



THE UNIVERSITY OF NORTH CAROLINA SYSTEM

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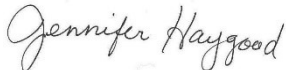
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September 18, 2020

MEMORANDUM

TO: Chancellors
Chiefs of Staff
Chief Academic Officers
Chief Financial Officers

FROM: Jennifer Haygood 

SUBJECT: Proposals for 2021-22 Campus-Initiated Tuition and Fee Adjustments

President Hans and the Board of Governors are committed to promoting accessibility and affordability of higher education for all North Carolinians. In light of this commitment and the financial strain the COVID-19 pandemic has placed on many students and families, the Board will only consider 2021-22 campus-initiated tuition and fee increases in the limited situations outlined below.

Attached are guidelines for your use in submitting requests for changes in tuition and fee rates, effective for the Fall Term 2021. Campus proposals will be reviewed by the president and his staff and presented to the Board in January and will be considered for approval at their February meeting. The guidance outlined in this memo is based on recommendations of the president and the Board, the UNC policy 1000.1.1 – *Establishing Tuition and Fees* (Attachment 1), and a special provision enacted by the 2016 General Assembly related to fees.

Undergraduate Tuition

The Board is recommending the following for undergraduate students:

- **No tuition increases are allowed for resident students.** Combined tuition and fee rates for undergraduate residents shall continue to remain in the bottom quartile of an institution's public peers.
- **Increases are allowed for nonresident students.** Campuses should continue to follow the traditional process for recommending campus-initiated tuition increases for nonresident undergraduate students. Combined tuition and fee rates for these students should be market driven and reflect the full cost of providing a quality education. In addition, a goal of each campus should be setting nonresident rates at or above the third quartile of each institution's public peers.

The System Office has been working with the campuses on revising their peer institutions. The new peers will be considered for approval by the Board at their November meeting. For the 2021-22 tuition and fee process, campuses should use the new peers for the comparisons.

Graduate and Professional School Tuition

The Board will not consider increases for **resident** graduate students; however, campuses can request to establish tuition rates for any new graduate program that will enroll students (residents and nonresidents) for the first time in Fall 2021. The Board will consider school-based and campus-initiated increases for **nonresident** tuition for graduate and professional programs that have been approved by the Board of Governors. Institutions must use the Board's tuition and fee policy as a guideline in developing recommendations for establishing nonresident graduate and professional school tuition rates.

The tuition and fee policy states, "Graduate and professional schools shall continue to establish rates consistent with each program's unique market and academic requirements." Tuition for nonresident graduate and professional students will be set with an emphasis on maintaining and increasing the excellence of the institution's graduate and professional programs, as well as ensuring access. Please do not submit requests for tuition increases for graduate programs that have not been previously approved by the Board of Governors.

NC Promise Institutions (ECSU, UNCP, and WCU)

The 2016 General Assembly set up a tuition buy-down program for ECSU, UNCP, and WCU that began with the 2018-19 academic year. The 2021-22 tuition for undergraduate residents will be \$500 per semester and \$2,500 per semester for undergraduate nonresidents. The cost of the foregone tuition receipts will be offset by an appropriation to increase the UNC budget, subject to funding availability.

ALL TUITION INCREASE PROPOSALS MUST BE ACCOMPANIED BY A DETAILED JUSTIFICATION ON THE USE OF THE INCREASED FUNDS.

Mandatory Fees (including debt service fees)

In accordance with UNC Board policy, the Board of Governors is responsible for establishing fees at the constituent institutions of the UNC System consistent with the philosophy set forth in the North Carolina Constitution. Fees will be charged only for limited, dedicated purposes and shall not be used to defray the cost of general academic and administrative operations of campuses, including academic programs and faculty and administrative salaries and benefits.

For 2021-22, the Board of Governors will consider increases to the health services fee. All increase proposals must be accompanied by an expenditure plan showing how the additional revenues are critically important for the fee-supported activity, including a description of why alternative sources or expenditure reductions are insufficient for addressing the needs of the fee-supported activity. Where applicable, this description should include information about expiring CARES Act funding utilized to support expanded health services in FY20.

For all other mandatory fees (including debt service), any proposed increase must be offset by a commensurate decrease to another fee, resulting in no net increase in the total of all mandatory fees, excluding health services. All increase proposals must be accompanied by an expenditure plan showing how the additional revenues are critically important for the fee-supported activity, and off-setting decrease proposals must describe the impacts of the reduced revenues.

In approving proposed fee increases submitted by the institutions, the Board will make every effort to keep fees for students as low as possible while providing revenues needed to support the purposes for which the fees are charged. Consistent with the statutory requirements enacted by the 2016 General Assembly, the total maximum allowable percentage increase is 3% for mandatory student fees that are charged to all students and approved by the Board.

Special Fees

Special fees are only applicable to students engaged in particular activities or courses of study. These fees may not be used to supplement general academic revenues that will be provided from campus-initiated tuition increases. No special fee increases will be allowed for 2021-22. New special fees will only be considered for new programs of study previously approved by the Board of Governors.

Application Fees

Application fees shall remain at the established rates for each institution.

Student Involvement and Use of Funds

Tuition and fee proposals must be accompanied by the *Student Involvement in Tuition and Fee Setting Process* form (Attachment 2). Additional information from your institution supporting your student involvement may also be transmitted with your tuition and fee package.

Attachments

Please see below for a list of attachments needed for completion of the tuition and fee cycle for the 2021-22 academic year.

Completion Date

We appreciate your efforts in providing the requested information. Tuition and fee packages are due by **Friday, December 4, 2020**. In addition to any correspondence sent to the UNC System Office, please email the Excel workbook of your tuition and fee package to Karen Russell (ktr@northcarolina.edu). Campus summary information must also be entered into the NCHED web-based system.

Please contact Karen Russell at 919-962-4606 if you have any questions about the process.

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Thank you for your assistance.

Att. 1: BOG Policy Establishing Tuition and Fees – UNC Policy Manual 1000.1.1

Att. 2: Student Involvement in the Tuition and Fee Setting Process

Other Attachments: Excel Workbook Supporting Tuition and Fee Requests

NCHED Tuition and Fees User Manual (for data entry into web-based system)

(emailed separately to the Budget Officers)

cc: President Peter Hans

Chief Operating Officer Jonathan Pruitt

Chief of Staff Norma Houston

Senior Vice President Kim van Noort

Vice President Lindsay McCollum Farling

Establishing Tuition and Fees

The General Assembly shall provide that the benefits of The University of North Carolina and other public institutions of higher education, as far as practicable, be extended to the people of the State free of expense. – North Carolina Constitution, Article IX, Section 9

I. Establishing Tuition

This citation from the North Carolina Constitution sets the parameters for establishing resident tuition rates at the constituent institutions of The University of North Carolina. The constitutional provisions for setting tuition are codified in General Statute 116-11(7), which states, in part, *"The Board (of Governors) shall set tuition and required fees at the institutions, not inconsistent with actions of the General Assembly."* This statute governed the setting of tuition rates for both resident and nonresident students from 1971 through 1999 during which time the Board of Governors recommended no tuition increases except as required by statute. This policy outlines the framework to be followed by the Board in establishing tuition levels for constituent institutions,¹ commencing with academic year 2003-2004. Tuition is charged to students enrolled in academic programs during regular terms, summer sessions or through off-campus distance instruction and is used to partially defray the costs of general academic and administrative operations of campuses, including academic programs and faculty and administrative salaries and benefits.

1. Board-initiated Tuition Rates

A. Undergraduate Tuition – General Policy

The appropriate tuition policy at the undergraduate level encourages students to pursue academic and intellectual interests without regard to program costs. Accordingly, no difference in tuition between undergraduate programs will occur within an institution, and there will be only minimal differences in undergraduate tuition among campuses in similar institutional categories as defined by the Board to reflect both varying missions and contrasting costs of education. Deviation in undergraduate tuition among campuses in different institutional categories will be based upon institutional offerings and will be reasonable.

B. Graduate and Professional Tuition – General Policy

The Board will attempt to extend the principle that tuition be set as low as practicable to graduate and professional students as well as those at the undergraduate level. The financial structure and educational purposes of graduate and professional education, however, are sufficiently different from undergraduate education that distinct tuition policies at the graduate and professional level will be permitted. The application of what is "practicable" varies by level of instruction for a number of reasons, and those differences will be reflected in the tuition policies associated with each.

The Board will apply Article IX, Section 9 of the North Carolina Constitution to graduate and professional level students but with the realization that the costs, sources of funds and purposes of graduate and professional education are materially different from undergraduate education. Tuition for graduate and professional students will be set with an

¹Consistent with G.S. 116-143, no tuition or fees may be charged to students in the high school program at the North Carolina School of Science and Mathematics. Service charges may be established consistent with Section II.2. below.

understanding that tuition revenues may be needed to maintain and increase the excellence of the University's graduate and professional programs. In setting tuition rates, the Board will consider the need to provide access to these programs for students irrespective of their financial capacity as well as the desire to attract and retain the best students to serve North Carolina's needs in each field.

C. Tuition for Nonresident Students - General Policy

Under General Statute 116-144, the Board of Governors is required to set tuition rates for nonresident students at levels "*...higher than the rates charged residents of North Carolina and comparable to the rates charged nonresident students by comparable public institutions nationwide. . . .*" In complying with the statute, the Board will set tuition for nonresident students after considering the results of a review of rates set by comparable public institutions nationwide. The Board will further consider the need for tuition remissions for nonresident graduate students when setting tuition rates and tuition remission policies.

D. Process for Setting Board-initiated Tuition Rates

i. Proposed increases in general tuition rates are to be recommended by the President for consideration by the Board. The President will seek counsel from University Chancellors and a committee of campus representatives appointed by each chancellor, before making the recommendations for tuition changes. The committee of campus representatives appointed by each chancellor will include students.

ii. The President, the chancellors and the committee of campus representatives will consider a number of factors in deciding whether to recommend changes to general tuition rates in any given year. After the President recommends any action to the Board of Governors, the Board will also consider those factors, which include:

a. Availability of State general fund revenue to maintain quality and access within the campuses of the University of North Carolina;

b. Evidence of institutional efforts to manage costs through increases in productivity, budget flexibility, and/or efficiency improvements;

c. Analysis of the impact of tuition and fee charges on student access to the campuses of the University of North Carolina as measured by the college-going rate and other metrics so as not to limit access to the University;

d. Changes in various price and income indices (e.g., North Carolina per capita personal income, Consumer Price Index, Higher Education Price Index);

e. The current level of student charges (tuition, fees, room and board) at UNC institutions and whether campuses have proposed campus or program tuition differentials for the budget period that would be in addition to general increases in tuition;

f. Analysis of student indebtedness levels within the University, viewed in the context of student attrition rates;

g. Availability of financial aid and tuition remission and amount of unmet need. Financial aid should be reviewed in the context of the different missions of the institutions, the diverse capacities of the institutions to provide financial assistance and the contrasting needs of students attending the institutions.

iii. In academic years ending in odd numbers (e.g., June 30, 2003, the long session of the General Assembly), the Board will act by October of the preceding year or when it adopts its biennial budget request to establish the University's general tuition rates for the next academic year. This timing allows Board action on tuition to be incorporated into the University's budget request as part of its overall financing plan. In academic years ending in even numbers when the Board prepares a supplemental budget request, the Board will set Board-initiated tuition rates in conjunction with its establishment of campus-initiated tuition rates.

2. Campus-initiated Tuition Rates

A. Campuses may request increases in tuition to provide revenue for specific purposes and programs. Revenue generated from a campus-initiated change in tuition rates will be accounted for in the budget of the originating campus and transferred within the institution by the chancellor in accordance with the priorities identified in the approved campus proposal.

B. Undergraduate Tuition

The Board recognizes that campuses may experience circumstances that suggest that an across-the-board change in undergraduate tuition may be needed at one or more institutions. In the event that circumstances lead a campus or campuses to the conclusion that a change in undergraduate tuition rates is needed, campuses are permitted to bring proposals for undergraduate tuition changes before the Board for its consideration. Campuses wishing to submit requests for undergraduate tuition changes will conduct a process that includes consultation with participation by students. A campus will consider the following factors when creating an undergraduate tuition proposal.

i. Availability of State general fund revenue to maintain quality and access within the campuses of the University of North Carolina;

ii. Evidence of institutional efforts to manage costs through increases in productivity, budget flexibility, and/or efficiency improvements;

iii. Analysis of the impact of tuition and fee charges on student access to the campuses of the University of North Carolina as measured by the college-going rate and other metrics so as not to limit access to the University;

iv. Changes in various price and income indices (e.g., North Carolina per capita personal income, Consumer Price Index, Higher Education Price Index);

v. The current level of student charges (tuition, fees, room and board) at UNC institutions and whether campuses have proposed campus or program tuition differentials for the budget period that would be in addition to general increases in tuition;

- vi. Analysis of student indebtedness levels within the University, viewed in the context of student attrition rates;
- vii. Availability of financial aid and tuition remission and amount of unmet need. Financial aid should be reviewed in the context of the different missions of the institutions, the diverse capacities of the institutions to provide financial assistance and the contrasting needs of students attending the institutions.
- viii. A plan for the intended use of additional tuition receipts (e.g., needed improvements to the educational program, funding for competitive salary increases, financial aid, etc.)

3. Graduate and Professional Tuition

The Board of Governors will permit individual campuses to initiate requests for Board approval of different base or program tuition rates at the graduate and professional level. If a campus explores the possibility of developing such a request, it will present evidence to ensure that students in the affected graduate and/or professional programs have been consulted. Tuition for graduate and professional students will be set with an emphasis on maintaining and increasing the excellence of the campus' graduate and professional programs as well as ensuring access. To the extent possible, there should be full tuition remission for graduate assistants to improve a campus' competitiveness in recruiting and retaining highly qualified nonresident graduate students.

In reviewing potential criteria to recommend as a basis for deciding when specific graduate or professional tuition differentials may be appropriate at a particular institution, a flexible policy framework that allows judgments to be reached based on a number of factors is preferable either to cost-based formulas or to discipline or program typologies that treat all academic or professional programs the same. In particular, a flexible approach based on the unique factors associated with specific programs is desirable because of the potential mix of graduate and professional programs that one may find within any given school or college; e.g., a professional school may offer a Ph.D. program in addition to one or more professional degree programs. Therefore, the campuses will consider the following factors in developing graduate and professional school tuition proposals.

- A. The anticipated impact of a proposed change on program quality;
- B. The projected impact of a proposed change in tuition on access for North Carolina residents;
- C. The availability of student financial aid for students with economic need and of tuition remission;
- D. The extent to which current and prospective students can afford possible increases in tuition;
- E. The relationship of projected tuition revenue to institutional and/or program costs;
- F. Tuition and fees, net of remissions and waivers, charged by peer institutions or programs, as compared to tuition and fees, net of remissions, at the UNC institution or program (the public subsidy received by students at public institutions or programs in the peer set,

including the UNC institution or program in question, will also be identified as part of the comparison);

G. A plan for the intended use of additional tuition receipts (e.g., needed improvements to the educational program, funding for competitive salary increases, financial aid, etc.); and

H. Assistantships or grant support for graduate students;

I. Analysis of student indebtedness levels within the University.

4. Timing and Review of Board Action

The Board will act by February of each year, or as soon as possible thereafter, to establish the University's campus-initiated tuition rates for the next academic year. Setting campus-initiated tuition rates by February will permit students and their families to know in early spring what their tuition charges for the fall semester will be, assuming consistency between the actions of the Board of Governors and the General Assembly. Moreover, an institution is required to submit a one-time report at the end of the first full biennium following an approved campus-initiated tuition rate increase in order to confirm that the additional revenues were used as the Board intended in approving the campus request. This will ensure the accountability of a campus for its tuition proposals as well as enable the Board to maintain the University's accountability to the State.

5. Tuition Requests in Context of Long Range Plans

All proposals for campus-based tuition increases will include the campus' plan for other tuition increases for a prospective period of five years, including the year of the current application.

6. Individual Consideration of Campus Request

The Board will review each campus-based tuition request on an individual basis, within the context of the University's long range plan, the need for Board-initiated tuition increases, the state's economic environment, and the financial impact on students. The Board is obligated to exercise its discretion in granting, modifying or denying a campus request.

II. Establishing Fees.

The Board of Governors is responsible for establishing fees at the constituent institutions of the University consistent with the philosophy set forth in the North Carolina constitution. Fees will be charged only for limited, dedicated purposes and shall not be used to defray the costs of general academic and administrative operations of campuses, including academic programs and faculty and administrative salaries and benefits. Consistent with the above citation, the Board will make every effort to keep fees for students as low as possible while providing the revenues needed to support the purposes for which the fees are charged.

Each year, the Board establishes the fees listed below. All fees established shall be based upon the recommendation of the chancellor, the institutional Board of Trustees, and following his or her review, the President. Excluding the application fee charged to prospective students, all fees set by the Board are annual fees. Once an annual fee has been established, semester rates, summer rates, and part-time rates shall be established by the President. It is the policy of the Board to act no later than February of each year to establish fees for the following fall semester.

1. Although the General Assembly provides for most of the instructional costs of institutions through State appropriations, institutions traditionally rely entirely on student fees to finance a number of activities, services, and facilities. Institutional Boards of Trustees are required to weight the benefits of the activity, facility or service against the fee required to provide financial support. Orientation sessions for the Boards of Trustees will regularly include discussions of the process followed when establishing student fees.

A. Application Fee. An application fee shall be established for each institution. Specific programs within an institution may require an application fee different from the fee charged for most students and the Board may set different fees according to program needs.

B. General Fees. Fees generally applicable to all students shall be established by the Board of Governors. Four general fees are authorized: athletic fees, health services fees, student activity fees, and educational and technology fees.

C. Fees Related to the Retirement of Debt Incurred for Capital Projects. Fees generally applicable to all students that provide revenues for the retirement of debt shall be fixed by the Board of Governors at the time of the borrowing. Indebtedness fees may not include components for operations and maintenance but shall reflect the cost of servicing the debt at the coverage levels required in Board resolutions and other documents authorizing the debt. Changes in fees required subsequent to the issuance of the debt may be approved by the President upon the request of the chancellor. Indebtedness fees expire when the related debt is retired.

D. Special Fees. Fees applicable only to students engaged in particular activities or courses of study shall be established by the Board of Governors when needed. These fees will not be used to provide general academic revenues that will be provided for from campus-initiated tuition increases.

2. Each chancellor is authorized to establish miscellaneous service charges for such items as transcripts, diplomas, caps & gowns, special examinations, late registrations, and replacement of I.D. cards. A schedule of such charges shall be filed with the President prior to the beginning of each school year.²

3. The process for establishing fees shall be as follows:

A. In academic years ending in odd numbers (e.g., June 30, 2003, prior to the short session of the General Assembly in 2004), the process shall be initiated at the beginning of the fall semester and contain the following steps.

i. The Vice President for Finance shall issue instructions to the campus chancellors calling for them to initiate a review of fees.

ii. Each chancellor shall establish a fee review committee with representatives of all aspects of campus life, including, but not limited to, representatives from Business Affairs, Student Affairs, the Financial Aid Office, and the student body. The Committee shall conduct a complete review of student fees from a zero-based budgeting

²The Chancellor of the North Carolina School of Science and Mathematics shall transmit by July 1 of each year a schedule of service charges at that institution for approval by the President.

perspective and shall make recommendations to the chancellor for establishing fees effective with the upcoming fall semester. The review will include an examination of alternative resources, including available institutional reserves, to determine if other funding is available to provide the services in lieu of establishing the fee. The review will include a reassessment of the existing operating methods to ensure that operations are performed in a cost-effective manner. If the committee determines that an increase in a fee is needed, the committee shall attempt to decrease another fee so that the total cost of education for students does not increase. In order to ensure that all students are able to meet the increased cost of education, the university's financial aid officer, working with the committee, shall determine that sufficient financial aid is available, from whatever sources are possible.

iii. The chancellor shall review the recommendations of the Committee and present recommendations to the Board of Trustees for review and approval. Before a chancellor makes recommendations to the Board of Trustees, the recommendations of the fee review committee will be shared with student government leaders so that students may inform the chancellor of their perspectives on the proposed changes.

iv. The recommendations of the Board of Trustees will be forwarded to the President for review.

v. When the review is completed, the President will present fee recommendations to the Budget and Finance Committee for consideration by the Board of Governors.

Each step in the process shall be an iterative and comprehensive review of the previous step, resulting in changes to the fee recommendations as deemed appropriate.

B. In academic years ending in even numbers (e.g., June 30, 2004, prior to the long session of the General Assembly in 2005), fee increase proposals submitted by the institutional Board of Trustees to the President may be approved by the President if the increase provides only for the following:

i. Additional revenues equal to the amount required for funding compensation increases for fee-supported employees at a level equivalent to the previous years' compensation increases authorized by the General Assembly.

ii. Additional revenues for nonpersonnel items at a level equivalent to increases in the consumer price index.

If a campus requires other changes in fees in academic years ending in even numbers, the process that shall be followed is identical to that followed in academic years ending in odd numbers.

Student Involvement in Tuition and Fee Setting Process

Campus Name: _____

Date: _____

Campus Administrator Name: _____

Campus Administrator Title: _____

Campus Administrator Signature: _____

Student Body President Name: _____

Student Body President Signature: _____

Collaboration

- ___ Tuition and fee committee(s) established.
- ___ Students were represented on the committee(s).
- ___ Student representatives were appointed by the Chancellor in consultation with the Student Body President.
- ___ Committees were co-chaired by the Chief Academic Officer and/or Chief Student Affairs Officer or their designee along with the Student Body President and/or Student Senate President.

Inclusiveness

- ___ Students on the tuition and fee committees were representative of student constituencies: (for example, in-state, out-of-state, undergraduate, graduate, professional school, distance education, etc.).
- ___ Student involvement throughout the entire tuition and fee setting process.
- ___ Student forums were conducted (at least two, one mid-day and one in the evening).

Transparency

- ___ Utilization of social media to reach out to students.
- ___ Utilization of university listserv(s) and website.

Timeliness

- ___ Process initiated and completed consistent with the UNC Policy. (September 1st through December 1st)

Accountability

- ___ Inclusion of student involvement form in the institution's tuition and fee request packet submitted to the UNC System Office.

Additional Information: