

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2013

Legislative Fiscal Note

BILL NUMBER: Senate Bill 424 (First Edition)

SHORT TITLE: UNC School of Arts/Student Fees.

SPONSOR(S): Senators Brunstetter and Parmon

FISCAL IMPACT					
(\$ in millions)					
	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> No Estimate Available		
State Impact	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
General Fund Revenues:					
General Fund Expenditures:					
Special Fund Revenues:					
Special Fund Expenditures:					
State Positions:					
NET STATE IMPACT	Impact in Other Funds; See Assumptions & Methodology Section				
Local Impact					
Revenues:					
Expenditures:					
NET LOCAL IMPACT	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
 PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: The University of North Carolina School of the Arts.					
 EFFECTIVE DATE: July 1, 2013					
 TECHNICAL CONSIDERATIONS:					
None					

BACKGROUND:

The University of North Carolina School of the Arts (UNCSA) is a constituent institutions of the University of North Carolina that enrolls high-school, undergraduate and graduate students from in- and out-of-state.

G.S. 116-11(7) states that the Board of Governors shall set the tuition and required fees at the constituent institutions, not inconsistent with the General Assembly's actions. Under G.S. 116-40.22(c), the Board of Trustees of each constituent institution may recommend to the Board of Governors tuition and fees for program-specific and institution-specific needs at that institution, not inconsistent with the actions of the General Assembly.

In 2001 the General Assembly appropriated funds via S.L. 2001-424 to allow UNCSA to waive the room, board, and other charges for in-State high school students enrolled at UNCSA. Prior to this appropriation, UNCSA charged in-State high school students for the amount of fees approved by the Board of Governors. Currently, in-State high school students enrolled at the University of North Carolina School of the Arts are not charged tuition or fees.

The appropriation approved in 2001 was adequate to support the school's enrolled in-state high school students at that time based on the fees then in place. Since this appropriation, The University of North Carolina Board of Governors has annually approved fee increases that are applicable to in-state high school students and in many years, the Office of State Budget and Management has included in the Continuation Budget funds necessary to cover these fees. However, recent Continuation Budgets have not included these funds, as many typical increases in the Continuation Budget have been eliminated. Consequently, the appropriation to UNCSA to cover these fees is now lower than the amount of fee revenue being waived.

ASSUMPTIONS AND METHODOLOGY:

Expenditures

UNCSA assesses tuition and fees to its college-level students and its out-of-state high school students. Consequently, the school already has in place an administrative structure for billing and receiving funds, and there will be no additional administrative cost to assess fees on in-state high school students.

Revenue

G.S. 116-36.1.(g) permits The University of North Carolina to budget and record revenue from fees, room, and board into Institutional Trust Funds, rather than the General Fund. Consequently, any additional fee revenue that UNCSA receives due to this bill will impact Institutional Trust Funds only.

The UNCSA Board of Trustees annually adopts a schedule of fees and charges for all college and high-school students, although these fees and charges are waived for in-state high-school students. Some fees are applicable to students in any discipline (e.g., Debt Service fee) and some fees are limited to students enrolled in a specific discipline (e.g., Music Depreciation fee). Room charges

apply to all residential students, and Board charges apply to all students but vary based on whether students are residential or commuter.

The fee revenue currently being waived can be estimated by applying the fee rates as adopted for the 2013-14 school year to the number of students currently enrolled. For the 2012-13 academic year, UNCOSA enrolled 209 in-state high school students; of these, 174 are residential students and 35 are commuter students. The 209 students are divided among the school’s four disciplines as follows:

- Dance: 63 Students
- Design and Production (D&P): 32 Students
- Drama: 18 Students
- Music: 96 Students

Table 1 shows each fee for high school students, the fee rate as adopted by the UNC Board of Governors for the 2013-14 Academic Year, the number of students to whom the fee could be applied based on 2012-13 enrollment, and the estimated revenue currently waived.

Table 1. Estimate Revenue Waived for In-State High School Students

Fee Name	2013-14 Fee	Eligible Students	Revenue Waived
Room	\$4,834	174	\$841,116
Board, Residential Students	4,586	174	797,964
Board, Commuters	3,198	35	111,930
Debt Service	200	209	41,800
Education & Technology	484	209	101,156
Health	550	209	114,950
Wellness	270	209	56,430
Activity	690	209	144,210
Mail Center	56	209	11,704
Transportation	656	209	137,104
Textbook	125	209	26,125
Orientation	75	209	15,675
One Card	50	209	10,450
Music	251	96	24,096
Drama	175	18	3,150
Design and Production	385	32	12,320
Dance	100	63	6,300
Music Depreciation	133	96	12,768
Drama Script	10	18	180
Dance Performance	90	63	5,670
Dance Injury Prevention	100	63	6,300
<u>University-wide Production</u>	250	209	<u>52,250</u>
TOTAL			\$2,533,648

Thus, the total fee revenue currently waived for in-state high school students is estimated at \$2.53 million annually.

UNCSA intends to phase-in the fees with new classes of students beginning in the 2014-15 academic year, and the school provided the following estimates of the number of students who would be assessed fees from FY 2014-15 through FY 2017-18:

In-State High School Students Billed Per Year by Arts School (Projections)				
Arts School	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
Dance	18	36	54	58
Design & Production	20	35	35	35
Drama	18	18	18	18
Music	41	82	90	91
Total	97	171	197	202

Based on these enrollment projections and assuming the FY 2013-14 fee rates and current proportional split between residential and commuter students, the total potential fee revenue is as follows:

- FY 2014-15: \$1,175,046
- FY 2015-16: \$2,068,029
- FY 2016-17: \$2,388,481
- FY 2017-18: \$2,448,945

Actual Fee Revenue Will Be Lower than Potential Fee Revenue

UNCSA intends to charge in-state high school students fee rates lower than those recommended by the UNCSA Board of Trustees and approved by the UNC Board of Governors

As stated previously, the appropriation to UNCSA to cover in-state high-school student fees is lower than the amount of fee revenue that the school waives. Rather than charging the full fees to in-state high school students, UNCSA intends to annually calculate the gap between the amount of funding needed to cover the BOG-adopted fee rates for in-state high school students, and the amount appropriated to UNCSA for that purpose. It will then allocate this amount out as a fee to the enrolled in-state high-school students. Using FY 2013-14 fee rates, UNCSA calculated this gap to be \$553,260, or \$2,647 per student assuming 209 students.

SOURCES OF DATA: University of North Carolina School of the Arts

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