

DATE: April 20, 2006

SUBJECT: FY 2006-07 Tuition and Fee Recommendations

ACTION RECOMMENDED: Approval

BACKGROUND INFORMATION:

THEC staff developed a five-year tuition model in 2005 that was designed to project tuition revenue needs given certain assumptions regarding growth in state appropriations and enrollment. The model was adapted as a guide for an analysis for FY 2006-07. The model includes an enrollment growth assumption of one percent for each institution, a 3.5 percent cost inflation factor, and two funding scenarios. One scenario assumes no growth in state appropriations; the other assumes a distribution of \$20 million of new operating funds for the formula institutions.

For the scenario of no growth in state appropriations, universities would be required to increase maintenance fees an average of 9.7 percent or \$393 per year; community colleges 10.3 percent or \$243 per year; and technology centers 19 percent or \$377 per year.

For the assumption of growth of \$20 million in state appropriations, the universities would be required to increase maintenance fees an average of 7.2 percent or \$293 per year; community colleges 6.9 percent or \$164 per year; and technology centers would require virtually no increase. It should be noted, however, that the TTC's are in the third year of a three year plan to increase maintenance fees 15 percent per year due to their heavy dependence on state appropriations.

Staff Recommendations

Based on the tuition model as a guide, THEC staff recommends an 8-10 percent maintenance fee increase assuming no growth in state appropriations for universities and community colleges, and a 15 percent maintenance fee increase for the technology centers. If the formula units were to receive \$20 million in new operating funds, THEC staff recommends a 6-8 percent fee increase for universities, community colleges, and technology centers.

Assuming no growth in state appropriations for the non-formula units, THEC staff recommends increases of 5 percent for Dentistry at UT; 8-10 percent for ETSU College of Medicine; 3 percent for new students entering the UT College of Medicine; 15 percent for UT Veterinary Medicine, and 7-8 percent for UT Pharmacy. If the non-formula units

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receive \$8 million in new operating funds, THEC staff recommends increases of 5 percent for Dentistry at UT; 6-8 percent for ETSU College of Medicine; 3 percent for new students entering the UT College of Medicine; 15 percent for UT Veterinary Medicine, and 7-8 percent for UT Pharmacy.

Other Considerations

In keeping the THEC Policy for Self Supporting Academic Programs, no staff recommendation will be made for the ETSU College of Pharmacy. The Board of Regents will establish the FY2006-07 fees.

Consistent with THEC policy, the governing boards have the authority to set out-of-state fees for their campuses.

The Governor has recommended a two percent salary increase for higher education that will be fully funded at non formula units. Formula institutions are to fund the salary increase entirely from tuition. The two percent salary increase costs approximately \$23 million at the formula units.

The fee increase recommendation of 8-10 percent for colleges and universities and 15 percent for technology centers will generate \$57-72 million for formula units for the scenario of no growth in state appropriations. Total formula funding from state appropriations and tuition and fees would be 90.2 or 91.1 percent. For the scenario of \$20 million of new operating funds, the fee recommendation of 6-8 percent for all formula units would generate \$43-57 million for formula units. Total formula funding from state appropriations and tuition and fees would be 90.6 or 91.4 percent.

In 2004-05, Tennessee's median university tuition ranked 9th in the SREB while the state's median community college tuition ranked 6th in the region. Tennessee's tuition and fees are comparable to peers, and this fee recommendation will not significantly affect that standing.

**Assuming No Growth in State Appropriations
Undergraduate Resident Tuition**

	2005-06 Tuition & Fees	2005-06 Maintenance Fee	2006-07 Maint. Fee Increase (%)	2006-07 Maint. Fee Increase (\$)	2006-07 Maintenance Fee	2006-07 Tuition & Fees*
APSU	\$4,635	\$3,678	8-10%	\$368	\$4,046	\$5,003
ETSU	\$4,487	\$3,678	8-10%	\$368	\$4,046	\$4,855
MTSU	\$4,576	\$3,678	8-10%	\$368	\$4,046	\$4,944
TSU	\$4,384	\$3,678	8-10%	\$368	\$4,046	\$4,752
TTU	\$4,396	\$3,678	8-10%	\$368	\$4,046	\$4,764
UM	\$5,084	\$4,216	8-10%	\$422	\$4,638	\$5,506
UTC	\$4,500	\$3,600	8-10%	\$360	\$3,960	\$4,860
UTK	\$5,290	\$4,618	8-10%	\$462	\$5,080	\$5,752
UTM	\$4,493	\$3,744	8-10%	\$374	\$4,118	\$4,867
CCs (Avg)	\$2,393	\$2,142	8-10%	\$214	\$2,356	\$2,607
TTCs	\$1,984	\$1,784	15.0%	\$268	\$2,052	\$2,252

*Assumes other mandatory fees do not increase

Assuming \$20M Growth in State Appropriations
Undergraduate Resident Tuition**

	2005-06 Tuition & Fees	2005-06 Maintenance Fee	2006-07 Maint. Fee Increase (%)	2006-07 Maint. Fee Increase (\$)	2006-07 Maintenance Fee	2006-07 Tuition & Fees*
APSU	\$4,635	\$3,678	6-8%	\$294	\$3,972	\$4,929
ETSU	\$4,487	\$3,678	6-8%	\$294	\$3,972	\$4,781
MTSU	\$4,576	\$3,678	6-8%	\$294	\$3,972	\$4,870
TSU	\$4,384	\$3,678	6-8%	\$294	\$3,972	\$4,678
TTU	\$4,396	\$3,678	6-8%	\$294	\$3,972	\$4,690
UM	\$5,084	\$4,216	6-8%	\$337	\$4,553	\$5,421
UTC	\$4,500	\$3,600	6-8%	\$288	\$3,888	\$4,788
UTK	\$5,290	\$4,618	6-8%	\$369	\$4,987	\$5,659
UTM	\$4,493	\$3,744	6-8%	\$300	\$4,044	\$4,793
CCs (Avg)	\$2,393	\$2,142	6-8%	\$171	\$2,313	\$2,564
TTCs	\$1,984	\$1,784	6-8%	\$143	\$1,927	\$2,127

*Assumes other mandatory fees do not increase

**Total operating increase of \$28 million, of which \$20 million goes to formula institutions.

**Assuming No Growth in State Appropriations
Graduate and Professional Tuition**

	2005-06 Maintenance Fee	2006-07 Maint. Fee Increase (%)	2006-07 Maint. Fee Increase (\$)	2006-07 Maintenance Fee
APSU	\$4,936	8-10%	\$494	\$5,430
ETSU	\$4,936	8-10%	\$494	\$5,430
MTSU	\$4,936	8-10%	\$494	\$5,430
TSU	\$4,936	8-10%	\$494	\$5,430
TTU	\$4,936	8-10%	\$494	\$5,430
UM	\$5,288	8-10%	\$529	\$5,817
UT Knoxville	\$5,328	8-10%	\$533	\$5,861
UT Chattanooga	\$4,316	8-10%	\$432	\$4,748
UT Martin	\$4,462	8-10%	\$446	\$4,908
UM Law	\$8,478	13-15%	\$1,272	\$9,750
UTK Law	\$8,740	8-10%	\$874	\$9,614
Dentistry	\$14,868	5.0%	\$743	\$15,611
ETSU College of Medicine	\$17,462	8-10%	\$1,746	\$19,208
UT College of Medicine - 4th Year Students	\$16,476	0.0%	\$0	\$16,476
UT College of Medicine - 3rd Year Students	\$16,958	0.0%	\$0	\$16,958
UT College of Medicine - 2nd Year Students	\$17,468	0.0%	\$0	\$17,468
UT College of Medicine - New Students	\$17,468	3.0%	\$524	\$17,992
Veterinary Medicine	\$10,940	15.0%	\$1,641	\$12,581
ETSU Pharmacy**	NA	NA	NA	\$18,000-19,620
UT Pharmacy	\$11,104	7-8%	\$888	\$11,992

**Assuming \$20M* Growth in State Appropriations
Graduate and Professional Tuition**

	2005-06 Maintenance Fee	2006-07 Maint. Fee Increase (%)	2006-07 Maint. Fee Increase (\$)	2006-07 Maintenance Fee
APSU	\$4,936	6-8%	\$395	\$5,331
ETSU	\$4,936	6-8%	\$395	\$5,331
MTSU	\$4,936	6-8%	\$395	\$5,331
TSU	\$4,936	6-8%	\$395	\$5,331
TTU	\$4,936	6-8%	\$395	\$5,331
UM	\$5,288	6-8%	\$423	\$5,711
UT Knoxville	\$5,328	6-8%	\$426	\$5,754
UT Chattanooga	\$4,316	6-8%	\$345	\$4,661
UT Martin	\$4,462	6-8%	\$357	\$4,819
UM Law	\$8,478	11-13%	\$1,102	\$9,580
UTK Law	\$8,740	6-8%	\$699	\$9,439
Dentistry	\$14,868	5.0%	\$743	\$15,611
ETSU College of Medicine	\$17,462	6-8%	\$1,397	\$18,859
UT College of Medicine - 4th Year Students	\$16,476	0.0%	\$0	\$16,476
UT College of Medicine - 3rd Year Students	\$16,958	0.0%	\$0	\$16,958
UT College of Medicine - 2nd Year Students	\$17,468	0.0%	\$0	\$17,468
UT College of Medicine - New Students	\$17,468	3.0%	\$524	\$17,992
Veterinary Medicine	\$10,940	15.0%	\$1,641	\$12,581
ETSU Pharmacy**	NA	NA	NA	\$18,000-19,620
UT Pharmacy	\$11,104	7-8%	\$888	\$11,992

*Total operating increase of \$28 million, of which \$20 million goes to formula institutions.

**No THEC staff recommendation required.