

## **Finance, Performance, and Accountability Committee Meeting**

**November 17, 2023**

### **Meeting Minutes**

**Call to Order** - Commissioner Eric Tucker, Chair of FPA Committee, called the meeting to order.

**Approve October Meeting Minutes** – Commissioner Steve Meyer motioned to approve the October FPA minutes/ Commissioner Kostenbauer seconded. October minutes approved.

### **CCHE Meeting Actions**

#### **Action Items on the Business Agenda**

##### **Gray Hall Supplemental Request for University of Northern Colorado**

Lauren Gilliland, Deputy Chief Financial Officer, and Tammy Pachecho, Capital Analyst of the Office of State Planning and Budgeting, and Kirk Leichleiter, Chief Facilities Officer and Asst. Vice President of Facilities Management for the University of Northern Colorado, presented on UNC's Gray Hall Supplemental request. This supplemental request is for \$7.5 million in current year state funding (FY23-24), and \$65,000 in current year institutional cash funding.

This project was originally approved by FPA and CCHE for FY 22-23, and was appropriated for \$4.5 million in state funding, and \$46,000 in institutional cash funds. However, when the state appropriated federal ARPA funds, this project switched to ARPA funding. After the project was contracted, it was determined the project would require an additional \$4,000,000 in additional funding due to inflation.

FY22-23 budget could not accommodate the increase, so a complete supplemental was not possible at that time. OSPB and CDC requested that UNC rescope and phase out the project to address the life and safety elements in phase one, and additional needs in phase two.

Commissioner Meyer asked if there was money still available for the FY23-24 budget for capital. Miss Pacheo answered that this would be submitted with the rest of the state supplemental asks, and the governor will decide which projects to recommend for additional funds, with Miss Pacheo's recommendations. She said there were still funds reserved for capital, depending on how much was left with the ARPA and general fund swaps. Commissioner Tucker asked about the one phase becoming two phases, and why it was not included in the FY24-25 capital request process. Miss Gilliland answered that there seemed to be a miscommunication on both ends, and whether UNC needed to submit a new request. Commissioner Tucker then asked if there was any anticipation from UNC that the cost may go down from the current phase two request. Mr. Leichleiter answered that they had no reason to expect the cost would go down. Commissioner Tucker asked for clarification on the write-up which included FY16-17. Miss Gilliland replied that that was the first year that UNC submitted this request for funding. Commissioner Kostenbauer asked what the plan was if only some of the project would be approved, and how UNC would plan through that process so they could keep moving forward. Mr. Leichleiter answered that the money would allow for the design/construction phase to be completed sooner. If they need additional funds, they will submit as a continuation project through the normal capital cycle.

Commissioner Kostenbauer motioned to approve forwarding the request to CCHE in December. Commissioner Meyer seconded. The motion was approved.

### **CDHE Student Budget Parameters**

DeAnna Castañeda, Lead Finance Analyst, presented on the updates for the FY 24-25 student budget parameters. Ms. Castañeda discussed how in compliance with federal regulations, and statutory authority through the state, (CRS. 23-3.3-101 (1.5)(a)), institutions are required to set cost of attendance calculations using the state's student budget parameters. These parameters are set with reputable quantitative data sources, and OSPB's September inflation forecast for FY34-24. Ms. Castañeda discussed the process for financial aid directors to be involved in the update process, with one change being granted for food cost.

Ms. Castañeda discussed each specific category and data used to calculate the new parameters. Commissioner Tucker asked whether internet was included in utilities. Ms. Castañeda replied that it was placed with the base housing components and was calculated using the Colorado Broadband office data.

Commissioner Kostenbauer asked about the medical range listed. Ms. Castañeda replied that the range was determined using the Connect for Colorado platform, and that the data was meant to reflect the average cost for a traditional 20-year-old student. Commissioner Kostenbauer followed up with a question about students aged 24+, and how they were considered in the data. Ms. Castañeda replied that these parameters were determined based on ages between 20-59 years old but calculated on the "average" student. Ms. Castañeda let the group know that there would be more changes to be made for next year's parameters.

Commissioner Meyer motioned to approve the student budget parameters. Commissioner Kostenbauer seconded. The motion was approved.

### **Additional Topics**

#### **Overview of FY2025 Governor's Budget Request**

Lauren Gilliland, Deputy Chief Financial Officer, and Rebecca Tyus, OSPB, provided an overview of the FY25 Governor's budget request. Ms. Gilliland provided a high-level overview of the request, discussing the higher education specific requests. Commissioner Tucker asked about the \$41 million dollar state allocation and Ms. Gilliland clarified that that \$32 million of that money would be split between the governing boards.

Commissioner Meyer asked about the core minimum cost issue, and how the institutions would be able to recover without the additional funding. Ms. Gilliland discussed how this included tuition increases, and the governor's request did not look at core minimum cost. Ms. Gilliland also discussed how this was brought up the day prior at the department's Joint Budget Committee briefing.

Commissioner Kostenbauer asked about CO Wins. Ms. Gilliland replied that CO Wins is a union agreement for steps towards tenure for classified employees, and an equivalent towards unclassified employees. She said the joint budget committee expressed concerns over this.

Commissioner Tucker asked about the total budget from last year's long bill, and whether this number was like previous years. Ms. Gilliland provided a chart showing the state operating fund amount for the

last five years, and the increase in funding. Executive Director Paccione commented that Higher Education traditionally takes up about 11% of the total state budget, and to look at the average the last few years.

Commissioner Tucker provided commentary on if there was a better way to visualize these numbers with inflation added to get the full picture. Ms. Gilliland provided a link to the full R1 request, which included more graphs and additional information.

Commissioner Meyer asked about the tuition cap of 2%, and what would happen if an institution went above that 2% cap. Ms. Gilliland replied that institutions are able to request an exemption. If an institution goes above the cap without permission, there are warnings and potential punishments from the legislators.

Commissioner Tucker asked if this funding would be going through step two of the funding formula. Ms. Gilliland responded that yes, it was all going through step two. She also provided information on a potential funding formula tool from JBC staff that would allow for more manipulation of the different steps. Commissioner Tucker followed up with a question about the 2.9% increase, and what it was based on. Ms. Gilliland responded that this increase was based on the operating portion of the budget.

Commissioner Kostenbauer asked if the concept of core minimum cost needed to be revamped, and where the commission fits in re-shaping this and their role in this process. Ms. Gilliland responded that the commission can recommend, along with the funding formula, in the official letter that is put forward. Crystal Collins, CDHE's CFO, provided context that the core minimum cost is an allocation tool, not a funding tool. More conversation occurred around student financial aid.

**Adjourn – After providing an opportunity for public comment and receiving none, Chair Tucker adjourned the meeting.**