

“Freeze and Cap”

Background

- The Board of Governors (BOG) of the University of North Carolina charged the Working Group on Financial Aid/Tuition to study issues related to tuition-funded need-based financial aid and to determine if establishing a maximum percentage of total base tuition revenue to be used for need-based aid, including any campus-specific needs or differences, is feasible.
- In its work, the Working Group found that all students would benefit from restraining growth in the cost of tuition, which contributes to increases in the amount of student debt.
- As a result, the Working Group recommended that the BOG end the practice of linking tuition increase revenue to need-based financial aid and instead implement a 15% “Freeze and Cap” proposal, whereby a maximum percentage of total base tuition revenue may be used for need-based aid.
- On August 1, 2014 the BOG implemented a 15% cap on the percent of total base tuition that may be set aside for need-based financial aid.

Policy

- Campuses setting aside greater than 15% of base tuition revenues for need-based financial aid are capped at the dollar amount set aside for FY 2014-15.
- Campuses setting aside less than 15% of base tuition revenue for need-based financial aid have flexibility to increase aid up to the 15% cap.

Impact

- **There is no reduction in the dollar amount of aid to students.**
- **Tuition growth for all students will be restrained.**
- Growth in other costs of attendance (fees, room and board, etc.) will not be impacted by this change. If a campus’s other costs of attendance increase (and thus student needs increase), the campus and/or student will need to find alternative funding sources.