

Budget Advisory Committee  
March 16, 2018 3:00 p.m.  
Dean's Conference Room

Present:

Jack Butler  
Evelyn Chambers  
Yvette Clark  
Leslie Crickenberger  
Carol Holly  
Darrell Hoy  
Glenn James  
Christy Killman  
David Larimore  
Alice Camuti  
Jeff Roberts  
Paul Semmes  
Mark Stephens  
Claire Stinson  
Emily Wheeler  
Mark Wilson  
Lee Wray  
Lisa Zagumny  
Lisa Russell  
Karen Lykins  
Sandra Bohannon (for Marc Burnett)  
Deanna Metts  
Kevin Braswell  
Tom Payne  
Phillip Oldham  
Corinne Darvennes  
Becky Smith

Absent:

Bharat Soni  
Jeff Young  
Rachel Tuck(SGA)

Dr. Claire Stinson thanked everyone for their attendance and distributed the meeting agenda and handouts. The minutes of October 8, 2017 were distributed previously via email.

**Approval of Agenda:** Dr. Stinson asked for a motion for the approval of the agenda. Mark Wilson moved to approve the agenda, Corinne Darvennes seconded, there was no discussion and the agenda was approved unanimously.

**Approval of Minutes:** Dr. Stinson asked for a motion to approve the minutes of October 8, 2017. Mark Wilson moved to approve the minutes and Jack Butler seconded. Dr. Stinson asked for discussion. There was no discussion and the minutes were approved unanimously.

**Governor's Budget Review:** Dr. Stinson explained she reconciled the governor's budget back to the state appropriations with the 2017-18 estimated budget and made adjustments thru October budget. Dr. Stinson gave an overview of THEC funding formula. TTU's outcomes of the formula was the best of all the LGI schools this past year and second best of all the public institutions. TTU received \$463,400 as a result of the outcomes. THEC identified \$2,555,700 as TTU's share of all the new funding. Some items not included in the governor's budget was \$500,000 for the second year of Carnegie reclassification. Another item not included in that particular state appropriations was the \$500,000 for NSF matching grant, it is considered restricted money, still in the budget but not in the unrestricted state appropriations. Dr. Stinson referred to Handout A that indicated the new formula funding of \$1,327,400, the outcomes formula of \$463,400 and 2.5% salary pool at \$1,281,500 and she reminded everyone that the governor's budget goes to the legislature and it is not official until it is actually approved. Dr. Stinson went on to explain that THEC recommended a 0-3% binding range of tuition and mandatory fees increase. She advised a 2.66% increase for TTU would be \$1,982,700 and this will be presented at the March board meeting for discussion only. THEC will set their final binding range in May after the legislature approves the budget. Dr. Stinson advised spring enrollment was going to have a shortfall of \$201,500 and anticipated a decline in TN eCampus of \$344,000. Dr. Darrell Hoy wanted to clarify that these figures were based on spring 2018 and Dr. Stinson confirmed. Dr. Stinson went on to further discuss the handout advising the 2.5% salary adjustment cost of \$2,216,354 included fringe benefits which is up to 40% on average due to TCRS costs. Health insurance is not affected by this and she used a 30% rate on this calculation. TCRS legacy plan includes around 20% contribution. In addition to this, the state passes thru post retirement cost to us for health insurance for retirees. Some positions were put into computer science for potential investment and were funded in October so positions could be created. The \$402,000 indicated on handout will fund those positions and will be done over a 3 year period. Looking at other requests that have been made, the total came to \$801,500. In December the board of trustees asked to reestablish our fund balance and this is where the other \$2 million comes from as a potential expense. Dr. Stinson advised that Dr. Oldham has been working on special appropriations for the engineering program. This is different than the governor's supplemental budget and will go thru the legislature and we are expected to receive in permanent funding between two and three million dollars. Dr. Alice Camuti asked if the \$2-3 million for engineering would be designated for engineering use or would it go into the general. Dr. Stinson advised it would only be used for engineering.

**University Resource Needs: Current Estimate FY 17-18 and Proposed Budget FY18-19:** Dr. Stinson advised we balanced out last year and our fund balance was where we needed it. Some dollars were transferred to computer center R & R account. \$300,000 is normal every year but this was reduced to \$200,000 to balance last year and

this action puts that back. We are anticipating a \$100,000 increase in custodial services. Funding has been identified for a part-time position in the College of Education. There is time & attendance software that is to be reviewed for efficiency, which is important in areas such as facilities and work study students. For current FY2017-18 some adjustments were made for the Vice President of Enrollment Management, Executive Director of IT and the new Provost. Health services increased operating funds and there may be a fee proposal to help with some of that cost. Dr. Stinson proceeded with ITS software funding needs of \$8,000. Disability services is required by federal law to fund certain accessibility needs for certain students. From year to year those students with specific needs may change and therefore we don't have a permanent budget and it can change each year. Two million is needed for the reserve balance and the governor's budget lacked \$934,854 to totally fund the 2.5% salary pool. Dr. Stinson advised she found an alternative funding source for about \$337,000 of the shortfall and is looking for about \$600,000 to make the budget balance. Dr. Stinson advised the Carnegie money was not restricted and the \$500,000 we received last year was permanently placed into our state appropriations for FY2018-19.

**Tuition and Fees:** Dr. Stinson advised we were looking at a 2.66% increase for FY2018-19. Non-mandatory fees increase consists of the third year of the \$15 increase for parking along with housing rate increase. There were no other requests from the departments on non-mandatory fees. There were two mandatory fee requests. One being driven by the SGA to increase the SOLO fee to be able to get a higher quality band and to fund a quarter of a position to help them with their contracts and paperwork. The second fee requested was for mental health wellness that had been previously funded by a grant that is now ending. Dr. Stinson disclosed that preliminary calculations were based on a no enrollment increase or decrease.

Dean Tom Payne asked regarding the 2.66% increase what the sensitivity of ten basis points in dollars was, and Dr. Stinson advised a 1% increase is around \$740,000.

Dr. Stinson advised she has been in discussion with Dr. Oldham and there is a need to dig into the budget and look at whole cost structure. TTU has started a project with Academic Benchmark Consortium Company. This company looks at non-academic personnel costs such as Human Resources, Information Technology, Business Office, Facilities and Dean's Office. A lot of R1 institutions have been doing this. They look at centralized and decentralized employees within those types of functions.

Dr. Stinson asked Dr. Leslie Crickenberger to give an update on enrollment. Dr. Crickenberger stated applications that are coming in are on track and are within 28 applications of last year. There have been slightly more admits this year as there have been more aggressive techniques used to get students here. About 1500 students are expected to graduate. Dr. Crickenberger advised that transfer students are down which partially has to do with the restructure of the scholarship program.

Dr. Hoy wanted to know if the board will allow us to put one million dollars in from reserves. Dr. Stinson replied that may be the direction they decide to go but they are

adamant they want us to be able to balance the budget without touching our reserve balance. Dr. Hoy stated that the reserve balance was at \$8 million at one point and wanted to know if that had decreased. Dr. Stinson advised we have a 2-5% range we have to stay in and were given permission to exceed that at one time. However, we are back down to not even being at 2%.

Dr. Oldham added that we were up over \$5 million in E & G Budget. The issue is how those dollars are prioritized, some of the funds have strings attached to them such as salary increases.

Dr. Hoy asked about differential tuition. Dr. Stinson said there had been conversations about differential tuition. Dr. Stinson further explained that differential tuition is subject to any cap THEC establishes. Dr. Hoy asked if we did differential tuition would THEC have to provide the benefits. Dr. Stinson replied that they would not. Dr. Oldham added there was no cost benefit to doing differential tuition. The tradeoff would be in assuming it would be indexed incrementally whatever tuition increased. There are cost differentials between programs so you lose some of the ability to adjust engineering versus something else. Dr. Oldham stated at this point in time TTU is better off not doing differential tuition however, how the rules get implemented in the future could change that.

**Adjournment:** The meeting adjourned at 4:24 p.m.

Handouts provided:

Handout A: Reconciliation of Governor's TTU Budget Base Appropriations to  
TTU 2017-18 State Appropriations

**Reconciliation of Governor's TTU Budget Base Appropriations to TTU 2017-18 State Appropriations**

Governor's Budget Estimated Appropriations 2017-2018	\$ 47,731,100
Outcomes Formula Adjustment	\$ 463,400
Remove NSF match adjustment	\$ (500,000)
<b>Governor's Budget Base Appropriations 2018-2019</b>	<b>\$ 47,694,500</b>
Actual Appropriation 2016-17	\$ 42,692,700
January 18 Ins Adjustment	\$ 263,300
January 17 Ins Adjustment	\$ 310,500
Formula Change	\$ (214,500)
Outcomes Formula Adjustment	\$ 1,140,400
Outcomes Formula Adjustment - Salary Pool	\$ 1,479,000
Non-recurring Claims Adj.	\$ (21,600)
NSF Match	\$ 500,000
Proposed 2017-18 Appropriations (Oct beginning)	\$ 46,149,800
TCRS	\$ 1,092,000
Claims Adjustment	\$ (22,100)
Property Ins Adj	\$ 11,400
Carnegie Classification - Legislative Amendment	\$ 500,000
October Budget Ending State Appropriations	\$ 47,731,100
Outcomes Formula Adjustment	\$ 463,400
Remove NSF match	\$ (500,000)
<b>Governor's Base 2018-19</b>	<b>\$ 47,694,500</b>
<b>Governor's Budget Cost Increase 2018-19</b>	<b>\$ 3,372,200</b>
Operating Increase	\$ 1,327,400
Salary Pool 2.5%	\$ 1,281,500
National Science Fdn (Year One of Four)	\$ 500,000
Group Health Insurance - annualize Jan. 1, 2017 Rate	\$ -
Group Health Insurance - Jan. 1, 2018 Rate increase	\$ 263,300
	\$ 3,372,200

THEC 2017-18 appropriation amount (Nov meeting)*	\$ 46,731,100
Outcome formula adj	\$ 463,400
Share new funding	\$ 2,555,700
	\$ 49,750,200

\*THEC appropriations reduced by \$500,000 NSF and \$500,000 Carnegie money

Governor's recommended 2018-19	\$ 51,066,700
THEC recommended approp 2018-19	\$ 49,750,200
Difference	\$ 1,316,500
THEC not included Carnegie money	\$ (500,000)
THEC not included NSF	\$ (500,000)
THEC not included health ins adj	\$ (263,300)
Additional money fr Gov's budget related to outcomes and salary not matching THEC amounts	\$ 53,200

**Impact on TTU Budget**

New Formula Funds -Operating	\$ 1,327,400
Outcomes Formula Adjustment	\$ 463,400
Salary Pool 2.5%	\$ 1,281,500
2.66% maintenance fee increase	\$ 1,982,700
Impact of Enrollment (spring 2018 enrollment)	\$ (201,500)
Decline in eCampus revenues	\$ (344,000)
	\$ 4,509,500
Cost of 2.5% salary adjustment	\$ 2,216,354
New Academic Program Expenditures & Start Up Costs	\$ 402,000
Other expense commitments	\$ 801,500
Reserve Contingency Increase (must be 2-5%)	\$ 2,000,000
	\$ 5,419,854
<b>Available for Distribution</b>	<b>\$ (910,354)</b>