

DATE: November 15, 2012

SUBJECT: 2013-14 Operating State Appropriation Recommendations

ACTION RECOMMENDED: Approval

BACKGROUND INFORMATION

Based on the outcomes-based funding formula, the following recommendations for operating state appropriations are presented in the attachments for consideration. Fiscal year 2013-14 is the final year of a three year phase-in of the outcomes-based formula as well as a three year phase-out of the hold harmless provision. Of significance, removing the hold harmless provision results in state appropriations distributed through the formula that are allocated on a pro-rata basis across universities, community colleges and technology centers.

Also of note is a reminder that since 2012-13, THEC is to make state appropriations recommendations in lump sum fashion for the community college sector as a whole, per a provision of the Complete College Tennessee Act (CCTA). The CCTA transferred responsibility for determining individual community college allocations to the Tennessee Board of Regents (TBR). Outcomes-based formula recommendations for the individual community colleges are presented for informational purposes only.

RECOMMENDATION SUMMARY

Institutions made significant improvement in many outcomes in 2011-12, the most recent year of data that is utilized for the 2013-14 budget cycle. In part, this increase in productivity is a function of the enrollment surge that occurred in the aftermath of the recent economic downturn. Higher enrollments, though not a factor themselves in state appropriations, have begun to translate into productivity increases as students subsequently trigger outcomes, such as degree completion.

An increase of \$35.5 million in state appropriations would be required to fund the aggregate increase in outcomes, including the institutional mission weights, across all universities and community colleges. This distribution, along with an equivalent increase in funding for non-formula units and program initiatives totaling \$14.1 million, is included in the THEC staff recommendation for 2013-14 operating funds, as detailed in Attachment II.

The staff recommendations include other components of note. First is an improvement to the state's need-based grant, the Tennessee Student Assistance Award (TSAA). Currently the program funds 28,800 students with \$53.5 million across public, private and proprietary institutions in Tennessee. In September, the TSAC Board recommended that funding increase by \$33.6 million, which would fund 20 percent of the estimated 90,000 students that are eligible for the award, based on income, but currently do not receive the grant due to limited funds being exhausted. THEC staff concur with this recommendation and believe that this improvement, coupled with the student fee recommendations presented in Item I.C., represent a significant advancement in college affordability for Tennesseans.

Second, the Public Agenda for Tennessee Higher Education (or, the master plan) identifies workforce and economic development as a primary goal. Critical to that effort is the infrastructure necessary to train and educate students, providing the backbone of the Tennessee business and industry workforce. Community colleges and TTCs are at the forefront of workforce training and development, where up-to-date equipment is a crucial need. Based upon the recommendation of the Tennessee Board of Regents, THEC staff recommend \$15.7 million in non-recurring funds for major equipment across community colleges and TTCs, representing the first of a two-year investment. This funding would help address over sixty existing workforce programs at community colleges by updating equipment and expanding programs into additional areas, while also providing seed money for up to 20 new workforce programs across Tennessee that address current and emerging employer workforce training needs. This funding would also allow the TTCs to address 26 specific high demand programs that are offered across the state, providing upgrades or replacement equipment in order to meet specific industry needs of employers.

Finally, THEC staff is recommending a non-recurring \$1 million for a Higher Education Innovation Fund to be administered by THEC. External funders play a critical role in the current policy environment in Tennessee. However, relying solely on these sources for pursuing innovative programs and approaches is a lengthy process that requires a constant search for the right fit between the policy direction Tennessee desires and the intentions of funding agencies. The establishment of a Higher Education Innovation Fund would allow the state to internally develop and manage initiatives that impact educational attainment and workforce development.

In sum, these improvements - \$35.5 million to fund outcome growth, \$14.1 million for other institutional operating costs across "non-formula units", \$33.6 million for TSAA funding, \$15.7 million for equipment and \$1 million for a Higher Education Innovation Fund – total \$99.9 million or an increase

of 8.9 percent. The improvement in recurring funds, without including the non-recurring recommendations, is \$83.2 million or 7.4 percent.

Finally, the Department of Finance & Administration has requested that state agencies prepare the 2013-14 budget with a five percent reduction in state appropriations. Financial aid funding provided by the Tennessee Student Assistance Corporation, primarily through the need-based grant award, is exempted from the reductions. For higher education this would result in a reduction in state appropriations of \$53.6 million. This distribution is detailed in Attachment III.

ATTACHMENT I State Appropriations History

Academic Formula Units	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13*
TBR Universities						
Austin Peay	\$36,196,500	\$32,935,800	\$27,228,700	\$25,570,600	\$26,107,600	\$28,537,600
East Tennessee	63,070,900	57,792,100	48,353,800	45,582,600	44,000,700	45,772,200
Middle Tennessee	100,775,700	91,965,400	76,102,500	71,318,700	73,423,800	77,193,600
Tennessee State	42,553,700	38,448,300	30,371,100	28,554,800	29,335,100	30,810,900
Tennessee Tech	49,204,400	45,198,900	38,341,600	35,853,000	35,086,300	37,288,600
University of Memphis	123,224,900	113,093,400	97,397,500	91,785,400	85,464,300	87,346,700
Subtotal	\$415,026,100	\$379,433,900	\$317,795,200	\$298,665,100	\$293,417,800	\$306,949,600
Community Colleges						
Chattanooga	\$24,993,200	\$23,667,300	\$21,297,300	\$20,086,100	\$19,970,200	\$21,987,700
Cleveland	10,830,700	10,271,300	9,408,300	9,062,000	8,421,200	8,796,200
Columbia	14,015,400	13,246,700	12,025,200	11,439,800	11,121,800	11,502,000
Dyersburg	7,581,500	7,190,000	6,506,300	6,168,000	6,484,500	6,933,700
Jackson	13,096,600	12,393,900	11,104,800	10,479,000	10,518,500	11,070,900
Motlow	10,910,000	10,302,500	9,159,600	8,591,400	9,662,900	10,277,000
Nashville	16,285,700	15,375,500	13,429,500	12,677,800	13,794,900	14,465,300
Northeast	13,156,400	12,442,600	11,051,400	10,605,000	11,924,900	12,796,300
Pellissippi	21,961,000	20,741,200	18,242,100	17,199,100	18,692,600	20,609,200
Roane	19,061,900	18,044,100	16,437,400	15,684,300	14,750,900	15,148,700
Southwest	40,042,000	37,845,200	34,396,200	32,436,900	28,648,100	27,734,500
Volunteer	19,159,800	18,134,900	16,269,400	15,389,800	15,281,400	15,610,600
Walters	19,355,100	18,347,900	16,578,900	16,032,000	15,745,100	17,048,300
Subtotal	\$230,449,300	\$218,003,100	\$195,906,400	\$185,851,200	\$185,017,000	\$193,980,400
UT Universities						
UT Chattanooga	\$46,033,200	\$42,102,800	\$35,886,300	\$33,463,400	\$33,294,400	\$34,601,800
UT Knoxville	195,397,500	178,669,100	152,036,100	143,699,500	144,150,000	153,343,900
UT Martin	33,231,400	30,386,700	25,683,900	24,047,300	23,636,300	24,609,100
Subtotal	\$274,662,100	\$251,158,600	\$213,606,300	\$201,210,200	\$201,080,700	\$212,554,800
Total Colleges and Universities	\$920,137,500	\$848,595,600	\$727,307,900	\$685,726,500	\$679,515,500	\$713,484,800
Technology Centers	\$53,607,000	\$50,825,800	\$47,842,700	\$46,263,500	\$52,260,300	\$53,848,800
Total Academic Formula Units	\$973,744,500	\$899,421,400	\$775,150,600	\$731,990,000	\$731,775,800	\$767,333,600

Note: All years of appropriations are recurring funds only.

*Community college detail is THEC's estimate. The 2012-13 budget allocates funds only to the Community College system.

ATTACHMENT I

State Appropriations History

Specialized Units	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Medical Education						
ETSU College of Medicine	\$29,028,900	\$27,619,200	\$26,297,600	\$25,377,900	\$25,859,200	\$27,321,000
ETSU Family Practice	5,677,800	5,408,600	5,333,500	5,150,800	5,322,000	5,731,700
UT College of Medicine	49,340,900	46,573,700	44,057,000	42,524,700	42,820,200	44,883,300
UT Family Practice	10,161,400	9,654,000	9,487,500	9,187,200	9,313,200	9,870,100
UT Memphis	71,168,300	68,934,900	64,637,400	62,105,000	63,089,600	66,869,800
UT College of Vet Medicine	16,631,600	15,799,600	14,718,500	14,160,600	14,416,600	15,385,200
Subtotal	\$182,008,900	\$173,990,000	\$164,531,500	\$158,506,200	\$160,820,800	\$170,061,100
Research and Public Service						
UT Agriculture Experiment Station	\$25,094,000	\$23,841,500	\$23,377,800	\$22,812,000	\$23,111,900	\$24,342,600
UT Agriculture Extension Service	30,095,000	28,694,300	28,143,100	27,416,300	27,825,100	29,431,800
TSU McMinnville Center	531,200	503,100	521,500	527,900	527,300	543,300
TSU Institute of Ag. and Environmental Research	2,173,000	2,055,700	2,109,800	2,156,200	2,145,000	2,208,900
TSU Cooperative Education	1,927,000	1,823,000	2,371,700	2,918,300	2,918,200	3,010,500
TSU McIntire-Stennis Forestry Research	-	-	185,400	171,900	170,600	174,100
UT Space Institute	8,282,000	7,821,000	7,465,900	7,212,500	7,276,600	7,603,400
UT Institute for Public Service	4,980,000	4,806,500	4,705,100	4,312,800	4,341,200	4,541,300
UT County Technical Assistance Service	1,605,300	1,519,600	1,491,700	1,482,500	1,521,800	1,646,200
UT Municipal Technical Advisory Service	2,743,100	2,601,900	2,556,500	2,499,300	2,554,300	2,732,200
Subtotal	\$77,430,600	\$73,666,600	\$72,928,500	\$71,509,700	\$72,392,000	\$76,234,300
Other Specialized Units						
UT University-Wide Administration	\$4,564,500	\$4,399,600	\$4,353,700	\$4,143,800	\$4,209,000	\$4,440,900
TN Board of Regents Administration	4,871,700	4,517,100	4,429,300	4,407,400	4,563,400	4,881,800
TN Student Assistance Corporation	49,836,900	48,712,900	48,589,500	48,567,100	48,579,200	55,205,400
Tennessee Student Assistance Awards	47,108,500	46,162,500	46,162,500	46,162,500	46,162,500	52,762,500
Tennessee Students Assistance Corporation	1,537,400	1,359,400	1,236,000	1,213,600	1,225,700	1,251,900
Loan/Scholarships Program	1,191,000	1,191,000	1,191,000	1,191,000	1,191,000	1,191,000
TN Higher Education Commission	2,381,500	2,207,300	2,186,500	2,160,300	2,224,500	2,292,100
TN Foreign Language Institute	372,200	369,000	349,100	338,100	352,800	378,600
Contract Education	2,542,700	2,490,700	2,289,700	2,217,000	2,198,200	2,178,400
Subtotal	\$64,569,500	\$62,696,600	\$62,197,800	\$61,833,700	\$62,127,100	\$69,377,200
Total Specialized Units	\$324,009,000	\$310,353,200	\$299,657,800	\$291,849,600	\$295,339,900	\$315,672,600
Total Formula and Specialized Units	\$1,297,753,500	\$1,209,774,600	\$1,074,808,400	\$1,023,839,600	\$1,027,115,700	\$1,083,006,200
Program Initiatives						
Campus Centers of Excellence	\$19,635,500	\$18,774,500	\$17,717,700	\$17,238,700	\$17,328,000	\$17,538,300
Campus Centers of Emphasis	1,429,600	1,344,900	1,269,200	1,240,700	1,247,600	1,265,900
Academic Scholars Program	401,800	401,800	401,800	401,800	401,800	401,800
UT Access and Diversity Initiative	6,448,900	6,181,900	5,833,900	5,648,700	5,600,600	5,550,100
TBR Access and Diversity Initiative	11,391,100	10,543,000	10,313,200	9,977,400	9,892,900	9,803,700
THEC Grants	2,715,900	2,581,800	2,436,500	2,359,200	2,339,200	2,318,100
Research Initiatives - UT	6,500,000	6,231,000	5,880,300	5,693,700	5,645,200	5,594,300
Subtotal	\$48,522,800	\$46,058,900	\$43,852,600	\$42,560,200	\$42,455,300	\$42,472,200
Total Operating	\$1,346,276,300	\$1,255,833,500	\$1,118,661,000	\$1,066,399,800	\$1,069,571,000	\$1,125,478,400

Note: All years of appropriations are recurring funds only.

ATTACHMENT II
2013-14 State Appropriations Distribution Recommendation

A B C D E F = C + D + E G = F + A H = F / A I = G / B

	2012-13 Appropriation ¹	2013-14 Formula Calculation	Breakdown of 2013-14 Recurring Changes			Recurring Change	Recurring Appropriation ²	Percent Change	Percent Funded
			Phase Out of Hold Harmless	Outcomes Formula Adjustments	Share of New Funding				
Academic Formula Units									
TBR Universities									
Austin Peay	\$28,537,600	\$53,302,000	\$1,043,500	\$1,215,400	\$1,416,800	\$3,675,700	\$32,213,300	12.9%	60.4%
East Tennessee	45,772,200	78,204,000	(1,034,800)	446,900	2,078,600	1,490,700	47,262,900	3.3%	60.4%
Middle Tennessee	77,193,600	130,572,500	(123,600)	(1,628,500)	3,470,600	1,718,500	78,912,100	2.2%	60.4%
Tennessee State	30,810,900	52,459,300	(261,700)	(239,500)	1,394,300	893,100	31,704,000	2.9%	60.4%
Tennessee Tech	37,288,600	63,891,900	301,200	(674,700)	1,698,200	1,324,700	38,613,300	3.6%	60.4%
University of Memphis	87,346,700	143,309,000	(2,311,800)	(2,234,600)	3,809,100	(737,300)	86,609,400	-0.8%	60.4%
Subtotal	\$306,949,600	\$521,738,700	(\$2,387,200)	(\$3,115,000)	\$13,867,600	\$8,365,400	\$315,315,000	2.7%	60.4%
Community Colleges									
Chattanooga	\$21,987,700	\$43,232,000	\$954,800	\$2,035,900	\$1,149,000	\$4,139,700	\$26,127,400	18.8%	60.4%
Cleveland	8,796,200	14,750,000	24,500	(298,500)	392,000	118,000	8,914,200	1.3%	60.4%
Columbia	11,502,000	20,347,700	(19,600)	274,000	540,800	795,200	12,297,200	6.9%	60.4%
Dyersburg	6,933,700	11,811,000	120,500	(230,100)	313,900	204,300	7,138,000	2.9%	60.4%
Jackson	11,070,900	19,001,000	83,600	(176,200)	505,000	412,400	11,483,300	3.7%	60.4%
Motlow	10,277,000	17,819,000	295,100	(276,700)	473,600	492,000	10,769,000	4.8%	60.4%
Nashville	14,465,300	25,696,000	(51,400)	432,600	683,000	1,064,200	15,529,500	7.4%	60.4%
Northeast	12,796,300	21,792,000	235,400	(440,800)	579,200	373,800	13,170,100	2.9%	60.4%
Pellissippi	20,609,200	36,636,000	915,700	(357,500)	973,700	1,531,900	22,141,100	7.4%	60.4%
Roane	15,148,700	26,773,000	(196,400)	516,500	711,600	1,031,700	16,180,400	6.8%	60.4%
Southwest	27,734,500	41,205,000	(2,126,500)	(1,800,600)	1,095,200	(2,831,900)	24,902,600	-10.2%	60.4%
Volunteer	15,610,600	25,909,000	(511,100)	(129,900)	688,600	47,600	15,658,200	0.3%	60.4%
Walters	17,048,300	32,192,000	552,500	998,900	855,700	2,407,100	19,455,400	14.1%	60.4%
Community College Subtotal ³	\$193,980,400	\$337,163,700	\$277,100	\$547,600	\$8,961,300	\$9,786,000	\$203,766,400	5.0%	60.4%
UT Universities									
UT Chattanooga	\$34,601,800	\$58,138,000	(\$593,500)	(\$417,600)	\$1,545,300	\$534,200	\$35,136,000	1.5%	60.4%
UT Knoxville	153,343,900	277,364,000	3,116,000	3,793,600	7,372,600	14,282,200	167,626,100	9.3%	60.4%
UT Martin ⁴	24,609,100	40,309,000	(511,000)	(808,600)	1,271,400	(48,200)	24,560,900	-0.2%	60.9%
Subtotal	\$212,554,800	\$375,811,000	\$2,011,500	\$2,567,400	\$10,189,300	\$14,768,200	\$227,323,000	6.9%	60.5%
Total Colleges and Universities	\$713,484,800	\$1,234,713,400	(\$98,600)	\$0	\$33,018,200	\$32,919,600	\$746,404,400	4.6%	60.5%
Technology Centers	\$53,848,800	\$93,371,000	\$98,600	\$0	\$2,481,800	\$2,580,400	\$56,429,200	4.8%	60.4%
Total Academic Formula Units	\$767,333,600	\$1,328,084,400	\$0	\$0	\$35,500,000	\$35,500,000	\$802,833,600	4.6%	60.5%

1-Recurring

2-Includes new outcome data, additional higher education appropriations of \$35.5M, the third of a three year phase-in of the outcomes model, and the third of a three year phase-out of the Hold Harmless policy.

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

4-UTM's state appropriation includes \$200K for the Parsons Center, which is not to be distributed through the funding formula, per the 2012-13 appropriations bill.

ATTACHMENT II
2013-14 State Appropriations Distribution Recommendation

	A	B	C = B - A	D = B / A
Specialized Units	2012-13 Appropriation ¹	2013-14 Appropriation ¹	Total Change	Percent Change
Medical Education				
ETSU College of Medicine	\$27,321,000	\$28,584,982	\$1,263,982	4.6%
ETSU Family Practice	5,731,700	5,996,900	265,200	4.6%
UT College of Medicine	44,883,300	46,959,786	2,076,486	4.6%
UT Family Practice	9,870,100	10,326,700	456,600	4.6%
UT Memphis	66,869,800	69,963,500	3,093,700	4.6%
UT College of Vet Medicine	15,385,200	16,097,000	711,800	4.6%
Subtotal	\$170,061,100	\$177,928,867	\$7,867,767	4.6%
Research and Public Service				
UT Agriculture Experiment Station	\$24,342,600	\$25,468,800	\$1,126,200	4.6%
UT Agriculture Extension Service	29,431,800	30,793,400	1,361,600	4.6%
TSU McMinnville Center	543,300	568,400	25,100	4.6%
TSU Institute of Ag. and Environmental Research	2,208,900	2,311,100	102,200	4.6%
TSU Cooperative Education	3,010,500	3,149,800	139,300	4.6%
TSU McIntire-Stennis Forestry Research	174,100	182,200	8,100	4.7%
UT Space Institute	7,603,400	7,955,200	351,800	4.6%
UT Institute for Public Service	4,541,300	4,751,400	210,100	4.6%
UT County Technical Assistance Service	1,646,200	1,722,400	76,200	4.6%
UT Municipal Technical Advisory Service	2,732,200	2,858,600	126,400	4.6%
Subtotal	\$76,234,300	\$79,761,300	\$3,527,000	4.6%
Other Specialized Units				
UT University-Wide Administration	\$4,440,900	\$4,646,400	\$205,500	4.6%
TN Board of Regents Administration	4,881,800	5,107,700	225,900	4.6%
TN Student Assistance Corporation	55,205,400	88,918,400	33,713,000	61.1%
Tennessee Student Assistance Awards	52,762,500	86,362,500	33,600,000	63.7%
Tennessee Students Assistance Corporation Loan/Scholarships Program	1,251,900	1,309,800	57,900	4.6%
	1,191,000	1,246,100	55,100	4.6%
TN Higher Education Commission	2,292,100	2,398,100	106,000	4.6%
TN Foreign Language Institute	378,600	396,100	17,500	4.6%
Contract Education	2,178,400	2,279,200	100,800	4.6%
Subtotal	\$69,377,200	103,745,900	\$34,368,700	49.5%
Total Specialized Units	\$315,672,600	\$361,436,067	\$45,763,467	14.5%
Total Formula and Specialized Units	\$1,083,006,200	\$1,164,269,667	\$81,263,467	7.5%
Program Initiatives				
Campus Centers of Excellence	\$17,538,300	\$18,349,700	\$811,400	4.6%
Campus Centers of Emphasis	1,265,900	1,324,500	58,600	4.6%
Academic Scholars Program	401,800	420,400	18,600	4.6%
UT Access and Diversity Initiative	5,550,100	5,806,900	256,800	4.6%
TBR Access and Diversity Initiative	9,803,700	10,257,300	453,600	4.6%
THEC Grants	2,318,100	2,425,300	107,200	4.6%
Research Initiatives - UT	5,594,300	5,853,100	258,800	4.6%
Equipment Replenishment Program ²	-	15,700,000	15,700,000	NA
Higher Education Innovation Fund ³	-	1,000,000	1,000,000	NA
Subtotal	\$42,472,200	\$44,437,200	\$1,965,000	4.6%
Total Recurring	\$1,125,478,400	\$1,208,706,867	\$83,228,467	7.4%
Total with Non-Recurring Request	\$1,125,478,400	\$1,225,406,867	\$99,928,467	8.9%

1-Recurring

2-Non-recurring funds to be used for TTC (\$8.2M) and Community College (\$7.5M) equipment replenishment program. An equivalent amount will be considered in 2014-15.

3-Non-recurring

ATTACHMENT III
2013-14 State Appropriations Distribution With a 5% Reduction

	A	B	C	D	E	F = C + D + E	G = F + A	H = F / A	I = G / B
			Breakdown of 2013-14 Recurring Changes						
	2012-13 Appropriation ¹	2013-14 Formula Calculation	Phase Out of Hold Harmless	Outcomes Formula Adjustments	5% Reduction to Higher Educ.	Recurring Change	Recurring Appropriation ²	Percent Change	Percent Funded
TBR Universities									
Austin Peay	\$28,537,600	\$53,302,000	\$1,043,500	\$1,215,400	(\$1,796,700)	\$462,200	\$28,999,800	1.6%	54.4%
East Tennessee	45,772,200	78,204,000	(1,034,800)	446,900	(2,636,100)	(3,224,000)	42,548,200	-7.0%	54.4%
Middle Tennessee	77,193,600	130,572,500	(123,600)	(1,628,500)	(4,401,300)	(6,153,400)	71,040,200	-8.0%	54.4%
Tennessee State	30,810,900	52,459,300	(261,700)	(239,500)	(1,768,300)	(2,269,500)	28,541,400	-7.4%	54.4%
Tennessee Tech	37,288,600	63,891,900	301,200	(674,700)	(2,153,600)	(2,527,100)	34,761,500	-6.8%	54.4%
University of Memphis	87,346,700	143,309,000	(2,311,800)	(2,234,600)	(4,830,600)	(9,377,000)	77,969,700	-10.7%	54.4%
Subtotal	\$306,949,600	\$521,738,700	(\$2,387,200)	(\$3,115,000)	(\$17,586,600)	(\$23,088,800)	\$283,860,800	-7.5%	54.4%
Community Colleges									
Chattanooga	\$21,987,700	\$43,232,000	\$954,800	\$2,035,900	(\$1,457,300)	\$1,533,400	\$23,521,100	7.0%	54.4%
Cleveland	8,796,200	14,750,000	24,500	(298,500)	(497,200)	(771,200)	8,025,000	-8.8%	54.4%
Columbia	11,502,000	20,347,700	(19,600)	274,000	(685,900)	(431,500)	11,070,500	-3.8%	54.4%
Dyersburg	6,933,700	11,811,000	120,500	(230,100)	(398,100)	(507,700)	6,426,000	-7.3%	54.4%
Jackson	11,070,900	19,001,000	83,600	(176,200)	(640,500)	(733,100)	10,337,800	-6.6%	54.4%
Motlow	10,277,000	17,819,000	295,100	(276,700)	(600,700)	(582,300)	9,694,700	-5.7%	54.4%
Nashville	14,465,300	25,696,000	(51,400)	432,600	(866,200)	(485,000)	13,980,300	-3.4%	54.4%
Northeast	12,796,300	21,792,000	235,400	(440,800)	(734,600)	(940,000)	11,856,300	-7.3%	54.4%
Pellissippi	20,609,200	36,636,000	915,700	(357,500)	(1,235,000)	(676,800)	19,932,400	-3.3%	54.4%
Roane	15,148,700	26,773,000	(196,400)	516,500	(902,500)	(582,400)	14,566,300	-3.8%	54.4%
Southwest	27,734,500	41,205,000	(2,126,500)	(1,800,600)	(1,388,900)	(5,316,000)	22,418,500	-19.2%	54.4%
Volunteer	15,610,600	25,909,000	(511,100)	(129,900)	(873,400)	(1,514,400)	14,096,200	-9.7%	54.4%
Walters	17,048,300	32,192,000	552,500	998,900	(1,085,100)	466,300	17,514,600	2.7%	54.4%
Community College Subtotal ³	\$193,980,400	\$337,163,700	\$277,100	\$547,600	(\$11,365,400)	(\$10,540,700)	\$183,439,700	-5.4%	54.4%
UT Universities									
UT Chattanooga	\$34,601,800	\$58,138,000	(\$593,500)	(\$417,600)	(\$1,959,700)	(\$2,970,800)	\$31,631,000	-8.6%	54.4%
UT Knoxville	153,343,900	277,364,000	3,116,000	3,793,600	(9,349,600)	(2,440,000)	150,903,900	-1.6%	54.4%
UT Martin ⁴	24,609,100	40,309,000	(511,000)	(808,600)	(1,158,700)	(2,478,300)	22,130,800	-10.1%	54.9%
Subtotal	\$212,554,800	\$375,811,000	\$2,011,500	\$2,567,400	(\$12,468,000)	(\$7,889,100)	\$204,665,700	-3.7%	54.5%
Total Colleges and Universities	\$713,484,800	\$1,234,713,400	(\$98,600)	\$0	(\$41,420,000)	(\$41,518,600)	\$671,966,200	-5.8%	54.4%
Technology Centers	\$53,848,800	\$93,371,000	\$98,600	\$0	(\$3,147,000)	(\$3,048,400)	\$50,800,400	-5.7%	54.4%
Total Academic Formula Units	\$767,333,600	\$1,328,084,400	\$0	\$0	(\$44,567,000)	(\$44,567,000)	\$722,766,600	-5.8%	54.4%

1-Recurring

2-Includes new outcome data, statewide higher education reductions of 5%, the third of a three year phase-in of the outcomes model, and the third of a three year phase-out of the Hold Harmless policy.

3-THC's community college distribution is only for the sector as a whole. Institutional detail displayed here is for informational purposes only.

4-UTM's state appropriation includes \$200K for Parsons Center, which is not to be distributed through the funding formula, per the 12-13 appropriations bill.

ATTACHMENT III
2013-14 State Appropriations Distribution With a 5% Reduction

	A	B	C = B - A	D = B / A
	2012-13 Appropriation ¹	2013-14 Appropriation ¹	Difference	Percent Change
Specialized Units				
Medical Education				
ETSU College of Medicine	\$27,321,000	\$26,496,200	(\$824,800)	-3.0%
ETSU Family Practice	5,731,700	5,599,700	(132,000)	-2.3%
UT College of Medicine	44,883,300	43,314,700	(1,568,600)	-3.5%
UT Family Practice	9,870,100	9,642,800	(227,300)	-2.3%
UT Memphis	66,869,800	64,353,400	(2,516,400)	-3.8%
UT College of Vet Medicine	15,385,200	14,785,100	(600,100)	-3.9%
Subtotal	\$170,061,100	\$164,191,900	(\$5,869,200)	-3.5%
Research and Public Service				
UT Agriculture Experiment Station	\$24,342,600	\$23,782,100	(\$560,500)	-2.3%
UT Agriculture Extension Service	29,431,800	28,754,100	(677,700)	-2.3%
TSU McMinnville Center	543,300	530,800	(12,500)	-2.3%
TSU Institute of Ag. and Environmental Research	2,208,900	2,158,000	(50,900)	-2.3%
TSU Cooperative Education	3,010,500	2,941,200	(69,300)	-2.3%
TSU McIntire-Stennis Forestry Research	174,100	170,100	(4,000)	-2.3%
UT Space Institute	7,603,400	7,387,700	(215,700)	-2.8%
UT Institute for Public Service	4,541,300	4,436,700	(104,600)	-2.3%
UT County Technical Assistance Service	1,646,200	1,608,300	(37,900)	-2.3%
UT Municipal Technical Advisory Service	2,732,200	2,669,300	(62,900)	-2.3%
Subtotal	\$76,234,300	\$74,438,300	(\$1,796,000)	-2.4%
Other Specialized Units				
UT University-Wide Administration	\$4,440,900	\$4,338,600	(\$102,300)	-2.3%
TN Board of Regents Administration	4,881,800	4,769,400	(112,400)	-2.3%
TN Student Assistance Corporation	55,205,400	55,176,600	(28,800)	-0.1%
Tennessee Student Assistance Awards	52,762,500	52,762,500	-	0.0%
Tennessee Students Assistance Corporation Loan/Scholarships Program	1,251,900	1,223,100	(28,800)	-2.3%
	1,191,000	1,191,000	-	0.0%
TN Higher Education Commission	2,292,100	2,239,300	(52,800)	-2.3%
TN Foreign Language Institute	378,600	369,900	(8,700)	-2.3%
Contract Education	2,178,400	2,128,200	(50,200)	-2.3%
Subtotal	\$69,377,200	\$69,022,000	(\$355,200)	-0.5%
Total Specialized Units	\$315,672,600	\$307,652,200	(\$8,020,400)	-2.5%
Total Formula and Specialized Units	\$1,083,006,200	\$1,030,418,800	(\$52,587,400)	-4.9%
Program Initiatives				
Campus Centers of Excellence	\$17,538,300	\$17,134,500	(\$403,800)	-2.3%
Campus Centers of Emphasis	1,265,900	1,236,800	(29,100)	-2.3%
Academic Scholars Program	401,800	401,800	-	0.0%
UT Access and Diversity Initiative	5,550,100	5,422,300	(127,800)	-2.3%
TBR Access and Diversity Initiative	9,803,700	9,578,000	(225,700)	-2.3%
THEC Grants	2,318,100	2,264,700	(53,400)	-2.3%
Research Initiatives - UT	5,594,300	5,465,500	(128,800)	-2.3%
Subtotal	\$42,472,200	\$41,503,600	(\$968,600)	-2.3%
Total	\$1,125,478,400	\$1,071,922,400	(\$53,556,000)	-4.8%

1-Recurring

NOTE: TSAA Awards, Loan/Scholarship Program, and Academic Scholars Program are exempt from 2013-14 reductions per F&A budget instructions.

ATTACHMENT IV
Changes in Formula Outcomes

Community Colleges

Outcomes	2012-13	2013-14	Change	
Students Accumulating 12 hrs	33,292	30,595	(2,697)	-8.1%
Students Accumulating 24 hrs	23,889	22,545	(1,344)	-5.6%
Students Accumulating 36 hrs	18,264	17,734	(530)	-2.9%
Dual Enrollment	10,702	11,957	1,255	11.7%
Associates	7,382	8,312	930	12.6%
Certificates 1-2 Year	625	676	51	8.1%
Certificates <1 Year	1,096	1,220	124	11.3%
Job Placements	3,482	3,757	276	7.9%
Remedial & Developmental Success	21,521	23,560	2,039	9.5%
Student Transfers	5,432	5,767	336	6.2%
Workforce Training (Contact Hours)	580,470	729,085	148,615	25.6%
Awards per 100 FTE	13.53	14.25	0.72	5.3%
Adults Accumulating 12 hrs	10,188	9,260	(928)	-9.1%
Adults Accumulating 24 hrs	8,489	8,084	(405)	-4.8%
Adults Accumulating 36 hrs	7,254	7,198	(56)	-0.8%
Adult Associates	4,167	4,657	490	11.8%
Adult 1-2 Year Certificates	411	443	33	8.0%
Adult <1yr Certificates	714	801	87	12.2%
Low-income Accumulating 12 hrs	21,671	19,283	(2,388)	-11.0%
Low-income Accumulating 24 hrs	15,614	14,578	(1,036)	-6.6%
Low-income Accumulating 36 hrs	11,842	11,501	(341)	-2.9%
Low-income Associates	3,970	5,148	1,179	29.7%
Low-income 1-2 Year Certificates	311	354	43	13.9%
Low-income <1yr Certificates	557	636	79	14.2%

Universities

Outcomes	2012-13	2013-14	Change	
Students Accumulating 24 hrs	19,949	19,148	(800)	-4.0%
Students Accumulating 48 hrs	18,773	18,307	(466)	-2.5%
Students Accumulating 72 hrs	19,713	19,367	(345)	-1.8%
Bachelors and Associates	18,656	19,365	708	3.8%
Masters / Ed Specialists	5,793	5,892	99	1.7%
Doctoral / Law Degree	968	1,015	47	4.8%
Research and Service	\$ 315,862,178	\$ 320,173,511	\$ 4,311,333	1.4%
Student Transfers	2,919	3,240	321	11.0%
Degrees per 100 FTE	17.78	18.05	0.27	1.5%
Six-Year Graduation Rate	50.78	50.92	0.14	0.3%
Adults Accumulating 24 hrs	1,374	1,269	(105)	-7.6%
Adults Accumulating 48 hrs	1,869	1,777	(91)	-4.9%
Adults Accumulating 72 hrs	2,947	2,901	(46)	-1.6%
Adults Bachelors and Associates	6,522	6,707	185	2.8%
Low-income Accumulating 24 hrs	9,565	8,894	(670)	-7.0%
Low-income Accumulating 48 hrs	8,746	8,460	(285)	-3.3%
Low-income Accumulating 72 hrs	9,255	9,056	(199)	-2.1%
Low-income Bachelors and Associates	7,685	8,901	1,217	15.8%

**ATTACHMENT V
Percent Funded Comparison**

	2010-11	2011-12	2012-13	2013-14		
	Percent Funded	Percent Funded	Percent Funded	Formula Calculation	Appropriation ¹	Percent Funded
Academic Formula Units						
Austin Peay	54.1%	57.1%	55.9%	\$ 53,302,000	\$ 32,213,300	60.4%
East Tennessee	58.2%	59.6%	59.3%	78,204,000	47,262,900	60.4%
Middle Tennessee	52.4%	58.5%	58.0%	130,572,500	78,912,100	60.4%
Tennessee State	52.8%	58.7%	58.5%	52,459,300	31,704,000	60.4%
Tennessee Tech	56.7%	58.3%	57.5%	63,891,900	38,613,300	60.4%
University of Memphis	61.5%	60.3%	59.5%	143,309,000	86,609,400	60.4%
Subtotal TBR Universities	56.6%	59.0%	58.4%	\$ 521,738,700	\$ 315,315,000	60.4%
Chattanooga	61.6%	58.6%	55.5%	\$ 43,232,000	\$ 26,127,400	60.4%
Cleveland	66.1%	59.5%	57.8%	14,750,000	8,914,200	60.4%
Columbia	62.6%	58.5%	58.1%	20,347,700	12,297,200	60.4%
Dyersburg	55.1%	57.2%	57.0%	11,811,000	7,138,000	60.4%
Jackson	59.5%	57.4%	57.5%	19,001,000	11,483,300	60.4%
Motlow	50.7%	54.6%	56.3%	17,819,000	10,769,000	60.4%
Nashville	52.8%	54.9%	58.2%	25,696,000	15,529,500	60.4%
Northeast	48.7%	55.9%	56.9%	21,792,000	13,170,100	60.4%
Pellissippi	52.6%	56.0%	55.5%	36,636,000	22,141,100	60.4%
Roane	65.4%	61.2%	58.7%	26,773,000	16,180,400	60.4%
Southwest	72.1%	65.9%	62.8%	41,205,000	24,902,600	60.4%
Volunteer	60.6%	59.3%	59.9%	25,909,000	15,658,200	60.4%
Walters	60.5%	58.5%	56.1%	32,192,000	19,455,400	60.4%
Subtotal Community Colleges	60.0%	58.8%	57.9%	\$ 337,163,700	\$ 203,766,400	60.4%
UT Chattanooga	55.6%	58.7%	59.0%	\$ 58,138,000	\$ 35,136,000	60.4%
UT Knoxville	54.9%	58.0%	56.8%	277,364,000	167,626,100	60.4%
UT Martin	57.3%	60.5%	59.2%	40,309,000	24,560,900	60.9%
Subtotal UT Universities	55.3%	58.4%	57.4%	\$ 375,811,000	\$ 227,323,000	60.5%
Total Colleges and Universities	57.1%	58.8%	58.0%	\$ 1,234,713,400	\$ 746,404,400	60.5%
Technology Centers	52.8%	54.2%	57.6%	\$ 93,371,000	\$ 56,429,200	60.4%
Total Academic Formula Units	56.8%	58.4%	57.9%	\$ 1,328,084,400	\$ 802,833,600	60.5%

2012-13 Percent Funded	
Overall	57.9%
Minimum	55.5% CHSCC & PSCC
Maximum	62.8% STCC
Range	7.3%

2011-12 Percent Funded	
Overall	58.4%
Minimum	54.2% TTCs
Maximum	65.9% STCC
Range	11.7%

2010-11 Percent Funded	
Overall	56.8%
Minimum	48.7% NESCC
Maximum	72.1% STCC
Range	23.5%

1- Recurring; accounts for recommended \$35.5M in additional funding for formula units

ATTACHMENT VI
2013-14 Total Formula Revenue Analysis

Academic Formula Units	State Appropriation Recommendation¹	Maintenance Fees²	Out-of-State Tuition²	Total Revenue	Total Formula Revenue Need	Difference (Short)	Percent Funded
Austin Peay	\$ 32,213,300	\$ 60,264,500	\$ 3,370,400	\$ 95,848,200	\$ 98,163,000	\$ (2,314,800)	97.6%
East Tennessee	47,262,900	86,137,400	11,665,800	145,066,100	150,979,000	(5,912,900)	96.1%
Middle Tennessee	78,912,100	149,279,900	14,335,500	242,527,500	241,246,500	1,281,000	100.5%
Tennessee State	31,704,000	52,078,900	19,080,000	102,862,900	103,510,300	(647,400)	99.4%
Tennessee Tech	38,613,300	62,791,700	7,936,800	109,341,800	118,493,900	(9,152,100)	92.3%
University of Memphis	86,609,400	150,411,500	10,938,600	247,959,500	272,766,000	(24,806,500)	90.9%
Subtotal TBR Universities	\$ 315,315,000	\$ 560,963,900	\$ 67,327,100	\$ 943,606,000	\$ 985,158,700	\$ (41,552,700)	95.8%
Chattanooga	\$ 26,127,400	\$ 29,355,000	\$ 741,600	\$ 56,224,000	\$ 65,075,000	\$ (8,851,000)	86.4%
Cleveland	8,914,200	10,117,000	198,400	19,229,600	22,179,000	(2,949,400)	86.7%
Columbia	12,297,200	13,471,100	408,500	26,176,800	30,589,700	(4,412,900)	85.6%
Dyersburg	7,138,000	8,960,400	113,800	16,212,200	17,741,000	(1,528,800)	91.4%
Jackson	11,483,300	13,643,800	120,000	25,247,100	28,533,000	(3,285,900)	88.5%
Motlow	10,769,000	12,113,900	231,200	23,114,100	26,795,000	(3,680,900)	86.3%
Nashville	15,529,500	21,527,000	721,000	37,777,500	38,706,000	(928,500)	97.6%
Northeast	13,170,100	17,646,100	55,300	30,871,500	32,703,000	(1,831,500)	94.4%
Pellissippi	22,141,100	30,658,000	1,230,900	54,030,000	55,234,000	(1,204,000)	97.8%
Roane	16,180,400	17,620,500	434,000	34,234,900	40,211,000	(5,976,100)	85.1%
Southwest	24,902,600	36,590,300	1,434,800	62,927,700	61,983,000	944,700	101.5%
Volunteer	15,658,200	20,916,200	441,400	37,015,800	38,987,000	(1,971,200)	94.9%
Walters	19,455,400	19,754,700	448,200	39,658,300	48,444,000	(8,785,700)	81.9%
Subtotal Community Colleges	\$ 203,766,400	\$ 252,374,000	\$ 6,579,100	\$ 462,719,500	\$ 507,180,700	\$ (44,461,200)	91.2%
UT Chattanooga	\$ 35,136,000	\$ 64,395,000	\$ 6,766,000	\$ 106,297,000	\$ 108,767,000	\$ (2,470,000)	97.7%
UT Knoxville	167,626,100	227,179,800	37,711,900	432,517,800	523,647,000	(91,129,200)	82.6%
UT Martin	24,560,900	47,720,700	4,521,400	76,803,000	75,064,000	1,739,000	102.3%
Subtotal UT Universities	\$ 227,323,000	\$ 339,295,500	\$ 48,999,300	\$ 615,617,800	\$ 707,478,000	\$ (91,860,200)	87.0%
Technology Centers	\$ 56,429,200	\$ 26,241,500	\$ -	\$ 82,670,700	\$ 116,721,000	\$ (34,050,300)	70.8%
Total Academic Formula Units	\$ 802,833,600	\$1,178,874,900	\$ 122,905,500	\$2,104,614,000	\$ 2,316,538,400	\$ (211,924,400)	90.9%

1- Recurring; accounts for recommended \$35.5M in additional funding for formula units

2- Assumes 6% tuition increases at universities, 3% tuition increases at CCs and TTCs, and 0% enrollment increases for all of higher ed for 2013-14.

ATTACHMENT VI
2012-13 Total Formula Revenue Analysis

Academic Formula Units	Legislative Appropriation ¹	Maintenance Fees ²	Out-of-State Tuition ²	Total Revenue	Total Formula Revenue Need	Difference (Short)	Percent Funded
Austin Peay	\$ 28,537,600	\$ 56,853,300	\$ 3,179,600	\$ 88,570,500	\$ 93,818,000	\$ (5,247,500)	94.4%
East Tennessee	45,772,200	81,261,700	11,005,500	138,039,400	148,038,000	(9,998,600)	93.2%
Middle Tennessee	77,193,600	140,830,100	13,524,100	231,547,800	244,983,500	(13,435,700)	94.5%
Tennessee State	30,810,900	49,131,000	18,000,000	97,941,900	103,314,300	(5,372,400)	94.8%
Tennessee Tech	37,288,600	59,237,500	7,487,500	104,013,600	119,739,900	(15,726,300)	86.9%
University of Memphis	87,346,700	141,897,700	10,319,400	239,563,800	277,916,000	(38,352,200)	86.2%
Subtotal TBR Universities	\$ 306,949,600	\$ 529,211,300	\$ 63,516,100	\$ 899,677,000	\$ 987,809,700	\$ (88,132,700)	91.1%
Chattanooga	\$ 21,987,700	\$ 28,500,000	\$ 720,000	\$ 51,207,700	\$ 59,548,000	\$ (8,340,300)	86.0%
Cleveland	8,796,200	9,822,300	192,600	18,811,100	22,899,000	(4,087,900)	82.1%
Columbia	11,502,000	13,078,700	396,600	24,977,300	29,758,700	(4,781,400)	83.9%
Dyersburg	6,933,700	8,699,400	110,500	15,743,600	18,282,000	(2,538,400)	86.1%
Jackson	11,070,900	13,246,400	116,500	24,433,800	28,895,000	(4,461,200)	84.6%
Motlow	10,277,000	11,761,100	224,500	22,262,600	27,449,000	(5,186,400)	81.1%
Nashville	14,465,300	20,900,000	700,000	36,065,300	37,440,000	(1,374,700)	96.3%
Northeast	12,796,300	17,132,200	53,700	29,982,200	33,748,000	(3,765,800)	88.8%
Pellissippi	20,609,200	29,765,000	1,195,000	51,569,200	56,043,000	(4,473,800)	92.0%
Roane	15,148,700	17,107,300	421,400	32,677,400	38,738,000	(6,060,600)	84.4%
Southwest	27,734,500	35,524,600	1,393,000	64,652,100	66,559,000	(1,906,900)	97.1%
Volunteer	15,610,600	20,307,000	428,500	36,346,100	39,195,000	(2,848,900)	92.7%
Walters	17,048,300	19,179,300	435,100	36,662,700	45,666,000	(9,003,300)	80.3%
Subtotal Community Colleges	\$ 193,980,400	\$ 245,023,300	\$ 6,387,400	\$ 445,391,100	\$ 504,220,700	\$ (58,829,600)	88.3%
UT Chattanooga	\$ 34,601,800	\$ 60,750,000	\$ 6,383,000	\$ 101,734,800	\$ 109,524,000	\$ (7,789,200)	92.9%
UT Knoxville	153,343,900	214,320,600	35,577,300	403,241,800	509,562,000	(106,320,200)	79.1%
UT Martin	24,609,100	45,019,500	4,265,500	73,894,100	76,776,000	(2,881,900)	96.2%
Subtotal UT Universities	\$ 212,554,800	\$ 320,090,100	\$ 46,225,800	\$ 578,870,700	\$ 695,862,000	\$ (116,991,300)	83.2%
Technology Centers	\$ 53,848,800	\$ 25,477,200	\$ -	\$ 79,326,000	\$ 116,957,000	(37,631,000)	67.8%
Total Academic Formula Units	\$ 767,333,600	\$ 1,119,801,900	\$ 116,129,300	\$ 2,003,264,800	\$ 2,304,849,400	\$ (301,584,600)	86.9%

1- Recurring

2- Preliminary estimate of 2012-13 fee revenue from UT and TBR proposed 2012-13 operating budgets.