

APPENDIX B

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

The Fall 2001 Enrollment Report indicates that Elizabeth City State University, North Carolina A&T State University, and the University of North Carolina at Wilmington have nonresident freshmen enrollments – for two consecutive years – that exceed 18% of the freshmen class. The Board's policy, as indicated below, requires a budgetary adjustment at those three institutions.

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 adjustments and freshmen enrollment information follows:

	Budget Adjustments	2001 Freshmen Enrollment				
		Out-of-State Freshmen	O/S %	In-State Freshmen	I/S %	Total Freshmen
ECSU	\$ 15,783	68	18.6%	298	81.4%	366
NCA&T	319,539	355	20.0%	1,416	80.0%	1,771
UNCW	203,447	390	19.5%	1,606	80.5%	1,996

At its November 2001 meeting, the Committee on Educational Planning, Policies, and Programs discussed a limited exception to the 18% non-resident policy by exempting out-of-state engineering students from the calculations of non-resident freshmen at North Carolina A&T State University. This exception would be taken with the understanding that no

North Carolina applicant who meets the minimum admission requirements will be turned away and the exemption is limited to only the engineering discipline. Out-of-state students would continue to pay tuition at non-resident rates. Because the Committee's action represented a change in Board policy, official action by the Board was not taken in November but is scheduled for the January 2002 meeting.

Regarding the prospective budget reduction for North Carolina A&T State University, the effect of the anticipated Board exemption is to decrease the percentage of out-of-state freshman enrollment to 15% from 20%. Therefore, if applied retroactively, the institution would not be subject to the required budget reduction for 2001-02 fiscal year.

The two remaining institutions, Elizabeth City State University and the University of North Carolina at Wilmington, have already absorbed significant budget reductions and are required to meet additional reversion targets because of the State's deteriorating revenue condition. With the fall semester completed and commitments made for the spring semester, the reversion requirement creates an extraordinary hardship at both campuses. The budget reduction required by the Board's policy on out-of-state freshmen exacerbates further this hardship at the two affected institutions.

For the 2001-02 fiscal year, it is recommended that the Board suspend its policy requiring a budget adjustment for those institutions that have enrolled for two consecutive years more than 18% of the freshmen class from out-of-state students.