



# JOINT BUDGET COMMITTEE STAFF FY 2020-21 BUDGET BRIEFING SUMMARY

Colorado General Assembly  
Joint Budget Committee

*Department of Higher Education*

The Department of Higher Education is responsible for higher education and vocational training programs in the state. The Department's FY 2019-20 appropriation represents approximately 15.0 percent of statewide operating appropriations and 9.1 percent of statewide General Fund appropriations.

## FY 2019-20 APPROPRIATION AND FY 2020-21 REQUEST

DEPARTMENT OF HIGHER EDUCATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
<b>FY 2019-20 APPROPRIATION:</b>						
S.B. 19-207 (FY 2019-20 Long Bill)	4,867,932,187	1,108,869,602	2,832,661,687	900,516,058	25,884,840	26,297.8
Other legislation	7,906,360	3,836,043	3,600,000	470,317	0	6.0
<b>TOTAL</b>	<b>\$4,875,838,547</b>	<b>\$1,112,705,645</b>	<b>\$2,836,261,687</b>	<b>\$900,986,375</b>	<b>\$25,884,840</b>	<b>26,303.8</b>
<b>FY 2020-21 REQUESTED APPROPRIATION:</b>						
FY 2019-20 Appropriation	\$4,875,838,547	1,112,705,645	\$2,836,261,687	\$900,986,375	\$25,884,840	26,303.8
R1 State funding increase for public higher education	46,716,223	26,297,478	0	20,418,745	0	0.0
R2 Tuition spending authority	94,223,846	0	94,223,846	0	0	0.0
R3 Fort Lewis Native American Tuition Waiver	1,869,734	1,869,734	0	0	0	0.0
R4 College credit for work experience	204,180	204,180	0	0	0	1.0
R5 Accountability dashboard	165,436	165,436	0	0	0	1.5
R6 Area technical college grant program	3,171,650	3,171,650	0	0	0	0.0
R7 Chief educational equity officer	150,950	150,950	0	0	0	1.0
R8 Division of Private Occupational Schools	200,000	0	200,000	0	0	0.0
R9 Early childhood talent pipeline scholarship	4,311,785	4,311,785	0	0	0	1.0
R10 Loan forgiveness for early childhood educators	544,358	544,358	0	0	0	1.5
R11 Colorado Opportunity Scholarship Initiative	3,000,000	3,000,000	0	0	0	6.0
BA1 Get on Your Feet Colorado	14,076,245	14,076,245	0	0	0	0.0
HC1 Financial sustainability for historic preservation	999,970	0	(30)	1,000,000	0	0.0
HC2 Community museum cash funds for earned revenue	121,895	0	121,895	0	0	0.0
NP1 OIT budget request package	(5,835)	0	(5,495)	(340)	0	0.0
NP2 Paid family leave	1,401,371	1,401,371	0	0	0	0.0
Auraria Higher Education Center Adjustment	469,411	0	0	469,411	0	0.0
Centrally appropriated line items	267,804	142,672	132,889	(44,844)	37,087	0.0
Lease purchase payment adjustments	141,319	103,023	(100,698)	138,994	0	0.0
WICHE fee increase	7,000	0	0	7,000	0	0.0
Annualize prior year budget action	(389,044)	(389,044)	795	0	(795)	(0.4)

DEPARTMENT OF HIGHER EDUCATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Annualize prior year legislation	(270,268)	216,853	(250,970)	(245,713)	9,562	(0.0)
<b>TOTAL</b>	<b>\$5,047,216,577</b>	<b>\$1,167,972,336</b>	<b>\$2,930,583,919</b>	<b>\$922,729,628</b>	<b>\$25,930,694</b>	<b>26,315.4</b>
<b>INCREASE/(DECREASE)</b>	\$171,378,030	\$55,266,691	\$94,322,232	\$21,743,253	\$45,854	11.6
Percentage Change	3.5%	5.0%	3.3%	2.4%	0.2%	0.0%

**R1 STATE FUNDING INCREASE FOR PUBLIC HIGHER EDUCATION** The request includes an increase of \$26,297,278 General Fund allocated among public institutions of higher education (state governing boards, local district colleges, and area technical colleges) and financial aid. The request includes: (1) an overall increase of \$21,258,091 (2.5 percent) for student stipends, fee-for-service contracts, and grants for the public governing boards, allocated based on the H.B. 14-1319 funding model; and (2) an increase of \$4,996,241 for financial aid, reflecting the statutory requirements that financial aid increase at the same rate as support for the governing boards. The request also includes \$43,146 to align stipend amounts for students attending private institutions with stipends for students at the public institutions, as required by statute.

As requested, the state-operated boards would receive increases that range from 1.1 percent to 5.8 percent based on the distribution of institutional enrollment and degrees awarded in actual FY 2018-19 and various other adjustments to the model. Specialty education programs (such as the medical school), local district colleges, and area technical colleges receive the average increase. The Department proposes that governing board tuition for resident undergraduates be restricted to an increase of 3.0 percent, associated with this increase (R2).

**R2 TUITION SPENDING AUTHORITY:** The request holds resident undergraduate tuition to an increase of 3.0 percent for FY 2020-21. The request includes \$94.2 million in cash funds spending authority for state public institutions' tuition revenue for resident and nonresident students. The request proposes that Long Bill footnotes cap undergraduate resident tuition increases, with no restrictions on non-resident or graduate tuition or mandatory fees.

**R3 FORT LEWIS NATIVE AMERICAN TUITION WAIVER:** The request includes an increase of \$1,869,734 General Fund (9.5 percent) for the Fort Lewis College Native American tuition waiver. This will bring total waiver payments to \$21,498,777 General Fund. Waiver payments are mandated by Section 23-52-105 (1)(b)(I), C.R.S., which requires the General Assembly to fund 100 percent of the tuition obligations for qualifying Native American students attending Fort Lewis College. Funding for the tuition waiver is made one year in arrears and is calculated based on the prior year enrollment estimates.

**R4 COLLEGE CREDIT FOR WORK EXPERIENCE:** The request includes \$204,180 General Fund in FY 2020-21 and \$144,620 in FY 2021-22 to adopt and implement a plan for awarding academic credit for prior work-based learning experiences. This amount includes a one-time appropriation of \$60,000 to contract with a subject matter expert and \$144,620 in funding for one term-limited program manager FTE (through 2021-22) to coordinate work with the subject matter expert, institutions, and industry representatives. To expand access to prior learning assessment credits, the Department proposes engaging in an in-depth effort to create crosswalks linking a variety of work-based learning experiences to guaranteed transfer course content areas, credits, and credentials. *Staff note: The Interim Committee on Higher Education Attainability has been authorized to introduce a bill on this topic with a similar fiscal note.*

**R5 ACCOUNTABILITY DASHBOARD:** The request includes \$165,436 General Fund 1.5 FTE in FY 2020-21 and \$156,691 in FY 2021-22 to fund 1.5 term-limited FTE in the Department's data and research division. These FTE will be responsible for developing public-facing data metrics and accompanying tools in order to improve institutional accountability and make higher education data more accessible.

**R6 AREA TECHNICAL COLLEGE GRANT PROGRAM:** The request includes a one-time appropriation of \$3,171,650 General Fund for FY 2020-21 to complete two single-phase capital expansion projects at the Technical College of the Rockies and Emily Griffith Technical College. State funding will be matched with \$4,267,213 institutional cash funds and federal funds, which do not require spending authority. The investments will fund a Healthcare Education and Innovation Center at the Technical College of the Rockies and Outdoor Welding Space at Emily Griffith Technical College.

**R7 CHIEF EDUCATIONAL EQUITY OFFICER:** The request includes \$150,950 General Fund and 1.0 FTE in FY 2020-21 and beyond for a new Chief Educational Equity Officer position. The Department indicates that it hopes to onboard the position in March 2020 based on a supplemental appropriation. Colorado has the largest attainment gap between white and Latinx residents of any state. This position will build on momentum created through Lumina grant support and will be responsible for administering a diversity, inclusion, and equity curriculum and mobilizing equity champions at institutions across the state.

**R8 DIVISION OF PRIVATE OCCUPATIONAL SCHOOLS:** The request includes \$200,000 cash funds spending authority in FY 2020-21, annualizing to \$100,000 cash funds spending authority for the subsequent three fiscal years, to enable the Division of Private Occupational Schools to implement a comprehensive IT solution that will increase the quality and efficiency of the Division's workflow. The Division regulates over 300 private occupational schools and continues to collect school information mostly in paper format, which is then transcribed into outdated databases. In 2016 the Division issued an RFP for a new information and tracking system to manage its workflow processes, but the bids were too high and did not meet the Division's needs. In 2019, all public and private schools wishing to be eligible for tuition dollars through the federal Workforce Innovation and Opportunity Act must provide information and report on outcomes on the state's Eligible Trainer Provider List. DPOS proposes to link to and use the same technology, thereby reducing the burden on participating private businesses. The Division anticipates that with an automated system the time required for a school to seek approval can be reduced up to 50 percent and will likely be reduced by 70 percent once schools are familiar with the process. It currently requires 2 months to 1 year for a school to complete the approval process.

**R9 EARLY CHILDHOOD TALENT PIPELINE SCHOLARSHIP:** The request includes \$4,311,785 General Fund and 1.0 FTE in FY 2020-21 for early childhood educator scholarships. The request proposes that this amount would *decline* over subsequent years to \$2,873,543 in FY 2024-25 as the amount for Request R10 (early childhood educator loan forgiveness) increases. The request indicates that in FY 2017-18, there were 1,022 students in early childhood educator-related undergraduate credential programs who had a financial aid application on file. The average cost-of-attendance per student outstanding after Pell awards, state need-based awards, and expected family contributions in FY 2017-18 was \$12,898. The Department proposes to allocate the funds to institutions of higher education based on the number of students at each institution who are Pell eligible and pursuing degrees under certain instructional codes (early childhood education and teaching, education/teaching of individuals in early childhood special education programs, teacher assistant/aide, teacher education for multiple levels). Institutions would then package aid for eligible students using their usual practices, reducing or eliminating an amount up to the student's full cost of attendance. Based on the number of individuals reported eligible in 2018, the average grant amount would be \$4,219. The request includes adding 1.0 FTE for a researcher to study the impact of the scholarships. The request would require new legislation.

**R10 LOAN FORGIVENESS FOR EARLY CHILDHOOD EDUCATORS:** The request includes \$544,358 General Fund in FY 2021 to fund loan forgiveness to address early childhood educator shortages. The Department also requests 1.5 FTE in FY 2020-21 and ongoing to administer the program. 50 early childhood education associate's degree holders and 50 bachelor's degree holders currently employed as early childhood educators will be eligible for up to \$3,000 in loan forgiveness annually for up to four years (associates degree holders) and up to \$5,000 in loan forgiveness annually

for up to five years (bachelor degree holders). The request increases to \$937,303 in FY 2021-22 and continues to increase annually up to up to \$1,987,303 in FY 2024-25 and ongoing. Approximately 70 percent of Colorado child care center directors report that finding qualified educators is a top challenge they face, and the Department of Labor and Employment expects demand to grow 33-43 percent through 2025; yet many professionals in the field indicate that pursuing any type of post-secondary education can be challenge, and 75 percent reported that they would require tuition assistance to pursue higher education. The request would require new legislation.

**R11 COLORADO OPPORTUNITY SCHOLARSHIP INITIATIVE:** The request includes an increase of \$3.0 million in General Fund in FY 2020-21 and ongoing for the Colorado Opportunity Scholarship Initiative (COSI) to increase state and local community investment in students' higher education attainment and enhance support services to students. The request would increase the total funding for COSI to \$10.0 million per year. The Department is also pursuing a related statutory change that would enable it to increase the share of its funding for support program grants. The request reflects potential increases in expenditures and awards of \$221,640 for administration, \$1.7 million for support program grants, and \$2.1 million for matching scholarships, resulting in total annual outlays of approximately \$13.8 million if the changes are approved. Since these increases would exceed the total annual appropriation, the overall proposal reflects a planned gradual spend-down of COSI reserves. *The Interim Committee on Making Higher Education Attainable has been authorized to introduce a bill on this topic with a related appropriation of \$5.0 million General Fund in the introduced bill.*

**BA1 GET ON YOUR FEET COLORADO:** The request includes \$14,076,245 General fund and 3.0 FTE in FY 2020-21 to launch a loan repayment program for Colorado residents who complete an undergraduate (associate or bachelor) degree at one of the state's public institutions of higher education and begin their career in Colorado. The one-time appropriation would establish a fund from which loan repayment benefits would be paid to eligible students over three years and would support program administration. The request would enable up to 5,300 eligible Colorado graduates to receive loan repayment for up to two years with an average of \$1,500 annually per recipient. The program is intended to incent degree completion and provide support to recent graduates as they launch their careers. The program would require new legislation (anticipated through non-JBC bill sponsors).

**HC1 FINANCIAL SUSTAINABILITY FOR HISTORIC PRESERVATION:** The request includes \$1,000,000 reappropriated funds in FY 2020-21, \$930,632 in FY 2021-22, and \$1,000,000 in FY 2022-23 and ongoing to provide relief for History Colorado's annual Certificate of Participation (COP) payments. History Colorado's COP payments are scheduled to increase stepwise from approximately \$3.0 million currently to \$4.9 million by 2040. The original forecast on which History Colorado's COP payment schedule was based in 2009 have not materialized, resulting in a structural imbalance between the agency's revenues and expenses.

The request requires a statutory change to Section 23-31-901, C.R.S. et. seq. that provides for an annual \$20.0 million General Fund transfer to the National Western Center Trust Fund for purposes of making COP payments for the National Western Center and the Capitol Complex Master Plan Implementation Fund. The request proposes to divert \$1.0 million from amounts that would otherwise go to the Capitol Complex Master Plan Implementation Fund, so that, starting in FY 2020-21, funding for the Capitol Complex Master Plan Implementation Fund would be reduced by \$1.0 million, while funding for History Colorado COP payments would be increased by the same amount. The chart below reflects the proposed payment schedule through FY 2023-24. Funding similar to FY 2023-24 would continue through FY 2039.

Fiscal Year	Total Budgeted	NVCC Debt Service	Capitol Complex	History Colorado	Total Allocated
FY2020	\$ 20,000,000	\$ 14,047,870	\$ 5,952,130	\$ -	\$ 20,000,000
FY2021	\$ 20,000,000	\$ 18,696,574	\$ 303,426	\$ 1,000,000	\$ 20,000,000
FY2022	\$ 20,000,000	\$ 19,069,368	\$ 0	\$ 930,632	\$ 20,000,000
FY2023	\$ 20,000,000	\$ 18,097,791	\$ 902,209	\$ 1,000,000	\$ 20,000,000
FY2024	\$ 20,000,000	\$ 18,096,915	\$ 903,085	\$ 1,000,000	\$ 20,000,000

**HC2 COMMUNITY MUSEUM CASH FUNDS FOR EARNED REVENUE:** The request includes an increase of \$121,895 cash funds spending authority in FY 2020-21 for earned revenue at the community museums. The request notes that \$1,589,044 General Fund added in FY 2017-18 annualizes in FY 2020-21 (to \$1,200,000 General Fund) based on the expectation that the Community Museums will have developed more sustainable earned revenue programs that can be used to backfill the reduced General Fund.

**NP1 OIT BUDGET REQUEST PACKAGE:** The request includes the Department’s share of the Governor’s Office of Information Technology’s budget package adjustments.

**NP2 PAID FAMILY LEAVE: THE REQUEST INCLUDES A PROPOSED STATEWIDE COMMON POLICY INCREASE FOR PAID FAMILY LEAVE.**

**AURARIA HIGHER EDUCATION CENTER ADJUSTMENT:** The request increases spending authority for the Auraria Higher Education Center by \$469,411 for funds received from the institutions operating on the Auraria campus (University of Colorado – Denver, Metropolitan State University of Denver, and the Community College of Denver).

**CENTRALLY APPROPRIATED LINE ITEMS:** The request includes adjustments to centrally appropriated line items, as detailed in the table below.

CENTRALLY APPROPRIATED LINE ITEMS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Salary survey adjustment	\$315,158	\$21,952	\$200,424	\$51,693	\$41,089	0.0
AED adjustment	75,603	32,079	28,119	(9,211)	24,616	0.0
SAED adjustment	75,603	32,079	28,119	(9,211)	24,616	0.0
CORE adjustment	65,288	0	19,056	46,232	0	0.0
PERA Direct Distribution	60,601	22,632	(27,058)	24,867	40,160	0.0
Health, life, and dental adjustment	25,867	32,922	84,815	2,364	(94,234)	0.0
Legal services adjustment	2,484	0	0	2,484	0	0.0
Short-term disability adjustment	1,800	1,008	224	(272)	840	0.0
Payment to risk management / property funds adjustment	(202,267)	0	(64,969)	(137,298)	0	0.0
Payments to OIT adjustment	(144,425)	0	(136,017)	(8,408)	0	0.0
Workers’ compensation adjustment	(7,112)	0	972	(8,084)	0	0.0
ALJ adjustment	(796)	0	(796)	0	0	0.0
<b>TOTAL</b>	<b>\$267,804</b>	<b>\$142,672</b>	<b>\$132,889</b>	<b>(\$44,844)</b>	<b>\$37,087</b>	<b>0.0</b>

**LEASE PURCHASE PAYMENT ADJUSTMENTS:** The request includes annual technical adjustments to three lease purchase obligations: the University of Colorado Health Sciences Center at Fitzsimons lease purchase authorized by H.B. 03-1256; the Higher Education Federal Mineral Lease Revenues lease purchase that supported the construction

of various higher education capital construction projects in 2008; and the lease purchase for the new History Colorado Center authorized in 2008.

**WICHE FEE INCREASE:** The request includes an inflationary adjustment to address fee increases for the Western Interstate Commission on Higher Education, which provides research services and runs inter-state student exchange programs used by the department and public institutions of higher education.

**ANNUALIZE PRIOR YEAR BUDGET ACTIONS:** The request includes adjustments for the second-year impact of prior year budget actions.

ANNUALIZE PRIOR YEAR BUDGET ACTION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Annualize prior year salary survey	\$0	\$0	\$795	\$0	(\$795)	0.0
DHE-reflected base FTE for AHEC	0	0	0	0	0	(0.4)
FY 2017-18 HC1 Community Museum Revitalization	(389,044)	(389,044)	0	0	0	0.0
<b>TOTAL</b>	<b>(\$389,044)</b>	<b>(\$389,044)</b>	<b>\$795</b>	<b>\$0</b>	<b>(\$795)</b>	<b>(0.4)</b>

**ANNUALIZE PRIOR YEAR LEGISLATION:** The request includes adjustments for the second- and third-year impact of prior year legislation.

ANNUALIZE PRIOR YEAR LEGISLATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
SB 15-211 Depreciation Lease Equivalent Adjustment	\$1,015,354	\$1,015,354	\$0	\$0	\$0	0.0
SB 19-003 Educator Loan Forgiveness	493,443	493,443	0	0	0	0.1
SB 18-200 Eliminate PERA unfunded liability	75,853	5,276	49,030	11,985	9,562	0.0
SB 19-231 Colorado Second Chance Scholarship	4,788	4,788	0	0	0	0.2
HB 19-1006 Wildfire Mitigation Wild and Urban Interface Areas	(1,000,000)	(1,000,000)	0	0	0	0.0
HB 19-1264 Conservation Easement Tax Credit Modifications	(500,000)	(250,000)	0	(250,000)	0	0.0
SB 19-001 Expand Medication-assisted Treatment Pilot Program	(300,000)	0	(300,000)	0	0	0.0
SB 19-190 Growing Great Teachers	(44,310)	(44,310)	0	0	0	(0.4)
HB 19-1294 Apprenticeship credit	(15,000)	0	0	(15,000)	0	0.0
HB 19-1202 Food Systems Advisory Council	(396)	(7,698)	0	7,302	0	0.1
<b>TOTAL</b>	<b>(\$270,268)</b>	<b>\$216,853</b>	<b>(\$250,970)</b>	<b>(\$245,713)</b>	<b>\$9,562</b>	<b>(0.0)</b>

## SUMMARY OF ISSUES PRESENTED TO THE JOINT BUDGET COMMITTEE

**UPDATING THE HIGHER EDUCATION FUNDING MODEL:** This issue discusses the Department's response to S.B. 19-095, which required a five year review of the higher education funding formula adopted under H.B. 14-1319. The H.B. 14-1319 model allocates all state funds for the higher education governing boards each year based on student stipends for resident undergraduate students and various factors related to student completions and each institution's role and mission. The Department's proposal would allocate new funds and reallocate 10 percent of the existing base funding for the governing boards based on factors for operational support, completions, equity-focused enrollments, and graduation rates and improvements. The request indicates that it is the Department's intent to reallocate all funds through the new model in future years.

**REQUESTS R1 AND R2 AND THE RISING COST OF HIGHER EDUCATION:** The Department's Request R1 provides a 2.5 percent increase for governing boards. Its R2 request proposes that resident undergraduate tuition increases be capped at 3.0 percent. This is a lower figure than the Department would have proposed in the past, given the modest request for state funding increases.

**EARLY CHILDHOOD EDUCATOR INITIATIVES:** Requests R9 and R10 would provide \$4.8 million General Fund for new scholarships and a loan forgiveness program for early childhood educators. This is one of a number of requests included in the Departments of Education, Higher Education, Labor and Employment, and Human Services related to the need for additional early childhood educators in the state. The initiatives in the Department of Higher Education award funds for individuals who are pursuing or have been awarded an associate's or bachelor's degree. Early childhood educators do not require a postsecondary education.

**STUDENT DEBT AND BA1 GET ON YOUR FEET COLORADO:** Request BA1 includes \$14.1 million for a student loan repayment program entitled Get on Your Feet Colorado. The proposed initiative would subsidize loan repayments for two-years for new graduates of public higher education institutions who are enrolled in a federal income-based repayment loan program. The request is presented as a temporary initiative; however it will be administratively complex. Without extensive publicity, actual utilization for this program is likely to be far below the estimates included in the request. With extensive publicity, it could potentially be higher.

**HISTORY COLORADO AND REQUEST HC1:** History Colorado remains in a tenuous financial position. The Executive Request includes a request for \$1.0 million to help support its annual certificate of participation payments for the History Colorado Center.

## FOR MORE INFORMATION

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**TO READ THE ENTIRE BRIEFING:** [http://leg.colorado.gov/sites/default/files/fy2020-21\\_hedbrf.pdf](http://leg.colorado.gov/sites/default/files/fy2020-21_hedbrf.pdf)