

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2013

Legislative Fiscal Note

BILL NUMBER: Senate Bill 357 (First Edition)

SHORT TITLE: In-State Tuition for Veterans.

SPONSOR(S): Senators Clark and Meredith

FISCAL IMPACT					
(\$ in millions)					
<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> No Estimate Available					
State Impact	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
General Fund Revenues:					
General Fund Expenditures:					
Special Fund Revenues:					
Special Fund Expenditures:					
State Positions:					
NET STATE IMPACT	Likely budget cost. See Assumptions & Methodology section for additional details.				
<p>PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: University of North Carolina, North Carolina Community College System</p> <p>EFFECTIVE DATE July 1, 2013</p> <p>TECHNICAL CONSIDERATIONS: None</p>					

BILL SUMMARY:

Senate Bill 357 enacts a new G.S. 116-143.3A to charge the in-state tuition rate to veterans (defined as being honorably discharged on or after July 1, 2013) qualifying for admission to an institution of higher education, without having maintained legal residence in the state for at least 12 months prior to classification as a resident for tuition purposes if the veteran meets the following: (1) the veteran's last permanent duty station was in this state, (2) the veteran's abode is in this state, (3) the veteran meets all other conditions for domicile, and (4) the veteran enrolls in a public institution of higher education within one year of the date of discharge from the Armed Forces. The section further provides that a veteran classified as a resident for tuition purposes under this statute is eligible for in-state tuition for no more than 12 months from the date of enrollment.

ASSUMPTIONS AND METHODOLOGY:

North Carolina's public universities charge a lower tuition rate to residents than to non-residents. Allowing nonresident veterans to pay the discounted resident tuition rate would cost the State in foregone tuition revenue. Estimating the potential cost requires reliable data on both the cost per veteran (the difference between resident and nonresident tuition rates) and the number of veterans likely to pay the lower rate. Reliable data is available on the cost per veteran; however, the Fiscal Research Division does not have sufficient information to produce an estimate of the number of veterans likely to pay the lower rate.

Cost Per Veteran

Allowing a nonresident student to pay resident tuition costs the State tuition revenue – specifically, the difference between the resident and non-resident tuition rates. The tuition difference varies by system; within the UNC System, it also varies by campus. The chart below summarizes the tuition differences for undergraduate residents and nonresidents for FY 2012-13, as well as the UNC Board of Governor's approved rates for FY 2013-14.

Differences between Resident and Nonresident Undergraduate Tuition

<u>NC Community College System</u>	<u>2012-13</u>	<u>UNC System (Annual)</u>	<u>2012-13</u>	<u>2013-14 Est.¹</u>
Per credit hour	\$192	Weighted Average ²	\$13,037	\$13,292
Maximum per year	\$6,144	Low (WSSU)	\$9,150	\$8,813
		High (UNC-CH)	\$20,752	\$21,782

Number of Students Likely to Participate

The number of students likely to participate would be determined both by the eligible population and the percent of veterans within the eligible population likely to use their educational benefits to attend an NC public college or university.

S.B. 357 limits the reduced tuition to only those veterans discharged from a permanent duty station within North Carolina within the last 12 months; therefore, the total eligible annual population is estimated at 18,000 people.³ However, it is not known what percentage of these veterans are already North Carolina residents for tuition purposes, and would therefore not be affected by this change.

¹ Tuition rates approved by the UNC Board of Governors on February 8, 2013.

² Average weighted based on the rate of attendance of nonresident GI Bill users at the UNC System campuses in Spring 2012.

³ The total number of service members discharged from NC military bases each year. Estimate provided by NC Military Business Center and the Military Affairs Advisor in the Office of the Governor.

Additionally, not all discharged service members will use their educational benefits, and it is unknown what percentage of recently discharged veterans will choose to use their benefits within one year of discharge from a NC permanent duty station.

Finally, there are a number of other factors that could influence the number of students likely to participate, for example, if the number of military service members discharged annually drastically increases.

Because of this uncertainty, it is not possible to estimate the total cost of this bill.

SOURCES OF DATA: UNC – General Administration; NC Community College System; NC Military Business Center; Westat for the US Department of Veterans Affairs, “National Survey of Veterans, Active duty Service Members, Demobilized National Guard and Reserve Members, Family Members, and Surviving Spouses”, October 18, 2010; U.S. Department of Veterans Affairs, <http://www.va.gov/vetdata/>.

TECHNICAL CONSIDERATIONS: None

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DATE: June 21, 2013



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