

THE UNIVERSITY OF TENNESSEE
BOARD OF TRUSTEES

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

June 13, 2017
Knoxville, Tennessee

The Subcommittee on Tuition, Fees, and Financial Aid of The University of Tennessee Board of Trustees met at 3:30 p.m. EDT on Tuesday, June 13, 2017, by teleconference originating from 832 Andy Holt Tower, Knoxville, Tennessee.

I. CALL TO ORDER

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

II. ROLL CALL

The Secretary called the roll, and the following members of the Subcommittee were present:

John N. Foy, Subcommittee Chair
Terry Cooper
Brad A. Lampley
Andrew McBride
Rachel M. Smith
John D. Tickle
Charles E. Wharton

Absent:

George Cates
Susan Davidson

The Secretary announced the presence of a quorum. President DiPietro, other administrative staff, members of the public, and representatives of the media also attended by teleconference or in person. The Secretary reminded the Subcommittee of the Open Meetings Act requirements applicable to meetings held by electronic means, announced those present at the meeting location in Knoxville, and asked those participating by telephone to identify anyone else present at their locations.

III. APPROVAL OF THE MINUTES OF THE LAST MEETING

Chair Foy called for any corrections to the minutes of the March 28, 2017 meeting as presented in the meeting materials. Hearing none, the Chair called for the prepared motion in the meeting materials. Trustee Lampley moved as follows:

I move that the reading of the minutes of the March 28, 2017 meeting of the Subcommittee on Tuition, Fees, and Financial Aid is omitted, and the minutes are approved as presented in the meeting materials, 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.

Trustee Tickle seconded, and the motion carried by roll-call vote.

IV. FY 2017-18 STUDENT FEES APPROVED AT THE CAMPUS OR SYSTEM LEVEL

Ron Loewen, System Budget Director, presented schedules detailing various campus-specific student fees for FY 2017 approved at the campus or system level in accordance with the Board-approved policy on Approval of Student Fees (Exhibit 1). These fees were presented for the Subcommittee's information, and no action was required.

V. PROPOSED FY 2017-18 STUDENT TUITION AND FEES REQUIRING APPROVAL BY THE BOARD OF TRUSTEES

Mr. Loewen presented schedules that included proposed student tuition and fee levels for FY 2017-18; the dollar and percentage change from the current fiscal year; the increase in tuition and fee revenues expected to result from the proposed changes; and the intended uses of these revenues (Exhibit 2). He explained that the tuition and fee proposal is an integral component of the proposed operating budget, salary plan, and compensation guidelines that will be presented to the full Board at the Annual Meeting. He informed the Subcommittee that the proposed student tuition and fees are supported by the President and the Chief Financial Officer.

Trustee Wharton asked for clarification of the statement "No increases in out-of-state tuition." Mr. Loewen responded that out-of-state tuition refers to the amount out-of-state students pay in addition to the maintenance fee and that the out-of-state tuition rate is not increasing. He explained that the increase in the total amount paid by out-of-state students is due to the increase in the maintenance fee. Trustee Wharton also requested that acronyms on the fee schedules be spelled out. Mr. Loewen agreed to spell out the words of the acronyms in the future.

Trustee Wharton also requested the average net price for sophomores, juniors, and seniors. Mr. Loewen will prepare and present at the next Subcommittee meeting.

Trustee Wharton questioned whether the University is trying too hard to keep below 2% and whether or not it will be setting the stage for a higher increase in the future if the economy turns down. President DiPietro, responded that he believes the University can manage and sustain the budget with only a 1.8% tuition increase this year even in the event of a downturn in the economy.

Hearing no further questions, Chair Foy called for the prepared motion in the materials. Trustee Smith moved that the Subcommittee on Tuition, Fees, and Financial Aid recommend adoption of the following Resolution by the Finance and Administration Committee:

RESOLVED: The proposed tuition and fee schedules for FY 2017-18 are approved as presented in the meeting materials and recommended to the Board of Trustees for final approval by incorporation in the FY 2017-18 Operating Budget.

The motion was seconded by Trustee Wharton and carried by roll-call vote.

VI. UTC GRADUATE OUT-OF-STATE TUITION PROPOSAL

Dr. Richard Brown, UTC Executive Vice Chancellor, presented the Graduate Out-of-State Tuition Proposal (Exhibit 3). Dr. Brown informed the Committee that UTC had completed a peer market analysis of out-of-state tuition for graduate students and determined that the current out-of-state tuition rate is the highest among its Tennessee Higher Education Commission (THEC) peer group. The current rate is 154% of the THEC average and 263% of the University's in-state graduation rate. He said UTC proposed new graduate

out-of-state tuition rates due to above-average rate and the capacity available at the graduate level.

Dr. Brown explained that in fall 2018, the proposed out-of-state tuition rate for all domestic graduate students would be \$8,064, which is roughly 50% of the current rate of \$16,118; the proposed out-of-state tuition rate for all international graduate students would be \$16,064. Both groups also pay the maintenance fee and all other mandatory fees. Based on UTC's FY 2016 fee schedule, the total tuition and fees for domestic out-of-state graduate students would be 105% of the current THEC peer average. He said a mix of 40 out-of-state full-time equivalent (FTE) graduate students or 80 in-state FTE would be required to breakeven under the new rates.

Trustee Wharton commented that the mix of 40 out-of-state or 80 in-state is not a correct comparison. Dr. Brown replied that the comparison is intended to show two ways in which the revenue loss could be recovered.

Trustee Smith inquired as to what accounted for the decline in graduate enrollment from 2012-2015. Dr. Brown answered that the overall economic conditions caused a decline in graduate enrollments for all of higher education. He added that there had been strong graduate school participation from K-12 teachers in the area, but due to economic conditions, the school systems stopped paying for graduate teacher education, but economic conditions have improved since 2012.

Trustee Wharton asked that the last slide of the UTC PowerPoint be changed to show both in-state and out-of-state graduate enrollment trends before presentation to the Finance and Administration Committee on June 22. Dr. Brown agreed to make the change.

Hearing no further questions, Chair Foy called for the prepared motion in the materials. Trustee Tickle moved that the following Resolution be recommended for approval by the Finance and Administration Committee and for recommendation to the Board of Trustees for final approval:

RESOLVED:

- 1. The University of Tennessee at Chattanooga is authorized to assess an out-of-state tuition rate of \$8,064 to domestic out-of-state graduate students, beginning with the 2018-19**

academic year, in addition to the maintenance fee and all mandatory fees approved for assessment from time to time.

2. The University of Tennessee at Chattanooga is authorized to assess an out-of-state tuition rate of \$16,064 to international students, beginning with the 2018-19 academic year, in addition to the maintenance fee and all mandatory fees approved for assessment from time to time.

The motion was seconded and carried by roll-call vote.

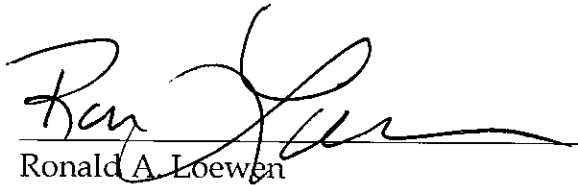
VII. OTHER BUSINESS

There was no further business to come before the Committee.

VIII. ADJOURNMENT

There being no further business, the meeting was adjourned.

Respectfully Submitted,



Ronald A. Loewen
System Budget Director