



Legislative  
Council Staff

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**FISCAL NOTE**

<b>Drafting Number:</b>	LLS 18-0895	<b>Date:</b>	March 28, 2018
<b>Prime Sponsors:</b>	Sen. Priola; Kerr Rep. Arndt; Wist	<b>Bill Status:</b>	Senate Education
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**Bill Topic:** RESEARCH INSTITUTIONS AFFORDABILITY FOR RESIDENTS

**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 research institutions of higher education to adjust enrollment ratios such that the schools enroll additional nonresident students at a higher tuition rate. The bill increases state revenue from tuition and fees, and increases expenditures at the research institutions, beginning with FY 2018-19.

**Appropriation Summary:** No appropriation is required for this bill. Tuition revenue at institutions of higher education is appropriated by the General Assembly through footnotes in the annual appropriations act (the Long Bill).

**Fiscal Note Status:** The fiscal note reflects the introduced bill.

**Table 1  
State Fiscal Impacts Under SB 18-206  
Institutions of Higher Education**

		FY 2018-19	FY 2019-20	FY 2020-21
<b>Revenue</b>	Institutional Funds	up to \$8.2 million	up to \$27.0 million	up to \$15.0 million
<b>Expenditures</b>	Institutional Funds	up to \$8.2 million	up to \$27.0 million	up to \$15.0 million
<b>Transfers</b>		-	-	-
<b>TABOR Refund</b>	General Fund	-	-	-

## **Summary of Legislation**

The bill changes the required admission ratios at institutions of higher education related to resident, nonresident, and international students. The bill allows the affected research institutions to admit additional nonresident students and collect additional tuition revenue.

Under current law, not less than 55 percent of incoming freshman admitted to state supported institutions of higher education must be resident (in-state) students, and not less than two-thirds of the total student enrollment including both undergraduate and graduate students must also be resident students; however, many institutions of higher education are provided either with exceptions to this rule, or with unique ways of calculating these percentages.

This bill exempts the University of Colorado System (CU), Colorado State University (CSU), the University of Northern Colorado (UNC), and the Colorado School of Mines (CSM) from these general admission ratios if:

- the percentage of incoming resident freshmen students calculated on a three year average and excluding foreign students is not less than 55 percent;
- the percentage of enrolled resident students at each campus is not less than 55 percent of total student enrollment including both undergraduate and graduate students, calculated on a three year average, and excluding international students and students enrolled solely in online classes;
- the total number of international students enrolled at each campus does not exceed 15 percent of the total student enrollment, including both undergraduate and graduate students; and
- each institution continues to admit 100 percent of all Colorado first-time applicants who meet guaranteed admissions criteria.

With the exception of CSM, the other research institutions must also ensure that the percentage of resident students admitted to each campus based on criteria other than standardized test scores, high school class rank, and high school grade point average does not fall below the average of the percentage admitted for the three preceding academic years.

## **State Revenue**

This bill increases tuition and fee revenue by about \$8.2 million in FY 2018-19, by about \$27.0 million in FY 2019-20, and by about \$15.0 million in FY 2020-21.

**Tuition at institutions of higher education.** Nonresident students pay a higher tuition rate than resident students, and are not eligible for state tuition support through the College Opportunity Fund. Due to enterprise status, tuition revenue increases are not subject to constitutional spending limits and changes in tuition revenue do not impact TABOR refunds.

This bill preserves the current law requirement that the affected institutions accept all Colorado first-time freshman applicants who meet admissions criteria, but allows the schools to adjust admissions such that 55 percent of enrolled students are resident students, and 45 percent are nonresident students. Under current law, two thirds, or about 67 percent of total student enrollment must be resident students.

**CSU and UNC.** Based on Legislative Council Staff enrollment forecasts for institutions of higher education, neither CSU or UNC are expected to experience any tuition impact from the bill in the next three fiscal years. The total enrollment at each school is comfortably within the resident and non resident admissions ratio required by the bill, and neither school can anticipate enrolling more nonresident students than otherwise might be allowed under current law.

**CU and CSM.** For CU and CSM, the bill adjusts the required enrollment ratio such that each school may admit additional nonresident students than is allowable under current law. This change results in additional nonresident enrollment and increased tuition beginning with FY 2018-19. Tables 2 and 3 display the projected enrollment and tuition and fee revenue impacts of the bill for CU and CSM. Table 4 displays the combined impact.

Enrollment forecasts are based on data from each institution. Nonresident tuition and fees are based on the Department of Higher Education's January 2018 Tuition and Fees Report, increased annually by an assumed 2.5 percent rate of inflation. Actual tuition increases at the schools may exceed this inflation assumption.

**Table 2**  
**Enrollment and Revenue Impacts SB 206**  
**University of Colorado**

<b>Fiscal Year</b>	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>
Resident Enrollment	19,692	20,591	21,259
Nonresident Enrollment (current law)	10,050	10,100	10,750
Nonresident Enrollment (SB 206)	10,275	10,490	10,820
Nonresident Enrollment Difference	225	390	70
Nonresident Tuition & Fees	\$36,362	\$37,271	\$38,203
<b>Increased Tuition Revenue</b>	<b>\$8,181,450</b>	<b>\$14,535,690</b>	<b>\$2,674,210</b>

**Table 3**  
**Enrollment and Revenue Impacts SB 206**  
**Colorado School of Mines**

<b>Fiscal Year</b>	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>
Resident Enrollment	3,675	3,758	3,840
Nonresident Enrollment (current law)	2,659	2,750	2,829
Nonresident Enrollment (SB 206)	2,659	3,075	3,142
Nonresident Enrollment Difference	0	325	313
Nonresident Tuition & Fees	\$37,436	\$38,372	\$39,331
<b>Increased Tuition Revenue</b>	<b>\$0</b>	<b>\$12,470,900</b>	<b>\$12,310,603</b>

**Table 4**  
**Total Revenue Impacts SB 206**

<b>Fiscal Year</b>	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>
Tuition & Fee Revenue: CU	\$8,181,450	\$14,535,690	\$2,674,210
Tuition & Fee Revenue: CSM	\$0	\$12,470,900	\$12,310,603
<b>Increased Tuition Revenue</b>	<b>\$8,181,450</b>	<b>\$27,006,590</b>	<b>\$14,984,813</b>

**State Expenditures**

Additional tuition and fee revenue collected at institutions of higher education is under the budgetary control of each institution's governing board. The increased revenue as a result of this bill will be spent by the schools for the general operation of the respective institutions.

**Effective Date**

The bill takes effect August 8, 2018, if the General Assembly adjourns on May 9, 2018, as scheduled, and no referendum petition is filed.

**State and Local Government Contacts**

Higher Education

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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: [leg.colorado.gov/fiscalnotes](http://leg.colorado.gov/fiscalnotes).