



Presentation to Audit & Business Committee  
Board of Trustees  
March 10, 2022





# Tennessee TECH

Update on Governor's Budget



# Governor's Capital Outlay Recommendations\*

## FY2022-23

- **Johnson Hall Renovation and Foster Hall Demo** **\$37,610,000**
  - State \$36,105,600
  - TTU required Match \$ 1,504,400
- **Advanced Construction & Manuf. Engr. Bldg.** **\$62,400,000**
  - State \$57,408,000
  - TTU required Match \$ 4,992,000

*\*These amounts could be subject to change until Legislature passes the Governor's recommended budget.*



# Governor's Capital Maintenance Recommendations\*

## FY2022-23

• <b>Total Capital Maintenance</b>	<b>\$1,690,000</b>
– Craft Center Generator & Fire Pump Upgrades	\$ 550,000
– Craft Center HVAC Upgrades	\$ 1,140,000

*\*These amounts could be subject to change until Legislature passes the Governor's recommended budget.*



# Capital Maintenance Proposed Distribution

FY2022-23	Governor's Capital Maintenance	Sherman Dergis	Each Institution's Share	Difference
	Budget Recommendation	Formula %	based on Sherman Dergis %	
APSU	\$ 3,000,000	3.2%	\$ 3,461,664	\$ (461,664)
ETSU	\$ 7,550,000	7.8%	\$ 8,437,806	\$ (887,806)
MTSU	\$ 7,160,000	6.7%	\$ 7,247,859	\$ (87,859)
TSU	\$ 8,000,000	5.0%	\$ 5,408,850	\$ 2,591,150
TTU	\$ 1,690,000	5.3%	\$ 5,733,381	\$ (4,043,381)
UofM	\$ 13,967,000	12.3%	\$ 13,305,771	\$ 661,229
TBR	\$ 21,890,000	20.4%	\$ 22,068,108	\$ (178,108)
UT	\$ 44,920,000	39.3%	\$ 42,513,561	\$ 2,406,439
Total Budget Recommendation	\$ 108,177,000	100.0%	\$ 108,177,000	\$ -



# Governor's Operating Budget Recommendations FY2022-23

Outcomes Growth (new funding)	\$ 4,380,400
Salary Pool*	\$ 2,201,500
Group Health Insurance	\$ 611,100
NSF Cybersecurity (non-recurring)	\$1,200,000
Rural Reimagined (non-recurring)	\$1,000,000
Appalachian Craft Center (non-recurring)	<u>\$ 2,840,000</u>
Total recommended <u>new</u> operating appropriations	\$12,233,000
THEC's Reallocation of Base Outcomes	<u>\$ (497,500)</u>
Net increase in operating appropriations (recurring and non-recurring)	\$11,735,500

\*Salary pool is funded at 55% of required amount for 4% increase

*Note: These amounts could be subject to change until Legislature passes the Governor's recommended budget.*



# 5 Year History Outcomes Formula Funding

Outcomes Formula Funding					
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Proposed</u>
	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>
<b>New Dollars</b>	\$1,327,400	\$2,653,800	*	\$1,768,800	\$4,380,400
<b>THEC Base Adjustment</b>	<u>463,400</u>	<u>814,300</u>	<u>404,200</u>	<u>(430,900)</u>	<u>(497,500)</u>
<b>Total Outcomes Distribution to TTU</b>	\$1,790,800	\$3,468,100	\$404,200	\$1,337,900	\$3,882,900
* \$1,876,800 was originally appropriated, but then deleted in June 2020 by Legislature.					



# Estimated Cost Increases

Scholarships and graduate assistantships	\$550,000
Landscaping	\$325,000
Marketing	\$650,000
Property insurance	\$475,000
Faculty promotions	\$150,000
Utilities and operating costs for new buildings	\$427,000
Software escalation costs (3%)	\$65,000
State mandated tuition waivers	\$295,000
University match for 4% salary pool	<u>\$1,601,821</u>
	\$4,538,821







## Update on Enterprise Resource Planning System (ERP)



# Replacing ERP System

- Contract for Ellucian Banner system ends December 2022
  - Human Resources and Financial systems to be replaced with more up-to-date cloud-based system
  - Student system will remain a Banner system as part of TBR's Ellucian contract
    - Evaluation of a cloud-based system for student information to take place during 5-year extension
- Non-recurring funding recommended by Governor for UT System and LGIs
  - Implementation costs - \$20M for each LGI
  - Common ERP vendor with UT and other LGIs



# Replacing ERP System – Human Resources and Financial Systems

- Timeline
  - Cloud-readiness assessment began February 2022
    - 16 weeks
  - Implement policy and process improvements, data clean-up, foundational projects identified by cloud readiness assessment
    - 12 to 18 months
  - Implementation of new system to begin January 2024
    - 12 to 18 months
  - Both HR and Finance systems fully implemented and operational January 2026



# Replacing ERP System – Human Resources and Financial Systems

- Preliminary implementation costs\*
  - Implementation partners \$13 - 15M
  - Backfill costs (personnel) \$ .5 - 1.5M
  - Foundational projects \$ 0 - 1.5M
  - Subscription costs \$ 1 - 2M
  - Contingency\*\* \$ 2 - 2.3M
- Estimated total implementation costs \$17M - \$22M

\*Preliminary estimates from institutions similar in size and complexity to Tennessee Tech

\*\*Contingency amount estimated at 15% of implementation cost estimates





## Compensation Plan



**Proposed Compensation Plans  
(Pending Approval of Governor's Budget)  
FY2022-23**

- 4% pool for recurring salary increases effective July 1, 2022
  - Based on performance evaluations for FY2021-22
    - Employees with satisfactory or better evaluation are eligible for raise
    - Employees who are on or were on a Performance Improvement Plan (PIP) for FY 2022 are ineligible.
    - Eligible employees hired prior to January 1, 2022 and still employed at July 1, 2022
  - Salary Range
    - Minimum of 1% to Maximum of 7%
  - Estimated cost of \$3.8M
    - Proposed state appropriation \$2.2M
    - University match \$1.6M
- Faculty promotions, job reclassifications and identified equity adjustments are handled outside of this proposal





## Non-Mandatory Fees



# Non-mandatory Fee Proposal 2022-23

- Non-mandatory fees are not required of all students. They are charged based on a variety of factors: residency, academic program, course selection, incidentals, participation in TN eCampus, etc.
- Non-mandatory fees are not subject to THEC binding rates
- Generally requests are reviewed and brought to the Board for approval once each year





# Non-mandatory Fee Proposal - Housing Effective Fall semester 2022

- 5% increase for traditional residence halls
- Resources to cover inflationary costs
- Major maintenance and renovations to older halls
- Closer alignment of rates for all residential housing
- Residential halls occupancy
  - Fall 2021            91%
  - Spring 2022        84%



# Non-Mandatory Fees - Housing

- Comparison to other universities in Tennessee
  - APSU, ETSU, MTSU, TSU, U of Memphis, UTK, UTC, UTM
  - TTU proposed rates comparable to LGIs and UT system

RES Hall Rate Comparison - Prepared Spring 2022 vs. TTU Rates proposed for Fall 2022									
	TTU	APSU	ETSU	MTSU	TSU	UofM	UTK	UTC	UTM
Single Traditional	\$ 3,124	\$ 3,915	\$ 4,150	\$ 3,061	n/a	\$ 3,330	\$ 3,965	n/a	\$ 2,425
Single Traditional			\$ 4,550						\$ 2,695
Double Traditional	\$ 3,024	\$ 3,130	\$ 2,075	\$ 2,390	\$ 1,979	\$ 2,330	\$ 3,060	n/a	\$ 1,575
Double Traditional			\$ 2,035				\$ 3,875		\$ 1,890





# Tennessee TECH

Disclosed Projects



# Disclosed Projects

Fiscal Year	Project	Project Cost	Project Description
2021-22	Indoor Tennis Court Roof Replacement	\$590,000	Replace the roof, roof insulation and wall insulation.
2021-22	University Archives Improvements	\$230,000	Redesigned reading room, a processing area, digitization studio, cold storage room, office space and a classroom/conference area.
2021-22	Agricultural Technology Innovation Center	\$1,000,000	Renovate existing loafing barn at Shipley Farm to enhance agriculture engineering & technology academic program.
2022-23	Baseball and Softball Artificial Turf	\$2,260,000	Replace existing natural grass turf with artificial field turf on the baseball and softball field.
2022-23	Electrical Infrastructure Upgrades	\$2,480,000	Upgrade the campus electrical distribution system to provide two incoming services from the local utility. Remove four existing generators from service.
	<b>Total Request</b>	<b>\$5,560,000</b>	





# Tennessee TECH

## Land Acquisition



# Acquisition of Property in Crossville

- Property located at 174 Fourth Street, Crossville, TN
  - +/- 3.68 acres of land
  - Buildings
    - Approximate square footage 130,000
    - Visually in good condition (purchase subject to inspection)
- Initially to be purchased by Foundation
  - University to purchase from Foundation when sufficient funding is identified
- Uses
  - Research, instruction
  - Lease some space to outside parties





# Tennessee TECH

## Master Plan





**Tennessee**  
**TECH**

TTU Policy 144  
Title IX Policy and Grievance Procedures







## Notice of Responsibilities for Preventing, Detecting and Reporting Fraud, Waste and Abuse

