAL ENROLLMENT
University of Colorado System (4 institutions)	(8.2%)	(1.5%)	2.9%	(4.8%)	3.4%	(1.4%)
Colorado State University System (2 institutions/ excludes CSU Global)	(8.7%)	(6.4%)	8.1%	(10.3%)	(8.7%)	(6.4%)
<i>Independent Research Institutions</i>						
University of Northern Colorado	(24.9%)	(11.1%)	11.5%	(19.5%)	(19.0%)	(11.0%)
Colorado School of Mines	(10.2%)	1.1%	14.8%	0.7%	(6.6%)	1.7%
<i>Comprehensive 4 Year Institutions</i>						
Fort Lewis College	4.5%	(2.3%)	65.2%	4.7%	60.7%	2.2%
Adams State University	(15.4%)	(1.9%)	9.8%	(11.1%)	14.9%	1.0%
Colorado Mesa University	(4.9%)	(2.4%)	74.3%	(0.9%)	(42.3%)	(1.7%)
Western State University	(8.5%)	(8.0%)	3.5%	(13.8%)	16.4%	(7.1%)
Metro. State University of Denver	(14.9%)	(7.0%)	n/a	8.7%	n/a	(6.4%)
<i>Community College System</i>						
System Total (13 Institutions)	(11.6%)	(8.0%)	0.4%	(7.0%)	(2.4%)	(7.9%)
<i>Local District Colleges</i>						
Colorado Mountain College	(45.0%)	(12.2%)	n/a	(3.5%)	n/a	(11.5%)
Aims Community College	(27.1%)	(13.0%)	n/a	(44.1%)	n/a	(14.1%)
<i>Area Technical Colleges</i>						
3 ATCs Total	(12.9%)	(22.2%)	n/a	(12.0%)	n/a	(21.8%)
All Public Institutions	(11.4%)	(6.3%)	5.4%	(5.9%)	(0.7%)	(5.2%)
Fall 2019 FTE	32,895.0	134,426.1	12,403.0	31,801.2	6,220.3	184,850.6
Fall 2020 FTE	29,133.5	125,990.4	13,068.5	29,927.5	6,175.5	175,161.8
Change in Enrollment	(3,761.6)	(8,435.7)	665.4	(1,873.7)	(44.8)	(9,688.8)

As shown:

- The total reduction in enrollment statewide is **5.2 percent from Fall 2019 to Fall 2020**.
- **First time undergraduate enrollment is affected the most, with a reduction of 11.4 percent.** Much of that reduction may represent students who chose to sit out a year, potentially indicating that there will be exceptionally high first-time enrollment in fall 2021.
- **Resident undergraduate enrollment overall--by far the largest enrollment category--declined 6.3 percent,** but impacts varied by sector. **Schools serving less affluent/underrepresented populations were more affected.**
 - While the University of Colorado System saw an overall decrease of 1.5 percent, the University of Colorado at Boulder actually had a 1.5 percent *increase*, as did the Colorado School of Mines.

- The community college system experienced an 8.0 percent reduction overall, and Metropolitan State University of Denver saw a 7.0 percent reduction.
- Some small colleges had surprisingly limited impacts: Fort Lewis College reported a 2.3 percent decline, Adams State reported a 1.9 percent reduction, and CSU Pueblo reported a 2.2 percent decline.
- **Resident graduate enrollment increased at every institution offering graduate instruction**, with overall increases of 5.4 percent.
- **Nonresident undergraduates**, the next largest category but a group that is heavily concentrated at the University of Colorado at Boulder and Colorado State University at Fort Collins, declined by 5.9 percent overall.

REVENUE

The table below compares estimated **total funds** revenue for the public institutions. This includes revenue from General Fund support and tuition but also includes revenue from research grants, foundations, and other sources with restricted uses. Note that, unlike enrollment figures provided, this table is based on *institutional estimates* that have been informed by the actual enrollment experience in Fall 2020.

PROJECTED CHANGE IN REVENUE FROM ALL SOURCES - FY 2019-20 TO FY 2020-21				
	FY 2019-20 TOTAL FUNDS	FY 2020-21 TOTAL FUNDS	CHANGE FY 2019- 20 TO FY 2020-21	TOTAL PERCENTAGE CHANGE FY 2019-20 TO FY 2020-21
<i>Research Systems</i>				
University of Colorado System (4 Institutions)	4,969,020,000	4,889,496,065	(79,523,935)	(1.6%)
Colorado State University System (3 Institutions Including CSU Global)	1,570,868,518	1,482,328,423	(88,540,095)	(5.6%)
<i>Independent Research Institutions</i>				
University of Northern Colorado	224,485,299	209,255,850	(15,229,449)	(6.8%)
Colorado School of Mines	354,308,041	370,381,305	16,073,264	4.5%
<i>Comprehensive 4 Year Institutions</i>				
Fort Lewis College	85,023,704	80,799,545	(4,224,159)	(5.0%)
Adams State University	58,243,528	54,297,324	(3,946,204)	(6.8%)
Colorado Mesa University	171,525,089	161,285,327	(10,239,762)	(6.0%)
Western State University	63,124,402	61,980,925	(1,143,477)	(1.8%)
Metro. State University of Denver	280,311,113	284,459,363	4,148,250	1.5%
<i>Community College System</i>				
13 Institutions	780,286,144	720,746,313	(59,539,831)	(7.6%)
<i>Local District Colleges</i>				
Colorado Mountain College	78,417,820	75,092,407	(3,325,413)	(4.2%)
Aims Community College	79,760,639	79,682,900	(77,739)	(0.1%)
<i>Area Technical Colleges</i>				
3 Institutions	35,901,094	34,421,786	(1,479,308)	(4.1%)

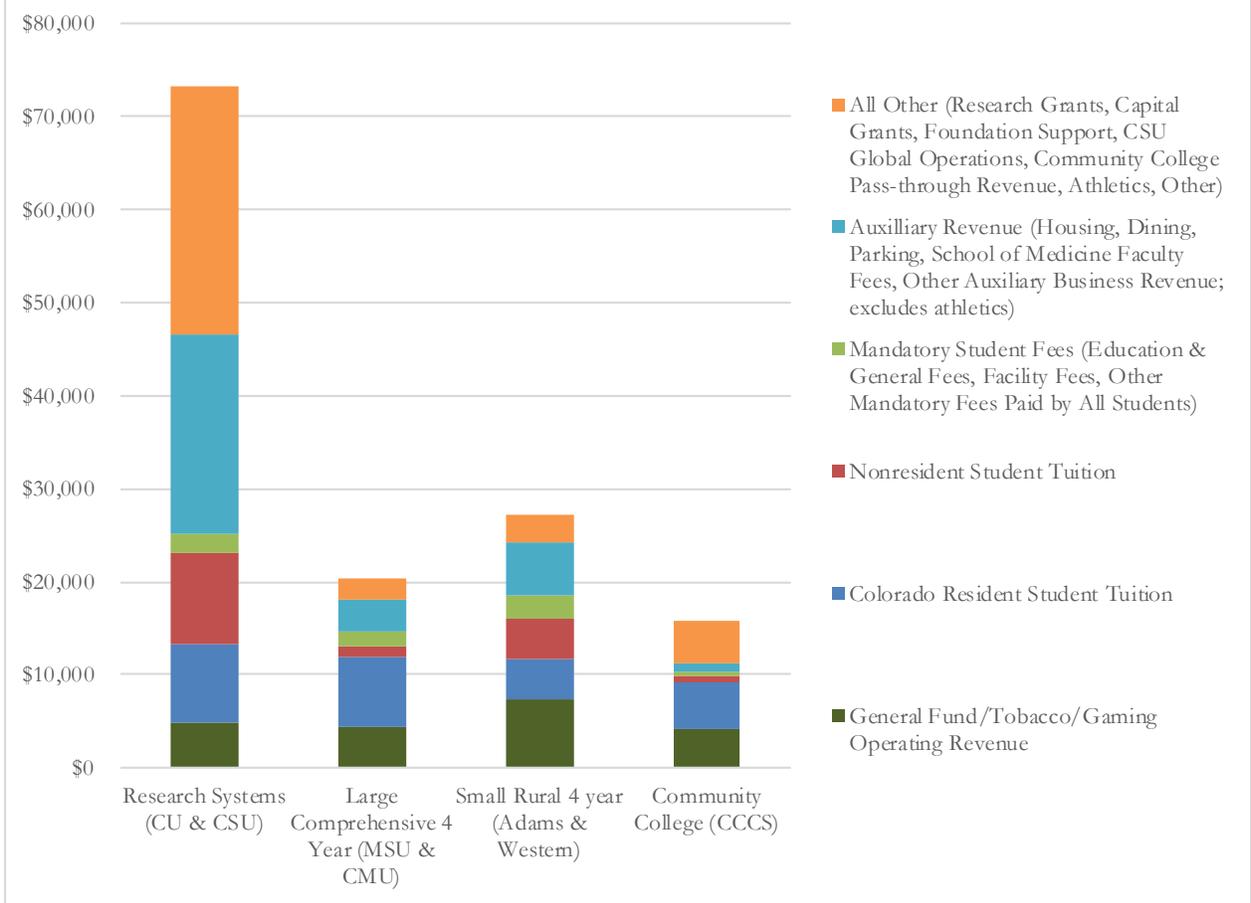
PROJECTED CHANGE IN REVENUE FROM ALL SOURCES - FY 2019-20 TO FY 2020-21				
	FY 2019-20 TOTAL FUNDS	FY 2020-21 TOTAL FUNDS	CHANGE FY 2019- 20 TO FY 2020-21	TOTAL PERCENTAGE CHANGE FY 2019-20 TO FY 2020-21
TOTAL	\$8,751,275,391	\$8,504,227,533	(\$247,047,858)	(2.8%)

As reflected in the table:

- Total revenue across all of the public institutions is currently projected to be just **2.8 percent below the FY 2019-20 level.**
- Consistent with the enrollment data reported, **schools serving less affluent/underrepresented populations generally expect to be more affected.**
 - The University of Colorado System projects just a 1.5 percent overall decrease, and the Colorado School of Mines projects a 4.5 percent *increase*.
 - In contrast, the Community College system projects a 7.6 percent decrease, even though it is one of the only entities that increased tuition for FY 2020-21.
 - Most other institutions are projecting revenue reductions in the 4.0 to 7.0 percent range. Variations across institutions are driven by a variety of factors, e.g., significance of graduate and nonresident enrollment, scale of revenue from more stable sources such as research grants or local district funds, longer-term institutional enrollment trends, and conservatism or optimism when estimating spring 2021 enrollment.

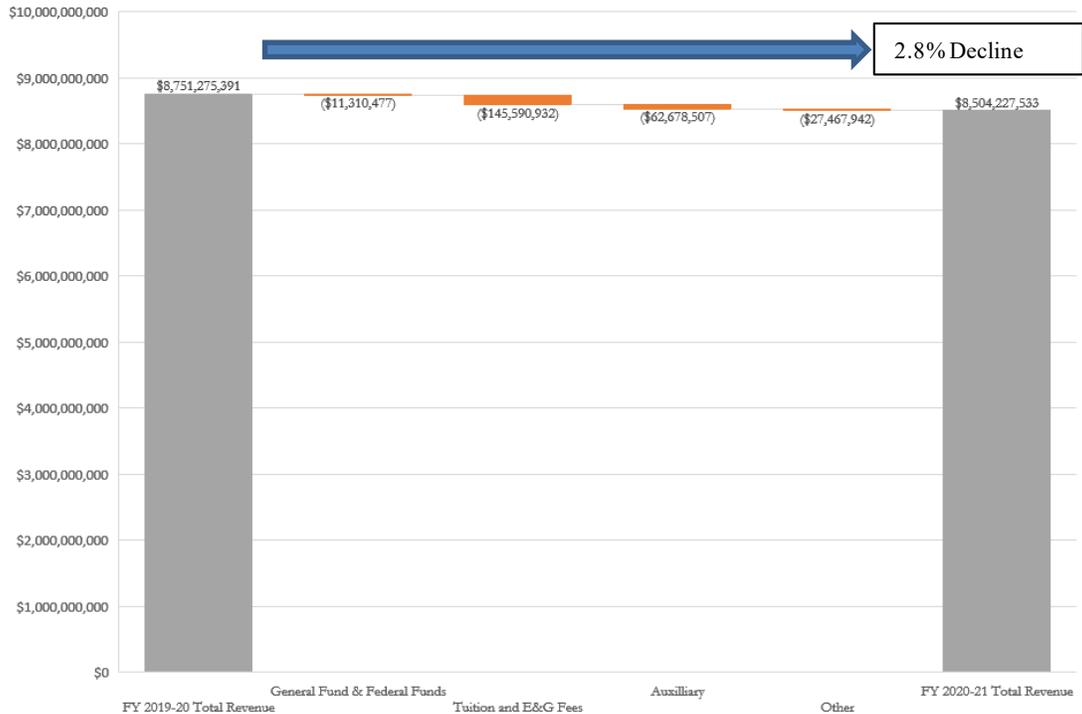
The chart below summarizes the revenues received by various categories of higher education governing boards in FY 2019-20, normalized per total student FTE, to provide additional context for the reductions by revenue category discussed below.

STATE HIGHER EDUCATION INSTITUTIONS FY 2019-20 TOTAL REVENUE PER TOTAL STUDENT FTE



As reflected in the chart, depending upon the type of entity, state support, tuition and student fees, and auxiliary revenue comprise 60-90 percent of total governing board revenue, and declines in these areas are key drivers in the 2.8 percent overall decline in revenue for the governing boards.

Public Institutions of Higher Education:
Factors Affecting Change in Total Revenue FY 2019-20 to FY 2020-21



In sum:

- **Tuition and Education and General Fee revenue declined by 5.7 percent** across the institutions of higher education. Tuition and Education and General Fees represents 29.1 percent of total revenue. This explains 1.6 percentage points out of the total 2.8 percent revenue decline.
- **Auxiliary Revenue fell by 2.9 percent across the institutions.** Auxiliary revenue represents 24.5 percent of total revenue. This reduction explains 0.7 percentage points out of the 2.8 percent total decline.
- General Fund/Federal HEERF and CRF funding declined by 1.3 percent overall. This reflects the extent to which some of the federal funds were expended in FY 2019-20 (4.4 percent of the total available) versus retained for use in FY 2020-21. General Fund and federal fund support from HEERF and CRF funds represent 10.1 percent of total revenue. This reduction explains 0.4 percentage points out of the 2.8 percent total decline.

Detail on the change in revenue from FY 2019-20 to FY 2020-21 at the governing board/ institution level is shown in the tables below. The tables also indicate the relative significance of the particular funding component in each entity's overall budget.

**CHANGE IN TUITION AND EDUCATION AND GENERAL FEES FY 2019-20 ACTUAL TO
FY 2020-21 PROJECTED**

	FY 2019-20 TUITION & E&G FEES	FY 2020-21 TUITION & E&G FEES	CHANGE	% CHANGE	TUITION & E&G FEES AS % TOTAL FY 20 BUDGET
<i>Research Systems</i>					
University of Colorado System	\$1,179,303,531	\$1,127,786,428	(\$51,517,103)	(4.4%)	23.7%
Colorado State University System	496,674,071	443,817,681	(52,856,390)	(10.6%)	31.6%
<i>Independent Research Institutions</i>					
University of Northern Colorado	93,580,020	83,962,698	(9,617,322)	(10.3%)	41.7%
Colorado School of Mines	164,835,677	159,548,852	(5,286,825)	(3.2%)	46.5%
<i>Comprehensive 4 Year Institutions</i>					
Fort Lewis College	41,098,447	38,568,704	(2,529,743)	(6.2%)	48.3%
Adams State University*	22,245,069	22,437,000	191,931	0.9%	38.2%
Colorado Mesa University	72,859,556	71,449,810	(1,409,746)	(1.9%)	42.5%
Western State University*	17,929,380	16,689,222	(1,240,158)	(6.9%)	28.4%
Metro. State University of Denver*	128,164,894	121,014,760	(7,150,134)	(5.6%)	45.7%
<i>Community College System</i>					
13 Institutions*	285,759,147	275,163,990	(10,595,157)	(3.7%)	36.6%
<i>Local District Colleges</i>					
Colorado Mountain College	13,273,401	12,080,770	(1,192,631)	(9.0%)	16.9%
Aims Community College	12,628,137	11,800,000	(828,137)	(6.6%)	15.8%
<i>Area Technical Colleges</i>					
3 Institutions	14,617,132	13,057,615	(1,559,517)	(10.7%)	40.7%
TOTAL - All Institutions	2,542,968,462	2,397,377,530	(145,590,932)	(5.7%)	29.1%

*Institutions which increased tuition.

**CHANGE IN AUXILIARY REVENUE (HOUSING, DINING, PARKING, SCHOOL OF MEDICINE FACULTY
FEES, OTHER AUX. BUSINESSES) FY 2019-20 ACTUAL TO FY 2020-21 PROJECTED¹**

	FY 2019-20 AUXILIARY REVENUE	FY 2020-21 AUXILIARY REVENUE	CHANGE	% CHANGE	AUXILIARY SUPPORT AS % TOTAL FY 20 BUDGET
<i>Research Systems</i>					
University of Colorado System	\$1,794,333,442	\$1,779,098,392	(\$15,235,050)	(0.8%)	36.1%
Colorado State University System	119,710,179	97,803,627	(21,906,552)	(18.3%)	7.6%
<i>Independent Research Institutions</i>					
University of Northern Colorado	34,228,573	29,663,419	(4,565,154)	(13.3%)	15.2%
Colorado School of Mines	25,142,055	26,639,890	1,497,835	6.0%	7.1%
<i>Comprehensive 4 Year Institutions</i>					
Fort Lewis College	11,516,218	14,447,819	2,931,601	25.5%	13.5%
Adams State University	14,717,826	13,250,000	(1,467,826)	(10.0%)	25.3%
Colorado Mesa University	40,383,335	35,872,036	(4,511,299)	(11.2%)	23.5%
Western State University	10,523,313	10,811,516	288,203	2.7%	16.7%

CHANGE IN AUXILIARY REVENUE (HOUSING, DINING, PARKING, SCHOOL OF MEDICINE FACULTY FEES, OTHER AUX. BUSINESSES) FY 2019-20 ACTUAL TO FY 2020-21 PROJECTED¹

	FY 2019-20 AUXILIARY REVENUE	FY 2020-21 AUXILIARY REVENUE	CHANGE	% CHANGE	AUXILIARY SUPPORT AS % TOTAL FY 20 BUDGET
Metro. State University of Denver	35,012,669	32,969,546	(2,043,123)	(5.8%)	12.5%
<i>Community College System</i>					
13 Institutions	49,893,239	35,156,951	(14,736,288)	(29.5%)	6.4%
<i>Local District Colleges</i>					
Colorado Mountain College	8,725,220	6,125,220	(2,600,000)	(29.8%)	11.1%
Aims Community College	395,854	65,000	(330,854)	(83.6%)	0.5%
<i>Area Technical Colleges</i>					
3 Institutions	0	0	0	n/a	0.0%
TOTAL - All Institutions	\$2,144,581,923	\$2,081,903,416	(\$62,678,507)	(2.9%)	24.5%

¹Among other factors, reflects the extent to which institutions refunded student housing and dining payments in FY 2019-20, as well as the extent to which they reduced on campus activities and associated revenue in FY 2020-21.

CHANGE IN STATE GENERAL FUND AND FEDERAL FUNDS (CORONAVIRUS RELIEF AND HEERF INSTITUTIONAL SUPPORT) FY 2019-20 TO FY 2020-21¹

	FY 2019-20 STATE AND FEDERAL GOVERNMENT OPERATING SUPPORT	FY 2020-21 STATE AND FEDERAL OPERATING SUPPORT	CHANGE	% CHANGE	STATE AND FEDERAL OPERATING SUPPORT AS % TOTAL FY 20 BUDGET
<i>Research Systems</i>					
University of Colorado System	\$252,983,271	\$241,157,501	(\$11,825,770)	(4.7%)	5.1%
Colorado State University System	176,124,036	170,265,315	(5,858,721)	(3.3%)	11.2%
<i>Independent Research Institutions</i>					
University of Northern Colorado	48,828,499	46,768,191	(2,060,307)	(4.2%)	21.8%
Colorado School of Mines	26,060,288	25,116,200	(944,088)	(3.6%)	7.4%
<i>Comprehensive 4 Year Institutions</i>					
Fort Lewis College	14,882,359	14,366,061	(516,298)	(3.5%)	17.5%
Adams State University	17,280,257	17,244,592	(35,665)	(0.2%)	29.7%
Colorado Mesa University	33,774,086	32,977,709	(796,377)	(2.4%)	19.7%
Western State University	15,486,324	14,819,029	(667,295)	(4.3%)	24.5%
Metro. State University of Denver	65,074,415	67,235,624	2,161,208	3.3%	23.2%
<i>Community College System</i>					
13 Institutions	195,186,444	203,343,993	8,157,549	4.2%	25.0%
<i>Local District Colleges</i>					
Colorado Mountain College	9,502,482	8,950,082	(552,401)	(5.8%)	12.1%
Aims Community College	10,839,399	12,004,978	1,165,579	10.8%	13.6%
<i>Area Technical Colleges</i>					
3 Institutions	20,883,020	21,345,129	462,109	2.2%	58.2%

CHANGE IN STATE GENERAL FUND AND FEDERAL FUNDS (CORONAVIRUS RELIEF AND HEERF INSTITUTIONAL SUPPORT) FY 2019-20 TO FY 2020-21 ¹					
	FY 2019-20 STATE AND FEDERAL GOVERNMENT OPERATING SUPPORT	FY 2020-21 STATE AND FEDERAL OPERATING SUPPORT	CHANGE	% CHANGE	STATE AND FEDERAL OPERATING SUPPORT AS % TOTAL FY 20 BUDGET
TOTAL - All Institutions	\$886,904,880	\$875,594,404	(\$11,310,477)	(1.3%)	10.1%

¹Incorporates the impact of the share of federal funds expended in FY 2019-20 (4.4% of the total) versus held for FY 2020-21

HOW DID INSTITUTIONS BALANCE THEIR BUDGETS?

Although the net decline in funding from FY 2019-20 to FY 2020-21 has been relatively modest, revenue and expenses for the higher education system routinely increase at a rate of over 4.0 percent per year. Thus, managing to a decline of 2.8 percent on average, and much more for some entities, required significant effort.

EXACERBATING THE PROBLEM: ADDITIONAL COSTS DUE TO THE PANDEMIC

Institutions have had to bear additional expenses related to the pandemic, while also managing revenue declines. In response to staff questions, institutions identified:

- FY 2019-20: **\$69.8 million in additional direct expenses** for costs such as Personal Protective Equipment (PPE), COVID-19 testing, and remote learning, representing a 0.8 percent budget increase that had to be absorbed late in the year; and
- FY 2020-21: **\$204.6 million in additional direct expenses** for these types of costs, representing a 2.5 percent budget increase that had to be absorbed.

TUITION REVENUE INCREASES

The General Assembly restricted resident undergraduate tuition increases to 3.0 percent. Many larger institutions, particularly those with reserves or more financing flexibility, elected not to increase tuition at all. However, institutions with lower base tuition often concluded that they needed to increase tuition. Thus, the community college system increased tuition by 3.0 percent, Western increased tuition by 2.9 percent, and Adams increased tuition by 2.1 percent. Metropolitan State University of Denver did not increase tuition in the fall but has concluded that it must apply the 3.0 percent increase in the spring in order to balance its budget. The community college system, Metro, and Adams all serve disproportionate numbers of lower income students and rely heavily on resident student tuition. The overall revenue situation these institutions would look considerably worse in the absence of the tuition increases.

BUDGET REDUCTIONS, SPENDING FROM RESERVES, DELAYING DEBT PAYMENTS

Institutions reported budget cuts on a scale similar to the budget increases required to respond to the pandemic, but they also reported tapping into reserves. Totals reported to staff are as follows:

- FY 2019-20: **\$62.5 million in expense reductions and \$14.1 million in expenditures from reserves.** The total of these two figures equates to 0.9 percent of FY 2019-20 total expenditures.
- FY 2020-21: **\$222.2 million in expense reductions and \$161.9 million in expenditures from reserves.** The total of these two figures equates to 4.6 percent of FY 2019-20 total expenditures.

Institutions reported using the following approaches for budget balancing:

- All institutions reported hiring freezes or “chills” that involved leaving open positions vacant or eliminating them entirely. Most institutions also reported some layoffs.
- All institutions reported reducing their operating budgets, including a pause on travel, renegotiating or reducing third-party contracts and fees where feasible, pausing professional development, and delaying planned physical plant upgrades.
- Institutions reported salary freezes and most reported furloughs or salary reductions, at least for more highly compensated staff. In particular, the CU system adopted system-wide furloughs with a floor of one-day per month for employees making more than \$60,000.
- Several governing boards--the University of Colorado System, Colorado State University System, and Fort Lewis College--all reported actions to refinance debt and thereby delay debt payments, a technique known as “scoop and toss”.

The table below is a brief summary, provided by the institutions, of the actions taken in FY 2020-21. Staff encourages the Committee to explore these in greater depth with the institutions.

STATE FISCAL YEAR FY 2020-21 ESTIMATED IMPACTS					
	EXPENSE INCREASES	EXPENSE DECREASES	STAFF FTE	ANTICIPATED EXPENDITURES FROM RESERVES	NARRATIVE
	INCREASED EXPENDITURES RELATED TO COVID-19	EXPENSE REDUCTIONS IMPLEMENTED DUE TO COVID-19	NET CHANGE IN NUMBER OF STAFF DUE TO COVID-19 IMPACT	NET ANTICIPATED USE OF RESERVES TO BALANCE	NARRATIVE DESCRIPTION OF MOST SIGNIFICANT BALANCING ACTIONS, E.G., STAFF FURLOUGHS, POSITIONS HELD VACANT, ETC.
TOTAL	\$204,574,597	(\$222,239,394)	(2,789.4)	\$162,690,541	
CU System	131,504,830	(108,508,286)	(2,201.3)*	75,846,060	System-wide continuous furloughs, partial or intermittent furloughs (with a floor of 1 day per month for employees making more than \$60,000), positions held vacant and layoffs. *Note: Staff FTE column includes estimated FTE impact from one (partial or intermittent) furlough day per month ~5% furlough rate (for every 20 employees furloughed at 5% = 1 FTE)
CSU System	20,989,441	(48,007,359)	(163.6)	46,115,067	Use of reserves, scoop & toss debt refinance, hold vacant position, eliminate discretionary expenses such as travel, prof. development.
Community College System	13,761,614	(15,599,708)	(182.2)	18,139,932	Eliminated positions, held positions vacant, staff furloughs, implemented hiring freezes, and reduced operating and travel.
U. of Northern CO	4,820,011	(17,302,910)	(90.0)	6,042,501	Travel reductions were extended, reduction of relocation moving expenses, reduction in professional development, reducing the usage of search firms, policy changes to reduce bank service charges and merchant card fees were implemented. Cabinet leadership took a 10% salary reduction, 49 exempt employees were furloughed over the summer, 20 layoffs were implemented in Fall and 70 vacant positions were eliminated or held open for the fiscal year.
Mines	11,854,408	(8,876,424)	(16.0)	0	Balancing actions include holding vacant positions open, salary freezes, hiring freezes, furloughs, eliminating open positions, travel reductions, and other operating expense reductions.

STATE FISCAL YEAR FY 2020-21 ESTIMATED IMPACTS

	EXPENSE INCREASES	EXPENSE DECREASES	STAFF FTE	ANTICIPATED EXPENDITURES FROM RESERVES	NARRATIVE
	INCREASED EXPENDITURES RELATED TO COVID-19	EXPENSE REDUCTIONS IMPLEMENTED DUE TO COVID-19	NET CHANGE IN NUMBER OF STAFF DUE TO COVID-19 IMPACT	NET ANTICIPATED USE OF RESERVES TO BALANCE	NARRATIVE DESCRIPTION OF MOST SIGNIFICANT BALANCING ACTIONS, E.G., STAFF FURLOUGHS, POSITIONS HELD VACANT, ETC.
Colorado Mesa U.	5,468,476	(2,300,368)	(14.0)	3,918,000	Most significant balancing actions included, pushing pause on travel and campus improvements; not re-filling vacant positions not deemed critical; employees redeployed to support student services enrollment, advising and facilities support. Third-party contracts re-negotiated where able. Although had some furloughs activity, significant impact of FTE reductions are identified in FY21. Other savings from reduced travel and other spending was limited given the timing of COVID in the third quarter of the year; Reported savings exclude vacancy savings.
Metro State U. Denver	6,619,641	(12,532,616)	(65.8)	4,351,677	The FY 2020-21 budget reductions included approximately \$9.3 million in permanent base reductions from eliminating vacant faculty and staff positions, laying off 11 people, and reducing student hourly, travel, events, and other operating budgets. There is another \$3.2 million in expected savings from voluntary and mandatory furloughs for both faculty and staff. The mandatory furloughs are tiered based on salary to limit the burden on those with the lowest annual income. The remaining shortfall after the \$12.5 million in budget reductions is estimated at approximately \$4.5 million. The University's E&G reserve can only cover \$3.2 million of the shortfall, the other \$1.2 million will be covered from revenue rolled from other years within auxiliary programs.
Western	2,000,000	(1,269,425)	(7.5)	3,740,563	Reductions in academic temp faculty, reduction in admin staff, operating budgets, travel budgets, capital budgets and executive staff furloughs.
Fort Lewis	2,129,191	(2,614,280)	(29.0)	2,000,000	Layoffs/staffing restructure, furloughs, hiring freeze, voluntary pay reductions, decreased travel, reduced subscriptions
Adams	1,815,000	(1,700,000)	(18.0)	0	Reduction of 18 positions, no cost of living reductions in employer paid health insurance, reduction in contributions to retirement plans, halt on deferred maintenance,
CO Mountain College	1,400,000	(920,000)	0.0	0	Reductions in adjunct faculty because of enrollments, reduced travel and professional development expenses.

STATE FISCAL YEAR FY 2020-21 ESTIMATED IMPACTS

	EXPENSE INCREASES	EXPENSE DECREASES	STAFF FTE	ANTICIPATED EXPENDITURES FROM RESERVES	NARRATIVE
	INCREASED EXPENDITURES RELATED TO COVID-19	EXPENSE REDUCTIONS IMPLEMENTED DUE TO COVID-19	NET CHANGE IN NUMBER OF STAFF DUE TO COVID-19 IMPACT	NET ANTICIPATED USE OF RESERVES TO BALANCE	NARRATIVE DESCRIPTION OF MOST SIGNIFICANT BALANCING ACTIONS, E.G., STAFF FURLOUGHS, POSITIONS HELD VACANT, ETC.
Aims	1,552,500	(1,600,000)	0.0	0	Reduced travel, utility and supply expenditures. Because of our local funding structure, the economic impact will affect the college in FY 22, 23 and possibly 24 due to the reduced property valuations, most significantly, the slowdown in the oil and gas industry due to the pandemic. The college continues to monitor property valuation projections.
ATC - Emily Griffith Technical College	321,581	(739,770)	0.0	2,000,000	Use of reserves, elimination of professional development/travel, reduced supplies & marketing
ATC - Technical College of the Rockies	270,842	(268,248)	(2.0)	536,741	Reduced by 2 FTE, capital upgrade needs and deferred maintenance put off, and mostly use of fund balance this fiscal year.
ATC - Pickens Technical College	67,062	0	0.0	0	

ISSUE: HIGHER EDUCATION FUNDING MODEL FOR FY 2021-22

A new model for allocating funds among the higher education governing boards will be in effect beginning in FY 2021-22. This issue discusses how the Department proposes to use this model and other options that the JBC and General Assembly could consider.

SUMMARY

- Under the new H.B. 20-1366 funding model: (1) most funding is run through the performance portion of the funding model (known as “step 2”), but this part of the model is intended to adjust funding very gradually among the governing boards; (2) the General Assembly has broad flexibility to add funding to individual boards on either an ongoing or temporary basis based on whatever metrics it deems appropriate through the “ongoing additional funding” (step 1) or “temporary additional funding” (step 3) portions of the model.
- For FY 2021-22, the executive request proposes that state funding be restored to the FY 2019-20 level and that all funding be allocated through the performance portion of the model with no use of step 1 or 3 ongoing or temporary funding adjustment options.
- As outlined in the previous informational issues, governing boards that serve disadvantaged populations have been particularly affected by COVID-19 impacts in FY 2020-21, as have some institutions that were already under financial stress. In light of this, staff believes the Committee should consider allocating a portion of funds through other parts of the model.

RECOMMENDATION

Staff recommends that the Committee discuss with the Department and the governing boards whether some portion of funding appropriated by the General Assembly should be directed through the “Ongoing Additional Funding” portion of the new H.B. 20-1366 funding model, rather than entirely through the performance funding portion of the model, as is currently requested by the Department.

Staff is not making a specific recommendation on a funding formula as this time, given that the total funding available and enrollment projections for FY 2021-22 will significantly affect what funding allocation options seem most reasonable.

DISCUSSION

BRIEF HISTORY OF FUNDING ALLOCATION MODELS IN COLORADO

Colorado, like other states, needs a mechanism for dividing funds among its higher education institutions. Colorado has gone through numerous higher education funding models over the decades. Funding has been based on “mandated cost increases”, inflationary adjustments, and various “base plus” (or minus) approaches. With the advent of S.B. 04-189 it launched the student stipend/ “money follows the student” method; however for practical purposes, funding for each governing board through FY 2014-15 was usually determined using a “base plus” allocation model, with allocations in the 2000s often shaped by negotiations among the governing boards.

In 2014, the General Assembly adopted H.B. 14-1319 (Outcomes-based Funding for Higher Education), under which all funding was required to be allocated based on specific metrics using the most recent actual data available. This included factors such as the number of undergraduate resident students who qualified for a student stipend and the number degrees and certificates earned. The model was quite prescriptive and complex, with weighting related to factors such as Pell-eligibility.

The H.B. 14-1319 model was also significantly affected by enrollment. During the period when it was in effect, most of the state's higher education institutions were shrinking in enrollment, while enrollment at the state's larger, wealthier research institutions was growing. Unhappiness with the results of the H.B. 14-1319 model led the Department and General Assembly to adjust it repeatedly over the years to better support institutions facing declining enrollment. Dissatisfaction with this pattern led to a study over the 2019 interim and several competing proposals for how to reform the model.

The Joint Budget Committee sponsored H.B. 20-1366 (Concerning a Higher Education Funding Allocation Model), and this was adopted with broad support by the General Assembly. The bill was proposed, negotiated and supported by the governing boards and the Governor's Office with extensive stakeholder input. It creates a funding mechanism that ties most funding to performance but also to the prior year's base funding. It also provides the General Assembly more transparent flexibility to adjust funding for individual boards or groups of boards.

HOUSE BILL 20-1366

House Bill 20-1366 required the Department of Higher Education submit a budget request for FY 2021-22 consistent with the model created by the bill, and FY 2021-22 will be the first year the model is in effect. Under the model, funding for institutions is based on 3 components:

- Part 1: Ongoing additional funding;
- Part 2: Performance funding; and
- Part 3: Temporary additional funding.

Ongoing additional funding (Part 1) is base building and may be awarded to an institution to make progress toward the commission's higher education master plan goals.

- The bill includes a formula that may be used to recognize an institution's additional costs associated with educating and providing services to first-generation undergraduate students.
- Other mechanisms for distributing ongoing additional funding may also be used.

Performance funding (Part 2) is calculated based on an institution's change over time in performance on each performance funding metric compared to other institutions' change in performance and adjusted based on each institution's share of funding in the previous state fiscal year.

The performance funding metrics include:

- Resident student full-time equivalent enrollment;
- Credential completion;
- Resident Pell-eligible student population share;
- Resident underrepresented minority student population share;

- Retention rate;
- One-hundred-percent-of-time graduation rate;
- One-hundred-fifty-percent-of-time graduation rate; and
- Resident first-generation undergraduate student population share.

The Joint Budget Committee determines the amount of funding allocated to each performance funding metric for a fiscal year after considering recommendations from the commission and department that are developed in collaboration with the institutions.

The calculations for the performance section of the model are outlined below. As shown, the calculation is based on:

- The governing board’s own *change* in performance compared to itself - Specifically, its average performance on a metric over the most recent 4 year period divided by its average performance over the 3-year period that began the same year (rows 2-4 below)
- How the governing board’s change in performance *compared* to the change in the average performance of other boards. In the chart below, all institutions improved their performance, but Board C improved less than the others, so it loses funding under the model.
- The institution’s percentage share of total funding for the prior fiscal year (row 1).

	A	B	C	D	
	Board A	Board B	Board C	TOTAL	
1	Governing Board’s share of total funding in prior fiscal year (e.g., FY 2020-21) ¹	10.0%	20.0%	70.0%	100.0%
<u>Calculate governing board change compared to itself</u>					
2	Average enrollment for 3 years actual years (FY 2016-17 to FY 2018-19)	100	500	900	1,500
3	Average enrollment over 4 actual years(FY 2016-17 to FY 2019-20)	105	550	910	1,565
4	4 year average as a percent of 3 year average	105.0%	110.0%	101.1%	104.3%
<u>Calibrate to FY 2020-21 share of funding</u>					
6	Multiply Row 1 x Row 4 for each column	10.5%	22.0%	70.8%	103.3%
7	Adjust so that total is 100% (e.g., A6/G6, B6/G6, etc.) = New share of funding for FY 2021-22	10.2%	21.3%	68.5%	100.0%

¹For FY 2021-22 only, statute requires use of the FY 2019-20 share of funding, skipping FY 2020-21. However, those shares were ultimately the same for FY 2019-20 and FY 2020-21. The table thus shows the fiscal years that would be used under normal circumstances.

Temporary additional funding (Part 3), which is not base building, may be awarded to an institution for a specified period of time to address Commission master plan goals or other areas the commission identifies.

Specialty Education Programs, Local District and Area Technical colleges: Under both the prior model and the new model, minimum funding for specialty education programs (medical school, veterinary school, agricultural extension programs and forest service), as well as funding for local

district colleges (Colorado Mountain College and Aims Community College), and the three area technical colleges is based on their previous year's funding, increased or decreased by the average percentage change in state funding for all institutions.

Under the new model, this average percentage change does not include amounts newly awarded to institutions for ongoing additional funding or temporary additional funding. However, funding for these entities may be further adjusted if desired through Parts 1 or 3 of the Model.

Colorado Opportunity Fund Student Stipends: In a change from H.B. 14-1319, which based a significant share of total funding on the number of undergraduate resident students enrolled at each governing board who received a student stipend, the new funding structure is essentially unrelated to the number of student stipends. Instead, it is assumed that, after funding is allocated to the boards, the JBC will determine a share of the total that can be allocated as stipends, and the balance will be incorporated into institutional “fee-for-service” contracts. The Department was asked to respond to a JBC Request for Information on whether this system should continue. The response is addressed separately in this briefing packet.

Process and Future Provisions:

- The Colorado Commission on Higher Education, in conjunction with the Department of Higher Education and in collaboration with the institutions, is required to make funding recommendations to the Joint Budget Committee for these components as part of the annual budget request process, beginning in November 2020.
- The Joint Budget Committee may adjust the amounts allocated through the various portions of the model and determines the amount allocated to each performance funding metric. The Joint Budget Committee uses this to develop the higher education funding in the Long Bill.
- By July 1, 2022, the Commission, in conjunction with the department and in collaboration with the institutions, must identify and make recommendations to the Joint Budget Committee concerning ways to better measure success for students who are not first-time, full-time students. This may include a recommendation for a statutory change to the calculation of one of the graduation rate performance funding metrics. The overall model is reviewed every five years.

How Was the Model Expected to be Used?

Based on copies of the model provided to legislative staff while working on the bill, staff anticipated that:

- The largest share of funding was expected to be allocated through the **performance funding portion** of the model. The funding in this section of the model is calculated based on an institution’s improvement over its own performance based on the difference between a three-year prior year average and a four-year average. This rate of changes is further calibrated against the relative improvement of other institutions and the institution’s prior year share of state funding. Thus, funding provided in this section of the model *may* keep an institution’s share of funding relatively stable in comparison to other institutions, depending upon how it is used. Funding shares will change over time, but only gradually.
- The **ongoing additional funding** and **temporary additional funding** components were expected to be used to provide disproportionate increases to certain institutions over others. This was expected to be used to help the State achieve its Master Plan goals, but there were no hard restrictions on the basis for increases. The share of the population served that is first

generation/harder to serve was assumed to be one element in distributing funds, since a model for allocating funds on this basis is specified in the bill.

DEPARTMENT PROPOSED USE OF MODEL FOR FY 2021-22

For FY 2021-22, the Department proposes that **all funding** for the governing boards should flow through the performance funding portion of the funding allocation model. The calculation assumes annualization of all but 5.0 percentage points of the 58.0 percent FY 2020-21 cut and then requests the balance up to the FY 2019-20 funding level. In light of this, the most relevant calculation in terms of results is the table below. As shown, with all funding running through Step 2 of the model and total funding at the FY 2019-20 level, the results range from a 0.8 percent cut for Adams State University to a 0.5 percent increase for Western Colorado University.

DEPARTMENT OF HIGHER EDUCATION REQUEST R1 FUNDING MODEL CALCULATION				
	FY 2019-20 ALLOCATIONS	FY 2021-22 REQUEST	TOTAL FUNDING CHANGE OVER FY 2019-20	FY 2021-22 TOTAL PERCENT CHANGE FROM FY 2019-20
<i>State Governing Boards</i>				
Adams State University	\$17,280,257	\$17,142,351	(\$137,906)	(0.8%)
Colorado Mesa University	32,184,959	32,140,429	(44,530)	(0.1%)
Metropolitan State U.	63,669,142	63,896,127	226,986	0.4%
Western Colorado U.	15,035,379	15,105,154	69,775	0.5%
Colo. State U. System	101,863,784	101,555,051	(308,734)	(0.3%)
Fort Lewis College	14,136,437	14,032,767	(103,670)	(0.7%)
U. of CO System	162,407,320	162,030,431	(376,889)	(0.2%)
CO School of Mines	25,371,265	25,467,591	96,326	0.4%
University of Northern CO	47,004,464	46,967,445	(37,019)	(0.1%)
Community College System	189,865,735	190,481,395	615,661	0.3%
Total, Governing Boards	\$668,818,742	\$668,818,741	(\$1)	0.0%
<i>Specialty Education/Local District Colleges/ Area Technical Colleges</i>				
CSU Vet School, Ag Extension, Forestry	68,964,435	68,964,435	0	0.0%
CU Health Sciences Ctr.	78,966,607	78,966,607	0	0.0%
CO Mountain College	9,010,042	9,010,042	0	0.0%
Aims Community College	10,653,783	10,653,783	0	0.0%
Area Technical Colleges	13,910,021	13,910,021	0	0.0%
Total Funding	\$850,323,630	\$850,323,629	(\$1)	0.0%

Since the entirety of the request is based on the results of the performance portion of the model, the table below shows how the Department requests weighting the various components of the model and whether each governing board's results on the particular performance component contributed to an increase or a decrease in its total funding.

- As shown, results of the **performance calculations do not reward institutions that perform well on a particular measure from a static perspective (e.g., the institution that has the highest graduation rates)**. Instead, funding is based on *trends* in an institution's performance. For example, the community college system has a 150 percent of time graduation rate of 30.3 percent for FY 2019-20. The Colorado School of Mines has a rate of 82.9 percent. However, in the model, the School of Mines sees a slight decline in funding for this measure and the community college system sees an increase based on the incremental change in performance of each compared to other boards.

- For this same reason, if the General Assembly were to choose to place more emphasis on underrepresented minority students in the model than the request, the institutions that would be rewarded would not necessarily be those with a high minority student population. Metro would receive more funding, but so would Western, CU, and Mines. Meanwhile, the community college system would lose a little funding.

Governing Board Increases and Decreases by Performance Component											
	Weight	Adams	Mesa	Metro	Western	CSU System	FLC	CU System	Mines	UNC	CCCS
Resident Enrollment	10.0%	2.5%	4.8%	9.4%	2.3%	15.1%	2.1%	24.5%	3.9%	6.9%	28.5%
Credential Production	5.0%	2.5%	4.7%	9.4%	2.3%	15.3%	2.0%	24.7%	3.8%	7.1%	28.3%
PELL (low income)	20.0%	2.6%	4.8%	9.6%	2.2%	15.3%	2.2%	24.4%	3.9%	7.1%	28.1%
URM (minority)	20.0%	2.5%	4.8%	9.5%	2.4%	15.2%	2.1%	24.4%	3.8%	7.1%	28.3%
Retention Rate	20.0%	2.6%	4.8%	9.6%	2.2%	15.2%	2.1%	24.2%	3.8%	7.0%	28.5%
Grad. Rate - 100%	10.0%	2.7%	4.9%	9.8%	2.3%	14.9%	2.1%	23.4%	3.8%	6.9%	29.2%
Grad Rate - 150%	10.0%	2.6%	5.0%	9.4%	2.3%	15.1%	2.1%	23.8%	3.8%	7.1%	29.0%
1st Generation	5.0%	2.5%	4.6%	9.6%	2.2%	15.4%	2.0%	24.5%	3.8%	6.8%	28.6%
Total Funding											
Percent of FY 2019-20 funding		2.58%	4.81%	9.52%	2.25%	15.23%	2.11%	24.28%	3.79%	7.03%	28.39%
Percent of FY 2021-22 funding		2.56%	4.81%	9.55%	2.26%	15.18%	2.10%	24.23%	3.81%	7.02%	28.48%
Increase/(Decrease)		-0.02%	-0.01%	0.03%	0.01%	-0.05%	-0.02%	-0.06%	0.01%	-0.01%	0.09%

- If the JBC wishes to direct more funding to institutions that serve a disproportionate share of minority and underrepresented students or those that face particular financial challenges, it must use another portion of the model: either step 1 or step 3.

THE FIRST GENERATION OPTION

House Bill 20-1366 specifically included a provision that could be used in Step 1 if the Commission (or the General Assembly) wished to place greater emphasis on institutions serving students who are harder to serve and complete: the “resident first-generation undergraduate” measure. In the bill, “resident first-generation undergraduate” is defined as a resident student who, until the age of eighteen, primarily resided with a single parent who does not, or with parents or guardians both of whom do not, possess a bachelor's degree.

The calculation for this measure, if it is used, is shown below. In essence, the calculation is designed to provide funding based on the number of first generation students at a board as a percentage of all first generation students, but this number is then “juiced” by the significance of first generation students as a percentage of the total number of students served by a board. Thus, in the example below, Board B receives the largest share funding because, although it serves the same number of first generation students as Board C, first generation students comprise 20.0%, rather than 10.0% or less, of its student population.

	A	B	C	D	
	Board A	Board B	Board C	TOTAL	
<u>Headcount Data</u>					
1	Most recent first generation headcount for Board	5	100	100	205
2	Total resident undergraduate headcount=	100	500	1000	1,600
	<i>First generation as a percentage of all First Gen</i>	1.6%	48.5%	48.5%	
	<i>First Gen as a percentage of all students at Board</i>	5.0%	20.0%	10.0%	

	A	B	C	D	
	Board A	Board B	Board C	TOTAL	
<u>Calculate "Calibrated" First Generation Headcount</u>					
3	Amount in Row 1 <i>squared</i> (n^2)	25	10,000	10,000	
4	Divide Row 3 by Row 2=Calibrated Headcount	0.25	20.00	10.00	30.25
5	Adjust so that total is 100% by dividing each amount in Row 4 by the row total (A4/D4, B4/D4, etc.) = share of total	0.8%	66.1%	33.1%	100.0%

ANOTHER OPTION FOR DISCUSSION: RELATIVE RELIANCE ON GENERAL FUND

During budget balancing discussions in Spring 2020, JBC staff proposed that if deep budget cuts were applied to the governing boards, the JBC might want to consider the relative reliance of different boards on General Fund and their access to other resources. A new funding model had not at that point been adopted, and the goal in this case was to ensure that potentially deep cuts that were not offset by other funding sources did not result in reductions that threatened the viability of more vulnerable boards.

In public discussions with the Colorado Commission on Higher Education in October, the Department indicated that OSPB was also advocating for considering boards' relative reliance on General Fund when determining how to apply cuts. As presented by Department staff, the approach would have, in effect, ignored the new funding model. The CCHE was not supportive, so that option was ultimately tabled. However, *JBC staff continues to believe that having an mechanism for adjusting funding based on institutions' relative reliance on the General Fund would be a reasonable model component, particularly in a budget reduction environment.*

Thus, strictly for discussion purposes, staff is showing a **measure designed to target funding to institutions that are particularly reliant on the General Fund** for their survival. This measure, or something like it, could also be used in to address goals related to financial stability for institutions that are particularly reliant on General Fund. The intent of this measure--or some similar tool or process--would be to ensure that institutions that face particular financial straits are somewhat protected. Of course, under the new funding model, there is no requirement that a model be used for this purpose. A decision could simply be made to "hold harmless" certain institutions in a cuts scenario. Staff is providing a model simply to show the types of options that could be available.

The calculation for this hypothetical measure is as shown. The measure considers the General Fund share of each governing board's total "education and general" budget, emphasizes it by raising it to the fourth power, and then multiplies the result by the governing board's share of statewide student FTE. The net result is to send a larger share of funding to institutions that are more reliant on state support, as shown below.

	A	B	C	D	
	Board A	Board B	Board C	TOTAL	
<u>Data Components</u>					
1	Prior year General Fund appropriation (millions)	25	50	200	275
2	Prior year Education & General Budget (millions)	50	150	1,000	1,200
3	Total Student FTE (resident, nonresident, UG, grad)	2,000	15,000	50,000	67,000
<u>Calculated "calibrated" GF share of E&G budget</u>					
4	GF as share of E&G (Row 1/divided by row 2)	50.0%	33.3%	20.0%	
5	Board's share of total student FTE (A3/D3, etc.)	3.0%	22.4%	74.6%	
6	Raise amounts in Row 4 to 4th power (n^4)	6.3%	1.2%	0.2%	
7	Multiply Row 5 x Row 6, and then sum	0.2%	0.3%	0.1%	0.6%
8	Adjust so that total is 100% by dividing each amount in Row 7 by the row total (A7/D7, B7/D7, etc.) = share of total	32.04%	47.46%	20.50%	100.00%

COMPARISON OF FUNDING OPTIONS

The table below compares the share of funding that would be provided to each governing board using:

- the performance model component (“step 2”)
- the first generation component (the optional “step 1” component identified in statute); and
- the staff-proposed option for allocating funds based on relative share of General Fund (another optional “step 1” component).

The table below compares how funding is allocated among the boards under each of the three options.

- **Staff assumes that the majority of the funding will be run through the performance model.** As previously described, this provides funding results that are, for all boards, within a percentage point of the prior year’s funding.
- However, instead of putting all funding through the performance model, **the JBC and General Assembly could choose to carve off some portion of the performance model funding and direct this instead through the “ongoing additional funding” portion of the model** (or, as the governing boards would doubtless advocate, add some additional funding above the performance model to pass through Step 1 of the model).

ALLOCATION OF FUNDS UNDER SEVERAL MODEL OPTIONS			
	FY 2021-22 PERFORMANCE MODEL	POTENTIAL ONGOING ADDITIONAL FUNDING ("STEP 1") CARVE OUTS	
	ANTICIPATED TO COMPRISE MAJORITY (OR ALL) OF FUNDING	FIRST GENERATION (OPTION IN STATUTE)	RELATIVE RELIANCE ON GENERAL FUND (STAFF ADDITION, FOR DISCUSSION PURPOSES)
Adams State University	2.6%	0.4%	6.0%
Colorado Mesa University	4.8%	5.0%	3.6%
Metropolitan State U.	9.6%	16.8%	12.5%
Western Colorado U.	2.3%	0.1%	5.5%
Colo. State U. System	15.2%	5.4%	3.5%
Fort Lewis College	2.1%	0.3%	0.7%
U. of CO System	24.2%	9.6%	1.7%
CO School of Mines	3.8%	0.3%	0.1%
University of Northern CO	7.0%	3.9%	5.5%
Community College System	28.5%	58.2%	60.9%
Total	100%	100%	100%

The table below compares the Department's current request, that all funds go through the performance model, with a version in which 5.0 percent of the total in the performance model is "carved out", with 3.0 percent directed through the First Generation formula and 2.0 percent directed through staff's Relative Reliance on General Fund component.

COMPARISON: DEPARTMENT REQUEST (100% PERFORMANCE MODEL) VERSUS OPTION WITH 5.0 PERCENT THROUGH ONGOING ADDITIONAL FUNDING COMPONENTS							
	DEPARTMENT REQUEST	ALTERNATIVE: 5.0% THROUGH ONGOING ADDITIONAL FUNDING				COMPARISON	
	100% PERFORMANCE MODEL	PORTION IN PERFORMANCE MODEL (95.0%)	FIRST GENERATION (3.0%)	RELATIVE RELIANCE ON GENERAL FUND (2.0%)	TOTAL	ALTERNATIVE ABOVE/(BELOW) REQUEST	PERCENTAGE ABOVE/(BELOW) REQUEST
Adams State University	\$17,142,351	\$16,285,233	\$76,082	\$796,209	\$17,157,524	\$15,173	0.1%
Colorado Mesa University	32,140,429	30,533,407	997,320	475,988	32,006,715	(133,714)	-0.4%
Metropolitan State U.	63,896,127	60,701,321	3,367,293	1,677,079	65,745,693	1,849,566	2.9%
Western Colorado U.	15,105,154	14,349,896	22,881	740,187	15,112,964	7,810	0.1%
Colo. State U. System	101,555,051	96,477,298	1,092,460	473,867	98,043,625	(3,511,426)	-3.5%
Fort Lewis College	14,032,767	13,331,128	60,230	98,423	13,489,781	(542,986)	-3.9%
U. of CO System	162,030,431	153,928,910	1,923,373	225,441	156,077,724	(5,952,707)	-3.7%
CO School of Mines	25,467,591	24,194,211	64,944	12,112	24,271,267	(1,196,324)	-4.7%
University of Northern CO	46,967,445	44,619,073	774,371	735,920	46,129,364	(838,081)	-1.8%
Community College System	190,481,396	180,957,326	11,685,608	8,141,150	200,784,084	10,302,688	5.4%
Total	668,818,742	635,377,803	20,064,562	13,376,376	668,818,741	(1)	0.0%

Note that staff is not at present recommending any particular funding formula. There are too many moving parts at this time to make a recommendation. It is uncertain if General Fund can be maintained, as requested, at an overall flat funding level. It is possible that cuts will be required. On the other hand, a new federal stimulus package could change the options available to the state.

Furthermore, although the overall funding situation for the institutions does not appear to be as dire as had been feared in FY 2020-21, some of those figures are also subject to change as the spring semester gets underway.

ANOTHER ALTERNATIVE? HANOVER STUDY RESULTS

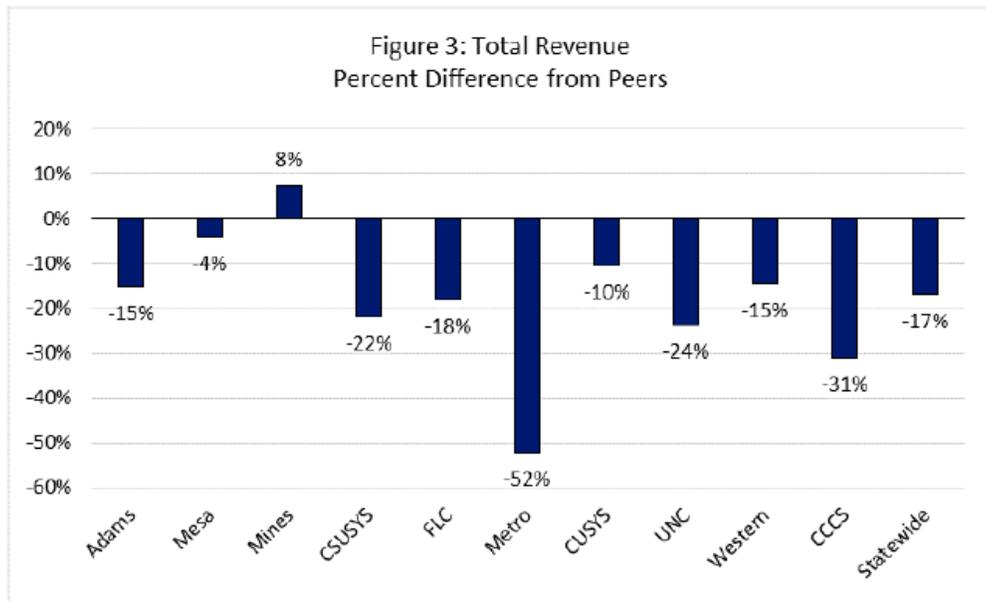
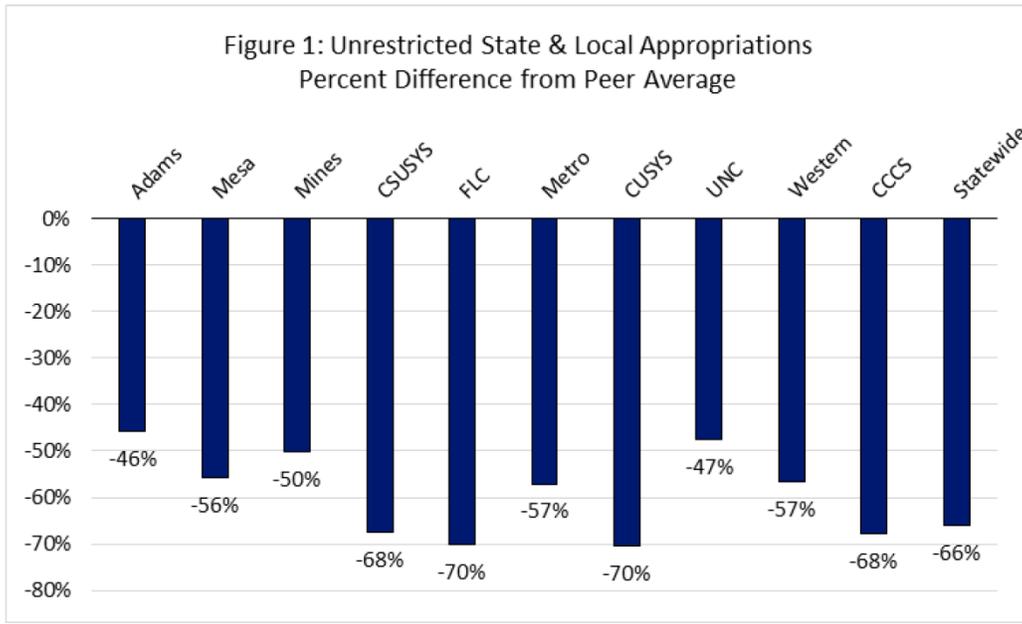
The Department commissioned a study from Hanover Research that compares the funding provided to each of the higher education governing boards in comparison to a group of peers. **Based on current information, staff does not recommend attempting to use this as a tool for allocating funds among the governing boards.** While staff believes the results provide useful context for understanding Colorado higher education institutions' strengths and weaknesses, as well as Colorado's low funding compared to other states, *staff does not believe that simply because the study says that institution X is funded at a level 50% below its peers and institution Y is funded at a level 70% below its peers, state funding should be adjusted so that all institutions are funded at 60% below their peers.*

Staff's primary concerns are as follows:

- *In any selection of peers, there is always some potential for bias or “gaming”.* If you want to show that your academic performance is strong compared to your peers, you might choose somewhat weaker peers. If you want to show that your funding is particularly weak compared to your peers, you might choose peers that receive better funding. If you want to establish aspirational goals for the type of institution you wish to be, you might choose entities with a higher academic profile. *The Department is hopeful that the peer selection process for the Hanover study was not too biased,* because the Department did not commit to the institutions that the data would be used for any *particular* purpose.² Staff does not believe that different peers chosen within the specified parameters would show Colorado institutions are well funded compared to their peers. However, *small adjustments to peers selected could make significant impacts on the degree to which an institution is deemed to be underfunded.* For example, for MSU Denver, the normalized revenue for peers ranged from \$21,464 per student at one peer to \$50,031 at another peer. Trading one more \$50,031 peer for the \$21,464 peer (or visa versa) would have a marked impact on the 10-peer average.
- Nationally, institutions that serve a disproportionate share of lower income and minority students, such as community colleges, are routinely funded by states at a level far below research institutions. This is not to say that community colleges and research institutions should be funded at the same level: they have different functions and their cost structures are different. However, *there may be pervasive “underfunding” nationally of certain categories of institutions versus other types of institutions. How closely does Colorado want to mimic these national patterns?*
- Finally, the Hanover data indicates that to bring Colorado state funding for the governing boards up to the level of peers would require \$1.3 billion. *Given the scale of the funding gap, it is difficult to see how any funding adjustments that are within Colorado's financial capacity could meaningfully respond to the peer comparison data.*

² The methodology used for Hanover included: (1) The contractor ran institutional descriptors through the national IPEDS database. The factors included items such as size, urban/rural, and average scores of admitted students on standardized tests. (2) On the basis of these descriptors, the contractor identified 25 potential peers for each public higher education institution. (3) Each institution/governing board then selected 10 peers from the list they were provided, though they were not allowed to select more than two peers from any state.

While staff is not recommending use of this data in the funding model, staff does anticipate that when considering both the request for overall state funding adjustments for higher education and appropriate tuition caps, the JBC and General Assembly may wish to consider some of the Hanover results for context. The Hanover table on tuition comparisons is included earlier in this packet. Charts on government support and total revenue are included below.



ISSUE: REPLACING THE COF STIPEND

This issue explores the rationale and potential risks of replacing the current system of funding higher education institutions through a combination of student stipends and fee-for-service contracts with a system that relies entirely on fee-for-service contracts.

SUMMARY

- Senate Bill 04-189 established the current system of student stipends and fee-for-service contracts for higher education. Under this system, all funding for the state institutions is either classified as a payment to the institution on behalf of a resident undergraduate student or as a contract between the State and the governing board for specific services. The purpose and result has been to enable the state's higher education institutions to be classified as enterprises under TABOR.
- For much of the time this system has been in effect, decisions about funding for the governing boards has had little or no relationship to the number of students qualifying for stipends. While the previous H.B. 14-1319 funding model allocated funding based on students earning stipends, this was ultimately one of the factors that led the model to be replaced. The new H.B. 20-1366 funding model allocates funding in a manner that is not directly related to the number of students earning student stipends. Instead, after determining funding allocations, the General Assembly will simply designate some portion for stipends and the balance for fee-for-service contracts.
- Institutions report significant workload and costs associated with the student stipend system. They also indicate that it adds a layer of complexity that can be a barrier to students. However, both the Department and some institutions express anxiety about whether any change will jeopardize the governing boards' status as TABOR enterprises.
- The Office of Legislative Legal Services has noted that institutions should be able to retain their enterprise status if all funding flows through fee-for-service contracts, rather than having some of the funds flow through student stipends.

RECOMMENDATION

Staff recommends that the Committee request a bill draft for legislation that would eliminate the COF stipend and replace this expanded fee-for-service contracts with the governing boards. It could then choose to pursue such legislation or not, pending further consultation with legal staff. Any such legislation should eliminate the stipend *no sooner* than the beginning of FY 2022-23 to allow sufficient time to develop clear communication with students and families.

DISCUSSION

ORIGINS OF THE COLLEGE OPPORTUNITY FUND PROGRAM - S.B. 04-189

In the early 2000s, the State became concerned that rapid growth in higher education tuition revenues would limit the State's ability to stay within the revenue caps imposed by the Taxpayers Bill of Rights (TABOR). Senate Bill 04-189 established mechanisms that would enable the state's higher education institutions to be classified as enterprises under TABOR and thereby exclude their tuition revenue

from the state's TABOR cap. Instead of providing the institutions with state grants, which may comprise no more than 10.0 percent of a TABOR enterprise's revenue, the State would provide stipends for students attending the institution ("money follows the student") and would enter into fee-for-service contracts with the institutions for other services provided.

The bill specified the procedures for development and administration of the student stipends. As outlined in Section 23-18-201, et. seq., College Opportunity Fund (COF) student stipends are to be administered by the Colorado Student Loan Program in the Department of Higher Education. Funds appropriated for stipends by the General Assembly are held in trust by the Program for distribution to the public institutions attended by students. Students are required to apply for the stipends and are only eligible for them up to a certain credit hour cap (145 credits) except under certain circumstances. Institutions and the Student Loan Program engage in a reconciliation process to confirm student eligibility, attendance, and payment.

As specified by the bill and in current statute, students attending private institutions are also eligible for stipends. These stipends equal half of the stipend for students at public institutions and are only available for students who are also eligible for a federal Pell grant.

The fiscal note assumed that any existing appropriation amounts not covered by student stipends would be covered by fee-for-service contracts, thus maintaining previously-established appropriations. It also described significant start up and ongoing costs for information technology and staff associated with the stipend program. These costs were to be covered by the student loan program (College Assist) or absorbed by the institutions.

Based on the provisions of S.B. 04-189, the new structure was rolled out in FY 2005-06. All of the 10 state higher education governing boards have declared themselves to be TABOR enterprises following provisions in the bill, and their revenue is not included in the state's TABOR spending cap. Some smaller institutions temporarily lose this status in years in which they receive large state capital construction grants that exceed 10.0 percent of their revenues, but the status is generally reinstated the next year, as their student stipends and fee-for-service revenues are not counted as state grants.

INTERACTION BETWEEN THE COF STIPEND AND THE BUDGET

In the years after it was established, the COF stipend acted as an "overlay" on top of other budget decisions. After funding levels were determined, the JBC would identify a portion of the funding to be directed to student stipends and a portion to fee-for-service contracts, and this would be included in the Long Bill. As the number of students qualifying for stipends at an institution changed over the course of a year, the General would adopt one and sometimes two supplementals to "true up" appropriations to align with the student stipend figures. Total funding for the governing boards was not adjusted. Instead, as student stipend numbers increased or decreased for an institution, fee-for-service contracts would be adjusted in the opposite direction by the same amount.

When a new state funding model was created in H.B. 14-1319, the bill established provisions to tie COF student stipend amounts to the number of undergraduate resident students who claimed the stipend in the prior actual year. One goal was to make the "money follows the student" concept included S.B. 04-189 more meaningful by actually distributing funding based in part on undergraduate resident student enrollment. The bill required 52.5 percent of "total state appropriation" (as defined) to be distributed on the basis of student stipends claimed on behalf of students by an institution.

Over time, dissatisfaction with the H.B. 14-1319 model grew in part because, based largely on student stipend trends, it directed funding to the institutions that were growing: primarily the large research institutions. Efforts to redirect funds to other governing boards required frequent tweaks to the model.

In H.B. 20-1366, which was sponsored by the JBC and establishes a new funding model, any direct connection between the number of student stipends awarded and funding for institutions was again severed. As written, the bill anticipates that funding levels will be determined by new processes established in the bill and that, after this, the General Assembly will designate a portion of the dollars for the COF stipend and a portion for fee-for-service contracts.

In light of this, JBC staff has recommended that the legislative and executive branches reconsider whether the COF student stipend structure should be retained. The current student stipend structure drives a significant amount of administrative workload for students, institutions, and the Department. It also increases the complexity of the state budget. **The Office of Legislative Legal Services has indicated governing boards should be able to maintain their status as TABOR “enterprises” if state funding is provided exclusively through fee-for-service contracts.** Given this, staff recommended the State explore the benefits, as well as potential costs, of eliminating the stipend structure in favor of using solely fee-for-service contracts.

DEPARTMENT OF HIGHER EDUCATION RFI #1

After the passage of the FY 2020-21 Long Bill, the JBC sent the following Request for Information for the Department of Higher Education to the Governor, as part of its annual RFI letter.

- 1 Colorado Department of Higher Education, Colorado Commission on Higher Education, Administration --- The Department, in collaboration with the governing boards, is requested to explore the implications of eliminating the current College Opportunity Fund student stipend structure and instead funding the state governing boards solely through fee-for-service contracts. The Department is requested to submit a report by November 1, 2020, that addresses the following issues and any other concerns it believes are relevant:
 - What administrative processes and costs at the state and institutional level are driven by the current student stipend structure?
 - How would eliminating the requirement that students apply for stipends affect these processes? Would there be costs or savings associated with such a change?
 - How does the current system affect students and families? How would changing it affect them?
 - If the state wished to transition away from the current system, how much time would be required to modify accounting, reporting, and other systems to achieve this? What outreach or education would be required?
 - One of the benefits of the current system is that it informs students about state support for higher education. Could some other notification on student bills provide the same benefit?
 - Statutes on concurrent enrollment, early college, and similar programs indicate that higher education institutions are supported for their components of these programs through

student stipend payments, while local education providers receive per pupil operating funds. Changes to the higher education funding model are likely to reduce the significance of postsecondary student enrollment in the state higher education funding structure. Eliminating the COF stipend would make this change more visible. Is this a concern? If so, does the Department of Higher Education, after consulting with the Department of Education, school districts, and concurrent enrollment providers, have any suggestions for addressing this?

- Currently, students at some private institutions who qualify for financial aid receive a COF stipend for students attending private institutions. Could this funding be moved into the state's financial aid system? Does the Department have any related concerns?

The Department submitted a response, as requested. The response included both comments from the Department administration and a separate spreadsheet with responses from each of the higher education governing boards. These are addressed separately below.

DEPARTMENT COMMENTS

- **The Department emphasizes the importance of retaining enterprise status.** To fully support the elimination of the COF, the Department indicated that would need to be in receipt of an official opinion from the Colorado Attorney General that an exclusive fee-for-service funding structure would not jeopardize the enterprise status of higher education.
- The Department noted that the COF stipend was designed for “state dollars to follow the student”. The Department notes that “while it remains debatable whether this intention exist in practice, CDHE believes that there is still some political value in the “dollars follow the student” premise”.

Costs and savings: The State has established an arrangement through College Assist whereby virtually all costs related to the COF structure are covered by federal Department of Education dollars. This includes costs associated with 2.0 FTE, IT support, website, and marketing. The program was “grandfathered in” by the federal Department of Education and will remain intact so long as there are no further changes to program administration.

Because the program is currently covered by federal dollars, there would be no direct state savings. However, *there would be a slower draw down of resources from the student loan guarantee fund administered by College Assist.*

Impact on students and families: Because of the apparent visibility of COF, if the program were eliminated, “the Department anticipates having to dedicate significant time and staff resources to developing educational material to help students and families understand that their out-of-pocket costs are not increasing.”

Time required to modify accounting, reporting, and other systems and outreach required: The Department assumes that if COF were eliminated, the responsibility for coordinating related systems would fall to the Department. Assuming COF would be replaced with fee-for-service contracts consistent with the existing structure, **the Department still anticipates it would require approximately two years** to fully eliminate the existing accounting and reporting structures required under COF and establish new

procedures, though this would not require full-time work. Work would be required by the Department, College Assist, and institutions to help students and families understand the change.

Impact on Concurrent Enrollment Students: The Department indicated that feedback from the Department of Education “would be forthcoming” but *JBC staff has not received it.* The Department of Higher Education anticipates that outreach for concurrent enrollment students would also be required.

Could private COF stipend funding be moved into the state’s financial aid system? The Department notes that operationally COF at private institutions already functions as need-based financial aid.

INSTITUTION COMMENTS

Current Workload Related to the COF Stipend and Savings if the Process Stopped: **All institutions noted that the COF stipend drives real workload and IT costs and indicated that this workload would end if the program were eliminated.** The degree of workload varies based on the extent of automation adopted by the institution, and the Community College System noted that undoing existing automation would also drive significant workload for their system. Some other institutions also noted that there would be some related cost and effort to unwind the system, though most seemed to believe this would be far less than the workload and cost currently required to maintain the system. **Private institutions that receive the COF stipend for Pell-eligible students also noted that the system drives workload.**

Fort Lewis described the workload as follows:

“There are five main processes:

- (1) getting students to apply and authorize,
- (2) collecting additional information and performing additional processes for concurrent student,
- (3) managing COF waivers,
- (4) troubleshooting student record errors between our system (Banner) and College Assists database,
- (5) invoicing and reconciling COF data.

Other administrative tasks we must perform are IT updates, Banner system maintenance, and general COF considerations when changing internal processes like residency coding.

The costs include 1.25 FTE to administer and perform all COF process plus software costs of \$2,500 annually”

MSU Denver described these functions in more detail and indicated that if the COF stipend were eliminated it estimates that 1,664 hours would be saved each year across three departments, the equivalent of 1.25 FTE and \$80,000. MSU would also save its share of the annual cost of the Banner COF customization (\$12,500).

Adams State also emphasized the \$2,000 that is its share of Banner costs and indicated that the module slows updates and drives errors. ASU reported over 70 hours of IT programming and 500 hours of Student Business Services work related to the COF in 2020.

Colorado Mesa reported 280-370 hours of work per year across multiple departments at an estimated cost of \$15,000-\$18,000 per year. It noted that eliminating the COF would eliminate most of the workload and might involve an easy programming fix, but this would need to be

confirmed. Some work would be required to update websites and materials related to unwinding the system.

Western State reported that its Financial Aid sections spends roughly 19-20% of its staff time or 400 hours reaching out to students to ensure they have completed necessary processes. The COF also drives finance and IT workload.

University of Northern Colorado described potential IT savings of 250 hours, as well as significant hours on reconciling staff data and outreach to students.

Colorado State University System noted that, while systems are largely automated, CSU spends \$22,000 on maintaining the COF module, and the process diverts staff from work on more pressing systems and customer service issues.

The University of Colorado System noted that the system drove annual updates to programming for tuition calculations, as well as websites, publications, and on-line calculators. CU must engage in outreach to students and parents pre-census regarding how to apply for the COF, pre-census auditing, processing for COF waivers, and post-census auditing to investigate discrepancies and post adjustments to COF student hours.

The Community College System noted that the COF is “imbedded into many of the admission and registration processes used by the 13 colleges, as well as in accounting, reporting, and other systems. While the System indicated that the processes drive some workload, it was the only entity that expressed concern that the costs of undoing existing automated processes could be significant.

Colorado Christian University and Regis University both noted workload related to the COF. CCU noted that if the system were eliminated “CCU would no longer need to submit weekly reports that are used to determine if an eligible student has submitted a COF application, verify the number of credits...and subsequent reporting of any enrollment changes. Regis agreed that there “would be a time and cost savings associated with the proposed change of eliminating COF and moving funds to the existing state financial aid”.

Impact on Students and Families and Related Outreach: **Most institutions indicated that the COF stipend creates confusion and obstacles for students and families.** Most noted that eliminating the COF would have no financial impact on families so long as it does not change total state funding, but it would be important to communicate about changes with students and families. **Institutions consistently indicated that they would be willing to do the required outreach.** This included adding information on student bills that would identify state contributions in lieu of the COF credit on bills.

The Community College System noted that “Currently, the processes for a student to apply, prove eligibility, and authorize COF create some confusion and extra work for students...elimination of COF could simplify the application process for students.”

Adams State noted that “Eliminating COF would reduce the number of steps students have to take to complete their progress to degree. Thus, it would reduce the barriers.”

Mesa: “Not sure that most families fully understand what the COF is and how it works”

The University of Colorado System: “The COF stipend is confusing to students and parents, especially in years when the COF stipend declines. A negative perception of COF is that institutions artificially inflating tuition, which can result in confusion. For students that have exceeded their lifetime COF eligibility, it would result in cost savings.”

University of Northern Colorado: “...If an alternative COF credit is offered or the institution reduces tuition so that the net tuition a family pays does not change, the impact would be minimal (e.g. learning a new process, processing time, etc.)”

Other Impacts: Several institutions highlighted issues which might need to be addressed if the General Assembly pursues eliminating the stipend.

MSU Denver noted that they generate over \$2.0 million in tuition revenue from unused COF for students that are either no longer eligible or choose not to authorize COF. MSU also noted that WICHE rates for the Western Undergraduate Exchange (WUE) is 150 percent of tuition, including COF, and this change could result in a decrease of 26% to the WICHE rate and a loss of \$500,000.

CU System also noted that this could reduce revenue that results from students that exhaust COF eligibility and pay the stipend directly or through a third party. CU estimates campuses receive \$4 to \$5 million annually from such students.

CSU System also highlighted the issue of WUE students from other states and indicated that without a COF-like amount in the tuition, CSU would lose \$4 million annually in WUE revenue.

Concurrent Enrollment: Institutions expressed an array of opinions about whether a change to the stipend would affect concurrent enrollment students. Some noted the need for related outreach to the students. Staff believes further conversation with the institutions and the Department of Education is needed. Under the changes envisioned by staff, there would not be a real change to state funding related to concurrent enrollment, but only a perceived change that would have to be addressed.

ADDITIONAL STAFF OBSERVATIONS

- As outlined by institutional comments, the current COF stipend system drives real workload and costs, as well as confusion among students and families
- Staff is uncomfortable with a system that drives bureaucratic workload and costs and creates obstacles for students, while having no discernable impact on services delivered
- The COF structure presents additional challenges that are not discussed above. For example, it is very difficult to compare Colorado’s financial support for institutions with funding in other states using the national IPEDS database because COF stipend amounts are reported as tuition, rather than state support
- The key rationale for the existing system is to maintain enterprise status for the state institutions.
Staff concurs that additional input from the Attorney General’s Office on the risks/rewards of this proposal would be valuable
- Staff also encourages members to discuss this proposal with Legal Services staff and their colleagues. *Are legislators or political activists attached to Colorado’s current system?* It is difficult for staff to judge this and thus to determine the likelihood of political or legal response to this change.

Certainly, *since its inception there has been no challenge to either the student stipend or fee-for-service as a mechanism for deeming higher education institutions to be enterprises.*

- If the Committee is interested in exploring a bill on this topic, staff would work with the interested institutions to determine if some of the issues raised about WUE exchange student rates and students who exceed their 145 hours of COF stipend can be addressed.
- Staff believes issues related to concurrent enrollment will also need to be addressed and expects to have further communication with the Department of Education, if the JBC is interested in this proposal. Staff believes this would involve addressing issues of *perception*. Staff does not believe the proposed change would have any real impact on funding or support for concurrent enrollment.

ISSUE: HIGHER EDUCATION CAPITAL CONSTRUCTION

This issue discusses capital construction for higher education and related issues and opportunities facing the General Assembly.

SUMMARY

- State institutions of higher education comprise 75.0 percent of the value of Colorado's building inventory and 70.0 percent of the buildings eligible for state-funded controlled maintenance.
- The General Assembly has been unable to fully support either routine controlled maintenance or more significant investments in new higher education buildings at the level sought by the institutions. Only about 17.0 percent of capital construction, renovation, and controlled maintenance at the state institutions is funded with the General Fund.
- When, as now, the General Assembly faces restrictions on available capital funds, it has often turned to Certificates of Participation, which may be valuable but also constrain the State's long flexibility in balancing the budget over the long term.
- At the same time, in the absence of much state capital support, institutions have also taken on significant debt loads to fund their capital initiatives and/or deferred necessary maintenance on their facilities. This also presents risks.

RECOMMENDATION

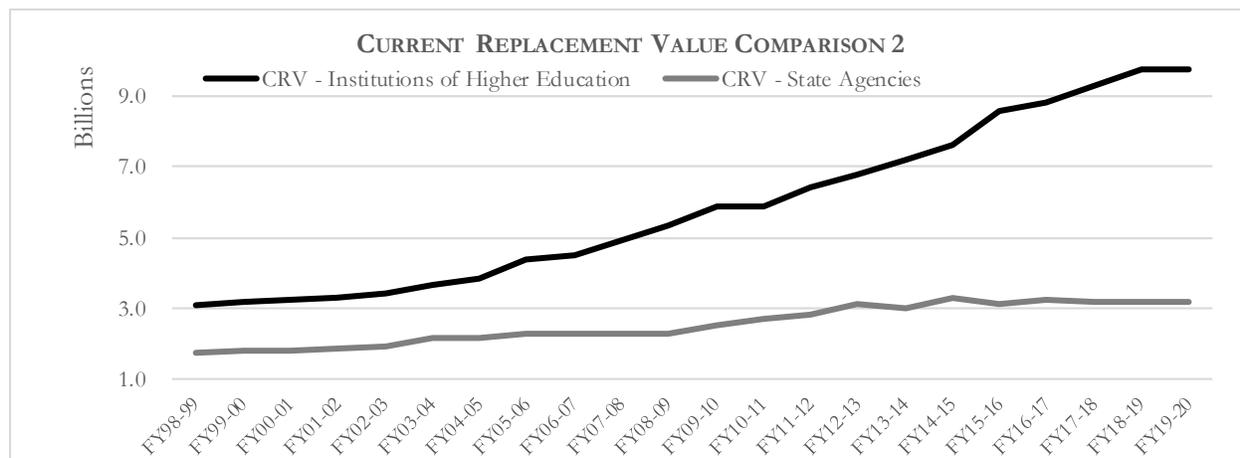
- Staff recommends that the Committee discuss with leadership a possible modification to the rules of the House and Senate to require that bills that relate to issuance of Certificates of Participation be reviewed by the Joint Budget Committee for comment. This would be similar to House Rule 50/Senate Rule 42 requiring that any bill dealing with capital construction requests be reviewed by the Capital Development Committee for advisory comment, though such bills must also be reviewed by a committee of reference.
- Staff recommends discussing further with the higher education institutions how they have been using internal resources to fund capital costs on their campuses, to what extent these resources are being used to address controlled maintenance as opposed to new construction, the level of deferred maintenance on their campuses, and how the current financial crisis is likely to affect their ability to address these issues in the near- and longer term.

DISCUSSION

BACKGROUND: CAPITAL CONSTRUCTION FUNDING FOR HIGHER EDUCATION

State institutions of higher education comprise 75.0 percent of the value of Colorado's building inventory and 70.0 percent of the buildings eligible for state-funded controlled maintenance. Based on data provided by the Office of the State Architect, the current replacement value for institutions of higher education totaled \$9.76 billion in FY 2019-20, representing an increase from \$9.28 billion in the prior year. Higher education's share of the value the state building inventory has been growing

over the last two decades, as higher education institutions have funded construction through donations and student fees to which other state entities do not have access. For comparison, in FY 1998-99, current replacement values represented 36.1 percent and 63.9 percent of the \$4.83 billion total state building inventory. The compound average growth rate in the higher education current replacement value has been 5.5 percent per year.



- **The General Assembly has been unable to fully support either routine controlled maintenance or more significant investments in new higher education buildings at the level sought by the institutions.**
 - Data for the years FY 2001-02 through FY 2009-10 (when the General Assembly included institutional cash-funded projects in the Long Bill) indicated that, for that period, **state funding comprised 11.9 percent of funding, compared to 88.1 percent of funding covered by institutional funds.**
 - A comparison of appropriations with a new report from CCHE addressing expenditures in FY 2019-20 indicates that the state share of spending for higher education capital activities continues to be low compared to institutional cash expenditures.

FY 2019-20 HIGHER EDUCATION CAPITAL CONSTRUCTION STATE APPROPRIATIONS AND NON-APPROPRIATED CASH EXPENDITURES				
	TOTAL STATE APPROPRIATIONS + NON-APPROPRIATED CASH EXPENDITURES	STATE APPROPRIATIONS		ANNUAL INSTITUTIONAL CASH FUNDS EXPENDITURES (NON-APPROPRIATED - CONSOLIDATED REPORT TO DEPARTMENT OF HIGHER EDUCATION)
		ANNUAL STATE APPROPRIATIONS FOR HIGHER EDUCATION INSTITUTIONS CAPITAL CONSTRUCTION FUNDS*	CASH FUNDS MATCH FOR APPROPRIATED STATE FUNDS	
New Construction	\$369,467,210	\$33,631,151	\$151,671,987	\$184,164,072
Acquisition	4,860,243	0	0	4,860,243
Controlled Maintenance	52,855,373	30,445,544	2,135,115	20,274,714
Renovation Only	112,384,084			112,384,084
Renewal	50,222,838	31,971,478	9,900,000	8,351,360

FY 2019-20 HIGHER EDUCATION CAPITAL CONSTRUCTION STATE APPROPRIATIONS AND NON-APPROPRIATED CASH EXPENDITURES				
	TOTAL STATE APPROPRIATIONS + NON-APPROPRIATED CASH EXPENDITURES	STATE APPROPRIATIONS		ANNUAL INSTITUTIONAL CASH FUNDS EXPENDITURES (NON-APPROPRIATED - CONSOLIDATED REPORT TO DEPARTMENT OF HIGHER EDUCATION)
		ANNUAL STATE APPROPRIATIONS FOR HIGHER EDUCATION INSTITUTIONS CAPITAL CONSTRUCTION FUNDS*	CASH FUNDS MATCH FOR APPROPRIATED STATE FUNDS	
Renovation and Expansion	104,384,192	0	0	104,384,192
Total	\$694,173,940	\$96,048,173	\$163,707,102	\$434,418,664
Percentage of Total		13.8%	23.6%	62.6%

*Excludes COP Payments and Capital IT Appropriations

- Many public higher education institutions have been competing with each other for lucrative out-of-state students, as well as resident students, in part through the attractiveness of their building stock. Given the lack of state support, **institutions have increased their building stock through donations, tuition, and student fees.**
- **Many institutions both large and small have taken on substantial debt to finance new facilities.** This includes both debt for auxiliary facilities, such as housing and dining, that have traditionally been supported on a fee-for-service basis and, in some cases, debt for academic facilities that have historically been supported by the State.

The table below shows the debt level by governing in total and covered by the higher education revenue bond intercept program. Under the provisions of this program, the institution is able to borrow under the state's credit rating, rather than its own "underlying" credit rating. The State agrees that, if the institution is unable to make a debt payment, the State will make the payment and collect the amount due from the institution.

HIGHER EDUCATION INSTITUTIONS' OUTSTANDING DEBT SERVICE OBLIGATIONS							
	DEBT SERVICE OBLIGATIONS (PRINCIPAL AND INTEREST PAYMENTS DUE 2020-2055)			STUDENT FTE	DEBT OBLIGATIONS PER STUDENT FTE	CREDIT RATING (MOODY'S)*	MOST RECENT RATING
	INTERCEPT PROGRAM DEBT	STAND-ALONE DEBT	TOTAL DEBT				
Adams State	\$86,165,525	\$11,958,800	\$98,124,325	2,261	\$43,402	A3 (Negative)	April 2019
Community College System	50,455,133	104,204,391	154,659,524	49,400	3,131	Aa3 (Stable)	Aug. 2019
Colorado Mesa University	306,498,897	18,437,053	324,935,950	7,673	42,346	A2 (Stable)	Sept. 2019
Colorado School of Mines	163,199,675	272,885,029	436,084,704	6,404	68,090	A1 (Stable)	Sept. 2019
Colo. State U. System	1,074,366,036	895,395,705	1,969,761,741	29,651	66,432	Aa3 (Stable)	Sept. 2019
Fort Lewis College	47,244,386	16,935,228	64,179,614	2,885	22,248	A3 (Stable)	Aug. 2020
Metro State U. of Denver	130,153,341	71,154,098	201,307,439	14,588	13,799	A1 (Stable)	Jan. 2020
U. of Colorado System	0	2,679,327,075	2,679,327,075	59,749	44,843	Aa1 (Stable)	June. 2020

HIGHER EDUCATION INSTITUTIONS' OUTSTANDING DEBT SERVICE OBLIGATIONS							
	DEBT SERVICE OBLIGATIONS (PRINCIPAL AND INTEREST PAYMENTS DUE 2020-2055)			STUDENT FTE	DEBT OBLIGATIONS PER STUDENT FTE	CREDIT RATING (MOODY'S)*	MOST RECENT RATING
	INTERCEPT PROGRAM DEBT	STAND-ALONE DEBT	TOTAL DEBT				
University of Northern CO	193,714,586	9,178,831	202,893,417	8,321	24,384	A3 (Stable)	July 2019
Western Colorado U.	152,045,514	5,658,655	157,704,169	2,192.7	71,922	Baa1 (Stable)	Mar. 2019
Total	\$2,203,843,093	\$4,085,134,865	\$6,288,977,958	183,125	\$34,343		

*Moody's Credit rating system goes in the following order, from highest rating to lowest: Aa1, Aa2, Aa3, A1, A2, A3, Baa1, Ba2, etc. The State's credit rating is Aa2.

Source: Colorado Treasurer's 5th Annual Report on State Institutions of Higher Education (Supplemental), FY 2020-21

STATE USE OF CERTIFICATES OF PARTICIPATION AS ALTERNATIVE TO CASH FUNDING CAPITAL PROJECTS - REWARDS AND RISKS

When state funds available for capital construction are not available due to state revenue shortfalls, institutions and the General Assembly have repeatedly turned to state-funded Certificates of Participation (COP) to fund capital investments. Capital debt is used in other states and by other governmental entities to fund long-term investments in physical plant. In Colorado, State Constitutional prohibitions against state debt require financing to occur through the COP mechanism, where the state "sells" collateral to a financing entity and then enters into a lease purchase agreement to "buy back" the collateral. Regardless of the terminology or structure, the net impact of COP arrangements is to exchange a front-end infusion of cash for a capital project for a long-term annual payment obligation which can last as long as 40 years.

PREVIOUS EXPERIENCES WITH COPs

While, higher education institutions routinely use their bonding capacity as state-owned enterprises to issue debt for which *they* are responsible (often with the State as backstop); the State has also entered into a variety of agreements in which the *State issues debt for the benefit of higher education institutions* which the State is then obliged to pay.

The State is currently committed to the following Certificate of Participation payment obligations on behalf of state higher education institutions as well as History Colorado.

- **Many of these derive from prior economic downturns**, when advocates and the Capital Development Committee, facing a lack of available capital resources, turned to COPs as an alternative.
- **In a number of cases the General Fund has become responsible for payments as other funding sources dried up.**

Lease Purchase of Academic Facilities at Fitzsimons: In 2003, the General Assembly authorized the State to enter into a lease purchase agreement for the University of Colorado Health Sciences Center at Fitzsimons pursuant to H.B. 03-1256 (Section 23-20-136 (3.5), C.R.S. The bill authorized an agreement for up to twenty-five years, with the total amount of the agreement not to exceed \$202,876,109 plus administrative, monitoring, closing costs and interests. The bill further specified that annual aggregate rentals authorized would not exceed \$15,100,000, and the General Assembly authorized use of up to \$8,000,000 per year of Tobacco Master Settlement revenues for this purpose.

In FY 2020-21, \$6.9 million is available from the Tobacco Master Settlement, while the General fund is responsible for \$7.3 million of the cost. Payments will continue into 2028.

Federal Mineral Lease COPs: In 2008, the General Assembly authorized the State to enter into lease-purchase agreements to fund capital construction projects for state-supported institutions of higher education. The decision reflected: (1) a desire to fund additional capital construction projects at state higher education institutions despite limited available capital construction funds; and (2) projected increases in federal mineral lease (FML) revenue due to natural gas leases on the Roan Plateau. Pursuant to S.B.08-233 and H.J.R 08-1042, the General Assembly authorized COP payments to fund Funding was ultimately sufficient to fund the first 12 projects, with some additional controlled maintenance projects authorized through H.B. 12-1357 using unspent COP proceeds.

Section 23-1-106.3 (1)(b)(IV), C.R.S. specified that the anticipated annual state-funded payments for the principal and interest could not exceed an average of \$16,200,000 per year for the first ten years of payment and could not exceed an average of \$16,800,000 for the second ten years of payment. Payments will end in FY 2027-28, and no new issuances are allowed under current law.

Since FY 2011-12, the General Assembly has frequently had to partially or entirely replace appropriations from the FML Revenues Fund with General Fund due to insufficient FML revenues. **Although all funding was supposed to come from FML revenue, in FY 2020-21, only \$638,994 of the total payment will come from FML cash funds, while the General Fund is responsible for almost \$17.0 million.**

History Colorado COPs: Senate Bill 08-206 authorized the State to enter into lease-purchase agreements for both a new state justice center and a new Colorado state museum. For the history museum, the bill authorized lease purchase (payments from FY 2011-12 through July 1, 2045 in an annual amount not to exceed \$4,998,000. The bill's fiscal note estimated \$84,000,000 to be financed through COPs that would be paid from History Colorado's share of gaming revenue. These COP payments have strained History Colorado's resources. **The FY 2021-22 Executive request proposes that that the General Assembly commit to an annual contribution of \$1.9 million from the General Fund per year to help offset annual payments that will be increasing to \$3.5 million in FY 2021-22 and will be \$5.0 million by FY 2039-40.** At present, it seems possible that the General Fund will be forced to assume more of the debt payment in the next twenty years.

National Western Center: House Bill 15-1344 (Section 23-31-902 (3) and 903, C.R.S.) authorizes issuance of \$250.0 million principal plus administrative, monitoring, closing costs and interest for COPs to support Colorado State University facilities on the new National Western Center campus and on the CSU main campus. The bill provides for an annual transfer of up to \$20.0 million General Fund to the National Western Center Trust Fund for 20 years, with any difference between the amount required for National Western COP payments and \$20.0 million transferred to the Capitol Complex Master Plan Implementation Fund. Payments for the COP were authorized beginning July 1, 2019, the point at which funds that had previously been used to make COP payments for the Centennial South Correctional Facility were to be completed. **Payments of \$17.5 million in most years will continue through 2039.**

USE OF CERTIFICATES OF PARTICIPATION DURING THE 2020 SESSION

During the 2020 Session, the General Assembly again turned to existing and new COPs to support capital construction plans.

H.B. 20-1408 redirects a portion of the latest \$500.0 million tranche of transportation COPs issued pursuant to S.B. 17-267, to be used for controlled maintenance and two smaller higher education projects. This includes \$34.1 million for level 1 controlled maintenance, \$3.8 million for the University of Northern Colorado boiler replacement project, and \$2,619,630 for the Adams State University Plachy Hall HVAC system. In combination with S.B. 20-219 (described below), this bill helped to fund the first six projects on the CDC's prioritized list of capital projects for FY 2020-21.

S.B. 20-219 provides that the State Treasurer will execute a lease-purchase agreement (COP) in an amount up to \$65.5 million plus administrative, closing, and interests costs "to fund certain capital construction needs for state institutions of higher education that are continuations of previous projects". COPs are to be issued no later than June 30, 2021 with the principal amortization not occurring before July 1, 2022 and annual payments not to exceed \$5.0 million per year. As required by the bill, in August 2020 the CDC posted the list of projects to be funded, which include:

- Colorado State University, Shepardson Building Renovation and Addition (\$17,051,200);
- Fort Lewis College, Health Sciences Center (\$26,571,891); and
- University of Colorado, Anschutz Health Sciences Building (\$21,859,241).

The CDC indicated it would update the list with how any excess funds would be directed.

The Governor chose to sign the bill, but published a signing statement expressing significant displeasure. The July 14, 2020 signing statement included the following passages:

- "I am concerned that this bill leaves the State's General Fund on the hook for certain current capital construction payments while also obligating the State budget in outlying years for construction payments, principal, and interest payments without consideration of the possibly challenging economic situation Colorado may face in the future."
- "...CU and CSU have significant existing cash fund resources that would support the completion of their projects, without further stressing an already depleted General Fund at the expense of future State needs any cash balance they possess cannot necessarily be used for the purposes of this bill. However, just a short time prior to this bill coming forward, CU in particular requested and was granted \$21 million in cash spending authority by the Joint Budget Committee (JBC) for the continuation of Phase 3 of the Colorado Center for Personalized Medicine.
- "This bill was introduced on June 5, 2020, and passed on June 22, 2020 ...at a pace that did not allow for the deliberative and thoughtful consideration of the long term implications of this bill."
- "Lastly, the state has a limited amount of collateral which provides the capacity for the issuance of such lease-purchase agreements."

Staff Observations and Recommendations Related to COPs

Senate Bill 20-219 passed the General Assembly by a wide margin. While staff of course takes no position on the bill itself, staff agrees with the Governor's general point that **decisions to issue COPs should be considered in the context of the long-term state budget.**

Many of the initiatives to use such funding mechanisms have come from the CDC or other legislators who are not closely connected to the annual struggles to balance the budget. While the CDC tracks COPs so long as a building is being constructed under this mechanism, once the building is completed, the COP is simply built into the operating budget, and the CDC does not need to take into account the long-term impacts on state finances.

In light of this, **staff recommends that the JBC discuss with leadership a possible modification to the rules of the House and Senate to require that bills that relate to issuance of Certificates of Participation be reviewed by the Joint Budget Committee for comment.** This would be similar to House Rule 50/Senate Rule 42 which related to the CDC. The Senate rule reads as follows:

(a) A copy of any bill introduced in the Senate and determined under the rules of the Senate to be dealing with capital construction requests, controlled maintenance requests, or proposals for the acquisition of capital assets shall be directed to the Capital Development Committee, appointed pursuant to part 13 of article 3 of title 2, Colorado Revised Statutes. The Capital Development Committee shall review any bill directed to it under the provisions of this rule and may make advisory recommendations thereon to any committee of reference considering any such bill or to the Senate. Under the provisions of this rule, the Capital Development Committee shall not be considered a committee of reference of the General Assembly.

LACK OF AVAILABLE SUPPORT FOR CAPITAL -- MAINTAINING EXISTING RESOURCES

In the near term and likely the long term, a key challenge facing both institutions and the state will simply be adequate maintenance for existing facilities. JBC staff has long emphasized that there has been insufficient support for controlled maintenance capital renewal, and “recapitalization” efforts compared to funding for new construction. This has been true for funding for higher education projects, as for other state facilities.

While in prior recessions institutions have sometimes issued significant debt for new construction, their plans for maintaining both newer and older buildings are not always clear, at least at the level of the General Assembly.

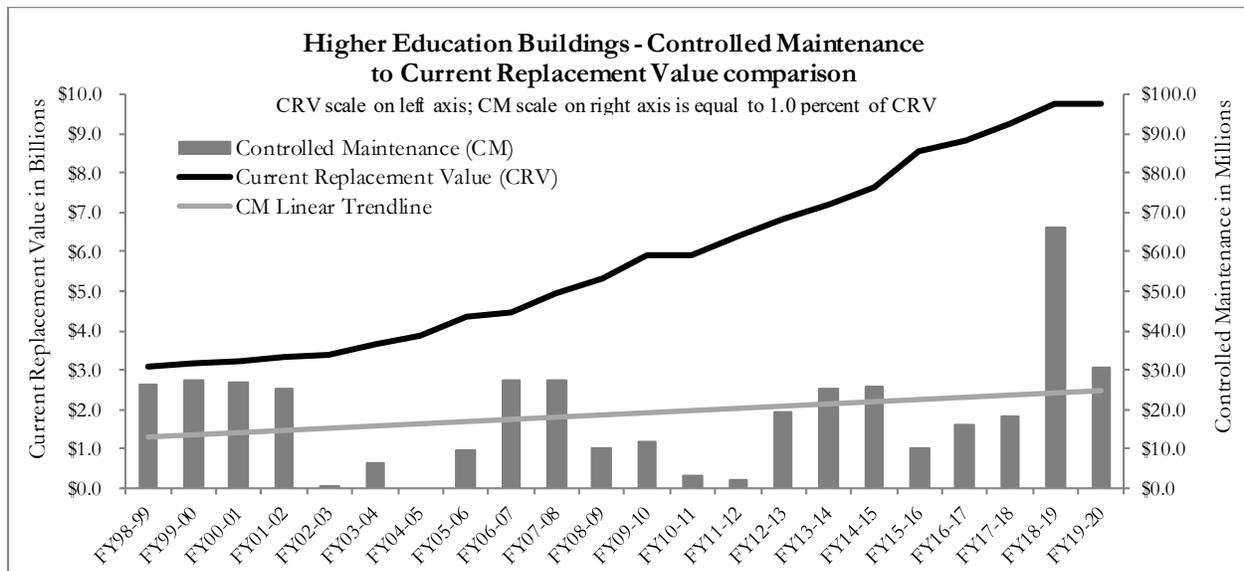
- While institutions’ plans have included some funding set-asides for maintenance of buildings, the level of such efforts appears varied.
- Higher Education institutions note that private donors are far more interested in new construction projects. Furthermore, even the state legislature has often been more interested in funding new construction than renovation activities.
- Given the fiscal impact of the pandemic, anecdotal information suggests that public institutions may be redirecting internal funds that might otherwise be used for capital construction and controlled maintenance funding to cover near-term budget deficits.

The State is unlikely to be much help in the near term, and long-term support will also be limited.

- The Governor’s Office prioritization for capital projects includes no funding for controlled maintenance for FY 2021-22, and it seems likely that state funding for capital expenses and controlled maintenance will be constrained for the next several years.

- General Assembly’s contributions to higher education institutions for controlled maintenance is likely to decline in the future. Based on information from the Office of the State Architect, staff understands that that Office has historically made controlled maintenance funds available to institutions of higher education for any academic-related building, even if the source of funding for the building was entirely cash funds. This historic practice was clarified in statute in S.B. 20-040. However, based on a provision in S.B. 17-267 (Section 23-1-106 (10.2)(a)(3), C.R.S.), institutions will not be eligible for controlled maintenance support for cash-funded buildings constructed after July 1, 2018. Staff believes this change is appropriate and believes that it should also help clarify for institutions that they will need to bear these costs.
- Regardless of prioritization or the allocation process, it is important to recognize that there is insufficient revenue available at the state level to support most of institutions’ capital needs.

The challenge for the higher education institutions is to ensure that they take appropriate steps to maintain their infrastructure, plan for long-term maintenance, and avoid unsustainable debt levels. The challenge for the General Assembly is how to support this behavior.



HIGHLIGHTING RENOVATION AND MAINTENANCE IN STATE FUNDING PRIORITIES

In the near-term, staff is uncertain the Committee will be able to direct any significant resources to capital construction. However, as the economy recovers, this should be a focus. As the Committee is aware, higher education capital projects are subject to two different prioritization processes: pursuant to Section 23-1-106(7), the Colorado Commission on Higher Education submits one higher education capital priority list that addresses only higher education processes. The Governor’s Office submits a second list for state funded projects that prioritizes all capital projects, including both higher education and other state projects. For reference, the Governor’s prioritization list, which includes both its own prioritization and CCHE’s, is attached.

- For FY 20201-22, the CCHE submitted a prioritized list of 33 capital construction and renewal requests for \$361.3 million in state funds with an institutional cash contribution of \$88.6 million, as well as a capital IT request. The current CCHE priority process includes:
 - Health, Life Safety, and Code Issues (10 points)
 - Other Fund Sources (15 points)
 - Space Needs Analysis (10 points)
 - Clear Identification of Beneficiaries (8 points)
 - Achieves Goals (5 points)
 - Governing Board Priority (20 points)

Notably, the CCHE process does not currently place any specific emphasis on support for projects intended to maintain existing infrastructure. However, the CCHE has recently launched a project to reconsider the current scoring system with a specific emphasis on adding such provisions, as well as modifying requirements related to cash match requirements. **Changes to the CCHE scoring could at least potentially align with the General Assembly’s efforts to focus more on recapitalization efforts.**

- The Governor’s request includes no funding for controlled maintenance. It also did not prioritize any higher education projects as “above the line” for funding in FY 2021-22. The Governor’s Office appears to have chosen a different prioritization for existing projects from the approach used by CCHE, but JBC staff has not received a clear explanation of the criteria or considerations used by the Governor’s Office in reordering the projects. While staff is uncertain there will be any meaningful ability to address capital needs in the near-term, as funds become available, **staff hopes that the Governor’s Office will also agree to place greater emphasis on maintenance and renovation.**

INCREASING UNDERSTANDING OF INSTITUTIONAL CASH SPENDING ON MAINTENANCE AND RENOVATION

Over time, the General Assembly has become less involved in decisions by institutions to cash fund capital activities. At one time, the only buildings constructed using cash funds were such auxiliary facilities such as dorms. However, as available state funding for capital construction has declined and institutions increased reliance on tuition for their operating budgets, they also turned to cash funding for their construction budgets, including for the construction of academic buildings. Senate Bill 10-003 and H.B. 11-1301 which greatly expanded institutions freedom to raise funds from tuition and eliminated the General Assembly’s power of appropriation over student fees, also reduced the Colorado Commission on Higher Education and the General Assembly’s oversight of cash-funded projects.

Under current law (Section 23-1-106) the State only requires that larger projects (\$2 million or more for new construction or land acquisition or \$10 million for other types of capital projects) be placed by the institutions on two-year unified projections of need, and forwarded to CCHE, OSPB, and the Capital Development Committee.

Given the General Assembly’s limited pool of funding, staff is not suggesting a greater role for the General Assembly in approving cash funded projects. However, staff does believe that both the CDC and the JBC would benefit from a better understanding of how institutions are directing their own

resources (or not) in maintaining their physical infrastructure. Staff therefore encourages the JBC to engage with the institutions on this topic.

OSP Capital Overview GF/CCF Prioritized Project List

FY 2021-2022 Capital Construction and Capital Renewal Requests - Funded with a General Fund Transfer to the Capital Construction Fund																					
Ranking Ranking				FY 2020-21 Prior Year Appropriations										FY 2021-22 Governor's Recommendation							
Rec	OSP	CHE	Agency	Project Name	Type	TF	CCF (GF)	CF	FF	TF	CCF (GF)	CF	FF	TF	CCF (GF)	CF	FF				
	N/A	N/A	DHE	CSU Fort Collins - NWC COP Payments Funded through HB15-1344	CC	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A				
Yes	1		DHS	Sell Two Regional Center Homes	CC	\$	-	\$	-	\$	-	\$	-	\$	(700,000)	\$	(700,000)	\$	-	\$	-
Yes	2		DOT	Weather Radar System in Southwest CO, Ph. 1 of 1	CC	\$	-	\$	-	\$	-	\$	-	\$	300,000	\$	300,000	\$	-	\$	-
Yes	3		DMVA	Field Artillery Readiness Center, Ph. 1 of 3	CC	\$	-	\$	-	\$	-	\$	-	\$	2,459,000	\$	614,750	\$	-	\$	1,844,250
Yes	4		DOC	SCF Steam Condensate Line Replacement, Ph 1 of 1	CR	\$	-	\$	-	\$	-	\$	-	\$	8,487,496	\$	8,487,496	\$	-	\$	-
Yes	5		CDA	State Fair Water, Sanitary, and Stormwater Upgrades, Ph X of Y	CR	\$	-	\$	-	\$	-	\$	-	\$	3,383,907	\$	3,383,907	\$	-	\$	-
Yes	6		DHS	Utility Infrastructure Mental Health Institute Fort Logan, Ph 2 of 3	CR	\$	8,935,147	\$	8,935,147	\$	-	\$	-	\$	15,881,605	\$	15,881,605	\$	-	\$	-
Yes	7		DHS	Campus Utility Infrastructure Upgrade, CMHIP, Ph 1 of 3	CR	\$	-	\$	-	\$	-	\$	-	\$	10,503,970	\$	10,503,970	\$	-	\$	-
Yes	8		DHS	HVAC Replacements Mental Health Institute Pueblo, Ph 1 of 3	CR	\$	-	\$	-	\$	-	\$	-	\$	4,196,140	\$	4,196,140	\$	-	\$	-
Yes	9		DOC	Water Tank Repair-Replacement, ECCPC, Ph. 1 of 1	CR	\$	-	\$	-	\$	-	\$	-	\$	4,729,279	\$	4,729,279	\$	-	\$	-
Yes	10		DOC	Placeholder - Expansion of TakeTWO building at BVCF	CC	\$	-	\$	-	\$	-	\$	-	\$	1,000,000	\$	1,000,000	\$	-	\$	-
Yes	11		DNR	Placeholder - Increasing State Park Access - FY2020-21 Supplemental	CC	\$	-	\$	-	\$	-	\$	-	\$	20,000,000	\$	20,000,000	\$	-	\$	-
No	12		DOC	AVCF Utility Water Lines Replacement, Ph 1 of 1	CR	\$	-	\$	-	\$	-	\$	-	\$	8,817,987	\$	8,817,987	\$	-	\$	-
No	13		DOC	Security Control System Replacement, AVCF, Ph 1 of 1	CR	\$	-	\$	-	\$	-	\$	-	\$	3,410,433	\$	3,410,433	\$	-	\$	-
No	14		DOC	Sanitary Sewer Line Replacement, BVCF, Ph. 1 of 1	CR	\$	-	\$	-	\$	-	\$	-	\$	2,144,180	\$	2,144,180	\$	-	\$	-
No	15		DOC	Electrical Distribution Infrastructure Replacement, ECCPC, Ph. 1 of 1	CR	\$	-	\$	-	\$	-	\$	-	\$	13,522,053	\$	13,522,053	\$	-	\$	-
No	16		DOC	Food Service Renovations, Sterling Correctional Facility, Ph 1 of 1	CR	\$	-	\$	-	\$	-	\$	-	\$	41,152,591	\$	41,152,591	\$	-	\$	-
No	17		DOC	Security Control System Replacement, Colorado State Penitentiary, Ph 1 of 1	CR	\$	-	\$	-	\$	-	\$	-	\$	4,406,356	\$	4,406,356	\$	-	\$	-
No	18		DOC	Shower and Toilet Room Improvements, AVCF, Ph. 1 of 1	CR	\$	-	\$	-	\$	-	\$	-	\$	11,430,262	\$	11,430,262	\$	-	\$	-
No	19		Statewide	Statewide - Controlled Maintenance - Level 1	CM	\$	34,098,768	\$	34,098,768	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
No	20		Statewide	Statewide - Controlled Maintenance - Level 2	CM	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
No	21		Statewide	Statewide - Controlled Maintenance - Level 3	CM	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
No	22		DHE	HC - Grant Humphreys Mansion Exterior Restoration, Ph 1 of 1	CR	\$	72,290	\$	72,290	\$	-	\$	-	\$	3,930,232	\$	3,930,232	\$	-	\$	-
No	23		DOC	Support Building Roof Replacement, DWCF, Ph. 1 of 1	CR	\$	-	\$	-	\$	-	\$	-	\$	2,026,199	\$	2,026,199	\$	-	\$	-
No	24	1	DHE	CC Aurora - New Diesel Education and Support Services Building, Ph 1 of 1	CC	\$	-	\$	-	\$	-	\$	-	\$	9,395,879	\$	6,188,439	\$	3,207,440	\$	-
No	25	2	DHE	CU Boulder - Helles Art & Sciences and Rippon Theatre Renovation, Ph 1 of 4	CC	\$	-	\$	-	\$	-	\$	-	\$	8,475,200	\$	3,390,080	\$	5,085,120	\$	-
No	26	4	DHE	CC Arapahoe - Health Program Integration Renovation, Ph 1 of 1	CC	\$	-	\$	-	\$	-	\$	-	\$	11,152,093	\$	8,364,000	\$	2,788,093	\$	-
No	27	5	DHE	CU Denver - Engineering & Physical Sciences Building Renovation, Ph 1 of 3	CC	\$	-	\$	-	\$	-	\$	-	\$	20,584,106	\$	5,146,026	\$	15,438,080	\$	-
No	28	6	DHE	CMU - Kinesiology Renovation and Expansion, Ph 1 of 1	CC	\$	-	\$	-	\$	-	\$	-	\$	23,289,512	\$	17,467,133	\$	5,822,379	\$	-
No	29	9	DHE	CC Denver - Boulder Creek Building Remodel, Ph 1 of 3	CC	\$	-	\$	-	\$	-	\$	-	\$	7,391,849	\$	6,209,153	\$	1,182,696	\$	-
No	30	10	DHE	Auraria - Critical Campus Wide HVAC Infrastructure Replacement, Ph 1 of 1	CR	\$	-	\$	-	\$	-	\$	-	\$	20,563,100	\$	20,353,100	\$	210,000	\$	-
No	31	11	DHE	CSU Fort Collins - Anatomy-Zoology East Revitalization, Ph 1 of 2	CR	\$	-	\$	-	\$	-	\$	-	\$	15,284,446	\$	15,284,446	\$	-	\$	-
No	32	12	DHE	Adams State - Central Technology Renovation/Addition, Ph 1 of 1	CC	\$	-	\$	-	\$	-	\$	-	\$	6,596,186	\$	6,530,224	\$	65,962	\$	-
No	33	6	DHE	MSU - Denver Health Institute, Ph 1 of 4	CC	\$	-	\$	-	\$	-	\$	-	\$	7,156,624	\$	7,156,624	\$	-	\$	-
No	34	13	DHE	Mines - Arthur Lakes Library, Ph 1 of 1	CC	\$	-	\$	-	\$	-	\$	-	\$	13,103,729	\$	10,103,729	\$	3,000,000	\$	-
No	35	14	DHE	UNC - Gray Hall Mechanical Systems Replacement, Ph 1 of 1	CR	\$	-	\$	-	\$	-	\$	-	\$	3,698,171	\$	3,653,171	\$	45,000	\$	-
No	36	18	DHE	Adams State - Facility Services, Ph 1 of 1	CC	\$	-	\$	-	\$	-	\$	-	\$	16,063,148	\$	15,902,516	\$	160,632	\$	-
No	37	15	DHE	CMU - Electrical and Computer Engineering Building, Ph 1 of 1	CC	\$	-	\$	-	\$	-	\$	-	\$	23,165,753	\$	19,227,574	\$	3,938,179	\$	-
No	38	19	DHE	CMU - Performing Arts Renovation and Expansion, Ph 1 of 2	CC	\$	-	\$	-	\$	-	\$	-	\$	5,016,211	\$	4,564,751	\$	451,460	\$	-
No	39	21	DHE	CMU - Student Parking Garage, Ph 1 of 1	CC	\$	-	\$	-	\$	-	\$	-	\$	24,912,633	\$	22,670,495	\$	2,242,138	\$	-
No	40	24	DHE	CMU - Energy Independence at CMU, Ph 1 of 1	CC	\$	-	\$	-	\$	-	\$	-	\$	7,609,132	\$	6,924,309	\$	684,823	\$	-
No	41	3	DHE	CSU Fort Collins - Clark Building Renovations and Additions, Ph 1 of 2	CC	\$	-	\$	-	\$	-	\$	-	\$	65,629,037	\$	35,629,037	\$	30,000,000	\$	-
No	42	15	DHE	CSU Fort Collins - ARDEC Infrastructure Improvements, Ph 1 of 2	CC	\$	-	\$	-	\$	-	\$	-	\$	13,536,164	\$	13,536,164	\$	-	\$	-
No	43	22	DHE	CSU Pueblo - Technology Building Renovation & Addition, Ph 1 of 1	CC	\$	-	\$	-	\$	-	\$	-	\$	17,122,654	\$	16,952,654	\$	170,000	\$	-
No	44	25	DHE	Lamar CC - Library/Learning Resource Center Renovation - Bowman Building, Ph 1 of 1	CR	\$	-	\$	-	\$	-	\$	-	\$	1,979,866	\$	1,929,866	\$	50,000	\$	-
No	45	26	DHE	Lamar CC - Capital Renewal Project - LCC Bowman Building, Ph 1 of 2	CR	\$	-	\$	-	\$	-	\$	-	\$	3,882,178	\$	3,843,356	\$	38,822	\$	-
No	46	27	DHE	Lowry Higher Education Center - North Quad Level 1 Remodel, Ph 1 of 1	CC	\$	-	\$	-	\$	-	\$	-	\$	1,998,685	\$	1,998,685	\$	-	\$	-
No	47	23	DHE	Pikes Peak CC - First Responder Emergency Education Complex (Centennial Campus), Ph 1 of 1	CC	\$	-	\$	-	\$	-	\$	-	\$	32,588,871	\$	29,004,095	\$	3,584,776	\$	-
No	48	29	DHE	Pueblo CC - Dental Hygiene Growth/Expansion Project, Ph X of Y	CC	\$	-	\$	-	\$	-	\$	-	\$	6,300,000	\$	6,300,000	\$	-	\$	-
No	49	30	DHE	Pueblo CC - Medical Technology Renovation, Ph X of Y	CC	\$	-	\$	-	\$	-	\$	-	\$	600,000	\$	600,000	\$	-	\$	-
No	50	28	DHE	Trinidad State Junior College - Freudenthal Library Renovation Commons, Ph 1 of 2	CC	\$	-	\$	-	\$	-	\$	-	\$	6,276,339	\$	6,276,339	\$	-	\$	-
No	51	17	DHE	CU Boulder - Guggenheim Geography Capital Renovation, Ph 1 of 2	CC	\$	-	\$	-	\$	-	\$	-	\$	2,907,000	\$	1,162,800	\$	1,744,200	\$	-
No	52	20	DHE	CU Denver - Building Infrastructure Renewal, Ph 1 of 1	CR	\$	-	\$	-	\$	-	\$	-	\$	22,406,754	\$	22,182,686	\$	224,068	\$	-
No	53	8	DHE	UNC - Facility Master Planning, Ph 1 of 1	CC	\$	-	\$	-	\$	-	\$	-	\$	550,000	\$	500,000	\$	50,000	\$	-
Subtotal, Recommended Capital Construction - CCF						\$	8,935,147	\$	8,935,147	\$	-	\$	-	\$	70,241,397	\$	68,397,147	\$	-	\$	1,844,250
Subtotal, Not Recommended Capital Construction - CCF						\$	34,171,058	\$	34,098,768	\$	72,290	\$	-	\$	490,075,613	\$	409,891,745	\$	80,183,868	\$	-
Total Capital Construction - CCF						\$	43,106,205	\$	43,033,915	\$	72,290	\$	-	\$	560,317,010	\$	478,288,892	\$	80,183,868	\$	1,844,250

ISSUE: HISTORY COLORADO

The General Assembly took a number of actions to assist History Colorado during the 2020 legislative session. However, the agency continues to face serious financial challenges due to loss of revenue related to the pandemic.

SUMMARY

- The State Historical Society, now known as History Colorado, is simultaneously a non-profit charitable “501 (c)(3)” organization and an institution of higher education authorized pursuant to Section 24-80-201, C.R.S. The organization operates the History Colorado Center in Denver, as well as nine community museums and attractions across the state.
- Primary funding sources for History Colorado include limited gaming tax revenue and earned revenue from operations, as well as some General Fund support.
- The organization faced significant financial challenges prior to the onset of the COVID-19 pandemic and has faced far greater challenges since that time due to steep reductions in limited gaming revenue and loss of earned revenue.
- The JBC took a number of actions during the 2020 legislative session to assist History Colorado in balancing its budget. This included making an additional up to \$3.0 million in cash funds available for museum operations between FY 2020-21 and FY 2021-22, adding \$1.0 million in General Fund for operational sustainability in FY 2020-21 for continuation in FY 2021-22, and modifying statutory formulas so that, as gaming revenue rebuilds, the share for History Colorado, as well as the General Fund, rebuilds more quickly.
- The Executive Request includes HC-1 a proposal to further increase support for History Colorado by \$1.0 million General Fund on an ongoing basis to help make its Certificate of Participation payments. The request identifies the amount as from reappropriated funds, but the amount actually derives from General Fund that would otherwise be directed to the Capitol Complex Master Plan Implementation Fund. The proposal will require statutory change.

RECOMMENDATION

Staff recommends the Committee sponsor legislation similar to that requested in HC-1 to provide additional long-term funding for History Colorado. Staff anticipates that such legislation would reduce General Fund transfers to the Capitol Complex Master Plan Implementation Fund and instead require General Fund appropriations for History Colorado. Staff assumes that the State will ultimately require General Fund both for Capitol Complex renovations and for paying for History Colorado Certificate of Participation payments (COPs). However, given the existing long term commitment for History Colorado COPs, the lack of adequate revenue for History Colorado, and no clear alternative for eliminating the COP debt, staff believes this must be recognized as an ongoing General Fund obligation. This is yet another example of a growing list of COP obligations that were supposed to be covered by other sources that have now fallen to the General Fund.

Staff also recommends that the Committee discuss with History Colorado how it expects to balance its budget for FY 2021-22, as data submitted thus far suggest that History Colorado will spend from reserves beyond the level of funds available.

DISCUSSION

BACKGROUND

The State Historical Society, now known as History Colorado, is simultaneously a non-profit charitable “501 (c) (3)” organization and an institution of higher education authorized pursuant to Section 24-80-201, C.R.S. Founded in 1879, the agency operates the History Colorado Center in Denver and eight other history museums, archeological and historic sites throughout the State, including the El Pueblo Museum in Pueblo and the Ute Indian Museum in Montrose. It also owns the Georgetown Loop railroad. It is charged with preserving the state’s history and documenting it for the benefit of its citizens and it provides a wide variety of services related to this mission.

History Colorado’s operating appropriation for FY 2019-20 was \$33.1 million or \$36.4 million when centrally-appropriated amounts are included. In recent years, 70 percent of the organization’s budget has been from limited gaming revenue deposited to the State Historical Fund. The 1990 Constitutional amendment that legalized limited stakes gaming in three cities specified that 28 percent of state gaming revenue after administrative expenses would be used for statewide historic preservation efforts. The General Assembly has authorized History Colorado to administer these funds, subject to annual appropriation.

Gaming moneys allocated to History Colorado are used for three purposes pursuant to statute:

- 20.0 percent is required by the State Constitution to go to the gaming cities of Central, Black Hawk, and Cripple Creek.
- The “majority share” (50.1 percent) of the funds remaining after the gaming city allocation is to be used for a statewide preservation grants program, including administration of that grant program, consistent with Constitutional requirements.
- The “minority share” (49.9 percent) of the funds remaining after the gaming city allocation is to be used, pursuant to statute, to support the operations of the organization, including both the History Colorado Center and the organization’s other museums and historic sites throughout the State. This includes amounts for capital construction projects and certificates of participation in addition to personnel and operating costs.

Fiscal year FY 2018-19 gaming revenue, for use in FY 2019-20, totaled \$26.3 million, with \$5.3 million for gaming city distribution and \$10.5 million each for the preservation grant program and museum operations. FY 2019-20 gaming revenue, severely affected by the closure of casinos late in the year, was far lower. History Colorado operations are also typically supported by earned revenue from entrance fees, memberships, gift shop sales, and programs, donations, and some federal grant funding.

DIFFICULT TIMES: 2008 TO 2019

A combination of poor management choices and bad luck dating back to 2008 placed History Colorado in a precarious financial position well before the pandemic of 2020.

In 2008, as part of the decision to rebuild the Judicial Center, the General Assembly authorized the Historical Society to execute a lease-purchase agreement for up to \$85.0 million in principal, with

annual payments not to exceed \$4,998,000 to build a new museum. The resulting **annual lease-purchase obligation, which increases to \$3.5 million in FY 2021-22, has swallowed an increasing share of the limited gaming revenue it has relied on as its primary source of operating support.** The organization anticipated that it would be able to cover the lease-purchase payments through increases in earned revenue. It also anticipated that gaming revenue to the organization would continue to increase, as it had in prior years. These expectations were frustrated for several reasons:

- Voters adopted Amendment 50 in November 2008, which created a new category of “extended” limited gaming revenue and, from FY 2009-10, effectively redirected most increases in tax revenue that would previously have gone in part to History Colorado.
- The Great Recession, combined with Limited Gaming Commission policies that reduced gaming tax rates, sharply depressed gaming revenue in FY 2008-09. Although tax rates and overall revenues partially rebounded, revenues to History Colorado never returned to pre-recession levels.
- The new facility did not result in sufficient new paying customers to cover the huge additional lease purchase payment.

As a result of these factors, the organization faced a serious structural imbalance beginning in FY 2013-14, the first full year of lease-purchase payments. The organization also faced management problems, leading to legislation in 2015 sponsored by both the Legislative Audit Committee and the JBC to restructure its board and improve controls over its financial management.

A new Board of Directors came on Board in FY 2015-16 and worked intensively to address the organization’s problems. However, while the Board was able to bring the budget into balance, reducing staff by 20.0 percent, History Colorado continued to face financial challenges. During FY 2018-19 History Colorado engaged in a comprehensive strategic planning process under the leadership of Dan Ritchie, former President of the University of Denver. The *2019 Strategic Plan* highlighted the issues that had been ongoing for some time:

- *Expense Growth:* COP payments from the History Colorado Center, which, pre-pandemic, demanded over 30.0 percent of limited gaming revenue available for History Colorado Operations, would continue to ratchet upward. The Plan also noted other cost drivers such as annual state OIT cost increases.

Schedule of History Colorado COP payments (\$ in millions)			
Fiscal Years	Annual Payment	Increase in Annual Payment	Cumulative Increase in Annual Payments
2012-20	3.042		
2021-25	3.525	0.483	0.483
2026-30	3.827	0.302	0.785
2031-35	4.029	0.202	0.987
2036-38	4.532	0.503	1.490
2039-44	4.998	0.466	1.956
2045-46	4.848	(0.150)	1.806

Note: In this table, FY 2012-13 is reflected as 2012; FY 2021-22 as 2021

- *Insufficient Revenue.* Limited gaming revenue fell by 20.7 percent from FY 2006-07 to FY 2008-09 and subsequently increased at a compound average annual growth rate of 1.0 percent between FY 2008-09 and FY 2018-19. Less than 40.0 percent of the total received is available for museum operations, including COP payments.

Limited Gaming Allocations (Department of Revenue)						
	Distributions to Historical Society - Museums, Preservation Grants, Gaming City Preservation			Total Limited Gaming Distributions		
	Amount ¹	Change	% Change	Amount	Change	% Change
FY 06-07	\$29,779,880			\$106,356,714		
FY 07-08	28,165,674	(1,614,206)	-5.4%	100,591,698	(5,765,016)	-5.4%
FY 08-09	23,878,705	(4,286,969)	-15.2%	85,281,086	(15,310,612)	-15.2%
FY 09-10	24,867,360	988,655	4.1%	96,742,402	11,461,316	13.4%
FY 10-11	24,195,009	(672,351)	-2.7%	95,327,351	(1,415,051)	-1.5%
FY 11-12	23,127,355	(1,067,654)	-4.4%	91,197,385	(4,129,966)	-4.3%
FY 12-13	23,633,194	505,839	2.2%	92,686,815	1,489,430	1.6%
FY 13-14	23,475,304	(157,890)	-0.7%	92,219,372	(467,443)	-0.5%
FY 14-15	24,455,998	980,694	4.2%	97,218,342	4,998,970	5.4%
FY 15-16	25,515,680	1,059,682	4.3%	103,684,917	6,466,575	6.7%
FY 16-17	25,385,467	(130,213)	-0.5%	104,082,249	397,332	0.4%
FY 17-18	26,566,230	1,180,763	4.7%	111,598,539	7,516,290	7.2%
FY18-19	26,278,174	(288,056)	-1.1%	111,782,407	183,868	0.2%
CAAGR FY 09 to FY 19			1.0%			2.7%

¹Of the total amounts shown, 20.0 percent is for gaming cities, while the balance is split between preservation grants and museum operations, so the total available for museum operations, including COP payments, was \$10.5 million of the FY 2018-19 revenue.

Although not highlighted in the report, JBC staff has also noted that earned revenue growth from activities such as History Colorado visitation and museum shops has also been inadequate. In the years through FY 2010-11, preceding the museum’s move, earned revenue was typically \$1.5 to \$1.7 million per year. In FY 2018-19 it was \$4.6 million, with much of the increase driven by increases in earnings at the community museums--not the History Colorado Center. Total earned revenue associated with the History Colorado Center was just \$3.5 million in FY 2018-19, reflecting an incremental increase that--even in relatively good times--was insufficient to cover the COPs and additional operating costs associated with the new facility.

The Strategic Plan noted that **“the Board of Directors and leadership have stabilized the finances on a year-to-year basis. However, any negative impact from an economic downturn, shift in gaming revenue, increasing State costs that are out of the organization’s control, or urgent construction projects that impact operational revenue could bankrupt the organization.”**

The solution outlined in the Strategic Plan:

- Increased State support of History Colorado by funding the annual COP payment requirements;

- Statutory revision of the “ratchet effect” on History Colorado’s gaming revenue that would protect the organization from long-term funding loss after an economic downturn; and
- History Colorado had to “grow its impact”. The Strategic plan sought an increase in admissions, visitation to sites, and educational activities, as well as space rentals and café visits, from 563,750 to over one million by 2025.

The COVID-19 pandemic created a perfect storm for a public-facing entity like History Colorado. Although federal support and the General Assembly provided significant near-term financial relief, any hope of increasing History Colorado’s public impact was frustrated.

MORE DIFFICULT TIMES: THE COVID-19 PANDEMIC

As the JBC began to rework the FY 2020-21 budget in the wake of the pandemic, it became clear that History Colorado would face particularly severe challenges:

- Beginning in March 2020, with statewide closures in effect, earned revenue from History Colorado visitors would be severely constrained
- FY 2019-20 gaming tax revenue, which the organization would rely on for FY 2020-21, would be sharply reduced by casino closures
- In the years after FY 2020-21, the organization could anticipate that a “ratchet effect” built into statute would further reduce its access to gaming revenue. This would compound what might be a slow return to other revenue streams

History Colorado was able to obtain a federal PPP loan, which helped with FY 2019-20 operations. The Joint Budget Committee sponsored legislation and included budget resources to give History Colorado a lifeline in FY 2020-21 and to help address the out-year gaming “ratchet effect”.

2020 Session Action: The JBC and the General Assembly took the following actions that assisted History Colorado:

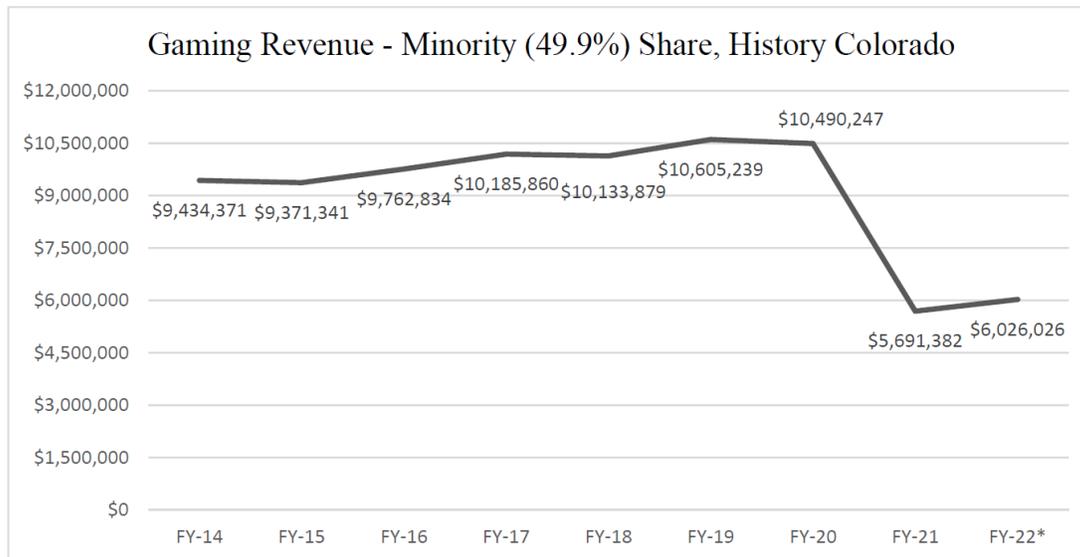
- Appropriated \$1,000,000 General Fund in a new History Colorado Sustainability line item, expecting to provide that through FY 2021-22
- Increased cash funds available for museum operations. Adopted H.B. 20-1365 (Sustain Funding History Colorado): transferred \$940,000 previously transferred from the State Historical Fund to the Capital Construction Fund back to the Museum and Preservation Operations Account; authorized History Colorado to transfer up to \$1.0 million in FY 2020-21 and FY 2021-22 from the Preservation Grants Program account to the Museum Preservation and Operations Account; authorized appropriations from any fund, including the General Fund, for History Colorado COP payments.
- Suspended the “ratchet” effect that threatened long-term gaming funding for History Colorado and the General Fund. Adopted H.B. 20-1400 (Temporary Modification of Limited Gaming Tax Revenue allocation). Temporarily modifies statutory provisions that clarify the allocation of limited gaming tax revenue between the original recipients of this revenue, including the General Fund and History Colorado, and the recipients of “extended” limited gaming (community colleges). Strikes provisions that restrict increases in allocations for the original recipients to 3.0 percent per year until the fiscal year after total gaming revenues equal or exceed the FY 2018-19 level. Establishes a temporary new mechanism for allocating funds between the original and extended recipients until funding is restored to the FY 2018-19 level.

WHERE TO FROM HERE?

Gaming Revenue Projections: As anticipated, gaming revenue has fallen dramatically. The FY 2019-20 receipts available for use in FY 2020-21 declined 45.7 percent, and the current forecast for FY 2020-21 is for just a 5.0 percent increase, which means **that revenue available for FY 2021-22 will also be extremely low.**

STATE HISTORIC FUND LIMITED GAMING FUND REVENUE			
	ACTUAL	ACTUAL	LCS FORECAST*
YEAR EARNED	FY 2018-19	FY 2019-20	FY 2020-21
YEAR AVAILABLE FOR USE	FY 2019-20	FY 2020-21	FY 2021-22
Majority Share - Statewide Preservation Grant Program (50.1% of 80%)	\$10,532,292	\$5,714,193	\$5,991,486
Minority Share - Museum Operations and Capital (49.9% of 80%)	10,490,247	5,691,382	5,967,568
Gaming City Direct Distribution (20.0%)	5,255,635	2,851,394	2,989,764
Total to History Colorado	\$26,278,174	\$14,256,969	\$14,948,818

*Amounts shown are from the Legislative Council Staff forecast. The totals align with figures provided by the Department of Revenue, but reflect small discrepancies with OSPB figures.



*FY 2022 figures based upon projected rates of growth from September's OSPB revenue forecast

REQUESTED ADDITIONAL STATE AID - HC-1 FINANCIAL SUSTAINABILITY FOR HISTORY COLORADO

The Executive Branch has requested additional support for History Colorado on an ongoing basis to cover its Certificate of Participation payments.

- HC-1 would provide an additional \$930,632 in state support for History Colorado in FY 2021-22. This amount would increase to \$1,900,000 in FY 2022-23 when the \$1,000,000 General Fund added by the JBC for two years (FY 2020-21 and FY 2021-22) is no longer available.
- The amount is requested to be specified in legislation and continue through the life of History Colorado's COP payments (2039)
- The request is identified as reappropriated funds redirected from the National Western Center Trust Fund; however, it is more properly understood as a request for *General Fund*. Under current law (Section 24-75-307 (2), C.R.S.) effective July 1, 2019, the difference between \$20.0 million General Fund and the amount required to pay for National Western Certificates of Participation

is transferred from the General Fund to the Capitol Complex Master Plan Implementation Fund based on the request of the Capital Development Committee.

- As reflected in the spreadsheet below, OSPB anticipates that \$13.8 million will be transferred to the Implementation Fund through the end of FY 2020-21, but revenue would then begin to be diverted to History Colorado in FY 2021-22 if the General Assembly adopts legislation consistent with the Executive Request. Specifically, \$1,452,132 of the amount that would otherwise be transferred for the Capitol Complex Master Plan in FY 2021-22 will instead be directed to History Colorado and the Cumbres and Toltec Scenic Railroad, and \$1.9 million would be diverted to History Colorado in subsequent years.

Fiscal Year	Total Budgeted	NWC Debt Service	Capitol Complex	History Colorado	Total Allocated
FY 2020	\$ 20,000,000	\$ 14,047,870	\$ 5,952,130	\$ -	\$ 20,000,000
FY 2021	\$ 20,000,000	\$ 12,127,642	\$ 7,872,358	\$ -	\$ 20,000,000
FY 2022*	\$ 20,000,000	\$ 9,860,000	\$ 8,687,868	\$ 1,452,132	\$ 20,000,000
FY 2023	\$ 20,000,000	\$ 17,496,791	\$ 603,209	\$ 1,900,000	\$ 20,000,000
FY 2024	\$ 20,000,000	\$ 17,499,348	\$ 600,652	\$ 1,900,000	\$ 20,000,000
FY 2025	\$ 20,000,000	\$ 17,501,131	\$ 598,869	\$ 1,900,000	\$ 20,000,000
FY 2026	\$ 20,000,000	\$ 17,501,006	\$ 598,994	\$ 1,900,000	\$ 20,000,000
FY 2027	\$ 20,000,000	\$ 17,496,631	\$ 603,369	\$ 1,900,000	\$ 20,000,000
FY 2028	\$ 20,000,000	\$ 17,496,756	\$ 603,244	\$ 1,900,000	\$ 20,000,000
FY 2029	\$ 20,000,000	\$ 17,499,881	\$ 600,119	\$ 1,900,000	\$ 20,000,000
FY 2030	\$ 20,000,000	\$ 17,499,631	\$ 600,369	\$ 1,900,000	\$ 20,000,000
FY 2031	\$ 20,000,000	\$ 17,499,631	\$ 600,369	\$ 1,900,000	\$ 20,000,000
FY 2032	\$ 20,000,000	\$ 17,498,381	\$ 601,619	\$ 1,900,000	\$ 20,000,000
FY 2033	\$ 20,000,000	\$ 17,499,256	\$ 600,744	\$ 1,900,000	\$ 20,000,000
FY 2034	\$ 20,000,000	\$ 17,496,144	\$ 603,856	\$ 1,900,000	\$ 20,000,000
FY 2035	\$ 20,000,000	\$ 17,499,694	\$ 600,306	\$ 1,900,000	\$ 20,000,000
FY 2036	\$ 20,000,000	\$ 17,499,394	\$ 600,606	\$ 1,900,000	\$ 20,000,000
FY 2037	\$ 20,000,000	\$ 17,498,238	\$ 601,762	\$ 1,900,000	\$ 20,000,000
FY 2038	\$ 20,000,000	\$ 17,499,170	\$ 600,830	\$ 1,900,000	\$ 20,000,000
FY 2039	\$ 20,000,000	\$ 17,499,898	\$ 600,102	\$ 1,900,000	\$ 20,000,000
Total	\$ 400,000,000	\$ 333,516,496	\$ 32,731,372	\$ 33,752,132	\$ 400,000,000

*FY 2022 amounts for Capitol Complex include both transfers to the Capitol Complex Master Plan Implementation Fund and funds for capitol security improvements; FY 2022 amounts for History Colorado include funds for HC-01 and HC-02 (Cumbres & Toltec Scenic Railroad)

CAN HISTORY COLORADO BALANCE ITS BUDGET IN FY 2021-22 AND BEYOND?

The table below summarizes History Colorado's plan for revenues and expenditures going forward, assuming legislative approval of request HC1, which is described further below.

FY 2020-21 Balancing

- \$5.0 million decline in gaming revenue and \$1.3 million decline in earned revenue will be backfilled by various sources, including:
- \$1.0 million in General Fund (sustainability appropriation) added by the JBC in FY 2020-21
- \$1.94 million in gaming revenue redirected to the agency in lieu of painting the Capitol dome (\$940,000) and other preservation projects originally requested at the Capitol
- \$1.4 million from the federal Paycheck Protection Plan

- Various other grants, including a RISE grant (distributed from the Governor’s Office using federal education stimulus funds (GEER program)).
- Use of approximately \$500,000 in reserves

FY 2021-22 Balancing

- Assumes gaming and earned revenue will partially rebound, by a total of \$1.9 million, still leaving a hole of \$4.2 million below FY 2018-19 funds from these sources. This will be partially backfilled by:
 - \$1.0 million continued General Fund sustainability appropriation
 - Additional \$930,632 in state funds through request HC1
 - \$212,661 from a RISE grant from the Governor’s Office

Staff notes that:

- History Colorado does *not* at present reflect the use of an additional \$1.0 million that it is authorized to transfer from the state preservation grant program in FY 2021-22.
- As submitted, History Colorado is showing use of \$3.4 million in reserves, which would place the agency in a negative balance position.

Staff assumes that the agency’s FY 2021-22 budget is still a work in progress. As noted above, it appears to plan to spend below its fund balance in FY 2021-22, while not using an additional \$1.0 million in flexibility provided by the General Assembly. At the same time, it is not clear whether its budget plan incorporates all potential revenue increases or budget cuts that may be available or required. Notably, the agency reported expenditure increases above FY 2018-19 of 2.4 percent in FY 2019-20, and projects increases of 1.8 percent in FY 2020-21, and 3.0 percent in FY 2021-22. *Staff assumes that, if no additional federal, state or private aid is forthcoming, the agency may need to take additional measures, such as using the authorized ability to transfer funds from preservation grants and/ or curtailing expenditures, in FY 2021-22.*

HISTORY COLORADO 3-YEAR FORECAST - CURRENT
(with Projected Revenues and Budgeted Expenditures)

REVENUES	FY-19	FY-20	Forecast		
			FY-21	FY-22	FY-23
Combined Earned Revenue from Operations ⁽¹⁾	\$4,242,753	\$3,653,140	\$2,392,149	\$3,515,207	\$3,690,967
Gaming Revenue - Minority (49.9%) ⁽²⁾	\$10,605,239	\$10,490,247	\$5,691,382	\$6,438,091	\$7,661,329
History Colorado Sustainability ⁽³⁾	\$0	\$0	\$1,000,000	\$1,000,000	\$0
General Fund	\$1,486,463	\$1,699,824	\$1,713,000	\$1,531,662	\$1,531,662
Interest	\$131,376	\$117,741	\$65,533	\$74,052	\$88,122
Federal Grant Revenue	\$1,802,070	\$1,391,342	\$1,755,081	\$1,232,080	\$1,232,080
Prior Year Revenue	\$0	\$0	\$0	\$0	\$0
State Historical Fund Indirect Costs Transfer	\$325,734	\$328,778	\$324,913	\$325,000	\$325,000
Other Revenue Sources					
HC01 - State Historical Fund Funding	\$0	\$0	\$0	\$930,632	\$1,900,000
Reappropriated Funds-OEDIT OAHF Funds	\$27,429	\$75,764	\$75,764	\$75,764	\$75,764
HB 20-1365 Transfers	\$0	\$0	\$1,940,000	\$0	\$0
Georgetown Property Sale	\$0	\$0	\$150,294	\$0	\$0
RISE Grant	\$0	\$0	\$230,087	\$212,661	\$0
Fiscal Year Utilization of Restricted Donations	\$0	\$775,971	\$1,692,063	\$1,100,000	\$1,100,000
SBA - Paycheck Protection Plan ⁽⁴⁾	\$0	\$852,846	\$1,422,554	\$0	\$0
Total Revenue	\$18,621,064	\$19,385,653	\$18,452,820	\$16,435,150	\$17,604,925
EXPENSES	FY-19	FY-20	FY-21	FY-22	FY-23
Combined Operational Budget ⁽⁵⁾	\$12,268,265	\$0	\$0	\$0	\$0
General Fund Expense ⁽⁵⁾	\$1,486,463	\$0	\$0	\$0	\$0
Program Service Expense ⁽⁵⁾	\$0	\$10,538,237	\$10,257,062	\$10,564,764	\$10,670,412
Support Service Expense ⁽⁵⁾	\$0	\$3,550,064	\$4,081,439	\$4,203,882	\$4,245,921
Certificates of Participation (COP)	\$3,018,314	\$3,018,830	\$3,021,605	\$3,525,209	\$3,525,209
Regional Museum Preservation (Controlled Maintenance Transfer to Fund 4610)	\$451,520	\$569,357	\$100,000	\$100,000	\$150,000
Federal Grant Expense	\$549,449	\$277,063	\$552,862	\$552,862	\$175,000
Higher Education Indirect Costs	\$216,287	\$196,130	\$161,756	\$178,943	\$180,000
Common Policies	\$785,129	\$1,101,843	\$756,693	\$730,000	\$598,057
Total Expense	\$18,775,428	\$19,251,524	\$18,931,417	\$19,855,660	\$19,544,599
Annual Revenue to Expense Surplus /(Shortfall)	(\$154,364)	\$134,129	(\$478,597)	(\$3,420,510)	(\$1,939,674)
Beginning Balance	\$3,056,536	\$2,902,172	\$3,036,301	\$2,557,704	(\$862,806)
Revenue to Expense Surplus (Shortfall)	(\$154,364)	\$134,129	(\$478,597)	(\$3,420,510)	(\$1,939,674)
Ending Balance⁽⁶⁾	\$2,902,172	\$3,036,301	\$2,557,704	(\$862,806)	(\$2,802,480)

⁽¹⁾ Earned revenue projections are based upon FY21 first quarter actuals and assume that all of History Colorado's facilities are permitted to remain open, gradually increase capacity and resume rental gatherings again by FY 2021-22. Consequently, they do not reflect the ongoing facility shutdowns that resumed in November 2020. A continuation of the current pandemic restrictions for any substantial period or a re-imposition of similar restrictions in the future would adversely impact these assumptions and would likely necessitate additional supplemental funding. Please note a 6-month lag is anticipated between when the time when rental events are permitted to resume in FY 2021-22 and when revenues would be expected to increase. It is not anticipated that revenues will return to FY 2019-20 levels until FY 2022-23. Earned revenue estimate for FY 2021-22 is a blended figure between 6 months of actuals from FY 2018-19 and 6 months of actuals from FY 2019-20. FY23

⁽²⁾ Limited Gaming forecasts are consistent with OSPB's September revenue forecasts.

⁽³⁾ The General Assembly approved an additional \$1 million of General Fund support for History Colorado for FY 2020-21 and FY 2021-22. This additional funding is not assumed to continue into beyond FY2021-22 in this forecast.

⁽⁴⁾ History Colorado received a Small Business Administration- Paycheck Protection Plan loan in the amount of \$2,275,000. This funding is considered a loan until History Colorado meets certain requirements to have the loan converted into a grant. The criteria and process for submitting information to have the loan converted are still being finalized by the SBA. Although History Colorado believes it has complied with all relevant guidance and protocols, there is a possibility that some portion could remain as a loan, which amount History Colorado would have to pay back.

⁽⁵⁾ All operating expenses, including the General Fund portion of such expenses, are reflected in the Program Service Expense and Support Service Expense lines, regardless of revenue source to align with the Statement of Activities.

⁽⁶⁾ Fund Balance does not include \$1.6M at the Foundation.

APPENDIX A NUMBERS PAGES (DIGITAL ONLY)

Appendix A details actual expenditures for the last two fiscal years, the appropriation for the current fiscal year, and the requested appropriation for next fiscal year. This information is listed by line item and fund source. *Appendix A is only available in the online version of this document.*

Appendix A: Numbers Pages

	FY 2018-19 Actual	FY 2019-20 Actual	FY 2020-21 Appropriation	FY 2021-22 Request	Request vs. Appropriation
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DEPARTMENT OF HIGHER EDUCATION
Angie Paccione, Executive Director

(1) DEPARTMENT ADMINISTRATIVE OFFICE

re not included in this section. Cash funds are primarily from the State Historical Fund. Reappropriated funds are from indirect cost recoveries.

Health, Life, and Dental	<u>1,997,752</u>	<u>2,177,159</u>	<u>2,148,164</u>	<u>2,317,849</u>
General Fund	99,972	107,097	85,156	222,109
Cash Funds	1,025,168	1,234,748	1,319,564	1,381,064
Reappropriated Funds	345,127	337,594	339,958	448,795
Federal Funds	527,485	497,720	403,486	265,881
Short-term Disability	<u>20,759</u>	<u>20,496</u>	<u>21,860</u>	<u>20,486</u>
General Fund	534	551	1,528	1,840
Cash Funds	10,945	13,379	13,337	12,430
Reappropriated Funds	4,102	4,261	3,911	4,167
Federal Funds	5,178	2,305	3,084	2,049
S.B. 04-257 Amortization Equalization Disbursement	<u>612,341</u>	<u>639,698</u>	<u>701,277</u>	<u>680,478</u>
General Fund	15,751	17,746	48,848	62,134
Cash Funds	322,835	426,771	445,971	422,355
Reappropriated Funds	121,006	126,538	115,027	130,868
Federal Funds	152,749	68,643	91,431	65,121

Appendix A: Numbers Pages

	FY 2018-19 Actual	FY 2019-20 Actual	FY 2020-21 Appropriation	FY 2021-22 Request	Request vs. Appropriation
S.B. 06-235 Supplemental Amortization Equalization					
Disbursement	<u>612,341</u>	<u>639,698</u>	<u>701,277</u>	<u>680,478</u>	
General Fund	15,751	17,746	48,848	62,134	
Cash Funds	322,835	426,771	445,971	422,355	
Reappropriated Funds	121,006	126,538	115,027	130,868	
Federal Funds	152,749	68,643	91,431	65,121	
PERA Direct Distribution	<u>0</u>	<u>331,282</u>	<u>0</u>	<u>478,087</u>	
General Fund	0	69,050	0	25,566	
Cash Funds	0	170,290	0	233,519	
Reappropriated Funds	0	91,942	0	152,559	
Federal Funds	0	0	0	66,443	
Workers' Compensation	<u>80,371</u>	<u>66,402</u>	<u>59,290</u>	<u>58,315</u>	
Cash Funds	45,626	36,616	37,588	37,688	
Reappropriated Funds	34,745	29,786	21,702	20,627	
Legal Services	<u>77,450</u>	<u>137,942</u>	<u>131,281</u>	<u>150,363</u>	
Cash Funds	39,619	88,312	81,373	100,455	
Reappropriated Funds	37,831	49,630	49,908	49,908	
Payment to Risk Management and Property Funds	<u>2,344,510</u>	<u>232,141</u>	<u>162,244</u>	<u>247,090</u>	
General Fund	2,049,082	0	0	0	
Cash Funds	287,479	224,922	154,315	227,556	
Reappropriated Funds	7,949	7,219	7,929	19,534	
Leased Space	<u>423,247</u>	<u>424,927</u>	<u>424,927</u>	<u>424,927</u>	
Cash Funds	112,960	112,960	112,960	112,960	
Reappropriated Funds	310,287	311,967	311,967	311,967	

Appendix A: Numbers Pages

	FY 2018-19 Actual	FY 2019-20 Actual	FY 2020-21 Appropriation	FY 2021-22 Request	Request vs. Appropriation
Payments to OIT	<u>475,659</u>	<u>744,491</u>	<u>588,706</u>	<u>226,430</u> *	
General Fund	100,000	150,000	147,954	147,954	
Cash Funds	340,754	525,869	382,124	19,848	
Reappropriated Funds	34,905	68,622	58,628	58,628	
CORE Operations	<u>194,026</u>	<u>203,523</u>	<u>274,875</u>	<u>270,871</u>	
Cash Funds	81,643	79,820	106,792	106,792	
Reappropriated Funds	112,383	123,703	168,083	164,079	
Statewide training	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,604</u> *	
Reappropriated Funds	0	0	0	3,604	
Salary Survey	<u>398,081</u>	<u>477,673</u>	<u>0</u>	<u>0</u>	
General Fund	10,239	11,562	0	0	
Cash Funds	209,874	338,391	0	0	
Reappropriated Funds	78,666	82,996	0	0	
Federal Funds	99,302	44,724	0	0	
Administrative Law Judge Services	<u>1,281</u>	<u>796</u>	<u>0</u>	<u>0</u>	
Cash Funds	1,281	796	0	0	
TOTAL - (1) Department Administrative Office	7,237,818	6,096,228	5,213,901	5,558,978	6.6%
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	0.0%
General Fund	2,291,329	373,752	332,334	521,737	57.0%
Cash Funds	2,801,019	3,679,645	3,099,995	3,077,022	(0.7%)
Reappropriated Funds	1,208,007	1,360,796	1,192,140	1,495,604	25.5%
Federal Funds	937,463	682,035	589,432	464,615	(21.2%)

Appendix A: Numbers Pages

	FY 2018-19 Actual	FY 2019-20 Actual	FY 2020-21 Appropriation	FY 2021-22 Request	Request vs. Appropriation
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(2) COLORADO COMMISSION ON HIGHER EDUCATION AND HIGHER EDUCATION SPECIAL PURPOSE PROGRAMS

s proprietary institutions, higher education lease purchase payments and capital-related outlays, and a large number of special purpose programs that rely on various funding sources.

(A) Administration

Administration	3,073,512	3,236,405	3,434,851	3,435,107	
FTE	30.0	30.9	30.0	30.0	
General Fund	74,153	92,787	0	0	
Cash Funds	207,020	35,376	202,082	202,082	
Reappropriated Funds	2,792,339	3,010,123	3,232,769	3,233,025	
Federal Funds	0	98,119	0	0	

SUBTOTAL - (A) Administration	3,073,512	3,236,405	3,434,851	3,435,107	NaN
<i>FTE</i>	<u>30.0</u>	<u>30.9</u>	<u>30.0</u>	<u>30.0</u>	0.0%
General Fund	74,153	92,787	0	0	0.0%
Cash Funds	207,020	35,376	202,082	202,082	0.0%
Reappropriated Funds	2,792,339	3,010,123	3,232,769	3,233,025	0.0%
Federal Funds	0	98,119	0	0	0.0%

(B) Division of Private Occupational Schools

Division of Private Occupational Schools	696,511	728,628	1,011,100	1,011,167	
FTE	9.8	9.8	9.8	9.8	
Cash Funds	696,511	728,628	1,011,100	1,011,167	

SUBTOTAL - (B) Division of Private Occupational Schools	696,511	728,628	1,011,100	1,011,167	NaN
<i>FTE</i>	<u>9.8</u>	<u>9.8</u>	<u>9.8</u>	<u>9.8</u>	0.0%
Cash Funds	696,511	728,628	1,011,100	1,011,167	0.0%

Appendix A: Numbers Pages

	FY 2018-19 Actual	FY 2019-20 Actual	FY 2020-21 Appropriation	FY 2021-22 Request	Request vs. Appropriation
(C) Special Purpose					
Western Interstate Commission for Higher Education (WICHE)	<u>153,000</u>	<u>153,000</u>	<u>160,000</u>	<u>159,000</u>	*
Reappropriated Funds	153,000	153,000	160,000	159,000	
WICHE - Optometry	<u>432,700</u>	<u>442,200</u>	<u>376,600</u>	<u>250,575</u>	*
General Fund	0	0	0	0	
Reappropriated Funds	432,700	442,200	376,600	250,575	
Distribution to Higher Education Competitive Research Authority	<u>1,484,045</u>	<u>1,811,441</u>	<u>2,000,000</u>	<u>2,000,000</u>	
Cash Funds	1,484,045	1,811,441	2,000,000	2,000,000	
Veterinary School Capital Outlay Support	<u>285,000</u>	<u>285,000</u>	<u>285,000</u>	<u>285,000</u>	
Cash Funds	139,650	139,650	150,768	150,768	
Reappropriated Funds	145,350	145,350	134,232	134,232	
Colorado Geological Survey at the Colorado School of Mines	<u>2,657,351</u>	<u>2,654,853</u>	<u>2,729,100</u>	<u>2,729,100</u>	
FTE	15.5	15.5	15.5	15.5	
General Fund	552,296	567,208	567,208	567,208	
Cash Funds	1,755,629	1,628,535	1,803,031	1,803,031	
Reappropriated Funds	50,592	51,958	51,958	51,958	
Federal Funds	298,834	407,152	306,903	306,903	
Institute of Cannabis Research at CSU-Pueblo	<u>1,652,670</u>	<u>1,740,649</u>	<u>1,000,000</u>	<u>1,000,000</u>	
Cash Funds	1,652,670	1,740,649	1,000,000	1,000,000	

Appendix A: Numbers Pages

	FY 2018-19 Actual	FY 2019-20 Actual	FY 2020-21 Appropriation	FY 2021-22 Request	Request vs. Appropriation
GEAR-UP	<u>5,000,000</u>	<u>6,084,825</u>	<u>5,000,000</u>	<u>5,000,108</u>	
FTE	39.1	39.1	29.1	29.1	
Federal Funds	5,000,000	6,084,825	5,000,000	5,000,108	
Rural Teacher Recruitment, Retention, and Professional Development	<u>681,050</u>	<u>681,095</u>	<u>709,354</u>	<u>709,373</u>	
FTE	0.3	0.3	0.8	0.8	
General Fund	441,050	441,095	709,354	709,373	
Reappropriated Funds	240,000	240,000	0	0	
Open Educational Resources Initiatives	<u>642,875</u>	<u>786,577</u>	<u>961,176</u>	<u>100,838</u> *	
FTE	0.9	1.0	1.0	1.0	
General Fund	642,875	786,577	961,176	0	
Reappropriated Funds	0	0	0	100,838	
Forest Restoration and Wildfire Risk Mitigation Grant Program Cash Fund at Colorado State University	<u>0</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	
General Fund	0	1,000,000	1,000,000	1,000,000	
RISE Education Innovation Fund	<u>0</u>	<u>0</u>	<u>0</u>	<u>10,000,000</u> *	
General Fund	0	0	0	10,000,000	
Educator Loan Forgiveness Program	<u>0</u>	<u>123,969</u>	<u>0</u>	<u>2,898,963</u> *	
FTE	0.0	1.4	0.0	0.5	
General Fund	0	123,969	0	2,898,963	

Appendix A: Numbers Pages

	FY 2018-19 Actual	FY 2019-20 Actual	FY 2020-21 Appropriation	FY 2021-22 Request	Request vs. Appropriation
Colorado Student Leaders Institute Pilot	<u>218,825</u>	<u>132,719</u>	<u>218,825</u>	<u>0</u> *	
FTE	1.0	1.0	1.0	0.0	
General Fund	0	132,719	218,825	0	
Reappropriated Funds	218,825	0	0	0	
Financial Aid Assessment Tool	<u>0</u>	<u>160,764</u>	<u>154,069</u>	<u>154,069</u>	
FTE	0.0	0.2	0.5	0.5	
Reappropriated Funds	0	160,764	154,069	154,069	
Prosecution Fellowship Program	<u>356,496</u>	<u>195,496</u>	<u>0</u>	<u>0</u>	
General Fund	356,496	195,496	0	0	
H.B. 18-1332 Collaborative Educator Preparation Program Grants	<u>725,465</u>	<u>92,787</u>	<u>0</u>	<u>0</u>	
General Fund	725,465	92,787	0	0	
H.B. 18-1309 Partnership for Rural Education Preparation at the University of Colorado Denver	<u>78,058</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	78,058	0	0	0	
SUBTOTAL - (C) Special Purpose	14,367,535	16,345,375	14,594,124	26,287,026	80.1%
FTE	<u>56.8</u>	<u>58.5</u>	<u>47.9</u>	<u>47.4</u>	<u>(1.0%)</u>
General Fund	2,796,240	3,339,851	3,456,563	15,175,544	339.0%
Cash Funds	5,031,994	5,320,275	4,953,799	4,953,799	0.0%
Reappropriated Funds	1,240,467	1,193,272	876,859	850,672	(3.0%)
Federal Funds	5,298,834	6,491,977	5,306,903	5,307,011	0.0%

Appendix A: Numbers Pages

	FY 2018-19 Actual	FY 2019-20 Actual	FY 2020-21 Appropriation	FY 2021-22 Request	Request vs. Appropriation
(D) Lease Purchase Payments and Capital-related Outlays					
University of Colorado, Lease Purchase of Academic Facilities at Fitzsimons	14,154,188	14,150,438	14,153,707	14,156,976	*
General Fund	2,083,767	1,939,257	7,653,707	7,617,736	
General Fund Exempt	5,350,421	5,350,421	0	0	
Cash Funds	6,720,000	6,860,760	6,500,000	6,539,240	
Appropriation to the Higher Education Federal Mineral Lease Revenues Fund for Lease Purchase of Academic Facilities	17,035,263	16,294,250	16,933,244	17,072,238	*
General Fund	17,035,263	16,294,250	16,933,244	17,072,238	
Lease Purchase of Academic Facilities Pursuant to Section 23-19.9-102	17,664,761	17,408,921	17,433,244	17,432,238	*
Cash Funds	650,000	1,114,671	500,000	360,000	
Reappropriated Funds	17,014,761	16,294,250	16,933,244	17,072,238	
Annual Depreciation-Lease Equivalent Payment	175,060	2,446,363	0	1	*
General Fund	175,060	2,446,363	0	1	
SUBTOTAL - (D) Lease Purchase Payments and Capital-related Outlays	49,029,272	50,299,972	48,520,195	48,661,453	0.3%
<i>FTE</i>	0.0	0.0	0.0	0.0	0.0%
General Fund	19,294,090	20,679,870	24,586,951	24,689,975	0.4%
General Fund Exempt	5,350,421	5,350,421	0	0	0.0%
Cash Funds	7,370,000	7,975,431	7,000,000	6,899,240	(1.4%)
Reappropriated Funds	17,014,761	16,294,250	16,933,244	17,072,238	0.8%

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	FY 2018-19 Actual	FY 2019-20 Actual	FY 2020-21 Appropriation	FY 2021-22 Request	Request vs. Appropriation
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(E) Tuition/Enrollment Contingency

Tuition/Enrollment Contingency	<u>24,578,231</u>	<u>31,238,416</u>	<u>60,000,000</u>	<u>60,000,000</u>	
Cash Funds	24,578,231	31,238,416	60,000,000	60,000,000	

SUBTOTAL - (E) Tuition/Enrollment Contingency	24,578,231	31,238,416	60,000,000	60,000,000	0.0%
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0%</u>
Cash Funds	24,578,231	31,238,416	60,000,000	60,000,000	0.0%

(F) Indirect Cost Assessments

Indirect Cost Assessments	<u>0</u>	<u>0</u>	<u>7,272,391</u>	<u>7,272,391</u>	
Cash Funds	0	0	353,154	353,154	
Reappropriated Funds	0	0	6,813,388	6,813,388	
Federal Funds	0	0	105,849	105,849	

SUBTOTAL - (F) Indirect Cost Assessments	0	0	7,272,391	7,272,391	0.0%
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0%</u>
Cash Funds	0	0	353,154	353,154	0.0%
Reappropriated Funds	0	0	6,813,388	6,813,388	0.0%
Federal Funds	0	0	105,849	105,849	0.0%

Appendix A: Numbers Pages

	FY 2018-19 Actual	FY 2019-20 Actual	FY 2020-21 Appropriation	FY 2021-22 Request	Request vs. Appropriation
TOTAL - (2) Colorado Commission on Higher Education and Higher Education Special Purpose Programs	91,745,061	101,848,796	134,832,661	146,667,144	8.8%
<i>FTE</i>	<u>96.6</u>	<u>99.2</u>	<u>87.7</u>	<u>87.2</u>	<u>(0.6%)</u>
General Fund	22,164,483	24,112,508	28,043,514	39,865,519	42.2%
General Fund Exempt	5,350,421	5,350,421	0	0	0.0%
Cash Funds	37,883,756	45,298,126	73,520,135	73,419,442	(0.1%)
Reappropriated Funds	21,047,567	20,497,645	27,856,260	27,969,323	0.4%
Federal Funds	5,298,834	6,590,096	5,412,752	5,412,860	0.0%

Appendix A: Numbers Pages

	FY 2018-19 Actual	FY 2019-20 Actual	FY 2020-21 Appropriation	FY 2021-22 Request	Request vs. Appropriation
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(3) COLORADO COMMISSION ON HIGHER EDUCATION FINANCIAL AID

Financial aid programs assist students in covering the cost of higher education. This section includes state appropriations for need based grants, merit based grants, work study, and various special purpose financial aid programs.

(A) Need Based Grants

Need Based Grants	142,353,951	163,456,542	163,314,446	163,314,446	
General Fund	14,096,368	35,849,141	161,994,925	161,994,925	
General Fund Exempt	127,287,141	127,287,141	0	0	
Cash Funds	0	0	0	0	
Reappropriated Funds	970,442	320,260	1,319,521	1,319,521	
Federal Funds	0	0	0	0	
SUBTOTAL - (A) Need Based Grants	142,353,951	163,456,542	163,314,446	163,314,446	0.0%
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	0.0%
General Fund	14,096,368	35,849,141	161,994,925	161,994,925	0.0%
General Fund Exempt	127,287,141	127,287,141	0	0	0.0%
Cash Funds	0	0	0	0	0.0%
Reappropriated Funds	970,442	320,260	1,319,521	1,319,521	0.0%
Federal Funds	0	0	0	0	0.0%

(B) Work Study

Work Study	22,154,450	22,435,601	23,129,178	23,129,178	
General Fund	722,122	1,003,273	23,129,178	23,129,178	
General Fund Exempt	21,432,328	21,432,328	0	0	
SUBTOTAL - (B) Work Study	22,154,450	22,435,601	23,129,178	23,129,178	0.0%
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	0.0%
General Fund	722,122	1,003,273	23,129,178	23,129,178	0.0%
General Fund Exempt	21,432,328	21,432,328	0	0	0.0%

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	FY 2018-19 Actual	FY 2019-20 Actual	FY 2020-21 Appropriation	FY 2021-22 Request	Request vs. Appropriation
(C) Merit Based Grants					
Merit Based Grants	<u>5,212,249</u>	<u>5,198,860</u>	<u>0</u>	<u>0</u>	
General Fund	212,249	198,860	0	0	
General Fund Exempt	5,000,000	5,000,000	0	0	
SUBTOTAL - (C) Merit Based Grants	5,212,249	5,198,860	0	0	0.0%
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0%</u>
General Fund	212,249	198,860	0	0	0.0%
General Fund Exempt	5,000,000	5,000,000	0	0	0.0%
(D) Special Purpose					
Veterans'/Law Enforcement/POW Tuition Assistance	<u>880,145</u>	<u>937,470</u>	<u>956,000</u>	<u>956,000</u>	
General Fund	880,145	937,470	956,000	956,000	
Native American Students/Fort Lewis College	<u>17,024,859</u>	<u>19,626,043</u>	<u>21,790,595</u>	<u>24,680,191</u> *	
General Fund	76,665	2,677,849	21,790,595	24,680,191	
General Fund Exempt	16,948,194	16,948,194	0	0	
Colorado Opportunity Scholarship Initiative Fund	<u>17,603,916</u>	<u>17,178,464</u>	<u>6,000,000</u>	<u>6,000,000</u>	
FTE	0.0	0.0	0.0	0.0	
General Fund	3,500,000	2,000,000	6,000,000	6,000,000	
General Fund Exempt	5,000,000	5,000,000	0	0	
Cash Funds	9,103,916	10,178,464	0	0	
Tuition Assistance for Career and Technical Education					
Certificate Programs	<u>404,468</u>	<u>368,579</u>	<u>450,000</u>	<u>450,000</u>	
General Fund	404,468	368,579	450,000	450,000	

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	FY 2018-19 Actual	FY 2019-20 Actual	FY 2020-21 Appropriation	FY 2021-22 Request	Request vs. Appropriation
H.B. 18-1002 Rural Teaching Fellowship Program	<u>99,230</u>	<u>117,314</u>	<u>0</u>	<u>0</u>	
FTE	0.5	0.5	0.0	0.0	
General Fund	99,230	117,314	0	0	
Colorado Second Chance Scholarship	<u>0</u>	<u>105,145</u>	<u>0</u>	<u>0</u>	
FTE	0.0	0.8	0.0	0.0	
General Fund	0	105,145	0	0	
SUBTOTAL - (D) Special Purpose	36,012,618	38,333,015	29,196,595	32,086,191	9.9%
<i>FTE</i>	<u>0.5</u>	<u>1.3</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0%</u>
General Fund	4,960,508	6,206,357	29,196,595	32,086,191	9.9%
General Fund Exempt	21,948,194	21,948,194	0	0	0.0%
Cash Funds	9,103,916	10,178,464	0	0	0.0%
TOTAL - (3) Colorado Commission on Higher Education Financial Aid	205,733,268	229,424,018	215,640,219	218,529,815	1.3%
<i>FTE</i>	<u>0.5</u>	<u>1.3</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0%</u>
General Fund	19,991,247	43,257,631	214,320,698	217,210,294	1.3%
General Fund Exempt	175,667,663	175,667,663	0	0	0.0%
Cash Funds	9,103,916	10,178,464	0	0	0.0%
Reappropriated Funds	970,442	320,260	1,319,521	1,319,521	0.0%
Federal Funds	0	0	0	0	0.0%

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(4) COLLEGE OPPORTUNITY FUND PROGRAM

This section includes General Fund appropriations for student stipend payments and for fee-for-service contracts between the Colorado Commission on Higher Education and the governing boards that oversee the state higher education institutions.

(A) Stipends

Stipends for eligible full-time equivalent students attending

state institutions	<u>316,095,217</u>	<u>349,088,289</u>	<u>149,821,087</u>	<u>351,292,326</u> *
General Fund	62,535,373	349,088,289	149,821,087	351,292,326
General Fund Exempt	253,559,844	0	0	0
Cash Funds	0	0	0	0
Reappropriated Funds	0	0	0	0
Federal Funds	0	0	0	0

Stipends for eligible full-time equivalent students attending
participating private institutions

	<u>1,482,831</u>	<u>1,725,840</u>	<u>734,400</u>	<u>1,748,571</u> *
General Fund	39,456	282,465	734,400	1,748,571
General Fund Exempt	1,443,375	1,443,375	0	0

SUBTOTAL - (A) Stipends	317,578,048	350,814,129	150,555,487	353,040,897	134.5%
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0%</u>
General Fund	62,574,829	349,370,754	150,555,487	353,040,897	134.5%
General Fund Exempt	255,003,219	1,443,375	0	0	0.0%
Cash Funds	0	0	0	0	0.0%
Reappropriated Funds	0	0	0	0	0.0%
Federal Funds	0	0	0	0	0.0%

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	FY 2018-19 Actual	FY 2019-20 Actual	FY 2020-21 Appropriation	FY 2021-22 Request	Request vs. Appropriation
(B) Fee-for-service Contracts with State Institutions					
Fee-for-service Contracts with State Institutions Pursuant to Section 23-18-303, C.R.S.	<u>287,734,435</u>	<u>319,730,451</u>	<u>131,082,785</u>	<u>317,526,415</u>	*
General Fund	35,666,273	176,089,945	106,668,891	293,112,521	
General Fund Exempt	252,068,162	143,640,506	24,413,894	24,413,894	
Fee-for-service Contracts with State Institutions for Specialty Education Programs	<u>132,279,160</u>	<u>147,931,042</u>	<u>60,109,272</u>	<u>141,456,893</u>	*
General Fund	15,877,462	31,529,344	60,109,272	141,456,893	
General Fund Exempt	116,401,698	116,401,698	0	0	
Limited Purpose Fee-for-Service Contracts with State Institutions	<u>5,436,960</u>	<u>5,907,277</u>	<u>3,693,028</u>	<u>5,693,028</u>	*
General Fund	5,436,960	5,907,277	3,693,028	5,693,028	
SUBTOTAL - (B) Fee-for-service Contracts with State Institutions					
	425,450,555	473,568,770	194,885,085	464,676,336	138.4%
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	0.0%
General Fund	56,980,695	213,526,566	170,471,191	440,262,442	158.3%
General Fund Exempt	368,469,860	260,042,204	24,413,894	24,413,894	0.0%
TOTAL - (4) College Opportunity Fund Program					
	743,028,603	824,382,899	345,440,572	817,717,233	136.7%
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	0.0%
General Fund	119,555,524	562,897,320	321,026,678	793,303,339	147.1%
General Fund Exempt	623,473,079	261,485,579	24,413,894	24,413,894	0.0%
Cash Funds	0	0	0	0	0.0%
Reappropriated Funds	0	0	0	0	0.0%
Federal Funds	0	0	0	0	0.0%

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(5) GOVERNING BOARDS

h funds are primarily from tuition and student fees. Reappropriated funds are initially appropriated as General Fund in the College Opportunity Fund Program section.

(A) Trustees of Adams State University

Trustees of Adams State College	<u>41,647,603</u>	<u>43,121,901</u>	<u>32,638,481</u>	<u>43,127,816</u> *	
FTE	328.6	315.7	329.0	329.0	
Cash Funds	25,813,242	25,841,644	25,380,773	25,985,465	
Reappropriated Funds	15,834,361	17,280,257	7,257,708	17,142,351	
Federal Funds	0	0	0	0	

SUBTOTAL - (A) Trustees of Adams State University	41,647,603	43,121,901	32,638,481	43,127,816	32.1%
<i>FTE</i>	<u>328.6</u>	<u>315.7</u>	<u>329.0</u>	<u>329.0</u>	<u>(0.0%)</u>
Cash Funds	25,813,242	25,841,644	25,380,773	25,985,465	2.4%
Reappropriated Funds	15,834,361	17,280,257	7,257,708	17,142,351	136.2%
Federal Funds	0	0	0	0	0.0%

(B) Trustees of Colorado Mesa University

Trustees of Colorado Mesa University	<u>108,144,560</u>	<u>110,591,384</u>	<u>94,401,520</u>	<u>115,367,761</u> *	
FTE	770.2	764.4	758.0	758.0	
Cash Funds	78,670,367	78,106,425	80,701,485	82,927,333	
Reappropriated Funds	29,474,193	32,484,959	13,700,035	32,440,428	
Federal Funds	0	0	0	0	

SUBTOTAL - (B) Trustees of Colorado Mesa University	108,144,560	110,591,384	94,401,520	115,367,761	22.2%
<i>FTE</i>	<u>770.2</u>	<u>764.4</u>	<u>758.0</u>	<u>758.0</u>	<u>0.0%</u>
Cash Funds	78,670,367	78,106,425	80,701,485	82,927,333	2.8%
Reappropriated Funds	29,474,193	32,484,959	13,700,035	32,440,428	136.8%
Federal Funds	0	0	0	0	0.0%

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(C) Trustees of Metropolitan State College of Denver

Trustees of Metropolitan State College of Denver	<u>195,688,125</u>	<u>214,132,860</u>	<u>171,655,078</u>	<u>212,494,079</u> *	
FTE	1,433.5	1,373.8	1,167.2	1,167.2	
Cash Funds	137,344,142	149,914,274	144,731,687	148,297,952	
Reappropriated Funds	58,343,983	63,969,142	26,923,391	64,196,127	
Federal Funds	0	249,444	0	0	

SUBTOTAL - (C) Trustees of Metropolitan State College of Denver	195,688,125	214,132,860	171,655,078	212,494,079	23.8%
FTE	<u>1,433.5</u>	<u>1,373.8</u>	<u>1,167.2</u>	<u>1,167.2</u>	0.0%
Cash Funds	137,344,142	149,914,274	144,731,687	148,297,952	2.5%
Reappropriated Funds	58,343,983	63,969,142	26,923,391	64,196,127	138.4%
Federal Funds	0	249,444	0	0	0.0%

(D) Trustees of Western State College

Trustees of Western State College	<u>38,919,197</u>	<u>39,265,699</u>	<u>31,595,023</u>	<u>41,027,729</u> *	
FTE	265.0	273.2	277.8	277.8	
Cash Funds	24,875,849	24,030,320	25,158,596	25,722,575	
Reappropriated Funds	14,043,348	15,235,379	6,436,427	15,305,154	
Federal Funds	0	0	0	0	

SUBTOTAL - (D) Trustees of Western State College	38,919,197	39,265,699	31,595,023	41,027,729	29.9%
FTE	<u>265.0</u>	<u>273.2</u>	<u>277.8</u>	<u>277.8</u>	0.0%
Cash Funds	24,875,849	24,030,320	25,158,596	25,722,575	2.2%
Reappropriated Funds	14,043,348	15,235,379	6,436,427	15,305,154	137.8%
Federal Funds	0	0	0	0	0.0%

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(E) Board of Governors of the Colorado State University System

Board of Governors of the Colorado State University System	<u>707,441,989</u>	<u>750,879,307</u>	<u>666,240,131</u>	<u>780,877,197</u> *	
FTE	4,861.3	4,958.4	5,033.4	5,033.4	
Cash Funds	552,583,917	578,500,771	593,611,798	609,006,643	
Reappropriated Funds	154,858,072	172,378,536	72,628,333	171,870,554	
Federal Funds	0	0	0	0	

SUBTOTAL - (E) Board of Governors of the Colorado State University System	707,441,989	750,879,307	666,240,131	780,877,197	17.2%
FTE	<u>4,861.3</u>	<u>4,958.4</u>	<u>5,033.4</u>	<u>5,033.4</u>	(0.0%)
Cash Funds	552,583,917	578,500,771	593,611,798	609,006,643	2.6%
Reappropriated Funds	154,858,072	172,378,536	72,628,333	171,870,554	136.6%
Federal Funds	0	0	0	0	0.0%

(F) Trustees of Fort Lewis College

Trustees of Fort Lewis College	<u>58,586,317</u>	<u>59,646,566</u>	<u>51,963,110</u>	<u>61,277,835</u> *	
FTE	462.3	425.7	437.7	437.7	
General Fund	0	0	0	0	
Cash Funds	45,533,221	45,510,129	46,025,806	47,245,068	
Reappropriated Funds	13,053,096	14,136,437	5,937,304	14,032,767	
Federal Funds	0	0	0	0	

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SUBTOTAL - (F) Trustees of Fort Lewis College	58,586,317	59,646,566	51,963,110	61,277,835	17.9%
<i>FTE</i>	<u>462.3</u>	<u>425.7</u>	<u>437.7</u>	<u>437.7</u>	0.0%
General Fund	0	0	0	0	0.0%
Cash Funds	45,533,221	45,510,129	46,025,806	47,245,068	2.6%
Reappropriated Funds	13,053,096	14,136,437	5,937,304	14,032,767	136.3%
Federal Funds	0	0	0	0	0.0%

(G) Regents of the University of Colorado

Regents of the University of Colorado	<u>1,415,147,387</u>	<u>1,488,118,581</u>	<u>1,378,659,659</u>	<u>1,549,763,718</u> *
<i>FTE</i>	9,171.4	9,471.3	10,005.1	10,005.1
General Fund	0	600,000	0	0
Cash Funds	1,196,642,368	1,236,677,006	1,277,502,411	1,312,340,829
Reappropriated Funds	218,505,019	244,273,926	101,157,248	237,422,889
Federal Funds	0	6,567,649	0	0

SUBTOTAL - (G) Regents of the University of Colorado	1,415,147,387	1,488,118,581	1,378,659,659	1,549,763,718	12.4%
<i>FTE</i>	<u>9,171.4</u>	<u>9,471.3</u>	<u>10,005.1</u>	<u>10,005.1</u>	0.0%
General Fund	0	600,000	0	0	0.0%
Cash Funds	1,196,642,368	1,236,677,006	1,277,502,411	1,312,340,829	2.7%
Reappropriated Funds	218,505,019	244,273,926	101,157,248	237,422,889	134.7%
Federal Funds	0	6,567,649	0	0	0.0%

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(H) Trustees of the Colorado School of Mines

Trustees of the Colorado School of Mines	<u>183,954,544</u>	<u>200,111,465</u>	<u>189,965,966</u>	<u>209,674,383</u> *	
FTE	1,008.4	1,078.4	980.5	980.5	
Cash Funds	161,081,051	174,740,200	179,310,035	184,206,792	
Reappropriated Funds	22,873,493	25,371,265	10,655,931	25,467,591	
Federal Funds	0	0	0	0	

SUBTOTAL - (H) Trustees of the Colorado School of Mines	183,954,544	200,111,465	189,965,966	209,674,383	10.4%
FTE	<u>1,008.4</u>	<u>1,078.4</u>	<u>980.5</u>	<u>980.5</u>	0.0%
Cash Funds	161,081,051	174,740,200	179,310,035	184,206,792	2.7%
Reappropriated Funds	22,873,493	25,371,265	10,655,931	25,467,591	139.0%
Federal Funds	0	0	0	0	0.0%

(I) University of Northern Colorado

University of Northern Colorado	<u>153,911,011</u>	<u>153,214,028</u>	<u>125,943,004</u>	<u>155,788,052</u> *	
FTE	1,360.7	1,370.2	1,294.6	1,294.6	
Cash Funds	111,418,285	105,916,228	106,126,129	108,745,607	
Reappropriated Funds	42,492,726	47,079,464	19,816,875	47,042,445	
Federal Funds	0	218,336	0	0	

SUBTOTAL - (I) University of Northern Colorado	153,911,011	153,214,028	125,943,004	155,788,052	23.7%
FTE	<u>1,360.7</u>	<u>1,370.2</u>	<u>1,294.6</u>	<u>1,294.6</u>	(0.0%)
Cash Funds	111,418,285	105,916,228	106,126,129	108,745,607	2.5%
Reappropriated Funds	42,492,726	47,079,464	19,816,875	47,042,445	137.4%
Federal Funds	0	218,336	0	0	0.0%

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(J) State Board for Community Colleges and Occupational Education State System Community Colleges

State Board for Community Colleges and Occupational
Education State System Community Colleges

	480,421,198	498,809,651	395,364,923	514,696,817 *	
FTE	6,050.9	5,831.4	6,020.8	6,020.8	
Cash Funds	308,349,152	308,361,956	315,172,003	323,648,462	
Reappropriated Funds	172,072,046	190,447,695	80,192,920	191,048,355	
Federal Funds	0	0	0	0	

SUBTOTAL - (J) State Board for Community Colleges and Occupational Education State System Community Colleges

	480,421,198	498,809,651	395,364,923	514,696,817	30.2%
FTE	6,050.9	5,831.4	6,020.8	6,020.8	(0.0%)
Cash Funds	308,349,152	308,361,956	315,172,003	323,648,462	2.7%
Reappropriated Funds	172,072,046	190,447,695	80,192,920	191,048,355	138.2%
Federal Funds	0	0	0	0	0.0%

TOTAL - (5) Governing Boards

	3,383,861,931	3,557,891,442	3,138,426,895	3,684,095,387	17.4%
FTE	25,712.3	25,862.5	26,304.1	26,304.1	0.0%
General Fund	0	600,000	0	0	0.0%
Cash Funds	2,642,311,594	2,727,598,953	2,793,720,723	2,868,126,726	2.7%
Reappropriated Funds	741,550,337	822,657,060	344,706,172	815,968,661	136.7%
Federal Funds	0	7,035,429	0	0	0.0%

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(6) LOCAL DISTRICT COLLEGE GRANTS PURSUANT TO SECTION 23-71-301, C.R.S.

by boards elected by tax district residents. Students from the districts pay discounted tuition rates.

Colorado Mountain College	<u>8,649,950</u>	<u>9,906,248</u>	<u>4,526,917</u>	<u>9,752,741</u> *
General Fund	2,078,228	2,969,022	3,784,218	9,010,042
General Fund Exempt	6,041,020	6,041,020	0	0
Cash Funds	530,702	742,699	742,699	742,699
Reappropriated Funds	0	0	0	0
Federal Funds	0	153,507	0	0
 Aims Community College	<u>10,248,586</u>	<u>11,450,334</u>	<u>5,392,123</u>	<u>11,571,317</u> *
General Fund	3,005,997	4,044,478	4,474,589	10,653,783
General Fund Exempt	6,609,305	6,609,305	0	0
Cash Funds	633,284	796,551	917,534	917,534
Federal Funds	0	0	0	0

TOTAL - (6) Local District College Grants Pursuant to Section 23-71-301, C.R.S.	18,898,536	21,356,582	9,919,040	21,324,058	115.0%
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	0.0%
General Fund	5,084,225	7,013,500	8,258,807	19,663,825	138.1%
General Fund Exempt	12,650,325	12,650,325	0	0	0.0%
Cash Funds	1,163,986	1,539,250	1,660,233	1,660,233	0.0%
Reappropriated Funds	0	0	0	0	0.0%
Federal Funds	0	153,507	0	0	0.0%

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(7) DIVISION OF OCCUPATIONAL EDUCATION

These funds consistent with state and federal law. Most reappropriated funds are from transfers from the Governor's Office of Economic Development and the Department of Education.

(A) Administrative Costs

Administrative Costs	<u>900,000</u>	<u>962,309</u>	<u>962,309</u>	<u>962,309</u>	
FTE	9.0	9.0	9.0	9.0	
Reappropriated Funds	900,000	962,309	962,309	962,309	
SUBTOTAL - (A) Administrative Costs	900,000	962,309	962,309	962,309	0.0%
FTE	<u>9.0</u>	<u>9.0</u>	<u>9.0</u>	<u>9.0</u>	0.0%
Reappropriated Funds	900,000	962,309	962,309	962,309	0.0%

(B) Distribution of State Assistance for Career and Technical Education pursuant to Section 23-8-102, C.R.S.

Distributions of State Assistance for Career and Technical Education	<u>26,675,279</u>	<u>27,238,323</u>	<u>27,778,242</u>	<u>27,778,242</u>	
Reappropriated Funds	26,675,279	27,238,323	27,778,242	27,778,242	
SUBTOTAL - (B) Distribution of State Assistance for Career and Technical Education pursuant to Section 23-8-102, C.R.S.	26,675,279	27,238,323	27,778,242	27,778,242	0.0%
FTE	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	0.0%
Reappropriated Funds	26,675,279	27,238,323	27,778,242	27,778,242	0.0%

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	FY 2018-19 Actual	FY 2019-20 Actual	FY 2020-21 Appropriation	FY 2021-22 Request	Request vs. Appropriation
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(C) Area Technical College Support

Area Technical College Operating Support	<u>12,311,435</u>	<u>14,578,340</u>	<u>5,842,209</u>	<u>13,910,021</u> *	
General Fund	4,219,590	5,818,176	5,842,209	13,910,021	
General Fund Exempt	8,091,845	8,091,845	0	0	
Cash Funds	0	0	0	0	
Federal Funds	0	668,319	0	0	
Area Technical College Capital Grants	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	0	0	0	0	

SUBTOTAL - (C) Area Technical College Support	12,311,435	14,578,340	5,842,209	13,910,021	138.1%
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0%</u>
General Fund	4,219,590	5,818,176	5,842,209	13,910,021	138.1%
General Fund Exempt	8,091,845	8,091,845	0	0	0.0%
Cash Funds	0	0	0	0	0.0%
Federal Funds	0	668,319	0	0	0.0%

(D) Sponsored Programs

Administration	<u>3,632,270</u>	<u>2,709,888</u>	<u>2,709,888</u>	<u>2,709,888</u>	
FTE	23.0	23.0	23.0	23.0	
Federal Funds	3,632,270	2,709,888	2,709,888	2,709,888	
Programs	<u>15,866,077</u>	<u>15,439,874</u>	<u>16,156,031</u>	<u>16,156,031</u>	
Federal Funds	15,866,077	15,439,874	16,156,031	16,156,031	

SUBTOTAL - (D) Sponsored Programs	19,498,347	18,149,762	18,865,919	18,865,919	0.0%
<i>FTE</i>	<u>23.0</u>	<u>23.0</u>	<u>23.0</u>	<u>23.0</u>	<u>0.0%</u>
Federal Funds	19,498,347	18,149,762	18,865,919	18,865,919	0.0%

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	FY 2018-19 Actual	FY 2019-20 Actual	FY 2020-21 Appropriation	FY 2021-22 Request	Request vs. Appropriation
(E) Colorado First Customized Job Training					
Colorado First Customized Job Training	<u>4,500,000</u>	<u>4,500,000</u>	<u>3,500,000</u>	<u>3,500,000</u>	
Reappropriated Funds	4,500,000	4,500,000	3,500,000	3,500,000	
SUBTOTAL - (E) Colorado First Customized Job Training					
Training	4,500,000	4,500,000	3,500,000	3,500,000	0.0%
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	0.0%
Reappropriated Funds	4,500,000	4,500,000	3,500,000	3,500,000	0.0%
TOTAL - (7) Division of Occupational Education					
<i>FTE</i>	<u>32.0</u>	<u>32.0</u>	<u>32.0</u>	<u>32.0</u>	0.0%
General Fund	4,219,590	5,818,176	5,842,209	13,910,021	138.1%
General Fund Exempt	8,091,845	8,091,845	0	0	0.0%
Cash Funds	0	0	0	0	0.0%
Reappropriated Funds	32,075,279	32,700,632	32,240,551	32,240,551	0.0%
Federal Funds	19,498,347	18,818,081	18,865,919	18,865,919	0.0%

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	FY 2018-19 Actual	FY 2019-20 Actual	FY 2020-21 Appropriation	FY 2021-22 Request	Request vs. Appropriation
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(8) AURARIA HIGHER EDUCATION CENTER

olitan State University of Denver, and the University of Colorado at Denver. Reappropriated funds are from the three governing boards that share the AHEC campus.

Administration	<u>22,395,029</u>	<u>21,514,461</u>	<u>23,939,958</u>	<u>24,039,958</u> *	
FTE	188.1	188.5	189.0	189.0	
Cash Funds	0	0	0	0	
Reappropriated Funds	22,395,029	21,514,461	23,939,958	24,039,958	
Federal Funds	0	0	0	0	

TOTAL - (8) Auraria Higher Education Center	22,395,029	21,514,461	23,939,958	24,039,958	0.4%
<i>FTE</i>	<u>188.1</u>	<u>188.5</u>	<u>189.0</u>	<u>189.0</u>	0.0%
Cash Funds	0	0	0	0	0.0%
Reappropriated Funds	22,395,029	21,514,461	23,939,958	24,039,958	0.4%
Federal Funds	0	0	0	0	0.0%

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	FY 2018-19 Actual	FY 2019-20 Actual	FY 2020-21 Appropriation	FY 2021-22 Request	Request vs. Appropriation
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(9) HISTORY COLORADO

ing revenues that are deposited to various State Historic Fund accounts, museum revenues, gifts, and grants.

(A) Central Administration

Central Administration	<u>1,885,205</u>	<u>1,417,825</u>	<u>1,248,802</u>	<u>1,248,802</u>	
FTE	12.0	10.0	10.0	10.0	
General Fund	0	0	0	0	
Cash Funds	1,460,041	1,350,044	1,132,460	1,132,460	
Reappropriated Funds	0	0	0	0	
Federal Funds	425,164	67,781	116,342	116,342	
Facilities Management	<u>1,783,851</u>	<u>1,374,409</u>	<u>1,515,065</u>	<u>1,515,065</u>	
FTE	10.2	8.8	8.0	8.0	
Cash Funds	1,783,851	1,374,409	1,515,065	1,515,065	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Lease Purchase of Colorado History Museum	<u>3,018,314</u>	<u>3,018,830</u>	<u>3,021,605</u>	<u>3,546,814</u> *	
Cash Funds	3,018,314	3,018,830	3,021,605	2,616,182	
Reappropriated Funds	0	0	0	930,632	
History Colorado Strategic Plan Initiatives	<u>0</u>	<u>0</u>	<u>1,000,000</u>	<u>1,000,000</u>	
FTE	0.0	0.0	0.0	0.0	
General Fund	0	0	1,000,000	1,000,000	

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	FY 2018-19 Actual	FY 2019-20 Actual	FY 2020-21 Appropriation	FY 2021-22 Request	Request vs. Appropriation
SUBTOTAL - (A) Central Administration	6,687,370	5,811,064	6,785,472	7,310,681	7.7%
<i>FTE</i>	<u>22.2</u>	<u>18.8</u>	<u>18.0</u>	<u>18.0</u>	0.0%
General Fund	0	0	1,000,000	1,000,000	0.0%
Cash Funds	6,262,206	5,743,283	5,669,130	5,263,707	(7.2%)
Reappropriated Funds	0	0	0	930,632	0.0%
Federal Funds	425,164	67,781	116,342	116,342	0.0%
(B) History Colorado Museums					
History Colorado Center	<u>5,371,244</u>	<u>4,306,145</u>	<u>4,787,264</u>	<u>4,787,264</u>	
<i>FTE</i>	43.5	56.1	45.0	45.0	
Cash Funds	4,821,874	4,187,258	4,384,275	4,384,275	
Reappropriated Funds	0	0	325,000	325,000	
Federal Funds	549,370	118,887	77,989	77,989	
Community Museums	<u>3,295,415</u>	<u>2,358,552</u>	<u>2,927,525</u>	<u>2,929,731</u>	
<i>FTE</i>	20.5	24.0	20.5	20.5	
General Fund	1,383,675	1,406,031	1,061,706	1,061,964	
Cash Funds	1,895,841	952,021	1,862,802	1,864,729	
Reappropriated Funds	15,839	0	0	0	
Federal Funds	60	500	3,017	3,038	
SUBTOTAL - (B) History Colorado Museums	8,666,659	6,664,697	7,714,789	7,716,995	0.0%
<i>FTE</i>	<u>64.0</u>	<u>80.1</u>	<u>65.5</u>	<u>65.5</u>	0.0%
General Fund	1,383,675	1,406,031	1,061,706	1,061,964	0.0%
Cash Funds	6,717,715	5,139,279	6,247,077	6,249,004	0.0%
Reappropriated Funds	15,839	0	325,000	325,000	0.0%
Federal Funds	549,430	119,387	81,006	81,027	0.0%

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	FY 2018-19 Actual	FY 2019-20 Actual	FY 2020-21 Appropriation	FY 2021-22 Request	Request vs. Appropriation
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(C) Office of Archeology and Historic Preservation

Program Costs	<u>1,785,785</u>	<u>1,310,217</u>	<u>1,616,731</u>	<u>1,616,731</u>	
FTE	16.5	20.0	20.0	20.0	
Cash Funds	661,891	188,454	734,423	734,423	
Reappropriated Funds	81,444	75,764	97,283	97,283	
Federal Funds	1,042,450	1,045,999	785,025	785,025	

SUBTOTAL - (C) Office of Archeology and Historic Preservation					
Program Costs	1,785,785	1,310,217	1,616,731	1,616,731	0.0%
FTE	<u>16.5</u>	<u>20.0</u>	<u>20.0</u>	<u>20.0</u>	<u>0.0%</u>
Cash Funds	661,891	188,454	734,423	734,423	0.0%
Reappropriated Funds	81,444	75,764	97,283	97,283	0.0%
Federal Funds	1,042,450	1,045,999	785,025	785,025	0.0%

(D) State Historical Fund Program

Administration	<u>1,668,788</u>	<u>1,553,409</u>	<u>1,763,878</u>	<u>1,763,878</u>	
FTE	13.8	15.0	17.0	17.0	
Cash Funds	1,668,788	1,553,409	1,763,878	1,763,878	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Grants	<u>9,711,981</u>	<u>9,912,828</u>	<u>8,250,000</u>	<u>8,250,000</u>	
Cash Funds	9,711,981	9,912,828	8,250,000	8,250,000	
Gaming Cities Distribution	<u>5,313,246</u>	<u>5,255,635</u>	<u>5,400,000</u>	<u>5,400,000</u>	
Cash Funds	5,313,246	5,255,635	5,400,000	5,400,000	

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	FY 2018-19 Actual	FY 2019-20 Actual	FY 2020-21 Appropriation	FY 2021-22 Request	Request vs. Appropriation
Indirect Cost Assessments for History Colorado					
Administration	<u>0</u>	<u>0</u>	<u>325,000</u>	<u>325,000</u>	
Cash Funds	0	0	325,000	325,000	
SUBTOTAL - (D) State Historical Fund Program	16,694,015	16,721,872	15,738,878	15,738,878	0.0%
<i>FTE</i>	<u>13.8</u>	<u>15.0</u>	<u>17.0</u>	<u>17.0</u>	0.0%
Cash Funds	16,694,015	16,721,872	15,738,878	15,738,878	0.0%
Reappropriated Funds	0	0	0	0	0.0%
Federal Funds	0	0	0	0	0.0%
(E) Cumbres and Toltec Railroad Commission					
Cumbres and Toltec Railroad Commission	<u>811,390</u>	<u>1,264,726</u>	<u>1,499,500</u>	<u>2,021,000</u> *	
General Fund	811,390	1,264,726	218,500	218,500	
Cash Funds	0	0	1,281,000	1,281,000	
Reappropriated Funds	0	0	0	521,500	
SUBTOTAL - (E) Cumbres and Toltec Railroad Commission	811,390	1,264,726	1,499,500	2,021,000	34.8%
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	0.0%
General Fund	811,390	1,264,726	218,500	218,500	0.0%
Cash Funds	0	0	1,281,000	1,281,000	0.0%
Reappropriated Funds	0	0	0	521,500	0.0%
TOTAL - (9) History Colorado	34,645,219	31,772,576	33,355,370	34,404,285	3.1%
<i>FTE</i>	<u>116.5</u>	<u>133.9</u>	<u>120.5</u>	<u>120.5</u>	0.0%
General Fund	2,195,065	2,670,757	2,280,206	2,280,464	0.0%
Cash Funds	30,335,827	27,792,888	29,670,508	29,267,012	(1.4%)
Reappropriated Funds	97,283	75,764	422,283	1,874,415	343.9%
Federal Funds	2,017,044	1,233,167	982,373	982,394	0.0%

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	FY 2018-19 Actual	FY 2019-20 Actual	FY 2020-21 Appropriation	FY 2021-22 Request	Request vs. Appropriation
TOTAL - Department of Higher Education	4,571,430,526	4,859,715,736	3,963,717,295	5,017,353,349	26.6%
<i>FTE</i>	<u>26,146.0</u>	<u>26,317.4</u>	<u>26,733.3</u>	<u>26,732.8</u>	<u>(0.0%)</u>
General Fund	175,501,463	646,743,644	580,104,446	1,086,755,199	87.3%
General Fund Exempt	825,233,333	463,245,833	24,413,894	24,413,894	0.0%
Cash Funds	2,723,600,098	2,816,087,326	2,901,671,594	2,975,550,435	2.5%
Reappropriated Funds	819,343,944	899,126,618	431,676,885	904,908,033	109.6%
Federal Funds	27,751,688	34,512,315	25,850,476	25,725,788	(0.5%)

APPENDIX B FOOTNOTES AND INFORMATION REQUESTS

UPDATE ON LONG BILL FOOTNOTES

The General Assembly includes footnotes in the annual Long Bill to: (a) set forth purposes, conditions, or limitations on an item of appropriation; (b) explain assumptions used in determining a specific amount of an appropriation; or (c) express legislative intent relating to any appropriation. Footnotes to the 2020 Long Bill (H.B. 20-1360) can be found at the end of each departmental section of the bill at <https://leg.colorado.gov/bills/HB20-1360>. The Long Bill footnotes relevant to this document are listed below.

27 Department of Higher Education, Department Administrative Office, Health, Life, and Dental -- The General Fund appropriation includes a decrease of \$54,884 that is equal to 5.0 percent of the General Fund portion of estimated base salary for the Department. The reduction in this General Fund appropriation is in lieu of a 5.0 percent personal services base reduction and provides the Department with increased flexibility to absorb the reduction and engage in more considered targeted reductions across all department divisions and programs. This reduction is not intended to reduce the Health, Life, and Dental benefit provided to state employees. It is the General Assembly's intent that Health, Life, and Dental costs for employees, as approved in budget actions, be fully paid within personal services appropriations augmented by Department allocations from central benefits appropriations.

COMMENT: This footnote explains assumptions used in determining the amount of the FY 2020-21 appropriation for Health, Life, and Dental. The footnote describes the adjustment made as a statewide compensation balancing action. This item is addressed in the Statewide Compensation briefing document.

28 Colorado Department of Higher Education, Colorado Commission on Higher Education and Higher Education Special Purpose Programs, Division of Private Occupational Schools -- The appropriation in this line item includes an increase of \$200,000 cash fund spending authority to support the Division's adoption of a new information technology system. It is the General Assembly's intent that this additional expenditure and ongoing costs estimated at up to \$100,000 cash funds per year will not cause fee increases.

COMMENT: This footnote explains the purpose of additional funding and reflects the General Assembly's intent that a new information technology system that is funded in part from reserves will not result in additional fees on occupational schools regulated by the Division.

29 Department of Higher Education, Colorado Commission on Higher Education and Higher Education Special Purpose Programs, Tuition/Enrollment Contingency -- The Colorado Commission on Higher Education may transfer spending authority from this line item to the Governing Boards if tuition revenues increase beyond appropriated levels. The spending authority for this line item is in addition to the funds appropriated directly to the Governing Boards. It is the General Assembly's intent that the Colorado Commission on Higher Education transfer spending authority from this line item to allow institutions to receive and

expend tuition revenue beyond appropriated levels that results from higher than expected enrollment and not to support tuition increases that exceed the assumptions outlined in the footnotes for each governing board.

COMMENT: Staff anticipates that this footnote will only be invoked to the extent there is a need for further “true up” between actual expenditures and the modified FY 2020-21 appropriation at the end of the 2020-21 fiscal year. The FY 2019-20 version of this footnote allowed institutions that had enrollment levels higher than anticipated to receive and spend the associated revenue, as discussed in a related Request for Information response.

30 Colorado Department of Higher Education, Colorado Commission on Higher Education Financial Aid, Need Based Grants; Work Study; Special Purpose, Veterans’/Law Enforcement/POS Tuition Assistance, and Tuition Assistance for Career and Technical Education Certificate Programs -- In addition to the existing statutory transfer authority set forth in Section 23-3.3-102 (7), C.R.S., the Department may transfer additional appropriations among these line items, so long as the final amount for any line item is not increased by more than a total amount of thirty percent.

COMMENT: This footnote was added due to uncertainty about how the COVID-19 pandemic would affect institutional operations. In particular, it has been unclear whether Work Study programs would operate as usual or if alternative direct payments of financial aid would be appropriate. The Department indicates that it has already used some of this flexibility and will likely use more before the end of the fiscal year.

31 Department of Higher Education, Colorado Commission on Higher Education Financial Aid, Work Study - Two percent of the Work Study appropriation remains available for expenditure until the close of the 2021-22 state fiscal year.

COMMENT: The footnote provides flexibility for the Department to roll forward work-study funds because employment by some students in the summer of the academic year may occur in the next state fiscal year.

32 Department of Higher Education, College Opportunity Fund Program; Local District Colleges; and Occupational Education, Area Technical Colleges -- The General Fund appropriations for stipends for students attending public institutions, fee-for-service contracts with state institutions pursuant to section 23-18-303, fee-for-service contracts with state institutions for specialty education programs, and grants to local district colleges and area technical colleges are calculated based on a reduction of 58.0 percent. The General Assembly's intent is that for purposes of calculating the FY 2021-22 appropriation, 5.0 percentage points of this reduction will be treated as an ongoing base adjustment, while the remainder will be treated as a one-time adjustment. This calculation does not preclude the executive branch from requesting additional adjustments or the General Assembly from making additional adjustments to FY 2021-22 appropriations during the 2021 legislative session.

COMMENT: This footnote expresses legislative intent with respect to the FY 2020-21 appropriation and FY 2021-22 request for operating support for the public institutions of higher education. The Department complied with the intent reflected by:

- Restoring all the cuts to the governing boards, except the 5.0 percentage points specified in this footnote, through an annualization component in the FY 2021-22 request; and
- Requesting that the balance of funding for the governing boards be restored to the FY 2019-20 level via FY 2021-22 Request R1.

33 Department of Higher Education, Governing Boards, Trustees of Adams State University, Trustees of Colorado Mesa University, Trustees of Metropolitan State University of Denver, Trustees of Western State Colorado University, Board of Governors of the Colorado State University System, Trustees of Fort Lewis College, Regents of the University of Colorado, University of Northern Colorado, State Board for Community Colleges and Occupational Education State System Community Colleges - The amounts in these line items are calculated based on the assumption that no undergraduate student with in-state classification will pay more tuition in FY 2020-21 than three percent over what a student would have paid in FY 2019-20 for the same credit hours and course of study. These amounts are also calculated based on the assumption that each governing board will increase tuition rates for graduate and nonresident students based on its assessment of market conditions. The General Assembly intends to adjust the amounts in these line items through supplemental action during fiscal year 2020-21 based on updated enrollment estimates and tuition rate information.

COMMENT: All governing boards appear to be in compliance with this footnote with respect to undergraduate tuition rate increases. Two boards have increased undergraduate resident tuition by 3.0 percent, one by 2.9 percent, and one by 2.1 percent. The other state governing boards kept their tuition levels at the FY 2019-20 level, though most adjusted fees.

34 Department of Higher Education, Governing Boards, Trustees of the Colorado School of Mines -- The cash funds appropriation from tuition in this line item is for informational purposes only. Pursuant to the provisions of 23-41-104.6 (5)(c), C.R.S., the Board of Trustees has authority to establish resident and non-resident tuition rates for the Colorado School of Mines. The General Assembly intends to adjust the amount in this line item through supplemental action during fiscal year 2020-21 based on updated enrollment estimates and tuition rate information.

COMMENT: The tuition footnote for the Colorado School of Mines does not restrict increases, based on statutory provisions. The School did not increase tuition in FY 2020-21.

35 Department of Higher Education, History Colorado, Central Administration; History Colorado Museums; and Office of Archaeology and Historic Preservation -- History Colorado may transfer up to 10.0 percent of the total amount appropriated in these sections between the sections and among the line items within the sections.

COMMENT: This footnote added flexibility in the History Colorado budget starting in FY 2015-16.

36 Colorado Department of Higher Education, History Colorado, Central Administration, History Colorado Financial Sustainability -- History Colorado may transfer amounts in this line item to other line items within the History Colorado section to address shortfalls in gaming and earned revenue that are expected to result from the COVID-19 pandemic.

COMMENT: This footnote was added to a new FY 2020-21 line item that provided \$1.0 million General Fund for the agency. The footnote reflects the expectation that History Colorado will transfer the funds as needed to fill revenue holes associated with the COVID-19 pandemic.

37 Department of Higher Education, History Colorado, History Colorado Museums, Community Museums -- Of the General Fund appropriation in this line item \$411,000 remains available for expenditure until the close of the 2021-22 state fiscal year.

COMMENT: This footnote was added to assist History Colorado in completing a project to update the information technology infrastructure at its community museums by rolling forward unused funds into FY 2021-22. However, *History Colorado has more recently indicated that it will likely need to redirect funds originally planned for its IT connectivity roadmap to help support operating activities, so it is uncertain to what extent this roll-forward authority will be used.*

UPDATE ON LONG BILL REQUESTS FOR INFORMATION

The Joint Budget Committee annually submits requests for information to executive departments and the judicial branch via letters to the Governor, the Chief Justice, and other elected officials. Each request is associated with one or more specific Long Bill line item(s), and the requests have been prioritized by the Joint Budget Committee as required by Section 2-3-203 (3), C.R.S. Copies of these letters are included as Appendix L of the annual Appropriations Report. The requests for information relevant to this document are listed below.

- 1 Colorado Department of Higher Education, Colorado Commission on Higher Education, Administration --- The Department, in collaboration with the governing boards, is requested to explore the implications of eliminating the current College Opportunity Fund student stipend structure and instead funding the state governing boards solely through fee-for-service contracts. The Department is requested to submit a report by November 1, 2020, that addresses the following issues and any other concerns it believes are relevant:
 - What administrative processes and costs at the state and institutional level are driven by the current student stipend structure?
 - How would eliminating the requirement that students apply for stipends affect these processes? Would there be costs or savings associated with such a change?
 - How does the current system affect students and families? How would changing it affect them?
 - If the state wished to transition away from the current system, how much time would be required to modify accounting, reporting, and other systems to achieve this? What outreach or education would be required?
 - One of the benefits of the current system is that it informs students about state support for higher education. Could some other notification on student bills provide the same benefit?
 - Statutes on concurrent enrollment, early college, and similar programs indicate that higher education institutions are supported for their components of these programs through

student stipend payments, while local education providers receive per pupil operating funds. Changes to the higher education funding model are likely to reduce the significance of postsecondary student enrollment in the state higher education funding structure. Eliminating the COF stipend would make this change more visible. Is this a concern? If so, does the Department of Higher Education, after consulting with the Department of Education, school districts, and concurrent enrollment providers, have any suggestions for addressing this?

- Currently, students at some private institutions who qualify for financial aid receive a COF stipend for students attending private institutions. Could this funding be moved into the state's financial aid system? Does the Department have any related concerns?

COMMENT: The Department provided a comprehensive response that included soliciting information from the institutions of higher education. Please see the issue brief on this topic.

- 2 Department of Higher Education, Colorado Commission on Higher Education, Administration -
- The Department is requested to submit a report by November 1 of each year demonstrating that its annual funding request for centrally-appropriated amounts is similar to the amount that would be provided if Department staff were enrolled in state plans. The Department is further requested to submit, as part of the annual request for common policy benefits adjustments, templates that reflect the benefit selection for each member of the Department's staff in a manner that will enable health benefits for these staff to be calculated consistent with common policy. The templates are expected to contain July data on health benefits actually selected by Department staff and relate staff benefit elections to comparable state plan premiums.

COMMENT: The Department submitted the requested report as required. The table below shows this comparison. As can be seen, the Department pays the entire cost of health insurance for employees (and families) enrolled in some of its plans (Kaiser HMO and Anthem Blue Cross high deductible), which is not an option under any of the state plans. Under other plans, the cost to the employee is significantly lower. The total cost to the Department of its share for employee only and employee plus children employer contributions typically lower than the state's contribution for equivalent plans, while the Department's contribution for employee plus spouse and employee and family is typically higher than the state's contribution.

The Department provided an analysis that indicates that the Department's additional contributions cost, above the amount required under the state plans, is approximately 7.0 percent per month or \$26,057 per year for 32 employees enrolled in Department plans who are supported by state funds and "on-budget". Based on last year's submission, the calculation is similar for the approximately 33 additional staff are "off-budget" and funded through federal grants and enterprises (such as CollegeInvest).

Department of Higher Education				State of Colorado			
FY 20-21	Employer	Employee	Provider	FY 20-21	Employer	Employee	Provider
Emp Only	\$569.53	\$0.00	Anthem Blue Cross/Blue Shield HDHP	Emp Only	\$630.64	\$24.24	Cigna HDHP
Emp+Sp	\$1,253.25	\$0.00		Emp+Sp	\$1,122.26	\$145.72	
Emp+Ch	\$1,025.97	\$0.00		Emp+Ch	\$1,107.76	\$55.00	
Family	\$1,764.81	\$0.00		Family	\$1,542.40	\$232.22	
Emp Only	\$662.57	\$199.00	Anthem Blue Cross/Blue Shield HMO	Emp Only	\$633.64	\$35.96	Cigna Co- Pay Basic
Emp+Sp	\$1,456.68	\$439.00		Emp+Sp	\$1,172.26	\$178.64	
Emp+Ch	\$1,188.67	\$363.00		Emp+Ch	\$1,167.76	\$66.10	
Family	\$2,050.99	\$619.00		Family	\$1,662.40	\$251.28	
Emp Only	\$651.11	\$164.00	Anthem Blue Cross/Blue Shield Blue Preferred	Emp Only	\$615.64	\$85.06	Cigna Co- Pay Plus
Emp+Sp	\$1,438.48	\$355.00		Emp+Sp	\$1,145.26	\$268.94	
Emp+Ch	\$1,202.04	\$266.00		Emp+Ch	\$1,143.76	\$147.82	
Family	\$2,027.98	\$498.00		Family	\$1,595.40	\$408.08	
Emp Only	\$651.95	\$101.00	Anthem Blue Cross/Blue Shield Blue Priority HMO	Emp Only	\$615.64	\$85.06	Cigna Co- Pay Plus
Emp+Sp	\$1,432.74	\$224.00		Emp+Sp	\$1,145.26	\$268.94	
Emp+Ch	\$1,169.14	\$187.00		Emp+Ch	\$1,143.76	\$147.82	
Family	\$2,017.32	\$316.00		Family	\$1,595.40	\$408.08	
Emp Only	\$552.15	\$0.00	Kaiser HMO	Emp Only	\$568.64	\$25.78	Kaiser HDHP
Emp+Sp	\$1,214.73	\$0.00		Emp+Sp	\$1,022.26	\$156.54	
Emp+Ch	\$993.87	\$0.00		Emp+Ch	\$1,022.26	\$51.32	
Family	\$1,711.67	\$0.00		Family	\$1,462.40	\$197.02	
Emp Only	\$552.15	\$0.00	Kaiser HMO	Emp Only	\$588.64	\$34.80	Kaiser Co- Pay Basic
Emp+Sp	\$1,214.73	\$0.00		Emp+Sp	\$1,122.26	\$172.24	
Emp+Ch	\$993.87	\$0.00		Emp+Ch	\$1,107.76	\$65.58	
Family	\$1,711.67	\$0.00		Family	\$1,562.40	\$284.12	
Emp Only	\$552.15	\$0.00	Kaiser HMO	Emp Only	\$603.64	\$54.42	Kaiser Co- Pay Plus
Emp+Sp	\$1,214.73	\$0.00		Emp+Sp	\$1,122.26	\$244.82	
Emp+Ch	\$993.87	\$0.00		Emp+Ch	\$1,122.26	\$116.24	
Family	\$1,711.67	\$0.00		Family	\$1,562.40	\$387.80	
Emp Only	\$42.06	\$0.00	Delta Dental I	Emp Only	\$26.68	\$18.96	Dental Basic Plus
Family	\$94.65	\$0.00		Family	\$64.08	\$72.96	
Emp Only	\$23.70	\$0.00	Delta Dental II	Emp Only	\$26.68	\$4.44	Dental Basic
Family	\$64.33	\$0.00		Family	\$64.08	\$27.98	

Employer Contribution Cost Comparison			
Difference between DHE & State Monthly Contribution	Number of Employees	Percent Share	
State Contribution greater than Department	12	37.5%	
Department Contribution Between \$0 and \$150 greater than State	10	31.3%	
Department Contribution Between \$150 and \$300 greater than State	8	25.0%	
Department Contribution Over \$300 greater than State	2	6.3%	
TOTAL	32	100.0%	
Department Monthly Contribution			\$ 33,586.98
Estimated State Monthly Contribution			\$ 31,415.56
Department Contribution greater than State per month			\$ 2,171.42
Percent greater than State Contribution per month			6.9%
Average Cost of DHE Contribution			\$ 1,049.59
Average Cost of State Contribution			\$ 981.74
Median Cost of DHE Contribution			\$ 1,056.61
Median Cost of State Contribution			\$ 1,153.14

- 3 Colorado Department of Higher Education, Colorado Commission on Higher Education, Administration; and Governing Boards -- The Department is requested to coordinate the following annual data submissions to the Joint Budget Committee and Legislative Council Staff to support tuition, fee, and stipend revenue estimates used for appropriations and informational amounts included in the Long Bill.

By November 10, 2020: Submit budget data books for each of the governing boards that provide detail on education and general revenue and expenditures for each institution for the most recent actual year (FY 2019-20) and the current estimate year (FY 2020-21).

- Include estimate-year FY 2020-21 full time equivalent (FTE) enrollment data for resident undergraduate and graduate students and non-resident undergraduate and graduate students, in addition to actual year FY 2019-20 student FTE data. The FY 2020-21 student FTE estimates should be those used to develop the FY 2020-21 revenue and expenditure estimates in the data books.
- Identify actual FY 2019-20 and budgeted FY 2020-21 student FTE eligible for the College Opportunity Fund (COF) stipend in the budget data book submission.
- The Department is requested to provide separately the actual and estimated revenue from mandatory fees using the definitions established by the Department of Higher Education for mandatory fees.

By December 15, 2020: Submit fall 2020 student FTE census data. This should include resident undergraduate and graduate and non-resident undergraduate and graduate FTE figures for each governing board and institutional break-outs for those governing boards that oversee multiple institutions.

By February 15, 2021: Submit revised estimate year FY 2020-21 and request year FY 2021-22 revenue and enrollment data for each governing board, along with the comparable FY 2019-20 actual data for context. Include data at the institutional level for the University of Colorado and Colorado State University Systems.

- For each year, include FTE enrollment and revenue estimates for resident undergraduate and graduate students and non-resident undergraduate and graduate students. *The data should clearly separate revenue associated with each of these four categories, where applicable.*
- Include annotations explaining assumptions, including tuition and fee rate and enrollment assumptions for the FY 2021-22 request year.
- Consistent with the requirements of Section 23-18-202 (2)(a)(I), C.R.S., also include an update on the number of student FTE estimated to be eligible for COF stipends in FY 2021-22 based on the most recent data available (different from the figures used to establish initial stipend appropriations).
- Include actual and estimated revenue from mandatory fees using the definitions established by the Department of Higher Education for mandatory fees.

COMMENT: The Department submitted budget data books before 8:00 am on November 11, 2020. The Department has now integrated the fee data into the budget data books and is separating

Education and General fees and other mandatory fees, which is a helpful distinction. Other due dates were still pending at the time of printing.

- 4 Department of Higher Education, Colorado Commission on Higher Education, Administration -
- The Department should continue its efforts to provide data on the efficiency and effectiveness of state financial aid in expanding access to higher education for Colorado residents. The Department is requested to provide to the Joint Budget Committee by December 1 of each year an evaluation of financial aid programs, which should include, but not be limited to: (1) an estimate of the amount of federal, institutional, and private resources (including tax credits) devoted to financial aid; (2) the number of recipients from all sources; (3) information on typical awards; and (4) the typical debt loads of graduates. The Department is requested to provide more in-depth data on the financial aid awarded at the state's public institutions, by institution. This should include further information on the use of institutional aid, including the extent to which such aid is awarded to residents versus non-residents, for financial need versus merit, and the extent to which merit-based aid is awarded to students who qualify on the basis of need, whether or not the aid was classified as merit-based.

COMMENT: The Department submitted the report on December 1, 2020, as required. Report highlights were as follows.

- 38.7% percent of all students who received financial assistance in Fiscal Year (FY) 2019-20 (July 1, 2019-June 30, 2020) received a Pell Grant.
- In FY 2019-20, federal grant aid accounted for 21 percent of all grant aid in Colorado. Pell Grants alone accounted for approximately 12 percent of total aid, including loans.
 - In FY 2019-20, the maximum Pell Grant increased to \$6,195 from \$6,095 in 2018-19.
 - The average Pell Grant award was \$3,852, up \$60 from the prior year.
 - The number of Pell Grants reported in the Department's State Unit Record Data Base (SURDS) has steadily decreased since FY 2010-11. This decrease can be attributed to the decrease in enrollment due to more robust economic conditions. Postsecondary education enrollment generally runs counter-cyclical to the economy.
- State funded financial aid comprised 13 percent of all grant aid and 7 percent of all aid, including federal loans.
 - Total funding for state grant programs remained relatively constant during the Great Recession, but as economic conditions and state funding improved, there was a significant increase in FY 2014-15, FY 2015-16, and FY 2018-19.
 - The number of recipients of state need-based grants decreased by 3 percent from FY 2013-14 to 2018-19. This is a result of enrollment decreases. The average award amount has grown by just under 75 percent in the same time period.
- Institutional grant aid comprised approximately 54 percent of all grant aid, or about 26 percent of all financial aid, including loans.
 - Institutional aid increased by 38 percent between FY 2015 and FY 2020.

- Institutional investment in student aid is the greatest at four-year institutions, both public and non-profit private.
- The average loan debt of loan recipients at graduation from public four-year institutions ranged from \$14,638 to \$32,901. The average student loan debt for baccalaureate graduates was \$26,289 in FY 2020, down slightly from 26,505 in FY 2018-19.
- Sources of grant aid are summarized in the table below. Additional information about financial aid at public institutions of higher education is included in the Factors Driving the Budget section of this briefing packet.

SOURCES OF GRANT AID FY 2018-19	
TYPE OF AID	AMOUNT
Institutional	\$754,537,133
Federal	350,113,324
State	215,552,885
Loans	1,413,701,707
Other	176,838,877
Total	\$2,910,743,926

- 5 Department of Higher Education, Colorado Commission on Higher Education, Special Purpose, Tuition/Enrollment Contingency -- The Department is requested to provide information on the amount of Tuition Enrollment Contingency funds distributed to any governing board and whether the governing board complied with Colorado Commission on Higher Education tuition policy and intended limits on undergraduate rates expressed in Long Bill footnotes. This information, as it applies to actual expenditures in FY 2019-20 should be provided by November 1, 2020, and as it applies to actual expenditures in FY 2020-21 should be provided by November 1, 2021.

COMMENT: By May 15, governing boards apply for tuition contingency funding with information on the tuition contingency fund requested, the undergraduate resident tuition rate for the year, the reason for needing additional spending authority, and a variation analysis from the most recent tuition appropriation. Any Board that has complied with the tuition limit in the Long Bill and that does not request more than its proportionate share of tuition contingency funding is automatically approved. If a governing board needs spending authority over their proportionate share, CDHE staff determine if there is spending authority remaining. As a last resort, a June 1331 supplemental may be submitted to the Joint Budget Committee.

The Department reported that it distributed \$31,238,416 in contingent spending authority for FY 2019-20 of the \$60.0 million included in this line item to six boards. Allocation of the funds does not always translate to utilization.

APPENDIX C

DEPARTMENT ANNUAL PERFORMANCE REPORT

Pursuant to Section 2-7-205 (1)(a)(II), C.R.S., the Office of State Planning and Budgeting (OSPB) shall prepare the section of the **Annual Performance Report** for the Department of Higher Education by reviewing the institutions of higher education's progress toward the outcomes of the recommended performance funding plan. This report for the *previous fiscal year* shall be published by the OSPB by November 1 of each year.

In addition, pursuant to Section 2-7-204 (3)(a)(II)(A), C.R.S., the Department of Higher Education shall satisfy the requirement to develop a Performance Plan for the *current fiscal year* through the master plan for postsecondary education maintained by the Colorado Commission on Higher Education (CCHE). Copies of such documents shall be submitted to the Joint Budget Committee and appropriate Joint Committee of Reference by July 1 of each year.

For consideration by the Joint Budget Committee in prioritizing the department's FY 2021-22 budget request, the required documents for FY 2019-20 and FY 2020-21 can be found at the following link:

<https://www.colorado.gov/pacific/performance/department-performance-plans>

In addition, as required pursuant to Section 23-1-108, C.R.S., the Department tracks performance toward Higher Education Master Plan goals on its website:

<http://masterplan.highered.colorado.gov/dashboard/>

This data now includes performance at the institutional level. This may be accessed at the following link:

http://masterplan.highered.colorado.gov/dashboard_detail/