

DATE: November 10, 2011

SUBJECT: 2012-13 State Appropriation Recommendations

ACTION RECOMMENDED: Approval

BACKGROUND INFORMATION: Based on the outcomes-based funding formula, the following recommendations for state appropriations are presented.

Methodology

The methodology by which THEC recommends the distribution of state appropriations changed last year as Tennessee implemented an outcomes-based funding formula, as called for in the Complete College Tennessee Act (CCTA). Productivity rather than enrollment now drives the funding distribution. Additionally, Tennessee is in the process of phasing out its hold harmless provision, a policy which resulted in institutions being funded unequally at different percentages of their funding formula calculations. Once the hold harmless provision is completely removed in 2013-14, all institutions will be funded equitably at the same percentage of their outcomes-based funding formula. Both of these finance policies – the use of the outcomes-based funding formula and the removal of the hold harmless provision – determine the distribution of 2012-13 state appropriations. The distribution incorporates the second year of both a three-year phase-in period for the outcomes-based funding formula and a three-year phase-out of the hold harmless provision.

The 2012-13 state appropriation recommendations incorporate a provision of the CCTA which requires THEC to make state appropriations recommendations only for the community college sector as a whole. The CCTA transferred responsibility for determining individual community college allocations to the Tennessee Board of Regents (TBR). However, THEC will continue to present the outcomes-based formula recommendations for the individual community colleges as an information item.

Recommendation Summary

The Department of Finance & Administration instructed state agencies to prepare the 2012-13 budget with a five percent reduction in state appropriations. Financial aid funding provided through the Tennessee

Student Assistance Corporation (TSAC), primarily the need-based grant award, is exempted from the reductions. For higher education this would result in a reduction in state appropriations of \$51.1 million. This distribution is detailed in Attachment III.

THEC staff have prepared a second distribution that reflects the increase in institutional performance across the various outcomes in 2010-11, which is the most recent year of data that is utilized in the funding formula. The aggregate increase in outcomes, including the institutional mission weights, across all universities and community colleges was 3.3 percent. An increase of \$19.3 million in state appropriations would be required to fund this increase in productivity. This distribution, which represents the THEC staff recommendation for 2012-13 operating funds, is detailed in Attachment II.

**ATTACHMENT I
STATE APPROPRIATIONS HISTORY**

Academic Formula Units	Total FY 2008-09 Appropriation*	Total FY 2009-10 Appropriation*	Total FY 2010-11 Appropriation*	2011-12 Preliminary Appropriation*	2011-12 Preliminary NR Appropriation**	2011-12 Preliminary Total
TBR Universities						
Austin Peay	\$32,935,800	\$27,228,700	\$25,570,600	\$26,107,600	\$209,400	\$26,317,000
East Tennessee	57,792,100	48,353,800	45,582,600	44,000,700	2,006,800	46,007,500
Middle Tennessee	91,965,400	76,102,500	71,318,700	73,423,800	626,400	74,050,200
Tennessee State	38,448,300	30,371,100	28,554,800	29,335,100	226,400	29,561,500
Tennessee Tech	45,198,900	38,341,600	35,853,000	35,086,300	1,074,200	36,160,500
University of Memphis	113,093,400	97,397,500	91,785,400	85,464,300	6,933,100	92,397,400
Subtotal	\$379,433,900	\$317,795,200	\$298,665,100	\$293,417,800	\$11,076,300	\$304,494,100
Two-Year Colleges						
Chattanooga	\$23,667,300	\$21,297,300	\$20,086,100	\$19,970,200	\$516,200	\$20,486,400
Cleveland	10,271,300	9,408,300	9,062,000	8,421,200	576,000	8,997,200
Columbia	13,246,700	12,025,200	11,439,800	11,121,800	371,400	11,493,200
Dyersburg	7,190,000	6,506,300	6,168,000	6,484,500	62,300	6,546,800
Jackson	12,393,900	11,104,800	10,479,000	10,518,500	87,800	10,606,300
Motlow	10,302,500	9,159,600	8,591,400	9,662,900	70,300	9,733,200
Nashville	15,375,500	13,429,500	12,677,800	13,794,900	108,200	13,903,100
Northeast	12,442,600	11,051,400	10,605,000	11,924,900	120,200	12,045,100
Pellissippi	20,741,200	18,242,100	17,199,100	18,692,600	163,100	18,855,700
Roane	18,044,100	16,437,400	15,684,300	14,750,900	923,300	15,674,200
Southwest	37,845,200	34,396,200	32,436,900	28,648,100	3,634,000	32,282,100
Volunteer	18,134,900	16,269,400	15,389,800	15,281,400	226,100	15,507,500
Walters	18,347,900	16,578,900	16,032,000	15,745,100	223,800	15,968,900
Subtotal	\$218,003,100	\$195,906,400	\$185,851,200	\$185,017,000	\$7,082,700	\$192,099,700
UT Universities						
UT Chattanooga	\$42,102,800	\$35,886,300	\$33,463,400	\$33,294,400	\$527,000	\$33,821,400
UT Knoxville	178,669,100	152,036,100	143,699,500	144,150,000	1,110,100	145,260,100
UT Martin	30,386,700	25,683,900	24,047,300	23,636,300	820,400	24,456,700
Subtotal	\$251,158,600	\$213,606,300	\$201,210,200	\$201,080,700	\$2,457,500	\$203,538,200
Total Colleges and Universities	\$848,595,600	\$727,307,900	\$685,726,500	\$679,515,500	\$20,616,500	\$700,132,000
Technology Centers	\$50,825,800	\$47,842,700	\$46,263,500	\$52,260,300	\$304,200	\$52,564,500
Total Academic Formula Units	\$899,421,400	\$775,150,600	\$731,990,000	\$731,775,800	\$20,920,700	\$752,696,500

*Recurring

**Non-recurring funds include 401K match and \$15 million to alleviate the impacts of the hold harmless phase-out

**ATTACHMENT I
STATE APPROPRIATIONS HISTORY**

Specialized Units	Total FY 2008-09 Appropriation*	Total FY 2009-10 Appropriation*	Total FY 2010-11 Appropriation*	2011-12 Preliminary Appropriation*	2011-12 Preliminary NR Appropriation**	2011-12 Preliminary Total
Medical Education						
ETSU College of Medicine	\$27,619,200	\$26,297,600	\$25,377,900	\$25,859,200	\$112,700	\$25,971,900
ETSU Family Practice	5,408,600	5,333,500	5,150,800	5,322,000	29,400	5,351,400
UT College of Medicine	46,573,700	44,057,000	42,524,700	42,820,200	194,700	43,014,900
UT Family Practice	9,654,000	9,487,500	9,187,200	9,313,200	45,700	9,358,900
UT Memphis	68,934,900	64,637,400	62,105,000	63,089,600	272,400	63,362,000
UT College of Vet Medicine	15,799,600	14,718,500	14,160,600	14,416,600	93,000	14,509,600
Subtotal	\$173,990,000	\$164,531,500	\$158,506,200	\$160,820,800	\$747,900	\$161,568,700
Research and Public Service						
UT Ag. Experiment Station	\$23,841,500	\$23,377,800	\$22,812,000	\$23,111,900	\$112,400	\$23,224,300
UT Ag. Extension Service	28,694,300	28,143,100	27,416,300	27,825,100	160,800	27,985,900
TSU McMinnville Center	503,100	521,500	527,900	527,300	1,500	528,800
TSU Institute of Agr and Environmental Resear	2,055,700	2,109,800	2,156,200	2,145,000	-	2,145,000
TSU Cooperative Education	1,823,000	2,371,700	2,918,300	2,918,200	-	2,918,200
TSU McIntire-Stennis Forestry Research	-	185,400	171,900	170,600	-	170,600
UT Space Institute	7,821,000	7,465,900	7,212,500	7,276,600	29,300	7,305,900
UT Institute for Public Service	4,806,500	4,705,100	4,312,800	4,341,200	13,700	4,354,900
UT County Tech Asst. Service	1,519,600	1,491,700	1,482,500	1,521,800	11,400	1,533,200
UT Municipal Tech Adv. Service	2,601,900	2,556,500	2,499,300	2,554,300	15,200	2,569,500
Subtotal	\$73,666,600	\$72,928,500	\$71,509,700	\$72,392,000	\$344,300	\$72,736,300
Other Specialized Units						
UT University-Wide Administration	\$4,399,600	\$4,353,700	\$4,143,800	\$4,209,000	\$213,300	\$4,422,300
TN Board of Regents Admn.	4,517,100	4,429,300	4,407,400	4,563,400	40,400	4,603,800
TN Student Assistance Corp.	48,712,900	48,589,500	48,567,100	48,579,900	3,200,000	51,779,900
Tennessee Student Assist. Awards	46,162,500	46,162,500	46,162,500	46,162,500	3,200,000	49,362,500
Tenn. Students Assist. Corporation	1,359,400	1,236,000	1,213,600	1,226,400	-	1,226,400
Loan/Scholarships Program	1,191,000	1,191,000	1,191,000	1,191,000	-	1,191,000
TN Higher Education Comm.	2,207,300	2,186,500	2,160,300	2,224,900	-	2,224,900
TN Foreign Language Institute	369,000	349,100	338,100	352,800	-	352,800
Contract Education	2,490,700	2,289,700	2,217,000	2,198,200	-	2,198,200
Subtotal	\$62,696,600	\$62,197,800	\$61,833,700	\$62,128,200	\$3,453,700	\$65,581,900
Total Specialized Units	\$310,353,200	\$299,657,800	\$291,849,600	\$295,341,000	\$4,545,900	\$299,886,900
Total Formula and Specialized Units	\$1,209,774,600	\$1,074,808,400	\$1,023,839,600	\$1,027,116,800	\$25,466,600	\$1,052,583,400
Program Initiatives						
Campus Centers of Excellence	\$18,774,500	\$17,717,700	\$17,238,700	\$17,328,000	\$0	\$17,328,000
Campus Centers of Emphasis	1,344,900	1,269,200	1,240,700	1,247,600	-	1,247,600
Ned McWherter Scholars Program	\$401,800	\$401,800	\$401,800	\$401,800	\$0	\$401,800
UT Access and Diversity Initiative	\$6,181,900	\$5,833,900	\$5,648,700	\$5,600,600	\$0	\$5,600,600
TBR Access and Diversity Initiative	10,543,000	10,313,200	9,977,400	9,892,900	-	9,892,900
THEC Grants	\$2,581,800	\$2,436,500	\$2,359,200	\$2,339,200	\$0	\$2,339,200
Research Initiatives - UT	6,231,000	5,880,300	5,693,700	5,645,200	5,300,000	10,945,200
Subtotal	\$46,058,900	\$43,852,600	\$42,560,200	\$42,455,300	\$5,300,000	\$47,755,300
Total Operating	\$1,255,833,500	\$1,118,661,000	\$1,066,399,800	\$1,069,572,100	\$30,766,600	\$1,100,338,700

*Recurring

**Non-recurring funds include 401K match and \$15 million to alleviate the impacts of the hold harmless phase-out

ATTACHMENT II
2012-13 State Appropriations Distribution Recommendation

Academic Formula Units	2011-12 State Appropriation*	2012-13 Formula Calculation	2012-13 State Appropriation Est**	Total Difference	Percent Change
TBR Universities					
Austin Peay	\$26,107,600	\$51,042,000	\$27,897,600	\$1,790,000	6.9%
East Tennessee	44,000,700	77,194,000	44,449,600	448,900	1.0%
Middle Tennessee	73,423,800	132,983,500	75,385,600	1,961,800	2.7%
Tennessee State	29,335,100	52,712,300	29,997,100	662,000	2.3%
Tennessee Tech	35,086,300	64,860,900	36,405,700	1,319,400	3.8%
University of Memphis	85,464,300	146,727,000	85,402,700	(61,600)	-0.1%
Subtotal	\$293,417,800	\$525,519,700	\$299,538,300	\$6,120,500	2.1%
Two-Year Colleges***					
Chattanooga	\$19,970,200	\$39,587,000	\$21,497,600	\$1,527,400	7.6%
Cleveland	8,421,200	15,220,000	8,636,800	215,600	2.6%
Columbia	11,121,800	19,812,700	11,322,700	200,900	1.8%
Dyersburg	6,484,500	12,172,000	6,782,100	297,600	4.6%
Jackson	10,518,500	19,247,000	10,856,600	338,100	3.2%
Motlow	9,662,900	18,242,000	10,136,500	473,600	4.9%
Nashville	13,794,900	24,871,000	14,130,300	335,400	2.4%
Northeast	11,924,900	22,486,000	12,501,700	576,800	4.8%
Pellissippi	18,692,600	37,141,000	20,147,500	1,454,900	7.8%
Roane	14,750,900	25,800,000	14,878,500	127,600	0.9%
Southwest	28,648,100	44,186,000	27,174,300	(1,473,800)	-5.1%
Volunteer	15,281,400	26,054,000	15,217,600	(63,800)	-0.4%
Walters	15,745,100	30,370,000	16,704,600	959,500	6.1%
Community College Subtotal***	\$185,017,000	\$335,188,700	\$189,986,800	\$4,969,800	2.7%
UT Universities					
UT Chattanooga	\$33,294,400	\$58,681,000	\$33,712,600	\$418,200	1.3%
UT Knoxville	144,150,000	269,971,000	150,586,900	6,436,900	4.5%
UT Martin	23,636,300	41,581,000	23,910,600	274,300	1.2%
Subtotal	\$201,080,700	\$370,233,000	\$208,210,100	\$7,129,400	3.5%
Total Colleges and Universities	\$679,515,500	\$1,230,941,400	\$697,735,200	\$18,219,700	2.7%
Technology Centers	\$52,260,300	\$93,566,000	\$53,340,600	\$1,080,300	2.1%
Total Academic Formula Units	\$731,775,800	\$1,324,507,400	\$751,075,800	\$19,300,000	2.6%

*Preliminary recurring

**The estimation includes new outcome data, additional higher education appropriations of \$19.3M, the second of a three year phase-in of the outcomes model, and the second of a three year phase-out of the Hold Harmless policy.

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ATTACHMENT II
2012-13 State Appropriations Distribution Recommendation

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		2012-13 Adjustments							
Academic Formula Units	2011-12 State Appropriation*	Outcomes Formula Adjustments	Share of New Funding	Subtotal	Hold Harmless Phase-Out	2012-13 Appropriation Est**	Difference	Percent Difference	
TBR Universities									
Austin Peay	\$26,107,600	\$649,100	\$743,700	\$1,392,800	\$397,200	\$27,897,600	\$1,790,000	6.9%	
East Tennessee	44,000,700	(382,600)	1,124,800	742,200	(293,300)	44,449,600	448,900	1.0%	
Middle Tennessee	73,423,800	(196,700)	1,937,700	1,741,000	220,800	75,385,600	1,961,800	2.7%	
Tennessee State	29,335,100	(144,700)	768,100	623,400	38,600	29,997,100	662,000	2.3%	
Tennessee Tech	35,086,300	227,300	945,100	1,172,400	147,000	36,405,700	1,319,400	3.8%	
University of Memphis	85,464,300	(1,152,900)	2,138,000	985,100	(1,046,700)	85,402,700	(61,600)	-0.1%	
Subtotal	\$293,417,800	(\$1,000,500)	\$7,657,400	\$6,656,900	(\$536,400)	\$299,538,300	\$6,120,500	2.1%	
Two-Year Colleges***									
Chattanooga	\$19,970,200	\$913,800	\$576,800	\$1,490,600	\$36,800	\$21,497,600	\$1,527,400	7.6%	
Cleveland	8,421,200	41,700	221,800	263,500	(47,900)	8,636,800	215,600	2.6%	
Columbia	11,121,800	(122,500)	288,700	166,200	34,700	11,322,700	200,900	1.8%	
Dyersburg	6,484,500	29,500	177,400	206,900	90,700	6,782,100	297,600	4.6%	
Jackson	10,518,500	(69,400)	280,500	211,100	127,000	10,856,600	338,100	3.2%	
Motlow	9,662,900	(169,600)	265,800	96,200	377,400	10,136,500	473,600	4.9%	
Nashville	13,794,900	(522,600)	362,400	(160,200)	495,600	14,130,300	335,400	2.4%	
Northeast	11,924,900	(63,400)	327,600	264,200	312,600	12,501,700	576,800	4.8%	
Pellissippi	18,692,600	434,600	541,200	975,800	479,100	20,147,500	1,454,900	7.8%	
Roane	14,750,900	35,000	375,900	410,900	(283,300)	14,878,500	127,600	0.9%	
Southwest	28,648,100	(577,500)	644,100	66,600	(1,540,400)	27,174,300	(1,473,800)	-5.1%	
Volunteer	15,281,400	(378,100)	379,600	1,500	(65,300)	15,217,600	(63,800)	-0.4%	
Walters	15,745,100	475,000	442,500	917,500	42,000	16,704,600	959,500	6.1%	
Community College Subtotal***	\$185,017,000	\$26,500	\$4,884,300	\$4,910,800	\$59,000	\$189,986,800	\$4,969,800	2.7%	
UT Universities									
UT Chattanooga	\$33,294,400	(\$479,600)	\$855,100	\$375,500	\$42,700	\$33,712,600	\$418,200	1.3%	
UT Knoxville	144,150,000	1,464,800	3,933,900	5,398,700	1,038,200	150,586,900	6,436,900	4.5%	
UT Martin	23,636,300	(11,200)	605,900	594,700	(320,400)	23,910,600	274,300	1.2%	
Subtotal	\$201,080,700	\$974,000	\$5,394,900	\$6,368,900	\$760,500	\$208,210,100	\$7,129,400	3.5%	
Total Colleges and Universities	\$679,515,500	\$0	\$17,936,600	\$17,936,600	\$283,100	\$697,735,200	\$18,219,700	2.7%	
Technology Centers	\$52,260,300	\$0	\$1,363,400	\$1,363,400	(\$283,100)	\$53,340,600	\$1,080,300	2.1%	
Total Academic Formula Units	\$731,775,800	\$0	\$19,300,000	\$19,300,000	\$0	\$751,075,800	\$19,300,000	2.6%	

*Preliminary recurring

**The estimation includes new outcome data, additional higher education appropriations of \$19.3M, the second of a three year phase-in of the outcomes model, and the second of a three year phase-out of the Hold Harmless policy.

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Specialized Units	2011-12 Prelim State Appropriations*	2012-13 Formula Calculation	2012-13 State Appropriation Est	Difference	Percent Change
Medical Education					
ETSU College of Medicine	\$25,859,200	\$59,209,000	\$26,541,200	\$682,000	2.6%
ETSU Family Practice	5,322,000	6,866,000	5,462,400	140,400	2.6%
UT College of Medicine	42,820,200	128,732,000	43,949,500	1,129,300	2.6%
UT Family Practice	9,313,200	10,017,000	9,558,800	245,600	2.6%
UT Memphis	63,089,600	142,118,000	64,753,500	1,663,900	2.6%
UT College of Vet Medicine	14,416,600	23,387,000	14,796,800	380,200	2.6%
Subtotal	\$160,820,800	\$370,329,000	\$165,062,200	\$4,241,400	2.6%
Research and Public Service					
UT Ag. Experiment Station	\$23,111,900	\$65,137,000	\$23,721,500	\$609,600	2.6%
UT Ag. Extension Service	27,825,100	40,749,000	28,559,000	733,900	2.6%
TSU McMinnville Center	527,300	1,200,000	541,200	13,900	2.6%
TSU Institute of Agr and Environmental Research	2,145,000	2,867,500	2,201,600	56,600	2.6%
TSU Cooperative Education	2,918,200	2,233,800	2,995,200	77,000	2.6%
TSU McIntire-Stennis Forestry Research	170,600	179,600	175,100	4,500	2.6%
UT Space Institute	7,276,600	22,110,000	7,468,500	191,900	2.6%
UT Institute for Public Service	4,341,200	10,144,000	4,455,700	114,500	2.6%
UT County Tech Asst. Service	1,521,800	2,384,000	1,561,900	40,100	2.6%
UT Municipal Tech Adv. Service	2,554,300	3,370,000	2,621,700	67,400	2.6%
Subtotal	\$72,392,000	\$150,374,900	\$74,301,400	\$1,909,400	2.6%
Other Specialized Units					
UT University-Wide Administration	\$4,209,000	\$5,637,000	\$4,209,000	\$0	0.0%
TN Board of Regents Administration	4,563,400	6,217,000	4,563,400	-	0.0%
TN Student Assistance Corporation	48,579,900	55,019,300	51,779,900	3,200,000	6.6%
Tennessee Student Assistance Awards**	46,162,500	49,362,500	49,362,500	3,200,000	6.9%
Tennessee Students Assistance Corporation Loan/Scholarships Program**	1,226,400	1,235,200	1,226,400	-	0.0%
Loan/Scholarships Program**	1,191,000	1,191,000	1,191,000	-	0.0%
TN Higher Education Commission	2,224,900	2,224,900	2,224,900	-	0.0%
TN Foreign Language Institute	352,800	623,000	352,800	-	0.0%
Contract Education	2,198,200	3,018,100	2,198,200	-	0.0%
Subtotal	\$62,128,200	\$72,739,300	\$65,328,200	\$3,200,000	5.2%
Total Specialized Units	\$295,341,000	\$593,443,200	\$304,691,800	\$9,350,800	3.2%
Total Formula and Specialized Units	\$1,027,116,800	\$1,917,950,600	\$1,055,767,600	\$28,650,800	2.8%
Program Initiatives					
Campus Centers of Excellence	\$17,328,000	\$30,738,400	\$17,328,000	\$0	0.0%
Campus Centers of Emphasis	1,247,600	2,205,900	1,247,600	-	0.0%
Ned McWherter Scholars Program**	\$401,800	401,800	401,800	-	0.0%
UT Access and Diversity Initiative	\$5,600,600	6,181,900	5,600,600	-	0.0%
TBR Access and Diversity Initiative	9,892,900	10,919,100	9,892,900	-	0.0%
THEC Grants	\$2,339,200	3,633,600	2,339,200	-	0.0%
Research Initiatives - UT	5,645,200	10,000,000	5,645,200	-	0.0%
Subtotal	\$42,455,300	\$64,080,700	\$42,455,300	\$0	0.0%
Total	\$1,069,572,100	\$1,982,031,300	\$1,098,222,900	\$28,650,800	2.7%

*Recurring

**Exempted from 2012-13 reductions

ATTACHMENT III
2012-13 State Appropriations Distribution With a 5% Reduction

Academic Formula Units	2011-12 State Appropriation**	2012-13 Formula Calculation	2012-13 State Appropriation Est*	Total Difference	Percent Change	Breakdown of Total Difference		
						Phase Out of Hold Harmless	Outcomes Formula Adjustments	5% Reduction to Higher Educ.
TBR Universities								
Austin Peay	\$26,107,600	\$51,042,000	\$25,525,300	(\$582,300)	-2.2%	\$397,200	\$649,100	(\$1,628,600)
East Tennessee	44,000,700	77,194,000	40,861,700	(3,139,000)	-7.1%	(293,300)	(382,600)	(2,463,100)
Middle Tennessee	73,423,800	132,983,500	69,204,700	(4,219,100)	-5.7%	220,800	(196,700)	(4,243,200)
Tennessee State	29,335,100	52,712,300	27,547,100	(1,788,000)	-6.1%	38,600	(144,700)	(1,681,900)
Tennessee Tech	35,086,300	64,860,900	33,391,100	(1,695,200)	-4.8%	147,000	227,300	(2,069,500)
University of Memphis	85,464,300	146,727,000	78,583,000	(6,881,300)	-8.1%	(1,046,700)	(1,152,900)	(4,681,700)
Subtotal	\$293,417,800	\$525,519,700	\$275,112,900	(\$18,304,900)	-6.2%	(\$536,400)	(\$1,000,500)	(\$16,768,000)
Two-Year Colleges***								
Chattanooga	\$19,970,200	\$39,587,000	\$19,657,700	(\$312,500)	-1.6%	\$36,800	\$913,800	(\$1,263,100)
Cleveland	8,421,200	15,220,000	7,929,400	(491,800)	-5.8%	(47,900)	41,700	(485,600)
Columbia	11,121,800	19,812,700	10,401,900	(719,900)	-6.5%	34,700	(122,500)	(632,100)
Dyersburg	6,484,500	12,172,000	6,216,300	(268,200)	-4.1%	90,700	29,500	(388,400)
Jackson	10,518,500	19,247,000	9,962,000	(556,500)	-5.3%	127,000	(69,400)	(614,100)
Motlow	9,662,900	18,242,000	9,288,700	(374,200)	-3.9%	377,400	(169,600)	(582,000)
Nashville	13,794,900	24,871,000	12,974,400	(820,500)	-5.9%	495,600	(522,600)	(793,500)
Northeast	11,924,900	22,486,000	11,456,600	(468,300)	-3.9%	312,600	(63,400)	(717,500)
Pellissippi	18,692,600	37,141,000	18,421,200	(271,400)	-1.5%	479,100	434,600	(1,185,100)
Roane	14,750,900	25,800,000	13,679,400	(1,071,500)	-7.3%	(283,300)	35,000	(823,200)
Southwest	28,648,100	44,186,000	25,120,300	(3,527,800)	-12.3%	(1,540,400)	(577,500)	(1,409,900)
Volunteer	15,281,400	26,054,000	14,006,700	(1,274,700)	-8.3%	(65,300)	(378,100)	(831,300)
Walters	15,745,100	30,370,000	15,293,100	(452,000)	-2.9%	42,000	475,000	(969,000)
Community College Subtotal***	\$185,017,000	\$335,188,700	\$174,407,700	(\$10,609,300)	-5.7%	\$59,000	\$26,500	(\$10,694,800)
UT Universities								
UT Chattanooga	\$33,294,400	\$58,681,000	\$30,985,200	(\$2,309,200)	-6.9%	\$42,700	(\$479,600)	(\$1,872,300)
UT Knoxville	144,150,000	269,971,000	138,039,000	(6,111,000)	-4.2%	1,038,200	1,464,800	(8,614,000)
UT Martin	23,636,300	41,581,000	21,977,900	(1,658,400)	-7.0%	(320,400)	(11,200)	(1,326,800)
Subtotal	\$201,080,700	\$370,233,000	\$191,002,100	(\$10,078,600)	-5.0%	\$760,500	\$974,000	(\$11,813,100)
Total Colleges and Universities	\$679,515,500	\$1,230,941,400	\$640,522,700	(\$38,992,800)	-5.7%	\$283,100	\$0	(\$39,275,900)
Technology Centers	\$52,260,300	\$93,566,000	\$48,991,800	(\$3,268,500)	-6.3%	(\$283,100)	\$0	(\$2,985,400)
Total Academic Formula Units	\$731,775,800	\$1,324,507,400	\$689,514,500	(\$42,261,300)	-5.8%	\$0	\$0	(\$42,261,300)

*The estimation includes new outcome data, statewide higher education reductions of 5%, the second of a three year phase-in of the outcomes model, and the second of a three year phase-out of the Hold Harmless policy.

**Preliminary recurring

***THEC's community college recommendation is only for the sector as a whole. Institutional detail displayed here is for informational purposes only.

ATTACHMENT III
2012-13 State Appropriations Distribution With a 5% Reduction

Specialized Units	2011-12 State Appropriations*	2012-13 Formula Calculation	2012-13 State Appropriation Est	Difference	Percent Change
Medical Education					
ETSU College of Medicine	\$25,859,200	\$59,209,000	\$25,050,600	(\$808,600)	-3.1%
ETSU Family Practice	5,322,000	6,866,000	5,195,700	(126,300)	-2.4%
UT College of Medicine	42,820,200	128,732,000	41,293,500	(1,526,700)	-3.6%
UT Family Practice	9,313,200	10,017,000	9,092,200	(221,000)	-2.4%
UT Memphis	63,089,600	142,118,000	60,633,200	(2,456,400)	-3.9%
UT College of Vet Medicine	14,416,600	23,387,000	13,831,400	(585,200)	-4.1%
Subtotal	\$160,820,800	\$370,329,000	\$155,096,600	(\$5,724,200)	-3.6%
Research and Public Service					
UT Ag. Experiment Station	\$23,111,900	\$65,137,000	\$22,563,400	(\$548,500)	-2.4%
UT Ag. Extension Service	27,825,100	40,749,000	27,164,800	(660,300)	-2.4%
TSU McMinnville Center	527,300	1,200,000	514,800	(12,500)	-2.4%
TSU Institute of Agr and Environmental Research	2,145,000	2,867,535	2,094,100	(50,900)	-2.4%
TSU Cooperative Education	2,918,200	2,233,802	2,848,900	(69,300)	-2.4%
TSU McIntire-Stennis Forestry Research	170,600	179,627	166,600	(4,000)	-2.3%
UT Space Institute	7,276,600	22,110,000	7,065,000	(211,600)	-2.9%
UT Institute for Public Service	4,341,200	10,144,000	4,238,200	(103,000)	-2.4%
UT County Tech Asst. Service	1,521,800	2,384,000	1,485,700	(36,100)	-2.4%
UT Municipal Tech Adv. Service	2,554,300	3,370,000	2,493,700	(60,600)	-2.4%
Subtotal	\$72,392,000	\$150,374,964	\$70,635,200	(\$1,756,800)	-2.4%
Other Specialized Units					
UT University-Wide Administration	\$4,209,000	\$5,637,000	\$4,109,100	(\$99,900)	-2.4%
TN Board of Regents Administration	4,563,400	6,217,000	4,455,100	(108,300)	-2.4%
TN Student Assistance Corporation	48,579,900	55,019,300	48,550,800	(29,100)	-0.1%
Tennessee Student Assistance Awards**	46,162,500	49,362,500	46,162,500	-	0.0%
Tennessee Students Assistance Corporation Loan/Scholarships Program**	1,226,400	1,235,200	1,197,300	(29,100)	-2.4%
	1,191,000	1,191,000	1,191,000	-	0.0%
TN Higher Education Commission	2,224,900	2,224,900	2,172,100	(52,800)	-2.4%
TN Foreign Language Institute	352,800	623,000	344,400	(8,400)	-2.4%
Contract Education	2,198,200	3,018,100	2,146,000	(52,200)	-2.4%
Subtotal	\$62,128,200	\$72,739,300	\$61,777,500	(\$350,700)	-0.6%
Total Specialized Units	\$295,341,000	\$593,443,264	\$287,509,300	(\$7,831,700)	-2.7%
Total Formula and Specialized Units	\$1,027,116,800	\$1,917,950,700	\$977,023,800	(\$50,093,000)	-4.9%
Program Initiatives					
Campus Centers of Excellence	\$17,328,000	\$30,738,400	\$16,916,800	(\$411,200)	-2.4%
Campus Centers of Emphasis	1,247,600	2,205,900	1,218,000	(29,600)	-2.4%
Ned McWherter Scholars Program**	\$401,800	401,800	401,800	-	0.0%
UT Access and Diversity Initiative	\$5,600,600	6,181,900	5,467,700	(132,900)	-2.4%
TBR Access and Diversity Initiative	9,892,900	10,919,100	9,658,100	(234,800)	-2.4%
THEC Grants	\$2,339,200	3,633,600	2,283,700	(55,500)	-2.4%
Research Initiatives - UT	5,645,200	10,000,000	5,511,200	(134,000)	-2.4%
Subtotal	\$42,455,300	\$64,080,700	\$41,457,300	(\$998,000)	-2.4%
Total	\$1,069,572,100	\$1,982,031,400	\$1,018,481,100	(\$51,091,000)	-4.8%

*Preliminary recurring

**Exempted from 2012-13 Reductions

ATTACHMENT IV
Changes in Formula Outcomes

Community Colleges

Outcomes*	2011-12	2012-13	Change	
Students Accumulating 12 hrs	39,328	40,476	1,148	2.9%
Students Accumulating 24 hrs	25,386	27,056	1,670	6.6%
Students Accumulating 36 hrs	19,096	20,409	1,312	6.9%
Dual Enrollment	9,216	10,702	1,485	16.1%
Associates	7,004	7,382	378	5.4%
Certificates 1-2 Year	556	563	7	1.3%
Certificates <1 Year	1,377	1,588	211	15.3%
Job Placements	3,528	3,482	(46)	-1.3%
Remedial & Developmental Success	20,845	22,231	1,386	6.7%
Student Transfers	6,195	6,285	90	1.5%
Workforce Training (Contact Hours)	511,916	553,713	41,797	8.2%

Universities

Outcomes*	2011-12	2012-13	Change	
Students Accumulating 24 hrs	22,008	22,466	458	2.1%
Students Accumulating 48 hrs	20,493	21,044	551	2.7%
Students Accumulating 72 hrs	20,912	21,704	793	3.8%
Bachelors and Associates	18,120	18,656	537	3.0%
Masters / Ed Specialists	5,702	5,793	91	1.6%
Doctoral / Law Degree	939	968	29	3.1%
Research and Service	299,940,875	315,862,178	15,921,302	5.3%
Student Transfers	3,979	3,947	(32)	-0.8%

*Data represents a three year average. For instance, the 2012-13 formula uses data from the 2008-09, 2009-10, and 2010-11 academic years.

ATTACHMENT V Percent Funded Comparison

Academic Formula Units	2011-12 Formula Calculation	2011-12 Appropriation*	Percent Funded	2012-13 Formula Calculation	2012-13 Appropriation*	Percent Funded
TBR Universities						
Austin Peay	\$ 45,733,000	\$ 26,107,600	57.1%	\$ 51,042,000	\$ 27,897,600	54.7%
East Tennessee	73,803,000	44,000,700	59.6%	77,194,000	44,449,600	57.6%
Middle Tennessee	125,569,700	73,423,800	58.5%	132,983,500	75,385,600	56.7%
Tennessee State	50,000,300	29,335,100	58.7%	52,712,300	29,997,100	56.9%
Tennessee Tech	60,145,900	35,086,300	58.3%	64,860,900	36,405,700	56.1%
University of Memphis	141,729,000	85,464,300	60.3%	146,727,000	85,402,700	58.2%
Subtotal	\$ 496,980,900	\$ 293,417,800	59.0%	\$ 525,519,700	\$ 299,538,300	57.0%
Two-Year Colleges						
Chattanooga	\$ 34,074,000	\$ 19,970,200	58.6%	\$ 39,587,000	\$ 21,497,600	54.3%
Cleveland	14,153,000	8,421,200	59.5%	15,220,000	8,636,800	56.7%
Columbia	19,024,700	11,121,800	58.5%	19,812,700	11,322,700	57.1%
Dyersburg	11,332,000	6,484,500	57.2%	12,172,000	6,782,100	55.7%
Jackson	18,313,000	10,518,500	57.4%	19,247,000	10,856,600	56.4%
Motlow	17,710,000	9,662,900	54.6%	18,242,000	10,136,500	55.6%
Nashville	25,136,000	13,794,900	54.9%	24,871,000	14,130,300	56.8%
Northeast	21,335,000	11,924,900	55.9%	22,486,000	12,501,700	55.6%
Pellissippi	33,406,000	18,692,600	56.0%	37,141,000	20,147,500	54.2%
Roane	24,113,000	14,750,900	61.2%	25,800,000	14,878,500	57.7%
Southwest	43,464,000	28,648,100	65.9%	44,186,000	27,174,300	61.5%
Volunteer	25,756,000	15,281,400	59.3%	26,054,000	15,217,600	58.4%
Walters	26,909,000	15,745,100	58.5%	30,370,000	16,704,600	55.0%
Subtotal	\$ 314,725,700	\$ 185,017,000	58.8%	\$ 335,188,700	\$ 189,986,800	56.7%
UT Universities						
UT Chattanooga	\$ 56,745,000	\$ 33,294,400	58.7%	\$ 58,681,000	\$ 33,712,600	57.5%
UT Knoxville	248,582,000	144,150,000	58.0%	269,971,000	150,586,900	55.8%
UT Martin	39,092,000	23,636,300	60.5%	41,581,000	23,910,600	57.5%
Subtotal	\$ 344,419,000	\$ 201,080,700	58.4%	\$ 370,233,000	\$ 208,210,100	56.2%
Total Colleges and Universities	\$ 1,156,125,600	\$ 679,515,500	58.8%	\$ 1,230,941,400	\$ 697,735,200	56.7%
Technology Centers	\$ 96,361,000	\$ 52,260,300	54.2%	\$ 93,566,000	\$ 53,340,600	57.0%
Total Academic Formula Units	\$ 1,252,486,600	\$ 731,775,800	58.4%	\$ 1,324,507,400	\$ 751,075,800	56.7%

2012-13 Percent Funded	
Overall	56.7%
Minimum	54.2% PSCC
Maximum	61.5% STCC
Range	7.3%

2011-12 Percent Funded	
Overall	58.4%
Minimum	54.2% TTCs
Maximum	65.9% STCC
Range	11.4%

2010-11 Percent Funded	
Overall	57.2%
Minimum	49.7% NESCC
Maximum	72.2% STCC
Range	22.5%

*Recurring; accounts for recommended \$19.3M in additional funding for formula units

ATTACHMENT VI

FY 2012-13 Total Formula Need Funding

FY 2012-13 Estimated

Institution/Unit	FY 2012-13 Estimated				Formula Estimated Total Need	Difference (Short)	Percent Funded
	THEC Recommendation*	Maintenance Fees**	Out-of-State Tuition**	Total Revenue			
Austin Peay	\$ 27,897,600	\$ 56,384,500	\$ 3,134,800	\$ 87,416,900	\$ 97,991,400	\$ (10,574,500)	89.2%
East Tennessee	44,449,600	82,405,500	11,169,800	138,024,900	155,231,900	(17,207,000)	88.9%
Middle Tennessee	75,385,600	143,101,600	10,616,100	229,103,300	244,416,400	(15,313,100)	93.7%
Tennessee State	29,997,100	45,537,000	19,184,400	94,718,500	111,913,800	(17,195,300)	84.6%
Tennessee Tech	36,405,700	58,019,500	5,868,000	100,293,200	126,013,800	(25,720,600)	79.6%
University of Memphis	85,402,700	139,579,000	10,880,900	235,862,600	286,131,700	(50,269,100)	82.4%
Subtotal TBR Universities	\$ 299,538,300	\$ 525,027,100	\$ 60,854,000	\$ 885,419,400	\$ 1,021,699,000	\$ (136,279,600)	86.7%
Chattanooga	\$ 21,497,600	\$ 29,916,700	\$ 669,100	\$ 52,083,400	\$ 60,843,900	\$ (8,760,500)	85.6%
Cleveland	8,636,800	10,226,300	274,800	19,137,900	22,767,900	(3,630,000)	84.1%
Columbia	11,322,700	14,520,500	316,600	26,159,800	30,517,100	(4,357,300)	85.7%
Dyersburg	6,782,100	9,116,200	106,400	16,004,700	18,283,800	(2,279,100)	87.5%
Jackson	10,856,600	14,117,600	89,500	25,063,700	29,351,200	(4,287,500)	85.4%
Motlow	10,136,500	12,944,600	303,600	23,384,700	27,320,400	(3,935,700)	85.6%
Nashville	14,130,300	23,553,200	856,500	38,540,000	38,745,000	(205,000)	99.5%
Northeast	12,501,700	19,208,700	66,100	31,776,500	33,191,200	(1,414,700)	95.7%
Pellissippi	20,147,500	30,683,400	1,573,800	52,404,700	55,239,100	(2,834,400)	94.9%
Roane	14,878,500	18,357,100	436,600	33,672,200	38,492,600	(4,820,400)	87.5%
Southwest	27,174,300	34,795,600	1,464,600	63,434,500	66,540,400	(3,105,900)	95.3%
Volunteer	15,217,600	22,452,600	664,400	38,334,600	38,351,300	(16,700)	100.0%
Walters	16,704,600	20,714,300	365,700	37,784,600	45,829,200	(8,044,600)	82.4%
Subtotal 2-Year Institutions	\$ 189,986,800	\$ 260,606,800	\$ 7,187,700	\$ 457,781,300	\$ 505,473,100	\$ (47,691,800)	90.6%
UT Chattanooga	\$ 33,712,600	\$ 52,057,700	\$ 6,704,200	\$ 92,474,500	\$ 111,208,600	\$ (18,734,100)	83.2%
UT Knoxville	150,586,900	194,140,300	37,485,100	382,212,300	538,229,700	(156,017,400)	71.0%
UT Martin	23,910,600	41,299,500	4,157,900	69,368,000	78,686,200	(9,318,200)	88.2%
Subtotal UT Universities	\$ 208,210,100	\$ 287,497,500	\$ 48,347,200	\$ 544,054,800	\$ 728,124,500	\$ (184,069,700)	74.7%
Technology Centers	\$ 53,340,600	\$ 27,164,600	\$ -	\$ 80,505,200	\$ 116,721,000	(36,215,800)	69.0%
Total Formula Units	\$ 751,075,800	\$ 1,100,296,000	\$ 116,388,900	\$ 1,967,760,700	\$ 2,372,017,600	\$ (404,256,900)	83.0%

*Recurring; accounts for recommended \$19.3M in additional funding for formula units

**Assumes 8% tuition increases at UTK and UM, 6% tuition increases at all other universities and CCs, 10% tuition increases at TTCs, and 1% enrollment increases for all of higher ed for 2012-13.

ATTACHMENT VI

FY 2011-12 Total Formula Need Funding

FY 2011-12 Estimated

Institution/Unit	FY 2011-12 Estimated				Formula Estimated Total Need	Difference (Short)	Percent Funded
	Legislative Appropriation*	Maintenance Fees**	Out-of-State Tuition**	Total Revenue			
Austin Peay	\$ 26,107,600	\$ 52,666,300	\$ 2,928,100	\$ 81,702,000	\$ 90,940,900	\$ (9,238,900)	89.8%
East Tennessee	44,000,700	76,971,300	10,433,200	131,405,200	147,696,300	(16,291,100)	89.0%
Middle Tennessee	73,423,800	133,664,900	9,916,050	217,004,750	227,485,900	(10,481,150)	95.4%
Tennessee State	29,335,100	42,534,100	17,919,300	89,788,500	110,232,300	(20,443,800)	81.5%
Tennessee Tech	35,086,300	54,193,400	5,481,000	94,760,700	121,086,500	(26,325,800)	78.3%
University of Memphis	85,464,300	127,960,200	9,975,100	223,399,600	272,739,800	(49,340,200)	81.9%
Subtotal TBR Universities	\$ 293,417,800	\$ 487,990,200	\$ 56,652,750	\$ 838,060,750	\$ 970,181,700	\$ (132,120,950)	86.4%
Chattanooga	\$ 19,970,200	\$ 27,943,900	\$ 625,000	\$ 48,539,100	\$ 53,285,500	\$ (4,746,400)	91.1%
Cleveland	8,421,200	9,551,900	256,700	18,229,800	20,924,900	(2,695,100)	87.1%
Columbia	11,121,800	13,563,000	295,700	24,980,500	30,002,400	(5,021,900)	83.3%
Dyersburg	6,484,500	8,515,000	99,400	15,098,900	16,987,400	(1,888,500)	88.9%
Jackson	10,518,500	13,186,600	83,600	23,788,700	28,350,400	(4,561,700)	83.9%
Motlow	9,662,900	12,091,000	283,550	22,037,450	26,273,500	(4,236,050)	83.9%
Nashville	13,794,900	22,000,000	800,000	36,594,900	40,346,900	(3,752,000)	90.7%
Northeast	11,924,900	17,942,000	61,700	29,928,600	30,946,500	(1,017,900)	96.7%
Pellissippi	18,692,600	28,660,000	1,470,000	48,822,600	48,491,500	331,100	100.7%
Roane	14,750,900	17,146,600	407,800	32,305,300	35,665,500	(3,360,200)	90.6%
Southwest	28,648,100	32,501,000	1,368,000	62,517,100	65,081,900	(2,564,800)	96.1%
Volunteer	15,281,400	20,972,000	620,600	36,874,000	36,923,000	(49,000)	99.9%
Walters	15,745,100	19,348,300	341,600	35,435,000	40,562,800	(5,127,800)	87.4%
Subtotal 2-Year Institutions	\$ 185,017,000	\$ 243,421,300	\$ 6,713,650	\$ 435,151,950	\$ 473,842,200	\$ (38,690,250)	91.8%
UT Chattanooga	\$ 33,294,400	\$ 53,748,200	\$ 6,783,000	\$ 93,825,600	\$ 106,235,900	\$ (12,410,300)	88.3%
UT Knoxville	144,150,000	197,618,400	36,439,500	378,207,900	508,597,000	(130,389,100)	74.4%
UT Martin	23,636,300	42,385,400	3,874,100	69,895,800	74,659,300	(4,763,500)	93.6%
Subtotal UT Universities	\$ 201,080,700	\$ 293,752,000	\$ 47,096,600	\$ 541,929,300	\$ 689,492,200	\$ (147,562,900)	78.6%
Technology Centers	\$ 52,260,300	\$ 24,450,600	\$ -	\$ 76,710,900	\$ 120,451,000	(43,740,100)	63.7%
Total Formula Units	\$ 731,775,800	\$ 1,049,614,100	\$ 110,463,000	\$ 1,891,852,900	\$ 2,253,967,100	\$ (362,114,200)	83.9%

*Recurring

**Preliminary estimate of 2011-12 fee revenue from UT and TBR proposed 2011-12 operating budgets.