

DATE: November 20, 2014

SUBJECT: 2015-16 Operating State Appropriation Recommendations

ACTION RECOMMENDED: Approval

BACKGROUND INFORMATION

Based on the outcomes-based funding formula, the following recommendations for operating state appropriations are presented in the attachments for consideration. With the full phase-out of the Hold Harmless provision in 2013-14, fiscal year 2015-16 marks the third year in which all state appropriations distributed through the outcomes-based formula are allocated based strictly on performance. Funds are allocated on a pro-rata basis and all campuses are recommended to receive the same percentage of their formula calculation.

Also of note is a reminder that since 2012-13, THEC is to make state appropriations recommendations in lump sum fashion for the community college sector as a whole, per a provision of the Complete College Tennessee Act (CCTA). The CCTA transferred responsibility for determining individual community college allocations to the Tennessee Board of Regents (TBR). Outcomes-based formula calculations for individual community colleges are presented for informational purposes only.

RECOMMENDATION SUMMARY

Institutions continued to show improvement in many of the funding formula outcomes in 2013-14, the most recent year of data that is utilized for the 2015-16 budget cycle. In part, this increase in productivity is a function of the enrollment surge that occurred in the aftermath of the economic downturn in 2008. Higher enrollments, though not a factor themselves in state appropriations, continue to translate into productivity increases as students subsequently trigger outcomes, such as degree completion.

An increase of \$25.7 million in state appropriations would be required to fund the growth in the outcomes formula. This growth is largely due to the aggregate increase in outcomes — including the institutional mission weights — across all universities and community colleges. This distribution, along with an equivalent increase in funding for non-formula units and program initiatives totaling \$10 million, is included in

the THEC staff recommendation for 2015-16 operating funds, as detailed in Attachment II.

The staff recommendations include other components of note. First is an improvement to the state's need-based grant, the Tennessee Student Assistance Award (TSAA). In 2014-15, the program will fund approximately 34,500 students with \$65 million across public, private and proprietary institutions in Tennessee. In September, the TSAC Board recommended that funding increase in 2015-16 by \$29.4 million, which would fund 20 percent of the estimated 120,000 students that are eligible for the award, based on financial need, but currently do not receive the grant due to limited funds being exhausted. THEC staff concur with this recommendation and believe that this improvement, coupled with the student fee recommendations presented in Item I.C., represent continued advancement in college affordability for Tennesseans.

Second, the Tennessee Student Assistance Corporation (TSAC) is requesting \$630,000 to offset revenue from the federal loan program which is anticipated to terminate in December 31, 2016. This increase in funding will allow the continuation of programs and services partially funded with federal loan revenue. Even though the loan servicing contract is not identified for termination until 2016, TSAC is requesting the funds for the 2015-16 fiscal year in the event that the loan servicing program is discontinued early.

Finally, staff is recommending \$5 million in non-recurring funds to continue THEC's work as part of the Governor's Drive to 55 Initiative, which in 2014-15 received \$4.9 million to fund several initiatives across higher education. Among other projects, this seed money will be used to identify adults who have completed some college but have yet to finish a degree and bring them back to higher education to complete a credential. Funding will also be utilized to further expand the innovative remedial education program SAILS (Seamless Alignment and Integrated Learning Support), developed by Chattanooga State Community College, to other community colleges across the state. SAILS served 6,000 high school students in 2013 and is estimated to aid another 12,000 students become college ready during the 2014-15 academic year. These and other initiatives funded as part of the Drive to 55 Initiative help identify and scale up policy innovation and activity that is crucial to the educational attainment and workforce development goals of the Public Agenda, including having 55 percent of all adult Tennesseans with a college degree or certificate by 2025.

The grand total recurring and non-recurring recommendation for all higher education operating appropriations for 2015-16 is \$1.3 billion. This grand total includes \$25.7 million to fund outcome growth, \$10 million for other institutional operating costs across "non-formula units," \$29.4 million for

TSAA funding, \$630,000 for TSAC operating costs, and \$5 million for the continuation of THEC's work as part of the Drive to 55 Initiative. These recurring and non-recurring recommendations total \$70.7 million or an increase of 5.8 percent. The improvement in recurring funds only is \$65.7 million or 5.4 percent.

Finally, the Department of Finance & Administration has requested that state agencies prepare the 2015-16 budget with a seven percent reduction in state appropriations. Financial aid funding provided by TSAC, primarily through the need-based grant award, is exempted from these reduction scenarios. For higher education this would result in a reduction in state appropriations of \$80.6 million. This distribution is detailed in Attachment III.

ATTACHMENT I

State Appropriations History

Academic Formula Units	2008-09	2009-10	2010-11	2011-12	2012-13 *	2013-14 *	2014-15 *
TBR Universities							
Austin Peay	\$32,935,800	\$27,228,700	\$25,570,600	\$26,107,600	\$28,537,600	\$32,995,000	\$34,239,800
East Tennessee	57,792,100	48,353,800	45,582,600	44,000,700	45,772,200	48,685,000	48,048,900
Middle Tennessee	91,965,400	76,102,500	71,318,700	73,423,800	77,193,600	81,024,600	82,830,300
Tennessee State	38,448,300	30,371,100	28,554,800	29,335,100	30,810,900	32,610,800	32,088,900
Tennessee Tech	45,198,900	38,341,600	35,853,000	35,086,300	37,288,600	39,559,500	38,394,000
University of Memphis	113,093,400	97,397,500	91,785,400	85,464,300	87,346,700	89,106,400	89,331,900
Subtotal	\$379,433,900	\$317,795,200	\$298,665,100	\$293,417,800	\$306,949,600	\$323,981,300	\$324,933,800
Community Colleges							
Chattanooga	\$23,667,300	\$21,297,300	\$20,086,100	\$19,970,200	\$21,902,500	\$26,624,800	\$26,008,100
Cleveland	10,271,300	9,408,300	9,062,000	8,421,200	8,672,000	8,997,100	8,843,700
Columbia	13,246,700	12,025,200	11,439,800	11,121,800	11,294,400	12,339,500	12,349,500
Dyersburg	7,190,000	6,506,300	6,168,000	6,484,500	6,867,800	7,238,900	7,317,900
Jackson	12,393,900	11,104,800	10,479,000	10,518,500	10,821,400	11,510,200	11,095,700
Motlow	10,302,500	9,159,600	8,591,400	9,662,900	10,310,000	11,017,200	10,656,700
Nashville	15,375,500	13,429,500	12,677,800	13,794,900	14,516,500	15,983,500	15,861,200
Northeast	12,442,600	11,051,400	10,605,000	11,924,900	12,920,300	13,648,200	13,224,100
Pellissippi	20,741,200	18,242,100	17,199,100	18,692,600	20,819,800	22,913,400	23,429,800
Roane	18,044,100	16,437,400	15,684,300	14,750,900	15,244,700	16,619,800	17,399,500
Southwest	37,845,200	34,396,200	32,436,900	28,648,100	27,953,000	25,739,300	24,677,200
Volunteer	18,134,900	16,269,400	15,389,800	15,281,400	15,614,700	16,075,400	16,216,000
Walters	18,347,900	16,578,900	16,032,000	15,745,100	17,043,300	19,866,900	20,350,200
Subtotal	\$218,003,100	\$195,906,400	\$185,851,200	\$185,017,000	\$193,980,400	\$208,574,200	\$207,429,600
UT Universities							
UT Chattanooga	\$42,102,800	\$35,886,300	\$33,463,400	\$33,294,400	\$34,601,800	\$36,128,500	\$37,501,400
UT Knoxville	178,669,100	152,036,100	143,699,500	144,150,000	153,343,900	174,335,300	179,044,900
UT Martin	30,386,700	25,683,900	24,047,300	23,636,300	24,609,100	25,243,000	26,249,700
Subtotal	\$251,158,600	\$213,606,300	\$201,210,200	\$201,080,700	\$212,554,800	\$235,706,800	\$242,796,000
Total Colleges and Universities	\$848,595,600	\$727,307,900	\$685,726,500	\$679,515,500	\$713,484,800	\$768,262,300	\$775,159,400
TN Colleges of Applied Technology	\$50,825,800	\$47,842,700	\$46,263,500	\$52,260,300	\$53,848,800	\$57,400,500	\$55,346,600
Total Academic Formula Units	\$899,421,400	\$775,150,600	\$731,990,000	\$731,775,800	\$767,333,600	\$825,662,800	\$830,506,000

Note: All years of appropriations are recurring funds only.

*Community College detail was estimated by THEC based on information from the Tennessee Board of Regents. Beginning in 2012-13, funds were allocated to the Community Colleges as a system.

ATTACHMENT I

State Appropriations History

Specialized Units	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Medical Education							
ETSU College of Medicine	\$27,619,200	\$26,297,600	\$25,377,900	\$25,859,200	\$27,321,000	\$28,893,900	\$28,948,800
ETSU Family Practice	5,408,600	5,333,500	5,150,800	5,322,000	5,731,700	6,117,800	6,130,800
UT College of Medicine	46,573,700	44,057,000	42,524,700	42,820,200	44,883,300	47,065,400	46,956,800
UT Family Practice	9,654,000	9,487,500	9,187,200	9,313,200	9,870,100	10,458,800	10,506,000
UT Memphis	68,934,900	64,637,400	62,105,000	63,089,600	66,869,800	71,363,200	71,919,300
UT College of Vet Medicine	15,799,600	14,718,500	14,160,600	14,416,600	15,385,200	16,453,000	16,530,900
Subtotal	\$173,990,000	\$164,531,500	\$158,506,200	\$160,820,800	\$170,061,100	\$180,352,100	\$180,992,600
Research and Public Service							
UT Agricultural Experiment Station	\$23,841,500	\$23,377,800	\$22,812,000	\$23,111,900	\$24,342,600	\$25,438,800	\$25,557,800
UT Agricultural Extension Service	28,694,300	28,143,100	27,416,300	27,825,100	29,431,800	30,836,900	31,044,400
TSU McMinnville Center	503,100	521,500	527,900	527,300	543,300	560,400	560,400
TSU Institute of Ag. and Environmental Research	2,055,700	2,109,800	2,156,200	2,145,000	2,208,900	2,280,500	2,278,500
TSU Cooperative Extension	1,823,000	2,371,700	2,918,300	2,918,200	3,010,500	3,110,400	3,108,900
TSU McIntire-Stennis Forestry Research	-	185,400	171,900	170,600	174,100	179,400	179,400
UT Space Institute	7,821,000	7,465,900	7,212,500	7,276,600	7,603,400	7,896,700	7,916,500
UT Institute for Public Service	4,806,500	4,705,100	4,312,800	4,341,200	4,541,300	5,232,400	5,247,800
UT County Technical Assistance Service	1,519,600	1,491,700	1,482,500	1,521,800	1,646,200	1,753,200	1,763,100
UT Municipal Technical Advisory Service	2,601,900	2,556,500	2,499,300	2,554,300	2,732,200	2,886,200	2,897,500
Subtotal	\$73,666,600	\$72,928,500	\$71,509,700	\$72,392,000	\$76,234,300	\$80,174,900	\$80,554,300
Other Specialized Units							
UT University-Wide Administration	\$4,399,600	\$4,353,700	\$4,143,800	\$4,209,000	\$4,440,900	\$4,589,300	\$4,661,800
TN Board of Regents Administration	4,517,100	4,429,300	4,407,400	4,563,400	4,881,800	5,104,200	5,133,100
TN Student Assistance Corporation	48,712,900	48,589,500	48,567,100	48,579,200	55,205,400	61,586,800	61,566,800
Tennessee Student Assistance Awards	46,162,500	46,162,500	46,162,500	46,162,500	52,762,500	57,762,500	57,762,500
Tennessee Students Assistance Corporation Loan/Scholarships Program	1,359,400	1,236,000	1,213,600	1,225,700	1,251,900	1,353,500	1,333,500
Endowment Scholarships	1,191,000	1,191,000	1,191,000	1,191,000	1,191,000	1,220,800	1,220,800
TN Higher Education Commission	2,207,300	2,186,500	2,160,300	2,224,500	2,292,100	2,479,200	2,438,800
TN Foreign Language Institute	369,000	349,100	338,100	352,800	378,600	410,300	414,100
Contract Education	2,490,700	2,289,700	2,217,000	2,198,200	2,178,400	2,232,900	2,180,800
Subtotal	\$62,696,600	\$62,197,800	\$61,833,700	\$62,127,100	\$69,377,200	\$76,402,700	\$76,395,400
Total Formula and Specialized Units	\$1,209,774,600	\$1,074,808,400	\$1,023,839,600	\$1,027,115,700	\$1,083,006,200	\$1,162,592,500	\$1,168,448,300
Program Initiatives							
Campus Centers of Excellence	\$18,774,500	\$17,717,700	\$17,238,700	\$17,328,000	\$17,538,300	\$18,193,700	\$17,769,000
Campus Centers of Emphasis	1,344,900	1,269,200	1,240,700	1,247,600	1,265,900	1,313,300	1,282,600
Academic Scholars Program	401,800	401,800	401,800	401,800	401,800	411,800	411,800
UT Access and Diversity Initiative	6,181,900	5,833,900	5,648,700	5,600,600	5,550,100	5,688,900	5,688,900
TBR Access and Diversity Initiative	10,543,000	10,313,200	9,977,400	9,892,900	9,803,700	10,048,800	10,048,800
THEC Grants	2,581,800	2,436,500	2,359,200	2,339,200	2,318,100	2,403,300	2,353,900
Research Initiatives - UT	6,231,000	5,880,300	5,693,700	5,645,200	5,594,300	5,734,200	5,734,200
Subtotal	\$46,058,900	\$43,852,600	\$42,560,200	\$42,455,300	\$42,472,200	\$43,794,000	\$43,289,200
Total Operating	\$1,255,833,500	\$1,118,661,000	\$1,066,399,800	\$1,069,571,000	\$1,125,478,400	\$1,206,386,500	\$1,211,737,500

Note: All years of appropriations are recurring funds only.

ATTACHMENT II

2015-16 State Appropriations Distribution Recommendation

	A	B	C	D	E = C + D	F = E + A	G = E / A	H = F / B
			Breakdown of 2015-16 Changes					
Academic Formula Units	2014-15 Appropriation ¹	2015-16 Formula Calculation	Outcomes Formula Adjustments	Share of New Funding	2015-16 Changes	2015-16 Recommendation	Percent Change	Percent Funded
TBR Universities								
Austin Peay	\$34,239,800	\$58,535,000	\$936,300	\$1,092,700	\$2,029,000	\$36,268,800	5.9%	62.0%
East Tennessee	48,048,900	80,537,000	349,100	1,503,500	1,852,600	49,901,500	3.9%	62.0%
Middle Tennessee	82,830,300	135,694,500	(1,285,900)	2,533,200	1,247,300	84,077,600	1.5%	62.0%
Tennessee State	32,088,900	51,828,300	(943,100)	967,500	24,400	32,113,300	0.1%	62.0%
Tennessee Tech	38,394,000	61,974,900	(1,150,600)	1,157,000	6,400	38,400,400	0.0%	62.0%
University of Memphis	89,331,900	150,177,000	915,700	2,803,500	3,719,200	93,051,100	4.2%	62.0%
Subtotal	\$324,933,800	\$538,746,700	(\$1,178,500)	\$10,057,400	\$8,878,900	\$333,812,700	2.7%	62.0%
Community Colleges²								
Chattanooga	\$26,008,100	\$43,489,000	\$126,200	\$811,900	\$938,100	\$26,946,200	3.6%	62.0%
Cleveland	8,843,700	14,779,000	37,600	275,900	313,500	9,157,200	3.5%	62.0%
Columbia	12,349,500	20,373,700	(106,100)	380,300	274,200	12,623,700	2.2%	62.0%
Dyersburg	7,317,900	12,378,000	120,600	231,100	351,700	7,669,600	4.8%	62.0%
Jackson	11,095,700	18,052,000	(247,500)	337,000	89,500	11,185,200	0.8%	62.0%
Motlow	10,656,700	17,458,000	(165,500)	325,900	160,400	10,817,100	1.5%	62.0%
Nashville	15,861,200	26,782,000	233,200	500,000	733,200	16,594,400	4.6%	62.0%
Northeast	13,224,100	23,036,000	619,200	430,000	1,049,200	14,273,300	7.9%	62.0%
Pellissippi	23,429,800	40,495,000	905,300	756,000	1,661,300	25,091,100	7.1%	62.0%
Roane	17,399,500	28,592,000	(217,400)	533,800	316,400	17,715,900	1.8%	62.0%
Southwest	24,677,200	40,050,000	(609,500)	747,700	138,200	24,815,400	0.6%	62.0%
Volunteer	16,216,000	27,122,000	82,700	506,300	589,000	16,805,000	3.6%	62.0%
Walters	20,350,200	33,280,000	(350,900)	621,300	270,400	20,620,600	1.3%	62.0%
Community College Subtotal	\$207,429,600	\$345,886,700	\$427,900	\$6,457,200	\$6,885,100	\$214,314,700	3.3%	62.0%
UT Universities								
UT Chattanooga	\$37,501,400	\$65,724,000	\$1,994,900	\$1,226,700	\$3,221,600	\$40,723,000	8.6%	62.0%
UT Knoxville ³	176,044,900	292,897,000	(31,000)	5,467,800	5,436,800	181,481,700	3.1%	62.0%
UT Martin ³	26,049,700	43,764,000	249,900	817,000	1,066,900	27,116,600	4.1%	62.0%
Subtotal	\$239,596,000	\$402,385,000	\$2,213,800	\$7,511,500	\$9,725,300	\$249,321,300	4.1%	62.0%
Total Colleges and Universities	\$771,959,400	\$1,287,018,400	\$1,463,200	\$24,026,100	\$25,489,300	\$797,448,700	3.3%	62.0%
TN Colleges of Applied Technology	\$55,346,600	\$89,665,000	(\$1,463,200)	\$1,673,900	\$210,700	\$55,557,300	0.4%	62.0%
Total Academic Formula Units	\$827,306,000	\$1,376,683,400	\$0	\$25,700,000	\$25,700,000	\$853,006,000	3.1%	62.0%

1 - Recurring funding.

2 - THEC's Community College recommendation is only for the sector as a whole. Institutional detail displayed here is for informational purposes only.

3 - Does not include recurring funds appropriated to UT Martin for the Parsons Center (\$200K) or to UT Knoxville for the engineering college (\$3M). These appropriations are included as Program Initiatives.

ATTACHMENT II

2015-16 State Appropriations Distribution Recommendation

	A	B	C = B - A	D = C / A
Specialized Units	2014-15 Appropriation ¹	2015-16 Recommendation ¹	Total Change	Percent Change
Medical Education				
ETSU College of Medicine	\$28,948,800	\$29,848,100	\$899,300	3.1%
ETSU Family Practice	6,130,800	6,321,300	190,500	3.1%
UT College of Medicine	46,956,800	48,415,500	1,458,700	3.1%
UT Family Practice	10,506,000	10,832,400	326,400	3.1%
UT Memphis	71,919,300	74,153,500	2,234,200	3.1%
UT College of Vet Medicine	16,530,900	17,044,400	513,500	3.1%
Subtotal	\$180,992,600	\$186,615,200	\$5,622,600	3.1%
Research and Public Service				
UT Agricultural Experiment Station	\$25,557,800	\$26,351,700	\$793,900	3.1%
UT Agricultural Extension Service	31,044,400	32,008,800	964,400	3.1%
TSU McMinnville Center	560,400	577,800	17,400	3.1%
TSU Institute of Ag. and Environmental Research	2,278,500	2,349,300	70,800	3.1%
TSU Cooperative Extension	3,108,900	3,205,500	96,600	3.1%
TSU McIntire-Stennis Forestry Research	179,400	185,000	5,600	3.1%
UT Space Institute	7,916,500	8,162,400	245,900	3.1%
UT Institute for Public Service	5,247,800	5,410,800	163,000	3.1%
UT County Technical Assistance Service	1,763,100	1,817,900	54,800	3.1%
UT Municipal Technical Advisory Service	2,897,500	2,987,500	90,000	3.1%
Subtotal	\$80,554,300	\$83,056,700	\$2,502,400	3.1%
Other Specialized Units				
UT University-Wide Administration	\$4,661,800	\$4,806,600	\$144,800	3.1%
TN Board of Regents Administration	5,133,100	5,292,600	159,500	3.1%
TN Student Assistance Corporation	61,566,800	91,634,700	30,067,900	48.8%
Tennessee Student Assistance Awards	57,762,500	87,162,500	29,400,000	50.9%
Tennessee Students Assistance Corporation Loan/Scholarships Program	1,333,500	1,963,500	630,000	47.2%
Endowment Scholarships	1,220,800	1,258,700	37,900	3.1%
Endowment Scholarships	1,250,000	1,250,000	-	0.0%
TN Higher Education Commission	2,438,800	2,514,600	75,800	3.1%
TN Foreign Language Institute	414,100	427,000	12,900	3.1%
Contract Education	2,180,800	2,248,500	67,700	3.1%
Subtotal	\$76,395,400	\$106,924,000	\$30,528,600	40.0%
Total Specialized Units	\$337,942,300	\$376,595,900	\$38,653,600	11.4%
Total Formula and Specialized Units	\$1,165,248,300	\$1,229,601,900	\$64,353,600	5.5%
Program Initiatives				
Campus Centers of Excellence	\$17,769,000	\$18,321,000	\$552,000	3.1%
Campus Centers of Emphasis	1,282,600	1,322,400	39,800	3.1%
Academic Scholars Program	411,800	424,600	12,800	3.1%
UT Access and Diversity Initiative	5,688,900	5,865,600	176,700	3.1%
TBR Access and Diversity Initiative	10,048,800	10,361,000	312,200	3.1%
THEC Grants	2,353,900	2,427,000	73,100	3.1%
Research Initiatives - UT	5,734,200	5,912,300	178,100	3.1%
UT Martin Parsons Center ²	200,000	200,000	-	NA
UT Knoxville College of Engineering ²	3,000,000	3,000,000	-	NA
Governor's Drive to 55 Initiative ³	4,918,000	5,000,000	82,000	NA
Workforce Alignment ³	10,000,000	-	(10,000,000)	NA
Subtotal	\$46,489,200	\$47,833,900	\$1,344,700	2.9%
Total Recurring	\$1,211,737,500	\$1,277,435,800	\$65,698,300	5.4%
Total with Non-Recurring Request	\$1,226,655,500	\$1,282,435,800	\$55,780,300	4.5%

1 - Recurring funds unless otherwise footnoted.

2 - Recurring funds appropriated to UT Martin (\$200K) and UT Knoxville (\$3M).

3 - Non-recurring funds.

ATTACHMENT III

2015-16 State Appropriations Distribution With a 7% Reduction

	A	B	C	D	E = C + D	F = E + A	G = E / A	H = F / B
	Breakdown of 2015-16 Changes							
	2014-15 Appropriation ¹	2015-16 Formula Calculation	Outcomes Formula Adjustments	7% Reduction to Higher Education	2015-16 Change	2015-16 Recommendation	Percent Change	Percent Funded
TBR Universities								
Austin Peay	\$34,239,800	\$58,535,000	\$936,300	(\$2,857,600)	(\$1,921,300)	\$32,318,500	-5.6%	55.2%
East Tennessee	48,048,900	80,537,000	349,100	(3,931,700)	(3,582,600)	44,466,300	-7.5%	55.2%
Middle Tennessee	82,830,300	135,694,500	(1,285,900)	(6,624,500)	(7,910,400)	74,919,900	-9.6%	55.2%
Tennessee State	32,088,900	51,828,300	(943,100)	(2,530,200)	(3,473,300)	28,615,600	-10.8%	55.2%
Tennessee Tech	38,394,000	61,974,900	(1,150,600)	(3,025,500)	(4,176,100)	34,217,900	-10.9%	55.2%
University of Memphis	89,331,900	150,177,000	915,700	(7,331,500)	(6,415,800)	82,916,100	-7.2%	55.2%
Subtotal	\$324,933,800	\$538,746,700	(\$1,178,500)	(\$26,301,000)	(\$27,479,500)	\$297,454,300	-8.5%	55.2%
Community Colleges²								
Chattanooga	\$26,008,100	\$43,489,000	\$126,200	(\$2,123,100)	(\$1,996,900)	\$24,011,200	-7.7%	55.2%
Cleveland	8,843,700	14,779,000	37,600	(721,500)	(683,900)	8,159,800	-7.7%	55.2%
Columbia	12,349,500	20,373,700	(106,100)	(994,600)	(1,100,700)	11,248,800	-8.9%	55.2%
Dyersburg	7,317,900	12,378,000	120,600	(604,300)	(483,700)	6,834,200	-6.6%	55.2%
Jackson	11,095,700	18,052,000	(247,500)	(881,300)	(1,128,800)	9,966,900	-10.2%	55.2%
Motlow	10,656,700	17,458,000	(165,500)	(852,300)	(1,017,800)	9,638,900	-9.6%	55.2%
Nashville	15,861,200	26,782,000	233,200	(1,307,500)	(1,074,300)	14,786,900	-6.8%	55.2%
Northeast	13,224,100	23,036,000	619,200	(1,124,600)	(505,400)	12,718,700	-3.8%	55.2%
Pellissippi	23,429,800	40,495,000	905,300	(1,976,900)	(1,071,600)	22,358,200	-4.6%	55.2%
Roane	17,399,500	28,592,000	(217,400)	(1,395,800)	(1,613,200)	15,786,300	-9.3%	55.2%
Southwest	24,677,200	40,050,000	(609,500)	(1,955,200)	(2,564,700)	22,112,500	-10.4%	55.2%
Volunteer	16,216,000	27,122,000	82,700	(1,324,100)	(1,241,400)	14,974,600	-7.7%	55.2%
Walters	20,350,200	33,280,000	(350,900)	(1,624,700)	(1,975,600)	18,374,600	-9.7%	55.2%
Community College Subtotal	\$207,429,600	\$345,886,700	\$427,900	(\$16,885,900)	(\$16,458,000)	\$190,971,600	-7.9%	55.2%
UT Universities								
UT Chattanooga	\$37,501,400	\$65,724,000	\$1,994,900	(\$3,208,600)	(\$1,213,700)	\$36,287,700	-3.2%	55.2%
UT Knoxville ³	176,044,900	292,897,000	(31,000)	(14,299,000)	(14,330,000)	161,714,900	-8.1%	55.2%
UT Martin ³	26,049,700	43,764,000	249,900	(2,136,500)	(1,886,600)	24,163,100	-7.2%	55.2%
Subtotal	\$239,596,000	\$402,385,000	\$2,213,800	(\$19,644,100)	(\$17,430,300)	\$222,165,700	-7.3%	55.2%
Total Colleges and Universities	\$771,959,400	\$1,287,018,400	\$1,463,200	(\$62,831,000)	(\$61,367,800)	\$710,591,600	-7.9%	55.2%
TN Colleges of Applied Technology	\$55,346,600	\$89,665,000	(\$1,463,200)	(\$4,377,400)	(\$5,840,600)	\$49,506,000	-10.6%	55.2%
Total Academic Formula Units	\$827,306,000	\$1,376,683,400	\$0	(\$67,208,400)	(\$67,208,400)	\$760,097,600	-8.1%	55.2%

1 - Recurring

2 - THEC's Community College recommendation is only for the sector as a whole. Institutional detail displayed here is for informational purposes only.

3 - Does not include recurring funds appropriated to UT Martin for the Parsons Center (\$200K) or to UT Knoxville for the engineering college (\$3M). These appropriations are included as Program Initiatives.

ATTACHMENT III

2015-16 State Appropriations Distribution With a 7% Reduction

	A	B	C = B - A	D = C / A
Specialized Units	2014-15 Appropriation ¹	2015-16 Recommendation ¹	Total Change	Percent Change
Medical Education				
ETSU College of Medicine	\$28,948,800	\$27,730,400	(\$1,218,400)	-4.2%
ETSU Family Practice	6,130,800	5,934,100	(196,700)	-3.2%
UT College of Medicine	46,956,800	44,622,000	(2,334,800)	-5.0%
UT Family Practice	10,506,000	10,169,000	(337,000)	-3.2%
UT Memphis	71,919,300	68,059,900	(3,859,400)	-5.4%
UT College of Vet Medicine	16,530,900	15,623,300	(907,600)	-5.5%
Subtotal	\$180,992,600	\$172,138,700	(\$8,853,900)	-4.9%
Research and Public Service				
UT Agricultural Experiment Station	\$25,557,800	\$24,737,900	(\$819,900)	-3.2%
UT Agricultural Extension Service	31,044,400	30,048,500	(995,900)	-3.2%
TSU McMinnville Center	560,400	542,400	(18,000)	-3.2%
TSU Institute of Ag. and Environmental Research	2,278,500	2,205,400	(73,100)	-3.2%
TSU Cooperative Extension	3,108,900	3,009,200	(99,700)	-3.2%
TSU McIntire-Stennis Forestry Research	179,400	173,600	(5,800)	-3.2%
UT Space Institute	7,916,500	7,626,500	(290,000)	-3.7%
UT Institute for Public Service	5,247,800	5,079,500	(168,300)	-3.2%
UT County Technical Assistance Service	1,763,100	1,706,500	(56,600)	-3.2%
UT Municipal Technical Advisory Service	2,897,500	2,804,600	(92,900)	-3.2%
Subtotal	\$80,554,300	\$77,934,100	(\$2,620,200)	-3.3%
Other Specialized Units				
UT University-Wide Administration	\$4,661,800	\$4,512,300	(\$149,500)	-3.2%
TN Board of Regents Administration	5,133,100	4,968,400	(164,700)	-3.2%
TN Student Assistance Corporation	61,566,800	61,524,000	(42,800)	-0.1%
Tennessee Student Assistance Awards	57,762,500	57,762,500	-	0.0%
Tennessee Students Assistance Corporation Loan/Scholarships Program	1,333,500	1,290,700	(42,800)	-3.2%
Endowment Scholarships	1,220,800	1,220,800	-	0.0%
Endowment Scholarships	1,250,000	1,250,000	-	0.0%
TN Higher Education Commission	2,438,800	2,360,700	(78,100)	-3.2%
TN Foreign Language Institute	414,100	400,800	(13,300)	-3.2%
Contract Education	2,180,800	2,110,800	(70,000)	-3.2%
Subtotal	\$76,395,400	\$75,877,000	(\$518,400)	-0.7%
Program Initiatives				
Campus Centers of Excellence	\$17,769,000	\$17,199,000	(\$570,000)	-3.2%
Campus Centers of Emphasis	1,282,600	1,241,500	(41,100)	-3.2%
Academic Scholars Program	411,800	411,800	-	0.0%
UT Access and Diversity Initiative	5,688,900	5,506,400	(182,500)	-3.2%
TBR Access and Diversity Initiative	10,048,800	9,726,400	(322,400)	-3.2%
THEC Grants	2,353,900	2,278,400	(75,500)	-3.2%
Research Initiatives - UT	5,734,200	5,550,300	(183,900)	-3.2%
UT Martin Parsons Center ²	200,000	200,000	-	NA
UT Knoxville College of Engineering ²	3,000,000	3,000,000	-	NA
Subtotal	\$46,489,200	\$45,113,800	(\$1,375,400)	-3.0%
Total	\$1,211,737,500	\$1,131,161,200	(\$80,576,300)	-6.6%

1 - Recurring

2 - Recurring funds appropriated to UT Martin (\$200K) and UT Knoxville (\$3M).

NOTE: TSAA Awards, Loan/Scholarship Program, Academic Scholars Program and Endowment Scholarships are exempt from 2015-16 reductions per F&A budget instructions.

ATTACHMENT IV

2015-16 State Appropriation Funding Scenarios

	A	B	C	Alternative Funding Scenarios	
	Outcomes Formula Calculation	Share of Total Formula Calculation	\$25,700,000 THEC Recommendation	\$0 Flat Funding Scenario	7% Reduction Scenario
Academic Formula Units					
TBR Universities					
Austin Peay	\$58,535,000	4.25%	\$36,268,800	\$35,176,000	\$32,318,000
East Tennessee	80,537,000	5.85%	49,901,500	48,398,000	44,466,000
Middle Tennessee	135,694,500	9.86%	84,077,600	81,544,000	74,920,000
Tennessee State	51,828,300	3.76%	32,113,300	31,146,000	28,616,000
Tennessee Tech	61,974,900	4.50%	38,400,200	37,243,000	34,218,000
University of Memphis	150,177,000	10.91%	93,051,100	90,248,000	82,916,000
Subtotal	\$538,746,700	39.13%	\$333,812,500	\$323,755,000	\$297,454,000
Community Colleges					
Chattanooga	\$43,489,000	3.16%	\$26,946,200	\$26,134,000	\$24,011,000
Cleveland	14,779,000	1.07%	9,157,200	8,881,000	8,160,000
Columbia	20,373,700	1.48%	12,623,700	12,243,000	11,249,000
Dyersburg	12,378,000	0.90%	7,669,500	7,438,000	6,834,000
Jackson	18,052,000	1.31%	11,185,200	10,848,000	9,967,000
Motlow	17,458,000	1.27%	10,817,100	10,491,000	9,639,000
Nashville	26,782,000	1.95%	16,594,400	16,094,000	14,787,000
Northeast	23,036,000	1.67%	14,273,300	13,843,000	12,719,000
Pellissippi	40,495,000	2.94%	25,091,100	24,335,000	22,358,000
Roane	28,592,000	2.08%	17,715,900	17,182,000	15,786,000
Southwest	40,050,000	2.91%	24,815,400	24,068,000	22,112,000
Volunteer	27,122,000	1.97%	16,805,000	16,299,000	14,975,000
Walters	33,280,000	2.42%	20,620,600	19,999,000	18,375,000
Community College Subtotal	\$345,886,700	25.12%	\$214,314,700	\$207,858,000	\$190,972,000
UT Universities					
UT Chattanooga	\$65,724,000	4.77%	\$40,723,200	\$39,496,000	\$36,288,000
UT Knoxville	292,897,000	21.28%	181,481,700	176,014,000	161,715,000
UT Martin	43,764,000	3.18%	27,116,600	26,300,000	24,163,000
Subtotal	\$402,385,000	29.23%	\$249,321,500	\$241,810,000	\$222,166,000
Total Colleges and Universities	\$1,287,018,400	93.49%	\$797,448,700	\$773,423,000	\$710,592,000
TN Colleges of Applied Technology	\$89,665,000	6.51%	\$55,557,300	\$53,883,000	\$49,506,000
Total Academic Formula Units	\$1,376,683,400	100.00%	\$853,006,000	\$827,306,000	\$760,097,600

How to read this table: Using Austin Peay State University as an example, the 2015-16 Outcomes Formula Calculation is \$58,535,000. This represents 4.25% of the total formula calculation (Column B) for the academic formula units of \$1,376,683,400. This means that APSU will receive 4.25% of any funding made available in 2015-16.

In the THEC Recommendation scenario (Column C), APSU will receive \$36,268,800, or 4.25% of the Total Academic Formula Units funding level of \$853,006,000.

If funding remains flat in 2015-16 (Column D), APSU will receive \$35,176,000 or 4.25% of \$827,306,000. In a 7% reduction scenario (Column E), APSU will still receive 4.25%, or \$32,318,000, of the Total Academic Formula Units available funding of \$760,097,600.

ATTACHMENT V

Changes in Formula Outcomes

Community Colleges

Outcomes	2014-15	2015-16	Change	
Students Accumulating 12 hrs	25,270	24,207	(1,063)	-4.2%
Students Accumulating 24 hrs	19,787	18,732	(1,055)	-5.3%
Students Accumulating 36 hrs	16,493	15,675	(818)	-5.0%
Dual Enrollment	12,894	14,207	1,312	10.2%
Associates	8,887	9,283	396	4.5%
Certificates 1-2 Year	732	792	60	8.2%
Certificates <1 Year	1,853	2,266	412	22.2%
Job Placements	3,921	4,185	265	6.8%
Remedial & Developmental Success	26,323	26,590	267	1.0%
Student Transfers	6,099	6,290	191	3.1%
Workforce Training (Contact Hours)	795,505	786,645	(8,860)	-1.1%
Awards per 100 FTE	15.41	16.97	1.56	10.1%
Adults Accumulating 12 hrs	7,348	6,235	(1,112)	-15.1%
Adults Accumulating 24 hrs	7,104	6,224	(880)	-12.4%
Adults Accumulating 36 hrs	6,723	6,074	(649)	-9.7%
Adult Associates	5,042	5,210	168	3.3%
Adult 1-2 Year Certificates	493	527	34	6.8%
Adult <1yr Certificates	1,115	1,292	177	15.8%
Low-income Accumulating 12 hrs	15,566	14,486	(1,080)	-6.9%
Low-income Accumulating 24 hrs	12,993	12,173	(820)	-6.3%
Low-income Accumulating 36 hrs	11,057	10,517	(540)	-4.9%
Low-income Associates	5,809	6,266	457	7.9%
Low-income 1-2 Year Certificates	411	471	60	14.7%
Low-income <1yr Certificates	1,061	1,412	352	33.2%

Universities

Outcomes	2014-15	2015-16	Change	
Students Accumulating 24 hrs	18,043	17,677	(366)	-2.0%
Students Accumulating 48 hrs	17,913	17,785	(128)	-0.7%
Students Accumulating 72 hrs	19,215	19,313	98	0.5%
Bachelors and Associates	20,329	20,923	594	2.9%
Masters / Ed Specialists	5,955	5,908	(47)	-0.8%
Doctoral / Law Degree	1,051	1,100	50	4.7%
Research and Service	\$314,411,554	\$302,288,827	(\$12,122,727)	-3.9%
Student Transfers	3,509	3,775	266	7.6%
Degrees per 100 FTE	18.83	19.56	0.73	3.9%
Six-Year Graduation Rate	51.24	54.23	2.99	5.8%
Adults Accumulating 24 hrs	1,088	960	(128)	-11.8%
Adults Accumulating 48 hrs	1,684	1,572	(112)	-6.7%
Adults Accumulating 72 hrs	2,846	2,763	(84)	-2.9%
Adults Bachelors and Associates	7,126	7,316	190	2.7%
Low-income Accumulating 24 hrs	8,360	8,080	(280)	-3.3%
Low-income Accumulating 48 hrs	8,550	8,514	(36)	-0.4%
Low-income Accumulating 72 hrs	9,413	9,690	277	2.9%
Low-income Bachelors and Associates	9,910	10,684	775	7.8%

ATTACHMENT VI

2015-16 Total Formula Revenue Analysis

Academic Formula Units	State Appropriation Recommendation ¹	Tuition Revenue ²	Out-of-State Tuition Revenue ²	Total Revenue	Total Formula Revenue Need	Difference (Short)	Percent Funded
Austin Peay	\$36,268,800	\$59,465,800	\$3,493,200	\$99,227,800	\$108,267,000	(\$9,039,200)	91.7%
East Tennessee	49,901,500	88,427,000	13,932,000	152,260,500	158,041,000	(5,780,500)	96.3%
Middle Tennessee	84,077,600	148,505,000	17,206,300	249,788,900	251,861,500	(2,072,600)	99.2%
Tennessee State	32,113,300	52,602,800	19,941,400	104,657,500	105,471,300	(813,800)	99.2%
Tennessee Tech	38,400,400	70,568,100	16,039,400	125,007,900	117,369,900	7,638,000	106.5%
University of Memphis	93,051,100	152,887,500	10,521,200	256,459,800	287,195,000	(30,735,200)	89.3%
Subtotal TBR Universities	\$333,812,700	\$572,456,200	\$81,133,500	\$987,402,400	\$1,028,205,700	(\$40,803,300)	96.0%
Chattanooga	\$26,946,200	\$29,276,000	\$780,000	\$57,002,200	\$66,446,000	(\$9,443,800)	85.8%
Cleveland	9,157,200	10,417,300	256,800	19,831,300	22,241,000	(2,409,700)	89.2%
Columbia	12,623,700	13,469,500	455,200	26,548,400	30,709,700	(4,161,300)	86.4%
Dyersburg	7,669,600	7,986,300	72,800	15,728,700	18,634,000	(2,905,300)	84.4%
Jackson	11,185,200	13,208,100	145,500	24,538,800	27,163,000	(2,624,200)	90.3%
Motlow	10,817,100	13,279,300	370,100	24,466,500	26,324,000	(1,857,500)	92.9%
Nashville	16,594,400	25,147,400	1,040,900	42,782,700	40,517,000	2,265,700	105.6%
Northeast	14,273,300	18,028,800	61,700	32,363,800	34,566,000	(2,202,200)	93.6%
Pellissippi	25,091,100	31,163,600	1,887,600	58,142,300	61,253,000	(3,110,700)	94.9%
Roane	17,715,900	17,491,400	445,300	35,652,600	43,121,000	(7,468,400)	82.7%
Southwest	24,815,400	31,522,400	1,706,000	58,043,800	60,314,000	(2,270,200)	96.2%
Volunteer	16,805,000	23,061,800	995,600	40,862,400	41,028,000	(165,600)	99.6%
Walters	20,620,600	18,695,500	430,500	39,746,600	50,100,000	(10,353,400)	79.3%
Subtotal Community Colleges	\$214,314,700	\$252,747,400	\$8,648,000	\$475,710,100	\$522,416,700	(\$46,706,600)	91.1%
UT Chattanooga	\$40,723,000	\$74,754,100	\$6,826,600	\$122,303,700	\$122,711,000	(\$407,300)	99.7%
UT Knoxville	181,481,700	256,801,500	37,376,300	475,659,500	552,168,000	(76,508,500)	86.1%
UT Martin	27,116,600	50,343,700	5,030,800	82,491,100	81,834,000	657,100	100.8%
Subtotal UT Universities	\$249,321,300	\$381,899,300	\$49,233,700	\$680,454,300	\$756,713,000	(\$76,258,700)	89.9%
TN Colleges of Applied Technology	\$55,557,300	\$28,236,200	\$0	\$83,793,500	\$111,614,000	(\$27,820,500)	75.1%
Total Academic Formula Units	\$853,006,000	\$1,235,339,100	\$139,015,200	\$2,227,360,300	\$2,418,949,400	(\$191,589,100)	92.1%

1 - Recurring; accounts for recommended \$25.7M in additional funding for formula units.

2 - Assumes 4% tuition increases and 0% enrollment increases at Universities, Community Colleges and the TN Colleges of Applied Technology in 2015-16.