



Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado’s Legislature

SB 26-067: TUITION WAIVER FOR DEPENDENTS OF VETERANS

Prime Sponsors:

Sen. Sullivan
Rep. Clifford

Fiscal Analyst:

John Armstrong, 303-866-6289
john.armstrong@coleg.gov

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Fiscal note status: The revised fiscal note reflects the introduced bill, as amended by the Senate Education Committee.

Summary Information

Overview. The bill creates a waiver of tuition and fees at state institutions of higher education for dependents of certain veterans.

Types of impacts. The bill is projected to affect the following areas beginning in FY 2026-27:

- State Expenditures
- State Revenue
- Institutions of Higher Education

Appropriations. For FY 2026-27, the bill requires an appropriation of \$40,932 to the Department of Military and Veterans’ Affairs. The General Assembly may also choose to appropriate funding to institutions of higher education to offset lost tuition revenue. See the State Expenditures and State Appropriations sections for more detail.

**Table 1
State Fiscal Impacts**

Type of Impact	Budget Year FY 2026-27	Out Year FY 2027-28
State Revenue (Higher Education Tuition and Fees)	-\$2.2 million	-\$2.2 million
State Expenditures	\$51,279	\$44,279
Transferred Funds	\$0	\$0
Change in TABOR Refunds	\$0	\$0
Change in State FTE	0.5 FTE	0.5 FTE

State expenditure impacts above reflect costs in the Department of Military and Veterans Affairs only.

**Table 1A
 State Revenue**

Fund Source	Budget Year FY 2026-27	Out Year FY 2027-28
General Fund	\$0	\$0
Cash Funds (Higher Education Tuition and Fees)	-\$2.2 million	-\$2.2 million
Total Revenue	-\$2.2 million	-\$2.2 million

**Table 1B
 State Expenditures**

Fund Source	Budget Year FY 2026-27	Out Year FY 2027-28
General Fund	\$40,932	\$33,932
Cash Funds	\$0	\$0
Federal Funds	\$0	\$0
Centrally Appropriated	\$10,347	\$10,347
Total Expenditures	\$51,279	\$44,279
Total FTE	0.5 FTE	0.5 FTE

Summary of Legislation

The bill requires the Colorado Commission of Higher Education to develop a policy that requires institutions of higher education (IHEs) to waive all tuition, fees and other required charges for dependents of qualified veterans. A qualified veteran fulfills one of the following conditions:

- was killed in action;
- died while in active service from other causes;
- is missing in action;
- is a prisoner of war;
- died as a result of a disability incurred during war; or,
- is rated 100 percent permanently service-connected disabled, or was so rated prior to death.

Dependents of qualified veterans must complete either the Colorado Application for State Financial Aid (CASFA) or the Free Application for Federal Student Aid (FAFSA), be accepted by an IHE for admission, and remain in satisfactory academic standing. The waiver is valid for six years and up to 150 credit hours per dependent. The Department of Military and Veterans Affairs (DMVA) must certify eligibility for the waiver at the request of a dependent of a qualified veteran.

Assumptions

The bill is assumed to be a last-dollar aid program. The number of students estimated to qualify for the waiver was provided to Legislative Council Staff by some IHEs. These estimates were based on the number of students that qualify for the Federal Fry Scholarship, which is awarded to students whose parent or spouse died in service or students who qualify for the Federal Survivors' and Dependents' Educational Assistance Program, also known as Chapter 35 benefits.

Some institutions were not able to estimate the number of students who qualified for either Fry or Chapter 35 benefits. For these institutions, the fiscal note assumes that the number of students who will qualify for the waiver is 0.43 percent of all undergraduate students, which is the average rate of those qualifying students for institutions for whom data was available. A total of 605 students annually are estimated to qualify for the waiver.

Tuition and fee estimates in Table 2 assumed in-state tuition rates minus the average amount of state and federal aid received per student to estimate the last-dollar impact of the bill's waiver program. Tuition and fee rates use 2024 data, the most recent available, and apply a 7 percent increase to account for inflation to estimate 2026 tuition and fee rates.

State Revenue

The bill is expected to decrease undergraduate tuition and fee revenue to institutions of higher education by a total of \$2.2 million per year beginning in FY 2026-27. Estimated impacts to individual institution are shown in Table 2. Tuition and fee revenue to IHEs is exempt from TABOR.¹

¹ IHEs are enterprises (state-run businesses) under TABOR and their revenue is exempt from the state's revenue and spending limit. However, in previous years, some smaller institutions' revenue has become subject to TABOR after they were disqualified as an enterprise. Disqualifications usually happen because the institution receives more than 10 percent of its revenue from state funding. Therefore, while all institutions are currently expected to be TABOR exempt, this could change from year to year.

Table 2
State Revenue Impacts to IHEs

Institution	Eligible Students	Tuition and Fees Waived Per Student	Total Revenue Change
Colorado Mesa University	42	\$5,372	-\$225,624
Colorado School of Mines	26	\$16,268	-\$422,968
Colorado State University - Fort Collins	119	\$2,634	-\$313,446
Metropolitan State University of Denver	87	\$2,985	-\$259,695
University of Colorado - Boulder	79	\$4,206	-\$332,274
University of Colorado - Colorado Springs	151	\$3,342	-\$504,642
University of Colorado - Denver/Anschutz	47	\$387	-\$18,189
University of Northern Colorado	31	\$3,802	-\$117,862
Western Colorado University	23	\$2,536	-\$58,328
Total	605		-\$2,253,028

Tuition and Fees Waived Per Student represents in-state tuition. Data comes from the Integrated Postsecondary Education Data System (IPEDS).

State Expenditures

The bill increases state expenditures in the Department of Military and Veterans Affairs by about \$51,000 in FY 2026-27 and by about \$44,000 in FY 2027-28 and future years. These costs, paid from the General Fund, are summarized in Table 3 and discussed below. The bill also impacts expenditures for institutions of higher education, as explained below, and minimally impacts workload for the Department of Higher Education.

Department of Military and Veterans Affairs

The DMVA will require 0.5 FTE to determine eligibility of dependents for expense waivers at IHEs. These staff will coordinate with veteran communities, institutions of higher education, and process applications for the estimated 604 students annually. Costs are based on administration of similar programs and assumes the DMVA will certify all eligible dependents. Standard operating and capital outlay costs are included.

**Table 3
 State Expenditures
 Department of Military and Veterans Affairs**

Cost Component	Budget Year FY 2026-27	Out Year FY 2027-28
Personal Services	\$33,292	\$33,292
Operating Expenses	\$640	\$640
Capital Outlay Costs	\$7,000	\$0
Centrally Appropriated Costs	\$10,347	\$10,347
Total Costs	\$51,279	\$44,279
Total FTE	0.5 FTE	0.5 FTE

Institutions of Higher Education

Absent an increase in state funding or change in tuition policy, waiving tuition and fees for the dependents of qualified veterans will decrease state expenditures by IHEs. To the extent the bill increases enrollment by dependents of qualified veterans, expenditures will increase to educate those students without a corresponding tuition and fee increase. If enrollment remains steady, institutions may need to reduce expenditures or increase tuition and fees paid by other students. However, changes to IHE expenditures and potential tuition and fee increases depend on policy decisions made by the General Assembly. Specifically:

- The General Assembly could increase state funding, either through specific appropriations or the higher education funding formula, to each institution in the amounts listed in Table 2 to offset the lost revenue;
- The General Assembly could adjust the limit on tuition and fee increases, allowing IHEs to raise tuition and fees for other students to offset the lost revenue. In FY 2025-26, the Long Bill allowed IHEs to raise their tuition by 3.5%; or
- State expenditures for existing programs and services at IHEs will decrease. The exact impacts will vary by institution and will be at the discretion of individual boards of IHEs.

Department of Higher Education

Workload will increase for the Department of Higher Education to support the work of the Commission of Higher Education to adopt the policy for tuition waivers. Based on administration of similar programs, this is estimated to be minimal and absorbable within existing appropriations.

Centrally Appropriated Costs

Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. These costs, which may include employee insurance, supplemental employee retirement payments, indirect cost assessments, and other costs, are shown in Table 2 above.

Effective Date

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

State Appropriations

For FY 2026-27, the bill requires a General Fund appropriation of \$40,932 to the Department of Military and Veterans' Affairs and 0.5 FTE.

As discussed above, the General Assembly may choose to increase state appropriations for institutions of higher education by up to \$2.2 million or adjust the cap on IHE tuition and fees to allow institutions to the option of offsetting the revenue decrease.

Departmental Difference

The Department of Military and Veterans' Affairs estimates the bill requires \$140,662 and 2.0 FTE to implement the bill. This estimate assumes that standing up the new tuition waiver program will require increased coordination with the U.S. Department of Veteran's Affairs, Institutions of Higher Education and eligible students to verify eligibility and create the waivers.

The fiscal note differs from this estimate by assuming that the existing National Guard waiver program processes can be modified to accommodate the new tuition waiver, reducing the overall amount of work to 1,080 hours of work annually, or 0.5 FTE.

State and Local Government Contacts

Higher Education

Military Affairs

The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit the [General Assembly website](#).