



OFFICE OF THE STATE AUDITOR
KERRI L. HUNTER, CPA • STATE AUDITOR

October 6, 2021

HIGHER EDUCATION ENTERPRISE STATUS FOR FISCAL YEAR 2021 WITH PROJECTIONS FOR FISCAL YEAR 2022

Members of the Legislative Audit Committee:

Under Section 23-5-101.7(2), C.R.S., a state institution of higher education governing board may designate its respective institution(s) as an enterprise for purposes of Article X, Section 20 of the Colorado Constitution (Taxpayer's Bill of Rights or TABOR). Article X, Section 20(2)(d), defines a TABOR enterprise as "a government-owned business authorized to issue its own revenue bonds and receiving under 10% of annual revenue in grants from all Colorado state and local governments combined." Entities that meet the definition of a TABOR-exempt enterprise are exempt from the revenue growth and spending limitations of TABOR.

The Office of the State Auditor and the Legislative Audit Committee (LAC) reviewed and approved the initial TABOR enterprise designation of each higher education institution listed below in prior years:

- Adams State University
- Colorado Community College System
- Colorado School of Mines
- Colorado State University System
- Fort Lewis College
- Colorado Mesa University
- Metropolitan State University of Denver
- University of Colorado System
- University of Northern Colorado
- Western State Colorado University

Section 23-5-101.7(4)(a), C.R.S., states that a higher education institution's TABOR enterprise designation "...shall not terminate, expire, or be rescinded as long as the institution or group of institutions meets the requirements for an enterprise." Determination of continuing enterprise status is made at the end of each fiscal year after final financial information is known. This memo provides the final enterprise status of the 10 institutions listed above for Fiscal Year 2021, and their projected enterprise status for Fiscal Year 2022.

FINAL ENTERPRISE STATUS FOR FISCAL YEAR 2021

During Fiscal Year 2021, all higher education institutions reported that they received some level of direct financial support from the State. Exhibit 1.1 shows the amount of revenue earned and state and local support received by the higher education enterprises for Fiscal Year 2021. Exhibit 1.1 also shows that all 10 institutions received less than 10 percent of their total revenue from the State and/or local sources, and thereby qualified for TABOR-exempt enterprise status.

PROJECTED TABOR ENTERPRISE STATUS FOR FISCAL YEAR 2022

Exhibit 1.2 shows the estimated amount of revenue expected to be earned and state and local support expected to be received by higher education enterprises in Fiscal Year 2022, as reported by each higher education institution. Based on current projections, all of the institutions are expected to be below the 10 percent threshold for Fiscal Year 2022.

**EXHIBIT 1.1. HIGHER EDUCATION TABOR-EXEMPT ENTERPRISE STATUS
ACTUAL REVENUES AND STATE AND LOCAL SUPPORT
FISCAL YEAR 2021**

	TOTAL REVENUE	STATE SUPPORT GENERAL FUND APPROPRIATION SPENT (NOTE 1)	STATE SUPPORT CAPITAL APPROPRIATION SPENT (NOTE 2)	OTHER STATE AND LOCAL SUPPORT (NOTE 3)	TOTAL STATE AND LOCAL SUPPORT	TOTAL SUPPORT AS A PERCENTAGE OF TOTAL REVENUE
ADAMS STATE UNIVERSITY	\$ 58,135,558	\$ -	\$ 1,331,189	\$ 292,271	\$ 1,623,460	2.8%
COLORADO COMMUNITY COLLEGE SYSTEM	745,664,508	4,462,309	11,254,646	3,871,501	19,588,456	2.6%
COLORADO SCHOOL OF MINES	336,886,700	-	-	6,504,623	6,504,623	1.9%
COLORADO STATE UNIVERSITY SYSTEM	1,437,344,043	-	16,937,649	31,109,096 (NOTE 4)	48,046,745	3.3%
FORT LEWIS COLLEGE	89,535,159	-	1,676,838	834,147	2,510,985	2.8%
COLORADO MESA UNIVERSITY	170,190,984	-	-	2,097,133 (NOTE 5)	2,097,133	1.2%
METROPOLITAN STATE UNIVERSITY OF DENVER	261,885,171	-	-	341,773 (NOTE 6)	341,773	0.1%
UNIVERSITY OF COLORADO SYSTEM	5,764,802,859	-	31,844,859	28,543,967 (NOTE 7)	60,388,826	1.0%
UNIVERSITY OF NORTHERN COLORADO	208,451,333	-	1,945,466	2,207,830 (NOTE 8)	4,153,296	2.0%
WESTERN STATE COLORADO UNIVERSITY	60,885,736	-	1,100,847	1,949,081	3,049,028	5.0%

SOURCE: Office of the State Auditor analysis of institution-provided financial information.

NOTE 1: Appropriations of \$3,500,000 for Colorado First Customized Job Training, and \$962,309 for Occupational Education for CCCS.

NOTE 2: Capital funds used during Fiscal Year 2021 and may not equal capital funds appropriated for any one year.

NOTE 3: State support received from annual lease payments for capital projects financed by state Certificates of Participation, other state support, and local government support.

NOTE 4: State support includes \$9,860,000 to construct several facilities at the National Western Center and on the Colorado State University campus.

NOTE 5: Local government support includes \$537,700 from the City of Grand Junction and Mesa County pledged for debt service for Colorado Mesa University.

NOTE 6: Local government support includes \$341,773 for Census 2021 and the 21st Century College Readiness program in partnership with the City and County of Denver and Metropolitan State University of Denver.

NOTE 7: State support includes \$17,112,893 from the Tobacco Litigation Settlement Monies Health Education Fund and Marijuana research for the University of Colorado. Other state support also consists of \$8,144,913 received from annual lease payments for capital project financed by state Certificates of Participation related to the Anschutz Medical Campus.

NOTE 8: Local Government support includes \$124,451 in funds from the City of Greeley, Weld County, and Aims Community College.

**EXHIBIT 1.2. HIGHER EDUCATION TABOR-EXEMPT ENTERPRISE STATUS
ESTIMATED REVENUES AND STATE AND LOCAL SUPPORT
FISCAL YEAR 2022**

	TOTAL REVENUE	STATE SUPPORT GENERAL FUND APPROPRIATION (NOTE 1)	ESTIMATED STATE ALLOCATION OF PERA DIRECT DISTRIBUTION (NOTE 2)	STATE SUPPORT CAPITAL APPROPRIATION PROJECTED TO BE SPENT (NOTE 3)	OTHER STATE AND LOCAL SUPPORT (NOTE 4)	TOTAL STATE AND LOCAL SUPPORT	TOTAL SUPPORT AS A PERCENTAGE OF TOTAL REVENUE
ADAMS STATE UNIVERSITY	\$ 62,163,166	\$ -	\$ 260,000	\$ 5,375,000	\$ 292,287	\$ 5,927,287	9.5%
COLORADO COMMUNITY COLLEGE SYSTEM	782,947,733	5,462,309	6,841,000	54,597,288	4,065,076	70,965,888	9.1%
COLORADO SCHOOL OF MINES	386,108,452	-	1,900,000	911,000	8,913,755	11,724,755	3.0%
COLORADO STATE UNIVERSITY SYSTEM	1,715,397,110	-	4,355,000	24,112,681	40,352,866 (NOTE 5)	68,820,547	4.0%
FORT LEWIS COLLEGE	86,120,912	-	195,000	2,752,103	334,431	3,281,966	3.8%
COLORADO MESA UNIVERSITY	188,509,171	-	364,000	14,069,974	2,024,635 (NOTE 6)	16,458,813	8.7%
METROPOLITAN STATE UNIVERSITY OF DENVER	266,880,030	-	1,088,000	2,550,000	341,773 (NOTE 7)	3,980,179	1.5%
UNIVERSITY OF COLORADO SYSTEM	5,058,257,269	-	8,258,000	66,911,969	34,650,437 (NOTE 8)	109,820,614	2.2%
UNIVERSITY OF NORTHERN COLORADO	246,136,825	-	788,000	4,962,341	2,268,481 (NOTE 9)	8,018,461	3.3%
WESTERN STATE COLORADO UNIVERSITY	67,316,582	-	145,000	2,503,838	1,963,560	4,611,962	6.9%

SOURCE: Office of the State Auditor analysis of Fiscal Year 2022 information provided by each higher education institution.

NOTE 1: Appropriations of \$4,500,000 for Colorado First Customized Job Training and \$962,309 for Occupational Education for CCCS.

NOTE 2: Estimated PERA direct distribution allocation pursuant to Section 24-51-414(1), C.R.S.

NOTE 3: Estimated capital funds to be used during Fiscal Year 2022 which may not equal capital funds appropriated for any one year.

NOTE 4: State support received from annual lease payments for capital projects financed by State Certificates of Participation, other state appropriations, and local government support.

NOTE 5: State support includes \$19,069,368 to construct several facilities at the National Western Center and on Colorado State University campus.

NOTE 6: Local government support includes \$537,700 from the City of Grand Junction and Mesa County pledged for debt service for Colorado Mesa University.

NOTE 7: Local government support includes \$341,773 for local grants in partnership with the City and County of Denver and Metropolitan State University of Denver.

NOTE 8: State support includes the estimated amount of \$15,244,624 from the Tobacco Litigation Settlement Moneys Health Education Fund to the Anschutz Medical Campus \$7,825,000 from the Marijuana Tax Cash Fund to the Anschutz Medical Campus, \$5,648,461 for Certificates of Participation related to the Anschutz Medical Campus, and \$2,630,000 from the Mental Health Cash Fund to the Anschutz Medical Campus.

NOTE 9: Local Government support includes \$80,940 in funds from the City of Greeley, Weld County, and Aims Community College.

THE ELECTRONIC VERSION OF THIS MEMORANDUM IS AVAILABLE AT
WWW.COLORADO.GOV/AUDITOR

A COPY OF THE WRITTEN MEMORANDUM MAY BE OBTAINED BY CALLING 303.869.2800

PLEASE REFER TO REPORT NUMBER 2157S WHEN REQUESTING THIS MEMORANDUM.