



# NORTH CAROLINA GENERAL ASSEMBLY

Session 2017

## Legislative Fiscal Note

**Short Title:** Tri-County CC/Neighbor State In-State Tuition.  
**Bill Number:** House Bill 519 (Second Edition)  
**Sponsor(s):** Representative Corbin

### SUMMARY TABLE

	FISCAL IMPACT OF H.B.519, V.2					
	<u>FY 2018-19</u>	<u>FY 2019-20</u>	<u>FY 2020-21</u>	<u>FY 2021-22</u>	<u>FY 2022-23</u>	<u>FY 2023-24</u>
<b>State Impact</b>						
General Fund Revenue	-	-	-	-	-	-
Less Expenditures	-	54,728	54,728	54,728	54,728	54,728
<b>General Fund Impact</b>	-	<b>(54,728)</b>	<b>(54,728)</b>	<b>(54,728)</b>	<b>(54,728)</b>	<b>(54,728)</b>
<b>NET STATE IMPACT</b>	-	<b>\$ (54,728)</b>	<b>\$ (54,728)</b>	<b>\$ (54,728)</b>	<b>\$ (54,728)</b>	<b>\$ (54,728)</b>

### FISCAL IMPACT SUMMARY

House Bill 519 authorizes Tri-County Community College to charge in-State tuition to residents of states bordering North Carolina who live in counties that are contiguous to Cherokee County, Clay County, or Graham County.

### FISCAL ANALYSIS

The North Carolina Community College System (NCCCS) System Office estimates the cost to the State in lost out-of-state tuition receipts for Tri-County Community College to be \$54,728, based on FY 2016-17 receipts data.

FY 2016-17			
Community College	In-State Tuition	Out-State Tuition	Lost Receipts from H.B. 519
Tri-County CC	\$ 997,215	\$ 76,012	\$ 54,728

North Carolina Community Colleges are funded in arrears, based on a two-year rolling enrollment average. This means that the State appropriation in a given fiscal year is determined by the actual fiscal cost of either the prior year or the average of the two prior years, whichever is higher. Therefore, the actual cost in lost out-of-state tuition receipts in FY 2018-19 would be factored into the enrollment growth request for FY 2019-20.

Because the \$54,728 cost estimate is based on FY 2016-17 data, it is worth noting that Tri-County Community College's budget full-time equivalent (FTE) amount, upon which enrollment growth requests are based, decreased by approximately 7.7 percent from FY 2016-17 to FY 2017-18. This

could plausibly mean that the actual cost for FY 2018-19, as measured in lost out-of-state tuition receipts, would be less than \$54,728, but a definitive determination cannot be made.

The cost estimate is based on the difference between in-State and out-of-state tuition rates. Pursuant to H.B. 519, non-resident students eligible for the in-State tuition rate would be charged \$76 as opposed to \$268 per credit hour. As a result, Tri-County Community College would collect 72 percent less in tuition fees from those qualifying students, and the State would fund the difference. The cost estimate of \$54,728 was determined by multiplying the 72 percent tuition rate difference by all out-of-state tuition receipts in FY2016-17 for Tri County Community College, which assumes that all non-resident students would be eligible for in-State tuition; while this is possible, it is not certain. This, combined with the fact that the FTE amount for Tri-County Community College decreased in FY 2017-18, means that the estimate in this fiscal note represents the likely maximum cost to the State.

It is important to note that a cost estimate beyond FY 2019-20 cannot be definitively determined because the future enrollment impact of H.B. 519 is unknown. It is plausible that the decrease in tuition for eligible non-residents could create an incentive for enrollment amongst that population of potential students. This could, in turn, increase the actual FTE amount upon which the yearly enrollment growth request is based. If this occurs, the fiscal impact will increase after FY 2019-20, but by an indeterminate amount.

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## **TECHNICAL CONSIDERATIONS**

N/A.

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## **DATA SOURCES**

North Carolina Community College System Office

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## **LEGISLATIVE FISCAL NOTE – PURPOSE AND LIMITATIONS**

This document is an official fiscal analysis prepared pursuant to Chapter 120 of the General Statutes and rules adopted by the Senate and House of Representatives. The estimates in this analysis are based on the data, assumptions, and methodology described in the Fiscal Analysis section of this document. This document only addresses sections of the bill that have projected direct fiscal impacts on State or local governments and does not address sections that have no projected fiscal impacts.

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## **CONTACT INFORMATION**

Questions on this analysis should be directed to the Fiscal Research Division at (919) 733-4910.

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## **ESTIMATE PREPARED BY**

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**ESTIMATE APPROVED BY**

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Signed copy located in the NCGA Principal Clerk's Offices

