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Fiscal Note

Drafting Number: LLS 24-0123 Date: February 21, 2024
Prime Sponsors: Rep. Hartsook; Lukens Bill Status: House State Affairs
Fiscal Analyst: Anna Gerstle | 303-866-4375 anna.gerstle@coleg.gov

Bill Topic: TUITION ASSISTANCE FOR COLORADO NATIONAL GUARD & DEPENDENTS

Summary of Fiscal Impact: [ ] State Revenue [x] State Transfer [ ] Local Government
[x] State Expenditure [ ] TABOR Refund [ ] Statutory Public Entity

The bill expands the Colorado National Guard Tuition Assistance Program to include the dependents of certain National Guard members. The bill requires an appropriated transfer to a cash fund and increases state expenditures on an ongoing basis.

Appropriation Summary: For FY 2024-25, the bill requires an appropriation of \$1,227,071 to the National Guard Dependents Tuition Assistance Account in the Department of Military and Veterans Affairs. See State Appropriations section.

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

Table 1
State Fiscal Impacts Under HB 24-1226

Table with 4 columns: Category, Sub-category, Budget Year FY 2024-25, and Out Year FY 2025-26. Rows include Revenue, Expenditures (Cash Funds, Total Expenditures, Total FTE), Transfers (General Fund, Cash Funds, Net Transfer), and Other Budget Impacts (General Fund Reserve).

1 This transfer is assumed to be made through an appropriation of funds.

## **Summary of Legislation**

The bill expands the Colorado National Guard tuition assistance program to include spouses or children (dependents) of National Guard members. To be eligible for dependent tuition assistance, National Guard members must have served for at least six years and must either be actively serving while the dependent is receiving assistance, or have previously served for at least 12 years. The bill also specifies that the program covers fees, in addition to tuition.

The bill creates the National Guard Dependents Tuition Assistance Account (account) in the Colorado National Guard Tuition Cash Fund (fund). The account is continuously appropriated to the Department of Military and Veterans Affairs (DMVA) and consists of any money appropriated to it by the General Assembly. If there is excess balance in the account, the Adjutant General may notify the State Treasurer and excess funds may be transferred to the fund for member tuition.

## **Background**

Under current law, a member of the Colorado National Guard for tuition assistance of between 50 and 100 percent of the cost of tuition at public institutions of higher education, up to 132 semester hours or 8 years in the program, whichever is reached first. The tuition assistance program is run by the DMVA and is currently administered by 1.0 FTE. In FY 2023-24, \$1.4 million was appropriated from the General Fund to the fund. The program distributed tuition assistance to 431 National Guard members in FY 2022-23.

## **State Transfers**

Appropriations from the General Fund to the National Guard Dependent Tuition Assistance Account are at the discretion of the General Assembly. The fiscal note assumes that \$1.2 million in FY 2024-25 and \$2.3 million beginning in FY 2025-26 will be transferred from the General Fund to the account in order to expand eligibility to dependents. It is assumed that this transfer will occur via an appropriation to the account from the General Fund.

## **State Expenditures**

Appropriations from the General Fund to the National Guard Dependent Tuition Assistance Account in the Colorado National Guard Tuition Cash Fund are at the discretion of the General Assembly. The fiscal note assumes that the bill increases state expenditures in DMVA by \$1.2 million in FY 2024-25 and \$2.3 million in FY 2025-26.

**Table 2**  
**Expenditures Under HB 24-1226**

	FY 2024-25	FY 2025-26
<b>Department of Military and Veterans Affairs</b>		
Personal Services	\$100,092	\$115,491
Operating Expenses	\$1,664	\$1,920
Capital Outlay Costs	\$13,340	-
Tuition Assistance	\$1,090,600	\$2,181,200
Employee Insurance and Supplemental Retirement	\$21,375	\$24,664
<b>Total Cost</b>	<b>\$1,227,071</b>	<b>\$2,323,275</b>
<b>Total FTE</b>	<b>1.3 FTE</b>	<b>1.5 FTE</b>

**Tuition assistance.** Funding for the tuition assistance program is at the discretion of the General Assembly. The fiscal note assumes that \$2.3 million is required to fund the dependent tuition assistance program annually. Based on the effective date the bill, the fiscal note assumes a half-year impact of \$1.2 million in FY 2024-25. This estimate is based on the following assumptions:

- about 7,600 people are eligible for the program, based on an average of two dependents per eligible National Guard member;
- 8.2 percent of eligible dependents will participate, which is the current participation rate for National Guard members; and
- \$3,500 in tuition assistance per dependent per year, based on the current average tuition assistance amount.

**Administration.** Based on the estimated size of the expanded tuition assistance program and staff levels of the existing program, the DMVA requires 1.5 FTE for a program administrator. The fiscal note assumes a September 2024 start date and includes standard operating and capital outlay costs for staff.

**Employee insurance and supplemental retirement.** These costs, which include employee insurance and supplemental employee retirement payments, are shown in Table 2 and are included in the assumed transfer to the account.

### **Other Budget Impacts**

**General Fund reserve.** Under current law, an amount equal to 15 percent of General Fund appropriations must be set aside in the General Fund statutory reserve. Based on this fiscal note, the bill is expected to increase the amount of General Fund held in reserve by the amounts shown in Table 1, decreasing the amount of General Fund available for other purposes.

## **Effective Date**

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

## **State Appropriations**

For FY 2024-25, the bill requires an appropriation of \$1,227,071 from the General Fund to the National Guard Tuition Assistance Account in the Colorado National Guard Tuition Cash Fund.

No further appropriation is required, as the account is continuously appropriated to the Department of Military and Veterans Affairs.

## **Departmental Difference**

Colorado State University estimates that \$38,220 is required to hire 0.5 FTE to handle additional tuition certifications from dependents who are participating in the expanded program. This estimate is based on the assumption that the program will increase enrollment from students participating in the tuition assistance, and limited staff capacity to handle additional tuition assistance requests.

The fiscal note does not include funding for CSU for two reasons. First, the fiscal note does not make any assumptions about where participating dependents will attend school. If funding were to be appropriated to institutions of higher education for administration, the fiscal note would likely base it on the additional students that may enroll in each institution as a result of the program. Second, the fiscal note assumes that inadequate funding for the administration of veteran's tuition assistance and GI Bill benefits at CSU are a broader issue to be addressed by the institution rather than through this bill.

## **State and Local Government Contacts**

Higher Education

Military Affairs

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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 the [General Assembly website](#).