

# Joint Budget Committee Staff

## FY 2025-26 Budget Briefing Summary

### Higher Education

The Department of Higher Education is responsible for higher education and vocational training programs in the state. The Department’s FY 2024-25 appropriation represents approximately 14.6 percent of statewide operating appropriations and 10.7 percent of statewide General Fund appropriations.

The divisions included in this summary are the Department Administrative Office, Colorado Commission on Higher Education & Higher Education Special Purpose Programs, Div. of Occupational Education (except Area Technical Colleges), Auraria Higher Education Center, and History Colorado

### Summary of Request

Department of Higher Education						
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
<b>FY 2024-25 Appropriation</b>						
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
<b>Total</b>	<b>\$6,242,108,767</b>	<b>\$1,664,005,028</b>	<b>\$3,231,741,971</b>	<b>\$1,319,354,348</b>	<b>\$27,007,420</b>	<b>27,547.5</b>
<b>FY 2025-26 Requested Appropriation</b>						
FY 2024-25 Approp.	\$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 Ft Lewis Nat. Am. 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 - CHECRA	0	0	0	0	0	0.0
R10 Inclusive higher ed grants	-450,000	-450,000	0	0	0	0.0

Department of Higher Education						
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
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
HC5 Sesquicentennial Investment	0	0	0	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
<b>Total</b>	<b>\$6,202,112,031</b>	<b>\$1,625,664,465</b>	<b>\$3,294,068,551</b>	<b>\$1,255,623,455</b>	<b>\$26,755,560</b>	<b>27,323.8</b>
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%	-0.8%

*Only highlighted items are addressed in this document. Other requests will be addressed in separate staff briefings.*

**R3 Financial aid staff:** The request includes \$175,109 General Fund in FY 2025-26, and \$177,224 in FY 2026-27 and ongoing to support 2.0 FTE dedicated to coordinating the Colorado Application for Student Financial Aid (CASFA) and the Free Application for Federal Student Aid (FAFSA). Established in HB22-1366 (Improving Students’ Postsecondary Options), the two coordinators provide support to outreach teams serving workforce centers, correctional facilities, foster youth, secondary education systems, and institutions of higher education. The goal is to improve student understanding of available financial aid and to increase financial aid applications. This request continues funding that would otherwise expire at the end of the current fiscal year. This item is ineligible for an evidence designation as there is no data on outcomes over time yet for this work.

**R5 PSEP optometry program roll-off:** The Department requests a reduction of \$84,850 reappropriated funds in FY 2025-26 to begin the first phase towards elimination of the Professional Student Exchange Program (PSEP) for Optometry. Funding for the program originates as General Fund. This program provides forgivable loans to students who complete

Optometry programs at Western Interstate Collaborative on Higher Education (WICHE) institutions. Students that do not return to Colorado to practice optometry enter into a cash repayment plan with the State. The request proposes that each year, funding for the program would decrease until the final reduction in FY 2027-28. Current outstanding debt in repayment plans would be forgiven (approximately \$326,145), current participants would be allowed to complete the program without having to repay the loans, and no new students would be added beginning in FY 2025. This item is ineligible for an evidence designation as there is data on the outputs but not outcomes of the program.

**R9 Discontinue limited gaming support – CHECRA [requires legislation]:** The request proposes to eliminate the \$2.1 million portion of limited gaming revenue allocated by statute to the Innovative Higher Education Research Fund in FY 2025-26 and ongoing. This fund is appropriated to the Colorado Higher Education Competitive Research Authority (CHECRA). The portion of limited gaming revenue allocated CHECRA would go to the General Fund instead. The request retains \$2.8 million Cash Funds spending authority in the Long Bill to allow for the expenditure of any gifts, grants, and donations remaining in the fund. Four projects currently receiving funding from CHECRA are set to continue past Fiscal Year 2025-26, but would need to rely on institutional support in lieu of this funding.

**R10 Inclusive higher ed grants [requires legislation]:** The request includes a reduction of \$450,000 General Fund in FY 2025-26 and ongoing, eliminating funding for the Inclusive Higher Ed Grants program. This grant program provides funding to support the creation of inclusive education opportunities for students with intellectual and developmental disabilities at institutions of higher education. HB22-1107 (Inclusive Higher Education Opportunities) created the program which has completed three grant cycles providing grants to six institutions. Statute requires an appropriation to the grant program each year through FY 2026-27. This request would require legislation to end the grant program early. An evidence designation is not applicable to this request as it is not for a program.

**R11 Reduce teacher mentor grants:** The request includes a reduction of \$300,000 General Fund in FY 2025-26 and ongoing for the Teacher Mentor Grants Program. This program provides funding to train current educators to become teacher mentors. SB19-190 (Teacher Preparation Program Support) created the Teacher Mentor Grant Program with an original appropriation of \$1.2 million General Fund to be awarded over three years. The program received \$547,488 in General Fund appropriations since FY 2021-22 until HB24-1376 (Expand Teacher Mentorships) expanded the program and appropriated an additional \$100,000 General Fund appropriation. The proposed reduction would cut the program in half but would not impact current award recipients. The evidence designation for the *program* is promising.

**R13 AHEC enterprise [requires legislation]:** The request proposes to create or expand an existing enterprise to encompass operations of the Auraria Higher Education Center (AHEC). This would result in the elimination of a double-count of revenue to the State's TABOR district. Currently, the State pays the institutions for services through fee-for-service contracts. The three institutions on the AHEC campus then pay AHEC for services, which is counted as revenue to the State's TABOR district. Both enterprising and non-enterprising options are being considered to address the revenue impact of the reappropriated funds received by AHEC. All

options are still being vetted for approval. If a solution can be found, the result could be up to \$31.4 million in additional available General Fund revenue in FY 2025-26 to support other State priorities. An evidence designation is not applicable to this request as it is not for a program.

**HC1 CENT and HSMO spending authority:** The request includes an increase of \$496,613 in spending authority from the State Historical Museum Fund in FY 2025-26 and ongoing to support Historic Site Maintenance and Operations and Central Administration functions. Funding would support 5.0 FTE already employed by History Colorado. This includes 1.0 HR Generalist, 2.0 Accounting staff, 1.0 Financial Analyst, and 1.0 Admin staff. High turnover and staff transitions have allowed the Department to support these FTE with vacancy and transition savings but will not be sufficient to sustain long-term costs. An evidence designation is not applicable to this request as it is not for a program.

**HC2 Cumbres and Toltec RR operations:** The request includes \$1,365,000 General Fund in FY 2025-26 and ongoing to support the Cumbres and Toltec Scenic Railroad operations. Of the amount requested, \$280,000 would support railroad operating costs, and \$1,085,000 would support necessary capital projects and maintenance. Per a footnote included in the FY 2022-23 Long Bill, capital funding provided through the State would continue through FY 2024-25. The railroad is requesting the funding to continue as base State support for the railroad. Railroad operations are discussed further in Issue Brief #1. An evidence designation is not applicable to this request as it is not for a program.

**HC3 Historic tax credit spending authority:** The request includes an increase of \$50,000 reappropriated funds in FY 2025-26 and ongoing from revenue derived from Historic Tax Credit application fees. These funds are reappropriated from the Office of Economic Development and International Trade (OEDIT). The current appropriation to History Colorado is \$97,283 reappropriated funds and supports 1.0 FTE for a Tax Credit Specialist as well as related outreach. Application fee revenue for the Historic Tax Credit is split evenly among History Colorado, the Department of Revenue, and OEDIT. It was created in 1990, expanded in 2015, and expanded again in 2024. Revenue fluctuates based on application fees received. History Colorado's portion of revenue has exceeded its appropriations reflected in the Long Bill for in two of the last three years. The request seeks increased spending authority as well as flexibility through a footnote to the Long Bill which would allow History Colorado to utilize its entire share of application fee revenue each year. An evidence designation is not applicable to this request as it is not for a program.

**HC4 Community museum refinance:** The request includes refinancing \$20,410 General Fund with \$20,410 Cash Funds from the Community Museums Cash Fund to support community museum operations. This refinancing would occur only in FY 2025-26. This request was submitted as an option for General Fund relief and represents 1.0 percent of community museum General Fund support. An evidence designation is not applicable to this request as it is not for a program.

**HC5 Sesquicentennial investment [requires legislation]:** The request is for a transfer of \$5.0 million General Fund into the America 250-Colorado 150 Cash Fund to support sesquicentennial activities in FY 2025-26. There are at least eleven signature initiatives identified by the Department that may be supported with the additional General Revenue and funds raised

through the Commission’s outreach efforts. The request does not specify the use of funds. An evidence designation is not applicable to this request as it is not for a program.

*[JBC Staff note: It is JBC staff’s understanding that the Executive Branch intends to retract this request and instead submit two separate requests to the Capital Development Committee. The first request will be for \$3.0 million for the acquisition, design, and build out of a to-be-determined space for a Latino Heritage Museum (LHM). The second request will be for \$2.0 million for statewide monuments and road side markers. There is already a \$30.0 million placeholder request before the CDC related to a Latino Heritage Museum.]*

**Non-prioritized decision items:** The request includes a reduction of \$11.4 million total funds from changes pertaining to budget decision items in other Departments. Changes are reflected in the table below:

Nonprioritized requests						
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
NP1 DNR R10 Severance tax restructure	\$0	\$1,836,180	-\$1,836,180	\$0	\$0	0.0
NP2 DNR R11 CSFS move	-10,360,024	-10,360,024	0	0	0	0.0
NP3 MTCF reduction	-1,000,000	0	-1,000,000	0	0	0.0
<b>Total</b>	<b>-\$11,360,024</b>	<b>-\$8,523,844</b>	<b>-\$2,836,180</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0</b>

**Auraria Higher Ed Center increase:** The request increases spending authority for the Auraria Higher Education Center (AHEC) by \$2.9 million 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). This amount reflects increases negotiated by the tenant institutions. Cost increases are driven primarily by inflation, COWINS salary adjustments, and benefits.

**Centrally appropriated line items:** The request includes an increase of \$2.5 million total funds for centrally appropriated items as reflected in the chart below. Of that amount, \$1.2 million is for History Colorado, as noted by the “HC” at the end of each item.

Centrally appropriated line items						
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Salary survey	\$570,711	\$194,789	\$297,078	\$0	\$78,844	0.0
Leased space	550,000	550,000	\$0	\$0	\$0	0.0
Step Plan - HC	546,261	481,565	58,908	0	5,788	0.0
Risk management & property - HC	294,684	0	294,684	0	0	0.0
Health, life, and dental - HC	219,467	68,865	137,013	0	13,589	0.0
Payments to OIT - HC	120,616	44,942	75,674	0	0	0.0
Health, life, and dental	90,659	167,674	171,849	-24,042	-224,822	0.0
Step Plan	56,567	33,519	9,595	0	13,453	0.0
CORE adjustment - HC	31,062	0	31,062	0	0	0.0
Legal services - HC	24,927	0	24,927	0	0	0.0
Legal services	23,473	16,347	7,126	0	0	0.0
CORE adjustment	18,683	0	0	18,683	0	0.0
PERA direct distribution -HC	7,439	2,221	4,951	0	267	0.0
AED and SAED adjustment - HC	3,895	-14,081	16,882	0	1,094	0.0

Centrally appropriated line items						
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Payments to OIT	3,153	3,153	0	0	0	0.0
Paid FAMILI - HC	176	-633	760	0	49	0.0
Short-term disability - HC	56	-211	251	0	16	0.0
AED and SAED adjustment	-12,662	35,096	59,206	-8,972	-97,992	0.0
PERA direct distribution	-10,695	7,146	21,717	-3,292	-36,266	0.0
Risk management & property	-8,358	0	-50	-8,308	0	0.0
Workers' compensation	-6,800	0	-103	-6,697	0	0.0
Workers' compensation - HC	-5,412	0	-5,412	0	0	0.0
ALJ services	-574	-574	0	0	0	0.0
Paid FAMILI	-571	1,579	2,664	-404	-4,410	0.0
Short-term disability	-190	527	888	-135	-1,470	0.0
<b>Total</b>	<b>\$2,516,567</b>	<b>\$1,591,924</b>	<b>\$1,209,670</b>	<b>-\$33,167</b>	<b>-\$251,860</b>	<b>0.0</b>

**CO Geological Survey inflation:** The request includes an increase of \$85,526 General Fund for the Colorado Geological Survey. This change provides an increase to account for inflation. Please note, a statewide request would refinance Severance Tax appropriations for the Colorado Geological Survey with General Fund appropriation.

**Annualize prior year legislation:** This request includes a decrease of \$8.3 million total funds to reflect the out-year impact of prior year legislation. Changes are reflected in the chart below.

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

**Annualize prior year budget actions:** The request includes a decrease of \$3.4 million total funds to reflect the out-year impact of prior year budget actions. Changes are reflected in the chart below.

Annualize prior year budget actions						
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY24-25 HC BA1 CO heritage for all	\$12,637	\$12,637	\$0	\$0	\$0	0.3
FY24-25 HC4 Adobe maint. mgr	7,222	7,222	0	0	0	0.1
Prior year salary survey	0	0	0	0	0	0.0
Prior year salary survey - HC	0	0	0	0	0	0.0
FY 2024-25 Step Plan	0	0	0	0	0	0.0
FY 2024-25 Step Plan - HC	0	0	0	0	0	0.0
Cumbres & Toltec re-auth.	-1,365,000	-1,365,000	0	0	0	0.0
FY24-25 HC8 Strategic initiatives	-1,218,415	0	-1,218,415	0	0	0.0
FY24-25 HC5 Cumbres & Toltec	-500,000	-500,000	0	0	0	0.0
FY24-25 CU online training	-196,472	-108,472	0	-88,000	0	0.0
FY24-25 BA2 Dept staffing	-89,202	-89,202	0	0	0	-1.0
FY24-25 Human resources staff	-6,670	-6,670	0	0	0	0.0
FY24-25 HC7 COP sequestration	-2,609	0	-2,609	0	0	0.0
<b>Total</b>	<b>-\$3,358,509</b>	<b>-\$2,049,485</b>	<b>-\$1,221,024</b>	<b>-\$88,000</b>	<b>\$0</b>	<b>-0.6</b>

## Issues Presented

This is a summary of the briefing issues presented to the Joint Budget Committee by their dedicated non-partisan staff.

**Cumbres & Toltec Scenic Railroad:** This issue brief provides an overview of the Cumbres & Toltec Scenic Railroad Commission and the R3 request for the State to provide ongoing operational funding for the railroad.

**Department Operations:** This issue brief discusses recent challenges and potential opportunities for the operations of the Department of Higher Education.

**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.

For the divisions of the Department Administrative Office, Colorado Commission on Higher Education and Higher Education Special Purpose Programs, Division of Occupational Education, Auraria Higher Education Center, and History Colorado, the proposals include a reduction of \$855,260 in General Fund appropriation/expenditure reductions. This does not include annualizations related to prior year budget actions and legislation. The requested budget balancing options represent 0.9 percent of the divisions’ FY 2024-25 General Fund appropriations.

This briefing discusses these budget reduction options as well as options identified by JBC staff.

# 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 2024.