

THE UNIVERSITY OF TENNESSEE AT CHATTANOOGA
PREPARATION OF THE 2007-08 ANNUAL OPERATING BUDGET

This document describes the policies and procedures that will be followed for preparing the annual unrestricted operating budget at The University of Tennessee at Chattanooga. The approved unrestricted operating budget is a comprehensive and coordinated financial plan that provides support for the educational and general operating programs and auxiliary services. The operating budget period at the University follows a fiscal year that extends from **July 1, 2007 to June 30, 2008**.

This document (1) describes the budget philosophy that guides the budgetary decision-making process, (2) summarizes the responsibilities of the various participants in the budgetary process, (3) outlines the steps of the budget process, (4) presents guidelines and instructions for completing the budget request, (5) provides the outline format that all completed budget request packages should follow, (6) gives a calendar of events for the preparation of the budget, and (7) provides supporting attachments to clarify the budgetary process.

BUDGET PHILOSOPHY

1. The primary and essential mission of the University is the education of its students. Included within this mission is our continued efforts to enhance enrollment and ensure persistence to graduation for those students previously enrolled.
2. General Institutional funds (**State Appropriations and Student Fees**) will be primarily used to support the educational and general operations of the University.
3. The **income producing segments** of the University will be encouraged to produce as much income as possible to support their direct cost of operation plus augment the general funds to support the basic operation of the University. (See Attachment)
4. The **external funds received** (gifts, grants, contracts, etc.) are to be used to enhance the institutional budget to the greatest degree allowable while still carrying out the specific purpose for which the funds were received.
5. Every expenditure proposed must be tied to the mission, goal, objective, and purpose of the university programs.

BUDGET POLICIES

1. **Each Division Manager** will be held accountable for proposing, monitoring, and assessing annual financial strategies and action plans to reach program goals. **Each division should end the fiscal year with a balanced budget.**
2. **Salary savings** are generated as unfilled/vacant positions remain open. The savings should be administered in the following manner:
 - a) Salary/wages must be spent for the intended salary/wage position.
 - b) Savings from unfilled positions cannot be permanently transferred to operating budgets.
 - c) Transfers of budgeted salary/wages from one budgeted position line to another budgeted position line is permitted if the increased salary line is required to secure a new hire or keep an existing employee. Approval must be by both the division head and the Vice Chancellor for Finance & Operations.
 - d) At the discretion of the Chancellor, and the Vice Chancellor for Finance & Operations, and if deemed appropriate, savings from unfilled positions will be allocated on a 50/50 basis, i.e., fifty percent will be retained within the division and fifty percent will be transferred into a University “contingency reserve account.” This account will be under the signature authority of the Chancellor and the Vice Chancellor for Finance & Operations to deal with overall University needs/emergencies. These may include salary/wage adjustments as well as other unforeseen operating needs.
 - e) Salary savings generated as a result of restricted **grant and contract revenue** will be reviewed on a case by case basis by the division head and the Vice Chancellor, Provost and for Finance & Operations. The allocation of the savings will be determined based on the restricted grant or contract provisions and the needs of the University.
 - f) The budget office will review all vacant positions at the end of the month and make the appropriate adjustments to reduce the balance available on these vacant position lines.
 - g) All reductions to vacant individual position lines will be temporary in nature, i.e., the base budget for each individual position affected will be restored for the subsequent budget year. Adjustments above the base position salary/wage will have to be requested during the subsequent year’s budget hearings.
3. **Unrestricted expenditure budget carryovers** should be administered in the following manner:
 - a) Each of the six division heads, Chancellor, Provost, Vice Chancellor for Finance & Operations, Vice Chancellor for Student Development, Vice Chancellor for University Advancement, and the Athletic Director, **are responsible for all the expenditure budgets within their units.** They are required to manage their expenditure budgets and **not exceed the approved University budget.**
 - b) Total divisional expenditure budgets will be the responsibility of the division head, i.e., individual units within the division may have positive or negative balances, but the total division cannot exceed its budget.
 - c) Units/programs within divisions which are considered “revenue producing units” will be governed by the UTC fiscal policies relative to these accounts. For purposes of determining the division budget expenditure in computing carryover, these “revenue producing units” will not be considered.

- d) Divisions that have budget surpluses, i.e., actual E account expenditures are less than budgeted E account expenditures, will be allowed to “carryover” up to 5% of these surpluses to the following fiscal year at the discretion of the Chancellor and Vice Chancellor for Finance and Operations. The carryover will be reflected by an increase in their E account budgets by a like amount for the following fiscal year. All surpluses in excess of 5% will be transferred to the UTC general fund balance.
- e) Cumulative division budget carryovers cannot exceed 5%.
- f) Divisions which are conserving funds for major purchases (equipment, furniture, etc.) in future periods should document this plan in writing and these funds will be transferred to a renewals and replacement equipment fund for use by that division in future periods for those specific “capital type” purchases.
- g) Divisions that have budget deficits, i.e., actual E account expenditures are greater than budgeted E account expenditures, **will have their E account budgets reduced by a like amount for the following fiscal year.**

RESPONSIBILITIES

It is the University’s philosophy that budget preparation involves persons responsible for program operations to the level of the department/support unit. Normally, requests for program operations and future development will originate from the department level.

Vice Chancellors shall convene appropriate groups to facilitate budget involvement by those closest to the program expenditure. The important thing is that there be input from such levels as senior faculty and staff into the planning of the program and its implementation in the upcoming budget year.

THE CHANCELLOR

The Chancellor has the responsibility for leading the development of the University budget that will be submitted to the Board of Trustees for review and action. The Chancellor works with the University Budget and Strategic Planning Committee to prepare the budget. This committee includes the Chancellor, Vice Chancellor for Finance and Operations, Provost and Vice Chancellor for Academic Affairs, Vice Chancellor for University Advancement, Vice Chancellor for Student Development, the Chair of the Faculty Council, the Chair of the Budget and Economic Status Committee, the President of the SGA, the Chair of the Employee Relations Committee, and a Dean. The Associate Vice Chancellor for Business and Finance serves as staff to this committee. This Committee meets as often as is required and makes recommendations to the Chancellor. Activities associated with the Chancellor’s responsibility and authority are:

1. Developing parameters to guide budget preparation
 2. Communicating budget parameters to appropriate individuals and organizations at the onset of the process;
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3. Making preliminary decisions relative to budget process and assumptions;
 4. Communicating preliminary decisions to appropriate individuals and organizations;

5. Making final decisions relative to the contents of the budget; and
6. Communicating final budget decisions to appropriate individuals and organizations.

DIVISION MANAGER

A Division is a grouping of Areas within the University. The duties and responsibilities of the Vice Chancellors and the Director of Athletics include:

1. Develop programs and fiscal plans for their respective Division;
2. Further develop the plans and requests of Areas within their Division and consolidate all plans and budget requests into a single budget following the outline format specified in this document;
3. Act as the voice for all Areas under their supervision in presenting the budget request package to the University Budget Committee; and
4. Modify their budget proposals as necessitated per preliminary action of the Chancellor and/or University Budget Committee.

The Institutional Budget Divisions for preparation of the Budget Request are as follows:

<u>Division</u>	<u>Division Manager</u>	<u>Title</u>
Chancellor	Dr. Roger Brown	Chancellor
Provost	Dr. Herbert Burhenn	Provost & Vice Chancellor of Academic Affairs
Finance & Operations	Dr. Richard L. Brown, Jr.	Vice Chancellor for Finance and Operations
Athletics	Rick Hart	Athletic Director
Student Development	Hugh Prevost	V. C. for Student Development
University Advancement	Bob Lyon	Vice Chancellor

AREA MANAGER

An Area is a grouping of organizations within the Division. The area manager is generally an individual who reports directly to the Vice Chancellor. The duties and responsibilities of this individual include:

1. Develop programs and fiscal plans for their own respective organizations;

2. Further develop the plans and requests of organizations within their area and consolidate all plans and budget requests into a single budget request package following the outline format specified in this document;
3. Act as the voice for all organizations under their supervision in presenting the budget request package to the Division Manager;
4. Modify their budget proposals as necessitated per preliminary action of the Division Manager, Chancellor, and/or action of the University Budget Committee;

The Areas for preparation of the Budget are as follows:

DIVISION	AREA	Area MANAGER	TITLE
Chancellor	Chancellor	Barbara Verhine Terry Denniston	Admin Coordinator Exec Asst to Chancellor
	Affirmative Action	Dr. Barbara Wofford	Director of Affirmative Action, Assoc Prof Of Education
Provost	Provost	Joan Dunn	Administrative Aide
	Academic Administration	Dr. David Pittenger	Acting Assoc Provost Academic Admin
	Graduate Studies	Dr. Deborah Arfken	Dean
	Academic Special	Dr. Jocelyn Sanders	Assoc Provost for Undergraduate & Special Programs
	Continuing Education	Dr. Beth Dodd	Director
	Library Services	Teresa Liedtka	Dean
	Business Administration	Dr. Richard Casavant	Dean
	Education, HHS Engineering Arts & Sciences, HHS	Dr. Mary Tanner Dr. Ronald Bailey Dr. Charles Nelson	Dean Dean Dean

Finance & Operations	Finance & Operations	Mary Scott	Special Assistant
	Facility Management	Tom Ellis	Assistant Vice Chancellor
	Business & Financial Affairs	Deborah Parker	Assoc. Vice Chancellor
	Computing/Network Services	Monty Wilson	Assistant Vice Chancellor
	Disbursements/Payroll	Vanasia Parks	Assistant Vice Chancellor
	Personnel & Training	Dan Webb	Director
	Auxiliary Service	Cindee Pulliam	Director
	Arena & Fine Arts	Ken Kapelinski	Executive Director
Athletics	Housing	Steven Hood	Director
	Administration	Matthew Pope	Assistant Athletic Director

	Men Sports Program	Matthew Pope	Assistant Athletic Director
	Women Sports Program	Matthew Pope	Assistant Athletic Director
Student Development.	Student Developments	Hugh Prevost	Vice Chancellor for Student Development
	Student Organizations	Hugh Prevost	Vice Chancellor for Student Development
University Advancement	Alumni Affairs	Bob Lyon	Director
	Development	Bob Lyon	Vice Chancellor
	University Relations	Chuck Cantrell	Asst. Vice Chancellor

ORGANIZATIONAL MANAGER

The Organization is a single budgetary unit and is designated by up to a ten digit alpha/numeric account number and account name. An Organizational Manager may be responsible for several Organizations, but each budgetary unit has a single manager. Organizational Managers are generally individuals who report directly to the Area Manager. Examples of Organizational Managers include: academic department heads, directors/managers in their administrative areas, and in some cases supervisors who might report directly to area managers. The duties and responsibilities of Organizational Managers include:

1. Develop a program and fiscal plan for their respective units within budget parameters in cooperation with the area manager;
2. Present these plans/requests to the appropriate area manager for further development; and
3. Provide additional information as requested by the Area Manager, Division Manager, Chancellor, or University Budget Committee throughout the budget process.

THE BUDGET PROCESS

The following is a summary of the unrestricted Educational & General budget process.

1. The process begins with the development of a preliminary budget program, projection, and parameters, by the Chancellor and University Budget Committee.
2. The budget preparation instructions and budget forms are distributed to the appropriate Division Managers.

3. The Division Managers work with their Area and Organizational Managers to develop and submit a proposed budget for the upcoming year.
4. The Organizational Managers, in consultation with the senior faculty and/or staff, should prepare a preliminary program plan and budget requests for submission to their respective Area Manager.
5. Budget reviews/discussions are held within each area so that the Area Manager and appropriate personnel can formally present and discuss their budget request.
6. The Division Manager further develops program plans and budget requests in accordance with established budget parameters and guidelines, then consolidates all materials into a single budget request package that follows the outline specified in this document. The Division Manager at his/her discretion may hold budget hearings and/or reviews/discussions so that Area Managers can formally present and discuss their budget request. Budget request packages are then submitted to the Vice Chancellor for Finance and Operations.
7. The University Budget Office will assist with analyzing and consolidating data, and provide appropriate reports to the University Budget Committee.
8. A preliminary budget is developed from an aggregate projection of revenue and the Vice Chancellor for Finance and Operations will project “costs going forward” for carrying current year expenditures into the next fiscal year.
9. The University Budget and Strategic Planning Committee will hold Budget Hearings with Division Managers and other appropriate personnel to formally review the requests.
10. A proposed budget is prepared containing revenue and expenditures and submitted to the Chancellor for review and approval.

11. The Chancellor then authorizes the Vice Chancellor for Finance and Operations to prepare a final budget for submission to The University of Tennessee-(University Wide Administration) Office of the Executive Vice President for Business and Finance, and the Chief Financial Officer of the University of Tennessee System.
12. The Vice President and Chief Financial Officer of the University of Tennessee System consolidates all Budget Requests for The University of Tennessee System and submits them to the Board of Trustees for review and action.

INSTRUCTIONS FOR PREPARATION OF THE BUDGET REQUEST

GENERAL GUIDELINES

1. All budget requests should be carefully compiled to reflect **all anticipated requirements** for University funds as it is extremely difficult to allocate additional funds after the final budget has been approved.
2. In prior years, UTC has completed its budget schedule forms electronically. The budget submission for **2007-08** will be made in the IRIS system with the assistance of the University Budget Office. Please note Attachment 4 – User Procedures Outline. This document is the procedure on how to prepare the budget request.

THE BUDGET REQUEST

The Budget Request form has columns for the Base Budget as shown on the IRIS accounting system (See Attachment 4 instructions), the request for personnel, operating and equipment increases. There is also a column for source of funds for any new increases to the base budget. Unless otherwise specified, the source would be state appropriations or student fee increases.

Instructions for completing the Approved Budget Request form are part of Attachment 4.

OUTLINE FOR BUDGET REQUEST PACKAGES

It is the responsibility of each Division Manager to utilize the information supplied by his/her Area and Organizational Managers in order to prepare a single budget request package that is as complete and concise as possible. The budget request package should conform to the following outline.

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1. A cover memo addressed to the Chancellor should contain general comments pertaining to the budget request package as a whole as well as some indication of major priorities for meeting mission, goals, objectives and purposes of the program.
2. The first section should summarize all requests for funding of positions not funded in the current budget; this includes vacant positions, frozen positions, and new positions. A thorough justification must be provided for each position.
3. The second section should summarize the request for summer faculty staffing by academic department (organization). Indicate what percentage of salary will be paid by grants and the percentage required to be funded from the Institutional Budget.

4. The third section should summarize, in account number order, any requested changes or additions to existing student labor staffing.
5. The fourth section should summarize, in account number order, any requested increase(s) or decrease(s) in the level of supplies and other non-personnel expenses. **A narrative justification should be provided for changes of more than 5% or \$1,000 of the base budget. Request for maintenance items should be itemized.**
6. The fifth section should address the minimal capital needs for each budgetary unit along with suitable listing, justification and projection of how the unit proposes to help acquire the needed funds.
7. All income anticipated for the next year as well as expected grant credits to the unrestricted budget should be summarized in section six. The income should reflect a detail analysis of pricing and requested increases for 2007-08.

Any additional comments that are desired to be brought to the attention of the Chancellor and/or University Budget Committee should appear in an addendum at the end to the budget request package.

GUIDELINES FOR SALARY ADJUSTMENT REQUESTS

Salaries and wages recommended for personnel are subject at all times to the limitations of budget, state government, and general University policies. Those parameters will be communicated to the campus Division Managers, once known. Requested salary and wage increases must generally be funded through Division funds. If University salary/wage merit and equity pools are available, the use of these funds are subject to the approval of the Chancellor and the Vice Chancellor for Finance and Operations, within guidelines normally articulated by the UT System.

BUDGET CALENDAR

Attachments

Attachment 1	Mission Statement & Guiding Principles
Attachment 2	2007-08 UTC Budget Hearings Calendar
Attachment 2A	Proposed Budget Timetable
Attachment 3	2007-08 UTC Standard Budget Calendar

Attachment 4	User Procedures Outline
Attachment 5	Salary/Wage Increases after July 1
Attachment 6	2007-08 Motor Pool Rates
Attachment 7	2007-08 Telephone Rates
Attachment 8	Graphics
Attachment 9	Statement of Commitment to Diversity and Equal Opportunity
Attachment 10	2005-06 Budget Allocation by Vice Chancellor
Attachment 10A	2006-07 Budget Allocations by Vice Chancellor
Attachment 11	2006-07 Budget Allocation
Attachment 12	2006-07 Supplemental Funds
Attachment 13	Budget Request Document
Attachment 14	Strategic Planning and Budget Priority Matrix
Attachment 15	2006-07 Base Budget by Vice Chancellor