

# **Tuition Considerations & Context**

# Context for Setting Tuition: ECU

- **Background**
  - Inevitable loss of state revenues for each year of biennium
  - BOT: Policy framework on resource allocation
  - BOG: Value statement
- **Guidelines from the Chancellor**
  - Protect the academic core
  - Protect strategic priorities
  - Maximize flexibility
  - Demand strong stewardship
  - Protect essential student services
- **Chancellor: Tuition increases are to be considered**

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# BOG Tuition Policy Considerations

1. Availability of State general fund **revenue**
2. Evidence of institutional efforts to **manage costs**
3. Analysis of impact of charges on **student access** to campuses
4. Changes in various price and income **indices**
5. Current level of student **charges**
6. Analysis of student **indebtedness**
7. Availability of **financial aid** and amount of unmet **need**
8. Plans for **use** of additional receipts

# Context for Setting Tuition: BOG

- “The Board of Governors shall set tuition, not inconsistent with actions of the General Assembly.” –G.S. 116-11

## Previous Interpretations:

- **Presidents Friday (1972-1986) and Spangler (1986-1997):**
  - ❖ The Board never recommended tuition increases and always deferred to the General Assembly.
  - ❖ Tuition rates became a State budget balancing factor.
  - ❖ Increases in tuition ranged from 0 to 20% and tuition revenues were always used for purposes designated by the General Assembly.
- **President Broad (1997-2005):**
  - ❖ The Board adopted a tuition policy to ensure quality, affordability, and predictability.
  - ❖ Campuses were allowed to propose tuition increases to meet justified needs.
  - ❖ The General Assembly passed legislation affirming that campuses could retain the tuition receipts generated by campus-based tuition increases.
  - ❖ Increases in tuition ranged from 0 to 24%. **UNC – GENERAL ADMINISTRATION-JAN-2009**

# Context for Setting Tuition: BOG

## ■ Since 2007:

- The Board of Governors' tuition policy is carried out under its **four-year tuition plan**.
- Tuition increases cannot exceed 6.5%
- If recurring operating appropriations per capita are greater than 6% than the tuition ceiling is reduced by 1% for each percent above 6%
- Under the first three years of the plan, undergraduate resident tuition increased by **5.1%**, **1.2%**, and **2.8 %** respectively.

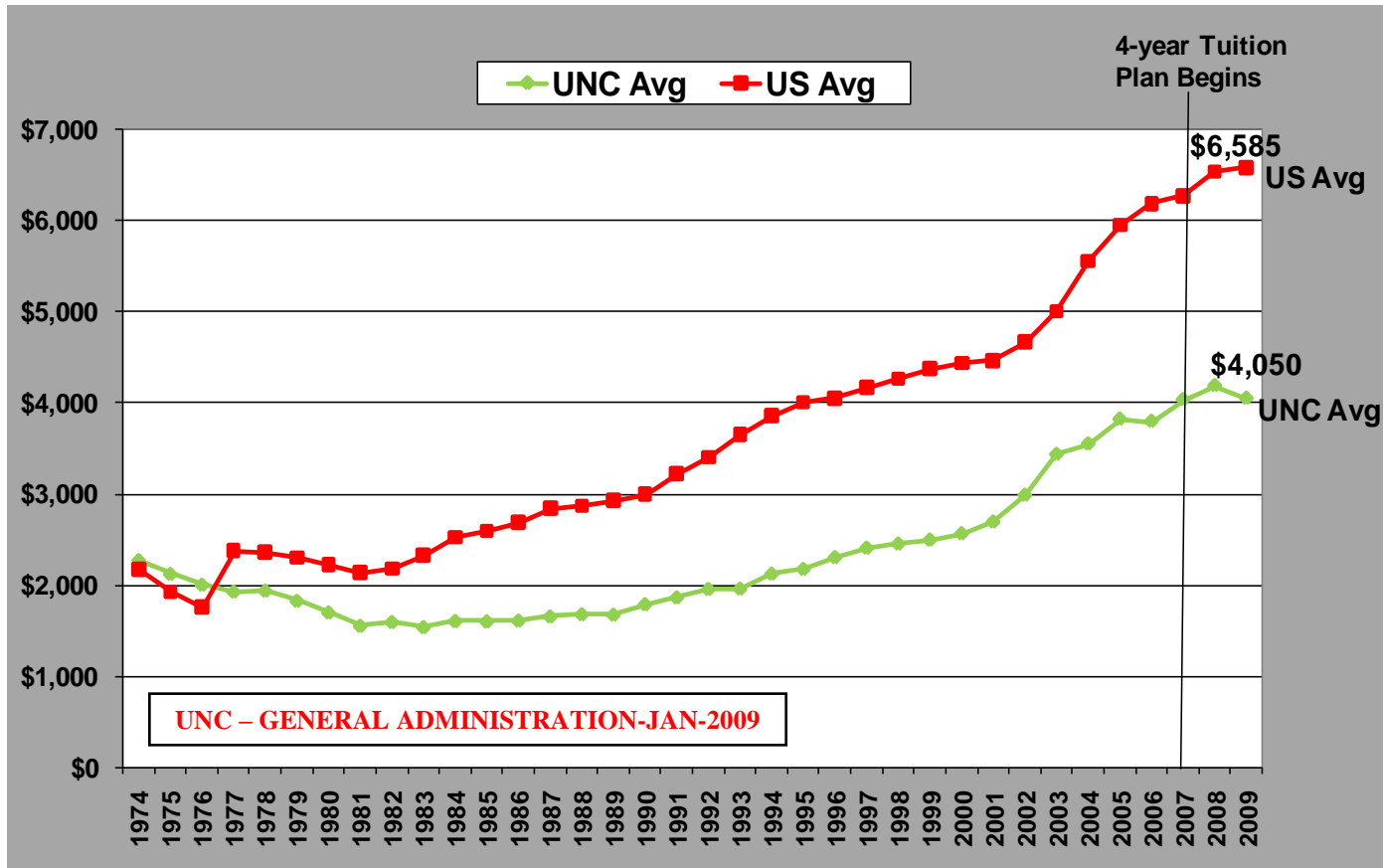
# Tuition – BOG Four-Year Plan

- Increase proposals must be thoroughly justified.
- Campuses must set aside at least 50% of new revenues for:
  - Financial Aid (25%) – More campus-based financial aid is available than ever before to supplement other financial aid programs.
  - Faculty Salaries (25%) – This is required until a campus reaches the Board’s 80<sup>th</sup> percentile goal. Even in tough economic times, we must invest in our faculty. They are our greatest asset. The academic quality of our institutions is only as good as the quality of our faculty. Nearly 45% of our faculty can retire by 2017, and if we cannot keep or attract the very best professors to replace them, we will produce a product that is mediocre and not up to global standards.

# Tuition – BOG Four-Year Plan

- **The plan has led UNC on the right trajectory to provide**
  - **quality**
  - **affordability**
  - **predictability**
    - » **for all students.**

# Historical UG Resident Tuition & Fees 1974 to 2009 (in constant dollars)



U.S. Average is for public 4-year institutions from the report, "Trends in College Pricing," published by the College Board. "Trends in College Pricing" uses the CPI-U to adjust for inflation.

# North Carolina is 4<sup>th</sup> Most Affordable State

(ranking includes all institutions—public, private and community colleges)

2006 Rankings		2008 Rankings	
1	California	1	California
2	Utah	2	New Jersey
3	Hawaii	3	Washington
4	Idaho	<b>4</b>	<b>North Carolina</b>
5	Minnesota	5	Illinois
6	New Jersey	6	Connecticut
7	Washington	7	Maryland
8	Illinois	8	Minnesota
9	Wisconsin	9	Wyoming
<b>10</b>	<b>North Carolina</b>	10	Indiana
11	Indiana	11	Louisiana
12	New Mexico	12	New York
13	Texas	13	Utah
14	Virginia	14	Arkansas
15	Colorado	15	Idaho
16	Oklahoma	16	New Mexico
17	Arkansas	17	Virginia
18	Delaware	18	Nevada
19	Kansas	19	Tennessee
20	New York	20	Texas
21	Pennsylvania	21	Vermont
22	Maryland	22	Florida
23	Nebraska	23	Pennsylvania
24	Vermont	24	Georgia
25	Wyoming	25	Kentucky
26	Georgia	26	Oklahoma
27	Kentucky	27	Wisconsin
28	Michigan	28	Hawaii
29	Alaska	29	South Carolina
30	Connecticut	30	Delaware
31	Iowa	31	Arizona
32	Louisiana	32	Colorado
33	Mississippi	33	Kansas
34	Florida	34	Massachusetts
35	Nevada	35	Michigan
36	Arizona	36	Mississippi
37	Massachusetts	37	Nebraska
38	Missouri	38	West Virginia
39	North Dakota	39	Missouri
40	Tennessee	40	Iowa
41	West Virginia	41	Ohio
42	Alabama	42	Maine
43	South Carolina	43	Oregon
44	South Dakota	44	Rhode Island
45	Maine	45	Alaska
46	Ohio	46	Montana
47	Oregon	47	South Dakota
48	Rhode Island	48	Alabama
49	Montana	49	North Dakota
50	New Hampshire	50	New Hampshire

Source: Measuring Up  
2006 & 2008, *The  
National Center for  
Public Policy and Higher  
Education*

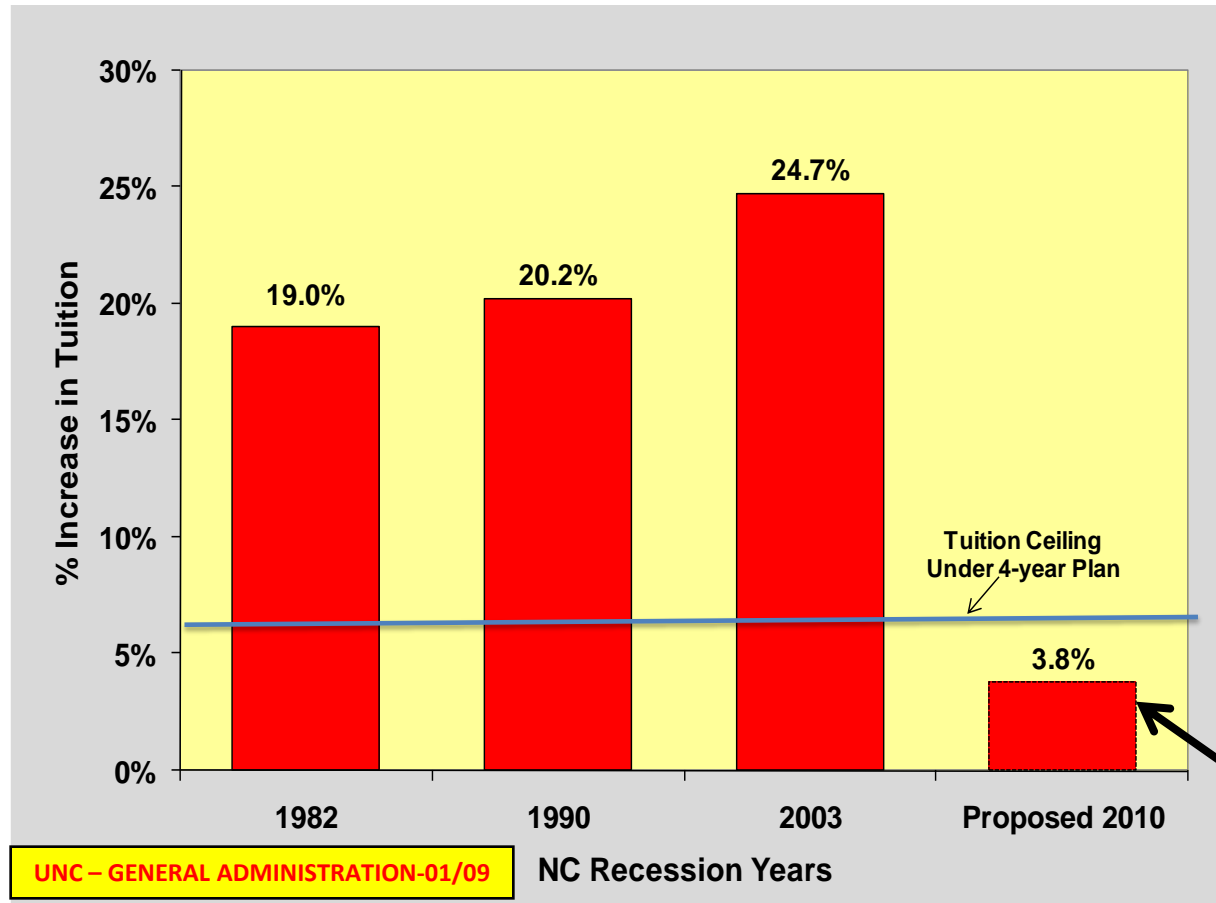
SOURCE: UNC – GENERAL ADMINISTRATION-JAN-2009

# Resident Undergraduate Tuition Increase

In 2008 average undergraduate resident tuition increase was lower than inflation:

- **Tuition Increase** = 1.2%
- **Inflation**
  - Higher Education Price Index (HEPI) = 3.6%
  - Consumer Price Index (CPI) = 5.6%

# Historical Correlation Between Recessions and UNC Tuition Increases



**“We are in a recession. We cannot allow tuition increases to occur at the historic recession rates.” (UNC-GA)**

**BOG approved 2.8% (Feb 2009)**

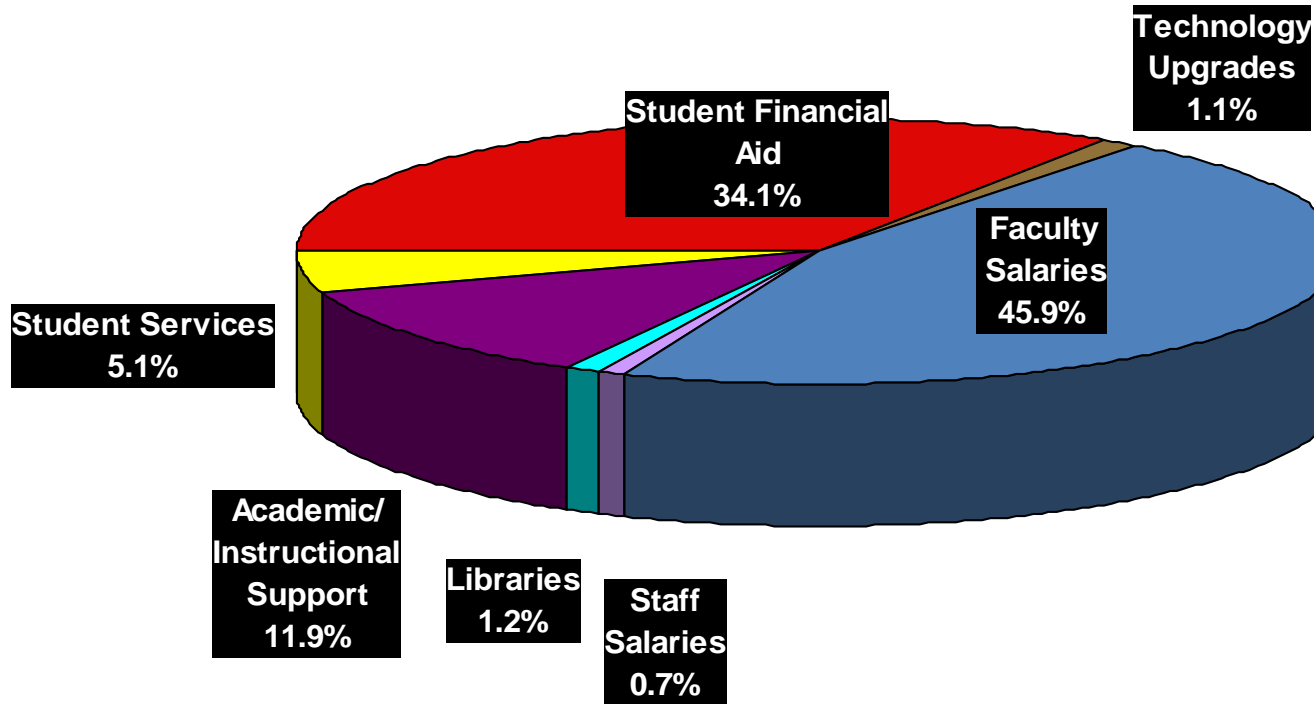
## Increase in Average Appropriations per FTE

2006-07	8.5%
2007-08	9.7%
2008-09	2.8%
2008-09	-1.8% *

\* Adjusted for 5% holdback

The 2008-09 increase in state appropriations was the lowest since 2002 and 2003, echoing the characteristics of that early recession. Tuition increased during the 2002-03 recession by 24.7%. **The FOUR-YEAR PLAN is designed to prevent such drastic and unpredictable tuition swings.**

# Historical % Use of UNC-Campuses- Increased Tuition Revenues



SOURCE: UNC – GENERAL ADMINISTRATION-JAN-2009