

Budget Advisory Committee
September 16, 2016 @ 3 p.m.
President's Conference Room

Present:

Sandra Bohannon
Jack Butler
Evelyn Chambers
Margie Crabtree
Leslie Crickenberger
Corinne Darvennes
Robert Hodum
Carol Holley
Darrell Hoy
Glenn James
Christy Killman
David Larimore
Karen Lykins
Alex Martin
Tammie McMillan
Deanna Metts
Philip Oldham
Joseph Rencis
Jeffery Roberts
Lisa Russell
Terry Saltsman
Paul Semmes
Diane Smith
John Smith
Mark Stephens
Claire Stinson
Emily Wheeler
Mike Wiggins
Jeff Young

Absent:

Kevin Braswell
Marc Burnett
Alice Camuti
Bahman Ghorashi
Brian O'Connor
Thomas Payne
Bharat Soni
Mark Wilson

Dr. Claire Stinson thanked everyone for their attendance. The agenda and handouts were distributed.

Dr. Stinson referred everyone to Handout A: Revenue & Budget Requests Analysis – October Revised FY2016-17 which is our overall budget including our tuition increase. The net in-state maintenance fee **increase** is \$1,302,000. After various salary increases the amount available to apply to October Budget is \$122,976. Out-of-state tuition **decreased** -\$2,568,800, leaving a net **reduction** of -\$2,445,824. In addition, some requests were not in the proposed budget which totaled additional expenses of \$1,584,496, leaving a budget **reduction** of -\$4,030,320. Risks are also listed at the bottom of the page.

Dr. Stinson discussed Handout B: Maintenance/Out-of-State Variances; Proposed Budget to Revised Budget FY17. The projected total maintenance variance is \$1,391,000. The projected total out-of-state variance is -\$2,578,800.

Dr. Stinson directed everyone's attention to Handout C: International Student Enrollment, Transition by Category, which is an analysis of international student enrollment. The largest impact was in undergraduate students. The FY17 out-of-state revenue shortfall is -\$2,141,640.

The next handout reviewed by Dr. Stinson is Handout D: Summary of Students Paying Out-of-State. The net difference between Fall 2016 and Fall 2015 is -158 students.

Dr. Stinson indicated that the new budget model is being used for the proposed budget cuts. Dr. Stinson referred the committee to Handout E: October Revised Budget FY2016-17 – Analysis on Needed Budget Cuts. The proposed cuts to Instruction is -\$1,240,767 and to Non-Instruction is -\$1,301,162. The Non-Instruction areas were reviewed but did not include budgets based on student fees, utilities, auxiliaries, central accounts (banking, audit, etc.) and budget reductions of 2.31% are proposed for each area except for Advancement which had asked for a \$100,000 increase that they will not receive, in effect, that is their reduction. Units can decide where they can take the cuts.

Dr. Oldham expressed the thoughts behind the proposal being shown to the committee and indicated it was open for discussion.

Dr. Stinson pointed out Handout F: Analysis of Non-Credit Instruction, July Budget 2016-17 which shows the deficit of -\$211,853.

The next item for discussion deals with the instructional half of the budget and Dr. Stinson referred the group to Handout G: Instruction Budget Cuts Analysis Based on International Student Enrollment Decline. Dr. Stinson explained that we don't have those international student credit hours yet, that the Budget Model Committee previously discussed the fact that credit hours run behind the budget, so these numbers are projected as to where those out-of-state students took their courses and this was applied back to the units. This handout is based on some assumptions and there will be some adjustments to those assumptions. The cut for the instructional side of the budget is - \$1,240,767. Dr. Stinson added that input will be needed into some of the assumptions made.

Dr. Stinson referred the group to the last item, Handout H: FY16 to FY17 Carryover Requests Summary which are ending balances that departments have requested to carryover into FY17 in the amount of \$2,373,982. Also listed are the items that must be carried forward each year such as special fees, indirect costs, pending purchase orders, etc. Dr. Stinson's recommendation to the group is that the carryforwards be done for those requested explaining that these monies should help in the transition but cannot be the source of the cuts because the cuts must be from reoccurring items/monies.

Discussion ensued regarding the list of needs on Handout A and Dr. Stinson explained that the -\$4,030,320 includes some requested items that have not been given, stating if we wanted to do everything on this list, that is the amount that would be needed. In assuming the cuts, those non-funded requested items have been eliminated.

Additional discussion revolved around the budget margins and the student credit hours.

Dr. Stinson asked if the group was comfortable going forward with the non-instructional breakdown as presented. There was favorable discussion on how the percentages were used for non-instruction and overhead. Dr. Stinson explained that the budget model was used as the guideline since a lot of time has been spent on the model. Dr. Stinson again pointed out that deans needed to have additional discussion on the projected reductions of international students because assumptions have been made as to student credit hours. Decisions must be made by September 28, 2016. Dr. Glenn James agreed to provide a report of student credit hours by unit by September 26, 2016.

Dr. Stinson added that additional information will be provided to the units but she wanted the Budget Advisory Committee to have the information and to provide feedback. Dr. Stinson thanked the group and asked for their input and ideas if there were thoughts on addressing the cuts in a different way. Since there was no additional ideas, the meeting adjourned at 4:15 p.m.

Handouts provided:

Handout A: Revenue & Budget Requests Analysis - October Revised FY2016-17

Handout B: Maintenance/OST Variances
Proposed Budget to Revised Budget FY17

Handout C: International Student Enrollment, Transition by Category
Spring 2016, Fall 2016, Spring 2017

Handout D: Summary of Student Paying Out-of-State
Fall 2016 compared to Fall 2015

Handout E: October Revised Budget FY2016-17 – Analysis on Needed Budget
Cuts

Handout F: Handout F: Analysis of Non-Credit Instruction, July Budget 2016-17

Handout G: Instruction Budget Cuts Analysis Based on International Student
Enrollment Decline

Handout H: FY16 to FY 17 Carryover Requests Summary

	<u>Recurring</u>	<u>One-Time</u>	<u>Notes</u>
Revenues:			
In-state maintenance fee Increase net of enrollment decline	\$ 1,391,000		
Less transfer to miscellaneous fees 6.386%	\$ (88,900)		
Net in-state maintenance fee increase	\$ 1,302,100		
Salary increases:			
COLA	\$ 659,288		
1% Merit	\$ 558,066		
Faculty promotions	\$ 101,222		
C&S CAP adjust, Critical/Spec,	\$ 65,000		
FLSA Adjustment	\$ 172,750		
President COLA/adj	\$ 7,000		
Total salaries	\$ 1,563,326		
Fringe benefits on above salaries @ 30%	\$ 468,998		
Less expenses already budgeted in Proposed Budget	\$ (853,200)		
	\$ 1,179,124		
Available to apply to October budget	\$ 122,976		
Out-of-state tuition	\$ (2,568,800)		
Net revenue decrease from out-of-state tuition	\$ (2,445,824)		
HR:			
People Adm software maint fee	\$ 55,186		
Workplace Answers (Title VI, HR, Safety Training)	\$ 7,995		
People Fluent (Affirmative Action)	\$ 4,300		
Haven/EverFI (Title IX)	\$ 2,941		
DocuSign (Electronic PAFS, other documents)	\$ 2,750		
Engineering SACF replacement		\$ 408,000	
RUC Mechanical Systems Replacement		\$ 500,000	
International student scholarships	\$ 546,824		
International student recruitment contracts	\$ 60,000		
International student recruitment - travel	\$ 50,000		
University Advancement	\$ 100,000		UA moved \$70,000 fr Travel and Oper last year to cover reclasses/promotions
Enrollment Management - Noel Levitz contract	\$ 425,000		
Provost needs:			
Curriculog Software	\$ 11,000	\$ 46,000	\$11,000 annual after 1st yr
Enrollment Management	\$ 142,000		EAB Contract
Enrollment Management	\$ 58,000		Fully fund CRM software
Graduate College	\$ 16,000		Operating and travel
Honors College	\$ 15,000		Operating and travel
Honors College	\$ 6,000		Student salaries
Center for Teaching & Learning	\$ 2,000		Student salaries
Center for Teaching & Learning	\$ 10,000		Event & program support
Center for Teaching & Learning	\$ 5,500		Operating and travel
Provost Office	\$ 32,000		Maintain yearly expenses
Sr Assoc Provost Office	\$ 32,000		Maintain yearly expenses
	\$ 329,500		
Total Expenses	\$ 1,584,496	\$ 954,000	
Net expenses over revenues	\$ (4,030,320)		

Risks to be aware of for future years:

1. On-line education: ROCC going away?
ROCC revenues are estimated at \$3,830,000 for current year.

2. Out-of-state international students are currently being scholarshiped at \$11,856 annually. This leaves a net out-of-state tuition of \$3,576 per student annually.

Tennessee Tech
Maintenance/OST Variances
Proposed Budget to Revised Budget FY17

Maintenance

1.7% additional fee rate increase	\$ 1,190,700
Additional Summer 2016 deferral due to calendar variation <i>(classes began 6/6 201650 versus 6/1 201550)</i>	\$ 350,000
Change in calc of Fall to Spr of 91.0% instead of 91.5%	\$ (183,050)
GR FTE decline instead of anticipated UG decline <i>(\$4600) vs (\$3516) = (\$1084) mnt variance per FTE</i>	\$ (83,850)
Total Identified MNT Variance	\$ 1,273,800
Unidentified MNT Variance	\$ 117,200
Projected Total MNT Variance - Proposed to Revised	\$ 1,391,000

Out-of-State Tuition

1.7% additional fee rate increase	\$ 217,980
Additional Summer 2016 deferral due to calendar variation	\$ 212,000
DMBA increase	\$ 22,000
Change in calc of Fall to Spr of 91.0% instead of 91.5%	\$ (25,820)
In-State status for veterans based upon Fall 2016 vs Fall 2015	\$ (104,525)
250R reduced OST Tuition:	
Athletes - 40 students (9 new freshmen)	\$ (477,790)
Other - 18 students (7 new freshmen)	\$ (206,895)
	\$ (684,685)
Further decline of int'l student enrollment (undergraduate): (137) Fall 2016, (133) Spring 2017	\$ (2,141,640)
Total Identified OST Variance	\$ (2,504,690)
Unidentified OST Variance	\$ (74,110)
Projected Total OST Variance - Proposed to Revised	\$ (2,578,800)

**International Student Enrollment
Transition by Category
from Spring 2016 .. to Fall 2016 .. to Spring 2017
R E V I S E D - After Fall 2016 Registration**

	Exchange	REV	Undergrad	REV	Graduate	REV	Total	REV
Spring 2016	48	48	691	691	148	148	887	887
Exchange students going home	(48)	(48)					(48)	(48)
Graduated			(86)	(118)	(21)	(41)	(107)	(159)
No shows (just did not return)				(28)				(28)
On CO-OP assignment				(7)				(7)
Suspended (not readmitted)				(30)				(30)
Transferring to other school			(5)	(55)	(2)	(3)	(7)	(58)
Returning 201680	0	0	600	453	125	104	725	557
New	70	59	50	60	36	41	156	160
Fall 2016	70	59	650	513	161	145	881	717
Exchange students going home	(30)	(40)					(30)	(40)
Graduating			(50)	(41)	(18)	(10)	(68)	(51)
Transferring to other school			(10)	(25)			(10)	(25)
Returning 201710	40	19	590	447	143	135	773	601
New	25	25	30	40	25	20	80	85
Spring 2017	65	44	620	487	168	155	853	686

Impact on OST Revenue-Undergraduate Enrollment:

Proposed Budget Estimates:

Fall 2016	650	
Spring 2017	620	
	<hr/>	1270

Revised Estimates after Fall 2016 registration:

Fall 2016	513	
Spring 2017	487	
	<hr/>	1000

Academic Year UG Enrollment Shortfall		(270)
OST Full-Time Rate per enrollment		<hr/> \$7,932

FY17 OST Revenue Shortfall (\$2,141,640)

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Tennessee Tech
Summary of Students Paying OST
Fall 2016 compared to Fall 2015

Description	Fall 2015	Fall 2016	Variance
Domestic Students - Eagles Reach:			
Athletes	NA	40	
Non-Athletes	NA	18	
	NA	58	58
Domestic Students - Non-Eagles Reach:			
Athletes	120	82	
Non-Athletes	51	58	
	171	140	(31)
International Students:			
Athletes	22	21	
Non-Athletes	659	475	
	681	496	(185)
	852	694	(158)

October Revised Budget FY2016-17 --- Analysis on Needed Budget Cuts

E

Net revenue decrease from out-of-state tuition	(2,445,824)	
Distribution of Budget Cuts based on Budget Model % share of Proposed Budget:		
Instruction Budget Cuts needed	1,240,767	Budget Model FY17 % 50.73%
Non-Instruction Budget Cuts needed	1,205,057	49.27%
Total Budget Cuts needed	2,445,824	
Instruction Budget Cuts (from above)	1,240,767	
Non-Instruction Budget Cuts (from above)	1,205,057	
Plus Additional Items to be Covered:		
International Scholarships	546,824	
International Student Recruitment Contracts	60,000	
International Student Recruitment Travel	50,000	
Enrollment Management Noel Levitz Contract	425,000	
Total Amount which must be covered by reductions to Non-Instruction Areas	2,286,881	
Proposal for Non-Instruction Budget Cuts:		
Total Amount which must be covered by reductions to Non-Instruction Areas	2,286,881	
International Scholarships to be awarded as temporary only	(546,824)	
Non-credit instruction expenses exceeding revenues annually	(200,000)	
Only 1/2 of the effect of R250 going to Athletics in FY2016-17	(238,895)	
Balance remaining to be covered by reductions to Non-Instruction Areas	1,301,162	

	FY2016-17 Proposed Budgets*	% of Total NI Budget
Non-Instruction Areas:		
University President	2,142,473	3.55%
Provost - Academic Affairs	16,238,946	26.93%
Information Technology Services	7,322,712	12.14%
Planning & Finance	11,174,183	18.53%
Research & Economic Development	2,802,234	4.65%
University Advancement	3,902,372	6.47%
Student Affairs	5,097,701	8.45%
Athletics	11,621,190	19.27%
Total Non-Instruction Area Proposed Budgets	60,301,811	100.00%

Balance remaining to be covered	1,301,162
Total Non-Instruction Area Proposed Budgets	60,301,811
University Advancement Proposed Budget (removed from calculation)	(3,902,372)
Total Non-Instruction Area Proposed Budgets w/o University Advancement	56,399,439
% Cut needed to Non-Instruction Area Budgets excluding University Advancement	2.31%
Rounded %	3.00%

Balance spread across non-instruction areas at 2.31% -- % share of total proposed budget:		
Non-Instruction Areas:		% Area Budget Reduction
University President	\$ 49,428	2.31%
Provost - Academic Affairs	\$ 374,640	2.31%
Information Technology Services	\$ 168,939	2.31%
Planning & Finance	\$ 257,794	2.31%
Research & Economic Development	\$ 64,649	2.31%
University Advancement	\$ -	0.00%
Student Affairs	\$ 117,606	2.31%
Athletics	\$ 268,107	2.31%
Total Non-Instruction Area Budget Cut	\$ 1,301,162	

*excludes budgets based on student fees, utilities, auxiliaries, central accounts (banking, audit, etc.)

TENNESSEE TECHNOLOGICAL UNIVERSITY
ANALYSIS OF NON-CREDIT INSTRUCTION
JULY BUDGET 2016-17

i. ANALYSIS OF NON-CREDIT INSTRUCTION FEES

A. Instructional Costs	
1. Total Instructional Salaries	31,110.00
2. Total Contracted Service	
Total Instructional Costs	<u>31,110.00</u>
B. 125% of Instructional Costs	<u>38,887.50</u>
C. Non-credit Instruction Fee Revenue (should agree with Total Revenue presented in Section II)	<u>79,210.00</u>
D. Revenue Over (Under)* 125% of Instructional Costs	<u>40,322.50</u>

*Expenditure should be provided if Revenue is less than 125% of Instructional Costs

II. SCHEDULE OF NON-CREDIT INSTRUCTION REVENUES AND EXPENDITURES

	CEU Edu	CEU ED	CEU Edu	CEU ED	CEU ED	Account Title	Account Title	Account Title	Total
	100	100	200	200	200	Program/ Org Code	Program/ Org Code	Program/ Org Code	
A. Revenues									
Non-credit Instruction Fees	2,210.00	77,000.00							79,210.00
B. Expenditures									
Salaries-Professional			45,545.00						45,545.00
Salaries-Instructional			9,110.00						9,110.00
Salaries-Other			24,686.00						24,686.00
Contractual Services									78,553.00
Benefits			37,760.00						37,760.00
Equipment									61,085.00
Travel			600.00						600.00
Operating Expenses			39,990.00						39,990.00
Total Expenditures			157,691.00						157,691.00
									133,372.00

NOTE: This schedule should include Revenues and Expenditures for all accounts associated with non-credit courses and activities. Administrative and instructional accounts should be included

Let's go!
 211,853

Instruction Budget Cuts Analysis Based on International Student Enrollment Decline

Transfers Out Only:

	Student Count Decline	Instruct 85%	% Share of Total Decline	85%	Student Count Decline Record	15%	% Share of Total Decline	15%	TOTAL
Arts & Sciences	12		21.82%	\$ 81,286	5		9.09%	\$ 5,977	\$ 87,263
Business	4		7.27%	\$ 27,095	4		7.27%	\$ 4,782	\$ 31,877
Engineering	39		70.91%	\$ 264,180	44		80.00%	\$ 52,597	\$ 316,777
Nursing	0		0.00%	\$ -	2		3.64%	\$ 2,391	\$ 2,391
	55		100.00%	\$ 372,561	55		100.00%	\$ 65,746	\$ 438,307

	Revenue decline
Transfers only	\$ 864,000
50.73% of total to Instruct.	\$ 438,307
85%	\$ 372,561
15%	\$ 65,746
	\$ 438,307

COOP, Graduation, No Show, & Suspension Only:

	Student Count Decline	Instruct 85%	% Share of Total Decline	85%	Student Count Decline Record	15%	% Share of Total Decline	15%	TOTAL
AG & HEC	1		0.96%	\$ 6,559	2		1.92%	\$ 2,315	\$ 8,873
Arts & Sciences	16		15.38%	\$ 104,937	9		8.65%	\$ 10,417	\$ 115,354
Business	6		5.77%	\$ 39,351	6		5.77%	\$ 6,944	\$ 46,296
Education	1		0.96%	\$ 6,559	3		2.88%	\$ 3,472	\$ 10,031
Engineering	77		74.04%	\$ 505,009	81		77.88%	\$ 93,749	\$ 598,758
IDS	3		2.88%	\$ 19,676	3		2.88%	\$ 3,472	\$ 23,148
Nursing	0		0.00%	\$ -	0		0.00%	\$ -	\$ -
	104		100.00%	\$ 682,090	104		100.00%	\$ 120,369	\$ 802,459

	Revenue decline
Total Decline	\$ 2,568,800
Less available to apply	\$ (122,976)
Net Decrease to be cut	\$ 2,445,824
50.73% of total to Instruct.	\$ 1,240,767
Transfer Amount Applied Above	\$ (438,307)
Remaining Amount to be cut	\$ 802,459
85%	\$ 682,090
15%	\$ 120,369
	\$ 802,459

TOTALS by College:

	85%	15%	TOTAL
AG & HEC	\$ 6,559	\$ 2,315	\$ 8,873
Arts & Sciences	\$ 186,223	\$ 16,393	\$ 202,617
Business	\$ 66,447	\$ 11,726	\$ 78,173
Education	\$ 6,559	\$ 3,472	\$ 10,031
Engineering	\$ 769,189	\$ 146,346	\$ 915,535
IDS	\$ 19,676	\$ 3,472	\$ 23,148
Nursing	\$ -	\$ 2,391	\$ 2,391
	\$ 1,054,652	\$ 186,115	\$ 1,240,767

FY16 to FY17 Carryover Requests Summary

Row Labels	Sum of Amount
Auto	\$ 303,076
Dept	\$ 2,373,982
Burnett, Marc	\$ 17,839
Ghorashi, Bahman	\$ 846,013
Mullens, Liz	\$ 44,202
Oldham, Phil	\$ 7,400
Rencis, Joseph	\$ 2,800
Semmes, Paul	\$ 216,932
Shank, Jennifer	\$ 92,617
Soni, Bharat	\$ 219,941
Stinson, Claire	\$ 31,935
Payne, Thomas	\$ 247,151
Tzeng, Huey Ming	\$ 194,714
Saltsman, Terry	\$ 157,398
Braswell, Kevin	\$ 753
Camuti, Alice	\$ 32,070
Bates, Doug	\$ 262,217
Fac Res	\$ 3,666
IC	\$ 530,835
Match	\$ 63,391
PO	\$ 452,851
SACF	\$ 101,273
SAF	\$ 693,637
TAF	\$ 1,627,802
Proj	\$ 432,170
Grand Total	\$ 6,582,683