

The University of Tennessee at Chattanooga
Budget Council
December 09, 2025 1:33-2:39 PM
Southern Writers Room

Attendees: Lori Mann Bruce, Jerold Hale, Brent Goldberg, Anderw Sheehy, Artanya Wesly, Mark Wharton, JAY Blackman, Cheryl Montgomery, Pamela Riggs-Gelasco, Robert Dooley, Kumar Yelamarthi, Linda Frost, Ethan Carver, Tim Gritten, Elizabeth Crawford, Joel Wells, Gretchen Potts, Beeta Baghaevaji, Vanasia Parks, Chris Sherbesman, Tony Parsely, Allison Evans, Laure Pou, Stacie Grisham, Harriett Chambers, David Rauch, Jermaine Freemna, Eralc Beasly, Meridith Perry

Absentees: Stacy Lightfoot, Reinhold Mann, Valerie Rutledge, Chris Smith, Kylea Michael, Lee Pierce

- Budget Process for FY2027
 - The fiscal year was successfully closed, but DASH continues to present challenges.
 - FY25 closed with the smallest surplus in years, and DASH makes it difficult to determine unit-level surpluses or deficits.
 - Despite limited visibility, UTC remains financially healthy, but leadership emphasized the need for heightened fiscal discipline.
 - Preparing year-end schedules has been significantly harder due to DASH limitations.
 - Budget sessions have not occurred in the typical timeline for this reason; division/college meetings will begin late January-early February to start FY27 planning.
- Current Revised Budget
 - FY26 Revised Budget totals \$263.7M for revenues and expenses.
 - Changes include:
 - \$1.2M allocations made to various divisions or colleges based on specific ongoing initiatives.
 - \$350K reductions or adjustments made to State Appropriations for OPED, insurance premiums and risk claim adjustments.
- Enrollment
 - Fall 2025 enrollment hit record levels.
 - Strategic Enrollment Plan aims to keep UTC competitive for Tennessee students through 2030.

- Continued focus on marketing, recruitment, and retention as core priorities.
- Enrollment performance directly impacts state funding via the Outcomes-Based Funding Formula (see slide 9 of PowerPoint).
- Allocations
 - Revised allocations reflect the shift in undergraduate revenue, targeted investments in CECS, Graduate School, and athletics, and marketing support.
 - Investments align with community expectations, research growth, and student recruitment goals.
- Revenue and Expenses
 - Revenue growth continues to be driven largely by state appropriations, not tuition, this is positive for affordability.
 - Over \$20M invested in employee compensation in recent years (minimum wage increases, compression adjustments, competitive salary market positioning).
- Operating Environment and Budget Outlook
 - Major campus capital projects underway through 2027.
 - Emphasis on maintaining affordable tuition, supporting first-generation and disadvantaged students.
 - Divisions should seek process-improvement savings within existing budgets
 - Campus debt has grown from \$48M in 2016 to 123.6M and will nearly double with upcoming projects.
 - Debt remains manageable due to dedicated revenue sources such as housing, dining, and fees.
 - Dining hall funded entirely through Aramark, no debt to UTC.
 - Nursing program expansion and Masters in Management will require sustained financial support.
- Estimated State Appropriation, Tuition and Fees
 - State appropriation levels remain uncertain; indications suggest FY27 will be funded below last year's levels, widening the gap between THEC recommendations and state funding.
 - The UT System will set the binding tuition range (expected: 0-2.5%).
 - The Board may restrict UTC to around 1% tuition increase, which may not fully fund salary pool obligations.

- Revenue pressures at the state level due to lower sales tax and lottery collections.
- Estimated recurring needs for FY27: approximately \$6M, including:
 - 2.5% salary pool (~\$3M)
 - Nursing and graduate program commitments
 - Utilities and maintenance costs for new facilities
 - \$750K contingency
 - \$250K UT System assessment increase (driven by compensation and IT security)
- Investment Focus
 - Continued campus initiatives include:
 - Enrollment growth (marketing, staffing, scholarship, retention services)
 - R2 designation and academic program development
 - Campus infrastructure with emphasis on expanding capacity
 - Compensation and performance-based distribution
 - Athletics (NCAA revenue share and facilities)
 - Major capital projects and campus maintenance
- Q&A
 - Request from Staff Senate on improving employee training and development through dedicated HR staffing.
- Final Remarks
 - Next Budget Council meeting will be scheduled for March, after the Governor's budget is released.