

**MINUTES**  
**TENNESSEE HIGHER EDUCATION COMMISSION**  
**Special Called Meeting**  
**June 7, 2004, 9:00 p.m. CDT**

Commission Members physically present:

Mr. Riley Darnell	Mr. Jim Powell
Ms. Debbie Koch	Mr. Dale Sims

Commission Members participating electronically:

General Wendell Gilbert	Ms. Katie Winchester
Mr. Ransom Jones	Dr. Brad Windley
Mr. Kevin Teets	Ms. Eleanor Yoakum

This special called meeting was initiated pursuant to responsibilities of the Commission outlined in Tennessee Code Annotated §49-7-202(c)(3)(C), to make a recommendation on in-state maintenance fees and out-of-state tuition for the 2004-2005 fiscal year. A quorum of members physically present at the meeting could not be achieved; however, additional members participating electronically made a quorum.

It was necessary to have the meeting at this time in order to fulfill statutory obligations. Because a recommendation on tuition and fees has traditionally been determined based on final appropriations for higher education, but must be made prior to the summer meetings of the two governing boards, there is a limited opportunity for setting a meeting for this purpose.

The date of this meeting was determined based on the belief that it offered the best chance of having a quorum present either physically at the meeting site or a combination present and others participating electronically prior to the meetings of the Tennessee Board of Regents and University of Tennessee Board of Trustees at which changes in fees would be approved.

The meeting was called to order by Chairman Jim Powell and he welcomed all to the meeting.

**FY 2004-2005 Maintenance Fees and Out-of-State Tuition**

Mr. Powell recognized Mr. Jim Vaden, Associate Executive Director for Fiscal Affairs, to present this agenda item. Mr. Vaden announced that the sole purpose of this meeting was to take action on the Commission staff's recommendation to increase in-state maintenance fees and out-of-

state tuition. He stated that the Commission staff was recommending a 7 percent across-the-board increase in the in-state maintenance fees and out-of-state tuition at the universities, to include the professional schools, and community colleges. He further stated that the staff was recommending a minimum increase of 7 percent for the technology centers. A copy of the recommendation is included as Attachment A.

For the purposes of discussion, Mr. Powell asked for a motion on the recommendation. Ms. Debby Koch made the motion and it was seconded by Mr. Dale Sims.

Mr. Vaden provided an overview of the basis for the recommendation. He stated that the restoration of the \$9.2 million reduction to the 2004-2005 higher education appropriation enabled staff to consider a 7 percent increase, instead of an increase closer to 9 percent that had been considered early in the process. An increase of 7 percent is necessary to cover escalation in fixed costs and to fund 2 percent of the 3 percent salary increase.

In addressing the need for a minimum of 7 percent for the technology centers, Mr. Vaden stated that those institutions are more reliant on state appropriations and therefore are more adversely impacted by reduced or stagnant appropriations.

Mr. Vaden said that in future years the Commission staff was considering making its tuition and fee recommendation as part of its appropriation request for higher education in a manner more reflective of the linkage that exists between the two funding sources, as well as the effect each has on student financial aid. He also stated that the staff would be reviewing the prospects of providing a greater percentage of new state appropriations to the community colleges and technology centers.

In response to questions, Mr. Vaden indicated that when state appropriations and revenue are combined, the 2004-2005 funding formula recommendation will be funded at 94 percent with a 7 percent increase as compared to 96 percent for the 2003-2004 academic year.

Dr. Charles Manning, Chancellor, Tennessee Board of Regents expressed his appreciation of the recommendation and stated that the TBR would follow through with fee increases consistent with this recommendation.

Mr. Dale Sims noted that even with the increases provided by the recommendation, there will be no significant change in the relative position of the state institutions with their respective peers. He also noted that the General Assembly will appreciate the action in view of its efforts to restore higher education budget reductions.

There being no further discussion, Mr. Powell called for a vote on the motion that was duly adopted by the following roll call vote:

	Aye	No
Mr. Riley Darnell	<u>X</u>	<u>      </u>
General Wendell Gilbert	<u>X</u>	<u>      </u>
Mr. Ransom Jones	<u>X</u>	<u>      </u>
Ms. Debby Koch	<u>X</u>	<u>      </u>
Mr. Jim Powell	<u>X</u>	<u>      </u>
Mr. Dale Sims	<u>X</u>	<u>      </u>
Ms. Katie Winchester	<u>X</u>	<u>      </u>
Dr. Brad Windley	<u>X</u>	<u>      </u>
Ms. Eleanor Yoakum	<u>X</u>	<u>      </u>

In concluding the meeting, Dr. Richard Rhoda, Executive Director, thanked the Commission for its deliberation and action. He noted that the Tennessee Lottery Scholarship program would begin in fall 2004, which will provide significant assistance to many Tennessee students and their families.

There being no further business, Mr. Powell declared the meeting adjourned.

Approved July 15, 2004:

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James J. Powell, Sr.  
Chairman

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Debby Koch  
Secretary