

Faculty Senate Leadership Meeting on BAM with Associate Vice Chancellor McCulloch

Nov 11, 2021

Senate attendees: Phillip Daves, Louis Gross, Brian Long, Beth Schussler

Summary of meeting – November 17, 2021 – this summary includes all clarifications draft provided by Associate Vice Chancellor McCulloch to the initial draft developed by the Senate attendees.

This meeting included a quick summary of the Adaptive product for BAM as well as an example walk through for one College. Some of the issues discussed were:

1. How are courses taught in interdisciplinary centers and not associated with an academic unit in a college included?

These courses are simply excluded in the computation of revenue from tuition being returned to Colleges. The allocation of all tuition revenue uses as a divisor the total number of credit hours excluding courses such as ESE, DSE, FYS, etc. that are not based in a College. So no tuition revenue flows to non-College units. This same approach is used for allocation of State appropriations revenue from undergrad credit hours generated. The revenue from State appropriations is returned to the Colleges as a pro-rata distribution of this revenue from the State based on total credit hours generated by the Colleges.

2. How are degrees conferrals and the associated fraction of State Appropriations handled for degrees generated by interdisciplinary units outside a College?

Degrees that are not based in a College are excluded (e.g. degrees in Bredesen are excluded) in determining the allocation of State appropriations for undergrad and grad degrees conferred. Again, the end result is that the State appropriations revenue is distributed to the Colleges via pro-rata allocation of total degrees awarded by the Colleges.

3. How is F&A Distributed?

It goes back 100% to the unit generating the F&A. If several Colleges are involved, it will be appropriate to have separate accounts for the same award to ensure that F&A goes back to the generating College. This is not always current practice and will need to become so in the future.

4. Are current data used?

No, the budget model uses data on metrics from two years ago to allocate funding. So for the budget for the 2022-2023 year, the data used to allocate funding is obtained using the 2020-2021 data. This is the last complete data set available to build the model from. This means growing units will need to request more funds from Strategic Investment or University funding to supplement an operating shortfall and constricting units will have a couple years of buffer to consider impacts. The metrics used in the model will be re-addressed every 5 years to see whether changes need to be made.

5. Are there reserve funds?

All Colleges have individual reserve funds now. If a College has more revenue in a year than expenses, the difference gets added to their reserve fund. They can carry this over and use it as a rainy day fund for years when there is a shortfall or use it to fund new initiatives. If a College does not have sufficient reserve to meet needs, then the College will need to request University funding to supplement an operating shortfall or submit a proposal for use of the Strategic Investment Pool. Budget Allocation Model procedures can be found at <https://budget.utk.edu/budget-allocation-model/bam-procedures/>.

6. How is start-up handled?

This is still being discussed with ORIED to determine if the ORIED budget will include funds to assist with faculty startup. Otherwise, a college could use reserve funds or request University funding to supplement an operating shortfall.

7. How is graduate student support handled?

For a GTA the College is responsible to cover the In-state maintenance fee, the Health insurance cost and (if the student is out-of-state) the out of state maintenance fee. If the GTA takes all their courses in the College, then all the tuition would be credited back to the College. If students take courses in a different College, some fraction of the tuition would be credited to the other College. In total across all Colleges, total tuition revenue for graduate students on a GTA is fully offset by the cost of the waiver of tuition paid for by the Colleges. Note that the participation fee (15%) is applied to the College's net tuition revenue (total tuition revenue less financial aid and GTA waivers of tuition) and state appropriations revenue. If a College supports GTAs who take courses outside that College, the net tuition revenue to that College for that group of GTAs would be negative and subtracted from other tuition revenue so the effect would be to reduce the amount of the participation fee charged to the College.

8. Can Colleges cover other fees charged to Grad students on a GTA?

Uniform Guidance requires consistency in application of policies so any change would impact all colleges and external grants. A College could increase GTA stipends though.

9. How will any strategic realignment of Colleges be handled in BAM?

If there is any realignment of Colleges, it will be extremely difficult to redevelop BAM because it is based on historical data and calculating from history how to allocated funds would be challenging. Everything will also have to be re-built within the software systems, and this will take time and effort.

10. Is there any long-range planning for BAM?

Not at this point. The plan is to reassess BAM after several years and potentially change the allocations. The metrics will be re-evaluated every 5 years.

11. How is the 15% participation fee charged?

This charge is on net tuition revenue (tuition less financial aid and waivers) and general State appropriation revenue to Colleges but is not charged on the F&A, gifts, course fees, differential tuition or other revenue generated by the College.

12. How is the Research support part of State Appropriations allocated?

This is based on the revenues not total funding generated so that it does not include F&A charges. Thus the fraction of total UTK grant revenues due to a College, not including F&A, determines the amount of the Research portion of State appropriations returned to Colleges. So a College with very low effective F&A gets the same portion of State appropriations as a College with the same grant expenditures but much higher effective F&A.

13. What charges are there for the UT Foundation as a support unit?

Despite the Foundation now taking 5% off the top of all donations, UTK still pays \$10M to cover Foundation costs and this must be covered as part of the 15% tax on Colleges.

14. Who will have access to the information in the BAM through Adaptive?

The Colleges will have access to their own data. A College could potentially share information with the units inside the College, but they do not have to do so.

15. Will Adaptive provide summary information from each College such as changes in numbers of faculty and staff?

No, the Adaptive product does not have detailed information such as this. If the Senate wishes to track information within Colleges about items such as # of TT and NTT faculty projected for the next budget, this information will have to be asked of the Colleges separately from their budget requests.

16. How will the change to a new ERP affect BAM?

This should not change the way that BAM operates except that there will be a lot of work to implement the new ERP no matter which vendor is chosen. Once a new ERP is in place, it may make it easier to obtain the data needed for BAM. Some aspects of the ERP software are expected to be very different from the current finance management system; there is some concern about the level of training that will be needed no matter which vendor is chosen.

17. How would interdisciplinary units be funded through BAM?

All the revenue is sent through Colleges so any interdisciplinary unit that is not based within a single College (such as Bredesen Center) would need to be funded through University funding.

18. How are in-State and out-of-State tuition revenues allocated? The model tracks these revenue streams separately for students taking courses in a College and the allocation to the College is based on the credit hours generated for each of the two groups of students. So a College with higher ratio of out-of-State students taking courses in the College will generate higher revenue than a College with a lower ration.

19. Are revenue from online courses handled differently? No, revenue from on-line students is handled the same as for on-campus students in the model.

20. How is are the budget requests reviewed? The Allocation Review Committee will review a summary budget report for the support units in January. College budgets are due to the Provost at the end of January. The Executive Budget Committee will have final oversight before sending to the Chancellor for approval.