

Minutes for April 30, 2021 Fiscal Affairs Committee Meeting

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

Higher Education Funding Update -- Mr. Jason Schrock, CDHE, provided an update on higher education funding in the state budget. He indicated that the state budget has nearly passed the state legislature to go to the Governor for his signature. He explained that state funding for higher education had improved greatly from a year ago. The 58 percent state funding reduction for higher education in FY 2020-21 was being restored in the FY 2021-22 budget by the legislature and institutions were receiving an additional 9.6 percent increase. (Funding for state financial aid was also increasing nearly 10 percent.)

Of the 9.6 percent increase, half will be allocated through step 2, the performance component, of the funding formula, with the remaining amount of the increase being allocated through step 1. The step 1 funding includes four components: funding for the enrollment of first-generation students, underrepresented minority students (URM), Pell students, and for the retention of URM students. Mr. Schrock also indicated that the legislature had approved a 3% increase in resident tuition for institutions, with the exception of the University of Northern Colorado which has been approved for a 7% increase.

State Financial Aid Allocations -- Mr. Jason Schrock, CDHE, began the discussions on state financial aid allocations by discussing the footnote in the state budget indicating that the legislature intended for the Commission to reduce in priority state financial aid allocated to for profit institutions. He indicated that the footnote did not have the force of law. Currently, only five for profit institutions receive state financial aid for their students, and they receive a low amount compared to other schools in aid per student on average. Commissioners questioned what accountability measures existed for the for profit institutions.

Dr. Thomas Wicke from Concorde College discussed the footnote and addressed questions from the committee; he also discussed the accountability measures that for profit institutions have. Commissioners delayed action on a decision regarding whether and how to change allocations to the for profit institutions until it was able to receive more information on the schools' accountability measures.

Ms. Emma Fedorchuk, CDHE, summarized the actions the committee could take without making a decision on financial aid for proprietary institutions, which were to approve actual allocations for the Graduate Grant and Career & Technical Education Grant and overall approaches to Colorado Student Grant & Work Study since those two programs include allocations to for-profit institutions. She gave a brief overview of several Colorado Student Grant scenarios allocating an overall 10.7% increase, noting that a scenario with +5 / +20 guardrails had been recommended by the financial aid director group. Commissioners approved an overall approach with +5 / - 20 guardrails, but no actual allocations.

Ms. Fedorchuk also presented on the Career and Technical Education Grant program, which remained flat overall but had changes to the allocation methodology. Commissioners approved the CTE allocations to send to the full CCHE at its May meeting.

Ms. Lauren Gilliland, CDHE, presented allocations to the Graduate Grant program, which increased by 10.7%, in line with undergraduate need based aid. As no proprietary institutions participate in the Graduate Grant, Commissioners were able to approve Graduate Grant allocations to send to the full CCHE at its May meeting. Ms. Gilliland also presented an overview of the general approach to Colorado Work-Study allocations, although final allocations could not be approved.

Update on Adams State Plachy Hall Project – Ms. Lauren Gilliland, CDHE, provided commissioners with updated information on the previously approved budget increase to the Plachy Hall HVAC Replacement project at Adams State University. Of the \$1.7 million increase, \$364k was labor related, \$589k was adding back in scope that was previously value engineered out, \$605k was pandemic related materials increases, and the balance was required contingency.