NORTH CAROLINA GENERAL ASSEMBLY

Session 2019

Legislative Fiscal Note

Short Title: Tri-County CC/Neighbor State In-State Tuition.
Bill Number: House Bill 8 (First Edition)
Sponsor(s): **Representative Corbin**

SUMMARY TABLE

FISCAL IMPACT OF H.B.8, V.1

	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
State Impact					
General Fund Revenue	-	-	-	-	-
Less Expenditures	42,510	42,510	42,510	42,510	42,510
General Fund Impact	**(42,510)**	**(42,510)**	**(42,510)**	**(42,510)**	**(42,510)**
NET STATE IMPACT	**($42,510)**	**(42,510)**	**(42,510)**	**(42,510)**	**(42,510)**

FISCAL IMPACT SUMMARY

House Bill 8 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 $42,510, based on FY 2017-18 receipts data.

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 2019-20 would be factored into the enrollment growth request for FY 2020-21.

Because the $42,510 cost estimate is based on FY 2017-18 data, it is worth noting that Tri-County Community College's budget full-time equivalent (FTE) amount, upon which enrollment growth requests are based, declined between 2016-17 and 2017-18. This could plausibly mean that the actual cost for FY 2019-20, as measured in lost out-of-state tuition receipts, would be less than $42,510, 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. 8, 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 $42,510 was determined by multiplying the 72 percent tuition rate difference by all out-of-state tuition receipts in FY2017-18 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 assuming these enrollment trends continue.

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. 8 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. However, some students in Tennessee are eligible for Tennessee Promise, which provides two years of tuition-free attendance at community colleges in that state. It is likely that most students who can will take advantage of that program. The contiguous counties in Georgia are themselves low-population counties, and so unlikely to create significant new enrollment at Tri-County. If increased enrollment does occur, the fiscal impact will increase after FY 2019-20, but by an indeterminate amount.

TECHNICAL CONSIDERATIONS

N/A.

DATA SOURCES

NCCCS

LEGISLATIVE FISCAL NOTE – PURPOSE AND LIMITATIONS

CONTACT INFORMATION

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

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