

Budget Advisory Committee
February 4, 2022 1:30 p.m.
Via TEAMS

Members Present:

Claire Stinson	Joseph Slater
Phil Oldham	Lori Maxwell
Lori Bruce	Dewayne Wright
Tom Payne	Jeff Roberts (Interim Dean)
Lisa Zagumny	Jeanette Luna
Cynthia Polk-Johnson	Holly Stretz
Kevin Braswell	Sandi Smith-Andrews
Brandon Johnson	Lee Wray
Jennifer Taylor	Aaron Lay
Matt Smith (Interim ITS Director)	Kevin Vedder
Deanna Metts	Matt Trengove
Karen Lykins	Terri McWilliams
Chuck Roberts	Emalee Hamblen
Alice Camuti	Lauren Hall
Mark Wilson	

Members Absent:

Emily Wheeler
Troy Smith

Others:

Carol Holley

Dr. Claire Stinson called the meeting to order at 1:33 p.m. and thanked everyone for their attendance. The agenda and minutes of the December 10, 2021 meeting were distributed previously via email to committee members.

Approval of Agenda: Dr. Stinson asked for a motion for the approval of the agenda. Lisa Zagumny moved to approve the agenda, Holly Stretz seconded, there was no discussion and the agenda was approved unanimously.

Approval of Minutes: Dr. Stinson asked for a motion to approve the minutes for December 10, 2021. Holly Stretz moved to approve the minutes and Sandi Smith-Andrews seconded. There was no discussion and the minutes approved unanimously.

Remarks by Dr. Oldham: Dr. Oldham presented Handout A as where we stand today. The proposed governor budget is the best in decades for higher education, however still needs approval by the legislature. The proposal includes capital outlay projects, one-time funds for Cybersecurity, Rural Reimagined and the Craft Center. The proposal also included a 4% partially funded salary pool-the legislature will determine if required or if we have any flexibility. The state was lobbied to treat the ERP as a capital project and allocated \$170M in the governor's budget for ERP system changes across the state to cover all LGI and UT. E & G revenues and expenditures have consistently increased over the last 10 years. Dr. Oldham requested any advice or thoughts from the committee.

Update on Governor's Operating Budget: Dr. Stinson reviewed Handout B. This does not include any capital budget or funds for ERP system and has been reconciled to what shows in Governor's budget.

Update on Budget Reallocation Summary: Dr. Stinson reviewed Handouts C. The information provided in December was updated with the four assumptions. Since the last meeting, costs that we are aware of now includes the property insurance increase the state has passed through, faculty promotion, utilities estimate for new engineering buildings, software escalation costs, and state mandated discounts for spouse/dependent, public school teacher and state employees. Dr. Stinson added the estimated utilities will take a few years to build in. Dr. Stinson also advised on the costs needed for the 4% salary increase and associated fringe benefits.

Unit Reallocation Summary: Dr. Stinson reviewed Handouts D. The 2.5% adjusted plan includes assumption for a 2% raise that is not fully funded. Units are still being asked to plan for additional 2% if Fall 2022 enrollments decline. Dr. Oldham added the 2.5% is not of the total E & G budget; it is a modified budget as special revenues and special fees have been pulled out. Dr. Stinson clarified if there was a decline in enrollment where the decline occurs would determine how big of an effect on revenue it would create. For example, if decline in international students would have a larger effect because they pay a higher tuition than in-state students.

Dr. Oldham asked for any other input or items to consider. Dr. Stretz suggested if there was anything that could be changed to make revenues and costs line up better in the long term. Dr. Stinson added that as enrollment declines you have less resources to spread fixed costs over. Also, some software costs are the same for 10 or 100 students. Dr. Maxwell stated possibly limiting our costs instead of raising revenues, especially if adding buildings increases our costs. Dr. Roberts suggested a buy out plan be put on the table. Dean Zagumny agreed. Dean Payne added he thought a buyout could be strategic and need to strategize more on the areas that are strained and those areas that are not. Dr. Stinson stated for example, if you have a PhD that teaches in the accounting program you can't just move them to English courses. However, you can do that with support staff. Dr. Oldham thanked everyone and added anyone can forward suggestions anytime, do not have to wait for a committee meeting.

Adjournment: Dr. Stinson thanked everyone for their attendance. The meeting adjourned at 3:31 p.m.

Handouts: A: FY23 Budget Preparation Key takeaways as of 2/2022

B: Governor's Budget

C: Updated Proposed FY22-23 Budget

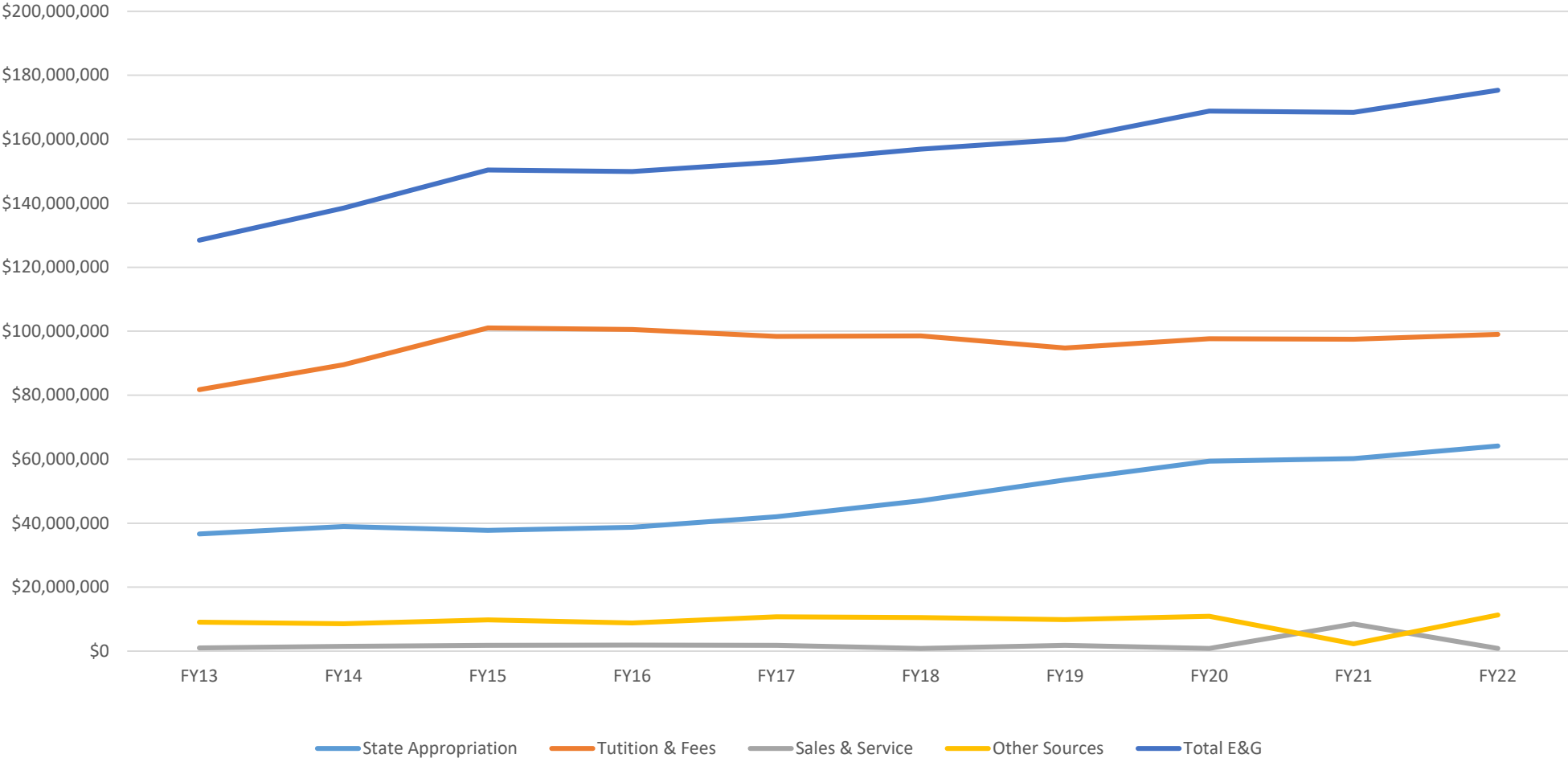
D: FY22-23 Budget Reallocation Plan

FY23 Budget Preparation

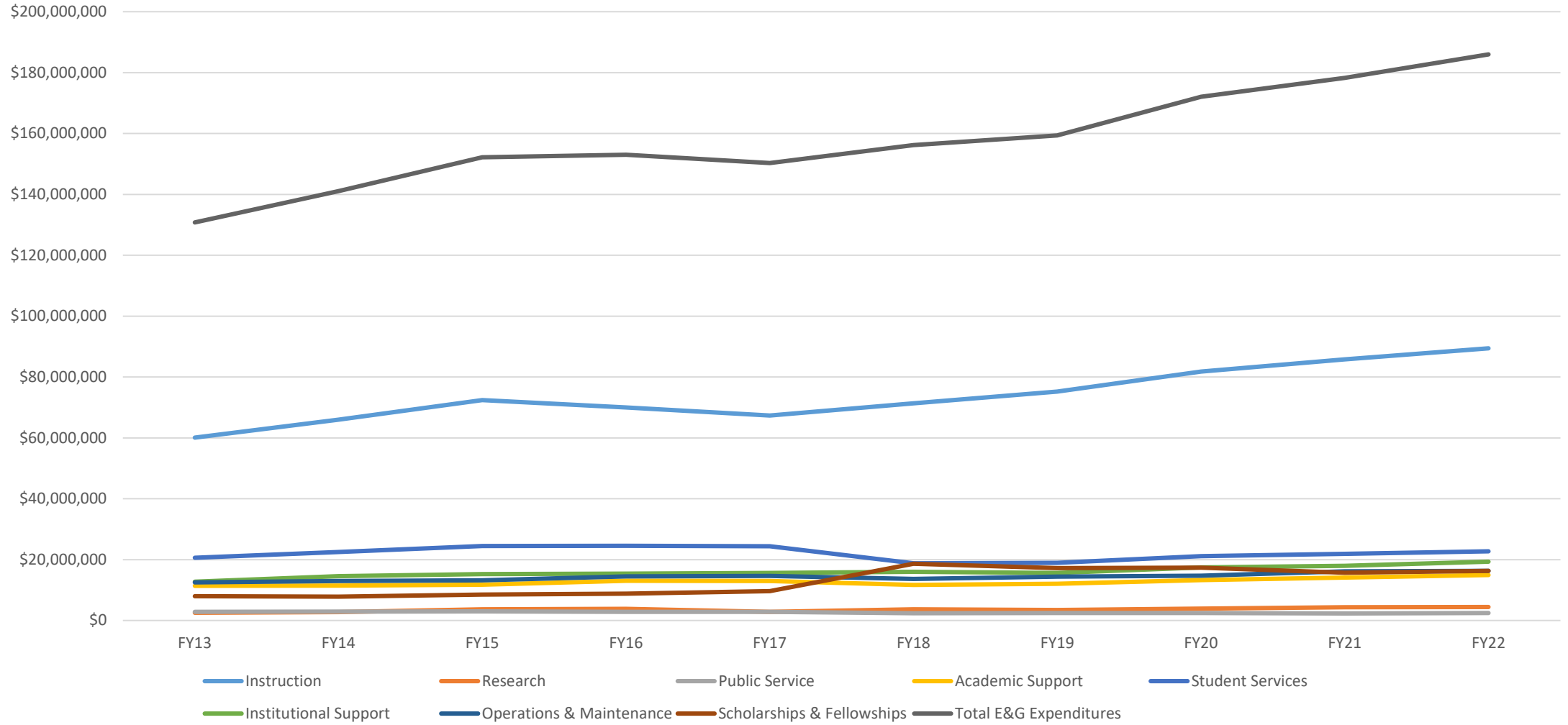
Key Takeaways as of 2/2022

- **Governor's proposed higher ed budget best in decades!**
 - Fully funded formula (+\$3.4M for Tech)
 - Partial funding for 4% salary increase (\$2.2M)
 - Two capital outlay projects
 - Johnson Hall renovation
 - Advanced Construction and Manufacturing Engineering
 - Capital Maintenance(TBD)
 - Additional one-time \$
 - Cybersecurity (\$1.2M)
 - Rural Reimagined (\$1M)
 - Craft Center (2.84M)

E&G Revenue



E&G Expenditures



FY23 Budget Preparation

Key Takeaways as of 2/2022

- **Total E&G revenues continue to increase year over year as have E&G expenditures (37% over past 10 years)**
 - Tuition and fee revenue flat over past several years despite enrollment decline
 - State appropriation responsible for most of the increase since 2015
- **Increased costs outpace new revenue (i.e.)**
 - Salaries
 - Insurance
 - Scholarships/Discounts
- **Reductions/Reallocations necessary to balance the budget**

FY23 Budget Preparation

Bottom Line as of 2/2022

- **Assumptions**
 - No tuition and fee increases for FY23
 - Flat enrollment for FY23
- **We are ~\$2M short of balancing the FY23 E&G budget**
 - \$1.6M is the amount required to fund our part of the 4% raise pool

Handout B

State Appropriation FY21-22 - Estimated	\$ 64,829,000
NSF Match (non-recurring)	\$ (500,000)
Base adjustment - Outcomes Formula	\$ (497,500)
Adjusted TTU Base per Gov Budget for FY22-23 (beg. Base)	\$ 63,831,500
Outcomes Funding	\$ 4,380,400
Formula-Salary Pool	\$ 2,201,500
Group Health Insurance - 1-1-22 Rate Increase	\$ 177,100
Group Health Insurance - 1-1-23 Rate Increase	\$ 434,000
Cybersecurity (CEROC) non recurring	\$ 1,200,000
Rural Reimagined (non-recurring)	\$ 1,000,000
Evins Appalachian Craft Center (non-recurring)	\$ 2,840,000
State Appropriation FY22-23 - Proposed BASE	\$ 76,064,500
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Governor's Budget Cost Increase 2022-23	\$ 12,233,000
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Outcomes Funding	\$ 4,380,400
Formula-Salary Pool (55% of a 4% increase)	\$ 2,201,500
Group Health Insurance - 1-1-22 Rate Increase	\$ 177,100
Group Health Insurance - 1-1-23 Rate Increase	\$ 434,000
Cybersecurity (CEROC) non recurring	\$ 1,200,000
Rural Reimagined (non-recurring)	\$ 1,000,000
Evins Appalachian Craft Center (non-recurring)	\$ 2,840,000
Total Cost Increases 2022-23	\$ 12,233,000
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New Outcomes Formula Money	\$ 4,380,400
Less: Base Adjustment from Outcomes Formula	\$ (497,500)
Funds available for university general operations	\$ 3,882,900

	Actual 2020-2021	Estimated 2021-2022	Base 2022-2023	Cost Increase 2022-2023	Recommended 2022-2023
332.78 Tennessee Technological University					
Tennessee Technological University is a comprehensive university located in Cookeville. While the university's strength is in technology and engineering, other academic divisions include agriculture and human sciences, arts and sciences, business, education, interdisciplinary studies, and graduate studies. The university's three centers of excellence are energy systems research, manufacturing, and water resources.					
Full-Time Administrative	33	35	35	0	35
Professional	384	393	393	0	393
Faculty	452	460	460	0	460
Clerical/Support	297	300	300	0	300
Total	1,166	1,188	1,188	0	1,188
Headcount	10,177	9,840	9,840	0	9,840
State	61,454,900	64,829,000	63,831,500	12,233,000	76,064,500
Federal	2,621,300	869,700	869,700	0	869,700
Other	39,580,100	29,795,000	29,795,000	0	29,795,000
Tuition/Fees	99,001,300	99,019,300	99,019,300	0	99,019,300
Total	\$202,657,600	\$194,513,000	\$193,515,500	\$12,233,000	\$205,748,500

Handout C

UPDATED PROPOSED FY22-23 BUDGET

Assumptions:

1. Based on flat enrollment for Fall '22 and Spring '23
2. No tuition increase
3. No new budget requests are received
4. Fully fund a 4% salary increase

FY21-22 Enrollment decline	(2,612,304)
2% Tuition increase	1,578,659
SACF Collapse Committed	(1,413,490)
NET Revenue Estimates at Revised Budget	\$ (2,447,135)
Current Estimate Adjustments (including Spring 22 enrollments)	\$ 1,238,165
Net Tuition Shortfall	\$ (1,208,970)

University Commitment to Reallocate:

Scholarships - Presidential	500,000
GA's-adjust tuition increase	50,000
Landscaping	325,000
Marketing	650,000
Center Stage	100,000
Property Insurance Increase	475,000
Faculty Promotions	150,000
Utilites for engineering building under construction- 2nd year	213,500
Utilites for engineering building included in Governor's budget	213,500
Software Escalation Cost-3%	65,000
State Mandated-TBR Spouse Dependent Discount	230,000
State Mandated-Public School Teacher Dependent Discount	25,000
State Mandated-State Employee Dependent Discount	40,000
Fund to reallocate:	3,037,000

Total Permanent Budget Reallocations Needed: \$ (4,245,970)

Governor's Proposed Budget

Outcomes Funding	\$ 4,380,400
Less: Base Adjustment	\$ (497,500)
Funds available for university general operations	\$ 3,882,900

Funds Available (Needed) \$ (363,070)

Cost of 4% salary increase and associated fringe benefits	\$ 3,803,321
Governor's Budget Dedicated to 4% salary increase	\$ 2,201,500
University funds needed to fully fund a 4% salary increase	\$ 1,601,821

Adjusted Budget Reallocation \$ (1,964,891)

2.50% Budget reallocation assigned to units 1,947,433

Full 4% funding	State funding	
2,925,631.31	1,541,050.00	Available to distribute to salary
877,689.39	660,450.00	Benefits - 30%
\$ 3,803,320.70	2,201,500.00	Total Funds needed
	73,140,782.73	PERM Salary Revised (Benefitted Positions)
4.00%	2.11%	salary pool-benefits

FY2022-2023 Budget Reallocation Plan

Original Plan *(sent Oct 2021)*Adjusted Plan *(sent Jan 2022)*

Sent

Area	Plan for Proposed	Plans for Revised	Plan for Proposed	Plans for Revised	Sent
	Budget - Identified by March 30th	Budget based on Fall Enrollment	Budget - Identified by March 10th	Budget based on Fall Enrollment	
	4%	2%	2.50%	2.00%	
Advancement	70,430	35,215	40,753	32,603	1/25/2022
Communications & Marketing	64,670	32,335	28,020	22,416	1/25/2022
Enrollment Management	198,217	99,108	118,226	94,581	1/25/2022
Academic Affairs	159,527	79,764	77,276	61,821	1/25/2022
Athletics	275,792	137,896	16,980	13,584	1/25/2022
Office of the President	158,104	79,052	35,322	28,258	1/25/2022
Research & Economic Development	51,575	25,788	41,883	33,506	1/25/2022
Student Affairs	137,342	68,671	85,351	68,281	1/25/2022
IT	228,436	114,218	83,387	66,710	1/25/2022
AG & HEC	129,671	64,836	70,927	56,741	1/25/2022
Arts & Sciences	543,383	271,691	322,741	258,193	1/25/2022
Business	280,661	140,330	129,477	103,582	1/25/2022
Library	90,762	45,381	52,905	42,324	1/25/2022
Education	349,989	174,995	189,053	151,243	1/25/2022
Fine Arts	165,544	82,772	91,212	72,969	1/25/2022
Interdisciplinary Studies	114,050	57,025	65,778	52,622	1/25/2022
Nursing	130,981	65,490	62,696	50,157	1/25/2022
Engineering	605,024	302,512	225,852	180,682	1/25/2022
Facilities	297,876	148,938	125,185	100,148	1/25/2022
VP Finance	156,229	78,115	84,409	67,527	1/25/2022
Total	4,208,263	2,104,132	1,947,433	1,559,137	
Budget reallocation needed	4,072,135		\$ 1,964,891		
Difference	136,128.00		(17,457.95)		