

- 6. Budget Adjustment for Exceeding the 18% Limit on Nonresident Freshman Enrollment – UNC-CH ..... Andrea Poole

**Situation:** UNC-Chapel Hill’s out-of-state freshmen enrollment has exceeded the 18% limit (19.5%) required by Board policy for the second consecutive year.

**Background:** The Board’s policy 700.1.3 states that any constituent institution, except the UNC School of the Arts, that exceeds the 18% out-of-state freshman enrollment limitation for two consecutive fiscal years shall have its state operating budget reduced.<sup>1</sup> This reduction shall be made in the second fiscal year in which the two consecutive fiscal year condition is violated; the reduction shall be made, on a nonrecurring basis, immediately after the Board of Governors approves the annual enrollment report. The budget reduction shall be based on the number of out-of-state freshmen enrolled in excess of the 18% limitation and the established method used for calculating the operating requirements for Regular Term enrollment changes.

**Assessment:** It is recommended that the budget for UNC-Chapel Hill be reduced by \$1,041,017 and the funds be reallocated to the Board’s UNC Need-Based Grant Financial Aid Program.

**Action:** This item requires a vote.

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<sup>1</sup> NC A&T State University has two Board-approved exemptions from the 18% cap not included in policy. Since 2002, engineering majors have been excluded from the calculation of the cap. Additionally in 2014, the Board approved a pilot program increasing the cap for NCA&T to 25% (also excluding engineering majors), so long as qualified North Carolina residents are not excluded.

Budget Adjustment for Exceeding the 18% Limit on Nonresident Freshman Enrollment – UNC-Chapel Hill

The Fall 2016 Enrollment Report indicates that UNC-Chapel Hill has nonresident freshman enrollment – for two consecutive years – that exceeds 18% of the freshmen class, an over-enrollment of 76 nonresident freshman students. The Board’s policy [700.1.3], as shown below, requires a budgetary adjustment at the institution.

*Beginning with the fall of 1994, any constituent institution, except the UNC School of the Arts, that exceeds the 18% out-of-state freshman enrollment limitation for two consecutive fiscal years shall have its state operating budget reduced. This reduction shall be made in the second fiscal year in which the two consecutive fiscal year condition is violated; the reduction shall be made, on a nonrecurring basis, immediately after the Board of Governors approves the annual enrollment report at its November meeting. The budget reduction shall be based on the number of out-of-state freshmen enrolled in excess of the 18% limitation and the established method used for calculating the operating requirements for Regular Term enrollment changes.*

The required budget adjustment and freshmen enrollment information follows:

<b>2016 Freshmen Enrollment for UNC-Chapel Hill</b>					
Budget Adjustment	Out-of-State Freshmen		In-State Freshmen		Total Freshmen
	Number	%	Number	%	
\$1,041,017	796	19.5%	3,280	80.5%	4,076

For the 2016-17 fiscal year, it is recommended that the budget for UNC-Chapel Hill be reduced by \$1,041,017. It is further recommended that the funds be reallocated to the Board’s UNC Need-Based Grant Financial Aid Program for resident undergraduate students.