

JOINT BUDGET COMMITTEE



STAFF BUDGET BRIEFING FY 2024-25

DEPARTMENT OF HIGHER EDUCATION

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ADDITIONAL RESOURCES

Brief summaries of all bills that passed during the 2022 and 2023 legislative sessions that had a fiscal impact on this department are available in Appendix A of the annual Appropriations Report:
<https://leg.colorado.gov/publications/appropriations-report-fiscal-year-2023-24>

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

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

RESPONSIBILITIES

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

State General Fund appropriations are provided for:

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

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

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

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

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

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

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

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

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

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

DEPARTMENT STRUCTURE

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

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

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

College Opportunity Fund Program and Governing Boards: The majority of state General Fund appropriations to the Department are for the College Opportunity Fund (COF) Program, with amounts reappropriated to each of the governing boards in consolidated line items in the Governing Boards section. The COF Program provides stipends for undergraduate resident students to attend public colleges and participating private colleges in Colorado and also supports fee-for-service

contracts with public higher education institutions for educational performance and services not covered by the stipends.

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

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

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

DEPARTMENT BUDGET: RECENT APPROPRIATIONS

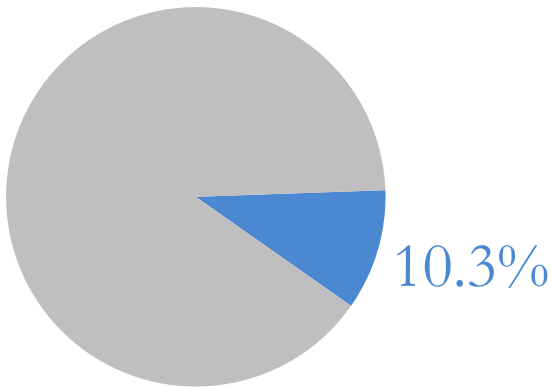
FUNDING SOURCE	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25 ¹
General Fund	\$1,220,319,540	\$1,362,586,612	\$1,555,800,543	\$1,548,968,083
Cash Funds ²	2,955,319,451	3,054,006,788	3,082,671,437	3,189,320,699
Reappropriated Funds	980,048,751	1,070,449,520	1,189,025,740	1,224,830,041
Federal Funds	25,411,388	25,849,820	26,450,674	26,778,296
TOTAL FUNDS	\$5,181,099,130	\$5,512,892,740	\$5,853,948,394	\$5,989,897,119
Full Time Equiv. Staff	26,566.2	26,489.2	26,758.7	26,748.2

¹Requested appropriation.

²Includes General Fund Exempt.

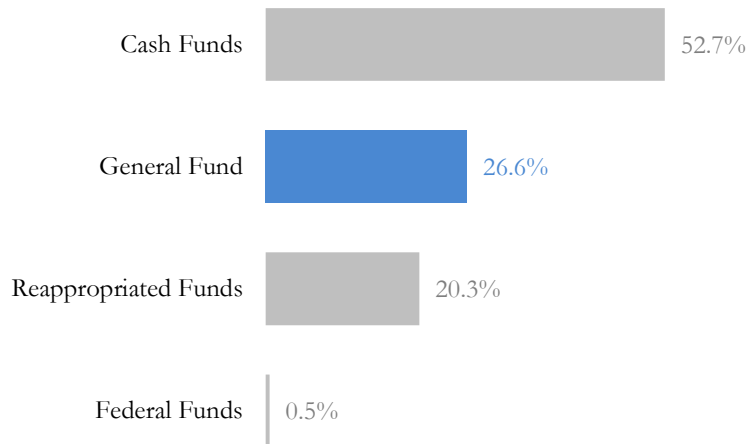
DEPARTMENT BUDGET: GRAPHIC OVERVIEW

Department's Share of Statewide General Fund



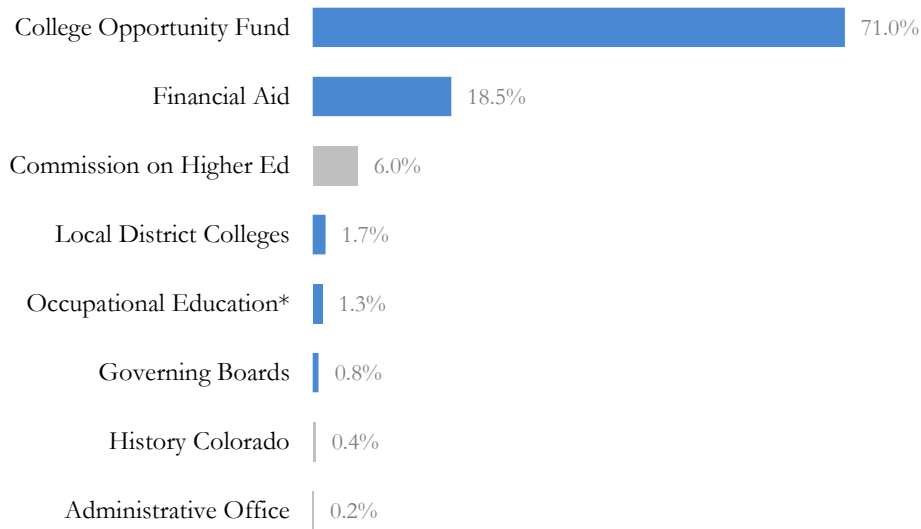
Based on the FY 2023-24 appropriation.

Department Funding Sources



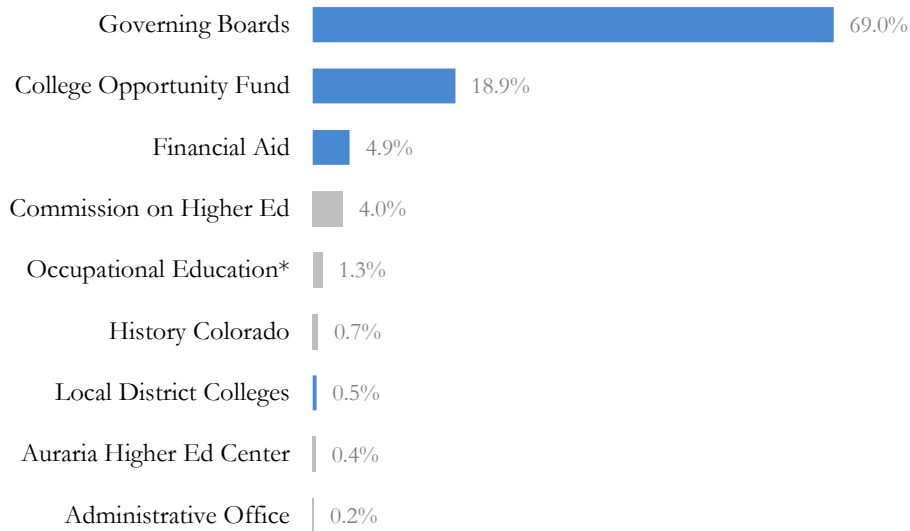
Based on the FY 2023-24 appropriation.

Distribution of General Fund by Division



Based on the FY 2023-24 appropriation.

Distribution of Total Funds by Division



Based on the FY 2023-24 appropriation.

*General Fund in the Division of Occupational Education is appropriated for the Area Technical Colleges, which are addressed in this briefing packet; other line items in the Division of Occupational Education are addressed in a separate briefing packet.

CASH FUNDS DETAIL

DEPARTMENT OF HIGHER EDUCATION GOVERNING BOARDS AND LOCAL DISTRICT COLLEGES CASH FUNDS APPROPRIATION DETAIL				
FUND NAME OR GROUP	FY 2023-24 APPROP.		PRIMARY SOURCES OF FUND REVENUE	PRIMARY USES IN THESE DEPARTMENT SECTIONS
Tuition and fees	\$2,871,267,162	^{1, 2}	Tuition and fees from resident and nonresident students at state institutions	Tuition revenue of \$2.6 billion is appropriated to the governing boards that collect it; estimated student fee revenue of \$256 million shown for informational purposes
Limited Gaming Taxes	36,522,667	¹	Taxes on gaming in the cities of Central, Black Hawk, and Cripple Creek (see <i>Additional Information</i> section below)	Consistent with Constitutional and statutory provisions, higher education institutions with a two-year mission receive distributions associated with the expansion of gaming in 2008 (Amendment 50) and 2020 (Amendment 77). Funding is continuously appropriated and show for informational purposes only (see <i>Additional Information</i> section)
Tobacco Settlement Revenue	16,669,533	¹	Annual payments from tobacco companies pursuant to the Tobacco Master Settlement Agreement (see annual Tobacco briefing)	University of Colorado medical programs
Marijuana Tax Cash Fund	3,900,000	¹	Taxes on retail marijuana (see Marijuana Tax briefing)	Includes \$3.0 million appropriated to the University of Colorado for the School of Public Health related to marijuana concentrate research and a public education campaign; also \$900,000 for the Colo State U. System Agrability Program, which serves farmers and ranchers with disabilities
Funds originating as General Fund, other one-time	1,263,518	⁴	One-time transfer of General Fund and other	Includes spending from the SPARC Program Fund, which originates as General Fund, to support energy-sector career pathways and other one-time appropriations
Total	\$2,929,622,880			

¹ Exempt from TABOR

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

³ This portion of gaming revenue exempt from TABOR, including limited gaming expansion revenue (Amendment 50 and Amendment 77), and Federal Mineral Lease revenue

⁴ Funds were subject to TABOR when first received; they are not counted again when transferred from one fund to another.

ADDITIONAL INFORMATION – SELECT FUND SOURCES

HIGHER EDUCATION OFF-BUDGET: The Higher Education institutions have multiple auxiliary operations (such as housing and food services) as well as research operations that are off-budget. Higher Education financial statements indicate that the ten governing boards that operate as state-owned enterprises have overall revenue that exceeds \$8.0 billion per year, which compares to total on-budget appropriations in the governing boards section of the Long Bill of \$4.0 billion.

LIMITED GAMING REVENUE: A large share of the tax revenue from gaming in the State is used in the Department of Higher Education. This includes appropriations for History Colorado, which is one of the original recipients from when gaming was first authorized, and higher education institutions with a two-year mission, which receive most of the revenue from the expansion of gaming in 2008 and 2020. The State General Fund and gaming communities are also recipients. *This discussion covers the source and use of these funds statewide.*

Article XVIII, Section 9 of the State Constitution, adopted by the voters in 1990, provided for limited gaming in Central City, Black Hawk, and Cripple Creek, and allocated associated tax revenue to the cities and counties where gaming is authorized (22.0 percent), historic preservation (28.0 percent), and the General Fund or other fund specified by the General Assembly (50.0 percent). Related revenue was (and is) subject to TABOR revenue caps.

Amendment 50, adopted by the voters in 2008, eliminated limits on betting hours, added craps and roulette as allowed games, and authorized bets up to \$100, subject to approval of voters in the affecting gaming communities. This amendment specified that revenue resulting from these extended gaming provisions would be allocated to public community colleges, junior colleges, and local district colleges (78.0 percent) and the cities and counties where gaming was authorized (22.0 percent). It also specified that the new revenue generated is exempt from the State's TABOR revenue cap.

Amendment 77, adopted by the voters in 2020, eliminated all remaining limits on games that could be offered and size of bets, subject to approval by the voters in the affected towns. The allocation of new revenue from these provisions is consistent with the allocation for Amendment 50 and, like revenue from Amendment 50, the revenue is exempt from the State's TABOR revenue cap.

While the Constitutional amendments 50 and 77 implied that it would be evident what revenue should be assigned to the original recipients of limited gaming revenue versus the recipients of extended gaming revenue, this is not information that casinos or the Gaming Commission have thus far been able to measure; instead, the General Assembly has determined the allocation.

Amendment 50 authorized the General Assembly to enact legislation to facilitate the operation of the extended gaming provisions, and through 2009 legislation, the General Assembly clarified in statute (Section 44-30-702 (3) and (4), C.R.S.) how the division of funds between the original limited gaming recipients and extended gaming recipients would be calculated. The formula adopted in statute included capping growth in revenue for the original recipients at 3.0 percent, except that it provides for some additional revenue for the original recipients when growth for the new (extended gaming) recipients is greater.

To respond to the projected impact of the COVID-19 pandemic, the JBC sponsored H.B. 20-1400 to temporarily modify the statutory provisions that directed the allocation of funds between the original limited gaming recipients and the extended gaming recipients. It subsequently sponsored S.B. 22-216 to correct a technical problem in H.B. 20-1400 and align statute as closely as possible with voter intent.

GAMING REVENUE AND DISTRIBUTIONS (DOLLARS IN MILLIONS)					
	ACTUAL FY 2018-19	ACTUAL FY 2019-20	ACTUAL FY 2020-21	ACTUAL FY 2021-22	ACTUAL FY 2022-23
Gaming Taxes					
Pre-Amendment 50 (Subject to TABOR)	\$104.8	\$67.4	\$100.6	\$114.0	\$117.4
Amendment 50 Revenue (TABOR Exempt)	20.2	13.0	19.8	48.0	50.4
Total Gaming Taxes	125.0	80.3	120.5	162.0	167.8
Fees and Interest Earnings (Subject to TABOR)					
To Limited Gaming Fund	1.7	1.6	1.1	1.3	2.3
To State Historical Fund	0.4	0.2	0.1	0.3	0.1
Total Gaming Revenue	\$127.1	\$82.1	\$121.7	\$163.6	\$170.2
Distributions of Gaming Tax Revenue					
Amendment 50/77 (Extended Gaming) Distributions					
Community Colleges	14.0	11.9	13.8	36.5	34.4
Gaming Counties and Cities	3.9	3.4	3.9	10.3	9.7
Amendment 50 Administrative Expenses	2.3	2.3	2.2	4.4	4.5
Total Amendment 50 Distributions	20.2	17.6	19.8	51.2	48.6
Pre-Amendment 50 (Original Gaming) Distributions					
State Historical Fund	26.3	14.3	25.0	28.5	31.2
Gaming Counties	11.3	6.1	10.7	12.2	13.4
Gaming Cities	9.4	5.1	8.9	10.2	11.1
General Fund/As directed by the G.A*.	46.9	25.5	44.7	50.9	55.6
Pre-Amendment 50 Administrative Expenses	10.9	11.8	11.3	10.6	10.8
Total Pre-Amendment 50 Distributions	104.8	62.7	100.6	112.4	122.1
Total Gaming Distributions/Uses	\$125.0	\$80.3	\$120.5	\$163.6	\$170.7

*Economic Development Programs represent a discretionary use of funds that are otherwise allocated to the General Fund. For FY 2022-23 funds (distributed for use in FY 2023-24) the funds are allocated by statute as follows.

FY 2022-23 – STATUTORY USES FOR AMOUNTS DEPOSITED TO THE GENERAL FUND OR AS DIRECTED BY GENERAL ASSEMBLY	
PROGRAM	AMOUNT (MILLION \$)
Tourism Promotion (OEDIT)	\$15.0
Advanced Industries (OEDIT)	\$5.5
Local Government Limited Gaming Fund (DOLA)	\$6.4
Innovative Research Fund (DHE)	\$2.1
Creative Industries (OEDIT)	\$2.0
Office of Film (OEDIT)	\$0.5
Responsible Gaming Grant (DOR)	\$2.5
Subtotal - Directed Amounts	\$34.0
Balance to General Fund	21.6
Total - General Fund or As Directed by the G.A.	\$55.6

APPROPRIATIONS:

- Limited gaming funds appear primarily in the Department of Higher Education Long Bill. Money deposited to the State Historical Fund is subject to annual appropriation or statutory allocation to History Colorado, which is located in the Department of Higher Education. In addition, money allocated to higher education institutions is estimated in the Long Bill for informational purposes.
- Some money is also deposited to the General Fund (and thus appropriated as General Fund), while some money that could go to the General Fund has been diverted to economic development

and other programs related to gaming impacts (including in the Governor's Office of Economic Development and the Department of Local Affairs) through statutory provisions.

- Finally, some funds are reflected in the Department of Revenue related to state administration and distributions to gaming cities and counties.

GENERAL FACTORS DRIVING THE BUDGET

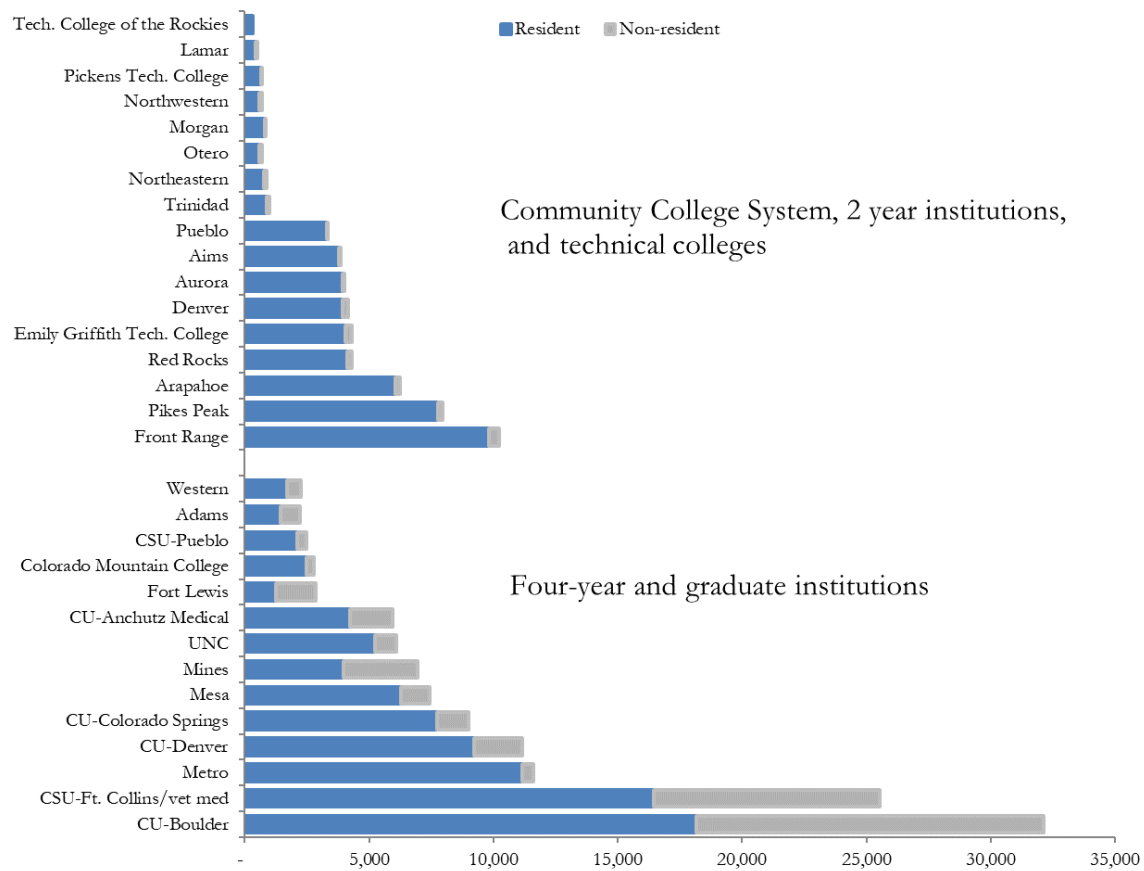
The public higher education system served 182,295 full-time equivalent students (FTE) in FY 2022-23, including 143,227 Colorado residents.¹ Of the total, 170,468 students attended one of the 27 institutions overseen by 10 state governing boards. The remaining 11,827 student FTE attended local district 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, 29.6 percent of SFTE attended institutions in the community college system, area technical colleges, and local district colleges, which have historically focused on two-year and certificate programs.² 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 declined 4.4 percent in FY 2020-21, following the onset of the COVID-19 pandemic, followed by a further decline of 2.4 percent in FY 2021-22. Total enrollment stabilized in FY 2023-24, increasing by 0.1 percent.

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.

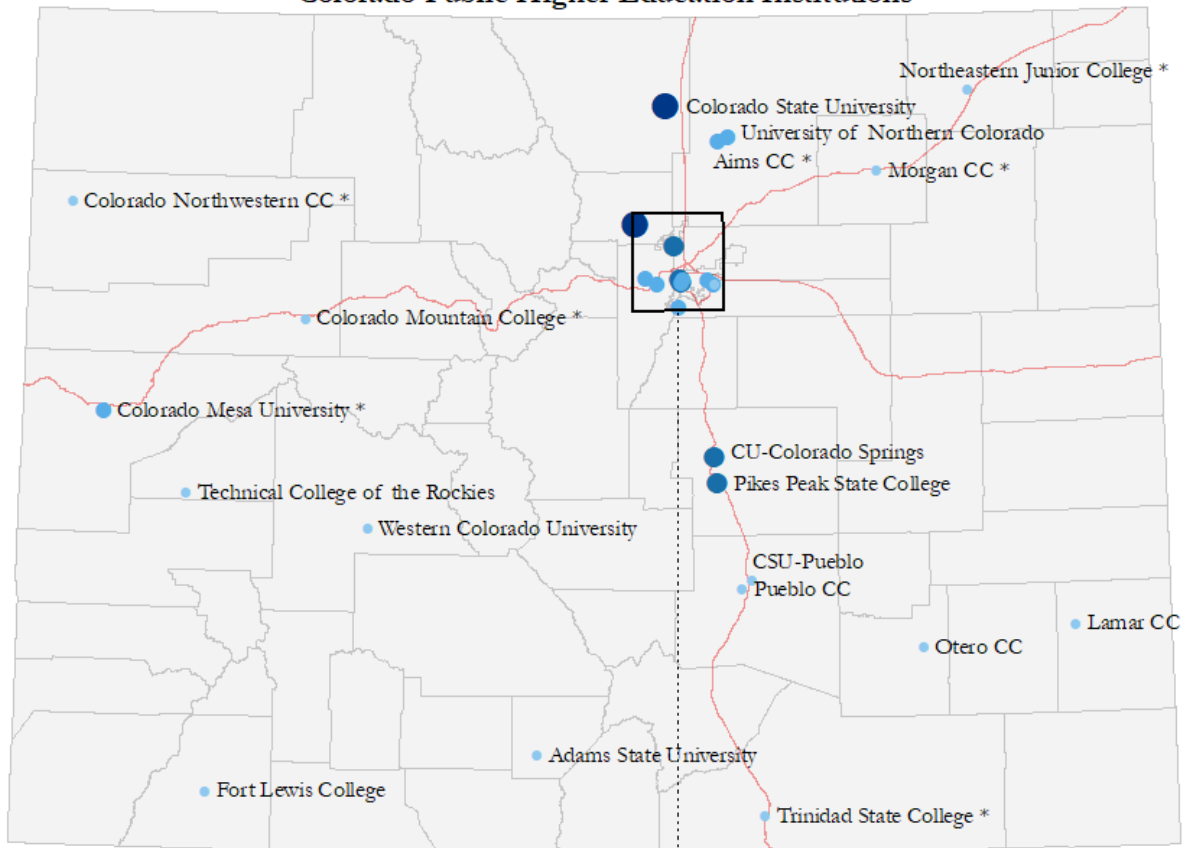
¹ About 40 percent of Colorado high school graduates attend Colorado postsecondary public institutions the fall after they graduate from high school. About 15 percent attend institutions out of state.

² Many institutions in the community college system, as well as one of the local district colleges (Colorado Mountain College) now offer 4-year degrees, often focused on applied areas.

STUDENT FULL-TIME-EQUIVALENT ENROLLMENT 2022-23



Colorado Public Higher Education Institutions

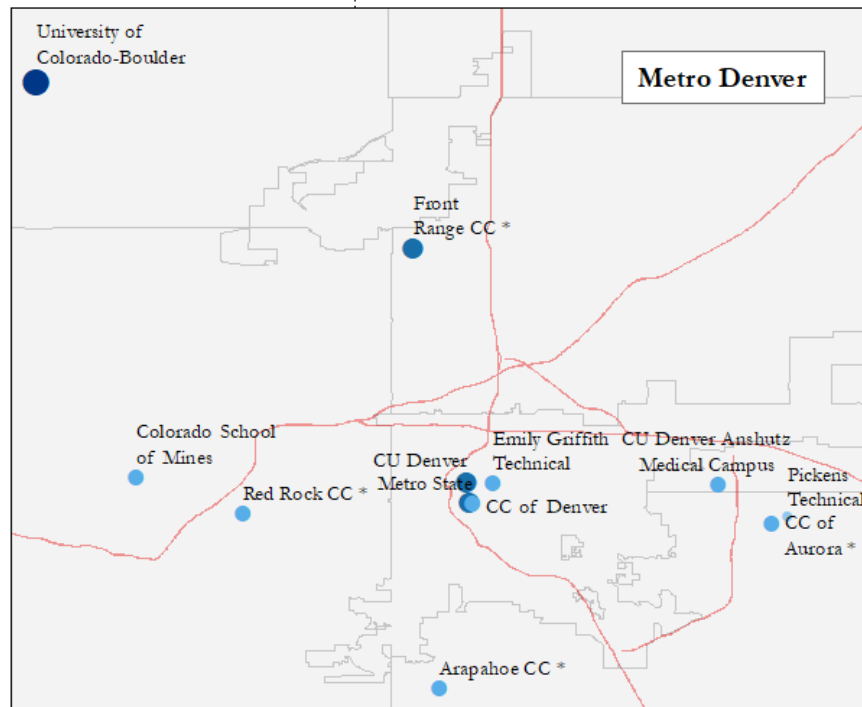


Student FTE Served FY 2021-22

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

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

Source: Joint Budget Committee Staff

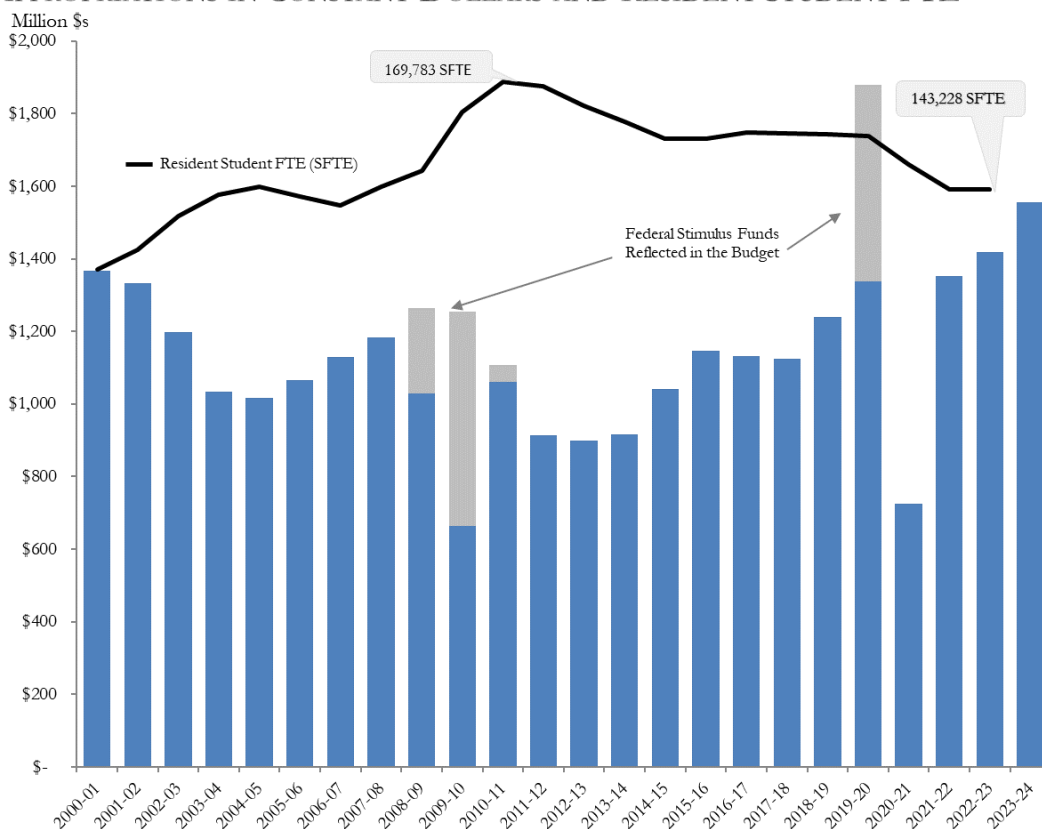


IMPACT OF THE STATEWIDE BUDGET OUTLOOK

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

The chart below shows how statewide General Fund support for higher education has declined during economic downturns and rebounded under stronger economic conditions. General Fund appropriations for higher education were cut sharply in FY 2020-21 in response to the COVID-19 pandemic and resulting declines in available state revenue, but federal funds allocated by the Governor assisted the public higher education system in addressing the disaster emergency. For FY 2021-22, the General Assembly restored the FY 2020-21 General Fund cut and increased funding above the FY 2019-20 level. After further increases in FY 2022-23 and FY 2023-24, the Department's \$1.56 billion General Fund appropriation is now 40.0 percent above its FY 2019-20 General Fund appropriation and significantly exceeds its inflation-adjusted FY 2000-01 appropriation of \$1.37 billion.

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



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

The majority of the higher education budget is allocated directly to the public higher education institutions. The table below shows the General Fund allocated in FY 2022-23 and FY 2023-24.³ Funding for lease-purchase payments, History Colorado, and the “other” category, including administration, are addressed in a separate briefing packet.

HIGHER EDUCATION GENERAL FUND APPROPRIATIONS FY 2022-23 AND FY 2023-24 ¹				
	FY 2022-23	FY 2023-24	CHANGE	PERCENTAGE CHANGE
Adams State University	\$21,025,595	\$23,568,197	\$2,542,602	12.1%
Colorado Mesa University	40,295,987	45,050,411	4,754,424	11.8%
Metropolitan State University	82,554,384	93,592,346	11,037,962	13.4%
Western Colorado University	18,339,012	20,443,587	2,104,575	11.5%
Colorado State University System	208,329,418	230,741,806	22,412,388	10.8%
Fort Lewis College	17,114,450	19,069,629	1,955,179	11.4%
University of Colorado System ²	278,072,551	311,455,469	33,382,918	12.0%
Colorado School of Mines	30,075,196	33,574,131	3,498,935	11.6%
University of Northern Colorado	56,875,899	63,120,632	6,244,733	11.0%
Community College System	241,372,358	270,019,813	28,647,455	11.9%
Colorado Mountain College	10,766,746	11,995,297	1,228,551	11.4%
Aims Community College	12,711,777	14,166,012	1,454,235	11.4%
Area Technical Colleges	18,325,074	20,455,069	2,129,995	11.6%
Subtotal-Governing Boards/Institutions	\$1,035,858,447	\$1,157,252,399	\$121,393,952	11.7%
Financial Aid	266,734,362	288,197,016	21,462,654	8.0%
Lease Purchase Payments/Capital-related for Higher Education Buildings	28,627,184	32,175,175	3,547,991	12.4%
History Colorado	6,722,085	6,729,020	6,935	0.1%
Other ³	24,644,534	71,446,933	46,802,399	189.9%
TOTAL	\$1,362,586,612	\$1,555,800,543	\$193,213,931	14.2%

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

² Includes a temporary reductions related to increased federal Medicaid payments for University of Colorado Health Sciences Center medical services.

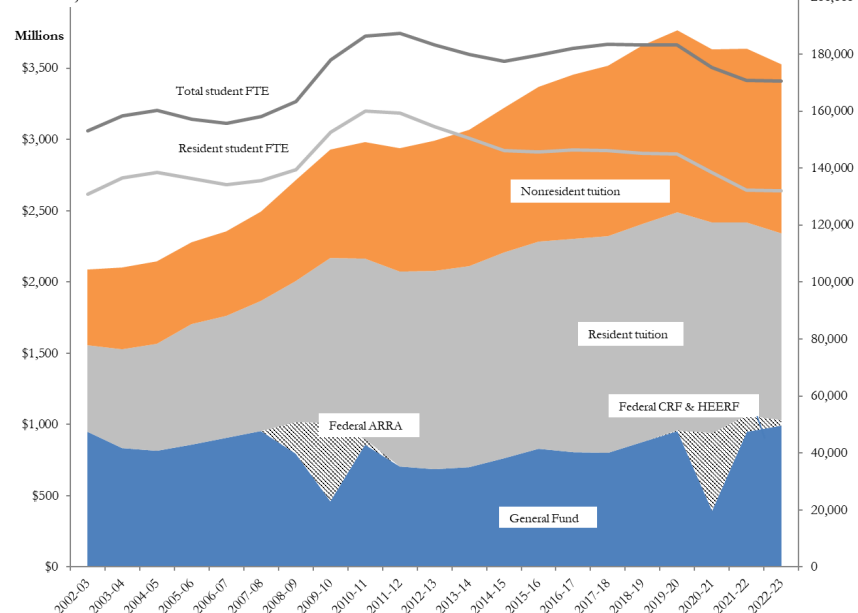
³ Includes \$43,600,000 in one-time General Fund appropriations for FY 2023-24 for H.B. 23-1246 (Support in-demand Career Workforce).

INSTITUTIONAL REVENUE AND REVENUE PER STUDENT FTE

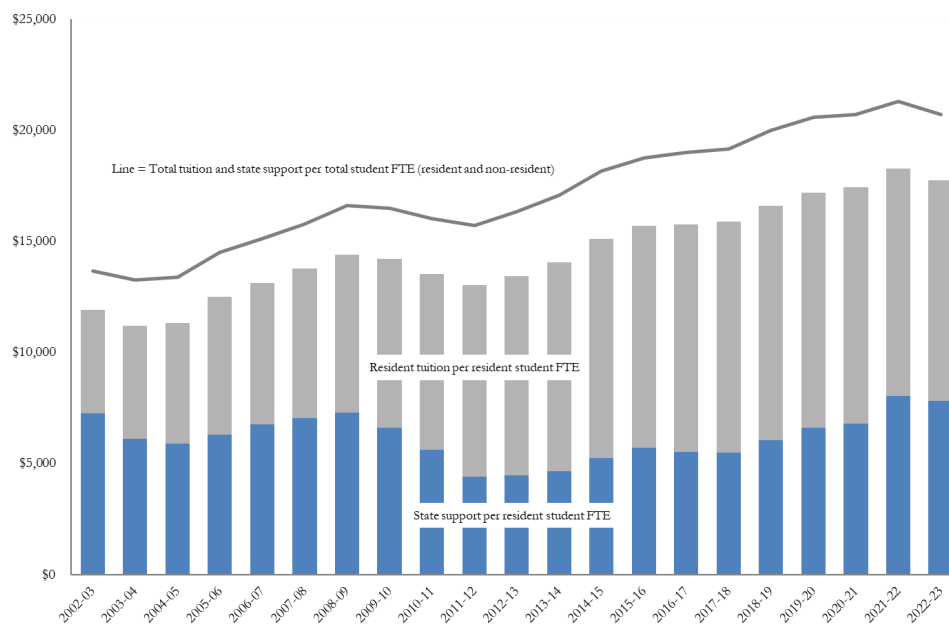
Colorado and other states have historically addressed state budget constraints by increasing the share of higher education costs borne by individuals and families. The charts below illustrate how tuition, including nonresident tuition, as well as federal funds, have augmented General Fund revenues for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

³ 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 DOLLARS



HIGHER EDUCATION STATE INSTITUTIONS' GENERAL FUND, FEDERAL STIMULUS FUNDS, AND TUITION PER STUDENT FTE IN CONSTANT DOLLARS



Notes: Charts include revenue and student FTE reported by the ten state governing boards. Amounts shown include federal American Recovery and Reinvestment Act Funds (FY 2007-08 to FY 2010-11), federal Coronavirus Relief Funds (FY 2019-20 and FY 2020-21), and federal Higher Education Emergency Relief Funds that institutions reported spending for educational activities in FY 2020-21 through FY 2022-23.

As shown:

- Total revenue to the state institutions from tuition and government sources combined has generally remained on an upward trajectory, but fell in real (constant) dollars between FY 2010-11 and FY 2011-12, again between FY 2019-20 and FY 2020-21, and again between FY 2021-22 and FY 2022-23.
- Based on the combination of revenue and enrollment trends, revenue per student FTE has generally increased since FY 2011-12, but declined in FY 2022-23.

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

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

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

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

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

Inflation: In FY 2022-23, nominal revenue per student FTE continued to increase (by 3.5 percent total, including government support and tuition), but inflation of 6.5 percent exceeded that increase.

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

TUITION AND FEES

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

National data from the State Higher Education Officers on average tuition and fees by state and the Hanover study completed by the Department indicate that many (though not all) Colorado public institutions have tuition and fee rates that exceed those of their peers nationwide, after adjusting for grant aid.⁴ From an institutional operations perspective, this compensates for the low levels of state support provided in Colorado compared to other states.

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

- Prior to FY 2011-12, the General Assembly appropriated tuition revenue to the institutions and set forth its assumptions about tuition increases in a Long Bill footnote.
- For the five-year period from FY 2011-12 through FY 2015-16, the General Assembly delegated tuition-setting authority to the higher education governing boards within specified statutory limits. From FY 2011-12 through FY 2013-14, governing boards could increase resident undergraduate tuition rates up to 9.0 percent per year, and could submit a plan to ensure access and affordable tuition for low- and middle-income students to the Commission for permission to implement larger rate increases. In FY 2014-15 and FY 2015-16, the General Assembly paired increases in state funding with a 6.0 percent "hard" cap on undergraduate resident tuition increases.
- Beginning in FY 2016-17, the General Assembly again began to appropriate tuition and set limits on tuition through the Long Bill for all institutions except the Colorado School of Mines (which was exempt through FY 2022-23).⁵ The tuition increases used to derive the total spending authority for each governing board are detailed in a footnote to the Long Bill.⁶ 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. For FY 2022-23, resident undergraduate increases were generally restricted to 2.0 percent. For FY 2023-24, resident undergraduate increases were generally restricted to 5.0 percent. Actual increases adopted by the governing boards are reflected in the table below.

⁴ See the State Higher Education Finance Report, 2022, <https://shf.shceo.org/> and Memo on Hanover Resource Analysis Project, November 2020, https://cdhe.colorado.gov/sites/highered/files/documents/2020-11-09%20Hanover%20Memo%20Findings%20to%20IHEs_revenue%20only_final.pdf

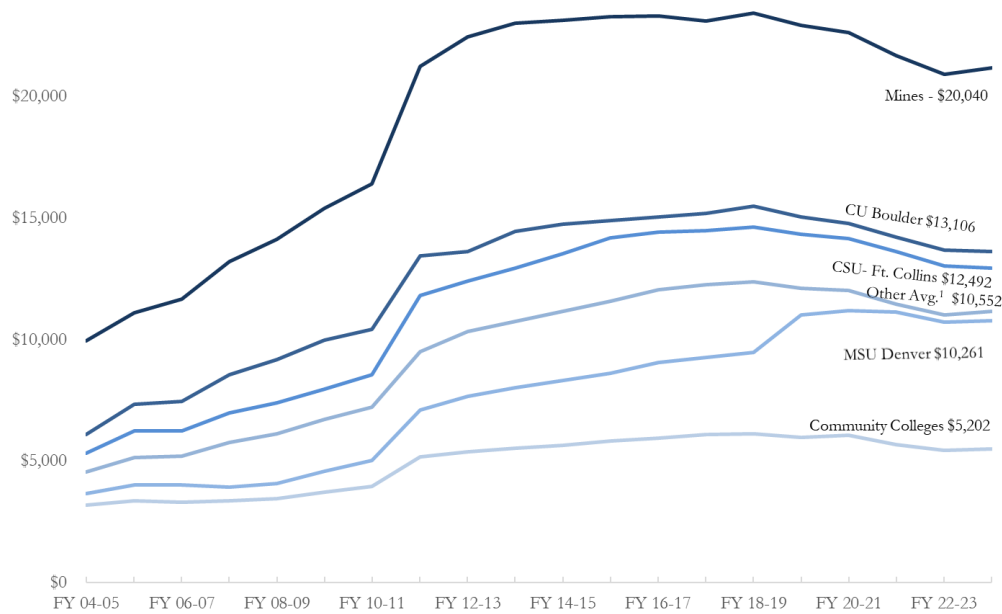
⁵ Sections 23-1-104 (1)(b) and 23-41-104.6 (5)(c)(I)(A), C.R.S.

⁶ Section 23-18-202 (3)(b)(I), C.R.S.

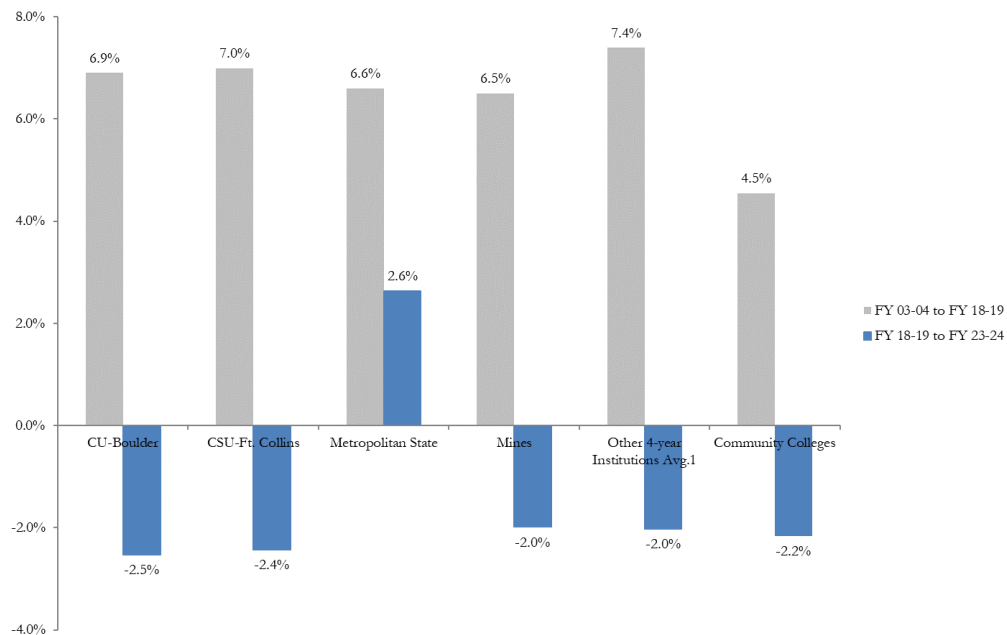
RESIDENT UNDERGRADUATE TUITION INCREASES AT STATE BOARDS					
	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	NOTES
Max Allowed (Most Institutions*)	3.0%	3.0%	2.0%	5.0%	*Footnotes identify exceptions
Actual Increases:					
Adams State University	2.1%	2.0%	2.0%	4.0%	
Colorado Mesa University	0.0%	3.0%	3.0%	4.0%	CMU was in violation of the FY 2022-23 Long Bill footnote; the G.A. reduced its GF funding for the year by \$50,000.
Metropolitan State University	3.0%	11.1%	2.0%	5.0%	MSU was in violation of the FY 2021-22 22 LB footnote for full-time students; the G.A. reduced its GF funding for the year by \$50,000.
Western Colorado University	2.9%	0.0%	1.8%	2.8%	
Colorado State University System	0.0%	3.0%	2.0%	3.8% Ft Collins; 3.0% Pueblo	
Fort Lewis College	0.0%	0.0%	2.0%	5.0%	
University of Colorado System	0.0%	3.0%	2.0%-4.3%	4.0% Boulder; 5.0% UCD & UCCS	
Colorado School of Mines	0.0%	3.1%	2.1%	5.0%	Not restricted through FY 2022-23
University of Northern Colorado	0.0%	7.0%	2.0%	6.0%	
Community College System	3.0%	0.0%	2.0%	5.0%	

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 rapid growth in tuition and mandatory fee rates through FY 2016-17 for full-time (30 credit hour) resident undergraduate students with the lowest rates: those taking liberal arts and sciences courses. Growth continued more slowly until FY 2018-19 and then began to decline in inflation-adjusted dollars at most institutions. With the General Assembly's decision to allow increases of up to 5.0 percent for FY 2023-24, many posted rates will grow by more than inflation this fiscal year.

COLORADO RESIDENT ANNUAL TUITION AND MANDATORY FEES
(FULL-TIME FRESHMAN/SOPHOMORE LIBERAL ARTS)
IN CONSTANT FY 2023-24 DOLLARS
\$25,000



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

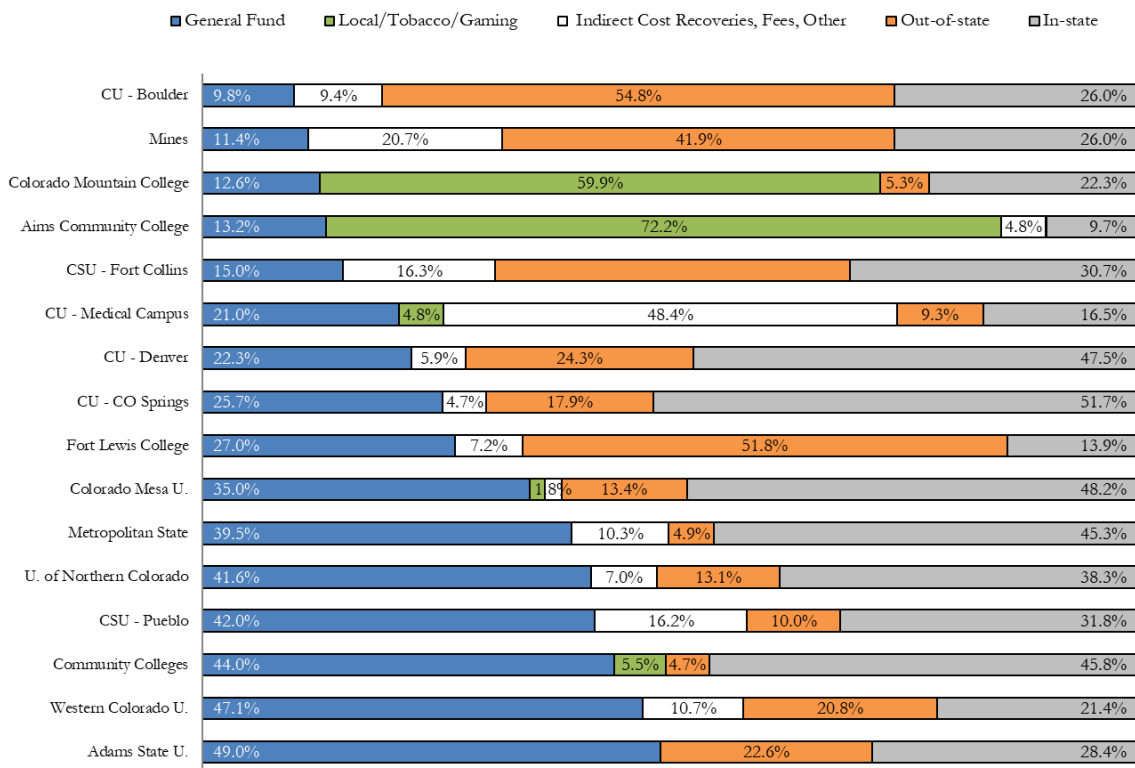


¹CSU-Pueblo, Fort Lewis College, University of Northern Colorado, Adams State University, Colorado Mesa University, Western Colorado University, University of Colorado-Colorado Springs, University of Colorado-Denver

SOURCES OF FUNDS

Institutions have different abilities to bring in out-of-state student tuition revenue or to raise tuition above that of other institutions based upon their individual missions and the populations they serve. The chart below compares the revenue mix at various state institutions for educational expenditures reported to the General Assembly in FY 2022-23. This excludes revenue and expenditures for research grants and auxiliary facilities such as dormitories and dining halls.

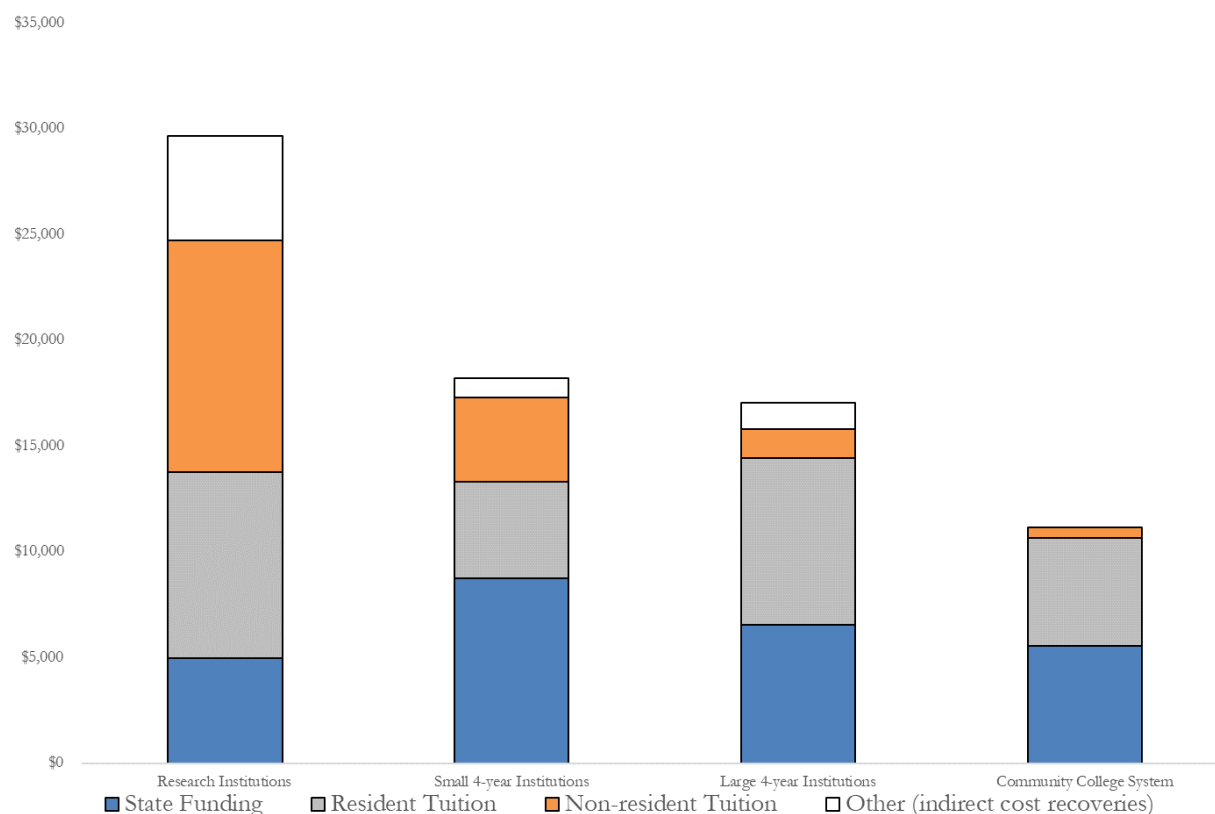
PROPORTION OF FUNDING FROM THE STATE VERSUS STUDENTS FY 22-23



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

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

REVENUE PER STUDENT FTE BY FUNDING SOURCE FY 2022-23



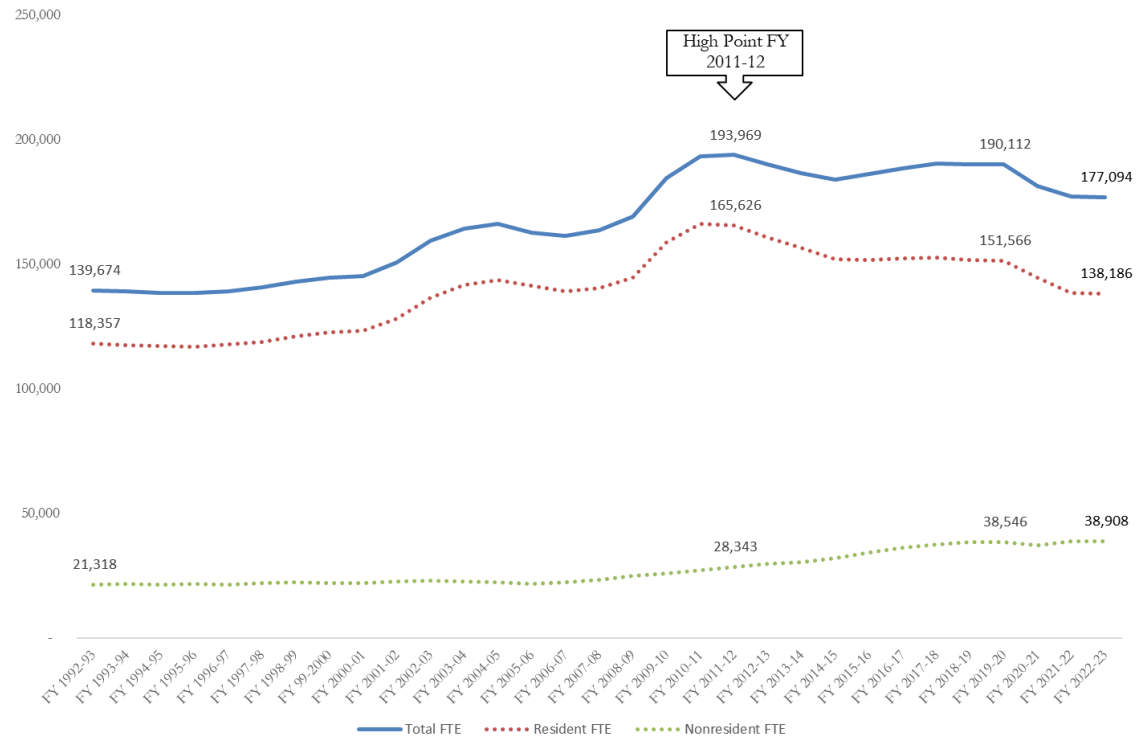
Notes: For purposes of chart, research institutions include the four campuses of the University of Colorado, Colorado State University at Fort Collins, the University of Northern Colorado, and the Colorado School of Mines; small 4-year institutions include Adams State University and Western Colorado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

ENROLLMENT

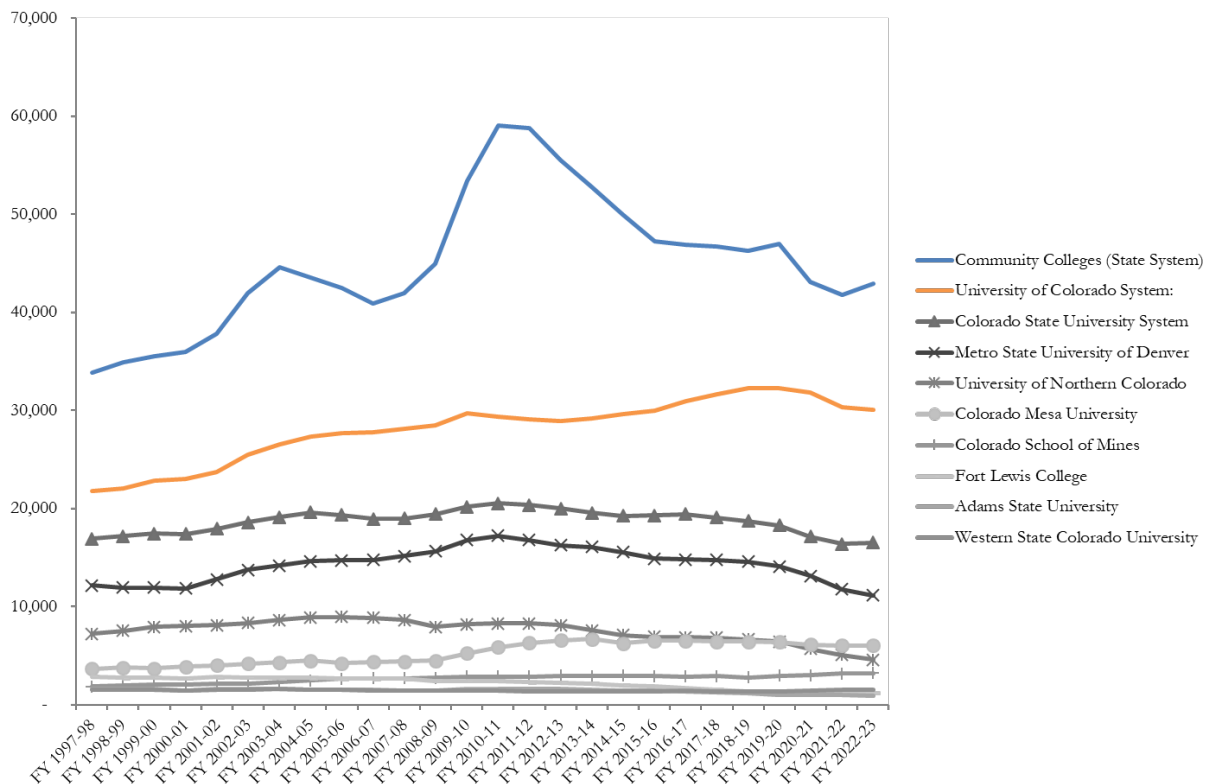
Enrollment is both a workload and performance measure for campuses, and it affects tuition and fee revenue, as well as state support. For some institutions, nonresident enrollment is important because nonresident tuition helps subsidize resident education. Increases in enrollment also drive costs for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

Since the end of the Great Recession, enrollment in higher education in Colorado has declined, particularly among Colorado residents, attributable in part to a strong job market and low unemployment. During the coronavirus pandemic, enrollment dropped sharply in most sectors. It had not fully recovered in FY 2022-23, although early data indicates that enrollment may finally be increasing again in FY 2023-24.

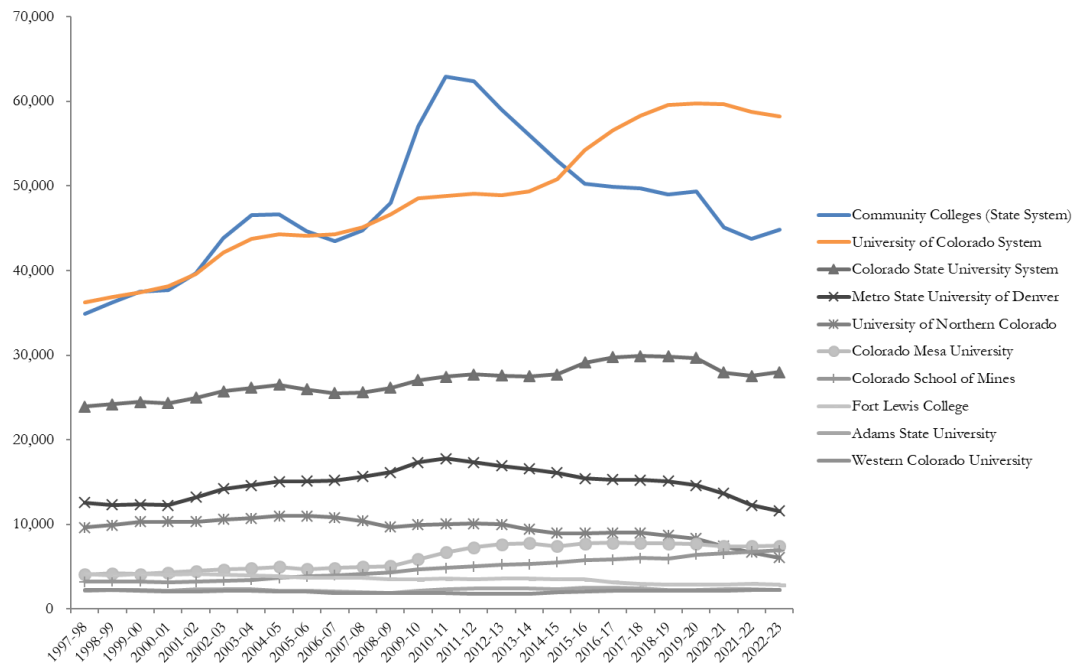
COLORADO PUBLIC HIGHER EDUCATION FTE ENROLLMENT FY 1992-93 TO FY 2022-23



RESIDENT UNDERGRADUATE STUDENT FTE HIGHER EDUCATION STATE INSTITUTIONS



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



Early FY 2023-24 enrollment data shows enrollment finally stabilizing or increasing again at most institutions. Statewide enrollment has increased 2.7 percent from Fall 2022 to Fall 2023, including an increase of 3.4 percent in resident undergraduate enrollment, based on early estimates. The community college system notes that most of its large increase is in concurrent enrollment, and most of these students are served in their local high schools using existing high school teachers.⁷

FALL FTE ENROLLMENT TRENDS						
	TOTAL ENROLLMENT			RESIDENT UNDERGRADUATE ENROLLMENT		
	CHANGE FALL 2020 TO FALL 2021	CHANGE FALL 2021 TO FALL 2022	CHANGE IN FALL 2022 TO FALL 2023	CHANGE FALL 2020 TO FALL 2021	CHANGE FALL 2021 TO FALL 2022	CHANGE IN FALL 2022 TO FALL 2023
CU System	-0.3%	-0.9%	1.8%	-4.3%	-1.7%	2.3%
CSU System	-1.0%	0.0%	0.0%	-4.9%	-0.1%	-0.2%
CCCS	-12.9%	13.7%	6.9%	-13.9%	14.6%	7.4%
UNC	-10.6%	-7.5%	-3.0%	-11.5%	-9.7%	-3.1%
Mines	3.5%	1.3%	2.9%	5.1%	2.7%	0.6%

⁷ Concurrent enrollment students represented 33.5 percent of overall CCCS headcount in FY 2021-22CCCS Concurrent Enrollment Report, AY 2021-22,
<https://drive.google.com/file/d/1T6LsxsNG3eMpybB0zzdpv72yE5VPEfTE/view>

FALL FTE ENROLLMENT TRENDS						
	TOTAL ENROLLMENT			RESIDENT UNDERGRADUATE ENROLLMENT		
	CHANGE FALL 2020 TO FALL 2021	CHANGE FALL 2021 TO FALL 2022	CHANGE IN FALL 2022 TO FALL 2023	CHANGE FALL 2020 TO FALL 2021	CHANGE FALL 2021 TO FALL 2022	CHANGE IN FALL 2022 TO FALL 2023
CMU	-2.4%	-0.4%	1.6%	-3.6%	-0.5%	1.5%
MSU-Denver	-10.4%	-6.0%	0.3%	-9.9%	-6.3%	0.5%
Western	6.1%	-2.4%	4.0%	8.0%	-3.7%	9.0%
Ft. Lewis	0.0%	1.4%	0.7%	-4.9%	3.3%	6.6%
Adams	2.6%	-7.2%	5.8%	0.1%	-14.8%	1.1%

Source: Colorado Department of Higher Education

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 2022-23, the state institutions, including the Auraria Higher Education Center, employed 26,152.4 FTE, excluding employees of self-supporting auxiliary programs such as food services, bookstores, or housing. Higher education remains the largest employer of state FTE by a wide margin. Figures on the number of employees working at state higher education institutions in auxiliary enterprises is not routinely collected by the State. However, federal Bureau of Labor Statistics data that captures state government higher educational services employment in Colorado reported 79,000 employees in the sector in CY 2019. That figure fell to 70,000 during CY 2021, during the pandemic, though it has been rebounding.

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

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

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

- In years when the economy has been stronger and state funding has increased, institutions have faced pressure from their employees to improve compensation and have often done so.
- In response to the COVID-19 pandemic, many institutions contained costs by imposing furloughs on both faculty and staff.

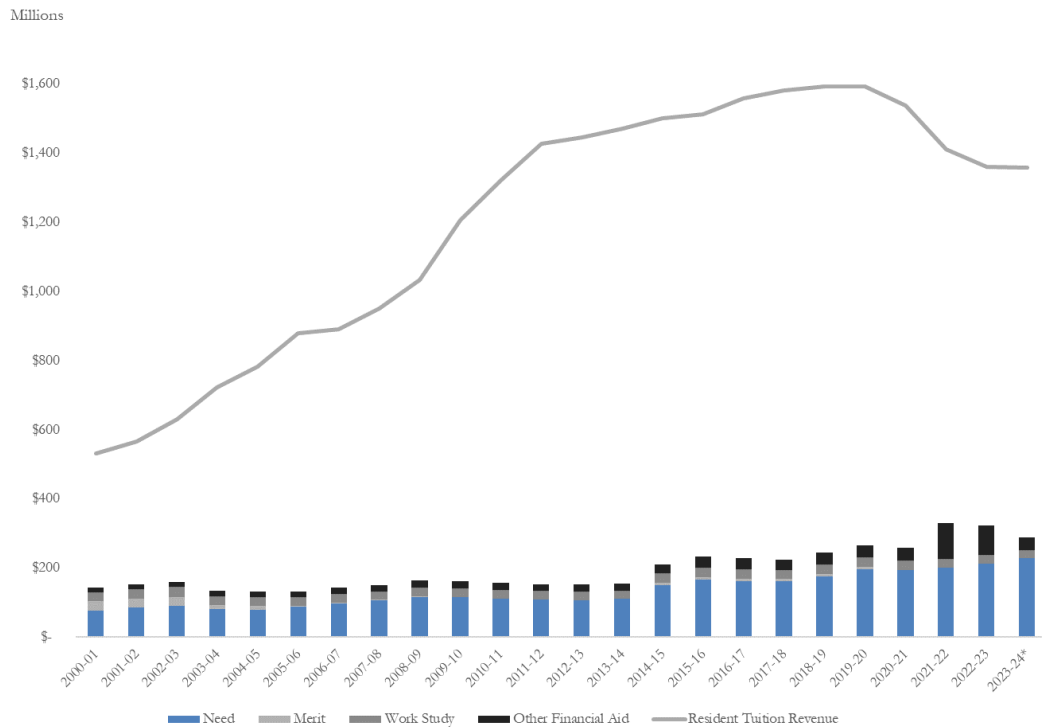
FINANCIAL AID

Of state General Fund appropriations for higher education in FY 2023-24, \$288.2 million or 18.5 percent is for financial aid. While Colorado provides less funding than most states for higher education overall, it provides more than most for financial aid. Most Colorado state financial aid is for need-based aid and work-study. There are also a number of smaller, special purpose financial aid programs. These include the Fort Lewis College Native American tuition waiver, which covers tuition for any Native American student attending Fort Lewis College pursuant to a treaty obligation, and the Colorado Opportunity Scholarship Initiative, which funds services and scholarships for high achieving low-income students in collaboration with private funders and agencies.

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

Section 23-3.3-103, C.R.S., requires that most state-funded financial aid increase at no less than the increase for the governing boards, and there have been significant General Fund increases in recent years, including \$20.8 million (9.7 percent) in FY 2021-22, \$30.5 million (12.9 percent) in FY 2022-23 and \$21.5 million (8.0 percent) in FY 2023-24. The General Assembly appropriated significant one-time financial aid funds during the 2020, 2021, and 2022 legislative sessions, including both cash funds and General Fund. Nonetheless, overall demand for aid continues to outstrip available funding. In FY 2000-01, total state financial aid disbursements equaled 27.0 percent of resident tuition revenue at state institutions; for FY 2023-24 this figure is estimated to be 21.2 percent.

PUBLIC INSTITUTION RESIDENT TUITION REVENUE V. STATE FINANCIAL AID APPROPRIATIONS (CONSTANT FY 2023-24 DOLLARS)



*Tuition revenue reflects Long Bill estimate.

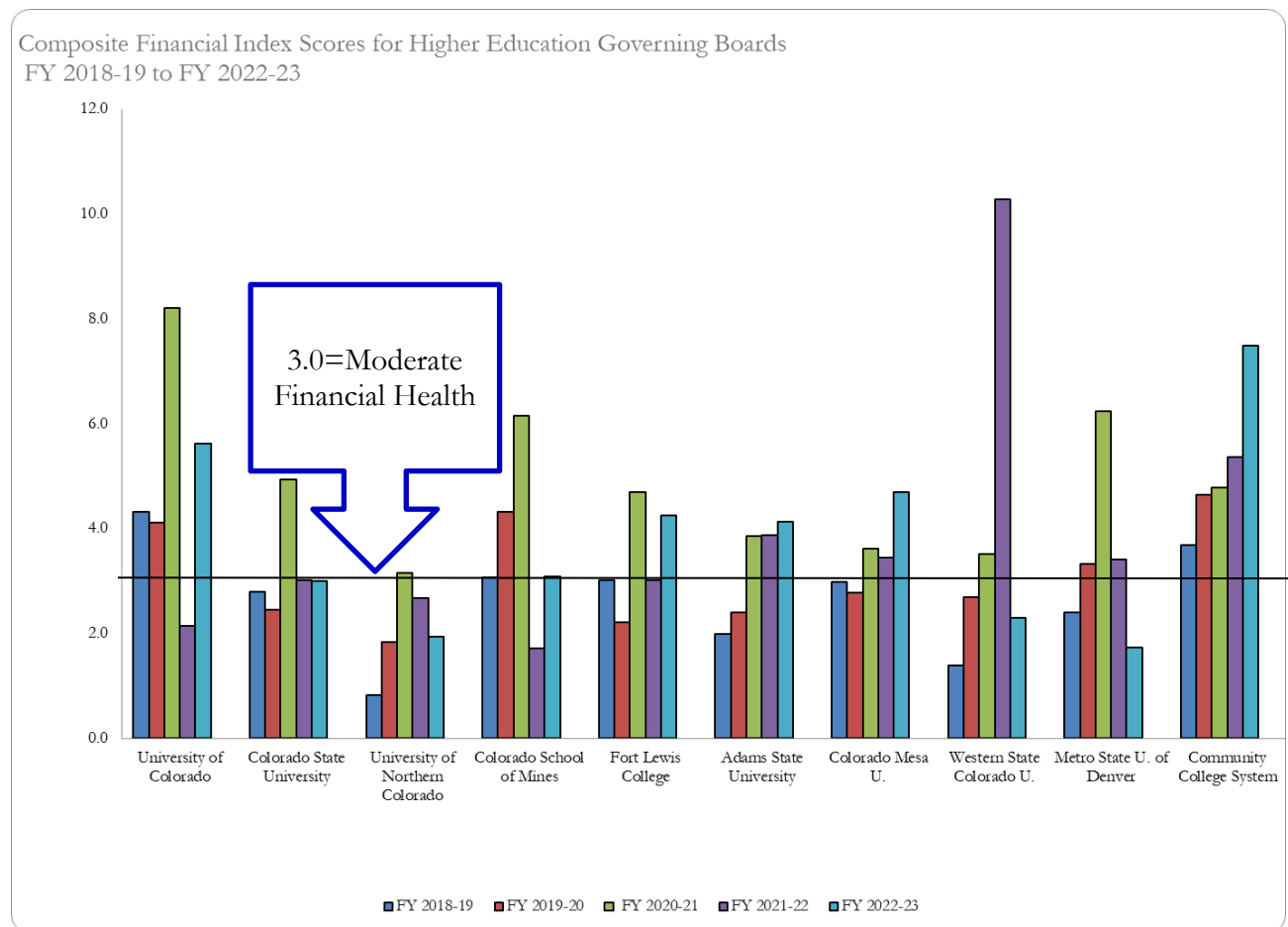
INSTITUTIONAL FINANCIAL HEALTH

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

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

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

As shown in the chart below, most institutions were in an extraordinarily strong financial position at the end of FY 2020-21 as reflected by the CFI, due primarily to the impact of one-time federal Higher Education Emergency Relief (HEERF) funds on their budgets, as well as other factors such as strong investment returns. By the end of FY 2021-22 this funding had been expended by most institutions, leaving them in a more typical and challenging financial situation. Some institutions that are typically stronger performers—the Colorado School of Mines and the University of Colorado—reflected sharper declines in FY 2021-22 due to stock market returns that affected both institutions’ net assets and non-operating revenues, while Western Colorado University looked far stronger due to the receipt of an \$80 million engineering building and other donations from philanthropist Paul Rady. By the end of FY 2022-23, most state institutions are in moderate financial health, with the exception of the University of Northern Colorado, Metropolitan State University of Denver, and Western Colorado University.



CREDIT RATINGS AND TREASURER REPORT: As part of S.B. 16-204, the Treasurer is required to provide an annual report on higher education institutions’ borrowing a debt profiles. The report notes that during the 2022 legislative session, the General Assembly enacted S.B. 22-121, which now permits all of the public higher education boards to pledge up to 100% of their tuition revenue to bond holders. As also reflected in the report, all of the institutions now have at least an “A” rating from ratings agencies. This includes Western Colorado University, which recently moved up from a “B”

category. Moody's ratings shown go from a high of Aa1 (the CU System) to a low of A3 (UNC, Western, Adams, Fort Lewis College).⁸

Changes in S.B. 22-121 were expected to reduce the institutions' borrowing costs by providing more pledged revenue. The changes may also allow for additional institutional indebtedness, which could present risks to the State. Among other factors, *the expanded pledge allowed greatly increases the pledged revenue to debt service ratios that serve as one of the statutory limits on the amounts institutions may borrow.* Based on data provided by the Treasurer's Office, **state institutions have outstanding principal and interest obligations of \$5.8 billion. This includes \$2.0 billion in obligations issued under the higher education revenue bond intercept program, which are issued based on the State's Aa2 rating, rather than the underlying bond rating of the institution.**

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

DEBT PROFILE AND CREDIT RATINGS					
	CREDIT RATING MOODY'S	TOTAL OUTSTANDING PRINCIPAL AND INTEREST (OBLIGATIONS)	PERCENT INTERCEPT DEBT (STATE- BACKED)*	TOTAL OBLIGATIONS/TOTAL ANNUAL REVENUE	ANNUAL PAYMENT/TOTAL ANNUAL REVENUE
U. of CO System	Aa1 (stable)	2,227,629,610	None	36.3%	2.1%
CO State U System	Aa3 (stable)	1,894,972,776	54.7%	104.9%	4.8%
U. Northern CO	A3 (stable)	167,301,358	95.9%	74.7%	4.8%
CO School of Mines	A1 (stable)	579,109,743	22.7%	139.0%	5.9%
Fort Lewis College	A3 (stable)	57,397,970	74.0%	58.0%	4.3%
Adams State University	A3 (stable)	86,873,678	87.2%	132.6%	6.3%
Colorado Mesa U	A2 (stable)	313,353,161	83.6%	152.0%	6.5%
Western CO U	A3 (stable)	119,312,372	96.3%	167.3%	10.1%
Metro State U	A1 (stable)	173,166,082	62.1%	59.3%	3.8%
Community College System	Aa3 (stable)	141,563,552	22.0%	16.4%	0.9%

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

Sources: Colorado Treasurer's 7th Annual Report on State Institutions of Higher Education (debt profile information) combined with annual revenue information provided by institutions as part of the Composite Financial Index calculation (adjusted to exclude the impact of pension and similar obligations).

⁸ <https://treasury.colorado.gov/sites/treasury/files/State%20of%20CO%20Office%20of%20the%20Treasurer%20-%20State%20Institutions%20of%20HE%20-%20Annual%20Report%20for%20FY2023-24%20-%202019-1-2023vF.pdf>

SUMMARY: FY 2023-24 APPROPRIATION & FY 2024-25 REQUEST

DEPARTMENT OF HIGHER EDUCATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2023-24 APPROPRIATION:						
FY 2023-24 Long Bill	5,798,810,576	1,502,218,202	3,082,301,297	1,187,840,403	26,450,674	26,753.9
Other legislation	55,137,818	53,582,341	370,140	1,185,337	0	4.8
TOTAL	\$5,853,948,394	\$1,555,800,543	\$3,082,671,437	\$1,189,025,740	\$26,450,674	26,758.7
FY 2024-25 REQUESTED APPROPRIATION:						
FY 2023-24 Appropriation	\$5,853,948,394	1,555,800,543	\$3,082,671,437	\$1,189,025,740	\$26,450,674	26,758.7
R1 State funding increase for higher education	73,238,766	41,228,791	0	32,009,975	0	0.0
R2 Tuition spending authority	107,951,229	0	107,951,229	0	0	0.0
R3 Fort Lewis Native American tuition waiver	(480,011)	(480,011)	0	0	0	0.0
R4 Dept of HiEd salary adjustment	145,770	145,770	0	0	0	0.0
HC1 Collections care and storage lease	500,000	500,000	0	0	0	0.0
HC2 Historic property affordable housing	102,840	102,840	0	0	0	0.9
HC3 250_150 Commission outreach	500,000	500,000	0	0	0	0.0
HC4 Adobe maintenance manager	104,351	104,351	0	0	0	0.9
HC5 Cumbres Toltec fire mitigation	500,000	500,000	0	0	0	0.0
HC6 Community museums	150,000	0	150,000	0	0	0.0
HC7 COP sequestration	44,817	0	44,817	0	0	0.0
HC8 Strategic initiatives spending authority	846,082	0	846,082	0	0	0.0
HC9 Indian boarding school research	333,333	333,333	0	0	0	2.0
Nonprioritized requests	113,171	73,921	39,250	0	0	0.0
AHEC spending authority	4,345,063	0	0	4,345,063	0	0.0
Depreciation Lease Equivalent	1,565,337	1,565,337	0	0	0	0.0
Colorado Geological Survey	135,765	37,471	98,294	0	0	0.0
Centrally appropriated line items	3,246,011	1,799,775	1,614,665	(550,737)	382,308	0.0
Annualize prior year legislation	(52,111,570)	(49,916,495)	(2,195,075)	0	0	(2.3)
Annualize prior year budget actions	(5,282,229)	(3,327,543)	(1,900,000)	0	(54,686)	(12.0)
TOTAL	\$5,989,897,119	\$1,548,968,083	\$3,189,320,699	\$1,224,830,041	\$26,778,296	26,748.2
INCREASE/(DECREASE)	\$135,948,725	(\$6,832,460)	\$106,649,262	\$35,804,301	\$327,622	(10.5)
Percentage Change	2.3%	(0.4%)	3.5%	3.0%	1.2%	(0.0%)

R1 STATE FUNDING INCREASE FOR HIGHER EDUCATION: The request includes an increase of \$41,228,791 General Fund for public higher education institutions and financial aid. This includes an increase of \$33,371,845 General Fund (2.9 percent) for the public institutions of higher education, including \$32,009,977 for stipends and fee-for-service contracts reappropriated to the ten state governing boards and \$1,361,868 for grants to local district colleges and area technical colleges. Consistent with statutory requirements for aligned funding increases, it also includes a total of

\$7,803,012 for financial aid, including \$3,803,012 General Fund for Need Based Grants and \$4,000,000 for the Colorado Opportunity Scholarship Initiative (COSI), as well as \$53,934 to increase stipends for students attending private institutions. The request also proposes that \$1.5 million of the increase for Need Based Grants and COSI be redirected to fund a financial aid program for homeless youth, if the JBC is willing to sponsor such legislation.

Funding for the institutions is allocated using the new funding formula established by H.B. 20-1366. The request uses solely the Performance section of the model, which compares institutions' performance changes over time with the performance changes of other institutions in eight areas: resident FTE enrollment, credential production, Pell eligible enrollment, underrepresented minority enrollment, retention rate, graduation rate in 100% of time, graduation rate in 150% of time, and first generation enrollment. This portion of the request incorporates base funding for the state institutions plus 2.9 percent and includes increases ranging from a low of 2.4 percent to a high of 4.0 percent by governing board from all components of the model. The local district colleges, and the area technical colleges receive the average increase of 2.9 percent.

The request leaves the College Opportunity Fund (COF) stipend at the current \$116 per credit hour or \$3,480 per year for a full time, full year (30 credit hour) student. All increases would be to fee-for-service contracts with the institutions.

The request indicates that funding for the governing boards is theory informed (intended to result in participation and completion of postsecondary education). It identifies the Colorado Opportunity Scholarship Initiative as a proven practice, given studies that show significantly better outcomes for COSI scholars.

R2 TUITION SPENDING AUTHORITY: The request is to limit resident undergraduate tuition increases to 2.0 percent. The request also assumes a 6.5 percent increase in nonresident tuition, although this does not reflect a limit. Based on these assumptions, the request includes an increase of \$108.0 million in cash funds spending authority for tuition revenue. JBC Staff anticipates that, consistent with statute and past practice, amounts in the FY 2024-25 Long Bill will be based on additional information about FY 2023-24 tuition revenue and FY 2024-25 enrollment estimates, as well as the final assumptions the Committee adopts about tuition rates. Tuition rate assumptions will be identified in Long Bill footnotes.

R3 FORT LEWIS NATIVE AMERICAN TUITION WAIVER: The request includes a decrease of \$480,011 General Fund (10.2 percent) for the Fort Lewis College Native American tuition waiver. This will bring total waiver payments to \$21,784,847 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. This figure is expected to be adjusted based on information received later in the fiscal year. JBC Staff notes that Fort Lewis College increased its nonresident tuition rate for FY 2024-25 by 5.5 percent, which is estimated to require \$1.1 million more in General Fund for the FY 2025-26 tuition waiver than would otherwise be required, since the waiver is paid in arrears.

ANNUALIZE PRIOR YEAR LEGISLATION The request includes a net reduction of \$52.1 million total funds, including \$49.9 million General Fund throughout the Department, to reflect the FY 2024-25 impact of bills passed in previous legislation sessions, summarized in the following table. Almost all of these bills are addressed, at least in part, in the budget sections addressed in this briefing packet. Note that the request does **not annualize the impact of S.B. 21-213 (Use of Increased Medicaid Match) for FY 2024-25**. This JBC was designed to provide General Fund savings in the amount of the enhanced federal Medicaid match available during the pandemic. The calculation is in arrears. **Staff's preliminary analysis is that annualizing this bill, as originally anticipated, will require \$9,848,974 General Fund for FY 2024-25 and an additional \$2,009,995 for FY 2025-26 to replace General Fund that was reduced due to the enhanced federal Medicaid match during the pandemic.** Governor's Office staff has indicated that this omission was deliberate.

ANNUALIZE PRIOR YEAR LEGISLATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
SB23-031 Improve Health-care Access Older Coloradans	\$1,165,428	\$1,165,428	\$0	\$0	\$0	0.0
HB23-1246 Support in-demand career workforce	(43,600,000)	(43,600,000)	0	0	0	0.0
HB23-1060 Updates to State Forest Service Tree Nursery	(5,577,575)	(5,382,500)	(195,075)	0	0	(1.5)
HB21-1317 Regulating Marijuana Concentrates	(2,000,000)	0	(2,000,000)	0	0	0.0
HB23-1244 Regional health connector	(1,500,000)	(1,500,000)	0	0	0	(0.8)
SB23-005 Forestry and wildfire mitigation workforce	(414,232)	(414,232)	0	0	0	0.0
SB23-149 Higher Ed Student Financial Aid for Youth Mentors	(100,000)	(100,000)	0	0	0	0.0
HB23-1237 Inclusive Language Emergency Situations	(77,009)	(77,009)	0	0	0	0.0
HB23-1220 Study Republican River	(8,182)	(8,182)	0	0	0	0.0
TOTAL	(\$52,111,570)	(\$49,916,495)	(\$2,195,075)	\$0	\$0	(2.3)

ISSUE: R1 STATE FUNDING INCREASE FOR HIGHER EDUCATION AND R2 TUITION SPENDING AUTHORITY

The FY 2024-25 higher education request includes a 2.9 percent increase in state support for the governing boards and aligned increases for financial aid at a cost of \$41.2 million General Fund. It also includes a proposed 2.0 percent cap on increases in resident undergraduate tuition.

SUMMARY

- The FY 2024-25 higher education request includes an average 2.9 percent increase in state support for the governing boards and financial aid at a cost of \$41.2 million General Fund. Funding is solely through the performance section of the model (known as “step 2”) and at the governing board level increases range from 2.4 to 4.0 percent.
- It also includes a proposed 2.0 percent cap on increases in resident undergraduate tuition. The request assumes that nonresident tuition rates will increase by 6.4 percent.
- The overall request, including General Fund and tuition, provides for a 3.8 percent weighted overall revenue increase, but is unlikely to play out to that level of increase at the governing board or institutional level, because some institutions (such as the community colleges) do not have access to much nonresident tuition, and even the institutions with more nonresident students may not be able to increase tuition at the level assumed.
- The financial aid portion of the request, which must increase in total at the same rate as funding for the governing boards, is allocated between Need Based Aid (\$3.8 million) and the Colorado Opportunity Scholarship Initiative (\$4.0 million). However the request also notes that the Governor’s Office would like \$1.5 million of the total \$7.8 million financial aid request set-aside for a bill for a scholarship for youth who have experienced homelessness in high school, which would be reduced proportionately from the Need-based Aid and COSI components.

DISCUSSION

BACKGROUND—STRUCTURE OF THE HIGHER EDUCATION FUNDING REQUEST

Due to statutory provisions and historic practice, annual operating funding⁹ requests for public higher education typically include the following core components:

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

⁹ Capital construction requests are addressed separately from the operating budget request, but higher education capital construction typically represents a large share of the overall capital construction budget.

supports most of the institutions' core educational operating expenses. Thus, the tuition authorized is typically related to the General Fund the General Assembly allocates. To-date, the General Assembly has only applied restrictions to tuition increases for Colorado resident undergraduate students.

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

GOVERNOR'S REQUEST FOR HIGHER EDUCATION INSTITUTIONS – R1 & R2

REQUEST R1 (STATE OPERATING FUNDING FOR HIGHER EDUCATION): The request includes an increase of \$41,228,791 General Fund for public higher education institutions and financial aid. As summarized in the table below, the request provides an average increase of 2.9 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. Staff notes that the request does not take into account the annualization of S.B. 21-213 (Use of Increased Medicaid Match), which staff anticipated would restore \$9.8 million General Fund in the base for the University of Colorado System in FY 2024-25.

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 23-24 APPROPRIATION) ¹	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	\$23,503,197	\$24,075,080	\$571,883	2.4%
Colorado Mesa University	44,685,411	45,947,940	1,262,529	2.8%
Metropolitan State University	93,227,346	96,587,371	3,360,025	3.6%
Western State Colorado University	20,178,587	20,966,288	787,701	3.9%
Colorado State University System	223,796,952	230,469,172	6,672,220	3.0%
Fort Lewis College	19,004,629	19,617,579	612,950	3.2%
University of Colorado System	305,518,922	314,782,786	9,263,864	3.0%
Colorado School of Mines	33,574,131	34,926,734	1,352,603	4.0%

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 23-24 APPROPRIATION) ¹	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
University of Northern Colorado	63,055,632	64,540,084	1,484,452	2.4%
Community College System	269,147,853	275,789,603	6,641,750	2.5%
Sub-total, State Governing Boards	1,095,692,660	1,127,702,637	32,009,977	2.9%
Colorado Mountain College	11,995,297	12,345,732	350,435	2.9%
Aims Community College	14,166,012	14,579,863	413,851	2.9%
Area Technical Colleges	20,455,069	21,052,651	597,582	2.9%
Total	\$1,142,309,038	\$1,175,680,883	\$33,371,845	2.9%
Financial aid programs aligned with funding for governing boards - total	267,094,931	274,897,943	7,803,012	2.9%
<u>Proposed allocation</u>				
<i>Need Based Grants</i>	<i>228,897,742</i>	<i>231,975,198</i>	<i>3,077,456</i>	<i>1.3%</i>
<i>COSI</i>	<i>10,000,000</i>	<i>13,225,556</i>	<i>3,225,556</i>	<i>32.3%</i>
<i>New leg: Homeless Youth F.A.</i>	<i>0</i>	<i>1,500,000</i>	<i>1,500,000</i>	<i>n/a</i>
Student stipends at private institutions aligned with public institutions	1,846,140	1,900,074	53,934	2.9%
Total	\$1,411,250,109	\$1,452,478,900	\$41,228,791	

¹The request did not include annualization of S.B. 21-213 (Use of Increased Medicaid Match). Once the additional federal Medicaid Match adjustment is fully eliminated, an estimated \$11,858,968 will need to be restored to the CU budget. The discount is applied one year in arrears, so continuation of the enhanced FMAP through at least part of FY 2023-24 will reduce the annualization required in FY 2024-25. Staff currently anticipates \$9,848,974 General Fund should be restored in the base (annualized) in FY 2024-25.

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

- Performance Funding
- Ongoing Additional Funding
- Temporary Additional Funding

The model as used in FY 2021-22 through FY 2023-24 included *Ongoing Additional Funding* and *Performance Funding* components. The Temporary Additional Funding option has not been used thus far, and the FY 2024-25 request does not include an Ongoing Additional Funding component.

Performance Funding: In the H.B. 20-1366 model, **most funding—including base funding—is expected to be allocated through the Performance Funding section of the model.** The performance funding portion of the model allocates funds over time based on an institution's change in performance. If an institution's performance has improved more (or decreased less) than the performance of other boards, its funding will increase. However, because the performance portion of the model uses multiple measures and averages over time, comparing a four year average (FY 2019-20 to FY 2022-23) to a three year average (FY 2019-20 to FY 2021-22), and is “calibrated” to existing funding levels, change is relatively slow and variation among the institutions is limited. Although the weights for different components can be modified by the General Assembly, they were set at the following levels in FY 2021-22, FY 2022-23, FY 2023-24, and the FY 2024-25 request.

PERFORMANCE FUNDING MODEL STATUTORY COMPONENTS	
CATEGORY	WEIGHT (DISCRETIONARY)
Resident Enrollment	10%
Credential Production	5%
Pell (Low Income) Enrollment	20%
Race/Ethnicity Enrollment	20%
Retention Rate	20%
Grad. Rate - 100%	10%
Grad Rate - 150%	10%
1st Generation Enrollment	5%
Total	100%

- As noted above, this portion of the model is designed to be **quite stable** and shift only gradually over time.
- Institutional requests have usually focused on this portion of the model as the vehicle for funding inflationary increases.
- Specialty education programs such as the medical school and veterinary school, and funding for the local district colleges and area technical colleges must increase by no less than the percentage funding increase for Step 2 of the model.
- The Executive Request puts **the entire request (2.9 percent) through the Performance Funding portion of the model.** This results in base increases ranging from 2.4 percent to 4.0 percent, depending upon the governing board.

Ongoing Additional Funding:

- **This portion of the model has not been used in the FY 2024-25 request.** However, if used, this enables the General Assembly to add funding in ways that focus on particular issues or higher education institutions, consistent with state Master Plan goals or other policy objectives, e.g., maintaining institutions in rural locations. Amounts that are added as Ongoing Additional Funding in one year become part of the next year’s base and are then allocated through the Performance

Funding section of the model. This portion of the model is **intended to be extremely flexible**. Statute includes one optional measure (distribution based on headcount of first-generation students) but does not mandate the use of any particular measure. Specialty education, local district and areas technical colleges are not required to receive increases that match the state governing board increases—but they may do so.

- For the last three years, the General Assembly has provided Ongoing Additional Funding, including \$41.8 million in FY 2021-22, \$50.0 million in FY 2022-23, and \$27.0 million in FY 23-24. Funding in all three years was equally allocated among five components related to first-generation students, underrepresented minorities, and low-income students (see Appendix A).
- Although the Governor’s request does not use this model component, and staff is uncertain whether the institutions will request it, **the Committee can consider using this portion of the model to address institutions’ overall financial viability, including addressing inflationary needs and enrollment trends for particular types of institutions**, as these components become more clear.¹⁰

The model submitted as part of the Executive Request is available at https://docs.google.com/spreadsheets/d/1tqw5JY_KnmYsUUSptvyeRSLX1ZU7pe5w/edit#gid=1677329541

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

Financial Aid Request: Statute at 23-3.3-103 (1), C.R.S. requires that “the annual appropriations for student financial assistance under this article [3.3] shall increase by at least the same percentage as the aggregate percentage increase of all general fund appropriations to institutions of higher education.”

This year’s request for a 2.9 percent increase for the governing boards, when aligned with base funding for the financial aid programs in Article 3.3, is associated with an increase of \$7,803,012 General Fund for financial aid. The request includes \$3.8 million for Need Based Grants and \$4.0 million for the Colorado Opportunity Scholarship Initiative. The request *also* proposes that the JBC sponsor legislation for a new initiative for financial aid for homeless youth. If the Committee is willing to include this in the Long Bill package, the request proposes that this \$1.5 million be proportionately reduced from the requests for Need-based Grants and COSI.

Because so much of this portion of the request, as submitted, is only peripherally related to core institutional support, these details are addressed after the discussion of R2 tuition increases.

REQUEST R2 (TUITION SPENDING AUTHORITY): The Executive request includes limiting resident undergraduate tuition increases to 2.0 percent, while assuming that nonresident tuition will increase across-the-board by 6.5 percent. Based on these assumptions, the request includes an increase of \$108.0 million in cash funds spending authority for tuition revenue. If approved, the limits on tuition

¹⁰ Some institutions take the position that any money allocated through this portion of the model should be directed solely to special projects or populations. However, staff does not view the statutory language as that restrictive, and money that is added into institutions’ education and general budgets through this model element cannot be easily segregated from other institutional expenses.

increases would be incorporated in Long bill footnotes that express the General Assembly's assumptions in setting tuition spending authority.

The table below shows the combined impact of the tuition assumptions included in the Governor's request and the proposed General Fund increase in R1. As shown, if **FY 2022-23 budget tuition assumptions were to hold and enrollment did not change, the request would provide for total increases from General Fund and tuition of 2.4 percent to 4.8 percent for FY 2024-25, depending upon the institution.**

IMPACT OF FY 25 GOVERNING BOARD FUNDING REQUEST WITH 2.0% RESIDENT & 6.4% NONRESIDENT TUITION INCREASE ¹									
BASE FY 2023-24 FUNDING					INCREASE WITH 2.0% RESIDENT AND 6.4% NONRESIDENT				
	GENERAL FUND	RESIDENT TUITION	NONRESIDENT TUITION	TOTAL	GENERAL FUND	RESIDENT TUITION	NONRESIDENT TUITION	TOTAL	% CHG
Adams	\$23,503,197	11,788,233	9,393,337	44,684,767	\$571,883	235,765	603,578	1,411,226	3.2%
Mesa	44,685,411	59,703,626	16,328,294	120,717,331	1,262,529	1,194,073	1,049,191	3,505,793	2.9%
Metro	93,227,346	94,363,959	10,312,026	197,903,331	3,360,025	1,887,279	662,610	5,909,914	3.0%
Western	20,178,587	12,174,838	11,005,711	43,359,136	787,701	243,497	707,183	1,738,381	4.0%
CSU System	223,796,952	237,096,077	306,225,890	767,118,919	6,672,220	4,741,922	19,676,851	31,090,993	4.1%
Fort Lewis	19,004,629	9,033,184	34,201,424	62,239,237	612,950	180,664	2,197,647	2,991,261	4.8%
CU System	305,518,922	549,547,942	707,955,185	1,563,022,050	9,263,864	10,990,959	45,490,368	65,745,191	4.2%
Mines	33,574,131	69,305,404	118,581,585	221,461,120	1,352,603	1,386,108	7,619,578	10,358,289	4.7%
UNC	63,055,632	52,725,554	18,417,698	134,198,884	1,484,452	1,054,511	1,183,448	3,722,411	2.8%
Community Colleges	269,147,853	261,810,295	25,041,014	555,999,162	6,641,750	5,236,206	1,609,035	13,486,991	2.4%
TOTAL	1,095,692,660	1,357,549,112	1,257,462,164	3,710,703,937	32,009,977	27,150,984	80,799,489	139,960,450	3.8%

¹Staff has calculated tuition increases based on the resident and nonresident tuition amounts assumed in FY 2023-24 based on JBC staff records. The Department's request appears to reflect some differences, resulting in a somewhat lower total estimated impact from the policy outlined; staff has adjusted by including a 6.4 percent, rather than 6.5 percent tuition increase to more closely approximate the request.

It is important to note that FY 2023-24 tuition estimates will change from those in the FY 2023-24 Long Bill and that FY 2024-25 enrollment will not be flat. However, at this stage in the year, better figures are not available. Staff will present revised estimates as part of the figure setting process.

JBC STAFF OBSERVATIONS ABOUT THE R1&R2 REQUESTS FOR INSTITUTIONS

BASE CORE MINIMUM COST ESTIMATES/ BLENDED INFLATIONARY RATE CALCULATION

The institutions—and sometimes the Department—have typically included a “base core minimum cost estimate” model to attempt to show how state level policy decisions and inflationary expectations affect the institutions' need for General Fund and tuition increases. The calculation was not included in this year's request from the Governor. However, the institutions presented a version to the JBC during a roundtable discussion, and staff believes that a base core minimum cost estimate likely informed the overall cost increase assumed in R1 and R2. The calculation below is close to what the institutions presented in September.

The concept is as follows:

- 1 Use using recent actual Education & General data, identify the *portion* of costs attributable to salary versus benefits versus all other costs.
- 2 Apply an inflationary adjustment to each cost component, including:
 - a. the statewide salary increase requested/approved by the General Assembly: 3.0 percent across-the-board, as proposed this year plus, potentially, the request for Colorado WINS step increases/equivalent increases for other staff—currently proposed at 3.7 percent, but not included in the calculation below at this point
 - b. an estimated increase for benefits costs: 5.0 percent has been used in recent years, although the statewide increases have been greater—the current Executive request includes an increase of 10.0 percent for health insurance and 12.4 percent for benefits overall
 - c. apply the most recent calendar year CPI inflationary adjustment to the balance of costs: 4.9 percent is based on the Legislative Council Staff CY 2023 forecast
- 3 The result is a blended inflationary rate estimate of 3.8 percent. As reflected in the preceding table, this aligns—also roughly—with the overall increase in General Fund, resident, and nonresident tuition included in the Governor’s request. Staff assumes that these assumptions will increase, to the extent the institutions attempt to align with the Executive request for other state departments. Institutions previously estimated that the Colorado WINS agreement would add about \$53.4 million to their inflationary needs (above the \$142.1 million below)

PRELIMINARY BLENDED INFLATIONARY RATE ESTIMATE ("BASE CORE MINIMUM COSTS")				
	FY 2023-24 BASE		NOTES	EST. FY 2024-25 INCREASE NEEDED
General Fund + Resident & Nonresident Tuition, FY 2023-24 Long Bill	<u>\$3,710,703,937</u>	3.8%	Blended Rate	<u>\$142,075,432</u>
<i>Components, based on prior year Budget Data Book Actual Data</i>				
Salary (57%)	2,126,233,356	3.0%	Does not include Colorado WINS “step” adjustments	63,787,001
Benefits (18%)	649,373,189	5.0%		32,468,659
Other (25%)	935,097,392	4.9%	CY 2023 Estimated Inflation	45,819,772

WHO PAYS FOR INFLATIONARY INCREASES?

Staff believes the “base core minimum” concept is helpful as a reminder that institutions face real inflationary pressures, like every other component of state government. However, at the governing board and institutional level, individual entities have vastly different fund source mixes, as reflected in the table below.

	STATEWIDE FY 2023-24 LONG BILL ESTIMATES	%	FY 2022-23 CU BOULDER ACTUAL		FY 2022-23 FRONT RANGE COM. COLLEGE ACTUAL
Total	<u>\$3,717,370,675</u>		<u>\$933,819,758</u>		<u>\$110,182,810</u>
General Fund	1,102,359,398	29.7%	101,443,146	10.9%	45,113,338 40.9%
Resident Tuition	1,357,549,112	36.5%	267,833,190	28.7%	57,472,346 52.2%
Nonresident Tuition	1,257,462,164	33.8%	564,543,422	60.5%	7,597,126 6.9%

Source: Budget Data Books; excludes indirect cost recoveries and transfers

The institutional approach in prior years (and the September 2023 presentation to the JBC) included:

- 4 Estimate resident tuition using whatever “cap” the General Assembly wishes to apply (e.g., 2.0 percent);
- 5 Estimate nonresident tuition using the same “cap”—or some other figure based on a rough estimate of what the market will bear;
- 6 Ask the General Assembly to cover the balance in order to maintain the capped amount on resident tuition.

Two alternative ways to think about this:

- Assume nonresident tuition revenue will be increased to cover any difference between available General Fund and resident tuition. This is not explicitly stated but *appears to be the assumption in the Governor’s request*.

COVERING "BASE CORE MINIMUM" - TUITION FROM REQUEST		
		(million \$s)
A	Total inflation needed	\$142.1
B	Less - Res. Tuition increase at 2.0%	(27.2)
C	Less - Non-res Tuition Increase at 6.4%	<u>(80.8)</u>
D	General Fund need (A-B-C)	\$34.1

- Do not consider nonresident students or nonresident tuition when considering tuition increases allowed for resident students or General Fund need. Staff acknowledges that institutions are trying to manage their overall budgets, which in some cases rely heavily on nonresident tuition, but staff suggests that the General Assembly’s focus should remain on resident students. This is in large part because staff remains most concerned about the institutions that do *not* have significant nonresident tuition—institutions like the community colleges and Metropolitan State University of Denver. If the General Assembly focused solely on resident students, it would be trying to cover an inflationary need of \$93.5 million across resident tuition and General Fund (a 3.8% increase), balancing between General Fund and resident tuition, with each 1.0 percent of resident tuition increase capable of offsetting \$13.6 million of General Fund otherwise required.

Because of these vastly different fund source mixes—and many other complicating factors described below—it is important to remember that **the “base core minimum cost” calculation is simply a model that the institutions (and sometimes the Governor’s Office) use to make an “ask” of the General Assembly, and components of the model are adjusted based on a range of considerations, including—for both the Governor’s Office and the institutions—what these entities believe the General Assembly might reasonably be able to provide given budget constraints.**

CONSIDERATIONS

- **Every 1.0 percent increase in General Fund support for the institutions, including aligned financial aid, costs approximately \$14.1 million** (a figure that is now very close to the revenue generated by a 1.0 percent increase in resident tuition). In the last few years, the General Assembly has added substantial additional support, including increases of 11.5 percent in FY 2023-24, 11.4 percent for FY 2022-23, and 9.6 percent for FY 2021-22 (after restoration to FY 2019-20 funding levels). State support increased by 48.5 percent from FY 2017-18 to FY 2022-23, the second

highest growth in the nation.¹¹ Meanwhile, between FY 2019-20 and FY 2022-23 resident student enrollment fell by 9.0 percent for the state-operated governing boards and 8.5 percent across all public institutions.

- **Institutions face a complex array of factors affecting revenue and have a variety of tools for managing expenditures. Many of these components are outside of the General Assembly's control.** For example, while the tables above include nonresident and graduate tuition and make related assumptions about these tuition rates, the General Assembly has not generally chosen to control these revenue components.
- **Institutions' actual total revenue growth in FY 2024-25 will be heavily affected by enrollment growth and decline, including growth and decline for particular categories of students (e.g., nonresident versus resident).** These factors often have a far greater impact on total institutional revenue than tuition rates or state General Fund support changes. Such adjustments are not part of the calculations at this stage. Staff notes that *at this stage in the process last year, institutional estimates suggested that a 4.0 percent increase would generate \$52.9 million in resident tuition. However, once enrollment changes were incorporated (for FY 2023-24 figure setting), a 5.0 percent increase was only expected to generate \$33.7 million in additional resident tuition statewide.*
- **While institutions face inflationary pressures similar to the rest of state government, they have some flexibility in how they respond to those pressures.** Even if the General Assembly adds 5.0 percent for salary increases, non-classified staff might receive no increases or 10.0 percent increases, depending upon enrollment trends and other factors. Institutions are required to comply with salary requirements for classified staff, but classified staff represent less than 10.0 percent of institutional employees.
- **Ultimately, institutions will ensure that their expenditures align with their revenue.** Staff believes it is appropriate to recognize inflationary pressures on institutional budgets but also recognizes that the General Assembly will not be able to fully compensate for some trends, like declining enrollment, and institutions may need to do some related retrenching.

OTHER OBSERVATIONS ABOUT STATE SUPPORT FOR HIGHER EDUCATION

COLORADO SUPPORT FOR HIGHER EDUCATION IS STILL LOW

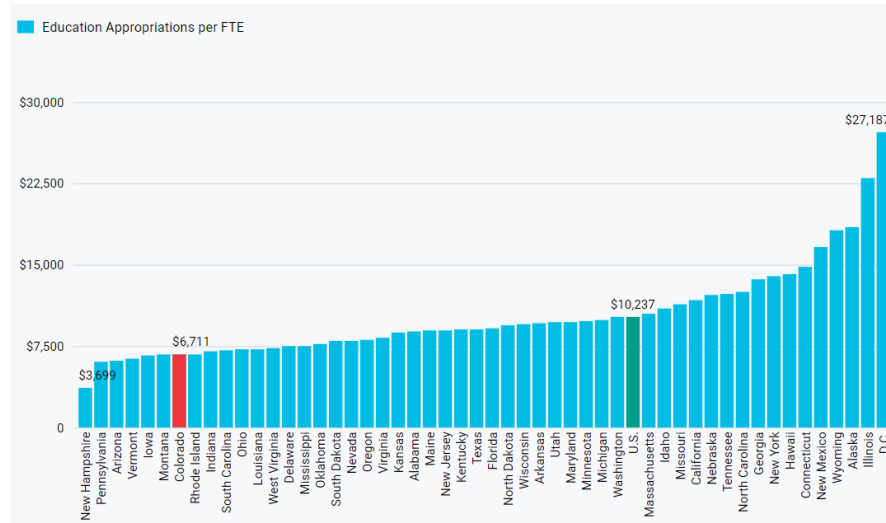
Colorado has made significant strides in funding for higher education: between FY 2020-21 and FY 2021-22, it moved from next-to-last to 7th lowest per student FTE among states. Given further state funding increases in FY 2022-23 and FY 2023-24, it has likely made further progress. Nonetheless, Colorado is still a low-state-support state and has been for decades. As reflected in the charts below from the *State Higher Education Finance Report* (SHEF) prepared by the State Higher Education Officer's Association¹², in FY 2021-22, Colorado provided funding of **\$6,711 per student FTE** using the SHEF methodology. To get to the U.S. average in FY 2021-22 of \$10,237 per student FTE, Colorado would

¹¹ SHEEO Grapevine Report, 2023, Table 2: Five-Year Percentage Changes in State Fiscal Support for Higher Education, https://shef.sheeo.org/grapevine/?report_page=data-tables#national-tables

¹² All charts and data at: <https://shef.sheeo.org/>

have needed to increase funding by 52.5 percent.¹³ Even with increases over the last two years, staff still assumes Colorado is well below the national average.¹⁴

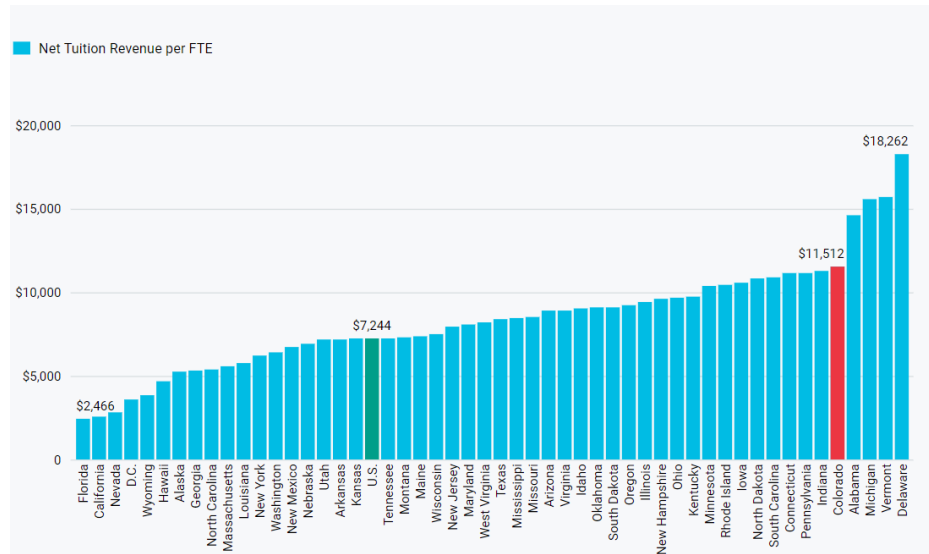
PUBLIC HIGHER EDUCATION APPROPRIATIONS PER FTE BY STATE FY 2022



Source: SHEF Report, FY 2022

To compensate for low state support, public institutions rely heavily on net tuition revenue, with **average net tuition revenue**¹⁵ of **\$11,512 per student FTE**. Some of this is derived from nonresident students.

PUBLIC HIGHER EDUCATION NET TUITION REVENUE PER FTE BY STATE FY 2022



Source: SHEF Report, FY 2022

¹³ Colorado does, however, provide more support for financial aid than many other states.

¹⁴ Nationwide, state support for higher education increased by 6.6 percent in FY 2022-23, while FY 2023-24 increases have not yet been reported nationally; Colorado support increased 11.5 percent in FY 2022-23 and a further 11.4 percent in FY 2023-24.

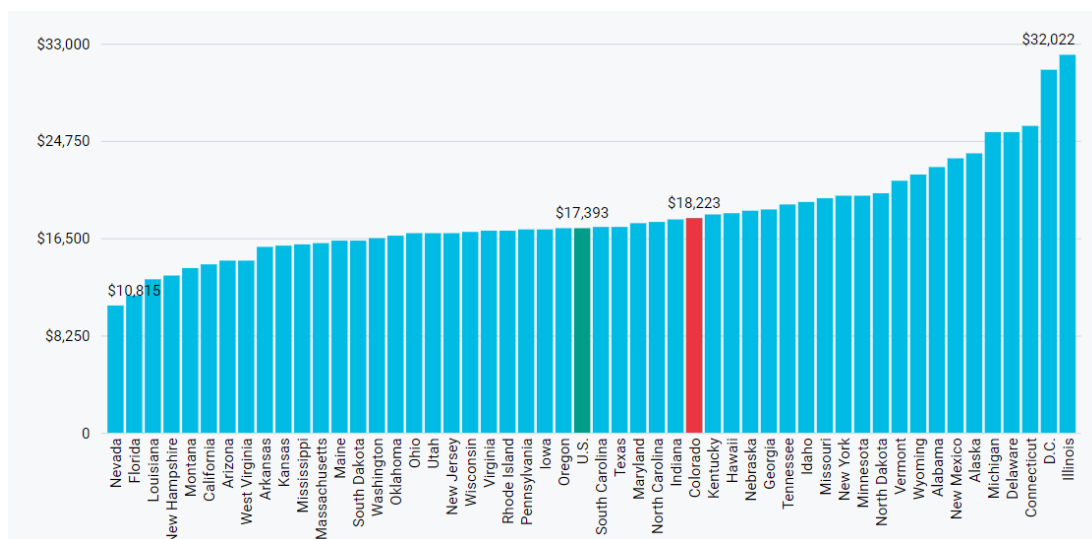
¹⁵ Calculated by SHEO as gross tuition and fees less state and institutional financial aid, tuition waivers or discounts, and medical student tuition and fees.

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.**¹⁶

COST-EFFICIENCY OF COLORADO INSTITUTIONS AND HIGHER EDUCATION SYSTEM

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

PUBLIC HIGHER EDUCATION TOTAL EDUCATION REVENUE PER FTE BY STATE, FY 2022



Source: SHEF Report, FY 2022

R1 FINANCIAL AID – PROPOSED USE OF FUNDS

As described above, this year's request for a 2.9 percent increase for the governing boards, when aligned with base funding for the financial aid programs in Article 3.3, is associated with an increase

¹⁶ 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.

of \$7,803,012 General Fund for financial aid. The request as submitted under current law includes two components:

- \$3,803,012 General Fund for Need-based Grants; and
- \$4,000,000 General Fund for the Colorado Opportunity Scholarship Initiative (COSI).
- The request *also* proposes that the JBC sponsor legislation for a new initiative for financial aid for homeless youth. If the Committee is willing to include this in the Long Bill package, *the request proposes that this \$1.5 million be proportionately reduced from the requests for Need-based Grants and COSI.*

NEED BASED GRANTS: Need Based Grant funding is the largest single component of Colorado's financial aid programs. The line item received an appropriation of \$228,912,251 in FY 2023-24.

Colorado Need Based Grants are provided for full-time and part-time graduate and undergraduate students with demonstrated financial need attending eligible institutions in Colorado, which include some private institutions. Most funds are distributed as "Colorado Student Grants" for undergraduates at public institutions.

Determining Need: Financial need is determined by the formula of [cost of attendance] – [estimated family contribution (now the student aid index)] = need. The federal Pell grant formula determines the student aid index and thus the amount the family or student is expected to contribute before any aid (including low interest subsidized federal loans) can be offered. The State Auditor's Office confirms that need-based aid, including both state and federal need-based aid, has been authorized consistent with this formula. The majority of resident students at Colorado public institutions qualify as having some amount of financial need.

Allocations to Institutions: Pursuant to Section 23-3.3-102, C.R.S., CCHE is responsible for determining the allocation of financial aid among the institutions. However, public institutions are authorized to administer their financial assistance program according to policies and procedures established by their governing boards. According to CCHE, some public institutions' need-based aid policies authorize use of state-funded need based aid for individuals with estimated family contribution of up to 150 percent of Pell-grant eligibility. In FY 2022-23, 53,813 students (41.6 percent of resident undergraduate student FTE) received undergraduate state need based grants at an average rate of \$3,504.

The CCHE's current formula for allocating need-based aid is based on the number of Pell-eligible, in state, at least 0.5-time student FTE at each institution, with amounts increasing for each grade level. The formula provides an increasing level of funding depending upon whether the student is a freshman, sophomore, junior, etc., to incentivize institutions in their efforts to retain students.

COLORADO OPPORTUNITY SCHOLARSHIP INITIATIVE: The Colorado Opportunity Scholarship Initiative (COSI), created in H.B. 14-1384, promotes public/private partnerships to fund scholarships and support services for gifted low-income students who might not otherwise pursue or complete higher education. The Initiative operates under the oversight of the COSI Board. Primary programs include:

- *A Matching Student Scholarship program* through which local programs distribute scholarships to Colorado students who attend Colorado public institutions of higher education. Scholarship program partners provide over 6,000 students scholarships each year averaging approximately

\$2,000 per student per year in state and local funds, typically based on a 1:1 match rate. COSI awarded \$7.5 million in scholarship program grants in FY 2022-23.

- A *Community Partner Program* through which COSI provides multi-year funding toward programs that help prepare students for postsecondary education, as well as support them through completion. Annually approximately 20 postsecondary programs and 40 rural high school programs are supported with awards starting at \$75,000 to serve 1:150 counselor to student ratio. Approximately 11,000 students are served annually with wraparound support programming. COSI provided annual funding of \$2.5 million for Partner Program grants in FY 2022-23.

Annual state funding was increased from \$7.0 to \$10.0 million General Fund in FY 2023-24. In response to staff questions, the Department reported that, with \$1.5 million of the new funds, COSI launched a grant program titled Career Launch, which focuses on supporting the workforce needs outlined in the CCHE Strategic Plan and the Talent Pipeline Report. The remaining funds will be used to support the Community Partner Program Pre-Collegiate and Postsecondary programs. *COSI has not thus far indicated how the additional \$4.0 million requested would be targeted, including how much would be directed to matching scholarships as opposed to student support services.*

PROPOSAL FOR LEGISLATION FOR HOMELESS YOUTH: The Department requests that the Committee sponsor legislation to cover the full cost of attendance for youth who are homeless at the point they graduate from high school. In response to Staff questions the Department describes the program as providing and building on the structure for supporting foster youth that was authorized in S.B. 22-008 (Higher Education Support for Foster Youth; Sens. Zenzinger & Priola and Reps. McLachlan & McKean). This includes:

- State and higher education institutions share the cost of covering “last dollar” scholarships to cover the full cost of attendance (including room and board) for youth who were previously homeless;
- The State adds 2.0 FTE, including 1.0 FTE to add to the Department’s existing staff of regional foster care navigators and 1.0 new finance/accounting position to manage back-office accounting and related tasks associated with both programs;
- Scholarship costs are estimated consistent with the costs for the foster care scholarship program.¹⁷ Estimates are as follows:
 - In the years prior to the pandemic, about 2,000 high school seniors per year were classified as homeless under McKinney-Vento. There was a large decrease during the pandemic, though the numbers are slowly recovering. (Staff note: the Department of Education reports 1,620 homeless youth graduated in 2022.)
 - The college going rate and completion rate of this population is very poor, so the Department used assumptions aligning with foster youth assumptions, i.e., 15 percent of these students, or 300 (2,000 x 15%) would enroll.
 - For financial aid estimates, the Department used a \$10,000 average award estimate based on actual Foster Care scholarship awards.
 - Similarly to the Foster Care program, the proposed program is last dollar and would be covered 50 percent by higher education institutions and 50 percent by the state.

¹⁷ Based on preliminary figures, this program is serving 171 students in fall 2023. The original fiscal note for the bill estimated 614. The bill added an appropriation of \$2.6 million General Fund and 4.0 department FTE.

- Using these assumptions, the Department calculated the cost of the program to the state not including personnel as: $300 \text{ students} \times \$10,000/\text{student} = \$3,000,000 \times 50\% = \$1,500,000$.

JBC Staff is supportive of this initiative conceptually but anticipates that further work will be required to refine details and the fiscal note. Research on the number and characteristics of runaway and homeless youth is limited, but what data exists indicates that children and youth who are homeless often have a history of abuse, neglect, and family instability and have poorer educational outcomes due to housing disruption.¹⁸ There is clearly overlap between youth in the foster care system and those who are homeless, but homeless youth may be even more difficult to assist if they are disconnected from governmental services and supports. The Department indicates that it is not aware of a similar higher education initiative in another state, and JBC Staff has not thus far found useful data or studies. Nonetheless, it seems likely that helping even a small share of this population could be valuable for the affected youth and society at large.

The above said, if the JBC (or other legislators) wish to pursue this initiative, more work will be required to refine definitions and improve cost estimates. For example, there is apparently no common national definition for this population. Further: (1) participation in the foster education program is not yet at the level forecasted; and (2) the cost for the foster student program assumed that state and institutional fund would wrap around both typical state and federal financial aid and \$5,000 per student from the federal Education and Training Voucher Program, but Staff is uncertain whether this additional \$5,000 will be available for the homeless youth population.

¹⁸ <https://nche.ed.gov/wp-content/uploads/2023/05/AnnotatedResearchSummaryReport-2023.pdf> Youth who are on the street also appear to disproportionately suffer from mental health and substance abuse issues and are at risk of human trafficking; staff does not know to what extent those in more extreme circumstances will be able to make effective use of this program.

ATTACHMENT: 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 (SECTIONS 23-18-301 THROUGH 306, C.R.S.)

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:

- Performance funding;
- Ongoing additional funding;
- Temporary additional funding.

Performance funding 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. This portion of the model includes all base funding for the institutions as well as any desired increases or decreases to the overall base.

STATUTORY PERFORMANCE FUNDING METRICS

- 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 2022-23) 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 2018-19 to FY 2020-21)			
	100	500	900	1,500
3	Average enrollment over 4 actual years (FY 2018-19 to FY 2021-22)			
	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 2022-23 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 2023-24			
	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.

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

- The statute 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.

Temporary additional funding 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. This component has not been used thus far.

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.

In the H.B. 20-1366 model (different from the prior 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.

Colorado Opportunity Fund Student Stipends: In a change from the prior model, 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, after funding is allocated to the boards, the JBC is to determine a share of the total that can be allocated as stipends, and the balance is incorporated into institutional “fee-for-service” contracts.

Process: 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.

- 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, was to 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. The Department submitted a memo dated June 6, 2022 from the Colorado Commission on Higher Education that proposed to delay the submission until 2023. Staff's understanding is that the Commission now plans to delay any changes until the full model is reviewed.
- The model is to be reviewed every five years beginning in 2026. By November 1, 2026 and by November 1 every five years thereafter, the Commission is required to submit a report to the Governor, the JBC, the General Assembly and the Education Committees containing proposed changes to the funding formula and any recommendations for legislative changes.

How Was the Model Expected to be Used? How Has it Been Used?

- Based on copies of the model provided to legislative staff working on the bill, staff anticipated that the largest share of funding would be allocated through the **performance funding portion** of the model. Under most circumstances, funding shares will change over time, but only gradually, so this section of the model supports institutions' base funding needs. The institutions have typically included inflationary adjustments in requests for the performance funding portion of the model. **While the model appears is focused on funding increases, it can be used for decreases**, as the total funding allocated in the performance section of the model can be reduced below the existing base.
- 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 and address individual institution needs.

The model has been used largely as expected thus far for increases:

- For FY 2021-22, the Joint Budget Committee used a version of the funding model that directed all base funding and a 4.7 percent increase in funding through the Performance portion of the model. It also directed a 4.9 percent increase (\$41.8 million) through the Ongoing Additional Funding section.
- For FY 2022-23, the JBC used a model that directed all base funding and a 6.0 percent increase through the Performance portion of the model and an additional 5.4 percent (\$50.0 million) from the Ongoing Additional Funding section.
- For FY 2023-24, the JBC used a model that directed all base funding and a 8.3 percent increase through the Performance portion of the model and an additional 2.6 percent (\$27.0 million) through the Ongoing Additional Funding section

In all three years, the following components were included in Ongoing Additional Funding in the percentages shown.

ONGOING ADDITIONAL FUNDING COMPONENTS (ALL DISCRETIONARY)	
CATEGORY	WEIGHT
First-generation student FTE	20%
First-generation student headcount (described in statute)	20%
URM Race/Ethnicity headcount calibrated to GF Share	20%
Pell (low income) headcount calibrated to GF Share	20%
Retention of underrepresented minority students	20%
Total	100%

Outcome Results

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". Performance Results for Fall 2022 – Funding Model Data

The table below shows the raw 4 year average data (FY 2018-19 through FY 2021-22) used for the prior year model. This is helpful for understanding characteristics of the governing boards. For example, it shows which institutions serve the most resident students who are Pell-eligible, underrepresented minorities, and "first generation" students (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. The data also show the relatively poor graduation rates at almost all institutions, including those that serve more affluent traditional students.

4 year averages for Performance FY 2018-19 to FY 2021-22										
	Adams	Mesa	Metro	Western	CSU System	FLC	CU System	Mines	UNC	CCCS
Resident Enrollment	1,520	6,357	13,388	1,596	19,247	1,305	36,895	3,640	6,586	44,627
Credential Production	588	2,046	3,398	364	5,830	328	11,566	1,070	2,405	19,522
PELL	41.4%	34.0%	40.6%	21.4%	27.7%	30.7%	29.7%	21.5%	31.1%	29.6%
Race/Ethnicity	43.2%	25.6%	41.2%	25.8%	24.1%	26.2%	25.2%	15.8%	27.9%	34.1%
Retention Rate	57.9%	73.9%	64.0%	68.8%	82.2%	61.5%	81.5%	91.7%	70.9%	56.0%
Grad. Rate - 100%	17.8%	9.8%	31.9%	27.3%	43.3%	23.2%	41.2%	63.3%	19.8%	22.3%
Grad. Rate - 150%	33.1%	29.5%	50.8%	49.4%	65.7%	43.2%	63.6%	82.6%	35.9%	30.3%
1st Generation*	523	3,810	9,982	353	6,001	562	10,362	655	2,925	35,523

*1st Generation data is based on 2022 headcount only, due to data limitations

The following chart shows how institutions' performance changed in comparison to other institutions in FY 2021-22. It uses the performance model to show how the higher education governing boards performed once the impact of budget "calibration" is excluded, i.e., if funding were related solely to each institution's performance against itself in comparison to the performance of other governing boards, using 4 year performance through 2022 versus 3 year performance through 2021. The table was created as if funding for all the institutions were equal in FY 2022-23 and thus each of the ten governing boards would receive 10.0% of total funding if their performance was equal. In this scenario, once performance is incorporated into the FY 2023-24 model, Adams State University would receive 10.04 percent of funding (an improvement of 0.04 percent), Colorado School of Mines would receive 0.10 percent of funding (an improvement of 0.10 percent), and the community college system would receive 9.89 percent (a reduction of 0.11 percent of funding).

FY 2023-24 Performance Model Results WITHOUT Calibration to Current Budget											
Weights		Adams	Mesa	Metro	Western	CSU System	FLC	CU System	Mines	UNC	CCCS
10.0%	Resident Enrollment	10.14%	10.03%	9.73%	10.25%	9.89%	9.97%	10.01%	10.35%	9.70%	9.92%
5.0%	Credential Production	9.98%	9.83%	10.02%	10.26%	9.95%	9.88%	10.06%	10.42%	9.80%	9.81%
20.0%	PELL	9.86%	10.06%	10.07%	9.52%	10.18%	10.14%	10.03%	10.10%	10.16%	9.88%
20.0%	Race/Ethnicity	9.86%	9.77%	9.99%	10.61%	9.82%	10.14%	9.88%	10.12%	9.96%	9.86%
20.0%	Retention Rate	10.11%	9.95%	9.97%	10.27%	10.06%	9.65%	10.08%	10.01%	9.95%	9.94%
10.0%	Grad. Rate - 100%	10.51%	10.05%	10.06%	9.92%	9.74%	10.32%	9.88%	9.84%	9.83%	9.84%
10.0%	Grad. Rate - 150%	9.98%	9.97%	10.01%	9.83%	9.92%	10.10%	10.02%	9.97%	10.19%	10.00%
5.0%	1st Generation	10.26%	10.15%	9.76%	10.26%	9.76%	10.26%	9.76%	10.26%	9.76%	9.76%
	Weighted Total	10.04%	9.96%	9.98%	10.11%	9.95%	10.03%	9.98%	10.10%	9.96%	9.89%

ISSUE: UPDATE ON INCREASING AWARENESS ABOUT FINANCIAL AID AND DEVELOPING A COLORADO PROMISE PROGRAM

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. The Department of Higher Education has begun work with higher education institutions to identify unified statewide facts and messaging about the cost of college for low-income 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, resulting in over \$43 million in federal funding “left on the table”.
- Low income first-time students attending full time at most 4 year institutions, or part time at community college, typically pay no tuition or general fees at any Colorado public institution, due to *existing* financial aid. Most students, families, and even K-12 school personnel are unaware of this.
- In FY 2023-24, the JBC and General Assembly added a two year term-limited position in the Department of Higher Education to work with institutions to develop consistent statewide facts and messaging about this. Staff sees this as a first, critical, step toward building a statewide “promise” program through which institutions and the State collaborate to ensure that students from low-income households understand that postsecondary education is a realistic option.
- The State can probably promise tuition-free college to first-time students with adjusted gross incomes as high as \$65,000 at little or no additional cost, depending upon how the program is structured.
- The Department has now hired a staff person to work on this issue. Staff is hopeful that, with close collaboration with the higher education institutions, the State will be able to develop an accurate and clear “free college” message targeted to current K-12 students that can endure over the long-term.

DISCUSSION

FY 2023-24 REQUEST FOR INFORMATION & INTERIM REPORT

In FY 2023-24, the JBC added funding for a two year term-limited position in the Department of Higher Education and added the following Request for Information.

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

- (1) Convene a workgroup to help and inform the college affordability project described below. This should include representatives from postsecondary institutions, K-12 institutions, parents, students, community organizations, and other interested parties.
- (2) Solicit financial aid and other data from higher education institutions, and convene higher education enrollment managers, financial aid managers, and other higher education leaders and financial aid experts to identify clear, consistent, and factually accurate information that describes the tuition and fees low income students pay at public institutions of higher education. This should include identifying which students pay no tuition or fees and should, at a minimum, apply to first-time students who are eligible for federal financial assistance. Information should be related to family income levels and familiar public benefits, such as Medicaid or food assistance, rather than the technical terminology used by financial aid professionals.
- (3) Work with institutions to identify changes to institutional financial aid policies that would further clarify such a message and, if relevant, determine the additional state funding that would be required to support changes to financial aid policies and thus strengthen the statewide message.
- (4) Solicit input from students, parents, K-12 leaders, high school counselors, community organizations, postsecondary enrollment managers, public relations professionals, and other interested individuals to combine the information gathered under paragraphs (2) and (3) to identify the affordability message that students and families believe will be most effective, as well as to help identify the best mechanisms for disseminating this information.
- (5) Develop a statewide affordability messaging toolkit for use by K-12 staff, as well as post-secondary institutions, community organizations, and other interested parties, that can be used over time across the state to further a common statewide understanding of college affordability.

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

The Department of Higher Education submitted the requested November 1, 2023 update. The full response is attached, but key points include the following:

- The report concurs that *perception* about college costs is a problem that needs to be addressed for reasons that are described in more detail below. It cites a 2023 Hanover Research survey of students, parents, and high school counselors in Colorado that found that one of the greatest barriers for low-income students to pursue a postsecondary education was a misperception around Colorado higher education affordability.
- CDHE has successfully hired a new Policy Analyst to help develop and disseminate the Colorado Affordability Message. The core functions of the role were created directly based off the JBC Request for Information (RFI). The Department has proposed a timeline for the work, structured around the two-year timeframe. The tasks closely follow the JBC's RFI.

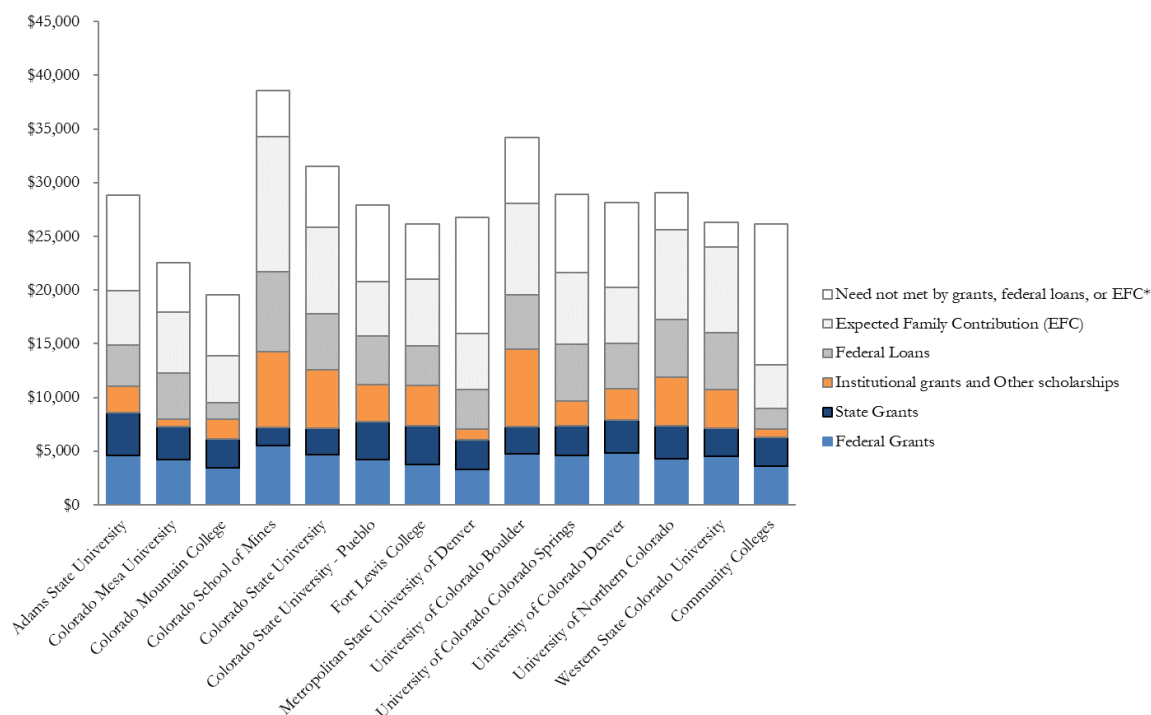
JBC Staff has met with the new Policy Analyst, who has a strong background for this type of work, including substantial experience working in enrollment and financial aid at the institutional level. This is a good place to start.

WHY DO THIS? THE COLLEGE AFFORDABILITY PROBLEM: REAL AND PERCEIVED

The Real Affordability Problem: Cost of Attendance. The cost of college represents a real obstacle for low and middle-income students. In real (inflation adjusted) dollars, posted tuition and fees for resident students have remained flat (or even declined) in the last few years at some of Colorado's largest public institutions. However, the full cost of attendance for students also includes the cost of housing, food, transportation and incidentals. When these costs are included, even the costs of a community college can be daunting.

As shown in the chart, while federal, state, and institutional grants cover a significant portion of costs for students with financial need, many costs must be addressed by federal loans, and the largest share of costs is borne by students and their families. Federal formulas assume that students and families will cover a portion of educational costs (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 2021-22



To work on the real affordability problem requires significant investments in financial aid, as well as spending on core institutional budgets to keep tuition increases under control. Studies have demonstrated that reducing costs for students increases postsecondary participation and completion.¹⁹ As noted in the most recent *Colorado Talent Pipeline* report, 91.4 percent of Tier 1 Top Jobs and 70.4 percent of Tier 2 Top jobs (jobs with high demand and high compensation) require some type of postsecondary education past a high school diploma or equivalent.²⁰

¹⁹ Kristen Cummings et. al., Investigating the Impacts of State Higher Education Appropriations and Financial Aid, State Higher Education Executive Officers Association, May 2021.

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

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

²⁰ Colorado Workforce Development Council, *Colorado Talent Pipeline Report*, 2022.

<https://drive.google.com/file/d/1Eo2NU2URi351YCA9FXexEpK3AN7UnIkA/view>

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."²¹

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.²²

Such misperceptions contribute to real problems.

- **Colorado has a poor college-going rate. Among students who graduated high school in 2021 (during the pandemic) 49.9 percent enrolled in postsecondary education in the fall after graduation**, a decline of over six percent from FY 2018-19.²³ Even in 2019 (pre-pandemic), only 56.3 percent enrolled in postsecondary education the next fall. This figure was 51.4 percent for rural students, 51.9 percent for Black students, and 45.9 percent for Latinx students. Colorado is behind other states. While some enroll later, for students who completed high school in 2019 in Colorado, over one-third had not enrolled in postsecondary education two years after graduation. **Nationally in 2021, 62 percent of high school graduates enrolled in a two-year or 4-year institution immediately.**²⁴
- **Colorado has one of the lowest completion rates in the nation for the Free Application for Federal Student Aid (FAFSA). As of summer 2023, the FAFSA completion rate was 46.8 percent** for high school seniors, ranking Colorado 46th in the nation, well **below the national 58.9 percent average.**²⁵ 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.²⁶ **The Department of Higher Education estimated that Colorado left \$43.3 million in federal Pell funding “on the table” in 2020 due to students who did not complete the FAFSA.**

²¹ 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>

²² Velez and Horn, *What High Schoolers and Their Parents Know About Public 4-Year Tuition and Fees in Their State*.

²³ Colorado Department of Higher Education, *Pathways to Prosperity: Postsecondary Access and Success for Colorado's High School Graduates*, 2023 Report.

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

²⁴ National Center for Education Statistics, Immediate College Enrollment Rate.

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

²⁵ <https://formyourfuture.org/fafsa-tracker/> For data by Colorado school district see

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

²⁶ Hanover Research, *Best Practices Analysis: FAFSA Completion Trends*, Prepared for the Colorado Department of Higher Education, October 2021.

- **Many of Colorado's postsecondary institutions have been suffering from declining student enrollment.** This is particularly true at institutions that traditionally serve disadvantaged students. 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. **Studies have found that “Promise” programs can contribute to large enrollment increases, particularly among marginalized populations.**²⁷ Tennessee’s college-going rate increased from 58.6 percent to 64.4 percent in the first year of the program and helped more students stay enrolled and on track to complete a credential.²⁸

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

MOST PUBLIC INSTITUTIONS—including LOW-RESOURCED INSTITUTIONS—ALREADY PROMISE NO TUITION FOR STUDENTS WITH INCOMES BELOW A THRESHOLD Virtually all Colorado public four year institutions now offer a “promise” program of some kind—indicating that institutions believe this is feasible within existing resources. However, program details vary.

MSU Denver Roadrunner Promise: MSU Denver will provide financial assistance to ensure you pay no tuition or mandatory fees if you are a first-time Colorado resident college student with a gross family income (AGI) of \$60,000 or less OR have an “EFC” of 2400 or less²⁹ AND complete the FAFSA or CAFSA by June 1, and enroll full-time (at least 12 hours per semester). The Promise is valid for students pursuing their first bachelor’s degree and is available for up to 10 semesters and covers up to 15 credit hours per semester.

CSU Pueblo Colorado Promise: CSU Pueblo will provide financial assistance to ensure you pay no tuition if you are a first-time Colorado resident college student or transfer student with a gross family income of up to \$70,000, complete the FAFSA (or CAFSA) by May 1, enroll full-time (at least 12 credit hours per semester), and, in future years, maintain a 3.0 cumulative GPA or higher. Eligibility is determined annually and covers up to 15 credit hours per semester for up to 4 years for freshmen and up to 2 years for transfer students. The Promise does not cover fees or housing.

²⁷ Denisa Gandara and Amy Li, Promise for Whom? “Free-College” Programs and Enrollments by Race and Gender Classifications at Public 2-Year Colleges, Educational Evaluation and Policy Analysis, October 2020.

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

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

²⁸ While enrollment has declined over time in Tennessee, as in other states, it remains well above Tennessee’s pre-Promise level. <https://comptroller.tn.gov/office-functions/research-and-education-accountability/publications/higher-education/content/tennessee-promise-evaluation.html>

²⁹ Staff note: this would typically qualify for a partial federal Pell grant of approximately \$4,000.

CMU Promise: Qualified undergraduate students from the 22 counties of the Western Slope can attend Colorado Mesa University and CMU Tech tuition free. Requirements: families with an Adjusted Gross Income of \$65,000 or less; and must complete the FAFSA/CASFA.

CU Boulder Promise: CU Boulder will provide financial assistance to cover tuition and mandatory fees for students who are a Colorado resident, eligible for a federal Pell grant or ASSET student with high financial need (typically family income of \$65,000 or less) who are enrolled full time (at least 12 hours per semester). To retain the Promise in subsequent years, a student must make satisfactory academic promise, including maintaining a 2.0 GPA for most programs. The program is available for up to 10 semesters for new students, with lower amounts for transfer students. Students with the lowest incomes will receive an additional \$5,000 to cover other costs.

Adams State San Luis Valley Promise: Available to students from Alamosa and neighboring San Luis Valley counties. Pell grant eligible students pay no tuition or fees and receive a room and board discount. Students must complete the FAFSA and enroll full time by July 31, 2023

A STATEWIDE PROMISE PROGRAM FOR LOW-INCOME STUDENTS WILL REQUIRE LITTLE (IF ANY) ADDITIONAL STATE FUNDING

Some form of tuition free college is now in place in more than half of states.³⁰ **When structured as a last dollar scholarship program for low-income students (funding that “wraps around” other sources of financial aid), these can be very low cost programs.** As operated in many other state, and as staff envisions here, **these programs are largely about making sure that low-income students are aware of the financial aid that already exists to help them.**

- Data provided by the Department in 2021 indicated that **students coming out of high school who qualified for the maximum federal 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.** This analysis is included at the end of this briefing issue.
- Data provided by the Department in 2022 added **part-time students** to the analysis, since about 75 percent of students at the community college system are part-time, as are many students at urban 4-year institutions.³¹ The Department indicated that there are multiple options under which tuition and fees are already largely covered for eligible students, including part-time students, so that any balance required to cover remaining students would be very low.
- **Data provided by the Department this year (using 2021 data due to the cyberattack that damaged Department data systems) provides an even more accurate picture of possible**

³⁰ National Conference of State Legislatures, *State College Promise Landscape*, June 30, 2023. <https://www.ncsl.org/education/state-college-promise-landscape> and Campaign for Free College, *Making Public Colleges Tuition Free: A Briefing Book for State Leaders*, June 2022. https://assets.nationbuilder.com/themes/59b7003bc4b9f51f8a000000/attachments/original/1656521424/Making_Public_Colleges_Tuition_Free_-_June_2022.pdf?1656521424

³¹ In this new methodology, the Department linked enrollment and financial aid files and assumed that financial aid for individual students was applied to the actual credit hours taken by students. Thus, the analysis did not rely on applying *average* aid to tuition and fees, since some students receive more aid than required to cover their tuition and fees and some students receive less.

options and costs. The Department merged enrollment and financial aid files and took steps to ensure that unmet need was *calculated at the student level*, so that larger awards to some students did not conceal the unmet needs of other students. Staff has attached the full set of data, which shows costs that would be associated with many options—including options that cover students with much higher incomes who are not newly out of high school. These alternatives are far more expensive. However, **the table below highlights one option. As shown below**, the Department has calculated a net additional cost of **\$12.4 million** to cover the balance of tuition and mandatory fees (fees that almost all students pay) for students meeting the following conditions:

- New Colorado high school graduates (CO residents within two years of high school graduation)
- Household adjusted gross income of \$60,000 or less
- In first two years of college
- Enrolled for at least six credit hours per semester (half-time)
- GPA of 2.5 minimum

While \$12.4 million is a significant amount of money, it represents less than 1.0 percent of the \$1.4 billion General Fund requested for FY 2024-25 to flow through the higher education funding model and just 8.7 percent of the \$142.9 million increase provided for the institutions and financial aid for FY 2023-24. **Further, staff anticipates that if credit hours at some or all of the 4 year institutions were required to be higher (e.g., 12 credits per semester, which is counted as full-time for federal financial aid purposes), the cost shown would be even lower.**

COST TO COVER UNMET TUITION AND FEES - NEW COLORADO HIGH SCHOOL GRADUATES IN FIRST TWO YEARS OF POSTSECONDARY - FULL AND PART-TIME STUDENTS							
HOUSEHOLD INCOME & 2 YEAR OR 4 YEAR INSTITUTION	TUITION AND FEE CHARGES	COLORADO STUDENT GRANT	ALL STATE AID	INSTITUTIONAL AID	FEDERAL GRANT AID	OTHER SCHOLARSHIP	UNMET TUITION AND FEES
Below \$50,000 2-year	\$17,701,220	\$9,766,393	\$10,760,836	\$929,793	\$18,763,454	\$1,635,807	\$2,430,338
Below \$50,000 4-year	61,859,243	15,767,627	18,955,822	22,549,912	31,434,114	5,145,988	6,109,288
\$50,000-\$60,000 2-year	2,456,212	1,158,067	1,301,923	160,927	1,306,886	252,807	660,081
\$50,000-\$60,000 4-year	13,026,888	2,760,798	3,319,960	5,227,267	2,927,640	1,098,463	3,207,861
Subtotal							\$12,407,568
Students							12,506
Avg/student							\$992
\$60,000-\$70,000 2-year	2,438,519	1,043,447	1,193,298	253,866	734,519	333,586	836,333
\$60,000-\$70,000 4-year	13,122,202	2,384,413	2,886,722	5,658,418	1,580,925	1,189,346	4,118,691
Subtotal							\$4,955,024
Students							1,933
Avg/student							\$2,563

CAVEATS

- **"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 our 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.

- **“Fees” included in the calculation are mandatory fees, which virtually all students must pay.** This amount does **not include** books or materials or additional fees for particular classes or equipment, which can be significant. Many students, particularly at the community colleges, receive more than the amount required to cover tuition and mandatory fees, so their financial aid may cover some of these costs. This is one of many areas where details matter and figuring out the right message—as well as where additional resources are needed—is important.
- **Students who qualify for any Pell grant have very low incomes. Nonetheless, those qualifying for a Pell grant of any size 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. Pell-eligible students are the group for which enrollment declines have been particularly severe since the pandemic.

DISTRIBUTION OF FEDERAL PELL GRANT RECIPIENTS BY INCOME FY 2017-18	
\$0-6,000	20.7%
\$6,001-15,000	19.0%
\$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
FY 2017-18 <https://www2.ed.gov/finaid/prof/resources/data/pell-data.html>

PROGRAM DESIGN CONSIDERATIONS FOR A “COLORADO PROMISE”

Staff believes that funding the Department for a term-limited position and entering into discussions with stakeholders to analyze the *current* situation is a critical first-step. As reflected in the RFI, Staff hopes the State will be able to build on this to identify financial aid gaps that can be filled with a combination of new and existing resources to implement a more robust Colorado “promise” program. Looking forward, the cost of a promise program depends on the specific restrictions applied.³² Based on the experiences of other states, here are some **key decision points**:

- 1 Is the program limited to new high school graduates or to any postsecondary student?
JBC Staff recommends restricting any program to newer high school graduates. This is for the following reasons:
 - Promoting the “Big Blur” in a way that is cost-effective: There has been considerable interest in “blurring the lines” between high school and college. To address this problem, the General Assembly has promoted a variety of initiatives, including concurrent enrollment programs, which make postsecondary courses available to K-12 students free of charge. It has also supported other initiatives such as the ASCENT program and P-tech which effectively pay for a fifth or sixth year of high school while a student takes

³² The following paper from Education Commission of the States highlights some of the design choices taken in other states and the range of program impacts. https://www.ecs.org/wp-content/uploads/State-Information-Request_College-Promise-Programs.pdf

postsecondary courses. **Colorado cannot afford to make 5th and 6th year initiatives widely available if it relies solely on the State budget.** As highlighted in the Staff Budget Briefing for the Department of Education, **the cost of the ASCENT program is expected to exceed \$10.0 million for FY 2023-24.** Instead, particularly for low income students, it needs to make sure that federal funds (particularly the Pell Grant) are tapped as much as possible. If the State could guarantee that all students transitioning from high school, up to a specified income level, can attend college free of tuition and fee charges (while also requiring FAFSA/CAFSA completion), it will make the “big blur” more affordable.

- Using existing channels to communicate to students: School counselors, teachers principals, and school superintendents have ready access to students, and it should be far easier and less expensive to use existing school structures to communicate a simple college affordability message than to develop a public relations campaign targeted at a wider audience. The State could even require that such information be disseminated as part of other existing school funding and grant programs, including COSI and the School Counselor Corps.
- Limiting the Risk that the State cannot Keep its Promises: Under recessionary conditions, postsecondary enrollment—particularly among adults—tends to increase significantly, but this is also typically the time at which the State cuts the higher education budget. The number of students graduating from high school is fairly defined, and the number of students completing high school and pursuing postsecondary can only increase by a modest amount, even in a recession. Thus, if the State can implement a tuition and fee guarantee that relies primarily on federal funds targeted to low-income students, such a program is far more likely to endure, even during a recession.

2 Is the program limited by income? If so, at what level?

Given Colorado’s budget limits, particularly under recessionary conditions, staff recommends crafting a program that wraps around existing financial aid programs and keeps costs under control by serving students already likely to qualify for financial aid. At present, a household income cutoff of \$60,000-\$65,000 seems most feasible, but the cutoff could be higher if the General Assembly wished to add funds (or restrict the program in other ways). The \$65,000 threshold is below Colorado’s median household income, estimated by the Census Bureau to be \$87,598 as of 2022. The oldest and most highly touted promise program, the Tennessee Promise, is limited to 2-year institutions, but also has no income restriction. On the one hand, this type of program is attractive as a universal benefit open to everyone regardless of income. On the other hand, the cost of such a program is almost entirely associated with funding community college for upper income students who cannot currently access financial aid.

3 Is the program limited to a type of institution, i.e., 2-year institutions?

JBC Staff thinks that income-limited program offered at both two- and 4-year institutions may be a better choice for Colorado. Only 31.4 percent of FTE enrollment is at two-year institutions³³, and the State has a significant number of rural and “access” 4-year institutions that may be the closest educational option for some students. Evidence from other states has shown that offering free college solely at community colleges can lead students to

³³ SHEF Report. https://shef.sheeo.org/report-2/?report_page=state-funding-and-enrollment#student-enrollment

substitute attendance at a 2-year for attendance at a 4-year institution. Students are generally more likely to successfully complete their educations if they enroll at a 4-year than a 2-year institution.³⁴

- 4 How many years of college or credit hours will be funded?
Few students (and particularly low-income students) complete a two year degree in two years or a four year degree in four years. Further, if the “promise” only covers two years at a four-year institution, will students drop-out without completing? Of course, paying for four years will bear a higher cost.
- 5 Is the program limited to full-time students or does it include part-time students too?
Limiting to full-time students is likely to restrict participation for low-income students who must work to cover room and board and would cut-out many students at the community colleges and “access” institutions. On the other hand, part-time students are far less likely to complete.³⁵ Some mix of the two options could be considered, possibly tied to the type of institution. Any program must require at least half-time enrollment so that students are eligible for federal financial aid.
- 6 Does the program have other requirements or restrictions, e.g, participation in counseling or providing public service hours? Is there a minimum GPA requirement?
At a minimum, students should be required to complete the FAFSA (federal application for student aid) or the CASEA (Colorado application for state financial aid) and comply with the 2.0 minimum GPA required for federal financial participation. Any GPA figure that is too high is likely to cut-off program access for many students, including those who might flourish in a career and technical education program. Tennessee incorporated mentoring meetings and public service requirements when designing its program but found that these could be a significant obstacle for low-income working students; moving to zoom mentoring/ information sessions during the pandemic allowed more students to participate.³⁶
- 7 Is the program limited to particular types of postsecondary programs, e.g., in-demand certificate and degree programs? *Some states limit their promise programs to particular types of certificates or degrees. In recent years, Colorado has funded a number of initiatives to cover tuition and fees for in-demand credential programs which are expected to be valuable for the state and participants. Staff hopes these initiatives will have a big short-term impact—but Staff does not recommend restricting a “Colorado Promise” initiative to particular degrees or programs. The goal here is to help low-income students as early as middle school understand that they have many options, including college. Restricting the “Promise” to particular programs or degrees will limit the reach of the*

³⁴ For an example of the unintended consequences of two-year promise programs, see, Shanna Smith Jagers, “A Broken “Promise”? How College Promise Programs Can Impact High-Achieving Middle-Income Students”. <https://ccrc.tc.columbia.edu/publications/college-promise-high-achieving-middle-income-students.html>. National Clearinghouse data, which tracks student progress even when they transfer among institutions, shows Colorado six-year degree completion of 45.8 percent for students starting at a public two year institution and 64.0 percent for students starting at a public four year institution. <https://nscresearchcenter.org/completing-college/>

³⁵ National Clearinghouse data, which tracks student progress even when they transfer among institutions, shows that Colorado students who enroll full-time, even at a two-year institution, have strong completion rates (69.8 percent); students who are exclusively part-time rarely complete after six years (33.4 percent). At four year institutions, 83.6 percent who attend full-time complete after six years, while only 20.9 percent of those who attend part time complete in six years. <https://nscresearchcenter.org/completing-college/>

³⁶ <https://tnscore.org/an-evaluation-of-tennessee-promise-whats-working-and-how-to-make-it-better/> and <https://comptroller.tn.gov/office-functions/research-and-education-accountability/publications/higher-education/content/tennessee-promise-evaluation.html>

message. The State could, however, choose to layer-on additional support for particular types of credentials if it has the resources and sees a need based on further analysis.

- 8 How will costs and risks be shared between the State and institutions, given that even state financial aid allocations in Colorado are managed and administered at the institutional level? How will the program limit financial risks for both the State and the institutions? *For example, how will the State and institutions manage additional enrollment—which is, after all, the goal of the initiative? How will the State keep institutions from cost-shifting to the State by moving both state and institutional grant aid away from the targeted student population? Can the State ensure that the first priority for state financial aid allocated to an institution is to cover its “promise” students? What maintenance of effort or matching ratios make sense for institutions that have historically covered a substantial share of tuition and fees for students in particular income categories with institutional aid?*

WHY IS THIS HARD? 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.**

**BALANCE REQUIRED TO COVER TUITION AND MANDATORY FEES FOR FIRST-TIME RESIDENT FRESHMEN ENTERING FROM HIGH SCHOOL
AND ATTENDING FULL TIME (2021 ANALYSIS)**

	FY 2020-21 Tuition + Mandatory Fees Assumption	Max Pell Number of FTE	Curent 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	Curent 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

Data submitted by Department of Higher Education December 6, 2023 - Unmet Need Calculations

Financial Aid Metrics by Specified Student Segments

*Students in this analysis are CO residents who have enrolled in a public institutions of higher education within two years of graduating high school, are in their first two years of postsecondary education, are enrolled in at least six credit hours, maintained a GPA of 2.5 or greater, and filed a FAFSA.

**Calculated fields are calculated at the student level then aggregated

***This data is from FY20-21 due to a disruption in data collection. Of note, tuition and fees and state financial aid have both increased substantially in the years since.

Segmentations	Tuition and Fee Charges	Colorado Student Grant	All State Aid	Institutional Aid	Federal Grant Aid	Other Scholarships	Unmet Tuition and Fees	Aid in Excess of Tuition and Fees	Number of Students
Below \$50,000 Admission within 2-years 2-year Institution	17,701,220	9,766,393	10,760,836	929,793	18,763,454	1,635,807	2,430,338	16,981,881	5,672
Below \$50,000 Admission within 2-years 4-year Institution	61,859,243	15,767,627	18,955,822	22,549,912	31,434,114	5,145,988	6,109,288	23,406,222	6,077
Below \$50,000 Admission after 2 years 2-year Institution	40,961,745	21,022,293	23,496,595	1,705,271	38,587,200	3,776,679	8,148,485	35,824,693	12,111
Below \$50,000 Admission after 2 years 4-year Institution	26,799,947	5,675,175	6,579,815	4,242,668	10,974,575	551,212	8,038,729	4,269,171	2,954
\$50,000-\$60,000 Admission within 2-years 2-year Institution	2,456,212	1,158,067	1,301,923	160,927	1,306,886	252,807	660,081	1,252,288	757
\$50,000-\$60,000 Admission within 2-years 4-year Institution	13,026,888	2,760,798	3,319,960	5,227,267	2,927,640	1,098,463	3,207,861	3,200,414	1,222
\$50,000-\$60,000 Admission after 2 years 2-year Institution	3,437,521	1,392,832	1,520,045	112,719	1,921,973	320,783	1,246,746	1,754,023	1,043
\$50,000-\$60,000 Admission after 2 years 4-year Institution	2,563,331	488,253	563,605	382,118	630,789	83,147	1,092,626	267,536	289
\$60,000-\$70,000 Admission within 2-years 2-year Institution	2,438,519	1,043,447	1,193,298	253,866	734,519	333,586	836,333	952,309	708
\$60,000-\$70,000 Admission within 2-years 4-year Institution	13,122,202	2,384,413	2,886,722	5,658,418	1,580,925	1,189,346	4,118,691	2,879,633	1,225
\$60,000-\$70,000 Admission after 2 years 2-year Institution	2,612,630	1,013,834	1,118,116	117,232	1,059,527	266,168	1,032,634	1,027,311	797
\$60,000-\$70,000 Admission after 2 years 4-year Institution	1,746,768	278,625	334,580	358,046	277,052	49,616	822,637	192,391	209
\$70,000-\$80,000 Admission within 2-years 2-year Institution	1,904,656	587,561	737,283	170,524	314,881	285,693	875,599	494,383	525
\$70,000-\$80,000 Admission within 2-years 4-year Institution	11,096,086	1,447,314	1,727,782	4,224,638	680,344	907,119	4,416,962	1,628,381	1,042
\$70,000-\$80,000 Admission after 2 years 2-year Institution	2,073,336	685,692	770,744	94,721	514,890	160,253	964,086	581,070	633
\$70,000-\$80,000 Admission after 2 years 4-year Institution	1,630,398	175,417	214,481	227,718	108,991	53,087	1,016,990	136,014	194
\$80,000-\$90,000 Admission within 2-years 2-year Institution	1,710,683	327,540	430,520	150,927	236,487	155,997	984,227	353,359	483
\$80,000-\$90,000 Admission within 2-years 4-year Institution	10,965,108	862,275	1,113,786	3,866,244	369,082	845,520	5,303,601	1,226,974	1,022
\$80,000-\$90,000 Admission after 2 years 2-year Institution	1,569,770	374,843	427,673	72,184	172,378	113,710	909,258	242,088	479
\$80,000-\$90,000 Admission after 2 years 4-year Institution	1,315,289	90,862	99,598	191,372	60,112	36,300	852,464	96,811	151
\$90,000-\$100,000 Admission within 2-years 2-year Institution	1,543,689	147,502	251,784	182,962	64,842	233,442	1,000,970	220,311	444
\$90,000-\$100,000 Admission within 2-years 4-year Institution	10,497,604	458,959	622,394	3,250,098	185,726	875,956	5,733,653	1,047,902	968
\$90,000-\$100,000 Admission after 2 years 2-year Institution	1,241,320	188,030	225,260	42,184	81,828	106,609	858,442	189,789	385
\$90,000-\$100,000 Admission after 2 years 4-year Institution	1,216,768	55,583	64,033	216,603	26,673	19,950	854,118	67,588	132
\$100,000-\$110,000 Admission within 2-years 2-year Institution	1,420,715	81,176	193,886	140,552	45,331	167,299	1,012,994	180,120	383
\$100,000-\$110,000 Admission within 2-years 4-year Institution	10,132,778	210,915	370,656	2,969,363	131,052	529,255	5,924,405	819,897	917
\$100,000-\$110,000 Admission after 2 years 2-year Institution	1,137,659	85,075	106,096	57,595	46,725	97,109	856,384	141,639	346
\$100,000-\$110,000 Admission after 2 years 4-year Institution	1,061,725	26,312	43,234	104,301	11,960	16,709	783,647	67,533	117
\$110,000-\$120,000 Admission within 2-years 2-year Institution	1,206,532	36,802	101,649	141,860	31,528	188,207	827,137	154,084	324
\$110,000-\$120,000 Admission within 2-years 4-year Institution	9,385,763	141,991	317,569	2,220,101	69,554	425,917	6,112,588	620,573	839
\$110,000-\$120,000 Admission after 2 years 2-year Institution	904,324	36,427	57,535	33,457	29,355	60,575	726,608	96,732	267
\$110,000-\$120,000 Admission after 2 years 4-year Institution	957,075	14,595	23,973	137,086	21,959	3,450	724,547	14,770	103
\$120,000-\$130,000 Admission within 2-years 2-year Institution	1,002,411	1,725	38,001	117,574	19,885	133,782	759,373	69,493	275
\$120,000-\$130,000 Admission within 2-years 4-year Institution	9,088,094	82,154	201,862	2,077,643	72,444	464,922	5,908,611	629,320	816
\$120,000-\$130,000 Admission after 2 years 2-year Institution	646,091	2,750	14,270	27,477	12,725	33,321	554,300	30,059	190
\$120,000-\$130,000 Admission after 2 years 4-year Institution	688,113	8,600	13,113	63,589	21,294	8,900	503,468	21,808	76
\$130,000-\$140,000 Admission within 2-years 2-year Institution	797,250	14,100	59,470	89,110	18,128	76,072	588,276	75,570	216
\$130,000-\$140,000 Admission within 2-years 4-year Institution	9,030,694	21,400	89,569	1,932,840	121,035	485,946	6,203,418	626,879	808
\$130,000-\$140,000 Admission after 2 years 2-year Institution	489,185	6,600	19,587	30,677	5,376	36,624	398,853	57,636	147
\$130,000-\$140,000 Admission after 2 years 4-year Institution	669,001	1,175	5,235	61,904	1,500	16,411	524,706	24,350	67
\$140,000-\$150,000 Admission within 2-years 2-year Institution	677,512	2,300	5,834	88,359	12,364	56,256	526,755	38,672	175
\$140,000-\$150,000 Admission within 2-years 4-year Institution	7,956,607	5,000	103,392	1,559,788	82,147	358,644	5,436,440	506,142	689
\$140,000-\$150,000 Admission after 2 years 2-year Institution	369,327	3,500	16,149	9,544	8,986	34,407	299,138	28,387	113
\$140,000-\$150,000 Admission after 2 years 4-year Institution	635,744	-	6,465	30,074	3,900	10,617	482,128	42,767	60
Above \$150,000 Admission within 2-years 2-year Institution	3,090,359	3,500	95,305	311,903	59,994	205,389	2,523,286	256,913	798
Above \$150,000 Admission within 2-years 4-year Institution	66,012,405	26,722	431,162	11,628,770	319,021	1,960,436	49,322,348	3,053,871	5,506
Above \$150,000 Admission after 2 years 2-year Institution	1,736,452	863	28,397	65,589	67,808	1,517,468	111,324	111,324	500
Above \$150,000 Admission after 2 years 4-year Institution	3,884,263	-	19,452	261,517	14,700	37,326	3,249,259	206,042	371

Financial Aid Metrics by Specified Student Segments

*Students in this analysis are CO residents attending public institutions of higher education, enrolled in at least six credit hours, who have maintained a GPA of 2.5 or greater and filed a FAFSA.

**Calculated fields are calculated at the student level then aggregated

***This data is from FY20-21 due to a disruption in data collection. Of note, tuition and fees and state financial aid have both increased substantially in the years since.

Segmentations	Tuition and Fee Charges	Colorado Student Grant	All State Aid	Institutional Aid	Federal Grant Aid	Other Scholarships	Unmet Tuition and Fees	Aid in Excess of Tuition and Fees	Number of Students
Below \$50,000, Freshman/Sophomore	147,322,155	52,231,488	59,793,068	29,427,644	99,759,343	11,109,686	24,726,840	80,481,967	26,814
Below \$50,000, Junior/Senior	152,040,162	35,932,219	41,967,189	44,061,139	67,463,717	6,524,369	31,503,647	43,875,781	16,304
\$50,000-\$60,000 Freshman/Sophomore	21,483,952	5,799,950	6,705,533	5,883,031	6,787,288	1,755,200	6,207,314	6,474,261	3,311
\$50,000-\$60,000 Junior/Senior	18,358,840	3,934,688	4,671,286	6,472,692	4,376,162	1,141,412	5,332,128	4,317,838	1,883
\$60,000-\$70,000 Freshman/Sophomore	19,920,119	4,720,319	5,532,716	6,387,562	3,652,023	1,838,716	6,810,295	5,051,644	2,939
\$60,000-\$70,000 Junior/Senior	16,562,843	2,959,752	3,620,393	5,920,310	2,375,437	992,092	6,216,183	3,165,739	1,685
\$70,000-\$80,000 Freshman/Sophomore	16,704,476	2,895,984	3,450,290	4,717,601	1,619,106	1,406,152	7,273,637	2,839,848	2,394
\$70,000-\$80,000 Junior/Senior	14,303,006	1,734,070	2,163,165	5,060,642	1,108,614	930,697	6,304,740	2,010,397	1,431
\$80,000-\$90,000 Freshman/Sophomore	15,560,850	1,655,520	2,071,577	4,368,621	757,569	1,232,017	8,049,550	1,919,232	2,135
\$80,000-\$90,000 Junior/Senior	14,035,587	1,011,998	1,501,415	4,739,252	684,705	1,071,375	7,035,218	1,868,451	1,395
\$90,000-\$100,000 Freshman/Sophomore	14,499,381	850,074	1,163,471	3,691,847	359,069	1,235,957	8,447,183	1,525,590	1,929
\$90,000-\$100,000 Junior/Senior	12,009,880	506,490	887,586	3,431,700	341,203	534,330	6,868,926	987,350	1,194
\$100,000-\$110,000 Freshman/Sophomore	13,752,877	403,478	713,872	3,271,811	235,068	810,372	8,577,430	1,209,189	1,763
\$100,000-\$110,000 Junior/Senior	11,617,179	256,137	572,426	3,107,882	247,696	698,962	7,051,675	926,939	1,135
\$110,000-\$120,000 Freshman/Sophomore	12,453,694	229,815	500,726	2,532,504	152,396	678,149	8,390,880	886,159	1,533
\$110,000-\$120,000 Junior/Senior	11,864,031	217,589	515,874	2,785,970	266,025	491,381	7,618,984	760,623	1,127
\$120,000-\$130,000 Freshman/Sophomore	11,424,709	95,229	267,246	2,286,283	126,348	640,925	7,725,752	750,680	1,357
\$120,000-\$130,000 Junior/Senior	10,406,151	111,907	338,543	2,306,249	197,803	361,564	6,877,724	739,371	996
\$130,000-\$140,000 Freshman/Sophomore	10,986,130	43,275	173,861	2,114,531	146,039	615,053	7,715,253	784,435	1,238
\$130,000-\$140,000 Junior/Senior	9,259,981	40,824	203,913	2,090,521	148,177	464,704	6,190,005	644,651	865
\$140,000-\$150,000 Freshman/Sophomore	9,639,190	10,800	131,840	1,687,765	107,397	459,924	6,744,461	615,968	1,037
\$140,000-\$150,000 Junior/Senior	8,753,641	16,802	205,384	1,967,601	161,277	344,137	5,772,612	540,788	819
Above \$150,000 Freshman/Sophomore	74,723,479	31,085	574,316	12,267,779	421,596	2,270,959	56,612,361	3,628,150	7,175
Above \$150,000 Junior/Senior	58,204,311	39,896	955,040	11,430,519	589,975	2,025,268	41,493,080	3,261,336	5,082

ISSUE: COLORADO FINANCIAL AID ALIGNMENT

Statute requires that annual appropriations for student financial assistance increase by at least the same percentage as the aggregate percentage increase of all General Fund appropriations to institutions of higher education. Appropriations for higher education institutions that are included in new legislation often receive one-off statutory exemptions.

SUMMARY

- Statute requires that annual appropriations for student financial assistance increase by at least the same percentage as the aggregate percentage increase of all General Fund appropriations to institutions of higher education.
- Staff believes the provisions are functional but that limited exceptions should be provided for appropriations in new legislation (bills other than the Long Bill/supplemental bills).

RECOMMENDATION

Staff recommends that the Committee sponsor legislation with a very narrow title to reduce the need to create one-off exceptions to the statutory requirement for aligning financial aid increases with increases for the governing boards.

Provisions could include specifying that the requirement for “aligned financial aid” does not apply to General Fund appropriations increases to a governing board that are made in bills other than the Long Bill or a supplemental bill and that meet either of the following conditions: (1) are for a one-time appropriation of \$5.0 million or less; (2) are for the first year of an ongoing appropriation of \$1.0 million or less.

DISCUSSION

BACKGROUND – FINANCIAL AID AND SECTION 23-3.3-103(1), C.R.S.

Financial aid comprises \$289.5 million of FY 2023-24 appropriations to the Department of Higher Education, including nearly twenty percent of the Department’s total General Fund appropriations. The largest component is \$228.9 million for Need Based Grants, but the total also includes funding for Work Study and various special purpose programs such as the Fort Lewis College Native American Tuition Waiver and the Colorado Opportunity Scholarship Initiative.

Pursuant to Section 23-3.3-103 (1), C.R.S.:

“The annual appropriations for student financial assistance under this article shall increase by at least the same percentage as the aggregate percentage increase of all general fund appropriations to institutions of higher education....”

“General Fund appropriations to institutions of higher education” has been consistently interpreted by the General Assembly to include appropriations for student stipends and fee-for-service contracts that are reappropriated to the governing boards.

“Student financial assistance under this article” (Article 3.3 of Title 23) includes most but not all of the financial aid programs for which the Department receives appropriations. The total amount subject to the aligned financial aid provision—the base to which the calculation is applied—is \$267,094,931 General Fund. Because of this requirement, the Department’s request for R1 includes \$7,747,491 for financial aid, a 2.9 percent increase on the base, consistent with the R1 request for the institutions.

This statutory provision makes higher education budgeting somewhat more complicated, but, broadly, staff believes that it works well. The higher education governing boards lobby aggressively for flexible operating funding for the governing boards, and financial aid gets to “come along for the ride”.

FUNDING FOR THE GOVERNING BOARDS IN SPECIAL BILLS

While the aligned financial aid requirement works well for purposes of the Department’s large annual budget request, it creates some technical challenges related to new legislation (“special bills”) that add funding for the governing boards, since even small appropriations for very narrow purposes may require statutory exemptions from the requirement or must include an additional appropriation. Staff has historically addressed this in one of several ways:

- Ensured that there is a little extra financial aid padding in the annual appropriations bill so that a separate bill that carries a General Fund appropriation for a governing board does not violate the aligned financial aid statute.
- Relied on financial aid appropriations in new legislation (e.g., creating new financial aid for foster care students) to provide the “alignment” required by different special bills with small General Fund appropriations for the governing boards.
- Most frequently, staff has approached bill sponsors to ask them to either add financial aid to their bill or establish an exception to Section 23-3.3-103(1) for the program created by their bill.

During the 2023 legislative session there were many bills that were affected by the aligned financial aid requirement. For the large appropriations in special bills (e.g., H.B. 23-1246, which included an appropriation of \$43.6 million), staff feels it is appropriate for the General Assembly to make an explicit decision whether to include or exclude additional funding for financial aid. However, there were many bills with small appropriations where staff believes it would have been better to have an automatic exception. Here are examples of bills that were subject to the aligned financial aid requirement in the 2023 session.

HB 23-1220 (Study Republican River) –The bill provided a \$146,286 General Fund appropriation to CSU for allocation to the Colorado Water Center for a study. Received an exemption from Section 23-3.3-103(1), C.R.S.

HB 23-1237 (Inclusive Language Emergency Situations) – The bill provided \$62,500 for a study at the University of Colorado related to language access for emergency services. The bill included an additional \$14,509 for need based grants to comply with Section 23-3.3-103(1), C.R.S.

HB 23-1060 (Updates to State Forest Service Tree Nursery) – Provided one-time funding of \$5.0 million for the State Forest Service Tree Nursery. Received an exemption from Section 23-3.3-103(1), C.R.S.

S.B. 23-031 (Health Care Access Older Coloradans) – Added \$784,269 ongoing funding, which will increase in the following year. Received an exemption from Section 23-3.3-103(1), C.R.S.

SB 23-159 (Sunset Food Systems Advisory Council) – Added \$151,068 ongoing funding for the Food Systems Advisory Council. Received an exemption from Section 23-3.3-103(1), C.R.S.

SB 23-005 (Forestry Workforce) – Added \$1.1 million in one-time funding to the Department of Higher Education to support new and expanded forestry programs at the institutions and \$250,000 specifically allocated for the Colorado Community College System. The programs received exemptions from Section 23-3.3-103(1), C.R.S.

HB 23-1246 (In Demand Career Workforce) – Included a \$43.6 million General Fund in one-time appropriations for the State Board for Community Colleges and Occupational Education to administer an in-demand short-term credentials program and to establish two new short-term degree nursing programs. The program received an exemption from Section 23-3.3-103(1), C.R.S.

APPENDIX A NUMBERS PAGES

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: Numbers Pages

	FY 2021-22 Actual	FY 2022-23 Actual	FY 2023-24 Appropriation	FY 2024-25 Request	Request vs. Appropriation
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DEPARTMENT OF HIGHER EDUCATION

Angie Paccione, Executive Director

(3) COLORADO COMMISSION ON HIGHER EDUCATION FINANCIAL AID

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

(A) Need Based Grants

Need Based Grants	<u>182,779,739</u>	<u>206,176,170</u>	<u>228,912,251</u>	<u>232,700,754</u> *
General Fund	181,922,854	205,712,316	47,666,384	51,454,887
General Fund Exempt	0	0	179,968,585	179,968,585
Cash Funds	0	0	0	0
Reappropriated Funds	856,885	463,854	1,277,282	1,277,282
Federal Funds	0	0	0	0

SUBTOTAL - (A) Need Based Grants	182,779,739	206,176,170	228,912,251	232,700,754	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	181,922,854	205,712,316	47,666,384	51,454,887	7.9%
General Fund Exempt	0	0	179,968,585	179,968,585	0.0%
Cash Funds	0	0	0	0	0.0%
Reappropriated Funds	856,885	463,854	1,277,282	1,277,282	0.0%
Federal Funds	0	0	0	0	0.0%

*Includes a request item

Appendix A: Numbers Pages

	FY 2021-22 Actual	FY 2022-23 Actual	FY 2023-24 Appropriation	FY 2024-25 Request	Request vs. Appropriation
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(B) Work Study

Work Study	<u>20,931,058</u>	<u>22,001,503</u>	<u>23,129,178</u>	<u>23,129,178</u>	
General Fund	20,931,058	22,001,503	23,129,178	23,129,178	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	

SUBTOTAL - (B) Work Study	20,931,058	22,001,503	23,129,178	23,129,178	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	20,931,058	22,001,503	23,129,178	23,129,178	0.0%
Cash Funds	0	0	0	0	0.0%
Reappropriated Funds	0	0	0	0	0.0%
Federal Funds	0	0	0	0	0.0%

(D) Special Purpose

Veterans'/Law Enforcement/POW Tuition Assistance	<u>1,269,536</u>	<u>1,170,254</u>	<u>1,643,700</u>	<u>1,643,700</u>	
General Fund	1,269,536	1,170,254	1,643,700	1,643,700	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
 Native American Students/Fort Lewis College	<u>24,045,076</u>	<u>25,563,965</u>	<u>22,264,858</u>	<u>21,784,847</u>	*
General Fund	24,045,076	25,563,965	22,264,858	21,784,847	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	

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Colorado Opportunity Scholarship Initiative Fund	<u>18,648,162</u>	<u>18,974,548</u>	<u>10,000,000</u>	<u>14,000,000</u>	*
FTE	0.0	0.0	0.0	0.0	
General Fund	7,000,000	7,000,000	10,000,000	14,000,000	
Cash Funds	11,648,162	11,974,548	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Tuition Assistance for Career and Technical Education					
Certificate Programs	<u>398,467</u>	<u>427,855</u>	<u>450,000</u>	<u>450,000</u>	
General Fund	398,467	427,855	450,000	450,000	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
S.B. 21-106 Fourth-year Innovation Pilot Program	<u>27,958</u>	<u>162,999</u>	<u>368,792</u>	<u>368,792</u>	
FTE	0.0	0.7	0.7	0.7	
General Fund	27,958	162,999	368,792	368,792	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
State Aid for Foster Students Program	<u>0</u>	<u>900,787</u>	<u>2,605,519</u>	<u>2,605,519</u>	
FTE	0.0	3.7	4.0	4.0	
General Fund	0	900,787	2,605,519	2,605,519	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	

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COSI Youth Mentorship Stipend Pilot Program	<u>0</u>	<u>0</u>	<u>100,000</u>	<u>0</u>	
General Fund	0	0	100,000	0	
Displaced Aurarian Scholarship	<u>0</u>	<u>1,999,998</u>	<u>0</u>	<u>0</u>	
General Fund	0	1,999,998	0	0	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
H.B. 22-1220 Student Educator Stipend Program	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
FTE	0.0	0.0	0.0	0.0	
General Fund	0	0	0	0	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
H.B. 22-1220 Educator Test Stipend Program	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
FTE	0.0	0.0	0.0	0.0	
General Fund	0	0	0	0	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
H.B. 18-1002 Rural Teaching Fellowship Program	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
FTE	0.0	0.0	0.0	0.0	
General Fund	0	0	0	0	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	

Note: Department submission did not include actual expenditure information on various programs, including some of those shown above.

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H.B. 21-1330 COSI Student Financial Aid and Support					
Services at IHEs	<u>3,021,975</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	0	0	0	0	
Cash Funds	3,021,975	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
S.B. 21-232 COSI Displaced Workers Program	<u>942,916</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	0	0	0	0	
Cash Funds	942,916	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
SUBTOTAL - (D) Special Purpose	48,354,090	49,200,406	37,432,869	40,852,858	9.1%
<i>FTE</i>	<u>0.0</u>	<u>4.4</u>	<u>4.7</u>	<u>4.7</u>	<u>(0.0%)</u>
General Fund	32,741,037	37,225,858	37,432,869	40,852,858	9.1%
Cash Funds	15,613,053	11,974,548	0	0	0.0%
Reappropriated Funds	0	0	0	0	0.0%
Federal Funds	0	0	0	0	0.0%
TOTAL - (3) Colorado Commission on Higher Education Financial Aid	252,064,887	277,378,079	289,474,298	296,682,790	2.5%
<i>FTE</i>	<u>0.0</u>	<u>4.4</u>	<u>4.7</u>	<u>4.7</u>	<u>(0.0%)</u>
General Fund	235,594,949	264,939,677	108,228,431	115,436,923	6.7%
General Fund Exempt	0	0	179,968,585	179,968,585	0.0%
Cash Funds	15,613,053	11,974,548	0	0	0.0%
Reappropriated Funds	856,885	463,854	1,277,282	1,277,282	0.0%
Federal Funds	0	0	0	0	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>309,684,418</u>	<u>346,925,773</u>	<u>382,541,574</u>	<u>386,955,356</u> *	
General Fund	309,684,418	346,925,773	27,361,210	31,774,992	
General Fund Exempt	0	0	355,180,364	355,180,364	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	

Stipends for eligible full-time equivalent students attending

participating private institutions	<u>1,725,840</u>	<u>1,655,048</u>	<u>1,846,140</u>	<u>1,900,074</u> *	
General Fund	1,725,840	1,655,048	191,092	245,026	
General Fund Exempt	0	0	1,655,048	1,655,048	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	

SUBTOTAL - (A) Stipends	311,410,258	348,580,821	384,387,714	388,855,430	1.2%
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	0.0%
General Fund	311,410,258	348,580,821	27,552,302	32,020,018	16.2%
General Fund Exempt	0	0	356,835,412	356,835,412	0.0%
Cash Funds	0	0	0	0	0.0%
Reappropriated Funds	0	0	0	0	0.0%
Federal Funds	0	0	0	0	0.0%

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(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>431,204,984</u>	<u>474,407,719</u>	<u>534,077,477</u>	<u>556,442,148</u> *
General Fund	431,204,984	474,407,719	84,249,272	106,613,943
General Fund Exempt	0	0	449,828,205	449,828,205
Cash Funds	0	0	0	0
Reappropriated Funds	0	0	0	0
Federal Funds	0	0	0	0

Fee-for-service Contracts with State Institutions for
Specialty Education Programs

	<u>144,449,274</u>	<u>161,220,794</u>	<u>179,073,609</u>	<u>184,305,133</u> *
General Fund	144,449,274	161,220,794	44,377,646	49,609,170
General Fund Exempt	0	0	134,695,963	134,695,963
Cash Funds	0	0	0	0
Reappropriated Funds	0	0	0	0
Federal Funds	0	0	0	0

Limited Purpose Fee-for-Service Contracts with State
Institutions

	<u>5,702,806</u>	<u>6,325,846</u>	<u>7,852,075</u>	<u>9,017,503</u>
General Fund	5,702,806	6,325,846	7,852,075	9,017,503
Cash Funds	0	0	0	0
Reappropriated Funds	0	0	0	0
Federal Funds	0	0	0	0

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SUBTOTAL - (B) Fee-for-service Contracts with State					
Institutions	581,357,064	641,954,359	721,003,161	749,764,784	4.0%
<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	581,357,064	641,954,359	136,478,993	165,240,616	21.1%
General Fund Exempt	0	0	584,524,168	584,524,168	0.0%
Cash Funds	0	0	0	0	0.0%
Reappropriated Funds	0	0	0	0	0.0%
Federal Funds	0	0	0	0	0.0%
TOTAL - (4) College Opportunity Fund Program					
	892,767,322	990,535,180	1,105,390,875	1,138,620,214	3.0%
<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	892,767,322	990,535,180	164,031,295	197,260,634	20.3%
General Fund Exempt	0	0	941,359,580	941,359,580	0.0%
Cash Funds	0	0	0	0	0.0%
Reappropriated Funds	0	0	0	0	0.0%
Federal Funds	0	0	0	0	0.0%

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(5) GOVERNING BOARDS

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

(A) Trustees of Adams State University

Trustees of Adams State College	<u>44,781,187</u>	<u>47,097,269</u>	<u>48,894,724</u>	<u>50,305,956</u> *	
FTE	307.5	322.6	325.5	325.5	
General Fund	0	0	0	0	
Cash Funds	25,658,833	26,071,374	25,326,527	26,165,876	
Reappropriated Funds	19,067,430	21,025,895	23,568,197	24,140,080	
Federal Funds	54,924	0	0	0	

SUBTOTAL - (A) Trustees of Adams State University	<u>44,781,187</u>	<u>47,097,269</u>	<u>48,894,724</u>	<u>50,305,956</u>	2.9%
<i>FTE</i>	<u>307.5</u>	<u>322.6</u>	<u>325.5</u>	<u>325.5</u>	0.0%
General Fund	0	0	0	0	0.0%
Cash Funds	25,658,833	26,071,374	25,326,527	26,165,876	3.3%
Reappropriated Funds	19,067,430	21,025,895	23,568,197	24,140,080	2.4%
Federal Funds	54,924	0	0	0	0.0%

(B) Trustees of Colorado Mesa University

Trustees of Colorado Mesa University	<u>115,642,455</u>	<u>120,849,566</u>	<u>128,992,297</u>	<u>132,498,099</u> *	
FTE	746.8	762.0	825.3	825.3	
Cash Funds	77,136,991	80,553,579	83,941,886	86,185,159	
Reappropriated Funds	35,977,002	40,295,987	45,050,411	46,312,940	
Federal Funds	2,528,462	0	0	0	

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SUBTOTAL - (B) Trustees of Colorado Mesa					
University	115,642,455	120,849,566	128,992,297	132,498,099	2.7%
<i>FTE</i>	<u>746.8</u>	<u>762.0</u>	<u>825.3</u>	<u>825.3</u>	(0.0%)
Cash Funds	77,136,991	80,553,579	83,941,886	86,185,159	2.7%
Reappropriated Funds	35,977,002	40,295,987	45,050,411	46,312,940	2.8%
Federal Funds	2,528,462	0	0	0	0.0%

(C) Trustees of Metropolitan State College of Denver

Trustees of Metropolitan State College of Denver	<u>211,363,883</u>	<u>218,803,013</u>	<u>227,053,773</u>	<u>232,963,693</u> *	
FTE	1,450.9	1,368.8	1,413.4	1,413.4	
General Fund	0	0	0	0	
Cash Funds	136,659,177	136,248,629	133,461,427	136,011,322	
Reappropriated Funds	72,489,051	82,554,384	93,592,346	96,952,371	
Federal Funds	2,215,655	0	0	0	

SUBTOTAL - (C) Trustees of Metropolitan State					
College of Denver	211,363,883	218,803,013	227,053,773	232,963,693	2.6%
<i>FTE</i>	<u>1,450.9</u>	<u>1,368.8</u>	<u>1,413.4</u>	<u>1,413.4</u>	0.0%
General Fund	0	0	0	0	0.0%
Cash Funds	136,659,177	136,248,629	133,461,427	136,011,322	1.9%
Reappropriated Funds	72,489,051	82,554,384	93,592,346	96,952,371	3.6%
Federal Funds	2,215,655	0	0	0	0.0%

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(D) Trustees of Western State College

Trustees of Western State College	<u>43,895,243</u>	<u>40,454,447</u>	<u>49,600,691</u>	<u>51,339,078</u> *	
FTE	266.6	268.4	302.0	302.0	
General Fund	0	0	0	0	
Cash Funds	23,053,509	22,115,435	29,157,104	30,107,790	
Reappropriated Funds	16,694,441	18,339,012	20,443,587	21,231,288	
Federal Funds	4,147,293	0	0	0	

SUBTOTAL - (D) Trustees of Western State College	43,895,243	40,454,447	49,600,691	51,339,078	3.5%
<i>FTE</i>	<u>266.6</u>	<u>268.4</u>	<u>302.0</u>	<u>302.0</u>	<u>0.0%</u>
General Fund	0	0	0	0	0.0%
Cash Funds	23,053,509	22,115,435	29,157,104	30,107,790	3.3%
Reappropriated Funds	16,694,441	18,339,012	20,443,587	21,231,288	3.9%
Federal Funds	4,147,293	0	0	0	0.0%

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

Board of Governors of the Colorado State University System	<u>740,556,759</u>	<u>783,083,986</u>	<u>859,012,913</u>	<u>884,518,333</u> *	
FTE	4,829.2	5,134.0	5,166.6	5,165.1	
General Fund	0	175,000	5,528,786	138,104	
Cash Funds	552,356,417	579,754,568	628,271,107	652,494,989	
Reappropriated Funds	184,714,063	203,154,418	225,213,020	231,885,240	
Federal Funds	3,486,279	0	0	0	

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SUBTOTAL - (E) Board of Governors of the Colorado State University System					
	740,556,759	783,083,986	859,012,913	884,518,333	3.0%
<i>FTE</i>	<u>4,829.2</u>	<u>5,134.0</u>	<u>5,166.6</u>	<u>5,165.1</u>	<u>(0.0%)</u>
General Fund	0	175,000	5,528,786	138,104	(97.5%)
Cash Funds	552,356,417	579,754,568	628,271,107	652,494,989	3.9%
Reappropriated Funds	184,714,063	203,154,418	225,213,020	231,885,240	3.0%
Federal Funds	3,486,279	0	0	0	0.0%

(F) Trustees of Fort Lewis College

Trustees of Fort Lewis College	<u>66,323,407</u>	<u>64,860,809</u>	<u>68,253,515</u>	<u>71,244,795</u> *	
<i>FTE</i>	<u>440.9</u>	<u>480.6</u>	<u>457.0</u>	<u>457.0</u>	0.0%
Cash Funds	50,139,954	47,746,137	49,183,886	51,562,217	4.8%
Reappropriated Funds	15,375,659	17,114,672	19,069,629	19,682,578	3.2%
Federal Funds	807,794	0	0	0	0.0%
SUBTOTAL - (F) Trustees of Fort Lewis College					
	66,323,407	64,860,809	68,253,515	71,244,795	4.4%
<i>FTE</i>	<u>440.9</u>	<u>480.6</u>	<u>457.0</u>	<u>457.0</u>	0.0%
Cash Funds	50,139,954	47,746,137	49,183,886	51,562,217	4.8%
Reappropriated Funds	15,375,659	17,114,672	19,069,629	19,682,578	3.2%
Federal Funds	807,794	0	0	0	0.0%

(G) Regents of the University of Colorado

Regents of the University of Colorado	<u>1,563,444,358</u>	<u>1,583,269,303</u>	<u>1,658,777,016</u>	<u>1,720,960,133</u> *	
<i>FTE</i>	<u>9,688.8</u>	<u>10,111.3</u>	<u>9,908.2</u>	<u>9,907.4</u>	
General Fund	39,578,805	0	1,562,500	0	
Cash Funds	1,268,474,019	1,305,196,753	1,347,321,547	1,401,803,301	
Reappropriated Funds	253,392,350	278,072,550	309,892,969	319,156,832	
Federal Funds	1,999,184	0	0	0	

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SUBTOTAL - (G) Regents of the University of Colorado					
<i>FTE</i>	1,563,444,358	1,583,269,303	1,658,777,016	1,720,960,133	3.7%
General Fund	<u>9,688.8</u>	<u>10,111.3</u>	<u>9,908.2</u>	<u>9,907.4</u>	(0.0%)
Cash Funds	39,578,805	0	1,562,500	0	(100.0%)
Reappropriated Funds	1,268,474,019	1,305,196,753	1,347,321,547	1,401,803,301	4.0%
Federal Funds	253,392,350	278,072,550	309,892,969	319,156,832	3.0%
	1,999,184	0	0	0	0.0%

(H) Trustees of the Colorado School of Mines

Trustees of the Colorado School of Mines	<u>215,463,319</u>	<u>209,846,036</u>	<u>241,021,512</u>	<u>251,379,873</u>	*
FTE	1,030.6	1,103.0	1,102.7	1,102.7	
Cash Funds	187,885,859	179,770,840	207,447,381	216,453,139	
Reappropriated Funds	27,577,460	30,075,196	33,574,131	34,926,734	
Federal Funds	0	0	0	0	

SUBTOTAL - (H) Trustees of the Colorado School of Mines					
<i>FTE</i>	215,463,319	209,846,036	241,021,512	251,379,873	4.3%
Cash Funds	<u>1,030.6</u>	<u>1,103.0</u>	<u>1,102.7</u>	<u>1,102.7</u>	0.0%
Reappropriated Funds	187,885,859	179,770,840	207,447,381	216,453,139	4.3%
Federal Funds	27,577,460	30,075,196	33,574,131	34,926,734	4.0%
	0	0	0	0	0.0%

(I) University of Northern Colorado

University of Northern Colorado	<u>162,517,193</u>	<u>143,035,692</u>	<u>150,326,057</u>	<u>154,048,479</u>	*
FTE	1,089.5	1,068.0	1,203.3	1,203.3	
Cash Funds	92,864,054	86,159,793	87,205,425	89,443,395	
Reappropriated Funds	51,724,570	56,875,899	63,120,632	64,605,084	
Federal Funds	17,928,569	0	0	0	

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	FY 2021-22 Actual	FY 2022-23 Actual	FY 2023-24 Appropriation	FY 2024-25 Request	Request vs. Appropriation
SUBTOTAL - (I) University of Northern Colorado	162,517,193	143,035,692	150,326,057	154,048,479	2.5%
<i>FTE</i>	<u>1,089.5</u>	<u>1,068.0</u>	<u>1,203.3</u>	<u>1,203.3</u>	<u>(0.0%)</u>
Cash Funds	92,864,054	86,159,793	87,205,425	89,443,395	2.6%
Reappropriated Funds	51,724,570	56,875,899	63,120,632	64,605,084	2.4%
Federal Funds	17,928,569	0	0	0	0.0%

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

State Board for Community Colleges and Occupational
Education State System Community Colleges

	<u>575,194,771</u>	<u>594,762,352</u>	<u>608,866,985</u>	<u>617,353,991</u> *
<i>FTE</i>	5,384.2	5,322.3	5,542.2	5,542.2
General Fund	0	0	5,000,000	0
Cash Funds	287,510,120	322,916,012	333,847,172	340,692,428
Reappropriated Funds	214,474,605	241,372,358	270,019,813	276,661,563
Federal Funds	73,210,046	30,473,982	0	0

SUBTOTAL - (J) State Board for Community Colleges and Occupational Education State System Community Colleges	575,194,771	594,762,352	608,866,985	617,353,991	1.4%
<i>FTE</i>	<u>5,384.2</u>	<u>5,322.3</u>	<u>5,542.2</u>	<u>5,542.2</u>	0.0%
General Fund	0	0	5,000,000	0	(100.0%)
Cash Funds	287,510,120	322,916,012	333,847,172	340,692,428	2.1%
Reappropriated Funds	214,474,605	241,372,358	270,019,813	276,661,563	2.5%
Federal Funds	73,210,046	30,473,982	0	0	0.0%

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	FY 2021-22 Actual	FY 2022-23 Actual	FY 2023-24 Appropriation	FY 2024-25 Request	Request vs. Appropriation
TOTAL - (5) Governing Boards	3,739,182,575	3,806,062,473	4,040,799,483	4,166,612,430	3.1%
<i>FTE</i>	<u>25,235.0</u>	<u>25,941</u>	<u>26,246.2</u>	<u>26,243.9</u>	<u>(0.0%)</u>
General Fund	39,578,805	175,000	12,091,286	138,104	(98.9%)
Cash Funds	2,701,738,933	2,786,533,120	2,925,163,462	3,030,919,616	3.6%
Reappropriated Funds	891,486,631	988,880,371	1,103,544,735	1,135,554,710	2.9%
Federal Funds	106,378,206	30,473,982	0	0	0.0%

Appendix A: Numbers Pages

	FY 2021-22 Actual	FY 2022-23 Actual	FY 2023-24 Appropriation	FY 2024-25 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>10,420,958</u>	<u>12,541,748</u>	<u>13,770,299</u>	<u>14,120,734</u>	*
General Fund	9,668,008	10,766,746	11,995,297	12,345,732	
Cash Funds	752,950	1,775,002	1,775,002	1,775,002	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Aims Community College	<u>12,355,717</u>	<u>15,396,193</u>	<u>16,850,428</u>	<u>17,264,279</u>	*
General Fund	11,483,011	12,711,777	14,166,012	14,579,863	
Cash Funds	872,706	2,684,416	2,684,416	2,684,416	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	

TOTAL - (6) Local District College Grants Pursuant to Section 23-71-301, C.R.S.	22,776,675	27,937,941	30,620,727	31,385,013	2.5%
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0%</u>
General Fund	21,151,019	23,478,523	26,161,309	26,925,595	2.9%
Cash Funds	1,625,656	4,459,418	4,459,418	4,459,418	0.0%
Reappropriated Funds	0	0	0	0	0.0%
Federal Funds	0	0	0	0	0.0%

Appendix A: Numbers Pages

	FY 2021-22 Actual	FY 2022-23 Actual	FY 2023-24 Appropriation	FY 2024-25 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>28,244,361</u>	<u>28,244,361</u>	<u>30,514,944</u>	<u>30,514,944</u>	
Reappropriated Funds	28,244,361	28,244,361	30,514,944	30,514,944	
SUBTOTAL - (B) Distribution of State Assistance for Career and Technical Education pursuant to Section 23-8-102, C.R.S.	28,244,361	28,244,361	30,514,944	30,514,944	0.0%
FTE	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	0.0%
Reappropriated Funds	28,244,361	28,244,361	30,514,944	30,514,944	0.0%

Appendix A: Numbers Pages

	FY 2021-22 Actual	FY 2022-23 Actual	FY 2023-24 Appropriation	FY 2024-25 Request	Request vs. Appropriation
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(C) Area Technical College Support

Area Technical College Operating Support	<u>14,989,723</u>	<u>18,392,334</u>	<u>20,455,069</u>	<u>21,052,651</u> *	
General Fund	14,989,723	18,392,334	20,455,069	21,052,651	
General Fund Exempt	0	0	0	0	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	

SUBTOTAL - (C) Area Technical College Support	14,989,723	18,392,334	20,455,069	21,052,651	2.9%
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0%</u>
General Fund	14,989,723	18,392,334	20,455,069	21,052,651	2.9%
General Fund Exempt	0	0	0	0	0.0%
Cash Funds	0	0	0	0	0.0%
Reappropriated Funds	0	0	0	0	0.0%
Federal Funds	0	0	0	0	0.0%

(D) Sponsored Programs

Administration	<u>2,839,099</u>	<u>2,290,474</u>	<u>2,709,888</u>	<u>2,709,888</u>	
FTE	25.0	26.2	23.0	23.0	
General Fund	0	0	0	0	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	2,839,099	2,290,474	2,709,888	2,709,888	

Appendix A: Numbers Pages

	FY 2021-22 Actual	FY 2022-23 Actual	FY 2023-24 Appropriation	FY 2024-25 Request	Request vs. Appropriation
Programs	<u>18,219,232</u>	<u>19,154,552</u>	<u>16,156,031</u>	<u>16,156,031</u>	
General Fund	0	0	0	0	
Cash Funds	0	0	0	0	
Reappropriated Funds	2,206,150	1,458,600	0	0	
Federal Funds	16,013,082	17,695,952	16,156,031	16,156,031	
SUBTOTAL - (D) Sponsored Programs	21,058,331	21,445,026	18,865,919	18,865,919	0.0%
<i>FTE</i>	<u>25.0</u>	<u>26.2</u>	<u>23.0</u>	<u>23.0</u>	0.0%
General Fund	0	0	0	0	0.0%
Cash Funds	0	0	0	0	0.0%
Reappropriated Funds	2,206,150	1,458,600	0	0	0.0%
Federal Funds	18,852,181	19,986,426	18,865,919	18,865,919	0.0%
(E) Colorado First Customized Job Training					
Colorado First Customized Job Training	<u>4,500,000</u>	<u>4,500,000</u>	<u>4,500,000</u>	<u>4,500,000</u>	
Reappropriated Funds	4,500,000	4,500,000	4,500,000	4,500,000	
SUBTOTAL - (E) Colorado First Customized Job Training	4,500,000	4,500,000	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>	0.0%
Reappropriated Funds	4,500,000	4,500,000	4,500,000	4,500,000	0.0%
TOTAL - (7) Division of Occupational Education	69,754,724	73,544,030	75,298,241	75,895,823	0.8%
<i>FTE</i>	<u>34.0</u>	<u>35.2</u>	<u>32.0</u>	<u>32.0</u>	0.0%
General Fund	14,989,723	18,392,334	20,455,069	21,052,651	2.9%
General Fund Exempt	0	0	0	0	0.0%
Cash Funds	0	0	0	0	0.0%
Reappropriated Funds	35,912,820	35,165,270	35,977,253	35,977,253	0.0%
Federal Funds	18,852,181	19,986,426	18,865,919	18,865,919	0.0%

Appendix A: Numbers Pages

	FY 2021-22 Actual	FY 2022-23 Actual	FY 2023-24 Appropriation	FY 2024-25 Request	Request vs. Appropriation
TOTAL - Department of Higher Education	4,976,546,183	5,175,457,703	5,541,583,624	5,709,196,270	3.0%
<i>FTE</i>	<u>25,269.0</u>	<u>25,980.6</u>	<u>26,282.9</u>	<u>26,280.6</u>	<u>(0.0%)</u>
General Fund	1,204,081,818	1,297,520,714	330,967,390	360,813,907	9.0%
General Fund Exempt	0	0	1,121,328,165	1,121,328,165	0.0%
Cash Funds	2,718,977,642	2,802,967,086	2,929,622,880	3,035,379,034	3.6%
Reappropriated Funds	928,256,336	1,024,509,495	1,140,799,270	1,172,809,245	2.8%
Federal Funds	125,230,387	50,460,408	18,865,919	18,865,919	0.0%

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 2023 Long Bill (S.B. 23-214) can be found at the end of each departmental section of the bill at <http://leg.colorado.gov/bills/sb23-214>. The Long Bill footnotes relevant to this document are listed below.

- 33a Department of Health Care Policy and Financing, Totals; Department of Higher Education, College Opportunity Fund Program, Fee-for-service Contracts with State Institutions, Fee-for-service Contracts with State Institutions for Specialty Education Programs; 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 \$88,640,763, 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 \$88,640,763 that is not transferred to the Department of Health Care Policy and Financing to the Regents of the University of Colorado.

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

- 34 *Addressed in separate Department of Higher Education briefing packet.*

- 34a *Addressed in separate Department of Higher Education briefing packet.*

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

Education transfer spending authority from this line item to allow institutions to receive and expend tuition revenue beyond appropriated levels that results from higher than expected enrollment and not to support tuition increases that exceed the assumptions outlined in the footnotes for each governing board.

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

36 *Addressed in separate Department of Higher Education briefing packet.*

37 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 2024-25 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.

38 Department of Higher Education, Governing Boards, Trustees of Adams State University, Trustees of Colorado Mesa University, Trustees of Metropolitan State University of Denver, Trustees of Western Colorado University, Board of Governors of the Colorado State University System, Trustees of Fort Lewis College, Regents of the University of Colorado, Trustees of the Colorado School of Mines, University of Northern Colorado, and State Board for Community Colleges and Occupational Education State System Community Colleges -- The amounts in these line items are calculated based on the assumption that no undergraduate student with in-state classification will pay more tuition in FY 2023-24 than five percent over what a student would have paid in FY 2022-23 for the same credit hours and course of study, except that the calculation for the University of Northern Colorado is based on the assumption that no undergraduate student with in-state classification will pay more tuition in FY 2023-24 than six percent over what a student would have paid in FY 2022-23 for the same credit hours and course of study and the calculation for Colorado Western University incorporates an assumption that resident undergraduate students enrolled in the university's engineering program will be assessed differential tuition that will result in a tuition increase of up to forty-nine percent over what a student would have paid in FY 2022-23 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 2023-24 based on updated enrollment estimates and tuition rate information.

COMMENT: Statute authorizes the General Assembly to appropriate tuition and specify its tuition assumptions in a related footnote. Versions of this footnote have been included in the Long Bill for many years. Between FY 2010-11 and FY 2015-16 the General Assembly suspended statutory provisions that authorized the General Assembly to appropriate tuition. The suspension was then allowed to lapse, and versions of the footnote were included in the FY 2016-17 Long Bill and have been included in the Long Bill since that time. All institutions are in compliance with the footnote for FY 2023-24. Staff notes, however, that Fort Lewis College, while technically in compliance with the footnote, increased nonresident tuition by 5.5 percent, which was not included in Long Bill revenue calculations. **Staff anticipates that future versions of this footnote will clarify a limit on Fort Lewis College nonresident tuition increases.** *See the Factors Driving the Budget section and FY 2023-24 briefing issues for additional information on higher education tuition.*

39 *Addressed in separate Department of Higher Education briefing packet.*

40 *Addressed in separate Department of Higher Education briefing packet.*

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 2023-24 Report):

<https://leg.colorado.gov/publications/appropriations-report-fiscal-year-2023-24>

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

REQUESTS AFFECTING MULTIPLE DEPARTMENTS

- The DHE response to Multiple Department request #1 (cash fund reporting) will be addressed the Higher Education briefing that covers other sections of the department, including department administration;
- Multiple Department Request #4 (Career & Technical Education spending) will be addressed in the K-12 school finance briefing;
- Multiple Department Request #5 (HCPF and CU School of Medicine) will be addressed in a Health Care Policy and Financing briefing; and
- Multiple Department Request #6 (Tobacco MSA expenditures) will be addressed in a Public Health and Environment Briefing.

DEPARTMENT OF HIGHER EDUCATION REQUESTS

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

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

COMMENT: The Department provided an update on its progress as requested. This is addressed in a staff briefing issue on College Affordability and Increasing Awareness About Financial Aid.

- 2 *Addressed in separate Department of Higher Education briefing packet*

- 3 Department of Higher Education, Division of Occupational Education, Area Technical Colleges -- In collaboration with the Area Technical Colleges, the Department is requested to submit a report by November 1, 2023, on the impact of the additional funding of \$1,700,000 General Fund added to funding for the Area Technical Colleges in FY 2022-23. The report should also include analysis of the extent to which funding for the Area Technical Colleges adequately incorporates enrollment growth and a comparison of funding for the Area Technical Colleges versus other public higher education institutions that have a similar mission. This analysis should include a discussion of the similarities and differences in mission, governance, operations, tuition, and cost structure between the Area Technical Colleges and the institutions to which they are being compared.

COMMENT: The Department submitted a response, as requested. Highlights are summarized below.

General Background on the ATCs

- Like other postsecondary institutions, the area technical colleges rely on tuition and fees, as well as appropriations, although these tuition and fee amounts are not reflected in the state budget. The table below compares revenues from these sources.

Table 1. Area Technical College State Appropriation and Tuition Revenue, FY2018 – FY2023

	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
State Appropriations	\$10,218,039	\$12,311,434	\$13,910,021	\$5,842,209	\$14,989,723	\$18,774,857
Tuition and Fees	\$10,952,958	\$12,911,567	\$12,189,829	\$10,296,284	\$9,757,111	\$11,926,921

- The ATCs operate under the overview of school boards and serve both secondary and postsecondary students, but the proportion varies significantly. Students who are not enrolled in the K-12 system are not supported by K-12 districts.
- Unlike most of the state's public postsecondary institutions, ATC have experienced enrollment growth since FY 2011-12. Essentially all of this has been at the Emily Griffith Technical College, while growth at the other two institutions—Pickens Technical College and Technical College of the Rockies—has been relatively flat and down in some years.
- The ATCs receive the same average increase in state funding as is provided for other public institutions (which has increased substantially in the last few years), and may receive more. They received an additional \$1,700,000 in FY 2022-23 which was added permanently to the base through JBC action during figure setting for FY 2023-24. This was in addition to receiving a portion of \$10 million in federal ARPA funds allocated to expand equipment and capacity for career and technical education in H.B. 21-1264.
- The chart below shows the changes in state support per ATC student over time.

Table 3. Area Technical Colleges State Support per Resident FTE, FY2013 - FY 2023

	State Appropriations	Resident FTE Enrollment	State Support per FTE
2012-13	\$7,765,822	3,031	\$2,562.13
2013-14	8,091,845	3,419	2,366.39
2014-15	8,983,694	3,736	2,404.63
2015-16	9,971,721	3,946	2,527.05
2016-17	9,971,721	4,735	2,105.96
2017-18	10,218,039	4,264	2,396.13
2018-19	12,311,434	5,133	2,398.49
2019-20	13,910,021	5,080	2,738.19
2020-21	5,842,209	4,726	1,236.18
2021-22	14,989,723	4,697	3,191.34
2022-23	18,392,334	5,042	3,647.83

Comparison ATC and Community College Funding

- The report noted that there are significant differences between the ATC and community college governance and funding structures, but acknowledged that the community college system is likely the best comparison to the ATCs. The report notes that while state appropriations at the community colleges have more than doubled in the last decade, resident FTE enrollment has declined 25 percent over the same period, resulting in an overall increase in support per resident FTE of over \$3,660, equivalent to a 173 percent increase. **As shown, the community college system received \$5,785 per student FTE in FY 2022-23, compared to \$3,648 per student FTE for the area technical colleges.**

Table 4. Community College System Nominal State Support per Resident FTE

	State Appropriations	Resident FTE Enrollment	State Support per FTE
2012-13	\$117,720,293	55,475	\$2,122.04
2013-14	123,389,317	52,792	2,337.27
2014-15	137,465,925	50,001	2,749.26
2015-16	153,549,541	47,272	3,248.21
2016-17	153,330,147	46,856	3,272.37
2017-18	153,709,215	46,666	3,293.82
2018-19	172,072,047	46,278	3,718.23
2019-20	190,447,695	46,955	4,055.96
2020-21	82,214,681	43,083	1,908.29
2021-22	214,474,605	41,920	5,116.28
2022-23	242,263,515	41,878	5,784.98

Use of the \$1.7 Million Increase

The report identified the following:

- Tuition freezes at Emily Griffith Technical College to ensure inflationary increases are not covered by students.
- Development of new course offerings, including hybrid courses at Emily Griffith Technical College and four new programs at Technical College of the Rockies (including construction trades and electrician apprenticeships).
- Expansion of existing course offerings, including those in health, law enforcement, and industry training.
- Capital and equipment upgrades, including updates to the hospitality program at Pickens Technical College to better align with industry standards, welding tools at Emily Griffith Technical College, and upgrades to classrooms for eleven programs at Technical College of the Rockies.
- New learning management systems to ensure a more streamlined experience for students.

- Executive coaching for instructional excellence at Pickens Technical College.
- Hired additional personnel to increase course offerings (Technical College of the Rockies) and provided additional student support services (Emily Griffith Technical College).

4 *Addressed in separate Department of Higher Education briefing packet.*

5 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, 2023: 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 2022-23) and the current estimate year (FY 2023-24).

- Include estimate-year FY 2023-24 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 2022-23 student FTE data. The FY 2023-24 student FTE estimates should be those used to develop the FY 2023-24 revenue and expenditure estimates in the data books.
- Identify actual FY 2022-23 and budgeted FY 2023-24 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.
- To improve legislative understanding of the basis for amounts in the budget data books, as part of this submission the Department is also requested to coordinate an explanation of policies that undergird the budget data books, such as staff salary compensation pools, targeted compensation allocations (e.g., to particular staff), benefits, and special projects for actual year FY 2022-23 and budget year FY 2023-24. The Department is requested to collect this information from the institutions in a consistent format that is coordinated with Joint Budget Committee Staff.

By December 15, 2023: Submit fall 2023 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, 2024: Submit revised estimate year FY 2023-24 and request year FY 2024-25 revenue and enrollment data for each governing board, along with the comparable FY 2022-23 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 2024-25 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 2023-24 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 (Higher Education Emergency Relief Funds) used to support institutional operations, if applicable, indicating 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.

To further improve the quality of the 2024 session forecast, complete additional survey materials to be distributed by Legislative Council Staff addressing:

- Current year incoming, first-time student undergraduate fall resident and nonresident class size (FTE).
- Estimated current year graduating (outgoing) undergraduate resident and nonresident class size (FTE).
- Occurrence of tuition guarantees for current year and out-year and impacted student populations (undergrads and grads, resident and nonresident, and among campuses, as applicable)
- Number of concurrent enrollment students in current year FTE estimate.
- Whether concurrent enrollment student tuition is reflected in current year tuition revenue estimates and in the forecast.

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, but **did not include information about institutional policies undergirding the budget data books (which had been added to the FY 2023-24 request).** Staff has been informed that the Department will include this in hearing responses. 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 a draft of the report on December 2, 2023 but notes that the data source typically used (SURDS) is not available this year (due to a ransomware attack and data breach), so the debt segment of the report has been omitted and further updates are anticipated.

Report highlights were as follows.

- In FY 2022-23, federal grant aid accounted for 12.4 percent of all grant aid in Colorado. Pell Grants alone accounted for approximately 7.4 percent of total aid, excluding loans. In FY 2022-23, the maximum Pell Grant increased from \$6,495 to \$6,895, and the average Pell Grant award was \$4,122. The number of Pell Grants reported by institutions has steadily decreased since FY 2017-18.
- State funded financial aid comprised 14.3 percent of all grant aid and 7.8 percent of all aid, including federal loans. The number of recipients of undergraduate state need-based grants decreased by 5.9 percent from FY 2017-18 to FY 2022-23. This is a result of enrollment decreases. The average award amount has grown by 52 percent over the same period. In FY 2022-23, 53,813 students received undergraduate state need based grants averaging \$3,504.
- Institutional grant aid comprised 54.3 percent of all grant aid, or 30.4 percent of all financial aid, including loans. Institutional aid increased by 14.5 percent between FY 2017-18 to FY 2022-23.
- In FY 2021-22, the average student loan debt of resident loan recipients graduating from a public institution with a baccalaureate degree ranged from \$11,679 to \$37,410. Of all resident students graduating with a baccalaureate degree, 36.6 percent graduated with loans. The average student loan debt for associates graduates ranged from \$9,410 to \$18,364. Among those resident students graduating with associates degree, 36.7 percent graduated with loans.
- Sources of grant aid are summarized in the table below. As shown, student loans continue to be an important source for financing higher education.

SOURCES OF GRANT AID IN FY 2022-23	
TYPE OF AID	TOTAL EXPENDITURES
Institutional Grants	816,096,641
Federal Grants	335,900,936
State Grants	254,013,238

SOURCES OF GRANT AID IN FY 2022-23	
TYPE OF AID	TOTAL EXPENDITURES
Loans	1,180,135,360
Other Grant Aid	124,706,168
Total	\$2,710,852,343

7 *Addressed in separate Department of Higher Education briefing packet.*

- 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 2022-23 should be provided by November 1, 2023, and as it applies to actual expenditures in FY 2023-24 should be provided by November 1, 2024.

COMMENT: This request has been included since FY 2016-17, when the General Assembly again began to appropriate tuition and provide a tuition/enrollment contingency line item. The Department has reported that by May 15 each year, governing boards must apply for tuition contingency funding with information on the tuition contingency fund requested, the undergraduate resident tuition rate for the year, the reason for needing additional spending authority, and a variation analysis from the most recent tuition appropriation. Any Board that has complied with the tuition limit in the Long Bill and that does not request more than its proportionate share of tuition contingency funding is automatically approved. If a governing board needs spending authority over their proportionate share, CDHE staff determine if there is spending authority remaining. As a last resort, a June 1331 supplemental may be submitted to the Joint Budget Committee.

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

The Department submitted the required report. **The report indicated that \$6,548,474 of the \$75,000,000 in contingency funds was required in FY 2022-23. This included \$834,745 for Adams State University, \$4,443,205 for the Colorado Community College System, \$717,724 for Fort Lewis College, and \$694,542 for the University of Northern Colorado.**

The table below compares final spending authority for the institutions for FY 2022-23 with actual expenditures as reported in the Budget Data Books. As shown, with one exception, variances between spending authority and final expenditures were generally small.³⁷

³⁷ Staff notes some small discrepancies between the tuition contingency amounts and the need reflected in the budget data books, which may be due to the timing of various reports. The large discrepancy between spending authority and actual

TUITION SPENDING AUTHORITY VERSUS REVENUE - FY 2022-23				
	FY 2022-23 APPROPRIATION AFTER LONG BILL ADD-ON	FINAL TUITION REVENUE (BUDGET DATA BOOKS)	SPENDING ABOVE/(BELOW) SPENDING AUTHORITY <i>WITHOUT</i> CONTINGENCY DISTRIBUTION	VARIANCE
Adams State University	21,060,770	21,895,515	834,745	4.0%
Colorado Mesa University	72,474,731	70,864,979	(1,609,752)	-2.2%
Metropolitan State University of Denver	105,933,365	104,918,591	(1,014,774)	-1.0%
Western Colorado University	22,606,338	16,416,589	(6,189,749)	-27.4%
Colorado State University System	514,295,872	499,745,170	(14,550,702)	-2.8%
Fort Lewis College	41,082,166	41,707,413	625,247	1.5%
University of Colorado System	1,231,985,642	1,214,464,895	(17,520,747)	-1.4%
Colorado School of Mines	179,951,047	179,770,840	(180,207)	-0.1%
University of Northern Colorado	69,529,354	70,223,895	694,541	1.0%
Colorado Community College System	273,542,690	276,782,816	3,240,126	1.2%
Total	2,532,461,975	2,496,790,704	(35,671,271)	

spending reported for Western Colorado University appears to be due to a change in which funds are counted as “Education and General” and thus subject to tuition appropriations.

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 2024-25 budget request, documents 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>

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

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

APPENDIX D OTHER ATTACHMENTS

Attachments include:

- Department RFI #1
- Institutional Revenue and Enrollment History Charts (under separate cover)



College Affordability Message

Fiscal Year 2023-24

2023

**Prepared and submitted by the
Colorado Department of Higher Education (CDHE)**

Report to the Joint Budget Committee
Statute: 2023-24 Request for Information

November 2023

1600 Broadway, Suite 2200, Denver, CO 80202

For more information contact:
CDHE@dhe.state.co.us

Introduction

In 2023 the Joint Budget Committee (JBC) provided funding and requested the Department of Higher Education (CDHE) *“to collaborate with institutions of higher education and other interested individuals and entities to develop and begin to disseminate a statewide affordability message”* regarding affordability for low-income students and parents. A 2023 Hanover Research survey of students, parents, and high school counselors in Colorado found that one of the greatest barriers for low-income students to pursue a postsecondary education was a misperception around Colorado higher education affordability. The survey analysis recommended CDHE pursue a statewide message around affordability and financial support for low-income students and parents.

Today, and in the coming decade, the Colorado economy demands citizens with a postsecondary credential. Nearly three-quarters of Colorado jobs that pay a living wage require a degree or credential beyond a high school diploma. This reality has been a key catalyst of the *Colorado Rises: Advancing Education and Talent Development* which set the ambitious goal of 66% of Colorado residents attaining a postsecondary credential by 2025. The CDHE annual report highlighted that over 50% of Colorado high school graduates will not earn a postsecondary credential, and those figures become further skewed when looking at students from low income (Pell Eligible) and historically underserved backgrounds.

Currently, many Colorado public institutions have some kind of “Promise” initiative aimed at improving postsecondary education affordability for low-income students. Across institutions, “low-income” students are identified as Pell eligible and/or a family income of less than \$60,000 (with some four-year institutions allowing a higher income range). The various public institutions’ *Promise* initiatives cover tuition, and at many four-year institutions also cover fees (two-year institutions are split regarding support for fees). Across all initiatives there is currently no clear, singular message and/or criteria for eligibility for low-income students and families to review. Some institutions have an income threshold that corresponds to Pell eligibility, while others allow for a family income of up to \$70,000/year. Additionally, schools may also have non-financial requirements, such as regional residency, graduating from a specific high school, recency of high school graduation, varying financial aid application deadlines, enrollment intensity expectations, transfer student ineligibility, and academic/GPA performance, which can further add to confusion and uncertainty. A listing of all programs/initiatives reported to the CDHE has been attached at the end of the report. This variance across initiatives and the lack of a single clear message about student affordability in Colorado continues to foster misconceptions around affordability. Often low-income students and families are left unaware of the potential financial support available to them at various institutions, the culmination of which further hinders the ability of many students and families to make educated decisions around their postsecondary enrollment and career goals.

The idea of a broader affordability message for Colorado postsecondary education is not new. In prior years, institutions have shown interest in the development of such a message, but progress has been hindered by granular differences across all institutions.

Updates

CDHE has successfully hired a new Policy Analyst to help develop and disseminate the Colorado Affordability Message. The core functions of the role were created directly based off the JBC Request for Information (RFI) and are highlighted below.

- Facilitate a college affordability working group with representatives from various stakeholder organizations.
- Convene institution representatives to identify and collect accurate data pertaining to current affordability for low-income students.
- Work with institutions to identify changes to financial aid policies to further clarify an affordability message.
- Determine additional state funding that would be required to support changes to financial aid policies and strengthen a statewide affordability message.
- Identify and disseminate an evidence-based effective statewide message on college affordability.

The policy analyst started in early October and has begun the initial steps towards implementing the key steps outlined by the JBC.

Anticipated Project Timeline

October – December 2023

- Develop message goals, exploring potential populations, and establishing a timeline.
- Identify key stakeholders.
- Hold welcome meetings with stakeholders and key constituents.
- Update current listing of institutional affordability initiatives and messaging.
- Conduct introductory meetings with institutional CFO's and financial aid directors.

January – March 2024

- Convene a work group made up of representatives from postsecondary institutions, K-12 institutions, parents/students, community organizations, and other key groups.
- Analyze financial aid data from IHEs.

- Convene a financial aid group made up of enrollment managers, financial aid directors, and other leaders/financial aid experts.

April – October 2024

- Work with institutional financial aid leaders and experts to identify potential changes and challenges to institutional financial aid policies.
- Identify potential challenges to current state financial aid funding/policy and provide recommendations to address identified challenges.
- Develop update for JBC (due Nov 1, 2024).

November 2024 – January 2025

- Develop draft affordability language and content around “college affordability.”
- Start compiling resources for K-12 tool kit.

February - March 2025

- Gather feedback and edits to message from work group and financial aid leaders.
- Finalize both affordability message and tool kit.

April – June 2025

- Disseminate message & tool kit.
- Hold information sessions/training for K-12 staff on use of tool kit.
- Compile final report for JBC.

Project Goals

While the development and dissemination of a college affordability message is the overarching goal, there are multiple keystone components which will drive the larger project success.

- Establish measures of and improve affordability for low-income Colorado students.
- Collaborate with working groups to bring together key stakeholders from K-12, IHE, community organizations, and higher education experts.
- Determine institutional- and state-level policy changes needed to improve affordability.
- Develop a *College Affordability* tool kit to support K-12 administrators/staff work in educating students and parents about postsecondary.

BACKGROUND CHARTS BY GOVERNING BOARD

Notes for all charts:

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

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

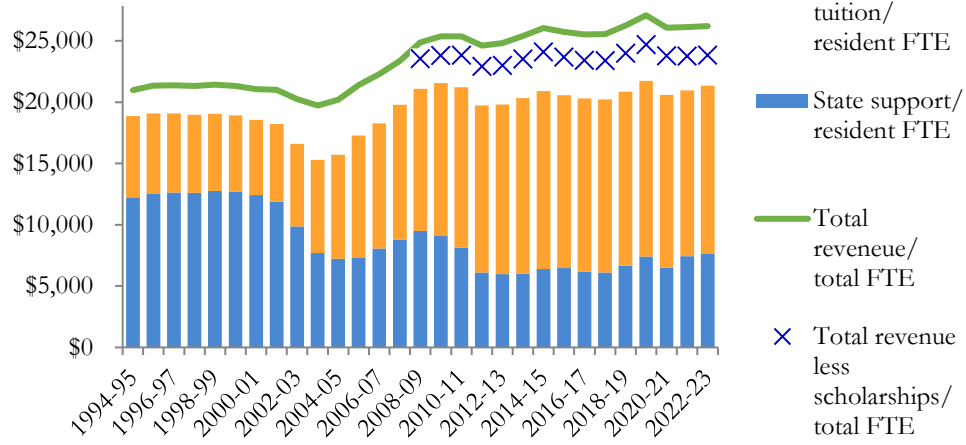
Other institutional profile and performance information is available at:

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

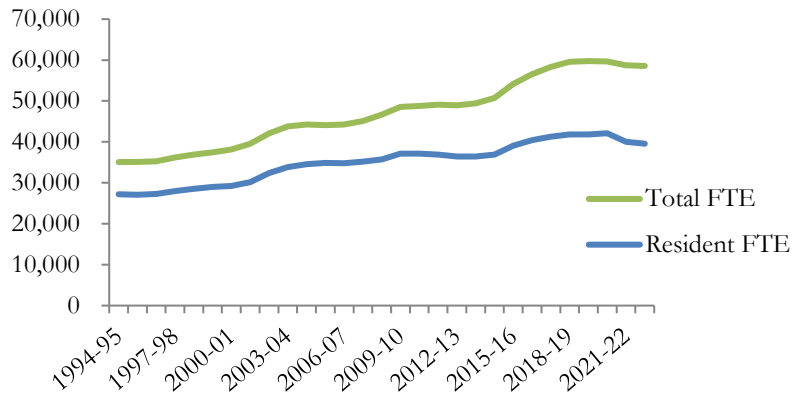
Select “Data Feedback Report”, enter an institution’s name, and select “View Data Feedback Reports”.

University of Colorado System

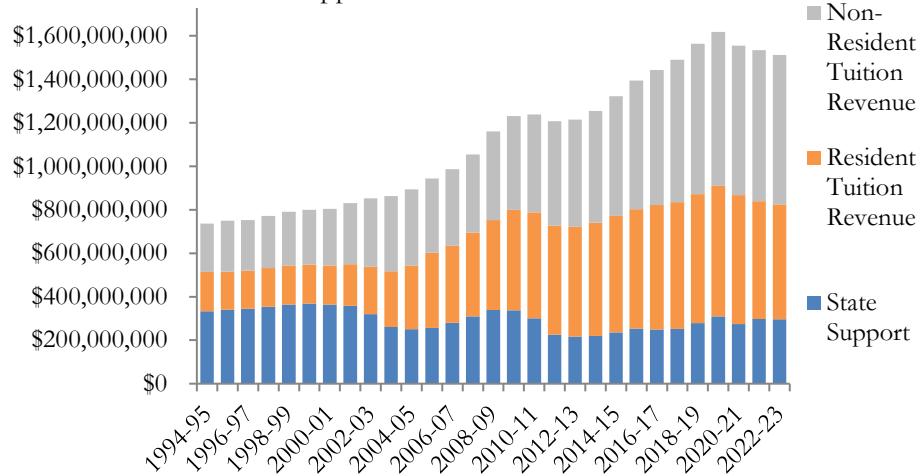
Tuition and State Support per Student FTE in Constant Dollars



Student FTE

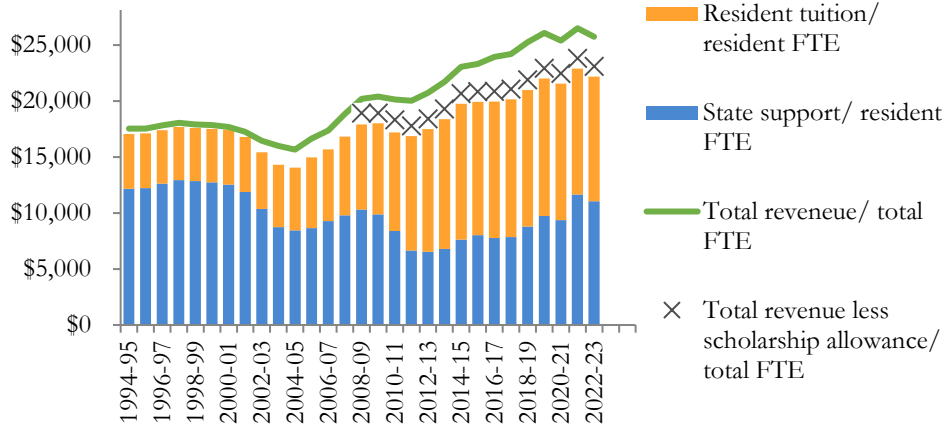


Total Tuition and State Support in Constant Dollars

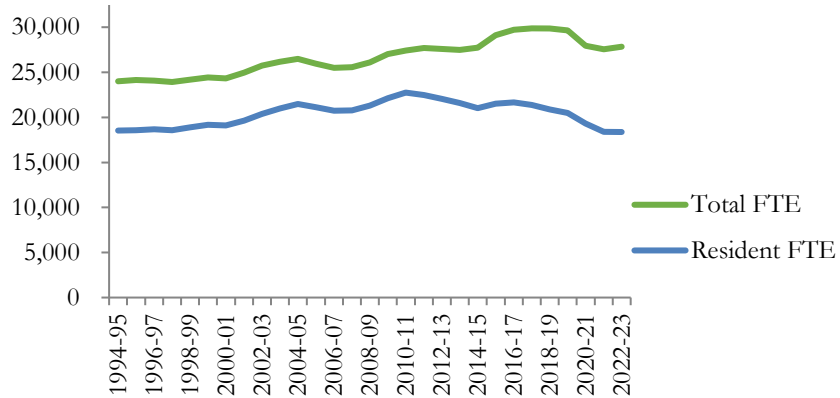


Colorado State University System

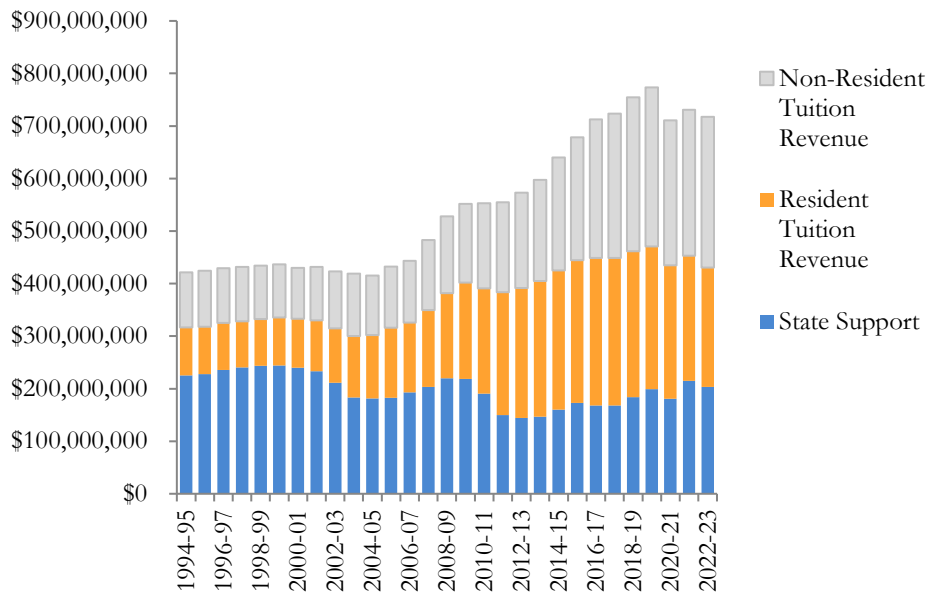
Tuition and State Support per Student FTE in Constant
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Student FTE

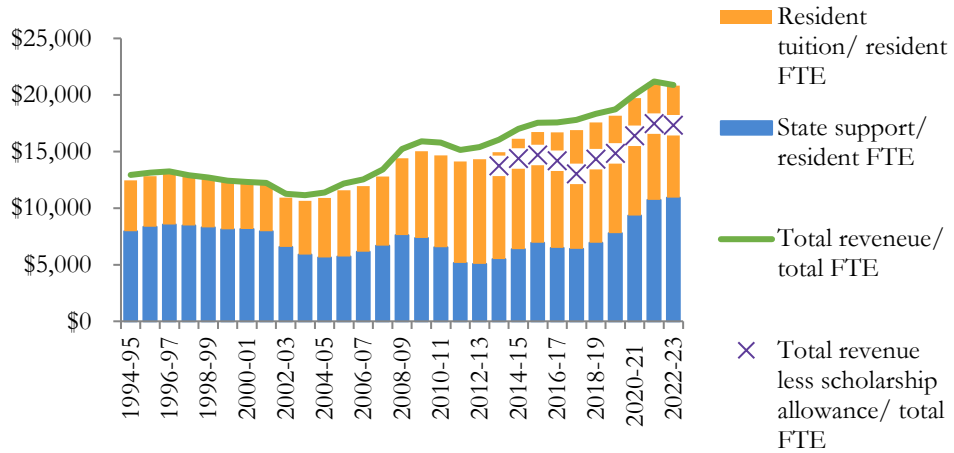


Total Tuition and State Support in Constant Dollars

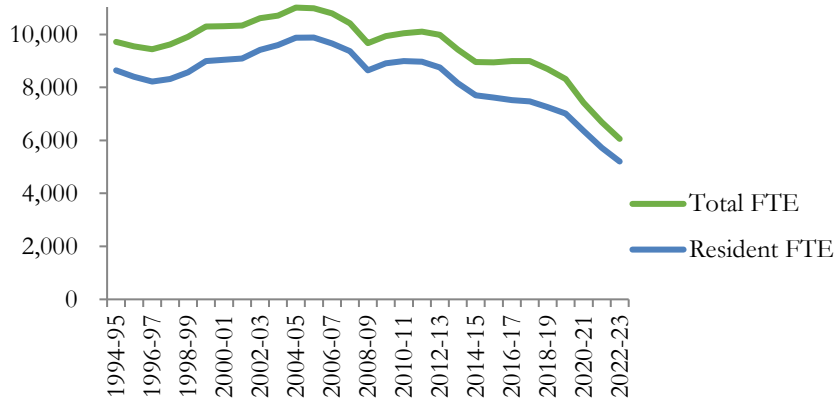


University of Northern Colorado

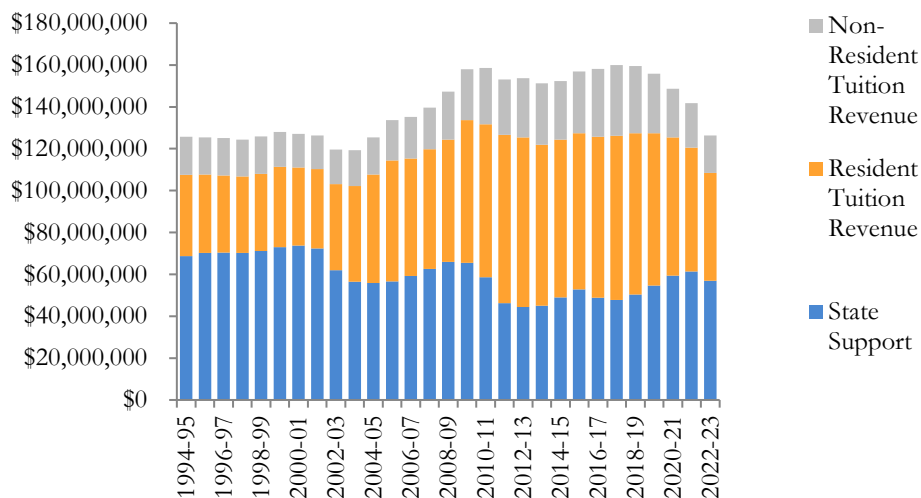
Tuition and State Support per Student FTE in Constant Dollars



Student FTE

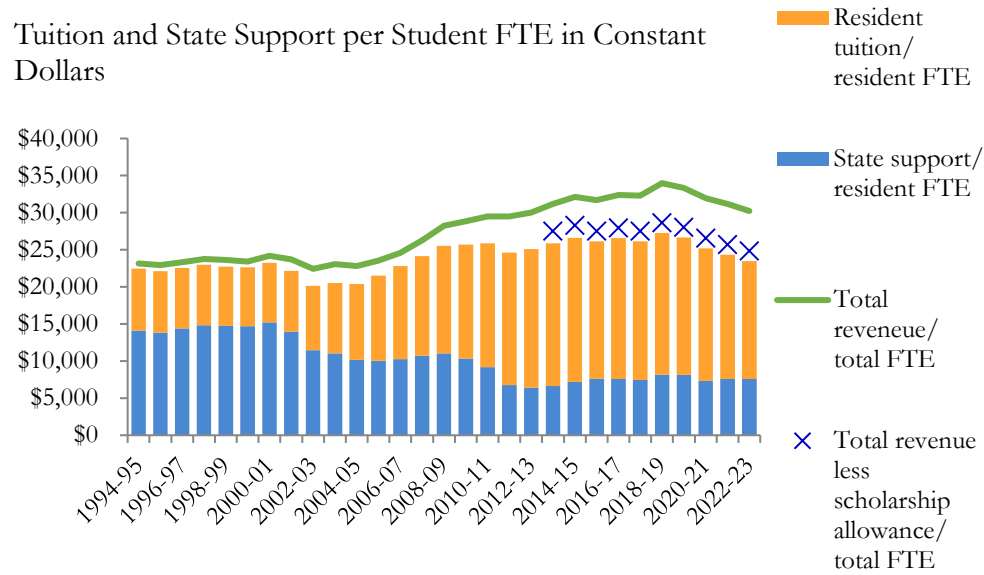


Total Tuition and State Support in Constant Dollars

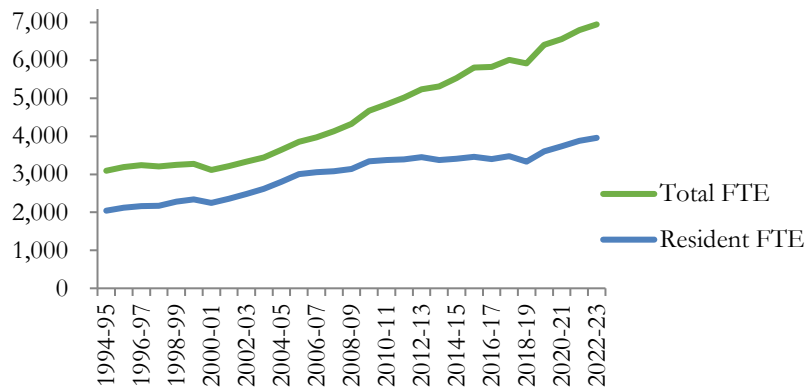


Colorado School of Mines

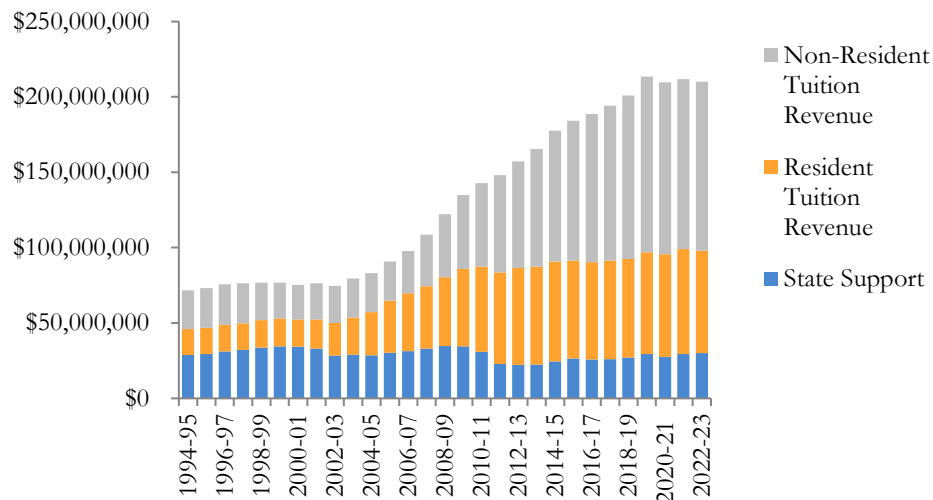
Tuition and State Support per Student FTE in Constant Dollars



Student FTE

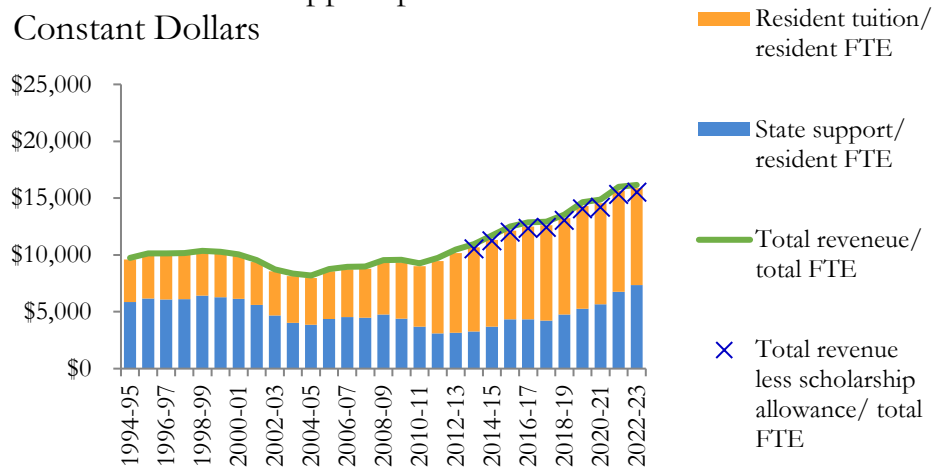


Total Tuition and State Support in Constant Dollars

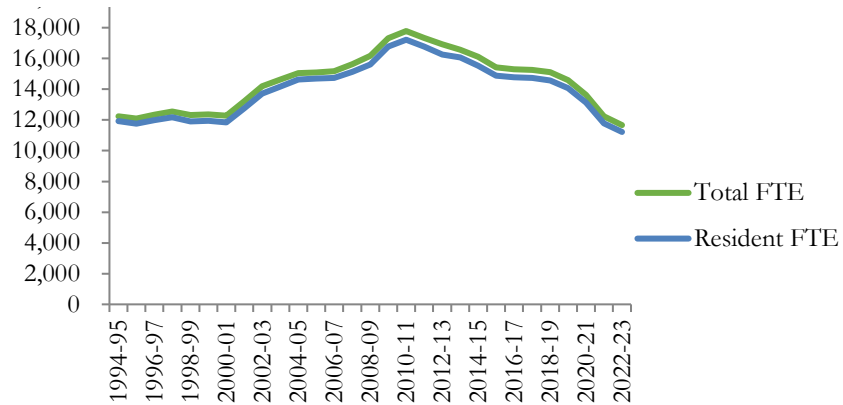


Metropolitan State University of Denver

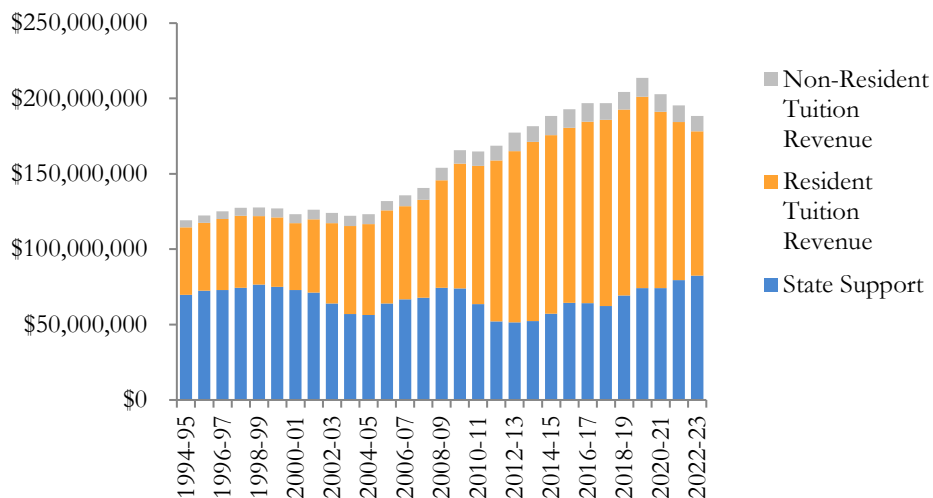
Tuition and State Support per Student FTE in Constant Dollars



Student FTE

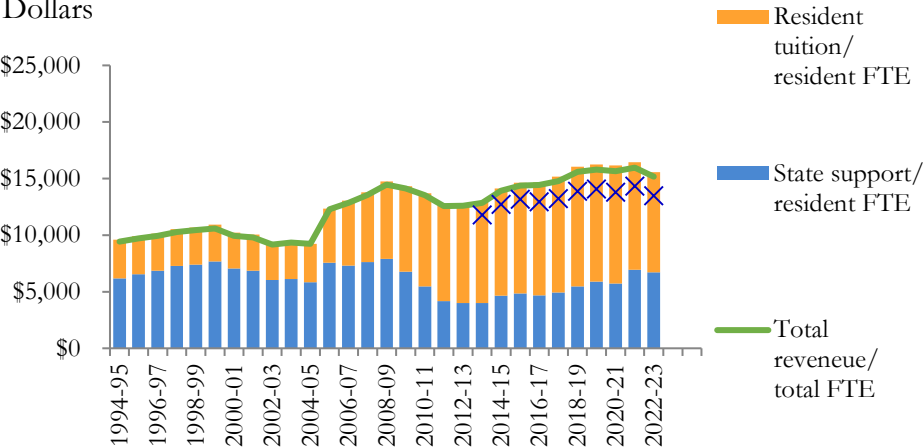


Total Tuition and State Support in Constant Dollars

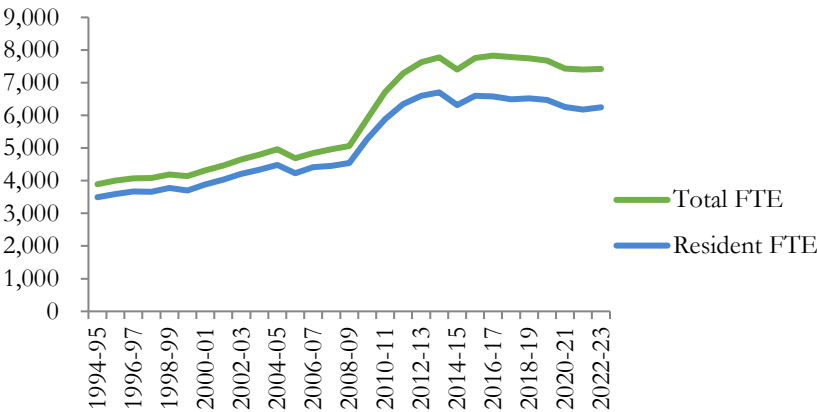


Colorado Mesa University

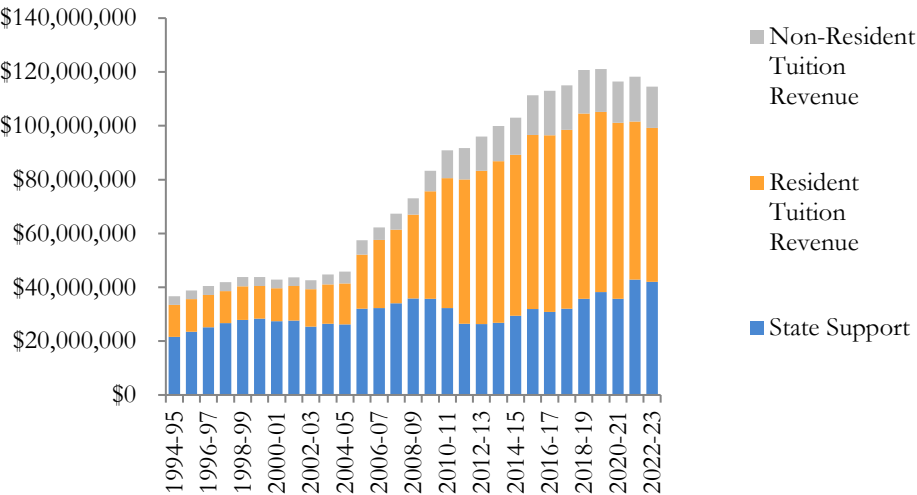
Tuition and State Support per Student FTE in Constant Dollars



Student FTE

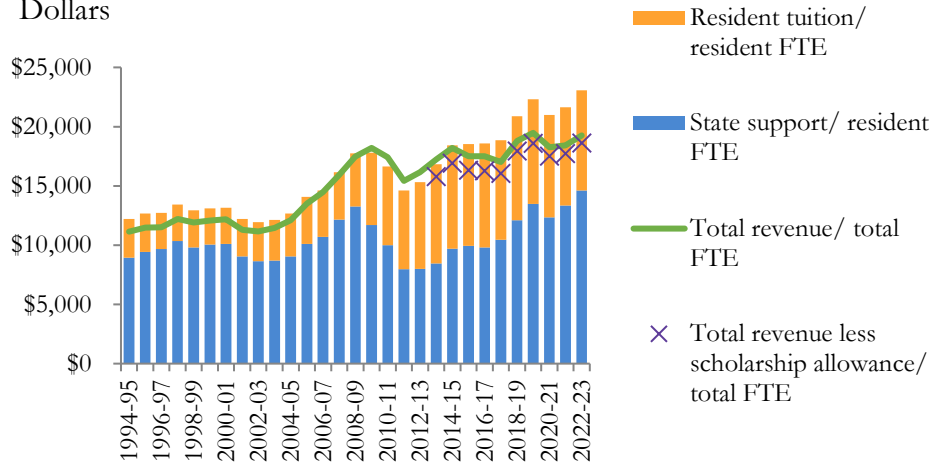


Total Tuition and State Support in Constant Dollars

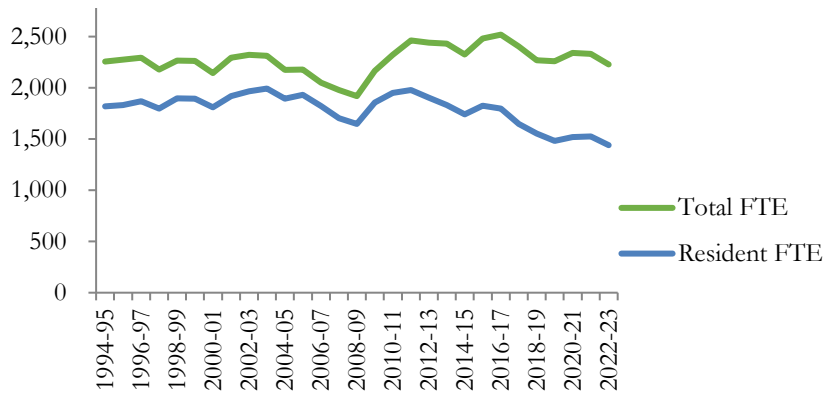


Adams State University

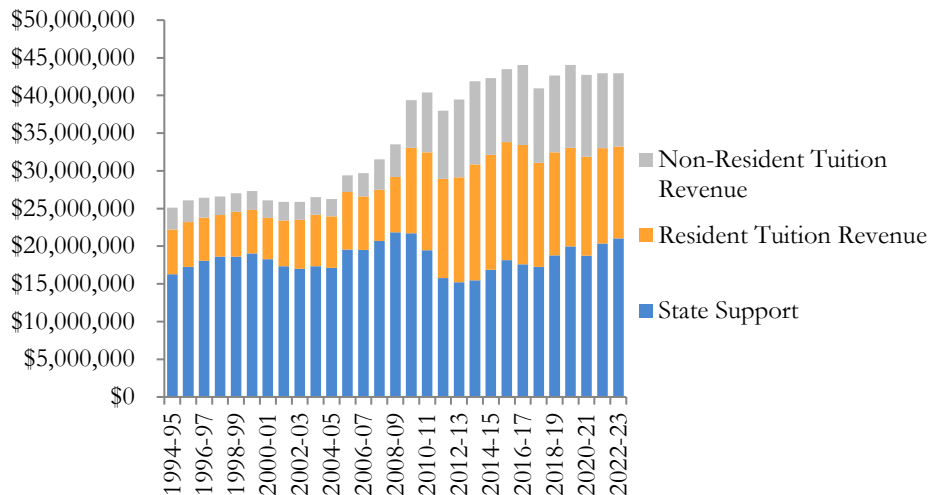
Tuition and State Support per Student FTE in Constant Dollars



Student FTE

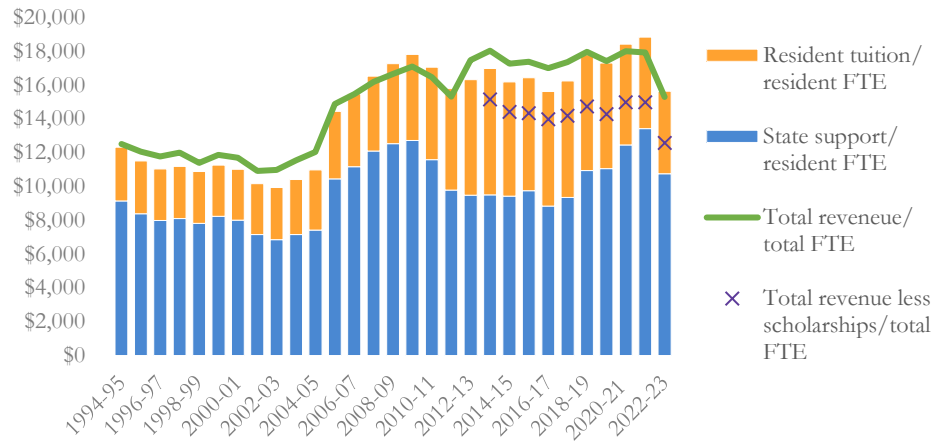


Total Tuition and State Support in Constant Dollars

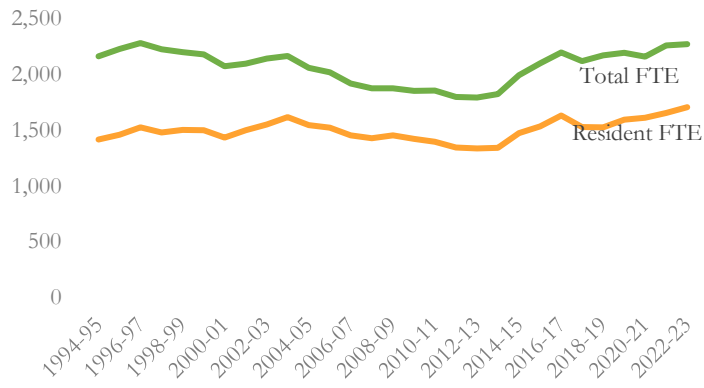


Western State Colorado University

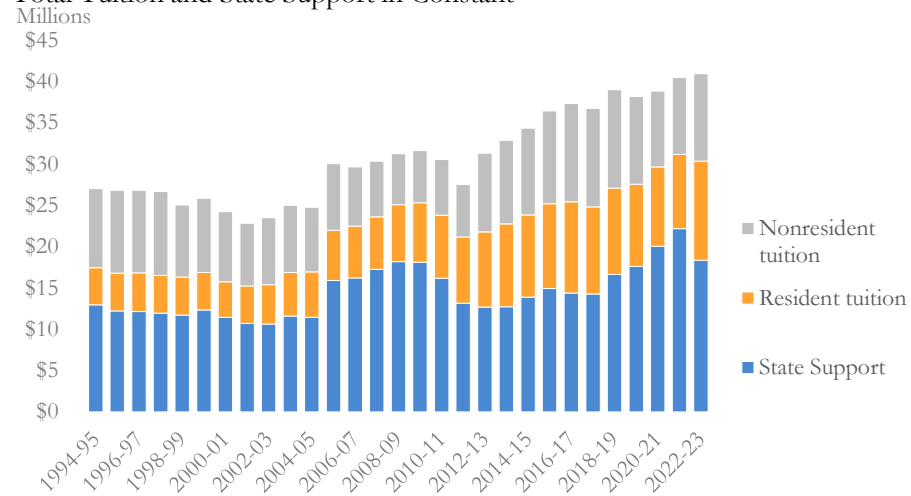
Tuition and State Support per Student FTE in Constant



Student FTE

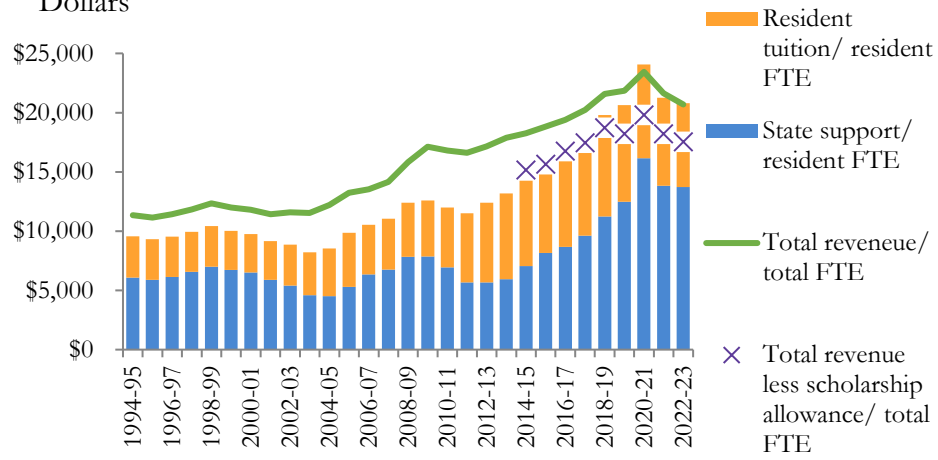


Total Tuition and State Support in Constant

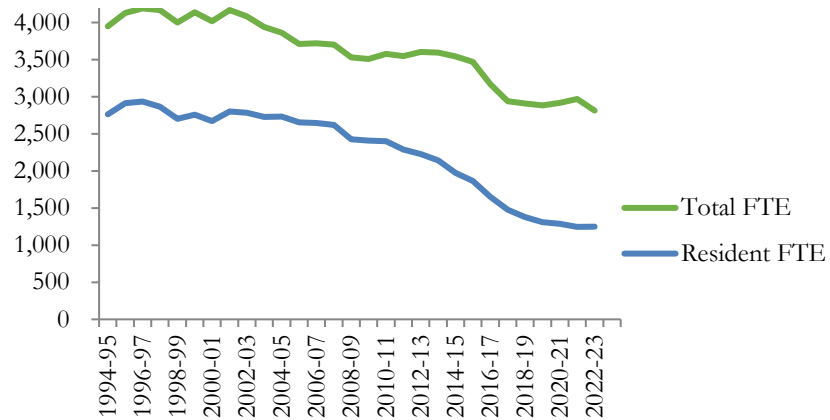


Fort Lewis College

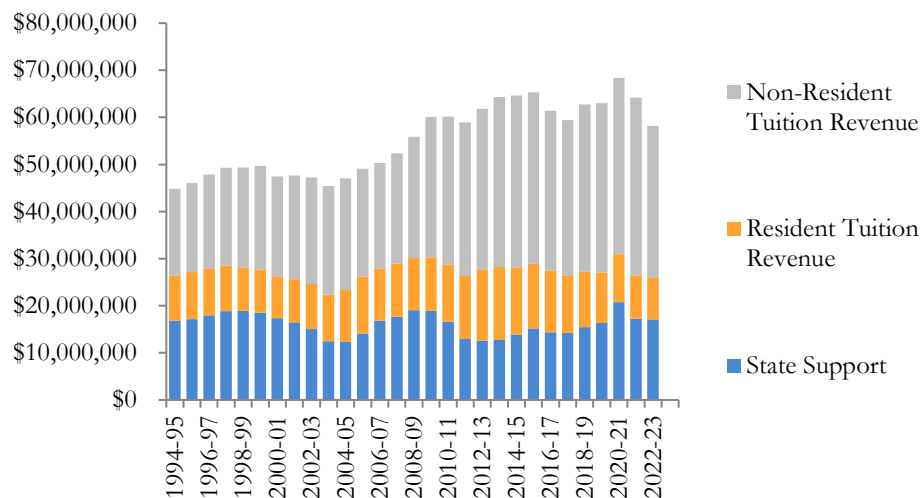
Tuition and State Support per Student FTE in Constant Dollars



Student FTE

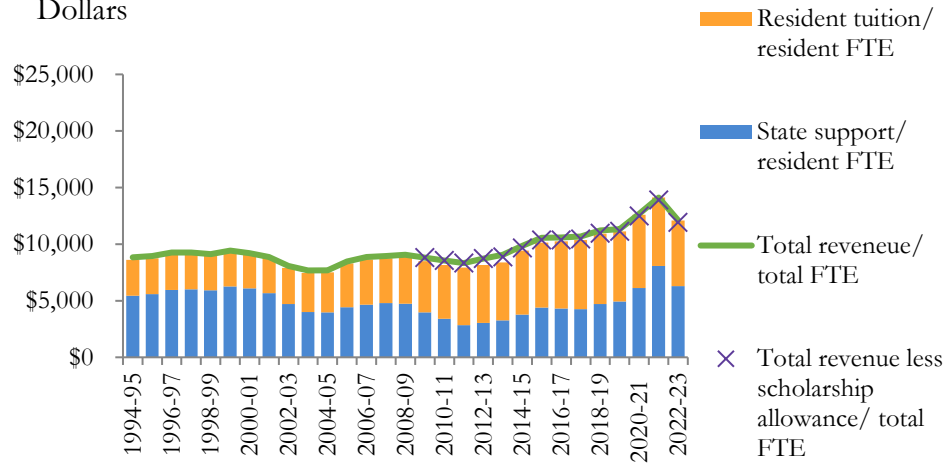


Total Tuition and State Support in Constant Dollars

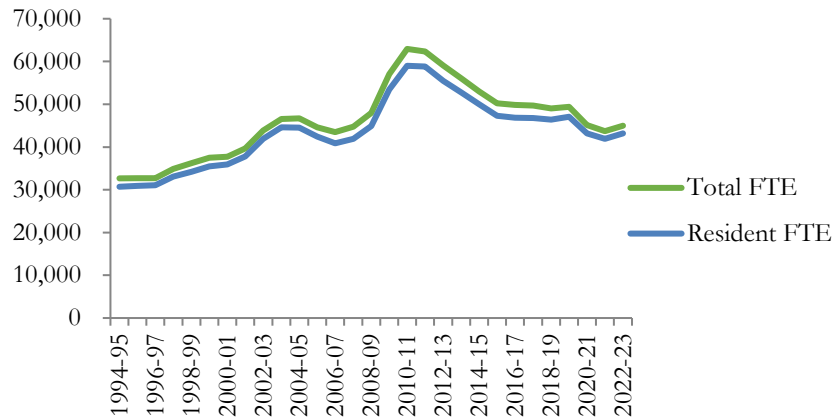


Colorado Community College System

Tuition and State Support per Student FTE in Constant Dollars



Student FTE



Total Tuition and State Support in Constant Dollars

