



Business and Finance Committee Meeting Agenda

Austin Peay State University

317 College Street

Clarksville, TN 37040

November 29, 2018

Call to Order

Roll Call/Declaration of Quorum

Action Items

- A. Consideration of the October Revised Budget for Fiscal Year 2018-2019
- B. Consideration of Revisions to Policy 1:021 Fees, Charges, Refund and Fee Adjustments
- C. Consideration of Factors for Tuition and Mandatory Fee Increases

Information Items

- A. Review THEC Appropriation Recommendation
- B. THEC Financial Stress Test Results

Adjourn

Agenda Item: A.

Date: November 29, 2018

Subject: Consideration of the October Revised Budget for Fiscal Year 2018-2019

Action Recommended: Approval by Roll Call Vote

Background Information:

Policy 1:022 Budget Principles and Control recognizes budgeting as the process whereby the plans of the University are translated into an itemized, authorized, and systematic plan of operation, expressed in dollars, for a given period. This policy also recognizes that a budget is a plan and that circumstances may necessitate revisions or changes to the original plan from time to time. In view of this, the University submits detailed budgets for approval three times each fiscal year.

The Board will consider the October 2018 revisions to the 2018-2019 budget for the University. The original budget for fiscal year 2018-2019 was developed by the University in the spring of 2018 and was submitted to the Tennessee Board of Regents in May 2018. As such, this budget included a variety of estimates. The University's budget submission was the basis for the Board's June 2018 approval of the initial FY 2018-2019 operating budget (the "Proposed Budget"). The October Revised Budget is based on more recent information, including recognition of the impact of fall enrollment, and includes the effect of revisions from the approved Proposed Budget.

Proposed Implementation Date: October 2018

Item Details: See attached

Austin Peay State University
Comparison of Proposed Budget and Revised Budget
Fiscal Year 2018-2019

Revenues

Education and General	Proposed Budget	Revised Budget
Tuition and Fees	\$ 84,101,700	\$ 85,429,900
State Appropriations	47,403,200	46,905,900
Grants and Contracts (IDC)	225,000	262,500
Sales and Services of Other Activities	7,202,400	7,199,500
Other Sources	445,900	445,900
Auxiliary Enterprises		
Sales & Services of Auxiliary Enterprises	14,017,500	14,072,500
Total Revenues	\$ 153,395,700	\$ 154,316,200

Expenditures and Transfers by Function

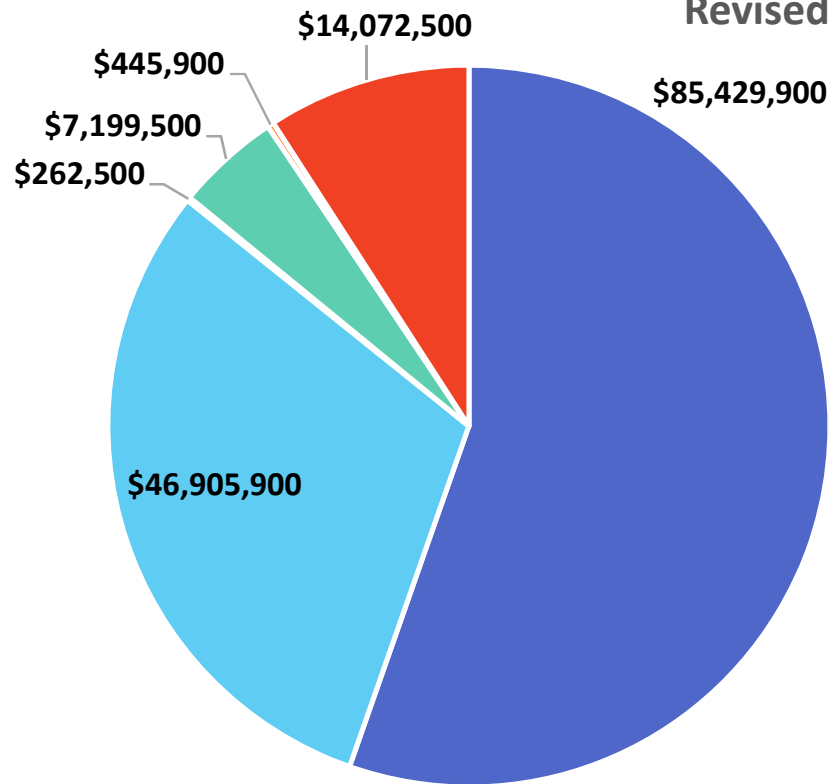
Education and General	Proposed Budget	Revised Budget
Instruction	\$ 62,941,400	\$ 63,675,100
Research	564,800	704,900
Public Service	554,100	534,800
Academic Support	9,847,800	9,529,500
Student Services	23,133,900	22,952,600
Institutional Support	13,096,000	13,570,800
Operation and Maintenance of Plant	14,483,300	14,444,900
Scholarships and Fellowships	11,425,500	11,903,500
<u>Transfers</u>		
Principal and Interest	3,496,400	3,496,400
Renewal and Replacement	235,000	235,000
Unexpended Plant	-	225,000
Other Funds	(400,000)	(400,000)
Auxiliary Enterprises		
Expenditures	7,388,000	7,518,000
<u>Transfers</u>		
Principal and Interest	4,511,700	4,511,700
Renewal and Replacement	1,717,800	1,642,800
Other Funds	400,000	400,000
Total Expenses*	\$ 153,395,700	\$ 154,945,000

Expenditures and Transfers by Natural Classification

Education and General	Proposed Budget	Revised Budget
Salaries	\$ 71,409,300	\$ 71,799,700
Employee Benefits	28,960,600	28,699,600
Operating Expenses	35,676,900	36,816,800
Transfers	3,331,400	3,556,400
Auxiliary Enterprises		
Salaries	1,750,300	1,875,200
Employee Benefits	497,700	497,700
Operating Expenses	5,140,000	5,145,100
Transfers	6,629,500	6,554,500
Total Expenses*	\$ 153,395,700	\$ 154,945,000

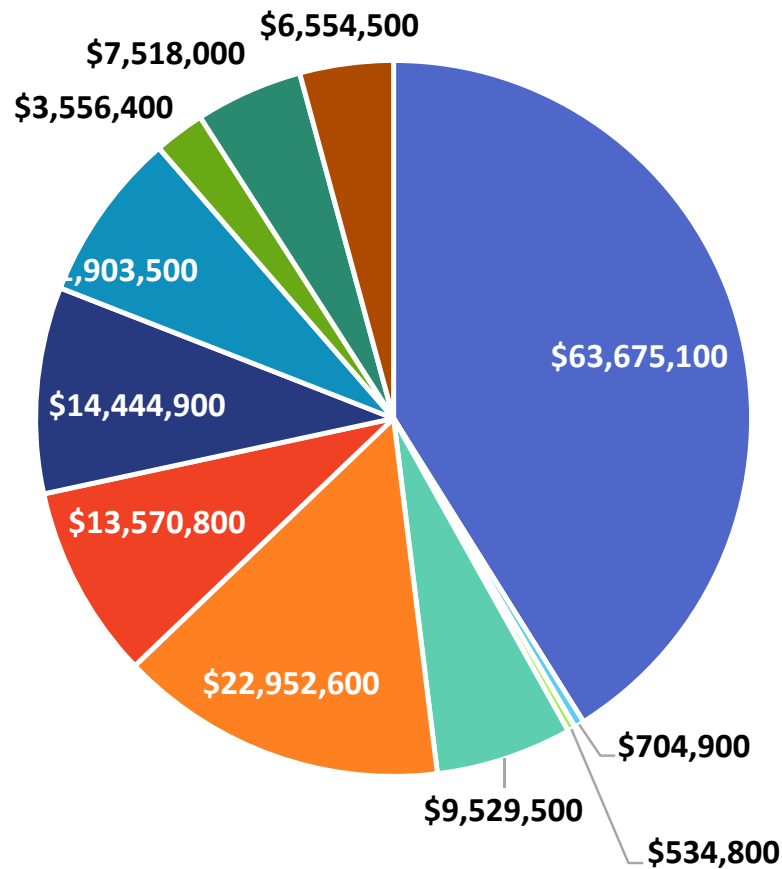
*Revised budget expenditures include funds for commitments made in fiscal year 2018 and other fund balance allocations.

Revenues Revised Budget



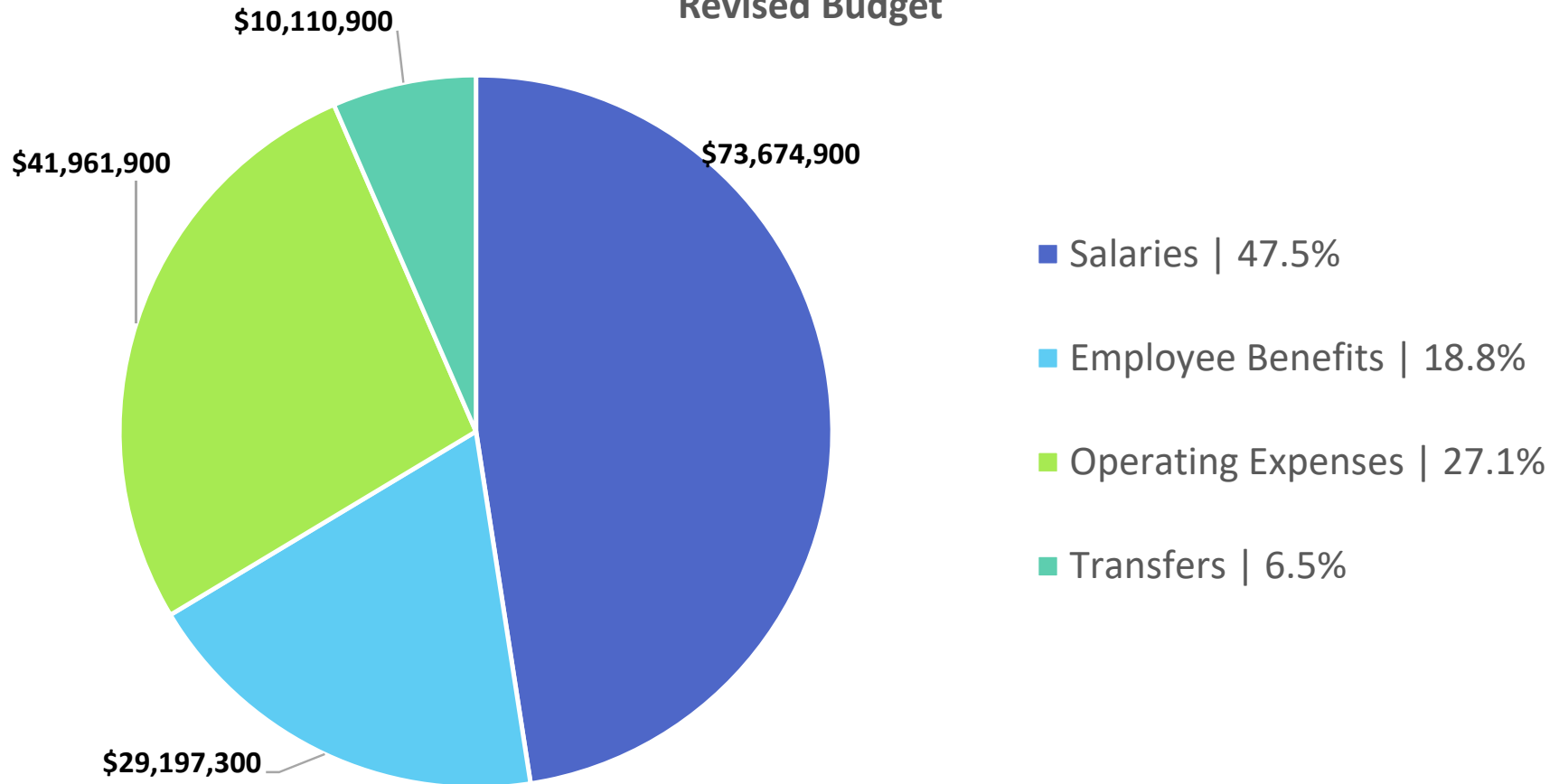
- Tuition & Fees | 55.4%
- State Appropriations | 30.4%
- Grants & Contracts (IDC) | 0.2%
- Sales & Services of Other Activities | 4.7%
- Other Sources | 0.3%
- Sales & Services of Auxiliary Enterprises | 9.1%

Expenditures by Function Revised Budget



- Instruction | 41.1%
- Research | 0.5%
- Public Service | 0.3%
- Academic Support | 6.2%
- Student Services | 14.8%
- Institutional Support | 8.8%
- Operation & Maintenance of Plant | 9.3%
- Scholarships & Fellowships | 7.7%
- E & G Transfers | 2.3%
- Auxiliary Enterprise | 4.9%
- Auxiliary Transfers | 4.2%

Expenditures by Natural Classification Revised Budget



Agenda Item: B.

Date: November 29, 2018

Subject: Consideration of Revisions to Policy 1:021 Fees, Charges, Refund and Fee Adjustments

Action Recommended: Approval by Voice Vote.

Background Information:

Policy 1:021 Fees, Charges, Refunds and Fee Adjustments details the required fees of the University and the process for approving them. All fees are approved by the Board of Trustees unless the Board has delegated the approval to the President. The policy is being updated to comply with state legislation regarding refund procedures for active-duty military personnel.

Proposed Implementation Date: November 29, 2018

Item Details: See attached.

**Austin Peay State
University**

Fees, Charges, Refund and Fee Adjustments

POLICIES

Issued: November 29, 2018

Responsible Official: Vice President for Finance and Administration

Responsible Office: Student Account Services

Policy Statement

It is the policy of Austin Peay State that fees be approved by the APSU Board of Trustees.

Purpose

The purpose of this policy is the establishment of a University policy regarding review and approval of fees and charges, refunds, and fee adjustments.

Contents

Procedures

- Establishment and Approval of Fees and Charges
 - Publishing Approved Fees and Charges
 - Appeals Process
 - Mandatory Fees
 - Out-of-State Tuition
 - Recruitment Focus Area Plan (250-R)
 - eRate
 - Specialized Academic Fees
 - Miscellaneous Course Fees
 - Incidental Fees and Charges
 - Deposits
 - Room and Board
 - Other Fee and Charge Considerations
 - Refunds and Fee Adjustments
-

Procedures

**Establishment and
Approval of Fees and
Charges**

- A. Establishment of Fees and Charges
1. The Board of Trustees must establish or approve all University fees and charges unless specific exceptions are

provided. The University Budget Office is charged with the responsibility of obtaining and coordinating data to be submitted to the Vice President for Finance and Administration in establishing those fees.

B. Approval of Fees and Charges

1. The Board of Trustees must approve specific fees as follows:
 - a. Mandatory Fees (In-state tuition and program service fees)
 - b. Out-of-State Tuition
 - c. Specialized academic course fees
 - d. Miscellaneous course fees
2. The President or designee is authorized to approve fees and charges not reserved for specific approval by the Board of Trustees.

Publishing Approved Fees and Charges

- A. Student Account Services is charged with the responsibility of maintaining a master fee list of all approved fees and publishing this information.
- B. The University will follow a general format in publishing information on fees and charges.

Appeals Process

- A. Any student may appeal the assessment, application, calculation, collection, or interpretation of any University fee, charge, deposit, or refund.
- B. Procedures for appealing a fee adjustment are available through the Office of Enrollment Management and are posted on the office web site.

Mandatory Fees

- A. Description of Fees
 1. Mandatory Fees include in-state tuition and program service fees.
 2. The Mandatory Fee is charged to students enrolled in credit courses. It is an enrollment or registration fee and is calculated based on the number of Student Credit Hours (SCH's) for the University for which the student enrolls. Fees are established by the Board of Trustees.
 3. The same fee is applicable to courses for which the student is enrolled on an audit basis.
- B. Rates

1. Rates are established by the Board and incorporated in a fee schedule that groups specific fees by type of institution and by student level (undergraduate and graduate). The hourly rate will be discounted when undergraduate students enroll in greater than 12 hours and graduate students in greater than 10 hours unless stated otherwise elsewhere in this policy.
 2. Because the University has multiple summer sessions, mandatory fees, including tuition, may be assessed by using the current part-time rate with no maximum amount for total credit hours enrolled.
 3. Mandatory fees may not be waived. However, specific exceptions are provided in the following instances:
 - a. Pursuant to T.C.A. § 49-7-113, exceptions exist for certain disabled and elderly students, as well as state service retirees. For audit courses, no fee is required for persons with a permanent, total disability, persons 60 years of age or older and domiciled in Tennessee and persons who have retired from state service with 30 or more years of service, regardless of age. For credit, a fee of \$70 per semester or \$60 per trimester may be charged to persons with a permanent, total disability, and persons who will become 65 years of age or older during the academic semester in which they begin classes and who are domiciled in Tennessee. (Note: This fee includes all mandatory fees; it does not include course-specific fees such as all miscellaneous course fees, materials fees, application fee, online course fees and parking fees.) This only applies to enrollment on a space available basis, which permits registration no earlier than four (4) weeks prior to the first day of classes.
 - b. Pursuant to T.C.A. § 49-7-102, certain statutory fee exceptions exist for dependents and spouses of military personnel killed, missing in action, or officially declared a prisoner of war while serving honorably as a member of the armed forces during a period of armed conflict. If these provisions are invoked by a student, the correct applicable law should be determined.
- C. Tuition Refunds for Activated Reserve and National Guard Personnel
(per Tennessee Higher Education Commission; Chapter 1540-1-6 and Tennessee Senate Bill 1925)

This policy applies to any activated Reserve or National Guard personnel ordered to active military service since August 1, 1990.

1. Students who have been ordered to active military service and seeking a tuition credit or refund must be absent in excess of thirty (30) days during the term due to active military service. Students absent less than thirty (30) days may receive a refund or tuition credit at the discretion of the institution.
2. Students seeking a tuition credit or refund must present to the Associate Provost of Enrollment Management and Academic Support from competent military authority of the dates active duty was actually performed. Determination of the adequacy of documentation presented or the necessity for additional material will be at the discretion of the institution.
3. These rules apply only to the refund of maintenance fees and out-of-state tuition. Refunds for other fee charges such as student activity fees, vehicle registration fees, and room and board charges will be reimbursed based upon the date of withdrawal.
4. A refund or credit for tuition may be provided only if the reserve or National Guard student did not receive a final grade in the class or the course which a refund or tuition credit is sought.
5. If a withdrawal occurs late in the term and one or more of the student's instructors deem that sufficient work has been completed to warrant awarding credit, fees will be assessed at the hourly rate for courses for which credit is granted, and a refund will be made in an amount equal to the difference between that assessment and the fees paid for all courses in which the student is enrolled.
6. Any refund or credit for tuition to which the student is entitled may be first applied to any of the student's outstanding balances as determined by the institution.
7. Students who are unable to withdraw from the institution at the time of military activation may withdraw within a reasonable timeframe upon completion of active duty without penalty to the student.

D. Appeal Procedures

Students seeking a tuition credit or refund should apply in a manner consistent with institutional procedures now in place for withdrawal from the institution. Please click on the following link, [Withdrawals](#), for instructions on Withdrawal from the University. Procedures for fee appeals can be found at www.apsu.edu/appeals.

E. Awarding a W (withdrawal) or I (incomplete) Grade for Service Members Called to Active Duty

Military reserve and national guard personnel who are called to active duty shall be allowed to withdraw, even if the deadline to withdraw from courses has passed, or to receive a grade of

incomplete in any course in which the service member is enrolled. The withdrawal or grade of incomplete shall be reflected on the service member's transcript.

F. Financial Aid Implications

1. Students receiving a tuition credit or refund will be responsible for repayment of financial aid where applicable.
2. A service member that is called to active duty and must withdraw from a course or receive a grade of incomplete, then the withdrawal or grade of incomplete that is related to the service absence shall not affect eligibility or continuing eligibility for state or institutional financial aid, including scholarships or grants, upon reenrollment at the institution.
3. The semester hours attempted for courses from which the military service member withdrew or received a grade of incomplete shall not count against any limitation or receipt of state or institutional financial aid, including scholarships or grants.
4. Future consideration for state or institutional financial aid, scholarship and grants shall not be affected by the withdrawal from a course or the receipt of a grade of incomplete due to mandatory service obligations.

Out-of-State Tuition

Description of Fee

1. This is an additional fee charged to students classified as non-residents who are enrolled for credit courses, including audit courses. This fee is in addition to the mandatory fees.
2. Out-of-state tuition fee rates are established by the Board of Trustees and are incorporated in the annual fee schedule.
3. A separate hourly rate for out-of-state tuition will be set for undergraduate and graduate students.
 - a. While the per-hour rate for graduate students will be higher, the rates will be set so that a full-time graduate student and a full-time undergraduate student will pay approximately the same amount for out-of-state tuition.
 - b. A full-time student is defined as an undergraduate enrolled in 12 hours or a graduate student enrolled in 10 hours.
4. Applicability of out-of-state tuition is determined pursuant to APSU Policy 1:014. Student Account Services will collect fees based upon student classification as determined by the appropriate authority within the University.

**Recruitment Focus Area
Plan (250-R)**

Description of Fee

1. The 250-R rate is available to students who graduate from a high school located in a county within a 250 mile radius of APSU.
2. The out-of-state tuition rate charges to students eligible for 250-R will pay a reduced rate based on the state subsidy per full-time equivalent for the prior fiscal year. This rate will be capped at 12 hours for undergraduate and 10 hours for graduate students.
3. This plan does not impact students who otherwise qualify for the border county classification or other in-state residency qualifications.

eRate

Description of Fee

1. The eRate is available to students who enroll at APSU, who are classified as non-residents of Tennessee, and who are enrolled exclusively in online courses.
2. The eRate is 150% of the University's approved undergraduate or graduate mandatory fees.
3. The hourly rate will not be discounted for students receiving the eRate and enrolling in greater than 12 undergraduate hours or 10 graduate hours.
4. To qualify for an eRate, students must:
 - a. Meet all University admission requirements and must be verified as an online out-of-state student enrolled exclusively in courses delivered online by a procedure documented by the institution.
 - b. Qualify as out-of-state students in item 2 above refers to geographic location and does not include undocumented students living in Tennessee.
5. Students enrolled in any type courses other than online (on-ground, telecourse, hybrid, distance education, etc.) will not be eligible for the eRate specified in this policy and will instead incur traditional non-resident fees and charges.
 - a. Students who enroll in both online courses and other type courses and subsequently drop the other type courses will not then become eligible for the eRate.
6. The University enrolling eRate students as defined in this policy must provide a method to mitigate any negative impact on the opportunity for Tennessee student enrollment in online courses.

Specialized Academic Fees

- A. Certain academic programs require expensive maintenance/updating of equipment and software and the

employment of highly qualified staff. The high costs of instruction for these programs can be offset by establishing specialized academic fees, with the Board's approval. To receive approval for a specialized academic fee, a program will be required to meet criteria 1. High Cost of Instruction as defined below. Additionally, the program should document meeting criteria 2.-7., as applicable.

1. High Cost of Instruction. Programs qualifying for charging specialized academic fees must demonstrate that they are more costly than other programs offered by the University. If appropriate, the extraordinary cost of the program must be validated including benchmarking with similar programs in the region and nation.
2. High Demand. The number of students enrolled in the program and the student credit hours generated are sufficient to justify additional fees.
3. High Cost of Updating/Maintaining Equipment and Software. Programs qualifying for charging specialized academic fees are expected to be those that require extensive maintenance and regular updating of equipment and/or software, all of which are very expensive. An average hardware/software cost per student credit hour serves as the basis for determining the amount of the fee.
4. Accreditation. Meeting standards of specific accrediting agencies may also qualify a specialized program for charging specialized academic fees. The accrediting standards that justify a fee are those that specify the possession and use of certain equipment and unique software that are extraordinarily costly and/or the employment of faculty with specific credentials that demand high salaries.
5. High Recognition and Quality. The programs approved for specialized academic fees are expected to be distinctive and with a regional or national reputation. The program must demonstrate that it has achieved exceptional recognition in its particular enterprise.
6. High Value to Tennessee. The program must demonstrate that it is a good investment for the State of Tennessee to justify charging extra fees to the student. The program should be distinctive and not one duplicated in other State institutions and should be of integral value to Tennessee. The graduates' earning potential and the associated benefit to the state economy should be projected, as well as the efforts taken by the University to aid graduates in finding appropriate employment in Tennessee.

7. Impact on Affected Students. Through surveys, questionnaires, or other suitable means, the program must demonstrate that the charging of additional fees will not diminish enrollment. The program should demonstrate that enrolled students realize that the potential earning power in the work force justifies their additional investment.
- B. The University must submit documentation of the above applicable criteria when requesting approval of a specialized academic fee. Specialized academic course fee revenues are limited to funding related costs accumulated in the instruction function.

Miscellaneous Course Fees All miscellaneous fees must be approved by the Board of Trustees. Fees for courses requiring special off-campus facilities or services do not require Board approval but should reflect the cost of the facilities or services.

Incidental Fees and Charges Incidental fees will be uniformly charged (or, if applicable, to the extent that they remain within the set range) at the University both as to the amount and condition of assessment. Charges are subject to approval by the President.

- Deposits**
- A. A deposit may be established by the University for rent or lease of buildings and facilities or for the issuance of other institutional property or equipment. Deposits should be subject to a 100% refund if no damage or loss occurs. The amount of such deposits should be related to the value of the facilities or equipment subject to loss and the general ability of the University to secure reimbursement should loss or damage occur.
 - B. Pursuant to APSU Policy on Student Residence Regulations and Agreements (No. 3:004), the University is authorized to require a security deposit for residence hall facilities which may be forfeited by the student for failure to enter into a residence agreement or non-compliance with applicable agreement terms.

- Room and Board**
- A. All regular and special rental rates for student residence halls and student apartments will be approved by the Board of Trustees upon the recommendation of the University. All meal plan rates will be approved by the President. The University may recommend special rates for non-student

groups during summer periods, etc.

- B. Pursuant to APSU Policies on Student Resident Regulations and Agreements (No. 3:004) and this policy, rental for residence halls and student apartments shall be payable in full in advance of the beginning of a term. However, the University offers an optional payment plan under which a prorated amount of the rental shall be payable monthly in advance during the term. Specific provisions for the payment plan must comply with those cited in Policy No. 3:004. A monthly service charge and a late payment charge may be assessed. Residence Hall students can participate in either the deferred installment plan or the optional monthly housing payment plan. The University has the option of allowing students to participate in both the deferred installment plan and the optional monthly housing payment plan.

Other Fee and Charge Considerations

The University may submit for Board of Trustees approval fees and charges not specifically covered by this policy when the establishment of a fee or charge is justified by the University.

1. Fees may be established to control the utilization of facilities and services or to offset the cost of extraordinary requirements as a result of specific programs or activities. [Reference APSU Policy on Access to and Use of Campus Property and Facilities (No. 1:019).]
2. When fees and charges are incorporated in agreements with outside contractors and vendors, specific rates, refunds and conditions must be clearly stated.
3. Fees for auxiliary services must take into consideration that Auxiliary Enterprises should be a break-even operation with rates and charges generating revenue sufficient to cover all expenses as defined in operating budget guidelines.
4. Fees established for non-credit courses and activities shall be sufficient to cover the total costs incurred in providing instruction plus a minimum of 25% of the annual instructional salary costs including contractual salary costs or personal services contracts.
5. Students enrolled for six or more hours are eligible for full-time privileges, i.e., access to social, athletic, and cultural functions, pursuant to T.C.A. § 49-8-109.

Refunds and Fee Adjustments

- A. Adjustments to all fees and charges must be in accordance with the following provisions except as previously stated, or when required by federal law or regulation to be otherwise.

- B. Pursuant to T.C.A. §§ 49-7-2301 and 49-7-2302, students called to active military or National Guard service during the semester are entitled to a 100% adjustment or credit of mandatory fees. Housing and meal ticket charges may be prorated based on usage.
- C. Mandatory Fees Refunds and Adjustment procedures will be posted appropriately on the website.

Revision Dates

APSU Policy 1:021 – Rev.: November 29, 2018
APSU Policy 1:021 – Rev.: September 15, 2017
APSU Policy 1:021 (previously 4:011) – Rev.: March 30, 2017
APSU Policy 1:021 – Rev.: September 14, 2015
APSU Policy 1:021 – Rev.: May 23, 2011
APSU Policy 1:021 – Rev.: February 8, 2006
APSU Policy 1:021 – Rev.: June 28, 2001
APSU Policy 1:021 – Rev.: September 26, 1994
APSU Policy 1:021 – Issued: August 1, 1986

Subject Areas:

Academic	Finance	General	Human Resources	Information Technology	Student Affairs
	<input checked="" type="checkbox"/>				

Approved

President: signature on file

**Austin Peay State
University**

Fees, Charges, Refund and Fee Adjustments

POLICIES

Issued: ~~September 15, 2017~~

Responsible Official: Vice President for Finance and Administration

Responsible Office: Student Account Services

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Procedures

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2. Because the University has multiple summer sessions, mandatory fees, including tuition, may be assessed by using the current part-time rate with no maximum amount for total credit hours enrolled.
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(per Tennessee Higher Education Commission; Chapter 1540-1-6 and Tennessee Senate Bill 1925)

This policy applies to any activated Reserve or National Guard personnel ordered to active military service since August 1, 1990.

1. Students who have been ordered to active military service and seeking a tuition credit or refund must be absent in excess of thirty (30) days during the term due to active military service. Students absent less than thirty (30) days may receive a refund or tuition credit at the discretion of the institution.
2. Students seeking a tuition credit or refund must present to the Associate Provost of Enrollment Management and Academic Support from competent military authority of the dates active duty was actually performed. Determination of the adequacy of documentation presented or the necessity for additional material will be at the discretion of the institution.
3. These rules apply only to the refund of maintenance fees and out-of-state tuition. Refunds for other fee charges such as student activity fees, vehicle registration fees, and room and board charges will be reimbursed based upon the date of withdrawal.
4. A refund or credit for tuition may be provided only if the reserve or National Guard student did not receive a final grade in the class or the course which a refund or tuition credit is sought.
5. If a withdrawal occurs late in the term and one or more of the student's instructors deem that sufficient work has been completed to warrant awarding credit, fees will be assessed at the hourly rate for courses for which credit is granted, and a refund will be made in an amount equal to the difference between that assessment and the fees paid for all courses in which the student is enrolled.
6. Any refund or credit for tuition to which the student is entitled may be first applied to any of the student's outstanding balances as determined by the institution.
7. Students who are unable to withdraw from the institution at the time of military activation may withdraw within a reasonable timeframe upon completion of active duty without penalty to the student.

D. Appeal Procedures

Students seeking a tuition credit or refund should ~~so~~ apply in a manner consistent with institutional procedures now in place for withdrawal from the institution. Please click on the following link, **Withdrawals**, for instructions on Withdrawal from the University. Procedures for fee appeals can be found at www.apsu.edu/appeals.

E. Awarding a W (withdrawal) or I (incomplete) Grade for Service Members Called to Active Duty

Military reserve and national guard personnel who are called to active duty shall be allowed to withdraw, even if the deadline to withdraw from courses has passed, or to receive a grade of

incomplete in any course in which the service member is enrolled. The withdrawal or grade of incomplete shall be reflected on the service member's transcript.

F. Financial Aid Implications

1. Students receiving a tuition credit or refund will be responsible for repayment of financial aid where applicable.
2. A service member that is called to active duty and must withdraw from a course or receive a grade of incomplete, then the withdrawal or grade of incomplete that is related to the service absence shall not affect eligibility or continuing eligibility for state or institutional financial aid, including scholarships or grants, upon reenrollment at the institution.
3. The semester hours attempted for courses from which the military service member withdrew or received a grade of incomplete shall not count against any limitation or receipt of state or institutional financial aid, including scholarships or grants.
4. Future consideration for state or institutional financial aid, scholarship and grants shall not be affected by the withdrawal from a course or the receipt of a grade of incomplete due to mandatory service obligations.

- ~~4.—Military reserve and national guard personnel who are mobilized to active military service within six months of attendance at the University and whose mobilization lasts more than six months shall be charged upon re-enrollment at the tuition, student activity fees and required registration or matriculation rates that were in effect when such student was enrolled prior to mobilization. After re-enrollment, no increase in tuition, student activity fees or required registration or matriculation fees shall be assessed to such student until a period of time equal to one year plus the combined length of all military mobilizations has elapsed. In no event, however, shall a student's tuition and fees be frozen after re-enrollment for more than four years.~~
 - ~~a.—To be eligible for the tuition and fee freeze, the student shall have completed military service under honorable conditions and shall re-enroll in the University within six months of release from active duty.~~
 - ~~b.—A student eligible for the tuition and fee freeze may transfer from one state institution of higher education to another state institution of higher education one time with such student's tuition and fees calculated at the institution to which the student transfers as if the student had been in attendance at that institution~~

~~before the mobilization that resulted in the student's
tuition and fee freeze at the initial institution.~~

Out-of-State Tuition

- ~~A.~~ Description of Fee
1. This is an additional fee charged to students classified as non-residents who are enrolled for credit courses, including audit courses. This fee is in addition to the mandatory fees.
 2. Out-of-state tuition fee rates are established by the Board of Trustees and are incorporated in the annual fee schedule.
 3. A separate hourly rate for out-of-state tuition will be set for undergraduate and graduate students.
 - a. While the per-hour rate for graduate students will be higher, the rates will be set so that a full-time graduate student and a full-time undergraduate student will pay approximately the same amount for out-of-state tuition.
 - b. A full-time student is defined as an undergraduate enrolled in 12 hours or a graduate student enrolled in 10 hours.
 4. Applicability of out-of-state tuition is determined pursuant to APSU Policy 1:014. Student Account Services will collect fees based upon student classification as determined by the appropriate authority within the University.

Recruitment Focus Area Plan (250-R)

- ~~A.~~ Description of Fee
1. The 250-R rate is available to students who graduate from a high school located in a county within a 250 mile radius of APSU.
 2. The out-of-state tuition rate charges to students eligible for 250-R will pay a reduced rate based on the state subsidy per full-time equivalent for the prior fiscal year. This rate will be capped at 12 hours for undergraduate and 10 hours for graduate students.
 3. This plan does not impact students who otherwise qualify for the border county classification or other in-state residency qualifications.

eRate

- ~~A.~~ Description of Fee
1. The eRate is available to students who enroll at APSU, who are classified as non-residents of Tennessee, and who are enrolled exclusively in online courses.

2. The eRate is 150% of the University's approved undergraduate or graduate mandatory fees.
3. The hourly rate will not be discounted for students receiving the eRate and enrolling in greater than 12 undergraduate hours or 10 graduate hours.
4. To qualify for an eRate, students must:
 - a. Meet all University admission requirements and must be verified as an online out-of-state student enrolled exclusively in courses delivered online by a procedure documented by the institution.
 - b. Qualify as ~~Q~~out-of-state students in item 2 above refers to geographic location and does not include undocumented students living in Tennessee.
5. Students enrolled in any type courses other than online (on-ground, telecourse, hybrid, distance education, etc.) will not be eligible for the eRate specified in this policy and will instead incur traditional non-resident fees and charges.
 - a. Students who enroll in both online courses and other type courses and subsequently drop the other type courses will not then become eligible for the eRate.
6. The University enrolling eRate students as defined in this policy must provide a method to mitigate any negative impact on the opportunity for Tennessee student enrollment in online courses.

- Specialized Academic Fees**
- A. Certain academic programs require expensive maintenance/updating of equipment and software and the employment of highly qualified staff. The high costs of instruction for these programs can be offset by establishing specialized academic fees, with the Board's approval. To receive approval for a specialized academic fee, a program will be required to meet criteria 1. High Cost of Instruction as defined below. Additionally, the program should document meeting criteria 2.-7., as applicable.
1. High Cost of Instruction. Programs qualifying for charging specialized academic fees must demonstrate that they are more costly than other programs offered by the University. If appropriate, the extraordinary cost of the program must be validated including benchmarking with similar programs in the region and nation.
 2. High Demand. The number of students enrolled in the program and the student credit hours generated are sufficient to justify additional fees.
 3. High Cost of Updating/Maintaining Equipment and Software. Programs qualifying for charging specialized

academic fees are expected to be those that require extensive maintenance and regular updating of equipment and/or software, all of which are very expensive. An average hardware/software cost per student credit hour serves as the basis for determining the amount of the fee.

4. Accreditation. Meeting standards of specific accrediting agencies may also qualify a specialized program for charging specialized academic fees. The accrediting standards that justify a fee are those that specify the possession and use of certain equipment and unique software that are extraordinarily costly and/or the employment of faculty with specific credentials that demand high salaries.
 5. High Recognition and Quality. The programs approved for specialized academic fees are expected to be distinctive and with a regional or national reputation. The program must demonstrate that it has achieved exceptional recognition in its particular enterprise.
 6. High Value to Tennessee. The program must demonstrate that it is a good investment for the State of Tennessee to justify charging extra fees to the student. The program should be distinctive and not one duplicated in other State institutions and should be of integral value to Tennessee. The graduates' earning potential and the associated benefit to the state economy should be projected, as well as the efforts taken by the University to aid graduates in finding appropriate employment in Tennessee.
 7. Impact on Affected Students. Through surveys, questionnaires, or other suitable means, the program must demonstrate that the charging of additional fees will not diminish enrollment. The program should demonstrate that enrolled students realize that the potential earning power in the work force justifies their additional investment.
- B. The University must submit documentation of the above applicable criteria when requesting approval of a specialized academic fee. Specialized academic course fee revenues are limited to funding related costs accumulated in the instruction function.

Miscellaneous Course Fees

- A. All miscellaneous fees must be approved by the Board of Trustees. Fees for courses requiring special off-campus facilities or services do not require Board approval but should reflect the cost of the facilities or services.

Incidental Fees and Charges

- A. Incidental fees will be uniformly charged (or, if applicable, to the extent that they remain within the set range) at the University both as to the amount and condition of assessment. Charges are subject to approval by the President.

Deposits

- A. A deposit may be established by the University for rent or lease of buildings and facilities or for the issuance of other institutional property or equipment. Deposits should be subject to a 100% refund if no damage or loss occurs. The amount of such deposits should be related to the value of the facilities or equipment subject to loss and the general ability of the University to secure reimbursement should loss or damage occur.
- B. Pursuant to APSU Policy on Student Residence Regulations and Agreements (No. 3:004), the University is authorized to require a security deposit for residence hall facilities which may be forfeited by the student for failure to enter into a residence agreement or non-compliance with applicable agreement terms.

Room and Board

- A. All regular and special rental rates for student residence halls and student apartments will be approved by the Board of Trustees upon the recommendation of the University. All meal plan rates will be approved by the President. The University may recommend special rates for non-student groups during summer periods, etc.
- B. Pursuant to APSU Policies on Student Resident Regulations and Agreements (No. 3:004) and this policy, rental for residence halls and student apartments shall be payable in full in advance of the beginning of a term. However, the University offers an optional payment plan under which a prorated amount of the rental shall be payable monthly in advance during the term. Specific provisions for the payment plan must comply with those cited in Policy No. 3:004. A monthly service charge and a late payment charge may be assessed. Residence Hall students can participate in either the deferred installment plan or the optional monthly housing payment plan. The University has the option of allowing students to participate in both the deferred installment plan and the optional monthly housing payment plan.

Other Fee and Charge Considerations

The University may submit for Board of Trustees approval fees and charges not specifically covered by this policy when the establishment of a fee or charge is justified by the University.

1. Fees may be established to control the utilization of facilities and services or to offset the cost of extraordinary requirements as a result of specific programs or activities. [Reference APSU Policy on Access to and Use of Campus Property and Facilities (No. 1:019).]
2. When fees and charges are incorporated in agreements with outside contractors and vendors, specific rates, refunds and conditions must be clearly stated.
3. Fees for auxiliary services must take into consideration that Auxiliary Enterprises should be a break-even operation with rates and charges generating revenue sufficient to cover all expenses as defined in operating budget guidelines.
4. Fees established for non-credit courses and activities shall be sufficient to cover the total costs incurred in providing instruction plus a minimum of 25% of the annual instructional salary costs including contractual salary costs or personal services contracts.
5. Students enrolled for six or more hours are eligible for full-time privileges, i.e., access to social, athletic, and cultural functions, pursuant to T.C.A. § 49-8-109.

Refunds and Fee Adjustments

- A. Adjustments to all fees and charges must be in accordance with the following provisions except as previously stated, or when required by federal law or regulation to be otherwise.
- B. Pursuant to T.C.A. §§ 49-7-2301 and 49-7-2302, students called to active military or National Guard service during the semester are entitled to a 100% adjustment or credit of mandatory fees. Housing and meal ticket charges may be prorated based on usage.
- C. Mandatory Fees Refunds and Adjustment procedures will be posted appropriately on the website.

Revision Dates

[APSU Policy 1:021 – Rev.:](#)

APSU Policy 1:021 – Rev.: September 15, 2017

APSU Policy 1:021 (previously 4:011) – Rev.: March 30, 2017

APSU Policy 1:021 – Rev.: September 14, 2015

APSU Policy 1:021 – Rev.: May 23, 2011

APSU Policy 1:021 – Rev.: February 8, 2006

APSU Policy 1:021 – Rev.: June 28, 2001
APSU Policy 1:021 – Rev.: September 26, 1994
APSU Policy 1:021 – Issued: August 1, 1986

Subject Areas:

Academic	Finance	General	Human Resources	Information Technology	Student Affairs
	<input checked="" type="checkbox"/>				

Approved

President: signature on file

**RULES
OF
TENNESSEE HIGHER EDUCATION COMMISSION**

**CHAPTER 1540-1-6
TUITION REFUNDS FOR ACTIVATED RESERVE AND NATIONAL GUARD PERSONNEL**

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1540-1-6-.01 INTRODUCTION. These rules implement the provisions of Public Chapter 151 of the 1991 Public Acts (hereinafter called “Act”). The Act provides tuition refunds or tuition credit to military reserve and national guard personnel attending state colleges or universities when performing active military duty during a school term.

Authority: *Public Chapter 151 of the 1991 Public Acts.* **Administrative History:** *Original rule filed December 3, 1991; effective March 30, 1992.*

1540-1-6-.02 GENERAL.

(1) *Definitions.* As used in these regulations (Chapter 1540-1-6):

- (a) *state college or university* means any institution operated by the University of Tennessee or the Tennessee Board of Regents which offers courses of instruction beyond the high school level (hereinafter called “institution”).
- (b) *term* refers to the timeframe in which a course is offered by the institution and for purposes of these rules includes Fall, Spring, Summer and special session terms as defined by the individual institutions. For the technology centers, “term” refers to a three month reporting period. The four terms are:

July 1 - September 30
October 1 - December 31
January 1 - March 31
April 1 - June 30

- (c) *tuition* means maintenance fees and out-of-state tuition fees. “Maintenance fees” refers to a fee charge to students enrolled in credit courses. It is an enrollment or registration fee and is calculated based on the number of student credit hours for which the student enrolls. “Out-of-state tuition” refers to an additional fee charge to students classified as non-residents and is in addition to the maintenance fee.

(2) These rules apply to any person ordered to active military service since August 1, 1990.

(3) Students seeking a tuition credit or refund must be absent in excess of thirty (30) days during the term due to active military service. Students absent less than thirty (30) days may receive a refund or tuition credit at the discretion of the institution.

(Rule 1540-1-6-.02, continued)

- (4) Students seeking a tuition credit or refund must present to the appropriate institution certification from competent military authority of the dates active duty was actually performed. Determination of the adequacy of documentation presented or the necessity for additional material will be at the discretion of the institution.
- (5) These rules apply only to the refund of maintenance fees and out-of-state tuition. Refunds for other fee charges such as student activity fees, vehicle registration fees, and room and board charges may be available based upon individual institution or governing board policies.
- (6) A refund or credit for tuition may be provided only if the reserve or national guard student did not receive a final grade in the class or course for which a refund or tuition credit is sought.
- (7) If a withdrawal occurs late in the term and one or more of the student's instructors deem that sufficient work has been completed to warrant awarding credit, fees will be assessed at the hourly rate for courses for which credit is granted, and a refund will be made in an amount equal to the difference between that assessment and the fees paid for all courses in which the student is enrolled.
- (8) Any refund or credit for tuition to which the student is entitled may first be applied to any of the student's outstanding balances as determined by the institution.
- (9) Students receiving a tuition credit or refund will be responsible for repayment of financial aid where applicable.

Authority: Public Chapter 151 of the 1991 Public Acts. **Administrative History:** Original rule filed December 3, 1991; effective March 30, 1992.

1540-1-6-.03 PROCEDURE FOR APPLICATION.

- (1) Students seeking a tuition credit or refund should so apply in a manner consistent with institutional procedures now in place for withdrawal from the institution.
- (2) Students who are unable to withdraw from the institution at the time of military activation may withdraw within a reasonable timeframe upon completion of active duty without penalty to the student.

Authority: Public Chapter 151 of the 1991 Public Acts. **Administrative History:** Original rule filed December 3, 1991; effective March 30, 1992

1540-1-6-.04 APPEAL PROCEDURES.

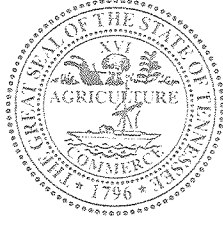
Appeals regarding the determination of eligibility of the student will be available in a manner consistent with institutional procedures now in place for student withdrawal from the institution or for student fee refunds.

Authority: Public Chapter 151 of the 1991 Public Acts. **Administrative History:** Original rule filed December 3, 1991; effective March 30, 1992.

1540-1-6-.05 PREDEEDENCE OF THE ACT.

These rules are subordinate to the Act and are intended to facilitate its implementation. Any portion of these regulations which are adjudicated as contrary to law are to be considered null and void. All other portions of these rules shall be severed therefrom and considered in full force.

***Authority:** Public Chapter 151 of the 1991 Public Acts. **Administrative History:** Original rule filed December 3, 1991; effective March 30, 1992.*



State of Tennessee

PUBLIC CHAPTER NO. 647

SENATE BILL NO. 1925

By Lundberg, Bowling, Kelsey

Substituted for: House Bill No. 2050

By Ragan, Hardaway

AN ACT to amend Tennessee Code Annotated, Title 49, Chapter 7; Title 49, Chapter 8 and Title 49, Chapter 9, relative to military service members enrolled in postsecondary education.

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

SECTION 1. Tennessee Code Annotated, Title 49, Chapter 7, Part 23, is amended by adding the following language as a new section:

Military reserve and national guard personnel who are students attending a state institution of higher education shall receive excused absences for classes missed for documented mandatory military service in the same manner as the institution would excuse attendance from a class for an official school function or other unavoidable event.

SECTION 2. Tennessee Code Annotated, Section 49-7-2301, is amended by designating the existing language as subsection (c) and by adding the following language as new subsections (a) and (b).

(a) A state institution of higher education shall permit military reserve and national guard personnel who are attending the institution and are called to active duty the option to withdraw, even if the deadline to withdraw from courses has passed, or to receive a grade of incomplete in any course in which a service member is enrolled. The withdrawal or the grade of incomplete shall be reflected on the service member's transcript. A service member who withdraws from a course shall be eligible for a tuition credit or refund under subsection (c).

(b) If a service member is called to active duty and must withdraw from a course or receive a grade of incomplete, then the withdrawal or grade of incomplete that is related to the service absence shall not affect eligibility or continuing eligibility for state or institutional financial aid, including scholarships or grants, upon reenrollment at the institution. The semester hours attempted for courses from which the military service member withdrew or received a grade of incomplete shall not count against any limitation or receipt of state or institutional financial aid, including scholarships or grants. Future consideration for state or institutional financial aid, scholarships, or grants shall not be affected by the withdrawal from a course or the receipt of a grade of incomplete due to mandatory service obligations.

SECTION 3. This act shall take effect upon becoming a law, the public welfare requiring it.

SENATE BILL NO. 1925

PASSED: March 26, 2018


RANDY McNALLY
SPEAKER OF THE SENATE


BETH HARWELL, SPEAKER
HOUSE OF REPRESENTATIVES

APPROVED this 9th day of April 2018


BILL HASLAM, GOVERNOR

Agenda Item: C.

Date: November 29, 2018

Subject: Consideration of Factors for Tuition and Mandatory Fee Increases

Action Recommended: Approval by Roll Call Vote

Background Information:

Public Chapter No. 614 requires the Board to develop a list of factors to consider when developing recommendations to increase tuition and mandatory fees by January 1, 2019. Three factors are mandated by the Act and are listed below as numbers two (2), three (3) and four (4).

Proposed Implementation Date: Immediately

Item Details:

Proposed factors to consider when developing recommendations to increase tuition and mandatory fees:

1. Tennessee Higher Education Commission (THEC) binding tuition and mandatory fee increase ranges;
2. Level of state support;
3. Total cost of attendance;
4. Efforts to mitigate the financial effect on students;
5. Higher Education Price Index (HEPI);
6. Other factors deemed appropriate by university administration such as:
 - Student demand;
 - Campus enrollment goals;
 - Market factors;
 - Cost factors related to general campus operations, programs of study, or individual courses.



State of Tennessee

PUBLIC CHAPTER NO. 614

SENATE BILL NO. 1665

By Dickerson, Gresham, Yarbrow

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

Information Item: A.

Date: November 29, 2018

Subject: Review THEC Recommendations

Action Recommended: Information Item only

Background Information:

At the Fall Quarterly Tennessee Higher Education Commission (THEC) meeting, recommendations are made for state appropriations, capital projects and student fees. These recommendations are later considered and recommended by the Governor for legislative approval in the spring. The information presented consists of preliminary numbers and is subject to change.

Proposed Implementation Date: Fiscal Year 2019-2020

Item Details:

Items attached include:

- 2019-2020 Operating State Appropriation Recommendations
- 2019-2020 Initial Student Fee Recommendations
- 2019-2020 Capital Projects Recommendations

2019-20 State Appropriations Distribution Recommendation

	A	B	C	D	E = C + D	F = E + A	G = E / A	H = F / B
			Breakdown of 2019-20 Changes					
Academic Formula Units	2018-19 Appropriation ¹	2019-20 Formula Calculation	Outcomes Formula Adjustments	Share of New Funding	2019-20 Changes	2019-20 Recommendation	Percent Change	Percent Funded
LGI Universities								
Austin Peay	\$47,857,100	\$73,145,700	(\$11,900)	\$2,810,300	\$2,798,400	\$50,655,500	5.8%	69.3%
East Tennessee ²	65,420,700	100,654,100	417,900	3,867,200	4,285,100	69,705,800	6.6%	69.3%
Middle Tennessee	103,216,200	155,578,100	(1,451,400)	5,977,400	4,526,000	107,742,200	4.4%	69.3%
Tennessee State	39,402,300	60,449,500	138,200	2,322,500	2,460,700	41,863,000	6.2%	69.3%
Tennessee Tech ²	50,820,600	78,939,500	814,300	3,032,900	3,847,200	54,667,800	7.6%	69.3%
University of Memphis	117,771,000	178,978,400	(699,900)	6,876,500	6,176,600	123,947,600	5.2%	69.3%
Subtotal	\$424,487,900	\$647,745,300	(\$792,800)	\$24,886,800	\$24,094,000	\$448,581,900	5.7%	69.3%
Community Colleges³								
Chattanooga	\$31,863,600	\$48,445,000	(\$175,400)	\$1,861,300	\$1,685,900	\$33,549,500	5.3%	69.3%
Cleveland	11,215,700	17,776,000	411,700	683,000	1,094,700	12,310,400	9.8%	69.3%
Columbia	15,821,100	24,201,400	9,200	929,800	939,000	16,760,100	5.9%	69.3%
Dyersburg	9,734,200	15,096,400	140,500	580,000	720,500	10,454,700	7.4%	69.3%
Jackson	14,266,600	21,627,500	(119,900)	830,900	711,000	14,977,600	5.0%	69.3%
Motlow	15,023,000	25,299,700	1,525,700	972,000	2,497,700	17,520,700	16.6%	69.3%
Nashville	22,228,600	33,663,800	(208,900)	1,293,400	1,084,500	23,313,100	4.9%	69.3%
Northeast	19,695,300	30,330,200	143,900	1,165,300	1,309,200	21,004,500	6.6%	69.3%
Pellissippi	32,729,600	50,250,500	139,600	1,930,700	2,070,300	34,799,900	6.3%	69.3%
Roane	22,518,000	34,669,500	159,600	1,332,000	1,491,600	24,009,600	6.6%	69.3%
Southwest	28,504,100	43,715,300	90,400	1,679,600	1,770,000	30,274,100	6.2%	69.3%
Volunteer	23,498,200	37,924,500	1,308,500	1,457,100	2,765,600	26,263,800	11.8%	69.3%
Walters	24,606,600	36,725,400	(584,200)	1,411,000	826,800	25,433,400	3.4%	69.3%
Community College Subtotal	\$271,704,600	\$419,725,200	\$2,840,700	\$16,126,100	\$18,966,800	\$290,671,400	7.0%	69.3%
UT Universities								
UT Chattanooga	\$56,184,500	\$85,281,000	(\$401,500)	\$3,276,600	\$2,875,100	\$59,059,600	5.1%	69.3%
UT Knoxville ²	231,382,200	353,584,900	(99,600)	13,585,000	13,485,400	244,867,600	5.8%	69.3%
UT Martin ²	34,248,100	50,842,300	(991,600)	1,953,600	962,000	35,210,100	2.8%	69.3%
Subtotal	\$321,814,800	\$489,708,200	(\$1,492,700)	\$18,815,200	\$17,322,500	\$339,137,300	5.4%	69.3%
Total Colleges and Universities	\$1,018,007,300	\$1,557,178,700	\$555,200	\$59,828,100	\$60,383,300	\$1,078,390,600	5.9%	69.3%
TN Colleges of Applied Technology	\$71,579,600	\$108,582,200	(\$555,200)	\$4,171,900	\$3,616,700	\$75,196,300	5.1%	69.3%
Total Academic Formula Units	\$1,089,586,900	\$1,665,760,900	\$0	\$64,000,000	\$64,000,000	\$1,153,586,900	5.9%	69.3%

1 - Recurring funding. Includes historical funding of \$2.81M for legislative initiatives. A breakdown of these initiatives by campus is included in Appendix A.

2 - Does not include recurring funds appropriated to the ETSU Gray Fossil Site (\$350K), TTU Carnegie Classification Change (\$1.2M), TTU College of Engineering (\$3M), UT Knoxville College of Engineering (\$3M), UT Martin Parsons Center (\$200K), or to UT Martin Somerville Center (\$250K). These appropriations are included as Program Initiatives.

3 - THEC's community college recommendation is only for the sector as a whole. Institutional detail displayed here is for informational purposes only.

2019-20 Tuition and Fee Recommendation

Tuition and Fee Levels								
	2018-19			2019-20 Scenarios				
	Tuition	Mandatory Fees	Total	Tuition and Fee Increases				
				= 0.0%	= 1.25%		= 2.5%	
					Increase	Change	Increase	Change
APSU	\$6,888	\$1,583	\$8,471	\$8,471	\$8,577	\$106	\$8,683	\$212
ETSU	7,422	1,855	9,277	9,277	9,393	116	9,509	232
MTSU	7,380	1,826	9,206	9,206	9,321	115	9,436	230
TSU	6,900	1,107	8,007	8,007	8,107	100	8,207	200
TTU	7,860	1,243	9,103	9,103	9,217	114	9,331	228
UM	8,064	1,637	9,701	9,701	9,822	121	9,944	243
UTC	6,888	1,776	8,664	8,664	8,772	108	8,881	217
UTK	11,110	1,896	13,006	13,006	13,169	163	13,331	325
UTM*	7,734	1,460	9,194	9,194	9,309	115		

* The 2018-19 UTM tuition rate for full-time students who have completed fewer than 90 credit hours is a flat rate for 15 hours a semester regardless of how many hours the student is enrolled in. Part-time students and full-time students who have completed more than 90 credit hours are charged a flat rate for 12 hours regardless how many hours the student is enrolled in. The tuition presented here is an average of those two tuition rates.

Note: "Tuition" is used here for ease of understanding, though UT, TBR, and the LGIs use the term "Maintenance Fee" when discussing tuition.

Tuition and Mandatory Fees History

	2016-2017		2017-2018		2018-2019	
		1 Yr Change		1 Yr Change		1 Yr Change
APSU	\$7,995	2.5%	\$8,225	2.9%	\$8,471	3.0%
ETSU	8,599	3.2%	9,015	4.0%	9,277	2.9%
MTSU	8,590	2.2%	8,948	3.9%	9,206	2.9%
TSU	7,567	2.0%	7,776	2.7%	8,007	3.0%
TTU	8,551	2.4%	8,873	3.8%	9,103	2.6%
UM	9,497	2.5%	9,701	2.1%	9,701	0.0%
UTC	8,544	2.2%	8,664	1.4%	8,664	0.0%
UTK	12,668	6.0%	12,970	2.4%	13,006	0.3%
UTM	8,783	5.5%	8,927	1.6%	9,194	3.0%

2019-20 THEC Capital Outlay Projects Recommendation

				F + G = E								
THEC Priority	System		Project Name	A	B	C = A - B	D = E / C	E	F		G	G = A - C
	Priority	Institution		Total Project Cost	Previous Years Funding	2019-20 Project Cost	Match Percentage	Total Match Funds ¹	Previous Years Match Funds ²	2019-20 Match Funds	State Appropriation Request ³	
1	1	UTIA	Energy & Environmental Science Education Research Center	\$ 95,000,000	\$ 4,000,000	\$ 91,000,000	10%	\$ 9,500,000	\$ 2,000,000	\$ 7,500,000	\$ 81,500,000	
2	3	TCAT Athens and Cleveland	McMinn Higher Education Center	\$ 17,750,000	\$ -	\$ 17,750,000	20%	\$ 3,518,750	\$ -	\$ 3,518,750	\$ 14,231,250	
3	1	MTSU	School of Concrete and Construction Management	\$ 40,100,000	\$ -	\$ 40,100,000	15%	\$ 6,015,000	\$ -	\$ 6,015,000	\$ 34,085,000	
4	1	TTU	Engineering Building	\$ 55,000,000	\$ -	\$ 55,000,000	15%	\$ 8,250,000	\$ -	\$ 8,250,000	\$ 46,750,000	
5	1	ETSU	Humanities Building	\$ 71,800,000	\$ -	\$ 71,800,000	13%	\$ 9,513,500	\$ -	\$ 9,513,500	\$ 62,286,500	
6	1	Columbia	Williamson Co Technology Building	\$ 18,800,000	\$ -	\$ 18,800,000	2%	\$ 376,000	\$ -	\$ 376,000	\$ 18,424,000	
7	1	APSU	Health Professions	\$ 79,650,000	\$ -	\$ 79,650,000	10%	\$ 7,965,000	\$ -	\$ 7,965,000	\$ 71,685,000	
8	1	UM	STEM Research & Classroom Building	\$ 40,000,000	\$ -	\$ 40,000,000	10%	\$ 4,000,000	\$ -	\$ 4,000,000	\$ 36,000,000	
9	2	UTHSC	Audiology & Speech Pathology	\$ 9,900,000	\$ -	\$ 9,900,000	0%	\$ -	\$ -	\$ -	\$ 9,900,000	
2019-20 TBR Total				\$ 36,550,000	\$ -	\$ 36,550,000		\$ 3,894,750	\$ -	\$ 3,894,750	\$ 32,655,250	
2019-20 LGI Total				\$ 286,550,000	\$ -	\$ 286,550,000		\$ 35,743,500	\$ -	\$ 35,743,500	\$ 250,806,500	
2019-20 UT Total				\$ 104,900,000	\$ 4,000,000	\$ 100,900,000		\$ 9,500,000	\$ 2,000,000	\$ 7,500,000	\$ 91,400,000	
2019-20 THEC Capital Outlay Projects Recommendation				\$ 428,000,000	\$ 4,000,000	\$ 424,000,000		\$ 49,138,250	\$ 2,000,000	\$ 47,138,250	\$ 374,861,750	

1 - Match is applicable to the entire scope of each capital outlay project. Total Match Funds consist of previous years match funds and 2019-20 match funds.

2 - Institutional funding expended since 2013-14 for project planning.

3 - Reflects total state appropriation request after all other funding sources — including previous years funding, total match funds and other institutional funds — are taken into account.

THEC 2019-20 Capital Maintenance Projects Recommendation

TENNESSEE BOARD OF REGENTS		Total
Statewide	TCAT Building System Updates A	\$ 1,050,000
Statewide	TCAT Roof Repairs/Replacements A	1,160,000
CISCC	Technology Building Roof Replacement	250,000
STCC	Roof Replacement and Envelope Repairs	610,000
CoSCC	Several Buildings Roof Replacements	470,000
PSCC	Exterior Lighting Upgrades	390,000
WSCC	Sevier County Mechanical Upgrades	800,000
Statewide	TCAT MPE and Infrastructure Updates A	1,050,000
DSCC	Multi-building Boiler System Updates	440,000
NaSCC	Interior Lighting Updates	750,000
MSCC	Fayetteville Campus HVAC Modernization	680,000
ChSCC	CETAS Building Modernization	1,890,000
RSCC	HVAC Corrections	1,100,000
JSCC	McWherter HVAC Updates Phase 1	910,000
NeSCC	Network and Communication Modernization	1,000,000
VSCC	Cookeville Higher Education Parking Expansion	360,000
ChSCC	Gym Roof System Replacement	660,000
VSCC	Chiller Replacement	380,000
PSCC	Alarm System Upgrades	700,000
TCAT Jacksboro	Door and Window Replacements	140,000
Statewide	TCAT Parking and Paving Repairs A	730,000
STCC	Exterior Safety Repairs and Updates	1,550,000
Statewide	TCAT Maintenance Repairs	580,000
WSCC	Sevier County Campus Reroof	1,000,000
JSCC	McWherter HVAC Updates Phase 2	340,000
TCAT Crossville	Interior and Exterior Updates	250,000
CoSCC	Powerhouse System Repairs	320,000
PSCC	Boiler and Cooling Tower Replacement	850,000
ChSCC	Elevator Modernizations	880,000
TCAT Paris	Exterior Repairs	280,000
DSCC	Campus Paving and Repairs	200,000
CISCC	Campus Parking and Road Updates	900,000
VSCC	Warf Roof Replacement	450,000
VSCC	Wallace North Roof Replacement	380,000
RSCC	Cumberland and Scott Campus HVAC Updates	420,000
PSCC	Air Handling Unit Replacements	620,000
WSCC	Infrastructure Repairs	900,000
DSCC	Eller Administration Building Generator	400,000
CISCC	Data Infrastructure Modernization	750,000
CoSCC	Exterior Lighting Updates	130,000
VSCC	Campus Exterior Repairs	290,000
PSCC	Window Replacements	380,000
ChSCC	CAT Building Modernization	1,530,000
Statewide	TCAT Building System Updates B	280,000
TCAT Hartsville	Wilson Campus Roof Replacement	490,000
2019-20 TBR Total		\$ 29,690,000

AUSTIN PEAY STATE UNIVERSITY		Total
APSU	Boiler Installation, Phase 1	\$ 2,420,000
APSU	Power House Update	1,250,000
APSU	Fire alarm upgrades	920,000
2019-20 APSU Total		\$ 4,590,000

EAST TENNESSEE STATE UNIVERSITY		Total
ETSU	Campus HVAC Upgrades	\$ 1,640,000
ETSU	Chiller Replacement	2,210,000
ETSU	Building Envelope Repairs	1,760,000
ETSU	Buildings #2 and# 4 Window Replacement	1,640,000
ETSU	Several Building Electrical Repair and Replacement	1,000,000
ETSU	Shelbridge Repairs	1,000,000
ETSU	Safety Lighting and Fire Alarm System Replacements	1,700,000
ETSU	HVAC Repairs Phase I	610,000
2019-20 ETSU Total		\$ 11,560,000

MIDDLE TENNESSEE STATE UNIVERSITY		Total
MTSU	Several Buildings Roof Replacements	\$ 600,000
MTSU	KOM Mechanical, HVAC, Fire Protection, Lighting & Ceiling Upgrades	5,600,000
MTSU	Stark Ag/Police Station Mechanical & HVAC Upgrades	1,965,000
MTSU	Campus Stormwater BMP Phase I	785,000
MTSU	Sidewalk Repair/Replacement Phase I	800,000
MTSU	Miller Education Center Boiler Replacement	400,000
2019-20 MTSU Total		\$ 10,150,000

THEC 2019-20 Capital Maintenance Projects Recommendation

TENNESSEE STATE UNIVERSITY

		Total
TSU	Utility Tunnel Upgrades	\$ 375,000
TSU	Fire Alarm Upgrades	705,000
TSU	Electrical Upgrades	1,205,000
TSU	Strange Roof Replacement	415,000
TSU	Power Plant Equipment / Lighting Upgrades	2,630,000
TSU	Replace Boswell Doors	230,000
TSU	HVAC Upgrades	1,710,000
TSU	Upgrade Building Envelope	360,000
TSU	McMinnville NCRS Improvements	150,000
2019-20 TSU Total		\$ 7,780,000

TENNESSEE TECHNOLOGICAL UNIVERSITY

		Total
TTU	Roof Replacements - Phase 3	\$ 3,060,000
TTU	Multiple Buildings Upgrades	4,650,000
2019-20 TTU Total		\$ 7,710,000

UNIVERSITY OF MEMPHIS

		Total
UM	Re-Roof Several Buildings	\$ 3,000,000
UM	Building Interior Repairs	5,540,000
UM	Building Code and Safety Repairs	4,000,000
2019-20 UM Total		\$ 12,540,000

UNIVERSITY OF TENNESSEE

		Total
UTK	Fire Safety Upgrades	\$ 7,500,000
UTIA	4-H Center Improvements	5,000,000
UTC	East Campus Utility Expansion	6,190,000
UT	Facilities Assessment	1,000,000
UTHSC	Elevator Upgrades	8,410,000
UTK	Window Replacements & Masonry Repairs	4,500,000
UTM	Engineering Physical Sciences (EPS) Systems Upgrades	11,520,000
UTC	Roof Replacements	3,770,000
UTIA	CRC/MAST, BESS & JARTU Improvements	5,500,000
UTHSC	Roof Replacements Ph 1	6,470,000
2019-20 UT Total		\$ 59,860,000

SPECIAL INITIATIVE

Statewide	ADA Compliance	\$ 3,500,000
Statewide	TBR and LGI Campus Security Task Force Rec - Phase III	2,000,000
2019-20 Special Initiative Total		\$ 5,500,000

	Projects	Total
TBR	45	\$ 29,690,000
LGI	31	\$ 54,330,000
UT	10	\$ 59,860,000
Special Initiative	2	\$ 5,500,000
Total	88	\$ 149,380,000

Information Item: B.

Date: November 29, 2018

Subject: THEC Financial Stress Test Results

Action Recommended: Information Item only

Background Information:

Tennessee Higher Education Commission (THEC) staff requested all state universities and community colleges to complete a two-fold approach to gauge institutional financial stress. The first phase uses an industry standard to assess an institution's current solvency and its solvency under three financial stress scenarios: a decline of 2 percent, 5 percent, and 10 percent in state appropriations.

The second phase asked each institution to provide action plans for how the campus would respond to the 5 percent scenario in order to maintain tuition increases and maintain operation.

Item Details:

The results from Austin Peay State University's stress test and analysis are attached.

MIKE KRAUSE
Executive Director



BILL HASLAM
Governor

STATE OF TENNESSEE
HIGHER EDUCATION COMMISSION
PARKWAY TOWERS, SUITE 1900
NASHVILLE, TENNESSEE 37243-0830
(615) 741-3605

MEMORANDUM

To: Chief Fiscal Officers

From: Steven Gentile

Subject: Institutional Financial Stress Test

Date: September 14, 2018

Over the next month the Tennessee Higher Education fiscal team will be engaging with Tennessee higher education institutions and system offices to better understand the financial health of higher education across the state. Through the use of financial stress tests, we hope to spark conversations around strategic planning to prepare higher education institutions and the state for volatility in funding that could present itself through recession, external policy changes (e.g. Title IV funding), or enrollment declines.

As part of this process, we are requesting each campus to model the following three financial stress scenarios: a two percent, a five percent, and a ten percent reduction in state appropriations. See attached a spreadsheet for respective appropriation declines by institution for each scenario as well as a modeling template. In light of the Complete College Tennessee Act, the community colleges will be treated as one sector in this exercise.

Please provide the three most recent Composite Financial Index (CFI) scores and, using your most recent data, what your institution's hypothetical CFI scores would be under the two percent, five percent, and ten percent scenarios. Please also include the following four component ratios that comprise the CFI: the primary reserve ratio, the viability ratio, the return on net assets ratio, and the net operating revenues ratio. If you think additional information would be helpful or more illustrative, such as the liquidity ratio or the net tuition dependency ratio, please feel free to submit, as well.

As part of these quantitative analyses, we are also asking that each institution or system complete a more thorough response for the five percent reduction scenario. Additional information will provide more context to the level of stress experienced under such a

decline and the potential campus response. Please think through the following questions as though the five percent decline was sustained over a period of two to three years and provide responses (suggested length for the combined three questions is two pages maximum):

- To what extent would educational and general operations (e.g. instruction, student services, or academic support) be impeded by a sustained decline? How would the potential decrease impact the institution's ability to meet both its mission and aspirational goals?
- How would the institution improve its financial health—as measured by the CFI ratios—without substantially increasing tuition?
- Are there potential state policies or procedures that may hinder an institution's ability to plan for such a scenario?

We intend to provide these responses to our Commissioners as well as present an overview of the responses—highlighting common rather than individual institutional responses—at the November Commission meeting on November 7th. A more in-depth discussion will take place in a meeting with Treasurer Lillard on **October 11th** at 8:00am at THEC. The discussion will give you and your colleagues an opportunity to reflect on the questions above as well as our team an opportunity to present on initial responses. We ask that you submit your CFI ratios and an early draft of your responses to us by **October 5th**. Please email them to me at steven.gentile@tn.gov.

We look forward to discussing this process and your analyses over the next month.

Institutional Financial Stress Test

Austin Peay State University

October 2018

Analysis of a five percent (5%) reduction in state appropriations on the financial health of Austin Peay State University. (The analysis excludes Foundation funds as such funds are restricted for scholarships and are not available for normal university operations.)

A 5% reduction in state appropriations based on the 2017 appropriation amount would result in a reduction of \$ 2,018,925. Reducing our appropriations, with all other sources of revenue and expenses remaining constant, would have a significant impact on the financial health of the University as noted below:

Primary Reserve Ratio: 0.18 (watch list .133, industry standard 0.400)

A 5% reduction in appropriations does not have a major impact on the University's Primary Reserve Ratio. Such reduction would result in a slight reduction in our reserve ratio, which is currently slightly above the watch level but well below the industry standard.

Viability Ratio: 0.28 (watch list 0.41, industry standard 1.25)

A 5% reduction in appropriations would have an increased impact on an already weak Viability Ratio. Such reduction would further impair the University's ability to settle debt obligations through reserves and expendable net assets should the need arise.

Return on Net Assets: 10.02% (watch list 2.10%, industry standard 6.00%)

A 5% reduction in appropriations would not significantly impact the University's Return on Net Assets. Total economic return on the University's assets would be impacted slightly, reducing our return from 11% to 10%, but it would still be significantly above the industry standard of 6%.

Net Operating Revenues Ratio: (.060%) (watch list 0.00%, industry standard 3.00%)

A 5% reduction in appropriations would have an adverse impact on the University's Net Operating Revenues Ratio. While the current level of appropriations allows the University to live within its means, the net operating revenues ratio is well below the industry standards. Reducing the appropriation by this amount would prevent the University's ability to meet operational obligations.

Composite Financial Index

The overall Composite Financial Index (using a weighted average of each of the above ratios) with a 5% appropriation reduction would fall to 1.65 from 1.98. While this score does not have absolute precision, it would indicate that in an economic downturn our University would need to reevaluate and reengineer the processes and programs of our institution. A score falling below 1.0 would indicate the university would need to temporarily rely upon its sustainability to survive.

To what extent would educational and general operations (e.g. instruction, student services, or academic support) be impeded by a sustained decline? How would the potential decrease impact the institution's ability to meet both its mission and aspirational goals?

Sustained decline over a period of 2-3 years would impact all areas of educational and general operations and require the University to evaluate and reengineer processes and programs in order to reduce expenses.

Currently, 72% of the education and general budget is dedicated to employee salaries and benefits. A reduction of this magnitude, without alternate revenue sources, would impact personnel and require reductions in the service level and support to students.

Austin Peay has strategically planned to grow enrollment and enhance student success and engagement in support of the Drive to 55 goal. Providing programs that assist Tennesseans with obtaining degrees with skills and values enabling them to be successful in a global society is only partially funded by tuition revenue. The financial support of the State of Tennessee is a critical part of the resources required.

How would the institution improve its financial health – as measured by the CFI ratios – without substantially increasing tuition?

In order to improve financial health, the university will have to find alternate revenue sources and/or decrease expenses in order to improve the CFI. This would require reevaluation of campus strategic goals and campus wide evaluation of all processes and programs.

Are there potential state policies or procedures that may hinder an institution's ability to plan for such a scenario?

State mandated requirements for tuition discounts would be a factor in planning for a budget reduction.