



Legislative Council Staff

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Fiscal Note

Drafting Number:	LLS 24-0660	Date:	March 13, 2024
Prime Sponsors:	Sen. Buckner; Lundeen Rep. McCluskie; Pugliese	Bill Status:	Senate Education
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Bill Topic:	INSTITUTIONS OF HIGHER EDUCATION TRANSPARENCY REQUIREMENTS
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Summary of Fiscal Impact:	<input type="checkbox"/> State Revenue	<input type="checkbox"/> State Transfer	<input type="checkbox"/> Local Government
	<input checked="" type="checkbox"/> State Expenditure	<input type="checkbox"/> TABOR Refund	<input type="checkbox"/> Statutory Public Entity

The bill modifies processes regarding credit transfers between institutions of higher education and requires students to receive certain cost information. The bill will increase expenditures for the state and institutions of higher education beginning in FY 2024-25.

Appropriation Summary: No appropriation is required.

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

Summary of Legislation

The bill makes changes to state law related to transfer of college credit between institutions of higher education.

Student rights. The bill adds certain rights to students enrolled in postsecondary institutions, including:

- transparency of the cost of postsecondary education;
- seamless transfer of general education and transfer pathway courses;
- transparency regarding if credits are accepted or rejected from an institution; and,
- the ability to appeal an institution's decision not to accept transfer credits.

The Department of Higher Education (CDHE) must consult with a representative from each institution to create policies to implement the rights listed above for students. These policies must be adopted by April 1, 2025, and submitted to the Commission on Higher Education for approval.

Council of Higher Education Representatives. The bill requires the Council of Higher Education Representatives (council) to add representatives to ensure equal representation of institutions, and to annually review the list of general education courses, guaranteed transfer pathway courses, and enrollment and transfer activity.

The bill clarifies that students who have completed a general education course defined in the state's transfer pathway matrix must receive credit from the institutions receiving the transfer, regardless of the total number of credits assigned to the course. Institutions may not require additional lower-division general education courses for these students.

Data reporting. Beginning January 2026, and annually thereafter, CDHE must include as part of its annual SMART Act hearing certain information regarding credit transfers, disaggregated by specific demographic categories.

Violations of transfer policy. The bill grants CDHE the authority to enforce violations of transfer policies against institutions and overturn a course transfer decision made by an institution.

Appeals process. CDHE must develop an appeal process for students who are denied transfer of credits in consultation with institutions of higher education. Appeals decisions must be completed within ninety days.

Acceptance of transfer credits. Institutions must provide notice to students regarding the acceptance or denial of transfer credits within 30 days after the credit transfer is requested. Institutions must submit to CDHE their process for reviewing transfer credit applications by October 31, 2024, and, beginning November 1, 2024, the reason for any denial of transfer credits.

Cost disclosures. Finally, the bill requires institutions to provide additional information to students regarding higher education costs and financial aid, and CDHE must report to the General Assembly on institution denials of transfer credits.

Background

The Council of Higher Education Representatives, established in 2001, consists of representatives from institutions of higher education and staff from the CDHE. The council meets periodically to establish common course numberings, classify certain courses as general education courses, and jointly develop the statewide transfer pathways matrix, which allows institutions to map which courses can be accepted for credit when students transfer.

State Expenditures

CDHE will have increased workload to convene members of the council to update transfer policies, make modifications to the Student Unit Record Data System (SURDS) to accept new information, adopt rules for institutional violations of transfer policy, develop an appeal process for students who have been denied transfer credits, and ensure accurate reporting of the new required data elements. Staff from CDHE will have increased workload to accomplish these activities and review student appeals of denied credit and issue rulings to institutions. Current staff are expected to be able to accomplish these activities within existing resources.

Initially, the number of appeals of denied credit transfers is expected to be minimal. As knowledge of the appeals process grows among institutions and students, appeals may increase in following years. If CDHE requires more staff to handle these appeals, they will be requested through the annual budget process.

Institutions of Higher Education

Institutions will have increased costs beginning in FY 2024-25 to implement the new requirements for transfer students, allow students to appeal decisions, and make required upgrades to data reporting systems. The fiscal note assumes these costs will be funded through adjustments to institutional tuition, fees, and other revenue sources. The General Assembly may also consider a General Fund appropriation for these costs in initial years.

Annual costs will vary depending on the size of the institution, as follows:

- smaller institutions—\$77,000 to \$400,000;
- medium-sized institutions—\$183,000 to \$692,000; and
- large institutions—\$573,000 to \$1.6 million

Institutional costs include:

- one-time expenses to upgrade data reporting systems;
- staff to make decisions on accepting transfer credits in a condensed 30-day time frame;
- including additional information in financial aid disclosures to students;
- training on new requirements;
- additional documentation of transfer credit decisions; and,
- reporting required information to the SURDS.

Staffing costs will vary considerably based on the size of the institution and the number of transfer students they accept.

Technical Note

The bill requires transfer information to be reported to CDHE disaggregated by income and disability status. While institutions have income information for their students who complete the Free Application for Federal Student Aid (FAFSA), these data are often not integrated into other data reporting systems. Additionally, institutions do not have the ability to report disability status for their students unless the student discloses this information. The fiscal note assumes that as much data as possible will be submitted, but that there may be incomplete or missing data for some fields.

The bill's safety clause will require CDHE and the institutions to immediately develop the appeal process for denied credit transfer. Because the council will need to meet to standardize this process, the appeal process is likely to be available beginning January 1, 2025, to allow the required time to refine the appeal process for students and institutions.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

Departmental Difference

Several institutions of higher education indicated the need for a General Fund appropriation in order to implement the bill. These costs ranged from \$305,000 and 3.5 FTE to \$3.6 million and 16.0 FTE in FY 2024-25. The fiscal note assumes that these additional requirements can be met using institutional revenue. Ultimately, this funding decision is at the discretion of the General Assembly.

State and Local Government Contacts

Higher Education

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