

**TOPIC: FISCAL YEAR 2015-16 BUDGET UPDATE**

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**I. SUMMARY**

On March, 3, 2015, the Joint Budget Committee (JBC) held a hearing on Long Bill figure setting for the Department of Higher Education (DHE). The purpose of this agenda item is to inform the Commission of decisions made by the JBC at figure setting for the FY 2015-16 Long Bill. There are still some appropriations which staff anticipates will be decided upon within the next couple of weeks. Department staff will be prepared to provide you with the most recent information at the March Commission meeting.

**II. BACKGROUND**

During the figure setting process, JBC staff made recommendations to the JBC for departmental level funding, using the Governor's request as the baseline for decision making. In most years, the JBC makes decisions for each section of the Long Bill at figure setting. Due to the introduction of the 1319 funding allocation model and various moving pieces related to it, such as financial aid and the Colorado Opportunity Scholarship Initiative, the Committee did not make decisions on each Long Bill section, but rather addressed each item within the request. The Staff Analysis section below includes additional details on decisions made at the JBC figure setting.

A review of the primary components of the Governor's November 1 DHE FY 2015-16 request and January 15 amended budget request are described below:

- **\$75.6 million General Fund for Public Institutions of Higher Education** (Attachment A). The request totals \$75.6 million General Fund in keeping with the provisions of SB14-001 and HB14-1319. This request was built based on two components: (1) \$60.6 million (10% increase ) General Fund for continuation of the 6.0 percent or lower tuition cap and (2) a five-year implementation "guard-rail"/performance transition sum estimated at \$15.0 million to implement HB14-1319. When the funding allocation model was completed and approved by the Commission in December, a budget amendment was submitted requesting that the \$15 million in transition funding be used to implement the guardrails (\$4.6 million) and the balance for a Strategic Investment Performance Program (S-PIP). ; Also, the request included a waiver from the statutory requirement for the financial aid calibration found in Section 23-3.3-103, C.R.S.
- **\$30.0 million General Fund for the College Opportunity Scholarship Initiative** (Attachment B). The request is \$30.0 million General Fund Exempt for transfer to the Colorado Opportunity Scholarship Initiative in FY 2015-16. This sum will increase the State's seed investment which is intended to incentivize contributions from the non-profit

and private community and build up the Scholarship corpus in order to provide tuition assistance to students.

- **\$0.2 million Reappropriated Funds to Maintain Research and Data Functions** (Attachment C). The request is \$190,268 reappropriated funds (0.0 FTE) to ensure sustainable funding for portions of four data and research positions' salary and benefits. These critical Department positions have been funded with grants that are not continuing, the loss of which threatens the availability of essential research and data which support critical State initiatives. The source of the reappropriated funds is department indirect cost recovery.
- **\$0.1 million for Colorado School of Mines – Colorado Geological Survey** (Attachment D). The Colorado Geological Survey at the Colorado School of Mines requests \$105,494 General Fund and 1.0 FTE to improve assistance to local governments and agencies on geologic hazard maps, providing post-disaster response and recovery technical assistance and the provision of hazard planning technical assistance. The Colorado Geological Survey has the responsibility of creating and disseminating geologic hazard information about Colorado to its citizens, schools, private sector, and government.
- **\$1.1 million General Fund for the Fort Lewis College Native American Tuition Waiver** (Attachment E). The request is an increase of \$1,169,115 General Fund to fund the Fort Lewis College Native American Tuition Waiver in FY 2015-16. Colorado is required via Federal treaty and state law to provide full tuition assistance to any qualified Native American student who attends Fort Lewis College.

### **III. STAFF ANALYSIS**

The Joint Budget Committee made the following decisions at the March 3<sup>rd</sup> figure setting meeting:

- **\$75.6 million General Fund for Public Institutions of Higher Education**  
The JBC concurred with the requested level of funding of \$75.6 million, but wants the entire \$75.6 million to run through the funding allocation model with each governing board receiving at least a 10% increase. This approach eliminates the Strategic Performance Investment Program (S-PIP). The JBC will reconvene to make a final decision on the governing board allocations within the next couple of weeks.

Related to the request for General Fund for Public Institutions of Higher Education, the JBC voted to increase the need based financial aid appropriation at the same rate of increase as the increase to governing board support, as required by Section 23-3.3-103, C.R.S. With the JBC's action, the \$75.6 million increase to governing board support approved by the JBC would lead to a \$17.2 million increase in need based financial aid.

Note, the JBC did not approve a dollar amount for the financial aid increase (\$17.2 million), but directed staff to make the calculation based on the statutory required increase once the operating increase to governing board is finalized.

Any additional information on the operating increase to governing boards and the governing board allocation will be provided by Department staff at the March Commission meeting.

- **\$4 Million for the College Opportunity Scholarship Initiative**

The JBC voted to increase the General Fund appropriation to the College Opportunity Scholarship Initiative by \$4 million, resulting in a total appropriation of \$5 million. This is significantly less than the \$30 million requested by the Governor. To explain the change from the Governor's request, JBC members cited a desire to see additional private funds raised for the program.

- **\$0.2 million Reappropriated Funds to Maintain Research and Data Functions**

The JBC voted for \$100,000 for the Department's research and data personnel shore-up, \$90,268 less than the Governor's request. OSPB has approved a comeback for the Department to make its case for the full request.

- **\$0.1 million for Colorado School of Mines – Colorado Geological Survey**

The JBC fully funded the requested Colorado School of Mines – Colorado Geological Survey FTE.

- **\$1.3 million General Fund for the Fort Lewis College Native American Tuition**

Based on an updated estimate, the JBC approved an increase of \$1.3 million to the Fort Lewis College Native American Tuition waiver, slightly higher than the Governor's request of \$1.1 million.

#### **IV. STAFF RECOMMENDATIONS**

This item is informational. No Commission action is required.

#### **STATUTORY AUTHORITY**

Section 23-1-105 (8), C.R.S. (2012)

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 to 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 3 of article 37 of title 24, C.R.S., and in conformance with section 24-75-201.1 C.R.S.*

Section 23-18-307 (1) (b), C.R.S. (2014)

*C.R.S. 23-18-307*

*(b) By January 15, 2015 the Department and the Commission shall submit an updated budget request that includes:*

*(I) a detailed description of the fee-for service contract role and mission funding factors and the performance funding metrics and the values assigned to each factor and metric; and*

*(II) the fee-for-service contract provisions of section 23-18-303 as applied to each institution, including details of the funding requested for each institution for each role and mission funding factor and each institution for each role and mission funding factor and each performance funding metric.*