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Final Fiscal Note

Drafting Number:	LLS 21-0661	Date:	August 5, 2021
Prime Sponsors:	Rep. Garnett; Geitner Sen. Rodriguez; Lundeen	Bill Status:	Signed into Law
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Bill Topic: ACCREDITATION OF POSTSECONDARY INSTITUTIONS

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

The bill increases the number of accreditation bodies recognized by the state for the authorization of private colleges and universities. The bill increases expenditures on an ongoing basis.

Appropriation Summary: For FY 2021-22, the bill requires an appropriation of \$98,796 to the Department of Higher Education.

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

**Table 1
State Fiscal Impacts Under HB 21-1306**

		Budget Year FY 2021-22	Out Year FY 2022-23
Revenue	Cash Fund	\$100,000	\$75,000
Expenditures	Cash Fund	\$98,796	\$63,885
	Centrally Appropriated	\$9,494	\$9,301
	Total Expenditures	\$108,290	\$73,186
	Total FTE	0.9 FTE	0.8 FTE
Transfers		-	-
TABOR Refund		-	-

Summary of Legislation

Under current law, private colleges and universities must be accredited by a regional or national institutional accreditation body that is recognized by the federal Department of Education (DOE). This bill allows private school accreditation by an institutional *or* programmatic accreditation body recognized by the DOE, or is accredited by a body recognized by the Council for Higher Education Accreditation (CHEA). A programmatic accrediting body accredits departments or programs within an accredited institution, or accredits a freestanding, single-purpose institution.

The bill creates an exemption for certain private occupational schools regulated by the Division of Private Occupational Schools (DPOS), and makes it a deceptive trade practice for private schools to advertise or represent accreditation unless the accrediting body is recognized by DOE or CHEA.

State Revenue

This bill may increase cash fund revenue to the DPOS in the Department of Higher Education (DHE) by about \$100,000 in FY 2021-22, and by about \$75,000 in FY 2022-23, to pay for additional costs detailed in the State Expenditures section. The revenue is from application fees, annual fees, site visits, and other fees charged by the DPOS for the direct and indirect cost of administering the Degree Authorization Act. The DPOS is a cash funded division of the DHE. New revenue is anticipated from additional fee payers.

State Expenditures

The bill increases expenditures in the DPOS in the DHE by \$108,290 and 0.9 FTE in FY 2021-22 and \$73,186 and 0.8 FTE in FY 2022-23 from the Division of Professional Occupations Cash Fund. New expenses are displayed in Table 2 and described below. Personal services are prorated for FY 2021-22 to reflect an assumed September 1, 2021, effective date.

Table 2
Expenditures Under HB 21-1306

Cost Components	FY 2021-22	FY 2022-23
Department of Higher Education		
Personal Services	\$38,616	\$36,490
Operating Expenses	\$810	\$810
Capital Outlay Costs	\$6,200	-
Legal Services	\$53,170	\$26,585
Centrally Appropriated Costs ¹	\$9,494	\$9,301
Total	\$108,290	\$73,186
Total FTE	0.9 FTE	0.8 FTE

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

Department of Higher Education. The bill increases workload in the DPOS and the Office of Private Postsecondary Education (OPPE) in the DHE. The bill creates additional avenues for private school accreditation and increases the volume of programs reviewed and authorized by OPPE. The office may also have to conduct its own financial integrity assessments for institutions seeking accreditation

from a body recognized by the Council of Higher Education Accreditation, if that body does not conduct its own financial assessment. Accreditation bodies recognized by the DOE already conduct this level of financial review. Finally, the bill increases workload for the DPOS to revise and process procedure forms for historically exempt private occupational schools to ensure all institutions are operating legally in the state.

Department of Law. The Department of Law will provide legal services to DHE for rulemaking, and for advice and counsel addressing complaints or litigation over the approval or denial of new schools and programs, financial aid issues, or conflicts with licensing and industry recognition of credentials from institutions accredited from newly authorized bodies. Legal services are estimated at 500 hours in FY 2021-22, and 250 hours in FY 2022-23 at a blended hourly rate of \$104.36. The bill may also minimally increase workload for the department if additional deceptive trade practice complaints are filed.

Centrally appropriated costs. Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. These costs, which include employee insurance and supplemental employee retirement payments, are estimated to be \$9,494 in FY 2021-22 and \$9,301 in FY 2022-23.

Effective Date

The bill was signed into law by the Governor on June 23, 2021, and takes effect September 7, 2021, assuming no referendum petition is filed.

State Appropriations

For FY 2021-22, the bill requires an appropriation \$98,796 from the Division of Professional Occupations Cash Fund to the Department of Higher Education, and 0.6 FTE. Of this amount, the Department of Law requires \$53,170 in reappropriated funds, and 0.3 FTE.

State and Local Government Contacts

Higher Education

Judicial

Law