

**E-Learning Policy Group  
Tuition and Fees Subcommittee**

**Subcommittee Task:**

The Subcommittee on Tuition and Fees understands its responsibilities as follows.

The Subcommittee will review the responses from campuses to the survey instrument that assessed current practices regarding tuition and fee charges assessed to students taking courses offered through the divisions of distance/continuing education to look for inconsistencies in the ways that charges are applied and make recommendations for changes that establish best practices in the University. The Subcommittee will ensure that best practices are also applied to charges assessed to regular-term students and therefore will review the way that those charges are currently structured. Among the practices to be specifically revisited is the one that provides for regular-term tuition charges to be applied on a block basis rather than a per-credit-hour basis. The application of the educational and technology fee to students enrolled in distance education courses should also be reviewed. An important goal of the Subcommittee is to make recommendations regarding the best practices for tuition and fee charges when multiple campuses are involved in the delivery of instruction (joint degree programs, etc.). In these instances, the aim is to structure tuition and fee charges in a way that allows equitable, understandable, and easy application amongst the multiple campuses.

Once the Subcommittee formulates its recommendations and presents them to the full Committee, the recommendations will need to be thoroughly vetted with the chancellors, chief academic officers, chief financial officers, chief technology officers and other campus constituencies.

**Review of Current Policies and Practices****I. Tuition and Fee Charges**

Presently, regular-term tuition and fee charges are assessed to students on a “block” or “stair-step” basis, with incremental charges assessed when a student takes 3, 6, 9, or 12 hours of instruction – no incremental charges are levied after 12 hours when a student is considered to be full time. Charges are assessed to regular-term graduate students in a

similar fashion with a full-time student considered to be one that takes 9 hours. Students enrolled in distance education courses are assessed charges on a per-credit-hour basis. Campuses are inconsistent in the ways that they assess charges, some charging a regular-term full-time student that enrolls in a distance education course an incremental charge and some not charging more than the regular-term charges. This situation becomes even more problematic when a student enrolls in a course offered by another UNC institution – joint degree programs or inter-institutional programs. Thus, in its review of the ways that campuses assess charges for tuition and fees to students enrolled in distance education courses, the Subcommittee found that the current method does not provide the seamlessness that should exist from a student’s perspective. The Subcommittee found that existing policies and practices in regards to tuition and fee charges can negatively affect students’ participation in courses. The Subcommittee expressed a desire to reduce these inconsistencies and transition to practices that do not discourage students from choosing courses based on mode of course delivery. The Subcommittee determined that a different structure for assessing tuition and fee charges should be implemented to accomplish this objective.

The Subcommittee concluded that the conversion from the current method of assessing tuition charges to regular-term students on a block basis to the assessment of charges on a per-credit-hour basis was essential to accomplish its goals, enabling a situation where all charges to students were assessed on a per-credit hour basis. (As an aside, charges to students enrolled in summer school are currently assessed on a per-credit-hour basis.) It is recommended that each campus consider converting to per-credit-hour basis charges in

conjunction with implementation of the Banner administrative systems, with all campuses converting by Fall 2008.

With respect to fees, the Subcommittee found that it may be necessary to revisit the current practice of charges to part time and distance education students. Currently, distance education students are charged only the Education and Technology fee and the Association of Student Governments fee. However, in some cases, distance education students may desire to participate in services that are supported from other fee revenues. One must also consider that some part time students currently pay fees for services for which they do not have practical access or opportunity to take advantage of. In order to provide consistency and seamlessness to students, the Subcommittee recommends a revised policy that takes into account these situations.

To provide a fair equitable approach to charging fees, it is necessary to recognize that there are two fundamental types of fees: **campus-related service fees**, and **course-related fees**. Examples of campus related services fees would include student health, student activities, and gym fees. These services are generally provided on an all-or-nothing basis; i.e., a student who has access to the student health center has access to all services that the health center provides. Course-related fees are defined as those which directly support the courses a student takes. An example of a course-related fee is the education and technology fee, which provides support for resources students will need to participate in courses offered by the institution, such as laboratory equipment and supplies, access to computing laboratories and software required for the course work, and

access to the institution's Learning Management System (LMS). In contrast to campus-related service fees, services supported by course-related fees are generally provided on a course-by-course basis, rather than an all-or-nothing basis.

In consideration of inter-institutional programs, or more generally, the case of students taking courses from more than one institution, it is useful to introduce the concept of a **home institution**, that being the institution with which the student is primarily affiliated, and a **sponsoring institution**, that being the institution offering the course, or courses, in which the student is enrolled. Fees designated as campus-related service fees would be collected by the student's home institution, and the student would be eligible to participate in those services at the home institution. Course-related fees would be collected by each sponsoring institution in which the student is enrolled. It is important to note that there should be only one home institution, but possibly multiple sponsoring institutions, for any given student.

In considering the most fair and equitable approach to fees, three alternative models are proposed. Further discussion is required to determine the best model; however, it should be noted that the case of multiple sponsoring institutions can work equitably only if all UNC institutions adopt the same model. The three models are presented below:

Model 1: All fees are charged prorated on a per credit hour basis, identically to the model for tuition. Campus-related service fees would be billed by the home institution prorated by the student's total credit hours, and course-related fees would be billed by each sponsoring institution, prorated by the number of credit hours for which the student is enrolled at that institution.

Pros: Tuition and fees are charged consistently, prorated per credit hour.

Cons: Opens a loophole for abuse of services; e.g., a student enrolled for one credit hour could obtain access to student health services for 1/15<sup>th</sup> the fees paid by a full time student taking 15 credit hours, for the same service.

Model 2: Campus-related service fees would be billed at the full time rate by the home institution, regardless of the total credit hours, and course-related fees would be charged by each sponsoring institution, prorated by the number of credit hours for which the student is enrolled at the sponsoring institution.

Pros: Students would pay the full time equivalent rate for the “all-or-nothing” campus-related services, eliminating the opportunities for abuse of access to services as reduced rates.

Cons: Part time students with little or no practical access to campus-based resources will be required to pay for services that they can’t use. Since fees are currently prorated on a ¼ FTE basis for these students, the total cost for a student taking only one course per term will increase significantly.

In both models 1 and 2, any student living on campus, or any student living off campus that is enrolled in a regular-term course on campus would be charged all fees and would receive access to all fee-supported services at the home institution for campus-related fees, and at each sponsoring institution for course-related fees. Students enrolled in distance education courses only and living off campus would only be required to pay per credit hour prorated course-related fees, including the educational and technology fee, administrative computing fee if charged by that campus, and the fee that supports the Association of Student Governments. In addition, these students would be given an option to pay other fees and receive the services provided by those fees (student health services, athletics, etc.). If students “opt-in” to these other fees, they would do so on a per credit hour prorated bases (model 1), or a full time equivalent “all-or-nothing basis (model 2).

Model 3: This model is equivalent to model 2, except that the opt-in provision for students living off campus and taking courses only by distance education would also be extended to part time students living off campus and enrolled in six credit hours or less in a given term.

Pros: Students without practical access to campus-related services would not be required to pay the fees associated with those services, unless they opted in to do so.

Cons: Many part time students would elect not to opt in for fee supported services, effectively increasing the burden on full time students to cover the cost of those services.

## II. Enrollment Change Funding

It is also important to note that the recommended conversion to per-credit-hour tuition charges is tied directly to the University's funding for enrollment change. The SCH enrollment growth funding model adopted by the Board of Governors in March 1998 is dependent on the ability of each campus to project credit hours of instruction by course offering at the undergraduate, masters, and doctoral levels, a significant departure from the earlier FTE model. A funding model that required the prediction of course offerings on a credit-hour basis was anticipated by the General Assembly when it called for the Board of Governors to adopt a new funding model. The special provision language in HB 229 sec. 15.4 stated,

*The Board of Governors of The University of North Carolina shall consider alternative approaches to funding University undergraduate and graduate enrollment, including the current funding of full-time equivalent students based on 12 semesters hours annually for undergraduates, increasing this level to 15 semester hours annually, which would be consistent with graduating in four years, or funding the University on the basis of student credit hours rather than on full-time equivalent enrollment...*

Under this enrollment change model, since campuses charge regular term tuition on the "block" or "stair-step" basis, they must also project FTEs to account for this tuition. This adds to the complexity of the funding model by creating a necessary separation of regular term and distance education instruction, due to the difference in tuition charges. The implementation of this recommendation would improve consistency, by making it possible to project student credit hour growth for the funding requirements and show the corresponding tuition offset based on student credit hours. At the same time that the special provision was passed, legislative staff discussed with staff in the President's Office their perspective that the University should consider charging on a per-credit-hour

basis to provide consistency between the funding requirements and tuition receipt calculations generated by the funding model. As such, this recommendation would provide much-needed uniformity and predictability in the enrollment projection process.

### **III. Multi-Campus, Inter-institutional, and Joint Degree Programs**

The Subcommittee also noted that the increasing emergence of joint degree and other multi-campus programs is related to the analysis of tuition and fee charges. Increasingly, institutions and students are gravitating towards multi-campus programs or degrees. In this situation, the integrity of the enrollment growth funding model must be maintained and it is critical to analyze the financial impact to campuses of the agreements. Furthermore, it is necessary for there to be one policy for UNC institutions to use as a baseline model in entering into agreements. The current lack of a single policy has led to the existence of problems that include multiple types of agreements within a single institution and difficulties with transference as staffing turns over (campus-Chancellors, Provosts, Deans, CFOs, DIRs, etc, Fiscal Research, and OSBM). There is a need to have a policy that is equitable, understandable, easy to apply and that can survive leadership or staff transitions. Therefore, the Subcommittee recommends that when students are enrolled in courses (distance education or regular term) that are delivered by another UNC institution, that the student credit hours of instruction should be reflected on the enrollment funding model projections for the institution delivering the instruction. That institution would bill students for the tuition and course-related fees associated with the course. This methodology would allow for the campus incurring the instructional expense to maintain funding for course delivery. Since there are currently multiple

agreements in place between institutions, each of those existing agreements would need to be reevaluated and changed to meet these new criteria.

### **Conversion to Charges on Per-Credit-Hour Basis**

To study the impact of converting all charges to a per-credit-hour basis, the committee analyzed the tuition charges and receipts at four UNC institutions - North Carolina Central University, North Carolina State University, the University of North Carolina at Greensboro and the University of North Carolina at Wilmington. The analysis focused on data reported from each campus in the student data file that reflects the number of students taking from 0 to 23 hours of instruction compared with the total in tuition receipts generated at both the undergraduate and graduate levels. Because the analysis revealed unique campus circumstances, it will be important for each campus to independently conduct a detailed revenue and student-credit-hour analysis if the recommendation to assess all charges on a per-credit-hour basis is implemented. Each campus would calculate a revenue neutral tuition rate by dividing total tuition receipts by total student-credit-hours of instruction. In addition, each campus would need to evaluate the competitiveness and equity of its proposed rate as compared to other UNC institutions and its other peer institutions. These rates would vary from institution to institution. The new rates would need to be set at a conservative level to ensure that no tuition revenue is lost *if* students reduce the number of credit hours taken when they are charged for each credit hour of instruction with no cap on tuition charges.

### **Conclusion: Recommendations to the Full E-Learning Committee**

The Tuition and Fees Subcommittee of the E-Learning Policy Group recommends the following to the full E-Learning Committee:

1. The University of North Carolina should move to implement per-credit-hour tuition charges for all students no later than the Fall of 2008. If possible, it is recommended that this be done in conjunction with the conversion to Banner administrative systems. Distance Education for credit is simply a different mode of course delivery. Students rightly expect a more seamless and predictable way of choosing courses, without barriers based on course delivery mode. Tuition charges for regular-term students on a per-credit-hour basis would be the same as the charge to students taking courses through distance education. When the conversion to a per-credit-hour charge takes place, there would no longer be a cap of charges to students, who would instead pay tuition on a one-for-one rate, in accordance with the number of credit hours for which they are enrolled. The per-credit-hour tuition schedule for the institution should be calculated such that the total tuition billed by the institution is equivalent to the tuition which would be billed using the current method. Each institution should independently calculate new tuition and fee rates that would be revenue neutral. These rates would have to be presented to and approved by the Board of Governors.

2. Fee Charges:

All fees would be designated as either campus-related service fees or course-related fees. Campus-related service fees would be charged on a prorated per credit hour basis if model 1 is adopted system wide, or on a full time equivalent basis if model 2 or 3 is adopted. The model adopted for fee would be implemented on the same time schedule as for per-credit-hour tuition.

- a. Any student living on campus would be charged all student fees and receive access to all fee-supported services.
  - b. Any student living off campus that is enrolled in any regular-term course on campus (models 1 and 2), or enrolled for six credit hours or more of regular-term courses on campus (model 3) would be charged all student fees and receive access to all fee-supported services.
  - c. Students enrolled in distance education courses only (models 1 and 2) or enrolled in six hours or less of regular-term on campus instruction (model 3) and living off campus would only be required to pay the educational and technology fee, the administrative computing fee (if charged by that campus), and the fee that supports the Association of Student Governments. In addition, these students would be given an option to pay other fees and receive the services provided by those fees (student health services, athletics, etc.).
3. When students are enrolled in courses that are delivered by another UNC institution, the student credit hours of instruction should be reflected on the enrollment funding model by the delivering (or “sponsoring”) institution. The sponsoring institution would bill students for the tuition and course-related fees

- associated with the course. (This allows the sponsoring institution to get full credit for offering the course though the student would receive two tuition bills, one from his/her home institution for other courses taken and one from the sponsoring institution for this distance education course.) Fees for campus-related services would be billed only by the student's home institution. Any existing agreements between institutions should be reevaluated and transitioned to this new methodology.
4. A group of campus financial aid directors and employees of the State Education Assistance Authority should evaluate the impact of these changes on students receiving need-based financial aid and make any necessary recommendations to ensure that those students are not negatively impacted.