





Presentation to Audit & Business Committee
Board of Trustees
March 11, 2021





Tennessee
TECH

Fiscal Year 2021-22

Governor's Budget Recommendations



Capital Budget Recommendations from Governor

- **Capital Outlay**

- **Engineering Building Construction**

\$53,730,000

- State \$49,171,600
 - Match \$ 4,558,400

- **Capital Maintenance**

\$7,834,000

- Steam Plant Deaerator Tank Replacement
 - Derryberry Hall Upgrade (Auditorium)
 - Campus-wide Building Controls Upgrade
 - Bryan Fine Arts Auditorium Upgrade
 - Campus-wide Exterior Lighting Upgrades

\$ 920,000

\$1,691,000

\$ 2,150,000

\$ 1,506,000

\$ 1,567,000

These amounts could be subject to change until Legislature passes the Governor's recommended budget.



Operating Budget Recommendations from Governor

- Fiscal Year 2021-22
 - Outcomes Growth (new funding) \$1,768,800
 - Salary Pool* \$2,105,200
 - Group Health Insurance \$ 343,600
 - Reallocation of Outcomes \$ (430,900)
 - NSF Cybersecurity \$ (500,000)
- Fiscal Year 2020-21
 - Salary Pool* (January – June 2021) \$ 526,300

*Salary pool funded by the state is sufficient to cover 55% of a state recommended 4% increase.
These amounts could be subject to change until Legislature passes the Governor's recommended budget.





Tennessee TECH

Compensation Plans



Proposed Compensation Plans (Pending Approval of Governor's Budget)

- One-time payment to all full and part-time permanent employees
 - \$1,000 per employee with satisfactory or better evaluation FY2020
 - Prorated for part-time permanent employees
 - Employees hired prior to January 1, 2021 and still employed at time of payment
 - Estimated cost of \$1,563,900
 - One-time state appropriations \$526,300
 - Additional cost to the University of \$1,037,600
 - University funding from fund balances



Proposed Compensation Plans (Pending Approval of Governor's Budget)

- 4% pool for recurring salary increases effective July 1, 2021
 - Based on performance evaluations for FY2021
 - Employees with satisfactory or better evaluation are eligible for raise
 - Employees hired prior to January 1, 2021 and still employed at July 1, 2021
 - Salary Range
 - Minimum of 1% to Maximum of 7%
 - Faculty promotions and equity adjustments will be funded separately
 - Estimated cost of \$3,699,500
 - Proposed state appropriation \$2,105,200
 - Cost to University \$1,594,300





Tennessee
TECH

Supplemental COVID-19 Funding



Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (CRRSAA)

- This is the 2nd allocation of COVID-19 funding
- Effective 12/27/2020
- Funding available through January 16, 2022
- Total supplemental funding \$13,533,046
 - Student grants \$4,356,732
 - All students eligible except non-residents
 - Institutional portion \$9,176,314
 - Lost revenues, reimbursement of expenses associated with COVID-19 including technology costs to transition to distance education, faculty & staff training, and payroll



Preliminary Estimates of Revenue Losses (Spring 2021 through Fall 2021)





Non-Mandatory and Mandatory Fees



Mandatory and Non-Mandatory Fees

- Mandatory fees – fees paid by all students
 - Tuition
 - Program Service Fee
- Non-Mandatory fees – fees charged based on courses, services and activities selected by individual students



Non-Mandatory Fees Recommendation

- FY 2021-22
- For information only
 - Housing Rates – zero increase in housing rates
 - Keeping rates similar to local housing market
 - Anticipation of completion of Innovation Hall
- Requesting approval
 - International Student Deposit – recommending elimination of this fee
 - \$300 one-time deposit paid by degree seeking international students during their first semester of enrollment to encourage retention and degree completion.



Non-Mandatory Fees for Discussion

- Specialized Academic Course Fee (SACF)
 - Simplify fee structure – easier for students (and parents) to understand
 - Two step approach
 - Collapse SACF into tuition for selected units
 - Ag & HE, Arts & Sciences, Education (other than R2T), Fine Arts
 - Would require a 2% tuition increase plus investment of \$500,000 from other resources
 - Establish **Program Fee** for Engineering, Business, Nursing, and Education Ready-to-Teach (replaces current SACF)
 - Flat per semester cost over 8 semesters for undergraduate
 - Flat per semester cost for graduate programs
 - Fee would be charged based on students' major rather than specific courses
 - Maintain Nursing DNP SACF as it is joint program with ETSU



Benefits of New Model

- SACF rates vary by College
 - Range from \$20 to \$65 per credit hour
- Student Benefit
 - Transparency in billing
 - Simplified fee structure makes it easier to predict costs
 - Costs spread more evenly over each semester
- Impact on Colleges
 - Revenue neutral to extent possible
 - Potential to use the THEC recommended 2% tuition increase to replace SACF generated resources that are eliminated



Student Bill Example – College of Business Major

Current Student Bill		Simplified Student Bill	
Busi Spec Acad Fee - ACCT	\$120	College of Busi Program Fee	\$425
Busi Spec Acad Fee – DS	\$120	Program Service Fee	\$639
Busi Spec Acad Fee – Law	\$120	Undergrad In-State Tuition Flat Rate	\$4,530
Busi Spec Acad Fee – MKT	\$120		
Program Service Fee	\$639		
Undergrad In-State Tuition Flat Rate	\$4,530		





Strategic Plan Update
Budget Advisory Committee Restructure





TECH TOMORROW STRATEGIC PLAN

STRATEGIC GOAL

ONE: *Education for Life*

TWO: *Innovation in All We Do*

THREE: *Exceptional Stewardship*

FOUR: *Engagement for Impact*



STRATEGIC GOAL

THREE

Exceptional Stewardship

Tennessee Tech is committed to optimizing resources and continuously improving effectiveness, efficiency, and return on investment for students.

PRIORITY ACTIONS

- A.** Improve efficiency and effectiveness of operational/administrative processes and procedures.
- B.** Increase the size and effectiveness of scholarship endowments.
- C.** Continue to develop, implement, and evaluate a dynamic long-term budget model that informs effective financial management and consistent strategic investment.



Budget Advisory Committee

Charge: The Budget Advisory Committee is an advisory body to the President. The committee will:

- Acquire knowledge and understanding of University and THEC budgeting process.
- Review budget requests and make recommendations, within the framework of the University's strategic plan, on the priorities for funding should funding dollars be available.
- Review and provide input into the budgeting processes as appropriate.
- Facilitate communication of the University's operating budget that is transparent and informative.
- This committee meets at least two times each year.



Standing Members of Budget Advisory Committee

VP for Planning and Finance – Chair	
President of Faculty Senate	Director of Athletics
Immediate Past President of Faculty Senate	Chief Information Officer
2 members of faculty nominated by Faculty Senate	Deans of at least two colleges
President of SGA	Director of Internal Audit
Provost	Associate VP for Communications & Marketing
VP for Research	Associate VP for Facilities
VP for Student Affairs	Others as appointed by President
VP for University Advancement	
VP for Enrollment Management & Career Services	



Other Members of Budget Advisory Committee as Appointed by President

Ex-officio members	Others Appointed by President
Associate VP for Business & Fiscal Affairs	Strategic Planning Co-chairs
Director of Budget & Planning	Strategic Planning Director
Associate VP for Human Resources	Chief of Staff
Director of Institutional Research	Faculty Senate Incoming President
Assistant Director of Human Resources	Associate Dean of Graduate Studies
Budget Analyst	4 Strategic Plan Committee Chairs
	1 College of Business Faculty
	1 College of Engineering Faculty
	Executive Officer of Campus Space Utilization and Allocation Committee



Budget Advisory Committee Restructure

- Budget Advisory Committee – This group meets every other month or quarterly.
- Additional Charge of the BAC:
 - Strategic thinking
 - University-wide perspective
 - Long-term rather than short-term view
 - In-depth understanding of the University budget
 - Communicate budget information/budget process to others on campus, especially others within their colleges/departments/units



Budget Advisory Committee Restructure

- Four Sub-committees to meet at least monthly
- Charge to all sub-committees
 - Address issues identified for each group
 - Identify potential funding sources for each issue identified
 - Regular reports to the BAC on progress



Sub-committees

- Emerging Opportunities and Threats

- Are we prepared to take advantage of emerging opportunities?
- Are we prepared to deal with threats to our traditional model of operations?

- Effectiveness & Efficiency

- How do we deal with those things we are doing that are not necessarily bad, but just are not working well?
- Are we getting an appropriate ROI for the amount of investment we have made into new programs, new activities, and existing programs and support services



Sub-committees

- Facilities and Infrastructure

- How do we fund our backlog of maintenance on buildings?
- How do we make sure we are investing an appropriate level of resources to properly maintain new and renovated buildings and other renovated spaces?
- How do we keep our technology resources up-to-date?
- How do we make sure our campus is a safe, secure environment?
- How do we create and maintain a beautiful campus?

- 5-Year Strategic Budget Planning Committee

- Develop a 5-year budget plan that keeps the University in good financial position while allowing us to have resources to cover known cost increases and have sufficient resources to invest in new opportunities.





Naming Opportunity



