



# Budget Council

## Fiscal Year 2026 Planning

Finance & Administration

December 9, 2024

# Agenda

- Current Budget and Operating Environment
- Projected Revenue:
  - State Appropriation, Tuition and Fees
- Investment Focus:
  - Compensation
- Budget Process for FY 2026

# Operating Environment

- Largest freshman class for past two Fall semesters
- Enrollment growth goal
- Maintain an affordable and reasonable tuition environment
- Compensation needs
- Invest in campus infrastructure, capacity and maintenance
- Record amount of capital projects and debt service impacts
- Voluntary retirement incentive plan
- Opportunity to use funds strategically

# Continued Campus Initiatives

- Employee Compensation
- New Strategic Plan
- Total Organizational Health
- R2 Designation
- Quantum/Data/AI
- Teacher Education
- Nursing
- DASH – ERP & SIS
- Student Recruitment
- Student Retention
- Dual Enrollment
- Building Envelope Maintenance
- Capital Outlay Projects
  - New Residence Hall
  - Health Sciences Building
  - Fletcher Addition
  - UC Renovation
  - 540 McCallie Renovation
  - New Parking Garage

# Operating Budget \$252 Million

Capital  
Projects  
\$430  
Million

10,202  
UG  
Students

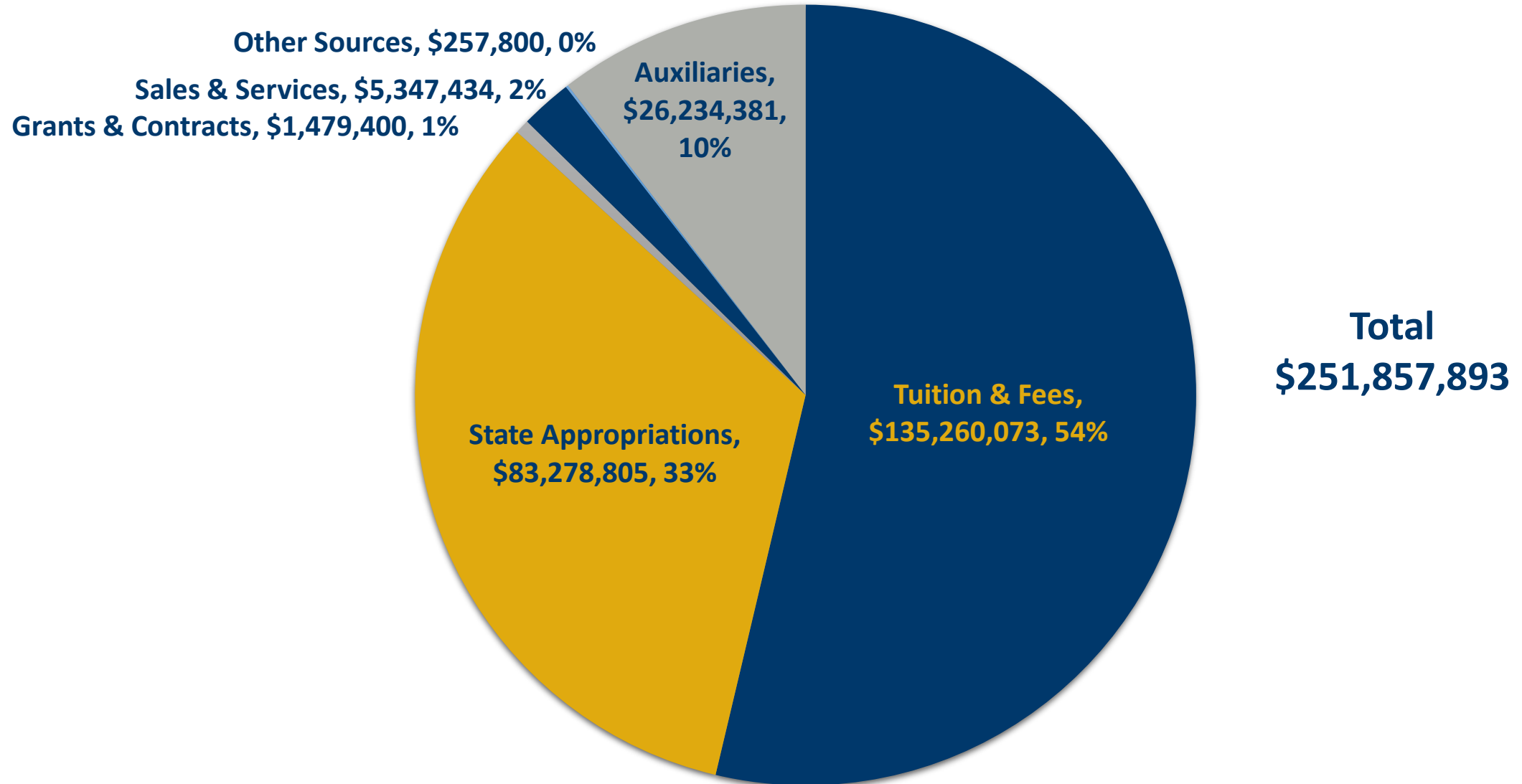
1,573  
GR  
Students

1,482  
Employees

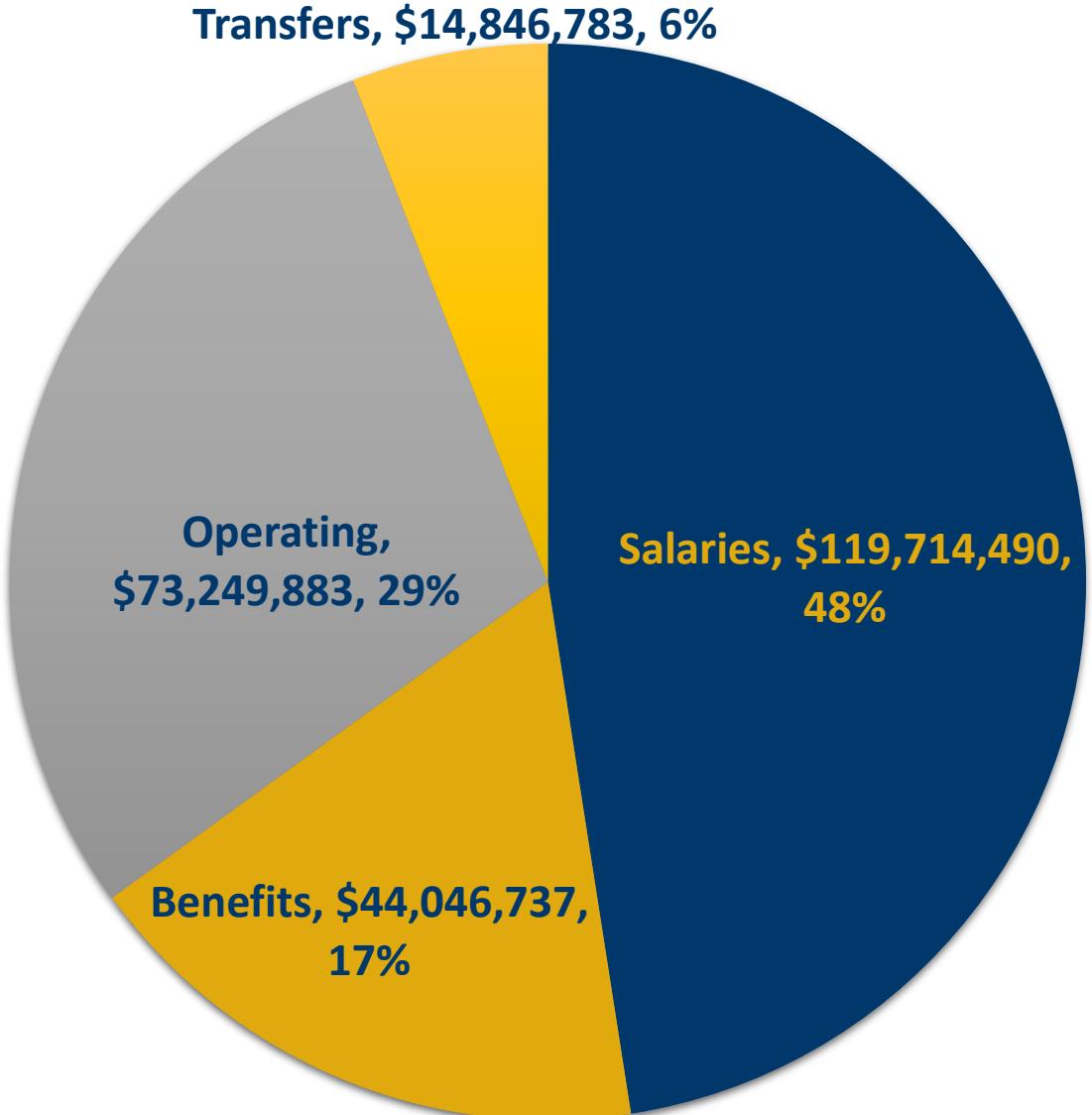
6-YR  
Graduation  
Rate 68.3%

2,608  
Degrees  
Awarded

# Fiscal Year 2025 Budget - Revenues

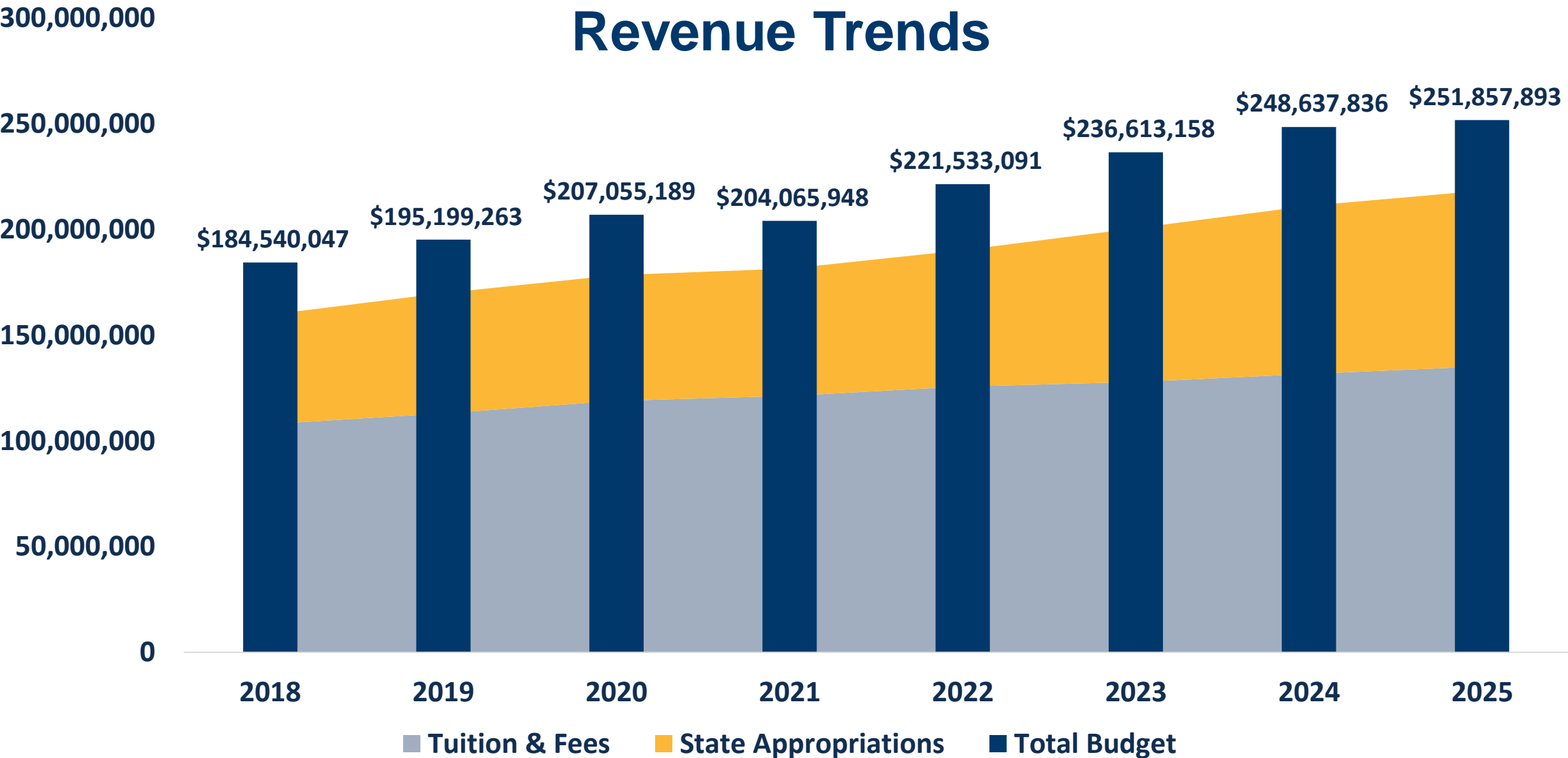


# Fiscal Year 2025 Budget – Expenses by Natural Classification



**Total**  
**\$251,857,893**

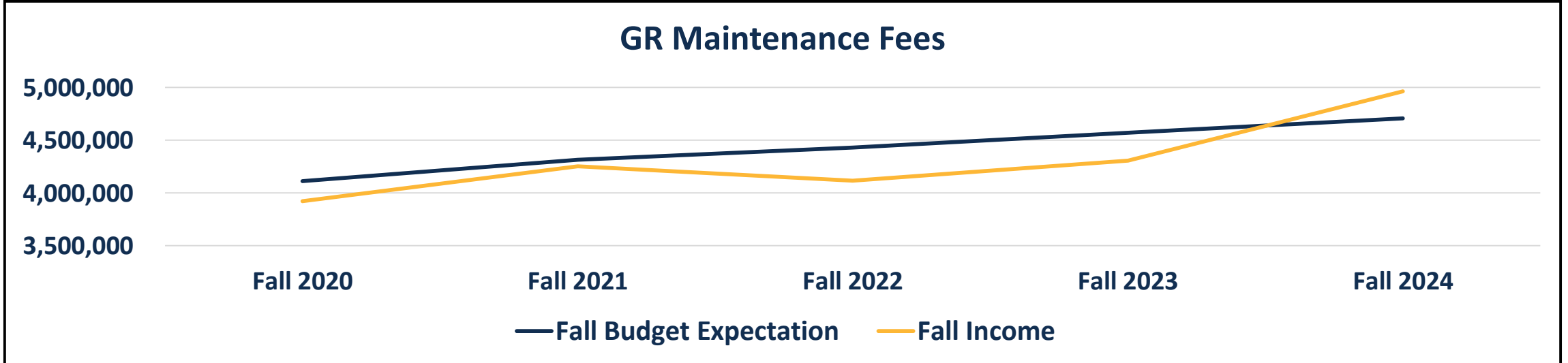
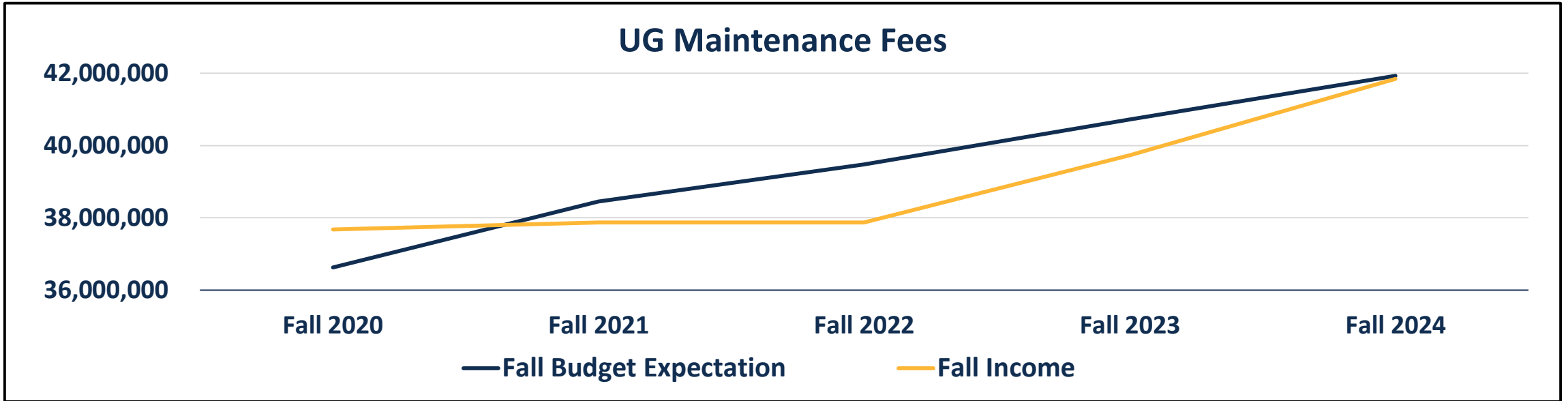
# Revenue Trends



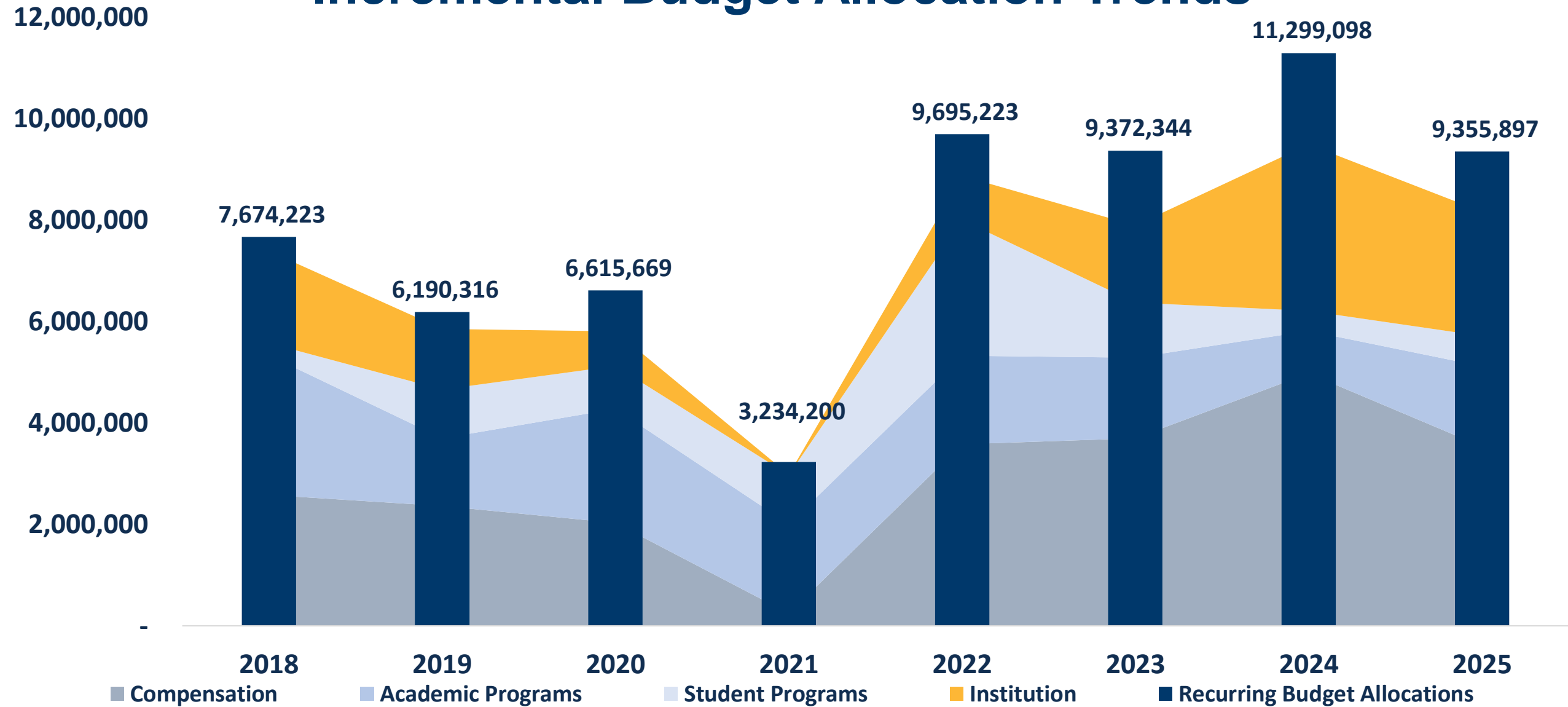
■ Tuition & Fees   ■ State Appropriations   ■ Total Budget



# Fall Enrollment Impacts on Budgets and Revenues



# Incremental Budget Allocation Trends



# University Budgets

| Division  | Amount                | Percentage  |
|---|-----------------------|-------------|
| Academic Affairs  | \$ 88,884,740         | 35%         |
| Central Benefits  | 40,648,670            | 16%         |
| Enrollment Management & Student Affairs (w/housing)     | 34,870,208            | 14%         |
| Finance & Administration (w/dining, parking, other)     | 23,134,204            | 9%          |
| Institutional Expenses (UT System, Debt, Utilities, NR) | 18,921,766            | 8%          |
| Athletics   | 17,234,042            | 7%          |
| Institutional Scholarships & Tuition Waivers            | 13,979,463            | 6%          |
| Information Technology                                  | 7,140,313             | 3%          |
| Research & Graduate School                              | 2,505,907             | 1%          |
| Communications & Marketing                              | 1,891,168             | <1%         |
| Access & Engagement                                     | 1,350,720             | <1%         |
| Chancellor  | 1,296,692             | <1%         |
| <b>Total Budget</b>                                     | <b>\$ 251,857,893</b> | <b>100%</b> |

# Academic Affairs – College Operations

| Colleges   | FY 24 Budget         | Faculty    | Staff      | Undergraduate Enrollment | Graduate Enrollment |
|--|----------------------|------------|------------|--------------------------|---------------------|
| College of Arts & Sciences   | \$ 28,035,314        | 287        | 36         | 3,768                    | 177                 |
| College of Engineering & Computer Science                                  | 10,170,939           | 60         | 35         | 1,545                    | 180                 |
| College of Health, Education, & Professional Studies                       | 18,443,509           | 134        | 86         | 2,385                    | 787                 |
| Gary W. Rollins College of Business  | 14,436,354           | 68         | 34         | 2,032                    | 356                 |
| Honors College   | 1,139,964            | 1          | 6          | -                        | -                   |
| Library  | 4,854,217            | 25         | 17         | -                        | -                   |
| Administration (WTRC, CPE, OPEIR, Registrar, Grad School, Provost & staff) | 11,804,443           | -          | 64         | -                        | -                   |
| <b>Totals</b>  | <b>\$ 88,884,740</b> | <b>558</b> | <b>286</b> | <b>9,730</b>             | <b>1,500</b>        |

*Enrollment counts not listed includes undeclared student populations consisting of 472 undergraduates and 73 graduates.*

# Other Divisional Operations

| Divisions                               | FY 24 Budget  | Staff |
|---|---------------|-------|
| Enrollment Management & Student Affairs | \$ 34,870,208 | 215   |
| Finance & Administration                | 23,134,204    | 194   |
| Athletics                               | 17,234,042    | 95    |
| Information Technology                  | 7,140,313     | 60    |
| Research                                | 2,505,907     | 19    |
| Communications & Marketing              | 1,891,168     | 17    |
| Access & Engagement                     | 1,350,720     | 23    |
| Chancellor                              | 1,296,692     | 6     |

# Reserve Funds Summary

| Reserves             | Balance       | Obligations     | Available     |
|----------------------|---------------|-----------------|---------------|
| Campus Reserves      | \$ 24,777,283 | (\$ 23,520,223) | \$ 1,257,060  |
| Mandatory Fees       | 23,719,419    | (16,386,202)    | 7,333,217     |
| Divisions & Colleges | 15,080,465    | (1,017,977)     | 14,062,488    |
| Auxiliaries          | 23,734,443    | (18,205,398)    | 5,529,045     |
| Totals               | \$ 87,311,609 | (\$ 59,129,800) | \$ 28,181,809 |

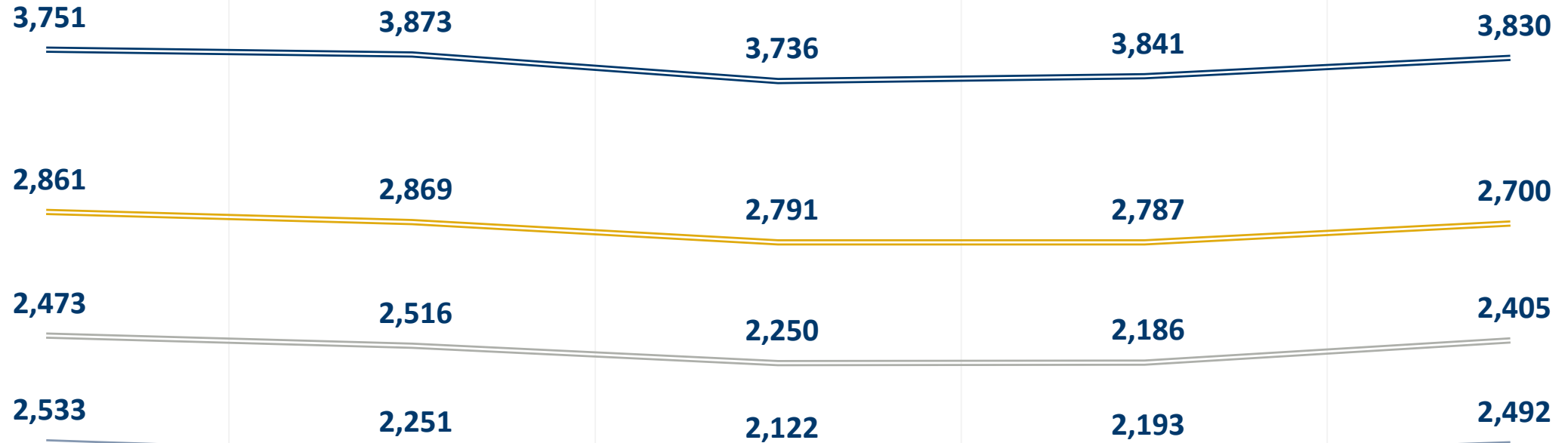
*Obligations consist of planned and obligated projects moving forward. Available balances consist of discretionary funds or emergency shortfalls.*

# Tennessee Outcomes Based Funding Formula

- Using historical university data to derive a common set of mathematical scales and point calculations, outcomes are produced utilizing three-year averages of data and weighting data priorities.
- The common data shared by each university includes:
  - Students Accumulating 30 hours
  - Students Accumulating 60 hours
  - Students Accumulating 90 hours
  - Bachelor's Degrees
  - Master's Degrees
  - Doctoral Degrees
  - Research, Service, and Sponsored Programs
  - Degrees per 100 FTE
  - Six-Year Graduation Rate

# Funding Formula Data

== 30 Credit Hrs    == 60 Credit Hrs    == 90 Credit Hrs    == Degrees



FY 2019-20  
(REMOVED)

FY 2020-21  
(REMOVED)

FY 2021-22

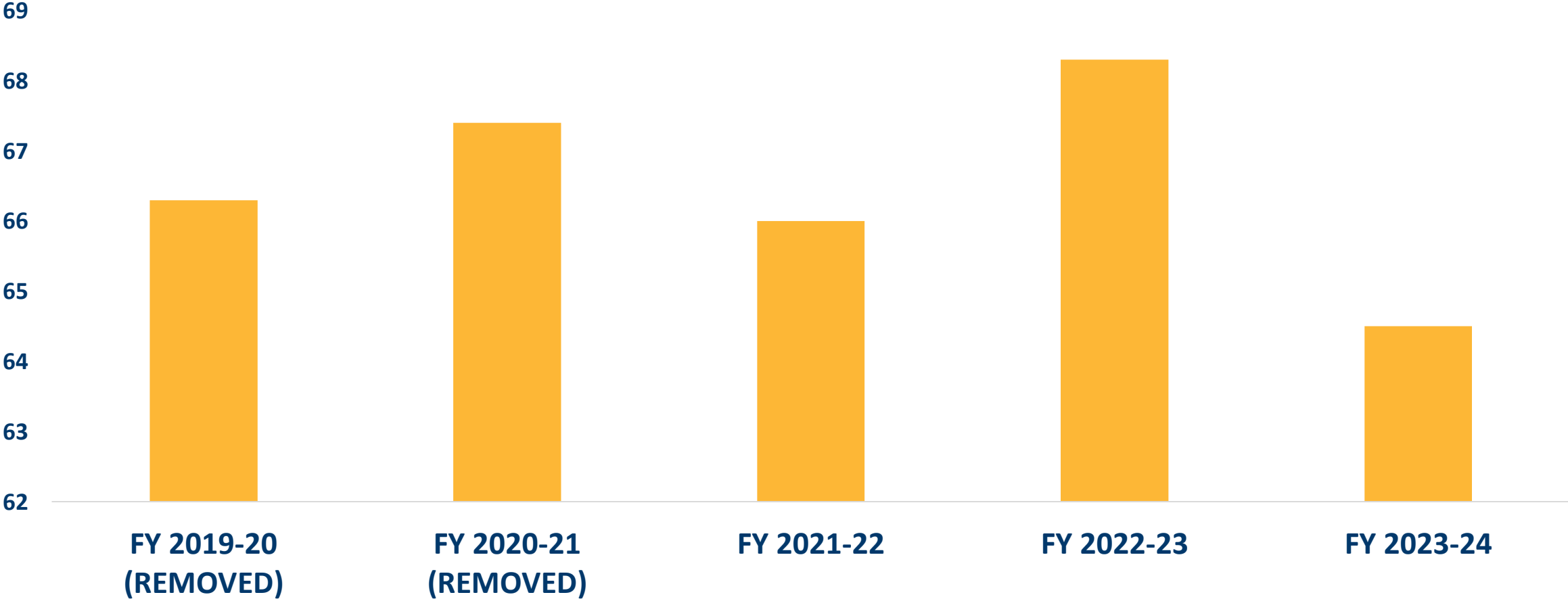
FY 2022-23

FY 2023-24



# Funding Formula Data

## 6Yr Graduation Rate



# THEC Formula Funding Recommendation

| <b>UT Universities</b>  | <b>Productivity Formula Adjustments</b> | <b>New Funding % Awarded</b> |
|-------------------------|---|------------------------------|
| UT Chattanooga          | (\$1,215,500)                           | 5.07%                        |
| UT Knoxville            | 5,613,000                               | 22.23%                       |
| UT Martin               | (592,500)                               | 2.92%                        |
| <b>LGI Universities</b> | <b>Productivity Formula Adjustments</b> | <b>New Funding % Awarded</b> |
| Austin Peay             | (\$972,600)                             | 4.72%                        |
| East Tennessee          | (1,435,100)                             | 6.25%                        |
| Middle Tennessee State  | (1,444,400)                             | 8.96%                        |
| Tennessee State         | (1,053,400)                             | 3.28%                        |
| Tennessee Tech          | (374,200)                               | 4.92%                        |
| University of Memphis   | 1,571,800                               | 11.11%                       |

# Projected New Revenue

| Resource   | Funding     |
|--|-------------|
| State Appropriation – Formula Growth (Based on \$40M)          | \$2,029,300 |
| State Appropriation – Productivity Adjustment                  | (1,215,500) |
| State Appropriation – Estimate 3% Salary Pool (65% Allocation) | 2,309,564   |
| Tuition Increase – (1%=\$961,830; 2%=\$1,923,661)              | TBD         |
| Mandatory Fee Increase – Transportation and Debt Service       | TBD         |
| Differential Fees – Based on Tuition Increase                  | TBD         |
| Auxiliaries - Meal Plans - 4%                                  | 50,810      |
| Auxiliaries - Parking - 4%                                     | 55,414      |
| Auxiliaries - Housing - 4%                                     | 2,059,638   |

# Year to Year Budget Highlights

|  | FY 2021            | FY 2022  | FY 2023   | FY 2024  | FY 2025                    |
|--|--------------------|--|---|--|----------------------------|
| Total Budget                           | \$204,065,948      | \$221,533,091  | \$236,613,158   | \$248,637,836  | \$251,857,893              |
| Tuition Increase                       | 0%                 | 2.0%   | 0%  | 3.0%   | 3.0%                       |
| State Appropriations – Funding Formula | \$183,800          | \$1,470,100  | \$4,631,900   | \$1,953,400  | \$1,447,200                |
| State Appropriations – Salary          | -                  | \$2,550,000  | \$2,674,700   | \$3,523,500  | \$2,219,800                |
| Compensation Plan                      | Faculty Promotions | 2.75%<br>\$11 Min Wage Staff Equity Faculty Promotions | 3.0%<br>\$13 Min Wage Staff Equity Faculty Promotions | 4.0%<br>\$15 Min Wage Compression Faculty Promotions | 3.0%<br>Faculty Promotions |
| Compensation Plan Cost                 | \$250,000          | \$3,583,720  | \$3,696,910   | \$4,981,424  | \$3,534,425                |

# Faculty Compensation Analysis

| Rank                | Count      | TN Public Higher Education Institutions |                               |                                       | SREB2/3                              |                               |                                       |
|---------------------|------------|---|-------------------------------|---------------------------------------|--------------------------------------|-------------------------------|---------------------------------------|
|                     |            | Gap to 85% of Market 50th Percentile    | Gap to Market 50th Percentile | Gap to 115% of Market 50th Percentile | Gap to 85% of Market 50th Percentile | Gap to Market 50th Percentile | Gap to 115% of Market 50th Percentile |
| Professor           | 145        | \$ 147,145                              | \$ 961,300                    | \$ 2,317,849                          | \$ 305,937                           | \$ 1,217,899                  | \$ 2,682,419                          |
| Associate Professor | 114        | \$ 66,470                               | \$ 430,715                    | \$ 1,241,139                          | \$ 96,809                            | \$ 515,368                    | \$ 1,548,570                          |
| Assistant Professor | 126        | \$ 50,089                               | \$ 465,434                    | \$ 1,344,470                          | \$ 114,577                           | \$ 712,370                    | \$ 1,947,826                          |
| Lecturer            | 136        | \$ 37,211                               | \$ 376,220                    | \$ 1,204,580                          | \$ 48,055                            | \$ 460,329                    | \$ 1,427,155                          |
| Library             | 24         |   |                               |                                       | \$ 3,585                             | \$ 63,291                     | \$ 181,209                            |
| <b>Total</b>        | <b>545</b> | <b>\$ 300,916</b>                       | <b>\$ 2,233,670</b>           | <b>\$ 6,108,038</b>                   | <b>\$ 568,962</b>                    | <b>\$ 2,969,257</b>           | <b>\$ 7,787,179</b>                   |

| College                                  | Count      | TN Public Higher Education Institutions |                               |                                       | SREB2/3                              |                               |                                       |
|--|------------|---|-------------------------------|---------------------------------------|--------------------------------------|-------------------------------|---------------------------------------|
|  |            | Gap to 85% of Market 50th Percentile    | Gap to Market 50th Percentile | Gap to 115% of Market 50th Percentile | Gap to 85% of Market 50th Percentile | Gap to Market 50th Percentile | Gap to 115% of Market 50th Percentile |
| Arts & Sciences                          | 262        | \$ 189,560                              | \$ 1,430,232                  | \$ 3,712,586                          | \$ 206,805                           | \$ 1,474,699                  | \$ 3,864,810                          |
| Engineering & Computer Science           | 58         | \$ 26,483                               | \$ 221,524                    | \$ 555,654                            | \$ 179,638                           | \$ 557,538                    | \$ 1,317,019                          |
| Health, Education & Professional Studies | 131        | \$ 84,873                               | \$ 518,686                    | \$ 1,502,052                          | \$ 174,995                           | \$ 782,673                    | \$ 1,964,196                          |
| Honors College                           | 1          |   |                               |                                       | \$ 3,939                             | \$ 15,242                     | \$ 26,545                             |
| Rollins College of Business              | 69         | \$ -                                    | \$ 63,229                     | \$ 337,745                            | \$ -                                 | \$ 75,814                     | \$ 433,401                            |
| Library                                  | 24         |   |                               |                                       | \$ 3,585                             | \$ 63,291                     | \$ 181,209                            |
| <b>Total</b>                             | <b>545</b> | <b>\$ 300,916</b>                       | <b>\$ 2,233,670</b>           | <b>\$ 6,108,038</b>                   | <b>\$ 568,962</b>                    | <b>\$ 2,969,257</b>           | <b>\$ 7,787,179</b>                   |

Multi-year approach to reach SREB2/3 50<sup>th</sup> percentile costing \$2,969,257; then addressing compression in higher ranges costing additional \$1,000,000.

# Staff Compensation Analysis

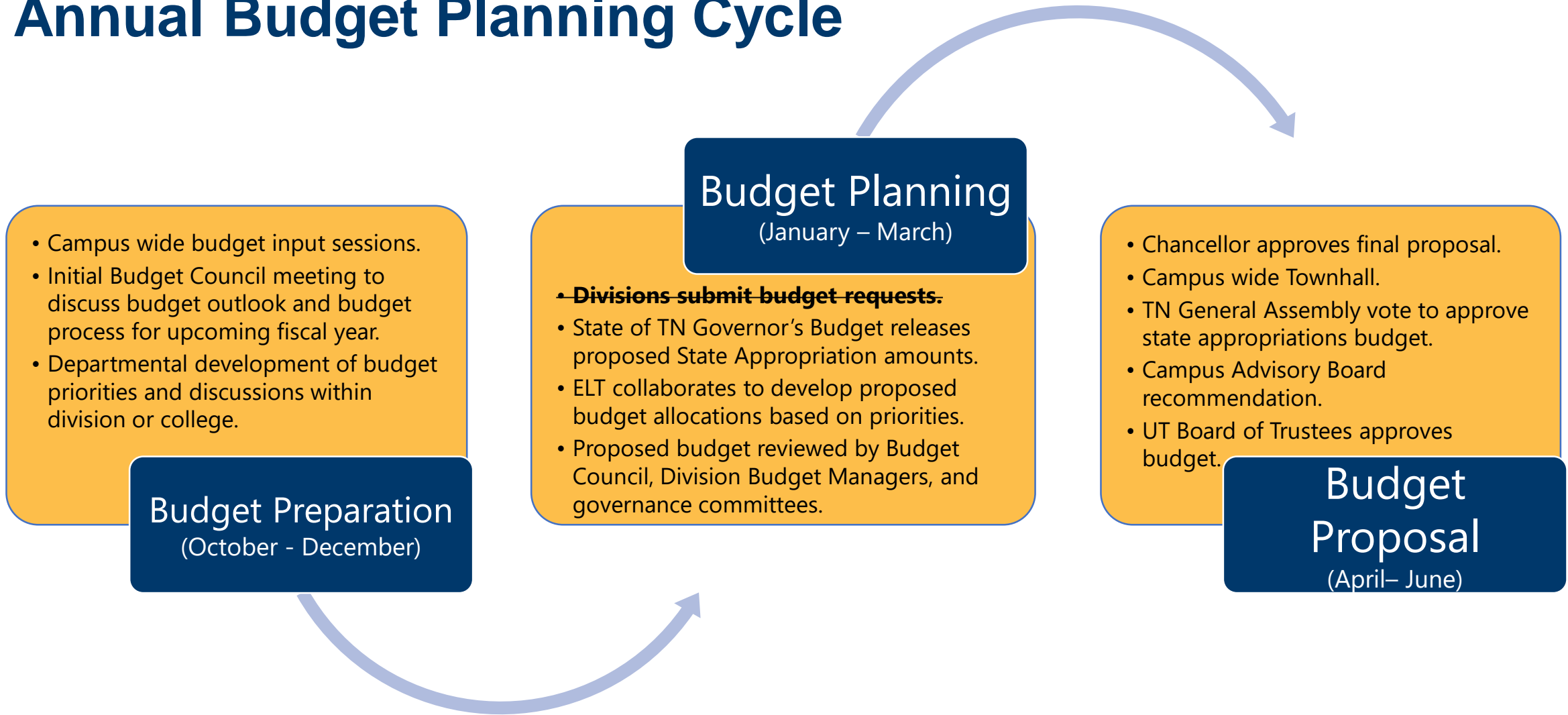
| FY23 Compression Plan Structure                       |                       |                   |                   | FY24 Compression Plan Structure                                    |                       |                   |                   | FY26 MR Structure Impact Overview  |                       |                   |                   |
|---|-----------------------|-------------------|-------------------|--|-----------------------|-------------------|-------------------|--|-----------------------|-------------------|-------------------|
| Range   | Entry-level Hrly Rate | Range Penetration | Annualized Salary | Range  | Entry-level Hrly Rate | Range Penetration | Annualized Salary | Range  | Entry-level Hrly Rate | Range Penetration | Annualized Salary |
| MR1   | \$ 13.00              | 46%               | \$ 27,040.00      | MR1  | \$ 15.00              | 69%               | \$ 31,200.00      | MR1  | \$ 15.00              | 61%               | \$ 31,200.00      |
| MR2   | \$ 13.59              | 37.50%            | \$ 28,267.20      | MR2  | \$ 15.75              | 61%               | \$ 32,760.00      | MR2  | \$ 15.75              | 53%               | \$ 32,760.00      |
| MR3   | \$ 14.94              | 37.50%            | \$ 31,075.20      | MR3  | \$ 16.54              | 52%               | \$ 34,403.20      | MR3  | \$ 16.54              | 44%               | \$ 34,403.20      |
| MR4   | \$ 16.12              | 37.50%            | \$ 33,529.60      | MR4  | \$ 17.37              | 44%               | \$ 36,129.60      | MR4  | \$ 17.37              | 37%               | \$ 36,129.60      |
| MR5   | \$ 17.30              | 30.50%            | \$ 35,984.00      | MR5  | \$ 18.24              | 37%               | \$ 37,939.20      | MR5  | \$ 18.24              | 29%               | \$ 37,939.20      |
| MR6   | \$ 18.36              | 25% / Q2Min       | \$ 38,188.80      | MR6  | \$ 19.15              | 29%               | \$ 39,832.00      | MR6  | \$ 19.15              | 22%               | \$ 39,832.00      |
| Funding existed to address compression for MR1-6 only |                       |                   |                   | MR7  | \$ 20.11              | 22%               | \$ 41,828.80      | MR7  | \$ 20.11              | 16%               | \$ 41,828.80      |
|   |                       |                   |                   | MR8  | \$ 21.12              | 15%               | \$ 43,929.60      | MR8  | \$ 21.12              | 9%                | \$ 43,929.60      |
|   |                       |                   |                   | MR9  | \$ 22.18              | 9%                | \$ 46,134.40      | MR9  | \$ 22.18              | 3%                | \$ 46,134.40      |
|   |                       |                   |                   | MR1-9 includes 572 Employees / 67% of Staff Population as of FY24. |                       |                   |                   | No compression funding in FY25. FY26 overview is outlined above based on entry-level rates established in FY24. MR structure was adjusted July 24 and July 25, impacting range penetration of entry-level rates. |                       |                   |                   |

*Multi-year approach to reach desired range penetration is to address MR7-9 costing \$2,000,000; then addressing compression in higher ranges costing \$1,000,000.*

# Continued Recurring Expense Needs

| Expense                                     | Funding     |
|---|-------------|
| 3% Compensation Pool                        | \$3,553,175 |
| Faculty Promotions and Rollovers            | 350,000     |
| Faculty Market                              | 2,969,257   |
| Faculty Compression                         | 1,000,000   |
| Staff Market                                | 2,000,000   |
| Staff Compression                           | 1,000,000   |
| MS Management Faculty (New)                 | 190,350     |
| Psych Mental Health Nursing Faculty (2 New) | 253,800     |
| RCOB Chair of Ethics (Current)              | 271,871     |
| Dual Enrollment Lecturers (2 New)           | 122,670     |
| Chemistry Faculty (New)                     | 446,307     |

# Annual Budget Planning Cycle





# VRIP Projection and Update

|                            | Employees | Salary Dollars | Payout       |
|----------------------------|-----------|----------------|--------------|
| 2025 VRIP – Total Eligible | 215       | \$ 18,941,380  | \$ 9,470,690 |
| 2025 VRIP - Estimate 40%   | 84        | \$ 7,576,552   | \$ 3,788,276 |

- Currently 40% of eligible employees have shown interest
- Final decision and agreements due January 13<sup>th</sup>
- Implement a Position Retention Justification process lead by Chancellor, Provost and CBO
- Funding reallocation opportunities:
  - Salary adjustments (compression & market)
  - Restructuring within programs, departments and divisions

**Thank you!**

**Questions?**