

STATE BOARD OF COMMUNITY COLLEGES
Service Agreement for the Development and Operational Costs
of Residency Determination Service
FY 2019-20

Request: The State Board of Community Colleges (SBCC) is asked to approve \$380,000 for the third year of a five-year contract with the North Carolina State Education Assistance Authority (NC SEAA) associated with the development of Residency Determination Service (RDS). Further, the SBCC is asked to approve payment of RDS operational costs of \$1,419,765.29 for services provided in FY 2017-18 and \$1,623,157.14 for services provided in FY 2018-19.

Background: In 2013, the NC General Assembly became concerned about inconsistency in residency determinations across institutions of higher education. Session Law 2013-360 directed the UNC System, the NC Community College System (NCCCS), the NC Independent Colleges and Universities (NCICU) and the NC SEAA to create a centralized, uniform process for determining residency for tuition purposes and for administration of State-funded financial aid.

Session Law 2015-241 authorized the NC SEAA to perform all functions necessary to implement the coordinated and centralized process to apply the criteria in G.S. §116-143.1 and directed the UNC System and the NCCCS to take the necessary actions to facilitate an orderly transition from the campus-based residency determination system to the coordinated and centralized process. Further, other state agencies were required to provide database matches to validate the data of students and parents claiming residency.

This centralized process is known as the Residency Determination Service (RDS). For a student to receive the benefits of in-state tuition and/or State student aid, a residency determination from RDS is required.

Rationale: The services provided by NC SEAA and college participation in RDS are legislatively mandated.

The development cost is based on the RDS development costs of \$5,700,000 divided equally among the UNC System, NCCCS, and NCICU, with the annual and cumulative cost to the NCCCS as shown below:

| Fiscal Year | Quote | Total |
|-------------|---------|-----------|
| 2017-18 | 380,000 | 380,000 |
| 2018-19 | 380,000 | 760,000 |
| 2019-20 | 380,000 | 1,140,000 |
| 2020-21 | 380,000 | 1,520,000 |
| 2021-22 | 380,000 | 1,900,000 |

The operational costs are based on the ongoing annual cost of operations and are calculated proportionately based upon a three-year average of Need Based Scholarship recipients at NCICU campuses and new enrollments at NCCCS campuses and UNC campuses. Operational costs are paid through annual billings to the North Carolina Community Colleges System Office for the costs of services provided during the prior fiscal year(s).

Method of Procurement: In accordance with the practice of the State of North Carolina, there is no requirement for competition or approval by outside purchasing authorities for contracts between state agencies.

Contract Amount and Time Period: For development costs, the contract amount will not exceed \$380,000. For operational costs, the contract will not exceed \$1,419,765.29 and \$1,623,157.14. The time period is October 18, 2019 through June 30, 2020.

Fund Source and Availability: Funding is available from carry forward approved by the Office of State Budget and Management. Funding and for each fiscal year thereafter is contingent upon the availability of funds.

Contact(s):

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