



Budget Update
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2012 U of M
100th Anniversary

THE UNIVERSITY OF
MEMPHIS

Our priorities remain the same:

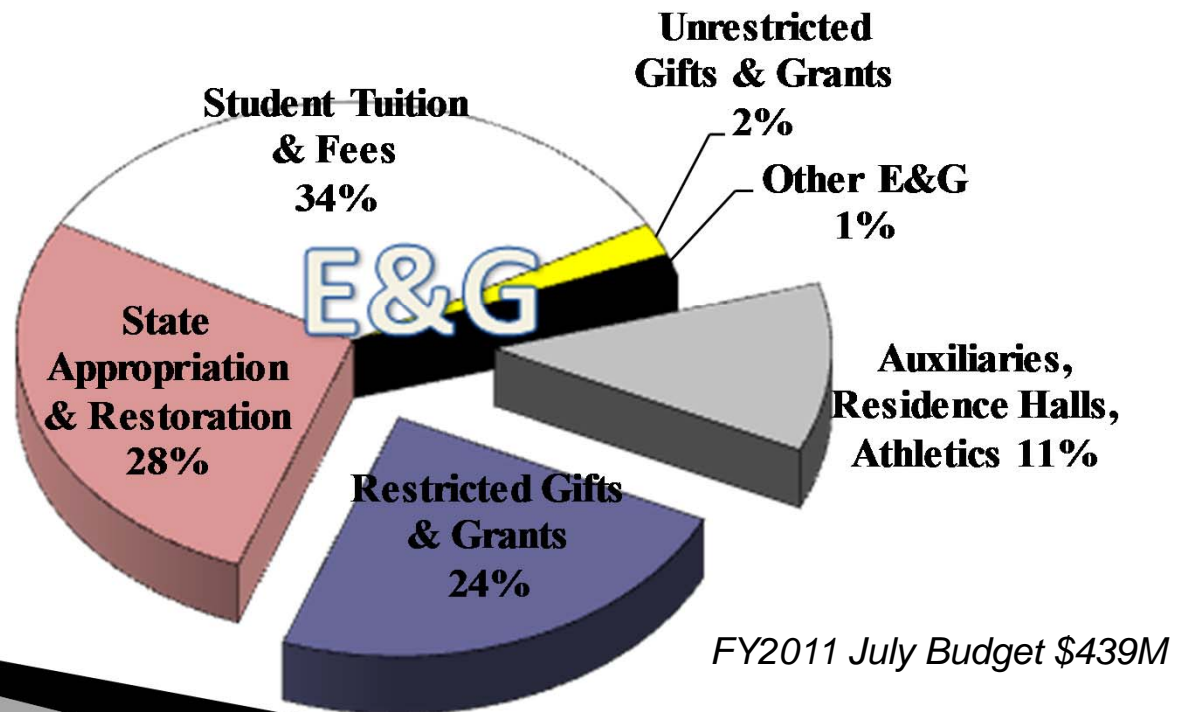
- Protect students' programs and progress toward timely graduation
- Enrollment growth through recruitment and retention
- Enrollment growth in Nursing, Public Health and Online education
- Promote research where funding is probable and that positions us for greater strength
- Improve administrative and business processes

University Budget FY2011

Three main components of the University's Budget:

- Educational & General (E&G) -- primarily state & tuition/fee funded
- Auxiliaries & Athletics - Revenue supported activities including student housing, bookstore, food services, & vending; intercollegiate athletics
- Restricted - Federal & State Grants, Sponsored Research, Private Gifts, Lottery, Pell, and Other Financial Aid Programs

Revenues by Sources



2011–2012 Proposed Budget

Governor's recommendations

- 1.6 percent salary increase – the 1st in four years
- Retirement contributions will be provided to the TCRS & 401(k) match
- Funding Formula Change \$235,400
- \$5.6M funding for delayed maintenance (roof replacement)
- Hope scholarship to be used during the summer term

2011–2012 Proposed Budget

Governor's recommendations

- 2% state funding reduction – (\$1.9M)
- Phase out of Hold Harmless year one (\$6,743,100) funding reduction (\$6.5M one time funds provided for transition)
- \$10 million operating grant for the Memphis Research Consortium managed by U of M.

Hold Harmless

How it Works:

- ***Objective of removal of the Hold Harmless provision:*** All institutions will receive the same percentage of the formula recommendations.
- Currently, there is a gap between an institution's formula recommendation and its actual state appropriation. These gaps vary in size among the institutions. In a three-year phase-in process, each institution's gap between the formula recommendation and its actual state appropriations would be reduced by one third each year. Over the three-years, the percent funded levels for each institution will equalize, so that each institution is funded at the same level as all others
- THEC funding goal for the new formula model is 56% for all Universities
- University of Memphis is currently funded at 61.5%

Challenges = Opportunities

- Focusing on priorities
- Investing in People
- Engaging the University Community
- Doing more with less
- Developing new resources

Impact of Funding Formula Changes

- New outcomes based formula which will include increased emphasis on retention and graduation rates.
- FY12 is the first year of the new funding formula
- Phase out of Hold Harmless provision over 3 years reduces our state appropriations by \$10,374,000.
- One time funds for the next 3 years to help distribute the impact over several years.

New Funding Formula

Weights Based on Institutional Mission	APSU	UTM	TTU	UTC	MTSU	ETSU	TSU	UM	UTK
Students Accumulating 24 hrs	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	2.0%	2.0%
Students Accumulating 48 hrs	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	3.0%	3.0%
Students Accumulating 72 hrs	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	5.0%	5.0%
Bachelors and Associates	30.0%	30.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	15.0%
Masters/Ed Specialist Degrees	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%
Doctoral / Law Degrees	0.0%	0.0%	5.0%	5.0%	5.0%	7.5%	7.5%	10.0%	10.0%
Research and Service	10.0%	10.0%	10.0%	10.0%	10.0%	12.5%	12.5%	12.5%	15.0%
Transfers Out with 12 hrs	10.0%	10.0%	10.0%	10.0%	10.0%	5.0%	5.0%	5.0%	5.0%
Degrees per 100 FTE	15.0%	15.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Six-Year Graduation Rate	5.0%	5.0%	10.0%	10.0%	10.0%	10.0%	10.0%	12.5%	20.0%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

New Funding Formula U of M Baseline

Outcome	Baseline	Weight
Students Accumulating 24 hrs	2,831	2.0%
Students Accumulating 48 hrs	2,717	3.0%
Students Accumulating 72 hrs	2,886	5.0%
Undergraduate Degrees	2,535	25.0%
Masters Degrees	860	15.0%
Doctoral Degrees	246	7.5%
6 year Graduation Rate	43%	15.0%
Degrees/FTE	19	7.5%
Transfers Out with 12 hours	440	5.0%
Research Funding	\$62,175,576	12.5%

New Funding Formula Outcome Potential Returns

(Dependent on relative outcomes to other State Institutions)

Outcome	Increase	Financial Return
Students Accumulating 24 hrs	100	\$150,000
Undergraduate Degrees	100	\$2,000,000
Masters Degrees	10	\$ 400,000
Doctoral Degrees	10	\$1,500,000
6 year Graduation Rate	10%	2,400,000
Degrees /FTE	1%	\$200,000
Research Funding	\$10,000,000	\$450,000
Carnegie Classification	Very High Research	\$38,000,000

Highest Priorities

- Enhance Enrollment Growth
 - Increase of 2200 students in past 2 years
 - Retention
 - Recruitment of Tuition Paying Graduate & Undergraduate Students
 - Online
- Strengthen Admission Standards
- Enhance Quality of Instruction
- Increase Graduation Rates
- Increase Research Funding

Recruitment Strategies

Invest strategically

- RODP (fund instruction)
 - Dual Enrollment
 - Enhance Graduate Enrollment (coordinator)

- Ensure policies support growth
 - Admission and Enrollment policies
 - Internal barriers to Enrollment
 - Online fees crucial for department support

Retention Strategies

Strategic Investments

- Learning communities
- Early Intervention
- Emerging Leaders
- Course redesign
- Academic Advisors
- Program support for collaborative efforts in:
 - Career counseling
 - Instructional Support

Research Enhancement Strategies

- Focused Investments
- Faculty Hires @ Associate + Level
- Start Up funds
- Lab renovations
- Policies & Procedures
- Graduate Assistants
- Equipment & Technicians
- Statistical Support
- Pre & Post Award support

Essential Support for Instruction and Research

Good News:

Increased Enrollment led to a increase in base funding for Part-time faculty and Summer Instruction of \$2,000,000

We must continue to increase enrollment to address Instruction and Research needs, because.....

Current Challenges

Instruction funded with one-time funds

43 full-time instructors in 6 colleges/schools with salaries	\$1,600,000
Post Retirement contracts	900,000
Graduate Teaching Assistants	200,000

Research funded with one-time funds

Graduate Research Assistants	\$755,000
Post Doctoral	65,000

How can your Department Help?

- Continue Recruitment & Retention Initiatives
- Continue to actively recruit tuition paying graduate students
- Utilize GA's & Student Workers
- Review processes and policies
- Look for Internship possibilities within your department
- Support new and existing externally funded research initiatives
- Strategic use of Online and other fees to support instruction and research and reward innovation

FY 2011 Budget Overview

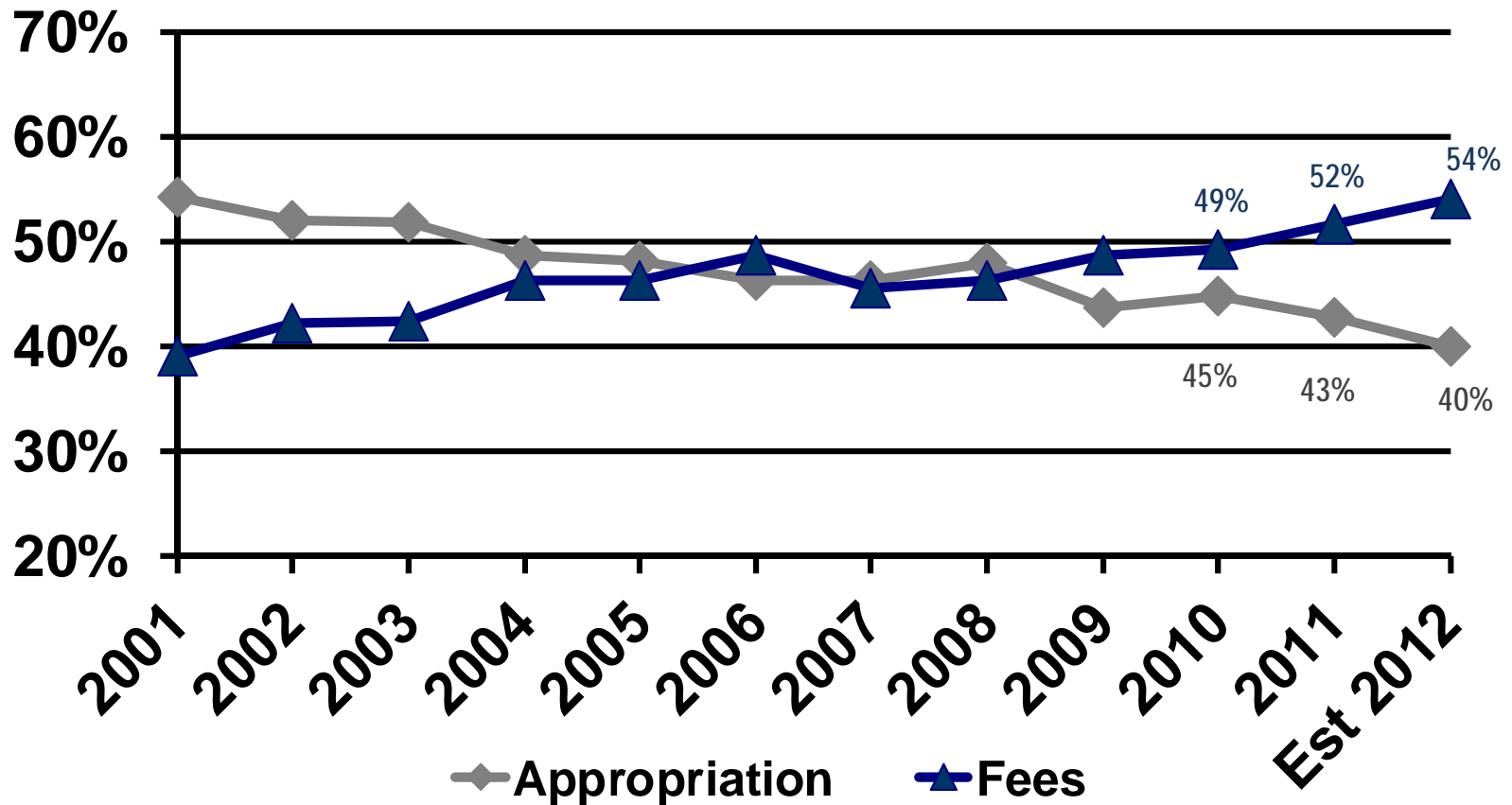
- Enrollment and tuition increases utilized to offset the \$6.4M reduction in State Appropriations

- Base Allocations to the following strategic priorities:
 - Faculty & related support positions – Nursing, Public Health, Social Work,
 - Faculty promotions
 - Summer and Part-time instruction
 - Enrollment initiatives
 - IT and Research Infrastructure
 - University– wide employee benefits

FY 2011 Key Investments of Funds

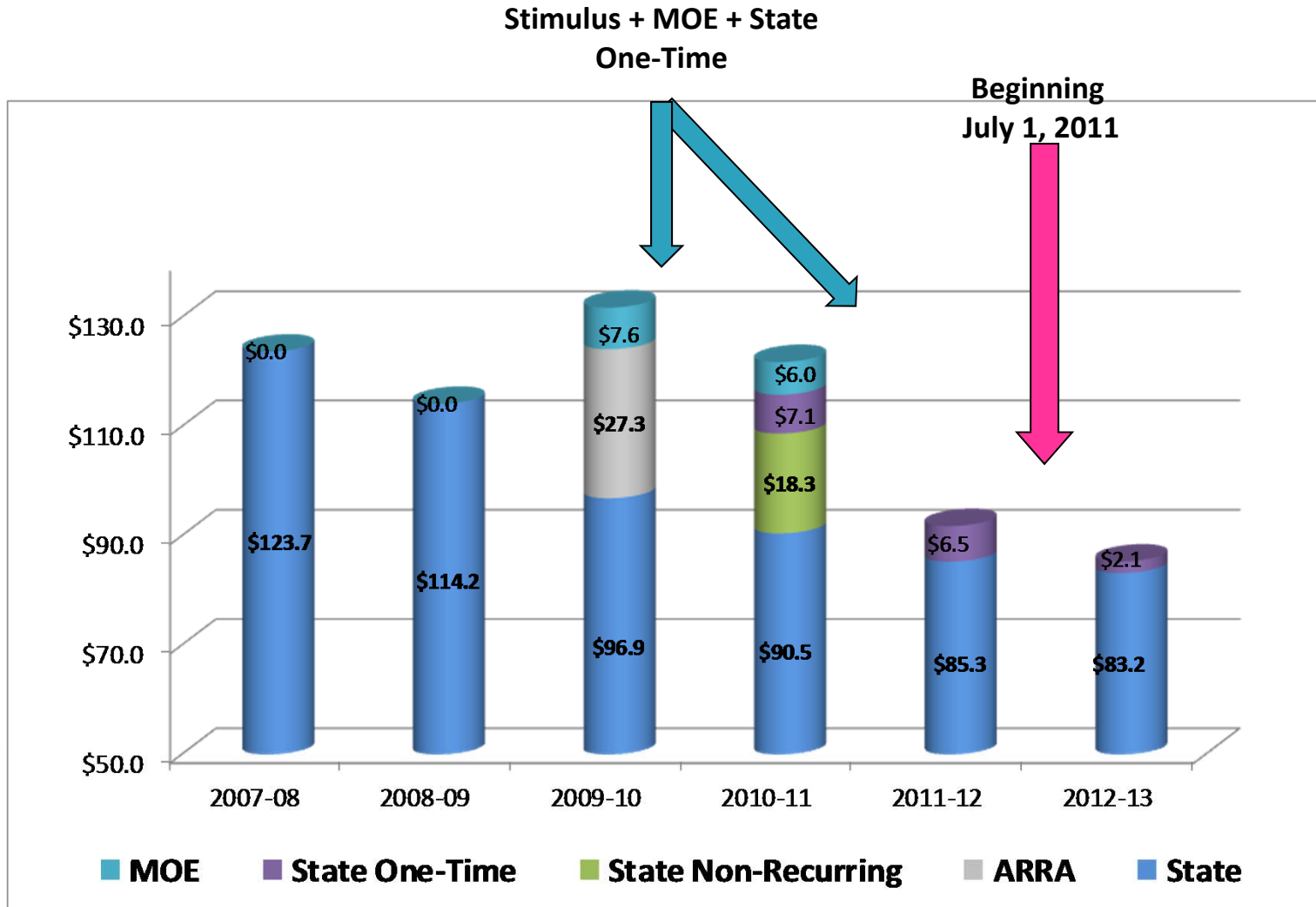
- Instructional, Enrollment & Retention Initiatives
- Learning Communities
- Early Interventions (counselors, course & software)
- Course Redesign (space, summer & incentive pay, computers)
- Expansion of Dual enrollment programs
- Utilization of new software that leads to more efficient processes (recruitment, retention, & study abroad)
- Administrative Process Improvement (GA appointments, Sponsored Internships, Faculty Summer Compensation & Graduation checkout process)

Appropriation & Tuition as a percentage of E&G revenue



FY10 & FY11 reflects the State Fiscal Stabilization Funds (SFSF) & Maintenance of Effort (MOE) along with a FY11 tuition increase averaging 5.6%. FY12 includes projected tuition increase of 5%.

State Appropriation & Federal Stimulus Funds



Recap of TBR Budget Guidelines

U of M Appropriation (preliminary, subject to legislative revision)

Beginning Base State Appropriation FY09	\$	116,786,800
FY10 Base Cut - Tier II (17%)		(19,886,300)
FY11 Base Reduction per TBR (6.6%)		(6,438,200)
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FY11 Adjusted Base	\$	90,462,300
FY12 State Base Reduction per TBR (2%)		(1,946,400)
FY12 Hold Harmless Phase In (Year 1 65% of 3 Year Phase In)		(6,743,100)
FY12 New Funding Formula Adjustment		235,400
FY12 State allocations (1.6% salary increase and various benefits)		3,333,700
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FY12 Base Appropriation Before Other State Items	\$	85,341,900

Source: FY12 Spring TBR Budget Guidelines

What the U of M has done

- Employed a combination of revenue generating & expenditure reduction strategies
- Streamlined, consolidated, and reorganized offices & services to gain efficiencies in operations and programs
- Launched an institution-wide administrative process improvement effort
- Utilization of technology solutions
- Various energy savings initiatives
- *Maximized existing resources*
 - Shifted positions
 - Academic Affairs reviewed & adjusted full-time faculty and instructor course loads
 - Academic Affairs implemented TBR degree limits

Planning Steps U of M has already taken

- Identified strategic priorities and investments
- Reviewed academic and other programs
- Presented budget overview and status to both the Faculty and Staff Senate
- Communicated Academic Affairs priorities & initiatives
- Presented challenges and priorities to the Shelby County Delegation
- THEC presentation – Outcome Based Funding Formula
- Projected revenue and enrollment, as well as constructed a five-year forecast
- Charged Division Heads with indentifying challenges

Next Steps

- Conduct Gap Analysis (Base, one-time and stimulus funds)
- Restructuring plans and efficiencies (Continue focus on reducing costs, especially administrative costs)
- Continue to focus on strategies to increase enrollment, graduation rates and research initiatives

To be determined:

- Final FY 11 Budget due to TBR May 6th
- Final Legislative Action on Budget – May
- TBR sets Tuition and Fees – June

Challenges

- Faculty and Staff Salaries
- Enrollment – Recruitment and Retention
- Supporting and Expanding Research
- Budget Gap – changing level of state funding for Higher Education
- Governor's challenge
 - Improved efficiency in state government
 - Continue focus on reducing costs, across the board
 - Business Process Improvement

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100

YEARS

1912-2012

Dreamers. Thinkers. Doers.

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