

Joint Budget Committee



Staff Budget Briefing FY 2025-26

Department of Higher Education (Governing Boards and Financial Aid)

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

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Additional Attachments – Request Letter from Institutions of Higher Education

ADDITIONAL RESOURCES

Brief summaries of all bills that passed during the 2024 legislative session that had a fiscal impact on this department are available in Appendix A of the annual Appropriations Report:

<https://leg.colorado.gov/sites/default/files/fy24-25apprept.pdf>

The online version of the briefing document may be found by searching the budget documents on the General Assembly’s website by visiting leg.colorado.gov/content/budget/budget-documents. Once on the budget documents page, select the name of this department's *Department/Topic*, "Briefing" under *Type*, and ensure that *Start date* and *End date* encompass the date a document was presented to the JBC.

Overview of Higher Education

Note: This narrative describes all sections of the Department of Higher Education, for context. However, this briefing packet addresses solely financial aid, the College Opportunity Fund Program, the Governing Boards, Local District Colleges, and Area Technical Colleges.

Responsibilities

Distributes state appropriations for governing boards consistent with decisions of the General Assembly:

State General Fund appropriations are provided for:

- The College Opportunity Fund Program that provides stipends to students for undergraduate education
- Fee-for-service contracts with state institutions to support other higher education activities, such as graduate and professional education, and to provide performance incentives
- State subsidies for governing boards that are not subdivisions of state government, such as Local District Colleges and Area Technical College
- Financial aid programs

The Department also monitors cash funds tuition spending authority provided to each state governing board and has authority to reallocate certain spending authority based on end-of-year enrollment and revenue received.

Coordinates and establishes statewide policies under CCHE: Establishes policy and provides central coordination for state-supported higher education programs under the authority of the Colorado Commission on Higher Education (CCHE). This includes ensuring institutional degree programs are consistent with institutional missions, establishing statewide enrollment policies and admissions standards, determining allocation of financial aid among institutions, and coordinating statewide higher education operating and capital construction budget requests, including tuition policy requests. CCHE is also responsible for proposing the model for the allocation of higher education operating funds consistent with the provisions of H.B. 20-1366.

Data collection, research and reports: Develops reports on the higher education system as needed or directed by the General Assembly, and, as part of this function, provides a central repository for higher education data with links to P-12 and employment data;

Vocational education: Oversees and allocates funding from various sources for vocational and occupational education programs provided in both higher education and K-12 settings.

Private occupational schools: Regulates private occupational schools under the oversight of Colorado State Board of Private Occupational Schools.

CollegeInvest and CollegeAssist: Oversees statutorily-authorized state enterprises with responsibilities related to college savings and student loan programs. These programs are off-budget.

Colorado Opportunity Scholarship Initiative (COSI) board: Under oversight of the COSI board, allocates grants to nonprofits and other entities to increase the availability of pre-collegiate and postsecondary student support and provides associated student scholarships. New appropriations for COSI are on-budget, but COSI spends from a fund balance transferred to it in prior years by the General Assembly. Expenditures from this fund are not subject to appropriation.

Federal and private grants administration: Administers various programs supported through federal and private grants. This includes, among others, the federally-funded Gear Up program (on-budget), which provides services beginning in middle school that are designed to increase higher education participation for youth who might not otherwise attend college.

History Colorado: Collects, preserves, exhibits, and interprets items and properties of historical significance through the State Historical Society. History Colorado is overseen by a separate appointed board and is funded through Constitutionally-authorized limited gaming revenues, among other sources.

Department Structure

Overall Department Structure: Authority over Colorado's higher education system is fairly decentralized. Individual governing boards of higher education institutions have substantial independent authority over the management of their institutions. The Governor appoints, with consent of the Senate, most members of these governing boards (with the exception of the regents of the University of Colorado, who are elected), the members of the Colorado Commission on Higher Education, members of the State Board of Private Occupational Schools, members of the CollegeInvest Board, and members of the Board of Directors of the State Historical Society. The Governor also appoints the members of the Colorado Opportunity Scholarship Initiative Board.

Department divisions include the Department Administrative Office (centrally-appropriated line items), Colorado Commission on Higher Education and Higher Education Special Purpose Programs, Colorado Commission on Higher Education Financial Aid, College Opportunity Fund Program, Governing Boards, Local District Colleges, the Division of Occupational Education, the Auraria Higher Education Center, and History Colorado, as described below.

Colorado Commission on Higher Education and Higher Education Special Purpose Programs: The executive director of CCHHE is also the executive director of the Department. The appropriation for CCHHE funds the Commission's central administrative staff, the Division of Private Occupational Schools, and various special-purpose line items.

College Opportunity Fund Program and Governing Boards: The majority of state General Fund appropriations to the Department are for the College Opportunity Fund (COF) Program, with amounts reappropriated to each of the governing boards in consolidated line items in the Governing Boards section. The COF Program provides stipends for undergraduate resident students to attend public colleges and participating private colleges in Colorado and also supports fee-for-service contracts with public higher education institutions for educational performance and services not covered by the stipends.

Colorado Commission on Higher Education Financial Aid: State support for higher education financial aid, which has historically comprised about 20.0 percent of General Fund appropriations to the Department, is appropriated to CCHE for allocation to the Governing Boards.

Other Higher Education Divisions: The Division of Occupational Education oversees Colorado Vocational Act programs, the Area Technical Colleges, federal Perkins technical training programs, and resources for the promotion of job development, job training, and job retraining. Separate divisions provide state subsidies for Local District Colleges and reappropriated funds for the Auraria Higher Education Center, which maintains the single shared campus of the Community College of Denver, Metropolitan State College of Denver, and the University of Colorado at Denver.

History Colorado: The Department budget includes appropriations for the Colorado History Museum and regional community museums and facilities, as well as preservation grant programs. Funding includes state Limited Gaming revenues deposited to the State Historical Fund, earned revenue, and state General Fund. History Colorado is considered a state educational institution. However, it is overseen by its own Board, and CCHE has no administrative authority over the organization.

Recent Appropriations

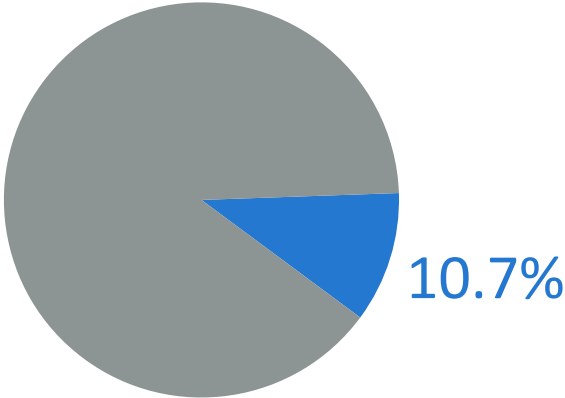
Higher Education: Recent Appropriations				
Funding Source	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26*
General Fund ¹	\$1,362,586,612	\$1,557,646,970	\$1,664,005,028	\$1,625,664,465
Cash Funds	3,054,006,788	3,123,474,026	3,231,741,971	3,294,068,551
Reappropriated Funds	1,070,449,520	1,190,772,165	1,319,354,348	1,255,623,455
Federal Funds	25,849,820	26,450,674	27,007,420	26,755,560
Total Funds	\$5,512,892,740	\$5,898,343,835	\$6,242,108,767	\$6,202,112,031
Full Time Equivalent Staff	26,489.2	26,726.1	27,547.5	27,323.8

*Requested appropriation

¹ Includes General Fund Exempt.

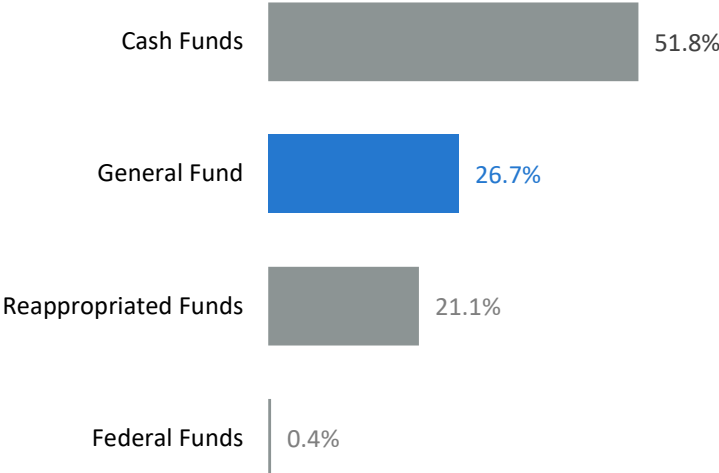
Graphic Overview

Department's Share of Statewide General Fund



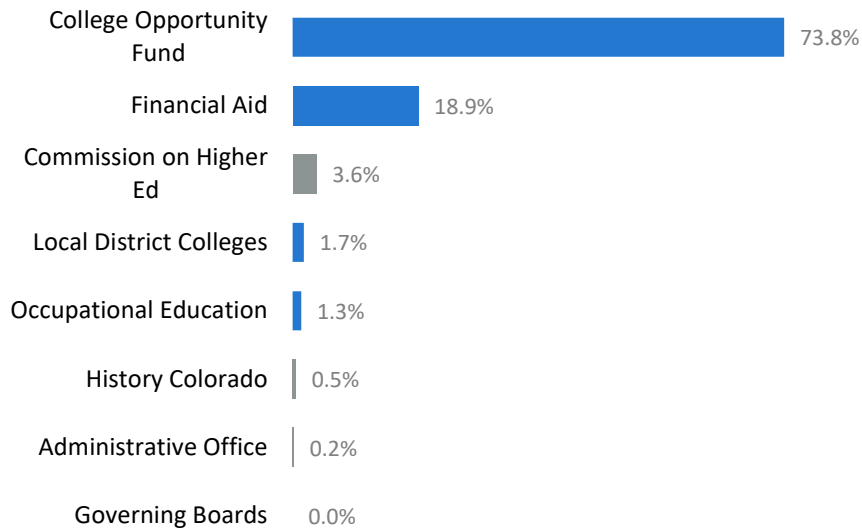
Based on the FY 2024-25 appropriation.

Department Funding Sources



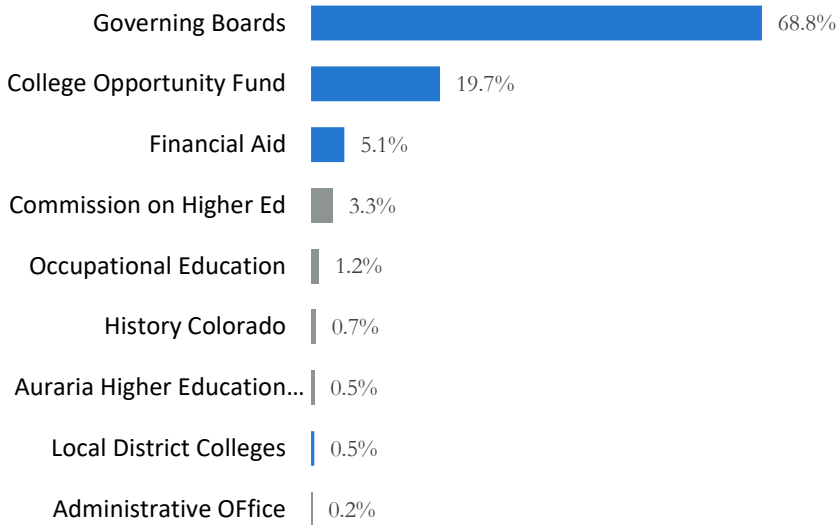
Based on the FY 2024-25 appropriation.

Distribution of General Fund by Division



Based on the FY 2024-25 appropriation.

Distribution of Total Funds by Division



Based on the FY 2024-25 appropriation.

Cash Funds Detail

Department of Higher Education (Governing Boards/Financial Aid)				
Cash Funds Detail				
Fund Name	FY 2024-25 Approp.	Note	Primary Revenue Sources	Primary Uses in Dept.
Tuition	\$2,761,078,087	1,2	Tuition from resident and nonresident students at state institutions	Tuition revenue is appropriated to the governing boards that collect it.
Higher Education Student Fees	260,999,463	1,3	Mandatory fees paid by resident and nonresident students at state institutions	Mandatory fees—fees that are paid by all students regardless of their course of study—are reflected in the Long Bill for informational purposes for students enrolled at state-operated institutions. Fees are expended at the governing boards where they are collected.
Limited Gaming Taxes (Extended limited gaming, from Amendment 50/77)	34,425,417	1,3	Taxes on gaming in the cities of Central, Black Hawk, and Cripple Creek (see Additional Information in separate Higher Education briefing)	Consistent with Constitutional and statutory provisions, higher education institutions with a two-year mission receive distributions associated with the expansion of gaming in 2008 (Amendment 50) and 2020 (Amendment 77). Funding is continuously appropriated and show for informational purposes only.
Tobacco Settlement Health Education Fund (Tobacco Settlement Revenue)	15,180,586	1	Annual payments from tobacco companies pursuant to the Tobacco Master Settlement Agreement (see annual Tobacco briefing)	University of Colorado medical programs
Marijuana Tax Cash Fund	2,900,000	1	Taxes on retail marijuana (see Marijuana Tax briefing)	Includes \$2.0 million appropriated to the University of Colorado for the School of Public Health related to marijuana concentrate research and a public education campaign; also \$900,000 for the Colo State U. System Agrability Program, which serves farmers and ranchers with disabilities
SPACRC Program Fund and Oil and Gas Conservation Commission CF	1,068,443	4	SPARC is from one-time transfer of General Fund; OGCC is from fees for oversight of oil and gas operations	Primarily spending from the SPARC Program Fund, which originates as General Fund, to support energy-sector career pathways; the OGCC Fund supports research conducted at CSU operations
Total	\$3,075,651,996			

¹ Exempt from TABOR

² An additional \$75,000,000 contingency tuition spending authority is provided in the CCHS and Special Purpose section of this Department and is made available for governing boards that have complied with tuition rate limits but anticipate additional revenue and spending needs based on enrollment

³ Continuously appropriated

⁴ General Fund for SPARC was subject to TABOR when first received but not counted again when transferred from one fund to another.

Additional Detail for Select Funds

Higher Education Off-Budget:

The Higher Education institutions have multiple auxiliary operations (such as housing and food services) as well as research operations that are off-budget. Higher Education financial statements indicate that the ten governing boards that operate as state-owned enterprises have overall revenue that exceeded \$11.0 billion in FY 2023-24, which compares to total on-budget appropriations in the governing boards section of the Long Bill of \$4.3 billion.

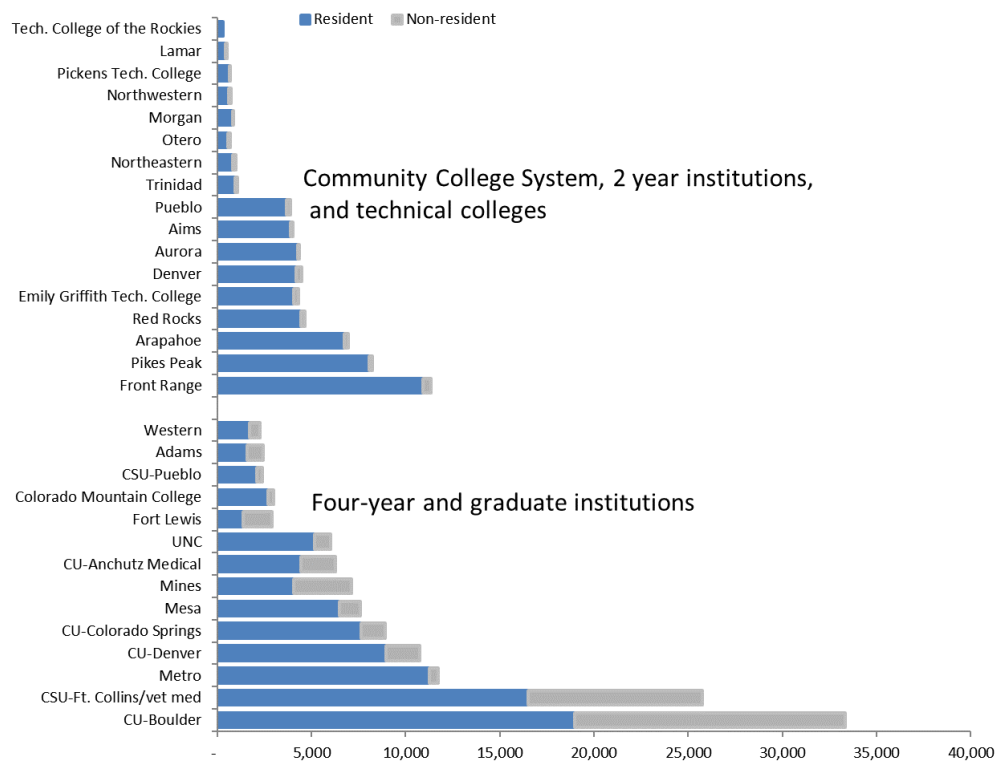
General Factors Driving the Budget

Overview and Organization

The public higher education system served 188,568 full-time equivalent students (FTE) in FY 2023-24, including 148,463 Colorado residents.¹ Most students attend one of the 27 state institutions that are overseen by ten state governing boards, but about seven percent attend local district colleges, which receive regional property tax revenues in addition to state funding, and area technical colleges, which offer occupational certificates and serve both secondary and postsecondary students. Approximately one-third of student FTE attend community colleges, local district colleges, and area technical colleges, which focus primarily on two-year degrees, technical certificates, and other applied training.

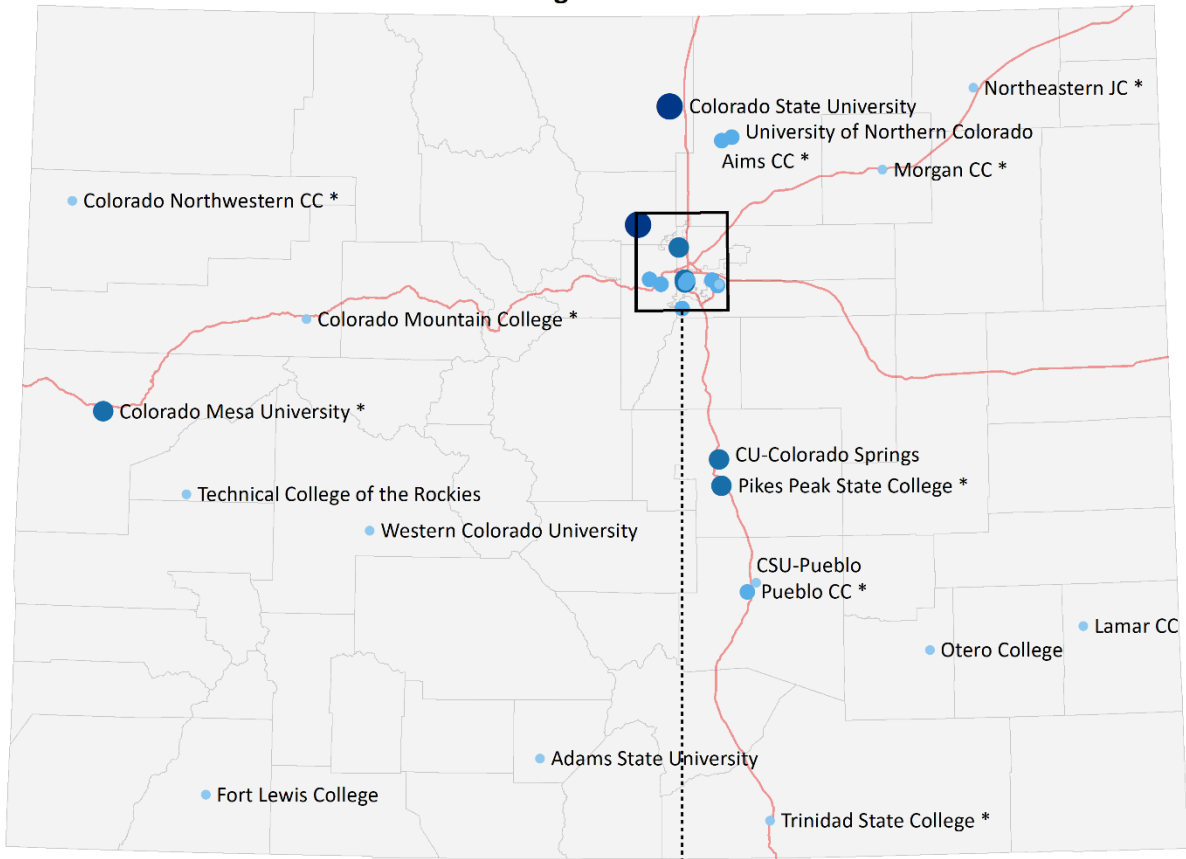
The Colorado Commission on Higher Education (commission) coordinates the higher education delivery system, including requests for state funding. However, each of the 31 state-supported public institutions has a governing board that makes policy and budget decisions for the institution.

Student Full-time-equivalent Enrollment 2023-24



¹ About 40 percent of Colorado high school graduates attend Colorado postsecondary public institutions the fall after they graduate from high school. About 15 percent attend private and out-of-state institutions.

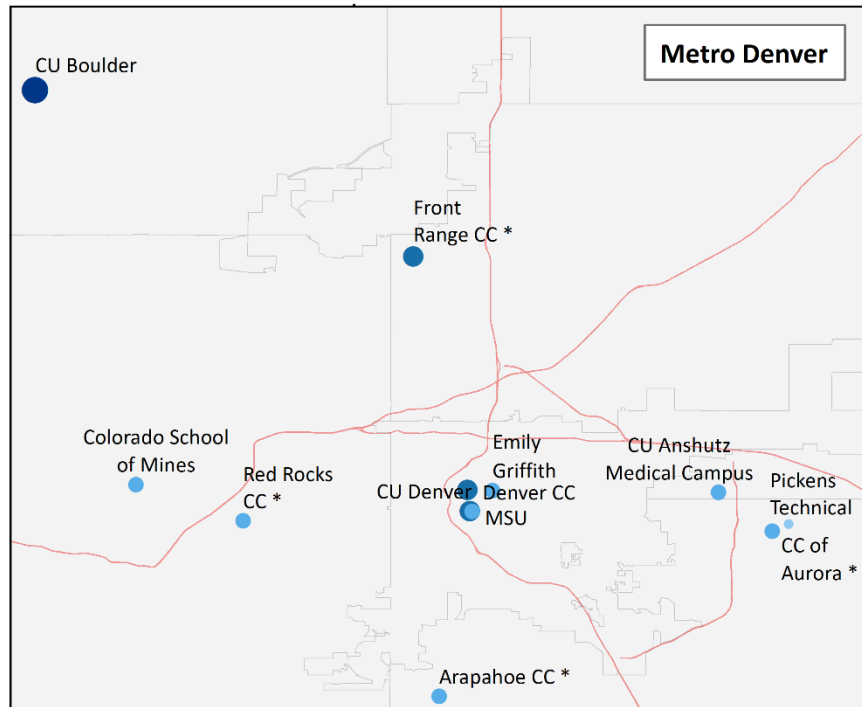
Colorado Public Higher Education Institutions



Student FTE Served FY 2023-24

- 3,600 and fewer
- 3,601 to 7,500
- 7,501 to 15,000
- Greater than 15,000

* This institution has additional campuses that are not reflected on the map. Symbol size at the primary location is based on total student FTE for the institution across all campuses.



Source: Joint Budget Committee Staff

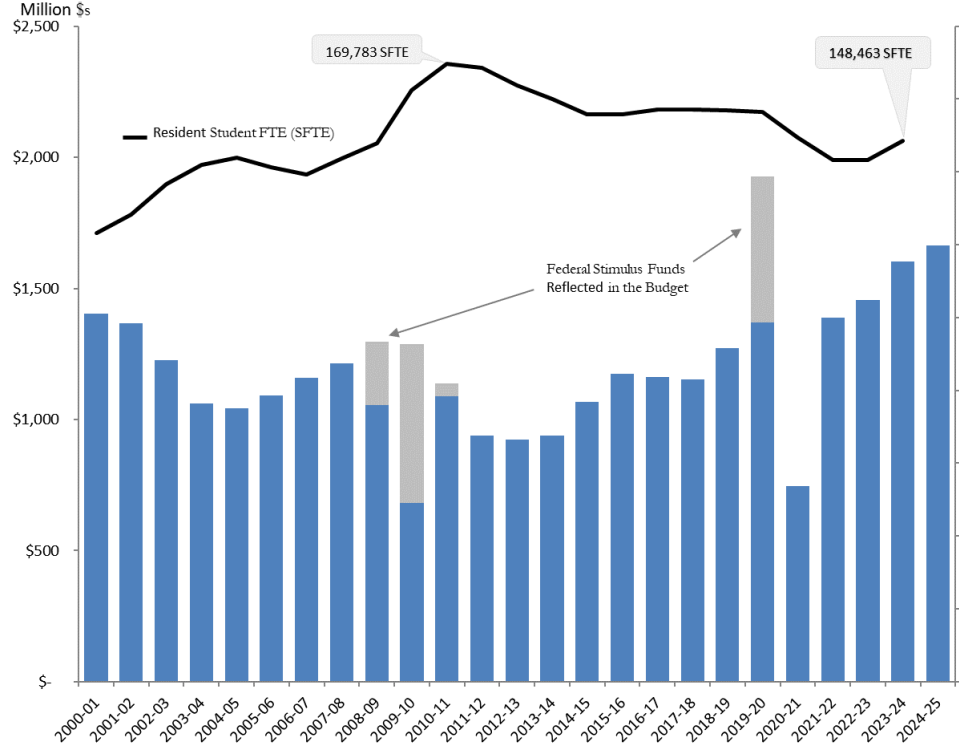
Impact of The Statewide Budget Outlook

The state has historically subsidized higher education at state institutions based on the public benefits of providing educational access to all citizens and promoting a more educated population. While there are many potential benefits to supporting higher education, there are no statutes, constitutional provisions, or federal guidelines requiring specific amounts of state funding per student. As a result, this is one of the budget areas most affected by the availability of state funds.

The chart below shows how statewide General Fund support for higher education has declined during economic downturns and rebounded under stronger economic conditions. General Fund appropriations for higher education were cut sharply in FY 2020-21 in response to the COVID-19 pandemic and resulting declines in available state revenue, but federal funds allocated by the Governor assisted the public higher education system in addressing the disaster emergency. For FY 2021-22, the General Assembly restored the FY 2020-21 General Fund cut and further increased funding. After further increases over the last several years, the Department’s \$1.7 billion General Fund appropriation far exceeds its FY 2018-19 pre-pandemic appropriation of \$1.0 billion. Even after adjusting for inflation, this translates to an increase of 30.9 percent between FY 2018-19 and FY 2024-25 in constant dollars, as reflected in the chart below.

Historically, student demand for higher education is higher during recessions and lower as the economy improves; however, the immediate impact of the pandemic was to reduce enrollment. Enrollment has begun to rebound but is still far from its FY 2010-11 peak.

Department of Higher Education State General Fund Appropriations in Constant Dollars and Resident Student FTE



The majority of the higher education budget is allocated directly to the public higher education institutions. The table below shows the General Fund allocated in FY 2023-24 and FY 2024-25.

Higher Education General Fund Appropriations FY 2023-24 and FY 2024-25 ¹				
	FY 2023-24	FY 2024-25	Change	Percentage Change
Adams State University	\$23,568,197	\$28,074,295	\$4,506,098	19.1%
Colorado Mesa University	45,050,411	49,217,113	4,166,702	9.2%
Metropolitan State University	93,592,346	102,577,951	8,985,605	9.6%
Western Colorado University	20,443,587	24,942,246	4,498,659	22.0%
Colorado State University System	230,741,806	246,127,882	15,386,076	6.7%
Fort Lewis College	19,069,629	23,188,891	4,119,262	21.6%
University of Colorado System ²	311,455,469	352,251,853	40,796,384	13.1%
Colorado School of Mines	33,574,131	37,054,876	3,480,745	10.4%
University of Northern Colorado	63,120,632	69,004,345	5,883,713	9.3%
Community College System	270,019,813	293,557,242	23,537,429	8.7%
Colorado Mountain College	11,995,297	13,101,832	1,106,535	9.2%
Aims Community College	14,166,012	15,479,910	1,313,898	9.3%
Area Technical Colleges	20,455,069	22,352,277	1,897,208	9.3%
Subtotal-Governing Boards/Institutions	\$1,157,252,399	\$1,276,930,713	\$119,678,314	10.3%
Financial Aid	288,197,016	314,787,635	26,590,619	9.2%
Lease Purchase Payments/Capital-related for Higher Education Buildings	32,175,175	38,328,167	6,152,992	19.1%
History Colorado	6,729,020	7,819,004	1,089,984	16.2%
Other ³	73,293,360	26,139,509	-47,153,851	-64.3%
TOTAL	\$1,557,646,970	\$1,664,005,028	\$106,358,058	6.8%

¹ Includes College Opportunity Fund stipends and fee-for-service contracts reappropriated to state governing boards, grants to local district colleges and area technical colleges, and all General Fund appropriations in enacted bills.

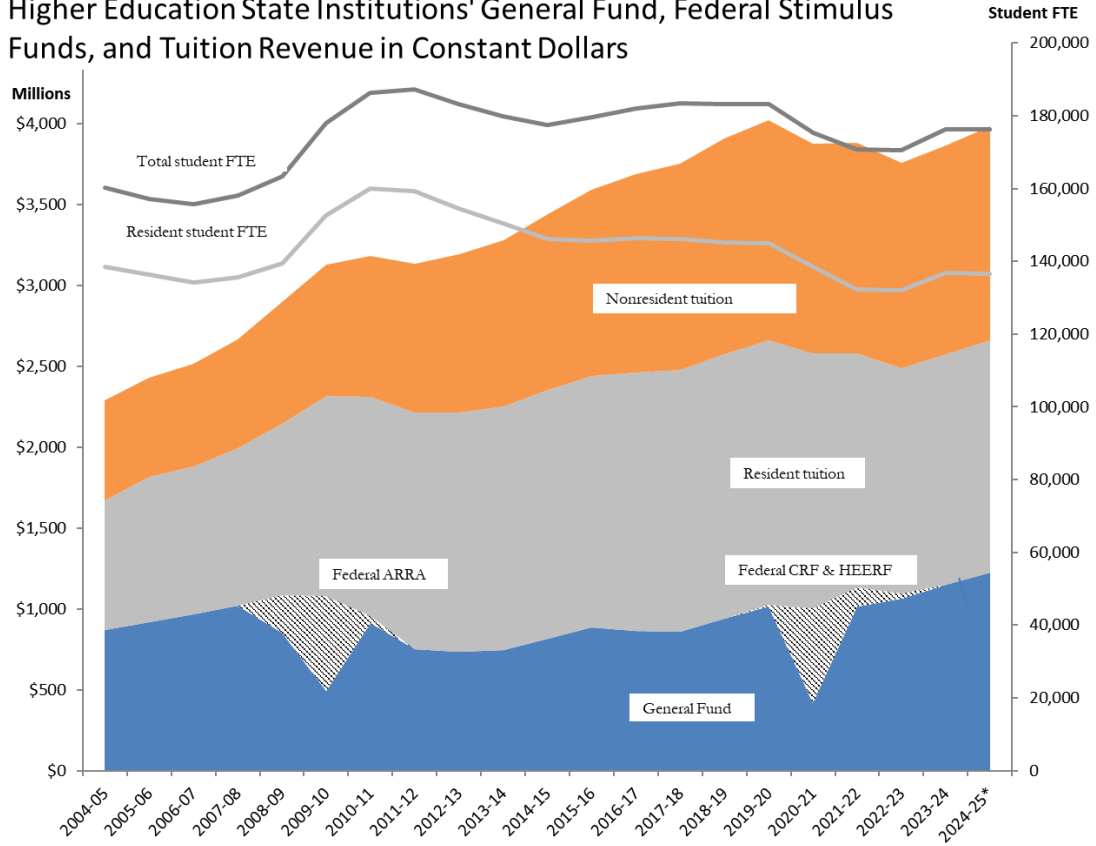
² Includes restoration of funds that were temporarily reduced due to enhanced federal Medicaid payments for University of Colorado Health Sciences Center medical services.

³ Includes various one-time appropriations provided in FY 2023-24 only.

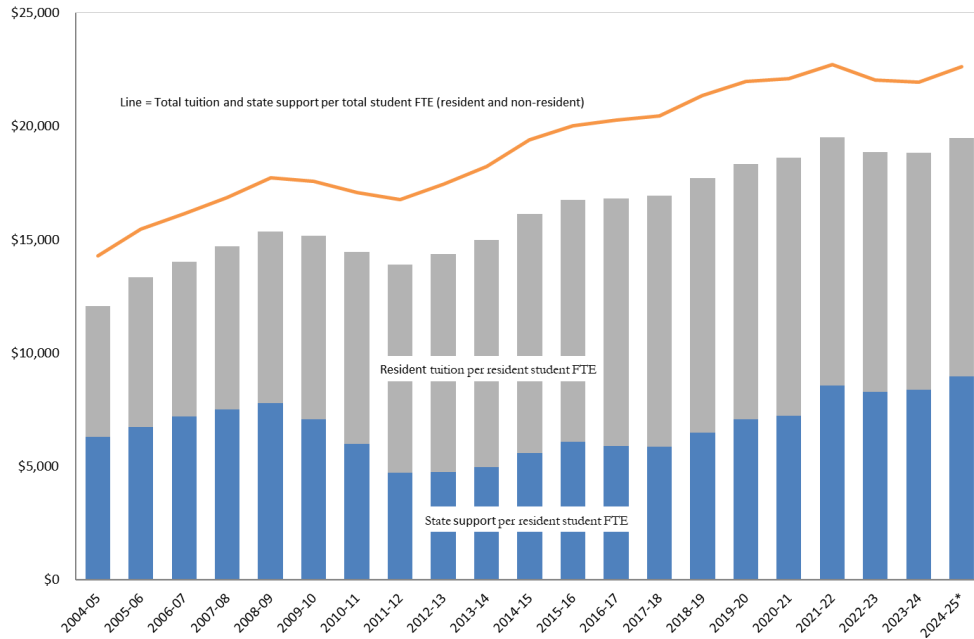
Institutional Revenue and Revenue Per Student FTE

Colorado and other states have historically addressed state budget constraints by increasing the share of higher education costs borne by individuals and families. The charts below illustrate how tuition, including nonresident tuition, as well as federal funds, have augmented General Fund revenues for the higher education institutions over time. The first chart shows total funding, while the second shows funding on a per-student basis.

Higher Education State Institutions' General Fund, Federal Stimulus Funds, and Tuition Revenue in Constant Dollars



Higher Education State Institutions' General Fund, Federal Stimulus Funds, and Tuition per Student FTE in Constant Dollars



Notes: Charts include revenue and student FTE reported by the ten state governing boards. Amounts shown include federal American Recovery and Reinvestment Act Funds (FY 2007-08 to FY 2010-11), federal Coronavirus Relief Funds (FY 2019-20 and

FY 2020-21), and federal Higher Education Emergency Relief Funds that institutions reported spending for educational activities in FY 2020-21 through FY 2022-23. FY 2024-25 amounts reflect budgeted and estimated amounts.

As shown:

- Total revenue to the state institutions from tuition and government sources combined has increased consistently over the last 20 years, with temporary declines during the Great Recession and COVID-19 pandemic. *Total revenue from these sources has increased by over 74.0 percent in constant dollars over the last 20 years, while total enrollment has increased only 10.0 percent.*
- Based on the combination of revenue and enrollment trends, revenue per student FTE has generally increased since FY 2011-12. *When nonresident tuition is included, revenue per student from tuition and state support has increased by over 58.0 percent in constant dollars over the last twenty years.*

Some key drivers behind statewide institutional revenue trends include the following.

Government support: As noted previously, state funding for higher education has typically been reduced in recessions, when state revenue is scarce. The federal government has historically helped fill the gap, but the amount of federal support is variable. In the case of the Great Recession, it was not sufficient to fully compensate for state funding declines after FY 2010-11. Similarly, it was not sufficient to fully compensate for declines in state funding and tuition revenue in FY 2020-21, and, despite a further influx of federal dollars in FY 2021-22, most funds had been spent by FY 2022-23.

Enrollment: Historically, youth and adults have returned for additional training when jobs are scarce, driving higher education enrollment and tuition revenue up during recessions. The coronavirus pandemic was different. Enrollment fell in response to the pandemic and related lockdowns. However, employment recovered quickly, and many people entered or returned to the workforce rather than pursuing education. Enrollment has not fully rebounded post-pandemic, and this has affected tuition revenue.

Revenue per Student FTE: Despite periodic decreases in total revenue, revenue per student FTE has been increasing for most of the last decade for reasons that include the following:

- *Where students attend college.* Ongoing increases in the share of resident students who attend expensive research institutions rather than less expensive institutions such as community colleges drives increases in the average cost per student statewide.
- *Increases in nonresident enrollment.* Nonresident students are concentrated in a small number of research institutions, but contribute a disproportionate share of the revenue at these institutions. The share of revenue from nonresidents has increased over time and is an important driver in overall revenue per student FTE statewide.
- *Tuition rate increases to stabilize revenue, combined with declining enrollment.* Less expensive institutions, such as community colleges, have generally maintained flat revenue, based on increasing tuition rates as well as state support. Since their enrollment has declined, revenue per FTE has increased even at these institutions.

With 31 different public institutions, there is considerable variation in enrollment, tuition rates, revenue, and cost-drivers. Some of these differences are explored further below.

Tuition and Fees

Tuition and fee rates have a significant impact on public access to higher education: high rates may discourage participation or may result in high debt loads for those who do participate. Nonetheless, Colorado and other states have often used tuition increases to substitute for higher education General Fund support due to the multiple demands on state General Fund revenue.

National data from the State Higher Education Officers on average tuition and fees by state and the Hanover study completed by the Department indicate that many (though not all) Colorado public institutions have tuition and fee rates that exceed those of their peers nationwide, after adjusting for grant aid. From an institutional operations perspective, this compensates for the low levels of state support provided in Colorado compared to other states.

The General Assembly has provided more flexibility for institutions to increase tuition revenue in times of state General Fund cuts and has restricted tuition growth when more state revenue is available for higher education.

- Prior to FY 2011-12, the General Assembly appropriated tuition revenue to the institutions and set forth its assumptions about tuition increases in a Long Bill footnote. It also appropriated fees, and the Department of Higher Education had authority to establish fee policy. Authority for the Department to set fees and General Assembly authority to appropriate fees was stopped in H.B. 11-1301. Authority to appropriate tuition was suspended in S.B. 10-003 but later restored (described below).
- For the five-year period from FY 2011-12 through FY 2015-16, the General Assembly delegated tuition-setting authority to the higher education governing boards within specified statutory limits. From FY 2011-12 through FY 2013-14, governing boards could increase resident undergraduate tuition rates up to 9.0 percent per year, and could submit a plan to ensure access and affordable tuition for low- and middle-income students to the Commission for permission to implement larger rate increases. In FY 2014-15 and FY 2015-16, the General Assembly paired increases in state funding with a 6.0 percent "hard" cap on undergraduate resident tuition increases.
- Beginning in FY 2016-17, the General Assembly again began to appropriate tuition and set limits on tuition through the Long Bill for all institutions except the Colorado School of Mines (which is exempt, based on a performance contract). The tuition increases used to derive the total spending authority for each governing board are detailed in a footnote to the Long Bill. The General Assembly typically imposes higher or lower limits on resident undergraduate tuition increases based on the General Fund appropriations authorized for the year. Specific limits may differ by institution.
- Long Bill footnotes have permitted tuition rate increases for undergraduate residents ranging from 2.0 percent to 5.0 percent in recent years, with some exceptions. The annual

policy is shown in the top row of the table below. Actual increases adopted by the governing boards are shown in the rows below.

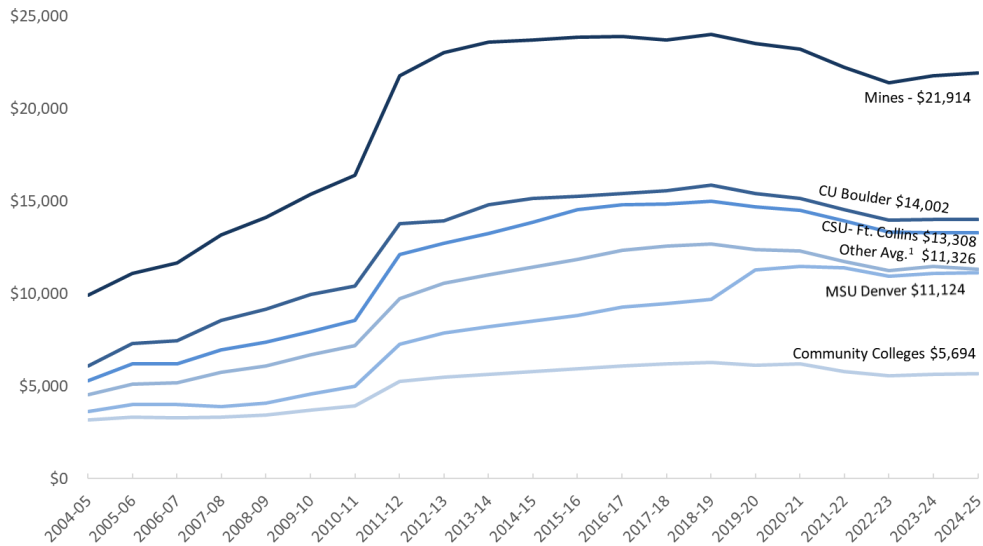
Resident Undergraduate Tuition Increases at State Boards						
	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	Notes
Max Allowed at Most Institutions	3.0%	3.0%	2.0%	5.0%	3.0%	Long Bill Footnotes identify exceptions
Actual Increases:						
Adams State University	2.1%	2.0%	2.0%	4.0%	0.8%	
Colorado Mesa University	0.0%	3.0%	3.0%*	4.0%	2.5%	
Metropolitan State University	3.0%	11.1%*	2.0%	5.0%	3.0%	
Western Colorado University	2.9%	0.0%	1.8%	2.8%	2.5%	
Colorado State University System	0.0%	3.0%	2.0%	3.0% FC; 4.0% Pueblo	3.0%	
Fort Lewis College	0.0%	0.0%	2.0%	5.0%	2.9%	
University of Colorado System	0.0%	3.0%	2.0%-4.3%	4.0% Boulder; 5.0% UCD & UCCS	2.8% Boulder; 2.9% UCD; 3.0% UCCS	Exemptions authorized in FY 23
Colorado School of Mines	0.0%	3.1%	2.1%	5.0%	2.9%	Not restricted
University of Northern Colorado	0.0%	7.0%	2.0%	6.0%	3.0%	Exemptions authorized in FY 22 & FY 24
Community College System	3.0%	0.0%	2.0%	5.0%	3.0%	

*These institutions established policies for some of their students that exceeded the General Assembly's Long Bill footnote assumptions. In both cases, the General Fund appropriation for the institution was reduced by \$50,000.

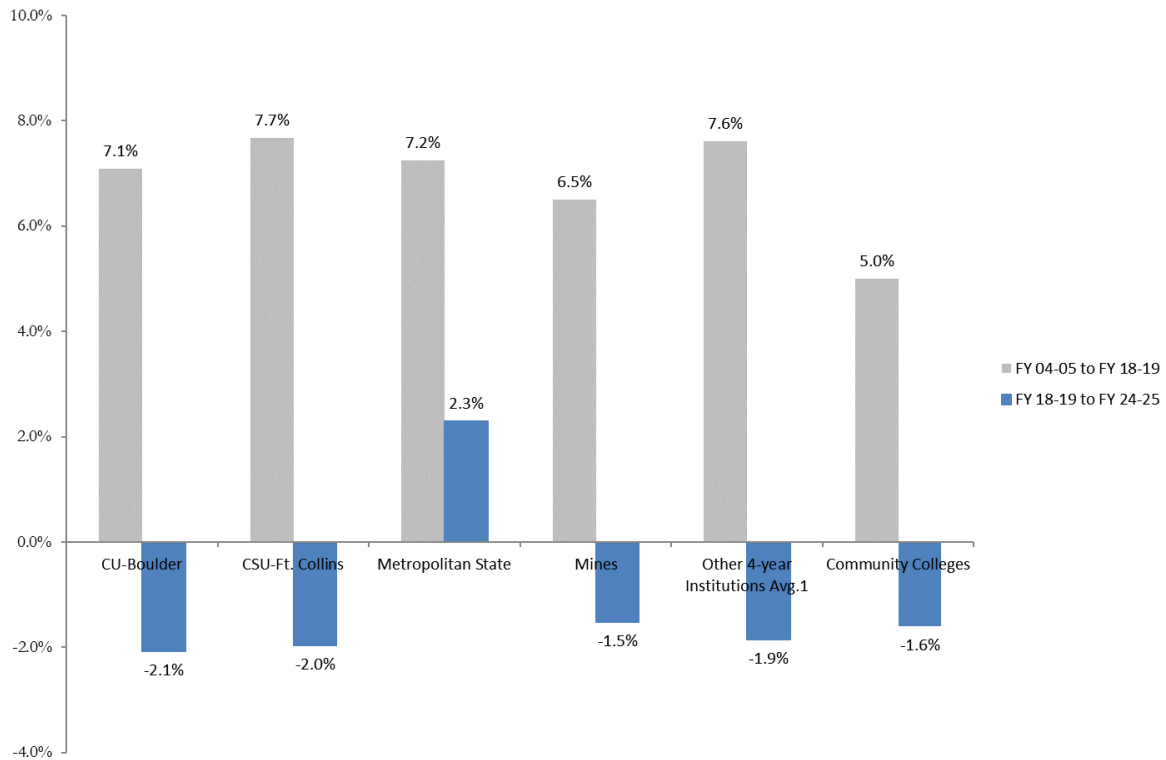
Tuition rates are affected by the General Assembly's decisions but also reflect institutions' assessments of what the market will bear. The General Assembly no longer appropriates fees, which often add substantially to student charges, and are an important component of what students pay. *For example, mandatory fees paid by all students at Western Colorado University exceed \$4,000 per student, adding nearly 55.0 percent to base tuition.* Because of these fees, which are mostly related to COP payments for past capital construction projects, WCU has limited capacity to increase tuition rates within the marketplace.

The chart below shows the rapid growth in tuition and mandatory fee rates through FY 2016-17 for full-time (30 credit hour) resident undergraduate students taking liberal arts and sciences courses. Growth continued more slowly until FY 2018-19 and then began to decline in inflation-adjusted dollars at most institutions, before stabilizing or increasing again at most institutions beginning in FY 2023-24. These are *lowest* rates students pay. In addition, at many institutions, *students pay substantial tuition "differentials" and fees when they study in particular fields.* For example, any student at CSU who has completed 30 to 60 credit hours (depending on the field) will pay differential tuition of \$1,500 to over \$3,000 per year. A student enrolling in CU Boulder's Business School will pay \$19,882 per year, rather than the \$14,002 shown. Even at community colleges, program fees can be substantial: a practical nursing student at Front Range Community College will pay an additional \$598 per term.

**COLORADO RESIDENT ANNUAL TUITION AND MANDATORY FEES
(FULL-TIME FRESHMAN/SOPHOMORE LIBERAL ARTS)
IN CONSTANT FY 2024-25 DOLLARS**



AVERAGE ANNUAL GROWTH IN PUBLISHED TUITION AND FEES FOR COLORADO RESIDENTS (FULL-TIME FRESHMAN/SOPHOMORE LIBERAL ARTS) AFTER ADJUSTING FOR INFLATION

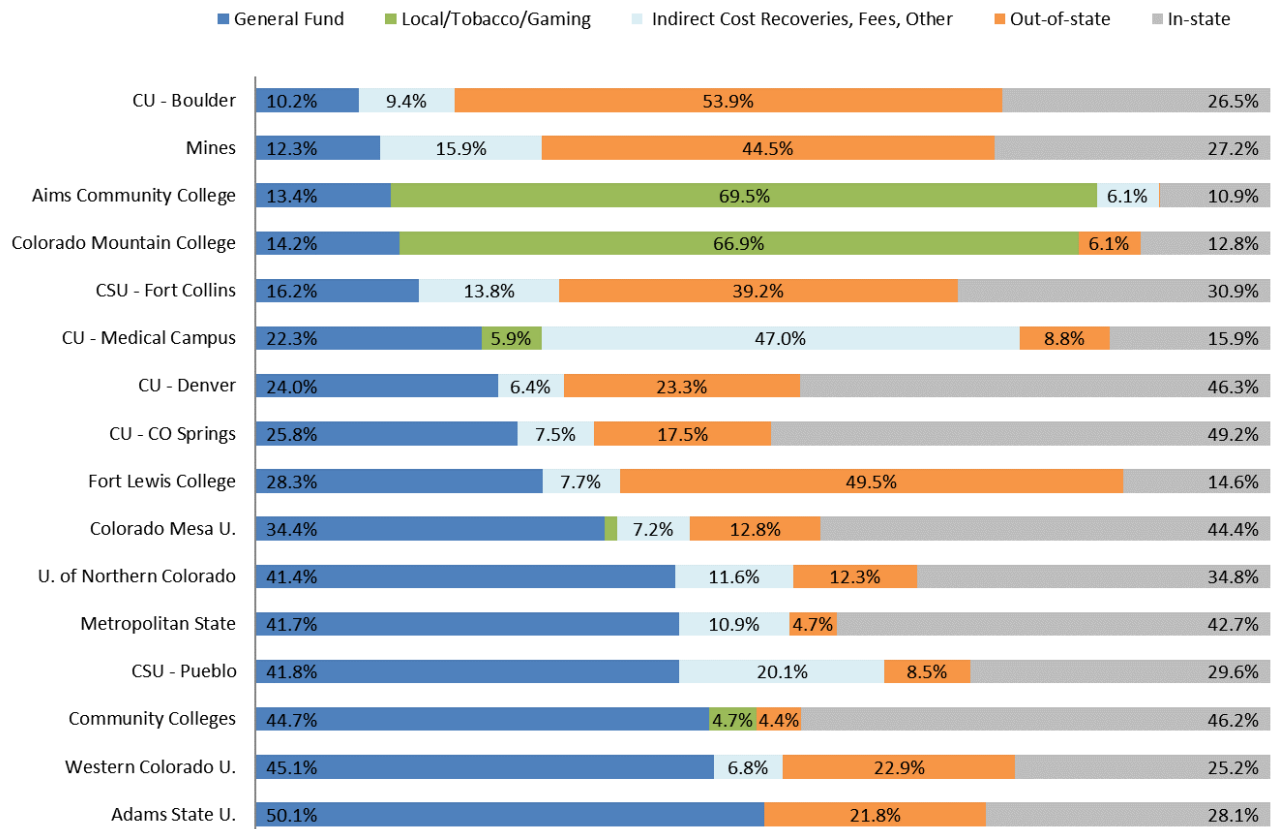


¹CSU-Pueblo, Fort Lewis College, University of Northern Colorado, Adams State University, Colorado Mesa University, Western Colorado University, University of Colorado-Colorado Springs, University of Colorado-Denver

Sources of Funds

Institutions have different abilities to bring in out-of-state student tuition revenue or to raise tuition above that of other institutions based upon their individual missions and the populations they serve. The chart below compares the revenue mix at various state institutions for educational expenditures reported to the General Assembly in FY 2032-24. This excludes revenue and expenditures for research grants and auxiliary facilities such as dormitories and dining halls.

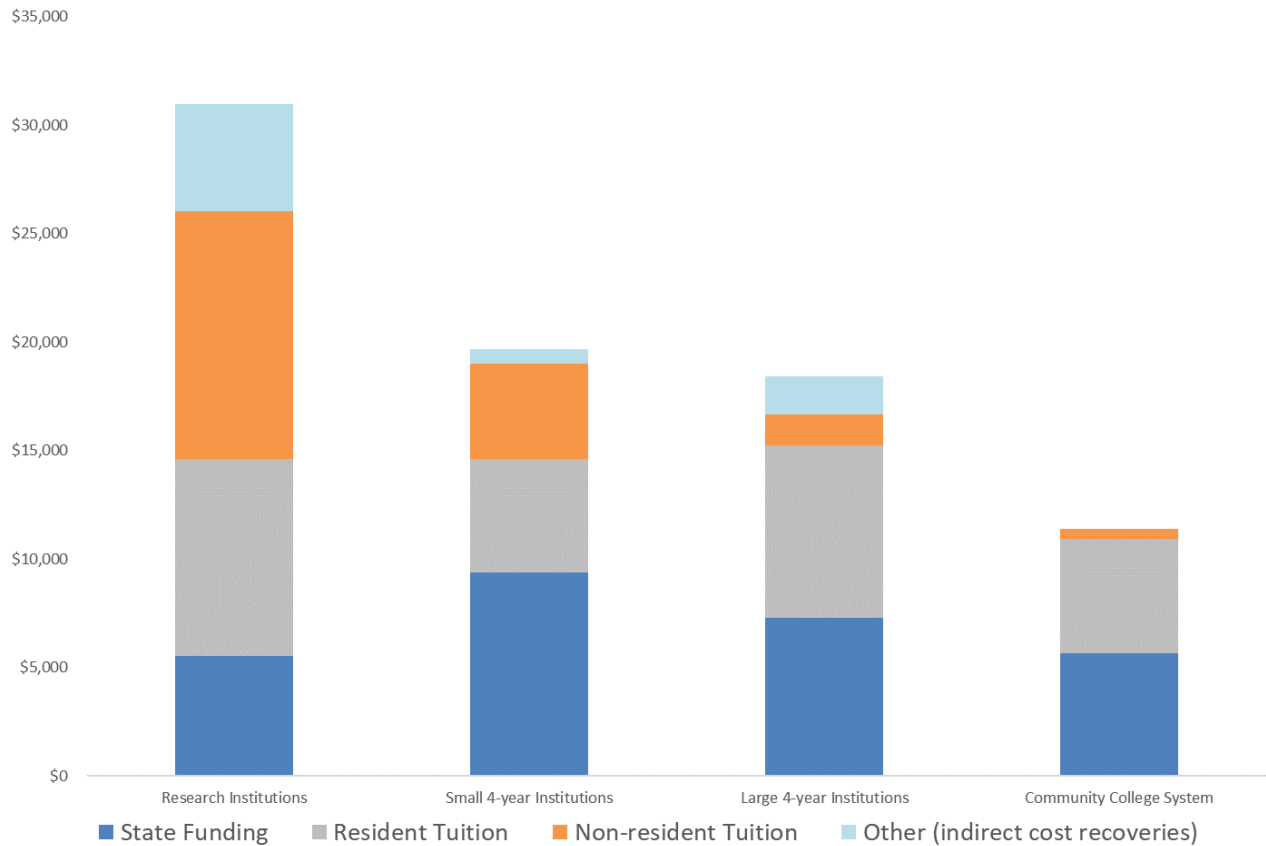
Proportion of Funding from the State versus Students FY 23-24



Note: The majority of Fort Lewis College out-of-state tuition revenue originates as state General Fund, due to the Native American Tuition Waiver.

An institution's ability to access resources in addition to state General Fund and resident tuition revenue also has a large impact on the total educational revenue available to the institution per student. The following chart groups several types of governing boards into categories to highlight these differences in resources.

REVENUE PER STUDENT FTE BY FUNDING SOURCE FY 2023-24



Notes: For purposes of chart, research institutions include the four campuses of the University of Colorado, Colorado State University at Fort Collins, the University of Northern Colorado, and the Colorado School of Mines; small 4-year institutions include Adams State University and Western Colorado University; large 4-year institutions include Metropolitan State University at Denver and Colorado Mesa University

Enrollment

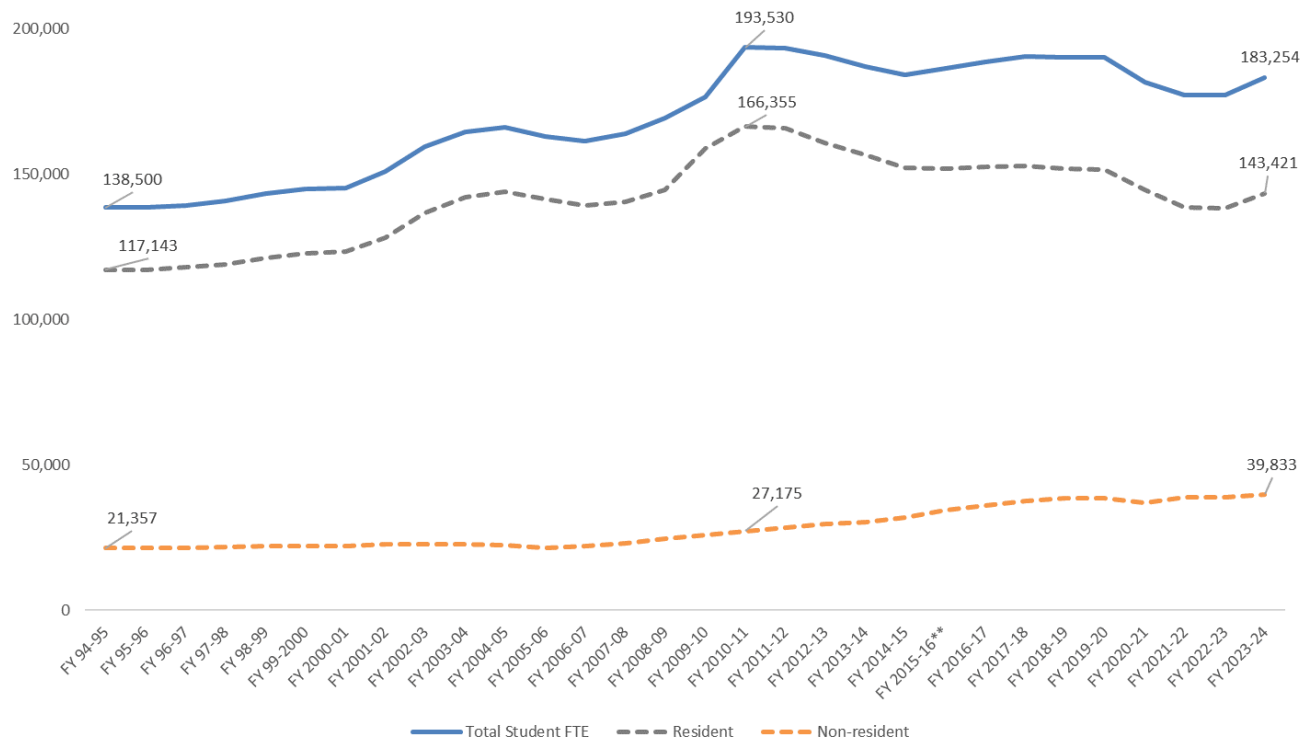
Enrollment is both a workload and performance measure for campuses, and it affects tuition and fee revenue. For some institutions, nonresident enrollment is important because nonresident tuition helps subsidize resident education. Increases in enrollment also drive costs for faculty, advising, and general operating.

Enrollment has historically been counter-cyclical: when the economy slows and jobs are less available, higher education enrollment typically grows more rapidly. This affects most institutions to some extent but is particularly notable for the community college system. Statewide enrollment increased significantly during the Great Recession. However, as the economy strengthened between FY 2010-11 and FY 2019-20, enrollment fell—by 11.2 percent for resident undergraduates and 2.0 percent overall, including nonresident and graduate students. During this period, enrollment increased at the state’s most prominent research institutions--the University of Colorado at Boulder, Colorado State University at Fort Collins, and

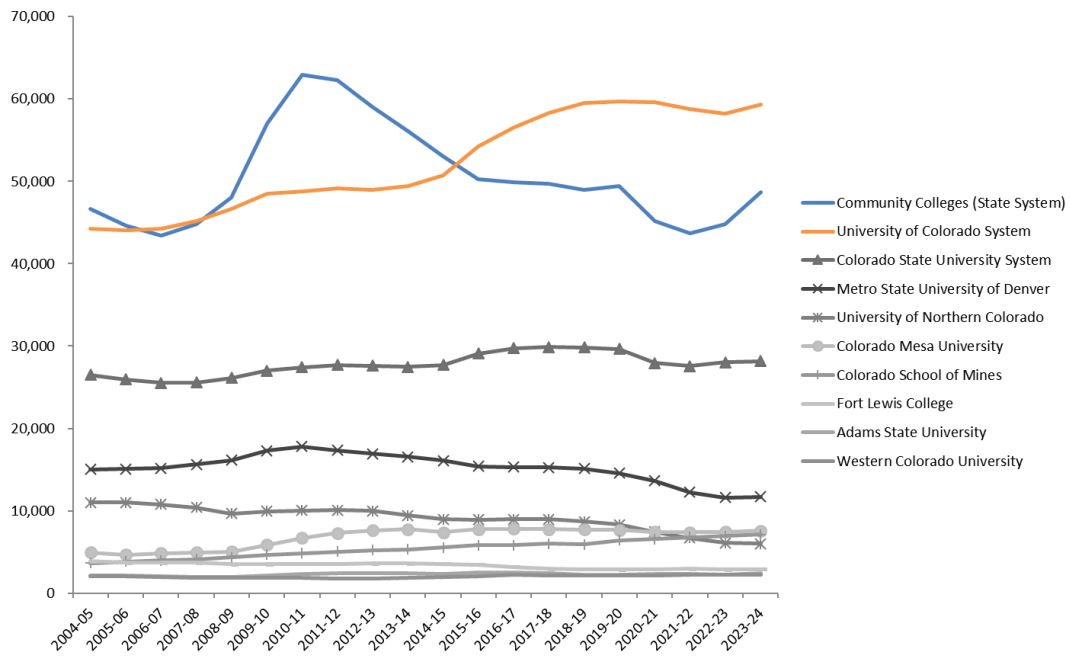
the Colorado School of Mines—but fell at the state community college system and most other institutions.

Following the onset of the COVID-19 pandemic, statewide enrollment fell and continued to decline, with a total reduction of 8.3 percent between FY 2019-20 and FY 2022-23. The decline was greatest among low income and traditionally disadvantaged student populations. Enrollment began to rebound in FY 2023-24 with continued growth anticipated in FY 2024-25 at most institutions.

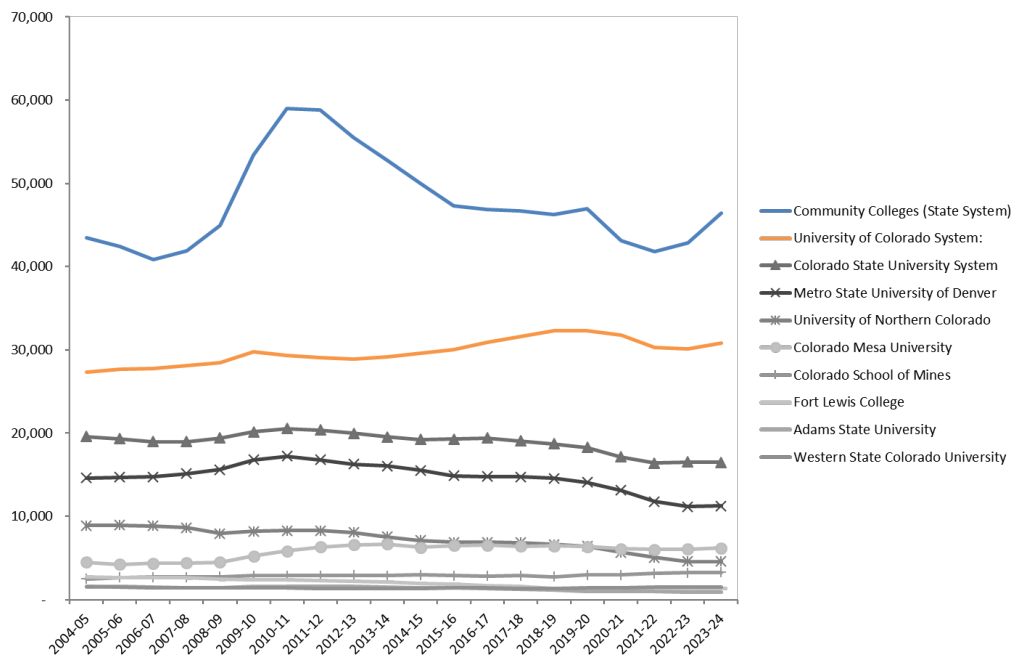
Colorado Public Higher Education FTE Enrollment
FY 1994-95 to FY 2023-24



**Total Student FTE
(Resident & Nonresident, Undergraduate & Graduate)
Higher Education State Institutions**



**Resident Undergraduate Student FTE
Higher Education State Institutions**



Personnel

Higher education governing boards are allowed by statute to determine the number of employees they need, but the Long Bill reflects estimates provided by the governing boards of the numbers of employees at their institutions. In FY 2023-24, the state institutions, including the Auraria Higher Education Center, employed 27,437.9 FTE, excluding employees of self-supporting auxiliary programs such as food services, bookstores, or housing. Higher education remains the largest employer of state FTE by a wide margin. Figures on the number of employees working at state higher education institutions in auxiliary enterprises is not routinely collected by the State. However, federal Bureau of Labor Statistics data that captures state government higher educational services employment in Colorado reported 79,000 employees in the sector in CY 2019. That figure fell to 70,000 during CY 2021, during the pandemic, though it has been rebounding.

Of the amount state-operated institutions spend on education, approximately two-thirds is spent on salaries and benefits, and most of this is spent on instructional faculty. Some higher education FTE such as administrative support, and maintenance staff, are classified staff for whom salaries and benefits are defined by the state personnel system and the policies of the General Assembly. However, the majority of FTE and personal services expenditures are for exempt staff such as faculty for whom governing boards have control of compensation.

Increases in benefit costs have been a consistent cost driver at state institutions. Staff salary trends, however, have varied by institution in response to a range of internal and external factors.

- Four-year institutions that employ tenure-track faculty in high-demand fields have typically felt the need to offer compensation to professors competitive with peer institutions in other states and, in some cases, the private sector. Community colleges may also have difficulty finding individuals with technical expertise in fields such as nursing where pay is competitive. However, salary pressure is not consistent across all academic fields. At two-year institutions, the vast majority of staff are adjunct faculty who carry part-time teaching loads and receive modest compensation.
- During previous recessions when institutions faced enrollment increases and state funding cuts, both 4-year and 2-year institutions increased the number of lower-paid, often part-time staff, thus reducing average compensation costs.
- In years when the economy has been stronger and state funding has increased, institutions have faced pressure from their employees to improve compensation and have often done so.
- In response to the COVID-19 pandemic, many institutions contained costs by imposing furloughs on both faculty and staff.

Financial Aid

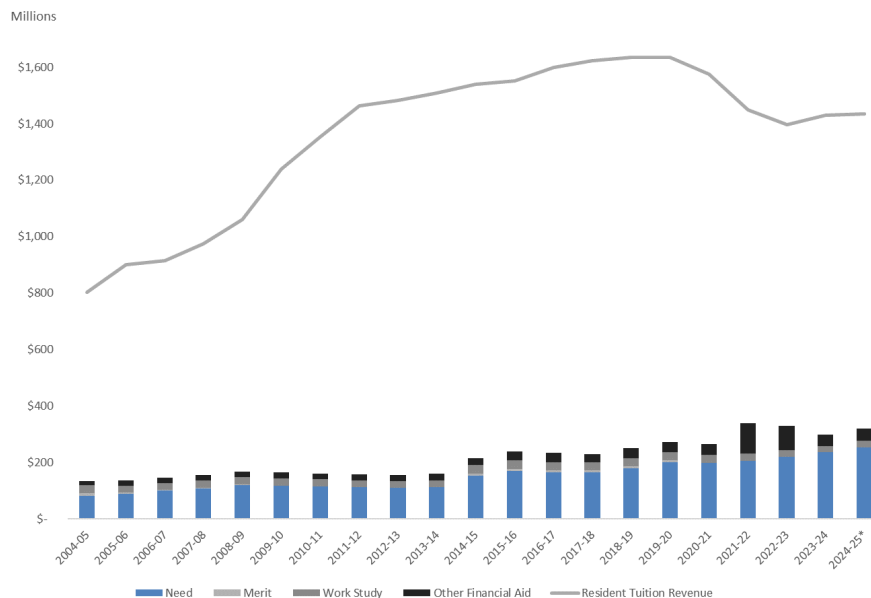
Of state General Fund appropriations for higher education in FY 2024-25, \$314.8 million or 18.9 percent is for financial aid. While Colorado provides less funding than most states for higher

education overall, it provides more than most for financial aid. Most Colorado state financial aid is for need-based aid and work-study. There are also a number of smaller, special purpose financial aid programs. These include the Fort Lewis College Native American tuition waiver, which covers tuition for any Native American student attending Fort Lewis College pursuant to a treaty obligation, and the Colorado Opportunity Scholarship Initiative, which funds services and scholarships for high achieving low-income students in collaboration with private funders and agencies.

For most of the financial aid programs, the General Assembly appropriates state financial aid funds to the Colorado Commission on Higher Education, which allocates them to institutions, including to some private institutions, based on formulas that consider financial need at the schools, total student enrollment, student retention, and program eligibility criteria. Private institutions also receive some of this aid for their students, although most funds go to public institutions for distribution to their students with need. A total of 53,813 students received a state-supported need-based grant in FY 2022-23, and the average award was \$3,504. A total of 7,118 students received Colorado work study funding, and the average award was \$2,977. (FY 2023-24 figures are pending.)

Section 23-3.3-103, C.R.S., requires that most state-funded financial aid increase at no less than the increase for the governing boards, and there have been significant General Fund increases in recent years, including \$20.8 million (9.7 percent) in FY 2021-22, \$30.5 million (12.9 percent) in FY 2022-23, \$21.5 million (8.0 percent) in FY 2023-24, and \$26.6 (9.2 percent) in FY 2024-25. The General Assembly appropriated significant one-time financial aid funds during the 2020, 2021, and 2022 legislative sessions, including both cash funds and General Fund. Nonetheless, overall demand for aid continues to outstrip available funding. In FY 2024-25, total state financial aid disbursements is estimated to be 22.3 percent of resident tuition revenue.

Public Institution Resident Tuition Revenue v. State Financial Aid Appropriations (Constant FY 2024-25 Dollars)



*Tuition revenue reflects estimates used for budgeting purposes for FY 2024-25.

Institutional Financial Health

As state institutions become more dependent upon tuition revenue, their survival has become more dependent upon their performance as businesses. While the governing boards have considerable operating autonomy and independent responsibility for their financial well-being, they are components of state government, employ large numbers of state staff, and play a critical role in the state economy. Thus, the General Assembly has an active interest in how well or poorly the institutions are performing financially.

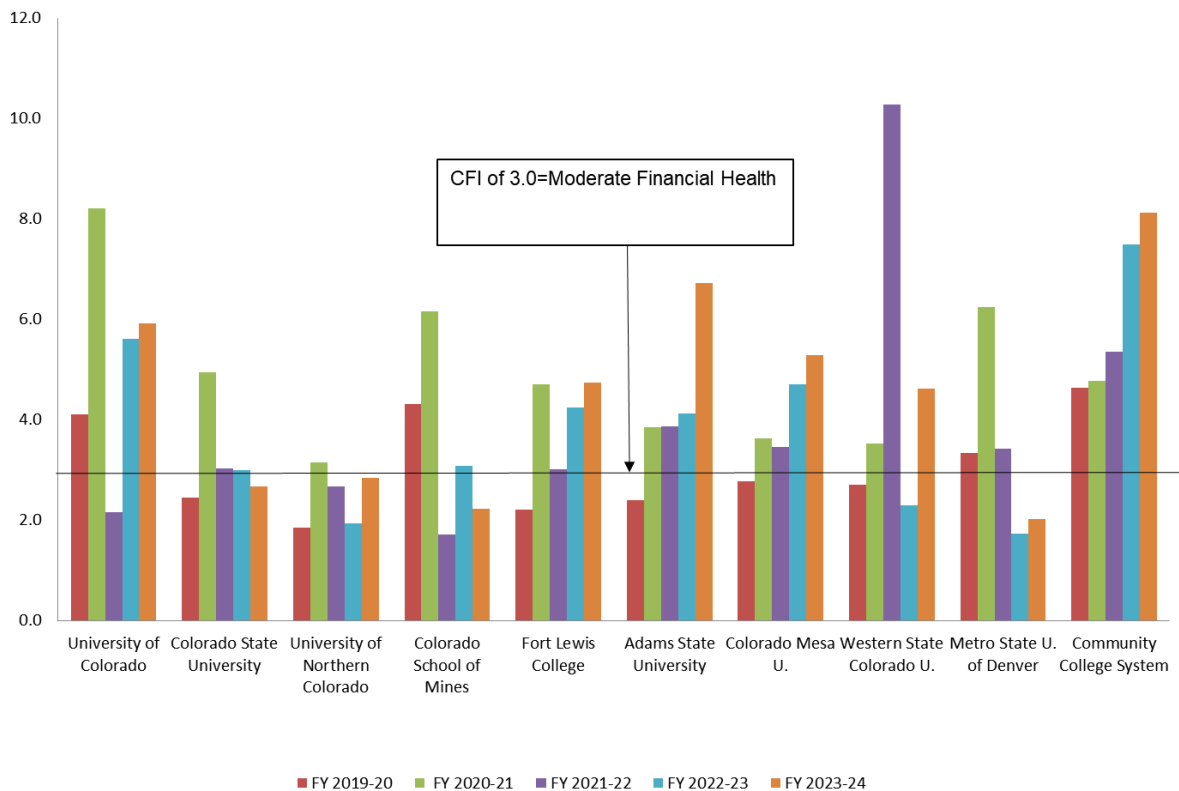
In addition, the State provides a financial backstop for bonds issued by most of the state institutions. For bonds issued under the higher education revenue bond intercept program (Section 23-5-139, C.R.S.), loan rates are based on the state's credit rating rather than the institution's, and the State agrees to make bond payments if the institution is unable to do so. Under statutory provisions amended in S.B. 16-204 (Higher Education Revenue Bond Intercept), the Capital Development Committee and Joint Budget Committee must approve requests that increase a governing board's debt under the program.

Composite Financial Index: JBC Staff has been collecting data from the state governing boards for a tool known as the "composite financial index" (CFI) since FY 2011-12. This tool combines several financial ratios to provide an indication of the overall financial health of higher education institutions. The ratio, though an imperfect tool, is used at the federal level and is the only metric of higher education institutional financial health that is in wide use nationally. (See the attachment on how the metric is calculated.)

As shown in the chart below, most institutions have been in a strong financial position in the last few years due largely to the impact of one-time federal Higher Education Emergency Relief (HEERF) funds on their budgets, as well as substantial increases in state support. As of FY 2023-24, with rebounding enrollment at most institutions, most institutions were in at least moderately strong financial condition, although Metropolitan State University of Denver still appears to be struggling. It's important to note that the CFI is very sensitive to large influxes of funding that improve balance sheets. Thus, Western Colorado University looked strong in FY 2021-22 due to the receipt of an \$80 million engineering building and other donations from philanthropist Paul Rady, and multiple institutions looked very strong in FY 2020-21 due to the combination of one-time federal inflows and efforts to constrain their budgets, which provided

one time reserves that were larger than usual.

Composite Financial Index Scores for Higher Education Governing Boards
FY 2019-20 to FY 2023-24



Credit Ratings And Treasurer Report: As part of S.B. 16-204, the Treasurer is required to provide an annual report on higher education institutions’ borrowing a debt profiles. The report notes that during the 2022 legislative session, the General Assembly enacted S.B. 22-121, which now permits all of the public higher education boards to pledge up to 100% of their tuition revenue to bond holders. As also reflected in the report, all of the institutions now have at least an “A” rating from ratings agencies. Moody’s ratings shown go from a high of Aa1 (the CU System) to a low of A3 (UNC, Western, Adams, Fort Lewis College).

Changes in S.B. 22-121 were expected to reduce the institutions’ borrowing costs by providing more pledged revenue. The changes may also allow for additional institutional indebtedness, which could present risks to the State. Among other factors, the expanded pledge allowed greatly increases the pledged revenue to debt service ratios that serve as one of the statutory limits on the amounts institutions may borrow. Based on data provided by the Treasurer’s Office, **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.

While all institutions now have reasonably strong credit ratings, many have obligations that exceed their annual revenue, and annual payments due for some of the smaller institutions require a substantial portion of their annual receipts. Notably, the Colorado School of Mines

now has total obligations for future principal and interest that are 2.5 times its annual revenue. Annual debt service payments for Western Colorado University are still elevated at 9.0 percent of annual revenue.

Debt Profile and Credit Ratings					
	Credit Rating Moody's	Total Outstanding Principal and Interest (Obligations)	Percent Intercept Debt (state- backed)*	Total Obligations/Total Annual Revenue	Annual Payment/Total Annual Revenue
U. of CO System	Aa1 (stable)	2,143,165,623	None	32.1%	2.4%
CO State U System	Aa3 (stable)	1,767,845,354	44.6%	89.8%	4.4%
U. Northern CO	A3 (stable)	156,450,593	96.1%	67.2%	4.6%
CO School of Mines	A1 (stable)	1,219,000,689	58.4%	255.4%	6.8%
Fort Lewis College	A3 (stable)	53,126,953	73.8%	49.4%	4.0%
Adams State University	A3 (stable)	82,749,855	86.9%	110.7%	5.7%
Colorado Mesa U	A2 (stable)	299,547,051	83.5%	133.3%	6.8%
Western CO U	A3 (stable)	128,870,565	96.9%	161.4%	9.0%
Metro State U	A1 (stable)	150,445,301	60.2%	48.0%	2.5%
Community College System	Aa3 (stable)	133,912,569	22.0%	14.3%	0.9%

*The University of Colorado does not use the intercept program, as its Aa1 rating is higher than the State's Aa2 rating.

Sources: Colorado Treasurer's 9th Annual Report on State Institutions of Higher Education (debt profile information) combined with annual revenue information provided by institutions as part of the Composite Financial Index calculation (adjusted to exclude the impact of pension and similar obligations).

Summary of Request

Department of Higher Education

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
Total	\$6,242,108,767	\$1,664,005,028	\$3,231,741,971	\$1,319,354,348	\$27,007,420	27,547.5
FY 2025-26 Requested Appropriation						
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
R1 State funding increase for higher ed	86,336,238	12,099,999	64,832,156	9,404,083	0	0.0
R2 Fort Lewis Native American Tuition Waiver	-189,037	-189,037	0	0	0	0.0
R3 Financial aid staff	175,109	175,109	0	0	0	2.0
R4 COF statute realignment	-8,019,185	-4,009,595	0	-4,009,590	0	0.0
R5 PSEP optometry program roll-off	-84,850	0	0	-84,850	0	0.0
R6 DTAP realignment	0	0	0	0	0	0.0
R7 Reduce limited purpose FFS funding	-15,802,530	-7,901,265	0	-7,901,265	0	0.0
R8 New cash fund for IHE capital expenses	0	0	0	0	0	0.0
R9 Discontinue limited gaming support CHECRA	0	0	0	0	0	0.0
R10 Inclusive higher ed grants	-450,000	-450,000	0	0	0	0.0
R11 Reduce teacher mentor grants	-300,000	-300,000	0	0	0	0.0
R12 CUSOM refinance	-40,000,000	-20,000,000	0	-20,000,000	0	0.0
R13 AHEC enterprise	-31,435,042	0	0	-31,435,042	0	-226.7
HC1 CENT and HSMO spending authority	496,613	0	496,613	0	0	5.0
HC2 Cumbres and Toltec RR operations	1,365,000	1,365,000	0	0	0	0.0
HC3 Historic tax credit spending authority	50,000	0	0	50,000	0	0.0
HC4 Community museum refinance	0	-20,410	20,410	0	0	0.0
Nonprioritized requests	-11,360,024	-8,523,844	-2,836,180	0	0	0.0
Auraria Higher Ed Center increase	2,857,731	0	0	2,857,731	0	0.0
Centrally appropriated line items	2,516,567	1,591,924	1,209,670	-33,167	-251,860	0.0
CO Geological Survey inflation	85,526	85,526	0	0	0	0.0
Eliminate prior year rural IHE increase	-14,602,830	-7,301,415	0	-7,301,415	0	0.0
Annualize prior year legislation	-8,277,513	-2,913,070	-175,065	-5,189,378	0	-3.4
Annualize prior year budget actions	-3,358,509	-2,049,485	-1,221,024	-88,000	0	-0.6
Total	\$6,202,112,031	\$1,625,664,465	\$3,294,068,551	\$1,255,623,455	\$26,755,560	27,323.8
Increase/-Decrease	-\$39,996,736	-\$38,340,563	\$62,326,580	-\$63,730,893	-\$251,860	-223.7
Percentage Change	-0.6%	-2.3%	1.9%	-4.8%	-0.9%	0.0

R1 State funding increase for higher education and tuition spending authority [legislation requested]: *General Fund:* The request includes an increase of \$12,099,999 General Fund for public higher education institutions and financial aid, representing a 0.8 percent General Fund increase. This includes an increase of \$9.8 million General Fund (0.8 percent) for the public institutions of higher education, including \$9.4 million for stipends and fee-for-service contracts reappropriated to the ten state governing boards and \$0.4 million General Fund for grants to

local district colleges and area technical colleges. Consistent with statutory requirements for aligned funding increases for financial aid, it also includes \$2.3 million General Fund for Need Based Grants.

Funding for the institutions is allocated using the funding formula established by H.B. 20-1366. The request uses solely the Performance section of the model, which compares institutions' performance changes over time with the performance changes of other institutions in eight areas: resident FTE enrollment, credential production, Pell eligible enrollment, underrepresented minority enrollment, retention rate, graduation rate in 100% of time, graduation rate in 150% of time, and first generation enrollment. This portion of the request incorporates base funding for the state institutions plus 0.8 percent, with specific percentages varying by institution. The local district colleges, and the area technical colleges receive the average increase of 0.8 percent.

The request leaves the College Opportunity Fund (COF) stipend at the current \$116 per credit hour or \$3,480 per year for a full time, full year (30 credit hour) student.

Tuition: The request also includes an increase of \$64,832,156 cash funds from tuition, based on a requested tuition increases of 2.3 percent for in-state undergraduates and 2.4 percent for other students at the state-operated governing boards. The request anticipates that this will facilitate an overall increase of 2.5 percent on base funding for the governing boards. Enrollment adjustments are not available until after the Legislative Council Staff forecast in February. Statute specifies that tuition rate assumptions are identified in Long Bill footnotes.

Legislation: The request also includes a request for the JBC to sponsor “transparency” legislation to facilitate more consistent collection of data from institutions through a statutory requirement.

R2 Fort Lewis Native American Tuition Waiver: The request includes a decrease of \$189,037 General Fund for the Fort Lewis College Native American tuition waiver, bringing total waiver payments to \$21,839,853. *This figure will be updated prior to figure setting.* 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 prior year enrollment estimates. Almost all funds support nonresident tuition payments for Native American students who are not Colorado residents; however, the majority of these students are from tribes with historical ties to the State.

R4 COF statute realignment [legislation requested]: The request proposes a decrease of \$4,009,595 General Fund related to a proposal to reduce the current credit hour cap for students who claim the College Opportunity Fund (COF) student stipend from the current 145 credit hours. The proposal would reduce this cap to 140 credit hours for current students and 135 credit hours for new students and eliminate the authority for institutions to waive this restriction, leaving such authority with the Colorado Commission on Higher Education. As submitted, the request does not include institution-specific data (the request is structured as an equal reduction for each state governing board). It also does not identify additional tuition revenue institutions might earn from students as a result.

R6 DTAP realignment [legislation requested]: The Department requests that the JBC sponsor legislation to refine the Dependent Tuition Assistance Program (DTAP). The request indicates an expectation that there may be future savings from the proposed changes, but no dollar reduction is included in the request for FY 2025-26. The annual appropriation for the program is \$1,643,700.

This program pays tuition and room and board for the dependents of Colorado law enforcement officers and fire or national guard personnel killed or permanently disabled in the line of duty, and for dependents of prisoners of war or service personnel listed as missing in action. The benefit was extended to the dependents of individuals permanently disabled during backcountry search and rescue in 2022. The educational benefits provided vary depending upon the type of school a student attends. Students attending a public in-state institution of higher education receive free tuition, and if the institution has on-campus living, the room and board (half of double-occupancy) is also included. Students attending private in-state institutions receive the average cost of undergraduate instruction calculated for student at a comparable public institution. Students attending an out-of-state institution receive tuition assistance only, up to the average cost of undergraduate tuition at a comparable Colorado state institution.

The Department requests legislation to: eliminate funding to study abroad or attend out-of-state institutions; specify that room and board amounts must be tied to the published cost of attendance at the institution; require the student to be a current Colorado resident; and require the student to complete the CASFA/FASFA application for financial aid. The request estimates that costs related to room and board could be reduced \$423,788 through these changes, and costs related to study outside of the state and study abroad could be reduced by \$150,200.

R7 Reduce limited purpose FFS funding [legislation requested]: The request proposes a reduction of \$7.9 million General Fund associated with reducing or eliminate various programs currently funded based on limited purpose fee for service contracts with state institutions of higher education. The proposal includes the following:

Rural Healthcare Track (S.B. 22-172 and 24-221): Request to discontinue, saving \$2,001,667. This program provides distributions of \$65,000 or more to each of the governing boards to support rural healthcare workforce initiatives. Some of the funding is allocated to the University of Colorado (CU) for distribution to other institutions. The request states that CU's Rural Office could provide technical assistance to other institutions without the additional state support.

Substance Use Disorders/Recovery Friendly Workplace (S.B. 24-048): Request to discontinue funding of \$303,752 added in FY 2024-25 for the Center for Health, Work, and the Environment and the CU School of Public Health. The funding is for staff who oversee the recovery friendly workplace program, including contracting with workplace advisors and conducting outreach. [Staff note: appropriation is scheduled to increase by \$108,825 in FY 2025-26.]

Cyber Coding Cryptology (S.B. 18-086): Request to discontinue, saving \$5,100,000. The program includes funding for six governing boards, with the largest share (\$2.8 million) directed to CU. The request notes that now that the programs have been established, institutions seeing

benefits from their cybersecurity and related programs can maintain them through existing resources.

Food Systems Advisory Council (H.B. 19-1202/S.B. 23-159): Request to discontinue one year early, saving \$151,068, as the program is set to end in 2026. The funding is for staff support of the Council at Colorado State University.

Expanding Concurrent Enrollment Opportunities (S.B. 18-176): Request to discontinue \$105,000 for 1.0 FTE at the Colorado Community College System (CCCS) that supports concurrent enrollment efforts. The request states that CCCS should be able to support the position within its own resources.

Supporting Educator Workforce (S.B. 21-185): Request to discontinue \$239,778 directed to the CU system. The request notes that the program was primarily in response to the pandemic and is scheduled to end in 2026.

Other Programs: The request also proposes that three programs be continued but that they receive separate line items and sunset dates: Improve Healthcare Access for Older Coloradans (SB23-031) which adds \$1.9 million for CU; Career and Technical Education and Apprenticeship Alignment (S.B. 24-104), which includes \$95,245 for CCCS; and Career Pathways (H.B. 15-1274), which includes \$86,960 for CCCS.

Staff note: Due to technical errors, staff believes that the request includes an over-estimate of savings of a net \$757,842.

R8 New cash fund for IHE capital expenses: The request proposes transferring a portion of the state reserve to a cash fund to a state higher education governing board that is a TABOR enterprise, so that interest earned on these funds does not count under the TABOR cap. This interest would then be used to support controlled maintenance at the institutions of higher education, in lieu of General Fund transfers for institutions' controlled maintenance. *[This request will be reviewed in a separate memo packet.]*

R12 CUSOM refinance: The request is for a reduction of \$20.0 million General Fund to Specialty Education Program support for the University of Colorado School of Medicine (CUSOM) that is provided through the higher education funding formula. Most of these funds are transferred to the Department of Health Care Policy and Financing on behalf of the School of Medicine. The funds are used to draw down matching federal funds that support both increased physician payments for school of medicine faculty and various targeted initiatives at CU and HCPF. The funds originally transferred to HCPF are then "returned" to support medical education at CUSOM. The request proposes that CU work with HCPF's CHASE enterprise to pull down some of the federal Medicaid match that would be lost as a result of the reduced General Fund support.

Staff note: If the JBC wishes to implement the proposed reduction, staff believes a statutory change would be most straightforward, since statute requires that funding for specialty education programs increases in alignment with other changes to "Step 2" of the funding formula.

Eliminate prior year rural IHE increase: The request includes a provision to eliminate an FY 2024-25 increase for three rural institutions of higher education (Western Colorado University, Fort Lewis College, and Adams State University), providing savings of \$7.3 million General Fund. The proposal is identified as an “annualization” of prior year action, although the record of JBC and General Assembly action indicates that the FY 2024-25 increase as it was authorized in the 2024 legislative session was intended to be an ongoing increase (“Step 1” of the funding model), rather than temporary, increase (Step 3 of the model).

Staff note: If the JBC wishes to implement the proposed reduction, staff believes it would be most straightforward for the JBC to make a mid-year adjustment to FY 2024-25 funding for the institutions to reclassify the increase for rural institutions as temporary, rather than ongoing.

Annualize prior year legislation: The request includes a net decrease of \$8.3 million total funds for the impact of bills passed in previous sessions. Items that affect the governing board and financial aid line items addressed in this section are highlighted below.

Annualize prior year legislation					
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	FTE
SB24-048 Substance use disorders recovery	\$217,650	\$108,825	0	\$108,825	0.4
SB24-104 Career & tech education apprenticeships	30,948	15,474	\$0	15,474	0.0
SB24-143 Credential quality apprenticeships	14,397	14,397	0	0	0.3
HB24-1314 Historic preservation tax cred.	7,112	7,112	0	0	0.1
HB24-1290 Student educator stipends	-4,197,000	0	0	-4,197,000	-1.0
SB24-221 Rural healthcare workforce	-1,733,354	-866,677	0	-866,677	0.0
SB23-005 Forestry and wildfire mitigation	-1,266,418	-1,016,418	0	-250,000	0.0
HB24-1405 Higher Ed Medicaid match	-486,000	-486,000	0	0	0.0
HB24-1006 Assist rural community wildfire grants	-300,000	-300,000	0	0	-0.4
SB22-007 Wildfire risk mitigation	-203,473	-203,473	0	0	0.0
HB23-1069 Biochar study	-175,065	0	-175,065	0	-1.5
HB23-1220 Republican River groundwater	-71,121	-71,121	0	0	0.0
SB22-192 Stackable credentials	-61,849	-61,849	0	0	-1.5
HB24-1024 Extended outreach campaigns	-40,000	-40,000	0	0	0.0
HB24-1403 Homeless youth	-13,340	-13,340	0	0	0.2
Total	-\$8,277,513	-\$2,913,070	-\$175,065	-\$5,189,378	-3.4

Note: The request did not include the final annualization of SB21-215, an adjustment to the CU School of Medicine that temporarily reduced funding due to an enhanced federal Medicaid match rate received during the pandemic. Annualizing this was projected to drive a \$2,195,906 increase for CU in FY 2025-26. Conversely, the request includes a reduction of \$486,000 for financial aid related to H.B. 24-1405. H.B. 24-1405 *exempted* the increase for annualizing SB21-215 from an aligned financial aid adjustment, but this was an avoided cost, rather than a net reduction. Staff believes both items are errors.

Annualize prior year budget actions: The request includes adjustments for the out-year cost of prior year budget actions. Of the \$3.4 million reduction shown in this category in the table, only one item is relevant to this briefing packet: a reduction of \$88,000 to annualize funding for

online training modules at the CU School of Medicine that was added through an FY 2024-25 Long Bill floor amendment and retained by the conference committee on the Long Bill.

Overview: Request for Formula Funding for Institutions and Financial Aid

The FY 2025-26 higher education request incorporates a \$21.6 million (1.7 percent) General Fund reduction in state support for the governing boards, once various request components are included, and a \$2.3 million (0.8 percent) General Fund increase for financial aid. It also includes a proposed 2.3 percent cap on increases in resident undergraduate tuition.

Summary

- The FY 2025-26 higher education request incorporates a \$21.6 million (1.7 percent) General Fund *reduction* in state support for the governing boards, once various request components are included, and a \$2.3 million (0.8 percent) General Fund increase for financial aid.
- It also includes a proposed 2.3 percent cap on increases in resident undergraduate tuition.
- If the above components are combined with an assumed 2.4 percent increase for nonresident tuition, overall funding for the governing boards will increase by 1.6 percent on average.
- The institutions have submitted a request for an increase of \$80.2 million General Fund (5.1 percent) for the institutions and financial aid.

Discussion

Background – Structure of the Higher Education Funding Request

Due to statutory provisions and historic practice, annual operating funding requests for public higher education typically include the following core components:

- A request for funding for the public governing boards which is allocated among the institutions based on a statutory funding model. The current funding model, created pursuant to H.B. 20-1366, is extremely flexible and gives the General Assembly discretion in dividing the funding pie based on institutional performance and policy considerations.
- An aligned increase for financial aid, because statute requires that financial aid increase at the same rate as funding for the institutions.
- A request for tuition spending authority that provides a mechanism by which the General Assembly can establish limits on tuition increases. The combination of General Fund and tuition supports most of the institutions' core educational operating expenses. Thus, the tuition authorized is typically related to the General Fund the General Assembly allocates. Currently, the General Assembly applies restrictions to tuition increases for Colorado

resident undergraduate students and to increases for nonresident students at any institution at which the state contributes a share of nonresident tuition.²

In recent years, an official budget request submission from the Governor has been followed by an unofficial request from the higher education institutions, which have proposed more funding and different distribution of funds, as well as different tuition caps. This has also been the case this year. For the last three years, the JBC and General Assembly's final action has differed from both the official and unofficial requests but has still incorporated the core components described above: governing board support allocated using the H.B. 20-1366 model, an aligned increase for financial aid, and tuition caps.

- This year, the Executive Request also includes several decision items, requests to change prior year action through "annualization", and omissions of typical annualization adjustments, that affect the core flexible funding provided to the institutions.

These are also discussed in this issue brief.

H.B. 20-1366 Funding Model: Request R1 uses the funding model created in H.B. 20-1366. The statutory provisions include three possible components:

- Performance Funding ("Step 2")
- Ongoing Additional Funding ("Step 1")
- Temporary Additional Funding ("Step 3")

The model as used in FY 2021-22 through FY 2024-25 has included Ongoing Additional Funding and Performance Funding components. The Temporary Additional Funding option has not been used thus far in General Assembly action.³

Performance Funding: In the H.B. 20-1366 model, most funding—including base funding—is expected to be allocated through the Performance Funding section of the model. The performance funding portion of the model allocates funds over time based on an institution's change in performance. If an institution's performance has improved more (or decreased less) than the performance of other boards, its funding will increase. However, because the performance portion of the model uses multiple measures and averages over time, comparing a four year average (FY 2019-21 to FY 2023-24) to a three year average (FY 2021-22 to FY 2023-24), and is "calibrated" to existing funding levels, change is relatively slow and variation among the institutions is limited. Although the weights for different components can be modified by the General Assembly, they have been set at the same levels from FY 2021-22 through FY 2025-

² The restriction on nonresident students for whom the State pays a share was added in FY 2024-25 to address tuition increases for nonresident students at Fort Lewis College, where the State pays for the Native American Tuition Waiver for all qualified students, regardless of whether they are resident or nonresident students, at the posted rate.

³ However, as discussed further below, the Executive Request proposes that the General Assembly revisits an Ongoing Additional Funding decision from FY 2024-25 and changes it into a Temporary Additional Funding component.

26 request, and neither the Governor’s request (nor the institutions’ separate request) proposes to change this.

Performance Funding Model Statutory Components	
Category	Weight (discretionary)
Resident Enrollment	10%
Credential Production	5%
Pell (Low Income) Enrollment	20%
Race/Ethnicity Enrollment	20%
Retention Rate	20%
Grad. Rate - 100%	10%
Grad Rate - 150%	10%
1st Generation Enrollment	5%
Total	100%

- This portion of the model is designed to be quite stable and shift only gradually over time.
- Institutional requests have usually focused on this portion of the model as the vehicle for funding inflationary increases.
- Specialty education programs such as the medical school and veterinary school, and funding for the local district colleges and area technical colleges must increase by no less (and decrease no more) than the percentage funding increase for the Performance Funding section of the model.

Ongoing Additional Funding: This portion of the model has not been used in the FY 2025-26 request. However, if used, this enables the General Assembly to add funding in ways that focus on particular issues or higher education institutions, consistent with state Master Plan goals or other policy objectives, *e.g.*, maintaining institutions in rural locations.

- Amounts that are added as Ongoing Additional Funding in one year become part of the next year’s base and are then allocated through the Performance Funding section of the model.
- This portion of the model is intended to be extremely flexible. Statute includes one optional measure (distribution based on headcount of first-generation students) but does not mandate the use of any particular measure.
- Specialty education, local district and areas technical colleges are not required to receive increases that match the state governing board increases—but they may do so.

Between FY 2020-21 and FY 2023-24, the General Assembly provided Ongoing Additional Funding that was equally allocated among five components related to first-generation students, underrepresented minorities, and low-income students (see Appendix A). In FY 2024-25 it added Ongoing Additional Funding for the three rural 4 year institutions: Adams State, Fort Lewis, and Western.

Although neither the Governor’s request nor the separate request from the institutions uses this model component, the Committee can consider using this portion of the model to address institutions’ overall financial viability, including addressing inflationary needs and enrollment trends for particular types of institutions.

Temporary Additional Funding: The higher education funding model allows for the addition of funding on a temporary basis, i.e., funding that is not built into the performance funding base. This option has not thus far been used by the JBC. However a one-time addition in FY 2024-25 for medical training modules that was added through a Long Bill floor amendment was intended to be temporary, based on the associated footnote. The Governor’s request also proposes that an increase provided in FY 2024-25 for rural institutions be treated as temporary.

An attachment at the end of this issue brief includes additional background and detail on the construction and components of the higher education funding model.

Student Financial Aid: Statute at 23-3.3-103 (1), C.R.S. requires that “the annual appropriations for student financial assistance under this article [3.3] shall increase by at least the same percentage as the aggregate percentage increase of all general fund appropriations to institutions of higher education.” Article 3.3 includes the majority of financial aid funding, including funding for need based grants, state work study, the Colorado Opportunity Scholarship Initiative, and programs targeted at youth who were in foster care or homeless. While statute requires an overall increase to financial aid funding in alignment with increases for institutions of higher education, it does not specify *which* programs are increased.

Governor Request

R1 State funding increase for higher education and tuition spending authority: The R1 request combines both the request for General Fund increases for operating support for the institutions of higher education and financial aid and the request for tuition spending authority.⁴

- The request includes an increase of \$12,099,999 General Fund for public higher education institutions and financial aid, representing a *0.8 percent General Fund increase*.
- Of the increase, \$9.8 million is for the institutions of higher education. The Executive Request puts the entire request through the Performance Funding portion of the H.B. 20-1366 funding model and does not include either an Ongoing Additional Funding or a Temporary Additional Funding component.
- The request *assumes* that the General Assembly will agree to modify FY 2024-25 action to make a portion of the FY 2024-25 funding (an increase for rural institutions) Temporary Additional Funding, rather than Ongoing Additional Funding.
- The request adds \$2.3 million for Need Based Grants
- The request limits *resident undergraduate tuition increases to 2.3 percent for in-state undergraduates*, while assuming that nonresident tuition will increase across-the-board by 2.4 percent. Based on these assumptions, the request includes an increase of \$64.8 million in cash funds spending authority for tuition revenue. If approved, the limits on tuition increases would be incorporated in Long bill footnotes that express the General Assembly’s assumptions in setting tuition spending authority.

⁴ In prior years, the request for tuition spending authority was “R2”.

- The request also includes a *proposal that the JBC sponsor “transparency” legislation* to improve the reporting structure from the institutions to the Department and from the Department to the General Assembly. The request does not include much detail. Based on conversations with OSPB, staff anticipates that such a bill would likely make much of the data currently submitted in response to requests for information from the JBC and JBC staff statutory requirements. This could include the budget data books, tuition and fee report, the Department’s financial aid report, and composite financial index data. *Staff welcomes timely and consistent data but notes that the value of such data depends upon the capacity of the Department, staff, and institutions to analyze it.* Institutions have also expressed interest in being able to better access data being collected by the Department.

Other Request Items Affecting “Core” General Fund Support for Public Institutions: The following additional request items also affect “core” General Fund support for the institutions.⁵ Implementing most of these requests, as submitted, would require statutory change.

R4 COF Student Stipends: The request proposes a decrease of \$4,009,595 General Fund related to a proposal to reduce the current credit hour cap for students who claim the College Opportunity Fund (COF) student stipend from the current 145 credit hours. The proposal would reduce this cap to 140 credit hours for current students and 135 credit hours for new students and eliminate the authority for institutions to waive this restriction, leaving such authority with the Colorado Commission on Higher Education.

As submitted, the request is structured as an equal reduction for each state governing board. It also does not identify additional tuition revenue institutions might earn from students as a result.

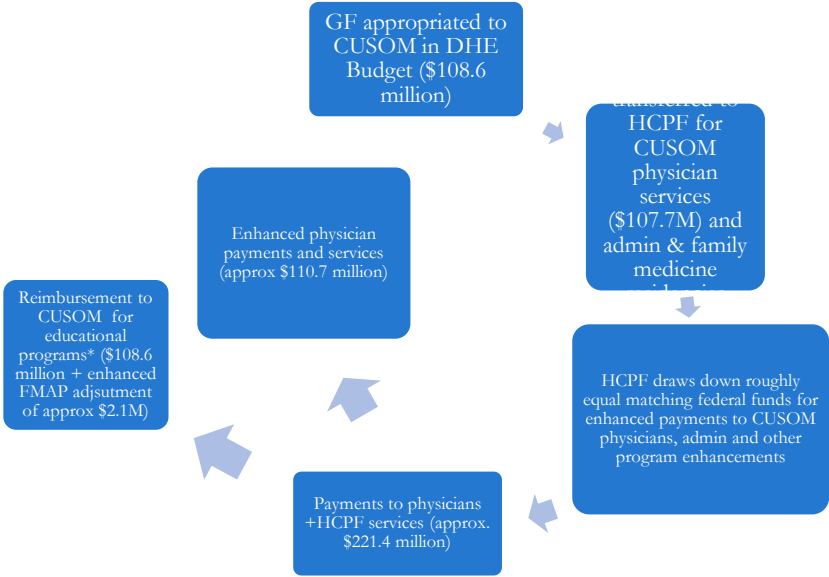
Staff notes that it is *unclear how this request can be integrated with the existing statutory structure for funding state institutions of higher education.*

- ***Under the current funding model, changes to credit hours that qualify for the COF student stipend do not affect the total funding provided to a public institution of higher education.*** Currently, statute requires that the total amount of funding for the governing boards is allocated through the H.B. 24-1366 funding model. After this process, funding is divided between COF student stipends and fee-for-service contracts. Further, at year end, the Department is authorized by statute to move up to 10.0 percent of an institution’s appropriation from student stipends and fee-for-service contracts between the two funding sources, based on the number of students /credit hours qualifying for the stipend. Reducing credit hours that qualify for the COF stipend should not affect the state funding provided to institutions in the absence of a much more significant change to how state support is calculated and distributed to institutions of higher education.

⁵ For purposes of this document, staff defines “core” General Fund support as the funding from the General Fund that is reappropriated to state institutions through College Opportunity Fund student stipends and fee-for-service contracts *other than* limited purpose fee for service contracts, as well as grants to local district colleges and area technical colleges. These are the funding components that are part of the H.B. 20-1366 funding model.

- While changes to COF credit hours do not affect state funding for institutions, **this change could allow institutions to charge undergraduate students additional tuition revenue.** Last year, the General Assembly adopted legislation to ensure that students did *not* face additional tuition charges late in their postsecondary education careers based on their enrollment in concurrent enrollment, which is a qualified use of the COF stipend. *The Department has not thus far been able to provide any analysis of how this change would affect student tuition charges at each of the institutions.*

R12 CU School of Medicine refinance: The request includes a reduction of \$20.0 million General Fund to Specialty Education Program support for the University of Colorado School of Medicine (CUSOM) that is provided through the higher education funding formula. Most of these funds are transferred to the Department of Health Care Policy and Financing on behalf of the School of Medicine. The funds are used to draw down matching federal funds that support both increased physician payments for school of medicine faculty and various targeted initiatives at CU and HCPF. The funds originally transferred to HCPF are then “returned” to support medical education at CUSOM. The chart below shows how this mechanism works (uses FY 2024-25 figure).



- **Setting aside the current use of the funds to match money in HCPF, the request is a reduction to funding for the CU School of medicine of \$20.0 million.** The structure of the current arrangement, as staff understands it, is that the CU School of Medicine is kept “whole” after all of the funding match is completed and receives the same funding it would have received from the higher education funding model without the matching structure.
- *The request proposes that CU work with HCPF’s CHASE enterprise (the hospital provider fee enterprise to pull down the federal Medicaid match that would be lost as a result of the reduced General Fund support. At this point, staff is uncertain whether or not this is a*

viable alternative to drawing down the matching funds. The Governor’s Office believes this is feasible; CU does not appear to believe this is the case at this stage.

Additional Background: Based on approval from federal CMS that first occurred in July 2017, CUSOM and HCPF have an interagency agreement to improve access to primary and specialty care using the additional federal funds from this arrangement. The table below shows how expenditures from this arrangement were used in FY 2023-24. As shown, over half of the total additional federal funds (53.8 percent) supported enhanced payments to physicians, but the balance was used for an array of targeted projects to improve medical care. See the briefing for the Department of Health Care Policy and Financing and the annual RFI response on this topic for additional information.⁶

FY 2023-24 Use of CUSOM Match	Amount (Million \$s)
Enhanced Clinical payments	\$49.2
Expand Access Using Evidence-based Health Care Models (50 projects)	25.1
Expand Rural Patient Access (19 projects)	6.9
Expand Telemedicine & econsults (10 projects)	1.3
Improve transition care (6 projects)	1.6
Support FQHCs	2.1
HCPF research	0.5
Rural and diversity programs (rural scholarships, rural track program)	1.2
Collaborative initiatives	1.9
Administration	2.0
Total	\$91.9

Proposal to “Annualize” FY 2024-25 Funding for Rural Institutions: As part of FY 2024-25 JBC and General Assembly action, a total of \$7,301,415 was added for Adams State University, Western Colorado University, and Fort Lewis College, equally divided among the three (\$2.4 million each). The JBC action and subsequent documents prepared by JBC Staff were clear that this increase was intended to be part of ongoing additional funding for the institutions, rather than temporary funding. The Executive Request removes this funding (annualizes it) in the base before the R1 funding calculation.

In staff’s opinion, this adjustment can only be accomplished in one of the following three ways:

- The JBC revises its FY 2024-25 action through a public vote to indicate that the intent was for this funding to be temporary additional funding, rather than ongoing additional funding. Ideally, staff would then make an adjustment in the layout of the appropriation, via the supplemental bill, to make this clear.
- The JBC makes adjustments to the FY 2025-26 funding model that **cut funding overall for the institutions and then add-back funding in the funding model through Step 1** in a manner that eliminates or modifies the funding for rural institutions. *If the Committee*

⁶ https://hcpf.colorado.gov/sites/hcpf/files/2024%20OCT_HCPF%20CUSOM%20LRFI%20Multi%233%20_FINAL.pdf

needs to make substantial cuts to higher education funding for FY 2025-26, this may be an approach worth considering, as it would enable the Committee to consider the base funding requirements for each institution—including the rural institutions—in a more deliberate way, taking into consideration available tuition revenue at the governing board level.

- The General Assembly passes legislation creating an exception to the statutory funding model for this particular case.

Other Issues Related to Annualizations/Errors in the Request: Staff has noted the following other issues in the request that relate to compliance with current statute and annualization anticipated.

- The request does not take into account the final annualization of S.B. 21-213 (Use of Increased Medicaid Match), which staff anticipated would restore \$2,195,906 General Fund in the base for the University of Colorado System in FY 2025-26.
- Aligned Financial Aid calculations need to be refined.
 - The request incorporates a reduction of \$486,000 General Fund for Need Based Grants for H.B. 24-1405 (Higher Education Medicaid Match). This amount from one of the JBC’s package bills is an *avoided* cost. It should not have been included as a net reduction. It was intended to ensure that the additional \$2.2 million to annualize S.B. 21-213 did not drive a related increase in financial aid.
 - The official request adds \$2,300,000 for financial aid. However, the Department’s supporting spreadsheets identify a need for \$2,336,284 to align with statutory requirements under R1.
 - If some of the other reductions included in the request are approved, the total increase *required* for financial aid could be less than \$1.8 million requested, but financial aid increases can always be greater than the minimum aligned calculation.
- The request provides differential increases for the local district and area technical colleges, which is not consistent with statute.

Combined Impact of Executive Request: Staff has combined all requests for funding for the institutions from the College Opportunity Fund student stipends and fee for service contracts excluding “limited purpose” fee for service contracts in the comparison table below. The subsequent table shows the combined impact of the tuition assumptions included in the Governor’s request and the proposed General Fund adjustments. As shown, the change by institution/governing board ranges from -8.9 percent (Fort Lewis College) to an increase of 0.9 percent (Area Technical Colleges). If FY 2024-25 enrollment and tuition assumptions were to hold and enrollment did not change, the combination of state support and tuition, would provide for total increases of 1.1 percent (Adams State) to 2.0 percent (Colorado School of Mines), depending upon the institution, and 1.6 percent overall. It is important to note that FY 2024-25 tuition estimates will change from those in the FY 2024-25 Long Bill and that FY 2025-26 enrollment will not be flat. However, at this stage in the year, better figures are not available. Staff will present revised estimates as part of the figure setting process.

**General Fund Request for Institutions of Higher Education Formula, Including R1, R4, R12,
Rural Annualization (Excludes Limited Purpose FFS Contracts)**

	FY 2024-25 Base	FY 2025-26 Request	Change	% change
<i>State Boards</i>				
Adams State University	\$28,009,295	\$25,954,111	-\$2,055,184	-7.3%
Colorado Mesa University	48,852,113	49,230,734	378,621	0.8%
Metropolitan State University	102,212,951	102,591,572	378,621	0.4%
Western Colorado University	24,677,246	22,622,062	-2,055,184	-8.3%
Colorado State University System	244,573,710	245,712,572	1,138,862	0.5%
Fort Lewis College	23,123,891	21,068,707	-2,055,184	-8.9%
University of Colorado System	345,541,959	326,680,622	-18,861,337	-5.5%
Colorado School of Mines	37,054,876	37,433,497	378,621	1.0%
University of Northern Colorado	68,939,345	69,317,966	378,621	0.5%
Community College System	292,590,037	292,968,658	378,621	0.1%
<i>Local Districts/Area Technical</i>				
Colorado Mountain College	13,036,832	13,135,811	98,979	0.8%
Aims Community College	15,479,910	15,578,889	98,979	0.6%
Area Technical Colleges	22,352,277	22,550,235	197,958	0.9%
Total/weighted average %	\$1,266,444,441	\$1,244,845,436	-\$21,599,005	-1.7%

Governor Request for State Institutions: General Fund Request (as above) + Tuition

	FY 2024-25 base	FY 2025-26 Request	Change	% Change
<i>State Boards</i>				
Adams State University	\$53,124,925	\$51,658,530	\$588,789	1.1%
Colorado Mesa University	127,278,049	129,476,593	1,819,923	1.4%
Metropolitan State University	210,490,270	213,370,295	2,501,404	1.2%
Western Colorado University	48,952,135	47,466,438	569,487	1.2%
Colorado State University System	789,200,869	803,171,129	12,831,398	1.6%
Fort Lewis College	66,091,185	65,057,076	1,021,075	1.5%
University of Colorado System	1,679,433,551	1,692,010,898	31,438,684	1.9%
Colorado School of Mines	250,760,911	256,188,583	5,049,051	2.0%
University of Northern Colorado	143,263,723	145,370,872	1,728,528	1.2%
Community College System	608,057,893	615,720,331	7,283,817	1.2%
Total/weighted average %	3,976,653,511	4,019,490,745	64,832,156	1.6%

Request from Institutions

On December 6, 2024, the Institutions of Higher Education submitted a letter to members of the Joint Budget Committee requesting a **General Fund increase of \$80.2 million (5.1 percent)**. All public institutions signed on to the letter, with the exception of Colorado Mesa University.⁷ A copy of the letter is attached.

⁷ Based on conversations with CMU, staff understands that it is concerned that providing all funding through Step 2 of the model does not adequately take into account the growth of its student population.

Key components of the request:

- \$65.1 million General Fund in state operating funds
- \$15.1 million General Fund for financial aid
- Authority for a 2.7 percent tuition rate increase for resident undergraduates (to match forecasted inflation). Tuition overall (resident and nonresident) is projected to generate \$74.5 million at a 2.7 percent increase.
- Funding through Performance Funding in the model (Step 2)
- Intended to support an overall base funding increase for the institutions of 3.4 percent (\$137.0 million).

The letter includes a comparison with the Governor’s request.⁸

Staff Observations

- Every 1.0 percent increase in General Fund support for the institutions, including aligned financial aid equals \$15.6 million. If funding solely for the institutions is reduced, a 1.0 percent change saves \$12.7 million General Fund. Higher education’s current 10.7 percent of state General Fund is far higher than its share even six years ago. Funding at the current level—which is still low in comparison to other states—will be difficult to sustain.
- The institutions include a “base core minimum cost estimate” model in their letter to demonstrate how state level policy decisions and inflationary expectations affect the institutions’ need for General Fund and tuition increases. *Staff concurs that institutions face real inflationary pressures that should be an important consideration when determining funding levels. However, as staff has noted in the past, because institutions rely on vastly different fund source mixes, the “base core minimum cost” calculation is simply a model used to make an “ask” of the General Assembly, and components of the model are adjusted based on a range of considerations, including what the General Assembly is able to provide given budget constraints.*
- Institutions face a complex array of factors affecting revenue and have a variety of tools for managing expenditures. Many of these components are outside of the General Assembly’s control. For example, while institutional bottom lines include nonresident and graduate tuition, as well as fees and other funding sources, the General Assembly has not chosen to control these revenue components in most cases.
- While institutions face inflationary pressures similar to the rest of state government, they have some flexibility in how they respond to those pressures. Even if the General Assembly adds 5.0 percent for salary increases, non-classified staff might receive no increases or 10.0

⁸ Staff notes that the comparison included in the letter incorporates R1, R4, and the request to annualize funding for rural institutions but does not include the proposed reduction for the CU School of Medicine, which JBC Staff has included in the table above.

percent increases, depending upon enrollment trends and other factors. Institutions are required to comply with salary requirements for classified staff, but classified staff represent less than 10.0 percent of institutional employees.

- Institutions' actual total revenue growth will be heavily affected by enrollment growth and decline, including growth and decline for particular categories of students (e.g., nonresident versus resident). These factors often have a far greater impact on total institutional revenue than tuition rates or state General Fund support changes.
- Ultimately, institutions will ensure that their expenditures align with their revenue. Staff believes it is appropriate to recognize inflationary pressures on institutional budgets but also recognizes that the General Assembly will not be able to fully compensate for some trends, like declining enrollment, and institutions may need to do some related retrenching.

Staff will provide some additional contextual background material under separate cover.

Budget Reduction Options

The Executive Budget Request for the Department of Higher Education includes proposals that it assumes would make an additional \$89.5 million General Fund available for other uses in FY 2025-26. The proposals include a total of approximately \$55.9 million in General Fund appropriation/expenditure reductions, representing 3.4 percent of the Department's FY 2024-25 General Fund appropriation. A portion of the proposed adjustment is to capital construction transfers. The request also proposes \$33.5 million in revenue enhancements that would make General Fund available through other mechanisms.

Summary

- The Department of Higher Education represents 10.7 percent of total state General Fund appropriations in FY 2024-25. Of the \$1.66 billion in Department General Fund appropriations, \$1.59 billion is for funding for the higher education governing boards and financial aid—the components addressed in this briefing packet. The Executive budget request includes proposed reductions of \$39.2 million General Fund, representing 2.5 percent of the General Fund appropriations in this section of the budget. These reductions are partially offset by proposed increases, so that the total General Fund for the governing boards and financial aid is requested to decrease by 1.8 percent.
- The major reductions proposed include a \$20.0 million decrease for the University of Colorado School of Medicine, a proposal not to continue a \$7.3 million increase provided for rural higher education institutions in FY 2024-25, a proposal titled “College Opportunity Fund Realignment” which includes a reduction of \$4.1 million General Fund, and proposed reductions to multiple smaller programs for which the request identifies savings of \$7.9 million (staff calculates \$7.2 million after technical corrections).
- Staff anticipates that higher education funding changes may be needed to balance the budget. In general, staff recommends that the Committee decide upon the funding level it is able to provide for the governing boards and financial aid and then determine how adjustments should be allocated. Staff has also identified a few smaller/targeted reductions to student educator stipends and the Colorado Opportunity Scholarship Initiative (COSI) that the Committee could consider.

Recommendation

- Staff recommends that the Department discuss the Department proposals and staff options in its budget hearing, focusing particularly on whether to focus on an overall reduction figure for the governing boards and financial aid, if needed, versus the specific items proposed in the Executive Request.
- Staff also recommends discussing possible reductions to COSI, student educator stipends, and the various “limited purpose” programs targeted in the request.

Discussion

Funding History FY 2018-19 to FY 2024-25

The Department of Higher Education represents 10.7 percent of total state General Fund appropriations in FY 2024-25. Funding for the governing boards and financial aid comprises \$1.59 billion or 95.7 percent of total Department General Fund. As reflected in the table below, General Fund in the Department has increased 30.9 percent since FY 2018-19 after adjustments for inflation. This is more than the statewide increase in General Fund appropriations of 11.3 percent over the same period after adjustments. Over the same period, total inflation-adjusted funding for the Department has increased by 7.5 percent, primarily reflecting more rapid growth in General Fund than student tuition payments. **The Department’s share of state General Fund appropriations increased from 8.8 percent in FY 2018-19 to 10.7 percent in FY 2024-25.**

FY 2018-19 to FY 2024-25 Appropriations Comparison - Adjusted for Inflation					
Fund	FY 2018-19		FY 2024-25	Increase/ -Decrease after inflation adjustment	
	Nominal	FY 24-25 Dollars		Amount	Percent
General Fund	\$1,003,593,739	\$1,271,088,432	\$1,664,005,028	\$392,916,596	30.9%
Total Funds	\$4,585,307,920	\$5,807,461,353	\$6,242,108,767	\$434,647,414	7.5%

The divisions that include General Fund that supports higher education institutions or financial aid and are addressed in this briefing are highlighted below. In total, General Fund in these divisions has increased by 29.7 percent since FY 2018-19 after adjusting for inflation.

- General Fund in the College Opportunity Fund section supports the ten state governing boards (CU, CSU, Mines, UNC, Metro, Mesa, Western, Adams, Fort Lewis, Community College System),
- Funding for Local District Colleges includes the state grants to Colorado Mountain College and Aims Community College.
- General Fund in the Occupational Education section supports the Area Technical Colleges.
- Funding for financial aid represents 19.8 percent of the combined General Fund appropriations in these sections.

FY 2018-19 to FY 2024-25 General Fund Appropriations Comparison - Adjusted for Inflation					
Fund	FY 2018-19		FY 2024-25	Increase/ -Decrease after inflation adjustment	
	Nominal	FY 24-25 Dollars		Amount	Percent
Administrative Office	\$2,291,329	\$2,902,053	\$2,688,173	(\$213,880)	-7.4%
Commission on Higher Education	\$28,884,667	\$36,583,495	\$60,241,076	\$23,657,581	64.7%
Financial Aid	\$196,617,879	\$249,023,785	\$314,787,635	\$65,763,850	26.4%
College Opportunity Fund	\$743,033,169	\$941,078,874	\$1,227,397,017	\$286,318,143	30.4%

FY 2018-19 to FY 2024-25 General Fund Appropriations Comparison - Adjusted for Inflation					
Fund	FY 2018-19		FY 2024-25	Increase/ -Decrease after inflation adjustment	
	Nominal	FY 24-25 Dollars		Amount	Percent
Governing Boards	\$0	\$0	\$138,104	\$138,104	N/A
Local District Colleges	\$17,734,550	\$22,461,461	\$28,581,742	\$6,120,281	27.2%
Occupational Education	\$12,311,435	\$15,592,886	\$22,352,277	\$6,759,391	43.3%
Auraria Center for Higher Education	\$0	\$0	\$0	\$0	N/A
History Colorado	\$2,720,710	\$3,445,879	\$7,819,004	\$4,373,125	126.9%
Subtotal for Highlighted Divisions only	\$969,697,033	\$1,228,157,005	\$1,593,256,775	\$365,099,770	29.7%

Budget Requests for General Fund Relief

The Executive Request for the Department of Higher Education includes proposals that it assumes would make an additional \$89.5 million General Fund available for other uses in FY 2025-26. For the institutions and financial aid, the Executive budget request includes proposed reductions of \$39.2 million General Fund, representing 2.5 percent of the General Fund appropriations. These reductions are partially offset by proposed increases, so that the total General Fund for the institutions and financial aid is requested to decrease by 1.8 percent. The proposals for General Fund relief are summarized in the table below. Components that affect appropriations for the institutions and financial aid are highlighted. Some of the proposals may require statutory change.

Budget Requests for General Fund Relief				
Option	General Fund	Other Funds	Bill? Y/N	Description
Revenue Enhancements				
R9 CHECRA transfer	\$2,100,000	\$0	Y	The request proposes to eliminate the \$2.1 million General Fund portion of limited gaming revenue to the Colorado Higher Education Competitive Research Authority. This funding supports research across multiple institutions.
R13 AHEC	31,435,042	-31,435,042	Y	The request proposes to make the Auraria Higher Education Center an enterprise which, depending on the mechanism of enterprising, could free up to as much as \$31.4 million in revenue for the State. This amount includes the requested spending authority increase of \$2.9 million for AHEC in FY 2025-26.
Subtotal - Revenue	\$33,535,042	-\$31,435,042		
Expenditure Reductions				

Budget Requests for General Fund Relief

Option	General Fund	Other Funds	Bill? Y/N	Description
R4 COF Realignment	-\$4,009,595	\$0	Y	This request proposes statutory changes to lower the credit hour cap for the College Opportunity Fund (COF) student stipend and reduce state support for the higher education institutions
R5 PSEP optometry	-84,850	0	Y	This request represents the first phase of a three-year roll off of the Professional Exchange Program in Optometry. The program would not accept new students and would support existing students until the final funding reduction in FY 2027-28.
R6 DTAP realignment	0	0	Y	The request proposes statutory changes to reduce the scope of a higher education benefit for dependents of Colorado law enforcement, fire and backcountry search and rescue, and National Guard members killed or permanently disabled in the line of duty; the Department projects future year savings/avoided costs.
R7 Limited purpose FFS	-7,901,265	0	Y	The request proposes a reduction of \$7.9 million General Fund associated with reducing or eliminating six programs currently funded based on limited purpose fee for service contracts with state institutions of higher education. Savings appear to be over-stated by approximately \$750,000 because the request did not take the annualization of some existing legislation into account.
R8 IHE capital expense	-20,000,000	20,000,000	Y	The request proposes transferring a portion of the state reserve to an institution of higher education, so that interest earned does not count under the TABOR cap. This interest would then be used to support controlled maintenance at the institutions of higher education, in lieu of General Fund transfers for Controlled Maintenance. (Controlled maintenance transfers and appropriations do not appear in the higher education operating budget.)
R10 Inclusive HED	-450,000	0	N	The request ends this grant program early. This program supports grants to institutions to create inclusive education opportunities for students with intellectual and developmental disabilities. Funding would otherwise continue through FY 2026-27.
R11 Teacher mentor	-300,000	0	N	The request reduces the Teacher Mentor Grants Program by just under half of its total appropriation of \$647,488. This program supports grants to train teacher mentors.
R12 CU School of Medicine	-20,000,000	0	Y	The request proposes a reduction of \$20.0 million to state support for the CU School of Medicine in the higher education funding formula. These funds are currently used to draw down matching federal funds in the Department of Health Care Policy. The request proposes that CU use other sources of funds to generate the match through expansion of the CHASE (hospital provider fee) structure.

Budget Requests for General Fund Relief

Option	General Fund	Other Funds	Bill? Y/N	Description
HC4 community museum	-20,410	20,410	N	The request temporarily refinances \$20,410 General Fund with \$20,410 Cash Funds from the Community Museums Cash Fund. This refinance would be for one year only.
Rural IHE reduction	-7,301,415	0	N	The request proposes that the JBC revisit its FY 2024-25 action to add funding in the higher education funding formula for three rural institutions on an ongoing basis and instead make this a temporary formula addition that is eliminated in FY 2025-26.
Subtotal - Expenditures	-	\$20,020,410		
	\$55,973,090			
Net General Fund Relief		\$89,508,132		

Additional Options for JBC Consideration

The table below summarizes options identified by the JBC staff that the Committee could consider in addition to or instead of the options presented in the budget request. A General Fund reduction of 5.0 percent to the sections of the budget covered in this briefing would require a reduction of \$79.7 million. The options shown below reflect reductions of \$66.9 million but could be scaled in funding for the governing boards and financial aid to whatever level is needed.

Additional Options for General Fund Relief

Option	General Fund	Other Funds	Bill? Y/N	Description
Expenditure Reductions				
HB 24-1290 Student Educator Stipend Program	\$0	-\$920,000	N	As of November, the Department indicated that it had disbursed \$3,174,795 of the \$4,197,000 appropriated for Student Educator stipends in FY 2024-25, having prioritized spending of federal ARPA funds/refinanced ARPA funds. There thus remains approximately \$1.0 million in one-time funding remaining which could potentially be recaptured in FY 2024-25 if the Department/OSPB hold the funds until the General Assembly can act. The funding originates as State Education Fund in the Department of Education budget.
Eliminate funding for financial aid at proprietary institutions	-1,177,869		?	CCHE has authority to allocate financial aid authorized by the General Assembly. The amount shown is the amount allocated to financial aid for students at proprietary institutions (e.g., Colorado Technical Institute)
Reduce funding for financial aid at private nonprofit institutions	-2,554,128	0	?	CCHE has authority to allocate financial aid authorized by the General Assembly. The amount shown represents a 20.0 percent reduction to the amount allocated to students at non-profit private institutions (e.g., Colorado Christian University, DU). The funding is part of the aligned financial aid calculation, so reducing funding

Additional Options for General Fund Relief				
Option	General Fund	Other Funds	Bill? Y/N	Description
				would either need to align with a governing board funding changes, be paired with another financial aid increase, or be authorized by a statutory change.
Reduce funding formula for higher education governing boards (excludes financial aid)	-63,422,374	0	N	Reflects a 5.0 percent reduction to formula funding for the higher education governing boards.
Reduce funding for the Colorado Opportunity Scholarship Initiative	-250,000	0	?	The Colorado Opportunity Scholarship Initiative provides funding for student scholarships and wrap-around support services. Funding was increased from \$7.0 million to \$10.0 million in FY 2023-24. The program is currently in the midst of a redesign which will award consolidated grants to IHEs for both scholarships and student supports. COSI is part of the aligned financial aid calculation, so reducing funding would either need to align with a governing board funding changes, be paired with another financial aid increase, or be authorized by a statutory change.
Subtotal - Expenditures	-\$66,904,371	-\$920,000		
Net General Fund Relief	\$66,904,371			

Expenditure Reductions

HB 24-1290 Student Educator Stipend Program

Description: Make a \$920,000 supplemental reduction to reduce the size of an FY 2024-25 appropriation for student educator stipends, based on the amount not yet distributed. Funding in the Department of Higher Education is from an appropriation from the State Education Fund in the Department of Education that is transferred to the Department of Higher Education. Reductions would be required in both departments. This was a one-time appropriation to help address teacher shortages that were exacerbated by the COVID-19 pandemic.

Key Considerations: Stipends provide a valuable benefit student teachers and support growth of the educator workforce. However, JBC staff does not believe the General Assembly has sufficient resources to provide an equitable benefit for all student teachers and continue funding for this program on an ongoing basis. The proposal reduces funding from a one-time appropriation/benefit. In FY 2020-21 there were 2,426 students who completed “traditional” teacher preparation programs, which generally require an academic residency. To provide each of these students an \$11,000 stipend for a 16 week residency would require \$26.7 million.

Additional background: H.B. 22-1220 (Removing Barriers to Educator Preparation) included a student educator stipend program in the Department of Higher Education funded with \$39.0 million in federal State Fiscal Recovery Funds from the American Recovery Plan Act (ARPA funds). H.B. 24-1290 added an appropriation of \$4,197,000 originating from the State Education

Fund for the program. The program awards stipends to eligible students to reduce the financial barriers to entering the workforce while placed as a student teacher. Money is distributed by the Department of Higher Education to eligible educator preparation programs. Educator preparation programs must then distribute the stipends to student teachers in monthly installments. An eligible student may receive a stipend of \$11,000 for a 16-week academic residency and \$22,000 for a 32-week academic residency. Priority for the program is given to students with an adjusted gross income of \$67,500, and all students must demonstrate financial need.

Eliminate funding for financial aid at proprietary institutions

Description: The Colorado Commission on Higher Education determines the allocation of Need Based Grants financial aid funding to institutions of higher education. This includes funding for financial aid for students attending several proprietary institutions: Colorado Technical Institute, ConCorde Career Institute, International By, IBMC, and the Rocky Mountain College of Art and Design. This option would eliminate the \$1.2 million allocated for financial aid at these institutions.

Key Considerations: Colorado struggles to provide adequate support for students attending its public institutions of higher education. National data suggests that for-profit institutions have, in general, a poorer record for student completions than public institutions.

Additional background: Because appropriations for Need Based Grants are made to a single line item, reductions applied are not guaranteed to be applied by the Colorado Commission on Higher Education to the same institutions or programs anticipated by the General Assembly. That said, staff assumes the Commission will take the General Assembly's intent into consideration. The Commission's approach currently appears to be to provide equal increases for financial aid allocations in all categories, including for proprietary institutions. Staff is uncertain whether the Commission is rigorously scrutinizing the value of these allocations.

Reduce funding for financial aid at private nonprofit institutions

Description: The Colorado Commission on Higher Education determines the allocation of Need Based Grants financial aid funding to institutions of higher education. This includes funding for financial aid for students attending multiple private nonprofit institutions: Colorado Christian University, Colorado College, Naropa University, Regis University, and the University of Denver. The option identified would reduce funding for financial aid at these institutions by 20.0 percent (\$2.6 million)

Key Considerations: Colorado struggles to provide adequate support for students attending its public institutions of higher education. These nonprofit institutions provide valuable educational services, but state financial aid dollars may go farther and serve more students per dollar at public institutions, where resident tuition is already subsidized through direct support to the governing boards.

Additional background: Because appropriations for Need Based Grants are made to a single line item, reductions applied are not guaranteed to be applied by the Colorado Commission on Higher Education to the same institutions or programs anticipated by the General Assembly.

That said, staff assumes the Commission will take the General Assembly’s intent into consideration.

Reduce funding formula for higher education governing boards (excludes financial aid)

Description: Staff reflects a reduction of \$63.4 million, based on the impact of a 5.0 percent reduction to formula funding for the public institutions. This figure could be scaled up or down depending upon the funds required to balance. Depending upon the depth of cut needed, adjustments to protect more vulnerable institutions are an option.

Key Considerations: Higher Education is of the few sectors in state government with significant General Fund that is not constrained by Constitutional or federal restrictions. Higher education is therefore always a critical element of any effort to balance the budget. Increases for public higher education in recent years—no matter how deserved—are one component of balancing challenge currently facing the State: as noted above, the Department’s share of state General Fund appropriations increased from 8.8 percent in FY 2018-19 to 10.7 percent in FY 2024-25. Public higher education is a large industry, and the state-operated governing boards had total revenues exceeding \$11.0 billion in FY 2023-24. Most institutions appear to be seeing increased enrollment and most have built reserves based on recent increases of state and federal funding that can help them weather some state funding reductions.

Additional background: See Factors Driving the Budget and the briefing issue on the governing boards for additional information.

Reduce funding for the Colorado Opportunity Scholarship Initiative

Description: This option would reduce funding for the Colorado Opportunity Scholarship Initiative Program by \$250,000 (2.5 percent).

Key Considerations: The program received a \$3.0 million increase in FY 2023-24. COSI supports effective support services and matching scholarships for students; however given the overall limitations on the state’s budget, a modest reduction could be considered.

Additional background: Pursuant to Sections 23-3.3-1001 through 1005, C.R.S., the College Opportunity Scholarship Initiative (COSI) promotes public/private partnerships to fund scholarships and support services for gifted low-income students who might not otherwise pursue or complete higher education. Created in H.B. 14-1384, it was initially seeded with a transfer of \$33.4 million from the CollegenInvest Financial Need Scholarship Fund and a \$1.0 million appropriation. General Fund support has increased over the years, including an increase from \$7.0 million to \$10.0 million General Fund in FY 2023-24. Program reserves are held in the COSI cash fund, which had a balance of \$12.4 million at the end of FY 2023-24.

The Initiative operates under the oversight of the COSI Board. In recent years the Board has also been tasked with overseeing a range of one-time student scholarship initiatives based on federal and state funds available on a temporary basis.

The organization's signature programs have historically included a matching student scholarship program, through which local programs distribute scholarships to Colorado students who attend Colorado public institutions of higher education, and a separate community partner program through which COSI provides multi-year funding toward programs that prepare students for postsecondary education. COSI is in the process of moving to a new funding structure in which pre-collegiate programs are phased out and collegiate support programs and scholarships are combined into a single postsecondary grant program.

At its September 2024 board meeting, the COSI board approved \$8.5 million annually for the new combined program. A total of \$6.1 million will be allocated to institutions of higher education based primarily on their Pell-eligible headcount. A \$2.0 million pool will be available for community based organizations, which receive \$1,000 per student for scholarships and \$500 per student for wraparound supports. Grantees are also eligible for supplemental administrative funding.

Requests from COSI have been highlighted as "Proven" on the S.B. 21-284 Evidence Continuum, based on its work with Colorado Evaluation and Action Lab at DU to conduct an annual qualitative and quantitative evaluation of the program using a quasi-experimental design. A "proven program or practice" means a program or practice that reflects a high or well-supported level of Confidence of effectiveness, ineffectiveness, or harmfulness as determined by one or more high-quality randomized control trials, multiple evaluations with strong comparison groups, or an equivalent measure. While COSI has only been evaluated by one organization so far as Staff is aware, the evidence that it has positive impacts appears strong. <https://cdhe.colorado.gov/about> . The last evaluation was completed in FY 2021-22.

The Executive Request included a proposed \$4.0 million General Fund increase for the program in FY 2024-25 which the Committee denied, given that COSI had received a \$3.0 million increase in FY 2023-24 and was in the midst of program restructuring.

Free Tuition Option

The State has made remarkable progress in launching new programs that promise that low- and middle-income Colorado students will not need to pay tuition and fees at public institutions of higher education. A few additional steps are needed to make the most of these initiatives.

Summary

- Both the real cost of college and the perceived cost of college are significant obstacles to postsecondary education for low and middle income students.
 - Most low-income students who are eligible for the federal Pell grant have had to pay little or nothing out-of-pocket for tuition and fees at most public institutions for the last decade—but most have also not been aware of this.
 - For students from families with incomes that are above the threshold for federal grants but who are not wealthy, tuition and fee costs have been significant obstacles. And both low-and moderate income students need to cover housing and food costs, which state and federal grant aid has never been sufficient to cover.
- *The institutions of higher education and the State have made remarkable progress in the last two years in guaranteeing that low- and moderate income students can attend postsecondary institutions without paying tuition and, in most cases, fees.*
 - Almost every 4 year public institution in the state has now launched a “promise” program that guarantees free tuition (and often more) for most full-time students with incomes below \$65,000-\$70,000. Most low-income students attending community colleges at least half time already have their tuition and fees fully covered by state and federal grant aid.
 - H.B. 24-1340 (Incentives for Postsecondary Education) provides for refundable income tax credits to cover tuition and fees that are not covered by grant aid for resident students in households with incomes up to \$90,000 who are new high school graduates.
- What remains now is to *tie together existing institutional free tuition programs for low income students under a single statewide program message, address any technical issues related to the tax credit program, and **publicize**.*

Recommendation

- Staff recommends that the JBC sponsor legislation to tie together existing institutional “promise” programs to provide a unified message: students from households with incomes of \$65,000 or less who qualify for federal grant aid will not pay tuition or fees if they attend a public 4 year institution full time or a public 2 year institution at least half time.
- Staff does not believe that such an initiative requires additional funding, other than to assist with coordination and publicity, since most institutional programs guarantee at least this much and staff believes that the few that do not can absorb the additional cost. *But staff **does** believe that such a bill should carry additional funding for financial aid, based on*

tuition increases authorized by the JBC at figure setting. For example, to ensure that state financial aid for the affected student population is not eroded by a tuition increase of 3.0 percent, \$5.0 million in additional General Fund would be required for financial aid, even if other funding for the governing boards increases little if at all.

- Such a bill could also be a vehicle for addressing any technical changes needed to H.B. 24-1340 and for directing next steps for **publicizing both the tax credit program and the free tuition for low-income students** program. *Staff is not envisioning an expensive ad campaign but rather a coherent, coordinated effort focused on ensuring K-12 administrators, teachers, and counselors, as well as higher education institutions, are conveying a consistent message to students. To make a difference for FY 2025-26, this effort should start quickly.*

Discussion

Background – Promoting Better Messaging About College Affordability

In FY 2023-24, the JBC added funding for a two year term-limited position in the Department of Higher Education and added a Request for Information to address “affordability messaging”.

1 Department of Higher Education, Colorado Commission on Higher Education and Higher Education Special Purpose Programs, Administration; Governing Boards – The Department is requested to collaborate with the institutions of higher education and other interested individuals and entities to develop and begin to disseminate a statewide affordability message to help students, parents, and K-12 administrators better understand that that low income students are unlikely to pay tuition and fees at public institutions of higher education. The Department has received funding to support 1.0 FTE term-limited position for two years for this project, which may be used for several part-time individuals and contractors with appropriate skill-sets as the Department deems appropriate. The Department is requested to take the following steps.

(1) Convene a workgroup to help and inform the college affordability project described below. This should include representatives from postsecondary institutions, K-12 institutions, parents, students, community organizations, and other interested parties.

(2) Solicit financial aid and other data from higher education institutions, and convene higher education enrollment managers, financial aid managers, and other higher education leaders and financial aid experts to identify clear, consistent, and factually accurate information that describes the tuition and fees low income students pay at public institutions of higher education. This should include identifying which students pay no tuition or fees and should, at a minimum, apply to first-time students who are eligible for federal financial assistance. Information should be related to family income levels and familiar public benefits, such as Medicaid or food assistance, rather than the technical terminology used by financial aid professionals.

(3) Work with institutions to identify changes to institutional financial aid policies that would further clarify such a message and, if relevant, determine the additional state funding that would be required to support changes to financial aid policies and thus strengthen the statewide message.

(4) Solicit input from students, parents, K-12 leaders, high school counselors, community organizations, postsecondary enrollment managers, public relations professionals, and other interested individuals to combine the information gathered under paragraphs (2) and (3) to identify the affordability message

that students and families believe will be most effective, as well as to help identify the best mechanisms for disseminating this information.

(5) Develop a statewide affordability messaging toolkit for use by K-12 staff, as well as post-secondary institutions, community organizations, and other interested parties, that can be used over time across the state to further a common statewide understanding of college affordability.

The Department is requested to submit an update on its progress on this project by November 1, 2023 and November 1, 2024 and a final report on the project on November 1, 2025. For the November 1, 2024, report, the JBC requests the following:

(6) The report should include sufficient information and budget detail to enable the General Assembly to launch and publicize a statewide guarantee of tuition-free college for low income students statewide beginning no later than FY 2025-26.

(7) The report should identify components to which all public institutions can be held with little or no additional resources, such as committing that graduates of Colorado high schools who are eligible for federal financial assistance and have household incomes under \$60,000, begin postsecondary education within two years of graduation, complete a FAFSA or CASFA application for financial aid, and attend at least half-time at a two-year institution or full-time at a four year institution will not pay tuition. Such a program should, at a minimum, be offered to students who begin as first-time freshmen in FY 2025-26 and cover each new freshman class in the subsequent years.

(8) The report should also identify options and recommendations for expanding such a program to capture a larger share of potential students and costs, such as student fees and students with higher incomes. To the extent costs are not already covered by existing federal, state and institutional resources, the report should include a proposal for how any additional state funding will be allocated in order to limit financial risks to public institutions and the state. This may include both maintenance-of-effort and matching requirements for institutional aid, whereby institutions and the State have shared responsibility for covering additional costs. Any matching requirements should take into account the different types of resources available to different types of public institutions.

(9) Finally, the report should include a proposal, with related budget estimates for new state funding, for publicizing the program in a way that takes maximum advantage of existing institutional structures, such as K-12 superintendents, principals, counselors, teachers and postsecondary admissions and outreach staff.

The Department's response is attached to this issue. While it has not yet been able to address all elements of the RFI, the response indicates good collaboration with the progress and sufficient information that **Staff believes the JBC can move forward with an initiative in the 2025 legislative session.**

Also during the 2024 legislative session, the General Assembly adopted H.B. 24-1340, which was sponsored by four JBC members although it was not a JBC bill. The tax refundable tax credit added in H.B. 24-1340 also tackles costs for postsecondary education.

Staff is hopeful that the two initiatives—front-end “free tuition” for low income students and tax credits for households with incomes up to \$90,000—can work together to both make college more affordable and make students and families aware when they do not need to pay tuition and fees.

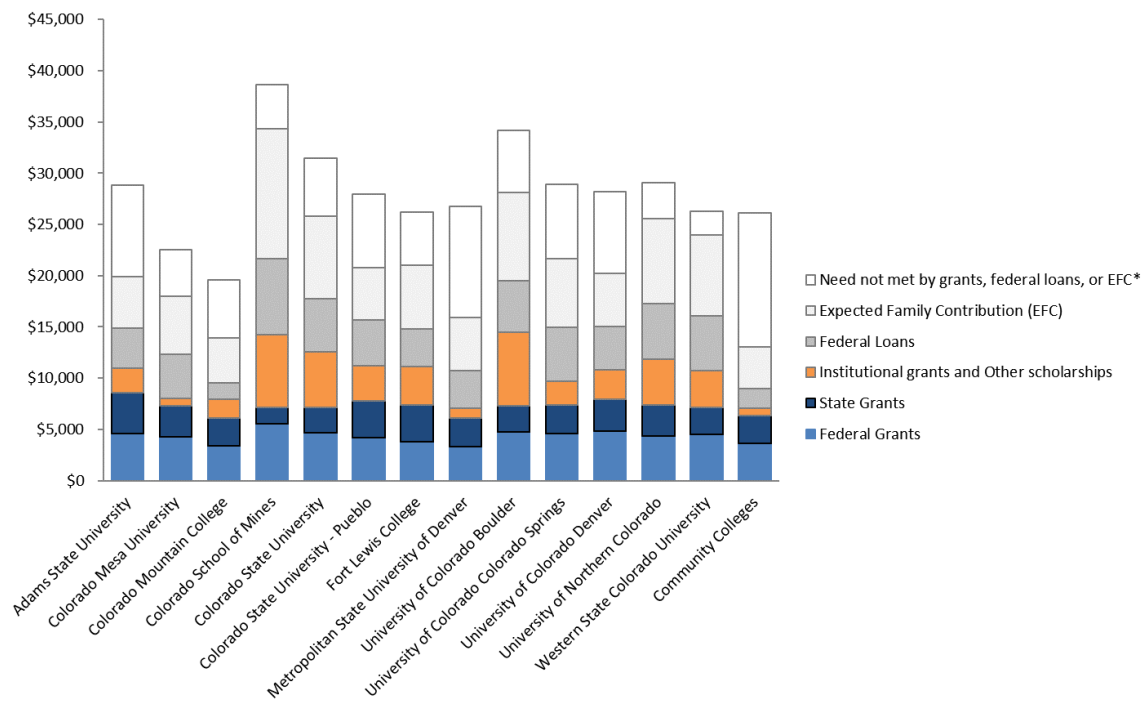
Why do this? The college affordability problem: real and perceived

The Real Affordability Problem: Cost of Attendance. The cost of college represents a real obstacle for low and middle-income students. In real (inflation adjusted) dollars, posted tuition

and fees for resident students have remained flat (or even declined) in the last few years at some of Colorado's largest public institutions. However, the full cost of attendance for students also includes the cost of housing, food, transportation and incidentals. When these costs are included, even the costs of a community college can be daunting.

As shown in the chart, while federal, state, and institutional grants cover a significant portion of costs for students with financial need, many costs must be addressed by federal loans, and the largest share of costs is borne by students and their families. Federal formulas assume that students and families will cover a portion of educational costs (previously known as the "expected family contribution"), but students have financial needs even beyond this. Students address this by reducing living costs, working, or taking out private loans.

Average Grants, Federal Loans, and Unmet Need by Institution for Full-time Resident Undergraduate Students Qualifying for Financial Aid FY 2021-22



To work on the **real** affordability problem requires significant investments in financial aid, as well as spending on core institutional budgets to keep tuition increases under control. Studies have demonstrated that reducing costs for students increases postsecondary participation and completion.⁹ As noted in the 2023 Colorado Talent Pipeline report, 94.7 percent of Tier 1 Top

⁹ Kristen Cummings et. al., Investigating the Impacts of State Higher Education Appropriations and Financial Aid, State Higher Education Executive Officers Association, May 2021.

https://sheeo.org/wp-content/uploads/2021/05/SHEEO_ImpactAppropationsFinancialAid.pdf

David Deming and Susan Dynarski, *Into College, Out of Poverty? Policies to Increase the Postsecondary Attainment of the Poor*, National Bureau of Economic Research, September 2009. [w15387.pdf \(nber.org\)](https://www.nber.org/papers/w15387)

Jobs and 64.7 percent of Tier 2 Top jobs (jobs with high demand and high compensation) require some type of postsecondary education past a high school diploma or equivalent.¹⁰

House Bill 24-1340 makes a significant state tax expenditure investment to cover tuition and fee costs for households with incomes up to \$90,000 and thus directly addresses real costs to students and families.

Perceived Cost is a Problem Too. Without minimizing the real financial challenges students face, perception is also a problem. A 2018 U.S. Department of Education publication, *What High Schoolers and Their Parents Know About 4-Year Tuition and Fees in Their State*, cites previous studies and new data demonstrating the degree of misperception.

"Most high school students and parents are unaware of the actual price of college, and those who offer their best approximations tend to overestimate rather than underestimate prices...Minority and low-socioeconomic-status families in particular are less knowledgeable."¹¹

The U.S. Department of Education study used federal longitudinal data from interviews with students in ten states. Students and parents were asked to estimate tuition and fees at a public 4-year university in their state. Only 11 percent of 9th graders in 2009 reported estimates that were close to the actual average tuition and fees. **Fifty-seven percent overestimated tuition and fees**, and 32 percent underestimated them.¹²

Such misperceptions contribute to real problems.

- **Colorado has a poor college-going rate. Among students who graduated high school in 2021 (during the pandemic) 49.9 percent enrolled in postsecondary education in the fall after graduation**, a decline of over six percent from FY 2018-19.¹³ Even in 2019 (pre-pandemic), only 56.3 percent enrolled in postsecondary education the next fall. This figure was 51.4 percent for rural students, 51.9 percent for Black students, and 45.9 percent for Latinx students. Colorado is behind other states. While some enroll later, for students who completed high school in 2019 in Colorado, over one-third had not enrolled in postsecondary education two years after graduation. **Nationally in 2021, 62 percent of high school graduates enrolled in a two-year or 4-year institution immediately.**¹⁴

¹⁰ <https://cwdc.colorado.gov/resources/colorado-talent-pipeline-report>

¹¹ Erin Dunlop Velez and Laura Horn, *What High Schoolers and Their Parents Know About Public 4-Year Tuition and Fees in Their State*, U.S. Department of Education Stats in Brief, October 2018 citing previous research.

<https://nces.ed.gov/pubs2019/2019404.pdf>

¹² Velez and Horn, *What High Schoolers and Their Parents Know About Public 4-Year Tuition and Fees in Their State*.

¹³ Colorado Department of Higher Education, *Pathways to Prosperity: Postsecondary Access and Success for Colorado's High School Graduates*, 2023 Report.

https://cdhe.colorado.gov/sites/highered/files/2023_CDHE_Postsecondary_Report_0.pdf

¹⁴ National Center for Education Statistics, Immediate College Enrollment Rate.

<https://nces.ed.gov/programs/coe/indicator/cpa>

- **Colorado has had one of the lowest completion rates in the nation for the Free Application for Federal Student Aid (FAFSA). As of summer 2023, the FAFSA completion rate was 46.8 percent for high school seniors, ranking Colorado 46th in the nation, well below the national 58.9 percent average.**¹⁵ Thus, many students never learn about the financial aid for which they are eligible. According to a report developed for the Department of Higher Education, almost half of student who do not complete the FAFSA are predicted to be eligible for a Pell grant.¹⁶ **The Department of Higher Education estimated that Colorado left \$43.3 million in federal Pell funding “on the table” in 2020 due to students who did not complete the FAFSA.**
- **Many of Colorado's postsecondary institutions are still struggling with low enrollment.** This is particularly true at institutions that traditionally serve disadvantaged students. While enrollment overall has rebounded from pandemic lows, enrollment is still far lower than its peak in the early 2010s. Community colleges, Metropolitan State University of Denver, the University of Northern Colorado, and even Colorado State University have seen declining enrollment among resident students. To thrive, Colorado public institutions need to enroll and retain students who have not historically attended college. If they can do this well, the institutions, the students they serve, and the State will benefit. **Studies have found that “Promise” programs can contribute to large enrollment increases, particularly among marginalized populations.**¹⁷ Tennessee’s college-going rate increased from 58.6 percent to 64.4 percent in the first year of the program and helped more students stay enrolled and on track to complete a credential.¹⁸

Correcting misperceptions about cost for low-income students is not a silver bullet, but it is one element in increasing postsecondary participation and attainment in the State.

¹⁵ <https://formyourfuture.org/fafsa-tracker/> For data by Colorado school district see

<https://studentaid.gov/data-center/student/application-volume/fafsa-completion-high-school>.

¹⁶ Hanover Research, *Best Practices Analysis: FAFSA Completion Trends*, Prepared for the Colorado Department of Higher Education, October 2021.

¹⁷ Denisa Gandara and Amy Li, Promise for Whom? “Free-College” Programs and Enrollments by Race and Gender Classifications at Public 2-Year Colleges, Educational Evaluation and Policy Analysis, October 2020.

https://www.researchgate.net/profile/Amy-Li-8/publication/346061268_Promise_for_WhomFree-College_Programs_and_Enrollments_by_Race_and_Gender_Classifications_at_Public_2-Year_Colleges/links/5fb986cf299bf104cf6a4cbb/Promise-for-WhomFree-College-Programs-and-Enrollments-by-Race-and-Gender-Classifications-at-Public-2-Year-Colleges.pdf

Education Commission of the States references several studies on programs that have improve enrollment, matriculation, and completion (though program goals and structure varies). https://www.ecs.org/wp-content/uploads/State-Information-Request_College-Promise-Programs.pdf

¹⁸ While enrollment has declined over time in Tennessee, as in other states, it remains well above Tennessee’s pre-Promise level. <https://comptroller.tn.gov/office-functions/research-and-education-accountability/publications/higher-education/content/tennessee-promise-evaluation.html>

Low income students are particularly risk averse: H.B. 24-1340 provides a refundable tax credit which will be particularly helpful for students in the “low-middle” income range who have too much income to qualify for much financial aid but who struggle greatly to afford college. However, providing a tax credit—even a refundable tax credit—is likely to be less helpful for the lowest income students who are particularly price-sensitive and tend to be risk averse. *Students and families will need to wait over a year to receive a refund related to their spring tuition bill: a refund for spring 2025 tuition and fees will be refunded after taxes are filed in April 2026). Further, they will only receive the tax credit if their semester GPA is 2.5 or higher.* For many of the lowest income, most vulnerable students, the related risks and time lag may be too great to incentivize them to attend college. Because of this, **the institutions and Department staff who collaborated to respond to the JBC’s request for information still believe there is value in highlighting programs that promise low-income students that they will not need to pay tuition or fees on the front end.**

House Bill 24-1340 (Incentives Postsecondary Ed)

House Bill 24-1430 (Incentives for Postsecondary Education) created a refundable state income tax credit to encourage Colorado high school graduates to enroll in Colorado higher education institutions. For income tax years 2025 through 2032, the bill provides a refundable income tax credit to a student enrolled in at a public state institution of higher education, community college, area technical school, or occupational education school. For each tax year the student is claiming the credit, the student must:

- begin postsecondary education within two years after having graduated from a Colorado high school or equivalent program;
- have a household adjusted gross income (AGI) of \$90,000 or less, as reported on their application for federal student aid (FAFSA) state financial aid (CASFA);
- qualify for in-state tuition;
- have enrolled in at least six credit hours or equivalent for the semester or term for which they are claiming the credit; and
- have a grade point average of 2.5 or higher for the semester or term for which they are claiming the credit.

The credit is equal to the tuition and fees paid by the eligible student to the institution minus any scholarships or grants.

Fiscal calculations are based on providing 65 credit hours total across all years for which they claim the credit (approximately two years of full-time enrollment), *excluding* concurrent enrollment, advanced placement, the international baccalaureate program, military credits, or any other credits earned prior to enrolling at a state higher education institution.

The bill requires the Department of Higher Education (CDHE) to provide a report to the Department of Revenue (DOR) showing which students are eligible for the credit by January 31, 2026, and each year thereafter.

CDHE is required to work with each institution to determine each institution’s average percentage of state and institutional financial aid allocated to the resident student population

who have a family income of \$90,000, and institutions are required to direct no less than the same percentage of institutional and state funding as they did on average the three years prior to FY 2024-25 to this population. Finally, the bill requires CDHE to submit a report to the Joint Budget Committee and the House of Representatives and Senate Education Committees by June 30, 2027 and each year thereafter until 2037.

Almost All Public Institutions—Including All Low-Resourced Institutions—Already Promise No Tuition for Students with Incomes Below a Threshold

As of this writing, **all but one of Colorado’s public four-year institutions guaranteed free tuition (and sometimes fees and other benefits) for students with incomes of \$60,000 or less who are first-time freshmen attending full time.** In most cases the income threshold is higher (\$65,000-\$70,000) and the benefit larger. At present, the only institution that is not offering a version of this program is the Colorado School of Mines.

Staff believes this should be celebrated. Institutions deserve recognition for implementing these “promise” programs. The General Assembly also deserves credit: these initiatives would not have been feasible for many institutions without recent state investments in higher education.

Staff also believes that for the State and institutions to fully realize the benefit of these initiatives, their existence needs to be publicized and become part of the “common knowledge” of school personnel, students, and families. *For this to happen, the State needs a clear, consistent message that applies to all public institutions.*

The Department now has a website that links to all of the individual institutional programs: <https://cdhe.colorado.gov/students/preparing-for-college/affordability-in-higher-education-and-promise-programs>

As can be seen on the website, the programs are similar—but vary in some details. Staff has also attached some *examples from the existing programs.* (See the website for the full list)

Tying the Promises Together – Response to JBC RFI

The Department’s response highlights the creation of the College Affordability webpage with descriptions of each institution’s promise program and creation of the Affordability Message RFI Work Group. The work group was formed in spring 2024 to review student financial aid and enrollment data, create a baseline affordability message, and develop policy recommendations to expand current institutional promise programs into a true statewide program.

As a “baseline” Statewide Affordability Message the response highlights the new refundable tax credit created in H.B. 24-1340:

“An eligible Colorado resident with a family income of less than \$90,000 can have two years of tuition and fee costs at a public institution of higher education reimbursed through a state-supported refundable tax credit.”

But it then explores how the front-end programs for lower-income students that have been developed by institutions can be leveraged into statewide messaging. The response provides multiple options for the JBC’s consideration for a front-end free tuition/state promise program, ranging from very low cost to aspirational options that the Work Group realizes are not likely to be attainable given Colorado’s budget constraints.

Assumed Eligibility Criteria for All Options (except where specified):

- Colorado resident (in-state tuition eligible)
- Applied and admitted to an institution
- Completed a FAFSA or CASFA
- First-time degree
- Enrollment intensity (except “High” options)
12+ credit hours per semester at 4-year institutions
6+ credit hours per semester at community colleges, local district colleges, and area technical colleges
- All incoming and currently enrolled undergraduate students
- Must maintain satisfactory academic progress
- Last dollar after all other aid is applied

Level	Criteria	Support	Students Covered	Balance not Covered FY 23-24 (without minimum award option)
Low A	Maximum Pell eligible	Base Tuition	12,330	\$572,000
Low B	Maximum Pell Eligible	Base Tuition +Mandatory Fees	12,330	\$2.1 million
Medium A	Pell Eligible AND AGI <=\$65,000	Base Tuition +Mandatory Fees + Option for Minimum Award	40,309	\$13.2 million
Medium B	Pell Eligible OR AGI <=\$65,000	Base Tuition +Mandatory Fees + Option for Minimum Award	58,149	\$65.6 million
High A	No Enrollment Intensity AGI <=\$90,000	Base Tuition +Mandatory Fees + Option for Minimum Award	87,085	\$114.9 million
High B	No Enrollment Intensity AGI <=\$12,000	Base Tuition +Mandatory Fees + Option for Minimum Award	99,270	\$174.0 million

Staff requested additional detail to better understand the distribution of the balance of costs among institutions. **The table below shows the results for the “Medium A” Option.** Staff explored this option in greater depth because:

- overall costs to be within a scale that might be feasible even in a tight budget environment; and
- it affects a large enough number of students (over 40,000) to be meaningful to a substantial share of the student population/

Medium Option A – Detail by Institution			
Institution Name	Total Aid (Federal, State, Institutional, & Other)	Total Out-of-Pocket Tuition & Fees (after institutional promise programs)	Students Impacted (rounded up for counts <10)
Adams State University	\$ 5,478,692	\$0	388
Colorado Mesa University	21,626,920	1,134,246	1,769
Colorado School of Mines	11,691,668	3,014,247	543
Colorado State University	66,013,505	2,099,744	3,328
Colorado State University Pueblo	14,609,907	706,467	999
Fort Lewis College	6,231,249	139,124	408
Metropolitan State U of Denver	51,764,427	279,423	4,187
U of CO Boulder	71,305,555	4,954	3,210
U of CO Denver	39,160,356	0	2,790
U. of CO Colorado Springs	25,263,114	0	1,824
University of Northern CO	19,612,379	1,563,908	1,300
Western Colorado University	3,853,041	0	275
Community College System	132,679,251	3,891,289	16,995
Colorado Mountain & Aims (Local Districts)	16,298,708	133,754	1,560
Area Technical Colleges	6,188,731	273,644	838
Total	\$491,777,503	\$13,240,800	40,414

In some cases the balances shown are because the institution does not have a promise program (Mines). In some cases it is because the program covers tuition but not fees (CSU). In some cases it is because the institutions have little or no institutional aid to direct to the population (community college system).

Staff initially anticipated that additional funding at approximately this scale would be required to fund this option. However, upon further review, staff believes it would be more equitable to:

- Require all institutions to fund the minimum state Promise identified;
- Require all institutions to **prioritize** state financial aid funding (the Colorado Student Grant) to ensure the state Promise population is funded before other qualified groups; and
- Continue to add funding for the Colorado Student Grant financial aid.

This is based on the following analysis. Staff first looked at whether the institution was targeting its existing state financial aid for undergraduate resident students (the Colorado Student Grant) to the targeted population: students with incomes under \$65,000 who are eligible for a federal Pell grant of any size. This involved comparing the institution’s state allocation for FY 2023-24 (determined by the Colorado Commission on Higher Education) with the data provided on the use of state financial aid for the targeted population. In most cases, there was a large share of state financial aid that was not targeted to this population, indicating that the institution could likely absorb some additional expenses for the targeted population within the funds it already receives from the State.

As shown, there were only two institutions where state financial aid that had not been used for the targeted population was insufficient to cover students' out of pocket costs in FY 2023-24: the Colorado School of Mines and Fort Lewis College.

Is State Financial Aid Sufficient to Cover the Out-of-Pocket Gap?					
Institution	Colorado Student Grant (CSG) State Allocation FY 2023-24	CSG used for targeted population	CSG remaining balance after funding targeted population	Student Out-of-Pocket total (balance seeking to fund)	CSG remaining balance above/-below Student Out of Pocket total
Adams State University	\$2,434,784	\$1,975,033	\$459,751	\$0	\$459,751
Colorado Mesa University	10,928,380	8,361,220	2,567,160	1,134,246	1,432,914
Colorado School of Mines	2,654,711	2,211,980	442,731	3,014,247	(2,571,516)
Colorado State University	18,949,404	16,105,670	2,843,734	2,099,744	743,990
Colorado State University Pueblo	5,777,258	4,655,618	1,121,640	706,467	415,173
Fort Lewis College	1,975,230	2,010,757	(35,527)	139,124	(174,651)
Metropolitan State U of Denver	28,414,777	20,258,648	8,156,129	279,423	7,876,706
U of CO Boulder	16,918,925	14,898,036	2,020,889	4,954	2,015,935
U of CO Denver	29,717,308	12,047,641	17,669,667	0	17,669,667
U. of CO Colorado Springs	29,717,308	8,957,472	20,759,836	0	20,759,836
University of Northern CO	9,298,215	4,758,799	4,539,416	1,563,908	2,975,509
Western Colorado University	1,660,888	1,533,871	127,017	0	127,017
Community College System	63,796,319	48,530,044	15,266,275	3,891,289	11,374,986
Colorado Mountain & Aims (Local Districts)	8,330,787	5,787,642	2,543,145	133,754	2,409,391
Area Technical Colleges	2,670,385	2,219,761	450,624	273,644	176,979

Staff next looked at the significance of the additional funds within the context of the institution's overall institutional expenditures for financial aid for Colorado resident students. As shown below, **the Student Out of Pocket Total—the balance that would need to be funded for a statewide “Promise” was just 1.4 percent of Fort Lewis College’s FY 2023-24 institutional aid for Colorado resident students and just 7.6 percent of the Colorado School of Mines’ institutional aid for resident students.** Given the relatively modest additional funds that may be required, staff believes it makes most sense to simply require institutions to absorb any modest additional amounts to make a statewide promise reality—while also ensuring that state financial aid continues to increase overall.

Is Institutional Financial Aid Sufficient to Cover the Out-of-Pocket Gap?			
Institution	Student Out-of-Pocket total for Targeted Population	Total Institutional Financial Aid Provided for Resident students FY 23*	Out-of Pocket for Targeted Population as % Institutional Aid
Adams State U	\$0	\$2,993,486	0.0%
Colorado Mesa University	1,134,246	14,518,561	7.8%
School of Mines	3,014,247	39,454,369	7.6%
Colorado State University	2,099,744	111,147,180	1.9%
Colorado State U. Pueblo	706,467	13,040,530	5.4%
Fort Lewis College	139,124	9,654,501	1.4%
Metropolitan State U of Denver	279,423	15,770,453	1.8%
CU Boulder	4,954	189,407,396	0.0%
CU Denver	0	33,887,090	0.0%
U. of CO Colorado Springs	0	18,106,313	0.0%
University of Northern CO	1,563,908	9,576,185	16.3%
Western Colorado U	0	10,085,376	0.0%
Community College System	3,891,289	8,529,312	45.6%
Colorado Mountain & Aims (Local Districts)	133,754	4,465,066	3.0%
Area Technical Colleges	273,644	955,998	28.6%

*From Department of Higher Education FY 2022-23 Financial Aid Report, Table 13a
https://cdhe.colorado.gov/sites/highered/files/FA%20Report%202023_FINAL.pdf

Differences Between Medium Option A and H.B. 24-1340 Statewide Tax Credit

	RFI/Front-End Tuition & Fee Guarantee - Recommended	Tax Credit – H.B. 24-1340
Income restriction	\$65,000 or less and eligible for federal Pell Grant	\$90,000 or less
Length of Support	12 terms/6 years for Pell	65 credits ¹⁹ / approximately 2 years
Begun postsecondary within two years of high school graduation	Not restricted (but may want as option)	Restricted
Student Performance	Satisfactory Academic Progress=2.0 cumulative GPA/other requirements	2.5 GPA for the term tax credit is completed
Costs covered	Tuition and “mandatory” fees	Tuition, all fees, academic materials consistent with federal law
Estimated annual additional cost/tax expenditure	<i>Estimated in report:</i> \$2.1 million (restrict to full Pell grantees) to \$13.2	\$18.1 million in FY 2024-25, annualizing to \$36.7 in FY 2025-26 (first full year) ²⁰

¹⁹ The bill restricts eligibility to individuals who begin a semester with less than 66 credits, which could lead to a student receiving a tax credit for as many as 80 credits, though that may be the minority of students

²⁰ Differential tuition, special course fees, and academic material costs were not available in the data used to estimate the fiscal impact of the tax credit, potentially causing an underestimate. At the same time, the projection assumed 100% claiming for the tax credit, which may be an over-estimate. Impacts will become more clear after

	RFI/Front-End Tuition & Fee Guarantee - Recommended	Tax Credit – H.B. 24-1340
	million if restrict to partial Pell grantees <i>Staff rec:</i> \$0 BUT increase Colorado Student Grant funds for affected population in alignment with tuition (\$5.0 million for a 3.0 percent tuition increase)	

Next Steps

- Based on the data provided so far, staff would encourage the JBC to pursue Medium Option A, but, JBC members should explore the various options with the institutions, and consider the overall budget situation, before making a final decisions
- Regardless of which alternative is chosen, staff encourages the JBC to pursue related legislation this year and push the Department to move swiftly on publicizing both the new tax credit and the front-end financial aid.
- Last dollar scholarships of the kind highlighted here have very modest impacts on the actual funds available for students, since they rely on existing financial aid programs. ***The most important benefit of a statewide promise program is the ability to cut through confusion about the cost of college for low income students. Given this, whatever option is chosen must be paired with an effective publicity campaign to yield results.***

A recent meta-analysis of studies of research on “free college” programs has noted that program outcomes are often over-sold by boosters, but that, “taken as a whole, there is moderately consistent evidence that promise-style programs increase college participation”. “The most generous programs tend to boost college attendance by around 10 percentage points, while less generous programs have effect sizes between 2 and 5 percentage points”. A key reason for this is messaging effects: **“One of the most interesting emerging findings is that simply publicizing a free-college scholarship can, by itself, spur enrollment.** This is because college price—that is, the dollar amount that a given student will be charged—is both frequently impossible to predict in advance and poorly understood by students and those advising them.”²¹

January 2026 (when 1098-T tax data reporting educational expense is submitted to DOR) and after 2025 tax returns are filed later in 2026.

²¹ David Monaghan, “How Powerful are Promises? A Systematic Review of the Causal Mechanisms and Outcomes of “Free College” Programs in the United States, July 2024, pp 18-19, p. 50. <https://edworkingpapers.com/ai24-988>

Other Staff Observations – Dealing with Economic Cycles and Uncertainty

- H.B. 24-1340 as adopted is a significant tax expenditure without any “triggers” for responding to economic downturns. At the current scale—estimated at \$40.0 million or less—the General Assembly may feel the benefits of predictability for students outweigh the risks to the state budget. However, staff would caution against any expansion of this initiative until the costs of this initiative are more clear. And it will be important to track changes in federal financial aid support, as well as state economic cycles, so that the State can respond to data indicating the cost of the tax credit is beyond the state’s means.
- If the JBC sponsors legislation to tie together existing institutional “promise” program into a mandated statewide promise program, staff would also encourage some caution and the ability to scale back a statewide requirement imposed on institutions of higher education if necessary. Staff notes that the proposal from the institutions is *not* limited to new high school graduates, since the existing institutional programs do not have such limits. This may be feasible now, but any of the proposed “free tuition” initiatives have some risk, and these risks are larger for larger programs.

In a recessionary environment, it has not been uncommon for resident student enrollment to increase 15.0 percent and state funding overall to fall by 15.0 percent (the FY 2011-12 scenario). A combination of enrollment increases and funding cuts could make free tuition commitments hard to sustain. Further, the approach relies on the federal government to cover 44.5 percent of costs. Cuts to the Pell grant or simply failure to keep up with growing costs will affect the ability to maintain the program.

- In light of these risks, staff would recommend a provision enabling statutory requirements for statewide “free tuition” to be suspended entirely (or narrowed) by vote of the JBC in any year state funding for the institutions is reduced or there are significant reductions to federal student aid. Any such suspension, if adopted, should be revisited annually.
- At the same time, if the “guarantee” is maintained at \$65,000, it will become less and less meaningful over time as incomes rise. It could be rapidly surpassed by institutional program increases. Staff would thus also recommend that the threshold amount be formally revisited at least every three years, e.g., by requiring the Department, in collaboration with institutions, to propose updates to the “free tuition” threshold in submissions to the JBC and Education Committees, allowing for legislative updates.

Attachment – Select Institutional Promise Program Examples

Metropolitan State University of Denver Roadrunner Promise:

- Last dollar program which covers tuition and fees up to 15 credit hours per semester
- Family Income of \$60,000 or less or Student Aid Index (SAI) of 0 and below
- Colorado Resident or ASSET eligible students
- First-time college student (for family income of <\$60k) working on first bachelor degree
- Completed a FAFSA/CASFA and authorizing COF
- Must enroll 12 or more credits per semester (most students)
- Must maintain satisfactory academic progress (2.0 GPA & related)
- Maximum of 10 semesters

Colorado Mesa University Promise:

- Adjusted Gross Income (AGI) of \$70,000 or less
- Colorado resident OR a member of one of the three Ute Tribes: Southern Ute, Mountain Ute, and Uintah-Ouray
- Completed FAFSA/CASFA
- For students who do not have a prior Bachelor's degree who are pursuing a financial aid eligible undergraduate degree (Certificate, Associates or Bachelors)
- Maintain 2.0 GPA and 67% credit completion rate
- Max of 120 credits or receipt of first bachelors

CU Boulder Promise:

- Last dollar scholarship covering tuition and fees
- Federal SAI below 6,657 (EFC roughly \$65,000 or less)
- Colorado Resident
- Completed a FAFSA/CASFA
- Undergraduate working on first bachelor's degree
- Enrolled in 12 or more credits per semester at main campus
- Maintain Satisfactory Academic Progress

Western Colorado University Promise:

- Last dollar program which covers standard tuition and mandatory fees
- AGI at or below \$70,000, with demonstrated need
- Colorado Resident or ASSET eligible
- New first-year or new transfer student as of Fall 2024
- Completed a FAFSA/CASFA and qualify for COF
- Degree seeking, undergraduate student
- Enrolled in 12 or more credits per semester

- Maintain Satisfactory Academic Progress

University of Northern Colorado Promise:

- Last dollar program which covers tuition and mandatory fees
- Colorado Residents or eligible ASSET students undergraduates working towards their first bachelor's degree
- Complete FAFSA or CASFA by June 1
- Household Adjusted Gross Income (AGI) at or below \$65,000 or a Student Aid Index (SAI) of 3,000 or less
- Enrolled in 12 or more course credits
- Maintain Satisfactory Academic Progress

CSU Pueblo Promise:

- Last dollar program which covers in-state tuition for up to 15 credits per semester
- Eligibility Requirements for Program
- Family Income of \$70,000 or less
- Colorado Resident
- First-time college students or transfer students
- Completed a FAFSA/CASFA
- Enrolled in 12 or more credits per semester
- Maintain a 3.0 GPA or higher

Among the community colleges, Pikes Peak State College and Aims Community College have specific Promise programs. Pikes Peak's targets graduates of certain school districts and is particularly generous in that it does not have income restrictions and covers books and materials. *For most community colleges, however, the federal Pell grant combined with the state Colorado Student Grant is generally sufficient to cover tuition and mandatory fees.*

Footnotes and Requests for Information

Update on Long Bill Footnotes

The General Assembly includes footnotes in the annual Long Bill to: (a) set forth purposes, conditions, or limitations on an item of appropriation; (b) explain assumptions used in determining a specific amount of an appropriation; or (c) express legislative intent relating to any appropriation. Footnotes to the 2024 Long Bill (H.B. 24-1430) can be found at the end of each departmental section of the bill at <https://leg.colorado.gov/bills/HB24-1430> The Long Bill footnotes relevant to this document are listed below.

Note: Department Footnotes 31, and 36-38 are addressed in a separate Higher Education briefing packet.

30 Department of Health Care Policy and Financing, Totals; Department of Higher Education, College Opportunity Fund Program, Fee-for-service Contracts with State Institutions, Fee-for-service Contracts with State Institutions for Specialty Education Programs; Governing Boards, Regents of the University of Colorado -- The Department of Higher Education shall transfer \$900,000 to the Department of Health Care Policy and Financing for administrative costs and family medicine residency placements associated with care provided by the faculty of the health sciences center campus at the University of Colorado that are eligible for payment pursuant to Section 25.5-4-401, C.R.S. If the federal Centers for Medicare and Medicaid services continues to allow the Department of Health Care Policy and Financing to make supplemental payments to the University of Colorado School of Medicine, the Department of Higher Education shall transfer the amount approved, up to \$107,671,715, to the Department of Health Care Policy and Financing pursuant to Section 23-18-304(1)(c), C.R.S. If permission is discontinued, or is granted for a lesser amount, the Department of Higher Education shall transfer any portion of the \$107,671,715 that is not transferred to the Department of Health Care Policy and Financing to the Regents of the University of Colorado.

Comment: A version of this footnote has appeared in the Long Bill since FY 2017-18. It enables the University of Colorado to draw down additional federal Medicaid matching funds to raise payments to doctors for clinical services offered by University of Colorado School of Medicine faculty, to support family medicine residency placements, related administrative costs, and a range of services that are based on a memorandum of understanding between the University of Colorado and the Department of Health Care Policy and Financing. The response to an annual request for information is addressed in a Department of Health Care Policy and Financing briefing packet and in a related briefing issue in this packet.

32 Department of Higher Education, Colorado Commission on Higher Education and Higher Education Special Purpose Programs, Tuition/Enrollment Contingency -- The Colorado Commission on Higher Education may transfer spending authority from this line item to the Governing Boards if tuition revenue increases beyond appropriated levels. The spending authority for this line item is in addition to the funds appropriated directly to the

Governing Boards. It is the General Assembly's intent that the Colorado Commission on Higher Education transfer spending authority from this line item to allow institutions to receive and expend tuition revenue beyond appropriated levels that results from higher than expected enrollment and not to support tuition increases that exceed the assumptions outlined in the footnotes for each governing board.

Comment: This footnote, which is attached to a \$75.0 million cash funds line item, is associated with the General Assembly's authority to appropriate tuition. The legislative authority to appropriate tuition enables the General Assembly to limit tuition increases. This line item and footnote limits the risk of an unintended consequence in which spending authority is restricted based on an institution's enrollment, rather than a tuition rate that exceeds the amount approved by the General Assembly. Versions of this footnote have been included in many Long Bills. Between FY 2010-11 and FY 2015-16 the General Assembly suspended statutory provisions that authorized the General Assembly to appropriate tuition. The suspension was then allowed to lapse, and this footnote was included in the FY 2016-17 Long Bill and has been included in the Long Bill since that time.

33 Department of Higher Education, Colorado Commission on Higher Education Financial Aid, Need Based Grants -- It is the General Assembly's intent that additional funds added in this line item be targeted by institutions, first, toward ensuring that tuition costs are fully covered for Colorado resident student freshmen entering in the 2024-25 state fiscal year within two years of graduating high school who are Pell eligible and attending at least half-time at a two year institution or full-time at a four-year institution.

Comment: This footnote was added in FY 2024-25 as part of an effort to create a unified message about free tuition for students. The Department indicated it does not at this stage have data on whether institutions are complying. See the briefing issue on "Free tuition" for related information.

34 Department of Higher Education, Colorado Commission on Higher Education Financial Aid, Work Study -- Two percent of the Work Study appropriation remains available for expenditure until the close of the 2025-26 state fiscal year.

Comment: This footnote has been included in the Long Bill for more than 10 years. It provides flexibility for the Department to roll forward work-study funds because employment by some students in the summer of the academic year may occur in the next state fiscal year.

34b Department of Higher Education, College Opportunity Fund Program, Fee-for-service Contracts with State Institutions, Fee-for-service Contracts with State Institutions for Specialty Education Programs; Governing Boards, Regents of the University of Colorado -- The appropriations in these line items are calculated to include an increase of \$88,000 General Fund reappropriated to the Regents of the University of Colorado for a one-time fee-for-service contract for the purpose of administering online training modules for continuing medical education for primary care providers.

Comment: This footnote was added in FY 2024-25 in conjunction with the Long Bill floor amendment and subsequent conference committee action to explain the purpose of a Long Bill

amendment. The Department indicates that based on the process for funding the CU School of Medicine, it anticipates that these funds will be included in a payment to CU in June 2025.

35 Department of Higher Education, Governing Boards -- Department of Higher Education, Governing Boards, Trustees of Adams State University, Trustees of Colorado Mesa University, Trustees of Metropolitan State University of Denver, Trustees of Western Colorado University, Board of Governors of the Colorado State University System, Trustees of Fort Lewis College, Regents of the University of Colorado, Trustees of the Colorado School of Mines, University of Northern Colorado, and State Board for Community Colleges and Occupational Education State System Community Colleges -- The amounts in these line items are calculated based on the assumption that no undergraduate student with in-state classification will pay more tuition in FY 2024-25 than three percent over what a student would have paid in FY 2023-24 for the same credit hours and course of study. These amounts are also calculated based on the assumption that each governing board will increase tuition rates for graduate and nonresident students based on its assessment of market conditions, except that the calculation for any institution at which the state contributes a share of nonresident tuition is based on the assumption that no student with nonresident classification will pay more tuition in FY 2024-25 than four percent over what a student would have paid in FY 2023-24 for the same credit hours and course of study. The General Assembly intends to adjust the amounts in these line items through supplemental action during FY 2024-25 based on updated enrollment estimates and tuition rate information.

Comment: Statute authorizes the General Assembly to appropriate tuition and specify its tuition assumptions in a related footnote. Versions of this footnote have been included in the Long Bill for many years. Between FY 2010-11 and FY 2015-16 the General Assembly suspended statutory provisions that authorized the General Assembly to appropriate tuition. The suspension was then allowed to lapse, and versions of the footnote were included in the FY 2016-17 Long Bill and have been included in the Long Bill since that time. All institutions are in compliance with the footnote for FY 2024-25. *See the Factors Driving the Budget section and FY briefing issues for additional information on higher education tuition.*

35a Department of Higher Education, Governing Boards, Board of Governors of the Colorado State University System -- The appropriation in this line item includes the restoration of \$500,000 cash funds from the Marijuana Tax Cash Fund for the Agrability Project.

Comment: This footnote was added in FY 2024-25 in conjunction with the Long Bill floor amendment and subsequent conference committee action to explain the purpose of a Long Bill amendment.

Update on Requests for Information

The Joint Budget Committee annually submits requests for information (RFIs) to executive departments and the judicial branch via letters to the Governor, other elected officials, and the Chief Justice. Each request is associated with one or more specific Long Bill line item(s), and the requests have been prioritized by the Joint Budget Committee as required by Section 2-3-203 (3), C.R.S. Copies of these letters are included as an Appendix in the annual Appropriations Report (Appendix H in the FY 2024-25 Report):

<https://leg.colorado.gov/sites/default/files/fy24-25apprept.pdf>

The RFIs relevant to this document are listed below.

Notes:

- Multi-Department Request 2, concerning Career and Technical Education, is addressed in a briefing packet for the Department of Education (Categorical Programs); Multi-Department Request 3, concerning funds transferred from the CU School of Medicine to the Department of Health Care Policy and Financing, is addressed in a briefing packet for the Department of Healthcare Policy and Financing, as well as here; Multi-Department Request 4, concerning Tobacco Master Settlement Agreement funding to the University of Colorado is addressed in the Tobacco Policy briefing.
- Department of Higher Education Requests 3, 4, and 6 are addressed in a separate Higher Education briefing packet that covers department sections other than financial aid and the higher education governing boards.

Requests Affecting Multiple Departments

- 3 Department of Higher Education, Governing Boards, Regents of the University of Colorado -
- Based on agreements between the University of Colorado and the Department of Health Care Policy and Financing regarding the use of Anschutz Medical Campus Funds as the State contribution to the Upper Payment Limit, the General Assembly anticipates various public benefits. The General Assembly further anticipates that any increases to funding available for this program will lead to commensurate increases in public benefits. The University of Colorado and the Department of Health Care Policy and Financing are requested to submit a report to the Joint Budget Committee about the program and these benefits by October 1 each year.

Comment: This report is addressed in the briefing packet for the Department of Health Care Policy and Financing but is also discussed in this packet, in light of a request to reduce the appropriation to the University of Colorado for the School of Medicine. A link to the response is here:

https://hcpf.colorado.gov/sites/hcpf/files/2024%20OCT_HCPF%20CUSOM%20LRFI%20Multi%2033%20_FINAL.pdf

Department of Higher Education Requests

- 1 Department of Higher Education, Colorado Commission on Higher Education and Higher Education Special Purpose Programs, Administration; Governing Boards – The Department is requested to collaborate with the institutions of higher education and other interested individuals and entities to develop and begin to disseminate a statewide affordability message to help students, parents, and K-12 administrators better understand that that low income students are unlikely to pay tuition and fees at public institutions of higher education. The Department has received funding to support 1.0 FTE term-limited position for two years for this project, which may be used for several part-time individuals and contractors with appropriate skill-sets as the Department deems appropriate. The Department is requested to take the following steps.
 - (1) Convene a workgroup to help and inform the college affordability project described below. This should include representatives from postsecondary institutions, K-12 institutions, parents, students, community organizations, and other interested parties.
 - (2) Solicit financial aid and other data from higher education institutions, and convene higher education enrollment managers, financial aid managers, and other higher education leaders and financial aid experts to identify clear, consistent, and factually accurate information that describes the tuition and fees low income students pay at public institutions of higher education. This should include identifying which students pay no tuition or fees and should, at a minimum, apply to first-time students who are eligible for federal financial assistance. Information should be related to family income levels and familiar public benefits, such as Medicaid or food assistance, rather than the technical terminology used by financial aid professionals.
 - (3) Work with institutions to identify changes to institutional financial aid policies that would further clarify such a message and, if relevant, determine the additional state funding that would be required to support changes to financial aid policies and thus strengthen the statewide message.
 - (4) Solicit input from students, parents, K-12 leaders, high school counselors, community organizations, postsecondary enrollment managers, public relations professionals, and other interested individuals to combine the information gathered under paragraphs (2) and (3) to identify the affordability message that students and families believe will be most effective, as well as to help identify the best mechanisms for disseminating this information.
 - (5) Develop a statewide affordability messaging toolkit for use by K-12 staff, as well as post-secondary institutions, community organizations, and other interested parties, that can be used over time across the state to further a common statewide understanding of college affordability.

The Department is requested to submit an update on its progress on this project by November 1, 2023 and November 1, 2024 and a final report on the project on November 1, 2025.

For the November 1, 2024, report, the JBC requests the following:

- (6) The report should include sufficient information and budget detail to enable the General Assembly to launch and publicize a statewide guarantee of tuition-free college for low income students statewide beginning no later than FY 2025-26.
- (7) The report should identify components to which all public institutions can be held with little or no additional resources, such as committing that graduates of Colorado high schools who are eligible for federal financial assistance and have household incomes under \$60,000, begin postsecondary education within two years of graduation, complete a FAFSA or CASFA application for financial aid, and attend at least half-time at a two-year institution or full-time at a four year institution will not pay tuition. Such a program should, at a minimum, be offered to students who begin as first-time freshmen in FY 2025-26 and cover each new freshman class in the subsequent years.
- (8) The report should also identify options and recommendations for expanding such a program to capture a larger share of potential students and costs, such as student fees and students with higher incomes. To the extent costs are not already covered by existing federal, state and institutional resources, the report should include a proposal for how any additional state funding will be allocated in order to limit financial risks to public institutions and the state. This may include both maintenance-of-effort and matching requirements for institutional aid, whereby institutions and the State have shared responsibility for covering additional costs. Any matching requirements should take into account the different types of resources available to different types of public institutions.
- (9) Finally, the report should include a proposal, with related budget estimates for new state funding, for publicizing the program in a way that takes maximum advantage of existing institutional structures, such as K-12 superintendents, principals, counselors, teachers and postsecondary admissions and outreach staff.

Comment: The Department submitted the requested report. Please see the briefing issue on this topic.

- 2 Department of Higher Education, Colorado Commission on Higher Education, Administration; and Governing Boards -- The Department is requested to coordinate the following annual data submissions to the Joint Budget Committee and Legislative Council Staff to support tuition, fee, and stipend revenue estimates used for appropriations and informational amounts included in the Long Bill.
 - By November 10, 2024: Submit budget data books for each of the governing boards that provide detail on education and general revenue and expenditures for each institution for the most recent actual year (FY 2023-24) and the current estimate year (FY 2024-25).
 - Include estimate-year FY 2024-25 full time equivalent (FTE) enrollment data for resident undergraduate and graduate students and non-resident undergraduate

and graduate students, in addition to actual year FY 2023-24 student FTE data. FY 2024-25 student FTE estimates should be those used to develop the FY 2024-25 revenue and expenditure estimates in the data books.

- Identify actual FY 2023-24 and budgeted FY 2024-25 student FTE eligible for the College Opportunity Fund (COF) stipend in the budget data book submission.
 - As part of the submission, the Department is requested to identify actual and estimated expenditures of federal stimulus funds used to support institutional operations, if applicable.
 - The Department is requested to provide separately the actual and estimated revenue from mandatory fees using the definitions established by the Department of Higher Education for mandatory fees.
 - To improve legislative understanding of the basis for amounts in the budget data books, **as part of this submission the Department is also requested to coordinate an explanation of policies that undergird the budget data books, such as staff salary compensation pools, targeted compensation allocations (e.g., to particular staff), benefits, and special projects for actual year FY 2023-24 and budget year FY 2024-25.** The Department is requested to collect this information from the institutions in a consistent format that is coordinated with Joint Budget Committee Staff.
- By December 15, 2024: Submit fall 2024 student FTE census data. This should include resident undergraduate and graduate and non-resident undergraduate and graduate FTE figures for each governing board and institutional break-outs for those governing boards that oversee multiple institutions.
 - By February 15, 2025: Submit revised estimate year FY 2024-25 and request year FY 2025-26 revenue and enrollment data for each governing board, along with the comparable FY 2023-24 actual data for context. Include data at the institutional level for the University of Colorado and Colorado State University Systems.
 - For each year, include FTE enrollment and revenue estimates for resident undergraduate and graduate students and non-resident undergraduate and graduate students. The data should clearly separate revenue associated with each of these four categories, where applicable.
 - Include annotations explaining assumptions, including tuition and fee rate and enrollment assumptions for the FY 2025-26 request year.
 - Consistent with the requirements of Section 23-18-202 (2)(a)(I), C.R.S., also include an update on the number of student FTE estimated to be eligible for COF stipends FY 2024-25 based on the most recent data available (different from the figures used to establish initial stipend appropriations).
 - Include actual and estimated expenditures of federal stimulus funds, if applicable., indicating the portion of such funds used for education and general purposes.
 - Include actual and estimated revenue from mandatory fees using the definitions established by the Department of Higher Education for mandatory fees.

- To further improve the quality of the 2025 session forecast, complete additional survey materials to be distributed by Legislative Council Staff addressing current year incoming, first-time student undergraduate fall resident and nonresident class size (FTE); estimated current year graduating (outgoing) undergraduate resident and nonresident class size (FTE); occurrence of tuition guarantees for current year and out-year and impacted student populations (undergrads and grads, resident and nonresident, and among campuses, as applicable); number of concurrent enrollment students in current year FTE estimate; and whether concurrent enrollment student tuition is reflected in current year tuition revenue estimates and in the forecast.

Comment: The Department submitted the data due in November. The responses have been used to populate data throughout this document. Additional data submissions are pending.

- 5 Department of Higher Education, Colorado Commission on Higher Education, Administration -- The Department should continue its efforts to provide data on the efficiency and effectiveness of state financial aid in expanding access to higher education for Colorado residents. The Department is requested to provide to the Joint Budget Committee by December 1 of each year an evaluation of financial aid programs, which should include, but not be limited to: (1) an estimate of the amount of federal, institutional, and private resources (including tax credits) devoted to financial aid; (2) the number of recipients from all sources; (3) information on typical awards; and (4) the typical debt loads of graduates. The Department is requested to provide more in-depth data on the financial aid awarded at the state's public institutions, by institution. This should include further information on the use of institutional aid, including the extent to which such aid is awarded to residents versus non-residents, for financial need versus merit, and the extent to which merit-based aid is awarded to students who qualify on the basis of need, whether or not the aid was classified as merit-based.

Comment: *The Department had not submitted the report as of December 12, 2024, so staff has incorporated older data in this packet.* Staff understands that the Department is still working to complete the report.

- 7 Department of Higher Education, Colorado Commission on Higher Education, Special Purpose, Tuition/Enrollment Contingency -- The Department is requested to provide information on the amount of Tuition Enrollment Contingency funds distributed to any governing board and whether the governing board complied with Colorado Commission on Higher Education tuition policy and intended limits on undergraduate rates expressed in Long Bill footnotes. This information, as it applies to actual expenditures in FY 2023-24 should be provided by November 1, 2024, and as it applies to actual expenditures in FY 2024-25 should be provided by November 1, 2025.

Comment: This request has been included since FY 2016-17, when the General Assembly again began to appropriate tuition and provide a tuition/enrollment contingency line item. The Department has reported that by May 15 each year, governing boards must apply for tuition contingency funding with information on the tuition contingency fund requested, the undergraduate resident tuition rate for the year, the reason for needing additional spending

authority, and a variation analysis from the most recent tuition appropriation. Any Board that has complied with the tuition limit in the Long Bill and that does not request more than its proportionate share of tuition contingency funding is automatically approved. If a governing board needs spending authority over their proportionate share, CDHE staff determine if there is spending authority remaining. As a last resort, a June 1331 supplemental may be submitted to the Joint Budget Committee.

In FY 2020-21, the previous \$60.0 million contingency appropriation was insufficient, but the Department failed to submit an interim supplemental request. The problem was ultimately addressed by adding FY 2021-22 supplemental tuition spending authority for the University of Colorado (\$22.4 million) and Colorado State University (\$10.3 million), and the Department indicated that it had revised procedures so that it would in the future have information on interim supplemental spending authority required in time to make a June request. The General Assembly also took action through a FY 2021-22 supplemental and FY 2022-23 appropriation to increase the tuition contingency appropriation to \$75.0 million.

The Department submitted the required report. The report indicated that \$15.0 million of the \$75.0 million in contingency funds was distributed for FY 2023-24, as shown below.

IHE	Original 23-24 Spending Authority	Tuition Contingency Fund Approved	New 23-24 Spending Authority
Adams State University	\$23,981,178	-	\$23,981,178
Colorado Mesa University	75,693,854	-	75,693,854
Metropolitan State University of Denver	106,810,603	-	106,810,603
Western State Colorado University	23,315,722	2,952,701	26,268,423
Colorado State University System	520,877,584	5,000,000	525,877,584
Fort Lewis College	43,247,204	4,181,873	47,429,077
University of Colorado System	1,279,200,824	2,823,100	1,282,023,924
Colorado School of Mines	-	-	-
University of Northern Colorado	72,026,056	-	72,026,056
Colorado Community College System	302,979,676	9,281,962	302,979,676
Totals	\$2,448,132,701	\$14,957,674	\$2,463,090,375
Tuition Spending Authority Total Increase	14,957,674		
Total 23-24 Tuition Spending Authority	2,463,090,375		

Department Annual Performance Report

Pursuant to Section 2-7-205 (1)(b), C.R.S., the Department of Higher Education is required to publish an **Annual Performance Report** for the *previous state fiscal year* by November 1 of each year. This report is to include a summary of the Department's performance plan and most recent performance evaluation for the designated fiscal year. In addition, pursuant to Section 2-7-204 (3)(a)(I), C.R.S., the Department is required to develop a **Performance Plan** and submit the plan for the *current fiscal year* to the Joint Budget Committee and appropriate Joint Committee of Reference by July 1 of each year.

For consideration by the Joint Budget Committee in prioritizing the Department's FY 2025-26 budget request, the FY 2023-24 Annual Performance Report and the FY 2024-25 Performance Plan can be found at the following link:

<https://www.colorado.gov/pacific/performancemanagement/department-performance-plans>

In addition, pursuant to Section 2-7-204 (3)(a)(II)(A), C.R.S., the Department of Higher Education shall satisfy the requirement to develop a Performance Plan for the *current fiscal year* through the master plan for postsecondary education maintained by the Colorado Commission on Higher Education (CCHE). Copies of such documents shall be submitted to the Joint Budget Committee and appropriate Joint Committee of Reference by July 1 of each year.

Data now includes performance at the institutional level, although data is only available through 2022 due to a recent Department data breach incident. This may be directly accessed at the following link:

<https://cdhe.colorado.gov/about-us/cche/strategic-plan-dashboard>

Appendix A: Numbers Pages

Appendix A details actual expenditures for the last two state fiscal years, the appropriation for the current fiscal year, and the requested appropriation for next fiscal year. This information is listed by line item and fund source.

Appendix A: Numbers Pages

	FY 2022-23 Actual	FY 2023-24 Actual	FY 2024-25 Appropriation	FY 2025-26 Request	Request vs. Appropriation
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Department of Higher Education
Angie Paccione, Executive Director

(3) Colorado Commission on Higher Education Financial Aid

Financial aid programs assist students in covering the cost of higher education. This section includes state appropriations for need based grants, merit based grants, work study, and various special purpose financial aid programs.

(A) Need Based Grants

Need Based Grants	<u>206,176,170</u>	<u>232,379,200</u>	<u>254,014,634</u>	<u>255,808,162</u> *	
General Fund	205,712,316	231,101,918	72,768,767	74,562,295	
General Fund Exempt	0	0	179,968,585	179,968,585	
Cash Funds	0	1,277,282	0	0	
Reappropriated Funds	463,854	0	1,277,282	1,277,282	
Federal Funds	0	0	0	0	
SUBTOTAL - (A) Need Based Grants	206,176,170	232,379,200	254,014,634	255,808,162	0.7%
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0%</u>
General Fund	205,712,316	231,101,918	72,768,767	74,562,295	2.5%
General Fund Exempt	0	0	179,968,585	179,968,585	0.0%
Cash Funds	0	1,277,282	0	0	0.0%
Reappropriated Funds	463,854	0	1,277,282	1,277,282	0.0%
Federal Funds	0	0	0	0	0.0%

Note: An asterisk (*) indicates that the FY 2025-26 request for a line item is affected by one or more decision items.

Appendix A: Numbers Pages

	FY 2022-23 Actual	FY 2023-24 Actual	FY 2024-25 Appropriation	FY 2025-26 Request	Request vs. Appropriation
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(B) Work Study

Work Study	<u>22,001,503</u>	<u>23,202,845</u>	<u>23,129,178</u>	<u>23,129,178</u>	
General Fund	<u>22,001,503</u>	<u>23,202,845</u>	<u>23,129,178</u>	<u>23,129,178</u>	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	

SUBTOTAL - (B) Work Study	<u>22,001,503</u>	<u>23,202,845</u>	<u>23,129,178</u>	<u>23,129,178</u>	0.0%
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	0.0%
General Fund	<u>22,001,503</u>	<u>23,202,845</u>	<u>23,129,178</u>	<u>23,129,178</u>	0.0%
Cash Funds	0	0	0	0	0.0%
Reappropriated Funds	0	0	0	0	0.0%
Federal Funds	0	0	0	0	0.0%

(D) Special Purpose

Veterans'/Law Enforcement/POW Tuition Assistance	<u>1,170,254</u>	<u>1,327,030</u>	<u>1,643,700</u>	<u>1,643,700</u> *	
General Fund	<u>1,170,254</u>	<u>1,327,030</u>	<u>1,643,700</u>	<u>1,643,700</u>	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
 Native American Students/Fort Lewis College	<u>25,563,965</u>	<u>22,264,858</u>	<u>22,028,890</u>	<u>21,839,853</u> *	
General Fund	<u>25,563,965</u>	<u>22,264,858</u>	<u>22,028,890</u>	<u>21,839,853</u>	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	

Appendix A: Numbers Pages

	FY 2022-23 Actual	FY 2023-24 Actual	FY 2024-25 Appropriation	FY 2025-26 Request	Request vs. Appropriation
Colorado Opportunity Scholarship Initiative Fund	<u>18,974,548</u>	<u>20,551,623</u>	<u>10,000,000</u>	<u>10,000,000</u>	
FTE	0.0	0.0	0.0	0.0	
General Fund	7,000,000	10,000,000	10,000,000	10,000,000	
Cash Funds	11,974,548	10,551,623	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Tuition Assistance for Career and Technical Education					
Certificate Programs	<u>427,855</u>	<u>432,114</u>	<u>450,000</u>	<u>450,000</u>	
General Fund	427,855	432,114	450,000	450,000	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
S.B. 21-106 Fourth-year Innovation Pilot Program	<u>162,999</u>	<u>270,917</u>	<u>524,615</u>	<u>524,615</u>	
FTE	0.7	0.0	0.7	0.7	
General Fund	162,999	270,917	524,615	524,615	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
State Aid for Foster Students Program	<u>900,787</u>	<u>2,117,497</u>	<u>2,605,519</u>	<u>2,605,519</u>	
FTE	3.7	0.0	4.0	4.0	
General Fund	900,787	2,117,497	2,605,519	2,605,519	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	

Appendix A: Numbers Pages

	FY 2022-23 Actual	FY 2023-24 Actual	FY 2024-25 Appropriation	FY 2025-26 Request	Request vs. Appropriation
H.B. 22-1220 Student Educator Stipend Program	<u>0</u>	<u>0</u>	<u>4,197,000</u>	<u>0</u>	
FTE	0.0	0.0	1.0	0.0	
General Fund	0	0	0	0	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	4,197,000	0	
Federal Funds	0	0	0	0	
COSI Youth Mentorship Stipend Pilot Program	<u>0</u>	<u>10,000</u>	<u>0</u>	<u>0</u>	
General Fund	0	10,000	0	0	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Postsecondary Assistance for Students who Were Homeless in High Schl	<u>0</u>	<u>0</u>	<u>1,668,381</u>	<u>1,655,041</u>	
FTE	0.0	0.0	1.8	2.0	
General Fund	0	0	1,668,381	1,655,041	
H.B. 21-1330 COSI Student Financial Aid and Support Services at IHEs	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	0	0	0	0	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	

Appendix A: Numbers Pages

	FY 2022-23 Actual	FY 2023-24 Actual	FY 2024-25 Appropriation	FY 2025-26 Request	Request vs. Appropriation
S.B. 21-232 COSI Displaced Workers Program	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	0	0	0	0	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Displaced Aurarian Scholarship	<u>1,999,998</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	1,999,998	0	0	0	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
H.B. 22-1220 Educator Test Stipend Program	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
FTE	0.0	0.0	0.0	0.0	
General Fund	0	0	0	0	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
SUBTOTAL - (D) Special Purpose	49,200,406	46,974,039	43,118,105	38,718,728	(10.2%)
<i>FTE</i>	<u>4.4</u>	<u>0.0</u>	<u>7.5</u>	<u>6.7</u>	<u>(10.7%)</u>
General Fund	37,225,858	36,422,416	38,921,105	38,718,728	(0.5%)
Cash Funds	11,974,548	10,551,623	0	0	0.0%
Reappropriated Funds	0	0	4,197,000	0	(100.0%)
Federal Funds	0	0	0	0	0.0%

Appendix A: Numbers Pages

	FY 2022-23 Actual	FY 2023-24 Actual	FY 2024-25 Appropriation	FY 2025-26 Request	Request vs. Appropriation
TOTAL - (3) Colorado Commission on Higher Education					
Financial Aid	277,378,079	302,556,084	320,261,917	317,656,068	(0.8%)
<i>FTE</i>	<u>4.4</u>	<u>0.0</u>	<u>7.5</u>	<u>6.7</u>	<u>(10.7%)</u>
General Fund	264,939,677	290,727,179	134,819,050	136,410,201	1.2%
General Fund Exempt	0	0	179,968,585	179,968,585	0.0%
Cash Funds	11,974,548	11,828,905	0	0	0.0%
Reappropriated Funds	463,854	0	5,474,282	1,277,282	(76.7%)
Federal Funds	0	0	0	0	0.0%

Appendix A: Numbers Pages

	FY 2022-23 Actual	FY 2023-24 Actual	FY 2024-25 Appropriation	FY 2025-26 Request	Request vs. Appropriation
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(4) College Opportunity Fund Program

This section includes General Fund appropriations for student stipend payments and for fee-for-service contracts between the Colorado Commission on Higher Education and the governing boards that oversee the state higher education institutions.

(A) Stipends

Stipends for eligible full-time equivalent students

attending state institutions	<u>346,925,773</u>	<u>380,276,551</u>	<u>386,955,468</u>	<u>382,945,873</u>	
General Fund	346,925,773	380,276,551	31,467,391	27,457,796	
General Fund Exempt	0	0	355,488,077	355,488,077	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	

Stipends for eligible full-time equivalent students

attending participating private institutions	<u>1,655,048</u>	<u>593,564</u>	<u>1,538,427</u>	<u>1,538,427</u>	
General Fund	1,655,048	593,564	191,092	191,092	
General Fund Exempt	0	0	1,347,335	1,347,335	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	

SUBTOTAL - (A) Stipends	348,580,821	380,870,115	388,493,895	384,484,300	(1.0%)
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0%</u>
General Fund	348,580,821	380,870,115	31,658,483	27,648,888	(12.7%)
General Fund Exempt	0	0	356,835,412	356,835,412	0.0%
Cash Funds	0	0	0	0	0.0%
Reappropriated Funds	0	0	0	0	0.0%
Federal Funds	0	0	0	0	0.0%

Appendix A: Numbers Pages

	FY 2022-23 Actual	FY 2023-24 Actual	FY 2024-25 Appropriation	FY 2025-26 Request	Request vs. Appropriation
(B) Fee-for-service Contracts with State Institutions					
Fee-for-service Contracts with State Institutions Pursuant to Section 23-18-303, C.R.S.	<u>474,407,719</u>	<u>536,336,380</u>	<u>621,981,415</u>	<u>622,387,800</u>	*
General Fund	474,407,719	536,336,380	106,066,042	106,472,427	
General Fund Exempt	0	0	515,915,373	515,915,373	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Fee-for-service Contracts with State Institutions for Specialty Education Programs	<u>161,220,794</u>	<u>179,073,609</u>	<u>206,638,540</u>	<u>188,246,823</u>	*
General Fund	161,220,794	179,073,609	71,942,577	53,550,860	
General Fund Exempt	0	0	134,695,963	134,695,963	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Limited Purpose Fee-for-Service Contracts with State Institutions	<u>6,325,846</u>	<u>7,852,075</u>	<u>10,283,167</u>	<u>1,389,524</u>	*
General Fund	6,325,846	7,852,075	10,283,167	1,389,524	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	

Appendix A: Numbers Pages

	FY 2022-23 Actual	FY 2023-24 Actual	FY 2024-25 Appropriation	FY 2025-26 Request	Request vs. Appropriation
SUBTOTAL - (B) Fee-for-service Contracts with State					
Institutions	641,954,359	723,262,064	838,903,122	812,024,147	(3.2%)
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0%</u>
General Fund	641,954,359	723,262,064	188,291,786	161,412,811	(14.3%)
General Fund Exempt	0	0	650,611,336	650,611,336	0.0%
Cash Funds	0	0	0	0	0.0%
Reappropriated Funds	0	0	0	0	0.0%
Federal Funds	0	0	0	0	0.0%
TOTAL - (4) College Opportunity Fund Program					
	990,535,180	1,104,132,179	1,227,397,017	1,196,508,447	(2.5%)
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0%</u>
General Fund	990,535,180	1,104,132,179	219,950,269	189,061,699	(14.0%)
General Fund Exempt	0	0	1,007,446,748	1,007,446,748	0.0%
Cash Funds	0	0	0	0	0.0%
Reappropriated Funds	0	0	0	0	0.0%
Federal Funds	0	0	0	0	0.0%

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(5) Governing Boards

h funds are primarily from tuition and student fees. Reappropriated funds are initially appropriated as General Fund in the College Opportunity Fund Program section.

(A) Trustees of Adams State University

Trustees of Adams State College	<u>47,097,269</u>	<u>51,145,713</u>	<u>57,295,544</u>	<u>55,829,149</u> *	
FTE	322.6	348.3	374.8	374.8	
General Fund	0	0	0	0	
Cash Funds	26,071,374	27,577,516	29,221,249	29,810,038	
Reappropriated Funds	21,025,895	23,568,197	28,074,295	26,019,111	
SUBTOTAL - (A) Trustees of Adams State University	47,097,269	51,145,713	57,295,544	55,829,149	(2.6%)
FTE	<u>322.6</u>	<u>348.3</u>	<u>374.8</u>	<u>374.8</u>	<u>0.0%</u>
General Fund	0	0	0	0	0.0%
Cash Funds	26,071,374	27,577,516	29,221,249	29,810,038	2.0%
Reappropriated Funds	21,025,895	23,568,197	28,074,295	26,019,111	(7.3%)

(B) Trustees of Colorado Mesa University

Trustees of Colorado Mesa University	<u>120,849,566</u>	<u>128,270,208</u>	<u>135,729,107</u>	<u>137,627,651</u> *	
FTE	762.0	828.7	845.1	845.1	
Cash Funds	80,553,579	83,219,797	86,511,994	88,331,917	
Reappropriated Funds	40,295,987	45,050,411	49,217,113	49,295,734	
SUBTOTAL - (B) Trustees of Colorado Mesa University	120,849,566	128,270,208	135,729,107	137,627,651	1.4%
FTE	<u>762.0</u>	<u>828.7</u>	<u>845.1</u>	<u>845.1</u>	<u>0.0%</u>
Cash Funds	80,553,579	83,219,797	86,511,994	88,331,917	2.1%
Reappropriated Funds	40,295,987	45,050,411	49,217,113	49,295,734	0.2%

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(C) Trustees of Metropolitan State College of Denver

Trustees of Metropolitan State College of Denver	<u>218,803,013</u>	<u>232,505,076</u>	<u>243,985,122</u>	<u>246,565,147</u> *	
FTE	1,368.8	1,445.1	1,556.5	1,556.5	
General Fund	0	0	0	0	
Cash Funds	136,248,629	138,912,730	141,407,171	143,908,575	
Reappropriated Funds	82,554,384	93,592,346	102,577,951	102,656,572	
Federal Funds	0	0	0	0	

SUBTOTAL - (C) Trustees of Metropolitan State College of Denver	218,803,013	232,505,076	243,985,122	246,565,147	1.1%
FTE	<u>1,368.8</u>	<u>1,445.1</u>	<u>1,556.5</u>	<u>1,556.5</u>	0.0%
General Fund	0	0	0	0	0.0%
Cash Funds	136,248,629	138,912,730	141,407,171	143,908,575	1.8%
Reappropriated Funds	82,554,384	93,592,346	102,577,951	102,656,572	0.1%
Federal Funds	0	0	0	0	0.0%

(D) Trustees of Western State College

Trustees of Western State College	<u>40,454,447</u>	<u>47,806,836</u>	<u>55,132,306</u>	<u>53,446,609</u> *	
FTE	268.4	343.4	255.0	255.0	
General Fund	0	0	0	0	
Cash Funds	22,115,435	27,363,249	30,190,060	30,759,547	
Reappropriated Funds	18,339,012	20,443,587	24,942,246	22,687,062	
Federal Funds	0	0	0	0	

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	FY 2022-23 Actual	FY 2023-24 Actual	FY 2024-25 Appropriation	FY 2025-26 Request	Request vs. Appropriation
SUBTOTAL - (D) Trustees of Western State College	40,454,447	47,806,836	55,132,306	53,446,609	(3.1%)
<i>FTE</i>	<u>268.4</u>	<u>343.4</u>	<u>255.0</u>	<u>255.0</u>	<u>0.0%</u>
General Fund	0	0	0	0	0.0%
Cash Funds	22,115,435	27,363,249	30,190,060	30,759,547	1.9%
Reappropriated Funds	18,339,012	20,443,587	24,942,246	22,687,062	(9.0%)
Federal Funds	0	0	0	0	0.0%

(E) Board of Governors of the Colorado State University System

Board of Governors of the Colorado State University

System	<u>783,083,986</u>	<u>833,533,997</u>	<u>871,040,555</u>	<u>883,413,561</u> *
FTE	5,134.0	5,523.1	5,359.4	5,357.9
General Fund	175,000	0	138,104	66,983
Cash Funds	579,754,568	608,320,977	624,912,673	637,569,006
Reappropriated Funds	203,154,418	225,213,020	245,989,778	245,777,572

SUBTOTAL - (E) Board of Governors of the Colorado State University System	783,083,986	833,533,997	871,040,555	883,413,561	1.4%
<i>FTE</i>	<u>5,134.0</u>	<u>5,523.1</u>	<u>5,359.4</u>	<u>5,357.9</u>	<u>(0.0%)</u>
General Fund	175,000	0	138,104	66,983	(51.5%)
Cash Funds	579,754,568	608,320,977	624,912,673	637,569,006	2.0%
Reappropriated Funds	203,154,418	225,213,020	245,989,778	245,777,572	(0.1%)

(F) Trustees of Fort Lewis College

Trustees of Fort Lewis College	<u>64,860,809</u>	<u>68,502,402</u>	<u>72,401,431</u>	<u>71,367,322</u> *
FTE	480.6	455.3	457.9	457.9
Cash Funds	47,746,137	49,432,773	49,212,540	50,233,615
Reappropriated Funds	17,114,672	19,069,629	23,188,891	21,133,707
Federal Funds	0	0	0	0

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	FY 2022-23 Actual	FY 2023-24 Actual	FY 2024-25 Appropriation	FY 2025-26 Request	Request vs. Appropriation
SUBTOTAL - (F) Trustees of Fort Lewis College	64,860,809	68,502,402	72,401,431	71,367,322	(1.4%)
<i>FTE</i>	<u>480.6</u>	<u>455.3</u>	<u>457.9</u>	<u>457.9</u>	<u>0.0%</u>
Cash Funds	47,746,137	49,432,773	49,212,540	50,233,615	2.1%
Reappropriated Funds	17,114,672	19,069,629	23,188,891	21,133,707	(8.9%)
Federal Funds	0	0	0	0	0.0%

(G) Regents of the University of Colorado

Regents of the University of Colorado	<u>1,583,269,303</u>	<u>1,690,138,482</u>	<u>1,773,472,917</u>	<u>1,778,947,215</u> *	
<i>FTE</i>	<u>10,111.3</u>	<u>10,280.9</u>	<u>10,153.1</u>	<u>10,153.3</u>	
General Fund	0	0	0	0	
Cash Funds	1,305,196,753	1,378,683,013	1,421,221,064	1,451,659,748	
Reappropriated Funds	278,072,550	311,455,469	352,251,853	327,287,467	
Federal Funds	0	0	0	0	
SUBTOTAL - (G) Regents of the University of Colorado	1,583,269,303	1,690,138,482	1,773,472,917	1,778,947,215	0.3%
<i>FTE</i>	<u>10,111.3</u>	<u>10,280.9</u>	<u>10,153.1</u>	<u>10,153.3</u>	<u>0.0%</u>
General Fund	0	0	0	0	0.0%
Cash Funds	1,305,196,753	1,378,683,013	1,421,221,064	1,451,659,748	2.1%
Reappropriated Funds	278,072,550	311,455,469	352,251,853	327,287,467	(7.1%)
Federal Funds	0	0	0	0	0.0%

(H) Trustees of the Colorado School of Mines

Trustees of the Colorado School of Mines	<u>209,846,036</u>	<u>249,178,222</u>	<u>273,166,964</u>	<u>278,594,636</u> *	
<i>FTE</i>	<u>1,103.0</u>	<u>1,180.0</u>	<u>1,180.0</u>	<u>1,180.0</u>	
Cash Funds	179,770,840	215,604,091	236,112,088	241,161,139	
Reappropriated Funds	30,075,196	33,574,131	37,054,876	37,433,497	
Federal Funds	0	0	0	0	

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SUBTOTAL - (H) Trustees of the Colorado School of Mines	209,846,036	249,178,222	273,166,964	278,594,636	2.0%
<i>FTE</i>	<u>1,103.0</u>	<u>1,180.0</u>	<u>1,180.0</u>	<u>1,180.0</u>	<u>0.0%</u>
Cash Funds	179,770,840	215,604,091	236,112,088	241,161,139	2.1%
Reappropriated Funds	30,075,196	33,574,131	37,054,876	37,433,497	1.0%
Federal Funds	0	0	0	0	0.0%

(I) University of Northern Colorado

University of Northern Colorado	<u>143,035,692</u>	<u>151,173,501</u>	<u>159,489,407</u>	<u>161,596,556</u> *	
<i>FTE</i>	1,068.0	1,088.7	1,196.6	1,196.6	
Cash Funds	86,159,793	88,052,869	90,485,062	92,213,590	
Reappropriated Funds	56,875,899	63,120,632	69,004,345	69,382,966	
Federal Funds	0	0	0	0	
SUBTOTAL - (I) University of Northern Colorado	143,035,692	151,173,501	159,489,407	161,596,556	1.3%
<i>FTE</i>	<u>1,068.0</u>	<u>1,088.7</u>	<u>1,196.6</u>	<u>1,196.6</u>	<u>(0.0%)</u>
Cash Funds	86,159,793	88,052,869	90,485,062	92,213,590	1.9%
Reappropriated Funds	56,875,899	63,120,632	69,004,345	69,382,966	0.5%
Federal Funds	0	0	0	0	0.0%

(J) State Board for Community Colleges and Occupational Education State System Community Colleges

State Board for Community Colleges and Occupational Education State System Community Colleges	<u>594,762,352</u>	<u>622,350,207</u>	<u>655,780,189</u>	<u>662,803,101</u> *	
<i>FTE</i>	5,322.3	5,719.7	5,649.9	5,649.9	
General Fund	0	0	0	0	
Cash Funds	322,916,012	352,330,393	362,222,947	369,506,764	
Reappropriated Funds	241,372,358	270,019,814	293,557,242	293,296,337	
Federal Funds	30,473,982	0	0	0	

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SUBTOTAL - (J) State Board for Community Colleges and Occupational Education State System Community Colleges					
	594,762,352	622,350,207	655,780,189	662,803,101	1.1%
<i>FTE</i>	<u>5,322.3</u>	<u>5,719.7</u>	<u>5,649.9</u>	<u>5,649.9</u>	(0.0%)
General Fund	0	0	0	0	0.0%
Cash Funds	322,916,012	352,330,393	362,222,947	369,506,764	2.0%
Reappropriated Funds	241,372,358	270,019,814	293,557,242	293,296,337	(0.1%)
Federal Funds	30,473,982	0	0	0	0.0%
TOTAL - (5) Governing Boards					
	3,806,062,473	4,074,604,644	4,297,493,542	4,330,190,947	0.8%
<i>FTE</i>	<u>25,941</u>	<u>27,213.2</u>	<u>27,028.3</u>	<u>27,027.0</u>	(0.0%)
General Fund	175,000	0	138,104	66,983	(51.5%)
Cash Funds	2,786,533,120	2,969,497,408	3,071,496,848	3,135,153,939	2.1%
Reappropriated Funds	988,880,371	1,105,107,236	1,225,858,590	1,194,970,025	(2.5%)
Federal Funds	30,473,982	0	0	0	0.0%

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(6) Local District College Grants Pursuant to Section 23-71-301, C.R.S.

by boards elected by tax district residents. Students from the districts pay discounted tuition rates.

Colorado Mountain College	<u>12,541,748</u>	<u>13,586,160</u>	<u>14,757,695</u>	<u>14,856,674</u> *	
General Fund	10,766,746	11,930,297	13,101,832	13,200,811	
Cash Funds	1,775,002	1,655,863	1,655,863	1,655,863	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Aims Community College	<u>15,396,193</u>	<u>16,665,297</u>	<u>17,979,195</u>	<u>18,078,174</u> *	
General Fund	12,711,777	14,166,012	15,479,910	15,578,889	
Cash Funds	2,684,416	2,499,285	2,499,285	2,499,285	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	

TOTAL - (6) Local District College Grants Pursuant to Section 23-71-301, C.R.S.	27,937,941	30,251,457	32,736,890	32,934,848	0.6%
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0%</u>
General Fund	23,478,523	26,096,309	28,581,742	28,779,700	0.7%
Cash Funds	4,459,418	4,155,148	4,155,148	4,155,148	0.0%
Reappropriated Funds	0	0	0	0	0.0%
Federal Funds	0	0	0	0	0.0%

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(7) Division of Occupational Education

These funds consistent with state and federal law. Most reappropriated funds are from transfers from the Governor's Office of Economic Development and the Department of Education.

(A) Administrative Costs

Administrative Costs	962,309	1,176,957	1,062,309	1,062,309	
FTE	9.0	0.0	9.0	9.0	
General Fund	0	214,648	0	0	
Cash Funds	0	0	0	0	
Reappropriated Funds	962,309	962,309	1,062,309	1,062,309	
Federal Funds	0	0	0	0	
SUBTOTAL - (A) Administrative Costs	962,309	1,176,957	1,062,309	1,062,309	0.0%
FTE	9.0	0.0	9.0	9.0	0.0%
General Fund	0	214,648	0	0	0.0%
Cash Funds	0	0	0	0	0.0%
Reappropriated Funds	962,309	962,309	1,062,309	1,062,309	0.0%
Federal Funds	0	0	0	0	0.0%

(B) Distribution of State Assistance for Career and Technical Education pursuant to Section 23-8-102, C.R.S.

Distributions of State Assistance for Career and Technical Education	28,244,361	30,372,603	30,514,944	30,514,944	
General Fund	0	0	0	0	
Cash Funds	0	0	0	0	
Reappropriated Funds	28,244,361	30,372,603	30,514,944	30,514,944	
Federal Funds	0	0	0	0	

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SUBTOTAL - (B) Distribution of State Assistance for Career and Technical Education pursuant to Section 23-8-102, C.R.S.	28,244,361	30,372,603	30,514,944	30,514,944	0.0%
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0%</u>
General Fund	0	0	0	0	0.0%
Cash Funds	0	0	0	0	0.0%
Reappropriated Funds	28,244,361	30,372,603	30,514,944	30,514,944	0.0%
Federal Funds	0	0	0	0	0.0%

(C) Area Technical College Support

Area Technical College Operating Support	<u>18,392,334</u>	<u>20,455,069</u>	<u>22,352,277</u>	<u>22,550,235</u> *	
General Fund	18,392,334	20,455,069	22,352,277	22,550,235	
General Fund Exempt	0	0	0	0	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
SUBTOTAL - (C) Area Technical College Support	18,392,334	20,455,069	22,352,277	22,550,235	0.9%
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0%</u>
General Fund	18,392,334	20,455,069	22,352,277	22,550,235	0.9%
General Fund Exempt	0	0	0	0	0.0%
Cash Funds	0	0	0	0	0.0%
Reappropriated Funds	0	0	0	0	0.0%
Federal Funds	0	0	0	0	0.0%

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(D) Sponsored Programs

Administration	<u>2,290,474</u>	<u>4,038,725</u>	<u>2,709,888</u>	<u>2,709,888</u>	
FTE	26.2	23.0	23.0	23.0	
General Fund	0	0	0	0	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	2,290,474	4,038,725	2,709,888	2,709,888	
Programs	<u>19,154,552</u>	<u>19,635,459</u>	<u>16,156,031</u>	<u>16,156,031</u>	
General Fund	0	0	0	0	
Cash Funds	0	0	0	0	
Reappropriated Funds	1,458,600	0	0	0	
Federal Funds	17,695,952	19,635,459	16,156,031	16,156,031	

SUBTOTAL - (D) Sponsored Programs	21,445,026	23,674,184	18,865,919	18,865,919	0.0%
FTE	<u>26.2</u>	<u>23.0</u>	<u>23.0</u>	<u>23.0</u>	<u>0.0%</u>
General Fund	0	0	0	0	0.0%
Cash Funds	0	0	0	0	0.0%
Reappropriated Funds	1,458,600	0	0	0	0.0%
Federal Funds	19,986,426	23,674,184	18,865,919	18,865,919	0.0%

(E) Colorado First Customized Job Training

Colorado First Customized Job Training	<u>4,500,000</u>	<u>4,176,642</u>	<u>4,500,000</u>	<u>4,500,000</u>	
General Fund	0	0	0	0	
Cash Funds	0	0	0	0	
Reappropriated Funds	4,500,000	4,176,642	4,500,000	4,500,000	
Federal Funds	0	0	0	0	

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SUBTOTAL - (E) Colorado First Customized Job Training	4,500,000	4,176,642	4,500,000	4,500,000	0.0%
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0%</u>
General Fund	0	0	0	0	0.0%
Cash Funds	0	0	0	0	0.0%
Reappropriated Funds	4,500,000	4,176,642	4,500,000	4,500,000	0.0%
Federal Funds	0	0	0	0	0.0%
TOTAL - (7) Division of Occupational Education	73,544,030	79,855,455	77,295,449	77,493,407	0.3%
<i>FTE</i>	<u>35.2</u>	<u>23.0</u>	<u>32.0</u>	<u>32.0</u>	<u>0.0%</u>
General Fund	18,392,334	20,669,717	22,352,277	22,550,235	0.9%
General Fund Exempt	0	0	0	0	0.0%
Cash Funds	0	0	0	0	0.0%
Reappropriated Funds	35,165,270	35,511,554	36,077,253	36,077,253	0.0%
Federal Funds	19,986,426	23,674,184	18,865,919	18,865,919	0.0%
TOTAL - Department of Higher Education	5,175,457,703	5,591,399,819	5,955,184,815	5,954,783,717	NaN
<i>FTE</i>	<u>25,980.6</u>	<u>27,236.2</u>	<u>27,067.8</u>	<u>27,065.7</u>	<u>(0.0%)</u>
General Fund	1,297,520,714	1,441,625,384	405,841,442	376,868,818	(7.1%)
General Fund Exempt	0	0	1,187,415,333	1,187,415,333	0.0%
Cash Funds	2,802,967,086	2,985,481,461	3,075,651,996	3,139,309,087	2.1%
Reappropriated Funds	1,024,509,495	1,140,618,790	1,267,410,125	1,232,324,560	(2.8%)
Federal Funds	50,460,408	23,674,184	18,865,919	18,865,919	0.0%



December 6, 2024

Dear Members of the Joint Budget Committee,

Thank you for the investments the State of Colorado has made in higher education over the past several years. The JBC’s commitment to funding public postsecondary education has strengthened our ability to meet Colorado’s workforce needs and educate Colorado students. Since FY 2018-19, Colorado institutions awarded over 325,000 post-secondary degrees and certificates.¹ On the whole, our current Fall 2024 student enrollment is at record high levels, over 250,000 students statewide, which is a 2.7 percent year-over-year increase. Additionally, the state funding increases the JBC championed have enabled nearly all institutions to keep resident undergraduate tuition increases below the rate of inflation. In fact, since FY 2018-19, resident undergraduate student tuition rate limits set by the legislature are a cumulative 4.7 percentage points below inflation.

Continued investment in public higher education is critical in order to keep resident tuition in check and to continue making progress as we work to meet the state’s workforce demand. Colorado ranks fourth in the country for the share of jobs that will require a postsecondary credential in the future. By 2031, 73 percent of Colorado jobs will require some postsecondary training beyond high school.² In 2023, 94.7 percent of Tier 1 Top Jobs – meaning an income

¹ Colorado Department of Higher Education, All Public Institutions of Higher Education, Degrees and Certificates Awarded reported to SURDS, 2022.

² Georgetown University Center for Workforce and Education, “National Report: After Everything – Projections of Jobs, Education, and Training Requirements through 2031” (2023).

that can support a family of three with two adults (one working) and one child – require some type of postsecondary education.³

Compared to other U.S. states, Colorado’s support for higher education funding is low.⁴ According to the Hanover Peer study, Colorado institutions are over \$900 million below the average funding of their national peers. And while Colorado’s relative position to other states has improved because of your efforts, Colorado’s state funding per student is still ranked at 42nd in country.⁵ Increased state funding for higher education is critical to help ensure Colorado remains competitive in the national labor and economic landscape, particularly as neighboring states offer rivaling tuition rates to Coloradans and risk straining our local talent pipelines. Our agreed upon funding request addresses increasing expenses like compensation, health/life/dental, and inflationary increases on our operations while enabling us to keep tuition in check.

For FY 2025-26, we respectfully request a General Fund increase of \$80.2 million (\$65.1 million in state operating funding + \$15.1 million in financial aid) and authority for a 2.7% tuition rate increase for resident undergraduates (at forecasted inflation).

This state funding request helps maintain Coloradans’ access to higher education. Colorado’s public system of higher education has been growing, with total Fall 2024 student enrollment at record levels. The overwhelming majority of statewide enrollment growth is undergraduate resident students, who will directly benefit from state funding to keep tuition in check. Funding to cover core minimum costs is critical to college affordability for Colorado residents.

Compensation increases are required to keep pace with inflation. Increases in the cost of benefits, contracts, and other core operating expenses mean that we need more financial resources to sustain the work we do in service to students. Compensation that is in-line with the market rates and accounts for inflation is critical as we work to retain and hire excellent employees to drive student success. Our request uses the same compensation and HLD assumptions the Governor uses for all other state employees.

Higher Education’s total base core minimum cost increase from FY 2024-25 to FY 2025-26 is 3.4 percent. This is lower when compared to the November FY 2025-26 budget request which increases by 3.6 percent total funds and 7.9 percent General Fund on a year-over-year basis.

We understand the state is facing budget challenges as a result of Medicaid caseload, expiration of one-time federal pandemic dollars as well as new funding obligations from the voters and legislation that was adopted in 2024. If policy makers are not able to make this level of a state investment in higher education, institutions of higher education would respectfully ask that more tuition rate setting authority be provided in order to help cover our base core

³ Colorado Workforce Development Council, “Colorado Talent Pipeline Report” (2023).

⁴ Joint Budget Committee Staff Budget Briefing, “Department of Higher Education” (2023).

⁵ State Higher Education Executive Officers Association (SHEEO), “State Higher Education Finance (SHEF) FY 2023 Report” (May 2024). Based on unadjusted operating only (FY 2023).

minimum costs. That said, rest assured, we will also do our part to keep spending in check, continue to find efficiencies and put students first.

The following proposal outlines the investment in our postsecondary system required to address the costs of compensation, benefits and inflation based on how the November 1 request covers these expenses for other state agencies. This proposal also shows the direct relationship between state funding and tuition.

We look forward to our presentations where we will share more details on the importance that this proposal will have on our students, employees, and the state. Thank you for your leadership – we are grateful to work alongside you in pursuit of a strong future for Colorado.

Sincerely,

David A. Tandberg, President, *Adams State University*
Leah Bornstein, President, *Aims Community College*
Joe Garcia, Chancellor, *Colorado Community College System*
Matt Gianneschi, President and CEO, *Colorado Mountain College*
Paul C. Johnson, President and Professor, *Colorado School of Mines*
Tony Frank, Chancellor, *Colorado State University System*
Steve Schwartz, Interim President, *Fort Lewis College*
Randy Johnson, Executive Director, *Emily Griffith Technical College*
Janine Davidson, President, *Metropolitan State University of Denver*
Teina McConnell, Executive Director, *Pickens Technical College*
Randal Palmer, Director, *Technical College of the Rockies*
Todd Saliman, President, *University of Colorado*
Andy Feinstein, President, *University of Northern Colorado*
Brad Baca, President, *Western Colorado University*

December 2024 - Budget Request and Agreement Points FY 2025-26

- Support state funding to cover the base core minimum cost increases for FY 2025-26 and the allocation of these dollars through Step 2 of the model (which will be modified to reflect JBC salary actions, HLD common policy rate, and updated inflation).
- The state funding amount in Step 2 of the model is intended to cover base core minimum costs increases but can be modified based on the resident tuition rate limit adopted by the JBC. Institutions won't object to other governing boards seeking tuition flexibility beyond the adopted limit due to their circumstances and needs.
- Governing boards will adopt non-resident tuition policies consistent with their unique market position and is assumed at 2.7% (inflation). Increasing non-resident tuition above this level would likely result in less revenue due to non-resident tuition rates already being priced near or over market.
- Assuming 2.7% resident tuition rate increases, plus an assumed non-resident tuition rate increase of 2.7%, the state operating funding amount would be:

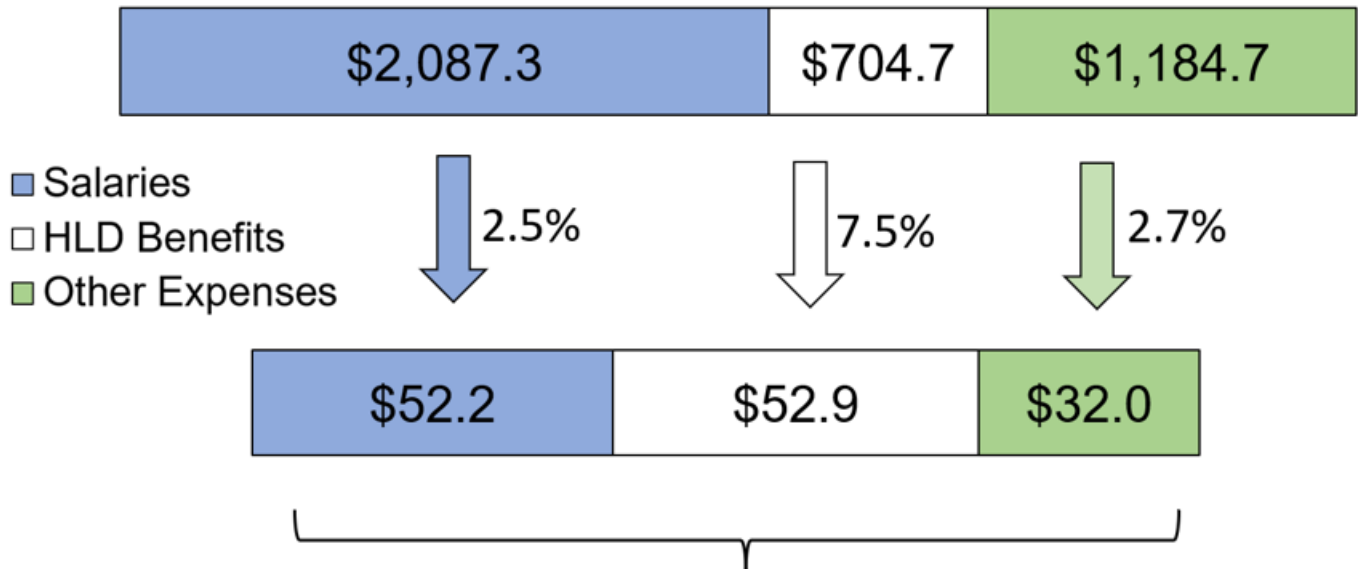
\$65.1 million operating increase in Step 2
+\$15.1 million financial aid increase
\$80.2 million total

- The resident tuition rate calculation should be solely based on the state funding amount provided in Step 2 of the model, since Step 1 funding is intended to make progress on policy goals, not buy down tuition.
- Governing boards are also supportive of one another in efforts to maintain current state funding for programs that were proposed as targeted cuts in the November 1 budget request.

FY 2025-26 Base Core Minimum Costs

(in millions)

FY 2024-25 Operating Budget = \$3,976.7



FY 2025-26 Base Core Minimum Costs = **3.4% Increase Operating, \$137.0 million (Step 2)**

FY 2025-26 Base Core Minimum Costs State Funding and Tuition Interaction

Base Core Minimum Costs		\$137.0	\$137.0	\$137.0	\$137.0	\$137.0	\$137.0	\$137.0	\$137.0	\$137.0
Resident Tuition Rates (Non-resident at CPI)	Resident	0.0%	1.0%	2.0%	2.7%	3.0%	4.0%	5.0%	6.0%	7.0%
	Dollar Amount	\$35.8	\$50.2	\$64.5	\$74.5	\$78.9	\$93.2	\$107.5	\$121.9	\$136.2
Statutorily Required Increase for SEPs		\$4.2	\$3.6	\$3.0	\$2.6	\$2.4	\$1.8	\$1.2	\$0.6	\$0.0
Step 2 State Funding	Percent	8.3%	7.1%	6.0%	5.1%	4.8%	3.6%	2.4%	1.2%	0.1%
	Dollar Amount	\$105.4	\$90.5	\$75.5	\$65.1	\$60.6	\$45.7	\$30.7	\$15.8	\$0.9
Total State Funding	Percent	8.3%	7.1%	6.0%	5.1%	4.8%	3.6%	2.4%	1.2%	0.1%
	Dollar Amount	\$105.4	\$90.5	\$75.5	\$65.1	\$60.6	\$45.7	\$30.7	\$15.8	\$0.9
Statutorily Required Financial Aid Increase		\$24.5	\$21.0	\$17.5	\$15.1	\$14.1	\$10.6	\$7.1	\$3.7	\$0.2
Total State Funding with Financial Aid		\$129.9	\$111.5	\$93.1	\$80.2	\$74.7	\$56.3	\$37.9	\$19.5	\$1.1

November Request vs. Institutions of Higher Education Request FY 2025-26 (in millions)

Part	A	B	C	D = A + B + C	E	F = E - D
Comparison	November Request	Rural Step 1 current law <1>	No funding cut from CDHE R-04 COF Statute Realignment	November Request with Rural Step 1 current law and No CDHE R-04	IHEs Request: Base Core Minimum Cost	Difference
Operating	\$9.8	(\$7.3)	(\$4.0)	(\$1.5)	\$65.1	\$66.6
Financial Aid	\$2.3	\$0.0	\$0.0	\$2.3	\$15.1	\$12.8
Total	\$12.1	(\$7.3)	(\$4.0)	\$0.8	\$80.2	\$79.4
Resident Tuition Rate	2.3%	-	-	2.3%	2.7%	0.4%
Non-Resident Tuition Rate	2.4%	-	-	2.4%	2.7%	0.3%

<1> Section 23-18-303.5, (2)(a), C.R.S. (2024)

FY2025-26 Funding Formula Breakdown	
Master Plan and Base Adjustment Funding Change	1.0%
Performance Funding Change	5.1%
Total Model Funding Change	5.1%
Governing Boards Total State Funding Change	51,850,981
SEP Funding Change	10,619,506
CMC/Aims/ATCs Total Funding Change	2,614,245

Total Model Output																		
	Adams	Mesa	Metro	Western	CSU System	FLC	CU System	Mines	UNC	CCC System	GBs Subtotal	CSU SEP	CU SEP	CMC	Aims	ATC	Total	
FY2024-25 Base State Funding	28,009,295	48,852,113	102,212,951	24,677,246	146,894,940	23,123,891	236,582,190	37,054,876	68,939,345	292,590,037	1,008,936,884	97,678,770	108,959,770	13,036,832	15,479,910	22,352,277	1,266,444,442	
Step 1: Master Plan and Base Adjustment Funding																		
FY2025-26 Percent Change	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	5.1%	5.1%	5.1%	5.1%	5.1%	1.0%	
FY2025-26 State Funding Change (Including SEP) Change	-	-	-	-	-	-	-	-	-	-	-	5,019,878	5,599,628	669,985	795,539	1,148,722	13,233,751	
Step 2: Performance Funding																		
FY2025-26 Percent Change	2.5%	5.1%	6.1%	4.7%	4.9%	5.5%	5.2%	5.6%	4.9%	5.2%	5.1%	0.0%	0.0%	0.0%	0.0%	0.0%	4.1%	
FY2025-26 State Funding Change	688,531	2,471,773	6,222,850	1,163,689	7,182,112	1,272,485	12,231,323	2,090,151	3,406,773	15,121,294	51,850,981	-	-	-	-	-	51,850,981	
FY2025-26 State Funding Total (Including SEP)	28,697,826	51,323,886	108,435,801	25,840,935	154,077,052	24,396,376	248,813,513	39,145,027	72,346,118	307,711,331	1,060,787,866	-	-	-	-	-	1,060,787,866	
Step 3: Temporary Funding																		
FY2025-26 State Funding Change	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Funding																		
FY2025-26 Total Funding Change	688,531	2,471,773	6,222,850	1,163,689	7,182,112	1,272,485	12,231,323	2,090,151	3,406,773	15,121,294	51,850,981	5,019,878	5,599,628	669,985	795,539	1,148,722	65,084,732	
FY2025-26 Total Funding	28,697,826	51,323,886	108,435,801	25,840,935	154,077,052	24,396,376	248,813,513	39,145,027	72,346,118	307,711,331	1,060,787,866	102,698,648	114,559,397	13,706,817	16,275,449	23,500,999	1,331,529,175	
FY2025-26 Total Percent Change	2.5%	5.1%	6.1%	4.7%	4.9%	5.5%	5.2%	5.6%	4.9%	5.2%	5.1%	5.1%	5.1%	5.1%	5.1%	5.1%	5.1%	

Step 1: Master Plan and Base Adjustment																		
	Adams	Mesa	Metro	Western	CSU System	FLC	CU System	Mines	UNC	CCC System	GBs Subtotal	CSU SEP	CU SEP	CMC	Aims	ATC	Total	
SEP change, pursuant to Section 23-18-304, C.R.S.	-	-	-	-	-	-	-	-	-	-	-	5,019,878	5,599,628	669,985	795,539	1,148,722	13,233,751	
FY 2025-26 Master Plan and Base Adj Funding Change	-	-	-	-	-	-	-	-	-	-	-	5,019,878.0	5,599,628.8	669,985.0	795,538.9	1,148,721.5	13,233,751	
FY 2025-26 Master Plan and Base Adj Percent Change	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	5.1%	5.1%	5.1%	5.1%	5.1%	1.0%	

Step 2: Performance Funding																		
Weights		Adams	Mesa	Metro	Western	CSU System	FLC	CU System	Mines	UNC	CCC System	GBs Subtotal	CSU SEP	CU SEP	CMC	Aims	ATC	Total
105.1%																		
10.0%	Resident Full-Time Enrollment	2,988,638	5,166,087	10,534,128	2,607,572	15,350,991	2,468,636	24,684,864	3,925,628	7,031,147	31,321,095	106,078,787	-	-	-	-	-	106,078,787
5.0%	Resident First Gen HC	1,602,988	2,514,873	5,365,426	1,304,697	7,678,015	1,228,069	12,350,431	2,000,354	3,478,452	15,516,087	53,039,393	-	-	-	-	-	53,039,393
5.0%	Resident Credential Completions (unweighted)	1,494,213	2,725,271	5,287,677	1,292,077	7,750,987	1,194,522	12,384,454	1,984,966	3,504,740	15,420,457	53,039,393	-	-	-	-	-	53,039,393
20.0%	Resident Pell Eligible Student Share of Total HC	5,448,869	10,216,738	22,103,173	4,914,404	31,260,559	4,868,705	50,187,561	7,823,485	14,637,781	60,696,298	212,157,573	-	-	-	-	-	212,157,573
20.0%	Resident URM Student Share of Total HC	5,676,370	10,168,775	21,397,771	5,356,056	30,775,270	4,881,612	49,685,081	7,979,858	14,733,547	61,603,235	212,157,573	-	-	-	-	-	212,157,573
20.0%	Retention Rate	5,772,605	10,225,893	21,997,903	5,158,546	30,630,641	4,866,626	49,581,372	7,752,493	14,537,590	61,633,905	212,157,573	-	-	-	-	-	212,157,573
10.0%	Graduation Rate - 100% Normal Time	2,793,390	5,119,458	11,086,481	2,593,415	15,292,276	2,447,336	25,073,521	3,835,374	7,227,325	30,610,211	106,078,787	-	-	-	-	-	106,078,787
10.0%	Graduation Rate - 150% Normal Time	2,920,752	5,186,792	10,663,242	2,614,168	15,338,314	2,440,870	24,866,230	3,842,839	7,195,537	31,010,043	106,078,787	-	-	-	-	-	106,078,787
100%	FY2025-26 Performance Funding Change	688,531	2,471,773	6,222,850	1,163,689	7,182,112	1,272,485	12,231,323	2,090,151	3,406,773	15,121,294	51,850,981	-	-	-	-	-	51,850,981
	FY2025-26 Performance Funding Total	28,697,826	51,323,886	108,435,801	25,840,935	154,077,052	24,396,376	248,813,513	39,145,027	72,346,118	307,711,331	1,060,787,866	-	-	-	-	-	1,060,787,866
	FY2025-26 Performance Funding Percent Change	2.5%	5.1%	6.1%	4.7%	4.9%	5.5%	5.2%	5.6%	4.9%	5.2%	5.1%	0.0%	0.0%	0.0%	0.0%	0.0%	5.1%
Total Funding FY 2025-26																		
		28,697,826	51,323,886	108,435,801	25,840,935	154,077,052	24,396,376	248,813,513	39,145,027	72,346,118	307,711,331	1,060,787,866	102,698,648	114,559,397	13,706,817	16,275,449	23,500,999	1,331,529,175
Total Funding Change over FY 2024-25																		
		688,531	2,471,773	6,222,850	1,163,689	7,182,112	1,272,485	12,231,323	2,090,151	3,406,773	15,121,294	51,850,981	5,019,878	5,599,628	669,985	795,539	1,148,722	65,084,732
Total Percent Change over FY 2024-25																		
		2.5%	5.1%	6.1%	4.7%	4.9%	5.5%	5.2%	5.6%	4.9%	5.2%	5.1%	5.1%	5.1%	5.1%	5.1%	5.1%	5.1%

	From FY25 Long Bill				
	FY25 State Funding	Resident Tuition	Nonresident Tuition	Total Tuition ⁴	Total
Adams State University	\$28.0	\$14.0	\$11.1	\$25.1	\$53.1
Colorado Mesa University	48.9	62.3	16.1	78.4	127.3
Metropolitan State University - Denver	102.2	97.3	11.0	108.3	210.5
Western Colorado University	24.7	13.1	11.2	24.3	49.0
Colorado State University System	244.6	239.7	305.0	544.6	789.2
Fort Lewis College	23.1	10.1	32.8	43.0	66.1
University of Colorado System	345.5	574.7	759.2	1,333.9	1,679.4
Colorado School of Mines	37.1	79.9	133.8	213.7	250.8
University of Northern Colorado	68.9	55.3	19.1	74.3	143.3
Colorado Community College System	292.6	287.4	28.1	315.5	608.1
Total	\$1,215.6	\$1,433.7	\$1,327.4	\$2,761.1	\$3,976.7

Salaries (Total) ¹		
E&G Portion	E&G Salary	Salary Increase
54.6%	\$29.0	\$0.7
51.5%	65.6	1.6
57.7%	121.4	3.0
52.2%	25.5	0.6
50.9%	401.8	10.0
51.6%	34.1	0.9
53.7%	902.3	22.6
49.5%	124.2	3.1
54.2%	77.7	1.9
50.3%	305.7	7.6
	\$2,087.3	\$52.2

HLD Benefits ²		
E&G Portion	E&G HLD	HLD Increase
18.5%	\$9.8	\$0.7
17.9%	22.7	1.7
15.4%	32.5	2.4
17.6%	8.6	0.6
14.6%	115.5	8.7
16.9%	11.2	0.8
20.0%	335.9	25.2
15.9%	39.9	3.0
15.2%	21.8	1.6
17.6%	106.8	8.0
	\$704.7	\$52.9

Other Expenses ³		
E&G Portion	E&G Other Exp	Other Exp Increase
27.0%	\$14.3	\$0.4
30.6%	38.9	1.1
26.9%	56.6	1.5
30.2%	14.8	0.4
34.4%	271.9	7.3
31.5%	20.8	0.6
26.3%	441.3	11.9
34.6%	86.7	2.3
30.6%	43.8	1.2
32.2%	195.6	5.3
	\$1,184.7	\$32.0

FY 26 Total Base Increase
\$1.8
4.4
7.0
1.7
26.0
2.3
59.7
8.4
4.8
20.9
\$137.0

2.5%	Salary Increase
7.5%	Benefits Increase
2.7%	CPI Increase

Notes:

- 1 - Salary increase of 2.5% aligned with Governor's November request
- 2 - HLD increase of 7.5% aligns with current health insurance premium increase identified by DPA in Governor's November request
- 3 - Inflation factor applied to other expenses aligned with LCS Sept 2024 Colorado Inflation Forecast.
- 4 - Resident and Nonresident Tuition is based on the FY 2024-25 Long Bill Tuition Revenue Assumptions.

Supplemental Information for
FY 2025-26 Department of Higher Education
Budget Briefing
(Governing Boards and Financial Aid)

Supplemental Information..... 1

- Institutions’ Salary Adjustments Often Differ from the State’s for Non-Classified Staff ... 1
- Higher Education Funding as a Share of State General Fund is Close to the 20 year High 2
- State Support is Important – but Less Important in the Context of Overall Institutional Operations 3
- Institutional Liquidity Has Improved Since FY 2018-19 3
- Colorado’s Support for Public Higher Education is Low Compared to Other States..... 4

Appendix – Background Charts by Governing Board

Institutions' Salary Adjustments Often Differ from the State's for Non-Classified Staff

Higher Education Institution Salary Increases (RFI Response) - Comparison with State Common Policy					
	FY 2023-24	Notes	2024-25	Notes	Special project/targeted spending
State common policy salary pool - Also applies to classified staff at all institutions	5.0%		3.0% + new step plan		
Nonclassified Staff Salary Pools - Listed by Institution Below					
Adams State University	No response		No response		No response
Colorado Mesa University	5.0%		5.0%		\$356,000 to launch CMU Promise
Metropolitan State University	4.0%		2.0%		\$11.1M for Roadrunner Promise and costs related to tuition lock
Western Colorado University	5.0%	Also targeted increase to bring lowest paid staff to \$48K minimum FT	3.0%	Estimate	Strategic investments for consultants re. IT and compensation, and controlled maintenance and equipment, student support strategic initiatives
<i>Colorado State University System</i>					
CSU (Fort Collins)	No response		No response		No response
CSU Pueblo	No response		No response		No response
Fort Lewis College	Unclear		3.0%		\$270K for new positions including an internship coordinator and Water Center Director
<i>University of Colorado System</i>					
Boulder	4.0%		4.0%		Initiatives for faculty retention, minimum wage adjustments for staff and student workers and support for affinity groups and mentoring
Denver	3.0%-5.0%	Reduced from 5.0% mid-year based on fall enrollment	2.0%	2.0% includes a reduction based on fall enrollment	Increases for financial aid to align with tuition and mandated minimum wage increases
Colorado Springs	4.0%		2.0%*	2.0% limited to salaries <=\$85K + select equity, compression based on fall enrollment	Initiatives for faculty retention, minimum wage adjustments for staff and student workers and targeted investments for new degree programs
Anschutz	8.0%	Combination merit & compression, retention equity	3.8%	Combination merit & compression, retention equity	Initiatives for compression, retention and equity pay and to increase minimum wage for students and staff
Colorado School of Mines	Unclear		Unclear		\$6.7M in FY 24 and \$1.9M in FY 2024-25 for reserve funding of multiple large construction projects
University of Northern Colorado	3.0%		3.0%		
Community College System	3.0%-5.0%	Faculty 3.0-5.0%, instructors 5.0%	3.0%		Up to an additional 5.0% increase for instructors to a total increase of 10.0% in FY 24 and up to additional 2.0% increase for instructors to a total of up to 5.0%

Higher Education Funding as a Share of State General Fund is Close to the 20 year High

History of Higher Education as Percentage of State General Fund Appropriations FY 2004-05 to FY 2024-25		
Fiscal Year	Percentage of General Fund	Notes
FY 2000-01	13.8%	
FY 2001-02	13.4%	
FY 2002-03	12.3%	
FY 2003-04	10.5%	
FY 2004-05	10.1%	
FY 2005-06	10.1%	
FY 2006-07	10.2%	
FY 2007-08	10.3%	
FY 2008-09	8.8%	Compensating federal subsidy support through state government
FY 2009-10	6.4%	Compensating federal subsidy support through state government
FY 2010-11	10.3%	
FY 2011-12	8.8%	
FY 2012-13	8.3%	
FY 2013-14	7.9%	
FY 2014-15	8.4%	
FY 2015-16	9.0%	
FY 2016-17	8.7%	
FY 2017-18	8.4%	
FY 2018-19	8.8%	
FY 2019-20	9.2%	
FY 2020-21	5.5%	Compensating federal subsidy support through state government
FY 2021-22	10.0%	
FY 2022-23	10.0%	
FY 2023-24	11.0%	
FY 2024-25	10.7%	

Prior to FY 2003-04, Higher Education had a larger share of state funding, but *the total has not exceeded 11.0 percent in over 20 years.*

State Support is Important – but Less Important in the Context of Overall Institutional Operations

State Higher Educations Institutions – Appropriations, Education & General Budgets, Total Budgets, And Expendable Assets			
	FY 2023-24 General Fund Appropriations (Thousand \$s)	FY 2023-24 Education & General Expenditures (Thousand \$s)	FY 2023-24 Total Revenues (Adjusted Financial Statement) (Thousand \$s)
U. of Colorado System	\$311,455	\$1,947,989	\$6,675,739
Colorado State U. System	230,742	935,316	1,967,853
U. of Northern Colorado	63,121	152,616	232,900
Colorado School of Mines	33,574	272,660	477,324
Fort Lewis College	19,070	67,348	107,480
Adams State University	23,568	42,784	74,741
Colorado Mesa U.	45,050	130,921	224,753
Western State Colorado U.	20,444	45,289	79,844
Metro State U. of Denver	93,592	224,350	313,421
Community College System	270,020	570,201	938,392
TOTAL	\$1,110,636	\$4,389,473	\$11,092,447

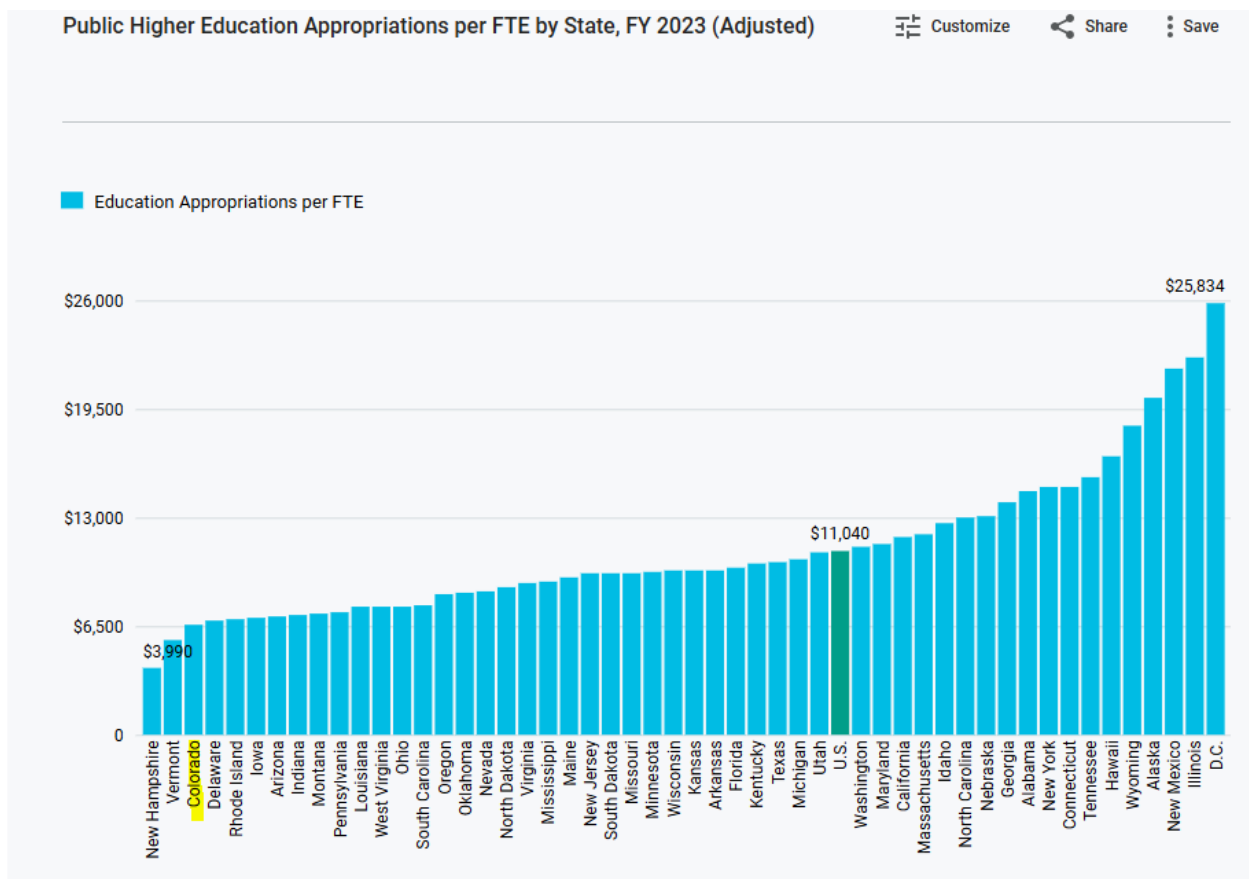
Institutional Liquidity Has Improved Since FY 2018-19

Expendable Assets (Million \$s)					
	FY 2018-19 Nominal	FY 2018-19 in FY 2023-24 Dollars	FY 2023-24	Change FY 2018-19 adjusted to FY 2023-24	Percent change FY 2018-19 to FY 2023-24 after Inflation
University of Colorado System	\$3,150.7	\$3,882.2	\$5,494.5	\$1,612.3	41.5%
Colorado State University System	901.0	1,110.1	1,201.8	91.6	8.3%
University of Northern Colorado	62.7	77.3	128.5	51.2	66.2%
Colorado School of Mines	247.8	305.3	307.8	2.5	0.8%
Fort Lewis College	52.0	64.0	110.6	46.6	72.8%
Adams State University	30.7	37.8	103.6	65.8	174.2%
Colorado Mesa U.	81.2	100.1	141.3	41.2	41.2%
Western State Colorado U.	19.6	24.1	68.0	43.8	181.7%
Metro State U. of Denver	91.5	112.8	150.0	37.2	33.0%
Community College System	335.2	413.0	558.9	145.9	35.3%
Total	\$4,972.4	\$6,126.8	\$8,265.0	\$2,138.2	34.9%

Colorado’s Support for Public Higher Education is Low Compared to Other States

Despite significant increases in State funding for higher education in recent years, Colorado is still a low-state-support state and has been for decades. As reflected in the charts below from the State Higher Education Finance Report (SHEF) prepared by the State Higher Education Officer's Association, in FY 2022-23, Colorado provided \$6,603 per student FTE using the SHEF methodology. To get to the U.S. average in FY 2022-23 of \$11,040 per student FTE, Colorado would have needed to increase funding by 67.2 percent.

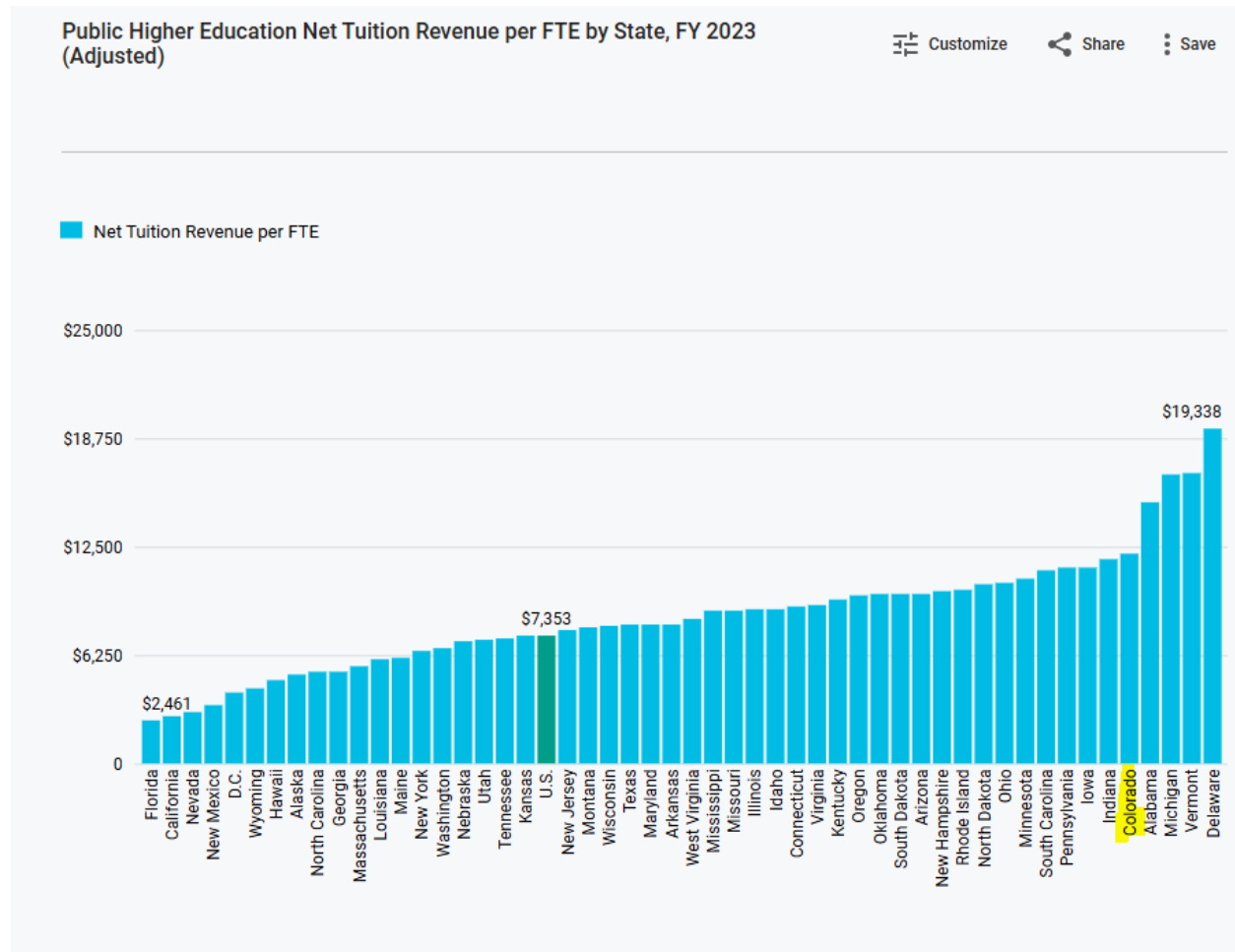
Public Higher Education Appropriations Per FTE By State FY 2023



Source: SHEF Report, FY 2023 <https://shef.sheeo.org/report/> - Graphic: https://shef.sheeo.org/report-2/?report_page=enrollment-and-state-funding#student-enrollment

To compensate for low state support, public institutions rely heavily on net tuition revenue, with average net tuition revenue of \$11,512 per student FTE. Some of this is derived from nonresident students.

Public Higher Education Net Tuition Revenue Per FTE By State FY 2023

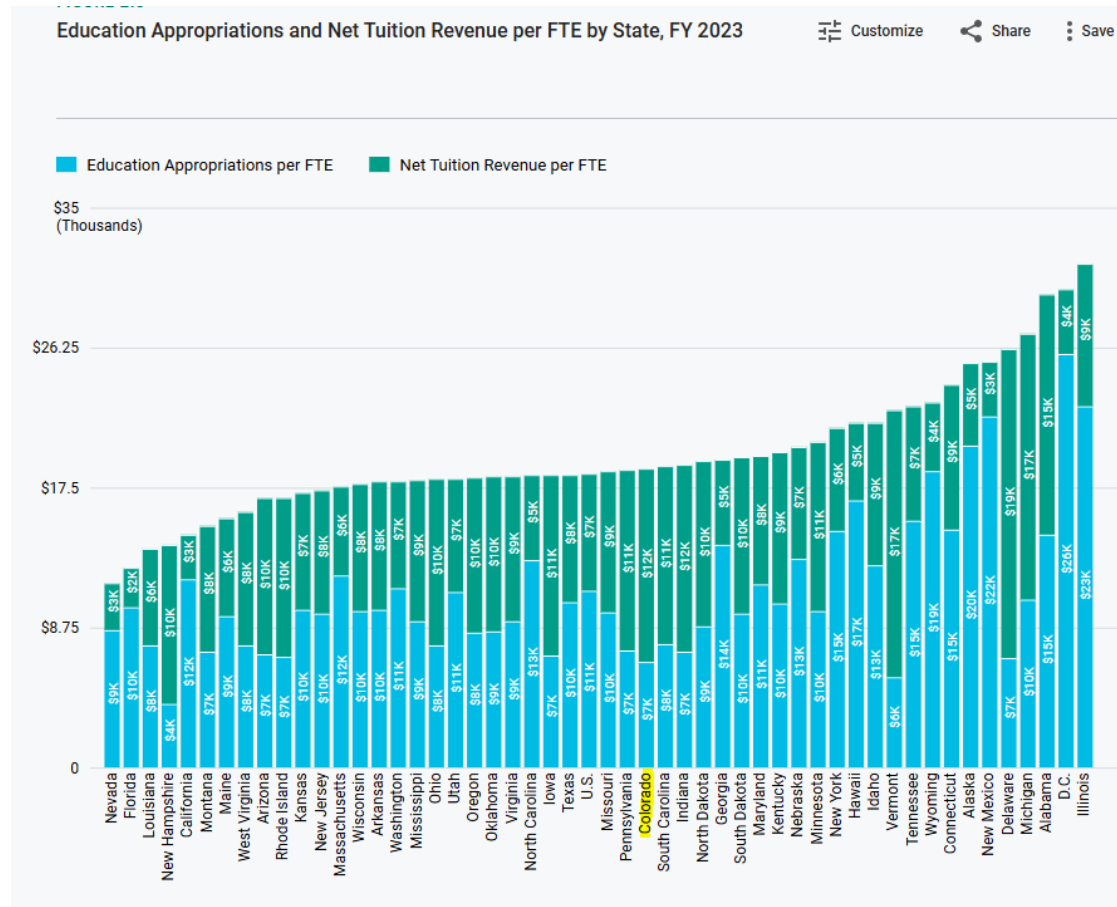


Source: SHEF Report, FY 2023 https://shef.sheeo.org/report-2/?report_page=net-tuition-and-total-education-revenue#net-tuition-revenue

In 2020, Colorado contracted with Hanover Research to study the revenue and expenditures of Colorado's public institutions. Rather than using a state average perspective, the Hanover study selected peer institutions in collaboration with the state's public institutions and then compared Colorado's institutions with their peers. JBC staff has noted that the results of this study at the individual institution level are highly sensitive to which peers are selected, which reduces the usefulness of the report as a basis for comparing state institutions to each other. However, this report further confirmed the SHEF report conclusion that *Colorado state and local appropriations are far lower than appropriations for peer institutions in other states and that net tuition and fees are higher than peers for most state institutions.*

Cost-Efficiency Of Colorado Institutions And System Is Average

At one time, Colorado was also toward the bottom of total educational revenue per FTE by state according to the SHEF report, i.e., it had a relatively low cost of education per student. However, that has changed in recent years, and total educational revenue per student FTE is above the national average. This in part reflects where students are attending postsecondary education (the type of institution). As more students attend more expensive institutions that draw in nonresident revenue, the average cost per student increases. As fewer students attend community colleges, but these colleges maintain the same fixed cost of operation, cost per student also increases.



Source: SHEF Report, FY 2023 https://shef.sheeo.org/report/?report_page=distribution-of-revenue#education-appropriations-and-tuition-revenue

Background Charts By Governing Board

Notes for all charts:

Charts on institutional tuition, state funds revenue, and student FTE are based on budget data books submitted annually by the institutions and other department and JBC staff data records.

State Support includes state General Fund, federal funds used to support education and general budgets, and state gaming, tobacco, and marijuana funds received by the governing boards.

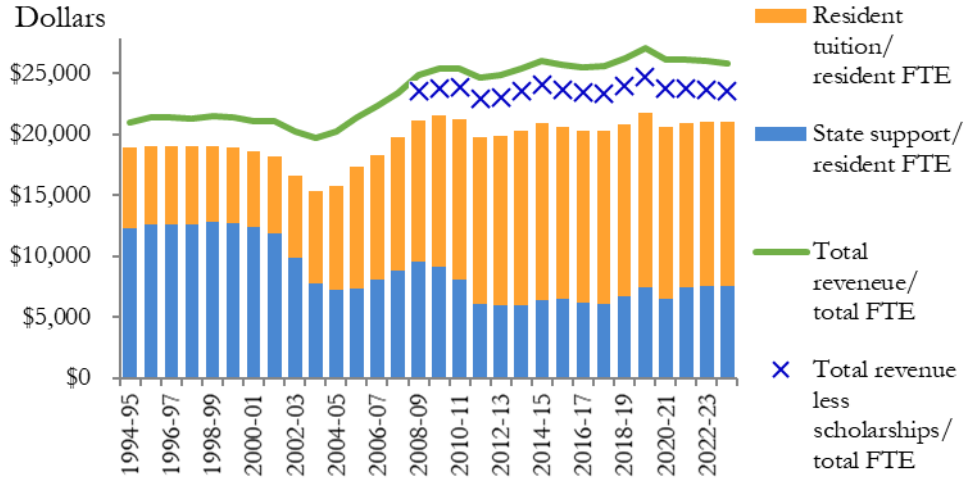
Other institutional profile and performance information is available at:

<https://nces.ed.gov/ipeds/use-the-data>

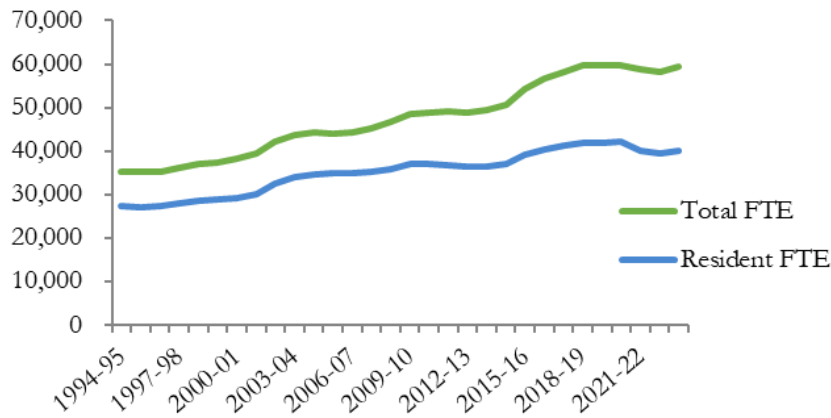
Select “Data Feedback Report”, enter an institution’s name, and select “View Data Feedback Reports”.

University of Colorado System

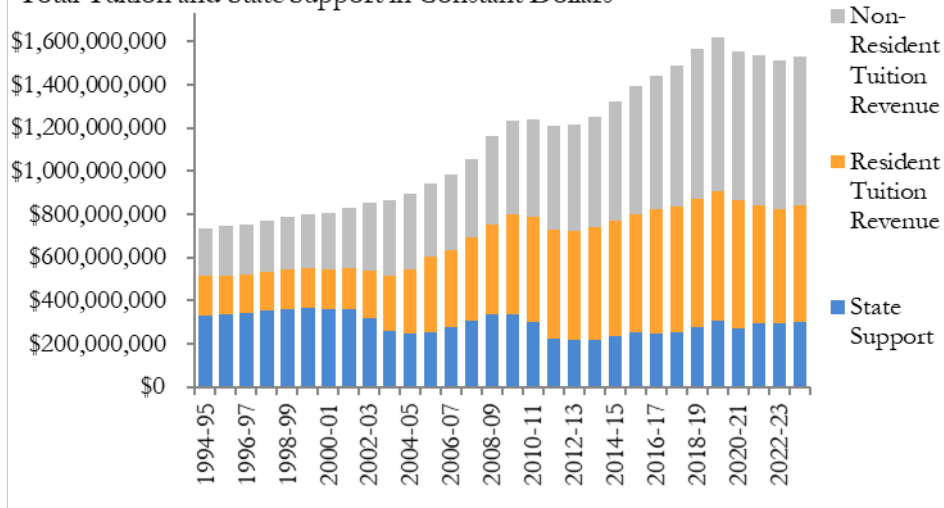
Tuition and State Support per Student FTE in Constant Dollars



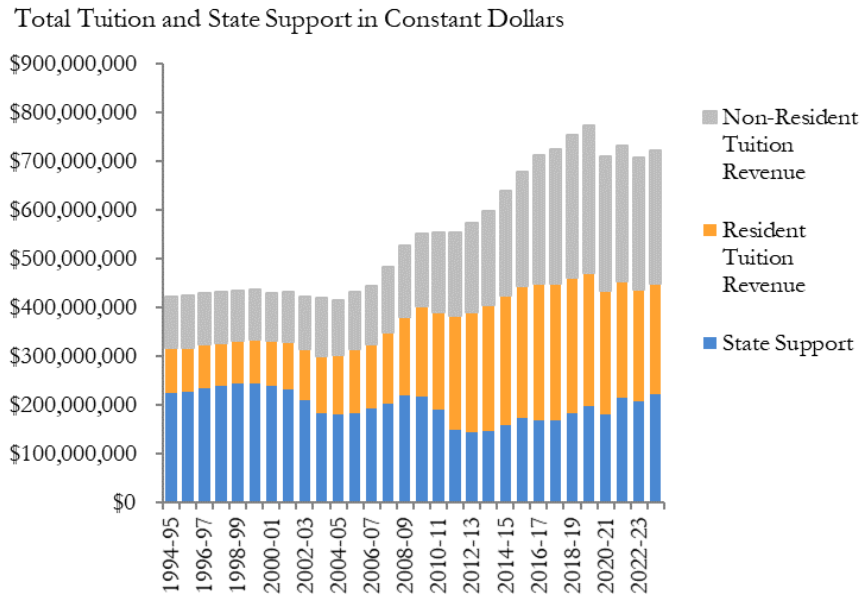
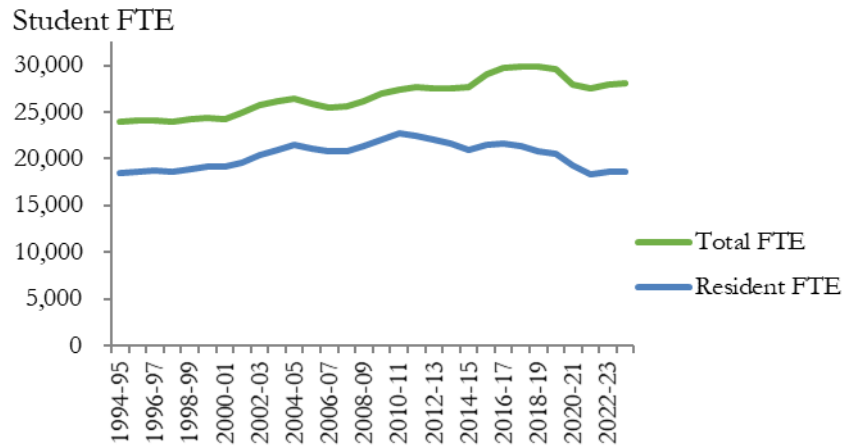
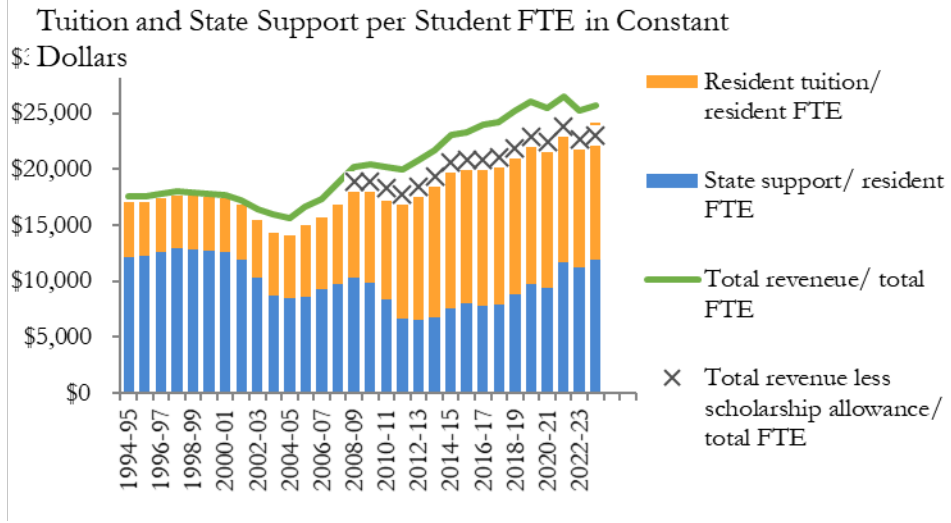
Student FTE



Total Tuition and State Support in Constant Dollars

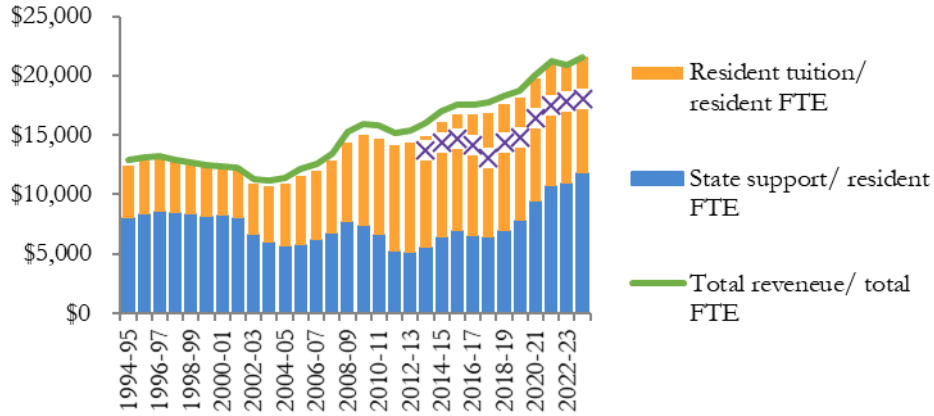


Colorado State University System

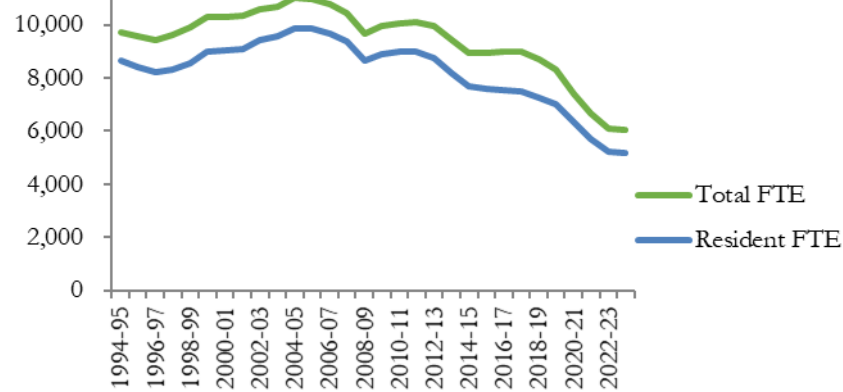


University of Northern Colorado

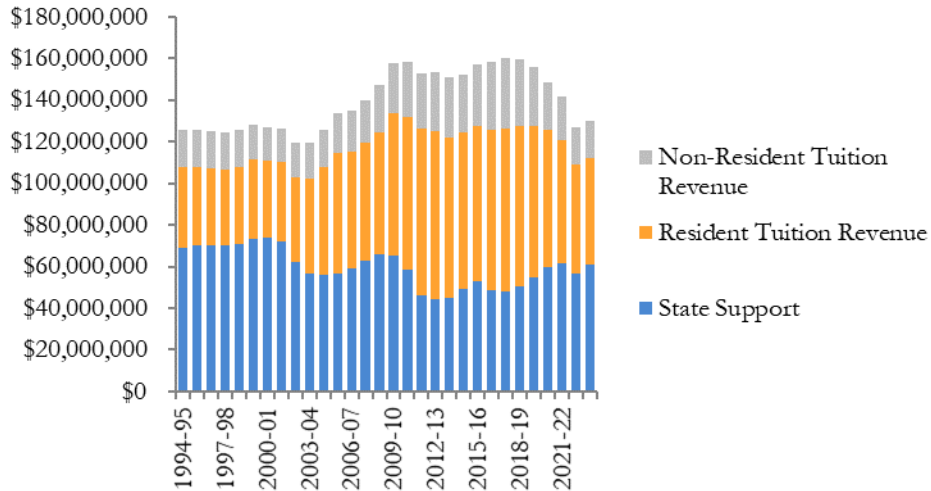
Tuition and State Support per Student FTE in Constant Dollars



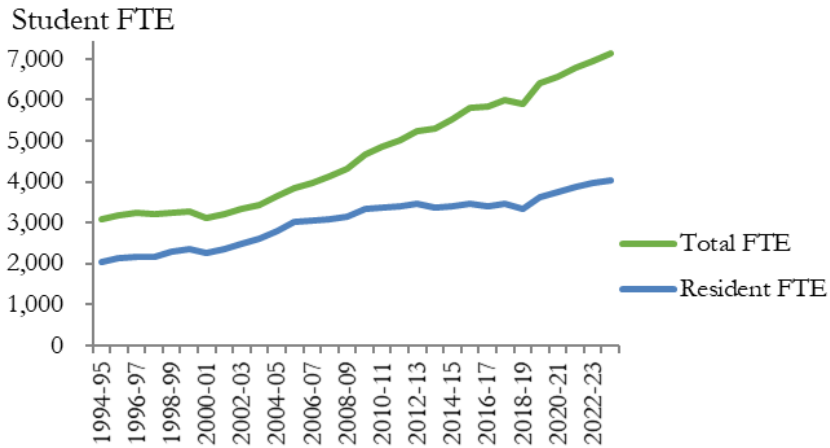
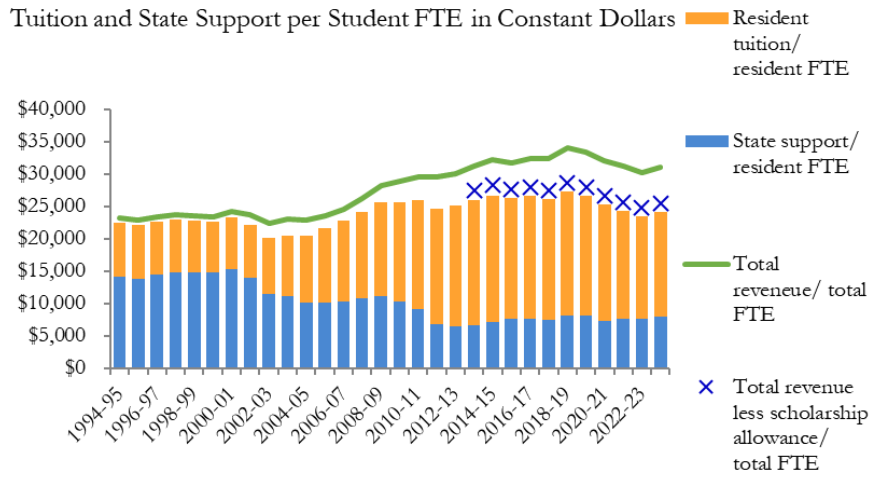
Student FTE



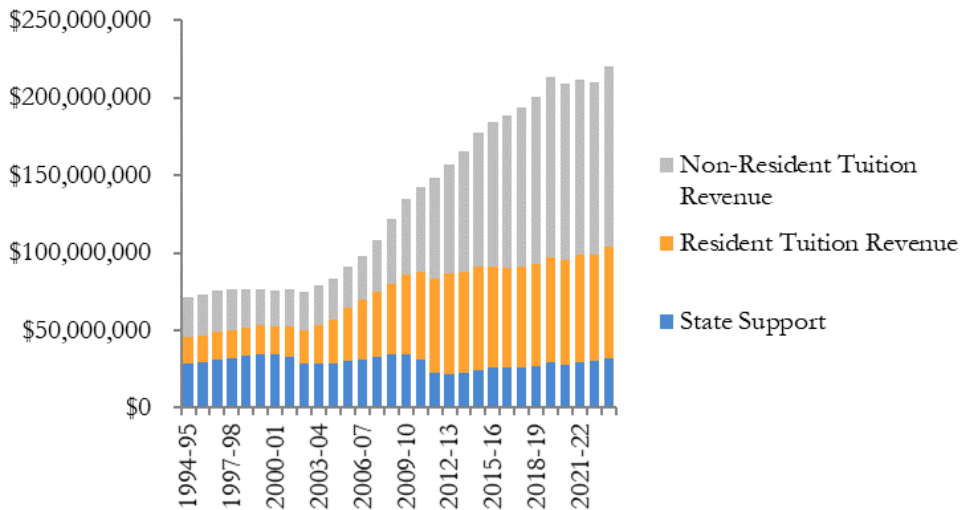
Total Tuition and State Support in Constant Dollars



Colorado School of Mines

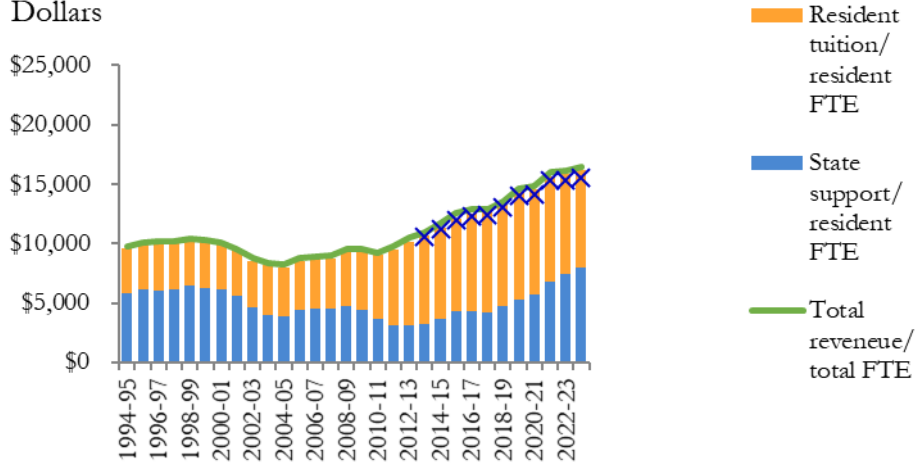


Total Tuition and State Support in Constant Dollars

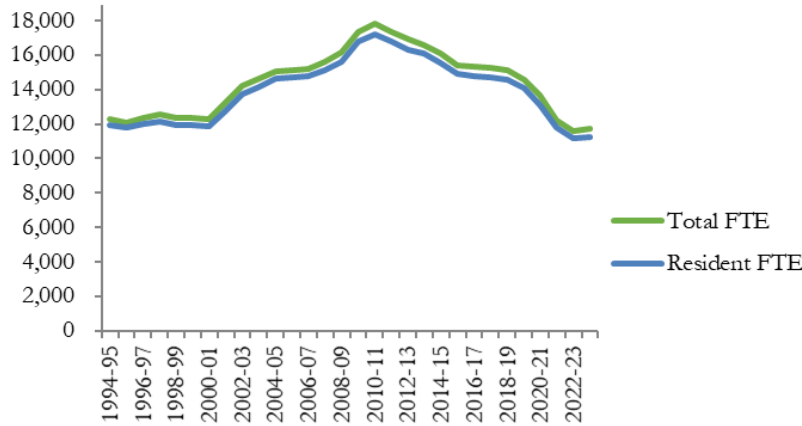


Metropolitan State University of Denver

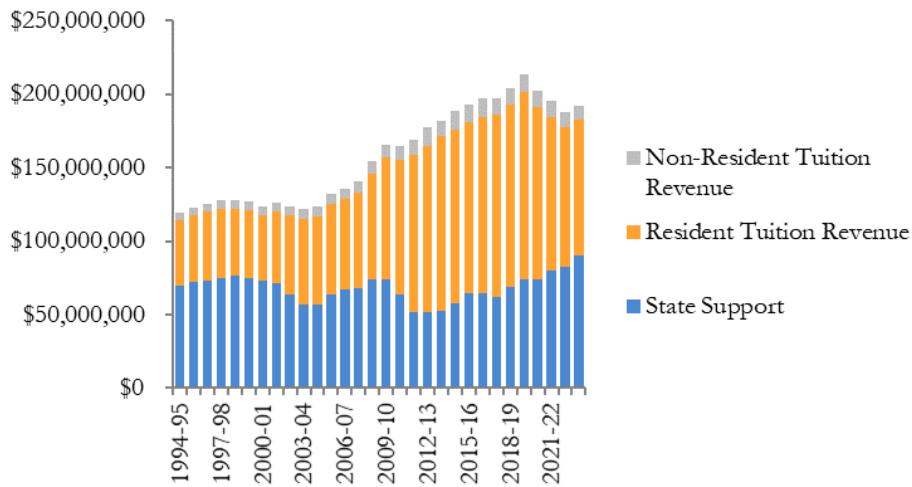
Tuition and State Support per Student FTE in Constant Dollars



Student FTE

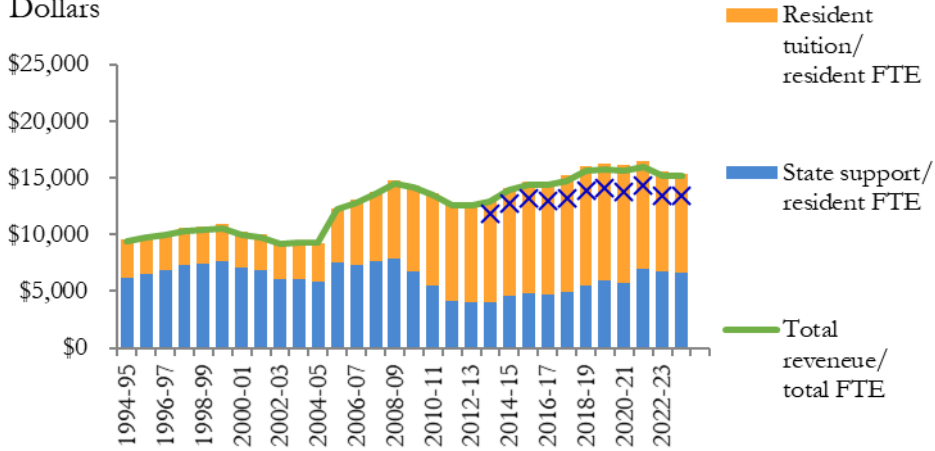


Total Tuition and State Support in Constant Dollars

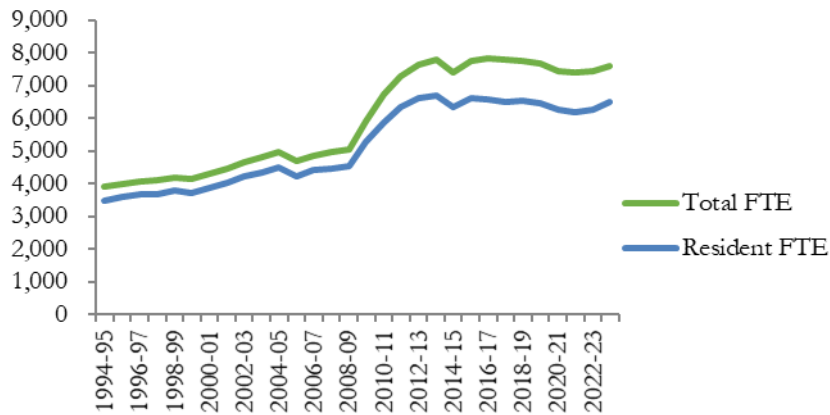


Colorado Mesa University

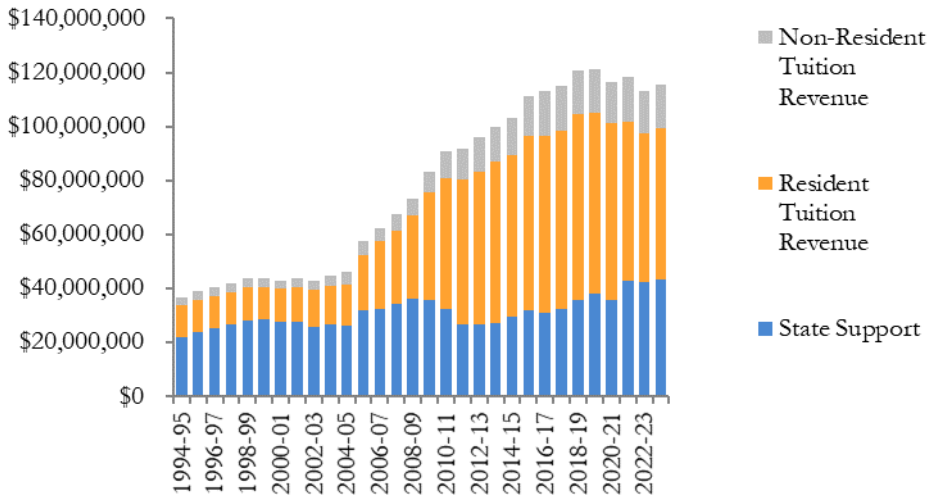
Tuition and State Support per Student FTE in Constant Dollars



Student FTE

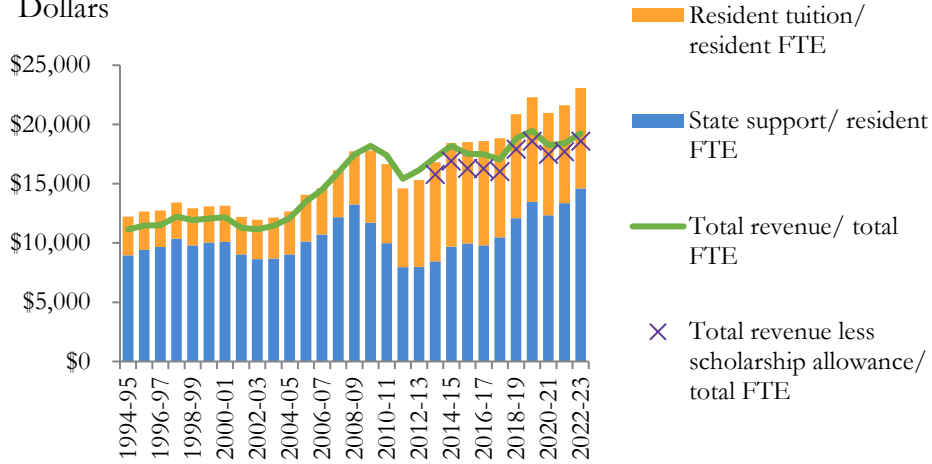


Total Tuition and State Support in Constant Dollars

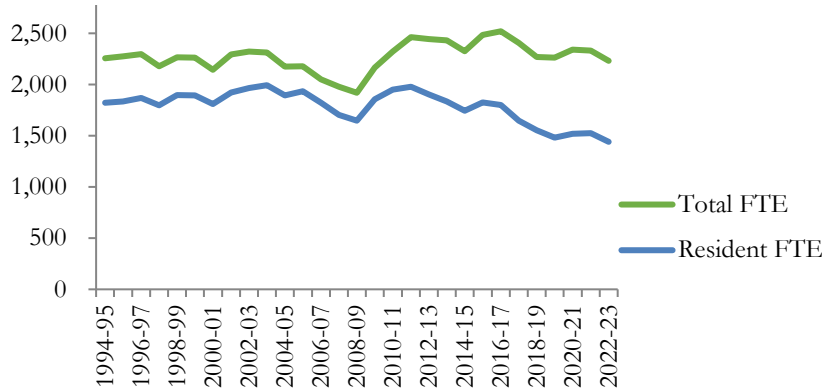


Adams State University

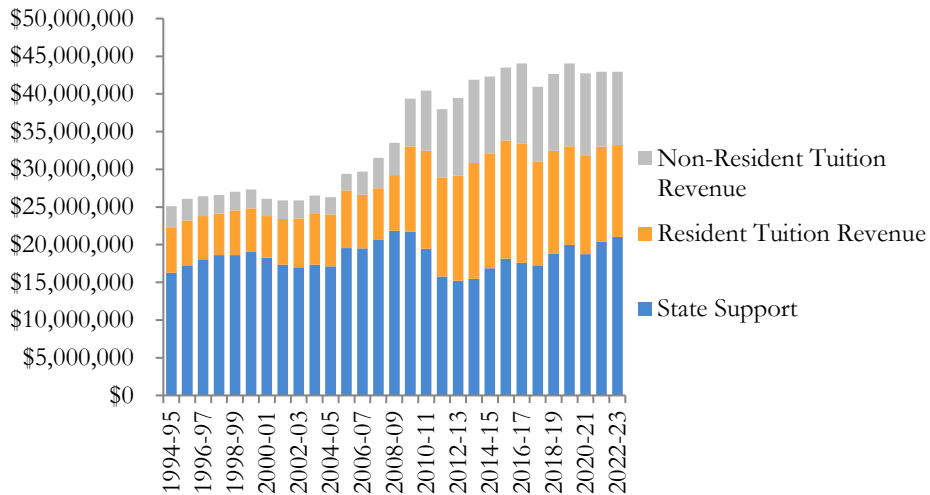
Tuition and State Support per Student FTE in Constant Dollars



Student FTE

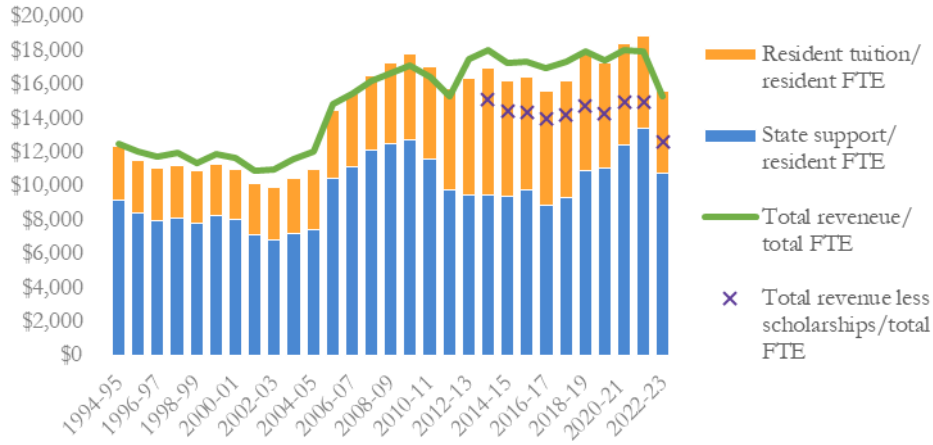


Total Tuition and State Support in Constant Dollars

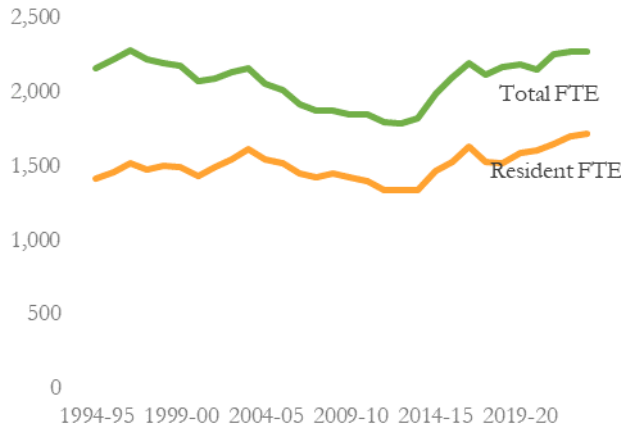


Western State Colorado University

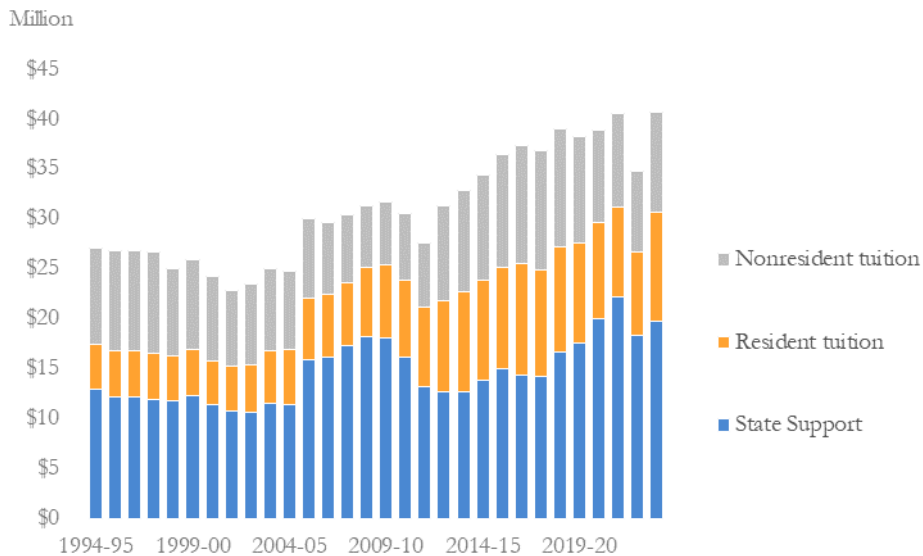
Tuition and State Support per Student FTE in Constant



Student FTE

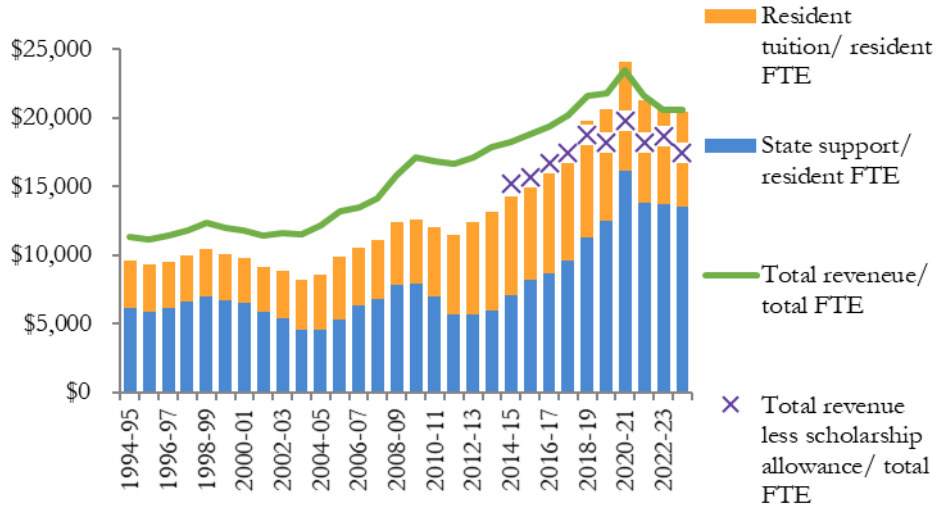


Total Tuition and State Support in Constant

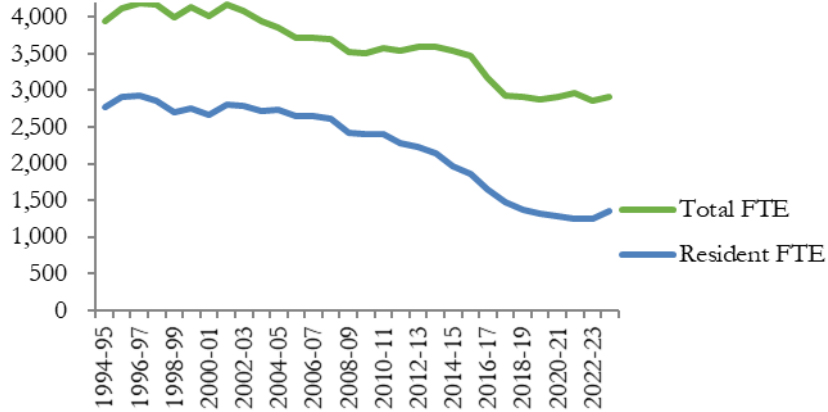


Fort Lewis College

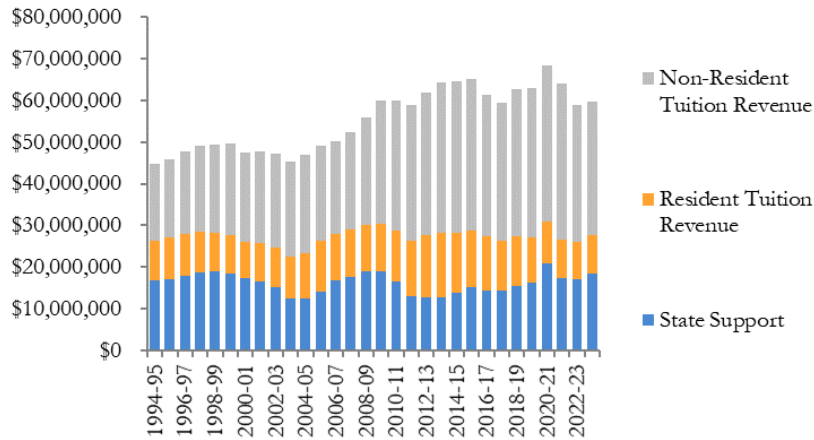
Tuition and State Support per Student FTE in Constant Dollars



Student FTE

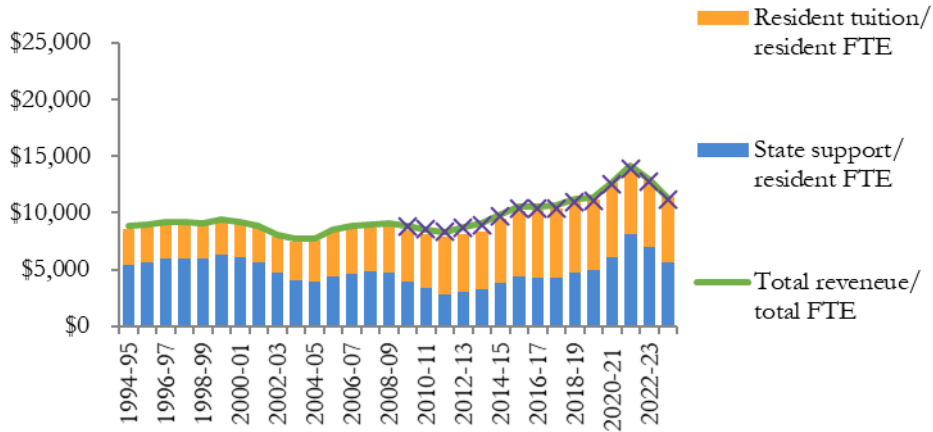


Total Tuition and State Support in Constant Dollars

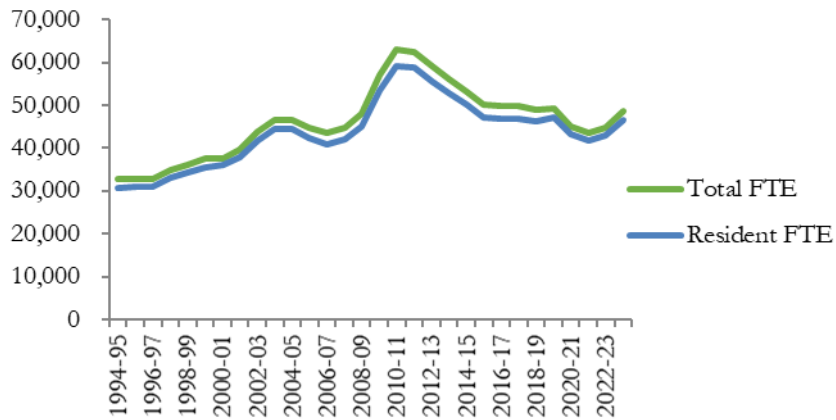


Colorado Community College System

Tuition and State Support per Student FTE in Constant Dollars



Student FTE



Total Tuition and State Support in Constant Dollars

