Colorado Legislative Council Staff Fiscal Note

STATE FISCAL IMPACT

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BILL TOPIC: FEDERAL LAW IN-STATE TUITION FOR VETERANS

Fiscal Impact Summary*	FY 2015-2016	FY 2016-2017
State Revenue Institutional Cash Funds - Tuition	Potential change.	
State Expenditures Institutional Cash Funds - Tuition General Fund	Potential change. Increase.	
FTE Position Change		
Appropriation Required: None.		

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

Summary of Legislation

Under the federal Veterans Access, Choice, and Accountability Act of 2014 (the G.I. Bill), a public institution of higher education is required to provide resident tuition classification to veterans and eligible dependents in order for the school to remain eligible to receive education payments under the G.I. Bill.

This bill requires Colorado state institutions of higher education to classify covered individuals as resident students for tuition purposes. A covered individual must reside in Colorado while attending a state institution and be enrolled in courses with federal educational assistance benefits. If a covered individual exhausts his or her federal benefits, the student must continue to be classified as a resident student so long as the student resides in Colorado and remains continuously enrolled in the same institution. Students classified pursuant to the bill are eligible to receive the College Opportunity Fund (COF) stipend.

Background

Under current law, an institution of higher education must adopt a policy granting resident tuition classification to honorably discharged members of the armed forces or their dependents if the member establishes a domicile in the state, without regard to the length of time the member has been in the state. Students that receive resident classification pursuant to this legal authority are also eligible to receive stipends from the COF.

Current law also allows the governing boards to establish a policy to classify as residents dependents of an active duty member of the armed forces if the dependent graduated from a high school outside of Colorado, but completed at least two years at a high school in Colorado within five years prior to enrolling at the institution. Students that receive resident classification pursuant to this legal authority may not receive stipends from the COF.

State Revenue and Expenditures

There is limited data to estimate the number of students who will meet the conditions of the bill. Most institutions of higher education enroll nonresident veteran students, some of whom must be reclassified as residents for tuition purposes in order for the institution to continue to receive federal benefits for those students under the GI bill. The tuition paid by nonresident students is higher than the tuition paid by resident students. For each institution that reclassifies a nonresident veteran student or his or her nonresident dependent, institutional revenue from tuition is reduced by the difference between the two rates at that particular school. Each institution must then adjust expenditures to comport with the revenue change from reclassifying students.

The bill also increases state expenditures for the COF. Students reclassified as resident students for tuition must also receive stipend payments on their behalf from the COF, paid to the institution of higher education in which they enroll. For FY 2015-16, the COF stipend is estimated to be \$75 per credit hour or \$2,250 for 30 credit hours. Appropriations to COF are made from the General Fund. Because the total number of additional students who will qualify for COF stipends is unknown, any change in General Fund appropriations to the COF must be made during the annual budget setting process, once actual data are collected by the institutions.

Effective Date

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

Departments Contacted

Higher Education

Military Affairs