THE UNIVERSITY OF TENNESSEE
CENTRAL ADMINISTRATION

Long Range Financial Plan

December 11, 1975

The University of Tennessee

PRIMARY CAMPUSES:
Knoxville
Memphis
Martin
Chattanooga
Nashville

Office of the Budget Officer and
Associate Vice President for
Business and Finance

705 Andy Holt Tower
Knoxville 37916
Telephone 615/974-2243

December 11, 1975

Dr. Joseph Johnson
Vice President for Business
and Finance
University of Tennessee

Dear Dr. Johnson:

Please find attached a projection of basic operational needs for The University of Tennessee for the period of July 1, 1975 to June 30, 1980. This projection and its accompanying exhibits attempts to consolidate and analyze some of the major factors effecting The University of Tennessee's financial environment.

Incorporated in the projection are statements of UT's current financial position and a long range projection of operational needs and sources of funds. These projections were prepared by each budgetary entity and reflect enrollment growth, program expansion, and inflation. While it could be argued that these forecasts are optimistic from a funding standpoint, the projected rate of growth for the next 5 years is less than the actual enrollment and funding growth during the previous 5 years. As you read through the narrative and study the exhibits, the following facts stand out:

1. The University's budget alternatives are limited. In FY 1976 for example, approximately 70% of the total projected operating expenditures are in the area of salaries (salaries in the instructional area alone amount to approximately 40% of the total operating budget).

2. If the assumptions used in projecting student enrollments (Institutional Research projections), inflation, salary increases and special needs are correct, total expenditures will increase by $135,700,000 from 1970 to 1980.

3. Even with an annual fee increase of 10%, the support required from state appropriations will increase (from 60% in FY 1970 to 67% in FY 1980) since other revenues were projected to increase at the same rate as expenditures (other revenues were projected to increase at 5% per year).

4. Exhibits IX and X graphically depict the enrollment growth, the inflationary "push" represented by the Consumer Price Index and total University expenditures. The level of funding during the period 1970-1976 did not keep pace with inflation and growth.

The exhibits furnished in this projection are summaries for the total University. These projections are also available by campus if you so desire.

If you have any question concerning this projection, please let me know. This is just the first phase in what I hope will be a more meaningful analysis of our past, present and future financial operations. As we go down the road, these analyses will become much more refined.

Very truly yours,

Emerson H. Fly

Emerson H. Fly

bks

Attachments

cc: Dr. Edward J. Boling

THE UNIVERSITY OF TENNESSEE
Projection of Basic Operational Needs
For The Period of July 1, 1975 - June 30, 1980
October 31, 1975

The basic purpose of this report is to analyze the funding and expenditure patterns for the period 1970 to the present and to attempt to project these patterns through 1980. The revenues and expenditures from the auxiliary enterprise activities were not included in this study since this group of accounts are essentially self-balancing and do not have a direct effect on the state appropriations.

A basic element to successful planning is involvement. This practice was followed in this projection. The chief business officers of each campus and budgetary unit have provided input into this report. Input was also received from Institutional Research and the Office of the Treasurer.

As is the case with any labor intensive enterprise, the University has very limited budget alternatives short of a reduction of faculty and staff. Given the past and projected student enrollment growth, such a reduction does not seem to be a viable alternative. While this study does not supply the supporting empirical evidence, most of the recent enrollment increases have been absorbed by increased productivity on the part of the faculty and staff. This continued increase in productivity on the part of the faculty without a corresponding increase in renumeration will lead to low morale, high turnover and eventually some type of group action such as unionization.

Consequently, the projections contained in this report are reasonable estimates of the needs of the University for the period 1976-1980. Certainly the institution could operate with less funds, but either quantity or quality or both will likely suffer if the actual level of funding falls significantly short of the projected levels contained herein.

Financial Information Provided

Financial information is provided in the following areas:

1. Current Financial Position: Exhibit I is a pro forma statement of changes in Fund Balances for the Year Ending June 30, 1976.

2. Historical Information and Long Range Projections: Summaries of expenditures and mandatory transfers, state appropriations, student fee collections, enrollments and related data for fiscal years 1970-1980 are set forth in Exhibits II and III. The data for FY 1970 through FY 1975 is actual. The FY 1976 data reflects the current budget and the data for FY 1977 through 1980 is projected. More detailed forecasts of expenditures along with sources of funding are shown in Exhibits IV through VIII.

3. Supporting Data: Exhibits IX and X display graphically the funding alternatives, levels of expenditures and FTE for the decade covered by this report. Exhibit XI is a summary of fund balances for the same period.

4. Conclusions and recommendations.

Assumptions Used in the Projections

The following assumptions were used by each budgetary entity in making these projections:

1. An inflation rate of 7½% on all expenditures other than salaries.

2. Salaries were projected as follows:
   A. Faculty, Professional and Administrative - 6% annually,
   B. Clerical and Supporting including Bi-weekly - 8% annually.

3. Enrollments were projected by each campus using THEC data and Institutional Research projections if available.

4. Student fees were projected on two different assumptions:
   A. An increase of 7% in 1977 and a similar increase in 1980 on all campuses except Martin (Exhibits II and V thru VIII "A").
   B. An increase of 10% on all campuses each year during the period 1977-1980 (Exhibits III and V thru VIII "B").

5. Other revenues were projected to increase at the rate of 5% per year during the period 1977-1980.

6. Special needs were projected by the various campuses and/or budget entities. These needs appear to be realistic in view of the recent enrollment increases and the current budget shortfall which has delayed the purchase of new equipment and has caused the delay of needed repairs and renovations. These special needs amount to approximately 2-3% of the annual operating budgets.

7. State Appropriations are the balancing figures in each year's estimates.

Analysis of the Data

Because of the recent fees increases the initial projection called for a fee increase of 7% in 1977 and 1980 except for the Martin Campus. The results of this projection is displayed graphically by Exhibit IX. It should be noted that State Appropriations, under this assumption, supported total expenditures by an increasing annual percentage. In fact, under this assumption, this percentage of total E&G support increased from 60% in 1970 to 74% in 1980. Consequently, an alternative posture concerning student fee increases was developed whereby fees were increased by 10% on all campuses annually during the period 1977-1980. While such annual increases in fees is not desirable, the resultant percentage of support from State Appropriations remains an almost constant 67% during the period 1977-1980 as depicted graphically in Exhibit X. Exhibits II and III set forth the numerical analysis of this data and Exhibits V thru VIII show the detailed expendiures and revenues for each year during this same period.

The increased productivity of the faculty and staff is supported by Exhibits IX and X. The fact that the Consumer Price Index increased from 118 to 164 during the period 1970-1976 indicates that during this period University "dollars" lost about 40% of their purchasing power. During this same period enrollments increased by about one-third. Also it should be pointed out that these five years (1970-1975) from the standpoint of state appropriations were "good" years when compared with 1976 and the outlook for 1977.

Conclusions and Recommendations

Certainly any projections using generalized assumptions are suspect and can only be used in the decision making process with guarded caution. However, given the projected growth and the reasonable funding level which are the underlying assumptions of this report, the projected increased dependence on state aid is a cause for concern.

If the philosophy of quality education at a low cost to the student is to be continued, the University faces a greater dependency upon State funds or must find an alternate source of funding. On the other hand, a 10% annual increase in fees for the next four years would result in an undergraduate student on the Knoxville Campus paying about $200 per quarter plus activities fees in 1980. This compares with $105 per quarter in 1970 and $136 per quarter in 1976.

It is recommended that more study be directed toward an in-depth analysis in growth patterns and staffing requirements. Also, increased productivity, which is beyond the scope of this study, is being studied by the THEC and possibly could have a bearing on the findings of this report. Enrollment limitations and/or methods to reallocate certain resources are areas which also might warrant additional analysis.

Exhibit I

THE UNIVERSITY OF TENNESSEE
Pro Forma Statement of Changes in Fund Balances*
For the Fiscal Year Ending June 30, 1976
October 31, 1975

Balance July 1, 1975	$ 8,943,928
Consisting of:	
Working Capital	$ 1,564,550
Reserve for Unexpended Gifts	62,638
Special Allocations	365,513
Reserve for Encumbrances	1,462,220
Balance FY 76 Original Budget	1,935,088
Unallocated	3,553,919
Total Accounted For	$ 8,943,928
Revenues	
1. Tuition and Fees	$ 27,291,427
2. Federal Appropriations	7,406,583
3. Local Appropriations	907,136
4. Indirect Cost Recoveries	4,069,938
5. Fed, St, Lcl, Pvt Gifts, Gr & Cont	947,485
6. Sales & Svcs. of Educ. Activities	4,931,960
7. Endowment & Other Sources	2,628,298
Sub-total	$ 48,182,827
8. State Appropriations	85,809,000
Total Revenues	$133,991,827
Expenditures & Transfers	
1. Instruction	$ 56,292,492
2. Research	7,654,247
3. Public Service	11,288,173
4. Academic Support	13,323,512
5. Student Services	7,344,813
6. Institutional Support	13,555,841
7. Staff Benefits	12,373,310
8. Oper. & Maint. of Plant	12,346,145
9. Scholarships & Fellowships	1,747,861
10. Sub-total E&G Expend.	$135,926,394
11. Transfers (In) or Out	-0-
12. Total Exp. & Transfers	$135,926,394
Net Change FY 76	$ (1,934,567)
Balance June 30, 1976	$ 7,009,361
Consisting of:	
Working Capital	$ 1,564,549
Reserve for Unexpend. Gifts	62,638
Special Allocations	365,513
Unallocated	5,016,661
Total Accounted For	$ 7,009,361

*Does not include auxiliary enterprises.

Exhibit II

THE UNIVERSITY OF TENNESSEE
Comparison of Expenditures and Sources of Funds
FY 1970 - 1980
(Assumes 7% Fee Increase In FY 1978 & FY 1980 All Campuses Except UTM)

Fiscal Year	Expenditures & Mand Trans	% Inc In Exp Over Prior Yr	State Approp	% Inc In St Appr Over Prior Yr	% of Exp Supp by St App	Revenue From Student Fees	% Inc In Rev From Student Fees Ovr Prior Yr	% of Exp Supp by Stu Fees	FTE**	% Inc In FTE Over Prior Yr
Actual										
1970	$ 68,828,413	21%*	$ 41,064,000	22%*	60%	$ 15,708,630	17%*	23%	29,347	22%*
1971	77,967,356	13	45,898,975	12	59	17,207,399	10	22	30,797	5
1972	86,244,866	11	54,276,000	18	63	18,495,658	7	21	32,621	6
1973	97,168,299	13	62,538,000	15	64	20,200,594	9	21	33,808	4
1974	111,285,468	15	71,882,000	15	65	23,312,733	15	21	34,419	2
1975	130,191,954	17	80,748,000	12	62	25,409,642	9	20	35,732	4
1976	135,926,394	4	85,809,000	6	63	27,291,427	7	20	38,252	7
Projected										
1977	156,774,858	15	107,095,785	25	68	28,297,771	4	18	39,189	2
1978	173,822,398	11	122,588,427	14	71	29,235,268	4	17	40,283	3
1979	194,548,370	12	142,134,875	16	73	29,756,024	1	15	41,438	3
1980	204,549,828	5	150,358,080	6	74	30,716,327	3	15	42,547	3

* FY 1969 did not include UTC
** Does not include UTCHS

Exhibit III

THE UNIVERSITY OF TENNESSEE
Comparison of Expenditures and Sources of Funds
FY 1970 - 1980
(Assumes Annual Fee Increase of 10%)

Fiscal Year	Expenditures & Mand Trans	% Inc In Exp Over Prior Yr	State Approp	% Inc In St Appr Over Prior Yr	% of Exp Supp by St App	Revenue From Student Fees	% Inc In Rev From Student Fees Ovr Prior Yr	% of Exp Supp by Stu Fees	FTE**	% Inc In FTE Over Prior Yr
Actual										
1970	$ 68,828,413	21%*	$ 41,064,000	22%*	60%	$ 15,708,630	17%*	23%	29,347	22%*
1971	77,967,356	13	45,989,975	12	59	17,207,399	10	22	30,797	5
1972	86,244,866	11	54,276,000	18	63	18,495,658	7	21	32,621	6
1973	97,168,299	13	62,538,000	15	64	20,200,594	9	21	33,808	4
1974	111,285,468	15	71,882,000	15	65	23,312,733	15	21	34,419	2
1975	130,191,954	17	80,748,000	12	62	25,409,642	9	20	35,732	4
1976	135,926,394	4	85,809,000	6	63	27,291,427	7	20	38,252	7
Projected										
1977	156,774,858	15	104,364,241	22	67	31,029,320	14	20	39,189	2
1978	173,822,398	11	117,094,897	12	67	34,728,795	12	20	40,283	3
1979	194,548,370	12	133,169,950	14	68	38,720,949	11	20	41,438	3
1980	204,549,828	5	137,917,907	4	67	43,156,500	11	21	42,547	3

* FY 1969 did not include UTC
** Does not include UTCHS

Exhibit IV

THE UNIVERSITY OF TENNESSEE
(Organizational Unit)
PROJECTION OF BASIC OPERATIONAL NEEDS
FY 1976 through FY 1980
(Unrestricted Funds)
FY Ending June 30, 1976

	SALARIES			OPERATING	TOTAL
Basic Operational Needs:	Professional	Cler. & Supp.	Total Salaries		
A. Expenditures & Transfers					
1. Instruction	$ 42,795,540	$ 6,917,353	$ 49,712,893	$ 6,579,599	$ 56,292,492
2. Research	3,707,410	1,827,263	5,534,673	2,119,574	7,654,247
3. Public Service	6,833,007	1,514,127	8,347,134	2,941,039	11,288,173
4. Academic Support	5,137,833	3,614,332	8,752,165	4,571,347	13,323,512
5. Student Services	2,424,692	2,012,360	4,437,052	2,907,761	7,344,813
6. Institutional Support	5,036,755	4,053,366	9,090,121	4,465,720	13,555,841
7. Staff Benefits	1,228,731	3,675	1,232,406	11,140,904	12,373,310
8. Oper. & Maint. of Plant	703,684	6,089,359	6,793,043	5,553,102	12,346,145
9. Scholarships & Fellowships				1,747,861	1,747,861
10. Sub-total E&G Expenditures	$ 67,867,652	$ 26,031,835	$ 93,899,487	$ 42,026,907	$135,926,394
11. Transfers (In) or Out					-0-
12. Total Exp. & Transfers	$ 67,867,652	$ 26,031,835	$ 93,899,487	$ 42,026,907	$135,926,394

Sources	TOTAL
A. Local Revenues	
1. Tuition & Fees	$ 27,291,427
2. Federal Appropriations	7,406,583
3. Local Appropriations	907,136
4. Indirect Cost Recoveries	3,658,298
5. Fed, St, Lcl, Pvt Gifts, Gr & Contr	1,044,985
6. Sales & Svcs. of Educ. Activities	4,931,960
7. Endowment & Other Sources	2,942,438
8. Total Revenues	$ 48,182,827
B. State Appropriations	85,809,000
C. Other (Fund Balance)	1,934,567
Total Sources	$135,926,394

BP-10/31/75

Exhibit V (a)

THE UNIVERSITY OF TENNESSEE
PROJECTION OF BASIC OPERATIONAL NEEDS
FY 1976 through FY 1980
(Unrestricted Funds - Thousands of Dollars)
FY Ending June 30, 1977

(Assumes 7% Fee Increase in FY 78 and FY 80 For All Campuses Except UTM)

	SALARIES					OPERATING			
	Existing Salaries		New Salaries						
Basic Operational Needs: A. Expenditures & Transfers	Professional	Cler & Supp	Professional	Cler & Supp	Total	Normal	Sp. Needs	Total Oper.	Total All
1. Instruction	$ 45,363,272	$ 7,470,740	$ 3,819,259	$ 483,769	$ 57,137,040	$ 7,073,068	$ 807,900	$ 7,380,968	$ 65,018,008
2. Research	3,929,855	1,973,444	374,036	568,551	6,845,886	2,278,542	885,566	3,164,108	10,009,994
3. Public Service	7,242,987	1,635,257	1,157,761	131,141	10,167,146	3,161,617	632,730	3,794,347	13,961,493
4. Academic Support	5,446,103	3,903,479	291,047	179,358	9,819,987	4,914,198	398,608	5,312,806	15,132,793
5. Student Services	2,570,174	2,173,349	66,164	48,306	4,857,993	3,125,843	15,450	3,141,293	7,999,286
6. Institutional Support	5,338,960	4,377,635	157,528	101,344	9,975,467	4,800,649	60,150	4,860,799	14,836,266
7. Staff Benefits	1,302,455	3,969	49,914	4,813	1,361,151	11,976,472	586,455	12,562,927	13,924,078
8. Oper. & Maint. of Plant	745,905	6,576,508	38,167	197,911	7,558,491	5,969,585	485,913	6,455,498	14,013,989
9. Scholarships & Fellowships						1,878,951		1,878,951	1,878,951
10. Total Exp. & Transfers	$ 71,939,711	$ 28,114,381	$ 5,953,876	$ 1,715,193	$107,723,161	$ 45,178,925	$ 3,872,772	$ 49,051,697	$156,774,858

Sources	
A. Local Revenues	
1. Tuition & Fees	
2. Federal Appropriations	$ 28,297,771
3. Local Appropriations	7,767,630
4. Indirect Cost Recoveries	990,890
5. Fed,St,Lcl,Pvt Gfts,Gr & Contr	3,969,038
6. Sales & Svcs. of Educ. Act.	1,020,760
7. Endowment & Other Sources	4,964,760
8. Total Revenues	2,668,224
	$ 49,679,073
B. State Appropriations	107,095,785
C. Total Sources	$156,774,858

Exhibit V (b)

THE UNIVERSITY OF TENNESSEE
PROJECTION OF BASIC OPERATIONAL NEEDS
FY 1976 through FY 1980
(Unrestricted Funds - Thousands of Dollars)
FY Ending June 30, 1977

(Assumes 10% Fee Increase For All Campuses For Each Year FY 77-80)

	SALARIES					OPERATING			
	Existing Salaries		New Salaries						
Basic Operational Needs:	Professional	Cler & Supp	Professional	Cler & Supp	Total	Normal	Sp. Needs	Total Oper.	Total All
A. Expenditures & Transfers									
1. Instruction	$ 45,363,272	$ 7,470,740	$ 3,819,259	$ 483,769	$ 57,137,040	$ 7,073,068	$ 807,900	$ 7,880,968	$ 65,018,008
2. Research	3,929,855	1,973,444	374,036	568,551	6,845,886	2,278,542	885,566	3,164,108	10,009,994
3. Public Service	7,242,987	1,635,257	1,157,761	131,141	10,167,146	3,161,617	632,730	3,794,347	13,961,493
4. Academic Support	5,446,103	3,903,479	291,047	179,358	9,819,987	4,914,198	398,608	5,312,806	15,132,793
5. Student Services	2,570,174	2,173,349	66,164	48,306	4,857,993	3,125,843	15,450	3,141,293	7,999,286
6. Institutional Support	5,338,960	4,377,635	157,528	101,344	9,975,467	4,800,649	60,150	4,860,799	14,836,266
7. Staff Benefits	1,302,455	3,969	49,914	4,813	1,361,151	11,976,472	586,455	12,562,927	13,924,078
8. Oper. & Maint. of Plant	745,905	6,576,508	38,167	197,911	7,558,491	5,969,585	485,913	6,455,498	14,013,989
9. Scholarships & Fellowships						1,878,951		1,878,951	1,878,951
10. Total Exp. & Transfers	$ 71,939,711	$ 28,114,381	$ 5,953,876	$ 1,715,193	$107,723,161	$ 45,178,925	$ 3,872,772	$ 49,051,697	$156,774,858

Sources	
A. Local Revenues	
1. Tuition & Fees	$ 31,029,315
2. Federal Appropriations	7,767,630
3. Local Appropriations	990,890
4. Indirect Cost Recoveries	3,969,038
5. Fed,St,Lcl,Pvt Gfts,Gr & Contr	1,020,760
6. Sales & Svcs. of Educ. Act.	4,964,760
7. Endowment & Other Sources	2,668,224
8. Total Revenues	$ 52,410,617
B. State Appropriations	104,364,241
C. Total Sources	$156,774,858

Exhibit VI (a)

THE UNIVERSITY OF TENNESSEE
PROJECTION OF BASIC OPERATIONAL NEEDS
FY 1976 through FY 1980
(Unrestricted Funds - Thousands of Dollars)
FY Ending June 30, 1978

(Assumes 7% Fee Increase in FY 78 and FY 80 For All Campuses Except UTM)

	SALARIES					OPERATING			
	Existing Salaries		New Salaries						
Basic Operational Needs:	Professional	Cler & Supp	Professional	Cler & Supp	Total	Normal	Sp. Needs	Total Oper.	Total All
A. Expenditures & Transfers									
1. Instruction	$ 52,133,484	$ 8,590,870	$ 3,392,260	$ 368,653	$ 64,485,267	$ 7,603,548	$ 786,300	$ 8,389,848	$ 72,875,115
2. Research	4,562,124	2,745,355	332,218	433,263	8,072,960	2,449,433	925,956	3,375,389	11,448,349
3. Public Service	8,904,793	1,907,710	1,028,321	99,936	11,940,760	3,398,738	311,972	3,710,710	15,651,470
4. Academic Support	6,081,379	4,409,464	258,507	136,679	10,886,029	5,282,763	425,837	5,708,600	16,594,629
5. Student Services	2,794,518	2,399,387	58,767	36,812	5,289,484	3,360,281	15,600	3,375,881	8,665,365
6. Institutional Support	5,826,277	4,837,297	139,916	77,229	10,880,719	5,160,698	87,600	5,248,298	16,129,017
7. Staff Benefits	1,433,511	9,484	44,334	3,668	1,490,997	12,874,707	495,628	13,370,335	14,861,332
8. Oper. & Maint. of Plant	831,116	7,316,373	33,899	150,818	8,332,206	6,417,304	827,739	7,245,043	15,577,249
9. Scholarships & Fellowships						2,019,872		2,019,872	2,019,872
10. Total Exp. & Transfers	$ 82,567,202	$ 32,215,940	$ 5,288,222	$ 1,307,058	$121,378,422	$ 48,567,344	$ 3,876,632	$ 52,443,976	$173,822,398

Sources	
A. Local Revenues	
1. Tuition & Fees	$ 29,235,268
2. Federal Appropriations	7,996,951
3. Local Appropriations	1,020,109
4. Indirect Cost Recoveries	4,057,118
5. Fed,St,Lcl,Pvt Gfts,Gr & Contr	1,044,737
6. Sales & Svcs. of Educ. Act.	5,111,324
7. Endowment & Other Sources	2,768,467
8. Total Revenues	$ 51,233,974
B. State Appropriations	122,588,424
C. Total Sources	$173,822,398

Exhibit VI (b)

THE UNIVERSITY OF TENNESSEE
PROJECTION OF BASIC OPERATIONAL NEEDS
FY 1976 through FY 1980
(Unrestricted Funds - Thousands of Dollars)
FY Ending June 30, 1978

(Assumes 10% Fee Increase For All Campuses For Each Year FY 77-80)

Basic Operational Needs:	SALARIES					OPERATING			
	Existing Salaries		New Salaries						
A. Expenditures & Transfers	Professional	Cler & Supp	Professional	Cler & Supp	Total	Normal	Sp. Needs	Total Oper.	Total All
1. Instruction	$ 52,133,484	$ 8,590,870	$ 3,392,260	$ 368,653	$ 64,485,267	$ 7,603,548	$ 786,300	$ 8,389,848	$ 72,875,115
2. Research	4,562,124	2,745,355	332,218	433,263	8,072,960	2,449,433	925,956	3,375,389	11,448,349
3. Public Service	8,904,793	1,907,710	1,028,321	99,936	11,940,760	3,398,738	311,972	3,710,710	15,651,470
4. Academic Support	6,081,379	4,409,464	258,507	136,679	10,886,029	5,282,763	425,837	5,708,600	16,594,629
5. Student Services	2,794,518	2,399,387	58,767	36,812	5,289,484	3,360,281	15,600	3,375,881	8,665,365
6. Institutional Support	5,826,277	4,837,297	139,916	77,229	10,880,719	5,160,698	87,600	5,248,298	16,129,017
7. Staff Benefits	1,433,511	9,484	44,334	3,668	1,490,997	12,874,707	495,628	13,370,335	14,861,332
8. Oper. & Maint. of Plant	831,116	7,316,373	33,899	150,818	8,332,206	6,417,304	827,739	7,245,043	15,577,249
9. Scholarships & Fellowships						2,019,872		2,019,872	2,019,872
10. Total Exp. & Transfers	$ 82,567,202	$ 32,215,940	$ 5,288,222	$ 1,307,058	$121,378,422	$ 48,567,344	$ 3,876,632	$ 52,443,976	$173,822,398

Sources	
A. Local Revenues	
1. Tuition & Fees	
2. Federal Appropriations	$ 34,728,795
3. Local Appropriations	7,996,951
4. Indirect Cost Recoveries	1,020,109
5. Fed,St,Lcl,Pvt Gfts,Gr & Contr	4,057,118
6. Sales & Svcs. of Educ. Act.	1,044,737
7. Endowment & Other Sources	5,111,324
8. Total Revenues	2,768,467
	$ 56,727,501
B. State Appropriations	117,094,897
C. Total Sources	$173,822,398

Exhibit VII (a)

THE UNIVERSITY OF TENNESSEE
PROJECTION OF BASIC OPERATIONAL NEEDS
FY 1976 through FY 1980
(Unrestricted Funds - Thousands of Dollars)
FY Ending June 30, 1979

(Assumes 7% Fee Increase in FY 78 and FY 80 For All Campuses Except UTM)

	SALARIES					OPERATING			
	Existing Salaries		New Salaries						
Basic Operational Needs:	Professional	Cler & Supp	Professional	Cler & Supp	Total	Normal	Sp. Needs	Total Oper.	Total All
A. Expenditures & Transfers									
1. Instruction	$ 58,857,287	$ 9,676,285	$ 3,104,951	$ 376,028	$ 72,014,551	$ 8,173,814	$ 785,500	$ 8,959,314	$ 80,973,865
2. Research	5,188,003	3,432,908	304,080	441,930	9,366,921	2,633,140	591,610	3,224,750	12,591,671
3. Public Service	10,529,101	2,168,258	941,226	101,935	13,740,520	3,653,643	267,318	3,920,961	17,661,481
4. Academic Support	6,720,279	4,909,834	236,612	139,413	12,006,138	5,678,970	475,472	6,154,442	18,160,580
5. Student Services	3,024,482	2,631,095	53,789	37,548	5,746,914	3,612,302	32,943	3,645,245	9,392,159
6. Institutional Support	6,324,165	5,307,688	128,066	78,774	11,838,693	5,547,750	4,099,906	9,647,656	21,486,349
7. Staff Benefits	1,566,516	14,204	40,579	3,741	1,625,040	13,840,310	423,856	14,264,166	15,889,206
8. Oper. & Maint. of Plant	916,916	8,064,566	31,028	153,835	9,166,345	6,898,602	156,750	7,055,352	16,221,697
9. Scholarships & Fellowships						2,171,362		2,171,362	2,171,362
10. Total Exp. & Transfers	$ 93,126,749	$ 36,204,838	$ 4,840,331	$ 1,333,204	$135,505,122	$ 52,209,893	$ 6,833,355	$ 59,043,248	$194,548,370

Sources	
A. Local Revenues	
1. Tuition & Fees	$ 29,756,024
2. Federal Appropriations	8,544,783
3. Local Appropriations	1,137,488
4. Indirect Cost Recoveries	3,984,038
5. Fed,St,Lcl,Pvt Gfts,Gr & Contr	1,023,908
6. Sales & Svcs. of Educ. Act.	5,099,260
7. Endowment & Other Sources	2,867,994
8. Total Revenues	$ 52,413,495
B. State Appropriations	142,134,875
C. Total Sources	$194,548,370

THE UNIVERSITY OF TENNESSEE
PROJECTION OF BASIC OPERATIONAL NEEDS
FY 1978 through FY 1980
(Unrestricted Funds - Thousands of Dollars)
FY Ending June 30, 1979

Exhibit VII (b)

(Assumes 10% Fee Increase For All Campuses For Each Year FY 77-80)

	SALARIES					OPERATING			
	Existing Salaries		New Salaries						
Basic Operational Needs:	Professional	Cler & Supp	Professional	Cler & Supp	Total	Normal	Sp. Needs	Total Oper.	Total All
A. Expenditures & Transfers									
1. Instruction	$ 58,857,287	$ 9,676,285	$ 3,104,951	$ 376,028	$ 72,014,551	$ 8,173,814	$ 785,500	$ 8,959,314	$ 80,973,865
2. Research	5,188,003	3,432,908	304,080	441,930	9,366,921	2,633,140	591,610	3,224,750	12,591,671
3. Public Service	10,529,101	2,168,258	941,226	101,935	13,740,520	3,653,643	267,318	3,920,961	17,661,481
4. Academic Support	6,720,279	4,909,834	236,612	139,413	12,006,138	5,678,970	475,472	6,154,442	18,160,580
5. Student Services	3,024,482	2,631,095	53,789	37,548	5,746,914	3,612,302	32,943	3,645,245	9,392,159
6. Institutional Support	6,324,165	5,307,688	128,066	78,774	11,838,693	5,547,750	4,099,906	9,647,656	21,486,349
7. Staff Benefits	1,566,516	14,204	40,579	3,741	1,625,040	13,840,310	423,856	14,264,166	15,889,206
8. Oper. & Maint. of Plant	916,916	8,064,566	31,028	153,835	9,166,345	6,898,602	156,750	7,055,352	16,221,697
9. Scholarships & Fellowships						2,171,362		2,171,362	2,171,362
10. Total Exp. & Transfers	$ 93,126,749	$ 36,204,838	$ 4,840,331	$ 1,333,204	$135,505,122	$ 52,209,893	$ 6,833,355	$ 59,043,248	$194,548,370

Sources	
A. Local Revenues	
1. Tuition & Fees	$ 38,720,949
2. Federal Appropriations	8,544,783
3. Local Appropriations	1,137,468
4. Indirect Cost Recoveries	3,984,038
5. Fed,St,Lcl,Pvt Gfts,Gr & Contr	1,023,908
6. Sales & Svcs. of Educ. Act.	5,099,260
7. Endowment & Other Sources	2,867,994
8. Total Revenues	$ 61,378,420
B. State Appropriations	133,169,950
C. Total Sources	$194,548,370

THE UNIVERSITY OF TENNESSEE
PROJECTION OF BASIC OPERATIONAL NEEDS
FY 1976 through FY 1980
(Unrestricted Funds - Thousands of Dollars)
FY Ending June 30, 1980

Exhibit VIII (a)

(Assumes 7% Fee Increase in FY 78 and FY 80 For All Campuses Except UTM)

	SALARIES					OPERATING			
	Existing Salaries		New Salaries						
Basic Operational Needs:	Professional	Cler & Supp	Professional	Cler & Supp	Total	Normal	Sp. Needs	Total Oper.	Total All
A. Expenditures & Transfers									
1. Instruction	$ 65,679,972	$ 10,856,498	$ 1,660,326	$ 195,162	$ 78,391,958	$ 8,786,850	$ 271,000	$ 9,057,850	$ 87,449,808
2. Research	5,821,608	4,184,825	162,603	229,366	10,398,402	2,830,626		2,830,626	13,229,028
3. Public Service	12,158,547	2,451,808	503,306	52,905	15,166,566	3,927,666	6,700	3,934,366	19,100,932
4. Academic Support	7,374,304	5,453,187	126,525	72,357	13,026,373	6,104,893	145,477	6,250,370	19,276,743
5. Student Services	3,262,967	2,882,134	28,763	19,488	6,193,352	3,883,225	18,000	3,901,225	10,094,577
6. Institutional Support	6,839,365	5,817,379	68,481	40,884	12,766,109	5,963,831	2,800	5,966,631	18,732,740
7. Staff Benefits	1,703,521	19,381	21,699	1,942	1,746,543	14,878,333	182,785	15,061,118	16,807,661
8. Oper. & Maint. of Plant	1,004,821	8,875,873	16,592	79,842	9,977,128	7,415,997	131,000	7,546,997	17,524,125
9. Scholarships & Fellowships						2,334,214		2,334,214	2,334,214
10. Total Exp. & Transfers	$103,845,105	$ 40,541,085	$ 2,588,295	$ 691,946	$147,666,431	$ 56,125,635	$ 757,762	$ 56,883,397	$204,549,828

Sources	
A. Local Revenues	
1. Tuition & Fees	$ 30,716,327
2. Federal Appropriations	8,962,739
3. Local Appropriations	1,207,145
4. Indirect Cost Recoveries	3,992,030
5. Fed,St,Lcl,Pvt Gfts,Gr & Contr	1,029,751
6. Sales & Svcs. of Educ. Act.	5,197,710
7. Endowment & Other Sources	3,086,046
8. Total Revenues	$ 54,191,748
B. State Appropriations	150,358,080
C. Total Sources	$204,549,828

THE UNIVERSITY OF TENNESSEE
PROJECTION OF BASIC OPERATIONAL NEEDS
FY 1976 through FY 1980
(Unrestricted Funds - Thousands of Dollars)
FY Ending June 30, 1980

Exhibit VIII (b)

(Assumes 10% Fee Increase For All Campuses For Each Year FY 77-80)

	SALARIES					OPERATING			
	Existing Salaries		New Salaries						
Basic Operational Needs:	Professional	Cler & Supp	Professional	Cler & Supp	Total	Normal	Sp. Needs	Total Oper.	Total All
A. Expenditures & Transfers									
1. Instruction	$ 65,679,972	$ 10,856,498	$ 1,660,326	$ 195,162	$ 78,391,958	$ 8,786,850	$ 271,000	$ 9,057,850	$ 87,449,808
2. Research	5,821,608	4,184,825	162,603	229,366	10,398,402	2,830,626		2,830,626	13,229,028
3. Public Service	12,158,547	2,451,808	503,306	52,905	15,166,566	3,927,666	6,700	3,934,366	19,100,932
4. Academic Support	7,374,304	5,453,187	126,525	72,357	13,026,373	6,104,893	145,477	6,250,370	19,276,743
5. Student Services	3,262,967	2,882,134	28,763	19,488	6,193,352	3,883,225	18,000	3,901,225	10,094,577
6. Institutional Support	6,839,365	5,817,379	68,481	40,884	12,766,109	5,963,831	2,800	5,966,631	18,732,740
7. Staff Benefits	1,703,521	19,381	21,699	1,942	1,746,543	14,878,333	182,785	15,061,118	16,807,661
8. Oper. & Maint. of Plant	1,004,821	8,875,873	16,592	79,842	9,977,128	7,415,997	131,000	7,546,997	17,524,125
9. Scholarships & Fellowships						2,334,214		2,334,214	2,334,214
10. Total Exp. & Transfers	$103,845,105	$ 40,541,085	$ 2,588,295	$ 691,946	$147,666,431	$ 56,125,635	$ 757,762	$ 56,883,397	$204,549,828

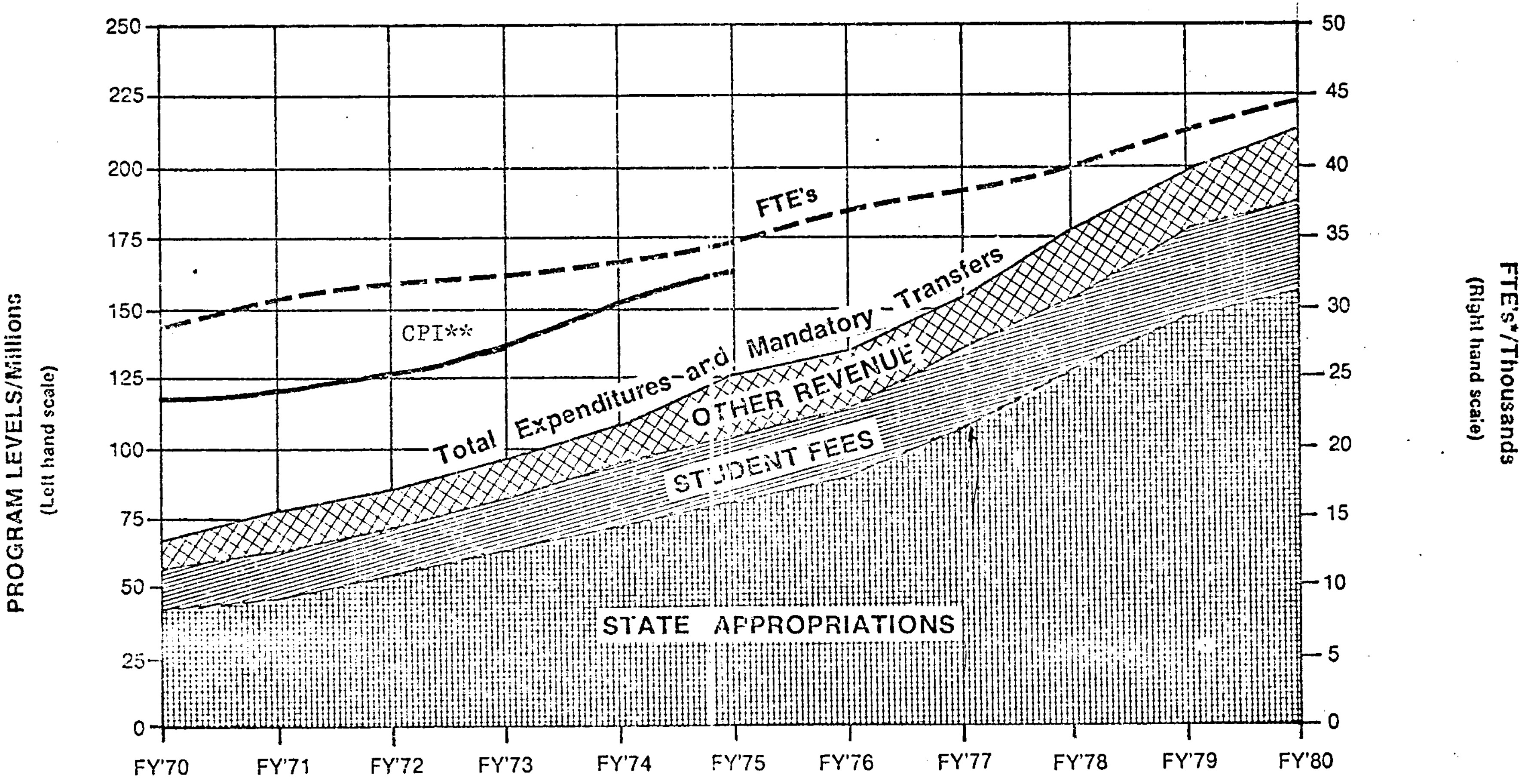
Sources	
A. Local Revenues	
1. Tuition & Fees	$ 43,156,500
2. Federal Appropriations	8,962,739
3. Local Appropriations	1,207,145
4. Indirect Cost Recoveries	3,992,030
5. Fed,St,Lcl,Pvt Gfts,Gr & Contr	1,029,751
6. Sales & Svcs. of Educ. Act.	5,197,710
7. Endowment & Other Sources	3,086,046
8. Total Revenues	$ 66,631,921
B. State Appropriations	137,917,907
C. Total Sources	$204,549,828

THE UNIVERSITY OF TENNESSEE
Expenditures and Sources of Funds

Exhibit IX
Assumes 7% Fee Increase
In FY'78 & FY '80 For
All Campuses Except UTM

Unrestricted Current Funds

FY '70-'80



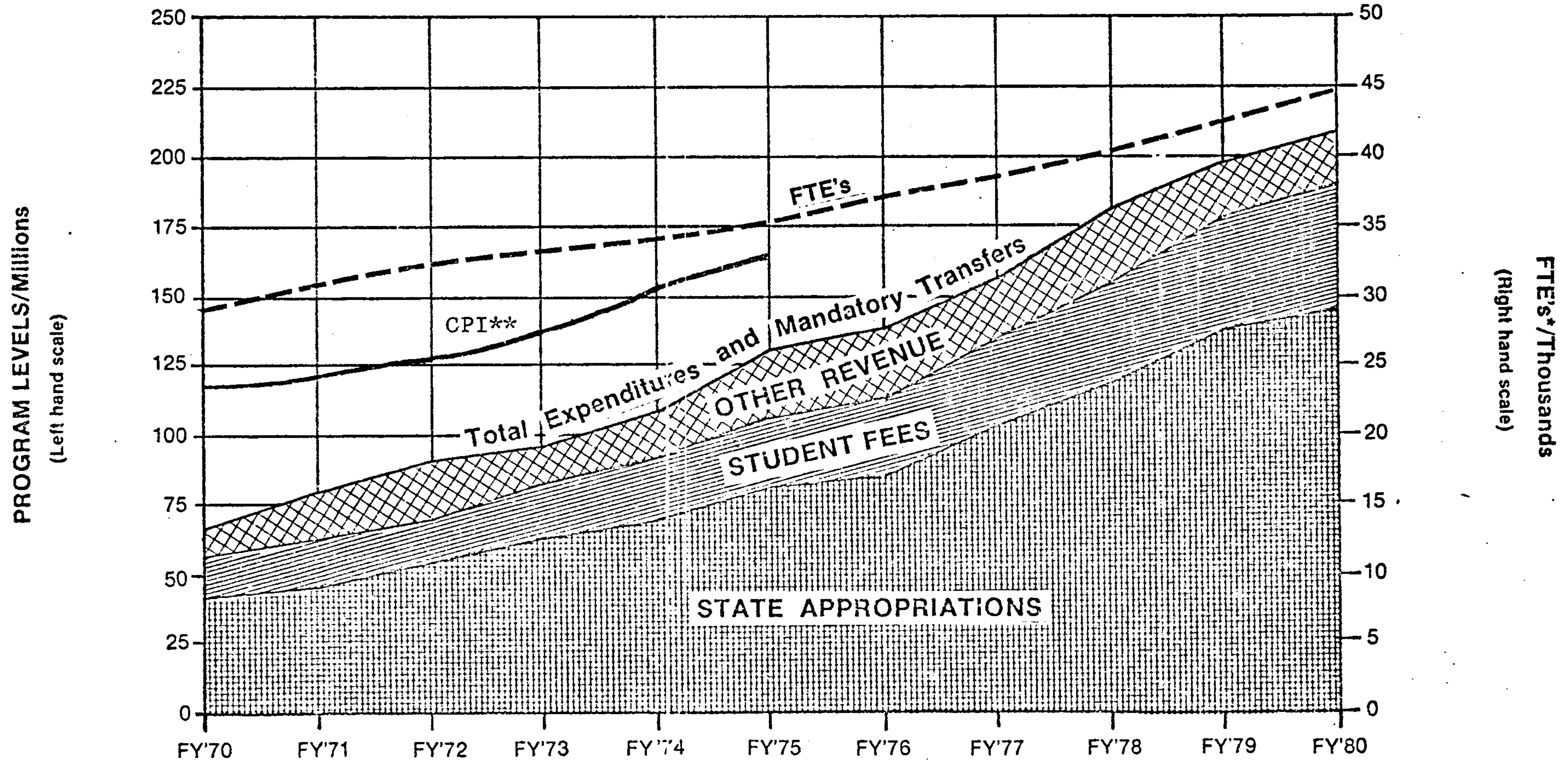
*DOES NOT INCLUDE UTCHS—FTE line for information only
and is not intended for comparison with expenditures and sources of funds.

**Consumer Price Index

THE UNIVERSITY OF TENNESSEE
Expenditures and Sources of Funds
Unrestricted Current Funds

Exhibit X
Assumes 10% Fee Increase
For All Campuses For
Each Year FY'77-FY'80

FY '70-'80



*DOES NOT INCLUDE UTCHS—FTE line for information only and is not intended for comparison with expenditures and sources of funds.

**Consumer Price Index

THE UNIVERSITY OF TENNESSEE
Summary of Fund Balances
Unrestricted Current Funds
FY 1970 - 1980

Balance 7/1/70 (Actual)		$ 6,770,047.42
FY 71:	Revenue	$ 79,033,443.47
	Expenditures	77,967,355.85
	Transfer In or (Out)	(2,404,114.75)
	Net Change FY 70	$ (1,338,027.13)
Balance 6/30/71 (Actual)		$ 5,432,020.29
	Required for Working Capital	$ 1,075,048.05
	Balance Fy 72 Budget	2,177,309.03
	Special Allocations	147,362.22
	Accrued Academic Salaries	2,820,143.26
	Unallocated	(787,842.27)
	Total Accounted for	$ 5,432,020.29
FY 72:	Revenue	$ 89,007,321.93
	Expenditures	86,244,866.45
	Transfers In or (Out)	(1,761,855.70)
	Net Change FY 72	$ 1,000,599.78
	Accrued Academic Salaries	(3,190,611.98)
Balance 6/30/72 (Actual)		$ 3,242,008.09
	Required for Working Capital	$ 1,112,976.16
	Special Allocations	149,997.43
	Unallocated	1,979,034.50
	Total Accounted for	$ 3,242,008.09
FY 73:	Revenue	$101,533,891.79
	Expenditures	97,168,298.94
	Transfers In or (Out)	(1,141,050.07)
	Net Change FY 73	$ 3,224,542.78
Balance 6/30/73 (Actual)		$ 6,466,550.87
	Required for Working Captital	$ 1,142,490.95
	Special Allocations	202,285.27
	Unallocated	5,121,774.65
	Total Account for	$ 6,466,550.87
FY 74:	Revenue	$116,659,751.73
	Expenditures	111,285,468.20
	Transfers In or (Out)	(1,583,837.41)
	Net Change	$ 3,790,446.12
Balance 6/30/74 (Actual)		$ 10,256,996.99
	Required for Working Capital	1,481,549.11
	Reserve for Unexpended Gifts	100,158.07
	Reserve for Encumbrances	1,728,968.84
	Balance Probable FY 75 Budget	2,305,872.00
	Special Allocations	420,158.19
	Unallocated	4,220,290.78
	Total Accounted for	$ 10,256,996.99

FY 75:	Revenue	$128,043,328.70
	Expenditures	129,278,320.11
	Mandatory Transfers In or (Out)	(469,955.57)
	Non-Mandatory Transfers In or (Out)	391,877.82
	Net Change	$ (1,313,069.16)
Balance	6/30/75 (Actual)	$ 8,943,927.83
	Required for Working Capital	1,564,549.51
	Reserve for Unexpended Gifts	62,637.73
	Special Allocations	365,513.24
	Reserve for Encumbrances	1,462,220.00
	Balance FY 76 (Original Budget)	1,935,088.00
	Unallocated	3,553,919.35
	Total	$ 8,943,927.83
FY 76:	Revenue	$133,694,812
	Expenditures & Mand. Trans.	135,926,394
	Transfers In or (Out)	297,015
	Net Change FY 76	$ (1,934,567)
Balance	6/30/76 (Estimated)	$ 7,009,361
	Required for Working Capital	$ 1,564,549
	Reserve for Unexpended Gifts	62,638
	Special Allocations	365,513
	Unallocated	5,016,661
	Total Accounted for	$ 7,009,361
FY 77:	Revenue	$158,075,372
	Expenditures & Mand. Trans.	158,075,372
	Net Change FY 77	$ -0-
FY 78:	Revenue	$178,668,499
	Expenditures & Mand. Trans.	$178,668,499
	Net Change FY 78	$ -0-
FY 79:	Revenue	$199,687,732
	Expenditures & Mand. Trans.	199,687,732
	Net Change FY 79	$ -0-
FY 80:	Revenue	$212,128,681
	Expenditures & Mand. Trans.	212,128,681
	Net Change FY 80	$ -0-