

January 20, 2022 at 9:00 a.m.
Via Videoconference and PBS North Carolina Live Stream
University of North Carolina System Office
Center for School Leadership Development
Chapel Hill, North Carolina

AGENDA

OPEN SESSION

1. Invocation Mr. Pope
2. Roll Call..... Ms. McCullen
3. President's ReportPresident Hans
4. Consent Agenda Chair Ramsey

Minutes

- a. Minutes (Open) of November 18, 2021

Committee on Budget and Finance

- b. Capital Improvement Projects
- c. Appendix I, *The Code* (amend) (approved November 17, 2021)
- d. Section 1000.1.1, *Policy on Tuition Rates* (amend) (approved November 17, 2021)

Committee on Educational Planning, Policies, and Programs

- e. UNC System Academic Program Actions
- f. Licensure Program Approvals
- g. Section 600.2.3, *Distinguished Professors Endowment Trust* (amend) (approved November 17, 2021)

5. Report of the Committee on Budget and Finance Mr. Mitchell
6. Report of the Committee on Educational Planning, Policies, and ProgramsMrs. Nelson
7. Report of the Committee on University PersonnelMrs. Blue
 - a. UNC Staff Assembly Update Ms. Woods
8. Report of the Committee on University GovernanceMr. Powers
 - a. University of North Carolina Press Board of Governors Appointments
 - b. Project Kitty Hawk, Inc., Board of Directors Appointments
 - c. Project Kitty Hawk, Inc., Approval of Associated Entity
9. Report of the Committee on Military and Public AffairsMr. Byers
10. Report of the Committee on Strategic Initiatives..... Mrs. Coward

- 11. Report of the Subcommittee on Laboratory SchoolsMr. Byers
- 12. Chair’s Report Chair Ramsey

CLOSED SESSION

- 13. Approval of Minutes (Closed) of November 18, 2021 Chair Ramsey
- 14. Legal Report Mr. Tripp
- 15. Report of the Committee on University PersonnelMrs. Blue

OPEN SESSION

- 16. Report of the Committee on University PersonnelMrs. Blue
- 17. Adjourn

The next regularly scheduled meeting of the Board of Governors is Thursday, February 24, 2022, at the UNC System Office, 140 Friday Center Drive in Chapel Hill.

Closed Session Motion

Motion to go into closed session to:

- Prevent the disclosure of information that is privileged or confidential under Article 7 of Chapter 126 of the North Carolina General Statutes, or not considered a public record within the meaning of Chapter 132 of the General Statutes.
- Consult with our attorney to protect attorney-client privilege, including discussion of steps to manage legal risk; and

To consider and give instructions concerning a potential or actual claim, administrative procedure, or judicial action for the following cases:

- *Staton v. ECU*
 - *Christopher Soderlund, et al. v. North Carolina School of the Arts, et al.*
 - *UNC School of the Arts and University of North Carolina Tort Claims Affidavits*
- Consider the qualifications, competence, performance, or condition of appointment of a public officer or employee or prospective public officer or employee.

Pursuant to: G.S. 143-318.11(a)(1), (3), and (6).

The following policy changes to the UNC Policy Manual were recommended at prior committee meetings to be considered by the full Board of Governors on January 20, 2022:

1. Approval of proposed amendments to Appendix I of *The Code*, Section V, *Budget Administration* (Budget and Finance).
2. Approval of proposed amendments to Section 600.2.3, *Distinguished Professors Endowment Trust Fund* (Educational Planning).
3. Approval of proposed amendments to Section 1000.1.1, *Policy on Tuition Rates* (Budget and Finance).

THE CODE

Appendix 1 -

DELEGATIONS OF DUTY AND AUTHORITY TO BOARDS OF TRUSTEES

Pursuant to authority vested in it by the General Statutes, and consistent with the provisions of *The Code* of the University of North Carolina (*The Code*), the Board of Governors hereby delegates to the boards of trustees of the constituent institutions of the University of North Carolina the following duties and powers:

....

V. BUDGET DEVELOPMENT AND ADMINISTRATION

On an annual basis, the board of trustees shall approve a comprehensive, "all-funds" budget of the constituent institution for the upcoming fiscal year. The budget shall reflect estimated General Fund, Institutional Trust Fund, and other revenues and expenditures as defined by and in a manner prescribed by the president or his—the president's designee. The board of trustees' approval of a constituent institution all-funds budget shall not be delegated and shall be made by the full board of trustees.

The board of trustees shall advise the chancellor ~~with respect to the development of budget estimates for the institution and~~ with respect to the development, execution, and administration of the budget of the constituent institution, ~~as approved~~ consistent with actions by the General Assembly and the Board of Governors.

Adopted 10/11/85

Amended 11/10/95

Amended 07/12/02

Amended 09/12/03

Amended 11/11/05

Amended 06/08/07

Amended 10/17/08

Amended / / 22

Policy on the Distinguished Professors Endowment Trust Fund

I. **Purpose.** The Distinguished Professors Endowment Trust Fund was established in 1985 by the North Carolina General Assembly to enable each constituent institution of the University of North Carolina to receive and match challenge grants to create endowed ~~chairs~~professorships for selected distinguished professors ~~(Chapter 757 of the Session Laws of 1985, Sec. 202; N.C. ¹ G.S. §§116-41.13-41.19).~~

A. In 1995, the General Assembly amended the statute that authorized the trust fund, to make clear that distinguished professorships could be awarded to either current faculty or newly hired faculty ~~(Chapter 507 of the Session Laws of 1995, Sec. 15.12; N.C.G.S. §116-41.18).~~

² The original legislation provided for matching grants on the basis of one dollar in ~~State~~state money to be allocated from the trust fund for every two dollars in private funds. In 2003, the General Assembly amended the statute to change that ratio to a one-to-one basis for constituent institutions designated as “focused growth institutions” or as “special needs institutions.” ~~(Chapter 293 of the Session Laws of 2003; N.C.G.S. §116-41.13.1 et. seq.)³~~

~~The statutory amendment identified seven constituent institutions, i.e., Elizabeth City State University, Fayetteville State University, North Carolina Agricultural and Technical State University, North Carolina Central University, the University of North Carolina at Pembroke, Western Carolina University, and Winston-Salem State University, as focused growth institutions. Two others, the University of North Carolina at Asheville the University of North Carolina School of the Arts⁴, were identified as special needs institutions.~~

B. In 2005, the General Assembly amended the legislation to increase the possible amounts of challenge grants that could be received under the legislation by allowing a challenge grant of up to \$667,000 to be paid on a two-to-one basis for non-focused-growth and special needs institutions and ~~of~~ up to \$1,000,000 to be paid on a one-to-one basis for focused growth and special needs institutions for a maximum total award of \$2,000,000. ~~(Chapter 276 of the Session Laws of 2005, Sec. 9.21(a-c); N.C.G.S. §§116-41.15; 116-41.16; and N.C.G.S. §116-41.17)⁵~~

C. Consistent with the terms and conditions set out in the legislation, the Board of Governors ~~of the University of North Carolina hereby~~ adopts the following policy for administering the Board of ~~Governors’~~Governors Distinguished Professors Endowment Trust Fund ~~(hereafter~~ “the Trust Fund”).

II. Definitions. The following operational definitions apply to this policy:

A. "Focused Growth Institutions." Refers to the following institutions, which have targeted support and development: Elizabeth City State University, Fayetteville State University, North Carolina Agricultural and Technical State University, North Carolina Central University, The University of North Carolina at Pembroke, Western Carolina University, and Winston-Salem State University.

B. "Private Gift" or "Private Contribution." A donation from a private individual or entity (including any foundation or business entity). Federal grant funds do not meet the definition of a "private gift" or "private contribution." Private contributions to institutional endowment funds must be given or pledged specifically for the purposes of the trust fund, and only contributions received after July 1, 1985, may be credited to the special endowment fund of the institution.

C. "Special Needs Institutions." Refers to the following institutions, which have targeted missions and smaller enrollments: University of North Carolina School of the Arts and the University of North Carolina at Asheville.

III. General

1.

A. Appropriated Funds. All funds appropriated for the Trust Fund shall be held by the Board of Governors in accordance with ~~N.C.~~G.S. §116-36.1.

2.

B. Matching Funds. Matching funds shall be allocated by the ~~President~~president to the constituent institutions from appropriated funds and interest earnings in the ~~Trust Fund~~trust fund in accordance with the schedule set out in ~~Section II~~section IV., below, and subject to all requirements and conditions in ~~these regulations~~the policy and regulation being met by the institutions that apply for allocations.

IV.

1. Requirements for Private Contributions

A. Establishment of Distinguished Professors Endowment Fund. An institutional board of trustees, to be eligible for an allocation from the ~~President~~president under the schedule set forth herein, shall establish a Distinguished Professors Endowment Fund (hereafter "Endowment Fund") to be administered in accordance with ~~N.C.~~G.S. §116-36, and private contributions received for this purpose shall be deposited to that Endowment Fund, together with the challenge grant from the Trust Fund. ~~Federal grant funds do not meet the definition of "private gift" or "private contribution."~~

~~2. Private contributions to this Endowment Fund must be given or pledged specifically for the purposes of the Trust Fund, and only contributions received after July 1, 1985, may be credited to the special Endowment Fund of the institution.~~

3.

B. Levels of Endowed Professorships. The statutes provide for grants for endowments up to \$2,000,000. This policy provides for four levels of endowed professorships: an endowment of \$500,000, an endowment of \$1,000,000, an endowment of \$1,500,000, or an endowment of \$2,000,000.

C. Matching Requirements for an Institution other than Focused Growth or Special Needs Institution. For a constituent institution other than a focused growth or special needs institution, the institution must have ~~\$1,333,000 in donations and interest in its Endowment Fund to qualify~~

~~for \$667,000 in State matching funds to establish a \$2,000,000 endowment, must have \$1,000,000 in donations and interest to qualify for \$500,000 in State matching funds to establish a \$1,500,000 endowment, must have \$666,000 in donations and interest to qualify for \$334,000 in State matching funds to establish a \$1,000,000 endowment, and must have \$333,000 in donations and interest for \$167,000 in State matching funds to establish a \$500,000 endowment.~~the following amounts in private contributions in its Endowment Fund to qualify for the corresponding transfer of the state matching funds from the Board of Governors Trust Fund:

4. _____

<u>Private Contribution</u>	<u>State Matching Funds</u>	<u>Total Endowment</u>
<u>\$ 1,333,000</u>	<u>\$ 667,000</u>	<u>\$ 2,000,000</u>
<u>\$ 1,000,000</u>	<u>\$ 500,000</u>	<u>\$ 1,500,000</u>
<u>\$ 666,000</u>	<u>\$ 334,000</u>	<u>\$ 1,000,000</u>
<u>\$ 333,000</u>	<u>\$ 167,000</u>	<u>\$ 500,000</u>

E. Escrow Requirements for an Institution other than Focused Growth or Special Needs Institution. For constituent institutions other than focused growth and special needs institutions, the appropriate state challenge grant amount ~~(\$667,000, \$500,000, \$334,000, or \$167,000)~~ may be placed in escrow in the Trust Fund for an institution that ~~has in its Endowment Fund \$222,000, \$166,600, \$111,000, or \$55,500, respectively,~~meets the following thresholds of funds raised and ~~written pledges of additional private contributions in the amount of \$1,111,000, \$833,400, \$555,000, or \$277,500, as appropriate;~~committed, provided that each payment or aggregate payments on this balance shall be no less than the amount of the initial payment ~~or payments(s)~~ and shall be made on or before the anniversary date of the initial payment ~~or payments(s)~~, and the full amount shall be paid within five years of the initial payment ~~or payments(s)~~. When the full requisite amount ~~(\$1,333,000, \$1,000,000, \$666,000, or \$333,000)~~ is in the institution's Endowment Fund, the state challenge grant shall be paid from the Board of Governors Trust Fund.

5. _____

<u>Initial Private Contribution</u>	<u>Written Pledge Contribution</u>	<u>State Matching Funds</u>	<u>Total Endowment</u>
<u>\$ 222,000</u>	<u>\$ 1,111,000</u>	<u>\$ 667,000</u>	<u>\$ 2,000,000</u>
<u>\$ 166,600</u>	<u>\$ 833,400</u>	<u>\$ 500,000</u>	<u>\$ 1,500,000</u>
<u>\$ 111,000</u>	<u>\$ 555,000</u>	<u>\$ 334,000</u>	<u>\$ 1,000,000</u>
<u>\$ 55,500</u>	<u>\$ 277,500</u>	<u>\$ 167,000</u>	<u>\$ 500,000</u>

F. Matching Requirements for Focused Growth and Special Needs Institutions. For focused growth and special needs institutions, the institution must have ~~\$1,000,000~~the following amounts in ~~donations and interest~~private contributions in its Endowment Fund to qualify for ~~\$1,000,000 in State matching funds~~the corresponding transfer of the state match from the Board of Governors Trust Fund ~~to establish a \$2,000,000 endowment, must have \$750,000 in donations and interest to qualify for \$750,000 in State matching funds to establish a \$1,500,000 endowment, must have \$500,000 in donations and interest to qualify~~its Endowment Fund:

<u>Private Contribution</u>	<u>State Matching Funds</u>	<u>Total Endowment</u>
<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ 2,000,000</u>
<u>\$ 750,000</u>	<u>\$ 750,000</u>	<u>\$ 1,500,000</u>
<u>\$ 500,000</u>	<u>\$ 500,000</u>	<u>\$ 1,000,000</u>
<u>\$ 250,000</u>	<u>\$ 250,000</u>	<u>\$ 500,000</u>

G. ~~Escrow Requirements for \$500,000 in State matching funds to establish a \$1,000,000 endowment, and must have \$250,000 in donations and interest to qualify for \$250,000 in State matching funds to establish a \$500,000 endowment.~~

6. ~~Focused Growth and Special Needs Institutions.~~ For focused growth and special needs institutions, the appropriate state challenge grant amount ~~(\$1,000,000, \$750,000, \$500,000, or \$250,000)~~ may be placed in escrow in the Trust Fund for an institution that ~~has in its Endowment Fund \$166,600, \$125,000, \$83,300, or \$41,600, respectively, and written pledges of additional private contributions in the amount of \$833,400, \$625,000, \$416,700, or \$208,400, as appropriate; meets the following thresholds of funds raised and committed,~~ provided that each payment or aggregate payments on this balance shall be no less than the amount of the initial payment ~~or payments(s)~~ and shall be made on or before the anniversary date of the initial payment ~~or payments(s)~~, and the full amount shall be paid within five years of the initial payment ~~or payments(s)~~. When the full requisite amount ~~(\$1,000,000, \$750,000, \$500,000, or \$250,000)~~ is in the institution's Endowment Fund, the State challenge grant shall be paid from the Board of Governors Trust Fund.

III.

<u>Initial Private Contribution</u>	<u>Written Pledge Contribution</u>	<u>State Matching Funds</u>	<u>Total Endowment</u>
<u>\$ 166,600</u>	<u>\$ 833,400</u>	<u>\$ 1,000,000</u>	<u>\$ 2,000,000</u>
<u>\$ 125,000</u>	<u>\$ 625,000</u>	<u>\$ 750,000</u>	<u>\$ 1,500,000</u>
<u>\$ 83,300</u>	<u>\$ 416,700</u>	<u>\$ 500,000</u>	<u>\$ 1,000,000</u>
<u>\$ 41,600</u>	<u>\$ 208,400</u>	<u>\$ 250,000</u>	<u>\$ 500,000</u>

V. Procedures for Establishing Endowed Chairs~~Professorships~~

1. ~~At the time~~

A. ~~A Plan for Establishment of the Endowment Fund.~~ After an institutional board of trustees establishes the Endowment Fund required in Section II~~section IV., above~~, the chancellor shall prepare a plan for the establishment of ~~the all~~ endowed ~~chair or chairs~~professorships contemplated. This plan shall be submitted to the ~~President~~president for review and approval. No challenge grant shall be made in the absence of an approved plan. ~~The plan shall describe:~~

a. ~~the number~~

B. ~~Named Endowed Professorship. The board of chairs contemplated;~~

b. ~~the general level of salary and other benefits and perquisites, and the anticipated amounts to be supported annually from the Endowment Fund;~~

c. ~~the academic department or other unit to which it is anticipated that the chair or chairs will be assigned;~~

d. ~~whether the chair will be filled by an external or internal appointment or by either. Institutions are encouraged to consider plans for external appointments who will constitute distinguished additions to the faculty; and~~

e. ~~the expected benefits to the institution.~~

2. ~~The Board of Trustees~~trustees may name ~~the an~~ endowed ~~chair or chairs~~professorship in honor of a donor, benefactor, or other person or organization. ~~in consultation with the private~~

donor(s) and chancellor in accordance with applicable institutional or UNC System policies and state laws.

C. Recipient Title. For a full professor, the recipient of a Distinguished Professorship shall be called "Distinguished Professor;" for an associate professor, the recipient shall be called "Distinguished Scholar;" and for an assistant professor, the recipient shall be called "Distinguished Fellow."

D. Duration of the Distinguished Professorship. ~~G.S. 3~~ — ~~N.C.G.S.~~ §116-41.18 allows Distinguished Professorships for the duration of the full-time service of the distinguished professor as a faculty member, and it also allows time-limited appointments when authorized by the Board of Governors and the board of trustees at the institution when a Distinguished Professorship is originally established or when it is vacated. ~~For a full professor, the recipient of a Distinguished Professorship shall be called "Distinguished Professor;" for an associate professor, the recipient shall be called "Distinguished Scholar;" and for an assistant professor, the recipient shall be called "Distinguished Fellow."~~ The Distinguished Scholars and Distinguished Fellows shall be for a time-limited, renewable term during a faculty member's full-time service at the respective rank of associate or assistant professor. ~~The Board of Governors delegates the authority to designate a Distinguished Professorship, including Distinguished Scholar, and Distinguished Fellow, as time-limited to the boards of trustees of those constituent institutions designated as Special Responsibility Constituent Institutions~~ special responsibility constituent institutions with Management Flexibility ~~management flexibility~~ to Appoint ~~appoint~~ and Fix Compensation ~~fix compensation~~.⁶

~~4. — The selection of each distinguished professor to hold an endowed chair shall be made in the following way:~~

~~a. — The selection and appointment procedures followed shall be fully consistent with the institution's tenure policies and regulations and other applicable personnel policies;~~

~~b. — The Distinguished Professor shall be appointed at the rank of full professor*, the Distinguished Scholar at the rank of associate professor, and the Distinguished Fellow at the rank of assistant professor, and the appointment shall be subject to approval by the Board of Governors at those institutions not designated as Special Responsibility Constituent Institutions with Management Flexibility to Appoint and Fix Compensation.~~

~~c. — The academic discipline to which the person is appointed shall be one of major importance to the educational program of the institution; and~~

~~d. — The person appointed shall have a record of outstanding accomplishment in that discipline or field as a teacher and scholar or practitioner.~~

~~5. — When a vacancy occurs in an endowed chair established with the Endowment Fund, the chancellor shall consult with the institutional board of trustees. The chancellor shall thereafter recommend to the President any amendments to the approved plan or shall recommend continuation of the plan without amendment. Upon approval of the plan by the President, selection and appointment of the new distinguished professor, including distinguished scholar and distinguished fellow, shall then proceed in accordance with these regulations.~~

~~*At the University of North Carolina School of the Arts other appropriate rank shall be conferred.~~

E. Visiting Professors. Except for visiting artists at the University of North Carolina School of the Arts, the endowment may not be used for visiting professors.

VI. Other Matters

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

B. Relation to Federal and State Laws. The foregoing policy as adopted by the Board of Governors is meant to supplement, and does not purport to supplant or modify, those statutory enactments which may govern or relate to the subject matter of this policy.

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

¹S.L. 1985-757, Sec. 202; G.S. 116-41.13-41.19.

²S.L. 1995-507, Sec. 15.12; G.S. 116-41.18.

³S.L. 2003-293; G.S. 116-41.13.1, et. seq.

⁴~~Name changed from North Carolina School of the Arts to University of North Carolina School of the Arts effective August 1, 2008.~~

⁵S.L. 2005-276, Sec. 9.21(a-c); G.S. 116-41.15; 116-41.16; and G.S. 116-41.17.

⁶See Sections 600.3.2 and 600.3.4 of the UNC Policy Manual.

Policy on Tuition Rates

The General Assembly shall provide that the benefits of The University of North Carolina and other public institutions of higher education, as far as practicable, be extended to the people of the State free of expense. –North Carolina Constitution, Article IX, Section 9

I. Purpose. The North Carolina Constitution sets the parameters for establishing resident tuition rates at the constituent institutions of the University of North Carolina (UNC). The constitutional provisions for setting tuition are codified in North Carolina General Statutes (hereinafter G.S.) 116-11(7), which states, in part, "The Board [of Governors] shall set tuition and required fees at the institutions, not inconsistent with actions of the General Assembly." This statute governed the setting of tuition rates for both resident and nonresident students from 1971 through 1999, during which time the Board of Governors recommended no tuition increases except as required by session law. In November 1998, the Board adopted a tuition policy, as directed by the General Assembly, which allowed for the consideration of tuition increases as requested by the constituent institutions. These funds are subsequently appropriated by the General Assembly for use by the institution. This policy outlines the framework to be followed by the Board in establishing tuition levels for constituent institutions.² Tuition is charged to students enrolled in academic programs during regular terms, summer sessions, or through off-campus instruction, and is used to partially defray the costs of general academic and administrative operations of campuses, including academic programs and faculty and administrative salaries and benefits.

II. General Policy

A. Undergraduate Tuition. The appropriate tuition policy at the undergraduate level encourages students to pursue academic and intellectual interests without regard to program costs. Accordingly, no difference in tuition between undergraduate programs will occur within an institution, and there will be only minimal differences in undergraduate tuition among campuses in similar institutional categories as defined by the Board to reflect both varying missions and contrasting costs of education, or at the direction of the General Assembly, such as the NC Promise program. Deviation in undergraduate tuition among campuses in different institutional categories will be based upon institutional offerings and will be reasonable. Combined tuition and fee rates for undergraduate residents shall be in the bottom quartile of each respective institution's Board-approved public peers.

B. Graduate and Professional Tuition. The Board will apply Article IX, Section 9 of the North Carolina Constitution to graduate- and professional-level students but with the realization that the costs, sources of funds, and purposes of graduate and professional education are materially

different from undergraduate education. The application of what is “practicable” varies by level of instruction for a number of reasons, and those differences will be reflected in the tuition policies associated with each level. Tuition for graduate and professional students will be set with an understanding that tuition revenues may be needed to maintain and increase the excellence of the University’s graduate and professional programs. In setting tuition rates, the Board will consider the need to provide access to these programs for students irrespective of their financial capacity as well as the desire to attract and retain the best students to serve North Carolina’s needs in each field.

C. Nonresident Tuition.

1. Under G.S. 116-144, the Board of Governors is required to set tuition rates for nonresident students at levels “. . . higher than the rates charged residents of North Carolina and comparable to the rates charged nonresident students by comparable public institutions nationwide. . . .” In complying with the statute, the Board will set tuition for nonresident students after considering the results of a review of rates set by comparable public institutions nationwide. Each constituent institution should set a goal to keep its combined undergraduate nonresident tuition and fee rates at or above the third quartile of its respective Board-approved public peers. Nonresident tuition rates should be market driven and cover the full cost of providing a quality education. The Board will further consider the need for tuition remissions for nonresident graduate students when setting tuition rates and tuition remission policies.

2. Constituent institutions are authorized to award tuition remission to certain nonresident graduate students to reduce the tuition rate for these students to the in-state rate. This tuition remission may be given to nonresident graduate students who are awarded a graduate teaching or research assistantship and who are paid a stipend of at least \$2,000 per academic year. Individual institutions may also establish higher minimum stipend amounts or additional policies relating to eligibility for tuition remission. The following conditions apply:

- a. Each institution shall limit the granting of tuition remissions to conform with established budgetary limitations.
- b. Each institution may supplement this appropriation from other non-state sources.
- c. Institutions may not provide tuition remissions to all graduate students.
- d. The president shall adopt administrative procedures and regulations for the implementation of the tuition remission.

D. Tuition Rates for Part-time Students. Effective with the fall term of 2021, part-time resident students and part-time nonresident students taking courses within North Carolina are charged the regular-term tuition rates established by the Board and the tuition rates for these students are implemented on a per-credit-hour basis to be calculated as follows:

1. Part-time undergraduate students shall be charged tuition per credit hour, at a rate equal to the annual undergraduate tuition rate at their institution divided by 24. The per-credit rate shall be capped at 12 credits per semester for fall and spring semesters, meaning undergraduate students shall not be charged for additional credits beyond 12 in a fall or spring semester.

2. Part-time graduate students shall be charged tuition per credit hour, at a rate equal to the annual graduate tuition rate divided by 18. The per-credit rate shall be capped at nine credits for fall and spring semesters, meaning graduate students shall not be charged for additional credits beyond nine per semester in a fall or spring semester.

E. Other Tuition Rates

1. The authority to set tuition rates for nonresident students taking courses outside North Carolina and to approve tuition rates for self-supported summer enrollment is delegated to the president. The president may also grant exceptions to the method by which the tuition rate is implemented on a per-credit-hour basis, provided that the relevant course or program is receipt-supported.

2. Student Exchange Programs. The constituent institutions are authorized to enter into and extend or modify agreements with institutions in other countries to provide for a balanced exchange of students. A UNC student participating in such an exchange shall be charged tuition by the home UNC institution at a rate consistent with the residency status the student would otherwise have at the home institution and shall be counted in the official FTE of the home institution in that residency status. A foreign student participating in such an exchange agreement shall not be charged tuition by the host UNC institution and shall not be counted in the official FTE of the host UNC institution.

III. Process for Setting Tuition Rates

A. Undergraduate Rates. The Board recognizes that campuses may experience circumstances that suggest an across-the-board change in undergraduate tuition may be needed at one or more institutions. In the event that circumstances lead a campus or campuses to the conclusion that a change in undergraduate tuition rates is needed, campuses are permitted to bring proposals for undergraduate tuition changes to the Board for its consideration. Campuses wishing to submit requests for undergraduate tuition changes will conduct a process that includes meaningful participation by and input from students. A student involvement form signed by the student body president, or designee, should be included with any campus-initiated tuition increase request. A campus will consider the following factors when creating an undergraduate tuition proposal:

1. Availability of state general fund revenue to maintain quality and access within the campuses of the University of North Carolina System;

2. Evidence of institutional efforts to manage costs through increases in productivity, budget flexibility, and/or efficiency improvements;

3. Analysis of the impact of tuition and fee charges on student access to the constituent institutions of the University of North Carolina System as measured by the college-going rate and other metrics so as not to limit access to the University;

4. Changes in various price and income indices (e.g., North Carolina per capita personal income, Consumer Price Index, Higher Education Price Index, Median Household Income);
5. The current level of student charges (tuition, fees, room and board) at UNC System institutions and whether campuses have proposed campus or program tuition differentials for the budget period that would be in addition to general increases in tuition;
6. Analysis of student indebtedness levels within the University, viewed in the context of student attrition rates;
7. Availability of financial aid and amount of unmet need. Financial aid should be reviewed in the context of the different missions of the institutions, the diverse capacities of the institutions to provide financial assistance and the contrasting needs of students attending the institutions.

B. Graduate and Professional Tuition Rates. The Board of Governors will permit individual campuses to initiate requests for Board approval of different base or program tuition rates at the graduate and professional level. If a campus explores the possibility of developing such a request, it will present evidence to ensure that students in the affected graduate and/or professional programs have been consulted. Graduate and professional schools should establish rates consistent with each program's unique market and academic requirements. Tuition for graduate and professional students will be set with an emphasis on maintaining and increasing the excellence of the institution's graduate and professional programs as well as ensuring access. To the extent possible, there should be full tuition remission for graduate assistants to improve an institution's competitiveness in recruiting and retaining highly qualified nonresident graduate students.

In reviewing potential criteria to recommend as a basis for deciding when specific graduate or professional tuition differentials may be appropriate at a particular institution, a flexible policy framework that allows judgments to be reached based on a number of factors is preferable either to cost-based formulas or to discipline or program typologies that treat all academic or professional programs the same. In particular, a flexible approach based on the unique factors associated with specific programs is desirable because of the potential mix of graduate and professional programs that one may find within any given school or college, e.g., a professional school may offer a Ph.D. program in addition to one or more professional degree programs. Therefore, the campuses will consider the following factors in developing graduate and professional school tuition proposals:

1. The anticipated impact of a proposed change on program quality;
2. The projected impact of a proposed change in tuition on access for North Carolina residents;
3. The availability of student financial aid for students with economic need and of tuition remission;
4. The extent to which current and prospective students can afford possible increases in tuition;

5. The relationship of projected tuition revenue to institutional and/or program costs;
6. Tuition and fees, net of remissions and waivers, charged by peer institutions or programs, as compared to tuition and fees, net of remissions, at the UNC institution or program (the public subsidy received by students at public institutions or programs in the peer set, including the UNC institution or program in question, will also be identified as part of the comparison);
7. A plan for the intended use of additional tuition receipts (e.g., needed improvements to the educational program, funding for competitive salary increases, financial aid, etc.);
8. Assistantships or grant support for graduate students; and
9. Analysis of student indebtedness levels within the University.

C. **Timing of Board Action.** The Board will act by March of each year, or as soon as possible thereafter, to establish the University's campus-initiated tuition rates for the next academic year. Setting campus-initiated tuition rates by March will permit students and their families to know in early spring what their tuition charges for the fall semester will be, assuming consistency between the actions of the Board of Governors and the General Assembly.

D. **Individual Consideration of a Campus Request.** The Board will review each campus-based tuition request on an individual basis, within the context of the UNC System's strategic plan, the need for tuition increases, the state's economic environment, and the financial impact on students. The Board is obligated to exercise its discretion in granting, modifying, or denying a campus request. Revenue generated from a campus-initiated change in tuition rates will be accounted for in the budget of the originating campus and transferred within the institution by the chancellor in accordance with the priorities identified in the approved campus proposal.

E. In the event that circumstances require that an increase in tuition be made outside of the process described above, the president may recommend proposed increases in general tuition rates for consideration by the Board. The president will seek counsel from the chancellors and a committee of campus representatives, appointed by the president in consultation with the chancellors, before making the recommendations for tuition changes. The committee of campus representatives appointed by the president shall include students.

The president, the chancellors, and the committee of campus representatives will consider a number of factors in deciding whether to recommend changes to general tuition rates in any given year. After the president recommends any action to the Board of Governors, the Board will also consider the factors in sections III.A and III.B., above.

IV. NC Promise Tuition Plan

A. Pursuant to G.S. 116-143.11, beginning with the 2018 fall academic semester, the Board of Governors shall set the rate of in-state undergraduate tuition at Elizabeth City State University, the University of North Carolina at Pembroke, and Western Carolina University at \$500 per academic semester, and the tuition rate for nonresident undergraduate students at \$2,500 per academic semester. The Board of Governors shall give due consideration to maintaining the unique historical

character of each institution, including service to students who are first generation, college-going, economically disadvantaged, or minority.

B. By October 1 of each year, the Board of Governors and the chancellors of the institutions named in this subsection, respectively, shall submit a report to the Joint Legislative Education Oversight Committee, the House Appropriations Committee on Education, the Senate Appropriations Committee on Education/Higher Education, and the Fiscal Research Division on the amount of any financial obligation resulting from the established tuition rate incurred at each constituent institution and at least the following information for the fiscal year:

1. The amount required to offset the forgone tuition receipts at each of the three constituent institutions as a result of the tuition rate established by this section and how those funds were allocated to each institution.
2. The number of enrolled resident students at each institution.
3. The number of enrolled nonresident students at each institution.

V. Fixed Tuition

A. Fixed Tuition Program. Pursuant to G.S. 116-143.9, the Board of Governors of the University of North Carolina shall ensure that policies and procedures are established for a fixed tuition program beginning with the fall 2016 academic year and all subsequent years. The rate of tuition of any eligible first year, continuing or transfer undergraduate student who is admitted to any constituent institution of the University of North Carolina and deemed to be a North Carolina resident for purposes of tuition shall be guaranteed for a designated time period based on program length and classification. The tuition period shall be eight consecutive academic semesters for a first-time student seeking a baccalaureate degree in a four-year program or 10 consecutive academic semesters for a first-time student seeking a baccalaureate degree in a program officially designated by the Board of Governors as a five-year program, not including any summer sessions. Transfer students shall receive fixed tuition for a period determined based on the balance of a designated program length after making the proper adjustments for a student who transfers to the constituent institution. Current undergraduates shall receive fixed tuition for a period determined based on the balance of their designated program length after making the proper adjustments for semesters already completed. The calculation to determine the balance of a designated program length will be determined by the UNC System Office.

B. Guarantee Rate of Tuition. The fixed tuition program is a guarantee that the rate of tuition approved by the Board of Governors will remain constant or decrease during the tuition period. Students must remain continuously enrolled at the constituent institution during the designated time period to receive this benefit. At the end of the tuition period, the cost of tuition for any additional academic semesters reverts to the amount of the current tuition for that constituent institution.

C. Students Subject to Fixed Tuition. Fixed tuition will be for all eligible students deemed to be a North Carolina resident for tuition purposes for the following three categories of degree-seeking undergraduates in four or five-year baccalaureate degree programs.

1. Baccalaureate degree-seeking students entering into an undergraduate four or five-year degree program as a first-time student.
2. New degree-seeking transfer students entering into an undergraduate four or five-year degree program.
3. Currently enrolled resident continuing students who are enrolled in an undergraduate four or five-year degree program.

Any program authorized by the Board of Governors to require 135 semester credit hours or more shall be officially designated as a five-year baccalaureate program. Fixed tuition applies to students enrolled in distance education and traditional on-campus programs.

D. Fixed Tuition Time Period. First-time degree-seeking students are eligible for fixed tuition for a maximum of eight consecutive semesters for a four-year program and 10 consecutive semesters for a five-year program as long as they are continuously enrolled. Continuous enrollment is defined as a student being consecutively enrolled at the same higher education institution in fall and spring semesters in courses creditable toward a baccalaureate degree. A break in continuous enrollment occurs when a student is not enrolled in consecutive semesters at the same constituent institution. Summer terms are not considered part of the fixed tuition time period.

E. Transfer and Currently Enrolled Students. New transfers and currently enrolled continuing students shall receive fixed tuition for a prorated time period calculated based on the number of enrolled semesters accumulated at the transferring or home institution(s).

F. Break in Enrollment. Once a student breaks continuous enrollment at a UNC constituent institution he/she is no longer eligible for the current rate of fixed tuition at the home institution. If the student transfers to another UNC institution they will be treated as a new transfer student, as described above, and will be eligible for fixed tuition at that institution's current rate for the remaining balance of his or her fixed tuition eligibility period.

G. Withdrawal from Home Institution. Students who withdraw from all classes at their home institution before the date of census, will have broken continuous enrollment and will no longer be eligible for fixed tuition at the current rate at their home institution. Students who withdraw from their home institution after the date of census and then subsequently enroll at the same institution in the next semester will not have broken continuous enrollment and will receive the benefit of fixed tuition at the rate they paid in the prior semester of enrollment.

H. Exhaustion of Eligibility Period. Tuition will convert to the amount of the current tuition for that constituent institution for students who exhaust their eligibility period, are not continuously enrolled, or become ineligible as designated in section I., below. Upon application by a student, the reversion to current tuition may be waived if the student demonstrates that any of the following have substantially disrupted or interrupted their continuous enrollment: (1) a military service obligation, (2) serious medical debilitation, (3) short-term or long-term disability, or (4) other extraordinary hardship.

I. Students Exempt from Fixed Tuition. The fixed tuition shall not be implemented for the following students: continuing education, cooperative innovative high school/early college students

while enrolled in high school, consortium, dual-enrollment program, second degree seeking, transient, nonresident students, non-degree seeking and graduate and professional students.

J. Nonresident Students. Students who are originally classified as nonresident for tuition purposes and subsequently are reclassified as a resident for tuition purposes will be eligible for fixed tuition at the institution's current rate for the balance of his or her remaining eligibility period.

K. Fixed Tuition for Part-Time Students. Campuses shall establish fixed tuition rates for part-time enrollment for students eligible for fixed tuition pursuant to this policy.

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

~~VI. Establishing Fees~~

~~A. The Board of Governors is responsible for establishing fees at the constituent institutions of the University consistent with the philosophy set forth in the North Carolina constitution. 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. Consistent with the above citation, 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.~~

~~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, summer rates, and part time rates shall be established by the president. It is the policy of the Board to act no later than February of each year to establish fees for the following fall semester.~~

~~B. 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 weight 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.~~

~~1. 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.~~

~~2. General fees. Fees generally applicable to all students shall be established by the Board of Governors. Four general fees are authorized: athletic fees, health services fees, student activity fees, and educational and technology fees.~~

~~3. 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. Changes in fees required subsequent to the issuance of the debt may be approved by the president upon the request of the chancellor. Indebtedness fees expire when the related debt is retired.~~

~~4. 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 will be provided for from campus-initiated tuition increases.~~

~~C. Each chancellor is authorized to establish miscellaneous service charges for such items 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.~~

~~D. The process for establishing fees shall be as follows:~~

~~1. In academic years ending in odd numbers (e.g., June 30, 2003, prior to the short session of the General Assembly in 2004), the process shall be initiated at the beginning of the fall semester and contain the following steps.~~

~~a. The vice president for finance shall issue instructions to the campus chancellors calling for them to initiate a review of fees.~~

~~b. 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. 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. The recommendations of the board of trustees will be forwarded to the president for review.~~

~~e. When the review is completed, the president will present fee recommendations to the Budget and Finance Committee 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.~~

~~2. In academic years ending in even numbers (e.g., June 30, 2004, prior to the long session of the General Assembly in 2005), fee increase proposals submitted by the institutional Board of Trustees to the President may be approved by the President if the increase provides only for the following:~~

~~a. Additional revenues equal to the amount required for funding compensation increases for fee-supported employees at a level equivalent to the previous years' compensation increases authorized by the General Assembly.~~

~~b. Additional revenues for nonpersonnel items at a level equivalent to increases in the consumer price index.~~

~~— If a campus requires other changes in fees in academic years ending in even numbers, the process that shall be followed is identical to that followed in academic years ending in odd numbers.~~

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.

¹Supersedes Section 1000.1.1 originally entitled, *Establishing Tuition and Fees*.

²Consistent 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 (NCSSM).