



MEETING OF THE BOARD OF GOVERNORS  
Task Force on Pricing, Flexibility, and Affordability

August 24, 2021 at 1:00 p.m.  
Via Videoconference and PBS North Carolina Live Stream  
University of North Carolina System Office  
Chapel Hill, North Carolina

**AGENDA**

- A-1. Introduction ..... Wendy Murphy
- A-2. Approval of Minutes from February 16, 2021 ..... Wendy Murphy
- A-3. Examining Total Cost of Attendance..... Andrew Kelly
- A-4. Adjourn

## DRAFT MINUTES

February 16, 2021  
University of North Carolina System Office  
Via Videoconference and PBS North Carolina

This meeting of the Task Force on Pricing, Flexibility, and Affordability was presided over by Chair Wendy Murphy. The following committee members, constituting a quorum, were also present in person or by video conference: Art Pope, Carolyn Coward, Dwight Stone, David Powers, Michael Williford, and Isaiah Green.

Staff members present included Andrew Kelly and others from the UNC System Office.

### 1. Introduction (Item A-1)

The chair called the meeting to order at 3:00 p.m. on February 16, 2021. Chair Murphy reiterated the need to establish a recommendation about how to define distance education programs for fee-charging purposes.

### 2. Approval of the Minutes of December from December 17, 2020 (Item A-2)

The chair called for a motion to approve the open session minutes of December 17, 2020.

**MOTION:** Resolved, that the Task Force on Pricing, Flexibility, and Affordability approve the open session minutes of December 17, 2020 as distributed.

**Motion:** Carolyn Coward

**Motion carried**

Roll Call Vote	
Murphy	Yes
Pope	Yes
Coward	Yes
Stone	Yes
Powers	Yes
Green	Yes
Williford	Yes

### 3. Defining Distance Education for Fee-Charging Purposes (Item A-3)

Dr. Andrew Kelly provided the task force with a brief overview of previous discussions held on December 17, 2020. Dr. Kelly also provided an in depth look at varying definitions of distance education including federal and state definitions from Florida and Texas.

System Office then presented a recommendation to the Task Force for consideration.

**MOTION:** Resolved, that the Task Force on Pricing, Flexibility, and Affordability approve the recommendation as presented by System Office staff.

**Motion:** Wendy Murphy

**Motion carried**

Roll Call Vote	
Murphy	Yes
Pope	Yes
Coward	Yes
Stone	Yes
Powers	Yes
Green	Yes
Williford	Yes

### 4. Flexibility and Transparency in Student Fees (Item A-4)

Jonathan Pruitt and Dr. Kelly reviewed the current System policy for establishing fees with the task force. They highlighted the strengths and weaknesses of the current policy, including ease of tracking and reporting, however there is limit in flexibility. Policies of other states were also examined, with Virginia and Georgia being points of focus. The presentation concluded with the question of what other felxibilites should the task force consider in reference to student fees.

### 5. Group Discussion (Item A-5)

The task force engaged in a robust discussion following the presentations. Chancellors expressed the idea of exploring whether targeted, one-time “special authority” could be granted to a campus to solve budget challenges. There was mixed support for combining student fees and providing more flexibility, with a share of campuses raising concerns about the consequences for transparency.

There being no further business, the meeting adjourned at 5:15 p.m.

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Wendy Floyd Murphy, Chair

## AGENDA ITEM

A-3. Examining Total Cost of Attendance ..... Andrew Kelly

**Situation:** Tuition and fee prices in the UNC System are among the most affordable the country which can be credited to the General Assembly’s strong commitment to affordable higher education. However, tuition and fees are one part of the cost of attending college. Students also face living expenses like room and board, along with books and supplies, transportation, and other costs. These costs have grown considerably over the past decade, but often receive less attention than tuition and fees. In this session, the task force will review the statutory definition of Cost of Attendance (COA), trends in overall COA and in individual components, and relevant policy considerations for the UNC System.

**Background:** Section 472 of the Higher Education Act requires universities participating in federal financial aid programs to develop a total COA, an estimate what it costs to attend a college or university for an academic year, which includes tuition and fees, room and board, books, supplies, transportation, and other costs. Each institution determines its own COA, and some components are billed to students directly (tuition, mandatory fees, and on-campus housing and dining), while others are estimates of the costs students will face (books and supplies, transportation, off-campus room and board). The COA is used to determine how much financial aid a student may receive (not to exceed the estimated COA).

While Article IX, Section 9 of the North Carolina Constitution has kept tuition and fee prices in the UNC System among the most affordable in the country, these costs make up about 1/3 of the total cost of attending one of our universities. The total COA, including living expenses, books and supplies, and other costs, has increased substantially over the past decade due in part to growth in non-tuition and fee costs. These trends have implications for affordability and student debt.

**Assessment:** The task force will examine student costs beyond tuition and fees like room and board, books and supplies, and other components of the total COA. The group will review trends in costs other than tuition and fees, nationally and within the UNC System, and assess whether any changes are needed to improve transparency and affordability.

**Action:** This item is for discussion only.



# TASK FORCE ON PRICING, FLEXIBILITY, AND AFFORDABILITY

August 24, 2021

# Outline

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## 1. Understanding cost of attendance (COA)

- a) Why focus on COA?
- b) Background on the concept
- c) COA in practice

## 2. Trends in overall COA and individual elements

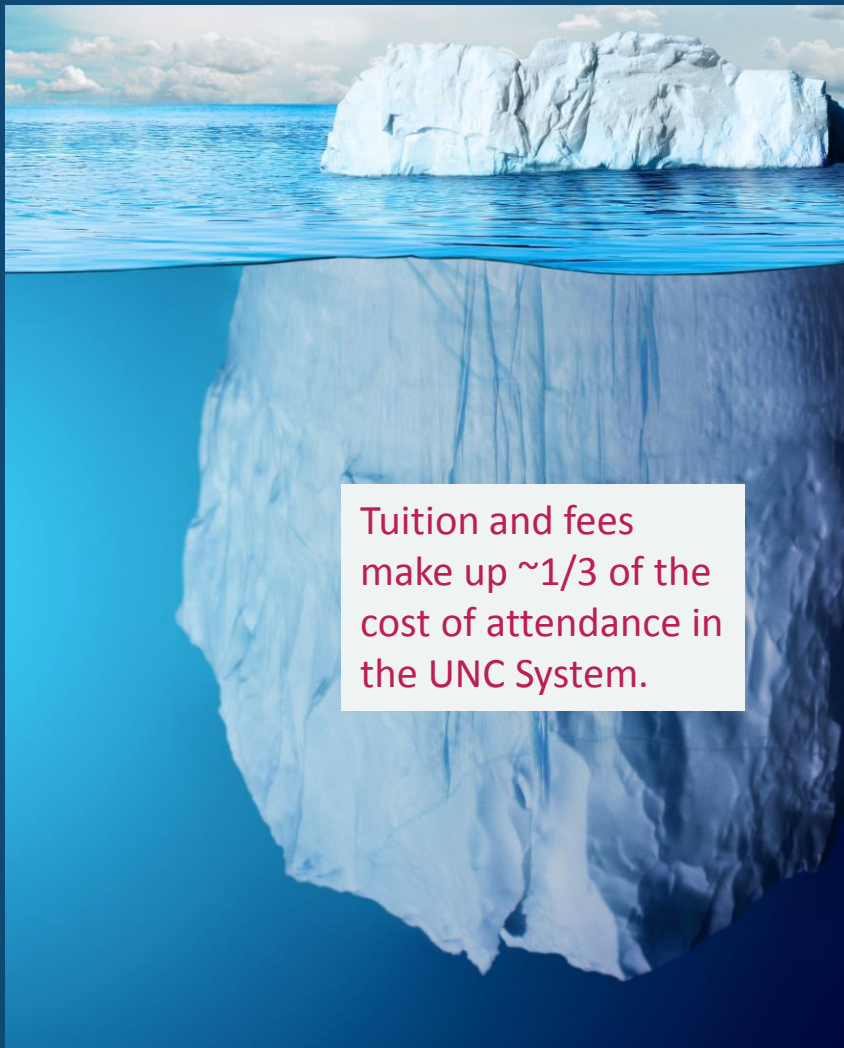
## 3. Policy considerations

- a) How does COA relate to other priorities and initiatives?
- b) How do other states and systems approach non-tuition and fee costs?

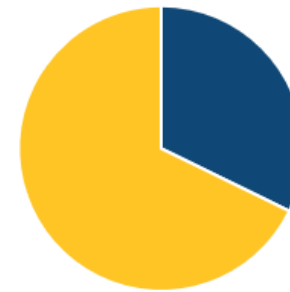


# UNDERSTANDING COST OF ATTENDANCE

# Tuition and Fees Are Just One Piece of the Cost

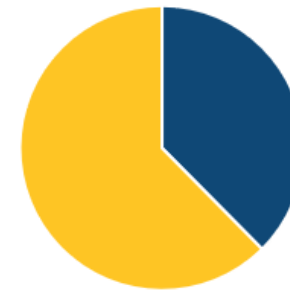


**UNC System Institutions**  
Average Cost of Attendance (\$21,269)  
Undergraduate Students, 2020-2021



■ Tuition and Fees ■ Other Expenses

**All Public 4-Year Institutions**  
Average Cost of Attendance (\$24,666)  
Undergraduate Students, 2020-2021

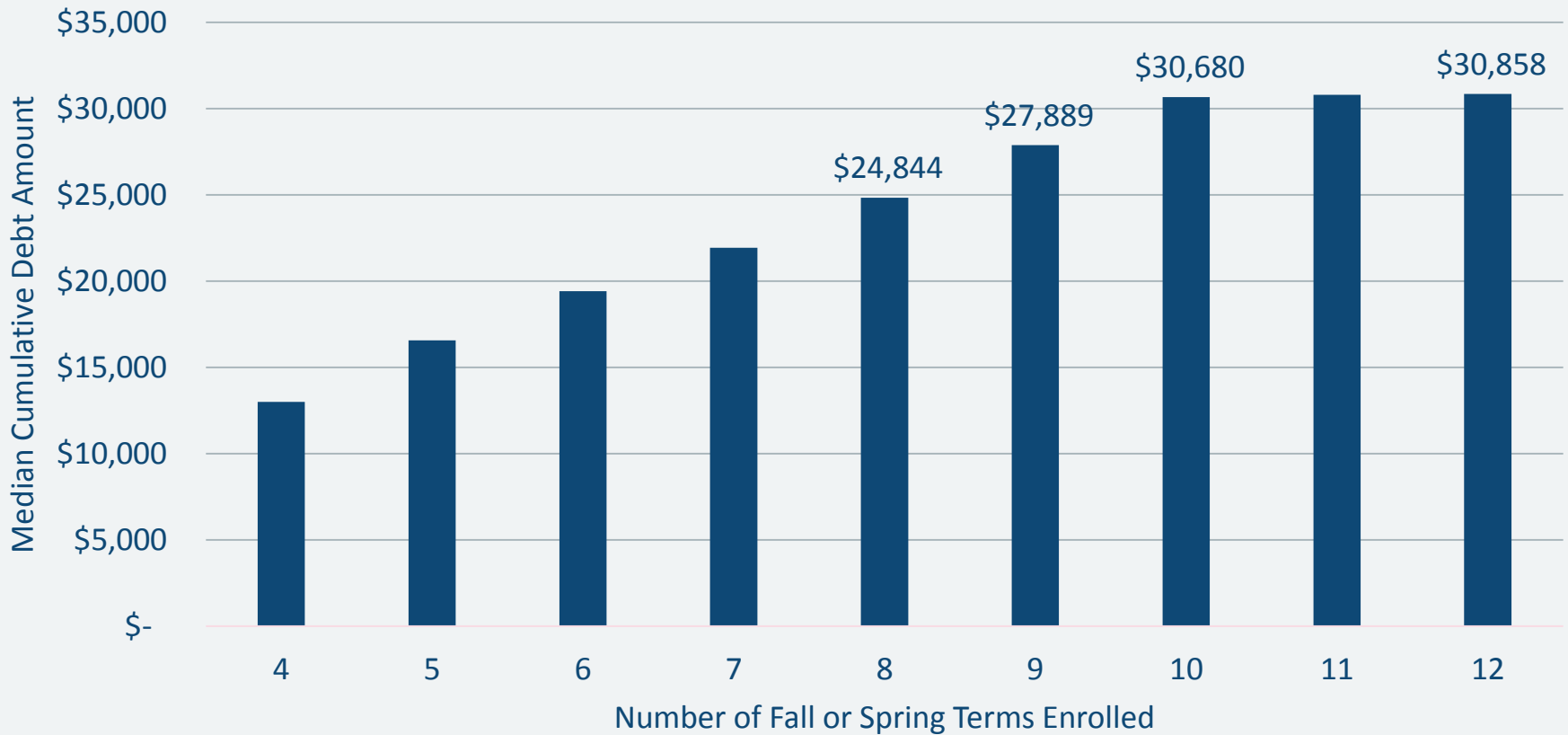


■ Tuition and Fees ■ Other Expenses



# Total Cost of Attendance is a Key Driver of Student Debt

## Median Loan Amount Among Undergraduate Borrowers Who Completed by the Number of Fall or Spring Terms Enrolled



# Cost of Attendance (COA) History and Usage

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- Originally defined by Congress in 1972 reauthorization of the Higher Education Act (HEA) of 1965, COA is the average “all-in” cost to attend a college or university for one academic year.
- Per Section 472 of HEA, COA includes tuition and fees and an allowance for: **room and board, books and supplies, transportation, and personal expenses.**
- In 2008, Congress mandated creation of Net Price Calculators, which provide estimates the net COA after accounting for grant aid.
- COA is key determinant of financial aid eligibility:
  - Eligibility for federal student aid (Pell Grants, student & parent loans) is based on difference between COA & Estimated Family Contribution (EFC).
  - Students can borrow up to the annual federal loan limit or COA; Parents can borrow up to the COA (no annual limits).

# Cost of Attendance (COA) in Practice

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- While defined by Congress, the federal Department of Education has not *historically* regulated cost of attendance.
  - Institutions can set allowances for different types of students: those living in on-campus housing, those living off campus, those living at home, etc.
  - Institutions can determine which expenses to include in which categories (i.e., “personal expenses”).
- Calculation of COA and its individual components can vary depending on the audience and purpose:
  - campuses publish estimates to help families plan for likely costs
  - financial aid officers use COA to determine financial aid eligibility
  - federal data collection requires reporting room and board rates for specific students
  - individual students are directly charged a particular rate for their housing and dining, which depends on their choice of residence hall and meal plan

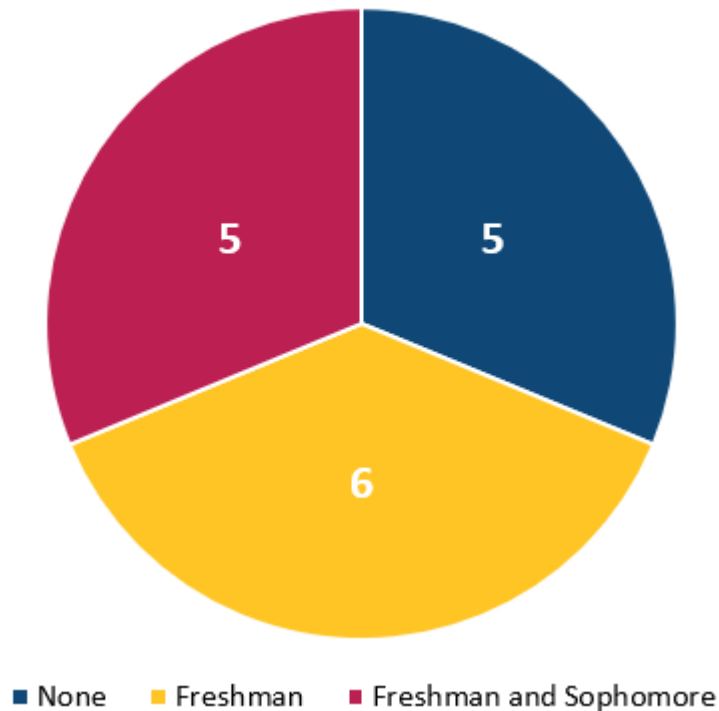
# Cost of Attendance (COA) in Practice

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- COA includes both:
  - direct costs—those that are charged by the university to students and families, like tuition, fees, and on-campus housing
  - indirect costs—costs that students may face but will vary from student to student, like books and supplies, transportation, and personal expenses
- Different universities include different elements in indirect costs. For example:
  - seven of our universities include loan costs in COA
  - four include health insurance in the COA estimates they provide to students
- **The discussion that follows focuses primarily on direct costs other than tuition fees that are charged to students, in particular the price of housing and dining**

# Housing and Meal Plan Requirements Vary

On-Campus Housing Requirements



Research suggests that living on-campus has **positive effect** on student success:

- Schudde (2011) found that on-campus students had higher retention rates (3.3 pp)
- **15** Universities require students living on-campus to purchase an on-campus meal plan.
- **1** (UNC-CH) has no requirement\*



# COST OF ATTENDANCE TRENDS

# Cost of Attendance Breakdown for UNC System Institutions

## Estimated Total Cost for Regular Full-Time Undergraduate Students 2020-21 for Resident Students

Institution	Total Resident Tuition and Mandatory Fees	Room(1)	Board(1)	Books & Supplies	Other Expenses	Total Cost of Attendance
NCSU	\$8,896	\$6,340	\$4,320	\$1,082	\$2,730	\$23,368
UNC-CH	8,751	6,876	4,860	990	2,780	24,257
ECU	7,069	6,155	4,038	1,462	3,630	22,354
NC A&T	6,551	4,509	3,725	1,600	2,300	18,685
UNCC	6,906	6,760	4,250	1,250	3,768	22,934
UNCG	7,288	5,626	3,588	1,000	2,222	19,724
UNCW	7,077	5,935	3,756	1,130	3,460	21,358
ASU	7,250	4,666	2,892	700	2,980	18,488
FSU	5,310	5,065	4,279	420	2,387	17,461
NCCU	6,418	5,354	4,349	1,500	3,454	21,075
UNCP	3,456	5,095	4,276	1,505	3,241	17,573
WCU	3,836	5,140	4,387	366	2,958	16,687
WSSU	5,864	6,049	3,872	1,300	2,652	19,737
UNCA	7,089	5,610	4,340	1,200	2,400	20,639
ECSU	3,260	5,798	3,426	1,240	2,713	16,437
UNCSA	8,912	4,954	4,502	1,325	2,498	22,191
Average	6,496	5,621	4,054	1,129	2,886	20,186

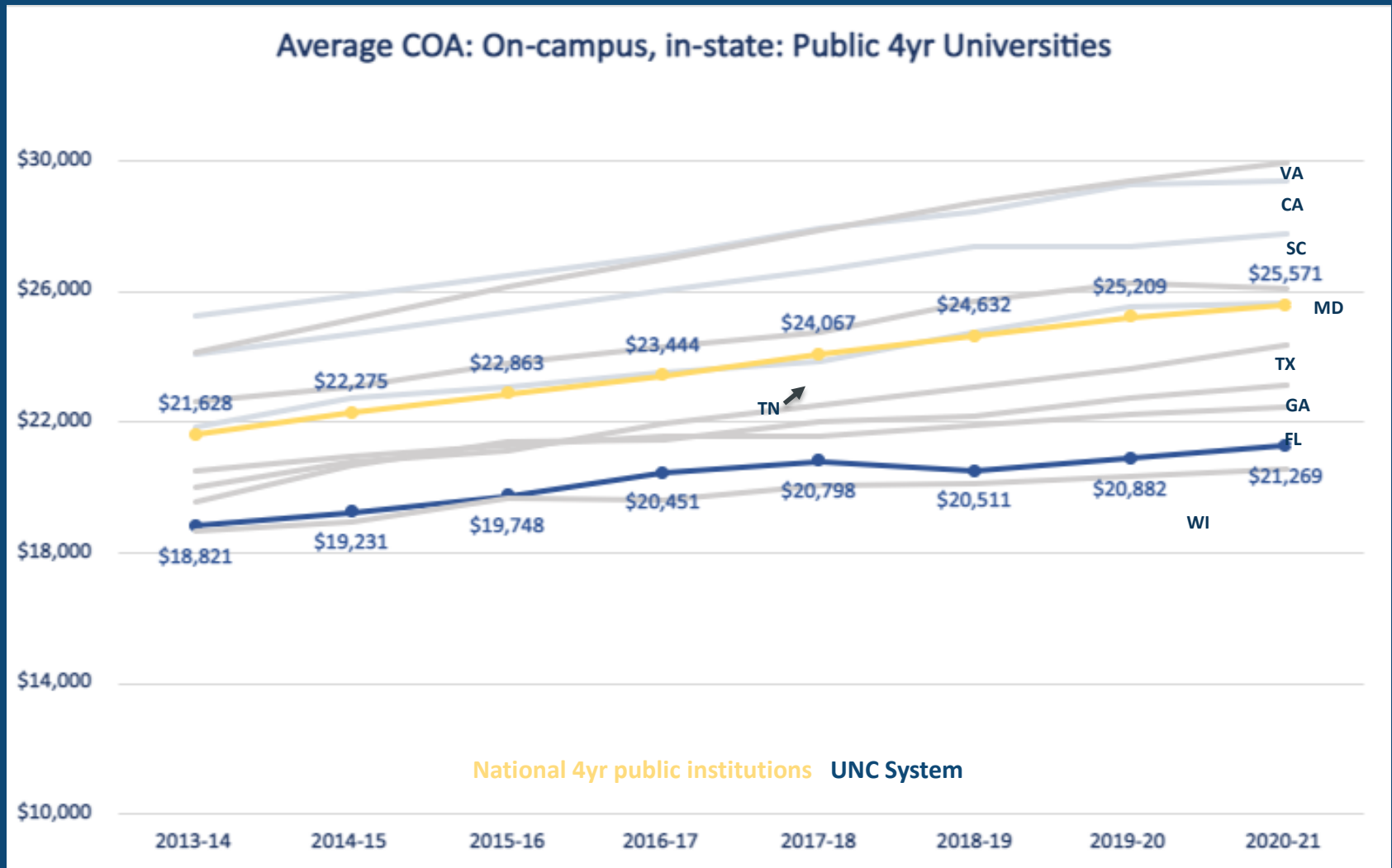
# Cost of Attendance – National Data

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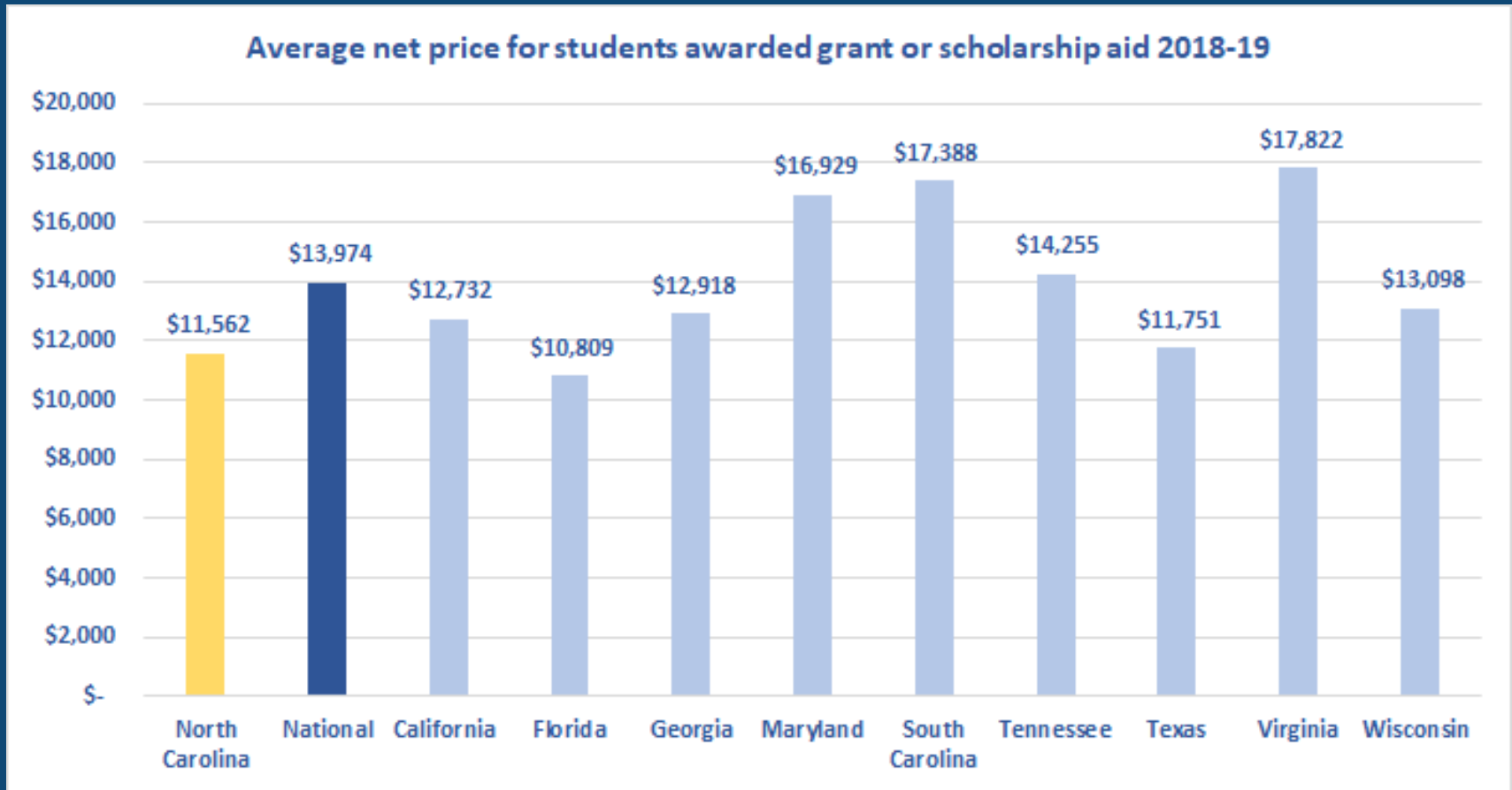
- The IPEDs database collects costs of attendance for all institutions:
  - Tuition & Fees
  - Room & Board
  - Books & Supplies
  - Other Expenses
- Some IPEDS data is based on cost of attendance for first-time, full-time students; others is based on all undergrads. Charts below use on-campus room and board for **first-time, full-time students**.



# Trends in Undergraduate Cost of Attendance at 4-yr Publics (UNC System, National and Select State Averages)



# National Data: Average net price for undergraduate students awarded grant or scholarship aid 2018-19



Source: IPEDS net price for undergraduate students awarded grant or scholarship aid 2018-19

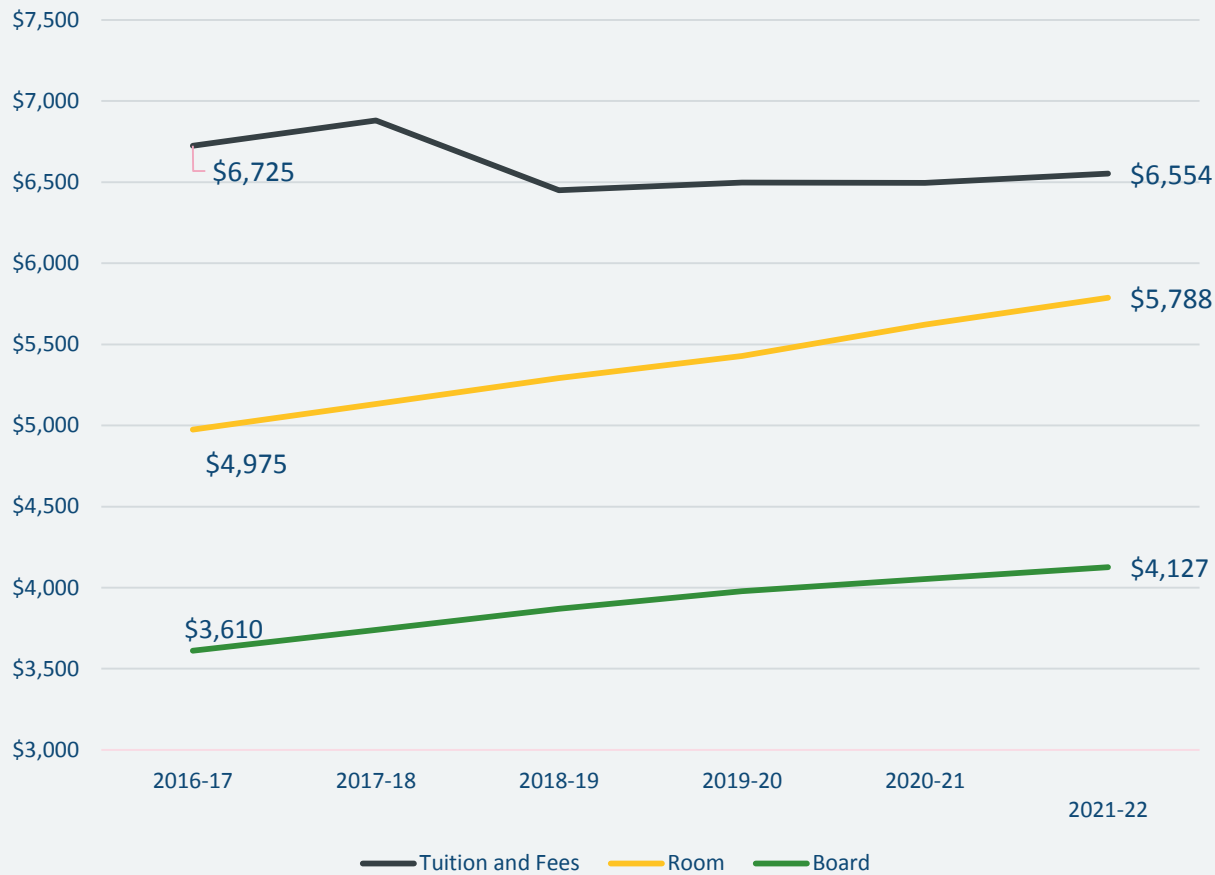


# TRENDS IN ROOM AND BOARD COSTS

UNC System and Peer Systems

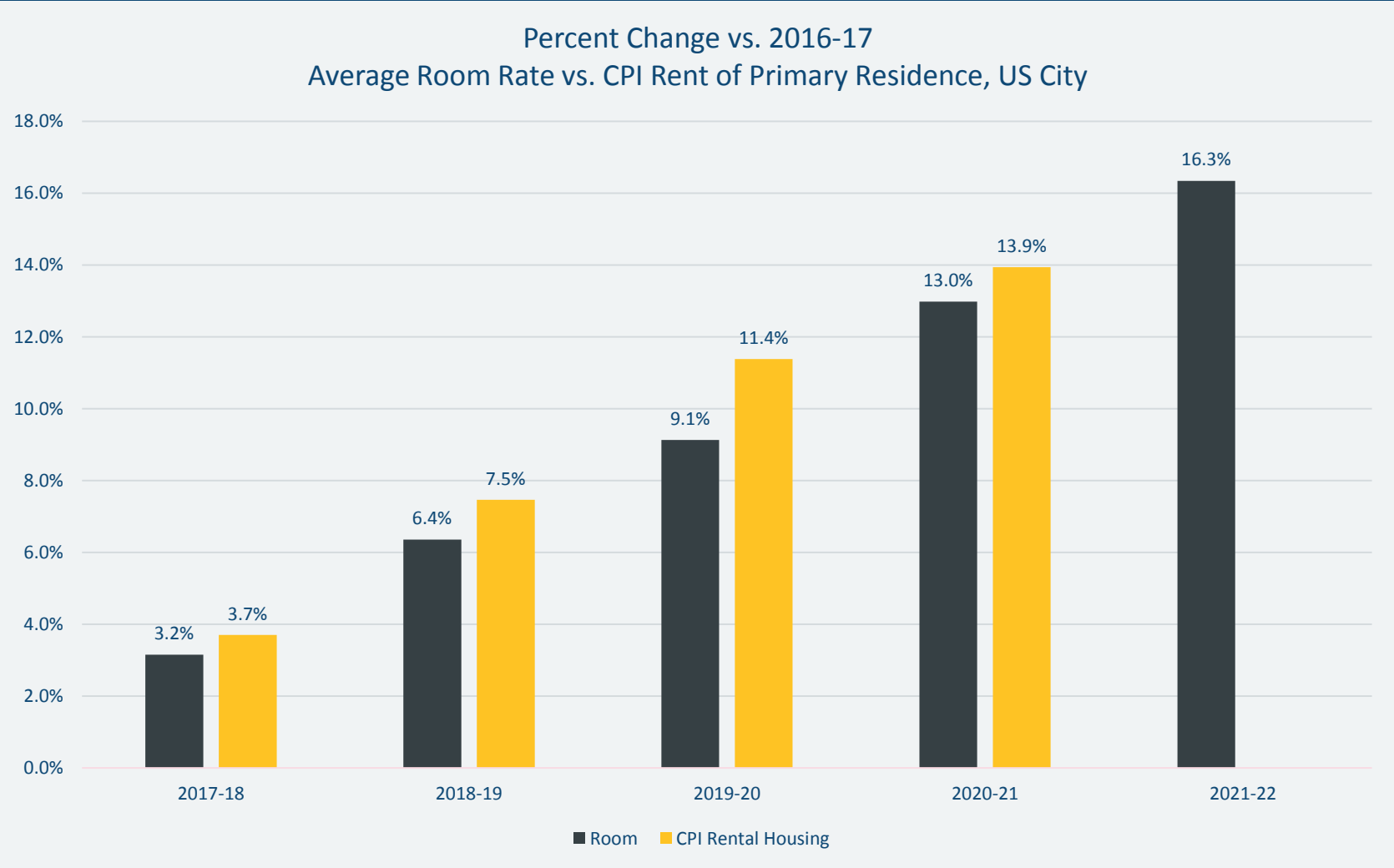
# Trends in Average Tuition and Fees and Room and Board

Trend in Average Tuition and Fees, Room, and Board Rates (UNC System)

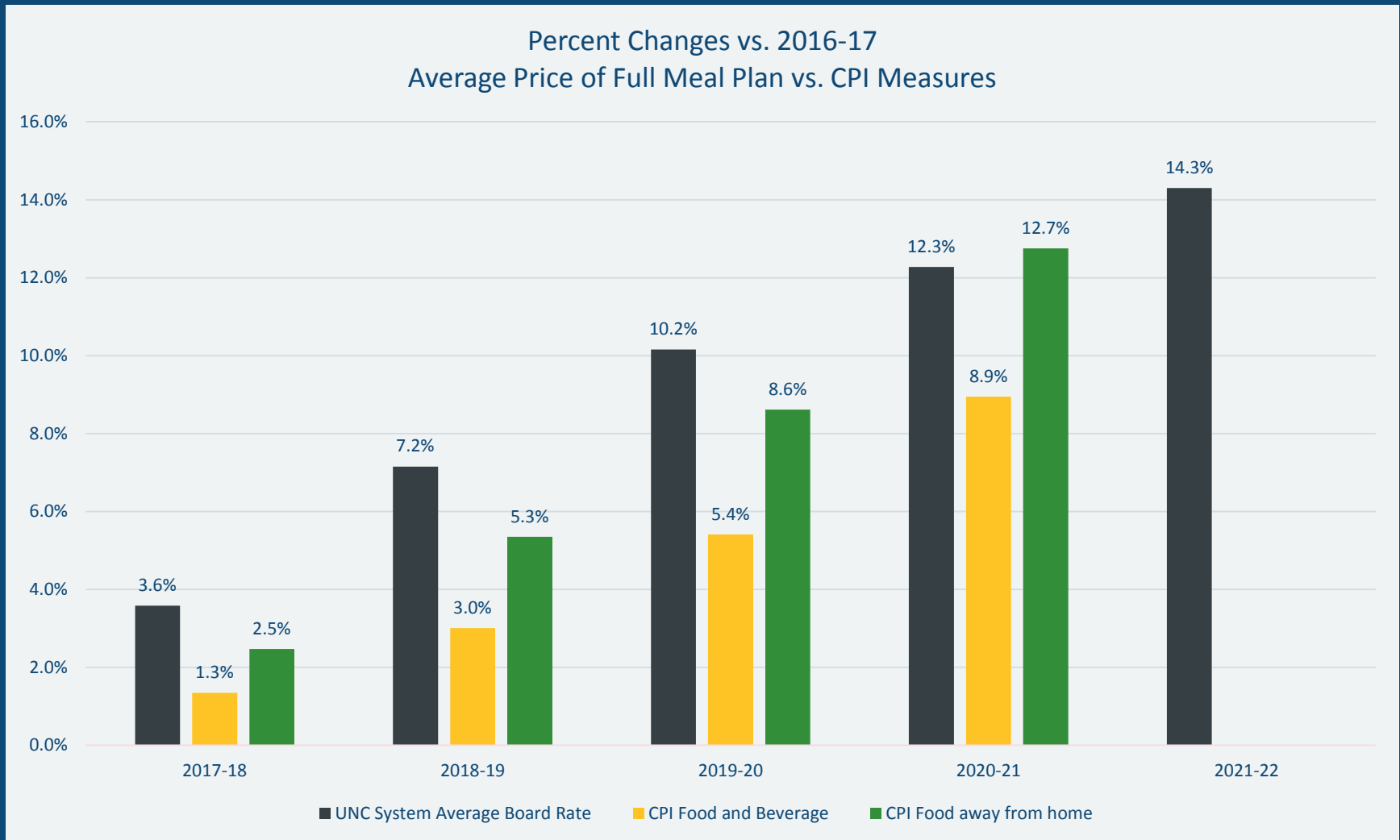


Category	Percent Change over Five Years
Tuition and Mandatory Fees	(2.6%)
Room	16.3%
Board	14.3%
Books & Supplies	(0.2%)
Other Expenses	2.0%

# On average, change in room rate has been just below inflation in rental housing prices



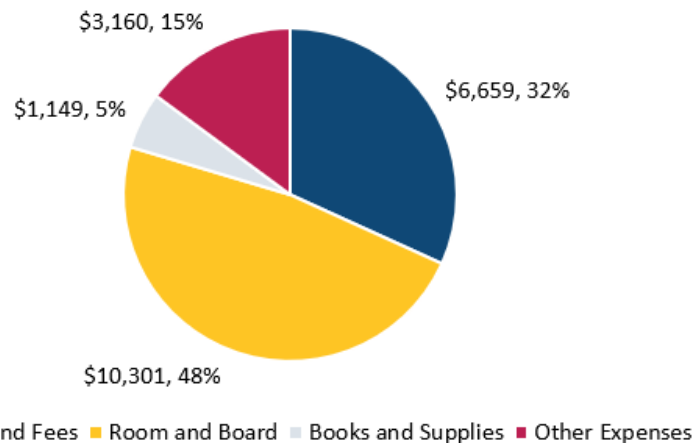
# On average, change in average cost of full meal plan has grown at or faster than inflation



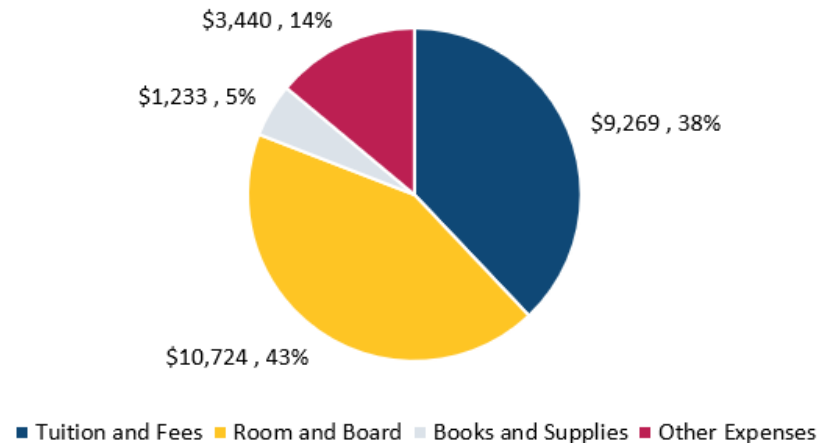
# National Data: COA Breakdown

## (Full-time, first-tie undergraduate students)

**UNC System Institutions**  
Average Cost of Attendance (\$21,269) by Category  
2020-2021

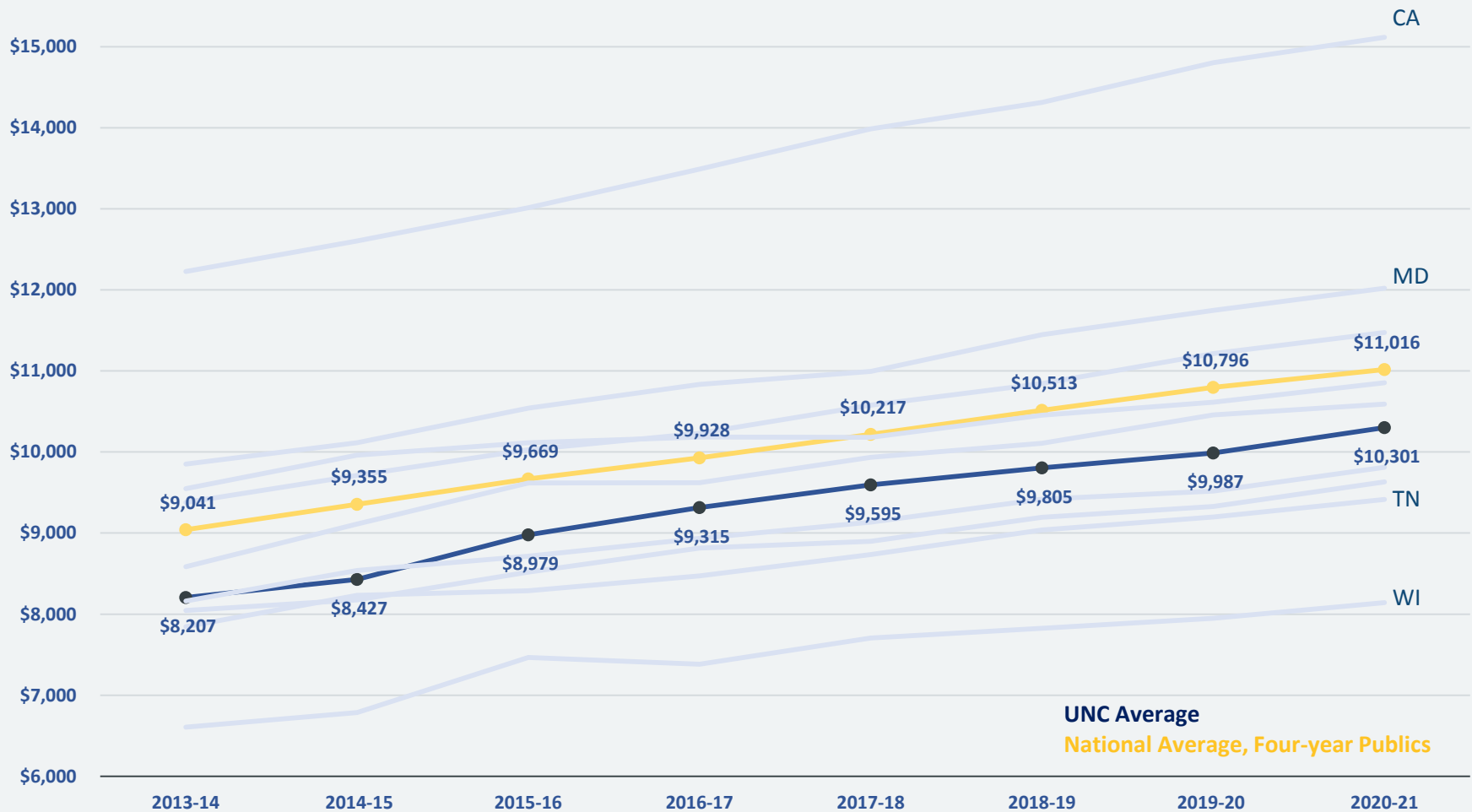


**All Public 4-Year Institutions**  
Average Cost of Attendance (\$24,666) by Category  
2020-2021



# National Data: Room and Board Cost Trends

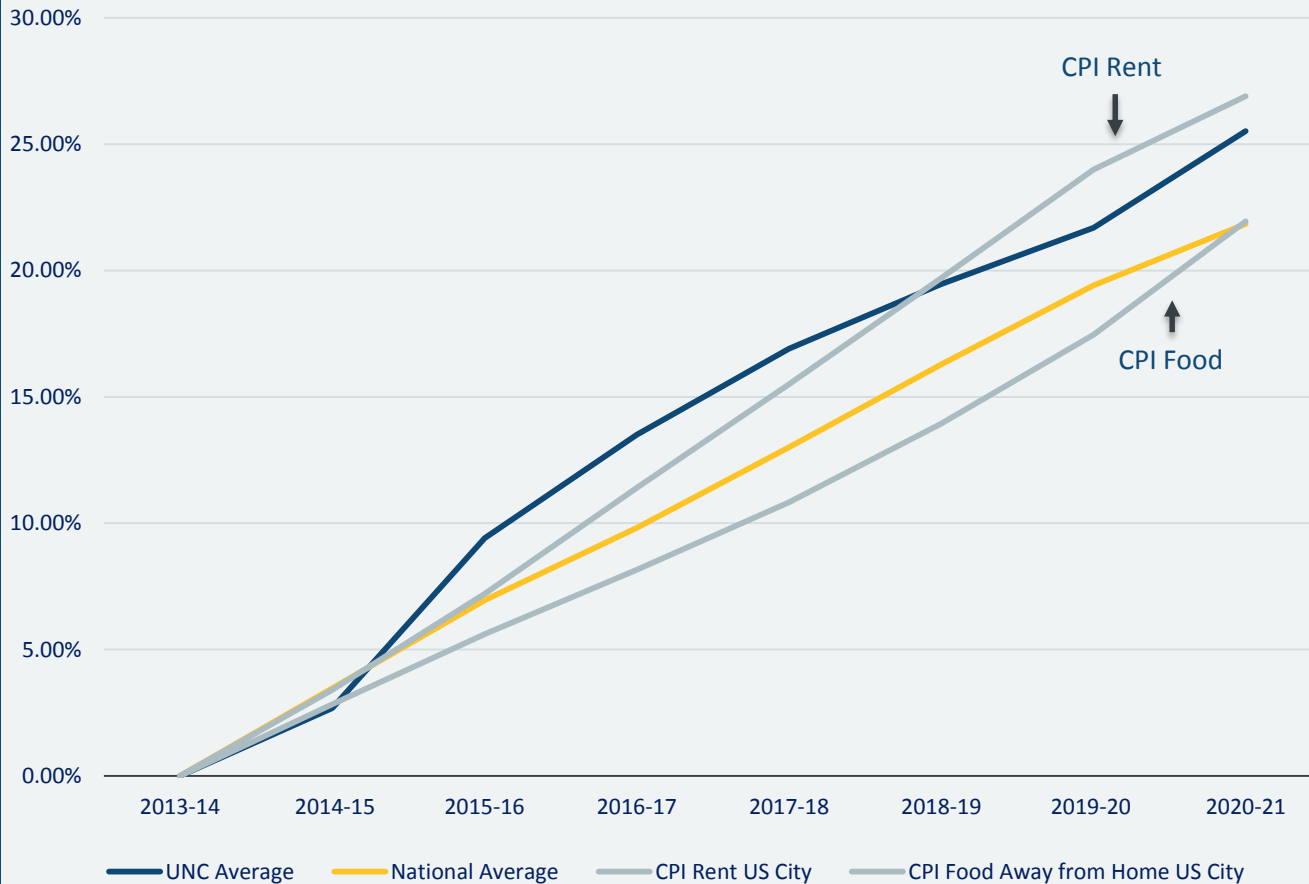
Average Cost for Room and Board, First-time Full-Time Students  
2013-2021





# National Data: Room and Board Trends Compared to Inflation

Change in Average Price Compared to 2013-14  
(Room and Board for First-time, Full-time Freshman)



Category	% Change vs. 2013-14
CPI Rent US City	26.9%
UNC	25.5%
California	23.6%
Georgia	23.4%
Wisconsin	23.2%
Virginia	22.3%
Maryland	22.0%
CPI Food Away from Home US City	22.0%
National Average	21.8%
Texas	20.2%
Tennessee	20.0%
South Carolina	19.7%
Florida	13.7%

# Additional Points

- Housing and dining are self-supporting enterprises (no state support) and rates reflect contractual obligations to vendors and debt holders.
- Campuses also must raise sufficient net revenue to cover maintenance and operations and R&R on facilities since these cost are not covered by the state as it is with appropriated buildings.
- Rates examined above reflect averages across different types of housing and dining; students have a range of choices on room, board, books and supplies, and other costs.

FY 2021-22 Housing Rate Ranges		
	Lowest Rate (typically traditional-style double)	Highest Rate (typically apartment-style single)
ASU	\$4,713	\$7,000
ECU	\$5,520	\$8,520
ECSU	\$6,164	\$8,148
FSU	\$4,513	\$7,258
NC A&T	\$4,409	\$6,016
NCCU	\$5,092	\$8,960
NCSU	\$6,600	\$11,880
UNCA	\$5,778	\$8,802
UNC-CH	\$6,876	\$9,546
UNCC	\$6,760	\$11,030
UNCG	\$5,766	\$8,928
UNCP	\$4,940	\$7,060
UNCW	\$6,112	\$8,426
UNCSA	\$6,474	\$8,306
WCU	\$5,256	\$15,000
WSSU	\$5,858	\$8,771



# POLICY CONSIDERATIONS

# Current Policy and Practice

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- UNC Policy Manual (Section 1000.1.7) references COA in the context of fixed tuition policy:

*Cost of Attendance Calculation. Financial aid offices shall establish cost of attendance budgets that are realistic and reasonable.*

- Each year, campuses submit information on housing and dining rates as part of their tuition and fee requests, and that information is presented to the Board for information only. Information reported corresponds to double occupancy room and full meal plan.

# Policy Considerations

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- Should there be greater consistency in defining cost of attendance across universities?
- How should pricing on direct costs other than tuition and fees be governed?
- How does COA relate to other System Initiatives (All-funds Budget; Presidential goals; tuition and fee process)?



# ANALYSIS OF OTHER STATES/SYSTEMS

# Policy in Select States

Delegated to University Leadership	System Approval	System Board Approval
<p>University Trustees:</p> <ul style="list-style-type: none"> <li>State University System of Florida (Regulation 7.003)</li> </ul> <p>Campus CEO:</p> <ul style="list-style-type: none"> <li>California State University System (EO 1102)</li> <li>State University System of New York (Policy 7804)</li> </ul>	<ul style="list-style-type: none"> <li>University of Texas System (Rule 40401)</li> <li>University System of Georgia (Section 7.3.2.2)<sup>1</sup></li> <li>University of Louisiana System (Chapter IV, Section V)<sup>2</sup></li> </ul>	<ul style="list-style-type: none"> <li>Arizona Board of Regents (Policy 4-103)</li> <li>University System of Maryland (Policy VIII-2.50)</li> <li>University of Wisconsin System</li> <li>University of Tennessee System (Policy BT0016)</li> </ul>

# Delegated to the Campus: California State University System

- [Executive Order 1102](#) governs six different categories of fees and charges. Category V fees include housing and dining:

*Category V fees are fees charged by self-support operations on campus, such as parking, housing or extended education. Self-support programs are defined as those not receiving state general fund appropriations; instead, fees are collected to pay the full cost of the program.*

*The president is delegated authority for the establishment, oversight and adjustment of Category IV and Category V fees*

*Accountability: Each campus shall report annually to the chancellor, for the most recently completed fiscal year, a complete inventory of all fees in categories II, III, IV and V, including current year fee rates, the total revenue collected in the past year for each fee, and the remaining balance for each fee.*



# Board Approval: University System of Maryland

## VIII-2.50 - POLICY ON STUDENT TUITION, FEES, AND CHARGES:


### II. Room, Board, and Student Parking Charges

1. Each President shall submit proposed annual room, board, and student parking charges to the Chancellor according to a timetable and instructions recommended by the Chancellor and established by the Board.

2. The Chancellor, following consultation with the Presidents, shall present the proposed charges to the Finance Committee for recommendation to the Board.

3. Room charges include room, dormitory, and apartment charges for all university residence hall facilities based on a standard academic year rate.

4. Board charges include charges based on a standard academic year rate.

UNIVERSITY SYSTEM  
of MARYLAND

**BOARD OF REGENTS**

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SUMMARY OF ITEM FOR ACTION,  
INFORMATION OR DISCUSSION

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**TOPIC:** University System of Maryland: Self-Support Charges and Fees for FY 2022

**COMMITTEE:** Committee of the Whole

**DATE OF COMMITTEE MEETING:** May 5, 2021

**SUMMARY:** In June 2020, the Board of Regents voted to freeze room and board rates for the current academic year, responding to the heightened financial stress of students and their families due to the COVID-19 pandemic. This decision came at great cost to the universities, as institutional room and board functions are required to operate on a self-supporting basis; no state funds are provided for these operations. For the upcoming 2021–22 academic year, we propose an increase to room and board rates to address both the unfunded expenses of the current year and projected cost increases next year.

The cost to operate USM universities is rising. These higher costs are driven by increases in the minimum wage, cost of living adjustments, increased fringe benefit expenses, higher utility rates, increased food costs, and other contractual increases.

Meanwhile, pandemic-related health and safety expenses required to protect students and staff (sanitizing stations, disinfectant spray and wipes, additional safety signage, etc.) are also increasing operational costs, while residence hall and dining de-densifying requirements are reducing revenues.

Even with room and board increases, institutions will be required to make reductions to balance their respective budgets. Without the increases, however, institutions would be forced to make drastic cuts to staffing, service, and support for students living in residential facilities; maintenance and repairs; capital improvement; and more.

Turning to the recommendation, the proposed rate increases for the typical dormitory charge are:

\$7,755 to \$8,072	4.1%	University of Maryland, College Park
\$5,758 to \$5,931	3.0%	Bowie State University
\$7,446 to \$7,632	2.5%	Towson University
\$5,514 to \$5,514	0.0%	University of Maryland Eastern Shore
\$5,274 to \$5,382	2.0%	Frostburg State University
\$5,985 to \$6,284	5.0%	Coppin State University
\$6,950 to \$7,200	3.6%	Salisbury University
\$7,234 to \$7,310	1.1%	UMBC

# Board or System Approval: University System of Georgia

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## Board of Regents Policy Manual Section 7.3.2.2:

*Institution presidents are authorized to approve elective fees and special charges outlined below; however, any fee or special charge that is required to be paid by any subgroup of students categorized solely by grade level or previous credit hours earned shall undergo the same approval process as mandatory student fees.*

- *“Housing fees” are defined as fees paid by students who live in residential on-campus facilities. **All housing fees shall be annually approved by the USG chief fiscal officer, to become effective the following fall semester.***
- *“Food service fees” are defined as fees paid by students who elect to choose an institutional food service plan. . . **All food service fees assessed to students shall be annually approved by the USG chief fiscal officer, to become effective the following fall semester.** Food services operations must be structured with student affordability and operational efficiency as essential performance requirements. Institutions must be able to demonstrate that overhead costs are reasonable and comparable to peer institutions as a part of the fee approval process.*

# Key Questions and Next Steps

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## Questions

- What are the primary drivers of trends in the components of COA, particularly housing and dining?
- What role for different groups in the process (students, staff, Trustees, others)?
- Where is federal policy headed on COA?

## Next Steps

- Solicit campus perspectives on the drivers of housing and dining costs and the factors they consider in setting prices.
- Consider policy options and reconvene Task Force in early Fall to discuss potential recommendations.

THANK YOU

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