

DATE: November 10, 2011

SUBJECT: 2012-13 Student Fee Recommendations

ACTION RECOMMENDED: Approval

BACKGROUND INFORMATION: The Complete College Tennessee Act requires THEC to make student fee recommendations concurrent with the state appropriation recommendations. Based on staff analysis, including the THEC tuition model, THEC staff recommend maintenance fee increases for 2012-13 of five to eight percent at the University of Tennessee Knoxville and the University of Memphis, three to six percent at all other universities and community colleges and five to ten percent for technology centers. These recommendation ranges encompass the two scenarios for state appropriations presented previously: a five percent reduction in state appropriations or \$19.3 million in new state operating funds. It is also recommended that the UT and TBR systems further implement a policy of differential tuition rates, which might consider program, cost, student level, institution or other factors to establish price.

Attachment I presents historical detail of the annual tuition and fee levels for a full-time undergraduate in-state student. Scenarios for tuition increases in 2012-13 of five to eight percent at UTK and UM, three to six percent at all other universities and community colleges and five to ten percent at technology centers are presented and summarized.

The THEC tuition model calculates a tuition increase that would maintain combined revenue from 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 2012-13 is assumed to be 2 percent, below the historical norm of 3-3.5 percent. Enrollment increases for fall 2012 are assumed to be one percent for universities, community colleges and TTCs. Applying those assumptions to the tuition model produces the outputs that are summarized at the bottom of **Attachment II**. This data is presented for information only.

**ATTACHMENT I
Total Tuition and Mandatory Fees**

THEC Recommendation Summary

UTK and UM	5%-8% Maintenance Fee Increase
All Other Univ.	3%-6% Maintenance Fee Increase
CCs	3%-6% Maintenance Fee Increase
TTCs	5%-10% Maintenance Fee Increase

Maintenance and Mandatory Fees History

	2006-07	2010-11	2011-12	1 Yr. Change	5 Yr. Change
APSU	\$4,837	\$6,228	\$6,690	7.4%	38.3%
ETSU	\$4,637	\$6,004	\$6,529	8.7%	40.8%
MTSU	\$4,766	\$6,478	\$7,018	8.3%	47.3%
TSU	\$4,534	\$5,854	\$6,346	8.4%	40.0%
TTU	\$4,562	\$6,036	\$6,698	11.0%	46.8%
UM	\$5,256	\$6,990	\$7,696	10.1%	46.4%
UTC	\$4,688	\$6,062	\$6,718	10.8%	43.3%
UTK	\$5,622	\$7,382	\$8,396	13.7%	49.3%
UTM	\$4,665	\$6,190	\$6,718	8.5%	44.0%
CC Avg	\$2,482	\$3,211	\$3,532	10.0%	42.3%
TTC	\$2,057	\$2,735	\$2,975	8.8%	44.6%

2012-13 Projected Tuition and Fee Levels

	2011-12		2012-13 Tuition Scenarios*		
	Maintenance Fee	Mandatory Fees	3.0%	4.5%	6.0%
APSU	\$5,466	\$1,224	\$6,854	\$6,936	\$7,018
ETSU	\$5,466	\$1,063	\$6,693	\$6,775	\$6,857
MTSU	\$5,520	\$1,498	\$7,184	\$7,266	\$7,349
TSU	\$5,466	\$880	\$6,510	\$6,592	\$6,674
TTU	\$5,520	\$1,178	\$6,864	\$6,946	\$7,029
UTC	\$5,398	\$1,320	\$6,880	\$6,961	\$7,042
UTM	\$5,640	\$1,078	\$6,887	\$6,972	\$7,056
CC Avg	\$3,252	\$280	\$3,630	\$3,678	\$3,727

	2011-12		2012-13 Tuition Scenarios*		
	Maintenance Fee	Mandatory Fees	5.0%	6.5%	8.0%
UM	\$6,450	\$1,246	\$8,019	\$8,115	\$8,212
UTK	\$7,224	\$1,172	\$8,757	\$8,866	\$8,974

	2011-12		2012-13 Tuition Scenarios*		
	Maintenance Fee	Mandatory Fees	5.0%	7.5%	10.0%
TTC	\$2,775	\$200	\$3,114	\$3,183	\$3,253

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

Mandatory Fees Only History

	2006-07	2010-11	2011-12	1 Yr. Change	5 Yr. Change
APSU	\$1,009	\$1,224	\$1,224	0.0%	21.3%
ETSU	\$809	\$1,000	\$1,063	6.3%	31.4%
MTSU	\$938	\$1,474	\$1,498	1.6%	59.7%
TSU	\$706	\$850	\$880	3.5%	24.6%
TTU	\$734	\$1,032	\$1,178	14.1%	60.5%
UM	\$868	\$1,212	\$1,246	2.8%	43.5%
UTC	\$940	\$1,150	\$1,320	14.8%	40.4%
UTK	\$792	\$932	\$1,172	25.8%	48.0%
UTM	\$732	\$1,058	\$1,078	1.9%	47.3%
CC Avg	\$252	\$271	\$280	3.3%	11.1%
TTC	\$200	\$200	\$200	0.0%	0.0%

ATTACHMENT II 2012-13 Revenue Analysis

History of State Appropriations Reductions for Formula Units

	Total	Universities	CCs	TTCs
2009-10	-13.8%	-15.7%	-10.1%	-5.9%
2010-11	-6.3%	-6.9%	-5.7%	-3.3%
2011-12	0.8%	-0.1%	0.1%	13.0%
Recommended 2012-13	2.6%	2.7%	2.7%	2.1%
Recommended Four Year Cumulative	-16.5%	-19.5%	-12.9%	4.9%

Formula Units Analysis (Universities, CCs, TTCs)

Recommended State Appropriations (Includes Increase of \$19.3 Million)			
2012-13 Tuition Increase	0.0%	Minimum	Maximum
Total Revenue Change*	1.0%	3.3%	5.0%
Percent of Total Formula Need	80.6%	82.4%	83.9%
Student Share of Total Revenue	60.7%	61.6%	62.2%

*Represents change in total expected revenue from 2011-12 to 2012-13, including \$19.3 m increase in recurring appropriations.

2012-13 Tuition Model Analysis Scenarios

Assumptions Reflect Formula Units Share of Statewide 5% Reduction in State Appropriations, or \$42.3 M

Model Assumptions	Universities	CCs	TTCs
Fixed Costs	2.0%	2.0%	2.0%
Enrollment	1.0%	1.0%	1.0%
State Appropriations	-6.0%	-5.7%	-6.3%
Tuition Rate Increase	6.1%	7.5%	18.0%

Assumptions Reflect State Funding of Increases in Outcomes, or an Increase of \$19.3 million

Model Assumptions	Universities	CCs	TTCs
Fixed Costs	2.0%	2.0%	2.0%
Enrollment	1.0%	1.0%	1.0%
State Appropriations	2.7%	2.7%	2.1%
Tuition Rate Increase	2.3%	2.3%	3.6%