

Budget and Planning Committee  
February 11, 2013

Meeting began at 3:30

Present: Scott Gilpatric, Chirs Cimino, Stephanie Noble, Harold Roth, Gerd Duscher  
Joe Bailey, Jeff Fairbrother, Baoshan Huang, Randal Pierce, and Nathan Preuss

Chris Cimino  
Budget Updates

News From Governor's State of the State Address

Pleased with the full funding of THEC. Increase to our budget. Our formula is now based on performance. \$7.3M in new formula funding taking our appropriations from \$153M to \$174M

Other two parts of the formula: 3<sup>rd</sup> and final year of formula implementation is next year. UT had been funded at a lesser amount in past years. Many community colleges and TBR schools were doing better than UT under the old model. The recalibration should shake out to 55% funding. Being fully funded is to make up for being behind. UT is slated to get \$6.8M in FY14 for the final year of the phase-in.

Group Health Insurance. They will fund 1.2M increase in employer share of insurance.

Salary: 1.5% salary pool. 55% of cost funded by state. The state expects us to increase tuition to cover the remainder. Anything over the 1.5% UT has to fund 100%. A 5% pool would be approximately \$13M

Engineering: Submitted a plan for Top 25 - growth model on enrollment. \$3M is proposed in the Governor's budget for the COE. Chancellor and Provost to work with the Dean on usage of these funds.

\$174M will be the total recurring appropriation if approved by the General Assembly. If approved, goes in to our budget for approval by the Board of Trustees.

The state is projecting an increase of \$900M over the next 2-3 years in increased TN Care costs due to the healthcare affordability act.

Governor is also trying to rebuild the reserves.

Capital: the state wasn't able to fund the class/lab I project for the campus (the building next to Jesse Harris). Health Science Center will get funding for

its next building. \$24M for Steam Plant, switching from coal to natural gas with a back up in fuel oil. \$20M in upgrades just to comply with EPA requirements and continue to run on coal. High confidence that the tobacco settlement will come through to fund this.

Maintenance: \$6M deferred maintenance to update steam lines is proposed in the Governor's budget. Facilities fee can only pick up approximately \$1-2M a year in maintenance, which is a drop in the bucket compared to the total need. In the new model for building maintenance money is being set aside each year - as new buildings are built maintenance funds are set aside at the outset.

### Other Budget News

Funding Summer Courses – Chris discussed how the new summer school funding model was developed which will return 30% of net revenue back to the colleges. Each college will be responsible for developing a pro-forma that works for them. Details are still being worked out for a study abroad model.

The state has suggested a maximum tuition increase for FY14 of 6%. It is unknown if such a request will continue to be made in future years.

15-4 Plan cohort class is locked in to 3% max tuition increase for four years. Board approved an “anticipated 3% max” subject to change if there is a catastrophic financial collapse. The 15-4 plan is to be phased in by cohort. There will be a time when we have 4 cohorts on three different tuition rates. Eventually everyone will pay the same rate after this phase-in period.

With out-of-state tuition becoming high compared to our peer institutions, UT is monitoring and looking to keep the out-of-state tuition as low as possible.

There was a question about how budget allocations work with fast growing departments like Kinesiology. Chris explained this is a consideration during annual reviews between the Deans and Provost. Data is reviewed and departmental growth is a factor for prioritizing any new funding.

### Updates from Scott:

Former Presidents of the Faculty Senate had brought to Scott's attention that the presence of the Budget & Planning Committee in the budget process as described in the Faculty Handbook is not operating as described.

Chris explained the process has changed over the years and that Chancellor Cheek tried an open forum for a couple of years but due to lack of attendance from faculty and staff, this forum was not scheduled this year. Chris provides

budget updates at each Budget and Planning Committee, but Dr. Cheek and the Provost have both said they would be willing to provide updates to this committee as well. They already provide updates to the faculty senate executive council and the full faculty senate.

A question was asked about allocation of Top 25 funds. Chris explained that Top 25 funding starts with an assessment of the Governor's Budget and available resources after considering appropriations, tuition, and fixed costs. Chairs of the Top 25 Committees develop priorities and make recommendations on required resources needed to meet their action plans. These recommendations, made through the corresponding Vice Chancellor or the Provost, are put forth to the Chancellor for the following year.

The Chancellor had a lunch on January 14<sup>th</sup> with faculty leaders including committee chair Scott Gilpatric. The purpose of the meeting was to inform current and past faculty senate leadership of the current events taking place in the Athletics Department. Athletic finances were discussed, specifically the \$6M per year athletics will not have to contribute for the next three years. Also discussed was the need for Athletics to build a sufficient reserve.

It was asked if the campus had funding for counter offers for faculty. Chris responded by saying the Provost has some limited funds for such events. Requests would need to come from the Deans to the Provost Office. In many cases, especially for staff, departments are expected to provide this funding.

Q: Is there a mechanism for the University to hold contractors accountable for repairs and new construction?

A: Facilities Planning oversees these projects in coordination with. System project managers oversee capital projects. That said, we do have project managers who monitor all projects on campus and if there are problems they should be reported to Dave Irvin or Chris.

Q from Scott for Chris regarding summer course funding: A new policy of returning 30% of summer course tuition to colleges has been announced. What was the basis of this plan and is there a critical mass of number of students in a summer course to justify the cost of the faculty pay during the summer. A: The average return to Colleges has been 17% of revenue for summer courses. The University used to treat all revenue the same. Summer revenue and sharing was never subtracted from the annual revenue calculation. We are now changing the model. Chris said we do recognize different colleges and departments have different factors that influence cost but the 30% share is an initial goal. He was not sure where we will end up; it could be 35-45% but that might take about five years to achieve. College shares will be allocated in the fall semester for the previous summer. We do expect to allow carryover if funds are not spent in that year. The current distance education model of a 50/50 split is still in place for now.

Regarding salary study: interest raised for data for non-tenure track faculty. Pursue that data in the future.

Perennial issues raised at the last Senate meeting: gender equity and salary compression. Scott noted that the committee has looked into this in the past and he would look into what was done previously. He noted that analyzing gender salary differences suffers from the difficulty of eliminating other possible causes of salary differential.

Salary compression: Unclear what information people want to see developed. Discussed challenges in defining what such a report would say. Discussed how data could be organized and distributed without drawing judgments.

Denise Gardner has indicated OIRA will provide retention data to Scott and soon.

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