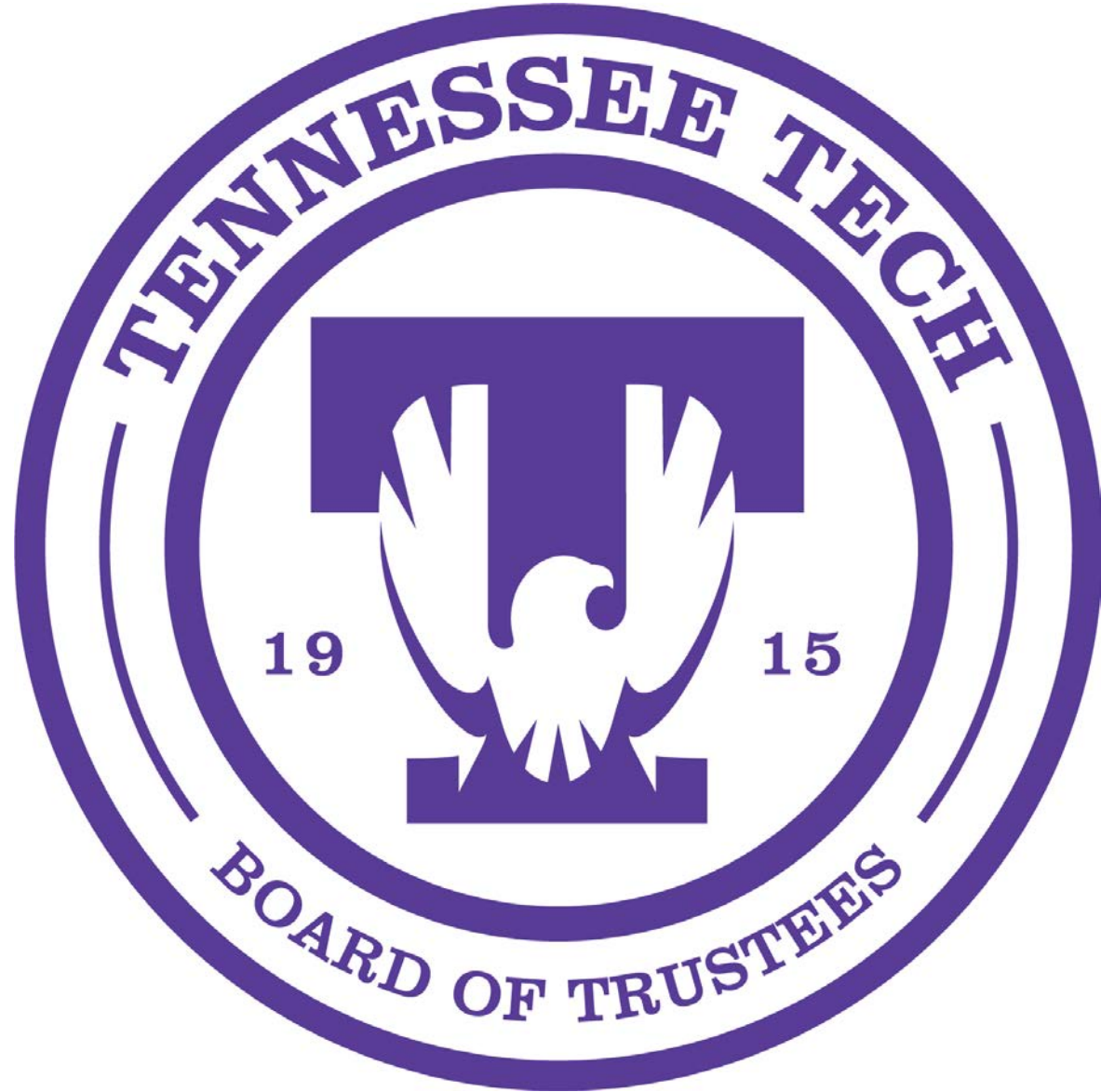


March 23, 2017
1:30 p.m.
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Tennessee
TECH

Governing Board Briefing Materials

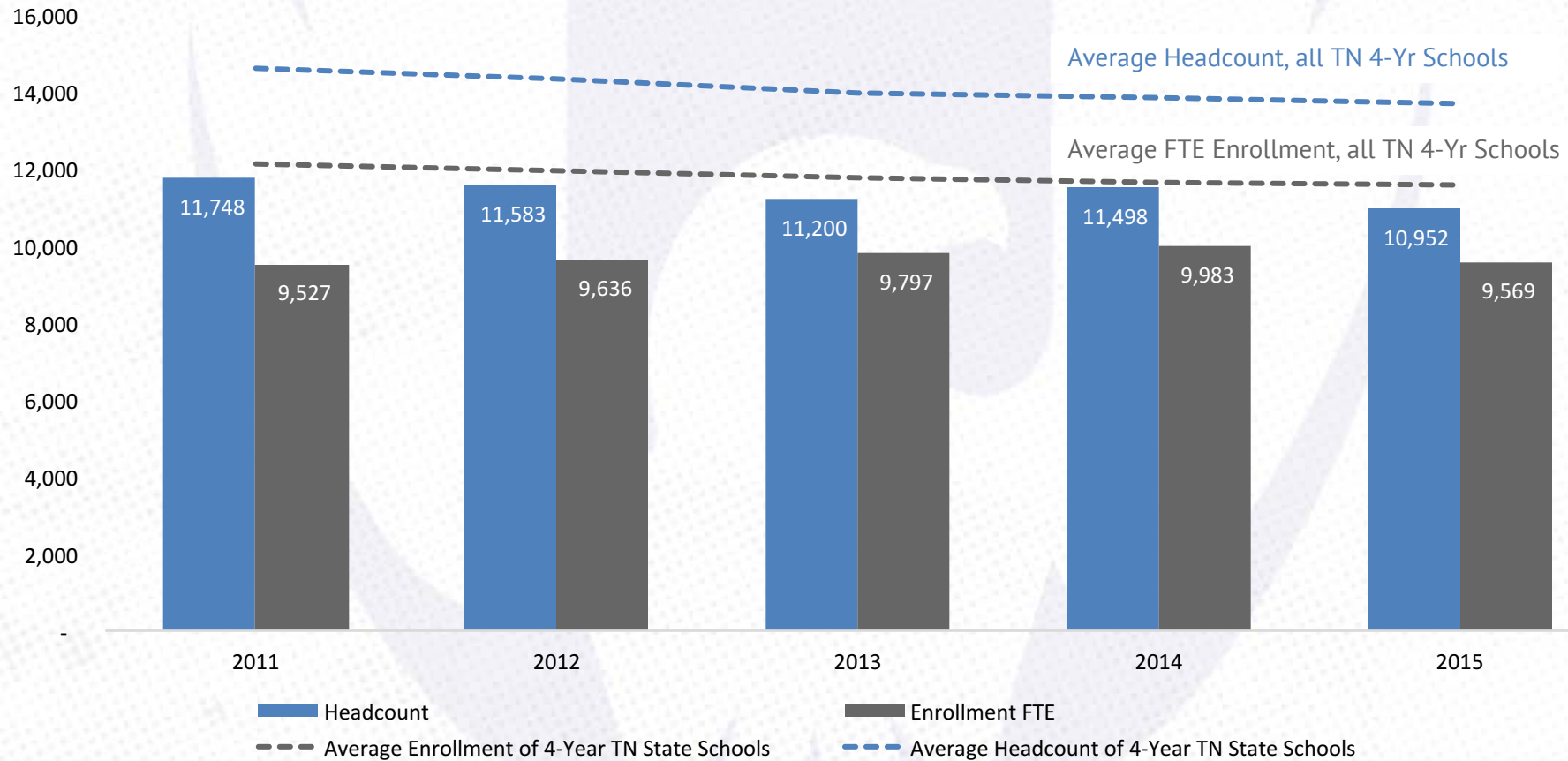
March 23, 2017



Enrollment

FTE enrollment and headcount are showing slight downward trends across Tennessee. TTU has been able to keep FTEs steady while headcount has declined

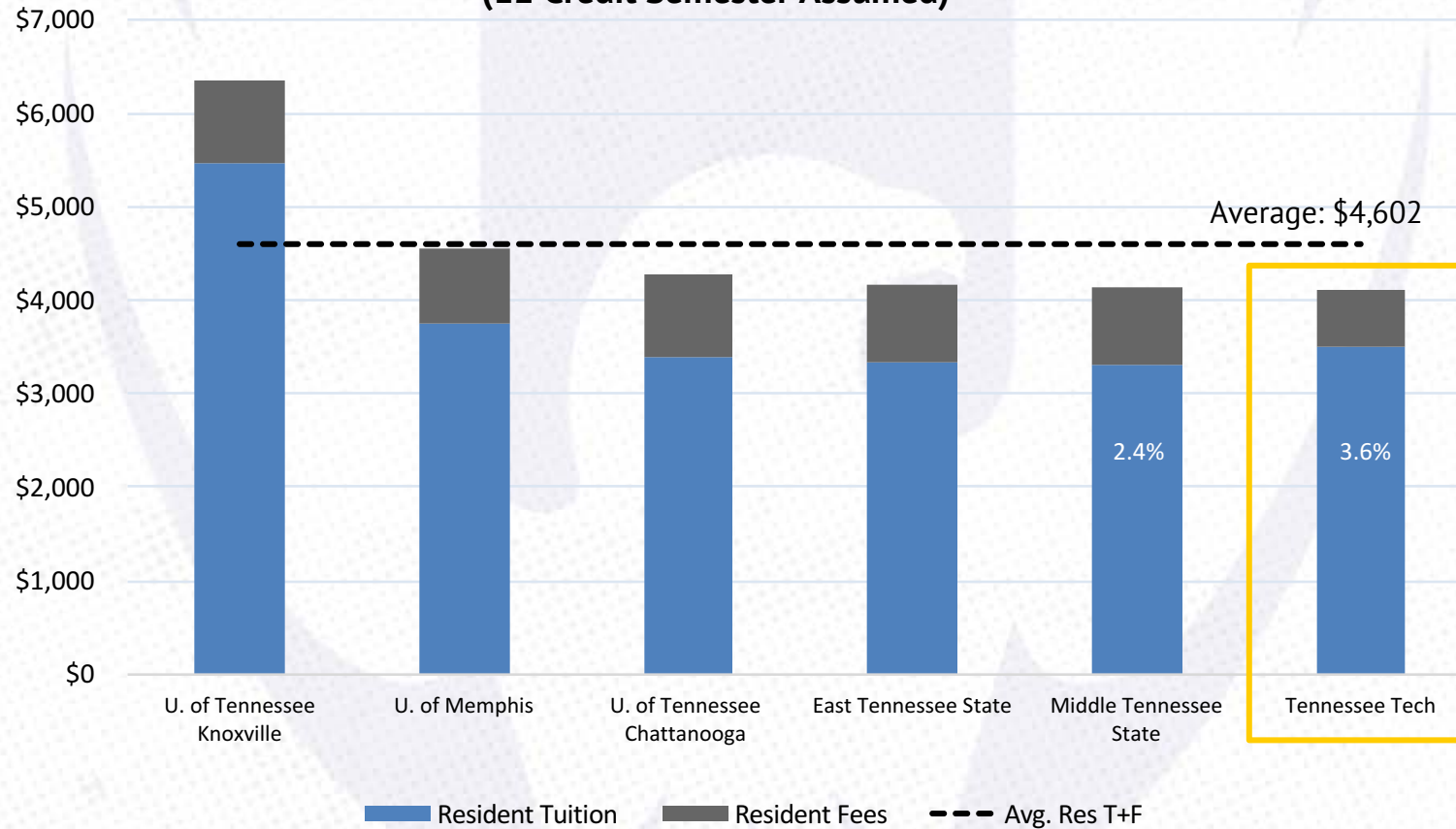
Tennessee Tech Fall Enrollment (2011-2015)



Tuition and Fees

Compared to state peer institutions, Tennessee Tech has the lowest resident “tuition and fees”

**State Peer Resident Tuition and Fees FY16/17
(12 Credit Semester Assumed)**



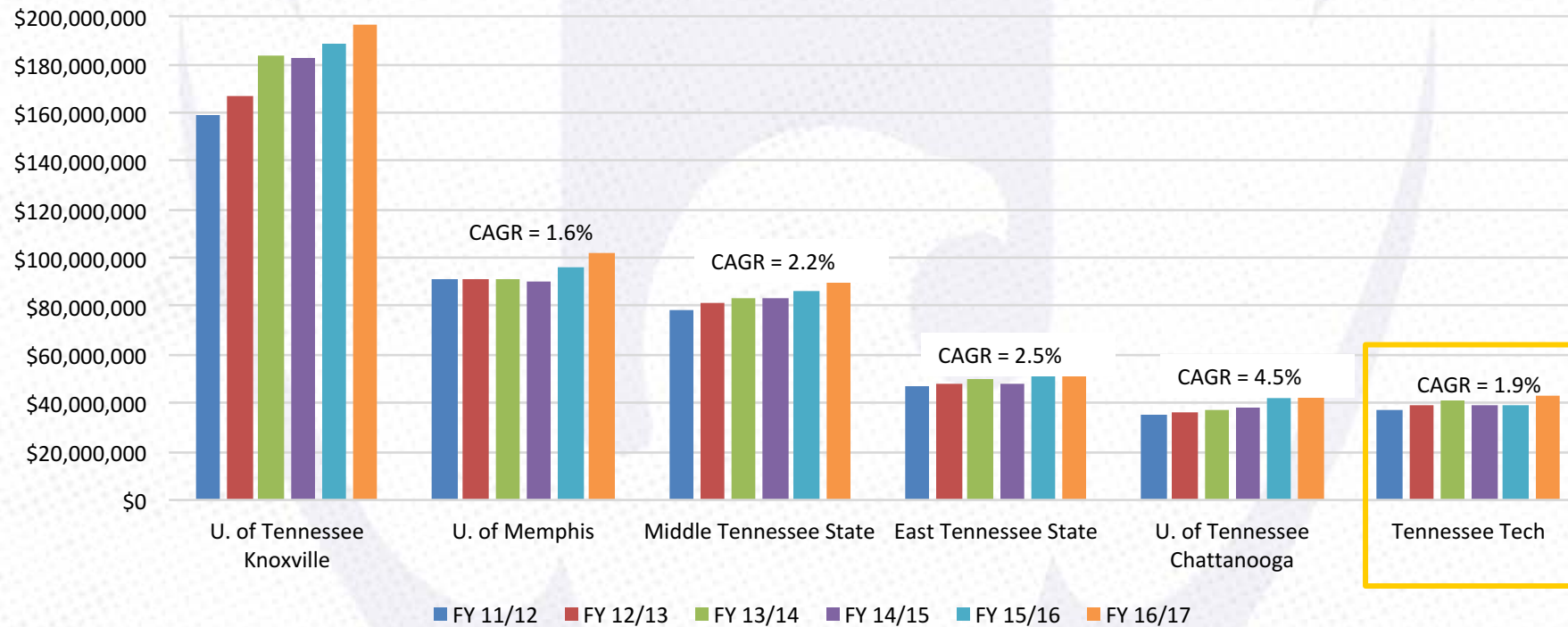
* CAGR = Compound annual growth rate (reflects FY11/12 to FY15/16 for each school)



State Appropriations

Fiscal year appropriations at TTU are lower, and are growing more slowly, than at most peers since the enactment of the Complete College Tennessee Act of 2010

Total Appropriations FY11/12 to FY16/17 (in Constant 2016 Dollars)



The implementation of CCTA in 2010 impacted the allocation of state appropriations

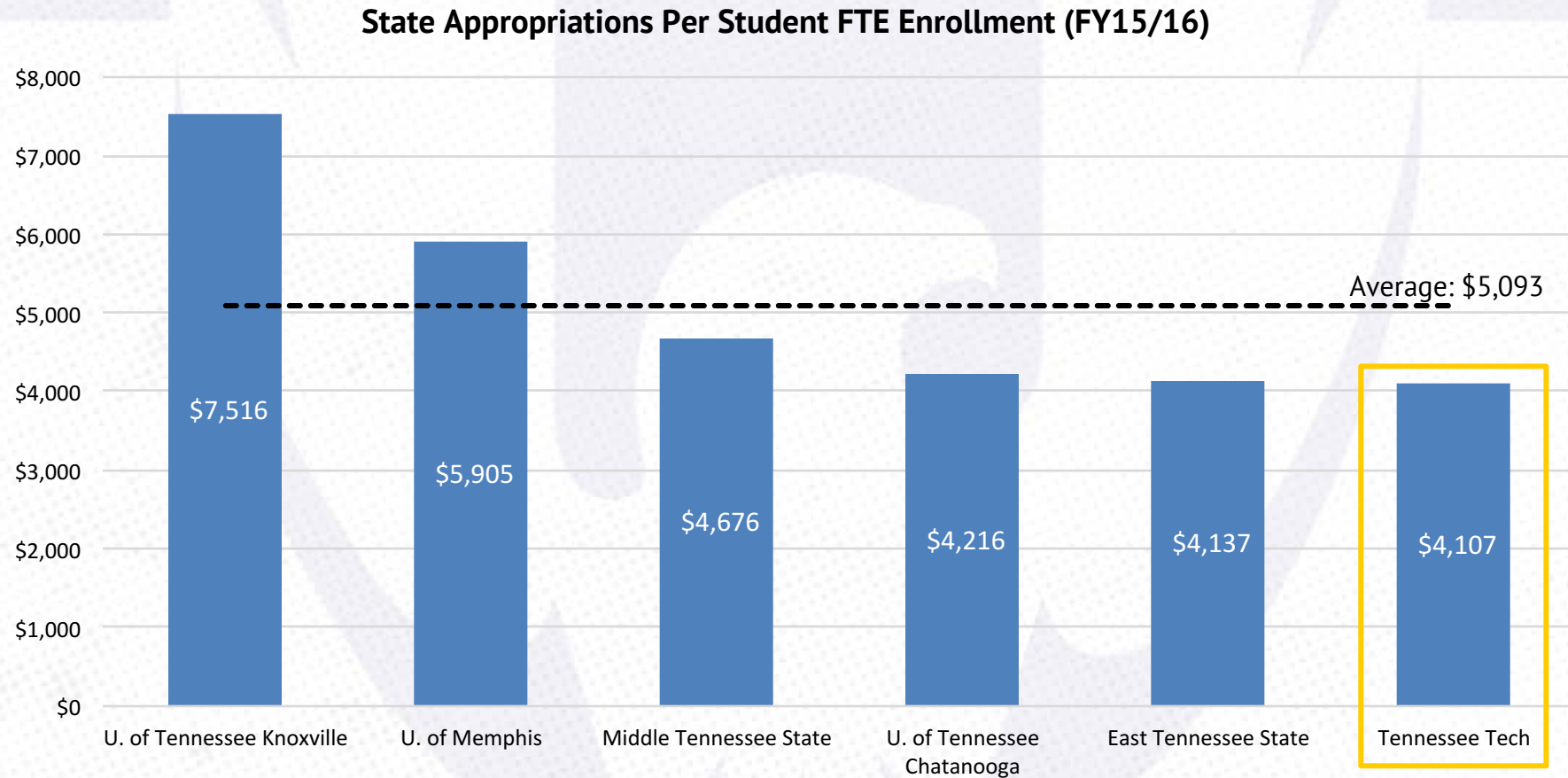
* CAGR = Compound annual growth rate (reflects FY11/12 to FY16/17 for each school)

• Source: THEC Revised Budgets 2016-17; Commonfund Higher Education Price Index



State Appropriations Per Student FTE

Even on a per student FTE basis, state appropriations were the lowest among peer institutions in FY15/16

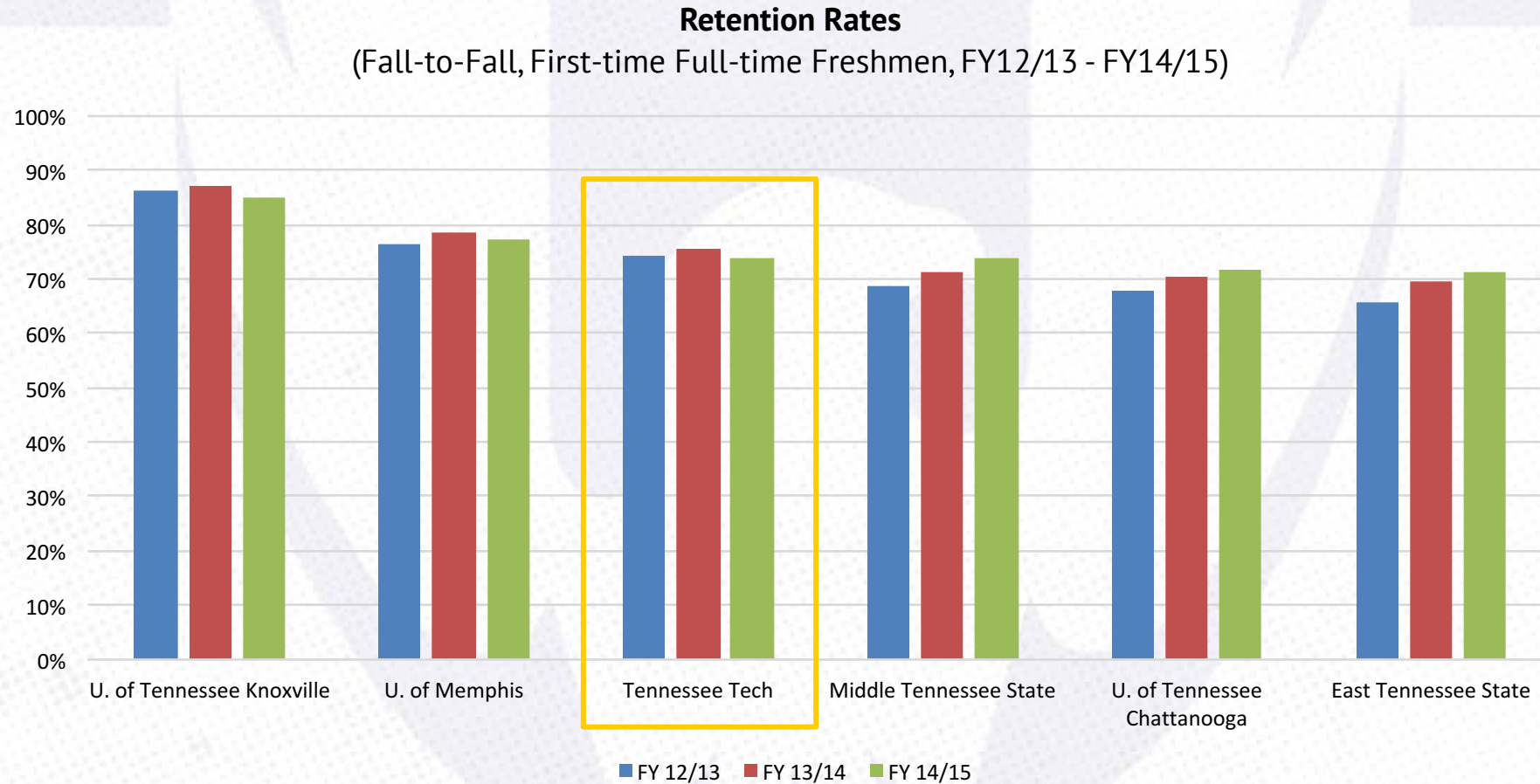


• Source: THEC Revised Budgets 2016-17; Commonfund Higher Education Price Index; THEC Fact Book 2015-2016



Retention

Retention rates at Tennessee Tech have remained steady in the past three years and are within the range of other Tennessee peer institutions



• Source: THEC Fact Book (2015-2016, 2014-2015, 2013-2014)



Graduation Rate

Tennessee Tech's six-year graduation rate is second highest among state peer institutions, after the University of Tennessee Knoxville

Six-Year Graduation Rate (FY13/14 - FY15/16)

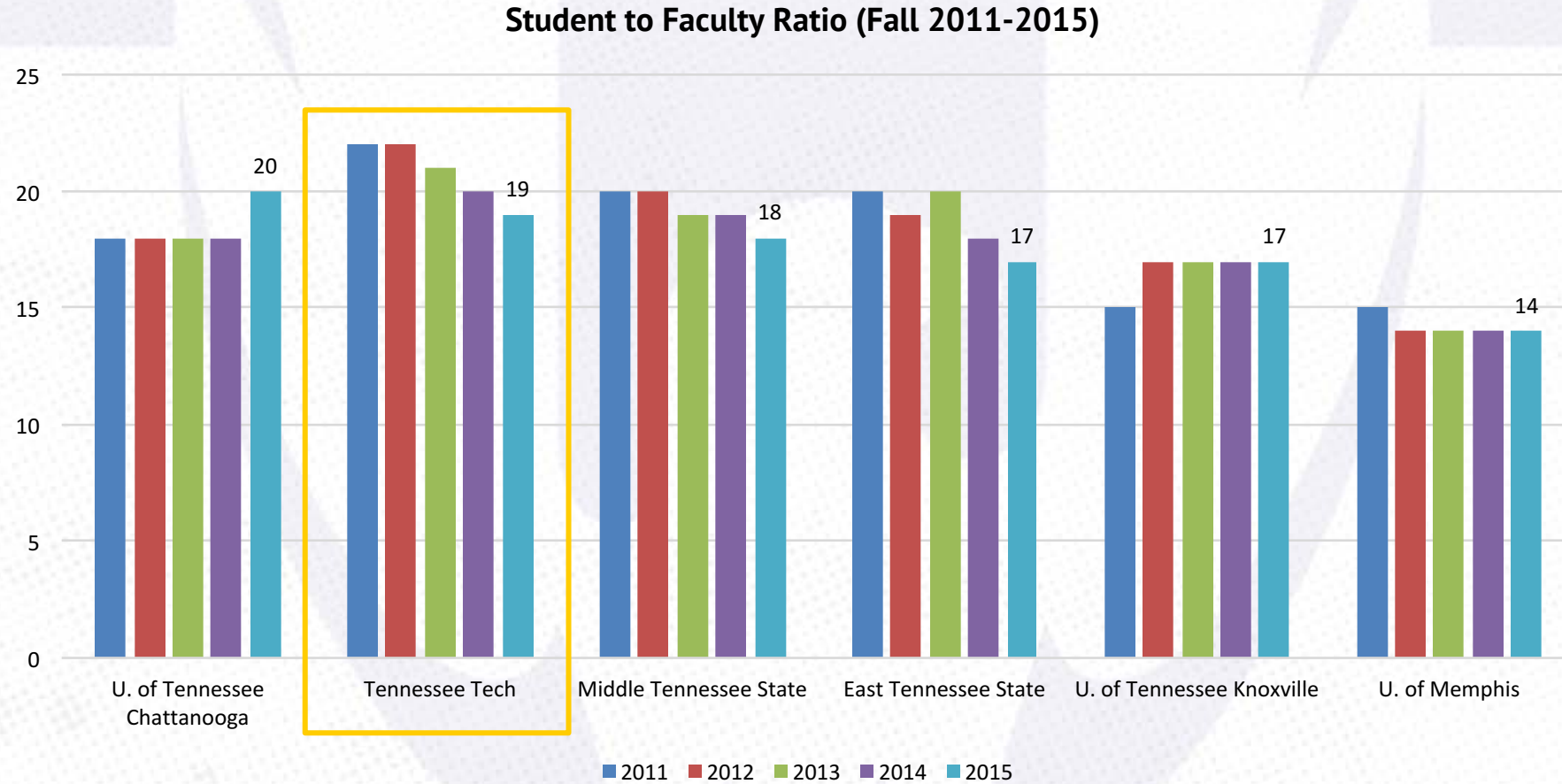


• Source: THEC 2017-18 Funding Formula Data



Student to Faculty Ratio

Student to faculty ratios at Tennessee Tech have been consistently decreasing over the past five years



• Source: IPEDS Data



Financial Health

March 23, 2017



Audited financial statements

- Annual audits are conducted by State of Tennessee, Division of State Audit, Financial and Compliance Section
- Tennessee Tech received an unmodified opinion for FY2016
- Audit reports can be found at:
 - <http://www.comptroller.tn.gov/sa/AuditReportCategories.asp>



Measuring and monitoring financial health

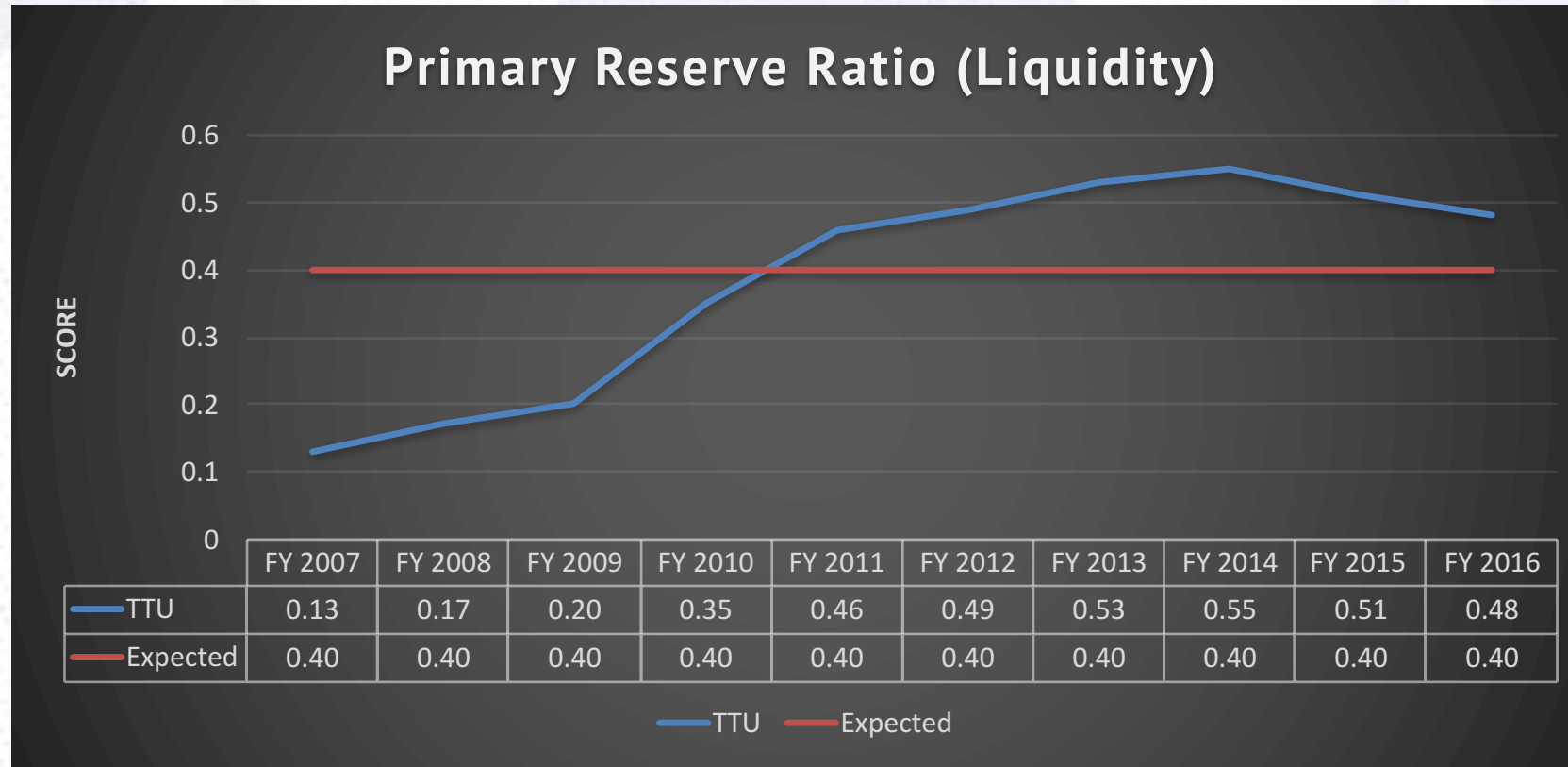
Strategic Risk Question	Related Ratio
1. Overall – What is the institution’s overall financial health?	Composite Financial Index
2. Liquidity – Does the institution have sufficient liquidity in the near and medium term?	Primary reserve ratio
3. Viability – Is debt managed strategically?	Viability ratio
4. Return on Assets – Does the institution have adequate return on all assets?	Return on net assets ratio
5. Net Operating Revenues – Is the institution generating adequate resources in excess of its operational costs?	Net operating revenues ratio

Composite Financial Index

- Four ratios weighted and scored on a scale to create a single score of financial health
 - Primary reserve ratio
 - Viability ratio
 - Return on new assets ratio
 - Net operating revenues ratio
- Single score allows weakness in one ratio to be offset by strength in another ratio
- Expected value is a national comparison
- Trend is over 10 years



Does Tennessee Tech have sufficient liquidity in the near and medium term?



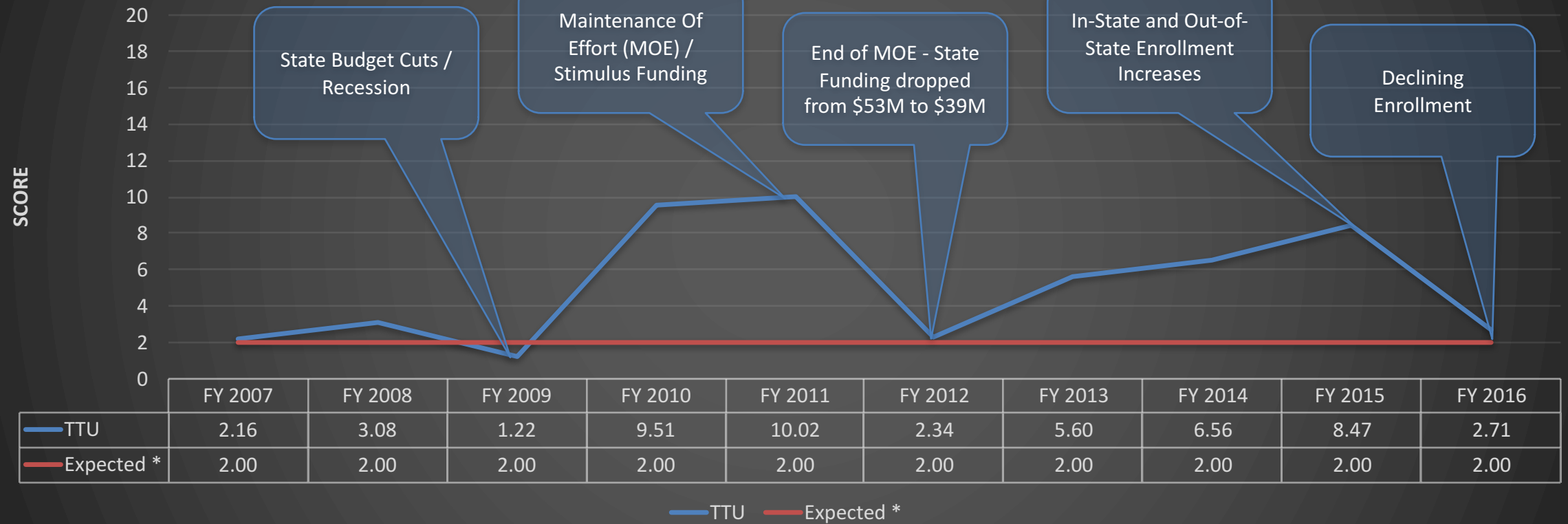
Does Tennessee Tech have adequate return on all assets?

Return on Net Assets Ratio



Is Tennessee Tech generating adequate resources in excess of its operational costs?

Net Operating Revenues Ratio



Current financial state of the university

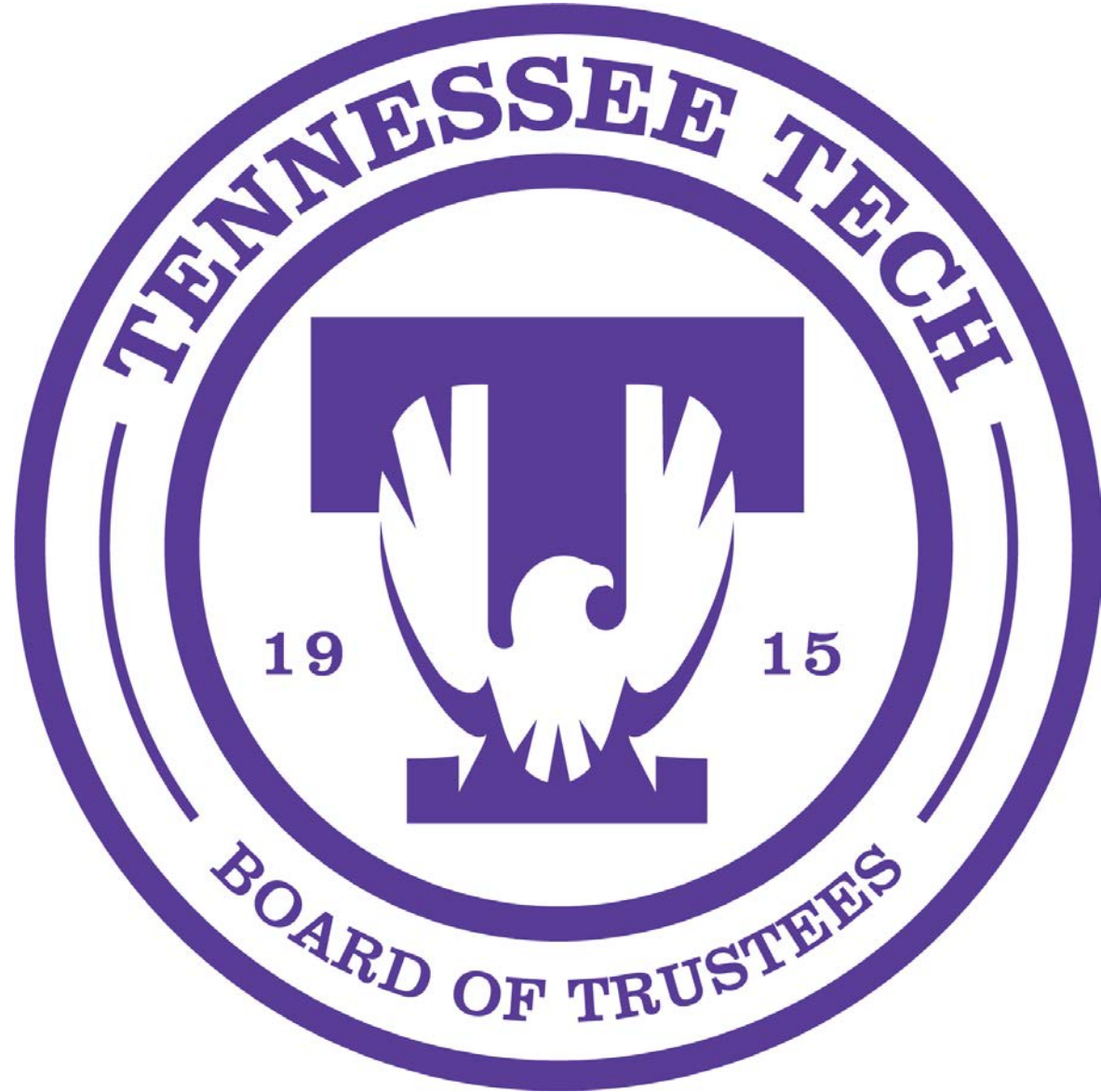
- October Revised Budget
 - Recurring operating revenues supported recurring operating expenses
 - A 2% reserved fund balance was budgeted
- May Estimated Budget
 - Reserves will need to be tapped to cover an unanticipated overage in scholarship award – approximately \$2 million in FY 2017
 - Permanent budget reductions of \$3.4 million to be effective with FY 2018 have been implemented to rebalance the budget
 - A 2% fund balance reserve will be budgeted
- May Estimated (FY2017) and July Proposed (FY2018) will be presented to the Board for approval at the next meeting



Challenges going forward

- Enrollment
 - Still working through earlier declines
 - Level of discounting necessary to be competitive
- Outcomes based formula
 - Continue to lose funding under Outcomes Formula Adjustment
 - Funds reallocated based on percentage improvement compared to others
- Reserves
 - Reserves earmarked for the laboratory science building and new campus recreation center will be expended with start of construction
 - Adding additional resources to reserves will be difficult in near term







Tennessee
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Proposed Non-Mandatory Fees

March 23, 2017



Specialized Academic Course Fee Comparison to Similar Fees

Program	TTU	UTK	UTM	UTC	ETSU	MTSU	UM	TSU
Ag/HE	\$20	\$20-\$50	\$20		\$40	\$20	\$50	\$30
Arts & Science*	\$25				\$20-\$35	\$7.50	\$15-\$50	\$30
Business**	\$30-\$40	\$97	\$42	\$56	\$25	\$35	\$35	\$25
Music***	\$20			\$200	\$150	\$325	\$160-\$320	\$100
Art	\$20			\$25	\$30	\$20	\$30	
Education	\$15			\$25-\$30	\$25	\$25	\$25	\$25
Engineering	\$65	\$63	\$15-\$25	\$56	\$20	\$20	\$55	\$35
Nursing (UG)	\$55	\$130		\$56	\$40	\$35	\$30	\$25
Nursing DPN	\$60							

*Chemistry, Biology, Earth Sciences, Physics

**Current fee is \$25 – proposed \$5 increase each year for 3 years

***Applied music course fees used for comparison

Proposed Miscellaneous Course Fees

Program	TTU	APSU	MTSU	ETSU	TNeCampus
Business MBA Graduate Online fee*#	\$170-\$210				
Master's of Professional Studies	\$45	\$50	\$15	\$35	\$104-\$125
Professional Science Master's	\$45	\$50	\$15	\$35	\$104-\$125
Physical Education – golf fee**	\$150				

*Current fee is \$150 – proposed increase is \$20 each year for 3 years

#Total cost to students is similar to other schools offering MBA

**Students currently pay \$100 to outside vendor



Zoned Parking Permit Rates

Second year of 10-year parking plan

Revenues used to:

- Construct new on-ground parking
- Provide intra-campus shuttle service
- Upgrade parking and traffic routing

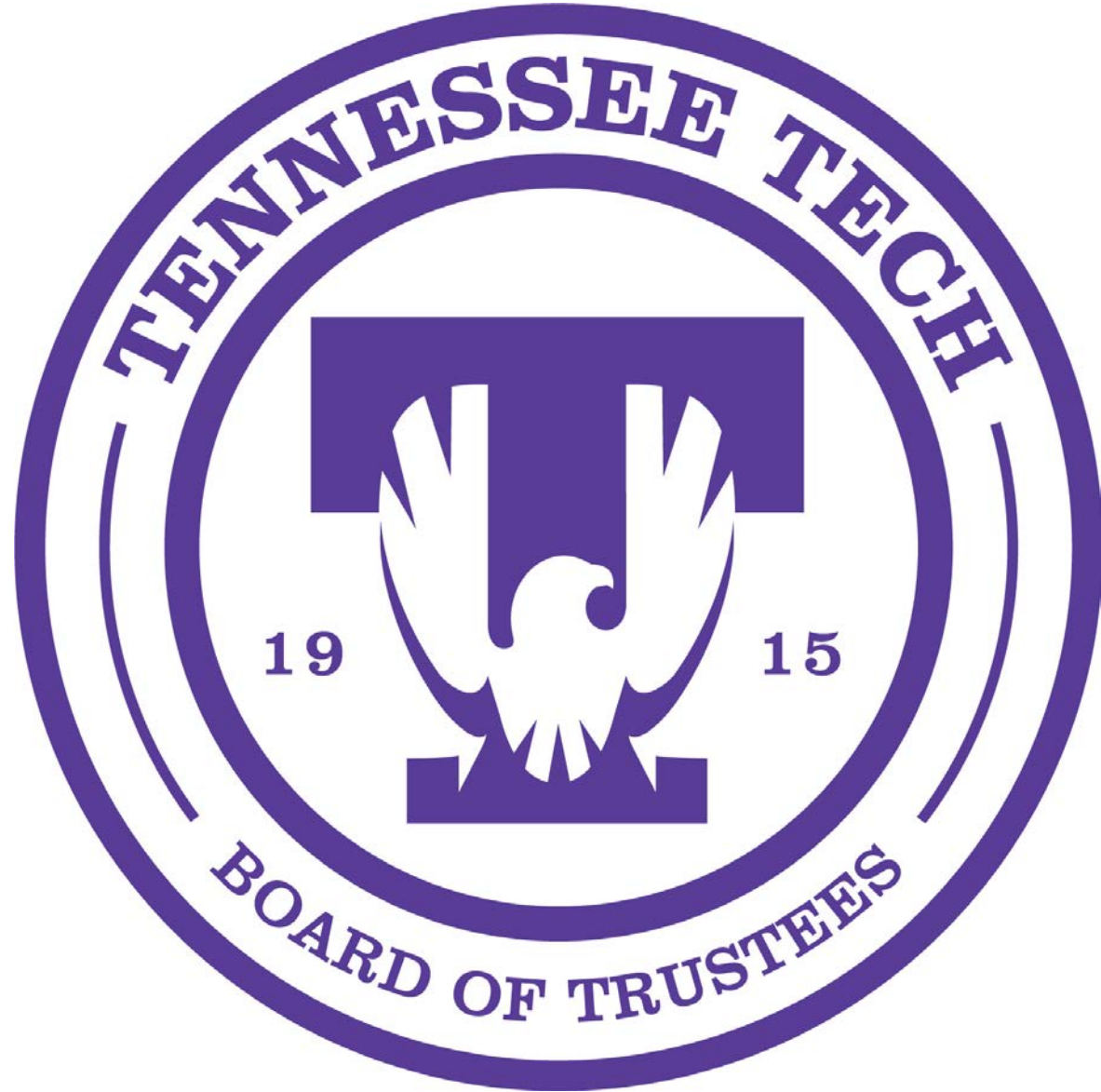
Zone	Current	Increase	New Rate
Inner Campus	\$205/yr.	\$15/yr.	\$220/yr.
Resident	\$205/yr.	\$15/yr.	\$220/yr.
Tech Village – Inner campus access	\$77.50/yr.	\$7.50/yr.	\$85/yr.
Outer Campus	\$143/yr.	\$9/yr.	\$152/yr.

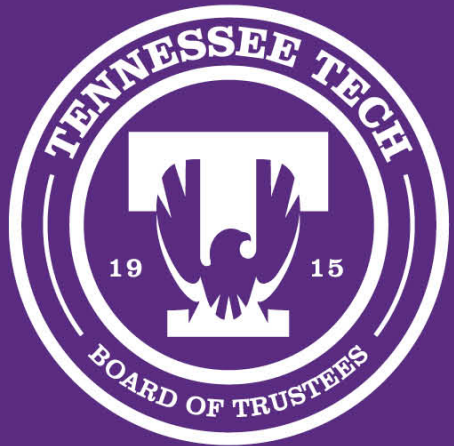
Note: Student parking permit rates are reduced by \$50/yr. because of the campus access fee, which is applied to student parking permits only.

Revenues must:

- Cover costs of operations
- Service debt
- Maintain facilities
- **Residence Halls – 3% to 5% range**
- **Tech Village – average 5% increase**
- **Housing Contract Pre-payment – \$200**
 - Credited against first period rental
 - Reduce number of late contract cancellations







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