

FY 2023-24 Budget Update

Campus Advisory Board

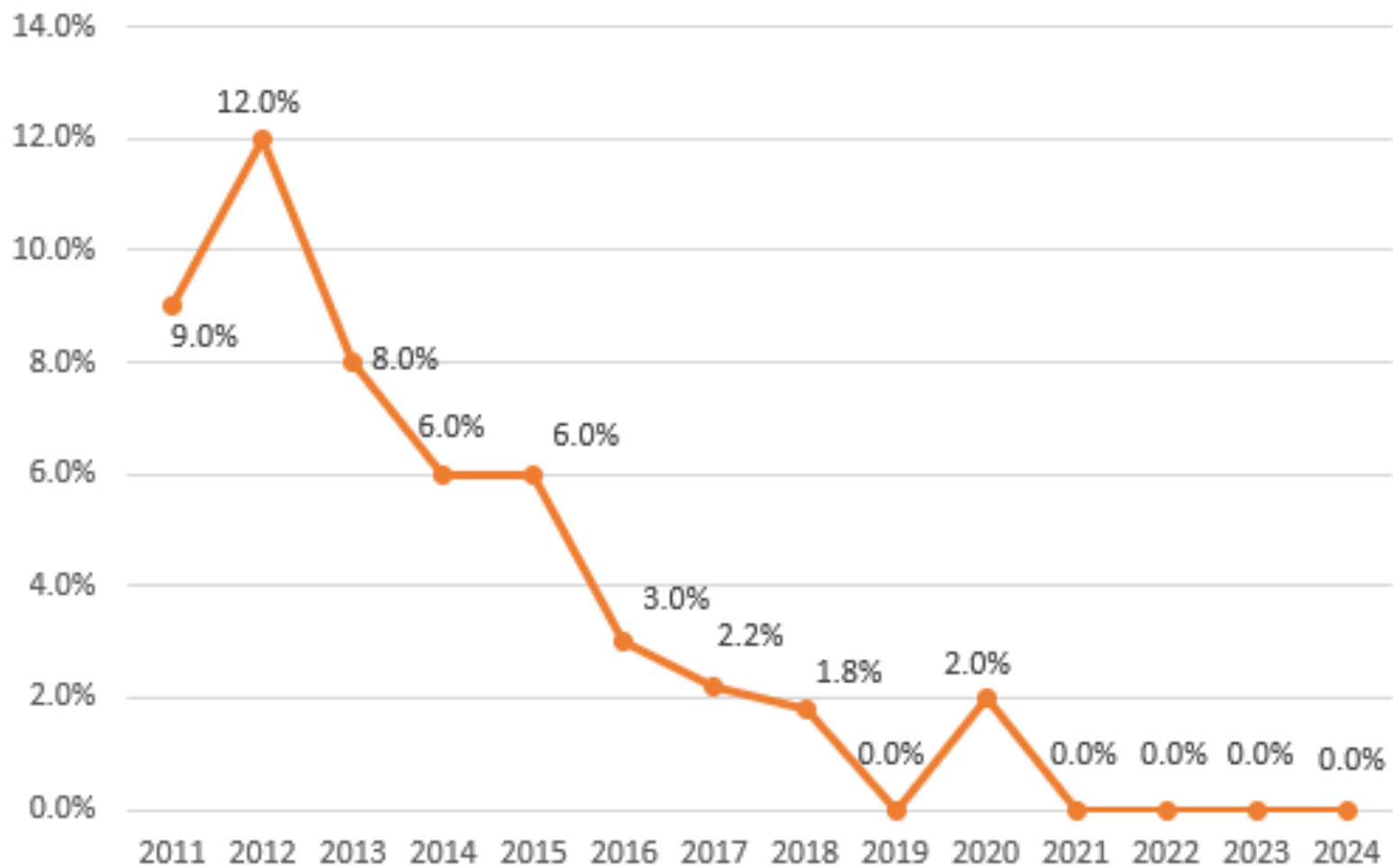
May 12, 2023



THE UNIVERSITY OF
TENNESSEE
KNOXVILLE

FY 2023-24
Proposed Tuition & Fees

Trend in Undergraduate Tuition Increases



Proposed Tuition

Level	In-State	% Change	Out-of-State	% Change
Undergraduate Tuition	\$11,332	0%	\$29,522	0%
Undergraduate Tuition & Fees	\$13,484	2%	\$31,974	1%
Graduate Tuition	\$11,468	0%	\$29,656	0%
Graduate Tuition & Fees	\$13,620	2%	\$32,108	1%
College of Law Tuition	\$16,696	0%	\$35,140	0%
College of Law Tuition & Fees	\$20,408	1%	\$39,152	1%
UT Space Institute Tuition	\$11,468	0%	\$29,656	0%
UT Space Institute Tuition & Fees	\$11,648	0%	\$29,836	0%
College of Veterinary Medicine Tuition	\$28,054	0%	\$55,090	0%
College of Veterinary Medicine Tuition & Fees	\$30,126	1%	\$57,462	1%

Proposed Mandatory Fees

	Current FY 2023	Proposed FY 2024	\$ Change	% Change	Projected Revenue
Student Program & Services 1971/2020	\$ 1,038	\$ 1,038	-	0%	
Technology 1998/2016	240	240	-	0%	
Facilities* 2001/2017	404	600	196	49%	7,695,156
Transportation 2004/2016	150	194	44	29%	1,532,344
Library 2013/2020	80	80	-	0%	
Total	\$ 1,912	\$ 2,152	\$ 240	13%	\$ 9,227,500

* out-of-state is \$900 annually

Dates: (date implemented / last increase)

Meal Plans will increase 3.0%

Housing rates will increase an average of 5.3%

Other Increases

	Current FY 2023	Proposed FY 2024	\$ Change	% Change
Maintenance & Tuition:				
UTSI Tuition for Madison County AL Residents	\$ 29,656	\$ 11,468	\$ (18,188)	-61.3%
Differential Tuition:				
College of Nursing	135	245	110	81.5%
Program Fees:				
Nutrition Future Education Model (FEM) Graduate Program fee	-	750	750	100.0%
Aerospace and Defense MBA (ADMBA)	72,500	74,000	1,500	2.1%
Professional MBA (ProMBA)	49,500	52,500	3,000	6.1%
Executive MBA for Strategic Leadership (EMBA-SL)	76,000	85,000	9,000	11.8%
BSN Program Fee	400	-	(400)	-100.0%
ABSN Program Fee	1,000	-	(1,000)	-100.0%
RN to BSN Program Fee	500	-	(500)	-100.0%
DNP Program Fee	500	-	(500)	-100.0%
PhD Program Fee	500	-	(500)	-100.0%
Grad Program Fee	500	-	(500)	-100.0%

Remove out-of-state tuition for Madison County Alabama residents attending UTSI graduate programs. Additional 10 students estimated to generate new revenue of \$57,340 offset by a reduction of \$36,376 in out-of-state revenue for 4 currently enrolled students. Net impact in \$20,964 in net new revenue.

Increase in differential tuition for the College of Nursing is offset by removal of program fees and course fees. This change in fee structure will yield an immaterial \$72,570 in incremental revenue for the college.

Other Increases

	Current FY 2023	Proposed FY 2024	\$ Change	% Change
Course Fees:				
Education 261 Scuba Course Fee	\$ 270	\$ 297	\$ 27	10.0%
Education 263 Advanced Scuba Diving I Course Fee	270	297	27	10.0%
Education 264 Rescue Scuba Course Fee	270	297	27	10.0%
Education 265 Master Scuba Diving Course Fee	270	297	27	10.0%
Education 266 Scuba Dive Master Course Fee	270	297	27	10.0%
Nursing Clinical Course Fee	600	-	(600)	-100.0%
Nursing PhD Course Fee	400	-	(200)	-50.0%
Other Special Fees:				
Commuter Parking Permits	188	198	10	5.3%
Non-Commuter Parking Permits	294	310	16	5.4%

**FY 2023-24
Proposed Budget**

FY 2023-24 Proposed Base Appropriations

FY2023 Base Appropriations	\$	424,239,800
Formula Improvements		10,401,900
Salary Funds (5% pool)		21,376,000
Insurance Premium Increase		1,913,600
FY2024 Base Appropriations	\$	457,931,300
Access & Diversity		2,955,622
Governor's Chairs		5,372,962
Total State Appropriations	\$	466,259,884
Change in Base Appropriations	\$	33,691,500
Capital and Maintenance Funds		10,090,000
New Funding	\$	43,781,500

Consolidated UTK, UTIA, UTSI.

Total Preliminary Budget

\$ millions

Funds	FY23 Original	FY23 Probable	FY24 Proposed	Change	% Change
E&G	\$ 1,098.5	\$ 1,116.9	\$ 1,226.9	\$ 128.4	11.7%
Auxiliaries	274.1	277.0	307.1	33.0	12.0%
Restricted	388.7	392.6	385.2	(3.5)	-0.9%
Total	\$ 1,761.3	\$ 1,786.5	\$ 1,919.2	\$ 157.9	9.0%

Consolidated UTK, UTIA, UTSI.

Preliminary Unrestricted E&G Revenue Summary

\$ millions

Revenue Source	FY23 Original	FY23 Probable	FY24 Proposed	Change	% Change
Tuition & Fees	\$ 578.8	\$ 580.5	\$ 659.6	\$ 80.8	14.0%
Appropriations	436.7	451.2	478.0	41.3	9.5%
Other Revenue	83.5	85.2	89.3	5.8	6.9%
Total	\$ 1,099.0	\$ 1,116.9	\$ 1,226.9	\$ 127.9	11.6%

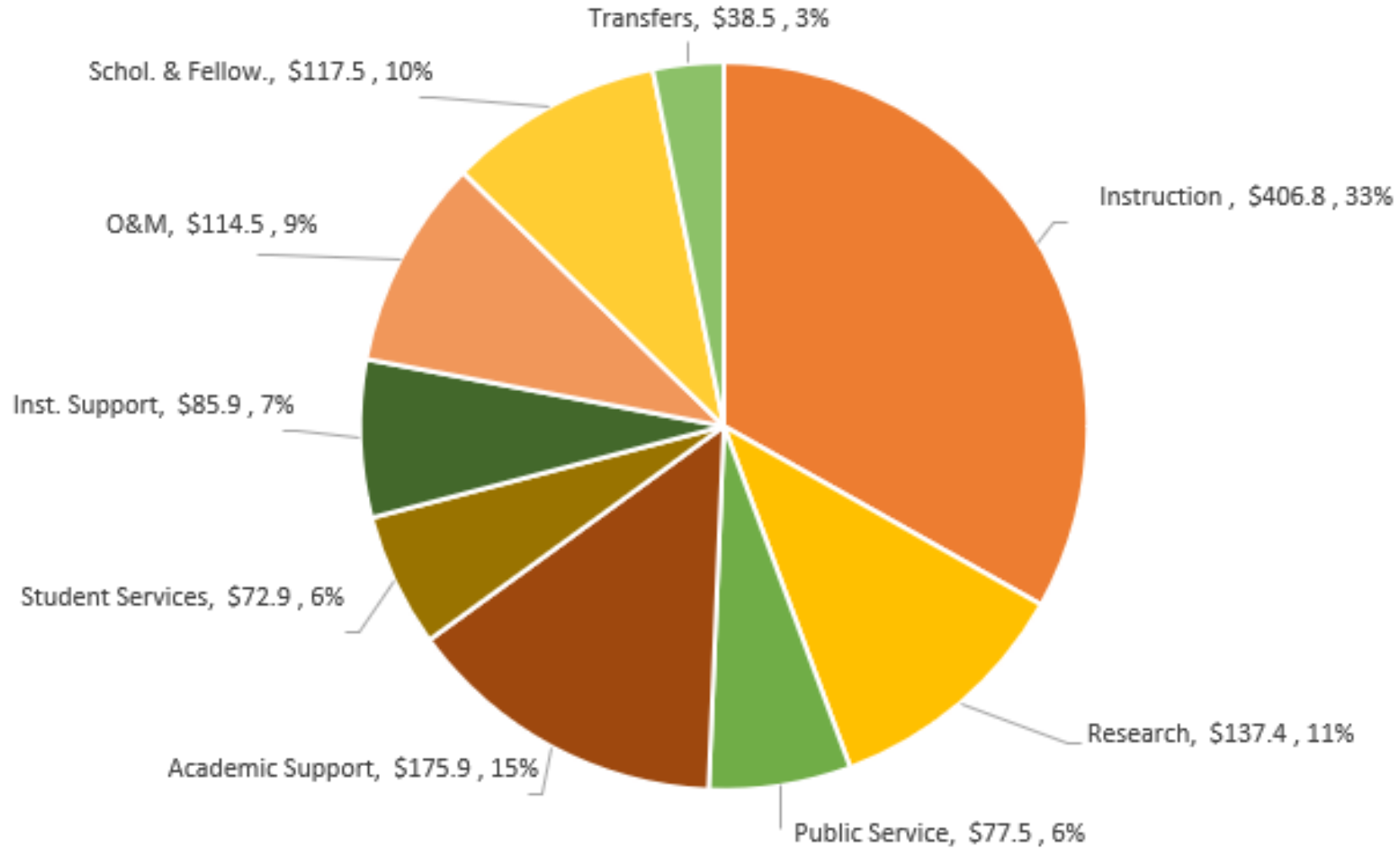
Consolidated UTK, UTIA, UTSI.

Appropriations includes federal appropriations for UTIA.

Enrollment metrics represent budgeted figures for FY23 & FY24

FY 2023-24 Proposed Unrestricted E&G by Functional Area

(shown in millions and percent of total)



Total \$1.23 billion

Preliminary Auxiliary Budget Summary

\$ millions

Unit	FY23 Original	FY23 Probable	FY24 Proposed	Change	% Change
Athletics	\$ 163.8	\$ 165.2	\$ 184.1	\$ 20.3	12.4%
Housing	62.7	64.2	66.5	3.8	6.1%
Volshop	22.5	22.5	29.5	7.0	31.1%
Parking	11.9	11.9	11.8	(0.1)	-0.8%
Dining	10.4	10.5	10.6	0.2	1.9%
Other	2.8	2.7	4.6	1.8	64.3%
Total	\$ 274.1	\$ 277.0	\$ 307.1	\$ 33.0	12.0%

Consolidated UTK, UTIA, UTSI.

FY 2023-24
Budget Allocation Model
Some Lessons from Year 1
(Unrestricted E&G and Auxiliaries,
UTK Only)

Overview of Budgeting Alternatives (Huron)

Where UTK Came From – Where We Are Now

Common Higher Education Budgeting Models		
<p>Incremental</p> <ul style="list-style-type: none"> Centrally driven Current budget acts as “base” Each year’s budget increments (decrements) adjust the base Focus is typically placed on expenses Common modifications: <ul style="list-style-type: none"> Revenue incentives may be incorporated for the allocation of resources above-and-beyond the base 	<p>Formula Funding / Performance Funding</p> <ul style="list-style-type: none"> <i>Formula</i>: Unit rates are input-based and commonly agreed upon with annual fluctuations driven by quantity of production (not rate changes) <i>Performance</i>: Unit-based model focused on rewarding mission delivery Unit rates are output based and commonly agreed upon variables Annual fluctuations are driven primarily by changing production and not from changes to rates 	<p>Incentive-Based (or RCM)</p> <ul style="list-style-type: none"> Focus on academic units Incorporates a devolution of revenue ownership to local units and allocates costs to revenue generating units Utilizes a centrally managed “subvention pool” to address strategic priorities Common modifications: <ul style="list-style-type: none"> Revenue allocation rules, number of cost pools and participation fee (tax rate)

Customized Incentive-Based Budgeting

A higher degree of central leadership control over resources (*most common model since 2005*)

Traditional Incentive-Based Budgeting

Some central leadership control over resources (*common model from 1990 to 2005*)

Each Tub on its Own: Bottom (ETOB)

Extremely de-centralized. Academic units operate as their own financial entities (*only 3 universities using*)

Budget Allocation Model – Notable successes

- Technically sound model with good training and adherence
- Fiscally sound model – budgets balance, reports reconcile, existing programs sustained or grew, new programs launched
- Big splash into transparency
- Good adherence to our process and timeline
- In year 1, some are already using the model strategically for growth or enhanced financial performance (CEHHS, CAD, CCI, HCOB)

Budget Allocation Model – Some things to consider

- Better alignment of incentives in model with institutional goals
- Better strategies to create investment resources at all levels
- Disciplines with high costs of instruction (law, engineering, lab sciences) require more support
- Acknowledgement of qualitative achievement or citizenship
- Re-alignment of investment expectations to resource stewardship
- Clearer guidance for Support Units in the budgeting process
- Better communications strategies, including language of the model

Next Steps on Budget Model

- A small team from the Provost's Office and my office are summarizing our observations on the Model along with feedback from Deans and Faculty Senate.
- Based on that, Provost and I will lead a process to review and incorporate some revisions in the Model this summer for use in the FY25 budgeting process

In Conclusion:

Additional Questions?

Advisory Board action on Resolution for Operating Budget, including Tuition and Fee proposals

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