



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

October 13, 2021 at 12:00 p.m.  
Via Video Conference and PBS North Carolina Live Stream  
University of North Carolina System Office  
Chapel Hill, North Carolina

**AGENDA**

- A-1. Approval of the Minutes of August 24, 2021..... Wendy Murphy
- A-2. Cost of Attendance Review ..... Andrew Kelly
- A-3. Review of Campus Feedback ..... Andrew Kelly
- A-4. Discussion of Potential Policy Resolutions.....Andrew Kelly
- A-5. Adjourn

## DRAFT MINUTES

August 24, 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: Carolyn Coward, Jimmy Clark, David Powers, Michael Williford, and Ray Palma.

The following members were not present: Art Pope and Michael Williford.

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

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

The chair called the meeting to order at 1:02 p.m. on August 24, 2021. Chair Murphy welcomed the members back as well as welcomed new members Jimmy Clark and Ray Palma to the task force.

### 2. Approval of the Minutes of February 16, 2021 (Item A-2)

The chair called for a motion to approve the open session minutes of February 16, 2021.

**MOTION:** Resolved, that the Task Force on Pricing, Flexibility, and Affordability approve the open session minutes of February 16, 2021, as distributed.

**Motion:** David Powers

**Motion carried**

### 3. Examining Total Cost of Attendance (Item A-3)

Chair Murphy asked Dr. Kelly to present findings and data on examining the total cost of attendance (COA).

System Office staff then presented a recommendation to the task force for consideration. Discussion by the task force members and participating chancellors followed on current COA and next steps. Chair Murphy asked to hear from all institutions to understand what each campus includes in their COA.

Dr. Kelly announced that the task force will hope to reconvene sometime in September.

There being no further business and without objection, the meeting adjourned at 2:01 p.m.

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Wendy Floyd Murphy, Chair

## AGENDA ITEM

A-2. Cost of Attendance Discussion ..... Andrew Kelly

**Situation:** The cost of attendance (COA) is an estimate designed to help students determine what it may cost to attend a college or university for an academic year, and includes tuition, room and board, books, supplies, transportation, etc. The COA is not a bill but is an estimate of actual education expenses, and is also used to help determine how much financial aid a student may receive (not to exceed the estimated COA). Each institution determines their own COA, and as a result can vary widely.

**Background:** The UNC System is among the best values in the country thanks to the state's strong commitment to affordable higher education. Article IX, Section 9 of the North Carolina Constitution provides that the benefits of a university be extended to the citizens of the state "as free as practicable," a commitment made possible by generous state funding from the General Assembly. While UNC System constituent institutions remain among the most affordable in the country, the COA has increased substantially over the past decade. Within the UNC System, some components of the COA have risen faster than others, and some institutions' COAs have increased more quickly than others. There is also variation in how institutions calculate their COA, as well as who collects the information and how it is shared with students. This variation has implications for transparency and affordability.

**Assessment:** The task force will examine how UNC System constituent institutions compare to Board-approved peer institutions on both overall COA, net COA, and on trends in individual components. The group will also review trends in housing requirements within the System and among our peers, as housing is one of the largest drivers of COA.

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

**AGENDA ITEM**

A-3. Review of Campus Feedback..... Andrew Kelly

- Situation:** The Board of Governors Task Force on Pricing, Flexibility and Affordability is in the process of examining the total cost of attendance (COA) at the UNC System’s constituent institutions. The objective is to better understand what elements are included in COA, how included elements may vary across campuses, and what campuses consider when setting rates for housing, dining, and other costs. To successfully pursue these objectives, the task force solicited significant input and feedback from each institution. In that spirit, the System Office circulated a questionnaire to solicit comments on key issues regarding cost of attendance.
- Background:** While UNC System constituent institutions remain among the most affordable in the country, the COA has increased substantially over the past decade. Within the UNC System some components of the COA have risen faster than others, and some institutions’ COAs have increased more quickly than others. The task force is examining the drivers of the increasing COA.
- Assessment:** The task force will examine the responses to the questionnaire, including how each of the non-tuition and fee components of the COA are estimated and what is included in each category, the primary drivers of cost in housing and dining, and the process for examining and setting housing and dining prices for the year.
- Action:** This item is for discussion only.

**AGENDA ITEM**

A-4. Discussion of Potential Policy Recommendations ..... Andrew Kelly

**Situation:** The Board of Governors Task Force on Pricing, Flexibility and Affordability is in the process of examining the total cost of attendance (COA) at UNC System constituent institutions. The objective is to better understand what elements are included in COA, how included elements may vary across campuses, and what campuses consider when setting rates for housing, dining, and other costs. Based on this assessment, the task force will consider potential changes to System policy and practice.

**Background:** While UNC System constituent institutions remain among the most affordable in the country, the COA has increased substantially over the past decade. Within the UNC System some components of the COA have risen faster than others, and some institutions' COAs have increased more quickly than others.

**Assessment:** The task force will discuss potential policy recommendations to improve oversight of housing and dining rates and increase consistency in how cost of attendance is defined and estimated across universities.

**Action:** This item requires a vote by the task force.

## **Potential Recommendation to the Committee on Budget and Finance Regarding Cost of Attendance Methodology**

### *Cost of Attendance Calculation:*

- *The president shall develop a regulation that establishes a common methodology for calculating cost of attendance budgets.*
- *Financial aid offices shall use the methodology outlined in the regulation to establish cost of attendance budgets for academic year 2023-24 and thereafter that are realistic, reasonable, and that reflect the unique mission and student population of each university.*

The Task Force on Pricing, Flexibility, and Affordability recommends that the Board direct the president to develop and promulgate the regulation by March 1, 2022, to be applicable for academic year 2023-24.

### **Policy on Student Fees**

I. Purpose. The Board of Governors is responsible for establishing fees at the constituent institutions<sup>2</sup> of the UNC System consistent with the philosophy set forth in the North Carolina constitution.

II. General Policy. Fees will be charged only for limited, dedicated purposes and shall not be used to defray the costs of general academic and administrative operations of campuses, including academic programs and faculty and administrative salaries and benefits. The Board will make every effort to keep fees for students as low as possible while providing the revenues needed to support the purposes for which the fees are charged. The 2016 General Assembly enacted a special provision (G.S. 116-143.10) that caps mandatory student fee increases (including debt service fees) to three percent per year.

Each year, the Board establishes the fees listed below. All fees established shall be based upon the recommendation of the chancellor, the institutional board of trustees, and following his or her review, the president. Excluding the application fee charged to prospective students, all fees set by the Board are annual fees. Once an annual fee has been established, semester rates and summer school fees shall be established by the president and part-time rates shall be reported to the president. It is the policy of the Board to act no later than March of each year to establish fees for the following fall semester.

Although the General Assembly provides for most of the instructional costs of institutions through state appropriations, institutions traditionally rely entirely on student fees to finance a number of activities, services, and facilities. Institutional boards of trustees are required to weigh the benefits of the activity, facility, or service against the fee required to provide financial support. Orientation sessions for the boards of trustees will regularly include discussions of the process followed when establishing student fees.

A. Application Fee. An application fee shall be established for each institution. Specific programs within an institution may require an application fee different from the fee charged for most students and the Board may set different fees according to program needs.

B. General Fees. Fees generally applicable to all students shall be established by the Board of Governors. Six general fees are authorized: athletics, association of student government, health services, student activities, educational and technology, and campus security.

C. Fees Related to the Retirement of Debt Incurred for Capital Projects. Fees generally applicable to all students that provide revenues for the retirement of debt shall be fixed by the Board of Governors at the time of the borrowing. Indebtedness fees may not include components for operations and maintenance but shall reflect the cost of servicing the debt at the coverage levels required in Board resolutions and other documents authorizing the debt. Any subsequent changes in fees require Board approval. Indebtedness fees expire when the related debt is retired unless otherwise authorized by the Board of Governors.

D. Special Fees. Fees applicable only to students engaged in particular activities or courses of study shall be established by the Board of Governors when needed. These fees will not be used to provide general academic revenues that are provided from campus-initiated tuition increases.

~~Each chancellor is authorized to establish miscellaneous service charges for items such as transcripts, diplomas, caps and gowns, special examinations, late registrations, and replacement of I.D. cards. A schedule of such charges shall be filed with the president prior to the beginning of each school year.~~

III. Process for Establishing Fees. The process shall be initiated at the beginning of the fall semester and contain the following steps:

A. Instructions Issued. The senior vice president for finance and administration shall issue instructions to the chancellors calling for them to initiate a review of fees.

B. Fee Committee Review and Recommendations. Each chancellor shall establish a fee review committee with representatives of all aspects of campus life, including, but not limited to, representatives from business affairs, student affairs, the financial aid office, and the student body. The committee shall conduct a complete review of student fees from a zero-based budgeting perspective and shall make recommendations to the chancellor for establishing fees effective with the upcoming fall semester. The review will include an examination of alternative resources, including available institutional reserves, to determine if other funding is available to provide the services in lieu of establishing the fee. The review will include a reassessment of the existing operating methods to ensure that operations are performed in a cost-effective manner. If the committee determines that an increase in a fee is needed, the committee shall attempt to decrease another fee so that the total cost of education for students does not increase. In order to ensure that all students are able to meet the increased cost of education, the university's financial aid officer, working with the committee, shall determine that sufficient financial aid is available, from whatever sources are possible.

C. Chancellor Recommendations. The chancellor shall review the recommendations of the committee and present recommendations to the board of trustees for review and approval. Before a chancellor makes recommendations to the board of trustees, the recommendations of the fee review committee will be shared with student government leaders so that students may inform the chancellor of their perspectives on the proposed changes.

D. Board of Trustee Recommendations. The recommendations, ~~as approved by the~~ board of trustees, will be forwarded to the president for review.

E. President Recommendations. When the review is completed, the president will present fee recommendations to the Committee on Budget and Finance for consideration by the Board of Governors.

Each step in the process shall be an iterative and comprehensive review of the previous step, resulting in changes to the fee recommendations as deemed appropriate.

IV. Distance Education Fees. Section 400.1.1[R](II)(b) of the UNC Policy Manual defines distance education and off-campus programs.

A. For fee-charging purposes, a distance education program is one designed to deliver 80 percent or more of the direct instruction through distance education or off-campus, as defined in



Section 400.1.1[R](II)(b). There may be a requirement for the student to attend the main campus for a portion of the program, but that requirement is minimal.

B. Effective fall 2022, students enrolled in distance education programs as defined above will be assessed certain mandatory fees, including the campus security, educational and technology, and association of student government fees, and will not have access to other services and activities supported by the other Board-approved mandatory fees unless they pay the appropriate additional mandatory fee.

C. Students not enrolled in distance education programs will be assessed all mandatory fees regardless of how their courses are delivered in a given semester.

V. Other Charges

A. Housing and Dining Charges. Each chancellor is authorized to establish charges for on-campus housing and dining. Housing and dining charges shall be set in the context of developing the campus all-funds budget. The campus board of trustees shall approve student housing and dining charges by March 1 of each year for the following academic year. Approved charges shall be filed with the president prior to the beginning of the academic year.

B. Miscellaneous Service Charges. Each chancellor is authorized to establish miscellaneous service charges for items such as transcripts, diplomas, caps and gowns, special examinations, late registrations, and replacement of I.D. cards. A schedule of such charges shall be filed with the president prior to the beginning of each academic year.

VI. Other Matters

A. Effective Date. The requirements of this policy shall be effective on the date of adoption by the Board of Governors.

B. Relation to State Laws. The foregoing policies as adopted by the Board of Governors are meant to supplement, and do not purport to supplant or modify, those statutory enactments which may govern the activities of public officials.

C. Regulations and Guidelines. These policies shall be implemented and applied in accordance with such regulations and guidelines as may be adopted from time to time by the president.

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<sup>1</sup>This new policy adopted by the Board of Governors replaces the original Section 1000.1.2, *Policy on Tuition with Respect to Student Exchange Programs with Institutional Abroad*, which was repealed in its entirety by the Board of Governors on September 16, 2021.

<sup>2</sup>Consistent with G.S. 116-143, no tuition or fees may be charged to students in the high school program at the North Carolina School of Science and Mathematics. However, the Board of Governors may approve, upon the recommendation of the Board of Trustees of NCSSM, the imposition of fees, not inconsistent with actions of the General Assembly for distance education services provided by NCSSM to nonresidents and for students participating in extracurricular enrichment programs sponsored by the School.



# **TASK FORCE ON PRICING, FLEXIBILITY, AND AFFORDABILITY**

October 13, 2021

# Outline

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1. Review of Cost of Attendance
2. Peer comparisons
3. Campus feedback on COA components, drivers, and processes
4. Policy recommendations



# 1. COST OF ATTENDANCE REVIEW

# Cost of Attendance (COA) History & Usage

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- As defined in federal policy, COA includes tuition and fees and an allowance for: **room and board, books and supplies, transportation, and personal expenses.**
- 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).
- 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”).

## 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.

# Cost of Attendance (COA) Policy Considerations

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- ***Consistency:*** Variation in the methodology used to define cost of attendance has implications for affordability, student financial aid, and student success.
- ***Oversight:*** While there is a clear process for developing, reviewing, and approving tuition and fee rates, neither university policy nor regulation speak to governance of the rates charged for *on-campus* housing and dining.

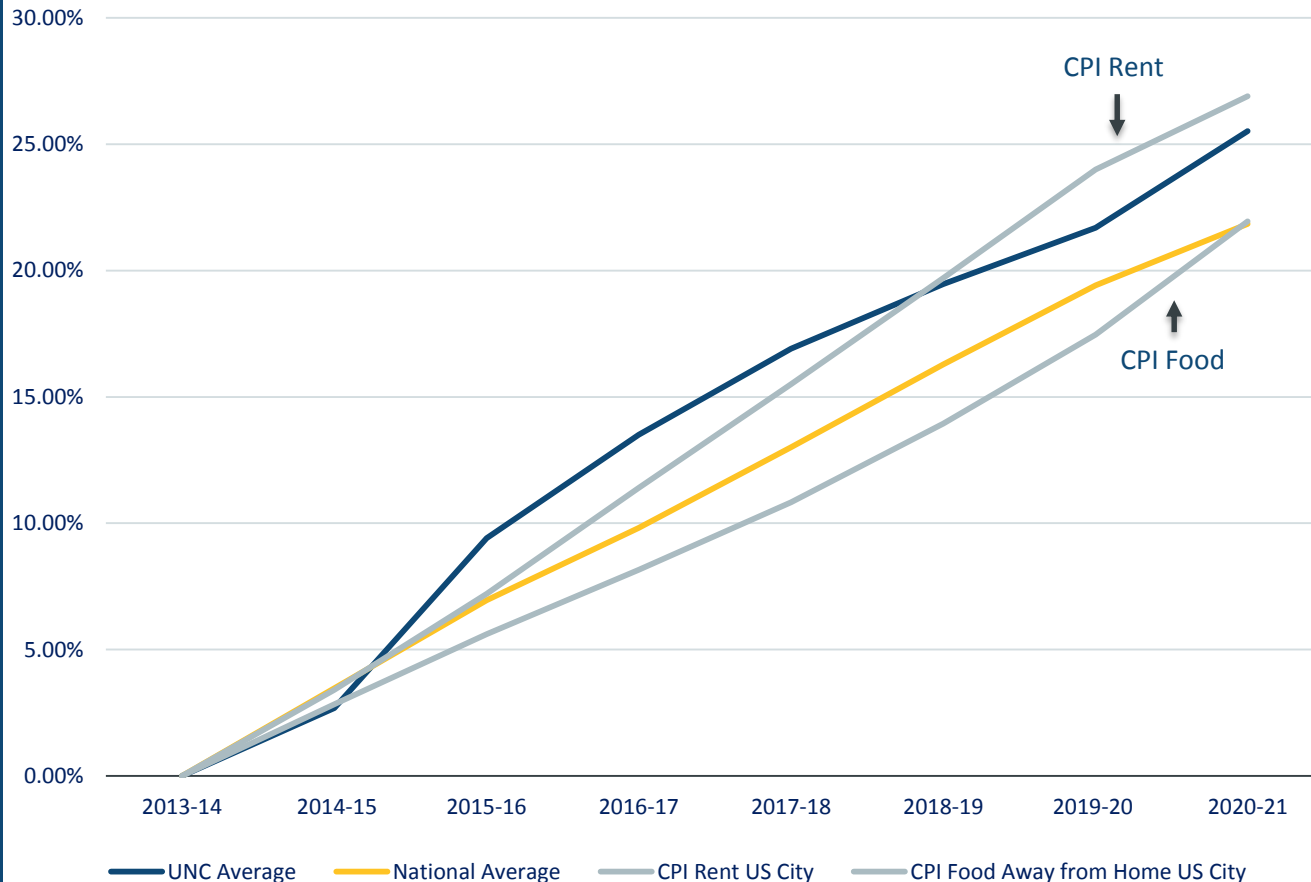


## 2. PEER COMPARISONS



# 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)



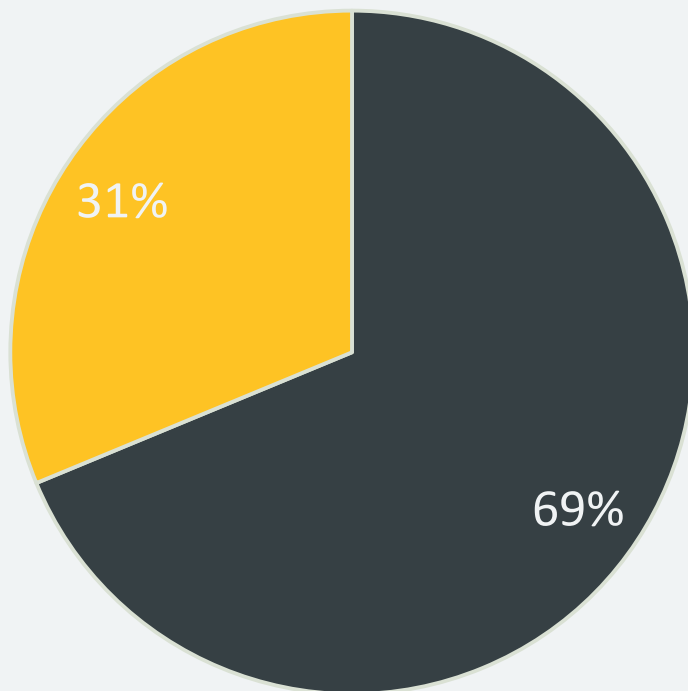
Category	% Change 2013-14 vs 2020-21
CPI Rent US City	26.9%
UNC	25.5%
California	23.6%
Georgia	23.4%
Wisconsin	23.2%
Virginia	22.3%
Maryland	22.0%
CPI Food Away from Home US City	22.0%
National Average	21.8%
Texas	20.2%
Tennessee	20.0%
South Carolina	19.7%
Florida	13.7%

# UNC System Compared to BOG-approved Peer Institutions

Category	Findings
Cost of Attendance (IPEDS 2020-21)	<ul style="list-style-type: none"> <li>• 8 universities had <b>lowest</b> COA among their peers.</li> <li>• 14/16 were in the <b>bottom three</b> <i>least expensive</i>.</li> </ul>
Net Cost of Attendance* (IPEDS 2018-19)	<ul style="list-style-type: none"> <li>• 5 universities had the <b>lowest</b> net COA among their peers</li> <li>• 9/16 were in the <b>bottom three</b>.</li> </ul>
Room and Board (IPEDS 2020-21)	<ul style="list-style-type: none"> <li>• 3 universities had the <b>lowest</b> on-campus room and board cost among their peers</li> <li>• 7/16 were in the <b>bottom three</b>.</li> <li>• 5/16 were in the top five.</li> </ul>
Five-year Growth in On-campus Room and Board (IPEDS 2015/16-2020/21)	<ul style="list-style-type: none"> <li>• 0 universities had the lowest growth in their peer group.</li> <li>• 1/16 was in the <b>bottom three</b> (one more was in bottom quartile).</li> <li>• 6/16 were in the top five</li> </ul>

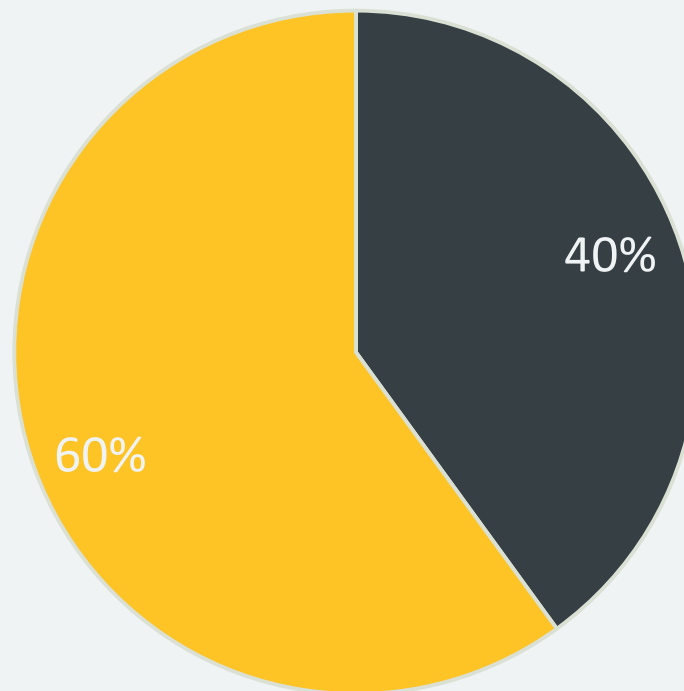
# Peer Institution Policies: Live-On Requirements

Percentage of UNC Universities  
with/without Live-On Requirements



■ Live-On Requirement ■ No Live-On Requirement

Percentage of Peer institutions  
with/without Live-On Requirements



■ Live-On Requirement ■ No Live-On Requirement

# Peer Institution Policies: Defining and Estimating Cost of Attendance

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## University of California System Student Expense Budgets

- Per Regents policy, **student budgets are set using a “Standard Methodology” that is employed systemwide.**
- This “Standard Methodology” provides a common set of categories of allowable expenses and a common way to calculate those expenses at every campus.
- Elements include:
  - Separate budgets for those living on-campus, off-campus, and at home with family.
  - Allowances for Books and Supplies, Living (housing and food), Personal Expenses, Transportation, Healthcare, Campus Fees, and Tuition and Student Services Fees.
- Direct expenses are derived from administrative data (student accounts) while indirect expenses are estimated from a cost of attendance survey (COAS) of students every two years.

\*This does not mean costs are “standard” across campuses; each campus uses its own administrative data and COAS results to estimate the components for the coming year.

# Peer Institution Policies: Oversight of Housing and Dining

Delegated to Campus	System Approval	Local Board Approval	System Board Approval
<ul style="list-style-type: none"><li>• California State University System (EO 1102)</li><li>• State University of New York System (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>• State University System of Florida (Regulation 7.003)</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>



## 3. CAMPUS QUESTIONNAIRE RESULTS

# Questionnaire

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Two sets of questions:

## 1. Approaches to estimating cost of attendance:

- What's included?
- How are the costs estimated?
- What should BoG consider RE: potential change?

## 2. Setting housing and dining rates:

- How do universities set housing and dining rates?
- Do universities have policies related to housing/dining reserves?
- Who reviews and approves housing and dining rates?

# Estimating COA: Housing

Housing	Findings
What's Included	<p><u>On Campus:</u></p> <ul style="list-style-type: none"><li>• On-campus housing rate, which covers: room, furniture &amp; equipment, utilities, staff (RA's, maintenance, housekeeping), repair and renovation, residence hall programming.</li></ul> <p><u>Off Campus:</u></p> <ul style="list-style-type: none"><li>• Rent (some use single occupancy; others use double occupancy)</li><li>• Utilities</li></ul>
How It's Estimated	<p><u>On Campus:</u></p> <ul style="list-style-type: none"><li>• Weighted avg. room charge based on occupancy</li><li>• Standard double-occupancy room rate</li></ul> <p><u>Off Campus:</u></p> <ul style="list-style-type: none"><li>• Federal data: HUD data on avg. cost of 1-bed room apt in the region; BLS data on housing and rent of primary residence</li><li>• Student survey</li><li>• Research on local rental rates</li><li>• On-campus housing plus utilities</li></ul>



# Estimating COA: Board

Board	Findings
What's Included	<p><u>On campus:</u></p> <ul style="list-style-type: none"><li>• Cost of campus meal plans (number of meals varies)</li></ul> <p><u>Off Campus:</u></p> <ul style="list-style-type: none"><li>• Estimated cost of ~3 meals a day plus snacks</li></ul>
How Estimated	<p><u>On Campus:</u></p> <ul style="list-style-type: none"><li>• Most use average or weighted avg. of meal plans</li><li>• 4 reported using the highest cost available meal plan</li><li>• 1 reported using the lowest traditional meal plan rate</li></ul> <p><u>Off Campus:</u></p> <ul style="list-style-type: none"><li>• Some campuses use on-campus meal plans to estimate off-campus as well</li><li>• Federal data: USDA avg. food cost data; BLS data for food at home and away from home</li><li>• Estimated cost of food for surrounding area</li></ul>

# Estimating COA: Books and Supplies; Transportation

Books and Supplies	Findings
What's included?	<ul style="list-style-type: none"> <li>Estimated cost of books for typical schedule, plus an allowance for supplies</li> <li>Most <i>do not</i> include a laptop or other technology in books and supplies*</li> <li>3 include laptop in a separate line item</li> </ul>
How it's estimated	<ul style="list-style-type: none"> <li>3 use the price of textbook rental program, plus an allowance for supplies.</li> <li>6 use a student survey</li> <li>4 use data from the student bookstore</li> <li>1 uses the College Board estimate</li> </ul>
Transportation	Findings
What's included	<ul style="list-style-type: none"> <li>Cost of roundtrips home (mileage for in-state; plane tickets for out of state)</li> <li>Estimated amount for gas and maintenance based on likely mileage driven during semester.</li> <li>Parking and maintenance sometimes included.</li> </ul>
How it's estimated	<ul style="list-style-type: none"> <li>4 calculate the cost of four roundtrips per academic year</li> <li>3 estimate the number of miles per week students travel and provide for reimbursement at a particular rate (e.g., IRS mileage rate)</li> <li>5 use a student survey</li> </ul>

# Variation in Definitions

## Books and Supplies

*“Online book rental program is available for undergraduate, graduate and online students effective with the 2021-2022 year. This fee is included in tuition and fees, unless the student opts out. Book rental program costs for 2021-2022 is \$500 per year”*

*“\$1,546 total. Intended to cover the purchase of books, supplies, lab equipment, software. Does NOT include the cost of a computer/laptop*

*“Survey of average schedules and required books using costs at bookstore every three years. Apply CPI in in-between years.”*

## Transportation

*“Undergraduate and graduate in-state residents are allowed four round trips: 389.4 round trip miles x \$.58 per mile =\$903.4”*

*“Mileage allowance for in-state undergraduate students at state reimbursement rate for 50 miles of travel per week.”*

*“\$2,057 off campus, \$1,029 on campus. Used the College Board living experience budget data.”*

*“[Current] parking rate, \$20 gas for each week for 15 weeks in a semester for 2 semesters, and \$30 for one oil change”*

# Estimating COA: Personal and Other Expenses

Personal Expenses	Findings
What's included	<ul style="list-style-type: none"><li>• Clothing, laundry, hygiene, recreation/entertainment</li><li>• A minority of universities include cell service; others include internet service</li><li>• Most do not include health insurance in this category (or in CoA at all)</li></ul>
How it's estimated	<ul style="list-style-type: none"><li>• Student Cost Survey</li><li>• College Board data on average costs for personal expenses</li><li>• Federal data (e.g., IRS miscellaneous expenses; BLS average cell phone costs)</li><li>• Review of other UNC System institution COA budgets</li></ul>

Other Costs	Findings
What's included?	<ul style="list-style-type: none"><li>• 8 institutions reported that they <i>exclude</i> health insurance from their published COA; students who need insurance can have aid adjusted.</li><li>• 9 include federal loan costs (origination fees)</li><li>• 2 institutions include “technology” line items to cover costs of a laptop or other device</li></ul>

# Opportunity for Greater Consistency?

## 2010 Working Group on Cost of Attendance

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Some responses cited 2010 effort to develop common COA method:

*“A working group of UNC financial aid directors was created by UNC-SO to review and make recommendations on a common set of methodologies for COA construction in 2010. This working group developed 15 recommendations to be implemented for the 2010-11 academic year. The recommendations of that group should be reviewed as part of any discussion surrounding a new COA policy.”*

Working group was charged with:

- Reviewing the various methodologies currently used to create COA budgets; and
- Making recommendations ... on a set of common methodological approaches to be used by all UNC campuses in determining costs for the various sub-budgets within COA.

# 2010 Working Group: Select Recommendations

## General:

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- COA budget should provide student with “reasonable and realistic” expenses to attend the institution: “The budget should reflect a moderate and adequate standard of living for students versus more generous personal lifestyle choices.”
- Rationale for constructing budgets should be clear: “Each institution should create an annual budget construction summary document that explains how the campus budgets were constructed.”

## Housing and Dining:

- Three options for establishing on-campus room cost: actual room cost per student, most common room type charge, or weighted average of various room types.
- Off-campus undergraduate room allowance should be constructed with consideration of: a roommate and utilities expense
- 19- or 21-meal campus plan can be used at the standard board budget. For off-campus students, campus can use standard on-campus budget or a student survey.

## Personal expenses:

- Student Health Insurance will be included in COA as a separate line item not in personal expenses
- Personal expenses must be itemized, include the cost of each, and how the amounts were determined.

# Opportunity for Greater Consistency?

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Recommendations never codified in policy or regulation.

However, campuses stressed need to balance common methods with need to reflect local variations in costs:

*“Localization – the recognition of regional, state, and even city/rural variations in price is essential for the cost of attendance to accurately reflect reasonable expenses. Care should be taken to distinguish the differences attributable to local costs versus standardization.”*

*“Campuses are in very different areas of the state that face different costs. This is particularly true for housing and food but may apply to health insurance or other costs as well. Consistency in approach or methodology should not be expected to yield equivalent costs across all campuses.”*



# HOUSING AND DINING RATES



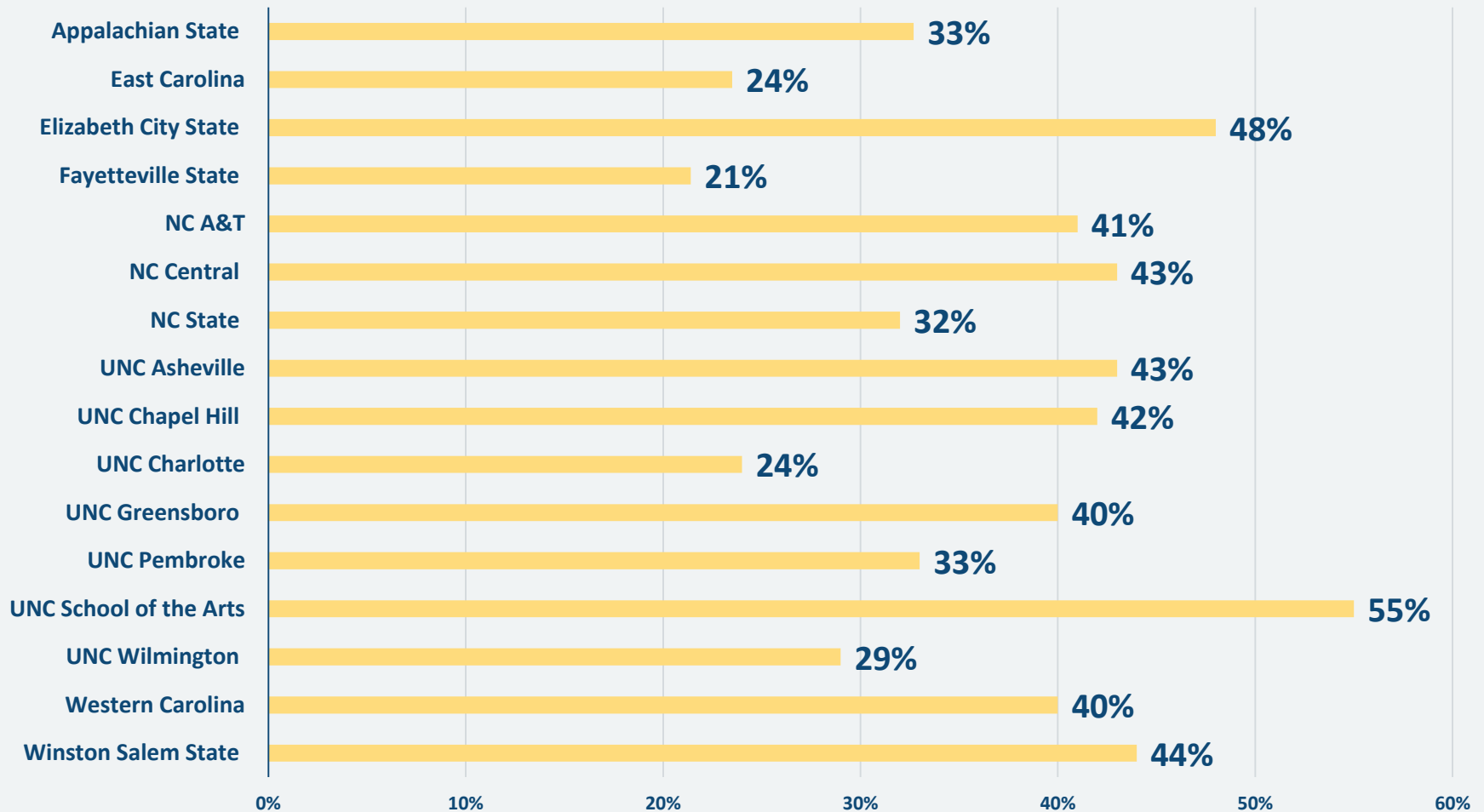
# Review of Housing and Dining

- 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.

AY 2021-22 Housing Rate Ranges		
	Lowest Rate (typically traditional-style double)	Highest Rate (typically apartment-style single)
ASU	\$4,713	\$7,000
ECU	\$4,447*	\$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	\$4,768*	\$8,928
UNCP	\$4,940	\$7,060
UNCW	\$6,112	\$8,426
UNCSA	\$6,474	\$8,306
WCU	\$5,256	\$8,074
WSSU	\$5,858	\$8,771

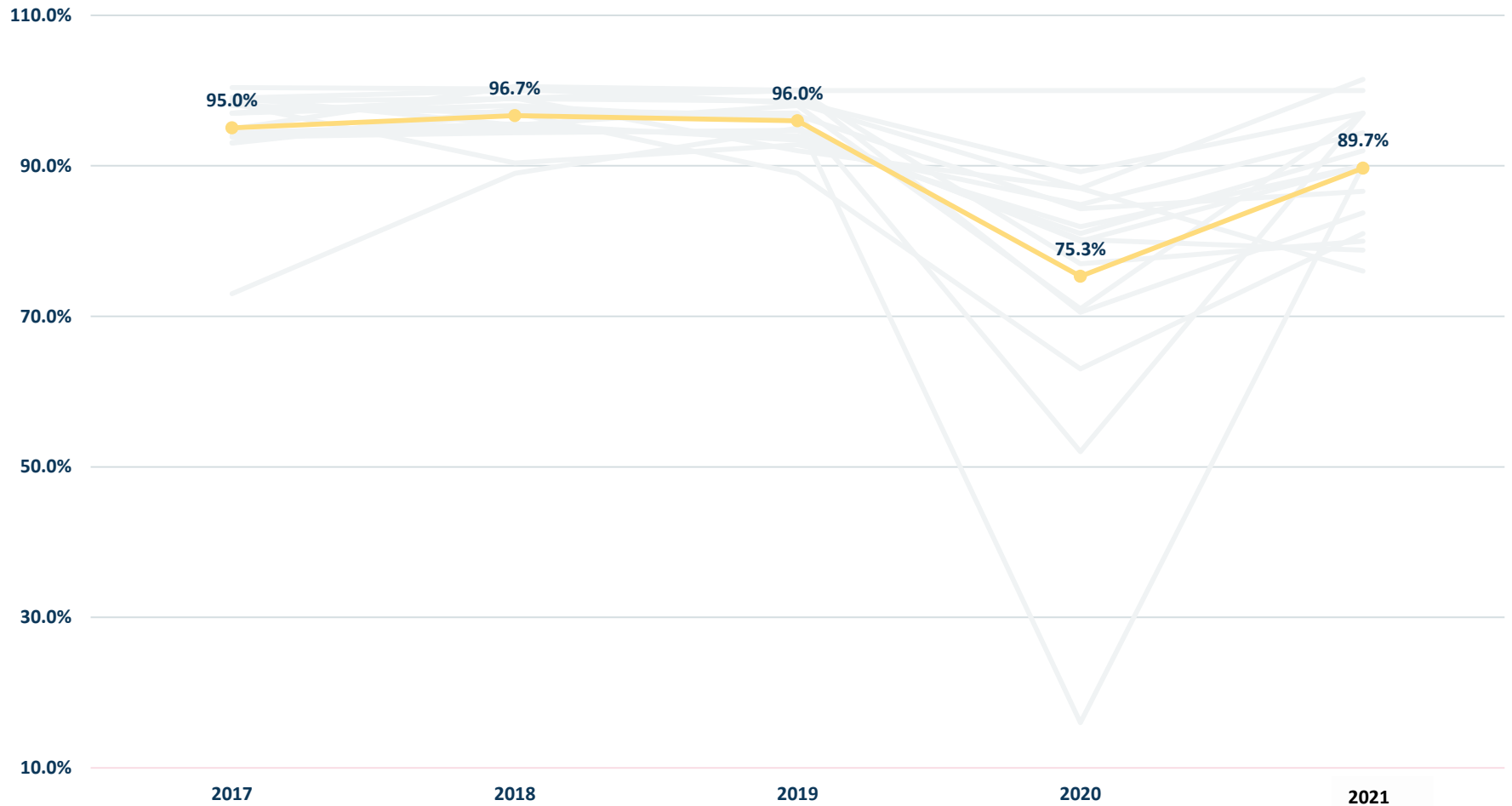
# On-campus Living Varies Across Campuses

Percent of undergraduate students who live on campus



# UNC System Occupancy Rates 2017-2021

UNC System Average Occupancy Rates 2017-2021



# Housing Rates: Drivers and Factors

## Cost Drivers:

- Utilities
- Maintenance, upkeep, and capital improvements
- Debt service requirements
- Personnel (maintenance, housekeeping, RA's)
- Insurance

*"Utilities, Internet/Cable, Laundry, Employee compensation, Resident Life programs support, debt service, maintenance of facilities, repair and renovations, furniture and equipment, reserves for R&R and student demand-driven additional housing, security, student expectations, market competition, relative cost of construction -- state rules as well as competitive markets. ... the State does not provide any construction or operating support for the resident and dining hall operations, yet our compensation rates, benefits, retirement plans and operating requirements are regulated by the State at generally higher costs than the market competition."*

## Factors considered in setting rates:

- Market competition, including pricing and amenities in off-campus housing and at other universities
- Operating costs, debt service, and reserves
- Occupancy rates

*"Projected inflationary increases of externally controlled expenses including utilities, property insurance, & personnel. Increasing costs related to facilities maintenance and capital improvements. Rates at off-campus apartment complexes and other UNC System & [conference] schools are reviewed regularly for market comparison and competitiveness. Data including market studies (done approximately every 5 years) and student satisfaction data (collected annually) are also used."*

*"Each year we take into consideration the amenities and options available to students. We also consider the off-campus housing market and what costs and amenities are being offered there. Additionally, we ensure that our costs are not out of line with other peer institutions both inside and out of the UNC System."*

# Dining Rates: Drivers and Factors

## Cost Drivers:

- Vendor contracts (14/16)
- Personnel and food costs
- Debt service
- Equipment and facilities maintenance
- Number and types of venues; hours
- Student demand/preferences

**Contract:** “The primary driver of cost for Dining Services is payments to the University’s dining provider, Aramark. Under the current agreement, Aramark receives 85% of every dollar spent on dining. . . (residential meal plans, retail dining operations, and catering). Aramark is responsible for all dining labor, food costs, and contractual financial obligations. Other costs are the responsibility of the University and are managed with the remaining 15% of dining receipts. These costs include utilities, equipment replacement and repair (R&R), remodels, and capital projects.”

**In-house:** “Operating expenses for maintaining and operating dining facilities which include a) food inventory, b) equipment & supplies, c) maintenance supplies and materials, d) repair and renewal expenses (roofs, flooring, HVAC, . . . safety, painting). Personnel costs for food service employees, Campus Dining administrative staff, and student employees. Debt service requirements for renovation and new construction of dining facilities.”

## Factors considered in setting rates:

- Vendor contract
- Operating costs and reserves
- Facilities repairs and improvements
- Inflation (food and labor)
- Meal plan participation

**Contract:** “On an annual basis, the provider notifies the University in writing of any recommended changes in prices for services effective the following academic year and the ensuing two summer sessions. Included in any recommended change shall be proposed increases or other adjustments in providers’ employees’ wages and benefits. Provider gives documentation of cost drivers supporting the request for changes. Granting approval to request for increases is at the sole discretion of the University...”

**In-house:** “Previous year profit and loss statements are adjusted for projected program changes and resulting revenue and expense impacts, forecasting fixed expenses through the budget process, CPI and forecasting food & supplies models from GPO contracts, labor UNC System for SHRA & market analysis for hospitality, Retail & meal plan pricing, [national association] Salary Benchmarks”

# Dining Service Contracts

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Category	Findings
Dining Contracts	<ul style="list-style-type: none"><li>• 14 contract for dining services</li><li>• 2 do not (App State, NC State)</li></ul>
Length of Contract	<ul style="list-style-type: none"><li>• 6 Institutions have 10-year terms</li><li>• 2 Institutions have 5-year terms</li><li>• The remainder did not specify length</li></ul>
Cost Escalators	<p>6 institutions reported contract included cost escalators:</p> <ul style="list-style-type: none"><li>• 2 Institutions: 3%</li><li>• 1 Institution: 5%</li><li>• 3 Institutions: Other Inflationary Measure</li></ul>

# Approval Process for Housing and Dining Charges

Chancellor/Campus Approval	Board of Trustees Approval
<ol style="list-style-type: none"><li>1. NC State</li><li>2. UNC-Chapel Hill</li><li>3. UNC Charlotte</li><li>4. UNC Greensboro</li><li>5. UNC Pembroke</li><li>6. UNC Wilmington</li></ol>	<ol style="list-style-type: none"><li>1. Appalachian State</li><li>2. ECU</li><li>3. Elizabeth City State</li><li>4. Fayetteville State</li><li>5. NC A&amp;T</li><li>6. NC Central</li><li>7. UNC Asheville</li><li>8. UNC School of the Arts</li><li>9. Western Carolina</li><li>10. Winston-Salem State</li></ol>



## 4. POLICY RECOMMENDATIONS



# Policy Consideration: Approval of Housing and Dining Charges

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## Potential Recommendation to the Committee on Budget and Finance regarding approval of housing and dining rates:

Amend policy 1000.1.2 (Policy on Student Fees) to include:

*Housing and Dining Charges. Each chancellor is authorized to establish charges for on-campus housing and dining. Housing and dining charges shall be set in the context of developing the campus all-funds budget. The campus board of trustees shall approve student housing and meal plan charges by March 1 of each year for the following academic year. Approved charges shall be filed with the president prior to the beginning of the academic year.*

# Policy Consideration: Consistency

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## Potential Recommendation to the Committee on Budget and Finance regarding Cost of Attendance methodology:

### *Cost of Attendance Calculation.*

- The President shall develop a regulation that establishes a common methodology for calculating cost of attendance budgets.*
- Financial aid offices shall use the methodology outlined in the regulation to establish cost of attendance budgets for academic year 2023-24 and thereafter that are realistic, reasonable, and that reflect the unique mission and student population of each university.*

*The Task Force recommends that the Board direct the President to develop and promulgate the regulation by March 1, 2022 to be applicable for academic year 2023-24.*

THANK YOU

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