

Budget Advisory Council Meeting
Summary Notes of Presentations – General Questions
January 31, 2019

Attended: Chancellor Angle, Richard Brown, George Hynd, Yancy Freeman, Tyler Forrest, Chris Sherbesman, Allison Evans, Mark Wharton, George Heddleston, Joe Wilferth, Robert Dooley, Daniel Pack, Valerie Rutledge, Linda Frost, Theresa Liedtka, Steve Ray, Terry Denniston, Bryan Rowland, Beth Luehrs

Absent: Joanne Romagni

Dr. Richard Brown and Provost Hynd welcomed and thanked everyone for their participation in the continuing Budget Advisory Council process. Dr. Brown stated that we are looking at the projected revenue and how solid the new revenue streams will be. The Governor sent out his budget priorities and we are waiting to hear from THEC and others about tuition and fees. As soon as all of the data comes together, Dr. Brown and Tyler Forrest are working to get a “cost going forward budget” for everyone to review. Dr. Brown mentioned once the revenue is finalized, they will be very transparent with everyone and the final projected data will then be presented to the committee. Dr. Brown mentioned that this should be solidified within the next thirty days.

Dr. Brown mentioned that the Chancellor will not be presenting as he is not requesting any new finding funds. Chancellor Angle mentioned that President Boyd made a presentation to the Education Committees of the Tennessee State Legislature, the Senate and House for the projected UT system budget and it went very well. THEC is looking at a 2.5% increase in tuition as their cap and we will propose all fees to not exceed that amount. President Boyd felt good about the 2019-2020 projections.

Provost Hynd thanked all the deans for their hard work in preparing their budget proposals. Provost Hynd stated that the whole notion for thinking and planning budget projections for three years out was a good exercise and made everyone think about what are their longer term priorities are and how can we contribute to help each other achieve strategic objectives. He thanked the Chancellor and Dr. Brown for all of their help in this year’s planning process as well.

Dr. Brown stated that a three year financial planning session allows us to be strategically forward thinking about fiscal resources, even though the resources may be somewhat limited. Dr. Brown said this will help us effectively operate our institution deliver sound stewardship planning and make good fiscal decisions. Dr. Brown thanked everyone again for all of their planning efforts.

Summary Notes of Presentations and General Questions:

Athletics – Presented by Mr. Mark Wharton, Vice Chancellor and Director of Athletics (see attached handout)

- Mr. Wharton mentioned that the revenue that comes in for the sports camps is divided among the coaches of the various sports and it is a great incentive for them. Dr. Brown asked if we have all of the camps operating completely “back in house” and Mr. Wharton stated that yes we do.
- Mr. Heddleston asked what is the cost for instant replays and Mr. Wharton stated that it costs \$30K to have everything set-up with all the sports equipment.
- Dr. Brown asked Mr. Wharton to talk about ticket sales and what the projections are and the measure of aggregate value of what revenues Athletics is bringing in. Mr. Wharton said football has been very disappointing but hoping with the new football coach the community will be excited to attend more games. Mr. Wharton stated that the attendance has increased for the men and women’s basketball seasons. Mr. Wharton said they have hired IG&L Ticket Solutions – this company works on group sales and the sales have doubled since last year and with all teams becoming more talented with new players. He is projecting to hit projected ticket sale numbers. Due to the creative things they are doing with wrestling, the revenue has quadrupled. Mr. Wharton stated is he very proud of the accomplishments that have been completed thus far.
- Dr. Brown asked Mr. Wharton about the team travel and strategy. Mr. Wharton said they are in the process of bidding for a new bus company. Mr. Wharton stated this would be a cost savings even though it is extremely expensive. They are continuing to look at the bids and be costs conscience.
- Dr. Brown asked Mr. Wharton about the diversity of the coaching staff especially in the football area. Mr. Wharton stated they just hired a female coach for the women’s basketball, football has 50% minority and 50% white, and they are constantly looking at diversity along with administration in diversity hiring.
- Dr. Freeman asked Mr. Wharton about the approval for out-of-state undergraduate reduction to get more out-of-state students. What does this do for your overall budget and have you projected this out to get an athletic fee increase. Mr. Wharton said they do not know what the numbers are yet for the “out-of-state plus eight” but for football there is a \$200K grant in aid net savings which is a great help. Summer school is the biggest challenge as there is not a scholarship budget but it’s important to have the students here for the summer because it helps with the graduation rates along with the budgeting as well. Mr. Wharton said that the Women’s Soccer program has seven scholarships and that NCAA allows us to have 14 and with that the top four schools in our league will be fully funded.

- Dr. Brown has noticed that the Athletic colleagues have moved to a student fee support revenue model around the SOCON over the last 10 years. Dr. Brown asked if Mr. Wharton has talked to the students about the \$50 per semester increase in the student supported athletics fees. Mr. Wharton said he did not want success on the back of our students. He has talked to SGA about numbers. Mr. Wharton indicated they have had success in fundraising but they have a long ways to go with the numbers. Ms. Denniston mentioned that they have not discussed the fees with the students because there are so many unanswered questions and they are not ready for that. Chancellor Angle said we could go to SGA and mention that there is a 2.5% cap increase on mandatory fees like in tuition and discuss a related increase that keeps us within the 2.5% base. Mr. Wharton stated that the Athletics success will be on development not be on the students. Chancellor Angle said we need to look at the \$50 and where does it come in to the overall percentage and much do other things need to go up. Mr. Forrest said with an increase of 2.5% that would give them \$44 annual flexibility, which is not a lot. Chancellor Angle said this needs to be figured out over a two year period and we need help to figure out the other costs. Chancellor Angle also mentioned that one of the unknown factors in our budget is the UT Promise which could impact our financial bottom line. Dr. Brown mentioned that CBO's and Fiscal Planning Committee are asking a broader question – why do we not go back to the Tennessee lottery which has significant reserve funds and put those funds into play.
- Dr. Brown applauded Mr. Wharton for thinking about the UTC Marching Band and stated that the band does help the institution and add to the fan experience.
- Dr. Pack asked if there was a cost for recruiting athletes compared to other colleges. Mr. Wharton said that budget salaries, recruiting and travel are his top three costs. Chancellor Angle asked about the budget for recruiting - what is the cost per student athlete and the cost of the program versus the number of students that are recruited. Mr. Wharton said they do this with football and with majority of their students it will vary from year-to-year.
- Dr. Rowland mentioned that in men's basketball, they have a donor that will fund what is needed in recruiting travel as the donor sees the value in this. Dr. Rowland also mentioned that Mark Wharton and Lee Roberts have done a great job. They have brought in two new guys for entry level athletic fundraising and they are doing a fantastic job and they are a great added addition.
- Dr. Brown and his budget team wanted to thank Ms. Luehrs for all the help she has done for managing the athletics budget.

Information Technology – Presented by Teresa Liedtka (see attached handout)

- Dr. Rowland asked Ms. Liedtka regarding her FY 2020 Budget Requests for the Security Infrastructure – can some of this be cut out between now and next year – Dr. Rowland sees the real need for the position of a Banner Systems Analyst request – he doesn't see this as in the same category as other items presented in the IT budget. Ms. Liedtka stated all the requests are very important and that IT had discussed this list and they feel this should not be cut out.
- Provost Hynd asked about Lupton coming on line and he said there will be an IT Service Center and asked if she would have a position to help fund this outreach. Ms. Liedtka said she will not have a position for this IT Service as of now. No conversation with IT has occurred about support responsibilities. A conversation needs to be started to discuss a project plan and budget model. Provost Hynd asked if her vision is to see a hub and spoke model where there is a centralized IT office and have outposts around the campus, maybe jointly funded by the deans or colleges. Ms. Liedtka said the ITAC will discuss IT organizational structure with input from Dennis Gendron, other Ellucian and IT colleagues, and the campus. IT has no desire to absorb public facing IT but hopes the colleges will be able to grow and help support the funding. Right now the ITAC is discussing financial policies, classroom standards and infrastructure schedule where equipment with the ITAC, CADHs, Deans, and the Learning Environment Committee.
- Dr. Pack stated that the need for a compliance policy is urgent in particular with mobile devices and stated that there is no policy or support in terms of encryption – will there be a position that will help with a technical background that will set policies, implement it, image devices and track this process. Ms. Liedtka said the campus is moving towards that and they have just recently purchased a SCCM (Microsoft product) to help centralize IT to push images to our computers, get them cleaned up and run at a stable current operating system level. Ms. Liedtka noted IT is following the UT System Policies. Ms. Liedtka will look further into Dr. Pack's concerns about traveling with UT owned laptops and mobile devices. There remains a lot of work to be done to get the campus in a better place with IT security best practices. Chancellor Angle mentioned that we will need the mandatory encryption for all of the travel with technology devices and we will need to be more aware of this. Provost Hynd mentioned that the deans will be reviewing the draft IT policies and Dean's Council will make recommendations to be taken to the Executive Leadership Team.
- Dr. Freeman mentioned that he is worried about the "off-boarding management". Dr. Freeman is concerned about the numerous software system packages that we have around campus, specifically around off-boarding students, the risk that occurs, IT Strategic Plan's risk assessment, and that as a campus, we need to address and fix these issues. Ms. Liedtka said she is very aware of the risk and IT has brought in a Microsoft consultant who is analyzing the system, with a goal to clean up and disentangle the identity management issue. Dr. Freeman stated that we need to regulate external projects and everyone needs to be accountable.

- Dr. Rutledge asked if a department has funded a specific software or technology that is needed for a room, does this mean the department owns the technology or what is the best way to keep the software up-to-date. Ms. Liedtka said that question is why we are looking at developing a policy about specialized rooms and related support (financial and physical) as none currently exist. The goal is to develop a campus practice that is in the best interest for all faculty and students, regardless of funding source. Ms. Liedtka stated that the current IT proposal follows the Knoxville model and a discussion will be taking place on classrooms, computer labs, meeting rooms and that a definition page needs to be created on how we can clarify this issue. Dr. Brown said that the President has asked David Miller and himself to look at the IT function and review the system and local IT relationships and services, along with what the system should be offering. Dr. Brown asked for everyone to please stay tuned as all of the policies will be looked into with a goal of having a model that works.
- Mr. Heddleston asked about the update on the VOIP project. Ms. Liedtka said that all VOIP contracts are signed and will be pushed out to the campus very soon. Dr. Brown asked if an orientation session and campus wide training about VOIP is scheduled and Ms. Liedtka said they will definitely have training and orientation sessions. Dr. Brown said that they will discuss this at the next UPRAC meeting in March.
- Dr. Brown thanked Ms. Liedtka for stepping in as the contract administrator for IT and helping to move the IT functions forward for UTC.

General Discussions:

- Dr. Brown stated that if the State requires a 2.5 or 3% raise pool, it will significantly change the amount of revenue available for investments in our top priorities. Dr. Brown has asked the committee to start thinking about strategic opportunities for reinvestment. There will be a lot of money currently sitting in various budgets that will not be put into play. Dr. Brown mentioned there are a lot of vacant positions throughout the campus. Please think about your real priorities, how are you going to reinvest the funds that you have already, take a look at various strategies, ask yourself are there some programs that you can stop doing and reinvest your funds into top priorities for the University. These forward thinking conversations will be needed and we must also think of other strategies to bring in more revenue. Dr. Brown asked if we should consider another Retirement Incentive Program and reinvest those funds into new opportunities. Should we be doing a targeted voluntary budget reduction plan for the base budget to reinvest in high priority programs that will help us grow? If the out-of-state tuition model goes forward, Dr. Brown stated we will need to recruit new students and support Dr. Freeman in terms on recruiting.

- Dr. Brown is challenging all the deans to help with graduate education and expanding graduate enrollment. Dr. Brown mentioned that we have reduced the out-of-state graduate tuition and the programs are not increasing enrollment at a significant pace. A discussion needs to take place on how we can grow graduate programs and make them better. Dr. Brown quoted from former UT President Jan Simek "Graduate Programs are only as good as the quality of the program". Dr. Brown stated we have authorized the hiring of a graduate recruiter and hopes this will help in recruiting more students, but we have to work with this person to build the programs. Dr. Brown also stated that with the new structure of higher education in the state of Tennessee (LGI's), it is a very competitive student recruiting environment and recruiting is very important as well as the retention of our students. We need to make UTC an exciting place for student retention.

Dr. Brown thanked everyone again for their great presentations and mentioned that all presentations and summary notes will be posted on the Budget website. Dr. Brown stated that if you have any questions you can always call the Budget and Finance Office or use the Budget Chatt. Dr. Brown said that all of the information will be aggregated and discussions will be taken place with the Chancellor and the Executive Leadership Team. Dr. Brown said that when all the data is completed, a new Internal Budget Advisory Council Continuing Planning Session meeting will be set to share all of the information.