

## STATE BOARD FOR COMMUNITY COLLEGE AND OCCUPATIONAL EDUCATION

May 28, 2020

**TOPIC:** FY 2020-21 Initial State Support Base Budget, State-Allocated Federal CARES Act, Amendment 50 Allocations, and Special Bills that Impact Funding

**PRESENTED BY:** Mark Superka, Vice Chancellor for Finance and Administration; Patrick Brodhead, Budget Director

**RELATIONSHIP TO THE STRATEGIC PLAN:**

Redefine our value proposition through accessibility, affordability, quality, accountability, resource development, and operational excellence.

**EXPLANATION:**

**Due to COVID-19, the state appropriation process was delayed by approximately six weeks, with two significant state budget actions occurring just last week. On May 19<sup>th</sup> the Governor through Executive Order acted to distribute State-Allocated Federal CARES Act Funds to higher education, and on May 20<sup>th</sup> the Joint Budget Committee made budget recommendations on state support for higher education. The Chancellor and Presidents Council met on May 21 to review the latest state budget information and recommended allocations among the colleges and system office. Although the General Assembly has not yet acted on the Long Bill, we do not anticipate changes. The recommended allocations are described below.**

For the FY 2020-21 operating budget, the General Assembly appropriated \$79,743,609 in state support in the form of Fee-for-Service and COF Stipend funding to the community colleges. This represents a 58.0 percent decrease in these funds compared to FY 2019-20. However, the State of Colorado allocated \$100,478,897 from its funding through the State-allocated CARES Act. The net impact represents a 5.1 percent decrease compared to the prior year's state appropriation support.

The majority of the state's funding is run through the CCCS base allocation model, which has two main components: 1) a series of per resident student FTE "size factors" or weights applied to a shared base resident student FTE funding level; and 2) a two-year resident student FTE average, which is multiplied by each college's size factor-adjusted per student FTE funding level to generate an allocation amount. In addition, beginning in FY 2014-15 and every year thereafter, H.B. 13-1165 appropriated \$696,000 in on-going funds to the colleges related to helping students navigate manufacturing career pathways. This funding is allocated equally among the 13 colleges.

Attachment A shows the results of the formula allocation (including the manufacturing career pathway appropriations) at the FY 2020-21 level of state funding. Attachment B compares the FY 21 initial allocation to the FY 20 final allocation of state funding.

In addition to the state General Fund appropriations, the Governor, via executive order, allocated \$450 million of its \$1.7 billion of state-allocated federal CARES Act funds to higher education. CCCS received \$100,478,897 in the current fiscal year to be spent on allowable expenses (between March and December 2020) as outlined in the state's certification agreement and allowable uses addendum. Attachment C outlines this recommended allocation among our colleges.

The staff recommended CARES Act allocation in Attachment C limits rural colleges with dorms (Colorado Northwestern Community College, Lamar Community College, Northeastern Junior College, Otero Junior College, and Trinidad State Junior College) to a net funding decrease that is half of the average net decrease for the system (2.55 percent versus 5.1 percent). Already operating on typically thin margins of a rural institution, these colleges also face significant uncertainty during the current public health crisis because dormitories and sports teams (and the athletes and other students that stay in those dorms) drive significant enrollment on these campuses. This CARES Act allocation also limits Morgan Community College to the average percentage net funding decrease (5.5 percent) of the remaining colleges after the rural colleges with dorms/athletics are removed. The remaining colleges and the system office CARES Act funds are allocated proportionally to their FY 21 General Fund formula allocations.

In addition to the state allocations, the colleges will receive revenue from Amendment 50 in FY 2020-21. With all casino operations closed down since mid-March, limited gaming revenue is anticipated to significantly drop in the current fiscal year—which impacts what gets allocated to CCCS for next fiscal year. As a result, we are forecasting a 25% reduction in gaming revenues to CCCS for FY 2020-21—\$8.7 million in FY 2020-21 compared to \$11.6 million in FY 2019-20. Per the state constitution, gaming commission expenses come off the top of revenues before running through the constitutional and statutory formulas. Staff used the colleges' FY 2019-20 resident FTE forecasts (taken from the formula allocation methodology) to allocate this funding among the colleges. This is the methodology outlined in the state constitution and statute.

There are two areas where state funding does not run directly through the formula allocation methodology: the Information Technology Enterprise Resource Planning (ERP) System holdback and the system office. For FY 2020-21, the ERP holdback (which supports the system and colleges' enterprise resource management system) was held constant at FY 2019-20 levels. The System Office state appropriations were reduced by the average 58.0% decrease.

Attachment D shows the FY 2020-21 General Fund state support, the state-allocated CARES Act funding, and Amendment 50 allocations—and compares them to the prior year allocations. Please keep in mind, however, that both the formula and Amendment 50 allocations will need to be trued-up in September 2020 when final resident FTE figures and final gaming tax receipts are known. Typically, the Board takes action in September/October to adjust the allocations to reflect actual figures.

There are also four previously passed special bills that impact funding for FY 2020-21. The first previously passed bill (H.B. 15-1274) is a bill that charged the Workforce Development Council within the state Department of Labor and Employment to design and implement five career pathways beginning in FY 2015-16. The bill was intended to provide funding only for three years ending in June 2018; however, the funding was continued in FY 2018-19, FY 2019-20, and FY 2020-21. While the bulk of the funding to accomplish this is appropriated to the Department

of Labor and Employment, the Colorado Community College System was appropriated \$86,960 per year to hire a staff member to coordinate the system-wide collaboration with the Department of Higher Education and the Department of Labor and Employment in this effort. Since this was initially a temporary funding source, these monies are parsed out from the base funding allocation formula and tracked separately.

The second bill (S.B. 16-196) is an Inclusive Higher Education bill designed to offer students with intellectual and developmental disabilities a postsecondary education experience. The General Assembly identified Colorado as one of three states that did not have an inclusive higher education program in place. This bill has created three pilot sites, with Arapahoe Community College (ACC) serving as the Community College representative. ACC was awarded \$75,000 to hire a coordinator and will receive these funds each year for five years ending in FY 2020-21.

The third bill (S.B. 18-086) requires the state's Chief Information Security Officer to annually identify, assess, and mitigate cyber threats to the state and encourages the state to adopt and apply distributed ledger technologies in its data systems where feasible. The majority of the funding to accomplish this is appropriated to the Office of Information Technology in the Governor's Office, but Pikes Peak Community College was appropriated \$300,000 for professional education related to these efforts. However, for FY 2020-21, the amount to Pikes Peak Community College has been reduced to \$241,176. This funding is intended to continue in future years.

The fourth bill (S.B. 19-176) requires that concurrent enrollment be offered at no tuition cost to qualified students, and students who complete a concurrent enrollment course must receive credit that applies to high school graduation requirements and that applies to a postsecondary degree, certificate, or developmental education course, or is transferrable among state institutions of higher education. The bill requires CCCS to manage and coordinate concurrent enrollment within the system, including eliminating administrative barriers, implementing efforts to increase participation, and sharing best practices. The bill appropriates \$105,000 and 1.0 FTE to the system office to implement these requirements.

**RECOMMENDATION:**

Staff recommends approval of the FY 2020-21 state General Fund support, state-allocated federal CARES Act funds, and Amendment 50 budget allocations as listed in Attachment D.

**ATTACHMENTS:**

- Attachment A: State Support Allocation for FY 2020-21 – Initial Allocation
- Attachment B: FY 2020-21 Initial State Support Long Bill Allocations Compared to FY 2019-20  
Final State Support Long Bill Allocations
- Attachment C: State-Allocated CARES Act Allocations
- Attachment D: FY 2020-21 State Support, State-Allocated Cares Act, and Amendment 50 Initial  
Allocations

**Attachment A: State Support Long Bill Allocation for FY 2020-21 - Initial Allocation**

	400-500	500-600	700-800	900-1000	3400-3500	4200-4300	4500-4600	5000-5100	5300-5400	8800-8900	10600-10700	Total
LCC												
FY19 Final Resident FTE	476.27	619.85	692.02	999.71	3,357.83	4,181.80	4,638.48	5,195.31	5,119.55	8,777.98	10,533.64	46,376.77
FY20 Initial Resident FTE	495.00	566.40	717.00	920.80	3,490.62	4,332.76	4,543.10	4,833.85	5,535.25	8,855.16	10,669.60	46,666.42
2 year avg enrollment	485.63	593.13	704.51	968.33	3,424.22	4,257.28	4,590.79	5,014.58	5,327.40	8,816.57	10,601.62	46,521.60

**ALLOCATE GENERAL FUND ONLY USING FTE ENROLLMENT & SIZE FACTOR**

	Size Factor Model using 2 Year average Enrollment											
Base FY21 FTE Funding	1,568.68	1,568.68	1,568.68	1,568.68	1,568.68	1,568.68	1,568.68	1,568.68	1,568.68	1,568.68	1,568.68	1,568.68
J-Curve Calculated Size Factor	2.513	2.420	2.328	2.299	2.125	2.111	2.111	2.111	2.111	2.111	2.111	2.111
Adj Base FTE Funding	3,942.00	3,795.70	3,652.11	3,605.99	3,342.21	3,312.10	3,296.887	3,296.887	3,296.887	3,296.887	3,296.887	3,296.887
<b>Total FY21 Base Funds</b>	<b>1,914,368</b>	<b>2,251,325</b>	<b>2,572,950</b>	<b>2,676,087</b>	<b>6,041,044</b>	<b>6,541,402</b>	<b>6,740,428</b>	<b>7,001,298</b>	<b>7,201,548</b>	<b>9,975,804</b>	<b>11,692,887</b>	<b>71,142,405</b>

Calculated J-Curve Value      2.513      2.420      2.328      2.299      2.131      2.111      2.125      0.980      0.936      0.890      0.862      0.721      0.703

Model Totals	
Base FTE Funding	1,569
Total Allocated	71,142,405
Total Remaining	0

Base per SFTE      Enrollment      46,522

2-Year Avg

**FY21**

State Support Via Base Allocation      78,661,289

System Office Portion      7,518,884

Amount Allocated Via Model      71,142,405

\$79,743,609      FY 21 GF Appropriation

\$1,082,320      ERP/Pathway Bill Holdback

\$78,661,288

INSTITUTION:	LCC	CNCC	MCC	OJC	NJC	TSJC	PCC	CCA	CCD	RRCC	ACC	PPCC	FRCC	Sys Office	Total
FY 21 Model Allocation	\$1,914,368	\$2,251,325	\$2,572,950	\$2,676,087	\$3,236,377	\$3,296,887	\$6,041,044	\$6,541,402	\$6,740,428	\$7,001,298	\$7,201,548	\$9,975,804	\$11,692,887	\$7,518,884	\$78,661,288
FY 21 Manuf. Pathway Bill Alloc	\$53,538	\$53,538	\$53,538	\$53,538	\$53,538	\$53,538	\$53,538	\$53,538	\$53,538	\$53,538	\$53,538	\$53,538	\$53,538		\$696,000
SubTotal of Allocated Dollars	\$1,967,907	\$2,304,864	\$2,626,488	\$2,729,625	\$3,289,915	\$3,350,425	\$6,094,583	\$6,594,940	\$6,793,967	\$7,054,837	\$7,255,086	\$10,029,342	\$11,746,425	\$7,518,884	\$79,357,288
<b>J-Curve Allocation</b>	<b>\$1,967,907</b>	<b>\$2,304,864</b>	<b>\$2,626,488</b>	<b>\$2,729,625</b>	<b>\$3,289,915</b>	<b>\$3,350,425</b>	<b>\$6,094,583</b>	<b>\$6,594,940</b>	<b>\$6,793,967</b>	<b>\$7,054,837</b>	<b>\$7,255,086</b>	<b>\$10,029,342</b>	<b>\$11,746,425</b>	<b>\$7,518,884</b>	<b>\$79,357,288</b>

**Attachment B: FY 2020-21 Initial State Support Long Bill Allocations Compared to FY 2019-20 Initial State Support Long Bill Allocations**

Long Bill Appropriation															
INSTITUTION:	LCC	CNCC	MCC	OJC	NJC	TSJC	PCC	CCA	CCD	RRCC	ACC	PPCC	FRCC	Sys Office	Total
FY 21 Initial Allocation	\$1,967,907	\$2,304,864	\$2,626,488	\$2,729,625	\$3,289,915	\$3,350,425	\$6,094,583	\$6,594,940	\$6,793,967	\$7,054,837	\$7,255,086	\$10,029,342	\$11,746,425	\$7,518,884	\$79,357,288
FY 20 Final Allocation	\$4,760,607	\$5,518,300	\$6,426,597	\$6,710,923	\$8,136,773	\$8,063,871	\$14,409,940	\$15,670,514	\$16,366,124	\$16,902,728	\$16,770,192	\$23,681,810	\$28,158,932	\$17,902,104	\$189,479,415
Difference	(\$2,792,701)	(\$3,213,436)	(\$3,800,109)	(\$3,981,297)	(\$4,846,858)	(\$4,713,446)	(\$8,315,357)	(\$9,075,574)	(\$9,572,157)	(\$9,847,891)	(\$9,515,105)	(\$13,652,468)	(\$16,412,507)	(\$10,383,220)	(\$110,122,127)
Percentage Difference	-58.7%	-58.2%	-59.1%	-59.3%	-59.6%	-58.5%	-57.7%	-57.9%	-58.5%	-58.3%	-56.7%	-57.6%	-58.3%	-58.0%	-58.1%

**Attachment C: State-Allocated CARES Act Allocations**

**CARES Act Allocations**

<b>INSTITUTION:</b>	<b>LCC</b>	<b>CNCC</b>	<b>MCC</b>	<b>OJC</b>	<b>NJC</b>	<b>TSJC</b>	<b>PCC</b>	<b>CCA</b>	<b>CCD</b>	<b>RRCC</b>	<b>ACC</b>	<b>PPCC</b>	<b>FRCC</b>	<b>Sys Office</b>	<b>Total</b>
CARES Act Funding	\$2,671,305	\$3,072,720	\$3,449,056	\$3,810,169	\$4,639,370	\$4,507,817	\$7,571,991	\$8,193,642	\$8,440,916	\$8,765,024	\$9,013,817	\$12,460,589	\$14,593,916	\$9,288,566	\$100,478,897

**Attachment D: FY 2020-21 State Support, State-Allocated CARES Act, and Amendment 50 Initial Allocati**

<b>College</b>	<b>FY 20 Final State Support Allocation</b>	<b>FY 21 Initial State Support Allocation</b>	<b>State-Allocated CARES Act Allocation</b>	<b>Net \$ Change Compared to FY 20</b>	<b>Net Change Compared to FY 20</b>
ACC	\$16,770,192	\$7,255,086	\$9,013,817	(\$501,289)	-3.0%
CCA	\$15,670,514	\$6,594,940	\$8,193,642	(\$881,932)	-5.6%
CCD	\$16,366,124	\$6,793,967	\$8,440,916	(\$1,131,241)	-6.9%
CNCC	\$5,518,300	\$2,304,864	\$3,072,720	(\$140,717)	-2.6%
FRCC	\$28,158,932	\$11,746,425	\$14,593,916	(\$1,818,591)	-6.5%
LCC	\$4,760,607	\$1,967,907	\$2,671,305	(\$121,395)	-2.6%
MCC	\$6,426,597	\$2,626,488	\$3,449,056	(\$351,053)	-5.5%
NJC	\$8,136,773	\$3,289,915	\$4,639,370	(\$207,488)	-2.6%
OJC	\$6,710,923	\$2,729,625	\$3,810,169	(\$171,129)	-2.6%
PCC	\$14,409,940	\$6,094,583	\$7,571,991	(\$743,366)	-5.2%
PPCC	\$23,681,810	\$10,029,342	\$12,460,589	(\$1,191,878)	-5.0%
RRCC	\$16,902,728	\$7,054,837	\$8,765,024	(\$1,082,868)	-6.4%
TSJC	\$8,063,871	\$3,350,425	\$4,507,817	(\$205,628)	-2.5%
CCCS/IT	\$17,902,104	\$7,518,884	\$9,288,566	(\$1,094,655)	-6.1%
ERP	\$386,320	\$386,320	\$0	\$0	0.0%
<b>Total</b>	<b>\$189,865,735</b>	<b>\$79,743,608</b>	<b>\$100,478,897</b>	<b>(\$9,643,229)</b>	<b>-5.1%</b>

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<b>FY 20 Actual Amendment 50 Funds</b>	<b>FY 21 Estimated Amendment 50 Funds</b>	<b>\$ Change Compared to FY 20</b>	<b>% Change Compared to FY 20</b>
\$1,284,923	\$1,035,476	(\$249,447)	-19.4%
\$1,049,563	\$810,526	(\$239,037)	-22.8%
\$1,164,183	\$849,875	(\$314,308)	-27.0%
\$155,572	\$105,956	(\$49,616)	-31.9%
\$2,643,771	\$1,995,955	(\$647,816)	-24.5%
\$119,535	\$92,599	(\$26,936)	-22.5%
\$173,686	\$134,129	(\$39,557)	-22.8%
\$254,966	\$172,253	(\$82,712)	-32.4%
\$192,873	\$133,901	(\$58,972)	-30.6%
\$842,759	\$652,988	(\$189,771)	-22.5%
\$2,203,130	\$1,656,530	(\$546,600)	-24.8%
\$1,303,937	\$904,265	(\$399,672)	-30.7%
\$250,912	\$185,404	(\$65,507)	-26.1%
\$0	\$0	\$0	
\$0	\$0	\$0	
<b>\$11,639,809</b>	<b>\$8,729,857</b>	<b>(\$2,909,952)</b>	<b>-25.0%</b>