

BESC report to Faculty Senate, 2022-2023

***Committee members:***

David Levine, PT/CHEPS (year 3) – chair  
James Arnett, ENGL/CAS (year 2)  
Bo Baker, LIB (year 1)  
Boris Belinskiy, MATH/CAS (year 1)  
Susan Eckelmann, HIST/CAS (year 1)  
Dawn Ford, HHP/CHEPS 9 (year 1)  
Josh Hamblen, CHEM/CAS (year 1)  
Kennedy Horton, MKT/RCOB (year 1)  
Marcus Mauldin, PSPS/CAS (year 1)  
Gary McDonald ENGR/CECS (year 3)  
Susan McDonald, HHP/CHEPS (year 1)  
Andrew O'Brien, ART/CAS (year 1)  
Tom Rybolt, CHEM/CAS (year 1)  
Nilesh Sah, FIN/RCOB (year 1)  
Abbie Ventura, ENGL/CAS (year 1)  
*Provost designee (ex officio)*

***Invited guests:*** *Laure Pou, Shewanee Howard-Baptiste, Provost Jerold Hale, Chris Sherbesman*

**Budget and Economic Status Responsibilities**

*The Budget and Economic Status committee has four primary responsibilities:*

- *to study and report to the Senate on financial aspects of public higher education in Tennessee and on prospects for faculty salary levels and raises;*
- *to examine fringe benefit situations and recommend changes and additions as appropriate;*
- *to participate in recommending faculty salary policies;*
- *to participate in broader budgetary matters that impinge on the educational function of the institution*

This past year we were joined by interim Vice Chancellor of Finance and Administration Vicki Farnsworth in Fall of 2022, and then welcomed the new Vice Chancellor of Finance and Administration Brent Goldberg.

In Fall 2022, we focused on examining the nonacademic side of the budget and how this has changed over time. This report is attached and helps visualize how the budget has changed from 2018-2022.

In Spring 2023, we discussed the potential changes to summer salary formulas which are ongoing, raises for faculty and staff, and how the committee can assist VC Goldberg moving forward. This report is attached.

Respectfully submitted,

David Levine, PT, PhD, DPT, MPH, FAPTA  
Professor and Walter M. Cline Chair of Excellence in Physical Therapy

### Budget and Economic Status Committee



**FY 2022 Year-End & FY 2023 Financial Update**  
 Assoc. Vice Chancellor Chris Sherbesman



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### Financial Challenges and Opportunities

- Enrollment fluctuations offset by:
  - Non-Recurring budget reductions - \$3.3M
  - HEERF funding utilization ~ \$2.1M
  - Investment in marketing and recruitment
- Generally flat tuition environment
- Inflation costs
- Interest rates
- Compensation adjustments (min wage; compression)
- Quality enhancement plan



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## FY 2022 Year End Review



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### Year End Highlights

- University maintained positive fiscal health
- Fund balances increased and remain healthy
  - E&G = 4.59% (THEC range 2-5%)
  - Auxiliary = 4.61% (THEC range 3-5%)
- Auxiliary units financially stable
- HEERF funding utilization and planning
- Divisions finished with surplus



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### Year End Division Balances

Division	Year End Balance	Approved Carryover	Net Balance
Chancellor	\$153,045	-	\$153,045
Academic Affairs	4,679,116	-3,168,662	1,510,453
VCR & Graduate School	788,452	-666,059	122,393
Finance & Administration	280,198	-10,088	270,110
Diversity & Engagement	865,249	-828,382	36,867
Enrollment Mgmt. & Stud. Affairs	503,116	-23,484	479,632
Information Technology	223,373	-129,864	93,509
Athletics	18	-	18
Comm & Mkt	39,014	-	39,014
Auxiliary/Housing	2,728,307	-148,660	2,579,647
<b>Total</b>	<b>\$10,259,888</b>	<b>-\$4,975,199</b>	<b>\$5,284,689</b>

*The figures are unaudited.*



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### Reserve Funds Summary

Reserves	Balance	Obligations	Available
Campus Reserves	\$24,254,578	\$-17,018,637	\$7,235,941
Mandatory Fees	11,587,713	-6,051,248	5,536,465
Division & College	15,355,276	-3,747,954	11,607,322
Auxiliaries	16,330,123	-8,524,024	7,806,099
Fund Balances	10,250,000	-	10,250,000
<b>Totals</b>	<b>\$77,777,690</b>	<b>-\$35,341,863</b>	<b>\$42,435,827</b>

*The figures are unaudited.*



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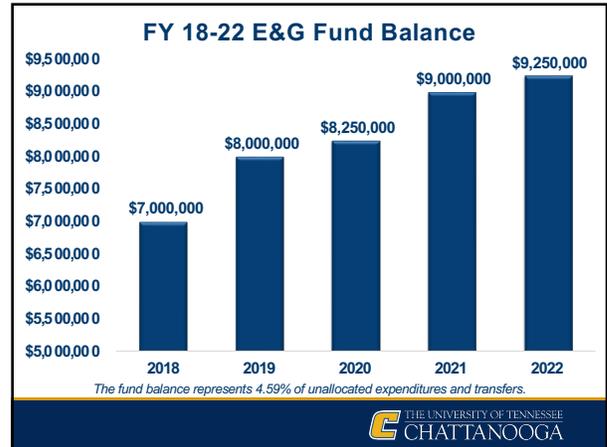
### HEERF Funding Summary

Stimulus Funds	Awarded	Disbursed to Students	Institutionally Expended	Remaining
HEERF I - CARES	\$9,513,780	-\$4,756,890	-\$4,756,890	-
HEERF II - CRRSAA	15,131,381	-6,635,890	-8,495,491	-
HEERF III - ARP	26,626,600	-13,839,241	-9,635,079	3,152,280
<b>Total Funds</b>	<b>\$51,271,761</b>	<b>-\$25,232,021</b>	<b>-\$22,887,460</b>	<b>\$3,152,280</b>

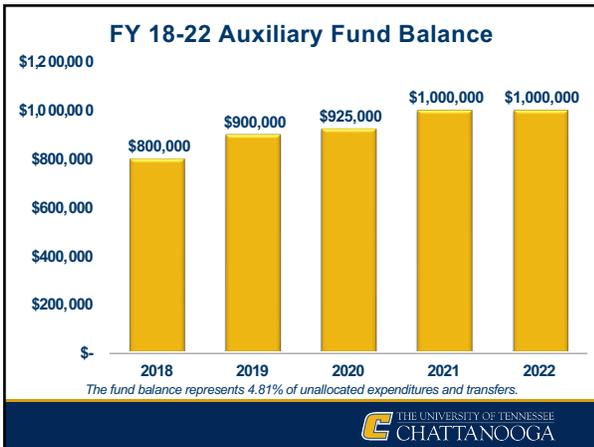
- Disbursements made to students through block grants and emergency funds
- Institutional expenses include \$11.6M rev loss and \$4.4M refund reimbursements
- Remaining commitments include \$533k to students and institutional projects of \$1.6M
- Additional SIP funding of \$1.1M and remaining HEERF of \$1M to offset enrollment



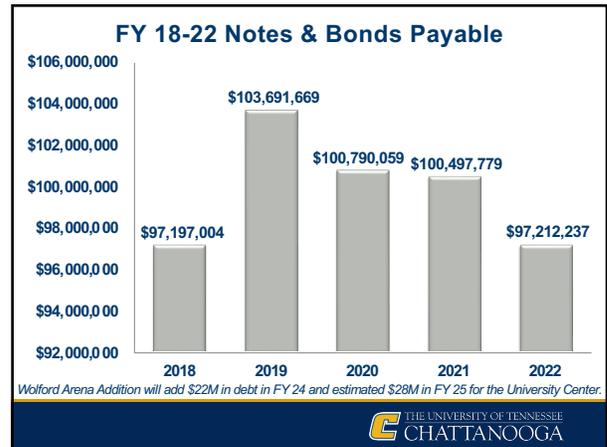
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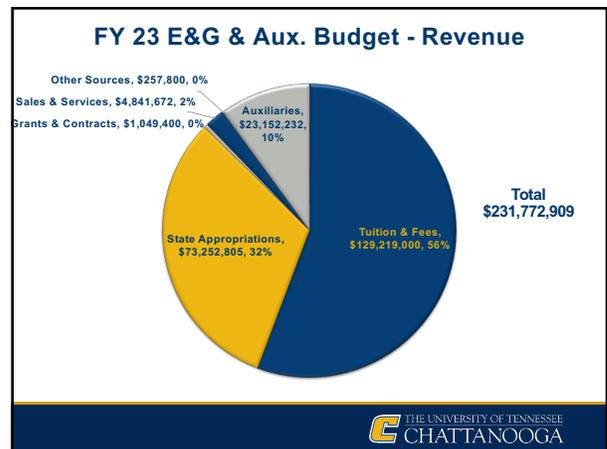


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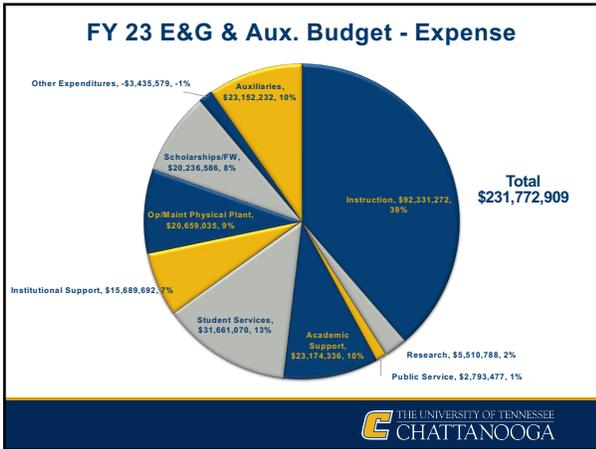
## FY 2023 Financial Update



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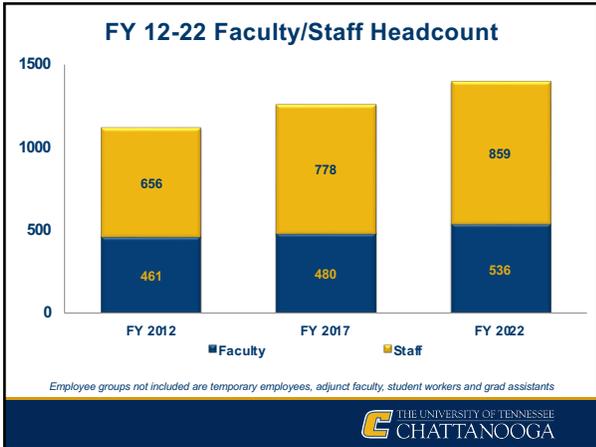
### FY 23 E&G Budget vs YTD Actuals

	BUDGET	YTD ACTUALS	%
<b>Revenue:</b>			
Tuition & Fees	\$129,219,000	\$67,415,472	52%
State Appropriations	73,252,805	18,107,976	25%
Grants & Contracts	1,049,400	368,534	35%
Sales & Service	4,841,672	1,571,421	32%
Other Services	257,800	30,286	12%
<b>Total Revenue</b>	<b>208,620,677</b>	<b>87,493,689</b>	<b>42%</b>
<b>Expenses:</b>			
Salaries & Benefits	142,570,472	30,509,618	21%
Operating	69,485,784	21,725,372	31%
<b>Total Expenses</b>	<b>\$212,056,256</b>	<b>\$52,234,989</b>	<b>25%</b>
Transfers	-3,435,579	0	0%
<b>Total Expenses &amp; Transfers</b>	<b>\$208,620,677</b>	<b>\$52,234,989</b>	<b>25%</b>
<b>Balance</b>	-	<b>\$35,258,700</b>	

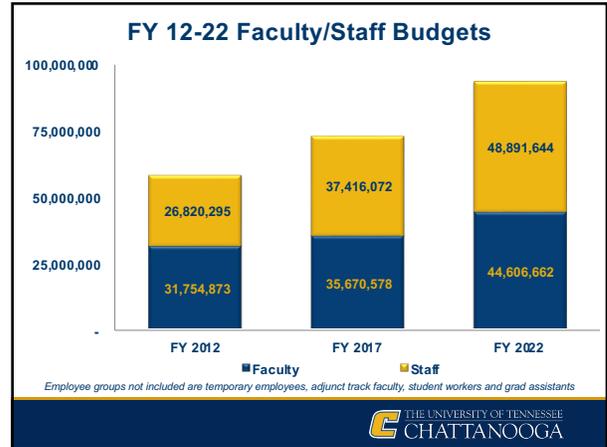
*\*Current remaining salary, benefits and operating encumbrances equal \$112,855,699*

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## Questions

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### Budget and Economic Status Committee



**FY 2023 Financial Update & FY 2024 Budget Outlook**  
Vice Chancellor Brent Goldberg

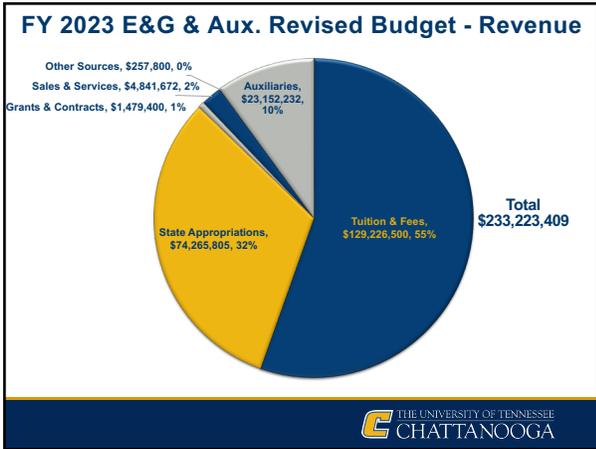


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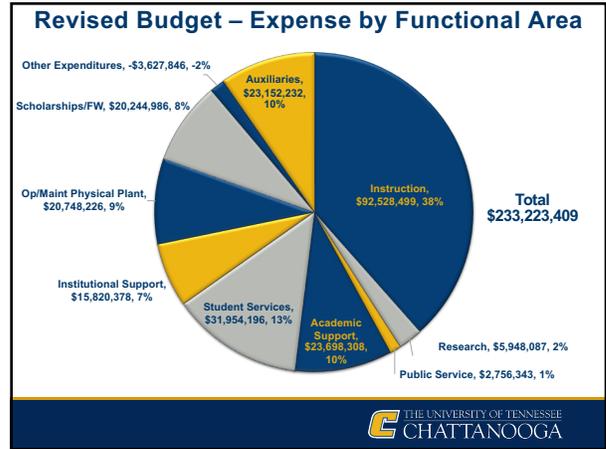
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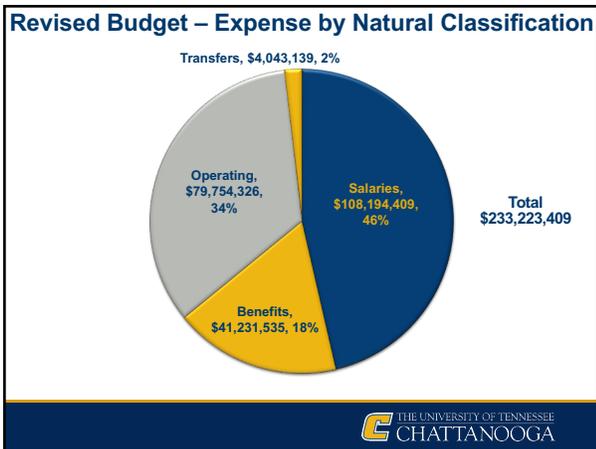
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### FY 2023 E&G Budget vs YTD Actuals

	BUDGET	YTD ACTUALS	%
<b>Revenue:</b>			
Tuition & Fees	\$131,942,509	\$122,988,907	93%
State Appropriations	74,265,805	48,790,236	66%
Grants & Contracts	1,479,400	905,751	61%
Sales & Service	4,841,672	3,816,174	79%
Other Services	257,800	97,533	38%
<b>Total Revenue</b>	<b>\$212,787,186</b>	<b>\$176,598,601</b>	<b>83%</b>
<b>Expenses:</b>			
Salaries & Benefits	\$143,884,249	\$77,282,861	54%
Operating	72,713,350	45,565,945	63%
<b>Total Expenses</b>	<b>\$216,597,599</b>	<b>\$122,848,806</b>	<b>57%</b>
Transfers	-3,810,413	2,689,349	-71%
<b>Total Expenses &amp; Transfers</b>	<b>\$212,787,186</b>	<b>\$125,538,155</b>	<b>59%</b>
<b>Balance</b>	<b>-</b>	<b>\$51,060,447</b>	

*\*Current remaining salary and operating encumbrances equal \$75,904,432*



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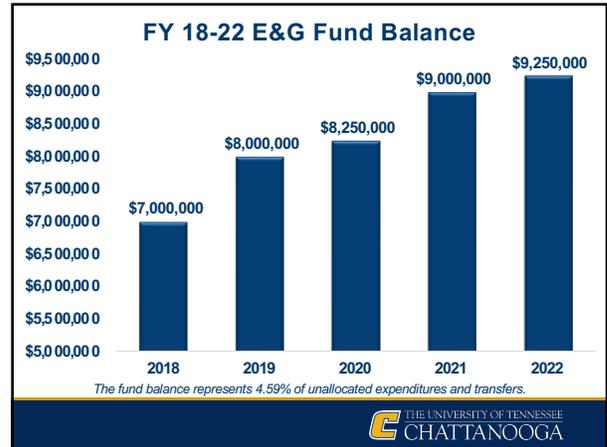
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Stimulus Funds	Awarded	Disbursed to Students	Institutionally Expended	Remaining
HEERF I - CARES	\$9,513,780	-\$4,756,890	-\$4,756,890	-
HEERF II - CRRSAA	15,131,381	-6,635,890	-8,495,491	-
HEERF III - ARP	26,626,600	-14,238,951	-10,328,251	2,059,398
SIP	1,183,328	-	-	1,183,328
<b>Total Funds</b>	<b>\$52,455,089</b>	<b>-\$25,631,731</b>	<b>-\$23,580,632</b>	<b>\$3,242,726</b>

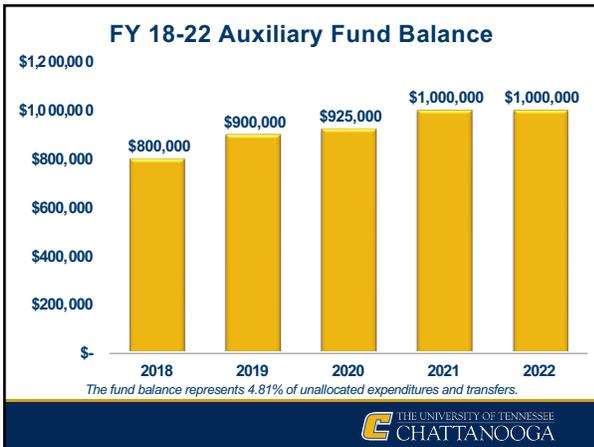
*Remaining commitments include \$133K to students, institutional projects of \$600K, and \$2.5M to offset enrollment decline*



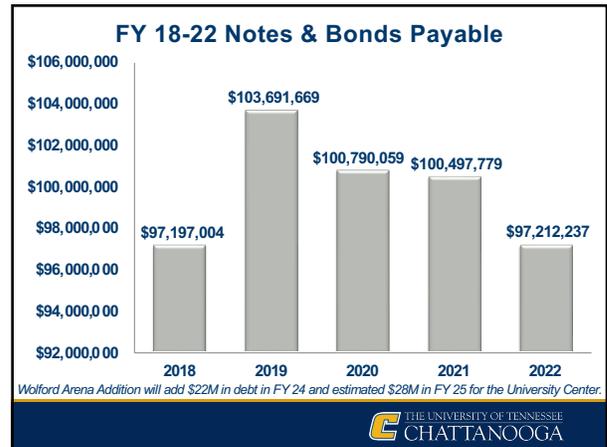
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## FY 2024 Financial Outlook



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### FY2024 State Appropriations

#### THEC Recommendations

- Funding Formula – Productivity to Base – (\$384,400)
- Funding Formula – Growth Funding - \$7,656,500

#### State Appropriations (Gov. Recommend)

- Operating Formula – Productivity to Base – (\$384,400)
- Operating Formula – Growth Funding - \$2,337,800
- Operating Formula – 5% Salary Pool - \$3,523,500
- Operating Formula – Insurance Premiums & Benefits - \$411,500
- Capital Maintenance – Building Envelope Repairs - \$7,350,000

#### State Appropriations (TN General Assembly)

- TN General Assembly – Possibly Adjust Gov. Recommendation
- TN General Assembly – Votes to Pass Final Budget in May



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### Budget Environment and Planning

**5% Salary Pool**

- Minimum Wage Increase to \$15/hr
- Compression Adjustments – Market Ranges 1 - 7
- Faculty Promotions and Rollovers
- 4% Market and Merit Adjustment

**Unavoidable Costs**

- Utilities
- UT System Charge
- Property Insurance
- Quality Enhancement Plan

**Investments**

- Marketing and Recruitment
- Quantum Initiatives
- ERP Implementation
- University High



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### Undergraduate (UG) Out of State Reduction

Semester Fees	Current	Proposed	Difference
UG Maintenance Fee	\$3,996	\$3,996	-
UG Mandatory Fees	928	928	-
UG Out of State Tuition	8,059	4,032	-4,027
<b>Total Out of State Student Cost</b>	<b>\$12,983</b>	<b>\$8,956</b>	<b>-\$4,027</b>

- Graduate out of state students pay \$9,269; UG Border Students pay \$8,956
- Minimal financial impact due to large scale of subsidized awards from the University
- Break even proposal of 56 new out of state FTE, 113 new in-state FTE, or mixture



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## Questions



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