

Budget Advisory Committee  
February 16, 2017 @ 1:00 p.m.  
President's Conference Room

Present:

Bobby Adams  
Kevin Braswell  
Marc Burnett  
Jack Butler  
Alice Camuti  
Evelyn Chambers  
Leslie Crickenberger  
Corinne Darvennes  
Bahaman Ghorashi  
Darrell Hoy  
Glenn James  
Christy Killman  
David Larimore  
Karen Lykins  
Alex Martin  
Brian O'Connor  
Philip Oldham  
Thomas Payne  
Debbie Pennebaker for Robert Hodum  
Joseph Rencis  
Jeffery Roberts  
Lisa Russell  
Terry Saltsman  
Paul Semmes  
Diane Smith  
John Smith  
Bharat Soni  
Mark Stephens  
Claire Stinson  
Emily Wheeler  
Mark Wilson  
Dewayne Wright  
Jeff Young

Absent:

Deanna Metts  
Robert Hodum

Dr. Claire Stinson thanked everyone for their attendance on short notice explaining that today's presentation would be short so there would be plenty of time for discussion. The agenda was distributed. The minutes of January 25, 2017 were distributed previously via email.

Dr. Stinson asked for a motion for the approval of the agenda. Jack Butler moved to approve the agenda, Christy Killman seconded, there was no discussion and the agenda was approved unanimously.

Dr. Stinson asked for a motion to approve the minutes of January 25, 2017. Brian O'Connor moved to approve the minutes and Bobby Adams seconded. Dr. Stinson asked for discussion. There was no discussion and the minutes were approved unanimously.

Budget Update: Fiscal Year 2017-18 – Dr. Stinson noted that since the group last met, the Governor's proposed budget had been presented. Dr. Stinson added that indications had been that THEC's recommendations would be approved so she will walk the group through how, in total dollars, Tennessee Tech received more funding from the Governor's budget; however, the breakdown is creating an issue for Tennessee Tech. Dr. Stinson also pointed out that some items that were expected in the Governor's budget were not included.

Handout A, Highlights of the Governor's 2017-18 Budget, was distributed. Dr. Stinson noted that the items in Handout A tie to the figures in Handout B, Analysis of 2017-18 State Appropriations – Governor's Budget. Dr. Stinson indicated that Handout A includes Operating Costs only, adding that Tennessee Tech did receive funding for two Capital Projects: a roofing project for several buildings and a waterproofing project which includes multiple activities. Monies received for these projects can only be spent on the indicated projects.

Handout B, Analysis of 2017-18 State Appropriations – Governor's Budget, was distributed. Dr. Stinson reviewed the Governor's Budget Operating Costs Increase (Funding Formula), the 3% Salary Pool, and Funds Distribution for the TBR and UT units. Dr. Stinson pointed out that the Governor's Budget did provide more overall funding to higher education than THEC requested but the governor reduced the operating request from THEC down to 52.08% for each university and college.

Dr. Stinson directed the group to the portion of the handout that is a reconciliation of the Governor's Budget for Tennessee Tech. The estimated appropriations for Tennessee Tech for 2016-17 is \$42,692,700 from the October Revised Budget, noting there are adjustments, which are listed on the handout, to get to the Governor's Base Budget Appropriations for 2017-18 of \$42,456,600.

The Governor's Budget Cost Increase for 2017-18 shows a cost increase for Tennessee Tech of \$3,693,200, which is made up of the operating increase, a portion of the salary pool, year one of funding for a National Science Foundation matching grant, and adjustments for group health insurance.

Dr. Stinson discussed the impact on TTU's budget which is based on the worksheet provided at the last meeting. The discussion included the new formula funding for operating, the outcomes formula adjustment, the 3% salary pool, the anticipated 4%

maintenance fee increase, the impact of enrollment and the decline in eCampus revenues which leaves TTU with resources of \$2,321,136.

Dr. Stinson explained that the cost of a mandatory 3% salary adjustment is \$2,162,991; so the monies received from the state do not cover this amount; noting that it never has, it has always been a 60/40 split. Dr. Stinson pointed out the E & G Scholarship increases which are currently \$3,408,000; the New Academic Program costs of \$285,900, an estimated cost savings on eCampus of \$200,000, other expense commitments of \$228,277 and the mandated Reserve Contingency increase of \$46,423. Dr. Stinson indicated that TTU's expected outflow is \$5,931,591, and that TTU's expected inflow is \$2,321,136, which leaves TTU with a shortfall of -\$3.6 million. Dr. Stinson reminded the group that at the last meeting, the expected budget reduction was -\$2.6 million. She explained that the impact of the salary pool made a difference, and the University does not have flexibility at this point in time with the salary pool.

Dr. Stinson stated that the \$1 million additional deficit will not be split between instruction and non-instruction; it will be absorbed on the non-instruction side. Dr. Stinson added that she is looking at budget functional classifications for these additional reductions. Dr. Stinson added that to manage this reduction, there will be a reduction in force but at the same time salary increases, so this is going to be difficult.

Dr. Stinson pointed out that we also had previously expected \$700,000 that THEC had requested for our Carnegie Classification change that was not in the Governor's Budget; it had previously been listed as a resource coming in and also designated as a resource for Graduate programs.

Dr. Oldham commented that Dr. Stinson did a good job on reviewing all the moving parts of the budget. Dr. Oldham remarked that there is new revenue in the budget but there are also increased expenses which are challenging us. Dr. Oldham indicated that it is not certain at this point in time but it looks likely there will be some type of reduction in force on the non-instructional side and at the same time a 3% salary increase. Dr. Oldham added there are still ongoing conversations regarding the salary increase and the Carnegie Classification funding. Dr. Oldham pointed out that we did receive \$500,000, which is reoccurring for at least four years, for cyber security which helps TTU to keep that initiative moving forward. Dr. Oldham indicated he expected there would be reductions in force in the non-instructional areas, explaining in his conversations he has been led to believe that this reduction is manageable and will be accomplished in ways that are most strategic and have the least impact on people. Dr. Oldham stated that this information is the most recent and accurate that we have to provide at this point in time; it is a story that is still being written.

Dr. Oldham asked if anyone had questions. Discussions included the salary increase pool distribution and funding; the state budget process; THEC fee recommendations; THEC formula funding; scholarship awarding; enrollment impact; funding for student organizations; fee increases; reduction-in-force guidelines, restrictive admission

standards; average discount rate to undergraduates; endowed scholarships and interest rates; and deadlines for budget reductions and timelines.

Dr. Brian O'Connor brought forth an informational item from Faculty Senate discussions regarding the unfavorable 50/50 reduction split between instruction and non-instruction and concern about how the University came to this point.

Dr. Stinson spoke to what the University planned going forward to address our current scholarship issues. She indicated the University was looking at how scholarships are awarded; what controls are in place to make sure that the scholarship software that is being used does not exceed the budget that is in the Banner system; and, what type of plan is in place for scholarships. The Scholarship Committee will look at how we are awarding scholarships, how scholarships need to be redesigned, research how other universities are handling institutional based scholarships, and what type of limitations should be placed on scholarships, among other items.

Dr. Stinson indicated that the University has always, and will continue to, looked at the distribution between instructional and non-instructional expenses. Dr. Stinson added that there is a current perception on campus that non-instructional means activities that have no value to the students or to instruction. Non-instructional includes ITS and all the services provided to the students by ITS; the Library and all the services the Library adds to the students; Student Services; and all other support items. Dr. Stinson encouraged this group to help explain the non-instructional areas, the fact that this does not define administrative costs. Dr. Stinson further explained that the University is absolutely reviewing administrative costs.

Dr. Oldham addressed the scholarship issue indicating that it is important that everyone get a clear idea of what the University is doing. Dr. Oldham added that, without throwing anyone under the bus, it is clear that the University over awarded by too much this year; some is understandable because of the current competitive nature of recruiting. He further stated that it is also very clear that adequate controls were not in place. Dr. Oldham stated that controls will be in place going forward and that the University will also spend a lot of time evaluating how scholarships are distributed to maximize the strategic benefit to the institution.

Dr. Stinson thanked the group for their feedback via the Budget Submission forms website, indicating that she is using this information to help guide the additional \$1 million cuts. Dr. Stinson indicated that the link is still open if anyone would like to share additional ideas either anonymously or by including their name.

Dr. Stinson informed the group that the next scheduled meeting is on March 30<sup>th</sup> at 1:15 p.m. At that time, there will be additional information and it will be following the first Board meeting on March 23.

Karen Lykins offered to supply a set of talking points, intended not to control the message but to capture what was discussed, so that everyone is working from the same set of

facts. Karen asked if there was something listed in the talking points that does not ring true to what was heard today, to please let her know. The talking points will be distributed no later than tomorrow morning.

Dr. Stinson added that the group will be pulled back together with as much notice as possible.

The meeting adjourned at 2:32 p.m.

Handouts provided:

Handout A: Highlights of Governor's 2017-18 Budget

Handout B: Analysis of 2017-18 State Appropriations -- Governor's Budget

Budget Highlights

the Tennessee Arts Academy. A recurring appropriation of \$65,000 is recommended for the Holocaust Commission.

The total amount of new funding requested for K-12 education is \$249.2 million.

Higher Education

A general fund recurring recommendation of \$25 million funds increased operational costs in the University of Tennessee (\$7.3 million) and the Board of Regents (\$17.7 million). These funds may be used for salary increases as well as program improvements that assist the institutions in meeting outcomes such as student progression, degree production, research and service, efficiency metrics, and other outcome measures related to institutional mission. A 3.0 percent salary pool for higher education employees including formula units, non-formula units, and state administration personnel is funded with \$42 million.

A total of \$40 million recurring is recommended for capital maintenance projects at the University of Tennessee system, the Board of Regents system, and locally governed institutions.

Recurring funding of \$10 million is recommended for need-based financial aid to serve eligible students through the Tennessee Student Assistance Awards (TSAA) program. This program provides grants to financially needy undergraduate students who are residents of Tennessee and who are attending in-state institutions. The appropriation increase will fund an additional 5,500 students, bringing the total number of students with assistance to 54,300.

A 5.9 percent increase in group health insurance premiums effective January 1, 2017, is annualized with \$7.2 million. Six months of an anticipated 5.0 percent increase in group health insurance effective January 1, 2018 is funded with \$6.1 million

A non-recurring appropriation of \$800,000 is recommended to award competitive grants to colleges and universities that develop action plans for addressing lagging outcomes, goals for increasing these outcomes, and metrics of success.

A joint effort between the University of Tennessee Health Science Center and St. Jude's Children's Hospital to recruit pediatric physician scientists is funded with \$3 million non-recurring. This is the final year of a five-year commitment to this recruiting effort. A new data science PhD program at the Bredesen Center is funded with \$6 million non-recurring. Cyber security research at Tennessee Technological University is funded with \$500,000 non-recurring.

Various grant programs and initiatives for higher education students are funded with a total recommendation of \$5.7 million. This amount includes \$2.5 million non-recurring and three temporary positions for a College Advisor Corps that will provide one-on-one assistance for students completing college admission forms and financial aid applications; \$1 million non-recurring for competitive Veteran Reconnect grants that will be used to train faculty and staff who work with students who have served in the armed forces; \$800,000 non-recurring for

**Education**  
**Cost Increases for Fiscal Year 2017-2018**

|   | <u>State</u>                             | <u>Federal</u>      | <u>Other</u> | <u>Total</u> | <u>Positions</u>    |            |
|---|--|---------------------|--------------|--------------|---------------------|------------|
| <b>State University and Community College System</b>  |  |                     |              |              |                     |            |
| • <b>Tennessee Board of Regents System Formula Unit - Salary Pool</b>   |  |                     |              |              |                     |            |
| To provide recurring funds for a 3.0 percent salary pool for higher education employees effective July 1, 2017. |  |                     |              |              |                     |            |
| 332.70  | Austin Peay State University             | \$1,237,200         | \$0          | \$0          | \$1,237,200         | 02,656,400 |
| 332.72  | East Tennessee State University          | \$1,983,300         | \$0          | \$0          | \$1,983,300         | 03,001,100 |
| 332.74  | University of Memphis                    | \$3,509,700         | \$0          | \$0          | \$3,509,700         | 04,508,100 |
| 332.75  | Middle Tennessee State University        | \$3,007,800         | \$0          | \$0          | \$3,007,800         | 02,674,600 |
| 332.77  | Tennessee State University               | \$1,348,200         | \$0          | \$0          | \$1,348,200         | 0          |
| 332.78  | Tennessee Technological University       | <u>\$1,479,000</u>  | \$0          | \$0          | <u>\$1,479,000</u>  | 0          |
| 332.89  | Tennessee Community Colleges             | \$7,160,100         | \$0          | \$0          | \$7,160,100         | 0          |
| 332.98  | Tennessee Colleges of Applied Technology | \$1,549,500         | \$0          | \$0          | \$1,549,500         | 0          |
| <b>Sub-total</b>  |  | <b>\$21,274,800</b> | <b>\$0</b>   | <b>\$0</b>   | <b>\$21,274,800</b> | <b>0</b>   |

• **Tennessee Board of Regents System Formula Unit - Operating Increase**

To provide recurring funds associated with greater institutional productivity, such as increases in student progression, degree production, and other outcome measures related to the institutional mission for formula units.

|                  |  |                     |            |            |                     |                   |
|------------------|--|---------------------|------------|------------|---------------------|-------------------|
| 332.70           | Austin Peay State University             | \$1,099,200         | \$0        | \$0        | \$1,099,200         | 02,656,400        |
| 332.72           | East Tennessee State University          | \$1,481,800         | \$0        | \$0        | \$1,481,800         | 03,001,100        |
| 332.74           | University of Memphis                    | \$2,731,700         | \$0        | \$0        | \$2,731,700         | 04,508,100        |
| 332.75           | Middle Tennessee State University        | \$2,386,400         | \$0        | \$0        | \$2,386,400         | 02,674,600        |
| 332.77           | Tennessee State University               | \$897,000           | \$0        | \$0        | \$897,000           | 01,401,500        |
| 332.78           | Tennessee Technological University       | <u>\$1,140,400</u>  | \$0        | \$0        | <u>\$1,140,400</u>  | 01,975,000        |
| 332.89           | Tennessee Community Colleges             | \$6,285,800         | \$0        | \$0        | \$6,285,800         | 013,307,100       |
| 332.98           | Tennessee Colleges of Applied Technology | \$1,661,200         | \$0        | \$0        | \$1,661,200         | 04,247,100        |
| <b>Sub-total</b> |  | <b>\$17,683,500</b> | <b>\$0</b> | <b>\$0</b> | <b>\$17,683,500</b> | <b>03,395,900</b> |

UTK  
 UTC  
 UTM

5,281,500

1,249,900

785,100

7,316,500

9,862,700

3,100,600

1,263,800

14,230,100

**Education**  
**Cost Increases for Fiscal Year 2017-2018**

|   | <u>State</u>       | <u>Federal</u> | <u>Other</u> | <u>Total</u>       | <u>Positions</u> |
|---|--------------------|----------------|--------------|--------------------|------------------|
| <b>• National Science Foundation (Year One of Four)</b>   |                    |                |              |                    |                  |
| To provide non-recurring funds to Tennessee Technological University for cyber security research.   |                    |                |              |                    |                  |
| 332.78 Tennessee Technological University   | \$500,000          | \$0            | \$0          | \$500,000          | 0                |
| <b>Sub-total</b>  | <b>\$500,000</b>   | <b>\$0</b>     | <b>\$0</b>   | <b>\$500,000</b>   | <b>0</b>         |
| <b>• Group Health Insurance - Annualize January 1, 2017 Rate Increase</b>   |                    |                |              |                    |                  |
| To provide recurring funds for the state share of a 5.9 percent group health insurance premium increase for January 1, 2017. This is funded for six months in the recommended budget. This funding will be distributed to institutions later in the budget cycle. |                    |                |              |                    |                  |
| 332.60 Tennessee Board of Regents   | \$36,200           | \$0            | \$0          | \$36,200           | 0                |
| 332.65 ETSU College of Medicine   | \$97,600           | \$0            | \$0          | \$97,600           | 0                |
| 332.67 ETSU Family Practice   | \$17,600           | \$0            | \$0          | \$17,600           | 0                |
| 332.70 Austin Peay State University   | \$235,200          | \$0            | \$0          | \$235,200          | 0                |
| 332.72 East Tennessee State University  | \$467,700          | \$0            | \$0          | \$467,700          | 0                |
| 332.74 University of Memphis  | \$626,700          | \$0            | \$0          | \$626,700          | 0                |
| 332.75 Middle Tennessee State University  | \$600,800          | \$0            | \$0          | \$600,800          | 0                |
| 332.77 Tennessee State University   | \$276,100          | \$0            | \$0          | \$276,100          | 0                |
| 332.78 Tennessee Technological University   | \$310,500          | \$0            | \$0          | \$310,500          | 0                |
| 332.89 Tennessee Community Colleges   | \$1,296,900        | \$0            | \$0          | \$1,296,900        | 0                |
| 332.98 Tennessee Colleges of Applied Technology   | \$244,900          | \$0            | \$0          | \$244,900          | 0                |
| <b>Sub-total</b>  | <b>\$4,210,100</b> | <b>\$0</b>     | <b>\$0</b>   | <b>\$4,210,100</b> | <b>0</b>         |



**Education**  
**Cost Increases for Fiscal Year 2017-2018**

|   | State  | Federal            | Other      | Total      | Positions          |          |
|---|--|--------------------|------------|------------|--------------------|----------|
| <b>• Group Health Insurance - January 1, 2018 Rate Increase</b>   |  |                    |            |            |                    |          |
| To provide recurring funds for the state share of a 5.0 percent group health insurance premium increase for January 1, 2018. This is funded for six months in the recommended budget. This funding will be distributed to institutions later in the budget cycle. |  |                    |            |            |                    |          |
| 332.60  | Tennessee Board of Regents                               | \$30,800           | \$0        | \$0        | \$30,800           | 0        |
| 332.65  | ETSU College of Medicine                                 | \$82,500           | \$0        | \$0        | \$82,500           | 0        |
| 332.67  | ETSU Family Practice                                     | \$15,000           | \$0        | \$0        | \$15,000           | 0        |
| 332.70  | Austin Peay State University                             | \$199,500          | \$0        | \$0        | \$199,500          | 0        |
| 332.72  | East Tennessee State University                          | \$396,300          | \$0        | \$0        | \$396,300          | 0        |
| 332.74  | University of Memphis                                    | \$530,800          | \$0        | \$0        | \$530,800          | 0        |
| 332.75  | Middle Tennessee State University                        | \$509,200          | \$0        | \$0        | \$509,200          | 0        |
| 332.77  | Tennessee State University                               | \$234,200          | \$0        | \$0        | \$234,200          | 0        |
| 332.78  | Tennessee Technological University                       | \$263,300          | \$0        | \$0        | \$263,300          | 0        |
| 332.89  | Tennessee Community Colleges                             | \$1,099,600        | \$0        | \$0        | \$1,099,600        | 0        |
| 332.98  | Tennessee Colleges of Applied Technology                 | \$207,500          | \$0        | \$0        | \$207,500          | 0        |
| <b>Sub-total</b>  |  | <b>\$3,568,700</b> | <b>\$0</b> | <b>\$0</b> | <b>\$3,568,700</b> | <b>0</b> |
| <b>• Tennessee Board of Regents System Non-Formula Unit - Salary Pool</b>   |  |                    |            |            |                    |          |
| To provide recurring funds for a 3.0 percent salary pool for higher education employees effective July 1, 2017.   |  |                    |            |            |                    |          |
| 332.60  | Tennessee Board of Regents                               | \$436,200          | \$0        | \$0        | \$436,200          | 0        |
| 332.62  | TSU McMinnville Center                                   | \$11,100           | \$0        | \$0        | \$11,100           | 0        |
| 332.63  | TSU Institute of Agricultural and Environmental Research | \$53,400           | \$0        | \$0        | \$53,400           | 0        |
| 332.64  | TSU Cooperative Education                                | \$109,500          | \$0        | \$0        | \$109,500          | 0        |
| 332.65  | ETSU College of Medicine                                 | \$1,374,300        | \$0        | \$0        | \$1,374,300        | 0        |
| 332.67  | ETSU Family Practice                                     | \$366,600          | \$0        | \$0        | \$366,600          | 0        |
| 332.68  | TSU McIntire-Stennis Forestry Research                   | \$3,900            | \$0        | \$0        | \$3,900            | 0        |
| <b>Sub-total</b>  |  | <b>\$2,355,000</b> | <b>\$0</b> | <b>\$0</b> | <b>\$2,355,000</b> | <b>0</b> |

|                          | <u>Actual<br/>2015-2016</u> | <u>Estimated<br/>2016-2017</u> | <u>Base<br/>2017-2018</u> | <u>Cost Increase<br/>2017-2018</u> | <u>Recommended<br/>2017-2018</u> |
|--------------------------|-----------------------------|--------------------------------|---------------------------|------------------------------------|----------------------------------|
| Full-Time Administrative | 58                          | 60                             | 60                        | 0                                  | 60                               |
| Professional             | 613                         | 636                            | 636                       | 0                                  | 636                              |
| Faculty                  | 1,011                       | 1,015                          | 1,015                     | 0                                  | 1,015                            |
| Clerical/Support         | 501                         | 498                            | 498                       | 0                                  | 498                              |
| <b>Total</b>             | <b>2,183</b>                | <b>2,209</b>                   | <b>2,209</b>              | <b>0</b>                           | <b>2,209</b>                     |
| Headcount                | 22,512                      | 22,047                         | 22,047                    | 0                                  | 22,047                           |
| State                    | 88,020,200                  | 90,791,800                     | 88,845,900                | 6,504,200                          | 95,350,100                       |
| Federal                  | 801,800                     | 950,000                        | 950,000                   | 0                                  | 950,000                          |
| Other                    | 52,108,700                  | 51,131,900                     | 51,131,900                | 0                                  | 51,131,900                       |
| Tuition/Fees             | 186,220,700                 | 189,272,100                    | 189,272,100               | 0                                  | 189,272,100                      |
| <b>Total</b>             | <b>\$325,151,400</b>        | <b>\$332,145,800</b>           | <b>\$330,199,900</b>      | <b>\$6,504,200</b>                 | <b>\$336,704,100</b>             |

### 332.77 Tennessee State University

Tennessee State University is a comprehensive, land-grant university located in Nashville. TSU offers numerous bachelor and master degrees and offers doctoral programs in biological sciences, psychology, public administration, physical therapy, computer information systems, educational administration and supervision, and curriculum and instruction. TSU's two centers of excellence are learning sciences and information systems.

|                          |                      |                      |                      |                    |                      |
|--------------------------|----------------------|----------------------|----------------------|--------------------|----------------------|
| Full-Time Administrative | 60                   | 61                   | 61                   | 0                  | 61                   |
| Professional             | 295                  | 313                  | 313                  | 0                  | 313                  |
| Faculty                  | 414                  | 431                  | 431                  | 0                  | 431                  |
| Clerical/Support         | 299                  | 295                  | 295                  | 0                  | 295                  |
| <b>Total</b>             | <b>1,068</b>         | <b>1,100</b>         | <b>1,100</b>         | <b>0</b>           | <b>1,100</b>         |
| Headcount                | 9,169                | 8,754                | 8,754                | 0                  | 8,754                |
| State                    | 32,954,100           | 34,773,400           | 33,397,000           | 2,755,500          | 36,162,500           |
| Federal                  | 2,646,000            | 2,500,000            | 2,500,000            | 0                  | 2,500,000            |
| Other                    | 29,286,800           | 30,926,400           | 30,926,400           | 0                  | 30,926,400           |
| Tuition/Fees             | 88,503,400           | 87,424,000           | 87,424,000           | 0                  | 87,424,000           |
| <b>Total</b>             | <b>\$153,390,300</b> | <b>\$155,623,800</b> | <b>\$154,247,400</b> | <b>\$2,755,500</b> | <b>\$157,002,900</b> |

### 332.78 Tennessee Technological University

Tennessee Technological University is a comprehensive university located in Cookeville. While the university's strength is in technology and engineering, other academic divisions include agriculture and human sciences, arts and sciences, business, education, interdisciplinary studies, and graduate studies. The university's three centers of excellence are energy systems research, manufacturing, and water resources.

|                          |              |              |              |          |              |
|--------------------------|--------------|--------------|--------------|----------|--------------|
| Full-Time Administrative | 37           | 37           | 37           | 0        | 37           |
| Professional             | 348          | 328          | 328          | 0        | 328          |
| Faculty                  | 448          | 447          | 447          | 0        | 447          |
| Clerical/Support         | 334          | 338          | 338          | 0        | 338          |
| <b>Total</b>             | <b>1,167</b> | <b>1,150</b> | <b>1,150</b> | <b>0</b> | <b>1,150</b> |
| Headcount                | 10,922       | 10,520       | 10,520       | 0        | 10,520       |

|              | <u>Actual<br/>2015-2016</u> | <u>Estimated<br/>2016-2017</u> | <u>Base<br/>2017-2018</u> | <u>Cost Increase<br/>2017-2018</u> | <u>Recommended<br/>2017-2018</u> |
|--------------|-----------------------------|--------------------------------|---------------------------|------------------------------------|----------------------------------|
| State        | 39,386,900                  | 42,692,700                     | 42,456,600                | 3,693,200                          | 46,149,800                       |
| Federal      | 913,100                     | 869,700                        | 869,700                   | 0                                  | 869,700                          |
| Other        | 28,130,800                  | 26,408,800                     | 26,408,800                | 0                                  | 26,408,800                       |
| Tuition/Fees | 100,040,800                 | 98,372,400                     | 98,372,400                | 0                                  | 98,372,400                       |
| <b>Total</b> | <b>\$168,471,600</b>        | <b>\$168,343,600</b>           | <b>\$168,107,500</b>      | <b>\$3,693,200</b>                 | <b>\$171,800,700</b>             |

### Community Colleges

The state's community colleges provide two-year academic instruction in a wide variety of programs that prepare students for transfer to four-year institutions as well as for direct entry into the workforce. The community colleges combine both technical training and academic instruction on the same campus.

#### 332.89 Tennessee Community Colleges

The Complete College Act of 2010 stated that, beginning in fiscal year 2012-2013, funding recommendations for community colleges be limited to only aggregate funding by the Tennessee Higher Education Commission. Funding levels for individual community colleges are determined by the Tennessee Board of Regents.

|                          |                      |                      |                      |                     |                      |
|--------------------------|----------------------|----------------------|----------------------|---------------------|----------------------|
| Full-Time Administrative | 198                  | 192                  | 192                  | 0                   | 192                  |
| Professional             | 1,133                | 1,194                | 1,194                | 0                   | 1,194                |
| Faculty                  | 1,895                | 1,940                | 1,940                | 0                   | 1,940                |
| Clerical/Support         | 1,656                | 1,650                | 1,650                | 0                   | 1,650                |
| <b>Total</b>             | <b>4,880</b>         | <b>4,976</b>         | <b>4,976</b>         | <b>0</b>            | <b>4,976</b>         |
| Headcount                | 86,740               | 84,773               | 84,773               | 0                   | 84,773               |
| State                    | 218,956,400          | 232,964,500          | 234,021,900          | 15,842,400          | 249,864,300          |
| Federal                  | 1,374,100            | 1,235,500            | 1,235,500            | 0                   | 1,235,500            |
| Other                    | 14,648,000           | 14,202,100           | 14,202,100           | 0                   | 14,202,100           |
| Tuition/Fees             | 288,754,400          | 294,190,900          | 294,190,900          | 0                   | 294,190,900          |
| <b>Total</b>             | <b>\$623,731,900</b> | <b>\$542,593,000</b> | <b>\$543,650,400</b> | <b>\$15,842,400</b> | <b>\$559,492,800</b> |

### Tennessee Colleges of Applied Technology

The state's 27 colleges of applied technology provide occupational training tailored to the specific needs of businesses and industries in the geographic regions they serve. Each school is associated with a two-year institution, allowing students greater flexibility in their educational choices. Students earn certificates for completion of incremental specialties within an occupational job title and diplomas for completion of occupational programs.

#### 332.98 Tennessee Colleges of Applied Technology

This program provides funds for the staffing and operational costs of the colleges that provide post-secondary vocational education, as described above.

|                          |            |            |            |          |            |
|--------------------------|------------|------------|------------|----------|------------|
| Full-Time Administrative | 49         | 53         | 53         | 0        | 53         |
| Professional             | 99         | 103        | 103        | 0        | 103        |
| Faculty                  | 539        | 557        | 557        | 0        | 557        |
| Clerical/Support         | 202        | 217        | 217        | 0        | 217        |
| <b>Total</b>             | <b>889</b> | <b>930</b> | <b>930</b> | <b>0</b> | <b>930</b> |
| Headcount                | 13,739     | 12,635     | 12,635     | 0        | 12,635     |

Analysis of 2017-18 State Appropriations - Governor's Budget

**Operating Costs Increase (Funding Formula)**

|                          |                      |
|--------------------------|----------------------|
| Governor's Budget        | <u>\$ 25,000,000</u> |
| Distribution:            |                      |
| TBR & State Universities | \$ 17,683,000        |
| UT System Universities   | <u>\$ 7,316,500</u>  |
|                          | <u>\$ 24,999,500</u> |

**Salary Pool 3%**

|  |                      |
|--|----------------------|
| Governor's Budget                          | <u>\$ 42,000,000</u> |
| Distribution:                              |                      |
| TBR & SU Formula Units                     | \$ 21,274,800        |
| TBR Non-formula units                      | \$ 2,355,000         |
| UT Formula units                           | \$ 8,828,700         |
| UT Nonformula units                        | \$ 9,096,900         |
| THEC/TSAC (includes Centers Excell & Emph) | <u>\$ 487,500</u>    |
|  | <u>\$ 42,042,900</u> |

**Reconciliation of Governor's Budget to THEC Recommendation on Outcomes Formula:**

|      | <u>THEC Recommend</u> | <u>Governor's Budget</u> | <u>Percentage</u> |
|------|-----------------------|--------------------------|-------------------|
|      | <u>New Funding</u>    | <u>Recommendation</u>    | <u>Funded</u>     |
| APSU | \$ 2,110,500          | \$ 1,099,200             | 52.08%            |
| ETSU | \$ 2,845,100          | \$ 1,481,800             | 52.08%            |
| MTSU | \$ 4,581,900          | \$ 2,386,400             | 52.08%            |
| TSU  | \$ 1,722,400          | \$ 897,000               | 52.08%            |
| TTU  | \$ 2,189,500          | \$ 1,140,400             | 52.08%            |
| UM   | \$ 5,244,900          | \$ 2,731,700             | 52.08%            |
| CC   | \$ 12,068,500         | \$ 6,285,800             | 52.08%            |
| TCAT | \$ 3,189,500          | \$ 1,661,200             | 52.08%            |
| UTK  | \$ 10,140,500         | \$ 5,281,500             | 52.08%            |
| UTC  | \$ 2,399,900          | \$ 1,249,900             | 52.08%            |
| UTM  | \$ 1,507,300          | \$ 785,100               | 52.09%            |
|      | <u>\$ 48,000,000</u>  | <u>\$ 25,000,000</u>     | 52.08%            |

**Reconciliation of Governor's Budget Base Appropriations to 2016-17 State Appropriations**

|  |                      |
|--|----------------------|
| Governor's Budget Estimated Appropriations 2016-2017 | \$ 42,692,700        |
| Outcomes Formula Adjustment                          | \$ (214,500)         |
| Remove non-recurring claims adjustment               | <u>\$ (21,600)</u>   |
| Governor's Budget Base Appropriations 2017-2018      | <u>\$ 42,456,600</u> |
| October Budget 2016-17 State Approp                  | \$ 42,597,700        |
| January 17 Ins Adjustment                            | \$ 63,200            |
| TCRS Adjustment                                      | \$ (2,900)           |
| Recurring Claims Adj                                 | \$ 27,000            |
| Non-recurring Claims Adj.                            | \$ 21,600            |
| Recurring Property Ins. Premium Adju                 | <u>\$ (13,900)</u>   |
| October Budget Adjusted State Appropriations         | \$ 42,692,700        |
| Outcomes Formula Adjustment                          | \$ (214,500)         |
| Remove non-recurring claims adjustment               | <u>\$ (21,600)</u>   |
| Reconciled to Governor's Base Budget 2017-18         | <u>\$ 42,456,600</u> |

|   |                       |
|---|-----------------------|
| Governor's Budget Cost Increase 2017-18                             | \$ 3,693,200          |
| Operating Increase  | \$ 1,140,400          |
| Salary Pool 3%  | \$ 1,479,000          |
| National Science Fdn (Year One of Four)                             | \$ 500,000            |
| Group Health Insurance - annualize Jan. 1, 2017 Rate                | \$ 310,500            |
| Group Health Insurance - Jan. 1, 2018 Rate increase                 | \$ 263,300            |
|   | <u>\$ 3,693,200</u>   |
| <b>Impact on TTU Budget</b>   |                       |
| New Formula Funds -Operating  | \$ 1,140,400          |
| Outcomes Formula Adjustment   | \$ (214,500)          |
| Salary Pool 3%  | \$ 1,479,000          |
| 4% maintenance fee increase   | \$ 2,972,980          |
| Impact of Enrollment (200 FTE UG in-state & 42 FTE UG out of State) | \$ (2,370,744)        |
| Decline in eCampus revenues   | \$ (686,000)          |
|   | <u>\$ 2,321,136</u>   |
| Cost of 3% salary adjustment  | \$ (2,162,991)        |
| E&G Scholarship Increase  | \$ (3,408,000)        |
| New Academic Program Expenditures & Start Up Costs                  | \$ (285,900)          |
| Cost savings on eCampus   | \$ 200,000            |
| Other expense commitments   | \$ (228,277)          |
| Reserve Contingency Increase (must be 2-5%)                         | \$ (46,423)           |
|   | <u>\$ (5,931,591)</u> |
| Available for Distribution  | \$ (3,610,455)        |