

**STATE  
FISCAL IMPACT**

<b>Drafting Number:</b> LLS 13-0010	<b>Date:</b> January 18, 2013
<b>Prime Sponsor(s):</b> Sen. Giron; Johnston Rep. Duran; Williams	<b>Bill Status:</b> Senate Education <b>Fiscal Analyst:</b> Josh Abram (303-866-3561)

**TITLE:** CONCERNING IN-STATE CLASSIFICATION AT INSTITUTIONS OF HIGHER EDUCATION FOR STUDENTS WHO COMPLETE HIGH SCHOOL IN COLORADO.

<b>Fiscal Impact Summary</b>	<b>FY 2013-2014</b>	<b>FY 2014-2015</b>
<b>State Revenue - Tuition*</b> Tuition at State Institutions of Higher Education	\$2,043,000	\$3,064,500
<b>State Expenditures*</b> General Fund appropriation to the College Opportunity Fund Cash Funds - Institutional tuition	\$930,000 2,043,000	\$1,395,000 3,064,500
<b>FTE Position Change</b>		
<b>Effective Date:</b> Upon signature of the Governor, or upon becoming law without his signature.		
<b>Appropriation Summary for FY 2013-2014:</b> \$930,000 General Fund to the College Opportunity Fund.		

\* *State revenue and expenditures assume up to 500 new students in FY 2013-14 and an additional 250 new students each year thereafter until FY 2016-17. Actual revenue and expenses may be different. For details, please reference the State Revenue and State Expenditures sections.*

**Summary of Legislation**

This bill establishes that any student meeting the following criteria shall be charged resident tuition rates at institutions of higher education:

- the student attended high school in the state for at least 3 years immediately preceding graduation or attaining a general education equivalent degree (GED); and
- the student is admitted to a school of higher education within 1 academic year following graduation, or the attainment of a GED.

A high school graduate who has not been admitted to college within 1 year following graduation, but who otherwise satisfies the requirements in the bill, may be classified as an in-state student for tuition purposes so long as the student has been physically present in Colorado for at least 18 months prior to enrolling.

Once classified as an in-state student for tuition purposes, each student is also eligible for College Opportunity Fund (COF) stipends. The institutions may also consider these students eligible for institutional or other private financial aid programs. A student classified as an in-state student for tuition purposes, but lacking lawful immigration status, must submit an affidavit to the admitting institution stating that the student has applied for lawful presence, or will apply as soon as he or she is eligible to do so.

## **Background and Analysis**

The following 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 67 percent of undocumented immigrants live at or below the poverty level, and thus will not attend state institutions of higher education at the higher nonresident tuition rate.
- 47 percent of Colorado high school graduates enroll at state institutions of higher education. In 2011-12, of the approximately 36,000 students who graduated from high school following 3 continuous years of enrollment, 19,080 students did not attend an institution of higher education in Colorado.
- 24 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 16,920 graduates who did not attend a state institution of higher education, an estimated 4,579 are Hispanic, and an estimated 1,511 are undocumented.

## **State Revenue**

**Increase in higher education tuition revenue.** *This bill will increase revenue from tuition by about \$2.0 million in FY 2013-14 and by about \$3.0 million in FY 2014-15.* Revenue from tuition is collected and spent by the governing bodies of the state institutions, and is not appropriated by the General Assembly in the Long Bill. Due to enterprise status, this revenue is not counted against state revenue limitations in the Colorado Constitution.

The estimate of increased tuition revenue is based on the assumption that more students will attend state institutions of higher education than would without Senate Bill 13-033. 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 that any increase in tuition revenue at the schools could be partially offset by tuition reductions for any affected student who is currently paying nonresident tuition. Allowing such students to pay the in-state tuition amount will reduce tuition by the difference between in-state tuition and non-resident tuition (on average, \$13,383 per student for general studies at four-year colleges in FY 2011-12).

*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 2016-17.* For FY 2013-14, 500 additional students admitted evenly across two-year community colleges and four-year colleges increases tuition revenue by \$2,973,000. In FY 2014-15, these returning students plus up to 250 additional students increases tuition revenue by \$4,459,500. This cumulative impact assumes that all admitted students remain enrolled full time in successive years.

## **State Expenditures**

*This bill will increase expenses for institutions of higher education and require a General Fund appropriation to the College Opportunity Fund of \$930,000 in FY 2013-14 and \$1,395,000 in FY 2014-15.* Senate Bill 13-033 requires that institutions of higher education classify eligible students as a resident for tuition purposes, and in addition to charging these students the in-state tuition rate, each student is also eligible for a COF stipend. The COF stipend amount in FY 2012-13 is \$62 per credit hour, or \$1,860 for 30 credit hours; the COF stipend amount for FY 2013-14 has not been set. Assuming no increase in the stipend amount, 500 new students in FY 2013-14 will require an additional \$930,000, and 500 returning students plus another 250 first time students in FY 2014-15 requires \$1,395,000.

*Increase in higher education expenses.* Any new revenue generated by more students attending state institutions of higher education, and any money received by the institutions in additional state aid from COF stipends, will be spent by the schools for the instructional costs associated with providing a higher education to new students. New tuition revenue, and thus new institutional expenses, are estimated at about \$2.0 million in FY 2013-14.

## **Institutions of Higher Education**

For informational purposes, Table 1 presents ranges of new tuition revenue and state aid from COF that may accrue to institutions of higher education based on an average in-state tuition amount of \$4,748 at community colleges and \$7,144 at four-year colleges. These in-state tuition amounts include the COF stipend amount of \$1,860 (30 credit hours at \$62 per credit hour).

<b>Students</b>	<b>New Tuition Revenue Community Colleges</b>	<b>New Tuition Revenue 4-Year Universities</b>
150	\$712,200	\$1,071,600
350	\$1,424,400	\$2,143,200
550	\$2,611,400	\$3,929,200
750	\$3,561,000	\$5,358,000
1000	\$4,748,000	\$7,144,000

*\* Includes \$1,860 in COF stipends paid to institutions for each eligible student.*

### **State Appropriations**

For FY 2013-14, this bill requires an appropriation of \$930,000 General Fund to the College Opportunity Fund.

### **Departments Contacted**

Education      Higher Education