

Joint Budget Committee Staff FY 2025-26 Budget Briefing Summary

Higher Education

The Department of Higher Education is responsible for higher education and technical training programs in the state. The Department’s FY 2024-25 appropriation represents approximately 14.3 percent of statewide operating appropriations and 10.7 percent of statewide General Fund appropriations.

The divisions and subdivisions included in this summary include financial aid programs and funding for institutions of higher education, including the state governing boards, local district colleges, and area technical colleges. These together comprise 94.5 percent of total appropriations and 95.7 percent of General Fund appropriations in this department.

Summary of Request

Department of Higher Education						
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2024-25 Appropriation						
FY 2024-25 Long Bill	\$6,234,681,655	\$1,662,040,580	\$3,231,741,971	\$1,313,891,684	\$27,007,420	27,538.1
Other legislation	7,427,112	1,964,448	\$0	5,462,664	0	9.4
Total	\$6,242,108,767	\$1,664,005,028	\$3,231,741,971	\$1,319,354,348	\$27,007,420	27,547.5
FY 2025-26 Requested Appropriation						
FY 2024-25 Appropriation	\$6,242,108,767	\$1,664,005,028	\$3,231,741,971	\$1,319,354,348	\$27,007,420	27,547.5
R1 State funding increase for higher ed	86,336,238	12,099,999	64,832,156	9,404,083	0	0.0
R2 Fort Lewis Native American Tuition Waiver	-189,037	-189,037	0	0	0	0.0
R3 Financial aid staff	175,109	175,109	0	0	0	2.0
R4 COF statute realignment	-8,019,185	-4,009,595	0	-4,009,590	0	0.0
R5 PSEP optometry program roll-off	-84,850	0	0	-84,850	0	0.0
R6 DTAP realignment	0	0	0	0	0	0.0
R7 Reduce limited purpose FFS funding	-15,802,530	-7,901,265	0	-7,901,265	0	0.0
R8 New cash fund for IHE capital expenses	0	0	0	0	0	0.0
R9 Discontinue limited gaming support CHECRA	0	0	0	0	0	0.0
R10 Inclusive higher ed grants	-450,000	-450,000	0	0	0	0.0
R11 Reduce teacher mentor grants	-300,000	-300,000	0	0	0	0.0
R12 CUSOM refinance	-40,000,000	-20,000,000	0	-20,000,000	0	0.0
R13 AHEC enterprise	-31,435,042	0	0	-31,435,042	0	-226.7
HC1 CENT and HSMO spending authority	496,613	0	496,613	0	0	5.0
HC2 Cumbres and Toltec RR operations	1,365,000	1,365,000	0	0	0	0.0

Department of Higher Education

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
HC3 Historic tax credit spending authority	50,000	0	0	50,000	0	0.0
HC4 Community museum refinance	0	-20,410	20,410	0	0	0.0
Nonprioritized requests	-11,360,024	-8,523,844	-2,836,180	0	0	0.0
Auraria Higher Ed Center increase	2,857,731	0	0	2,857,731	0	0.0
Centrally appropriated line items	2,516,567	1,591,924	1,209,670	-33,167	-251,860	0.0
CO Geological Survey inflation	85,526	85,526	0	0	0	0.0
Eliminate prior year rural IHE increase	-14,602,830	-7,301,415	0	-7,301,415	0	0.0
Annualize prior year legislation	-8,277,513	-2,913,070	-175,065	-5,189,378	0	-3.4
Annualize prior year budget actions	-3,358,509	-2,049,485	-1,221,024	-88,000	0	-0.6
Total	\$6,202,112,031	\$1,625,664,465	\$3,294,068,551	\$1,255,623,455	\$26,755,560	27,323.8
Increase/-Decrease	-\$39,996,736	-\$38,340,563	\$62,326,580	-\$63,730,893	-\$251,860	-223.7
Percentage Change	-0.6%	-2.3%	1.9%	-4.8%	-0.9%	0.0

R1 State funding increase for higher education and tuition spending authority [legislation requested]: *General Fund:* The request includes an increase of \$12,099,999 General Fund for public higher education institutions and financial aid, representing a 0.8 percent General Fund increase. This includes an increase of \$9.8 million General Fund (0.8 percent) for the public institutions of higher education, including \$9.4 million for stipends and fee-for-service contracts reappropriated to the ten state governing boards and \$0.4 million General Fund for grants to local district colleges and area technical colleges. Consistent with statutory requirements for aligned funding increases for financial aid, it also includes \$2.3 million General Fund for Need Based Grants.

Funding for the institutions is allocated using the funding formula established by H.B. 20-1366. The request uses solely the Performance section of the model, which compares institutions' performance changes over time with the performance changes of other institutions in eight areas: resident FTE enrollment, credential production, Pell eligible enrollment, underrepresented minority enrollment, retention rate, graduation rate in 100% of time, graduation rate in 150% of time, and first generation enrollment. This portion of the request incorporates base funding for the state institutions plus 0.8 percent, with specific percentages varying by institution. The local district colleges, and the area technical colleges receive the average increase of 0.8 percent.

The request leaves the College Opportunity Fund (COF) stipend at the current \$116 per credit hour or \$3,480 per year for a full time, full year (30 credit hour) student.

Tuition: The request also includes an increase of \$64,832,156 cash funds from tuition, based on a requested tuition increases of 2.3 percent for in-state undergraduates and 2.4 percent for other students at the state-operated governing boards. The request anticipates that this will facilitate an overall increase of 2.5 percent on base funding for the governing boards. Enrollment adjustments are not available until after the Legislative Council Staff forecast in February. Statute specifies that tuition rate assumptions are identified in Long Bill footnotes.

Legislation: The request also includes a request for the JBC to sponsor “transparency” legislation to facilitate more consistent collection of data from institutions through a statutory requirement.

R2 Fort Lewis Native American Tuition Waiver: The request includes a decrease of \$189,037 General Fund for the Fort Lewis College Native American tuition waiver, bringing total waiver payments to \$21,839,853. *This figure will be updated prior to figure setting.* 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 prior year enrollment estimates. Almost all funds support nonresident tuition payments for Native American students who are not Colorado residents; however, the majority of these students are from tribes with historical ties to the State.

R4 COF statute realignment [legislation requested]: The request proposes a decrease of \$4,009,595 General Fund related to a proposal to reduce the current credit hour cap for students who claim the College Opportunity Fund (COF) student stipend from the current 145 credit hours. The proposal would reduce this cap to 140 credit hours for current students and 135 credit hours for new students and eliminate the authority for institutions to waive this restriction, leaving such authority with the Colorado Commission on Higher Education. As submitted, the request does not include institution-specific data (the request is structured as an equal reduction for each state governing board). It also does not identify additional tuition revenue institutions might earn from students as a result.

R6 DTAP realignment [legislation requested]: The Department requests that the JBC sponsor legislation to refine the Dependent Tuition Assistance Program (DTAP). The request indicates an expectation that there may be future savings from the proposed changes, but no dollar reduction is included in the request for FY 2025-26. The annual appropriation for the program is \$1,643,700.

This program pays tuition and room and board for the dependents of Colorado law enforcement officers and fire or national guard personnel killed or permanently disabled in the line of duty, and for dependents of prisoners of war or service personnel listed as missing in action. The benefit was extended to the dependents of individuals permanently disabled during backcountry search and rescue in 2022. The educational benefits provided vary depending upon the type of school a student attends. Students attending a public in-state institution of higher education receive free tuition, and if the institution has on-campus living, the room and board (half of double-occupancy) is also included. Students attending private in-state institutions receive the average cost of undergraduate instruction calculated for student at a comparable public institution. Students attending an out-of-state institution receive tuition assistance only, up to the average cost of undergraduate tuition at a comparable Colorado state institution.

The Department requests legislation to: eliminate funding to study abroad or attend out-of-state institutions; specify that room and board amounts must be tied to the published cost of attendance at the institution; require the student to be a current Colorado resident; and require the student to complete the CASFA/FASFA application for financial aid. The request

estimates that costs related to room and board could be reduced \$423,788 through these changes, and costs related to study outside of the state and study abroad could be reduced by \$150,200.

R7 Reduce limited purpose FFS funding [legislation requested]: The request proposes a reduction of \$7.9 million General Fund associated with reducing or eliminate various programs currently funded based on limited purpose fee for service contracts with state institutions of higher education. The proposal includes the following:

Rural Healthcare Track (S.B. 22-172 and 24-221): Request to discontinue, saving \$2,001,667. This program provides distributions of \$65,000 or more to each of the governing boards to support rural healthcare workforce initiatives. Some of the funding is allocated to the University of Colorado (CU) for distribution to other institutions. The request states that CU's Rural Office could provide technical assistance to other institutions without the additional state support.

Substance Use Disorders/Recovery Friendly Workplace (S.B. 24-048): Request to discontinue funding of \$303,752 added in FY 2024-25 for the Center for Health, Work, and the Environment and the CU School of Public Health. The funding is for staff who oversee the recovery friendly workplace program, including contracting with workplace advisors and conducting outreach. [Staff note: appropriation is scheduled to increase by \$108,825 in FY 2025-26.]

Cyber Coding Cryptology (S.B. 18-086): Request to discontinue, saving \$5,100,000. The program includes funding for six governing boards, with the largest share (\$2.8 million) directed to CU. The request notes that now that the programs have been established, institutions seeing benefits from their cybersecurity and related programs can maintain them through existing resources.

Food Systems Advisory Council (H.B. 19-1202/S.B. 23-159): Request to discontinue one year early, saving \$151,068, as the program is set to end in 2026. The funding is for staff support of the Council at Colorado State University.

Expanding Concurrent Enrollment Opportunities (S.B. 18-176): Request to discontinue \$105,000 for 1.0 FTE at the Colorado Community College System (CCCS) that supports concurrent enrollment efforts. The request states that CCCS should be able to support the position within its own resources.

Supporting Educator Workforce (S.B. 21-185): Request to discontinue \$239,778 directed to the CU system. The request notes that the program was primarily in response to the pandemic and is scheduled to end in 2026.

Other Programs: The request also proposes that three programs be continued but that they receive separate line items and sunset dates: Improve Healthcare Access for Older Coloradans (SB23-031) which adds \$1.9 million for CU; Career and Technical Education and Apprenticeship Alignment (S.B. 24-104), which includes \$95,245 for CCCS; and Career Pathways (H.B. 15-1274), which includes \$86,960 for CCCS.

Staff note: Due to technical errors, staff believes that the request includes an over-estimate of savings of a net \$757,842.

R8 New cash fund for IHE capital expenses: The request proposes transferring a portion of the state reserve to a cash fund to a state higher education governing board that is a TABOR enterprise, so that interest earned on these funds does not count under the TABOR cap. This interest would then be used to support controlled maintenance at the institutions of higher education, in lieu of General Fund transfers for institutions’ controlled maintenance. *[This request will be reviewed in a separate memo packet.]*

R12 CUSOM refinance: The request is for a reduction of \$20.0 million General Fund to Specialty Education Program support for the University of Colorado School of Medicine (CUSOM) that is provided through the higher education funding formula. Most of these funds are transferred to the Department of Health Care Policy and Financing on behalf of the School of Medicine. The funds are used to draw down matching federal funds that support both increased physician payments for school of medicine faculty and various targeted initiatives at CU and HCPF. The funds originally transferred to HCPF are then “returned” to support medical education at CUSOM. The request proposes that CU work with HCPF’s CHASE enterprise to pull down some of the federal Medicaid match that would be lost as a result of the reduced General Fund support.

Staff note: If the JBC wishes to implement the proposed reduction, staff believes a statutory change would be most straightforward, since statute requires that funding for specialty education programs increases in alignment with other changes to “Step 2” of the funding formula.

Eliminate prior year rural IHE increase: The request includes a provision to eliminate an FY 2024-25 increase for three rural institutions of higher education (Western Colorado University, Fort Lewis College, and Adams State University), providing savings of \$7.3 million General Fund. The proposal is identified as an “annualization” of prior year action, although the record of JBC and General Assembly action indicates that the FY 2024-25 increase as it was authorized in the 2024 legislative session was intended to be an ongoing increase (“Step 1” of the funding model), rather than temporary, increase (Step 3 of the model).

Staff note: If the JBC wishes to implement the proposed reduction, staff believes it would be most straightforward for the JBC to make a mid-year adjustment to FY 2024-25 funding for the institutions to reclassify the increase for rural institutions as temporary, rather than ongoing.

Annualize prior year legislation: The request includes a net decrease of \$8.3 million total funds for the impact of bills passed in previous sessions. Items that affect the governing board and financial aid line items addressed in this section are highlighted below.

Annualize prior year legislation					
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	FTE
SB24-048 Substance use disorders recovery	\$217,650	\$108,825	0	\$108,825	0.4
SB24-104 Career & tech education apprenticeships	30,948	15,474	\$0	15,474	0.0
SB24-143 Credential quality apprenticeships	14,397	14,397	0	0	0.3
HB24-1314 Historic preservation tax cred.	7,112	7,112	0	0	0.1
HB24-1290 Student educator stipends	-4,197,000	0	0	-4,197,000	-1.0

Annualize prior year legislation					
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	FTE
SB24-221 Rural healthcare workforce	-1,733,354	-866,677	0	-866,677	0.0
SB23-005 Forestry and wildfire mitigation	-1,266,418	-1,016,418	0	-250,000	0.0
HB24-1405 Higher Ed Medicaid match	-486,000	-486,000	0	0	0.0
HB24-1006 Assist rural community wildfire grants	-300,000	-300,000	0	0	-0.4
SB22-007 Wildfire risk mitigation	-203,473	-203,473	0	0	0.0
HB23-1069 Biochar study	-175,065	0	-175,065	0	-1.5
HB23-1220 Republican River groundwater	-71,121	-71,121	0	0	0.0
SB22-192 Stackable credentials	-61,849	-61,849	0	0	-1.5
HB24-1024 Extended outreach campaigns	-40,000	-40,000	0	0	0.0
HB24-1403 Homeless youth	-13,340	-13,340	0	0	0.2
Total	-\$8,277,513	-\$2,913,070	-\$175,065	-\$5,189,378	-3.4

Note: The request did not include the final annualization of SB21-215, an adjustment to the CU School of Medicine that temporarily reduced funding due to an enhanced federal Medicaid match rate received during the pandemic. Annualizing this was projected to drive a \$2,195,906 increase for CU in FY 2025-26. Conversely, the request includes a reduction of \$486,000 for financial aid related to H.B. 24-1405. H.B. 24-1405 *exempted* the increase for annualizing SB21-215 from an aligned financial aid adjustment, but this was an avoided cost, rather than a net reduction. Staff believes both items are errors.

Annualize prior year budget actions: The request includes adjustments for the out-year cost of prior year budget actions. Of the \$3.4 million reduction shown in this category in the table, only one item is relevant to this briefing packet: a reduction of \$88,000 to annualize funding for online training modules at the CU School of Medicine that was added through an FY 2024-25 Long Bill floor amendment and retained by the conference committee on the Long Bill.

Issues Presented

This is a summary of the briefing issues presented to the Joint Budget Committee by their dedicated non-partisan staff.

Overview of Request for Formula Funding for Institutions and Financial Aid: The FY 2025-26 higher education request incorporates a \$21.6 million (1.7 percent) General Fund reduction in state support for the governing boards, once various request components are included, and a \$2.3 million (0.8 percent) General Fund increase for financial aid. It also includes a proposed 2.3 percent cap on increases in resident undergraduate tuition.

Budget Reduction Options: The Executive Budget Request for the Department of Higher Education includes proposals that it assumes would make an additional \$89.5 million General Fund available for other uses in FY 2025-26. The proposals include a total of approximately \$55.9 million in General Fund appropriation/expenditure reductions, representing 3.4 percent of the Department's FY 2024-25 General Fund appropriation. A portion of the proposed adjustment is to capital construction transfers. The request also proposes \$33.5 million in revenue enhancements that would make General Fund available through other mechanisms.

Free Tuition Option: The State has made remarkable progress in launching new programs that promise that low- and middle-income Colorado students will not need to pay tuition and fees at public institutions of higher education. A few additional steps are needed to make the most of these initiatives.

Note: A memo on Request R8 (New Cash Fund for IHE Capital Expenses), prepared by JBC Staff Director Craig Harper, is provided under separate cover.

For More Information

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To read the entire briefing: Go to <http://leg.colorado.gov/content/budget/budget-documents> to use the budget document search tool. Select this department's name under *Department/Topic*, "Briefing" under *Type*, and select a *Start date* and *End date* to show documents released in November and December of 2024.