

## MEMORANDUM

TO: Dr. Roger Brown  
Dr. Phil Oldham  
Mr. Bob Lyon  
Dr. John Delaney  
Mr. Rick Hart  
Ms. Terry Denniston  
Dr. Deborah Arfken  
Mr. Chuck Cantrell  
Dr. Bryan Samuel  
Ms. Courtney Hoss

FROM: Richard L. Brown, Jr., Vice Chancellor Finance and Operations

DATE: August 27, 2009

RE: UTC Budget and Financial Planning Cycle 2010-11

Per your collaborative input and recommendations, I have modified the attached budget and planning guidelines for 2010-11 accordingly. Please move forward with your discussions, financial planning, budget orientations and dialogue with the various units you manage. I will deliver budget summary information on year-end close, allocation plans to date, and the overall UTC base budget by accounts for your continuing and ongoing use.

As we move forward with our financial planning for 2010-11 and beyond, I remain excited about our goal to link fiscal resources to our highest strategic initiatives. I want to thank each of you in advance for the time, talent, leadership, and commitment to this critical process. As I have stated on previous occasions, I am confident we shall emerge from this process stronger, leaner, and better positioned to deliver sustainable and quality services to our students, faculty, staff and community.

C: Ms. Barbara Verhine  
Ms. Debbie Parker  
Mr. Danny Grant

Attachment

**LINKING FINANCIAL RESOURCES AND ALLOCATIONS TO STRATEGIC  
PLANNING INITIATIVES**

**UTC BUDGET AND FINANCIAL PLANNING CYCLE  
2010-11**

**Financial Rebalancing: Assessment, Accountability and Action**

<b>August, 2009</b>	Senior Cabinet Budget and Strategic Planning Retreat— August 3, 2009
<b>September 1, 2009</b>	Forwarding of Year-end Close Summation to Senior Cabinet for Review, Assessment and Analysis
<b>September 15, 2009</b>	Posting of 2009-10 Complete UTC Budget Update to UTC Website -Including Year-end Close Data -2009-10 Allocation Plans to Date -Stimulus Funding Plan to Date with Overview of Process and Phase I Funded Projects
<b>October-November, 2009</b>	Detailed budget discussions are completed by Senior Management Team with Deans, Directors, and Department Heads

Each University Operating Unit should:

1. **Have a face-to-face dialogue session** with each reporting division to ensure each staff member or faculty member has a complete understanding of their working budget inclusive of:
  - Salary budget
  - Operating budget
  - Special funds under departmental control
  - Equipment budget
  
2. It remains important that each faculty or staff member is given adequate opportunity to have constructive dialogue and financial budget planning input as to what priorities or special budgetary requirements are needed within a given unit.

**Budget and Financial Planning Support by the Office of Financial Affairs**

- Budget and Planning Training
- Budget Development Support
- Informational presentations of 2008-09 Budget Process, Year-end Close, and Allocation Plans
- Posting of all budget-related information on the UTC Web for transparency and accountability

<p><b>December 1-15, 2009</b></p>	<p>Preliminary budget requests shall be sent to the Chancellor and Vice Chancellor for Finance and Operations:</p> <ul style="list-style-type: none"> <li>• New position requests</li> <li>• Special fee requests</li> <li>• Special capital projects requests</li> <li>• Special facility requests</li> <li>• Special technology, both institutional and instructional requests</li> <li>• Requests for special equipment</li> <li>• Requests for salary and compensation adjustments</li> <li>• Request for internal reorganizations</li> <li>• Requests that impact institutional or departmental accreditation</li> <li>• Major equipment requests</li> <li>• Requests for new programs or special programmatic initiatives</li> </ul>
<p><b>January 20 &amp; 21, 2010</b></p>	<p><b>Full budget presentation summaries by each Vice Chancellor and the Athletics Director will be posted to the UTC Budget Website, UPRAC Website, and general campus websites to include:</b></p> <ul style="list-style-type: none"> <li>• Historical budget issues with the division</li> <li>• Current budget challenges</li> <li>• Highlights and major accomplishments for the prior year</li> <li>• A three-year budget and planning perspective inclusive of any recommendations for new “recurring” funds with the full understanding of the economic limitations and challenges we face.</li> <li>• Any requests or recommendations for specialized fee support</li> <li>• Any major capital outlay or capital maintenance improvements</li> </ul> <p><b>The Chancellor will host a town hall meeting on the University budget and planning for 2011-03 and engage the campus in questions and dialogue regarding allocations plans, budget projections and related issues, strategic planning and fiscal linkage.</b></p> <p><b>The town hall meeting will be Webcast to the entire University community.</b></p> <p><b>Special presentations by shared governance groups:</b></p> <ul style="list-style-type: none"> <li>• UPRAC-Strategic Planning Priorities</li> <li>• Faculty Senate-President</li> <li>• SGA-President</li> <li>• Exempt Staff Council-Chair</li> </ul>

	<ul style="list-style-type: none"> <li>• Employee Relations Council-Chair</li> <li>• UC Foundation-Chair</li> <li>• GSA-President</li> <li>• UT/UTC Trustees</li> </ul>
<b>February-March, 2010</b>	<p><b>Alignment of UTC budget plans with UT System- THEC-and State Legislature</b></p> <ul style="list-style-type: none"> <li>• <b>System-to-Campus</b> visit for budget priorities</li> <li>• <b>UTC Trustee Advisory Committee</b> meeting for budget update.</li> <li>• <b>UPRAC</b> budget update and focus groups</li> <li>• <b>SACS/Institutional Financial planning-QEP</b> Support</li> <li>• UTC recommendations on <b>tuition and fees, specialized fees</b>, and related operating costs— formalized and presented</li> <li>• <b>Capital Outlay/Capital Maintenance</b> projects disclosed</li> </ul>
<b>April-June, 2010</b>	<ul style="list-style-type: none"> <li>• UT System budget integration</li> <li>• THEC finalized tuition/fees recommendations</li> <li>• UT and TBR recommends fee structures</li> <li>• UT Board of Trustees recommends UT System campus budget priorities and fee recommendations</li> <li>• Final budget approved by UT BOT June 2010</li> </ul>

**BUDGET AND FINANCIAL PLANNING  
CONCEPTUAL FRAMEWORK  
UTC**

The UTC budget and financial planning model will encompass a multi-year strategy linked to institutional priorities, set forth by the UT System, THEC, State of Tennessee, and campus-based strategic planning priorities. National “best practices” for higher education financing, as recommended by the American Council on Education: Higher Education’s New Economics, Center for Policy Analysis, will be closely considered to include:

- 1. Innovations in pricing of education**
  - Tuition discounting
  - Differentiated tuition
  - Unbundled fees (specialized fees)
- 2. Budget decentralization**
  - Responsibility-centered budgeting
- 3. New Human Resource arrangements**
  - Non-tenure line faculty
  - Hiring and retirement innovations
- 4. Revised compensation policies and practices**
  - Faculty salary bonuses
  - Staff bonuses
  - Core supplement/step compensation system-CPI adjustments
- 5. Structural reorganization—adaptation to emerging conditions**
  - University Foundations—key roles
  - Multi-disciplinary research centers
  - Integration of Continuing Education into academic core: New revenue stream
- 6. Financial Allocations Modeling**—for equitable allocation of recurring revenues

**Budget and Financial Planning  
Accountability Metrics**

**Stakeholders Goals:**

1. Transparency
2. Accountability
3. Performance Metrics—Access, Success, Retention—Graduate Rates
4. Quality Metrics
  - Change
  - Economic
  - Political
  - Technology

- Organizational—3-5 Year Budget Plans
- 5. Statewide Service Focus
- 6. Consultant Report on Growth Planning
  - Rightsizing staffing and budgets
  - Incentives

### **Campus Budget Priorities**

1. Year-end Close 2009-10—Required by state law to close in the positive
2. **UTC Fund Balance**—2.3% of base; Started at **\$760,000**, over \$4 million current base
3. Aligning allocations to strategic priorities
  - 2009-10 Recurring Fund \$2.5 ml (Rebalancing Plan) over the next 2 years can assume additional recurring funds at this base level

### **Financial Resources Issues—FY 2010-2013**

1. Teaching, research and service after budget reductions: What do we put back—in strategic “re-balancing” efforts.
2. Benchmarking—Program Review
3. Transparency and accountability
4. Enrollment management
5. SACS Accreditation
6. Balancing operational and student support services
7. Alternative revenue development: Capital Campaign support
8. Intercollegiate Athletics—competitiveness

### **October UT Board of Trustees Meeting**

- October Planning Starts—Overall Process
- November-December—Internal Sessions
- January-February—Open Planning Sessions
- February-March—Executive Team/UT System Budget Review
- April-May—Finalization, UTBOT
- June—Finalize Budget with UTBOT Vote

### **Institution-wide Issues**

1. **SACS**—People really should have a departmental level understanding of this budget and plan.
2. **Open budget hearings**—Will have one day dedicated only for open town hall meeting and limited presentations. Chancellor will give budget summary and overview; Vice Chancellors will post presentations to UTC Website.
3. **State priorities for higher education:** possible restructuring of higher education by the Governor and Legislature.
4. Implementation of a new Campus Master Plan 2010 and Beyond.