



**Colorado
Legislative
Council
Staff**

HB17-1164

FISCAL NOTE

FISCAL IMPACT: State Local Statutory Public Entity Conditional No Fiscal Impact

Drafting Number: LLS 17-0840
Prime Sponsor(s): Rep. Everett
Sen. Marble

Date: February 23, 2017
Bill Status: House Education
Fiscal Analyst: Anna Gerstle (303-866-4375)

BILL TOPIC: HIGHER ED REVIEW DEGREE PROGRAM COSTS & OUTCOMES

Fiscal Impact Summary	FY 2017-2018	FY 2018-2019
State Revenue		
State Expenditures	\$945,122	\$580,266
General Fund	875,719	508,865
Centrally Appropriated Costs	69,403	71,401
FTE Position Change	9.6 FTE	6.0 FTE
Appropriation Required: \$533,719 - Department of Higher Education (FY 2017-18). \$342,000 - Institutions of Higher Education (FY 2017-18).		
Future Year Impacts: Ongoing expenditure increase through FY 2025-26.		

Summary of Legislation

The bill requires the Colorado Commission on Higher Education (CCHE) to conduct a review of and report on all undergraduate and graduate degree programs offered by a state institution of higher education.

Report components. The review and report must include the following components:

- the year the program was established;
- the number of degrees awarded;
- average number of students enrolled in the current and two previous academic years;
- required credits and time to complete the program;
- average number of credits earned by students completing the program;
- the number of faculty and all costs associated with each program;
- projected jobs in Colorado over next ten years related to the degree program field;
- employment rate of degree program graduates two, five, and ten years after graduation;
- average annual earnings of graduates; and
- federal student loan default rate for graduates.

Reports must also include any degree programs that have been discontinued in the previous five years, or those that CCHE recommends be discontinued. If CCHE is unable to complete a portion of the report, the report must include the reason and a description of the missing information.

Return on investment analyses. As part of the report, CCHE must also identify the highest cost undergraduate and graduate degree programs and the degree programs with the lowest employment and earning outcomes, and, for the 20 percent of programs with the highest cost and the 20 percent with the lowest employment and earning outcomes, analyze the return on investment to graduates of the degree program and to the institution.

Timeline. For undergraduate and graduate degree programs offered by the University of Colorado and Colorado State University, the report must be completed by January 1, 2018. For degree programs offered by all other institutions of higher education, the report must be completed by January 1, 2020. Beginning January 1, 2022, an updated report on all degree programs offered by state institutions of higher education must be completed every two years. All reports must be submitted to the Joint Budget Committee, and education committees of the General Assembly.

The bill is repealed July 1, 2026.

Background

Colorado Commission on Higher Education. CCHE is located within the Department of Higher Education (DHE), and serves as the central policy and coordinating board for state supported institutions of higher education. Among other things, CCHE is charged with implementing and adopting higher education policy, including but not limited to tuition and admissions standards, financial reporting, master planning, course credit, capital construction, and technology transfers.

Available data. Currently, some of the data required by the bill is already submitted by institutions to DHE, or partially available through other sources. Data that is currently submitted includes program enrollment and degrees awarded. Additionally, some of the required data is available by institution, rather than by degree.

State Expenditures

The bill increases General Fund expenditures in the Department of Higher Education by \$945,123 and 5.8 FTE in FY 2017-18, and \$580,266 and 6.0 FTE beginning in FY 2018-19. The bill also increases expenditures for the institutions of higher education. Specific impacts are listed in Table 1.

Table 1. Expenditures Under HB 17-1164		
Cost Components	FY 2017-18	FY 2018-19
Personal Services	\$490,585	\$503,165
FTE - DHE	5.8 FTE	6.0 FTE
Operating Expenses and Capital Outlay Costs	43,134	5,700
Institutions of Higher Education	342,000	see below
FTE - Institutions of Higher Education	3.8 FTE	
Centrally Appropriated Costs*	69,403	71,401
TOTAL	\$945,122	\$580,266

* Centrally appropriated costs are not included in the bill's appropriation.

Assumptions. State institutions of higher education offer a total of 2,176 degree programs. Of these, 505 are offered by the University of Colorado and 295 by Colorado State University and must be analyzed by January 1, 2018; 1,376 are offered by all other institutions and must be analyzed by January 1, 2020.

Based on the requirement that a return on investment analysis be completed for the 20 percent of programs with the highest cost and the 20 percent with the lowest employment and earning outcomes, 320 return on investment analyses will be required for CU and CSU degree programs in FY 2017-18, and 275 for programs at other institutions in FY 2018-19. Another 275 analyses will be required in FY 2019-20, but those costs are not included in the fiscal note. In addition, the fiscal note assumes the following:

- 15 hours of staff time in DHE per degree program for program review;
- 10 hours per degree program for the institution to compile and submit the information; and
- an average of five hours of staff time in DHE per return on investment analysis, assuming increased efficiencies once a standardized process has been established.

Department of Higher Education. DHE requires 5.8 FTE in FY 2017-18 and 6.0 in FY 2018-19 and FY 2019-20 build out the SURDS data system, work with institutions on data submittal, conduct the required analyses on data student outcomes, and compile the required report. The FTE amount in FY 2017-18 assumes a September 1, 2017 start date and is prorated to account for the General Fund paydate shift.

Institutions of higher education. The bill increases the workload and expenditures for state institutions of higher education. In FY 2017-18, the University of Colorado and Colorado State University require additional expenditures of \$342,000 to compile and provide the required data to DHE in FY 2017-18. Assuming 10 hours per degree program and approximately \$90,000 in salary and benefits per FTE, the University of Colorado requires \$216,000 and 2.4 FTE, and Colorado State University requires \$126,000, and 1.4 FTE in FY 2017-18. FTE may be divided among functions, as determined by each institution.

For all other institutions, which must compile and provide the required data to DHE in FY 2018-19 and FY 2019-20, the projected FTE increase ranges from 0.3 to 3.8 FTE per institution, with costs varying between institutions. The fiscal note assumes that initial work will be accomplished within existing appropriations and that each institution will request additional resources through the annual budget process.

Centrally appropriated costs. Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. The centrally appropriated costs subject to this policy are estimated in the fiscal note for informational purposes and summarized in Table 2.

Cost Components	FY 2017-18	FY 2018-19
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$25,444	\$26,315
Supplemental Employee Retirement Payments	43,959	45,086
TOTAL	\$69,403	\$71,401

Technical Note

The bill requires the report on degree programs at the University of Colorado and Colorado State University to be complete by January 1, 2018. Assuming a September 1, 2017, start date, the report will not be complete until March 1, 2018.

Effective Date

The bill takes effect August 9, 2017, if the General Assembly adjourns on May 10, 2017, as scheduled, and no referendum petition is filed.

State Appropriations

For FY 2017-18, the bill requires the following General Fund appropriations:

- \$533,719 and an allocation of 5.8 FTE to the Department of Higher Education;
- \$216,000 and an allocation of 2.4 FTE to the University of Colorado; and
- \$126,000 and an allocation of 1.4 FTE is allocated to Colorado State University.

State and Local Government Contacts

Higher Education