

**BUDGET BACKGROUND
AND
FY 2021 BUDGET PROPOSAL**



THE UNIVERSITY OF
TENNESSEE
HEALTH SCIENCE CENTER

DEFINITIONS



- ❧ **Unrestricted Funds: (E-accounts)** Funds provided to meet the primary educational mission of the university (sometimes referred to as Educational & General Funds)
- ❧ **Restricted Funds: (R-accounts)** Funds provided to meet a designated purpose – research, scholarships, endowed chairs, etc.
- ❧ **General Operating Budget:** Funding provided across campus to meet operational needs – referred to as **ORANGE** dollars.
 - ❧ Sources are from State Appropriations, Tuition & Fees, and F&A Revenue
 - ❧ F&A Revenue: indirect cost funding received from sponsors on grants
- ❧ **What's the difference between Unrestricted and General Operating Budget?:** Unrestricted Funds includes some self-supporting activities like continuing education, conferences and auxiliaries.

DEFINITIONS (CONT.)



❧ **Campus General:** Campus General represents campus-wide costs not allocated out to units –

- ❧ Staff Benefit Cost (e.g., health, life, and retirement) – about \$50 million
- ❧ Debt Service Payments – about \$6 million
- ❧ UT Foundation, UT Research Foundation, and other assessments by the UT System Administration for services provided – about \$8 million

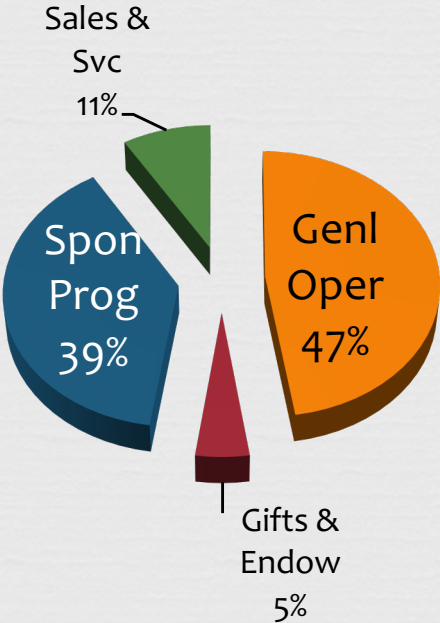


❧ **Physician Practice Plans:** Note that the HSC's physician practice plan partnerships (ULPS, UTMP, UTROP, UCH, etc.) which had approximately \$450 million in revenue in calendar year 2018 are EXCLUDED from all the financials we will review

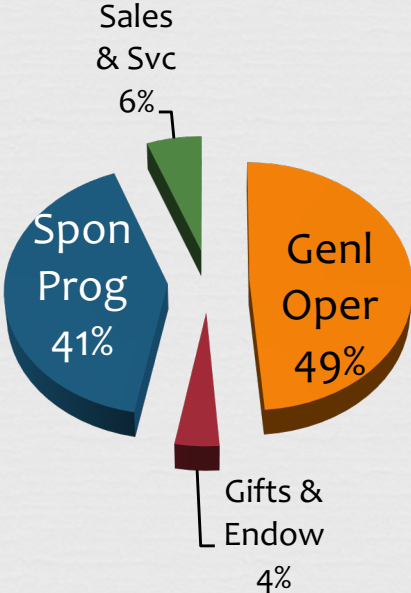
TOTAL REVENUE



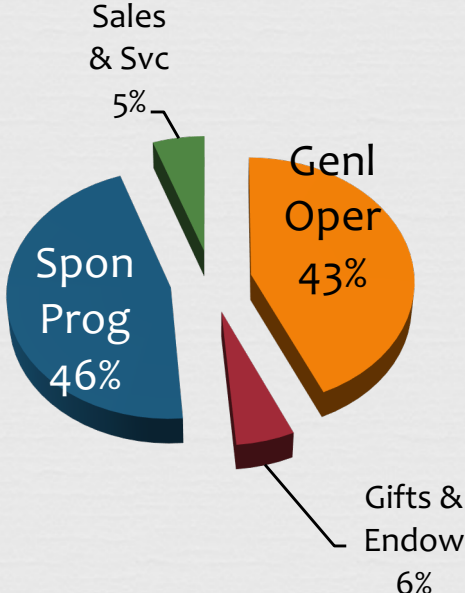
FY 2010 Actual
Total \$400.2
million



FY 2014 Actual
Total \$455.0
million

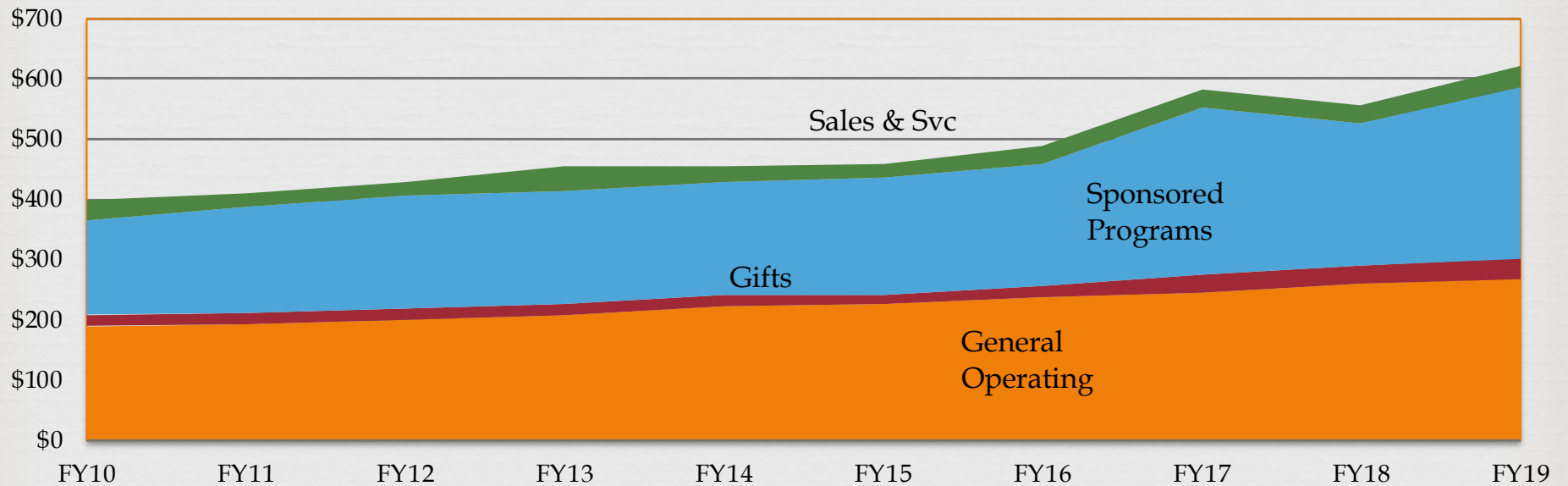


FY 2019 Actual
Total \$621.9
million



TOTAL REVENUE

	FY 10	FY 12	FY 14	FY 16	FY 18	FY 19
General Operating	\$190.5	\$201.7	\$221.9	\$236.5	\$259.1	\$268.9
Gifts & Endow Income	18.7	18.6	18.9	20.3	31.7	33.9
Sponsored Programs	156.1	185.0	187.9	203.5	236.0	285.3
Sales & Service	34.9	25.1	26.3	28.1	31.0	33.8
TOTAL Budget	\$400.2	\$430.4	\$455.0	\$488.4	\$557.8	\$621.9



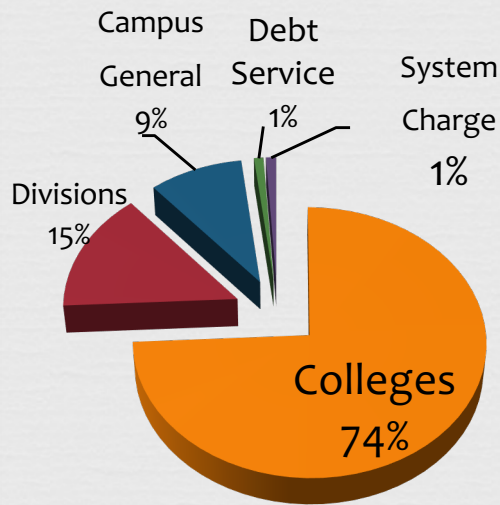
May 7, 2020



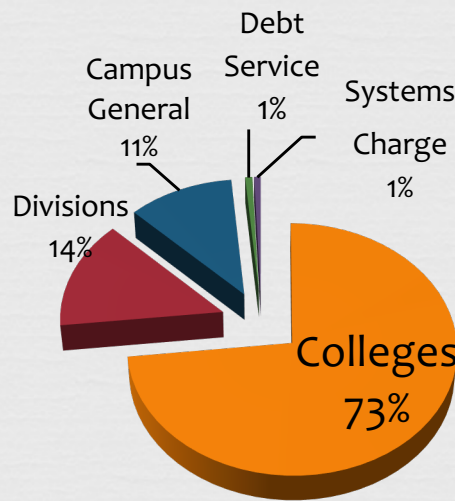
TOTAL EXPENDITURES



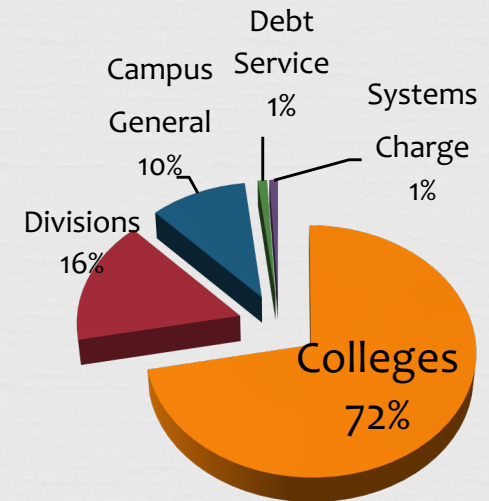
FY 2010 Actual
Total \$388.1
million



FY 2014 Actual
Total \$451.9
million

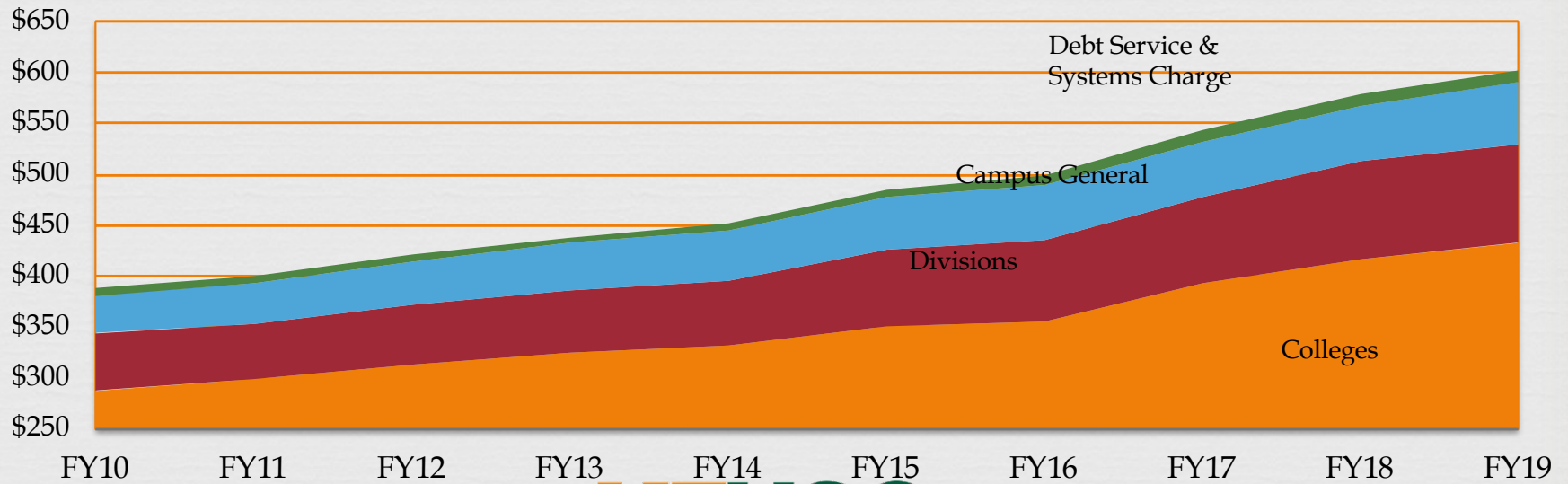


FY 2019 Actual
Total \$601.9
million



TOTAL EXPENDITURES

	FY 10	FY 12	FY 14	FY 16	FY 18	FY 19
Colleges	\$288.0	\$313.4	\$331.1	\$355.5	\$417.6	\$432.7
Divisions	56.6	58.6	63.9	79.7	94.8	96.6
Campus General	36.0	43.1	50.4	53.3	55.1	61.4
Debt Service	3.6	4.2	3.4	6.5	6.2	5.8
Systems Charge	3.9	2.8	3.1	4.0	5.0	5.4
TOTAL Expenditures	\$388.1	\$422.1	\$451.9	\$499.0	\$578.7	\$601.9



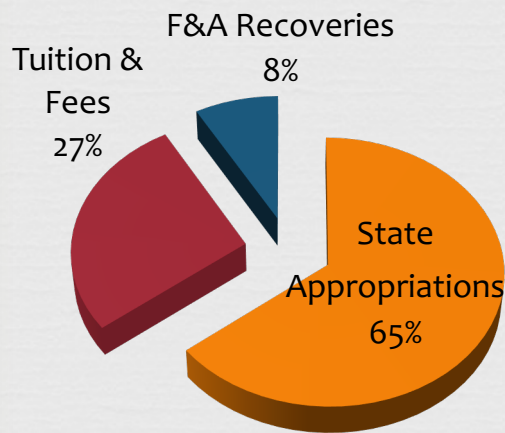
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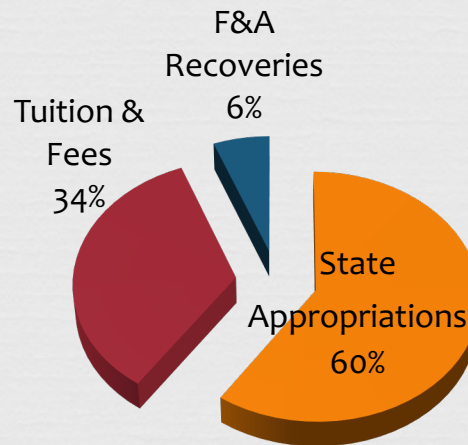
TOTAL GENERAL OPERATING



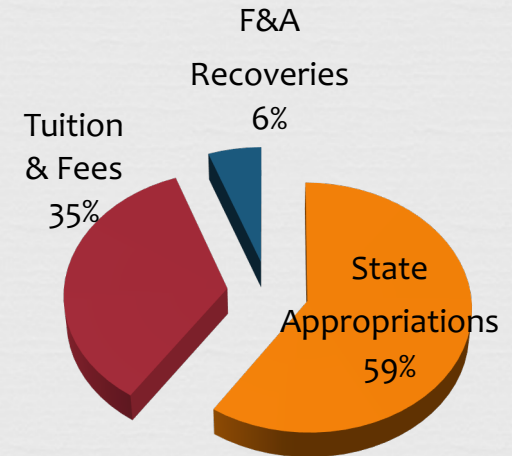
FY 2010 Actual
Total \$190.5
million



FY 2014 Actual
Total \$221.9
million

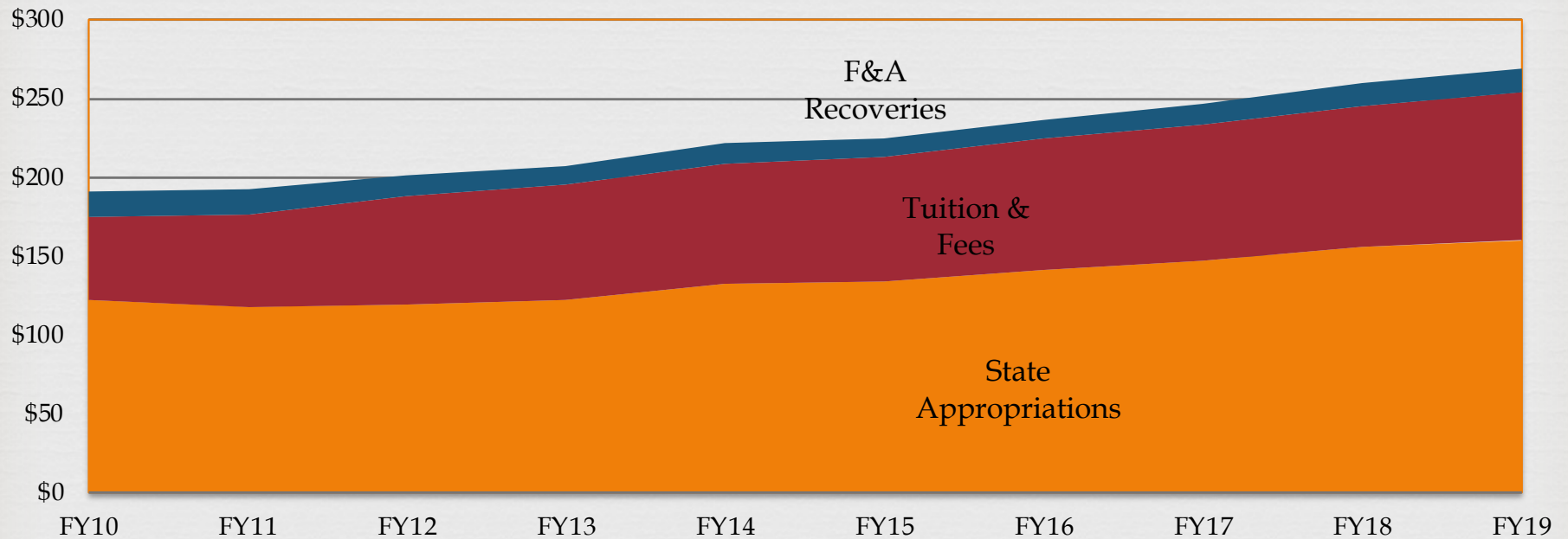


FY 2019 Actual
Total \$268.9
million



TOTAL GENERAL OPERATING

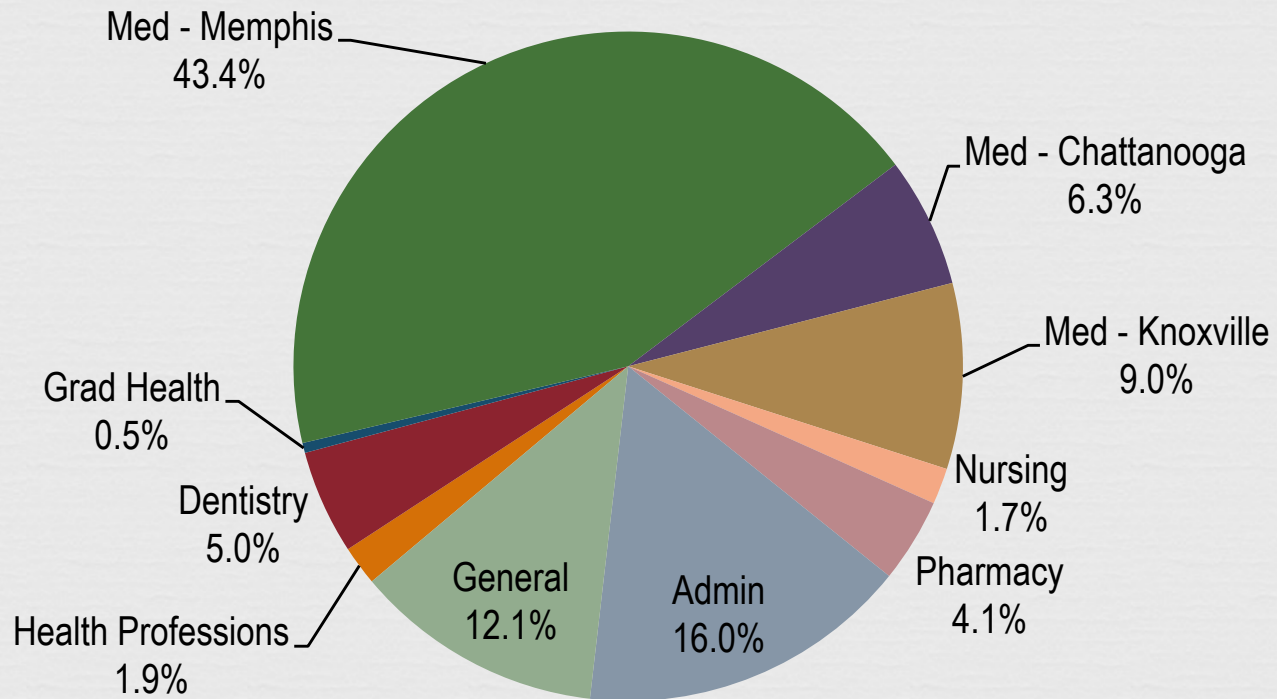
	FY 10	FY 12	FY 14	FY 16	FY 18	FY 19
State Appropriations	\$122.7	\$119.2	\$132.2	\$140.8	\$156.1	\$159.8
Tuition & Fees	52.1	68.3	76.6	83.2	89.2	94.2
F&A Recoveries	15.7	14.2	13.1	12.5	13.8	14.9
<i>TOTAL General Operating</i>	\$190.5	\$201.7	\$221.9	\$236.5	\$259.1	\$268.9



FY 2019 ALL FUNDS EXPENDITURES



\$601.9 million



EXPENDITURES BY COLLEGE / DIVISION

FY 2019 FINAL		Unrestricted Funds	Restricted Funds	TOTAL ALL FUNDS
Colleges	Health Professions	\$9,620,093	\$1,898,105	\$11,518,198
	Dentistry	29,025,779	1,321,905	30,347,684
	Graduate Health Sciences	2,315,885	572,869	2,888,754
	<u>Medicine</u>			
	Memphis	58,994,241	202,168,968	261,163,209
	Chattanooga	2,209,829	35,599,134	37,808,963
	Knoxville	14,222,927	39,785,309	54,008,236
	Nursing	9,514,232	973,984	10,488,216
	Pharmacy	15,577,972	8,936,314	24,514,286
Administration	Chancellor's Office	860,399	345,556	1,205,955
	Chief of Staff	14,951,156	4,515,153	19,466,309
	Academic, Faculty, & Student Affairs	17,636,499	1,490,092	19,126,591
	Facilities & Utilities	30,845,532	0	30,845,532
	Finance & Operations	4,040,971	3,750	4,044,721
	Information Tech Services	8,573,704	0	8,573,704
	Research	11,630,807	1,668,420	13,299,227
	Campus General	70,202,102	0	70,202,102
	Development & Alumni Aff	2,400,000	0	2,400,000
TOTAL HSC		\$302,622,128	\$299,279,559	\$601,901,687

FY 2021 Proposed Budget



THE UNIVERSITY OF
TENNESSEE
HEALTH SCIENCE CENTER

BUDGET RECOMMENDATION PROCESS



- ❧ The as required by the UT Focus Act, the Board of Trustees has established a format for the recommendation of the Operating Budget.
- ❧ One additional category is used – Auxiliary Funds
 - ❧ The HSC has limited auxiliary funds and includes them in the General Operating Budget figures shown earlier.
 - ❧ Auxiliary Services are general self-supporting activities such as housing and food service.
 - ❧ For the HSC, our primary auxiliary service is in Parking.

OPERATING BUDGET RECOMMENDATION FORMAT



As shown earlier	Required Format
<i>Subtotal: Unrestricted Funds (General Operating Funds)</i>	Unrestricted Educational & General (E&G) Funds
	Unrestricted Auxiliary Funds
	<i>Subtotal: Unrestricted Funds</i>
Restricted Funds	Restricted Funds
<i>Total Current Operating Funds</i>	<i>Total Current Operating Funds</i>

GENERAL OPERATING FUND INCREASES



- ❧ Salary Increase funding from the State -- \$3,568,000
 - ❧ includes funding for benefit cost increases
 - ❧ NOTE – the legislature is expected to reconvene in June and there may be changes to the budget approved in March

- ❧ Tuition Increase – \$0

- ❧ Tuition reductions in Medicine and Health Professions – \$0

PROPOSED BUDGET INCREMENTS



1.5% Salary Increase -- \$3,014,900

\$1,000 minimum

Benefit Cost Increases -- \$553,100

INTERNAL FUNDING CHANGES FOR FY 2021



- ❧ Within the General Operating Budget, we take the first \$12.5 million of F&A Revenue to support the overall campus budget.
- ❧ Excess revenue from Year 1 is carried forward to Year 2 for use in support of research in the colleges and VC Research Office.
 - ❧ Sponsored Project Incentive (budgeted at \$2.5 million)
 - ❧ Distribution to Colleges (budgeted at \$600,000)
 - ❧ Research Support (varies based on revenue)
- ❧ ***For FY 2021, the campus will retain those funds to support the campus infrastructure and restore reserves.***

INTERNAL CHANGES (CONT.)



	000's
Projected FY 20 F&A Revenue	\$16,400
Budget Requirement	-12,500
Carried Forward to FY 21	\$3,900
Sponsored Projected Incentive shifted to colleges	2,500
Budgeted distribution to colleges	600
Available for campus needs	\$7,000

FY 2021 ALLOCATION



	000's
Available for campus needs	\$7,000
Operations (Facilities & ITS)	3,000
Restore reserves	3,000
Chancellor Discretionary Fund	1,000

UNRESTRICTED E&G FUNDS



FY 2020 Unrestricted E&G Funds	\$285,380,350
<ul style="list-style-type: none">• 1.5% Salary Increase• Benefit Cost Increase	\$3,014,900 553,100
<ul style="list-style-type: none">• Graduate Student Stipend Increases• Clinical Revenue Increases	1,712,778 1,785,000
FY 2021 Unrestricted E&G Funds	\$292,446,128

UNRESTRICTED AUXILIARY AND RESTRICTED FUNDS



FY 2020 Unrestricted Auxiliary Funds	\$1,980,400
• Food Service Expansion	\$822,626
FY 2021 Unrestricted Auxiliary Funds	\$2,803,026
FY 2020 Restricted Funds	\$283,935,800
• Increase in Restricted Funds	
• Research	\$28,022,679
• GME	
FY 2021 Restricted Funds	\$311,958,479

FY 2021 PROPOSED CURRENT OPERATING BUDGET



Fund Group	Revenues	Expenditures & Transfers
Unrestricted Educational & General (E&G) Funds	\$292,446,128	\$292,446,128
Unrestricted Auxiliary Funds	\$2,803,026	\$2,803,026
<i>Subtotal: Unrestricted Funds</i>	<i>\$295,249,154</i>	<i>\$295,249,154</i>
Restricted Funds	\$311,958,479	\$311,958,479
<i>Total Current Operating Funds</i>	<i>\$607,207,633</i>	<i>\$607,207,633</i>

TUITION & FEES

(REQUIRED FORMAT)



Maintenance Fees & Tuition	In-State Maintenance Fee		Out-of-State Tuition	
College of Dentistry – DDS	\$0	0.0%	\$0	0.0%
College of Dentistry – Transitional DDS	\$0	0.0%	\$0	0.0%
College of Dentistry – Dental Hygiene (Undergraduate)	\$0	0.0%	\$0	0.0%
College of Graduate Health Sciences -- PhD	\$0	0.0%	\$0	0.0%
College of Graduate Health Sciences – Pharmacology MS	\$0	0.0%	\$0	0.0%
College of Health Professions – Bachelors	\$0	0.0%	\$0	0.0%
College of Health Professions – Bachelor in Medical Technology	\$0	0.0%	-\$14,156	-54.1%
College of Health Professions – Masters in Cytopathology Practice	-\$3,914	-28.3%	-\$17,396	-54.7%
College of Health Professions – Advanced Degree	\$0	0.0%	\$0	0.0%
College of Health Professions – Audiology Advanced Degree	\$0	0.0%	\$0	0.0%
College of Health Professions – Post-Professional	\$0	0.0%	-\$13,608	-48.6%
College of Medicine – MD	\$0	0.0%	-\$7,169	-10.6%
College of Medicine – Physician Assistant	\$0	0.0%	\$0	0.0%
College of Nursing – Bachelors	\$0	0.0%	\$0	0.0%
College of Nursing – Graduate	\$0	0.0%	\$0	0.0%
College of Pharmacy – PharmD	\$0	0.0%	\$0	0.0%

ADVISORY BOARD APPROVED BUDGET RECOMMENDATION

University of Tennessee Health Science Center Fiscal Year 2020-21 Advisory Board Operating Budget Recommendation

+ Proposed Current Operating Fund Budgets

Fund Group	Revenues	Expenditures & Transfers
Unrestricted Educational & General (E&G) Funds	\$292,446,128	\$292,446,128
Unrestricted Auxiliary Funds	\$2,803,026	\$2,803,026
Subtotal: Unrestricted Funds	\$295,249,154	\$295,249,154
Restricted Funds	\$311,958,479	\$311,958,479
Total Current Operating Funds	\$607,207,633	\$607,207,633

Proposed Tuition & Fees (previously approved by the UT Board of Trustees on February 19, 2020)

Tuition & Mandatory Fees	In-State: Amount	In-State: %-change	Out-of-State: Amount	Out-of-State: %-change
College of Dentistry – DDS	\$0	0.0%	\$0	0.0%
College of Dentistry – Transitional DDS	\$0	0.0%	\$0	0.0%
College of Dentistry – Dental Hygiene (Undergraduate)	\$0	0.0%	\$0	0.0%
College of Graduate Health Sciences – PhD	\$0	0.0%	\$0	0.0%
College of Graduate Health Sciences – Pharmacology MS	\$0	0.0%	\$0	0.0%
CHP-Bachelor of Medical Technology	\$0	0.0%	(\$14,156)	-54.1%
College of Health Professions – Bachelors	\$0	0.0%	\$0	0.0%
CHP-Masters in Cytopathology Practice	(\$3,914)	-28.3%	(\$17,396)	-54.7%
College of Health Professions – Advanced Degree	\$0	0.0%	\$0	0.0%
College of Health Professions – Audiology Advanced Degree	\$0	0.0%	\$0	0.0%
College of Health Professions – Post-Professional	\$0	0.0%	\$0	0.0%
CHP-Masters of Clinical Lab Science	\$0	0.0%	(\$13,608)	-48.6%
College of Medicine – MD	\$0	0.0%	(\$7,169)	-10.6%
College of Medicine – Physician Assistant	\$0	0.0%	\$0	0.0%
College of Nursing – Bachelors	\$0	0.0%	\$0	0.0%
College of Nursing – Graduate	\$0	0.0%	\$0	0.0%
College of Pharmacy – PharmD	\$0	0.0%	\$0	0.0%

May 7, 2020

The Chancellor shall submit the Advisory Board recommendation and the Chancellor's original budget recommendation to the President for review no later than May 27, 2020.

