



**ACTA**  
AMERICAN COUNCIL OF  
TRUSTEES AND ALUMNI

February 6, 2012

Ms. Hannah D. Gage  
Chair, Board of Governors for the University of North Carolina  
6046 Leeward Lane  
Wilmington, NC 28409

Dear Ms. Gage:

This week, you and your colleagues will vote on a proposal to raise tuition across the North Carolina system—well over the rate of inflation and well over the existing tuition and fees cap of 6.5% set by the Board of Governors. President Ross claims that this massive increase is necessitated by the cuts in state aid.

I am writing, on behalf of alumni and taxpayers who support affordable education, to urge you and your colleagues to vote no on this proposal.

The public is increasingly alarmed by rising college costs. And President Obama recently cautioned colleges and universities to refrain from raising tuitions. The climate of public unhappiness is tangible and gives you and your colleagues an opportunity to set a standard. It is time that higher education trustees say: Enough is enough.

President Ross's proposal would raise tuition and fees system-wide by an average of 8.8 percent next year, followed by a smaller increase thereafter. He justifies these increases on the grounds that, in the face of cuts in state appropriations, there is simply no way to survive except to raise tuition. But a report released several weeks ago by the National Science Foundation shows that North Carolina ranked third in the nation in 2010 for appropriations of state tax funds for higher education operating expenses as a percentage of gross domestic product, and third in state funding per enrolled student at major public research universities. In other words, the state has a history of generously supporting its universities: it seems hard to argue that now the universities must immediately offset state reductions with substantial increases in tuition and fees.

The first response should be, not to shift the burden to taxpaying families, but to contain expenses.

At least two schools in the UNC system, East Carolina and North Carolina Central, have recognized the problem and taken initial steps with administrative restructuring and academic program review. Nonetheless, far more can—and must—be accomplished in the immediate term to improve cost-effectiveness. The Board should ask all institutions to do the same—while holding the line on tuition increases as they do so.

PROMOTING ACADEMIC FREEDOM AND EXCELLENCE

1726 M Street, NW, Suite 802 Washington, DC 20036  
T (202) 467-6787; (888) ALUMNI-8 F (202) 467-6784 info@goacta.org www.goacta.org

Over the last decade, inflation-adjusted tuition and fees have increased between 50.8 percent and 108.6 percent at UNC institutions (*Table A*). Meanwhile, North Carolina families have seen the percentage they must pay of their household income for one year's tuition and fees double at six UNC campuses, and nearly double at five more. (*Table B*). Any combined tuition and fee increase above 6.5 percent, would exacerbate this already disturbing trend.

Quite frankly, the public believes that public higher education has adequate funds to maintain affordable academic quality. Half of the respondents in a recent Public Agenda survey said that they believe colleges could spend less and still maintain academic quality; 48% agreed that their state's public college and university system needed to be fundamentally overhauled.

**The key driver of the rising costs of higher education is institutional spending, not a lack of state support.**

Take a look at the data reported by UNC to the U.S. Department of Education. Over a recent six-year period, the growth in administrative spending has outpaced that of instructional spending at a majority of UNC campuses. (*Table C*). At five institutions, instructional spending now constitutes less than half of the school's budget for Education and General Expenditures. (*Table D*).

Meanwhile, campus resources are underutilized. North Carolina's Higher Education Comprehensive Planning Program, *Facilities Inventory and Utilization Study 2010*, reports that the average classroom at UNC-Chapel Hill is in use a mere 24.6 hours per week, down from 25.7 hours four years prior. At UNC School of the Arts—10.2 hours.

Classrooms remain unoccupied across the UNC system—in 2008, fewer than 34 percent of classrooms were scheduled for use between 8:00 am and 9:00 am; after 2:00 pm, fewer than 60 percent of classrooms were in use. No more than 70.1 percent of classrooms across the system were occupied at any time during the day. At any given hour, at least two-thirds of laboratory space across the UNC system is unoccupied.

On top of this, students aren't graduating. Currently, only half of the North Carolina public universities exceed the low national six-year graduation rate average of 54.9%. (*Table E*). And, despite growing concerns about competitiveness in the global market, the UNC system allows students to graduate with major gaps in their skills and knowledge. Not a single public institution in North Carolina requires economics; not a single requires a basic course in American history or government. A majority have minimal expectations—requiring three or fewer course requirements. (*Table F*).

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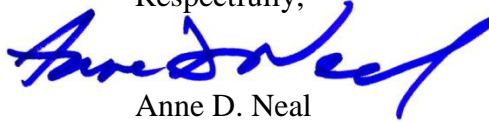
Finally, 53% of college students in North Carolina had an average debt of \$20,959 when they graduated in 2010.

Families across America are learning how to do more with less. It's time that higher education be held to the same standard. If the Board agrees to this "one-time" increase over the cap, what is there to ensure it won't happen again and again and again? That is why your predecessors agreed to establish a 6.5% annual cap—which is already *far* above inflation—to try to staunch unending demands for more.

It's time to act in trust for the taxpayers and families of North Carolina. It's time to demand that the UNC system address very real concerns of quality, efficiency, and cost *before* it is allowed to extract ever more dollars from the hard-working families of North Carolina.

By voting to approve tuitions above your generous existing cap, it is by no means clear that you will satisfy the System. What is clear is that you will be forcing more students to mortgage their futures.

Respectfully,



Anne D. Neal  
President

Enclosures

cc: Thomas W. Ross, President, University of North Carolina  
Peter D. Hans, Vice Chair  
Dudley E. Flood, Secretary  
Atul C. Bhula  
W. Louis Bissette, Jr.  
John M. Blackburn  
Peaches Gunter Blank  
Laura W. Buffaloe  
Bill Daughtridge, Jr.  
Walter C. Davenport  
James M. Deal, Jr.  
Phillip R. Dixon  
Fred N. Eshelman

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John C. Fennebresque  
Paul Fulton, Jr.  
Ann B. Goodnight  
H. Frank Grainger  
Thomas J. Harrelson  
James E. Holshouser, Jr.  
G. Leroy Lail  
Mary Ann Maxwell  
Franklin E. McCain  
W. Edwin McMahan  
Charles H. Mercer, Jr.  
Fred G. Mills  
Burley B. Mitchell, Jr.  
Hari H. Nath  
David M. Powers  
Irvin A. Roseman  
Richard F. Taylor  
Raiford G. Trask, III  
Phillip D. Walker  
J. Bradley Wilson  
David W. Young