



Colorado General Assembly
Joint Budget Committee

Joint Budget Committee Staff

FY 2016-17 Budget Briefing Summary

Department of Higher Education

The Department of Higher Education is responsible for higher education and vocational training programs in the state. The Department's FY 2015-16 appropriation represents 14.1 percent of statewide operating appropriations and 8.9 percent of statewide General Fund appropriations.

FY 2015-16 Appropriation and FY 2016-17 Request

Department of Higher Education						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2015-16 Appropriation						
S.B. 15-234 (Long Bill)	\$3,731,739,272	\$856,871,803	\$2,150,856,183	\$701,516,735	\$22,494,551	23,856.2
Other legislation	<u>817,803</u>	<u>544,192</u>	<u>(13,349)</u>	<u>286,960</u>	<u>0</u>	<u>0.1</u>
TOTAL	\$3,732,557,075	\$857,415,995	\$2,150,842,834	\$701,803,695	\$22,494,551	23,856.3
FY 2016-17 Requested Appropriation						
FY 2015-16 Appropriation	\$3,732,557,075	857,415,995	\$2,150,842,834	\$701,803,695	\$22,494,551	23,856.3
R1 Base reduction for public colleges and universities	(39,181,905)	(20,000,000)	0	(19,181,905)	0	0.0
R2 Fort Lewis Native American Tuition Waiver	1,112,096	1,112,096	0	0	0	0.0
R3 Western Interstate Commission for Higher Education	8,000	0	0	8,000	0	0.0
HC1 Investment in Cumbres and Toltec Railroad Sustainability	1,421,000	1,092,500	328,500	0	0	0.0
Nonprioritized requests	402,144	4,141	423	397,580	0	0.0
Centrally appropriated line items	173,704	24,589	27,489	30,917	90,709	0.0
Annualize prior year budget actions and legislation	<u>(1,687,140)</u>	<u>(1,124,891)</u>	<u>(481,324)</u>	<u>(36,496)</u>	<u>(44,429)</u>	<u>0.0</u>
TOTAL	\$3,694,804,974	\$838,524,430	\$2,150,717,922	\$683,021,791	\$22,540,831	23,856.3
Increase/(Decrease)	(\$37,752,101)	(\$18,891,565)	(\$124,912)	(\$18,781,904)	\$46,280	0.0
Percentage Change	(1.0%)	(2.2%)	(0.0%)	(2.7%)	0.2%	0.0%

Summary of Issues Presented to the Joint Budget Committee

Overview of Request for Public Institutions of Higher Education: The Department of Higher Education has requested a reduction of \$20.0 million General Fund for governing boards for budget balancing purposes. The Governor requests that if sufficient revenue is available, contingent proposal #5 would restore the cut, and contingent proposal #12 would provide for a governing board increase.

Tuition and Fee Increases: Over the last fifteen years, resident undergraduate tuition and fees at most of Colorado's four year institutions have more than doubled. These costs have become a much larger share of household median income, and student debt has grown. Tuition increases are driven significantly—but not exclusively—but declines in state funding. Research indicates that state-level oversight of tuition helps keep tuition levels lower.

Tuition Policy Proposal: Under current law, effective FY 2016-17, tuition will again be appropriated at all state institutions except the Colorado School of Mines. The Department of Higher Education proposes statutory changes that would eliminate tuition appropriations and replace appropriations with a policy to be proposed by the Colorado Commission on Higher Education (CCHE) on an annual basis. For FY 2016-17, because the executive proposes cuts to higher education, the CCHE proposed tuition policy is for no restrictions on student tuition rates.

House Bill 14-1319 Funding Model 2.0: The Colorado Commission on Higher Education has developed its second version of the new funding model for higher education required pursuant to H.B. 14-1319. The Executive has applied the model in its request for a \$20.0 million funding decrease for the governing boards.

“Some College” is the New High School: As our population grows more educated, we expect the majority of adults to achieve “some college,” just as we once expected them to achieve a high school diploma. Ideally, all students should achieve a certificate or associate's degree before leaving school. Many students already earn college credit while in high school. If the State wishes to further blur the lines between high school and college, it will need to explore how state, local, and federal funds can be blended for this purpose.

Federal Mineral Lease Higher Education Certificate of Participation Payments: During the 2008 session, the General Assembly authorized Certificates of Participation (COPs) to support higher education capital construction projects. Federal mineral lease (FML) revenues were supposed to fully support annual payments currently totaling \$17.8 million, but the General Fund has backfilled a shortfall every year for the last five. Additional General Fund will be required for the COP payments in FY 2015-16 and FY 2016-17 due to a decline in FML revenue.

General Fund Exempt for Higher Education: Statute requires most moneys in the General Fund Exempt Account (GFE) created through 2005 Referendum C to be split equally for three purposes: funding for health care; funding for K-12 education; and funding for higher education. Because of the share of the General Fund designated as GFE has grown, and because an increasing share of the state budget is allocated to K-12 and health care funding, it will be increasingly difficult to provide higher education an equal share of GFE in the coming years.

Update on Financial Health of Colorado Public Higher Education Institutions: The overall financial performance for state institutions over the last four years reflects a mixed bag: the state's two smallest

governing boards and the University of Northern Colorado are in marginal condition. Colorado State University-Pueblo, which is a part of the overall CSU system, also faces financial challenges. Enrollment and related tuition revenue are the most important factors in financial performance for most institutions. Capital debt and depreciation also affect the picture at some institutions.

History Colorado Update: The State Historical Society, known as History Colorado, administers the History Colorado Center in Denver, numerous museums and historic sites, and the statewide preservation grant program. Its primary source of support is limited gaming revenue deposited to the State Historic Fund. The organization was the subject of two critical state audits in 2014, and it became apparent during FY 2014-15 that expenses for museum operations far outstripped available revenue. During the 2015 session, the General Assembly adopted measures to help address the organization's financial and governance issues. Under a new board and new management team, History Colorado has made painful cuts to bring its budget back into balance and is making rapid progress in repositioning itself for the future.

For More Information

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To read the entire briefing: http://www.tornado.state.co.us/gov_dir/leg_dir/jbc/2015-16/HEDbrf.pdf