

### 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 rate in February 2006, and proposes the following guidelines and parameters 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

parameters outlined in this recommendation apply to total requests for increases in tuition and fees. For example, if the Committee recommends and the Board agrees to entertain increases in tuition and fees of \$250.00, campuses would determine 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 tuition increases and fees be based on a three-year rolling average of percentage increases shown in the *2004-05 Washington State Tuition and Fee Report*. This methodology would establish a maximum increase for each campus, but in no way is an endorsement that campuses should go that high. The university's commitment to low tuition and access should be the overarching theme considered by each campus.
3. Campus initiated proposals for tuition and fees combined for the 2006-07 academic year should not exceed the following:

Institution	Maximum Increase In Tuition and Fees
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.*

Institutions that are required to increase debt service fees or a fee to provide building reserves for facilities previously approved by the Board do not need to consider those increases in the maximums previously described.

Chancellors are strongly encouraged to propose resident tuition and fee increases that total less than the maximums outlined above. Additionally, chancellors are encouraged 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 may propose increases in tuition for nonresidents that do not conform to these guidelines. Graduate and professional schools increases will be considered individually consistent with the Board's policy.

It is recommended that the parameters previously described be transmitted to the Chancellors for their use in proposing resident tuition and fee increases for the 2006-07 academic year.