

Faculty Senate Budget Committee
Meeting Minutes
8/23/10

Present: Conrad Plaut, Chair; Chris Cimino, Vice Chancellor Finance Administration; Mike Angle; David Atkins; Jim Larson; Beauvais Lyons; Harold Roth; D. Jackson; Scott Gilpatric; Clea McNeely; Jurek Dydak

Not Present: Jeffrey Kovac; Scott Wall;

Overview of the UTK budget by Chris Cimino

Enrollment is back up this year: up 325 undergraduates and 130 graduate students. Compared to 2008, there is an increase of 503 in first-time freshmen (UTK enrollment of first-time freshmen was down about 300 last year). As of today: 4225 first-time freshmen, 26984 total enrollment. Not looking to increase undergraduate enrollment; want to keep first time freshmen at 4200 to 4300. Want to focus on graduate enrollment and try to increase that.

At the state level, after 18 consecutive months of revenue below the budgeted projection, the April revenues were above projections. May and June were \$30 million below projections. July revenues up \$28 million.

For the first time, we didn't have an increase in utilities this year. Late spring 2011 we will be looking at a time-of-day charge. Rates will be higher during the day, which becomes problematic for us. UTK has a plan for early adopters that would reduce rates somewhat. Chris thinks we can still manage within the existing budget. Because of conservation, we were able to reduce utility budget by \$1million this past year and that amount went directly to offsetting the budget cuts.

The budget cut for this year was \$11 million. The decision was made to not push cuts onto the units, which would mean a 7.5-8% tuition increase. This got put into the budget document at 8.5% increase for the UT board meeting (to help address automatic increases in fixed costs). The board approved a 9% increase, with the extra 0.5% going back into academic units (total of \$1.6 million). The goal is to increase teaching capacity to help with some of the bottle-neck courses (i.e., prerequisites that fill up and keep students from staying on track for graduation). This dedication of 0.5% to academics is recurring as long as there are no additional cuts.

Chancellor Jimmy Cheek has made transparent exactly how all money generated by the tuition increases will be used. He believes in complete transparency.

State revenues are down overall for the year. For state bonuses to occur, we need \$400 million more in revenue, as written in law.

Beauvais Lyons: It would be useful to know how many student credit-hours are generated through classes paid by stimulus funds. Will the end of stimulus funds worsen the problem with bottle-neck classes? What proportion of undergraduate education is covered by the one-time money?

Chris Cimino: We have 500 more students than last year with same or fewer resources. Bottlenecks will be a problem that should be examined on the instructional side.

The list of people paid on stimulus funds has shrunk. Stimulus funds totaled \$101 million for UTK campus. \$75 million was true stimulus. The rest was maintenance of effort funds, resulting from the language the feds added to stimulus legislation mandating states keep higher ed institutions whole as of 2008 funding levels. The state found a way to pull back stimulus money and instead give it to UTK as a one-time appropriation from the state. This takes away the time clock so UTK doesn't have to spend \$75 million by the deadline. Most units are setting aside some of the money so it will last beyond June 30, 2011. It is not clear how long those funds will last but they may be able to cover bottlenecks for an additional year.

Beauvais Lyons: How much should we expand undergraduate enrollment given the budget constraints?

Chris Cimino: We could calculate credit hours by providing personnel numbers of these people to the registrars' office.

A tuition task force is looking at the issue of how to charge tuition. Currently, tuition is based on the assumption that students take, on average, 12 credit-hours per semester, but in fact students take on average 14.2 credit-hours. The committee is looking at a number of models, including charging for 15 credits per semester and a per-credit model. There is concern that the per-credit model penalizes honors students, who tend to take more credits. Charging for 15 credit-hours, however, represents a 25% tuition increase. The committee has not yet looked at changing the tuition model for graduate students.

Conrad Plaut: suggests the committee continue to monitor tuition issues.

Conrad Plaut reviewed the 2009-10 Budget and Planning annual report submitted by Don Bruce

***Faculty Salary Study:** Beauvais Lyons recommends including top 25 public universities as a comparison group. Criteria are based on US News & World Report criteria. (We are currently ranked 47.) The rest of the committee concurred, although no formal motion was made. Don Cunningham can produce this information.*

Non-academic spending and review process – need new people on that sub-committee. Goal is to look at data collected so far.

Areas in annual report not addressed so far: -- consideration of the merits of required notice periods for reductions-in-force? Currently higher education is exempt from 90-day notice with only a 30 day notice period. All chancellors of UT system discussed it in spring and wanted to maintain flexibility.

Reference to "luxury" programs means high-quality programs for the people who participate in them but have marginal impact. This is about non-academic programs. The equivalent in academics is "underperforming."

Assignment to working groups based on 2010-11 Proposed Agenda (see attached agenda for a full description of each action item)

1. Develop a report on relative spending levels in the broad budget categories (e.g. instruction, institutional support) at the system and campus levels.
 - *Harold Roth will lead this effort*
 - Chris Cimino expressed some concerns about going back 20 years for trend analysis because changes in the organizational structure make comparisons over time difficult. For example, IT went from campus to university supports to back to the campuses. *Conrad Plaut's request: balance clarity with length of trends.*
2. Continue to study best practices in assessment of non-departmental programs.
 - *Conrad Plaut will lead this; Michael Angle and Jurek Dydak will help*
3. Write the traditional annual faculty salary report.
 - *Scott Gilpatric will chair, David Atkins can help; Don Cunningham can generate reports if you give him the parameters;*
 - *Add the top-25 public universities; there are two groupings to look at: the top-25 and the top-25 target group – those who we have to compete against to get into the top 25;*
 - *Break down the rating into the various metrics used by US News and World Report to determine areas where we do well and where we do less well. The US News and World Report website ranks universities in different categories. Find areas we are farthest behind that are under our control to change as well as areas that are on the cusp of being top 25 that could be advanced with limited resources.*
4. Follow up on the 2005 Wage Structure and Labor Policies report and subsequent resolution (<http://web.utk.edu/~senate/reports05-06.shtml>).
 - *Beauvais Lyons will lead, David Atkins will help.*
 - *Do we need an umbrella to put together faculty salaries and staff under a single umbrella? It would be helpful to regularize snapshot at same time for both.*
 - *We want to gain another snapshot to see where we stand in 2010. Beauvais Lyons suggests we continue the same methodology as 2005 to monitor progress. Work with OIR to generate. Could use October 2009 data so can proceed before the end of the year.*
 - *Chris Cimino: Lisa Hendricks (head of HR) initiated a statewide compensation group. She is looking at minimum wage increases—has put data together and is sending it to campuses for review. Beauvais Lyons said that he will contact her.*

Faculty Senate endorsed the 2006 statement (See FS archives).

David Atkins will take minutes for September 27th meeting.

Meetings: Additional meeting will be November 29th 3:30

Minutes submitted by Clea McNeely

2010-11 Budget and Planning Committee Agenda

1. Develop a report on relative spending levels in the broad budget categories (e.g. instruction, institutional support) at the system and campus levels.
 - a. Determine relative growth rates during the last 20 years.
 - b. Compare with peer universities or other comparable institutions, with special attention to what is possible, as opposed to what is typical.
 - c. Attempt to discover reasons for disparity in growth rates and determine whether growth in some categories has been excessive.
 - d. Follow up on the previous B&P study of system administration spending growth.
2. Continue to study best practices in assessment of non-departmental programs.
 - a. Follow up on data collected last year.
 - b. Search for best practices and guidelines used by other universities.
 - c. Attempt to find a connection between assessment practices and growth of budget categories.
 - d. Develop recommendations, possibly including creation of assessment plans and publication of data, requiring meaningful and public assessment plans for all new programs, and incorporation of assessment in into budget decisions.
3. Write the traditional annual faculty salary report.
4. Follow up on the 2005 Wage Structure and Labor Policies report and subsequent resolution (<http://web.utk.edu/~senate/reports05-06.shtml>).
 - a. Obtain comparison data for 2010.
 - b. Begin discussions with appropriate members of administration on implementing recommendations 2 and 3 in the 2006 Living Wage Resolution, including measuring costs vs benefits of privatization of university workforce.