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Fiscal Note

Drafting Number:	LLS 24-0740	Date:	March 11, 2024
Prime Sponsors:	Sen. Buckner; Coleman	Bill Status:	Senate Education
		Fiscal Analyst:	John Armstrong 303-866-6289 john.armstrong@coleg.gov

Bill Topic: COLLEGE PREPARATION & ENRICHMENT PROGRAM

Summary of Fiscal Impact:	<input type="checkbox"/> State Revenue	<input type="checkbox"/> State Transfer	<input type="checkbox"/> Local Government
	<input checked="" type="checkbox"/> State Expenditure	<input type="checkbox"/> TABOR Refund	<input checked="" type="checkbox"/> School District

The bill establishes a program for institutions of higher education to establish partnerships with school districts to improve college access and completion rates. The bill will increase state expenditures beginning in FY 2024-25.

Appropriation Summary: For FY 2024-25, the bill requires an appropriation of \$13,558,370 to the Department of Higher Education.

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

Table 1
State Fiscal Impacts Under SB 24-156

		Budget Year FY 2024-25	Out Year FY 2025-26
Revenue		-	-
Expenditures	General Fund	up to \$13,558,370	up to \$13,564,625
	Centrally Appropriated	\$11,878	\$14,848
	Total Expenditures	\$13,570,248	\$13,579,473
	Total FTE	0.8 FTE	1.0 FTE
Transfers		-	-
Other Budget Impacts	General Fund Reserve	\$2,033,756	\$2,034,694

Summary of Legislation

The bill creates the Colorado College Preparation and Enrichment Program, which is administered by the Office of Education Equity within the Department of Higher Education (CDHE). The program is intended to create partnerships between institutions of higher education and local education providers to increase the number of students who graduate from an institution of higher education by providing services to students in middle and high school to plan for college, be admitted to an institution, and receive support while in college.

CDHE is required to appropriate \$500,000 annually to each institution of higher education that opts-in to program participation. Institutions that receive money from CDHE must create a guaranteed admission pathway for participating students, advise students through the college application process, and assist students with acquiring financial aid. Institutions may provide financial incentives to students who participate in the program for books, scholarships, and emergency funds.

CDHE must include program outcomes as part of its SMART Act presentation to the legislature.

Assumptions

The fiscal note assumes that area technical colleges and the four-year institutions which specialize in medical education (CU School of Medicine and CSU School of Veterinary Medicine) will not request funding. Excluding these institutions, there are 27 eligible two-year and four-year institutions in Colorado to receive an appropriation, including 13 in the community college system. The fiscal note assumes that institutions will request funds annually.

State Expenditures

The bill will increase state expenditures in CDHE by up to \$13.6 million in FY 2024-25 and ongoing, paid from the General Fund. Expenditures are shown in Table 2 and explained below.

Table 2
Expenditures Under SB 24-156

	FY 2024-25	FY 2025-26
Department of Higher Education		
Personal Services	\$50,676	\$63,345
Operating Expenses	\$1,024	\$1,280
Capital Outlay Costs	\$6,670	-
Program Funding to Institutions	\$13,500,000	\$13,500,000
Centrally Appropriated Costs ¹	\$11,878	\$14,848
Total Cost	\$13,570,249	\$13,579,473
Total FTE	0.8 FTE	1.0 FTE

¹ Centrally appropriated costs are not included in the bill's appropriation.

Staff. CDHE will require 1.0 FTE Program Coordinator in the Office of Educational Equity to serve as a point of contact for institutions, compile required data, and develop the annual report to the legislature. Costs are prorated to assume a September 2024 start data and standard operating expenses and capital outlay are included.

Program funding to institutions. Up to 27 institutions of higher education are expected to request funding to participate in the program, as outlined in the Assumptions section. Assuming the full \$500,000 per institution, up to \$13.5 million is expected to be distributed on an annual basis. Institutions will primarily use this funding to provide services to participating students, both while enrolled in a partnering school districts and at the institution. Funding may also be used for administrative expenses. Actual distributions may be lower if not all institutions choose to participate.

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 shown in Table 2.

Other Budget Impacts

General Fund reserve. Under current law, an amount equal to 15 percent of General Fund appropriations must be set aside in the General Fund statutory reserve. Based on this fiscal note, the bill is expected to increase the amount of General Fund held in reserve by the amounts shown in Table 1, decreasing the amount of General Fund available for other purposes.

School District

School districts that partner with the institutions of higher education will have increased workload to determine eligibility criteria for their students, communicate with CDHE, and assist in providing college readiness services to their students. This additional workload will vary by district, depending on program participation.

Technical Note

The bill references that funding for the program must be based on Section 23-18-303.5 (2), C.R.S., which pertains to the College Opportunity Fund. It is unclear how the bill interacts with the College Opportunity Fund formula. Similar programs that provide direct funding to institutions reference Section 23-18-308, C.R.S, which pertains to fee-for-service-contracts for specific purposes.

Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

State Appropriations

For FY 2024-25, the bill requires a General Fund appropriation of \$13,558,370 to the Department of Higher Education, and 0.8 FTE.

Departmental Difference

The CDHE believes the bill requires an additional \$29,358 in general fund per year and 0.5 FTE to implement the funding mechanisms of the bill. This additional 0.5 FTE would determine the percentage of funding that each institution is eligible for based on the College Opportunity Fund. The fiscal note differs from this estimate by assuming that all institutions who wish to participate in the program are eligible for the full \$500,000 appropriation and the additional review is not needed.

State and Local Government Contacts

Education

Higher Education

The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit the [General Assembly website](#).