

Internal Budget Advisory Council Continuing Planning Session Summary Notes

March 12, 2019

Attended: Chancellor Angle, Richard Brown, George Hynd, Yancy Freeman, Tyler Forrest, Chris Sherbesman, Allison Evans, Mark Wharton, George Heddleston, Joe Wilferth, Valerie Rutledge, Theresa Liedtka, Steve Ray, Terry Denniston, Bryan Rowland; Joseph Kizza; Gregory O'Dea

Absent: Joanne Romagni, Robert Dooley, Daniel Pack, Linda Frost

Dr. Richard Brown welcomed everyone back to the Internal Budget Advisory Planning meeting.

Dr. Brown mentioned that the Governor has presented his new state budget and has spoken to the State Legislature. Dr. Brown said that it is very important to understand that the "Governor recommends and the Legislature appropriates funding", so whatever the Governor recommends the State Legislature has to approve it. The Governor has recommended to fully fund the higher education funding formula going forward, representing another \$17.4 million to UT system campuses and the aggregate and our campus picks up some additional \$2.4 million dollars from the CCTA. The Governor is also recommending a 2% salary pool for state employees and we will have to fund a 2% salary pool as well.

Chancellor Angle stated that the 2% pay raise is good news in terms of our budget impact and thinks that we can raise the tuition 2.5%. Chancellor Angle said that our Legislature is very interested in the 15/4 tuition model and mentioned that they will talk to our Hamilton County Delegation to discuss the tuition increase. Chancellor Angle said that THEC will have a rule change to allow us to raise tuition in excess of their CAP in reworking on how we assess tuition. We will have the same cost per credit hour but we will charge for more credit hours at a discounted rate for credit hours beyond 12 hours. Our 15/4 tuition model is at an 8% increase and 11% just at the tuition side. Chancellor Angle said that President Boyd will be presenting his UT Promise on Thursday, March 14, 2019 which he will discuss his scholarship program for economically challenged students which will start Fall 2020. President Boyd also adjusted the fees down from \$60K where it would have been a \$7 million impact to us per year.

Provost Hynd thanked all the Deans again for all of their hard work for their 3-year plan and 5-year vision for their colleges and this was very helpful for our budget moving forward. Provost Hynd mentioned that as we consider moving forward, it is still important that we keep in mind that we have a longer term vision to see where your colleges will go and how it will impact our students that we serve. Provost Hynd thanked Allison Evans for her hard work and stated that all of this has been a good process.

Again, Dr. Brown thanked everyone for continuing their hard work in this budget process. Dr. Brown stated that there is always more requests and needs than available recurring funding. Dr. Brown is challenging the Deans to make serious decisions about priorities across the institution. Dr. Brown wants everyone to be on the same page and to understand the full budget transparency while discussing the budget with faculty and staff, where we are to date, what the projected revenue looks like, and what your top priorities to date are. Dr. Brown mentioned that there is not enough current revenue to go around and the 2019-20 projected budget is not balanced; so the Budget Office will meet with all the major heads again to discuss their priorities and top items. Dr. Brown said with this, we will discuss where we are to date, cost going forward, and our obligation to date,

our salary pool and your thoughts on your priority choices. Dr. Brown thanked Tyler Forrest, Chris Sherbesman and Allison Evans for their good work with working with everyone.

Chancellor Angle mentioned that we need to discuss cutting an additional \$1.3 million and to look at institutional priorities and have everyone involved in the ongoing process.

Tyler Forrest thanked everyone for their time and thanked each division head that worked to help prepare the current budget priority list and with bringing the funding requests down. Tyler mentioned that when they started this process, they were at \$8 million and have brought it down to \$1.3 million. Tyler went over and discussed with each division head the "Proposed" Cost Going Forward Adjusted Division Requests FY 2019-20. **(See Attached)** If you have any further questions and/or concerns, please contact the Budget & Finance Office.

After reviewing the "Proposed" Cost Going Forward Adjusted Division Requests FY 2019-20, Dr. Brown stated that we have a \$1.3 million over budget issue to work with and asked all divisions to please take a close look to see what is critical and what is defined as a "high priority", and to discuss this with your division heads. The Budget Office will schedule times to meet with everyone again to trim this budget and get our 2019-20 budget in balance.

Chancellor Angle mentioned if some of the onetime monies were to go away, such as the Institutional Scholarships (\$400K) and the Graduate Out-of-State Tuition Reduction (\$800K), these monies could be reinvested and this could really impact the budget bottom line in a significant way.

Dr. Rutledge asked if all the projected salaries included benefits and the answer was yes.

Theresa Liedtka asked about the clarification of recurring requests and 15/4 tuition model bottom line monies. Is there anything we need to know or be distinctive about the use and classification monies? Chancellor Angle mentioned that the 15/4 tuition model monies are there for the primary support of students. Chancellor Angle said we should be targeting for this Fall at 60% - 6 year graduation rate. We need to make sure we offer enough courses for the students and avoid "road block" courses. Chancellor Angle stated that if we overestimated the amount of monies that should be there, we can look at reallocating with the understanding that we need to deliver what we are promising these students. Dr. Brown stated that from a public feedback stand point of 15/4 that it is very critical that these dollars be used appropriately and in accordance to the strategies we promised our students and Board of Trustees. Dr. Brown mentioned that we cannot end up with students not getting the courses they need to graduate. We have explained to the legislature and everyone why this program is in place as well as we want these students to progress and graduate in four years.

Terry Denniston asked about the student support fees and do they need to be discussed with SGA. Tyler Forrest mentioned that he and Dr. Freeman are meeting with SGA next week and they are going to explain the 15/4 tuition model, the student support fees and the revenue at a high level. Chancellor Angle mentioned that the 15/4 tuition model money is scheduled for next year's budget starting July 1, 2019.

Dr. Rutledge asked Dr. Freeman about the enrollment application numbers currently as compared to last year. Dr. Freeman said we are up 2% in applications, 100 freshman increase from last year and an increase of 40 student transfers. Dr. Brown stated that housing is also an indicator of enrollment and they are currently out of rooms. Dr. Brown has asked Dr. Freeman to look at support housing across the institution so we do not turn away 400 students. Dr. Freeman mentioned that there are 1400 students in the housing reservation system and they need to seriously look at a housing complex for the overflow. Dr. Freeman said that due to the freshman live on campus requirement, the goal is for West Campus to continue to hold first time freshman and some transfer students. Dr. Freeman stated that this was a smart move for us to remove the meal plan charges for

the junior and senior and luckily the overall meal plan did not suffer. Dr. Freeman said that this was a great plan for a marketing stroke to get the students back in university housing. Dr. Brown thanked the Chancellor for suggesting elimination of the meal plan and also thanked Tyler Forrest for working with Aramark to get this done, as Aramark had to give up some significant projected revenue to make this happen.

Dr. Brown and Provost Hynd discussed the compensation pool and the need to make sure we are advocating the right allocation strategy that everyone wants distributed within this 2% pool. Dr. Brown is asking several constituent governance groups how everyone feels about the compensation plan. Provost Hynd asked Steve Ray what his thoughts were with the 2% pool with representing the UTC faculty. Mr. Ray stated that he would also like to see a .5% for salary compression and merit. Dr. Brown stated that they are looking at the comparative data and will discuss this. Ms. Liedtka stated that she would like to see the staff protected especially for a cost of living increase. Chancellor Angle stated that we need to be uniformed across campus with this decision. Provost Hynd said he will discuss this with Deans Council and that this would be a great opportunity for the Deans to discuss this regarding the merit, compensation, compression, etc. and has asked all the Deans to please come prepared for discussion.

Dr. Brown stated that one of the things we are going to look at going forward is trying to get some flexibility within the current budget. Dr. Brown said they are considering bringing forward a Voluntary Retirement Incentive Program similar to what they did three years ago. Human Resources is putting a package together for Executive Leadership Team (ELT) to look at next week. If we decide to do this, we will announce it July 1, 2019 and everyone will have three months to consider this idea with final decisions in October for a December 31, 2019, or June 30, 2020 implementation. Dr. Brown stated that this is an incentive program for bringing forward staff and faculty, as well, and it is a way to say "thank you" for your years of service as it will also be a big help with retirement. Dr. Brown will discuss this with the ELT and will get back to everyone.

Dr. Rowland has asked everyone to please keep these conversations within this room until this has been discussed as this is definitely just a "plan". Dr. Brown thanked Dr. Rowland for mentioning this.

Dr. Freeman asked about staff equity adjustments for this year and if we had dollars to do this. Dr. Brown stated that Laure Pou and Todd Dockery are coming to ELT to share this information.

Dr. Brown thanked Tyler Forrest, Chris Sherbesman and Allison Evans for all of their hard work and financial planning and for working with everyone. Again, Dr. Brown thanked everyone for going back to review their budget priorities.