

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2015

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SENATE BILL 873

Education/Higher Education Committee Substitute Adopted 5/25/16

Appropriations/Base Budget Committee Substitute Adopted 5/25/16

Corrected Copy 5/26/16

Short Title: Access to Affordable College Ed. Act.

(Public)

Sponsors:

Referred to:

May 11, 2016

A BILL TO BE ENTITLED

AN ACT TO IMPLEMENT VARIOUS POLICY CHANGES DESIGNED TO MAKE PUBLIC HIGHER EDUCATION MORE AFFORDABLE IN ACCORDANCE WITH THE STATE CONSTITUTIONAL MANDATE THAT THE BENEFITS OF PUBLIC HIGHER EDUCATION, AS FAR AS PRACTICABLE, BE EXTENDED TO THE PEOPLE OF THE STATE FREE OF EXPENSE.

Whereas, Section 9 of Article IX of the North Carolina Constitution provides that the benefits of The University of North Carolina and other public institutions of higher education, as far as practicable, be extended to the people of the State free of expense; and

Whereas, the total cost of undergraduate tuition and fees for in-State students in the University of North Carolina System has increased by 72% in the last 10 years and presents a formidable barrier to many students who may have saved for college but are still unable to meet the high cost of attendance and so must obtain a student loan; and

Whereas, student debt has reached a critical level as, according to the Southern Regional Education Board's latest data, the average debt of North Carolina students who graduate with debt from a public four-year institution is \$23,440, up 52% since 2007-2008; and

Whereas, while the median earnings for those in North Carolina with a bachelor's degree is approximately \$40,000, many college graduates still find they must use funds for the repayment of high-cost educational debt that ordinarily could be set aside for family and home expenses and achieving a higher quality of life; and

Whereas, an increasing number of students who attend college and accumulate student debt drop out of college without earning a college degree and so must make long-term payments on loans that strain their financial resources and from which they received no benefit; and

Whereas, a 2015 study conducted by the National Student Clearinghouse Research Center indicates that only 53% of college freshmen earn a bachelor's degree within six years, and additional research published by David Kirp shows that of the 31 million adults who attended college between 1994 and 2014, about four million spent at least two years there and never earned a degree; and

Whereas, a 2011 study conducted by the American Institute for Research estimates the cost of dropping out, measured in lost earnings and taxes, at \$4.5 billion; and

Whereas, a college education is considered an asset and wise investment that often leads to higher paying jobs, but the continuing increases in higher education costs and student debt are threatening the value of that investment; and



1 Whereas, it is imperative that the State of North Carolina take action to make more
2 affordable to citizens of this State the higher education opportunities offered by The University of
3 North Carolina and to ensure that the educational experience provided by the University of North
4 Carolina System continues to be a valuable and wise investment; Now, therefore,
5 The General Assembly of North Carolina enacts:

6
7 **PART I. GUARANTEE OF NO IN-STATE TUITION INCREASE FOR STANDARD**
8 **COLLEGE TERM**

9 **SECTION 1.(a)** Article 14 of Chapter 116 of the General Statutes is amended by
10 adding a new section to read:

11 **"§ 116-143.9. Fixed tuition and fee payment option.**

12 (a) There is established a fixed tuition and fee payment program that shall be available to
13 any freshman or transfer undergraduate student who is admitted to any constituent institution of
14 The University of North Carolina and deemed to be a North Carolina resident for purposes of
15 tuition. The program shall have the following components:

16 (1) A guarantee that the cost of tuition and the cost of fees will remain constant or
17 decrease during the tuition period.

18 (2) Except as provided in subsection (b) of this section, the tuition period shall be
19 (i) eight consecutive academic semesters for a student seeking a baccalaureate
20 degree in a four-year program or 10 consecutive academic semesters for a
21 student seeking a baccalaureate degree in a program officially designated by the
22 Board of Governors as a five-year program, not including any summer sessions,
23 or (ii) the appropriate balance of that after making the proper adjustments for a
24 student who transfers to the constituent institution.

25 (3) Except as provided in subsection (b) of this section, the student must remain
26 enrolled continuously at the constituent institution during the entire tuition
27 period.

28 (4) At the end of the tuition period, the cost of tuition for any additional academic
29 semesters reverts to the amount of the current tuition for that constituent
30 institution and a tuition surcharge imposed under G.S. 116-143.7, if applicable.

31 (b) The tuition period may be tolled if the student is able to demonstrate a substantial
32 disruption or interruption in the student's pursuit of a degree as provided in G.S. 116-143.7(c).

33 (c) The Board of Governors shall adopt the policies needed to implement this section and
34 shall also determine what the fixed tuition and fee payment rates and the tuition periods shall be
35 for undergraduate transfer students who are North Carolina residents for purposes of tuition."

36 **SECTION 1.(b)** This section is effective when it becomes law and applies to
37 freshmen and transfer students who enroll at a constituent institution beginning with the 2016 fall
38 academic semester.

39
40 **PART II. REDUCTION OF STUDENT FEES**

41 **SECTION 2.** Notwithstanding G.S. 116-143 and G.S. 116-11(7), the Board of
42 Governors of The University of North Carolina and the Board of Trustees at each constituent
43 institution shall reduce student fees as follows: Beginning with the 2018 fall academic semester,
44 student fees shall be reduced by an amount that is five percent (5%) less than the amount of the
45 student fees charged in the 2016 fall academic semester. The Board of Governors and the Boards
46 of Trustees in their discretion shall determine what the amount of the reduction in fees required by
47 this section shall be. After making the initial fee reduction of five percent (5%) required by this
48 section, a constituent institution may increase student fees by no more than three percent (3%) per
49 academic year.

50
51 **PART III. REDUCED TUITION AT CERTAIN INSTITUTIONS**

1 **SECTION 3.(a)** Article 14 of Chapter 116 of the General Statutes is amended by
2 adding a new section to read:

3 **"§ 116-143.9. Reduced tuition at certain institutions.**

4 (a) Notwithstanding G.S. 116-143 and G.S. 116-11(7), the Board of Governors of The
5 University of North Carolina shall set tuition rates for the constituent institutions listed in
6 subsection (b) of this section as follows: Beginning with the 2018 fall academic semester, the
7 tuition rate for resident students shall be five hundred dollars (\$500.00) per academic semester and
8 the tuition rate for nonresident students shall be two thousand five hundred dollars (\$2,500) per
9 academic semester.

10 (b) Notwithstanding any other provision of law, beginning with the 2018-2019 fiscal year,
11 the Director of the Budget may, on recommendation of the Board of Governors of The University
12 of North Carolina, authorize an increase in the base budget for The University of North Carolina
13 of up to seventy million dollars (\$70,000,000) to cover the cost of lost tuition revenue for that
14 fiscal year. Any increase in the base budget authorized pursuant to this subsection shall not be
15 included in the calculation of projected enrollment growth under G.S. 116-30.7. The authorization
16 provided in this subsection shall be effective only as long as tuition continues at the rate
17 established by subsection (a) of this section.

18 (c) This section applies only to the following constituent institutions:

19 (1) Elizabeth City State University.

20 (2) Fayetteville State University.

21 (3) University of North Carolina at Pembroke.

22 (4) Winston-Salem State University.

23 (5) Western Carolina University."

24 **SECTION 3.(b)** G.S. 116-144 reads as rewritten:

25 **"§ 116-144. Higher tuition to be charged nonresidents.**

26 ~~The~~ Unless provided otherwise by law, the Board of Governors shall fix the tuition and
27 required fees charged nonresidents of North Carolina who attend the institutions enumerated in
28 G.S. 116-4 at rates higher than the rates charged residents of North Carolina and comparable to the
29 rates charged nonresident students by comparable public institutions nationwide, except that a
30 person who serves as a graduate teaching assistant or graduate research assistant or in a similar
31 instructional or research assignment and is at the same time enrolled as a graduate student in the
32 same institution may, in the discretion of the Board of Governors, be charged a lower rate fixed by
33 the Board, provided the rate is not lower than the North Carolina resident rate."

34
35 **PART IV. EVALUATION OF ADMISSION CAP ON OUT-OF-STATE STUDENTS**

36 **SECTION 4.(a)** The Board of Governors shall consider what effect, if any, the
37 elimination of or an increase in the current cap of eighteen percent (18%) on the admission of
38 nonresident students at the constituent institutions listed in subsection (b) of this section may have
39 regarding the student applications to those institutions. If the Board of Governors determines that
40 eliminating or increasing the current cap on the admission of nonresident students may increase
41 the number, academic strength, and diversity of student applications at those institutions, then the
42 Board of Governors may, in its discretion, adopt a policy that eliminates or establishes a different
43 cap on the admission of nonresident students, and the period of time for which the modification of
44 the cap shall be implemented at those institutions.

45 **SECTION 4.(b)** This section applies only to the following constituent institutions:

46 (1) Elizabeth City State University.

47 (2) Fayetteville State University.

48 (3) University of North Carolina at Pembroke.

49 (4) Winston-Salem State University.

50 (5) Western Carolina University.

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1 **PART V. ESTABLISH MERIT SCHOLARSHIP AT NORTH CAROLINA**
2 **AGRICULTURAL AND TECHNICAL STATE UNIVERSITY AND NORTH CAROLINA**
3 **CENTRAL UNIVERSITY**

4 **SECTION 5.(a)** Chapter 116 of the General Statutes is amended by adding a new
5 Article to read:

6 "Article 35.

7 "Cheatham-White Scholarships.

8 **"§ 116-290. Cheatham-White Scholarships; establishment and purpose; benefits.**

9 (a) Scholarships Established; Purpose. – The Cheatham-White Scholarships are
10 established as a merit scholarship program at North Carolina Agricultural and Technical State
11 University and at North Carolina Central University. The purpose of the scholarships is to provide
12 an outstanding educational experience for students who are exceptional scholars, versatile and
13 well-rounded individuals with a broad range of interests, and who are accomplished and proficient
14 in areas of both the arts and the sciences. They must also demonstrate leadership potential and a
15 strong commitment to service.

16 (b) Scholarship Benefits. – Each scholarship is a fully funded four-year scholarship that
17 covers the cost of all of the following: full tuition, student fees, housing, meals, textbooks, a
18 laptop, supplies, travel, and personal expenses. Each scholarship also provides four summers of
19 fully funded enrichment and networking opportunities that may include international travel and
20 study.

21 (c) Number of Scholarships Awarded. – Up to 50 scholarships, 40 for resident students
22 and 10 for nonresident students, may be awarded each academic year to students admitted to North
23 Carolina Agricultural and Technical State University. Up to 50 scholarships, 40 for resident
24 students and 10 for nonresident students, may be awarded each academic year to students admitted
25 to North Carolina Central University.

26 **"§ 116-291. Cheatham-White Scholarships; fund established; administration of fund.**

27 (a) Fund Established. – There is established the Cheatham-White Scholarships Fund to be
28 used to fund scholarships awarded pursuant to this Article. Both private and public funds may be
29 solicited in the creation of the fund.

30 (b) Matching Funds. – The funds appropriated each fiscal year to the Cheatham-White
31 Scholarships Fund shall be matched by non-State funds and disbursed pursuant to G.S. 143C-4-5.

32 (c) Administration of Fund. – The University of North Carolina General Administration
33 shall administer the Cheatham-White Scholarships Fund and the Cheatham-White Scholarships
34 program.

35 **"§ 116-292. Cheatham-White Scholarships; eligibility and selection criteria.**

36 (a) Eligibility. – To be eligible to be nominated as a potential candidate for a
37 Cheatham-White Scholarship, a person must satisfy all of the following criteria:

38 (1) Be a competitive applicant for admission as a freshman in the fall semester into
39 a baccalaureate program at either North Carolina Agricultural and Technical
40 State University or North Carolina Central University.

41 (2) Be a United States citizen or permanent resident.

42 (3) Be on course to graduate from high school in the spring semester prior to
43 college admission.

44 (b) Selection Criteria. – Candidates for Cheatham-White Scholarships shall be selected on
45 the basis of academic merit, honorable character, outstanding leadership potential, and a
46 demonstrable commitment to service. Financial need shall not be a consideration.

47 **"§ 116-293. Cheatham-White Scholarships; school nomination of candidates.**

48 All North Carolina high schools are eligible to nominate a student to be considered as a
49 candidate for a Cheatham-White Scholarship. For purposes of this section, a high school includes
50 a public school under the direction of a local board of education, a charter school, a regional
51 school, a high school operated as part of The University of North Carolina, a school operated by

1 the Department of Health and Human Services, a school operated by the State Board of Education,
2 or a nonpublic school regulated under Article 39 of Chapter 115C of the General Statutes.

3 The number of nominees from each school is determined by the size of the senior class as
4 follows:

- 5 (1) Up to 199 seniors 2 nominees.
- 6 (2) 200-399 seniors 3 nominees.
- 7 (3) 400-499 seniors 4 nominees.
- 8 (4) 500 or more seniors 5 nominees.

9 **"§ 116-294. Cheatham-White Scholarships; administration of scholarships.**

10 The University of North Carolina General Administration shall administer the
11 Cheatham-White Scholarships, in consultation and collaboration with North Carolina Agricultural
12 and Technical State University and North Carolina Central University, pursuant to policies
13 adopted by the Boards of Trustees of both constituent institutions. As part of its administrative
14 responsibilities, the University of North Carolina General Administration, in consultation and
15 collaboration with North Carolina Agricultural and Technical State University and North Carolina
16 Central University, shall do all of the following:

- 17 (1) Design and implement an application and school nomination process to be used
18 to identify potential scholarship candidates and a process for awarding the
19 scholarships.
- 20 (2) Develop a direct nomination process, in addition to the school nomination
21 process, that allows a student to nominate himself or herself to be considered as
22 a candidate for the scholarship in certain circumstances.
- 23 (3) Define and describe more fully the selection criteria to be considered when
24 choosing a scholarship candidate and recipient.
- 25 (4) Identify the parties that will (i) evaluate scholarship applications and
26 nominations and (ii) determine which candidates shall be awarded scholarships.
- 27 (5) Design the framework and add the necessary substantive detail for the
28 scholarship program, including courses of study that will be available, summer
29 enrichment programs, and other extraordinary educational opportunities, and
30 oversee its implementation.
- 31 (6) Establish a mentoring and networking system for scholarship recipients.
- 32 (7) Administer the Cheatham-White Scholarship Fund.
- 33 (8) Establish a Cheatham-White Scholarships alumni association and network.
- 34 (9) Any other function necessary for the successful implementation of the
35 Cheatham-White Scholarships program and administration of the
36 Cheatham-White Scholarships Fund."

37 **SECTION 5.(c)** G.S. 116-291, as enacted by subsection (a) of this section, becomes
38 effective July 1, 2016. The remainder of this section becomes effective beginning with the 2017
39 fall academic semester so that students may be nominated for the scholarship during the
40 2017-2018 academic year and recipients of the scholarship may enroll to begin a course of study at
41 the constituent institution beginning with the 2018 fall academic semester.

42
43 **PART VI. APPLICATION OF ACT AND EFFECTIVE DATE**

44 **SECTION 6.(a)** Sections 1 through 4 of this act do not apply to high schools
45 governed by the University of North Carolina General Administration.

46 **SECTION 6.(b)** Except as provided otherwise, this act is effective when it becomes
47 law and applies to the 2016 fall academic semester and each subsequent academic semester.