

Memorandum

To: Chancellors
Chiefs of Staff
Chief Academic Officers
Chief Financial Officers

From: Jennifer Haygood *JH*
Senior Vice President for Finance & Administration and CFO

Date: September 18, 2023

Subject: Proposals for 2024-25 Campus-Initiated Tuition and Fee Adjustments

President Hans and the University of North Carolina Board of Governors are committed to promoting accessibility and affordability of higher education for all North Carolinians. As student costs have risen across the higher education sector, costs facing students in the University of North Carolina System have steadily declined relative to inflation. This commitment to affordability requires universities to keep operating costs low while maintaining a high quality of education. With this commitment in mind, the Board will consider 2024-25 campus-initiated tuition and fee increases in the situations outlined below.

Attached are guidelines for your use in submitting requests for changes in tuition and fee rates, effective for the Fall Term 2024. After campus proposals are reviewed by the president and his staff, they will be presented to the Board in January and will be considered for approval at the Board's February meeting. The guidance outlined in this memo is based on recommendations of the president and the Board, the UNC policies 1000.1.1 and 1000.1.2 – *Policy on Tuition Rates* (Attachment 1) and *Policy on Student Fees* (Attachment 2).

Undergraduate Tuition

- **No tuition increases are allowed for resident undergraduate students.** Combined tuition and fee rates for undergraduate residents shall continue to remain in the bottom quartile of an institution's public peers.
- **Increases are allowed for nonresident undergraduate students.** Institutions should continue to follow the traditional process for recommending campus-initiated tuition changes for nonresident undergraduate students. Combined tuition and fee rates for these students should be market driven and reflect the full cost of providing a quality education. Proposals for increases must justify both the need for the increase and why it is not expected to negatively impact enrollment. In addition, a goal of each campus should be setting nonresident rates at or above the third quartile of each institution's public peers.

Graduate and Professional School Tuition

The Board will consider school-based and campus-initiated changes for tuition for graduate and professional programs that have been approved by the Board of Governors. Institutions must use the Board's tuition and fee policy as a guideline in developing recommendations for establishing graduate and professional school tuition rates.

The tuition and fee policy states, "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. Proposals for increases must justify both the need for the increase and why it is not expected to negatively impact enrollment. Please do not submit requests for school-based tuition for graduate programs that have not been previously approved by the Board of Governors.

NC Promise Institutions (ECSU, FSU, UNCP, and WCU)

The 2016 General Assembly set up a tuition buy-down program for Elizabeth City State University, University of North Carolina at Pembroke, and Western Carolina University that began with the 2018-19 academic year. Fayetteville State University was later added to the program beginning in the 2022-23 academic year. The 2024-25 tuition for undergraduate residents will be \$500 per semester and \$2,500 per semester for undergraduate nonresidents. The cost of the foregone tuition receipts will be offset by an appropriation to increase the UNC System budget, subject to funding availability. Changes to the buy-down rate will be considered during the budget allocation process.

ALL TUITION CHANGE PROPOSALS MUST BE ACCOMPANIED BY A DETAILED JUSTIFICATION ON THE USE OF THE INCREASED FUNDS.

Mandatory Fees (including debt service fees)

In accordance with UNC Board policy, the Board of Governors is responsible for establishing fees at the constituent institutions of the UNC System 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 cost of general academic and administrative operations of campuses, including academic programs and faculty and administrative salaries and benefits.

For 2024-25, the Board of Governors will consider increases to mandatory fees subject to the 3 percent statutory cap that are critical to maintaining core activities supported by the fee. The Board will closely scrutinize proposals to ensure that they meet this standard. The Board of Governors will not consider fee increases intended to support any expansion of services and will not consider increases that are non-critical. Notwithstanding the above, increases may be proposed that are offset by a commensurate decrease to another fee. This flexibility does not extend to debt service fees that would otherwise be scheduled to sunset because the associated debt service has been paid in full.

All increase proposals must be accompanied by an expenditure plan showing how the additional revenues are critically important for the fee-supported activity, including a description of why alternative sources or expenditure reductions are insufficient for addressing the needs of the fee-supported activity. Decrease proposals must describe the impacts of the reduced revenues.

Special Fees

Special fees are only applicable to students engaged in particular activities or courses of study. These fees may not be used to supplement general academic revenues that will be provided from campus-initiated tuition increases. Increases to existing special fees will only be considered if it is critical to cover inflationary cost increases associated with an existing fee. Only well-justified proposals will be approved. The Board will closely scrutinize proposals and will not approve increases that do not meet this standard.

New special fees may only be proposed for newly approved programs. New special fees for existing programs will not be considered.

Application Fees

Application fees shall remain at the established rates for each institution.

Student Involvement and Use of Funds

Tuition and fee proposals must be accompanied by the *Student Involvement in Tuition and Fee Setting Process* form (Attachment 3). Additional information from your institution supporting your student involvement may also be transmitted with your tuition and fee package.

Attachments

Please see a list of attachments below needed for completion of the tuition and fee cycle for the 2024-25 academic year.

Completion Date

We appreciate your efforts in providing the requested information. Tuition and fee packages are due by **Friday, December 1, 2023**. In addition to any correspondence sent to the UNC System Office, please contact Aubrey Clark-Brown (aclarkbrown@northcarolina.edu) if you have any questions about the process and email him the completed Excel workbook of your tuition and fee package. Campus summary information must also be entered into the NCHED web-based system.

Thank you for your assistance.

Att. 1: *Policy on Tuition Rates* – UNC Policy Manual 1000.1.1

Att. 2: *Policy on Student Fees* – UNC Policy Manual 1000.1.2

Att. 3: *Student Involvement in the Tuition and Fee Setting Process*

Other Attachments: Excel Workbook Supporting Tuition and Fee Requests
NCHED Tuition and Fees User Manual (for data entry into web-based system)
(Emailed separately to the Budget Officers)

cc: President Peter Hans
Chief Operating Officer Michael Vollmer
Chief of Staff Norma Houston
Acting Senior Vice President David English
Vice President Brandy Andrews
Assistant Vice President Aubrey Clark-Brown