



## TENNESSEE HIGHER EDUCATION COMMISSION

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### REGULAR CALENDAR ITEM: I.

**MEETING DATE:** May 16, 2024

**SUBJECT:** 2024-25 Binding Tuition and Fee Ranges

**ITEM TYPE:** Action

**ACTION RECOMMENDATION:** Approval

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### BACKGROUND

Since 2010, the Complete College Tennessee Act has required the Commission to make student fee and state appropriation recommendations concurrently. The FOCUS Act expanded THEC's authority on student fee levels, requiring that the Commission issue binding tuition and fee ranges each year. These ranges apply only to resident, undergraduate students on the tuition (maintenance fee) rate, as well as total maintenance and mandatory fees.

### 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 Tennessee Colleges of Applied Technology (TCATs). Tennessee's public higher education tuition and fee levels continue to be considered average compared to peers across member states of the Southern Regional Education Board. Tennessee's financial aid resources continue to be among the highest in the nation, according to the National Association of State Student Grant Aid Programs. In 2021-22, Tennessee ranked eighth in total state grant expenditures as a percentage of state fiscal support for higher education and had the sixth largest expenditure of grant dollars per estimated population.

### BINDING TUITION AND FEE RANGES

In November 2023, the Commission approved a 0 to 4 percent guiding tuition range and tuition and fee range for 2024-25, in partnership with \$17.2 million to fund the outcomes-based funding formula and \$41.0 million to partially fund a 3 percent salary increase at our institutions of higher education.

On April 18th, the 113th General Assembly passed the 2024-25 General Appropriations Act, including funding to formula units of \$57.2 million for operating and salary increases. Unlike other state-funded entities, higher education salary increases rely on additional revenue to be generated by institutions through tuition increases, cost reductions, or a combination of the two. To make the salary increase whole and meet the same salary policy applied to all other state employees, institutions will need to fund a \$30.5 million balance—which may be met with remaining operating funds and tuition revenue (Attachment II).

Attachment I details the comparison of 2023-24 tuition and mandatory fee rates with the maximum allowed increase for each university and community college, and for the TCAT system under the ranges approved in November for 2024-25. To fully address the funding gap between the THEC request and the state budget, the THEC tuition model suggests a range of 0 to 6 percent.

Attachment II details the remaining balance of the 3 percent salary increase at each institution once operating increases and the state-funded portion of the salary increase made as part of the \$57.2 million appropriation improvement are considered.

## SUMMARY

In November 2023, the Commission approved a 0 to 4 percent guiding tuition range and tuition and fee range for 2024-25, in partnership with \$17.2 million to fund the outcomes-based funding formula and \$41.0 million to partially fund a 3.0 percent salary increase at our institutions of higher education. The state provided an increase to formula units of \$57.2 million for operating and salary. For institutions to meet the full 3 percent salary increase, they must do so using their remaining operating funds, tuition increases, or cost reductions. To fully address this funding gap, the THEC tuition model suggests a range of 0 to 6 percent.