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**FINAL
FISCAL NOTE**

Drafting Number:	LLS 18-0895	Date:	August 28, 2018
Prime Sponsors:	Sen. Priola; Kerr Rep. Arndt; Wist	Bill Status:	Signed into Law
		Fiscal Analyst:	Josh Abram 303-866-3561 Josh.Abram@state.co.us

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 enacted bill.

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

		FY 2018-19	FY 2019-20	FY 2020-21
Revenue	Institutional Funds	up to \$8.2 million	up to \$27.0 million	up to \$15.0 million
Expenditures	Institutional Funds	up to \$8.2 million	up to \$27.0 million	up to \$15.0 million
Transfers		-	-	-
TABOR Refund	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.

No later than October 15, 2018, and each year thereafter, the Department of Higher Education (DHE) must prepare a report for the General Assembly demonstrating that the affected institutions have met resident admission and enrollment requirements for the prior fiscal year. The department and the institutions must ensure that the necessary data is included in the state's student records database, including data on the number of students with in-state classification and out-of-state classification, the number classified as international students for purposes of the calculation, the resident and nonresident students classified as online only students for purposes of the calculation, and the number of students classified as Colorado scholars. The report shall include both the nominal numbers of students in each relevant category and the calculation demonstrating the institution's compliance with admission requirements.

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

Fiscal Year	FY 2018-19	FY 2019-20	FY 2020-21
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
Increased Tuition Revenue	\$8,181,450	\$14,535,690	\$2,674,210

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

Fiscal Year	FY 2018-19	FY 2019-20	FY 2020-21
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
Increased Tuition Revenue	\$0	\$12,470,900	\$12,310,603

Table 4
Total Revenue Impacts SB 206

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

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 was signed into law by the Governor on June 5, 2018, and it took effect on August 8, 2018.

State and Local Government Contacts

Higher Education