

# NC Senate Bill 873: The Access to Affordable College Education Act

## Frequently Asked Questions

### I. What is SB 873? The bill has five substantive provisions.

- a. Guarantee of No In-State Tuition Increase for Standard College Term (4 Years): This provision would establish a fixed tuition and fee payment program for all UNC institutions for all new (incoming freshmen or transfers) undergraduate students that would guarantee that the cost of tuition and fees would remain constant for four years or 10 consecutive semesters.
- b. Reduction of Student Fees: This provision directs the UNC Board of Governors (BOG) and the system Boards of Trustees to reduce student fees at all UNC campuses by 5% and limits increases to no more than 3% per year thereafter.
- c. Reduced Tuition at Certain Institutions: This provision, called the NC Promise Program, directs the UNC Board of Governors to set the tuition for Elizabeth City State University, Western Carolina University, and UNC Pembroke at \$500 per semester for in-state students and \$2,500 per semester for out-of-state students. This would apply to undergraduate students and does not include fees.
- d. Evaluation of Admission Cap on Out-of-State Students: This provision directs the UNC Board of Governors to consider increasing or eliminating the current cap of 18% on the admission of non-resident students at ECSU, WCU, and UNC Pembroke.
- e. Establish Merit Scholarship at NC A&T University and NC Central University: This provision establishes up to 50 Cheatham-White Merit Scholarships to be used at only North Carolina A&T and North Carolina Central University. Each scholarship would fully fund students for four-years and cover tuition, fees, housing, meals, textbooks and other incidentals.

### II. Why was ECSU chosen as a NC Promise reduced tuition campus?

According to the NC Senate press release on SB 873, the original intent of the provision for reduced tuition was to create a reduced tuition option that was geographically convenient for each NC citizen. The original group included ECSU in the far eastern portion of the state, UNCP and Fayetteville State in the rural Sandhills area, WSSU in the Triad, and WCU in the far west. Additionally, all the original named schools are relatively close to border-states (Virginia,

South Carolina, Tennessee, and Georgia) that offer competitive tuition rates to attract and recruit NC students.

**III. What would we expect the impact of reduced tuition to be on ECSU?**

We would expect increased application activity resulting in greater selectivity, and eventually, increased enrollment.

The impact on reputation is more difficult to predict. There is certainly a legitimate concern that some prospective students may view this negatively in the sense that ECSU could be viewed as too 'cheap'. However, college choice by students and/or their parents is based on many factors, of which affordability is an important one. That said, ECSU already currently enjoys a marketing position that emphasizes high quality and high value. The NC Promise reduced tuition program would become an extension of ECSU's quality and value proposition.

**IV. Why are only a few universities included in the reduced tuition program and not all universities in the UNC System?**

Quite simply, this is a matter of cost. The cost to NC taxpayers would be significantly higher if the NC Promise reduced tuition program was applied to all campuses.

**V. Will the state guarantee to fully cover the cost of lost tuition receipts for ECSU, WCU and UNCP?**

There is no way for a sitting legislature to legally bind a future legislature; however, the bill sponsors, in response to our feedback, have included language in the bill itself and into the budget that directs the state to fully cover the cost. By including the funding in both the proposed law and in the budget, a future legislature would have to propose new legislation to repeal SB 873, they could not simply decide to zero out the budget. This is as close to a guarantee of funding as is legal in North Carolina.

**VI. What will ECSU do if the State decides in the future not to fund the NC Promise program?**

ECSU would revert to a tuition rate equivalent to the current rate adjusted for inflation.

**VII. Does the reduced tuition mean that the cost of education will go down at ECSU?**

NO! The cost of educating a student remains the same. What would change is the amount of money the state provides ECSU to educate a student. As a public university, the State currently subsidizes ECSU students by providing a base operational budget of roughly \$90 million per year. The difference between the current subsidy and the total cost of education is paid for by students and their families through tuition and fees. By setting a lower tuition rate and funding the difference through a direct appropriation, the state subsidy to ECSU would increase from approximately \$90 million per year to over \$115 million per year.

**VIII. What is the difference between a reduced tuition program and a scholarship program?**

The primary difference between a reduced tuition program and a scholarship program is the impact on student financial aid. A student's financial aid package is calculated relative to the federal total cost of attendance. A reduced tuition program lowers the actual total cost of attendance and, thus, a student's financial aid package (including loans) is made using the lower amount. A scholarship program would not lower the total cost of attendance calculation, therefore, a student could in practice borrow more in student loans.