

## Colorado Legislative Council Staff Fiscal Note

**NO FISCAL IMPACT**

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**Drafting Number:** LLS 15-0988  
**Prime Sponsor(s):** Sen. Lambert  
Rep. Hamner

**Date:** March 27, 2015  
**Bill Status:** Senate Appropriations  
**Fiscal Analyst:** Josh Abram (303-866-3561)

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**BILL TOPIC:** CALCULATION OF LIMITATIONS IN HIGHER ED FUNDING

### Summary of Legislation

This bill, **recommended by the Joint Budget Committee**, makes technical clarifications to definitions used in higher education funding formulas pursuant to House Bill 14-1319 (Outcomes-based Funding for Higher Education). It also delays the implementation of higher education performance funding authorized in Senate Bill 11-052 to no earlier than FY 2017-18.

### Background

House Bill 14-1319 created a new funding mechanism for allocating moneys to the higher education governing boards. It included various provisions relating to “total state appropriation” and “total governing board appropriation” that affect the allocation of funds. These included:

- provisions related to guardrails, *i.e.*, limits on the extent to which one governing board may receive a funding increase or decrease that exceeds the average change in funding for all governing boards;
- provisions related to the percentage of funding that must be allocated to student stipends (minimum 52.5 percent); and
- provisions relating to increases for specialty education programs which are required to increase at a rate no less than the overall rate of the funding increase for the governing boards.

Senate Bill 11-052 required that the Colorado Commission on Higher Education develop a performance-based funding plan linking a portion of fiscal year appropriations to success demonstrated by the institutions in meeting the goals and expectations specified in the institution's respective performance contracts. In any fiscal year that the General Assembly provides General Fund appropriations to the system of higher education (not including appropriations for financial aid) in an amount equal to or greater than \$706 million, the CCHE may implement the performance-based funding plan. The amount of performance funding available to provide to the institutions must be equal to 25 percent of the amount of the system-wide appropriation that exceeds \$650 million in that fiscal year.

### Assessment

The bill makes technical adjustments and clarifies key terms so that the provisions of HB14-1319 are implemented consistently. The bill does not change the amount of the state appropriation for the system of higher education, which is decided annually by the General Assembly. The bill will not impact the expenditures or revenue of the institutions of higher education, the Department of Higher Education, or any other state agency.

The bill also delays implementation of an earlier performance funding mechanism to no earlier than FY 2017-18. For fiscal year 2015-16 and 2016-17, state appropriations to higher education are anticipated to be less than \$706 million, and will not trigger the SB 11-052 funding mechanism. For this reason, extending the deadline for implementation of SB 11-052 does not impact the allocation of the state appropriation for the system of higher education. For these reasons, the bill is assessed as having no fiscal impact.

**Effective Date**

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

**State and Local Government Contacts**

Higher Education

Joint Budget Committee