

# MEMORANDUM



## JOINT BUDGET COMMITTEE

TO Members of the Joint Budget Committee  
 FROM Amanda Bickel, JBC Staff  
 DATE May 15, 2020  
 SUBJECT Higher Education - OSPB Comebacks and Pending Balancing Options

The table below summarizes all items where OSPB requested different action than the Committee took, as well as all items in the staff budget balancing packet where the Committee delayed a decision or did not choose to take all funding identified in staff budget balancing options.

- A ten percent reduction in this department is \$111.3 million, while a 20.0 percent reduction is \$222.6 million. The Committee will not be able to achieve a cut in this Department in the 10-20% (or deeper) range without adjusting base support for the governing boards and, potentially, financial aid, as almost all of the Department's funding is in these line items.
- The Committee's action thus far for FY 2020-21 provides a reduction of \$5.7 million below the original FY 2019-20 appropriation and a transfer of approximately \$12.0 million for the Kickstarter program. These changes represent about 1.6 percent of the FY 2019-20 General Fund budget for the Department

SUMMARY OF OSPB COMEBACKS AND PENDING BALANCING OPTIONS					
TOPIC	JBC ACTION TO DATE	OSPB REQUEST	OSPB COMEBACK SUMMARY	OSPB COMEBACK DETAIL	JBC STAFF BUDGET BALANCING DOCUMENT
<b>OSPB RECOMMENDATIONS THAT DIFFER FROM JBC ACTION TO-DATE</b>					
College Kickstarter	Introduce bill to repeal program (\$12.2 million transfer to GF)	Do not repeal; instead sweep half of the fund balance (\$6.1million) & assume low utilization	17	79	33
Medication Assisted Treatment Program	At FY 2019-20 level per statute (\$2.5 million)	Repeal requirement to appropriate, transfer MTCTF to GF	18	76	Addendum p. 4
Rural Teacher Recruitment, Retention, Professional Development	Reduce \$500,000 associated with Rural Teaching Fellowship Program	Reduce Additional \$240,000 due to underutilization; <i>OSPB staff later indicated no underutilization</i>	18	78	21 (related)
<b>OTHER OPTIONS</b> (IN APPROXIMATE ORDER OF DIFFICULTY)					
Wildfire Mitigation Cash Fund	Delay (option to reduce \$1.0 million retained during figure setting)	n/a			19
Institute for Cannabis Research	Delay (option to reduce \$800,000 from FY 20 \$1.8 million MTCTF)	n/a			36
Colorado Opportunity Scholarship Initiative	Delay (at FY 2019-20 level of \$7.0 million)	Requests no reduction	17	74	37
Open Educational Resources	None (staff option to reduce \$200,000 from \$1.2 million approp)	n/a			42

SUMMARY OF OSPB COMEBACKS AND PENDING BALANCING OPTIONS					
TOPIC	JBC ACTION TO DATE	OSPB REQUEST	OSPB COMEBACK SUMMARY	OSPB COMEBACK DETAIL	JBC STAFF BUDGET BALANCING DOCUMENT
Cybercoding Cryptology	Reduce \$1.0 million (of \$5.1 million total)	n/a			43
Public Institutions of HED Base Support	Delay (retain at FY 2019-20 level of \$850.3 million)	n/a			44
Career Technical Education	None (at FY 2019-20 level of \$450,000)	n/a			Addendum p. 2
Need Based Aid	None (at FY 2019-20 level of \$163.3 million)	“Protect as much as possible”	17	80	55
Work Study	None (at FY 2019-20 level of \$23.4 million)	n/a			63
Colorado Student Leaders Institute	None (at FY 2019-20 level of \$218,825)	n/a			63
Prosecution Fellowships	None (at FY 2019-20 level of \$356,496)	n/a			Addendum p. 3
Balance of HC1 History Colorado	Increase of \$1.0 million above FY 2019-20	n/a			Addendum p. 3

### ADJUSTMENTS/ADDITIONAL RECOMMENDATIONS OR INFORMATION

#### ➔ ALLOCATION OF FUNDING REDUCTIONS AMONG GOVERNING BOARDS

In the staff budget balancing presentation for higher education, staff included calculations for across-the-board reductions to General Fund for all governing boards (based on their reported preference), as well as the combined impact of a 10.0% General Fund reduction, new federal CARES funds allocated for institutional support, and the institutions’ “scenario #1” with the “low” versus “high” range of projected impacts under scenario #1.

**To the extent the Committee must take reductions that are significantly deeper than 10.0 percent, staff would recommend that the Committee consider apportioning the cuts differently.** Specifically, staff believes that the Committee (as well as the Department and institutions) should consider reductions that are based in significant part on achieving similar overall cuts to institutions’ Educational and General budgets. The difference between the impact of a 10.0 percent reduction based on proportion of General Fund versus proportion of Education and General Budget is reflected in the table below.

COMPARISON: IMPACT OF A 10.0% REDUCTION THAT IS PROPORTIONATE TO CURRENT GENERAL FUND APPROPRIATIONS VERSUS PROPORTIONATE TO FY 2019-20 ESTIMATED EDUCATION & GENERAL BUDGETS					
	EDUCATION & GENERAL BUDGET	CUT PROPORTIONATE TO FY 2019-20 GENERAL FUND APPROPRIATION		CUT PROPORTIONATE TO FEB 2020 ESTIMATE OF FY 2019-20 E&G BUDGET	
		AMOUNT	%E&G	AMOUNT	%E&G
University of Colorado	\$1,628,361,094	(24,427,393)	-1.5%	(36,365,228)	-2.2%
Colorado State University	\$787,443,788	(17,237,854)	-2.2%	(17,585,518)	-2.2%

COMPARISON: IMPACT OF A 10.0% REDUCTION THAT IS PROPORTIONATE TO CURRENT GENERAL FUND APPROPRIATIONS VERSUS PROPORTIONATE TO FY 2019-20 ESTIMATED EDUCATION & GENERAL BUDGETS					
	EDUCATION & GENERAL BUDGET	CUT PROPORTIONATE TO FY 2019-20 GENERAL FUND APPROPRIATION		CUT PROPORTIONATE TO FEB 2020 ESTIMATE OF FY 2019-20 E&G BUDGET	
		AMOUNT	%E&G	AMOUNT	%E&G
University of Northern Colorado	\$147,144,931	(4,707,946)	-3.2%	(3,286,101)	-2.2%
Colorado School of Mines	\$201,777,564	(2,537,127)	-1.3%	(4,506,179)	-2.2%
Fort Lewis College	\$54,640,955	(1,413,644)	-2.6%	(1,220,264)	-2.2%
Adams State University	\$33,243,850	(1,728,026)	-5.2%	(742,415)	-2.2%
Colorado Mesa U.	\$104,151,315	(3,248,496)	-3.1%	(2,325,950)	-2.2%
Western State Colorado U.	\$34,034,148	(1,523,538)	-4.5%	(760,065)	-2.2%
Metro State U. of Denver	\$182,438,819	(6,396,914)	-3.5%	(4,074,299)	-2.2%
Community College System	\$510,454,978	(19,044,770)	-3.7%	(11,399,690)	-2.2%
<b>Total</b>	<b>\$3,683,691,442</b>	<b>(\$82,265,708)</b>	<b>-2.2%</b>	<b>(\$82,265,709)</b>	<b>-2.2%</b>

The tables below explore the impact of a 30.0 percent General Fund reduction on governing boards combined with other headwinds facing the institutions. Specifically, staff has used the high range of “Scenario #1” estimated impacts described in the staff budget balancing packet and combined these with the General Fund reduction.<sup>1</sup> *Please note that staff is not recommending a 30.0 percent General Fund reduction but acknowledging the level of cut that may be required for budget balancing.*

As shown, some institutions will still be faced with disproportionately large challenges, but most of these challenges relate to the potential loss in enrollment *even under a scenario in which students return to campus in the fall (are not on line during the academic year) but there are significant impacts on student enrollment.*

30.0% GENERAL FUND REDUCTIONS (10% PROPORTIONATE TO GF APPROPRIATIONS & 20% PROPORTIONATE TO FY 2019-20 ESTIMATED E&G BUDGETS) COMBINED WITH INSTITUTIONS' SCENARIO #1 HIGH RANGE IMPACT ESTIMATES ON EDUCATION AND GENERAL BUDGETS					
	FY 2019-20 E&G	NEW MODEL GF CUT	"HIGH" IMPACT SCENARIO #1 IMPACT ON E&G BUDGET	COMBINED IMPACT	COMBINED IMPACT AS % E&G BUDGET
University of Colorado	\$1,628,361,094	(\$97,157,846)	(\$197,237,426)	(\$294,395,272)	-18.1%
Colorado State University	787,443,788	(52,408,888)	(88,746,067)	(141,154,955)	-17.9%
University of Northern Colorado	147,144,931	(11,280,148)	(16,410,287)	(27,690,435)	-18.8%
Colorado School of Mines	201,777,564	(11,549,485)	(30,814,569)	(42,364,054)	-21.0%

<sup>1</sup> See the Staff Higher Education Budget Balancing packet dated April 21, 2020, pages 44-55

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**30.0% GENERAL FUND REDUCTIONS (10% PROPORTIONATE TO GF APPROPRIATIONS & 20% PROPORTIONATE TO FY 2019-20 ESTIMATED E&G BUDGETS) COMBINED WITH INSTITUTIONS' SCENARIO #1 HIGH RANGE IMPACT ESTIMATES ON EDUCATION AND GENERAL BUDGETS**

	FY 2019-20 E&G	NEW MODEL GF CUT	"HIGH" IMPACT SCENARIO #1 IMPACT ON E&G BUDGET	COMBINED IMPACT	COMBINED IMPACT AS % E&G BUDGET
Fort Lewis College	54,640,955	(3,854,172)	(5,865,725)	(9,719,897)	-17.8%
Adams State University	33,243,850	(3,212,857)	(3,873,569)	(7,086,426)	-21.3%
Colorado Mesa U.	104,151,315	(7,900,396)	(8,178,102)	(16,078,498)	-15.4%
Western State Colorado U.	34,034,148	(3,043,667)	(3,868,400)	(6,912,067)	-20.3%
Metro State U. of Denver	182,438,819	(14,545,511)	(18,275,267)	(32,820,778)	-18.0%
Community College System	510,454,978	(41,844,149)	(32,001,199)	(73,845,348)	-14.5%
<b>Total</b>	<b>\$3,683,691,442</b>	<b>(\$246,797,119)</b>	<b>(\$405,270,611)</b>	<b>(\$652,067,730)</b>	<b>-17.7%</b>

**30.0% GENERAL FUND REDUCTIONS (10% PROPORTIONATE TO GF & 20% PROPORTIONATE TO FY 2019-20 ESTIMATED E&G BUDGETS) COMBINED WITH INSTITUTIONS' SCENARIO #1 HIGH RANGE IMPACT ESTIMATES ON TOTAL BUDGETS**

	FY 2019-20 TOTAL REVENUE	NEW MODEL GF CUT	"HIGH" IMPACT SCENARIO #1 IMPACT ON TOTAL BUDGET	COMBINED IMPACT	COMBINED IMPACT AS % TOTAL BUDGET
University of Colorado	\$4,627,071,579	(\$97,157,846)	(\$457,696,611)	(\$554,854,457)	-12.0%
Colorado State University	1,660,688,742	(52,408,888)	(198,500,067)	(250,908,955)	-15.1%
University of Northern Colorado	237,417,352	(11,280,148)	(36,266,486)	(47,546,634)	-20.0%
Colorado School of Mines	325,807,885	(11,549,485)	(35,014,569)	(46,564,054)	-14.3%
Fort Lewis College	83,679,660	(3,854,172)	(11,546,425)	(15,400,597)	-18.4%
Adams State University	57,682,754	(3,212,857)	(9,447,569)	(12,660,426)	-21.9%
Colorado Mesa U.	164,869,403	(7,900,396)	(14,510,201)	(22,410,597)	-13.6%
Western State Colorado U.	66,158,497	(3,043,667)	(12,991,490)	(16,035,157)	-24.2%
Metro State U. of Denver	215,734,251	(14,545,511)	(21,024,667)	(35,570,178)	-16.5%
Community College System	746,360,893	(41,844,149)	(47,111,099)	(88,955,248)	-11.9%
<b>Total</b>	<b>\$8,185,471,016</b>	<b>(\$246,797,119)</b>	<b>(\$844,109,184)</b>	<b>(\$1,090,906,303)</b>	<b>-13.3%</b>

**→ RESPONSE OF THE GOVERNOR'S OFFICE ON FEDERAL FUNDING**

The Governor's Office has not thus far provided a formal response to the Committee's letter requesting information about how it plans to allocate the \$44.0 million federal funds from the Governor's Emergency Education Relief Fund, which could assist some of the smallest institutions

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and those disproportionately affected by the crisis. Although the Governor's Office staff has indicated to JBC staff that they will be releasing the information soon, staff is not certain when this will actually occur. In the meantime, staff hopes the Governor's Office is in communication with members of the General Assembly regarding the options for allocating these funds, as well as the \$1.7 billion in Coronavirus Relief Funds.

However, in the absence of a public plan for allocation of the discretionary federal funds for education, the staff recommendation described for General Fund reductions incorporates adjustments to ensure that the state's more vulnerable institutions are somewhat protected for the near term.

#### → TECHNICAL ADJUSTMENT TO WICHE OPTOMETRY

The Department has noted that the reduction to WICHE Optometry (\$75,000) was slightly too high because it did not incorporate the impact increases in the support fee in the last several years. Staff recommends that the Committee modify the cut to \$74,025 General Fund. If the Committee makes the requested adjustment of \$975, the program will retain \$376,600 for the program and will have sufficient resources to fully fund 20 students.