

Joint Budget Committee



Supplemental Budget Requests FY 2024-25

Department of Higher Education

JBC Working Document - Subject to Change
Staff Recommendation Does Not Represent Committee Decision

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Overview of Department

The Department of Higher Education is responsible for higher education and vocational training programs in the state. The Department also includes appropriations for the State Historical Society (History Colorado).

Summary of Staff Recommendations

Department of Higher Education: Recommended Changes for FY 2024-25						
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
Current 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
Recommended Changes						
Current 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
S1 COF private stipend overexpenditure	243,424	243,424	0	0	0	0.0
S2 IT supplemental roll-forward*	0	0	0	0	0	0.0
S3 CU Anschutz Fitzsimons COP true-up	5,944	5,944	0	0	0	0.0
S4 CSU Nat'l Western Center COP true-up	1,783	0	1,783	0	0	0.0
HC1 Strat. Initiatives spending authority	446,257	0	446,257	0	0	0.0
Statewide common policy supp requests	312,234	69,677	242,320	237	0	0.0
Recommended FY 2024-25 Appropriation	\$6,243,118,409	\$1,664,324,073	\$3,232,432,331	\$1,319,354,585	\$27,007,420	27,547.5
Recommended Increase/-Decrease from 2024-25						
Percentage Change	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FY 2024-25 Executive Request						
Staff Rec. Above/-Below Request	\$6,242,874,985	\$1,664,080,649	\$3,232,432,331	\$1,319,354,585	\$27,007,420	27,547.5

*Adjusts an FY 2023-24 appropriation by amending a footnote.

FY 2024-25 Description of Incremental Changes

S1 COF private stipend overexpenditure: The request includes \$243,423 General Fund to address a restriction imposed on the line item for College Opportunity Fund stipends for students attending participating *private* institutions. Based on a proposal from the Executive Branch, the JBC sponsored H.B. 24-1424 (COF transfer to General Fund) to transfer \$1.496 million from the College Opportunity Fund to the General Fund. The transfer was based on the balance in the fund and a projection of FY 2023-24 expenditures. Actual FY 2023-24 expenditures exceeded the projection, and, because of the size of the transfer to the General Fund, the fund was over-expended by \$243,423 at the end of FY 2023-24. Staff recommends providing an appropriation of \$243,423 General Fund for FY 2024-25 to address the restriction.

S2 IT supplemental roll-forward: The request would amend a footnote in the 2023-24 Long Bill added via HB24-1186 (Department of Higher Education Supplemental) to allow the Department spending authority of supplemental funds through FY 2025-26. In the 2024 Legislative Session, the Department was appropriated \$1.6 million in supplemental funds in FY 2023-24 to address a departmental cybersecurity breach. Spending

authority of one-time funds was authorized through the current fiscal year via a footnote to the Long Bill. The recommendation is to approve the request.

S3 CU Anschutz Fitzsimons COP true-up: The request includes an increase of \$5,944 General Fund to fully fund lease purchase payments for the CU Anschutz Fitzsimons Certificate of Participation. The recommendation is to approve the request.

S4 CSU National Western Center COP true-up: The request includes an increase of \$1,783 cash funds from the National Western Center Trust Fund to fully fund lease purchase payments for the National Western Center Certificate of Participation. The recommendation is to approve the request.

HC1 Strategic Initiatives spending authority: The request includes an increase of \$446,257 cash fund spending authority from the History Colorado Strategic Initiatives Fund to access the full amount remaining that was appropriated for strategic initiatives. The recommendation is to approve the request.

Statewide common policy supplemental requests: The request includes an increase of \$312,234 total funds, including \$69,677 General Fund, for non-prioritized requests associated with statewide common policy requests. The increase is associated with adjustments to the Department’s payments for state property risk management, and to the Office of Information technology (OIT), which are determined through common policies. The prioritized versions of these requests will be presented during the supplemental presentations for the Department of Personnel (state property) and Office of the Governor (OIT). At the time of this writing, the recommendation is pending Committee action on common policy supplementals.

Prioritized Supplemental Requests

S1 COF Overexpenditure

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Request	\$243,423	\$243,423	\$0	\$0	\$0	0.0
Recommendation	243,423	243,423	0	0	0	0.0
Staff Recommendation Higher/-Lower than Request	\$0	\$0	\$0	\$0	\$0	0.0

Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria? **YES**
 [An emergency or act of God; a technical error in calculating the original appropriation; data that was not available when the original appropriation was made; or an unforeseen contingency.]

Explanation: JBC staff and the Department agree that this request is the result of data that was not available when the original appropriation (transfer) was made.

Request

Based on a proposal from OSPB in March 2024, the JBC sponsored legislation to transfer \$1.496 million from the College Opportunity Fund (COF) trust fund to the General Fund at the end of FY 2023-24 (H.B. 24-1424). The transfer was based on the balance in the COF trust fund and a projection of the portion of the FY 2023-24 appropriation for COF stipends at private institutions that would not be spent.

Expenditures for Fiscal Year 2023-24 at private institutions were finalized in mid-June. At that time, the Department learned that the number of eligible students attending private institutions who qualified for the stipend exceeded the recent uptake rates that were utilized to estimate available funds for the 2024 legislation. The COF trust fund only had \$1,252,576 available for transfer, short of the \$1,496,000 required transfer by \$243,424. Completing the transfer per statute resulted in an overexpenditure from the COF trust

fund of \$0.24 million for FY 2023-24. This has resulted in a restriction on the fund by the same amount in Fiscal Year 2024-25.

Recommendation

- Staff recommends that the Committee approve an appropriation of \$243,423 General Fund for FY 2024-25 to the line item for COF stipends for students attending private institutions, representing the FY 2023-24 over-expenditure that has led to a restriction on the FY 2024-25 appropriation for this line item. As described in this request, expenditures from this line item are currently restricted due to a transfer authorized by law in FY 2023-24 that under-estimated FY 2023-24 expenditures and thus over-estimated the transfer to the General Fund that was feasible. For reasons described further below, this appears the most straight-forward way to address the problem.
- Staff notes that, based on the data provided, it appears that the appropriation for the COF private stipend is also too low for FY 2024-25 by approximately \$277,000. Staff currently anticipates that the Governor's Office will address this shortfall through a transfer from the Need Based Grants line item to the COF private stipend line item, based on using the existing authority to transfer funds among line items for "like purposes" pursuant to 24-75-108, C.R.S. The Department did not include a request for additional funds for FY 2024-25 or FY 2025-26 to address additional costs, i.e., the request addresses only the funds restricted from FY 2023-24 and not projected increases in FY 2024-25 and FY 2025-26. Staff anticipates that such additional costs will need to be addressed in some manner. At present, staff is anticipating that any additional FY 2024-25 shortfall will be addressed through internal transfer authority and that staff will include a staff-initiated funding adjustment for FY 2025-26.
- Staff further recommends that the Committee consider a statutory change to establish a separate College Opportunity Fund private stipend fund or specify that private COF stipend appropriations are not deposited into the COF trust fund, thus separating private COF stipend accounting from the larger COF accounting. Such a bill could also authorize the Department to make transfers to and from appropriations to the private COF stipend line item and other financial aid line items consistent with the flexibility provided for transfers among other financial aid line items. **If the JBC is interested in such legislation, staff requests bill drafting authority.**

Analysis

Program Background: Students who qualify for the federal need-based Pell grant and attend a participating private institution are eligible for a stipend equal to half of the College Opportunity Fund stipend for students attending a state operated institution. Three institutions currently participate in this program: Colorado Christian University, the University of Denver, and Regis University.

The FY 2024-25 appropriation for the program is \$1,538,427 General Fund, based on 884.2 student FTE at a stipend rate of \$1,740 per FTE (one FTE=30 credit hours; \$1,740 is half the public COF stipend rate of \$3,480)

Source of the Problem: The request stems from a forecasting challenge that occurred very late in the budget process. In late March 2024, as the JBC was completing its balancing process, the Governor's Office brought forward a proposal to transfer \$1.496 million from the COF trust fund (created in Section 23-18-202, C.R.S.) to the General Fund. OSPB had determined that when demand for COF stipends at private institutions fell below the annual General Fund appropriation, as had often been the case, the balance was accumulating in the COF

Trust Fund, rather than reverting to the General Fund. The accumulation of money in the Trust Fund was also new information for JBC Staff.

The \$1.496 transfer figure was based on a \$1.2 million balance in the fund at the end of FY 2022-23, projected use of funds in FY 2023-24, and a cushion against forecast error. This cushion turned out to be too small.

As reflected in the request, expenditures in the last quarter of FY 2023-24 came in far higher than expected. OSPB had estimated that \$1.4 million of the \$1.8 million FY 2023-24 appropriation would be expended in FY 2023-24; instead, final expenditures were \$1.8 million. Usage has varied significantly from year to year, but there was no reason to expect the 44.0 percent increase which occurred in FY 2023-24. The table below shows the historic appropriations and use of the fund.

College Opportunity Fund - Private Institutions Usage						
	Appropriations ¹	Expended	Growth	Difference	Transfer	Balance
FY2014	1,299,840.00	1,282,833.86		17,006.14		
FY2015	1,506,375.00	1,481,149.52	15.46%	25,225.48		
FY2016	1,506,375.00	1,400,280.00	-5.46%	106,095.00		
FY2017	1,443,375.00	1,251,449.70	-10.63%	191,925.30		
FY2018	1,481,865.00	1,258,880.22	0.59%	222,984.78		
FY2019	1,482,831.00	1,598,423.37	26.97%	(115,592.37)		
FY2020	1,725,840.00	1,542,566.53	-3.49%	183,273.47		
FY2021*	734,400.00	616,702.41	-60.02%	117,697.59		
FY2022	1,725,840.00	1,226,703.39	98.91%	499,136.61		
FY2023	1,655,048.00	1,253,890.24	2.22%	401,157.76		1,222,083.93
FY2024	1,846,140.00	1,815,647.97	44.80%	30,492.03	1,496,000.00	(243,424.04)
FY2025	1,538,427.00	1,815,647.97	0.00%	-277,220.97	-243,423.04	(277,221.97)

*Stipend rate was reduced to align with budget-balancing reductions to public institutions' COF stipends.

When the program over-expended money available in the cash fund in FY 2023-24, the Controller restricted the Department's FY 2024-25 expenditures from the fund.

Options for Solving FY 2024-25 Restriction: Apart from making an FY 2024-25 appropriation, there are other options for addressing the restriction, including making a retroactive appropriation for FY 2023-24 or making an FY 2024-25 transfer. However: (1) FY 2023-24 is closed; (2) the over-expenditure was due to a too-large transfer in a bill, rather than a too low appropriation in FY 2023-24; and (3) final appropriations and expenditures in FY 2023-24 were actually quite close, at \$1.8 million, so applying the increase in FY 2023-24 to address the problem will distort the budget record; (4) a transfer would require a separate bill.

Statutory Option: Staff is concerned about the accumulation of money in the COF Trust Fund over multiple years, which was likely masked in part by the combination of both public and private COF stipends deposited in the same fund. Staff recommends a modest statutory fix to address this problem, which would include:

- Creating a separate fund for the COF private stipend or clarifying that appropriations for the COF private stipend are not to a fund but rather an annual appropriation;
- If a separate fund is created, establishing a mechanism for automatically transferring excess balances to the General Fund;
- Adding statutory authority for the Department to transfer funds to and from the COF private stipend line item in a manner consistent with what is authorized in statute for other financial aid programs. Section 23-3.3-102(7), C.R.S., authorizes expenditures to exceed appropriations by up to 10 percent in a single financial aid line item so long as total appropriations for financial aid are not exceeded. Such legislation

could also potentially clarify that transfers between financial aid line items and the private COF stipend are “like purposes” at defined in Section 24-75-108, C.R.S., which would enable the Governor’s Office to authorize larger transfers if warranted.¹

Staff needs further information about the timing and method for certain payments to determine some details (e.g., whether there should be separate fund or no fund), but believes such issues can be worked out in the drafting process.

S2 IT supplemental roll-forward

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Request	\$0	\$0	\$0	\$0	\$0	0.0
Recommendation	0	0	0	0	0	0.0
Staff Recommendation Higher/-Lower than Request	\$0	\$0	\$0	\$0	\$0	0.0

Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria? YES
 [An emergency or act of God; a technical error in calculating the original appropriation; data that was not available when the original appropriation was made; or an unforeseen contingency.]

Explanation: JBC staff and the Department agree that this request is the result of an unforeseen contingency.

Request

The Department requests to amend a footnote in the 2023-24 Long Bill added via HB24-1186 (Department of Higher Education Supplemental) to allow the Department spending authority of supplemental funds through FY 2025-26. In the 2024 Legislative Session, the Department was appropriated \$1.6 million in supplemental funds in FY 2023-24 to address a departmental cybersecurity breach. Spending authority of one-time funds was authorized through the current fiscal year via a footnote to the Long Bill.

Recommendation

Staff recommends that the Committee approve the request.

Analysis

Background: On June 19, 2023, the Department became aware that a cybersecurity ransomware incident had taken place impacting its network systems. In addition to significant disruption of network systems, the Department’s investigation revealed that certain data was copied from the CDHE systems during the breach, including personally identifiable information. The incident also interrupted and corrupted certain required data submissions from institutions of higher education. The Department has worked diligently with third-party specialists and institutions to recover lost data, remediate the damage, and harden its IT system against future attacks. The Department received \$1.6 million General Fund to accomplish these goals.

Included in the appropriation is \$920,000 one-time funds to enlist temporary assistance from contract professional services to bring its data system in line with the Department’s new data governance policies. This requires several changes including migrating program data into the secure database, redesigning the database architecture to align with the new data archive and retention policy, modifying the database to ensure

¹Staff is not convinced such clarification is necessary, but it would be an option.

compliance with the database audit policy, reducing the amount of and accessibility to personally identifiable information (PII) in the database, updating SQL code and stored procedures to ensure compatibility with security methods, reviewing all data management practices and frameworks to ensure proper data and cyber security practices, and implementing best practices for data storage. The cost and timeline of the expenditure for this portion of the request has relied heavily on scoping and contracting timelines.

Request: The Department was granted roll forward authority of these one-time funds through FY 2024-25 via a Long Bill Footnote added in HB24-1186 (Department of Higher Education Supplemental). However, the Department is requesting an extension of spending authority through FY 2025-26 due to unforeseen scoping and contracting delays.

According to the Department, the initial scope of work was completed in June 2024, but it did not produce a viable solution as it did not comply with OIT cloud policies and would be cost prohibitive due to recurring costs of cloud-based solutions. Therefore, the Department worked with the vendor and its newly-hired IT staff to re-scope the work to find a workable solution. That new scope was completed in November 2024 with the contract finalized in December 2024.

Currently, the contract states that work should be completed by June 2025 given that the Department does not have roll-forward authority through FY 2025-26. However, the Department believes completion dates are likely to change as the vendor continues the discovery and build processes. Therefore, it is requesting an extension of the roll-forward authority through FY 2025-26 to ensure the best outcome for the project.

Staff recommends approving the request which will require an add-on amendment to HB24-1186.

S3 and S4 COP true-ups

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
S3 CU Anschutz Fitzsimons COP true-up	\$5,944	\$5,944	\$0	\$0	\$0	0.0
S4 CSU National Western Center COP true-up	1,783	0	1,783	0	0	0.0
Recommendation	7,727	5,944	1,783	0	0	0.0
Staff Recommendation Higher/-Lower than Request	\$0	\$0	\$0	\$0	\$0	0.0

Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria? **YES**
 [An emergency or act of God; a technical error in calculating the original appropriation; data that was not available when the original appropriation was made; or an unforeseen contingency.]

Explanation: JBC staff and the Department agree that this request is the result a technical error in calculating the original appropriation.

Request

The Department requests an increase of \$5,944 General Fund and \$1,783 cash funds from the National Western Center Fund to fully fund lease purchase payments for the CU Anschutz Fitzsimons Certificate of Participation and the National Western Center Certificate of Participation (respectively).

Recommendation

Staff recommends that the Committee approve the requests.

Analysis

The University of Colorado Anschutz (CU-Anschutz) Fitzsimons Certificate of Participation (COP) payment was authorized under HB03-1256, allowing the state to executive lease-purchase agreements for the construction of academic facilities for the University of Colorado Health Sciences at the former Fitzsimons army base. HB15-1344 created the National Western Center (NWC) COP, allowing for the construction of Colorado State University buildings at the National Western Complex.

Both COP calculations for payment in FY 2024-25 contained technical errors; therefore, the Department is requesting supplemental adjustments to make full payment as scheduled for the COPs. The Department indicates that it works directly with the institutions on the lease purchase-payments and obtain data and payment schedules directly from the participating institutions. In the past, incremental adjustments to payments were made as technical adjustments in budget requests to account for increases related to the COP payment schedules. However, this did not occur for FY 2024-25, and therefore, the Department is requesting these adjustments at this time. Failure to pay in full could result in penalties for the State.

Staff recommends that the Committee approve the requests.

HC1 Strategic Initiatives spending authority

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Request	\$446,257	\$0	\$446,257	\$0	\$0	0.0
Recommendation	446,257	0	446,257	0	0	0.0
Staff Recommendation Higher/-Lower than Request	\$0	\$0	\$0	\$0	\$0	0.0

Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria? YES
 [An emergency or act of God; a technical error in calculating the original appropriation; data that was not available when the original appropriation was made; or an unforeseen contingency.]

Explanation: JBC staff and the Department agree that this request is the result of data that was not available when the original appropriation was made.

Request

History Colorado requests an increase of \$446,257 cash fund spending authority from the History Colorado Strategic Initiatives Fund to access the full amount remaining in the fund.

Recommendation

Staff recommends that the Committee approve the request.

Analysis

Background: During the 2022 legislative session, S.B. 22-216 (Reallocation of Limited Gaming Revenues) resulted in adjustments to the limited gaming revenue distribution formula. As a result, funding that would have otherwise gone to History Colorado did not. Therefore, in the same bill, the General Assembly transferred \$3.0 million General Fund into the Historic Society Strategic Initiative (HSSI) Fund for strategic initiatives to strengthen History Colorado’s financial position through expanding statewide impacts and increasing earned revenue. The fund exists through FY 2026-27.

Strategic investments include multi-year projects such as the expansion of the Hands-on-History program, the scaling of the Museum of Memory program, providing “Free for Kids” admission to all History Colorado

museums, development of the Colorado History classroom curriculum, coordination of the affiliates and traveling exhibits program, cultivation of marquee exhibitions, licensing the “What’s Your Story” exhibition, and upgrading A/V in meeting and rental spaces. All of the initiatives are designed to spur greater public engagement with the State’s history, and to develop new revenue streams for History Colorado. See [JBC Staff Figure Setting Document](#) for FY 2024-25, pages 93 and 94 for more information on the initiatives.

Request. History Colorado was appropriated \$1.5 million from the cash fun in FY 2022-23 and also in FY 2023-24 but did not expend all of the funds, carrying forward a balance at the end of each fiscal year. In FY 2024-25, it requested the remainder of the funds as well as roll-forward authority to spend down the final portion of the Fund. Long Bill appropriations in FY 2024-25 included \$1,218,415 with carryforward authority through FY 2025-26. The intent of this appropriation was for them to expend the remainder of the funds. However, the unspent balance from FY 2023-24 came in higher than anticipated, and there will remain a balance of \$446,257 in the cash fund without further appropriation.

The Department is requesting a supplemental adjustment to access the remainder of the cash fund balance for the purposes set forward in SB22-216. Staff recommends approval of the request.

Statewide Common Policy Supplementals

These requests are not prioritized and are not analyzed in this packet. The JBC will act on these items later when it makes decisions regarding common policies.

Department's Portion of Statewide Supplemental Requests						
Supplemental	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
SNP OIT Real-time billing	\$145,160	\$69,677	\$75,583	\$0	\$0	0.0
SNP Risk management	167,074	0	166,837	237	0	0.0
Total	\$312,234	\$69,677	\$242,320	\$237	0	0.0

The staff recommendation for these requests is pending Committee action on common policy supplementals. Staff asks permission to include the corresponding appropriations in the Department's supplemental bill when the Committee acts on common policy supplementals. If staff believes there is reason to deviate from the common policy, staff will appear before the Committee at a later date to present the relevant analysis.

MEMORANDUM



JOINT BUDGET COMMITTEE

To Members of the Joint Budget Committee
From Amanda Bickel, JBC Staff (303) 866-4960/ (303) 246-6874
Date January 22, 2025
Subject Colorado Mesa University Revenue Bond Intercept Request

Request and Recommendation: On December 17, 2024, the Capital Development Committee (CDC) considered and approved a request from Colorado Mesa University (CMU) to expand its debt under the Higher Education Revenue Bond Intercept Program (Section 23-5-139, C.R.S.) by \$80.0 million to finance two projects. Statutory provisions require approval from both the CDC and JBC. **JBC staff recommends that the JBC approve the request.**

Background on the Intercept Program: The Higher Education Revenue Bond Intercept Program, first authorized in 2008 and most recently modified in 2022, enables the governing boards of higher education institutions to issue debt under the state's credit rating rather than their own. This reduces the cost of debt for governing boards but also makes the State responsible for making timely payments on the debt if the governing board is not able to do so. If this occurs, the State is authorized to recoup its expenditures from the affected governing board.

Pursuant to Section 23-5-139, C.R.S., to qualify for the Revenue Bond Intercept Program, an institution must have:

- A credit rating in one of the three highest categories from a nationally recognized statistical rating organization (i.e., a rating in the A or higher category)
- A debt service coverage ratio of at least 1.5x (net revenue available for debt service/annual debt service) applied to all debt.
- Pledged revenues for the issue of not less than: the net revenues of auxiliaries; 100% of tuition if an enterprise; indirect cost recovery revenues; facility construction fees designated for bond repayment; and student fees and revenues pledged to bondholders.
- Debt service payments for intercept bonds that do not exceed 75 percent of the governing board's most recent fiscal year state General Fund appropriation (amounts reappropriated to the Board).
- Pre-approval from the State Treasurer and approval from the CDC and JBC.¹

Senate Bill 16-206 (a JBC bill) modified Section 23-5-139, C.R.S., to tighten the program and ensure that the legislature and the Treasurer's Office have better oversight and information on use of the intercept program, given that the State serves as the financial backstop for this debt. Senate Bill 22-121 reduced restrictions on institutional indebtedness by increasing the amount of tuition revenue to be pledged from 10 percent to 100 percent. This greatly increased

¹ Pre-approval to a specified amount is included as part of annual reports from the Treasurer on the institutions of higher education.

institutions’ debt service coverage ratios for the intercept program, making bonds more marketable and improving rates. However, the change also facilitates expanded use of the intercept program, since meeting the 1.5x coverage ratio for new issuances presents less of an obstacle. It thus makes other program constraints—including the JBC’s approval—particularly important.

An annual report from the Treasurer’s Office, received September 1 each year, provides each governing board’s debt profile and outlines whether, at the time of the report, the governing board is qualified to participate in the program. Based on data provided by the Treasurer’s Office for the 2024 report, *state institutions have outstanding principal and interest obligations of \$6.1 billion. This includes \$2.3 billion in obligations issued under the higher education revenue bond intercept program, which are issued based on the State’s Aa2 rating, rather than the underlying bond rating of the institution. All of the governing boards participate in the intercept program, except the University of Colorado, which has had a credit rating higher than or equal to the State’s.*

Colorado Mesa University Request: *CMU seeks expanded use of the intercept program by up to \$80.0 million for issuances for the two projects shown below, based on the attached letter dated January 13, 2025, from the CDC. The JBC must also review the request and approve it for CMU to expand its use of the intercept program.*

Project	Location	Amount
Centennial Village Student Housing	Grand Junction	\$53,600,000
Formation District Dining Hall	Grand Junction	22,500,000
Total		\$76,100,000

The additional information below is from project plans submitted to the CDC and additional information provided to staff by CMU.

The key driver of both the housing and dining projects is the need for additional on-campus housing and dining at CMU. Current housing demand is outstripping supply to such an extent that the campus is housing students in hotels this year. CMU’s freshman class grew over 30 percent above prior years, leading the administration to double-up 80 single rooms and house 88 upper-class students in hotels off-campus.

Data submitted to the CDC indicates that CMU currently has 2,928 beds in on-campus housing with total undergraduate headcount enrollment of 8,140 on opening day in 2024, i.e., the school houses about 36.0 percent of its undergraduate student population, including an estimated 64.0 percent of incoming freshmen, 51.0 percent of second year students, and 9.0 percent of other students. Even assuming relatively conservative growth from here on, with 72 percent freshman to sophomore retention and 1% annual ongoing growth in new freshmen and transfers, CMU anticipates that its undergraduate headcount will grow to 9,539 by 2028.²

² Excluding high school students and “golden” scholars.

Centennial Village Student Housing

This project was originally approved by the CDC for the 2-year cash fund list and for use of the intercept program on October 29, 2024. However, the intercept request was then withdrawn by CMU in letters to the CDC and the JBC dated November 21, 2024, so that the project could be bundled with the Formation District Dining Hall project, discussed below, for intercept consideration.

The project constructs a 104,000-GSF, 316-bed student housing project.³ The preliminary project plan is for a four-story building that includes apartments of various sizes, each with a common kitchen and living area. The preliminary plan includes: 30 6-bed apartments (each with two double bedrooms, two single bedrooms, and two bathrooms); 10 4-bed apartments (each with one double bedroom, two single bedrooms, and two bathrooms); 32 3-bed apartments (one single, one double, one bath), plus a two-bedroom apartment for a resident director and three studios for resident assistants.

The project proforma reflects per-bed student charges of \$14,719 in the first year, which does not include dining charges.⁴ Assuming a \$50.0 million construction cost and interest at 4.5 percent on 30-year bonds, the project proforma provided by CMU suggests that the project will be able to cover costs, though net profits will be modest. CMU is hoping to complete the project by August 2025, though that seems ambitious.

Proforma - Centennial Housing Project					
	Year 1 Projection	Year 3 Projection	Year 5 Projection	Year 10 Projection	
Revenue					
Housing Cost per bed	14,719	15,921	17,220	20,950	
Meal Plan	-	-	-	-	
Expected Anticipated Beds	294	294	294	294	
Total Revenue (less tech fee)	\$ 4,327,523	\$ 4,680,649	\$ 5,062,590	\$ 6,159,415	
Expenditures					
Staff Compensation	41,600	44,995	48,666	59,210	
Student Wages	51,000	55,162	59,663	72,589	
Student Stipends	3,000	3,245	3,510	4,270	
Other Operating	7,575	8,193	8,862	10,782	
Utilities	151,067	163,394	176,727	215,015	
Cable	12,000	12,979	14,038	17,080	
Insurance	20,600	22,281	24,099	29,320	
Financial Aid	51,500	55,702	60,248	73,301	
Admin Recharge	18,399	19,900	21,524	26,187	
Maint Recharge	132,600	143,420	155,123	188,731	
Telecom	2,000	2,163	2,340	2,847	
Foodservice	446,250	482,664	522,049	635,153	
Total Expenditures	\$ 937,590	\$ 1,014,098	\$ 1,096,848	\$ 1,334,484	
Net before Debt	\$ 3,389,933	\$ 3,666,551	\$ 3,965,742	\$ 4,824,931	
Annual Debt Service	\$ 3,283,321	\$ 3,283,321	\$ 3,283,321	\$ 3,283,321	
Net after Debt	\$ 106,612	\$ 383,230	\$ 682,421	\$ 1,541,611	

Analysis - Assumptions		
Adjuster	Select	Insert Value
Housing Rate	Orchard Single	
Lease Length	12 Month Lease Rate	
Number of Beds	300	
Occupancy Rate	98%	
Meal Plan	No Meal Plan	
Total Debt		
Construction Only		\$ 50,000,000
Capitalized Interest & Closing Cost		\$ 4,000,000
(less) Cash		
Total Financed Amount		\$ 54,000,000
Interest Rate		4.50%
Period		360
Annual Debt Service Payment		\$ 3,283,321
Annual Debt Service Sensitivity		
		Change
Project Cost	\$ 500,000	30,401
Per Rate Change	0.25%	331,681
All-In Cost per Bed		
Beds as Built		300
Total Cost	\$ 54,000,000	
Price per Bed	\$	180,000

³ Excludes resident director apartment and three resident assistant rooms, which bring the total to 320 beds.

⁴ Students will be required to enroll in a minimum 7 meal per week plan.

Formation District Dining Hall

Until now, CMU has had a single dining hall that serves the entire campus. However, overall growth at the campus, including new freshmen and sophomores living in on campus housing that requires associated meal plans, is exceeding the capacity of the single dining hall to meet demand. As noted in the request to the CDC, “CMU’s Food Services resources are strained by demand to fulfill meal plans and provide timely meals for students, faculty, staff, and guests, leading to long lines, extended wait times, and challenging seating capacities during peak hours. Additionally, significant back-of-house issues, such as the need for increased dry storage, refrigeration, and freezer capacities, have resulted in shortages and delivery challenges, among other related concerns.”

The project constructs a new, 20,000-GSF dining hall on the west side of campus in an evolving, mixed-used area called the Formation District. The university expects the meal plan program to expand by 400-600 students, faculty, and staff over the next two years. The dining hall will be located adjacent to the Centennial Village student housing project.

The source of cash funds for the project is bonding backed by the Higher Education Revenue Bond Intercept Program, with an expected 30-year interest rate of 4.5 percent, to be repaid through meal plans and cash sales in the dining hall. As reflected in the proforma information below, dining services overall are generally a profit center, and CMU anticipates that additional sales will be sufficient to cover additional debt service costs, even in the first year the dining hall opens (projected to be FY 2025-26).

Proforma Estimate Summary - Total Campus Dining						
	Actuals FY 24	Inflationary Factors	Year 1 Projection FY 26	Year 3 Projection FY 28	Year 5 Projection FY 30	Year 10 Projection FY 35
Revenue						
Gross Meal Plan Charges	11,147,827	5%	14,392,304	15,867,515	17,493,935	22,327,187
Cash Sales						
Total Cash Sales	503,944		655,843	965,175	1,064,105	1,358,098
<small>*Cash Sales are split between Sodexo; net of Sodexo fees and Franchise royalties</small>						
Total Revenue	\$ 11,651,771		\$ 15,048,147	\$ 16,832,690	\$ 18,558,040	\$ 23,685,285
Expenditures						
Sodexo Contract [Food and Labor Cost]	5,854,608		8,309,148	9,597,066	10,580,765	13,504,035
Facility Operating and Maintenance Expenses						
Professional Cleaning Costs	85,129	3%	100,000	204,000	212,242	234,332
Utilities	257,755	3%	809,000	858,268	910,537	1,055,562
Insurance Cost	4,881	10%	18,000	21,780	26,354	42,443
Replacement/Upgrade Cost	7,324	30%	60,000	123,600	131,127	152,012
Software and Hardware Contracts	98,857	3%	180,000	180,000	180,000	180,000
CMU Administration	51,589		158,100	164,487	171,133	188,944
Total Expenditures	\$ 6,360,145		\$ 9,634,248	\$ 11,149,201	\$ 12,212,157	\$ 15,357,328
Net before Debt	\$ 5,291,626		\$ 5,413,899	\$ 5,683,489	\$ 6,345,884	\$ 8,327,957
Annual Debt Service	\$ 2,369,810		\$ 4,730,022	\$ 4,730,022	\$ 4,730,022	\$ 4,730,022
Net after Debt	\$ 2,921,816		\$ 683,877	\$ 953,467	\$ 1,615,862	\$ 3,597,935

This Proforma Accounts for CMU Campus Dining as a whole. Currently, dining is beyond capacity with the single dining hall. The addition of the new facility will allow for extension of current dining as well as allow for additional meal plans and cash sales. This split dining proforma provides a holistic view at the costs associated with total campus dining.

Key: Assumptions that can be updated and adjusted for ALL dining facilities
Assumptions that can be updated and adjusted for NEW dining facility

Total Debt	
Construction Only - New Debt	\$ 22,500,000
Interest Rate	4.50%
Period	144
Annual Debt Service Payment - New	\$ 2,430,022
Estimated Annual Debt Service Existing	\$ 2,300,000

Assumptions		
Assumption	Total Amount	Annual % Increase
Meal Plan Need		5%
Gross Meal Plan Cost Adjustment		5%
Sodexo Contract Annual Adjustment		5%
Professional Cleaning Costs	\$ 200,000	2%
Equipment Replacement and Upgrades	\$ 600,000	30%
Insurance Cost	\$ 18,000	10%
Utility Cost	\$ 809,000	3%
Software and Hardware Contracts	\$ 120,000	3%
CMU Administration Cost	\$ 155,000	2%
Vendors in New Dining Hall		
	Qty	
Sodexo Partners	3	
Sodexo Franchises	3	

Meal Plans		
Meal Plan	FY 25 Need	FY 25 Cost
Unlimited Plan	1,516	\$ 5,959
The 17	555	\$ 5,820
The 14	358	\$ 5,542
Aspen/Wingate 7 Swipe	163	\$ 2,618
Total	2,592	

Sodexo Projected Cost Per Student		
Sodexo Estimated FY25 Cost		7,913,474
Food Estimated FY25 Sales		14,392,304
Cost Per Plan	\$	5,553

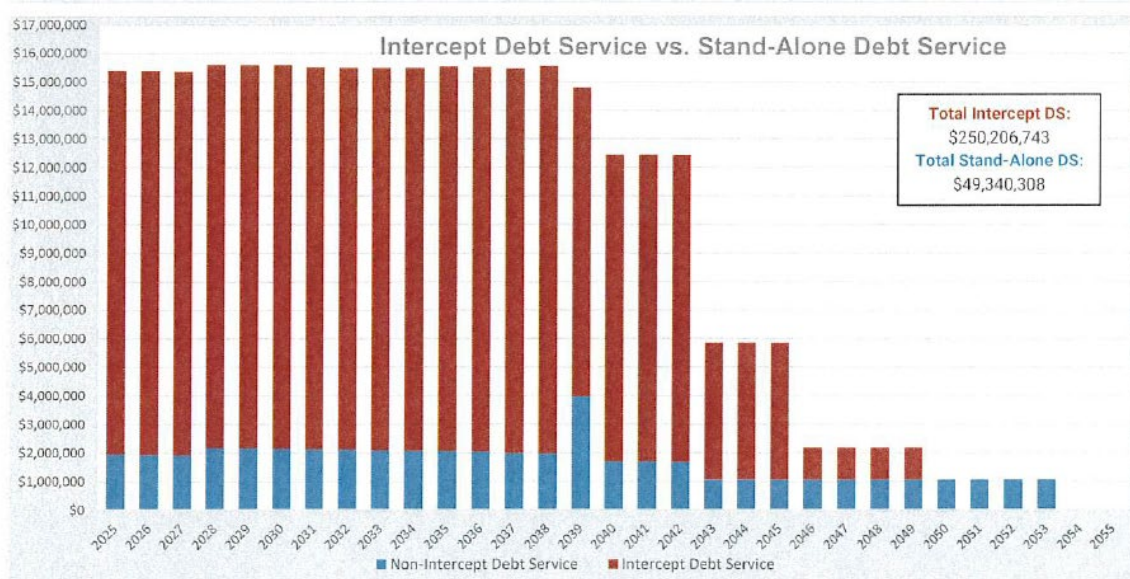
Other Approvals/Requirements:

- As of the Colorado Treasurer’s 8th Annual Report on State Institutions of Higher Education Fiscal Year 2023/2024 (August 30, 2024), CMU was qualified to participate in the intercept program and had “pre-approval” from the Treasurer’s Office, based on various factors including its A2 credit rating from Moody’s.

January 22, 2025

- Based on the data provided by CMU, the increased debt service payments estimated at \$5.7 million for 30 years (approximately \$171 million) remains within the “pre-approval” of \$410.5 million in additional intercept debt reflected in the Treasurer’s report.
- If CMU’s total annual intercept debt payment increases to \$21.1 million, as would be anticipated with the addition of this issuance, staff anticipates that annual payments will remain within 75 percent of annual state operating appropriations at the time of issuance, as required by statute. CMU received \$49.2 million in appropriations for student stipends and fee-for-service contracts in FY 2024-25.
- The projects to be funded have been reviewed and approved by the Colorado Commission on Higher Education, as well as the CDC.

Additional Background on CMU Debt and Financial Profile: The chart below, from the Treasurer’s September 1, 2024 report on the program, shows CMU’s debt service obligations, most of which use state-backed intercept debt.



As shown, CMU’s annual net debt service payments are currently at \$15.4 million. As noted above, CMU’s proposal to increase its debt by up to \$80.0 million is expected to increase its annual debt service by approximately \$2.3 million for the new dining hall and \$3.4 million for the new dorm (\$5.7 million total), *representing a 37.0 percent increase*.

Based on financial statements, CMU’s gross revenue in FY 2023-24 was \$224.8 million. The table below (data included in the staff budget briefing) provides additional context on the scale of the new debt compared to CMU’s obligations. As shown, CMU is already quite leveraged, and these new projects will make it more so. However, this seems difficult to avoid given the school’s growth.

Debt Profile and Credit Ratings (Fall 2024)					
	Credit Rating Moody's	Total Outstanding Principal and Interest (Obligations)	Percent Intercept Debt (state- backed)	Total Debt Obligations/Total Annual Revenue ⁵	Annual Debt Payment/Total Annual Revenue ⁴
Colorado Mesa U	A2 (stable)	299,547,051	83.5%	133.3%	6.8%

In April 2024, Moody’s maintained CMU’s underlying **credit rating of A2**. This is significantly lower than the State rating of Aa2 that CMU may use under the intercept program but higher than the underlying ratings for Adams, Western, Fort Lewis, or the University of Northern Colorado. (Moody’s scale from highest to lowest: Aa1, Aa2, Aa3, A1, A2, A3, Baa1, etc.). The credit rating report noted CMU’s “solid market position and importance as a provider of higher education in the western portion of the state; consistently strong EBIDA margins⁶ averaging nearly 30% over the past 5 years; [and] continued growth of liquidity translating to a favorable 305 days cash on hand at 2023 fiscal year end.” Challenges include “high reliance on tuition and fees to fund operations; elevated financial leverage - total adjusted debt at nearly 2x operating revenue including a large net pension liability; and generally flat enrollment.”

Staff Recommendation: Staff recommends the request.

- As highlighted by Moody’s, CMU has been performing well as a business operation, with strong operating margins.
- There appears to be such large demand for housing at CMU that even if growth returns to the stable level seen prior to fall 2024 there should be sufficient demand for the new housing and dining.
- These projects are expected to cover costs and provide some net profits.
- Staff continues to be concerned about CMU’s degree of leverage, but this seems unavoidable given the growth in enrollment and housing demand.
- The proposed projects are consistent with plans approved by the Colorado Commission on Higher Education (CCHE) and the CDC.
- In general, housing students on campus corresponds to stronger student academic performance, and this has been CMU’s experience.

Staff has attached a draft letter to the Treasurer’s Office and the Colorado Commission on Higher Education for the Committee’s consideration.

⁵ Revenue of \$224.8 million is based on data submitted for the Composite Financial Index calculation and includes operating and non-operating revenue and unrestricted foundation income.

⁶ A measure of profitability – revenue less expenses, excluding depreciation and amortization, divided by revenue.

STATE OF COLORADO

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Legislative Services Building
200 East 14th Avenue, 3rd Floor
Denver, CO 80203
Telephone 303-866-2061

<http://leg.colorado.gov/agencies/joint-budget-committee>

DRAFT

January 23, 2025

Mr. John Marshall
President
Colorado Mesa University
1100 North Avenue
Grand Junction, CO 81501

Hon. Dave Young
State Treasurer
State Capitol
200 E Colfax, Room 410
Denver, CO 80203

Dear President Marshall and Treasurer Young,

Pursuant to the provisions of Sections 23-5-139 (1.5)(c), C.R.S., on January 22, 2025, the Joint Budget Committee reviewed a request from Colorado Mesa University to expand its borrowing under the Higher Education Revenue Bond Intercept Program by up to \$80,000,000 for costs associated with the projects below.

Project	Location	Estimated Amount
Centennial Village Student Housing	Grand Junction	\$53,600,000
Formation District Dining Hall	Grand Junction	22,500,000
Total		\$76,100,000

The Joint Budget Committee voted to approve this request. The amount requested falls within the pre-approval amount identified in the Colorado Treasurer's 8th Annual Report on State Institutions of Higher Education Fiscal Year 2023/2024 (August 30, 2024), and the Capital Development Committee approved the request December 17, 2024.

Colorado Mesa University may therefore proceed with issuing this additional debt under the Higher Education Revenue Bond Intercept Program, so long as the final bond issue complies with Section 23-5-139 (1)(b)(I),(II), and (III), C.R.S., and any other relevant provisions of law.

Please contact Amanda Bickel on our staff (303-866-4960) should you have any questions about this matter.

Sincerely,

Jeff Bridges
Chair

Cc:

Mark Ferrandino, Executive Director, Office of State Planning and Budgeting

Angie Paccione, Executive Director, Colorado Department of Higher Education

Jennifer Walmer, Chair, Colorado Commission on Higher Education

Representative Tammy Story, Chair, Capital Development Committee

Michelle Quinn, Vice President for Finance and Administration, Colorado Mesa University

Rep. Tammy Story, *Chair*
Rep. Mandy Lindsay
Rep. Ty Winter

Sen. Kyle Mullica, *Vice-Chair*
Sen. Nick Hinrichsen
Sen. Byron Pelton



Capital Development Committee

State Capitol Building, Room 029
Denver, Colorado 80203-1784
(303) 866-3521



January 13, 2025

Senator Jeff Bridges, Chair
Joint Budget Committee
200 East 14th Avenue, Third Floor
Denver, CO 80203

Dear Senator Bridges,

On December 17, 2024, the Capital Development Committee (CDC) considered and approved two projects submitted by Colorado Mesa University pursuant to the requirements of the Higher Education Revenue Bond Intercept Program under Section 23-5-139, C.R.S. The university seeks intercept bonding authority of up to \$80.0 million for the two projects. *The CDC approved the projects as submitted on a vote of 6-0.* Table 1 summarizes the intercept projects. A memorandum describing the requested bond issuance and the projects is attached.

Table 1
Approved Intercept Projects

Project Name	Location	Amount of Issuance
Centennial Village Student Housing	Grand Junction	\$53,600,000
Formation District Dining Hall	Grand Junction	\$22,500,000
Total		\$76,100,000

If you have any questions or concerns about the CDC's recommendations, please call Bo Pogue, Legislative Council Staff, at 303-866-5390.

Representative Shannon Bird, Chair

December 18, 2024

Page 2

Sincerely,

A handwritten signature in black ink, appearing to read "Tammy Story". The signature is fluid and cursive, with the first name "Tammy" written in a larger, more prominent script than the last name "Story".

Representative Tammy Story
Chair, Capital Development Committee

C:

Capital Development Committee Members

Joint Budget Committee Members

Adrian Leiter, Governor's Office of State Planning and Budgeting

Tammy Pacheco, Governor's Office of State Planning and Budgeting

Kennedy Evans, Department of Higher Education

Kent Marsh, Colorado Mesa University

Michelle Quinn, Colorado Mesa University

Dave Young, State Treasurer

Eric Rothaus, Deputy State Treasurer

Amanda Bickel, Joint Budget Committee Staff

Andrea Uhl, Joint Budget Committee Staff

Capital Development Committee Staff



Legislative Council Staff
Nonpartisan Services for Colorado's Legislature

Memorandum

December 13, 2024

TO: Capital Development Committee
FROM: Bo Pogue, Senior Research Analyst, (303) 866-5390
SUBJECT: Colorado Mesa University Intercept Request

Summary

The Higher Education Revenue Bond Intercept Program allows the state to make necessary payments of principal and interest on revenue bonds, if needed, on behalf of a participating state-supported higher education institution. Under the program, an institution is permitted to bond for projects using the state's credit rating, which typically results in cost savings for the institution.

In order to participate in the program, an institution must meet certain requirements regarding its credit rating and its debt service coverage ratio. An institution must have a credit rating in one of the three highest categories from a nationally recognized statistical rating organization, without regard to modifiers within a category. If more than one organization has rated an institution, none of the ratings can be in a category below the three highest categories. An institution must also have a debt service coverage ratio of 1.5, measured by dividing net revenue available for annual debt service by the total amount of annual debt service plus the annual debt service to be issued.

The requirements to participate in the intercept program are established in law and verified by the Office of the State Treasurer in a report published by September 1 of each year. An excerpt of relevant sections of the 2024 report is included as Attachment A. The report itemizes the following for each state-supported higher education institution:

- the most recent credit rating or ratings;
- the debt service coverage ratio;
- the total amount of intercept bonds issued, including the anticipated payment schedule; and
- the total amount of revenue bonds issued, including the anticipated payment schedule.

Based on this report, the State Treasurer issues an annual preapproval certificate to each governing board that meets the statutory requirements to participate in the intercept program.

Open records requirements: Pursuant to Section 24-72-202 (6.5)(b), C.R.S., research memoranda and other final products of Legislative Council Staff are considered public records and subject to public inspection unless: a) the research is related to proposed or pending legislation; and b) the legislator requesting the research specifically asks that the research be permanently considered "work product" and not subject to public inspection. If you would like to designate this memorandum to be permanently considered "work product" not subject to public inspection, or if you think additional research is required and this is not a final product, please contact the Legislative Council Librarian at (303) 866-4011 within seven days of the date of the memorandum.



The preapproval certificate includes the total amount of intercept bonds that a governing board may issue in the next year.

For FY 2024-25, Colorado Mesa University's (CMU) preapproval amount is \$410.5 million. The institution is required to receive certification from the State Treasurer that it qualifies to participate in the intercept program prior to submitting a proposal to the Capital Development Committee (CDC) for review and approval. Any proposed new borrowing under the state intercept program is subject to approval by the CDC and the Joint Budget Committee (JBC), regardless of the cost of individual projects.

Other approval requirements. Intercept projects exceeding \$2 million for new projects or \$10 million for renovation projects must also be reviewed as part of an institution's two-year projection of cash need. In addition, the Colorado Commission on Higher Education must review and approve program plans for any new project costing more than \$2 million that will be financed under the intercept program. Once an institution is prepared to issue intercept-backed bonds, it submits the proposed borrowing for separate review and approval by the CDC and the JBC. CMU seeks intercept approval for the following projects:

- Centennial Village Student Housing. The project received approval as a two-year cash list project from the CDC in September 2024, and separate approval to participate in the intercept program in October 2024. However, to better conform with certain legislative deadlines established in statute, and after consultation with JBC Staff, the university brings the project forward again for approval. The cash funding amount for which the project received approval is \$53.6 million.
- Formation District Dining Hall. The university is seeking approval for the project as a two-year cash list project at the December 17 meeting. The cash funding amount for the project is \$22.5 million.

Written descriptions of these two projects, prepared by Legislative Council Staff, may be found as Attachments B and C.

Additional Intercept Requirements

In addition to the preapproval requirements verified by the State Treasurer, current law specifies that a request for intercept project approval to the CDC must also include:

- the maximum amount of intercept bonds the governing board seeks to issue;
- the anticipated terms of the issuance, including the maximum annual debt service; and
- if available, a copy of the governing board's resolutions authorizing the issuance.

The maximum amount of intercept bonds CMU seeks to issue for the projects is \$80.0 million. The total amount of cash funds spending authority received by CMU for the project is \$76.1 million. CMU anticipates that the intercept bonds for the two projects will be issued for a term



of 30 years at an interest rate of about 4.5 percent. The average debt service payment is anticipated to be \$3.3 million per year for the Centennial Village project, and \$1.4 million for the Formation District Dining Hall project. A projected debt service schedule is attached for the two projects (Attachment D).

CDC Action Required

Approve the use of the intercept program for bonding of up to \$80.0 million for the Colorado Mesa University Centennial Village Student Housing and Formation District Dining Hall projects.

Executive Summary

The following institutions are measured as to whether they met the statutory requirements to participate in the intercept program. If all requirements are met, the pre-approval amount is included as well.

Institution:										
Ratings Requirement Met	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Coverage Ratio Requirement Met	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
State Funding % Requirement Met	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Pre-Approval Amount	\$580,477	\$3.565 Billion	\$410.5 Million	\$143.2 Million	\$2.295 Billion	\$61.75 Million	\$1.301 Billion	\$4.858 Billion	\$754.2 Million	\$184.9 Million

Ratings

Section 23-5-139(1)(b)(II)(A), C.R.S., requires the State Treasurer to confirm that an institution's governing board participating in the state higher education intercept program carries a "credit rating *in one of the three highest categories* from at least one nationally recognized statistical rating organization [NRSRO]." (emphasis added).

There are three NRSRO's from which a credit rating has been obtained: Moody's, Standard and Poor's, and Fitch. Below are the most recent ratings available for each institution. **Note - not every institution has been rated recently and their financial situation may have changed since their last rating report was issued.** Since last year's report, no institution has received a rating change. In addition, all rating agency outlooks remain unchanged except for University of Northern Colorado's S&P outlook was revised to stable from negative. The three highest categories for Moody's, S&P, and Fitch are Aaa/Aa/A, AAA/AA/A, and AAA/AA/A, respectively.

Institution	Moody's	S&P	Fitch	Most Recent Agency Report
Adams State University	A3 (Stable)	N/A	N/A	December 2022
Colorado Community College System	Aa3 (Stable)	N/A	N/A	April 2023
Colorado Mesa University	A2 (Stable)	N/A	N/A	April 2024
Colorado School of Mines	A1 (Stable)	A+ (Stable)	N/A	March 2024
Colorado State University	Aa3 (Stable)	A+ (Stable)	N/A	February 2024
Fort Lewis College	A3 (Stable)	N/A	N/A	March 2024
Metropolitan State University	A1 (Stable)	A (Stable)	N/A	July 2024
University of Colorado	Aa1 (Stable)	N/A	AA+ (Stable)	June 2024
University of Northern Colorado	A3 (Stable)	A- (Stable)	N/A	March 2024
Western Colorado University	A3 (Stable)	N/A	N/A	August 2024

Institutions Meeting the Rating Requirement	Institutions Not Meeting the Rating Requirement
	NONE

Debt Service Coverage Ratio and Outstanding Debt

The debt service coverage ratio is measured by “dividing the governing board’s net revenue available for annual debt service over such governing board’s total amount of annual debt service.” § 23-5-139(1)(b)(II)(B), C.R.S. As of the writing of this report, the eight institutions which expanded their tuition pledges (from 10% to 100%) are the Colorado Community College System, Colorado Mesa University, Colorado School of Mines, Colorado State University, Fort Lewis College, Metropolitan State University of Denver, University of Northern Colorado, and Western Colorado University. The statute requires a coverage ratio of at least one and one-half times to be eligible for the intercept program.

The following is the calculated debt service for all outstanding bonds and intercept bonds (FY2025), net pledged revenues (FY2023), and their respective debt service coverage ratios. For Adams State University, calculations are provided for debt service coverage ratios under both a 10% tuition pledge and a 100% tuition pledge.

Institution	Adams State University	Colorado Community College System**	Colorado Mesa University**	Colorado School of Mines**	Colorado State University**
FY2025 Debt Service-All Outstanding Bonds	\$4,290,350	\$8,235,517	\$15,386,610	\$33,219,316	\$88,190,872
FY2025 Debt Service-Intercept Bonds	\$4,000,600	\$1,620,769	\$13,436,656	\$7,962,730	\$59,708,139
FY2023 Net Pledged Revenues	\$6,482,872	\$303,158,326	\$97,389,000	\$184,707,000	\$703,186,803
DSCR-All w/ 10% Pledge	1.51x	**	**	**	**
DSCR-Intercept w/ 10% Pledge	1.62x	**	**	**	**
DSCR-All w/ 100% Pledge	6.60x	36.81x	6.33x	5.56x	7.97x
DSCR-Intercept w/ 100% Pledge	7.08x	187.05x	7.25x	23.20x	11.78x

**Denotes university/college which has adopted 100% tuition pledge provided for in SB22-121

Institution	Fort Lewis College**	Metropolitan State University**	University of Colorado***	University of Northern Colorado**	Western Colorado University**
FY2025 Debt Service-All Outstanding Bonds	\$4,283,611	\$8,976,848	\$161,657,336	\$10,884,438	\$7,201,719
FY2025 Debt Service-Intercept Bonds	\$3,277,844	\$6,209,957	-	\$10,739,801	\$6,798,176
FY2023 Net Pledged Revenues	\$11,462,085	\$126,289,149	\$1,542,950,000	\$88,316,932	\$25,886,326
DSCR-All w/ 10% Pledge	**	**	N/A	**	**
DSCR-Intercept w/ 10% Pledge	**	**	N/A	**	**
DSCR-All w/ 100% Pledge	2.68x	14.07x	9.54x	8.11x	3.59x
DSCR-Intercept w/ 100% Pledge	3.50x	20.34x	N/A	8.22x	3.81x

**Denotes university/college which has adopted 100% tuition pledge provided for in SB22-121

***The University of Colorado already had flexibility to pledge 100% tuition revenue under previous legislation

Institutions Meeting the Coverage Requirement	Institutions Not Meeting the Coverage Requirement
	NONE

Debt Service as a Percentage of State Funding

Higher education institutions receive State funding through various mechanisms. The State supplies funding to institutions directly through the Colorado Opportunity Fund (“COF”) and fee for service contracts. The maximum amount of intercept debt service owed by any institution in any year *must equal 75% or less* of the combined amount of the COF and fee for service. § 23-5-139(1)(b)(I), C.R.S.

Below is each institution’s maximum annual intercept debt service, in any current or future year, as a percentage of 2024-2025 State funding.

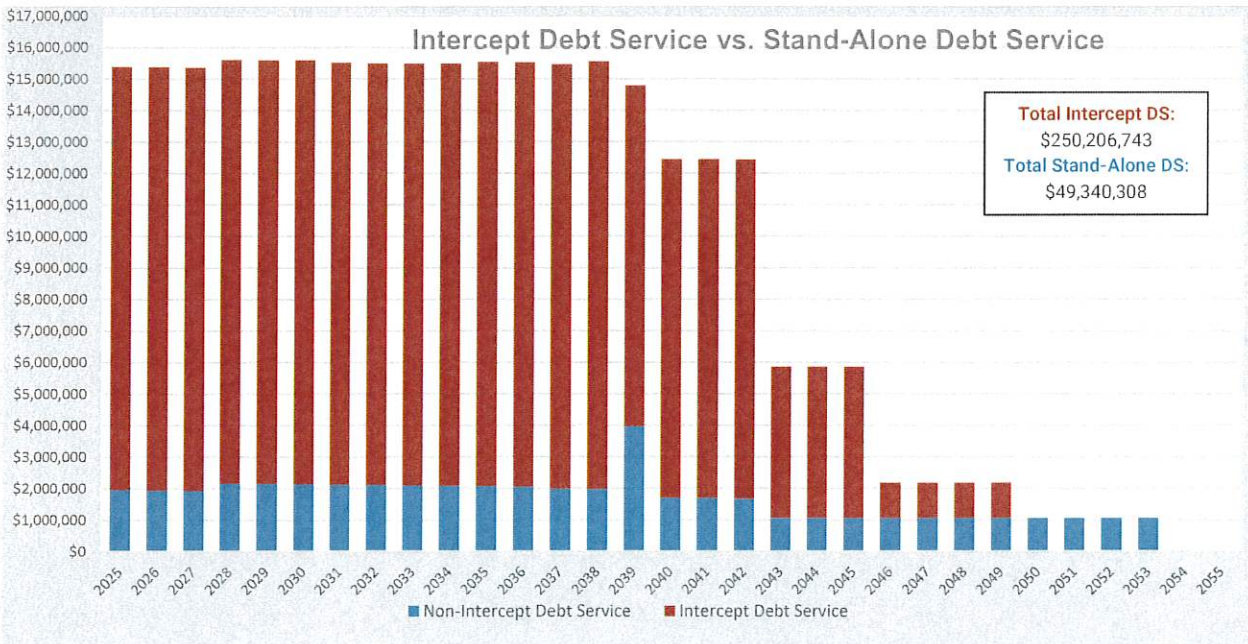
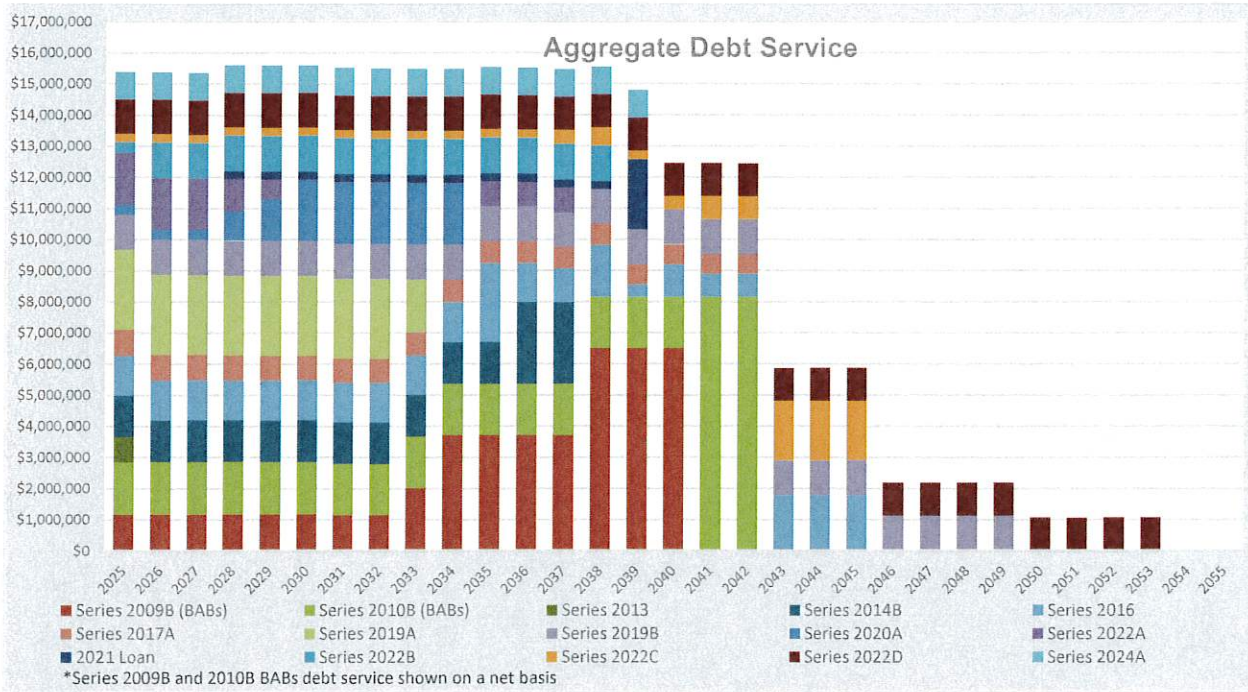
Institution	State Funding Amount FY2024-2025	Current Maximum Intercept Debt Service Amount	Percentage of Maximum Intercept Debt Service Amount to State Funding
Adams State University	\$28,074,295	\$4,504,380	16.04%
Colorado Community College System	\$293,557,242	\$1,623,619	0.6%
Colorado Mesa University	\$49,217,113	\$13,569,515	27.6%
Colorado School of Mines	\$37,054,876	\$20,002,019	53.9%
Colorado State University	\$245,989,778	\$59,708,139	24.3%
Fort Lewis College	\$23,188,891	\$3,405,169	14.7%
Metropolitan State University	\$102,577,951	\$6,209,957	6.1%
University of Colorado	\$352,251,853	\$0	N/A
University of Northern Colorado	\$69,004,345	\$10,743,317	15.6%
Western Colorado University	\$24,942,246	\$6,798,175	27.3%

Institutions Meeting the State Funding Percentage Requirement	Institutions Not Meeting the State Funding Percentage Requirement
	NONE

Colorado Mesa University



Location: Grand Junction
Underlying Ratings: A2, N/A, N/A*
State Intercept Enhanced Ratings: Aa2, N/A, N/A*
Most Recent Agency Rating: April 2024
Pre-Approved for Intercept? Yes
Pre-Approval Amount: \$410.5 Million



*Ratings are displayed in order of Moody's, S&P, and Fitch

Two Year Projection of Cash Need

Attachment B

Colorado Mesa University
Tuesday, September 24, 2024

**SUGGESTED
MOTION:**

Approve the new projects listed on the Colorado Mesa University two year projection of cash needed.

Project Name	LEED Certification	Amount	Fund Source
Centennial Village Student Housing 2025-119	N/A, targeting 3 Green Globes (campus standard)	\$53,643,606	CF

Colorado Mesa University is requesting cash funds spending authority to construct a 104,000-GSF, 316-bed student housing project. Greater-than-expected student enrollment for the 2024-25 school year has resulted in the need to add up to 320 beds in on-campus housing. The source of cash funds is debt financing.

Date Authorized Until: 09/24/2026

New Project List, Requires Approval

Grand Total, All Projects:	\$53,643,606
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Two Year Projection of Cash Need

Colorado Mesa University
Tuesday, December 17, 2024

SUGGESTED MOTION:

Approve the new projects listed on the Colorado Mesa University two year projection of cash needed.

Project Name	LEED Certification	Amount	Fund Source
<i>Formation District Dining Hall</i> <i>2026-020</i>	N/A	\$22,500,000	CF

The project constructs a new, 20,000-GSF dining hall on the west side of campus in an evolving, mixed-used area called the Formation District. The university says enrollment growth is driving the need for more dining capacity, as the current dining arrangements are already close to capacity, resulting in long lines and crowded environments in the university's only existing dining hall. A high percentage of new students select a campus dining plan, and the university expects the meal plan program to expand by 400-600 students, faculty, and staff over the next two years. The dining hall will be located adjacent to the recently approved, 320-bed Centennial Village student housing project.

The source of cash funds for the project is bonding backed by the Higher Education Revenue Bond Intercept Program, with an expected 30-year interest rate of 4.5 percent and annual debt service payments of \$1.4 million, to be repaid through meal plans and cash sales in the dining hall.

Date Authorized Until: 12/17/2026

New Project List, Requires Approval

Grand Total, All Projects:	\$22,500,000
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Year	Interest	Principal	Debt Service	Ending Balance
1	\$3,573,597.62	\$1,290,581.35	\$4,864,178.97	\$78,709,418.65
2	\$3,514,308.54	\$1,349,870.43	\$4,864,178.97	\$77,359,548.21
3	\$3,452,295.73	\$1,411,883.25	\$4,864,178.98	\$75,947,664.97
4	\$3,387,434.06	\$1,476,744.92	\$4,864,178.98	\$74,470,920.05
5	\$3,319,592.66	\$1,544,586.32	\$4,864,178.98	\$72,926,333.73
6	\$3,248,634.63	\$1,615,544.34	\$4,864,178.97	\$71,310,789.39
7	\$3,174,416.81	\$1,689,762.17	\$4,864,178.98	\$69,621,027.22
8	\$3,096,789.43	\$1,767,389.55	\$4,864,178.98	\$67,853,637.67
9	\$3,015,595.86	\$1,848,583.11	\$4,864,178.97	\$66,005,054.56
10	\$2,930,672.28	\$1,933,506.70	\$4,864,178.98	\$64,071,547.86
11	\$2,841,847.32	\$2,022,331.66	\$4,864,178.98	\$62,049,216.20
12	\$2,748,941.75	\$2,115,237.22	\$4,864,178.97	\$59,933,978.98
13	\$2,651,768.13	\$2,212,410.85	\$4,864,178.98	\$57,721,568.13
14	\$2,550,130.36	\$2,314,048.62	\$4,864,178.98	\$55,407,519.52
15	\$2,443,823.37	\$2,420,355.60	\$4,864,178.97	\$52,987,163.91
16	\$2,332,632.66	\$2,531,546.32	\$4,864,178.98	\$50,455,617.60
17	\$2,216,333.86	\$2,647,845.11	\$4,864,178.97	\$47,807,772.48
18	\$2,094,692.32	\$2,769,486.65	\$4,864,178.97	\$45,038,285.83
19	\$1,967,462.59	\$2,896,716.39	\$4,864,178.98	\$42,141,569.44
20	\$1,834,387.94	\$3,029,791.03	\$4,864,178.97	\$39,111,778.42
21	\$1,695,199.88	\$3,168,979.10	\$4,864,178.98	\$35,942,799.32
22	\$1,549,617.53	\$3,314,561.44	\$4,864,178.97	\$32,628,237.87
23	\$1,397,347.16	\$3,466,831.82	\$4,864,178.98	\$29,161,406.05
24	\$1,238,081.51	\$3,626,097.46	\$4,864,178.97	\$25,535,308.59
25	\$1,071,499.23	\$3,792,679.75	\$4,864,178.98	\$21,742,628.84
26	\$897,264.18	\$3,966,914.79	\$4,864,178.97	\$17,775,714.05
27	\$715,024.81	\$4,149,154.16	\$4,864,178.97	\$13,626,559.89
28	\$524,413.39	\$4,339,765.58	\$4,864,178.97	\$9,286,794.31
29	\$325,045.32	\$4,539,133.65	\$4,864,178.97	\$4,747,660.66
30	\$116,518.32	\$4,747,660.66	\$4,864,178.98	\$0.00