

Application of Reduced Resources
The University of Tennessee
Fiscal 2009 and Beyond
November 6, 2008

OVERVIEW

- The University of Tennessee enjoyed an appropriation of some \$505.8 million of recurring unrestricted E&G funds from the State of Tennessee for Fiscal 2008
- For Fiscal 2009 that base appropriation was reduced by \$21.2 million (4+%)
Three months into this fiscal year, another reduction of \$17 million (3.5+%) was announced by the State, resulting in an adjusted recurring, unrestricted appropriation for fiscal year 2009 of \$471 million.
- Total reduction to date for Fiscal 2009 amounts to \$38.2 million
- The state has further indicated that additional reductions are likely. Given the current uncertain economic conditions, preparations need to be made for the possibility of a larger reduction for Fiscal 2010 – 3%, 5% or 7%
- Campuses/institutes shall identify and implement short-term and long-term solutions that support their strategic plan

IMMEDIATE STEPS

Effective immediately, the system, campuses and institutes shall adhere to the following fiscal management policies for the balance of the fiscal year and until further notice:

- 1) **Select Hiring** – A selective hiring process is imposed on current and future E&G vacant positions. Hiring will be allowed in limited areas necessary for the continuity of critical teaching, research and support functions. These hiring exceptions must be requested in writing and approved by the campus/institute Chancellor/Vice President or his/her designee.
- 2) **Reductions-in-Force** – Campuses/Institutes should develop a process for review/implementation of any potential reductions-in-force. The appropriate administrator (e.g., Chancellor/Vice President, Chief Academic and Student Affairs Officers, Business Officers) need to work in concert with the Human Resources Officer and General Counsel to evaluate any potential adverse impact, provide appropriate advance training and support for managers and establish support services for affected staff. Human Resources Officers will have guidelines and tools for implementing activities associated with any necessary reduction-in-force. Faculty reductions-in-force must include Faculty Handbook provisions.

- 3) **Out-of-State Travel (including international travel)** – Use of E&G funds for out-of-state travel is limited to emergency or mandatory situations critical to University business. Department heads should limit out-of-state travel requests under the emergency and mandatory exceptions to the following circumstances:
 - a) Travel required to deliver program services or present at out-of-state meetings and/or conferences, utilizing the minimum number of employees required.
 - b) Travel required to comply with statutory, judicial, federal program, and contractual obligations, utilizing the minimum number of employees required.
- 4) **In-state Travel** – Department heads must limit in-state travel to the maximum extent possible.
- 5) **Student Travel** – Use of E&G funds to sponsor student travel, excluding athletic teams, should be limited to activities that meet the criteria outlined in item 3 (above).
- 6) **In-state Group Meetings** – Department heads should review all plans for in-state group meetings and, where practical, cancel any in-state group meetings not essential to the circumstances specified above in item 3. Use of teleconferencing and video-conferencing should be maximized.
- 7) **Equipment Purchases** – A limitation is imposed on equipment purchases using E&G funds. Department heads should review equipment purchases in process and those planned for later in the year to determine if they are required to address an emergency or otherwise essential circumstance. Only equipment required to perform critical tasks should be approved.
- 8) **Other Program Requirements** – Campuses and institutes must manage the expenditure of all other program funds as conservatively as possible. Department heads should limit any discretionary spending to expenses required for mandatory program service delivery and which will not circumvent the legislative intent in the appropriation of funds.
- 9) **Energy Conservation** – Campuses and institutes must encourage energy conservation to the maximum extent possible. The use of university vehicles shall be limited to those programs, services, and activities central to the institution’s core mission. Carpooling on trips should be encouraged. Extra efforts should be undertaken on the campus to reduce electricity and fuel consumption.

GUIDELINES FOR EVALUATION OF PROGRAMS

Academic Programs

Future reductions in state appropriations may lead to elimination of selected academic programs across the university system. Actions taken by the university will follow a systematic review of individual programs by task forces that include constituencies from campus and system levels. Program reviews will use accepted principles and criteria to identify programs that will be recommended for investment, reorganization, reduction or elimination, or cost savings and new revenue opportunities.

A. Criteria for program INVESTMENT:

- Essential to the core mission
- Achieved national or international reputation
- Required for accreditation
- High career demand for graduates
- Significant research (e.g., funding, publications) and/or education productivity (e.g., enrollment, graduates)
- Program uniqueness (i.e., one of a kind in university or state)
- High impact on societal or education needs of state
- Essential to facilitate retention, progression and graduation

B. Criteria for program REORGANIZATION:

- Sufficient overlap with other programs
- Identity and function enhanced by consolidation with another program
- Create new interdisciplinary program
- Inter-campus opportunity

C. Criteria for program REDUCTION or ELIMINATION:

- Demand is insufficient to justify maintenance at existing levels of support
- Unable to achieve or retain accreditation
- Low productivity relative to university investment
- Reduction or elimination will not substantially impair other programs
- Contribution to core mission does not justify maintenance at present size
- Program does not support economic growth and/or career forecasts

D. Other COST SAVING and NEW REVENUE opportunities:

- Increase faculty course loads, where appropriate
- Increase teacher – student ratio
- Increase enrollment in upper level courses

- Offer more courses or programs online
- More out of state tuition and fee paying students
- Increase university advancement and development efforts

Non-Academic Programs

A. Criteria for program INVESTMENT:

- New function or service essential to core academic mission
- Ability to provide internally at lower cost
- Positive return on investment with quick payback
- Required for support of academic or administrative functions
- Satisfaction of new regulatory or accreditation requirements

B. Criteria for program REORGANIZATION:

- Potential savings from combining like services and processes
- Assignment of functional activities to other support areas
- Determining economies of scale
- Maintaining service levels
- Ensuring continued reporting and compliance capabilities

C. Criteria for program REDUCTION or ELIMINATION:

- Functions not central or critical to unit's purpose
- Low or negative return on investment
- Functions not directly supporting academic purpose
- Functions requiring E&G subsidy
- Ensuring necessary reporting and compliance capabilities

D. Other COST SAVING opportunities:

- Inefficient internal functions
- Services needed on less than a constant basis but available on demand
- Services available externally at higher expertise level
- Full costing analysis

COST SAVINGS RECOMMENDATIONS TO BE RESEARCHED/REVIEWED BY PRESIDENT'S STAFF

- Reduce tuition waiver and discount programs