

Budget Redesign Committee

Presentation to Interim University Council

February 13, 2017



EAST TENNESSEE STATE
UNIVERSITY

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

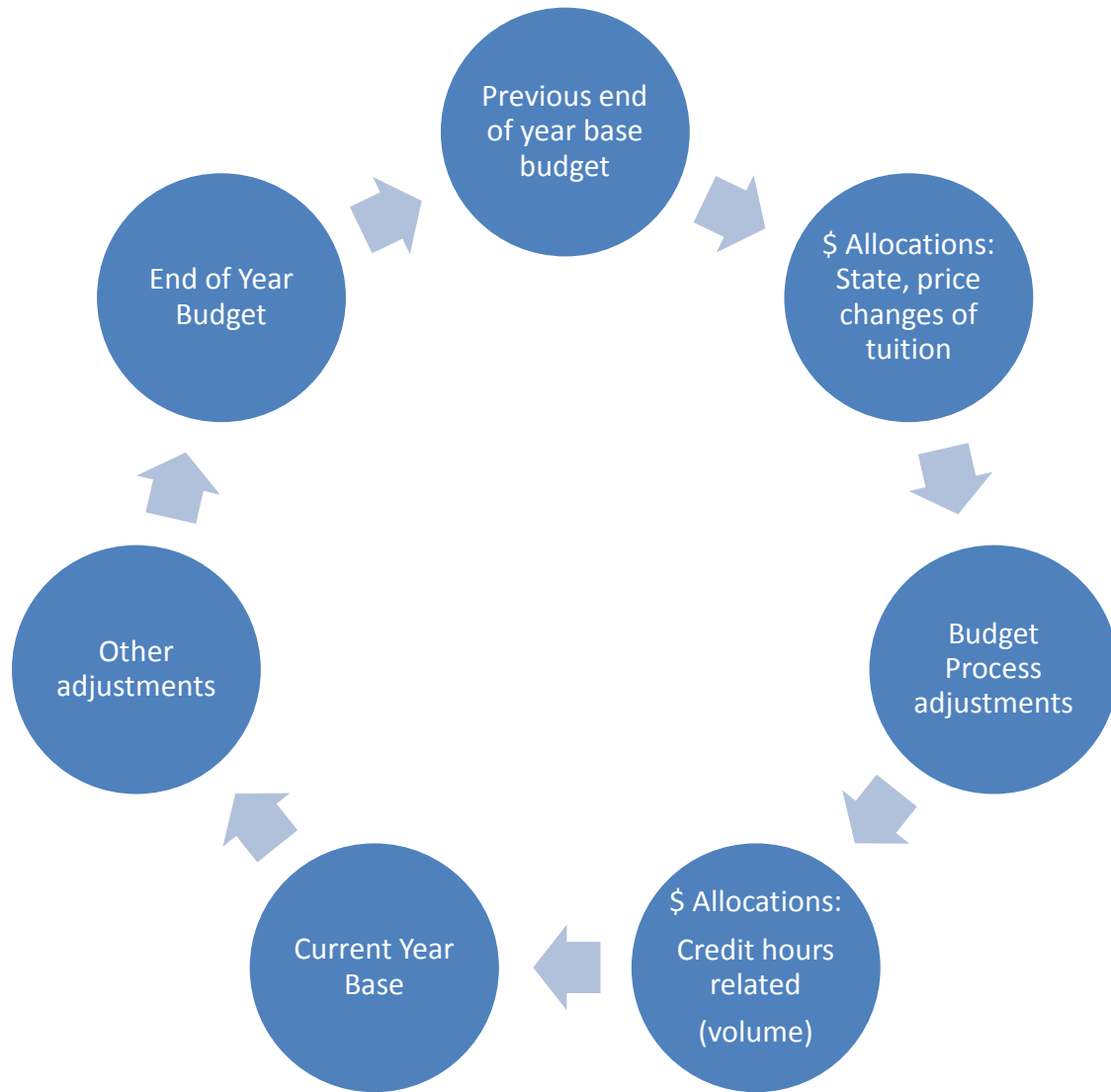
- The President needs to have a fund for strategic investment
- The University needs to have a reserve fund
- All Administrative units need to undergo a regular review to assure that they are:
 - Appropriately funded
 - Appropriately functioning
- 2017-18 base budget established through a reconciliation 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



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)

