

MINUTES
TENNESSEE HIGHER EDUCATION COMMISSION
Spring Quarterly Meeting
April 14, 2005, 1:30 p.m. CDT

The meeting was called to order by Chairman Jim Powell with the following Commission Members present:

Mr. Riley Darnell	Mr. Dale Sims
General Wendell Gilbert	Mr. Kevin Teets
Mr. Ransom Jones	Mayor A C Wharton via telephone
Ms. Debbie Koch	Ms. Katie Winchester
Mr. John Morgan	Dr. Brad Windley
Mr. Jim Powell	Ms. Eleanor Yoakum via telephone

Mr. Powell began by recognizing state Representative John Hood and former TBR Associate Vice Chancellor Lige Hall and welcoming them to the meeting.

Adoption of Agenda

Mr. Powell called for a motion to adopt the agenda. The motion was made by Dr. Brad Windley and seconded by Mr. Ransom Jones. The motion was duly adopted.

Approval of Minutes, January 27, 2005 Meeting

Mr. Powell asked for a motion to approve the minutes of the January 27, 2005, Commission meeting. Ms. Katie Winchester made the motion which was seconded by Mr. Jones. The motion was duly adopted.

Chairman's Report

Mr. Powell began his report by briefing the Commission on his recent visit to the FedEx Complex at the University of Memphis. He acknowledged the presence of university president, Dr. Shirley Raines, and commended her on the excellent facility. Mr. Powell also commented on the work session held earlier that day and thanked the members for their participation. He noted that it was both production and informative.

Finally, Mr. Powell called on Dr. Richard G. Rhoda, Executive Director, to introduce Dr. Katie High to make a presentation regarding a partnership on leadership development at the University of Tennessee, Martin. Prior

to introducing Dr. High, Dr. Rhoda recognized former state Representative Bob Patton who was present.

Dr. Rhoda reminded the Commission of Dr. High's contribution to higher education over the years not only at the Martin campus but at the UT system office as well.

Dr. High described for the Commission the LEAD Academy that offered students an opportunity to enhance their leadership skills by teaching them how to get information into the news media as well as develop and carry out public service projects in the community. She noted that Commission member Kevin Teets was one of the academy graduates of the academy. Mr. Teets gave a brief presentation concerning a project he led, "Writing on the Wall", which was meant to help bring down barriers between students of diverse backgrounds.

Dr. Rhoda noted that Mr. Teets recently had a journal article published about his project.

Executive Director's Report

Dr. Richard Rhoda introduced Dr. Ansley Abraham for the purpose of sharing information concerning the SREB Doctoral Scholars Program. Dr. Abraham noted that the program grew out of a lack of diversity among university faculty. He noted that greater diversity will, among other things, provide mentors for minority students, which will translate into more minorities teaching at the college level. The program enables students to receive long-term financial support as well as regular contact and mentoring of the students as well as career counseling and assistance. As a result of the SREB/state/institution partnership more minority students are obtaining a Ph.D. in fields of study where minorities are underrepresented.

Dr. Abraham noted that the completion rate of participants is almost 90 percent and that 70 percent of the graduates are working in participating states. In closing, Dr. Abraham introduced Mr. Rueben Cockrill and Dr. Stephan Faison who are in Ph.D. programs at Tennessee State University and Vanderbilt University, respectively, and are two of the state's 35 participants in the program. He thanked the Commission for its support and challenged it to find additional resources to increase Tennessee's participation.

Systems' Reports

Tennessee Board of Regents

Dr. Charles Manning, Chancellor of the Tennessee Board of Regents, was recognized. Chancellor Manning began by noting that the TBR academic audits had been completed and that he was pleased with the outcome of that process. He next commended the Commission for the work on

updating the performance funding benchmarks and revising the funding formula. He specifically noted the appreciation of the TBR on the manner in which the formula treats out-of-state tuition. He noted this would be beneficial to several of the TBR institutions.

Chancellor Manning noted the success that the Masters of Nursing program offered on the Regents On-line Degree Program, recently approved by the Commission, has experienced considerable success with over 240 applicants. Finally, he noted that with the approaching end to the *Geier* lawsuit he hoped all of higher education would join together in identifying means to expand the desegregation program to allow the current state appropriation to be continued.

University of Tennessee

Dr. Bob Levy, Interim Vice President for Academic Affairs for the University of Tennessee, made the UT presentation on behalf of President John Petersen. Dr. Levy noted that the university had recently completed its SACS accreditation process for UT Knoxville, which also encompasses the health science center in Memphis, the Space Institute, the Agriculture program and the Institute for Public Service program. He noted also that searches were nearing completion for the Chancellor of UT Chattanooga, as well as Vice President for Research, and Vice President for Development for the Knoxville campus, with former UT President Joe Johnson leading the latter search.

Finally, Dr. Levy noted that the UT Day on the Hill would be held the following week and in conjunction with that he introduced Mr. Anthony Haynes, the university's recently hired Director of State Relations.

Tennessee Student Assistance Corporation

Dr. Rhoda noted that the Tennessee Association of State Financial Aid Administrators would meet later in the week and that Dr. Brian Noland, Associate Executive Director of Planning, Policy, and Research, Mr. Ron Gambil, of EdSouth Financial Services, and Dr. Claude Pressnell, President of the Tennessee Association of Independent Colleges and Universities, would all play a large role in the conference.

Dr. Rhoda also gave the Commission an overview on the search for a new executive director for TSAC by indicating that the search had been reduced to five applicants who will be interviewed in the near future.

Academic Affairs

Update on the Tennessee College of Public Health

Mr. Tom Samuel, Associate Executive Director for Health, was recognized by Mr. Powell to provide an update on the various public health initiatives. He began by indicating that the various programs at ETSU, UTK, TSU, and the joint effort between the University of Memphis and University of Tennessee Health Science Center are all making

progress toward their respective plans. He indicated that Dr. Kenneth Robinson, Commissioner of the Department of Health, is playing a prominent role in the development of an Institute of Public Health and has assigned Deputy Commissioner Elizabeth Williams to lead this effort from his office.

Dr. Rhoda commended Mr. Samuel for the work he has done to get the parties to this point; the commendations were echoed by Mr. Dale Sims.

Status of Pharmacy Education

Mr. Powell began by providing the Commission members with a briefing on the status of the school of pharmacy proposed by East Tennessee State University. In essence he noted that the Governor had expressed support for the establishment of the school at ETSU under the condition that it is able to raise \$5 million by the TBR meeting in June, along with an additional \$2.5 million by 2006. He then called on Dr. Linda Bradley, Associate Executive Director of Academic Affairs, to outline activities that will take place in coming weeks.

Dr. Bradley indicated that the process was initiated by a letter of intent submitted by ESTU. The required consultant visit would take place later in the month and will be conducted by Dr. Robert Kerr, Vice Chairman of the pharmacy program at the University of Maryland. The goal of the institution to accept its first class in the Fall of 2006.

Given the uniqueness of the program there was considerable discussion regarding the expectations and benchmarks against which the program would be judged. As a result of that discussion the Commission came to a consensus on the program, which is as follows:

The Tennessee Higher Education Commission acknowledges the recommendation of Governor Phil Bredesen that the Tennessee Board of Regents and the Commission approve “the creation of a stand-alone pharmacy school at East Tennessee State University.” The Commission also acknowledges the March 18 resolution adopted by the Board of Regents in this regard. The Commission stands ready to consider a proposal for the school that:

- Adheres to the fiscal conditions set forth by Governor Bredesen on March 17, specifically that ETSU and the northeast Tennessee community “raise the money required to establish and operate the school with 100 percent private funds” and;
- Discloses all sources of revenues, expenditures, and financing arrangements for operating and capital purposes.

The Commission staff is directed to work closely with ETSU and the TBR in the development of a proposal for the ETSU College of Pharmacy and the Doctor of Pharmacy degree.

The staff also is directed to work with ETSU, TBR, and UT in determining special provisions to be made to ensure the integrity of the proposed funding model. Such provisions must address:

- Ramifications of a differential in student tuition and fees for pharmacy education at ETSU and UT;
- Implications of a self-supporting academic entity, relative to established instructional and administrative policies at the institutional and state levels;
- Safeguards that must be secured to ensure that the College of Pharmacy and Doctor of Pharmacy do not impact the state support of any existing higher education institution or entity; and
- Other issues that may emerge in the development of the college or program proposal.

Mr. Riley Darnell made a motion that the Commission support Governor Bredesen's recommendation consistent with the provisions stated above. The motion was seconded by General Wendell Gilbert and duly adopted by the Commission.

Postsecondary Education Authorization

Institutional Reauthorization, Temporary Authorization of New Institutions and Approval of New Programs Under the Postsecondary Authorization Act

Mr. Ronald Williams, Assistant Director of Postsecondary School Authorization, presented the recommendation of staff and the Postsecondary Authorization Advisory Committee to grant reauthorization to existing institutions, temporary authorization to new institutions and approval of new programs. These are found in Attachment A to the official copy of these minutes.

Mr. Williams first presented the report on postsecondary institutions operating in Tennessee for the period July 1, 2004 through June 30, 2005, and their reauthorization status for the period July 1, 2005 through June 30, 2006. Mr. Williams reported that there was one school recommended for conditional authorization, 43 schools were recommended for temporary authorization, 264 schools were recommended for regular authorization, one seeking voluntary non-renewal of authorization, five schools closed, one school whose authorization was revoked, and four schools who are now exempt from authorization for a total of 308 institutions.

Mr. Williams next presented the recommendation of staff and the Postsecondary Education Authorization Advisory Committee to grant temporary authorization to six new institutions listed on the agenda and

recommended approval of the 34 programs at 12 previously approved institutions.

Dr. Windley moved to approve the recommendation of the Postsecondary Authorization staff and the Postsecondary Education Authorization Advisory Committee, and Mr. Sims seconded the motion. The motion was duly adopted.

Policy, Planning, and Research

Lottery Update

Dr. Noland provided an overview of the bills filed in the current legislative session to alter the lottery scholarship program. He indicated that the bills generally fell in one of three categories: expand the size of the awards; expand the number of eligible students; and provide opportunities to regain the scholarships.

Dr. Noland also provided an update on the public outreach effort to increase awareness of the lottery scholarships, and other financial aid, which is being funded with through a private grant.

Creating Partnerships for a Better Tennessee: The 2005-2010 Master Plan

Dr. Noland next presented an overview of the higher education master plan for 2005-2010, which is included with as Attachment B to the official copy of these minutes. He noted that while the master plan is almost complete there is still some additional input to be obtained for the campuses. He therefore recommended that the Commission approve the master plan in concept and the master plan will be submitted in its final form no later than the Commission's Summer meeting. Ms. Debbie Koch urged the Commission staff to require the stakeholders to immediately submit their additional comments in writing so that the process can be finalized.

Dr. Windley made a motion that the Commission adopt the 2005-2010 Master Plan in concept and it was seconded by Mr. Darnell. The motion was duly adopted.

Proposed Revision of Performance Funding Standards for FY 2005-2010 Cycle

Ms. Betty Dandridge Johnson, Director of Planning, Policy, and Research, presented the Commission with a detailed description of the standards and goals that will be used to evaluate each institution's eligibility for performance funding for the next cycle. The standards are included as Attachment C to the official copy of these minutes. Dr. Rhoda commended Ms. Johnson for her tireless efforts in bringing this significant task to a conclusion.

General Gilbert moved to adopt the performance funding standards as outlined by Ms. Johnson and the motion was seconded by Ms. Winchester. The motion was duly adopted.

Fiscal Affairs

Mr. Jim Vaden, Associate Executive Director of Fiscal Affairs, presented to the Commission the revised funding formula that will be used to determine operational funding needs of higher education beginning with the FY 2006-2007 appropriations recommendation. He noted the linkage with the master plan, particularly in the areas of access, quality, preparation, and affordability.

Mr. Vaden recommended that the Commission adopt the funding formula in concept with a final version to be submitted for approval no later than the Commission’s Summer meeting. Mr. Jones made a motion to adopt the staff recommendation and it was seconded by Dr. Windley. The motion was duly adopted.

Rules Revision

Authorization and Regulation of Postsecondary Education Institutions and their Agents – Chapter 1540-1-2

Mr. Will Burns, Associate Executive Director of Legal and Regulatory Affairs, presented these rules revisions to the Commission. He noted that the rules were identical to those approved at the Winter meeting with two exceptions. First, the sliding fee scale for reauthorization of an out-of-state institution was changed to a flat rate due to a statutory requirement relative to out-of-state reauthorization fees. The second change clarified the requirement that institutions obtain approval of all instructors and administrative personnel. General Gilbert made a motion to approve these rules, which are included as Attachment D to the official copy of these minutes. Mr. John Morgan seconded the motion that was duly adopted by the following vote:

	Aye	No	Absent
Riley Darnell	X	_____	_____
Wendell Gilbert	X	_____	_____
Ransom Jones	X	_____	_____
Debby Koch	X	_____	_____
John Morgan	X	_____	_____
Jack Murrah	_____	_____	X
Jim Powell	X	_____	_____
Dale Sims	X	_____	_____

Kevin Teets	<u>X</u>	<u> </u>	<u> </u>
A C Wharton, Jr.	<u>X</u>	<u> </u>	<u> </u>
Katie Winchester	<u>X</u>	<u> </u>	<u> </u>
Brad Windley	<u>X</u>	<u> </u>	<u> </u>
Eleanor Yoakum	<u>X</u>	<u> </u>	<u> </u>

Public Higher Education Fee Waivers for State Employees – Chapter 1540-1-4

Mr. Burns presented this rule revision that will change the definition of full-time employee to one who fills seasonal full-time appointments and are scheduled to work 1600 hours or more per year. He indicated that the Department of Personnel views these employees as full time and are accorded benefits including longevity and leave accrual eligibility as regular full-time state employees. Additionally, Mr. Burns noted that there are less than 100 positions statewide working a 10 ½ month schedule, and will therefore not have a significant impact. Finally, Mr. Burns advised the Commission that by approving this agenda item, the Commission would be adopting two identical sets of rules; public necessity rules that will become effective immediately upon filing with the Secretary of State, and proposed rules that will follow the regular rulemaking process.

Ms. Koch moved to approve the revisions, which are attached as Attachment E to the official copy of these minutes, as public necessity and proposed rule changes. The motion was seconded by Mr. Jones and it was duly adopted by the following vote:

	Aye	No	Absent
Riley Darnell	<u>X</u>	<u> </u>	<u> </u>
Wendell Gilbert	<u>X</u>	<u> </u>	<u> </u>
Ransom Jones	<u>X</u>	<u> </u>	<u> </u>
Debby Koch	<u>X</u>	<u> </u>	<u> </u>
John Morgan	<u>X</u>	<u> </u>	<u> </u>
Jack Murrah	<u> </u>	<u> </u>	<u>X</u>
Jim Powell	<u>X</u>	<u> </u>	<u> </u>
Dale Sims	<u>X</u>	<u> </u>	<u> </u>
Kevin Teets	<u>X</u>	<u> </u>	<u> </u>
A C Wharton, Jr.	<u>X</u>	<u> </u>	<u> </u>
Katie Winchester	<u>X</u>	<u> </u>	<u> </u>
Brad Windley	<u>X</u>	<u> </u>	<u> </u>
Eleanor Yoakum	<u>X</u>	<u> </u>	<u> </u>

Public Higher Education Fee Discounts for Children of Licensed Public School Teachers and State Employees – Chapter 1540-1-5

Mr. Burns advised the Commission that approval of these public necessity and proposed rules would change the definition of full-time state employee in the same manner as in the previous agenda item. This rule change is included as Attachment F to the official copy of these minutes. Mr. Jones made a motion to adopt the revisions and it was seconded by Ms. Koch. The motion was duly adopted by the following vote:

	Aye	No	Absent
Riley Darnell	X	_____	_____
Wendell Gilbert	X	_____	_____
Ransom Jones	X	_____	_____
Debby Koch	X	_____	_____
John Morgan	X	_____	_____
Jack Murrah	_____	_____	X
Jim Powell	X	_____	_____
Dale Sims	X	_____	_____
Kevin Teets	X	_____	_____
A C Wharton, Jr.	X	_____	_____
Katie Winchester	X	_____	_____
Brad Windley	X	_____	_____
Eleanor Yoakum	X	_____	_____

Minority Teacher Education Grant Awards

Mr. Powell called on Dr. Linda Bradley, Associate Executive Director of Academic Affairs, to present the recommendations for the Minority Teacher Education Grants. Dr. Bradley noted that the advisory committee and staff recommended approval of the nine projects totaling \$212,000 listed in the agenda item, which are included as Attachment G to the official copy of these minutes.

Dr. Windley moved to accept the recommendation to fund the nine programs, which was seconded by Mr. Darnell. The motion was duly adopted.

Legislative Update

Mr. Burns provided the Commission with a brief update on the status of legislation impacting higher education and the Commission. His

remarks focused mostly on the status of the pending legislation to extend the Commission under the state's sunset review process. He also provided the Commission with an update on various bills related to the lottery scholarship program and indicated that Dr. Noland was providing the legislature with information concerning each of those bills.

Geier Status Report

Mr. Burns was then called upon to make a report on the status of the *Geier* lawsuit. He reported that the fiscal office had distributed to the TBR and UT the final distribution of funds for the FY 2004-2005 fiscal year.

Administrative Items

Summer Commission Meeting

Dr. Rhoda announced the Commission's Summer Quarterly meeting would be held on July 14, 2005. The time and location will be announced at a later date. He also indicated that there will be a called meeting of the Commission soon after the adjournment of the legislature for the purpose of making tuition and fee recommendations.

It was noted that the annual Harold Love Public Service Awards program would be held later in the afternoon at the Maxwell House Hotel.

There being no further business, Mr. Powell declared the meeting adjourned.

MINUTES
TENNESSEE HIGHER EDUCATION COMMISSION
Special Called Meeting
June 8, 2005, 2:00 p.m. CDT

Commission Members physically present:

Mr. Riley Darnell	Mr. Jim Powell
General Wendell Gilbert	Mr. Dale Sims
Mr. Ransom Jones	Mr. Kevin Teets
Dr. Gary Nixon	Dr. Brad Windley

Commission Members participating electronically:

Ms. Debbie Koch	Ms. Eleanor Yoakum
Ms. Katie Winchester	

The meeting was called to order by Chairman Jim Powell and he welcomed all to the meeting. Mr. Powell recognized Dr. Richard Rhoda, Executive Director, to make initial comments. Dr. Rhoda introduced Dr. Robert Ruble to the Commission as the leading candidate for the TSAC executive director position. He also introduced Dr. Linda Doran who recently joined the Commission staff as Senior Policy Advisor, and welcomed her to the Commission staff. Dr. Rhoda noted that Dr. Doran has held numerous positions at the TBR systems office as well as some of its campuses.

2005-2010 Master Plan and New Funding Formula

Dr. Rhoda next reminded the Commission that they had given their initial approval to the 2005-2010 Master Plan and new funding formula at its April meeting, with the expectation that final approval would occur once the concerns raised by the University of Tennessee and TBR were further considered and, to the extent necessary, changes were made. Dr. Rhoda indicated that the various issues have been addressed, but legislation passed in the final days of the legislative session will necessitate a delay in final approval.

Specifically, the legislative action established a committee consisting of various legislators, the State Comptroller, director of the Office of Legislative Budget Analysis, as well as higher education officials, which is to meet at least once a year to review and discuss changes to the master plan and funding formula. Dr. Rhoda recommended that to ensure compliance with the intent of the legislation, the Commission should

defer action on the two items until the committee can be convened. He advised the Commission that efforts were underway to hopefully schedule the meeting prior to the July meeting.

Status of the ETSU School of Pharmacy

Dr. Rhoda provided the Commission with an update on the academic progress on the ETSU School of Pharmacy. He noted that since the Commission last met, a consultant working with TBR and Commission staff reviewed the program and submitted a final report. TBR has developed a proposal that will be considered by the Board at its meeting on June 9 and 10. Subject to Board approval, it will be brought to the Commission in July for action. Dr. Rhoda deferred to Mr. Powell relative to financial benchmarks that must be met.

Mr. Powell noted that ETSU has received in donations and pledges more than the initial \$5 million that is required before TBR action could be taken and the institution should have no problem raising an additional \$7.5 million by the Fall semester 2006.

FY 2005-2006 Tuition and Fee Recommendation

Mr. Powell recognized Mr. Jim Vaden, Associate Executive Director for Fiscal Affairs, to present this agenda item. Mr. Vaden presented the staff recommendation that maintenance fees for all students at the University of Tennessee Knoxville, the University of Memphis, and the Technology Centers be raised by a maximum of 15 percent, and maintenance fees at the other universities and at the community colleges be raised by a maximum of 12 percent. A copy of this recommendation is attached to these minutes as Attachment A.

Mr. Vaden reviewed with the Commission documentation in support of this conclusion including factors such as operating inflation, increased enrollment, and the need to fund one percent of the FY 2005-06 three percent salary increase approved by the legislature.

Dr. Brad Windley made a motion for acceptance of the staff recommendation as presented and that the staff be authorized to transmit the recommendation to the Chancellor of the Tennessee Board of Regents System and the President of the University of Tennessee System. The motion was seconded by General Wendell Gilbert.

Mr. Powell next recognized Dr. John Petersen, President of UT, for any comments he may have. Dr. Petersen noted that campus budgets were closely scrutinized in an effort to keep increases to a minimum, but that their analysis resulted in the same conclusions as the Commission. He noted that several of the factors contributing to the need to increase tuition were either out of their control, as with utility costs or measures that were necessary to keep the institutions competitive, such as salaries

and library acquisitions. Dr. Petersen made a point of noting the efforts that UT will make to ensure that students on need based financial aid will have their assistance reworked to ensure that they are not impacted by the fee increases.

Mr. Powell recognized Dr. Charles Manning, Chancellor of TBR for his comments. Chancellor Manning agreed that tuition increases are necessary without increased support from the state. He noted that TBR institutions have grown by 9,000 students in the last five years during which time there have been no increase in operating appropriations. While he expressed concern for the impact this would have on students, Chancellor Manning indicated that there was no other alternative if the institutions were to stay competitive.

Mr. Powell provided members an opportunity to ask questions of staff or make comments regarding the motion. All members who chose to speak expressed regret that tuition increases of this magnitude were necessary. Several indicated that as a practical matter, however, because there have been no new state appropriations the various institutions had little choice if the state's higher education institutions were to remain competitive. Some members noted that there were many factors working together to necessitate fee increases of the magnitude as being recommended. These include no new state funding while enrollment continues to rise, increases in costs such as health insurance and other benefits, utility and fuel costs, increased need for financial aid, and salary inequity as compared to the various institutions' peers.

Mr. Dale Sims and Mr. Riley Darnell countered these comments by stating that recommending fee increases of this proportion will likely solidify support in the legislature for passage of caps on tuition increases. Both noted that caps were vigorously pursued this past session by some lawmakers and it would likely have been pursued more strongly had there been knowledge of increases of this magnitude. Additionally, Mr. Sims noted that this action will further strengthen that coalition and increase the chances of limitations during the next legislative session.

Mr. Sims strongly encouraged the Commission and boards to use restraint on this issue and work to further cultivate a stronger relationship with the General Assembly. As a means to accomplish this, Mr. Sims recommended that the study of fee models required by language in the appropriations bill should begin immediately to better articulate the factors driving the cost increases that necessitate the recommendation and the principles on which the funding needs are determined.

Dr. Rhoda closed the discussion by pointing out that there has been a change in the public discourse since Governor Bredesen took office. Specifically, that higher education better understands and recognizes

that its budget is part of a larger principle; that it is a segment of the total budget picture where there are competing priorities for limited state resources. Recognizing that fact, higher education is not complaining about the limited state resources, but merely presenting a proposal that reflects the realities of the situation in which the state finds itself.

There being no further discussion, Mr. Powell called for a vote on the motion that was duly adopted by the following roll call vote:

	Aye	No	Not Voting
Mr. Riley Darnell	_____	X	_____
General Wendell Gilbert	X	_____	_____
Mr. Ransom Jones	X	_____	_____
Ms. Debby Koch	X	_____	_____
Mr. Jim Powell	X	_____	_____
Mr. Dale Sims	_____	X	_____
Mr. Kevin Teets	_____	X	_____
Ms. Katie Winchester	X	_____	_____
Dr. Brad Windley	X	_____	_____
Ms. Eleanor Yoakum*	_____	_____	X

*Ms. Yoakum disconnected from the call prior to the vote.

Announcements

Dr. Rhoda noted that the next meeting of the Commission will be held on July 14. He also noted that this was the last meeting for Mr. Kevin Teets as a member of the Commission. Dr. Rhoda indicated that a more complete appreciation will be extended to him in a later meeting, but thanked him for his contribution to the work of the Commission.

There being no further business, Mr. Powell declared the meeting adjourned.

RICHARD G. RHODA
Executive Director



PHIL BREDESEN
Governor

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MEMORANDUM

To: Commission Members
From: Richard G. Rhoda 
Date: June 2, 2005
Subject: 2005-2006 Fee Recommendations

This memorandum concerns recommendations for changes in 2005-06 tuition and fees, which will be considered at the called meeting of the Commission on June 8. As presented on the attachment, the Commission staff is recommending the following maximum increases to undergraduate maintenance fees:

- 15 percent for UT-Knoxville and University of Memphis
- 12 percent for all other universities
- 12 percent for all community colleges
- 15 percent for technology centers

The General Assembly passed a continuation budget for FY 2005-06 that provides recurring state appropriations at the same level as FY 2004-05. The budget also includes partial funding for a three percent salary increase as well as adjustments for increased benefit costs. The revenue raised from the tuition increase will cover the remaining cost of the salary increase as well as provide for fixed cost increases.

Consistent with the new funding formula, THEC staff will no longer offer out of state tuition recommendations. The Commission staff encourages both governing boards to consider market forces and flexibility in setting out of state tuition. In addition, it is the desire of the Commission that wherever possible increases to mandatory fees be as low as possible.

Tennessee's undergraduate tuition charges are comparable to peer institutions. The recommended fee increases will raise approximately \$84 million in new fee revenue,

which represents an increase of 5.8 percent in total unrestricted E&G revenue for all of higher education.

Near the close of the Legislative session, some members of the General Assembly expressed interest in capping tuition increases at twice the Consumer Price Index, which would have limited the tuition increase to 6.5 percent. If implemented, that fee increase would have limited the new revenue available to institutions with smaller tuition bases, relative to state appropriations, such as community colleges and technology centers. Though it is the desire of Commission staff and consistent with the new Master Plan that tuition at community colleges and technology centers remain as low as possible, the continuation budget necessitates a need for a greater fee increase at these institutions than would otherwise be recommended.

In the coming months, THEC staff will commence a study of public higher education tuition. A provision in the 2005-06 Appropriations Bill calls for

“The Tennessee Higher Education Commission shall, in conjunction with the Tennessee Board of Regents and the University of Tennessee, coordinate the creation of undergraduate tuition models for public higher education in Tennessee. The models shall include at least a five year projection of potential undergraduate tuition increases at public institutions of higher education including Tennessee Technology Centers. These models shall consider the impact of undergraduate student enrollment growth, the impact of Tennessee Education Lottery Scholarship, need-based financial aid programs, anticipated state appropriations, estimated maintenance and operational costs and other fixed costs, salary and benefit and technology costs, maintaining competitiveness with the respective institutions’ peer institutions, as well as other public and private institutions and any other relevant factors. This analysis shall also include an evaluation of the growth in higher education costs in relation to the consumer price index.”

This study is consistent with the direction of the 2005-10 Master Plan and will be completed by the end of 2005.

Staff will be prepared to respond to questions and comments at the June 8 meeting. In the meantime, please do not hesitate to contact me or Jim Vaden.

Attachment

cc: Charles W. Manning
John D. Petersen

RECOMMENDED MAXIMUM FEE INCREASES, 2005-06

	2004-05 Maintenance Fee	2005-06 Proposed Maximum Maintenance Fee	Maximum Difference	Maximum Percent	2005-06 Expected Total Fees Including Mandatory Fees	Maximum Total Percent Increase
TENNESSEE UNDERGRADUATE IN-STATE TUITION						
UT Knoxville	\$4,087	\$4,700	\$613	15.0%	\$5,362	12.9%
University of Memphis	3,748	4,310	562	15.0%	5,042	12.5%
APSU	3,352	3,754	402	12.0%	4,626	9.5%
ETSU	3,352	3,754	402	12.0%	4,461	9.9%
MTSU	3,352	3,754	402	12.0%	4,612	9.6%
TSU	3,352	3,754	402	12.0%	4,410	10.0%
TTU	3,352	3,754	402	12.0%	4,372	10.1%
UT Chattanooga	3,293	3,688	395	12.0%	4,488	9.7%
UT Martin	3,412	3,821	409	12.0%	4,543	9.9%
Community Colleges	1,952	2,245	293	15.0%	*2,486	13.4%
Technology Centers	1,552	1,785	233	15.0%	1,985	13.3%

*Average

TENNESSEE GRADUATE AND PROFESSIONAL STUDENTS

UT Knoxville	\$4,715	\$5,422	\$707	15.0%	\$6,084	13.2%
University of Memphis	4,700	5,405	705	15.0%	6,137	13.0%
APSU	4,500	5,040	540	12.0%	5,912	10.1%
ETSU	4,500	5,040	540	12.0%	5,747	10.4%
MTSU	4,500	5,040	540	12.0%	5,898	10.1%
TSU	4,500	5,040	540	12.0%	5,696	10.5%
TTU	4,500	5,040	540	12.0%	5,658	10.6%
UT Chattanooga	3,947	4,421	474	12.0%	5,221	10.0%
UT Martin	4,066	4,554	488	12.0%	5,276	10.2%
Law						
UM	7,536	8,666	1,130	15.0%	9,416	13.6%
UTK	7,734	8,894	1,160	15.0%	9,556	13.8%
Dentistry	12,921	14,859	1,938	15.0%	14,913	14.9%
Medicine						
ETSU	16,168	17,785	1,617	10.0%	18,492	9.6%
UT Memphis - Current Students	16,475	16,475	0	0.0%	16,529	0.0%
UT Memphis - New Students	16,957	17,466	509	3.0%	17,520	3.0%
Veterinary Medicine	9,513	10,940	1,427	15.0%	11,602	14.0%
UT Pharmacy	10,183	11,099	916	9.0%	11,153	9.0%
UT Space Institute	4,715	5,422	707	15.0%	5,602	14.4%