STATE BOARD OF COMMUNITY COLLEGES
Local Tuition Surcharge/Supplement Proposal

**Background:** In Fall 2014, the NC Association of Community College Presidents (NCACCP) appointed a Tuition Study Committee to explore the treatment of tuition receipts received at North Carolina’s 58 community colleges for the future of our system. The Committee includes three college presidents (Dr. Gary Green – Forsyth Tech CC, Dr. Stan Sidor – South Piedmont CC, and Dr. John Boyd – Mayland CC) and three college chief financial officers (Betty Smith – Fayetteville Tech CC, Dr. Phillip Price – Central Carolina CC, and Bill Vespasian – Tri-County CC), representing different size colleges and geographic regions. The Committee was charged with producing information and recommending changes, if any, to our current method of pooling tuition receipts as a system, rather than retaining them at individual institutions. Per G.S. 115D-39, tuition receipts are State funds and deposited in our System’s account with the State Treasurer.

**Local Tuition Surcharge Proposal:** The Committee recommended that receipts generated from the State-mandated tuition rate continue to be State funds and pooled as a system. However, the committee also recommended authorizing colleges the option to charge a local tuition surcharge/supplement of up to 10% of the State tuition rate. A college could charge a different surcharge/supplement to resident students than non-resident students, as long as each amount was within the 10% maximum of its respective State tuition rate. If a college’s local board of trustees elected to adopt a local surcharge/supplement, all students would be charged the additional amount, except students receiving tuition waivers. Local tuition surcharge/supplement receipts would be institutional funds and retained locally. Colleges could use the receipts for any purpose for which State funds may be used as well as State Board-approved capital improvement projects, excluding projects associated with athletics. To prevent the development of large cash balances, the cash balance at the end of the fiscal year of local tuition surcharge receipts shall not exceed 8% without State Board approval. Implementation of this proposal would require both General Assembly and State Board action. Attached you will find the proposed authorizing language.

**Current Status:** The proposal is currently being debated by the NCACCP. There is no action for the State Board to take at this time, as the NCACCP has not made a decision about whether to recommend moving forward with this proposal. We expect the NCACCP to take a vote in January.

**Contact:**
Jennifer Haygood
Executive Vice President, Chief Financial Officer
Local Tuition Surcharge Proposal

Proposed Legislation (requires action of the General Assembly):

Article 3 of Chapter 115D is amended by adding a new section to read:

"G.S. 115D-39.2 Local Tuition Surcharge

a) Notwithstanding the provisions of G.S. 115D-39 (a), a community college board of trustees may establish a local tuition surcharge within the limitations established in rule by the State Board of Community Colleges.

b) If a community college board of trustees establishes a local tuition surcharge, all students enrolled in a curriculum course, except for students for whom tuition and registration are waived by law, shall be charged the local tuition surcharge. The receipts collected from the local tuition surcharge shall be deposited into an unrestricted institutional fund account at the community college.

c) The State Board shall adopt rules to implement this section."

G.S. 115D-20 is amended by adding a new subsection to read:

"G.S. 115D-20 Powers and Duties of Trustees

... (15) Establish a local tuition surcharge in accordance with G.S. 115D-39.2."

Proposed State Board of Community Colleges Code (requires action of the State Board):

1E SBCCC 300.1(d) reads as rewritten:

“(d) Deposit of Tuition. All tuition receipts from tuition approved under this section are State funds. Colleges must deposit all tuition receipts to the credit of the State Treasurer, consistent with State law.

1E SBCCC 300 is amended by adding the following section:

"1E SBCCC 300.3 Local Tuition Surcharge

a) Authority to Charge. Notwithstanding 1E SBCCC 300.1, the local board of trustees may establish a local tuition surcharge under the provisions of this Rule.

b) Local Policy. Upon adoption of a local tuition surcharge, the local board of trustees shall establish a policy governing the use of the local tuition surcharge receipts, consistent with this Rule."
Local Tuition Surcharge Rates. The local tuition surcharge per credit hour shall not exceed 10% of the tuition rates established by the State Board of Community Colleges for resident and non-resident students under 1E SBCCC 300.1, rounded up to the nearest whole dollar. Colleges shall not charge a local tuition surcharge for credit hours above the maximum number of credit hours established by the State Board under 1E SBCCC 300.1. The college shall charge the same resident surcharge to all resident students and the same non-resident surcharge to all non-resident students, except that colleges shall not charge a local tuition surcharge to students whose tuition is waived by law.

Deposit and Use of Local Tuition Surcharge Receipts. Local tuition surcharge receipts shall be deposited in an unrestricted institutional account. Colleges shall use local tuition surcharge receipts for the purposes listed in G.S. 115D-31(a)(1) and (2). Colleges may request the State Board’s approval to use local tuition surcharge receipts for capital improvement projects, excluding projects associated with athletics. The cash balance at the end of the fiscal year of local tuition surcharge receipts shall not exceed an amount equal to eight percent of the college’s State budget for that fiscal year unless the State Board has approved the college to exceed this maximum. If a college’s cash balance exceeds this threshold, the college shall submit by March 1 of the subsequent fiscal year a plan to the State Board for ensuring compliance with this requirement. If the college’s cash balance continues to exceed this threshold at the end of the second subsequent fiscal year, the State Board shall suspend a college’s authority to charge the local surcharge for a period determined by the State Board, but not to exceed two years, unless the college continues to not comply with this requirement.

Annual Reporting Requirement. The college shall report a local tuition surcharge established by the board of trustees to the System Office on an annual basis as directed by the System Office.