



## Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

# Fiscal Note

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<b>Drafting Number:</b>	LLS 22-0339	<b>Date:</b>	March 14, 2022
<b>Prime Sponsors:</b>	Rep. Will; McCluskie Sen. Gonzales	<b>Bill Status:</b>	House Education
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<b>Bill Topic:</b>	<b>IN-STATE TUITION FOR CO HIGH SCHOOL GRADUATES</b>
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<b>Summary of Fiscal Impact:</b>	<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

This bill requires that an institution of higher education classify a student as in-state for tuition purposes if a student graduated from a Colorado high school or completed a high school equivalency exam in Colorado, and has resided in the state for at least one year prior to enrolling at the institution. The bill increases state revenue and expenditures starting in FY 2022-23.

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

Under current law, students who attend high school in the state for at least three years prior to enrolling at a state supported institution of higher education must be classified as in-state for tuition purposes. The student must be admitted to the school of higher education within one year following graduation or completing a high school equivalency exam. This bill instead requires that an institution classify a student as in-state for tuition purposes if the student graduated from high school or completed a high school equivalency exam in Colorado, and has resided in the state for at least one year prior to enrolling at the institution.

## Background and Assumptions

It is estimated that about 40 percent of Colorado students enroll at state institutions of higher education in the year following graduation. Another six percent enroll within the following two years. In recent years, about 1,400 students who cannot independently establish domicile in Colorado, but otherwise meet the resident requirements, are classified as in-state students. These students attended high school for at least three years and enrolled within one year of graduation. Assuming that these 1,400 students are roughly 40 percent of similar eligible graduates (3,500 students), and that six percent

of those delayed enrollment beyond the first year following graduation, total eligibility increases by about 210 students. Removing the requirement that students attend at least three years of high school before graduation also increases the number of eligible students by a minimal amount, but this number has not been estimated.

Once a high school graduate delays enrollment beyond the first few years after graduation, he or she is 22 or older, and can independently establish residency for in-state tuition classification. This bill only increases eligibility for students under 22 who have delayed enrollment, and for students who graduate from a Colorado high school but had not been enrolled for at least three years.

## State Revenue and Expenditures

The bill increases resident enrollment at state supported institutions of higher education, impacting both institutional revenue from tuition, and the expenditures and workload of the schools and the Department of Higher Education (DHE).

**Institutional tuition revenue.** Increasing the number of students enrolled in higher education increases the amount of tuition revenue collected and spent by schools to provide postsecondary education. Due to institutions' enterprise status, this revenue is not subject to TABOR. Any increase in tuition revenue may be partially offset by tuition reductions for students currently paying nonresident tuition; however, this population of students is assumed to be small and their enrollment spread across multiple institutions.

**Department of Higher Education.** Increased enrollment in postsecondary education creates workload for the DHE and schools to assist students with the Colorado Application for State Financial Aid (CASFA). No change in 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