

APPENDIX U

2006-07 Tuition and Fee Increases

The tuition and fee policy of the Board of Governors provides a framework for the Board to use in reviewing and approving increases in tuition and fees on an annual basis. The Budget and Finance Committee will consider proposals for increasing campus-initiated tuition rates and fees in February 2006, and proposes the following guidelines for the 2006 process.

This year's proposals for campus-initiated tuition increases follow a year in which the Board approved no increases in tuition for resident undergraduate students. North Carolina's state budget remains constrained and The University sustained reductions of almost \$42 million this past summer, permanent reductions that now total \$212 million since 2001-02. During this same time period, mandatory reversions of almost \$250 million have further constrained university operating budgets. The opportunities forgone during this period of time are enormous, and will impact the experience of UNC students, faculty and staff for many years to come.

Campuses wishing to submit requests for increases in undergraduate tuition and fees for 2006-07 should consider the following factors:

1. Institutional efforts to manage costs,
2. The impact that increasing tuition and fees has on student access,
3. Student indebtedness viewed in the context of student attrition levels,
4. The availability of financial aid and the amount of unmet financial need, and
5. The intended use of tuition receipts.

The following guidelines should be considered by institutions proposing increases in tuition and fees for 2006-07.

1. Since the Board of Governors reviews both tuition increases and fee increases in the context of both being additional charges to students, campuses should understand that these guidelines apply to total tuition and fee proposals. For example, if the Committee recommends at its November meeting that it will entertain increases in tuition and fees of

\$250.00, campuses would consider how much of that \$250.00 would go towards tuition increases and how much would go towards fee increases. The need for increased revenues, whether or not from tuition increases or fee increases, would be required to be thoroughly justified.

2. In the past five years, tuition increases within the university system have ranged from 2.5 percent to 16.5 percent. In an effort to find a more predictable method of determining rates of increase, various indices and comparators have been reviewed that might result in a more stable and predictable methodology. One simple method for determining increases would be to use the average increase of like public universities in the country. The Washington Higher Education Coordinating Board in the State of Washington gathers this information annually and issues a report which provides summaries of tuition and fee increases for comparable institutions throughout the United States. For the 2006-07 academic year *only*, it is proposed that campuses consider total tuition and fee increases consistent with the most recent three-year rolling average of percentage increases shown in the *2004-05 Washington State Tuition and Fee Report*. The university's commitment to low tuition and access should remain the overarching theme considered by each campus. The dollar amounts that reflect these increases are shown below.

Institution	
North Carolina State University and UNC-Chapel Hill	\$451
East Carolina University, N.C. A&T State University, UNC Charlotte, and UNC Greensboro	346
Appalachian State University, Fayetteville State University, North Carolina Central University, UNC Pembroke, UNC Wilmington, and Western Carolina University	322
Elizabeth City State University and Winston-Salem State University	271
UNC Asheville	356
N.C. School of the Arts	437

In the 2004-05 Washington State Tuition and Fee Report, tuition and fee increases for resident undergraduate students at flagship universities are 10.1 % for 2002-03, 11.2% for 2003-04 and 9.6% for 2004-05. For comprehensive institutions, the percentage increases for the same period of time are 10.5%, 11.6%, and 8.9% respectively.

These guidelines would not apply to increases in debt service fees or a fee that provides operating funds for facilities previously approved by the Board.

At the October meeting, it was recommended that the Vice President for Finance seek guidance from the chancellors regarding unique circumstances that may require campus proposals inconsistent with these guidelines. Most campuses reported an ability to adhere to the guidelines. The exceptions are listed below.

- The Chancellor of Appalachian State University reports that, although not formally recommended, the tuition committee has considered an increase of \$400. Increases needed in fee-supported activities, particularly those supported by the athletics fee and the educational and technology fee, are anticipated to result in requests that also will exceed the prescribed guidelines.
- The Chancellor of Fayetteville State University reports that requested increases are anticipated to total \$385.00 for tuition (\$200) and fees (\$185). This total exceeds the proposed guideline by \$63.
- While the Chancellor of North Carolina State University reports an ability to adhere to the guidelines, he points out that he may submit school-specific increases for consideration by the Board.
- The Chancellor at UNC Charlotte reports an ability to adhere to the guidelines with the possible exclusion of the implementation of the final phase of increasing tuition relative to its transition to Research Intensive status.

- Although the Chancellor of Western Carolina University denotes no specific amounts and will work to request amounts within the prescribed guidelines, he cites a potential need for increases that may be slightly in excess of the guidelines.

It was also requested that the Vice President for Finance seek information regarding debt service fees or other fees that may need to be increased as a result of previously approved facilities coming on-line. The following institutions report the need for such increases.

- East Carolina University reports an anticipated debt service fee of approximately \$150 for the Mendenhall/Ledonia Wright Cultural Center project.
- North Carolina State University reports the implementation of the previously approved fee of \$30 to provide for renovations to the Thompson Theater Building and a new debt service fee for athletics facilities that will total in the range of \$40 to \$75, with specific amounts to be requested when more information is known.
- UNC Chapel Hill reports that a fee of \$50 is under consideration to provide for renovations to Carmichael Gymnasium.
- UNC-Charlotte reports an anticipated debt service fee increase of \$50 to \$60 to support the financing of the new Student Union approved by the Board in 2003.
- UNC-Wilmington reports an anticipated debt service fee of \$120 to support the Student Union expansion project approved by the Board in 2003.
- Winston-Salem State University reports the implementation of the debt service fee for previously approved athletics projects totaling \$129 and a possible debt service fee related to the Student Activity Center.

It should be noted that chancellors will need to demonstrate how the funds generated from tuition increases would be used to enhance the undergraduate student experience, e.g.,

providing reduced class sizes, increasing sections offered, providing fewer part-time faculty for teaching purposes and retaining superior faculty. Increasing financial aid should be a high priority.

Chancellors should consider undergraduate nonresident rates, graduate, and professional schools increases as allowed by the Board's tuition policy.

It is recommended that these guidelines be adopted and transmitted to the Chancellors.