

DATE: May 20, 2021

SUBJECT: 2021-22 Tuition and Fee Ranges

ACTION RECOMMENDED: Approval

BACKGROUND INFORMATION

Since 2010, the Complete College Tennessee Act has required the Commission to make student fee and state appropriation recommendations concurrently. Numerous factors impacted the tuition recommendation, including affordability and financial aid, the income profile of students attending Tennessee public institutions, and institutional revenues and cost inflation. The FOCUS Act expanded THEC’s authority on student fee levels, requiring that the Commission issue binding tuition ranges each year. These ranges apply only to resident, undergraduate students on the tuition (maintenance fee) rate, as well as total maintenance and mandatory fees.

Current salary policy assumes the state will provide partial funding to public higher education institutions with the balance covered by the college or university. Under this policy, public universities receive 55 percent, community colleges receive 67 percent, and the TN Colleges of Applied Technology receive 80 percent of designated salary increases from the state. Institutions cover any remaining balance with increased operating funds or tuition revenue, either funded by increased enrollment or increased tuition and fee levels.

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 continue to be considered average compared to peers across member states of the Southern Regional Education Board. Over the last six years, Tennessee institutions have implemented the lowest consecutive growths in tuition in over four decades, while state appropriations have increased an average of six percent per year. In fact, Tennessee public institutions held tuition and fees flat in 2020-21 to prioritize affordability for students and their families facing the effects of the pandemic.

Tennessee's financial aid resources are among the highest in the U.S., according to the National Association of State Student Grant Aid Programs. Tennessee has the eighth largest financial aid program and the fourth largest program per capita. Funding for the lottery scholarship and Tennessee Student Assistance Award comprise most of the financial aid in Tennessee, with over \$346 million distributed through these two funding sources in 2019-20. Tennessee distributed an additional \$62 million to students through the TN Promise and TN Reconnect programs last year. Due in part to these funding levels, Tennessee's bachelor's degree graduates have some of the lowest debt in the nation, according to the Institute for College Access & Success. Higher education in Tennessee continues to be affordable, allowing Tennesseans to access and complete college without high amounts of debt.

RECOMMENDATION

At the November 2020 Commission meeting, THEC staff recommended a zero to three percent guiding tuition and fee range for the 2021-22 fiscal year, based on an operating budget increase request of \$36 million and an estimated salary increase of \$23 million for partial funding of a two percent salary increase. The Commission approved a revised tuition and fee guidance range of zero to two percent at that time.

On April 29, both chambers of the 112th General Assembly passed the 2021-22 General Appropriations Act, including funding to formula units of \$81.4 million (inclusive of full funding for outcome growth and partially funding of a four percent salary pool). Based on these funding levels, THEC staff recommend a tuition binding range of zero to two percent at universities, community colleges and TCATs, and a combined total tuition and mandatory fees binding range of zero to two percent at universities, community colleges, and TCATs. This recommendation recognizes the previous action of the Commission in November as well as the needs of many institutions to fund the remaining balance of the four percent salary increase. Scenarios for minimum and maximum tuition and mandatory fee increases for 2021-22 are presented and summarized in Attachment I for each university and community college, and for the TCAT system.

Attachment II details the comparison of 2020-21 tuition and mandatory fee rates with the maximum allowed increase (i.e. two percent) for each university and community college, and for the TCAT system. If all institutions increased maintenance and mandatory fees by two percent (the maximum allowed under this recommended binding range), the average full-time, annual tuition and

mandatory fees for 2021-22 would be \$9,946 at public universities, \$4,644 at community colleges, and \$4,015 at the TCATs—increases of \$196, \$91, and \$79, respectively.

Attachment III details the unfunded balances of the four percent salary increase at each institution once operating increases and the state-funded portion of the salary increase are considered. Institutions with balances will need nearly \$10 million to meet the fiscal obligation of a full four percent salary increase. Seven universities and two community colleges cannot meet the requirements of a full four percent salary increase with operating and the state portion of the salary increase alone and will need to either cut other operating costs or increase tuition revenue to meet this outstanding balance. This attachment does not include assumptions for the effects of other real, non-personnel inflationary cost-drivers on institutions.

Attachment I - Binding Tuition Ranges

Maximum Increase of Maintenance (Tuition) and Maintenance + Mandatory Fees - 2.00% Limit

Institutions	2021-22 Binding Ranges				
	Maintenance Fee		Maintenance + Mandatory Fees		
	Minimum	Maximum	Minimum	Maximum	
Austin Peay	\$0 or Less	\$ 141	\$0 or Less	\$	173
East Tennessee	\$0 or Less	\$ 151	\$0 or Less	\$	190
Middle Tennessee	\$0 or Less	\$ 151	\$0 or Less	\$	188
Tennessee State	\$0 or Less	\$ 141	\$0 or Less	\$	164
Tennessee Tech (Admitted Prior to Fall 2020)	\$0 or Less	\$ 161	\$0 or Less	\$	186
Tennessee Tech (Fall 2020 and After) ¹	\$0 or Less	\$ 181	\$0 or Less	\$	207
University of Memphis (Undergrad Non-Guaranteed)	\$0 or Less	\$ 164	\$0 or Less	\$	198
University of Memphis (Undergrad Guaranteed) ²	\$0 or Less	\$ 165	\$0 or Less	\$	199
Chattanooga	\$0 or Less	\$ 85	\$0 or Less	\$	91
Cleveland	\$0 or Less	\$ 85	\$0 or Less	\$	91
Columbia	\$0 or Less	\$ 85	\$0 or Less	\$	92
Dyersburg	\$0 or Less	\$ 85	\$0 or Less	\$	91
Jackson	\$0 or Less	\$ 85	\$0 or Less	\$	91
Motlow	\$0 or Less	\$ 85	\$0 or Less	\$	91
Nashville	\$0 or Less	\$ 85	\$0 or Less	\$	90
Northeast	\$0 or Less	\$ 85	\$0 or Less	\$	91
Pellissippi	\$0 or Less	\$ 85	\$0 or Less	\$	92
Roane	\$0 or Less	\$ 85	\$0 or Less	\$	91
Southwest	\$0 or Less	\$ 85	\$0 or Less	\$	91
Volunteer	\$0 or Less	\$ 85	\$0 or Less	\$	91
Walters	\$0 or Less	\$ 85	\$0 or Less	\$	91
UT Chattanooga (UG - Soar in Four) ³	\$0 or Less	\$ 157	\$0 or Less	\$	193
UT Chattanooga (UG - Returning)	\$0 or Less	\$ 141	\$0 or Less	\$	178
UT Knoxville	\$0 or Less	\$ 227	\$0 or Less	\$	265
UT Martin	\$0 or Less	\$ 164	\$0 or Less	\$	195
TN Colleges of Applied Tech	\$0 or Less	\$ 74	\$0 or Less	\$	79
University Avg ⁴	\$0 or Less	\$ 162	\$0 or Less	\$	195
Community College Avg	\$0 or Less	\$ 85	\$0 or Less	\$	91

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 student credit hours per semester.

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

4 - This average incorporates a weighted tuition for Tennessee Tech, University of Memphis and UT Chattanooga students to reflect differentiated tuition levels.

Attachment II - Binding Tuition Ranges
2021-22 Maintenance and Mandatory Fee Increase Scenarios and Comparisons - 2.00% Limit

Institutions	2020-21			2021-22 Maximums			Combined Increase
	Maintenance Fee	Mandatory Fee	Combined	Maintenance Fee	Mandatory Fee	Combined	
Austin Peay	\$ 7,044	\$ 1,583	\$ 8,627	\$ 7,185	\$ 1,615	\$ 8,800	\$ 173
East Tennessee	\$ 7,572	\$ 1,919	\$ 9,491	\$ 7,723	\$ 1,957	\$ 9,681	\$ 190
Middle Tennessee	\$ 7,554	\$ 1,870	\$ 9,424	\$ 7,705	\$ 1,907	\$ 9,612	\$ 188
Tennessee State	\$ 7,026	\$ 1,157	\$ 8,183	\$ 7,167	\$ 1,180	\$ 8,347	\$ 164
Tennessee Tech (Admitted Prior to Fall 2020)	\$ 8,040	\$ 1,278	\$ 9,318	\$ 8,201	\$ 1,304	\$ 9,504	\$ 186
Tennessee Tech (Fall 2020 and Later) ¹	\$ 9,060	\$ 1,278	\$ 10,338	\$ 9,241	\$ 1,304	\$ 10,545	\$ 207
University of Memphis (Undergrad Non-Guaranteed)	\$ 8,208	\$ 1,704	\$ 9,912	\$ 8,372	\$ 1,738	\$ 10,110	\$ 198
University of Memphis (Undergrad Guaranteed) ²	\$ 8,232	\$ 1,704	\$ 9,936	\$ 8,397	\$ 1,738	\$ 10,135	\$ 199
Chattanooga	\$ 4,242	\$ 326	\$ 4,568	\$ 4,327	\$ 333	\$ 4,659	\$ 91
Cleveland	\$ 4,242	\$ 306	\$ 4,548	\$ 4,327	\$ 312	\$ 4,639	\$ 91
Columbia	\$ 4,242	\$ 340	\$ 4,582	\$ 4,327	\$ 347	\$ 4,674	\$ 92
Dyersburg	\$ 4,242	\$ 306	\$ 4,548	\$ 4,327	\$ 312	\$ 4,639	\$ 91
Jackson	\$ 4,242	\$ 292	\$ 4,534	\$ 4,327	\$ 298	\$ 4,625	\$ 91
Motlow	\$ 4,242	\$ 312	\$ 4,554	\$ 4,327	\$ 318	\$ 4,645	\$ 91
Nashville	\$ 4,242	\$ 262	\$ 4,504	\$ 4,327	\$ 267	\$ 4,594	\$ 90
Northeast	\$ 4,242	\$ 318	\$ 4,560	\$ 4,327	\$ 324	\$ 4,651	\$ 91
Pellissippi	\$ 4,242	\$ 346	\$ 4,588	\$ 4,327	\$ 353	\$ 4,680	\$ 92
Roane	\$ 4,242	\$ 310	\$ 4,552	\$ 4,327	\$ 316	\$ 4,643	\$ 91
Southwest	\$ 4,242	\$ 326	\$ 4,568	\$ 4,327	\$ 333	\$ 4,659	\$ 91
Volunteer	\$ 4,242	\$ 300	\$ 4,542	\$ 4,327	\$ 306	\$ 4,633	\$ 91
Walters	\$ 4,242	\$ 295	\$ 4,537	\$ 4,327	\$ 301	\$ 4,628	\$ 91
UT Chattanooga (UG - Soar in Four) ³	\$ 7,836	\$ 1,820	\$ 9,656	\$ 7,993	\$ 1,856	\$ 9,849	\$ 193
UT Chattanooga (UG - Returning)	\$ 7,060	\$ 1,820	\$ 8,880	\$ 7,201	\$ 1,856	\$ 9,058	\$ 178
UT Knoxville	\$ 11,332	\$ 1,932	\$ 13,264	\$ 11,559	\$ 1,971	\$ 13,529	\$ 265
UT Martin	\$ 8,214	\$ 1,534	\$ 9,748	\$ 8,378	\$ 1,565	\$ 9,943	\$ 195
TN Colleges of Applied Tech	\$ 3,687	\$ 249	\$ 3,936	\$ 3,761	\$ 254	\$ 4,015	\$ 79
University Avg ⁴	\$ 8,107	\$ 1,644	\$ 9,751	\$ 8,269	\$ 1,677	\$ 9,946	\$ 196
Community College Avg	\$ 4,242	\$ 311	\$ 4,553	\$ 4,327	\$ 317	\$ 4,644	\$ 91

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4 - This average incorporates a weighted tuition for Tennessee Tech, University of Memphis and UT Chattanooga students to reflect differentiated tuition levels.

**Attachment III - Binding Tuition Ranges
2021-22 Legislative Action - Salary Increase Balances**

	Operating Increase	State-Funded Salary Increase	Full Salary Increase Cost	Remaining Salary Cost
Austin Peay	\$4,645,200	\$2,007,500	\$3,649,700	\$3,003,000
East Tennessee	2,707,700	3,136,600	5,702,900	141,400
Middle Tennessee	998,800	4,540,500	8,255,300	(2,716,000)
Tennessee State	(615,200)	2,117,000	3,849,300	(2,347,500)
Tennessee Tech	1,337,900	2,105,200	3,827,500	(384,400)
University of Memphis	3,419,500	5,424,800	9,863,300	(1,019,000)
<i>subtotal</i>	\$12,493,900	\$19,331,600	\$35,148,000	(\$3,322,500)
Chattanooga	\$932,800	\$1,192,100	\$1,788,100	\$336,800
Cleveland	574,000	418,900	628,200	364,700
Columbia	1,267,400	560,300	840,300	987,400
Dyersburg	448,600	352,700	529,200	272,100
Jackson	789,100	479,500	719,100	549,500
Motlow	2,588,500	718,700	1,078,300	2,228,900
Nashville	109,900	892,400	1,338,500	(336,200)
Northeast	982,200	692,100	1,037,900	636,400
Pellissippi	1,399,400	1,350,000	2,025,300	724,100
Roane	1,097,800	832,200	1,248,400	681,600
Southwest	287,400	1,136,500	1,704,900	(281,000)
Volunteer	1,909,700	1,053,600	1,580,400	1,382,900
Walters	651,200	856,900	1,285,500	222,600
<i>subtotal</i>	\$13,038,000	\$10,535,900	\$15,804,100	\$7,769,800
UT Chattanooga	\$1,470,100	\$2,550,000	\$4,636,300	(\$616,200)
UT Knoxville	7,051,800	9,249,400	16,817,300	(516,100)
UT Martin	393,100	1,356,200	2,465,600	(716,300)
<i>subtotal</i>	\$8,915,000	\$13,155,600	\$23,919,200	(\$1,848,600)
TN Colleges of Applied Tech	\$1,553,100	\$2,377,500	\$2,971,800	\$958,800
Total Academic Formula	\$36,000,000	\$45,400,600	\$77,843,100	(8,932,700)