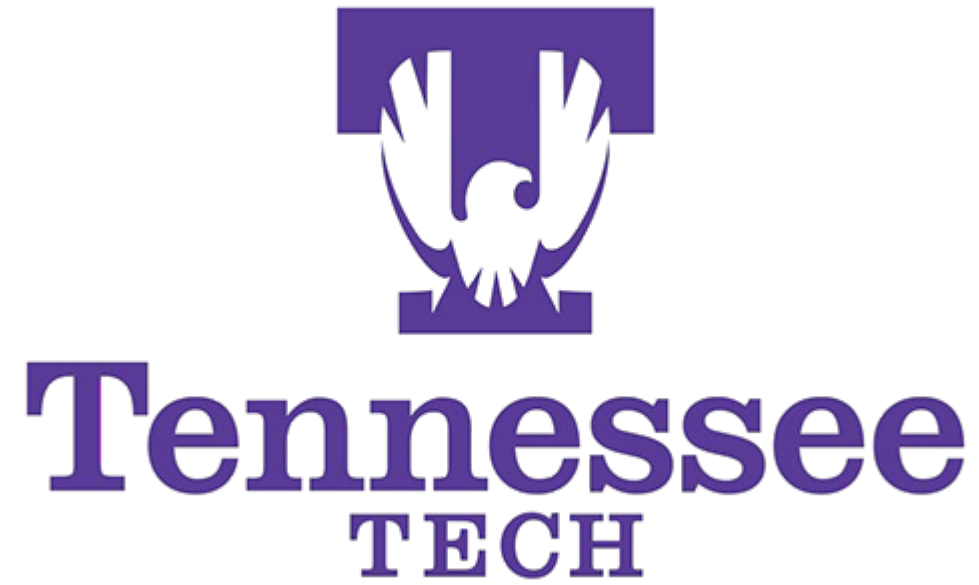




Presentation to Audit & Business Committee
Board of Trustees
March 9, 2023





Update on Governor's Budget



2023-24 Governor's Budget vs. THEC Recommendation Comparison - Capital

	2023-24 THEC Recommendation						2023-24 Governor's Budget Recommendation						2023-24 Gov Budget vs THEC
	Capital	Capital			Safety &		Capital	Capital			Safety &		New Funding
Academic Formula Units	Outlay	Maintenance	Demolition	ADA	Security	Total	Outlay	Maintenance	Demolition	ADA	Security	Total	Difference
Locally Governed Institutions													
Austin Peay	\$31,628,305	\$7,698,000	\$0	\$3,300,000	\$900,000	\$43,526,305	\$31,628,305	\$1,570,000	\$0	\$0	\$0	\$33,198,305	(\$10,328,000)
East Tennessee	44,064,000	16,070,000	230,000	7,390,000	1,920,000	69,674,000	-	5,400,000	-	-	-	5,400,000	(64,274,000)
Middle Tennessee	18,308,000	15,800,000	-	7,670,000	2,130,000	43,908,000	18,308,000	5,000,000	-	-	-	23,308,000	(20,600,000)
Tennessee State	-	10,760,000	-	5,000,000	1,100,000	16,860,000	-	5,830,000	-	-	-	5,830,000	(11,030,000)
Tennessee Tech	61,180,000	16,055,000	-	15,650,000	1,240,000	94,125,000	-	6,525,000	-	-	-	6,525,000	(87,600,000)
University of Memphis	62,400,000	26,698,000	1,150,000	7,406,000	2,760,000	100,414,000	-	5,340,000	-	-	-	5,340,000	(95,074,000)
Subtotal	\$217,580,305	\$93,081,000	\$1,380,000	\$46,416,000	\$10,050,000	\$368,507,305	\$49,936,305	\$29,665,000	\$0	\$0	\$0	\$79,601,305	(\$288,906,000)



Governor's Capital Budget Recommendations – Tennessee Tech Specific Projects FY2023-24

- **Capital Maintenance** **\$ 6,525,000**
 - Campus-wide Building Controls Upgrade Phase 2 \$ 2,025,000
 - Derryberry Hall Upgrades Phase 1 \$ 2,480,000
 - Multiple Buildings Elevator Upgrades Phase 1 \$ 870,000
 - Roaden University Center HVAC Upgrades \$ 1,150,000

**These amounts could be subject to change until Legislature passes the Governor's recommended budget.*



2023-24 Governor's Budget vs. THEC Recommendation Comparison - Operating

	2022-23	2023-24 THEC Recommendation			2023-24 Governor's Budget Recommendation				2023-24 Gov Budget vs THEC
	Recurring	Outcomes	Share of	Total	Outcomes	Outcomes/	Inflationary	Salary	New Funding
Academic Formula Units	Appropriations	Adjustment	New Funding	Recurring	Adjustment	Productivity	Increases	Increase	Difference
Locally Governed Institutions									
Austin Peay	\$66,773,300	\$1,831,800	\$7,337,000	\$75,942,100	\$1,831,800	\$1,712,000	\$528,300	\$2,683,000	(\$2,413,700)
East Tennessee	89,413,300	329,100	9,373,000	99,115,400	329,100	2,187,000	691,000	4,406,500	(2,088,500)
Middle Tennessee	126,537,400	(1,078,800)	13,417,300	138,875,900	(1,078,800)	3,130,700	966,000	6,095,000	(3,225,600)
Tennessee State	47,671,200	132,500	5,112,400	52,916,100	132,500	1,192,900	368,100	2,779,500	(771,900)
Tennessee Tech	74,695,300	251,900	7,320,100	82,267,300	251,900	1,708,000	577,100	2,920,000	(2,115,000)
University of Memphis	151,179,000	1,323,100	16,309,500	168,811,600	1,323,100	3,805,500	1,174,300	7,450,000	(3,879,700)
Subtotal	\$556,269,500	\$2,789,600	\$58,869,300	\$617,928,400	\$2,789,600	\$13,736,100	\$4,304,800	\$26,334,000	(\$14,494,400)



Governor's Operating Budget Recommendations – Tennessee Tech FY2023-24

Outcomes Growth (new funding)	\$ 2,285,100
Salary Pool*	\$ 2,920,000
Group Health Insurance	\$ 352,400
NSF Cybersecurity (recurring)	\$ 1,000,000
NSF Cybersecurity(non-recurring)	<u>\$ 200,000</u>
Total recommended <u>new</u> operating appropriations	\$6,757,500
THEC's Reallocation of Base Outcomes	<u>\$ 251,900</u>
Net increase in operating appropriations (recurring and non-recurring)	\$7,009,400
<p>*Salary pool is funded at 55% of required amount for 5% increase <i>Note: These amounts could be subject to change until Legislature passes the Governor's recommended budget.</i></p>	



5 Year History Outcomes Formula Funding

Outcomes Formula Funding					
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Proposed</u>
	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>
New Dollars	\$2,653,800	*	\$1,768,800	\$4,380,400	\$2,285,100
THEC Base Adjustment	<u>814,300</u>	<u>404,200</u>	<u>(430,900)</u>	<u>(497,500)</u>	<u>251,900</u>
Total Outcomes Distribution to TTU	\$3,468,100	\$404,200	\$1,337,900	\$3,882,900	\$2,537,000

*\$1,876,800 was originally appropriated, but then deleted in June 2020 by Legislature.



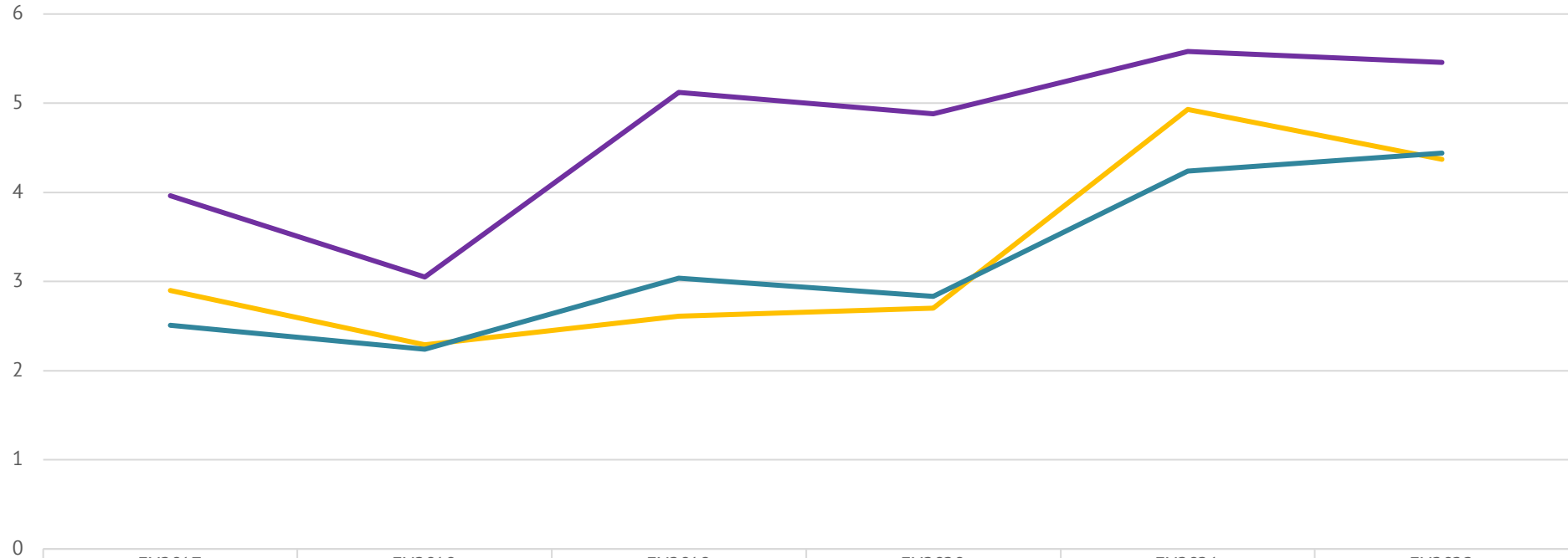
Estimated Cost Increases

Scholarships	\$1,524,000
University match for 5% salary pool w/fringe benefits (55% provided by State)	\$2,112,000
2 new faculty positions	\$240,000
4 critical staffing needs	\$297,500
Faculty promotions (estimated)	\$250,000
Software inflationary escalation costs	\$405,500
Utilities increase	\$448,000
Total estimated cost increases	\$5,277,000



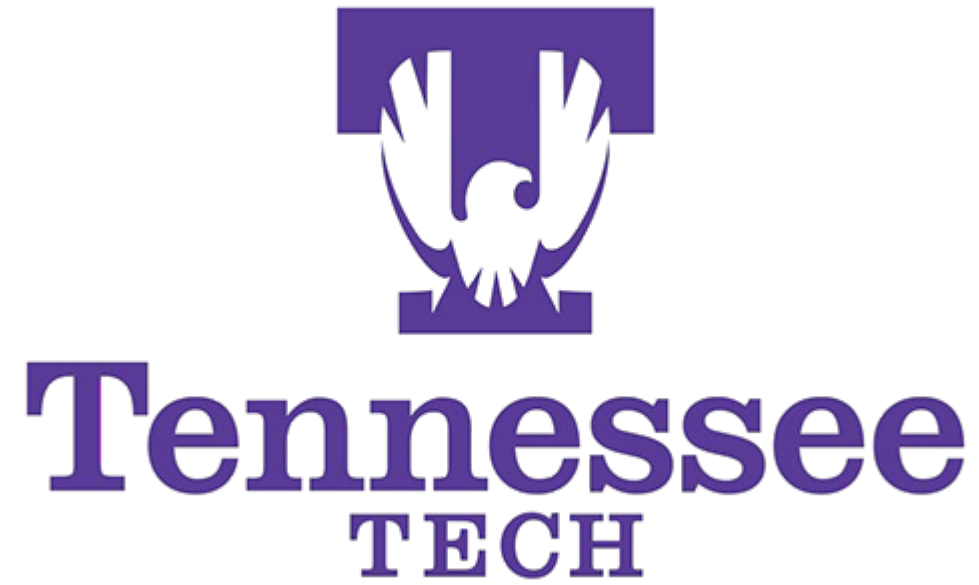
CFI Comparison to other LGIs and UT

Including all Universities and their Foundations



	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
TTU w/ Foundation	3.96	3.05	5.12	4.88	5.58	5.46
UT AVG w/ Foundation	2.9	2.29	2.61	2.7	4.93	4.37
LGI AVG w/ Foundation	2.51	2.24	3.04	2.83	4.24	4.44





Compensation Plan



Proposed Compensation Plans FY2023-24 (Pending Approval of Governor's Budget)

- 5% pool for recurring salary increases
 - Merit Pool - effective July 1, 2023
 - 3% pool
 - Based on performance evaluations for FY2022-23
 - Employees with satisfactory or better evaluation are eligible for raise
 - Employees who are on or were on a Performance Improvement Plan (PIP) for FY 2023 are ineligible.
 - Employees hired prior to 1/1/2023 and still employed on 7/1/2023 are eligible
 - Minimum award of 1% to Maximum award of 7%
 - Market equity study – effective January 1, 2024
 - 2% pool
 - Study to be performed by Mercer Financial Services Company
 - November 2023 implementation strategy completion date



Proposed Compensation Plans FY2023-24 (Pending Approval of Governor's Budget)

- One-time Bonus – effective July 1, 2023
 - \$650 per employee
 - Employees hired prior to 1/1/2023 and still employed 7/1/2023 are eligible
 - Employees who are on or were on a Performance Improvement Plan (PIP) for FY2023 are ineligible
 - Estimated one-time cost \$1 million
- Estimated recurring cost of \$5 million
 - Proposed state appropriation \$2.9 million
 - University match \$2.1 million
- Faculty promotions, job reclassifications and new-hire salaries handled outside of this proposal





Non-Mandatory Fees



Non-mandatory Fee Proposal 2023-24

- Non-mandatory fees are not required of all students. They are charged based on a variety of factors: residency, academic program, course selection, incidentals, participation in TN eCampus, etc.
- Non-mandatory fees are not subject to THEC binding rates
- Generally, requests are reviewed and brought to the Board for approval once each year



Non-mandatory Fee Proposal - Housing

Effective Fall semester 2023

- 2% increase for double and triple-occupancy rooms in traditional residence halls
- 5% rate increase for all single-occupancy rooms in traditional residence halls
- \$100 per month increase for all Tech Village apartments to include all utilities currently paid directly to City by students
- Resources to cover inflationary and maintenance costs
- Closer alignment of rates for all residential housing
- Competitive with other TN public universities
- Residential halls occupancy
 - Fall 2022 99.3%
 - Spring 2023 91.3%



Non-Mandatory Fees - Housing

- Comparison to other universities in Tennessee
 - APSU, ETSU, MTSU, TSU, U of Memphis, UTK, UTC, UTM
 - TTU proposed rates comparable to LGIs and UT system

RES Hall Rate Comparison - Prepared Spring 2023 vs. TTU Rates proposed for Fall 2023 (per semester)									
	TTU	APSU	ETSU	MTSU	TSU	UofM	UTK	UTC	UTM
Single Traditional	\$3,280	\$4,445*	\$3,961*	\$3,251*	\$3,272*	\$3,550*	\$4,688*	\$4,653*	\$2,663*
Double Traditional	\$ 3,084	\$3,553*	\$2,563*	\$2,666*	\$2,104*	\$2,970*	\$3,412*	\$3,792*	\$1,802*
*average of various halls offered									
		Eagles Landing	Campus Edge						
Tech Village	\$4,530	\$5,360	\$5,800						
Eagles Landing and Campus Edge are furnished and include utilities									





Tuition & Mandatory Fees



Tuition Increase Estimates FY2023-24

Revenue generated:	
1% Tuition Increase	\$792,672
2% Tuition Increase	\$1,585,343
3% Tuition Increase	\$2,378,015
Cost to students per semester:	
1% Tuition Increase	\$45.00
2% Tuition Increase	\$90.00
3% Tuition Increase	\$135.00
1% Mandatory Fee Increase	\$6.00
2% Mandatory Fee Increase	\$13.00
3% Mandatory Fee Increase	\$19.00





Master Plan Amendment





Disclosed Projects FY2022-23



Disclosed Projects – Q4 FY 2022-23

Fiscal Year	Project	Project Cost	Project Description
2022-23	Murphy Hall Elevator Replacement	\$2,090,000	Install a new elevator in Murphy Hall and all related work.
2022-23	Tech Village Roof Replacements	\$1,340,000	Replace the shingle roofs on twenty apartment buildings, the laundry building and the community center.
2022-23	Tech Village Community Center Renovation	\$1,980,000	Provide building systems and related space upgrades including mechanical, plumbing, electrical, fire alarm, ITS and telecom. Abate asbestos materials as required.
	Total Request	\$5,410,000	





Disclosed Projects FY2023-24



Disclosed Projects FY2023-24

Fiscal Year	Project	Project Cost	Project Description
2023-24	JJ. Oakley Innovation Center and Residence Hall	\$153,200,000	Construct a new residence hall complex that will provide 800 beds and ground-level space dedicated to a learning community for entrepreneurship and technology.
2023-24	Student Event Center	\$41,000,000	Student Event Center will house a welcome center, university bookstore, dedicated banquet hall space and satellite food court.
	Total Request	\$194,200,000	





Report of Audit Activity





FY2022 State Audit



State of Tennessee

Audit Highlights

Comptroller of the Treasury

Division of State Audit

Financial and Compliance Audit

Tennessee Technological University

For the Year Ended June 30, 2022

Opinions on the Financial Statements

The opinions on the financial statements are unmodified.

Audit Findings

The audit report contains no findings.





Notice of Responsibilities for Preventing, Detecting and Reporting Fraud, Waste and Abuse

