

**DATE:** November 7, 2018  
**SUBJECT:** 2019-20 Student Fee Recommendations  
**ACTION RECOMMENDED:** Approval

---

**BACKGROUND INFORMATION**

The Complete College Tennessee Act requires 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. 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 on their 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 2018-19 is \$9,403 at public universities, \$4,444 at community colleges, and \$3,842 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. Over the last four years, Tennessee institutions have implemented the lowest consecutive growths in tuition in four decades, while state appropriations have increased an average of seven percent per year.

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 ninth largest financial aid program and the fourth largest per capita—the second largest in the South. Funding for the lottery scholarship and Tennessee Student Assistance Award comprise the majority of financial aid in Tennessee. Due in part to these funding levels, Tennessee's bachelor's degree graduates have the 10th lowest debt level in the nation, according to the Institute for College Access & Success, improving from 17th lowest the previous year. Higher education in Tennessee is becoming more affordable, allowing Tennesseans to access and complete college without high amounts of debt.

## **RECOMMENDATION**

Staff recommendations for operating appropriations, student fees, and need-based financial aid work in concert to address continuous improvement in affordability. On average, tuition and fees account for 60 percent of revenue at the universities and nearly 50 percent at the community colleges and TCATs. The combined tuition and appropriation revenue for all of higher education is approximately \$2.8 billion, with state appropriations comprising \$1.1 billion. An appropriation request for formula units of \$64 million represents a nearly six percent growth in appropriation revenue but just a 2 percent increase in total revenue. Institutions receiving state appropriation increases below six percent may need to rely on modest tuition increases to keep up with the outside forces such as inflation, while institutions receiving more than six percent may need little to no tuition increases.

Considering an appropriations request for formula units of \$64 million, THEC staff recommend a guiding tuition (maintenance fee) range of zero to two-and-a-half percent for all public universities, community colleges, and TCATs, as well as a guiding tuition and mandatory fee range of zero to two-and-a-half percent.

Scenarios for tuition increases in 2019-20 of zero, one-and-a-quarter, and two-and-a-half percent are presented and summarized in Attachment I. Attachment II provides a history of tuition and mandatory fee increases across all public institutions.

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. It is anticipated that final ranges will be presented to the Commission at the May 2019 quarterly meeting.

## ATTACHMENT I 2019-20 Tuition and Fee Recommendation

Universities	0% to 2.5% Tuition Increase
CCs	0% to 2.5% Tuition Increase
TCATs	0% to 2.5% Tuition Increase

Universities	0% to 2.5% Tuition and Fee Increase
CCs	0% to 2.5% Tuition and Fee Increase
TCATs	0% to 2.5% Tuition and Fee Increase

**Tuition Levels**

	2018-19		2019-20 Scenarios			
	Tuition		Tuition Increase			
			= 0.0%		= 2.5%	
			Increase	Change	Increase	Change
APSU	\$6,888	\$6,888	\$6,974	\$86	\$7,060	\$172
ETSU	7,422	7,422	7,515	93	7,608	186
MTSU	7,380	7,380	7,472	92	7,565	184
TSU	6,900	6,900	6,986	86	7,073	172
TTU	7,860	7,860	7,958	98	8,057	196
UM	8,064	8,064	8,165	101	8,266	202
UTC	6,888	6,888	6,974	86	7,060	172
UTK	11,110	11,110	11,249	139	11,388	278
UTM*	7,734	7,734	7,831	97	7,927	193
CC Avg	4,140	4,140	4,192	52	4,244	104
TCATs	3,612	3,612	3,657	45	3,702	90

**Tuition and Fee Levels**

	2018-19			2019-20 Scenarios					
	Mandatory Fees	Tuition	Total	Tuition and Fee Increase					
				= 0.0%	= 1.25%		= 2.5%		
					Increase	Change	Increase	Change	
APSU	\$1,583	\$6,888	\$8,471	\$8,471	\$8,577	\$106	\$8,683	\$212	
ETSU	1,855	7,422	9,277	9,277	9,393	116	9,509	232	
MTSU	1,826	7,380	9,206	9,206	9,321	115	9,436	230	
TSU	1,107	6,900	8,007	8,007	8,107	100	8,207	200	
TTU	1,243	7,860	9,103	9,103	9,217	114	9,331	228	
UM	1,637	8,064	9,701	9,701	9,822	121	9,944	243	
UTC	1,776	6,888	8,664	8,664	8,772	108	8,881	217	
UTK	1,896	11,110	13,006	13,006	13,169	163	13,331	325	
UTM*	1,460	7,734	9,194	9,194	9,309	115	9,424	230	
CC Avg	304	4,140	4,444	4,444	4,499	56	4,555	111	
TCATs	230	3,612	3,842	3,842	3,890	48	3,938	96	

\* The 2018-19 UTM tuition rate for full-time students who have completed fewer than 90 credit hours is a flat rate for 15 hours a semester regardless of how many hours the student is enrolled in. Part-time students and full-time students who have completed more than 90 credit hours are charged a flat rate for 12 hours regardless how many hours the student is enrolled in. The tuition presented here is an average of those two tuition rates.

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

# ATTACHMENT II

## Tuition and Mandatory Fees History

### Tuition and Mandatory Fees History

	2013-14	2017-18	2018-19	1 Year Change	5 Year Change
<b>APSU</b>	\$7,158	\$8,225	\$8,471	3.0%	18.3%
<b>ETSU</b>	7,543	9,015	9,277	2.9%	23.0%
<b>MTSU</b>	7,840	8,948	9,206	2.9%	17.4%
<b>TSU</b>	6,774	7,776	8,007	3.0%	18.2%
<b>TTU</b>	7,383	8,873	9,103	2.6%	23.3%
<b>UM</b>	8,666	9,701	9,701	0.0%	11.9%
<b>UTC</b>	7,555	8,664	8,664	0.0%	14.7%
<b>UTK<sup>1</sup></b>	10,062	12,970	13,006	0.3%	29.3%
<b>UTM<sup>2</sup></b>	7,514	8,927	9,194	3.0%	22.4%
<b>CC Avg</b>	3,787	4,335	4,444	2.5%	17.3%
<b>TCATs</b>	3,146	3,737	3,842	2.8%	22.1%

### Mandatory Fees Only History

	2013-14	2017-18	2018-19	1 Year Change	5 Year Change
<b>APSU</b>	\$1,284	\$1,529	\$1,583	3.5%	23.3%
<b>ETSU</b>	1,345	1,791	1,855	3.6%	37.9%
<b>MTSU</b>	1,618	1,772	1,826	3.0%	12.9%
<b>TSU</b>	930	1,050	1,107	5.4%	19.0%
<b>TTU</b>	1,287	1,217	1,243	2.1%	-3.4%
<b>UM</b>	1,256	1,637	1,637	0.0%	30.3%
<b>UTC</b>	1,490	1,776	1,776	0.0%	19.2%
<b>UTK</b>	1,414	1,860	1,896	1.9%	34.1%
<b>UTM</b>	1,178	1,418	1,460	3.0%	23.9%
<b>CC Avg</b>	283	303	304	0.1%	7.3%
<b>TCATs</b>	200	230	230	0.0%	15.0%

1 - The tuition rates for students admitted in the Fall of 2013 and later are flat rates for 15 semester credit hours, regardless of the number of credit hours taken by the student. This policy ("Fifteen in Four") was approved in 2012 by the UT Board for introduction in Fall 2013. The 2016-17 tuition rate presented is a weighted average. The tuition rates prior were split into Freshman & Transfer and Sophomore, Junior, and Senior. These groups had the same mandatory fees but maintenance fees were higher for freshman & transfers which is the group reported for the 2013-14 year.

2 - The 2017-18 and 2018-19 UTM tuition rates for full-time students who have completed fewer than 90 credit hours are flat rates for 15 hours a semester regardless of how many hours the student is enrolled in. Part-time students and full-time students who have completed more than 90 credit hours are charged a flat rate for 12 hours regardless of how many hours the student is enrolled in. The tuition presented here is an average in an academic year of those two tuition rates.

# ATTACHMENT II

## 2019-20 Tuition Model Analysis Scenarios

The following scenarios utilize the THEC Tuition Model to estimate the tuition range required to maintain the 2018-19 estimated total revenue per FTE. The scenarios assume a 0% enrollment growth at universities, a 1.5% enrollment growth at community colleges and colleges of applied technology, and a 2.3% increase in inflation costs at all institutions. This analysis is presented for information and is meant to provide guidance on the tuition recommendation analysis. Binding tuition recommendations will be made in Spring 2019 in conjunction with the General Appropriations Act.

### Average Increase Needed With a \$64.0M (5.9%) Increase in State Appropriations

Model Assumptions	University	CCs	TCATs
Costs Inflation	2.3%	2.3%	2.3%
Enrollment	0.0%	1.5%	1.5%
State Appropriations	5.6%	7.0%	5.0%
<b>Average Tuition Model Range</b>	<b>-0.8% to 2.5%</b>		

### Average Increase Needed With Overall Flat Appropriations

Model Assumptions	Universities	CCs	TCATs
Costs Inflation	2.3%	2.3%	2.3%
Enrollment	0.0%	1.5%	1.5%
State Appropriations	-0.3%	1.0%	-0.8%
<b>Average Tuition Model Range</b>	<b>3.4% to 12.6%</b>		

### Average Increase Needed With a \$24.9M (2.3%) Reduction in State Appropriations

Model Assumptions	Universities	CCs	TCATs
Costs Inflation	2.3%	2.3%	2.3%
Enrollment	0.0%	1.5%	1.5%
State Appropriations	-2.6%	-1.3%	-3.1%
<b>Average Tuition Model Range</b>	<b>4.9% to 17.5%</b>		