

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2015

Legislative Fiscal Note

BILL NUMBER: Senate Bill 463 (First Edition)

SHORT TITLE: Increase Access to Education.

SPONSOR(S): Senator Hartsell

FISCAL IMPACT					
(\$ in millions)					
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> No Estimate Available					
State Impact	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
General Fund Revenues:	(\$7.7) to (\$7.7)	(\$7.9) to (\$3.7)	(\$8.1) to (\$3.8)	(\$8.3) to (\$3.9)	(\$8.5) to (\$4.0)
General Fund Expenditures:	\$0.0 to \$0.0	\$0.0 to \$11.9	\$0.0 to \$12.2	\$0.0 to \$12.6	\$0.0 to \$12.9
State Positions:	to	to	to	to	to
NET STATE IMPACT	(\$7.7) to (\$7.7)	(\$7.9) to (\$15.6)	(\$8.1) to (\$16.0)	(\$8.3) to (\$16.5)	(\$8.5) to (\$16.9)

PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED:
 University of North Carolina

EFFECTIVE DATE: When the bill becomes law

TECHNICAL CONSIDERATIONS:
 None

BILL SUMMARY: Senate Bill 463 amends G.S. 116-143.1 regarding residency determination for persons applying to a campus of the University of North Carolina System (UNC). Generally speaking, an individual is considered a resident if they or their legal parent or guardian has lived in the state for a period over twelve months prior to the classification as a resident for tuition purposes.¹ Minors under the care of an adult relative who is not a parent or legal guardian must maintain residency for five or more years prior to seeking classification as a State resident. Senate Bill 463 would require residency status be granted for an individual who has both attended school in North Carolina for at least three consecutive years and who has received a diploma from a school within North Carolina or a general education diploma (GED) issued in North Carolina.

ASSUMPTIONS AND METHODOLOGY: The State of North Carolina subsidizes UNC resident education by providing General Fund support. As a result, North Carolina residents pay a lower tuition amount than do non-North Carolina residents. The UNC Board of Governors sets tuition for each year of the biennium. For the 2015-16 and 2016-17 Academic Year, the tuition for resident and non-resident undergraduates, per campus is as follows:

¹ There are other ways to determine residency outlined in G.S. 143.1; this discussion applies only to the impacts of S.B. 463.

Figure 1: Differences Between Resident and Non-Resident Tuition (Board of Governors Approved Rates)

Campus	2015-16			2016-17		
	Resident	Nonresident	Difference	Resident	Nonresident	Difference
ASU	\$ 3,961	\$ 17,786	\$ (13,825)	\$ 4,159	\$ 18,675	\$ (14,516)
ECU	\$ 4,157	\$ 19,731	\$ (15,574)	\$ 4,365	\$ 20,323	\$ (15,958)
ECSU	\$ 2,820	\$ 15,173	\$ (12,354)	\$ 2,961	\$ 15,932	\$ (12,971)
FSU	\$ 2,833	\$ 14,441	\$ (11,608)	\$ 2,923	\$ 14,531	\$ (11,608)
NCA&T	\$ 3,370	\$ 16,130	\$ (12,760)	\$ 3,470	\$ 16,230	\$ (12,760)
NCCU	\$ 3,555	\$ 15,593	\$ (12,038)	\$ 3,655	\$ 16,113	\$ (12,458)
NCSU	\$ 6,220	\$ 22,571	\$ (16,351)	\$ 6,407	\$ 23,926	\$ (17,519)
UNCA	\$ 3,849	\$ 19,463	\$ (15,614)	\$ 4,041	\$ 20,436	\$ (16,395)
UNC-CH	\$ 6,648	\$ 31,730	\$ (25,082)	\$ 6,881	\$ 31,963	\$ (25,082)
UNCC	\$ 3,628	\$ 16,799	\$ (13,171)	\$ 3,737	\$ 16,908	\$ (13,171)
UNCG	\$ 4,129	\$ 18,991	\$ (14,862)	\$ 4,129	\$ 19,197	\$ (15,068)
UNCP	\$ 3,371	\$ 13,819	\$ (10,448)	\$ 3,531	\$ 14,475	\$ (10,944)
UNCW	\$ 4,188	\$ 18,054	\$ (13,866)	\$ 4,356	\$ 18,325	\$ (13,969)
UNCSA	\$ 6,120	\$ 21,540	\$ (15,420)	\$ 6,370	\$ 21,840	\$ (15,470)
WCU	\$ 3,779	\$ 14,172	\$ (10,393)	\$ 3,893	\$ 14,286	\$ (10,393)
WSSU	\$ 3,238	\$ 13,054	\$ (9,816)	\$ 3,335	\$ 13,446	\$ (10,111)
Average	\$ 4,117	\$ 18,065	\$ (13,949)	\$ 4,263	\$ 18,538	\$ (14,275)

The State also provides support per student by campus. The appropriations per Full Time Equivalent student (FTE) is presented in Figure 2. In making enrollment projections, UNC considers projects the type of courses that the students enroll in. Certain courses, such as laboratory courses, are more expensive than others, such as humanity courses. The figure below presents average FTE support per campus.

Figure 2 FY 2014-15 State Support Per FTE²

Campus	Per FTE Support
ASU	\$ 7,385
ECU	\$ 11,134
ECSU	\$ 17,497
FSU	\$ 9,545
NCA&T	\$ 9,026
NCCU	\$ 11,614
NCSU	\$ 12,923
UNCA	\$ 10,846
UNC-CH	\$ 16,311
UNCC	\$ 8,104
UNCG	\$ 8,722
UNCP	\$ 9,725
UNCW	\$ 7,456
UNCSA	\$ 23,666
WCU	\$ 9,222
WSSU	\$ 13,307
UNC Average	\$ 11,655

The UNC reported that up to 555 individual students were enrolled as nonresident students and could potentially become residents under this bill. It is unknown if this amount of students fulfilled the three year requirement mandated by the bill. For the purposes of this analysis, all students are assumed to qualify for resident tuition under this Bill. Using the course enrollments of these students, it was determined that this equates to 514.7 Full Time Equivalent Students for budgetary purposes. For the purposes of this analysis, it is assumed that this distribution remains constant and the budgeted FTE remains constant over the next five years.

In addition, the University of North Carolina also reported that 1,049 students applied and were accepted for admission to a campus that were considered non-residents, but would be considered residents under this bill. As they were not enrolled in a campus, it is not possible to determine the FTE amount. However, using similar proportions for those students enrolled described in the above paragraph, leads to an estimate of 977.6 FTE that applied but did not enroll. It is possible that these students applied to multiple campuses and there may be some double counting.

Using the information above, it is possible to provide a range of fiscal impacts for this Bill. It is possible that only the students that are currently enrolled are impacted by the change of residency. This would lead to a loss of tuition revenue at the campuses, but not require State appropriations in excess of lost tuition due to the enrolled status of the student. This is the low end estimate.

² UNC-SA includes resident high school students.

However, it is also possible that the lack of residency status was the sole reason that a student did not enter into a campus and thus would accept an offer of admission in light of their residency change. Under this scenario, the campuses would receive additional tuition but the State would also need to provide additional support to reflect the enrollment increase. Thus, the high end estimate would include those currently enrolled in addition to those that may enroll. Again, both sets of FTE are expected to remain constant. As the campus for those who did not accept an offer of admission is not known, the analysis uses the average tuition and average State support per FTE. The high end estimate assumes that newly enrolled FTE would not have an impact until FY 2016-17, given the timing of admissions and the effective date of this bill.

The figure below reflects the Low End Estimate of the tuition lost per FTE. Again, it is expected that the current 514.7 FTE remains constant across campuses for the next five years with no growth.

Figure 3: Low End Estimate: Tuition Lost Per FTE

Campus	FTE	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
ASU	77.0	(\$1,064,525)	(\$1,117,732)	(\$1,149,884)	(\$1,181,615)	(\$1,210,428)
ECU	21.3	(\$331,610)	(\$339,786)	(\$349,560)	(\$359,206)	(\$367,965)
ECSU	1.8	(\$22,690)	(\$23,824)	(\$24,510)	(\$25,186)	(\$25,800)
FSU	10.4	(\$120,820)	(\$120,818)	(\$124,293)	(\$127,723)	(\$130,838)
NCA&T	36.3	(\$463,527)	(\$463,527)	(\$476,860)	(\$490,019)	(\$501,968)
NCCU	4.0	(\$48,152)	(\$49,832)	(\$51,265)	(\$52,680)	(\$53,965)
NCSU	111.4	(\$1,820,856)	(\$1,950,925)	(\$2,007,045)	(\$2,062,428)	(\$2,112,719)
UNCA	9.8	(\$152,953)	(\$160,604)	(\$165,224)	(\$169,783)	(\$173,923)
UNC-CH	47.1	(\$1,180,731)	(\$1,180,731)	(\$1,214,695)	(\$1,248,214)	(\$1,278,651)
UNCC	88.7	(\$1,168,366)	(\$1,168,366)	(\$1,201,975)	(\$1,235,143)	(\$1,265,261)
UNCG	15.0	(\$222,930)	(\$226,020)	(\$232,522)	(\$238,938)	(\$244,764)
UNCP	16.0	(\$167,026)	(\$174,955)	(\$179,988)	(\$184,954)	(\$189,464)
UNCW	27.1	(\$375,412)	(\$378,208)	(\$389,088)	(\$399,824)	(\$409,574)
UNCSA	5.0	(\$77,100)	(\$77,350)	(\$79,575)	(\$81,771)	(\$83,765)
WCU	10.7	(\$111,000)	(\$111,000)	(\$114,193)	(\$117,344)	(\$120,206)
WSSU	33.2	(\$325,864)	(\$335,658)	(\$345,313)	(\$354,842)	(\$363,494)
Total	514.7*	(\$7,653,563)	(\$7,879,337)	(\$8,105,990)	(\$8,329,670)	(\$8,532,785)

*FTE figures were rounded

The figure below assumes the above plus the addition of 977.6 FTE that may accept an offer of admission if afforded residency status in the FY 2016-17 year. Again, it is assumed that 977.6 FTE remains constant over five years. The average campus tuition and State support figure were used for these calculations.

Figure 4: High End Estimate: Tuition and Appropriation Impacts of Addition Resident Students

	FTE	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
Tuition Cost (Currently Enrolled)	514.7	(7,653,563)	(7,879,337)	\$(8,105,990)	\$(8,329,670)	\$(8,532,785)
Tuition Gained from Newly Enrolled FTE	977.6		\$4,167,814	\$4,287,704	\$4,406,021	\$4,513,459
State Appropriation for Newly Enrolled FTE			11,920,863	\$12,263,773	\$12,602,186	\$12,909,484
Net State Impact		(\$7,653,563)	\$15,632,385	\$16,082,059	\$16,525,835	\$16,928,810

UNC Board of Governor approved tuition rates have been used for FY 2015-16 and 2016-17. For Fiscal Years FY 2017-18 and beyond, all dollars are adjusted for inflation per the Fiscal Note Manual.

SOURCES OF DATA: University of North Carolina

TECHNICAL CONSIDERATIONS: None

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