**Budget and Planning Committee Meeting Minutes, 3-28-11**

Present: Conrad Plaut, Chris Cimino, Beauvais Lyons, Jeff Kovac, Jerzy Dydak, David Atkins, Scott Gilpatric, Clea McNeely, Jim Larson

Not present: Mike Angle, Harold Roth

*Living Wage Study and Recommendations*

Beauvais Lyons reported that the university has made progress toward offering all full-time employees a living wage, which was calculated to be $10.83 per hour plus benefits in 2005. This summer people in the lowest job classifications will all have their salaries increased to $8.50 per hour.

By consensus, the committee agreed that this year the study should be repeated.

Conrad Plaut suggested that a new methodology be developed for the living wage study that addresses methodological concerns he has expressed elsewhere and that both methods (current and new) be used for the 2016 study to allow comparability over time. Beauvais Lyons said he welcomed developing a new methodology, but until one is adopted by the Faculty Senate, the concept of a Living Wage provides a historical baseline that is useful. He also noted that the newly proposed Living Wage standard of $12.02/hour is only 115% of the federal Poverty Standard for a family of four.

Chris Cimino reported that he is still working to get data from external contractors who provide custodial services. Currently, 55% of custodial services are provided by UT employees and 45% are provided by external contractors. UT hopes to not bid out the contract again and bring all custodial services onto the UT payroll, as finances allow.

*Recommendations for Distribution of Salary Increases*

Chris Cimino reported that Governor Haslam included a request for a 1.6% pay increase for in his state budget. If approved, UTK would receive about $2.6 million towards the 1.6% increase (60%) and would need to provide the remaining 40% from tuition income. Chancellor Cheek is seeking more flexibility from the UT system in terms of how UTK puts together the 40% match. Governor Haslam appears to be supportive of increased flexibility.

Chris Cimino reported that if the B&P committee wants to make recommendations regarding how the raises be distributed, we should do so quickly.

Topics discussed by the committee:

- The need to boost morale of all faculty, who have not received salary increases in the last four years.
- The need to take into account low base pay in some departments, which gets exacerbated when each department receives salary increases as a percentage of base pay. There was a general consensus that no department should have salaries below 80% of the Top 25 universities.
- Merit raises could be given as a bonus rather than as a percentage of base pay, so they can be reassigned annually to give weight to annual reviews

- Merit raises could be distributed according to progress toward Top 25 to incentivize deans and department chairs to focus on improving Top 25 metrics such as 4-year graduation rates, numbers of high-quality doctoral students, external contracts and grants, national rankings and productivity.

*Budget for Institutional Support*

The B&P committee agreed by consensus that the committee should continue to inquire into what appear to be large increases of the institutional support budget at the university-wide administration level.

Chris Cimino made three recommendations about the approach that will ensure we are accurately interpreting the data.

- We should use actual budget numbers to make year-to-year comparisons. Actual budget numbers are available through 2010. The actual 2011 budget will be available approximately six weeks after the books close on August 1, 2011.
- In order to better understand the budget numbers, Chris recommends that we start at the system level and then examine different entities (e.g., university-wide administration, UTK, etc.). If there is a major increase in institutional spending for one of these entities (e.g., university-wide administration), then we can drill down into that entity to see what changes have occurred.
- We should distinguish stimulus and ARRA monies from other revenues and expenses.