

Budget Redesign Committee



EAST TENNESSEE STATE
UNIVERSITY

Budget Redesign Committee Members

- **Gordon Anderson** – Dean, College of Arts and Sciences
- **James Batchelder** – Assistant Dean, CCRHS
- **Randy Byington** – Associate Professor, Allied Health Sciences
- **Larry Calhoun** – Dean Emeritus and Professor, College of Pharmacy
- **David Collins** – VP Finance and Administration
- **Wally Dixon** – Chair, Psychology
- **Dennis Depew** – Dean, College of Business and Technology
- **Mira Gerard** - Chair, Art and Design
- **Kimberly Hale** – Associate Dean, Clemmer College of Education
- **Wendy Nehring** – Dean, College of Nursing
- **Margaret Pate** – Assoc. VP Budget and Financial Planning
- **Mark Proffitt** –Assistant Dean, College of Arts and Sciences
- **Joe Sherlin** – VP Student Affairs
- **Mike Smith** – Chair, Social Work
- **Katherine Weiss** – Chair, Literature and Language
- **Randy Wykoff** – Dean, College of Public Health



New Budget Model Summary

- Proposed New Budget Model is one component of a revised University Budget Process
- University Budget Process emphasizes:
 - alignment to the strategic plan, mission, and goals
 - transparency in decision making
 - student success as an underlying principle
 - strategic allocation of new revenue (state appropriation or tuition increases) using budget priorities and unit requests
 - increased fiscal responsibility at the unit level



New Budget Model Summary

- Proposed New Budget Model
 - based on previous October unit base budget
 - provides mechanism for distribution of unallocated new revenue based on each college's credit hour (70%) and degree production (30%)
 - adjustment of FY budget based on changes in student credit hour production in each college, regardless of source



Basic Assumptions

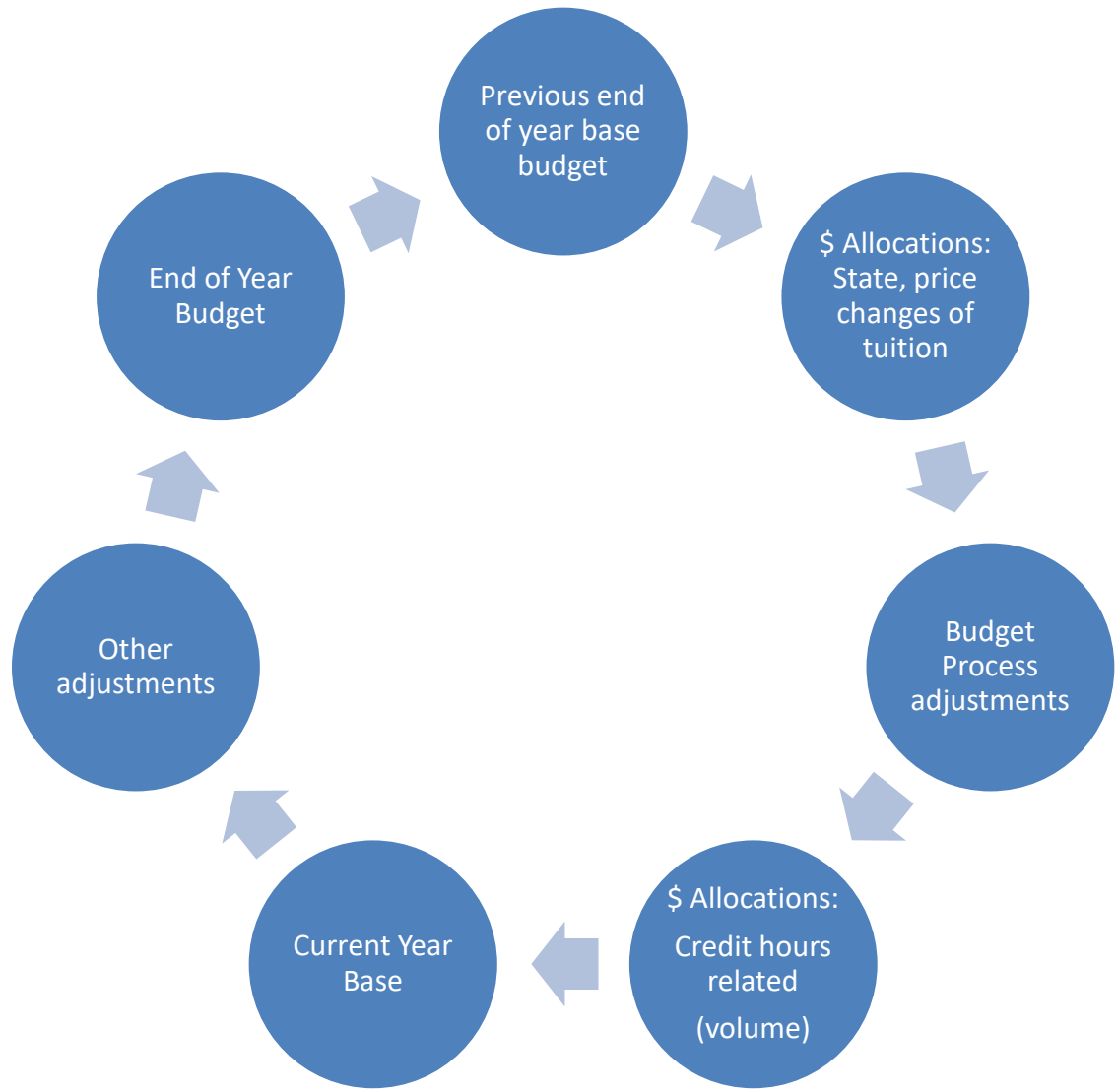
- The President needs to have a fund for strategic investment
- The University needs to have a reserve fund
- All Administrative units need to undergo a regular review to assure that they are:
 - Appropriately funded
 - Appropriately functioning
- 2017-18 base budget established through a reconciliation process of the 2016-17 October and March budgets



Basic Assumptions cont.

- Fixed budgets for Administrative Support Centers
- Course, material, and special fees are allocated as currently designed
- No change to research indirect cost return under new model
 - Recommend review of process and allocations going forward
- Entrepreneurial administrative offices remain intact with fixed base budget
 - Recommend review of administrative functions going forward





New Budget Model (Base to Base)

- Previous year end budget (beginning of year with adjustments)
 - Plus / minus changes in state appropriations distributed by 70/30 SCH/degree ratio
 - Less restricted or designated allocations
 - Less allocations determined by Budget Advisory Committee
 - Plus tuition price changes distributed by 70/30 SCH/degree ratio
 - Less restricted or designated allocations
 - Less allocations determined by Budget Advisory Committee
- Plus /minus **dollar allocation changes based on changes in credit hours production**, growth or decline, current year vs. previous year



Projected New Funding

- State Appropriation Increase \$3,465,100
- 3% Maintenance Fee Increase \$3,273,900
- Required Scholarship Increase **\$ 840,900**
- Lost revenue from 250 students **\$1,840,000**
- Net New Revenue \$4,058,100
- Reserve for 3% Salary Pool \$3,300,000
- Available for Distribution \$ 758,100



Concerns (Base to Base)

- Managing severe drops in funding that translates into need for across the board actions
- Catastrophic changes in credit hours due to mandate or influences outside of colleges' control
- Unproductive internal competition for headcount, FTE's, or course hours in conflict with university and colleges' unified strategies



Carryover

- College Carryover
 - 50% remains with college*
 - 50% goes to University

*after a university reserve fund has been fully funded carryover for colleges will increase to 75%
- Administrative Units
 - 50% remains with VP of unit
 - 50% goes to University



Transition Recommendations

- 2016-17 October Budget is the basis for the 2017-18 base budget
- College Dean(s) maintain faculty and staff position and funding control
- 100% of 2016-17 entrepreneurial type funding be included in 2017-18 base budget
- Change arrearage payments of ITV/Online, RODP, & Entrepreneurial (cost centers) funding to current year (2016-17 & 2017-18)

