

STATE OF COLORADO
DEPARTMENT OF THE TREASURY
State Treasurer Dave Young



COLORADO TREASURER'S 7TH ANNUAL REPORT
STATE INSTITUTIONS OF HIGHER EDUCATION
FISCAL YEAR 2023/2024

September 1, 2023

**STATE OF COLORADO
DEPARTMENT OF THE TREASURY**

Dave Young
State Treasurer



Eric Rothaus
Deputy Treasurer

September 1, 2023

Colorado Capital Development Committee
Colorado Commission on Higher Education
Colorado Joint Budget Committee
Colorado Office of State Planning and Budgeting
200 East Colfax Ave.
Denver, CO 80203

Colleagues:

The Colorado Department of the Treasury, Office of the State Treasurer ("State Treasurer" or the "Department") submits this report pursuant to Section 23-5-139 of the Colorado Revised Statutes. The report addresses the fiscal health of Colorado's Higher Education Institutions ("institution(s)") as it relates to outstanding debt and debt service costs. Specifically, the report presents:

1. The most recent credit rating of each institution that has issued either intercept or stand-alone bonds;
2. The debt service coverage ratio for each institution that has issued either intercept or stand-alone bonds; and,
3. The total amount of all intercept and stand-alone bonds issued by each institution.¹

The report analyzes information reflecting a higher education institution's: 1) pledged revenues; 2) General Fund appropriations (limited to the appropriation for stipends and fee-for-service contracts), and 3) debt service obligations. In 2022, the [General Assembly passed SB 22-121](#), permitting all public higher education governing boards to pledge up to 100% of tuition revenue to bondholders. This legislation was enacted to provide institutions greater flexibility, access lower capital costs, and the opportunity to increase pledged revenues.² For the institutions which have since adopted an expanded tuition revenue pledge for debt service (all but Adams State University), individual calculations were made by institution to determine what pledged revenues would have been (in their respective FY 2021-2022 audits) given the additional pledged revenue. As we have noted in past reports, due to statutory requirements, the timing of this document does not align with when higher education institutions have received their audited financial statements. One example of this misalignment is that this report

¹ The University of Colorado has not issued any intercept bonds due to its Aa1 and AA+ credit ratings which are currently one rating level higher than the Intercept credit ratings of Aa2 and AA.

² [Legislation enacted in 2016](#) allowed the University of Colorado to pledge 100% of tuition revenue to debt service.

communicates the outstanding debt profile from one year and revenue available for debt service from a different year. This may result in understating or overstating a higher education institution's debt coverage ratio. In an effort to provide a more current financial snapshot, this report now uses fiscal year financial statement information from the same fiscal year for both debt service and state General Fund support (e.g., FY2024) but uses pledged revenues from the most recent available audited financial statements (e.g., FY2022).

To rectify this issue, the legislature could consider changing the due date of this report to a time after audited financial statement information is available from each higher education institution which is on or around mid-January. The remaining information presented in this report is believed to be accurate and up to date. We welcome input and will do our best to make changes in accordance with that feedback.

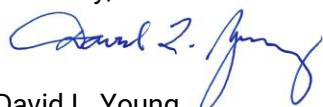
This report also serves as the communication mechanism to show which institutions qualify for pre-approval to participate in the State of Colorado's intercept program. Colorado law directs the State Treasurer to calculate a pre-approval amount for qualifying institutions using two different methods outlined in statute and then establishing the pre-approved amount at the "lesser of" the two methods.

The first calculation is the difference between seventy-five percent of the most recent fiscal year's General Fund appropriations for stipends and fee-for-service contracts that are re-appropriated to such governing board and the total annual debt service payments for intercept bonds of such governing board.

The second method allows for "the total amount of additional revenue bonds a governing board could issue while maintaining the requirements set forth in subparagraph (II) of paragraph (b) of this subsection (1)" § 23-5-139, C.R.S., a reference to debt service coverage of not less than 1.5x. Pre-approvals within the report have been calculated assuming a thirty-year amortization at an interest rate of 3.63%, the "AA" rated Municipal Market Data tax-exempt index rate (20-year maturity) as of August 1, 2023.

This report is the product of considerable time and effort among the contributors. The Department thanks Amanda Bickel and Eric Kurtz of the Joint Budget Committee Staff, Matt Bishop and Bo Pogue of the Capital Development Committee Staff, Steph Chichester and Nick Taylor of North Slope Capital Advisors, Lori Ann Knutson from the Attorney General's Office, and Jim Eke in the Department of the Treasury for their help and guidance. We would also like to thank the Chief Financial Officers, and their staff, from the higher education institutions who edited and refined the figures used in this report. Specifically, we would like to thank Brad Baca, Ashley Brenner, Jim Carpenter, Jeffery Doyle, Samantha Gallagher, Brendan Hanlon, Ian Higgins, Kevin Gravina, Lisa Greffath, Heather Heersink, Liza Larsen, Chad Marturano, Dale Pratt, Michelle Quinn, Bill Raimer, Dave Ryan, Steve Schwartz, Usha Sharma, Mark Superka, Michelle Travis, Charlie Ulsamer, Kirsten Volpi, and Suzanne Zimmerer.

Sincerely,



David L. Young
State Treasurer

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Executive Summary

The following institutions are measured as to whether they met the statutory requirements to participate in the intercept program. If all requirements are met, the pre-approval amount is included as well.

Institution:										
Ratings Requirement Met	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Coverage Ratio Requirement Met	✗	✓	✓	✓	✓	✓	✓	✓	✓	✓
State Funding % Requirement Met	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Pre-Approval Amount	N/A	\$3.258 Billion	\$350.7 Million	\$250.3 Million	\$1.984 Billion	\$62.0 Million	\$1.154 Billion	\$4.226 Billion	\$665.5 Million	\$155.5 Million

Ratings

Section 23-5-139(1)(b)(II)(A), C.R.S., requires the State Treasurer to confirm that an institution’s governing board participating in the state higher education intercept program carries a “credit rating *in one of the three highest categories* from at least one nationally recognized statistical rating organization [NRSRO].” (emphasis added).

There are three NRSRO’s from which a credit rating may be obtained: Moody’s, Standard and Poor’s, and Fitch. Below are the most recent ratings available for each institution. **However, not every institution has been rated recently and their financial situation may have changed since their last rating report was issued.** Since last year’s report, no institution received a rating change. In addition, all rating agency outlooks remain unchanged. The three highest categories for Moody’s, S&P, and Fitch are Aaa/Aa/A, AAA/AA/A, and AAA/AA/A, respectively.

Institution	Moody’s	S&P	Fitch	Most Recent Agency Report
Adams State University	A3 (Stable)	N/A	N/A	December 2022
Colorado Community College System	Aa3 (Stable)	N/A	N/A	April 2023
Colorado Mesa University	A2 (Stable)	N/A	N/A	November 2020
Colorado School of Mines	A1 (Stable)	A+ (Stable)	N/A	November 2022
Colorado State University	Aa3 (Stable)	A+ (Stable)	N/A	July 2023
Fort Lewis College	A3 (Stable)	N/A	N/A	August 2020
Metropolitan State University	A1 (Stable)	A (Stable)	N/A	August 2023
University of Colorado	Aa1 (Stable)	N/A	AA+ (Stable)	July 2023
University of Northern Colorado	A3 (Stable)	A- (Negative)	N/A	June 2022
Western Colorado University	A3 (Stable)	N/A	N/A	April 2022

Institutions Meeting the Rating Requirement	Institutions Not Meeting the Rating Requirement
	NONE

Debt Service Coverage Ratio and Outstanding Debt

The debt service coverage ratio is measured by “dividing the governing board’s net revenue available for annual debt service over such governing board’s total amount of annual debt service.” § 23-5-139(1)(b)(II)(B), C.R.S. As of the writing of this report, the eight institutions which expanded their tuition pledges (from 10% to 100%) are the Colorado Community College System, Colorado Mesa University, Colorado School of Mines, Colorado State University, Fort Lewis College, Metropolitan State University of Denver, University of Northern Colorado, and Western Colorado University. The statute requires a coverage ratio of at least one and one-half times to be eligible for the intercept program.

The following is the calculated outstanding debt, service coverage, and their respective ratios. For those institutions which (i) have not adopted an expanded pledge OR (ii) whose expanded pledge were not reflected in their FY22 audit, figures are provided for debt service coverage ratios under both a 10% tuition pledge and a 100% tuition pledge.

Institution	Adams State University	Colorado Community College System**	Colorado Mesa University**	Colorado School of Mines**	Colorado State University**
FY2024 Debt Service-All Outstanding Bonds	\$4,123,823	\$7,650,983	\$15,301,157	\$25,330,528	\$88,083,225
FY2024 Debt Service-Intercept Bonds	\$3,834,073	\$1,614,869	\$13,338,630	\$7,794,170	\$59,767,026
FY2022 Net Pledged Revenues	\$6,096,236	\$28,442,108	\$121,562,000	\$57,377,000	\$212,198,000
DSCR-All w/ 10% Pledge	1.48x	3.72x	**	2.27x	2.41x
DSCR-Intercept w/ 10% Pledge	1.59x	17.61x	**	7.36x	3.55x
DSCR-All w/ 100% Pledge	6.59x	36.63x	7.94x	8.64x	7.81x
DSCR-Intercept w/ 100% Pledge	7.09x	173.5x	9.11x	28.09x	11.52x

**Denotes university/college which has adopted 100% tuition pledge provided for in SB22-121

Institution	Fort Lewis College**	Metropolitan State University**	University of Colorado***	University of Northern Colorado**	Western Colorado University**
FY2024 Debt Service-All Outstanding Bonds	\$4,271,017	\$11,004,197	\$130,075,209	\$10,850,765	\$7,195,229
FY2024 Debt Service-Intercept Bonds	\$3,262,979	\$6,720,023	\$0	\$10,102,378	\$6,791,669
FY2022 Net Pledged Revenues	\$11,521,824	\$127,703,798	\$1,415,324,000	\$35,045,721	\$10,721,831
DSCR-All w/ 10% Pledge	**	**	N/A	3.23x	1.49x
DSCR-Intercept w/ 10% Pledge	**	**	N/A	3.47x	1.58x
DSCR-All w/ 100% Pledge	2.70x	11.61x	10.88x	8.22x	3.61x
DSCR-Intercept w/ 100% Pledge	3.53x	19.00x	N/A	8.83x	3.82x

**Denotes university/college which has adopted 100% tuition pledge provided for in SB22-121

***The University of Colorado already had flexibility to pledge 100% tuition revenue under previous legislation


Institutions Meeting the Coverage Requirement	Institutions Not Meeting the Coverage Requirement
        	

Debt Service as a Percentage of State Funding

Higher education institutions receive State funding through various mechanisms. The State supplies funding to institutions directly through the Colorado Opportunity Fund (“COF”) and fee for service contracts. The maximum amount of intercept debt service owed by any institution in any year *must equal 75% or less* of the combined amount of the COF and fee for service. § 23-5-139(1)(b)(I), C.R.S.

Below is each institution’s maximum annual intercept debt service, in any current or future year, as a percentage of 2023-2024 State funding.

Institution	State Funding Amount FY2023-2024	Maximum Intercept Debt Service Amount	Percentage of Intercept Debt Service Amount to State Funding
Adams State University	\$23,568,197	\$4,504,380	19.1%
Colorado Community College System	\$270,019,813	\$1,623,619	0.6%
Colorado Mesa University	\$45,050,411	\$13,468,096	29.9%
Colorado School of Mines	\$33,574,131	\$11,142,517	33.2%
Colorado State University	\$225,213,020	\$59,767,026	26.5%
Fort Lewis College	\$19,069,629	\$3,405,169	17.8%
Metropolitan State University	\$93,592,346	\$6,720,023	7.2%
University of Colorado	\$309,892,969	\$0	N/A
University of Northern Colorado	\$63,120,632	\$10,743,317	17.0%
Western Colorado University	\$20,443,587	\$6,798,175	33.2%

Institutions Meeting the Percentage Requirement	Institutions Not Meeting the Percentage Requirement
	NONE

Institution Profiles

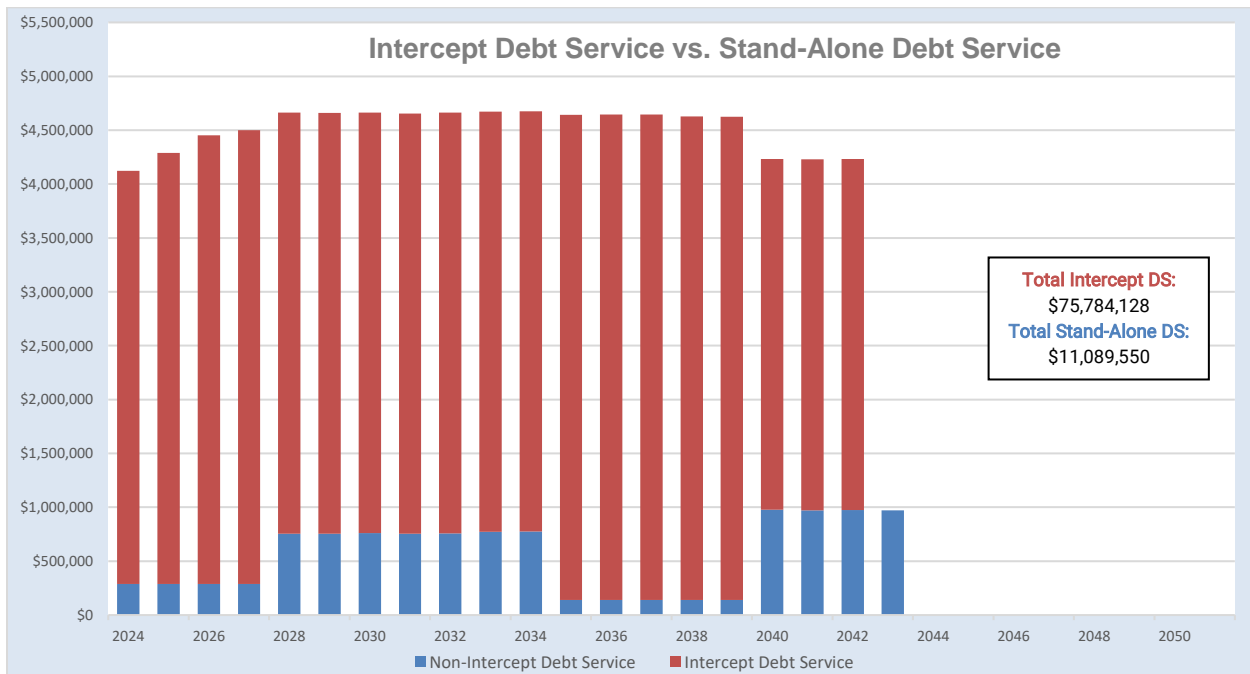
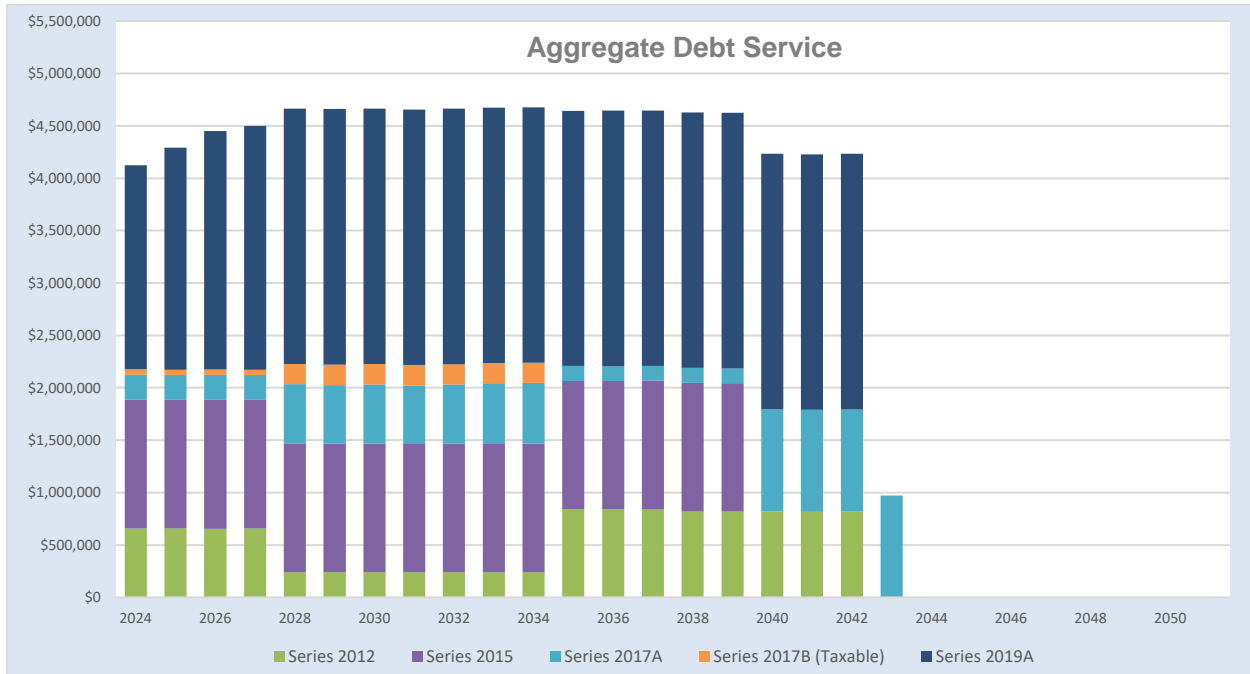
Click the logo to view the profile.



Adams State University



Location: Alamosa
Underlying Ratings: A3, N/A, N/A*
State Intercept Enhanced Ratings: Aa2, N/A, N/A*
Most Recent Agency Rating: December 2020
Pre-Approved for Intercept? No
Pre-Approval Amount: N/A

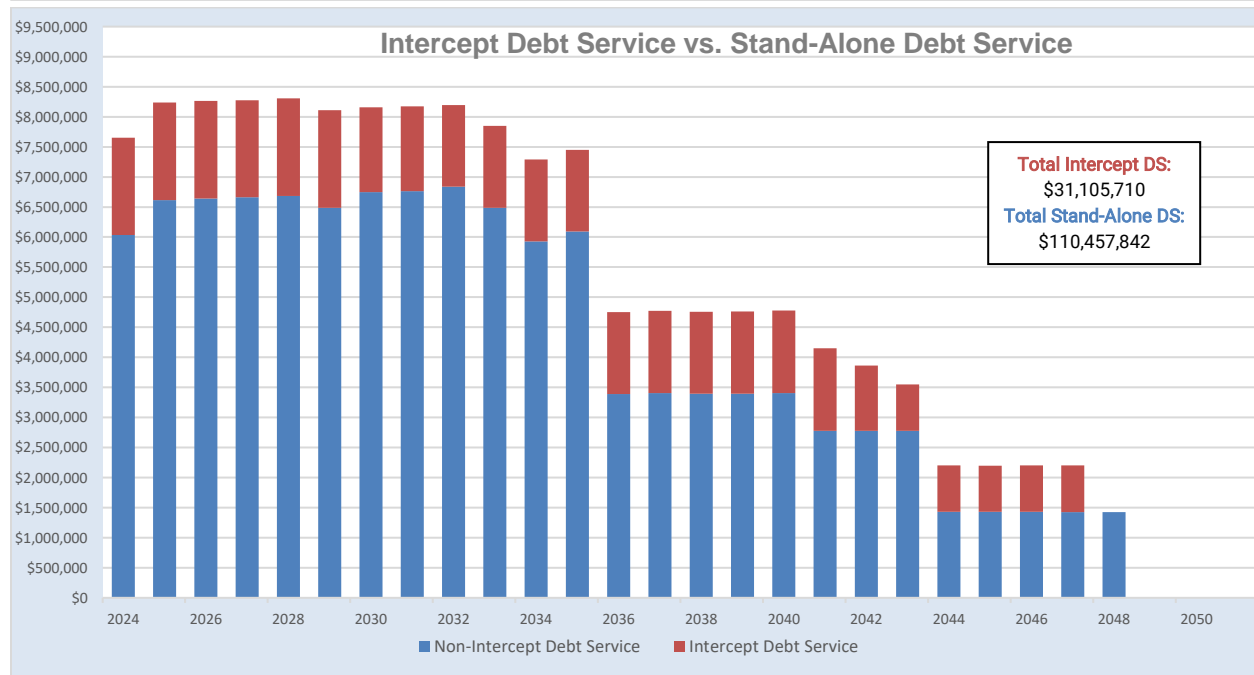
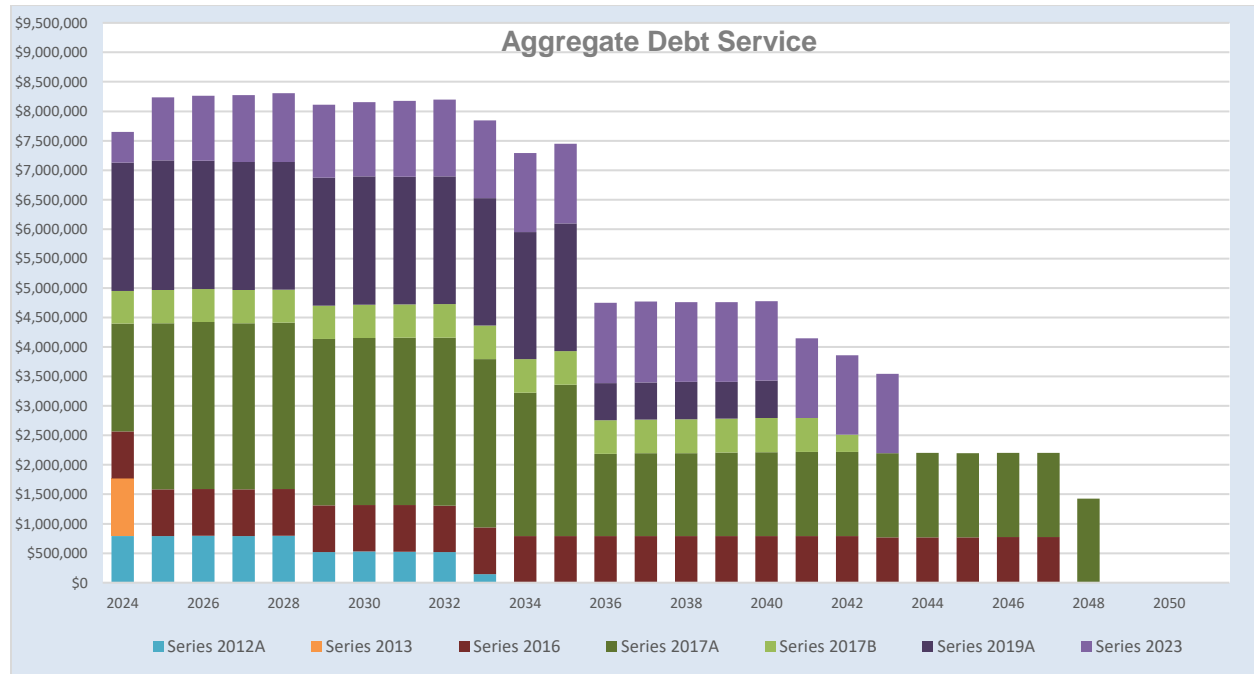


*Ratings are displayed in order of Moody's, S&P, and Fitch

Colorado Community College System



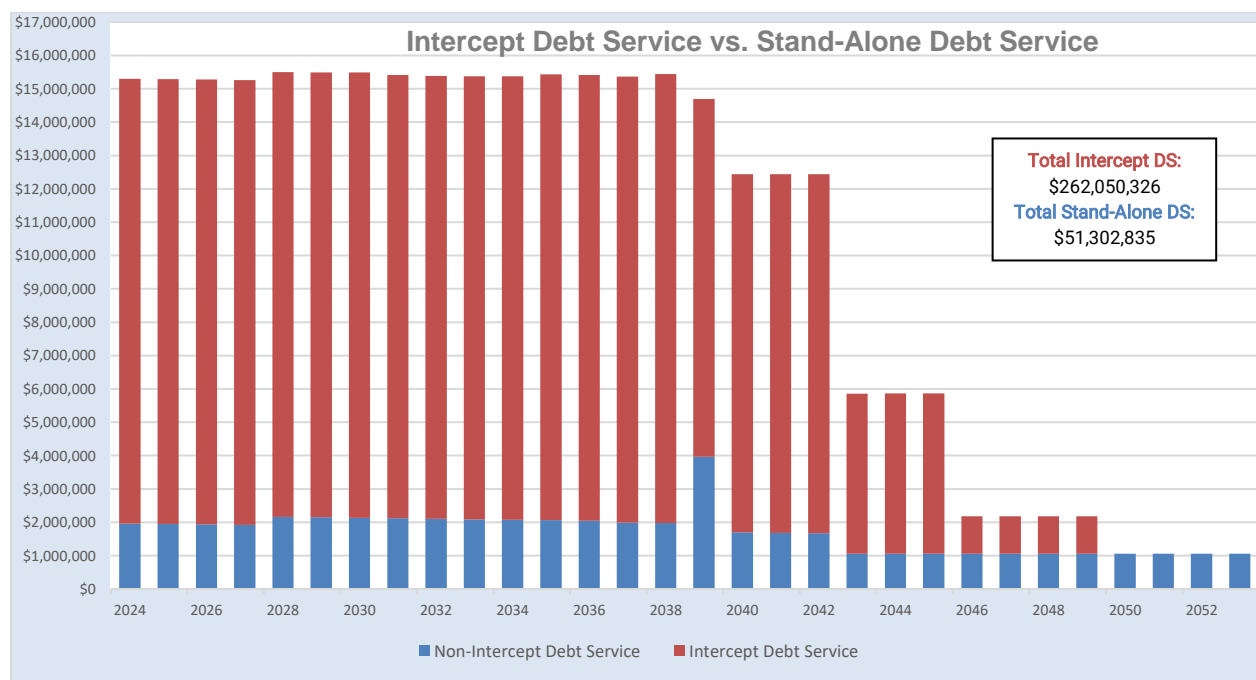
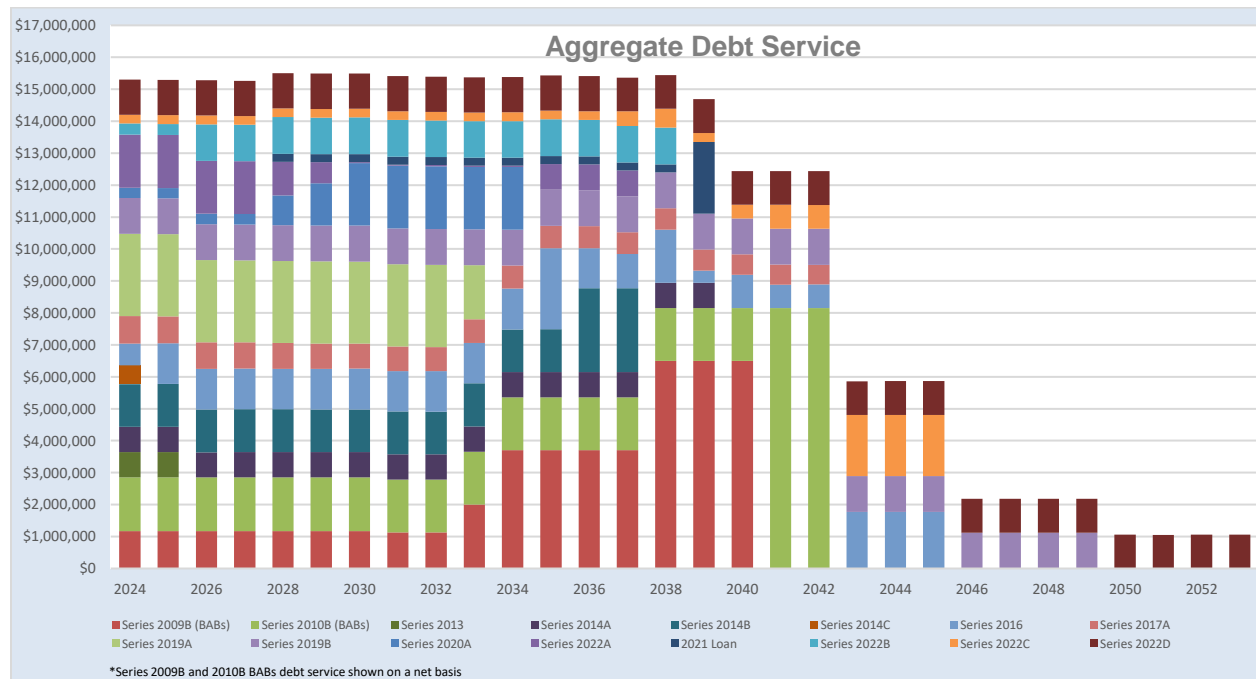
Location: Various
Underlying Ratings: Aa3, N/A, N/A*
State Intercept Enhanced Ratings: Aa2, N/A, N/A*
Most Recent Agency Rating: April 2032
Pre-Approved for Intercept? Yes
Pre-Approval Amount: \$3.258 Billion



Colorado Mesa University



Location: Grand Junction
Underlying Ratings: A2, N/A, N/A*
State Intercept Enhanced Ratings: Aa2, N/A, N/A*
Most Recent Agency Rating: November 2020
Pre-Approved for Intercept? Yes
Pre-Approval Amount: \$350.695 Million

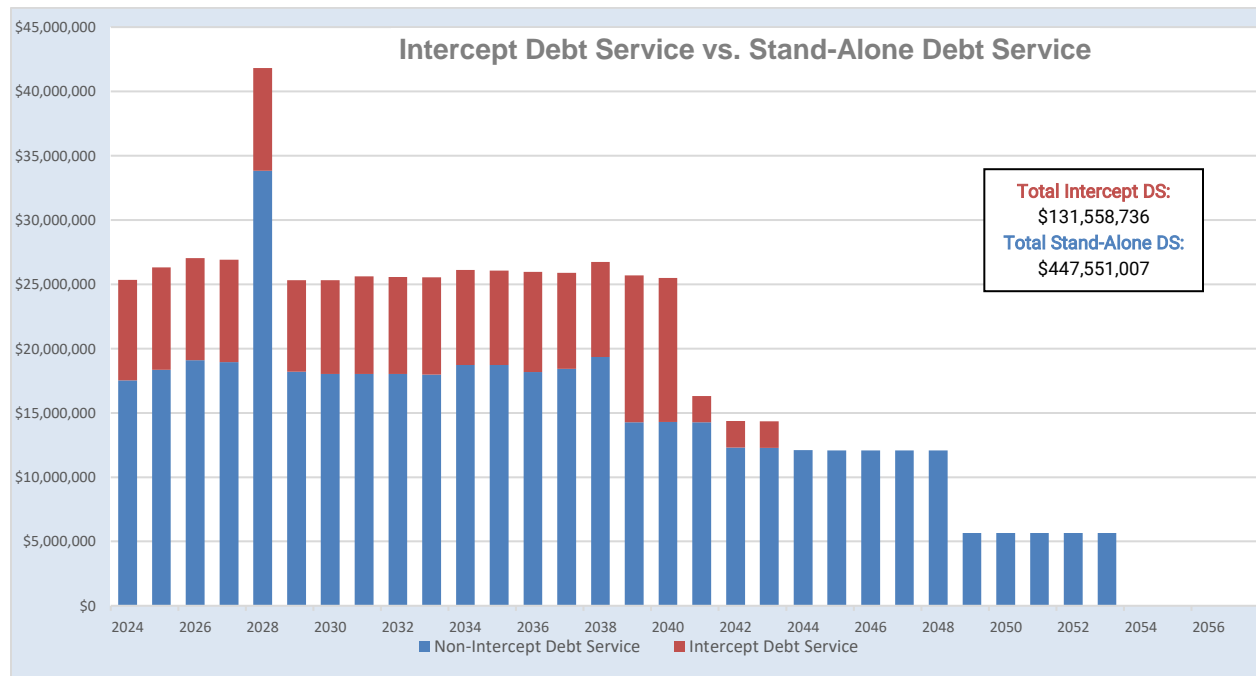
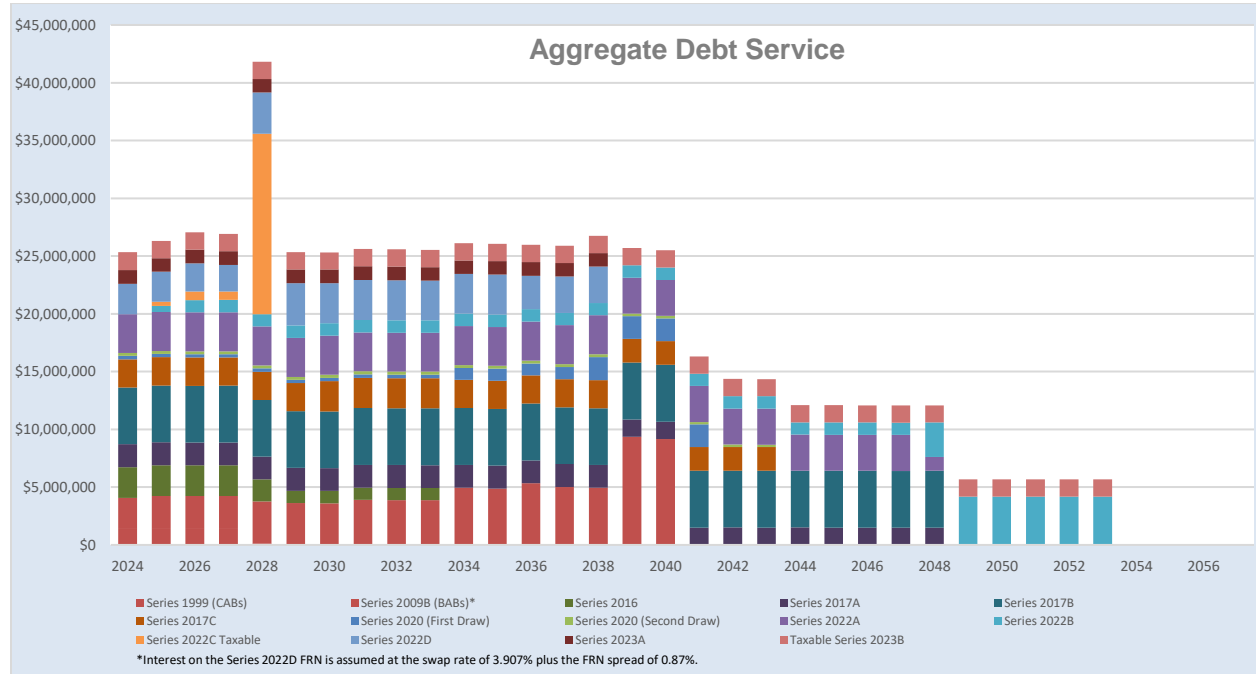


*Ratings are displayed in order of Moody's, S&P, and Fitch

Colorado School of Mines

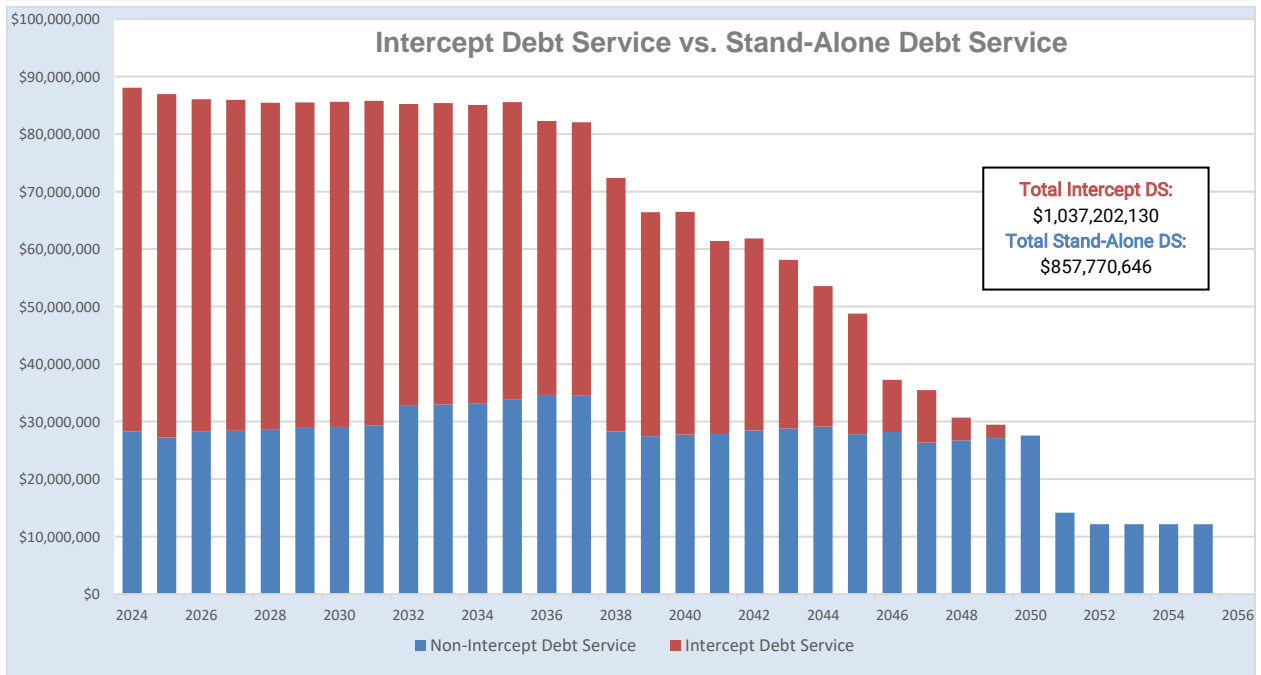
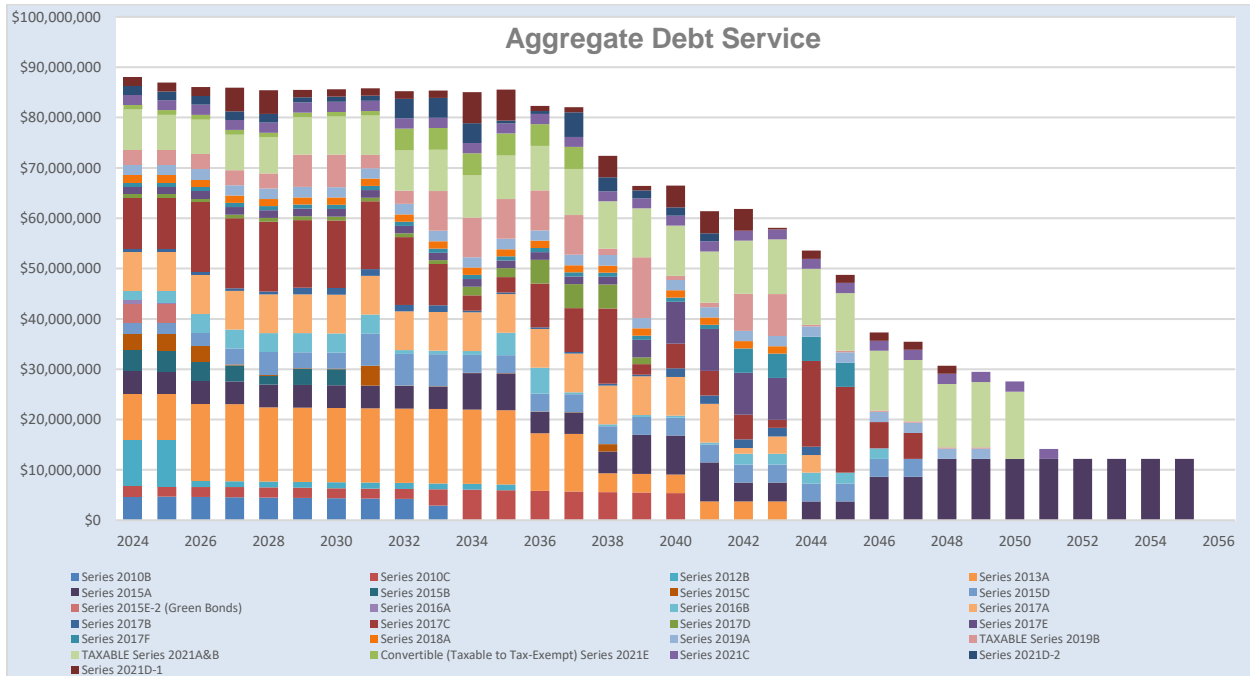


Location: Golden
Underlying Ratings: A1, A+, N/A*
State Intercept Enhanced Ratings: Aa2, AA-, N/A*
Most Recent Agency Rating: November 2022
Pre-Approved for Intercept? Yes
Pre-Approval Amount: \$250.332 Million



*Ratings are displayed in order of Moody's, S&P, and Fitch

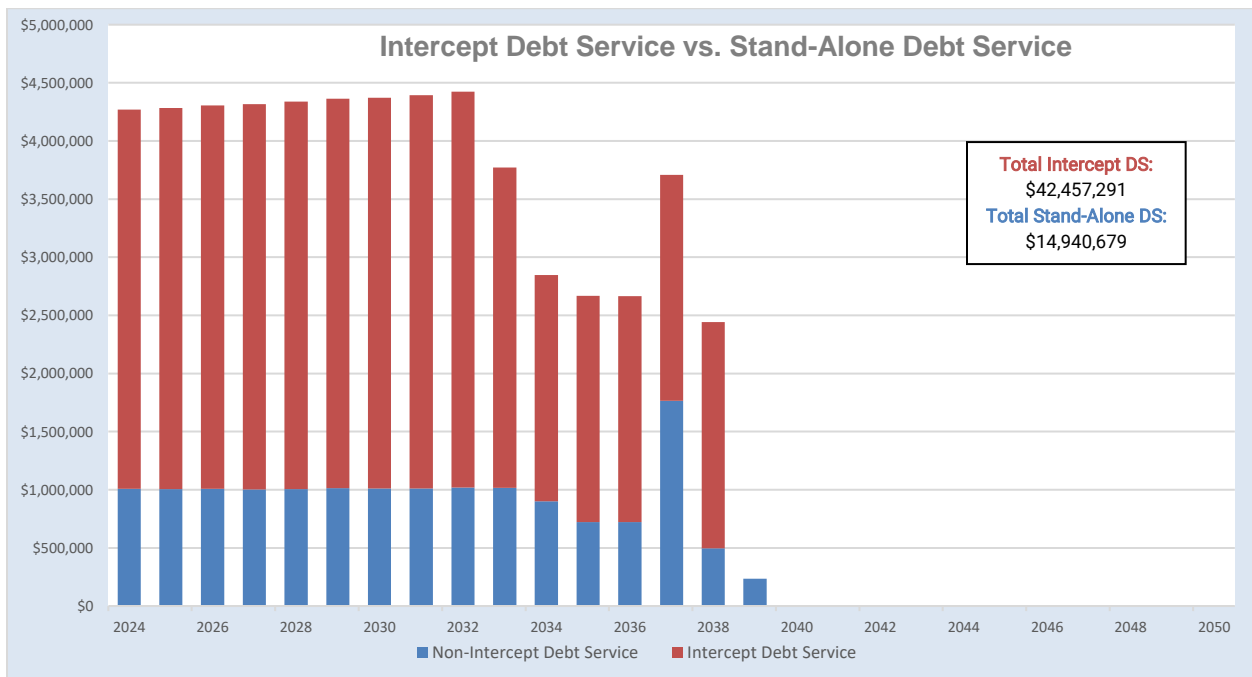
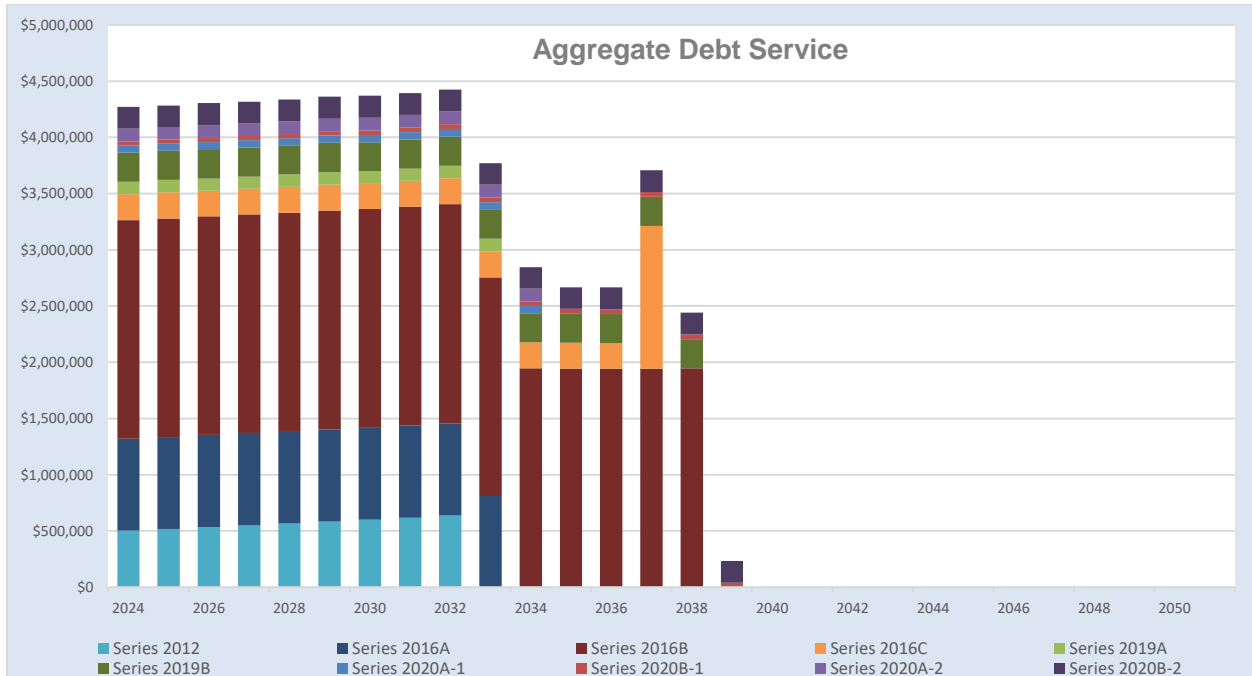
Location: Fort Collins, Pueblo
Underlying Ratings: Aa3, A+, N/A*
State Intercept Enhanced Ratings: Aa2, AA-, N/A*
Most Recent Agency Rating: July 2023
Pre-Approved for Intercept? Yes
Pre-Approval Amount: \$1.984 Billion



Fort Lewis College



Location: Durango
Underlying Ratings: A3, N/A, N/A*
State Intercept Enhanced Ratings: Aa2, N/A, N/A*
Most Recent Agency Rating: August 2020
Pre-Approved for Intercept? Yes
Pre-Approval Amount: \$62.017 Million

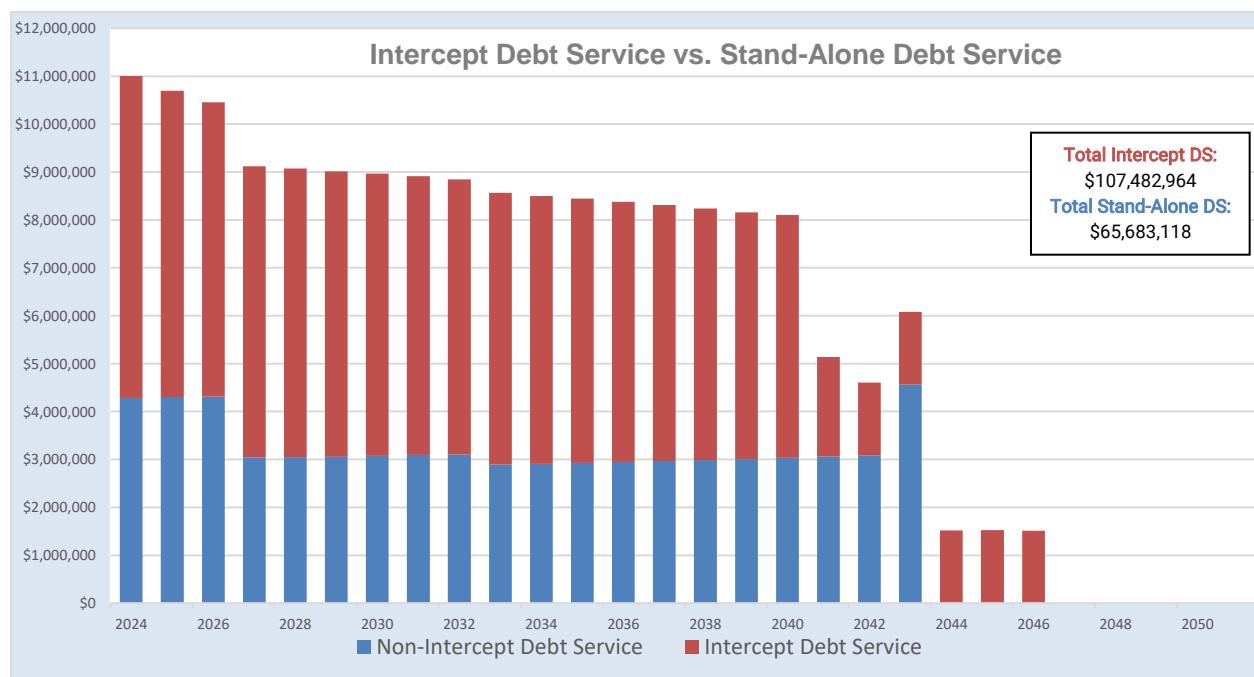
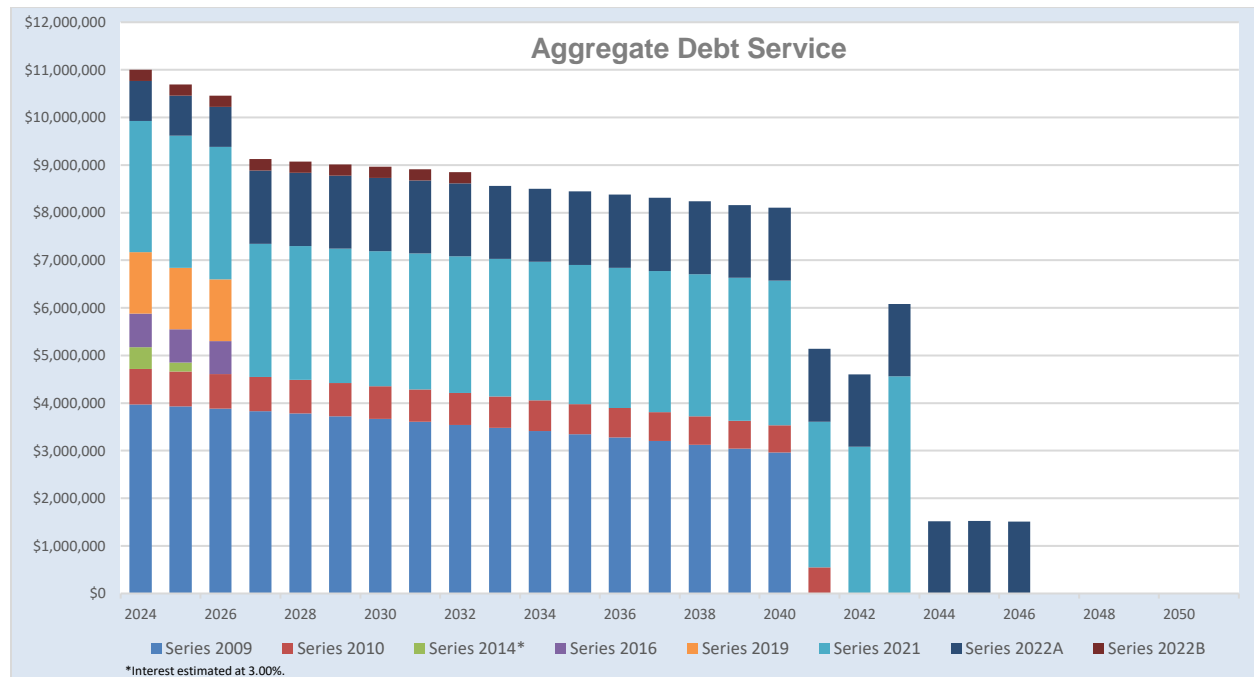


*Ratings are displayed in order of Moody's, S&P, and Fitch

Metropolitan State University



Location: Denver
Underlying Ratings: A1, A, N/A*
State Intercept Enhanced Ratings: Aa2, N/A, N/A*
Most Recent Agency Rating: August 2023
Pre-Approved for Intercept? Yes
Pre-Approval Amount: \$1.154 Billion



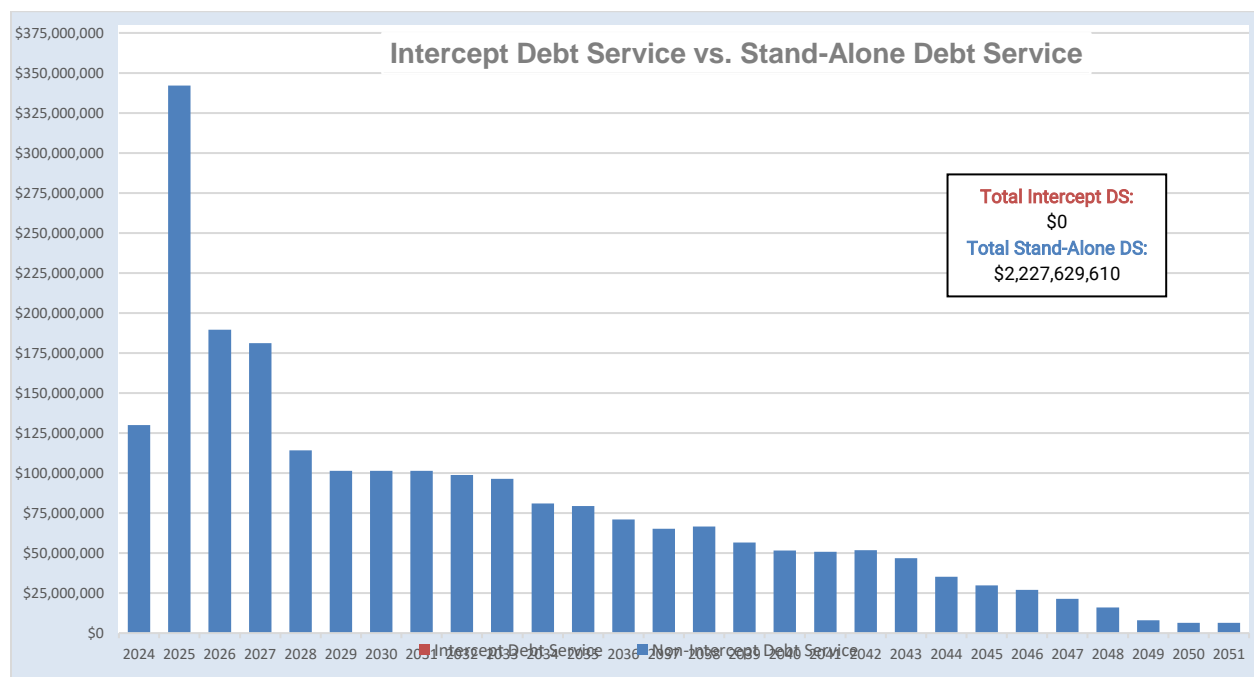
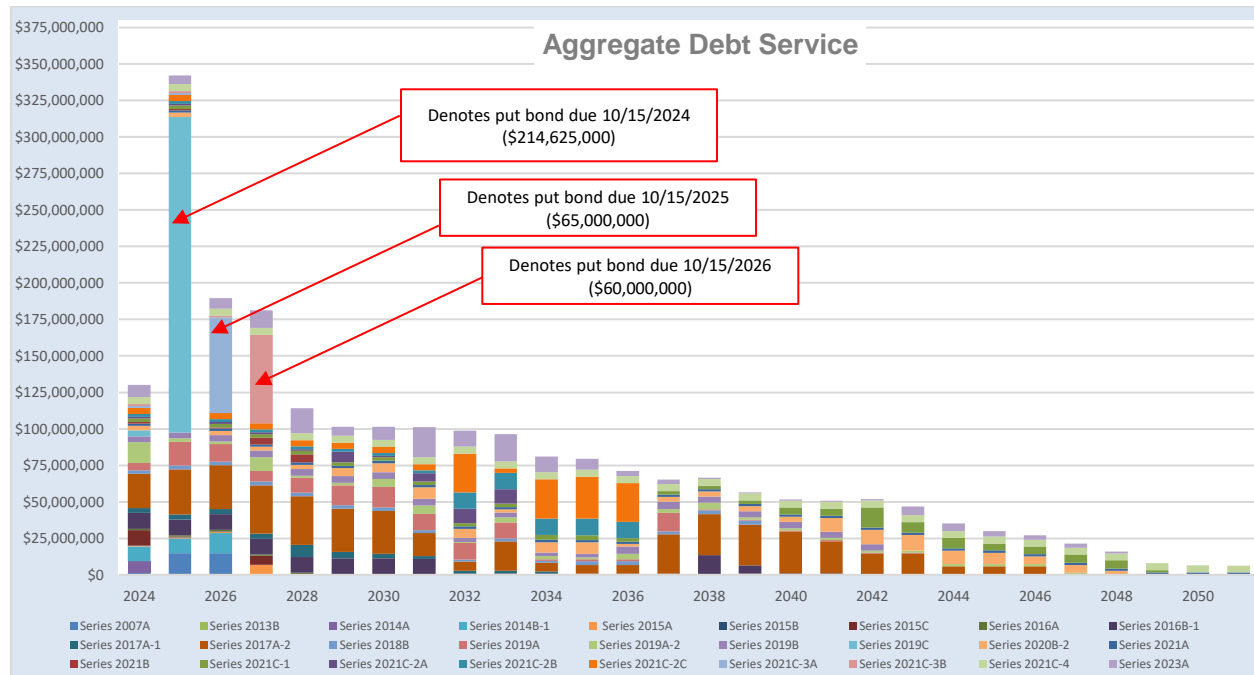
*Ratings are displayed in order of Moody's, S&P, and Fitch

University of Colorado



University of Colorado
Boulder | Colorado Springs | Denver | Anschutz Medical Campus

Location: Various
Underlying Ratings: Aa1, N/A, AA+*
State Intercept Enhanced Ratings: N/A, N/A, N/A*
Most Recent Agency Rating: June 2022
Pre-Approved for Intercept? Yes
Pre-Approval Amount: \$4.226 Billion



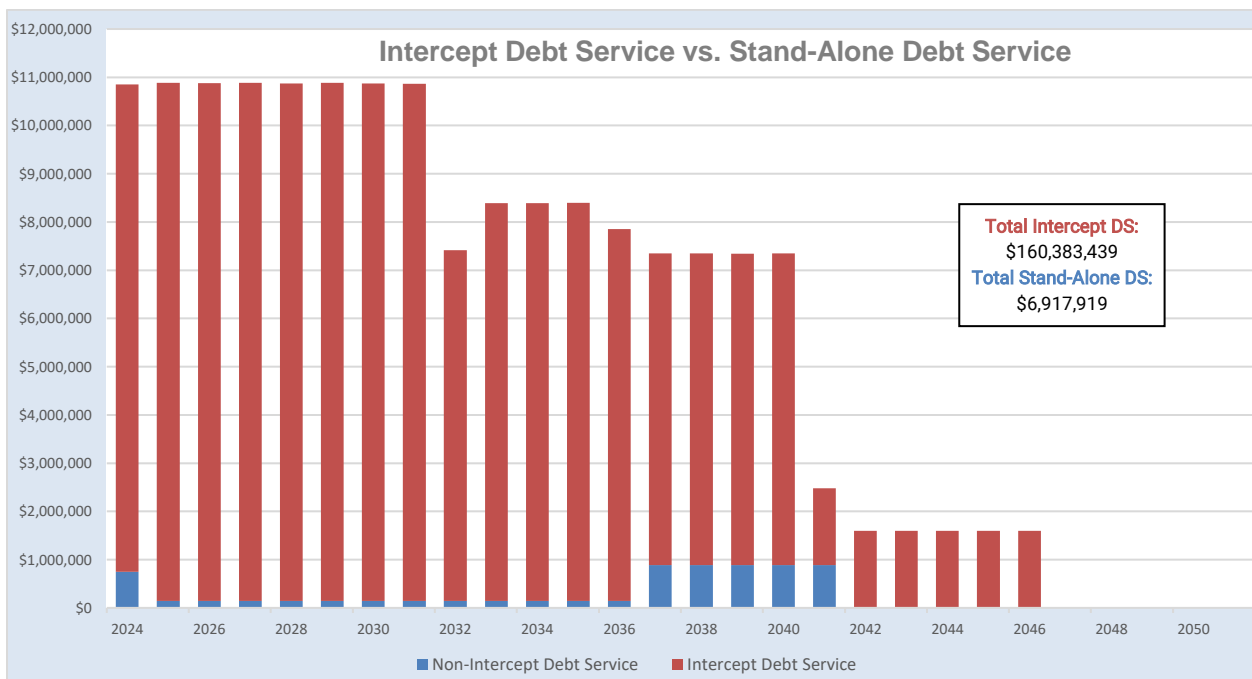
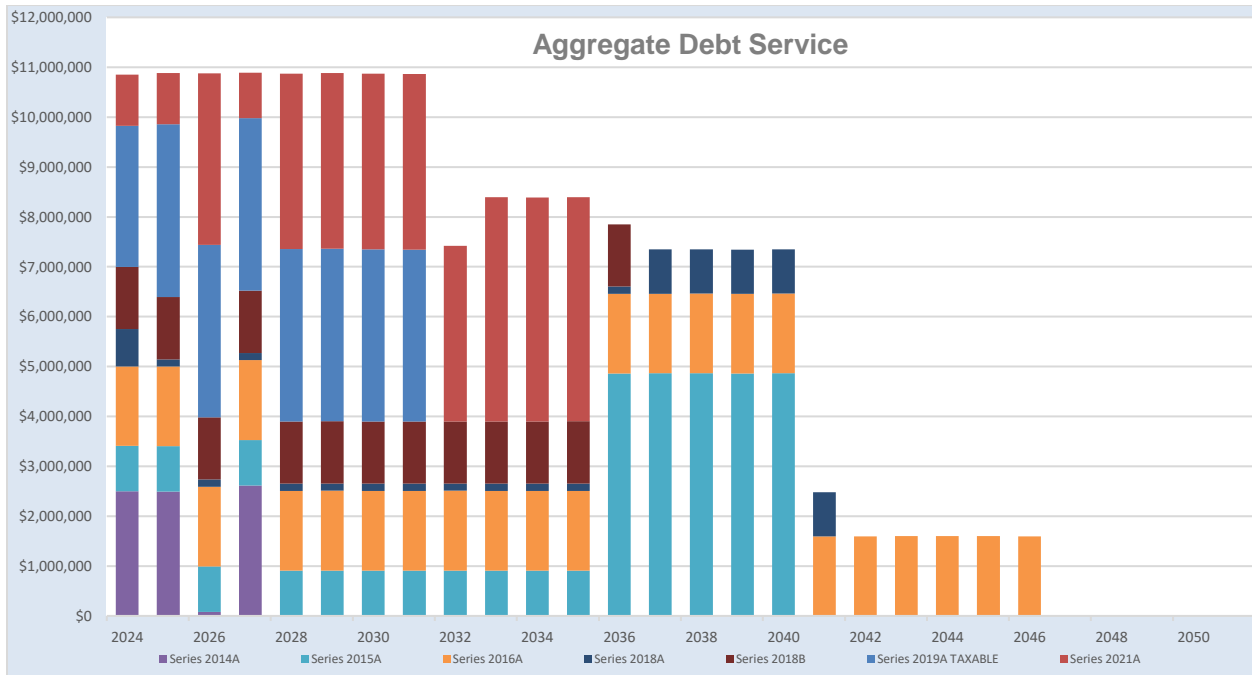
*Ratings are displayed in order of Moody's, S&P, and Fitch

University of Northern Colorado

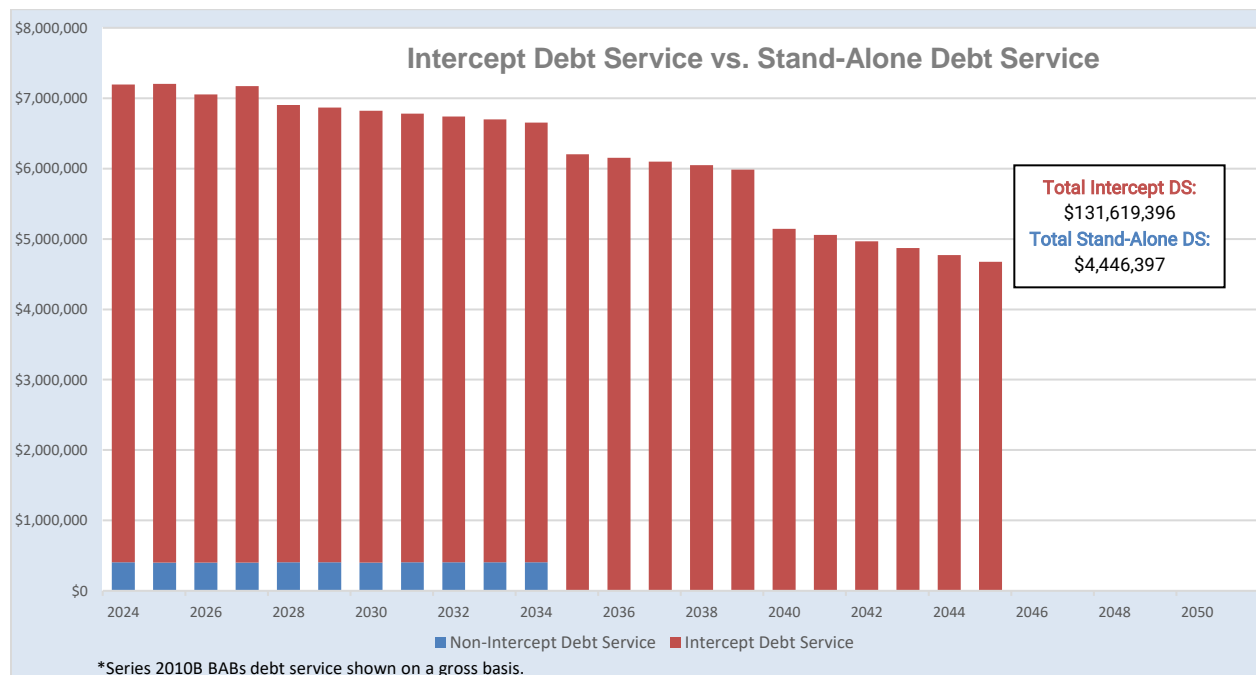
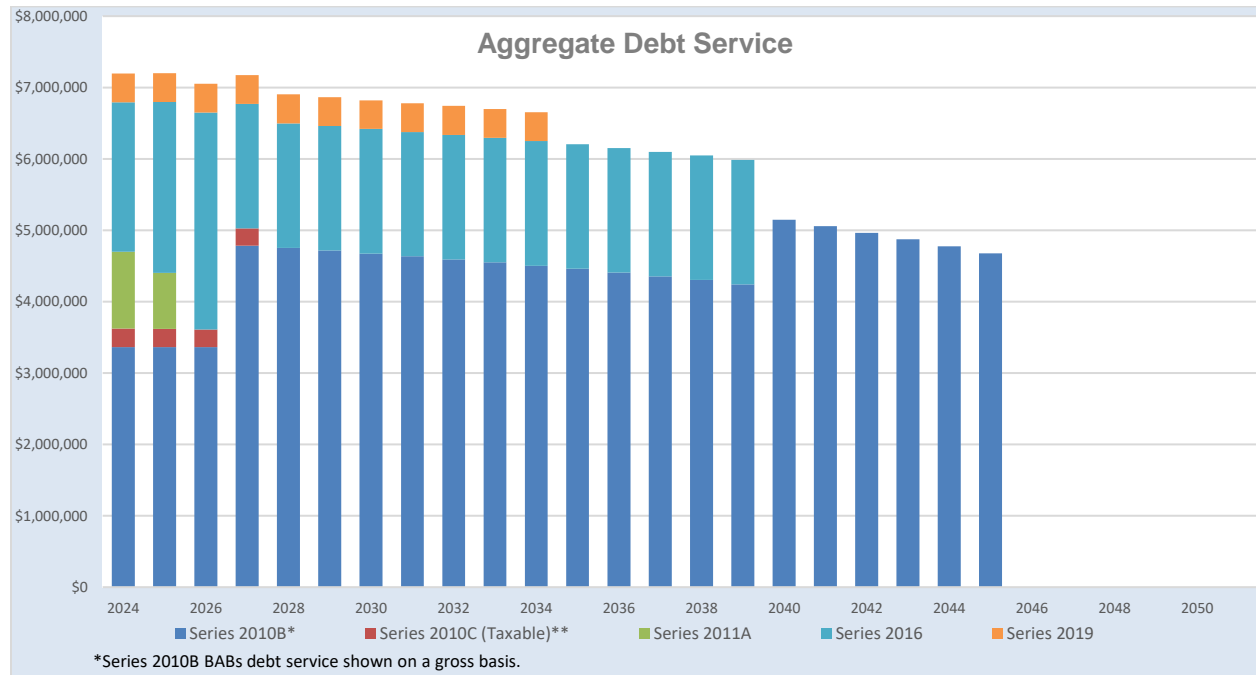


UNIVERSITY OF
**NORTHERN
COLORADO**

Location: Greeley
Underlying Ratings: A3, A-, N/A*
State Intercept Enhanced Ratings: Aa2, AA-, N/A*
Most Recent Agency Rating: June 2022
Pre-Approved for Intercept? Yes
Pre-Approval Amount: \$665.548 Million



Location: Gunnison
Underlying Ratings: A3, N/A, N/A*
State Intercept Enhanced Ratings: Aa2, N/A, N/A*
Most Recent Agency Rating: April 2022
Pre-Approved for Intercept? No
Pre-Approval Amount: \$155.591 Million



Appendix: Credit Reports