

Education Budget Options – Financial Aid and Enrollment Growth

FY 2011-12*

FY 2012-13*

Financial Aid

Grants and Scholarship Loans

1) UNC Need-based Aid

Provides grants to students enrolled in at least 6 credit hours at one of the university's 16 constituent institutions.

In FY 2010-11, the program's \$162.3 million budget is funded with the Escheat Fund (\$116.4 million), General Funds (\$19.2 m) and Education Lottery proceeds (\$26.7 m).

Option 1: Reduce need-based aid funding by 10%. Reduction shown is 10% of all funding sources.

(16,228,876) R (16,228,876) R

Option 2: G.S. 116-143.7 implements a 50% tuition surcharge on students who take more than 140 credit hours. For consistency, cap need-based aid at 140 hours.

Estimate pending

Option 3: Increase tuition at all constituent institutions by 10.83% over FY 2010-11 levels to generate an estimated \$116.4 million; use these additional tuition receipts to replace the Escheat Fund portion of the need-based aid program.

\$116.4 M R \$116.4 M R
savings to savings to
Escheat Fund Escheat Fund

2) Community College Grant

The Community College Grant is a need-based grant program for North Carolina resident students enrolled at least 6 hours per semester in a curriculum program at a North Carolina community college. This program is combined with federal Pell Grants and Education Lottery Scholarship funding to create a floor of aid. The FY 2011-12 proposed maximum Community College Grant award per student is \$950.

Total annual funding is \$13,981,202; however approximately \$17.4 million in grants is expected to be awarded in FY 2011-12 using annual funding and accumulated fund balance. \$14.7 million was awarded in FY 2009-10.

Option 1: Revert accumulated fund balance to the Escheat Fund.

Estimate pending for Escheat Fund savings

Option 2: Increase tuition by \$3.50 per credit hour and use generated receipts to fund the program. This increase is expected to generate \$16,105,898 in additional tuition receipts.

\$16.1 M R \$16.1 M R
savings to savings to
Escheat Fund Escheat Fund

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	<u>FY 2011-12*</u>		<u>FY 2012-13*</u>	
3) Aid to Private Colleges and Private College Students				
Includes the North Carolina Legislative Tuition Grant; Bible College Grants; Grants to State residents attending medical school at Duke University or Wake Forest University; and the State Contractual Scholarship Fund (SCSF). The total funding for these programs is \$105,766,644, including:				
-State Contractual Scholarship Fund – \$45,896,963, private colleges are allocated funding based on \$1,350 per NC student, but aid only awarded to needy students				
-Legislative Tuition Grant – \$58,269,681 budget, \$1,850 per student				
-Private Medical School Aid – \$1,279,000 budget, \$5,000 per student				
-Bible College Student Grants – \$321,000 budget, \$1,850 per student				
Option 1: (Governor's Recommendation) Reduce total appropriations by 6.5%; hold the SCSF harmless from the reduction.	(6,791,697)	R	(6,791,697)	R
Option 2: Reduce total appropriations by 10%.	(10,576,664)	R	(10,576,664)	R
Option 3: Phase-out Private Medical School Aid over four fiscal years (estimated at a rate of 25% per year), allowing currently-enrolled students to complete a four-year medical school education.	(\$319,750)	R	(\$639,500)	R
Option 4: Eliminate Private Medical School Aid.	(1,279,000)	R	(1,279,000)	R
Option 5: Reduce the amount of the medical student grant, or cap the number of students who can receive the grant annually; reduce General Fund appropriations by 10%.	(127,900)	R	(127,900)	R
Option 6: Combine Legislative Tuition Grant and State Contractual Scholarship Fund and reduce total funding.			Estimate pending	
Option 7: G.S. 116-143.7 implements a 50% tuition surcharge on students who take more than 140 credit hours. Currently, G.S. 116-21.3(d) reduces a student's Legislative Tuition Grant by 25% for students who have completed 140 credit hours. For consistency, reduce the grant by 50% rather than 25%.			Estimate pending	

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4) **Scholarship-loan Programs**

Scholarship-loans are a form of financial aid that has a service obligation as a condition for receiving the funds. To receive the loan, students sign agreements to repay the loan either in cash or through service in a certain geographical or subject area. State-funded scholarship-loans available in North Carolina can generally be categorized in one of two ways: Teaching and Health, Science, and Mathematics. The current programs include:

- Millennium Teacher
- Principal Fellows
- Prospective Teacher
- Teacher Assistant Scholarship
- Nurse Scholars and Master's Nurse Scholars
- Nurse Educators of Tomorrow (also called Graduate Nurse Educators)
- Board of Governors Medical
- Board of Governors Dental
- Health, Science, and Mathematics

Total FY 2010-11 budget (General Fund and Escheat Fund) for these programs is \$19,112,066. The Millennium Teacher program is not included in that total, as the program is being funded from its trust fund balance.

(Note: NC Teaching Fellows is also a scholarship-loan, but was covered in the Public Schools Options.)

Option 1: Certain scholarship-loan programs have accumulated fund balances over time, both from fund repayments and from underspending. The General Assembly could revert those funds to the General Fund on a one-time basis. It is estimated that up to \$2.5 million could be reverted; however more recent data would need to be obtained before any action is taken.

Up to \$2.5 M NR

Option 2: Combine eight scholarship-loan programs into the Education Loans for Service Program, as recommended by the Joint Select Committee on State-funded Student Financial Aid (does not include Millennium Teacher and Principal Fellows). Additionally, reduce available funds by 10%. Total funding for these 8 programs in FY 2010-11 is \$15,492,066, of which \$11,896,827 is from the General Fund. The remaining \$3,595,239 is funded from the Escheat Fund.

(1,549,207) R (1,549,207) R

Option 3: Reduce funding available for the Principal Fellows program by 10%.

(362,000) R (362,000) R

Option 4: Eliminate Millennium Teacher program and direct students to apply for funding through the Education Loans for Service Program described in Option 2.

Estimate pending of savings to Escheat Fund.

Option 5: (Governor's Recommendation) Removes remaining appropriation for a scholarship-loan program that was abolished in 2009.

(\$455,000) R (\$455,000) R

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Education Budget Options – Financial Aid and Enrollment Growth

UNC Tuition Waivers

5) Nonresident Graduate Student Remissions

Nonresident graduate students who are awarded a graduate teaching or research assistantship and who are paid a stipend of at least \$2,000 per academic year are eligible for special tuition rates. The total amount remitted cannot exceed the amount budgeted for remissions.

Total graduate tuition remitted in FY 2009-10 was \$43,200,223.

Option 1: Reduce funding for nonresident graduate student tuition remissions by 10%.

Option 2: Phase-out program funding over the biennium.

Option 3: End program as of June 30, 2011.

FY 2011-12*

FY 2012-13*

(4,320,022)	R	(4,320,022)	R
(21,600,112)	R	(43,200,223)	R
(43,200,223)	R	(43,200,223)	R

6) Resident Tuition for Nonresident Students

The 2005 General Assembly granted in-state tuition to nonresident scholars on full scholarship, subject to approval of each campus Board of Trustees. This tuition does not reduce campus budgets because G.S. 115-143.6(d) requires the State to reimburse campuses for any lost revenue. Additionally all students receiving this waiver are considered in-state students and are not counted against the 18% cap on freshman nonresident admissions.

Total tuition budgeted to be waived in FY 2010-11 is \$6,055,000.

Option 1: Cap the number of scholarships that can be subsidized to the in-state tuition rate and reduce the total tuition waived by 10%.

Option 2: Phase-out funding for the program over four fiscal years (estimated at a rate of 25% per year), allowing currently-subsidized scholarships to continue for a full four years of education.

Option 3: Repeal the granting of in-state tuition to nonresident students that receive full scholarships for academic purposes.

(605,500)	R	(605,500)	R
(1,513,750)	R	(3,027,500)	R
(6,055,000)	R	(6,055,000)	R

7) Resident Tuition for Armed Services Personnel

In-state tuition is granted to members of the armed services and their dependent relatives that abide in North Carolina due to active military duty. If the member is reassigned outside of North Carolina or retires, in-state tuition will continue as long as the student is enrolled in the degree program.

In FY 2008-09 total tuition waived for armed services personnel was estimated to be \$6.3 million.

Option 1: Cap the amount of tuition that can be waived to in-state tuition, and reduce the amount waived by 10%.

Option 2: Phase-out funding for the program over the biennium (estimated at a rate of 50% per year).

Option 3: Repeal the tuition waiver.

(630,000)	R	(630,000)	R
(3,150,000)	R	(6,300,000)	R
(6,300,000)	R	(6,300,000)	R

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8) Faculty/Staff Tuition Waivers				
Full-time faculty and staff in the UNC System have been able to take courses tuition-free since 1977. From 1977 to 2006, eligible employees could take one course per semester. In 2006, the tuition benefit was changed to three courses per year. In 2009, the benefit was changed back to two courses tuition-free per year.				
Based on FY 2008-09 estimates of tuition waived, and reductions taken during the 2009 Session, the total amount of tuition waived in this category is estimated to be \$3.6 million.				
Option 1: Limit the tuition waiver for faculty and staff to one course per year.	Estimate pending			
Option 2: Repeal the tuition waiver.	(3,600,000)	R	(3,600,000)	R
9) Academic Common Market Waiver				
North Carolina joined the Academic Common Market, sponsored by the Southern Regional Education Board, in 2001. The program allows students in the 16 SREB states to attend programs at public universities in participating states that are not available in their home states' university system. NC is one of three SREB states that participates at the graduate level only and does not allow nonresidents to enroll in online degree programs.				
Total estimated tuition waived in FY 2007-08 is \$2,430,000.				
Option 1: Phase-out program participation over the biennium (estimated at a rate of 50% per year), allowing current nonresident participants one year to finish their degree or seek other funding.	(1,215,000)	R	(2,430,000)	R
Option 2: End participation in the Academic Common Market program.	(2,430,000)	R	(2,430,000)	R
10) Nonresident Teachers				
Since 1997, in-state tuition has been granted for teacher certification in professional development courses to any public school employee paid on the teacher salary schedule who has not established legal residency in North Carolina.				
Total estimated tuition waived in FY 2008-09 is \$984,443.				
Option 1: Cap participation, and reduce total tuition waived by 10%.	(98,444)	R	(98,444)	R
Option 2: Phase-out funding for the program over four fiscal years (estimated at a rate of 25% per year), allowing currently-subsidized nonresident students to continue for a full four years of education.	(246,111)	R	(492,222)	R
Option 3: Repeal the tuition waiver.	(984,443)	R	(984,443)	R

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Education Budget Options – Financial Aid and Enrollment Growth

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11) Special Talent Undergraduate Tuition Waivers				
The System offers a tuition discount for nonresidents with a special talent in academics or performing arts. Discounts vary by campus and are either \$834/year or \$950/year. When the program began in 1983, these amounts were approximately half of the non-resident tuition; today, the subsidy amounts represent between 4% and 8% of nonresident tuition.				
The continuation budget for special talent tuition waivers in FY 2011-12 is \$529,967.				
Option 1: Cap participation, and reduce total tuition waived by 10%.	(52,997)	R	(52,997)	R
Option 2: Phase-out funding for the waivers over four fiscal years (estimated at a rate of 25% per year), allowing currently-subsidized nonresident students to continue for a full four years of education.	(132,492)	R	(264,984)	R
Option 3: Eliminate the tuition waiver for special talent in academics and the arts.	(529,967)	R	(529,967)	R
12) Prospective Teachers				
Beginning in FY 2003-04, three UNC Campuses (ECSU, UNCP, and WCU) were allowed to offer in-state tuition to up to 20 nonresident students who committed to teach in North Carolina after graduation.				
Total tuition waived in FY 2007-08 was \$378,230, supported by the schools' Focused Growth funding allocation.				
Option 1: Cap participation, and reduce total tuition waived by 10%.	(37,823)	R	(37,823)	R
Option 2: Phase-out funding for the waivers over four fiscal years (estimated at a rate of 25% per year), allowing currently-subsidized nonresident students to continue for a full four years of education.	(94,558)	R	(189,115)	R
Option 3: Repeal the tuition waiver.	(378,230)	R	(378,230)	R

UNC and Community College Tuition Waivers

13) Spouses and Dependents of Public Safety Workers				
Tuition waivers are granted to spouses and children of law enforcement officers, firefighters, volunteer firefighters, and rescue squad workers that have been killed or permanently and totally disabled from a line-of-duty injury.				
Total tuition waived at UNC campuses for FY 2007-08 was \$24,100. Total tuition waived at community colleges for FY 2009-10 was \$4,766.				
Option 1: Phase-out funding for the waivers over four fiscal years for UNC (estimated at a rate of 25% per year) and two fiscal years for NCCCS (50% per year), allowing currently-subsidized students to complete their degrees.	(8,408)	R	(16,816)	R
Option 2: Repeal the tuition waiver.	(28,866)	R	(28,866)	R

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	<u>FY 2011-12*</u>		<u>FY 2012-13*</u>	
14) Wards of the State				
In 2005, the General Assembly created a tuition waiver for North Carolina resident wards of the State between the ages of 16 and 23 that are eligible for services under the Chaffee Education and Training Vouchers Program.				
Total tuition waived at UNC campuses for FY 2007-08 was \$19,824. No tuition was reported waived at community colleges in FY 2009-10.				
Option 1: Phase-out funding for the waivers over four fiscal years (estimated at a rate of 25% per year), allowing currently-subsidized nonresident students to continue for a full four years of education.	(4,956)	R	(9,912)	R
Option 2: Repeal the tuition waiver.	(19,824)	R	(19,824)	R

Community College Tuition Waivers

15) Volunteer Public Safety Workers				
Volunteer firemen and rescue and lifesaving department personnel may take training courses tuition-free at community colleges.				
Total tuition waived in FY 2009-10 was \$11,250,409.				
Option 1: Charge a minimum fee in lieu of tuition waiver.	Estimate pending			
Option 2: Repeal the tuition waiver.	(11,250,409)	R	(11,250,409)	R
16) Paid Public Safety Workers				
Local fire department personnel, local rescue and lifesaving department personnel, and municipal, county, or State law-enforcement officers may take training courses tuition-free at community colleges.				
Total tuition waived in FY 2009-10 was \$25,400,609.				
Option 1: Charge a minimum fee in lieu of tuition waiver.	Estimate pending			
Option 2: Repeal the tuition waiver.	(25,400,609)	R	(25,400,609)	R

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Education Budget Options – Financial Aid and Enrollment Growth

	<u>FY 2011-12*</u>		<u>FY 2012-13*</u>
17) State Criminal Justice Personnel			
Tuition is waived for training courses for all full-time custodial employees at the Department of Correction, employees of the Department's Division of Community Corrections, and employees of the Department of Juvenile Justice and Delinquency Prevention who are required to be certified under Chapter 17C of the General Statutes and the rules of the Criminal Justice and Training Standards Commission.			
Total tuition waived in FY 2009-10 was \$1,255,730.			
Option: Repeal tuition waiver, and transfer funding for tuition to the Departments of Correction and Juvenile Justice and Delinquency Prevention. This could encourage agencies to direct limited State dollars to those employees most in need of training and most likely to complete the courses.		Funds transferred to Justice and Public Safety Subcommittee	
18) CPR for Elementary and Secondary School Employees			
In 2008, the General Assembly authorized tuition waivers for elementary and secondary school employees enrolled in first aid or CPR courses.			
Total tuition waived in FY 2009-10 was \$136,085.			
Option 1: Charge a minimum fee in lieu of tuition waiver.	Estimate pending		
Option 2: Repeal the tuition waiver.	(136,085) R	(136,085)	R
19) Senior Citizens			
Resident senior citizen are permitted to take up to 6 hours of credit instruction and one course of noncredit instruction per academic semester. The General Assembly eliminated the UNC portion of this waiver in 2009.			
Total tuition waived in FY 2009-10 was \$1,531,189.			
Option 1: Charge a minimum fee in lieu of tuition waiver.	Estimate pending		
Option 2: Limit the waiver to those senior citizens below a certain income threshold.	Estimate pending		
Option 3: Repeal the tuition waiver.	(1,531,189) R	(1,531,189)	R

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Education Budget Options – Financial Aid and Enrollment Growth

FY 2011-12*

FY 2012-13*

20) High School Students

Tuition is waived for high school students who take curriculum courses at community colleges, including students in early college and middle college high school.

Total tuition waived in FY 2009-10 was \$13,260,345.

Option 1: Implement Governor Perdue's Career and College Promise program.

Estimate pending

Option 2: Eliminate the tuition waiver and implement the funding formula outlined in S.L. 2010-31, Section 7.24.

No reduction, program consolidation only.

21) Human Resources Development Courses

Tuition is waived for certain participants of Human Resources Development (HRD) programs. Human Resources Development programs provide assessment services, employability training, and career development counseling to unemployed and underemployed individuals. HRD tuition is waived for any individual who:

1. Is unemployed,
2. Has received notification of a pending layoff,
3. Is working and eligible for the Federal Earned Income Tax Credit, or
4. Is working and earning wages at or below 200% of the Federal poverty guidelines.

Total tuition waived in FY 2009-10 was \$9,015,015.

Option: Consider capping the cost of the program by providing categorical funding to colleges for this program. Colleges would no longer earn budget FTE for students served under this program.

Estimate pending

22) Prison Inmates

Tuition is waived for prisoners in State prisons. Prisoner education was subject to continuation review in FY 2009-10. The results of the continuation review indicated that certain types of courses reduce recidivism rates. The 2010 General Assembly limited courses that could be provided to those with a known impact on recidivism rates, and stopped funding for courses provided in federal prisons and local jails. An additional reduction was also taken.

Total tuition waived in FY 2009-10 (before the reductions) was \$7,104,059.

Option: Repeal tuition waiver, and transfer funding for tuition to the Department of Correction. This could encourage agencies to direct limited State dollars to the most needed courses, and would limit program growth in the future.

Transfer funds to Department of Correction.

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	<u>FY 2011-12*</u>		<u>FY 2012-13*</u>
24) Full-time College Staff Members			
Full-time college staff members employed for a 9-, 10-, 11-, or 12-month term may enroll in one curriculum or one extension course per semester, as well as the summer term, in the system without payment of tuition or registration fee. This tuition waiver is authorized in administrative code, but not in statute.			
Total tuition waived for FY 2009-10 was \$376,749.			
Option 1: Limit the tuition waiver for faculty and staff to one course per year. Additionally, include the tuition waiver in the community college tuition waiver statutes.	(188,375) R		(188,375) R
Option 2: Repeal the tuition waiver.	(376,749) R		(376,749) R
25) Civil Air Patrol			
Per 23 NCAC 2D.0203(5)(F), members of the North Carolina Civil Air Patrol shall not be charged for continuing education courses.			
The total tuition waived in FY 2009-10 was \$760.			
Option 1: Include tuition waiver in the General Statutes.		No reduction associated with this option.	
Option 2: Repeal the tuition waiver.	(760) R		(760) R
26) Civil Preparedness			
Per 23 NCAC 2D.0203(5)(F), individuals engaged in civil preparedness who take special extension training courses that directly relate to their job performance shall not be charged tuition.			
Total tuition waived in FY 2009-10 was \$66,700.			
Option 1: Include tuition waiver in the General Statutes, and more specifically define "civil preparedness".		No reduction associated with this option.	
Option 2: Repeal the tuition waiver.	(66,700) R		(66,700) R

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FY 2011-12*

FY 2012-13*

27) Eliminate Unused Tuition Waivers from General Statutes

Obsolete tuition waiver categories unnecessarily complicate the General Statutes and can lead to confusion and misapplication of tuition waivers. Because all of these categories are reported under “other” it is impossible to determine how long they have been unused. However, the categories identified below are either for groups that no longer exist, no longer function in the way identified in the statute, or were unaware of the tuition waiver.

Option: Remove the following student categories from the statutes:

- Radio Emergency Associated Citizens Teams (REACT) under contract to a county as an emergency response agency,
- Patients in State alcoholic rehabilitation facilities,
- Clients of sheltered workshops,
- Clients of adult developmental activity programs,
- Students in Health and Human Services Development programs, and
- Members of the NC State Defense Militia.

No reduction associated with this option.

Note: No tuition was reported waived for juveniles of any age committed to the Department of Juvenile Justice and Delinquency Prevention by a court of competent jurisdiction. This tuition waiver is not included under this option because the definition is very specific and unlikely to lead to misapplication.

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		<u>FY 2011-12*</u>		<u>FY 2012-13*</u>	
Enrollment Growth					
28) UNC Enrollment Growth					
Option 1: (Governor's Recommendation) Fund approximately half of the requested enrollment growth by limiting the increase to only one portion of the enrollment growth formula.	\$23,269,550	R	\$44,270,678	R	
Option 2: (UNC System Request) Fully fund enrollment growth to provide for an additional 2,337 FTE, or approximately 1.2% growth in FTE. Also provide \$1 million for performance-based funding for campuses.	\$46,818,123	R	\$87,627,054	R	
Option 3: Reduce enrollment funding at three campuses whose enrollment is projected to be below currently-budgeted levels (ECSU, FSU, and NC A&T). The UNC enrollment request would hold these schools' funding harmless until after the 2012-2013 biennium.	Estimate Pending				
29) Community College Enrollment Growth					
Option 1: (Governor's Recommendation) Fund approximately half of the requested enrollment growth by limiting the increase to instructional formula costs only.	\$17,876,863	R	\$31,459,644	R	
Option 2: Fully fund enrollment growth to provide for an additional 9,712 FTE, an increase of 4% over FY 2010-11 budgeted enrollment. Additionally, for 2012-13 enrollment growth funding, anticipates that growth during FY 2011-12 will exceed budgeted enrollment by 2.9%.	\$34,027,919	R	\$59,343,332	R	
Option 3: (NC Community College System Request) Fully fund enrollment growth as described in Option 2, and incorporate equipment funding into the enrollment growth formula. Estimated additional funding is \$6 million in FY 2011-12 and an additional \$4.5 million in FY 2012-13.	\$40,027,919	R	\$69,843,332	R	
30) Combined Enrollment Growth Options					
Option 1: Examine differences in enrollment growth formula costs and methods between the two systems, and adjust funding accordingly.	Estimate pending				
Option 2: Examine performance-based enrollment growth options, including performance-based funding and funding based on course or degree completions.	Estimate pending				
Option 3: Examine the possibility of limiting UNC enrollment growth and increasing CC enrollment, taking into consideration levels of community college funding and physical space limitations.	Estimate pending				

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