

Budget and Planning Committee Meeting
Monday September 26, 2011, Ayres Hall 4th Floor Conference Room, 3:30-5:00PM

MINUTES

Members Present: Conrad Plaut, (chair) Chris Cimino, Harold Roth, Randal Pierce, Nathan Preuss, Jerzy Dydak, Scott Gilpatric, Klaus Van den berg, Beauvais Lyons, Baoshan Huang

1. **Minutes of April 25, 2011:** were approved by email in May 2011.
2. **Introductions:** The members of the committee introduced themselves. Conrad Plaut talked about his role as chair of the committee for the second year in a row, and briefly discussed the goals for the committee for this year.
3. **Report from Vice-Chancellor Chris Cimino:** Chris Cimino talked about the tuition increase, the increase in the facilities fee and the 5% salary increase. The facilities fee results in an additional 5 million dollars to address facility needs. The committee overseeing this fee will include student representation. At the end of each year there will be a report on how the funds were used. The state has asked the university to prepare for 1-5% cut in state appropriations from a current 145 million dollar state appropriation. Currently a 1% tuition increase results in about 2 million dollars, so any reduction in state appropriations will result in increased tuition to recover revenue loss. Cimino stated that we are currently at a point where no more cuts can be taken outside of academic functions. One issue that will be addressed is to calculate tuition based not on 12 hours full time, but according to another formula. Options include per credit with a higher, or no cap, or using 15 credits as the full time benchmark. He said they are looking at the options in terms of its effect on improving graduation rates and enhancing revenues. He also talked about the Vol Vision action plans. Currently there is about 5.8 million from tuition increases to invest in institutional priorities. Conrad Plaut asked about how the Top 25 is calculated, offering NRC rankings as an alternative. Cimino said that we have a set of metrics that have informed the Top 25 – Vol Vision Strategic Plan. Beauvais Lyons proposed that much of the 5.8 million in the 2012 budget year should be used for one-time infrastructure spending addressing deferred maintenance. Cimino also talked about state tax revenues and conversations with the state about issuing bonds for capital projects. One of our top 3 projects is the steam plant – for which we need about 25 million dollars to be compliant with environmental regulations. This plan is to shift to a natural gas furnace, which may be part of the bond bill. Other projects on the list include Strong Hall – to become 230,000 square foot academic building with classrooms, offices and biology labs. There are also plans to erect a 200,000 square foot building primarily for research at Cumberland Avenue and 13th Street. There was some discussion of the politics and finances of initiating these bonds, especially proposing this to the State Legislature in conjunction with TBR institutions. Scott Gilpatrick asked about construction costs in the near term. Cimino said it is still a good time to build, but that costs have gone up. Cimino confirmed that UTK is still committed to LEED Certified standards for all new buildings, as well making sure all custodial for these buildings will be in-sourced. Lyons asked about the cleanliness of labs, and the extent to which this can have an adverse effect on research. Cimino said that they make an effort to respond to any requests, saying that complaints focus on heating and air issues. Baoshan Huang

said that most often he has his own students clean in his lab as he has much better control over quality. Cimino reported that currently we are 50/50 insourcing and outsourcing custodial work on campus. Cimino also said that compensation will continue to be a top priority for the university. He said we can not have more years in which there are no raise pools. Plaut said that the university looked closely at some of these issues last year. Lyons asked if these discussions from the committee last year informed any of the decisions on salary allocations. Cimino stated that ideas addressed with our committee were part of the conversations with the Chancellor. Plaut said that while tuitions have gone up significantly in recent years, he is glad that the university has made an effort to support students with limited financial means.

4. **Athletics.** As an outcome of newspaper stories this past summer, Plaut raised the issue of the finances of the Department of Athletics in relation to academics. Cimino said it would be impossible to account for all of the ways UTK athletics positively effects local and university finances. He noted that the NCAA requires all universities to submit an institutional financial report, that includes indirect institutional support, much of which are intangibles that athletics does not pay for directly. System charges are one such example, as well as indirect costs with campus administration. Another part of this NCAA report is depreciation on buildings, which is not a cash item. The difference between our report to NCAA and other institutions is that they are not reporting indirect institutional support and depreciation. For the 2012 academic year 6 million dollars is being given by athletics to academics, including scholarships, debt service on parking garages, graduate assistantships (ESPN funds) street-scaping, the student success center, admissions, support for the NCAA faculty representative, and support for the UT plane. A big part of this is 2.75 million for an undesignated fund for the Office of the Chancellor. In response to a question from Plaut, Cimino said in late October the Audit Committee of the Board of Trustees will present a report that will examine this issue which can be shared with the committee. Scott Gilpatrick inquired regarding an article titled "The Shame of College Sports" in the *Atlantic Monthly*, on anti-trust issues with the NCAA. See: <http://www.theatlantic.com/magazine/archive/2011/10/the-shame-of-college-sports/8643/>. Klaus Van den Berg asked about a reserve fund that the Athletics Department maintains. Cimino indicated that it has been built up in the recent past. Plaut said that the "air needs to be cleared" on this issue, and that the Athletics Department should be commended for their support of the academic mission of the university.
5. **Salary Study:** Plaut asked Cimino to send him the data for faculty salaries when they become available in late October. Cimino indicated he would so so.
6. **Living Wage Follow-up:** Beauvais said he would work with President Anfara to follow up with Linda Hendricks on the recent Living Wage Resolution.
7. **Adjournment** at 5:05pm

Minutes prepared by Beauvais Lyons