



House Finance, Ways and Means Budget Hearing

Locally Governed Institutions

Wednesday, Feb. 14, 2024

Footprint of Tennessee's LGIs



Public Universities: A Unique Business and Essential Investment!

- We charge a fee and provide a service
- State owned and operated
- Non-profit but fiscally well-managed
- **Only business where the customer (student) and product (graduate) are THE SAME!**
- **The talent to drive Tennessee's future is produced by our colleges and universities**
- **Thank you for your continued investment in Tennessee higher education and the future of Tennessee**

Impact of LGIs on Tennessee

- **Total LGI Enrollment**
 - 83,461 (60% of University Total)
- **Graduates Produced Annually**
 - 19,264 (60% of University Total)
- **Total Economic Impact of LGIs**
 - Est. > \$8 Billion Annually
- **ROI to TN Taxpayers**
 - ~\$10 of economic impact to every \$1 of state funding
- **Annual Research Expenditures**
 - \$159 Million
 - 5 of 6 LGIs are Nationally Ranked Research Universities
 - Rural Health, Telemedicine, Cybersecurity, Roads and Bridges, Electric Vehicles, Opioid Addiction, Gambling Addiction, Rural Business Development, Veterans Counseling, Medicinal Chemistry, Water Quality, Supply Chain, etc.

Most Important Impact: JOBS!



2024-2025 Governor's Budget vs. THEC Recommendation Comparison Recurring Only

<i>Academic Formula Units: LGIs</i>	<i>2023-24 Recurring Appropriations</i>	2024-25 THEC Recommendation		
		<i>Outcomes Adjustment</i>	<i>Share of New Funding</i>	<i>Total Recurring</i>
Austin Peay	\$74,622,000	(\$806,500)	\$910,300	\$74,725,800
East Tennessee	\$97,348,300	(\$15,800)	\$1,200,300	\$98,532,800
Middle Tennessee	\$138,312,300	\$698,900	\$1,714,300	\$140,725,500
Tennessee State	\$53,322,300	(\$2,346,700)	\$628,600	\$51,604,200
Tennessee Tech	\$76,988,500	(\$556,800)	\$942,600	\$77,374,300
University of Memphis	\$167,759,900	\$1,760,000	\$2,090,600	\$171,610,500
Subtotal	\$608,353,300	(\$1,266,900)	\$7,486,700	\$614,573,100

<i>Academic Formula Units: LGIs</i>		2024-25 Governor's Budget Recommendation			2023-24 Gov Budget vs THEC New Funding Difference
		<i>Outcomes Adjustment</i>	<i>Outcomes/ Productivity</i>	<i>Salary Pool</i>	
Austin Peay		(\$806,500)	\$823,800	\$1,682,400	\$1,595,900
East Tennessee		(\$15,800)	\$1,086,300	\$2,751,300	\$2,637,300
Middle Tennessee		\$698,900	\$1,551,400	\$3,795,600	\$3,632,700
Tennessee State		(\$2,346,700)	\$568,900	\$1,751,100	\$1,691,400
Tennessee Tech		(\$556,800)	\$853,000	\$1,839,600	\$1,750,000
University of Memphis		\$1,760,000	\$1,892,000	\$4,525,500	\$4,326,900
Subtotal		(\$1,266,900)	\$6,775,400	\$16,345,500	\$15,634,200

2023-2024 Governor's Budget vs. THEC Recommendation Comparison

Capital

<i>Academic Formula Units: LGIs</i>	2024-25 THEC Recommendation					
	<i>Capital Outlay</i>	<i>Capital Maintenance</i>	<i>Demolition</i>	<i>ADA</i>	<i>Safety & Security</i>	<i>Total</i>
Austin Peay	\$23,055,590	\$8,490,000	\$0	\$3,700,000	\$896,000	\$36,141,590
East Tennessee	\$47,520,000	\$16,940,000	\$230,000	\$8,280,000	\$2,184,000	\$75,154,000
Middle Tennessee	\$91,579,000	\$17,400,000	-	\$8,080,000	\$1,876,000	\$118,935,000
Tennessee State	\$116,916,600	\$10,000,000	\$100,000	\$5,600,000	\$1,400,000	\$134,016,600
Tennessee Tech	\$83,168,000	\$12,870,000	-	\$16,400,000	\$1,484,000	\$113,922,000
University of Memphis	\$65,800,000	\$29,290,000	\$670,000	\$7,730,000	\$3,444,000	\$106,934,000
Subtotal	\$428,039,190	\$94,990,000	\$1,000,000	\$49,790,000	\$11,284,000	\$585,103,190

<i>Academic Formula Units: LGIs</i>	2024-25 Governor's Budget Recommendation						2024-25 Gov Budget vs THEC New Funding Difference
	<i>Capital Outlay</i>	<i>Capital Maintenance</i>	<i>Demolition</i>	<i>ADA</i>	<i>Safety & Security</i>	<i>Total</i>	
Austin Peay		\$2,000,000	\$0	\$0	\$0	\$2,000,000	(\$34,141,590)
East Tennessee	-	\$1,600,000	-	-	-	\$1,600,000	(\$73,554,000)
Middle Tennessee		\$2,500,000	-	-	-	\$2,500,000	(\$116,435,000)
Tennessee State	-	\$2,000,000	-	-	-	\$2,000,000	(\$132,016,600)
Tennessee Tech	-	\$2,570,000	-	-	-	\$2,570,000	(\$111,352,000)
University of Memphis	-	\$3,300,000	-	-	-	\$3,300,000	(\$103,634,000)
Subtotal	\$0	\$13,970,000	\$0	\$0	\$0	\$13,970,000	(\$571,133,190)

2024-2025 THEC Capital Recommendations

THEC Priority	Institution	Project Name	Total Project Cost	Previous Years Project Cost	2024-25 Project Cost	Match %	Previous Match Funds	2024-25 Match Funds	2024-25 State Appropriation Request
1	UTK	Chemistry Building	\$199,000,000		\$199,000,000	17%		\$33,830,000	\$165,170,000
2	MTSU	Liberal Arts, Archives, and Museum Bldg	\$99,500,000		\$99,500,000	8%		\$7,921,000	\$91,579,000
3	ETSU	Brown Hall Renovation Phase II	\$97,200,000	\$47,700,000	\$49,500,000	2%	\$1,908,000	\$1,980,000	\$47,520,000
4	VSCC/TCAT Hartsville	Wilson County Higher Education Center	\$57,000,000		\$57,000,000	4%		\$2,200,000	\$54,800,000
5	TTU	Academic Classroom Building	\$90,400,000		\$90,400,000	8%		\$7,232,000	\$83,168,000
6	UTC	Fletcher Hall Addition & Renovation	\$96,420,000		\$96,420,000	31%		\$30,000,000	\$66,420,000
7	UTHSC	Gross Anatomy Lab Renovation	\$30,260,000		\$30,260,000	2%		\$605,200	\$29,654,800
8	TSU	New Engineering Building	\$184,890,000	\$60,000,000	\$124,890,000	4%	\$3,120,000	\$7,973,400	\$116,916,600
9	UoM	Research Modernization	\$70,000,000		\$70,000,000	6%		\$4,200,000	\$65,800,000
10	TCAT Shelbyville	Lincoln County Campus Replacement	\$42,000,000		\$42,000,000	0%			\$42,000,000
11	APSU	Military Academic Building	\$28,224,000		\$28,224,000	18%		\$5,168,410	\$23,055,590
12	TCAT Nashville	Robertson/Sumner County Campus Replacements	\$75,500,000		\$75,500,000	0%			\$75,500,000
		2024-25 TBR Total	\$174,500,000		\$174,500,000	1%	-	\$2,200,000	\$172,300,000
		2024-25 LGI Total	\$570,214,000	\$107,700,000	\$462,514,000	6%	\$5,028,000	\$34,474,810	\$428,039,190
		2024-25 UT Total	\$325,680,000		\$325,680,000	20%	-	\$64,435,200	\$261,244,800
2024-25 THEC Cap Outlay General Priorities Recommendation			\$1,070,394,000	\$107,700,000	\$962,694,000		\$5,028,000	\$101,110,010	\$861,583,990

LGI Requests for Consideration

- **Operating Budgets**

- **Predictability!**
- THEC Recommendation for LGIs (\$7.5 million - Rewards Outcomes and Provides Predictability)
- Inflation
- Salary Pool (State Funds 55% of 3% Raise Pool)
- Unfunded Mandates (\$15.8 million/yr - Tuition Discounts for Teachers, State Employees, etc.)

- **Capital Budgets**

- **Predictability!**
- One New Capital Outlay Project Appears in Governor's Proposed Budget
- Capital Maintenance Appropriation Needed to Simply "Tread Water" (\$90 million/yr)
- Appropriation Needed to Eliminate Deferred Maintenance Over 10 Years (\$140 million/yr)
- Maintenance Costs Increase 10-15% Every Year
- Campus Safety



Thank you!