

DATE: November 15, 2012

SUBJECT: 2013-14 Student Fee Recommendations

ACTION RECOMMENDED: Approval

BACKGROUND INFORMATION

The Complete College Tennessee Act requires THEC to make student fee and state appropriation recommendations concurrently. Numerous factors inform the tuition recommendation including affordability and financial aid, the income profile of students attending Tennessee public institutions, and institutional revenues and cost inflation.

These recommendations are particularly informed by an analysis of the income profile of Tennessee students. One of the clearest measures of ability to pay is the income data of students and families as measured by the Federal government’s Free Application for Federal Student Aid, or FAFSA, which calculates a family’s Expected Family Contribution (EFC). This measure is a proxy for a student’s ability to pay for college and is the basis for awarding need-based financial aid such as the Federal Pell grant and the Tennessee Student Assistance Award (TSAA).

Student EFC data was available for analysis for 75 percent of public university and community college students in 2011. Of those students, 62 percent had an EFC low enough to qualify for the Pell grant and, by definition, the TSAA. In 2007, just over half or 52 percent of public university and community college students were eligible for the Pell grant. Furthermore, in 2011, 84 percent of community college adult students age 25 and up qualified for the Pell grant. In total, across public universities and community colleges, the population of low-income students, using Pell grant eligibility as the measure, increased from 62,800 in 2007 to 101,700 in 2011. More background information will be presented at the Commission meeting work session.

RECOMMENDATION SUMMARY

The THEC staff recommendations are maintenance fee increases of up to six percent at universities and up to three percent at community colleges and technology centers. These recommendation ranges are a companion piece to the recommended state appropriations increase of \$35.5 million. It is also recommended that UT and TBR further implement differential tuition rates, which might consider program, cost, student level, institution or other factors.

ATTACHMENT I
2013-14 Total Tuition and Mandatory Fees Recommendation

THEC Recommendation Summary

Universities	Up to 6% Maintenance Fee Increase
CCs	Up to 3% Maintenance Fee Increase
TTCs	Up to 3% Maintenance Fee Increase

Maintenance and Mandatory Fees History

	2007-08	2011-12	2012-13	1 Yr. Change	5 Yr. Change
APSU	\$5,238	\$6,690	\$6,918	3.4%	32.1%
ETSU	4,887	6,529	6,997	7.2%	43.2%
MTSU	5,278	7,018	7,492	6.8%	41.9%
TSU	4,856	6,346	6,702	5.6%	38.0%
TTU	4,980	6,698	6,948	3.7%	39.5%
UM	5,802	7,696	8,234	7.0%	41.9%
UTC	5,062	6,718	7,212	7.3%	42.5%
UTK	5,932	8,396	9,092	8.3%	53.3%
UTM	5,005	6,718	7,081	5.4%	41.5%
CC Avg	2,628	3,532	3,686	4.4%	40.3%
TTCs	2,168	2,975	3,146	5.7%	45.1%

2013-14 Projected Tuition and Fee Levels

	2012-13		2013-14 Tuition Scenarios¹		
	Maintenance Fee	Mandatory Fees	0.0%	3.0%	6.0%
APSU	\$5,694	\$1,224	\$6,918	\$7,089	\$7,260
ETSU	5,922	1,075	6,997	7,175	7,352
MTSU	5,898	1,594	7,492	7,669	7,846
TSU	5,772	930	6,702	6,875	7,048
TTU	5,748	1,200	6,948	7,120	7,293
UM	6,978	1,256	8,234	8,443	8,653
UTC	5,722	1,490	7,212	7,384	7,555
UTK	7,802	1,290	9,092	9,326	9,560
UTM	5,978	1,103	7,081	7,260	7,440

	2012-13		2013-14 Tuition Scenarios¹		
	Maintenance Fee	Mandatory Fees	0.0%	1.5%	3.0%
CC Avg	\$3,402	\$284	\$3,686	\$3,737	\$3,788
TTCs	2,946	200	3,146	3,190	3,234

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

Mandatory Fees Only History

	2007-08	2011-12	2012-13	1 Yr. Change	5 Yr. Change
APSU	\$1,180	\$1,224	\$1,224	0.0%	3.7%
ETSU	829	1,063	1,075	1.1%	29.7%
MTSU	1,220	1,498	1,594	6.4%	30.7%
TSU	798	880	930	5.7%	16.5%
TTU	922	1,178	1,200	1.9%	30.2%
UM	1,150	1,246	1,256	0.8%	9.2%
UTC	1,090	1,320	1,490	12.9%	36.7%
UTK	812	1,172	1,290	10.1%	58.9%
UTM	855	1,078	1,103	2.3%	29.0%
CC Avg	264	280	284	1.4%	7.6%
TTCs	200	200	200	0.0%	0.0%

ATTACHMENT II

2013-14 Tuition Model Analysis Scenarios

The following scenarios utilize the THEC Tuition Model to estimate the tuition increase required to maintain the 2012-13 estimated total revenue per FTE. The scenarios assume zero percent enrollment growth and a three percent increase in cost inflation. This analysis is presented for information and is meant to provide guidance on the tuition recommendation analysis.

Average Increase Needed With a \$35.5M (4.6%) Increase in State Appropriations

Model Assumptions	Universities	CCs	TTCs
Fixed Costs	3.0%	3.0%	3.0%
Enrollment	0.0%	0.0%	0.0%
State Appropriations	4.5%	5.0%	4.8%
Average Tuition Rate Increase	2.5%	1.4%	-0.8%

Average Increase Needed With No Increase in State Appropriations

Model Assumptions	Universities	CCs	TTCs
Fixed Costs	3.0%	3.0%	3.0%
Enrollment	0.0%	0.0%	0.0%
State Appropriations	0.0%	0.0%	0.0%
Average Tuition Rate Increase	4.5%	5.2%	9.3%

Average Increase Needed With a \$44.6M (5.8%) Reduction in Appropriations

Model Assumptions	Universities	CCs	TTCs
Fixed Costs	3.0%	3.0%	3.0%
Enrollment	0.0%	0.0%	0.0%
State Appropriations	-6.0%	-5.4%	-5.7%
Average Tuition Rate Increase	7.9%	9.3%	21.3%