



Colorado General Assembly
Joint Budget Committee

JOINT BUDGET COMMITTEE STAFF FY 2024-25 BUDGET BRIEFING SUMMARY

Department of Higher Education

Department Administrative Office, Colorado Commission on Higher Education & Higher Education Special Purpose Programs, Div. of Occupational Education (except Area Technical Colleges), Auraria Higher Education Center, and History Colorado

The Department of Higher Education is responsible for higher education and vocational 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 initiative funds	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
T1 AHEC spending authority	4,345,063	0	0	4,345,063	0	0.0
T2 Depreciation lease equivalent	1,565,337	1,565,337	0	0	0	0.0
T22 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%)

NOTE: This briefing document only addresses the shaded items in this table.

R4 DEPARTMENT OF HIGHER EDUCATION SALARY ADJUSTMENT: The Department requests \$145,770 General Fund ongoing for a departmental salary adjustment for existing staff. The Department has struggled with high turnover and vacancy rates in recent years, which it largely attributes to non-competitive salaries. In FY 2023-24, the Department received \$50,000 General Fund to increase the salary for the chief financial officer and chief research officer positions, and \$50,000 General fund to increase other staff salaries to make progress towards increasing staff retention and hiring with the expectation that the Department would solicit support from the Department of Personnel and Administration to provide comparative analysis of its salaries. The Committee should note that the Department submitted a request for \$256,047 General Fund for FY 2023-24 to increase salaries. It is staff's understanding that the Committee denied the majority of the request at that time primarily because of a lack of data to support the request.

For the current request, the Department contracted with the Department of Personnel and Administration to analyze the reporting structure and five primary duties of each employee, identify the equivalent classified position for each, and utilize the FY 2024-25 pay plan to compare the salaries. Based on an assumption that the average tenure of an employee with the Department will be 6.2 years in FY 24-25, it was determined that 55%, or 21 of 38, of the Department's General Funded permanent positions would be paid below the equivalent classified position absent the increases requested in R4. The Department's requests amounts to the sum of the salary difference for each lower-paid position and its equivalent classified position salary.

HC1 COLLECTION CARE AND STORAGE FACILITY LEASE: History Colorado requests \$500,000 General Fund ongoing to lease a new facility to house the State's archival collection and also requests legislative authority to sell its current storage facility once a suitable location has been identified. History Colorado plans to share the facility with State Archives and possibly other state agencies, and aims to pursue a lease with a purchase option for the facility within 10 years if deemed beneficial to the state. More information is included in the History Colorado Issue Brief in this document.

HC2 HISTORIC PROPERTY AFFORDABLE HOUSING: History Colorado requests \$102,840 General Fund and 0.9 FTE in FY 2024-25, annualizing to \$105,064 General Fund and 1.0 FTE in FY 2025-26 to hire a position dedicated to providing technical assistance and consultation to property owners and community leaders on the use of vacant and underutilized historic properties for affordable and workforce housing. Currently, preservation programs staff maintain a list of historic properties and provide assistance in the evaluation of properties, programs, activities and actions to address property preservation. However, they do not currently provide consultation services specific to affordable housing.

HC3 250-150 COMMISSION OUTREACH. On behalf of the America 250 – Colorado 150 Commission, History Colorado requests a \$500,000 one-time General Fund appropriation in FY 2024-25 for the purpose of outreach (\$250,000), advertising (\$150,000), and fundraising activities (\$100,000) in support of the upcoming milestones in 2026: the 250th anniversary of the signing of the Declaration of Independence, and Colorado's 150th anniversary of statehood. The Commission also requests the creation of a term-limited and continuously appropriated cash fund for the General Fund appropriation as well as for donations and earned revenue received from the sale of commemorative items. Sales of merchandise and commemorative products would support community grants across the state to assist with local 250-150 commemorations. As proposed, the cash fund would repeal at the end of FY 2026-27.

The Commission consists of 15 members and was established in SB 22-011, America 250 – Colorado 150 Commission, to develop and promote plans for the 250-150 commemoration between July 1, 2025, and December 31, 2026. The General Assembly provided \$151,503 General Fund annually to provide funding for an FTE, in-person community engagement, and limited operating expenses. The General Assembly provided an additional one-time

appropriation of \$500,000 General Fund for this purpose as part of SB 23-297 (America 250 Colorado 150 Commission) for the current fiscal year, the majority of which will be applied to fundraising efforts.

HC4 ADOBE MAINTENANCE MANAGER COST BENDING FTE: History Colorado requests \$104,351 General Fund and 0.9 FTE in FY 2024-25, annualizing to \$112,921 General Fund and 1.0 FTE in FY 2025-26 and ongoing, to hire an adobe maintenance manager to oversee maintenance for its nine adobe structures. History Colorado believes this position could address over \$150,000 worth of maintenance in-house within the first year and \$225,000 per year thereafter (with those cost estimates based on contracting for the work rather than doing it in-house). Absent this position, History Colorado anticipates that capital requests for adobe projects would require \$4.4 million over the next 5 years but asserts that this position could reduce that reliance by \$1.5 million over the 5 years.

HC5 CUMBRES TOLTEC FIRE MITIGATION: On behalf of the Cumbres & Toltec Scenic Railroad, History Colorado requests a \$500,000 one-time General Fund appropriation to support fire mitigation efforts. Funding would be utilized to clear vegetation adjacent to the railroad (\$445,000) and to replace and upgrade fire mitigation equipment (\$55,000) including the replacement of one highway brush truck and upgrades to rail mounted fire mitigation equipment. Both the highway brush truck and fire mitigation equipment are more than 30 years old. In June 2022, drought conditions forced a temporary closure to railroad operations due to wildfire concerns which resulted in the loss of \$750,000 in operating revenue for the railroad, setting it back on its goal of eventual self-sustainability.

HC6 COMMUNITY MUSEUMS: History Colorado requests \$150,000 cash fund spending authority in FY 2024-25 and ongoing from the Community Museum Earned Revenue Cash Fund. Funding would be utilized to invest in marketing, engagement, and exhibits to increase attendance and, therefore, revenue. Currently, the largest share of Community Museum earned revenue (approx. 40%) flows through event rentals at the Grant Humphreys Mansion with the Ute Indian Museum generating the second highest earned revenue. This request represents a 15.0 percent increase in operating funds and is anticipated to boost revenue by 3.0 percent according to the request. The majority of increased revenue is anticipated to be derived from admissions, programming fees, and gift shop sales. According to the request, distribution of the additional funding would be as follows (sorted from largest to smallest percent increase):

HC6 COMMUNITY MUSEUM IMPACT			
MUSEUM	FY24 OPERATING BUDGET	REQUESTED INCREASE	PERCENTAGE INCREASE
Trinidad	\$30,100	\$14,900	49.5%
Colorado Center for Women’s History	54,800	17,200	31.4%
El Pueblo	79,300	21,600	27.2%
Fort Garland	63,250	17,600	27.8%
Grant Humphreys Mansion	108,400	14,500	13.4%
Healy House	14,550	9,000	61.9%
Ute Indian Museum	148,800	21,000	14.1%
Community Museum Admin	514,950	34,200	6.6%
Total	\$1,014,150	\$150,000	14.8%

HC7 COP SEQUESTRATION: History Colorado requests \$44,817 cash funds in FY 2024-25, annualizing to \$42,208 cash funds in FY 2025-26, to pay for the History Colorado Center annual sequestration interest payment as part of the SB 08-206 COP payment. Savings from construction of the Judicial Center and History Colorado were set aside to make sequestration interest payments; however, those funds have been exhausted. Background information regarding the COP can be found in the History Colorado Issue Brief.

HC8 STRATEGIC INITIATIVE FUND. History Colorado requests spending authority of \$846,082 cash funds from the remaining balance of the Historic Society Strategic Initiative Fund (HSSI Fund) which was created in SB 22-216 (Reallocation of Limited Gaming Revenues). During the 2022 legislative session, S.B. 22-216 resulted in adjustments to the limited gaming revenue distribution formula and transferred \$3.0 million into the HSSI Fund for strategic

initiatives to strengthen History Colorado's financial position through expanding statewide impacts and increasing earned revenue. The fund exists through FY 2026-27.

As the chart demonstrates below, the institution did not spend the full appropriation in the first fiscal year, leaving \$880,894 cash funds unspent. In FY 2023-24, it was appropriated \$1.5 million spending authority from the cash fund and anticipates an unexpended balance of \$337,521 cash funds at the end of this fiscal year. The institution is requesting \$846,082 cash fund spending authority for the 2024-25 fiscal year to spend down the unexpended balance and anticipates requesting \$372,333 spending authority in FY 2025-26 to spend down the remainder.

HC9 INDIAN BOARDING SCHOOL RESEARCH: History Colorado requests \$1.0 one-time General Fund with roll forward authority for three years and 2.0, 3-year limited FTEs to support research, tribal consultation, and listening sessions with American Indian/Alaska Native (AI/AN) communities on the history and impact of Federal Indian Boarding Schools in Colorado. This request builds on recommendations made at the conclusions of research commissioned in H.B. 22-1327 (Native American Boarding School Research Program Act). The final report was issued to the Colorado Commission of Indian Affairs on June 30, 2023, and made publicly available on October 3, 2023. The request identifies three main focuses of the continued funding:

- Answer outstanding archival and physical research questions about Federal Indian Boarding Schools in Colorado.
- Conduct oral history work to include the voice of impacted Native populations.
- Conduct additional tribal consultations with 33 Tribal Nations including listening sessions with AI/AN communities to address and plan for the care and memorialization at the sites, support impacted communities, and increase education for impacted communities as well as for Coloradans in general.

T1 AHEC SPENDING AUTHORITY: The request increases spending authority for the Auraria Higher Education Center by \$4.3 million for funds received from the institutions operating on the Auraria campus (University of Colorado – Denver, Metropolitan State University of Denver, and the Community College of Denver). A supplemental request may be submitted in January to address spending authority for the current fiscal year.

T2 DEPRECIATION LEASE EQUIVALENT: The request includes an increase of \$1,565,337 General Fund increase to the annual depreciation lease equivalent payment for higher education, bringing the total for higher education to \$12,550,234 General Fund. This mechanism for supporting capital construction is based on the depreciation of new construction and renovations funded by the General Assembly since FY 2015-16.

T22 COLORADO GEOLOGICAL SURVEY: The request includes an increase of \$37,471 General Fund and \$98,284 cash funds from Severance Tax funds for a total increase of \$135,765. This represents a 5.6 percent increase in the operating budget to address inflationary pressure.

NON-PRIORITIZED REQUESTS: The request includes adjustments to centrally appropriated line items related to the Central Services Omnibus Request made by the Department of Personnel and Administration as well as for CORE Operating Resources. Requests have been made separately for the Department of Higher Education and History Colorado.

CENTRALLY APPROPRIATED LINE ITEMS: The request includes adjustments to centrally appropriated line items including: salary survey; health, life, and dental; short-term disability; supplemental payments to the Public Employees Retirement Association (PERA); Paid Family Medical Leave Insurance, shift differential, payments to the Governor's Office of Information Technology (OIT); workers' compensation; risk management and property adjustment; legal services; leased space, and CORE accounting system operations.

ANNUALIZE PRIOR YEAR BUDGET ACTIONS The request includes a decrease of \$5.3 million to reflect the FY 2024-25 impact of prior year budget actions related to salary survey, IT accessibility adjustments for both the Department and History Colorado, and the removal of one-time funding related to decision items in FY 2023-24.

ANNUALIZE PRIOR YEAR BUDGET ACTIONS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
IT Accessibility adjustment	(\$2,316,355)	(\$1,916,355)	(\$400,000)	\$0	\$0	(12.0)
FY 2023-24 HC R1 Strategic Initiatives	(1,500,000)	0	(1,500,000)	0	0	0.0
IT Accessibility adjustment	(911,188)	(911,188)	0	0	0	0.0
FY 2023-24 HC4 250/150 Commission	(500,000)	(500,000)	0	0	0	0.0
Prior year salary survey	(54,686)	0	0	0	(54,686)	0.0
TOTAL	(\$5,282,229)	(\$3,327,543)	(\$1,900,000)	\$0	(\$54,686)	(12.0)

ANNUALIZE PRIOR YEAR LEGISLATION The request includes a net reduction of \$52.1 million total funds, including \$49.9 million General Fund, to reflect the FY 2024-25 impact of bills passed in previous legislation sessions, summarized in the following table.

ANNUALIZE PRIOR YEAR LEGISLATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
SB23-031 Improve Health-care Access	\$1,165,428	\$1,165,428	\$0	\$0	\$0	0.0
HB23-1246 In-demand workforce	(43,600,000)	(43,600,000)	0	0	0	0.0
HB23-1060 Updates to Tree Nursery	(5,577,575)	(5,382,500)	(195,075)	0	0	(1.5)
HB21-1317 Reg. 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/wildfire mitigation workforce	(414,232)	(414,232)	0	0	0	0.0
SB23-149 Stud. Fin. Aid for Youth Mentors	(100,000)	(100,000)	0	0	0	0.0
HB23-1237 Inclusive Language Emergency Sit.	(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

INFORMATIONAL ISSUE: HISTORY COLORADO BACKGROUND AND HC1 FACILITY LEASE: This issue brief gives an overview of History Colorado establishment, funding, and financial history as it pertains to its request for \$500,000 General Fund ongoing to lease a facility to replace its North Storage facility.

INFORMATIONAL ISSUE: DEPARTMENT OF HIGHER EDUCATION DATA BREACH: This issue brief gives an update on the cybersecurity incident at the Colorado Department of Higher Education. On August 4, 2023, the Colorado Department provided notice of a cybersecurity incident potentially involving personal information of certain individuals. The Department became aware of the ransomware incident on June 19, 2023, the full scope of which has not been made publicly available for security reasons.

ONE-TIME FUNDING AUTHORIZED IN RECENT LEGISLATIVE SESSIONS: During the 2021, 2022, and 2023 legislative sessions, the General Assembly allocated significant one-time funding to the Department of Higher Education that included \$95.3 million originating as state General Fund and \$180.2 million originating as federal Coronavirus State Fiscal Recovery funds (ARPA funds). Federal ARPA funds must be obligated by December 30, 2024 and expended by December 31, 2026.

FOR MORE INFORMATION

JBC STAFF ANALYST: Louellen Lowe
(303) 866-6281
Louellen.Lowe@coleg.gov

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.