

**Agenda Item:** I.C.

**DATE:** November 14, 2013

**SUBJECT:** 2014-15 Operating State Appropriation Recommendations

**ACTION RECOMMENDED:** Approval

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**BACKGROUND INFORMATION**

Based on the outcomes-based funding formula, the following recommendations for operating state appropriations are presented in the attachments for consideration. With the full phase-out of the Hold Harmless provision in 2013-14, fiscal year 2014-15 marks the second year in which all state appropriations distributed through the outcomes-based formula are allocated based strictly on performance. Funds are allocated on a pro-rata basis and all campuses are recommended to receive the same percentage of their formula calculation.

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 calculations for the individual community colleges are presented for informational purposes only.

**RECOMMENDATION SUMMARY**

Institutions showed continued improvement in many of the outcomes in 2012-13, the most recent year of data that is utilized for the 2014-15 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, continue to translate into productivity increases as students subsequently trigger outcomes, such as degree completion.

An increase of \$29.6 million in state appropriations would be required to fund the growth in the outcomes formula. This growth is largely due to 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 \$11.6 million, is included

in the THEC staff recommendation for 2014-15 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). In 2013-14, the program will fund approximately 35,000 students with \$64.5 million across public, private and proprietary institutions in Tennessee. In September, the TSAC Board recommended that funding increase in 2014-15 by \$31.7 million, which would fund 20 percent of the estimated 130,000 students that are eligible for the award, based on financial need, 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.D., represent continued advancement in college affordability for Tennesseans.

Second, the Public Agenda for Tennessee Higher Education — also known as 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 the Tennessee Colleges of Applied Technology (TCATs) are at the forefront of workforce training and development, where up-to-date equipment is a crucial need. In 2013-14, TBR received \$16.5 million in non-recurring funds to update and replace equipment vital to the mission of these campuses. Based upon the recommendation of TBR, THEC staff recommend an additional \$16.5 million in non-recurring funds in 2014-15 to complete this equipment replenishment initiative. This funding will continue to help address over 60 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 also allows the TCATs 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 \$5 million in non-recurring funds to continue the work of the Online Innovation Initiative, which in 2013-14 received \$3 million to fund several initiatives across higher education. Among other projects, this seed money funded course delivery pilots at four institutions across the UT and TBR systems via Coursera and edX, two of the leading education companies in online education technology, delivery and analytics. Funding was also utilized for the expansion of an innovative remedial education program called SAILS (Seamless Alignment and Integrated Learning Support), developed by Chattanooga State Community College, to other community colleges serving approximately 8,000 students

across Tennessee. These and other initiatives funded by the Online Innovation Initiative help identify and scale up policy innovation and activity that is crucial to the educational attainment and workforce development goals of the Public Agenda, as well as Governor Haslam's Drive to 55 initiative which seeks to have 55 percent of adult Tennesseans with a postsecondary credential by 2025.

The grand total recurring and non-recurring recommendation for all higher education operating appropriations for 2014-14 is \$1.3 billion. This grand total includes \$29.6 million to fund outcome growth, \$11.6 million for other institutional operating costs across "non-formula units", \$31.7 million for TSAA funding, \$16.5 million to complete the equipment replenishment program and \$5 million for the continuation of the Online Innovation Initiative. These recurring and non-recurring recommendations total \$94.4 million or an increase of 7.7 percent. The improvement in recurring funds only is \$72.9 million or 6 percent.

Finally, the Department of Finance & Administration has requested that state agencies prepare the 2014-15 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 these reduction scenarios. For higher education this would result in a reduction in state appropriations of \$57.3 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 *	2013-14 **
<b>TBR Universities</b>							
Austin Peay	\$36,196,500	\$32,935,800	\$27,228,700	\$25,570,600	\$26,107,600	\$28,537,600	\$32,995,000
East Tennessee	63,070,900	57,792,100	48,353,800	45,582,600	44,000,700	45,772,200	48,685,000
Middle Tennessee	100,775,700	91,965,400	76,102,500	71,318,700	73,423,800	77,193,600	81,024,600
Tennessee State	42,553,700	38,448,300	30,371,100	28,554,800	29,335,100	30,810,900	32,610,800
Tennessee Tech	49,204,400	45,198,900	38,341,600	35,853,000	35,086,300	37,288,600	39,559,500
University of Memphis	123,224,900	113,093,400	97,397,500	91,785,400	85,464,300	87,346,700	89,106,400
<b>Subtotal</b>	<b>\$415,026,100</b>	<b>\$379,433,900</b>	<b>\$317,795,200</b>	<b>\$298,665,100</b>	<b>\$293,417,800</b>	<b>\$306,949,600</b>	<b>\$323,981,300</b>
<b>Community Colleges</b>							
Chattanooga	\$24,993,200	\$23,667,300	\$21,297,300	\$20,086,100	\$19,970,200	\$21,902,500	\$26,624,800
Cleveland	10,830,700	10,271,300	9,408,300	9,062,000	8,421,200	8,672,000	8,997,100
Columbia	14,015,400	13,246,700	12,025,200	11,439,800	11,121,800	11,294,400	12,339,500
Dyersburg	7,581,500	7,190,000	6,506,300	6,168,000	6,484,500	6,867,800	7,238,900
Jackson	13,096,600	12,393,900	11,104,800	10,479,000	10,518,500	10,821,400	11,510,200
Motlow	10,910,000	10,302,500	9,159,600	8,591,400	9,662,900	10,310,000	11,017,200
Nashville	16,285,700	15,375,500	13,429,500	12,677,800	13,794,900	14,516,500	15,983,500
Northeast	13,156,400	12,442,600	11,051,400	10,605,000	11,924,900	12,920,300	13,648,200
Pellissippi	21,961,000	20,741,200	18,242,100	17,199,100	18,692,600	20,819,800	22,913,400
Roane	19,061,900	18,044,100	16,437,400	15,684,300	14,750,900	15,244,700	16,619,800
Southwest	40,042,000	37,845,200	34,396,200	32,436,900	28,648,100	27,953,000	25,739,300
Volunteer	19,159,800	18,134,900	16,269,400	15,389,800	15,281,400	15,614,700	16,075,400
Walters	19,355,100	18,347,900	16,578,900	16,032,000	15,745,100	17,043,300	19,866,900
<b>Subtotal</b>	<b>\$230,449,300</b>	<b>\$218,003,100</b>	<b>\$195,906,400</b>	<b>\$185,851,200</b>	<b>\$185,017,000</b>	<b>\$193,980,400</b>	<b>\$208,574,200</b>
<b>UT Universities</b>							
UT Chattanooga	\$46,033,200	\$42,102,800	\$35,886,300	\$33,463,400	\$33,294,400	\$34,601,800	\$36,128,500
UT Knoxville	195,397,500	178,669,100	152,036,100	143,699,500	144,150,000	153,343,900	174,335,300
UT Martin	33,231,400	30,386,700	25,683,900	24,047,300	23,636,300	24,609,100	25,243,000
<b>Subtotal</b>	<b>\$274,662,100</b>	<b>\$251,158,600</b>	<b>\$213,606,300</b>	<b>\$201,210,200</b>	<b>\$201,080,700</b>	<b>\$212,554,800</b>	<b>\$235,706,800</b>
<b>Total Colleges and Universities</b>	<b>\$920,137,500</b>	<b>\$848,595,600</b>	<b>\$727,307,900</b>	<b>\$685,726,500</b>	<b>\$679,515,500</b>	<b>\$713,484,800</b>	<b>\$768,262,300</b>
<b>Technology Centers</b>	<b>\$53,607,000</b>	<b>\$50,825,800</b>	<b>\$47,842,700</b>	<b>\$46,263,500</b>	<b>\$52,260,300</b>	<b>\$53,848,800</b>	<b>\$57,400,500</b>
<b>Total Academic Formula Units</b>	<b>\$973,744,500</b>	<b>\$899,421,400</b>	<b>\$775,150,600</b>	<b>\$731,990,000</b>	<b>\$731,775,800</b>	<b>\$767,333,600</b>	<b>\$825,662,800</b>

Note: All years of appropriations are recurring funds only.

\*Community College detail was determined by the Tennessee Board of Regents. Beginning in 2012-13, funds were allocated to the Community Colleges as a system.

\*\*Community College detail provided by TBR and represents actual allocations.

## ATTACHMENT I

### State Appropriations History

Specialized Units	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
<b>Medical Education</b>							
ETSU College of Medicine	\$29,028,900	\$27,619,200	\$26,297,600	\$25,377,900	\$25,859,200	\$27,321,000	\$28,893,900
ETSU Family Practice	5,677,800	5,408,600	5,333,500	5,150,800	5,322,000	5,731,700	6,117,800
UT College of Medicine	49,340,900	46,573,700	44,057,000	42,524,700	42,820,200	44,883,300	47,065,400
UT Family Practice	10,161,400	9,654,000	9,487,500	9,187,200	9,313,200	9,870,100	10,458,800
UT Memphis	71,168,300	68,934,900	64,637,400	62,105,000	63,089,600	66,869,800	71,363,200
UT College of Vet Medicine	16,631,600	15,799,600	14,718,500	14,160,600	14,416,600	15,385,200	16,453,000
<b>Subtotal</b>	<b>\$182,008,900</b>	<b>\$173,990,000</b>	<b>\$164,531,500</b>	<b>\$158,506,200</b>	<b>\$160,820,800</b>	<b>\$170,061,100</b>	<b>\$180,352,100</b>
<b>Research and Public Service</b>							
UT Agriculture Experiment Station	\$25,094,000	\$23,841,500	\$23,377,800	\$22,812,000	\$23,111,900	\$24,342,600	\$25,438,800
UT Agriculture Extension Service	30,095,000	28,694,300	28,143,100	27,416,300	27,825,100	29,431,800	30,836,900
TSU McMinnville Center	531,200	503,100	521,500	527,900	527,300	543,300	560,400
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	2,280,500
TSU Cooperative Education	1,927,000	1,823,000	2,371,700	2,918,300	2,918,200	3,010,500	3,110,400
TSU McIntire-Stennis Forestry Research	-	-	185,400	171,900	170,600	174,100	179,400
UT Space Institute	8,282,000	7,821,000	7,465,900	7,212,500	7,276,600	7,603,400	7,896,700
UT Institute for Public Service	4,980,000	4,806,500	4,705,100	4,312,800	4,341,200	4,541,300	5,232,400
UT County Technical Assistance Service	1,605,300	1,519,600	1,491,700	1,482,500	1,521,800	1,646,200	1,753,200
UT Municipal Technical Advisory Service	2,743,100	2,601,900	2,556,500	2,499,300	2,554,300	2,732,200	2,886,200
<b>Subtotal</b>	<b>\$77,430,600</b>	<b>\$73,666,600</b>	<b>\$72,928,500</b>	<b>\$71,509,700</b>	<b>\$72,392,000</b>	<b>\$76,234,300</b>	<b>\$80,174,900</b>
<b>Other Specialized Units</b>							
UT University-Wide Administration	\$4,564,500	\$4,399,600	\$4,353,700	\$4,143,800	\$4,209,000	\$4,440,900	\$4,589,300
TN Board of Regents Administration	4,871,700	4,517,100	4,429,300	4,407,400	4,563,400	4,881,800	5,104,200
TN Student Assistance Corporation	49,836,900	48,712,900	48,589,500	48,567,100	48,579,200	55,205,400	61,586,800
Tennessee Student Assistance Awards	47,108,500	46,162,500	46,162,500	46,162,500	46,162,500	52,762,500	57,762,500
Tennessee Students Assistance Corporation	1,537,400	1,359,400	1,236,000	1,213,600	1,225,700	1,251,900	1,353,500
Loan/Scholarships Program	1,191,000	1,191,000	1,191,000	1,191,000	1,191,000	1,191,000	1,220,800
Endowment Scholarships	-	-	-	-	-	-	1,250,000
TN Higher Education Commission	2,381,500	2,207,300	2,186,500	2,160,300	2,224,500	2,292,100	2,479,200
TN Foreign Language Institute	372,200	369,000	349,100	338,100	352,800	378,600	410,300
Contract Education	2,542,700	2,490,700	2,289,700	2,217,000	2,198,200	2,178,400	2,232,900
<b>Subtotal</b>	<b>\$64,569,500</b>	<b>\$62,696,600</b>	<b>\$62,197,800</b>	<b>\$61,833,700</b>	<b>\$62,127,100</b>	<b>\$69,377,200</b>	<b>\$76,402,700</b>
<b>Program Initiatives</b>							
Campus Centers of Excellence	\$19,635,500	\$18,774,500	\$17,717,700	\$17,238,700	\$17,328,000	\$17,538,300	\$18,193,700
Campus Centers of Emphasis	1,429,600	1,344,900	1,269,200	1,240,700	1,247,600	1,265,900	1,313,300
Academic Scholars Program	401,800	401,800	401,800	401,800	401,800	401,800	411,800
UT Access and Diversity Initiative	6,448,900	6,181,900	5,833,900	5,648,700	5,600,600	5,550,100	5,688,900
TBR Access and Diversity Initiative	11,391,100	10,543,000	10,313,200	9,977,400	9,892,900	9,803,700	10,048,800
THEC Grants	2,715,900	2,581,800	2,436,500	2,359,200	2,339,200	2,318,100	2,403,300
Research Initiatives - UT	6,500,000	6,231,000	5,880,300	5,693,700	5,645,200	5,594,300	5,734,200
<b>Subtotal</b>	<b>\$48,522,800</b>	<b>\$46,058,900</b>	<b>\$43,852,600</b>	<b>\$42,560,200</b>	<b>\$42,455,300</b>	<b>\$42,472,200</b>	<b>\$43,794,000</b>
<b>Total Operating</b>	<b>\$1,346,276,300</b>	<b>\$1,255,833,500</b>	<b>\$1,118,661,000</b>	<b>\$1,066,399,800</b>	<b>\$1,069,571,000</b>	<b>\$1,125,478,400</b>	<b>\$1,206,386,500</b>

Note: All years of appropriations are recurring funds only.

## ATTACHMENT II

### 2014-15 State Appropriations Distribution Recommendation

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

	2013-14 Appropriation <sup>1</sup>	2014-15 Formula Recommendation	Breakdown of 2014-15 Changes		2014-15 Changes	2014-15 Appropriation	Percent Change	Percent Funded
			Outcomes Formula Adjustments	Share of New Funding				
<b>Academic Formula Units</b>								
<b>TBR Universities</b>								
Austin Peay	\$32,995,000	\$56,186,000	\$1,041,100	\$1,224,900	\$2,266,000	\$35,261,000	6.9%	62.8%
East Tennessee	48,685,000	78,623,000	(1,057,200)	1,714,100	656,900	49,341,900	1.3%	62.8%
Middle Tennessee	81,024,600	135,820,500	1,252,000	2,961,100	4,213,100	85,237,700	5.2%	62.8%
Tennessee State	32,610,800	52,609,300	(741,400)	1,147,000	405,600	33,016,400	1.2%	62.8%
Tennessee Tech	39,559,500	62,960,900	(1,419,400)	1,372,600	(46,800)	39,512,700	-0.1%	62.8%
University of Memphis	89,106,400	146,528,000	(343,500)	3,194,500	2,851,000	91,957,400	3.2%	62.8%
<b>Subtotal</b>	<b>\$323,981,300</b>	<b>\$532,727,700</b>	<b>(\$1,268,400)</b>	<b>\$11,614,200</b>	<b>\$10,345,800</b>	<b>\$334,327,100</b>	<b>3.2%</b>	<b>62.8%</b>
<b>Community Colleges<sup>2</sup></b>								
Chattanooga	\$26,624,800	\$42,730,000	(\$740,100)	\$931,600	\$191,500	\$26,816,300	0.7%	62.8%
Cleveland	8,997,100	14,530,000	(195,200)	316,800	121,600	9,118,700	1.4%	62.8%
Columbia	12,339,500	20,290,700	(47,900)	442,400	394,500	12,734,000	3.2%	62.8%
Dyersburg	7,238,900	12,024,000	44,900	262,100	307,000	7,545,900	4.2%	62.8%
Jackson	11,510,200	18,229,000	(467,500)	397,400	(70,100)	11,440,100	-0.6%	62.8%
Motlow	11,017,200	17,508,000	(411,300)	381,700	(29,600)	10,987,600	-0.3%	62.8%
Nashville	15,983,500	26,060,000	(197,000)	568,100	371,100	16,354,600	2.3%	62.8%
Northeast	13,648,200	21,726,000	(487,100)	473,700	(13,400)	13,634,800	-0.1%	62.8%
Pellissippi	22,913,400	38,498,000	407,700	839,300	1,247,000	24,160,400	5.4%	62.8%
Roane	16,619,800	28,591,000	699,900	623,300	1,323,200	17,943,000	8.0%	62.8%
Southwest	25,739,300	40,541,000	(1,180,600)	883,900	(296,700)	25,442,600	-1.2%	62.8%
Volunteer	16,075,400	26,644,000	64,900	580,900	645,800	16,721,200	4.0%	62.8%
Walters	19,866,900	33,438,000	389,000	729,000	1,118,000	20,984,900	5.6%	62.8%
<b>Community College Subtotal</b>	<b>\$208,574,200</b>	<b>\$340,809,700</b>	<b>(\$2,120,300)</b>	<b>\$7,430,200</b>	<b>\$5,309,900</b>	<b>\$213,884,100</b>	<b>2.5%</b>	<b>62.8%</b>
<b>UT Universities</b>								
UT Chattanooga	\$36,128,500	\$61,485,000	\$1,117,500	\$1,340,500	\$2,458,000	\$38,586,500	6.8%	62.8%
UT Knoxville <sup>3</sup>	171,335,300	289,041,000	3,758,400	6,301,500	10,059,900	181,395,200	5.9%	62.8%
UT Martin <sup>3</sup>	25,043,000	42,686,000	815,100	930,600	1,745,700	26,788,700	7.0%	62.8%
<b>Subtotal</b>	<b>\$232,506,800</b>	<b>\$393,212,000</b>	<b>\$5,691,000</b>	<b>\$8,572,600</b>	<b>\$14,263,600</b>	<b>\$246,770,400</b>	<b>6.1%</b>	<b>62.8%</b>
<b>Total Colleges and Universities</b>	<b>\$765,062,300</b>	<b>\$1,266,749,400</b>	<b>\$2,302,300</b>	<b>\$27,617,000</b>	<b>\$29,919,300</b>	<b>\$794,981,600</b>	<b>3.9%</b>	<b>62.8%</b>
<b>TN Colleges of Applied Technology</b>	<b>\$57,400,500</b>	<b>\$90,955,000</b>	<b>(\$2,302,300)</b>	<b>\$1,983,000</b>	<b>(\$319,300)</b>	<b>\$57,081,200</b>	<b>-0.6%</b>	<b>62.8%</b>
<b>Total Academic Formula Units</b>	<b>\$822,462,800</b>	<b>\$1,357,704,400</b>	<b>\$0</b>	<b>\$29,600,000</b>	<b>\$29,600,000</b>	<b>\$852,062,800</b>	<b>3.6%</b>	<b>62.8%</b>

1 - Recurring

2 - THEC's Community College recommendation is only for the sector as a whole. Institutional detail displayed here is for informational purposes only.

3 - Does not include recurring funds appropriated to UT Martin for the Parsons Center (\$200K) or to UT Knoxville for the engineering college (\$3M). These appropriations are included as Program Initiatives.

## ATTACHMENT II

### 2014-15 State Appropriations Distribution Recommendation

	A	B	C = B - A	D = C / A
Specialized Units	2013-14 Appropriation <sup>1</sup>	2014-15 Appropriation <sup>1</sup>	Total Change	Percent Change
<b>Medical Education</b>				
ETSU College of Medicine	\$28,893,900	\$29,933,800	\$1,039,900	3.6%
ETSU Family Practice	6,117,800	6,338,000	220,200	3.6%
UT College of Medicine	47,065,400	48,759,300	1,693,900	3.6%
UT Family Practice	10,458,800	10,835,200	376,400	3.6%
UT Memphis	71,363,200	73,931,500	2,568,300	3.6%
UT College of Vet Medicine	16,453,000	17,045,100	592,100	3.6%
<b>Subtotal</b>	<b>\$180,352,100</b>	<b>\$186,842,900</b>	<b>\$6,490,800</b>	<b>3.6%</b>
<b>Research and Public Service</b>				
UT Agriculture Experiment Station	\$25,438,800	\$26,354,300	\$915,500	3.6%
UT Agriculture Extension Service	30,836,900	31,946,700	1,109,800	3.6%
TSU McMinnville Center	560,400	580,600	20,200	3.6%
TSU Institute of Ag. and Environmental Research	2,280,500	2,362,600	82,100	3.6%
TSU Cooperative Education	3,110,400	3,222,300	111,900	3.6%
TSU McIntire-Stennis Forestry Research	179,400	185,900	6,500	3.6%
UT Space Institute	7,896,700	8,180,900	284,200	3.6%
UT Institute for Public Service	5,232,400	5,420,700	188,300	3.6%
UT County Technical Assistance Service	1,753,200	1,816,300	63,100	3.6%
UT Municipal Technical Advisory Service	2,886,200	2,990,100	103,900	3.6%
<b>Subtotal</b>	<b>\$80,174,900</b>	<b>\$83,060,400</b>	<b>\$2,885,500</b>	<b>3.6%</b>
<b>Other Specialized Units</b>				
UT University-Wide Administration	\$4,589,300	\$4,754,500	\$165,200	3.6%
TN Board of Regents Administration	5,104,200	5,287,900	183,700	3.6%
TN Student Assistance Corporation	61,586,800	93,379,400	31,792,600	51.6%
Tennessee Student Assistance Awards	57,762,500	89,462,500	31,700,000	54.9%
Tennessee Students Assistance Corporation	1,353,500	1,402,200	48,700	3.6%
Loan/Scholarships Program	1,220,800	1,264,700	43,900	3.6%
Endowment Scholarships	1,250,000	1,250,000	-	0.0%
TN Higher Education Commission	2,479,200	2,568,400	89,200	3.6%
TN Foreign Language Institute	410,300	425,100	14,800	3.6%
Contract Education	2,232,900	2,313,300	80,400	3.6%
<b>Subtotal</b>	<b>\$76,402,700</b>	<b>\$108,728,600</b>	<b>\$32,325,900</b>	<b>42.3%</b>
<b>Program Initiatives</b>				
Campus Centers of Excellence	\$18,193,700	\$18,848,500	\$654,800	3.6%
Campus Centers of Emphasis	1,313,300	1,360,600	47,300	3.6%
Academic Scholars Program	411,800	426,600	14,800	3.6%
UT Access and Diversity Initiative	5,688,900	5,893,600	204,700	3.6%
TBR Access and Diversity Initiative	10,048,800	10,410,500	361,700	3.6%
THEC Grants	2,403,300	2,489,800	86,500	3.6%
Research Initiatives - UT	5,734,200	5,940,600	206,400	3.6%
UT Martin Parsons Center <sup>2</sup>	200,000	200,000	-	NA
UT Knoxville College of Engineering <sup>2</sup>	3,000,000	3,000,000	-	NA
Equipment Replenishment Program <sup>3</sup>	16,500,000	16,500,000	-	NA
Online Innovation Initiative <sup>4</sup>	3,000,000	5,000,000	2,000,000	NA
Governor's Initiative on Higher Education Access & Quality <sup>4</sup>	750,000	-	(750,000)	NA
<b>Subtotal</b>	<b>\$46,994,000</b>	<b>\$48,570,200</b>	<b>\$1,576,200</b>	<b>3.4%</b>
<b>Total Recurring</b>	<b>\$1,206,386,500</b>	<b>\$1,279,264,900</b>	<b>\$72,878,400</b>	<b>6.0%</b>
<b>Total with Non-Recurring Request</b>	<b>\$1,226,636,500</b>	<b>\$1,300,764,900</b>	<b>\$74,128,400</b>	<b>6.0%</b>

1 - Recurring funds unless otherwise footnoted.

2 - Recurring funds appropriated to UT Martin (\$200K) and UT Knoxville (\$3M).

3 - Non-recurring funds used for TCAT and Community College equipment replenishment program in 2013-14. An equivalent amount is being requested in 2014-15 as a second half of this replenishment program.

4 - Non-recurring funds.

# ATTACHMENT III

## 2014-15 State Appropriations Distribution With a 5% Reduction

	A	B	C	D	E = C + D	F = E + A	G = E / A	H = F / B
	<b>Breakdown of 2014-15 Changes</b>							
	2013-14 Appropriation <sup>1</sup>	2014-15 Formula Recommendation	Outcomes Formula Adjustments	5% Reduction to Higher Education	2014-15 Change	2014-15 Appropriation	Percent Change	Percent Funded
<b>Academic Formula Units</b>								
<b>TBR Universities</b>								
Austin Peay	\$32,995,000	\$56,186,000	\$1,041,100	(\$1,973,000)	(\$931,900)	\$32,063,100	-2.8%	57.1%
East Tennessee	48,685,000	78,623,000	(1,057,200)	(2,760,800)	(3,818,000)	44,867,000	-7.8%	57.1%
Middle Tennessee	81,024,600	135,820,500	1,252,000	(4,769,300)	(3,517,300)	77,507,300	-4.3%	57.1%
Tennessee State	32,610,800	52,609,300	(741,400)	(1,847,400)	(2,588,800)	30,022,000	-7.9%	57.1%
Tennessee Tech	39,559,500	62,960,900	(1,419,400)	(2,210,900)	(3,630,300)	35,929,200	-9.2%	57.1%
University of Memphis	89,106,400	146,528,000	(343,500)	(5,145,300)	(5,488,800)	83,617,600	-6.2%	57.1%
<b>Subtotal</b>	<b>\$323,981,300</b>	<b>\$532,727,700</b>	<b>(\$1,268,400)</b>	<b>(\$18,706,700)</b>	<b>(\$19,975,100)</b>	<b>\$304,006,200</b>	<b>-6.2%</b>	<b>57.1%</b>
<b>Community Colleges<sup>2</sup></b>								
Chattanooga	\$26,624,800	\$42,730,000	(\$740,100)	(\$1,500,500)	(\$2,240,600)	\$24,384,200	-8.4%	57.1%
Cleveland	8,997,100	14,530,000	(195,200)	(510,200)	(705,400)	8,291,700	-7.8%	57.1%
Columbia	12,339,500	20,290,700	(47,900)	(712,500)	(760,400)	11,579,100	-6.2%	57.1%
Dyersburg	7,238,900	12,024,000	44,900	(422,200)	(377,300)	6,861,600	-5.2%	57.1%
Jackson	11,510,200	18,229,000	(467,500)	(640,000)	(1,107,500)	10,402,700	-9.6%	57.1%
Motlow	11,017,200	17,508,000	(411,300)	(614,800)	(1,026,100)	9,991,100	-9.3%	57.1%
Nashville	15,983,500	26,060,000	(197,000)	(915,100)	(1,112,100)	14,871,400	-7.0%	57.1%
Northeast	13,648,200	21,726,000	(487,100)	(762,900)	(1,250,000)	12,398,200	-9.2%	57.1%
Pellissippi	22,913,400	38,498,000	407,700	(1,351,900)	(944,200)	21,969,200	-4.1%	57.1%
Roane	16,619,800	28,591,000	699,900	(1,004,000)	(304,100)	16,315,700	-1.8%	57.1%
Southwest	25,739,300	40,541,000	(1,180,600)	(1,423,600)	(2,604,200)	23,135,100	-10.1%	57.1%
Volunteer	16,075,400	26,644,000	64,900	(935,600)	(870,700)	15,204,700	-5.4%	57.1%
Walters	19,866,900	33,438,000	389,000	(1,174,200)	(785,200)	19,081,700	-4.0%	57.1%
<b>Community College Subtotal</b>	<b>\$208,574,200</b>	<b>\$340,809,700</b>	<b>(\$2,120,300)</b>	<b>(\$11,967,500)</b>	<b>(\$14,087,800)</b>	<b>\$194,486,400</b>	<b>-6.8%</b>	<b>57.1%</b>
<b>UT Universities</b>								
UT Chattanooga	\$36,128,500	\$61,485,000	\$1,117,500	(\$2,159,000)	(\$1,041,500)	\$35,087,000	-2.9%	57.1%
UT Knoxville <sup>3</sup>	171,335,300	289,041,000	3,758,400	(10,149,700)	(6,391,300)	164,944,000	-3.7%	57.1%
UT Martin <sup>3</sup>	25,043,000	42,686,000	815,100	(1,498,900)	(683,800)	24,359,200	-2.7%	57.1%
<b>Subtotal</b>	<b>\$232,506,800</b>	<b>\$393,212,000</b>	<b>\$5,691,000</b>	<b>(\$13,807,600)</b>	<b>(\$8,116,600)</b>	<b>\$224,390,200</b>	<b>-3.5%</b>	<b>57.1%</b>
<b>Total Colleges and Universities</b>	<b>\$765,062,300</b>	<b>\$1,266,749,400</b>	<b>\$2,302,300</b>	<b>(\$44,481,800)</b>	<b>(\$42,179,500)</b>	<b>\$722,882,800</b>	<b>-5.5%</b>	<b>57.1%</b>
<b>TN Colleges of Applied Technology</b>	<b>\$57,400,500</b>	<b>\$90,955,000</b>	<b>(\$2,302,300)</b>	<b>(\$3,193,900)</b>	<b>(\$5,496,200)</b>	<b>\$51,904,300</b>	<b>-9.6%</b>	<b>57.1%</b>
<b>Total Academic Formula Units</b>	<b>\$822,462,800</b>	<b>\$1,357,704,400</b>	<b>\$0</b>	<b>(\$47,675,700)</b>	<b>(\$47,675,700)</b>	<b>\$774,787,100</b>	<b>-5.8%</b>	<b>57.1%</b>

1 - Recurring

2 - THEC's Community College recommendation is only for the sector as a whole. Institutional detail displayed here is for informational purposes only.

3 - Does not include recurring funds appropriated to UT Martin for the Parsons Center (\$200K) or to UT Knoxville for the engineering college (\$3M). These appropriations are included as Program Initiatives.

# ATTACHMENT III

## 2014-15 State Appropriations Distribution With a 5% Reduction

	A	B	C = B - A	D = C / A
	2013-14 Appropriation <sup>1</sup>	2014-15 Appropriation <sup>1</sup>	Difference	Percent Change
<b>Specialized Units</b>				
<b>Medical Education</b>				
ETSU College of Medicine	\$28,893,900	\$28,007,900	(\$886,000)	-3.1%
ETSU Family Practice	6,117,800	5,975,000	(142,800)	-2.3%
UT College of Medicine	47,065,400	45,377,500	(1,687,900)	-3.6%
UT Family Practice	10,458,800	10,214,700	(244,100)	-2.3%
UT Memphis	71,363,200	68,650,900	(2,712,300)	-3.8%
UT College of Vet Medicine	16,453,000	15,810,200	(642,800)	-3.9%
<b>Subtotal</b>	<b>\$180,352,100</b>	<b>\$174,036,200</b>	<b>(\$6,315,900)</b>	<b>-3.5%</b>
<b>Research and Public Service</b>				
UT Agriculture Experiment Station	\$25,438,800	\$24,845,000	(\$593,800)	-2.3%
UT Agriculture Extension Service	30,836,900	30,117,100	(719,800)	-2.3%
TSU McMinnville Center	560,400	547,300	(13,100)	-2.3%
TSU Institute of Ag. and Environmental Research	2,280,500	2,227,300	(53,200)	-2.3%
TSU Cooperative Education	3,110,400	3,037,800	(72,600)	-2.3%
TSU McIntire-Stennis Forestry Research	179,400	175,200	(4,200)	-2.3%
UT Space Institute	7,896,700	7,678,500	(218,200)	-2.8%
UT Institute for Public Service	5,232,400	5,110,300	(122,100)	-2.3%
UT County Technical Assistance Service	1,753,200	1,712,300	(40,900)	-2.3%
UT Municipal Technical Advisory Service	2,886,200	2,818,800	(67,400)	-2.3%
<b>Subtotal</b>	<b>\$80,174,900</b>	<b>\$78,269,600</b>	<b>(\$1,905,300)</b>	<b>-2.4%</b>
<b>Other Specialized Units</b>				
UT University-Wide Administration	\$4,589,300	\$4,482,200	(\$107,100)	-2.3%
TN Board of Regents Administration	5,104,200	4,985,100	(119,100)	-2.3%
TN Student Assistance Corporation	61,586,800	61,555,200	(31,600)	-0.1%
Tennessee Student Assistance Awards	57,762,500	57,762,500	-	0.0%
Tennessee Students Assistance Corporation Loan/Scholarships Program	1,353,500	1,321,900	(31,600)	-2.3%
Endowment Scholarships	1,220,800	1,220,800	-	0.0%
Endowment Scholarships	1,250,000	1,250,000	-	0.0%
TN Higher Education Commission	2,479,200	2,421,300	(57,900)	-2.3%
TN Foreign Language Institute	410,300	400,700	(9,600)	-2.3%
Contract Education	2,232,900	2,180,800	(52,100)	-2.3%
<b>Subtotal</b>	<b>\$76,402,700</b>	<b>\$76,025,300</b>	<b>(\$377,400)</b>	<b>-0.5%</b>
<b>Program Initiatives</b>				
Campus Centers of Excellence	\$18,193,700	\$17,769,000	(\$424,700)	-2.3%
Campus Centers of Emphasis	1,313,300	1,282,600	(30,700)	-2.3%
Academic Scholars Program	411,800	411,800	-	0.0%
UT Access and Diversity Initiative	5,688,900	5,556,100	(132,800)	-2.3%
TBR Access and Diversity Initiative	10,048,800	9,814,200	(234,600)	-2.3%
THEC Grants	2,403,300	2,347,200	(56,100)	-2.3%
Research Initiatives - UT	5,734,200	5,600,400	(133,800)	-2.3%
UT Martin Parsons Center <sup>2</sup>	200,000	200,000	-	NA
UT Knoxville College of Engineering <sup>2</sup>	3,000,000	3,000,000	-	NA
<b>Subtotal</b>	<b>\$46,994,000</b>	<b>\$45,981,300</b>	<b>(\$1,012,700)</b>	<b>-2.2%</b>
<b>Total</b>	<b>\$1,206,386,500</b>	<b>\$1,149,099,500</b>	<b>(\$57,287,000)</b>	<b>-4.7%</b>

1 - Recurring

2 - Recurring funds appropriated to UT Martin (\$200K) and UT Knoxville (\$3M).

NOTE: TSSA Awards, Loan/Scholarship Program, Academic Scholars Program and Endowment Scholarships are exempt from 2014-15 reductions per F&A budget instructions.

# ATTACHMENT IV

## Changes in Formula Outcomes

### Community Colleges

Outcomes	2013-14	2014-15	Change	
Students Accumulating 12 hrs	30,595	25,270	(5,325)	-17.4%
Students Accumulating 24 hrs	22,545	19,787	(2,758)	-12.2%
Students Accumulating 36 hrs	17,734	16,493	(1,241)	-7.0%
Dual Enrollment	11,957	12,894	937	7.8%
Associates	8,312	8,887	575	6.9%
Certificates 1-2 Year	676	732	56	8.3%
Certificates <1 Year	1,220	1,853	633	51.8%
Job Placements	3,757	3,921	163	4.3%
Remedial & Developmental Success	23,560	26,323	2,763	11.7%
Student Transfers	5,767	6,099	331	5.7%
Workforce Training (Contact Hours)	729,085	795,505	66,420	9.1%
Awards per 100 FTE	14.25	15.41	1.16	8.1%
Adults Accumulating 12 hrs	9,260	7,348	(1,912)	-20.7%
Adults Accumulating 24 hrs	8,084	7,104	(980)	-12.1%
Adults Accumulating 36 hrs	7,198	6,723	(475)	-6.6%
Adult Associates	4,657	5,042	385	8.3%
Adult 1-2 Year Certificates	443	493	50	11.2%
Adult <1yr Certificates	801	1,115	314	39.1%
Low-income Accumulating 12 hrs	19,283	15,566	(3,717)	-19.3%
Low-income Accumulating 24 hrs	14,578	12,993	(1,585)	-10.9%
Low-income Accumulating 36 hrs	11,501	11,057	(444)	-3.9%
Low-income Associates	5,148	5,809	661	12.8%
Low-income 1-2 Year Certificates	354	411	56	15.9%
Low-income <1yr Certificates	636	1,061	424	66.7%

### Universities

Outcomes	2013-14	2014-15	Change	
Students Accumulating 24 hrs	19,148	18,043	(1,106)	-5.8%
Students Accumulating 48 hrs	18,307	17,913	(394)	-2.2%
Students Accumulating 72 hrs	19,367	19,215	(153)	-0.8%
Bachelors and Associates	19,365	20,329	964	5.0%
Masters / Ed Specialists	5,892	5,955	62	1.1%
Doctoral / Law Degree	1,015	1,051	36	3.5%
Research and Service	\$ 320,173,511	\$ 314,411,554	\$ (5,761,957)	-1.8%
Student Transfers	3,240	3,509	269	8.3%
Degrees per 100 FTE	18.05	18.83	0.78	4.3%
Six-Year Graduation Rate	50.92	51.24	0.32	0.6%
Adults Accumulating 24 hrs	1,269	1,088	(181)	-14.2%
Adults Accumulating 48 hrs	1,777	1,684	(93)	-5.3%
Adults Accumulating 72 hrs	2,901	2,846	(54)	-1.9%
Adults Bachelors and Associates	6,707	7,126	419	6.2%
Low-income Accumulating 24 hrs	8,894	8,360	(534)	-6.0%
Low-income Accumulating 48 hrs	8,460	8,550	90	1.1%
Low-income Accumulating 72 hrs	9,056	9,413	357	3.9%
Low-income Bachelors and Associates	8,901	9,919	1,018	11.4%

## ATTACHMENT V

### 2014-15 Total Formula Revenue Analysis

Academic Formula Units	State Appropriation Recommendation <sup>1</sup>	Maintenance Fees <sup>2</sup>	Out-of-State Tuition <sup>2</sup>	Total Revenue	Total Formula Revenue Need	Difference (Short)	Percent Funded
Austin Peay	\$ 35,261,000	\$ 58,746,700	\$ 3,516,900	\$ 97,524,600	\$ 103,685,000	\$ (6,160,400)	94.1%
East Tennessee	49,341,900	88,429,000	13,037,800	150,808,700	152,953,000	(2,144,300)	98.6%
Middle Tennessee	85,237,700	150,744,000	14,007,700	249,989,400	251,465,500	(1,476,100)	99.4%
Tennessee State	33,016,400	51,969,500	17,303,200	102,289,100	105,052,300	(2,763,200)	97.4%
Tennessee Tech	39,512,700	64,129,100	11,788,000	115,429,800	118,101,900	(2,672,100)	97.7%
University of Memphis	91,957,400	152,450,000	11,439,600	255,847,000	279,474,000	(23,627,000)	91.5%
<b>Subtotal TBR Universities</b>	<b>\$ 334,327,100</b>	<b>\$ 566,468,300</b>	<b>\$ 71,093,200</b>	<b>\$ 971,888,600</b>	<b>\$ 1,010,731,700</b>	<b>\$ (38,843,100)</b>	<b>96.2%</b>
Chattanooga	\$ 26,816,300	\$ 31,096,000	\$ 842,400	\$ 58,754,700	\$ 65,212,000	\$ (6,457,300)	90.1%
Cleveland	9,118,700	10,652,200	300,100	20,071,000	21,864,000	(1,793,000)	91.8%
Columbia	12,734,000	13,364,000	372,700	26,470,700	30,501,700	(4,031,000)	86.8%
Dyersburg	7,545,900	8,896,500	100,900	16,543,300	18,083,000	(1,539,700)	91.5%
Jackson	11,440,100	13,259,100	69,800	24,769,000	27,431,000	(2,662,000)	90.3%
Motlow	10,987,600	12,236,500	216,100	23,440,200	26,361,000	(2,920,800)	88.9%
Nashville	16,354,600	25,009,900	741,500	42,106,000	39,262,000	2,844,000	107.2%
Northeast	13,634,800	18,042,500	36,800	31,714,100	32,598,000	(883,900)	97.3%
Pellissippi	24,160,400	30,612,400	1,222,000	55,994,800	58,073,000	(2,078,200)	96.4%
Roane	17,943,000	17,610,600	392,500	35,946,100	43,069,000	(7,122,900)	83.5%
Southwest	25,442,600	34,491,000	1,826,200	61,759,800	61,028,000	731,800	101.2%
Volunteer	16,721,200	22,984,000	616,200	40,321,400	40,145,000	176,400	100.4%
Walters	20,984,900	19,800,800	452,800	41,238,500	50,358,000	(9,119,500)	81.9%
<b>Subtotal Community Colleges</b>	<b>\$ 213,884,100</b>	<b>\$ 258,055,500</b>	<b>\$ 7,190,000</b>	<b>\$ 479,129,600</b>	<b>\$ 513,985,700</b>	<b>\$ (34,856,100)</b>	<b>93.2%</b>
UT Chattanooga	\$ 38,586,500	\$ 68,931,200	\$ 6,638,300	\$ 114,156,000	\$ 114,818,000	\$ (662,000)	99.4%
UT Knoxville	181,395,200	240,536,100	36,481,700	458,413,000	544,461,000	(86,048,000)	84.2%
UT Martin	26,788,700	48,814,700	4,718,800	80,322,200	79,634,000	688,200	100.9%
<b>Subtotal UT Universities</b>	<b>\$ 246,770,400</b>	<b>\$ 358,282,000</b>	<b>\$ 47,838,800</b>	<b>\$ 652,891,200</b>	<b>\$ 738,913,000</b>	<b>\$ (86,021,800)</b>	<b>88.4%</b>
TN Colleges of Applied Technology	\$ 57,081,200	\$ 26,539,800	\$ -	\$ 83,621,000	\$ 113,417,000	\$ (29,796,000)	73.7%
<b>Total Academic Formula Units</b>	<b>\$ 852,062,800</b>	<b>\$ 1,209,345,600</b>	<b>\$ 126,122,000</b>	<b>\$ 2,187,530,400</b>	<b>\$ 2,377,047,400</b>	<b>\$ (189,517,000)</b>	<b>92.0%</b>

1 - Recurring; accounts for recommended \$29.6M in additional funding for formula units.

2 - Assumes 4% tuition increases and 0% enrollment increases at Universities, Community Colleges and the TN Colleges of Applied Technology in 2014-15.