

**STATE  
FISCAL IMPACT**

**Drafting Number:** LLS 15-0439  
**Prime Sponsor(s):** Sen. Lambert  
 Rep. Lundeen

**Date:** January 27, 2015  
**Bill Status:** Senate Education  
**Fiscal Analyst:** Kristen Koehler (303-866-4918)

**BILL TOPIC:** METROPOLITAN STATE UNIVERSITY OF DENVER ADMISSIONS

<b>Fiscal Impact Summary*</b>	<b>FY 2015-2016</b>	<b>FY 2016-2017</b>
<b>State Revenue</b>	<b>at least (\$983,125)</b>	<b>at least (\$2,359,500)</b>
Revenue Change		
Tuition Revenue	at least (\$983,125)	at least (\$2,359,500)
<b>State Expenditures</b>	<b>\$73,805</b>	<b>\$185,638</b>
General Fund	61,444	153,610
Centrally Appropriated Costs**	12,361	32,028
<b>FTE Position Change</b>	<b>1.0 FTE</b>	<b>2.5 FTE</b>
<b>Appropriation Required:</b> \$61,444 - Board of Trustees for Metropolitan State University of Denver (FY 2015-16)		

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

\*\* These costs are not included in the bill's appropriation. See the State Expenditures section for more information.

**Summary of Legislation**

The bill changes the admission standards of Metropolitan State University of Denver (MSU) from "modified open" to "moderately selective" beginning January 1, 2016. The bill also removes the requirement that the institution admit nontraditional students who are at least 20 years old if they meet the only admission requirement of having a high school diploma, or the equivalent.

**Background**

As a "modified open enrollment" university, MSU admits any student age 20 years or older who holds a high school diploma or GED certificate. Institutions use "index scores," which are computed based on two factors: a student's high school performance (ie. grade point average) and performance on a standardized test (ie. ACT or SAT), to determine the students under age 20 years who meet the institution's admission standards. The MSU index score for students under age 20 years is 76; however, the institution may admit up to 20 percent of the incoming class in a "window" that is below the current index score. Presently, MSU utilizes about 5 percent of that window. To be consistent with other "moderately selective" institutions, the MSU index score would need to be raised to 80.

## State Revenue

This bill is anticipated to impact tuition revenue to MSU as described below. For FY 2015-16, the bill is expected to reduce tuition revenue by at least \$983,125, and by at least \$2,359,500 in FY 2016-17, and each year thereafter.

**Assumptions.** It is expected that the increased rigor of the MSU admission standards proposed by the bill will impact the student population that is age 20 years and older. It is not currently known how many of these students would meet the new admission standards because the academic records of these students are not currently reviewed for such data. Therefore, it is assumed that the change in admission standards will, in a worst case scenario, prevent 1,200 students who had been previously admitted under the open enrollment standard from enrolling at MSU. Assuming some of the students over age 20 years qualify under the new standard, more students could be admitted through the 20 percent window (about 875 students), and only 325 students would no longer be admitted. MSU students pay, on average, \$7,260 per academic year to attend the institution. Table 1 shows the estimated impact of this change to MSU tuition revenue for each of these scenarios. First year impacts are for 5 months, due to the bill's January 1, 2016 effective date, and because the state fiscal year is one month longer than the academic year.

	FY 2015-16 Tuition Revenue Impact (5 months)	FY 2016-17 Tuition Revenue Impact (full year)
1,200 students no longer admissible	(\$3,630,295)	(\$8,712,000)
325 students no longer admissible	(\$983,125)	(\$2,359,500)

## State Expenditures

This bill is expected to both increase and decrease expenditures for MSU. In FY 2015-16, this bill will increase expenditures at MSU by \$73,805, and by \$185,638 in FY 2016-17, and each year thereafter. However, costs for educating students will decrease based on a reduction in the number of students enrolling in the institution as a result of the bill.

Currently, those student applications submitted under the open enrollment provision by-pass review, evaluation, and scoring by admissions personnel. Assuming that 325 students are no longer admissible under the bill, the applications for 875 (1,200 - 325) additional students age 20 years and older will need to be evaluated, scored, and processed; therefore, MSU will require additional admissions personnel of 2.5 FTE. Personnel costs are prorated in FY 2015-16 to reflect the bill's effective date. Costs are detailed in Table 2.

A reduction in the number of students enrolling in the institution may also decrease the expenditures for educating students by an unknown amount.

<b>Table 2. Expenditures Under SB 15-072</b>		
<b>Cost Components</b>	<b>FY 2015-16</b>	<b>FY 2016-17</b>
Personal Services	\$55,791	\$139,478
FTE	1.0 FTE	2.5 FTE
Operating Expenses and Capital Outlay Costs	5,653	14,133
Centrally Appropriated Costs*	12,361	32,028
<b>TOTAL</b>	<b>\$73,805</b>	<b>\$185,638</b>

\* Centrally appropriated costs are not included in the bill's appropriation.

### **Effective Date**

The bill takes effect January 1, 2016, if no referendum petition is filed.

### **State Appropriations**

For FY 2015-16, this bill requires a General Fund appropriation of \$61,444 and 1.0 FTE to the Board of Trustees for Metropolitan State University of Denver.

### **State and Local Government Contacts**

Higher Education