

Veterans Tuition Assistance/ Yellow Ribbon Report

Background

Through the Appropriations Act of 2014 (S.L. 2014-100), the General Assembly enacted legislation to provide tuition assistance to certain military veterans and their dependents. Specifically, Section 11.12.(a) of S.L. 2014-100 amended Article 14 of Chapter 116 of the General Statutes to require the University of North Carolina (UNC) and the North Carolina Community College System (NCCCS) to participate in the federal Yellow Ribbon Program. The Yellow Ribbon Program provides federal funds to offset a portion of the cost difference between non-resident tuition rates and the Post-9/11 G.I. Bill benefit, which pays only up to the resident tuition rate.

In addition, the General Assembly appropriated \$1 million on a recurring basis to the NCCCS to support the non-federal match requirement of the Yellow Ribbon Program. Per Section 11.12.(b), the \$1 million appropriated for FY 2014-15 is being held in the Community College Yellow Ribbon Reserve. Beginning in FY 2015-16, the funds in this reserve are to be used to fund tuition assistance to participants in the Yellow Ribbon Program for the 2015-16 academic year and each subsequent year.

Recent Federal Legislation

Around the same time that the General Assembly was enacting legislation to help veteran students, Congress passed the Veterans Access, Choice, and Accountability Act of 2014 (H.R. 3230). In order to be eligible to receive Post-9/11 GI Bill funds, Section 702 of this act effectively requires public institutions of higher education to offer in-state tuition to certain veterans and their dependents living in the state in which the public institution of higher education is located. Covered veterans include a veteran who was discharged or released from a period of not fewer than 90 days of service in the active military, naval, or air service less than three years before the date of enrollment in the course concerned. Dependents of such veterans who are eligible for GI benefits are also covered.

Legislative Recommendations

Section 11.12.(c) of S.L. 2014-100 directed the Board of Governors and the State Board of Community Colleges (State Board) to each report to the Joint Legislative Education Oversight Committee by January 1, 2015, regarding our planned participation in the Yellow Ribbon Program for the 2015-16 academic year. Given the recent federal legislation described above, the State Board recommends redirecting the resources designated for the Yellow Ribbon program to providing resident tuition for eligible veterans. Specifically, in light of H.R. 3230, the State Board recommends that the General Assembly take the following actions:

- Enact legislation that enables UNC and NCCCS institutions to offer resident tuition rates to veterans and their dependents consistent with the Veterans Access, Choice, and Accountability Act (recommended legislation under development with UNC).
- Redirect resources currently held in the Community College Yellow Ribbon Reserve as well as future appropriations for the Yellow Ribbon Program to offset a portion of the tuition revenue forgone by providing in-state tuition rates to these individuals (see Appendix A for recommended legislation). To maximize this repurposing, funds appropriated in FY 2014-15 for the Yellow Ribbon program will need to be carried forward into FY 2015-16.

- Appropriate an additional \$1 million (recurring) effective FY 2016-17 to offset the additional estimated impact of complying with this federal legislation.

Based on a survey of community colleges, we estimate that colleges typically enroll approximately 600 full-time students and 250 part-time students who are veterans that do not qualify as residents for tuition purposes. These students enroll in approximately 10,000 credit hours for which we are currently collecting non-resident tuition. At these current enrollment levels, we estimate that the State will forgo approximately \$2 million in non-resident tuition for eligible veterans (see Table 1). We are unable to estimate the potential impact of eligible dependents, due to lack of reliable data.

Table 1: Non-Resident Veteran Tuition Analysis		
	2012-13	2013-14
Full-Time Non-Resident Veterans	543	625
Part-Time Non-Resident Veterans	237	280
Estimated Credit Hours	9,024	10,430
Resident Tuition Rate	\$69.00/credit hour	\$71.50/credit hour
Non-Resident Tuition Rate	\$261.00/credit hour	\$263.50/credit hour
Tuition Rate Difference	\$192.00/credit hour	\$192.00/credit hour
Estimated Impact on Tuition Receipts	\$1,732,608	\$2,002,560

Since community colleges are funded based on prior year full-time-equivalent (FTE) student enrollment, any changes to veteran enrollment as a result of this federal change would be incorporated into future enrollment growth calculations.

Appendix A: Recommended Legislation

The following special provision should be included in the 2015 Appropriations Act:

SECTION X.X.(a) The funds appropriated to the North Carolina Community College System for the 2014-15 fiscal year for the Community College Yellow Ribbon Reserve shall not revert at the end of the fiscal year but shall remain available to support the cost of charging resident tuition rates to veterans consistent with the federal Veterans Access, Choice, and Accountability Act of 2014.

SECTION X.X.(b) Funds appropriated to the North Carolina Community College System for the Yellow Ribbon Program may be used to support the cost of charging resident tuition rates to veterans consistent with the federal Veterans Access, Choice, and Accountability Act of 2014

SECTION X.X.(c) Subsection (b) of this section becomes effective June 30, 2015.

The following money item should be included in the Committee Report that accompanies the 2015 Appropriations Act:¹

	FY 2015-16	FY 2016-17
Veterans Tuition Assistance – Enrollment Receipts Adjustment Provides funds to support the cost of charging resident tuition rates to veterans consistent with the federal Veterans Access, Choice, and Accountability Act of 2014, including repurposing funds previously appropriated to the Community College Yellow Ribbon Reserve.		\$1,000,000 R

¹ To repurpose the funds, the \$1 million appropriation to the Yellow Ribbon Reserve will need to be eliminated and the curriculum tuition receipts budget reduced by \$1 million, which would then net to a \$0 change.