

**Legislative Council Staff***Nonpartisan Services for Colorado's Legislature***Revised Fiscal Note**

(replaces fiscal note dated February 9, 2023)

Drafting Number:	LLS 23-0354	Date:	March 6, 2023
Prime Sponsors:	Sen. Roberts; Lundeen Rep. Amabile; Soper	Bill Status:	House Education
		Fiscal Analyst:	Anna Gerstle 303-866-4375 anna.gerstle@coleg.gov

Bill Topic: IN-STATE TUITION CLASSIFICATION INST OF HIGHER ED

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 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, and minimally increases state workload.

Appropriation Summary: No appropriation is required.**Fiscal Note Status:** This revised fiscal note reflects the reengrossed bill.**Summary of Legislation**

The bill raises the number of Colorado Scholars that 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. It requires that the annual enrollment report that Department of Higher Education (DHE) submits to the General Assembly include the enrollment before and after Colorado Scholars students are counted as two in-state students, and an explanation of how institutions with a Colorado Scholars program use tuition revenue for scholarships for resident students. The bill also classifies returned Peace Corps volunteers 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 versus 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. Between 2018 and 2020, only the University of Colorado Boulder, Colorado School of Mines, and Metro State University have counted scholars. The impact on each institution will vary based on the number of additional 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 reduces tuition revenue paid by returned Peace Corps volunteers (RPCVs), of which there are an estimated 2,000 in Colorado. For RPCVs who would have already paid in-state tuition and maintain their permanent residence in Colorado, there is no change in tuition. For RPCVs who would have otherwise paid non-resident tuition, tuition revenue to institutions of higher education will decrease. To the extent receiving in-state tuition encourages non-resident RPCVs to enroll in a Colorado institution of higher education who would not have otherwise enrolled, tuition revenue may increase. The exact change in the tuition will vary by institution based on the number of RPCVs who enroll and whether they would have otherwise enrolled and paid in-state or out-of-state tuition.

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. No change in higher education appropriations is required.

The bill also increases workload for DHE to include additional information in their annual report. This workload can be accomplished within current appropriations. Should more institutions enroll Colorado Scholars, the workload may increase, and any additional resources needed will be requested through the annual budget process.

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

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.