



Colorado General Assembly
Joint Budget Committee

Joint Budget Committee Staff

FY 2014-15 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 2013-14 appropriations represent 14.4 percent of statewide operating appropriations and 8.1 percent of statewide General Fund appropriations.

FY 2013-14 Appropriation and FY 2014-15 Request

Department of Higher Education						
	Total Funds	General Fund	Cash Funds	Appropriated Funds	Federal Funds	FTE
FY 2013-14 Appropriation						
SB 13-230 (Long Bill)	3,230,541,694	658,479,148	1,978,070,473	574,701,773	19,290,300	22,840.8
Other legislation	2,648,216	583,706	68,790	1,995,720	0	1.5
TOTAL	\$3,233,189,910	\$659,062,854	\$1,978,139,263	\$576,697,493	\$19,290,300	22,842.3
FY 2014-15 Requested Appropriation						
FY 2013-14 Appropriation	\$3,233,189,910	659,062,854	\$1,978,139,263	\$576,697,493	\$19,290,300	22,842.3
R1 Increased financial aid for Colorado students	40,000,000	40,000,000	0	0	0	0.0
R2 Operational funding increase for public colleges and universities	117,765,395	60,051,510	0	57,713,885	0	0.0
R3 Fort Lewis College Native American Tuition Waiver	836,855	836,855	0	0	0	0.0
R4 Additional funding for Dependent Tuition Assistance	252,000	252,000	0	0	0	0.0
HC1 Increase the future stability of History Colorado	544,964	0	544,964	0	0	0.0
NP1 Secure Colorado Phase II	18,296	0	17,747	549	0	0.0
NP2 Eliminate redundant applications	11,698	0	11,698	0	0	0.0
NP3 Network resiliency	2,945	0	2,857	88	0	0.0
NP4 IT service management ecosystem	13,654	0	13,654	0	0	0.0
NP5 IT technical development	1,018	0	1,018	0	0	0.0
NP6 Constitutionally required increase for categorical programs	419,708	0	0	419,708	0	0.0
Annualize prior year actions	1,411,340	686,400	35,000	689,940	0	11.5
Centrally appropriated line items	1,101,559	0	517,181	173,122	411,256	0.0
TOTAL	\$3,395,569,342	\$760,889,619	\$1,979,283,382	\$635,694,785	\$19,701,556	22,853.8
Increase/(Decrease)	\$162,379,432	\$101,826,765	\$1,144,119	\$58,997,292	\$411,256	11.5
Percentage Change	5.0%	15.5%	0.1%	10.2%	2.1%	0.1%

Summary of Issues Presented to the Joint Budget Committee

Financial Health of Public Higher Education Institutions: In FY 2011-12, six out of 10 of Colorado’s governing boards were in relatively weak financial health, based on Composite Financial Index scores commonly used to assess financial health in this sector. Two small institutions—Adams State University and Western State Colorado University—had scores below 0, indicating a need to “assess institutional viability to survive”. Both institutions are highly leveraged.

Requested Increase for the Department of Higher Education: The Governor has requested an overall General Fund increase of 15.5 percent for the Department of Higher Education, comprised primarily of a \$60 million increase for the governing boards, local district junior colleges, and area vocational schools, and a \$40 million increase for financial aid, including need-based, merit-based, and work study funding. Staff recommends that the General Assembly fund higher education increases to the extent revenue is available, but pursue commensurate increases in institutional accountability.

Financial Aid: Financial aid plays a significant role in keeping postsecondary education affordable, typically offsetting the total cost of attendance by 30 to 55 percent for the lowest income students. The impact of state financial aid programs has been eroded by increasing tuition and student demand. The Governor has requested a substantial increase for financial aid that should minimally protect the neediest students from cost-increases in FY 2014-15. If it approves the increase, the General Assembly should ensure these students are protected.

Tuition increases: For over a decade, published tuition and fees and total revenue received per student by public higher education institutions have increased far more rapidly than the consumer price index. The Governor’s proposal would support institutional revenue increases of 7.5 to 8.8 percent for resident students, although actual increases are likely to be less at many institutions.

Outcomes-based Funding – An Alternative to the College Opportunity Fund Program? The College Opportunity Fund (COF) program supports higher education programs through stipends and fee-for-service contracts. As implemented, the COF has not changed institutional incentives and is bureaucratically cumbersome. An alternative funding scheme could keep tuition revenue outside of the state’s TABOR revenue calculation, as long as the structure is based on contracts between the State and the institutions. Nationwide, many states are turning to performance- or outcomes-based contracts as a mechanism for funding higher education.

For More Information

JBC Staff Analyst: Amanda Bickel
(303) 866-4960
amanda.bickel@state.co.us

To read the entire briefing: http://www.tornado.state.co.us/gov_dir/leg_dir/jbc/2013-14/HEDbrf.pdf