

UPRAC
Minutes
November 17, 2017

In his opening remarks, Chancellor Angle indicated that there are still some unknowns in the budget, specifically tuition. THEC maximum will be 3%, which is fine with us. UTC plans for the HEPI increase because it makes budgeting easier.

Dr. Brown advised the Committee that the budget numbers may change when the Governor give his budget address in January 2018. We need to restructure. UTC was the top performing university in the state for the Complete College Funding Formula. It will be very competitive going forward because everyone wants a bigger share. We will need to identify our growth programs. Also need to keep an eye on what they are doing at UT Knoxville. How does their growth affect UTC?

Dr. Angle spoke about the new peer set. Does it make sense? You can see the new list of UTC Peer Institutions at the link below:

www.utc.edu/planning-evaluation-institutional-research/factbook/peer-institutions.php

The selection of the new peer institutions was a centrally managed process. We had to stay in the south. Dr. Angle noted that we have less of a salary gap with this peer set. Linda Frost indicated that the new peer set for UT Knoxville has national schools. We are a regional university – that is where our students come from. David Rausch replied that UTK had a different view point.

PowerPoint – UPRAC Financial Report – Dr. Richard Brown
FY 2017 Year-End Summary and FY 2019 Budget Planning
Slides are available on the UPRAC website

Dr. Brown advised the committee that we closed the books in the black as required by law. Our E&G Fund Balance is \$6,500,000 (4%). The THEC range on unallocated E&G balances is 2% to 5%.

The **Auxiliary Fund Balance** is \$700,000. Dr. Brown indicated that we do not want this fund balance to go up too quickly and he advised the committee that the Budget and Economic Status Committee had asked about bonuses.

Carryover funds are funds that are already earmarked for something. These funds are sent back to the Departments. These amounts will be audited. The Board wants to know how the funds will be used. The Academic Affairs carryover funds are earmarked for IT and part-time instruction.

Every Division contributed to the **Strategic Investment Fund**. These funds will be used for technology and furniture for VOIP, the State Office Building (Floors 4, 5, & 6), and Holt Hall.

Regarding fee transfers to R&R, the Board will be looking at how these fees will be used and to see if we are over-collecting. Differential fees have been used well. Requests to increase fees will be looked at closely.

FY 19 Proposed Revenue (see slide)

Dr. DiPietro is proposing a tuition freeze, which we hope will not happen. The Modified 15/4 tuition schedule is the one preferred by the Executive Leadership Team. THEC doesn't view it as a tuition increase because the students that are already here will be "grandfathered in." If we phase this in, it will have less financial impact. We do not want to shock the financial base because we are opening the new residence hall. Tennessee State and Austin Peay are the only schools with lower tuition than UTC.

UT Chattanooga is the top public university in the state of Tennessee. This was announced by THEC last week and results in a 7.2% allocation increase from State Appropriations. This would mean \$3.6 million for the university if fully funded by the Governor. Governor could give us a full salary pool, not just 55%. President DiPietro will ask for 100%. We want more flexibility with the Compensation Pool. UT System said it had to all be merit-based last year to address compression and market issues.

We need to look at our scholarship program. Also Instructional Technology. We need to finance computer labs. This is the first step in trying to plan for what we need.

Dr. Angle said that Knoxville and Martin will freeze tuition and we will be under pressure. UTK Chancellor Beverly Davenport is setting her sights on 15% growth. She may lower admissions standards and partner with more community colleges. Regarding scholarships, Royale will give input on our recruiting and packaging financial aid.

Tennessee Tech instituted a reverse transfer program and gained a lot of revenue. They have talked to Cleveland State and Chattanooga State.

Dr. Brown advised UPRAC that they should think about a bonus plan.

Dr. Brown thanked UPRAC for the resolution against outsourcing. Dr. Gretchen Potts thanked both Dr. Angle and Dr. Brown for representing UTC so well during that process.