

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: House Bill 1549 (First Edition)

SHORT TITLE: In-State Tuition for Military Reservists.

SPONSOR(S): Representative Sutton

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>
EXPENDITURES	\$1,323,844	\$1,323,844	\$1,323,844	\$1,323,844	\$1,323,844
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: Universities and Community Colleges					
EFFECTIVE DATE: July 1, 2004					

BILL SUMMARY: Changes G.S. 116-143.1 to allow members of National Guard units and Reserve Component Units based in NC who are non-residents to be eligible for in-state tuition at community colleges and universities in North Carolina for both inactive and active duty status members.

ASSUMPTIONS AND METHODOLOGY: There are 589 members of the National Guard who are non-residents. This is approximately 5% of the total number stationed in the State. We do not have data on the number on non-resident reservists, but have a total number of 14,876. If we assume the same 5% rate for non-residents as we have for the National Guard, the total number of out-of-state reservist would be approximately 744. Using these assumptions, 1333 people would be eligible for in-state tuition rates that now would have to pay out-of-state rates.

Assuming half of them attended community colleges and half attended the universities, each would get a maximum of 667 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.

For purposes of this estimate, we assumed a 20% participation rate for community colleges and a 10% participation rate for universities.

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.

SOURCES OF DATA: UNC and Community Colleges in consultation with the National Guard.

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 tuition rates grow at disproportional rates in resident and non-resident rates, the differential could increase over time.

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DATE: June 1, 2004

Signed Copy Located in the NCGA Principal Clerk's Offices