



Tennessee Board of Regents

1415 Murfreesboro Road - Suite 350 - Nashville, Tennessee 37217-2833
(615) 366-4400 FAX (615) 366-4464

MEMORANDUM

TO: Chief Business Officers
Technology Center Directors

FROM: Bob Adams, Vice Chancellor *Bob Adams*
Business and Finance

DATE: September 25, 2006

SUBJECT: October Budget Revision

The following information provides the pertinent adjustments and corrections that are necessary for the preparation of the system-wide October 2006 Revised Budget. Please refer to the budget letter from this office dated April 5, 2006, which contains the specific guideline requirements for the July budget. All guidelines remain applicable to the October cycle unless modified by this memo.

The following attachments present information in support of funding for FY 2006-07:

Attachments A-1 and A-2 - State Appropriations

These schedules reflect the FY 2006-07 state appropriations and include revisions due to the salary increase, retirement adjustment, group insurance increases, 401(k) match increases, longevity increase, legislative amendments, and an adjustment in the risk management premium. Those dollars appropriated for restricted programs (desegregation and special allocations) have been subtracted to arrive at the unrestricted state appropriation total.

Attachments B-1 and B-2 - Special Allocations

Attachment B-1 reflects the FY 2006-07 special allocation amounts. A summary of the amount, account number, and the description of each item should be presented as an attachment to the letter of transmittal. The prior period carryforward amounts are included as Attachment B-2. Each institution provided these carryforward amounts during the financial statement submission (Supplemental Schedule 6).

Attachments C-1 through C-4 - Desegregation

Attachment C-1 reflects the FY 2006-07 desegregation funding, excluding Geier Consent Decree funds. The prior period desegregation carryforward is summarized on Attachments C-2 and C-3. Each institution provided these carryforward amounts during the financial statement submission (Supplemental Schedules 12a and 12b). Carryforward amounts are reported on Analysis Forms 6a and 6b.

Austin Peay State University • East Tennessee State University • Middle Tennessee State University • Tennessee State University
Tennessee Tech University • University of Memphis • Chattanooga State Technical Community College
Cleveland State Community College • Columbia State Community College • Dyersburg State Community College
Jackson State Community College • Motlow State Community College • Pellissippi State Technical Community College
Roane State Community College • Southwest Tennessee Community College • Volunteer State Community College
Walters State Community College • Nashville State Technical Community College • Northeast State Technical Community College
The Tennessee Technology Centers

The Geier Consent Decree funds are included on Attachment C-4. The amounts on this attachment represent the maximum amount of funding each institution could receive if all matching requirements, etc., are met. Geier Consent Decree programs are recorded as state appropriations, with the exception of the scholarship program. **The scholarship program is recorded as a state grant and contract at the institution level.** The Geier Consent Decree funds will not be reported on Analysis Forms 6a and 6b.

Attachments D-1 and D-2 - Centers of Excellence

Attachment D-1 reflects the Centers of Excellence for FY 2006-07. Amounts were adjusted for the operating increase, salary increase, and the retirement increase. Attachment D-2 reflects the prior period carryforward amounts to be budgeted in FY 2006-07. Each institution provided these carryforward amounts during the financial statement submission (Supplement Schedule 13). Carryforward amounts are reported on Analysis Form 4b.

Attachment E - Centers of Emphasis

Attachment E reflects the Centers of Emphasis for 2006-07. Amounts were adjusted for the operating increase, salary increase, and the retirement increase. The prior period carryforward amounts to be budgeted in 2006-07 are included on Attachment D-2. Each institution provided these carryforward amounts during the financial statement submission (Supplement Schedule 13). Carryforward amounts are reported on Analysis Form 4b

Attachments F-1 and F-2 - Operation and Maintenance of Plant

Attachments F-1 and F-2 reflect the Operation and Maintenance of Plant Allocation. The amounts were computed by THEC and include an adjustment for the increase in the operating appropriation. Any institution budgeting expenses in excess of 125% of the required minimum must include an explanation on Analysis Form 5.

Attachments G-1 – G-5 – System Charges

Attachments G-1 and G-2 reflect the FY 2006-07 chargeback. The amounts are based on the July Proposed Budget. Once the October Revised Budget is finalized, the system charge will be recalculated using the revised revenues.

Attachment G-3 reflects the FY 2006-07 allocation of system internal audit expenses. The amounts are based on the July Proposed Budget. Once the October Revised Budget is finalized, the allocation will be recalculated using the revised revenues.

The FY 2006-07 facilities chargeback is not available at this time. Attachments G-4 and G-5 include the facilities fee for FY 2005-06. Please continue to budget the FY 2005-06 facilities fee until the FY 2006-07 schedule is updated. The schedule will be forwarded to you upon completion.

Attachment H - Technology Centers - Pool Account

This schedule reflects the amounts for the TTC pool account. These amounts will be retained by the Board Office to be reallocated to the technology centers by the Vice Chancellor for Technology Centers for Special Industry Training, Program Start-Up Costs, and other items as deemed appropriate. Please note that these amounts have been added to the State Appropriations schedule.

Attachment I – Athletics

The ceiling for the athletic general fund support is included as Attachment I. The amounts have been revised to include the fee increase, salary increase, group health insurance increase, and an increase in operating inflation.

Attachment J - State Grants and Contracts

Attachment J reflects the funds issued by the Vice Chancellor for Vocational Education for start-up costs, special industry training, etc. These amounts should be budgeted as state grants and contracts, not state appropriations.

Other items pertinent to the budget process include:

- SCT has developed a Banner budget module that is scheduled for delivery on September 29, 2006. This budget module includes the budget summary documents, an edit report, and a comparison of budget cycles by account. Since the scheduled delivery date is so close to the budget due date, the institutions in cohorts 1a and 1b are being given the following options for submitting the October Revised budget. These institutions may use either the Banner budget module or use the crosswalk method employed when submitting the July Proposed budget. Those electing to use the new Banner budget module must submit all budget summary documents, the edit report, and the comparison of budget cycles.
- Salary increases that were approved at the September Board meeting should be reflected by individual in the October Revised budget. Unfilled positions should be budgeted at reasonable amounts or deleted. Do not submit budgets with unfilled positions budgeted at nominal levels.
- THEC will not accept budgets that have an overall negative fund balance. You may need to exceed the 5% carryforward limitation to ensure that the overall unrestricted fund balance is not negative.
- The Revised budget should include reasonable estimates for fund balance allocations for encumbrances, unspent student activity fees, and unspent technology access fees. These estimates should approximate the June 30, 2006 actual allocations. The beginning and ending allocations for compensated absences in the revised budget will equal the June 30, 2006, actual allocation.

- Please note the forms to be completed for all transfers, Attachments K-1 and K-2. A section is included for transfers other than E&G and Auxiliary transfers. These forms must be attached to the transmittal letter accompanying the preliminary budget documents. The form will not be bound with the final budget documents.
- Any revisions to the organization chart and a crosswalk of these revisions should be included with the Analysis forms. Debbie Johnson has requested that campuses bold and number all revisions, with the crosswalk numbered similarly. All organization charts must reflect the relationship of the president to the chancellor.
- Institutions must project a 2% minimum reserve and a maximum 5% reserve of the E&G revenue budget to plan for unexpected contingencies. As stated above, the 5% maximum may be exceeded to avoid an overall negative fund balance.
- All institutions should submit the budget summary forms electronically. See Attachment L for electronic submission instructions. **Each institution must run the error program and correct all errors prior to submission on October 20, 2006.** Please use the excel spreadsheet provided and submit all analysis forms by email.
- Copies of all analysis forms have been included. Please note the new Analysis Form 11 for reporting longevity. All institutions must complete this analysis form.

One **electronic** copy of the transmittal letter, attachments, and analysis forms should be emailed to renee.stewart@tbr.edu no later than **October 20, 2006**. **Do not send paper copies.** The budget summary documents will be submitted electronically as instructed in Attachment L no later than **October 20, 2006**.

Attachments

cc: Presidents
Ron Simmons
Assistant Directors
Lily Hsu