


Colorado Legislative Council Staff Fiscal Note
STATE
FISCAL IMPACT

Drafting Number: LLS 12-0270
Prime Sponsor(s): Rep. Massey
 Sen. Bacon

Date: February 21, 2012
Bill Status: House Education
Fiscal Analyst: Josh Abram (303-866-3561)

TITLE: CONCERNING MEASURES TO INCREASE THE TIMELY COMPLETION OF POSTSECONDARY DEGREES.

Fiscal Impact Summary	FY 2012-2013	FY 2013-2014
State Revenue		
State Expenditures		
General Fund appropriation to College Opportunity Fund - increase	\$570,513	
General Fund appropriation to College Opportunity Fund - reduction	(potential savings)	(potential savings)
FTE Position Change	5.0 FTE	
Effective Date: August 8, 2012, if the General Assembly adjourns on May 9, 2012, as scheduled, and no referendum petition is filed.		
Appropriation Summary for FY 2012-2013: See State Appropriations section.		
Local Government Impact: None.		

Summary of Legislation

This bill:

- specifies the minimum indicators of a student's academic performance that institutions of higher education use to determine the eligibility of first-time freshman and transfer students;
- modifies the policies that the Colorado Commission on Higher Education (CCHE) establishes by which state institutions of higher education offer remedial education and ensures that the policies align with admissions policies;
- requires the Department of Higher Education (DHE) to share the annual enrollment report with the Colorado Department of Education, in addition to other education policy makers;
- clarifies the CCHE's authority in defining an institution's role and mission;
- reduces a student's lifetime limit of College Opportunity Fund (COF) stipends from 145 to 140 credit hours;
- directs the CCHE to adopt policies to reduce the lifetime limit for state supplied need-based financial aid from 145 to 140 credit hours;

- prohibits a student from receiving COF stipends for any course in which he or she has been enrolled two or more times and received a grade of incomplete; and
- requires the CCHE to analyze the effects of reducing COF and financial aid eligibility to inform the CCHE's recommendations for models of performance funding in higher education.

State Revenue

The bill reduces the lifetime limit of COF stipends and need-based financial aid for eligible students. Since the bill takes effect in August 2012, any student who has at that time reached 140 credit hours will lose eligibility for the remaining 5 credit hours of stipends; however, current law allows for a waiver of the limit, so students who have reached the new limit but still require credits toward completion may have options for extending eligibility. Generally, the total credit hours for a baccalaureate degree are 120 to 130 credits.

Assuming no waiver is provided, students who have reached the limit must pay the full resident amount of tuition for these 5 additional credits. The COF stipend serves to "buy down" the resident tuition rate for eligible students. By limiting the lifetime limit, some students will have to pay the full amount of the resident tuition rate for any undergraduate credit hour in excess of 140 credit hours; however, the institution's tuition revenue is unchanged.

Over time, limiting the amount a student is eligible to receive in stipends or need-based financial aid does not change the total amount of annual appropriations to the system of higher education. That amount is set annually by the General Assembly.

State Expenditures

Department of Higher Education. Generally, the bill broadens the authority of the CCHE to establish policies for admission standards and remedial education. These are ongoing responsibilities of the commission and not anticipated to require an increase in appropriations for either the CCHE or the DHE.

Because the bill places limitations on current eligibility to receive the COF stipend, a small cost savings may also be anticipated for the COF appropriation. Some students will no longer be able to access 5 credit hours of COF stipends, or stipends for classes that have been repeated unsuccessfully. As a result of limiting eligibility, savings to the COF appropriation is assumed to be minimal.

Institutions of higher education: In FY 2012-13 only, this bill will increase state expenditures at institutions of higher education by \$570,513. The state institutions of higher education will have implementation costs to reprogram and test student record management systems to account for the limited eligibility for COF stipends and need-based financial aid.

Most institutions of higher education subscribe to the Banner system, an integrated data system linking financial aid, registration, student services, accounting, and other systems within the schools' computer systems. All Banner users will have increased costs for the necessary system-wide software modifications by the vendor. Based on similar modifications made in the past, this one-time cost is estimated at \$214,000. The institutions that use Banner share the cost of system-wide upgrades in proportion to their student enrollment.

In addition to shared costs, each institution of higher education will have independent costs to install and test the software modifications received from the vendor. In FY 2012-13 only, this equates to additional information technology staff at each institution of higher education, for a total combined cost of \$356,513 and 5.0 FTE (0.5 FTE at each of 10 institutions). In addition to technology costs, each institution will have increased administrative work in the offices of financial aid, the registrar, and the bursar, to adjust systems and communicate changes to students; however, as records management, data-tracking, reporting, and student communication are ongoing responsibilities for the institutions, no additional appropriation for administrative effort is required. The information technology costs for the institutions are summarized in Table 1.

Table 1. Expenditures Under House Bill 12-1155	
Cost Components	FY 2012-13
Personal services	\$334,398
FTE	5.0
Operating expenses and capital outlay	22,115
Banner system modifications	214,000
TOTAL	\$570,513

State Appropriations

State funding for the governing boards of the institutions of higher education are provided through the College Opportunity Fund appropriation. For FY 2012-13, this bill requires that the College Opportunity Fund appropriation be increased by \$570,513 General Fund.

Departments Contacted

Higher Educaiton