



December 20, 2023

Dear Members of the Joint Budget Committee,

We are very grateful for the investments the State has made in higher education over the past several years. The JBC’s commitment to funding public postsecondary education has strengthened our ability to meet Colorado’s workforce needs. Since FY 2018-19, Colorado institutions awarded over 325,000 post-secondary degrees and certificates.¹ Additionally, state funding increases enabled nearly all institutions to keep resident undergraduate tuition increases below the rate of inflation.² This helps make post-secondary credential attainment more affordable for Colorado resident students and their families.

Continued investment in public higher education is critical in order to keep resident tuition increases in check and to continue making progress as we work to meet the state’s workforce demand. Colorado ranks fourth in the country for the share of jobs that will require a postsecondary credential in the future. By 2031, 73 percent of Colorado jobs will require some postsecondary training beyond high school.³ In 2023, 94.7% of Tier 1 Top Jobs – meaning an income that can support a family of three with two adults (one working) and one child – require some type of postsecondary education.⁴

¹ Colorado Department of Higher Education, All Public Institutions of Higher Education, Degrees and Certificates Awarded reported to SURDS, 2022.

² Joint Budget Committee Staff Budget Briefing, “Department of Higher Education” (2023).

³ Georgetown University Center for Workforce and Education, “National Report: After Everything – Projections of Jobs, Education, and Training Requirements through 2031” (2023).

⁴ Colorado Workforce Development Council, “Colorado Talent Pipeline Report” (2023).

Compared to other U.S. states, Colorado's support for higher education funding is low.⁵ According to the Hanover Peer study, Colorado institutions are over \$900 million below the average funding of their national peers. And while Colorado's relative position to other states has improved, Colorado's state funding per student is still ranked at 39th in country.⁶ Increased state funding for higher education is critical to help ensure Colorado remains competitive in the national labor and economic landscape. Our agreed upon funding request addresses increasing expenses like compensation, health/life/dental, the COWINS Step Plan, and inflationary increases on our operations while enabling us to keep tuition in check.

For FY 2024-25, we respectfully request a General Fund increase of \$161.4 million (\$130.8 million in state operating funding + \$30.6 million in financial aid) and authority for a 2.0% tuition rate increase for resident undergraduates.

State funding ensures Coloradans access to affordable higher education. Colorado's public system of higher education has been growing, with total fall 2023 student enrollment increasing to near pre-pandemic highs. The majority of statewide enrollment growth is through undergraduate resident students, who will directly benefit from state funding to keep tuition in check and below inflation.

Compensation increases are required to keep pace with inflation and ensure equity. Increases in the cost of benefits, contracts, and other foundational operating expenses mean that we need more financial resources to sustain the work we do in service to students. Employees at our institutions deserve compensation that is in-line with the market rates and accounts for inflation. Along with state and institutional classified employees, our faculty and staff should be paid fairly. This includes estimated expenses tied to implementation of the COWINS Step Plan in higher education.

Funding to cover these core minimum costs is critical to making college affordable for Colorado residents. Importantly it is also true that first generation students, low-income students, rural students, and students from underrepresented backgrounds face greater barriers to accessing and completing education. Additional advising, wrap-around services, financial aid, and mentoring have proven transformational in cultivating success for these students. But additional services require more resources. As noted above, investing in areas of workforce demand is also critical to the state. Additionally, some institutions have experienced significant enrollment growth without commensurate state funding increases. Therefore, after covering base core minimum costs in step 2, we strongly encourage policymakers to invest in these critical areas across higher education through step 1 of the funding model.

The following proposal prioritizes a continued investment in our postsecondary system that recognizes the level of resources required to address the rising costs of our operations and employees. This proposal also shows the direct relationship between state funding and tuition.

⁵ Joint Budget Committee Staff Budget Briefing, "Department of Higher Education" (2023).

⁶ State Higher Education Executive Officers Association (SHEEO), "State Higher Education Finance (SHEF) FY 2022 Report" Based on unadjusted operating only (2023).

We look forward to our presentations where we will share more details on the importance that this proposal will have on our students, employees, and the state. Thank you for your leadership – we are grateful to work alongside you in pursuit of a strong future for Colorado.

Sincerely,

David A. Tandberg, President, *Adams State University*

Leah Bornstein, President, *Aims Community College*

Joe Garcia, Chancellor, *Colorado Community College System*

John Marshall, President, *Colorado Mesa University*

Carrie Besnette Hauser, President and CEO, *Colorado Mountain College*

Paul C. Johnson, President and Professor, *Colorado School of Mines*

Tony Frank, Chancellor, *Colorado State University System*

Tom Stritikus, President, *Fort Lewis College*

Randy Johnson, Executive Director, *Emily Griffith Technical College*

Janine Davidson, President, *Metropolitan State University of Denver*

Teina McConnell, Executive Director, *Pickens Technical College*

Randal Palmer, Director, *Technical College of the Rockies*

Todd Saliman, President, *University of Colorado*

Andy Feinstein, President, *University of Northern Colorado*

Brad Baca, President, *Western Colorado University*



December 2023 - Budget Request and Agreement Points FY 2024-25

- Support state funding to cover the base core minimum cost increases for FY 2024-25 and the allocation of these dollars through Step 2 of the model (which will be modified to reflect updated inflation, JBC salary actions, and refinements to COWINs agreement expenses).
- The state funding amount in Step 2 of the model is intended to cover base core minimum costs increases but can be modified based on the resident tuition rate limit adopted by the JBC. Institutions won't object to other governing boards seeking tuition flexibility beyond the adopted limit due to their circumstances and needs.
- Governing boards will adopt non-resident tuition policies consistent with their unique market position and is assumed at 3.5% (3.0% to 4.0%), versus 6.5% in the November request. Increasing non-resident tuition above this level would likely result in less revenue due to non-resident tuition rates already being priced near or over market.

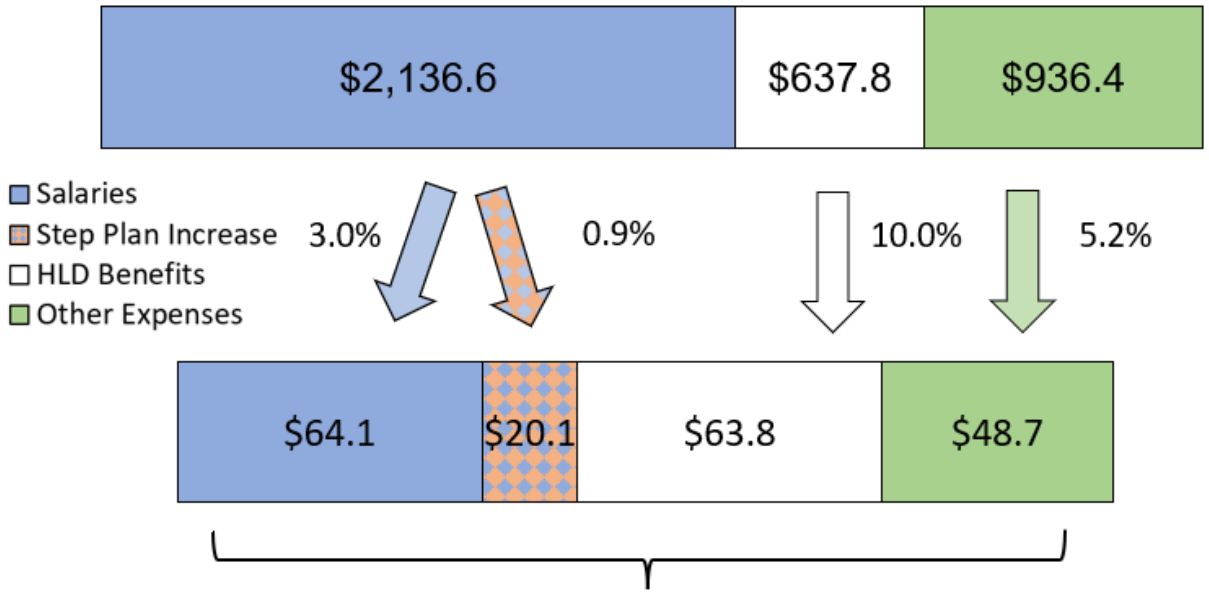
- Assuming 2.0% resident tuition rate increases, plus an assumed non-resident tuition rate increase ranging between 3.0% to 4.0%, the state operating funding amount would be:

\$130.8 million operating increase in Step 2
+\$30.6 million financial aid increase
 \$161.4 million total

- The resident tuition rate calculation should be solely based on the state funding amount provided in Step 2 of the model, since Step 1 funding is intended to make progress on policy goals, not buy down tuition.

FY 2024-25 Base Core Minimum Costs with estimated COWINS Step Plan expense

FY 2023-24 Operating Budget = \$3,710.7



FY 2024-25 Base Core Minimum Costs = \$196.6 million (Step 2)

State Funding and Resident Tuition Interaction

| | | | | | | | |
|---|---------------|---------|---------|---------|---------|---------|---------|
| Base Core Minimum Costs | | \$196.6 | \$196.6 | \$196.6 | \$196.6 | \$196.6 | \$196.6 |
| Resident Tuition Rates <i>(Non-Resident at 3.0% to 4.0%)</i> | Rates | 0.0% | 1.0% | 2.0% | 3.0% | 4.0% | 5.0% |
| | Dollar Amount | \$44.0 | \$57.6 | \$71.2 | \$84.7 | \$98.3 | \$111.9 |
| Statutorily Required Increase for SEPs | | \$6.5 | \$5.9 | \$5.3 | \$4.8 | \$4.2 | \$3.6 |
| Step 2 State Funding | Percent | 13.9% | 12.7% | 11.5% | 10.2% | 9.0% | 7.7% |
| | Dollar Amount | \$159.1 | \$145.0 | \$130.8 | \$116.6 | \$102.5 | \$88.3 |
| Step 1 State Funding | | - | - | - | - | - | - |
| Total State Funding | Percent | 13.9% | 12.7% | 11.5% | 10.2% | 9.0% | 7.7% |
| | Dollar Amount | \$159.1 | \$145.0 | \$130.8 | \$116.6 | \$102.5 | \$88.3 |
| Statutorily Required Financial Aid Increase | | \$37.3 | \$34.0 | \$30.6 | \$27.3 | \$24.0 | \$20.7 |
| Total State Funding with Financial Aid | | \$196.4 | \$178.9 | \$161.4 | \$144.0 | \$126.5 | \$109.0 |

November Request vs. Institutions of Higher Education Request FY 2024-25 (in millions)

| Component | A | B | C = B - A |
|---|-------------------------|---------------------|-------------------|
| Base Core Minimum Costs | \$196.6 | \$196.6 | |
| Resident Tuition (2.0%) | \$27.2 | \$27.2 | |
| *Non-Resident Tuition (3.0% to 4.0%) | \$44.0 | \$44.0 | |
| State Funding | November Request | IHEs Request | Difference |
| Step 1 | \$0.0 | \$0.0 | \$0.0 |
| Step 2 | \$33.4 | \$130.8 | \$97.4 |
| Operating | \$33.4 | \$130.8 | \$97.4 |
| Financial Aid | \$7.8 | \$30.6 | \$22.8 |
| Total State Funding Increase (Operating + Financial Aid) | \$41.2 | \$161.4 | \$120.2 |

* Governing boards will adopt non-resident tuition policies consistent with their unique market position and is assumed at 3.5% (3.0% to 4.0%), versus 6.5% in the November request. Increasing non-resident tuition above this level would likely result in less revenue due to non-resident tuition rates already being priced near or over market.

| FY 2024-25 Funding Formula Breakdown | |
|--|-------------|
| Master Plan and Base Adjustment Funding Change | 0.0% |
| Performance Funding Change | 11.5% |
| Governing Boards Total State Funding Change | 104,958,015 |
| SEP Funding Change | 20,504,931 |
| CMC/Aims/ATCS Total Funding Change | 5,337,836 |

| | Total Model Output | | | | | | | | | | | Total | | | | | |
|--|--------------------|------------|-------------|------------|-------------|------------|-------------|------------|------------|-------------|----------------|------------|------------|------------|------------|------------|---------------|
| | Adams | Mesa | Metro | Western | CSU System | FIC | CU System | Mines | UNC | CCCS | Sub-total, GBs | | CSU SEP | CU SEP | CMC | AIMS | ATC |
| Base FY 2023-24 State Funding | 23,503,197 | 44,685,411 | 93,227,346 | 20,178,887 | 134,408,922 | 19,004,629 | 215,833,343 | 33,574,131 | 63,055,632 | 269,147,853 | 916,619,051 | 89,388,030 | 89,685,579 | 11,995,297 | 14,166,012 | 20,455,069 | 1,142,309,038 |
| Step 1: Master Plan and Base Adjustment | | | | | | | | | | | | | | | | | |
| FY 2024-25 Funding Change | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| FY 2024-25 Percent Change | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Step 2: Performance Funding | | | | | | | | | | | | | | | | | |
| FY 2024-25 Funding Change | 2,566,991 | 5,070,245 | 11,364,243 | 2,525,182 | 15,535,821 | 2,238,663 | 25,080,482 | 4,246,989 | 6,832,903 | 29,496,496 | 104,958,015 | 10,235,430 | 10,269,501 | 1,373,529 | 1,622,088 | 2,342,220 | 130,800,783 |
| FY 2024-25 Percent Change | 10.9% | 11.3% | 12.2% | 12.5% | 11.6% | 11.8% | 11.6% | 12.6% | 10.8% | 11.0% | 11.5% | 11.5% | 11.5% | 11.5% | 11.5% | 11.5% | 11.5% |
| FY 2024-25 State Funding Change | 2,566,991 | 5,070,245 | 11,364,243 | 2,525,182 | 15,535,821 | 2,238,663 | 25,080,482 | 4,246,989 | 6,832,903 | 29,496,496 | 104,958,015 | 10,235,430 | 10,269,501 | 1,373,529 | 1,622,088 | 2,342,220 | 130,800,783 |
| FY 2024-25 State Funding Total (Including SEP) | 26,070,188 | 49,755,656 | 104,591,589 | 22,703,769 | 149,944,743 | 21,243,292 | 240,913,825 | 37,821,120 | 69,888,535 | 298,644,349 | 1,021,577,066 | 99,623,460 | 99,955,080 | 13,368,826 | 15,788,100 | 22,797,289 | 1,273,109,821 |
| FY 2024-25 Funding | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| FY 2024-25 Percent Change | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |

| | Step 1: Master Plan and Base Adjustment | | | | | | | | | | | Total | | | | | |
|---|---|------|-------|---------|------------|------|-----------|-------|------|------|------------|-------|---------|--------|------|------|------|
| | Adams | Mesa | Metro | Western | CSU System | FIC | CU System | Mines | UNC | CCCS | Total, GBs | | CSU SEP | CU SEP | CMC | AIMS | ATC |
| SEP change, pursuant to Section 23-18-304, C.R.S. | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| SEP total, pursuant to Section 23-18-304, C.R.S. | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| FY 2024-25 Percent Change | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Step 2: Performance Funding | | | | | | | | | | | | | | | | | |
| FY 2024-25 Sub-Total | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| FY 2024-25 Percent Change | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |

| | Step 2: Performance Funding | | | | | | | | | | | Total | | | | | |
|---------------------------------------|-----------------------------|------------|-------------|------------|-------------|------------|-------------|------------|------------|-------------|---------------|------------|------------|------------|------------|------------|---------------|
| | Adams | Mesa | Metro | Western | CSU System | FIC | CU System | Mines | UNC | CCCS | Total, GBs | | CSU SEP | CU SEP | CMC | AIMS | ATC |
| State Funding Increase | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Resident Enrollment | 2,621,065 | 5,034,374 | 10,144,026 | 2,306,553 | 15,000,464 | 2,129,948 | 24,068,120 | 3,842,390 | 6,794,767 | 30,216,000 | 102,157,707 | 10,235,430 | 10,269,501 | 1,373,529 | 1,622,088 | 2,342,220 | 25,542,768 |
| Credential Production | 1,304,529 | 2,544,396 | 5,135,582 | 1,133,602 | 7,477,559 | 1,031,665 | 12,141,661 | 1,929,342 | 3,454,209 | 14,932,108 | 51,078,853 | 5,107,853 | 5,107,853 | 618,826 | 733,755 | 1,021,577 | 51,532,755 |
| Pell | 5,191,561 | 9,926,037 | 21,482,020 | 4,415,398 | 30,183,001 | 4,266,634 | 48,355,128 | 7,578,248 | 14,199,953 | 58,711,434 | 204,315,413 | 20,431,543 | 20,431,543 | 2,462,826 | 2,937,755 | 4,021,577 | 204,747,634 |
| Race/Ethnicity | 5,135,686 | 9,832,268 | 21,070,592 | 4,509,814 | 30,065,329 | 4,290,148 | 47,835,995 | 7,555,640 | 14,128,632 | 59,897,299 | 204,315,413 | 20,431,543 | 20,431,543 | 2,462,826 | 2,937,755 | 4,021,577 | 204,747,634 |
| Retention Rate | 5,168,604 | 9,997,219 | 20,645,661 | 4,615,325 | 29,991,502 | 4,186,678 | 48,000,220 | 7,497,594 | 14,233,837 | 60,038,774 | 204,315,413 | 20,431,543 | 20,431,543 | 2,462,826 | 2,937,755 | 4,021,577 | 204,747,634 |
| Grad. Rate - 100% | 2,691,719 | 4,969,071 | 10,550,391 | 2,292,474 | 14,850,963 | 2,125,818 | 24,399,134 | 3,710,372 | 6,754,882 | 29,812,883 | 102,157,707 | 10,235,430 | 10,269,501 | 1,373,529 | 1,622,088 | 2,342,220 | 130,800,783 |
| Grad. Rate - 150% | 2,606,572 | 4,956,871 | 10,424,322 | 2,222,122 | 14,928,091 | 2,135,320 | 24,141,686 | 3,736,492 | 6,954,107 | 30,052,123 | 102,157,707 | 10,235,430 | 10,269,501 | 1,373,529 | 1,622,088 | 2,342,220 | 130,800,783 |
| 1st Generation | 1,350,443 | 2,495,419 | 5,138,996 | 1,208,481 | 7,509,633 | 1,077,082 | 11,981,879 | 1,971,042 | 3,368,149 | 14,977,729 | 51,078,853 | 5,107,853 | 5,107,853 | 618,826 | 733,755 | 1,021,577 | 51,532,755 |
| Performance FY 2024-25 Funding Change | 2,566,991 | 5,070,245 | 11,364,243 | 2,525,182 | 15,535,821 | 2,238,663 | 25,080,482 | 4,246,989 | 6,832,903 | 29,496,496 | 104,958,015 | 10,235,430 | 10,269,501 | 1,373,529 | 1,622,088 | 2,342,220 | 130,800,783 |
| Performance FY 2024-25 Total Funding | 26,070,188 | 49,755,656 | 104,591,589 | 22,703,769 | 149,944,743 | 21,243,292 | 240,913,825 | 37,821,120 | 69,888,535 | 298,644,349 | 1,021,577,066 | 99,623,460 | 99,955,080 | 13,368,826 | 15,788,100 | 22,797,289 | 1,273,109,821 |
| Performance FY 2024-25 Percent Change | 10.9% | 11.3% | 12.2% | 12.5% | 11.6% | 11.8% | 11.6% | 12.6% | 10.8% | 11.0% | 11.5% | 11.5% | 11.5% | 11.5% | 11.5% | 11.5% | 11.5% |
| Total Funding FY 2024-25 | 26,070,188 | 49,755,656 | 104,591,589 | 22,703,769 | 149,944,743 | 21,243,292 | 240,913,825 | 37,821,120 | 69,888,535 | 298,644,349 | 1,021,577,066 | 99,623,460 | 99,955,080 | 13,368,826 | 15,788,100 | 22,797,289 | 1,273,109,821 |
| Total Funding Change over FY 2023-24 | 2,566,991 | 5,070,245 | 11,364,243 | 2,525,182 | 15,535,821 | 2,238,663 | 25,080,482 | 4,246,989 | 6,832,903 | 29,496,496 | 104,958,015 | 10,235,430 | 10,269,501 | 1,373,529 | 1,622,088 | 2,342,220 | 130,800,783 |
| Total Percent Change over FY 2023-24 | 10.9% | 11.3% | 12.2% | 12.5% | 11.6% | 11.8% | 11.6% | 12.6% | 10.8% | 11.0% | 11.5% | 11.5% | 11.5% | 11.5% | 11.5% | 11.5% | 11.5% |

| | | From FY 2023-24 Long Bill, \$s in Millions | | | | Salaries (Total) | | HLD Benefits | | Other Expenses | | *COWINS Step Plan Expense | FY 2024-25 Total Base Cost Increase |
|--|---|--|---------------------|------------------|------------------|------------------------|--------------------------|------------------------|--------------------------|------------------------|--------------------------|---------------------------|-------------------------------------|
| | FY 2023-24 State Funding from Long Bill | Resident Tuition | Nonresident Tuition | Total Tuition | Total | Assumed Portion of E&G | Increase, \$ in Millions | Assumed Portion of E&G | Increase, \$ in Millions | Assumed Portion of E&G | Increase, \$ in Millions | | |
| Adams State University | \$23.5 | \$11.8 | \$9.4 | \$21.2 | \$44.7 | 50% | \$22.16 | 16% | \$7.35 | 34% | \$15.18 | \$0.8 | \$2.8 |
| Colorado Mesa University | \$44.7 | \$59.7 | \$16.3 | \$76.0 | \$120.7 | 50% | \$60.76 | 17% | \$20.24 | 33% | \$39.72 | \$2.1 | \$6.6 |
| Metropolitan State University - Denver | \$93.2 | \$94.4 | \$10.3 | \$104.7 | \$197.9 | 70% | \$137.92 | 15% | \$28.85 | 16% | \$31.14 | \$1.6 | \$9.2 |
| Western Colorado University | \$20.2 | \$12.2 | \$11.0 | \$23.2 | \$43.4 | 51% | \$22.01 | 17% | \$7.50 | 32% | \$13.85 | \$0.7 | \$2.4 |
| Colorado State University System | \$223.8 | \$237.1 | \$306.2 | \$543.3 | \$767.1 | 59% | \$451.97 | 14% | \$109.84 | 27% | \$205.31 | \$10.7 | \$41.5 |
| Fort Lewis College | \$19.0 | \$9.0 | \$34.2 | \$43.2 | \$62.2 | 56% | \$34.73 | 16% | \$9.86 | 28% | \$17.65 | \$0.9 | \$3.4 |
| University of Colorado System | \$305.5 | \$549.5 | \$708.0 | \$1,257.5 | \$1,563.0 | 59% | \$921.55 | 19% | \$303.27 | 22% | \$338.20 | \$17.6 | \$80.8 |
| Colorado School of Mines | \$33.6 | \$69.3 | \$118.6 | \$187.9 | \$221.5 | 50% | \$111.13 | 15% | \$33.07 | 35% | \$77.25 | \$4.0 | \$11.0 |
| University of Northern Colorado | \$63.1 | \$52.7 | \$18.4 | \$71.1 | \$134.2 | 54% | \$72.33 | 15% | \$19.54 | 32% | \$42.33 | \$2.2 | \$7.8 |
| Colorado Community College System | \$269.1 | \$261.8 | \$25.0 | \$286.9 | \$556.0 | 54% | \$302.01 | 18% | \$98.26 | 28% | \$155.73 | \$8.10 | \$31.2 |
| Total | \$1,095.7 | \$1,357.5 | \$1,257.5 | \$2,615.0 | \$3,710.7 | | \$2,136.6 | | \$637.8 | | \$936.4 | \$48.7 | \$196.6 |

Notes:
State funding from FY 2023-24, 2023 Long Bill (https://leg.colorado.gov/sites/default/files/documents/2023A/bills/2023a_hed_act.pdf)
Tuition numbers from FY 2023-24 - 2023 Long Bill
Salary/HLD/Other percentages based on calculation on expense share from Budget Data Books
Salary increase estimated at 3.0% from Governor's November Request
HLD expense increase is at 10.0% from Governor's November Request
Other expenses increased by December 2023 OSPB and LCS forecasts: 5.2%
*See Separate COWINS Step Plan Expense sheet for detailed background

| COWINS Step Plan Estimated Costs (as of December 2023) (in millions) | | | | |
|---|--|---|---|--|
| Governing Board | <1> DPA provided COWINS Step Plan Expense | E&G Share of DPA provided COWINS Step Plan Expense | *E&G Indirect Expense due to pay equity and compression | Amount in Base Core Minimum Buildup |
| Adams State University | \$0.5 | \$0.4 | \$0.2 | \$0.6 |
| Colorado Mesa University | \$0.4 | \$0.4 | \$0.3 | \$0.7 |
| Metropolitan State University - Denver | \$0.4 | \$0.4 | \$0.2 | \$0.6 |
| Western Colorado University | \$0.2 | \$0.2 | \$0.1 | \$0.3 |
| Colorado State University System | \$5.0 | \$4.0 | \$2.3 | \$6.3 |
| Fort Lewis College | \$0.3 | \$0.3 | \$0.2 | \$0.4 |
| University of Colorado System | \$4.6 | \$3.3 | \$2.0 | \$5.3 |
| Colorado School of Mines | \$0.2 | \$0.2 | \$0.1 | \$0.3 |
| University of Northern Colorado | \$1.1 | \$0.9 | \$0.5 | \$1.4 |
| Colorado Community College System | \$2.8 | \$2.6 | \$1.6 | \$4.2 |
| Governing Board Total | \$15.5 | \$12.6 | \$7.4 | \$20.1 |

<1> Amount provided to IHEs by DPA, December 2023

* Higher Education assumed average is an additional 59% for associated indirect expense from compression and equity adjustments.