

Agenda Item: I.C.

DATE: November 20, 2014

SUBJECT: 2015-16 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 impact the tuition recommendation including affordability and financial aid, the income profile of students attending Tennessee public institutions, and institutional revenues and cost inflation.

Average full-time, annual tuition and mandatory fees for 2014-15 is \$8,335 at public universities, \$3,992 at community colleges and \$3,425 at TCATs. Tennessee's public higher education tuition and fee levels are considered average compared to peers across the states in the Southern Regional Education Board (SREB). Over the last five years, tuition and mandatory fees have increased an average of 6 to 7 percent, while state appropriations have increased an average of 1.4 percent per year.

Tennessee's financial aid resources are among the highest in the US. According to data provided by the National Association of State Student Grant Aid Programs (NASSGAP), Tennessee had the 8th largest financial aid program in the nation, and the 2nd largest per capita. Funding for the lottery scholarship and the need-based grant, the Tennessee Student Assistance Award, comprise the majority of financial aid. In part due to these funding levels, Tennessee college graduates had the 16th lowest debt level in the US, according to data published by the Project on Student Debt. It should be noted, however, that no data is available for debt among students who do not graduate.

The THEC staff recommendations are increases in tuition (commonly referred to as maintenance fees at UT and TBR institutions) of zero to four percent at universities, community colleges and colleges of applied technology. Scenarios for tuition increases in 2015-16 of zero, two and four percent at the universities, community colleges and colleges of applied technology are presented and summarized in Attachment I. These recommendation ranges are a companion piece to the recommended state appropriations increase of \$25.7 million.

ATTACHMENT I

2015-16 Tuition Recommendation

THEC Recommendation Summary

Universities	0% to 4% Tuition Increase
CCs	0% to 4% Tuition Increase
TCATs	0% to 4% Tuition Increase

Tuition and Fee Levels

	2014-15		2015-16 Scenarios		
	Mandatory Fees	Tuition	Tuition Increase ¹		
			= 0%	= 2%	= 4%
APSU	\$1,264	\$6,198	\$7,462	\$7,586	\$7,710
ETSU	1,355	6,630	7,985	8,118	8,250
MTSU	1,636	6,552	8,188	8,319	8,450
TSU	1,026	6,198	7,224	7,348	7,472
TTU	1,543	6,474	8,017	8,146	8,276
UM	1,563	7,410	8,973	9,121	9,269
UTC	1,708	6,430	8,138	8,267	8,395
UTM	1,308	6,716	8,024	8,158	8,293
UTK²	1,510	9,493	11,003	11,193	11,383
CC Avg	290	3,702	3,992	4,066	4,140
TCATs	230	3,195	3,425	3,489	3,553

1 - Percent increase applied to tuition and not to the mandatory fees.

2 - The tuition rates for students admitted in the Fall of 2013 and later are flat rates for 15 semester credit hours, regardless of the number of credit hours taken by the student. This policy ("Fifteen in Four") was approved in 2012 by the UT Board for introduction in Fall 2013. The tuition rate presented here is a weighted average.

Note: Tuition is used here for ease of understanding though UT and TBR use the term maintenance fee.

ATTACHMENT II

2015-16 Tuition Model Analysis Scenarios

The following scenarios utilize the THEC Tuition Model to estimate the tuition increase required to maintain the 2014-15 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 \$25.7M (3.1%) Increase in State Appropriations

Model Assumptions	Universities	CCs	TCATs
Costs Inflation	3.0%	3.0%	3.0%
Enrollment	0.0%	0.0%	0.0%
State Appropriations	3.3%	3.3%	0.4%
Average Tuition Rate Increase	3.2%	2.9%	8.8%

Average Increase Needed With Overall Flat Appropriations

Model Assumptions	Universities	CCs	TCATs
Costs Inflation	3.0%	3.0%	3.0%
Enrollment	0.0%	0.0%	0.0%
State Appropriations	0.2%	0.2%	-2.6%
Average Tuition Rate Increase	5.1%	5.6%	15.3%

Average Increase Needed With a \$67.2M (8.1%) Reduction in Appropriations

Model Assumptions	Universities	CCs	TCATs
Costs Inflation	3.0%	3.0%	3.0%
Enrollment	0.0%	0.0%	0.0%
State Appropriations	-8.0%	-7.9%	-10.6%
Average Tuition Rate Increase	10.1%	12.8%	32.7%

Note: The recommendation is based on an assumed costs inflation rate of 3% as determined by the Higher Education Price Index (HEPI). HEPI, a traditionally referenced inflation index produced by Commonfund, an institutional investment firm, measures changes in costs in higher education by tracking eight categories of operational expenses, including salaries for employees, fringe benefits, utilities, and supplies and materials.

ATTACHMENT III

Tuition and Mandatory Fees History

Tuition and Mandatory Fees History

	2009-10	2013-14	2014-15	1 Year Change	5 Year Change
APSU	\$5,868	\$7,158	\$7,462	4.2%	27.2%
ETSU	5,593	7,543	7,985	5.9%	42.8%
MTSU	6,048	7,840	8,188	4.4%	35.4%
TSU	5,444	6,774	7,224	6.6%	32.7%
TTU	5,586	7,383	8,017	8.6%	43.5%
UM	6,524	8,666	8,973	3.5%	37.5%
UTC	5,656	7,555	8,138	7.7%	43.9%
UTM	5,769	7,514	8,024	6.8%	39.1%
UTK ¹	6,850	10,062	11,003	9.4%	60.6%
CC Avg	2,968	3,787	3,992	5.4%	34.5%
TCATs	2,399	3,176	3,425	7.8%	42.8%

1 - The tuition rates for students admitted in the Fall of 2013 and later are flat rates for 15 semester credit hours, regardless of the number of credit hours taken by the student. This policy ("Fifteen in Four") was approved in 2012 by the UT Board for introduction in Fall 2013. The tuition rate presented here is a weighted average.

Mandatory Fees Only History

	2009-10	2013-14	2014-15	1 Year Change	5 Year Change
APSU	\$1,224	\$1,284	\$1,264	-1.6%	3.3%
ETSU	949	1,345	1,355	0.7%	42.8%
MTSU	1,404	1,618	1,636	1.1%	16.5%
TSU	800	930	1,026	10.3%	28.3%
TTU	942	1,287	1,543	19.9%	63.8%
UM	1,154	1,256	1,563	24.4%	35.4%
UTC	1,150	1,490	1,708	14.6%	48.5%
UTM	1,061	1,178	1,308	11.0%	23.3%
UTK	932	1,414	1,510	6.8%	62.0%
CC Avg	268	283	290	2.5%	8.2%
TCATs	200	230	230	0.0%	15.0%