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Fiscal Note

Drafting Number:	LLS 23-0354	Date:	February 9, 2023
Prime Sponsors:	Sen. Roberts; Lundeen Rep. Amabile; Soper	Bill Status:	Senate Education
		Fiscal Analyst:	Anna Gerstle 303-866-4375 anna.gerstle@coleg.gov

Bill Topic:	IN-STATE TUITION CLASSIFICATION INSTITUTIONS OF HIGHER ED
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Summary of Fiscal Impact:	<input checked="" type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
	<input checked="" type="checkbox"/> State Expenditure	<input type="checkbox"/> Local Government
	<input type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

The bill allows returned Peace Corps volunteers and student athletes to qualify for in-state tuition, and increases the number of Colorado scholars that may be enrolled at each institution of higher education. The bill impacts tuition revenue and institution expenditures on an ongoing basis.

Appropriation Summary:	No appropriation is required.
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Fiscal Note Status:	The fiscal note reflects the introduced bill.
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Summary of Legislation

The bill raises the number of Colorado Scholars that a state institution of higher education may count toward in-state student enrollment from 8 percent of students enrolled at the institution to 15 percent. In addition, it allows returned Peace Corps volunteers and student athletes to be classified as in-state students for tuition purposes only.

Background

Under the Colorado Scholar program, institutions of higher education may award \$2,500 in annual financial aid to eligible undergraduate, in-state students, with the goal of retaining those students in state. To be designated as a Colorado Scholar, a student must graduate in the top 10 percent of their high school class or graduate with at least a 3.75 grade point average, complete a college preparatory curriculum, and meet any other criteria established by individual institutions.

State law requires certain ratios between resident and non-resident freshmen students, with some exceptions. An institution subject to these enrollment ratios may count each Colorado Scholar participant as two in-state students for the purposes of calculating required ratios of resident vs non-resident freshman students.

State Revenue

The bill may impact tuition revenue to state institutions of higher education in multiple ways, beginning in FY 2023-24, as discussed below. Most tuition revenue is exempt from TABOR, as most institutions of higher education are classified as state enterprises.

Colorado Scholars. Expanding the number of Colorado Scholars, who count toward in-state enrollment ratios on a two-to-one basis, will increase the number of non-resident freshman that institutions are allowed to enroll, which may increase tuition revenue. The impact on each institution will vary based on the number of Colorado Scholars admitted, whether the institution is subject to resident vs non-resident ratios requirements, and the number of nonresident students admitted.

Peace Corps volunteers. The bill impacts tuition revenue paid by returned Peace Corps volunteers (RPCVs), of which there are an estimated 2,000 in Colorado. The bill requires that RPCVs have been residents of Colorado prior to leaving. Therefore, this fiscal note assumes that most RPCVs who were residents of Colorado and pursue a college degree after returning from Peace Corps service abroad already pay in-state tuition if they maintain their permanent residence in Colorado. For RPCVs who would have otherwise paid non-resident tuition, tuition revenue to institutions of higher education will decrease. The exact amount of the tuition reduction will vary by institution based on the number of RPCVs who enroll and whether they would have otherwise paid in-state or out-of-state tuition.

Student athletes. The bill decreases institutional revenue, as student athletes who are currently classified as non-resident tuition will pay a lower in-state tuition rate under the bill. The exact amount of the tuition reduction will vary by institution based on the number of student athletes enrolled who are currently classified as non-residents for tuition purposes.

State Expenditures

The bill increases expenditures for institutions that admit additional Colorado Scholars. Each scholar receives \$2,500 in financial aid or scholarships, paid from institutional funds. The exact increase will vary by institution based on the number of Colorado scholars enrolled. In addition, for any non-resident student athlete whose scholarship is covered by the institution, or an institution's athletics department, the amount spent on a scholarship will be reduced to the in-state tuition rate and thus, the bill may free up funds for other purposes. No change in higher education appropriations is required.

Effective Date

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

State and Local Government Contacts

Higher Education