

**NORTH CAROLINA GENERAL ASSEMBLY**

**LEGISLATIVE FISCAL NOTE**

**BILL NUMBER:** House Bill 177 (First Edition) REVISED

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

**SPONSOR(S):** Rep. McAllister; Adams, Fitch, Hunter, Hurley, Michaux, and Morris

<b>FISCAL IMPACT</b>					
	<b>Yes ( X )</b>	<b>No ( )</b>	<b>No Estimate Available ( )</b>		
	<b><u>FY 2001-02</u></b>	<b><u>FY 2002-03</u></b>	<b><u>FY 2003-04</u></b>	<b><u>FY 2004-05</u></b>	<b><u>FY 2005-06</u></b>
<b>EXPENDITURES</b>					
Requirements	(\$22,851)	(\$23,423)	(\$24,008)	(\$24,608)	(\$25,224)
Receipts	(\$1,634,147)	(\$1,675,001)	(\$1,716,876)	(\$1,759,798)	(\$1,803,793)
Gen. Fund App.	\$1,611,296	\$1,651,578	\$1,692,868	\$1,735,189	\$1,778,569
<b>POSITIONS:</b> None					
<b>PRINCIPAL DEPARTMENT(S) &amp; PROGRAM(S) AFFECTED:</b> University of North Carolina, Community Colleges					
<b>EFFECTIVE DATE:</b> July 1, 2001					

**BILL SUMMARY:** Amends GS 116-143.3(b) to provide that a member of the military who attends a constituent institution or a community college shall only be charged the in-state tuition rate.

**ASSUMPTIONS AND METHODOLOGY:**

1. The number of military personnel taking courses will not change in substantial numbers. A similar estimate made in 1998-1999 had similar costs.
2. The current law was rewritten in 1984 to hold the cost for active military personnel to the in-state tuition rate, while increasing receipts from the military services.
3. 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.

4. 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 HB 177 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.

5. The NC Community Colleges and the UNC campuses were surveyed to assess the costs of the proposed legislation. Three community college and eight UNC campuses would be affected by the change in law. The majority of the cost will be incurred by the community colleges.

6. Most of the cost is due to a loss of tuition receipts, which will increase the General Fund appropriations requirements. Colleges were asked about administrative savings, and these have been used to offset the loss of tuition.

7. Costs have been inflated at a rate of 2.5% annually, based on potential increases in tuition.

**TECHNICAL CONSIDERATIONS:**

The proposed bill does not restrict the in-state tuition privilege to military personnel stationed in North Carolina, as the current law applies. Unless the bill is amended to add this restriction, any person who is a member of the U.S. Armed Services stationed anywhere in the world would be eligible for in-state tuition. This would include members of the reserves who are citizens of other states as well. Given the substantial growth in distance education in the past five years, this could significantly increase the cost estimate.

**FISCAL RESEARCH DIVISION 733-4910**

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**DATE:** Tuesday, March 27, 2001



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