



# JOINT BUDGET COMMITTEE STAFF FY 2022-23 BUDGET BRIEFING SUMMARY

Colorado General Assembly  
Joint Budget Committee

*Department of Higher Education*

The Department of Higher Education is responsible for higher education and vocational training programs in the state. The Department's FY 2021-22 appropriation represents 14.0 percent of statewide operating appropriations and 9.7 percent of statewide General Fund appropriations.

## FY 2021-22 APPROPRIATION AND FY 2022-23 REQUEST

DEPARTMENT OF HIGHER EDUCATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
<b>FY 2021-22 APPROPRIATION:</b>						
SB 21-205 (Long Bill)	5,056,931,482	1,222,058,740	2,819,411,196	990,050,158	25,411,388	26,544.5
Other legislation	58,898,380	(5,828,599)	74,678,386	(9,951,407)	0	4.7
<b>TOTAL</b>	<b>\$5,115,829,862</b>	<b>\$1,216,230,141</b>	<b>\$2,894,089,582</b>	<b>\$980,098,751</b>	<b>\$25,411,388</b>	<b>26,549.2</b>
<b>FY 2022-23 REQUESTED APPROPRIATION:</b>						
FY 2021-22 Appropriation	\$5,115,829,862	1,216,230,141	\$2,894,089,582	\$980,098,751	\$25,411,388	26,549.2
R1 Increase operating support for public higher education institutions and financial aid	93,466,835	52,488,643	0	40,978,192	0	0.0
R2 Tuition spending authority	0	0	0	0	0	0.0
R3 Fort Lewis College Native American tuition waiver	758,358	758,358	0	0	0	0.0
R4 Higher education research authority spending authority increase	800,000	0	800,000	0	0	0.0
R5 Division of Outreach and Attainment Services	250,000	250,000	0	0	0	2.0
R6 Support expansion of Single Stop	45,000	45,000	0	0	0	0.0
R7 Lowering fees for former students of closed schools	(4,833)	0	(4,833)	0	0	0.0
R8 Funding for Institute of Cannabis Research	1,800,000	0	1,800,000	0	0	0.0
HC1 History Colorado resource realignment	0	0	0	0	0	21.0
T1 WICHE dues	5,000	0	0	5,000	0	0.0
T2 Auraria Higher Education Campus	100,000	0	0	100,000	0	0.0
T3 Depreciation Lease Equivalent adjustment	2,717,414	2,717,414	0	0	0	0.0
T4, T6 Lease purchase payment adjustments	2,263	(35,971)	(100,760)	138,994	0	0.0
NP OIT budget package	1,357	0	1,068	289	0	0.0
NP DPA CSEAP resources	830	0	466	364	0	0.0
Centrally appropriated line items	1,159,578	352,409	279,242	253,166	274,761	0.0
Annualize prior year legislation	(57,480,866)	5,406,483	(68,026,390)	5,087,432	51,609	(1.0)
Annualize prior year budget actions	(1,650,775)	(1,943,659)	253,035	80,000	(40,151)	0.0
Other	0	0	0	0	0	(1.9)
<b>TOTAL</b>	<b>\$5,157,800,023</b>	<b>\$1,276,268,818</b>	<b>\$2,829,091,410</b>	<b>\$1,026,742,188</b>	<b>\$25,697,607</b>	<b>26,569.3</b>

DEPARTMENT OF HIGHER EDUCATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
<b>INCREASE/(DECREASE)</b>	\$41,970,161	\$60,038,677	(\$64,998,172)	\$46,643,437	\$286,219	20.1
Percentage Change	0.8%	4.9%	(2.2%)	4.8%	1.1%	0.1%

**R1 STATE OPERATING FUNDING FOR PUBLIC HIGHER EDUCATION:** The request includes an increase of \$52,488,643 General Fund for public higher education institutions and financial aid. The request includes an increase of \$42,640,664 General Fund (4.6 percent) for the public institutions of higher education, including \$40,978,190 for stipends and fee-for-service contracts reappropriated to the ten state governing boards and \$1,662,474 for grants to local district colleges and area technical colleges. Consistent with statutory requirements for aligned funding increases, it also includes \$9,768,590 General Fund for Need Based Grants (financial aid) and \$79,389 to increase stipends for students attending private institutions.

Funding for the institutions is allocated using the new funding formula established by H.B. 20-1366. The request uses solely "step 2" 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 model is intended to change funding at a slow rate and therefore provides a relatively stable funding base for institutions. The model provides increases ranging from a low of 4.0 percent to a high of 6.1 percent by governing board. Specialty education programs, such as the CU school of medicine, the local district colleges, and the area technical colleges all receive the average increase of 4.6 percent, consistent with the statute. The request indicates that funding is intended to align with the level of increase provided for the K-12 system and to be sufficient to support a 3.0 percent funding increase for classified staff (\$5.2 million of the total), as well as other adjustments.

The request indicates that it is for a theory-informed program or practice. Although the state collects data on outputs and return-on-investment for students, there are no studies or evaluations specifically on the impact of Colorado's funding on outcomes.

**R2 TUITION SPENDING AUTHORITY:** The request is to hold resident undergraduate tuition flat for FY 2022-23 with the goal of keeping tuition affordable. It proposes the General Assembly apply an exemption process to address the needs of individual institutions if required. Although the request includes no change to cash funds spending authority for tuition revenue, JBC Staff anticipates that, consistent with statute and past practice, amounts in the FY 2022-23 Long Bill will incorporate adjustments based on mid-year revenue estimates and assumptions the Committee adopts about tuition. These assumptions will be identified in Long Bill footnotes.

**R3 FORT LEWIS NATIVE AMERICAN TUITION WAIVER:** The request includes an increase of \$758,358 General Fund (3.2 percent) for the Fort Lewis College Native American tuition waiver. This will bring total waiver payments to \$24,803,434 General Fund. Waiver payments are mandated by Section 23-52-105 (1)(b)(I), C.R.S., which requires the General Assembly to fund 100 percent of the tuition obligations for qualifying Native American students attending Fort Lewis College. Funding for the tuition waiver is made one year in arrears and is calculated based on 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 HIGHER EDUCATION RESEARCH AUTHORITY SPENDING AUTHORITY INCREASE:** The request is to restore \$800,000 cash funds spending authority for Colorado Higher Education Competitive Research Authority (CHECRA), bringing the total appropriation for the program to \$2.8 million from the Innovative Higher Education Research

Fund. CHECRA was established by the General Assembly in 2007 to provide higher education institutions with a state source for matching funds for grants awarded by the National Science Foundation and other competitive federal grants. Prior to the COVID-19 pandemic, the program received \$2,100,000 annually from limited gaming revenues that was deposited to the Innovative Higher Education Research Fund. The General Assembly suspended the distributions that would have occurred at the end of FY 2019-20 and FY 2020-21 due to projected declines in gaming revenue; however a distribution is anticipated at the end of FY 2021-22 based on current law. The program has been spending from its fund balance but anticipates that additional spending authority will be needed in FY 2022-23, once deposits to the Innovative Higher Education Research Fund are restored.

**R5 DIVISION OF OUTREACH AND ATTAINMENT SERVICES:** The request includes \$250,000 General Fund and 2.0 FTE to fund the Division of Outreach and Attainment Services. The funding will enable the Department to continue serving education, workforce and corrections professionals statewide by assisting them with tools and resources for individual career, postsecondary, and job exploration and planning with their stakeholders. For subsequent years, the funding will annualize to \$250,000 reappropriated funds from indirect cost recoveries paid by higher education institutions.

The Department previously operated the College in Colorado online counseling and career exploration tool and had a staff of 14 outreach professionals who were funded through the federal CollegeAssist program. This funding ended in FY 2018-19. The Department's formal request indicated that funding would enable it to retain 2.0 FTE funded in FY 2020-21 by a grant related to the My Colorado Journey online tool. In more recent communication, the Department indicates that the request is no longer related to My Colorado Journey and that new staff would be particularly focused on promoting students' completion of the Free Application for Federal Student Aid (FAFSA).

The Department indicates that funding is for the implementation of a theory informed program or practice as defined in S.B. 21-284 (Evidence-based evaluation for budget), although JBC staff is uncertain how the impact of the additional staff can be evaluated.

**R6 SUPPORT EXPANSION OF SINGLE STOP:** The request includes \$45,000 General Fund for FY 2022-23 and ongoing to support the use of the Single Stop technology application at all institutions of higher education in Colorado (public and private). The funding represents the annual cost for the license. The Single Stop online tool is designed for use by nonprofits, higher education institutions, and other entities that wish to assist their constituents in accessing public benefits (e.g., food assistance). With the technology, entities can "screen... constituents or have them screen themselves from a mobile device; provide referrals to critical benefits and services in their own community; and track and report data in real-time." The request notes that several Colorado institutions of higher education have already licensed this tool. A recent survey of the Colorado community colleges found that 40 percent of students experienced food insecurity in the prior 30 days, 55 percent experienced housing insecurity in the previous year, and 16 percent experienced homelessness in the previous year.

The \$45,000 serves as base funding for the State. However, individual institutions participating in the program must also contribute, with current pricing per institution at \$12,600 for the first year, \$6,600 for the second year, and \$5,500 thereafter. The \$45,000 cost for the State has been covered by a donor for the last two years, but this funding will not be available beginning in FY 2022-23.

The Department indicates that the funding is for the implementation of an evidence-informed practice as defined in S.B. 21-284 (evidence based evaluation for budget). National research studies have found that Single Stop clients are more successful in college than peers that do not use the service and that students with support from Single Stop had higher retention, pass rates, GPAs and graduation rates compared to peers. The RAND Corporation is currently facilitating a randomized control trial which includes some Colorado higher education institutions.

The Department informed staff that it believes new legislation will be required to give the Department statutory authority to execute the Single Stop request.

**R7 LOWERING FEES FOR FORMER STUDENTS OF CLOSED SCHOOLS:** The request includes a decrease of \$4,833 in cash funds spending authority, including a reduction for the Division of Private Occupational Schools (DPOS) line item and a small reduction to the Administration line item. The decrease is from lower fees for students requesting transcripts from closed schools, reflecting cost savings from schools' transition to digital transcripts. Fees are being reduced from \$35 per transcript to \$20 per transcript.

**R8 FUNDING FOR INSTITUTE OF CANNABIS RESEARCH:** The request includes an increase of \$1,800,000 from the Marijuana Tax Cash Fund for the Institute of Cannabis Research (ICR) for FY 2022-23 and ongoing. The request would double the current funding to a total of \$3,600,000 cash funds. Of the request, approximately \$1.6 million would be used to fund two new medical/clinical multi-year projects (\$500,000 x 2), three new biotechnology/scientific multi-year projects (\$150,000 x 3), and two economic/social impact multi-year projects (\$75,000 x 2).

**HC1 HISTORY COLORADO RESOURCE REALIGNMENT:** History Colorado requests a net \$0 budget reorganization to more closely align the organization's budget with its internal organization.

**T1 WICHE DUES:** The request includes an increase for fees paid to the Western Interstate Commission on Higher Education, which provides research services and runs inter-state student exchange programs used by the department and public institutions of higher education.

**T2 AURARIA HIGHER EDUCATION CENTER:** The request increases spending authority for the Auraria Higher Education Center by \$100,000 for funds received from the institutions operating on the Auraria campus (University of Colorado – Denver, Metropolitan State University of Denver, and the Community College of Denver).

**T3 DEPRECIATION LEASE EQUIVALENT ADJUSTMENT:** The request includes a \$2,717,414 General Fund increase to the annual depreciation lease equivalent payment for higher education, bringing the total for higher education to \$7,406,847 General Fund. This mechanism for supporting capital construction is based on the depreciation of new construction and renovations funded by the General Assembly since FY 2015-16. Most of the appropriation is credited to the Capital Construction Fund, with 1.0 percent credited to the Controlled Maintenance Trust Fund.

**T4, T6 LEASE PURCHASE PAYMENT ADJUSTMENTS:** The request includes annual technical adjustments to lease purchase obligations appropriated in this department: the University of Colorado Health Sciences Center at Fitzsimons lease purchase authorized by H.B. 03-1256; and the Higher Education Federal Mineral Lease Revenues lease purchase that supported the construction of various higher education capital construction projects in 2008. The FY 2022-23 request does not include adjustments related to the lease purchase for the new History Colorado Center authorized in 2008.

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

**NP DPA CSEAP RESOURCES:** The request includes the Department's share of a request from the Department of Personnel (DPA) for additional funding for the Colorado State Employee Assistance Program (CSEAP).

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

CENTRALLY APPROPRIATED LINE ITEMS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Salary survey	\$527,783	\$67,461	\$290,443	\$115,193	\$54,686	0.0
Payment to risk management and property funds	248,938	0	(5)	248,943	0	0.0
Health, life, and dental	200,909	169,082	11,407	(137,482)	157,902	0.0
AED	49,045	38,059	450	(11,303)	21,839	0.0
SAED	49,045	38,059	450	(11,303)	21,839	0.0
Payments to OIT	38,949	0	11,685	27,264	0	0.0
Legal services	21,152	0	(14,399)	35,551	0	0.0
CORE adjustment	20,110	0	0	20,110	0	0.0
DPA Paid family leave	12,611	1,713	1,598	5,557	3,743	0.0
Short-term disability	1,511	1,210	13	(415)	703	0.0
ALJ services	311	0	311	0	0	0.0
Workers' compensation	(6,635)	0	(757)	(5,878)	0	0.0
PERA Direct Distribution	(4,151)	36,825	(21,954)	(33,071)	14,049	0.0
<b>TOTAL</b>	<b>\$1,159,578</b>	<b>\$352,409</b>	<b>\$279,242</b>	<b>\$253,166</b>	<b>\$274,761</b>	<b>0.0</b>

**ANNUALIZE PRIOR YEAR LEGISLATION** The request includes a net reduction of \$57.5 million total funds to reflect the FY 2022-23 impact of bills passed in previous legislation sessions, summarized in the following table. Among other adjustments, this includes eliminating \$63.7 million cash funds originating as federal Coronavirus State Fiscal Recovery Fund money that was appropriated on a one-time basis in FY 2021-22 in H.B. 21-1330, H.B. 21-1264, and S.B. 21-137.

ANNUALIZE PRIOR YEAR LEGISLATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
SB 21-213 Use of increased Medicaid match	\$10,231,186	\$5,115,593	\$0	\$5,115,593	\$0	0.0
SB 21-106 Successful high school transitions	324,570	324,570	0	0	0	0.1
SB18-200 PERA unfunded liability	107,913	6,320	38,145	11,839	51,609	0.0
HB 21-1330 Higher education student success	(51,500,000)	0	(51,500,000)	0	0	(1.0)
HB 21-1264 Funds workforce development increase worker skills	(10,000,000)	0	(10,000,000)	0	0	0.0
HB 21-1317 Regulating Marijuana Concentrates	(3,000,000)	0	(3,000,000)	0	0	0.0
SB 21-137 Behavioral Health	(2,705,000)	0	(2,705,000)	0	0	0.0
HB 21-1149 Energy Sector Career Pathways	(824,431)	0	(824,431)	0	0	0.0
HB 21-1268 Study Emerging Technologies for Water	(80,000)	(40,000)	0	(40,000)	0	0.0
HB 21-1306 Accreditation of postsecondary institutions	(35,104)	0	(35,104)	0	0	(0.1)
<b>TOTAL</b>	<b>(\$57,480,866)</b>	<b>\$5,406,483</b>	<b>(\$68,026,390)</b>	<b>\$5,087,432</b>	<b>\$51,609</b>	<b>(1.0)</b>

**ANNUALIZE PRIOR YEAR BUDGET ACTIONS** The request includes a net decrease of \$1.7 million for the out-year impact of prior year budget actions. This primarily reflects eliminating one-time appropriations for History Colorado, as reflected in the table below.

ANNUALIZE PRIOR YEAR BUDGET ACTIONS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
History Colorado common policy adjustments, including annualize prior year salary survey	\$570,255	\$50,119	\$520,136	\$0	\$0	0.0
Annualize Chief Educational Equity Officer funding	0	(80,000)	0	80,000	0	0.0
Annualize History CO sustainability funding	(1,000,000)	(1,000,000)	0	0	0	0.0
Annualize Cumbres and Toltec RR support	(871,500)	(871,500)	0	0	0	0.0
Annualize prior year salary survey	(349,530)	(42,278)	(267,101)	0	(40,151)	0.0
<b>TOTAL</b>	<b>(\$1,650,775)</b>	<b>(\$1,943,659)</b>	<b>\$253,035</b>	<b>\$80,000</b>	<b>(\$40,151)</b>	<b>0.0</b>

**OTHER:** The request includes a technical adjustment that reduces the notation for full-time-equivalent staff by 1.9 FTE.

## SUMMARY OF ISSUES PRESENTED TO THE JOINT BUDGET COMMITTEE

**REQUESTS R1 AND R2 - STATE SUPPORT FOR HIGHER EDUCATION AND TUITION SPENDING AUTHORITY:** The FY 2022-23 higher education request includes an average 4.6 percent increase in state support for the governing boards and financial aid. It also includes recommended flat tuition, with a suggestion that the JBC make exceptions as appropriate.

**HIGHER EDUCATION FINANCIAL STATUS:** Enrollment declined at Colorado's public higher education institutions in FY 2020-21 by 4.4 percent, driven by the COVID-19 pandemic. However, there was wide variation among institutions in enrollment and related financial impacts. Institutions serving low-income and first-generation students were particularly hard hit, and enrollment continues to decline at these institutions. Federal financial assistance has sustained institutional finances but is likely to be exhausted by the end of FY 2021-22.

**COLLEGE AFFORDABILITY AND INCREASING AWARENESS ABOUT FINANCIAL AID:** The actual cost of college is a barrier for many students, but the perceived cost of college is also a barrier that discourages potential students from applying, even when they would qualify for financial aid. Both the State and federal government have begun to focus more attention on how to address barriers of perception, including through simplification of the federal application for student aid and better outreach to K-12 students.

## FOR MORE INFORMATION

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**TO READ THE ENTIRE BRIEFING:** Go to <http://leg.colorado.gov/content/budget/budget-documents> to use the budget document search tool. Select this department's name under *Department/Topic*, "Briefing" under *Type*, and select a *Start date* and *End date* to show documents released in November and December of 2021.