

**FINAL  
FISCAL NOTE**

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

**Date:** June 22, 2009  
**Bill Status:** Signed into Law  
**Fiscal Analyst:** Josh Abram (303-866-3561)

**TITLE:** CONCERNING IN-STATE TUITION CLASSIFICATION FOR HONORABLY DISCHARGED MILITARY VETERANS, AND MAKING AN APPROPRIATION THEREFOR.

<b>Fiscal Impact Summary</b>	<b>FY 2009-2010</b>	<b>FY 2010-2011</b>
<b>State Revenue*</b> Cash Funds Tuition Revenue (Reduction)	(\$1,876,512)	(\$1,876,512)
<b>State Expenditures</b> General Fund Appropriation to College Opportunity Fund		\$291,720
<b>FTE Position Change</b>		
<b>Effective Date:</b> The Governor signed the bill into law on June 2, 2009, and unless a referendum petition is filed, the bill will take effect August 5, 2009.		
<b>Appropriation Summary for FY 2009-2010:</b> See State Appropriations section.		
<b>Local Government Impact:</b> None.		

\* *The reduction in tuition revenue is based on up to 162 students paying a lesser rate than the one currently charged. For details, please reference the State Revenue section.*

**Summary of Legislation**

Beginning with the fall semester of FY 2009-10, this bill requires that state institutions of higher education charge resident tuition rates to honorably discharged veterans. The state schools may also extend the rate to spouses and dependents of veterans.

Under current law, only persons who are state residents for at least 12 months and make their permanent home in Colorado are classified as residents. An honorably discharged veteran who moves into the state after leaving the armed forces must wait 12 months after relocating to obtain the resident tuition rate and to qualify for other state benefits in higher education. Similarly, enlisted members of the military who are currently stationed in Colorado receive the resident tuition rate for themselves or their dependents; however, if they leave the military while receiving the resident rate, they are reclassified as a nonresident and must wait 12 months to reestablish residency. HB09-1039 permits all veterans to meet residency criteria after any length of time in the state.

Students who receive resident tuition classification as a result of the bill are not counted as resident students for any other purpose; however, beginning with the fall semester of FY 2010-11, these students shall be eligible to receive a stipend from the College Opportunity Fund.

**State Revenue**

*It is estimated that this bill will reduce state tuition revenue by \$1.9 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*	25	-	0	-	-
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>\$1,876,512</b>

\* No tuition reduction is calculated for Aims Community College because the General Assembly does not appropriate tuition for local district junior colleges; however, veteran undergraduate students at the school will be eligible for College Opportunity Fund stipends beginning in FY 2010-11.

<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 \$1.9 million. It is assumed that a similar number of veterans enrolling as nonresident students will be given the reduced rate each fiscal year. Tuition reduction will only occur in the first year a veteran or his or her dependent obtains the benefit. Since the bill requires that veterans satisfy other residency criteria, it is assumed that students would have paid the higher rate only in the first year; thereafter, that student is 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 U.S. armed forces increase 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, resulting in more tuition revenue.

***Currently Enlisted Personnel.*** This bill permits currently enlisted military personnel who separate from service to continue receiving resident tuition rates. Under current practice, these individuals are reclassified as nonresidents. When military personnel are reclassified, it is unknown if they choose to pay the higher rate for one year, postpone their education for one year, or discontinue their education in the state altogether. For this reason, the fiscal impact on tuition revenue cannot be quantified.

### **State Expenditures**

***The bill will increase College Opportunity Fund (COF) stipend payments beginning in FY 2010-11 by \$291,720.*** The FY 2009-10 Long Bill sets the COF stipend at \$2,040. If the 143 undergraduate veterans currently enrolled are granted the resident tuition benefit in FY 2009-10 and receive the COF stipend beginning in FY 2010-11, General Fund appropriations to the fund will increase by \$291,720 (143 students \* \$2,040 COF stipend = \$291,720). Graduate students are not eligible for COF stipends and are not included in the calculation.

### **State Appropriations**

Consistent with this final fiscal note, the bill contains an appropriation adjustment to the FY 2009-10 Long Bill to ***reduce*** cash fund appropriations of tuition revenue by the following amounts:

▶ Adams State College	\$38,370
▶ Mesa State College	70,184
▶ Metropolitan State College of Denver	60,956
▶ Western State College	8,976
▶ Fort Lewis College	197,056
▶ Colorado State University System	721,993
▶ University of Colorado System	726,097
▶ Colorado School of Mines	42,024
▶ Community College System	10,856

### **Departments Contacted**

Higher Education

Military Affairs