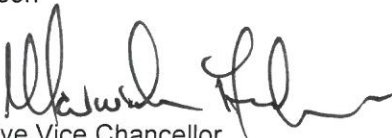



**MEMORANDUM**

TO: W. Randolph Woodson  
Chancellor

FROM: Warwick A. Arden   
Provost and Executive Vice Chancellor

Paul R. Nolan III   
President, Student Body

SUBJECT: Report of the 2016-17 Tuition Review Advisory Committee

DATE: October 17, 2016

The Tuition Review Advisory Committee (the Committee) submits the following campus initiated tuition increase (CITI) and premium tuition proposal for the 2017-18.

The Committee recognizes that final authority for recommending tuition increases to the North Carolina Legislature rests with UNC General Administration and the UNC Board of Governors. During its cycle of meetings, the Committee referenced information contained in the following documents:

- The University of North Carolina Tuition and Fees: A four-Year Plan for Academic Years 2015-16 through 2018-19
- 2016 Appropriations Act [Access to Affordable College Education Section 11.4.(a); 116.143.9. Fixed tuition payment]

Consequently, throughout its deliberations, the Committee remained aware of the following:

- ✓ UNC-Board of Governors 5% cap on campus-initiated tuition increase for resident undergraduate students during the last two years of the tuition and fees four year plan--years 2017-18 and 2018-19
- ✓ The fixed, 8/10 consecutive semesters guaranteed tuition for freshmen or transfer undergraduate resident students who enroll effective Fall 2016

Three committee meetings were scheduled [Aug. 31, Sept. 14, and Sept. 28]. These meetings were well attended, and members engaged in thorough deliberations during each meeting. Absent specific directions from UNC General Administration during the Committee's meeting cycle, but considering its letter of charge, the Committee proceeded with the CITI *review and recommendation* process focusing on tuition rates for resident and nonresident undergraduate students and for resident and nonresident graduate students. Furthermore, as charged, the Committee considered premium tuition requests. Members reviewed and discussed relevant information relating to tuition, evaluated available data, and formulated CITI recommendations for the 2017-18 and 2018-19 biennium. Members were continuously reminded that directions from UNC-General Administration had not yet been received and that once received, would supersede the parameters the Committee was currently working within.

Upon receipt of the 10/7/16 memorandum from Jonathan Pruitt (subject: Proposal for 2017-18 Campus-Initiated Tuition and Fee Adjustments) adjustments were made to the Committee's recommendations in two areas. Consistent with directions in the memorandum, the number of undergraduate resident (guaranteed tuition) FTE's was expanded which impacted "revenue-generated." The FTE-expansion and corresponding

“revenue-generated” are reflected in this report. The Committee’s initial proposed uses did not change. Also, only the Committee’s 2017-18 recommendations for campus initiated tuition increases and for premium tuition are included in this report. With the exception of these changes, no other modifications were made.

During the Committee’s meeting cycle, the comparative 2015-16 tuition/fees data for NC State’s 16 peer institutions sparked a discussion about NC State’s *tuition* which is the second lowest for resident and nonresident undergraduate students as well as second lowest for resident and nonresident graduate students. Having been reminded of a 2014 goal for campuses to set nonresident tuition rates at or above the third quartile of public peers, the Committee explored tuition-increases that would advance NC State towards that goal. The Committee recognized that public peers, simultaneous to NC State’s tuition recommendations, have also adjusted their tuition which delays NC State’s success with moving tuition rates to a level at or above the third quartile of public peers. Rather than entertaining discussion about massive tuition increases in order to reach the third quartile, the Committee remained committed to discussing modest tuition increases that help NC State remain a good value.

The Committee agreed that taking a reasonable and conservative approach to increasing tuition is rational given the state and national dialogue surrounding college costs. However, while the Committee understood the importance of remaining a good value, it also recognized and discussed the importance of continuing to move the university forward and the importance of tuition revenue in that regard. The Committee vigorously discussed the gradual widening gap between the tuition rate for undergraduate nonresidents as compared to tuition rate for graduate nonresidents as members reviewed data showing that undergraduate nonresidents pay higher tuition than graduate nonresidents.

Ultimately, the percentages the Committee recommends are ones that comply with the guidelines contained in the 10/7/16 J. Pruitt memorandum which cap tuition at 2% for resident undergraduate students. Furthermore, the percentages are ones that conservatively begin the process of bringing into alignment tuition for undergraduate and graduate nonresidents.

Because NC State University currently exceeds the 15% cap on total tuition dollars that may be used for need-based financial aid, and therefore cannot allocate any CITI money to this category, the Committee discussed and unanimously proposed that CITI allocations be used to support *quality and accessibility, faculty promotional increases, and the graduate student support plan.*

At its September 28<sup>th</sup> meeting members heard presentations from administrators representing the Colleges of 1) Design, 2) Engineering, 3) Management and 4) Sciences regarding premium tuition proposals for seven graduate programs. Also at this September 28<sup>th</sup> meeting, the Committee completed its work by voting and approving: the recommended percent tuition increase for all student categories, the percent allocation for three expenditure categories, and the premium tuition proposals that had been presented earlier during the meeting. The Committee includes 14 *voting members* and 5 *non-voting members*; 12 out of 14 *voting members* cast votes.

**The Committee approved the following campus initiated tuition increase (CITI) recommendations:**  
2017-18

- Continue guaranteed 8/10 semester fixed tuition rate for undergraduate residents enrolled as of Fall 2016
- (\$ 128 CITI = 2%) Undergraduate Residents (New Cohort)
- (\$ 957 CITI = 4%) Undergraduate Nonresidents
- (\$ 404 CITI = 5%) Graduate Residents
- (\$1357 CITI = 6%) Graduate Nonresidents

**The Committee recommends that the additional tuition revenues be used to:**

2017-18

- improve the quality and accessibility of the NC State educational experience: **suggest allocating 66.2%**
- provide funding for faculty promotional increases: **suggest allocating \$750,000 [which equals 8.8%]**
- provide funding to the Graduate Student Support Plan: **suggest allocating 25.0%**

**2017-18 premium tuition recommendations**

- Increase tuition premium by \$1000 per year effective Fall 2017 for the following degree programs:
  - Master of Business Administration
  - Master of Global Innovation Management
- Increase tuition premium by \$4000 per year effective Fall 2017 for the following degree program:
  - Master of Science in Financial Mathematics
- A new tuition premium of \$2400 per year effective Fall 2017 for the following degree program:
  - Master of Science in Chemical Engineering
- Increase tuition premium by \$800 per year effective Fall 2017 for the following degree programs:
  - Master of Computer Science
  - Master of Science in Computer Science
- A new tuition premium of \$4000 per year effective Fall 2017 for the following degree program:
  - Doctor of Design

**(See the spreadsheets included on pages 5 and 6)**

The Committee recognizes that the additional tuition will make attending NC State more expensive for students than in the past, and yet affirms that an NC State education is still an exceptional value. The Committee wishes to maintain and improve the quality of that education for the benefit of our students and the state and region which we serve. Tuition Review Advisory Committee members voiced strong agreement that the recommended tuition increases are necessary and rationally conservative.

Furthermore, during the September 28<sup>th</sup> meeting after having made final recommendations, a member's "motion" followed by another member's "second" and the Committee's unanimous voice vote of "aye" caused the following to be approved: "If UNC-General Administration establishes a set tuition-increase rate for undergraduate residents that is less than the Committee's proposed 2% increase, the proposed percent-expenditures will remain the same and therefore, the Committee will not need to re-convene."

If you have questions or would like further information, please let us know.

WAA/PRN/rhc

**Impact statements regarding the premium tuition proposals include the following:**

**Master of Business Administration (MBA) and Master of Global Innovation Management:** The MBA programs are nationally recognized. . . ranking having moved up in the Bloomberg Businessweek from #54 to #29 and moved up from #70 to #52 in US News & World Report. Money from the existing tuition premiums helped the program achieve these results and the proposed increase will help support investments for the "do" portion of NC State's philosophy "think and do." MBA enrollment increased from 200 in fall 2002 (when the program started charging premium tuition) to 424 in fall 2013 and was up to 539 in spring 2016. Starting salaries of the graduates of the full-time program are in the \$80,000-\$90,000 range. The return on investment is high; the current cost of the program for evening and online students is roughly \$40,000.

An increase in the premium tuition will assist the program to increase and support faculty/staff (proposing 5 teaching professor positions and 8-10 part time industry experts to assist teaching faculty) and help meet the demands of a growing program (proposing staffer for course design & development; and hardware/software expense account to keep up-to-date). Expanding the MacLaughlan Leadership series from 24 students to about 200-250 per year is also a goal.

**Master of Science in Financial Mathematics (MFM):** The Professional Science Masters (PSM) in Financial Mathematics is a 3-semester program; there're 70 students enrolled. The proposal indicates that students need additional professional skills training and workshops/projects offered by practitioners. The MFM Program has established connections with many companies that hire NC State graduates; most of these jobs are in North Carolina in the financial and financial services sector in companies like SAS, BB&T and Duke Energy for example. There is a 100% placement rate of graduates in career track positions and 100% placement rate in internships. Companies in other sectors utilize quantitative risk management. Expanding the external contact list will translate into improved opportunities for private-sector internships and jobs for the students which is a critical component of the MFM curriculum. Money from tuition premium will be used to create a new career services position; used to expand exposure of students to practitioners (workshops); and used for marketing and recruiting. Dedicating a full time position to career services will improve the offerings to students and provide timely and effective assistance as students progress through interviews. Additional funds from premium tuition increase will enable practitioners to join the program as adjunct professors and professors of the practice. Students will be able to receive academic training from cutting-edge researchers in financial math and related areas.

**Master of Science in Chemical Engineering:** Each year a large number of students apply for the masters program, and the premium tuition will allow the degree program to grow. Companies are now hiring employees who hold the MS in Chemical Engineering where previously companies preferred employees with the PhD. The program expects their enrollment to grow as it focuses more attention on recruiting and admitting master of science students. The larger percent of money from tuition premium will be used for hiring teaching assistants (58%) and for hiring adjunct faculty to free up department faculty so they can create more elective courses based on faculty members' areas of expertise. Money will also be used for eventually creating tracks for the MS program, and for creating supplementary fellowship and financial aid slots based on need and merit giving particular attention to underrepresented groups. It is anticipated that students earning the MS in Chemical Engineering will realize an average of \$14K in their income which will allow for a fast return on investment for the students.

**Master of and Master of Science in Computer Science:** This degree program is one of the largest graduate programs at NC State with over 700 students; the program has grown about 20 percent since premium tuition was first approved for Fall 2014. Applications for the degree program have increased by 59 percent. Funds generated from the tuition premium will help with improving the educational experience of students (hiring more teaching assistants, teaching faculty & staff) and acquisition of additional equipment, software, and technical support needed for lab-based courses; as well as help with providing need-based financial aid, merit-based fellowships, and recruiting incentives. Without this additional premium tuition increase, the department leadership is constrained in what they can do to alleviate big course section sizes by providing more teaching assistants. The college produces a highly-skilled workforce in science, engineering, and computing and supplies major employers who have established or are establishing substantial operations in North Carolina. Without additional funding the college will not be able to meet the growing demand for graduate studies in Computer Science. Graduates' starting salaries are in the \$85K to \$130K range, and there's close to 100% placement at graduation. This salary range allows for a fast "return on investment" for students.

**Doctor of Design:** This is a new degree program which has been 3.5 years in the making and is now approved to start in Fall 2017. Its delivery will be mixed mode consisting of online and periodic 10-day intensive on-campus workshops and presentations. The proposal is for a one-time tuition premium of \$4000 effective 2017-18. The premium tuition will be used to support additional information technology activity, provide graduate assistants required for on-line courses, and to support logistical aspects and additional faculty resources related to the intensive on campus workshops.

**Final Tuition Recommendation for 2017-18**

	2017-18			
<b>Student Categories:</b>	%	Projected FTEs	Rate Increase	Revenue Generated
<b>Undergraduate Residents (Guaranteed – All But New Cohort)</b>		13,754	0	\$0
Undergraduate Residents	2.00%	4,500	128	\$576,000
Undergrad Nonresidents	4.00%	2,842	957	\$2,719,794
Graduate Residents	5.00%	2,840	404	\$1,147,360
Graduate Nonresidents	6.00%	2,972	1,357	\$4,033,004
<b>Total</b>		26,908		<b>\$8,476,158</b>
<b>Proposed Use:</b>		%	Allocation	
Need-based Financial Aid		0.0%	\$0	
Graduate Student Support Plan (GSSP)		25.0%	\$2,116,300	
Improve Quality & Accessibility		66.2%	\$5,609,858	
Faculty Promotional Increases		8.8%	\$750,000	
<b>Total</b>		100.0%	<b>\$8,476,158</b>	
<b>Graduate Student Support Plan (GSSP)</b>		Students	Rate	Increased Cost
State Supported Graduate Students		1,700	404	\$686,800
Non-State Supported Graduate Students		1,500	1,357	\$0
Differential in Tuition Remission		1,500	953	\$1,429,500
<b>Total</b>				<b>\$2,116,300</b>
<b>Summary</b>		Increase	2017-18	
<b>Tuition 2016-17</b>		Amounts	Percents	New Tuition
\$6,407		\$128	2.0%	\$6,535
\$23,926		\$957	4.0%	\$24,883
\$8,088		\$404	5.0%	\$8,492
\$22,610		\$1,357	6.0%	\$23,967
Differential in graduate resident and non-resident tuition:		\$ 953		\$15,475

- Projected FTEs are the Spring 2015 and Fall 2015 FTEs averaged together. Spring 2016 not available yet.
- FTEs include On-Campus Regular term and CVM portion of Vet Med students. DE and DVM not included here.
- For Undergraduate Residents (Guaranteed- All But New Cohort) FTEs assume all of 13,754 undergraduate residents have a guaranteed rate, except for the 4,500 FTE in the new freshmen undergraduate resident cohort.
- GSSP headcounts are placeholders.

**SOURCE:** <https://oirp.ncsu.edu/students/enrollment/full-time-equivalent-fte> (On-campus Regular Term FTE Budget Enrollment Report)

**Summary of Tuition Premium Requests for Graduate Degree Programs**

Title of Graduate Degree Program	Tuition Premium effective 2016-17 (Full-time students)	Resident/Non-resident 2016-17 Tuition Per Year (includes tuition premium)	Tuition Premium Requested for Year 2017-18	Resident / Non-resident 2017-18 Tuition Per Year (includes tuition premium)
Master of Business Administration	\$13,125 (residents) \$13,610 (nonresidents)	\$21,213 / \$36,220	\$1000	\$22,617 / \$38,577
Master of Global Innovation Management	\$13,125 (residents) \$13,610 (nonresidents)	\$21,213 / \$36,220	\$1000	\$22,617 / \$38,577
Master of Financial Mathematics	\$6,000	\$14,088 / \$28,610	\$4,000	\$18,492 / \$33,967
Master & Master of Science in Computer Science	\$4,800	\$12,888 / \$27,410	\$800	\$14,094 / \$29,567
Master of Science in Chemical Engineering	\$0	\$8,088 / \$22,610	\$2400	\$10,892 / \$26,367
Doctor of Design (this is a new degree program effective 2017-18)	\$0	n/a	\$4,000	\$12,492 / \$27,967

**NOTE:** 2016-17 Tuition for Graduate Residents and Nonresidents is **\$8,088 /\$22,610 per year**. 2016-17 Resident and Nonresident tuition in chart does not include College of Engineering Program Enhancement Fee.

**SOURCE:** <https://studentservices.ncsu.edu/your-money/tuition-and-fees/graduate-students/>