

DATE: November 7, 2019
SUBJECT: 2020-21 Student Fee Recommendations
ACTION RECOMMENDED: Approval

BACKGROUND INFORMATION

The Complete College Tennessee Act requires the Tennessee Higher Education Commission (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 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 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 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 2019-20 is \$9,694 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 are considered average compared to peers across member states of the Southern Regional Education Board. Over the last five 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 eighth largest financial aid program and the third largest program per capita. Funding for the lottery scholarship and Tennessee Student Assistance Award comprise the majority of financial aid in Tennessee, with over \$380 million distributed through these two funding sources in 2018-19. 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 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 promote continuous improvement in affordability. On average, tuition and fees revenue accounts for roughly 60 percent of revenue at the universities, 50 percent at the community colleges and 30 percent at the TCATs. The combined tuition and appropriation revenue for all formula units is approximately \$2.8 billion, with state appropriations comprising \$1.1 billion. An appropriation request for formula units of \$38 million—paired with an estimated salary increase of \$23 million (partial funding of a two percent salary increase), represents about a 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 \$38 million and an estimated two percent salary increase, THEC staff recommend a guiding tuition (maintenance fee) range of zero to two percent, as well as a guiding tuition and mandatory fee range of zero to two percent for all public universities, community colleges, and TCATs.

Scenarios for tuition increases in 2020-21 of zero, one, and two 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 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 2020 quarterly meeting.

ATTACHMENT I

2020-21 Tuition and Fee Recommendation

Universities	0% to 2.0% Tuition Increase
CCs	0% to 2.0% Tuition Increase
TCATs	0% to 2.0% Tuition Increase

		Tuition Levels					
		2019-20	2020-21 Scenarios				
		Tuition	Tuition Increase				
			= 0.0%	= 1.0%		= 2.0%	
				Increase	Change	Increase	Change
APSU	\$7,044	\$7,044	\$7,114	\$70	\$7,185	\$141	
ETSU	7,572	7,572	7,648	76	7,723	151	
MTSU	7,554	7,554	7,630	76	7,705	151	
TSU	7,026	7,026	7,096	70	7,167	141	
TTU	8,040	8,040	8,120	80	8,201	161	
UM Guaranteed ¹	8,208	8,208	8,290	82	8,372	164	
UM Non-Guaranteed ¹	8,232	8,232	8,314	82	8,397	165	
UTC (Soar in Four) ²	7,836	7,836	7,914	78	7,993	157	
UTC (Returning) ²	7,060	7,060	7,131	71	7,201	141	
UTK	11,332	11,332	11,445	113	11,559	227	
UTM	8,214	8,214	8,296	82	8,378	164	
CC Avg	4,242	4,242	4,284	42	4,327	85	
TCATs	3,687	3,687	3,724	37	3,761	74	

1 - 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 credit hours per semester.

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

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

ATTACHMENT I

2020-21 Tuition and Fee Recommendation

Universities	0% to 2.0% Tuition and Fee Increase
CCs	0% to 2.0% Tuition and Fee Increase
TCATs	0% to 2.0% Tuition and Fee Increase

Tuition and Fee Levels

	2019-20			2020-21 Scenarios				
	Mandatory Fees	Tuition	Total	Tuition and Fee Increase				
				= 0.0%	= 1.0%		= 2.0%	
					Increase	Change	Increase	Change
APSU	\$1,583	\$7,044	\$8,627	\$8,627	\$8,713	\$86	\$8,800	\$173
ETSU	1,919	7,572	9,491	9,491	9,586	95	9,681	190
MTSU	1,870	7,554	9,424	9,424	9,518	94	9,612	188
TSU	1,157	7,026	8,183	8,183	8,265	82	8,347	164
TTU	1,278	8,040	9,318	9,318	9,411	93	9,504	186
UM Guaranteed ¹	1,704	8,208	9,912	9,912	10,011	99	10,110	198
UM Non-Guaranteed ¹	1,704	8,232	9,936	9,936	10,035	99	10,135	199
UTC (Soar in Four) ²	1,820	7,836	9,656	9,656	9,753	97	9,849	193
UTC (Returning) ²	1,820	7,060	8,880	8,880	8,969	89	9,058	178
UTK	1,932	11,332	13,264	13,264	13,397	133	13,529	265
UTM	1,534	8,214	9,748	9,748	9,845	97	9,943	195
CC Avg	311	4,242	4,553	4,553	4,598	46	4,644	91
TCATs	249	3,687	3,936	3,936	3,975	39	4,015	79

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

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ATTACHMENT II

Tuition and Mandatory Fees History

Tuition and Mandatory Fees History

	2014-15	2018-19	2019-20	1 Year Change	5 Year Change
APSU	\$7,462	\$8,471	\$8,627	1.8%	15.6%
ETSU	7,985	9,277	9,491	2.3%	18.9%
MTSU	8,188	9,206	9,424	2.4%	15.1%
TSU	7,224	8,007	8,183	2.2%	13.3%
TTU	7,985	9,103	9,318	2.4%	16.7%
UM Guaranteed ¹	8,973	9,701	9,912	2.2%	10.5%
UM Non-Guaranteed ¹			9,936	NA	NA
UTC (Soar in Four) ²			9,656	NA	NA
UTC (Returning) ²	8,138	8,664	8,880	2.5%	9.1%
UTK ³	11,003	13,006	13,264	2.0%	20.5%
UTM ⁴	8,024	9,512	9,748	2.5%	21.5%
CC Avg	3,992	4,444	4,553	2.5%	14.0%
TCATs	3,425	3,842	3,936	2.4%	14.9%

Mandatory Fees Only History

	2014-15	2018-19	2019-20	1 Year Change	5 Year Change
APSU	\$1,264	\$1,583	\$1,583	0.0%	25.2%
ETSU	1,355	1,855	1,919	3.5%	41.6%
MTSU	1,636	1,826	1,870	2.4%	14.3%
TSU	1,026	1,107	1,157	4.5%	12.8%
TTU	1,511	1,243	1,278	2.8%	-15.4%
UM	1,563	1,637	1,704	4.1%	9.0%
UTC	1,708	1,776	1,820	2.5%	6.6%
UTK	1,510	1,896	1,932	1.9%	27.9%
UTM	1,308	1,460	1,534	5.1%	17.3%
CC Avg	290	304	311	2.3%	7.2%
TCATs	230	230	249	8.3%	8.3%

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

3 - 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 2014-15 tuition rate presented is a weighted average.

4 - 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 of how many hours the student is enrolled in. The 2018-19 tuition rate presented is an average of those two tuition rates.

ATTACHMENT II

2020-21 Tuition Model Analysis Scenarios

The following scenarios utilize the THEC Tuition Model to estimate the tuition range required to maintain the 2019-20 estimated total revenue per FTE. The scenarios assume a 0.0% enrollment growth at universities, a 2.5% enrollment growth at community colleges and colleges of applied technology, a 1.7% increase in inflation costs, and an estimated 2.0% salary increase at all institutions. This analysis is presented for information and is meant to provide guidance on the tuition recommendation. Binding tuition recommendations will be made in Spring 2020 in conjunction with the General Appropriations Act.

Average Increase With a \$61.0M (5.3%) Increase in State Appropriations¹

Model Assumptions	University	CCs	TCATs
Costs Inflation	1.7%	1.7%	1.7%
Enrollment	0.0%	2.5%	2.5%
State Appropriations	4.9%	6.3%	5.3%
Average Tuition Model Range	-1.0% to 2.1%		

Average Increase With Overall Flat Appropriations

Model Assumptions	Universities	CCs	TCATs
Costs Inflation	1.7%	1.7%	1.7%
Enrollment	0.0%	2.5%	2.5%
State Appropriations	-0.4%	1.0%	0.0%
Average Tuition Model Range	2.6% to 12.7%		

1- Based on a request of \$38M for outcomes productivity and \$23M for partial funding of an estimated 2 percent increase in salary, resulting in a total appropriation recommendation of \$61M.

Note: The recommendation is based on an assumed costs inflation rate of 1.7% as determined by the Consumer Price Index.