

TICUA Policy Update
March 9, 2006

Higher Education Budget Improves \$28 million in Senate Committee

Senator Charlotte Burks' amendment to the Higher Education Budget prevailed in the Senate Education Committee yesterday. When the discussion ended, the amendment called for a \$28 million improvement - \$8 million more than last proposed. If ultimately adopted, the funds will go to both formula and non-formula public higher education units. It is estimated that it will take \$22 million to simply cover the mandated salary increases in the public sector. This additional boost will go a long way in cover that mandate. It is not anticipated that any of the potential increase will go to student aid.

TSAC Testifies About Need-based Aid

TSAC Executive Director, Dr. Robert Ruble, testified before the Senate Education Committee about the importance of the state's need-based aid program (TSAA). Senators seemed to be most concerned about how flat-funding the program will impact current recipients. The present "first-come-first-serve" policy causes an indiscriminate loss of the grant funds.

TICUA's President, Dr. Claude Pressnell, was asked to testify about the impact of the grant on students attending independent colleges and universities. He testified that the need for increased funding goes beyond private colleges to the entire higher education community. Currently there are 50,000 eligible Tennesseans yet only 22,000 students benefit from the program. According to TSAC, due to lack of funding, the cut off date for 2006-2007 TSAA grants has already passed. Students whose FAFSA was processed after March 1, 2006, will not be considered for the grant unless additional funds are appropriated.

Senator Steve Cohen questioned Pressnell on what would be a good use of the excess lottery funds. Pressnell testified that placing the additional funds in a corpus account under the care of TSAC and then utilizing the interest income off the account to supplement the need-based aid program would have a long-term measurable impact on needy students. This would allow the General Assembly to improve the TSAA without dipping into the state's general revenue.

THEC Estimates Public Tuition Increases

Dr. Richard Rhoda, THEC Executive Director, testified before the Senate Education Committee that he anticipates Fall 2006 tuition increases below 8% for public colleges and universities. Rhoda stated that if the \$28 million improvement is ultimately realized the public universities would need to increase tuition an average of 7.42% while the

community colleges would increase 6.9%. The increases could be as high as 9% if the budget receives no improvement.