

**TOPIC: BUDGET UPDATE: FY 2011-12 GENERAL FUND ALLOCATION**

**PREPARED BY: Mark Cavanaugh**

**I. SUMMARY**

The General Assembly has upheld the FY 2011-12 General Fund allocation for the governing boards, local district colleges and area vocational schools at \$519 million, the level recommended by the Governor in February. Also included is a summary of recent reductions in state support for higher education.

The amended version of Senate Bill 11-052 contains an appropriation clause that would restore a portion of the base funding for the department that was reduced during the FY 2011-12 budget process. The department is optimistic that this will occur and allow for continued levels of research, analysis and data collection during FY 2011-12.

**II. BACKGROUND and ANALYSIS**

**Governing Boards:**

The Long Bill (SB 11-209) is on the Governor's desk and is awaiting signature. Throughout the FY 2011-12 budget process the General Assembly has sustained the executive request of \$519 million for the governing boards, local district colleges and area vocational schools. The institutions appreciate efforts made to hold this level of funding which allows them to continue planning and set tuition for the upcoming year.

During the legislative session, FY 2011-12 budget discussions have most often characterized the state funding reduction to higher education as a \$36 million reduction. This is accurate to the extent that it is a reduction from the original FY 2011-12 executive request of \$555 million. At the last CFO meeting it was pointed out that the \$36 million reduction is in addition to reductions already taken. At the meeting it was emphasized that it would be more appropriate to reflect a reduction of \$125 million from the current fiscal year or the \$187 million cut from the most recent state funding high point of \$706 million in FY 2009-10.

The recent history of state support for higher education is summarized in Table 1 below:

Year	State Support	Federal Stimulus	Total Support	Percentage Change
<b>FY 2005-06</b>	555,289,004	NA	555,289,004	
<b>FY 2006-07</b>	602,028,183	NA	602,028,183	8.4%
<b>FY 2007-08</b>	652,927,495	NA	652,927,495	8.5%
<b>FY 2008-09</b>	555,289,004	150,676,055	705,965,059	8.1%
<b>FY 2009-10</b>	323,956,816	382,008,243	705,965,059	0.0%
<b>FY 2010-11</b>	615,315,617	29,167,486	644,483,103	-8.7%
<b>FY 2011-12</b>	519,040,694	NA	519,040,694	-19.5%
<b>Percentage Reduction from FY 2008-09 to FY 2011-12</b>				<b>-26.5%</b>
<b>Data Source: DHE</b>				

In addition it is illustrative to consider the impact of significant enrollment growth in recent years. As shown in Table 2 below, total state support per resident full time equivalent student (FTE) has decreased 36.4% since FY 2008-09. To sustain the same per FTE funding in FY 2011-12 would require more than \$296 million.

Year	State Support*	Federal Stimulus*	Total Support*	Resident FTE**,**	Total Support / Resident FTE
<b>FY 2008-09</b>	555,289,004	150,676,055	705,965,059	147,913	4,773
<b>FY 2009-10</b>	323,956,816	382,008,243	705,965,059	162,692	4,339
<b>FY 2010-11</b>	615,315,617	29,167,486	644,483,103	169,258	3,808
<b>FY 2011-12</b>	519,040,694	NA	519,040,694	170,840	3,038
<b>FY 2011-12 at FY 2008-09 per FTE Support</b>			815,419,320		
			<b>296,378,626</b>		
<b>Per FTE Percentage Reduction</b>			-36.4%		
<b>Data Sources:</b>					
<b>*DHE</b>					
<b>**Legislative Council Revenue Forecast and DHE Data</b>					

**Commission/Department Budget:**

In March the JBC took action to reduce the CCHE Administrative Services line by 15 percent or \$343,000 and 2.0 FTE which would be a significant reduction to the department budget. Since

then, the department has proposed an alternative reduction of 4.0 percent (\$91,500) and no FTE. After initial efforts to restore funds through the budget process, the proposed restoration was ultimately attached as an appropriations clause to Senate Bill 11-052. This was an appropriate placement as SB 11-052 contains requirements that will drive additional workload at the department.

As amended, Senate Bill 11-052 is receiving wide, bipartisan support. It is currently being considered on the House floor and the department is optimistic that it will pass along with the partial restoration of department resources.

### **STATUTORY AUTHORITY**

#### **C.R.S. 23-1-105(8)**

*The funding recommendations made by the commission for state-supported institutions of higher education and by the executive director for the divisions of the department of higher education shall be made to the governor and the general assembly as part of the budget request for the department of higher education and shall be submitted in accordance with the budget procedures of part three of article 37 of title 24, C.R.S., and in conformance with section 24-75-201.1, C.R.S.*