

**DATE:** January 29, 2009

**SUBJECT:** Budget Reduction Strategies

**ACTION RECOMMENDED:** Information

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**BACKGROUND INFORMATION:** The Department of Finance and Administration (F&A) requested that all state agencies submit a detailed reduction plan to aid the Governor in preparing his 2009-10 budget recommendations. THEC fiscal staff reviewed the reduction plans from the TBR and the UT systems and forwarded them to F&A. The reduction plans outlined the amount for each campus, including a description and the impact of the reduction for that institution. The proposed base budget reduction summary was presented in two tiers. The first tier identified the amounts and areas to reduce based on a budget reduction of \$103.1 million or 8.3 percent. The second tier extended those amounts by an additional \$78.5 million or 6.9 percent, for a total reduction of \$181.7 million or 14.6 percent. The Governor requested that state agencies submit a two-tiered plan in the event that the state receives federal aid to alleviate some of the state's budget deficit. The first tier (8.3%) may be all that is required for the agencies to reduce their budgets. However, THEC, UT and TBR are fully prepared to implement the full 14.6% reduction if necessary.

UT and TBR developed specific strategies for each of their campuses to absorb the reductions which included:

- Decreasing operating expenses
- Reducing faculty and student travel
- Freezing vacant positions
- Increasing faculty workload and class sizes
- Reducing the funding for departmental research
- Deferring facility maintenance
- Reducing student services
- Implementing new energy conservation strategies
- Reducing the frequency of course offerings
- Increasing external funding sources for athletic scholarships
- Proposing voluntary buyout plans
- Implementing voluntary furloughs
- Transferring publications to on-line availability only
- Reducing custodial services

Staff are prepared to discuss the reduction amounts and strategies in detail.

## 2009-10 State Appropriations

Academic Formula Units	2008-09 Original State Appropriations*	2008-09 State Appr Reduction Base	2009-10 Tier 1 Reduction	2009-10 Tier 2 Reduction	2009-10 Total Reduction
<b>TBR Universities</b>					
Austin Peay	\$34,110,900	\$34,006,800	(\$4,256,000)	(\$2,670,200)	(\$6,926,200)
East Tennessee	59,853,900	59,615,900	(7,095,400)	(4,533,800)	(11,629,200)
Middle Tennessee	95,246,400	94,927,400	(11,863,700)	(7,446,900)	(19,310,600)
Tennessee State	39,820,000	39,663,600	(5,469,600)	(3,317,800)	(8,787,400)
Tennessee Tech	46,811,500	46,648,300	(5,203,400)	(3,407,400)	(8,610,800)
University of Memphis	117,128,200	116,786,800	(11,835,300)	(8,051,000)	(19,886,300)
<b>Subtotal</b>	<b>\$392,970,900</b>	<b>\$391,648,800</b>	<b>(\$45,723,400)</b>	<b>(\$29,427,100)</b>	<b>(\$75,150,500)</b>
<b>Two-Year Colleges</b>					
Chattanooga	\$24,511,700	\$24,431,900	(\$1,771,700)	(\$1,548,100)	(\$3,319,800)
Cleveland	10,637,800	10,605,400	(663,600)	(617,400)	(1,281,000)
Columbia	13,719,300	13,686,200	(915,700)	(827,600)	(1,743,300)
Dyersburg	7,446,500	7,420,400	(508,500)	(455,000)	(963,500)
Jackson	12,836,100	12,791,800	(939,000)	(816,400)	(1,755,400)
Motlow	10,670,100	10,641,100	(826,300)	(702,600)	(1,528,900)
Nashville	15,924,100	15,876,500	(1,408,000)	(1,138,700)	(2,546,700)
Northeast	12,886,500	12,845,000	(1,003,800)	(851,400)	(1,855,200)
Pellissippi	21,481,200	21,417,200	(1,792,100)	(1,480,800)	(3,272,900)
Roane	18,687,900	18,636,700	(1,178,600)	(1,091,600)	(2,270,200)
Southwest	39,195,200	39,100,800	(2,528,000)	(2,318,600)	(4,846,600)
Volunteer	18,781,900	18,724,900	(1,355,200)	(1,185,200)	(2,540,400)
Walters	19,002,500	18,941,000	(1,295,100)	(1,159,600)	(2,454,700)
<b>Subtotal</b>	<b>\$225,780,800</b>	<b>\$225,118,900</b>	<b>(\$16,185,600)</b>	<b>(\$14,193,000)</b>	<b>(\$30,378,600)</b>
<b>UT Universities</b>					
UT Chattanooga	\$43,642,700	\$43,498,200	(\$4,860,600)	(\$3,180,700)	(\$8,041,300)
UT Knoxville	185,203,700	184,657,200	(20,139,500)	(13,303,900)	(33,443,400)
UT Martin	31,498,100	31,384,300	(3,612,900)	(2,337,600)	(5,950,500)
<b>Subtotal</b>	<b>\$260,344,500</b>	<b>\$259,539,700</b>	<b>(\$28,613,000)</b>	<b>(\$18,822,200)</b>	<b>(\$47,435,200)</b>
<b>Total Colleges and Universities</b>	<b>\$879,096,200</b>	<b>\$876,307,400</b>	<b>(\$90,522,000)</b>	<b>(\$62,442,300)</b>	<b>(\$152,964,300)</b>
<b>Technology Centers</b>	<b>\$52,639,100</b>	<b>\$52,509,600</b>	<b>(\$2,301,200)</b>	<b>(\$2,548,100)</b>	<b>(\$4,849,300)</b>
<b>Total Academic Formula Units</b>	<b>\$931,735,300</b>	<b>\$928,817,000</b>	<b>(\$92,823,200)</b>	<b>(\$64,990,400)</b>	<b>(\$157,813,600)</b>

\*Recurring appropriations; Does not include 2008-09 reversion

## 2009-10 State Appropriations

Specialized Units	2008-09 Original State Appropriations*	2008-09 State Appr Reduction Base	2009-10 Tier 1 Reduction	2009-10 Tier 2 Reduction	2009-10 Total Reduction
<b>Medical Education</b>					
ETSU College of Medicine	\$28,604,600	\$28,551,000	(\$994,600)	(\$1,252,800)	(\$2,247,400)
ETSU Family Practice	5,601,600	5,581,500	(111,900)	(202,300)	(314,200)
UT College of Medicine	48,277,100	48,277,100	(1,889,000)	(2,225,400)	(4,114,400)
UT Family Practice	10,007,100	9,978,700	(200,100)	(361,600)	(561,700)
UT Memphis	71,419,600	71,063,800	(3,388,000)	(3,590,100)	(6,978,100)
UT College of Vet Medicine	16,377,500	16,325,600	(843,200)	(858,200)	(1,701,400)
<b>Subtotal</b>	<b>\$180,287,500</b>	<b>\$179,777,700</b>	<b>(\$7,426,800)</b>	<b>(\$8,490,400)</b>	<b>(\$15,917,200)</b>
<b>Research and Public Service</b>					
UT Ag. Experiment Station	\$24,713,500	\$24,638,900	(\$494,200)	(\$892,700)	(\$1,386,900)
UT Ag. Extension Service	29,743,800	29,619,300	(594,000)	(1,073,300)	(1,667,300)
TSU McMinnville Center	521,100	521,100	(10,500)	(18,800)	(29,300)
TSU Institute of Agr and Environmental Research	2,129,000	2,129,000	(42,700)	(77,100)	(119,800)
TSU Cooperative Education	1,888,000	1,888,000	(37,900)	(68,400)	(106,300)
UT Space Institute	8,107,000	8,094,800	(282,300)	(355,300)	(637,600)
UT Institute for Public Service	4,982,300	4,967,600	(99,600)	(180,000)	(279,600)
UT County Tech Asst. Service	1,575,200	1,569,400	(31,500)	(56,800)	(88,300)
UT Municipal Tech Adv. Service	2,697,100	2,688,500	(53,900)	(97,400)	(151,300)
<b>Subtotal</b>	<b>\$76,357,000</b>	<b>\$76,116,600</b>	<b>(\$1,646,600)</b>	<b>(\$2,819,800)</b>	<b>(\$4,466,400)</b>
<b>Other Specialized Units</b>					
UT University-Wide Admn.	\$4,560,500	\$4,466,300	(\$89,600)	(\$161,800)	(\$251,400)
TN Board of Regents Admn.	4,678,300	4,662,100	(93,500)	(168,900)	(262,400)
Tennessee Student Assist. Awards	46,162,500	-	-	-	-
Loan/Scholarships Program	1,191,000	-	-	-	-
TSAC/THEC/Contract Education	6,057,400	6,049,500	(121,400)	(219,200)	(340,600)
TN Foreign Language Institute	369,000	367,500	(7,400)	(13,300)	(20,700)
<b>Subtotal</b>	<b>\$63,018,700</b>	<b>\$15,545,400</b>	<b>(\$311,900)</b>	<b>(\$563,200)</b>	<b>(\$875,100)</b>
<b>Total Specialized Units</b>	<b>\$319,663,200</b>	<b>\$271,439,700</b>	<b>(\$9,385,300)</b>	<b>(\$11,873,400)</b>	<b>(\$21,258,700)</b>
<b>Total Formula and Specialized Units</b>	<b>\$1,251,398,500</b>	<b>\$1,200,256,700</b>	<b>(\$102,208,500)</b>	<b>(\$76,863,800)</b>	<b>(\$179,072,300)</b>
<b>Program Initiatives</b>					
Campus Centers of Excellence	\$18,774,500	\$18,774,500	(\$376,500)	(\$680,300)	(\$1,056,800)
Campus Centers of Emphasis	1,344,900	1,344,900	(27,000)	(48,700)	(75,700)
Ned McWherter Scholars Program	401,800	-	-	-	-
UT Access and Diversity Initiative	6,181,900	6,181,900	(124,000)	(224,000)	(348,000)
TBR Access and Diversity Initiative	10,919,100	10,919,100	(219,000)	(395,600)	(614,600)
THEC Grants	2,581,800	2,581,800	(51,800)	(93,500)	(145,300)
Research Initiatives - UT	6,231,000	6,231,000	(125,000)	(225,700)	(350,700)
<b>Subtotal</b>	<b>\$46,435,000</b>	<b>\$46,033,200</b>	<b>(\$923,300)</b>	<b>(\$1,667,800)</b>	<b>(\$2,591,100)</b>
<b>Total</b>	<b>\$1,297,833,500</b>	<b>\$1,246,289,900</b>	<b>(\$103,131,800)</b>	<b>(\$78,531,600)</b>	<b>(\$181,663,400)</b>

\*Recurring appropriations; Does not include 2008-09 reversion