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FISCAL NOTE

Drafting Number:	LLS 18-0679	Date:	February 26, 2018
Prime Sponsors:	Rep. Everett Sen. Smallwood	Bill Status:	House Education
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Bill Topic: HIGHER ED REVIEW DEGREE PROGRAM COSTS & OUTCOMES

- Summary of Fiscal Impact:**
- | | |
|---|--|
| <input type="checkbox"/> State Revenue | <input type="checkbox"/> TABOR Refund |
| <input checked="" type="checkbox"/> State Expenditure | <input type="checkbox"/> Local Government |
| <input type="checkbox"/> State Transfer | <input type="checkbox"/> Statutory Public Entity |

The bill requires the Department of Higher Education to conduct a regular review and analysis of undergraduate degree programs. The bill increases state expenditures beginning in FY 2018-19 on an ongoing basis.

Appropriation Summary: The bill requires an appropriation of \$305,318 to the Department of Higher Education.

Fiscal Note Status: This fiscal note reflects the introduced bill.

Table 1
State Fiscal Impacts Under HB 18-1226

		FY 2018-19	FY 2019-20
Revenue		-	-
Expenditures	General Fund	\$305,318	\$62,797
	Centrally Appropriated	\$24,198	\$9,887
	Total	\$329,516	\$72,654
	Total FTE	2.5 FTE	1.0 FTE
Transfers		-	-

Summary of Legislation

The bill requires the Colorado Commission on Higher Education (CCHE) to conduct a regular review and report of undergraduate degree programs offered by four-year institutions of higher education.

Report components. The review and report must include an analysis of undergraduate degree program costs and student outcomes, as well as the following components:

- the year the program was established;
- the number of degrees awarded annually;
- 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 degree;
- average cost to complete the degree for in-state students;
- number of faculty and all costs associated with each program;
- projected jobs in Colorado over the next ten years related to the degree program;
- employment rate of degree program graduates two, five, and ten years after graduation;
- average annual earnings of graduates two, five, and ten years after graduation; and
- federal student loan default rate for graduates.

Should the required components be unavailable, CCHE may use the best available non-degree or non-institution specific aggregate data from state and federal agencies, or other reliable sources to complete the review and report. If CCHE is unable to complete a portion of the required report, an explanation of the reason must be included in the report.

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

Timeline. By January 1, 2019, CCHE must review undergraduate degree programs offered by the University of Colorado and Colorado State University systems. By January 1, 2021, CCHE must complete the review and report for all other undergraduate degree programs, excluding community colleges, area technical colleges, and local district colleges. On or after January 1, 2023 and every two years thereafter, the CCHE must review all programs and provide an updated report. The reports must be submitted to the Joint Budget Committee and the Education Committees of the General Assembly. The bill is repealed July 1, 2027.

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 degree.

State Expenditures

The bill increases General Fund expenditures in the Department of Higher Education by \$329,516 and 2.5 FTE in FY 2018-19, and \$72,654 and 1.0 FTE in FY 2019-20. The bill also increases workload and costs for institutions of higher education.

Table 2
Expenditures Under HB 18-1226

	FY 2018-19	FY 2019-20
Department of Higher Education		
Personal Services	\$148,834	\$61,817
Operating Expenses and Capital Outlay Costs	\$16,484	\$950
Contracting Costs	\$140,000	-
Centrally Appropriated Costs*	\$24,198	\$9,887
FTE – Personal Services	2.5 FTE	1.0 FTE
Total Cost	\$329,516	\$72,654
Total FTE	2.5 FTE	1.0 FTE

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

Data and assumptions. The state institutions of higher education included in the bill currently offer 612 undergraduate degrees. Of those, 197 are offered by the University of Colorado and 131 are offered by Colorado State University, and must be analyzed by January 1, 2019; 284 are offered by all other institutions and must be analyzed by January 1, 2021.

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, 131 return on investment analyses will be required for CU and CSU degree programs in FY 2018-19, and 114 must be completed by January 1, 2021.

As a result, 328 degree programs will be reviewed and 131 return on investment analyses will be completed in FY 2018-19. For the reviews and analyses that must be completed by January 20, 2021, the fiscal note assumes that half will occur in FY 2019-20 and half in FY 2020-21, resulting in 142 reviews and 57 analyses each year.

In addition, the fiscal note assumes 10 hours of staff time in DHE is required to complete each degree program review and 5 hours of staff time to complete the return on investment analysis, assuming increased efficiencies once a standard process is established. These estimates account for the data that is available through aggregate sources.

Department of Higher Education. DHE requires 2.5 FTE in FY 2018-19 and 1.0 FTE beginning in FY 2019-20 to work with institutions on data guidelines and submittal, compile existing aggregate data, conduct the required analyses on student outcomes and return on investment, and compile the report. The FTE amount in FY 2018-19 assumes an August 1, 2018 start date and is prorated to account for the General Fund payday shift. In addition, DHE requires \$140,000 for temporary contract staff to modify the existing Student Unit Record Data System (SURDS) data system to accommodate the new data submittal requirements in FY 2018-19.

Institutions of higher education. The bill increases costs and workload for state institutions of higher education beginning in FY 2018-19 to work with DHE on data guidelines, and compile and submit the required data. The specific costs and FTE requirements will vary among institutions, depending on current staffing levels, existing budget systems, and the number of undergraduate degrees offered. The number of undergraduate degree programs range from 20 (Colorado School of Mines) to 197 (CU system). The fiscal note assumes that costs will be accomplished within current state appropriations and, if necessary, 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. These costs, which include employee insurance and supplemental employee retirement payments, are estimated to be \$24,198 in FY 2018-19 and \$9,887 in FY 2019-20.

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, 2019. Assuming an August 2018 start date, the report will not be complete until March 1, 2019, due to the initial work that must take place prior to the report being compiled.

Effective Date

The bill takes effect August 8, 2018, if the General Assembly adjourns on May 9, 2018, as scheduled, and no referendum petition is filed.

State Appropriations

For FY 2018-19, the bill requires a General Fund appropriation of \$305,318 to the Department of Higher Education, and 2.5 FTE.

State and Local Government Contacts

Higher Education