



THE UNIVERSITY OF  
TENNESSEE  
HEALTH SCIENCES™

# Advisory Board Meeting

May 8, 2026  
11:00 AM CST

# Chancellor's Update and Special Recognition

Peter Buckley, MD  
Chancellor

# Rural Health Transformation: Tennessee's Grand Challenge

Presented by:

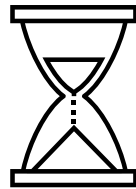
Wendy Likes, PhD, DNSc  
Dean of the College of Nursing

Jessica Snowden, MD  
Vice Chancellor for Research

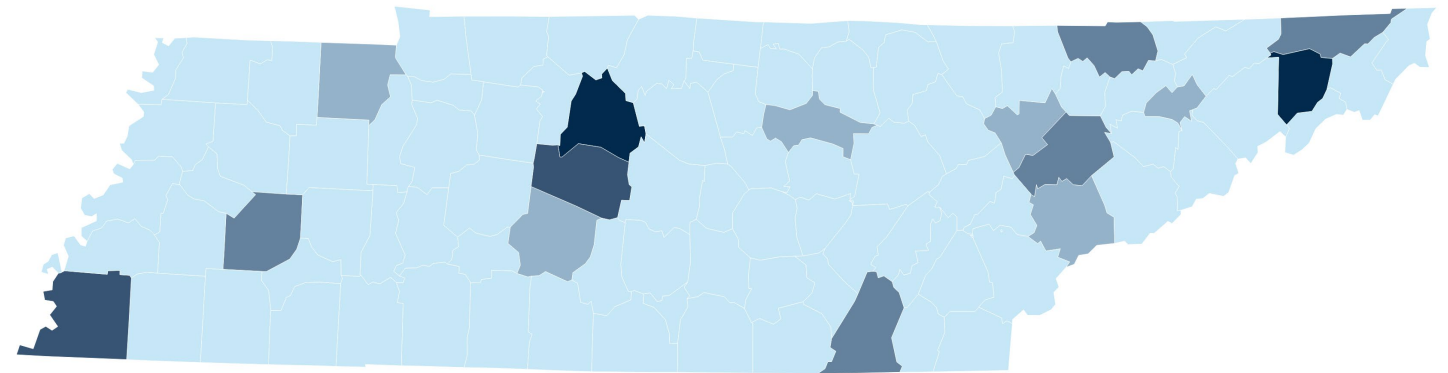
# Survival Should Not Depend on Your Zip Code

**3 years**

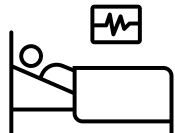
Life expectancy gap



Rural Tennesseans live shorter lives  
with less access to healthcare

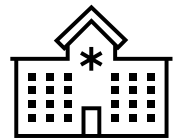


**93 counties**

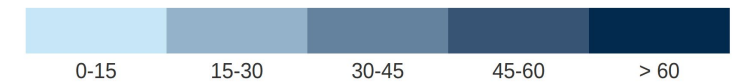


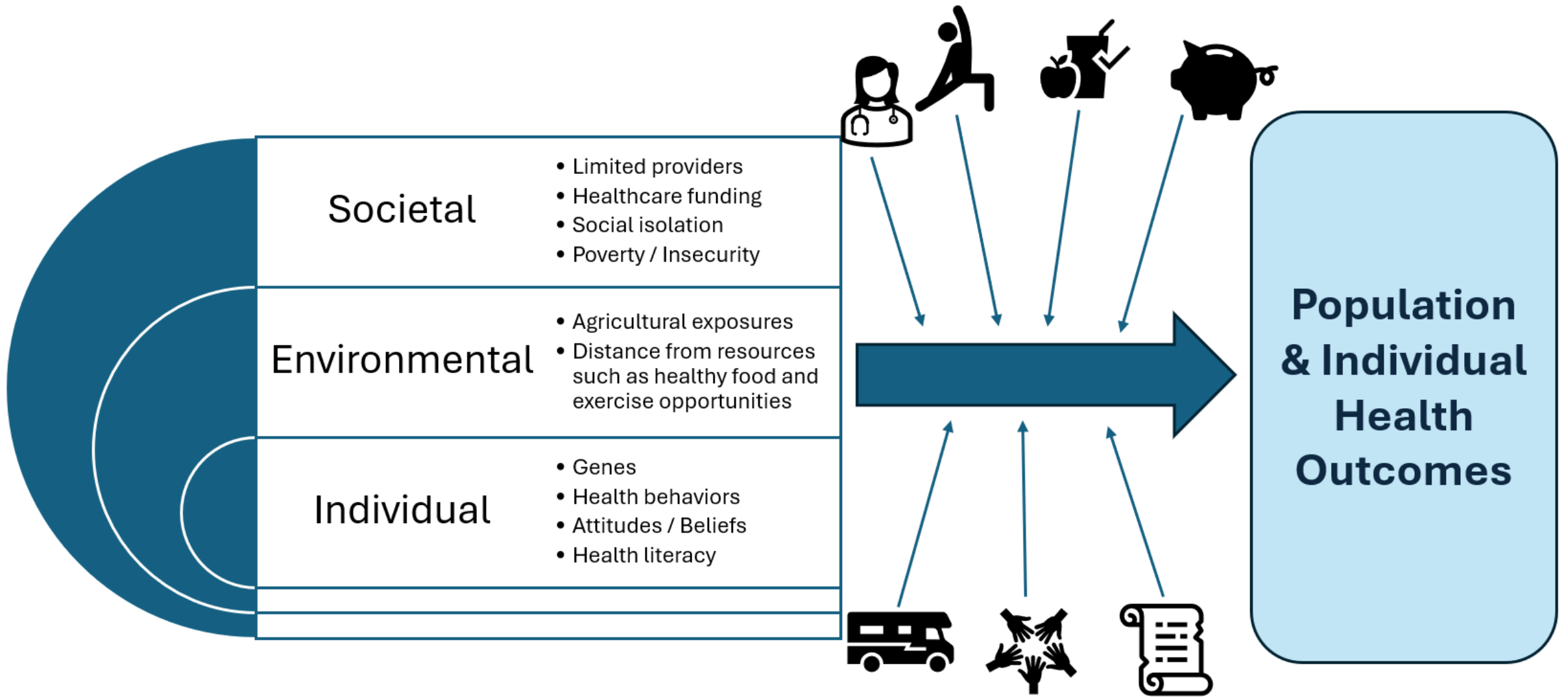
Health Professional Shortage  
Areas (HPSA)

**16**



Rural hospital closures  
since 2010





# High Need Meets High Potential

## Federal Framework

- CMS Rural Health Funding Initiative
- National Scope
- Innovation in Care Delivery Models

## Tennessee Priorities

-  Workforce Development
-  Access to Care
-  Data & Technology Infrastructure
-  Community Health Initiatives

**Tennessee Rural Health Transformation Program**  
\$206.9M Year 1 Award

## OneUT Collaborative Approach



UT Campuses



Academic Disciplines



State Partnerships



Innovation & Impact

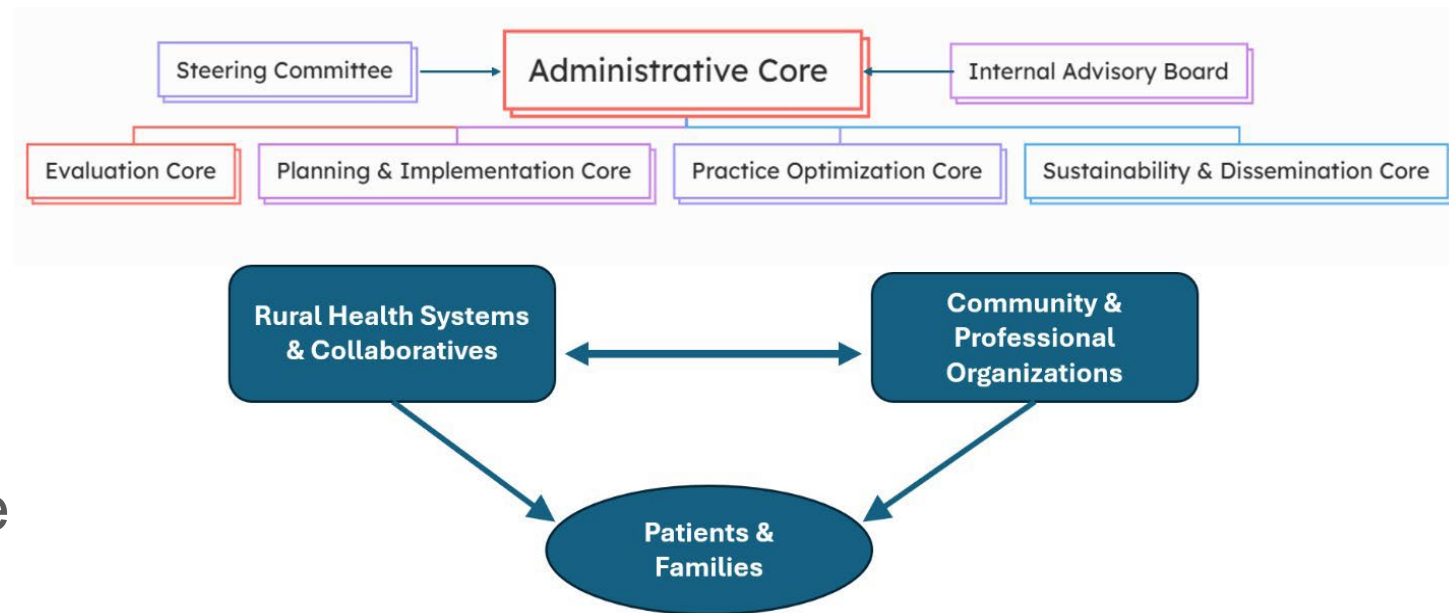
# Sustainable Solutions are Critical

- Rural health transformation needs go beyond any single program
  - Workforce
  - Technology
  - Access
  - Prevention



# Tennessee Rural Healthcare Center of Excellence

- Convener and scaling platform for rural health transformation
  - Identify & solve real-world problems
  - Provide hands-on assistance
  - Fund & disseminate innovative community-driven solutions
  - Accelerate technology adoption

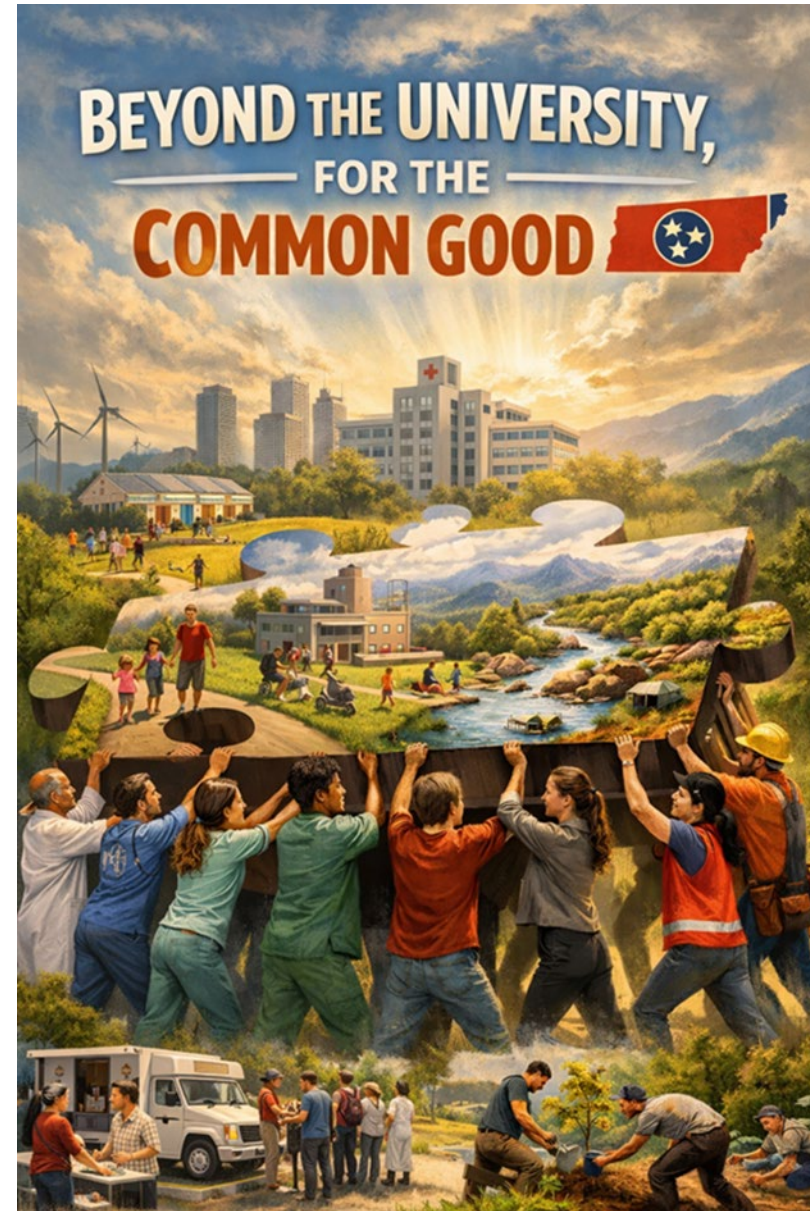




# Care. Connected. Closer.



# Where should we lead together?



# FY 2027 Budget Proposal

Presented by:

Raaj Kurapati  
Executive Vice Chancellor and COO

# Executive Summary

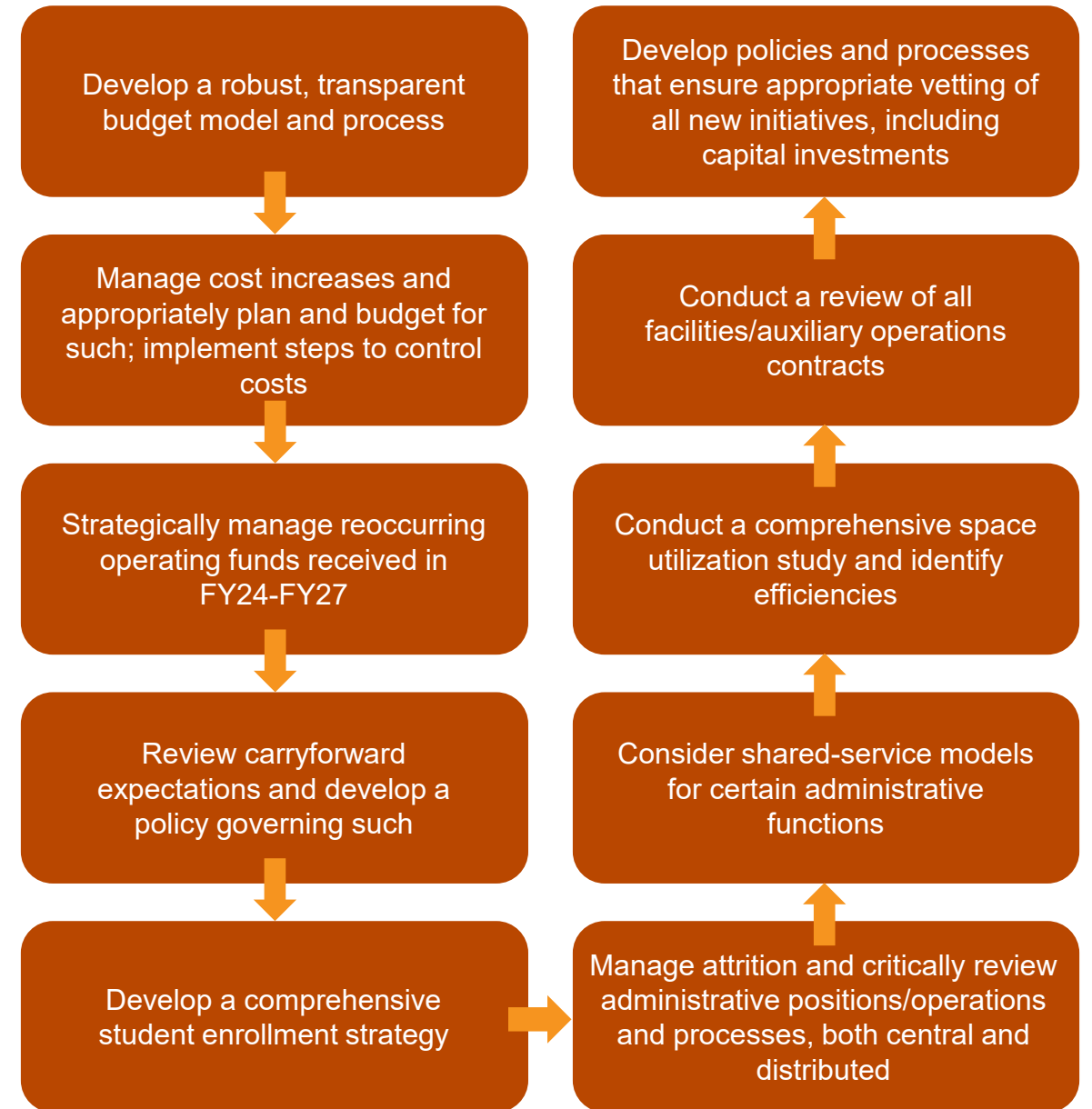
- Our efforts to build greater transparency (Planning and Budget Council)
- The evolution of our budget (challenges and progress)
- A summary of the journey to financial stability and sustainability
- A disciplined and responsible approach to managing financial pressures and developing our budget
- Positioning the institution for success
- Investing in our people, programs, and our facilities

# The Journey – FY24-27

- A critical review of finances in FY24 identified several concerns
- A plan was developed to address various issues identified
- Plan implemented in January of 2024
- The march toward balancing our budget (goal was to fully address the issues identified over 4-5 fiscal years)
- Build Financial Transparency and Accountability
- Move toward a responsible and sustainable financial model

# FY2023 Financial Situation – January 2023

- When the “known” obligations are accounted for, i.e., carryforward expectations, unit deficits, R&R/Plant commitments, internal loans, etc., the institution stands at an estimated accumulated **\$55M net negative financial position as of FY2023. We need to work to address this deficit overtime.**
- Additionally, there is an ongoing “institutional” base budget deficit of approximately **\$15M. We need to take immediate-concrete actions to bridge this gap.**



# Balancing the Budget –FY25

## Summary of Actions – FY25 Proposed Budget

Recurring Funds	Original Estimate	New Estimate	Variance
Operations & Finance Reorganization	\$ 1,000,000	\$ 1,000,000	\$ -
THEC (new) Formula Funding	\$ 1,500,000	\$ 720,000	\$ (780,000)
Tuition Increase (2.9% ATB)	\$ 2,500,000	\$ 1,250,000	\$ (1,250,000)
Base Budget Pullback (3.5%)	\$ 5,500,000	\$ 6,750,000	\$ 1,250,000
F&A Rate Increase	\$ 1,000,000	\$ -	\$ (1,000,000)
<b>Total Recurring</b>	<b>\$ 11,500,000</b>	<b>\$ 9,720,000</b>	<b>\$ (1,780,000)</b>
Non-Recurring Funds	Original Estimate	New Estimate	Variance
Carryforward Pullbacks	\$ 4,000,000	\$ 7,000,000	\$ 3,000,000
<b>Total Non-Recurring</b>	<b>\$ 4,000,000</b>	<b>\$ 7,000,000</b>	<b>\$ 3,000,000</b>
<b>Grand Total</b>	<b>\$ 15,500,000</b>	<b>\$ 16,720,000</b>	<b>\$ 1,220,000</b>

# Balancing the Budget – FY25

## Investments to Balance the Budget (\$14M)

### Base Budget Adjustments

- Maintenance & Repair (\$3M)
- Safety & Emergency Management (\$1M)
- Staff Benefits Pool (\$2.5M)
- Utilities Costs (\$2M)
- Fee Waivers (\$1.5M)
- System IT Support (\$1M)
- Institutional Memberships (\$500K)
- Debt Service (\$1M)

### One-Time Support

- Forensic Center (\$500K)
- Plough Center (\$500K)
- Food Service (\$250K)
- Bookstore (\$250K)

# Headwinds Impacting Finances – FY2026

1. The evolving federal landscape and funding environment on our finances:
  - Proposed reduction in IDCR rate to 15% (National Institutions of Health and Department of Energy). Estimated impact if implemented **-\$10.5M** over the **-\$2M** already realized in FY25.
  - Overall slow down in issuance of renewals of continuation grants and new awards.
  - Termination of current awards/contracts and stop work orders (**~\$3M** terminated to date).
  - Federal student aid/loan program changes under consideration.
2. Ongoing challenges with the DASH ERP implementation and lack of access to timely financial reports.

## Contingency Planning

1. Created the Contingency Planning Workgroup
2. Instituted a strategic hiring review process
3. Developing potential scenarios for reduction in IDCR rate and impacts (see above)
4. Developing potential scenarios for enrollment impacts from student aid program changes

# Balancing the Budget – FY26

## Actions to Balance the Budget - **-\$3M Budget Gap**

### Expense Management

Continuing efforts to identify and implement operational efficiencies:

- Review of contracts and eliminating redundant services (IT/Facilities)
- Address deficit operations (Forensic Center, Plough Center, etc.)
- Manage attrition and realize base salary savings (Accounting/Bursar/Facilities)
- Strategic Hiring Review Process instituted in April 2025

### Revenue Generation

- Operations & Maintenance formula-funding (approved in the FY26 State Budget - \$950K)
- Strategic tuition and fee increase (Approved in March 2025) - ~ \$2M
- Strategic/Tiered increase in parking fees (~ \$300K)
- Targeted student enrollment growth

# Balancing the Budget – FY26

## Investments to Balance the Budget (\$3M)

### Base Budget Adjustments

- Debt Service and Central Deficits (\$2M)

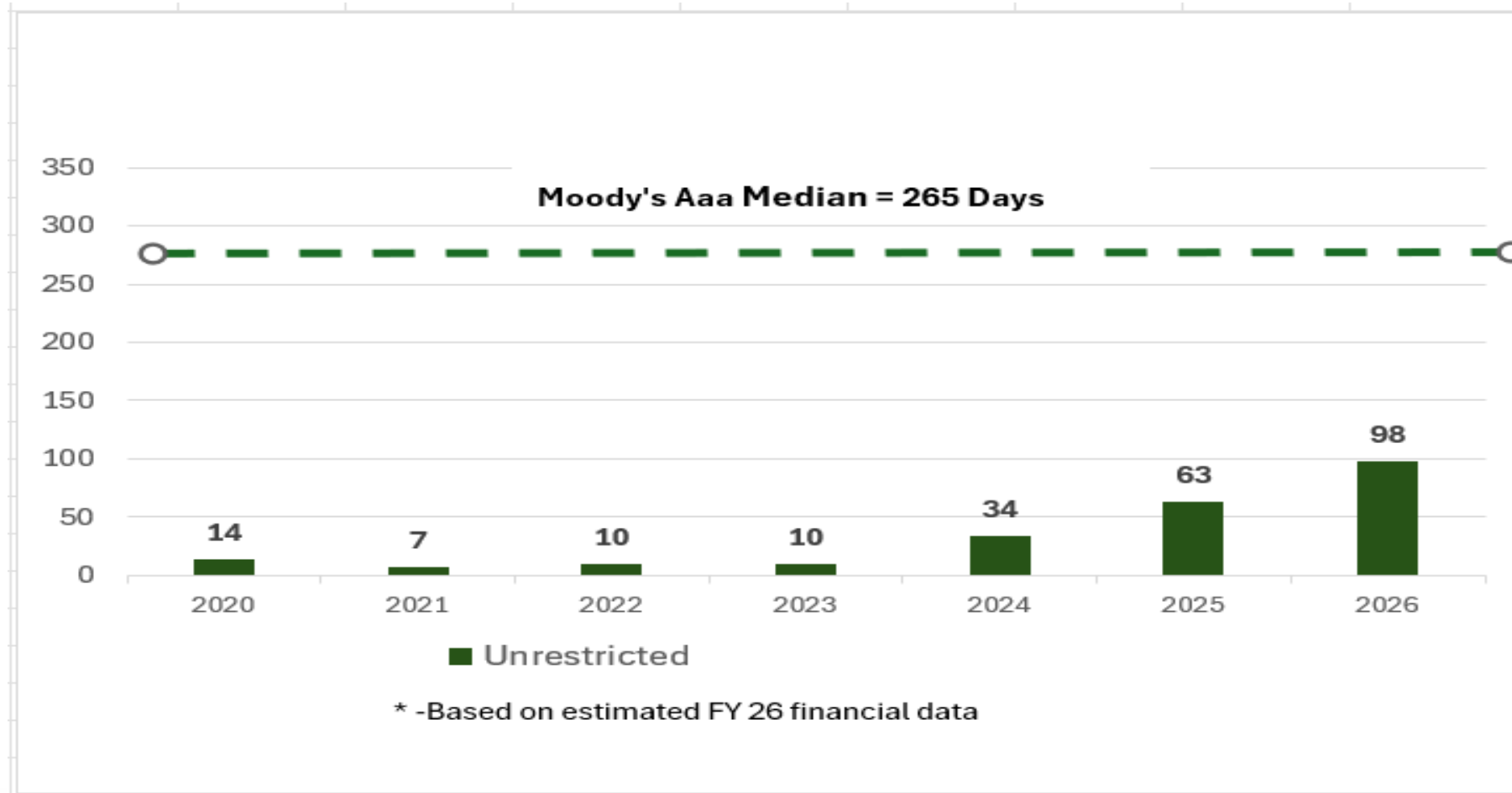
### One-Time Support

- Forensic Center (\$500K)
- Plough Center (\$500K)
- Bookstore (\$100K)

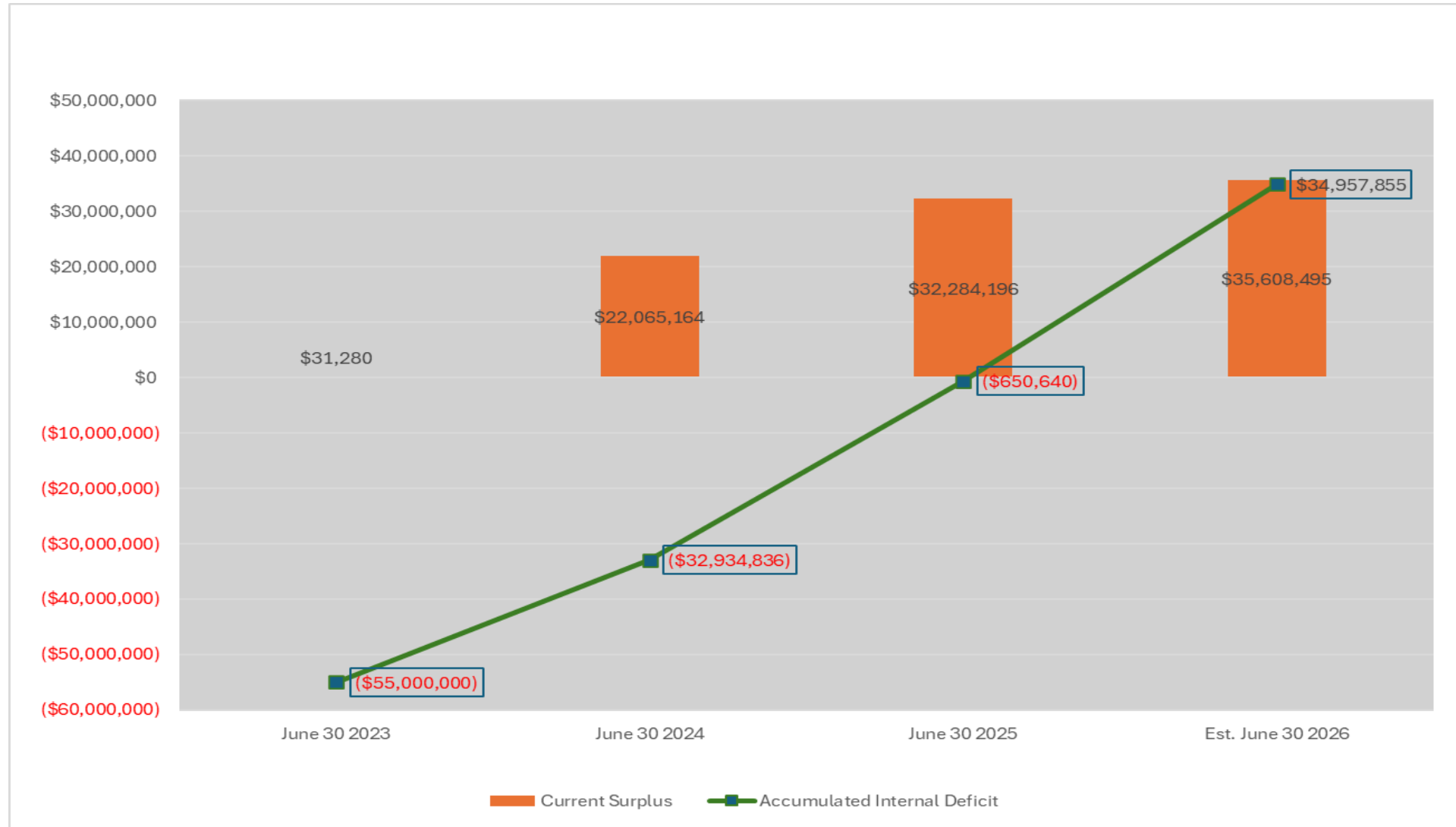
# Operating Results History FY 24-26

	<i>Estimated FY 26</i>	<i>Actuals FY 25</i>	<i>Actuals FY 24</i>
Total Revenue	\$ 385,977,239	\$ 369,789,239	\$ 357,517,445
Total Expenses	\$ 350,368,744	\$ 337,505,043	\$ 335,452,281
<b>Operating Surplus</b>	<b>\$ 35,608,495</b>	<b>\$ 32,284,196</b>	<b>\$ 22,065,164</b>

# Days Operating Cash on Hand (Unrestricted) 2020-2026 \*



# Change in Accumulated Internal Deficit



# FY2027 Budget Guiding Principles

## Goals:

1. Transparency and Accountability around our finances
2. Follow the established Budget Process (Planning and Budget Council)
3. Operate on a Balanced Budget (Conservative)
4. Strategically invest in Academic and Research growth opportunities
5. Support Capital Infrastructure
6. Build Strategic Reserves, in line with UT Policy

# Key Assumptions and Drivers

1. Enrollment projections and application of Board approved tuition and fee increase -\$2.2M
2. FY27 State approved budget and related funding adjustments:
  - Funding pool for compensation adjustments and support if health insurance cost increases and 401k contributions - \$6.95m
  - One-time funding for capital maintenance - \$2.5M
3. Conservative increase in Indirect Cost Recovery (IDCR) - \$1.5M
4. Conservative increase in revenues from other sales and services - \$200K
5. Use of reserves/carryforward for capital and one-time compensation/operating investments
6. Restricted Funds Budget adjusted to reflect anticipated grant activity and other restricted funding
7. Investments informed by the actions taken through the last three budget cycles and position us financially to commit funds toward much needed capital (one-time) investments.

# UT Health Science Center

## FY26 Proposed Educational and General (E&G) Budget Summary

Revenues	FY 25-26 Revised	FY 26-27 Proposed	Change \$	Change %
Tuition & Fees	\$ 97,493,997	\$ 99,693,997	\$ 2,200,000	2%
State Appropriations - E&G Base	\$ 232,786,324	\$ 239,763,324	\$ 6,977,000	3%
State Appropriations - E&G Non-recurring	\$ 7,590,300	\$ -	\$ (7,590,300)	-100%
<b>Total State Appropriations</b>	<b>\$ 240,376,624</b>	<b>\$ 239,763,324</b>	<b>\$ (613,300)</b>	<b>0%</b>
Grants & Contracts	\$ 16,996,922	\$ 18,496,922	\$ 1,500,000	9%
Sales & Service	\$ 20,133,400	\$ 20,337,600	\$ 204,200	1%
Other Sources	\$ 1,010,500	\$ 1,010,500	\$ -	0%
<b>Total Revenues</b>	<b>\$ 376,011,443</b>	<b>\$ 379,302,343</b>	<b>\$ 3,290,900</b>	<b>1%</b>

# UT Health Science Center

## FY 2027 Total Base and Non-recurring Budget – Proposed

Fund Group	FY 26 Revised	FY 27 Proposed	Change \$	Change %
Unrestricted Educational & General (E&G) Funds	\$ 368,421,143	\$ 379,302,343	\$ 10,881,200	3%
Unrestricted E&G - nonrecurring	\$ 7,590,300		\$ (7,590,300)	-100%
<b>Total Unrestricted E&amp;G</b>	\$ 376,011,443	\$ 379,302,343	\$ 3,290,900	1%
Unrestricted Auxiliaries	\$ 4,451,818	\$ 4,451,818	\$ -	0%
<b>Subtotal: Unrestricted</b>	\$ 380,463,261	\$ 383,754,161	\$ 3,290,900	1%
<b>Restricted</b>	\$ 322,146,179	\$ 363,258,207	\$ 41,112,028	13%
<b>Total Revenues</b>	\$ 702,609,440	\$ 747,012,368	\$ 44,402,928	6%

# Summary of Major Revenue Sources Budgeted FY26 (Revised) and FY27

	FY2026 (Proposed)	FY2027
State Appropriations – Recurring Base	\$232,786,324	\$239,763,324
Tuition and Fees	\$ 97,493,997	\$ 99,693,997
F&A/Indirect Cost Recovery	\$ 14,500,000	\$ 16,000,000

# Strategic Investments - Operations

## Pillar #1: Engaging Communities

Strengthening partnerships and engaging communities.

**Goal:** UT Health Science Center will expand mutually beneficial partnerships to promote thriving communities and address health and health-related needs across Tennessee.

**Objective 1:** Develop mutually beneficial community-academic partnerships.

### College of Nursing

- **\$216K** – Funding for ULPS MOU for Faculty Salaries (recurring funds)
- **\$122K** – Funding to launch the RN-BSN program in Spring 2027 (recurring funds)

# Strategic Investments - Operations

## Pillar #2: Educational Excellence

Promoting quality interprofessional education.

**Goal:** UT Health Science Center will provide quality educational experiences that are engaging, innovative, and interprofessional to highly qualified cohorts which broadly represent Tennessee.

**Objective 1:** Recruit, retain, and graduate highly qualified cohorts that are broadly representative of the State of Tennessee.

**Objective 3:** Ensure quality and relevance of all academic programs.

### Institutional

- **\$1M** – To support institutional student scholarships (recurring funds)

### College of Health Professions

- **\$120K** – Health Informatics New Faculty & program redevelopment (recurring funds)
- **\$170K** – Audiology and Speech Pathology equipment updates (one-time)

# Strategic Investments - Operations

## Pillar #3: Expanding Research

Growing research, innovation, and entrepreneurship.

**Goal:** UT Health Science Center will enhance collaborative statewide efforts in research, scholarship, innovation, and entrepreneurship, focusing on identified priority areas.

**Objective 2:** Develop and support the UT Health Science Center research ecosystem.

- **\$1M** – To purchase and maintain autoclaves necessary to support research (One-time)
- **\$600K (\$1.2M over two years)** – Initial investment in developing a secure enclave to support and expand research (One-time)
- **\$250K** – Physiology research equipment relocation to NASH (One-time)

# Strategic Investments - Operations

## Pillar #4: Developing Talent

Creating an environment of success for all.

**Goal:** UT Health Science Center will support the well-being and success of all faculty, staff, and students by providing resources and fostering an environment that promotes our values.

**Objective 2:** Increase employee and student recruitment, engagement, and retention.

- **\$4M** – To support the FY27 Compensation Plan – Cost of Living Adjustments (Recurring)
- **\$2.5M** – To fund FY27 Performance Based Compensation Adjustments (One-time)
- **\$100K** – To help und Faculty promotions support (Recurring)
- **\$3.1M** – To fully fund employer share of increases in health insurance premiums (Recurring)
- **\$150K** – To fund ½ the cost of FY27 the UT Health Science Center Student Insurance Program premium increase (One-time)

### Marketing and Communications

- **\$90K** – Funding for a Marketing Manager to lead marketing efforts to grow enrollments across programs (recurring)
- **\$230K** – Funding to support new digital advertising and media contract (One-time)

# Strategic Investments - Capital

## Pillar #2: Educational Excellence

Promoting quality interprofessional education.

**Goal:** UT Health Science Center will provide quality educational experiences that are engaging, innovative, and interprofessional to highly qualified cohorts which broadly represent Tennessee.

**Objective 3:** Ensure quality and relevance of all academic programs.

- **\$505K** – Additional funding to complete the New Gross Anatomy Lab (One-time)
- **\$500K** – Additional funding to for multiple building boiler repairs across the Memphis campus (One-time)
- **\$2.5M** – Funding to upgrade building access controls across the Memphis campus (One-time)
- **\$4M** – Funding to acquire the SOMA apartment complex (One-time)
- **\$10M** – Funding for planning and design of College of Medicine Interdisciplinary Building (One-time)
- **\$500K** – Funding to pre-pay leasehold improvement for College of Medicine – Chattanooga (One-time)

# Strategic Investments - Capital

## Pillar #3: Expanding Research

Growing research, innovation, and entrepreneurship.

**Goal:** UT Health Science Center will enhance collaborative statewide efforts in research, scholarship, innovation, and entrepreneurship, focusing on identified priority areas.

**Objective 2:** Develop and support the UT Health Science Center research ecosystem.

- **\$2.9M** – Additional funding for the build out of Cancer Research Building 4<sup>th</sup> Floor (One-time)
- \$4~ in funding available from the State – (One-time)

# Summary of FY27 Investment - Operations

## Recurring:

- College of Nursing
  - **\$216K** – Funding for faculty salaries per ULPS MOU
  - **\$122K** – Funding to launch the RN-BSN program
- College of Health Professions
  - **\$120K** – Funding Health Informatics Faculty and program development support
- Marketing and Communications
  - **\$90K** – Funding for a Marketing Manager
- Institutional
  - **\$4M** – Funding for FY27 Compensation Plan (COLA)
  - **\$1M** – Funding for Scholarships
  - **100K** – Funding for faculty promotions
  - **\$3.1M** – Funding for employer's share of health insurance premium increases
- **Total recurring investments - \$8.75M**

## Non-recurring (One-time):

- College of Health Professions
  - **\$170K** – Audiology and Speech Pathology equipment
- Research
  - **\$1M** – To purchase and maintain autoclaves
  - **\$600K** – Secure data enclave (initial of \$1.2M)
  - **250K** – Physiology equipment relocation to NASH
- Institutional
  - **\$150K** – Student Health Insurance premiums support
  - **\$2.5M** – FY27 Performance based compensations adjustments – institutional share
  - **\$230K** – Digital advertising and media contract

**Total non-recurring investments - \$4.9M**

# Summary of FY27 Investments - Capital

## Non-recurring (One-time):

- **Institutional**

- **\$505K** – Additional funding for the Gross Anatomy Lab
- **\$500K** – Additional funding to multiple building boiler repairs
- **\$2.5M** – Funding to upgrade building access controls
- **\$2.9M** – Additional funding to build out Cancer Research Building 4<sup>th</sup> floor
- **\$4M** – Funding to acquire the SOMA apartment complex
- **\$10M** – Funding for planning and design of College of Medicine Interdisciplinary Building
- **\$500K** – Investment in leasehold improvements with Erlanger – COM – Chattanooga

- **Capital investments - \$20.9M (UT Health Science Center)**

- **Capital Investments State of Tennessee:**

- **\$2.5M** – Funding for capital maintenance
- **\$311M** – Funding for the new College of Medicine Interdisciplinary Building (COMIB)

- **Capital investment - \$313.5M (State of Tennessee)**

### **Total Capital Investments (all sources) - \$334.4M**

**Note:** COMIB's total cost is \$350M, consisting of \$311M in State support and a \$39M contribution from UT Health Science Center. A philanthropic campaign to raise \$50M is actively underway.



View from Madison Avenue and Dudley St.

# Funding of the New College of Medicine Interdisciplinary Building

## Project Cost - \$350 million:

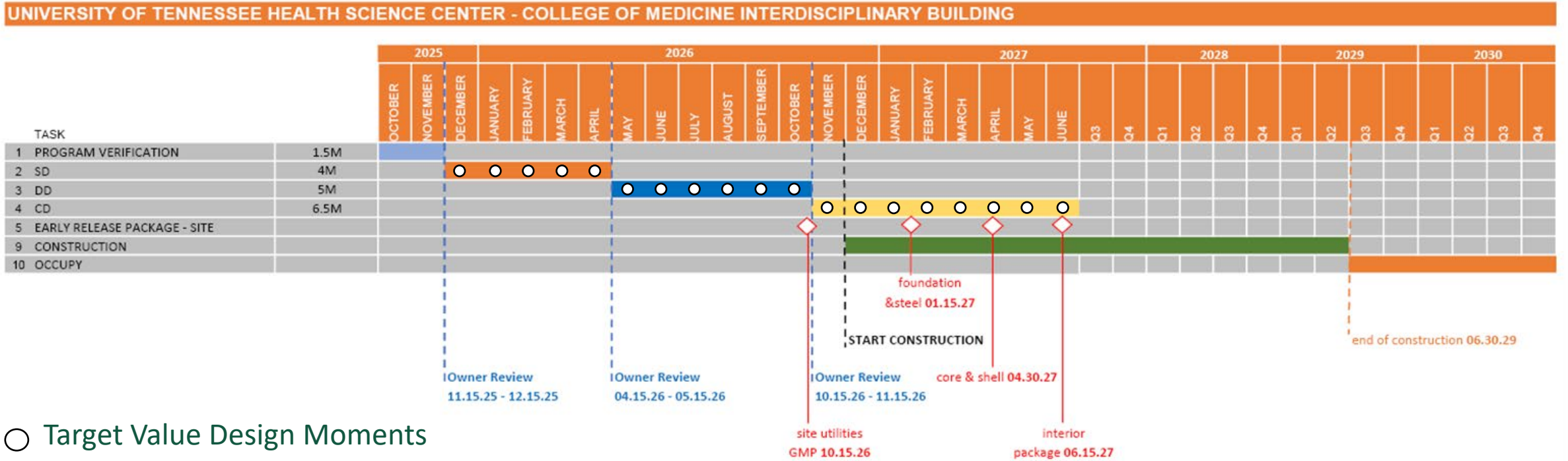
- Funding from the State \$311M
- UT Health Sciences Share \$39M

## • Philanthropy Campaign:

- \$39M for capital
- \$11M for programmatic support and enrichment



# Project Schedule



# Proposed Action Item

**We request and recommend the Advisory Board's approval of the Proposed Operating Recurring and Non-Recurring Budget for FY2027**

Unrestricted Educational & General – Base Funds	\$379,392,343
Unrestricted Auxiliary Funds	<u>\$4,451,818</u>
<b>Subtotal – Unrestricted</b>	<b>\$383,754,161</b>
Restricted Funds	<u>\$363,258,207</u>
<b>Total</b>	<b>\$747,012,368</b>

# Questions?

# Other Business, Feedback, and Discussion

