



Discussion of Credit Card Fees for FY2019-2020

Presentation to Audit & Business Committee
Board of Trustees

March 21, 2019



FY 18 Payment Analysis For Student Account

	Credit Card	E-check/ACH	Check	Cash	Total Out-of-Pocket Payments	Total Student Financial Aid	Total Tuition and Fees
FY18 \$	\$ 29,087,961	\$ 9,333,027	\$ 972,123	\$ 435,875	\$ 39,828,986	\$ 63,463,314	\$ 103,292,300
FY18 %	73.03%	23.43%	2.44%	1.09%	100.00%		
FY18 Expense	\$ 436,319	\$ -	\$ -	\$ -	\$ 436,319		

**Table represents out-of-pocket payments made on student accounts only.*



Student Impact

	Online			In Person
	Proposed	Current		Cash/Paper Check
	PayPath Credit Card @ 2.85%	Credit Card	E-Check/ACH	
Student Bill	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
Student Payment	\$ 10,285	\$ 10,000	\$ 10,000	\$ 10,000
TTU Net Revenue	\$ 10,000	\$ 9,850	\$ 10,000	\$ 10,000



PayPath Notes of Interest

- Implementation cost is a one-time fee of \$8,750.
- Optional ACH validation at an estimated annual cost of \$16,000.
- Annual decrease in expenses for Tennessee Tech should be \$400,000 to \$500,000.
- Anticipate a flip in volume regarding credit card payments and ACH payments based on experiences from other schools who have implemented PayPath.
- Students have other **free options** to pay online including ACH and bank wire.
- Discourages the use of credit cards (immediate interest, higher interest, etc. vs. student loans) as a long term debt instrument.





Update on Governor's Budget as Proposed

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Board of Trustees

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2019-2020 Governor's Budget

State Appropriations FY 2019-2020 increase of \$4,053,800

- Outcome-based funding formula \$2,653,800
 - (can be used for salaries and/or operational expenditures.)
- Carnegie Classification \$900,000
- NSF-CEROC \$500,000 (year 3 of 4)

State Appropriations Base adjustment from outcomes reallocation \$814,300

TOTAL State Appropriation \$59,888,700*

**These amounts could be subject to change until Legislature passes the Governor's recommended budget.*



Governor's Budget Capital Outlay and Maintenance FY 2019-20

Capital Maintenance		\$7,910,000
• Roof Replacement Phase 3	\$3,060,000	
• Multiple Building Upgrades	\$4,650,000	
• ADA Compliance	\$ 200,000	
Engineering Building Planning		<u>\$3,250,000</u>
Total Capital Outlay & Maintenance		\$11,160,000*

**These amounts could be subject to change until Legislature passes the Governor's recommended budget.*





Discussion of Fees for FY2019-2020

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Non-mandatory Fee Proposal 2019-2020

- Non-mandatory fees are not required of all students. They are charged based on a variety of factors: residency, academic program, course selection, incidentals, participation in TN eCampus, etc.
- Non-mandatory fees are not subject to THEC binding rates
- Generally requests are reviewed and brought to the Board for approval once each year



Non-mandatory Fee Proposal 2019-2020

- Request for new fees or an increase to existing non-mandatory fees are reviewed using the following factors
 - Supported with documentation of extraordinary costs that cannot be addressed through other methods such as reallocation of resources
 - Supports new initiatives that have extraordinary costs that cannot be addressed through new revenues generated by the program
 - Activity is an self-supporting activity, e.g., auxiliary activities such as housing
 - Inflationary costs, including salary increases, must be paid by activity's revenues



Non-mandatory Fee Proposal 2019-2020

- Nursing DNP Graduate Fee of \$150
 - Joint program with ETSU
 - Aligns TTU's fee with those of ETSU
 - Supports operational needs of the program including faculty, staff, preceptors
- Housing
 - 2% increase for residence halls and Tech Village apartments
 - Resources to cover inflationary costs
 - Continue repairs and renovations to older halls
 - Debt service requirements



Non-mandatory fees - Housing

- Comparison to other universities in Tennessee
 - Belmont, UT, APSU, UM, MTSU, ETSU, TSU, Carson-Newman
 - Tech's rates lower than 3 – Belmont, APSU, UT
 - Providing a variety of housing – new, renovated, Tech Village
 - New halls north and south are most expensive
 - New hall north occupancy rate was 95.3% for fall 2018
 - New hall south occupancy rate was 93.9% for fall 2018
 - Overall occupancy rate for residence halls was 95% for fall 2018
 - Two halls under renovation fall 2018 – 258 beds



Non-mandatory fees - Housing

- Comparison to apartment housing in Cookeville
 - Tech housing is within the market
 - Several are within walking distance of campus
 - Utilities, including cable and internet, are extra with off-campus apartments
 - Most require a 9-month lease
 - Most are unfurnished
 - 24 hour security is not provided



Non-mandatory – Online course/program fees

- Potentially bring this back to Board at June meeting
- Discussions continuing around comprehensive plan for online offering with a consistent fee structure
 - Requests ranging from \$25 to \$198
 - Existing online fees vary across programs
 - Most are proposed in lieu of mandatory fees, e.g., TAF, campus recreation and fitness, athletics
 - Major users of technology but not paying TAF fee
 - Many students taking online offering are local and have student access to Fitness Center and Athletic events



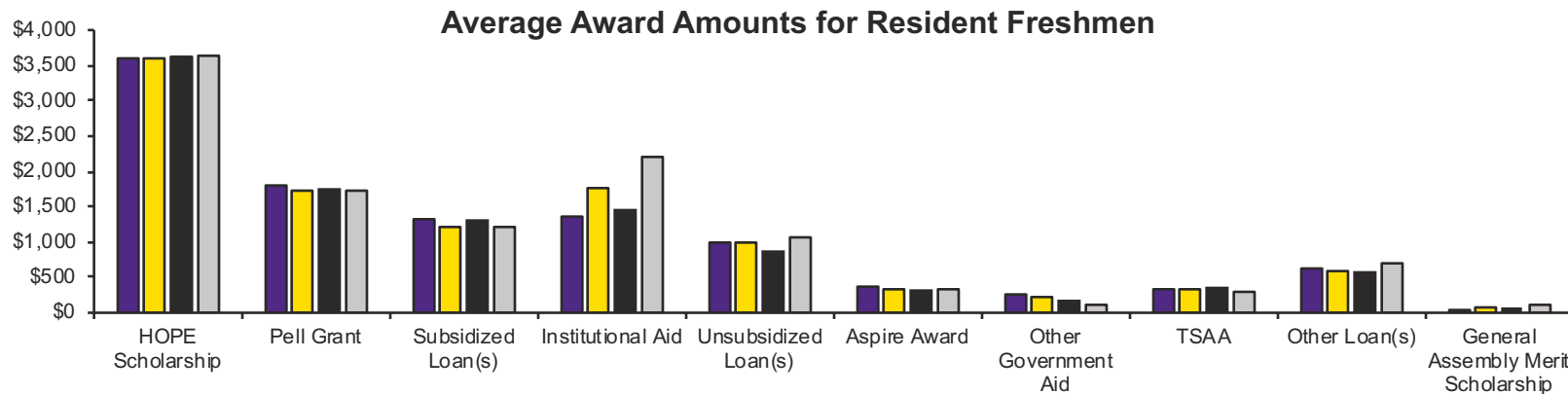
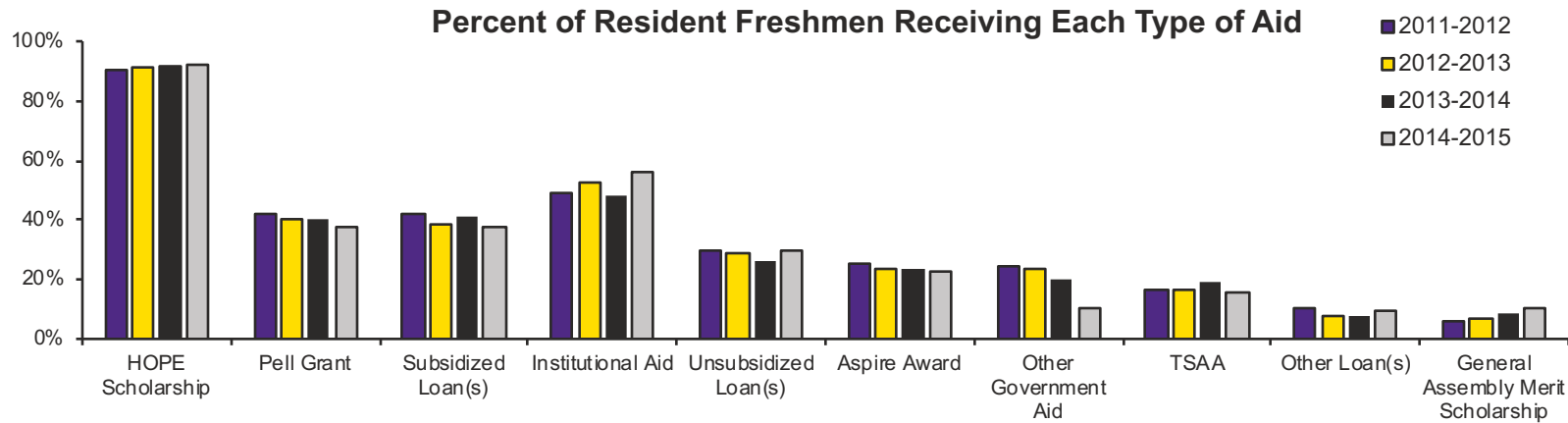
MAINTENANCE AND MANDATORY FEES DISCUSSION

Factors to Consider When Setting Tuition and Fee Levels (Public Chapter 614)

- 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



Resident Freshmen Rely on HOPE

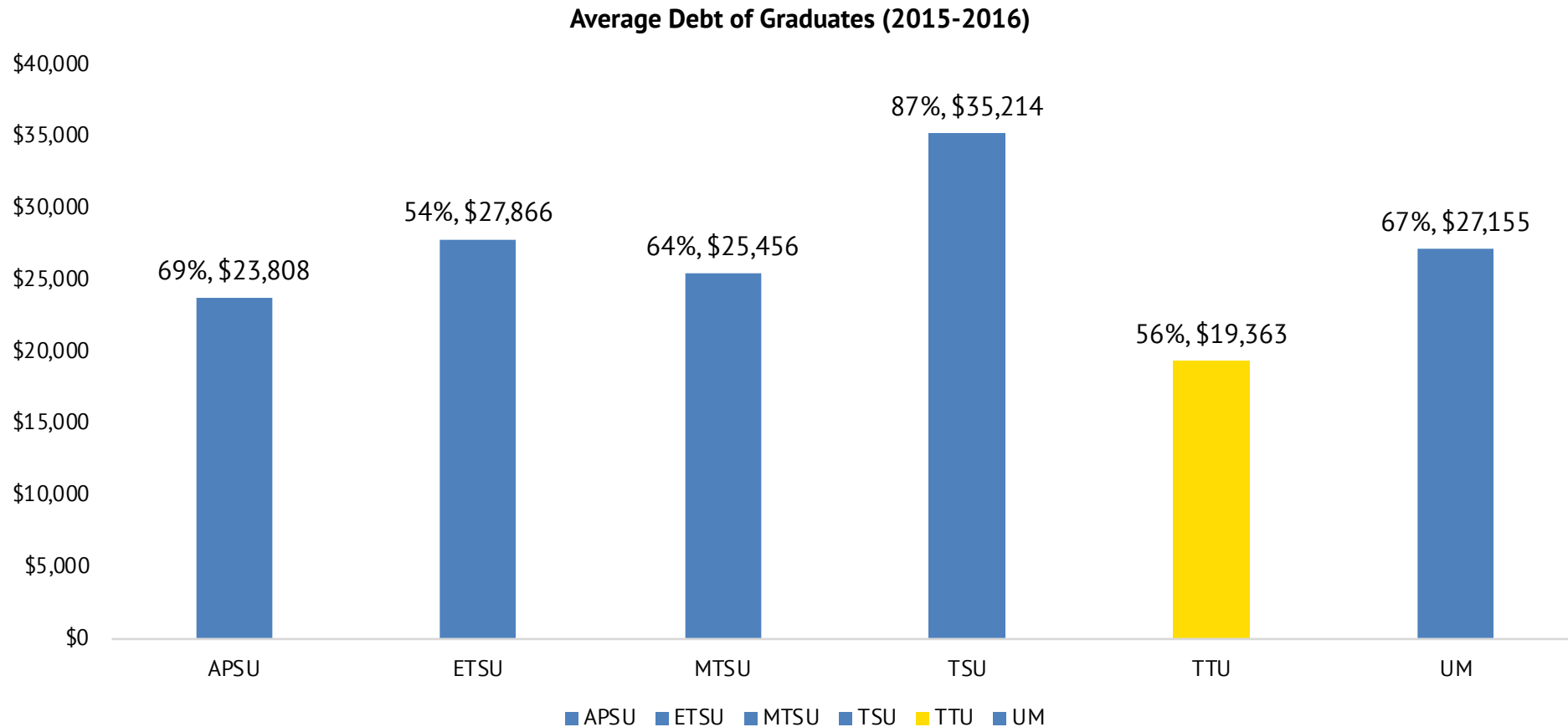


The HOPE Scholarship is a key funding source for the vast majority of resident Freshmen.

Note: Financial aid figures above reflect amounts disbursed to students.



Tuition and Fees – Student Debt



Total Cost of Attendance

Semester Costs for 15 Credit Hours	2018-19	2019-20 (Estimated)
Maintenance and mandatory fees	\$4,552.50	\$4,659.00
Hope Scholarship	(1,750.00)	(1,750.00)
Hope Merit Scholarship	(500.00)	(500.00)
PELL Grant	(3,047.50)	(3,097.50)
Full "High Flyer" University Scholarship	(2,500.00)	(2,500.00)
Aid Refunded to Student	(3,245.00)	(3,188.50)
Housing	2,822.00	2,880.00
Meal Plan (Purple 5)	2,259.00	2,326.00
Books & Supplies (estimated)	900.00	900.00
Balance to be paid by student	\$2,736.00	\$2,917.50

*Potential aid not included SEOG, College Workstudy, Foundation Scholarships



THEC Recommendation 2019-2020 Annual Rates

2019-20 Anticipated Binding Rates			
Maintenance Fee		Maintenance + Mandatory Fees	
Minimum	Maximum	Minimum	Maximum
\$0 or less	\$196	\$0 or less	\$228



THEC Recommendation 2019-2020 Annual Rates

2019-20 Maintenance and Mandatory Fee Increase Scenario and Comparison (2.5% Limit)

2018-19			2019-20			Combined Increase	Combined % Increase
Maintenance Fee	Mandatory Fee	Maintenance + Mandatory	Maintenance Fee	Mandatory Fee	Maintenance + Mandatory		
\$7,860	\$1,243	\$9103	\$8057	\$1274	\$9331	\$228	2.5%



Per Semester In-state Maintenance Fee History

	Fall 2015*	Fall 2016	Fall 2017	Fall 2018	Fall 2019**
Undergraduate Maintenance	\$3,591	\$3,690	\$3,828	\$3,930	\$4020
Dollar increase over prior year	\$354	\$99	\$138	\$102	\$90
Percentage increase	10.9%	2.8%	3.74%	2.66%	2.3%
*Collapsed existing mandatory and non-mandatory fees equivalent to \$18 per UG hour in Maintenance fees					
**Anticipated maintenance fee to be effective with fall 2019					
Rate per credit hour	\$285	\$293	\$304	\$312	\$319
Dollar increase	\$28*	\$8	\$11	\$8	\$7

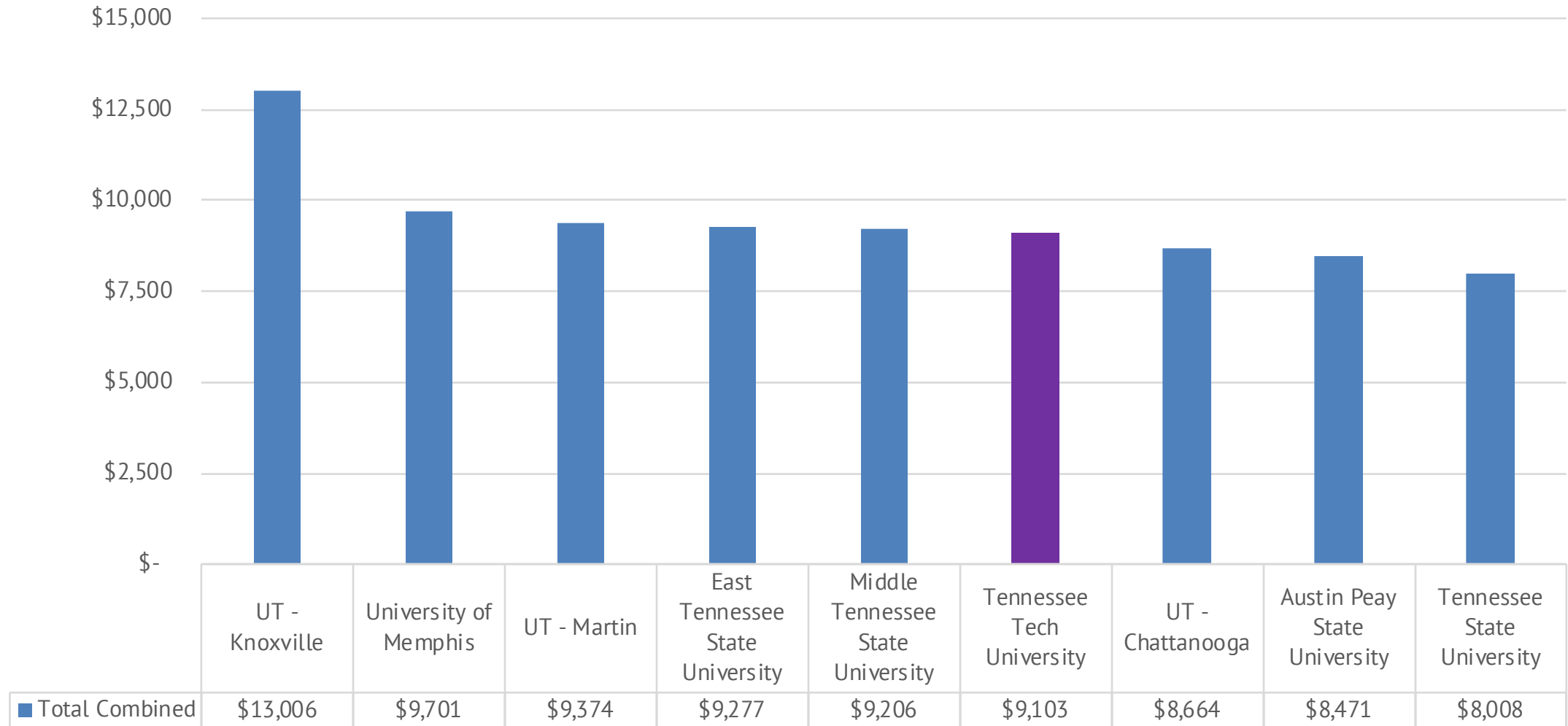


Per Semester Mandatory Fees

	2018-19	2019-20	Dollar Increase	Percentage Increase
Athletic Fee	\$248	\$248	Zero	Zero
Campus Recreation	\$48	\$48	Zero	Zero
Technology Access Fee	\$112.50	\$130	\$17.50	15.55%
Facilities Development Fee	\$51	\$51	Zero	Zero
Debt Service	\$129	\$129	Zero	Zero
SGA/SOLO	\$30	\$30	Zero	Zero
Student Mental Health Wellness	\$3	\$3	Zero	Zero
Combined Total All Mandatory Fees	\$621.50	\$639.00	\$17.50	2.8%

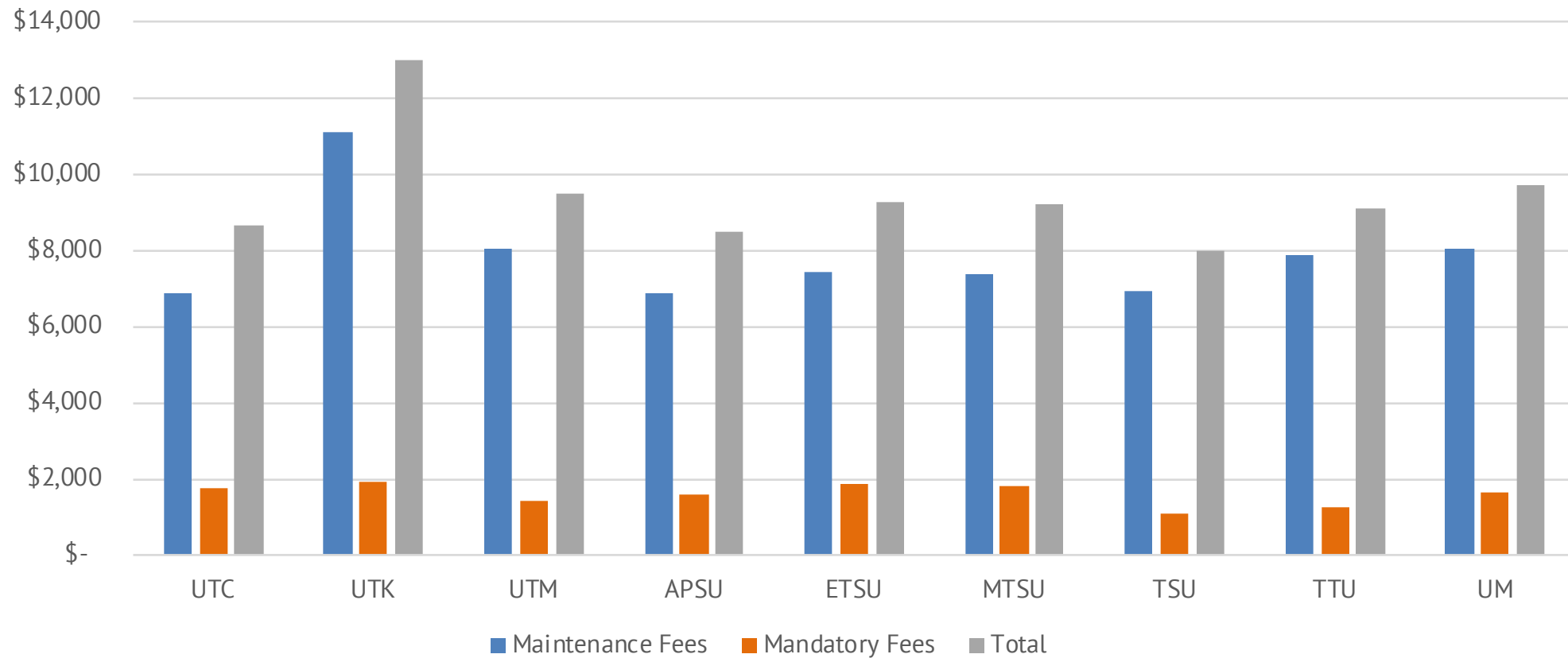


Maintenance & Mandatory Fees Comparison 2018-19

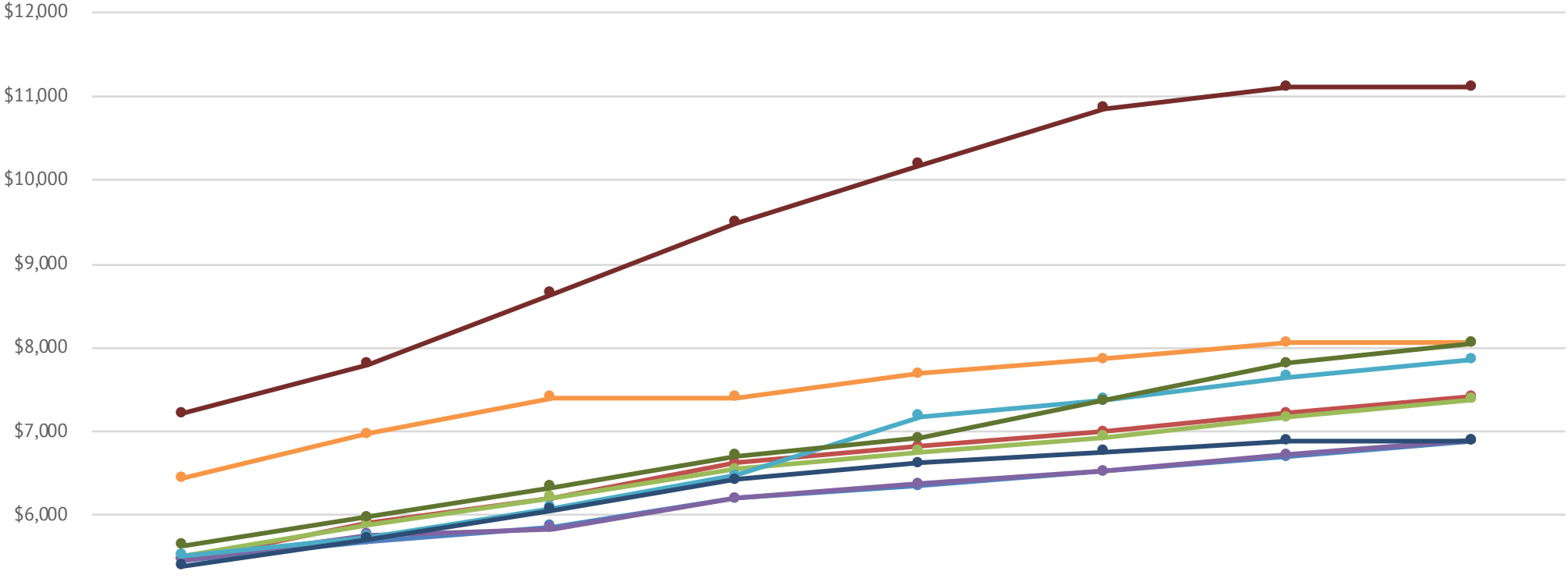


Undergraduate Tuition/Fee 2018-19 Comparison to Tennessee Public Universities

2018-19 Fee Comparison (Annual)



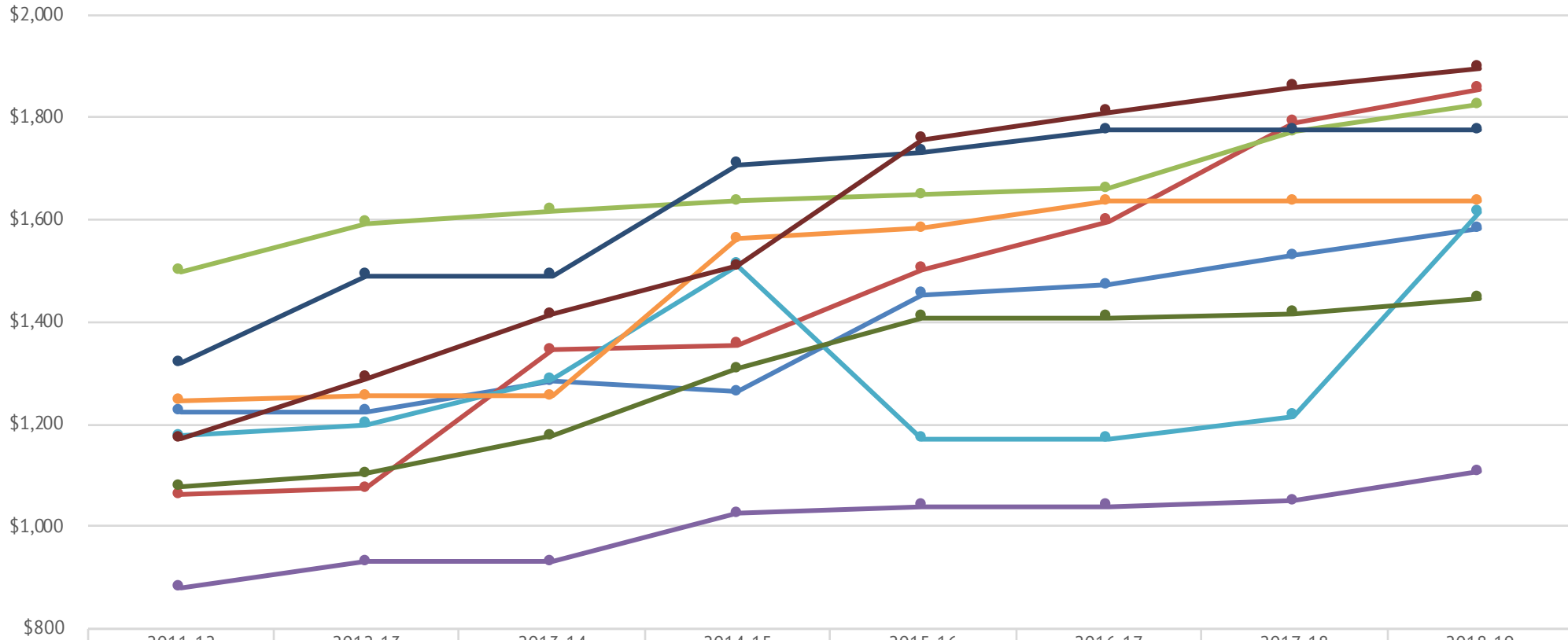
Maintenance Fees Comparison (2012-2019)



	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
APSU	\$5,466	\$5,694	\$5,874	\$6,198	\$6,348	\$6,522	\$6,696	\$6,888
ETSU	\$5,466	\$5,922	\$6,198	\$6,630	\$6,828	\$7,002	\$7,224	\$7,422
MTSU	\$5,520	\$5,898	\$6,222	\$6,552	\$6,756	\$6,930	\$7,176	\$7,380
TSU	\$5,466	\$5,772	\$5,844	\$6,198	\$6,378	\$6,528	\$6,726	\$6,900
TTU	\$5,520	\$5,748	\$6,096	\$6,474	\$7,182	\$7,380	\$7,656	\$7,860
UM	\$6,450	\$6,978	\$7,410	\$7,410	\$7,686	\$7,860	\$8,064	\$8,064
UTC	\$5,398	\$5,722	\$6,065	\$6,430	\$6,624	\$6,768	\$6,888	\$6,888
UTK	\$7,224	\$7,802	\$8,648	\$9,493	\$10,190	\$10,858	\$11,110	\$11,110
UTM	\$5,640	\$5,978	\$6,336	\$6,716	\$6,918	\$7,375	\$7,818	\$8,052



Mandatory Fees Comparison (2012-2019)

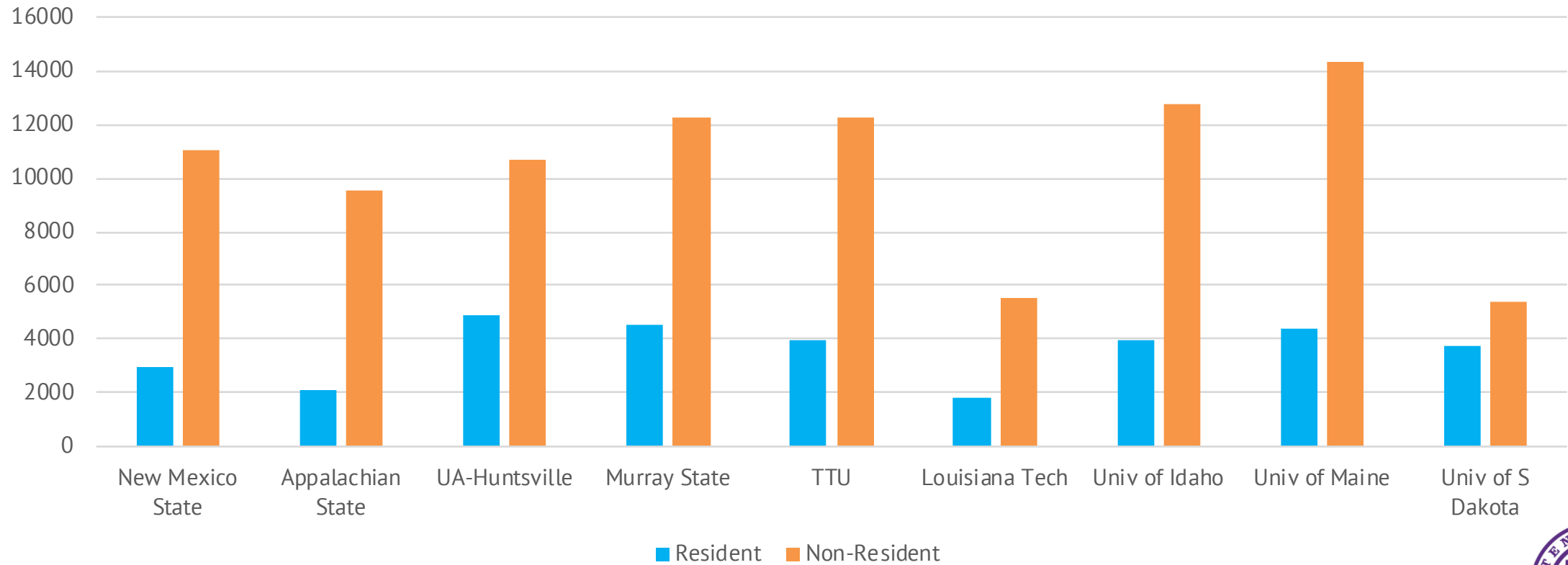


	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
APSU	\$1,224	\$1,224	\$1,284	\$1,264	\$1,453	\$1,473	\$1,529	\$1,583
ETSU	\$1,063	\$1,075	\$1,345	\$1,355	\$1,504	\$1,597	\$1,791	\$1,855
MTSU	\$1,498	\$1,594	\$1,618	\$1,636	\$1,648	\$1,660	\$1,772	\$1,826
TSU	\$880	\$930	\$930	\$1,026	\$1,039	\$1,039	\$1,050	\$1,108
TTU	\$1,178	\$1,200	\$1,287	\$1,511	\$1,171	\$1,171	\$1,217	\$1,615
UM	\$1,246	\$1,256	\$1,256	\$1,563	\$1,583	\$1,637	\$1,637	\$1,637
UTC	\$1,320	\$1,490	\$1,490	\$1,708	\$1,732	\$1,776	\$1,776	\$1,776
UTK	\$1,172	\$1,290	\$1,414	\$1,510	\$1,758	\$1,810	\$1,860	\$1,896
UTM	\$1,078	\$1,103	\$1,178	\$1,308	\$1,408	\$1,408	\$1,418	\$1,446



Undergraduate Tuition/Fee 2018-19 Comparison to Out-of-State Peers

Tuition Per Semester



Technology Access Fee

- Last fee increase was in 2001-2002
- Justification for increase
 - Create a sustainable instructional equipment refresh plan
 - Provide new technology for new science building
 - Provide supplies and support for technology within classrooms
- FY 2018-19 Projects requested 105; Projects funded 46
 - Multimedia Classrooms
 - Student Software and Licensing
 - Student Lab Hardware Refresh & Checkout Accessories



Other Maintenance & Tuition Rates

(not subject to THEC binding rates)

- Graduate maintenance fee
- Out-of-state tuition



Anticipated graduate maintenance fees

Graduate In-State Tuition				
	Fall 2018	Fall 2019	Dollar Increase	Percentage Increase
For Base 10 Hours	\$5,020	\$5140	\$120	2.4%
Hourly rate over base hours	\$99	\$102	\$3	3%



Out-of-state tuition

- Out-of-state students pay same maintenance and other fees as in-state students, plus an out-of-state tuition rate
- 2018-2019 out-of-state tuition rate
 - Base (12 credit hours) \$7,932
 - Hourly rate over base \$132
- No increase in out-of-state tuition is anticipated



Out-of-State Tuition Comparison

Tennessee Peers	15 SCH	9 SCH
Lowest to Highest by UG -	<u>Undergraduate</u>	<u>Graduate</u>
University of Memphis	\$9,888.00	\$8,919.00
Tennessee State University	\$10,128.00	\$9,225.00
University of Tennessee - Martin	\$10,998.00	\$11,431.00
Austin Peay State University	\$11,442.00	\$10,251.00
University of Tennessee - Chattanooga	\$11,503.00	\$8,154.00
Tennessee Tech University	\$12,258.00	\$11,052.00
Middle Tennessee State University	\$13,269.00	\$11,754.00
East Tennessee State University	\$13,302.00	\$11,799.00
University of Tennessee - Knoxville	\$14,650.00	\$14,716.00

National Peers	15 SCH	9 SCH
Lowest to Highest by UG -	<u>Undergraduate</u>	<u>Graduate</u>
Louisiana Tech University	\$5,534.00	\$5,118.00
South Dakota State University	\$9,132.75	\$8,576.10
Appalachian State University	\$9,524.50	\$9,135.50
University of Alabama - Huntsville	\$10,689.00	\$11,802.00
New Mexico State University	\$11,022.00	\$7,929.90
Tennessee Tech University	\$12,258.00	\$11,052.00
Murray State University	\$12,270.00	\$7,200.00
University of Idaho	\$12,750.00	\$13,494.00
University of Maine	\$14,295.00	\$12,870.00

New resources and uses 2019-2020

Governor's budget dedicated to formula outcomes	\$2,653,800
Carnegie classification change	\$900,000
Outcomes formula adjustment	\$814,300
Total anticipated increase in state appropriations	\$4,368,100
Revenue generated per 2.3% maintenance fee increase	\$1,504,000
Resources anticipated to address needs	\$5,872,100

Cost of 2% salary improvements with fringe benefits	\$1,830,100
Dedicate funds to re-establish operating fund balance	\$2,668,820
Cost increases other than salaries (HEPI 2.44% average)	\$1,662,180
Total anticipated needs for FY2018-19	\$6,161,100

Difference between resources and needs	\$(289,000)
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Update and Discussion about University Metrics




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DATA DASHBOARD

Student Success

6-YEAR GRADUATION RATE

2012 55.1% 
 2011 49.4% 
 2010 51.1% 

5-year average: 51.6%; National rate for 4-year publics is 54% for Fall 2011

Data

- Progress to degree
- Retention
- Degrees awarded
- Career salary

Financial

COMPOSITE FINANCIAL INDEX

2018 2.35 
 2017 2.81 
 2016 3.42 




NOTE: Wash level is 1.0

Data

- Operational expenditures
- Instructional expenditures
- Budget allocation
- Capital expenditures

Enrollment

ENROLLMENT HEADCOUNT

2018 10,186 
 2017 10,504 
 2016 10,492 




5-year average: 10,684

Data

- Undergraduate
- Graduate
- Diversity
- Strength of incoming class

Athletics

NCAA GRADUATION SUCCESS RATE

2011 85% 
 2010 85% 
 2009 83% 




5-year average: 82.6%; National rate for Division I is 87%

Data

- Student-athlete GPA average
- Student-athlete grad rate
- Athletic fundraising
- OVC Commissioner's Cup

Sponsored Research

EXTERNALLY FUNDED RESEARCH

2018 \$16.4M 
 2017 \$16.9M 
 2016 \$12.9M 



5-year average: \$13.9M

Data

- Research proposals
- Research awards
- % fulltime faculty doing sponsored research
- # of IP

Advancement

PRIVATE GIVING

2018 \$12.3M 
 2017 \$23.1M 
 2016 \$12.7M 

5-year average: \$11.4M

Data

- Endowment
- Endowment per FTE student
- Alumni giving
- Brand awareness

FACULTY METRICS

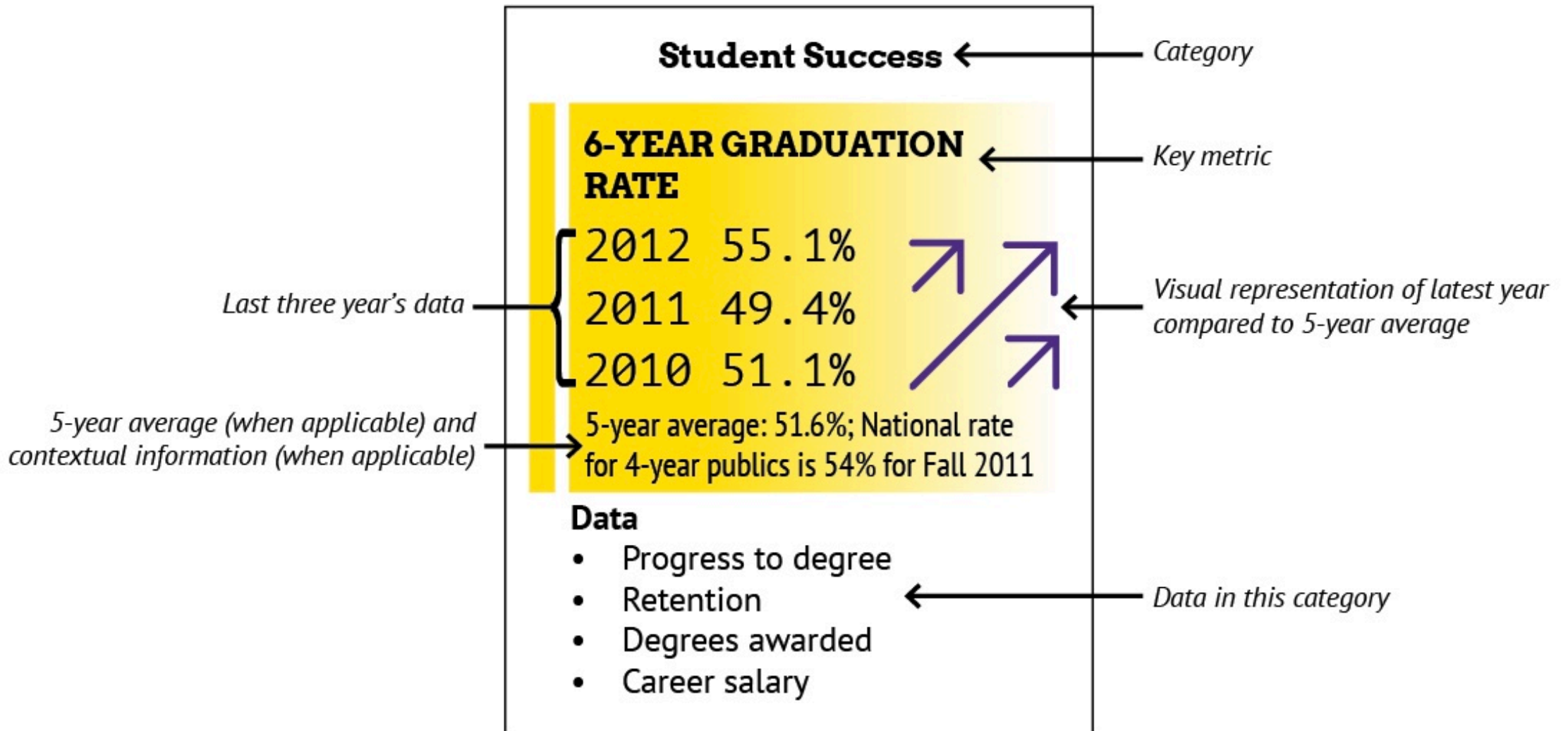
Data

- Headcount
- Tenure/tenure-track
- SCH per FTE
- Student:Faculty ratio
- Gender/ethnicity
- # of academic programs

COMPLETE COLLEGE ACT FUNDING FORMULA METRICS



Data dashboard key metric legend





Tennessee TECH

5-Year Strategic Financial Plan Update

Presentation to Audit & Business Committee
Board of Trustees

December 6, 2018



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)	\$3,227,151	\$4,996,776	\$5,697,115
Change in Income	156,993,000	6,770,100	3,659,430	2,334,491	3,283,822
Change in Expenses	(156,366,300)	(3,274,128)	(3,429,524)	(3,238,644)	(3,702,534)
Change in Mandatory Transfers	(369,900)				
Change in Nonmandatory Tran	(6,733,400)				
Ending Surplus (Deficit)	(76,566)	1,756,022	3,457,057	4,092,623	5,278,403
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	3,192,809	3,261,399	3,326,172	3,400,223
Surplus (Deficit) Projected	(1,739,950)	3,227,151	4,996,776	5,697,115	6,956,945
Target (4% of E&G revenues)	6,279,720	6,550,524	6,696,901	6,790,281	6,921,634
Dollars needed to cover deficit plus establish 4%	\$8,019,670	\$3,323,373	\$1,700,126	\$1,093,166	\$(35,311)

Controlling Expenses – Progress Report

- \$1.49 million lapsed salaries into Investment Pool
- Pilot projects have been completed in Athletics & Library centralizing computer/technology replacements
 - Estimated cost saving when fully implemented is \$900,000 annually
- Credit card discount rate saving \$400,000 annually
- Review process in place for professional and software contracts
- Review process in place for temporary/part-time administrative positions with goal of saving \$300,000 (25%)



Controlling Expenses - Academics

- Provost leading discussions with Deans
 - Realign colleges' budgets with budget model
 - Class schedules and class size
 - Faculty work load and compensation
 - Effective scheduling of large classrooms
- Implemented model for financial feasibility of new programs
- Reviewing course delivery methods





Cost of Education Model

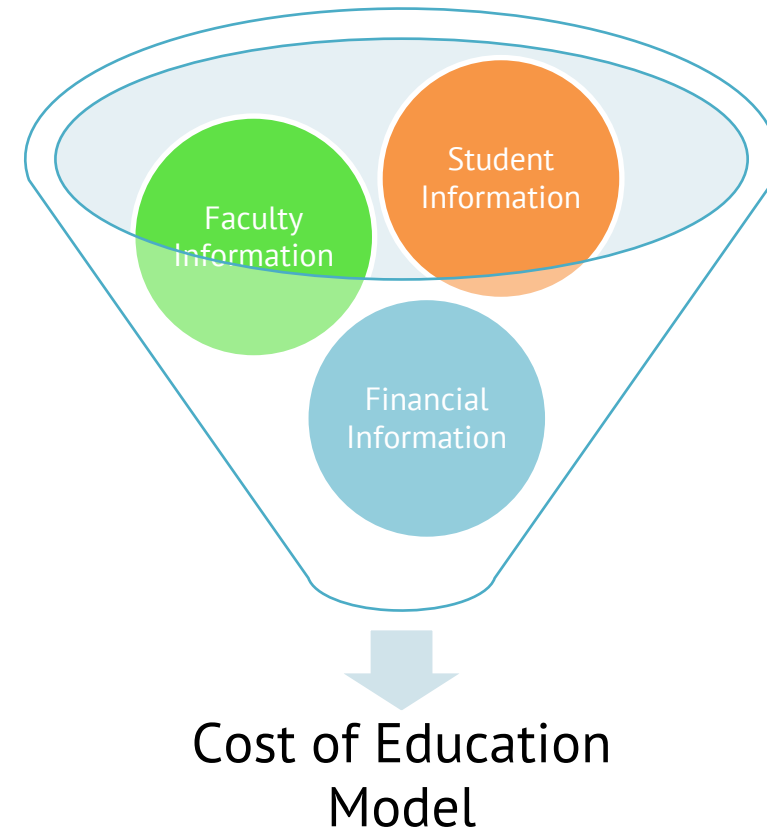
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What is the Cost of Education Model?

- The Cost of Education Model is the combination of student, faculty, and financial data in a functional reporting structure to analyze the revenues and expenditures of the university, colleges, departments, levels, disciplines, etc.



Data Included in Model

- Student Data
 - Course Enrollment
 - Major, Concentration, Level, etc.
- Faculty Data
 - Instructional Load
 - Distribution of Responsibilities
- Financial Data
 - Faculty Salaries
 - Student AR (tuition, fees, financial aid, etc.)
 - General Ledger



How the Model Works

- Similar to the Budget Model, the Cost of Education model distributes 85% of net tuition revenues to the department of the course while the remaining 15% goes to the department of a student's major.
- All departmental and college revenues/expenditures are distributed to their respective units and is based on credit hour production.
- All university level revenues/expenditures are distributed as a function of credit hour production.



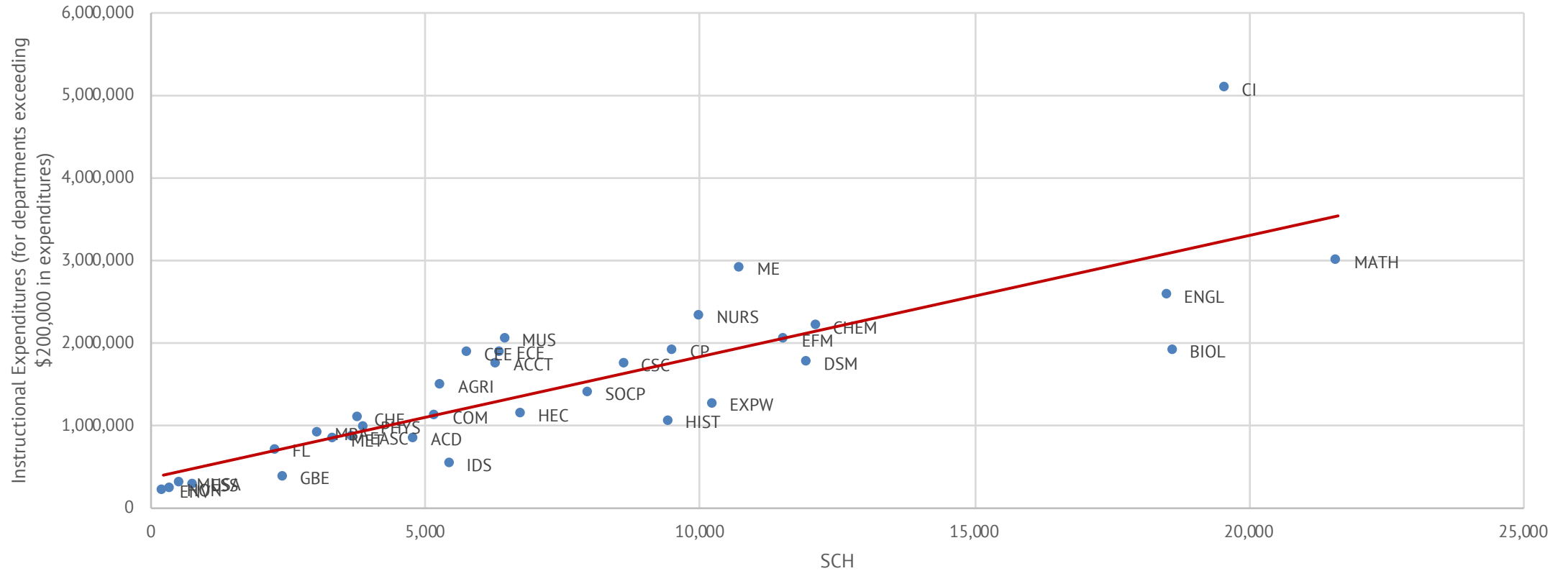
Results

	Credit Hours	Total Direct Revenues	Total Direct Expenses	Contribution Margin # 1	Contribution Margin # 1 %	College Alloc Rev	College Overhead	Contribution Margin # 2	Contribution Margin # 2 %	Academic Support Rev	Academic Support	Contribution Margin # 3	Contribution Margin # 3 %
Total College of Arts and Sciences	104,149	47,165,238	17,617,477	29,547,761	63%	196,614	1,873,206	27,871,169	59%	8,332	5,328,902	22,550,599	48%
Total Undergraduate (Arts and Sciences)	103,195	46,481,290	16,007,538	30,473,752	66%	194,814	1,851,013	28,817,554	62%	8,255	5,280,089	23,545,720	51%
Sociology and Political Science	7,973	4,177,275	1,487,630	2,689,645	64%	15,043	96,605	2,608,082	62%	638	407,952	2,200,768	53%
SOC Sociology	4,942	2,638,421	895,512	1,742,910	66%	9,324	59,881	1,692,353	64%	395	252,866	1,439,883	55%

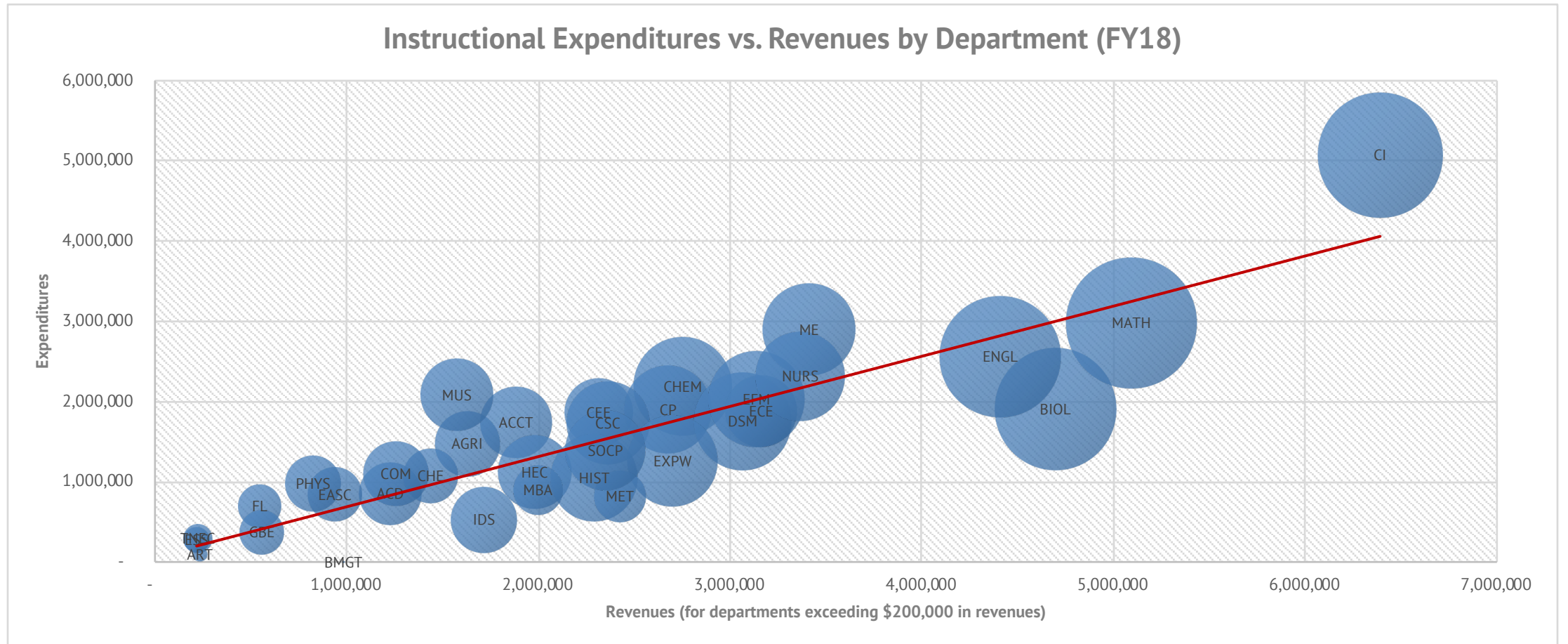


Expenditures per Student Credit Hour

Instructional Expenditures vs. Student Credit Hours by Department (FY18)



Expenditures vs. Revenues



Using the Cost of Education Model

- The results of the Cost of Education Model are intended to provide an impetus for meaningful discussions regarding the balance of expenditures and revenues associated with colleges, departments, disciplines, etc.
- The model can help identify areas of efficiency and opportunities for improvement.
- The model (combined with other information) can provide a basis for strategic reallocation decisions.



