Budget Advisory Committee
October 8, 2020 3:00 p.m.
Via Zoom

Members Present:

Phil Oldham	Claire Stinson
Tom Payne	Lisa Zagumny
Rob Owens	Kevin Braswell
Brandon Johnson	Jennifer Taylor
Yvette Clark	Deanna Metts
Karen Lykins	Chuck Roberts
Joseph Slater	Paul Semmes
Holly Stretz	Sandi Smith-Andrews
David Larimore	Jeff Roberts
Lee Wray	Aaron Lay
Emily Wheeler	Katherine Friedrich
Terri McWilliams	Emalee Hamblen

Members Absent:
Lori Bruce
Mark Wilson
Alice Camuti
Leslie Hardin

Invited Guests:
Dewayne Wright

Others:
Mark Stephens
Carol Holley
John Smith
Lisa Russell

Dr. Claire Stinson called the meeting to order at 3:03 p.m., thanked everyone for their attendance. The agenda and minutes of the April 23, 2020 meeting were distributed previously via email to committee members.

Approval of Agenda: Dr. Stinson asked for a motion for the approval of the agenda. Holly Stretz moved to approve the agenda, Lisa Zagumny seconded, there was no discussion and the agenda was approved unanimously.

Approval of Minutes: Dr. Stinson asked for a motion to approve the minutes for April 23, 2020. Lisa Zagumny moved to approve the minutes and Sandi Smith-Andrews

seconded. Dr. Stinson asked for discussion. There was no discussion and the minutes were approved unanimously.

Remarks by President Oldham:

Dr. Oldham thanked everyone for their attendance. He advised the university was currently in a better place than anticipated and better than some of our sister institutions. However, there was still a lot to potentially protect ourselves against. Dr. Oldham stated we will continue to approach our financial situation with a lot of prudence. He advised that he had collaborated with Dr. Stinson on how to get the broader campus more involved in constructive ways to have input into the budget. Budget cycles are year-round and rigorous and require year-round attention and effort to be able to move it into any direction. There are three budgets submitted to the state each year and timeline and requirements are very specific and fairly restrictive. He advised Dr. Stinson will provide more details during the meeting and he would appreciate review, feedback and suggestions.

Budget Advisory Committee Restructure:

Dr. Stinson presented Handout A: Budget Advisory Restructure. She stated this committee was very large and the very nature of that can make it difficult to have in-depth conversations. Due to the nature of budget cycles and decisions that need to be made this committee will begin to meet quarterly, or more often if necessary. The budget advisory committee role will be to think strategically, look at budget from a university-wide perspective, think long-term rather than short-term and have an in-depth understanding of the University budget. The plan is to break this committee into sub-committees which would then bring ideas back to the larger Budget Advisory Committee. The sub-committees would meet at least monthly for the near future while they get an understanding of issues. The purpose of the sub-committees would address issues identified for each group, identify potential funding sources for each issue and report progress to BAC. This structure will better link the budget to our strategic plan. The subcommittees will be Emerging Opportunities and Threats, Effectiveness & Efficiency, Five-Year Strategic Budget Planning and Facilities & Infrastructure. The Emerging Opportunities and Threats sub-committee will be looking at whether we are prepared to deal with threats and take advantage of emerging opportunities. The Effectiveness and Efficiency will look at how to deal with processes that are not working well, appropriate ROI for the amount of investment into new programs, new activities and existing programs and support services. The Five-Year Strategic Budget Planning Committee will develop a plan that keeps the university in good financial position while allowing to have resources to cover known cost increases and have sufficient resources to invest in new opportunities. This committee has already been in place at the request of the Board of Trustees. The final sub-committee will be Facilities and Infrastructure. They will look at funding the back log of maintenance on buildings, how to make sure investing an appropriate level of resources to properly maintain new and renovated buildings, technology resources and keeping those up to date and how to make sure the campus is

a safe secure environment. Examples were provided for each sub-committee on the handout as well as member listing recommendations. Dr. Stinson stated she had not spoken to the strategic planning individuals about serving on the sub-committees as she wanted the Budget Advisory Committee members input on this structure first. Dr. Stinson also suggested having some informational sessions for the campus and the Budget Advisory Committee can provide a forum. Dr. Stretz asked how the overall coordination of the sub-committees would be structured. Dr. Stinson advised the Budget Advisory Committee would meet more often and these sub-committees would report back to the main Budget Advisory Committee any suggestions and findings then the whole committee would decide how to proceed. Several Committee members expressed their satisfaction of this new structure. Dr. Stinson added that the members of the Budget Advisory are appointed by position and are continuous. Currently the Faculty Senate President and Past Faculty Senate President serve on the committee. At the suggestion of the President the incoming Faculty Senate President will now serve on the committee as well, which will allow that individual to be on the committee for three years and really learn how the budget process works. Dr. Stinson advised that she will schedule a meeting with each sub-committee to decide on who will be chairs.

Financial Overview:

Dr. Stinson advised we were in the process of developing the October budget. She gave an update on what the State and THEC were considering. The States revenues were higher than anticipated. The State has decided they are not going to make any adjustments to the budget approved in June. Which means even though the revenues were better higher education would not be receiving any additional resources. It also means that any mid-year budget reductions are highly unlikely. In regards to the state budget, all state agencies had to make plans to hold back 12% of their budget, which is still in place, but this has not been extended to higher education. The university lost any new budget dollars, but in return we avoided being hit by the 12% reduction which would have been about a $15,000,000 cut. Dr. Stretz asked if the Centers had a 12% hold back. Dr. Stinson advised not that she was aware of this 12% hold back, but Centers had a 2% cut.

Enrollments were better than anticipated in the budget. The information recently presented by Dr. Stinson to the Board were budget numbers, which varied some from Dr. Johnson's numbers. Dr. Johnson looked at Fall 2019 compared to Fall 2020 Dr. Stinson looked at what was budgeted for the proposed budget. Revenue increased by $1,600,000 by fall enrollments after confirmed numbers came through. Of this, $1,300,000 was a result of the flat rate tuition model. The estimate of new freshman for the budget was about 115 headcounts less than what was projected for the proposed budget. Headcount of 1698 and 1695 FTE indicated that new freshman coming in were registered for 15 hours.

Dr. Stinson presented Handout B: Priority for Resources when they Become Available. When working through the $7,000,000 reduction $3,000,000 was identified as shorter-

term reductions. These items could be reduced for one or two years depending how state resources and effects from pandemic. The Five-Year Committee worked on the plan for reductions and identified broad categories such as vacant positions that could be frozen or eliminated. Dr. Stinson and Dr. Oldham met with each Vice President and discussed the potential reductions identified for their areas. The units had the flexibility of making changes, which most areas did. Athletics had already taken a sizable budget cuts separate from the $7,000,000. Presidential Emeritus pays falls under temporary employment and must be funded. The review of programs and activities included student salaries, adjunct faculty, extra pay and administrative staff teaching 1020 courses. This resulted in the actual freezing of temporary employment being less than projected. The overall reduction was $6,400,000. Positions initially frozen were vacant at the time expenditures were being balanced against resources. A frozen position goes into holding and as other positions become vacant it can be decided which position is more important to fill. Two items have come forward since April that must be funded: Title IX Hearing Officers and Health Services nurse. Title IX had new federal regulations issued in May and requires hearing officers for any Title IX complaint. The cost can not be avoided as we must comply to receive any federal resources, including student financial aid. The estimated cost is $30,000. The second item was for Health Services additional position for nursing for tracking, includes salary and benefits for the one-year position.

There were carryforwards that will get re-budgeted in October budget. These were typical items such as faculty research, indirect cost accounts, research match, student activity fees, TAF, SACF, purchase order encumbrances, on-line fee and engineering special appropriations. Total amount of carryforwards $11,747,470.

Other items to be funded in the October budget that are one-time costs include: reduction in force buyouts, increase in compensated absence liability, increase in pension liability, decrease in OPEB liability and summer school net revenues for a total amount of $1,742,334.

Dr. Stinson wanted to make the committee aware of a concern with athletics and would like any recommendations. Dr. Stinson presented Handout C: July Budget 2020-21 Athletics Revenue. Dr. Stinson pointed out revenue items: ticket sales of $271,890 (excluding students), game guarantees $595,000, conference income $150,000, NCAA proceeds $697,000 and concessions $50,000. The teams are not currently able to play so these revenues are not coming in, hopeful this will be a one-year problem. Dr. Stinson asked for any suggestions on how to handle this from the committee. Dr. Stinson stated athletics has already taken $1,000,000 in budget cuts. Dr. Braswell stated he was not sure what roll the Foundation could do in this situation, but in the best interest of the university it would be worth a conversation with the Foundation Executive Committee to see if anything could be done. Dr. Roberts added that while he may not have answers he knows that sports can not be cut because of division minimum.

Dr. Stretz asked how much was in October budget that was not planned on having. Dr. Stinson advised $1,600,000. Dr. Oldham wanted feedback on the possibility of

entertaining a year-end bonus for faculty and staff. Assuming that something could be done that was significant enough to be meaningful, but at the same time that can be afforded. Dr. Stretz stated it was highly appropriate. Dr. Smith-Andrews asked that it would be a flat rate versus percentage based. Dr. Oldham stated it would be flat amount for everyone.

Adjournment: The meeting adjourned at 4:46 p.m.

Handouts provided: A: Budget Advisory Committee Restructure
B: Priority for Resources When They Become Available
C: July Budget 2020-21 Athletics Revenue

Budget Advisory Committee Restructure

October 7, 2020

Budget Advisory Committee – Meet either every other month or quarterly

- Strategic thinking
- University-wide perspective
- Long-term rather than short-term view
- In-depth understanding of the University budget

Sub-committees – meet at least monthly

- Address issues identified for each group
- Identify potential funding sources for each issue
- Regular reports to the BAC on progress

Emerging Opportunities and Threats – Are we prepared to take advantage of emerging opportunities? Are we prepared to deal with threats to our traditional model of operations?

- Enrollments
    - Traditional age student cliff
    - International students
    - On-line courses/programs
    - Impact of pandemic
    - Impact of flat-rate tuition model
        - Earlier graduation
        - Summer school
    - Domestic out-of-state students
    - Scholarships
    - Adult students
- Research
    - Infrastructure to support increased research
- Other operational infrastructure

Effectiveness & Efficiency – How do we deal with those things we are doing that are not necessarily bad, but just are not working well? Are we getting an appropriate ROI for the amount of investment we have made into new programs, new activities, and existing programs and support services?

- Academic programs
- Administrative functions
- What is our ROI?

5-Year Strategic Budget Planning Committee – Develop a 5-year budget plan that keeps the University in good financial position while allowing us to have resources to cover known cost increases and have sufficient resources to investment in new opportunities.

- Budget model update/redesign

- Summer school impact on budget model
- Update 5 -year budget projections

Facilities and Infrastructure – How do we fund our backlog of maintenance on buildings? How do we make sure we are investing an appropriate level of resources to properly maintain new and renovated buildings and other renovated spaces? How do we keep our technology resources up -to-date? How do we make sure our campus is a safe, secure environment? How do we create and maintain a beautiful campus?

- Review and develop recommendations for improving and maintaining classrooms, labs, library, student spaces, athletic facilities, auditoriums and office spaces
- Major building maintenance including complete building renovations
    - State maintenance dollars
    - University dollars
- Review and develop recommendations to improve and maintain infrastructure
    - IT
        - Regular schedule to replace office hardware. How do we make this happen?
        - Regular review of software. Are our systems meeting our needs? Are there better systems out there?
        - Replacement or new contract for ERP system (Banner) – current contract expires 12/31/2021
    - Card operated doors – do we plan to expand this? Outside doors, inside doors, selected inside doors, e.g. labs?
    - Safety and security
        - Emergency alarms – costs to maintain, costs to expand
        - Lighting – outside, inside
    - Electrical service
        - Efficiency
        - Outages
    - Roads and sidewalks – maintain and improve
    - Grounds
        - Signage
        - Beautification
        - Maintenance
    - Other infrastructure issues

Emerging Opportunities and Threats

1. Tom Payne – **Strategic Planning**
2. Brandon Johnson
3. Kevin Braswell
4. Alice Camuti
5. Jeanette Wolak
6. Jennifer Taylor
7. Jeff Roberts
8. Emily Wheeler
9. Bedelia Russell – **Strategic Planning**
10. Dewayne Wright – **Strategic Planning**

Effectiveness & Efficiency

1. Lori Bruce
2. Karen Lykins
3. Sandi Smith-Andrews
4. Lee Wray
5. Robert Owens
6. Deanna Metts
7. Lisa Zagumny - **Strategic Planning**
8. Leslie Hardin
9. Katherine Friedrich
10. Jennifer Taylor
11. Terri McWilliams
12. Ed Lisic **– Strategic Planning**
13. Dewayne Wright – **Strategic Planning**

5-Year Strategic Budget Planning Committee

1. Paul Semmes – Arts & Science
2. David Larimore – Education
3. Steve Isbell - Business
4. Alfred Kalyanapu – Engineering
5. Claire Stinson
6. Lori Bruce
7. Brandon Johnson
8. Terri McWilliams
9. Ann Davis **– Strategic Planning**
10. Dewayne Wright – **Strategic Planning**

Facilities and Infrastructure

1. Chuck Roberts
2. Joseph Slater
3. Holly Stretz
4. Yvette Clark
5. Mark Wilson
6. Jennifer Taylor
7. Aaron Lay – SGA President
8. Emalee Hamblen

9. Jason Beach – **Strategic Planning**
10. Dewayne Wright – **Strategic Planning**

Priority for Resources When They Become Available

Shorter Term Reductions

Categories	June Board Meeting Presentation	Actual Results	Difference
Freeze of vacant positions*	$ 399,149	$ 679,819	$ (280,670)
Freeze of temporary employment	$ 1,500,000	$ 376,078	$ 1,123,922
Reduction in fringe benefits	$ 158,762	$ -	$ 158,762
Review of programs and activities	$ 100,000	$ 100,000	$ -
Reduction in operating and travel budget	$ 921,763	$ 784,176	$ 137,587
	$ 3,079,674	$ 1,940,073	$ 1,139,601

*Positions initially frozen

Student Affairs Admin	VP for Student Affairs	$ 167,000
Office of Senior Assoc Provost	Academic Support Assoc 3	$ 27,296
Office of Provost	Financial Analyst 2	$ 62,940
Academic Affairs - Other Faculty Instruction	Assistant Professor	$ 63,301
Arts & Sciences - Biology	Professor	$ 87,728
Arts & Sciences - Mathematics	Chairperson	$ 90,722
IDS - Commuications	Professor	$ 77,950
Business Office	Admin Assoc 2	$ 22,882
Ag & HEC - School of Ag	Assistant Professor	$ 80,000
		$ 679,819

Other October Budget Items

New expenses that must be addressed:

Title IX Hearing Officers	$ 30,000	Required by new Title IX regs effective 8/14/2020
Health Services - Nurse for tracking	$ 79,520	Temporary benefited position for one year only
	$ 109,520	

Carryforwards to be re-budgeted in October

Accounts with automatic carryforward	$	492,167
Departmental requests	$	654,421
Faculty Research	$	68,601
Indirect cost accounts	$	991,500
Research Match	$	114,485
Student Activity Fees	$	1,322,338
TAF	$	604,148
Engineering special appropr	$	2,909,816
SACF	$	1,900,619
Purchase Order Encumbrances	$	1,607,043
On-line fee	$	1,020,664
Nursing other fee	$	61,668
	$	11,747,470

Other items to be funded in October budget

Reduction in force buyouts	$	106,685
Increase in compensated absence liab	$	503,645
Increase in pension liability	$	1,468,484
Decrease in OPEB liability	$	(1,148,513)
Summer school net revenues	$	812,033
	$	1,742,334

TENNESSEE TECH UNIVERSITY

THE STATE UNIVERSITY AND COMMUNITY COLLEGE SYSTEM OF TENNESSEE

JULY BUDGET 2020-21

FINANCING OF INTERCOLLEGIATE ATHLETICS: REVENUE

		Actual 2018-19			Estimated 2019-20			Proposed 2020-21		
		Unrestricted	Restricted	Total	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
1	Student Athletic Fee	4,758,702.07		4,758,702.07	4,735,500.00		4,735,500.00	4,603,000.00		4,603,000.00
2	General Fund Support	5,684,947.75		5,684,947.75	6,824,169.00		6,824,169.00	5,794,270.00		5,794,270.00
3	Ticket sales	287,969.00		287,969.00	296,756.00		296,756.00	271,890.00		271,890.00
4	Game guarantees	699,830.00		699,830.00	575,500.00		575,500.00	595,000.00		595,000.00
5	Conference Income	134,864.81		134,864.81	148,919.00		148,919.00	150,000.00		150,000.00
6	Conference tournament			-			-			-
7	NCAA proceeds	377,344.19	297,031.00	674,375.19	325,761.00	297,000.00	622,761.00	400,000.00	297,000.00	697,000.00
8	Program/ad sales			-			-			-
9	Concessions	29,229.99		29,229.99	51,540.00		51,540.00	50,000.00		50,000.00
10	TV Income and Radio			-			-			-
11	Gifts		593,629.98	593,629.98		169,395.58	169,395.58		169,395.58	169,395.58
12	Interest income			-			-			-
13	Athletic marketing/advertising	18,636.28		18,636.28	19,261.00		19,261.00	10,000.00		10,000.00
14	Parking permits			-			-			-
15	Licensing fees	55,843.94		55,843.94	36,715.00		36,715.00	30,000.00		30,000.00
16	Other			-			-			-
17	Student Therapy Center	28,960.57		28,960.57	25,005.00		25,005.00	55,000.00		55,000.00
18	Bookstore Comission	1,775.54		1,775.54	2,080.00		2,080.00	2,000.00		2,000.00
19	Dining Services Guarantee	22,000.00		22,000.00			-			-
20	Salvage Income	3,373.00		3,373.00	-		-	-		-
				-			-			-
				-			-			-
	TOTAL REVENUE	12,103,477.14	890,660.98	12,994,138.12	13,041,206.00	466,395.58	13,507,601.58	11,961,160.00	466,395.58	12,427,555.58

TENNESSEE TECH UNIVERSITY

THE STATE UNIVERSITY AND COMMUNITY COLLEGE SYSTEM OF TENNESSEE

JULY BUDGET 2020-21

FINANCING OF INTERCOLLEGIATE ATHLETICS: EXPENDITURES

		Actual 2019-20			Estimated 2019-20			Proposed 2020-21		
		Unrestricted	Restricted	Total	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
1	Salaries - administrative	1,399,603.00	5,000.00	1,404,603.00	1,400,612.00	26,914.38	1,427,526.38	1,404,348.00	26,914.38	1,431,262.38
2	Salaries - coaches	1,950,405.66	43,131.92	1,993,537.58	2,013,841.00	-	2,013,841.00	2,086,904.00	-	2,086,904.00
3	Salaries - support staff	228,531.49	60,293.49	288,824.98	236,881.00	70,055.40	306,936.40	203,917.00	70,055.40	273,972.40
4	Employee benefits	1,292,305.79	28,387.68	1,320,693.47	1,361,443.00	21,088.14	1,382,531.14	1,350,473.00	21,088.14	1,371,561.14
5	Team travel	954,336.81	138,757.03	1,093,093.84	991,346.00	10,191.90	1,001,537.90	720,131.00	10,191.90	730,322.90
6	Other Travel	8,800.42	54,062.24	62,862.66	23,615.00	55,552.00	79,167.00	24,930.00	55,552.00	80,482.00
7	Scholarships	4,828,964.58	134,461.83	4,963,426.41	5,190,822.00	55,552.00	5,246,374.00	5,217,395.00	55,552.00	5,272,947.00
8	Post-season expense	-		-	47,026.51		47,026.51	-		-
9	Other operating	1,349,755.43	426,566.79	1,776,322.22	1,651,114.49	227,041.76	1,878,156.25	953,062.00	227,041.76	1,180,103.76
10	Capital outlay	90,773.96		90,773.96	124,505.00		124,505.00	-		-
	Total Expense	12,103,477.14	890,660.98	12,994,138.12	13,041,206.00	466,395.58	13,507,601.58	11,961,160.00	466,395.58	12,427,555.58
11	Encumbrances									
12	Prior year (negative amount)			-			-			-
13	Current year			-			-			-
14	Transfers			-			-			-
	Total expenditures, encumbrances & transfers	12,103,477.14	890,660.98	12,994,138.12	13,041,206.00	466,395.58	13,507,601.58	11,961,160.00	466,395.58	12,427,555.58