Border Tuition

Setting a substantially lower nonresident tuition rate targeted at students near a border is within current Board of Governors' tuition and fees policies. A border tuition change requires Board approval on a campus-by-campus basis. Proposals would be presented at the January and February 2015 Board meetings when tuition is reviewed and approved.

The main goals of a discounted nonresident border tuition rate would be to ensure optimum financial sustainability at the campus and to meet regional economic development requirements. Such a rate could have a positive impact on enrollment and revenue at border institutions. This is especially true of campuses that have had enrollment issues and have excess capacity. A border tuition rate could be of strategic importance to allow the institution to focus on an economic region not bound by state borders. However, it could negatively impact the budget of the institution if the cost of educating and housing the student exceeded the tuition and fee revenue generated by the student. Current policy requires justification for campus proposed tuition rates. Since a border tuition rate could have large implications for an institution, the following parameters will be required:

- General Administration staff will report annually to the Committee of any approved border tuition plans, one year after implementation and include success metrics as described in the business case discussed below.
- Nonresidents under a border tuition program will count toward the 18% nonresident cap.
- Campuses approved by the Board to have border tuition rates will not be eligible for state support for students paying the discounted rates.
- Only campuses within 25 miles of a state border can request border tuition rates.
- The selected out-of-state counties, whose residents will be eligible for the reduced nonresident tuition rate, must be partially within 50 miles of the campus unless a compelling business case can be presented.

- Proposed nonresident border tuition rates must be greater than resident tuition and must cover the costs of the new nonresident students.
- The proposal for a border tuition rate must include a business case containing:
    - An estimate of the expected increased enrollment over time due to the tuition change,
    - An estimate of the number students that other UNC system schools will lose due to the tuition change,
    - A measurement of the excess capacity on campus,
    - An estimate of the savings that could be achieved by eliminating the excess capacity that would be used under the tuition change,
    - The marginal and average cost of educating a student,
    - How proposed tuition change may impact access for residents,
    - Expected net present value of the policy change,
    - How the tuition change will affect the strategic goals of the campus,
    - How the tuition change will effect regional NC economic development including an estimate of the increased number of graduates likely to live in North Carolina as a result of this tuition change,
    - Alternative tuition rate and nonresident coverage scenarios for consideration, and
    - Success metrics under which this tuition change could be evaluated as a success or failure.

The idea of a discounted nonresident border tuition rate was discussed briefly at the June 2013 BOG meeting with other nonresident enrollment management alternatives. It was discussed in detail at the October 2014 Board meeting. Tennessee and Georgia have statewide nonresident border policies; Virginia and South Carolina do not. Nearby South Carolina universities have individually set special nonresident tuition rates targeted at North Carolina residents.

It is recommended that the Committee on Budget and Finance endorse the above parameters with the expectation that for this tuition cycle, Elizabeth City State University and University of North Carolina at Pembroke will request border tuition rates.