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## Focusing on Our Fiscal Challenges

Office of the President

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## Focusing on Our Fiscal Challenges

Public higher education – including the statewide University of Tennessee – faces unprecedented challenges to longstanding funding models. I raised this issue during my report to our Board of Trustees in June, the conversation continued throughout the summer, and we focused on it exclusively at the Board’s annual workshop on Wednesday, Sept. 10.

These challenges come as no surprise, and they won’t go away quickly, but if we don’t work to overcome them, I believe in a few years we’ll face a crisis that threatens the existence of higher education as we’ve known it.

As many of us in Tennessee higher education are familiar, state appropriations have dropped from 53 percent of our unrestricted educational and general revenues in 2001 to 39 percent in 2014. That trend is not expected to reverse, and we began Wednesday’s Board workshop reviewing a hypothetical funding model based on a scenario in which the next five years see no more than 3 percent annual tuition increases, annual inflation of no more than 3 percent, and no increase in state appropriations.

Even in such a conservative scenario, projections show a \$155 million funding gap developing after 10 years, and our campus and institute chancellors discussed proposals for dealing with such a hypothetical funding gap. They brought forward well-thought out possibilities—that would, of course, be properly vetted before considered for actual implementation.

As I told our Board, we face a fiscal crisis if we fail to act, and Wednesday’s conversation was a first step toward identifying action to be taken. The process will move forward with a focus on identifying how we can be more effective, efficient, and entrepreneurial with our resources—while maintaining our excellence.

The conversation resumes at the Board of Trustees’ meeting Oct. 2-3. I will continue to bring updates to you as developments warrant.

All of us are fortunate to be part of an institution that impacts the lives of all Tennesseans and is critical to the quality of life we enjoy in Tennessee. I look forward to our working together to ensure appropriate resources are available to fulfill the University’s mission to educate, discover and connect, and I appreciate all that you already do to make that possible.

All the best,  
Joe



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