

DATE: November 6, 2020

SUBJECT: 2021-22 Student Fee Recommendations

ACTION RECOMMENDED: Approval

BACKGROUND INFORMATION

The Complete College Tennessee Act requires the Tennessee Higher Education Commission (THEC) to make student fee and state appropriation recommendations concurrently. Numerous factors impact the tuition recommendation, including affordability and financial aid, institutional revenues, and cost inflation factors. The FOCUS Act expanded THEC’s authority on student fee levels, requiring that THEC issue binding tuition ranges each year. These ranges apply to resident, undergraduate students’ tuition (maintenance fee) rate, as well as the combined tuition and mandatory fee charge, and are set following the General Assembly’s approval of a budget in the spring. The ranges recommended for approval today are intended for guidance.

TENNESSEE’S TUITION AND FEE PROFILE

Average full-time, annual tuition and mandatory fees for 2020-21 is \$9,751 at public universities, \$4,553 at community colleges, and \$3,936 at the Tennessee Colleges of Applied Technology (TCATs). Tennessee’s public higher education tuition and fee levels are considered average compared to peers across member states of the Southern Regional Education Board. Tennessee institutions implemented the lowest consecutive growth in decades in the five years leading up to 2020-21 as state appropriations increased, on average, seven percent per year. Institutions maintained their commitment to an affordable college education in 2020-21 as all institutions held tuition and fees flat for Tennesseans despite no growth in state appropriations.

RECOMMENDATION

Staff recommendations for operating appropriations, student fees, and need-based financial aid work in concert to promote continuous improvement in affordability. On average, tuition and fees revenue accounts for roughly 60 percent of revenue at the universities, 50 percent at the community colleges and 33 percent at the TCATs. The

combined tuition and appropriation revenue for all formula units is approximately \$3.0 billion, with state appropriations comprising \$1.2 billion. An appropriation request for formula units of \$36 million represents about a three percent growth in appropriation revenue but just a one percent increase in total revenue. Institutions receiving state appropriation increases below three percent may need to rely on modest tuition increases to keep up with the outside forces such as inflation, while institutions receiving more than three percent may need little to no tuition increases.

Considering an appropriations request for formula units of \$36 million and an estimated two percent salary increase, THEC staff recommend a guiding tuition (maintenance fee) range of zero to three percent, as well as a guiding tuition and mandatory fee range of zero to three percent for all public universities, community colleges, and TCATs.

Scenarios for tuition increases in 2021-22 of zero, one-and-a-half, and three percent are presented and summarized in Attachment I. Attachment II provides a history of tuition and mandatory fee increases across all public institutions as well as the results of the tuition model based on different funding scenarios.

At this time, staff recommend the Commission adopt the tuition and tuition and mandatory fee ranges as guidance only, with flexibility to approve final, binding ranges later in the fiscal year once clarity around the state budget and overall impact on higher education funding is determined.

ATTACHMENT I

2021-22 Tuition and Fee Recommendation

Universities	0% to 3.0% Tuition Increase
CCs	0% to 3.0% Tuition Increase
TCATs	0% to 3.0% Tuition Increase

Tuition Levels

	2020-21 Tuition	2021-22 Scenarios				
		= 0.0%	= 1.5%		= 3.0%	
			Increase	Change	Increase	Change
APSU	\$7,044	\$7,044	\$7,150	\$106	\$7,255	\$211
ETSU	7,572	7,572	7,686	114	7,799	227
MTSU	7,554	7,554	7,667	113	7,781	227
TSU	7,026	7,026	7,131	105	7,237	211
TTU (Prior to Fall 2020)¹	8,040	8,040	8,161	121	8,281	241
TTU (Fall 2020)¹	9,060	9,060	9,196	136	9,332	272
UM (Non-Guaranteed)²	8,208	8,208	8,331	123	8,454	246
UM (Guaranteed)²	8,232	8,232	8,355	123	8,479	247
UTC (Soar in Four)³	7,836	7,836	7,954	118	8,071	235
UTC (Returning)³	7,060	7,060	7,166	106	7,272	212
UTK	11,332	11,332	11,502	170	11,672	340
UTM	8,214	8,214	8,337	123	8,460	246
CC Avg	4,242	4,242	4,306	64	4,369	127
TCATs	3,687	3,687	3,742	55	3,798	111

1 - Full-time students admitted in Fall 2020 at Tennessee Technological University will pay a flat rate for 15 credit hours per semester, regardless of the number of hours take. Full-time students admitted prior to Fall 2020 and part-time students will be charged a per credit hour rate for the first 12 credit hours and a discounted rate for additional hours.

2 - Beginning in 2019-20, the University of Memphis began to offer a "guaranteed tuition" option to undergraduate students. All incoming first-time, full-time freshmen will be eligible to enroll in the guaranteed tuition plan, which guarantees the Fall 2019 tuition rate for eight consecutive regular semesters if they take at least 12 credit hours per semester.

3 - Beginning in 2019-20, first-time, full-time students enrolled at UT Chattanooga pay a flat rate for 15 credit hours per semester, regardless of how many hours taken. Returning and part-time students are charged a flat rate for 12 credit hours per semester, regardless of how many hours are taken.

Note: "Tuition" is used here for ease of understanding, though UT, TBR, and the LGIs use the term "Maintenance Fee" when discussing tuition.

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Tuition and Fee Levels

	2020-21			2021-22 Scenarios					
	Mandatory Fees	Tuition	Total	Tuition and Fee Increase					
				= 0.0%	= 1.5%		= 3.0%		
					Increase	Change	Increase	Change	
APSU	\$1,583	\$7,044	\$8,627	\$8,627	\$8,756	\$129	\$8,886	\$259	
ETSU	1,919	7,572	9,491	9,491	9,633	142	9,776	285	
MTSU	1,870	7,554	9,424	9,424	9,565	141	9,707	283	
TSU	1,157	7,026	8,183	8,183	8,306	123	8,428	245	
TTU (Prior to Fall 2020)¹	1,278	8,040	9,318	9,318	9,458	140	9,598	280	
TTU (Fall 2020)¹	1,278	9,060	10,338	10,338	10,493	155	10,648	310	
UM (Non-Guaranteed)²	1,704	8,208	9,912	9,912	10,061	149	10,209	297	
UM (Guaranteed)²	1,704	8,232	9,936	9,936	10,085	149	10,234	298	
UTC (Soar in Four)³	1,820	7,836	9,656	9,656	9,801	145	9,946	290	
UTC (Returning)³	1,820	7,060	8,880	8,880	9,013	133	9,146	266	
UTK	1,932	11,332	13,264	13,264	13,463	199	13,662	398	
UTM	1,534	8,214	9,748	9,748	9,894	146	10,040	292	
CC Avg	311	4,242	4,553	4,553	4,621	68	4,689	137	
TCATs	249	3,687	3,936	3,936	3,995	59	4,054	118	

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2 - Beginning in 2019-20, the University of Memphis began to offer a "guaranteed tuition" option to undergraduate students. All incoming first-time, full-time freshmen will be eligible to enroll in the guaranteed tuition plan, which guarantees the Fall 2019 tuition rate for eight consecutive regular semesters if they take at least 12 credit hours per semester.

3 - Beginning in 2019-20, first-time, full-time students enrolled at UT Chattanooga pay a flat rate for 15 credit hours per semester, regardless of how many hours taken. Returning and part-time students are charged a flat rate for 12 credit hours per semester, regardless of how many hours are taken.

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ATTACHMENT II

Tuition and Mandatory Fees History

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	2015-16	2019-20	2020-21	1 Year Change	5 Year Change
APSU	\$7,801	\$8,627	\$8,627	0.0%	10.6%
ETSU	8,332	9,491	9,491	0.0%	13.9%
MTSU	8,404	9,424	9,424	0.0%	12.1%
TSU	7,417	8,183	8,183	0.0%	10.3%
TTU (Prior to Fall 2020)¹	8,353	9,318	9,318	0.0%	11.6%
TTU (Fall 2020)¹			10,338		
UM (Non-Guaranteed)²	9,269	9,912	9,912	0.0%	6.9%
UM (Guaranteed)²		9,936	9,936	0.0%	
UTC (Soar in Four)³		9,656	9,656	0.0%	
UTC (Returning)³	8,356	8,880	8,880	0.0%	6.3%
UTK	11,948	13,264	13,264	0.0%	11.0%
UTM	8,326	9,748	9,748	0.0%	17.1%
CC Avg	4,121	4,553	4,553	0.0%	10.5%
TCATs	3,554	3,936	3,936	0.0%	10.7%

Mandatory Fees Only History

	2015-16	2019-20	2020-21	1 Year Change	5 Year Change
APSU	\$1,453	\$1,583	\$1,583	0.0%	8.9%
ETSU	1,504	1,919	1,919	0.0%	27.6%
MTSU	1,648	1,870	1,870	0.0%	13.5%
TSU	1,039	1,157	1,157	0.0%	11.4%
TTU	1,171	1,278	1,278	0.0%	9.1%
UM	1,583	1,704	1,704	0.0%	7.6%
UTC	1,732	1,820	1,820	0.0%	5.1%
UTK	1,758	1,932	1,932	0.0%	9.9%
UTM	1,408	1,534	1,534	0.0%	8.9%
CC Avg	293	311	311	0.0%	5.9%
TCATs	230	249	249	0.0%	8.3%

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3 - Beginning in 2019-20, first-time, full-time students enrolled at UT Chattanooga pay a flat rate for 15 credit hours per semester, regardless of how many hours taken. Returning and part-time students are charged a flat rate for 12 credit hours per semester, regardless of how many hours are taken.

ATTACHMENT II

2021-22 Tuition Model Analysis Scenarios

The following scenarios utilize the THEC Tuition Model to estimate the tuition range required to maintain the 2020-21 estimated total revenue per FTE. The scenarios assume a 1.0% enrollment growth at universities, a 5.0% enrollment growth at community colleges, a 2.5% enrollment growth at colleges of applied technology, a 1.4% increase in inflation costs, and an estimated 2.0% salary increase at all institutions. This analysis is presented for information and is meant to provide guidance on the tuition recommendation. Binding tuition recommendations will be made in Spring 2021 in conjunction with the General Appropriations Act.

Average Increase With a \$59.0M (5.1%) Increase in State Appropriations¹

Model Assumptions	University	CCs	TCATs
Costs Inflation	1.4%	1.4%	1.4%
Enrollment	1.0%	5.0%	2.5%
State Appropriations	4.7%	6.4%	4.0%
Average Tuition Model Range	-4.1% to 3.1%		

Average Increase With Overall Flat Appropriations

Model Assumptions	Universities	CCs	TCATs
Costs Inflation	1.4%	1.4%	1.4%
Enrollment	1.0%	5.0%	2.5%
State Appropriations	-0.4%	1.3%	-1.0%
Average Tuition Model Range	-0.8% to 12.1%		

1- Based on a request of \$36M for outcomes productivity and \$23M for partial funding of an estimated 2 percent increase in salary, resulting in a total appropriation recommendation of \$59M.

Note: The recommendation is based on an assumed costs inflation rate of 1.4% as determined by the Consumer Price Index.