



JOINT BUDGET COMMITTEE STAFF FY 2024-25 BUDGET BRIEFING SUMMARY

Colorado General Assembly
Joint Budget Committee

Department of Higher Education
Higher Education Institutions and Financial Aid

The Department of Higher Education is responsible for higher education and technical training programs in the state. The Department's FY 2023-24 appropriation represents 14.1 percent of statewide operating appropriations and 10.3 percent of statewide General Fund appropriations.

FY 2023-24 APPROPRIATION AND 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 bill 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 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 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 Financial Aid for Youth Mentors	(100,000)	(100,000)	0	0	0	0.0
HB23-1237 Inclusive Language in Emergencies	(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)

SUMMARY OF ISSUES PRESENTED TO THE JOINT BUDGET COMMITTEE

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.

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.

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.

FOR MORE INFORMATION

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TO READ THE ENTIRE BRIEFING: Go to <http://leg.colorado.gov/content/budget/budget-documents> to use the budget document search tool. Select this department's name under *Department/Topic*, "Briefing" under *Type*, and select a *Start date* and *End date* to show documents released in November and December of 2023.