

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: Senate Bill 1058 (Third Edition)

SHORT TITLE: UNC & Comm. Coll. Tuition/Military Students.

SPONSOR(S): Senator Rand

	FISCAL IMPACT				
	Yes (X)	No ()	No Estimate Available ()		
	<u>FY 2004-05</u>	<u>FY 2005-06</u>	<u>FY 2006-07</u>	<u>FY 2007-08</u>	<u>FY 2008-09</u>
RECEIPTS:	(\$3.6m - \$8.5m)	(\$3.6m - \$8.5m)	(\$3.6m - \$8.5m)	(\$3.6m - \$8.5m)	(\$3.6m - \$8.5m)
EXPENDITURES:	NA				
POSITIONS:	NA				
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: Universities and Community Colleges					
EFFECTIVE DATE: August 1, 2004					

BILL SUMMARY: Provides that members of the military and the NC National Guard stationed in North Carolina but not qualifying as residents for tuition purposes shall be charged the in-state tuition rate.

ASSUMPTIONS AND METHODOLOGY:

1. This bill will have no impact on General Fund appropriations in FY 2004-05. The impact of the bill will be to reduce the tuition assistance payments of the military services, thereby reducing the tuition revenues of the community colleges and the UNC campuses that enroll significant numbers of military personnel.
2. The three-year average military full-time equivalent (FTE) student enrollment in the community college system from FY 2000-01 to FY 2002-03 (the latest year available) was 1,879. No data was available on how many FTE qualified as residents. Because community

colleges comprise the largest military enrollments, a range estimate has been provided. The low number is based on an estimated 25% non-resident military FTE; the high number is based on an estimated 75% non-resident military FTE. Actual estimates for university military FTE and National Guard personnel in both the university and the community college were added to the low and high numbers.

3. 25% of 1,879 FTE is 470. The differential between in-state and out-of-state tuition in the community college system is \$5,168. Therefore, if 25% of the average military FTE are non-residents, the community colleges would realize a loss of \$2,427,668 in receipts. 75% of 1,879 FTE is 1,409. Therefore, if 75% of the average military FTE are non-residents, the community colleges would realize a loss of \$7,283,004 in receipts.
4. The number of out-of-state military in the university system is 162 FTE students. The UNC estimates a loss in tuition receipts of \$678,728.
5. There are 589 members of the National Guard who are non-residents. This is approximately 5% of the total number stationed in the State. Assuming half of them attended community colleges and half attended the universities, each would get a maximum of 295 students under this bill. Since the community colleges have more flexible schedules and an open enrollment policy, it is reasonable to assume a higher participation rate for students attending community colleges than universities.
6. For purposes of the National Guard estimate, we assumed a 20% participation rate for community colleges and a 10% participation rate for universities.
7. The differential between in-state and out-of-state tuition in community colleges is \$5,168. The average differential at the sixteen campuses of the UNC system is approximately \$9,500. These are the multipliers used to calculate the lost receipts that would have to be made up with additional appropriations to fund students at the in-state rates. The total estimated loss for community colleges and universities for the National Guard is \$589,912.
8. No attempt has been made to estimate the increased enrollment of military personnel as a result of the proposed change. To the extent that the military services increase the number of service members receiving tuition assistance if the bill passes, the increased enrollment will increase the General Fund costs to the community colleges and UNC. Therefore, this cost estimate should be considered as the low end of a range of estimates.
9. The NC Community Colleges and the UNC campuses were surveyed to assess the costs of the proposed legislation. Three community colleges and seven UNC campuses would be affected by the change in law. The majority of the cost will be incurred by the community colleges.
10. Most of the cost is due to a loss of tuition receipts, which will increase the community college enrollment request in the year following the first year the bill is in effect.

SOURCES OF DATA: UNC and Community Colleges

TECHNICAL CONSIDERATIONS: To the extent that the participation rates are higher, the estimated receipt loss would be greater, thus increasing the required General Fund cost. In addition, to the extent that in-state and out-state tuition rates grow disproportionately, the differential could increase over time.

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DATE: July 17, 2004

Signed Copy Located in the NCGA Principal Clerk's Offices