

Budget Advisory Committee
December 10, 2021 1:30 p.m.
Via TEAMS

Members Present:

Claire Stinson	Jeff Roberts (Interim Dean)
Phil Oldham	Jeanette Luna
Lori Bruce	Holly Stretz
Tom Payne	Sandi Smith-Andrews
Lisa Zagumny	Troy Smith
Cynthia Polk-Johnson	Lee Wray
Kevin Braswell	Aaron Lay
Brandon Johnson	Kevin Vedder
Jennifer Taylor	Emily Wheeler
Matt Smith (Interim ITS Director)	Sharon Huo (Interim IR Director)
Deanna Metts	Terri McWilliams
Karen Lykins	Emalee Hamblen
Chuck Roberts	Lauren Hall
Alice Camuti	Mark Wilson
Joseph Slater	

Members Absent:

Lori Maxwell

Others:

Dewayne Wright	Bobbie Maynard
Carol Holley	Allan Mills
Gail Ligon	Sandra Bohannon
Gaile Palmer	Mike Gotcher
Kim Hanna	Jennifer Shank
Kacee Abbott	Mark Stephens
Doug Bates	Elizabeth Williams
Alisha Looper	Chester Goad
Martin Sheehan	

Dr. Claire Stinson called the meeting to order at 1:32 p.m. and thanked everyone for their attendance. The agenda and minutes of the September 30, 2021 meeting were distributed previously via email to committee members.

Approval of Agenda: Dr. Stinson asked for a motion for the approval of the agenda. Mark Wilson moved to approve the agenda, Holly Stretz 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 September 30, 2021. Holly Stretz moved to approve the minutes and Sandi Smith-Andrews seconded. There was no discussion and the minutes approved unanimously.

Remarks by Dr. Oldham: Dr. Oldham welcomed and thanked everyone for their attendance. He advised we are in a good financial position with cash reserves and fund balances. He said for this time of year there are still unknowns but we are planning to stay ahead so we don't have to make quick decisions.

Update on THEC meeting: The November THEC meeting presented the budget recommendations to the commission which they will submit to the governor. This includes outcomes formula adjustments and any new funding. The recommendations were \$90,000,000 for all public higher education. (Handout B) THEC provided a 1% salary increase cost to the governor's budget office. The governor's office will then decide on any salary increases. Dr. House with THEC has suggested to the governor's office that the recommendation will be fully funded with flexibility to not require a salary increase but rather recommend a salary increase.

Budget Reallocations Update: Terri McWilliams reviewed Handouts A and C. Handout C was update to include information from THEC. Dr. Stinson advised these were preliminary figures as it will depend on the Governor's budget which will be announced sometime in January at the state-of-the-state address. Committee members discussed fixed costs.

Strategic Budget Reduction and Reallocation Solutions/Ideas: Dr. Stinson reviewed Handouts D & E and was open for suggestions. Dr. Oldham advised we were passing along information that we know as of now and will have more information in the coming months. However, once we have the additional information we may need to make quick decisions. We are trying to provide as much information as early as possible so can be planning in anticipation for contingency plans. Dr. Bruce stated she has asked the Deans to plan for +/-2% and +/- 4% as a very healthy annual exercise. This is a good exercise to perform not only for contingency plans but also for reallocating budgets. Dr. Oldham asked for input on how to prioritize salary increase if we have flexibility going forward. He wants to provide other segments of campus an opportunity for input as well. Dr. Luna invited Dr. Oldham to present Faculty Senate with the opportunity.

Adjournment: Dr. Stinson thanked everyone for their attendance. The meeting adjourned at 3:39 p.m.

Handouts: A: Revised FY21-22

B: 2022-23 State Appropriations Distribution Recommendation

C: Preliminary State Appropriation

D: Guiding questions for budget discussion

E: Strategic Budget Reduction and Reallocation Solutions/Ideas

REVISED FY21-22

FY21-22 Enrollment decline	(2,612,304)	
2% Tuition increase	1,578,659	
SACF Collapse Committed	(1,413,490)	
NET Revenue:	\$ (2,447,135)	

University Commitment to Reallocate:

Scholarships - Presidential	500,000	
GA's-adjust tuition increase	50,000	
Landscaping	325,000	
Marketing	650,000	
Center Stage	100,000	
Fund to reallocate:	<u>1,625,000</u>	

Total Permanent Budget Reductions Needed: \$ (4,072,135)

Total Permanent Expenditures: 165,663,443

Fixed Cost:

Utilities & Fuel	(6,376,087)	
IT Maintenance Contracts	(2,163,699)	
Banking Contract Services	(97,700)	
Insurance	(524,350)	
TBR Chargebacks	(173,737)	
Annual Audit - State of TN	(75,000)	
Allowance for Doubtful Accounts - AR	(80,000)	
Scholarships	(16,751,571)	
Fringe Benefits	<u>(36,656,647)</u>	

Total Fixed Cost (62,898,791) 37.97%

Net Expenditures for Budget Reduction \$ 102,764,652

Percentage of reduction - FY21-22 -3.96%

ATTACHMENT II 2022-23 State Appropriations Distribution Recommendation

	A	B	C	D	E = C + D	F = E + A	G = E / A	H = F / B
	Breakdown of 2022-23 Changes							
Academic Formula Units	2021-22 Appropriation ¹	2022-23 Formula Calculation	Outcomes Formula Adjustments	Share of New Funding	2022-23 Changes	2022-23 Recommendation	Percent Change	Percent Funded
LGI Universities								
Austin Peay	\$58,069,700	\$92,275,200	\$1,733,000	\$4,306,300	\$6,039,300	\$64,109,000	10.4%	69.5%
East Tennessee ²	77,155,200	119,353,700	197,000	5,570,000	5,767,000	82,922,200	7.5%	69.5%
Middle Tennessee	112,926,200	173,307,000	(607,300)	8,087,900	7,480,600	120,406,800	6.6%	69.5%
Tennessee State	43,192,500	64,754,000	(1,225,800)	3,022,100	1,796,300	44,988,800	4.2%	69.5%
Tennessee Tech ²	61,329,000	93,862,400	(497,500)	4,380,400	3,882,900	65,211,900	6.3%	69.5%
University of Memphis	133,589,000	207,352,600	794,600	9,676,800	10,471,400	144,060,400	7.8%	69.5%
Subtotal	\$486,261,600	\$750,904,900	\$394,000	\$35,043,500	\$35,437,500	\$521,699,100	7.3%	69.5%
Community Colleges³								
Chattanooga	\$35,357,600	\$53,184,400	(\$889,200)	\$2,482,000	\$1,592,800	\$36,950,400	4.5%	69.5%
Cleveland	12,983,800	20,220,000	120,600	943,600	1,064,200	14,048,000	8.2%	69.5%
Columbia	19,529,800	30,510,100	243,600	1,423,900	1,667,500	21,197,300	8.5%	69.5%
Dyersburg	11,574,200	17,802,400	(36,600)	830,800	794,200	12,368,400	6.9%	69.5%
Jackson	16,234,400	24,615,400	(281,300)	1,148,800	867,500	17,101,900	5.3%	69.5%
Motlow	22,731,900	35,675,300	389,000	1,664,900	2,053,900	24,785,800	9.0%	69.5%
Nashville	23,863,600	37,061,200	155,500	1,729,600	1,885,100	25,748,700	7.9%	69.5%
Northeast	24,770,700	37,332,500	(575,800)	1,742,200	1,166,400	25,937,100	4.7%	69.5%
Pellissippi	38,335,600	59,275,100	80,100	2,766,300	2,846,400	41,182,000	7.4%	69.5%
Roane	26,138,700	39,261,000	(693,900)	1,832,200	1,138,300	27,277,000	4.4%	69.5%
Southwest	31,503,300	47,440,800	(757,300)	2,214,000	1,456,700	32,960,000	4.6%	69.5%
Volunteer	30,892,500	48,145,100	310,000	2,246,800	2,556,800	33,449,300	8.3%	69.5%
Walters	27,113,400	42,916,500	700,500	2,002,800	2,703,300	29,816,700	10.0%	69.5%
Subtotal	\$321,029,500	\$493,439,800	(\$1,234,800)	\$23,027,900	\$21,793,100	\$342,822,600	6.8%	69.5%
UT Universities								
UT Chattanooga	\$63,908,400	\$98,653,100	\$27,900	\$4,604,000	\$4,631,900	\$68,540,300	7.2%	69.5%
UT Knoxville ²	262,574,900	406,992,500	1,193,800	18,993,600	20,187,400	282,762,300	7.7%	69.5%
UT Martin ²	36,028,900	55,937,300	223,600	2,610,500	2,834,100	38,863,000	7.9%	69.5%
Subtotal	\$362,512,200	\$561,582,900	\$1,445,300	\$26,208,100	\$27,653,400	\$390,165,600	7.6%	69.5%
Total Colleges and Universities	\$1,169,803,300	\$1,805,927,600	\$604,500	\$84,279,500	\$84,884,000	\$1,254,687,300	7.3%	69.5%
TN Colleges of Applied Technology ²	\$80,045,700	\$122,577,000	(\$604,500)	\$5,720,500	\$5,116,000	\$85,161,700	6.4%	69.5%
Total Academic Formula Units	\$1,249,849,000	\$1,928,504,600	\$0	\$90,000,000	\$90,000,000	\$1,339,849,000	7.2%	69.5%

1 - Recurring funding. Includes funding of \$7.4M for legislative initiatives.
 2 - Does not include recurring funds appropriated to the ETSU Gray Foundation, the University of Tennessee Center for the Study of Engineering (\$3M), UT Martin Parsons Center (\$200K), UT Martin Seimer Center (\$190K), UT Martin Somerville Center (\$250K), and the University of Tennessee Center for the Study of Engineering (\$3M). UT Martin Parsons Center (\$200K), UT Martin Seimer Center (\$190K), UT Martin Somerville Center (\$250K), and the University of Tennessee Center for the Study of Engineering (\$3M) are included as Program Initiatives.
 3 - THEC's community college recommendation is for the sector as a whole. Institutional detail displayed here is for informational purposes only.

Handout C

REVISED FY21-22

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2% Tuition increase	1,578,659
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Fund to reallocate:	1,625,000

Total Permanent Budget Reductions Needed: \$ (4,072,135)

Preliminary data on state appropriations:

THEC Recommendation State Appropriation to be sent to Governor	\$ 3,882,900
55% for salary pool (based on prior year mandate distribution)	<u>\$ 2,135,595</u>
Amount available to offset budget reductions needed	\$ 1,747,305

Preliminary adjusted budget reduction needed \$ (2,324,830)

Net Expenditures for Budget Reduction Available \$ 102,764,652

Percentage of reduction - FY21-22 -2.26%

If only state appropriations dedicated to salary:

2,135,595.00	55% mandated to salary
<u>640,678.50</u>	Benefits - 30%
1,494,916.50	Available to distribute to salary
73,140,782.73	PERM Salary Revised (Benefitted Positions)
2.04%	salary pool-benefits


Handout D

Guiding questions for budget discussion

- ? Are there budget requests from Proposed FY21-22 that should be considered strategic items and funded in FY22-23?
- ? Regarding anticipated enrollments for FY22-23, should we add the budget reduction for enrollment declines to the Proposed FY22-23 or wait for Fall 22 enrollment data and potentially face another round of reductions at the Revised budget cycle?
- ? Are there strategic actions that will occur in the next 2-3 years that will require resources?
- ? Fiscal year 22-23 will be the third year of the flat rate tuition model, are we prepared for a higher graduation rate translating to a lower enrollment level?
- ? What actions can we take to avoid reducing budgets each year?
- ?
- ?

Strategic Budget Reduction and Reallocation Solutions / Ideas
(Avoid across-the-board reductions)

Following the THEC formula, consider redistribution of existing budgets based on performance and enrollments

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