



STATE FISCAL IMPACT

Drafting Number: LLS 14-0803
Prime Sponsor(s): Rep. Everett

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Bill Status: House Education
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SHORT TITLE: NEGOTIATE RESIDENT TUITION FOR ISRAELI STUDENTS

Fiscal Impact Summary*	FY 2014-2015	FY 2015-2016
State Revenue		
Revenue Change		
Institutional Tuition Revenue**	at least (\$142,224)	at least (\$142,224)
State Expenditures	<u>\$17,854</u>	<u>\$6,963</u>
General Fund	17,854	6,963
Centrally Appropriated Costs		
FTE Position Change	0.4 FTE	0.1 FTE
Appropriation Required: \$17,854 General Fund - Dept. of Higher Education (FY 2014-15)		

* This summary shows changes from current law under the bill for each fiscal year. Parentheses indicate a decrease in funds.

** 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.

Summary of Legislation

This bill requires that the Colorado Commission on Higher Education (CCHE) negotiate with the public higher education system in the nation of Israel, or with individual institutions within the Israeli national system, in order to arrange a reciprocal tuition agreement.

A tuition agreement would waive the nonresidential tuition differential for Colorado residents attending institutions of higher education in Israel in exchange for Colorado public institutions of higher education waiving the nonresident tuition differential for Israeli residents. If the CCHE successfully negotiates an agreement, the CCHE must direct Colorado public institutions of higher education to honor the agreement and report to the General Assembly the terms of the agreement and the number of Colorado and Israeli residents benefitting from the agreement.

State Revenue

Tuition revenue — institutions of higher education — conditional fiscal impact. If the CCHE successfully negotiates a tuition reciprocity agreement with Israel, state institutions of higher education will lose nonresident tuition revenue of at least \$142,224. Tuition loss is conditional on the ability of CCHE to enter into an agreement.

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. Based on information provided to the Department of Higher Education (DHE) via the StudyColorado initiative, the state's system of higher education currently enrolls 12 Israeli students. Table 1 provides an estimate of the potential revenue loss at select institutions if the CCHE is able to negotiate an agreement.

Table 1. Tuition Revenue Loss under House Bill 14-1255			
SCHOOL	Israeli Nonresident Students	Tuition Difference	Tuition Loss
Adams State University	-	\$10,968	-
Colorado Mesa University	-	\$10,179	-
Metropolitan State University of Denver	-	\$11,681	-
Western State Colorado University	-	\$9,869	-
Colorado State University System	1	\$15,792	\$15,792
For Lewis College	1	\$11,272	\$11,272
University of Colorado System	3	\$21,896	\$65,688
Colorado School of Mines	1	\$15,930	\$15,930
University of Northern Colorado	2	\$11,524	\$23,048
Community College System	1	\$10,494	\$10,494
Aims Community College	-	\$9,584	-
Colorado Mountain College	-	\$7,700	-
			TOTAL \$142,224

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 Israeli students likely to choose Colorado for postsecondary education as a result of this bill.

State Expenditures

The bill increases workload for DHE staff to explore possible relationships with the system of Israeli higher education, or with individual institutions within that system. Negotiations may proceed with the Israel Council of Higher Education or with any of 33 publically funded Israeli higher education institutions.

The effort to negotiate and formalize a tuition agreement, adopt necessary rules, and communicate details to state institutions of higher education is estimated to increase expenses in the DHE by \$17,854 and 0.4 FTE in FY 2014-15. Once a reciprocity agreement is negotiated, the DHE will have sustained expenses to maintain and update the agreement at a cost of \$6,963 and 0.1 FTE annually, beginning in FY 2015-16.

Effective Date

The bill takes effect August 6, 2014, if the General Assembly adjourns on May 7, 2014, as scheduled, and no referendum petition is filed.

State Appropriations

For FY 2014-15, this bill requires an appropriation of \$17,854 General Fund and 0.4 FTE to the Department of Higher Education.

State and Local Government Contacts

Higher Education