



## Fiscal Note

### Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

## HB 26-1345: HIGHER EDUCATION FUNDING ALLOCATION CHANGES

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**Prime Sponsors:**

Rep. McCluskie; Hamrick  
Sen. Coleman; Simpson

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**Fiscal note status:** The fiscal note reflects the introduced bill.

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### Summary Information

**Overview.** The bill adjusts metrics for allocating state funding to institutions of higher education.

**Types of impacts.** The bill is projected to affect the following areas beginning in FY 2027-28:

- State Expenditures
- Institutions of Higher Education

**Appropriations.** No appropriation is required.

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**Table 1**  
**State Fiscal Impacts**

Type of Impact	Budget Year FY 2026-27	Out Year FY 2027-28
State Revenue	\$0	\$0
State Expenditures	\$0	\$0
Transferred Funds	\$0	\$0
Change in TABOR Refunds	\$0	\$0
Change in State FTE	0.0 FTE	0.0 FTE

## Summary of Legislation

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Under current law, one component of how institutions of higher education (IHE) are allocated state funding relies on a performance funding model, with defined metrics and weights. Beginning in FY 2027-28, the bill adjusts these metrics and weights based on recommendations from the Colorado Commission on Higher Education (CCHE). These adjustments are:

- counting all students who earn 18 credit hours and transfer to another institution in the credential completion weights, rather than just students who earn 18 credits and transfer out of a community college as under current law;
- excluding students who are part of a co-located degree partnership as part of the 150-percent-of-time graduation rate metric;
- changing the definition of “Pell-eligible” student to “Pell-recipient” for calculation of metrics;
- excluding concurrent enrollment students from the resident Pell-recipient student population share metric;
- including part-time students in retention rate metrics; and,
- using the Department of Higher Education’s data system (“SURDS”) as the source for calculating metrics.

The bill repeals performance funding language currently in law and replaces it with similar language that reflect the adjustments discussed above, while maintaining a similar structure for funding as under current law. The term “performance-based funding” is changed to “results-informed funding”.

Current law allows the board of trustees of the Colorado School of Mines to recommend a different funding structure based on institution results. The bill repeals this language.

## State Expenditures

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The bill does not change the amount of state funding distributed to IHEs; however, beginning in FY 2027-28, it will adjust the distribution of results-informed funding among IHEs and minimally impact workload at the CDHE, as described below.

## Institutions of Higher Education

The overall amount of state expenditures allocated to result-informed funding for IHEs (previously referred to as performance-based funding) will be unchanged. Beginning in FY 2027-28, the amount individual IHEs receive will be adjusted. For informational purposes, Table 1 reflects estimated impacts if the changes in the bill were applied to FY 2025-26 funding.

**Table 1**  
**HB 26-1345 Change in Funding to Institutions of Higher Education**

<b>Institution</b>	<b>FY 2025-26 Funding</b>	<b>Change to Pell-Recipients</b>	<b>Inclusion of Part-Time Students</b>	<b>Estimated Funding Under Bill</b>	<b>Difference</b>
Adams State University	\$28,564,817	-\$104,573	\$12,133	\$28,472,377	<b>-\$92,440</b>
Comm. College System	\$299,818,196	\$1,065,232	\$103,945	\$300,987,373	<b>\$1,169,177</b>
Colorado School of Mines	\$38,140,624	-\$28,109	-\$18,510	\$38,094,005	<b>-\$46,619</b>
Colo. State Univ. System	\$150,122,340	-\$391,139	\$19,583	\$149,750,784	<b>-\$371,556</b>
Fort Lewis College	\$23,770,422	-\$25,350	-\$18,136	\$23,726,936	<b>-\$43,486</b>
Mesa State University	\$50,007,108	-\$61,879	-\$4,617	\$49,940,612	<b>-\$66,496</b>
Metro State University	\$105,652,276	-\$103,817	\$4,493	\$105,552,952	<b>-\$99,324</b>
Univ. of Colorado System	\$242,337,850	-\$576,029	-\$55,707	\$241,706,114	<b>-\$631,736</b>
Univ. of Northern Colo.	\$70,489,317	-\$28,841	-\$33,623	\$70,426,853	<b>-\$62,464</b>
Western Colorado Univ.	\$25,178,603	\$254,505	-\$9,563	\$25,423,549	<b>\$244,944</b>
<b>Total</b>	<b>\$1,034,081,555</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,034,081,555</b>	<b>\$0</b>

Estimates are for informational purposes only and are based on institutional performance in FY 2025-26. Actual impacts will depend on enrollment of Pell grant recipients at IHEs, the performance of IHEs for student retention in future years, and the total amount of funding available.

**Department of Higher Education**

Staff at the CDHE will adjust how metrics are calculated and use internal data systems to assist the CCHE in determining the amount of results-oriented funding available for each institution. This change in workload is expected to be minimal; no change in appropriations is required.

**Effective Date**

The bill takes effect August 1, 2026 and applies to IHE budgets beginning in FY 2027-28.

## State and Local Government Contacts

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Higher Education

Joint Budget Committee Staff