

Fiscal Note & Local Impact Statement

122nd General Assembly of Ohio

BILL: H. B. 147

DATE: July 1, 1997

STATUS: As Passed by the House

SPONSOR: Rep. Whalen

LOCAL IMPACT STATEMENT REQUIRED: No — No local cost

CONTENTS: Permits state universities and colleges to allow certain persons, based on age and income, to attend classes for credit on a tuition-free basis.

State Fiscal Highlights

STATE FUND	FY 1997	FY 1998	FUTURE YEARS
General Revenue Fund			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	- 0 -	-0-	Indeterminate increase
Colleges and Universities			
Revenues	- 0 -	Up to \$200,000 to \$425,000 loss plus indeterminate loss	Up to \$210,000 to \$450,000 loss plus indeterminate loss
Expenditures	- 0 -	- 0 -	- 0 -

- State GRF expenditures will increase to cover the increased GRF subsidy payments for the new “for credit” students which are now attending on a noncredit basis. Based on the budget bill, H.B. 215, this will occur with a one-year lag or more.
- The colleges and universities will experience a tuition revenue loss as a result of permitting certain persons to receive credit for classes on a tuition-free basis. The tuition revenue loss to the universities main campuses could total over \$200,000 to \$425,000 annually, if the colleges and universities choose to use the permissive authority this bill provides to them. In future years, as tuition is increased by institutions, the losses would increase by the same amount as well. (The number of senior citizen students is not expected to dramatically increase in the next few years. In the year 2010 and beyond, however, when Ohio’s baby boomers will be age 51 to 69, and will make up a greater percentage of the state’s population, state-assisted colleges and universities may need to re-evaluate the costs associated with foregoing tuition for senior citizen students .)
- The revenue loss from the decrease in tuition payments will be offset after several years by the state’s GRF subsidy payment. The increase in subsidy payment will more than likely be greater than the reduction in fee revenue as there are almost twice as many students taking classes for free and on a noncredit basis.



Local Fiscal Highlights

- No direct fiscal effect on political subdivisions.
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Detailed Fiscal Analysis

The bill permits a state university or college to allow a person 60 years of age or older, whose income is at or below 200% of the federal poverty guideline, to attend classes without charging tuition and receive credit for the courses. Under current law, each state university or college is required to permit any person who is 60 year of age or older to attend classes, on a noncredit basis, without charging tuition if certain conditions are met.

In academic year 1995-1996 (FY 1996), the university main campuses had approximately 1,873 senior citizens attending classes on a noncredit basis for free. The data excludes Miami University, which does not keep track of senior citizens attending courses for free and on a noncredit basis because there is no registration process required for them. Data on the number of credit hours taken is not available. (Data for senior citizens attending the two-year campuses is also not available.)

Although it is not known how many noncredit students will elect to enroll in courses for credit, the state GRF subsidy payment will most likely increase since any student changing to a “for credit” status will be subsidized by the state. The state subsidizes in-state, undergraduate students as well as both in-state and out-of-state graduate students taking classes “for credit.” In FY 1997, the state paid approximately \$3,465 per full-time equivalent student with undergraduate status. (One FTE equals 15 credit hours of instruction.) The increased state GRF costs cannot be estimated since the number of credit hours taken is not available.

In academic year 1995-1996, there were also approximately 932 senior citizens paying tuition and earning credits (excludes 90 persons at Wright State that are not required to pay tuition). This bill will allow these persons to attend classes for free, if their family incomes are below 200% of the federal poverty guideline which was \$18,424 for those 65 and older in a two-person household with no children in 1995.

The following scenario is the most expensive – and unrealistic – scenario: the state colleges and universities permit all 932 seniors currently paying for credits to take their classes for free. All these individuals would have incomes at or below 200% of poverty, and be taking three to six credit hours. Under this scenario, the institutions would experience a revenue loss ranging from \$350,000 to \$700,000 per quarter for tuition, based on an average cost per credit of \$125. The tuition revenue loss to the universities main campuses could total well over \$1.0 million annually (\$700,000 to \$1.4 million annual losses). If these persons or some of these persons are attending full-time, the revenue loss will be substantially greater. In fiscal year 1997, the average in-state, undergraduate, full-time, instructional and general fees at the university main campuses totaled \$3,767. This scenario, is highly unlikely, however.

A more realistic scenario would be that 0% to 30% of seniors taking classes for credit are at 200% of poverty or lower. (The 30% is based on the percentage of seniors at this income level in the general, Ohio population, which is 34%, rounded down to 30% for this calculation.)

Assuming that 30% of the seniors are at or below 200% poverty then the bill would cause a maximum revenue loss of \$105,000 to approximately \$210,000 per quarter or between \$200,000 to \$425,000 annually, if the students took classes 2 quarters per year.

On net, the revenue loss from the decrease in tuition payments will be offset after several years by the state's GRF subsidy payment for any student changing to "for credit" status. The increase in subsidy payment will more than likely be greater than the reduction in fee revenue as there are almost twice as many students taking classes for free and on a noncredit basis. It is difficult to predict how many students will change from a noncredit to a "for credit" status. It is also difficult to predict how many persons that are not currently taking classes might elect to enroll in classes on a "for credit" basis as a result of this bill. Under the Budget Bill, H.B. 215, enrollments affect subsidy payments with a one year lag. Also enrollments are averaged over two or five years. With these provisions, costs to the state (revenues to the universities) will take several years to be fully effective.

□ *LBO staff:* *Gloria Gardner, Senior Analyst*
 Roberta Ryan, Analyst

H.B. 147/hr.