



TENNESSEE HIGHER EDUCATION COMMISSION

REGULAR CALENDAR ITEM: III.

MEETING DATE: November 3, 2022

SUBJECT: 2023-24 Guiding Tuition and Fees Ranges Recommendations

ITEM TYPE: Action

ACTION RECOMMENDATION: Approval

BACKGROUND

The Complete College Tennessee Act requires the Tennessee Higher Education Commission (THEC) make student fee and state appropriation recommendations concurrently. Numerous factors impact the tuition recommendation, including student 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 the 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 the following 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 2022-23 is \$9,923 at public universities, \$4,638 at community colleges, and \$4,008 at the colleges of applied technology. Tennessee's public higher education tuition and fee levels are considered average compared to peers across member states of the Southern Regional Education Board. Tuition and fees were held to 0 percent increases for 2022-23.

RECOMMENDATION

Staff recommendations for operating appropriations, student fees, and need-based financial aid work in concert to promote continuous improvement in student affordability. THEC's Strategic Financial Plan outlines a vision to make Tennessee the most affordable state in the Southeast to attend college. Key to this plan is prioritizing student affordability in setting binding tuition ranges and ensuring a fully funded outcomes formula.

On average, tuition and mandatory fees account for roughly 60 percent of revenue generated at the universities, 40 percent at the community colleges and 33 percent at the colleges of applied technology. Based on the 2022-23 proposed operating budgets, the combined tuition and state appropriation revenue for all formula units is approximately \$3.3 billion, with state appropriations comprising \$1.4 billion.

Since the implementation of the FOCUS Act authorized THEC to set binding tuition and fee ranges in 2017, staff have used the core Consumer Price Index to account for inflationary impacts on institutions. In the five years following FOCUS, average inflation has been approximately 2.0 percent annually. Last year inflation exceeded four-decade highs, with the core inflationary data used in the formula reaching 4.0 percent. This year, however, the core CPI has increased another 6.3 percent, resulting in greater inflationary pressures on all types of expenses at institutions, from salaries to renewable and nonrenewable resources.

To continue to center affordability for Tennesseans and allow for a recommended binding tuition and fee range in alignment with previous years, THEC is requesting an operating increase of \$150 million to the academic formula units, including \$35.0 million to fully fund increases in outcomes and productivity. This recurring increase represents about an 11 percent growth in appropriation revenue and a 4.5 percent increase in total revenue.

Considering an appropriation request for formula units of \$150 million, THEC staff recommend a guiding tuition (maintenance fee) range of 0 to 3 percent, as well as a guiding tuition and mandatory fee range of 0 to 3 percent for all public universities, community colleges, and colleges of applied technology.

Scenarios for tuition increases in 2023-24 of 0, 1.5, and 3 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 the tuition and mandatory fee ranges as guidance only, with flexibility to approve final, binding ranges later in the fiscal year once clarity on the state budget and overall impact on higher education funding is determined.

ATTACHMENT I

2023-24 Tuition and Fee Recommendation

Universities	0.0% to 3.0% Tuition Increase
Community Colleges	0.0% to 3.0% Tuition Increase
TN Colleges of Applied Technology	0.0% to 3.0% Tuition Increase

Tuition Levels

	2022-23 Tuition	2023-24 Scenarios				
		Tuition Increase				
		= 0.0%	= 1.5%		= 3.0%	
Increase	Change		Increase	Change		
APSU	\$7,146	\$7,146	\$7,253	\$107	\$7,360	\$214
ETSU	7,722	7,722	7,838	116	7,954	232
MTSU	7,704	7,704	7,820	116	7,935	231
TSU	7,128	7,128	7,235	107	7,342	214
TTU (Prior to Fall 2020)¹	8,196	8,196	8,319	123	8,442	246
TTU (Flat Rate Model)¹	9,240	9,240	9,379	139	9,517	277
UofM	8,352	8,352	8,477	125	8,603	251
UTC (Soar in Four)²	7,992	7,992	8,112	120	8,232	240
UTC (Returning)²	7,200	7,200	7,308	108	7,416	216
UTK	11,332	11,332	11,502	170	11,672	340
UTM	8,378	8,378	8,504	126	8,629	251
UTS	9,000	9,000	9,135	135	9,270	270
CC Avg	4,326	4,326	4,391	65	4,456	130
TCATs	3,759	3,759	3,815	56	3,872	113

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

2 - First-time, full-time students enrolled at UT Chattanooga pay a flat rate for 15 credit hours per semester, regardless of the number of hours taken. Returning and part-time students are charged a flat rate for 12 credit hours per semester, regardless of the number of hours 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

	2022-23			2023-24 Scenarios				
	Mandatory Fees	Tuition	Total	Tuition and Fee Increase				
				= 0.0%	= 1.5%		= 3.0%	
					Increase	Change	Increase	Change
APSU	\$1,615	\$7,146	\$8,761	\$8,761	\$8,892	\$131	\$9,024	\$263
ETSU	1,952	7,722	9,674	9,674	9,819	145	9,964	290
MTSU	1,888	7,704	9,592	9,592	9,736	144	9,880	288
TSU	1,207	7,128	8,335	8,335	8,460	125	8,585	250
TTU (Prior to Fall 2020)¹	1,282	8,196	9,478	9,478	9,620	142	9,762	284
TTU (Flat Rate Model)¹	1,282	9,240	10,522	10,522	10,680	158	10,838	316
UofM	1,704	8,352	10,056	10,056	10,207	151	10,358	302
UTC (Soar in Four)³	1,856	7,992	9,848	9,848	9,996	148	10,143	295
UTC (Returning)³	1,856	7,200	9,056	9,056	9,192	136	9,328	272
UTK	1,912	11,332	13,244	13,244	13,443	199	13,641	397
UTM	1,534	8,378	9,912	9,912	10,061	149	10,209	297
UTS	1,200	9,000	10,200	10,200	10,353	153	10,506	306
CC Avg	312	4,326	4,638	4,638	4,707	70	4,777	139
TCATs	249	3,759	4,008	4,008	4,068	60	4,128	120

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2 - First-time, full-time students enrolled at UT Chattanooga pay a flat rate for 15 credit hours per semester, regardless of the number of hours taken. Returning and part-time students are charged a flat rate for 12 credit hours per semester, regardless of the number of hours taken.

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ATTACHMENT II

Tuition and Mandatory Fees History

Tuition and Mandatory Fees History

	2017-18	2021-22	2022-23	1 Year Change	5 Year Change
APSU	\$8,225	\$8,761	\$8,761	0.0%	6.5%
ETSU	9,015	9,674	9,674	0.0%	7.3%
MTSU	8,948	9,592	9,592	0.0%	7.2%
TSU	7,776	8,335	8,335	0.0%	7.2%
TTU (Prior to Fall 2020) ¹	8,873	9,478	9,478	0.0%	6.8%
TTU (Flat Rate Model) ¹		10,522	10,522	0.0%	
UofM	9,701	10,056	10,056	0.0%	3.7%
UTC (Soar in Four) ²		9,848	9,848	0.0%	
UTC (Returning) ²	8,664	9,056	9,056	0.0%	4.5%
UTK ³	12,970	13,244	13,244	0.0%	2.1%
UTM ³	8,927	9,912	9,912	0.0%	11.0%
UTS ⁴		10,200	10,200	0.0%	
CC Avg	4,335	4,638	4,638	0.0%	7.0%
TCATs	3,737	4,008	4,008	0.0%	7.3%

Mandatory Fees History

	2017-18	2021-22	2022-23	1 Year Change	5 Year Change
APSU	\$1,473	\$1,615	\$1,615	0.0%	9.6%
ETSU	1,597	1,952	1,952	0.0%	22.2%
MTSU	1,680	1,888	1,888	0.0%	12.4%
TSU	1,040	1,207	1,207	0.0%	16.1%
TTU	1,171	1,282	1,282	0.0%	9.5%
UofM	1,637	1,704	1,704	0.0%	4.1%
UTC	1,776	1,856	1,856	0.0%	4.5%
UTK	1,810	1,912	1,912	0.0%	5.6%
UTM	1,408	1,534	1,534	0.0%	8.9%
UTS ⁵		1,200	1,200	0.0%	
CC Avg	296	312	312	0.0%	5.3%
TCATs	230	249	249	0.0%	8.3%

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3 - 2017-18 tuition and/or mandatory fees represent a weighted average.

4 - UT Southern was acquired by the UT System on July 1, 2021.

ATTACHMENT II

2023-24 Tuition Model Analysis Scenarios

The following scenarios utilize the THEC Tuition Model to estimate the tuition range required to maintain the 2023-24 estimated total revenue per FTE. The scenarios assume flat enrollment at universities, community colleges, and colleges of applied technology and a 6.3% increase in inflation costs. This analysis is presented for information purposes only and is meant to provide guidance on the recommended tuition range. Binding tuition ranges will be set in Spring 2023 in conjunction with the passage of the General Appropriations Act.

Tuition Increase With a \$150.0M (10.7%) Increase in State Appropriations¹

Model Assumptions	Universities	CCs	TCATs
Costs Inflation	6.3%	6.3%	6.3%
Enrollment	0.0%	0.0%	0.0%
State Appropriations	11.4%	9.0%	9.7%
Tuition Model Range	-0.7% to 4.5%		

Tuition Increase With a \$200M (14.3%) Increase in State Appropriations²

Model Assumptions	Universities	CCs	TCATs
Costs Inflation	6.3%	6.3%	6.3%
Enrollment	0.0%	0.0%	0.0%
State Appropriations	15.0%	12.5%	13.2%
Tuition Model Range	-7.6% to 1.6%		

Tuition Increase With Overall Flat Appropriations

Model Assumptions	Universities	CCs	TCATs
Costs Inflation	6.3%	6.3%	6.3%
Enrollment	0.0%	0.0%	0.0%
State Appropriations	0.7%	-1.5%	-0.9%
Tuition Model Range	11.5% to 22.8%		

1- Based on a request of \$35M for outcomes productivity and \$115M to prioritize an average tuition and fee range of 0.0% to 3.0%, resulting in a total new recurring appropriation recommendation of \$150M.

2 - Based on a request of \$35M for outcomes productivity and \$165M to prioritize flat tuition and fees, resulting in a total new recurring appropriation recommendation of \$200M.

Note: The recommendation is based on an assumed costs inflation rate of 6.3% as determined by the Consumer Price Index less food and energy costs.