

UPRAC Budget Summary  
February 28, 2008

Chancellor Roger Brown convened the meeting and again noted that the budget process involves a different format this year; while anyone can attend, the focus has been on a grass-roots budgeting and information flow effort with resulting recommendations coming to the University Planning Resources and Advisory Council for review and discussions. UPRAC in turn will make their broad recommendations to the Chancellor. Chancellor Brown stated the while UPRAC will have discussions on February 29 following the final day of budget presentations, nothing will be final or complete. Too many pieces of the puzzle are missing at this time, including the amount of new revenue we will potentially receive from the State of Tennessee and additional requests that will be submitted by 28 Strategic Planning Subcommittees. At this point he stated we are at the “broad end of the funnel.”

Vice Chancellor Richard Brown provided the following presentation/budget request for his area, including Facilities, Security, Information Technology, Safety & Risk Management, Business and Financial Affairs, Business Activities, Auxiliaries, Human Resources, and Housing: <http://www.utc.edu/~mary-scott/FOIT08-09.ppt>  
Vice Chancellor Brown introduced his executive staff and thanked them for their outstanding and dedicated service to the University. He discussed the many challenges they face including historical disproportionate budget cuts, inadequate staffing levels and operating budgets, unrealistic campus expectations given limited fiscal resourcing, no succession planning, safety and security issues for 21<sup>st</sup> Century, and hiring rates below market which affects competitive hiring and turnover rates. Vice Chancellor Brown reviewed the Campus Master Plan Implementation Summary and Capital Outlay Program.

Vice Chancellor Brown reviewed the rate increases requested for his Division:

**1. Parking Services Rate Increase**  
Fall 2009

- **Reserved** + \$8.00/yr = \$228/yr
- **General** + \$4.00/yr = \$ 96/yr
- **Estimated Income**       **\$33,817**

**2. UTC Housing Rate Increase**

- North Campus – 2%   \$90,000 Revenue
- South Campus – 3%   \$240,000 Revenue

**3. UT Motor Pool Rate Increase**

- Will generate additional revenue due to fuel costs (+\$52,000)
- Sedans 14.8%
- Minivans 7.9%

- 12 Passenger Van 13.0%

Vice Chancellor Brown reviewed the prioritized budget request for his division:

**FINANCE, OPERATIONS, AND INFORMATION TECHNOLOGY**  
**2008-09**  
**Prioritized Budget Requests**

	<b>Facilities-Plant</b>	<b>Strategic Plan Linkages</b>
1. \$140,000	Provides 4 maintenance and repair positions, will actually save institutional costs in out-year funding by prevention and utility savings.	Students and Learning Improve access
2. \$150,000	Improvement and repair funds needed for annual university-wide work	Students and Learning Improve access
	<b>Information Technology</b>	
3. \$55,000	(Year 1 Phase) Funding for teaching podiums maintenance	Enabling Partnerships- Technology Plan
4. \$60,000	(Year 1 Phase 1) Sustainability funding of servers and switches	Enabling Partnerships- Technology Plan
5. \$125,000	(Year 1 Phase 1 of 5 years) Transition tech fee positions to E & G budget	Enabling Partnerships- Technology Plan
	<b>Safety and Environment Health</b>	
6. \$20,000	Testing, sampling and analysis of waste streams	Enabling Partnerships- Resources for support
	<b>Human Resources Financial Affairs</b>	
7. \$59,400	Additional position for recruitment and selection	Recruit and Retain Quality Workforce
8. \$10,000	Permanent fund for Service Awards and Blue Ribbon Program	Partnership for Diversity— Recruit and Retain Faculty and Staff
9. \$25,000	Operating funds to HR for travel, recruitment, training, and advertisements	Recruit and Retain Quality Faculty, Staff and Students
10. \$40,000	Provide additional staff accountant in Finance Office (1)	Enabling Partnerships- Provides assessment and stewardship of university resources
	<b>Public Safety/Campus Police</b>	
11. \$40,000	Provide 1 Campus Crime Prevention Education Officer	Enabling Partnerships- Students and Learning
	<b>Bursar/Business Services</b>	
12. \$25,000	Operating costs-Equipment, travel, training	Teaching and Learning
13. \$150,000	Fund Credit Card discounts, printing, communications, commissions	Teaching and Learning- Stewardship of Resources
<b>\$899,400</b>	<b>TOTAL</b>	

Non-Recurring Fund Support:

**FINANCE, OPERATIONS, AND INFORMATION TECHNOLOGY**

**Non-Recurring Fund Support  
2008-09  
Prioritized Budget Requests**

		<b>Strategic Plan Linkage</b>
1. \$15,000	ADA Compliance Lift McKenzie Arena	Teach and Learning Access and Diversity
2. \$25,000	Fine Arts Curtains and Lighting	Enabling Partnerships Teaching and Learning
3. \$15,000	Graduation Seating McKenzie Arena	Teaching and Learning Access and Diversity
4. \$50,000	Landscape/Exterior Lighting Matching Grant	Enabling Partnerships Access-Teach and Learning
<b>\$105,000</b>	<b>TOTAL</b>	

The Chancellor asked Vice Chancellor Brown to review the importance of the non-recurring reserved funds, or K accounts, and examples of the various uses of these funds. He noted he is often asked why reserve accounts cannot be used for salaries. Vice Chancellor Brown stated that the K-account type reserve funds are one-time non-recurring funds so they cannot be used for salaries. They are used for emergencies and special funding and project opportunities that have not been funded in the base budget. They have been used to buy band uniforms, replace broken laboratory equipment, faculty travel, Physical Plant equipment emergencies that affect heat and air, etc. Dr. Deborah Arfken asked how much reserve funds are required by the State. Vice Chancellor Brown stated there is a mandate of 3% of the E & G budget required for our Fund Balance Account. Chancellor Brown stated that reserve funds are like a personal savings account in that once the funds are spent, they are gone; while recurring funds are similar to a personal paycheck that is received on a regular basis. Vice Chancellor Brown stated that expenditures from the K account are transparent and reported every year to the campus.

Provost and Vice Chancellor for Academic Affairs Phil Oldham presented the following budget presentation/requests for the Academic Affairs Division:

<http://www.utc.edu/~mary-scott/AA08-09.ppt> Dr. Oldham stated that while the budget presentations can be depressing, they did indicate that everyone is clearly doing a good job with the limited resources they have, and there are incredible opportunities for each division. Dr. Oldham reviewed the academic departmental profiles, and Chancellor Brown asked if there could be an outcome matrix added on student learning. Dr. Oldham stated they are having those discussions now. Provost Oldham presented the following prioritized budget request for his area:

## FY09 Budget Request

Priority	Category	Proposed Inc (k)	SP Action
1	Operating	\$500	I-C, I-E, IV-D, IV-I
2	Faculty Salaries	\$540	III-D, IV-I
3	Library	\$220	IV-J
4	Challenger, Cadek, Children's	\$250	II-B, IV-A
5	New Faculty	\$500	II-C
6	New Staff	\$200	I-C, II-A
7	Graduate Asst	\$200	IV-K
8	Faculty Computer Replacement	\$210	IV-D
	<b>Total</b>	<b>\$2,620</b>	
	<b>% Change</b>	<b>6.3%</b>	



Dr. Oldham also reviewed the three-year projections for Academic Affairs:

# Three Year Projection

Category	FY09 (k)	FY10 (k)	FY11 (k)
Operating	\$500	\$500	\$500
Faculty Salaries	\$540	\$560	\$580
Library	\$220	\$240	\$260
Challenger, Cadek, Children's	\$250	\$0	\$0
New Faculty	\$500	\$500	\$500
New Staff	\$200	\$200	\$200
Graduate Asst	\$200	\$200	\$200
Faculty Computer Replacement	\$210	\$210	\$210
<b>Total</b>	<b>\$2,620</b>	<b>\$2,410</b>	<b>\$2,450</b>



A discussion was held on the Challenger, Cadek, and Childrens Center as the Chancellor noted their funding request was all in year one rather than over the three-year period. Dr. Oldham stated that while the Centers are educationally linked, they are also cost centers and historical revenues have not met expenditures. Funding of \$250,000 is needed this year to subsidize the Centers. He stated efforts have been made to increase the revenues streams but with minimal success because they are “maxed out” in terms of charges/fees. Dr. Burhenn added that the deficits are largely due to benefit costs. Vice Chancellor Brown asked if the Centers have been “right sized.” Dr. Oldham stated that was difficult to answer; prior agreements were made without total consideration of financial costs. He stated he would like to make these Centers financially whole, then turn control of them over to the appropriate Dean with incentives offered for effective management.

Dr. Oldham reviewed THEC funding information and noted that while data suggests 43% of UTC’s budget goes into instruction, it is necessary and important to ensure we are comparing apples to apples. There could be reporting/category inconsistencies with others included in the comparison. Vice Chancellor Brown also noted that the numbers may not include additional allocations of funds within the total budget cycle so timing is also an issue. An adjusted base budget in the fall is a better benchmark.

Dr. Oldham noted that a 1% enrollment increase produces revenues of approximately \$0.5 million, and a 5% increase in freshmen retention also produces \$0.5 million in revenues. Dr. Oldham also reviewed information on faculty salaries and stated his target is *above 50<sup>th</sup> percentile* within 3 years. He noted that UTC is not that far off from what appears to be a reasonable selection of peers, but this is an aggregate view, and UTC needs to look at the distribution by rank and discipline. Regarding new faculty, Dr. Oldham said the current ratio is good but, with expected growth, he projects the need for

5-7 new faculty positions/year. Readjustments and reallocations of positions will also be reviewed.

Dr. Oldham has also requested funding for a 3-year replacement cycle for faculty computers. AD Rick Hart asked if the funding requested is to purchase or lease computers. Asst. Vice Chancellor Monty Wilson stated it has not been cost effective for UTC to lease because we normally keep equipment for over 5 years, but leasing might be feasible for a 3-year period life cycle plan.

Vice Chancellor Brown asked if Academic Affairs has been looking at on-line instruction and on-line degree programs for possible enhanced revenue sources and to stay competitive in curriculum and program offerings. Dr. Oldham stated there have not been incentives for departments to become entrepreneurs, and he would like to change that to where there is a direct fiscal connection for departments when they increase revenue and/or reduced costs.

Department Head Matt Greenwell, representing the Council of Department Heads, thanked Dr. Oldham for the opportunity to discuss their concerns and needs prior to the budget cycle. He also expressed appreciation for the recent allocation of new recurring operating funds. He stated two issues of great importance to the Council are operating budgets and salaries, and stated the Council would like to have departmental control over the allocations matrix. Dr. Oldham stated he is supportive of this to the extent allowed by current rules and regulations by the State of Tennessee and UT System. Chancellor Brown stated he would like to have funds committed to department chairs to the extent possible with the understanding there would be review and monitoring by the Provost, ensuring accountability.

Chancellor Brown asked if compensation planning is being looked at for adjunct faculty. Dr. Oldham stated they will continue to look at this issue, and they may use more graduate assistants which would free up funding for additional compensation for adjunct faculty.

Chancellor Brown thanked Vice Chancellor Brown and Provost Phil Oldham for their clear presentations and discussion of complex organizations and issues. He noted the incredible accomplishments achieved with limited resources, and is looking forward to better days ahead. He asked that each representative share information from these meetings with their areas to ensure a truly grass-roots information flow effort. He thinks the process is working well.