

**THE UNIVERSITY OF TENNESSEE AT CHATTANOOGA
ADVISORY BOARD MEETING**

9:15 a.m. ET
Monday
April 8, 2019

Foundation Room – University Center
615 McCallie Avenue
Chattanooga, Tennessee

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I. CALL TO ORDER AND ROLL CALL

Chair Fred Decosimo called the meeting to order at 9:15 a.m. Ms. Terry Denniston, Secretary, called roll. The following Board members were present:

Fred Decosimo (Chair)
Serina Desai
Carole Hoffman
Scott LeRoy
JuJuan Lewis
Gretchen Potts

A quorum was present.

Others in attendance included: Dr. Steven Angle, UTC Chancellor; Dr. Richard Brown, UTC Executive Vice Chancellor of Finance and Administration; Dr. Yancy Freeman, UTC Vice Chancellor of Enrollment Management, Student Success and Student Affairs; Dr. George Hynd, Interim Provost and Senior Vice Chancellor for Academic Affairs; Tyler Forrest, Associate Vice Chancellor for Administration and Finance; River Carrol, UTC Student; Yousef Hamadeh, University Assistant General Counsel; and Gina Stafford, Assistant Vice Chancellor for Communications and Marketing.

II. OPENING REMARKS

Chair Decosimo welcomed the attendees to the meeting.

III. APPROVAL OF THE MINUTES OF JANUARY 7, 2019

Chair Decosimo asked for a motion to approve the minutes of the January 7, 2019 meeting that were provided to the Board members prior to the meeting. Scott LeRoy made a motion approving the minutes, with Ms. Hoffman seconding. Chair Decosimo asked for any discussion. Dr. Gretchen Potts asked for two corrections to the minutes: (i) on page six, first full paragraph, third sentence—insert "to" before "Yousef Hamadeh"; and (ii) on page eight, first full paragraph, first sentence—replace "other than" with "including" so that the sentence reads "...at least three (3) Board members *including* the student Board member..." A motion was made to approve the minutes with the requested modifications presented by Dr. Potts. The motion was seconded by a board member. A vote was taken, and the motion carried by a unanimous vote. A copy of the January 7, 2018 meeting minutes approved by the Board are included in **Appendix A** to these minutes.

IV. DISCUSSION OF FUTURE MEETING DATES

Chair Decosimo proposed to the members the following future meetings dates: (i) May 14, 2018 from 1:00-3:00 p.m. and (ii) October 3, 2018 from 9:00-11:00 a.m.

V. SELECTION OF STUDENT MEMBER TO THE BOARD

Chair Decosimo announced that the UTC Student Government Association (SGA) recommended three (3) candidates for consideration for the student member position on the Board for the term

commencing on July 1, 2019 and ending June 30, 2020. Chair Decosimo noted that all three candidates were impressive academically in terms of what they have been involved in. Chair Decosimo made a motion to select student-candidate Benjamin Smith for the position. Serina Desai seconded the motion. Chair Decosimo called for discussion. Ms. Desai shared that she was impressed with Mr. Smith's involvement on campus, that he is a junior this year and presented himself well during his presentation before the SGA, and that she feels he has the experience and the relationships to help further some of the discussions with the Board. The motion for the selection of Benjamin Smith as the next student member carried by unanimous vote. Chair Decosimo thanked JuJuan Lewis for his service as the first student member of the Board.

VI. BUDGET OVERVIEW

Chair Decosimo recognized Dr. Richard Brown, UTC Executive Vice Chancellor for Finance and Administration, to present an overview of UTC's current financial condition and the budget process. A copy of Dr. Brown's slide presentation can be found [here](#). Dr. Brown's presentation included the following key notes:

- The State requires UTC, as a public university, to have a balanced budget.
- Funds identified in the budget as E&G (Education and General) Funds are generally state funds controlled by the State. Restricted Funds are funds received from grants, contracts, and scholarship funds through the UC Foundation.
- The largest sources of UTC's funds are state appropriations and tuition/fees.
- Tuition benchmarking is the process for how UTC sets its tuition rates to stay competitive with other higher education institutions in terms of maintaining and growing enrollment.
- Enrollment growth is critical to maintaining a balanced budget, and scholarships play an important role in growing enrollment.
- As state appropriations continue to decline, increased philanthropy will be critical to help balance the budget. Dr. Brown predicts that philanthropy will account for 25% of the base budget of any public university in the next five (5) years.
- The State does not allow E&G Funds to be used for athletic facilities, so athletics budgetary funding is always challenging.
- UTC strives to make the budget process transparent so that people understand the budget and how it is developed.
- UTC realized \$1.5 million from enrollment growth this year. The main areas of focus for this year's budget was academics and the core mission of teaching at the university.
- UTC has included about \$1.6 million in compensation in this year's budget in order to keep salaries competitive.
- There are three or four ways a state public university can get revenue into a budget, with tuition and fees being the largest source at about 59% of revenues. State appropriations account for about 29% of revenues. While state appropriations have declined over the past 10 years, Tennessee is still doing very well with funding public higher education compared to peer states. About 20 years ago, tuition and fees accounted for about 30% of revenues and state appropriations were about 60-70% of revenues.
- An overview of how UTC spends its revenue funds was provided, with faculty instruction costs accounting for the largest share of expense.

- There is a relatively new paradigm in Tennessee on how public education is funded. Prior to 2010, the State's higher education funding was based on enrollment, which led to state institutions growing enrollment without investing as much in quality. Now, the State's funding paradigm accountings for quality metrics, like progression and graduation rates. The new paradigm was implemented in 2010 under the Complete College Tennessee Act (CCTA). When CCTA was first implemented, UTC was at the bottom of the scoring, so UTC invested a lot of resources in improving progression and graduation rates. UTC chose progression and baccalaureate degree production as the main outcomes for UTC (i.e., retention, number of degrees awarded, etc.), and UTC has excelled in these areas. As a consequence, its funding has significantly improved under the CCTA funding paradigm.
- UTC will be seeking to decrease its out-of-state tuition rates in order to remain competitive with peer institutions, particularly in attracting graduate students.
- UTC's undergraduate market position right now (about \$8,664) is very low compared to other institutions, and UTC did not have a tuition increase last year at all. UTC has the lowest tuition rates of all the schools within the UT System. UTC needs to be able to raise its undergraduate tuition rates a little bit in order to offset decreases from other funding sources.
- Ms. Desai asked how many of UTC's students are international students. Dr. Freeman responded that about 2.5% of UTC students are undergraduate international students so far and UTC hopes to increase that number to 5-7%. Ms. Desai asked what the tuition rate was for international students. Mr. Freeman and Dr. Brown responded that it is the out-of-state tuition amount, i.e., close to \$26,000.
- Ms. Hoffman asked what was the logic behind the 0% tuition increase last year. Dr. Angle responded that it was mandated by the UT Board of Trustees and the UT President.
- UTC has about \$97 million in capital projects debt, with dedicated revenue streams to pay for all capital projects. UTC's accreditation body considers the university's leverage position in its evaluation, and UTC is in a strong position.
- Physical plant square footage is another indicator of financial health for the campus. From 2014-2018, UTC has gained about one million new square feet of space – UTC took on the Mapp Building and the State Office Building and is in the process of renovating them. UTC is slated to grow under the current master plan for the university to 15,000 students. Building enough capital square footage to accommodate that growth is essential. The old Lupton Library is being reinvested and reimagined into a new classroom building, which will be great for UTC's growth as it moves forward. Dr. Potts asked about the status of the planning for the project. Dr. Brown stated that UTC has bid the project and that it came in under the bid estimate and should be under construction sometime this summer.
- UTC's great competitive position compared to most public universities of similar size is due to the UC Foundation. The foundation has a total endowment value of about \$141 million; there are not many public small universities that have that kind of asset working for it. The foundation assets are important in providing UTC a flexible budget leveraging position.
- The budget and planning process for the 2019-2020 fiscal year is at about the mid-point. The budget and planning process started in October 2018; department and unit requests were submitted in November; division leaders finalized their budgets in December; from January to March, the internal budget advisory council (composed primarily of the vice chancellors and deans) reviewed priorities and made recommendations to the Executive Leadership Team and prioritized how UTC looks at new investments for this year. UTC

formed a group called UPRAC - University Planning Budget and Advisory Committee - which was formed as a broad shared governance representation around the university that reviews the budget. In April, the Executive Leadership Team finalized the proposed budget working with the Chancellor. On April 28, Chancellor Angle will hold a town hall meeting of the entire campus to go over the entire process and present the recommendations for investments for the following fiscal year. The proposed budget will be presented to the Advisory Board early in May, and the Advisory Board will make a recommendation on the proposed UTC budget that will go to the UT Board of Trustees in late June 2019 for approval.

- UTC is excited about the Governor's budget and believes that Governor Lee is going to be a strong proponent and supporter of higher education, and education in general, in the State.
- Dr. Brown thanked Associate Vice Chancellor Tyler Forrest and the budget office for their work and thanked the vice chancellors who have been good stewards of their budget.

Following Dr. Brown's presentation, Chancellor Angle indicated that the next Board meeting is May 14 and that UTC will get the budget information to the Board members well in advance. He advised that, if members have any questions about the budget, Dr. Brown and Mr. Forrest will be able to assist them.

VII. OTHER BUSINESS

Chair Decosimo asked if there was any other business to be discussed. No other business was raised for discussion. Chair Decosimo reminded the Board that the next meeting will be on May 14, 2019 from 1:00-3:00 p.m.

VIII. CLOSING REMARKS

Chair Decosimo asked Chancellor Angle for closing remarks. Chancellor Angle reminded the Board to please ask if they had any questions about the budget or other matters and that the Board is expected to make its recommendation on the budget at the May 14 meeting so that it could be submitted in time for consideration by the UT Board of Trustees at its June meeting. Chancellor Angle ended his remarks by thanking the Board members for their service and for being at the meeting today.

IX. ADJOURNMENT

Chair Decosimo asked for a motion to adjourn. Dr. Potts so moved, and Mr. Lewis seconded the motion. The motion was passed by unanimous vote. The meeting was adjourned at 10:12am.