


 Colorado *Legislative Council Staff Fiscal Note*
FINAL
FISCAL NOTE

Drafting Number: LLS 12-0245 **Date:** May 30, 2012
Prime Sponsor(s): Sen. Giron; Johnston **Bill Status:** Postponed Indefinitely
 Rep. Duran; Williams A. **Fiscal Analyst:** Josh Abram (303-866-3561)

TITLE: CONCERNING CREATING AN OPTIONAL CATEGORY OF TUITION AT STATE INSTITUTIONS OF HIGHER EDUCATION.

Fiscal Impact Summary	FY 2012-2013	FY 2013-2014
State Revenue*		
Cash Funds		
Tuition	up to \$2.8 million	up to \$4.2 million
State Expenditures*		
Cash Funds		
Tuition	up to \$2.8 million	up to \$4.2 million
FTE Position Change		
Effective Date: The bill was postponed indefinitely by the House Finance Committee on April 25, 2012.		
Appropriation Summary for FY 2012-2013: None required.		
Local Government Impact: None.		

* State revenue and expenditures assume up to 500 new students in FY 2012-13 and an additional 250 new students each year thereafter until FY 2015-16. Actual revenue and expenses may be different. For details, please reference the State Revenue and State Expenditure sections.

Summary of Legislation

This bill creates a new tuition classification of students at state-supported institutions of higher education: "standard-rate student for tuition purposes." A student meeting the following criteria is eligible for classification as standard-rate student:

- the student attended high school in the state for at least 3 years immediately preceding graduation or earning a general educational development equivalent degree (GED); and
- the student is admitted to an institution of higher education within 12 months following graduation or earning a GED.

A student who has graduated from high school and has not been admitted to college within one year following graduation, but who otherwise satisfies the requirements in the bill, may be classified as a standard-rate student beginning with the 2012-13 academic year. This provision of the bill is repealed effective July 1, 2013.

The bill requires a student who does not have documentation of lawful immigration or nationality status, and applies for classification as a standard-rate student, to file an affidavit with the institution of higher education stating that he or she has applied for lawful status, or will file an application as soon as he or she is eligible to do so.

A student who is classified as a standard-rate student for tuition purposes is not eligible to receive stipends from the College Opportunity Fund (COF) or to receive state-funded, need-based financial aid. Such students shall not be counted as residents or deemed to have established domicile based on the new tuition classification.

The governing board of any institution of higher education may adopt a policy stating that the institution will not offer the standard-rate tuition classification.

State Revenue

Increase in higher education tuition revenue. This bill will increase state tuition revenue at any institution that chooses to offer the standard-rate tuition classification. This estimate is based on the assumption that more students will attend state institutions of higher education than would without Senate Bill 12-015. There is limited data on the number of students who will be directly affected by the bill and changing assumptions will affect the fiscal analysis.

It should be noted any increase in tuition revenue at these schools could be somewhat offset by tuition reductions for any affected student who is currently paying nonresident tuition. Allowing such students to pay the standard-rate tuition amount will reduce tuition by the difference between standard-rate tuition and non-resident tuition (on average, \$11,467 per student at four-year colleges in FY 2010-11).

For FY 2012-13 only, SB12-015 allows students who have not enrolled in higher education within 12 months of graduating or earning a GED, but who otherwise satisfy prerequisites, to be eligible for the new tuition classification. This provision increases the potential pool of new students in the first year of the bill only.

This fiscal note assumes that up to 500 students will take advantage of the new classification in the first year and that up to 250 additional students will take advantage each year thereafter until FY 2015-16. For FY 2012-13, 500 additional students admitted evenly across two-year community colleges and four-year colleges increases tuition revenue by \$2,830,386. In FY 2013-14, these returning students plus up to 250 additional students increases tuition revenue by \$4,245,580. This accumulative impact assumes that all admitted students remain enrolled full time in successive years.

Table 1 presents ranges of new tuition revenue based on an average standard-rate tuition amount of \$4,748 at community colleges and \$6,574 at four-year colleges annually. This amount is calculated by adding average resident tuition at the schools with 30 credit hours of COF stipends at \$62 per hour (\$1,860 total).

Table 1. Tuition Revenue Increases Under SB12-015		
Students	New Tuition Revenue Community Colleges	New Tuition Revenue 4-Year Universities
150	\$712,200	\$986,100
250	\$1,187,000	\$1,643,500
350	\$1,661,800	\$2,300,900
450	\$2,136,600	\$2,958,300

This analysis is based on the data and assumptions listed below.

- The large majority of students in Colorado without documentation of lawful status are Hispanic, and this analysis is based primarily on this population.
- Approximately 70 percent of undocumented immigrants live at or below the poverty level, and thus will not attend state institutions of higher education at the nonresident tuition rate.
- 63 percent of Colorado high school graduates enroll at institutions of higher education. In 2010-11, of the approximately 36,000 students who graduated from high school following 3 continuous years of enrollment, 13,316 students did not attend an institution of higher education.
- 17 percent of the graduates who did not attend higher education are Hispanic, but less than 33 percent of those graduates are undocumented immigrants. Therefore, of the 13,316 graduates who did not attend higher education, an estimated 2,264 are Hispanic, and an estimated 747 are undocumented.
- Approximately 2,700 minors who have not been admitted to higher education within 12 months of graduation have until July 1, 2013, to be classified as a standard-rate student for tuition purposes.

State Expenditures

Increase in higher education expenses. Any new revenue generated by more students attending state institutions of higher education will be spent by the schools for the instructional costs associated with providing a higher education to new students.

Departments Contacted

Education Higher Education