

DATE: November 19, 2009

SUBJECT: 2010-11 Student Fee Recommendations

ACTION RECOMMENDED: Approval

BACKGROUND INFORMATION: Based on the funding formula and the THEC tuition model, the following recommendation on student fees for 2010-11 is presented.

Due to the ongoing economic stress being experienced in Tennessee, but recognizing the need for institutions to generate additional revenue, THEC staff recommends a five percent tuition increase for 2010-11.

Attachment I presents historical detail of the annual tuition and fee levels for a full-time undergraduate resident student. Tuition increases for 2010-11 of three, five and seven percent are presented and summarized.

The THEC tuition model calculates a tuition increase that would maintain total revenue, state appropriations and tuition, at prior year levels, once inflation, enrollment and changes in state funding levels are included. As indicated in **Attachment II**, inflation in 2010-11 is assumed to be 1.5 percent, well below the historical norm of 3-3.5 percent. Enrollment increases for fall 2010 are assumed to be 2.5 percent for universities and 5.0 percent for community colleges and TTCs. The proposed state appropriation reduction for 2010-11 is 7.4 percent for universities, 6.0 percent for community colleges and 4.4 percent for TTCs. Applying those assumptions to the tuition model produces the output that is summarized at the bottom of Attachment II. This data is presented for information only.

Attachment III provides an analysis of the total formula revenue need and the proportion of that need that is funded by state appropriations and tuition revenue. In 2009-10, the total formula need is funded at 78.7 percent. Assuming a five percent tuition increase and the proposed six percent reduction in state appropriations, the 2010-11 total formula need will be funded at 77.5 percent.

ATTACHMENT I
Total Tuition and Mandatory Fees

	2004-05	2008-09	2009-10	1 Yr. Change	5 Yr. Change
APSU	\$4,224	\$5,526	\$5,868	6.2%	38.9%
ETSU	\$4,059	\$5,201	\$5,593	7.5%	37.8%
MTSU	\$4,210	\$5,700	\$6,048	6.1%	43.7%
TSU	\$4,008	\$5,102	\$5,444	6.7%	35.8%
TTU	\$3,970	\$5,244	\$5,586	6.5%	40.7%
UM	\$4,480	\$6,128	\$6,524	6.5%	45.6%
UTC	\$4,093	\$5,310	\$5,656	6.5%	38.2%
UTK	\$4,749	\$6,250	\$6,850	9.6%	44.2%
UTM	\$4,134	\$5,255	\$5,769	9.8%	39.6%
CC Avg	\$2,193	\$2,773	\$2,968	7.0%	35.3%
TTC	\$1,752	\$2,285	\$2,399	5.0%	36.9%

	2009-10		2010-11 Tuition Scenarios*		
	Maintenance Fee	Mandatory Fees	3%	5%	7%
APSU	\$4,644	\$1,224	\$6,007	\$6,100	\$6,193
ETSU	\$4,644	\$949	\$5,732	\$5,825	\$5,918
MTSU	\$4,644	\$1,404	\$6,187	\$6,280	\$6,373
TSU	\$4,644	\$800	\$5,583	\$5,676	\$5,769
TTU	\$4,644	\$942	\$5,725	\$5,818	\$5,911
UM	\$5,370	\$1,154	\$6,685	\$6,793	\$6,900
UTC	\$4,506	\$1,150	\$5,791	\$5,881	\$5,971
UTK	\$5,918	\$932	\$7,028	\$7,146	\$7,264
UTM	\$4,708	\$1,061	\$5,910	\$6,004	\$6,099
CC Avg	\$2,700	\$268	\$3,049	\$3,103	\$3,157
TTC	\$2,199	\$200	\$2,465	\$2,509	\$2,553

*Percent increase applied to maintenance fee, with no increases to mandatory fees.

ATTACHMENT II 2010-11 Revenue Analysis

History of State Appropriation Reductions

	Total	Universities	CCs	TTCs
2008-09	-7.6%	-8.6%	-5.4%	-5.2%
2009-10	-14.3%	-16.2%	-10.7%	-6.2%
Proposed 2010-11	-6.0%	-7.4%	-6.0%	-4.4%
Three Year Cumulative	-26.2%	-29.0%	-20.6%	-15.0%

Formula Units Analysis (Universities, CCs, TTCs)

State Appropriations Reduction = 6%				
2010-11 Tuition Increase	0.0%	3.0%	5.0%	7.0%
Total Revenue Change*	-3.2%	-1.6%	-0.5%	0.6%
Percent of Total Formula Need	75.4%	76.7%	77.5%	78.3%
Student Share of Total Revenue	55.5%	56.2%	56.7%	57.2%

*Represents change in total expected revenue from 2009-10 to 2010-11.

2010-11 Tuition Model Analysis

Model Assumptions	Universities	CCs	TTCs
Fixed Costs	1.5%	1.5%	1.5%
Enrollment	2.5%	5.0%	5.0%
State Appropriations	-7.4%	-6.0%	-4.4%
Tuition Revenue Increase	11.4%	14.6%	26.6%

ATTACHMENT III

Total Formula Need Funding

FY 2009-10

Institution/Unit	FY 2009-10				Formula Estimated Total Need	Difference (Short)	Percent Difference
	Legislative Appropriation	Maintenance Fees	Out-of-State Tuition	Total Revenue			
Austin Peay	\$ 27,080,600	\$ 38,286,400	\$ 1,999,600	\$ 67,366,600	\$ 78,596,000	\$ (11,229,400)	85.7%
East Tennessee	48,016,700	57,698,000	7,867,000	113,581,700	144,617,000	(31,035,300)	78.5%
Middle Tennessee	75,616,800	102,788,200	8,197,600	186,602,600	230,123,000	(43,520,400)	81.1%
Tennessee State	30,876,200	34,390,000	15,774,000	81,040,200	101,748,000	(20,707,800)	79.6%
Tennessee Tech	38,037,500	43,690,600	3,675,800	85,403,900	103,045,000	(17,641,100)	82.9%
University of Memphis	96,900,500	97,792,800	8,149,500	202,842,800	269,013,000	(66,170,200)	75.4%
Subtotal TBR Universities	\$ 316,528,300	\$ 374,646,000	\$ 45,663,500	\$ 736,837,800	\$ 927,142,000	\$ (190,304,200)	79.5%
Chattanooga	\$ 21,112,100	\$ 18,100,000	\$ 675,000	\$ 39,887,100	\$ 47,314,000	\$ (7,426,900)	84.3%
Cleveland	9,324,400	6,732,100	229,400	16,285,900	19,477,000	(3,191,100)	83.6%
Columbia	11,942,900	9,357,200	223,000	21,523,100	27,166,000	(5,642,900)	79.2%
Dyersburg	6,456,900	5,773,300	65,000	12,295,200	15,590,000	(3,294,800)	78.9%
Jackson	11,036,400	10,056,600	149,200	21,242,200	25,071,000	(3,828,800)	84.7%
Motlow	9,112,200	9,014,000	163,500	18,289,700	24,113,000	(5,823,300)	75.8%
Nashville	13,329,800	15,234,200	748,000	29,312,000	34,461,000	(5,149,000)	85.1%
Northeast	10,989,800	10,821,400	40,000	21,851,200	30,623,000	(8,771,800)	71.4%
Pellissippi	18,144,300	19,218,000	842,000	38,204,300	44,668,000	(6,463,700)	85.5%
Roane	16,366,500	11,428,900	271,900	28,067,300	35,866,000	(7,798,700)	78.3%
Southwest	34,254,200	25,085,200	1,765,500	61,104,900	67,565,000	(6,460,100)	90.4%
Volunteer	16,184,500	14,611,000	511,500	31,307,000	37,096,000	(5,789,000)	84.4%
Walters	16,486,300	13,621,700	315,700	30,423,700	38,923,000	(8,499,300)	78.2%
Subtotal 2-Year Institutions	\$ 194,740,300	\$ 169,053,600	\$ 5,999,700	\$ 369,793,600	\$ 447,933,000	\$ (78,139,400)	82.6%
UT Chattanooga	\$ 35,456,900	\$ 41,555,400	\$ 5,776,200	\$ 82,788,500	\$ 103,205,000	\$ (20,416,500)	80.2%
UT Knoxville	151,213,800	159,063,000	38,319,000	348,595,800	465,116,000	(116,520,200)	74.9%
UT Martin	25,433,800	32,754,500	3,367,000	61,555,300	70,865,000	(9,309,700)	86.9%
Subtotal UT Universities	\$ 212,104,500	\$ 233,372,900	\$ 47,462,200	\$ 492,939,600	\$ 639,186,000	\$ (146,246,400)	77.1%
Technology Centers	\$ 47,660,300	\$ 19,158,600	\$ -	\$ 66,818,900	\$ 102,060,000	(35,241,100)	65.5%
Total Formula Units	\$ 771,033,400	\$ 796,231,100	\$ 99,125,400	\$ 1,666,389,900	\$ 2,116,321,000	\$ (449,931,100)	78.7%

ATTACHMENT III

Total Formula Need Funding

FY 2010-11 Projected

Institution/Unit	FY 2010-11 Projected				Formula Estimated Total Need	Difference (Short)	Percent Difference
	Legislative Appropriation*	Maintenance Fees**	Out-of-State Tuition**	Total Revenue			
Austin Peay	\$ 24,942,400	\$ 40,200,700	\$ 2,099,600	\$ 67,242,700	\$ 78,195,000	\$ (10,952,300)	86.0%
East Tennessee	44,411,600	60,582,900	8,260,400	113,254,900	143,316,000	(30,061,100)	79.0%
Middle Tennessee	69,694,000	107,927,600	8,607,500	186,229,100	227,255,000	(41,025,900)	81.9%
Tennessee State	28,304,000	36,109,500	16,562,700	80,976,200	107,397,000	(26,420,800)	75.4%
Tennessee Tech	35,326,800	45,875,100	3,859,600	85,061,500	106,785,000	(21,723,500)	79.7%
University of Memphis	90,462,300	102,682,400	8,557,000	201,701,700	267,115,000	(65,413,300)	75.5%
Subtotal TBR Universities	\$ 293,141,100	\$ 393,378,200	\$ 47,946,800	\$ 734,466,100	\$ 930,063,000	\$ (195,596,900)	79.0%
Chattanooga	\$ 19,846,100	\$ 19,005,000	\$ 708,800	\$ 39,559,900	\$ 48,515,000	\$ (8,955,100)	81.5%
Cleveland	8,807,500	7,068,700	240,900	16,117,100	20,176,000	(4,058,900)	79.9%
Columbia	11,259,800	9,825,100	234,200	21,319,100	27,388,000	(6,068,900)	77.8%
Dyersburg	6,066,700	6,062,000	68,300	12,197,000	16,520,000	(4,323,000)	73.8%
Jackson	10,362,200	10,559,400	156,700	21,078,300	25,985,000	(4,906,700)	81.1%
Motlow	8,531,700	9,464,700	171,700	18,168,100	25,279,000	(7,110,900)	71.9%
Nashville	12,399,400	15,995,900	785,400	29,180,700	35,668,000	(6,487,300)	81.8%
Northeast	10,296,200	11,362,500	42,000	21,700,700	31,610,000	(9,909,300)	68.7%
Pellissippi	16,931,700	20,178,900	884,100	37,994,700	48,822,000	(10,827,300)	77.8%
Roane	15,475,600	12,000,300	285,500	27,761,400	35,577,000	(7,815,600)	78.0%
Southwest	32,314,700	26,339,500	1,853,800	60,508,000	67,816,000	(7,308,000)	89.2%
Volunteer	15,190,800	15,341,600	537,100	31,069,500	37,815,000	(6,745,500)	82.2%
Walters	15,520,700	14,302,800	331,500	30,155,000	38,793,000	(8,638,000)	77.7%
Subtotal 2-Year Institutions	\$ 183,003,100	\$ 177,506,400	\$ 6,300,000	\$ 366,809,500	\$ 459,964,000	\$ (93,154,500)	79.7%
UT Chattanooga	\$ 32,829,200	\$ 43,633,200	\$ 6,065,000	\$ 82,527,400	\$ 104,335,000	\$ (21,807,600)	79.1%
UT Knoxville	140,149,300	167,016,200	40,235,000	347,400,500	465,000,000	(117,599,500)	74.7%
UT Martin	23,480,000	34,392,200	3,535,400	61,407,600	70,994,000	(9,586,400)	86.5%
Subtotal UT Universities	\$ 196,458,500	\$ 245,041,600	\$ 49,835,400	\$ 491,335,500	\$ 640,329,000	\$ (148,993,500)	76.7%
Technology Centers	\$ 45,539,500	\$ 20,116,500	\$ -	\$ 65,656,000	\$ 109,477,000	(43,821,000)	60.0%
Total Formula Units	\$ 718,142,200	\$ 836,042,700	\$ 104,082,200	\$ 1,658,267,100	\$ 2,139,833,000	\$ (481,565,900)	77.5%

*Accounts for proposed 6% reduction for 2010-11.

**Assumes 5% tuition increase for 2010-11.