

Minutes for March 26, 2021 Fiscal Affairs Committee Meeting

Call to Order -- Commissioner Eric Tucker, Chair, called the meeting to order. The Committee approved the minutes from the February 26th meeting.

State Budget Update – Mr. Jason Schrock, CDHE, provided an update on the state budget. State budget conditions have improved greatly from a year ago. For the FY 2021-22 budget, the Joint Budget Committee (JBC) has been restoring much of the budget cuts it made in the current fiscal year's budget (FY 2020-21), including the 58% reduction to higher education operating funding. Thus far, the JBC has restored operating funding for higher education to its FY 2019-20 level, and has had discussions about potentially providing more funding, including through step 1 of the funding formula. The JBC thus far has also approved a significant amount of funding for capital construction, maintenance and IT for higher education.

Update on Steps 1 and 3 of the Funding Formula – Mr. Jason Schrock, CDHE, provided an update on the work on steps 1 and 3 of the formula. The next step in the process is for institutions to recommend a policy goal(s) for the commission to consider to address with the use of step 1 and/or 3 of the funding formula. The CFOs have had some preliminary discussions on goals, but the CEOs need to be brought into the discussion as well. In addition, it will also be important to assess whether the legislature chooses to fund a policy goal(s) using step 1 and/or 3 for the FY 2021-22 budget before making decisions on a goal(s) for the FY 2022-23 budget request. The Department hopes to have recommended goal(s) for the Committee to consider at its meeting in April.

Adams State Capital Renewal Project – Ms. Lauren Gilliland, CDHE, introduced a \$1.7 million budget request from Adams State University (ASU) to supplement their appropriation for an HVAC renovation in their Plachy Hall building. Not many details were available, as ASU had notified the Department of this request earlier in the same week. The capital project received partial funding in the FY 2018-19 long bill, and what was supposed to be all of the remaining funding in H.B. 20-1408. The March 2021 low bid for the project, now slated to begin in Summer 2021, came in significantly over budget. This led to ASU requesting additional funds be included in the FY 2021-22 long bill. Staff informed commissioners that their approval would be required for this request to move forward to the appropriate legislative committees. Commissioners expressed concern over the large increase, and requested additional information on the factors driving the increase. Ms. Gilliland pledged to gather additional information to be included in the April CCHE agenda item seeking approval of this request.

State Financial Aid Allocations – Ms. Emma Fedorchuk and Ms. Lauren Gilliland provided an update on financial aid allocations for the 2021-22 academic year. Multiple funding level scenarios were presented as the JBC had not yet completed the figure setting process, so the total amount being allocated was not yet known. Staff indicated that the financial aid directors group typically provides a recommended approach to allocations, but had not yet done so because of uncertainty around funding levels. A recommendation from the financial aid directors, along with a more detailed staff recommendation using actual Long Bill amounts, will be provided for the Committee to discuss at its April meeting prior to the allocations being an action item at the Commission's May meeting. In the meantime, staff agreed to create documentation for each financial aid allocation formula to help stakeholders understand the mechanics of them. Staff will also be providing a tutorial to interested financial aid directors in early April.

Discussion with Independent Higher Education of Colorado – Mr. Mark Cavanaugh, Executive Director of Independent Higher Education of Colorado, advocated for the state's private nonprofit institutions to be able to have more access to state federal grant programs. He explained the factors why he believed these institutions should have more access, including that they serve a lot of Colorado resident students and have a large impact on the state economy.