

Agenda Item: I.F.

DATE: November 18, 2010

SUBJECT: 2011-12 Student Fee Recommendations

ACTION RECOMMENDED: Approval

BACKGROUND INFORMATION: The Complete College Tennessee Act requires THEC to make student fee recommendations concurrent with the state appropriation recommendations. Based on staff analysis, including the THEC tuition model, minimum student fee increases of seven percent at universities and five percent at community colleges and technology centers are recommended for 2011-12. This recommendation is contingent on the scheduled one percent reduction in state appropriations. It is also recommended that the UT and TBR systems further implement a policy of differential tuition rates, which might consider program, cost, or other factors to establish price.

Attachment I presents historical detail of the annual tuition and fee levels for a full-time undergraduate resident student. Scenarios for tuition increases in 2011-12 of three, five and seven percent are presented and summarized.

The THEC tuition model calculates a tuition increase that would maintain total revenue, state appropriations and tuition, at prior year levels, once inflation, enrollment and changes in state funding levels are included. As indicated in **Attachment II**, inflation in 2011-12 is assumed to be 1.5 percent, well below the historical norm of 3-3.5 percent. Enrollment increases for fall 2011 are assumed to be 2.5 percent for universities and 5.0 percent for community colleges and TTCs. The proposed state appropriation reduction for 2011-12 is 1.2 percent. Applying those assumptions to the tuition model produces the output that is summarized at the bottom of Attachment II. This data is presented for information only.

Attachment III provides an analysis of the total formula revenue need and the proportion of that need that is funded by state appropriations and tuition revenue. In 2010-11, the total formula need is funded at 83.9 percent. Assuming the recommended tuition increases and the proposed reduction in state appropriations, the 2011-12 total formula need is projected to be funded at 81.7 percent.

**ATTACHMENT I
Total Tuition and Mandatory Fees**

	2005-06	2009-10	2010-11	1 Yr. Change	5 Yr. Change
APSU	\$4,635	\$5,868	\$6,228	6.1%	34.4%
ETSU	\$4,487	\$5,593	\$6,004	7.3%	33.8%
MTSU	\$4,576	\$6,048	\$6,478	7.1%	41.6%
TSU	\$4,384	\$5,444	\$5,854	7.5%	33.5%
TTU	\$4,396	\$5,586	\$6,036	8.1%	37.3%
UM	\$5,084	\$6,524	\$6,990	7.1%	37.5%
UTC	\$4,500	\$5,656	\$6,062	7.2%	34.7%
UTK	\$5,290	\$6,850	\$7,382	7.8%	39.5%
UTM	\$4,493	\$5,769	\$6,190	7.3%	37.8%
CC Avg	\$2,393	\$2,968	\$3,211	8.2%	34.2%
TTC	\$1,984	\$2,399	\$2,735	14.0%	37.9%

	2010-11		2011-12 Tuition Scenarios*		
	Maintenance Fee	Mandatory Fees	3%	5%	7%
APSU	\$5,004	\$1,224	\$6,378	\$6,478	\$6,578
ETSU	\$5,004	\$1,000	\$6,154	\$6,254	\$6,354
MTSU	\$5,004	\$1,474	\$6,628	\$6,728	\$6,828
TSU	\$5,004	\$850	\$6,004	\$6,104	\$6,204
TTU	\$5,004	\$1,032	\$6,186	\$6,286	\$6,386
UM	\$5,778	\$1,212	\$7,163	\$7,279	\$7,394
UTC	\$4,912	\$1,150	\$6,209	\$6,308	\$6,406
UTK	\$6,450	\$932	\$7,576	\$7,705	\$7,834
UTM	\$5,132	\$1,058	\$6,344	\$6,447	\$6,549
CC Avg	\$2,940	\$271	\$3,299	\$3,358	\$3,417
TTC	\$2,535	\$200	\$2,811	\$2,862	\$2,912

*Percent increase applied to maintenance fee, with no increases to mandatory fees.

Mandatory Fees Only

	2005-06	2009-10	2010-11	1 Yr. Change	5 Yr. Change
APSU	\$957	\$1,224	\$1,224	0.0%	27.9%
ETSU	\$809	\$949	\$1,000	5.4%	23.6%
MTSU	\$898	\$1,404	\$1,474	5.0%	64.1%
TSU	\$706	\$800	\$850	6.3%	20.4%
TTU	\$718	\$942	\$1,032	9.6%	43.7%
UM	\$918	\$1,154	\$1,212	5.0%	32.0%
UTC	\$900	\$1,150	\$1,150	0.0%	27.8%
UTK	\$672	\$932	\$932	0.0%	38.7%
UTM	\$732	\$1,061	\$1,058	-0.3%	44.5%
CC Avg	\$251	\$268	\$271	1.1%	8.0%
TTC	\$200	\$200	\$200	0.0%	0.0%

ATTACHMENT II 2011-12 Revenue Analysis

History of State Appropriations Reductions for Formula Units

	Total	Universities	CCs	TTCs
2008-09	-7.6%	-8.6%	-5.4%	-5.2%
2009-10	-14.3%	-16.2%	-10.7%	-6.2%
2010-11	-6.3%	-6.9%	-5.7%	-3.3%
2011-12	-1.2%	-1.5%	-1.4%	2.7%
Four Year Cumulative	-26.3%	-29.3%	-20.9%	-11.3%

Formula Units Analysis (Universities, CCs, TTCs)

State Appropriations Reduction = 1.2%				
2011-12 Tuition Increase	0.0%	3.0%	5.0%	7.0%
Total Revenue Change*	-0.5%	1.3%	2.5%	3.7%
Percent of Total Formula Need	78.6%	80.0%	81.0%	81.9%
Student Share of Total Revenue	59.4%	60.1%	60.6%	61.0%

*Represents change in total expected revenue from 2010-11 to 2011-12.

2011-12 Tuition Model Analysis

Model Assumptions	Universities	CCs	TTCs
Fixed Costs	1.5%	1.5%	1.5%
Enrollment	2.5%	5.0%	5.0%
State Appropriations	-1.5%	-1.4%	2.7%
Tuition Rate Increase	4.6%	7.6%	9.0%

ATTACHMENT III

Total Formula Need Funding

FY 2010-11

Institution	FY 2010-11				Formula Estimated Total Need	Difference (Short)	Percent Funded
	Legislative Appropriation*	Maintenance Fees	Out-of-State Tuition	Total Revenue			
Austin Peay	\$ 25,191,800	\$ 47,064,200	\$ 2,900,900	\$ 75,156,900	\$ 78,596,000	\$ (3,439,100)	95.6%
East Tennessee	44,870,000	69,961,100	9,624,200	124,455,300	144,617,000	(20,161,700)	86.1%
Middle Tennessee	70,600,000	120,424,900	9,443,300	200,468,200	230,123,000	(29,654,800)	87.1%
Tennessee State	28,281,900	39,424,300	17,286,100	84,992,300	101,748,000	(16,755,700)	83.5%
Tennessee Tech	35,635,400	50,942,400	4,784,000	91,361,800	103,045,000	(11,683,200)	88.7%
University of Memphis	91,348,000	116,386,600	8,638,700	216,373,300	269,013,000	(52,639,700)	80.4%
Subtotal TBR Universities	\$ 295,927,100	\$ 444,203,500	\$ 52,677,200	\$ 792,807,800	\$ 927,142,000	\$ (134,334,200)	85.5%
Chattanooga	\$ 20,166,700	\$ 22,890,000	\$ 609,000	\$ 43,665,700	\$ 47,314,000	\$ (3,648,300)	92.3%
Cleveland	8,911,100	8,265,000	203,900	17,380,000	19,477,000	(2,097,000)	89.2%
Columbia	11,392,300	12,015,500	301,300	23,709,100	27,166,000	(3,456,900)	87.3%
Dyersburg	6,131,100	7,516,700	101,500	13,749,300	15,590,000	(1,840,700)	88.2%
Jackson	10,423,300	12,184,500	113,800	22,721,600	25,071,000	(2,349,400)	90.6%
Motlow	8,625,000	11,392,500	195,300	20,212,800	24,113,000	(3,900,200)	83.8%
Nashville	12,554,500	19,830,900	731,900	33,117,300	34,461,000	(1,343,700)	96.1%
Northeast	10,383,600	14,100,300	79,000	24,562,900	30,623,000	(6,060,100)	80.2%
Pellissippi	17,062,500	27,270,000	1,360,000	45,692,500	44,668,000	1,024,500	102.3%
Roane	15,620,800	15,039,300	480,800	31,140,900	35,866,000	(4,725,100)	86.8%
Southwest	32,426,900	31,731,400	1,476,700	65,635,000	67,565,000	(1,930,000)	97.1%
Volunteer	15,345,700	18,534,900	525,000	34,405,600	37,096,000	(2,690,400)	92.7%
Walters	15,740,800	17,167,900	353,200	33,261,900	38,923,000	(5,661,100)	85.5%
Subtotal 2-Year Institutions	\$ 184,784,300	\$ 217,938,900	\$ 6,531,400	\$ 409,254,600	\$ 447,933,000	\$ (38,678,400)	91.4%
UT Chattanooga	\$ 33,162,700	\$ 47,021,100	\$ 6,235,100	\$ 86,418,900	\$ 103,205,000	\$ (16,786,100)	83.7%
UT Knoxville	142,165,100	177,695,300	32,986,700	352,847,100	465,116,000	(112,268,900)	75.9%
UT Martin	23,680,900	37,779,000	3,819,000	65,278,900	70,865,000	(5,586,100)	92.1%
Subtotal UT Universities	\$ 199,008,700	\$ 262,495,400	\$ 43,040,800	\$ 504,544,900	\$ 639,186,000	\$ (134,641,100)	78.9%
Technology Centers	\$ 46,263,500	\$ 22,272,200	\$ -	\$ 68,535,700	\$ 102,060,000	(33,524,300)	67.2%
Total Formula Units	\$ 725,983,600	\$ 946,910,000	\$ 102,249,400	\$ 1,775,143,000	\$ 2,116,321,000	\$ (341,178,000)	83.9%

*Preliminary

ATTACHMENT III Total Formula Need Funding

FY 2011-12 Projected

Institution/Unit	FY 2011-12 Projected				Formula Estimated Total Need	Difference (Short)	Percent Funded
	Legislative Appropriation*	Maintenance Fees**	Out-of-State Tuition**	Total Revenue			
Austin Peay	\$ 25,028,100	\$ 50,358,700	\$ 3,104,000	\$ 78,490,800	\$ 88,589,400	\$ (10,098,600)	88.6%
East Tennessee	43,971,600	74,858,400	10,297,900	129,127,900	147,696,300	(18,568,400)	87.4%
Middle Tennessee	69,890,400	128,854,600	10,104,300	208,849,300	222,019,700	(13,170,400)	94.1%
Tennessee State	28,096,600	42,184,000	18,496,100	88,776,700	110,232,300	(21,455,600)	80.5%
Tennessee Tech	35,089,500	54,508,400	5,118,900	94,716,800	121,086,500	(26,369,700)	78.2%
University of Memphis	88,586,500	124,533,700	9,243,400	222,363,600	272,739,800	(50,376,200)	81.5%
Subtotal TBR Universities	\$ 290,662,700	\$ 475,297,800	\$ 56,364,600	\$ 822,325,100	\$ 962,364,000	\$ (140,038,900)	85.4%
Chattanooga	\$ 19,861,800	\$ 24,034,500	\$ 639,500	\$ 44,535,800	\$ 53,285,500	\$ (8,749,700)	83.6%
Cleveland	8,677,500	8,678,300	214,100	17,569,900	20,924,900	(3,355,000)	84.0%
Columbia	11,195,500	12,616,300	316,400	24,128,200	30,002,400	(5,874,200)	80.4%
Dyersburg	6,144,800	7,892,500	106,600	14,143,900	16,987,400	(2,843,500)	83.3%
Jackson	10,342,500	12,793,700	119,500	23,255,700	28,350,400	(5,094,700)	82.0%
Motlow	8,837,800	11,962,100	205,100	21,005,000	26,273,500	(5,268,500)	79.9%
Nashville	12,794,000	20,822,400	768,500	34,384,900	40,346,900	(5,962,000)	85.2%
Northeast	10,641,400	14,805,300	83,000	25,529,700	30,946,500	(5,416,800)	82.5%
Pellissippi	17,312,900	28,633,500	1,428,000	47,374,400	48,592,600	(1,218,200)	97.5%
Roane	15,135,100	15,791,300	504,800	31,431,200	35,665,500	(4,234,300)	88.1%
Southwest	30,697,600	33,318,000	1,550,500	65,566,100	65,081,900	484,200	100.7%
Volunteer	15,094,800	19,461,600	551,300	35,107,700	36,923,000	(1,815,300)	95.1%
Walters	15,537,000	18,026,300	370,900	33,934,200	40,562,800	(6,628,600)	83.7%
Subtotal 2-Year Institutions	\$ 182,272,700	\$ 228,835,800	\$ 6,858,200	\$ 417,966,700	\$ 473,943,300	\$ (55,976,600)	88.2%
UT Chattanooga	\$ 32,739,200	\$ 50,312,600	\$ 6,671,600	\$ 89,723,400	\$ 106,235,900	\$ (16,512,500)	84.5%
UT Knoxville	140,932,100	190,134,000	35,295,800	366,361,900	508,597,000	(142,235,100)	72.0%
UT Martin	23,222,200	40,423,500	4,086,300	67,732,000	74,659,300	(6,927,300)	90.7%
Subtotal UT Universities	\$ 196,893,500	\$ 280,870,100	\$ 46,053,700	\$ 523,817,300	\$ 689,492,200	\$ (165,674,900)	76.0%
Technology Centers	\$47,554,700	\$ 23,385,800	\$ -	\$ 70,940,500	\$120,451,000	(49,510,500)	58.9%
Total Formula Units	\$ 717,383,600	\$ 1,008,389,500	\$ 109,276,500	\$ 1,835,049,600	\$ 2,246,250,500	\$ (411,200,900)	81.7%

*Accounts for proposed 1.2% reduction to formula units for 2011-12.

**Assumes 7% and 5% tuition increases at universities and CCs/TTCs respectively for 2011-12.