



THE UNIVERSITY
of NORTH CAROLINA
at CHAPEL HILL

Student Fee Advisory Subcommittee (SFAS) **Standard Operating Procedures Handbook**

Updated August 1, 2019,
AY2019-20 process to establish AY2020-21 student fees.

This SFAS Standard Operating Procedures Handbook and related appendices are distributed via email to individuals responsible for student fees, as identified on Appendix C: List of Responsible Areas.

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History

In the early 1990s, the Board of Governors (BOG) of The University of North Carolina established a taskforce to review the fee setting processes at the various constituent campuses and to make recommendations for change as appropriate. As an outcome of that review, the BOG established specific fee categories and created a formal process for requesting, receiving input, and seeking approval of student fees¹. From 2006 through 2014, the BOG adopted four-year plans to set parameters for campus proposals seeking annual adjustments in fees. The most recent four-year plan provided guidance for academic years 2015-16 through 2018-19. Since October 2017, campuses have received annual guidance to inform the fee adjustment process for the following academic year. The purpose of this handbook is to outline the current definitions, procedures and practices that inform the student fees rate setting process at UNC-Chapel Hill. The following narrative describing the BOG's Philosophy, Fee Categories, Processes and Timeline is adapted from BOG guidelines and policy statements².

Board of Governors' Philosophy

The Board of Governors (BOG) is responsible for establishing student fees at the constituent institutions of the University consistent with the philosophy set forth in the North Carolina constitution³. The 2016 General Assembly enacted a provision that caps increases to mandatory student fees (including *debt services fees*) to three percent per year.

Fees will be charged only for limited, dedicated purposes and shall not be used to defray the costs of general academic and administrative operations of campuses, including academic programs and faculty and administrative salaries and benefits. (Examples of unallowable expenses are instructor salaries, classroom supplies, a dean's office, development staff, legal counsel, facilities operations and central business offices.) Consistent with the above citation, the BOG will make every effort to keep fees for students as low as possible while providing the revenues needed to support the purposes for which the fees are charged. Due to the increase in the number of *special fees* over the years, the UNC System Office issued guidance in the fall of 2018 that did not allow for the submission of any new or proposed increases to *special fees*. Campuses were encouraged to identify opportunities to decrease, or eliminate, student fees if possible.

Although the General Assembly provides for most of the instructional costs of institutions through State appropriations, institutions traditionally rely entirely on student fees to finance many activities, services, and facilities. Institutional Boards of Trustees (BOT) are required to weigh the benefits of the activity, facility, or service against the fee required to provide financial support. Orientation sessions for the BOT will regularly include discussions of the process followed when establishing student fees.

¹ A general use of the word "fees" in this manual refers to the establishment of new fees, increases to those fees and the elimination of fees.

² The UNC Policy Manual, Chapter 1000.1, UNC System Office:
https://www.northcarolina.edu/apps/policy/index.php?tab=policy_manual

³ Article IX, Section 9, of the North Carolina Constitution reads "The General Assembly shall provide that the benefits of The University of North Carolina and other public institutions of higher education, as far as practicable, be extended to the people of the State free of expense."

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Fee Categories

Each year, the BOG establishes student fees in the categories listed below. All established fees shall be based upon the recommendation of the chancellor, the institutional Board of Trustees (BOT), and following his or her review, the President of the UNC System. Excluding the *application fee* charged to prospective students, all *general fees* set by the BOG are annual fees. Once an annual fee has been established, semester rates, summer rates, and part-time rates shall be established by the President. Historically, the BOG has approved proposed rates by its March meeting of each year to establish fees for the following fall semester.

- **Application Fees:** An *application fee* shall be established for each institution. Specific programs within an institution may require an *application fee* different from the fee charged for most students and the BOG may set different fees according to program needs.
- **General Fees:** Fees generally applicable to all students shall be established by the BOG. The five authorized *General Fees* include: athletic fees, health services fees, student activity fees, educational and technology fees, and the campus security fee. Statutory requirements limit the total annual increase to three percent for *general* and *debt fees*.
- **Debt Fees (Related to the Retirement of Debt Incurred for Capital Projects):** Fees generally applicable to all students that provide revenues for the retirement of debt shall be fixed by the BOG at the time of the borrowing. Indebtedness fees may not include components for operations and maintenance but shall reflect the cost of servicing the debt at the coverage levels required in BOG resolutions and other documents authorizing the debt. Requests for debt service fee increases must be accompanied by an expenditure plan showing how the additional revenues will directly offset the debt service of the associated self-liquidating project. Changes in fees required subsequent to the issuance of the debt may be approved by the President upon the request of the chancellor. Indebtedness fees expire when the related debt is retired.
- **Special Fees:** Fees applicable only to students engaged in the specific activities or programs financed by the fee shall be established by the BOG when needed. These fees will not be used to support general academic revenues that will be provided from campus-initiated tuition increases. Guidance issued in the fall 2018 did not allow for any increases or the establishment of new *special fees*.
- **Miscellaneous Service Charges:** Each chancellor is authorized to establish *Miscellaneous Service Charges* for such items as transcripts, diplomas, caps & gowns, special examinations, late registrations, and replacement of I.D. cards. A schedule of such charges shall be filed with the President of the UNC System prior to the beginning of each school year.

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Board of Governors' Process for Establishing Fees

The student fee review process shall be initiated at the beginning of the fall semester and contain the following steps:

- The UNC System Office Senior Vice President for Finance & Administration and CFO shall issue instructions to the campus chancellors and CFOs calling for them to initiate a review of fees.
- Each chancellor shall establish a fee review committee with representatives of all aspects of campus life, including, but not limited to, representatives from Business Affairs, Student Affairs, the Financial Aid Office, and the student body. *[For example, in addition to representatives from these offices, UNC-Chapel Hill includes representatives from the Office of the Executive Vice Chancellor and Provost, the Faculty Council and the Employee Forum.]*
- The Committee shall conduct a complete review of student fees from a zero-based budgeting perspective and shall make recommendations to the chancellor for establishing fees effective with the upcoming fall semester. The review will include an examination of alternative resources, including available institutional reserves, to determine if other funding is available to provide the services in lieu of establishing the fee. The review will include a reassessment of the existing operating methods to ensure that operations are performed in a cost-effective manner.

If the Committee determines that a fee increase is necessary, the committee shall attempt to decrease another fee so that the total cost of education for students does not increase. To ensure that all students can meet the increased cost of education, the university's financial aid officer, working with the committee, shall determine that sufficient financial aid is available, from whatever sources are possible.

The Chancellor shall review the recommendations of the Committee and present recommendations to the BOT for review and approval. Before a chancellor makes recommendations to the BOT, the recommendations of the fee review committee will be shared with student government leaders so that students may inform the chancellor of their perspectives on the proposed changes. *[It is the responsibility of student leaders to notify the student body and any committees created by Student Government of the proposed increases recommended by the fee review committee.]*

- The recommendations of the BOT will be forwarded to the UNC System Office President in early December for review.
- When the review is completed, the President will present fee recommendations to the Committee on Budget and Finance for consideration by the Board of Governors.
- Campuses present fee proposals to the BOG at the System Office's Tuition and Fee Workshop in February.
- Final review and approval of proposed rates occurs at the March BOG meeting.

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UNC - Chapel Hill's Fee Process, Timeline and Governance Structure

At UNC-Chapel Hill, oversight of tuition and student fee recommendations rests with the Tuition and Fee Advisory Taskforce (TFAT), which is co-chaired by the Vice Chancellor for Finance and Operations and the Student Body President. Due to the intricacies of student fees, the Student Fee Advisory Subcommittee (SFAS), a subcommittee of the TFAT, manages the student fee submission and review process. The Student Fee Audit Committee (SFAC) is a student-led committee within the Student Government, which has the ability to audit any fee reviewed by the student fee process. SFAC often shares recommendations with SFAS for consideration as SFAS prepares recommendations to TFAT.

The Student Fee Advisory Subcommittee consists of the following members:

- (Co-Chair) Designated by the Vice Chancellor for Finance & Operations
- (Co-Chair) Student Body President
- Two Designees from Executive Vice Chancellor & Provost
- Vice Chancellor Student Affairs or Designee
- Graduate & Professional Student Federation President
- Graduate & Professional Student Federation Treasurer
- Student Body Treasurer
- Financial Aid Officer or Designee
- Employee Forum Chair or Designee
- Faculty Council Chair or Designee
- Finance Chair, Student Congress
- Finance and Operations Representative – Designated by the Vice Chancellor for Finance and Operations
- Workforce Strategy, Equity and Engagement Representative (non-voting)
- Athletics Representative (non-voting)

The on-campus fee process begins in the summer with a solicitation to all campus units to complete the UNC System Office Student Fee Request Form to identify new or proposed adjustments to student fees. The call for proposals often communicates prior year guidance to inform the development of the Student Fee Request Form. This form provides financial information based on actual and projected fee revenue, expenditures, and enrollments and includes a section for the unit to provide a narrative justification for the fee. SFAS members review the fee requests as a basis for their recommendations to the TFAT.

The final decision to submit fee proposals to the Board of Trustees remains with the Chancellor. After receiving Board of Trustee approval, the Fee Request Forms are forwarded to the UNC System Office for consideration. Miscellaneous Charges are reported to the UNC System Office and, upon receiving Board of Trustee approval, only require the approval of the Chancellor and the President. At any point throughout the review process, the System Office may require revisions to proposal to ensure alignment with BOG and legislative priorities and expectations.

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Typical Student Fee Advisory Subcommittee Timeline

Mid - Late July	<ul style="list-style-type: none"> • Send email to fee areas with the following information enclosed: <ul style="list-style-type: none"> o Fee form template & instructions - Appendix A. o List of SFAS definitions - Appendix B. o List of all fees and persons assigned responsibility for the completion of each fee form - Appendix C. o List of counts to use in projecting student fee revenues. Data includes regular term and credit hours for summer term. Counts include part-time students only where part-time students are paying the fee. Appendix D. o Rate information to use in projecting summer school revenue - Appendix E. o Example of fee revenue calculation - Appendix F. o Inflationary factors to use in projecting personnel and non- personnel cost increases. • Hold fee orientation sessions(s) for fee areas as necessary.
August	<ul style="list-style-type: none"> • Fee forms due to the SFAS Coordinator. • Hold preparatory meeting with Student Body President/SFAS Co-Chair to review the process and answer questions.
Late August to Early September	<ul style="list-style-type: none"> • Initial SFAS meeting: <ul style="list-style-type: none"> o Distribute list of SFAS members. o Overview of process for new SFAS members. o Provide fee instructions from UNC System Office, if pertinent changes. o Prioritize the review and approval of fees with no requested adjustment. o Prioritize the review and approval of proposed changes in use, justification, or modest inflationary increases, based on SFAC recommendations and justification of increased costs. o Distribute and briefly review summary listing of fee requests and individual fee request forms for new academic year. o Address outstanding questions. • Finalize future meeting dates to review/discuss remaining fee requests.
September to Mid-October (as needed)	<ul style="list-style-type: none"> • Presentations by fee areas. • SFAS finalizes recommendations. • SFAS Co-Chairs report fee recommendations to the Tuition & Fee Advisory Taskforce (TFAT)
Late October	<ul style="list-style-type: none"> • TFAT considers student fee recommendations from SFAS in preparing its tuition and fee proposal to the Chancellor.
Early November	<ul style="list-style-type: none"> • Final proposal revised, if necessary, to reflect Chancellor input. • Chancellor approves tuition and fee proposals.
November	<ul style="list-style-type: none"> • VC F&O, as TFAT Co-Chair, presents fee recommendations to Finance and Infrastructure Committee of BOT and full BOT, as deemed appropriate. • Feedback obtained from BOT members; proposals revised as necessary to reflect BOT input. • UNC-CH BOT approves fee proposals for submission to UNC System Office.
November - December	<ul style="list-style-type: none"> • BOT approved proposals submitted to UNC System Office for review. • Miscellaneous Charges reported to UNC System Office, these charges only require the approval of the Chancellor and the President.

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January - February	<ul style="list-style-type: none">• Proposals presented to UNC BOG for initial review.• Campuses present proposals during Tuition and Fee Workshop.• Campuses respond to questions and inquiries related to proposals.
March	<ul style="list-style-type: none">• BOG approves tuition and fee proposals.
April - June	<ul style="list-style-type: none">• Campuses prepare implementation of new rates.