

TOPIC: APPROVAL OF STATUTORY COF STIPEND REQUEST LETTER TO REFLECT INFLATION AND ENROLLMENT GROWTH

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I. SUMMARY

The Colorado Commission on Higher Education (Commission) is statutorily charged with annually identifying the College Opportunity Fund (COF) stipends cost to reflect at least inflation and enrollment growth.

II. BACKGROUND

During the summer of 2012, the Colorado Office of the State Auditor (OSA) completed a performance audit of the COF Program administered by the Department of Higher Education. The audit included a finding that the Department had failed to meet the requirement to annually make a request to the General Assembly to adjust the COF stipend funding to reflect the rate of inflation and eligible enrollment growth. At the July 2012 Legislative Audit Hearing, the Department agreed with the finding and the recommendation to annually identify the cost associated with the COF adjustment request.

III. STAFF ANALYSIS

For the COF Stipend to keep pace with inflation as well as the growing enrollment of the eligible population since the implementation of COF in FY 2005-06, it would cost the state approximately \$141.6 million additional General Fund in FY 2014-15 as compared to its current funding level (in FY 2013-14).

This does not address any increases related to COF fee-for-service (FFS) contract funding from its inception in FY 2005-06 to FY 2014-15.

Assuming no increase to fee-for-service contract funding, total General Fund needed to meet this requirement would be \$670.6 million General Fund (\$408.2 million COF Stipend and \$262.4 million COF FFS).

“Attachment A” identifies these costs.

IV. STAFF RECOMMENDATIONS

Department staff recommends that the anticipated cost for the associated growth in the COF Stipend in FY 2014-15 be identified in a letter to the General Assembly.

STATUTORY AUTHORITY

Section 23-18-202(2) (c), C.R.S. (2013):

“The commission shall annually request that the general assembly adjust the amount appropriated to the Colorado student loan program for the stipends to reflect at least inflation and enrollment growth in the state institutions of higher education.”