


Colorado Legislative Council Staff Fiscal Note
STATE
FISCAL IMPACT

Drafting Number: LLS 10-0416

Date: February 3, 2010

Prime Sponsor(s): Sen. Bacon

Bill Status: Senate Education

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TITLE: CONCERNING AUTHORIZATION FOR AN INSTITUTION OF HIGHER EDUCATION TO APPLY FOR STIPENDS FROM THE COLLEGE OPPORTUNITY FUND.

Fiscal Impact Summary	FY 2010-2011	FY 2011-2012
State Revenue		
State Expenditures		
General Fund		
College Opportunity Fund	at least \$442,952*	at least \$442,952*
Department of Higher Education	\$17,500	
FTE Position Change		
Effective Date: Upon signature of the Governor, or upon becoming law without his signature.		
Appropriation Summary for FY 2010-2011: See State Appropriations section.		
Local Government Impact: None.		

**Actual expenditures are anticipated to be higher. See State Expenditures section.*

Summary of Legislation

Under current law, resident undergraduate students are eligible to have tuition stipends paid to schools on their behalf from the College Opportunity Fund (COF). Eligible students must apply for the program, be approved, and enroll in a state or participating private institution of higher education. Once enrolled, the student must authorize the stipend before the stipend can be applied to their tuition. This bill permits the institution to make the application on behalf of an enrolled student, if the student gives his or her permission.

Background

In 2005, the first year of COF, approximately 145,000 eligible students took advantage of stipends and 11,000 did not. These latter students paid more out of pocket for college tuition by not taking advantage of state assistance. In 2007, approximately 150,400 eligible students took advantage of stipends and 6,600 did not. The participation rate increased from 93 percent to 96 percent between 2005 and 2007. Senate Bill 10-064 targets the remaining unenrolled student population by allowing the schools, with the student's permission, to enroll him or her in COF. Students are still required to authorize the stipend as part of the course registration process at the schools.

State Expenditures

In FY 2010-11, this bill will increase General Fund appropriations by at least \$460,452 in the Department of Higher Education. In FY 2011-12, General Fund appropriations to the department will increase by at least \$442,952. These state expenditures are for increased stipends from the College Opportunity Fund and for information technology system modifications.

College Opportunity Fund – at least \$442,952. This bill will increase the number of students who apply for the COF stipend, thereby increasing the appropriation from the General Fund. In the current fiscal year, at least 6,514 COF eligible credit hours were not authorized by students at state institutions of higher education. The current amount of the COF stipend is \$68 per credit hour. The stipend amount for FY 2010-11 has not been set. Assuming no increase from the current amount, if all students choose to accept the state money, General Fund appropriations will increase by at least \$442,952 (6,514 credit hours * \$68 COF stipend = \$442,952). This fiscal note further assumes that each fiscal year, virtually all of the unenrolled student population will participate in COF and that a similar increase can be anticipated each year.

Table 1 identifies the COF eligible credit hours by school. Although all state institutions were asked to provide this data only schools identified in Table 1 responded. This fiscal note assumes that there are unauthorized credit hours at each school, and that the total increase in appropriations for the stipend will exceed the estimate provided here. This fiscal note will be updated as additional responses are received from the schools.

Table 1. Unauthorized COF Eligible Credit Hours by School		
Institution	Unauthorized Credit Hours	Increase to COF Appropriations*
Colorado State University System	2,858	\$194,344
Fort Lewis College	72	4,896
Metropolitan State College of Denver	3,531	240,108
Adams State College	26	1,768
Mesa State College	27	1,836
TOTAL	6,514	\$442,952

* Assumes a COF rate of \$68 per credit hour.

Information Technology – \$17,500. This bill requires that the Department of Higher Education modify existing information systems to allow schools to process applications using multiple forms of valid identification. Currently, only Colorado driver's licenses and state-issued Colorado identification cards can be used online with the department to verify lawful eligibility for COF. Since the schools may accept other forms of valid identification, information systems must be modified to permit the schools to process applications through the department. These costs are estimated to be \$17,500 General Fund in FY 2010-11 only.

State Appropriations

In FY 2010-11, the Department of Higher Education requires a General Fund appropriation of \$17,500. The College Opportunity Fund requires a minimum increase of \$442,952 General Fund.

Departments Contacted

Higher Education