



THE UNIVERSITY OF TENNESSEE
UT FOUNDATION

FISCAL YEAR 2024
FINAL BUDGET PROPOSAL



TO: Finance & Audit Committee

FROM: Adam Heller, CFO & Treasurer

DATE: October 18, 2023

SUBJECT: FINAL Fiscal Year 2024 Proposed Budget

With this memorandum and the supporting schedules that follow, I am pleased to present UTFI's final fiscal 2024 budget for your consideration and approval. The University of Tennessee's fiscal 2024 budget was approved by its Board of Trustees, on October 13, 2023.

Campuses developed individual budgets in conjunction with the Chancellors and Chief Campus Business Officers. Central Services budgets were developed and submitted to the Vice Chancellors of Advancement. The largest source of funding provided in the final FY 2024 budget (42%) is direct institutional support from the University. This represents a decrease from 46% direct University support funding in FY 2023 and 56% in FY 2019 and accomplishes fiduciary goals set for Vision 2025.

The draft version of the fiscal year 2024 budget was presented and approved at the June 2023 Committee and Full Board meetings. The changes between the draft and final budgets follow:

- The Board's approval for a strategic reserve withdrawal to assist funding incentive compensation recognition exceeding initial estimates resulting from record FY 2023 productivity metrics. The approved withdrawal is incorporated as a source and expense without any change to net surplus.
- Several UT Knoxville academic units elected to utilize discretionary gift funding as an alternative to direct support. This preference decreased direct support and increased discretionary gift revenue without change to net surplus.

The 2024 budget plans for overall revenue growth of \$5.5 million or a 13% increase over the prior year while reducing planned reliance on direct university support from 46% to 42%. UTFI utilizes the practice of carrying forward unspent budget funds. The carry forward and accumulated savings may be used as a funding source in the next fiscal year budget or may be saved for use in future years. Vice Chancellors and UTFI Leadership plan to use a portion of FY 2023 budget expenditure savings to fund fiscal 2024 and future non-recurring investments in institutional advancement programming and CRM replacement (ACE) project costs.

As a result of the changes in the affiliation and employee services agreements between the University, the development and alumni budget for UTC is funded by the UC Foundation. UTC continues to participate in central development, advancement services, UTAA, and subscribing to Human Resources services in FY 2024. The UC Foundation funds the service offerings based on a pro-rata activity allocation.

FINAL BUDGET COMPARISON (Draft FY24 vs Final FY24)

	DRAFT FY 24 Budget	FINAL FY 24 Budget	Change	%
REVENUE				
University Direct Support	\$ 19,668,981	\$ 19,491,513	\$ (177,468)	
Endowment Administrative Fee	11,546,716	11,546,716	-	
UTFI Investment Earnings	7,300,000	7,300,000	-	
Discretionary Gift Unit Support	4,734,737	4,927,476	192,739	
Advancement Assessment	1,915,358	1,915,358	-	
Campus & Alumni Fund Support	894,115	944,740	50,625	
UTAA Marketing Revenue	227,500	227,500	-	
College Fund Annual Giving Support	265,000	265,000	-	
Fund for The Future/Alliance Endowment	110,150	110,150	-	
TOTAL REVENUE	46,662,557	46,728,453	65,896	0%
Prepayments from Accumulated Savings	1,846,511	2,579,475	732,964	
EXPENDITURES				
Development				
Salaries & Benefits	23,320,519	23,852,290	531,771	
Operating	6,288,135	6,374,892	86,757	
TOTAL DEVELOPMENT	29,608,654	30,227,182	618,528	2%
Alumni Affairs				
Salaries & Benefits	3,012,599	3,010,257	(2,342)	
Operating	2,254,667	2,259,667	5,000	
TOTAL ALUMNI AFFAIRS	5,267,266	5,269,924	2,658	0%
Central Services				
Salaries & Benefits	7,162,600	7,337,125	174,525	
Operating	2,820,548	2,820,548	-	
TOTAL CENTRAL SERVICES	9,983,148	10,157,673	174,525	2%
TOTAL EXPENDITURES	44,859,068	45,654,779	795,711	2%
NET SURPLUS	\$ 3,650,000	\$ 3,653,149	\$ 3,149	

FINAL BUDGET COMPARISON (Final FY23 vs Final FY24)

	FINAL FY 23 Budget	FINAL FY 24 Budget	Change	%
REVENUE				
University Direct Support	\$ 19,135,205	\$ 19,491,513	\$ 356,308	
Endowment Administrative Fee	10,924,761	11,546,716	621,955	
UTFI Investment Earnings	4,800,000	7,300,000	2,500,000	
Discretionary Gift Unit Support	4,219,686	4,927,476	707,790	
Advancement Assessment	1,315,847	1,915,358	599,511	
Campus & Alumni Fund Support	257,000	944,740	687,740	
UTAA Marketing Revenue	227,500	227,500	-	
College Fund Annual Giving Support	270,946	265,000	(5,946)	
Fund for The Future/Alliance Endowment	110,150	110,150	-	
TOTAL REVENUE	41,261,095	46,728,453	5,467,358	13%
Prepayments from Accumulated Savings	1,717,470	2,579,475	862,005	
EXPENDITURES				
Development				
Salaries & Benefits	21,667,972	23,852,290	2,184,318	
Operating	6,444,894	6,374,892	(70,002)	
TOTAL DEVELOPMENT	28,112,866	30,227,182	2,114,316	8%
Alumni Affairs				
Salaries & Benefits	2,455,180	3,010,257	555,077	
Operating	1,518,392	2,259,667	741,275	
TOTAL ALUMNI AFFAIRS	3,973,572	5,269,924	1,296,352	33%
Central Services				
Salaries & Benefits	6,193,288	7,337,125	1,143,837	
Operating	2,054,749	2,820,548	765,799	
TOTAL CENTRAL SERVICES	8,248,037	10,157,673	1,909,636	23%
TOTAL EXPENDITURES	40,334,475	45,654,779	5,320,304	13%
NET SURPLUS	\$ 2,644,090	\$ 3,653,149	\$ 1,009,059	38%

TOTAL FINAL BUDGET BY CAMPUS

	UTK	UTIA	UTM	UTHSC	UTS	IPS	Central
University Direct Support	\$12,169,058	\$1,483,808	\$1,686,687	\$3,231,046	\$537,924	\$114,375	\$ 268,615
Endowment Assessment	7,692,711	1,010,810	472,123	2,152,396	4,392	-	214,284
Advancement Assessment	1,427,507	182,627	73,687	195,328	23,068	3,150	9,991
Central Service Allocation	(3,800,747)	(312,565)	(299,497)	(496,117)	(40,000)	-	4,948,926
UTFI Investment Earnings	-	-	-	-	-	-	7,300,000
UTAA Marketing Revenue	129,675	-	-	-	-	-	97,825
Fund for The Future Endowment	-	-	-	-	-	-	110,150
Discretionary Gift Funding	4,927,476	-	-	-	-	-	-
College Fund Annual Giving Support	250,000	-	15,000	-	-	-	-
Campus & Alumni Fund Support	859,740	-	85,000	-	-	-	-
Non-Recurring Warehouse	1,137,783	-	41,203	29,787	15,854	-	611,845
CS Credit Carryover	-	-	-	-	-	-	97,851
Planned Carryover & Savings	311,098	11,081	-	102,544	72,244	-	148,185
TOTAL REVENUE	25,104,301	2,375,761	2,074,203	5,214,984	613,482	117,525	13,807,672
Development							
Salaries & Benefits	16,267,983	2,027,262	1,381,926	3,569,262	503,482	102,375	-
Operating	5,129,943	348,499	160,200	614,250	110,000	12,000	-
TOTAL DEVELOPMENT	21,397,926	2,375,761	1,542,126	4,183,512	613,482	114,375	-
Alumni Affairs							
Salaries & Benefits	2,061,100	-	367,657	581,500	-	-	-
Operating	1,645,275	-	164,420	449,972	-	-	-
TOTAL ALUMNI AFFAIRS	3,706,375	-	532,077	1,031,472	-	-	-
Central Services							
Salaries & Benefits	-	-	-	-	-	-	7,337,125
Operating	-	-	-	-	-	-	2,820,547
TOTAL CENTRAL SERVICES	-	-	-	-	-	-	10,157,672
TOTAL EXPENDITURES	25,104,301	2,375,761	2,074,203	5,214,984	613,482	114,375	10,157,672
NET SURPLUS	\$ -	\$ 0	\$ -	\$ -	\$ -	\$ 3,150	\$3,650,000