



*Colorado Legislative Council Staff Fiscal Note*  
**STATE**  
**FISCAL IMPACT**

**Drafting Number:** LLS 09-0472  
**Prime Sponsor(s):** Rep. McNulty  
 Sen. Kopp

**Date:** January 9, 2009  
**Bill Status:** House SVMA  
**Fiscal Analyst:** Josh Abram (303-866-3561)

**TITLE:** CONCERNING IN-STATE TUITION CLASSIFICATION FOR HONORABLY DISCHARGED MILITARY VETERANS.

<b>Fiscal Impact Summary</b>	<b>FY 2009-2010</b>	<b>FY 2010-2011</b>
<b>State Revenue</b>		
Cash Funds		
Multiple Funds - Tuition Revenue (Reduction)	( \$2.0 million)	(\$2.0 million)
<b>State Expenditures</b>		
General Fund Appropriation to		
College Opportunity Fund	\$0	\$394,680
<b>FTE Position Change</b>	0.0 FTE	0.0 FTE
<b>Effective Date:</b> The bill is effective 90 days following final adjournment of the General Assembly unless a referendum petition is filed (August 4, 2009, if final adjournment is May 6, 2009).		
<b>Appropriation Summary for FY 2009-2010:</b> None required.		
<b>Local Government Impact:</b> None.		

**Summary of Legislation**

This bill makes an honorably discharged member of the armed forces, or a dependent of the member, eligible for resident tuition rates at state institutions of higher education. The member must maintain his or her sole residence in the state to be eligible for the benefit. Students who receive resident tuition classification as a result of the bill are not counted as resident students for any other purpose (e.g., the College Opportunity Fund).

**Background**

Under current law, only persons who have been Colorado residents for at least 12 months and plan to remain in the state are classified as residents for tuition purposes. An honorably discharged veteran who moves into the state after leaving the armed forces must wait 12 months after relocating to obtain the resident rate and to qualify for other state benefits in higher education.

**State Revenue**

*It is estimated that this bill will reduce state tuition revenue by \$2.0 million in both FY 2009-10 and FY 2010-11; however, the reduction in revenue may be partially offset if more students choose to attend Colorado schools.*

**Tuition Revenue - Reduction.** Currently, there are 162 veterans who attend state schools but pay nonresident tuition. Granting the lower rate to these veterans will reduce tuition revenue by the difference between resident and nonresident rates. Table 1 illustrates this reduction.

<b>Table 1. Tuition Revenue Reduction under HB09-1039</b>					
<b>School</b>	<b>Undergrad Students</b>	<b>Tuition Difference</b>	<b>Graduate Students</b>	<b>Tuition Difference</b>	<b>Total Loss of Tuition Revenue</b>
Adams State College	4	\$7,896	1	\$6,786	\$38,370
Aims Cmty. College <sup>1</sup>	25	4,170	0	0	104,250
Arapahoe Cmty. College <sup>1</sup>	2	5,428	0	0	10,856
School of Mines	2	14,010	1	14,004	42,024
CO State Univ. <sup>1</sup>	28	15,716	14	19,416	711,872
CO State Univ.-Pueblo <sup>1</sup>	1	10,121	0	0	10,121
Fort Lewis College	16	12,316	0	0	197,056
Mesa State College	8	8,773	0	0	70,184
Metropolitan State Univ.	7	8,708	0	0	60,956
Univ. of CO-Boulder <sup>1</sup>	20	19,291	1	12,582	398,402
Univ. of CO-Denver <sup>1</sup>	5	12,651	2	10,696	84,647
Univ. of CO-CO Springs <sup>1</sup>	24	10,127	0	0	243,048
Western State College	1	8,976	0	0	8,976
<b>Totals</b>	<b>143</b>		<b>19</b>		<b>\$1,980,762</b>

<sup>1</sup> Tuition rate calculated as an average of the different rates charged by schools within the institution.

The figures in Table 1 indicate a minimum direct reduction in revenue of \$2.0 million. It is assumed that in each fiscal year a similar number of veterans who would enroll as nonresident students will be given the reduced rate pursuant to the bill. Tuition reduction will only occur in the first year a veteran or their dependent obtains the benefit. Since the bill requires that veterans maintain sole residence in the state, it is assumed that students will only pay the higher rate in the first year; thereafter, that student will be eligible for resident benefits.

***Tuition Revenue - Increase.*** Legislative Council staff projects that student FTE will grow by 4 percent in the next two fiscal years. It is anticipated that honorably discharged veterans seeking degrees in the state will, at a minimum, also grow by this amount. If the United States armed forces increases discharge rates and the benefit created by the bill entices veterans to relocate to Colorado for their education, or for the education of their dependents, the state could see increases in enrollment at state institutions. Average undergraduate resident tuition is \$4,458 and average graduate resident tuition is \$11,031 per year.

### **State Expenditures**

***The bill will increase College Opportunity Fund (COF) stipend payments beginning in FY 2010-11 by at least \$394,680.*** The bill prohibits state financial aid and stipend payments during the first year a veteran or their dependent obtains the resident rate. Afterwards, these students will qualify for COF stipends as a result of establishing residency. In FY 2008-09, the stipend amount is \$2,760 per student FTE. The stipend for FY 2009-10 has not yet been set. Using the current rate, if the 143 undergraduate veterans currently enrolled are granted the benefit in FY 2009-10 and receive the stipend beginning in FY 2010-11, General Fund appropriations to the COF will increase by \$394,680 (143 students \* \$2,760 COF = \$394,680). Graduate students are not eligible for COF stipends and are not included in the calculation.

### **Departments Contacted**

Higher Education

Military Affairs