



Presentation to Audit & Business Committee
Board of Trustees

June 23, 2020





Federal CARES Funding and Auxiliary Income



Coronavirus Aid, Relief and Economic Security (CARES) Act

- Higher Education Emergency Relief Fund (HEERF)
 - Emergency Financial Aid Grants to Students (50%) \$4,356,732
 - 50% to Institutions \$4,356,732
 - Total HEERF 18004(a)(1) \$8,713,463

 - Total HEERF 18004(a)(2) Minority Serving Institutions \$426,175



Coronavirus Aid, Relief and Economic Security (CARES) Act

- As of May 24, 2020
 - Distributed a total of \$3,730,664 to eligible students
 - 6,991 students received emergency relief funds
 - Range of \$434 to \$744 distributed to 6,499 eligible full-time undergraduate and graduate students
 - Range of \$217 to \$434 distributed to 491 eligible part-time undergraduate and graduate students
 - One Pell eligible student identified as homeless \$930



Coronavirus Aid, Relief and Economic Security (CARES) Act

– 50% to Institutions

\$4,356,731

- May be used for costs associated with significant changes in instructional delivery due to COVID-19 pandemic including refunds for room and board, tuition and other fees; purchasing equipment and software; licensing and internet fees; additional emergency financial aid grants to students

– Tech’s refunds for housing and meal plans	\$3,260,798
– Software, equipment, licensing	\$ 189,567
– Balance available for future expenses	\$ 906,366



Coronavirus Aid, Relief and Economic Security (CARES) Act

- Minority Serving Institutions \$426,175
 - Allowable expenses
 - Defraying expenses or addressing needs associated with the institutional response to novel coronavirus
 - Lost revenues
 - Reimbursement for incurred expenses
 - Technology & training associated with distance education
 - Faculty & staff payroll
 - Total expenses incurred to-date \$176,400
 - Balance available for future costs \$250,656



Auxiliary Income

- Housing
 - Spring semester 2020 refunds \$2,091,066
 - Camps cancelled for summer
 - Summer semester mostly online
 - Fall semester full operations
- Bookstore and Foodservices
 - Bookstore non-textbook merchandise sales are down
 - Foodservice
 - Spring semester refunds of meal plans and dining dollars \$1,169,731
 - Summer revenues from campus, on-campus students are down





Tennessee
TECH

Endowments and Bond Financing



Endowments

- Investment income – Commonfund Report March 30, 2020
 - Endowment funds
 - FYTD return (8.49%)
 - QTD return (14.41%)
 - MTD return (10.07%)
 - Expendable funds
 - FYTD return (4.38%)
 - QTD return (6.81%)
 - MTD return (5.38%)



Bond Status

- Tax-exempt financing rates
 - Short-term capital rates are volatile and borrowing rates are higher
 - We only have one smaller project that is being funded with short-term capital
 - Most of our debt financed projects were bonded last fall when rates were very good
 - Long-term debt bonded at <2%
 - Residential housing, fitness center, parking & transportation projects
 - Annual Debt Service Educational & General (E&G) \$1,988,682
 - Annual Debt Service Auxiliary Housing \$6,118,035





Tennessee TECH

State Budget



State Level Considerations

- State budget FY2020-21 March & June Revisions
 - Reduced funding for salary increases to zero
 - Reduced formula funding to zero
 - Removed capital outlay project – Engineering building
 - Reduced capital maintenance projects – only \$2,100,000 re-roofing projects remains



Revenue Losses and Plan for Dealing with Reduction

FY20-21 New state appropriations	\$ 3,186,200		
Estimated decline in tuition revenues	\$ 4,000,000		
Total to remove from FY20-21 Proposed Budget	\$ 7,186,200		
		Permanent	Shorter Term
Budgeted salary increases eliminated	\$ 1,396,903	\$ 1,396,903	
Freeze of vacant positions	\$ 1,975,373	\$ 1,576,224	\$ 399,149
Freeze temporary employment	\$ 1,500,000		\$ 1,500,000
Reduction in force	\$ 198,737	\$ 198,737	
Reduction in fringe benefits	\$ 568,762	\$ 410,000	\$ 158,762
Review programs and activities	\$ 845,423	\$ 745,423	\$ 100,000
Reduction in operating and travel budget	\$ 921,763		\$ 921,763
Total FY20-21 Budget Reductions	\$ 7,406,961	\$ 4,327,287	\$ 3,079,674





Tennessee TECH

FY2019-20 Estimated & FY2020-21 Proposed
Budget



Proposed Budget Enrollment Assumptions

	Proposed Budget FY21						Fall 2019			Difference
	Undergraduate		Graduate		Total		Undergraduate	Graduate	Total	
	HC	FTE	HC	FTE	HC	FTE	HC	HC	HC	
First-Time, Full-time Freshman	1583	1440.53			1583	1440.53	1705		1705	(122)
Transfers	755	687.05			755	687.05	766		766	(11)
Dual Enrollment	150	196.5			150	196.5	113		113	37
New Graduate Students			360	183.65	360	183.65		292	292	68
Returning Students	6341	5632.41	797	407.17	7138	6039.58	6195	879	7074	64
International Students	68	63.24	9	4.23	77	67.47	178	12	190	(113)
Total	8897	8019.73	1166	595.05	10063	8614.78	8957	1183	10140	(77)



Assumptions for Proposed Budget

- Tuition & fees
 - Implementation of new flat-rate tuition model for FTFTF
 - No increase for returning students
 - No increase in mandatory & non-mandatory fees
 - Implementation of new out-of-state rates (approved Dec. meeting)



Assumptions for Proposed Budget

- State Appropriations

	New Appropriations Included in Proposed Budget	Reduction in State Appropriations
Outcomes Formula	\$1,876,800	(\$1,876,800)
Salary Increase	\$809,400	(\$809,400)
Health Insurance Adj.	\$216,900	
Outcomes Base Adj.	\$404,200	



Reconciliation of Changes in E&G Revenues

	October Revised Budget FY2019-20	Current Estimate FY2019-20	Difference	July Proposed Budget FY2020-21	Difference
Tuition & Fees	\$97,640,600	\$98,989,300	\$1,348,700	\$94,314,200	(\$4,675,100)
State Appropriations	\$59,396,600	\$59,396,600	\$0	\$62,703,900	\$3,307,300
Other	\$11,746,600	\$11,709,800	(\$36,800)	\$11,492,000	(\$217,800)
Total E&G	\$168,783,800	\$170,095,700	\$1,311,900	\$168,510,100	(\$1,585,600)



E&G Revenues Reconciliation of Difference

Revised vs. Current Estimate

- Tuition and Fees
 - Conservative estimate in enrollment driven maintenance and fees \$1,348,700
- Other
 - Decrease in sales and services revenue \$36,800

Current Estimate vs. Proposed

- Tuition and Fees
 - International student enrollment reduction due to COVID-19 (\$2,802,174)
 - In-state enrollment decline (\$1,089,948)
 - SACF and mandatory fee decline (\$785,400)
- State Appropriations
 - Outcomes Base Adjustment \$404,200
 - Share of new funding \$1,876,800
 - Matching Cybersecurity Grant \$500,000 (non-recurring)
 - Insurance adjustment \$216,900
 - Salary Pool \$809,400

Change in Expenses

Functional Classification

	October Revised Budget FY2019-20	Current Estimate FY2019-20	Difference	July Proposed Budget FY2020-21	Difference
Instruction	\$81,774,300	\$81,746,600	(\$27,700)	\$77,708,800	(\$4,037,800)
Research	\$3,878,200	\$3,886,700	\$8,500	\$2,652,400	(\$1,234,300)
Public Service	\$2,478,500	\$2,441,800	(\$36,700)	\$2,117,600	(\$324,200)
Academic Supp	\$13,275,200	\$13,897,200	\$622,000	\$13,172,400	(\$724,800)
Student Serv	\$21,127,000	\$21,726,200	\$599,200	\$20,230,200	(\$1,496,000)
Institutional Sup	\$17,443,600	\$17,107,800	(\$335,800)	\$16,440,100	(\$667,700)
Maint & Oper	\$14,737,800	\$14,518,100	(\$219,700)	\$14,612,900	\$94,800
Scholarship	\$17,396,200	\$17,241,100	(\$155,100)	\$16,172,600	(\$1,068,500)
Total E&G	\$172,110,800	\$172,565,500	\$454,700	\$163,107,000	(\$9,458,500)



Reconciliation of Change in Expenses

Revised vs. Current Estimate

- Academic Support
 - 15% of Online Fee transferred to Provost from colleges \$235,000
 - Transfer Position from ITS \$98,000
 - Lapse Salary transferred from departments to Dean \$180,000
 - Additional budget for Employee and Spouse Education benefits \$50,000
 - Highland Workforce and Matching Dollars \$60,000
- Student Services
 - Fund New Advisors \$112,000
 - Disability Services \$75,000
 - Temporary transfer of Athletics Scholarships to Operating \$300,000
 - Center for Career Development additional increase due to revenue increase \$80,000
- Institutional Support
 - Position transferred (\$98,000)
 - Temporary Savings due to vacant positions (\$193,000)
- Maintenance & Operations
 - Temporary savings due to vacant positions (\$215,000)
- Scholarships
 - Transfer of scholarships to Athletics operating Budget (\$150,000)

Current Estimate vs. Proposed

- Instruction
 - Faculty promotions \$215,952
 - One time Carryforward removed Instruction (\$5,854,932)
 - Provision for 1.5% salary increase \$760,000
 - Lawrenceburg Faculty \$78,000; Counseling & Psy \$178,000; General Engr \$320,000; Ag & Human Ecology \$182,000
- Research
 - One time Carryforward removed Research (\$1,241,940)
 - Provision for 1.5% salary increase \$7,000
- Public Service
 - One time Carryforward removed Public Service (\$141,611)
 - Provision for 1.5% salary increase \$11,000
 - Temporary matching dollars removed (\$190,000)
- Academic Support
 - One time Carryforward removed Academic Support (\$659,019)
 - Provision for 1.5% salary increase \$197,000
 - Software escalation cost \$110,000
 - Online Fee – Provost portion in instruction (\$200,000)
 - Temporary Lapse Removed for new FY (\$100,000)
 - Dean Fine Arts – Transfer for faculty (\$40,000)
- Student Services
 - One time Carryforward removed Student Services (\$462,496)
 - Provision for 1.5% salary increase \$181,000
 - Seminars and Forums reduced (\$50,000)
 - SAF Reduction due to enrollment declines (\$300,000)
 - Reduction in International Budgets (\$70,000)
 - Athletics budget reset back to scholarships that was temp used in CE (\$800,000)
- Institutional Support
 - One time Carryforward removed Institutional Support (\$180,890)
 - Health Insurance cost increase \$400,000
 - Provision for 1.5% salary increase \$172,000
 - Borrow from Benefits for anticipated savings due to vacancies (\$1,000,000)
- Maintenance & Operations
 - Provision for 1.5% salary increase \$71,000
- Scholarships
 - Athletic Scholarship reduction of \$325,000 due to new tuition and out of state tuition
 - International Scholarship reduction due to decline in enrollment \$700,000



Change in Expenses

Natural Classification

	October Revised Budget FY2019-20	Current Estimate FY2019-20	Difference	July Proposed Budget FY2020-21	Difference
Salary and Wages	\$81,154,894	\$77,883,799	(\$3,271,095)	\$81,707,765	\$3,823,966
Fringe Benefits	\$34,669,892	\$35,085,026	\$415,134	\$34,527,637	(\$557,389)
Travel	\$2,241,787	\$2,610,629	\$368,842	\$2,009,834	(\$600,795)
Operating & Utilities	\$35,576,876	\$38,525,099	\$2,948,223	\$27,796,214	(\$10,728,885)
Scholarships & Fellowships	\$18,036,003	\$18,043,023	\$7,020	\$16,733,911	(\$1,309,112)
Capital	\$431,500	\$417,714	(\$13,786)	\$331,500	(\$86,214)
Total E&G	\$172,110,952	\$172,565,290	\$454,338	\$163,106,861	(\$9,458,429)



Reconciliation of Change in Expenses

Natural Classification

Revised vs. Current Estimate

- Salary and Wages
 - Lapse Strategic Investment Pool - (\$3.4M)
 - Reduce e-campus budget for temporary employment due to enrollment declines (\$354,000)
 - New Advising Counselors \$112,000
- Benefits
 - Increase budget for Employee Tuition Reimbursement \$400,000
- Travel
 - Increase budget to cover travel expenditures \$368,000
- Operating & Utilities
 - Lapse invested back at College/VP level \$1.2M
 - Strategic Investment Pool \$2.2M
 - Athletics transfer scholarship funds \$400,000

Current Estimate vs. Proposed

- Salary and Wages
 - Faculty promotions \$215,952
 - Provision for 1.5% salary increase \$1,075,486
 - Re-establish lapse salaries \$3.4M
 - Reduce Strategic Investment Pool (\$285,381)
 - Temporary Employment funds moved back to Operating (\$582,000)
- Fringe Benefits
 - TCRS and Health Insurance adjustment \$200,000
 - Estimated FB for 2% salary increase \$322,645
 - Borrow from Benefits for anticipated savings due to vacancies (\$1,000,000) to balance budget
- Travel
 - Remove temporary budget transfers to cover travel expenditures (\$600,000)
- Operating & Utilities
 - Remove temporary budgets for carryforwards (\$9.5M)
 - Reduce budget for Utilities (\$500,000)
 - Remove temporary budget transfer Athletic Scholarships (\$800,000)
- Scholarships
 - Reduce International and Athletics Scholarships (\$1.3M)





Tennessee TECH

Disclosed Projects FY2020-21



Disclosed Projects FY2020-21

Campus funded projects

Fiscal Year	Project	Project Cost	Project Description
2020-21	Campus Gateway Signage	\$490,000	Install Ceremonial gates at the primary main entry points to campus and entry markers at secondary entry points. Include new building, street and wayfinding signage
2020-21	Data Center Fire Suppression	\$315,000	Install a fire suppression system for the data center in Clement Hall
2020-21	Football Offices	\$400,000	Purchase and installation of a prefabricated portable office building for the Football program
	Total Request	\$1,205,000	





Tennessee TECH

Capital Budget FY 2021-22



Capital Outlay Project Request FY21-22

Request for State Funding with Institutional Match

- **Tennessee Tech's Engineering building will retain its priority from FY20-21 into FY21-22**
- **THEC's communication**
 - **Projects previously named in the Governor's budget document, and then removed when the emergency budget was passed, will retain their current ranking in the FY21-22 proposed budget, and do not need to be resubmitted.** This includes the projects submitted, and then selected for funding, by TTU, APSU, TCAT Chattanooga, and the University of Memphis.



Capital Maintenance Pools and Allocations FY2021-22

Request for State Funding

- State budget recurring dollars for maintenance \$40,000,000
 - Tennessee Tech would be allocated 5.2% of the pool
 - \$2,080,000
- THEC maintenance pool request for planning is \$150,000,000
 - Tennessee Tech is allocated 5.2% of the pool
 - \$7,834,000
- THEC contingency plan is for \$120,000,000
 - Tennessee Tech would be allocated 5.2% of the pool
 - \$6,290,000



Capital Maintenance Projects FY2021-22

Request for State Funding

Priority	Project	Project Cost	Project Description
1	Replace Steam Plant Deaerator Tank	\$920,000	Replace Steam Plant Deaerator Tank
2	Derryberry Hall Upgrades	\$1,691,000	Phase 1- Auditorium Upgrade
3	Foster Hall Demolition	\$2,150,000	Demolition and re-route utilities
4	Bryan Fine Arts Auditorium Upgrades	\$1,506,000	Replace seating, systems and finishes
5	Site Lighting Upgrades	\$1,567,000	Replace/update site lighting along streets, pedestrian paths and parking lots
	Total Request	\$7,834,000	



Disclosed Projects FY2021-22

Campus funded projects

Fiscal Year	Project	Project Cost	Project Description
2021-22	Generator Expansion & Relocation	\$10,000,000	Relocate four existing generators to the west side of campus and add two new generators
	Total Request	\$10,000,000	



