

JOINT BUDGET COMMITTEE



STAFF BUDGET BRIEFING FY 2022-23

DEPARTMENT OF HIGHER EDUCATION

JBC WORKING DOCUMENT - SUBJECT TO CHANGE
STAFF RECOMMENDATION DOES NOT REPRESENT COMMITTEE DECISION

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ADDITIONAL RESOURCES

Brief summaries of all bills that passed during the 2020 and 2021 legislative sessions 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/fy21-22apprept_0.pdf

The online version of the briefing document, which includes the Numbers Pages, 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.

DEPARTMENT OF HIGHER EDUCATION

DEPARTMENT OVERVIEW

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 CCHE is also the executive director of the Department. The appropriation for CCHE funds the Commission's central administrative staff of approximately 30.0 FTE, the Division of Private Occupational Schools, and various special-purpose line items. This section is largely supported through indirect cost recoveries.

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.

DEPARTMENT BUDGET: RECENT APPROPRIATIONS

FUNDING SOURCE	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23 ¹
General Fund ^{2,3}	\$1,111,529,895	\$612,749,705	\$1,216,230,141	\$1,276,268,818
Cash Funds	2,822,976,639	2,701,753,080	2,894,089,582	2,829,091,410
Reappropriated Funds	901,199,179	431,543,250	980,098,751	1,026,742,188
Federal Funds	475,835,590	25,850,476	25,411,388	25,697,607
TOTAL FUNDS	\$5,311,541,303	\$3,771,896,511	\$5,115,829,862	\$5,157,800,023
Full Time Equiv. Staff	26,304.0	26,733.3	26,549.2	26,569.3

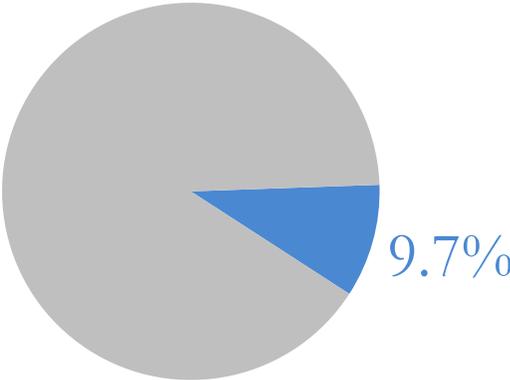
¹Requested appropriation.

²Includes appropriations from the CARE subfund in the General Fund for FY 2019-20.

³Includes General Fund Exempt.

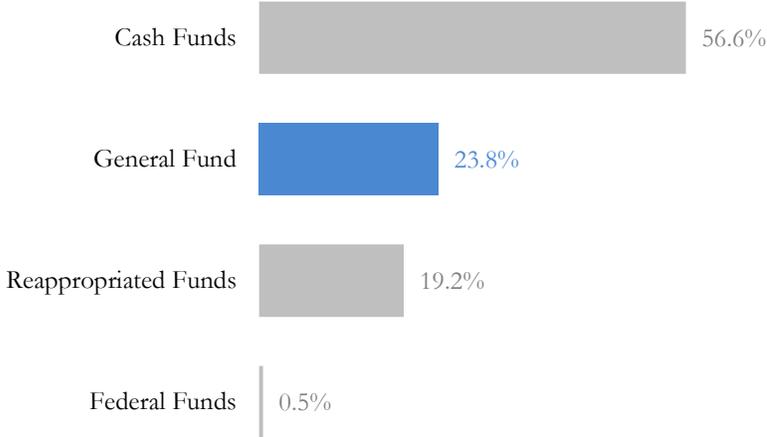
DEPARTMENT BUDGET: GRAPHIC OVERVIEW

Department's Share of Statewide General Fund



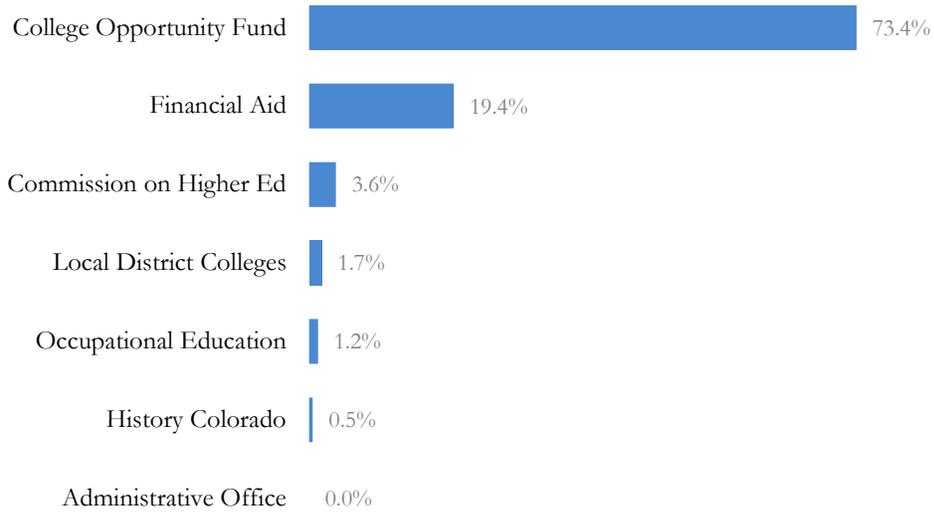
Based on the FY 2021-22 appropriation.

Department Funding Sources



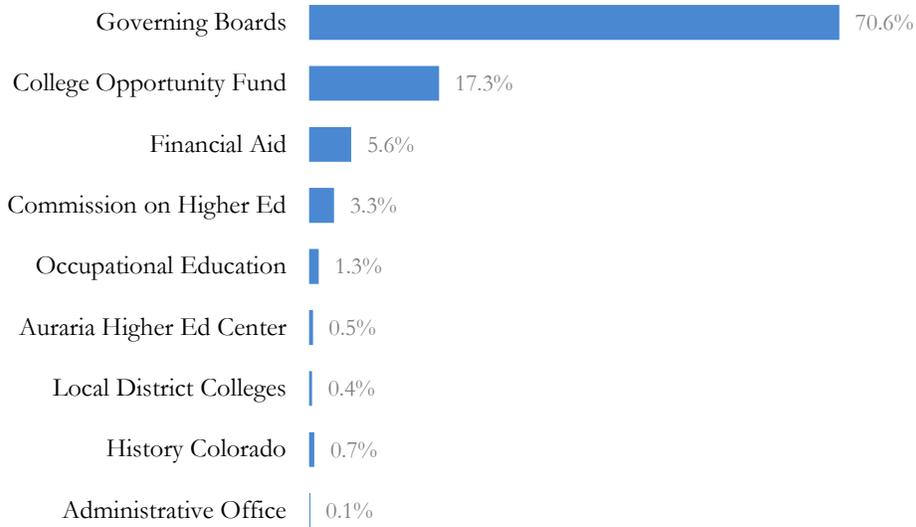
Based on the FY 2021-22 appropriation.

Distribution of General Fund by Division



Based on the FY 2021-22 appropriation.

Distribution of Total Funds by Division



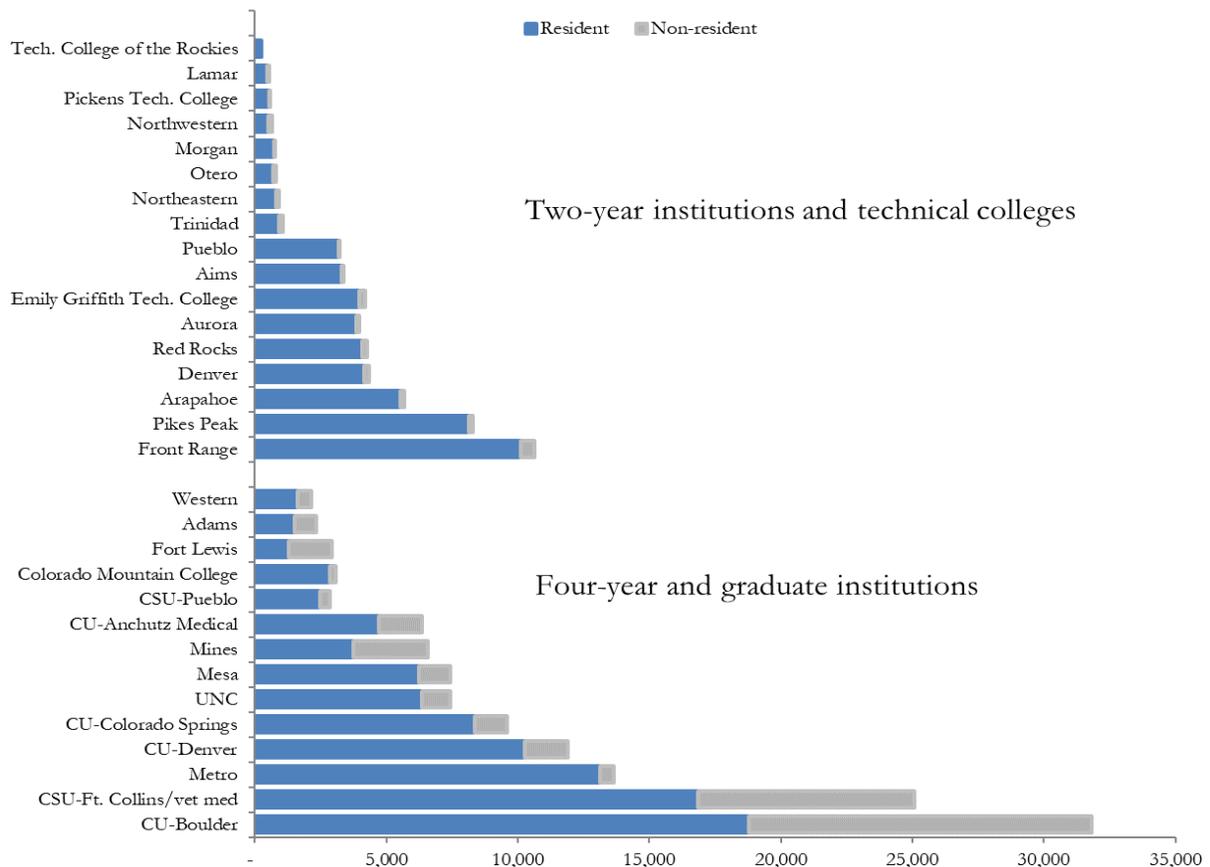
Based on the FY 2021-22 appropriation.

GENERAL FACTORS DRIVING THE BUDGET

The public higher education system served 186,546 full-time equivalent students (SFTE) in FY 2020-21, including 149,355 Colorado residents, in 31 institutions.¹ Of the total, 175,225 students attended one of the 27 institutions overseen by 10 state governing boards. The remaining 11,321 student FTE attended local district colleges, which receive regional property tax revenues in addition to state funding, or area technical colleges, which offer occupational certificates and serve both secondary and post-secondary students. Of the total, 28.6 percent of SFTE attended two-year and certificate institutions in FY 2020-21. Students attending institutions that offer baccalaureate and higher degrees are concentrated at the University of Colorado, Colorado State University, and Metropolitan State University of Denver. Enrollment in FY 2020-21 is 4.4 lower than FY 2019-20 enrollment of 195,196 SFTE, reflecting the impact of the COVID-19 pandemic.

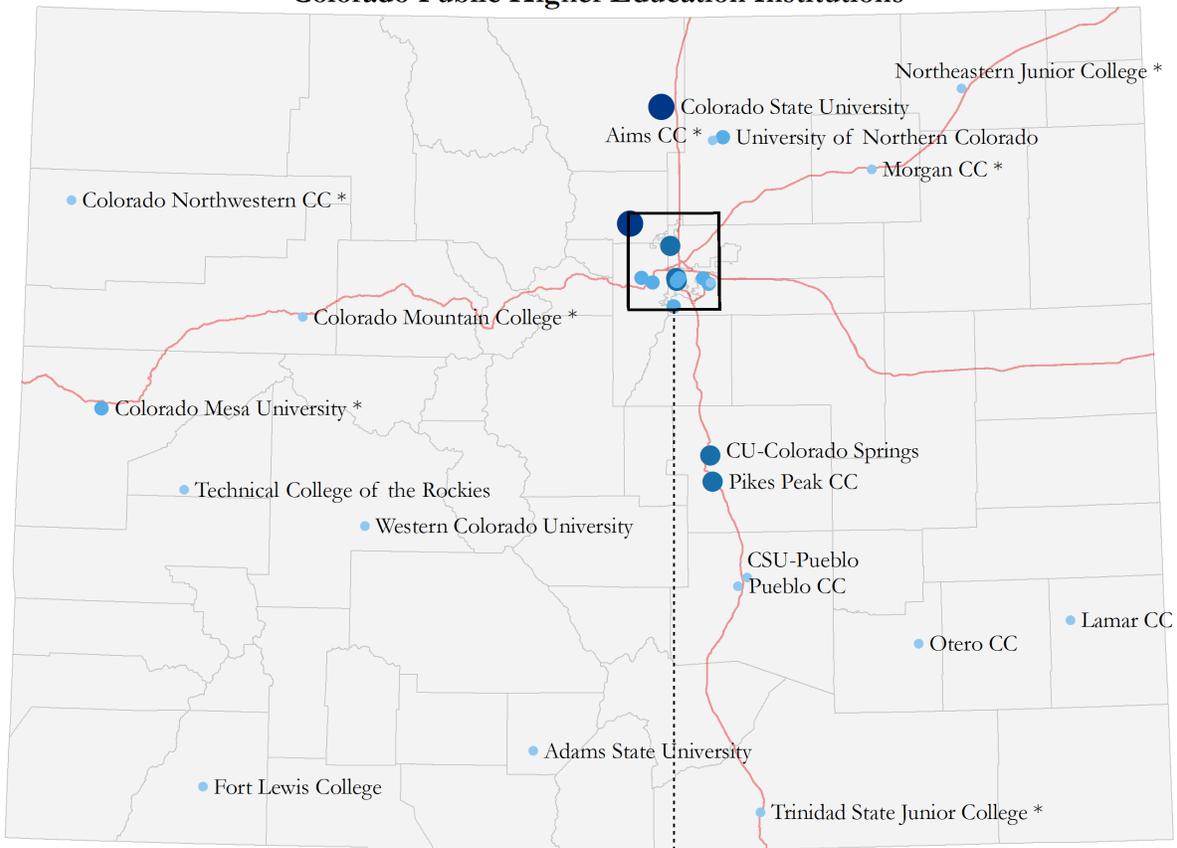
The Colorado Commission on Higher Education (Commission) coordinates the higher education delivery system, including requests for state funding. However, each institution has a governing board that makes policy and budget decisions for the institution.

STUDENT FULL-TIME-EQUIVALENT ENROLLMENT 2020-21



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 institutions out of state.

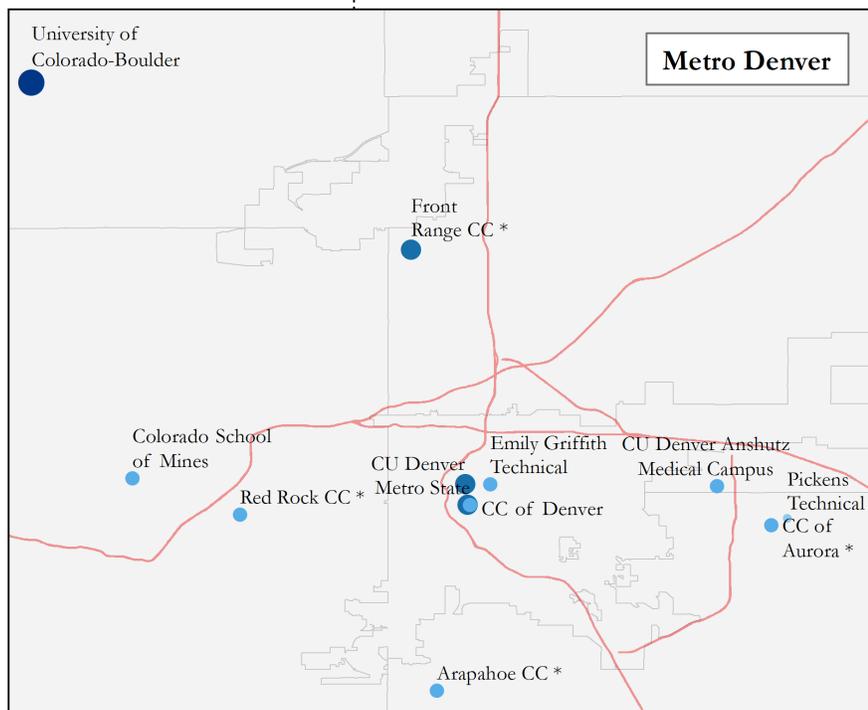
Colorado Public Higher Education Institutions



Student FTE Served FY 2020-21

- 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

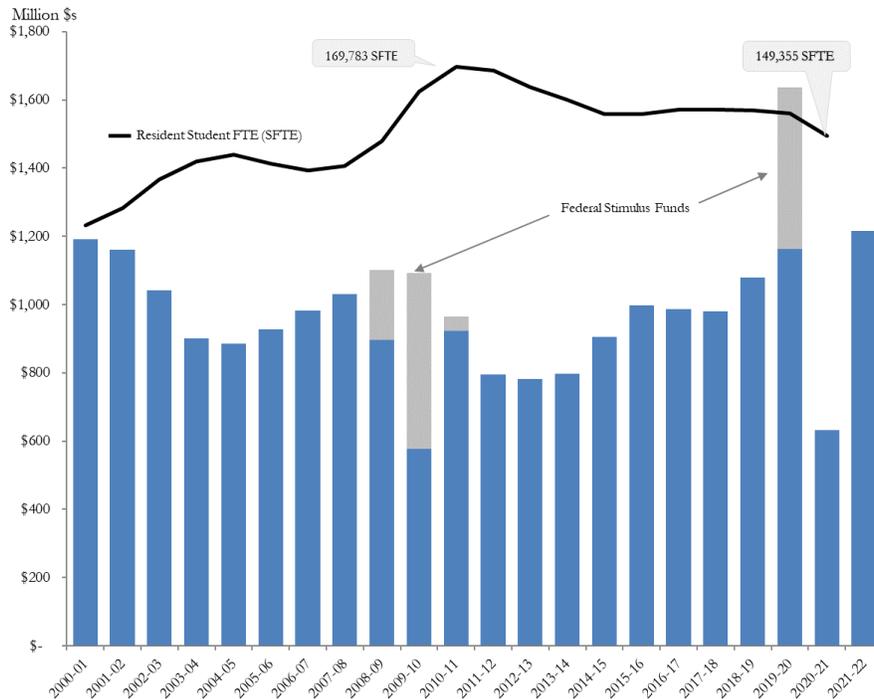
IMPACT OF THE STATEWIDE BUDGET OUTLOOK

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. An educated population is associated with higher wages, lower unemployment, and lower dependence on public resources. Higher education may also be part of strategies to fill unmet needs in the community, such as nurses or teachers or engineers. Finally, subsidizing higher education is frequently described as a form of economic development for the community, as it attracts business and cultural resources.

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 declined during economic downturns that began in FY 2000-01, FY 2007-08, and FY 2019-20 and rebounded under stronger economic conditions. Most recently, General Fund appropriations for higher education were cut from \$1.12 billion in FY 2019-20 to \$0.6 billion in FY 2020-21 in response to the COVID-19 pandemic and resulting declines in available state revenue. Federal funds allocated by the Governor in FY 2019-20 were expected to assist in addressing the disaster emergency. For FY 2021-22, the General Assembly restored the entire General Fund reduction and increased support to \$1.21 billion General Fund, 9.4 percent above the FY 2019-20 funding level.

DEPARTMENT OF HIGHER EDUCATION STATE GENERAL FUND
APPROPRIATIONS* IN CONSTANT DOLLARS AND RESIDENT STUDENT FTE



*Includes federal American Recovery and Reinvestment Act and Coronavirus Relief Fund money shown in the budget for informational purposes.

The table below compares FY 2019-20 and FY 2021-22 General Fund appropriations in more detail. Government support increased even more if other fund sources are included, further demonstrating that available state revenue is a primary driver in support for public higher education.²

HIGHER EDUCATION GENERAL FUND APPROPRIATIONS FY 2019-20 AND FY 2021-22 ¹				
	FY 2019-20	FY 2021-22	CHANGE	PERCENTAGE CHANGE
Adams State University	\$17,280,257	\$19,067,430	\$1,787,173	10.3%
Colorado Mesa University	32,484,959	35,977,002	3,492,043	10.7%
Metropolitan State University	63,969,142	72,539,051	8,569,909	13.4%
Western Colorado University	15,235,379	16,694,441	1,459,062	9.6%
Colorado State University System	172,378,536	184,714,063	12,335,527	7.2%
Fort Lewis College	14,136,437	15,375,659	1,239,222	8.8%
University of Colorado System ²	244,273,926	253,293,150	9,019,224	3.7%
Colorado School of Mines	25,371,265	27,577,460	2,206,195	8.7%
University of Northern Colorado	47,079,464	51,724,570	4,645,106	9.9%
Community College System	190,447,695	214,474,605	24,026,910	12.6%
Colorado Mountain College	9,010,042	9,668,008	657,966	7.3%
Aims Community College	10,653,783	11,483,011	829,228	7.8%
Area Technical Colleges	13,910,021	14,989,723	1,079,702	7.8%
Subtotal-Governing Boards/Institutions	\$856,230,906	\$927,578,173	\$71,347,267	8.3%
Financial Aid	219,788,594	235,593,061	15,804,467	7.2%
Lease Purchase Payments/Capital-related for Higher Education Buildings	26,030,291	26,918,926	888,635	3.4%
Wildfire Mitigation (CSU State Forest Service)	1,000,000	10,000,000	9,000,000	900.0%
History Colorado	2,830,198	6,676,959	3,846,761	135.9%
Other	5,649,906	9,463,022	3,813,116	67.5%
TOTAL	\$1,111,529,895	\$1,216,230,141	\$104,700,246	9.4%

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

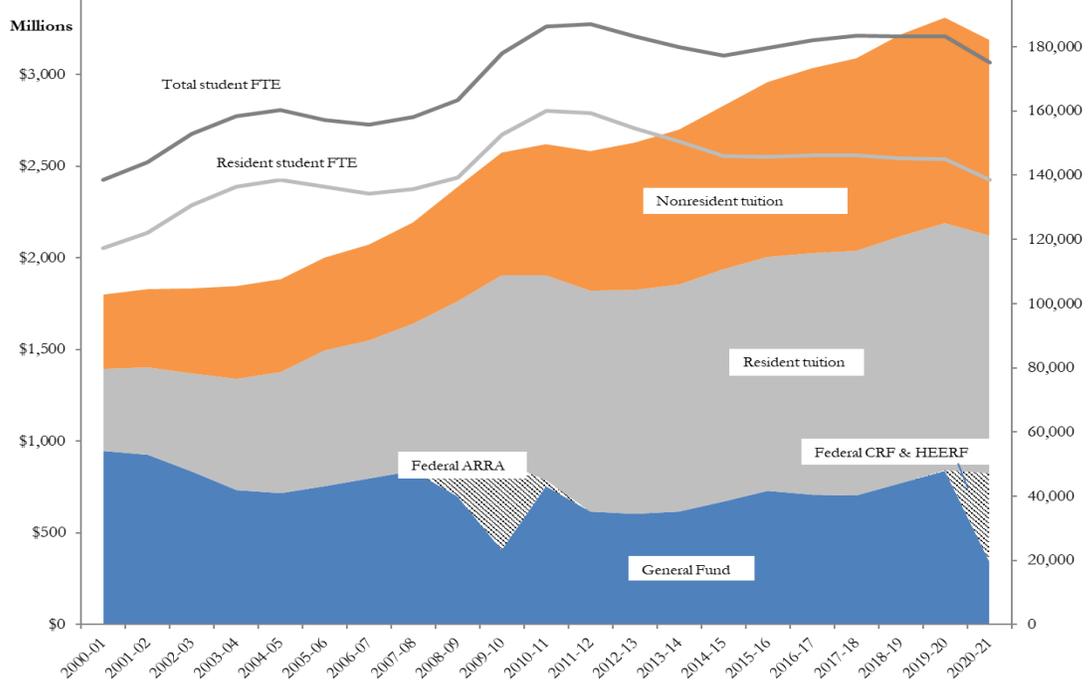
² Includes a temporary reduction of \$10,231,185 in S.B. 21-213 related to increased federal Medicaid payments for University of Colorado Health Sciences Center medical services.

Colorado and other states have historically addressed state budget constraints by increasing the share of higher education costs borne by individuals and families. This occurs both through higher tuition rates and through increases in enrollment that typically occur during recessions. The charts below illustrate how 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.

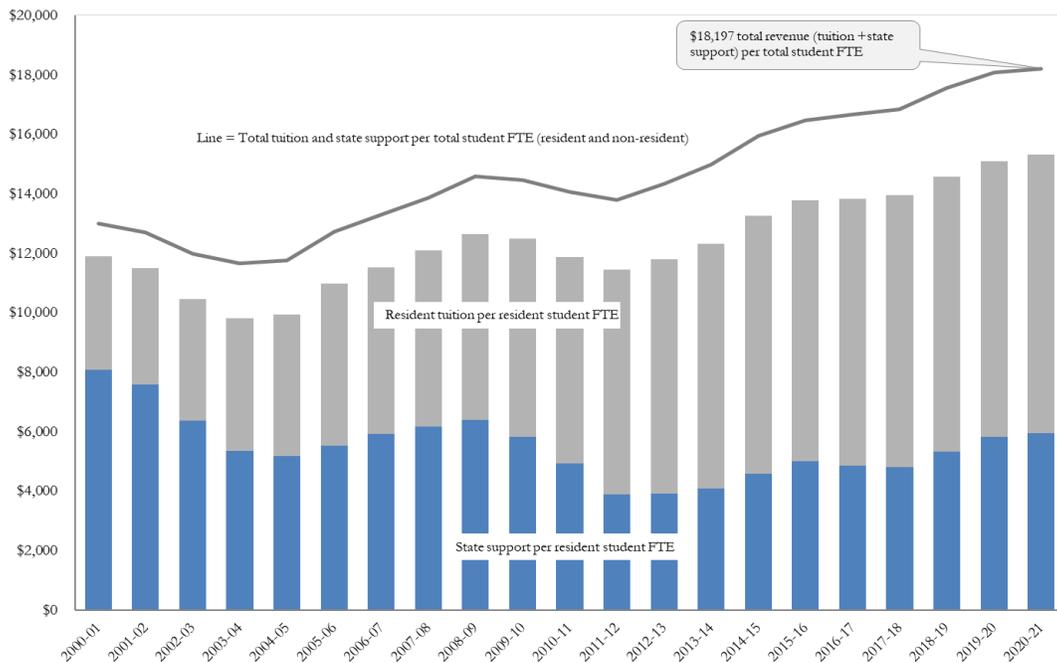
The coronavirus pandemic has thus far differed from prior recessions because it has led to reductions, rather than increases, in student enrollment. In FY 2020-21, governmental support, including both state General Fund and federal stimulus funds, remained relatively flat, but total revenue for education and general activities declined due to reductions in enrollment. However, total revenue *per student FTE* increased, as it has consistently since FY 2011-12. There are many reasons for this trend, but one is the ongoing increases in the share of resident students who attend expensive research institutions rather than less expensive institutions such as community colleges. Lower cost institutions have faced steeper declines in enrollment during the pandemic than research institutions.

² In addition to the General Fund support shown, in FY 2021-22, the General Assembly also appropriated \$61.5 million for higher education from one-time federal Coronavirus Fiscal Recovery Funds deposited into the Workers, Employers and Workforce Centers Cash Fund.

HIGHER EDUCATION STATE INSTITUTIONS' GENERAL FUND, FEDERAL STIMULUS FUNDS, AND TUITION REVENUE IN CONSTANT FY 2020-21 DOLLARS



HIGHER EDUCATION STATE INSTITUTIONS' GENERAL FUND, FEDERAL STIMULUS FUNDS, AND TUITION PER STUDENT FTE IN CONSTANT FY 2020-21 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.

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. The decline in state support per student FTE over the last two decades explains a significant portion, but not all, tuition increases through FY 2021-22.

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.
- 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.³ The tuition increases used to derive the total spending authority for each governing board are detailed in a footnote to the Long Bill.⁴ 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.
- For FY 2020-21 and FY 2021-22, Long Bill footnotes and tuition spending authority restricted resident undergraduate tuition to an increase of 3.0 percent at most institutions. Actual increases adopted by the governing boards are reflected in the table below.

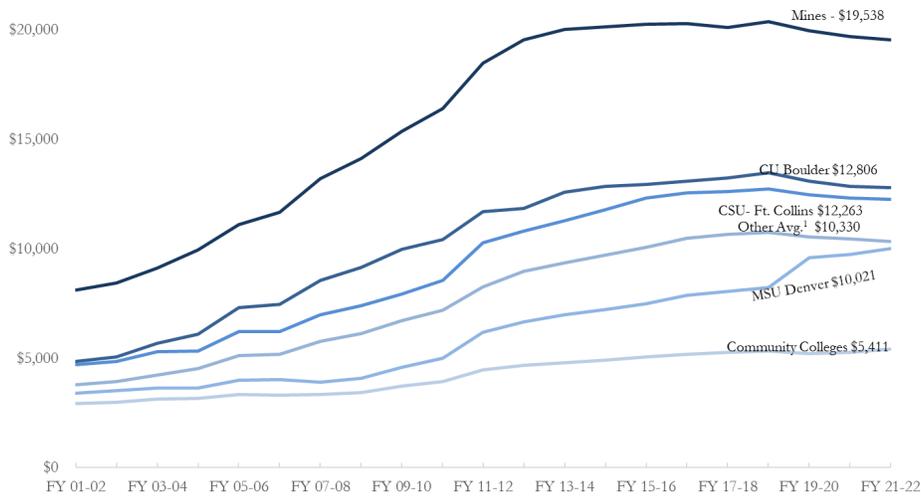
RESIDENT UNDERGRADUATE TUITION INCREASES AT STATE BOARDS			
	FY 2020-21	FY 2021-22	NOTES
Adams State University	2.1%	2.0%	
Colorado Mesa University	0.0%	3.0%	
Metropolitan State University	3.0%	11.1%	Exceeded FY 22 authorization
Western Colorado University	2.9%	0.0%	
Colorado State University System	0.0%	3.0%	
Fort Lewis College	0.0%	0.0%	
University of Colorado System	0.0%	3.0%	
Colorado School of Mines	0.0%	3.1%	Not restricted, per statute
University of Northern Colorado	0.0%	7.0%	7.0% Authorized in FY 22
Community College System	3.0%	0.0%	

³ Sections 23-1-104 (1)(b) and 23-41-104.6 (5)(c)(I)(A), C.R.S.

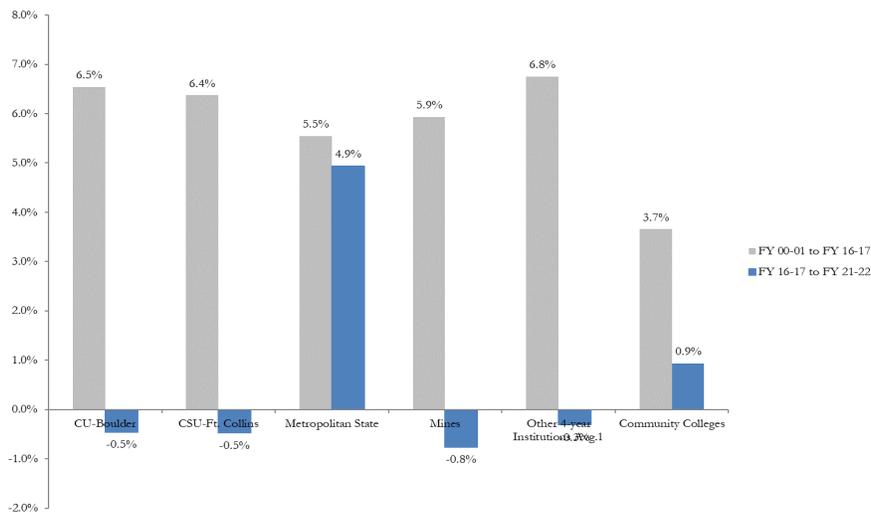
⁴ Section 23-18-202 (3)(b)(I), C.R.S.

Tuition rates are affected by the General Assembly's decisions but also reflect institutions' assessments of what the market will bear. The chart below shows the growth in tuition and mandatory fee rates through FY 2021-22 for full-time (30 credit hour) resident undergraduate students with the lowest rates: those taking liberal arts and sciences courses. As reflected in the chart below, for some of the state's most expensive institutions--CU Boulder, Colorado School of Mines, and CSU Fort Collins--posted tuition and fees for liberal arts students are now lower than they were five years ago, after adjusting for inflation. However, the cost for the least expensive 4-year institution, the Metropolitan State University of Denver, remains on a steep upward trajectory.

COLORADO RESIDENT ANNUAL TUITION AND MANDATORY FEES
(FULL-TIME FRESHMAN/SOPHOMORE LIBERAL ARTS)
IN CONSTANT FY 2021-22 DOLLARS



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



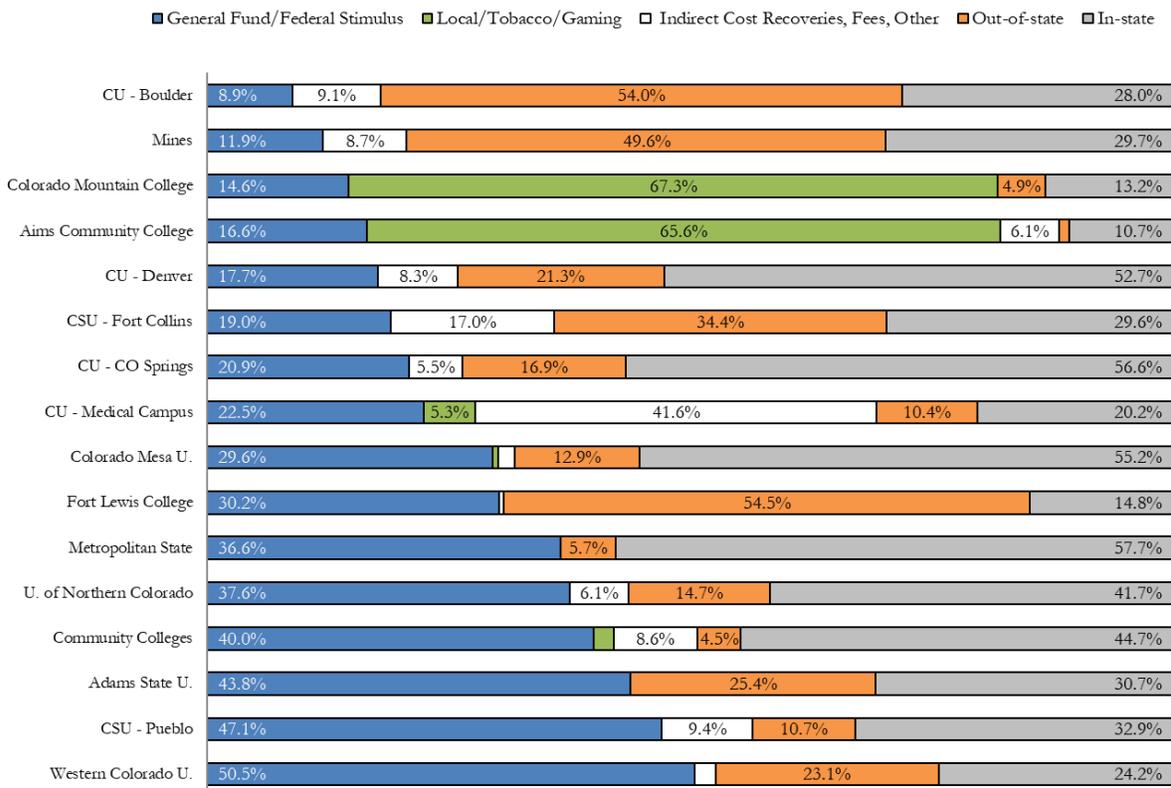
¹CSU-Pueblo, Fort Lewis College, University of Northern Colorado, Adams State University, Colorado Mesa University, Western Colorado University

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.⁵ From an institutional operations perspective, this compensates for the low levels of state support provided in Colorado compared to other states.

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 2020-21. 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

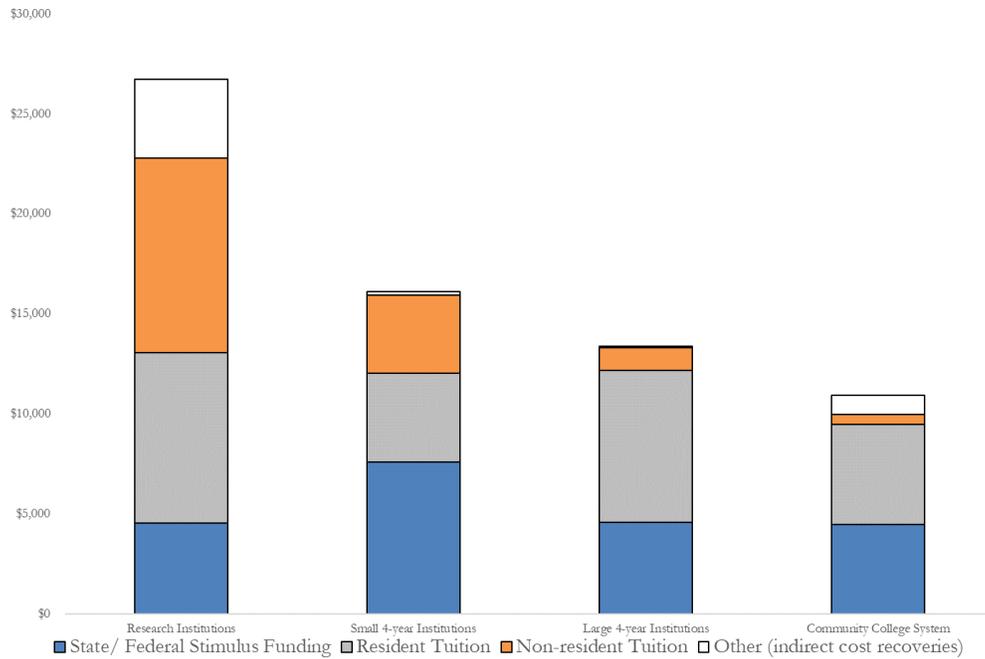


An institution's ability to access resources in addition to state General Fund and resident tuition revenue also has a large impact on the *total* educational revenue available to the institution per student.

⁵ See the State Higher Education Finance Report, 2020, <https://shef.sheeo.org/> and Memo on Hanover Resource Analysis Project, November 2020, https://cdhe.colorado.gov/sites/highered/files/2020-11/Hanover%20Revenue%20Memo_11.20.20%20FAA.pdf

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 2020-21



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, as well as state support. 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, higher education enrollment usually grows more rapidly. This affects most institutions to some extent but is particularly notable for the community college system. See the briefing issue on Higher Education financial performance for longitudinal charts.

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 2020-21, the state institutions, including the Auraria Higher Education Center, employed 25,966.2 FTE, excluding employees of self-supporting auxiliary programs such as food services, bookstores, or housing. While the pandemic may modestly reduce employment, higher education will remain 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 79,600 employees in the sector in 2019.

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. However, this 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

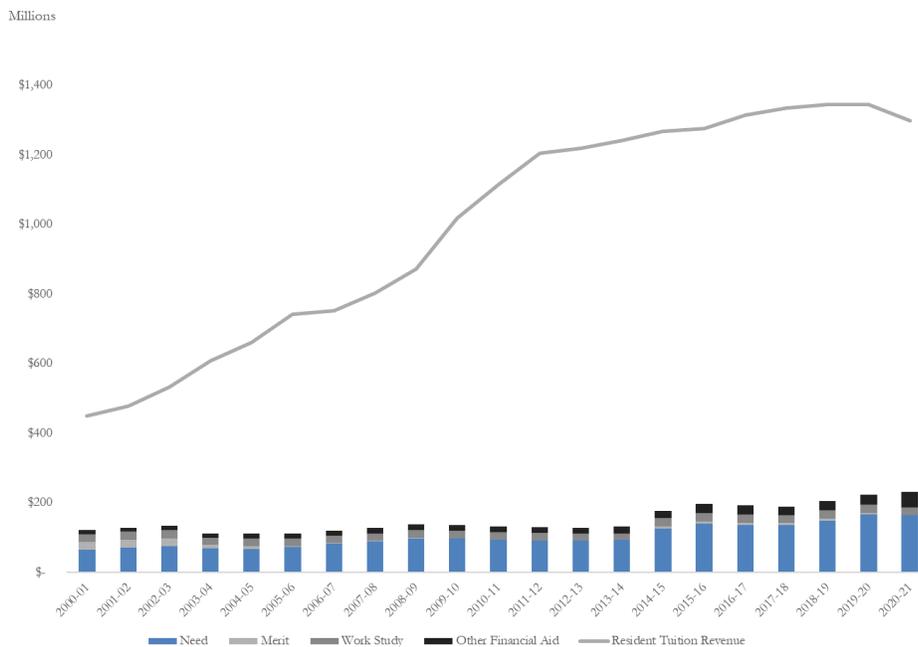
Of state appropriations for higher education in FY 2021-22, \$285.4 million total funds, including \$235.6 million General Fund, is for financial aid, representing 19.4 percent of state higher education General Fund appropriations. Most state financial aid is for need-based aid and work-study. There 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 FY 2020-21 some special purpose programs were reduced, including a \$5.0 million Merit Based Aid appropriation which was eliminated. However, core Need Based Aid and Work Study appropriations were not reduced. In FY 2021-22, Need Based Aid was increased and the \$49.5 million one-time cash funds originating from federal stimulus funds (Coronavirus Fiscal Recovery Funds) was appropriated for financial aid and related student support services.

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. A total of 63,546 students received state-supported financial aid in FY 2020-21. The average state need-based award was \$2,829 and the average state work-study award was \$3,000.

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 increases in recent years, including \$19.1 million (10.7 percent) in FY 2018-19 and \$23.4 million (11.9 percent) in FY 2019-20. Although appropriations for the governing boards were cut sharply in FY 2020-21, financial aid remained largely intact. For FY 2021-22, state support increased by \$20.8 million (9.7 percent) *excluding* additional one-time cash funds. Nonetheless, overall demand for aid continues to outstrip available funding. In FY 2000-01, total state financial aid disbursements equaled 27.0 percent of resident tuition revenue at state institutions; for FY 2020-21 this figure was 17.0 percent.

PUBLIC INSTITUTION RESIDENT TUITION REVENUE V. STATE FINANCIAL AID APPROPRIATIONS (CONSTANT FY 2020-21 DOLLARS)



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.

Data collected by JBC staff indicates that the financial positions of public higher education institutions increased significantly for FY 2020-21. See the briefing issue on Higher Education Financial Status for related information.

SUMMARY: FY 2021-22 APPROPRIATION & FY 2022-23 REQUEST

DEPARTMENT OF HIGHER EDUCATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2021-22 APPROPRIATION:						
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
TOTAL	\$5,115,829,862	\$1,216,230,141	\$2,894,089,582	\$980,098,751	\$25,411,388	26,549.2
FY 2022-23 REQUESTED APPROPRIATION:						
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

DEPARTMENT OF HIGHER EDUCATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
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)
TOTAL	\$5,157,800,023	\$1,276,268,818	\$2,829,091,410	\$1,026,742,188	\$25,697,607	26,569.3
INCREASE/(DECREASE)	\$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. To replace the College in Colorado tool, a multi-agency taskforce coordinated by the Colorado Workforce Development Council raised funds to develop My Colorado Journey, a new online career exploration tool that was authorized in statute by H.B. 20-1396. The Department of Higher Education received grant support through the Colorado Workforce Development Council for 2.0 FTE to provide outreach and training about My Colorado Journey in FY 2020-21, but the funding did not continue in FY 2021-22. The Department's written request for R5 indicated that it was supporting these staff in FY 2021-22 with vacancy savings and that this was not sustainable. More recently, the Department informed JBC staff that the 2.0 FTE had left their positions, and the Department is no longer doing work related to My Colorado Journey. As originally presented, the request indicated that the Department sought staff to provide regional workshop opportunities for education and workforce professionals on My Colorado Journey activities and features, assist professionals with other training and career planning tools, and facilitate school and organizational participation in College Application Month, College Friday, and Free Application for Federal Student Aid (FAFSA) Completion. 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 FAFSA completion.

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. Many postsecondary students may be eligible for public benefits such as SNAP, TANF, WIC, and Medicaid but do not know they are eligible. Use of public benefits can enable students to complete credentials and degrees and access better long-term workforce opportunities, thereby breaking a cycle of dependence.

In response to staff questions, the Department reports that 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.

In response to a staff question, on December 7, 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). The ICR was launched in 2016 at Colorado State University-Pueblo. Initially its activities were focused on research and education at CSU Pueblo and hosting an annual research conference. In 2019, the mission evolved to a pure research focus engaging researchers throughout Colorado. The ICR's current grant funding model launched in 2021 and is based on the process used by the National Institutes of Health for research funding. There is significant demand for this research funding, and the request notes that unbiased research on cannabis informs appropriate regulation and policy to protect public health and safety; stimulates medical, scientific, and technology advancement; and addresses societal questions about the impacts of new markets and policies. The ICR also continues to host an annual research conference, sponsors publication of the Journal of Cannabis Research in partnership with Springer Nature Publishing, and provides a monthly webinar series on cannabis research. *Staff notes that some technical changes to the ICR statute could be beneficial, including provisions that would require research funded by ICR to be made publicly available and provisions to allow a portion of research funding to roll forward annually,* if the JBC is interested in sponsoring related legislation. The Governor's Office indicates that its request does not include allowing roll forward authority for any of the funds.

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
TOTAL	\$1,159,578	\$352,409	\$279,242	\$253,166	\$274,761	0.0

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)

ANNUALIZE PRIOR YEAR LEGISLATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
TOTAL	(\$57,480,866)	\$5,406,483	(\$68,026,390)	\$5,087,432	\$51,609	(1.0)

Staff anticipates that at least one additional bill not included in the request will need to be annualized in FY 2022-23 based on current law. Senate Bill 21-185, concerning educator preparation programs, included a one-time appropriation of \$2,898,963 General Fund for the educator loan repayment program. The FY 2021-22 appropriation was structured to be used over five years with no continuing appropriation in FY 2022-23. This reduction was not included in the request.

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
TOTAL	(\$1,650,775)	(\$1,943,659)	\$253,035	\$80,000	(\$40,151)	0.0

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

ISSUE: 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.

SUMMARY

- 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.
- The request routes all of the requested increase through the "performance" portion of the higher education funding model, which provides for an adjustment by board ranging from 4.0 to 6.1 percent.
- If General Fund and *resident tuition* are treated as the base for inflationary increases, and the Committee assumes no increase in resident tuition, the Governor's request would provide for an overall 1.9 inflationary adjustment for institutions of higher education. Even if the General Assembly assumes nonresident tuition will increase 3.0 percent, the request provides for an overall increase of 2.2 percent. This is well below inflationary expectations.

RECOMMENDATION

- **Staff recommends that the Committee authorize a higher baseline tuition increase. If it is able to signal this sooner, rather than later, it will enable institutions and staff to plan accordingly.** Staff believes the overall inflationary increase assumption in the request is too low. While state higher education institutions are not required to comply with Department of Personnel statewide adjustments for most of their staff, they nonetheless must manage inflationary and cost increases, including for their personnel. Based on other increases in the state budget and current inflationary estimates, staff believes aiming for a 3.5 percent increase in revenue would be more realistic. **High level calculations suggest that for tuition to fill this gap, the JBC would need to allow for resident tuition increases of approximately 3.0 percent, though the situation will vary by institution.** Alternatively, the Committee could signal an intent to provide additional General Fund, limiting the need for tuition increases.
- **If the amount of the Governor's request is the sole source for any inflationary increase for the institutions, staff concurs that this funding should be distributed via the performance portion of the model/step 2.** If the General Assembly is comfortable allowing for resident tuition increases in the 3.0 percent range or chooses to provide additional General Fund support, the Committee could consider distributing a portion of state funding through Step 1 of the model. Staff recommends that the Committee pursue a *combination* of state support through Step 2 and resident tuition increases sufficient to cover inflationary needs (roughly estimated at 3.5 percent,

though this will vary by institution). **State support that exceeds this inflationary floor could be distributed through Step 1 or other targeted funding measures.**

DISCUSSION

GOVERNOR'S REQUEST

REQUEST R1 (STATE OPERATING FUNDING FOR HIGHER EDUCATION): The request includes an increase of \$52,488,643 General Fund for public higher education institutions and financial aid. As summarized in the table below, the request provides an average increase of 4.6 percent for the public institutions of higher education, with variation by institution, and an aligned increase for financial aid and student stipends at private institutions.

TABLE 1: R1 INCREASE FOR PUBLIC HIGHER EDUCATION AND FINANCIAL AID					
	BASE FUNDING FOR STUDENT STIPENDS, FEE-FOR-SERVICE CONTRACTS UNDER 23-18-303.5, SPECIALTY EDUCATION, AND GRANTS FOR LOCAL DISTRICT AND AREA TECHNICAL COLLEGES, AND ALIGNED FINANCIAL AID BASE (FY 21-22 APPROPRIATION+ ANNUALIZATIONS)	FY 22-23 REQUEST: STUDENT STIPENDS, FEE-FOR-SERVICE CONTRACTS UNDER 23-18-303.5, SPECIALTY EDUCATION, AND GRANTS FOR LOCAL DISTRICT AND AREA TECHNICAL COLLEGES, AND ALIGNED FINANCIAL AID	R1 INCREASE REQUESTED	PERCENTAGE INCREASE IN FUNDING	
Adams State University	\$19,067,430	\$19,831,943	\$764,513	4.0%	
Colorado Mesa University	35,677,002	37,552,135	1,875,133	5.3%	
Metropolitan State University	72,239,051	75,796,422	3,557,371	4.9%	
Western State Colorado University	16,494,441	17,329,074	834,633	5.1%	
Colorado State University System	183,342,995	191,727,705	8,384,710	4.6%	
Fort Lewis College	15,375,659	16,312,711	937,052	6.1%	
University of Colorado System	255,348,965	267,010,637	11,661,672	4.6%	
Colorado School of Mines	27,577,460	29,071,421	1,493,961	5.4%	
University of Northern Colorado	51,724,570	53,957,382	2,232,812	4.3%	
Community College System	213,982,645	223,218,980	9,236,335	4.3%	
Sub-total, State Governing Boards	890,830,218	931,808,410	\$40,978,192	4.6%	
Colorado Mountain College	9,668,008	10,112,736	444,728	4.6%	
Aims Community College	11,483,011	12,011,230	528,219	4.6%	
Area Technical Colleges	14,989,723	15,679,250	689,527	4.6%	
Total	\$926,970,960	\$969,611,626	\$42,640,666	4.6%	
Financial aid programs aligned with funding for governing boards	212,360,648	222,129,238	9,768,590	4.6%	
Student stipends at private institutions aligned with public institutions	1,725,840	1,805,229	79,389	4.6%	
Total	\$1,141,057,448	\$1,193,546,093	\$52,488,645		

The funding request uses the funding model created in H.B. 20-1366. This model includes three sections for the state operated governing boards.

- Ongoing Additional Funding (often called "Step 1")

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

Most funding is expected to be allocated through the Performance Funding section of the model. 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 than the percentage funding increase for Step 2 of the model.

The Governor's request uses **only** the Performance Funding section of the model to award an increase of 4.6 percent. For comparison, in FY 2021-22, the General Assembly provided an overall funding increase of \$100.3 million General Fund for the governing boards and financial aid and used both the Performance Funding section of the model to provide a 4.7 percent increase and the Ongoing Additional Funding section to provide a 4.9 percent increase. *Appendix A reviews how the Performance Funding portion of the funding model operates in detail. Additional information on the model used by the JBC in FY 2021-22 is included later in this issue.*

PERFORMANCE FUNDING MODEL COMPONENTS	
CATEGORY	WEIGHT
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%

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 2017-18 to FY 2020-21) to a three year average (FY 2017-18 to FY 2019-20), change is relatively slow and variation among the institutions is limited.**

The table below compares the FY 2022-23 performance funding allocation with the FY 2021-22 allocation. **These allocations are affected both by performance and by adjustments to the share of funding allocated through Step 1 (Ongoing Additional Funding) in the prior year, since this modifies each institution's base share.**

SHARE OF TOTAL FUNDING - HIGHER EDUCATION MODEL PERFORMANCE FUNDING (STEP 2) COMPONENT			
	FY 2021-22 SHARE OF FUNDING	FY 2022-23 SHARE OF FUNDING	CHANGE
Adams	2.56%	2.56%	(0.00%)
Mesa	4.81%	4.84%	0.04%
Metro	9.55%	9.78%	0.22%
Western	2.26%	2.24%	(0.02%)
CSU System	15.18%	14.99%	(0.19%)
Fort Lewis	2.10%	2.10%	0.01%
CU System	24.23%	23.98%	(0.25%)

SHARE OF TOTAL FUNDING - HIGHER EDUCATION MODEL PERFORMANCE FUNDING (STEP 2) COMPONENT			
	FY 2021-22 SHARE OF FUNDING	FY 2022-23 SHARE OF FUNDING	CHANGE
Mines	3.81%	3.75%	(0.06%)
UNC	7.02%	6.96%	(0.06%)
Community Colleges	28.48%	28.80%	0.32%
Total	100.0%	100.0%	

REQUEST R2 (TUITION SPENDING AUTHORITY): Request R2 proposes that tuition authority be held flat to provide affordability for Colorado students. It thus includes \$0 changes in spending authority. The request also notes, however, that the effects of the pandemic were not uniform across institutions and some may continue to experience budget shortfalls. In light of this, "an exemption process...allowing individual public institutions of higher education to raise tuition on a case-by-case basis can be used as a last resort."

Rationale: The request notes that "while the state's higher education institutions faced significant challenges from COVID-19, the increase in state support in 2021-22, multiple infusions of federal aid, durable cost saving measures, innovations in modes of providing services and instruction to students and stronger than expected enrollment rebounds for many institutions have provided institutions with funding to meet those challenges."

The request also indicates that state 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 highlights:

- Significant funding increases for higher education in recent years [interrupted only by the pandemic in FY 2020-21]. In the five fiscal years before the pandemic, Colorado led the states in growth in state support for higher education.
- Federal funding of \$941.3 million (including \$450.0 million in Coronavirus Relief Funds allocated by the Governor and \$491.3 billion in Higher Education Emergency Relief (HEERF) funds for institutional support) that have helped to compensate for the lost revenue in FY 2020-21 and FY 2021-22.
- The wide range of institutional financial positions, including differences in sources of support, enrollment, and reserves, which advocates for addressing tuition on a case-by-case basis.
- Indications that "institutions have made significant progress in finding sustainable cost-saving measures" but must "continue to find efficiency to maintain educational quality free up resources."

JBC STAFF OBSERVATIONS ABOUT THE REQUEST

REASONABLE TUITION ADJUSTMENT

Staff would like to keep tuition rates down. Staff supports increased institutional efficiency. Staff also agrees that sometimes tuition rates exceptions are appropriate. Nonetheless, **staff is concerned about a baseline requirement for flat tuition from institutions in combination with the level of General Fund increase proposed.** The state institutions employ over 26,000 FTE in their core educational activities, representing over 42 percent of all state FTE. The institutions have considerable autonomy to manage the resources they have available. As a result, state-level funding decisions to

increase staff salaries or benefits may or may not be followed by the institutions for non-classified staff, particularly if the institution is facing declines in enrollment and tuition revenue. Nonetheless, if the General Assembly restricts institutions from increasing tuition while also providing only a modest General Fund increase, it will narrow the options available for institutions in ways that may be problematic.

- Regardless of legislative decisions, some institutions may keep tuition flat. The University of Colorado applied a 3.0 percent tuition increase in FY 2021-22 which it "suspended" due to available federal funds but which will go into effect in FY 2022-23. It has also benefitted from large investment returns that temporarily support the system's bottom line. As a result, CU might forgo a further increase in FY 2022-23, at least at some of its campuses.
- Some institutions may decide that their "elasticity of demand" is such that it is better for them to keep tuition flat and attempt to add enrollment than to increase tuition.
- Many other institutions, particularly those that continue to face enrollment declines, will be unable to provide staff salary increases and may need to consider more dramatic cost-containing measures if their revenue options are too constrained.

As reflected in the Governor's request, state and federal aid stabilized institutional finances through the pandemic. In the immediate-term, many institutions' financial positions look remarkably strong, as reviewed in a separate issue. However, staff believes that this largely reflects short-term stimulus support and short-term expenditure cuts that will be hard to sustain. The pandemic years have been challenging for employees everywhere. **Enrollment for FY 2022-23 remains uncertain, and JBC staff is not convinced that the General Assembly should add to the headwinds already facing state institutions.**

CALCULATING INFLATIONARY INCREASES

In previous years, the Department and the institutions have calculated a need for "base cost increases" that should be covered by either the General Fund or tuition. Staff has often objected to the calculation because the institutions have used a base for the calculation that includes nonresident tuition. Nonetheless, staff believes the concept is helpful when thinking about institutional needs--particularly if nonresident tuition is excluded from the calculation. The table below provides a high-level calculation to suggest a minimum level of support that might be required to cover typical inflationary adjustments. As shown, **the calculation suggests a 3.5 percent inflationary adjustment is appropriate and that, if General Fund is provided at the level requested, a resident tuition increase of approximately 2.8 percent is needed to cover the remaining funding gap.** *This calculation is based on the assumption that nonresident tuition may also need to increase to cover costs related to nonresidents, but that the State General Fund should not be responsible for these costs.*

TABLE 2: HIGH LEVEL BASE CORE COSTS CALCULATION FOR STATE GOVERNING BOARDS	
Base for Calculation: General Fund + Resident Tuition	
(1)FY 21-22 General Fund for State Boards adjusted for annualizations (State Stipends/Fee-for-service Contracts, except limited purpose)	\$890,830,218
(2) FY 21-22 Resident Tuition	<u>1,324,012,413</u>
(3) Total	\$2,214,842,631

TABLE 2: HIGH LEVEL BASE CORE COSTS CALCULATION FOR STATE GOVERNING BOARDS

Approximate Share of Total Base for Salary, Benefits, Other, based on prior actual data from governing boards (budget data books)				
	Total	Salary	Benefits	Other
(4) Share of Total, based on previous actuals	100.0%	50.0%	15.0%	35.0%
(5) Estimated Components of Base	2,214,842,631	1,107,421,316	332,226,395	775,194,920
Determine Inflationary Increase to Apply to Each Component				
(6) Inflationary Rates		3.0%	5.0%	3.7%
		(Executive Request: Salary Survey for State Employees)	(Executive Request: HLD Request for State Employees)	(LCS Inflation Estimate CY 2021)
Calculate Inflationary Adjustment on Base				
(7) Funding for Inflation (Row 5 x Row 6)	\$ 78,516,171	33,222,639	16,611,320	28,682,212
(8) Composite Inflationary Adjustment	3.5%			
Identify Sources for Inflationary Adjustment				
(9) Total inflationary adjustment	\$78,334,824			
(10) Less Governor's General Fund Request	40,978,192			
(11) Balance of Funding Needed from Tuition	\$37,356,632			
(12) FY 2021-22 Resident Tuition (Row 2)	1,324,012,413			
Percentage Tuition Increase (Row 11/Row 12)	2.8%			

The tables below show the overall impact by governing board of the General Fund increase, an assumed 3.0 percent *nonresident* tuition increase for almost all institutions, and two options for a resident tuition increase: 0.0% (the request) or 3.0%. As shown, **even assuming a 3.0 percent nonresident tuition increase, the request will keep overall increases at institutions well below anticipated inflationary increases** on salary, benefits and other costs, assuming stable enrollment.

TABLE 3: IMPACT OF FY 23 GOVERNING BOARD FUNDING REQUEST
GENERAL FUND & TUITION ONLY¹

	BASE FY 2022-23 FUNDING				INCREASE WITH 0.0% RESIDENT AND 3.0% NONRESIDENT ²				
	GENERAL FUND	RESIDENT TUITION	NONRESIDENT TUITION	TOTAL	GENERAL FUND	RESIDENT TUITION	NONRESIDENT TUITION	TOTAL	% CHG
Adams	\$19,067,430	\$11,657,000	\$8,706,600	\$39,431,030	\$764,513	\$0	\$261,198	\$1,025,711	2.6%
Mesa	35,677,002	56,295,318	14,006,949	105,979,269	1,875,133	0	420,208	2,295,341	2.2%
Metro	72,239,051	104,906,065	12,357,630	189,502,746	3,557,371	0	370,729	3,928,100	2.1%
Western	16,494,441	8,603,155	8,364,038	33,461,634	834,633	0	250,921	1,085,554	3.2%
CSU System	183,342,995	231,941,645	249,040,341	664,324,981	8,384,710	0	7,471,210	15,855,920	2.4%
Fort Lewis ²	15,375,659	9,364,710	33,535,955	58,276,324	937,052	0	503,039	1,440,091	2.5%
CU System	255,348,965	532,601,411	611,825,870	1,399,776,246	11,661,672	0	18,354,776	30,016,448	2.1%
Mines	27,577,460	64,104,761	100,633,987	192,316,208	1,493,961	0	3,019,020	4,512,981	2.3%
UNC	51,724,570	59,255,715	19,791,391	130,771,676	2,232,812	0	593,742	2,826,554	2.2%
Community Colleges	213,982,645	245,282,633	27,242,182	486,507,460	9,236,335	0	817,265	10,053,600	2.1%
TOTAL	\$890,830,218	\$1,324,012,413	\$1,085,504,943	\$3,300,347,575	\$40,978,192	\$0	\$32,062,109	\$73,040,301	2.2%

TABLE 4: IMPACT OF FY 23 GOVERNING BOARD FUNDING WITH 3.0 RESIDENT TUITION INCREASE
GENERAL FUND & TUITION ONLY¹

BASE FY 2022-23 FUNDING					INCREASE WITH 3.0% RESIDENT AND 3.0% NONRESIDENT ²				
	GENERAL FUND	RESIDENT TUITION	NONRESIDENT TUITION	TOTAL	GENERAL FUND	RESIDENT TUITION	NONRESIDENT TUITION	TOTAL	% CHG
Adams	\$19,067,430	11,657,000	8,706,600	39,431,030	764,513	349,710	261,198	1,375,421	3.5%
Mesa	35,677,002	56,295,318	14,006,949	105,979,269	1,875,133	1,688,860	420,208	3,984,201	3.8%
Metro	72,239,051	104,906,065	12,357,630	189,502,746	3,557,371	3,147,182	370,729	7,075,282	3.7%
Western	16,494,441	8,603,155	8,364,038	33,461,634	834,633	258,095	250,921	1,343,649	4.0%
CSU System	183,342,995	231,941,645	249,040,341	664,324,981	8,384,710	6,958,249	7,471,210	22,814,170	3.4%
Fort Lewis ²	15,375,659	9,364,710	33,535,955	58,276,324	937,052	280,941	503,039	1,721,033	3.0%
CU System	255,348,965	532,601,411	611,825,870	1,399,776,246	11,661,672	15,978,042	18,354,776	45,994,490	3.3%
Mines	27,577,460	64,104,761	100,633,987	192,316,208	1,493,961	1,923,143	3,019,020	6,436,123	3.3%
UNC	51,724,570	59,255,715	19,791,391	130,771,676	2,232,812	1,777,671	593,742	4,604,225	3.5%
Community Colleges	213,982,645	245,282,633	27,242,182	486,507,460	9,236,335	7,358,479	817,265	17,412,079	3.6%
TOTAL	\$890,830,218	\$1,324,012,413	\$1,085,504,943	\$3,300,347,575	\$40,978,192	\$39,720,372	\$32,062,109	\$112,760,673	3.4%

¹ Calculations are based on FY 2021-22 tuition appropriations and no change in enrollment.

² For purposes of this exercise *only* staff has assumed a 1.5 percent nonresident tuition increase for Fort Lewis College because no enrollment changes are incorporated. In most years the General Assembly assumes flat nonresident tuition for Fort Lewis College, because the majority of nonresident tuition at Fort Lewis College is paid by the General Fund at the posted price.

The higher education institutions would doubtless prefer if the General Assembly addressed the revenue squeeze reflected in Table 3 by increasing General Fund appropriations in lieu of increasing tuition spending authority. However, staff cannot make the assumption at this point in the year that the General Assembly will be able to commit more resources to higher education on a sustainable, ongoing basis.

USING THE FUNDING MODEL

The Executive Branch and most governing boards have taken the position that the Performance Funding portion of the model should be used to address governing boards' inflationary needs before adding Ongoing Additional Funding ("Step 1").

Consistent with this general idea, staff recommends that the Committee ensure that basic inflationary costs are met by **General Fund and tuition** before adding redistributive amounts through other parts of the funding model. As shown above, a tuition increase of 2.8 percent and General Fund increase of 4.6 percent fully funds the inflationary need of \$78,334,824 (3.5 percent on the base). Likewise, a tuition increase of 3.0 percent and a General Fund increase of \$38,614,452 (slightly below the request) totals \$78,334,824. **Once this total has been reached, the General Assembly could consider directing any additional General Fund through other parts of the funding model, as was done last year.**

OTHER OBSERVATIONS ABOUT STATE SUPPORT FOR HIGHER EDUCATION

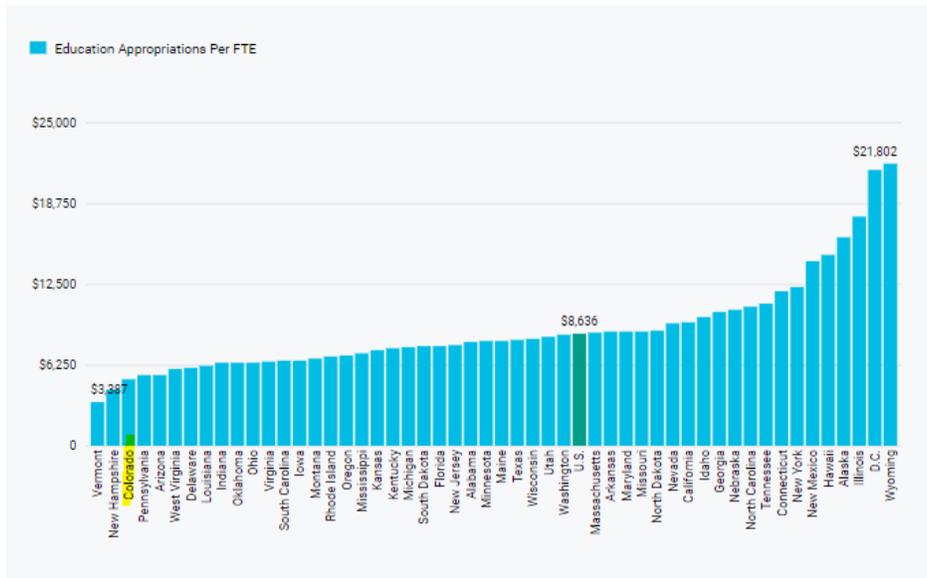
COLORADO SUPPORT FOR HIGHER EDUCATION IS STILL LOW

Colorado is 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 Association⁶, in FY 2019-20 (before the State's steep temporary funding cuts in FY 2020-21), Colorado

⁶ All charts and data at: <https://shef.shceo.org/>

had one of the lowest levels of state support per FTE in the country, at **\$5,140 per student FTE** using the SHEF methodology. **To get to the U.S. average, the Colorado would need to increase funding by 68.0 percent or \$630.9 million**, excluding an aligned financial aid increase. (Colorado does provide more than the average state in financial aid per student FTE, at \$1,048 using the SHEF methodology, compared to the national average of \$830.)

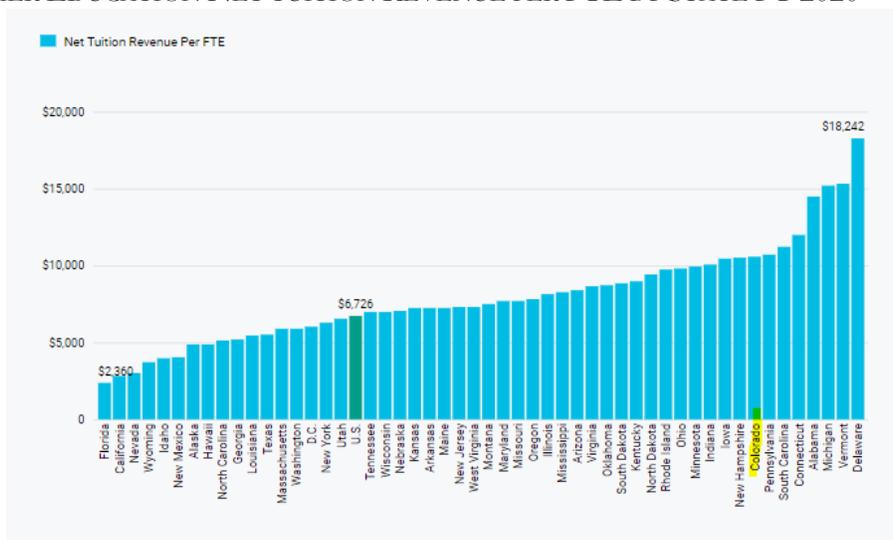
PUBLIC HIGHER EDUCATION APPROPRIATIONS PER FTE BY STATE FY 2020



Source: SHEF Report, FY 2020

To compensate for low state support, public institutions rely heavily on net tuition revenue, with **average net tuition revenue of \$10,608 per FTE**. Some of this is derived from nonresident students.

PUBLIC HIGHER EDUCATION NET TUITION REVENUE PER FTE BY STATE FY 2020



Source: SHEF Report, FY 2020

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.**⁷

EFFICIENCY OF COLORADO INSTITUTIONS

The Executive Request asserts that Colorado institutions have achieved "durable efficiencies" as a result of the pandemic. This is not clear to staff. Many of the actions taken during the pandemic appear to have been short-term tools, such as spending from reserves, delaying loans repayments, requiring staff furloughs, or receiving federal support. **It may be worthwhile exploring with institutions what "durable efficiencies" they have achieved--and recognizing that downsizing may be necessary at some institutions if they cannot recover enrollment.**

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 at \$15,748 total revenue per student Colorado is now somewhat *above* the national average of \$15,276 for total revenue (tuition and state support) per student FTE. Despite this, the Hanover Analysis found that, with the exception of the Colorado School of Mines, total revenue per student for Colorado public institutions is below that of peers. Although these findings appear to contradict the SHEF Report assessment of average revenue per FTE, they do not. Instead, increasing costs and revenue per student are closely tied to where students are attending postsecondary education. 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. Charts in Appendix B help to demonstrate these trends.

DIRECTING RESOURCES

Given limited state resources, **staff continues to support directing as much as possible to the students with greatest needs and the institutions with fewest financial resources for serving these students.** "Access" institutions are most dependent on either General Fund or resident student tuition because they do not have substantial access to nonresident tuition. As enrollment has declined over time, these institutions have filled financial holes in part by increasing resident tuition rates. **This places a severe burden on the students with the fewest resources. "Access" institutions also need to improve their performance in helping students to successfully complete their educations, but this is difficult to accomplish with very limited resources.**

⁷ Dr. Angie Paccione, Executive Director, Colorado Department of Higher Education, *Memo to Higher Education Presidents and CFOs about Hanover Resource Analysis Project*, November 10, 2020.

https://highered.colorado.gov/sites/highered/files/2020-11/Hanover%20Revenue%20Memo_11.20.20%20FAA.pdf

Last year, more than half the funding allocated by the Joint Budget Committee was based on the Ongoing Additional Funding ("Step 1") of the funding model, which is the portion of the model that can be used to for targeted distribution of resources based on state policy goals.

The charts below demonstrate how the various components used for Ongoing Additional Funding (Step 1) operated and compares the resulting funding distributions with the incremental distribution from the FY 2021-22 performance portion (Step 2) of the model. **The color coding reflects how each governing board would view model results. A "green" result means that the particular model component was better for that governing board. A "red" result means that the model component was worse for that board.** Color gradations reflect the relative benefits of various components of "Step 1".

FY 2021-22 Funding Allocation Model		
	Performance "Step 2" Incremental Funding	Ongoing Additional Funding "Step 1", Multiple Components
Adams	2.1%	2.7%
Mesa	4.7%	5.0%
Metro	10.3%	13.1%
Western	2.5%	1.7%
CSU System	14.2%	11.8%
Fort Lewis	1.8%	1.7%
CU System	23.0%	19.9%
Mines	4.1%	2.2%
UNC	6.9%	6.2%
Community Colleges	30.4%	35.7%
Total	100%	100%

FY 2021-22 FUNDING MODEL - RELATIVE DISTRIBUTION OF DIFFERENT COMPONENTS							
	Performance Funding "Step 2"	ONGOING ADDITIONAL FUNDING "STEP 1"					
		FIRST GENERATION BY FTE	FIRST GENERATION ALLOCATION FY 2021-22 (HEADCOUNT, PER STATUTE)	URM DISTRIBUTION - HEADCOUNT CALIBRATED TO GF	PELL DISTRIBUTION - HEADCOUNT CALIBRATED TO GF	URM RETENTION	
Adams	2.1%	0.6%	0.4%	3.7%	3.6%	2.9%	
Mesa	4.7%	5.9%	5.0%	4.2%	5.3%	4.9%	
Metro	10.3%	18.0%	16.8%	13.0%	12.6%	8.8%	
Western	2.5%	0.2%	0.1%	2.0%	1.6%	3.1%	
CSU System	14.2%	6.8%	5.4%	12.5%	13.5%	15.2%	
Fort Lewis	1.8%	0.4%	0.3%	1.8%	2.1%	2.5%	
CU System	23.0%	11.4%	9.6%	20.8%	23.6%	24.9%	
Mines	4.1%	0.5%	0.3%	1.9%	2.7%	4.1%	
UNC	6.9%	5.1%	3.9%	6.8%	7.1%	6.5%	
Community Colleges	30.4%	51.1%	58.2%	33.2%	27.9%	27.1%	
Total	100%	100%	100%	100%	100%	100%	

Note that if the Committee uses the Ongoing Additional Funding (or Temporary Additional Funding) model component, it will also need to make affirmative decisions about whether Colorado Mountain College, Aims Community College, the Area Technical Colleges, (as well

as the Specialty Education Programs at CU and CSU) will share in any of these allocations. Under current law, each of these entities receives an automatic increase based on the increase through Step 2 of the model, but do not automatically receive an increase if funding goes through Step 1. Finally, the Committee should note that **under current law financial aid must increase proportionately with funding for the governing boards, so any increase for the governing boards will cost more than the governing board component.**

IMPACT OF FY 2021-22 ADDITIONAL RESOURCES PROVIDED UNDER "STEP 1"

Last year, additional funding increases provided under the Ongoing Additional Funding component of the funding model were specifically called out in a Long Bill footnote, with an associated request for information about how the funds were used. Language is shown below.

- 1 Department of Higher Education, Colorado Commission on Higher Education and Special Purpose Programs, Administration; College Opportunity Fund Program Fee-for-service Contracts with State Institutions; Governing Boards; Local District College Grants Pursuant to Section 23-71-301, C.R.S.; and Division of Occupational Education, Area Technical Colleges -- Of the total funding allocated to the Higher Education institutions for FY 2021-22, \$41,797,710 allocated to institutions, and an associated \$9,462,950 distributed as financial aid, is based on institutions' share of first generation, underrepresented minority, and Pell-eligible students in FY 2019-20 and their improvement in retaining underrepresented minority students in FY 2019-20 compared to prior years. The General Assembly has expressed its intent that this funding be used to prioritize retention of first generation, underrepresented minority, and low income students in FY 2021-22 and future years consistent with the goals of Colorado's Higher Education Master Plan. It has indicated that this may include the development, enhancement, and expansion of programs to recruit and retain such students as well as steps to reduce the cost of higher education through tuition rate freezes, reductions, and need-based scholarships for Colorado resident students. The General Assembly anticipates that the Colorado Commission on Higher Education may incorporate conditions in fee-for-service contracts with state institutions and grants with local district colleges and area technical colleges to ensure that the additional \$41.8 million in funding allocated to the institutions is used to supplement and not supplant existing institutional efforts to recruit and retain first generation, underrepresented minority, and low-income students, including reducing the financial barriers to students pursuing higher education through tuition rate freezes, reductions, and need-based scholarships for Colorado resident students. The Commission is requested to coordinate and submit a report to the Joint Budget Committee by October 1, 2021 that describes how these funds will be used for FY 2021-22 and future years. The institutions are requested to provide the information to the Department by a date and in a format specified by the Department, and the Department is requested to forward this information to the Joint Budget Committee with an executive summary developed by the Department. The report should specifically address the steps institutions will take with these funds to reduce and eliminate the retention rate gap and increase enrollment, and ultimately successful completion, of the targeted student groups.

The report was submitted and includes a range of information about the programs implemented by institutions. Staff believes that in many cases institutions simply highlighted the portion of their activities that were already targeted to the populations discussed in the request. In some cases, the institutions noted that this was already their primary mission, so separating out activities was particularly challenging. **Staff believes that the footnote probably changed some institutional decisions about how to spend funding, but this is difficult (if not impossible) to**

demonstrate. This is the first year the Committee has attempted to use a tool of this sort, and it is possible that language in the footnote and RFI and direction to the Department of Higher Education and the institutions could be modified to make it easier to track new and expanded efforts and their impacts over time.

APPENDIX A: HIGHER EDUCATION FUNDING MODEL

BRIEF HISTORY OF FUNDING ALLOCATION MODELS IN COLORADO

Colorado, like other states, needs a mechanism for dividing funds among its higher education institutions. Colorado has gone through numerous higher education funding models over the decades. Funding has been based on “mandated cost increases”, inflationary adjustments, and various “base plus” (or minus) approaches. With the advent of S.B. 04-189 it launched the student stipend/ “money follows the student” method; however for practical purposes, funding for each governing board through FY 2014-15 was usually determined using a “base plus” allocation model, with allocations in the 2000s often shaped by negotiations among the governing boards.

In 2014, the General Assembly adopted H.B. 14-1319 (Outcomes-based Funding for Higher Education), under which all funding was required to be allocated based on specific metrics using the most recent actual data available. This included factors such as the number of undergraduate resident students who qualified for a student stipend and the number degrees and certificates earned. The model was quite prescriptive and complex, with weighting related to factors such as Pell-eligibility.

The H.B. 14-1319 model was also significantly affected by enrollment. During the period when it was in effect, most of the state’s higher education institutions were shrinking in enrollment, while enrollment at the state’s larger, wealthier research institutions was growing. Unhappiness with the results of the H.B. 14-1319 model led the Department and General Assembly to adjust it repeatedly over the years to better support institutions facing declining enrollment. Dissatisfaction with this pattern led to a study over the 2019 interim and several competing proposals for how to reform the model.

The Joint Budget Committee sponsored H.B. 20-1366 (Concerning a Higher Education Funding Allocation Model), and this was adopted with broad support by the General Assembly. The bill was proposed, negotiated and supported by the governing boards and the Governor’s Office with extensive stakeholder input. It creates a funding mechanism that ties most funding to performance but also to the prior year’s base funding. It also provides the General Assembly more transparent flexibility to adjust funding for individual boards or groups of boards.

HOUSE BILL 20-1366

House Bill 20-1366 required the Department of Higher Education submit a budget request for FY 2021-22 consistent with the model created by the bill, and FY 2021-22 will be the first year the model is in effect. Under the model, funding for institutions is based on 3 components:

- Part 1: Ongoing additional funding;
- Part 2: Performance funding; and
- Part 3: Temporary additional funding.

Ongoing additional funding (Part 1) is base building and may be awarded to an institution to make progress toward the commission's higher education master plan goals.

- The bill includes a formula that may be used to recognize an institution's additional costs associated with educating and providing services to first-generation undergraduate students.
- Other mechanisms for distributing ongoing additional funding may also be used.

Performance funding (Part 2) is calculated based on an institution's change over time in performance on each performance funding metric compared to other institutions' change in performance and adjusted based on each institution's share of funding in the previous state fiscal year.

The performance funding metrics include:

- Resident student full-time equivalent enrollment;
- Credential completion;
- Resident Pell-eligible student population share;
- Resident underrepresented minority student population share;
- Retention rate;
- One-hundred-percent-of-time graduation rate;
- One-hundred-fifty-percent-of-time graduation rate; and
- Resident first-generation undergraduate student population share.

The Joint Budget Committee determines the amount of funding allocated to each performance funding metric for a fiscal year after considering recommendations from the commission and department that are developed in collaboration with the institutions.

The calculations for the performance section of the model are outlined below. As shown, the calculation is based on:

- The governing board's own *change* in performance compared to itself - Specifically, its average performance on a metric over the most recent 4 year period divided by its average performance over the 3-year period that began the same year (rows 2-4 below)
- How the governing board's change in performance *compared* to the change in the average performance of other boards. In the chart below, all institutions improved their performance, but Board C improved less than the others, so it loses funding under the model.
- The institution's percentage share of total funding for the prior fiscal year (row 1).

	A	B	C	D	
	Board A	Board B	Board C	TOTAL	
1	Governing Board's share of total funding in prior fiscal year (e.g., FY 2020-21) ¹	10.0%	20.0%	70.0%	100.0%
<u>Calculate governing board change compared to itself</u>					
2	Average enrollment for 3 years actual years (FY 2016-17 to FY 2018-19)	100	500	900	1,500
3	Average enrollment over 4 actual years(FY 2016-17 to FY 2019-20)	105	550	910	1,565
4	4 year average as a percent of 3 year average	105.0%	110.0%	101.1%	104.3%
<u>Calibrate to FY 2020-21 share of funding</u>					
6	Multiply Row 1 x Row 4 for each column	10.5%	22.0%	70.8%	103.3%
7	Adjust so that total is 100% (e.g., A6/G6, B6/G6, etc.) = New share of funding for FY 2021-22	10.2%	21.3%	68.5%	100.0%

¹For FY 2021-22 only, statute requires use of the FY 2019-20 share of funding, skipping FY 2020-21. However, those shares were ultimately the same for FY 2019-20 and FY 2020-21. The table thus shows the fiscal years that would be used under normal circumstances.

Temporary additional funding (Part 3), which is not base building, may be awarded to an institution for a specified period of time to address Commission master plan goals or other areas the commission identifies.

Specialty Education Programs, Local District and Area Technical colleges: Under both the prior model and the new model, minimum funding for specialty education programs (medical school, veterinary school, agricultural extension programs and forest service), as well as funding for local district colleges (Colorado Mountain College and Aims Community College), and the three area technical colleges is based on their previous year's funding, increased or decreased by the average percentage change in state funding for all institutions.

Under the new model, this average percentage change does not include amounts newly awarded to institutions for ongoing additional funding or temporary additional funding. However, funding for these entities may be further adjusted if desired through Parts 1 or 3 of the Model.

Colorado Opportunity Fund Student Stipends: In a change from H.B. 14-1319, which based a significant share of total funding on the number of undergraduate resident students enrolled at each governing board who received a student stipend, the new funding structure is essentially unrelated to the number of student stipends. Instead, it is assumed that, after funding is allocated to the boards, the JBC will determine a share of the total that can be allocated as stipends, and the balance will be incorporated into institutional “fee-for-service” contracts. The Department was asked to respond to a JBC Request for Information on whether this system should continue. The response is addressed separately in this briefing packet.

Process and Future Provisions:

- The Colorado Commission on Higher Education, in conjunction with the Department of Higher Education and in collaboration with the institutions, is required to make funding recommendations to the Joint Budget Committee for these components as part of the annual budget request process, beginning in November 2020.
- The Joint Budget Committee may adjust the amounts allocated through the various portions of the model and determines the amount allocated to each performance funding metric. The Joint Budget Committee uses this to develop the higher education funding in the Long Bill.
- By July 1, 2022, the Commission, in conjunction with the department and in collaboration with the institutions, must identify and make recommendations to the Joint Budget Committee concerning ways to better measure success for students who are not first-time, full-time students. This may include a recommendation for a statutory change to the calculation of one of the graduation rate performance funding metrics. The overall model is reviewed every five years.

How Was the Model Expected to be Used?

Based on copies of the model provided to legislative staff while working on the bill, staff anticipated that:

- The largest share of funding was expected to be allocated through the **performance funding portion** of the model. The funding in this section of the model is calculated based on an institution’s improvement over its own performance based on the difference between a three-year

prior year average and a four-year average. This rate of changes is further calibrated against the relative improvement of other institutions and the institution's prior year share of state funding. Thus, funding provided in this section of the model *may* keep an institution's share of funding relatively stable in comparison to other institutions, depending upon how it is used. Funding shares will change over time, but only gradually.

- The **ongoing additional funding** and **temporary additional funding** components were expected to be used to provide disproportionate increases to certain institutions over others. This was expected to be used to help the State achieve its Master Plan goals, but there were no hard restrictions on the basis for increases. The share of the population served that is first generation/harder to serve was assumed to be one element in distributing funds, since a model for allocating funds on this basis is specified in the bill.

Funding Model Used for FY 2021-22 Budget

For FY 2021-22, the Joint Budget Committee used a version of the funding model that directed base funding and a 4.7 percent increase in funding through the Performance ("Step 2") portion of the model. It also directed a 4.9 percent increase through the Ongoing Additional Funding ("Step 1"). This included:

- First-generation headcount (as defined in statute)
- First generation FTE Enrollment
- Underrepresented Minority (URM) distribution - Headcount calibrated to GF
- Pell distribution - Headcount calibrated to GF
- URM Retention - Allocation based on Improvement over Time

Outcome Results for the FY 2022-23 Budget Request Funding Model

Performance outcomes do not shift funding in this model very much. However, having a model based on outcomes ensures that outcomes data is available, comparable, and "clean". The tables below:

(1) Show the raw performance data, which highlight which institutions serve the most resident students who are Pell-eligible, underrepresented minorities, and "first generation" students⁸ (community colleges, Metropolitan State University of Denver, Colorado Mesa University, and Adams State University), and the poor graduation rates for "first-time full-time" students at these institutions.⁹ The data also show the relatively poor graduation rates at almost all institutions, including those that serve more affluent traditional students.

(2) Shows which institutions' funds increase versus decrease based on their performance in the model used for the FY 2022-23 budget request. In this chart, green cells show institutions that receive more than their prior year's share of funding, based on their performance. Red shows institutions that receive less, based on their performance.

⁸ Without a parent/guardian who has completed a bachelor's degree.

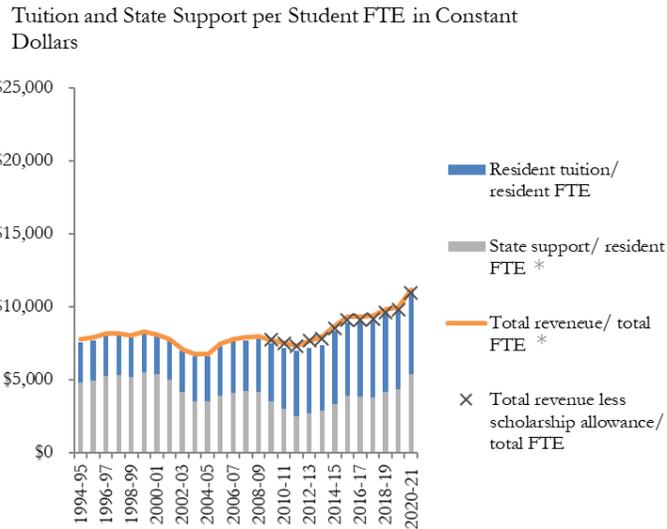
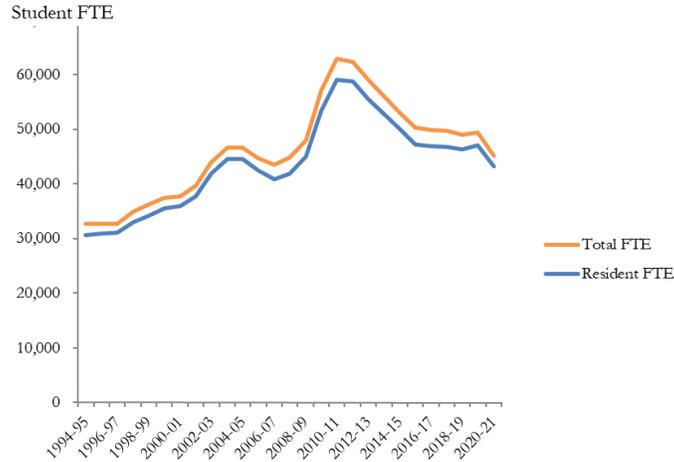
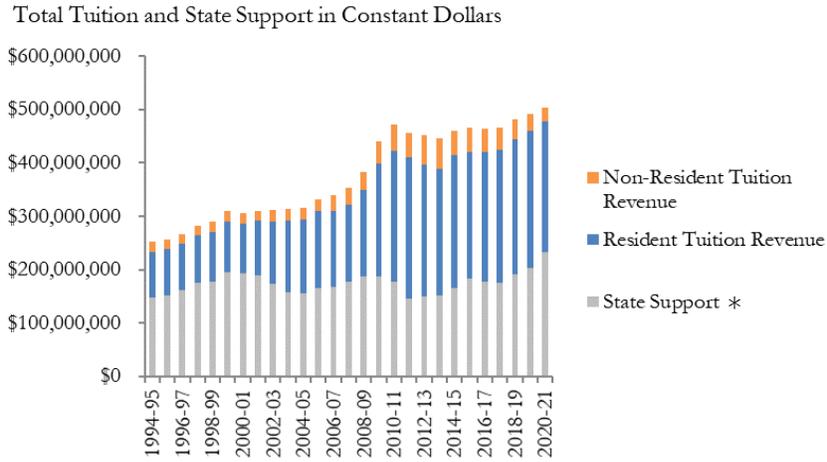
⁹ Graduation rates are based on first-time full-time freshmen, which are a minority of the students served at these institutions. One of the requirements of H.B. 20-1366 is that the Department in collaboration with boards, identify and make recommendations concerning ways to better measure the success of students who are pursuing a credential or degree and who are not included in the first-time full-time student cohort and submit recommendations to the JBC by July 1, 2022.

PERFORMANCE MODEL DATA FOR FY 2022-23: RAW DATA AND CHANGE FROM FY 2021-22

4 year averages for Performance FY 2017-18 to FY 2020-21										
	Adams	Mesa	Metro	Western	CSU System	FLC	CU System	Mines	UNC	CCCS
Resident Enrollment	1,551	6,435	14,127	1,564	19,983	1,363	37,081	3,538	7,026	45,840
Credential Production	645	2,098	3,367	365	5,858	350	11,263	1,028	2,437	20,106
PELL	40.4%	32.9%	39.8%	20.8%	27.0%	30.7%	29.0%	20.5%	29.9%	28.6%
Race/Ethnicity	43.9%	25.8%	42.0%	25.4%	25.0%	27.1%	25.5%	16.3%	28.2%	34.5%
Retention Rate	59.3%	75.0%	61.0%	67.3%	83.2%	68.1%	80.9%	91.9%	70.2%	55.1%
Grad. Rate - 100%	14.4%	25.4%	10.6%	28.0%	42.4%	29.4%	41.0%	65.3%	32.9%	23.8%
Grad. Rate - 150%	35.9%	45.2%	32.0%	50.4%	64.5%	42.2%	63.2%	84.2%	51.7%	31.5%
1st Generation Share	33.7%	59.2%	70.7%	22.6%	30.0%	41.2%	27.9%	18.5%	41.6%	77.5%

Change to Institution's Percentage of Funding for the Performance Measure Compared to Its Share in the Prior Year												
Weight		Adams	Mesa	Metro	Western	CSU System	FLC	CU System	Mines	UNC	CCCS	Sum
10.0%	Resident Enrollment	0.01%	0.01%	-0.10%	0.05%	-0.11%	-0.01%	0.36%	0.12%	-0.13%	-0.20%	0.00%
5.0%	Credential Production	-0.14%	-0.06%	0.10%	-0.09%	-0.05%	-0.06%	0.42%	0.05%	-0.02%	-0.17%	0.00%
20.0%	PELL	-0.01%	0.01%	0.07%	-0.05%	0.12%	0.05%	0.09%	-0.01%	0.03%	-0.30%	0.00%
20.0%	Race/Ethnicity	-0.02%	-0.05%	0.05%	0.05%	0.05%	0.03%	0.00%	0.05%	0.00%	-0.16%	0.00%
20.0%	Retention Rate	0.02%	0.03%	-0.14%	0.01%	0.15%	0.07%	0.06%	0.00%	-0.03%	-0.19%	0.00%
10.0%	Grad. Rate - 100%	-0.15%	0.14%	0.26%	0.02%	-0.30%	0.03%	-0.53%	-0.01%	0.01%	0.54%	0.00%
10.0%	Grad. Rate - 150%	0.04%	0.12%	0.16%	0.00%	-0.23%	-0.03%	-0.37%	-0.02%	-0.03%	0.36%	0.00%
5.0%	1st Generation	0.11%	0.15%	-0.07%	0.10%	-0.11%	0.09%	-0.17%	0.16%	-0.05%	-0.21%	0.00%

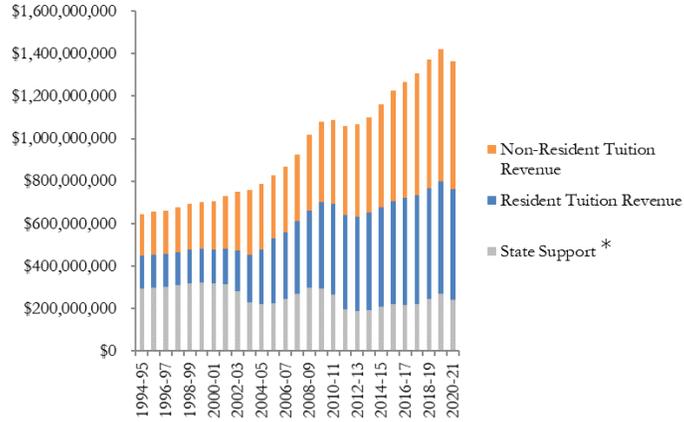
APPENDIX B: INSTITUTIONAL ENROLLMENT AND FINANCES - EXAMPLES COMMUNITY COLLEGE SYSTEM



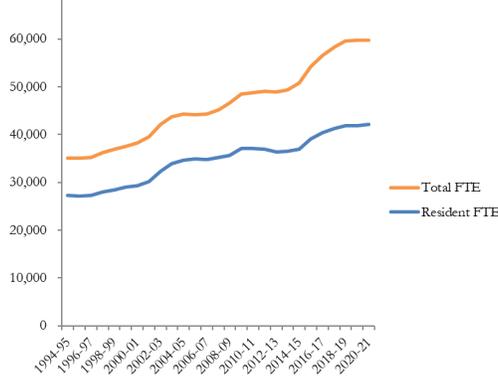
*State support amounts shown include federal Coronavirus Relief Funds allocated by the Governor and the portion of federal Higher Education Emergency Relief Funds the institutions spent on education and general activities.

UNIVERSITY OF COLORADO SYSTEM

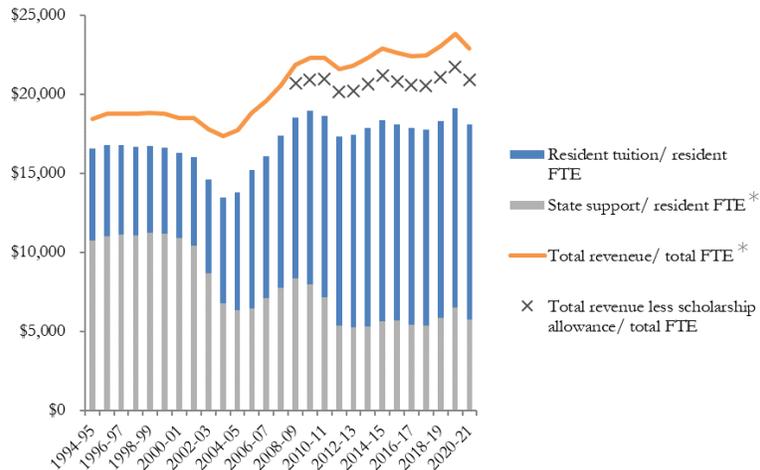
Total Tuition and State Support in Constant Dollars



Student FTE



Tuition and State Support per Student FTE in Constant Dollars



*State support amounts shown include federal Coronavirus Relief Funds and the portion of federal Higher Education Emergency Relief Funds the institutions spent on education and general activities.

INFORMATIONAL ISSUE: FY 2022-23 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.

SUMMARY

- Enrollment at Colorado public institutions declined by 4.4 percent in FY 2020-21. Low income and first-generation students were particularly affected, and schools serving these students had particularly steep enrollment declines. Schools serving more affluent populations generally experienced smaller impacts.
- Institutions prepared for the worst, taking a range of measures in FY 2020-21 to constrain their budgets. For most institutions, however, enrollment declines were not as severe as they had feared. Federal funding, including Higher Education Emergency Relief Funds (rounds I, II, and III), as well as Coronavirus Relief Funds authorized by the Governor, filled financial gaps. This left most institutions with unusually healthy reserves at the end of the fiscal year.
- For FY 2021-22, fall enrollment has partially rebounded, but differences continue among institutions and types of students. At many 4-year institutions, nonresident enrollment has been stronger than resident enrollment, which financially benefits these institutions. However, enrollment at the community colleges and other institutions serving disadvantaged populations has continued to fall.
- The FY 2021-22 financial situation for most institutions remains stable due to federal Higher Education Emergency Relief (HEERF) funding, as well as General Fund appropriations increases.
- Looking forward, most federal funds will be exhausted by the beginning of FY 2022-23, and institutional finances will be highly dependent on enrollment. Unless Colorado can do a better job attracting and retain traditionally underserved populations, it may return to previous trends in which research institutions increase enrollment, while other institutions face declines.

DISCUSSION

INSTITUTIONAL ENROLLMENT AND FINANCES IN FY 2020-21

The higher education sector faced significant challenges in FY 2020-21, but financial results were much better than were originally feared.

- **Research institutions in particular took aggressive action to reduce costs.** They were uncertain about whether students would be able to come to campus, prepared for stark enrollment declines and additional COVID-19 related costs. They prepared for this by actions such as requiring staff furloughs and refinancing debt to delay payments to future years. For these institutions, enrollment *did* decline, but often not as sharply as many had feared. Federal funding helped fill gaps left by declining enrollment as well as one-time General Fund cuts.

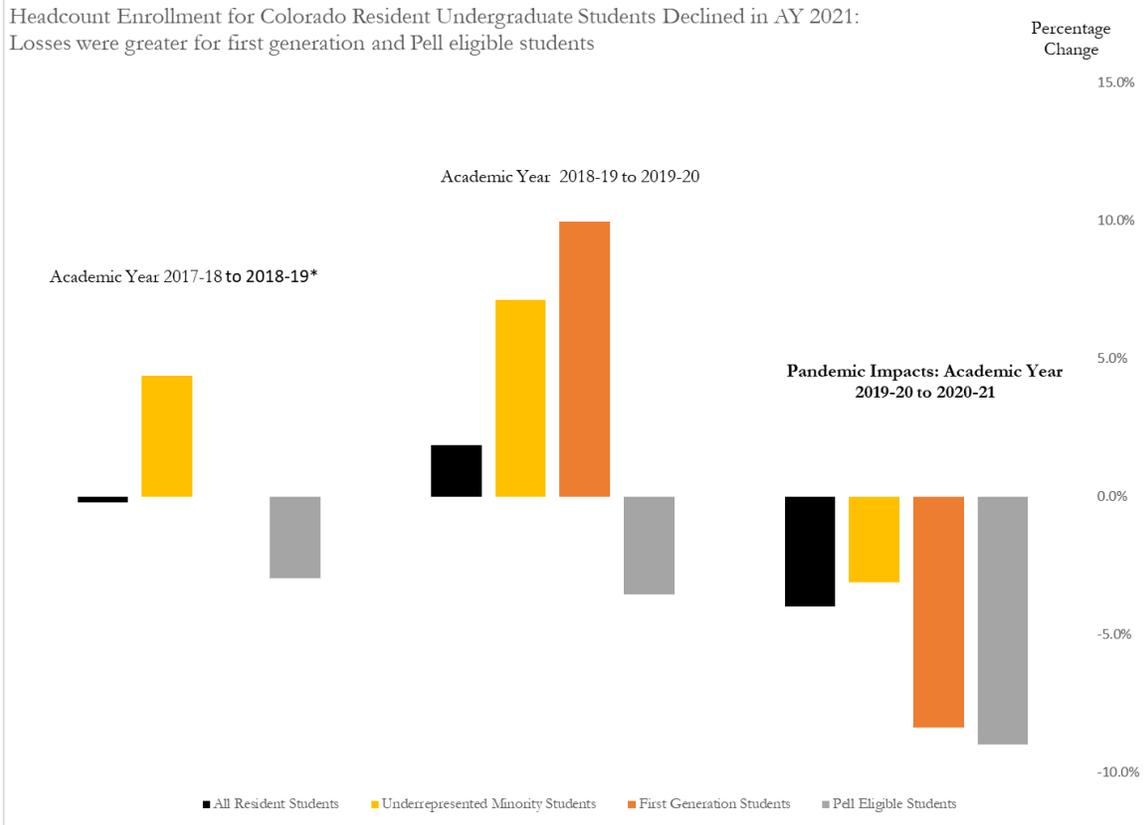
- **Access institutions, such as community colleges, had much more significant enrollment declines, but also received more generous federal funding.** This was usually sufficient to fill the resulting financial hole.
- Each institution made different decisions about its ability to spend in FY 2020-21 based on its particular situation, but **almost all institutions ended FY 2020-21 in better financial shape than they started the year.** Much of this strong position is expected to be temporary as one-time funds are expended through FY 2021-22.

FINAL STATEWIDE ENROLLMENT FY 2020-21 AND EARLY FY 2021-22 PROJECTIONS

Statewide enrollment fell in FY 2020-21 compared to FY 2019-20, but final losses were smaller than were anticipated based on Fall 2020 enrollment numbers.

FY 2020-21 STUDENT FTE ENROLLMENT						
	FY 2019-20 STUDENT FTE			PERCENTAGE CHANGE FROM FY 2019-20		
	RESIDENT	NONRESIDENT	TOTAL	RESIDENT	NONRESIDENT	TOTAL
<i>4 Year Research Systems</i>						
University of Colorado System (4 institutions)	42,113.0	17,539.0	59,652.0	0.6%	(2.0%)	(0.2%)
Colorado State University System (2 institutions/ excludes CSU Global)	19,315.0	8,638.0	27,953.0	(5.7%)	(5.8%)	(5.7%)
<i>Independent Research Institutions</i>						
University of Northern Colorado	6,356.3	1,066.6	7,422.9	(9.4%)	(18.2%)	(10.8%)
Colorado School of Mines	3,737.8	2,821.8	6,559.6	3.6%	0.9%	2.4%
<i>Comprehensive 4 Year Institutions</i>						
Fort Lewis College	1,286.2	1,630.0	2,916.2	(1.9%)	3.6%	1.1%
Adams State University	1,519.3	821.7	2,341.0	2.5%	5.5%	3.5%
Colorado Mesa University	6,254.8	1,180.4	7,435.2	(3.3%)	(1.9%)	(3.1%)
Western State University	1,610.5	547.2	2,157.7	1.1%	(8.7%)	(1.6%)
Metro. State University of Denver	13,139.4	501.4	13,640.9	(6.6%)	(3.7%)	(6.5%)
<i>Community College System</i>						
System Total (13 Institutions)	43,183.0	1,965.0	45,148.0	(8.2%)	(16.2%)	(8.6%)
<i>Local District Colleges</i>						
Colorado Mountain College	2,832.3	229.7	3,062.0	(1.8%)	0.4%	(1.6%)
Aims Community College	3,282.0	71.0	3,353.0	(12.7%)	(38.9%)	(13.5%)
<i>Area Technical Colleges</i>						
3 ATCs Total	4,725.0	227.0	4,952.0	(3.7%)	(11.3%)	(4.1%)
TOTAL	149,354.5	37,238.9	186,593.4	(4.5%)	(4.0%)	(4.4%)

In general, institutions that serve more affluent populations did better than those with more of an "access" mission. As shown, enrollment in the CU system overall was virtually flat. Enrollment at community colleges and many of the second-tier urban 4-year institutions dropped much more dramatically. Statewide, enrollment declines were disproportionately among first-generation college students and low-income students, although underrepresented minority students actually fared better than other groups.



*First Generation data not available FY 2018-19

Initial data for FY 2021-22 indicates that enrollment has partially--but not entirely--bounced back to pre-pandemic levels.

FALL ENROLLMENT FTE					
	2019	2020		2021	
Resident	146,829.1	139,058.8	(5.3%)	135,961.9	(2.2%)
Nonresident	44,204.2	42,995.8	(2.7%)	44,449.9	3.4%
Total	191,033.2	182,054.6	(4.7%)	180,411.7	(0.9%)

ACTUAL AND PROJECTED CHANGES IN TUITION, FEE AND AUXILIARY REVENUE

Enrollment declines translate to declines in tuition and fee revenue. However, the mix of resident and nonresident students, undergraduate versus graduate, and online versus in-person also affects revenue. As shown below, final tuition and fee revenue fell at most institutions, but not all. The most severe drops were at the University of Northern Colorado which has been struggling with declining enrollment for multiple years. Early projections have been for continued declines in FY 2021-22.

TUITION AND FEE REVENUE					
	2019-20 ACTUAL	2020-21 ACTUAL	% CHANGE FY 20 TO FY 21	2021-22 ESTIMATE	%Change FY 20 to FY 22
<i>Research Systems</i>					
University of Colorado	1,179,303,531	1,172,008,389	(0.6%)	1,192,328,424	1.1%
Colorado State University	503,041,399	471,748,962	(6.2%)	468,310,754	(6.9%)

TUITION AND FEE REVENUE					
	2019-20 ACTUAL	2020-21 ACTUAL	% CHANGE FY 20 TO FY 21	2021-22 ESTIMATE	%Change FY 20 to FY 22
<i>Independent Research Institutions</i>					
University of Northern Colorado	93,580,020	84,087,232	(10.1%)	79,346,721	(15.2%)
Colorado School of Mines	164,835,677	165,832,253	0.6%	173,771,250	5.4%
<i>Comprehensive 4-year Institutions</i>					
Fort Lewis College	41,098,447	42,794,299	4.1%	44,127,557	7.4%
Adams State University	22,245,069	21,255,425	(4.4%)	21,611,197	(2.8%)
Colorado Mesa U.	72,859,556	72,213,422	(0.9%)	72,196,649	(0.9%)
Western State Colorado U.	17,929,380	16,902,939	(5.7%)	17,648,556	(1.6%)
Metro State U. of Denver	128,164,894	123,764,971	(3.4%)	121,098,180	(5.5%)
Community College System	304,126,542	289,520,374	(4.8%)	281,967,727	(7.3%)
Total	\$2,527,184,515	\$2,460,128,266	(2.7%)	\$2,472,407,015	(2.2%)

As shown, **across the state boards, tuition and fees were down \$67.1 million** and are estimated to be down a total of \$121.8 million across the two years (sum of FY 2021 and FY 2022).

Housing and dining and other auxiliary services are also affected by enrollment. Although residential public institutions continued to provide on-campus education throughout the pandemic, fewer students meant less revenue. Since this revenue often supports bond payments for auxiliary facilities, this has been a serious financial challenge for residential facilities at most four-year institutions and some rural community colleges.

TUITION, FEE, AND AUXILIARY REVENUE					
	2019-20 ACTUAL	2020-21 ACTUAL	CHANGE FY 20 TO FY 21	2021-22 ESTIMATE	CHANGE FY 20 TO FY 22
Tuition and Fee Revenue	\$2,527,184,515	2,460,128,266	(67,056,249)	2,472,407,015	(54,777,500)
Auxiliary Revenue	<u>1,108,324,584</u>	<u>959,262,160</u>	<u>(149,062,424)</u>	<u>1,091,702,303</u>	<u>(16,622,281)</u>
Total	3,635,509,099	3,419,390,426	(216,118,673)	3,564,109,318	(71,399,781)
Sum Projected Reduction from FY 20 Across 2 Years					(\$287,518,454)

GOVERNMENT SUPPORT

Government support has been critical for helping to offset both increased expenditures related to the pandemic and lost revenue related to declines in student enrollment and attendance on residential campuses. Additional federal support has been spread across three years, and staff is still attempting to resolve discrepancies in how some of the funds have been reported.

As outlined in the table below, additional resources provided in FY 2020-21 and FY 2021-22 increased funds available by **\$546.0 million** total compared to FY 2019-20 General Fund and federal funds expenditures for state boards, local district colleges and area technical colleges from the sources shown. About 95.0 percent of this amount was for the ten state boards. Thus, this funding **should provide sufficient revenue to cover estimated losses to auxiliary and tuition revenue of \$287.5 million for the state boards, as well as address cost increases**, at least from a broad, statewide perspective. The particular situation for any particular institution varies.

GENERAL FUND AND ESTIMATED FEDERAL FUNDS EXPENDITURES BY YEAR
STATE GOVERNING BOARDS, LOCAL DISTRICT COLLEGES AREA TECHNICAL COLLEGES

	FY 2019-20	FY 2020-21	FY 2021-22	TOTAL ¹
General Fund	\$856,230,906	\$360,695,313	\$927,578,173	\$2,144,504,392
Coronavirus Relief Funds	7,407,445	429,222,244	13,370,311	450,000,000
HEERF Funds (Institutional portion) ¹	677,580	316,539,077	227,257,514	544,474,171
Total	\$864,315,931	\$1,106,456,634	\$1,168,205,998	\$3,138,978,563
Change from FY 2019-20		\$242,140,703	\$303,890,067	\$546,030,770

¹ Distribution of federal funds across fiscal years is subject to revision. HEERF amounts incorporate updates provided by the Department on 12/7/21.

The amounts shown incorporate the following state and federal actions:

General Fund. The General Assembly reduced appropriations for the higher education governing boards in FY 2020-21 by 58.0 percent in FY 2020-21 or a total of \$493.2 million. It then reversed this and increased General Fund support in FY 2021-22 by 8.3 percent above the *FY 2019-20* funding level.

Coronavirus Relief Funds. The Governor allocated \$450.0 million in Coronavirus Relief Funds to the governing boards in FY 2019-20 and authorized them to roll forward the funds to FY 2020-21. The funds were originally available through December 2020, so institutions moved quickly to spend the money. Although the federal government and the Governor ultimately extended the use of the funds through December 2021, **institutions spent the vast majority of the funds in FY 2020-21.** Uses of the Coronavirus Relief Funds were more constrained than uses of General Fund, but the combination of the two funding sources in FY 2020-21 equated to a \$43.2 million (5.0 percent) cut compared to FY 2019-20 support.

Higher Education Emergency Relief Funds (HEERF). HEERF funds were allocated directly to higher education institutions in three separate federal bills: the CARES Act (March 2020), the Coronavirus Response and Relief Supplemental Act (CRRSA; December 2020) and the American Rescue Plan Act (ARPA; March 2021). In each of these acts, funds were set aside for both direct emergency aid to students (\$337.5 million total) and support for the institutions (\$544.5 million). Funds could be used for backfill for lost institutional revenue and included relatively few restrictions. Use for pre-enrollment recruitment and marketing, endowments, and most capital construction was prohibited.

Federal requirements specified that funds would generally be available for one year from the time of distribution, with some provisions for extensions. As a result, **the funds are being expended in FY 2020-21 and FY 2021-22,** but are not expected to be a major funding source in FY 2022-23. Distribution of federal HEERF funds was largely based on the number of Pell-eligible (low income) students at each institution. As a result, **more assistance was provided for institutions that serve a larger share of low income students.**

HEERF I, II, AND III FOR INSTITUTIONAL SUPPORT AS PERCENTAGE FY 2020-21 TOTAL REVENUE		
	HEERF FUNDS - PRIMARY USE FY 2020-21 AND FY 2021-22	As % FY202-21 REVENUE
<i>Research Systems</i>		
University of Colorado	\$138,731,742	2.2%
Colorado State University	69,514,298	4.5%
<i>Independent Research Institutions</i>		
University of Northern Colorado	23,548,290	11.1%
Colorado School of Mines	9,203,498	2.4%
<i>4-year Comprehensive Institutions</i>		
Fort Lewis College	10,918,602	12.2%
Adams State University	5,863,693	9.8%
Colorado Mesa U.	23,687,848	12.9%
Western State Colorado U.	4,547,594	7.1%
Metro State U. of Denver	54,510,867	19.3%
<i>Community College System (13 Institutions)</i>		
Community College System	175,427,269	22.6%
<i>Local District and Area Technical Colleges*</i>		
Aims Community College	10,671,840	12.0%
Colorado Mountain College	7,479,718	10.1%
Area Technical Colleges	10,368,912	28.3%
TOTAL	\$544,474,171	

*Percentages for Area Technical Colleges based on FY 2019-20 revenue.

TOTAL CHANGE IN FINANCIAL POSITION

As shown below, all of the state institutions improved their overall financial position in FY 2020-21. However, a portion of this may be temporary, insofar as one-time federal funds received in FY 2020-21 but still to be spent in FY 2021-22 represent one component of the overall picture.

FY 2020-21 CHANGE IN OVERALL FINANCIAL POSITION - STATE GOVERNING BOARDS (THOUSAND \$\$)					
	BEGINNING FUND BALANCE	TOTAL REVENUE	TOTAL EXPENDITURES	NET CHANGE	PERCENTAGE CHANGE
<i>Research Systems</i>					
University of Colorado	\$6,511,021	6,241,708	(4,779,436)	1,462,272	22.5%
Colorado State University	2,052,197	1,557,971	(1,528,074)	29,897	1.5%
<i>Independent Research Institutions</i>					
University of Northern Colorado	305,633	212,037	(202,966)	9,071	3.0%
Colorado School of Mines	728,114	376,723	(350,566)	26,157	3.6%
<i>Comprehensive 4-year institutions</i>					
Fort Lewis College	180,515	89,334	(83,145)	6,189	3.4%
Adams State University	88,266	59,558	(55,384)	4,174	4.7%
Colorado Mesa U.	330,977	183,024	(166,507)	16,517	5.0%
Western State Colorado U.	102,774	63,818	(63,408)	411	0.4%
Metro State U. of Denver	144,672	282,350	(247,916)	34,434	23.8%
Community College System	764,168	775,688	(761,597)	14,091	1.8%
Total	\$11,208,337	\$9,842,211	(\$8,238,998)	\$1,603,212	

Source: Data submitted for calculating Composite Financial Index. Data is based on information prepared for institutional financial statements that is adjusted to exclude pension liabilities.

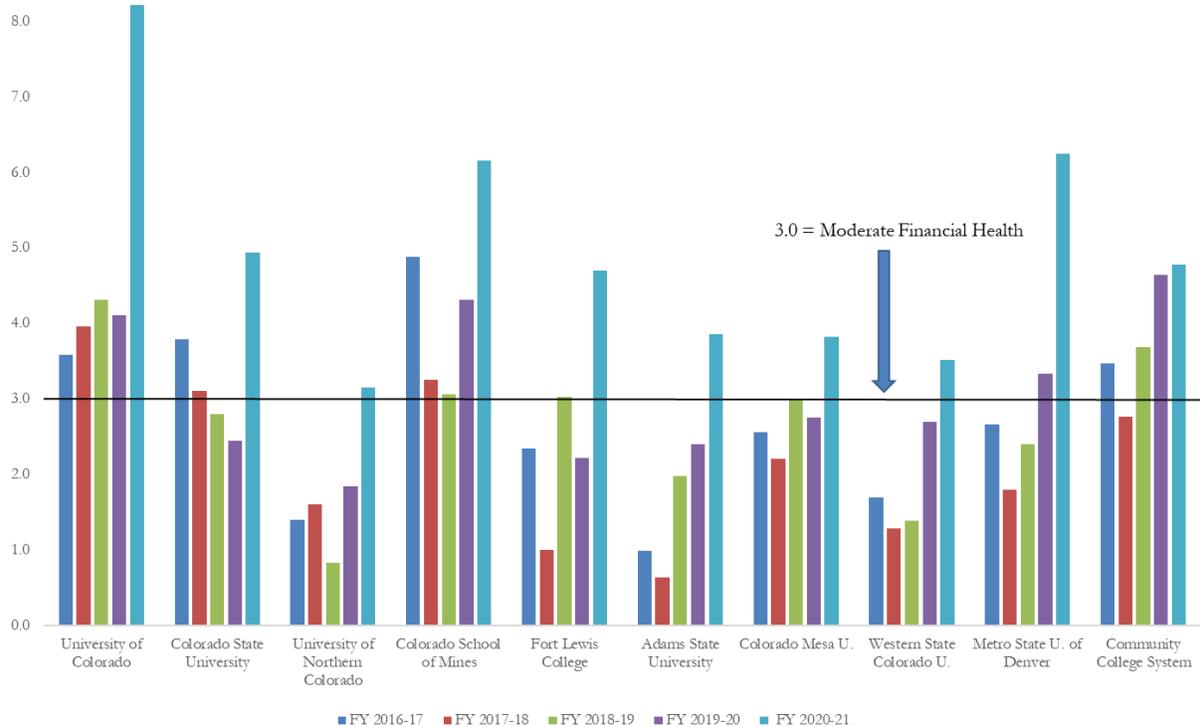
An appendix digs in more deeply to the experiences of two of the State's large systems, the University of Colorado and the Colorado Community College System. These offer examples of the range of experiences across the institutions.

- The CU system's Education and General budget, the core educational budget tracked by the State, **declined** by 3.4 percent in FY 2020-21 to \$1.6 billion. For the CU System, losses in both education and general revenue (including tuition and fees) and auxiliary revenue (housing, dining, etc.) exceeded funds CU spent from federal resources in FY 2020-21. However, this negative margin was dwarfed by an **increase of \$1.3 billion in other revenue** as reflected in data submitted for Composite Financial Index calculations.
- The Community College System's Education and General budget **increased** by 6.1 percent in FY 2020-21 to \$539.1 million. This enabled system colleges to address additional costs related to the Coronavirus. It was feasible because colleges had revenue available from federal funds and fund balances rolled forward from the prior year. However, federal funds increases were offset by declines in other parts of its budget, including auxiliary revenue. It closed the year with a **1.8% increase in its fund balance**.

For many years, JBC Staff has used a tool known as the Composite Financial Index (CFI) to help track institutional financial health. The CFI combines four financial ratios (primary reserve ratio, viability ratio, return on net assets, and net operating ratio) to provide an overall indicator of a governing board's financial well-being. The CFI is calculated on a scale from below 0 to 10.0, with a result below 0 indicating that the institution's viability is in question and a score of 3.0 representing the threshold for moderate financial health.

As shown, CFI results at the end of FY 2020-21 look remarkably strong. This is due to the combination of federal support and institutional budget-cutting that contribute to healthy reserves as the institutions move into FY 2021-22. The CFI places particular emphasis on liquidity, and, at the end of FY 2020-21, all of the institutions had ample expendable funds available.

Composite Financial Index Scores for Higher Education Governing Boards FY 2016-17 to FY 2020-21



Source: Institutional data submissions using the methodology outlined in KPMG, Prager, Sealy & Co, Attain, "Strategic Financial Analysis for Higher Education, Seventh Edition", 2010.

Notes: Figures are adjusted to remove the impact of GASB 68 and GASB 75 (pension and post-employment liabilities).

LOOKING FORWARD

Fiscal year 2022-23 seems likely to be the most "normal" higher education budget year the state has experienced since before the pandemic. Staff anticipates that federal HEERF funding will be exhausted and institutions may have spent down many of the large reserves acquired at the end of FY 2020-21. There will be additional one-time funds available to allocate at the State level, including \$95.0 million of Coronavirus State Fiscal Recovery Fund money that is deposited to the Workers, Employers, and Workforce Centers Cash Fund. However, enrollment, which provides the most important source of revenue for the institutions, may well return to older patterns.

Fall enrollment data for 2021 provided by the Department of Higher Education indicates that nonresident enrollment has increased at almost every institution, but resident student enrollment has continued to decline. More nonresident students will help institutions' bottom line but do not assist with achieving the State's goals of increasing credential production and closing equity gaps for resident students.

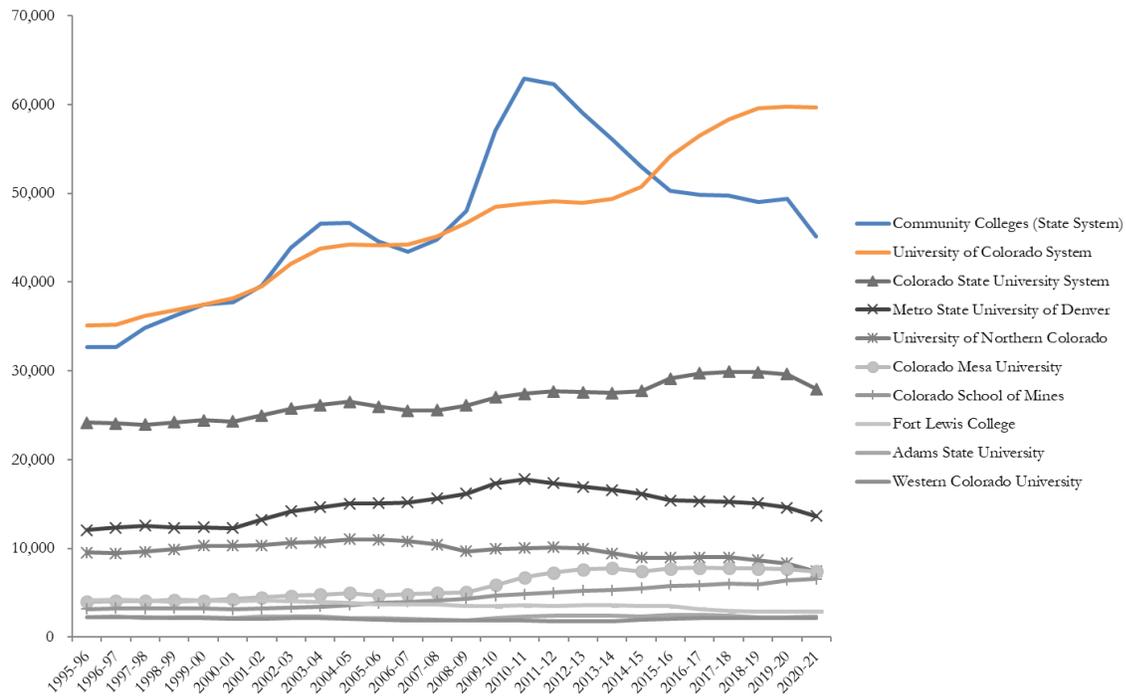
Historically, recessions led to increases in enrollment at access institutions like the community colleges. However, the COVID-19 recession was so brief that the old pattern may not hold. Instead, **it seems more likely that we will return to the pre-pandemic trend in which an increasing share of students enroll in more prestigious and expensive institutions like the University of Colorado.**

This may benefit the affected students, but presents challenges for the higher education sector as a whole.

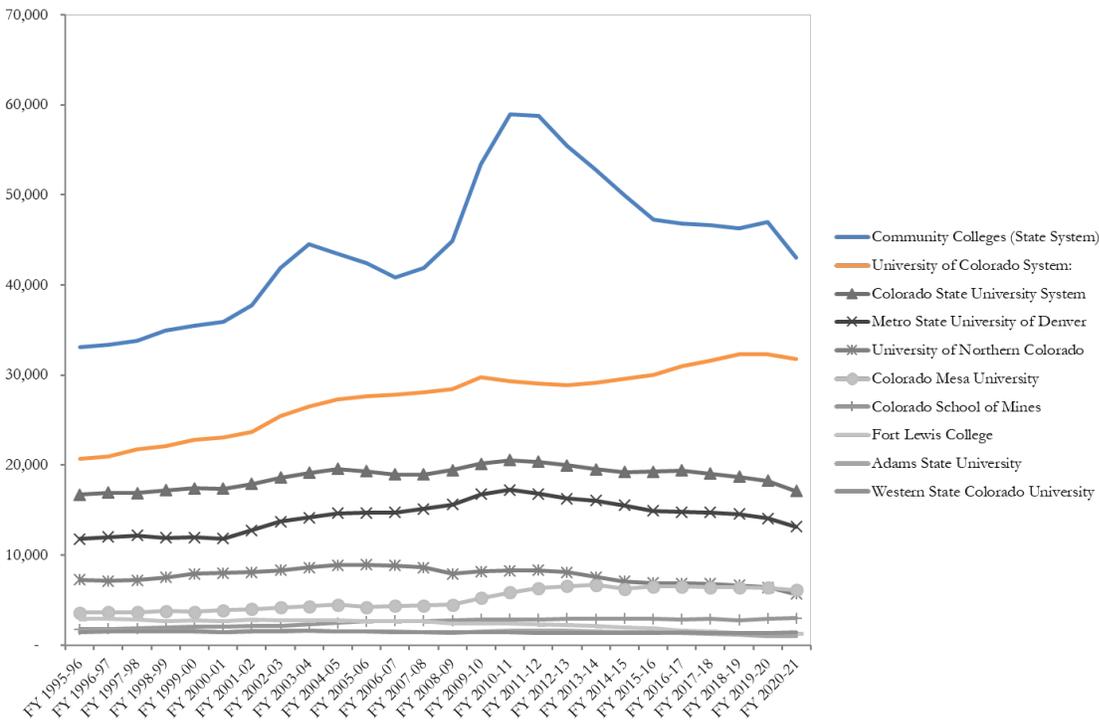
Without effective interventions to bring more historically underserved populations into postsecondary institution, we will continue to exacerbate the divide between the "haves" and the "have nots." This has serious implications for the affected citizens of the State, since most jobs are now expected to require a postsecondary credential of some kind. It also has implications for Colorado's postsecondary sector and the state budget. Institutions that are unable to attract sufficient students will continue to seek additional General Fund backfill and more tuition to prop up existing institutional cost structures. These structures are difficult to sustain with a declining student population. While those institutions may indeed need more revenue per student to provide high quality services and help students complete, institutions that face declining budgets have less flexibility to pursue programs that support their students than those with increasing budgets.

FALL 2020 TO FALL 2021 FTE ENROLLMENT BY GOVERNING BOARD						
	FALL 2021 FALL ENROLLMENT			PERCENTAGE CHANGE FROM FALL 2020		
	RESIDENT	NONRESIDENT	TOTAL	RESIDENT	NONRESIDENT	TOTAL
<i>4 Year Research Systems</i>						
University of Colorado System (4 institutions)	37,836.0	22,974.8	60,810.8	(4.2%)	3.5%	(1.4%)
Colorado State University System (2 institutions/ excludes CSU Global)	18,212.9	9,531.0	27,744.0	(6.0%)	5.7%	(2.2%)
<i>Independent Research Institutions</i>						
University of Northern Colorado	5,554.0	1,324.5	6,878.5	(11.0%)	(8.0%)	(10.4%)
Colorado School of Mines	3,817.3	3,055.6	6,872.9	3.3%	1.4%	2.5%
<i>Comprehensive 4 Year Institutions</i>						
Fort Lewis College	1,246.4	1,739.4	2,985.8	(4.5%)	3.5%	(0.0%)
Adams State University	1,384.2	705.0	2,089.2	0.5%	5.6%	2.2%
Colorado Mesa University	6,131.6	1,303.7	7,435.3	(3.5%)	3.5%	(2.3%)
Western State University	1,550.9	663.5	2,214.4	2.6%	0.4%	2.0%
Metro. State University of Denver	11,249.0	493.7	11,742.7	(10.2%)	(13.5%)	(10.4%)
<i>Community College System</i>						
System Total (13 Institutions)	38,203.5	2,177.5	40,381.0	(3.0%)	5.1%	(2.6%)
<i>Local District Colleges</i>						
Colorado Mountain College	2,309.5	265.5	2,575.0	(5.5%)	10.2%	(4.1%)
Aims Community College	3,625.7	74.5	3,700.2	16.9%	9.6%	16.7%
<i>Area Technical Colleges</i>						
3 ATCs Total	4,841.0	141.0	4,982.0	112.9%	18.3%	108.2%
TOTAL	135,961.9	44,449.9	180,411.7	(2.2%)	3.4%	(0.9%)

TOTAL STUDENT FTE
(RESIDENT & NONRESIDENT, UNDERGRADUATE & GRADUATE)
HIGHER EDUCATION STATE INSTITUTIONS



RESIDENT UNDERGRADUATE STUDENT FTE
HIGHER EDUCATION STATE INSTITUTIONS



APPENDIX: HOW TWO SYSTEMS ARE FARING:
THE UNIVERSITY OF COLORADO AND THE COMMUNITY COLLEGE SYSTEM

Example: The University of Colorado System. The University of Colorado System, which includes Boulder, Denver, Colorado Springs, and Anschutz campuses, is financially the largest component of Colorado's higher education sector, with an **Education and General budget of \$1.656 billion** and a **total funds budget of \$4.742 billion** in FY 2019-20. The CU system reported cutting \$92.0 million in expenses across the system by requiring furlough days and holding positions open. It also reported that it planned to use \$51.0 million in reserves to help address projected revenue declines and costs associated with the Coronavirus.

Cuts in expenditures, revenue from federal Higher Education Emergency Funds, and improving enrollment as the year progressed helped balance the core educational budget. **In the end, overall enrollment was down only 0.2 percent from FY 2019-20.**

UNIVERSITY OF COLORADO FULL YEAR FTE ENROLLMENT FY 2020-21 AND CHANGE FROM FY 2019-20						
	RESIDENT		NONRESIDENT		TOTAL	
	STUDENT FTE	% CHANGE FROM FY 20	STUDENT FTE	% CHANGE FROM FY 20	STUDENT FTE	% CHANGE FROM FY 20
Regents of the University of Colorado:	42,113	0.6%	17,539	(2.0%)	59,652	(0.2%)
University of Colorado-Boulder	18,800	1.0%	13,019	(2.8%)	31,820	(0.6%)
University of Colorado-Colorado Springs	8,348	(4.0%)	1,237	(8.3%)	9,586	(4.6%)
University of Colorado Denver-Downtown Campus	10,240	2.2%	1,648	(5.2%)	11,889	1.1%
University of Colorado Denver - Anschutz Medical Campus	4,725	4.8%	1,634	15.0%	6,358	7.2%

The system closed out the year with FY 2020-21 Education and General Revenue that was 3.4 percent below CU's FY 2019-20 revenue in total. This was a product of changes in enrollment, including the mix of different enrollment categories (declines in *nonresident* enrollment at most campuses), as well as decisions about when and where to spend federal HEERF revenue received. Since the system took aggressive steps to reduce costs for the year, some funds that might otherwise have been spent in FY 2020-21 instead rolled forward for use in FY 2021-22.

	FY 2019-20	CU COMPONENTS OF EDUCATION AND GENERAL REVENUE/EXPENDITURE CHANGES			FY 2020-21	PERCENTAGE CHANGE FY 2019-20 TO FY 2020-21
		GF/FF/OTHER GOVERNMENT REVENUE USED FOR E&G	TUITION AND FEES	OTHER E&G (PRIMARILY INDIRECT COSTS)		
CU System	\$1,655,770,583	(\$41,679,377)	(\$7,295,142)	(\$8,075,894)	\$1,598,720,170	(3.4%)
Boulder	940,832,035	(25,251,409)	1,586,758	(2,742,456)	914,424,928	(2.8%)
Denver	217,144,219	(2,029,397)	(5,583,643)	(2,901,840)	206,629,339	(4.8%)
UCCS	169,118,178	(2,480,117)	(7,238,687)	(5,364,760)	154,034,614	(8.9%)
Anschutz	328,676,151	(11,918,454)	3,940,430	2,933,162	323,631,289	(1.5%)

While the system showed declines in core educational activities, its **overall finances, which were strong at the start of the FY 2019-20 fiscal year, were even stronger by the end of FY 2020-21.** Federal receipts compensated for losses in both Education and General and auxiliary revenue such as housing and dining. **Meanwhile, investment performance, and other sources of revenue led to an impressive increase in the system's assets of nearly \$1.5 billion, including \$896 million related to institutional performance and \$615 million related to the foundation.**

UNIVERSITY OF COLORADO SYSTEM FINANCIAL PERFORMANCE (THOUSANDS)		
	FY 2020-21	FY 21 ABOVE/ (BELOW) FY 2019-20
Start of Year Fund Balance	\$6,511,021	
<i>Revenues</i>		
Education & General	1,598,720	(57,050)
Auxiliary Revenue (e.g., housing, dining)	687,951	(55,587)
Federal Support	99,174	99,174
Research & Capital Grants, Foundation Support, Other	3,855,864	1,286,152
Less Expenditures	<u>4,779,436</u>	37,005
Change in Fund Balance	\$1,462,272	
Percent Change in Fund Balance	22.5%	

Example: Colorado Community College System. The Colorado Community College System is comprised of 13 colleges spread across the state. In FY 2019-20, they ranged in size from 636 student FTE (Lamar Community College) to 11,309 (Front Range Community College). Some of the small rural colleges are residential, but most students attend urban non-residential colleges. While the system serves substantially more undergraduate resident students than the CU system, its cost structure is very different and its overall budget far lower than the CU System's, with a total Education and General budget of \$508.2 million and a total funds budget of \$780.3 million in FY 2019-20. The system serves a disproportionately large share of historically disadvantaged students. In Fall 2019, 30.8 percent of the community college headcount was Pell eligible (low income), 54.2 percent was first generation, and 34.4 percent was underrepresented minority students.

Enrollment in the system fell far more than at institutions that serve more affluent populations, with a **total decline in FTE enrollment of 8.6 percent from FY 2019-20 to FY 2020-21.** Resident undergraduates make up over 95 percent of community college enrollment, including concurrent enrollment students (over 20 percent of the total). The disproportionate enrollment losses in the community college system reflects the populations these schools serve, including concurrent enrollment and historically disadvantaged populations.

While the community colleges experienced sharp enrollment declines, and this translated to net reductions in tuition revenue, unlike the University of Colorado, it **increased Education and General expenditures in FY 2020-21.** This was feasible for two reasons: **(1) large amounts of federal HEERF revenue and (2) expenditures from reserves rolled forward from the prior year.** Federal HEERF funds were allocated based primarily on the number of Pell students served by an institution. As a result, entities like the community colleges which experienced the greatest enrollment losses also received the greatest help from federal disbursements. **The system has received \$151.3 million in HEERF distributions for institutional support, equal to nearly 20 percent of its total funds budget.**

In addition, **the individual community colleges simply made different decisions from the CU system institutions** about spending from reserves in FY 2020-21 versus future years. The system indicated that it had eliminated positions and held positions vacant, saving over \$23 million, but that had had to increase expenditures by more than this to address the costs of the pandemic, including costs related to remote learning for its more disadvantaged populations.

	FY 2019-20	CCCS COMPONENTS OF EDUCATION AND GENERAL REVENUE/EXPENDITURE CHANGES			FY 2020-21	PERCENTAGE CHANGE FY 2019-20 TO FY 2020-21
		GF/FF/OTHER GOVERNMENT REVENUE USED FOR E&G	TUITION AND FEES	NET ROLL FORWARD FROM PRIOR YEAR AND OTHER		
CCCS System	\$508,195,479	\$21,784,124	(\$14,606,168)	\$23,714,845	\$539,088,280	6.1%

From an overall financial perspective, the Community College System ended up in a positive financial situation, but its net assets increased by only 1.8 percent--far less than CU's. While investment returns might play some positive role in the community college system budget, it does not have the scale of reserves or capacity to generate investment returns that are available to the University of Colorado System.

COLORADO COMMUNITY COLLEGE SYSTEM FINANCIAL PERFORMANCE (THOUSANDS)		
	FY 2020-21	FY 21 ABOVE/ (BELOW) FY 2019-20
Start of Year Fund Balance	\$764,168	
<i>Revenues</i>		
Education & General	539,088	30,893
Auxiliary Revenue (e.g., housing, dining)	28,457	(21,436)
Federal Support	19,829	19,829
Research & Capital Grants, Foundation Support, Other	188,313	(33,884)
Less Expenditures	<u>761,597</u>	20,604
Change in Fund Balance	14,091	
Percent Change in Fund Balance	1.8%	

ISSUE: 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.

SUMMARY

- The cost of college is true barrier for many students; but the *perceived* cost of college is also a significant barrier that appears to discourage many students from pursuing a college credential.
- Colorado has a strikingly poor rate of college-going. It also has a strikingly poor record for the share of students who even apply for federal financial aid.
- Both the State and federal government have begun to focus more attention on how to address barriers of *perception*. The federal government has passed legislation to simplify the application for federal aid, which includes changes that will take effect in FY 2023-24 and make it easier to communicate about the program. A working group created by H.B. 21-1330 is preparing to make recommendations to the General Assembly on how to increase the number of high school students who apply for federal financial aid. Department request R5 is for 2.0 FTE outreach staff who would focus on this issue.
- This is a good moment for the State to develop a statewide message about college affordability. The first step for a state message is determining how Colorado institutions are *alike* in their low (or no) tuition and fee rates for the very lowest income students.

RECOMMENDATION

Staff recommends that the Committee ask the higher education institutions and their financial aid directors to collaborate in identifying a statewide affordability message that could be used in conjunction with a State FAFSA completion campaign. As part of this process, the State should identify what *can* be said--in standard English--about the costs of postsecondary education for low income students across the State. This process should ultimately drive increases in financial aid funding, but understanding and articulating the current situation is an important first step.

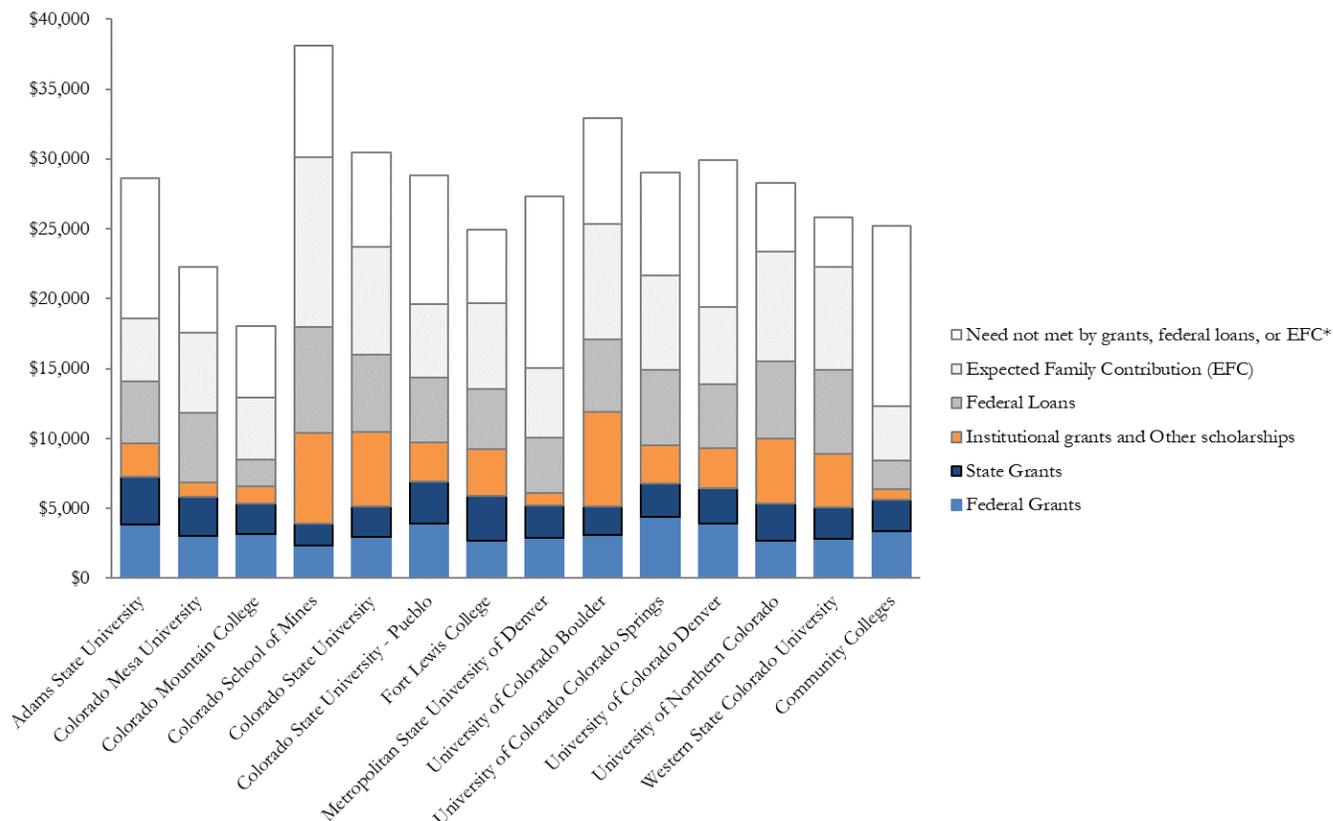
DISCUSSION

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 (currently 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 2020-21



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. As noted in *Colorado Rises, Colorado's Higher Education Strategic Plan*, and follow-up reports, by 2020 nearly three quarters of jobs in Colorado were expected to require some postsecondary education, but only about 61 percent of Colorado adults age 25 to 64 now have a credential beyond high school.¹⁰ Studies have demonstrated that reducing costs can increase postsecondary participation.¹¹

¹⁰ Colorado Department of Higher Education, *Colorado Rises*. <http://masterplan.highered.colorado.gov/> and Lumina Foundation tool, cited in May 4, 2021 Department press release <https://cdhe.colorado.gov/news-article/statewide-educational-attainment-continues-to-grow>

¹¹ 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 \(nber.org\)](http://www.nber.org/papers/w15387)

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."¹²

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.¹³

Such misperceptions contribute to real problems.

- **Colorado has a poor college-going rate.** Among Colorado high school students who graduated 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. While some enroll later, for students who completed high school in 2017, **over one-third had not enrolled in postsecondary education two years after graduation.**¹⁴ Colorado is behind other states. Nationally, 66 percent of high school graduates enroll in college immediately.¹⁵
- **Colorado has one of the lowest completion rates in the nation for the Free Application for Federal Student Aid (FAFSA).** As of summer 2021, the FY 2020-21 FAFSA completion rate was **42.1 percent**, having fallen from the previous 44.4 percent.¹⁶ 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.**¹⁷
- **Many of Colorado's postsecondary institutions are suffering from declining student enrollment.** This is particularly true at institutions that traditionally serve disadvantaged students.

¹² 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>

¹³ Velez and Horn, *What High Schoolers and Their Parents Know About Public 4-Year Tuition and Fees in Their State*.

¹⁴ Colorado Department of Higher Education, Pathways to Prosperity: Postsecondary Access and Success for Colorado's High School Graduates, 2021 Report.

https://higher.ed.colorado.gov/Publications/Reports/Legislative/PostSecondary/2021_Postsecondary_Progress_rel20210415.pdf

¹⁵ National Center for Education Statistics, Immediate College Enrollment Rate.

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

¹⁶ Department information for H.B. 21-1330 Financial Aid Working Group. <https://cdhe.colorado.gov/higher-education-student-success-legislation-hb21-1330-authorizes-federal-american-rescue-plan>

¹⁷ Hanover Research, *Best Practices Analysis: FAFSA Completion Trends*, Prepared for the Colorado Department of Higher Education, October 2021.

The pandemic has exacerbated these trends. 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.**

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

STUDENTS WHO ARE ELIGIBLE FOR A FULL PELL GRANT TYPICALLY PAY NO TUITION OR FEES AT ANY COLORADO PUBLIC INSTITUTION

The spreadsheet on the following page is an update to data that staff first asked the Department of Higher Education to assemble four years ago.

- **Colorado students coming out of high school¹⁸ who qualified for the maximum federal Pell grant (federal assistance of \$6,345 in FY 2020-21) and attended full time did not pay tuition or mandatory fees at any public higher education institution in the state.** Community college tuition and average mandatory fees of \$5,108 were lower than the federal grant. However, even at four-year institutions where the posted tuition and mandatory fees for resident students ranged from \$8,895 (Fort Lewis College) to \$19,538 (Colorado School of Mines), institutions used a combination of federal aid, state aid, and institutional aid to cover the balance. Additional data provided by the Department indicates that **financial aid exceeded estimated tuition and fees for almost any student who attended full time (at least 24 credit hours per year) and qualified for the maximum federal Pell grant, regardless of age.** This was true for 100.0 percent of students attending community college. This is also true for between 88.1 percent and 100.0 percent of students at the four year institutions, depending upon the institution. Those institutions where the total was not 100.0 percent generally conduct additional financial aid screening to determine if someone who appears to have a low income also has high assets.
- **Colorado students coming out of high school who qualified for a Pell grant of any size and attended full time were usually able to attend public institutions without paying tuition or mandatory fees.** This was not true at two four-year institutions with an open access/modified open access mission, Colorado Mesa University and the Metropolitan State University of Denver, and might not be true for all students at other institutions (see caveats below). The net additional cost to cover tuition and fees for these students at Mesa and Metro would be \$2.5 million, which is small in the context of the statewide higher education budget.
- Even students with household incomes up to \$75,000 who attended full time and qualified for financial aid but did not qualify for federal assistance paid very little in tuition and fees.

Students who qualify for any Pell grant have very low incomes, as reflected in the chart below. Those who qualify for the maximum grant typically have family incomes under \$30,000 per year. **Students qualifying for a Pell grant comprised one-third of the Colorado resident headcount prior to the pandemic.** This was the case both for the University of Colorado System and the Colorado Community College System. At Adams State University and Metropolitan State University of Denver the figure was over 40 percent.

¹⁸ In this analysis, age 19 or under was used as a proxy.

FAMILY INCOME DISTRIBUTION FOR DEPENDENT STUDENTS WHO RECEIVED PELL GRANT IN FY 2017-18	
FAMILY INCOME	PERCENTAGE OF RECIPIENTS
\$0-6,000	20.7%
\$9,001-15,000	14.0%
\$15,001-20,000	11.3%
\$20,001-30,000	17.1%
\$30,001-40,000	12.0%
\$40,001-50,000	8.7%
\$50,001-60,000	5.8%
\$60,001+	5.5%
TOTAL	100.00

Source: U.S. Department of Education Pell Grant Program Annual Data Report

There are important caveats about the data on the following page.

- **"Tuition and fees" are not the same as the full cost of attendance. There is no public institution that provides students sufficient funding to cover their full cost of attendance,** including the cost of room and board. Low income students must either take out student loans or attend part-time and work to cover the costs of housing and food, particularly if they live in dorms, on their own, or must contribute to their family's household expenses. As a result, a large share of low income students only attend part-time.
- The averages shown provide an accurate picture of average aid for low income students who attend full time. However, (1) for students who receive less than the maximum Pell, averages conceal the fact that some students may be receiving more than tuition and fees and some students may be receiving less; (2) the Department's data/averages are less useful for understanding the situation for part-time students who are disproportionately low income; and (3) not all low-income students are eligible for federal assistance. Undocumented students are eligible for state, but not federal, aid. Students who are eligible may only receive a Pell grant for 12 semesters (6 years) and are not eligible after this. Finally, students must demonstrate satisfactory academic progress toward obtaining a degree (a 2.0 GPA and earning credits related to the student's credential goals). Thus, older students returning to school may find themselves shut out of federal financial aid.

With these caveats in mind, it is still striking that tuition and fees are already covered for the lowest income full Pell students. Further, as reflected in the averages shown, the marginal costs for fully covering the difference between tuition and mandatory fees and current financial aid for full-time students coming out of Colorado high schools is a modest \$5.4 million, or about \$925 per student, based on the calculations shown. This figure may be understated, but even if this figure were doubled, **the cost of covering the "last-dollar" of tuition and fees for low-income students can be modest, depending upon how the program is structured.** This is consistent with the experiences of states that have implemented "free college" using a last-dollar-scholarship model. The Tennessee Promise program, which provides free community college through a last-dollar model, and the New York Excelsior program, which provides free college for four years with various conditions, were each expected to cost *less than 3.0 percent* of their respective states' total support for higher education.

BALANCE REQUIRED TO COVER TUITION AND MANDATORY FEES FOR FIRST-TIME RESIDENT FRESHMEN

ENTERING FROM HIGH SCHOOL AND ATTENDING FULL TIME

	FY 2020-21 Tuition + Mandatory Fees Assumption	Max Pell Number of FTE	Current Avg. Scholarship	Additional Funds Required to Fully Cover Tuition and Fees*	Pell but not Maximum Pell Number of FTE	Current Avg. Scholarship	Additional Funds Required to Fully Cover Tuition and Fees*	Students with Need and income < \$75,000 Not Eligible for Pell Number FTE	Current Avg. Scholarship	Additional Funds Required to Fully Cover Tuition and Fees*
2-Year Public										
Aims Community College	\$2,270	25.0	\$11,553	-	101.0	\$8,365	\$0	8.0	\$1,609	\$5,285
Arapahoe Community College	4,949	4.0	8,595	-	41.0	6,328	-	14.0	-	69,291
Colorado Northwestern Community College	5,059	6.0	11,428	-	16.0	8,152	-	2.0	5,831	-
Community College of Aurora	4,877	12.0	10,345	-	94.0	5,058	-	10.0	1,788	30,891
Community College of Denver	5,775	22.0	9,408	-	132.0	5,394	50,250	14.0	2,512	45,680
Front Range Community College	4,985	34.0	10,429	-	197.0	5,981	-	31.0	1,453	109,482
Lamar Community College	5,037	13.0	12,007	-	34.0	8,662	-	4.0	2,675	9,448
Morgan Community College	4,746	2.0	10,462	-	13.0	6,339	-	1.0	4,100	646
Northeastern Junior College	5,206	11.0	12,005	-	48.0	8,616	-	6.0	4,406	4,800
Otero College	5,032	16.0	12,378	-	47.0	7,635	-	4.0	5,598	-
Pikes Peak Community College	4,957	37.0	10,008	-	241.0	5,812	-	43.0	2,098	122,933
Pueblo Community College	5,439	9.0	9,633	-	65.0	6,546	-	1.0	2,625	2,814
Red Rocks Community College	5,161	13.0	10,003	-	72.0	5,973	-	18.0	977	75,307
Trinidad State College	5,180	8.0	10,846	-	44.0	5,486	-	5.0	1,719	17,304
4-Year Public										
Adams State University	9,560	43.0	15,731	-	118.0	12,312	-	12.0	4,880	56,152
Colorado Mesa University	9,306	71.0	11,316	-	184.0	8,915	71,877	34.0	3,522	196,645
Colorado Mountain College	2,650	20.0	12,163	-	78.0	9,809	-	24.0	2,527	2,955
Colorado School of Mines	19,100	28.0	22,555	-	99.0	21,816	-	46.0	13,309	266,376
Colorado State University	11,939	156.0	19,067	-	422.0	17,442	-	89.0	7,382	405,563
Colorado State University - Pueblo	10,664	66.0	14,735	-	125.0	12,944	-	18.0	5,553	91,986
Fort Lewis College	8,895	17.0	14,047	-	71.0	10,088	-	13.0	7,715	15,346
Metropolitan State University of Denver	9,437	97.0	10,514	-	604.0	5,564	2,339,448	73.0	2,113	534,661
University of Colorado Boulder	12,466	145.0	20,616	-	402.0	18,451	-	77.0	7,836	356,508
University of Colorado Colorado Springs	10,480	98.0	13,469	-	255.0	12,446	-	39.0	4,294	241,260
University of Colorado Denver	11,537	107.0	13,268	-	274.0	11,586	-	33.0	3,788	255,708
University of Northern Colorado	10,062	89.0	13,890	-	205.0	12,586	-	70.0	9,611	31,560
Western Colorado University	10,646	17.0	13,533	-	35.0	11,839	-	6.0	6,152	26,965
Total		1,166.0	\$14,592	\$0	4,017.0	\$10,725	\$2,461,575	695.0	\$5,429	\$2,975,566

COMPETITION AMONG PUBLIC INSTITUTIONS DISCOURAGES UNIFIED MESSAGING

Postsecondary public institutions in Colorado compete with each other to attract students, who provide their largest source of revenue: tuition. As a result, they put substantial resources into attempting to differentiate themselves in various ways. Institutions use both merit and need based aid as tools for attracting potential students. They also manage their budgets in part by deciding how much institutional aid to award. At four year institutions, the result is complex, opaque pricing. At some institutions, the same student might pay a different amount depending upon if he or she applies early or late in the application cycle.

While this complexity may benefit individual institutions in the short-term, one result is that potential students are also unclear about costs. For the State as whole, the murky messaging is a problem, particularly for the lowest income students. These are the students who are most likely to receive generous aid, but who often fail to apply based on erroneous assumptions about cost. These are the same students that the Colorado postsecondary system has done a poor job attracting.

Staff does not expect institutions to stop competing. However, **staff believes it would be in the interest of all of the public institutions--and certainly in the State's interest--to have a clear overarching message that principals and counselors could use to help students in middle and high school see college as a realistic option.**

WHAT KIND OF MESSAGE?

Teachers, counselors, and school administrators need to help convey to parents and students, starting in middle school, messages like:

- If your family receives Medicaid or federal food assistance (SNAP), you probably won't have to pay tuition or fees at any public college or university in Colorado.
- If your family income is under \$30,000 and you are eligible for U.S. government aid, you probably won't have to pay tuition or fees at any public college or university in Colorado.
- You'll still have to pay for housing and food and other living costs, but if you attend at least half time, you don't need to worry about tuition.

These messages are based on factors that are likely to make students eligible for a full Pell grant. Staff does not know for certain if these statements will hold in all cases at all institutions.

- The data from the Department (provided above) suggests that these statements are likely true, however, the averages currently available may not provide a sufficiently clear picture.
- Some financial aid directors have expressed doubt about whether there is any kind of consistent "base" message that will hold for all institutions; however they have agreed that they will begin reporting more specifically about the tuition and fees paid by each student receiving financial aid;
- Many of the state's largest institutions already make a commitment to cover tuition and fees for low income students, including for students with family incomes up to as high as \$65,000; and
- There appears to be interest from at least some CFOs in exploring the issue further.

Staff does not know exactly what affordability message will be both accurate and compelling. However, given the large numbers of low income students who simply aren't pursuing postsecondary education, as well as new federal changes and state initiatives described below, this is the right moment to identify an effective, unified message for the State.

FEDERAL AND STATE INITIATIVES MAKE THIS THE RIGHT TIME TO THINK ABOUT MESSAGING

FAFSA Simplification: The federal Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA), signed December 27, 2020, included critical changes to simplify the FAFSA, as well as make other changes to the federal financial aid program. reduced the number of FAFSA questions from 108 to a maximum of 36. This complemented changes in the 2019 FUTURE Act, which allowed for automating data imports from IRS tax forms into Pell application forms. The simplification provisions generally take effect on July 1, 2023 and **apply to award year 2023-24.**¹⁹

An analysis by the Urban Institute concludes that the new policies do not appreciably change the distribution of Pell grant aid, but the share of students receiving the grant is estimated to increase from 42 to 45 percent, and **"the formula changes will make it much easier to communicate to students their likely eligibility for the maximum Pell award before they fill out a FAFSA."**²⁰ The changes include a new two factor formula based on adjusted gross income and the federal poverty level. Under the changes, families with income less than 175% of the Federal Poverty Level (175%=\$46,375 for a family of four) and single parents with income less than 225% of the Federal Poverty Level (225%=\$49,410 for a family of three) will qualify for a full grant (currently \$6,495). A minimum grant (about \$650) is expected to reach dependent students from a two-parent family of four that with income below \$73,000 or a one-parent family of four with income below \$86,000. The Urban Institute estimates that, under the new formula, **76 percent of Pell recipients will receive the maximum grant**, 16 percent will receive the minimum, and 8 percent will receive in between. Currently only about 60 percent receive the maximum.

State FAFSA Completion Initiative and R5 Budget Request: H.B. 21-1330 required the Department of Higher Education to convene a working group to recommend measures for increasing the number of high school graduates who complete the FAFSA. Experts in the field, including high school administrators and advocates, will submit recommendations to the General Assembly in January 2022.²¹ One option that is under discussion would build FAFSA completion into state high school graduation requirement. This change has dramatically increased FAFSA completions in other states. **Whether or not the group recommends that completing the FAFSA becomes a graduation requirement, it is likely to recommend better outreach and communication about the FAFSA in K-12 schools.**

For FY 2022-23, the Department of Higher Education has submitted Request R5 (Division of Outreach and Attainment) for \$250,000 General Fund for 2.0 FTE to work on outreach issues. **The Department has recently indicated that efforts to increase the number of students who complete the FAFSA would be a significant focus for the new staff.**

¹⁹ Austin Reed, "Congress Expands Pell Grant Eligibility, Simplifies FAFSA", *NCSL State Legislatures Magazine*, Jan 20, 2021. <https://www.ncsl.org/research/education/congress-expands-pell-grant-eligibility-simplifies-fafsa-magazine2021.aspx>

²⁰ Kristin Blagg, Matthew Chingos, "How Will the New Pell Grant Formula Affect Students?", *Urban Wire, The Blog of the Urban Institute*, August 5, 2021. [How Will the New Pell Grant Formula Affect Students? | Urban Institute](#)

²¹ Previously, H.B. 19-1187 (Increase Student Aid Application Completion Rates), added \$250,000 per year in the Department of Education for three years (FY 2019-20 through FY 2021-22) for additional grants to recipients of School Counselor Corps grants to promote FAFSA completion.

APPENDIX A
NUMBERS PAGES
(DIGITAL ONLY)

Appendix A details actual expenditures for the last two 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 is only available in the online version of this document.*

Appendix A: Numbers Pages

	FY 2019-20 Actual	FY 2020-21 Actual	FY 2021-22 Appropriation	FY 2022-23 Request	Request vs. Appropriation
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DEPARTMENT OF HIGHER EDUCATION
Angie Paccione, Executive Director

(1) DEPARTMENT ADMINISTRATIVE OFFICE

re not included in this section. Cash funds are primarily from the State Historical Fund. Reappropriated funds are from indirect cost recoveries.

Health, Life, and Dental	<u>2,177,159</u>	<u>1,182,675</u>	<u>2,263,269</u>	<u>2,464,178</u>
General Fund	107,097	85,156	228,089	397,171
Cash Funds	1,234,748	354,075	1,349,702	1,361,109
Reappropriated Funds	337,594	339,958	448,564	311,082
Federal Funds	497,720	403,486	236,914	394,816
Short-term Disability	<u>20,496</u>	<u>12,186</u>	<u>21,194</u>	<u>22,705</u>
General Fund	551	1,528	1,914	3,124
Cash Funds	13,379	3,663	13,046	13,059
Reappropriated Funds	4,261	3,911	4,292	3,877
Federal Funds	2,305	3,084	1,942	2,645
S.B. 04-257 Amortization Equalization Disbursement	<u>639,698</u>	<u>371,868</u>	<u>704,081</u>	<u>753,126</u>
General Fund	17,746	48,848	64,601	102,660
Cash Funds	426,771	116,562	443,336	443,786
Reappropriated Funds	126,538	115,027	134,794	123,491
Federal Funds	68,643	91,431	61,350	83,189

Appendix A: Numbers Pages

	FY 2019-20 Actual	FY 2020-21 Actual	FY 2021-22 Appropriation	FY 2022-23 Request	Request vs. Appropriation
S.B. 06-235 Supplemental Amortization Equalization					
Disbursement	<u>639,698</u>	<u>371,868</u>	<u>704,081</u>	<u>753,126</u>	
General Fund	17,746	48,848	64,601	102,660	
Cash Funds	426,771	116,562	443,336	443,786	
Reappropriated Funds	126,538	115,027	134,794	123,491	
Federal Funds	68,643	91,431	61,350	83,189	
PERA Direct Distribution	<u>331,282</u>	<u>0</u>	<u>478,087</u>	<u>473,936</u>	
General Fund	69,050	0	25,566	62,391	
Cash Funds	170,290	0	233,519	211,565	
Reappropriated Funds	91,942	0	152,559	119,488	
Federal Funds	0	0	66,443	80,492	
Salary Survey	<u>477,673</u>	<u>0</u>	<u>460,796</u>	<u>527,783</u>	
General Fund	11,562	0	42,278	67,461	
Cash Funds	338,391	0	290,148	290,443	
Reappropriated Funds	82,996	0	88,219	115,193	
Federal Funds	44,724	0	40,151	54,686	
Workers' Compensation	<u>66,402</u>	<u>59,290</u>	<u>55,884</u>	<u>36,111</u>	*
Cash Funds	36,616	37,588	36,117	22,222	
Reappropriated Funds	29,786	21,702	19,767	13,889	
Legal Services	<u>137,942</u>	<u>131,281</u>	<u>188,360</u>	<u>212,793</u>	*
Cash Funds	88,312	81,373	123,685	112,567	
Reappropriated Funds	49,630	49,908	64,675	100,226	
Administrative Law Judge Services	<u>796</u>	<u>0</u>	<u>0</u>	<u>311</u>	
Cash Funds	796	0	0	311	

Appendix A: Numbers Pages

	FY 2019-20 Actual	FY 2020-21 Actual	FY 2021-22 Appropriation	FY 2022-23 Request	Request vs. Appropriation
Payment to Risk Management and Property Funds	<u>232,141</u>	<u>162,244</u>	<u>278,935</u>	<u>308,350</u> *	
Cash Funds	224,922	154,315	259,235	39,343	
Reappropriated Funds	7,219	7,929	19,700	269,007	
Leased Space	<u>424,927</u>	<u>424,927</u>	<u>424,927</u>	<u>424,927</u>	
Cash Funds	112,960	112,960	112,960	112,960	
Reappropriated Funds	311,967	311,967	311,967	311,967	
Payments to OIT	<u>744,491</u>	<u>359,245</u>	<u>231,101</u>	<u>362,289</u> *	
General Fund	150,000	85,073	151,306	151,306	
Cash Funds	525,869	215,544	20,258	123,893	
Reappropriated Funds	68,622	58,628	59,537	87,090	
CORE Operations	<u>203,523</u>	<u>274,875</u>	<u>237,213</u>	<u>257,323</u>	
Cash Funds	79,820	106,792	92,160	92,160	
Reappropriated Funds	123,703	168,083	145,053	165,163	
TOTAL - (1) Department Administrative Office	6,096,228	3,350,459	6,047,928	6,596,958	9.1%
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	0.0%
General Fund	373,752	269,453	578,355	886,773	53.3%
Cash Funds	3,679,645	1,299,434	3,417,502	3,267,204	(4.4%)
Reappropriated Funds	1,360,796	1,192,140	1,583,921	1,743,964	10.1%
Federal Funds	682,035	589,432	468,150	699,017	49.3%

Appendix A: Numbers Pages

	FY 2019-20 Actual	FY 2020-21 Actual	FY 2021-22 Appropriation	FY 2022-23 Request	Request vs. Appropriation
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(2) COLORADO COMMISSION ON HIGHER EDUCATION AND HIGHER EDUCATION SPECIAL PURPOSE PROGRAMS

s proprietary institutions, higher education lease purchase payments and capital-related outlays, and a large number of special purpose programs that rely on various funding sources.

(A) Administration

Administration	3,236,405	3,156,620	3,631,050	3,920,779 *	
FTE	30.9	30.6	32.0	32.6	
General Fund	92,787	0	196,423	306,094	
Cash Funds	35,376	39,698	202,082	202,082	
Reappropriated Funds	3,010,123	3,067,693	3,232,545	3,412,603	
Federal Funds	98,119	49,229	0	0	

SUBTOTAL - (A) Administration	3,236,405	3,156,620	3,631,050	3,920,779	8.0%
FTE	30.9	30.6	32.0	32.6	1.9%
General Fund	92,787	0	196,423	306,094	55.8%
Cash Funds	35,376	39,698	202,082	202,082	0.0%
Reappropriated Funds	3,010,123	3,067,693	3,232,545	3,412,603	5.6%
Federal Funds	98,119	49,229	0	0	0.0%

(B) Division of Private Occupational Schools

Division of Private Occupational Schools	728,628	836,310	956,750	943,307 *	
FTE	9.8	10.4	10.4	10.3	
Cash Funds	728,628	836,310	956,750	943,307	

SUBTOTAL - (B) Division of Private Occupational Schools	728,628	836,310	956,750	943,307	(1.4%)
FTE	9.8	10.4	10.4	10.3	(1.0%)
Cash Funds	728,628	836,310	956,750	943,307	(1.4%)

Appendix A: Numbers Pages

	FY 2019-20 Actual	FY 2020-21 Actual	FY 2021-22 Appropriation	FY 2022-23 Request	Request vs. Appropriation
(C) Special Purpose					
Western Interstate Commission for Higher Education (WICHE)	<u>153,000</u>	<u>159,000</u>	<u>159,000</u>	<u>164,000</u>	*
Reappropriated Funds	153,000	159,000	159,000	164,000	
WICHE - Optometry	<u>442,200</u>	<u>376,600</u>	<u>376,600</u>	<u>376,600</u>	
Reappropriated Funds	442,200	376,600	376,600	376,600	
Distribution to Higher Education Competitive Research Authority	<u>1,811,441</u>	<u>1,748,478</u>	<u>2,000,000</u>	<u>2,800,000</u>	*
Cash Funds	1,811,441	1,748,478	2,000,000	2,800,000	
Veterinary School Capital Outlay Support	<u>285,000</u>	<u>285,000</u>	<u>285,000</u>	<u>285,000</u>	
Cash Funds	139,650	150,768	143,640	143,640	
Reappropriated Funds	145,350	134,232	141,360	141,360	
Colorado Geological Survey at the Colorado School of Mines	<u>2,654,853</u>	<u>2,735,028</u>	<u>2,250,018</u>	<u>2,250,018</u>	
FTE	15.5	15.5	15.5	15.5	
General Fund	567,208	567,208	622,086	622,086	
Cash Funds	1,628,535	1,744,091	1,627,932	1,627,932	
Reappropriated Funds	51,958	0	0	0	
Federal Funds	407,152	423,729	0	0	
Institute of Cannabis Research - Governing Board	<u>0</u>	<u>0</u>	<u>1,200,000</u>	<u>0</u>	
Cash Funds	0	0	1,200,000	0	
Institute of Cannabis Research at CSU-Pueblo	<u>1,740,649</u>	<u>1,195,585</u>	<u>600,000</u>	<u>3,600,000</u>	*
Cash Funds	1,740,649	1,195,585	600,000	3,600,000	

Appendix A: Numbers Pages

	FY 2019-20 Actual	FY 2020-21 Actual	FY 2021-22 Appropriation	FY 2022-23 Request	Request vs. Appropriation
GEAR-UP	<u>6,084,825</u>	<u>6,114,699</u>	<u>5,000,000</u>	<u>5,048,228</u>	
FTE	39.1	29.1	29.1	29.1	
Federal Funds	6,084,825	6,114,699	5,000,000	5,048,228	
Prosecution Fellowship Program	<u>195,496</u>	<u>0</u>	<u>356,496</u>	<u>356,496</u>	
General Fund	195,496	0	356,496	356,496	
Rural Teacher Recruitment, Retention, and Professional Development	<u>681,095</u>	<u>709,175</u>	<u>1,209,357</u>	<u>1,533,927</u>	
FTE	0.3	0.8	0.8	0.9	
General Fund	441,095	709,175	1,209,357	1,533,927	
Reappropriated Funds	240,000	0	0	0	
Open Educational Resources Initiatives	<u>786,577</u>	<u>961,176</u>	<u>1,108,200</u>	<u>1,108,200</u>	
FTE	1.0	1.0	1.0	1.0	
General Fund	786,577	961,176	1,108,200	1,108,200	
Reappropriated Funds	0	0	0	0	
Forest Restoration and Wildfire Risk Mitigation Grant Program Cash Fund at Colorado State University	<u>1,000,000</u>	<u>1,000,000</u>	<u>8,000,000</u>	<u>8,000,000</u>	
General Fund	1,000,000	1,000,000	8,000,000	8,000,000	
Healthy Forests and Vibrant Communities Fund at Colorado State University	<u>0</u>	<u>0</u>	<u>2,000,000</u>	<u>2,000,000</u>	
General Fund	0	0	2,000,000	2,000,000	
Colorado Student Leaders Institute Pilot	<u>132,719</u>	<u>148,912</u>	<u>218,825</u>	<u>218,825</u>	
FTE	1.0	1.0	1.0	0.0	
General Fund	132,719	148,912	218,825	218,825	

Appendix A: Numbers Pages

	FY 2019-20 Actual	FY 2020-21 Actual	FY 2021-22 Appropriation	FY 2022-23 Request	Request vs. Appropriation
Strategies for Educator Preparation Programs	<u>0</u>	<u>0</u>	<u>0</u>	<u>108,245</u>	
FTE	0.0	0.0	0.0	1.6	
General Fund	0	0	0	108,245	
Financial Aid Assessment Tool	<u>160,764</u>	<u>153,911</u>	<u>154,069</u>	<u>154,069</u>	
FTE	0.2	0.5	0.5	0.5	
Reappropriated Funds	160,764	153,911	154,069	154,069	
Growing Great Teachers - Teacher Mentor Grants	<u>0</u>	<u>0</u>	<u>548,477</u>	<u>548,477</u>	
FTE	0.0	0.0	0.5	0.0	
General Fund	0	0	548,477	548,477	
Support Expansions of Single Stop	<u>0</u>	<u>0</u>	<u>0</u>	<u>45,000</u> *	
General Fund	0	0	0	45,000	
COSI FAFSA Completion Grant Program - ARPA Money	<u>0</u>	<u>0</u>	<u>1,500,000</u>	<u>0</u>	
Cash Funds	0	0	1,500,000	0	
Center for Substance Use Disorder, Prevention, Treatment, and Recovery Support Strategies at the University of Colorado Health Sciences Center	<u>0</u>	<u>0</u>	<u>4,825,000</u>	<u>0</u>	
Cash Funds	0	0	4,825,000	0	
Colorado Re-Engaged and Associate Degree Completion Programs - ARPA Money	<u>0</u>	<u>0</u>	<u>1,000,000</u>	<u>0</u>	
FTE	0.0	0.0	1.0	0.0	
Cash Funds	0	0	1,000,000	0	

Appendix A: Numbers Pages

	FY 2019-20 Actual	FY 2020-21 Actual	FY 2021-22 Appropriation	FY 2022-23 Request	Request vs. Appropriation
Career and Technical Education Equipment, Facility, and Instruction Capacity Funding - ARPA Money	<u>0</u>	<u>0</u>	<u>10,000,000</u>	<u>0</u>	
Cash Funds	0	0	10,000,000	0	
Appropriation to the Educator Loan Forgiveness Fund	<u>0</u>	<u>0</u>	<u>2,500,000</u>	<u>2,500,000</u>	
General Fund	0	0	2,500,000	2,500,000	
Educator Loan Forgiveness Program Administration	<u>0</u>	<u>0</u>	<u>398,963</u>	<u>398,963</u>	
FTE	0.0	0.0	0.5	0.5	
General Fund	0	0	398,963	398,963	
Educator Loan Forgiveness Program	<u>123,969</u>	<u>0</u>	<u>0</u>	<u>0</u>	
FTE	1.4	0.0	0.0	0.0	
General Fund	123,969	0	0	0	
RISE Education Innovation Fund	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	0	0	0	0	
H.B. 18-1332 Collaborative Educator Preparation Program					
Grants	<u>92,787</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	92,787	0	0	0	
SUBTOTAL - (C) Special Purpose	16,345,375	15,587,564	45,690,005	31,496,048	(31.1%)
FTE	<u>58.5</u>	<u>47.9</u>	<u>49.9</u>	<u>49.1</u>	<u>(1.6%)</u>
General Fund	3,339,851	3,386,471	16,962,404	17,440,219	2.8%
Cash Funds	5,320,275	4,838,922	22,896,572	8,171,572	(64.3%)
Reappropriated Funds	1,193,272	823,743	831,029	836,029	0.6%
Federal Funds	6,491,977	6,538,428	5,000,000	5,048,228	1.0%

Appendix A: Numbers Pages

	FY 2019-20 Actual	FY 2020-21 Actual	FY 2021-22 Appropriation	FY 2022-23 Request	Request vs. Appropriation
(D) Lease Purchase Payments and Capital-related Outlays					
University of Colorado, Lease Purchase of Academic Facilities at Fitzsimons	<u>14,150,438</u>	<u>14,153,707</u>	<u>12,126,226</u>	<u>12,129,495</u>	*
General Fund	1,939,257	0	5,157,255	5,121,284	
General Fund Exempt	5,350,421	7,653,707	0	0	
Cash Funds	6,860,760	6,500,000	6,968,971	7,008,211	
Appropriation to the Higher Education Federal Mineral Lease Revenues Fund for Lease Purchase of Academic Facilities	<u>16,294,250</u>	<u>16,933,244</u>	<u>17,072,238</u>	<u>17,072,238</u>	
General Fund	16,294,250	0	17,072,238	17,072,238	
General Fund Exempt	0	16,933,244	0	0	
Lease Purchase of Academic Facilities Pursuant to Section 23-19.9-102	<u>17,408,921</u>	<u>17,430,405</u>	<u>17,432,238</u>	<u>17,431,232</u>	*
Cash Funds	1,114,671	497,161	360,000	220,000	
Reappropriated Funds	16,294,250	16,933,244	17,072,238	17,211,232	
Annual Depreciation-Lease Equivalent Payment	<u>2,446,363</u>	<u>0</u>	<u>4,689,433</u>	<u>7,406,847</u>	*
General Fund	2,446,363	0	4,689,433	7,406,847	
Pre-payment to Retire Portion of Fitzsimons Lease Purchase Obligation	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	0	0	0	0	

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SUBTOTAL - (D) Lease Purchase Payments and Capital-related Outlays	50,299,972	48,517,356	51,320,135	54,039,812	5.3%
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	0.0%
General Fund	20,679,870	0	26,918,926	29,600,369	10.0%
General Fund Exempt	5,350,421	24,586,951	0	0	0.0%
Cash Funds	7,975,431	6,997,161	7,328,971	7,228,211	(1.4%)
Reappropriated Funds	16,294,250	16,933,244	17,072,238	17,211,232	0.8%

(E) Tuition/Enrollment Contingency

Tuition/Enrollment Contingency	<u>31,238,416</u>	<u>60,000,000</u>	<u>60,000,000</u>	<u>60,000,000</u>	
Cash Funds	31,238,416	60,000,000	60,000,000	60,000,000	
SUBTOTAL - (E) Tuition/Enrollment Contingency	31,238,416	60,000,000	60,000,000	60,000,000	0.0%
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	0.0%
Cash Funds	31,238,416	60,000,000	60,000,000	60,000,000	0.0%

(F) Indirect Cost Assessments

Indirect Cost Assessments	<u>0</u>	<u>66,156</u>	<u>7,361,509</u>	<u>7,361,509</u>	
Cash Funds	0	66,156	350,758	350,758	
Reappropriated Funds	0	0	6,915,791	6,915,791	
Federal Funds	0	0	94,960	94,960	
SUBTOTAL - (F) Indirect Cost Assessments	0	66,156	7,361,509	7,361,509	0.0%
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	0.0%
Cash Funds	0	66,156	350,758	350,758	0.0%
Reappropriated Funds	0	0	6,915,791	6,915,791	0.0%
Federal Funds	0	0	94,960	94,960	0.0%

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	FY 2019-20 Actual	FY 2020-21 Actual	FY 2021-22 Appropriation	FY 2022-23 Request	Request vs. Appropriation
TOTAL - (2) Colorado Commission on Higher Education and Higher Education Special Purpose Programs	101,848,796	128,164,006	168,959,449	157,761,455	(6.6%)
<i>FTE</i>	<u>99.2</u>	<u>88.9</u>	<u>92.3</u>	<u>92.0</u>	(0.3%)
General Fund	24,112,508	3,386,471	44,077,753	47,346,682	7.4%
General Fund Exempt	5,350,421	24,586,951	0	0	0.0%
Cash Funds	45,298,126	72,778,247	91,735,133	76,895,930	(16.2%)
Reappropriated Funds	20,497,645	20,824,680	28,051,603	28,375,655	1.2%
Federal Funds	6,590,096	6,587,657	5,094,960	5,143,188	0.9%

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	FY 2019-20 Actual	FY 2020-21 Actual	FY 2021-22 Appropriation	FY 2022-23 Request	Request vs. Appropriation
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(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	163,456,542	167,532,879	180,825,470	190,594,060 *	
General Fund	35,849,141	0	179,968,585	189,737,175	
General Fund Exempt	127,287,141	166,213,358	0	0	
Reappropriated Funds	320,260	1,319,521	856,885	856,885	
SUBTOTAL - (A) Need Based Grants	163,456,542	167,532,879	180,825,470	190,594,060	5.4%
<i>FTE</i>	0.0	0.0	0.0	0.0	0.0%
General Fund	35,849,141	0	179,968,585	189,737,175	5.4%
General Fund Exempt	127,287,141	166,213,358	0	0	0.0%
Reappropriated Funds	320,260	1,319,521	856,885	856,885	0.0%

(B) Work Study

Work Study	22,435,601	18,560,939	23,129,178	23,129,178	
General Fund	1,003,273	0	23,129,178	23,129,178	
General Fund Exempt	21,432,328	18,560,939	0	0	
SUBTOTAL - (B) Work Study	22,435,601	18,560,939	23,129,178	23,129,178	0.0%
<i>FTE</i>	0.0	0.0	0.0	0.0	0.0%
General Fund	1,003,273	0	23,129,178	23,129,178	0.0%
General Fund Exempt	21,432,328	18,560,939	0	0	0.0%

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	FY 2019-20 Actual	FY 2020-21 Actual	FY 2021-22 Appropriation	FY 2022-23 Request	Request vs. Appropriation
(C) Merit Based Grants					
Merit Based Grants	<u>5,198,860</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	198,860	0	0	0	
General Fund Exempt	5,000,000	0	0	0	
SUBTOTAL - (C) Merit Based Grants	5,198,860	0	0	0	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	198,860	0	0	0	0.0%
General Fund Exempt	5,000,000	0	0	0	0.0%
(D) Special Purpose					
Veterans'/Law Enforcement/POW Tuition Assistance	<u>937,470</u>	<u>1,143,700</u>	<u>956,000</u>	<u>956,000</u>	
General Fund	937,470	1,143,700	956,000	956,000	
Native American Students/Fort Lewis College	<u>19,626,043</u>	<u>21,790,595</u>	<u>24,045,076</u>	<u>24,803,434</u> *	
General Fund	2,677,849	0	24,045,076	24,803,434	
General Fund Exempt	16,948,194	21,790,595	0	0	
Colorado Opportunity Scholarship Initiative Fund	<u>17,178,464</u>	<u>17,142,194</u>	<u>7,000,000</u>	<u>7,000,000</u>	
FTE	0.0	0.0	0.0	0.0	
General Fund	2,000,000	6,000,000	7,000,000	7,000,000	
General Fund Exempt	5,000,000	0	0	0	
Cash Funds	10,178,464	11,142,194	0	0	
Tuition Assistance for Career and Technical Education					
Certificate Programs	<u>368,579</u>	<u>339,035</u>	<u>450,000</u>	<u>450,000</u>	
General Fund	368,579	339,035	450,000	450,000	

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	FY 2019-20 Actual	FY 2020-21 Actual	FY 2021-22 Appropriation	FY 2022-23 Request	Request vs. Appropriation
COSI Student Financial Aid and Support Services - ARPA					
Money	<u>0</u>	<u>0</u>	<u>49,000,000</u>	<u>0</u>	
Cash Funds	0	0	49,000,000	0	
Fourth-year Innovation Pilot Program					
FTE	<u>0</u>	<u>0</u>	<u>44,222</u>	<u>0</u>	
General Fund	0.0	0.0	0.6	0.0	
	0	0	44,222	0	
COSI Displaced Workers Program - ARPA Funds					
Cash Funds	<u>0</u>	<u>15,000,000</u>	<u>0</u>	<u>0</u>	
	0	15,000,000	0	0	
H.B. 18-1002 Rural Teaching Fellowship Program					
FTE	<u>117,314</u>	<u>485,463</u>	<u>0</u>	<u>0</u>	
General Fund	0.5	0.0	0.0	0.0	
	117,314	485,463	0	0	
Colorado Second Chance Scholarship					
FTE	<u>105,145</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	0.8	0.0	0.0	0.0	
	105,145	0	0	0	
SUBTOTAL - (D) Special Purpose	38,333,015	55,900,987	81,495,298	33,209,434	(59.2%)
<i>FTE</i>	<u>1.3</u>	<u>0.0</u>	<u>0.6</u>	<u>0.0</u>	(100.0%)
General Fund	6,206,357	7,968,198	32,495,298	33,209,434	2.2%
General Fund Exempt	21,948,194	21,790,595	0	0	0.0%
Cash Funds	10,178,464	26,142,194	49,000,000	0	(100.0%)

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	FY 2019-20 Actual	FY 2020-21 Actual	FY 2021-22 Appropriation	FY 2022-23 Request	Request vs. Appropriation
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TOTAL - (3) Colorado Commission on Higher Education Financial Aid	229,424,018	241,994,805	285,449,946	246,932,672	(13.5%)
<i>FTE</i>	<u>1.3</u>	<u>0.0</u>	<u>0.6</u>	<u>0.0</u>	(100.0%)
General Fund	43,257,631	7,968,198	235,593,061	246,075,787	4.4%
General Fund Exempt	175,667,663	206,564,892	0	0	0.0%
Cash Funds	10,178,464	26,142,194	49,000,000	0	(100.0%)
Reappropriated Funds	320,260	1,319,521	856,885	856,885	0.0%

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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>349,088,289</u>	<u>138,734,896</u>	<u>355,109,572</u>	<u>360,947,377</u> *
General Fund	349,088,289	1,102,960	0	5,837,805
General Fund Exempt	0	137,631,936	355,109,572	355,109,572

Stipends for eligible full-time equivalent students attending
participating private institutions

	<u>1,725,840</u>	<u>734,400</u>	<u>1,725,840</u>	<u>1,805,229</u> *
General Fund	282,465	0	0	79,389
General Fund Exempt	1,443,375	734,400	1,725,840	1,725,840

SUBTOTAL - (A) Stipends	350,814,129	139,469,296	356,835,412	362,752,606	1.7%
<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	349,370,754	1,102,960	0	5,917,194	0.0%
General Fund Exempt	1,443,375	138,366,336	356,835,412	356,835,412	0.0%

(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>319,730,451</u>	<u>142,168,976</u>	<u>385,952,437</u>	<u>414,203,484</u> *
General Fund	176,089,945	11,086,191	72,243,267	100,494,314
General Fund Exempt	143,640,506	131,082,785	313,709,170	313,709,170

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	FY 2019-20 Actual	FY 2020-21 Actual	FY 2021-22 Appropriation	FY 2022-23 Request	Request vs. Appropriation
Fee-for-service Contracts with State Institutions for Specialty Education Programs	<u>147,931,042</u>	<u>59,832,736</u>	<u>144,652,616</u>	<u>156,657,547</u> *	
General Fund	31,529,344	2,357,099	9,956,653	21,961,584	
General Fund Exempt	116,401,698	57,475,637	134,695,963	134,695,963	
Limited Purpose Fee-for-Service Contracts with State Institutions	<u>5,907,277</u>	<u>3,693,028</u>	<u>5,722,806</u>	<u>5,682,806</u>	
General Fund	5,907,277	1,193,028	5,722,806	5,682,806	
General Fund Exempt	0	2,500,000	0	0	
SUBTOTAL - (B) Fee-for-service Contracts with State Institutions	473,568,770	205,694,740	536,327,859	576,543,837	7.5%
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	0.0%
General Fund	213,526,566	14,636,318	87,922,726	128,138,704	45.7%
General Fund Exempt	260,042,204	191,058,422	448,405,133	448,405,133	0.0%
TOTAL - (4) College Opportunity Fund Program	824,382,899	345,164,036	893,163,271	939,296,443	5.2%
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	0.0%
General Fund	562,897,320	15,739,278	87,922,726	134,055,898	52.5%
General Fund Exempt	261,485,579	329,424,758	805,240,545	805,240,545	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>43,121,901</u>	<u>41,022,805</u>	<u>44,170,418</u>	<u>44,934,931</u> *	
FTE	315.7	326.2	314.2	314.2	
Cash Funds	25,841,644	24,569,860	25,102,988	25,102,988	
Reappropriated Funds	17,280,257	7,257,708	19,067,430	19,831,943	
Federal Funds	0	9,195,237	0	0	

SUBTOTAL - (A) Trustees of Adams State University	43,121,901	41,022,805	44,170,418	44,934,931	1.7%
FTE	<u>315.7</u>	<u>326.2</u>	<u>314.2</u>	<u>314.2</u>	0.0%
Cash Funds	25,841,644	24,569,860	25,102,988	25,102,988	0.0%
Reappropriated Funds	17,280,257	7,257,708	19,067,430	19,831,943	4.0%
Federal Funds	0	9,195,237	0	0	0.0%

(B) Trustees of Colorado Mesa University

Trustees of Colorado Mesa University	<u>110,591,384</u>	<u>108,362,250</u>	<u>112,277,141</u>	<u>114,152,274</u> *	
FTE	764.4	564.6	742.7	742.7	
Cash Funds	78,106,425	77,629,604	76,300,139	76,300,139	
Reappropriated Funds	32,484,959	13,700,035	35,977,002	37,852,135	
Federal Funds	0	17,032,611	0	0	

SUBTOTAL - (B) Trustees of Colorado Mesa University	110,591,384	108,362,250	112,277,141	114,152,274	1.7%
FTE	<u>764.4</u>	<u>564.6</u>	<u>742.7</u>	<u>742.7</u>	(0.0%)
Cash Funds	78,106,425	77,629,604	76,300,139	76,300,139	0.0%
Reappropriated Funds	32,484,959	13,700,035	35,977,002	37,852,135	5.2%
Federal Funds	0	17,032,611	0	0	0.0%

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(C) Trustees of Metropolitan State College of Denver

Trustees of Metropolitan State College of Denver	<u>214,132,860</u>	<u>212,649,144</u>	<u>219,471,786</u>	<u>223,029,157</u> *	
FTE	1,373.8	1,262.0	1,369.1	1,369.1	
Cash Funds	149,914,274	147,427,508	146,932,735	146,932,735	
Reappropriated Funds	63,969,142	26,923,391	72,539,051	76,096,422	
Federal Funds	249,444	38,298,245	0	0	

SUBTOTAL - (C) Trustees of Metropolitan State College of Denver	214,132,860	212,649,144	219,471,786	223,029,157	1.6%
FTE	<u>1,373.8</u>	<u>1,262.0</u>	<u>1,369.1</u>	<u>1,369.1</u>	(0.0%)
Cash Funds	149,914,274	147,427,508	146,932,735	146,932,735	0.0%
Reappropriated Funds	63,969,142	26,923,391	72,539,051	76,096,422	4.9%
Federal Funds	249,444	38,298,245	0	0	0.0%

(D) Trustees of Western State College

Trustees of Western State College	<u>39,265,699</u>	<u>39,834,590</u>	<u>39,340,129</u>	<u>40,174,762</u> *	
FTE	273.2	167.0	273.8	273.8	
Cash Funds	24,030,320	22,224,826	22,645,688	22,645,688	
Reappropriated Funds	15,235,379	6,436,427	16,694,441	17,529,074	
Federal Funds	0	11,173,337	0	0	

SUBTOTAL - (D) Trustees of Western State College	39,265,699	39,834,590	39,340,129	40,174,762	2.1%
FTE	<u>273.2</u>	<u>167.0</u>	<u>273.8</u>	<u>273.8</u>	0.0%
Cash Funds	24,030,320	22,224,826	22,645,688	22,645,688	0.0%
Reappropriated Funds	15,235,379	6,436,427	16,694,441	17,529,074	5.0%
Federal Funds	0	11,173,337	0	0	0.0%

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

Board of Governors of the Colorado State University System	<u>750,879,307</u>	<u>695,503,096</u>	<u>745,714,304</u>	<u>754,079,014</u> *	
FTE	4,958.4	5,534.2	5,029.0	5,029.0	
Cash Funds	578,500,771	536,757,369	561,000,241	561,000,241	
Reappropriated Funds	172,378,536	72,628,333	184,714,063	193,078,773	
Federal Funds	0	86,117,394	0	0	

SUBTOTAL - (E) Board of Governors of the Colorado State University System	750,879,307	695,503,096	745,714,304	754,079,014	1.1%
<i>FTE</i>	<u>4,958.4</u>	<u>5,534.2</u>	<u>5,029.0</u>	<u>5,029.0</u>	0.0%
Cash Funds	578,500,771	536,757,369	561,000,241	561,000,241	0.0%
Reappropriated Funds	172,378,536	72,628,333	184,714,063	193,078,773	4.5%
Federal Funds	0	86,117,394	0	0	0.0%

(F) Trustees of Fort Lewis College

Trustees of Fort Lewis College	<u>59,646,566</u>	<u>65,578,691</u>	<u>63,618,719</u>	<u>64,555,771</u> *	
FTE	425.7	421.0	409.7	409.7	
Cash Funds	45,510,129	47,332,361	48,243,060	48,243,060	
Reappropriated Funds	14,136,437	5,937,304	15,375,659	16,312,711	
Federal Funds	0	12,309,026	0	0	

SUBTOTAL - (F) Trustees of Fort Lewis College	59,646,566	65,578,691	63,618,719	64,555,771	1.5%
<i>FTE</i>	<u>425.7</u>	<u>421.0</u>	<u>409.7</u>	<u>409.7</u>	0.0%
Cash Funds	45,510,129	47,332,361	48,243,060	48,243,060	0.0%
Reappropriated Funds	14,136,437	5,937,304	15,375,659	16,312,711	6.1%
Federal Funds	0	12,309,026	0	0	0.0%

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(G) Regents of the University of Colorado

Regents of the University of Colorado	<u>1,488,118,581</u>	<u>1,443,227,174</u>	<u>1,515,664,884</u>	<u>1,531,542,149</u> *	
FTE	9,471.3	9,754.0	9,926.0	9,926.0	
General Fund	600,000	0	0	0	
Cash Funds	1,236,677,006	1,219,624,953	1,262,371,734	1,261,491,734	
Reappropriated Funds	244,273,926	101,023,613	253,293,150	270,050,415	
Federal Funds	6,567,649	122,578,608	0	0	

SUBTOTAL - (G) Regents of the University of Colorado					
Colorado	1,488,118,581	1,443,227,174	1,515,664,884	1,531,542,149	1.0%
<i>FTE</i>	<u>9,471.3</u>	<u>9,754.0</u>	<u>9,926.0</u>	<u>9,926.0</u>	0.0%
General Fund	600,000	0	0	0	0.0%
Cash Funds	1,236,677,006	1,219,624,953	1,262,371,734	1,261,491,734	(0.1%)
Reappropriated Funds	244,273,926	101,023,613	253,293,150	270,050,415	6.6%
Federal Funds	6,567,649	122,578,608	0	0	0.0%

(H) Trustees of the Colorado School of Mines

Trustees of the Colorado School of Mines	<u>200,111,465</u>	<u>200,038,871</u>	<u>207,824,194</u>	<u>209,318,155</u> *	
FTE	1,078.4	991.4	980.5	980.5	
Cash Funds	174,740,200	175,956,206	180,246,734	180,246,734	
Reappropriated Funds	25,371,265	10,655,931	27,577,460	29,071,421	
Federal Funds	0	13,426,734	0	0	

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	FY 2019-20 Actual	FY 2020-21 Actual	FY 2021-22 Appropriation	FY 2022-23 Request	Request vs. Appropriation
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SUBTOTAL - (H) Trustees of the Colorado School of Mines	200,111,465	200,038,871	207,824,194	209,318,155	0.7%
<i>FTE</i>	<u>1,078.4</u>	<u>991.4</u>	<u>980.5</u>	<u>980.5</u>	0.0%
Cash Funds	174,740,200	175,956,206	180,246,734	180,246,734	0.0%
Reappropriated Funds	25,371,265	10,655,931	27,577,460	29,071,421	5.4%
Federal Funds	0	13,426,734	0	0	0.0%

(I) University of Northern Colorado

University of Northern Colorado	<u>153,214,028</u>	<u>149,295,236</u>	<u>148,512,433</u>	<u>150,745,245</u> *	
<i>FTE</i>	<u>1,370.2</u>	<u>1,073.4</u>	<u>1,156.9</u>	<u>1,156.9</u>	
Cash Funds	105,916,228	97,086,971	96,787,863	96,787,863	
Reappropriated Funds	47,079,464	19,816,875	51,724,570	53,957,382	
Federal Funds	218,336	32,391,390	0	0	
SUBTOTAL - (I) University of Northern Colorado	153,214,028	149,295,236	148,512,433	150,745,245	1.5%
<i>FTE</i>	<u>1,370.2</u>	<u>1,073.4</u>	<u>1,156.9</u>	<u>1,156.9</u>	0.0%
Cash Funds	105,916,228	97,086,971	96,787,863	96,787,863	0.0%
Reappropriated Funds	47,079,464	19,816,875	51,724,570	53,957,382	4.3%
Federal Funds	218,336	32,391,390	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>498,809,651</u>	<u>517,849,677</u>	<u>517,302,777</u>	<u>525,714,681</u> *	
<i>FTE</i>	<u>5,831.4</u>	<u>5,672.0</u>	<u>5,901.5</u>	<u>5,901.5</u>	
Cash Funds	308,361,956	297,487,658	302,828,172	302,003,741	
Reappropriated Funds	190,447,695	82,214,681	214,474,605	223,710,940	
Federal Funds	0	138,147,338	0	0	

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	FY 2019-20 Actual	FY 2020-21 Actual	FY 2021-22 Appropriation	FY 2022-23 Request	Request vs. Appropriation
SUBTOTAL - (J) State Board for Community Colleges and Occupational Education State System Community Colleges	498,809,651	517,849,677	517,302,777	525,714,681	1.6%
<i>FTE</i>	<u>5,831.4</u>	<u>5,672.0</u>	<u>5,901.5</u>	<u>5,901.5</u>	(0.0%)
Cash Funds	308,361,956	297,487,658	302,828,172	302,003,741	(0.3%)
Reappropriated Funds	190,447,695	82,214,681	214,474,605	223,710,940	4.3%
Federal Funds	0	138,147,338	0	0	0.0%
TOTAL - (5) Governing Boards	3,557,891,442	3,473,361,534	3,613,896,785	3,658,246,139	1.2%
<i>FTE</i>	<u>25,862.5</u>	<u>25,765.8</u>	<u>26,103.4</u>	<u>26,103.4</u>	(0.0%)
General Fund	600,000	0	0	0	0.0%
Cash Funds	2,727,598,953	2,646,097,316	2,722,459,354	2,720,754,923	(0.1%)
Reappropriated Funds	822,657,060	346,594,298	891,437,431	937,491,216	5.2%
Federal Funds	7,035,429	480,669,920	0	0	0.0%

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	FY 2019-20 Actual	FY 2020-21 Actual	FY 2021-22 Appropriation	FY 2022-23 Request	Request vs. Appropriation
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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>9,906,248</u>	<u>11,091,138</u>	<u>10,279,454</u>	<u>10,724,182</u> *
General Fund	2,969,022	0	9,668,008	10,112,736
General Fund Exempt	6,041,020	3,784,218	0	0
Cash Funds	742,699	742,699	611,446	611,446
Federal Funds	153,507	6,564,221	0	0
 Aims Community College	 <u>11,450,334</u>	 <u>13,775,404</u>	 <u>12,279,562</u>	 <u>12,807,781</u> *
General Fund	4,044,478	0	11,483,011	12,011,230
General Fund Exempt	6,609,305	4,474,589	0	0
Cash Funds	796,551	917,534	796,551	796,551
Federal Funds	0	8,383,281	0	0

TOTAL - (6) Local District College Grants Pursuant to Section 23-71-301, C.R.S.	21,356,582	24,866,542	22,559,016	23,531,963	4.3%
<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	7,013,500	0	21,151,019	22,123,966	4.6%
General Fund Exempt	12,650,325	8,258,807	0	0	0.0%
Cash Funds	1,539,250	1,660,233	1,407,997	1,407,997	0.0%
Federal Funds	153,507	14,947,502	0	0	0.0%

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	FY 2019-20 Actual	FY 2020-21 Actual	FY 2021-22 Appropriation	FY 2022-23 Request	Request vs. Appropriation
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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	<u>962,309</u>	<u>962,309</u>	<u>962,309</u>	<u>962,309</u>	
FTE	9.0	9.0	9.0	9.0	
Reappropriated Funds	962,309	962,309	962,309	962,309	
SUBTOTAL - (A) Administrative Costs	962,309	962,309	962,309	962,309	0.0%
FTE	<u>9.0</u>	<u>9.0</u>	<u>9.0</u>	<u>9.0</u>	0.0%
Reappropriated Funds	962,309	962,309	962,309	962,309	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	<u>27,238,323</u>	<u>27,778,242</u>	<u>28,244,361</u>	<u>28,244,361</u>	
Reappropriated Funds	27,238,323	27,778,242	28,244,361	28,244,361	
SUBTOTAL - (B) Distribution of State Assistance for Career and Technical Education pursuant to Section 23-8-102, C.R.S.	27,238,323	27,778,242	28,244,361	28,244,361	0.0%
FTE	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	0.0%
Reappropriated Funds	27,238,323	27,778,242	28,244,361	28,244,361	0.0%

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	FY 2019-20 Actual	FY 2020-21 Actual	FY 2021-22 Appropriation	FY 2022-23 Request	Request vs. Appropriation
(C) Area Technical College Support					
Area Technical College Operating Support	<u>14,578,340</u>	<u>15,203,037</u>	<u>14,989,723</u>	<u>15,679,250</u> *	
General Fund	5,818,176	0	14,989,723	15,679,250	
General Fund Exempt	8,091,845	5,842,209	0	0	
Federal Funds	668,319	9,360,828	0	0	
SUBTOTAL - (C) Area Technical College Support	14,578,340	15,203,037	14,989,723	15,679,250	4.6%
<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	5,818,176	0	14,989,723	15,679,250	4.6%
General Fund Exempt	8,091,845	5,842,209	0	0	0.0%
Federal Funds	668,319	9,360,828	0	0	0.0%
(D) Sponsored Programs					
Administration	<u>2,709,888</u>	<u>3,285,445</u>	<u>2,709,888</u>	<u>2,709,888</u>	
FTE	23.0	24.0	23.0	23.0	
Federal Funds	2,709,888	3,285,445	2,709,888	2,709,888	
Programs	<u>15,439,874</u>	<u>16,297,602</u>	<u>16,156,031</u>	<u>16,156,031</u>	
Federal Funds	15,439,874	16,297,602	16,156,031	16,156,031	
SUBTOTAL - (D) Sponsored Programs	18,149,762	19,583,047	18,865,919	18,865,919	0.0%
<i>FTE</i>	<u>23.0</u>	<u>24.0</u>	<u>23.0</u>	<u>23.0</u>	<u>0.0%</u>
Federal Funds	18,149,762	19,583,047	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>3,500,000</u>	<u>4,500,000</u>	<u>4,500,000</u>	
Reappropriated Funds	4,500,000	3,500,000	4,500,000	4,500,000	

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	FY 2019-20 Actual	FY 2020-21 Actual	FY 2021-22 Appropriation	FY 2022-23 Request	Request vs. Appropriation
SUBTOTAL - (E) Colorado First Customized Job					
Training	4,500,000	3,500,000	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>
Reappropriated Funds	4,500,000	3,500,000	4,500,000	4,500,000	0.0%
TOTAL - (7) Division of Occupational Education	65,428,734	67,026,635	67,562,312	68,251,839	1.0%
<i>FTE</i>	<u>32.0</u>	<u>33.0</u>	<u>32.0</u>	<u>32.0</u>	<u>0.0%</u>
General Fund	5,818,176	0	14,989,723	15,679,250	4.6%
General Fund Exempt	8,091,845	5,842,209	0	0	0.0%
Reappropriated Funds	32,700,632	32,240,551	33,706,670	33,706,670	0.0%
Federal Funds	18,818,081	28,943,875	18,865,919	18,865,919	0.0%

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	FY 2019-20 Actual	FY 2020-21 Actual	FY 2021-22 Appropriation	FY 2022-23 Request	Request vs. Appropriation
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(8) AURARIA HIGHER EDUCATION CENTER

olitan State University of Denver, and the University of Colorado at Denver. Reappropriated funds are from the three governing boards that share the AHEC campus.

Administration	<u>21,514,461</u>	<u>23,514,460</u>	<u>24,039,958</u>	<u>24,139,958</u> *
FTE	188.5	200.4	200.4	200.4
Reappropriated Funds	21,514,461	23,514,460	24,039,958	24,139,958
Auraria Higher Education Center Bond Payments	<u>0</u>	<u>5,500,000</u>	<u>0</u>	<u>0</u>
General Fund	0	2,750,000	0	0
Cash Funds	0	2,750,000	0	0

TOTAL - (8) Auraria Higher Education Center	21,514,461	29,014,460	24,039,958	24,139,958	0.4%
<i>FTE</i>	<u>188.5</u>	<u>200.4</u>	<u>200.4</u>	<u>200.4</u>	<u>0.0%</u>
General Fund	0	2,750,000	0	0	0.0%
Cash Funds	0	2,750,000	0	0	0.0%
Reappropriated Funds	21,514,461	23,514,460	24,039,958	24,139,958	0.4%

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	FY 2019-20 Actual	FY 2020-21 Actual	FY 2021-22 Appropriation	FY 2022-23 Request	Request vs. Appropriation
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(9) HISTORY COLORADO

ing revenues that are deposited to various State Historic Fund accounts, museum revenues, gifts, and grants.

(A) Central Administration

Central Administration	<u>1,417,825</u>	<u>1,236,555</u>	<u>1,248,802</u>	<u>1,314,662</u> *
FTE	10.0	10.0	10.0	12.0
Cash Funds	1,350,044	1,162,460	1,132,460	1,198,320
Federal Funds	67,781	74,095	116,342	116,342
 Collections and Curatorial Services	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,219,050</u> *
FTE	0.0	0.0	0.0	16.0
Cash Funds	0	0	0	1,219,050
Federal Funds	0	0	0	0
 Facilities Management	<u>1,374,409</u>	<u>1,353,825</u>	<u>1,515,065</u>	<u>1,569,949</u> *
FTE	8.8	8.0	8.0	10.0
Cash Funds	1,374,409	1,353,825	1,515,065	1,569,949
 Historical Site Maintenance and Operations	<u>0</u>	<u>0</u>	<u>0</u>	<u>730,127</u> *
FTE	0.0	0.0	0.0	5.0
Cash Funds	0	0	0	730,127
 Lease Purchase of Colorado History Museum	<u>3,018,830</u>	<u>3,017,481</u>	<u>3,525,209</u>	<u>3,525,209</u>
General Fund	0	0	3,525,209	3,525,209
Cash Funds	3,018,830	3,017,481	0	0
Reappropriated Funds	0	0	0	0

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	FY 2019-20 Actual	FY 2020-21 Actual	FY 2021-22 Appropriation	FY 2022-23 Request	Request vs. Appropriation
History Colorado Strategic Plan Initiatives	0	1,000,000	1,000,000	0	
FTE	0.0	0.0	0.0	0.0	
General Fund	0	1,000,000	1,000,000	0	
SUBTOTAL - (A) Central Administration	5,811,064	6,607,861	7,289,076	8,358,997	14.7%
FTE	18.8	18.0	18.0	43.0	138.9%
General Fund	0	1,000,000	4,525,209	3,525,209	(22.1%)
Cash Funds	5,743,283	5,533,766	2,647,525	4,717,446	78.2%
Reappropriated Funds	0	0	0	0	0.0%
Federal Funds	67,781	74,095	116,342	116,342	0.0%

(B) History Colorado Museums

History Colorado Center	4,306,145	4,219,425	4,787,264	950,058 *
FTE	56.1	45.0	45.0	7.0
Cash Funds	4,187,258	3,616,419	4,384,275	547,069
Reappropriated Funds	0	0	325,000	325,000
Federal Funds	118,887	603,006	77,989	77,989
Community Museums	2,358,552	2,156,508	2,928,248	2,337,074 *
FTE	24.0	20.5	20.5	19.0
General Fund	1,406,031	1,450,707	1,061,750	1,114,495
Cash Funds	952,021	596,336	1,863,495	1,219,576
Federal Funds	500	109,465	3,003	3,003
Statewide Programming	0	0	0	2,891,321 *
FTE	0.0	0.0	0.0	33.5
Cash Funds	0	0	0	2,891,321

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	FY 2019-20 Actual	FY 2020-21 Actual	FY 2021-22 Appropriation	FY 2022-23 Request	Request vs. Appropriation
SUBTOTAL - (B) History Colorado Museums	6,664,697	6,375,933	7,715,512	6,178,453	(19.9%)
<i>FTE</i>	<u>80.1</u>	<u>65.5</u>	<u>65.5</u>	<u>59.5</u>	<u>(9.2%)</u>
General Fund	1,406,031	1,450,707	1,061,750	1,114,495	5.0%
Cash Funds	5,139,279	4,212,755	6,247,770	4,657,966	(25.4%)
Reappropriated Funds	0	0	325,000	325,000	0.0%
Federal Funds	119,387	712,471	80,992	80,992	0.0%

(C) Office of Archeology and Historic Preservation

Program Costs	<u>1,310,217</u>	<u>1,278,879</u>	<u>1,616,731</u>	<u>1,624,879</u> *
<i>FTE</i>	20.0	20.0	20.0	20.0
Cash Funds	188,454	543,483	734,423	739,190
Reappropriated Funds	75,764	90,852	97,283	97,283
Federal Funds	1,045,999	644,544	785,025	788,406
State Historic Preservation	<u>0</u>	<u>0</u>	<u>0</u>	<u>115,976</u> *
<i>FTE</i>	0.0	0.0	0.0	2.0
Cash Funds	0	0	0	115,976

SUBTOTAL - (C) Office of Archeology and Historic Preservation	1,310,217	1,278,879	1,616,731	1,740,855	7.7%
<i>FTE</i>	<u>20.0</u>	<u>20.0</u>	<u>20.0</u>	<u>22.0</u>	<u>10.0%</u>
Cash Funds	188,454	543,483	734,423	855,166	16.4%
Reappropriated Funds	75,764	90,852	97,283	97,283	0.0%
Federal Funds	1,045,999	644,544	785,025	788,406	0.4%

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	FY 2019-20 Actual	FY 2020-21 Actual	FY 2021-22 Appropriation	FY 2022-23 Request	Request vs. Appropriation
(D) State Historical Fund Program					
Administration	<u>1,553,409</u>	<u>1,066,402</u>	<u>1,763,878</u>	<u>1,857,180</u> *	
FTE	15.0	17.0	17.0	17.0	
Cash Funds	1,553,409	1,066,402	1,763,878	1,857,180	
Grants	<u>9,912,828</u>	<u>8,112,130</u>	<u>8,250,000</u>	<u>8,250,000</u>	
Cash Funds	9,912,828	8,112,130	8,250,000	8,250,000	
Gaming Cities Distribution	<u>5,255,635</u>	<u>2,851,391</u>	<u>4,880,000</u>	<u>4,880,000</u>	
Cash Funds	5,255,635	2,851,391	4,880,000	4,880,000	
Indirect Cost Assessments for History Colorado					
Administration	<u>0</u>	<u>324,913</u>	<u>325,000</u>	<u>325,000</u>	
Cash Funds	0	324,913	325,000	325,000	
SUBTOTAL - (D) State Historical Fund Program	16,721,872	12,354,836	15,218,878	15,312,180	0.6%
FTE	<u>15.0</u>	<u>17.0</u>	<u>17.0</u>	<u>17.0</u>	0.0%
Cash Funds	16,721,872	12,354,836	15,218,878	15,312,180	0.6%
(E) Cumbres and Toltec Railroad Commission					
Cumbres and Toltec Railroad Commission	<u>1,264,726</u>	<u>317,627</u>	<u>2,311,000</u>	<u>1,439,500</u>	
General Fund	1,264,726	317,627	1,090,000	218,500	
Cash Funds	0	0	1,221,000	1,221,000	
SUBTOTAL - (E) Cumbres and Toltec Railroad Commission	1,264,726	317,627	2,311,000	1,439,500	(37.7%)
FTE	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	0.0%
General Fund	1,264,726	317,627	1,090,000	218,500	(80.0%)
Cash Funds	0	0	1,221,000	1,221,000	0.0%

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	FY 2019-20 Actual	FY 2020-21 Actual	FY 2021-22 Appropriation	FY 2022-23 Request	Request vs. Appropriation
SUBTOTAL - Gaming Revenue	0	0.0%			
<i>FTE</i>	<u>0.0</u>	<u>0.0%</u>			
Cash Funds	0	0.0%			
TOTAL - (9) History Colorado	31,772,576	26,935,136	34,151,197	33,029,985	(3.3%)
<i>FTE</i>	<u>133.9</u>	<u>120.5</u>	<u>120.5</u>	<u>141.5</u>	<u>17.4%</u>
General Fund	2,670,757	2,768,334	6,676,959	4,858,204	(27.2%)
Cash Funds	27,792,888	22,644,840	26,069,596	26,763,758	2.7%
Reappropriated Funds	75,764	90,852	422,283	422,283	0.0%
Federal Funds	1,233,167	1,431,110	982,359	985,740	0.3%
TOTAL - Department of Higher Education	4,859,715,736	4,339,877,613	5,115,829,862	5,157,787,412	0.8%
<i>FTE</i>	<u>26,317.4</u>	<u>26,208.6</u>	<u>26,549.2</u>	<u>26,569.3</u>	<u>0.1%</u>
General Fund	646,743,644	32,881,734	410,989,596	471,026,560	14.6%
General Fund Exempt	463,245,833	574,677,617	805,240,545	805,240,545	0.0%
Cash Funds	2,816,087,326	2,773,372,264	2,894,089,582	2,829,089,812	(2.2%)
Reappropriated Funds	899,126,618	425,776,502	980,098,751	1,026,736,631	4.8%
Federal Funds	34,512,315	533,169,496	25,411,388	25,693,864	1.1%

* Line items with an astrix include a request item.

APPENDIX B FOOTNOTES AND INFORMATION REQUESTS

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 2021 Long Bill (S.B. 21-205) can be found at the end of each departmental section of the bill at <https://leg.colorado.gov/bills/SB21-205>. The Long Bill footnotes relevant to this document are listed below.

- 20 Department of Health Care Policy and Financing, Grand 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; and Governing Boards, Regents of the University of Colorado -- The Department of Higher Education shall transfer \$800,000 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 \$81,709,561, 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 \$81,709,561 that is not transferred to the Department of Health Care Policy and Financing to the Regents of the University of Colorado. In addition, it is assumed that the University of Colorado School of Medicine will use clinical revenues to make an intergovernmental transfer in the amount approved, up to \$11,668,599 to the Department of Health Care Policy and Financing, including up to \$180,000 for actual administrative costs.

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. Prior to FY 2020-21, this authority was limited to the amount transferred from the Department of Higher Education. In FY 2020-21, when state revenues and higher education appropriations declined, the amount available from the transfer was enhanced by an intergovernmental transfer. Even after appropriations increased again in FY 2021-22, provisions allowing for an intergovernmental transfer of up to \$11.7 million were retained. Because the State appears to be at its TABOR revenue cap in FY 2021-22, this intergovernmental transfer is expected to result in an increase in the State's refund of excess revenue to voters. In light of this, **staff recommends restricting the program to the transfer from CU's appropriation in the Department of Higher Education to the Department of Health Care Policy and Financing**

and not allowing an additional intergovernmental transfer in FY 2022-23. The Committee may also wish to consider a mid-year reduction to the provisions allowing for the intergovernmental transfer for FY 2021-22.

21 Department of Higher Education, Colorado Commission on Higher Education and Higher Education Special Purpose Programs, Administration; College Opportunity Fund Program Fee-for-service Contracts with State Institutions; Governing Boards; Local District College Grants Pursuant to Section 23-71-301, C.R.S.; and Division of Occupational Education, Area Technical Colleges -- Of the total funding allocated to the Higher Education institutions for FY 2021-22, \$41,797,710 allocated to institutions, and an associated \$9,462,950 distributed as financial aid, is based on institutions' share of first generation, underrepresented minority, and Pell-eligible students in FY 2019-20 and their improvement in retaining underrepresented minority students in FY 2019-20 compared to prior years. It is the General Assembly's intent that this funding be used to prioritize retention of first generation, underrepresented minority, and low income students in FY 2021-22 and future years consistent with the goals of Colorado's Higher Education Master Plan, including the development, enhancement, and expansion of programs to recruit and retain such students as well as steps to reduce the cost of higher education through tuition rate freezes, reductions, and need-based scholarships for Colorado resident students.

COMMENT: This footnote was first added in the FY 2021-22 Long Bill, associated with a funding increase provided under the new higher education funding model that took effect in FY 2021-22. Information about how the funds distributed were used was incorporated into an associated JBC request for information. The footnote and request are discussed as part of an issue brief about Department Requests R1 and R2.

21a Department of Higher Education, Colorado Commission on Higher Education and Higher Education Special Purpose Programs, Administration, Administration -- It is the General Assembly's intent that \$125,000 General Fund in this line item be spent for a new Chief Educational Equity Officer position and related costs.

COMMENT: This footnote was first added in the FY 2021-22 Long Bill, associated with a floor amendment that provided the additional \$125,000 General Fund for the new Chief Educational Equity Officer. The Department has publicly announced that the new position has been filled.

22 Department of Higher Education, Colorado Commission on Higher Education and Higher Education Special Purpose Programs, Special Purpose, WICHE - Optometry -- It is the General Assembly's intent that this program increase its benefits to Colorado citizens by moving toward a model in which state support for students participating in this program will result in increased optometry services for underserved communities and locations in Colorado, including rural areas.

COMMENT: This footnote was first added in the FY 2021-22 Long Bill, associated with a JBC decision to retain, rather than phase-out, funding for the WICHE - Optometry program. The FY 2021-22 Long Bill includes \$376,000 for the program from indirect cost collections that offset General Fund otherwise required. An associated JBC request for information requested a report on how the program could be modified to provide greater benefits to the State. This was submitted and is discussed in the RFI section of this packet.

23 Department of Higher Education, Colorado Commission on Higher Education and Higher Education Special Purpose Programs, Special Purpose, Institute of Cannabis Research Governing Board -- Of the appropriation in this line item, \$250,000 remains available until the close of the 2022-23 fiscal year.

COMMENT: This footnote was first added in the FY 2021-22 Long Bill based on information from the institute indicating that it routinely faces a technical problem with spending for research, because research projects often extend beyond a year or may be temporarily delayed by any number of intervening factors. The institute noted that the federal National Institutes of Health allows roll-forward of up to 25.0 percent of research grants with little additional inquiry. Staff recommended addition of this footnote pending a statutory change that might provide such a roll forward on an ongoing basis.

24 Department of Higher Education, Colorado Commission on Higher Education and Higher Education Special Purpose Programs, Special Purpose, Colorado Student Leaders Institute -- It is the General Assembly's intent that the Colorado Student Leaders Institute increase its efforts to recruit traditionally underserved student populations into the program.

COMMENT: This footnote was added in the FY 2021-22 Long Bill related to a Committee decision to retain, rather than eliminate, funding for the program. The FY 2021-22 Long Bill includes an appropriation of \$218,000 General Fund for the program. In response to staff questions, COSLI provided the following response via the Department.

"Since our inception, COSLI has always made recruiting traditionally underserved student populations a high priority. Our 2015 legislation makes it clear that at least 50% of our students are to be free and reduced lunch eligible and/or first generation college students. The traditional definition of underserved student population would also include race/ethnicity, gender and socioeconomics. In Colorado, we also need to include the rural vs. urban/suburban divide.

With this in mind, for recruiting we:

- Reach out to a statewide database of teachers and counselors, cultivated since 2012 with these specifics in mind;
- Recruit through local entities - houses of worship, community organizations (Lions, Optimists, Kiwanis, Rotary), Chambers of Commerce, state legislatures, BOCES, and leadership in small school districts;
- CDE and CDHE include information in their newsletters;
- Members of both of our boards - the governor-appointed board and the Friends of COSLI board - reach out to families and others in their community;
- The directors have access to a database of over 25,000 students from a widely diverse set of districts, families and communities - each of these students receive our recruiting information as well.

This year, more than any other, we were made keenly aware how integral our student alumni are to the recruitment process. The student advisory board has evolved to be even more involved in governance than we had expected. At their annual retreat in October, they requested to create recruitment presentations and to be an active part of the recruitment. They have presented in their schools across the state. This week on 12/1, the student participants presented to a diverse group of other interested students via Zoom."

25 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 revenues increase 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 \$60.0 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.

Staff has recently learned that for FY 2020-21 the contingency funding was insufficient to cover excess revenue received by the University of Colorado System and the Colorado State University System due to late enrollment increases. The issue was not brought to the JBC's attention in June 2021, as staff would have anticipated. Staff currently expects to recommend FY 2021-22 supplemental adjustments for these institutions that will address the problem going forward. In addition, staff may recommend an increase to the Contingency line item and will work with the Department to ensure it adopts procedures for identifying potential tuition over expenditures before the JBC's annual June meeting.

26 Department of Higher Education, Colorado Commission on Higher Education Financial Aid -- To ensure the most efficient and effective use of state funded financial aid resources, it is the General Assembly's intent that the Commission prioritize allocations for students attending public institutions of higher education and reduce priority for allocations for students attending for profit institutions of higher education.

COMMENT: This footnote was added in the FY 2021-22 Long Bill to express the Committee's intent with respect to financial aid funding, which is appropriated in large line items and allocated by the Colorado Commission on Higher Education. In response to questions, the Department provided the following.

"In FY21-22, the CCHE held CSG allocations to proprietary institutions flat. Those institutions did not receive the 10.7% increase in need based financial aid. The Commission held that these institutions are already deprioritized in the allocations, and therefore did not further reduce their allocations. In FY21-22, allocations to proprietary institutions averaged \$231 per model eligible FTE (Pell eligible EFC, in-state, at least 0.5 time), while allocations to other institutions averaged \$2,850 per model eligible FTE. Allocations to proprietary institutions make up less than 1% of CSG and Work Study allocations.

27 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 2022-23 state fiscal year.

COMMENT: This footnote has been included in the Long Bill for at least 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.

28 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, 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 2021-22 than three percent over what a student would have paid in FY 2020-21 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. The General Assembly intends to adjust the amounts in these line items through supplemental action during FY 2021-22 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.

Based on tuition and fee data from the Department, all institutions are in compliance with this footnote **except Metropolitan State University of Denver (MSU). MSU's Board of Trustees voted to close its "tuition window" in FY 2021-22 in violation of this footnote.** The tuition window allowed students to pay for credits that exceed 12 in any given semester at a reduced rate. In closing the tuition window, MSU made the cost of every credit hour above 12 in a semester the same as the cost of every credit hour below 12. **Because of this change, students at MSU Denver enrolled in more than 12 credit hours per semester are experiencing a sharp increase in their tuition rates. For example, students enrolled in 15 credit hours each semester (30 per year/considered a full FTE), who previously paid \$7,452 in tuition per semester now pays \$8,280, an increase of 11.1 percent. MSU either knew or should have known that it would be violating this footnote, and staff believes it is incumbent upon the JBC to take some**

responsive action if it expects higher education institutions to comply with tuition footnote restrictions in the future. Staff anticipates receiving a supplemental request to change the footnote, so the JBC can discuss the issue as part of the supplemental process.

29 Department of Higher Education, Governing Boards, Trustees of the Colorado School of Mines -- The cash funds appropriation from tuition in this line item is for informational purposes only. Pursuant to the provisions of Section 23-41-104.6 (5)(c), C.R.S., the Board of Trustees has authority to establish resident and non-resident tuition rates for the Colorado School of Mines. The General Assembly intends to adjust the amount in this line item through supplemental action during FY 2021-22 based on updated enrollment estimates and tuition rate information.

COMMENT: Statute authorizes the General Assembly to appropriate tuition for most institutions. However, the Colorado School of Mines is exempted from this restriction so long as it is operating pursuant to a performance contract negotiated with the Department of Higher Education. As a result, since tuition footnotes were reinstated in FY 2016-17, the Colorado School of Mines has had a separate footnote indicating that tuition amounts reflecting the Long Bill for the school are for informational purposes only. The Colorado School of Mines is exempted only so long as it is operating under a performance contract negotiated with the Colorado Department of Higher Education that is approved by a majority of members of the Education Committees, a majority of members of the JBC, and signed by the Governor.

30 Department of Higher Education, Governing Boards, University of Northern Colorado -- The amount in this line item is calculated based on the assumption that no undergraduate student with in-state classification will pay more tuition in FY 2021-22 than seven percent over what a student would have paid in FY 2020-21 for the same credit hours and course of study. This amount is also calculated based on the assumption that the governing board will increase tuition rates for graduate and nonresident students based on its assessment of market conditions. The General Assembly intends to adjust the amount in this line item through supplemental action during FY 2021-22 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 many Long Bills over the 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 each Long Bill since that time.

Based on tuition and fee data from the Department, the University of Northern Colorado increased its tuition by 7.0 percent, the maximum allowed by this footnote.

31 Department of Higher Education, History Colorado, Central Administration; History Colorado Museums; and Office of Archaeology and Historic Preservation -- In addition to the transfer authority provided in Section 24-75-108, C.R.S., History Colorado may transfer up to 10.0 percent of the total amount appropriated in these sections between the sections and among the line items within the sections.

COMMENT: This footnote added flexibility in the History Colorado budget starting in FY 2015-16, associated with a reorganization at that time. History Colorado has requested a different reorganization this year, which will provide a good opportunity to reconsider the flexibility provided.

32 Department of Higher Education, History Colorado, Central Administration, History Colorado Sustainability -- In addition to the transfer authority provided in Section 24-75-108, C.R.S., History Colorado may transfer amounts in this line item to other line items within the History Colorado section to address shortfalls in gaming and earned revenue resulting from the COVID-19 pandemic.

COMMENT: This footnote was first added to a new FY 2020-21 line item that provided \$1.0 million General Fund for the agency. The footnote reflected the expectation that History Colorado would transfer the funds as needed to fill revenue holes associated with the COVID-19 pandemic. This funding is not expected to continue in FY 2022-23.

UPDATE ON LONG BILL REQUESTS FOR INFORMATION

The Joint Budget Committee annually submits requests for information 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 2021-22 Report):

https://leg.colorado.gov/sites/default/files/fy21-22apprept_0.pdf

The requests for information relevant to this document are listed below.

2 Department of Higher Education, Colorado Commission on Higher Education and Special Purpose Programs, Administration; College Opportunity Fund Program Fee-for-service Contracts with State Institutions; Governing Boards; Local District College Grants Pursuant to Section 23-71-301, C.R.S.; and Division of Occupational Education, Area Technical Colleges -- Of the total funding allocated to the Higher Education institutions for FY 2021-22, \$41,797,710 allocated to institutions, and an associated \$9,462,950 distributed as financial aid, is based on institutions' share of first generation, underrepresented minority, and Pell-eligible students in FY 2019-20 and their improvement in retaining underrepresented minority students in FY 2019-20 compared to prior years. The General Assembly has expressed its intent that this funding be used to prioritize retention of first generation, underrepresented minority, and low income students in FY 2021-22 and future years consistent with the goals of Colorado's Higher Education Master Plan. It has indicated that this may include the development, enhancement, and expansion of programs to recruit and retain such students as well as steps to reduce the cost of higher education through tuition rate freezes, reductions, and need-based scholarships for Colorado resident students. The General Assembly anticipates that the Colorado Commission on Higher Education may incorporate conditions in fee-for-service contracts with state institutions and grants with local district colleges and area technical colleges to ensure that the additional \$41.8 million in funding allocated to the institutions is used to supplement and not supplant existing institutional efforts to recruit and retain first generation, underrepresented minority, and low-income students,

including reducing the financial barriers to students pursuing higher education through tuition rate freezes, reductions, and need-based scholarships for Colorado resident students. The Commission is requested to coordinate and submit a report to the Joint Budget Committee by October 1, 2021 that describes how these funds will be used for FY 2021-22 and future years. The institutions are requested to provide the information to the Department by a date and in a format specified by the Department, and the Department is requested to forward this information to the Joint Budget Committee with an executive summary developed by the Department. The report should specifically address the steps institutions will take with these funds to reduce and eliminate the retention rate gap and increase enrollment, and ultimately successful completion, of the targeted student groups.

COMMENT: This RFI was first added in the FY 2021-22 Long Bill, associated with a funding increase provided under the new higher education funding model that took effect in FY 2021-22. The Department submitted a response as requested. Please see the related issue brief on Requests R1 and R2.

- 3 Colorado Department of Higher Education, Colorado Commission on Higher Education, Administration --- The Department, in collaboration with the governing boards, is requested to continue to explore the implications of eliminating the current College Opportunity Fund student stipend structure and instead funding the state governing boards solely through fee-for-service contracts. The Department is requested to submit a report by September 1, 2021 that addresses the response it has received from the Attorney General's Office on the implications of this change, and, based on this, whether the Department and the governing boards support making this transition. If so, the Department is requested to outline any specific recommendations for implementing the change, including a timeline that will minimize disruptions to institutional operations.

COMMENT: This RFI was added in the FY 2021-22 Long Bill as a follow-on to an FY 2020-21 RFI response. The Department submitted the response as requested. It indicated that the Department engaged in attorney-client privileged discussions with the Attorney General's office. Following those privileged discussions, **the Department concluded that it does not support eliminating the current structure.** It believes that ending funding through both of the current mechanisms (stipends, as well as fee-for-service contracts) could create risk to the status of institutions of higher education as TABOR enterprises.

- 4 Colorado Department of Higher Education, Colorado Commission on Higher Education and Higher Education Special Purpose Programs, Special Purpose, WICHE - Optometry -- The Department is requested to work with the Western Interstate Commission for Higher Education, the Colorado Optometric Association, and other stakeholders to explore how this program could be modified to ensure that funding for the program results in increased optometry services for underserved communities and locations, including rural areas. The Department is requested to report its findings to the Joint Budget Committee by October 1, 2021.

COMMENT: This RFI was first added in the FY 2021-22 Long Bill, associated with a decision to retain funding for the WICHE - Optometry line item. The JBC reduced funding for the program in FY 2020-21 by \$74,025 General Fund to a total of \$376,000 General Fund. For FY 2021-22, the Executive branch proposed complete phase out of the program. The JBC chose to retain it at the lower level

with a footnote and this RFI. The conversation during FY 2021-22 figure setting included the following points:

- **Conflicting data over whether the program is necessary to ensure a sufficient supply of optometrists in Colorado.** Bureau of Labor Statistics data suggests Colorado is well supplied with optometrists. A National Academy study emphasizes that differences in projection approaches make the future difficult to assess.
- **National and state level data indicating that there may be shortages in particular regions.** Many rural Colorado counties do not have a local optometrist.

The Department submitted a response as requested. Staff has excerpted key points verbatim.

"The WICHE PSEP program provides funding for Colorado residents who wish to pursue a degree in optometry. Since Colorado does not have an optometry school, students are subsidized through the WICHE PSEP program in order to study out of state. The goal of the program is for students to pay a comparable rate to what they would have paid had they been able to study optometry at an in-state institution. In FY 2021-22, 19 students are receiving a PSEP stipend of \$19,275 each. Upon graduating from PSEP, students are expected to repay the support received by practicing optometry in the state of Colorado for one year for every year they received funding – so a student who was funded through all four years of optometry school would be expected to practice in the state for four years. This is referred to as service repayment. If graduates do not return to the state, their PSEP funding converts to a loan that must be repaid with interest. Per WICHE, from 2008 to 2017, Colorado's "return rate" was 85 percent.

Over the interim, the Department held meetings with WICHE, the Colorado Optometric Association (COA), and optometrists who had previously participated in PSEP and now work in underserved areas to explore issues optometrists face in serving underserved communities and locations and to brainstorm solutions. Challenges faced by providers in underserved and rural areas include:

- low volume of patients;
- low reimbursements from vision plans;
- high cost of equipment; and
- lack of access to affordable housing and office space.

In addition to a shortage of optometrists due to these challenges, practitioners often do not remain in a rural/underserved area, creating a revolving door of optometrists that is challenging for the community.

The meetings resulted in a number of options for changes to the WICHE PSEP optometry program that could result in increased optometry services for underserved communities for consideration by the legislature. Below are the three changes the Department believes could be the most readily implemented:

- **Require that participants accept Medicaid patients** for the duration of their service repayment. Current practitioners indicated that this approach would not be overly administratively burdensome to program participants, and that prospective employers would likely be able to accommodate this requirement. Reimbursement for Medicaid patients is about 30% less than private insurance or self-pay patients.

- **Shorten the amount of time PSEP graduates who practice in Colorado’s underserved/rural areas are required to practice after graduation from 4 years to 2 or 3 years.** This approach would give graduates choice in where to practice, recognizing that especially in rural areas there may not be enough jobs to accommodate a rural practice requirement. COA participants noted that this approach could incentivize graduates to “get their foot in the door” of practicing in a rural or underserved community, and that they may find they connect with the community and intend to stay.
- **Increase outreach/marketing/mentoring opportunities for current and potential optometry students to discuss the opportunities and benefits associated with practicing in underserved/rural areas.** Participants from the Colorado Optometry Association indicated they have organized an Equity Committee with the intent to work with STEM students at the undergraduate level who may be interested in health professions. By better targeting outreach to students from underserved/rural communities, students who want to return to their communities to practice optometry could become more aware of the availability of PSEP funding. COA has also organized volunteer opportunities and other days of service that could be integrated into PSEP requirements. Increased collaboration between the Department, WICHE, and COA could better highlight opportunities and benefits related to working in underserved/rural areas following graduation." The report also identifies several other options that might require additional resources or program administration to require or support students in rural areas.

JBC Staff has recommended that if the JBC is interested in pursuing related legislation or requirements, the Optometry Association should collect additional information on: (1) whether there is a problem in Colorado related to whether optometrists accept Medicaid/whether program graduates accept Medicaid patients; and (2) the scope of the optometry shortage in rural Colorado and whether this can be addressed by provisions such as those described, i.e., can aging optometrists in rural areas be replaced by PSEP graduates or is serving certain rural areas simply not financially viable, even with some incentives?

- 5 Colorado 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, 2021: 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 2020-21) and the current estimate year (FY 2021-22).

- Include estimate-year FY 2021-22 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 2020-21 student FTE data. The FY 2021-22 student FTE estimates should be those used to develop the FY 2021-22 revenue and expenditure estimates in the data books.
- Identify actual FY 2020-21 and budgeted FY 2021-22 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. The submission should address: (1) Coronavirus Relief Funds and any other funds allocated through the State; (2) Higher Education Emergency Relief funds allocated directly by the federal government for institutional use; (3) the portion of such funds used for education and general purposes; and, separately, the portion used for other purposes that are not typically reflected in the state budget.
- 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.

By December 15, 2021: Submit fall 2021 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, 2022: Submit revised estimate year FY 2021-22 and request year FY 2022-23 revenue and enrollment data for each governing board, along with the comparable FY 2020-21 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 2022-23 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 in FY 2021-22 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 used to support institutional operations. The submission should address: (1) Coronavirus Relief Funds and any other funds allocated through the State; (2) Higher Education Emergency Relief funds allocated directly by the federal government for institutional use; (3) the portion of such funds used for education and general purposes; and, separately, the portion used for other purposes that are not typically reflected in the state budget.
- Include actual and estimated revenue from mandatory fees using the definitions established by the Department of Higher Education for mandatory fees.

COMMENT: A version of this request has been included as a formal RFI since FY 2016-17 although the key elements of the request have been requested from the Department for many more years. The responses include data that is critical for figure setting. The Department submitted budget data books on November 10, as requested, and the data on federal expenditures on November 19. Other due dates are still pending.

- 6 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 JBC has requested this information since at least FY 2008-09. The Department submitted the report on December 1, 2021, as required by the RFI.

Report highlights were as follows.

- 35.6% percent of all students who received financial assistance in Fiscal Year (FY) 2020-21 received a Pell Grant.
- In FY 2020-21, federal grant aid accounted for 22 percent of all grant aid in Colorado. Pell Grants alone accounted for approximately 10 percent of total aid, including loans.
 - For FY 2020-21, the maximum Pell Grant increased to \$6,345.
 - The average Pell Grant award was \$3,882, up \$30 from the prior year.
 - The number of Pell Grants reported in the Department's State Unit Record Data Base (SURDS) has steadily decreased since FY 2010-11. This decrease can be attributed to the decrease in enrollment due to more robust economic conditions. Postsecondary education enrollment generally runs counter-cyclical to the economy.
- State funded financial aid comprised 14.3 percent of all grant aid and 7.6 percent of all aid, including federal loans.
 - Total funding for state grant programs relatively flat during the COVID-19 pandemic, demonstrating the State's commitment to need based aid.
 - The number of recipients of state need-based grants decreased by 18.3 percent from FY 2015-16 to FY 2020-21. This is a result of enrollment decreases. The average award amount has grown by 44.4 percent in the same time period.
- Institutional grant aid comprised approximately 51.7 percent of all grant aid, or about 27.3 percent of all financial aid, including loans.
 - Institutional aid increased by 28.3 percent between FY 2016 and FY 2021.
 - Institutional investment in student aid is the greatest at four-year institutions, both public and non-profit private.
- The average loan debt of loan recipients at graduation from public four-year institutions ranged from \$11,843 to \$28,687. The average student loan debt for associates graduates ranged from

\$8,465 to \$20,661. Among those graduating with a baccalaureate degree, 36.6 percent graduated with loans; among those graduating with an associate degree, 52.9 percent graduated with loans.

- Sources of grant aid are summarized in the table below.

SOURCES OF GRANT AID IN FY 2020-21	
TYPE OF AID	TOTAL EXPENDITURES
Institutional Grants	\$764,860,163
Federal Grants	328,880,773
State Grants	212,186,212
Loans	1,324,772,350
Other Grant Aid	174,782,481
Total	\$2,805,481,979

Additional information about financial aid at public institutions of higher education is included in the Factors Driving the Budget section of this briefing packet and an issue brief on Financial Aid.

- 7 Department of Higher Education, Colorado Commission on Higher Education, Administration -- The Department is requested to submit a report by November 1 of each year demonstrating that its annual funding request for centrally-appropriated amounts is similar to the amount that would be provided if Department staff were enrolled in state plans. The Department is further requested to submit, as part of the annual request for common policy benefits adjustments, templates that reflect the benefit selection for each member of the Department's staff in a manner that will enable health benefits for these staff to be calculated consistent with common policy. The templates are expected to contain July data on health benefits actually selected by Department staff and relate staff benefit elections to comparable state plan premiums.

COMMENT: A version of this RFI has been requested since FY 2016-17 because the Department's benefit structure differs from that of all other state departments. It has used the Colorado Community College System's benefits for at least 20 years. The Department submitted the requested report as required. The table below shows this comparison. As can be seen, the Department pays the entire cost of health insurance for employees and families enrolled in some of its plans (Kaiser HMO and Anthem Blue Cross high deductible), which is not an option under any of the state plans. For other Department plans, costs to employees are often higher than state plans. The benefits associated with state and Department plans also differ, although the Department notes that differences in deductibles, copays, and out-of-pocket maximums generally "balance out".

Department of Higher Education				State of Colorado			
FY 20-21	Employer	Employee	Provider	FY 20-21	Employer	Employee	Provider
Emp Only	\$541.12	\$0.00	Anthem Blue Cross/Blue Shield HDHP	Emp Only	\$673.44	\$24.24	Cigna HDHP
Emp+Sp	\$1,190.71	\$0.00		Emp+Sp	\$1,199.22	\$145.72	
Emp+Ch	\$974.79	\$0.00		Emp+Ch	\$1,180.00	\$55.00	
Family	\$1,676.69	\$0.00		Family	\$1,648.88	\$232.22	
Emp Only	\$662.59	\$199.00	Anthem Blue Cross/Blue Shield Blue Advantage HMO	Emp Only	\$667.90	\$35.96	Cigna Co- Pay Basic
Emp+Sp	\$1,456.68	\$439.00		Emp+Sp	\$1,231.82	\$178.64	
Emp+Ch	\$1,188.67	\$363.00		Emp+Ch	\$1,224.18	\$66.10	
Family	\$2,050.99	\$619.00		Family	\$1,744.24	\$251.28	
Emp Only	\$618.61	\$155.81	Anthem Blue Cross/Blue Shield Blue Preferred	Emp Only	\$637.66	\$85.06	Cigna Co- Pay Plus
Emp+Sp	\$1,366.66	\$337.27		Emp+Sp	\$1,179.68	\$268.94	
Emp+Ch	\$1,142.04	\$252.72		Emp+Ch	\$1,177.30	\$147.82	
Family	\$1,926.68	\$473.12		Family	\$1,641.56	\$408.08	
Emp Only	\$619.41	\$95.96	Anthem Blue Cross/Blue Shield Blue Priority HMO	Emp Only	\$637.66	\$85.06	Cigna Co- Pay Plus
Emp+Sp	\$1,361.20	\$212.82		Emp+Sp	\$1,179.68	\$268.94	
Emp+Ch	\$1,110.78	\$177.67		Emp+Ch	\$1,177.30	\$147.82	
Family	\$1,916.56	\$300.22		Family	\$1,641.56	\$408.08	
Emp Only	\$585.29	\$0.00	Kaiser HMO	Emp Only	\$585.56	\$25.78	Kaiser HDHP
Emp+Sp	\$1,287.64	\$0.00		Emp+Sp	\$1,055.70	\$156.54	
Emp+Ch	\$1,053.53	\$0.00		Emp+Ch	\$1,053.60	\$51.32	
Family	\$1,814.41	\$0.00		Family	\$1,509.22	\$197.02	
Emp Only	\$585.29	\$0.00	Kaiser HMO	Emp Only	\$606.98	\$34.80	Kaiser Co- Pay Basic
Emp+Sp	\$1,287.64	\$0.00		Emp+Sp	\$1,159.34	\$172.24	
Emp+Ch	\$1,053.53	\$0.00		Emp+Ch	\$1,141.82	\$65.58	
Family	\$1,814.41	\$0.00		Family	\$1,614.66	\$284.12	
Emp Only	\$585.29	\$0.00	Kaiser HMO	Emp Only	\$622.86	\$54.42	Kaiser Co- Pay Plus
Emp+Sp	\$1,287.64	\$0.00		Emp+Sp	\$1,161.22	\$244.82	
Emp+Ch	\$1,053.53	\$0.00		Emp+Ch	\$1,158.52	\$116.24	
Family	\$1,814.41	\$0.00		Family	\$1,617.36	\$387.80	
Emp Only	\$42.53	\$0.00	Delta Dental I	Emp Only	\$23.14	\$18.96	Dental Basic Plus
Family	\$95.70	\$0.00		Family	\$48.98	\$72.96	
Emp Only	\$24.40	\$0.00	Delta Dental II	Emp Only	\$32.34	\$4.44	Dental Basic
Family	\$66.23	\$0.00		Family	\$78.00	\$27.98	

The Department provided an analysis that indicates that the Department pays overall about 7.2 percent more--\$35,023 per year--above what it would pay if its 40 employees were enrolled in state plans.

Table 4: Summary of Contribution Differences

Employer Contribution Cost Comparison			
Difference between DHE & State Monthly Contribution	Number of Employees	Percent Share	
State Contribution greater than Department	18	45.0%	
Department Contribution Between \$0 and \$150 greater than State	6	15.0%	
Department Contribution Between \$150 and \$300 greater than State	16	40.0%	
Department Contribution Over \$300 greater than State	0	0.0%	
TOTAL	40	100.0%	
Department Monthly Contribution			\$ 43,423.77
Estimated State Monthly Contribution			\$ 40,505.20
Department Contribution greater than State per month			\$ 2,918.57
Percent greater than State Contribution per month			7.2%
Average Cost of DHE Contribution			\$ 1,085.59
Average Cost of State Contribution			\$ 1,012.63
Median Cost of DHE Contribution			\$ 702.60
Median Cost of State Contribution			\$ 698.72

- 8 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 2020-21 should be provided by November 1, 2021, and as it applies to actual expenditures in FY 2021-22 should be provided by November 1, 2022.

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, governing boards 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.

The Department provided a report indicating how it had distributed the \$60.0 million in contingency funds. However, the RFI response did not address the fact that actual revenue received by some institutions exceeded the spending authority provided even after contingency funds were distributed. The tables below are drawn from the Department's R2 request, which included information on final spending authority granted. Based on this data, staff would have expected the Department to approach the JBC about an interim supplemental in June 2021 to provide additional spending authority. The Executive Branch did not submit a late interim supplemental. Instead, arrangements were made with the institutions to ensure that they did not over expend their appropriations. However, staff nonetheless expects to recommend an FY 2021-22 supplemental to provide the additional spending

authority and expects that some Department procedures will be revised so this is not an issue in the future. Since the need for the additional spending authority relates to enrollment, rather than tuition rates, staff believes additional spending authority should be provided.

TUITION SPENDING AUTHORITY VERSUS REVENUE - FY 2020-21

	FY 2020-21 APPROPRIATION AFTER LONG BILL ADD-ON	CONTINGENCY FUNDS DISTRIBUTED	FY 2020-21 SPENDING AUTHORITY AFTER \$60.0 MILLION IN CONTINGENCY FUNDS WERE DISTRIBUTED	FINAL ESTIMATE OF EXPENDITURES INCLUDED IN R2 TABLES	SPENDING ABOVE/(BELOW) FINAL SPENDING AUTHORITY
Adams State University	\$21,183,079	\$723	\$21,183,802	\$21,087,815	(\$95,987)
Colorado Mesa University	72,043,336	0	72,043,336	70,514,105	(1,529,231)
Metropolitan State University of Denver	111,343,670	3,151,004	114,494,674	112,898,057	(1,596,617)
Western Colorado University	16,563,599	0	16,563,599	15,503,812	(1,059,787)
Colorado State University System	435,367,948	19,630,221	454,998,169	465,295,459	10,297,290
Fort Lewis College	41,909,810	0	41,909,810	41,795,009	(114,801)
University of Colorado System	1,070,573,330	34,478,052	1,105,051,382	1,127,421,309	22,369,927
University of Northern Colorado	77,696,289	740,000	78,436,289	78,363,856	(72,433)
Colorado Community College System	273,474,970	2,000,000	275,474,970	271,160,617	(4,314,353)
Total	2,120,156,031	\$60,000,000	2,180,156,031	\$2,204,040,039	

APPENDIX C

DEPARTMENT ANNUAL PERFORMANCE REPORT

Pursuant to Section 2-7-205 (1)(a)(II), C.R.S., the Office of State Planning and Budgeting (OSPB) shall prepare the section of the Annual Performance Report for the Department of Higher Education by reviewing the institutions of higher education's progress toward the outcomes of the recommended performance funding plan. This report for the previous fiscal year shall be published by the OSPB by November 1 of each year.

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.

For consideration by the Joint Budget Committee in prioritizing the department's FY 2022-23 budget request, the required documents for FY 2020-21 and FY 2021-22 can be found at the following link. This site includes a link to the Department's website on its performance on Higher Education Master Plan goals, required by Section 23-1-108, C.R.S.

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

The data now includes performance at the institutional level. This may be directly accessed at the following link:

http://masterplan.highered.colorado.gov/dashboard_detail/