



**REPORT OF
THE
STATE AUDITOR**

**Reporting of Student Enrollment
Agriculture Business and
Small Business Management Programs**

**Performance Audit
November 2003**

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Members of the Legislative Audit Committee:

This report contains the results of the performance audit of the Student FTE Agriculture Business and Small Business Management Programs. The audit was conducted pursuant to Section 2-3-103, C.R.S., which authorizes the State Auditor to conduct audits of all departments, institutions, and agencies of state government. The report presents our findings, conclusions, and recommendations, and the responses of the Colorado Community College System and the Colorado Commission on Higher Education.

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State Auditor

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Authority, Purpose, and Scope

This performance audit was conducted pursuant to Section 2-3-103, C.R.S., which authorizes the Office of the State Auditor to conduct performance audits of all departments, institutions, and agencies of state government. The audit work, performed from February 2003 through September 2003, was conducted in accordance with generally accepted governmental auditing standards.

We evaluated the reporting of full-time equivalent student enrollment (FTE) for state funding and the distribution of financial aid for the Agriculture Business Management (ABM) and Small Business Management (SBM) certificate programs at Lamar Community College, Morgan Community College, Northeastern Junior College, Otero Junior College, and Trinidad State Junior College. We examined whether student FTE enrollments and educational instruction for these two certificate programs comply with the requirements detailed in a 1990 memo issued by the Colorado Community College System and with the Colorado Commission on Higher Education's *Policy for Reporting Full-Time Equivalent Student Enrollment* (FTE Policy). We gathered information through interviews, data analysis, and review of documentation of class lectures, one-on-one instruction, and student completion of cooperative education hours. We also reviewed the financial aid information for a sample of ABM and SBM students to determine whether the financial aid was awarded in accordance with federal, state, and/or institutional guidelines.

We gratefully acknowledge the assistance and cooperation extended by management and staff at the Colorado Commission on Higher Education, the Colorado Community College System, and the five community colleges.

Overview

The Agriculture Business Management (ABM) and Small Business Management (SBM) certificate programs are designed to provide students with the academic and business skills needed to run a farm or small business. Students in these programs complete a combination of classroom lectures, personalized instruction (one-on-one hours), and assignments/projects at their farm or business

For further information on this report, contact the Office of the State Auditor at 303.869.2800.

(cooperative education hours). In general, the ABM and SBM programs do not use testing or other written products as evidence that students are achieving the established learning objectives. They rely almost exclusively on self-study cooperative hours and face-to-face interaction between instructor and student to demonstrate successful learning.

The 1990 Colorado Community College System (System) memo details the amount of instructional time that the institutions must provide to the students. The individual colleges use the System memo's credit hour calculations when reporting student FTE to the Colorado Commission on Higher Education (Commission) for state funding. The Commission's FTE Policy quantifies the level of resources required to deliver an educational program to a given number of students and is used to calculate the amount of general fund dollars needed by higher education institutions beyond tuition receipts.

Key Findings

Educational Instruction

We examined the colleges' compliance with the System's guidelines as contained in the 1990 memo and the Commission's FTE Policy. We found the following:

The colleges sponsoring the certificate programs have not always offered students the amount of instruction required to support the amount of state FTE funding claimed. The Colorado Community College System's 1990 memo requires individual colleges to support the credit hours awarded. Colleges must have a course syllabus, and the memo states that "each student will be required to document how much time is spent on the cooperative phase through a diary or something similar. Instructors will document class meeting times, attendance records, one-to-one meeting dates and notes from that discussion." We used college-provided documentation to evaluate the provision of classroom lectures, one-on-one instruction, and student-completed cooperative education hours for a random sample of 76 students enrolled in either the ABM or SBM program. We found widespread noncompliance with the System's requirements. We concluded that the colleges overstated the amount of instruction provided to ABM and SBM students. Based on the consistency of the findings throughout the population, we estimate that the colleges could have overcharged the General Fund by as much as \$924,600 in Fiscal Year 2002 alone.

Colleges claimed FTE funding for ineligible students. The Commission's FTE Policy and its accompanying Guidelines provide colleges with guidance on those students who can be claimed for FTE funding. We examined the colleges' compliance with FTE funding requirements related to claiming credit hours generated by students' adding, dropping, or withdrawing from courses; student residency; and claiming credit hours for students' taking advanced courses. Practices developed over decades detail when credit hours generated by students' adding, dropping, or withdrawing from a class can be claimed for state funding. We found that all five community

colleges claimed funding for ineligible students resulting from improper add/drop/withdrawal transactions. If all ABM and SBM students had been given the proper amount of educational services, the colleges would still have claimed \$706,000 for students who were not eligible for FTE funding because the colleges failed to comply with established practices regarding students' adding, dropping, or withdrawing from classes. In addition, the Commission's FTE Policy notes that only credit hours earned by Colorado residents can be claimed for state funding. Colleges must, therefore establish reasonable practices for classifying students as in-state residents. Two colleges did not comply with their own internal policies for making residency determinations and did not have documentation to support over \$40,000 claimed for students whose Colorado residency had not been validated. We also identified \$42,000 claimed by four colleges for ineligible advanced courses.

The Colorado Community College System needs to ensure compliance with established academic requirements and Commission policies. Our work indicates that the System has not adequately ensured that academic requirements are met. The System, working with the individual colleges, intends to revamp the ABM and SBM programs to focus on student outcomes rather than on credit hours. Regardless of what academic and instructional requirements exist, the colleges need to comply with those requirements and all Commission policies. This will ensure the academic integrity of college programs while also providing documentation to support claims for state FTE funding.

Financial Aid

Students enrolled in the Agriculture Business Management (ABM) and the Small Business Management (SBM) programs may receive financial aid funds from the federal or state government, or the college to assist with college costs. We reviewed the financial aid files for a sample of ABM and SBM students to determine whether the financial aid was disbursed in accordance with federal, state, and institutional requirements. We found the following:

Based on the findings above, we question the amount of monies awarded for federal Pell Grants. Pell Grants are a primary source of financial aid for students in the ABM and SBM programs. According to the U.S. Department of Education, a college must be able to demonstrate that it actually offered the number of hours it claims are in the academic program. Students receive federal aid based on several factors including their Expected Family Contribution, the cost of attendance, and enrollment status. Enrollment status is the number of course credit hours taken by the student. Because of insufficient course offerings, students may have received too much federal financial aid. We examined the Pell Grants provided to 107 students during Fiscal Year 2002. We questioned about \$173,000 in federal aid.

Ineligible students have received institutional scholarships. The Colorado Community College System established institutional scholarships specifically for students enrolled in the ABM and SBM programs. Under the current scholarship requirements, any student who receives a Pell Grant that covers tuition costs is ineligible for an institutional scholarship. For Fiscal Year

2002 we identified 75 ABM and SBM students who received an institutional scholarship, even though they also had a Pell Grant that fully covered all tuition costs. As a result of receiving both federal and institutional financial assistance, these students each received an average of \$2,600 in excess of tuition.

Our recommendations and the Commission's and System's responses can be found in the Recommendation Locator on pages 5 through 7 of this report.

RECOMMENDATION LOCATOR

Rec. No.	Page No.	Recommendation Summary	Agency Addressed	Agency Response	Implementation Date
1	20	Ensure that the lecture hours comply with the credit hour calculations in the 1990 System memo or recalculate the amount of lecture instruction needed to meet course competencies.	Colorado Community College	Agree	May 2004
2	22	Review and revise policies for one-on-one instruction by reevaluating the amount of one-on-one instruction necessary for students to meet established outcomes and requiring colleges to complete a standardized form to document all one-on-one instructional sessions.	Colorado Community College	Agree	May 2004
3	24	Ensure that the colleges require student documentation of all cooperative education hours performed and that the hours relate to the certificate program's course content.	Colorado Community College	Agree	May 2004
4	26	Ensure the accuracy of instruction hours used by institutions in their requests for state funding.	Colorado Community College	Agree	May 2004
5	30	Ensure that institutions are adhering to the Commission's FTE Policy and Guidelines for reporting credit hours generated through add, drop, and withdrawal transactions.	Colorado Community College	Agree	January 2004
6	32	Northeastern Junior College should develop procedures to ensure documentation supports a student's residency determination.	Northeastern Junior College	Agree	January 2004

RECOMMENDATION LOCATOR

Rec. No.	Page No.	Recommendation Summary	Agency Addressed	Agency Response	Implementation Date
7	32	Trinidad State Junior College should develop procedures to ensure that documentation supports a student's residency determination. The institution should require the submittal of a new Tuition Classification Form when the student reenrolls after a specified period of absence.	Trinidad State Junior College	Agree	January 2004
8	34	Ensure that institutions do not claim FTE funding for advanced courses that do not comply with the requirements of the Commission's FTE Policy and Guidelines.	Colorado Community College	Agree	May 2004
9	35	Consider reexamining all student FTE submitted for Fiscal Year 2002 and prior years and determine the amounts that may need to be repaid to the General Fund.	Colorado Commission of Higher Education	Agree	
			Colorado Community College	Disagree	
10	38	Ensure that the institutions offering the ABM and SBM certificate programs provide the types and amount of instructional services determined necessary for students to achieve established outcomes. Ensure that all educational services are properly documented and support course credit hour calculations.	Colorado Commission on Higher Education	Agree	May 2004
11	39	Work with the colleges to standardize assessment tools for students in the ABM and SBM certificate programs.	Colorado Community College	Agree	May 2004

RECOMMENDATION LOCATOR

Rec. No.	Page No.	Recommendation Summary	Agency Addressed	Agency Response	Implementation Date
12	43	Work with the institutions and the U.S. Department of Education to evaluate Pell Grant assistance to ABM and SBM students.	Colorado Community College	Partially Agree	January 2004
13	45	Consider amending the institutional scholarship application form to comply with the System's stated policy that these scholarships can be used to cover any cost of attendance, not just tuition.	Colorado Community College	Agree	Implemented
14	47	Improve oversight of the partnership component of the ABM and SBM certificate programs or eliminate it.	Colorado Community College	Agree	May 2004

Overview of the Agriculture Business Management and Small Business Management Programs

Background

The Colorado Commission on Higher Education

Colorado's public colleges and universities are organized under the Department of Higher Education. The Colorado Commission on Higher Education (Commission) functions as the Department's policymaking and coordinating body. The Commission's authority over state-supported institutions of higher education includes:

- Determining the roles and missions of state colleges and universities.
- Establishing policies for reporting student Full-Time Equivalent (FTE) consistent with the role and mission of each state-supported institution.
- Distributing general fund appropriations and tuition monies to the governing boards.
- Establishing policies for setting tuition and fee rates.
- Setting academic admission standards.

The Commission allocates state appropriations for higher education among the various governing boards having oversight of the State's 28 public colleges and universities.

Funding of State Colleges and Universities

The General Assembly determines the overall funding for higher education on an annual basis. The Commission, working with the individual governing boards, establishes the distribution formula for appropriated general funds and cash funds received as tuition. The amount of state funding received by state-supported higher education institutions is primarily based on the number of course credit hours provided to resident students and is meant to cover a portion of the institution's cost of educating resident students. Section 23-1-105(1), C.R.S., states that the Commission shall prescribe uniform financial reporting policies, including policies for counting and classifying full-time equivalent students (FTE), for the institutions and

governing boards within the state-supported system of higher education. The Commission established standards for institutional reporting in its *Policy for Reporting Full-Time Equivalent Student Enrollment*. This policy, along with its accompanying audit guidelines, established criteria that state schools use to report student FTE, including:

- Courses and their student enrollment that are reportable for state funding.
- Courses and their student enrollment that may not be claimed for state funding.
- Methods for calculating credit hours and for ensuring that only claimable credit hours are reported for state funding.

State colleges and universities report resident and nonresident credit hours and student FTE three times each year. The *Fall FTE Census Report* is due in mid-October and the *Fall Final/Spring Census FTE Report* is due February 15. The *Final Student FTE Report* for the academic year must be submitted to the Commission by July 15 of each year. The Commission uses these reports to determine general fund needs for the institutions.

Colorado Community College System

Section 23-60-102, C.R.S., gives the responsibility for governing the State's two-year college system and establishing policy for occupational education to the Colorado Community College System (System). The functions of the two-year college system include developing appropriate occupational education and adult education programs. One of the missions of the System is to provide a broad range of personal and vocational education programs for adults. Community colleges offer certificate programs that provide career and technical education to prepare participants for immediate employment in the field of their choice. The certificate programs cover a wide range of subjects, and depending on the program, students can earn a certificate in one to two years. As with other degree programs, community colleges report credit hours generated by resident students earning certificates. We examined the resident credit hours reported for two certificate programs offered by five of the community colleges: the Agriculture Business Management and Small Business Management programs.

Agriculture Business Management Program

According to System representatives, the Agriculture Business Management certificate program, formerly the Farm Ranch Management program, was created in 1983 to help farmers during the national farm credit crisis. Its primary goal is to improve the effectiveness of the farm operation in order to assist farm families in

reaching their business and family objectives and goals. As designed, the program teaches farmers the basics of business operation, including computerized recordkeeping, financial planning, and marketing, which should improve the ability of the student to systematically apply decision-making processes to his or her individual situation. System representatives informed us that the Agriculture Business Management program was designed to be a year-round program for individuals responsible for the operation of a farm. Instruction is given through a combination of classroom lectures, individual one-on-one instruction at their farm, and occupational experience that students complete on their own time. Currently five community colleges offer the Agriculture Business Management certificate program: Trinidad State Junior College, Morgan Community College, Northeastern Junior College, Otero Junior College, and Lamar Community College. Trinidad offers this certificate program both at its main campus and at its Trinidad Valley campus located in Alamosa.

Students enrolled in the Agriculture Business Management program can earn different one-year certificates, depending on which community college they attend. Morgan Community College and Northeastern Junior College require students to complete 18 credit hours per certificate, while Trinidad State Junior College, Otero Junior College, and Lamar Community College offer 24-credit-hour certificates. The table on the following page details the different Agriculture Business Management certificate programs offered at the five community colleges.

Agriculture Business Management Program Certificates Offered at Community Colleges					
Certificate	Trinidad State Junior College	Morgan Community College	Northeastern Junior College	Otero Junior College	Lamar Community College
Records and Business Planning	/	/	/	/	/
Financial Analysis	/	/	/	/	/
Commodity Marketing	/	/ ¹	/	/	/
Marketing and Risk Management	/	/ ¹	/		/ ²
Advanced Business Management	/	/		/	/ ²
Rural Business Entrepreneurship		/			
Source: Office of the State Auditor's analysis of Trinidad, Morgan, Northeastern, Otero, and Lamar 2002 - 2003 Course Catalogs.					
¹ Morgan provides the student with the option to take either Commodity Marketing or Marketing and Risk Management.					
² Lamar's fourth 24-credit-hour certificate program consists of both Marketing and Risk Management and Advanced Business Management.					

Small Business Management Program

The Small Business Management certificate program was designed specifically for small business owners/operators. The program is intended to introduce new management tools to business owners and keep them up-to-date with the changing environment of the business world. Each certificate is designed to teach the businessperson how to analyze financial statements, understand inventory control, complete tax reports, forecast income and expenses, and learn the value of advertising. Three of the five schools, Trinidad State Junior College, Lamar Community College, and Northeastern Junior College, offering Agriculture Business Management certificates also have the Small Business Management certificate program. Similar to the Agriculture Business Management program, this certificate program consists of classroom instruction, individualized one-on-one instruction, and cooperative education hours. These three community colleges offer up to three Small

Business Management certificates. Trinidad State Junior College and Lamar Community Colleges' programs require students to complete 24 credit hours, while Northeastern Junior College's program is 18 credit hours per certificate. The following table details the different Small Business Management certificate programs offered at the three community colleges (Morgan and Lamar do not offer Small Business Management):

Small Business Management Program Certificates Offered at Community Colleges			
Certificate	Trinidad State Junior College	Northeastern Junior College	Lamar Community College
Small Business Management I	/		/
Small Business Management II	/		/
Small Business Management III			/
The Business Plan		/	
Web Page Development		/	
Source: Office of the State Auditor's analysis of Trinidad, Morgan, Northeastern, Otero, and Lamar 2002 - 2003 Course Catalogs.			

Audit Scope

The audit specifically addressed the reporting of student FTE and the distribution of financial aid for the Agriculture Business Management and the Small Business Management certificate programs at Trinidad State Junior College, Otero Junior College, Lamar Community College, Morgan Community College, and Northeastern Junior College. We assessed the adequacy of the internal controls over the student FTE enrollment reporting. We also determined whether student FTE enrollments are reported in compliance with the 1990 guidance memo issued by the Colorado Community College System as well as the Commission's *Policy for Reporting Full-Time Equivalent Student Enrollment*. We examined whether the reported FTE are consistent with the documentation maintained at the colleges. Finally, we determined whether the financial aid was awarded in accordance with federal, state, and/or institutional guidelines.

FTE Funding

Chapter 1

Introduction

The Colorado Commission on Higher Education (Commission) maintains a *Policy for Reporting Full-Time Equivalent Student Enrollment* (FTE Policy). The Commission's FTE Policy and its accompanying *Full-Time Equivalent (FTE) Reporting Guidelines and Procedures* (Guidelines) provide governing boards and institutions guidance for calculating and reporting student FTE for state funding. On an annual basis, institutions submit course credit hour information for both resident and nonresident students through the *Final Student FTE Report*. The Commission uses the resident credit hour information contained in this report to distribute state funding to the governing boards. The governing boards then provide the money to the individual schools.

The goal of the Student FTE Policy is to quantify the level of resources required to deliver an educational program to a given number of students enrolled for an academic quarter or semester. This information is used to calculate the amount of general fund dollars needed by the institutions beyond tuition receipts to run the programs and to ensure the students are actually learning what they need to know. The current student FTE Policy became effective on July 1, 2001. Under this policy, FTE counts are measured in terms of student enrollment activity. The FTE Policy "recognizes the academic integrity of credit hour assignment, relying on institutions to determine the credit hour assignment based on student outcomes and national standards."

Representatives of the Colorado Community College System (System) stated that both the Agriculture Business Management (ABM) and the Small Business Management (SBM) certificate programs focus on specific student outcomes. In order to ensure students achieve the required outcomes, the colleges follow the 1990 System memo, which details credit hour calculations for the ABM and the SBM certificate programs. The 1990 System memo requires instruction to be provided to students through a combination of lectures, one-on-one instruction at the student's farm or business, and cooperative education hours completed by the student. The memo details the amount of instructional time that the faculty must provide to the students for each of these three types of instruction. The colleges use the memo's credit hour calculations when reporting student FTE for state funding.

We examined the student full-time equivalent (FTE) information reported by the five community colleges offering the ABM and/or SBM certificate programs for three semesters, Fall 2001, Spring 2002, and Fall 2002. These colleges include Lamar Community College, Morgan Community College, Northeastern Junior College, Otero Junior College, and Trinidad State Junior College. We assessed the colleges' compliance with the System's 1990 memo and the information provided by community college representatives when reporting resident FTE for state funding. We also examined compliance with the Commission's FTE Policy. The specific reporting areas reviewed include credit hour calculations, final student enrollment figures, residency determinations, and add/drop transactions. Overall, we found a lack of compliance with the System's 1990 memo and the Commission's FTE Policy. The errors we noted generally fall into one of two categories: overstating the amount of instruction provided or incorrect enrollment figures.

Credit Hour Calculations

Under the Commission's FTE Policy, the amount of state funding received by each higher education institution is primarily based upon the number of course credit hours taken by resident students. The Commission requires institutions to "provide clear documentation of FTE calculations" and relies on institutions to "determine the credit hour assignment based on student outcomes and national standards." The Colorado Community College System, through the 1990 memo, details the credit hour calculations for the ABM and SBM programs. Depending upon the individual college, each ABM or SBM certificate requires the completion of either 18 or 24 credit hours. The following table details the types and amounts of instruction offered through these two programs.

Credit Hour Calculations for the Agriculture Business Management and Small Business Management Certificate Programs.							
	Required Lecture Hours	Credit Hours Awarded	Required One-on-One Hours	Credit Hours Awarded	Required Coop Hours	Credit Hours Awarded	Total Credit Hours
18-Credit-Hour Certificate	30	2.4	48	7.68	300	8.00	18.08
24-Credit-Hour Certificate	108	8.64	48	7.68	300	8.00	24.32
Trinidad Certificate Programs ¹	40	3.2	64	10.24	400	10.67	24.11

Source: 1990 Memorandum issued by Clay Whitlow, Vice President for Educational Services, Colorado Community College System, detailing the credit hours for the Farm and Business Ranch Management Program now known as the Agriculture Business Management program. The credit hour calculations also apply to the Small Business Management program.

¹ Trinidad State Junior College uses a variation of the 1990 memo. To calculate the credit hours for its 24-credit-hour program, Trinidad takes the credit hours for an 18-credit-hour program and increases them by one-third.

The 1990 System memo requires that the colleges support these credit hour calculations through a course syllabus which details the specific amount of time required for completion of the course. In addition, the memo mandates that cooperative education hours, lectures, and individualized instruction be documented. The memo states that "Each student will be required to document how much time is spent on the cooperative phase through a diary or something similar. Instructors will document class meeting times, attendance records, one-to-one meeting dates and notes from the discussion."

We sampled 76 randomly selected students who were enrolled in either the ABM or SBM certificate program during one of two academic periods, the Fall 2001 and Spring 2002 semesters or the Spring 2002 and Fall 2002 semesters. We evaluated the colleges' compliance with the instructional and documentation provisions of the 1990 System memo and the Commission's FTE Policy by examining college-supplied documentation detailing the provision of one-on-one instruction and student completion of cooperative education hours. We also used class syllabi, attendance sheets, class calendars, and interviews with instructors to determine the amount of lecture instruction given to students. On the basis of this documentation, we believe that the colleges overstated the amount of instruction provided to students in the

ABM and SBM programs. In Fiscal Year 2002 the colleges claimed about 424 student FTE. Our calculations, based on the amount of documented instruction provided to our sample of 76 students, indicate that the colleges should have claimed only about 211 FTE. Based on this sample, we estimate that the colleges could have overcharged the General Fund by as much as \$924,600 in Fiscal Year 2002 alone. In addition to overcharging the General Fund, not providing the amount of instruction that the System determined was necessary to meet expected student outcomes undermines the ability of the students to achieve the programs' stated goal of improving the effectiveness of the farm or business and assisting students in reaching their business goals and objectives. This is particularly important for new farmers who are required to take ABM courses as a condition for obtaining a federal bank loan. Finally, for those ABM and SBM students who receive federal Pell Grants, the colleges must be able to document that they actually offered the number of hours they claim are in the academic program.

Lecture Hours

Each of the community colleges provides a portion of instruction for the ABM and SBM programs through classroom lectures. Depending on the college, lecture hours include formal presentations by a faculty member, seminars offered by the school or community, and/or specialized tutorial sessions. Two schools also use computer labs. To determine if the colleges scheduled enough lecture classes to comply with the established credit hour calculations, we reviewed class schedules and compared them with the class syllabi, attendance rosters, and other documentation. We found that Trinidad, Morgan, and Northeastern provided enough lecture sessions to meet established contact hour requirements. However, neither Otero nor Lamar offered enough lecture sessions to meet their reported contact hour requirements.

Otero Junior College requires that students enrolled in the ABM program receive 108 hours of lecture instruction per certificate. Otero offers four different ABM certificate programs with each certificate program covering two semesters. According to syllabi, course calendars, and attendance records, students enrolled in each specific certificate program were offered a total of 19 lecture sessions totaling a maximum of 61 hours (4.88 credit hours). Otero reported that students could have received additional lecture hours by attending eight lectures that focus on the course competencies of the other ABM certificates. For example, a first-year certificate student should attend eight lectures that focus on competencies for second-, third-, or fourth-year certificate students. We found both minimal documentation of and adherence to this requirement but from a conservative perspective gave Otero credit for providing these additional 27 hours of lecture. Therefore, we calculated that Otero gave students 88 hours of lecture instruction (7.04 credit hours) for the year, which is still less than the 8.64 credit hours claimed by Otero.

Lamar Community College requires different numbers of lecture hours for its ABM and SBM programs. According to documentation provided by Lamar, ABM students should receive 108 hours of lecture to earn 8.64 credit hours. We found that Lamar provided a maximum of 52 hours of lecture instruction (4.16 credit hours) to its ABM students. According to its own documentation, Lamar's SBM students must be offered 50.5 hours of lecture instruction (4.04 credit hours). On the basis of information provided by Lamar representatives, we determined that, in Fiscal Year 2002, SBM students were offered a total of 37 lecture hours (2.96 credit hours). Lamar representatives acknowledged that they cannot document that they provided the required number of lecture hours.

Lecture Course Instruction

Community colleges offer either four or five individual ABM certificates and one to three SBM certificates. At three of the five colleges we visited, we found that the college taught the classroom lectures for multiple certificates at the same time, in the same room, with the same instructor. Our analysis of the curricula for these different certificate programs indicates that it is not reasonable for the colleges to consistently combine the lecture portions of different certificate programs because either each certificate covers material in significantly different subject areas or because information learned through one certificate is intended to be the foundation for learning new material in the next certificate. In our review of course content for the ABM certificates, we also found that the topics covered became increasingly sophisticated, with the Year 1 certificate focusing on developing and implementing a computerized recordkeeping system for the student's farm and the Year 4 certificate requiring in-depth financial analysis of the farm, including the setting and measuring of performance standards. Additionally, the course competencies for each certificate program differ greatly. Since the lectures help students achieve these competencies, we believe it would be difficult to consistently develop lectures that assist students trying to meet a wide variety of different course competencies. If the community colleges believe that a need exists for different certificate programs and they develop different curricula and competencies for each program, they should ensure that students enrolled in these certificate programs receive lecture instruction that addresses the particular requirements of their certificate rather than using a one-size-fits-all approach.

Through its 1990 System memo, the Colorado Community College System, working with the individual colleges, calculated the amount of lecture instruction necessary to allow students to meet course competencies. Therefore, the System has the responsibility for ensuring that the colleges offer students this amount of lecture instruction or require recalculation of those credit hours. Additionally, the System should ensure that students enrolled in different certificate programs receive lecture instruction tailored to their particular certificate.

Recommendation No. 1:

The Colorado Community College System should work with the colleges to ensure that lecture hours for the Agriculture Business Management and the Small Business Management certificate programs comply with the credit hour calculations in its 1990 policy memo or recalculate the amount of lecture instruction necessary to meet established course competencies. In addition, lecture requirements should be reevaluated to ensure that classroom sessions are tailored to their particular certificate.

Colorado Community College System Response:

Agree. Implementation Date: May 2004. The CCCS agrees to work with the colleges to ensure lecture hours for the Agriculture Business Management and Small Business Management programs reflect the instruction necessary to meet competency-based, outcome-focused program objectives. This is consistent with the colleges transition to delivery of student outcome-centered courses based on student competencies.

One-on-One Instruction

In addition to lecture hours, the Agriculture Business Management (ABM) and Small Business Management (SBM) programs include a component known as one-on-one instruction. The one-on-one instruction is provided to the student at his or her farm or business and focuses on the specific needs of that farm or business. The Program Guide for the ABM program notes that one-on-one instruction is essential in providing a complete learning experience. According to the Program Guide, "effective ABM management programs cannot exist unless adequate time and attention is given to personalized instruction. It is part of the organized teaching plan. It makes farm business management instruction unique." Colorado Community College System representatives indicated that the purpose of the one-on-one instruction is to provide students with individualized educational services at their farm or small business that is closely tied to substantive content of the certificate program. Depending on the college, students must receive either 48 or 64 hours of one-on-one instruction to allow the students to meet the expected student outcomes and to comply with existing credit hour calculations.

We reviewed the ABM and the SBM student enrollment figures at the five community colleges to determine the full-time instructor's workload. We focused on the Spring 2002 term because enrollment figures are typically larger in the Spring, particularly for Morgan and Northeastern. For the Spring 2002 term, we found that the average number of ABM and SBM students per full-time instructor was 29, with a range from 7 to 55 students per instructor. To meet the stated base contact hour requirements, these instructors would have been required, on average, to complete 174 one-on-one visits that semester (i.e., six visits for each of the 29 students). Each site visit should last between one and five hours. In addition, we calculated that the five instructors with the heaviest workloads (i.e., between 41 and 55 students) would have had to complete between 246 and 330 one-on-one visits during the Spring 2002.

Our calculations indicate that it is not feasible for all of the instructors to complete the amount of one-on-one instruction necessary to comply with each college's current credit hour calculation for this type of instruction. Based on the fact that there were 127 working days during the Spring 2002 period (January-June 2002), we estimated that each instructor would have been required, on average, to schedule at least one visit, and sometimes two, for each working day that term to complete the necessary 174 visits. In addition, the instructors mentioned above with the heaviest workloads would have had to schedule two or three visits on most working days to meet their requirements.

It is unclear how the instructors could have completed all these required visits in light of three main factors. First, as noted above, these visits must last between one and five hours, making it difficult sometimes to schedule multiple visits in one day. Second, these instructors have other job duties, such as teaching the lecture portion of the certificate program. Finally, instructors must spend a significant amount of time traveling to the students' farms, ranches, or small businesses to make the one-on-one visits because many of the students live in rural locations. This travel time also makes scheduling multiple visits difficult. Considering all these factors together, it does not appear that there is enough time in the day for instructors to complete their one-on-one instructional duties. On the basis of the current full-time instructor/student ratio, we believe that the credit hours for the one-on-one instruction should be reduced to more accurately reflect the actual amount of this type of instruction that can reasonably be provided to each student.

In addition to evaluating the reasonableness of faculty workload, we reviewed the one-on-one instruction provided to a sample of 76 students who were participating in the ABM or SBM programs. The System through its 1990 memo requires that instructors maintain documentation of one-on-one meeting dates, including notes on the discussion that occurred. Maintaining documentation is important because the ABM and SBM programs are nontraditional programs, with no tests or papers to support the student's achievement of outcomes. We also found that attendance at

lecture classes is not considered mandatory. For example, at one college we identified that almost 20 percent of the students enrolled for the Fall 2001 semester never attended a lecture. Instead, the instructors use the one-on-one visits as well as completion of cooperative education hours, which is also verified at these visits, to evaluate whether students are meeting expected outcomes. Therefore, providing the one-on-one learning experience and documenting it is critical for compliance with both the System's and the Commission's requirements.

Our testing indicates that there is widespread noncompliance with the hours required for one-on-one instruction, both in terms of provision of the actual instruction and the documentation supporting the instruction. It appears that while one-on-one instruction may have been offered, the actual provision of the amount of instruction required to be delivered is questionable. Our finding regarding the provision of one-on-one instruction can be found in Appendix A. For all five colleges combined, we found that the disallowance for the one-on-one portion of the programs could be as much 96.72 FTE, or \$416,800, if our sample results are representative for the entire ABM and SBM population. If the colleges believe that students can meet expected outcomes without receiving the currently required amount of one-on-one instruction, the amount of such instruction should be reduced and the credit hours recalculated.

In addition, the Colorado Community College System needs to work with the community colleges to ensure that all one-on-one instruction is properly documented. On the basis of the 1990 memo, such documentation should include one-on-one meeting dates and notes describing the interaction. We would also recommend that the documentation include the actual time spent for each one-on-one visit, since institutions require these meetings to last between one and five hours and credit hour calculations are based on actual amount of time spent with the student. The Commission's FTE policy states that institutions must "provide clear documentation of the FTE calculations." Accurate documentation of one-on-one instruction would also support the student's achievement of course competencies, since testing often occurs during the one-on-one visits. In addition, for those new farmers taking the ABM certificate program as a federal bank loan requirement, the colleges must certify the student's class attendance, completeness of assignments, and understanding of the material. The colleges should have documentation to support their certifications.

Recommendation No. 2:

The Colorado Community College System should work with the community colleges to review and revise the policies relating to the one-on-one instruction for students

in the Agriculture Business Management and Small Business Management certificate programs. Review and revision should include:

- a. Reevaluating the amount of one-on-one instruction required for students to meet expected outcomes and recalculating the credit hours to ensure that the instruction meets the requirements of the ABM and SBM programs as approved by the Colorado Community College System and the base contact credit hour requirements detailed in the Colorado Commission on Higher Education's FTE Policy.
- b. Requiring community colleges to complete a standardized form to document all one-on-one instruction sessions. This form should include the date of the meetings, instructional time spent with the student, and a written description of the relevant content of the interaction.

Colorado Community College System Response:

Agree. Implementation May 2004. The CCCS will work with the colleges to review the one-on-one instruction for these programs. This will include evaluation of the amount of one-on-one instruction required to meet expected student outcomes and standardizing the documentation for one-on-one sessions performed. The CCCS is convening colleges this fall to discuss changes to the ABM and SBM program that will make the programs more consistent and ensure that student achievement of course objectives is documented.

Cooperative Education Hours

The third instructional component for the ABM and SBM certificate programs is cooperative education hours. Cooperative education hours are hours completed by students at their farm or business. Examples of cooperative education hours can include setting goals, maintaining both personal and business financial records, working with lending institutions, complying with government regulations, and marketing products. Cooperative education hours should address the student's individual needs but also be tied to the substantive content of the certificate. The Colorado Community College System requires cooperative education to be documented. The 1990 System memo states that "each student will be required to document how much time is spent on the cooperative phase; this could be in the form of a diary or something similar." For students to achieve expected course competencies, the System has determined that students need to complete between 300

and 400 hours of cooperative education outside of the classroom and one-on-one instruction.

We reviewed the cooperative education hours completed by our random sample of 76 students. Similar to our findings with the second component of the ABM and SBM programs, we found widespread noncompliance. While the colleges have developed forms to track cooperative education hours, including the time spent and activities completed, we found that the forms are not generally completed. Most instructors simply make notations that the cooperative hours have been completed without any details regarding the amounts of time or actual activities undertaken. We do not believe that a simple notation satisfies the System's requirement that each student document what they did on their own time to complete the requisite number of cooperative education hours. Even when the instructors' notation regarding the completion of cooperative hours is accepted for our sample of students, none of the colleges were able to substantiate the completion of the requisite number of hours. Our finding regarding the completion of cooperative education hours is detailed in Appendix B. For all five colleges combined, we found the disallowance for the cooperative education portion of the ABM and SBM programs could be as much as 101.49 FTE or almost \$439,100 if the sample results held true for the entire ABM and SBM population.

The System needs to enforce the 1990 memo requirement that students document their completion of cooperative education hours and demonstrate that these hours relate to the specific certificate program. For example, the cooperative education hours for a student enrolled in the Records and Business Planning certificate program should describe how the student's cooperative education hours directly relate to implementing a computerized record-keeping system. A student in the Commodity Marketing program should demonstrate completion of hours related to marketing products. If community colleges cannot comply with these policies or determine that cooperative hours are not necessary to achieve course competencies, the System should eliminate the cooperative education portion, and the resulting credit hours, from the certificate programs.

Recommendation No. 3:

The Colorado Community College System should ensure that colleges comply with policies requiring student documentation of all cooperative education hours performed and that the hours relate to the course content of the certificate program, or it should eliminate the requirement for cooperative education hours.

Colorado Community College System Response:

Agree. Implementation May 2004. The CCCS will ensure that colleges comply with state and system policies regarding documentation of cooperative education hours performed. The CCCS Career and Technical Administrator's Handbook defines cooperative instruction and will be used to guide more uniform documentation relating the hours performed to the course objectives.

Partner Enrollment

In addition to the problems with overstated instructional hours for lectures, one-on-one instruction, and cooperative education for individual students, we found problems with double counting instructional time for pairs of students listed as partners. Colorado Community College System representatives informed us that the ABM program was designed to provide instruction on the family farm. According to these representatives, spouses not only assist in keeping records but also help make management decisions. The colleges offering the ABM and SBM certificate programs provide financial incentives that encourage two individuals to enroll in the program as partners. We found that when providing the one-on-one instruction and calculating cooperative education hours, the community colleges treat the two partners as one person. Instead of providing the 48 or 64 hours of one-on-one instruction to each student, instructors give only a total of 48 or 64 hours to the two partners. Additionally, instead of being required to complete 600 to 800 hours of cooperative education if the two students were treated as individuals, at most of the colleges partners must only complete a total of 300 or 400 hours of cooperative education. While the community colleges treat partners as one unit when providing instructional services, they consider the partners two individuals when submitting credit hours for state FTE funding.

The required credit hour calculations detailed in the 1990 memo, as well as information provided by the community colleges, indicate that each student enrolled in the ABM or SBM program will be offered a specific amount of one-on-one instruction and must complete a requisite number of cooperative education hours. There is no exception for providing less instruction to students who enroll as partners. While it may be efficient to provide simultaneous instruction to farm unit or small business partners, the institutions are overstating the amount of resources required by doubling the amount of instructional hours used in the funding calculations. If business partners are taught as a team, these units should also be considered a team when the college seeks state funding. Conversely, if the colleges want to submit the credit hours generated by partners separately in order to obtain more money, they

must ensure that each partner receives the applicable amount of one-on-one instruction and completes the required cooperative education hours.

Recommendation No. 4:

The Colorado Community College System should ensure the accuracy of instruction hours used by institutions in their requests for state funding.

Colorado Community College System Response:

Agree. Implementation date: May 2004. The CCCS will evaluate partner instruction as part of its review of the program and ensure that instruction hours comply with current state FTE policy. Because the partnership component of the ABM program is critical to the program's history and goals, the CCCS will work with CCHE to assure that the team-based approach is recognized in CCHE's categories of instruction.

Add/Drop/Withdrawal Transactions

The Commission's FTE Policy Guidelines dictate the point at which credit hours generated by a student adding, dropping, or withdrawing from a course can or cannot be submitted for state funding. The current Guidelines continue to follow previously adopted practices developed over several decades between the Commission and the individual colleges. The cutoff point is known as the census date, which is the last date of the registration adjustment period for the course. Typically, it is a date occurring within a few weeks of the start of the academic term or the start date of the course. This cutoff point for inclusion or exclusion of students from the census helps determine the level of resources necessary to teach a course and is therefore an important component of the Commission's funding calculation.

According to Commission staff, every course has a census date that should be calculated based on the course dates listed in the institution's Course Schedule. It identifies the period of time in which a student has the option of adding or dropping a class without academic penalty. Specifically, the FTE Guidelines state the following related to a course census date:

- **Class Drops** - "Drops" are those students who exit a course before the census date. Credit hours earned by a resident student who drops a course before the census date cannot be submitted to the Commission for state funding.

- **Class Withdrawals** - "Withdrawals" refer to those students who exit the course after the census date. Credit hours earned by resident students who withdraw from a course can be included for state funding because the student dropped the class after the census date.
- **Class Adds** - Students who join the course after classes begin are referred to as "adds." Credit hours earned by resident students who enroll in a course before the census date can be claimed for state funding. However, credit hours for students who enroll in a course after the census date cannot be submitted to the Commission for state funding.

We reviewed add, drop, and withdrawal transactions for students enrolled in the ABM and SBM programs at the five community colleges during Fiscal Year 2002. We found that all five community colleges included credit hours generated by students who had enrolled in classes after the course census date. Based on the FTE Guidelines, credit hours earned by these students are ineligible for state funding. As shown in the following table, for Fiscal Year 2002 the five community colleges received approximately \$659,800 in state funding for students who joined the certificate programs after the established census date.

State Funding Claimed for Students Who Added Classes After Established Census Date Fiscal Year 2002					
College	Number of Students	Credit Hours	Student FTE ¹	Amount per FTE ²	Total Excess Claimed
Trinidad	247	2,890	96.3	\$4,445	\$428,054
Morgan	33	585	19.5	\$3,972	\$77,454
Northeastern	61	582	19.4	\$4,022	\$78,027
Otero	22	264	8.8	\$3,993	\$35,138
Lamar	34	255	8.5	\$4,840	\$41,140
Total	397	4,576	152.5		\$659,813
Source: Census and Enrollment Information provided by Trinidad State Junior College, Morgan Community College, Northeastern Junior College, Otero Junior College, and Lamar Community College. ¹ Student FTE is calculated by dividing the credit hours by 30 for schools operating on a semester schedule. ² Amount per FTE for Fiscal Year 2002 provided by the Colorado Commission on Higher Education.					

Additionally, we found that, at Morgan, students dropped or withdrew from a specific section of a course and then reenrolled in a different section of the same course and certificate program. The students dropped out of the first section prior to the census date and added the second section after the census date. According to the FTE Policy Guidelines, the credit hours generated by these students cannot be claimed for state funding. Morgan received \$26,215 for 198 ineligible credit hours.

Trinidad received \$10,700 for six students and Morgan received \$9,136 for four students who mistakenly enrolled in courses for the wrong certificate program. The students dropped the incorrect courses and added the courses for the correct certificate program. However, the students registered for the wrong classes after the census date and therefore were ineligible for state funding. They remained ineligible for state funding, since they added the proper classes after the census date.

We also found that Northeastern failed to claim state funding for credit hours generated by students who withdrew from a course after the census date. The Commission's FTE Policy and its Guidelines allow institutions to claim these credit hours. Therefore, Northeastern should have received an additional \$4,800 in Fiscal Year 2002.

Representatives of the Colorado Community College System reported that it is the general policy of the community colleges to set 15 percent of the course time as the last date to drop or add an ABM course. However, Morgan Community College staff reported that the institution has established an open enrollment policy, which allows students to enroll in courses at any time during the semester. Although not allowed by the Commission's FTE Policy, Morgan representatives indicated that they report credit hours generated by any resident student who enrolls prior to the last day of the semester. Otero, Lamar, and System representatives also reported instructors failed to submit enrollment paperwork prior to the census date, even though students were actively participating in course work prior to the census date. As a result, Lamar and Otero claimed these students for state funding.

The Commission is responsible for interpreting its FTE Policy and determining which credit hours are eligible for state funding. The specific requirements related to counting students who add, drop, or withdraw from a class have been developed over several decades. Additionally, according to Commission staff, a census date for every course section regardless of its starting date should be calculated based on the course dates listed in the college's Course Schedule. Commission staff also reported that each student must be officially registered in the course, regardless of when course work begins, to be included for state funding. Community colleges do have options for enrolling late-starting students and receiving funding. The colleges could create additional sections for the course. As long as the new sections comply with the instructional credit hour calculations, including providing all instruction prior to submitting the students for state funding, and other parts of the Commission's FTE policy, the students can be claimed for FTE funding.

We found that all five community colleges claimed funding for credit hours resulting from improper add/drop/withdrawal transactions. The total excess funding for Fiscal Year 2002 related to these ineligible credit hours is about \$705,900, including both initial late enrollment (about \$659,800) and students who timely enrolled and dropped courses but added alternative courses too late (about \$46,100). If all ABM and SBM students had been given the proper amount of educational services, the colleges would have inappropriately claimed \$706,000 for students who were not eligible for FTE funding because the colleges failed to comply with established practices regarding students who add, drop, or withdraw from classes. In addition, we reviewed preliminary FTE reports submitted by the community colleges for Fiscal Year 2003 and found similar errors. The Colorado Community College System needs to ensure that community colleges comply with the Commission's FTE Policy and its Guidelines regarding the submittal of credit hours generated from add/drop/withdrawal transactions.

Recommendation No. 5:

The Colorado Community College System should ensure that institutions are adhering to the Colorado Commission on Higher Education's FTE Policy and Guidelines for reporting credit hours generated through add, drop, and withdrawal transactions.

Colorado Community College System Response:

Agree. Implementation date: January 2004. The CCCS will work with colleges to assure compliance with CCHE policy regarding enrollment changes during the term. In general, we believe that colleges have complied with CCHE policy, including policy exceptions for end-of-term reporting for community colleges.

Residency Requirements

The Commission's FTE Policy states that only credit hours earned by Colorado residents can be claimed for state funding. Section 23-7-102 (5), C.R.S., defines an in-state resident as a student who has been domiciled in Colorado for one year or more immediately preceding registration at any institution of higher education. Statutes also give the Commission the authority to establish policies for determining a student's residency status. The Commission's FTE Policy Guidelines require higher education institutions to establish reasonable practices for classifying students as in-state residents.

A student's classification as an in-state resident financially benefits both the student and the institution. Institutions can claim credit hours generated by resident students for state funding while resident students pay lower tuition rates. Out-of-state tuition rates at Colorado's state-supported institutions and colleges are almost four times higher than in-state tuition rates. For example, in Fiscal Year 2003, in-state tuition for a 24-credit-hour certificate program at Trinidad State Junior College, Otero Junior College, and Lamar Community College totaled \$1,510, while out-of-state tuition totaled \$6,024. Regardless of their eligibility, students have an incentive to request residency status because of the difference between in-state and out-of-state tuition rates.

Staff at all five community colleges reported that they generally rely on the self-reported information provided by students on the Colorado Tuition Classification Form. This form contains several questions that seek to determine if a student has

lived in Colorado for at least 12 months prior to applying as a resident student. Questions include dates of continuous physical presence in Colorado, the last two years in which Colorado income taxes were filed, and the last two years of Colorado Motor Vehicle Registration. According to college staff at three of the schools, as long as the student answers at least three of the questions with responses indicating residency for the last 12 months and signs the form, the student is classified as a resident. Staff generally do not seek to verify the self-reported information. Only Otero gathered documentation from the student to support the residency claim.

We reviewed a total of 150 student files at the five colleges to verify whether they were complying with the Commission's and their own internal policies for residency determinations. As part of the review, we determined whether the student had completed at least three questions on the Tuition Classification Form and had signed the form attesting to the accuracy of the reported data. We found the following:

- **Northeastern Junior College** - Two of twenty-five students did not answer at least three questions on the form indicating residency. One student's application simply stated that he was born in Colorado and was self-employed. The other student's application noted that she had lived in Colorado for her entire life. Despite its policy requiring that at least three questions on the form be completed, Northeastern did not classify these students as out-of-state residents, nor did it require the student to submit additional documentation to ensure eligibility for in-state residency. In addition, Northeastern staff could not locate the file for one student in our sample; therefore, we could not determine if the student was correctly classified as a Colorado resident. On the basis of Northeastern's policy and the available documentation, we believe that Northeastern incorrectly classified these three students as in-state residents. Therefore, the 39 credit hours generated by these three students were ineligible for FTE funding. In Fiscal Year 2002, Northeastern received about \$5,200 for credit hours generated by these three students.
- **Trinidad State Junior College** - For our sample of 50 students at Trinidad's main and Valley campuses, we found no supporting documentation of the residency determination for 12 students. According to staff, these 12 students had initially registered at Trinidad five or more years prior to the time of our review. If the student had completed a Tuition Classification Form at that time, the student was not required to complete another form. Staff stated that a comparison of the student's current address is done with the address listed on the computer system. If there are no discrepancies, the student is not required to provide further documentation of residency. However, the same address does not guarantee that the student met eligibility requirements for Colorado residency. We also found that one student did not answer at least

three questions on his Tuition Classification Form and that another student did not sign the form attesting that the information provided was accurate. In both of these instances, Trinidad did not request additional documentation from the student to support the student's claim of residency. On the basis of its own policy, we believe that Trinidad incorrectly classified these 14 students as in-state residents, and therefore, the credit hours earned by them were ineligible for FTE funding. In Fiscal Year 2002, Trinidad received about \$35,600 for these students in error.

A student's classification as an in-state resident financially impacts both the student and the college. In addition, statutes limit state financial support to in-state residents. We found that Trinidad and Northeastern did not comply with their established policy for validating residency status for all of the students in our sample.

Recommendation No. 6:

Northeastern Junior College should develop procedures to ensure that documentation to support a student's residency is obtained when the student does not complete at least three questions on the Tuition Classification Form.

Northeastern Junior College Response:

Agree. Implementation date: January 2004. Northeastern Junior College agrees to develop procedures to ensure that students provide adequate documentation of their residency status when three or more questions from the Tuition Classification Form are not completed.

Recommendation No. 7:

Trinidad State Junior College should develop procedures to ensure that documentation to support a student's residency is obtained when the student does not complete at least three questions on or sign the Tuition Classification Form. In addition, Trinidad should ensure that students submit a new Tuition Classification Form when a student reenrolls in the institution after a specified period of absence.

Trinidad State Junior College Response:

Agree. Implementation date: January 2004. Trinidad State Junior College agrees to develop procedures to ensure that students provide adequate documentation of their residency status when three or more questions from

the Tuition Classification Form are not completed. In addition, the college will determine what length of time is appropriate for requiring a new Tuition Classification Form following a period of absence.

Advanced Courses

During Fiscal Year 2002, Lamar Community College, Morgan Community College, Northeastern Junior College, and Otero Junior College gave students the opportunity to take advanced Agriculture Business Management (ABM) courses. Advanced courses are designed for students who wish to continue education after completion of an ABM certificate. According to Commission staff, advanced courses should be treated as independent study for FTE funding purposes. Under the Commission's FTE Policy Guidelines, independent study courses are available to students during a period in which the student is pursuing a degree or participating in a certificate program. The Guidelines further state that the institution needs to document how the number of credit hours assigned to an independent study course is determined. Our audit work indicates that community colleges are not complying with the Commission's FTE Policy Guidelines for independent study courses. Therefore, any credit hours generated from these advanced ABM courses are ineligible for state funding.

We found that the advanced ABM courses are only available when a student has completed one or more of the existing certificate programs. Our review of course catalogs indicates that these advanced courses are not part of the individual certificate programs provided by the colleges. Instead they represent an opportunity for additional study beyond the certificate course work. Staff from Otero and Morgan community colleges stated that these advanced courses can be applied to an Associate of General Studies degree. However, under the Commission's Guidelines, for an independent study course to be eligible for state funding, the student must be in pursuit of a degree or certificate at the time the course is taken. We found that the institutions are giving advanced course credit without requiring students to declare a major or specify the degree they are pursuing. Additionally, the community colleges must document how the course credit hours for the independent study course are calculated. The advanced courses we identified ranged from one to four credit hours. College representatives reported that they based the credit hour calculation on the student's instructional needs. However, none of the four community colleges could provide documentation of how the actual number of credit hours granted for the advanced courses was determined.

On the basis of the Commission's FTE Policy Guidelines regarding independent study courses, we believe that the advanced courses we identified are ineligible for state

funding. In Fiscal Year 2002 the four community colleges received almost \$42,000 from these advanced courses. If the community colleges choose to continue offering advance courses to students, the institutions will need to restructure the courses in order to ensure that they comply with the FTE Policy Guidelines. As a result, the credit hours assigned to the courses will need to be documented and the courses will need to be offered in conjunction with a specific certificate or while a student is pursuing a degree or certificate program.

Recommendation No. 8:

The Colorado Community College System should work with the community colleges to ensure that institutions do not claim FTE funding for advanced Agriculture Business Management courses that do not comply with the requirements in the Colorado Commission on Higher Education's FTE Policy and its accompanying Guidelines.

Colorado Community College System Response:

Agree. Implementation date: May 2004. The CCCS will ensure that advanced courses reported for FTE satisfy program requirements consistent with current policy. Because advanced courses satisfy degree program requirements, we believe they are eligible for FTE reporting.

Effect on General Fund Appropriations

On the basis of our random sample of 76 students, we evaluated the instruction provided to students in the ABM and SBM certificate programs based on the 1990 System memo and information provided by the individual colleges. We found that none of the colleges can document that they provided students enough educational instruction to support the credit hour calculations submitted to the Commission for state FTE funding. Therefore, we found that the colleges received more general fund money than they were entitled to. The colleges could not document that students consistently received or completed the full educational services required in the 1990 System memo. As mentioned previously, if the colleges could provide any documentation showing the actual provision of one-on-one instruction or completion of cooperative education hours, we gave the college credit, even if the documentation lacked the required detail of services provided. If the findings from our sample are representative of the amount of instruction services provided to all enrolled ABM and SBM students, we estimate that the five colleges could have received about \$924,600

more than they should have. In addition, there could be \$42,000 in overcharges for ineligible advanced courses. We have provided the Commission and the System with our sample-based results. These calculations represent only a single year's excess funding determined as a result of our sample test work. These same issues may have existed in other years.

Under the Commission's FTE Policy, institutions must "determine the credit hour assignment based on student outcomes and national standards." The System determined that for students to meet expected student outcomes, students had to receive the types and amounts of instruction detailed in the 1990 System memo. All of the colleges we visited reported that they provide instruction based on the credit hour calculations in the 1990 memo. However, we found that all of the colleges lacked adequate documentation to show that students received the amount of instruction that has been determined necessary to achieve the programs' established competencies. Therefore, we question if students were given all of the instruction for which the colleges obtained state funding. As noted, the purpose of state FTE funding is to help pay the cost of educating students.

Additionally, we identified numerous ineligible students submitted for funding during Fiscal Year 2002 based on add/drop transactions and residency requirements. Since these ineligible students along with all other ABM and SBM students did not receive the proper amount of educational services, they are part of the up to \$924,600 in questioned costs detailed above. However, if all enrolled ABM and SBM students had received the full amount of educational services, the colleges would have claimed at least \$706,000 for students who were not eligible for FTE funding because the colleges failed to comply with established practices for counting students who add, drop, or withdraw from classes and for determining a student's residency. Therefore, the System may want to examine all student FTE information submitted by these colleges in recent fiscal years, since these errors may not be limited to students enrolled in the ABM and SBM certificate programs. Finally, because of the magnitude of the potential overfunding, we believe that the System should consider whether it needs to require the colleges to repay any money received based on the inability to support the student FTE information that was submitted to the Commission.

Recommendation No. 9:

The Colorado Community College System, working with the Colorado Commission on Higher Education, should:

- a. Consider reexamining all student FTE information submitted for Fiscal Year 2002 and prior fiscal years.
- b. Determine the amounts that may need to be repaid by each institution to the General Fund.

Colorado Commission on Higher Education Response:

Agree. The Colorado Commission on Higher Education agrees that it is appropriate for the state auditors to reexamine all student FTE submitted for Fiscal Year 2002 and prior fiscal years. Furthermore, as a result of audit findings in this report as well as previous student FTE audit reports of other public higher education institutions in Colorado, the Commission believes that additional student FTE audits conducted by the Office of the State Auditor on a routine basis is essential. The Commission would like to work with the Office of the State Auditor to develop a schedule of annual student FTE audits of the State's public institutions of higher education.

The Colorado Commission on Higher Education will work with the auditors and the institutions to determine the appropriate amounts of funding needed to be returned to the General Fund.

Colorado Community College System Response:

Disagree. The CCCS does not believe that the issues raised for this unique, highly specialized program are present in our other programs. We will work with the CCHE to adjust any FTE previously reported that do not meet the FTE policy. However, we do not feel that repayment to the General Fund is appropriate or necessary because a) our colleges acted in good faith compliance with CCHE policy in reporting ABM and SBM student enrollment, and b) we are currently operating in an environment where thousands of community college FTE have yet to be funded.

Oversight of Instructional Services

As we detailed earlier in this chapter, we found that the five community colleges generally lack the documentation to show that they are providing all required instructional services for students in the Agriculture Business Management and the Small Business Management certificate programs. However, these five colleges have

received state funding on the basis of giving students all required instructional services. During Fiscal Year 2002 the five community colleges reported a total of about 424 student FTE generated through these two certificate programs. This equates to approximately \$1.8 million in state FTE funding. On the basis of documentation provided by the colleges, their direct educational expenses (i.e., instructor salaries, benefits, and travel expenses) for these two certificate programs totaled almost \$970,000. As already discussed, the majority of instructional services provided to these students should occur at the student's farm or business. The remaining \$830,000 generated through these programs is available to pay the colleges' fixed costs. Given the substantial revenues received by the five colleges associated with the ABM and the SBM programs, we believe the System needs to improve its oversight of these institutions and their certificate programs in order to ensure not only that all instructional services are provided but also that the instruction meets quality standards.

System and college representatives informed us that they recently revised the ABM and SBM programs to focus on student outcomes. As adopted by the Colorado Community College System in December 2001, each ABM or SBM certificate has specific outcome measures that students are expected to achieve. The individual colleges are continuing to develop assessment tools whereby they can evaluate whether students meet the expected outcomes. System representatives reported that in the future they plan to use these student outcomes as the basis for calculating FTE for state funding rather than the current credit hour calculations detailed in the 1990 System memo. While we believe focusing on student outcomes is a laudable approach, the System must still determine the amount of instruction needed to achieve established outcomes and ensure that the colleges can document the provision of that instruction. Since the System revamped and standardized the instruction for these programs, it may also want to work to standardize the assessment tools used by the colleges to measure achievement of expected outcomes. Such standardization would allow the System to determine whether certificate programs actually help students reach their business objectives and goals and improve the effectiveness of their farm or small business.

At least initially, the System determined that the instruction types and hours detailed in the 1990 System memo described the educational instruction necessary for students to achieve the established student outcomes. The colleges report that they continue to use the memo to guide instruction for their ABM and SBM programs. If the colleges determine that the types and amount of instruction detailed in the 1990 System memo are no longer necessary for students to meet expected outcomes, they must then work with the System to redefine the educational instruction. The colleges must comply with the new requirements, including adequately documenting the provision of all education services.

Regardless of what academic and instructional requirements exist, the Colorado Community College System must ensure that the colleges comply with those requirements and Commission policies. For example, we believe that any one-on-one instructional requirements should be met through tailored on-site activities for the full amount of time required by the established credit hour standards. This is especially important at institutions where students are not required to regularly attend lectures. With regard to cooperative education hours earned, students working on their own should be required to keep journals or otherwise write down their self-study activities and how they relate to the course objectives.

Overall, we believe that the System needs to enforce established academic requirements. This will help provide assurance that both instructors and students are expending the required level of effort and achieving stated goals. The two certificate programs we evaluated generally do not utilize testing or other written products from students as evidence that the students are achieving the established learning objectives. Since these programs rely almost exclusively on self-study cooperative hours and face-to-face interaction between instructor and student to demonstrate successful learning, meaningful documented participation in these activities is essential to confirm that credit hours are earned and the resulting requests for state funding are substantiated. As discussed in Chapter 2, federal financial aid regulations also mandate that colleges prove through some form of documentation that a student attended the classes for which he or she received financial assistance. The federal government also requires that colleges be able to demonstrate that they actually offered the number of hours they claim are in the academic program. Proper oversight is critical to confirm that community colleges are earning the amount of funding claimed and received as well as ensuring that certificates or degrees conferred on students represent a quality education.

Recommendation No. 10:

The Colorado Community College System needs to take steps to ensure that the community colleges offering the Agriculture Business Management and Small Business Management certificate programs provide the types and amount of instructional services determined necessary for students to meet established outcome measures. As part of its oversight duties, the System should ensure that all educational services are properly documented and support course credit hour calculations.

Colorado Community College System Response:

Agree. Implementation date: May 2004. The CCCS will take steps to ensure that the SBM and ABM programs provide the instruction necessary to meet established outcome measures. As stated above, the CCCS is convening colleges this fall to make changes to the ABM and SBM programs that will make the programs more consistent and ensure that student achievement of course objectives is documented.

Recommendation No. 11:

The Colorado Community College System should work with the individual colleges to standardize the assessment tools used to measure the achievement of student outcomes for students participating in the Agriculture Business Management or Small Business Management certificate programs.

Colorado Community College System Response:

Agree. Implementation date: May 2004. The CCCS will work with the colleges to ensure that uniform assessment tools are used to measure student outcomes.

Financial Aid

Chapter 2

Introduction

Students enrolled in the Agriculture Business Management (ABM) and the Small Business Management (SBM) programs may receive funds from the federal and/or state government to assist with college costs. These funds may be in the form of federal financial aid or institutional scholarships. To receive federal financial aid, students must meet eligibility requirements established by the U.S. Department of Education. The individual community colleges determine the requirements for receipt of institutional scholarships. During our audit we reviewed financial aid files for a random sample of 235 students enrolled in these two programs at Trinidad State Junior College, Morgan Community College, Northeastern Junior College, Otero Junior College, and Lamar Community College. As part of our review, we determined whether the student's financial aid was disbursed in accordance with federal, state, and institutional requirements. On the basis of our calculations regarding the actual amount of educational instruction provided to a sample of students, we question the amount of federal financial aid provided to students. Additionally, we believe that state-funded institutional scholarships were provided to ineligible students.

Federal Pell Grants

Pell Grants are a primary source of federal financial aid available to students in the ABM and the SBM programs. In Fiscal Year 2002, 107 out of the 235 students in our sample, or 46 percent, received Pell Grants in the amount of approximately \$323,000. Eligibility criteria include that the student has a demonstrated financial need, has earned a high school diploma or a GED certificate, is enrolled as a regular student working toward a degree or certificate, and has complied with satisfactory academic progress standards. Students receive federal financial aid based on the student's Expected Family Contribution (EFC), the cost of attendance, and enrollment status. There are four categories of enrollment status based on the credit hours for which the student enrolls for one academic year: Full-Time (24 credit hours), Three-Quarter Time (18 credit hours), Half-Time (12 credit hours), and Less than Half-Time (less than 12 credit hours).

We identified two concerns regarding the amount of Pell Grant financial aid received by students in the ABM and SBM certificate programs. These include:

- **Overstated Credit Hours.** Students enrolled in the ABM and SBM programs receive Pell Grant assistance on the basis of being enrolled as either a full-time student (24 credit hours), or a three-quarter-time student (18 credit hours). As detailed in Chapter 1, on the basis of a random sample of students, we found that the individual community colleges are overstating the actual amount of instruction offered and given to students and, therefore, the amount of credit hours provided to the students. Because the amount of instruction offered and provided does not match the credit hours reported, we question the amount of Pell Grant assistance given to students in the ABM and SBM certificate programs. Using our calculations for the amount of instruction provided and the Pell Grant award schedules, we believe that the 107 students in our sample receiving Pell Grants for Fiscal Year 2002 should have only received about \$150,000 instead of the \$323,000 they actually received. Federal regulations state that "a Pell overpayment occurs any time the student receives a payment that is greater than the amount for which the student is eligible." Eligibility factors include the number of credit hours for which the student enrolls. According to the U.S. Department of Education, a college must be able to demonstrate that it actually offered the number of hours it claims are in the academic program. We are concerned that because of the difference in the hours actually offered and given by the colleges as opposed to what was advertised to be offered, the U.S. Department of Education may disqualify a portion of the grant for each ABM and SBM student who received federal assistance.
- **Lack of Attendance.** Federal requirements guiding Pell Grant payments state that colleges must be able to document that a student attended at least one day of class for all courses for which he or she received federal financial aid. The regulations allow colleges to determine the methods that can be used to document attendance. Student course attendance can be documented through a variety of methods, such as attendance sheets, one-on-one instruction recorded by instructors, written tests, term papers, quizzes, or student journals recording cooperative self-study hours. If such attendance cannot be documented, the college must recalculate the student's financial aid award based on the lower enrollment status. On the basis of information provided by the colleges, we cannot confirm that all students enrolled in the ABM and the SBM programs attended one class. The colleges do not necessarily maintain attendance records. For example, Morgan Community College reported that no attendance information exists for classroom lectures. Trinidad's main campus and Northeastern have limited attendance records. At Otero Junior College, we identified 21 students who failed to attend a

lecture during the Fall 2001 semester and 28 who never attended during the Spring 2002 semester. For those students who did not attend a lecture, the community college must be able to show the student received one-on-one instruction or performed cooperative education hours. Under federal guidelines, without documentation of attendance, the college may have to repay all federal financial aid received by the ABM or SBM student.

Federal regulations state that any overpayment of Pell Grant assistance to a student, such as when a student never attends class, must be repaid to the federal government. These required repayments could have a significant financial impact on the community colleges and the Colorado Community College System as a whole. As the governing entity for the community colleges, the System needs to make sure that colleges have documentation to demonstrate that all students enrolled in the ABM or the SBM programs attended at least one class, received one-on-one instruction, or performed cooperative education hours. For those students for whom documentation does not exist, the System must ensure that the required repayment occurs.

Recommendation No. 12:

The Colorado Community College System should work with the community colleges and the U.S. Department of Education to evaluate Pell Grant assistance to students in the Agriculture Business Management and the Small Business Management programs. As part of its evaluation, the System needs to verify that documentation exists to show that students who enrolled in the ABM or SBM program and received federal financial aid attended a lecture class, received one-on-one instruction, or performed cooperative education hours. For those students for whom documentation does not exist, the System needs to work with the community colleges to reimburse the federal government for excess amounts claimed.

Colorado Community College System Response:

Partially Agree. Implementation date: January 2004. The CCCS will work with the colleges, and the U.S. Department of Education if necessary, to ensure that federal financial aid was awarded and disbursed in compliance with state and federal guidelines. However, we believe that students in the ABM and SBM programs who received federal Pell Grants were awarded correctly, and that reimbursement is therefore unwarranted. Nevertheless, we will work with the colleges to ensure that compliance is documented.

Institutional Scholarships

In 1988 the Colorado Community College System established institutional scholarships for students enrolled in the ABM and the SBM programs. The System president annually determines the maximum amount of these scholarships. The college is then responsible for ensuring that the scholarships are distributed to students in accordance with System guidelines. There are different scholarship amounts available depending on the number of credit hours assigned to the program and whether the student enrolls as a partner of another student. For example, in Fiscal Year 2003 the scholarship amount for a 2-person unit (students enrolled with a partner) enrolled in a 24-credit-hour certificate program was \$1,261, while these same students were granted \$852 in an 18-credit-hour program. For Fiscal Year 2002, a 2-person unit received \$1,239 in scholarship monies if enrolled in a 24-credit-hour program and \$848 for an 18-credit-hour program.

The actual scholarship application requires that the scholarship money be used only for tuition assistance. The application notes that the scholarship can be revoked if the money is used to pay other types of expenses. At Trinidad's main campus, Morgan, and Otero, any student enrolled in the ABM or the SBM program receives a scholarship simply by completing the scholarship application. Northeastern requires that students demonstrate some form of financial need as part of the application process, but generally the institution awards a scholarship to the majority of students that enroll in these two programs. Finally, we found that Lamar and Trinidad's Valley campus only grant institutional scholarships to ABM or SBM students that do not receive federal financial aid.

Federal regulations limit the amount of Pell Grant assistance that a student can receive. In Fiscal Year 2002 the maximum amount of Pell funds available to a full-time student was \$3,750 while a three-quarter-time student could receive up to \$2,813. In Fiscal Year 2003 the maximum increased to \$4,000 for full-time students and \$3,000 for a three-quarter-time student. Since the amount of the Pell award is limited, it is generally the first form of aid applied to a student's financial aid package. This is consistent with the Commission's financial aid policy, which states that "financial aid policies and practices should maximize the amount of financial aid funds available to Colorado residents by using federal dollars as the initial funding base" As a result, the community colleges should use federal funds awarded before awarding any state financial aid such as institutional scholarships. We found that the System's requirement that its institutional scholarships be used for tuition assistance conflicts with the Commission's financial aid policy when the student also receives a Pell Grant that fully covers tuition expenses. Under the current scholarship requirements, we believe that students receiving Pell Grants that cover the entire cost of tuition are ineligible to also obtain money from an institutional scholarship.

As mentioned earlier, we reviewed the financial aid files for 235 of the students enrolled in the ABM and the SBM programs during Fiscal Years 2002 and/or 2003. In Fiscal Year 2002 we found that 81 students from our sample received both a Pell Grant and an institutional scholarship. For 75 of the 81 students, the Pell Grant alone fully covered the cost of tuition. The total amount of federal and institutional financial aid given to these 75 students in excess of their tuition costs totaled \$192,700, or about \$2,600 per student on average. Financial aid that exceeds the amount of tuition and fees is given to the student who can use that money for other costs of attendance, such as books, transportation, and dependent care.

A similar situation exists for Fiscal Year 2003 in that 69 out of 78 students in our sample who received both a Pell Grant and an institutional scholarship were paid excess funds after covering tuition. These 69 students received an additional \$66,300 in categorical scholarships in addition to the balance of their Pell Grant funds. The total amount of both Pell and scholarship funds received by these 69 students beyond tuition was about \$169,800, or approximately \$2,500 per student. Given that the purpose of the institutional scholarships is to help pay tuition costs, we believe that students who receive Pell Grants that exceed the cost of tuition should not also get an institutional scholarship.

System representatives stated that the policy guiding these institutional scholarships does not limit their use to tuition assistance. However, this conflicts with the requirements stated on the application form. If the System intends that institutional scholarships be awarded to students with Pell Grants, it needs to clarify that the institutional scholarship can be used to cover other costs of attendance in excess of tuition. This would continue the current practice of allowing students to receive both federal and state financial assistance as well as allowing many students to continue getting refunds.

Recommendation No. 13:

The Colorado Community College System should either change its scholarship application forms to comply with its stated policy that the institutional scholarships for Agriculture Business Management and Small Business Management students can be used to cover any cost of attendance and not just tuition or not provide institutional scholarships to ABM and SBM students whose Pell Grants fully cover tuition and fees.

Colorado Community College System Response:

Agree. Implemented. The CCCS has made changes to its institutional scholarship application for the current year to comply with its stated policy, and the areas relating to cost of attendance have been clarified.

Partner Financial Aid

The Colorado Community College System (System) allows ABM and SBM students to enroll as a partner with another student to create a 2-person unit. On the basis of discussions with representatives from the System and the five community colleges that offer these two certificates, it appears that these programs were designed around “units,” or two people who were responsible for the operation of a farm or business. These units generally consist of a husband and wife, but also include other combinations of people who work on the same farm or at the same business.

We found that students have an incentive to enroll with a partner. Community colleges provide more tuition assistance to students who enroll as partners as opposed to those who enroll alone. For example, in Fiscal Year 2003 a student individually enrolled in one of the programs received \$978 in scholarship money, while an individual with a partner received \$1,261, a difference of \$283. In addition, the community colleges consider the partners as individuals when calculating federal financial assistance, thus allowing students who qualify to collect additional federal financial aid. The partner program encourages more students to enroll, since they pay less out-of-pocket for tuition or receive more money for education-related expenses other than tuition. Higher enrollment benefits the community colleges by generating additional FTE, which leads to the receipt of more state funding. According to community college staff, the ABM and SBM programs are the only programs offered at the community colleges that provide increased financial aid to those students who enroll with a partner.

Although the System reported that the concept of partners revolves around the family farm or business, we found that a partner has been broadly interpreted by the community colleges to include individuals that do not necessarily work on the same farm or in the same business. The Colorado Community College System has not formally defined the circumstances in which a student can enroll with a partner. For example, for the ABM program, only Northeastern Junior College and Otero Junior College require that partners work on the same farm. Given that partners receive the required one-on-one instruction together and that the instruction should be at their farm or business, it would seem difficult to meet these requirements if the partners do not work together.

The community colleges require that a student list his or her partner on the scholarship application in order to receive the 2-unit scholarship amount. Using our sample of 235 students who received financial aid, we identified several applications that lacked the name of the partner, although the student was granted the partner scholarship amount. From this sample we also identified four instances where the partner listed on the student's application never enrolled in an ABM or SBM program. In each of these four cases, the student still received an institutional scholarship based on having a partner. We also identified three instances where the identified partner was only enrolled for one semester, but the student received the partner-rate tuition assistance for both semesters. Finally, we identified three students whose partners were enrolled in a different certificate program. Since partners are given one-on-one instruction as a unit, they should be in the same certificate program.

Recommendation No. 14:

The Colorado Community College System needs to improve its oversight of the partnership component of the Agriculture Business Management and Small Business Management certification programs or eliminate partnering entirely. If the System decides to continue the partnership component of these programs, it should maintain the integrity of partnering enrollments by ensuring that identified partners are actually enrolled in the institution, adjusting tuition assistance for those students whose partners disenroll, defining partners as two individuals who work on the same farm or business, and requiring partners to enroll in the same certificate program.

Colorado Community College System Response:

Agree. Implementation date: May 2004. Because the partnership component of the ABM program is critical to the program's history and goals, the CCCS intends to continue the team-based approach. The CCCS will evaluate partner instruction as part of its review of the program and ensure that partner enrollment and enrollment changes are processed in compliance with state and federal guidelines. Additional guidance on what constitutes an eligible partner will be given to colleges to ensure consistency across the colleges.

Appendix A

Appendix A. One-on-One Instruction

The following table details our findings regarding the actual provision of one-on-one instruction based on the documentation for a sample of students at each college. The table details the number of credit hours actually provided to ABM and SBM students if our sample results are representative for the entire population. Depending on the college, the 1990 System memo details that students should receive either 48 hours or 64 hours of personalized one-on-one instruction at their farm or business. The 1990 System memo states documentation by the instructor will include "one-to-one meeting dates and notes from the discussion." Because of this language in the 1990 System memo, we focused on documentation showing that one-on-one instruction actually took place rather than simply being scheduled. College representatives informed us that students enrolled with partners were treated as a unit and together received a total of 48 or 64 hours of one-on-one instruction. On the basis of the 1990 System memo, we believe that each student should individually receive the required amount of one-on-one instruction, so we halved the documented hours for those students in our sample who had a partner. For our sample we found that none of the colleges provided the amount of one-on-one instruction detailed in the 1990 System memo.

One-on-One Instruction Hours Provided for Sample of Students for Agriculture Business Management and Small Business Management Fiscal Year 2001-2002					
Institution	Required On-Site Visit Hours	Credit Hours Awarded	Average On-Site Visit Hours Completed	Credit Hours Earned	Credit Hours Overstated
Trinidad-ABM	64	10.24	0 ²	0	10.24
Trinidad - Valley-ABM	64	10.24	24.00	3.84	6.40
Trinidad-SBM	64	10.24	0 ²	0	10.24
Morgan ABM ¹	48	7.68	21.45	3.43	4.25
Northeastern ABM ¹	48	7.68	31.50	5.04	2.64
Northeastern SBM ¹	48	7.68	24.83	3.97	3.71
Otero-ABM	48	7.68	38.40	6.14	1.54
Lamar-ABM	48	7.68	16.07	2.57	5.11
Lamar-SBM	48	7.68	29.64	4.74	2.94
<p>Source: Office of the State Auditor analysis of institution documentation for on-site visits.</p> <p>¹ Morgan and Northeastern enroll the majority of its students in the spring semester and the instruction continues into the fall semester. Therefore, we reviewed students' on-site visit logs for students enrolled in the Spring and Fall 2002 semesters.</p> <p>² The institutions could not provide us with adequate documentation to support the credit hours relating to on-site instruction.</p>					

Our specific findings at each community college include:

- **Trinidad State Junior College** - For the certificate programs at both its main and Valley campuses, Trinidad requires that instructors offer 64 hours of one-on-one instruction (10.24 credit hours) at the student's farm or business. We identified two problems with the one-on-one instruction offered through Trinidad's main campus. First, both an ABM and an SBM

instructor at the main campus stated that they do not regularly give students one-on-one instruction at their farm or business. These instructors reported their one-on-one instruction takes place during weekly computer labs that students attend to apply lecture material to computer applications. No documentation exists regarding any individualized instruction that may be offered during or after these computer labs. These computer lab sessions do not meet either the System's policy for individualized business-based instruction for students or Trinidad's own requirements for implementing that policy.

Second, an ABM instructor did provide us with calendars showing that one-on-one instruction was scheduled with some students. However, the instructor did not maintain any documentation showing whether the meetings actually occurred, what was discussed, or how long the one-on-one visits lasted. The 1990 System memo requires documentation of one-on-one instruction, and Trinidad's main campus could not provide any documentation showing that one-on-one instruction was provided to ABM and SBM students. Until actual documentation of instruction exists, we believe that Trinidad should not be claiming any credit hours for one-on-one instruction.

Instructors at Trinidad's Valley campus did provide us with documentation regarding their one-on-one instruction. We reviewed the one-on-one visit logs for 10 students enrolled in the ABM program at the Valley Campus for Fiscal Year 2002. The logs provided by the instructor detail the dates of the visits but not the time spent with the student. If the instructor spent one hour per visit, students in our sample received an average of six hours of instruction worth 0.96 credit hours. If the students received the maximum of four hours per visit, these students averaged 24 hours of one-on-one instruction for the entire certificate year. This represents about 3.84 credit hours, not the 10.24 credit hours claimed for funding purposes.

- **Morgan Community College** - Morgan's credit hour calculation indicates that students should receive 48 hours of one-on-one instruction (7.68 credit hours) for each certificate. We reviewed documentation of one-on-one instruction maintained by the instructors for a random sample of 21 students enrolled in the Spring and Fall semesters of 2002. We focused on those meetings actually held rather than just scheduled. On average, these 21 students received only 21.45 hours of one-on-one instruction for the period reviewed. This represents about 3.43 credit hours, not the 7.68 credit hours claimed for funding purposes.
- **Northeastern Junior College** - Northeastern instructors are required to provide each student enrolled in the ABM or SBM program with 48 hours of

one-on-one instruction (7.68 credit hours) at their home, business, or farm. We examined the one-on-one visit documentation for a random sample of nine students enrolled in the ABM program for the Spring 2002 and Fall 2002 semesters. The students in our sample received, on average, 10.5 visits. The actual time of the visit was documented by the instructor. We found that, on average, these students received 31.5 hours of one-on-one instruction representing 5.04 credit hours. We also reviewed the one-on-one instruction logs for three students taking SBM courses. These students received an average of almost 12 visits and the instructors documented the time of the visit. On average, the three students received about 24.83 hours of one-on-one instruction equaling 3.97 credits.

- **Otero Junior College** - On the basis of information provided by Otero representatives, instructors should provide each ABM student with 48 hours of one-on-one instruction (7.68 credit hours) for each certificate. We reviewed the one-on-one instruction documentation for a sample of 15 students enrolled in the Agriculture Business Management program for the Fall 2001 and Spring 2002 semesters or Spring 2002 and Fall 2002 semesters. The actual time of the visit is not documented. If the visits all lasted one hour, the students received, on average, 10.5 hours of one-on-one instruction, which equals 1.68 credit hours. If they all lasted the required four hours, the students averaged 38.4 hours of one-on-one instruction, or 6.14 credit hours. Neither calculation supports the 7.68 credit hours claimed for funding.
- **Lamar Community College** - Lamar requires that students in the ABM and SBM programs receive 48 hours of one-on-one instruction (7.68 credit hours) for each certificate. We reviewed this documentation for a sample of 18 students enrolled in these programs for the Fall 2001 and Spring 2002 semesters or the Spring 2002 and Fall 2002 semesters. On the basis of the available documentation, we found that for the seven ABM students in our sample, Lamar provided a maximum of about 16.07 hours of one-on-one instruction. This equals 2.57 credit hours. The 11 SBM students are to receive two-hour visits twice each month. Using this standard, we found that the 11 students in our sample got an average of 29.64 hours of one-on-one instruction. This represents 4.74 credit hours.

Appendix B

Appendix B. Cooperative Education Hours

The following table details our findings regarding the completion of cooperative education hours by a random sample of students enrolled in the Agriculture Business Management or Small Business Management certificate programs. The table details the number of credit hours actually provided to ABM and SBM students if our sample results are representative for the entire population. Depending on the college, the 1990 System memo shows that students should complete either 300 or 400 hours of cooperative education hours. According to college representatives, these students perform cooperative education on their own time outside of the classroom lectures and separate from the one-on-one instruction.

The 1990 System memo states that "each student will be required to document how much time is spent on the cooperative education phase; this could be in the form of a diary or something similar." Because of this language, we focused our calculations on the existing documentation rather than on reports by instructors that all students complete the requisite number of cooperative education hours. In addition, the Commission requires colleges to be able to support reported FTE calculations with documentation. We found that at all colleges it is the instructors rather than the students who track completion of cooperative education hours. In most cases, the instructor simply checked that the hours had been completed without providing any details regarding the actual amount of time spent on cooperative education or the specific activities completed by the student. If the instructor stated the hours had been completed, we gave the student credit for the 300 or 400 required hours. If the student enrolled with a partner, we halved the documented number of cooperative education hours unless the college specifically stated that both partners were required to perform cooperative education hours separately. For the students in our sample, none of the colleges met the established credit hour calculations as detailed in the 1990 System memo.

Cooperative Hours Completed by Sample of Students for Agriculture Business and Small Business Management Fiscal Year 2001-2002					
Institution	Required Cooperative Hours	Credit Hours Awarded	Average Number of Cooperative Hours Completed	Credit Hours Earned	Credit Hours Overstated
Trinidad- ABM	400	10.67	0 ²	0	10.67
Trinidad - Valley-ABM	400	10.67	241 ³	6.43	4.24
Trinidad-SBM	400	10.67	0 ²	0	10.67
Morgan ¹	300	8.00	57.14	1.52	6.48
Northeastern ABM ¹	300	8.00	267	7.12	0.88
Northeastern SBM ¹	300	8.00	221	5.89	2.11
Otero	300	8.00	290	7.73	0.27
Lamar-ABM	300	8.00	0 ²	0	8
Lamar-SBM	300	8.00	127.64 ⁴	4.08	3.92
<p>Source: Office of the State Auditor analysis of institution documentation for on-site visits.</p> <p>¹ Morgan and Northeastern enroll the majority of their students in the spring semester and the instruction continues into the fall semester. Therefore, we reviewed students' cooperative hours for students enrolled in the Spring and Fall 2002 semesters.</p> <p>² The institution did not provide enough documentation for us to conclude that the required cooperative hours were completed by students.</p> <p>³ This amount is estimated based on limited documentation provided by the institution.</p> <p>⁴ The Lamar Small Business Management program requires students to perform field instruction (i.e., read newspapers and business journals, attend city council meetings, etc.) as well as cooperative education. The cooperative education hours are undocumented. These hours represent field instruction.</p>					

Specifically, for each institution we found:

- **Trinidad State Junior College** - Each student enrolled in an ABM or an SBM certificate program must complete 400 hours of cooperative education.

We found that the ABM and SBM instructors at Trinidad's main campus do not maintain any documentation relating to cooperative education hours. On the basis of business plans and other business-related projects completed by students, the instructors stated that they believe all students completed the required cooperative education hours. However, Trinidad's main campus lacks any documentation to support its claim of 10.67 credit hours.

The Valley Campus' ABM instructor reported that on the basis of business plans and management tasks completed by each student, he believes every student completed at least 400 hours of cooperative education. However, he does not require students to track the actual amount of time spent on cooperative education. We reviewed the instructor's cooperative education logs for a sample of 10 students. On the basis of this documentation, we estimated that the 10 students completed an average of 241 cooperative education hours. This equates to only 6.43 credit hours allowable for student FTE funding.

- **Morgan Community College** - For Morgan's ABM program, each enrolled student is required to complete 300 cooperative education hours. According to Morgan representatives, the completion of cooperative hours is determined through the achievement of course competencies. During one-on-one instruction students are assigned homework that outline skills to be completed. We used the instructors' documentation to determine whether students completed assigned homework tasks. For our sample of 21 students, we found that most lacked any information that assigned tasks had been completed. For the 21 students in our sample, we calculated that they completed, on average, 57.14 hours of cooperative education during the year, which is only 1.52 credit hours, less than one-quarter of the 8.00 credit hours claimed.
- **Northeastern Junior College** -Northeastern requires that students enrolled in the ABM and SBM programs complete 300 hours of cooperative education for each certificate. We reviewed the one-on-one visitation logs for a sample of nine ABM and three SBM students for the Spring 2002 and Fall 2002 semesters. The nine ABM students in our sample averaged 267 hours of cooperative education, which equates to 7.12 credit hours. For the three SBM students we calculated the average number of cooperative education hours to be 221 or 5.89 credit hours, not the 8.00 credit hours claimed.
- **Otero Junior College** -Students enrolled in Otero's ABM program must finish 300 cooperative education hours for each certificate. During our audit we examined the documentation for our sample of 15 students. We found that 14 of the 15 students' documentation merely stated that cooperative hours

had been completed, without any supporting detail. Our review indicates these students only performed an average of 290 hours of cooperative education. This equates to 7.73 credit hours out of the 8.00 credit hours claimed.

- **Lamar Community College** -Lamar requires its ABM and SBM students to perform 300 hours of cooperative education before earning any certificate. Neither the ABM nor the SBM instructors maintain any documentation relating to cooperative education hours, although they believe students complete the requisite number of cooperative hours. Lamar has no documentation to support its claim for state funding of the eight credit hours per student.

The SBM certificate program requires students to perform 144 hours of field instruction. On the basis of the available documentation, we calculated that the 11 SBM students completed an average of 127.64 hours of field instruction for 4.08 credit hours, about half of the 8.00 credit hours claimed.

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