

NC State Premium Tuition Proposal Procedure

Requirements, process and timeline for requesting approval and increases to existing rates

Effective February 1, 2016 (*Updated November 2020*)

According to UNC System Office policy ([1. 3. "Graduate and Professional Tuition" Policy Manual 1000.1.1](#)), premium tuition may be considered for graduate and graduate professional programs. The following procedure is to be followed to prepare and submit a Premium Tuition proposal to the Office of the Executive Vice Chancellor and Provost for review.

Premium Tuition Proposal Preparation and Submission

The Office of the Provost and Executive Vice Chancellor, through the Senior Vice Provost for Academic Planning and Resource Management will provide oversight for proposal review. The review will be conducted in collaboration with the Dean of the Graduate School (or designee) and the Associate Vice Chancellor for Budget and Resource Management (or designee).

Together, they will be responsible for:

- Providing oversight of the premium tuition proposal and review process,
- Evaluating proposal abstracts and determining whether or not they should continue to the full proposal stage,
- Evaluating full proposals and offering advice for improvement as appropriate and
- Determining which proposals should be submitted to the Provost for approval and which should be discontinued.

Procedure for Requesting Premium Tuition for Graduate and Professional Programs

First-time proposals for premium tuition require all of the steps below. For programs with existing premium tuition proposing to increase tuition, begin with step 3.

1. Program faculty along with the Assistant Dean for Finance of the college prepare and submit a proposal abstract to the Provost's Office that is endorsed by the appropriate department head and dean for departmental programs or by the appropriate dean(s) for non-departmental programs. Proposal abstracts should answer the following questions:
 - What is the need that is driving the request for premium tuition?
 - How would the premium tuition be used to make substantial improvements to the program? Please be specific.
 - What is the present return on investment attained by students in the program and/or the projected return on investment supplied by the premium tuition?
 - How does current tuition compare to similar programs in peer universities, and how would tuition compare with those universities with premium tuition in place?

2. The Provost's Office [in consultation with the Dean of the Graduate School (or designee) and the Associate Vice Chancellor for Budget and Resource Management (or designee)] decides on the basis of the abstract, a meeting with the faculty involved and discussion with the Provost to (a) to encourage advancement to proposal stage or (b) discourage any further work on the proposal.
3. If the abstract is approved, or if the request is for an increase to an existing premium tuition, faculty write a full proposal in accordance with *A Guide to Writing a Proposal for Premium Tuition* (attached) and submit the proposal to the Provost's Office for review after it is endorsed by the appropriate department head and dean for departmental programs or by the appropriate dean(s) for non-departmental programs.
4. The proposal is reviewed and (a) approved as it is, (b) returned to the faculty for further work or (c) it is determined (in consultation with the Provost) that the proposal should not be pursued and faculty are asked to cease working on it.
5. If approved the proposal is submitted to the Provost. The Provost (a) approves the proposal as it is, (b) returns it to faculty/program for further work or (c) determines that the proposal should not be pursued and asks the program to cease working on it.
6. If the Provost approves the proposal, it is submitted to the Tuition Review Advisory Committee (TRAC). The TRAC (a) approves the proposal as it is or (b) rejects the proposal.
7. If the TRAC approves the proposal, it is submitted to the Chancellor. The Chancellor (a) approves the proposal as it is or (b) rejects the proposal.
8. If the Chancellor approves the proposal, it is submitted to the Board of Trustees. The Board of Trustees (a) approves the proposal as it is or (a) rejects the proposal.
9. If the Board of Trustees approves the proposal, it is submitted to the UNC System Office for approval by the Board of Governors.

Timeline for the Proposal Review and Approval Process

Under G.S. 116-143, the UNC Board of Governors sets tuition and most fee rates at the constituent institutions of the UNC System on an annual basis following input from the campuses and in accordance with University policy. The Board approval process typically spans from January to March, while the campus process begins in September. This rigorous review, which takes seven months to complete, involves recommendations and approvals from students, faculty, staff, boards of trustees, and the Board of Governors.

G.S. 116-11(7) states that the Board of Governors "shall set tuition and required fees at the institutions, not inconsistent with actions of the General Assembly."

The Premium Tuition Proposal Procedure applies to all NC State graduate and graduate professional programs (current and under development) requesting first-time premium tuition or an increase to existing premium tuition.

Schedule for Current Programs

Approximate Dates	Actions
January/February	Provost's Office announces opportunity to submit proposal abstracts for premium tuition and provides timeline with dates
March/April	Programs submit proposal abstracts to the Senior Vice Provost for Academic Planning and Resource Management for review and are notified of results after the review is completed
May	Programs submit final full proposals to the Senior Vice Provost for Academic Planning and Resource Management for review
June	The Senior Vice Provost for Academic Planning and Resource Management notifies program of results of the review and sends approved proposals to Provost
Early August	Provost reviews proposals and notifies and program of results of review
Late August	Provost sends approved proposals to TRAC for review
October	TRAC completes review and recommends proposals to the Chancellor for review
Late October	Chancellor reviews proposals and sends recommendations to the Board of Trustees

November	Board of Trustees reviews proposals and NC State sends recommendations to UNC SO for review
January	UNC SO presents proposals to Board of Governors for approval
August	Premium tuition for programs is implemented, if approved

Schedule for New Programs

New programs under development now or in the future wishing to charge premium tuition should contact the Office of the Provost to discuss the coordination of the premium tuition proposal review process with the completion prior to completion of the UNC-SO Request for Preliminary Authorization.

A Guide to Writing a Proposal for Premium Tuition

According to UNC System Office policy ([I. 3. "Graduate and Professional Tuition" Policy Manual 1000.1.1](#)), premium tuition proposals for graduate and graduate professional programs submitted by campuses should (1) supply evidence that students of the affected programs have been consulted [*possible strategy*: discuss plans with the leadership of the appropriate Graduate Student Association], (2) show that the increased tuition will be used to maintain or enhance the excellence of the programs while assuring access to them, and (3) to the extent possible, provide full tuition remission to graduate assistants in order to increase the competitiveness of the program in recruiting.¹

The policy lists nine items (A through I) that should be considered in creating and approving proposals. Faculty writing a proposal are encouraged to address each of these items after an introduction. The guidelines below describe how to write a proposal for premium tuition, including suggestions for responding to items A-I. You will also create a budget for your proposal using [Form A](#).

Introduction

- Background for the program necessary for placing the premium tuition proposal in context
- A brief description of what has created the need for premium tuition
- A brief description of what the program will use the premium tuition for

A. The anticipated impact of the proposed tuition premium on program quality

Ideal effect: Increased tuition would lead to substantial improvements in the quality of the program for students.

We interpret this to refer to a subset of students identified either by merit or financial need.

Possible strategies:

- Demonstrate that there are aspects of the program that need to be improved to benefit students and that increased funding could address those issues leading to significant advantages for students.
- For some programs, an alternative is to show that the program is strong (e.g., by demonstrating that demand is strong and starting salaries are high) and provides substantial benefits to students but that it cannot be sustained at current funding levels; then describe what additional benefits would accrue to students.
- Another alternative is to benchmark the program against competing programs and show what the program needs in order to be competitive with the other programs.

B. The projected impact of increased tuition on access for North Carolina residents

Ideal effect: An increase in tuition would not significantly reduce access to residents or would expand access.

Possible strategies:

- Compare time to recover the cost of tuition after employment before and after tuition increase, showing that it is reasonable.
- Compare in-state tuition to similar institutions before and after tuition increase.
- Show that part of the tuition increase will be set aside for financial aid to students with financial need, referring to Section C for details.

C. The availability of student financial aid for students with economic need and of tuition remission

Ideal effect: Premium tuition would increase the availability of financial aid to students who need it.

Possible strategies:

- Explain the plan to provide for financial aid and describe details of the plan.
- Compare the difference in program-based financial aid before and after the increased tuition, demonstrating that there is more after.

- Describe other sources of financial support in the department that could go to low-income students in the program, such as teaching and research assistantships and fellowships.
- Describe the current model of tuition remission and any changes that would occur after increased tuition (note: premium tuition is not covered by the Graduate Student Support Plan, which means that it is not paid through tuition remission; premium tuition must be paid by student or department).

D. The extent to which current and prospective students can afford increases in tuition

Ideal effect: Current and prospective students would be able to afford the rise in tuition.

Possible strategies:

- Present the starting salaries of recent graduates and show that they favorably compare with those of other professions.
- Compare time to recover the cost of tuition after employment before and after tuition increase, showing that it is reasonable.
- Show that return on investment is high.
- Describe indebtedness of students in the program, to demonstrate that it is not high in comparison to return on investment, e.g., the time to pay off student loans before and after tuition increase (for information on student indebtedness contact the Office of Scholarships and Financial Aid).

E. The relationship between projected tuition revenue to institutional and/or program costs

Ideal effect: The increase in tuition would not unduly increase institutional and/or program costs.

Possible strategies:

- Show that costs to the institution for managing financial aid and tuition and other support will be minimal.
- Describe any costs to the program beyond what will be funded by the premium tuition.
- Demonstrate that the increased tuition will cover all or nearly all of the costs related to the changes supported by the increase.

F. Tuition and fees, net of remissions and waivers, charged by peer institutions or programs as compared to tuition and fees, net of remissions, for the program (the public subsidy received by students at public institutions or programs in the

peer set, including the program in question, will also be identified as part of the comparison)

Ideal effect: The current tuition and fees (net remissions and waivers) are low in comparison to similar programs at peer institutions and would not become inordinately high in the same comparison if the proposed tuition increase were implemented.

Possible strategies:

- Compare tuition and fees with similar programs among peer institutions before and after the increase in tuition, demonstrating that the latter is still comparatively low.
- Include in the comparison the levels of public subsidy for all the public universities in the comparison including that of NC State.

G. 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.)

Ideal effect: The proposers have a clear and detailed plan for the use of the tuition increase.

Possible strategy: Describe specifically and in detail what will be done with the increased tuition and how those actions are expected to benefit students. Refer to the budget to be created using [Form A](#), which will be appended to your proposal.

H. Assistantships or grant support for graduate students

Ideal effect: The program provides sufficient assistantships and/or grant support for its graduate students and/or will use the increased tuition to improve the level of graduate student support.

Possible strategies:

- Describe current assistantships and/or grant support for graduate students and evaluate the sufficiency of the support.
- Describe any assistantships that would be supported by the increase in tuition and the benefits of the added assistantships.

Restrictions on Premium Tuition

If a request for premium tuition on a program is fully approved by the University and the Board of Governors the following restrictions apply:

1. All premium tuition activity is accounted for (recorded) in the Academic Affairs (16030) budget code in “appropriated receipt” Lower Ledger 3 projects in the general fund. As such these funds are subject to the spending guidelines pertaining to the General Fund as outlined in the “Spending Guidelines”.
 - a. 301xxx project in program 101 for the operations (or 304xxx in 106 for Vet Med)
 - b. 327xxx project in program 230 for financial aid
 - c. 349xxx project in program 990 for the premium tuition revenue
 - d. Set up in unique class 23379
 - e. Best practice is to have each set of premium projects in the same Department/OUC. If you have multiple premium programs, they should be in different Departments/OUC’s.
2. **Additionally these funds must be utilized for the benefit of the students paying the tuition.** These students pay the premium tuition in addition to the approved tuition for all post-baccalaureate students. Therefore, their instruction is also supported by general tuition. The utilization of the premium tuition funds should be to enhance the instructional experience of the students by providing experiences in addition to the “normal” expectations of instruction.
3. The three premium tuition projects (301xxx/304xxx, 327xxx, and 349xxx) together act like an “appropriated receipt.” **As such, the expense budget must equal the revenue budget, and only the associated expense budget equal to the realized revenue may be spent.** Please contact the University Budget Office for detailed guidance on public queries created to help manage premium tuition projects.

1.

Additional Guidance

The following guidance provides examples but is not all inclusive list:

- Premium tuition is unique to each program. Therefore, tuition receipts may not be transferred or commingled between programs. Premium tuition must be utilized for the students paying the premium. The main question that needs to be asked each time premium tuition is spent is does this benefit the students currently in the program. However there are no set in stone guidelines for all Premium Tuition programs. We understand that the programs have evolved over time and that the needs of the program may not match exactly the original premium request.
- There are several exceptions for Premium Tuition and spending guidelines. The following are documented exceptions to normal state spending guidelines. If you have a question on any purchase, please contact the University Budget Office.
 - Grad Student Fellowship Awards (Non-service)

- Branded shirts for students participating in competitions and representing the college
- Startup kits for admitted students – may include computer/briefcase type bag and other nominal items useful to the students as they go through the program
- Graduation expenses charged to state funds generally include only program printing costs and facility rental. Other graduation expenses specific to premium programs may be paid for with premium tuition receipts. This does not include food, drinks, or entertainment
- Student travel expenses to fulfill an academic requirement and/or enhance the educational experience
- Newsletter directed to students in the program
- The following spending is not allowed on Premium Tuition.
 - No food or beverages are allowed on premium projects. A Food Trust must be set up with a valid business reason.
 - Sponsorships are not allowed on Premium Tuition. However, exceptions may be considered.
 - “Gifts” to industry professionals and speakers are not allowed and should be charged to discretionary funds.
- Premium tuition cannot be charged to non-degree seeking students.
- Colleges and Departments are responsible for understanding the history of the Premium Tuition requests and the components of the budgets. For questions, past Premium Tuition requests, or for training of new Business Office staff, please contact the University Budget Office.