

University of North Carolina

A New Four-Year Tuition and Fee Plan

A Framework for Discussion

November 7, 2013

Presentation Outline

- **Constitutional and Legislative Framework**
- **Background and Context**
- **New Four-Year Plan**
- **Timeline**

For discussion only; no action to be taken in November

Constitutional and Legislative Framework

- “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.”
– ***NC Constitution – Article IX, Section 9***

- “The Board shall fix the tuition and fees, not inconsistent with actions of the General Assembly, at the institutions . . . in such amount or amounts as it may deem best, taking into consideration the nature of each institution and program of study and the cost of equipment and maintenance. . . .”
– ***G.S. 116-143***

Constitutional and Legislative Framework

■ **Prior to 1998:**

- Tuition had been set by the General Assembly;
- Tuition increases were erratic; and
- “Low tuition” was undefined.

■ **In 2001, the General Assembly validated the Board’s Tuition Policy through a special provision.**

Background and Context

- **Since 2006, BOG has used four-year plans to set parameters for tuition and fee increases:**
 - **Helps ensure affordability for students.**
 - **Provides predictability for students and campuses.**
 - **Campuses retain tuition receipts for designated uses.**

Background and Context

Current Four-Year Plan

- **Approved by BOG November 2010.**
- **Tuition and general fee increases not to exceed 6.5% (fees for debt service excluded).**
- **If recurring state operating appropriations increase by more than 6%, the tuition ceiling for the next academic year is reduced by 1% for each percentage above 6%.**
- **Combined tuition and fee rates for resident undergraduate students must be in the bottom quartile of an institution's public peers.**

New Four-Year Plan

New Four-Year Plan

■ **Calculation of new cap:**

- Tuition increases shall not exceed 5%.
- Cap may be increased if annual change in appropriation per resident FTE is reduced.
- Cap will be decreased if annual change in appropriation per resident FTE is greater than 5%.

New Four-Year Plan

- Resident undergraduate tuition and fee rates must still remain in bottom quartile of public peers.
- Applies to both resident undergraduate and graduate tuition rates.
- Professional and specialized graduate programs with differential tuition rates are not subject to the cap.
- Board of Governors may consider changes to the cap if:
 - Significantly higher than anticipated increases in inflationary or fixed costs.
 - Extraordinary circumstances impact a campus or the UNC system as a whole.

New Four-Year Plan

Nonresident Undergraduate Tuition Rates

- Rates shall continue to be both market driven and to reflect the full cost of providing a quality education.
- Campuses shall set a goal for tuition and fee rates at or above the third quartile of their approved public peers.

New Four-Year Plan

General and Debt Service Fees

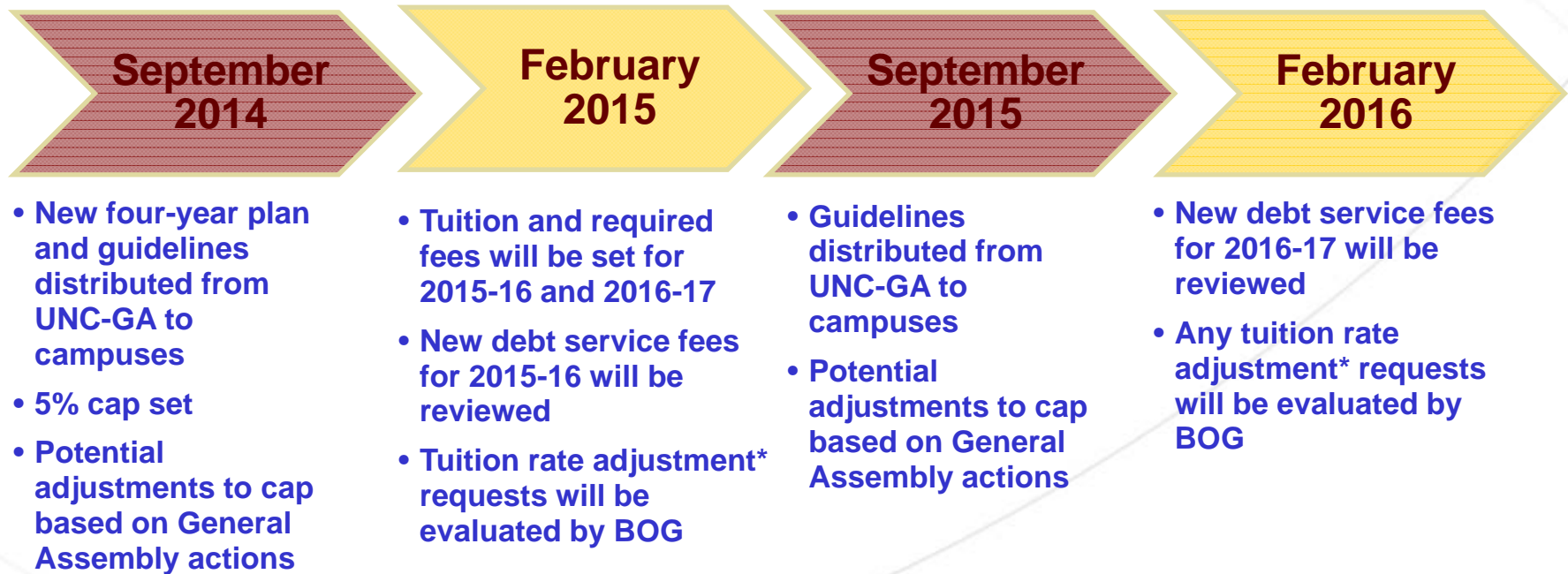
- **Athletics, health services, student activities, and education and technology fees are subject to the 5% cap.**
- **Debt service fees are not subject to the cap.**
- **Reserves established and maintained from each fee must be presented and included in any fee increase justification.**

New Four-Year Plan

Comparison to Current Four-Year Plan

	Current (2nd) Four-Year Plan (2011-12 through 2014-15)	Proposed (3rd) Four-Year Plan (2015-16 through 2018-19)
Tuition Increase Caps		
Resident Undergraduate	6.5% cap	5% cap
Resident Graduate	No cap	5% cap
Tuition Increase Floors		
Nonresident Undergraduate	None	Goal of third quartile of peers or higher
Nonresident Graduate	None	None
Significant Appropriation Cuts		
Resident Undergraduate	No effect	Cap allows increase by amount cut per resident FTE
Resident Graduate	No effect	Cap allows increase by amount cut per resident FTE
Significant Appropriation Increases		
Resident Undergraduate	Cap is reduced by % increase per FTE > 6%	Cap is reduced by increases greater than 5% per resident FTE
Resident Graduate	No effect	Cap is reduced by increases greater than 5% per resident FTE
Required General & Debt Service Fees		
All Students	6.5% cap	5% cap
Athletic Debt Service	Blended with other debt fees	Discrete from other debt fees

Timeline



Final two years (2017 and 2018) of the Plan will have a similar process.

** Tuition rate adjustments may be needed to offset significant changes in appropriations or to keep resident undergraduate rates in the bottom quartile of each peer group.*

BOG Discussion

Questions?