

Budget Advisory Committee
March 30, 2017 @ 1:15 p.m.
President's Conference Room

Present:

Bobby Adams
Sandra Bohannon for Marc Burnett
Kevin Braswell
Jack Butler
Alice Camuti
Evelyn Chambers
Leslie Crickenberger
Corinne Darvennes
Bahman Ghorashi
Carol Holley
Darrell Hoy
Glenn James
Christy Killman
Karen Lykins
Alex Martin
Bobbie Maynard
Deanna Metts
Brian O'Connor
Philip Oldham
Thomas Payne
Joseph Rencis
Jeffery Roberts
Paul Semmes
Diane Smith
John Smith
Mark Stephens
Claire Stinson
Angie Vick for Terry Saltsman
Emily Wheeler
Mark Wilson
Dewayne Wright
Jeff Young
Lisa Zagumny for David Larimore

Absent:

Marc Burnett
David Larimore
Terry Saltsman
Bharat Soni

Dr. Claire Stinson thanked everyone for their attendance and the meeting agenda was distributed. The minutes of February 16, 2017 were distributed previously via email.

Dr. Stinson asked for a motion for the approval of the agenda. Darrel Hoy moved to approve the agenda, Alex Martin seconded, there was no discussion and the agenda was approved unanimously.

Dr. Stinson asked for a motion to approve the minutes of February 16, 2017. Jeff Roberts moved to approve the minutes and Jack Butler seconded. Dr. Stinson asked for discussion. There was no discussion and the minutes were approved unanimously.

Non-Mandatory Fees Approval – Dr. Stinson informed the group that non-mandatory fees were presented to the Board of Trustees on March 23, 2017 and they were approved. The Budget Office will be working with the Deans to get those into the July budget within the next few weeks.

Reductions in Non-Instruction Areas: Dr. Stinson referred to Handout A: Initial Budget Reduction for non-instructional areas which was distributed to the committee. The initial budget reduction was for \$1,289,644 and included filled positions, vacant positions, operating, and travel budget reductions. The 2nd reduction listed on the handout is for the additional \$1 million. Reductions of \$634,800 had been identified leaving the University with a difference of -\$365,200.

Dr. Stinson added that the University is still in conversations with THEC, the Governor's Office and legislators about the governor's budget and how much flexibility we can obtain. Dr. Stinson indicated that the -\$365,200 should not be a problem but we are waiting for the outcomes of the governor's budget before addressing.

Reserves: Dr. Stinson directed the group to Handout B: Reserves – Capital Project and Other which includes a list of all of the University's reserves and what they are dedicated to. Total Reserves are \$78,310,000 with a sub-total of \$44 million in Unexpended Plant Reserves which includes the two large items for the Science Building and the Fitness and Recreation Center. Dr. Stinson pointed out that there were \$23 million in Renewal and Replacement Reserves with the largest amount directed toward Housing. There are \$6,100,000 in University Undesignated Reserves. Dr. Stinson stated that State law requires that we maintain between a 2% - 5% fund balance reserve and that we are currently at the 2% amount which is \$3.5 million. Dr. Stinson asked if there were any questions and there were none.

Scholarship Update: Dr. Stinson turned the discussion over to Dr. Leslie Crickenberger for an update on scholarships. Dr. Crickenberger indicated that a complete review of the University's scholarship program had been conducted. A small Scholarship Committee had been created and a new program has been sent to Deans and a larger group for feedback. The structure of the new program will make us more competitive in recruiting students and it will be usable as a marketing tool while reducing our costs. Dr. Crickenberger indicated they were also working on how to manage a budget and will be reinstating the scholarship deadline and using a rolling admission type award. Dr. Crickenberger added that university scholarships were currently frozen except for the donor or departmental scholarships.

Dr. Crickenberger stated that while continuing to assess scholarships, they are currently focusing on how to increase the yield for students; applications and admissions are up about 20% but it seems once admitted, they are forgotten. Enrollment Management and Student Success (EMSS) is working on steps to enroll students by conducting personalized phone calls, creating new marketing material called the Pre-Flight to SOAR, and opening SOAR earlier.

Dr. Crickenberger indicated that they are currently reviewing the Ruffalo-Noel Levitz contract and their marketing, which are good, and they have provided additional outreach, but she is still assessing whether the University is getting what is needed based on the dollar amount.

Dr. Crickenberger added that they are also reviewing the stacking of scholarships.

President Oldham Update: Dr. Oldham updated the committee, as of today, of recent developments in Nashville. THEC has worked on language, if inserted in the appropriations bill, which will give us more flexibility on the State dollars so we then could make some adjustments. The Governor's proposed budget locked us in to a 3% salary increase but if the THEC language goes into effect, we would have some flexibility. Dr. Oldham added that efforts have been made on Tech's behalf in relation to the Carnegie classification dollars and efforts on one-time assistance. Dr. Oldham asked if there were any questions and there were none.

Dr. Oldham stated that the enrollment numbers are currently looking encouraging and the University was working to solidify the numbers. Dr. Oldham informed the committee that the special course fees were approved by the Board the previous week and the next piece of the budget will be the general tuition increase. Depending on how the legislative session ends, the University will decide on what to request in tuition increases. The University is working toward a balance of affordability and quality. Dr. Oldham indicated that a lot more will be known in the next month. Dr. Oldham hopes to have tuition increases at less than 4%. THEC will decide on the range for tuition and mandatory fees on May 11, 2017 but all the indicators are it will be 4% or less. THEC sets the in-state, undergraduate rate. Our Board can set the graduate rate, out-of-state and non-mandatory fees rates.

New Revenue Projection Model: Dr. Stinson asked Emily Wheeler to present the new projection model that has been developed. Emily indicated that Dr. Stinson had asked the Budget and Planning office to put together a five-year revenue projection model. Emily added that at this point only maintenance and out-of-state tuition have been included; no fees have been included in this first iteration. Emily stated that additional variables will be added as the model is refined but the model currently is only working with FTE. Today's presentation is a base using our current year revenues backed into our FTEs and shows how the revenues can change. Dr. Stinson added that the purpose of this model is projection. The group discussed ideas for future development of the projection model.

Such Other Matters: Dr. Paul Semmes had a proposed budget question related to the special academic course fees which had recently been approved – what are the financial risks for the coming year? If there are amounts of money that are earmarked for graduate assistants, what is the advice for departments to begin the process to hire graduate assistants for the coming year? Dr. Oldham indicated that the risks he saw would be relatively low and would be realized if less than a 3 – 4% tuition increase was received; Dr. Oldham felt there was a little greater risk with our enrollment because it was harder to predict. Dr. Stinson agreed with Dr. Oldham’s risk assessment for future reductions and indicated there were positive enrollment indicators. Dr. Stinson suggested that the departments begin the process of hiring graduate assistants for the coming academic year.

Dr. Stinson indicated that the projection model that Emily previewed was only one thing that we are looking at for projecting. Dr. Stinson stated that as this projection model moves forward, we will be asking for a small group to work on this project.

Next Meeting: Dr. Stinson informed the committee that the next meeting is scheduled for Thursday, May 18 at 1:30 p.m. This meeting will be held one week after THEC meets to approve the tuition range.

Dr. Braswell pointed out that the fundraising strategy has to be responsive to specifically where we are currently institutionally. Dr. Braswell added that as you could see from the kickoff, the campaign is focused on scholarships, endowments and also our capital renovations and expansions. They will be working toward naming opportunities for the new buildings and increased proposal activity.

Dr. Stinson asked if there were any other questions. Being no further discussion, Dr. Corinne Darvennes motioned for adjournment and Dr. Christy Killman seconded. All were in favor. The meeting adjourned at 3 p.m.

Handouts provided:

Handout A: Initial Budget Reduction

Handout B: Reserves – Capital Project and Other

(A)

Initial budget reduction	1,289,644	Filled positions		Vacant Positions		Operating	Travel	Actual Reduction	Difference
President's Office	\$ 56,916	\$	26,063	\$	30,853	\$	56,916	\$	-
Provost and Academic Administration	\$ 352,345	\$	129,776	\$	206,939	\$	13,640	\$	1,990
Facilities	\$ 178,811	\$ 18,347	43,517	\$	41,044.0	\$		\$	75,903
Planning and Business	\$ 104,771	\$ 165,882	31,206	\$	(16,414.0)	\$		\$	(75,903)
Information Technology	\$ 180,344	\$ 160,616	19,728	\$		\$		\$	-
Research and Development*	\$ 68,592			\$		\$		\$	68,592
Student Affairs	\$ 95,801	\$ 101,114		\$	(5,313.0)	\$		\$	-
University Advancement	\$ 99,859	\$ 234,867		\$	(134,784.0)	\$		\$	(224)
Athletics	\$ 152,205	\$ 57,580		\$	39,145.0	\$	55,480	\$	152,205
	\$ 1,289,644	\$ 738,406	\$ 250,290	\$	161,470	\$	69,120	\$	1,219,286
									70,358

*Reductions have been identified, but budget forms have not been completed.

2nd Reduction	1,000,000	Filled positions		Vacant Positions		Operating	Travel	Actual Reduction	Difference
Institutional Support - Provost	\$ 50,000			\$	50,000	\$		\$	50,000
Advancement C&S	\$ 30,000	\$ 30,000				\$		\$	30,000
Facilities C&S	\$ 30,000	\$ 30,000				\$		\$	30,000
ITS - R&R transfer reduction	\$ 100,000			\$	100,000	\$		\$	100,000
TBR Charge back	\$ 424,800			\$	424,800	\$		\$	424,800
Total 2nd Reduction*	\$ 634,800	\$ 60,000		\$	574,800.0	\$		\$	634,800
									365,200

*Additional \$365,200 will be identified as additional instructions are received related to Governor's Budget

(B)

Reserves – Capital Project and Other

Land purchases	\$ 1,500,000
Science Bldg. Match	\$10,300,000
Fitness and Rec Center	\$17,800,000
Roaden Ctr Renovation	\$ 5,700,000
Res Hall Renovations & Roofing	\$ 2,500,000
Heating and Cooling Infrastructure	\$ 2,400,000
Parking and Paving	\$ 2,100,000
Colleges/dept small renovations	\$ 1,700,000
Total	\$44,000,000
Renewal and Replacements	
Housing	\$12,700,000 (primarily to handle their upgrades and
their debt service)	
Other Auxiliary Enterprises	\$ 5,000,000
Computer Center R&R	\$ 2,200,000
Other Service Dept R&R	\$ 1,300,000
College/dept. R&R	\$ 800,000 (motor vehicles, etc.)
University Motor Pool	\$ 360,000
Craft Center R&R	\$ 750,000
Total R&R	\$23,110,000
Retirement of Indebtedness	\$ 1,600,000 (reserve for annual debt service)
University Undesignated Reserve	\$ 6,100,000
2% to 5% Fund Balance	\$ 3,500,000
Total Reserves	\$78,310,000