

APPENDIX B

Exemption of Institution from the Board of Governors' Policy on Nonresident Freshmen Enrollment

The Fall 2002 Enrollment Report indicates that Elizabeth City State University has nonresident freshmen enrollment – for two consecutive years – that exceeds 18% of the freshmen class, an overenrollment of six nonresident freshmen students. The Board's policy, as indicated below, requires a budgetary adjustment at the institution.

Beginning with the fall of 1994, any constituent institution, except the North Carolina School of the Arts, that exceeds the 18% out-of state freshman enrollment limitation prescribed in paragraph (a) above for two consecutive fiscal years shall have its state operating budget reduced. This reduction shall be made in the second fiscal year in which the two consecutive fiscal years' condition is violated; the reduction shall be made, on a non-recurring basis, immediately after the Board of Governors approves the annual enrollment report at its November meeting. The budget reduction shall be based on the number of out-of-state freshmen enrolled in excess of the 18% limitation and the established method used for calculating the operating requirements for Regular Term enrollment changes.

The required budget adjustment and freshmen enrollment information follows:

	Budget Adjustments	2002 Freshmen Enrollment				
		Out-of-State Freshmen	O/S %	In-State Freshmen	I/S %	Total Freshmen
ECSU	\$ 47,773	90	19.4%	374	80.6%	464

Elizabeth City State University, like all other UNC institutions, faces serious operational challenges due to ongoing budgetary constraints. This year alone, ECSU has already absorbed a 2.88% budget reduction and is meeting an additional 2% reversion target because of the State's uncertain revenue condition. The combination of a budget reduction and reversion requirement, which alone totals \$497,000, creates an extraordinary hardship on campus operations. The budget reduction required by the Board's policy on out-of-state freshmen would further exacerbate this hardship.

For the 2002-03 fiscal year, it is recommended that the Board suspend its policy requiring a budget adjustment for Elizabeth City State University.