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12-5-2014

## **UT Budget Update**

Office of the President

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### **Recommended Citation**

Office of the President, "UT Budget Update" (2014). *President's Communications*.  
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## UT Budget Update

Over the last several months, there have been discussions with our Board of Trustees, chancellors, administrators and faculty leaders about the urgent need for the University to address our financial challenges. This afternoon, Gov. Bill Haslam hosted his annual budget hearing for higher education, and I had the opportunity to present our initial work on examining and fixing the University's broken business model that balances declining state funding with increasing tuition. In addition, I discussed metrics that show improvements the University has made in graduation rates and overall student success despite these financial challenges, and I brought forth our budget requests for this year.

Under our current business model, the University will not be able to achieve our state's priorities to increase the number of Tennesseans with degrees or fulfill our own mission to educate, discover and connect to the best of our ability. We are taking steps within the University to remedy this situation, and I asked the governor to be a partner with us.

I am engaging a group of leaders from inside and outside the University to give feedback and recommendations on creating a business model to sustain us over the next five to 10 years and beyond. I don't know at this time what the model will look like, but I have put everything on the table for discussion.

We are looking at creative ways to increase revenue and cut costs. There will be difficult discussions ahead as we talk about employment cost, which is nearly 70 percent of our \$2 billion budget. Savings in that area could address the market salary gaps across the UT System, and I asked the governor to include pay increases in his budget to cover cost of living adjustments. I know job security is important to all of us, and the intent of this email is not to cause alarm but to inform everyone that these issues must be discussed.

I also asked the governor to continue to try to find ways to fully fund the Complete College Tennessee Act formula, which determines state appropriations for the Knoxville, Chattanooga and Martin campuses. The CCTA does not address funding for our "non-formula units," which include the Health Science Center, Institute of Agriculture and Institute for Public Service. I asked the governor to include the Tennessee Higher Education Commission's recommendation for non-formula funding in his budget.

Overall, I am very pleased with how the University has responded to unprecedented financial challenges over the last several years, and I know we can persevere through this challenge. I am proud that even though state support has decreased, we have awarded 22 percent more degrees and increased our four-year graduation rate by 7 percent since FY07. The quality of our students has increased, and we have continued to make strides in our research and outreach programs. These achievements are because of your commitment, and I appreciate all the work you do on behalf of this great University.

The University stands at a crossroads financially, but we are tackling this problem head-on. The University will face hard decisions, but we will make them because it is the right thing to do for UT, our students and the future of Tennessee.

I encourage you to watch the archived webcast of today's hearing and review data we provided to the governor at this [webpage](#). If you would like to know more about how you can advocate on behalf of the University, please visit our [advocacy website](#). Thank you for all you do to advance our mission day in and day out.

All the best,  
Joe

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831 Andy Holt Tower | Knoxville, TN 37996

Phone: 865.974.2241 | Fax: 865.974.3753



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