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## FISCAL IMPACT REPORT

**ORIGINAL DATE** 2/9/2015  
**LAST UPDATED** 3/12/2015    **HB** \_\_\_\_\_

**SPONSOR**    Sanchez, M.

**SHORT TITLE**    Senior Citizen Reduced Tuition Act Definition    **SB** 420

**ANALYST**    Hartzler

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY15	FY16	FY17	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>		NSI	NSI	NSI	Recurring	I&G Expenditures

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Higher Education Department (HED)

### SUMMARY

#### Synopsis of Bill

Senate Bill 420 expands the number of individuals who can seek reduced tuition rates at public institutions. The bill amends the Reduced Tuition Act allowing individuals 60 years or older to pay \$5 per credit hour, up to six credits per semester, at state postsecondary degree-granting educational institutions. Currently, individuals 65 years or older may claim this reduced tuition rate.

### FISCAL IMPLICATIONS

The bill does not contain an appropriation.

For institutions with a large enrollment of senior citizens, there may be a reduction in tuition revenues from senior citizens age 60 to 64 years who would have paid full tuition but, under SB 420, would only pay \$5 per credit hour for up to six credit hours per semester.

It is possible that the lower tuition rates may lead to more senior citizens enrolling at postsecondary institutions. Larger enrollment would allow institutions to collect modest revenues, should SB 420 be enacted. It is unclear whether institutions would receive sufficient revenues from other sources – state appropriations, mill levy revenues, and tuition – to offset increased expenses caused by a growing subsidized population.

## **SIGNIFICANT ISSUES**

HED reports that 1,766 students received the senior citizen discount in fall 2013, for a total of \$8.8 thousand in tuition fees. An additional 1,616 students were eligible to receive the discount, for an \$8.1 thousand total, but did not request it. Spring 2014 enrollments reflected a similar pattern of student enrollment.

Enrollments at the state's public postsecondary institutions have declined for the second year in a row. It is possible that increased enrollment by senior citizens could help institutions maximize facility use, though reduced tuition revenues from this group may not be sufficient to offset costs associated with increased facility use and instructional time.

HED also reports that the Federal Reserve's Household Consumer Finances Survey (2010) stated that the 55 to 65 year age group has the highest net income and net worth of any demographic group. Requiring institutions to subsidize this group may drive limited resources away from other priority student groups.

## **PERFORMANCE IMPLICATIONS**

HED collects data from postsecondary institutions that identify students who have received reduced tuition. Should SB 420 be enacted, HED would need to update its data reporting manual to reflect the lower age limit for the benefit.

## **ADMINISTRATIVE IMPLICATIONS**

HED reports that institutions would be required to revise tuition policies to reflect the lower eligibility age of individuals eligible to receive reduced tuition rates.

## **OTHER SUBSTANTIVE ISSUES**

HED also notes that it receives a few complaints annually about the reduced tuition rate for senior citizens. Further, not all institutions are complying with providing the reduced tuition rate to students.

## **POSSIBLE QUESTIONS**

- What amount of tuition or other revenues would an institution forgo if SB 420 were enacted?

TH/je/bb/aml