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MEMORANDUM

October 31, 2016

TO: Interested Persons
FROM: Josh Abram, Principal Fiscal Analyst, (303) 866-3561
SUBJECT: Resident and Nonresident Tuition in Colorado

Summary

State-supported institutions of higher education rely on tuition revenue and public funding to pay for operating expenses. State funding for higher education is provided to the institutions based partly on each institution's role and mission, the number of resident students the school enrolls, and how the school meets certain performance benchmarks. Tuition revenue is paid by students and families. This memorandum examines tuition funding for the schools, and explains the difference between resident and nonresident tuition.

Background

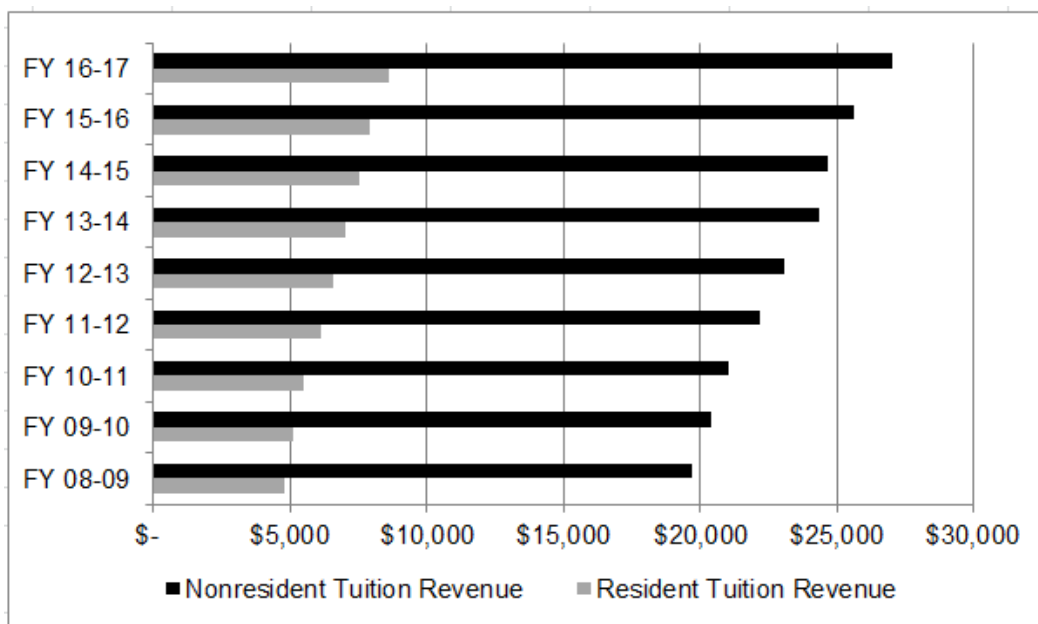
Why two types of tuition? State law permits state institutions to establish one tuition rate for resident students, and a higher tuition rate for nonresidents who come to Colorado specifically to attend a state-supported school. As a result, state residents are able to attend public institutions at a lower cost than students who are not residents. The lower tuition rate for state residents is referred to as in-state or resident tuition. The tuition rate for residents from other states is known as out-of-state, or nonresident tuition.

What is the cost difference between resident and nonresident tuition? Generally, the higher tuition rates paid by nonresident students help to subsidize the tuition cost of resident students. For FY 2015-16, the average resident tuition rate for undergraduate students at four-year state institutions was about \$9,230 for 30 credit hours of instruction in an academic year.¹ Of this amount, about \$2,250 is provided by the state, which serves to "buy down" the out-of-pocket cost to a resident student to about \$6,980. This amount does not include fees or other expenses students incur to attend college. For FY 2015-16, average nonresident tuition at

¹ Average resident tuition is calculated by averaging the FY 2015-16 base tuition rate at state supported four-year colleges and research universities. The average does not include community colleges, or the Colorado School of Mines. The base tuition rate is the rate identified by the Department of Higher Education as the base amount paid for general education studies. Institutions are permitted to set different undergraduate tuition rates for different types of programs. For example, at the University of Colorado – Boulder, resident tuition for students in the College of Engineering and Applied Sciences is higher than tuition for other majors.

the four-year institutions was about \$20,350, or about \$11,120 more per student than what the state institutions collect per resident student. Table 1 compares the average tuition revenue collected per resident and nonresident student between FY 2007-08 and FY 2016-17. The amounts in Table 1 reflect the average out-of-pocket tuition cost for students. The values do not include the state support provided through the College Opportunity Fund.

Table 1
Average Resident and Nonresident Tuition Revenue
FY 2008-09 to FY 2016-17



Classification for Tuition Purposes

Classification of residency status. Classification as a resident for tuition purposes requires that Colorado be the student's legal and primary place of residence, known as *domicile*. A resident of Colorado is an individual whose true, fixed, and permanent home is Colorado, and who has not moved to the state solely for the purpose of attending an institution of higher education. Establishing domicile indicates an intent to reside in Colorado permanently. To qualify for classification as a resident student, state law requires that students be domiciled in Colorado for at least one year prior to the first day of enrollment.

Who is qualified to establish domicile? State law allows any qualified person to establish a Colorado domicile, and begin the one-year period necessary to qualify for resident tuition. Only adults, emancipated minors, unaccompanied homeless youth, and graduate students are considered qualified persons. An individual may only establish domicile if he or she is at least 22 years old. For individuals under 22, the domicile of the student's parents or legal guardians is used to determine the domicile of the student. Students under the age of 22 may not establish domicile independent of their parents' domicile unless the student is an unaccompanied homeless youth, an emancipated minor, or married. Emancipated minors are students under the age of 22 whose parents have surrendered any right to care, custody, or earnings, and make no provision to support the student financially. Married students of any age may establish domicile independent of the parents' domicile or level of financial support.

Who determines tuition status? State institutions of higher education determine whether students are classified as resident students or nonresident students. State law provides some uniformity in rules and criteria used by the institutions to determine residency status, but the individual schools make the final determination.

State law instructs the institutions to consider a variety of evidence and relevant information when making decisions about tuition classification. No single factor is considered conclusive of domicile. Generally, evidence of Colorado domicile includes actions and documentation that are characteristic of any permanent resident, including payment of state income taxes, holding a valid state driver's license, registration of vehicles in the state, voter registration, permanent employment, ownership of residential property used as a primary residence, graduation from a Colorado high school, continuous year-round residency, and other factors that may be peculiar to an individual student's situation. Evidence indicating domicile outside of Colorado could include filing a nonresident Colorado state tax return, failure to register a motor vehicle, or continuing to use an out-of-state driver's license beyond the legal time necessary to convert to a Colorado license. Other evidence of nonresidency includes spending substantial time in a former state of residence when not enrolled in academic programs, maintaining a home in another state, prolonged absence from Colorado, and other factors unique to an individual student.

How can residency status change? Individuals who are classified as nonresidents and who feel they meet the requirements for resident tuition may file a petition requesting a change in tuition classification. The procedures usually require submission of a petition for resident tuition, with appropriate documentation to support the claim of Colorado domicile, but may also include additional steps or requests for information. The burden of proof rests upon the student, who must submit a timely petition with the required documentation.

If a student disagrees with the decision, each institution has an appeals process, which includes an opportunity to petition for resident tuition status. Supporting documentation is reviewed by a panel of institutional or governing board representatives. The decision of the appeals panel is final.

Military Families and Other Special Circumstances

What about veterans and active members of the military? Members of the military and their dependents who are domiciled in Colorado do not lose resident status while stationed in another state or a foreign country, so long as the member is domiciled in Colorado for a full year prior to enlistment and returns to Colorado within six months following discharge from the military. Members of the armed forces are eligible to obtain resident tuition status independent of the length of time of residency if the member moves to Colorado on a permanent change of station basis, or on a temporary assignment to duty in Colorado. A dependent of a member of the armed forces is eligible for resident tuition classification when the active member moves to the state on a permanent change of station basis, regardless of the amount of time the member or dependent is in actual residence in the state. Once an individual qualifies as a resident for tuition purposes, neither the military member nor his or her dependent lose resident classification if the member retires or separates from the military.

Are there exceptions to the general rule? In addition to exceptions made for military personnel and their dependents, state law also authorizes a resident tuition rate for several classifications of students without the need for those students to demonstrate Colorado

domicile. For example, resident tuition classification is extended to: Olympic athletes who come to the Olympic Training Center in Colorado Springs; Canadian military personnel; Chinese or Russian students enrolled in graduate public policy programs; and employees whose companies have relocated to Colorado.

Students who lack the documentation necessary to establish domicile due to immigration status may also receive resident tuition rates. These students must have attended a Colorado high school for at least three years, be admitted to a state-supported institution of higher education within 12 months of graduating, and, if not legally present in the United States, sign an affidavit that the student will seek legal status as soon as he or she is eligible to do so.

What about reciprocity programs? Colorado and New Mexico have a tuition reciprocity agreement that allows up to 500 full-time students from each state to attend institutions in the neighboring state at that state's resident tuition rate. The Western Nebraska Community College offers in-state tuition rates for Colorado residents, and several four-year Nebraska colleges charge a discounted rate for Colorado residents. Finally, the Western Interstate Commission on Higher Education (WICHE) offers the Western Undergraduate Exchange Program, which allows students in member states to request a reduced tuition rate equal to 150 percent of resident tuition at participating two- and four-year college programs outside of their home state.