

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

1:00 PM EST
Friday
May 16, 2025

Mapp Building
Room 102

I. CALL TO ORDER AND ROLL CALL

Chair Scott LeRoy called the meeting to order at 1:02pm. The roll was called with the following Board members present: Isabella Craig, Garnett Decosimo, Mario Duarte, Scott LeRoy, Elaine Swafford, and Todd Womack.

David Watson, a Board of Trustees member, was also in attendance.

II. OPENING REMARKS

Chair LeRoy welcomed everyone to the last meeting of the board for this academic year.

III. APPROVAL OF THE MINUTES OF JANUARY 8, 2025

Chair LeRoy noted the first item of business was the approval of the January 8, 2025 meeting minutes. Chair LeRoy called for a motion to approve the minutes as submitted; Ms. Craig made a motion to approve, which Mr. Decosimo seconded. The motion was approved unanimously by a roll call vote.

IV. CHANCELLOR'S REPORT

Chair LeRoy then turned the meeting over to Interim Chancellor Dooley for remarks. Dr. Dooley shared that the Board of Trustees approved this morning the appointment of Dr. Lori Mann Bruce as the next chancellor at UTC effective June 30, 2025. He also announced that Dr. Kumar Yelamarthi has been appointed Dean of the College of Engineering and Computer Science effective July 1, 2025. Dr. Yelamarthi is also from Tennessee Tech. Dr. Bruce's husband will also be joining the faculty in the College of Engineering and Computer Science. The acceptance rate for new students is up about 14%, with retention rates potentially up over 4%. The Development House has been torn down as part of the expansion of Fletcher Hall. The School of Nursing building is back on track and in the bid process. Mr. Jason McNeal will be talking with the Advisory Board later in this meeting about the new chancellor and what the Board wants to share with her.

Mr. Decosimo asked if there was any information on what was causing the uptick in retention. Dr. Dooley responded that there have been two task forces appointed this semester to look at this – one was a faculty task force out of the Faculty Senate and one was a staff and faculty task force

that the Provost's Office was involved in. The UTC administration got some good information in terms of what it thinks UTC needs to be doing and will share that with Dr. Bruce when she starts at UTC. UTC implemented some short term initiatives. UTC started retention grants for students who are in good standing but for whatever reason have decided not to enroll for the fall, offering them financial support to come back. UTC put in place a scholarship program for collaborative students; these are students who have applied to UTC but have the ability to transfer to UT Knoxville if they maintain a certain GPA and are successful in completing a certain number of credit hours. UTC lost a number of those students last year; this year UTC has specifically targeted them and offered them a scholarship to stay at UTC. UTC has also committed to expanding the Honors College, adding 20 additional students this year and committing to add more over the next five years.

V. FY26 BUDGET

Vice Chancellor for Administration and Finance Brent Goldberg shared information on the proposed budget for the FY26 fiscal year. He noted UTC has a record number and dollar amount of capital projects in process; UTC currently has half a billion dollars in capital projects either in progress or in planning.

Mr. Goldberg shared information on the state appropriations and productivity formula adjustments, noting that everyone lost money except for UT Knoxville and the University of Memphis – those are the two universities that had the least impact coming out of COVID. In terms of the new funding for formula growth, THEC recommended \$40M but the state budget allocated \$17M, so overall it is a smaller pot of money, which means a smaller allocation to each institution. UTC is in about in the middle, with \$864,200 of new formula revenue. For salary pool, the state did a 2.6% salary pool, which will fund about 60% of the funds needed to do a 6.2% raise, so UTC will have to come up with the remainder.

A 3% tuition increase for in-state, out-of-state and international students, both undergraduate and graduate, is being recommended. THEC is allowing up to 5.5%; UTC could use the revenue, but UTC wants to maintain affordability, especially in comparison to other universities across the state.

Budget adjustments have been made for FY 26 to try to free up some funds within UTC's existing budget; \$3.2M has been freed up on top of the state appropriation and the tuition increase.

With the proposed 3% tuition increase, the total cost for an academic year would be \$10,762 – a \$314 increase for in-state undergraduate students; \$19,068 for out-of-state undergraduate students – a \$556 increase; and international students would pay \$27,308 – a \$796 increase. For graduate tuition and fees, the 3% increase looks similar to undergraduate. That gives a total revenue of \$262M, with 54% of that coming from tuition and fees, 32% from state appropriations, and the remainder from primarily auxiliaries. On the expense side, UTC will be spending 65% of its budget on salaries and benefits, an amount which has increased slightly each year for the past four years as UTC has invested in compensation. The remainder is for UTC operations and mandatory transfers such as debt service.

A summary of year-to-year budget highlights from FY2021 to the proposed FY2026 budget shows quite a bit of budget growth in that timeframe from \$204M to \$262M. UTC is fortunate that

Tennessee still invests in higher education at the level it does, so UTC has been able to accomplish this with an average tuition increase over 5 years of 1.8%. 2023 was a big year for state appropriations after COVID; the salary pool is also smaller this year than in the past several years. From a compensation plan standpoint, in 2021 UTC did nothing but faculty promotions; starting in 2022 UTC started increasing minimum wage so UTC could get up to \$15/hour. UTC also invested in the compression that was caused by moving to \$15/hr in FY2024, and last year UTC didn't have any funds to do anything outside of 3% increase in its normal faculty promotions. This year UTC is proposing \$5.7M in compensation; \$1.5M would go to faculty, \$800,000 would go to staff to deal with compression and market issues, and then 2.5% to everyone. Mr. Goldberg noted that the revenue trends graphic shows that tuition and fees have been relatively flat, barely increasing from 2018 until now, but the state appropriations are a bigger percentage than they were back in 2018. In 2018 UTC had a \$184M budget and now it has a \$260M budget, so that is a testament to the state investing in higher education, especially here at UTC.

Mr. Goldberg thanked Chris Sherbesman for his work on the budget and also thanked Dr. Laure Pou for her work on compensation. For the faculty, UTC has two benchmarks that it is chasing: one is Tennessee Public Higher Education universities, which is all the public universities in Tennessee. UTC needs to invest about \$2.2M in compensation just to get its faculty to the market median across the board as compared to other Tennessee universities. With a 2.5% increase plus the \$1.5M investment, that should get UTC really close to having all faculty members at the appropriate place compared to the market in terms of comparisons of other Tennessee universities. The other benchmark UTC is chasing is the SREB 2/3 – a group of universities that are more similar to UTC – that would be about \$3M to get to that benchmark. Right now, UTC is trying to get to the \$2.2M total investment in faculty and then continue to chase that other benchmark as it goes. For staff compression, UTC needs to invest at least \$3M; UTC is only able to do \$800,000 this year but UTC did do quite a bit a few years ago.

Mr. Goldberg concluded his presentation by noting that this year's budget is heavily focused on compensation, with adjustments and cuts being made to prevent having a higher tuition rate increase above 3%. He then asked if there were any questions. Mr. Decosimo asked what the functional change was regarding the transitional expenses. Mr. Goldberg responded it gets it into the recurring budgets so that, for example, departments can actually see the funds as available in their budgets and spend them, instead of them being on a non-recurring basis and coming out of UTC's reserves.

Mr. Womack asked about tuition increases at the other Tennessee universities. Mr. Goldberg responded that the other UT campuses are asking for 3% except for UT Knoxville, which is not asking for any increase but is increasing some mandatory fees but not maintenance. UT Martin is definitely asking for 3% and UT Southern is asking 2.5% if not 3%. The LGIs are asking for increases between 3% and 5%. Tennessee Tech is asking for 5% or 5.5%; MTSU and ETSU are asking for 4%. UTC and Martin are both asking for 3% increases, but UTC's tuition is still lower than UT Martin's tuition.

Mr. LeRoy asked if the revenue tuition and fees are based on current enrollment or a projected increase in enrollment. Mr. Goldberg responded that UTC's enrollment for this past fall was 11,775; the enrollment target for this coming fall is 12,105 total, including graduate and undergraduate. This budget is based on an 11,995-student enrollment. If UTC does not hit 11,995, UTC may need to look at some budget reduction during the year when it does its revised budget.

Mr. LeRoy then asked about internal costs to UTC associated with the School of Nursing building and the Rollins College of Business expansion and where the money comes from for those costs. Mr. Goldberg responded that over the next three years the costs will be built out in UTC's recurring budget. The new buildings will not be occupied until Fall 2027 at the earliest. New utilities, new custodial support, etc., will be required. The SON building had to be rebid due to the contractor being unable to provide a bond – the goal is to start construction in the next three weeks and open in the fall of 2027. The RCOB expansion is in progress. The State Office Building renovation is in process; the University Center renovation is in process, with Phase 1 being finished and starting Phase 2; a new dining hall is to be built in Maclellan Gym that will add 750 seats is in the planning phase; a new parking structure at 8th Street and Houston is moving into design; and a new residence hall is starting next week. The new dining hall will be a big deal for UTC from a capacity standpoint. Currently UTC can only fit 363 people into our dining hall; this new dining hall will add 750 seats and then UTC will renovate the current dining hall to be a kind of auxiliary dining hall for things like farm-to-table and allergen free fare. These will all help UTC with capacity as it grows – and they will all be at capacity by 2030 - if UTC hits its enrollment goals. So this is just to get UTC to its 2030 goal of 14,800 students. And there are also costs associated with all those auxiliaries that UTC will have to look at over time as well.

Mr. Womack noted this is the third year raising tuition – should this be expected every year? Mr. Goldberg responded that UTC is doing the same thing that everyone else is – it is practical and realistic to plan on a 2% increase practically every year to keep up with inflation and changes in the political environment and the operational environment.

Mr. Decosimo asked if there was any price sensitivity among students. Mr. Goldberg responded that it would depend on the student but the net cost is really low. Most students at UTC have financial aid of some kind and the Hope Scholarship covers a lot of costs. Mr. Womack asked if the Hope Scholarship would be going up. Mr. Chris Sherbesman, Associate Vice Chancellor for Finance & Administration, shared that they have not yet heard but are anticipating a 3% increase.

Mr. Watson asked if a breakdown of the increase by category and what it means in total dollars by category was available. Mr. Goldberg responded that he could provide that. He noted that the in-state 3% increase is \$2.8M and out-of-state is \$207K. Mr. Watson asked what would happen if UTC did not increase its in-state tuition but increased everything else. Mr. Goldberg noted that 80% or more of UTC students are regular in-state, so 80% of that \$2.8M is regular in-state tuition, just because of UTC's demographics. UTC has much more local and much more in-state than UT Knoxville, for example. Mr. Watson asked how UTC compared with its out-of-state peers, to which Mr. Goldberg responded UTC does not normally compare tuition to out-of-state peers on a regular basis. Mr. Watson noted that Tennessee is one of the few states that is showing an increase in growth in high school graduations. All the other states around Tennessee are showing a decline, so they have to come in and start raiding Tennessee to steal Tennessee students and so we will be in competition. One of the things they will do is drop their price. Mr. Sherbesman noted that, looking at the 3% increase, that includes undergraduates and graduates; roughly 85% of that is going to be undergraduates, 15% graduates and then in-state vs out-of-state is roughly 90% and 10% out-of-state. In looking at UTC's out-of-state total cost per student, UTC is not among the highest among its peers, but UTC also has other specific discounts or programs put in place for surrounding counties that are out-of-state – Hamilton County has eight surrounding out-of-state counties, seven in Georgia and one in North Alabama in which students get a 50% discount on

out-of-state tuition to come to UTC. UTC also offers graduate assistantships for which out-of-state tuition is waived, and veterans have all their out-of-state waived. Mr. Goldberg noted that sometimes it is hard to compare to universities in other states – comparing our in-state to their out-of-state, are they going to decrease their out-of-state enough, do they have other waivers in place? UTC looks at them, but it is hard to compare – it is easier to compare with other universities in Tennessee. When UTC looks at its enrollments or who it is competing against for enrollment, UTC’s three top competitors for enrollment are UT Knoxville, UT Martin and ETSU.

Mr. Duarte asked if the compensation increases would get UTC closer to the noted benchmarks, taking into consideration that those benchmarks will also increase. Mr. Goldberg responded it would. Dr. Laure Pou, Assistant Vice Chancellor for Human Resources, noted that an updated compensation analysis project for faculty has been done with a third party vendor this year and one is being done systemwide with UTC’s UT colleagues for both faculty and staff to make sure that UTC has the most updated market data, and so in that process and projecting the allocation, the 2.5% for UTC’s current salaries, UTC is also aging the data forward to make sure it is current with the market, realizing it will move each year. Hopefully UTC will have some funding available each year to continue to make progress.

Mr. Goldberg noted one thing he forgot to mention was that UTC is adding a dual enrollment fee/tuition rate to dual enrollment grants. Currently when someone registers at UTC for dual enrollment, they register as a regular student

Mr. Decosimo made a motion to send the proposed FY2026 budget forward to the Board of Trustees; Dr. Swafford seconded the motion, which was approved unanimously by a roll call vote.

VI. STRATEGIC PLAN

Dr. Dooley shared the vote on UTC’s new strategic plan has been postponed until the September 23, 2025, meeting of the Advisory Board; the plan will be send the new strategic plan to the Board of Trustees for approval at the October 2025 BOT meeting. He asked that the Advisory Board members review the strategic plan and provide comments to him. He noted the plan has been shared with Dr. Bruce.

VII. APPOINTMENT OF STUDENT MEMBER

Mr. LeRoy called for a vote on the next student member of the Advisory Board. Mr. Womack made a motion to approve Mr. Isaac Durby; Ms. Craig seconded the appointment. The appointment of Mr. Durby was unanimously approved by roll call vote.

VIII. FACILITATED DISCUSSION: WELCOMING THE NEW CHANCELLOR

Mr. Jason McNeal led a discussion with a series of guided questions on what the Board can do to welcome and support the new chancellor.

XI. OTHER BUSINESS

There was no other business.

XII. CLOSING REMARKS

Chair LeRoy thanked everyone for their time and participation.

XIII. ADJOURNMENT

A motion to adjourn was made by Mr. Womack and seconded by Ms. Craig.

The roll call vote was unanimous, and the meeting was adjourned at approximately 2:55pm.