



Tuition Transparency Act
Public Chapter 614

Presentation to Audit & Business Committee
Board of Trustees
December 6, 2018



Four Elements of Tuition Transparency Act

- January 1, 2019
 - Develop a list of factors the Board shall consider when setting tuition and fee levels
- February 1, 2019
 - Provide an annual report to the General Assembly on how tuition and fee revenues were used
- June 2019
 - 15-day public notice and comment period for tuition and fee recommendations presented at Board meetings
- August 1, 2019
 - Include non-binding “predictive cost estimates” of all undergraduate degree programs in acceptance letters to students



Report to the General Assembly on How Revenues Were Used

Tuition increase of 2.66% = \$1,982,700
 Effect on Average Cost of Attendance per student = \$102 per semester
 Effect on Student Financial Aid = None

Use of Revenues	Dollars
Matching required for 2.5% salary improvement plus variable fringe benefits	\$934,900
Hiring of new faculty to support technology-infused programs in support of State needs and market growth areas.	\$402,000
New faculty positions in Engineering and Agriculture	\$190,000
Provide additional student support services including campus police, disability services and student organization oversight	\$147,000
Market adjustment of salaries for recruited employees	\$61,700
Software licenses	\$243,000
Renewal of custodial service contract	\$100,000

Mandatory Fees increase of 2.14% = \$268,000
 Effect on Average Cost of Attendance per student = \$13 per semester
 Effect on Student Financial Aid = None

Use of Revenues	Dollars
An increase of \$10 per semester to the Student Organization Life Opportunity Fund (SOLO) was proposed by Student Government Association (SGA) to provide resources to schedule top-tier concert artists during fall and spring semesters. The increase also provides 25% of a support position to assist the SGA paperwork and other support services associated with student activities, e.g. concert, homecoming.	\$210,000
Student Mental Health Wellness fee of \$3 per semester replaces NIH grant funding used to provide students with mental health resources such as the suicide prevention hotline and online mental health screening questionnaires designed to identify potential problems and offer appropriate referrals.	\$58,000



Factors to Consider When Setting Tuition and Fee Levels

- Mandatory Factors:
 1. Level of State support
 2. Total cost of attendance
 3. Efforts to mitigate the financial effect on students
- Additional factors to consider:
 1. THEC Mandatory tuition and fee ranges
 2. Comparison to peer institutions, competitor institutions , other LGIs
 3. Higher Education Price Index





October Revised Budget
Fiscal Year 2018-2019

Presentation to Audit & Business Committee
Board of Trustees
December 6, 2018



Reconciliation of Changes in E&G revenues

	Actual FY2017-18	July Proposed Budget FY2018-19	Difference	October Revised Budget FY2018-19	Difference
Tuition & Fees	\$97,159,435	\$97,176,200	\$16,765	\$94,772,200	\$(2,404,000)
State Approp	\$47,219,674	\$50,365,800	\$3,146,126	\$53,528,100	\$3,162,300
Other	\$13,295,168	\$11,192,200	\$(2,102,968)	\$11,692,700	\$500,500
Total E&G	\$157,674,277	\$158,734,200	\$1,059,923	\$159,993,000	\$1,258,800



E&G Revenues Reconciliation of Difference

Actual vs Proposed

- Tuition and Fees
 - Estimated decline in tuition revenues based on anticipated enrollments \$(2,361,359)
 - Estimated tuition increase of 2.66% \$1,982,700
- State Appropriations
 - formula adjustment \$1,790,800
 - 2.5% salary \$1,281,500
 - \$500,000 recurring for Carnegie class change
 - Remove \$(500,000) restricted match
- Other
 - Interest income \$986,503
 - IDC, athletics, child care center, misc \$682,469

Proposed vs Revised

- Tuition and Fees
 - Loss of \$2 million from out-of-state enrollment decline
 - Loss of \$306,550 in SACF from enrollment decline
- State Appropriations
 - Addition of \$3,000,000 recurring state appropriation designated for Engineering
 - \$700,000 recurring state appropriation for Carnegie class change
 - Adjustments for OPEB, TCRS, Risk Management, Health Ins. \$(537,700)
- Other
 - Interest income \$400,000

Change in Expenses

	Actual FY2017-18	Proposed FY2018-19	Difference	Revised FY2018-19	Difference
Instruction	\$69,303,486	\$71,065,100	\$1,761,614	\$75,207,400	\$4,142,300
Research	\$2,617,240	\$2,577,100	\$(40,140)	\$3,415,500	\$838,400
Public Service	\$2,279,577	\$2,166,900	\$(112,677)	\$2,468,100	\$301,200
Academic Supp	\$11,547,115	\$12,296,400	\$749,285	\$12,064,400	\$(232,000)
Student Serv	\$19,694,821	\$18,271,300	\$(1,423,521)	\$18,944,200	\$672,900
Institutional Sup	\$15,050,818	\$15,485,800	\$434,982	\$15,639,400	\$153,600
Maint & Oper	\$12,679,027	\$13,995,800	\$1,316,773	\$14,391,900	\$396,100
Scholarship	\$15,995,855	\$18,088,600	\$2,092,745	\$17,235,400	\$(853,200)
Total E&G	\$149,167,939	\$153,947,000	\$4,779,061	\$159,366,300	\$5,419,300



Reconciliation of Change in Expenses

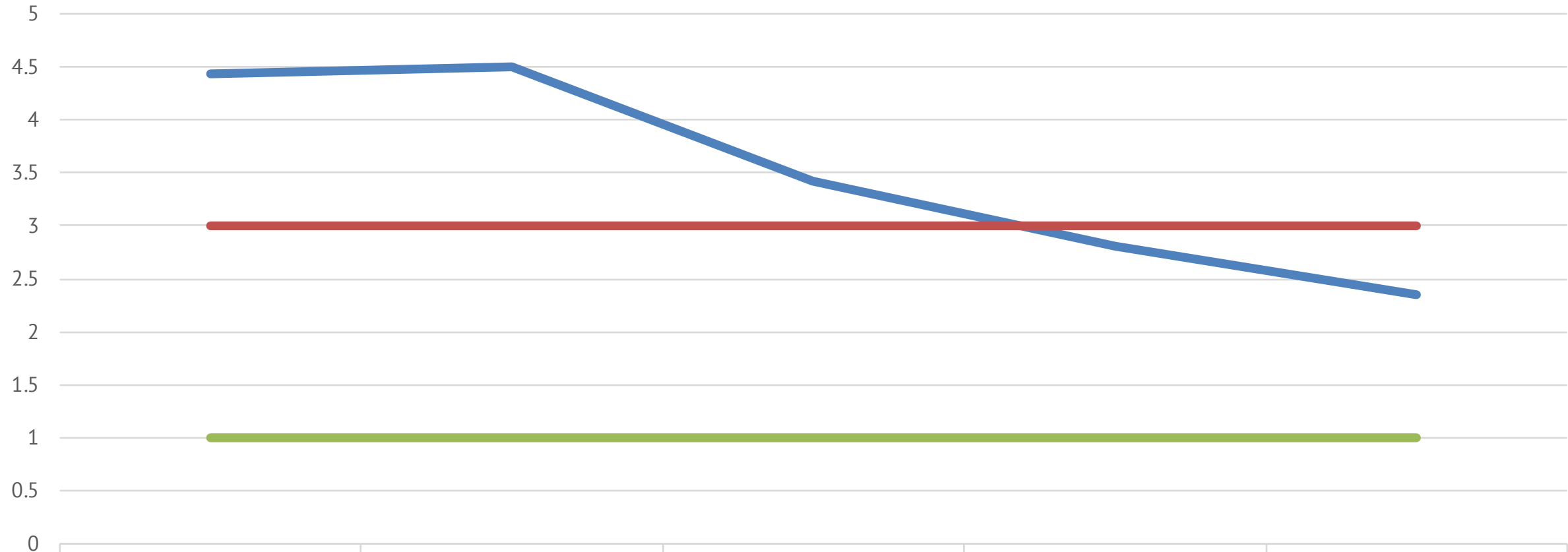
Actual vs Proposed

- FY 2017-18 Unspent budgets requested to carryforward \$4,872,328
- Scholarships Unspent \$2,092,745
 - Unspent general scholarship \$1,968,310
 - Unspent athletic scholarship \$633,670
 - Over spent mandated scholarships \$(380,282)
- Budgeted 2.5% salary plus benefits \$(2,216,354)
- Budgeted other costs \$(1,119,991)

Proposed vs Revised

- Re-budget of carryforward amounts \$3,979,193
 - SACF \$909,980
 - Indirect Cost \$533,746
 - SAF \$455,380
 - TAF \$1,125,458
 - Faculty research and match \$181,997
 - Small renovation projects \$307,872
 - Other department requests \$338,958
- Budget reductions \$(1,959,556)
- Budget \$3,000,000 Engineering enhancement funds
- Investment into new programs \$318,000

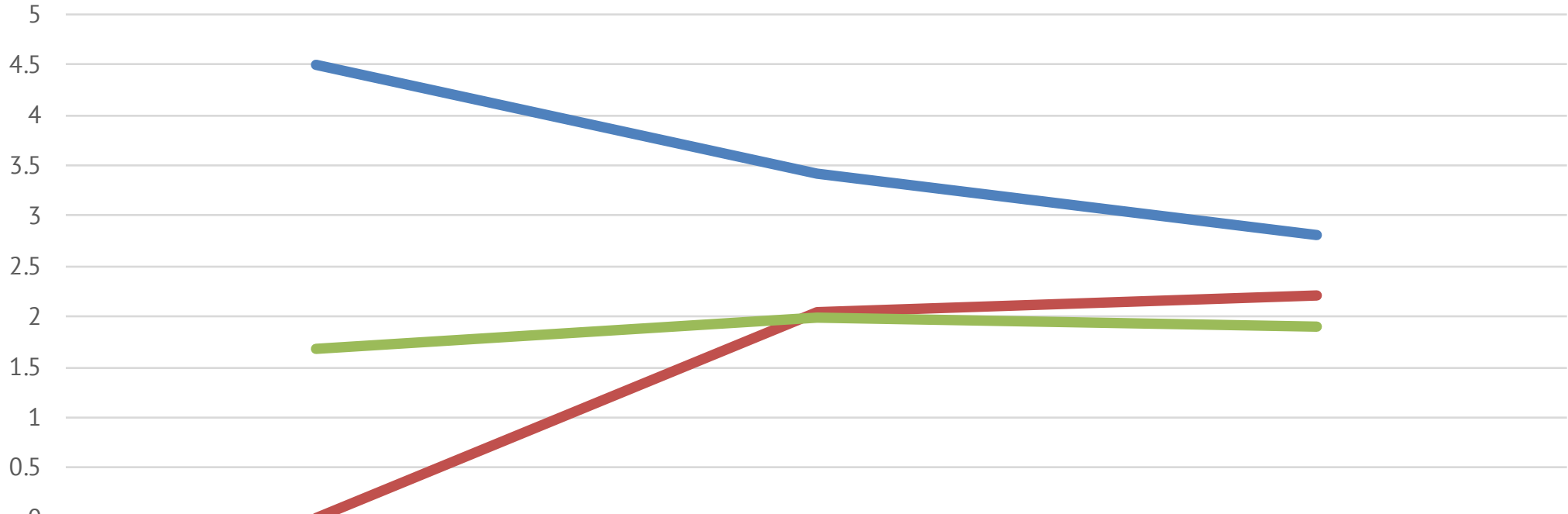
Consolidated Financial Indicator (CFI)



	FY2014	FY2015	FY2016	FY2017	FY2018
TTU	4.43	4.5	3.42	2.81	2.35
Expected	3	3	3	3	3
Watch	1	1	1	1	1

TTU Expected Watch

CFI Comparison to other LGIs and UT



	FY2015	FY2016	FY2017
TTU	4.5	3.42	2.81
UT AVG	0	2.05	2.21
LGIs AVG	1.68	1.99	1.91

TTU UT AVG LGIs AVG



Tennessee TECH

5-Year Strategic Financial Plan Update

Presentation to Audit & Business Committee
Board of Trustees

December 6, 2018



Revenue Assumptions

Base Model

- 7.325% increase in freshmen and 15.5% decrease in transfers in FY18-19
- **2% increase in both freshmen and transfers in subsequent years**
- 2.66% tuition increase in FY18-19 followed by annual increases of 2.5%
- The ratio of in-state to out-of-state students is constant based on fall 2018 figures

Optimistic Model

- 7.325% increase in freshmen and 15.5% decrease in transfer in FY18-19
- **4% increase in both freshmen and transfers in subsequent years**
- 2.66% tuition increase in FY18-19 followed by annual increases of 2.5%
- The ratio of in-state to out-of-state students is constant based on fall 2018 figures

5-Year Strategic Financial Plan – Base Model

	Budgeted 2018-19	Projected 2019-20	Projected 2020-21	Projected 2021-22	Projected 2022-23
Beginning Surplus (Deficit)	\$6,400,034	\$(1,739,950)	\$3,048,432	\$3,971,734	\$4,060,902
Change in Income	156,993,000	6,978,784	3,202,288	1,972,225	3,281,963
Change in Expenses	(156,366,300)	(3,669,437)	(3,834,715)	(3,508,965)	(4,128,238)
Change in Mandatory Transfers	(369,900)				
Change in Nonmandatory Tran	(6,733,400)				
Ending Surplus (Deficit)	(76,566)	1,569,397	2,416,005	2,434,994	3,214,627
Re-establish R&R	(4,790,710)	(1,721,680)	(1,721,680)	(1,721,680)	(1,721,680)
Reinvestment Fund of 2%	3,127,326	3,200,715	3,277,409	3,347,588	3,430,153
Surplus (Deficit) Projected	(1,739,950)	3,048,432	3,971,734	4,060,902	4,923,100
Target (4% of E&G revenues)	6,279,720	6,558,871	6,686,963	6,765,852	6,897,130
Dollars needed to cover deficit plus establish 4%	\$8,019,670	\$3,510,440	\$2,715,229	\$2,704,950	\$1,974,030

5-Year Strategic Financial Plan – Optimistic Model

	Budgeted 2018-19	Projected 2019-20	Projected 2020-21	Projected 2021-22	Projected 2022-23
Beginning Surplus (Deficit)	\$6,400,034	\$(1,739,950)	\$3,542,198	\$5,320,438	\$6,417,565
Change in Income	156,993,000	7,472,550	4,057,226	3,122,284	4,414,935
Change in Expenses	(156,366,300)	(3,669,437)	(3,834,715)	(3,653,965)	(4,198,238)
Change in Mandatory Transfers	(369,900)				
Change in Nonmandatory Tran	(6,733,400)				
Ending Surplus (Deficit)	(76,566)	2,063,163	3,764,709	4,788,757	6,634,262
Re-establish R&R	(4,790,710)	(1,721,680)	(1,721,680)	(1,721,680)	(1,721,680)
Reinvestment Fund of 2%	3,127,326	3,200,715	3,277,409	3,350,488	3,434,453
Surplus (Deficit) Projected	(1,739,950)	3,542,198	5,320,438	6,417,565	8,347,035
Target (4% of E&G revenues)	6,279,720	6,578,622	6,740,911	6,865,802	7,042,400
Dollars needed to cover deficit plus establish 4%	\$8,019,670	\$3,036,424	\$1,420,473	\$448,237	\$(1,304,635)

5-Year Strategic Financial Plan

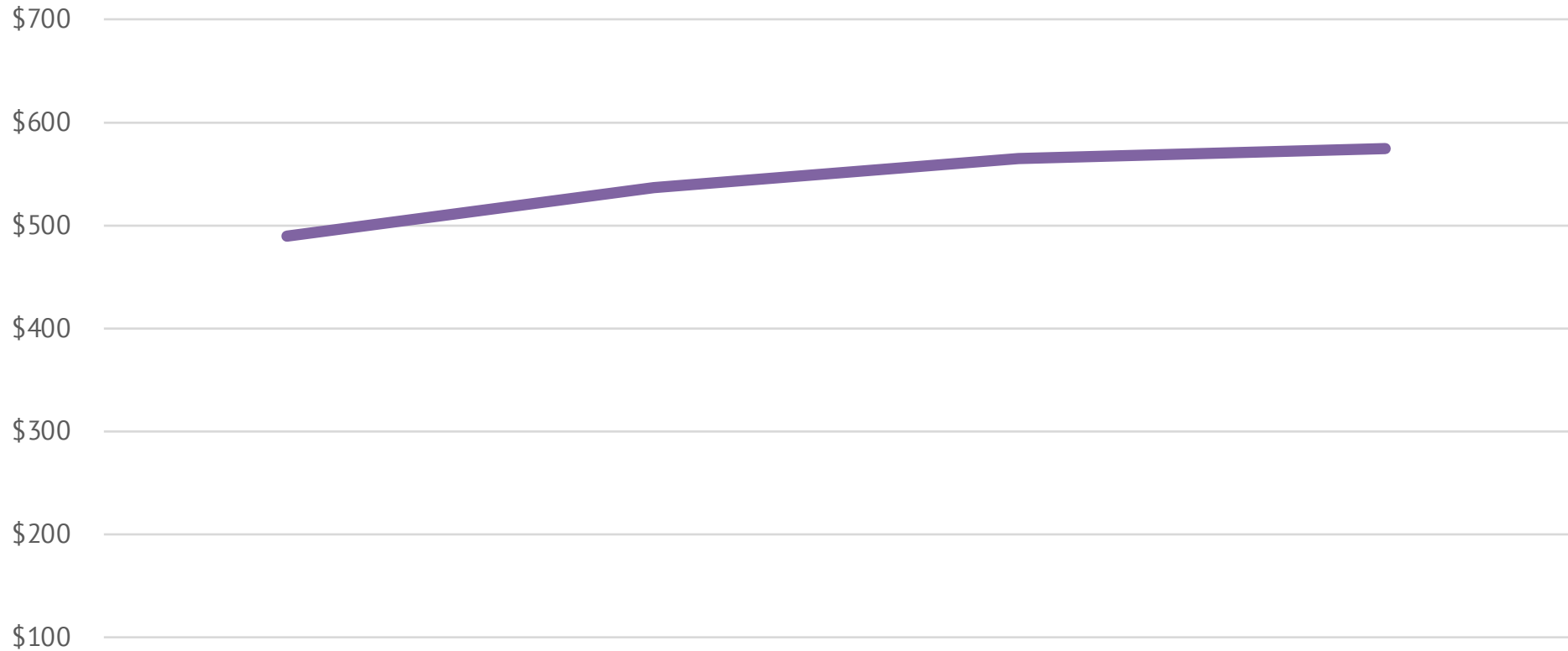
	Budgeted 2018-19	Projected 2019-20	Projected 2020-21	Projected 2021-22	Projected 2022-23
Base Enrollment Model					
Dollars needed to cover deficit plus establish 4%	\$8,019,670	\$3,510,440	\$2,715,229	\$2,704,950	\$1,974,030
Optimistic Enrollment Model					
Dollars needed to cover deficit plus establish 4%	\$8,019,670	\$3,036,424	\$1,420,473	\$448,237	\$(1,304,635)

Revenue Uncertainties

- Potential for continued decline in international students
- TNeCampus revenues are still susceptible to decline
- Transfer student enrollments have not increased as expected
- Number of Tennessee high school graduates are flat
- Scholarship competition
- State appropriations
 - Effect of large graduating classes on formula
 - No assurance of continued support at same level

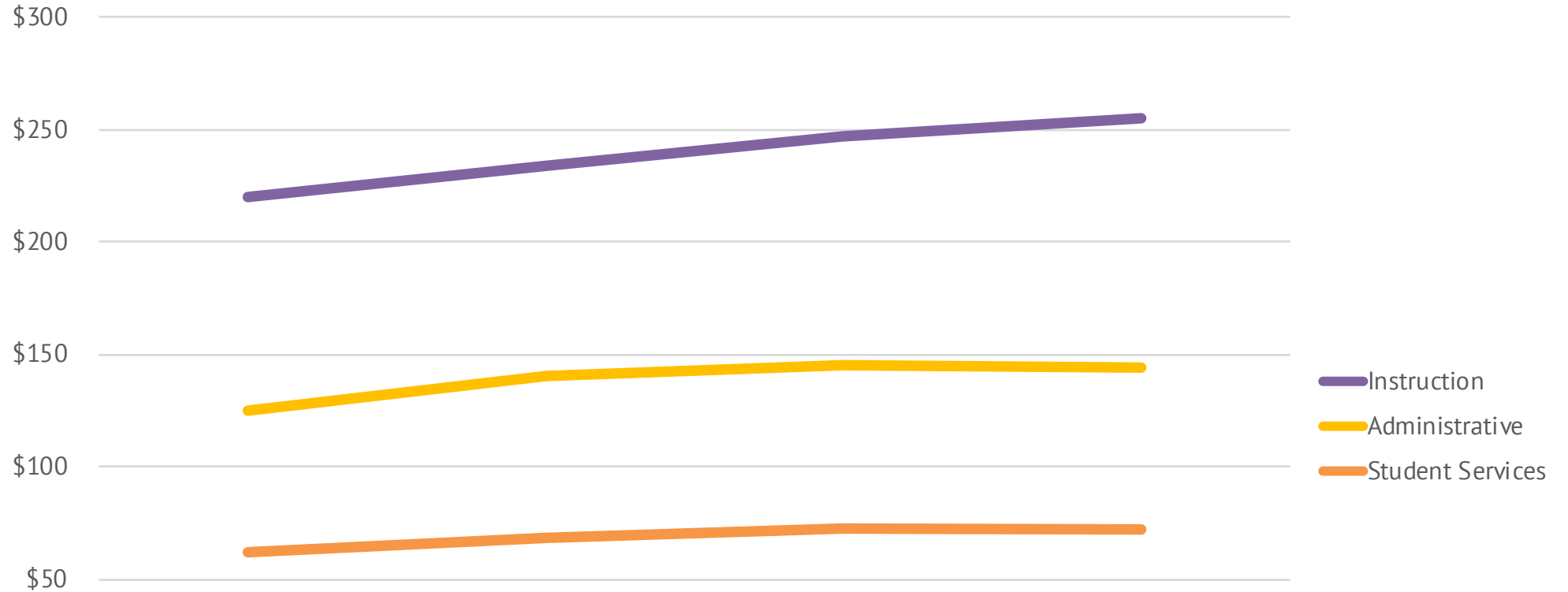


Total Unrestricted Expenditures per SCH



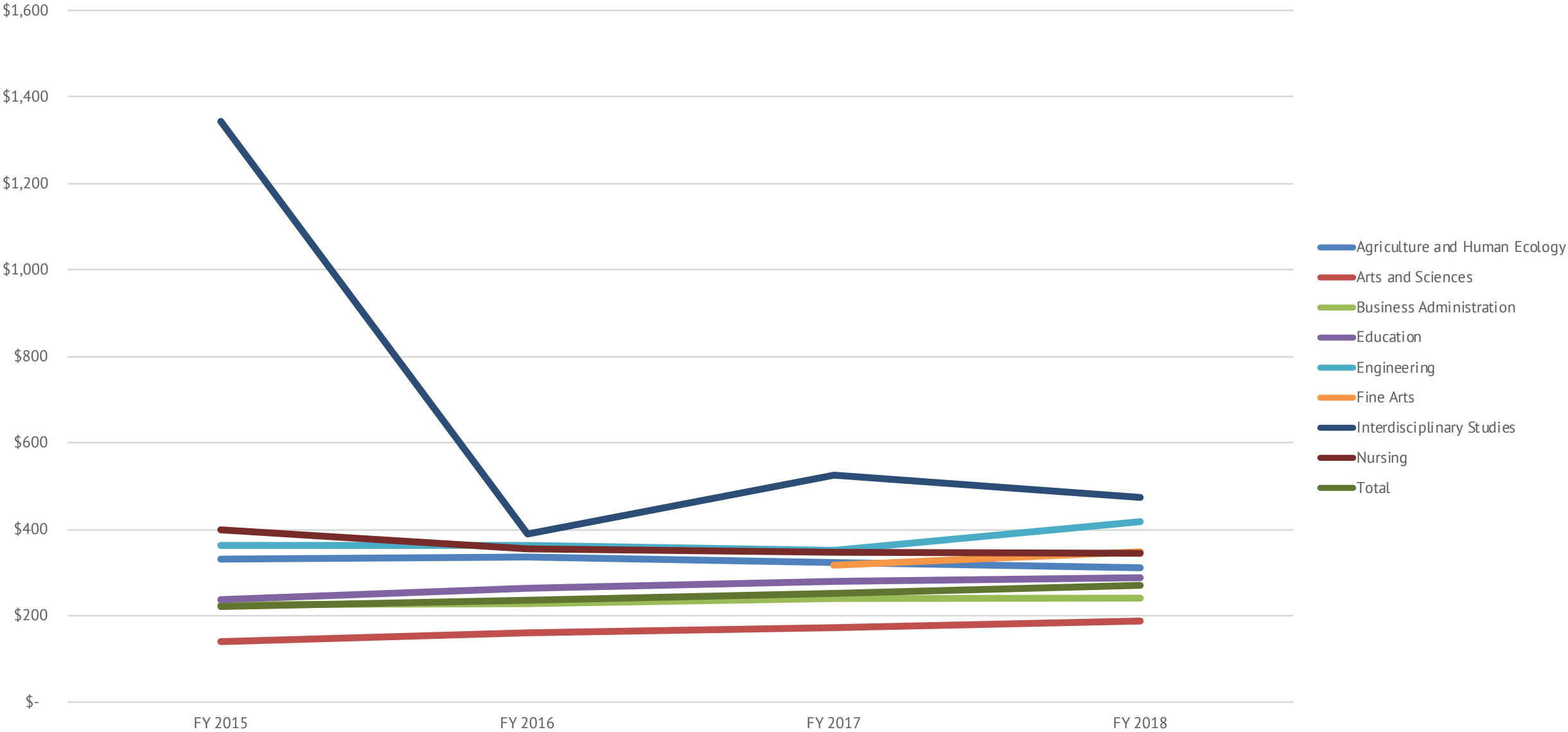
	FY 2015	FY 2016	FY 2017	FY 2018
Exp. Per SCH	\$489	\$537	\$566	\$574

Unrestricted Expenditures per SCH by Functional Category



	FY 2015	FY 2016	FY 2017	FY 2018
Instruction	\$220	\$234	\$247	\$255
Administrative	\$125	\$141	\$145	\$144
Student Services	\$62	\$68	\$73	\$72

Expenditures per Student Credit Hour by College



Controlling Expenses - Operations

- Reallocate lapsed salaries to investment pool
- Investment in deferred maintenance to create utility savings
 - 3 projects identified with one-year payback
- Establish pool account for faculty and staff computer replacements
 - Consolidate purchase of computers
- Review cell phone policy – provide stipend rather than phone
- Review credit card discount rate for potential to eliminate/lower cost
 - Annual discount cost is approximately \$500,000
- Standardize office supplies
- Centralize awarding of university-funded scholarships



Controlling Expenses - Administrative

- Review administrative functions (centralized vs de-centralized)
 - ITS, budget and financial analyst, one-to-one reporting lines
- Review variable costs
 - Professional contracts
 - Software contracts
 - Temporary positions (administrative and clerical)
 - Potential to meet some of this need with student employees, e.g. graduate assistants, work-study and academic work scholarship



Controlling Expenses - Academics

- Realigning colleges' budgets in accordance with budget model
 - Based on SCHs and established contribution margin for each college
- Class schedules and class size
- Faculty work load and compensation
- Financial feasibility of new programs
- Course delivery methods
- Effective scheduling of large classrooms



THEC Recommendations – FY2019-2020

- 7.6% additional funding for operations
 - Outcomes Formula Adjustment \$814,300
 - Share of New Funding \$3,032,900
- \$900,000 year three of Carnegie classification change
- Tuition and mandatory fee range of 0% to 2.5%
- Capital Maintenance Projects \$7,710,000
- Engineering building 4th on capital outlay list \$46,750,000



