# Audit & Business Committee Meeting

**March 6, 2020**
**President's Conference Room**
**1:30 p.m.**
**AGENDA**

**I.** Call to Order

**II.** Approval of Minutes

**III.** Flat-rate Tuition Model and Tech Promise Scholarship

**IV.** Adjournment

# Board of Trustees Meeting
# Audit & Business Committee
### December 5, 2019
### Roaden University Center Room 282

## MINUTES

## AGENDA ITEM 1—CALL TO ORDER

The Tennessee Tech Board of Trustees Audit & Business Committee met on December 5, 2019, in Roaden University Center Room 282. Chair Johnny Stites called the meeting to order at 8:03 a.m.

Chair Stites asked Ms. Kae Carpenter, Secretary, to call the roll. The following members were present:

- Johnny Stites
- Sally Pardue
- Purna Saggurti participated by phone and confirmed that he could simultaneously hear and speak to the Committee members, that he was the only person present in the location from which he was calling and that he received the committee materials in advance of the meeting.

Other board members and members of the public were also in attendance.

## AGENDA ITEM 2—Approval of Minutes

Chair Stites asked for approval of the minutes of the September 24, 2019 Audit & Business Committee meeting. Chair Stites asked if there were questions or comments regarding the minutes. There being none, Dr. Sally Pardue moved to recommend approval of the September 24, 2019 Audit & Business Committee minutes. Mr. Saggurti seconded the motion. The motion carried unanimously.

## AGENDA ITEM 3- Performance Pay Outcomes

Dr. Crickenberger presented the performance pay outcomes. The compensation plan had a two-pronged approach: one percent pool for performance base salary increases and one percent pool for one-time performance bonus. The salary increase would be effective January 1, 2020 and the one-time bonus would be received in December payroll. To be eligible for the performance base salary increase faculty had to have an evaluation score between four and five and staff had to score between three and four. The evaluation system between faculty and staff are different. If employees were hired before December 31, 2018 they were eligible for a maximum increase of six percent. If employees were hired between January 1 and April 30, 2019 they were eligible for a maximum one percent increase. To be eligible for the one-time performance bonus faculty had to receive a performance evaluation score of five and staff had to receive score of 3.5-four. Employees had to be hired prior to December 31, 2018. The maximum award was up to 10 percent. Bonuses were limited to only 25 percent of eligible employees.

Staff Distribution of Base Salary Increase by category:
- 91% of high performers
- 84% of middle performers

Staff Average Raise:
- 1.27% high performers
- 0.96% middle performers

Staff Distribution by Classification:
- 96% Executive
- 80% Administrative
- 81% Clerical and Support

Staff Average Raise by Classification:
- 1.02% Executive
- 0.97% Administrative
- 1.04% Clerical and Support

Staff One-Time Bonus by Category
- 50% high performers
- 0.5% middle performers

Staff Average Raise
- 3.79% high performers
- 3.71% middle performers

Staff One-Time Bonus by Classification:
- 36% Executive
- 20% Administrative
- 14% Clerical and Support

Staff Average Bonus
- 3.06% Executive
- 3.54% Administrative
- 4.37% Clerical and Support

Faculty Distribution of Base Salary Increase:
- 93% high performers
- 1% middle performers

Faculty Average Raise:
- 1.48% high performers
- 0.65% middle performers

Faculty One-Time Bonus Distribution by Category:
- 54% high performers
- 1.3% middle performers

Faculty Average Raise:
- 4.11% high performers
- 3.14% middle performers

Dr. Crickenberger advised a salary equity study was performed to make sure internal equity was being monitored. Internal review indicated minor compression/inversion issues and steps were being taken to eliminate those issues. Five individuals were recognized as being skewed and will receive an equity adjustment. The total equity adjustments were $12,683. Effective January 1, 2020 the Fair Labor Standards Act will increase the salary threshold to $35,568 for exempt employees.

Exempt status means you are exempt from overtime. Currently 19 employees are exempt and below that threshold. The funding required to bring those employees up to the threshold was $52,491.

Chair Harper wanted to clarify that the President's salary was not included in the presentation. At his request he did not want his salary reviewed until all employees' salaries had been considered.

Dr. Pardue asked what the performance pay based model means long term versus looking simultaneously at purchasing power of employees. Her concern being 81% of faculty being rated as high performers but some high performers were left out of the base salary increase. The long-term concern was year to year if no vision of what it meant to maintain purchasing power, cost of living excluded. Dr. Crickenberger stated that they were currently assessing equity of faculty. Dr. Pardue clarified she was not just concerned about faculty but staff as well. Dr. Pardue stated she understood the performance base model and the limit of a one percent pool to work from. Dr. Pardue was concerned long term what the numbers needed to be to ensure all employees were maintaining purchasing power. Dr. Crickenberger indicated all high performers were either getting a base salary increase or a bonus. Some departments may have chosen to give a higher bonus instead of the base salary increase. Everyone that was a high performer was receiving some type of performance pay. Dr. Oldham asked Dr. Crickenberger if she could provide information on staff market equity. Dr. Crickenberger advised that with staff we are keeping up with market, local and state. There had been some reclassifications due to market assessments. Dr. Crickenberger added a market assessment for faculty was being conducted. Data was being compared to our strategic peers by each program and college. Dr. Oldham added that the best way to help address the long term salary issue was to come up with funding you had available to put into the salary pool, even if a small amount, because having years when there were no salary increases puts you further behind the curve and makes it almost impossible to catch up later. He stated this was the eighth consecutive year that Tennessee Tech has had a salary increase.

Mr. Saggurti moved to recommend to include the performance pay outcomes in the 19-20 Revised Budget. Dr. Pardue seconded the motion. The motion carried unanimously.

## AGENDA ITEM 4— Approval of October Revised Budget/Organizational Chart

Dr. Stinson presented the reconciliation between the revised budget compared to the FY19 actuals as follows:

<u>Revenue: Actuals vs. Proposed</u>

- Tuition and Fees $(1,751,664)
  - Proposed budget was based on conservative estimates for tuition revenues $(1,825,000)
- State Appropriations $3,014,924
  - Formula adjustment $814,300
  - $900,000 recurring from Carnegie class change
  - New state appropriations for outcomes funding $2,653,800

  - Adjustments for OPEB, TCRS, Risk Management, Health insurance $1,291,600
  - FY2019 Fee waiver reimbursement $(245,100)
  - FY2019 OPEB $(2,399,676)
- Other Revenue $(2,595,104)
  - Budgeted decline in grants revenue $694,000
  - Budgeted less in proposed budget for interest income $1,500,000
  - Athletics $200,000 decline in student fees

Revenue Proposed vs. Revised

- Tuition and Fees $3,539,800
  - In-state tuition estimates increased by $350,000 based on larger enrollment than our conservative estimate.
  - Out-of-state tuition estimates increased by $649,000 based on better fall enrollments than our conservative estimate.
  - Addition of new Online and Alternate Delivery Fee $2,140,000
- State Appropriations $208,800
  - Adjustments for OPEB, TCRS, Risk Management, Health Ins. $208,800

Change in Expenses Actual vs. Proposed

- FY 2018-19 unspent budgets $3,979,193
- FY2018-19 unspent special fees $4,604,488
- Lapse salaries from unfilled faculty and staff positions in FY 2018-19 $2,582,677
- Scholarships Unspent $2,255,042
  - Unspent general scholarship $1,826,681
  - Unspent athletic scholarship $719,256
  - Over spent mandated scholarships 290,895
- Proposed budgeted included potential for 2.5% salary plus benefits $(1,830,100)
- Faculty promotions, software escalation costs, scholarships budgeted in proposed $(886,300)
- Utilities budget increase for Science Building and FIT coming online in FY20-21 $(500,000)

Change in Expenses Proposed vs. Revised

- Re-budget of carryforward amounts $ 7,036,700
  - SACF $1,328,833
  - Faculty Research & Indirect Cost $783,331
  - SAF $658,709
  - TAF $753,334
  - Engineering State Appropriation funds $1,866,612
  - Strategic Investment Fund-Lapse-$1,172,792
  - Other department requests $473,098
- Advertising and Marketing $450,000
- Athletics $795,900

- Faculty & academic support $248,800
- On-line course expenses $1,286,800
- Removed Contra account balances to SAF and TAF $2,737,875

Dr. Pardue moved to recommend to approve the October Revised Budget/Organizational Chart including the Performance Pay Outcomes and to place it on the Board's regular agenda. Mr. Saggurti seconded the motion. The motion carried unanimously.

## AGENDA ITEM 5—Approval of Revised Mandatory Fee Structure

Matt Smith presented a proposal for a revised mandatory fee structure. Mandatory fees are paid by both undergraduate and graduate students. Fees are paid on a per hour rate up to a maximum per semester. Over the years additional fees had created inconsistencies and unintentional complexity for students. Current mandatory fees include: debt service, general access, facilities and student government. Each of the fees max at different dollar amounts and hours registered. The intent of the proposal was to simplify and make mandatory fees consistent. The proposal is to max each fee at six hours and roll into one program service fee. Per T.C.A. §49-8-109 facilities must be made available to students in six hours or more, which is how the maximum hour was derived. Of the LGI's, Tennessee Tech had the second lowest mandatory fees. The current program service fee maximum would be $639. There was no change in maximum amount per semester on any of the mandatory fee. Maximum amounts are: debt service $129, general access $429, facilities $51, and student government fee $30.

Dr. Pardue moved to recommend to approve the revised mandatory fee structure including maxing all mandatory fees at six hours not to exceed a cumulative maximum at $639 per semester and package all mandatory fees into one fee named Program Service Fee and to place it on the Board's regular agenda. Mr. Saggurti seconded the motion. The motion carried unanimously.

## AGENDA ITEM 6—Approval of Out-of-State Tuition Rate

Matt Smith advised there were currently three out-of-state tuition rates: domestic out-of-state, R250 and E-rate. The current rates are:

- Domestic out-of-state $661 premium per hour in addition to in-state for hours <=12 and $132 premium per hour in addition to in-state tuition for hours >12. Cost for FTE is $12,348 per semester, which included in-state tuition.
- R250 tuition cost: $256 premium per hour in addition to in-state tuition for <= 12 hours which applies to students who graduate within 250 miles of Tennessee Tech and calculated annually based on state appropriations and fall enrollment. Cost for FTE= $7,090 per semester

- E-Rate tuition cost: $160 premium per hour in addition to in-state tuition for all credit hours. The rate is for all students taking only online classes. Calculated annually at 50% of in-state tuition. Cost for FTE = $6,420 per semester.

Currently Tennessee Tech's out-of-state is not competitive compared to other LGI's, the UT System and to universities in the surrounding states. Out-of-state tuition rates are not constrained by THEC. The proposal was to lower out-of-state tuition and simplify: set a single premium for domestic out-of-state tuition for both undergraduate and graduate students, charge out-of-state based on part-time/full-time structure, do not base out-of-state tuition rates on dynamic calculations and target the surrounding states for growth in diversity and new markets. Mr. Smith provided a target market analysis within the presentation that included Tennessee Tech's domestic out-of-state tuition cost compared to the LGIs and bordering state universities.

Mr. Saggurti asked how much of the enrollment was in-state, out-of-state American and out-of-state international. Mr. Smith replied based on fall 2019 enrollment 95 percent was in-state, 528 out-of-state with 346 being domestic which included some athletes. Mr. Lowery asked what the impact on enrollment would be. Mr. Smith replied an additional 76 students would be needed to breakeven.

Mr. Jones stated he agrees the structure does need to be simplified. However, unless you have a good market analysis that shows you will achieve the additional 76 out-of-state students to make up the revenue you can't really determine how the revenue will be impacted. It could be hard to predict how it will increase enrollment. Mr. Jones asked if the market could be tested and do this process in steps. He suggested to decrease the price slightly and see if it positively effects enrollment then the next year you can decrease it again. Once you decrease down it is hard to increase back up. Chair Harper wanted to clarify that the proposal is not to decrease all the way down to in-state tuition rates. The proposal was still one and one-half times the cost of in-state. Ms. Vanhooser wanted to clarify that the out-of-state rates being proposed are in addition to the in-state tuition, not in place of in-state tuition.

Mr. Saggurti asked for clarification on what an out-of-state student would pay. Mr. Wilmore followed with regarding slide 36, the proposal for a full time out-of-state undergraduate student was a flat rate of $2100 premium, what is it currently? Mr. Smith advised $6,000. Mr. Wilmore asked if the proposal is for an estimated $4,000 decrease. Mr. Smith confirmed. Dr. Oldham asked Mr. Smith to clarify what a current in-state student would pay annually. Ms. Terri McWilliams advised $8,040 annually for 15 hours. Dr. Oldham then asked for clarification for what a current an out-of-state student would pay annually. Mr. Smith confirmed approximately $24,000 annually. Dr. Oldham stated the new proposal would have the out-of-state student paying $12,240.

Chair Harper asked if it was possible to set cohorts. For example, set a rate for 2021 and then a higher or lower rate for 2022. Dr. Stinson advised that was possible and the Board had total flexibility to adjust the out-of-state rate from one year to the next.

Ms. Vanhooser stated enrollment management would need additional funds to be able to recruit more since recruiting would need to be expanded significantly. Dr. Stinson advised recruiting staff for out-of-state would need to be added.

Mr. Jones asked if the proposal was to lower domestic, simplify and to discontinue the R250 and E-rate. Dr. Stinson advised that was the proposal. She added it made it hard for the recruiting staff to have conversations with potential students due to the varying rate structure and the possibility of receiving scholarships in addition adds a level of difficulty and unpredictability. Mr. Jones added he liked the idea of simplifying, but the domestic out-of-state rate seemed to be the only rate out of line, the R250 and E-rate seemed fairly competitive. He suggested to potentially just adjust the domestic out-of-state down, and see how that effects enrollment. Dr. Johnson added that when R250 was implemented it did not prove to have substantial improvement on enrollment as intended. That being said, there was a historical market test on a rate base with the R250. Mr. Jones asked if our out-of-state tuition was so expensive then why did out-of-state students come here and are we really losing students we would get if we just lowered the domestic rate. Dr. Johnson stated the strong academic students looked at the price point but they are also looking at not paying much. If they are a high achiever across the country, the students tend to look at schools with the approach of how little will I pay and how much are you going to invest in me. This proposal opens up the middle market for students that were really successful and are a good fit here that will look at our price point compared to other institutions across the region. From a diversity standpoint, it will open conversations we were not able to have before. When you walk into a diverse school and say it will cost $24, 000, the conversation ends because they don't see that as affordable even with federal and institutional aid. We have priced ourselves out of the out-of-state market. Out-of-state recruitment has not been as aggressive because the immediate feedback was that we were not succeeding. Until we have a price point that gives an opportunity to recruit, it is hard to determine what the actual impact will be.

Dr. Bruce added in the future it will be important for us to target the middle market due to projections by 2025 the number of high schools graduates across the nation will significantly drop. The reason was because 18 years ago we entered a recession and people postponed having children. That decrease in student population will make all the universities go after more students because the number of high school graduates will dramatically drop in that year. We already see other out-of-state universities that have recruiters at our back door. For example, Mississippi State had a recruiter specifically assigned to middle Tennessee. Dr. Johnson added we cannot wait until 2025 to do something about it, the sooner we can get out and develop these markets the better we can position ourselves.

Mr. Stites asked if the Board was being asked to lower the rate for the normal out-of-state tuition or also including to lower E-rate and R250. Dr. Stinson stated the proposal was to go to one rate so we would no longer have an E-rate, R250 and out-of-state making us have only one out-of-state rate. Dr. Oldham added that several groups on campus have vetted this proposal. Mr. Smith stated they had received positive feedback from the various groups.

Mr. Wilmore asked how the amount in the proposal was derived. Mr. Smith stated the numbers were derived from where we could be competitive by opening new markets but also be fair to the in-state students. Mr. Stites asked if Dr. Johnson would know fairly quickly on the effectiveness of this proposal, if passed, by the number of applications received. Chair Harper added that due to the timing we would probably not see a big impact on fall 2020 enrollment but a larger impact on fall 2021. Dr. Oldham added that roughly $500,000 revenue was at risk by reducing the out-of-state rate. After analyzing the upside, specifically in the long-run, is significantly better than that.

Dr. Pardue moved to send the out-of-state tuition rate of $140 per hour for part-time students and a flat rate of $2,100 for domestic undergraduate taking greater than 11 credit hours and flat rate of $1,680 for full-time domestic graduate students taking greater than 9 credit hours to the Board for approval and to place it on the Board's regular agenda. Mr. Saggurti seconded the motion. The motion carried unanimously.

## AGENDA ITEM 7—Discussion of Full-time/Part-time Tuition Model

Matt Smith advised under the current tuition model a student pays $319 per credit hour up to 12 hours. Students taking more than 12 hours pay an additional $64 per hour. Under a full-time/part-time model, part-time students pay tuition based on credit hours they are taking and full-time students pay a flat tuition regardless of the number of hours they take. This model was designed to encourage students to take 15 credit hours per semester which would allow them to complete 120 hour degree in eight semesters.  The model applied to undergraduate students only.  This model drives improved graduation rate, retention rate and G.P.A for students. The UT System has already transitioned to this model. THEC was in favor of adoption of this model. Financial advantages to students included long-term cost savings, opportunity to pursue a minor or certificate at no additional cost and students could avoid the additional cost of taking summer courses to stay on track to graduate. Additional advantages for students included cost of attendance would be more predictable and understandable. Helping students and parents plan better financially, and may reduce student loan debt. Fall 2019 full-time undergraduate students were comprised of 3,757 taking 12-14 hours, 2,006 students taking 15 hours and 1,911 students taking more than 15 hours. Other factors to be considered consisted of increase in hours during fall and spring semesters, possible barrier to part-time employment while a student, increased course load for 49% of current undergraduate full-time student population, potential decrease in summer course loads. Students no longer needing summer semesters to achieve 30 hours per year can realize significant savings and summer could be leveraged to take advantage of Co-ops and internships or study abroad opportunities without sacrificing time to degree. Administrative considerations included revenue estimates would be uncertain for a few years, providing support to students impacted by change, and all academic and administrative units must be onboard with the change. The success of the new model would be measured by decreased time to degree for students, increase in first-year retention rates, increase in progression metrics, increase in average number of student credit hours and increase in 4-year graduation rate. This item was informational only. Dr. Stinson advised the intention was to bring a full proposal to the Board in March for approval. President Oldham added that he was very passionate about this model as it is better for the student by getting them graduated sooner and save them money. Factors to still consider was that it increased our in-state price point even though total cost for the student will decrease. As students graduate quicker you must maintain a steady enrollment and recruit more students, which can change enrollment practices. Chair Harper believed this was the right model and is strongly in favor for the benefit to the students. However, enrollment must be kept up and also the impact on the faculty load must be considered.

## AGENDA ITEM 8A—Financial Review- Consolidated Financial Index

Dr. Stinson advised the trend on the Consolidated Financial Indicator had significantly improved. The improvement was related to Return on Net Assets and Net Operating Revenues. The viability ratio looks at reserves compared to debt. We were below the industry standard on viability, but that was not unusual for public institutions. Components of the CFI included primary reserve, viability, return on net assets and net operating revenues. The primary reserve indicates the sufficiency of resources and their flexibility. Viability indicates the capacity to repay debt through reserves. Return on Net Assets measure the total economic return similar to return on Equity. Net Operating Revenues indicated whether the institution was living within available resources. Tennessee Tech had the highest average at 5.12, with the UT average at 2.61 and other LGI's excluding TSU at 3.14. This was an informational item.

## AGENDA ITEM 8B—Financial Review- Tuition Transparency Act Report (T.C.A§49-7-1604)

Mr. Stites advised by February 1 of each year, the Board was required to provide a report to the General Assembly with information regarding expenditures of revenues derived from any tuition and fees increase in the previous academic year. The report must include how revenues were used, the effect on student financial aid, and the effect on the average total cost of attendance per student. Dr. Stinson provided a copy of the Tuition Transparency Act Report in Diligent. The report was based on the tuition increase for Fiscal Year 2018-19.

Dr. Pardue moved to recommend to approve the Tuition Transparency Act Report (T.C.A. §49-7-1604) and to place it on the Board's regular agenda. Mr. Saggurti seconded the motion. The motion carried unanimously.

## AGENDA ITEM 9A—TTU Policy 530(Debt Management)

Dr. Stinson advised this policy sets out the Boards responsibility for the university's debt management and acknowledges the Tennessee State School Bond authority as the mechanism for the university to obtain debt. This policy related to the debt for residence halls, athletic facilities, student recreation centers and parking/paving. It does not cover construction of classroom buildings as they are supported through general obligations bonds with the state. This policy establishes that debt cannot be incurred for normal operations, it must be for a capital project or equipment. The debt requirement is established that our unrestricted revenues must be at least 200 percent of our annual debt service.

Dr. Pardue moved to recommend to approve TTU Policy 530(Debt Management) and to place it on the Board's consent agenda. Mr. Saggurti seconded the motion. The motion carried unanimously.

## AGENDA ITEM 9B—TTU Policy 531 (Tennessee State School Bond Intercept)

Dr. Stinson advised this policy established the TSSBA authority to intercept the university's state appropriations should we fail to make our debt payment in a timely manner. It also established the responsibility for other LGI and TBR institutions' debt service should they not make their payments in a timely manner. This policy establishes other LGI and TBR institutions having their state appropriations intercepted should Tennessee Tech not make their payments in a timely manner and our state appropriations were not sufficient to cover the amount. Tennessee Board of Regents entered into this agreement and the agreement was recognized as part of the FOCUS Act and each institution would continue to be responsible for the other institutions debt through intercept of state appropriations.

Dr. Pardue moved to recommend to approve TTU Policy 531(Tennessee State School Bond Intercept) and to place it on the Board's consent agenda. Mr. Saggurti seconded the motion. The motion carried unanimously.

## AGENDA ITEM 9C—TTU Policy 537(Naming Buildings, Facilities and Organizational Units)

Dr. Stinson advised this policy established the Board's authority for naming buildings on campus and the Board's delegation to the President to name identifiable building components. It also sets out the criteria for selecting a name and the process used to consider potential naming.

Dr. Pardue moved to recommend to approve TTU Policy 537(Naming Building, Facilities and Organizational Units) and to place it on the Board's consent agenda. Mr. Saggurti seconded the motion. The motion carried unanimously.

## AGENDA ITEM 10—Report of Audit Activity

Deanna Metts advised this report was required by state law. The report was a summary of activities broken down into three categories: audits, reviews and investigations. This report was for review only. A copy was provided in Diligent.

## AGENDA ITEM 11—Approval of 2020 Audit Plan

Deanna Metts advised a copy of the Audit Plan was provided in Diligent. The plan listed each significant activity to be carried out and tells the type of activity and functional area involved. Each departmentally chosen audit on the schedule was selected using a model that considered six points: prior audit results, internal controls in the area, changes in the unit, size of the unit with regard to revenue collected, expenses, or number of transactions, sensitivity of the unit and management's concerns.

Dr. Pardue moved to recommend to approve the 2020 Audit Plan as presented as required by the Tennessee Tech University Audit Committee Charter. Mr. Saggurti seconded the motion. The motion carried unanimously. This item only requires committee approval.

## AGENDA ITEM 12 —Adjournment of Open Session & Call to Order of Executive Closed Session

There being no further business, the meeting adjourned at 10:38 a.m. After a short break, the Executive Closed Session began at 10:47a.m. Tennessee Tech Board Trustees were present.

The following were also present for the meeting:

- President Philip Oldham
- Kae Carpenter, Board Secretary
- Deanna Metts, Director of Internal Audit
- Dr. Claire Stinson, Vice President for Planning and Finance
- Janice Scarlett, Internal Audit Administrative Associate
- Lee Wray, Chief of Staff
- Kacee Abbott, Director of Accounting
- Emily Wheeler, Associate Vice President Business & Fiscal Affairs
- Kerri Demeri, Director of Auxiliaries
- Slaton Wheeler, Legal Extern
- Greg Holt, Compliance Officer
- Jessica Davis, Internal Auditor
- Dr. Lori Bruce, Provost

## AGENDA ITEM 13—Adjournment

There being no further business, the Executive Closed Session adjourned at 11:24 a.m.

Approved,

Kae Carpenter, Secretary

# Agenda Item Summary

**Date:** March 6, 2020

**Division:** Planning & Finance

**Agenda Item:** Flat-rate Tuition Model and Tech Promise Scholarship

☐ **Review** ☒ **Action** ☐ **No action required**

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**PRESENTERS:**

Dr. Phil Oldham, President
Dr. Lori Bruce, Provost
Dr. Claire Stinson, Vice President for Planning & Finance

**PURPOSE & KEY POINTS:**

Implementation of a flat-rate tuition model for undergraduate students. The Tech Promise Scholarship provides a last dollar tuition and mandatory fee scholarship for low-income undergraduate students.

*State of Tennessee*

# PUBLIC CHAPTER NO. 614

**SENATE BILL NO. 1665**

**By Dickerson, Gresham, Yarbro**

Substituted for: House Bill No. 1684

By Smith, Ragan, Daniel, Moody, Hardaway, Terry, Towns

AN ACT to amend Tennessee Code Annotated, Title 49, Chapter 11; Title 49, Chapter 7; Title 49, Chapter 8 and Title 49, Chapter 9, relative to higher education.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 49, Chapter 7, is amended by adding the following language as a new part:

**49-7-1601.**

This part shall be known and may be cited as the "Tuition Transparency and Accountability Act."

**49-7-1602.**

As used in this part:

(1) "Board" means the trustees of the University of Tennessee or a state university board, as applicable;

(2) "Cost of attendance" means the combined cost of tuition, mandatory fees, room and board, books, and other educational expenses as determined by the financial aid office of the postsecondary institution;

(3) "Predictive cost estimate" means a non-binding estimated cost of attending an undergraduate program at the postsecondary institution based on a student's chosen field of study over a four-year period. A predictive cost estimate may include, but is not limited to, potential tuition and mandatory fee increases, projected increases in tuition based on a student's chosen field of study, and historical trend data; and

(4) "Tuition and mandatory fees" means the charges imposed to attend the relevant institution of higher education as an in-state undergraduate student and all fees required as a condition of enrollment as determined by the board. "Tuition and mandatory fees" does not include fees charged to out-of-state students by institutions of higher education, room and board, or other non-mandatory fees and charges.

**49-7-1603.**

(a) At least fifteen (15) days prior to holding a meeting to adopt an increase in tuition and mandatory fees, a board shall give public notice of the proposed tuition and mandatory fee increase as an action item on the board's meeting agenda. Individuals shall be permitted to provide comments during the fifteen-day period. The public notice of the proposed tuition and mandatory fee increase shall, at a minimum, include:

(1) An explanation for the proposed tuition and mandatory fee increase;

(2) A statement specifying the purposes for which revenue derived from the tuition and mandatory fee increase will be used; and

(3) A description of the efforts to mitigate the effect of the tuition and mandatory fee increase on students.

(b)(1) By January 1, 2019, each board shall develop a list of factors that shall be considered when developing recommendations to increase tuition and mandatory fees. The factors shall include, at a minimum, the level of state support; total cost of attendance; and efforts to mitigate the financial effect on students.

(2) Each state university and each campus in the University of Tennessee system shall post on its website a summary of the recommendations pursuant to subdivision (b)(1).

**49-7-1604.**

By February 1 of each year, each governing board shall provide a report to the office of legislative budget analysis, for distribution to the general assembly, with information regarding expenditures of revenues derived from any tuition and fees increase in the previous full academic year. The report shall include how revenues were used, the effect on student financial aid, and the effect on the average total cost of attendance per student.

**49-7-1605.**

Beginning August 1, 2019, each state university and each campus in the University of Tennessee system shall provide, with a student's letter of acceptance, a predictive cost estimate for students applying for undergraduate degree programs for the 2020-2021 academic year and for academic years thereafter.

SECTION 2. This act shall take effect July 1, 2018, the public welfare requiring it.

**SENATE BILL NO. 1665**

**PASSED:** **March 19, 2018**

**RANDY McNALLY**
***SPEAKER OF THE SENATE***

**BETH HARWELL, *SPEAKER***
***HOUSE OF REPRESENTATIVES***

**APPROVED this** 2nd **day of** April **2018**

**BILL HASLAM, *GOVERNOR***

# State of Tennessee

# 2018 Public Acts, Chapter 614

**T.C.A. § 49-7-1603(b)**

(1) By January 1, 2019, each board shall develop a list of factors that shall be considered when developing recommendations to increase tuition and mandatory fees. The factors shall include at a minimum, the level of state support, total cost of attendance, and efforts to mitigate the financial effect on students.

(2) Each state university and each campus in the University of Tennessee system shall post on its website a summary of the recommendations pursuant to subdivision (b)(1)

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