

**NORTH CAROLINA GENERAL ASSEMBLY**

**LEGISLATIVE FISCAL NOTE**

**BILL NUMBER:** HB 51 (House Committee Substitute)

**SHORT TITLE:** UNC Tuition/Military Students

**SPONSOR(S):** Representatives McAllister, Dickson, Lucas, and Glazier

**FISCAL IMPACT**

Yes ( )      No (  )\*      No Estimate Available ( )

\*See Technical Considerations below

FY 2003-04   FY 2004-05   FY 2005-06   FY 2006-07   FY 2007-08

**REVENUES**

**EXPENDITURES**

**POSITIONS: (cumulative)**

**PRINCIPAL DEPARTMENT(S) &**

**PROGRAM(S) AFFECTED:** University and Community Colleges

**EFFECTIVE DATE:** July 1, 2003

**BILL SUMMARY:** The House committee substitute for House Bill 51 makes the following changes to the first edition. It amends GS 116-143.3(a) by reorganizing the section and adding definition of "tuition assistance" as defined by the US Department of Defense Directive 1322.8. It also amends GS 116-143.3(b) by clarifying that only "active duty" members of armed services qualify for tuition assistance. It further provides that maximum tuition charged members for attendance at the University of North Carolina and Community College Systems shall be the maximum available tuition assistance (was, in-state tuition rate to the extent federal assistance did not cover tuition), not to exceed out-of-state tuition rates and the mandatory fee rates applicable to members (as determined by UNC and Community College Boards). The bill incorporates the last sentence of GS 116-143.3(b) into new subsection (b1) and adds the requirement that a member who is ineligible for tuition assistance shall pay applicable mandatory fees in addition to in-state tuition. It makes technical and conforming changes. This committee substitute is significantly different from the original bill that would have changed the residency status for out-of-state active duty military to that of in-state students for purposes of tuition at institutions of higher education.

**ASSUMPTIONS AND METHODOLOGY:** This version of the bill allows the UNC Board of Governors and the State Board of Community Colleges to set a new tuition rate for active duty non-resident students stationed in North Carolina that would bring in the maximum amount of money the federal government will pay for tuition assistance. The current rate the federal government pays for most military personnel is \$250 per credit hour. As this amount is changed, the two boards have the authority to set the tuition to draw down the largest amount of federal tuition assistance receipts. (If these out-of-state students were simply made in-state residents for purposes of tuition, the largest cost of their education would be shifted from federal funds to state funds and the colleges would lose a large amount of federal tuition revenue that otherwise would be available to help offset the cost.)

This bill does not address the calculation of student credit hour funding under the enrollment growth funding formulas. If the assumption were made that the current method of calculating the growth in enrollment is used, there would be no cost. If the assumption were made that the State would replace the difference between the total requirements and the amount received in military tuition assistance, there would be some additional state cost in the UNC system. That cost would depend on the rate of growth in participation of military students. The appropriation for the next fiscal year's total enrollment growth has been determined in the Appropriations Act. If the bill is not clarified and the university system requests additional funds in future years to make up the subsidy, it would be up to the General Assembly to determine whether or not to appropriate additional funds under that interpretation of the bill. This does not affect the community colleges since their total cost would be covered by the military assistance tuition payments.

**SOURCES OF DATA:** UNC-GA and Community College System Office

**TECHNICAL CONSIDERATIONS:** A clarification of state replacement of the difference between total requirements and military tuition assistance receipts is at the heart of the cost estimate of this bill. Currently, the colleges absorb this difference and receive no additional state funds. The cost estimate in this note assumes no change in the current practice since the bill is silent on this issue.

An important reminder as this bill moves through the process is that the bill is unclear regarding the calculation of student credit hour funding under the enrollment growth funding formulas. If the assumption were made that the current method of calculating the growth in enrollment is used, there would be no cost. If the assumption were made that the State would replace the difference between the total requirements and the amount received in military tuition assistance, there would be some additional state cost in the UNC system. That cost would depend on the rate of growth in participation of military students. This needs to be clarified in order to determine any out year costs. The appropriation for the next fiscal year's total enrollment growth has been determined in the Appropriations Act. If the bill is not clarified and the university system requests additional funds in future years to make up the subsidy, it would be up to the General Assembly to determine whether or not to appropriate additional funds under that interpretation of the bill. This does not affect the community colleges, since their total cost would be covered by the military assistance tuition payments.

**FISCAL RESEARCH DIVISION: (919) 733-4910**  
**PREPARED BY:** Charlotte Todd

**APPROVED BY:** James D. Johnson, Director, Fiscal Research Division

**DATE:** May 14, 2003

Official  
Fiscal Research Division  
Publication



**Signed Copy Located in the NCGA Principal Clerk's Offices**