



THE UNIVERSITY OF
TENNESSEE
HEALTH SCIENCE CENTER.

Special Advisory Board Meeting

March 22, 2024
11:00 am

FY 2024-25 Tuition and Fee Rates Recommendation

Financial Summary

UT Health Science Center Revenue Budget Overview

Revenues	FY 2021-22 Actual	FY 2022-23 Actual	FY2023-24 Proposed Budget	FY2023-24 Revised Budget	% of Budget
State Appropriations	\$ 177,539,024	\$ 193,083,624	\$ 214,318,924	\$ 217,690,324	60%
Tuition & Fees	\$ 89,698,044	\$ 88,337,761	\$ 89,935,735	\$ 92,685,735	26%
Grants & Contracts	\$ 22,801,113	\$ 25,605,123	\$ 25,528,481	\$ 27,889,747	8%
Sales & Services	\$ 19,332,550	\$ 19,435,605	\$ 20,823,342	\$ 22,092,201	6%
Other Sources	\$ 809,566	\$ 1,104,416	\$ 1,089,920	\$ 1,129,920	0%
Total Revenues	\$ 310,180,297	\$ 327,566,529	\$ 351,696,402	\$ 361,487,927	100%

Why do we need to take budgetary actions?

1. Address an accumulated deficit

2. Bridge a base budget gap

Actions being taken or under consideration:

- Establish the Planning and Budget Council
- Set expectations around the need for fiscal discipline
- Implement a detailed budget process and put in place a hybrid RCM budget model
- Work with System, THEC and the State to get a formula established to fund annual operating cost increases
- Align our capital planning investments with our Strategic Plan
- Create policies which govern management of carryforward balances and Indirect Cost Recovery
- Ensure we operate on a balanced budget

Planning and Budget Council

GOALS

Develop broad appreciation for UT Health Science Center finances
Recommend actions to balance the E&G budget for FY25



Raaj Kurapati
Operations and Finance
Chair



Dr. Cindy Russell
AFSA



Dr. Wesley Byerly
Research



Dr. G. Nick Verne
Medicine



Dr. Wendy Likes
Nursing



Mike Ebbs
Financial Strategy



George Ninan
Financial Operations



PJ Koltnow
Faculty Senate



Dr. Kristi Forman
Staff Representative



Dr. Ken Tilashalski
Dentistry



Melisa Moore
General Counsel



Dr. Charlie Snyder
Student Success



Dr. Reggie Frye
Pharmacy



Andrew Roberts
Financial Planning
and Budget

Recommended Actions from PBC

Expense Management

- Exploring & implementing operational efficiencies
 - Shared services, Finance and Operations Restructure
- 3.5% base budget across-the-board pullback
 - Reset institutional budgets to fund under resourced base costs
- 20% Carryforward balance pullback
 - Set parameters around carryforward expectation, address one-time needs and provide funds for strategic reinvestment

Recommended Actions from PBC

Revenue Generation

- Operations & Maintenance formula-funding (under consideration by the State)
 - Put in place a mechanism to fund annual operating cost increase
- F&A rate increase proposal
 - Proposal to increase our rate from 53% to 58.3% submitted to the DHHS
- A reasonable across-the-board tuition increase
 - Proposal being presented to the Advisory Board for consideration today

Bottom Line

What we **WILL** do:

- Develop a robust budget model and planning process
- Develop a Strategic Enrollment, Research, Service Plans that compliment our Institutional Strategic Plan
- Update our Capital Masterplan to align with the Strategic Plan and our institutional enrollment, research and service strategies
- Make strategic investments to deliver on the Vision outlined in our Strategic Plan

What we **DO NOT** intend to do:

- University-wide Reductions in Force
- Institute university-wide furloughs or layoffs
- Effect large-scale budget cuts that will be detrimental to our mission
- Large-scale closer of Academic programs/departments
- Stop making strategic investments needed to move our goals in the Strategic Plan forward

Tuition Proposal

UT System - History of Tuition Changes

Last 5 Years

UT Health Science Center **2nd lowest** in system over last 5 years

- *Lowest if you remove the 2022 anomaly for UT Southern.*

Entity	2020	2021	2022	2023	2024	Average
Southern			-61.0%	0.0%	3.0%	-19.33%
Health Science Center	0.6%	0.0%	0.0%	0.0%	1.5%	0.42%
Knoxville	2.0%	0.0%	-0.2%	0.0%	1.8%	0.72%
Martin	2.5%	0.0%	1.7%	0.0%	3.0%	1.44%
Chattanooga	2.5%	0.0%	2.0%	0.0%	3.0%	1.50%
Annual Inflation Rate	1.4%	7.0%	6.5%	3.4%		4.58%

* UT Southern had a 61% reduction upon joining the UT System.

Fall 2024 Enrollment Projections (FTE)

- **Nursing** and **Dentistry** expected to grow
- **Pharmacy** projected to be down significantly due to graduations and smaller incoming class
- **Grad Health Science – PHD** program excluded from projections
 - *Tuition fully offset by discounts*

College	Enrollment Change (Low)	Enrollment Change (High)
Pharmacy	-81.6	-81.6
Medicine	-9.4	-6.4
Grad Health Science	-2.0	4.0
Health Professions	4.3	9.3
Dentistry	23.0	26.0
Nursing	52.1	67.1
Totals	-13.5	18.5

Tuition Proposal

Recommending a 2.9% Across-the-Board Tuition Increase

- Planning and Budget Council considered and approved a recommendation to bring this to the Advisory Board at their February 16, 2024 meeting
- Expected to yield between \$750,000 - \$1,200,000 depending on Fall enrollment by program.
 - *Roughly 0.30% of UTHSC Operating Budget*
 - *Without an increase, tuition revenue is expected to drop by \$300,000 – \$900,000*

Use of Funds

- \$1M to be used for Unrestricted Scholarships and leveraged to raise philanthropic dollars to support our Access and Engagement efforts.
- Funds over \$1M to be used to address budget gap.

Tuition Change Summary

In-State

	FY 2023-24	FY 2024-25	CHANGE	
			Amount	Percent
IN-STATE				
Graduate Health Sciences	\$ 11,058	\$ 11,379	\$ 321	2.9%
MS Pharmacology	16,962	\$ 17,454	492	2.9%
Medicine				
Doctor of Medicine	35,084	\$ 36,101	1,017	2.9%
Physician Assistant	23,268	\$ 23,943	675	2.9%
Dentistry				
General Dentistry (DDS)	30,844	\$ 31,738	894	2.9%
Dental Hygiene Bachelor of Science	10,138	\$ 10,432	294	2.9%
Pharmacy				
	22,706	\$ 23,364	658	2.9%
Nursing				
Bachelors	12,897	\$ 13,271	374	2.9%
Graduate	10,962	\$ 11,280	318	2.9%
Health Professions				
<u>Bachelor of Science</u>				
Medical Technology	8,110	\$ 8,345	235	2.9%
Audiology & Speech Pathology *	----	----	----	----
Masters in Cytopathology Practice	10,048	\$ 10,339	291	2.9%
DPT / MOT / MHSPA	14,022	\$ 14,429	407	2.9%
Dr. Audiology / MS Speech Pathology	19,102	\$ 19,656	554	2.9%
MS Clinical Lab Sciences	10,220	\$ 10,516	296	2.9%

Tuition Change Summary

Out-of-State

	FY 2023-24	FY 2024-25	CHANGE	
			Amount	Percent
OUT-OF-STATE				
Graduate Health Sciences	\$ 16,790	\$ 17,277	\$ 487	2.9%
MS Pharmacology	25,518	\$ 26,258	740	2.9%
Medicine				
Doctor of Medicine	52,626	\$ 54,152	1,526	2.9%
Physician Assistant	39,546	\$ 40,693	1,147	2.9%
MS Forensic Dentistry	18,778	\$ 19,323	545	2.9%
Dentistry				
General DDS	70,186	\$ 72,221	2,035	2.9%
Dental Hygiene Bachelor of Science	20,276	\$ 20,864	588	2.9%
Pharmacy				
	27,784	\$ 28,590	806	2.9%
Nursing				
Bachelors	37,484	\$ 38,571	1,087	2.9%
Graduate	44,192	\$ 45,474	1,282	2.9%
Health Professions				
<u>Bachelor of Science</u>				
Medical Technology	12,180	\$ 12,533	353	2.9%
Audiology & Speech Pathology *	----	----	----	----
Masters in Cytopathology Practice	14,616	\$ 15,040	424	2.9%
DPT / MOT / MHSPA	32,272	\$ 33,208	936	2.9%
Dr. Audiology / MS Speech Pathology	44,046	\$ 45,323	1,277	2.9%
MS Clinical Lab Sciences	14,616	\$ 15,040	424	2.9%

Questions?

Other Business Feedback and Discussion

Lunch: Nash Atrium
Next Meeting: May 10, 2024

