



This Bill Analysis reflects the contents of the bill as it was presented in committee.

SENATE BILL 873: Access to Affordable College Ed. Act.

2016-2017 General Assembly

Committee:	Senate Education/Higher Education. If favorable, re-refer to Appropriations/Base Budget	Date:	May 24, 2016
Introduced by:	Sen. Apodaca	Prepared by:	Drupti Chauhan* Committee Co-Counsel
Analysis of:	PCS to First Edition S873-CSRQf-29		

SUMMARY: Senate Bill 873 provides for fixed tuition and fee options at each University of North Carolina (UNC) constituent institution; reduction of student fees at each UNC constitution institution; and reduced tuition at certain UNC constituent institutions. It directs the Board of Governors of The University of North Carolina (BOG) to evaluate the admissions cap on out-of-State students at certain UNC institutions and directs The University of North Carolina General Administration (UNC GA) to evaluate the effect of each constituent institution's name on its enrollment, academic strength, and diversity. Finally, it establishes the Cheatham-White Scholarships at North Carolina A &T University and North Carolina Central University.

The Proposed Committee Substitute (PCS) for Senate Bill 873 removes the provision directing the BOG to evaluate the effect of each constituent institution's name on its enrollment, academic strength, and diversity. It also adds a provision authorizing the Director of the Budget to increase the base budget of UNC by up to \$70,000,000 to cover the cost of lost tuition revenue from the reduced tuition at certain UNC constituent institutions.

CURRENT LAW: G.S. 116-11(7) and G.S. 116-143 provides that the BOG sets the tuition and required fees at each constituent institution, not inconsistent with the actions of the General Assembly.

SECTION 1: Fixed Tuition and Fees

BILL ANALYSIS: The PCS establishes a fixed tuition and fee program at each constituent institution that would be available to freshmen and transfer undergraduates who are North Carolina residents for the purposes of tuition. The program must have the following components:

- A guarantee that the costs of tuition and fees will remain constant or decrease during the student's "tuition period".
- The "tuition period" would be 8 consecutive academic semesters for a student seeking a baccalaureate degree in a 4-year program or 10 consecutive academic semesters for a student seeking a baccalaureate degree in a program officially designated by the BOG as a 5 year program. The BOG would calculate the tuition period for transfer students.
- A student must remain continuously enrolled at the constituent institution during the entire tuition period.
- At the end of the tuition period, the cost of tuition for any additional academic semesters would revert back to the amount of whatever the tuition is at that constituent institution as well as a tuition surcharge if applicable.

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The tuition period may be tolled if the student can show a substantial disruption of the student's pursuit of a degree such as military obligations or health issues or disabilities.

The PCS directs the BOG to adopt the policies needed to implement the program.

This section applies to freshman and transfer students who enroll at constituent institutions beginning in the 2016 fall academic semester.

SECTION 2: Reduction of Student Fees

BILL ANALYSIS: The PCS directs the BOG and the boards of trustees (BOT) at each constituent institution to reduce student fees as follows:

- Beginning with the 2018 fall academic semester, student fees must be reduced by an amount that is 10% to 25% less than the amount of the student fees charged in the 2016 fall academic semester.
- The BOG and the BOT of each constituent institution, in their discretion, must determine the amount of the reduction in fees.

After making the initial fee reduction of 10% to 25%, a constituent institution may not increase fees by more than 3% per academic year.

SECTION 3: Reduced Tuition at Certain Institutions

BILL ANALYSIS: Beginning with the 2018 fall academic semester, the tuition rate for North Carolina resident students would be \$500.00 per academic semester and \$2500.00 per academic semester for nonresident students at the following constituent institutions:

- Elizabeth City State University
- Fayetteville State University
- University of North Carolina at Pembroke
- Winston-Salem State University
- Western Carolina University

On the recommendation of the BOG and beginning with the 2018-2019 fiscal year, the Director of the State Budget would have the authority to increase the base budget for The University of North Carolina by up to \$70,000,000 to cover the cost of the lost tuition revenue for the fiscal year. Any increase in the base budget would not be included in the calculation of projected enrollment growth. The authority to increase the base budget would only be effective as long as the tuition rates remain at \$500.00 for resident students and \$2500.00 for nonresident students.

SECTION 4: Evaluation of Admission Cap on Out-of-State Students

BILL ANALYSIS: The PCS directs the BOG to consider the effect of the elimination of or an increase in the current 18% cap on the admission of nonresident students for the constituent institutions listed below. If the BOG determines that eliminating or increasing the current cap on the admission of nonresident students may increase the number, academic strength, and diversity of student applications at those institutions, then the BOG in its discretion may adopt a policy that eliminates or establishes a different cap and the period of time for which the modification of the cap should be implemented at those institutions. This section would apply to:

- Elizabeth City State University
- Fayetteville State University
- University of North Carolina at Pembroke

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- Winston-Salem State University
- Western Carolina University

SECTION 5: Establish Merit Scholarships at NC A&T and NC Central Universities

BILL ANALYSIS: Section 5 of the PCS establishes the Cheatham-White Scholarships as 4 year, fully funded merit scholarships at North Carolina A&T University (NC A&T) and North Carolina Central University (NC Central) for students who are exceptional scholars and well-rounded individuals with demonstrated leadership potential and strong commitment to service.

Financial need is not a consideration in the award of the scholarship which would also provide for 4 summers of fully funded enrichment opportunities that can include international travel and study. NC A&T and NC Central may award up to 50 scholarships each with 40 for North Carolina residents and 10 for nonresidents.

The Cheatham-White Scholarship Fund (Fund) is created to fund the scholarships and both public and private monies can be put in the Fund. State appropriations must be matched by non-State funds before disbursement and UNC GA would administer the Fund and the Cheatham-White Scholarship Program.

To be eligible to be nominated, a potential candidate must be a competitive applicant for admission as a freshman in a fall semester into a baccalaureate program at either NC A&T or NC Central; be a United States citizen or permanent resident; and be on course to graduate from high school in the spring semester prior to college admission.

All NC high schools are eligible to nominate a student to be a candidate for the Cheatham-White Scholarships with the number of nominees from each school determined by the size of the senior class at the school. Potential candidates may also self-nominate as provided by UNC GA.

UNC GA would do, among other things, the following: implement the application and nomination processes; define and describe more fully the selection criteria; identify the parties that will evaluate the applications and nominations and make the selections; and design the scholarship program including the course of study and various enrichment activities.

\$300,000 would be appropriated for the 2016-2017 fiscal year to the BOG to be allocated to the Fund. Students may be nominated for the scholarship beginning with the 2017-2018 academic year and recipients of the scholarship may enroll beginning with the 2018 fall academic semester.

EFFECTIVE DATE: Except as otherwise provided, the bill would become effective when it becomes law and applies beginning with the 2016 fall academic semester and each subsequent academic semester.