

2025-2026 AY UTK Fee & Rate Proposals and Draft Budget

UTK Campus Advisory Board
May 2, 2025



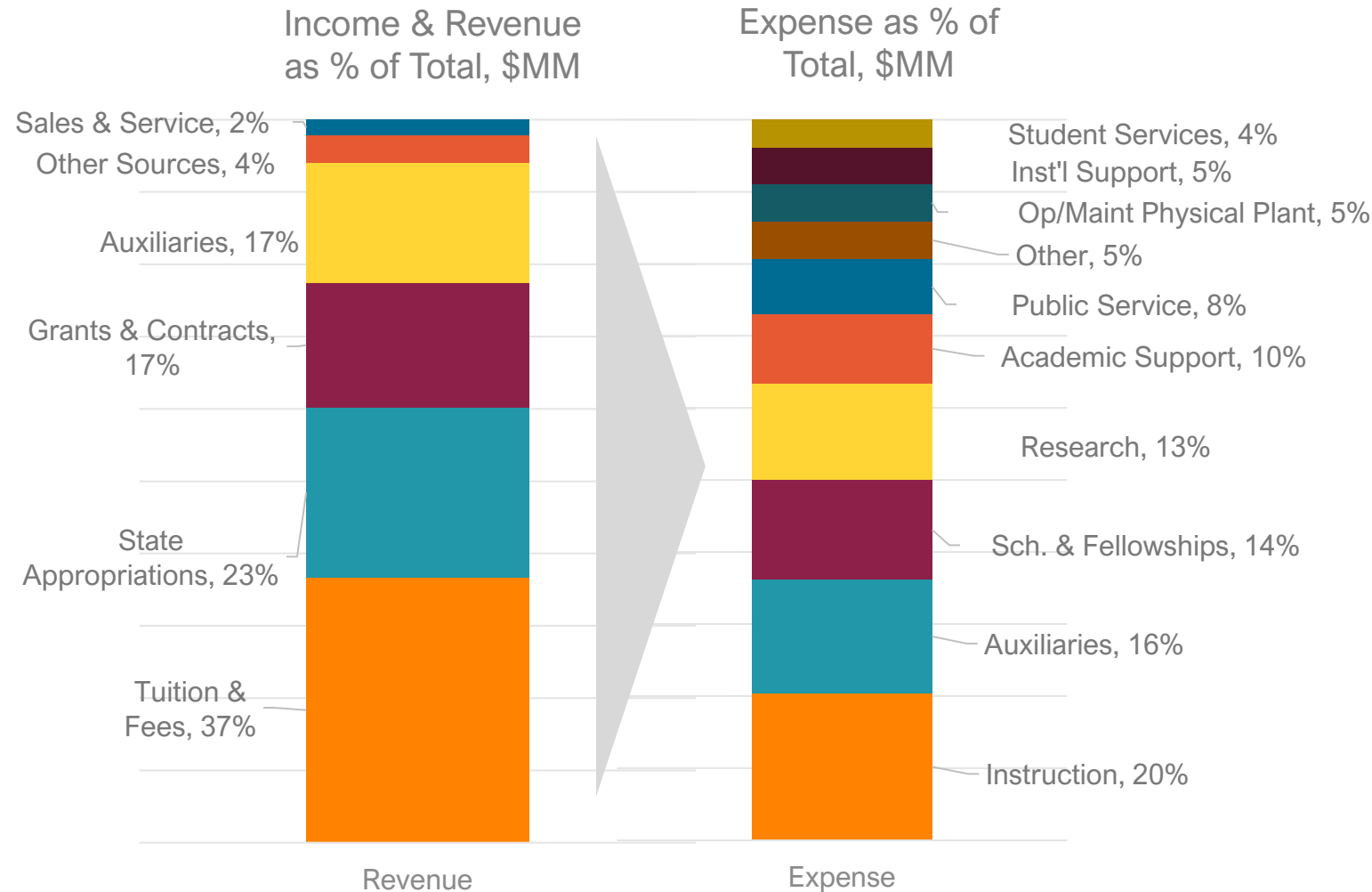
THE UNIVERSITY OF
TENNESSEE
KNOXVILLE

Summary

- *Our work - and our planning - is driven by our commitment to our students and our covenant with the state*
- UTK's budget and fee proposals are based on the campus' financial performance, aspirations, and the principles of access, affordability, and value; external factors that may affect them are also considered
- While economic and competitive factors may challenge us, UTK expects to manage 2025-2026 AY with no tuition and minimal fee increases while advancing student success, research objectives, and the value of the UTK experience

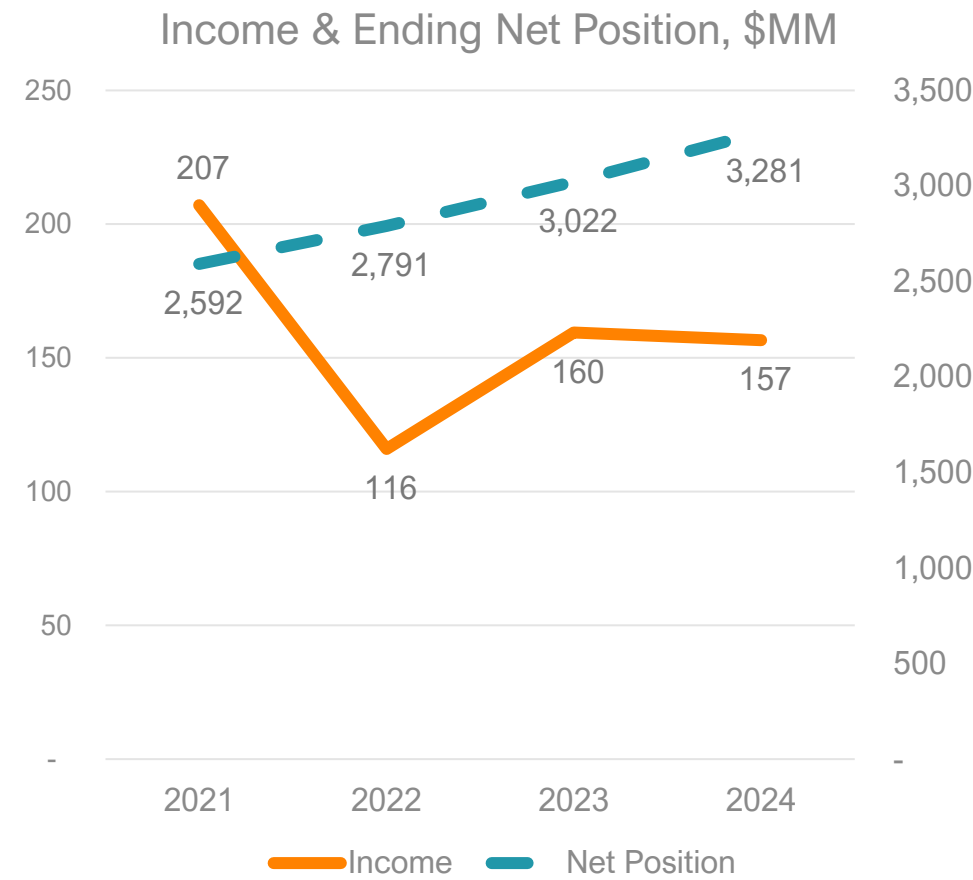
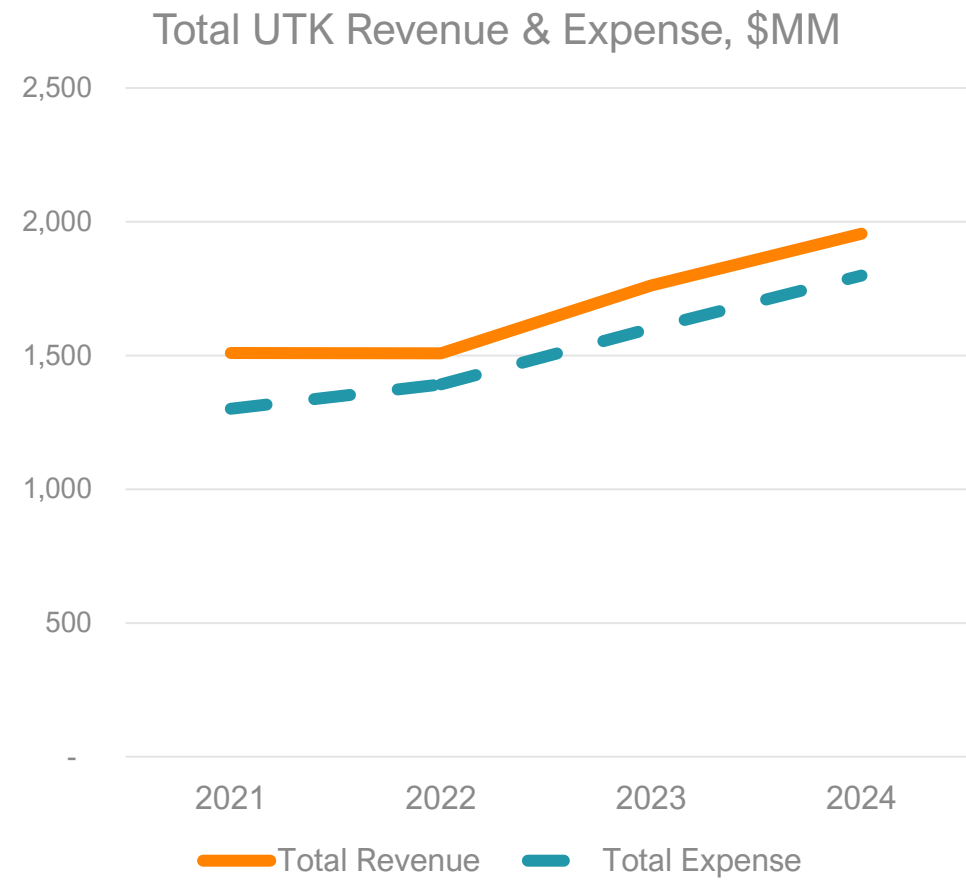
UTK Financial Performance

The UTK Operating Dollar is focused on academics



- ~\$2.17B FY25 restricted & unrestricted operating budget
- Income driven by net tuition revenue, state appropriations, and, increasingly, grants
- Most of our financial resources spent directly on academic purposes and infrastructure to support students and faculty

UTK's strong financial performance continues while making needed investments



Source: Audited UT financial statements; UTK Student Enrollment Dashboard

Factors Influencing UTK's Planning

(Bottom line: strong UTK performance in an increasingly uncertain environment)

Analyst forecasts express caution regarding factors that could affect all universities, including UTK

Credit: S&P Global

What we're watching -- Not-for-profit higher education



Enrollment remains pressured for many

Many schools still face undergraduate enrollment difficulties, amid value proposition debates and intensifying competition for students, which we expect will increase with the impending "demographic cliff."



Rising costs and operating pressure persist

Despite moderating inflation, operating costs, especially for faculty and staff, continue to rise, while enrollment and operating revenues are more difficult to predict.



Financial flexibility and liquidity are critical

Strong balance sheets, fundraising ability, and access to liquidity remain critical given industry operating pressures. For lower-rated schools, we're watching for any potential deterioration of unrestricted resources.



M&A, closures, and partnerships

An increasing number of colleges and universities are looking at M&A and partnerships to gain efficiencies and strategic positioning; for some schools, closure will be inevitable.



Increasing event-related risks

Cyber, physical, and other headline risks will continue to test college and universities' risk management strategies and liquidity at a time when operations for many remain unstable.



Athletics, revenues, and impacts of conference re-alignment

College athletics are undergoing a major transition and we're assessing the likely credit implications of changing revenues, costs, and facility needs.

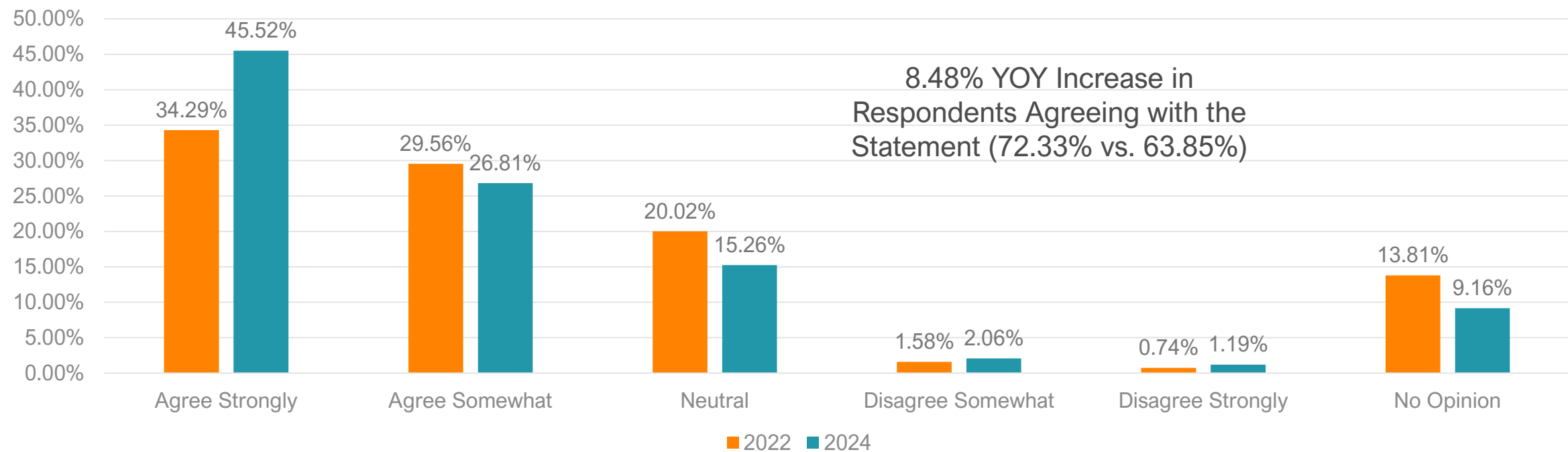


Potential changes to education policy

The incoming administration may change policies that affect federal grants and funding, endowment tax, or social issues in higher education, although there is uncertainty whether we'll see material changes affecting credit quality in 2025.

While confidence in higher education decreases, UTK's reputation is stronger than ever

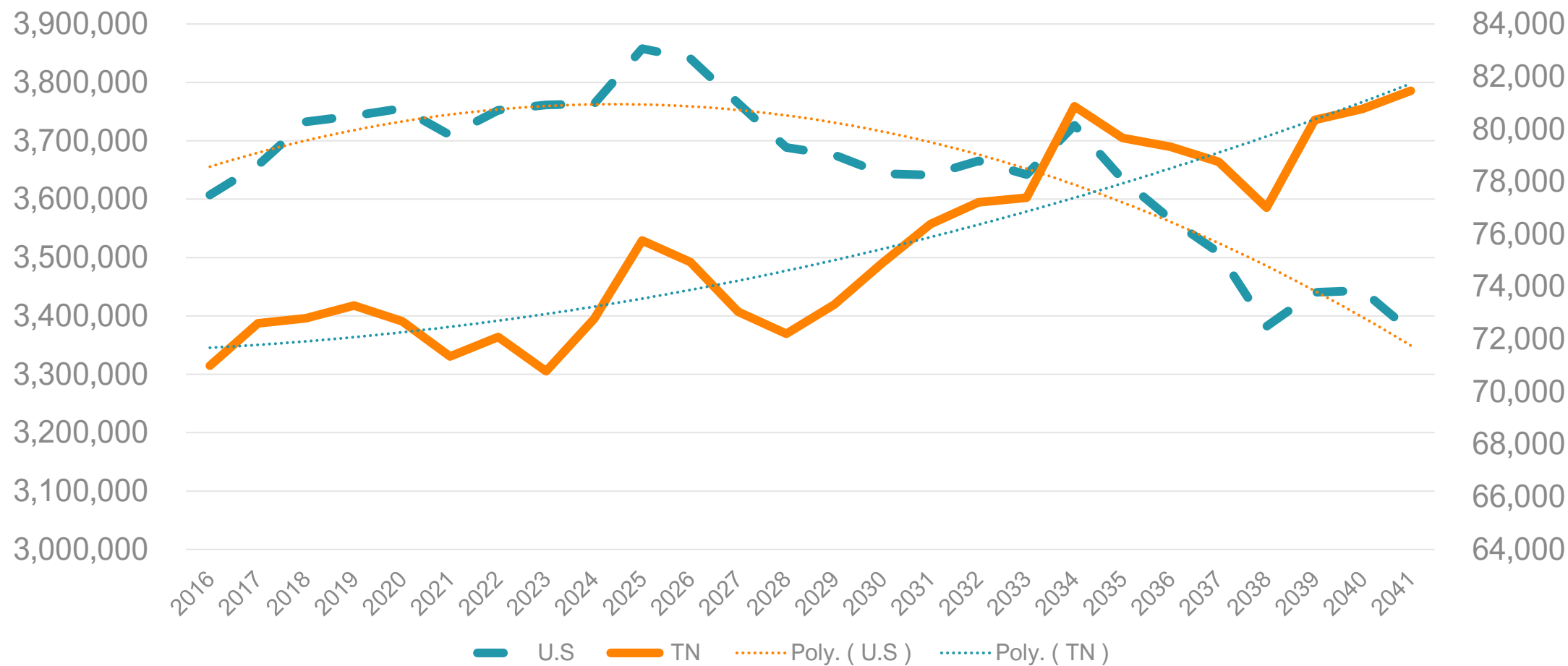
Responses to the Statement: “The University of Tennessee, Knoxville Offers Strong Undergraduate Academic Programs”



While TN high school graduation is expected to exceed national rates, we expect more competition for them

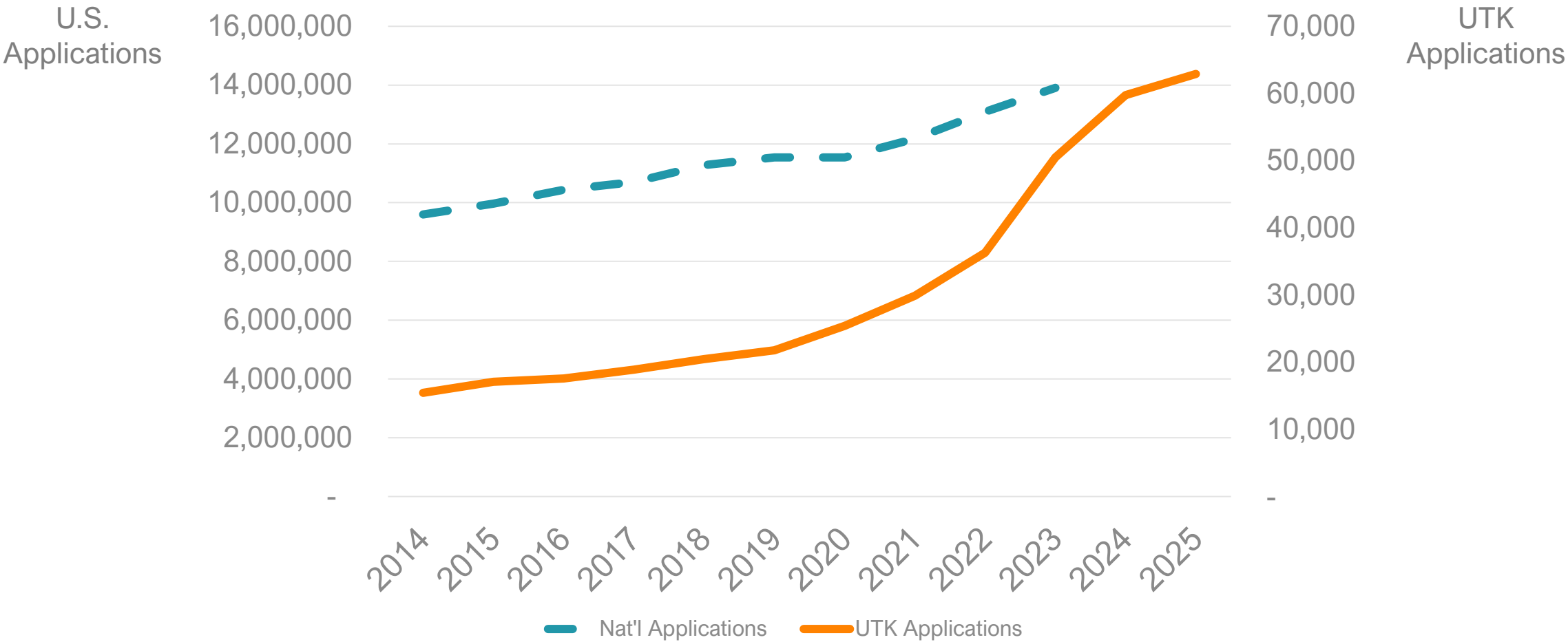
Nat'l HS Grad Forecast

TN HS Grad Forecast



Source: WICHE (Western Interstate Commission for Higher Education, U.S. and TN High School Graduates)
<https://www.wiche.edu/knoocking/data-visualizations/geography/>

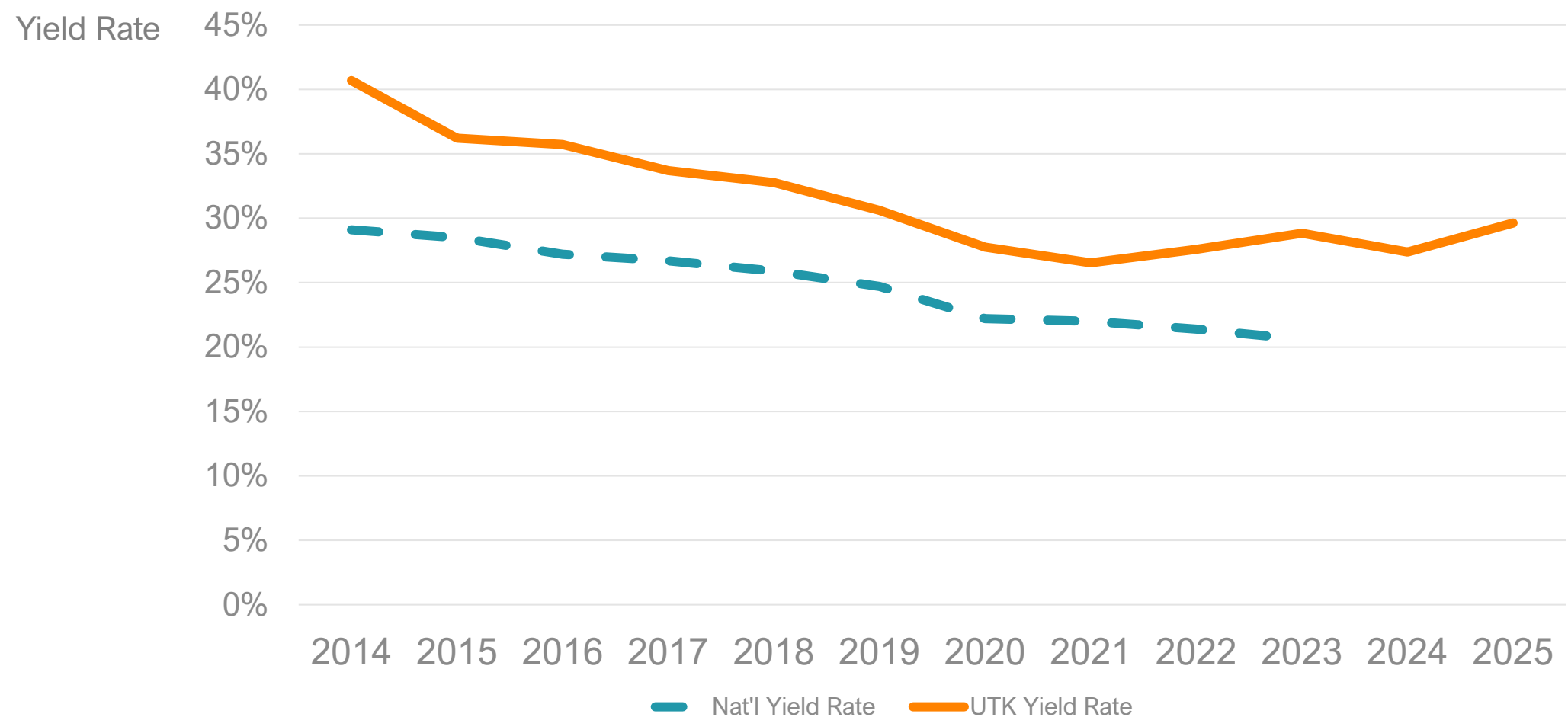
Student interest in UTK has never been stronger



Source: IPEDS; UTK Student Enrollment Dashboard; UTK Enrollment Management preliminary projections for Fall 2025



Students increasingly choose to come to Rocky Top



Source: IPEDS; UTK Student Enrollment Dashboard; UTK Enrollment Management preliminary projections for Fall 2025

Tuition & Fees

Tuition and rate setting principles

- Increases should be carefully considered and justified by actual cost increases and needed campus investment
- **Instate** tuition and fees should be managed to ensure **affordability**
- **Out-of-state** tuition and fees should be **competitive** with peers

Summary of proposed tuition and rates

- 0% tuition increase for instate and out-of-state students
- Minimal fee increases (facilities, transportation, library, housing, and dining)
- Adding/increasing eight (8) professional & executive program fees

UTK proposes no 2025-2026 undergraduate tuition increase, only fee increases to fund rising costs

PRELIMINARY

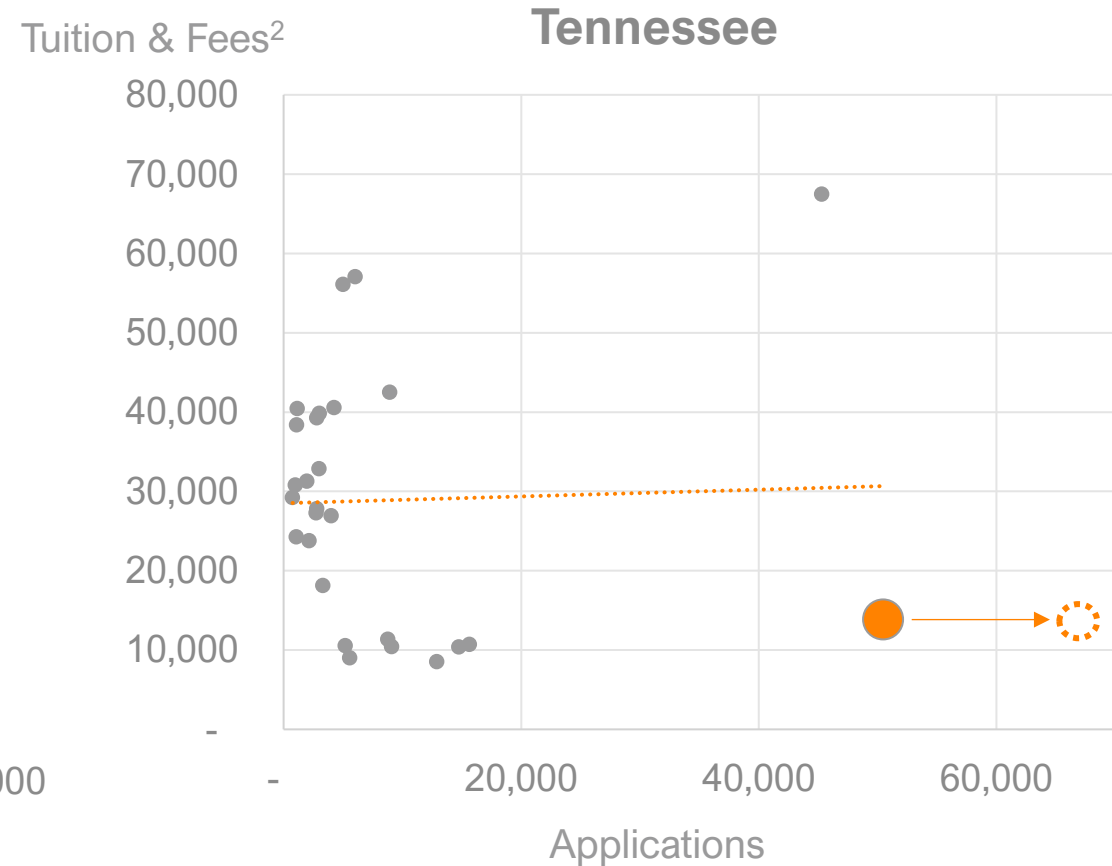
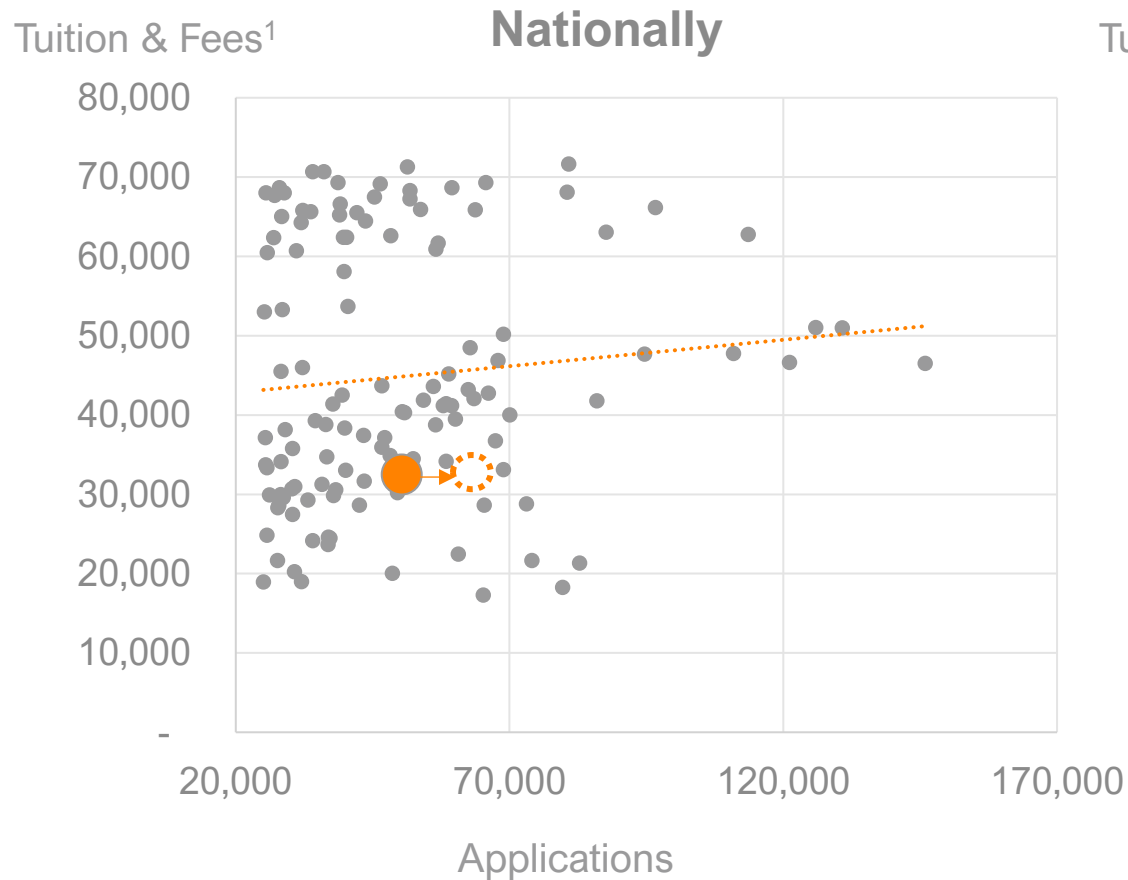
Undergraduate Instate Total Cost				
	2024-2025	2025-2026	YOY, \$	YOY, %
Tuition	11,560	11,560	-	0.0%
Fees ¹	2,252	2,316	64	2.8%
Housing ²	8,608	9,038	430	5.0%
Food ³	4,986	5,164	178	3.6%
Total Cost	29,658	30,394	736	2.5%

Undergraduate Out-of-State Total Cost				
	2024-2025	2025-2026	YOY, \$	YOY, %
Tuition	30,704	30,704	-	0.0%
Fees ¹	2,552	2,632	80	3.1%
Housing ²	8,608	9,038	430	5.0%
Food ³	4,986	5,164	178	3.6%
Total Cost	49,402	50,170	768	1.6%

Notes:

- 1) Includes Student Programs and Services Fee (SPSF), Facilities Fee, Library Fee, Technology Fee, & Transportation
- 2) Rates vary by housing option; average rate increase of 5%
- 3) 7 Day Unlimited plan w/ \$300 Dining Dollars

As a result, we expect UTK to remain among the most in-demand and affordable universities in the nation and state



FY26 Budget

Based on current assumptions, UTK expects a balanced \$2.37B budget for FY26 with volume-driven revenue growth

PRELIMINARY

Consolidated Preliminary Budget as of May 2, 2025					
	FY24 Actuals	FY25 Original	FY26 Proposed	Change	% Change
E&G	\$ 1,338.6	\$ 1,403.5	\$ 1,519.9	\$ 116.4	8.3%
Auxiliaries	348.0	360.5	362.1	1.6	0.4%
Restricted	448.3	412.2	495.9	83.7	20.3%
Total	\$ 2,134.9	\$ 2,176.2	\$ 2,377.9	\$ 201.7	9.3%

Preliminary E&G Revenue Summary as of May 2, 2025					
	FY24 Actuals	FY25 Original	FY26 Proposed	Change	% Change
Tuition & Fees	\$ 740.1	\$ 794.2	\$ 872.8	\$ 78.6	9.9%
Appropriations	469.6	507.0	515.2	8.2	1.6%
Other Revenue	128.9	102.3	131.9	29.6	28.9%
Total	\$ 1,338.6	\$ 1,403.5	\$ 1,519.9	\$ 116.4	8.3%



THE UNIVERSITY OF
TENNESSEE
KNOXVILLE

“Driven by our commitment to our
students and our covenant with the state”