

THE UNIVERSITY OF TENNESSEE
BOARD OF TRUSTEES

MINUTES OF THE SUBCOMMITTEE ON TUITION, FEES, AND FINANCIAL AID

March 28, 2017
Knoxville, Tennessee

The Subcommittee on Tuition, Fees, and Financial Aid of The University of Tennessee Board of Trustees met at 10:30 a.m. EDT on Tuesday, March 28, 2017, in the University Center, Tennessee Room, on the UT Chattanooga campus.

I. CALL TO ORDER

John N. Foy, Chair, called the meeting order.

II. ROLL CALL

Ronald A. Loewen, Budget Director, called the roll, and the following members of the Subcommittee on Tuition, Fees, and Financial Aid were present:

George E. Cates
John N. Foy, Subcommittee Chair
Susan Davidson (non-voting)
Brad A. Lampley
Jefferson S. Rogers
Miranda N. Rutan
Rachel M. Smith (non-voting)
John D. Tickle
Charles E. Wharton

Mr. Loewen announced the presence of a quorum of the Subcommittee. The Vice Chair of the Board, the President and other Trustees, administrative staff, members of the public, and representatives of the media were also present.

III. APPROVAL OF THE MINUTES OF THE LAST MEETING

Chair Foy asked that the minutes be corrected to reflect that Trustees Davidson, Rogers, Rutan, and Smith did attend the meeting on October 13, 2016.

Chair Foy then called for any other additions or corrections to the minutes of the October 13, 2016 meeting as presented in the meeting materials. Hearing none, adoption of the following Resolution was duly moved, seconded, and carried:

RESOLVED: The reading of the minutes of the October 13, 2016 meeting of the Subcommittee on Tuition, Fees, and Financial Aid is omitted, and the minutes are approved, with corrections to the attendee list, provided that the Secretary is authorized to make any necessary edits to correct spelling errors, grammatical errors, format errors, or other technical errors subsequently identified.

IV. UTHSC FY 2017-18 STUDENT TUITION AND FEES

Chancellor Steve Schwab of the UT Health Science Center presented the proposed UTHSC FY 2017-18 Student Tuition and Fees (Exhibit 1). Chancellor Schwab said the proposal was being brought before the Subcommittee at this time because UTHSC operates on a 12-month academic year, and students begin their financial planning in the May and June timeframe. If tuition and fees are not approved until late June, students may have to refile their financial aid applications. After three years of freezing tuition, UTHSC proposes a modest 2% increase in most of the colleges.

Trustee Wharton asked if the 5% increase for the Pharmacy Master's in-state and out-of-state was correct. Chancellor Schwab explained that the Pharmacology Master's Degree program enhances students' ability to either enter the academic or pharmaceutical market and is one of the few programs supported by tuition. Ron Loewen, Budget Director, interjected that the 5% has been lowered to 4.8% to comply with the President's Budget Advisory Group boundary of 3% plus the HEPI rate for increases in graduate tuition.

Trustee Wharton then asked whether tuition is related to how the different colleges are ranked. Chancellor Schwab replied that tuition is based on what is needed to run a program and that, in general, there is no correlation between the cost of tuition and program ranking. Tuition reflects state support, so those states that have continued aggressive support of higher education, Texas for example, tend to run a lower tuition than any of their competitors. The schools that have not maintained an aggressive support for higher education have seen tuition rise.

Vice Chair Jubran asked the Chancellor to elaborate on the fact that the FY 2016-2017 tuition and fees shown on the schedule for certain footnoted programs are lower than what the Board approved. Chancellor Schwab responded that the schedule reflects the 2016-17 rate approved by the Board, reduced by institutional support (scholarships) provided to every student enrolled in the footnoted programs. He explained that institutional support was provided to be more competitive for outstanding students. The practice, which is being discontinued for 2017-18, is reflected on the schedule this year for the sake of transparency.

Trustee Cates moved that the Subcommittee on Tuition, Fees, and Financial Aid recommend to the Finance and Administration Committee that the following Resolution be recommended to the Board of Trustees for adoption:

RESOLVED: The FY 2017-18 schedule of student tuition and fees for the Health Science Center is approved.

The motion was seconded and carried.

V. EXPANSION OF UTHSC REGIONAL TUITION RATE PROGRAM FOR PHARMACY

Chancellor Schwab presented a proposed expansion of the regional tuition rate program (Exhibit 2) approved by the Board of Trustees in June 2014. The 2014 program applied to Pharmacy students living out-of-state, but within 50 miles of Memphis, and provided a 75% reduction of out-of-state tuition. The program was implemented in the fall of 2014, but the true impact was not seen until fall 2015. Results have been better than expected with 26 students enrolled in new and existing programs. Applications from the region continue to increase and allow UTHSC to be competitive, especially with private institutions. Under the proposal before the Subcommittee, the region expands to a 200-mile radius of each College of Pharmacy site in Memphis, Nashville, and Knoxville, extending Kentucky, Mississippi and Missouri.

Chancellor Schwab explained that the first year in Pharmacy is taken by all students in Memphis, but the third, fourth and fifth years can be done at any of three College sites in Tennessee. This has made UTHSC incredibly competitive within the state with the proliferation of small for-profit private colleges. He said it will take 175-180 students to maintain an optimal class size in the state-wide College of Pharmacy.

Trustee Wharton asked how many additional students are needed to fill the gap between current and optimal class size. Chancellor Schwab said the College would like to add 15-20 students, resulting in an increase from 696 to 720 students. He said that would allow the College to get to the optimal size while selecting outstanding students that will raise the bar of the College. In response to another question from Trustee Wharton, Chancellor Schwab said the proposal would not result in denial of admission to any qualified Tennessee resident.

Noted that recruitment of out-of-state students is a trend in Tennessee and perhaps nationwide, Trustee Lampley asked if the University is spending more to get out-of-state students. Chancellor Schwab answered that the costs of the proposal have been studied extensively and a business analysis performed. He said an increase to 720 students state-wide would be optimal for using the existing infrastructure and would allow a reduction in the cost per student in terms of operation. The model is to run at the optimal size with the bonus of high-quality students.

Trustee Wharton asked how many students graduating from the College remain in Tennessee. Chancellor Schwab said graduates of the UTHSC College of Pharmacy are in demand, and he believes 80-85% of graduates stay in a four-state region.

Trustee Bill Evans asked if the regional tuition rate program would be a good decision for the College of Dentistry and College of Medicine. Chancellor Schwab said proliferation of the for-profit pharmacy schools, all of which have taken a proactive aggressive stance, has altered behavior going forward. There is not a similar advantage for the College of Dentistry or the College of Medicine because of the overwhelming in-state demand of applicants. He noted the College of Dentistry also serves Arkansas under an agreement with that state because it does not have a College of Dentistry.

Trustee Wharton moved that the Subcommittee on Tuition, Fees, and Financial Aid recommend to the Finance and Administration Committee that the following Resolution be recommended to the Board of Trustees for Adoption:

RESOLVED: The Health Science Center is authorized to expand the current Regional Tuition Rate Program for Pharmacy to out-of-state students residing within a 200-mile radius of each site of the College of Pharmacy in Memphis, Nashville and Knoxville.

The motion was seconded and carried.

VI. EXPANSION OF UTC REGIONAL TUITION RATE PROGRAM TO FRESHMEN AND SOPHOMORES

UTC Chancellor Steven Angle reviewed previous Board actions approving the UTC's regional tuition rate program for undergraduate students, under which eligible students from seven counties in Georgia and Alabama receive a 75% reduction of out-of-state tuition. He explained that eligibility for the current program is limited to students who have completed 60 credit hours at UTC.

Turning to the proposed expansion of the program to include freshmen and sophomores (Exhibit 3), Chancellor Angle said there are currently 50 freshman and sophomore students from the seven-county area enrolled at UTC, and there is capacity to enroll additional students without additional infrastructure. The financial breakeven point is an additional 56 students. The program would remain limited to the same seven counties, and the reduction in out-of-state tuition would remain at 75%. These students would still pay approximately 50% more than a Tennessee resident.

Chancellor Angle reported that the student count from the seven border counties is currently 173, compared with 41 when the program was initiated. For one year, the additional revenue generated by these students from the bordering counties was approximately \$538,760.

Chair Jubran said he is impressed by the results at the undergraduate level but asked about success of the graduate program. Chancellor Angle answered that the graduate program is doing well if you look at base numbers and is close to breaking even, but UTC's out-of-state tuition is not competitive with other institutions. He said having the graduate program for the bordering counties has allowed UTC to hold its own in terms of graduate enrollment, noting that this year graduate enrollment increased more than undergraduate enrollment. Chair Jubran noted that money is being lost on the graduate program so the question become when will it become a positive or break even number.

Trustee Foy asked whether UTC has been helped by the Tennessee Promise initiative. Chancellor Angle said this is the first year Tennessee Promise students are transferring to the state's four-year universities. Applications are up, but it is yet to be seen how many students will matriculate in the fall of 2017.

Dr. Rogers asked if there were additional costs, and Dr. Angle replied there would be no additional recruiting costs because UTC is already in those areas visiting the high schools. The Admissions Office believes it could recruit 200 students, so the administration is looking across majors to see where there are additional capacities. Trustee Foy added that UTC benefits from a great deal of industry and expansion in Chattanooga, but the educated workforce is getting limited. Reaching across the state line to bring students in to meet the need for more educated employees. To educate those seven counties is important to Chattanooga's growth.

Trustee Wharton moved that the Subcommittee on Tuition, Fees, and Financial Aid recommend to the Finance and Administration Committee that the following Resolution be recommended to the Board of Trustees for adoption:

RESOLVED: The University of Tennessee at Chattanooga is authorized to expand its current Regional Tuition Rate Program to freshman and sophomore students (<60 credit hours) in Catoosa, Dade, Fannin, Murray, Walker, and Whitfield Counties in North Georgia and Jackson County in Alabama, beginning with the 2017-18 academic year.

The motion was seconded and carried.

VII. OTHER BUSINESS

There was no further business to come before the Committee.

VIII. ADJOURNMENT

There being no further business to come before the Subcommittee, the meeting was adjourned.

Respectfully Submitted,



Ronald A. Loewen
Budget Director