

DATE: November 19, 2015

SUBJECT: 2016-17 Student Fee Recommendations

ACTION RECOMMENDED: Approval

BACKGROUND INFORMATION

The Complete College Tennessee Act requires THEC to make student fee and state appropriation recommendations concurrently. Numerous factors impact the tuition recommendation including affordability and financial aid, the income profile of students attending Tennessee public institutions, and institutional revenues and cost inflation.

Average full-time, annual tuition and mandatory fees for 2015-16 is \$8,690 at public universities, \$4,121 at community colleges and \$3,554 at TCATs. Tennessee’s public higher education tuition and fee levels are considered average compared to peers across the states in the Southern Regional Education Board. Over the last five years, tuition and mandatory fees have increased an average of five to seven percent across the sectors, while state appropriations have increased an average of nearly four percent per year.

Tennessee’s financial aid resources are among the highest in the US. According to data provided by the National Association of State Student Grant Aid Programs (NASSGAP), Tennessee had the ninth largest financial aid program in the nation, and the fourth largest per capita. Funding for the lottery scholarship and the need-based grant, the Tennessee Student Assistance Award, comprise the majority of financial aid. In part due to these funding levels, Tennessee college graduates had the 15th lowest debt level in the US, according to data published by the Project on Student Debt. It should be noted, however, that no data is available for debt among students who do not graduate.

Taking into account an appropriations request of \$40.9 million, THEC staff recommends increases in tuition (commonly referred to as maintenance fees at Tennessee public higher education institutions) of zero to three percent at universities, community colleges and the colleges of applied technology. Scenarios for tuition increases in 2016-17 of zero, one and a half, and three percent are presented and summarized in Attachment I. Attachment II presents estimated tuition levels under flat and reduction scenarios as well.

ATTACHMENT I

2016-17 Tuition Recommendation

THEC Recommendation Summary

Universities	0% to 3% Tuition Increase
CCs	0% to 3% Tuition Increase
TCATs	0% to 3% Tuition Increase

Tuition and Fee Levels

	2015-16		2016-17 Scenarios		
	Mandatory Fees	Tuition	Tuition Increase ¹		
			= 0%	= 1.5%	= 3%
APSU	\$1,453	\$6,348	\$7,801	\$7,896	\$7,991
ETSU²	1,504	6,828	8,332	8,434	8,537
MTSU	1,648	6,756	8,404	8,505	8,607
TSU	1,039	6,378	7,417	7,513	7,608
TTU	1,171	7,182	8,353	8,461	8,568
UM	1,583	7,686	9,269	9,384	9,500
UTC	1,732	6,624	8,356	8,455	8,555
UTM	1,408	6,918	8,326	8,430	8,534
UTK³	1,758	10,190	11,948	12,101	12,254
CC Avg	293	3,828	4,121	4,178	4,236
TCATs	230	3,324	3,554	3,604	3,654

1 - Percent increase applied to tuition and not to the mandatory fees.

2 - ETSU is phasing in mandatory fees approved for the renovation of the DP Culp Center. Freshman and Sophomores are paying an additional debt service fee of \$240 and an additional Student Activity fee of \$50 in FY16. As these classes progress, the additional fees will remain part of the mandatory fees.

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 tuition rate presented here is a weighted average.

Note: Tuition is used here for ease of understanding though UT and TBR use the term maintenance fee.

ATTACHMENT II

2016-17 Tuition Model Analysis Scenarios

The following scenarios utilize the THEC Tuition Model to estimate the tuition increase required to maintain the 2015-16 estimated total revenue per FTE. The scenarios assume a 0% enrollment growth at universities, a 3% enrollment growth at community colleges and colleges of applied technology, and a 2.2% increase in costs inflation at all institutions. This analysis is presented for information and is meant to provide guidance on the tuition recommendation analysis.

Average Increase Needed With a \$40.9M (4.7%) Increase in State Appropriations

Model Assumptions	Universities	CCs	TCATs
Costs Inflation	2.2%	2.2%	2.2%
Enrollment	0.0%	3.0%	3.0%
State Appropriations	4.7%	4.4%	6.0%
Average Tuition Rate Increase	0.8%	3.0%	0.7%

Average Increase Needed With Overall Flat Appropriations

Model Assumptions	Universities	CCs	TCATs
Costs Inflation	2.2%	2.2%	2.2%
Enrollment	0.0%	3.0%	3.0%
State Appropriations	0.0%	-0.3%	1.3%
Average Tuition Rate Increase	3.8%	7.0%	10.2%

Average Increase Needed With a \$35.3M (4.1%) Reduction in Appropriations

Model Assumptions	Universities	CCs	TCATs
Costs Inflation	2.2%	2.2%	2.2%
Enrollment	0.0%	3.0%	3.0%
State Appropriations	-4.1%	-4.3%	-2.9%
Average Tuition Rate Increase	6.3%	10.4%	18.4%

Note: The recommendation is based on an assumed costs inflation rate of 2.2% as determined by the Higher Education Price Index (HEPI). HEPI, a traditionally referenced inflation index produced by Commonfund, an institutional investment firm, measures changes in costs in higher education by tracking eight categories of operational expenses, including salaries for employees, fringe benefits, utilities, and supplies and materials.

ATTACHMENT III

Tuition and Mandatory Fees History

Tuition and Mandatory Fees History

	2010-11	2013-14	2014-15	2015-16	1 Year Change	5 Year Change
APSU	\$6,228	\$7,158	\$7,462	\$7,801	4.5%	25.3%
ETSU ¹	6,004	7,543	7,985	8,332	4.3%	38.8%
MTSU	6,478	7,840	8,188	8,404	2.6%	29.7%
TSU	5,854	6,774	7,224	7,417	2.7%	26.7%
TTU	6,036	7,383	7,985	8,353	4.6%	38.4%
UM	6,990	8,666	8,973	9,269	3.3%	32.6%
UTC	6,062	7,555	8,138	8,356	2.7%	37.8%
UTM	6,190	7,514	8,024	8,326	3.8%	34.5%
UTK ²	7,382	10,062	11,003	11,948	8.6%	61.9%
CC Avg	3,211	3,787	3,992	4,121	3.2%	28.3%
TCATs	2,735	3,176	3,425	3,554	3.8%	29.9%

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2 - 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 tuition rate presented here is a weighted average.

Mandatory Fees Only History

	2010-11	2013-14	2014-15	2015-16	1 Year Change	5 Year Change
APSU	\$1,224	\$1,284	\$1,264	\$1,453	15.0%	18.7%
ETSU ¹	1,000	1,345	1,355	1,504	11.0%	50.4%
MTSU	1,474	1,618	1,636	1,648	0.7%	11.8%
TSU	850	930	1,026	1,039	1.3%	22.2%
TTU	1,032	1,287	1,543	1,171	-24.1%	13.5%
UM	1,212	1,256	1,563	1,583	1.3%	30.6%
UTC	1,150	1,490	1,708	1,732	1.4%	50.6%
UTM	1,058	1,178	1,308	1,408	7.6%	33.1%
UTK	932	1,414	1,510	1,758	16.4%	88.6%
CC Avg	271	283	290	293	1.0%	8.1%
TCATs	200	230	230	230	0.0%	15.0%