

Colorado Legislative Council Staff Fiscal Note

**STATE**  
**REVISED FISCAL IMPACT**

(replaces fiscal note dated January 24, 2014)

<b>Drafting Number:</b> LLS 14-0019	<b>Date:</b> February 27, 2014
<b>Prime Sponsor(s):</b> Rep. Salazar	<b>Bill Status:</b> House Appropriations
Sen. Tochtrop	<b>Fiscal Analyst:</b> Josh Abram (303-866-3561)

**SHORT TITLE:** IN-STATE TUITION AMERICAN INDIAN TRIBES TIES TO CO

Fiscal Impact Summary*	FY 2014-2015	FY 2015-2016
<b>State Revenue</b>		
<i>Revenue Change**</i>		
Institutional Tuition Revenue	(\$5,346,257)	(\$5,346,257)
<b>State Expenditures</b>		
General Fund	At least \$668,160	At least \$668,160
<b>FTE Position Change</b>		
<b>Appropriation Required:</b> \$668,160 General Fund - College Opportunity Fund (FY 2014-15)		

\* This summary shows changes from current law under the bill for each fiscal year.

\*\* Tuition is decreased for each student reclassified from nonresident to resident; tuition increases for each new Native American student who chooses to enroll in higher education in Colorado and would not have otherwise without the bill. See State Revenue section.

**Summary of Legislation**

Beginning with the 2014-15 academic year, this bill extends in-state tuition classification to any Native American student who is a registered member of a federally recognized American Indian tribe with historical ties to Colorado. Students classified for in-state tuition may be counted as a resident for any purpose, including eligibility for state-funded financial aid and College Opportunity Fund (COF) stipends. The bill applies to all state institutions of higher education except Fort Lewis College due to an existing program providing free tuition for any Native American.

**Background**

According to the Colorado Commission on Indian Affairs and History Colorado, 48 federally recognized American Indian tribes have historical ties to Colorado. Almost every state-supported institution of higher education enrolls Native American students who are residents of other states and pay nonresident tuition in Colorado. It is unknown how many of these students are also members of tribes with historical ties to Colorado.

**State Revenue**

**Tuition revenue — institutions of higher education.** The bill both increases and decreases tuition revenue for institutions of higher education. The bill increases revenue from tuition for each new Native American student who chooses to enroll in higher education in Colorado who would not have otherwise chosen Colorado, but for this bill. The bill decreases revenue from tuition by reclassifying current nonresident students as resident students and reducing the amount of tuition those students will be required to pay.

**Tuition decrease. This bill reduces revenue from tuition for state institutions of higher education by at least \$5,346,257 beginning in FY 2014-15.** Nonresident students attending higher education in Colorado typically pay a tuition rate higher than the amount charged to residents; reclassifying these students as residents for tuition purposes reduces tuition revenue by the difference between the two rates. Table 1 provides an estimate of anticipated revenue loss at select institutions.

Table 1. Tuition Revenue Loss under House Bill 14-1124			
SCHOOL	Native American Nonresidents	Tuition Difference	Tuition Loss**
Adams State University*	-	\$10,968	-
Colorado Mesa University*	-	\$10,179	-
Metropolitan State University of Denver	4	\$11,681	\$23,362
Western State Colorado University	4	\$9,869	\$19,738
Colorado State University System	35	\$15,792	\$276,360
Fort Lewis College*	-	-	-
University of Colorado System	270	\$21,896	\$2,955,960
Colorado School of Mines	27	\$15,030	\$202,905
University of Northern Colorado*	-	\$11,524	-
Community College System	356	\$10,494	\$1,867,932
Aims Community College*	-	\$9,584	-
Colorado Mountain College*	-	\$7,700	-
			<b>TOTAL \$5,346,257</b>

\* No data provided or not applicable; this fiscal note will be revised as additional data becomes available.

\*\* Tuition loss assumes one-half of nonresident students who self identify as Native American will be eligible for the reduced tuition rate.

**Assumptions.** Although institutions of higher education have data on which nonresident students self identify as Native American, it is unknown how many of these students will qualify for resident classification due to historical ties to Colorado. This fiscal note assumes that at least 50 percent of existing students will qualify for reclassification. As more data becomes available, these estimates may change.

**Tuition increase. The reduction in tuition revenue will be partially offset by increased tuition revenue for each new student who, as a result of the tuition reduction, chooses to enroll in a Colorado school.** As the decision to attend higher education cannot be predicted based only on the cost of tuition, no estimate is provided for the number of students likely to choose Colorado for postsecondary education as a result of this bill. Table 2 identifies the tuition increase to state institutions of higher education for variable numbers of new students. For example, if 50 additional students take advantage of the bill and enroll in four-year schools, tuition revenue increases by \$308,450.

<b>Table 2. Potential Tuition Increases under House Bill 14-1124</b>		
<b>New Native American Students</b>	<b>Four-Year Schools New Revenue</b>	<b>Two-Year Schools New Revenue</b>
50	\$308,450	\$169,150
100	\$616,900	\$338,300
250	\$1,542,250	\$845,750
850	\$5,243,650	\$2,875,550

\* Assumes 30 credit hours at an average four-year tuition rate of \$6,169 and an average two-year tuition rate of \$3,383.

**State Expenditures**

***This bill increases expenses for the College Opportunity Fund by at least \$668,160 beginning in FY 2014-15.*** For FY 2013-14, the COF stipend is \$64 per credit hour, or \$1,920 for 30 credit hours. The COF stipend for FY 2014-15 has not been set. The appropriation for COF is increased by at least \$1,920 for each student currently enrolled at the nonresident rate, and for each additional student who chooses to attend higher education in Colorado due to the reduced tuition rate.

Based on current data, there are at least 696 nonresident students who self-identify as Native American attending state institutions of higher education. If 50 percent of these students qualify for stipend payments from the COF, increased costs are \$668,160 (348 students X \$1,920 COF stipends = \$668,160). As more data is collected concerning the number of eligible students currently enrolled in Colorado institutions of higher education, this fiscal note may be updated.

The bill also increases state expenditures for COF for each new student who, as a result of the tuition reduction, chooses to enroll in a Colorado school. As the decision to attend higher education cannot be predicted based only on the cost of tuition, no estimate is provided for the number of students likely to choose Colorado for postsecondary education as a result of this bill. Table 3 identifies the COF stipend amount the state must appropriate for variable numbers of new students. For example, if 50 additional students take advantage of the bill and enroll in four-year schools, state expenses for the COF increase by \$96,000.

<b>Table 3. Other Potential COF Increases under House Bill 14-1124</b>	
<b>New Native American Students</b>	<b>COF Stipends*</b>
50	\$96,000
100	\$192,000
250	\$480,000
850	\$1,632,000

\*\$1,920 for 30 credit hours

**Effective Date**

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

**State Appropriations**

For FY 2014-15, this bill requires an appropriation of \$668,160 General Fund to the College Opportunity Fund.

**State and Local Government Contacts**

Higher Education