

*Colorado Legislative Council Staff Fiscal Note*

**STATE**

**REVISED FISCAL IMPACT**

(replaces fiscal note dated January 9, 2009)

**Drafting Number:** LLS 09-0472

**Date:** March 2, 2009

**Prime Sponsor(s):** Rep. McNulty  
Sen. Kopp

**Bill Status:** House Appropriations

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**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	Potential Decrease	
<b>State Expenditures</b> General Fund Appropriation to College Opportunity Fund	(\$2.9 million)	(\$2.9 million)
<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> See State Appropriations section.		
<b>Local Government Impact:</b> None.		

**Summary of Legislation**

This bill, as amended by the State Veterans and Military Affairs Committee, permits state institutions of higher education to charge the resident tuition rate to honorably discharged veterans and their dependents. The veteran 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.

An honorably discharged veteran of the armed services, or his or her dependent, may not receive a stipend from 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**

*Potential Reduction of Tuition Revenue.* This bill may reduce state tuition revenue. Currently, there are 162 veterans who attend state schools but pay nonresident tuition. Granting the resident rate to these veterans will reduce tuition revenue by the difference between resident and nonresident rates. Since the bill does not require that state schools offer the lower rates, the reduction in revenue could range between \$0 to \$2.0 million. Table 1 illustrates the maximum reduction for each school, and is based on the 162 veterans currently attending state schools and paying nonresident tuition.

<b>Table 1. Potential Tuition Revenue Reduction under HB09-1039</b>					
School	Undergrad Students	Tuition Difference	Graduate Students	Tuition Difference	Potential Loss of Tuition Revenue
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.

**State Expenditures**

*The bill will decrease College Opportunity Fund (COF) stipend payments beginning in FY 2010-11 by at least \$2.9 million.* The bill removes COF eligibility from all honorably discharged veterans and their dependents. There is no reliable information on the number of dependents of veterans who would be affected by this change. There are 1,036 veterans currently receiving stipends. 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 1,036 undergraduate veterans are made ineligible for stipends, General Fund appropriations to the COF will decrease by \$2.9 million (1,036 students \* \$2,760 COF = \$2,859,360). Graduate students are not eligible for COF stipends and are not included in the calculation.

**State Appropriations**

In FY 2009-10, this bill requires a decrease in General Fund appropriations to the College Opportunity Fund of \$2,859,360.

**Departments Contacted**

Higher Education

Military Affairs