BILL TOPIC: INFORMATION ON PRIVATE OCCUPATIONAL SCHOOLS

Summary of Legislation

Under current law, private occupational schools (schools) are required to provide program offerings and a schedule of tuition and fees to students. The bill expands the required information and requires that schools annually collect this information for each campus or location, and provide it to prospective students and the Department of Higher Education (DHE). The additional information includes:

- program completion rates;
- student transfer rates from the school to other institutions of higher education;
- the percentage of students employed after exiting the program;
- the median salary of students after exiting the program;
- if the school participates in federal student loan program, the average and median per-student amount of federal student local debt, the per-student federal loan repayment rate, and the cohort default rate after exiting the program; and
- legal barriers to entry into an occupation for which the school offers a training program.

The bill allows the Private Occupational School Board in the DHE to prescribe policies and procedures to collect the required information and determine on a case-by-case basis if the required information is unavailable or that the time frame for the disclosure is unreasonably burdensome.
The bill requires that DHE use the information collected from schools to populate a free, online, comparative tool no later than July 1, 2018. To the extent possible, the tool must also include:

- information from training and apprenticeship programs and state institutions of higher education;
- information related to selecting a career, including jobs that will be in demand in the next 10 years and training required for those jobs; and
- program costs, program completion rates, aggregate employment and earnings information of former students, and aggregate information about student loan debt for each program offered by a private occupation school.

Schools must provide any additional information required by DHE to populate the comparative tool, including student-level records that may help determine transfers and employment information. As part of its SMART Act hearing prior to the start of the 2018 and 2019 legislative sessions, DHE must report on the implementation of the bill.

Background

**Definition of private occupational schools.** Colorado law defines private occupational schools as any entity or institution for profit or not for profit which offers educational credentials or educational services designed to facilitate the vocational, technical, or occupational development. Services may include vocational or technical training for gainful employment as semiskilled or skilled workers or technicians in occupations that require less than a four-year baccalaureate degree.

**Division of Private Occupational Schools.** The Division of Private Occupational Schools (DPOS) in the DHE is charged with regulating private occupational schools and their educational services. Private occupational schools must be approved by the DPOS and file changes to programs, courses, agents, location with DPOS. In FY 2016-17, DPOS received an appropriation of $656,642 and 7.8 FTE from the fee-funded DPOS Cash Fund. Fees are set annually and cannot be changed midyear; as a result, the bill requires a General Fund appropriation. There are currently 352 private occupational schools in Colorado and approved to market to Colorado.

State Expenditures

**The bill increases General Fund expenditures in DHE by $297,740 and 1.0 FTE in FY 2017-18 and $114,023 and 0.7 FTE in FY 2018-19.** DHE has compiled some information from various private occupational schools, and private and public institutions of higher education on several different websites, and can use an existing website as the foundation for the new comparative tool. The bill expands the data that DHE must collect from private occupational schools, moves up the implementation timeline, and expands the scope and functionality of the website. As a result, the fiscal note assumes that while a portion of the comparative tool will be available by July 1, 2018, work will continue into FY 2018-19. The expenditures are listed in Table 1 and discussed below.
Table 1. Expenditures Under SB 17-118

<table>
<thead>
<tr>
<th>Cost Components</th>
<th>FY 2017-18</th>
<th>FY 2018-19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal Services</td>
<td>$80,494</td>
<td>$55,336</td>
</tr>
<tr>
<td>FTE</td>
<td>1.0 FTE</td>
<td>0.7 FTE</td>
</tr>
<tr>
<td>Operating Expenses and Capital Outlay Costs</td>
<td>5,653</td>
<td>665</td>
</tr>
<tr>
<td>IT Costs</td>
<td>200,000</td>
<td>50,000</td>
</tr>
<tr>
<td>Centrally Appropriated Costs*</td>
<td>11,593</td>
<td>8,022</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$297,740</td>
<td>$114,023</td>
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* Centrally appropriated costs are not included in the bill’s appropriation.

**Personal services.** DHE requires $81,055 and 1.0 FTE in FY 2017-18 and $55,336 and 0.7 FTE beginning in FY 2018-19 to meet the bill’s requirements. The FTE includes a project manager to oversee the development of the comparative tool and conduct outreach and training to schools, as well as a data analyst to collect the initial data and oversee ongoing updates and maintenance to the online tool. The fiscal note assumes that work on the tool will occur in FY 2017-18 and FY 2018-19 and that in subsequent years, costs will decrease once the tool only requires ongoing maintenance and updating. The FTE has been prorated to reflect an assumed September 2017 start date and the General Fund paydate shift.

**IT costs.** DHE requires $200,000 in FY 2017-18 and $50,000 annually beginning in FY 2018-19 to build and maintain the comparative tool. The cost is based on similar projects, and initial costs include public-facing and data collection components, as well as licensing fees.

**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.

Table 2. Centrally Appropriated Costs Under SB17-118

<table>
<thead>
<tr>
<th>Cost Components</th>
<th>FY 2017-18</th>
<th>FY 2018-19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Insurance (Health, Life, Dental, and Short-term Disability)</td>
<td>$4,380</td>
<td>$3,064</td>
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<tr>
<td>Supplemental Employee Retirement Payments</td>
<td>7,213</td>
<td>4,958</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$11,593</td>
<td>$8,022</td>
</tr>
</tbody>
</table>

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. The provisions related to the information that must be disclosed to prospective students and the DHE go into effect January 1, 2018.
State Appropriations

In FY 2017-18, the bill requires a General Fund appropriation of $286,147 and an allocation of 1.0 FTE to the Department of Higher Education.

State and Local Government Contacts

Higher Education      Information Technology