

Academic  
Excellence

University  
of  
Tennessee  
Knoxville  
Campus



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Provost and Vice Chancellor  
of Academic Affairs

April 3, 2008

# **Budget Narrative 2009**

## **Vice Chancellor for Academic Affairs and Provost**

I have changed the budget process this year in two significant ways. In support of data-driven decision making and strategic planning, new forms were developed to reflect the current financial state of each academic unit, provide a historical perspective, and anticipate future expenditures and incomes. We all learned from this new process, and we will be making further changes in forms for the next budget cycle to accommodate what we have learned. In order for us to achieve our main goal, which is a budgetary process that captures the reality of the colleges, there are many changes in IRIS and supporting software programs needed. These changes, which are primarily in the salary budget module regarding FTE and Tenure/Tenure Track professors, will also create a better reporting environment for the colleges.

I have directed the Deans to focus on historical measurement data such as FTE, Student Credit Hours per FTE, Student Credit Hours/T/TT, SCH generated by T/TT FTE per T/TT FTE, and FTE and Direct Instructional Expenditures/FTE. These measurements enable comparisons across campus units and with similar units on other campuses. We met individually with each academic unit to discuss its current operations and future plans. The individual meetings were an overall success since they allowed us to understand more fully the units and their budgetary concerns, and allowed the units to understand our priorities in reporting and funding.

For a more strategic look at the college performance and needs, a two-day public hearing took place on March 13<sup>th</sup> and 14<sup>th</sup>. This public meeting was attended by various constituencies from the university community. Discussions centered on the accomplishments of the colleges, future goals, and financial needs.

## **2009 Goals and Objectives:**

### **New Funding Model**

For planning purposes, I assumed a 9% tuition increase and a 3% increase in compensation for 2009. With these assumptions in mind, we plan to distribute \$2,022,800 in recurring and

\$1,200,000 in non-recurring funds based on the goals and objectives below. In some cases, even these “recurring” funds will be distributed initially as “non-recurring” funds since we will be linking this new funding to an accountability model that will require units to meet benchmarks before the funding is permanently added to the base budget.. A baseline measurement will be set at the beginning of year one and goals will be established in relation to the baseline. At the end of a given period of time, an assessment will be made regarding the accomplishment of the goals. Only if the goals are achieved will these funds be placed in the base budget..

## **Faculty Compensation**

The problem here is long-standing and obvious to all of us: the salaries of the faculty are simply too low when compared with any of the following three groups of institutions: our THEC peers, the SEC, and the AAU public universities. We would need over \$9M in recurring funds to achieve equity with our THEC peers (assuming they do not raise their salaries at all), and well over \$12M to be on an equal footing with the AAU publics. We will not be able to make up this ground in a single year, and unless we receive support from our systemwide office, from the governor, and from the legislature, it will be difficult for us to make the type of progress we need to make. My suggestion is that we develop a merit pool as part of the fixed costs of the institution and institute more detailed evaluations on a three-year cycle. This plan, however, will also require cooperation from levels above the Provost’s Office, and I hesitate to make a concrete proposal in this area until the governance of the campus is more settled. What I can do is to develop strategies for utilizing the funding that we acquire, no matter how much that is. Merit increases were given last year, and we advocate that all increases be given in merit this year. Equity increases were devoted to female faculty in an attempt to eliminate any gender inequities. The table below, which deals with the salaries of full professors only, gives some indication of the nature and size of the problem. You will note that even though we received a 5% increase last year, UT salaries fell by over 2% when compared with our THEC peer average.

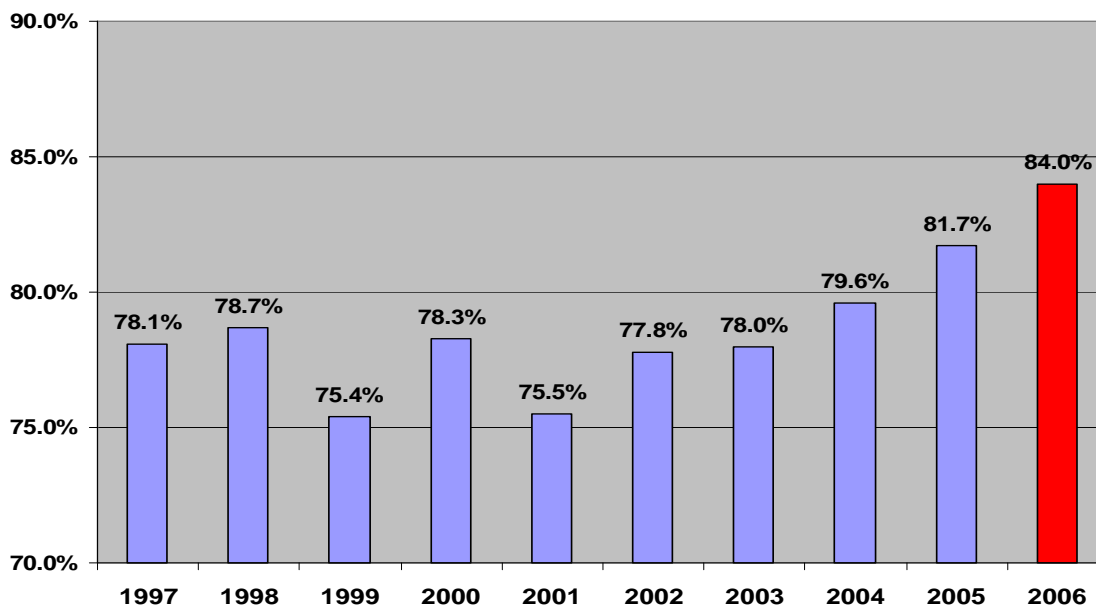
Full Professor	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
UNIVERSITY OF TENNESSEE	67.2	70.7	74.0	79.3	80.6	83.6	88.8	91.1	95.0	97.3
PEER AVERAGE	76.6	80.0	83.6	88.4	92.8	94.8	96.5	100.6	104.8	110.2
UT as % of PEER	87.8	88.4	88.5	89.7	86.8	88.2	92.1	90.6	90.7	88.3
<b>Institution</b>										
AUBURN UNIVERSITY	63.5	69.5	72.7	76.6	76.5	84.6	84.2	92.0	95.4	100.5
LOUISIANA STATE UNIVERSITY	67.5	69.8	71.2	72.5	80.5	84.6	91.1	92.8	93.2	99.3
NORTH CAROLINA STATE UNIVERSITY	79.9	82.6	85.3	91.5	92.8	94.4	90.9	94.8	97.6	103.9
TEXAS A&M UNIVERSITY	73.4	76.4	80.5	85.0	93.4	91.2	95.2	100.2	104.1	107.4
UNIVERSITY OF FLORIDA	72.3	75.0	76.9	82.0	86.9	89.3	93.5	96.0	101.4	107.7
UNIVERSITY OF GEORGIA	76.4	80.2	82.8	85.0	88.7	90.8	90.9	92.8	95.9	99.9
UNIVERSITY OF KENTUCKY	71.2	73.6	76.5	79.6	85.0	85.9	89.1	90.0	93.4	96.3
UNIVERSITY OF MARYLAND, COLLEGE PARK	81.0	83.4	88.8	98.1	105.6	106.5	107.0	111.0	115.7	121.1
UNIVERSITY OF NORTH CAROLINA, CHAPEL HILL	86.0	88.7	93.8	100.9	103.4	105.2	106.3	112.7	115.3	126.8
UNIVERSITY OF TEXAS, AUSTIN	82.4	84.4	89.4	94.1	98.8	102.9	103.2	109.9	115.7	121.2
UNIVERSITY OF VIRGINIA	90.9	96.5	101.2	106.2	107.6	107.7	112.9	118.1	123.1	128.0
VIRGINIA POLYTECHNIC INSTITUTE	74.1	80.1	83.8	88.9	94.5	94.0	93.3	96.8	106.5	110.8

Two new programs were established in 2007/08 to support faculty hires: the spousal/domestic partner program and opportunity fund. Both programs present a contingent liability for the campus, and it is hard to predict the amount needed from year to year.

## Undergraduate Education

### Retention

**First-Year Retention Rates**  
(10-Year Span from 1997 - 2006)



We chose to focus on freshman to sophomore retention for 2008/2009, since an improvement in our retention rate will lead to improvements in our graduation rates. We also believe that high retention rates are an indicator of attention to educational quality. We have made considerable progress over the past year: the retention rate from first to second year has increased from 79.6% to 84%. Many individuals have played a role in our success. Terrell Strayhorn has made an impact with his initiatives that are summarized in the R2 Retention newsletter. Ruth Darling has implemented many new programs through the Student Success Center, including several programs in supplemental instruction. And Todd Diacon's efforts with the Light the Torch of Academic Excellence Initiative has helped prepare students for the rigors of a college education.

**Freshman Year Seminars** – One of the most important retention initiatives is the 129 Freshman Seminar Program. These seminars attempt to compensate for the large impersonal nature of the initial undergraduate educational experience, which tend to be dominated by large lecture courses and graduate student instruction, and the concomitant absence of contact with tenure-stream faculty. These one-credit seminars are taught to no more than 18 students/seminar, on a pass/no credit basis. Every faculty member teaching a freshman seminar receives a \$1500 research stipend. Once the program is fully integrated into the campus we will probably need around 200 freshman seminars per year to accommodate everyone in the freshman class who wants to enroll in one. In the first year of the pilot phase 1188 freshman students enrolled in 94 sections. I plan to fund the program one more year on non-recurring funds from my office. We will then evaluate the program and, if appropriate, ask for recurring funding in the next budget cycle.

The **Undergraduate Research Initiative** will be run out of the Office of the Vice Chancellor for Research, but we will pay the maintenance fee of \$200 per student. In this program a website will be launched to match professors needing undergraduate student research assistance with undergraduate students seeking such an experience. The students will earn academic credit for working on the professors' research projects. To help reduce expenses each professor will receive \$200 for each student supervised to cover incidental research costs.

The **UT LEAD Summer Institute** will bring 45 high school graduates, all of whom have been admitted to UT, to Knoxville for the first summer session. In this academic bridge program these students, all of whom are at risk academically, will take seven academic credits and will receive

extensive counseling on how to succeed in college. Our goal is to boost the chances for success of these students, all of whom come from Promise high schools.

### **Chancellor's Honors**

We have made a considerable investment in the Chancellor's Honors Program this past year. We have invested \$175,000 this past year to assist with programmatic efforts, especially in the area of undergraduate research and education abroad. We intend over the next few years to invest another \$75,000, which will then match the \$250,000 per year income from the Haslam family in support of honors students.

The Haslam family has also funded a new program, the Haslam Scholars, which will be inaugurated in the fall of 2008. Conceived as the university's premiere specialized honors program, the Haslam Scholars Program will admit a cohort of 15 first-year Chancellor's Honors students annually and support them with the university's most prestigious and generous named scholarships.

Haslam Scholars will together enjoy a distinctive four-year educational experience, contribute to the salutary development of UT's Chancellor's Honors Program, and serve the University of Tennessee as high-profile undergraduate academic leaders whose lofty personal ambitions match those of the program and institution.

We have also funded an Office of External Scholarships that is supervised by the Director of the Chancellor's Honors Program. The purpose of this office is to assist our best students in seeking and obtaining prestigious scholarships, such as the Rhodes, the Marshall, and the Truman.

### **Graduate Stipends**

The Graduate School has operated for over a full year under the direction of Dean Carolyn Hodges. A task force under Ed Cortez made suggestions with regard to the structure of the Graduate School, and I am currently evaluating those suggestions. I will be implementing some of the changes mentioned in the report, and to that end I am advocating that the Graduate School be granted a small amount of funding to accomplish some of the tasks it wishes to undertake. Another task force, this one led by Cynthia Petersen, is currently analyzing the state of graduate stipends across campus. This task force has been appointed to review the existing model for

allocation of assistantships available for graduate study at the University of Tennessee. The charge to the task force is as follows:

1. Review the current types and distribution of assistantships (teaching, research, and general assistantships) available for graduate study at the University of Tennessee. This would include a study of the guidelines for distribution and use and a comparison of fee waivers and of stipend levels and funding sources.
2. Examine graduate school models for student financial support maintained by our peers and aspirational peers. Some questions to be considered are: how fee waivers are charged for in-state and out-of-state students; how fee waivers are handled at the master's and doctoral levels; a comparison of stipend levels in various areas of study, i.e., the humanities and arts, social sciences, and natural sciences; administrative management of fee waivers.
3. Make recommendations regarding models that could allow for an increased level of support. This would include consideration of allocation of stipends based on type of assistantship, allocation and charges for tuition waivers and fees based on student level and advancement toward degree, and administrative management of assistantships.

This analysis will lay the groundwork for our further thinking about graduate student funding across the campus. During academic year 2007/08, the Graduate School distributed new stipends of \$280,000 and fee waivers of \$194,000. We want to improve graduate education this year with some funding increases to three of the colleges, but develop a more comprehensive approach based on the report and a long-range plan.

### **Graduate Assistant Funding Priorities**

This year, under the assumption of tuition and merit increases mentioned above, we recommend funding additional graduate stipend assistance to the College of Arts and Sciences in the amount of \$353,000, to the College of Communication and Information the amount of \$150,000 and to Engineering and amount equivalent to \$150,000. The highest priority for Arts and Sciences is the regularization of stipends in Psychology and Geography; the College of Communication and Information wants to eliminate the non-competitive work load for graduate students; in Engineering we are proposing \$150,000 as the first step in an anticipated five steps to remove the

structural deficit. We assume most of the additional funding in the College of Engineering will be devoted to graduate student support. All colleges given this funding will be expected to work with us to establish benchmarks for the continued funding of graduate education in their respective college and the eventual addition of this funding to the base budget. The Graduate School will receive \$200,000 to distribute as top-off funding or funding for new positions.

### **Funding Priorities for Academic Units**

- Provost's Priorities – Recurring
  - EHHS – Center for Public Health - \$ 51,000
  - Graduate School - \$35,000
  - International Education – \$65,000
  - OIRA – 70,000
  - Student Success - \$30,000
  - Library - \$10,000
- Provost's Priorities – Non -Recurring
  - Freshman Year Seminars – \$165,000
  - Undergraduate Research - \$60,000
  - Major Field Incentive - \$15,000
  - IGERT Grant (\$20,000 match for 5 years)
  - Living Catalog –\$119,000
  - OIRA - \$30,000
  - Arts and Sciences - \$200,000

## **2009 Budget: Additional Requests from the Chancellor**

### **Business Manager**

The following units: International Education, Office of Institutional Research, The Graduate School, Chancellor's Honors, Ready for the World and Student Success have grown exponentially over the last two years. Several of these units requested a budget officer. We believe it will be more efficient to have a business manager located in the Provost's Office, who will service all the smaller academic affairs units that do not have budget officers.

### **Associate Vice Chancellor of Continuing Education**

Since the demise of the Evening School the campus has not taken advantage of opportunities in revenue-generating programs. Summer School is a campus-wide program requiring a central

structure. Centralizing this program will generate enough tuition to offset additional central administrative staff. But we should also look at other possibilities in connection with existing programs in distance education, ELI, and Personal and Professional Development, as well as new programs in outreach that would open the campus to members of the Knoxville community. To develop and implement ideas for revenue-generating programs, we are requesting an Associate Chancellor of Continuing Education to oversee Summer School, Distance Education, ELI and Personal and Professional Development, and to explore possibilities for other continuing education initiatives. We believe this position will be self-funding within a two-year period.

### **Library Serials and Monographs**

Performance Funding required by THEC supports our request for Library Serials of \$500,000. The Library also requested \$100,000 for monographs, which we recommend supporting with non-recurring monies.

### **College of Law Tuition Differential**

Under the direction of a new Dean we hope to appoint, the College of Law has requested the difference in the tuition increase between graduate tuition and law school tuition. Depending upon the tuition increase, the amount will be within \$130,000 - \$180,000.

**Executive MBA Fee increase request (see attached)**

## **2010 Budget Priorities**

**Center for Public Health**

**Graduate Student Stipends**

**Undergraduate Advising**

**Faculty Compensation**

Schedule 1

**FUNDING PRIORITIES**

FY 2009 BUDGET HEARING

Provost and Vice Chancellor for Academic Affairs

**INSTRUCTIONS**

*List the top four program initiatives or funding priorities for FY 2008-09, with #1 being highest priority. Please explain how these priorities would enhance or promote the strategic initiative listed. Specify particular needs on the succeeding schedules (#'s 2-7).*

STRATEGIC INITIATIVE ADDRESSED	PRIORITY NUMBER	EXPLANATION	ESTIMATED COST	
			Recurring	Nonrecurring
Student Access/Student Success Student	1	Undergraduate Education Support	\$ 655,000	\$ 100,000
Access/Student Success Student	2	Graduate Assistance	\$ 800,000	
Access/Student Success	3	College of Law Tuition Differential	\$ 180,000	
<b>TOTALS</b>			<u>\$ 1,635,000</u>	<u>\$ 100,000</u>

Schedule 2  
**FUNDING PRIORITIES**  
**PERSONNEL REQUIREMENTS**  
 FY 2009 BUDGET HEARING

**Provost and Vice Chancellor for Academic Affairs**

**INSTRUCTIONS**

*Identify new positions required to implement each of the four initiatives. Detail in the lower section of this form additional personnel needs not directly related to the four program initiatives.*

PRIORITY NUMBER	EMPLOYEE CATEGORY	E & G FUNDED (Yes or No)	POSITION DESCRIPTION	FTE%	SALARY
1		Yes	Business Manager - Academic Affairs - Maintain cost centers of the Graduate School, OIRA, Chancellor's Honors and International Education	100	\$ 35,000
1		Yes	Associate Chancellor of Continuing Education- Oversight of Summer school, ELA, Distance Education, and Personal/Professional Development	100	\$ 120,000
2		Yes	Graduate Assistance for Arts and Sciences, Communication and Engineering, Graduate School	n/a	\$ 800,000

**ADDITIONAL PERSONNEL NEEDS:**

	<b>TOTALS</b>	100	\$ 955,000
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Schedule 3  
**FUNDING PRIORITIES**  
**SPACE & FACILITY REQUIREMENTS**  
 FY 2009 BUDGET HEARING

Provost and Vice Chancellor for Academic Affairs

**INSTRUCTIONS**

*Identify the space and facility requirements of each of the four initiatives. List in the lower section of this form any space and facility needs not directly related to the four program initiatives.*

PRIORITY NUMBER	EXPLANATION	ESTIMATED COST	
		Recurring	Nonrecurring

ADDITIONAL SPACE & FACILITIES NEEDS:

<b>TOTALS</b>		\$ -	\$ -

Schedule 4  
**FUNDING PRIORITIES**  
**OPERATING REQUIREMENTS**  
 FY 2009 BUDGET HEARING

**Provost and Vice Chancellor for Academic Affairs**

**INSTRUCTIONS**

*Identify the operating requirements of each of the four initiatives. List in the lower section of this form any operating needs not directly related to the four program initiatives.*

PRIORITY NUMBER	EXPLANATION	ESTIMATED COST	
		Recurring	Nonrecurring
1	Monographs - Library		\$ 100,000
1	Serials - Library	\$ 500,000	
3	Tuition Differential	\$ 180,000	

ADDITIONAL OPERATING NEEDS:

**TOTALS**

<u>\$ 680,000</u>	<u>\$ 100,000</u>
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Schedule 5  
**FUNDING PRIORITIES**  
**EQUIPMENT/TECHNOLOGY REQUIREMENTS**  
 FY 2009 BUDGET HEARING

Provost and Vice Chancellor for Academic Affairs

<b>INSTRUCTIONS</b>
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<i>Identify equipment requirements for implementation of the four program initiatives. Describe in the lower section of this form additional equipment needs not directly related to the four program initiatives.</i>
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PRIORITY NUMBER	EQUIPMENT/TECHNOLOGY DESCRIPTION	ESTIMATED COST	
		Recurring	Nonrecurring

ADDITIONAL EQUIPMENT NEEDS:

TOTALS

	\$ -	\$ -
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Schedule 6

DEVELOPMENT CAMPAIGN PRIORITIES  
FY 2009 BUDGET HEARING

Provost and Vice Chancellor for Academic Affairs

**INSTRUCTIONS**

*Identify up to 10 specific fundraising priorities you will be working on during the 2009 fiscal year and the upcoming campaign. This is not the forum for staffing/operational budget requests.*

PRIORITY NUMBER	EXPLANATION	ESTIMATED COST	
		Recurring	Nonrecurring

TOTALS

\$	.	\$	.
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Schedule 7

**FEE INCREASE/NEW FEE REQUESTS**  
**FY 2009 BUDGET HEARING**

Provost and Vice Chancellor for Academic Affairs

**INSTRUCTIONS**

*Requests for new fees should include the following: 1) Justification for the new fee; 2) Proposed fee amount; and 3) Estimated amount of annual revenue generated by the new fee.*

*Requests for increases in fees should include the following: 1) explanation for increase; 2) amount of the currently assessed fee; 3) proposed fee amount; and 4) an estimated amount of annual revenue generated by the increase*

<b>FEE NAME</b>	<b>EXPLANATION</b>	<b>CURRENT FEE</b>	<b>PROPOSED FEE</b>	<b>ANNUAL REVENUE INCREASE</b>
Executive MBA	See attached	\$ 55,500	\$ 61,000	\$ 148,500
Physician Exec MBA		\$ 55,000	\$ 59,000	\$ 160,000
Aerospace Exec MBA		\$ 45,000	\$ 49,000	\$ 104,000
Professional Exec MBA		\$ 33,500	\$ 35,000	\$ 78,000

**TOTALS**

\$ 490,500