

Colorado Legislative Council Staff Fiscal Note

**STATE  
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FISCAL IMPACT**

**Drafting Number:** LLS 14-0314 **Date:** April 21, 2014  
**Prime Sponsor(s):** Rep. Pettersen; McNulty **Bill Status:** House Education  
 Sen. Ulibarri; Crowder **Fiscal Analyst:** Josh Abram (303-866-3561)

**SHORT TITLE:** HIGHER EDUCATION TUITION ASSISTANCE

Fiscal Impact Summary*	FY 2014-2015	FY 2015-2016
<b>State Revenue</b>	Potential Gifts, Grants, or Donations	
<i>State Transfers</i>		
Financial Need Scholarship Fund	(\$33,588,500)	
Colorado Opportunity Pipeline Program Fund	\$33,588,500	
<b>State Expenditures</b>		
General Fund		Up to \$30,000,000
Cash Funds	Up to \$33,588,500	
<b>FTE Position Change</b>		
<b>Appropriation Required:</b> None. Funds are continuously appropriated to the DHE.		

\* This summary shows changes from current law under the bill for each fiscal year. Transfers result in no net change to state revenue. Parentheses indicate a decrease in funds.

**Summary of Legislation**

This bill creates the Colorado Opportunity Pipeline Program (program) in the Department of Higher Education (DHE) to award tuition assistance to state residents, and to develop community partnerships that provide support services for students in the higher education system. The executive director of the DHE must appoint a director for the program from existing personnel, and a newly created advisory board is responsible for creating rules for administration of the program. The advisory board consists of the members of the State Work Force Development Council and three representatives of higher education appointed by the Governor. The advisory board serves without compensation.

In creating rules for the program, the advisory board must identify the criteria for selecting organizations to participate in the program to provide student support services, criteria for eligibility of students to apply for and receive grants, rules establishing permissible uses of grant scholarship money, criteria for evaluating the program's impact on higher education outcomes, and other related rules and criteria. No later than May 30, 2015, the advisory board must prepare and submit to the program director any recommendations for the General Assembly to improve implementation of the program. No later than June 30, 2015, the program director must report the recommendations to the education committees of the legislature.

Not more than ten percent of available moneys may be awarded to state agencies or nonprofit organizations for the provision of student support services. Any money in the fund not used for support services or for the DHE's administrative expenses must be used to provide tuition assistance to eligible Colorado students. Tuition assistance may take the form of direct awards, matching incentives to create or increase the number of other scholarships, loans with a progressive repayment structure, or any combination thereof.

The bill creates the Colorado Opportunity Pipeline Fund which consists of any money appropriated to the fund by the General Assembly, money transferred to the fund, and any money obtained by the DHE from private gifts, grants, or donations. Moneys in the fund are continuously appropriated to the DHE, and the department may spend not more than three percent of money to pay the direct and indirect cost of administering the program. Effective September 1, 2014, the bill transfers the balance of the Financial Need Scholarship Fund to the Pipeline Fund. Finally, the bill requires that the General Assembly appropriate \$30 million to the fund for FY 2015-16.

### **State Revenue**

The bill permits the DHE to accept private gifts, grants, or donations for the fund. No amount of private funding has been identified.

**State transfers.** Effective September 1, 2014, the bill transfers an estimated \$33.6 million from the Financial Need Scholarship Fund to the Pipeline Fund.

### **State Expenditures**

This bill increases state expenditures by up to \$30 million annually for need-based financial aid, for partnerships with state agencies and nonprofit organizations providing student support services, and for administrative purposes. For FY 2014-15, about \$33.6 million is available; however, this fiscal note assumes that this balance will not be fully spent in FY 2014-15.

The DHE will have the following administrative activities to implement and run the program:

- staff and coordinate the activities of the advisory board to adopt necessary rules;
- communicate recommendations of the board to the General Assembly;
- convene stakeholders and other interested parties capable of providing student support services;
- issue a request for proposals and evaluating grant applications from partner agencies;
- create a method for awarding tuition assistance to individual students; and
- award money from the fund and ensure accountability.

For FY 2014-15, up to \$900,000 may be used for these administrative purposes; however, the DHE's actual cost for administration is estimated well below this amount. Since the bill requires that the director be appointed from within existing staff, this fiscal note assumes the department will use the allowable overhead to purchase contracted services. These services are estimated at about \$130,000 annually, calculated based on the administrative cost of 1.5 FTE to direct the program and provide the necessary administrative assistance. Up to \$3.0 million may awarded to state agencies or nonprofit organizations, and the remaining balance (about \$29.7 million) may be used to provide tuition assistance.

### **Effective Date**

The bill takes effect August 6, 2014, if the General Assembly adjourns on May 7, 2014, as scheduled, and no referendum petition is filed.

**State Appropriations**

The bill does not require an appropriations clause. Money in the Colorado Opportunity Pipeline Fund is continuously appropriated to the Department of Higher Education to implement the bill.

**State and Local Government Contacts**

Higher Education

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