



Legislative
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FISCAL NOTE

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Prime Sponsors: Rep. Geitner

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Bill Status: House Education
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Bill Topic: **INDIVIDUALIZED STUDENT DEGREE PROGRAMS**

- Summary of Fiscal Impact:**
- State Revenue
 - State Expenditure
 - State Transfer
 - TABOR Refund
 - School Districts
 - Statutory Public Entity

The bill creates the Colorado Individualized Combined Degree pilot program in the Department of Higher Education. The bill increases state expenditures and impacts school district revenue and expenditures through FY 2029-30.

Appropriation Summary: For FY 2020-21, the bill requires an appropriation of \$216,256 to multiple state agencies. See the State Appropriations Section.

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

Table 1
State Fiscal Impacts Under HB 20-1276

		FY 2020-21	FY 2021-22
Revenue		-	-
Expenditures	General Fund*	\$216,256	\$217,676
	Centrally Appropriated	\$31,679	\$37,844
	Total	\$247,935	\$255,520
	Total FTE	2.7 FTE	3.1 FTE
Transfers		-	-
TABOR Refund		-	-

*These expenditures do not include costs incurred by CollegeInvest. See State Expenditures Section.

Summary of Legislation

The bill creates the Colorado Individualized Combined Degree Pilot Program in the Department of Higher Education (DHE) to authorize school districts and charter schools (local education providers, or LEPs) to offer programs in which a student completes a bachelor's degree and high school diploma during the four years of high school. Qualifying programs must include the following components:

- an advisory board to assist the student and their parent with designing an individualized degree program and associated internships and employment opportunities, work with the LEP and institutions of higher education to implement the degree program, support and mentor the student, and approve expenditures from the student's individualized degree account; and
- an individualized degree program that results in completion of a bachelor's degree through either an existing degree program, or one specifically designed by the student and advisory board, subject to approval by the Colorado Commission on Higher Education (CCHE).

Participating students must have an individualized career and academic plan (ICAP) that provides the basis for the individualized degree program. The bill specifies the required credits and components for a designed degree, which may include career and technical residency and courses at more than one institution, so long as the credits are transferable to the institution that ultimately grants the bachelor's degree.

The bill identifies the support that the LEP must provide the student. If the student is unable to complete the bachelor's degree within four years of high school, the student, parent, and advisory board must provide an explanation to the LEP, which will decide whether to retain the student for a fifth year.

Institutions of higher education. The student and their advisory board must enter into an agreement with an institution of higher education that provides the college courses, including a tuition rate that cannot exceed certain amounts. Students are not required to pay fees, other than the ones directly related to the courses. Institutions may receive the College Opportunity Fund (COF) stipend on behalf of the student for each credit hour. Institutions must provide written explanation if they refuse to allow a student to enroll.

Individualized degree account. CollegeInvest must create and administer individualized degree accounts for participating students. The following must be transferred to the account:

- 80 percent to 95 percent of the LEP's per pupil revenue, depending on the costs incurred to support the student in completing the individualized degree program;
- the amount of state and federal financial aid received; and
- any private donations made by individuals.

The advisory board and the student's parents must approve any payment from the account. The account may be used for developmental education and must be used to pay the student's share of tuition. Any money unexpended when the program is completed is transferred to the LEP.

Participating students must apply for federal Pell grants, and must receive state financial aid, as determined by DHE based on financial need. The amount of state financial assistance transferred to the degree account must be based on the assumption that the student is enrolled as a full-time student for the full school year.

Administration. Applications for the program must be jointly reviewed by DHE and the Colorado Department of Education (CDE), with up to ten programs selected by November 1, 2020. If more than ten applications are received, the departments must prioritize applicants with low income students, a low graduation rate or postsecondary enrollment rate, and that are implementing robust concurrent enrollment programs in conjunction with a significant number of institutions of higher education. DHE and CDE also must jointly provide annual training for individuals serving on a student's advisory board. In addition, ColleagueInvest may establish rules around the individual degree accounts, including an annual fee to offset administrative expenses.

Reporting. On January 15, 2024 and each year thereafter through 2030, DHE, with assistance from CDE, must prepare a report on the program, including information on the participants, degrees designed by participants, and progress towards completing the degrees.

The program is repealed July 1, 2030.

State Expenditures

The bill increases state General Fund expenditures by \$247,935 in FY 2020-21, and \$225,520 in FY 2021-22. Costs are split between DHE and CDE, and are listed in Table 2 and discussed below.

Table 2
Expenditures Under HB 20-1276

Cost Components	FY 2020-21	FY 2021-22
Department of Higher Education		
Personal Services	\$171,075	\$205,291
Operating Expenses	\$3,645	\$4,050
Capital Outlay Costs	\$18,600	-
Legal Services	\$15,990	-
Centrally Appropriated Costs*	\$30,194	\$36,233
FTE – Personal Services	2.5 FTE	3.0 FTE
FTE – Legal Services	0.1 FTE	-
DHE Subtotal	\$239,504	\$245,574
Department of Education		
Personal Services	\$6,946	\$8,335
Centrally Appropriated Costs*	\$1,485	\$1,611
FTE – Personal Services	0.1 FTE	0.1 FTE
CDE Subtotal	\$8,431	\$9,946
Total	\$247,935	\$255,520
Total FTE	2.7 FTE	3.1 FTE

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

Department of Higher Education. DHE requires 3.0 FTE to implement the program, including 1.0 FTE for an academic affairs coordinator to work with advisory board members and students to coordinate degree requirements and ensure they align with CCHE policy; 1.0 FTE to advise students regarding financial aid processes and coordinate state financial aid awards to students; and 1.0 FTE for a program coordinator to develop degree creation policies, work with LEPS, institutions, and participating students to administer the program. These FTE totals are prorated for the General Fund payday shift and an August start date.

Legal services. DHE requires 150 hours of legal services to establish rules related to the program, including approval of individually created degrees by the CCHE. Legal services are provided by the Department of Law.

CollegelInvest. The bill increases costs for CollegelInvest to implement the individualized learning accounts. CollegelInvest does not receive state appropriations; the additional cost will be covered through new and existing funding mechanisms, including the fee option included in the bill. For informational purposes, CollegelInvest has identified costs of \$750,000. These costs include about \$500,000 to modify the accounting and customer management systems, \$200,000 in legal costs, including plan disclosures and federal filings, and \$50,000 to modify the website to allow parents, students, and advisory board members to interact with their account. Systems must be modified to create custodial accounts that would be overseen by a parent or guardian, and policies may need to be modified to include the new program.

Institutions of higher education. Costs and workload will increase for institutions that choose to participate in the program to coordinate with LEPS, advisory groups, students, CCHE, and DHE. Staffing needs may include financial aid and academic advising staff to manage individually created degrees and transfer to other institutions for upper level courses.

Colorado Department of Education. Beginning in FY 2020-21, CDE requires 0.1 FTE for the Office of Postsecondary and Workforce Readiness to assist DHE with reviewing and approving applications, providing annual training to members of student's advisory committees, and provide support for interested and participating districts as it relates to changes in ICAPs.

State financial aid. The fiscal note assumes that no additional state appropriations are required for state financial aid or College Opportunity Fund stipends for participating students, and that aid for these students will be provided out of the current allocation.

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 \$31,679 in FY 2020-21 and \$37,844 in FY 2021-22.

School District

The bill will increase costs for school districts that choose to participate in the program. School district staff must work with multiple institutions of higher education, advisory boards, and high schools to put agreements in place, ensure that high school diploma requirements are met, manage student ICAPs, and provide support for the students. Staff must be in place prior to the program implementation, in order to establish the program, apply to DHE, and provide outreach to prospective student participants.

The bill also decreases revenue for participating districts, as a portion of the per pupil revenue for the student is transferred into the individualized learning accounts. Based on the FY 2019-20 statewide average per pupil revenue of \$8,489, school districts will transfer between \$6,791 (80 percent) and \$8,065 (95 percent) per participating student.

Effective Date

The bill takes effect August 5, 2020, if the General Assembly adjourns on May 6, 2020, as scheduled, and no referendum petition is filed.

State Appropriations

For FY 2020-21, the bill requires the following General Fund appropriations:

- \$209,310 to the Department of Higher Education, and 2.5 FTE, of which \$15,888 is reappropriated to the Department of Law and 0.1 FTE; and
- \$6,946 to the Colorado Department of Education, and 0.1 FTE.

State and Local Government Contacts

Education Higher Education Law School Districts