

**UPRAC
Minutes
February 10, 2017**

In his opening remarks, the Chancellor noted that this meeting was being held earlier than usual. When you look at the budget requests from each department, you will see that the requests total \$1.7 million more than we have. Some of the requests can be done with other money. We thought we would be working with the HEPI rate of 2.2% tuition increase, but the System CFO indicated that it would be 1.8% instead. This represents a \$300,000 difference in tuition revenue. The Chancellor is planning to ask for a 3-4% increase. State is considering freezing tuition for incoming freshman. Tuition would remain at the same rate for 4 years. UTC did well with the Complete College Tennessee Funding Formula. This provides new revenue for this year but can be a short fall in later years. We are also looking at a 15/4 tuition model, which would increase tuition revenue by 25%. UT Martin increased tuition 9.9% under this model and no one batted an eye. Overall, the Governor's FY2018 budget is good news. It provides for a 3% salary pool. State will fund 55% of that, but we have to fund the other 45%.

Tyler Forrest briefly went over the planning process and timeline.

- Mid-February – finalized budget priorities presented to the Chancellor
- Mid-March – Executive Leadership Team finalizes proposed budget
- April – Chancellor Angle shares the proposed budget with the campus
- May – UT System campus visit during which we present the proposed budget
- June – UT Board of Trustees approves the proposed budget

Each Department/Division was given time to quickly go over their priority budget requests (see meeting materials for detail).

Chancellor's Office – top priority is ongoing Title IX training. This is something that we have to do well.

Community Partnerships – non-recurring funding for a graduate assistant and seed money for pilot projects.

Communication and Marketing – funds for an undergraduate marketing/advertising campaign. This campaign will be target to the spring semester advertising blast. Campaign to recruit students will involve UT Nashville, UT Memphis and UT Chattanooga. This item could have been part of the Admissions budget, but we want to create a unified message for the university and need to take a different tack with different student groups. Communication and Marketing also needs a graphic designer. This position could be funded from overages in other positions. This department is undergoing a change in leadership. George Heddleston starts as Senior Associate Vice Chancellor on February 27, 2017 for a limited term. The search for permanent leadership will take place after July 1, 2017. Six-month plan to re-do the university's website. Dr. Pack asked if there would be a taskforce to get input from all departments.

Dr. Ainsworth reminded everyone that there is a Budget Feedback Worksheet provided in the packet of meeting materials that individuals can use to send any comments/feedback regarding the funding requests.

Academic Affairs – Dr. Ainsworth indicated that this list is in priority order according to the Deans and Academic Affairs Administrators. The UPRAC priority is shown in the first column on the left. The top of

the page shows obligations. These are things that Academic Affairs must pay. Goal is to take positions off of differential tuition. In the Engineering Department, 70% of differential tuition funds go to faculty salaries. Dr. Pack is cleaning that up. Differential tuition dollars are for the development of students. Enrollment/Continuing Education/International Education need to make money to pay for their operation. This puts dollars back into E&G account. The funds requested for these departments are not recurring, but are guaranteed for three (3) years. Funds requested for marketing, advertisement and recruiting are not duplicating the request from Marketing and Communications. There was a big discussion regarding this matter. We were separating this into one area, but then spread it back out between departments because they need a different, broader marketing campaign.

Finance, Operations and IT – Dr. Brown indicated that the top priorities are the service components listed above the line. Focus is on the physical plant, building HR and security. \$100,000 in non-recurring funds are to place guards at high profile buildings to help control the atmosphere (State Office Building, Library, Mapp Building). They will assess this in a year and see if it works. Dr. Brown also discussed the issue of succession planning in some departments.

Student Development – Dee Dee Anderson discussed the need for a position for NPHC and Civic Engagement and to fund the position of the Coordinator for Veteran Students at 100%. This position is currently funded at 60%. They are also requesting \$100,000 for building improvement for the University Center. There is no money in the operating budget for this.

Athletics – David Blackburn started with #6 on the Athletics Budget Request Form. Our distribution from the Southern Conference has decreased. Making the tournament is not lucrative for us as there are additional costs incurred by member schools. David indicated that they are at 129% of average fundraising. This is up on the capital and Mocs Club side. Need to make the graduation success rate a priority.

#1 priority is an additional full-time staff member dedicated to compliance as the department serves 280-300 student athletes.

#2 request is funds for gender equity, competitiveness and summer school. David indicated that we are 1- 1 ½% off on gender equity. The first football game is scheduled for August 26th. This will be the first game in college athletics. It is a TV game versus Jacksonville State. College Game Day is considering bringing their show to this game. Since this will be on national TV, the university and the Athletics Department share 60 seconds of advertising. They will need to bring the players to school earlier.

#3 request is for ESPN3 production costs. The league has been producing games and pushing the cost back to campuses. Our difficulty lies in needing to run fiber optics to venues that are not on campus.

#4 request is for operating costs for golf. First Tee – local chapter does not exist. We were sharing the facility, but it is city property. Looking at the possibility of lease vs. purchase and how we would handle upkeep and maintenance.

#5 is a wish list item. Since we are growing we need an internal full-time marketing staff member to help with ESPN3.

The question was raised about whether UTC might leave SoCon for the SunBelt league. David indicated that the SoCon league is financially stable, but there are just more costs coming back to the campus. Some viable teams have left SoCon, including Georgia State and Davidson.

Richard Brown reminded the committee again that they can use the Feedback Form provided with the meeting materials to share any comments/questions/feedback regarding the budgeting process and priorities. You can also go to the BudgetChatt website and submit questions/feedback online. The link is provided here: <http://www.utc.edu/budget-finance/budget-chatt.php>

Dr. Brown discussed the strategy and issues going forward. THEC Focus Universities (LGI – local governed institutions). UTC was the #1 performing university in the State under the Complete College Tennessee Act. Out-of-state tuition is too high. Need to determine the “sweet spot” that students are willing to pay for out-of-state tuition. We are looking at a 15/4 tuition model, but need to determine what tuition and fees we can charge to keep competitive. The HEPI rate for tuition increase was 2.2%, but it is down to 1.8%. We think it should be 3%, but the State wants to keep tuition rates flat. We are also looking at expanding the regional tuition discount to freshmen and sophomores, but we need to make sure that we have the courses for them to take. Specialized fees are aggregated in the HEPI rate. BAG, the Budget Advisory Group, is looking at efficiency and effectiveness. Compensation planning (equity vs. market).

FY2018 Proposed Revenue – fully funded by the Governor. State is providing 55% of the compensation increase. Tuition revenue is \$1,692,752. State Appropriations were good to us. We received \$1.2 million from Complete College Tennessee, that is the highest in the state. Salary improvement is at \$1.6 million. The benefit adjustment was funded by the governor, both the Group Health increase and the 18.87% TCRS Employer Contribution Rate. Enrollment growth will provide an increase of \$900,000 in revenue. We are one of the few campuses that are growing.

FY2018 Costs Going Forward are the things that we have to do. Note that under Academic Affairs and Institutional Divisions we have to deduct the differential tuition and benefit adjustment because they are already reflected on the revenue side. \$2.1 million goes to the 3% salary pool. There will not be an across the board increase this year. We need to make sure we do good performance reviews. The system charge is a prorated charge that we have to pay and the increase in utilities reflects increased costs now that we are paying utilities for the State Office Building and the Mapp Building. Institution Scholarships first number should be \$242,707 (not 24<707 as shown on the slide). An additional \$750,000 is being proposed for the Gold Scholarships. Serving 100 students, it is a good program, we are getting good students, but it is expensive. These dollars could be impacted by out-of-state regional tuition.

You can see that we are chasing a \$1.6 million difference between revenue and expenses. These slides will be posted to the website for your reference.

Dr. Elwell asked what the Chancellor can share regarding the Budget Advisory Group (BAG). The Chancellor said they meet every two weeks. Looking at a 15/4 tuition model and differential tuition for programs that can bear it. They will review programs and cycle out the ones that aren't working. The Chancellor said he doesn't see anything coming that we aren't already preparing for. He feels that we are in good shape. The Chancellor reiterated that a bill has been proposed to freeze tuition for incoming freshman. Dr. Elwell noted that this would be a structural deficit for the university.