

MEMORANDUM



JOINT
BUDGET
COMMITTEE

TO Members of the Joint Budget Committee
FROM Amanda Bickel, JBC Staff (303-866-4960)
DATE March 19, 2021
SUBJECT Higher Education Figure Setting Comebacks

TECHNICAL ITEMS

→ INSTITUTE OF CANNABIS RESEARCH

COMMITTEE ACTION: The Committee approved an appropriation of \$1,800,000 cash funds from the Marijuana Tax Cash Fund (MTCF) for the Institute of Cannabis Research at CSU Pueblo.

RECOMMENDATION: After figure setting, staff was approached by the Institute of Cannabis Research with a request to separate the existing line item into two separate line items with the following names and amounts. Staff recommends these changes.

- Institute of Cannabis Research hosted at CSU-Pueblo - \$600,000 cash funds from the MTCF
- Institute of Cannabis Research - Governing Board - \$1,200,000 cash funds from the MTCF

The second line item would include a footnote allowing roll-forward of funds, as previously authorized in concept by the JBC.

N Colorado Commission on Higher Education and Higher Education Special Purpose Programs, Special Purpose, Institute of Cannabis Research - Governing Board -- Of the appropriation in this line item, \$250,000 remains available until the close of the 2022-23 fiscal year.

ANALYSIS: H.B. 19-1311 (Institute of Cannabis Research) modified the structure for the Institute of Cannabis Research. While the institute is still hosted at CSU Pueblo, it is now overseen by a separate board that includes representation from the CSU system, the Colorado Commission on Higher Education, the CU System, and scientists and individuals associated with cannabis-related industries. Because cannabis is still classified as an illegal drug at the federal level, research involving study of cannabis, as well as funding provided by the cannabis industry, may create legal challenges for higher education institutions that are reliant on federal funding for much of their other research activities. The Institute, the Colorado State University System, and the Governor's Office believe that breaking the line item into two discrete components, one of which is not tied to CSU-Pueblo, will help address these legal challenges as well as more accurately represent the activities of the institute, which now provides funding for cannabis research at multiple higher education institutions.

→ ANNUALIZATION OF MARIJUANA TAX CASH FUND APPROPRIATIONS FOR THE REGENTS OF THE UNIVERSITY OF COLORADO

COMMITTEE ACTION: The Committee approved staff recommendations for line item detail for the Regents of the University of Colorado. *This included the annualization changes described below.* However, staff failed to highlight this item in the figure setting document text and during the Committee's figure setting discussion. Staff is therefore highlighting this item here to ensure the Committee is aware of the status of this funding.

ANALYSIS: The Department of Higher Education's FY 2021-22 budget request failed to eliminate Marijuana Tax Cash Fund appropriations that had been added via bills in prior years for programs that repeal or for which the fiscal note indicated funding was temporary. The funding was for appropriations for substance abuse prevention and research activities coordinated by the University of Colorado, including:

- \$2,500,000 cash funds authorized for FY 2019-20 and FY 2020-21 for the Medication Assisted Treatment (MAT) Program. This program was first created in S.B. 17-074 and expanded in S.B. 19-001. The program has provided funding to eight agencies in 16 counties (Pueblo, Routt, Alamosa and many other counties in the San Luis Valley and Western part of the such as Mesa, Moffat, Grand) to train providers and expand medication assisted treatment of opioids. Statute requires unexpended and uncommitted amounts to revert to the General Fund at the end of FY 2020-21, so the program cannot be funded in the Long Bill for FY 2021-22.
- \$50,000 cash funds for the Perinatal Data Linkage Program authorized in S.B. 19-228. FY 2020-21 provided the second year of funding for a two-year pilot, with a report on the program due January 1, 2021.

Based on existing statutory provisions, staff does not recommend including this funding in the Long Bill. However, staff anticipates that funding for one or both projects may be reauthorized in separate legislation (sponsored by other legislators) and that related appropriations will be included in such bills.

→ HISTORY COLORADO COP AND STATEWIDE PRESERVATION GRANT AMOUNTS

COMMITTEE ACTION:

- The Committee voted to fund History Colorado Certificate of Participation amounts with General Fund.
- The Committee provided staff authority to adjust certain informational amounts based on the forecast and further consultation with the History Colorado, including the informational amount for statewide preservation grants.

RECOMMENDATION:

- **History Colorado COP amount:** The Department noted to staff that the total figure in the request included a clerical error. *The total revised cost for the COP for FY 2020-21 is \$3,525,209 (\$21,605*

less than the figure in the request). Staff recommends this new figure, funded from the General Fund based on prior JBC action.

- **Statewide Preservation Grants amount:** The current line item reflects \$8.25 million. History Colorado anticipates that there will only be \$4.0 million in new grants in FY 2021-22 but also reports anticipated spending for the program of \$9.5 million due to the long “tail” on multi-year preservation grants. *Given this large range, staff recommends simply leaving the Preservation Grant amount at the current \$8.25 million level, which is closer to anticipated spending though well above the anticipated new grant figure.*

JBC MEMBER-REQUESTED FOOTNOTES AND RFI

During figure setting, the Committee requested two new footnotes in concept and discussed adding a third. Staff is confirming that the following wording is satisfactory for the two footnotes the Committee previously approved in concept and has drafted language for a third footnote, regarding financial aid, in the event the JBC wishes to add this.

→ WICHE OPTOMETRY FOOTNOTE AND RFI

RECOMMENDED FOOTNOTE:

- N Colorado Department of Higher Education, Colorado Commission on Higher Education and Higher Education Special Purpose Programs, Special Purpose, WICHE - Optometry -- It is the General Assembly's intent that this program increase its benefits to Colorado citizens by moving toward a model in which state support for students participating in this program will result in increased optometry services for underserved communities and locations in Colorado.

RECOMMENDED REQUEST FOR INFORMATION:

- N Colorado Department of Higher Education, Colorado Commission on Higher Education and Higher Education Special Purpose Programs, Special Purpose, WICHE - Optometry -- The Department is requested to work with the Western Interstate Commission for Higher Education, the Colorado Optometric Association, and other stakeholders to explore how this program could be modified to ensure that funding for the program results in increased optometry services for underserved communities and locations. The Department is requested to report its findings to the Joint Budget Committee by October 1, 2021.

ANALYSIS: During the Committee's discussion of the Department's proposal to phase out the WICHE Professional Student Exchange Program for Optometry, the Committee voted to retain the program (funded at the \$376,600 General Fund level) but also to add a footnote and Request for Information to highlight the Committee's interest in moving to a model in which the program provides greater benefits for Colorado.

Please note that this represents a relatively “soft” approach to this footnote. Staff had originally drafted this with an emphasis on making program participation conditioned on subsequent service to underserved communities. According to a recent email from the Colorado Optometric Association:

“We feel that students and underserved communities could be best served by giving additional points and “weight” to WICHE applicants from rural and underserved areas. We have found that students from these places tend to be the students most likely to return to work in these communities. At the time of program entrance, students could provide an attestation of intent to work in these areas.”

Staff does not have sufficient data to know whether this proposal would in fact result in a significant increase in services in underserved areas. No data has been provided on how much more likely it is that students from rural areas return to serve those areas. However, this broad language would at least enable this option to be further explored as part of the Department’s response to the Request for Information.

→ COLORADO STUDENT LEADERS INSTITUTE FOOTNOTE

RECOMMENDED FOOTNOTE:

- N Colorado Department of Higher Education, Colorado Commission on Higher Education and Higher Education Special Purpose Programs, Special Purpose, Colorado Student Leaders Institute -- It is the General Assembly’s intent that the Colorado Student Leaders Institute increase its efforts to recruit traditionally underserved student populations into the program.

ANALYSIS: During the Committee’s discussion of the Department’s proposal to eliminate funding for the Colorado Student Leaders Institute (COSLI), the Committee voted to add a footnote expressing the Committee’s intent that COSLI place greater emphasis on underserved populations. This footnote reflects staff’s understanding of the motion. Staff anticipates that regardless of whether COSLI is doing a good or poor job at present in recruiting underserved populations, there is likely to be room for improvement.

ⓘ POTENTIAL FOOTNOTE REGARDING FINANCIAL AID

During figure setting for the Department of Higher Education, Senator Hansen expressed interest in a footnote that would indicate the General Assembly’s intent that the Colorado Commission on Higher Education reduce or eliminate provision of financial aid for for-profit institutions. The following is *language that could be considered*.

- N Department of Higher Education, Colorado Commission on Higher Education Financial Aid -- To ensure the most efficient and effective use of state funded financial aid resources, it is the General Assembly’s intent that the Commission prioritize allocations for students attending public institutions of higher education and reduce priority for allocations for students attending for profit institutions of higher education.

ADDITIONAL INFORMATION ON POSSIBLE GOVERNING BOARD INCREASES

During figure setting for the Department of Higher Education, the Committee voted to restore funding for the higher education governing boards to the FY 2019-20 funding level. It elected to delay its decision on increases for the governing boards, including any inflationary adjustment, tuition buy-down, or adjustment based on numbers of underrepresented minorities. At the time, staff noted that the staff-generated options had not been discussed with the institutions and that, as a result, these options could be adjusted further. Based on additional information from the institutions and the Department, staff has additional information about the tuition buy-down option and the underrepresented minorities option. These revised options are reviewed below.

① TUITION BUY-DOWN OPTION - AREA TECHNICAL COLLEGES

During figure setting, the Committee expressed interest in the impact of including the area technical colleges in a tuition buy-down, since these institutions serve some of the students with greatest financial needs.

- According to the representative of the Area Technical Colleges, the cost of a 3.0 percent resident tuition “buy down” for these institutions would be \$322,885 General Fund.

Tuition "Buy Down" for Area Technical Colleges	
(3.0 percent of Resident Tuition)	
Emily Griffith	\$242,325
Pickens	53,456
Technical College of the Rockies	27,104
TOTAL:	\$322,885

- It is important to note that, because these institutions are not state institutions but are instead governed by school boards, the General Assembly has no legal authority over their tuition levels. That said, staff is confident that they would not increase tuition if provided additional funds.
- Staff's understanding is that Pickens Technical College was planning for a 3.0 percent tuition increase, which this funding would change. The other two institutions would probably keep their tuition flat regardless, although additional funding would “cement” this.

① TUITION BUY-DOWN OPTIONS - COLORADO MESA UNIVERSITY

The figures presented in the staff figure setting packet included a recommended tuition buy down for Colorado Mesa University (CMU). These figures incorporated data that CMU had included in a RISE funding grant that proposed a one-year tuition buy-down in **specific** career and technical education (CTE) areas. Based on further communication with CMU, staff believes it would make sense to include **all** of their technical education classes in a long-term buy-down. CMU has provided related data and several options the JBC could consider for buying course costs down to the level in the community college system. These include:

- The original RISE request proposal - buy down for specific CMU CTE courses in the following industry clusters: Healthcare and Social Assistance, Manufacturing, Construction and Energy, and Retail Trade Accommodation and Food Service
- Buy down for all CTE courses for both postsecondary students and those enrolled in concurrent enrollment from local school districts
- Buy down for all CTE courses but solely for postsecondary students
- Additional adjustments for the 3.0 percent tuition buy down for the community college system, i.e., assume community college tuition rate will be the FY 2020-21 level and not 3.0 percent greater.

If the Committee wishes to do a tuition buy-down, **staff believes any of these figures can be justified. However, the staff recommendation would be to use a buy-down amount of \$2,249,472.**

This is based on the following considerations:

- **It would be cumbersome for CMU to limit a tuition buy-down to certain industry clusters** and would dilute the messaging that CMU career and technical classes have become more affordable and in line with the community college system.
- Staff understands why CMU would like to also buy-down concurrent enrollment costs for its local school districts and align all credit hour costs. However, the school districts have been paying the higher rate until now. **If the General Assembly also wishes to assist the local school districts, it would make sense to add an additional \$484,280 to the buy-down. If it does not wish to do so, staff expects that CMU may be able to make other adjustments with school district/BOCES**, e.g., reducing credit hour costs but having the school districts/BOCES offset that with an additional operational contributions, since WCCC's existence reflects a close collaboration between CMU and local school districts.
- CMU indicates that its original RISE Grant buy down proposal did not take into account an expected 3.0 percent increase in tuition rates, and it therefore suggests that the General Assembly should include an additional amount to represent the lower tuition it will receive if the JBC keeps community college tuition flat. **While staff understand the logic of adding 3.0 percent, staff also notes that lowering tuition should have real benefits for CMU, including the potential for increased enrollment. Given this, staff suggests that CMU should be requested to absorb this difference.**

SUMMARY OF COLORADO MESA UNIVERSITY TUITION BUY-DOWN OPTIONS					
	POSTSECONDARY	CONCURRENT ENROLLMENT	TOTAL	ADDITIONAL 3%	Total
Original - RISE Proposal -Select Degrees	\$1,462,818	\$251,924	\$1,714,742	\$121,891	1,836,633
All Career and Technical Education Classes	2,249,472	484,280	2,733,752	192,290	2,926,042

- The buy down would affect 19,166 credit hours (638.9 student FTE) excluding concurrent enrollment students and 3,882 credit hours (129.4 student FTE) for concurrent enrollment students, if this group is included. The cost per SFTE/savings to a full-time student would average \$579.46.
- Staff's expectation is that CMU's rates for career and technical education classes would not be formally "pegged" to the community college system in future years. However, tuition footnotes would restrict future year increases consistent with other tuition, i.e., if tuition increases were restricted across the board to 3.0 percent, CMU's rates for its CTE courses would also increase by no more than 3.0 percent.

① EXTENDING REP. HEROD UNDERREPRESENTED MINORITY OPTION TO LOCAL DISTRICT COLLEGES AND AREA TECHNICAL COLLEGES

During the figure setting presentation, the Committee expressed interest in seeing the impact of the Underrepresented Minorities funding option if it were extended to the local district colleges and area technical colleges. Based on data provided by the Department of Higher Education, funds would be spread to these other institutions as follows using this option.

REVISED - REP. HEROD UNDERREPRESENTED MINORITY OPTION		
	URM MODEL WITH \$2.0 MILLION FOR INSTITUTIONS	INCREASE OVER INSTITUTION'S FY 2019-20 BASE
<i>State Boards</i>		
Adams State University	\$70,024	0.41%
Colorado Mesa University	79,323	0.25%
Metropolitan State University	244,664	0.38%
Western State Colorado University	37,726	0.25%
Colorado State University System	234,826	0.14%
Fort Lewis College	34,416	0.24%
University of Colorado System	392,236	0.16%
Colorado School of Mines	36,647	0.14%
University of Northern Colorado	127,742	0.27%
Community College System	624,216	0.33%
<i>Local District and Area Technical Colleges</i>		
Colorado Mountain College	26,125	0.29%
Aims Community College	40,159	0.38%
Area Technical Colleges	51,895	0.37%
Total - Institutions	\$2,000,000	
Aligned Financial Aid	452,798	
Total	2,452,798	

Please note:

For consistency with the figure setting document, staff has used \$2.0 million for the institutions in this calculation. However, this amount was merely to show the distribution. If the Committee wishes to use this option, it could choose any total amount desired.

The calculation details are described in the figure setting document. However, the key features of this distribution model are that it:

- Includes the percentage of the total student headcount at an institution/governing board that are underrepresented minorities
- Calibrates by the institution's existing share of state funding. Thus, it does not have a disproportionately negative impact those institutions that receive a large amount of General Fund per student FTE (particularly the small institutions)

(i) REVISED SUMMARY OF HIGHER EDUCATION RECOMMENDATIONS AND OPTIONS

- Every 1.0 percentage increase in funding for the governing boards costs \$10.5 million General Fund, including the aligned increase for financial aid.
- The Committee could choose to put any increase it wished to provide into any of the “buckets” shown below (or others it may request). The table below compares the base funding distribution among institutions with the funding distribution options under the various options. It should be noted, however, that the tuition buy-down option would also **reduce** revenue that institutions could receive from tuition.
- Although staff has included a grand total for the options and recommendations below, **this is not necessarily the weight that staff considers optimal on each component**. In particular, the **Underrepresented Minority** option is set at \$2.0 million, which is not based on an analysis of need but simply reflects a “plug” for purposes of comparing funding distributions.

SUMMARY OF FUNDING ACTION AND PENDING RECOMMENDATIONS AND OPTIONS

	ACTION TO-DATE - RESTORE INSTITUTIONS TO FY 2019-20 - INCLUDES LIMITED PURPOSE FFS CONTRACTS	PERCENTAGE DISTRIBUTION OF FUNDING	INFLATIONARY ADJUSTMENT (CEO MODEL @ 2.5%)	PERCENTAGE DISTRIBUTION	TUITION BUY-DOWN ACCESS INSTITUTIONS OPTION	PERCENTAGE DISTRIBUTION	UNDER-REPRESENTED MINORITIES (URM) MODEL	PERCENTAGE DISTRIBUTION
Adams State University	\$17,280,257	2.0%	\$250,903	1.2%	\$0		\$70,024	3.5%
Colorado Mesa University	32,484,959	3.8%	802,251	3.8%	2,249,472	17.3%	79,323	4.0%
Metropolitan State University	63,969,142	7.5%	2,080,336	9.8%	3,147,182	24.1%	244,664	12.2%
Western State Colorado University	15,235,379	1.8%	405,583	1.9%	0		37,726	1.9%
Colorado State University System	172,179,287	20.1%	3,592,648	16.9%	0		234,826	11.7%
Fort Lewis College	14,136,437	1.7%	213,404	1.0%	0		34,416	1.7%
University of Colorado System	244,173,927	28.5%	5,184,008	24.4%	0		392,236	19.6%
Colorado School of Mines	25,371,265	3.0%	665,271	3.1%	0		36,647	1.8%
University of Northern Colorado	47,004,464	5.5%	1,110,458	5.2%	0		127,742	6.4%
Community College System	190,357,695	22.2%	6,216,446	29.2%	7,318,611	56.1%	624,216	31.2%
Sub-total, State Governing Boards	822,192,812		20,521,308		12,715,265		1,881,821	
Colorado Mountain College	9,010,042	1.1%	197,727	0.9%	0		26,125	1.3%
Aims Community College	10,653,783	1.2%	233,799	1.1%	0		40,159	2.0%
Area Technical Colleges	13,910,021	1.6%	305,257	1.4%	322,885	2.5%	51,895	2.6%
Total - Institutions	\$855,766,658	100.0%	\$21,258,091	100.0%	\$13,038,150	100.0%	\$2,000,000	100.0%
<i>Line Items Related via Formula</i>								
COF Private Institution Stipends	1,725,840							
Need Based Financial Aid	163,314,446		4,707,701		1,951,821		452,798	
Work Study	23,129,178							
Merit Based Aid	0							
Vets/Law Enforcement/POW	956,000							
Colorado Opportunity Scholarship Initiative	6,000,000				1,000,000			
Career and Technical Scholarship	450,000							
Total	\$1,051,342,122		\$25,965,792		\$15,989,971		\$2,452,798	

JBC STAFF MEMO: HIGHER EDUCATION COMEBACKS

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IMPACT IF ADOPT ALL STAFF RECOMMENDATIONS AND OPTIONS ABOVE - STATE GENERAL FUND			
	ACTION TO-DATE - RESTORE INSTITUTIONS TO FY 2019-20 - INCLUDES LIMITED PURPOSE	SUMMARY OF RECOMMENDATIONS AND OPTIONS ABOVE: INFLATION, BUY-DOWN, URM	PERCENTAGE CHANGE FROM BASE
Adams State University	\$17,280,257	\$320,927	1.86%
Colorado Mesa University	32,484,959	3,131,046	9.64%
Metropolitan State University	63,969,142	5,472,182	8.55%
Western State Colorado University	15,235,379	443,309	2.91%
Colorado State University System	172,179,287	3,827,474	2.22%
Fort Lewis College	14,136,437	247,820	1.75%
University of Colorado System	244,173,927	5,576,244	2.28%
Colorado School of Mines	25,371,265	701,918	2.77%
University of Northern Colorado	47,004,464	1,238,200	2.63%
Community College System	190,357,695	14,159,273	7.44%
Sub-total, State Governing Boards	\$822,192,812	\$35,118,394	4.27%
Colorado Mountain College	9,010,042	223,852	2.48%
Aims Community College	10,653,783	273,958	2.57%
Area Technical Colleges	13,910,021	680,037	4.89%
Total - Institutions	\$855,766,658	\$36,296,241	4.24%
<i>Line Items Related via Formula</i>			
COF Private Institution Stipends	1,725,840	-	
Need Based Financial Aid	163,314,446	7,112,320	4.35%
Work Study	23,129,178		
Vets/Law Enforcement/POW	956,000	-	
Colorado Opportunity Scholarship Initiative	6,000,000	1,000,000	16.67%
Career and Technical Scholarship	450,000	-	
Total	\$ 1,051,342,122	\$44,408,561	4.22%