

Schedule 13

Department of Higher Education

Funding Request for The FY 2021-22 Budget Cycle

Request Title

NP-01 COE Program Financial Restructure

Dept. Approval By:

Jason Schrock

Supplemental FY 2020-21

OSPB Approval By:

Aaron Ray - govoffice

Budget Amendment FY 2021-22

X

Change Request FY 2021-22

Summary Information	Fund	FY 2020-21		FY 2021-22		FY 2022-23
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	Total	\$0	\$0	\$0	\$3,604	\$0
	FTE	0.0	0.0	0.0	0.0	0.0
Total of All Line Items Impacted by Change Request	GF	\$0	\$0	\$0	\$0	\$0
	CF	\$0	\$0	\$0	\$0	\$0
	RF	\$0	\$0	\$0	\$3,604	\$0
	FF	\$0	\$0	\$0	\$0	\$0

Line Item Information	Fund	FY 2020-21		FY 2021-22		FY 2022-23
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	Total	\$0	\$0	\$0	\$3,604	\$0
	FTE	0.0	0.0	0.0	0.0	0.0
01. Department Administrative Office, (A) Administrative Office, (1) Administrative Office - Statewide Training	GF	\$0	\$0	\$0	\$0	\$0
	CF	\$0	\$0	\$0	\$0	\$0
	RF	\$0	\$0	\$0	\$3,604	\$0
	FF	\$0	\$0	\$0	\$0	\$0

Auxiliary Data

Requires Legislation? NO

Type of Request?

Department of Higher Education Non-Prioritized Request

Interagency Approval or Related Schedule 13s:

Impacts DPA

Schedule 13

Department of Higher Education

Funding Request for The FY 2021-22 Budget Cycle

Request Title

NP-02 Extend Pause Annual Depreciation Lease Payment

Dept. Approval By:

Jason Schrock

Supplemental FY 2020-21

OSPB Approval By:

Aaron Ray - govoffice

Budget Amendment FY 2021-22

X

Change Request FY 2021-22

Summary Information	Fund	FY 2020-21		FY 2021-22		FY 2022-23
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	Total	\$0	\$0	\$4,689,433	(\$4,689,432)	\$0
	FTE	0.0	0.0	0.0	0.0	0.0
Total of All Line Items Impacted by Change Request	GF	\$0	\$0	\$4,689,433	(\$4,689,432)	\$0
	CF	\$0	\$0	\$0	\$0	\$0
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

Line Item Information	Fund	FY 2020-21		FY 2021-22		FY 2022-23
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	Total	\$0	\$0	\$4,689,433	(\$4,689,432)	\$0
02. Colorado Commission on Higher Education, (D) Lease Purchase Payments and Capital-related Outlays, Lease Purchase Payments and Capital-related Outlays - Annual Depreciation-Lease Equivalent Payment	FTE	0.0	0.0	0.0	0.0	0.0
	GF	\$0	\$0	\$4,689,433	(\$4,689,432)	\$0
	CF	\$0	\$0	\$0	\$0	\$0
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

Auxiliary Data

Requires Legislation? NO

Type of Request?

Department of Higher Education Non-Prioritized Request

Interagency Approval or Related Schedule 13s:

Impacts DPA

Schedule 13

Department of Higher Education

Funding Request for The FY 2021-22 Budget Cycle

Request Title

NP-03 OIT FY22 Budget Request Package

Dept. Approval By: Jason Schrock Supplemental FY 2020-21

OSPB Approval By: Aaron Ray - GOVoffice Budget Amendment FY 2021-22

X Change Request FY 2021-22

Summary Information	Fund	FY 2020-21		FY 2021-22		FY 2022-23
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
Total		\$588,706	\$0	\$265,581	(\$39,151)	\$0
FTE		0.0	0.0	0.0	0.0	0.0
Total of All Line Items Impacted by Change Request	GF	\$147,954	\$0	\$147,954	\$0	\$0
	CF	\$382,124	\$0	\$58,999	(\$39,151)	\$0
	RF	\$58,628	\$0	\$58,628	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

Line Item Information	Fund	FY 2020-21		FY 2021-22		FY 2022-23
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
Total		\$588,706	\$0	\$265,581	(\$39,151)	\$0
FTE		0.0	0.0	0.0	0.0	0.0
01. Department Administrative Office,	GF	\$147,954	\$0	\$147,954	\$0	\$0
(A) Administrative Office, (1) Administrative Office - Payments to OIT	CF	\$382,124	\$0	\$58,999	(\$39,151)	\$0
	RF	\$58,628	\$0	\$58,628	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

Auxiliary Data

Requires Legislation? NO

Type of Request?

Department of Higher Education Non-Prioritized Request

Interagency Approval or Related Schedule 13s:

Requires OIT Approval

Schedule 13

Department of Higher Education

Funding Request for The FY 2021-22 Budget Cycle

Request Title

NP-04 Increased Medicaid Match for Financing Payments

Dept. Approval By:

Jason Schrock

Supplemental FY 2020-21

OSPB Approval By:

Aaron Ray - govoffice

Budget Amendment FY 2021-22

X

Change Request FY 2021-22

Summary Information	Fund	FY 2020-21		FY 2021-22		FY 2022-23
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	Total	\$1,438,768,931	\$0	\$1,645,100,563	(\$8,904,766)	\$0
	FTE	10,005.1	0.0	10,005.1	0.0	0.0
Total of All Line Items Impacted by Change Request	GF	\$60,109,272	\$0	\$138,512,724	(\$4,452,383)	\$0
	CF	\$1,277,502,411	\$0	\$1,277,502,411	\$0	\$0
	RF	\$101,157,248	\$0	\$229,085,428	(\$4,452,383)	\$0
	FF	\$0	\$0	\$0	\$0	\$0

Line Item Information	Fund	FY 2020-21		FY 2021-22		FY 2022-23
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	Total	\$60,109,272	\$0	\$138,512,724	(\$4,452,383)	\$0
04. College Opportunity Fund Program, (B) Fee-for-Service Contracts with State Institutions, (1) Fee-for-Service Contracts with State Institutions - Fee-for-Service Contracts/State Institutions/Specialty Educ.	FTE	0.0	0.0	0.0	0.0	0.0
	GF	\$60,109,272	\$0	\$138,512,724	(\$4,452,383)	\$0
	CF	\$0	\$0	\$0	\$0	\$0
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

Line Item Information	Fund	FY 2020-21		FY 2021-22		FY 2022-23
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	Total	\$1,378,659,659	\$0	\$1,506,587,839	(\$4,452,383)	\$0
05. Governing Boards, (G) Regents of the University Of Colorado,	FTE	10,005.1	0.0	10,005.1	0.0	0.0
(1) Regents of the University Of Colorado -	GF	\$0	\$0	\$0	\$0	\$0
Regents of the	CF	\$1,277,502,411	\$0	\$1,277,502,411	\$0	\$0
University Of Colorado	RF	\$101,157,248	\$0	\$229,085,428	(\$4,452,383)	\$0
	FF	\$0	\$0	\$0	\$0	\$0

Auxiliary Data

Requires Legislation? NO

Type of Request? Department of Higher Education Non-Prioritized Request

Interagency Approval or Related Schedule 13s:

Impacts HCPF Medicaid

Schedule 13

Department of Higher Education

Funding Request for The FY 2021-22 Budget Cycle

Request Title

HC-01 Financial Sustainability for History Colorado

Dept. Approval By: *C. Berry* _____ **Supplemental FY 2020-21**

OSPB Approval By: *Aaron Ray - GOVoffice* _____ **Budget Amendment FY 2021-22**

_____ **X** _____ **Change Request FY 2021-22**

Summary Information	Fund	FY 2020-21		FY 2021-22		FY 2022-23
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
Total		\$3,021,605	\$0	\$3,546,814	\$0	\$0
FTE		0.0	0.0	0.0	0.0	0.0
Total of All Line Items Impacted by Change Request	GF	\$0	\$0	\$0	\$0	\$0
	CF	\$3,021,605	\$0	\$3,546,814	(\$930,632)	(\$1,900,000)
	RF	\$0	\$0	\$0	\$930,632	\$1,900,000
	FF	\$0	\$0	\$0	\$0	\$0

Line Item Information	Fund	FY 2020-21		FY 2021-22		FY 2022-23
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
Total		\$3,021,605	\$0	\$3,546,814	\$0	\$0
09. History Colorado, (A) Central Administration, (1) Central Administration - Lease Purchase of Colorado History Museum	FTE	0.0	0.0	0.0	0.0	0.0
	GF	\$0	\$0	\$0	\$0	\$0
	CF	\$3,021,605	\$0	\$3,546,814	(\$930,632)	(\$1,900,000)
	RF	\$0	\$0	\$0	\$930,632	\$1,900,000
	FF	\$0	\$0	\$0	\$0	\$0

Auxiliary Data

Requires Legislation?	YES		
Type of Request?	Department of Higher Education Prioritized Request	Interagency Approval or Related Schedule 13s:	Impacts Other Agency



Department Priority: HC-01
Request Detail: Financial Sustainability for History Colorado

Summary of Funding Change for FY 2021-22				
	Totals		Incremental Change	
	FY 2020-21 Appropriation	FY 2021-22 Base	FY 2021-22 Request	FY 2022-23 Request
Total Funds	\$3,021,605	\$3,021,605	\$0	\$0
FTE	0	0	0	0
General Fund	\$0	\$0	\$0	\$0
Cash Funds	\$3,021,605	\$3,021,605	(\$930,632)	(\$1,900,000)
Re-appropriated Funds	\$0	\$0	\$930,632	\$1,900,000
Federal Funds	\$0	\$0	\$0	\$0

Summary of Request

History Colorado requests \$930,632 Reappropriated Funds in FY 2021-22 and \$1,900,000 in FY 2022-23 and ongoing in order to pay a portion of its annual lease-purchase payments for the History Colorado Center. Due to the financing structure established in 2009, History Colorado’s lease-purchase payments are scheduled to increase in stepwise fashion from \$3 million in FY 2020-21 to \$3.5 million in FY 2021-22 and up to \$4.9 million by 2040. Refinancing the agency’s Certificates of Participation (COPs) would impose substantial costs on the State. This request is not considered on the evidence continuum.

The original revenue forecasts on which History Colorado’s COP payment schedule was based in 2009 have not materialized, resulting in a structural imbalance between the agency’s revenue and expenses. The COVID-19 public health emergency has exacerbated this imbalance by significantly reducing History Colorado’s two primary sources of revenue, earned revenue and limited gaming.

History Colorado respectfully requests that the JBC sponsor legislation to divert a portion of the excess premium on COPs issued to support another major investment in historic and cultural preservation, the National Western Center (NWC). Funds for this request would be reappropriated from the National Western Center Trust Fund (NWCTF). Due to the State’s recent refinancing of lease-purchase payments for the NWC, this request would preserve a portion of the excess premium for the Capitol Complex Master Plan Implementation Fund.

Current Program:

History Colorado has made significant improvements in management and financial position since its restructure and employee layoffs in calendar year 2015. From FY 2014-15 through FY 2018-19 the agency maintained a balanced budget and increased its earned revenue by 133% percent. In FY 2019-20, History Colorado completed a new strategic plan that will guide the agency's effort to double its engagement of Coloradans by 2025. The strategic plan identifies escalating lease-purchase payments on the History Colorado Center as the agency's central challenge.

In July 2009, the State undertook its largest long-term financing transaction ever when it sold \$338.79 million of COPs to finance construction of the Ralph L. Carr Justice Complex and the new History Colorado Center (completed in 2012). History Colorado, through its obligation to make lease payments to the State on the History Colorado Center, is indirectly responsible for approximately 26% or \$88 million of the total COP package. As the State's obligation, any default on the COPs would pose a significant risk to the State's credit rating. The repayment schedule for History Colorado's COPs calls for stepwise increases in the level of annual payment over the 35-year life of the instruments, as follows:

Schedule of History Colorado COP Payments (\$ in Millions)			
Fiscal Years	Annual Payment	Increase in Annual Payment	Cumulative Increase in Annual Payments
2012-2021	3.042		
2022-2025	3.525	0.483	0.483
2026-2030	3.827	0.302	0.785
2031-2035	4.029	0.202	0.987
2036-2038	4.532	0.503	1.490
2039-2044	4.998	0.466	1.956
2045-2046	4.848	(0.150)	1.806

COP payments are made from History Colorado's operating cash funds generated by the minority share of limited gaming revenues. Fluctuations in this revenue source directly affect the agency's ability to meet its obligations while continuing to fulfill its state and federal requirements as the State Historical Society.

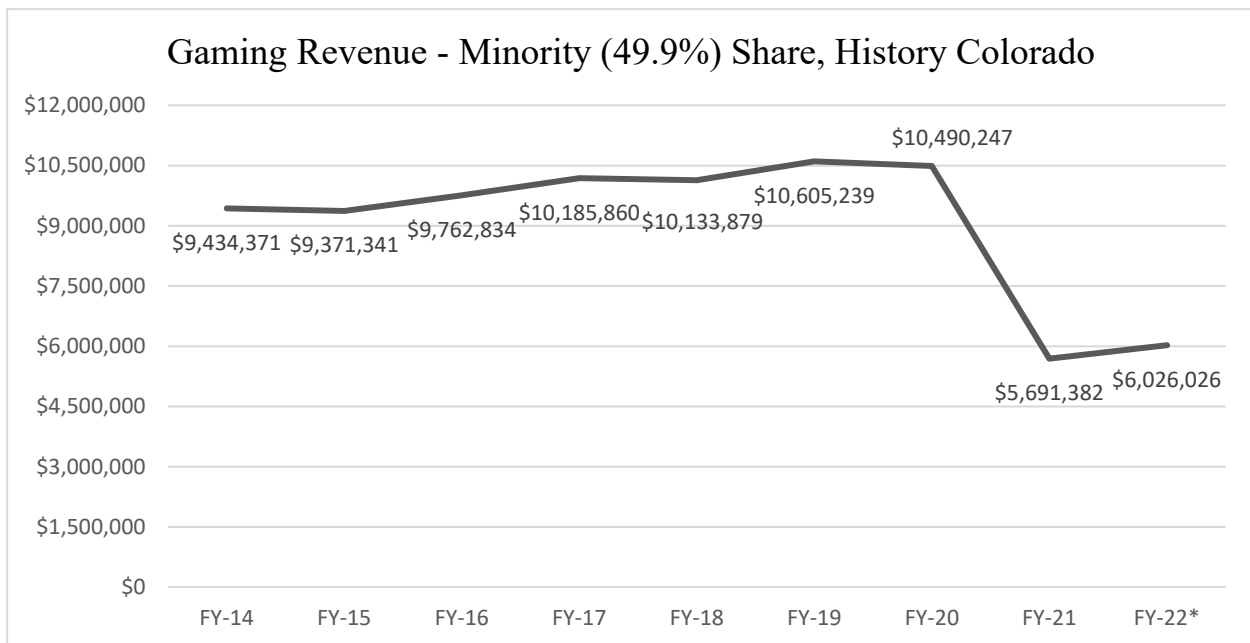
During the 2020 legislative session, the General Assembly took several measures to support History Colorado through the current crisis. The FY 2020-21 Long Bill appropriates \$1M General Fund, which is intended to continue in FY 2021-22. H.B. 20-1365 also authorized History Colorado to transfer up to \$1 million per year in FY 2020-21 and FY 2021-22 from its Preservation Grant Program Account within the State Historical Fund to its Museum and Preservation Operations Account.

From 2009 to 2020, History Colorado experienced a decline in inflation-adjusted limited gaming revenue attributable to the implementation of Amendment 50, which directed an increasing portion of total gaming revenues to the Colorado's public 2-year colleges. The passage of HB20-1400 temporarily suspends the statutory provisions that drove this decline. As a result, History Colorado will recover its pre-pandemic level of limited gaming revenues more quickly than

would have otherwise been possible. However, future limited gaming revenues remain highly uncertain as long as the COVID-19 pandemic continues to depress gaming activity.

Problem or Opportunity:

The closure of casinos due to the COVID-19 pandemic from March to June 17, 2020 caused a \$4.8 million (46%) drop in History Colorado’s limited gaming revenues for FY 2020-21. In FY 2021-22, OSPB forecasted in its September revenue forecast an increase of 16% in limited gaming revenues from FY2019-20 distributions. However, even if current forecasts materialize, the agency faces a budget shortfall of up to \$3.8 million in FY 2021-22 compared to FY2018-19 limited gaming revenues. This includes History Colorado’s increased share of total gaming revenues due to HB20-1400. The following graph illustrates the minority share of limited gaming distributions over time.



*FY 2022 figures based upon projected rates of growth from September’s OSPB revenue forecast

Additionally, the financing structure established in 2009 for History Colorado’s COPs create a unique challenge. Escalating payments mean that History Colorado must dedicate an increasing portion of its revenues to debt service, regardless of what happens to its revenues. Moreover, unique provisions in the COP issue resulting from their issuance as Build America Bonds mean that refinancing the COPs, even at historically low rates, imposes substantial costs on the State, estimated recently at \$30 million above the present value of the instruments.

Likewise, the closure of History Colorado museums through June 2020 drove a \$665,000 (14%) decline in earned revenues in FY 2019-20 when compared to FY 2018-19. History Colorado’s earned revenues are derived from admissions, rentals, event commissions and gift shop sales in 11 properties throughout the state. It also includes fees from school tours, adult programs, and Hands on History Program. History Colorado is currently projecting approximately a \$1 million earned revenue deficit to spending authority in FY 2020-21 due to ongoing COVID-19 restrictions. In order to balance its budget, History Colorado decreased budgeted FY 2020-21 operating expenses

by 39% and eliminated 10 FTE. In order to grow earned revenue in Fiscal Year 2021-22 and ongoing, History Colorado is also seeking separate legislation to exempt some operation funds from the state procurement code. Current limitations affect the agency's ability to operate like a business in a multitude of ways, including effectively managing growth, new business opportunities, and its capacity to act nimbly to improve its financial position.

Reducing History Colorado's COP burden would enable the agency to avoid reductions to historic preservation and education. In turn, History Colorado's cultural and economic impact will continue, consistent with its mission and the Governor's bold goals for education, rural economic development, and sustainability. In this way, reallocating excess funds designated for the NWC project remains consistent with the intent and goals of that project, which sought to preserve cultural and historic identity, grow economic impact, and promote sustainability.

Proposed Solution:

History Colorado requests \$930,632 Reappropriated Funds in FY 2021-22 and \$1,900,000 in FY 2022-23 and ongoing through FY 2038-39 in order to pay a portion of its annual lease-purchase payments for the History Colorado Center. In addition to supporting History Colorado's COP payments, and thereby contributing to the organization's financial sustainability, reappropriating funds from the NWCTF in excess of what is allocated to repay COPs associated with the National Western Center and Colorado State University avoids increasing statutory General Fund obligations.

History Colorado's mission and operations reflect much of the legislative intent behind state support for the financing of the National Western Center, as expressed in Section 23-31-901, C.R.S. The National Western Center received state support through HB15-1344 in part because it "helps preserve the rural western lifestyle," serves as a "hub for year-round, creative P-20 experiential education" and research, and generates economic impact for the state. Indeed, History Colorado is named as part of the National Western Center partnership, largely due to these synergies and shared interests.

Section 24-75-307 (2), C.R.S. states:

On July 1, 2019, and on July 1 of each succeeding fiscal year, the state treasurer, upon the request of the capital development committee, may make a transfer from the general fund to the capitol complex master plan implementation fund in an amount equal to twenty million dollars less the amount transferred to the national western center trust fund pursuant to section 23-31-902 (3), C.R.S.

History Colorado proposes a statutory change to Section 24-75-307, C.R.S. to reduce the amount of General Fund for transfer from the NWTCF to the Capitol Complex Master Plan Implementation Fund by \$930,632 in FY 2021-22, and \$1.9 million in FY 2022-23 and ongoing through FY 2038-39. New statutory language would be added to establish transfers in those amounts to History Colorado from the NWTCF on an annual basis.

In October 2020, the State Treasurer refinanced the COPs for the NWC paid out of the NWCTF, resulting in an increase in annual excess COP proceeds through FY 2038-39. As a result, this request would preserve available funds for transfer to the Capitol Complex Master Plan

Implementation Fund pursuant to Section 24-75-307 (2), C.R.S. A detailed illustration of the proposed transfers over the life of the NWTCF is provided in Assumptions and Calculations.

Anticipated Outcomes:

Partial relief of History Colorado’s COP payments will provide financial flexibility to avoid significant reductions to programming and enable targeted investments to continue to improve the agency’s financial position. If this request is not funded, History Colorado will continue to use an increasing portion of earned revenues to make COP payments. This would limit the agency’s ability to fulfill its duties as the State Historical Society established in the State constitution and state and federal law. Continuing to make its escalating COP payments would also require the agency to divert an increasing share of operating funds from its network of community museums and historical sites across the State.

Assumptions and Calculations:

The table below illustrates the annual General Fund transfer made to the NWTCF pursuant to Section 23-3-903, C.R.S., as well as the projected COP payments made for the National Western Center (NWC) and the proposed transfers of the remaining balance to the Capitol Complex Master Plan Implementation Fund and History Colorado.

Fiscal Year	Total Budgeted	NWC Debt Service	Capitol Complex	History Colorado	Total Allocated
FY 2020	\$ 20,000,000	\$ 14,047,870	\$ 5,952,130	\$ -	\$ 20,000,000
FY 2021	\$ 20,000,000	\$ 12,127,642	\$ 1,303,426	\$ -	\$ 20,000,000
FY 2022*	\$ 20,000,000	\$ 9,860,000	\$ 18,547,868	\$ 1,452,132	\$ 20,000,000
FY 2023	\$ 20,000,000	\$ 17,496,791	\$ 603,209	\$ 1,900,000	\$ 20,000,000
FY 2024	\$ 20,000,000	\$ 17,499,348	\$ 600,652	\$ 1,900,000	\$ 20,000,000
FY 2025	\$ 20,000,000	\$ 17,501,131	\$ 598,869	\$ 1,900,000	\$ 20,000,000
FY 2026	\$ 20,000,000	\$ 17,501,006	\$ 598,994	\$ 1,900,000	\$ 20,000,000
FY 2027	\$ 20,000,000	\$ 17,496,631	\$ 603,369	\$ 1,900,000	\$ 20,000,000
FY 2028	\$ 20,000,000	\$ 17,496,756	\$ 603,244	\$ 1,900,000	\$ 20,000,000
FY 2029	\$ 20,000,000	\$ 17,499,881	\$ 600,119	\$ 1,900,000	\$ 20,000,000
FY 2030	\$ 20,000,000	\$ 17,499,631	\$ 600,369	\$ 1,900,000	\$ 20,000,000
FY 2031	\$ 20,000,000	\$ 17,499,631	\$ 600,369	\$ 1,900,000	\$ 20,000,000
FY 2032	\$ 20,000,000	\$ 17,498,381	\$ 601,619	\$ 1,900,000	\$ 20,000,000
FY 2033	\$ 20,000,000	\$ 17,499,256	\$ 600,744	\$ 1,900,000	\$ 20,000,000
FY 2034	\$ 20,000,000	\$ 17,496,144	\$ 603,856	\$ 1,900,000	\$ 20,000,000
FY 2035	\$ 20,000,000	\$ 17,499,694	\$ 600,306	\$ 1,900,000	\$ 20,000,000
FY 2036	\$ 20,000,000	\$ 17,499,394	\$ 600,606	\$ 1,900,000	\$ 20,000,000
FY 2037	\$ 20,000,000	\$ 17,498,238	\$ 601,762	\$ 1,900,000	\$ 20,000,000
FY 2038	\$ 20,000,000	\$ 17,499,170	\$ 600,830	\$ 1,900,000	\$ 20,000,000
FY 2039	\$ 20,000,000	\$ 17,499,898	\$ 600,102	\$ 1,900,000	\$ 20,000,000
Total	\$ 400,000,000	\$ 333,516,496	\$ 36,022,439	\$ 33,752,132	\$ 400,000,000

*FY 2022 amounts for Capitol Complex include both transfers to the Capitol Complex Master Plan Implementation Fund and funds for capitol security improvements; FY 2022 amounts for History Colorado include funds for HC-01 and HC-02 (Cumbres & Toltec Scenic Railroad)

Schedule 13

Department of Higher Education

Funding Request for The FY 2021-22 Budget Cycle

Request Title

HC-02 Cumbres & Toltec Operating Appropriation

Dept. Approval By: _____

C. Berry

Supplemental FY 2020-21

OSPB Approval By: _____

Aaron Ray - GOVoffice

Budget Amendment FY 2021-22

X

Change Request FY 2021-22

Summary Information	Fund	FY 2020-21		FY 2021-22		FY 2022-23
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	Total	\$1,499,500	\$0	\$1,499,500	\$521,500	\$521,500
	FTE	0.0	0.0	0.0	0.0	0.0
Total of All Line Items Impacted by Change Request	GF	\$218,500	\$0	\$218,500	\$0	\$0
	CF	\$1,281,000	\$0	\$1,281,000	\$0	\$0
	RF	\$0	\$0	\$0	\$521,500	\$521,500
	FF	\$0	\$0	\$0	\$0	\$0

Line Item Information	Fund	FY 2020-21		FY 2021-22		FY 2022-23
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	Total	\$1,499,500	\$0	\$1,499,500	\$521,500	\$521,500
09. History Colorado, (E) Cumbres and Toltec Railroad Commission,	FTE	0.0	0.0	0.0	0.0	0.0
(1) Cumbres and Toltec Railroad Commission -	GF	\$218,500	\$0	\$218,500	\$0	\$0
Cumbres and Toltec Railroad Commission	CF	\$1,281,000	\$0	\$1,281,000	\$0	\$0
	RF	\$0	\$0	\$0	\$521,500	\$521,500
	FF	\$0	\$0	\$0	\$0	\$0

Auxiliary Data

Requires Legislation? YES

Type of Request?

Department of Higher Education
Prioritized Request

Interagency Approval or
Related Schedule 13s:

Impacts Other Agency



Department Priority: HC-02
Request Detail: Sustain Cumbres and Toltec Scenic Railroad

Summary of Funding Change for FY 2021-22				
	Totals		Incremental Change	
	FY 2020-21 Appropriation	FY 2021-22 Base	FY 2021-22 Request	FY 2022-23 Request
Total Funds	\$1,499,500	\$1,499,500	\$521,500	\$0
FTE	0	0	0	0
General Fund	\$218,500	\$218,500	\$0	\$0
Cash Funds	\$1,281,000	\$1,281,000	\$0	\$0
Reappropriated Funds	\$0	\$0	\$521,500	\$0
Federal Funds	\$0	\$0	\$0	\$0

Summary of Request

History Colorado requests \$521,500 in one-time reappropriated funds in FY 2021-22 to sustain the operations of the Cumbres and Toltec Scenic Railroad. The requested funding partially restores the \$1.1M reduction taken by the Railroad in FY 2020-21 and provides Colorado’s share of the Railroad’s minimum funding need to maintain operations through 2022. The requested funds are from excess premiums on recently issued Certificates of Participation in the National Western Center Trust Fund. This request is not considered on the evidence continuum. History Colorado respectfully requests that the JBC sponsor legislation to authorize this transfer, which the agency believes could be combined in a single bill with the statutory changes necessary to carry out HC-01, Financial Sustainability for History Colorado. This request is not considered on the evidence continuum.

The railroad is the cornerstone of the local economy and local residents depend on the business it brings into the community. The railroad is the primary tourist attraction in both Chama and Antonito, drawing approximately 45,000 riders to the area, and provides southern central Colorado with approximately 90 direct jobs during the operating season and 35 year-round positions.

In FY 2020-21, the Cumbres and Toltec Scenic Railroad’s General Fund appropriation was reduced from \$1,365,000 to \$218,500, eliminating the portion of the railroad’s ongoing appropriation which had been used in past years to perform maintenance and capital upgrades. In addition, the dramatic slowdown in tourism due to the COVID-19 pandemic have significantly reduced ridership and thus earned revenue. Without state support in FY 2021-22 the railroad is at risk of closure.

Current Program:

The Cumbres & Toltec Scenic Railroad was originally constructed in 1880 as part of the Denver and Rio Grande Railroad (DRG) San Juan Extension. In 1969, when DRG abandoned the railroad, Colorado and New Mexico purchased 64 miles of track and associated structures between Antonito, Colorado, and Chama, New Mexico. This scenic portion of the railroad was immediately converted into a living museum, providing tourists with the unique opportunity to experience an authentic journey through the historic west. The Cumbres & Toltec Scenic Railroad is listed on the National Register of Historic Places as the best example of steam era railroading in the United States and was voted “best train ride in America” by USA Today in 2019.

The railroad is owned by both Colorado and New Mexico, and is operated by the Cumbres and Toltec Scenic Railroad Commission (Commission), an interstate agency authorized by Congress in 1974. It consists of four members, with two gubernatorial appointees from each state. The State of New Mexico also contributes funds to the railroad. In June 2020, the New Mexico legislature appropriated \$251,328 for Commission operations and \$1,000,000 for capital to the railroad, helping to keep the railroad afloat in a year when Colorado did not provide capital funds. The railroad also receives volunteer services focused on historic equipment and facility repair and maintenance from the non-profit Friends of the Cumbres & Toltec Scenic Railroad.

The railroad is the primary tourist attraction in both Chama and Antonito, drawing approximately 45,000 riders to the area. During the summer season, train visitors fill local motels, RV parks and short-term rentals and shop at local stores and restaurants. During the off- season many businesses close. The railroad provides southern central Colorado with approximately 90 direct jobs during the operating season (Memorial Day – late October) and 35 year-round positions. The railroad is the cornerstone of the local economy and local residents depend on the business it brings into the community. According to an economic impact study conducted by BBC Research in 2014, the railroad had a \$14,829,000 economic impact on the surrounding five county area.

Problem or Opportunity:

In FY 2020-21, the Cumbres and Toltec Scenic Railroad’s General Fund appropriation was reduced from \$1,365,000 to \$218,500, eliminating the portion of the railroad’s ongoing appropriation which had been used in past years to perform maintenance and capital upgrades. In addition, the dramatic slowdown in tourism due to the COVID-19 pandemic have significantly reduced ridership and thus earned revenue. To the extent that state and local public health restrictions have allowed, the railroad has continued to operate through the summer of 2020. By securing a \$0.6M Paycheck Protection Program loan, all of which is expected to be forgiven, and utilizing roll-forward authority on unspent prior year appropriations from Colorado, the railroad expects to remain operational through its 2021 season.

However, without state support in FY 2021-22 the railroad is at risk of closure. In order to operate the railroad, the Commission must undertake annual maintenance to meet Federal Railroad Administration regulations related to locomotives, rolling stock, and track system infrastructure. Necessary maintenance is expected to cost \$950,000 (see Assumptions & Calculations below). The Commission also continues to rely on operating support from Colorado. While the FY 2020-21 reduction in funding was premised on eliminating only the capital portion of the railroad’s appropriation, it also reduced the Commission’s operating appropriation by \$21,500, from

\$240,000 to \$218,500. Restoring the Commission's full operating appropriation made on an ongoing basis in FY 2018-19 is also vital to ensuring that standard operating expenses such as audit, accounting, and insurance continue to be covered in FY 2021-22.

Proposed Solution:

History Colorado requests \$521,500 in one-time reappropriated funds in FY 2021-22 to sustain the operations of the Cumbres and Toltec Scenic Railroad. The requested funds are from excess premiums on recently issued Certificates of Participation in the National Western Center Trust Fund. History Colorado respectfully requests that the JBC sponsor legislation to allow this transfer, which the agency believes could be combined in a single bill with the statutory changes necessary to carry out HC-01, Financial Sustainability for History Colorado.

Of the request amount, \$500,000 is intended to be used by the Commission to perform annual maintenance necessitated by Federal Railroad Administration regulations, and \$21,500 is intended to restore the Commission's operating amount to the \$240,000 that was understood to be appropriated in FY 2018-19 and erroneously reduced in FY 2020-21.

Anticipated Outcomes:

Together with New Mexico's share of funding, this request would ensure that the railroad is able to remain operational through calendar year 2022. The railroad has also worked with OSPB to identify other sources of funding, including grants and tax-advantaged contribution programs, that can support the railroad in 2021 and 2022. Remaining operational means that the railroad will continue to be an economic driver and source of good jobs in an economically distressed area of the State, as well as provide a unique living history experience to thousands of tourists in 2022.

Assumptions and Calculations:

The following list describes anticipated expenses necessary to sustain railroad operations through calendar year 2022. Note, the \$950,000 in capital and maintenance expenses have traditionally been split by Colorado and New Mexico, and the Commission anticipates the same arrangement in FY 2021-22. The \$240,000 in Commission operating expenses reflects the amount that each state typically provides to support the railroad. This request includes \$25,000 above the anticipated required capital and operating expenses in FY 2021-22 in order to account for possible changes in the below cost estimates.

- \$240,000 - Commission expenses including insurance, audit and accounting.
- \$350,000 Engines - Annual inspection and rebuilds on 6 engines as required by the Federal Railroad Administration.
- \$250,000 Cars – Annual inspection and maintenance as required by the Federal Railroad Administration and three new cars in various stages of completion. One is a replacement car, as the existing car must be retired for safety reasons. Two are cars that will add capacity. Additional capacity is needed urgently to meet the physical distancing requirements of COVID (without them, the railroad operates at a loss each time the train runs) and to help the railroad generate additional ticket revenue in the future. The new cars are being funded in large part by private grant, and the state funding is the required match to draw down the private grant.

- \$350,000 Track – All 64 miles of track must be inspected and repaired each April/May in order to operate the train. If all of this funding is not available, the railroad cannot operate.

Schedule 13

Department of Higher Education

Funding Request for The FY 2021-22 Budget Cycle

Request Title

R-01 State Operating Funding for Public Higher Education

Dept. Approval By:

Jason Schroek

Supplemental FY 2020-21

OSPB Approval By:

Aaron Ray - govoffice

Budget Amendment FY 2021-22

X

Change Request FY 2021-22

Summary Information	Fund	FY 2020-21		FY 2021-22		FY 2022-23
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	Total	\$3,495,935,688	\$0	\$4,379,484,594	\$84,367,840	\$84,367,840
	FTE	26,304.1	0.0	26,304.1	0.0	0.0
Total of All Line Items Impacted by Change Request	GF	\$355,848,560	\$0	\$806,520,082	\$43,530,352	\$43,530,352
	CF	\$2,795,380,956	\$0	\$2,795,380,956	\$0	\$0
	RF	\$344,706,172	\$0	\$777,583,556	\$40,837,488	\$40,837,488
	FF	\$0	\$0	\$0	\$0	\$0

Line Item Information	Fund	FY 2020-21		FY 2021-22		FY 2022-23
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	Total	\$149,821,087	\$0	\$338,351,383	\$12,940,943	\$12,940,943
	FTE	0.0	0.0	0.0	0.0	0.0
04. College Opportunity Fund Program, (A)	GF	\$149,821,087	\$0	\$338,351,383	\$12,940,943	\$12,940,943
Stipends, (1) Stipends - Stipends for Public Students	CF	\$0	\$0	\$0	\$0	\$0
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

	Total	\$734,400	\$0	\$734,400	\$1,014,171	\$1,014,171
	FTE	0.0	0.0	0.0	0.0	0.0
04. College Opportunity Fund Program, (A)	GF	\$734,400	\$0	\$734,400	\$1,014,171	\$1,014,171
Stipends, (1) Stipends - Stipends Eligible FTE Students - Private Institutions	CF	\$0	\$0	\$0	\$0	\$0
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

Line Item Information	Fund	FY 2020-21		FY 2021-22		FY 2022-23
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	Total	\$131,082,785	\$0	\$297,026,421	\$20,499,994	\$20,499,994
04. College Opportunity Fund Program, (B) Fee-for-Service Contracts with State Institutions, (1) Fee-for-Service Contracts with State Institutions - Fee-for-Service Contracts With State Institutions	FTE	0.0	0.0	0.0	0.0	0.0
	GF	\$131,082,785	\$0	\$297,026,421	\$20,499,994	\$20,499,994
	CF	\$0	\$0	\$0	\$0	\$0
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0
	Total	\$60,109,272	\$0	\$138,512,724	\$7,396,552	\$7,396,552
04. College Opportunity Fund Program, (B) Fee-for-Service Contracts with State Institutions, (1) Fee-for-Service Contracts with State Institutions - Fee-for-Service Contracts/State Institutions/Specialty Educ.	FTE	0.0	0.0	0.0	0.0	0.0
	GF	\$60,109,272	\$0	\$138,512,724	\$7,396,552	\$7,396,552
	CF	\$0	\$0	\$0	\$0	\$0
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0
	Total	\$32,638,481	\$0	\$41,797,017	\$726,107	\$726,107
05. Governing Boards, (A) Trustees of Adams State University, (1) Trustees of Adams State University - Trustees of Adams State College	FTE	329.0	0.0	329.0	0.0	0.0
	GF	\$0	\$0	\$0	\$0	\$0
	CF	\$25,380,773	\$0	\$25,380,773	\$0	\$0
	RF	\$7,257,708	\$0	\$16,416,244	\$726,107	\$726,107
	FF	\$0	\$0	\$0	\$0	\$0
	Total	\$94,401,520	\$0	\$111,459,548	\$1,564,717	\$1,564,717
05. Governing Boards, (B) Trustees of Colorado Mesa University, (1) Trustees of Colorado Mesa University - Trustees of Colorado Mesa University	FTE	758.0	0.0	758.0	0.0	0.0
	GF	\$0	\$0	\$0	\$0	\$0
	CF	\$80,701,485	\$0	\$80,701,485	\$0	\$0
	RF	\$13,700,035	\$0	\$30,758,063	\$1,564,717	\$1,564,717
	FF	\$0	\$0	\$0	\$0	\$0
	Total	\$171,655,078	\$0	\$205,399,724	\$3,410,442	\$3,410,442
05. Governing Boards, (C) Trustees of Metropolitan State College of Denver, (1) Trustees of Metropolitan State College of Denver - Trustees of Metropolitan State College of Denver	FTE	1,167.2	0.0	1,167.2	0.0	0.0
	GF	\$0	\$0	\$0	\$0	\$0
	CF	\$144,731,687	\$0	\$144,731,687	\$0	\$0
	RF	\$26,923,391	\$0	\$60,668,037	\$3,410,442	\$3,410,442
	FF	\$0	\$0	\$0	\$0	\$0

Line Item Information	Fund	FY 2020-21		FY 2021-22		FY 2022-23
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	Total	\$31,595,023	\$0	\$39,563,774	\$821,544	\$821,544
05. Governing Boards, (D) Trustees of Western State College, (1) Trustees of Western State College - Trustees of Western State College	FTE	277.8	0.0	277.8	0.0	0.0
	GF	\$0	\$0	\$0	\$0	\$0
	CF	\$25,158,596	\$0	\$25,158,596	\$0	\$0
	RF	\$6,436,427	\$0	\$14,405,178	\$821,544	\$821,544
	FF	\$0	\$0	\$0	\$0	\$0
	Total	\$666,240,131	\$0	\$756,779,086	\$8,232,678	\$8,232,678
05. Governing Boards, (E) Board of Governors, Colorado State University System, (1) Board of Governors, Colorado State University System - Board of Governors of the Colorado State University System	FTE	5,033.4	0.0	5,033.4	0.0	0.0
	GF	\$0	\$0	\$0	\$0	\$0
	CF	\$593,611,798	\$0	\$593,611,798	\$0	\$0
	RF	\$72,628,333	\$0	\$163,167,288	\$8,232,678	\$8,232,678
	FF	\$0	\$0	\$0	\$0	\$0
	Total	\$51,963,110	\$0	\$59,455,421	\$603,152	\$603,152
05. Governing Boards, (F) Trustees of Fort Lewis College, (1) Trustees of Fort Lewis College - Trustees of Fort Lewis College	FTE	437.7	0.0	437.7	0.0	0.0
	GF	\$0	\$0	\$0	\$0	\$0
	CF	\$46,025,806	\$0	\$46,025,806	\$0	\$0
	RF	\$5,937,304	\$0	\$13,429,615	\$603,152	\$603,152
	FF	\$0	\$0	\$0	\$0	\$0
	Total	\$1,378,659,659	\$0	\$1,506,587,839	\$11,691,808	\$11,691,808
05. Governing Boards, (G) Regents of the University Of Colorado, (1) Regents of the University Of Colorado - Regents of the University Of Colorado	FTE	10,005.1	0.0	10,005.1	0.0	0.0
	GF	\$0	\$0	\$0	\$0	\$0
	CF	\$1,277,502,411	\$0	\$1,277,502,411	\$0	\$0
	RF	\$101,157,248	\$0	\$229,085,428	\$11,691,808	\$11,691,808
	FF	\$0	\$0	\$0	\$0	\$0
	Total	\$189,965,966	\$0	\$203,412,737	\$1,364,889	\$1,364,889
05. Governing Boards, (H) Trustees of the Colorado School of Mines, (1) Trustees of the Colorado School of Mines - Trustees of the Colorado School of Mines	FTE	980.5	0.0	980.5	0.0	0.0
	GF	\$0	\$0	\$0	\$0	\$0
	CF	\$179,310,035	\$0	\$179,310,035	\$0	\$0
	RF	\$10,655,931	\$0	\$24,102,702	\$1,364,889	\$1,364,889
	FF	\$0	\$0	\$0	\$0	\$0

Line Item Information	Fund	FY 2020-21		FY 2021-22		FY 2022-23
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	Total	\$125,943,004	\$0	\$150,855,370	\$2,313,204	\$2,313,204
	FTE	1,294.6	0.0	1,294.6	0.0	0.0
05. Governing Boards, (I) University of Northern Colorado, (1) University of Northern Colorado - University of Northern Colorado	GF	\$0	\$0	\$0	\$0	\$0
	CF	\$106,126,129	\$0	\$106,126,129	\$0	\$0
	RF	\$19,816,875	\$0	\$44,729,241	\$2,313,204	\$2,313,204
	FF	\$0	\$0	\$0	\$0	\$0
	Total	\$395,364,923	\$0	\$495,993,763	\$10,108,947	\$10,108,947
05. Governing Boards, (J) State Board for Comm Colleges and Occupational Ed System, (1) State Board for Comm Colleges and Occupational Ed System - State Board for Comm. Colleges and Occupational Ed System	FTE	6,020.8	0.0	6,020.8	0.0	0.0
	GF	\$0	\$0	\$0	\$0	\$0
	CF	\$315,172,003	\$0	\$315,172,003	\$0	\$0
	RF	\$80,192,920	\$0	\$180,821,760	\$10,108,947	\$10,108,947
	FF	\$0	\$0	\$0	\$0	\$0
	Total	\$4,526,917	\$0	\$9,302,239	\$450,502	\$450,502
06. Local District Junior College Grants, (A)	FTE	0.0	0.0	0.0	0.0	0.0
Local District Junior College Grants, (1)	GF	\$3,784,218	\$0	\$8,559,540	\$450,502	\$450,502
Local District Junior College Grants - Colorado Mountain College	CF	\$742,699	\$0	\$742,699	\$0	\$0
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0
	Total	\$5,392,123	\$0	\$11,038,628	\$532,689	\$532,689
06. Local District Junior College Grants, (A)	FTE	0.0	0.0	0.0	0.0	0.0
Local District Junior College Grants, (1)	GF	\$4,474,589	\$0	\$10,121,094	\$532,689	\$532,689
Local District Junior College Grants - Aims Community College	CF	\$917,534	\$0	\$917,534	\$0	\$0
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0
	Total	\$5,842,209	\$0	\$13,214,520	\$695,501	\$695,501
07. Division of Occupational Education, (C) Area Vocational School Support, (1) Area Vocational School Support - Area Technical Colleges	FTE	0.0	0.0	0.0	0.0	0.0
	GF	\$5,842,209	\$0	\$13,214,520	\$695,501	\$695,501
	CF	\$0	\$0	\$0	\$0	\$0
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

Auxiliary Data

Requires Legislation? YES

Type of Request? Department of Higher Education
Prioritized Request

**Interagency Approval or
Related Schedule 13s:**

No Other Agency Impact



Department Priority: R-01
Request Detail: State Operating Funding for Public Higher Education

Summary of Funding Change for FY 2021-22				
	Totals		Incremental Change	
	FY 2020-21 Appropriation	FY 2021-22 Base	FY 2021-22 Request	FY 2022-23 Request
Total Funds	\$700,905,236	\$1,584,454,141	\$84,367,842	\$84,367,842
FTE	0	0	0	0
General Fund	\$357,870,326	\$808,541,848	\$43,530,353	\$43,530,353
Cash Funds	\$0	\$0	\$0	\$0
Reappropriated Funds	\$343,034,910	\$775,912,294	\$40,837,489	\$40,837,489
Federal Funds	\$0	\$0	\$0	\$0

Summary of Request

The Department requests an increase of \$84.4 million total funds and \$43.5 million General Fund, a 5.3 percent increase from the FY 2021-22 base, in operating support for public institutions of higher education. Of the \$84.4 million total funds increase, \$40.8 million is reappropriated funds to the governing boards from the General Fund appropriations to the Department. This request restores institutions' operating funding from the state to its FY 2019-20 level, and along with the companion request, R-02 Tuition Spending Authority (if institutions make the decision to increase tuition rates), is sufficient to cover all institutions' increases in base operating costs over FY 2020-21 levels. This request is not considered on the evidence continuum.

The Department respectfully requests that the JBC sponsor legislation to temporarily suspend for FY 2021-22 the provision at C.R.S. 23-3.3-103(1), which 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. The Governor's FY 2021-22 budget continues to maintain funding for state financial aid at the FY 2019-20 level, less the \$5 million merit aid line eliminated by JBC in FY 2020-21. If this provision is not suspended, restoring operating support for institutions to the FY 2019-20 level would require an additional \$267.4 million General Fund for financial aid.

Current Program:

Colorado's public higher education system includes 27 colleges and universities under 10 governing boards, two local district colleges, and three area technical colleges. In FY 2020-21, General Fund appropriations to the 10 governing boards were \$346.7 million, a 58 percent reduction from FY 2019-20. In addition to General Fund, the governing boards also received an appropriation of \$2.8 billion cash funds in FY 2020-21, most of which represents tuition revenue, with a smaller portion of these funds are from fees and gaming revenue that are shown in the budget for informational purposes only. FY 2020-21 General Fund appropriations to the state's two local district colleges were \$8.3 million; these institutions also receive gaming revenue that is shown in the budget for informational purposes only. The state's three area technical colleges received \$5.8 million in General Fund appropriations in FY 2020-21.

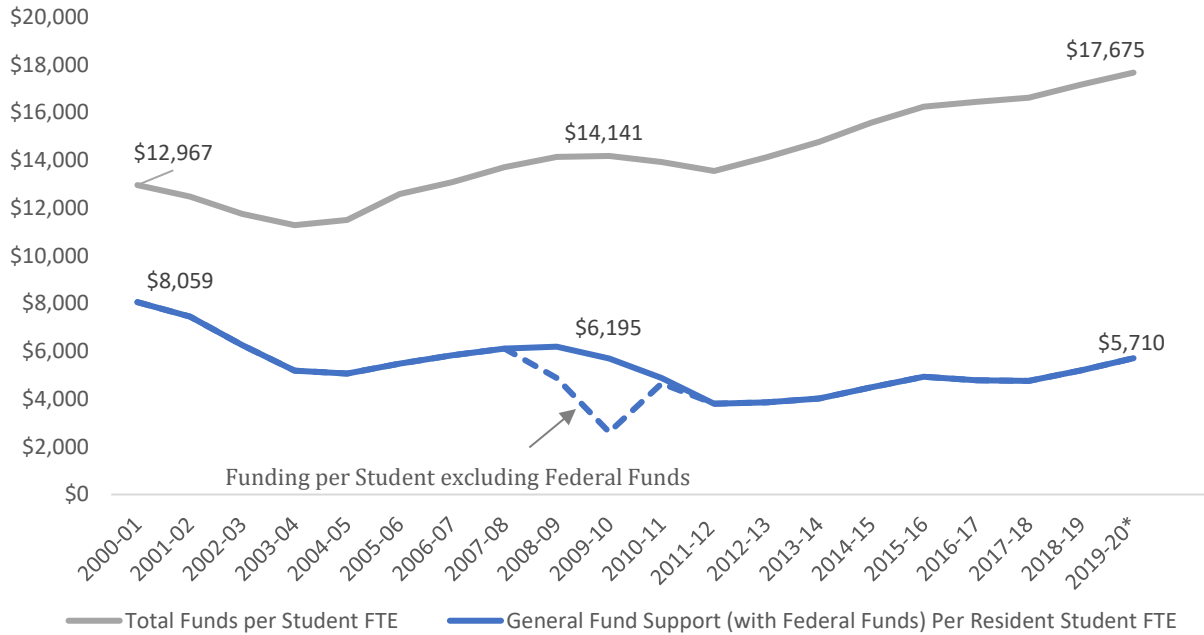
Institutions use General Fund operating appropriations to support their Education & General (E&G) expenses, a subset of their total operating budgets that includes education and directly-related expenses and state-funded research. From FY 2014-15 through FY 2019-20, the state funded about 25 percent of institutions' E&G costs on average. Students and families cover the remainder of these costs through tuition. Costs for auxiliary services, such as parking, athletics, and student living are funded through separate revenue streams outside of the state budget and are not included in institutions' E&G budgets.

The Department also receives annual appropriations for various student financial aid programs. C.R.S. 23-3.3-103 requires that appropriations for certain financial aid programs, including need-based aid and state work study aid, increase by at least the same percentage as General Fund operating support for institutions. In FY 2020-21, General Fund appropriations for financial aid programs covered by this statutory provision were \$193.8 million, a \$6 million (3%) decrease from FY 2019-20. Most of this decrease resulted from the elimination of state funding for merit-based aid. Each year, the Department allocates need-based and work study aid to individual governing boards using a methodology that considers progress and enrollment of low-income students at each institution.

Problem or Opportunity:

Recessions and fiscal policies that constrain the state's budget have contributed to a decline in state support for public higher education over the past two decades. However, the growth in tuition revenue during this time has offset the decline in state funding, resulting in an increase in total E&G revenue, after adjusting for inflation and enrollment growth. Figure 1 illustrates this dynamic. Even as state funding fell by 29 percent from FY 2000-01 to FY 2019-20, total E&G revenue grew by 36 percent; since the Great Recession, total E&G revenue per student has risen 25 percent.

Figure 1. E&G Revenue per Student at Ten Governing Boards
(adjusted for inflation, FY 2019-20 constant dollars)



*Although the CARES Act federal funding assistance was allocated through executive order in FY2019-20, most of this funding will be used for expenditures in the first half of FY 2020-21 for COVID-19-related public health measures and for the provision of economic support by educating students. Thus, the funds are not shown in FY 2019-20 for purposes of the graph.

Campus closures and the move to remote learning caused by the COVID-19 pandemic led to an estimated \$350 million in additional expenses and lost revenues at Colorado’s public colleges and universities in FY 2019-20. Institutions are experiencing further reductions in tuition and auxiliary revenue in FY 2020-21 as a result of limited campus activities and lower enrollment. Out-of-state and international enrollments, whose higher tuition rates subsidize costs for resident, are especially impacted.

Federal funds have partially addressed institutions’ budget challenges in FY 2019-20 and FY 2020-21. The table below shows federal funds received via the CARES Act, including direct federal aid to institutions and Coronavirus Relief Fund (CRF) allocations effected by Executive Order 2020 D070. The CARES Act required that roughly half of the direct federal support to institutions be distributed directly to students. While CRF allocations helped provide support to institutions in FY 2020-21, restrictions on the allowable uses of these funds and the requirement that the funds be expended by December 30, 2020 limit the extent to which they can be used to maintain pre-pandemic spending. Institutions have enacted budget reductions for FY 2020-21, including measures such as furloughs, spending down reserves, deferring facility maintenance, and reducing overhead costs.

Federal CARES Act Funds for Colorado Institutions of Higher Education (\$ in thousands)

	Direct Aid: Institution Share	Direct Aid: Student Share	Coronavirus Relief Fund	Total
University of Colorado	19,323	18,421	127,738	165,482
Colorado State University	11,130	10,827	90,404	112,361
University of Northern Colorado	3,825	3,825	24,875	32,525
Colorado School of Mines	1,723	1,723	13,427	16,872
Fort Lewis College	1,868	1,519	7,481	10,868
Adams State University	900	784	9,145	10,829
Colorado Mesa University	3,534	3,534	17,033	24,101
Western State Colorado University	677	677	7,957	9,310
Metro State University of Denver	8,251	7,195	33,694	49,141
Community College System	19,655	17,572	100,479	137,705
Area Technical Colleges	1,770	1,399	7,361	10,530
Local District Colleges	2,203	2,118	10,406	14,728
Total - Public Institutions	74,858	69,594	450,000	594,452

Institutions will continue to experience inflationary pressures in their operating budgets in FY 2021-22, such as rising healthcare costs. Assuming no salary increase for state employees and no further operating reductions at institutions in FY 2020-21, the Department estimates that E&G expenses for the 10 governing boards will increase by \$44 million (1.4%).¹

Proposed Solution:

The Department requests an increase of \$84.4 million total funds and \$43.5 million General Fund, a 5.3 percent increase from the FY 2021-22 base, in operating support for public institutions of higher education. Of the \$84.4 million total funds increase, \$40.8 million is reappropriated funds to the governing boards from the General Fund appropriations to the Department.

Additionally, the Department respectfully requests that the JBC sponsor legislation to temporarily suspend in FY 2021-22 the requirement in CRS 23-3.3-103(1) that appropriations for state financial aid increase at the same rate as the aggregate percentage increase in General Fund appropriations for institutions. The Governor’s FY 2021-22 budget continues to maintain funding for state financial aid at the FY 2019-20 level, less the \$5 million merit aid line eliminated by JBC in FY 2020-21. If this provision is not suspended, restoring operating support for institutions to the FY 2019-20 level would require an additional \$267.4 million General Fund for financial aid.

¹ The base state funding amount for FY 2020-21 used to calculate the FY 2021-22 increase was not the 58 percent reduction amount from FY 2019-20 but the 5 percent reduction portion that was intended to be ongoing by the General Assembly based on the footnote in the Long Bill.

The FY 2021-22 request for General Fund is comprised of the following components:

Total General Fund Change for Governing Boards	\$40,837,489
Percentage Change for Governing Boards	5.3%
LDCs and ATCs Operating Change	\$1,678,692
Total Requested Operating Change	\$42,516,181
Total Operating Percentage Change	5.4%
Private COF Stipend	\$1,014,171
Total Request Increase	\$43,530,353

Governing Boards (\$40.8M General Fund). A \$40.8 million General Fund increase for the state’s 10 governing boards’ operating costs is a 5.3 percent increase from FY 2020-21’s appropriation after base adjustments.

FY 2021-22 is the first year in which the new funding formula established by HB 20-1366 that allocates state funding to institutions is statutorily required to be in use. The formula contains three key steps. Steps one and three allocate flexible funding based on institutional needs, base funding concerns, specific institutional projects, and funding related to specific populations. Funding allocated via step one is base building, while step three funding is one-time. Step two funding is based on performance on various Master Plan-based metrics. For this FY 2021-22 budget request, the governing boards’ distribution runs entirely through step two of the model. In total, \$668.8 million is allocated based on step two performance metrics. Further detail on the mechanics of the calculations in step two are in Appendix A.

Step two measures performance on eight metrics, with each metric weighted so that performance in that category allocates a specific percentage of funding. The metrics and their associated weights (by percentage and dollar amount) under the request are demonstrated below. Further detail on the amounts of step two funding allocated by governing board are in Appendix A.

Metric	% Weight	Funding Distributed (millions)*
Resident FTE Enrollment	10%	\$66.9
Credential Production	5%	\$33.4
Pell Eligible Enrollment	20%	\$133.8
Underrepresented Minority Enrollment	20%	\$133.8
Retention Rate	20%	\$133.8
Graduation Rate (100% of Time)	10%	\$66.9
Graduation Rate (150% of Time)	10%	\$66.9
First Generation Enrollment	5%	\$33.4
TOTAL	100%	\$668.8

*Column may not add due to rounding.

The total higher education operating appropriation is distributed to governing boards by one of three mechanisms: 1) the College Opportunity Fund stipend (COF); 2) Fee for Service contracts (FFS); and 3) Specialty Education Fee for Service contracts (SEP FFS). The following table demonstrate the requested increase amounts and total amounts according to the three funding mechanisms described above. The COF Stipend amount and FFS amount includes a total \$33.4 million performance funding increase to governing boards. The SEP FFS amount reflects a statutory percentage increase based on the overall increase requested for higher education operating appropriation.

Long Bill Item	FY 2020-21 Appropriation (5% Ongoing Reduction Base)	FY 2021-22 Requested Change	FY 2021-22 Requested Appropriation
COF Stipend	\$338,351,383	\$12,940,943	\$351,292,326
FFS	\$297,026,421	\$20,499,994	\$317,526,415
SEP FFS	\$140,534,490	\$7,396,552	\$147,931,042
Governing Board Total	\$775,912,294	\$40,837,489	\$816,749,783

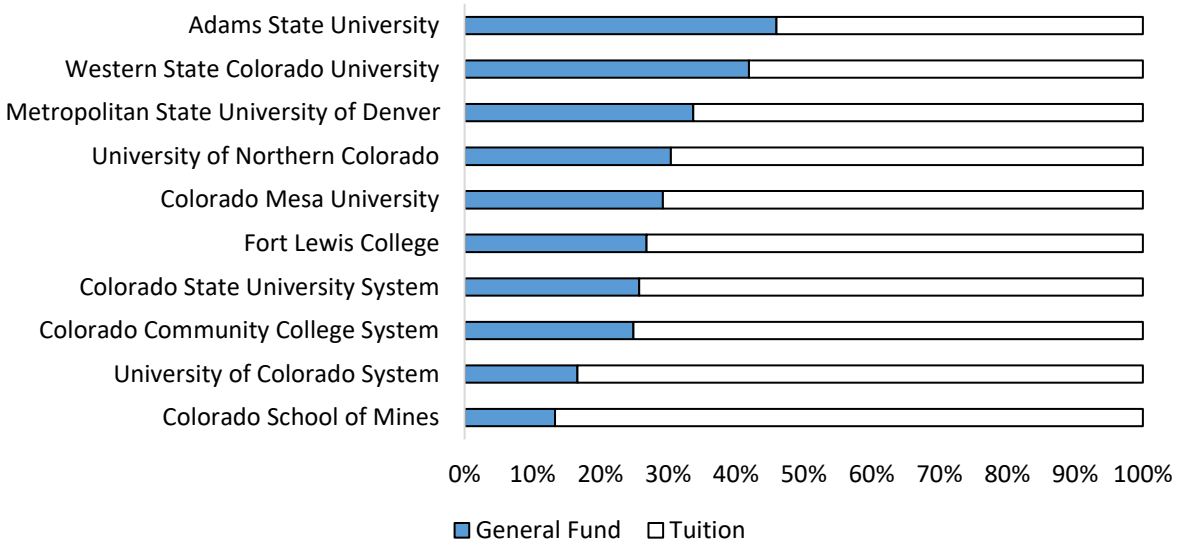
Local District Colleges/Area Technical Colleges (\$1,678,692 General Fund). Local District Colleges and Area Technical Colleges General Fund appropriations are 5.3 percent, or \$1,678,692, higher than FY 2020-21 after base adjustments. Under statute, the percentage change in these institutions’ appropriations are equal to the same overall percentage change as the governing boards, unless the Colorado Commission on Higher Education recommends a different percentage change (Section 23-18-304 C.R.S.).

Anticipated Outcomes:

This request restores institutions’ operating funding from the state to its FY 2019-20 level, and along with the companion request, R-02 Tuition Spending Authority (if institutions make the decision to increase tuition rates), is sufficient to cover all institutions’ increases in base operating costs over FY 2020-21 levels. In FY 2021-22, institutions’ operating budgets will continue to depend on several factors, namely the future course of the COVID-19 pandemic, changes in enrollment, the availability of additional federal stimulus, and their ability to innovate the delivery of instruction and student services to maintain quality for students.

Because the state’s share of E&G revenue differs among the ten governing boards, the impacts of state funding decisions can also vary widely. Figure 2 shows the portion of the E&G budgets of each of the ten governing boards funded from the state versus tuition and other revenue. Additionally, Appendix A includes funding formula allocations to each governing board using a performance-driven approach to allocating funding, which results in a range of funding increases from 4.4 percent to 5.8 percent.

Figure 2. Portion of E&G Budgets for Ten Governing Boards Funded by State versus Tuition and Other Revenue



Source: Budget Data Books

Assumptions and Calculations:

Various assumptions have been used to calculate the request. To build out the cost estimates for FY 2021-22, the Department used the following cost inflators:

- No employee salary increases were used to determine base cost estimates based on expected continued budget constraints
- An estimated CPI of 2.3 percent to determine the amount of inflationary operating cost increases the institutions will likely experience in FY 2021-22; and
- A health and other benefits employer contribution growth rate of 7.5 percent.

CPI estimates are derived from the Governor’s Office of State Planning and Budgeting inflation forecasts, issued in September 2020. The health and other benefit growth is derived from the expected increases for such benefits for state employees used for the FY 2021-22 executive budget request. Appendix B includes information on the estimated base cost increases by institution.

Appendix A

FY 2021-22 is the first year in which the new funding allocation model established by HB 20-1366 will be in use. The model contains three key steps. Steps one and three allocate flexible funding based on institutional needs, base funding concerns, specific institutional projects, and funding related to specific populations. Funding allocated via step one is base-building, while step three funding is one-time. Step two funding is based on performance in Master Plan-based metrics.

Step two measures performance on eight metrics, with each metric weighted so that performance in that category allocates a specific percentage of funding. The metrics and their associated weights (by percentage and dollar amount) under the request are demonstrated below. Further detail on the amounts of step two funding allocated by governing boards are in Appendix A.

Metric	% Weight	Funding Distributed (millions)*
Resident FTE Enrollment	10%	\$66.9
Credential Production	5%	\$33.4
Pell Eligible Enrollment	20%	\$133.8
Underrepresented Minority Enrollment	20%	\$133.8
Retention Rate	20%	\$133.8
Graduation Rate (100% of Time)	10%	\$66.9
Graduation Rate (150% of Time)	10%	\$66.9
First Generation Enrollment	5%	\$33.4
TOTAL	100%	\$668.8

*Column may not add due to rounding

Funding for each metric in step two is distributed among governing boards based on a series of calculations that first look at a governing board's change in performance over time, then compares each governing board's change in performance to the change at other institutions statewide. A simplified version of the calculation steps is shown below. This calculation is replicated for each of the eight metrics included in step two.

	BOARD A	BOARD B	BOARD C	TOTAL	
1	Governing Board's share of total funding, FY 2020-21	10%	20%	70%	100%
2	Average enrollment for 3 years (FY 2016-17 to FY 2018-19)	100	500	900	1,500
3	Average enrollment for 4 years (FY 2016-17 to FY 2019-20)	105	550	910	1,565
4	4-year average as a percent of 3-year average	105.0%	110.0%	101.1%	104.3%
5	Calibrate to 2019-20 share of funding (Row 1 x Row 4)	10.5%	22.0%	70.8%	103.3%
6	Adjust so that total = 100% (Board Share of Row 5 divided by Row 5 Total) à Board's new share of funding	10.2%	21.3%	68.5%	100.0%

Based on the calculation steps outlined above, the governing boards receive the following funding allocations:

Weight	Metric	Adams	Mesa	Metro	Western	CSU System	FLC	CU System	Mines	UNC	CCCS	Total
10.0%	Resident Enrollment	1,683,805	3,217,654	6,312,948	1,514,648	10,109,639	1,371,561	16,376,216	2,580,908	4,646,634	19,067,861	66,881,874
5.0%	Credential Production	822,561	1,587,492	3,139,202	756,464	5,109,732	669,021	8,260,386	1,260,891	2,381,234	9,453,954	33,440,937
20.0%	Pell-Eligible Enrollment	3,457,648	6,399,312	12,848,991	2,894,021	20,467,238	2,876,462	32,686,307	5,158,944	9,439,526	37,535,299	133,763,748
20.0%	URM Enrollment	3,377,175	6,367,551	12,739,053	3,191,697	20,332,845	2,823,035	32,571,963	5,087,192	9,464,431	37,808,806	133,763,748
20.0%	Retention Rate	3,442,741	6,435,512	12,802,242	2,966,866	20,354,352	2,823,304	32,396,303	5,052,448	9,400,780	38,089,200	133,763,748
10.0%	Grad. Rate - 100%	1,778,249	3,275,002	6,582,191	1,529,245	9,966,775	1,418,522	15,637,887	2,522,349	4,629,521	19,542,134	66,881,874
10.0%	Grad Rate - 150%	1,751,535	3,313,190	6,261,816	1,531,225	10,079,322	1,372,980	15,914,105	2,525,845	4,719,209	19,412,647	66,881,874
5.0%	1st Generation Enrollment	828,637	1,544,715	3,209,683	720,988	5,135,148	677,882	8,187,264	1,279,014	2,286,111	9,571,495	33,440,937
100%	Performance FY 2021-22 Total Funding	17,142,351	32,140,429	63,896,127	15,105,154	101,555,051	14,032,767	162,030,431	25,467,591	46,967,445	190,481,395	668,818,741
	Total Funding Change over FY 2020-21	726,107	1,564,718	3,410,442	821,544	4,784,456	603,152	7,743,478	1,364,889	2,313,204	10,108,947	33,440,937
	Total Percent Change over FY 2020-21	4.4%	5.1%	5.6%	5.8%	4.9%	4.5%	5.0%	5.7%	5.2%	5.6%	5.3%

Appendix B: FY 2021-22 Base Cost Increases by Governing Board, \$s in Millions

FY 2020-21 State					
	Funding <i>(Using 5% Reduction Intended to be Ongoing)</i>	FY 2020-21 Resident Tuition*	FY 2020-21 Nonresident Tuition*	FY 2020-21 Total Tuition*	Total FY 2020-21
Adams	\$16.4	\$11.3	\$9.8	\$21.1	\$37.5
Mesa	\$30.6	\$57.7	\$12.7	\$70.3	\$100.9
Metro	\$60.5	\$100.8	\$9.5	\$110.3	\$170.8
Western	\$14.3	\$8.1	\$8.2	\$16.2	\$30.5
CSU	\$162.3	\$214.7	\$209.8	\$424.5	\$586.8
Fort Lewis	\$13.4	\$9.2	\$33.3	\$42.5	\$55.9
CU	\$229.3	\$508.7	\$580.4	\$1,089.1	\$1,318.4
Mines	\$24.1	\$60.9	\$97.7	\$158.6	\$182.7
UNC	\$44.7	\$58.0	\$20.7	\$78.7	\$123.4
CCCS	\$180.4	\$245.5	\$27.7	\$273.3	\$453.6
Total	\$775.9	\$1,274.9	\$1,009.8	\$2,284.6	\$3,060.6

* Updated tuition projections from Governing Boards; do not reflect amounts in Long Bill (HB 20-1360).

	FY 2020-21 Estimated Salary Costs**	Assumes No Increase for FY 2021-22	FY 2020-21 Estimated Health, Life, Dental Benefits Costs**	Estimated FY 2021-22 Increase	FY 2020-21 Estimated Other Expenses**	Estimated FY 2021-22 Increase	Total FY 2021-22 Base Cost Increase
Adams	\$18.2	-	\$5.9	\$0.3	\$13.3	\$0.3	\$0.6
Mesa	\$57.2	-	\$11.5	\$0.5	\$32.2	\$0.7	1.2
Metro	\$93.4	-	\$23.6	\$1.0	\$53.8	\$1.2	2.2
Western	\$15.0	-	\$5.0	\$0.2	\$10.5	\$0.2	0.5
CSU	\$275.1	-	\$78.9	\$3.4	\$232.7	\$5.4	8.7
Fort Lewis	\$25.7	-	\$8.3	\$0.4	\$21.9	\$0.5	0.9
CU	\$673.8	-	\$235.9	\$9.3	\$408.7	\$9.4	18.7
Mines	\$86.3	-	\$29.1	\$1.3	\$67.4	\$1.6	2.8
UNC	\$75.7	-	\$21.5	\$0.9	\$26.1	\$0.6	1.5
CCCS	\$240.7	-	\$76.9	\$3.2	\$135.9	\$3.1	6.3
Total	\$1,561.2	\$0.0	\$496.6	\$20.5	\$1,002.8	\$23.1	\$43.6

**The estimated salaries, benefits, and other costs for each institution are based on their actual proportions of total E&G costs for FY 2018-19 using data from the Budget Data Books.

Schedule 13

Department of Higher Education

Funding Request for The FY 2021-22 Budget Cycle

Request Title

R-02 Tuition Spending Authority

Dept. Approval By:

Jason Schroek

Supplemental FY 2020-21

OSPB Approval By:

Aaron Ray - GOVOffice

Budget Amendment FY 2021-22

X

Change Request FY 2021-22

Summary Information	Fund	FY 2020-21		FY 2021-22		FY 2022-23
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	Total	\$3,138,426,895	\$0	\$3,571,304,279	\$74,406,003	\$74,406,003
	FTE	26,304.1	0.0	26,304.1	0.0	0.0
	GF	\$0	\$0	\$0	\$0	\$0
Total of All Line Items Impacted by Change Request	CF	\$2,793,720,723	\$0	\$2,793,720,723	\$74,406,003	\$74,406,003
	RF	\$344,706,172	\$0	\$777,583,556	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

Line Item Information	Fund	FY 2020-21		FY 2021-22		FY 2022-23
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	Total	\$32,638,481	\$0	\$41,797,017	\$604,692	\$604,692
	FTE	329.0	0.0	329.0	0.0	0.0
05. Governing Boards, (A) Trustees of Adams State University, (1) Trustees of Adams State University - Trustees of Adams State College	GF	\$0	\$0	\$0	\$0	\$0
	CF	\$25,380,773	\$0	\$25,380,773	\$604,692	\$604,692
	RF	\$7,257,708	\$0	\$16,416,244	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

	Total	\$94,401,520	\$0	\$111,459,548	\$2,225,848	\$2,225,848
05. Governing Boards, (B) Trustees of Colorado Mesa University, (1) Trustees of Colorado Mesa University - Trustees of Colorado Mesa University	FTE	758.0	0.0	758.0	0.0	0.0
	GF	\$0	\$0	\$0	\$0	\$0
	CF	\$80,701,485	\$0	\$80,701,485	\$2,225,848	\$2,225,848
	RF	\$13,700,035	\$0	\$30,758,063	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

Line Item Information	Fund	FY 2020-21		FY 2021-22		FY 2022-23
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	Total	\$171,655,078	\$0	\$205,399,724	\$3,566,265	\$3,566,265
05. Governing Boards, (C) Trustees of Metropolitan State College of Denver, (1) Trustees of Metropolitan State College of Denver - Trustees of Metropolitan State College of Denver	FTE	1,167.2	0.0	1,167.2	0.0	0.0
	GF	\$0	\$0	\$0	\$0	\$0
	CF	\$144,731,687	\$0	\$144,731,687	\$3,566,265	\$3,566,265
	RF	\$26,923,391	\$0	\$60,668,037	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0
	Total	\$31,595,023	\$0	\$39,563,774	\$563,979	\$563,979
05. Governing Boards, (D) Trustees of Western State College, (1) Trustees of Western State College - Trustees of Western State College	FTE	277.8	0.0	277.8	0.0	0.0
	GF	\$0	\$0	\$0	\$0	\$0
	CF	\$25,158,596	\$0	\$25,158,596	\$563,979	\$563,979
	RF	\$6,436,427	\$0	\$14,405,178	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0
	Total	\$666,240,131	\$0	\$756,779,086	\$15,394,845	\$15,394,845
05. Governing Boards, (E) Board of Governors, Colorado State University System, (1) Board of Governors, Colorado State University System - Board of Governors of the Colorado State University System	FTE	5,033.4	0.0	5,033.4	0.0	0.0
	GF	\$0	\$0	\$0	\$0	\$0
	CF	\$593,611,798	\$0	\$593,611,798	\$15,394,845	\$15,394,845
	RF	\$72,628,333	\$0	\$163,167,288	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0
	Total	\$51,963,110	\$0	\$59,455,421	\$1,219,262	\$1,219,262
05. Governing Boards, (F) Trustees of Fort Lewis College, (1) Trustees of Fort Lewis College - Trustees of Fort Lewis College	FTE	437.7	0.0	437.7	0.0	0.0
	GF	\$0	\$0	\$0	\$0	\$0
	CF	\$46,025,806	\$0	\$46,025,806	\$1,219,262	\$1,219,262
	RF	\$5,937,304	\$0	\$13,429,615	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0
	Total	\$1,378,659,659	\$0	\$1,506,587,839	\$34,838,418	\$34,838,418
05. Governing Boards, (G) Regents of the University Of Colorado, (1) Regents of the University Of Colorado - Regents of the University Of Colorado	FTE	10,005.1	0.0	10,005.1	0.0	0.0
	GF	\$0	\$0	\$0	\$0	\$0
	CF	\$1,277,502,411	\$0	\$1,277,502,411	\$34,838,418	\$34,838,418
	RF	\$101,157,248	\$0	\$229,085,428	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

Line Item Information	Fund	FY 2020-21		FY 2021-22		FY 2022-23
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	Total	\$189,965,966	\$0	\$203,412,737	\$4,896,757	\$4,896,757
05. Governing Boards, (H) Trustees of the Colorado School of Mines, (1) Trustees of the Colorado School of Mines - Trustees of the Colorado School of Mines	FTE	980.5	0.0	980.5	0.0	0.0
	GF	\$0	\$0	\$0	\$0	\$0
	CF	\$179,310,035	\$0	\$179,310,035	\$4,896,757	\$4,896,757
	RF	\$10,655,931	\$0	\$24,102,702	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0
	Total	\$125,943,004	\$0	\$150,855,370	\$2,619,478	\$2,619,478
05. Governing Boards, (I) University of Northern Colorado, (1) University of Northern Colorado - University of Northern Colorado	FTE	1,294.6	0.0	1,294.6	0.0	0.0
	GF	\$0	\$0	\$0	\$0	\$0
	CF	\$106,126,129	\$0	\$106,126,129	\$2,619,478	\$2,619,478
	RF	\$19,816,875	\$0	\$44,729,241	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0
	Total	\$395,364,923	\$0	\$495,993,763	\$8,476,459	\$8,476,459
05. Governing Boards, (J) State Board for Comm Colleges and Occupational Ed System, (1) State Board for Comm Colleges and Occupational Ed System - State Board for Comm. Colleges and Occupational Ed System	FTE	6,020.8	0.0	6,020.8	0.0	0.0
	GF	\$0	\$0	\$0	\$0	\$0
	CF	\$315,172,003	\$0	\$315,172,003	\$8,476,459	\$8,476,459
	RF	\$80,192,920	\$0	\$180,821,760	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

Auxiliary Data

Requires Legislation? NO

Type of Request?

Department of Higher Education
Prioritized Request

**Interagency Approval or
Related Schedule 13s:**

No Other Agency Impact



Department Priority: R-02
Request Detail: Tuition Spending Authority

Summary of Funding Change for FY 2021-22				
	Totals		Incremental Change	
	FY 2020-21 Appropriation	FY 2021-22 Base	FY 2021-22 Request	FY 2022-23 Request
Total Funds	\$2,480,200,133	\$2,480,200,133	\$74,406,004	\$74,406,004
FTE	0	0	0	0
General Fund	\$0	\$0	\$0	\$0
Cash Funds	\$2,480,200,133	\$2,480,200,133	\$74,406,004	\$74,406,004
Reappropriated Funds	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0

Summary of Request

The Department of Higher Education requests \$74,406,004 cash funds spending authority to reflect public institutions of higher education increased tuition revenue from resident and non-resident students in FY 2021-22 and ongoing.¹ The portion of the increase for resident students is \$39.9 million. The total requested spending authority for tuition revenue in FY 2021-22 would be \$2.4 billion cash funds. This request is not considered on the evidence continuum.

This request caps resident undergraduate tuition growth to 3.0 percent statewide while allowing institutions to request permission through the Colorado Commission on Higher Education (CCHE) for a greater increase. Along with the companion request R-01, which restores state operating support to the FY 2019-20 level, this request seeks to ensure affordability and value for students while providing some flexibility for institutions to continue managing through continued enrollment uncertainty.

¹ This request uses FY 2020-21 Long Bill appropriations as the base to calculate the requested increase. Tuition revenue for FY 2020-21 is expected to be revised downward during the supplemental process, which would cause this request to be revised downward as well.

Current Program:

Under current law, tuition revenue is appropriated at all state institutions except the Colorado School of Mines. Institutions’ total spending authority for tuition revenue in FY 2020-21 is \$2.5 billion cash funds. Due to the COVID-19 pandemic, most institutions kept tuition levels flat for the 2020-21 academic year, with only a few instances of limited tuition increases.

Problem or Opportunity:

Public higher education institutions’ education and General (E&G) costs, which include education and directly-related expenses plus state-funded research, are projected to increase \$44 million, or 1.4 percent, in FY 2021-22, based on the Department’s estimates.² The state typically funds about 20 percent on average of these costs for its public institutions. The remainder is primarily funded by students and families through tuition. Other, auxiliary costs, such as parking, athletics, and student living are funded through separate, specified revenue streams. Institutions must also manage their core operating costs to maximize available resources while ensuring affordability for Colorado students, families, and taxpayers.

Proposed Solution:

The Department requests an increase of \$74.4 million in cash funds spending authority in FY 2021-22. Based on this decision item, the total spending authority for tuition revenue in FY 2021-22 would be \$2.4 billion cash funds.

Tuition rate increases for each governing board for resident undergraduate students is limited to 3.0 percent, but institutions may request permission through the CCHE to implement an increase of more than 3 percent. The Department will develop criteria with the CCHE that will be considered when evaluating an institution’s appeal to exceed the cap on increases in resident tuition. There are no rate or revenue limits on allowable increases for resident graduate students and nonresident students. It is possible that adjustments will be required either through the Commission’s appropriated contingency fund or through the supplemental process to offset enrollment increases.

The following table provides recommended tuition spending authority figures by governing board assuming a 3.0 percent increase in both resident and nonresident tuition.

FY 2021-22 Tuition Revenue Increase Assumption										
	ASU	CMU	MSU	WCU	CSU	Ft. Lewis	CU	Mines	UNC	CCCS
Resident	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
Non-resident	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%

The following table provides information on the tuition increase assumptions used to calculate the tuition spending authority. It is important to note that the assumed increases do not reflect official governing board action.

² This estimate assumes no salary increase for state employees. See the companion request, R-01 State Operating Funding for Public Higher Education, for further information.

	FY 2020-21 Tuition Spending Authority in Long Bill*	FY 2021-22 Requested Tuition Spending Authority Increase Based on Rate Assumption	FY 2021-22 Total Tuition Revenue Estimate Based on Rate Assumption
ASU	\$20,156,387	\$604,692	\$20,761,079
CMU	74,194,937	2,225,848	76,420,785
MSU	118,875,507	3,566,265	122,441,772
WCU	18,799,307	563,979	19,363,286
CSU	513,161,489	15,394,845	528,556,334
Ft. Lewis	40,642,079	1,219,262	41,861,341
CU	1,161,280,615	34,838,418	1,196,119,033
Mines**	163,225,233	4,896,757	168,121,990
UNC	87,315,949	2,619,478	89,935,427
CCCS	282,548,629	8,476,459	291,025,088
Total	\$2,480,200,132	\$74,406,004	\$2,554,606,136

* The tuition spending authority request uses FY 2020-21 Long Bill appropriations as the base to calculate the requested increase. Tuition revenue for FY 2020-21 is expected to be revised downward during the supplemental process, thus the FY 2021-22 requested dollar increase using 3 percent tuition rate growth would be revised downward as well.

**Shown for informational purposes only.

Anticipated Outcomes:

The resident undergraduate tuition 3.0 percent increase cap will help maintain affordability for students and families. Combined with the R-01 companion request, as well as increases in non-resident and graduate tuition rates, the 3.0 percent increase is projected to be sufficient to offset the increases in institutions’ base operating costs if institutions increase tuition rates by the cap. If institutions do not increase tuition 3.0 percent, the base core minimum costs will not be covered, and institutions would need to implement budget reduction measures to align their costs with available revenue.

Assumptions and Calculations:

To derive the projected spending authority in this request, the Department utilized updated tuition revenue figures from institutions that took into account lower projected enrollment in the 2020-21 academic year from the COVID-19 pandemic. The Department used a 3.0 percent increase to resident and nonresident tuition and assumed flat enrollment. The sum of the tuition increase amounts is added to the FY 2020-21 base to arrive at the total amount requested for tuition revenue spending authority in FY 2021-22.

The Department collects its annual tuition and fee survey in mid-September. This survey will enable the calculation of actual base tuition rates and account for all differential rates. The Department collects the fall census enrollment report and the Budget Data Book submissions in mid-October, which combined enable the most accurate enrollment and tuition revenue projections available. The Department anticipates using all of these reports to more accurately estimate tuition spending authority and will submit future budget amendments as necessary.

Schedule 13

Department of Higher Education

Funding Request for The FY 2021-22 Budget Cycle

Request Title

R-03 Fort Lewis Native American Tuition Waiver

Dept. Approval By:

Jason Schrock

Supplemental FY 2020-21

OSPB Approval By:

Aaron Ray - GOVoffice

Budget Amendment FY 2021-22

X

Change Request FY 2021-22

Summary Information	Fund	FY 2020-21		FY 2021-22		FY 2022-23
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	Total	\$21,790,595	\$0	\$21,790,595	\$2,889,596	\$2,889,596
	FTE	0.0	0.0	0.0	0.0	0.0
Total of All Line Items Impacted by Change Request	GF	\$21,790,595	\$0	\$21,790,595	\$2,889,596	\$2,889,596
	CF	\$0	\$0	\$0	\$0	\$0
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

Line Item Information	Fund	FY 2020-21		FY 2021-22		FY 2022-23
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	Total	\$21,790,595	\$0	\$21,790,595	\$2,889,596	\$2,889,596
03. Colorado	FTE	0.0	0.0	0.0	0.0	0.0
Commission on Higher Education Financial Aid,	GF	\$21,790,595	\$0	\$21,790,595	\$2,889,596	\$2,889,596
(D) Special Purposes,	CF	\$0	\$0	\$0	\$0	\$0
(1) Special Purposes -	RF	\$0	\$0	\$0	\$0	\$0
Native American Students/Fort Lewis College	FF	\$0	\$0	\$0	\$0	\$0

Auxiliary Data

Requires Legislation? NO

Type of Request?

Department of Higher Education
Prioritized RequestInteragency Approval or
Related Schedule 13s:

No Other Agency Impact



Department Priority: R-03
Request Detail: Fort Lewis Native American Tuition Waiver

Summary of Funding Change for FY 2021-22				
	Totals		Incremental Change	
	FY 2020-21 Appropriation	FY 2021-22 Base	FY 2021-22 Request	FY 2022-23 Request
Total Funds	\$21,790,595	\$21,790,595	\$2,889,596	\$2,889,596
FTE	0	0	0	0
General Fund	\$21,790,595	\$21,790,595	\$ 2,889,596	\$ 2,889,596
Cash Funds	\$0	\$0	\$0	\$0
Reappropriated Funds	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0

Summary of Request

The Department requests an increase of \$2,889,596 General Fund to account for the anticipated cost of the Fort Lewis College Native American Tuition Waiver in FY 2021-22. This request would bring the total appropriation for this program to \$24,680,191 General Fund. With this increase, the State will be fully funding its federal and state requirements for paying student tuition associated with Native American student enrollment and tuition costs at Fort Lewis College, pursuant to Section 23-52-105(1)(b), C.R.S. This program is currently at level 2 on the evidence continuum.



The Department requests an increase of \$2,889,596 General Fund to account for the anticipated cost of the Fort Lewis College Native American Tuition Waiver in FY 2021-22. This request would bring the total appropriation for this program to \$24,680,191 General Fund. With this increase, the State will be fully funding its federal and state requirements for paying student tuition associated with Native American student enrollment and tuition costs at Fort Lewis College, pursuant to Section 23-52-105(1)(b), C.R.S. This program is currently at level 2 on the evidence continuum.

Current Program:

Statutory Requirements

Section 23-52-105 (1) (b), C.R.S. states, “The general assembly shall appropriate from the state general fund one hundred percent of the money required for tuition for such qualified Indian pupils” at Fort Lewis College. Fort Lewis College waives tuition for these students upfront and receives reimbursement for these students from the state in the subsequent fiscal year. Thus, the funding for this program is in arrears, such that this FY 2021-22 request covers the prior year’s actual waivers which will be granted in FY 2020-21.

Background

In 1910, the United States Commissioner of Indian Affairs recommended that the property encompassing Fort Lewis College (which had been previously declared a federally owned Indian school) be transferred to Colorado if the state were willing to accept certain conditions. The Sixty-first Congress passed an Act which granted the State of Colorado the Fort Lewis property provided that: “...said lands and buildings shall be held and maintained by the State of Colorado as an institution of learning, and that Indian pupils shall at all times be admitted to such school free of charge for tuition and on terms of equality with white pupils...”

In 1911, Colorado Governor John P. Shafroth signed the Executive Order which accepted Fort Lewis under the conditions of the 1910 Act of Congress. By the 1960s, increasing numbers of Native American students were attending the school and the associated cost prompted the Colorado Legislature in 1971 to enact legislation that limited full tuition coverage to only Native American pupils who qualified for in-state tuition in Colorado. This legislation was challenged by the Federal government in 1972 as a breach of the contract created by the 1910 Acts and 1911 Executive Order. Chief Judge Alfred A. Arraj ruled in favor of the Federal Government that the Act and the acceptance of its terms by Colorado resulted in a contract that required Colorado to admit *any* Native American student to Fort Lewis College free of charge for tuition. This decision was further upheld by the United States Court of Appeals, Tenth Circuit. It is this legal precedent that directs state policy and budgetary action regarding the Fort Lewis Native American Tuition Waiver currently.

Problem or Opportunity:

An increase in the funding for the Fort Lewis College Native American Tuition Waiver is necessary to reflect anticipated enrollment shifts and tuition levels. The request incorporates an estimated increase of 10 percent in resident Native American students and an increase of 14.5 percent for non-resident Native American students. This enrollment change coincides with flat resident and non-resident tuition rates in FY 2020-21. With this increase, the state will be in full compliance with state statutory and federal requirements.

Proposed Solution:

The Department requests an increase of \$2.9 million General Fund to account for the anticipated cost of the Fort Lewis College Native American Tuition Waiver in FY 2020-21. This increase would bring the total budget for this program to \$24.7 million General Fund and total funds.

The increase will ensure that the line item is appropriately calibrated to anticipated enrollment and tuition costs. With this increase, the state will be fully funding its federal and state requirements for paying student tuition associated with Native American student enrollment and tuition costs at Fort Lewis College.

Anticipated Outcomes:

The Department's mission is to improve the quality of, ensure the affordability of, and promote access to postsecondary education for the people of Colorado. In fulfilling the terms of the Fort Lewis Native American tuition waiver, the Department not only ensures compliance with statute but also promotes access to postsecondary education for a significantly underserved minority population. If this request is not approved, the state will be under-funding the program and out of compliance with Colorado statute and the federal treaty.

Assumptions and Calculations:

Please see Attachment A for the detailed calculations used to arrive at this request submitted by Fort Lewis College. The following assumptions were used for these calculations:

- The FY 2021-22 budget request (\$24.7 million in total, an increase of \$2.9 million General Fund) is based on the FY 2020-21 estimate of actual waivers (as all funding is made in arrears, based on the prior year).
- The FY 2020-21 appropriation was based on FY 2019-20 estimates; however, this calculated amount is recalibrated in this request.

The request accounts for flat tuition rates in FY 2020-21 for both resident and non-resident students and an increase of 10 percent in resident Native American students and an increase of 14.5 percent for non-resident Native American students. This is a preliminary estimate and will be updated in February 2021 for the actual FY 2021-22 funding needed.

FORT LEWIS COLLEGE
 NATIVE AMERICAN APPROPRIATION REQUEST
 FY 21-22 ESTIMATED APPROPRIATION REQUEST
 BASED ON FY 20-21 ESTIMATE OF ACTUAL WAIVERS

	FALL	WINTER	SUMMER SESSION I	PREVIOUS YEAR FUNDING ADJUSTMENT	TOTAL
Native American Appropriation FY 20-21 Request made in Feb 20 Based on FLC Estimate of 100% Tuition Waivers for FY 19-20	\$10,621,308	\$9,757,503	\$1,159,542	252,242	\$21,790,595
Actual Native American Tuition Waivers for FY 19-20 Source FGIBDST 6/30/20	10,621,308	9,733,739	1,214,062	n/a	21,569,110
FY 19-20 Funding Adjustment	0	(23,764)	54,520	n/a	30,757
Funding Required For FY 21-22 Funded in Arrears, FY 21-22 Funding is for FY 2020-21 Waivers	12,138,496	11,123,719	1,387,220	30,757	24,680,192

PROJECTED TUITION BY RESIDENCY STATUS

BASED ON ASSUMPTIONS BELOW

RESIDENT	559,823	523,424	70,417
NON-RESIDENT	11,578,673	10,600,295	1,316,803
TOTAL	12,138,496	11,123,719	1,387,220

ASSUMPTIONS:

RESIDENT BREAKDOWN PERCENTAGE	4.86%
NON-RESIDENT BREAKDOWN PERCENTAGE	95.14%

RESIDENT TUITION INCREASE	0.00%
NON-RESIDENT TUITION INCREASE	0.00%

PROJECTED NATIVE AMERICAN GROWTH (DECLINE) - BY TERM

Resident	10.00%	10.00%	10.00%
Non-Resident	14.50%	14.50%	14.50%

DOLLAR VALUE OF NATIVE AMERICAN WAIVERS

	FY 2019-20 - Actual			FY 2019-20 Waiver Est.	Difference	
	RESIDENT	NON-RESIDENT	TOTAL		\$	%
FALL - 2019	508,930	10,112,378	10,621,308	10,621,308	0	0.00%
Spring - 2020	475,840	9,257,900	9,733,739	9,757,503	(23,764)	-0.24%
Summer - 2020	64,015	1,150,047	1,214,062	1,159,542	54,520	4.49%
TOTAL	1,048,785	20,520,325	21,569,110	21,538,353	30,757	0.14%
BREAKDOWN	4.86%	95.14%	100.00%			

Schedule 13

Department of Higher Education

Funding Request for The FY 2021-22 Budget Cycle

Request Title

R-04 Wind Down Professional Student Exchange Pro

Dept. Approval By:

Jason Schrock

Supplemental FY 2020-21

OSPB Approval By:

Aaron Ray - GOVoffice

Budget Amendment FY 2021-22

X

Change Request FY 2021-22

Summary Information	Fund	FY 2020-21		FY 2021-22		FY 2022-23
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	Total	\$376,600	\$0	\$376,600	(\$126,025)	(\$171,775)
	FTE	0.0	0.0	0.0	0.0	0.0
Total of All Line Items Impacted by Change Request	GF	\$0	\$0	\$0	\$0	\$0
	CF	\$0	\$0	\$0	\$0	\$0
	RF	\$376,600	\$0	\$376,600	(\$126,025)	(\$171,775)
	FF	\$0	\$0	\$0	\$0	\$0

Line Item Information	Fund	FY 2020-21		FY 2021-22		FY 2022-23
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	Total	\$376,600	\$0	\$376,600	(\$126,025)	(\$171,775)
	FTE	0.0	0.0	0.0	0.0	0.0
02. Colorado Commission on Higher Education, (C) Special Purpose, (1) Special Purpose - WICHE - Optometry	GF	\$0	\$0	\$0	\$0	\$0
	CF	\$0	\$0	\$0	\$0	\$0
	RF	\$376,600	\$0	\$376,600	(\$126,025)	(\$171,775)
	FF	\$0	\$0	\$0	\$0	\$0

Auxiliary Data

Requires Legislation? NO

Type of Request?

Department of Higher Education
Prioritized Request

Interagency Approval or
Related Schedule 13s:

No Other Agency Impact



Department Priority: R-04
Request Detail: Wind Down Professional Student Exchange Program

Summary of Funding Change for FY 2021-22				
	Totals		Incremental Change	
	FY 2020-21 Appropriation	FY 2021-22 Base	FY 2021-22 Request	FY 2022-23 Request
Total Funds	\$376,600	\$376,600	(\$126,025)	(\$171,775)
FTE	0	0	0	0
General Fund	\$0	\$0	\$0	\$0
Cash Funds	\$0	\$0	\$0	\$0
Reappropriated Funds	\$376,600	\$376,600	(\$126,025)	(\$171,775)
Federal Funds	\$0	\$0	\$0	\$0

Summary of Request

The Department requests a reduction of \$126,025 reappropriated funds in FY 2021-22 for the Professional Student Exchange Program (PSEP), which would result in no new students receiving support from the program in the 2021-22 academic year. This request also includes further reductions of \$171,775 and \$78,800 in FY 2022-23 and FY 2023-24, respectively, resulting in the program being completely phased out. Out-year savings result from the elimination of program slots as current participants graduate, ensuring that no students already receiving PSEP support are affected by the reduction in funding. This program is currently at level 2 of the evidence continuum.



There is no evidence that the program is necessary for ensuring a sufficient supply of optometrists in Colorado. Most PSEP applicants plan on enrolling in optometry school regardless of whether or not they are funded. Further, it is not clear that participation in the program is a determining factor in returning to Colorado to practice, as some students who apply for the program but are ultimately not funded still elect to practice in Colorado upon graduation.

Current Program:

PSEP is a program of the Western Interstate Commission on Higher Education (WICHE). PSEP is designed to allow residents of WICHE member states pursuing a professional degree in certain health fields who do not have the opportunity to study in their own state to enroll in an in-region institution in another state and receive tuition support from their home state. The tuition support students receive is referred to as a support fee paid by the state and then dispersed by WICHE. Support fees are set for each field on a biennial basis by WICHE and tend to increase 2-3 percent each year; in FY 2020-21 the support fee is \$18,830. Funding for this program is appropriated in the Long Bill in the *WICHE – Optometry* line-item. The program is currently funded from reappropriated funds which come from the Department’s indirect cost collections.

Because Colorado is home to both medical and veterinary schools, the state’s participation in the program is limited and only students pursuing optometry degrees are eligible to receive funding. In exchange for the support they receive, graduates agree to return to Colorado to practice optometry for the same amount of time they received PSEP support, typically four years. If a student does not return to Colorado, their PSEP support is converted to a loan with an interest rate equal to that of the federal PLUS loan in effect at the time the contract was signed. The majority of Colorado students elect to repay their support through service in the state – of the 28 students currently in some form of repayment, just three students are in cash repayment, meaning they are not practicing optometry in the state.

The number of slots available in Colorado’s PSEP program is subject to available appropriations, which have remained static since FY 2018-19. When one cohort of students graduates, the slots they leave behind are filled by a new cohort if funding allows. Because of the limited funding available for the program, there are almost always more students applying for the PSEP program than there are slots available. When that occurs, eligible students who have been admitted to an optometry program are ‘ranked’ by all participating optometry schools. The top-ranked students receive funding offers first, and funding is offered to students in that ranked order until the program is not able to fully fund a newly admitted student.

As a budget balancing measure, the General Assembly reduced the PSEP appropriation for FY 2020-21 by \$74,025 so that no new students would receive funding in the 2020-21 academic year. The reduction was intended to be ongoing. In FY 2020-21, 20 students will receive PSEP support. The below table shows the number of students supported, the support fee they received, and the total program appropriation over the past five years.

	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
Slots Funded	22	23	25	24	20
Support Fee	\$17,425	\$17,725	\$18,025	\$18,425	\$18,830
Appropriation	\$399,999	\$443,125	\$450,625	\$450,625	\$376,600

Problem or Opportunity:

There is no evidence that the program is necessary for ensuring a sufficient supply of optometrists in Colorado. Current projections indicate that demand for optometrists in Colorado will continue to grow, but not at high rates. The labor market analysis firm EMSI projects 51 new optometrist jobs annually over the next decade. This includes both newly created jobs and “replacement” jobs, those generated when someone retires or otherwise permanently leaves the field (see attachment). PSEP, with its 4 to 9 graduates each year, helps fill some of this demand, but it is unclear whether participation in PSEP meaningfully changes where students work after they graduate.

According to the most recent data from WICHE, states with contractual service repayment requirements (including Colorado) saw a greater proportion of PSEP students return to their home state to work as optometrists than states without such a requirement. However, there is no data to suggest that PSEP impacts a student’s initial decision to pursue a degree in optometry. The Department regularly receives applications for recertification – that is, students who were not funded in their first year but still went on to optometry school. Most PSEP applicants, then, are planning on enrolling in optometry school regardless of whether or not they are funded. Further, it is not clear that participation in the program is a determining factor in returning to Colorado to practice, as some students who apply for the program but are ultimately not funded still elect to practice in Colorado upon graduation.

In FY 2021-22, seven PSEP slots will open up, providing an opportunity for program reductions without impacting current students. The Department typically utilizes reappropriated funds generated by indirect cost recoveries from other state agencies and public institutions of higher education to offset General Fund expenditures in its budget. Thus, reductions in reappropriated funds allow those funds to be used to make further General Fund reductions or to offset increased General Fund appropriations for the Department.

Proposed Solution:

The Department requests a reduction of \$126,025 reappropriated funds for PSEP in FY 2021-22. As a result, no new students will receive tuition support in FY 2021-22, but students currently receiving support will continue to do so until they graduate. The request includes further reductions of \$171,775 in FY 2022-23, as nine students leave the program, and \$78,800 in FY 2023-24, which would eliminate the program.

In R-07, Continue Open Educational Resources, the Department proposes to repurpose some of the savings generated by this request to preserve the Open Educational Resources (OER) program, for which funding is scheduled to end in FY 2020-21. Without the requested reduction to PSEP, the State would need to utilize General Fund or find another fund source to maintain OER.

Anticipated Outcomes:

If this request is approved, six PSEP slots would be held open and no new students would receive PSEP funding in the 2021-22 academic year. The thirteen students who will be entering the second and third years of their programs in in the 21-22 academic year would continue to be funded

through the duration of their program. As each cohort of students graduates (nine in May 2022, four in May 2023) their slots will also be held open, resulting in the program being phased out entirely by FY 2023-24. In FY 2023-24 and ongoing, students who would have been eligible to receive PSEP support would need to find a different source of funding to support the cost of their degree in optometry.

A 2014 joint study by the American Optometric Association and the Association of Schools and Colleges of Optometry found that “there appears to be an adequate supply of eye doctors, optometrists and ophthalmologists, inclusive of projections of new doctors, to meet current and projected demand for eye care services through 2025.”¹ This information, taken in combination with the moderate growth in projected demand for optometrists in Colorado, indicates that eliminating PSEP funding will have little to no impact on Coloradans’ ability to receive optometry services.

Assumptions and Calculations:

In FY 2020-21, 20 students will receive PSEP funding. Seven of those students will graduate in May of 2021, leaving 13 students who would need to be funded through graduation to fully phase out the program. The PSEP support fee for optometry has been set at \$19,275 in FY 2021-22.² Funding 13 students at an award level of \$19,275 per student would result in total PSEP spending of \$250,575 – a reduction of \$126,025 from the program’s 2020-21 funding level of \$376,600 reappropriated funds.

In May of 2022, nine more students will graduate, leaving four students to be funded in FY 2022-23. The support fee for FY 2022-23 has been set at \$19,700;³ funding four students at this level would result in total PSEP spending of \$78,800, a reduction of \$171,775 from FY 2021-22. Once those four students graduate, no further appropriations will be required, although there will still be some administrative work as students complete their service repayment. The below table shows the expected reductions in appropriations through FY 2023-24.

	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Support Fee	\$18,830	\$19,275	\$19,700	TBD
# Students	20	13	4	0
Total Cost	\$376,600	\$250,575	\$78,800	\$0
Reduction from Prior Year	--	(\$126,025)	(\$171,775)	(\$78,800)

¹ “Study finds eye care workforce is adequate to meet projected demand,” American Optometric Association, June 2014, <https://www.aoa.org/news/inside-optometry/study-finds-eye-care-workforce-is-adequate-to-meet-projected-demand?sso=y>.

² “What’s a PSEP Award Worth?” Western Interstate Commission on Higher Education, <https://www.wiche.edu/tuition-savings/psep/whats-a-psep-award-worth/>.

³ Ibid.

SOC	Description	2019 Jobs	Typical Entry Level Education	Median Hourly Earnings	Annual Openings	2019 - 2029 % Change	Work Experience Required
29-1041	Optometrists	1,016	Doctoral or professional degree	\$63.39	51	16%	None
29-2081	Opticians, Dispensing	1,695	High school diploma or equivalent	\$18.44	178	18%	None
		2,711			228	17%	
Annual Replacement Jobs	2019 - 2029 Openings	2019 - 2029 Replacement Jobs	2019 Separations	2019 Hires			
33	506	332	238	223			
147	1,776	1,467	994	991			
180	2,282	1,799	1,232	1,214			
	Replacement Jobs						
	An estimate of openings resulting from workers retiring or otherwise permanently leaving an occupation.						
	Source: BLS national employment projections applied to Emsi regional employment.						
	Annual Replacement Jobs						
	The percent of the occupation estimated to be retiring or otherwise permanently leaving an occupation.						
	Source: Derived from the BLS national employment projections.						

Schedule 13

Department of Higher Education

Funding Request for The FY 2021-22 Budget Cycle

Request Title

R-05 Restore Cyber Coding Cryptology Program

Dept. Approval By:

Jason Schrock

Supplemental FY 2020-21

OSPB Approval By:

Aaron Ray - GOVoffice

Budget Amendment FY 2021-22

X

Change Request FY 2021-22

Summary Information	Fund	FY 2020-21		FY 2021-22		FY 2022-23
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	Total	\$2,741,609,362	\$0	\$3,119,476,762	\$4,000,000	\$4,000,000
	FTE	23,262.3	0.0	23,262.3	0.0	0.0
Total of All Line Items Impacted by Change Request	GF	\$3,693,028	\$0	\$3,693,028	\$2,000,000	\$2,000,000
	CF	\$2,436,877,980	\$0	\$2,436,877,980	\$0	\$0
	RF	\$301,038,354	\$0	\$678,905,754	\$2,000,000	\$2,000,000
	FF	\$0	\$0	\$0	\$0	\$0

Line Item Information	Fund	FY 2020-21		FY 2021-22		FY 2022-23
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	Total	\$3,693,028	\$0	\$3,693,028	\$2,000,000	\$2,000,000
04. College Opportunity Fund Program, (B) Fee-for-Service Contracts with State Institutions, (1) Fee-for-Service Contracts with State Institutions - Limited Purpose Fee-for-Service Contracts with State Inst.	FTE	0.0	0.0	0.0	0.0	0.0
	GF	\$3,693,028	\$0	\$3,693,028	\$2,000,000	\$2,000,000
	CF	\$0	\$0	\$0	\$0	\$0
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

Line Item Information	Fund	FY 2020-21		FY 2021-22		FY 2022-23
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	Total	\$94,401,520	\$0	\$111,459,548	\$117,648	\$117,648
05. Governing Boards, (B) Trustees of Colorado Mesa University, (1)	FTE	758.0	0.0	758.0	0.0	0.0
	GF	\$0	\$0	\$0	\$0	\$0
	CF	\$80,701,485	\$0	\$80,701,485	\$0	\$0
	RF	\$13,700,035	\$0	\$30,758,063	\$117,648	\$117,648
	FF	\$0	\$0	\$0	\$0	\$0
	Total	\$171,655,078	\$0	\$205,399,724	\$117,648	\$117,648
05. Governing Boards, (C) Trustees of Metropolitan State College of Denver, (1)	FTE	1,167.2	0.0	1,167.2	0.0	0.0
	GF	\$0	\$0	\$0	\$0	\$0
	CF	\$144,731,687	\$0	\$144,731,687	\$0	\$0
	RF	\$26,923,391	\$0	\$60,668,037	\$117,648	\$117,648
	FF	\$0	\$0	\$0	\$0	\$0
	Total	\$31,595,023	\$0	\$39,563,774	\$78,432	\$78,432
05. Governing Boards, (D) Trustees of Western State College, (1)	FTE	277.8	0.0	277.8	0.0	0.0
	GF	\$0	\$0	\$0	\$0	\$0
	CF	\$25,158,596	\$0	\$25,158,596	\$0	\$0
	RF	\$6,436,427	\$0	\$14,405,178	\$78,432	\$78,432
	FF	\$0	\$0	\$0	\$0	\$0
	Total	\$666,240,131	\$0	\$756,779,086	\$470,588	\$470,588
05. Governing Boards, (E) Board of Governors, Colorado State University System, (1)	FTE	5,033.4	0.0	5,033.4	0.0	0.0
	GF	\$0	\$0	\$0	\$0	\$0
	CF	\$593,611,798	\$0	\$593,611,798	\$0	\$0
	RF	\$72,628,333	\$0	\$163,167,288	\$470,588	\$470,588
	FF	\$0	\$0	\$0	\$0	\$0
	Total	\$1,378,659,659	\$0	\$1,506,587,839	\$1,098,036	\$1,098,036
05. Governing Boards, (G) Regents of the University Of Colorado, (1)	FTE	10,005.1	0.0	10,005.1	0.0	0.0
	GF	\$0	\$0	\$0	\$0	\$0
	CF	\$1,277,502,411	\$0	\$1,277,502,411	\$0	\$0
	RF	\$101,157,248	\$0	\$229,085,428	\$1,098,036	\$1,098,036
	FF	\$0	\$0	\$0	\$0	\$0

Line Item Information	Fund	FY 2020-21		FY 2021-22		FY 2022-23
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	Total	\$395,364,923	\$0	\$495,993,763	\$117,648	\$117,648
05. Governing Boards, (J) State Board for Comm Colleges and Occupational Ed System, (1) State Board for Comm Colleges and Occupational Ed System - State Board for Comm. Colleges and Occupational Ed System	FTE	6,020.8	0.0	6,020.8	0.0	0.0
	GF	\$0	\$0	\$0	\$0	\$0
	CF	\$315,172,003	\$0	\$315,172,003	\$0	\$0
	RF	\$80,192,920	\$0	\$180,821,760	\$117,648	\$117,648
	FF	\$0	\$0	\$0	\$0	\$0

Auxiliary Data

Requires Legislation?	NO		
Type of Request?	Department of Higher Education Prioritized Request	Interagency Approval or Related Schedule 13s:	No Other Agency Impact



Department Priority: R-05
Request Detail: Restore Cyber Coding Cryptology Program

Summary of Funding Change for FY 2021-22				
	Totals		Incremental Change	
	FY 2020-21 Appropriation	FY 2021-22 Base	FY 2021-22 Request	FY 2022-23 Request
Total Funds	\$3,100,000	\$3,100,000	\$4,000,000	\$4,000,000
FTE	0	0	0	0
General Fund	\$3,100,000	\$3,100,000	\$2,000,000	\$2,000,000
Cash Funds	\$0	\$0	\$0	\$0
Reappropriated Funds	\$0	\$0	\$2,000,000	\$2,000,000
Federal Funds	\$0	\$0	\$0	\$0

Summary of Request

The Department requests an increase of \$4,000,000 total funds and \$2,000,000 General Fund for the Cyber Coding Cryptology Program in FY 2021-22 and ongoing. This increase would restore state funding for the program to the FY 2019-20 level (\$5.1 million General Fund). The Program is currently at level 2 of the evidence continuum.



Current Program:

The Cyber Coding Cryptology Program was established in 2018 with the passage of S.B. 18-086, Cyber Coding Cryptology for State Records. The goal of the program is to establish and expand programs related to cybersecurity and distributed ledger technologies, as well as provide scholarships to students enrolled in those programs. Since FY 2018-19, six governing boards have used the funds appropriated in S.B. 18-086 to hire faculty, develop facilities, create student internships, award student scholarships, host conferences and summer camps, and offer presentations and seminars on cybersecurity. The participating governing boards have also raised additional funds to supplement state investment. Key performance outcomes are included in the table below.

Outcomes	FY 2018-19	FY 2019-20
Internships created	79	165
Scholarships awarded (#)	631	349
Scholarships awarded (\$)	\$796,810	\$935,000
Degrees awarded	178	576
Other funds raised	\$4.1M	\$27.7M

S.B. 18-086 appropriated a total of \$5.1 million General Fund across six governing boards starting in FY 2018-19. Program funding was reduced by \$2 million to \$3.1 million for FY 2020-21 to help address the state’s budget shortfall. This reduction was applied proportionately to the participating institutions based on their share of the original appropriation. The table below shows both the original and reduced appropriations for each governing board that received funds via S.B. 18-086.

Governing Board	FY 2018-19/2019-20 Appropriation	FY 2020-21 Appropriation
Colorado Mesa University	\$300,000	\$182,352
Metropolitan State University of Denver	\$300,000	\$182,352
Western State Colorado University	\$200,000	\$121,568
Colorado State University System	\$1,200,000	\$729,412
University of Colorado System	\$2,800,000	\$1,701,964
Colorado Community College System	\$300,000	\$182,352

The University of Colorado at Colorado Springs (UCCS) has also used a portion of its appropriation to partner with the National Cybersecurity Center (NCC). Established in 2016, the NCC operates several programs including the Space Information Sharing and Analysis Center, the Cyber Education Student Alliance, Secure the Vote, the Colorado Cyber Resource Center, and the Colorado Secure SMART Cities Initiative. In FY 2019-20, UCCS allocated \$850,000 to the NCC, which the NCC used to support administrative FTE, fundraising, and overhead costs.

Problem or Opportunity:

Due to the COVID-19 pandemic and associated economic downturn, reductions were needed to balance the FY 2020-21 budget. As a result, the Cyber Coding Cryptology Program was reduced by \$2.1 million. Given available revenue expected for FY 2021-22, the critically important work that is being carried out through the Cyber Coding Cryptology Program can be fully restored.

Proposed Solution:

The Department requests an increase of \$4 million total funds and \$2 million General Fund to the Cyber Coding Cryptology Program in FY 2021-22 and ongoing. This increase would restore state funding for the program to FY 2019-20 levels (\$5.1 million General Fund).

Anticipated Outcomes:

As a result of restoring state funding for the Cyber Coding Cryptology Program to FY 2019-20 levels, program activities conducted by the governing boards will return to previous levels. Program activities include:

- the creation of student internships in the cybercoding and cryptology field;
- the development of academic programming related to cybercoding and cryptology;
- the awarding of scholarships to students studying cybercoding and cryptology;
- the increased availability of presentations and seminars on cybercoding and cryptology;
- the continuation and development of key partnerships, including with the NCC,

Assumptions and Calculations:

N/A

Schedule 13

Department of Higher Education

Funding Request for The FY 2021-22 Budget Cycle

Request Title

R-06 Realign Funding for Colorado Student Leader Institute

Dept. Approval By:

Jason Schroek

Supplemental FY 2020-21

OSPB Approval By:

Aaron Ray - GOVoffice

Budget Amendment FY 2021-22

X

Change Request FY 2021-22

Summary Information	Fund	FY 2020-21		FY 2021-22		FY 2022-23
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	Total	\$218,825	\$0	\$218,825	(\$218,825)	\$0
	FTE	1.0	0.0	1.0	(1.0)	0.0
Total of All Line Items Impacted by Change Request	GF	\$218,825	\$0	\$218,825	(\$218,825)	\$0
	CF	\$0	\$0	\$0	\$0	\$0
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

Line Item Information	Fund	FY 2020-21		FY 2021-22		FY 2022-23
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	Total	\$218,825	\$0	\$218,825	(\$218,825)	\$0
02. Colorado	FTE	1.0	0.0	1.0	(1.0)	0.0
Commission on Higher Education, (C) Special Purpose, (1) Special Purpose - Colorado	GF	\$218,825	\$0	\$218,825	(\$218,825)	\$0
Student Leaders Institute Pilot	CF	\$0	\$0	\$0	\$0	\$0
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

Auxiliary Data

Requires Legislation? YES

Type of Request?

Department of Higher Education
Prioritized RequestInteragency Approval or
Related Schedule 13s:

No Other Agency Impact



Department Priority: R-06
Request Detail: Realign Funding for Colorado Student Leaders Institute

Summary of Funding Change for FY 2021-22				
	Totals		Incremental Change	
	FY 2020-21 Appropriation	FY 2021-22 Base	FY 2021-22 Request	FY 2022-23 Request
Total Funds	\$218,825	\$218,825	(\$218,825)	\$0
FTE	1.0	1.0	(1.0)	0
General Fund	\$218,825	\$218,825	(\$218,825)	\$0
Cash Funds	\$0	\$0	\$0	\$0
Reappropriated Funds	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0

Summary of Request

The Department requests a reduction of \$0.2M General Fund and 1 FTE for the Colorado Student Leaders Institute (COSLI) in FY 2021-22 and ongoing. This reduction would eliminate state funding for the program. The Department respectfully requests that the JBC sponsor legislation to clarify in statute that the program is subject to available appropriations. The Program is currently at level 2 of the evidence continuum.



As a result of the current economic downturn, state financial aid is a critical resource for an increasing number of postsecondary students. This request allows the Department to realign funding in order to maintain existing General Fund appropriations for programs, such as the Colorado Opportunity Scholarship Initiative and need-based financial aid, that have demonstrated the best outcomes for Colorado’s most vulnerable resident students, including underrepresented minorities and first-generation students.

Current Program:

COSLI was originally established as a pilot program by S.B. 15-290 and was reauthorized through 2024 by S.B. 19-137, which also established an ongoing annual appropriation for the Department of \$218,825 General Fund and 1 FTE. COSLI is a residential summer education program for up to 100 Colorado students in tenth and eleventh grade. COSLI operates four weeks each summer on the University of Colorado Denver campus, where students participate in college-level courses, lectures, seminars, and enrichment activities. Students who complete the program receive three hours of college credit. Students must be nominated by their school district or charter school to participate and be selected to participate by the COSLI Board of Directors via a competitive application process. Operation of the program is contingent on COSLI receiving at least \$40,000 annually in gifts, grants, and donations and students who are accepted are encouraged to donate up to \$400 each to assist in covering COSLI's operating expenses.

Actual participation in COSLI has typically ranged from 60-75 students per year. Statute requires that at least 50% of participating students each year must be eligible for free or reduced lunch and/or be first-generation college students. From 2017 to 2019, the percentage of participants who were prospective first-generation college students has fluctuated slightly around 50%, while the percentage of participants who were both first-generation and eligible for free or reduced lunch ranged between 40-50%. COSLI is required by statute to report on the college matriculation and success of its participants, and current data shows that most participants are progressing through college and are being continuously matriculated.

Problem or Opportunity:

Due to the COVID-19 pandemic and associated economic downturn, students and families face significant financial stress, making it more difficult than ever to afford the cost of college. At the same time, budget constraints at colleges and universities are likely to limit their ability to increase financial aid in the short-term, while federal aid has remained flat. A 2018 quasi-experimental difference-in-differences study conducted by the Department on state-funded need-based aid found that state investment was effectively targeted at the state's neediest students through institutional allocations. State financial aid is a critical resource for an increasing number of students, including both recent high school graduates and displaced workers, seeking to attain a college degree and improve their employment prospects.

The Department is responsible for implementing several programs in addition to COSLI that improve college access and success for low-income, underrepresented minority, and first-generation students. The most impactful program is the Colorado Opportunity Scholarship Initiative (COSI), which has provided financial assistance and student supports to more than 75,000 Colorado residents across 61 counties since 2014. Recent evaluations using quasi-experimental design shows that 85% of students enrolled in COSI student support programs persist in their educational path, 19 percentage points higher than persistence among their peers, while 89% of students receiving a COSI scholarship continue in their second year of college, outpacing their non-COSI counterparts by 17 percentage points. When looking at students receiving both scholarship and support services, persistence numbers jump to 94 percent. COSI is targeted at students of color; based on the latest data available, about two-thirds students in COSI's student support programs and 60 percent of COSI students receiving scholarships are students of color.

Proposed Solution:

This request would realign funding to support the highest impact programs for vulnerable students by reducing COSLI by \$0.2M General Fund and 1 FTE in FY 2021-22 and ongoing. This request would eliminate state funding for the program. If the request is approved, the Department would seek legislation to clarify in statute that the program is subject to available appropriations, but would not seek to repeal the program. Maintaining statutory authorization for the program would enable the Department to request funding in future years without new legislation.

Anticipated Outcomes:

As a result of eliminating state funding for COSLI, it is likely that program activities will cease. Programs similar in nature to COSLI in other states have been funded by philanthropy and thrived without state support, but it is uncertain whether this would occur in Colorado. This request continues to advance equity in college enrollment and completion by realigning General Fund appropriations in order to maintain financial aid and academic support programs that have demonstrated the best results for low-income, underrepresented minority, and first-generation students, such as COSI.

Assumptions and Calculations:

N/A

Schedule 13

Department of Higher Education

Funding Request for The FY 2021-22 Budget Cycle

Request Title

R-07 Continue Open Educational Resources

Dept. Approval By:

Jason Schrock

Supplemental FY 2020-21

OSPB Approval By:

Aaron Ray - GOVoffice

Budget Amendment FY 2021-22

X

Change Request FY 2021-22

Summary Information	Fund	FY 2020-21		FY 2021-22		FY 2022-23
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	Total	\$961,176	\$0	\$0	\$100,838	\$100,838
	FTE	1.0	0.0	0.0	1.0	1.0
Total of All Line Items Impacted by Change Request	GF	\$961,176	\$0	\$0	\$0	\$0
	CF	\$0	\$0	\$0	\$0	\$0
	RF	\$0	\$0	\$0	\$100,838	\$100,838
	FF	\$0	\$0	\$0	\$0	\$0

Line Item Information	Fund	FY 2020-21		FY 2021-22		FY 2022-23
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	Total	\$961,176	\$0	\$0	\$100,838	\$100,838
	FTE	1.0	0.0	0.0	1.0	1.0
02. Colorado Commission on Higher Education, (C) Special Purpose, (1) Special Purpose - Open Educational Resources	GF	\$961,176	\$0	\$0	\$0	\$0
	CF	\$0	\$0	\$0	\$0	\$0
	RF	\$0	\$0	\$0	\$100,838	\$100,838
	FF	\$0	\$0	\$0	\$0	\$0

Auxiliary Data

Requires Legislation? YES

Type of Request?

Department of Higher Education
Prioritized RequestInteragency Approval or
Related Schedule 13s:

No Other Agency Impact



Department Priority: R-07
Request Detail: Continue Open Educational Resources

Summary of Funding Change for FY 2021-22				
	Totals		Incremental Change	
	FY 2020-21 Appropriation	FY 2021-22 Base	FY 2021-22 Request	FY 2022-23 Request
Total Funds	\$961,176	\$0	\$100,838	\$100,838
FTE	1.0	0	1.0	1.0
General Fund	\$961,176	\$0	\$0	\$0
Cash Funds	\$0	\$0	\$0	\$0
Reappropriated Funds	\$0	\$0	\$100,838	\$100,838
Federal Funds	\$0	\$0	\$0	\$0

Summary of Request

The Department requests \$100,838 reappropriated funds and 1 FTE in FY 2021-22 and ongoing for the continuation of the Open Educational Resources (OER) program. This request would allow the Department to maintain a state-level Director of OER and OER Council in order to support the further development of free digital textbooks and course materials at Colorado’s public institutions of higher education. The requested funds are from savings generated by the Department’s R-04 request, which requests a reduction in reappropriated funds for the Professional Student Exchange Program. The funds are from indirect cost recoveries the Department collects from other state agencies and public institutions of higher education.



The OER Program is currently at level 3 on the evidence continuum. The first year of grant funding produced \$3.9 million in cost-savings to nearly 30,000 students in the 2019-2020 academic year, representing a more than 700% return on State investment. State grants to date have also helped build a network of 124 OER Ambassadors across 27 public institutions who can support the sustainability of existing efforts.¹

The OER Program is set to repeal on November 1, 2021. The Department respectfully requests that the JBC sponsor legislation to reauthorize the program for an additional five years.

¹ https://higher.ed.colorado.gov/Publications/Reports/Legislative/OER/OER_Report_2019_Final.pdf

Current Program:

The OER Council was established in S.B. 17-258 with the mandate to work with a third-party to review the use of open educational resources at institutions of higher education, and to evaluate options for and obstacles to increasing the use of those resources. The Council's report found that the return on investment on OER initiatives in other states was remarkably high, at 400 percent in the first year.² It also found that students using OER materials had similar or better grades, similar or better retention rates, and took more credits per semester than students with traditional textbooks, all with the eliminated or substantially reduced burden of textbook costs. The Council concluded that the Colorado higher education landscape was primed for OER investment and recommended the state fund at least three years of the OER Grant Program. H.B. 18-1331 created the OER Grant Program, appropriating \$660,000 and 1.0 FTE for FY 2018-19 and \$1,166,997 and 1.0 FTE in FY 2019-20.

The OER Program is currently at level 3 on the evidence continuum. In the program's first year, OER materials were developed for 100 courses. As a result, approximately 30,000 Colorado students saved \$3.9 million in academic year 2019-2020. This represents a more than 700% return on State investment, far exceeding the program's goals and the national average for similar programs. With the second cycle of grants now awarded, there are almost 400 courses with grant funded OER materials. Actual savings will be available in the 2021 OER report, but institutions preliminarily estimate approximately 49,000 students have been or will be enrolled in OER courses during the current academic year. In addition, 124 Open Education Ambassadors at 27 different public institutions have been trained to further OER efforts in their communities.

The OER Council and Grant Program are both set to repeal November 1, 2021. The Department is pursuing legislation to reauthorize both for five years.

Problem or Opportunity:

Although data suggest that earning a postsecondary credential improves individual earning potential and offers a robust return on investment, the cost of college or technical education remains a barrier for many Coloradans, with textbooks contributing to this cost barrier. Over the last half century, the average cost of college textbooks has risen four times faster than the rate of inflation. In the 2018-2019 academic year, college students had to budget anywhere from \$900 to \$1,800 for books and course materials alone.

The Roadmap to Containing College Costs and Making College Affordable identified a short-term goal of lowering textbook and course materials. The OER Council and Grant Program are both set to repeal November 1, 2021. Although budget constraints do not allow for continued funding for institutional grants at this time, it is essential to fund the program director and OER Council to

² https://higher.ed.colorado.gov/Publications/Reports/legislative/OER/OER_Nov2017.pdf

maintain the momentum established over the past few years by leveraging materials already developed and promoting institution led efforts.

Proposed Solution:

The Department requests \$100,838 reappropriated funds and 1 FTE to continue funding the personal services for the OER grant program in FY 2021-22 and ongoing. The reappropriated funds would come from indirect cost recoveries freed up in Department's budget by the approval of its companion request R-04, Phased Elimination of Professional Student Exchange Program. The Department respectfully requests that the JBC sponsor legislation to extend authorization of the program for five years, through 2026.

Anticipated Outcomes:

The requested funding would maintain the state's critical role in supporting and coordinating efforts to increase the adoption of OER at institutions of higher education, in turn saving students money on textbooks. The Director and Council will work together to leverage already existing OER materials and support institution-led OER initiatives to expand on past successes. In addition, the Director can work with the Council and the 124 OER Ambassadors at Colorado public institutions to provide training and technical assistance. Students will continue to save millions in textbook costs while maintaining or even improving instruction and student learning outcomes.

While the primary motivation for OER is affordability for students, the program also encourages innovations in teaching and learning. Research has suggested that open educational practices can empower faculty to embrace diversity and advance equitable approaches like student-centered learning.³ Another way in which OER has produced innovation is in the online space, which is becoming increasingly important as the higher education system adapts to continue to serve students during the global pandemic and aims to help rebuild the economy.

Assumptions and Calculations:

This request includes \$95,838 for personal services. For detailed personal services calculations, see the attached FTE template. This request also includes \$2,000 for Director travel to provide training and technical assistance to OER Ambassadors at institutions of higher education and \$3,000 to support the OER council.

³ <https://sparcopen.org/news/2019/expanding-the-scope-illustrating-the-impact-of-oer/>

FTE Calculation Assumptions:

Operating Expenses -- Base operating expenses are included per FTE for \$500 per year. In addition, for regular FTE, annual telephone costs assume base charges of \$450 per year.

Standard Capital Purchases -- Each additional employee necessitates the purchase of a Personal Computer (\$900), Office Suite Software (\$330), and office furniture (\$3,473).

General Fund FTE -- Beginning July 1, 2020, new employees will be paid on a bi-weekly pay schedule; therefore **new full-time General Fund positions are reflected in Year 1 as 0.9615 FTE** to account for the pay-date shift (25/26 weeks of pay). **This applies to personal services costs only; operating costs are not subject to the pay-date shift.**

Expenditure Detail		FY 2021-22		FY 2022-23	
Personal Services:					
Classification Title	Biweekly Salary	FTE		FTE	
Director of Educational Innovation	\$2,456	1.0	\$63,864	1.0	\$63,864
PERA			\$6,961		\$6,961
AED			\$3,193		\$3,193
SAED			\$3,193		\$3,193
Medicare			\$926		\$926
STD			\$109		\$109
Health-Life-Dental			\$10,042		\$10,042
Subtotal Position 1, ## FTE		1.0	\$88,288	1.0	\$88,288
Classification Title	Biweekly Salary	FTE		FTE	
			\$0		\$0
PERA			\$0		\$0
AED			\$0		\$0
SAED			\$0		\$0
Medicare			\$0		\$0
STD			\$0		\$0
Health-Life-Dental			\$0		\$0
Subtotal Position 2, ## FTE		-	\$0	-	\$0
Subtotal Personal Services		1.0	\$88,288	1.0	\$88,288
Operating Expenses:					
		FTE		FTE	
Regular FTE Operating	\$500	1.0	\$500	1.0	\$500
Telephone Expenses	\$450	1.0	\$450	1.0	\$450
PC, One-Time	\$1,230		\$0	-	\$0
Office Furniture, One-Time	\$3,473		\$0	-	\$0
Indirect Costs, if applicable		1.0	\$0	1.0	\$0
Leased Space, if applicable	\$6,600	1.0	\$6,600	1.0	\$6,600
Other					
Other					
Subtotal Operating Expenses			\$7,550		\$7,550
TOTAL REQUEST		1.0	\$95,838	1.0	\$95,838
	<i>General Fund:</i>		\$95,838		\$95,838
	<i>Cash funds:</i>				

Reappropriated Funds:

Federal Funds:

	FY 2021-22	FY 2022-23
PERA	10.90%	10.90%
AED	5.00%	5.00%
SAED	5.00%	5.00%
Medicare	1.45%	1.45%
STD	0.17%	0.17%
Health-Life-Dental	\$10,042	\$10,042

Schedule 13

Department of Higher Education

Funding Request for The FY 2021-22 Budget Cycle

Request Title

R-08 RISE Fund for Higher Education

Dept. Approval By: Jason Schrock

Supplemental FY 2020-21

OSPB Approval By: Aaron Ray - govoffice

Budget Amendment FY 2021-22

X

Change Request FY 2021-22

Summary Information	Fund	FY 2020-21		FY 2021-22		FY 2022-23
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	Total	\$0	\$0	\$0	\$10,000,000	\$0
	FTE	0.0	0.0	0.0	0.0	0.0
Total of All Line Items Impacted by Change Request	GF	\$0	\$0	\$0	\$10,000,000	\$0
	CF	\$0	\$0	\$0	\$0	\$0
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

Line Item Information	Fund	FY 2020-21		FY 2021-22		FY 2022-23
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	Total	\$0	\$0	\$0	\$10,000,000	\$0
02. Colorado	FTE	0.0	0.0	0.0	0.0	0.0
Commission on Higher Education, (C) Special Purpose, (1) Special Purpose - RISE	GF	\$0	\$0	\$0	\$10,000,000	\$0
Education Innovation Fund	CF	\$0	\$0	\$0	\$0	\$0
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

Auxiliary Data

Requires Legislation? YES

Type of Request? Department of Higher Education Prioritized Request

Interagency Approval or Related Schedule 13s:

No Other Agency Impact



Department Priority: R-08
Request Detail: RISE Fund for Higher Education

Summary of Funding Change for FY 2021-22				
	Totals		Incremental Change	
	FY 2020-21 Appropriation	FY 2021-22 Base	FY 2021-22 Request	FY 2022-23 Request
Total Funds	\$0	\$0	\$10,000,000	\$0
FTE	0	0	0	0
General Fund	\$0	\$0	\$10,000,000	\$0
Cash Funds	\$0	\$0	\$0	\$0
Reappropriated Funds	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0

Summary of Request

The Department requests a one-time appropriation of \$10,000,000 General Fund in FY 2021-22 to expand on the Response, Innovation, and Student Equity (RISE) Education Fund created by the Governor in the summer of 2020. The funds would be dedicated to providing grants, in partnership with the Department of Higher Education, to Colorado’s public institutions of higher education to support institution-led initiatives to reduce costs, improve operational efficiency, and adapt and lead in the post-pandemic “new-normal.” This program is currently at level 2 on the evidence continuum. The Department respectfully requests that the JBC sponsor legislation establishing the RISE Higher Education Fund and authorizing the distribution of grants, as described below.



The COVID-19 pandemic continues to disrupt operations and reduce revenues to higher education institutions. Institutions are working to adapt to these challenging times, both to preserve their fiscal stability and to best serve their students. Institutions will need to continue to innovate their service delivery to provide value for students while right sizing their operating and capital programs. Further, institutions may have to re-evaluate key aspects of their operations like their academic program portfolios and educational-delivery methods. Grants from the RISE Fund would help support and expand these efforts by institutions to reduce costs, right size operations, and adapt and lead in the “new normal” that follows the COVID-19 pandemic.

Current Program:

The COVID-19 crisis has had an enormous impact on higher education. In response to this, as well as to challenges experienced by early childhood and K-12 education, Governor Polis created the RISE Education Fund using CARES Act funds received through the Governor's Emergency Education Relief Fund. The first round of RISE grants solicited applications for a total of \$32.7 million in available funding. The purpose of these grants was to support high-needs school districts, charter schools, and public institutions of higher education in creating sustainable innovations to improve student learning, close equity gaps, and enhance operational efficiency for preschool through postsecondary education. Demand for RISE grants so far has exceeded available resources.

Problem or Opportunity

The COVID-19 pandemic continues to disrupt operations and reduce revenues to higher education institutions. Institutions began experiencing substantial revenue losses starting in the spring of 2020 as students left campuses and most auxiliary activities were abruptly halted. The state's public institutions had an estimated \$350 million in additional expenses and revenue losses in FY 2019-20 because of the pandemic. Further reductions in tuition and auxiliary revenue in FY 2020-21 are also occurring due to enrollment losses stemming from the pandemic. Institutions also received a reduction in funding from the state in FY 2020-21, though federal funds are helping support institutions and students.

Despite significant federal funding, the state's public higher education institutions needed to implement budget reduction measures to balance their FY 2020-21 budgets. Institutions have undertaken a variety of budget reductions, including in student services, academic programs and course offerings, and personnel measures. Even outside of the pandemic, institutions are facing expected lower enrollment due to demographic trends as well as changing student and employer demands.

Students are also facing significant challenges. Many have had to adapt to online or hybrid coursework rather than in-person instruction. Further, many student services and supports are now being delivered virtually. Feelings of isolation and mental health issues have become a challenge for many. Family members or the student themselves may have lost income due to COVID-19, making college less affordable for them.

Institutions are working to adapt to these challenging times, both to preserve their fiscal stability and to best serve their students. Institutions will need to continue to innovate their service delivery to provide value for students while right sizing their operating and capital programs. Further, institutions may have to re-evaluate key aspects of their operations like their academic program portfolios and educational-delivery methods. Institutions will also likely need to enhance and diversify their revenue sources. Grants from the RISE Fund would help support and expand these efforts by institutions to adapt and lead in the "new normal" that follows the COVID-19 pandemic.

Proposed Solution:

This one-time request would invest \$10 million in the RISE Higher Education Fund, which will expand on the Governor's RISE Education Fund. Funds would be dedicated to grants for Colorado's public institutions of higher education, in partnership and consultation with the

Department of Higher Education. The funds would be dedicated to providing grants to Colorado's public institutions of higher education to support institution-led initiatives to reduce costs, improve operational efficiency, and adapt and lead in the post-pandemic "new-normal." Examples might include utilizing or expanding shared services across institutions, efforts to reduce physical footprint, replicating successful academic partnerships, scaling institutional energy management initiatives, and other approaches to right-sizing operations and containing costs.

Institutions will be invited to apply for grant awards to implement these initiatives in FY 2021-22. Grant awards will prioritize initiatives that catalyze innovations that can drive long-term impact. The grant application process will be similar to the process to award the \$32.7 million from the RISE Education Fund, except for changes necessary to focus the funds specifically for higher education. The Department will work with the Governor's Office to leverage branding, grant criteria and application process, and staffing to administer the program through an interagency agreement.

Anticipated Outcomes:

Grantees will utilize awards to implement fiscal reform and right-sizing, containing overhead costs, and creating innovative programs to save students money and increase the value of a degree or credential. The goal is to help the state's system of public higher education continue to find ways to deliver a high-quality post-secondary education at a lower cost to students, families, and taxpayers, given the disruptions caused by the COVID-19 pandemic. This request directly supports the Colorado Commission on Higher Education's strategic Master Plan goal of investing in affordability and innovation and the *The Roadmap to Containing College Costs and Making College Affordable*.

Assumptions and Calculations:

This additional investment in the RISE Education Fund would be administered by the same FTE that currently administers the Fund in the Governor's Office, vis-à-vis an interagency agreement.

Schedule 13

Department of Higher Education

Funding Request for The FY 2021-22 Budget Cycle

Request Title

R-09 Restore Educator Loan Forgiveness Program

Dept. Approval By: Jason Schrock

Supplemental FY 2020-21

OSPB Approval By: Aaron Ray - GOVoffice

Budget Amendment FY 2021-22

X

Change Request FY 2021-22

Summary Information	Fund	FY 2020-21		FY 2021-22		FY 2022-23
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	Total	\$0	\$0	\$0	\$2,898,963	\$0
	FTE	0.0	0.0	0.0	0.5	0.0
Total of All Line Items Impacted by Change Request	GF	\$0	\$0	\$0	\$2,898,963	\$0
	CF	\$0	\$0	\$0	\$0	\$0
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

Line Item Information	Fund	FY 2020-21		FY 2021-22		FY 2022-23
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	Total	\$0	\$0	\$0	\$2,898,963	\$0
02. Colorado	FTE	0.0	0.0	0.0	0.5	0.0
Commission on Higher Education, (C) Special Purpose, (1) Special Purpose - Educator Loan Forgiveness Program	GF	\$0	\$0	\$0	\$2,898,963	\$0
	CF	\$0	\$0	\$0	\$0	\$0
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

Auxiliary Data

Requires Legislation? NO

Type of Request? Department of Higher Education Prioritized Request

Interagency Approval or Related Schedule 13s:

No Other Agency Impact



Department Priority: R-09
Request Detail: Restore Educator Loan Forgiveness Program

Summary of Funding Change for FY 2021-22				
	Totals		Incremental Change	
	FY 2020-21 Appropriation	FY 2021-22 Base	FY 2021-22 Request	FY 2022-23 Request
Total Funds	\$0	\$0	\$2,898,963	\$0
FTE	0	0	0.5	0
General Fund	\$0	\$0	\$2,898,963	\$0
Cash Funds	\$0	\$0	\$0	\$0
Reappropriated Funds	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0

Summary of Request

The Department requests \$2,898,963 General Fund and 0.5 FTE in FY 2021-22 to restore the Educator Loan Forgiveness Program established by S.B. 19-003. Funding for this program was de-funded in FY 2019-20 and ongoing in order to balance the FY 2020-21 budget. This request would provide sufficient funding to pre-pay the full cost of one cohort of 100 teachers receiving 5 years of \$5,000 in loan forgiveness per year. This program is currently at level 2 on the evidence continuum.



One of the most commonly cited reasons for not pursuing a career in teaching continues to be cost: the price of an education degree compared with the return on investment from that degree is a deterrent for students who may otherwise enter the field. In rural districts the problem of teacher pay is especially acute, as over 95 percent of those districts' salaries are below the cost of living. At the same time, national research evidence suggests the effectiveness of loan forgiveness in recruiting and retaining educators.

By investing in loan assistance for educators, the state has the opportunity to support this critical, high demand career pathway, especially in critical geographic and subject matter areas in the state. The Department anticipates this support will aid in the recruitment and retention of educators in critical positions and provide significant financial support to individuals, allowing 100 educators to make substantial progress on the repayment of their student loans.

Current Program:

S.B. 19-003 passed in the 2019 legislative session as part of an ongoing effort to address Colorado's educator shortage. The law authorized the Department to make payments on qualified loans on behalf of a limited number of qualifying teachers, principals, and special service providers, with educators serving in rural and hard-to-fill positions prioritized.

Up to 100 educators were to be accepted into the program each year. Each recipient was eligible to receive up to \$5,000 in loan forgiveness per year for a maximum of five years. For the FY 2019-20, \$500,000 was appropriated to the Educator Loan forgiveness Fund, with funding for future years subject to available appropriations.

Due to the significant revenue shortfall caused by the COVID-19 pandemic, the Governor signed Executive Order D 2020 050, which ordered the suspension or discontinuation of a number of programs supported by General Fund across the state, including the Educator Loan Forgiveness Program. As a result, no awards were made in 2020, despite the receipt of over 1,300 applications. Funding for the program was permanently reduced in FY 2020-21; thus, the program did not accept any applications for the FY 2020-21 cycle.

Problem or Opportunity:

Colorado mirrors the nation in facing a teacher shortage due to declining enrollment and completion in teacher preparation programs, and in retention of teachers in the field. Completions in Colorado's teacher preparation programs have generally been declining every year over the past several years. At the same time, the turnover rate for teachers in Colorado is high and imposes significant costs on schools and students. The estimated cost of filling empty positions from teacher turnover ranges from \$21 million to \$61 million.¹ Without taking action to recruit and retain future educators, Colorado risks further costs and missed opportunities as the shortage worsens.

One of the most commonly cited reasons for not pursuing a career in teaching continues to be cost: the price of an education degree compared with the return on investment from that degree is a deterrent for students who may otherwise enter the field. The average starting salary for a teacher in a Colorado public school is \$32,126, 9 percent lower than the national average of \$36,141.²

In rural districts the problem of teacher pay is especially acute, as over 95 percent of those districts' salaries are below the cost of living. In the state's smallest rural districts, the average starting salary is just \$26,761.³ In the 2018-19 academic year the average debt at graduation for Colorado loan recipients was \$26,505.⁴ By investing in loan assistance for educators, the state has the opportunity to support this critical, high demand career pathway, especially in critical geographic and subject matter areas in the state.

¹https://higherred.colorado.gov/Publications/Reports/teachereducation/2017/TeacherShortages_Nation_Colorado_Dec2017.pdf

²https://higherred.colorado.gov/Publications/Reports/teachereducation/2017/TeacherShortages_Nation_Colorado_Dec2017.pdf

³https://higherred.colorado.gov/Publications/Reports/teachereducation/2017/TeacherShortages_Nation_Colorado_Dec2017.pdf

⁴ https://higherred.colorado.gov/Publications/Reports/FinancialAid/FY2019/201819_FAReport_rel11272019.pdf

Proposed Solution:

The Department requests \$2,898,963 General Fund and 0.5 FTE in FY 2021-22 to restore the Educator Loan Forgiveness Program. This request would provide funding upfront to allow one cohort of 100 educators to receive five years of payments of up to \$5,000 (\$25,000 in total) towards their qualifying loans. The request includes \$350,000 to purchase a software program to automate the application and payment process for the program. The software solution would require 0.5 FTE for the first year of initial configuration.

This program is currently at level 2 on the Evidence Continuum. This assessment stems from the availability of research-based evidence supporting the effectiveness of loan forgiveness and scholarships in recruiting and retaining educators. The federal government offers Public Service Loan Forgiveness and the TEACH grant program. TEACH offers up to \$16,000 in grants to prospective teachers who agree to work in high-needs schools for four years. Recipients report that both programs are very valuable in order to offset the costs of living and preparation.⁵

More than 40 states offer financial incentives to pre- and in-service educators such as loan forgiveness and/or scholarships. The North Carolina Teaching Fellows Program is a scholarship program for high school graduates in exchange for a four-year teaching commitment. Findings suggest that 75% of recipients remain in the field for at least five years. Additionally, teacher effectiveness of those in the program as measured by student test scores show gains of 22%.⁶

Loan Forgiveness was found to contribute to educator retention in a recent study of the Florida Critical Teacher Shortage Program (FCTSP). Participants received \$2,500 per year for undergraduates and \$5,000 per year for graduates up to \$10,000. Results suggest that loan forgiveness “significantly reduces the probability of exit for teachers of middle- and high-school math, science, world languages, and English as a Second Language” – all high need content areas.⁷

Anticipated Outcomes:

With this request, 100 educators in rural districts and critical shortage subject areas will receive five years of up to \$5,000 in loan forgiveness – up to \$25,000 in total loan support per person – easing the financial burden of pursuing a career in education. The Department anticipates this support will aid in the recruitment and retention of educators in critical positions across the state. It will also provide significant financial support to individuals, allowing 100 educators to make substantial progress on the repayment of their student loans.

⁵ Podolsky, A. & Kini, T. (2016). How Effective Are Loan Forgiveness and Service Scholarships for Recruiting Teachers?

⁶ Gary T. Henry, Kevin C. Bastian, and Adrienne A. Smith, “Scholarships to Recruit the ‘Best and Brightest’ Into Teaching: Who Is Recruited, Where Do They Teach, How Effective Are They, and How Long Do They Stay?,” *Educational Researcher* 41, no. 3 (2012): 83–92.

⁷ Li Feng and Tim R. Sass, “The Impact of Incentives to Recruit and Retain Teachers in ‘Hard-to-Staff’ Subjects,” Working Paper 141, National Center for Analysis of Longitudinal Data in Education Research (2015).

Assumptions and Calculations:

In FY 2019-20, the first year of program implementation, the Department received over 3,100 requests for information regarding the Educator Loan Forgiveness Program. Over 1,300 individuals completed a formal application prior to the program's suspension. The Department assumes that many applications will be received for any additional application periods. Because of the high volume of applications, the Department assumes each of the 100 available slots will be filled in year one and any subsequent years of funding.

If a program participant were to have less than \$25,000 in student loan debt or if their student loan principal were to be paid in full before the five-year period of eligibility expired, or if a program participant were to lose eligibility for some reason, the Department recommends selecting a number of provisional candidates who could receive awards from the freed-up slots for the duration of the program.

	Year 1	Year 2	Year 3	Year 4	Year 5
# Recipients	100	100	100	100	100
Annual Cost (millions)	\$0.5	\$0.5	\$0.5	\$0.5	\$0.5
Cumulative Cost (millions)	\$0.5	\$1.0	\$1.5	\$2.0	\$2.5

Given the complex, highly detailed eligibility requirements set forth in the program's authorizing statute under SB 19-003, the Department would seek to automate as much of the application and payment process as possible. Software solutions specializing in student loan contribution and repayment as a service exist as a cost-effective way to administer the program. Any software solution would require term-limited additional resources for initial configuration. Based on the Department's recent experience implementing the Colorado Application for Student Financial Aid (CASFA) using a similar software product, the Department would require a term-limited 0.5 FTE (\$48,963) for software coordinator staff in order to manage the software implementation process. After the first year of implementation, there will not be any need for FTE.

The Department estimates that the cost of the software product to be approximately \$350,000 (\$150,000 for the first year and \$50,000 each year for the remaining four years of the program).

FTE Calculation Assumptions:

Operating Expenses -- Base operating expenses are included per FTE for \$500 per year. In addition, for regular FTE, annual telephone costs assume base charges of \$450 per year.

Standard Capital Purchases -- Each additional employee necessitates the purchase of a Personal Computer (\$900), Office Suite Software (\$330), and office furniture (\$3,473).

General Fund FTE -- Beginning July 1, 2020, new employees will be paid on a bi-weekly pay schedule; therefore **new full-time General Fund positions are reflected in Year 1 as 0.9615 FTE** to account for the pay-date shift (25/26 weeks of pay). **This applies to personal services costs only; operating costs are not subject to the pay-date shift.**

Expenditure Detail		FY 2021-22		FY 2022-23	
Personal Services:					
Classification Title	Biweekly Salary	FTE		FTE	
Software Implementation					
Coordinator	\$2,207	0.5	\$28,686		\$0
PERA			\$3,127		\$0
AED			\$1,434		\$0
SAED			\$1,434		\$0
Medicare			\$416		\$0
STD			\$49		\$0
Health-Life-Dental			\$10,042		\$0
Subtotal Position 1, ## FTE		0.5	\$45,188	-	\$0
Classification Title	Biweekly Salary	FTE		FTE	
			\$0		\$0
PERA			\$0		\$0
AED			\$0		\$0
SAED			\$0		\$0
Medicare			\$0		\$0
STD			\$0		\$0
Health-Life-Dental			\$0		\$0
Subtotal Position 2, ## FTE		-	\$0	-	\$0
Subtotal Personal Services		0.5	\$45,188	-	\$0
Operating Expenses:					
		FTE		FTE	
Regular FTE Operating	\$500	0.5	\$250		\$0
Telephone Expenses	\$450	0.5	\$225		\$0
PC, One-Time	\$1,230		\$0	-	\$0
Office Furniture, One-Time	\$3,473		\$0	-	\$0
Indirect Costs, if applicable		0.5	\$0		\$0
Leased Space, if applicable	\$6,600	0.5	\$3,300		\$0
Other					\$0
Other					\$0
Subtotal Operating Expenses			\$3,775		\$0
TOTAL REQUEST		0.5	\$48,963	-	\$0

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<i>General Fund:</i>	\$48,963
<i>Cash funds:</i>	
<i>Reappropriated Funds:</i>	
<i>Federal Funds:</i>	

	FY 2021-22	FY 2022-23
PERA	10.90%	10.90%
AED	5.00%	5.00%
SAED	5.00%	5.00%
Medicare	1.45%	1.45%
STD	0.17%	0.17%
Health-Life-Dental	\$10,042	\$10,042

