

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2005

Legislative Fiscal Note

BILL NUMBER: Senate Bill 308 (First Edition)

SHORT TITLE: Tuition Waiver/Wards of the State.

SPONSOR(S): Senator Shaw

FISCAL IMPACT					
	Yes (X)	No ()	No Estimate Available ()		
	(\$Million)				
	<u>FY 2005-06</u>	<u>FY 2006-07</u>	<u>FY 2007-08</u>	<u>FY 2008-09</u>	<u>FY 2009-10</u>
REVENUES					
UNC Receipts	(1.40)	(1.53)	(1.65)	(1.78)	(1.90)
Comm. Coll. Receipts	<u>(1.17)</u>	<u>(1.25)</u>	<u>(1.32)</u>	<u>(1.40)</u>	<u>(1.47)</u>
Total Receipts	(2.57)	(2.78)	(2.97)	(3.18)	(3.37)
EXPENDITURES					
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: North Carolina Community College System; University of North Carolina					
EFFECTIVE DATE: This act is effective when it becomes law.					

BILL SUMMARY: This bill waives tuition at the state's 58 Community Colleges and the 16 campuses of the University of North Carolina for persons whose parents are dead or unknown or who are wards of the state.

ASSUMPTIONS AND METHODOLOGY: In 2005, there are 3,670 youth that are eligible for free tuition at the state's public colleges and community colleges under SB 308. This group includes the following:

- 1) Youth in care age 16 to 21, including youth in the CARS program (Contractual Agreement for Residential Services in licensed foster care facilities for students in school or vocational training full-time) = 1,346
- 2) Youth who aged out of the foster care system and are not yet age 21 = 1,942
- 3) Young adults who did not age out of the foster care system, were discharged from foster care by the court, and are currently being served by LINKS (services for young adults who were in custody of Division of Social Services) = 382

Like the general population, not all wards of the state take advantage of higher education. According to the National Center for Education Statistics, the college going rate for North Carolina high school graduates in 2002 was 63.6%. The North Carolina Division of Social Services reports a 41.6% college going rate for former foster care youth age 18 to 21 in their LINKS program. If you assume a 41.6% college going rate for the 3,670 current and former foster care youth reported above, then 1,527 students will take advantage of free tuition at the state's colleges and community colleges in FY 05-06.

In 2005, the North Carolina Division of Social Services received \$785,079 in federal funds for Education Training Vouchers for former foster care youth. The Division reported 150 students are receiving these vouchers in 2005 with 88 enrolled in community colleges (59%) and 62 enrolled in the UNC system (41%). This 59%/41% ratio can be applied to the estimated college going student pool to determine the cost of the tuition benefit in this bill. This fiscal note assumes that 901 foster care youth will attend community college and 626 will attend a public college in the state. Since the foster care program has experienced declining to flat growth in the past five years, the number of eligible students is not expected to grow in the next five years covered by this fiscal note.

In the past four years, tuition in the UNC system has grown 79% or 19.75% a year due to campus-initiated increases and General Assembly imposed increases. The UNC campuses requested resident tuition increases ranging from \$200 to \$300 in FY 2005-06, but the UNC Board of Governors denied the increases. The tuition established by the UNC Board of Governors for resident students in FY 2005-06 ranges from \$2,493 at Elizabeth City State University to \$4,515 at UNC-Chapel Hill. The average weighted resident tuition for the 16 campuses is \$2,239 next academic year (this average accounts for student population).

Campuses will continue to petition the UNC Board of Governors for tuition increases for faculty salary increases, infrastructure needs, replacement of General Fund budget cuts, etc. This note assumes the Board of Governors will grant tuition increases beginning in 2006 that will average \$200 per year. See the chart below for future year estimates.

For community colleges, the current annual tuition for full-time resident students is \$1,216. Tuition has increased each year since 2001 averaging \$84 per year. This fiscal note will assume that tuition will continue to grow at an annual pace of \$84 per year in years 2005 to 2010.

	<u>Public</u>	<u>CC</u>
FY 2005-06	\$2,239	\$1,300
FY 2006-07	\$2,439	\$1,384
FY 2007-08	\$2,639	\$1,468
FY 2008-09	\$2,839	\$1,552
FY 2009-10	\$3,039	\$1,636

Based on the estimated tuition and the estimated number of foster care youth going to college, the FY 05-06 fiscal impact is anticipated to be \$2.57 million. By FY 2009-10, the tuition will cost the UNC System and Community Colleges an estimated \$3.37 million in tuition revenues.

	<u>Number of Students</u>	<u>Public College Students</u>	<u>Public College Tuition</u>	<u>Tuition Amount</u>	<u>Community College Students</u>	<u>Community College Tuition</u>	<u>Tuition Amount</u>	<u>Total Tuition</u>
FY 05-06	1,527	626	\$2,239	\$1,401,614	901	\$1,300	\$1,171,300	\$2,572,914
FY 06-07	1,527	626	\$2,439	\$1,526,814	901	\$1,384	\$1,246,984	\$2,773,798
FY 07-08	1,527	626	\$2,639	\$1,652,014	901	\$1,468	\$1,322,668	\$2,974,682
FY 08-09	1,527	626	\$2,839	\$1,777,214	901	\$1,552	\$1,398,352	\$3,175,566
FY 09-10	1,527	626	\$3,039	\$1,902,414	901	\$1,636	\$1,474,036	\$3,376,450

SOURCES OF DATA: National Center for Education Statistics; North Carolina Department of Health and Human Services - Division of Social Services

TECHNICAL CONSIDERATIONS: None

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DATE: May 2, 2005

Signed Copy Located in the NCGA Principal Clerk's Offices