

THE UNIVERSITY OF TENNESSEE AT CHATTANOOGA
PREPARATION OF THE 2011-12 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, 2011 to June 30, 2012**.

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 effort to enhance access and ensure student success by strengthening 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.
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. Expenditure proposed must be tied to the mission, goal, objective, and purpose of university programs, as well as institutional priorities identified within the overall University Strategic Plan.
6. The **University Planning Resources and Advisory Council (UPRAC)** will review and recommend to the Chancellor priority allocations of new and

existing resources in an effort to implement the institutional strategic planning initiatives.

BUDGET POLICIES

1. **Division Managers** 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. **The Chancellor has full discretion and authority to determine alternative financial models for the aggregation and use of salary savings.**
 - 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, Provost, and the Vice Chancellor 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 that 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%, unless authorized for increase by the Chancellor of the university.
- 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 is input from all levels of faculty and staff into the planning of the programs and its implementation in the upcoming budget year. All university budget discussions and preparations will take place at the “grass roots” level of the institution with all faculty and staff members invited to actively participate in the development of budget priorities. The University Budget Office is available as a resource to provide accurate financial data, and participate in departmental budget discussions if requested.**

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 Planning Resources and Advisory Council (UPRAC) 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, Director of Athletics, the President of the Faculty Senate, the President of the SGA, the Chair of the Employee Relations Committee, the Chair of the Exempt Staff Council, the Chair of Council of Department Heads, the Chair of the Strategic Planning Process, University Planning Coordinator, and two representatives from the Faculty Senate. Ex officio and support members of the Council include the Associate Vice Chancellor for Business and Finance, Chief of Staff to the Chancellor, Assistant Vice Chancellor for University Relations, Associate Provost for Academic Budget, and the Director of Institutional Research and Planning. This Council meets as often as is required and makes recommendations to the Chancellor. Activities associated with the Chancellor's responsibility and authorities are:

1. Developing parameters to guide budget preparation
2. Communicating budget parameters to appropriate individuals and organizations at the onset of the process;
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, culminating in a "State of the University" address.

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 their budget request package to the University Planning Resources and Advisory Council; and
4. Modify their budget proposals as necessitated per preliminary action of the Chancellor and/or University Planning Resources and Advisory Council.

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. Phil Oldham	Provost & Vice Chancellor
Finance & Operations	Dr. Richard L. Brown, Jr.	Vice Chancellor & CFO
Student Development	Dr. John Delaney	Vice Chancellor
University Advancement	Bob Lyon	Vice Chancellor
Athletics	Rick Hart	Athletic Director

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 Planning Resources and Advisory Council;

The Areas for preparation of the Budget are as follows:

<u>DIVISION</u>	<u>AREA</u>	<u>AREA MANAGER</u>	<u>TITLE</u>
Chancellor	Chancellor	Barbara Verhine	Admin Coordinator
	Chancellor	Terry Denniston	Chief of Staff
Provost	Provost	Joan Dunn	Administrative Aide
	Academic Administration	Dr. Jocelyn Sanders	Associate Provost
	Graduate Studies	Dr. Jerald Ainsworth	Dean
	Library Services	Teresa Liedtka	Dean
	Business Administration	Dr. John Fulmer	Interim Dean
	HEPS	Dr. Mary Tanner	Dean
	Engineering	Dr. William Sutton	Dean
	Arts & Sciences	Dr. Herbert Burhenn	Dean
	Continuing Education	Dr. Beth Dodd	Director
	Walker Teacher Resource	Dr. Karen Adsit	Director
	Enrollment Services	Yancy Freeman	Asst. Vice Chancellor
	Financial Aid	Dianne Cox	Director
	Advisement	Mary Roland	Director
	Institutional Research	Dr. Richard Gruetzma.	Director
	Records Office	Linda Orth	Director
	Research	Lindsay Pardue	Director
	Cadek Conservatory	Paul Shurtz	Director
	Sim Center	David Whitfield	Director
Fin.&Operations	Finance & Operations	Mary Scott	Special Assistant
	Business & Financial Affairs	Deborah Parker	Associate Vice Chancellor
	Information Technology	Monty Wilson	Assistant Vice Chancellor
	Disbursements/Payroll	Vanasia Parks	Assistant Vice Chancellor
	Facilities	Tom Ellis	Assistant Vice Chancellor
	Human Resources	Dan Webb	Director
	Equity & Diversity	Dr. Bryan Samuel	Director
	Auxiliary Services	Cindee Pulliam	Director
	Arena & Fine Arts	Ken Kapelinski	Executive Director
	Safety	Jim Pulliam	Director
Athletics	Athletics	Hart/Pope	Athletic Director/Associate
Student Dev.	Student Development	Dr. John Delaney	Vice Chancellor
	Student Organizations	Dr. John Delaney	Vice Chancellor
	Housing	Steven Hood	Assistant Vice Chancellor
University Adv.	Alumni Affairs	Jayne Holder	Director
	Development	Pat Branam	Associate Vice Chancellor
	University Relations	Chuck Cantrell	Assistant Vice Chancellor
	WUTC	John McCormack	Director

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 Planning Resources and Advisory Council 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, projections, and parameters established by the Chancellor and University Planning Resources and Advisory Council (UPRAC).
2. The budget preparation instructions and budget forms are distributed to the appropriate Division Managers and Area Managers.
3. The Division Managers and Area Managers work within their areas and organizational faculty and staff to develop and submit a proposed budget for the upcoming year.
4. The Area Managers at the **grass roots level**, and in consultation with their faculty and/or staff, should prepare a preliminary program plan and budget requests for submission to their respective Division 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 with the appropriate divisional Vice Chancellor and the Athletic Director.

6. The Division Manager further develops program plans and budget requests in accordance with established budget parameters and guidelines, and 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 Planning Resources and Advisory Council (UPRAC).
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” financial priorities for carrying current year expenditures into the next fiscal year.
9. The University Planning Resources and Advisory Council (UPRAC) will **hold Budget Hearings with members of the Executive Team and other appropriate personnel to formally review requests and set institutional priorities.**
10. A proposed budget is prepared with input from the UPRAC and Executive Team containing revenue and expenditures and submitted to the Chancellor for final 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) 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. The budget submission for **2011-12** will be made using the Excel files sent to the appropriate budget entities. **Please reference Attachment 4 and 4A.**

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.

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. **(Attachment 4A is Summary Form attached for such use.)**
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 2011-12.

Any additional comments that are desired to be brought to the attention of the **Chancellor and/or University Planning Resources and Advisory Council (UPRAC)** 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 uses 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.**