



## Legislative Council Staff

*Nonpartisan Services for Colorado's Legislature*

## Memorandum

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**TO:** Interested Persons

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**SUBJECT:** 2019 Higher Education Enrollment and Tuition Revenue Forecast

### Summary

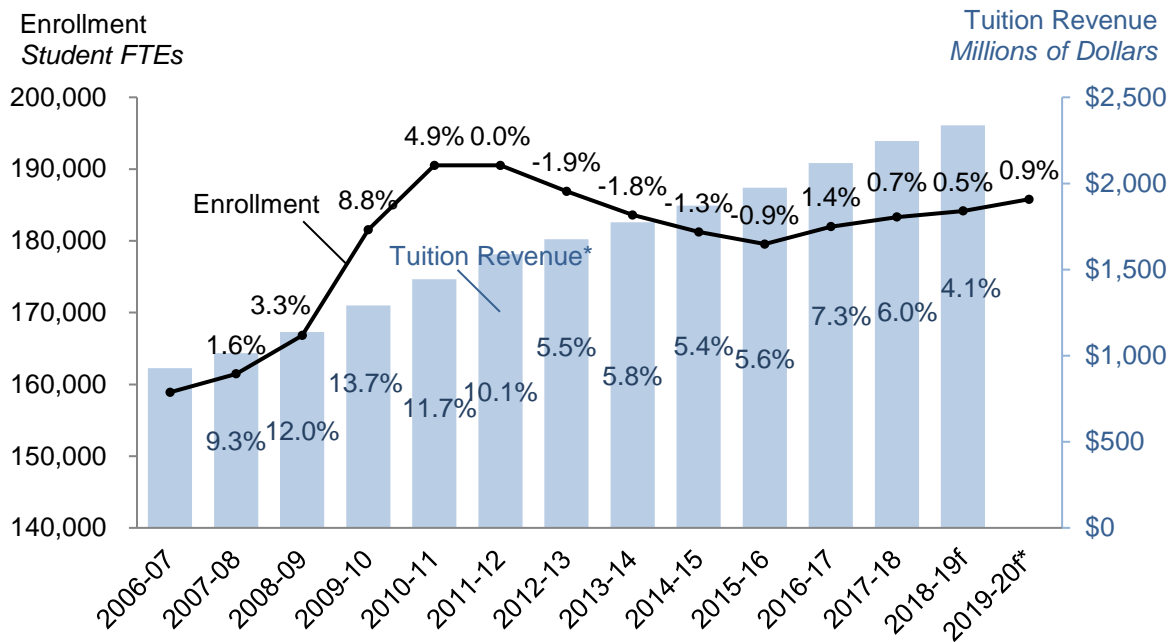
This memorandum presents the 2019 Legislative Council Staff forecast for the state public institutions of higher education. The forecast provides projections of resident and nonresident full-time equivalent (FTE) student enrollment and College Opportunity Fund (COF) FTE enrollment for the current year (FY 2018-19) and next year (FY 2019-20). The forecast also includes projected tuition revenue for FY 2018-19.

Enrollment in Colorado's state-administered colleges and universities is expected to grow this fiscal year and next, albeit at a modest pace (Figure 1, left axis). Total enrollment across colleges and universities is expected to grow by 841 FTE, or 0.5 percent, in FY 2018-19. In FY 2019-20, enrollment will grow by an estimated 1,637 FTE from the prior year, or 0.9 percent. Enrollment is expected to continue to improve, but at a slow pace, as the strong labor market dampens growth.

Total tuition revenue is expected to grow 4.1 percent in FY 2018-19 on higher tuition rates and enrollment growth (Figure 1, right axis).

Table 1 reports FTE resident and nonresident enrollment by governing board for the ten state-administered higher education institutions in Colorado. Additionally, projections for the state's two local district colleges, Aims Community College and Colorado Mountain College, are shown for informational purposes. Table 2 summarizes the tuition revenue forecast by governing board for FY 2018-19. Per pupil tuition revenue is also summarized in Table 2. Tuition revenue projections for FY 2019-20 are excluded as the General Assembly and/or governing boards have not yet determined rate increases for the 2019-20 academic year.

**Figure 1**  
**Total Higher Education Enrollment and Tuition Revenue**



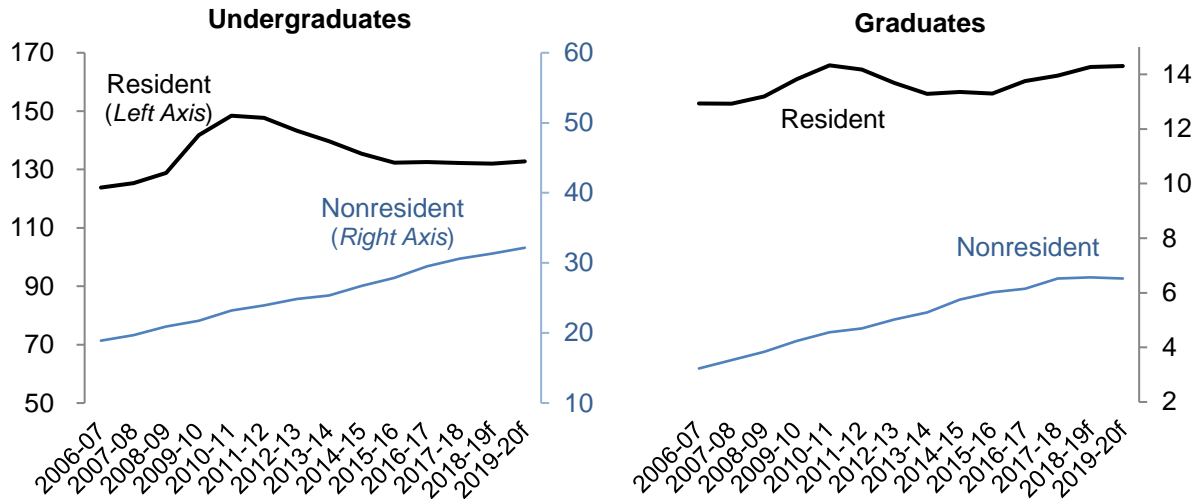
Source: Department of Higher Education; Legislative Council Staff forecast for FY 2018-19 and FY 2019-20.  
 \*Tuition revenue projections are not shown for FY 2019-20 as tuition rate increases have not yet been determined.  
 Note: Enrollment excludes local district colleges and private universities. Graduate student FTE reflect 24 credit hours, while undergraduate student FTE reflect 30 credit hours.

## FTE Enrollment

Colorado resident enrollment saw strong growth following the Great Recession as students pursued higher education because of the scarcity of job opportunities. Resident enrollment declined from FY 2012-13 to FY 2015-16, as improving job opportunities lured students back into the workforce (Figure 2). Since FY 2016-17, however, enrollment has been on the rise, though growing slowly as colleges and universities compete with a strengthening economy and labor market. Resident *undergraduate* student enrollment is expected to be relatively flat in FY 2018-19 and FY 2019-20. In FY 2018-19, resident *graduate* student enrollment is expected to grow by 2.3 percent, and see more modest growth in FY 2019-20.

Nonresident enrollment has been resilient to the business cycle. Nonresident enrollment grew at a steady pace throughout the Great Recession for both nonresident graduate and undergraduate students (Figure 2). Colorado public colleges and universities have pursued targeted marketing efforts and sought to expand program offerings to appeal to out-of-state students, who pay higher tuition on a per FTE basis. Out-of-state students are attracted to Colorado’s competitive program offerings, as well as the quality of life in Colorado and relative strength of the Colorado economy. International students have made up a growing share of nonresident students in recent years, bolstering growth. Nonresident enrollment growth is expected to be relatively flat through the end of the forecast period, as tuition and housing affordability dampens growth prospects.

**Figure 2**  
**Higher Education Enrollment by Student Type**  
*Student FTEs in Thousands*



Source: Department of Higher Education; Legislative Council Staff forecast for FY 2018-19 and FY 2019-20.  
 Note: Enrollment excludes local district colleges and private universities. Graduate student FTE reflect 24 credit hours, while undergraduate student FTE reflect 30 credit hours.

## College Opportunity Fund

Stipends from the College Opportunity Fund (COF) are available to resident undergraduate students enrolling at state-administered institutions and selected private universities. For FY 2018-19, COF stipends are equal to \$85 per credit hour, a level set by the General Assembly. Reduced COF stipends of \$43 per credit hour are available to students studying at three private universities in the state: Colorado Christian University, Regis University, and the University of Denver.

Expectations for FTE enrollment among students who are awarded COF stipends for public Colorado institutions are summarized in Table 1. In general, COF FTE enrollment rises and falls with resident undergraduate student enrollment. Students must apply to receive a stipend, and the stipend is limited to 145 credit hours during a student’s lifetime. Because of these requirements, COF FTE enrollment is lower than resident undergraduate enrollment for most colleges and universities.

## Tuition Revenue

A history and expectations for tuition revenue by governing board are provided in Table 2. In FY 2018-19, total tuition revenue is expected to exceed \$2.3 billion, up 4.1 percent from the prior fiscal year. The General Assembly and/or governing boards have not yet determined tuition rates for FY 2019-20. Therefore, this forecast excludes tuition revenue projections for next fiscal year.

Changes in tuition revenue are primarily driven by FTE enrollment and tuition rate increases. Tuition rate structures also impact tuition revenue. Structures may include: differential tuition, where some

programs (e.g., business and engineering) or some cohorts (e.g., incoming freshman classes) have higher or lower rates than others; and tuition windows, where students pay the same amount of tuition regardless of the number of classes taken for a certain window of credit hours.

The total share of tuition revenue attributable to nonresident students is expected to reach 44.4 percent in FY 2018-19, the highest share in the last 14 years. Growth in nonresident tuition revenue will account for an estimated 53.5 percent of the increase in total tuition revenue in FY 2018-19.

## **Per Pupil Tuition**

With increases in tuition rates, tuition revenue per FTE (or per pupil tuition) continues to rise. In FY 2018-19, resident per pupil tuition for all governing boards is expected to average \$8,891, up 3.3 percent from the prior year. These figures reflect both undergraduate and graduate students. Nonresident per pupil tuition is expected to average \$27,382 per pupil in the current year, up 2.9 percent from FY 2017-18. Per pupil tuition and tuition rate increases vary across institutions, as shown in Table 2.

## **Forecast Comparison and Error**

Actual enrollment for FY 2017-18 came in 2 FTE lower than the 2018 Legislative Council Staff forecast. For FY 2018-19, enrollment expectations have been revised down by 0.06 percent, or 1,059 FTE, from the forecast published last year.

Actual tuition revenue for FY 2017-18 totaled \$2,246 million, \$1.6 million below the 2017 forecast. This represents a forecast error of 0.1 percent.

## **Risks to the Forecast**

Economic activity tends to be the biggest driver of higher education enrollment fluctuations. This forecast assumes that the state economy will continue to expand through at least 2020, albeit at a slower pace than in 2018. Faster or slower economic growth than expected could result in higher or lower enrollment growth than reflected in this forecast. Assumptions used to project enrollment carry different upside and downside risks for each institution. For example, strong (or weaker) energy activity in the state could result in higher (or lower) than expected enrollment at the Colorado School of Mines, and lower (higher) than expected enrollment at schools in geographic areas most in need of energy workers.

Enrollment trends at individual institutions may also depend on developments unrelated to the economy. U.S. foreign policy, including changes to immigration policy, could impact nonresident student enrollment, resulting in fewer nonresident international students than expected. Enrollment may also deviate from expectations due to the establishment of new programs of study or the unanticipated success or failure of a new recruitment or retention campaign. The FY 2018-19 tuition revenue forecast incorporates enrollment forecast uncertainty, as well as tuition rate assumptions that may not hold true, resulting in either higher or lower revenue.