



TENNESSEE HIGHER EDUCATION COMMISSION

REGULAR CALENDAR ITEM: II.

MEETING DATE: November 16, 2023

SUBJECT: 2024-25 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 rate (maintenance fee), 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 as guidance for institutional budgeting.

TENNESSEE'S TUITION AND FEE PROFILE

Average full-time, annual tuition and mandatory fees for 2023-24 is \$10,240 at public universities, \$4,765 at community colleges, and \$4,119 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% to 3% increases for 2023-24.

RECOMMENDATION

Staff recommendations for operating appropriations, student fees, and need-based financial aid work in concert to promote student affordability.

On average, tuition and mandatory fees account for roughly 60% of revenue generated at the universities, 40% at the community colleges, and 33% at the colleges of applied technology. Based on the 2023-24 proposed operating budgets, the combined tuition and state appropriation revenue for all formula units is approximately \$3.4 billion, with state appropriations comprising \$1.5 billion.

THEC is requesting an operating increase of \$17.0 million to the academic formula units to fund growth in fixed costs and the Quality Assurance Funding formula, and inflationary factors. At the request of state administration, this recurring recommendation does not include a salary component, allowing the administration to apply general government's salary policy to higher education. For the purposes of the tuition recommendation, THEC staff assume a 3.0% salary increase for state employees in FY2024-25, equating to \$41.0 million in new, recurring money for formula units and a combined total allocation of \$58.0 million in new, recurring appropriations. This represents a 3.8% increase in funding from FY2023-24.

Considering an appropriation allocation for formula units of \$58.0 million, THEC's formula model suggests a tuition range of 0% to 6% as a guiding tuition range as well as guiding tuition and mandatory fee range for all public universities, community colleges, and colleges of applied technology.

Scenarios for 1.0% tuition increases in 2024-25 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.

Staff recommend the Commission adopt a 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.