

TOPIC: DEGREE AUTHORIZATION ACT – RECOMMENDATION TO APPROVE THE PROPOSED REVISIONS TO THE DEGREE AUTHORIZATION ACT POLICY (SECTION I PART J) AND FEE SCHEDULE

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I. SUMMARY

This action item recommends approval for revisions to the Degree Authorization Act policy (CCHE policy Section I, Part J) and changes to the fee schedule for non-public institutions under the Act.

II. BACKGROUND

The Degree Authorization Act (DAA) outlines the Department’s jurisdiction over private education programs available to the residents of the state of Colorado. The DAA establishes standards to prevent misrepresentation, fraud, and collusion in offering educational programs to the public and to protect, preserve, foster, and encourage the educational programs offered by private educational institutions which meet generally recognized criteria of quality and effectiveness as determined through voluntary accreditation.

DHE staff periodically reviews policy implementing the DAA to ensure continued accuracy and relevance. The Department is occasionally faced with new situations that require minor revisions to this policy.

The Act also gives authority to the CCHE to establish fees to be paid by private colleges and universities and seminary or religious training institutions for the administration of the article. The statute declares that the total amount of fees shall reflect the direct and indirect costs of administering the article. Staff must periodically make adjustments to the fee schedule to more closely meet costs.

Staff proposed, and the CCHE approved, the current fee schedule at the June 2014 Commission meeting.

III. STAFF ANALYSIS

POLICY REVISIONS

The proposed changes discussed in this agenda item seek to improve clarity and provide additional guidance for authorized private colleges and universities and those institutions seeking authorization. Attachment A shows the proposed changes to the policy. DHE staff have sought

the opinion of the Assistant Attorney General for Education to ensure the suggested changes are appropriate and accurate pursuant to statute.

Proposed changes include:

1. Page 3: Clarifies the definition for a place of business authorization.
2. Pages 5-6: Aligns the physical presence definition in the policy with the State Authorization Reciprocity Agreement definition. The physical presence definition originally aligned with the State Authorization Reciprocity Agreement (SARA) document but the SARA definition changed in the last year. Aligning these definitions will help staff determine whether an institution requires state authorization or through SARA.
3. Page 15: Clarifies the requirement for a tax-exempt certificate. If a not-for-profit institution is incorporated in another state, it shall be acceptable to include that state's tax-exempt certificate. Colorado's Department of Revenue would not issue a certificate if the institution is not incorporated here.
4. Page 17: Language cleanup.
5. Pages 21-22: New language covering the renewal of institutions authorized under the "Place of Business" authorization. This language is new.
6. Page 27: New language under the Alternative Enrollment section as recommended by the DHE's Assistant Attorney General.
7. Clean-up language and grammar throughout.

FEE SCHEDULE REVISIONS

The DHE was first authorized to collect fees to administer this Act beginning in 2012. The main source of fees is based on student enrollment at the colleges and universities. Private colleges and universities report student enrollment (headcount) in February of each year to the Student Unit Record Database System (SURDS). Once the Department has received this information, staff prepares invoices based on the enrollment numbers. The fee schedule also includes fees for educator preparation program evaluations, initial authorization and student requests for transcripts.

The fees we have collected since 2012 have not been sufficient to cover costs. The CCHE adopted a revised fee schedule at its June 2014 meeting; while the revised fees came closer to covering the direct costs of administering the statute, a shortfall still exists. In the current fiscal year, the Department has collected \$84,000 in fees and has had approximately \$102,545 in costs. The following table shows anticipated revenue needs for fiscal year 2016:

Category	FY 2016
Compensation	\$99,266
Program Operating (5%)	4,963
Consultants for initial review	12,000
TOTAL BUDGET	\$116,229

To meet the anticipated shortfall in fiscal year 2016, Department staff have prepared a revised fee schedule (Attachment B). The primary change is an increase in the number of enrollment level tiers (six tiers instead of the current four). The proposed changes to the current schedule, illustrated in Attachment B, are as follows:

- Increased initial application fees to ensure appropriate compensation for the evaluation teams contracted to evaluate new applications for authorization;
- Increased renewal fee for those institutions that hold the probationary authorization;
- Additional tier levels to provide more equitable and methodical approach to the variously sized authorized institutions;
- Small increase in annual fees;
- No change in the educator preparation fees. These fees are directly related to the activities and direct and indirect costs of the site visits. However in Attachment A, staff has provided an estimated range of costs for the direct and indirect costs of conducting an educator preparation review for the upcoming fiscal year;
- No change in the gtPathways fees. At this time, only one private university has submitted courses for inclusion in gtPathways;
- Increased student transcript fee to align with the Division of Private Occupational Schools for the same service.

IV. STAFF RECOMMENDATIONS

Staff recommends that the Commission approved the revisions to the CCHE policy and fee schedule.

STATUTORY AUTHORITY

§23-2-104.5, C.R.S., Fees - public hearing

(1) The commission shall establish fees to be paid by a private college or university or seminary or religious training institution for the administration of this article. The amount of the fees shall reflect the direct and indirect costs of administering this article. The commission shall propose, as part of the department's annual budget request, an adjustment in the amount of the fees that it is authorized to collect pursuant to this section. The budget request and the adjusted fees shall reflect the direct and indirect costs of administering this article.

(2) The commission may establish a fee to be paid to the department by a private college or university that is authorized pursuant to the DAA and that applies for approval of an educator preparation program per §23-1-121, C.R.S. The amount of the fee shall reflect the direct and indirect costs of the department in administering the provisions of § 23-2-121, C.R.S.

(3) Prior to establishing a new fee or increasing the amount of an existing fee, the commission shall hold a public hearing to discuss and take testimony concerning the new fee or increase in fees. The commission shall provide notice of the public hearing and the proposed new fee or fee increase to each private college or university and seminary and religious training institution at least thirty days prior to the date of the public hearing.

ATTACHMENTS

Attachment A: CCHE Policy Section I, Part J (approved 6/2013) with proposed changes
Attachment B: Proposed fees for FY2016 (draft)