



Budget Allocation Model Procedure
University Funding to Supplement Operating Budgets
Effective Date: 8/1/21

University Funding to Supplement Operating Budgets

OBJECTIVE:

To provide guidelines for approving adjustments to university funding required to balance annual operating budgets for revenue generating academic units, auxiliary units and service centers as defined in the Budget Allocation Model.

PREAMBLE:

University Funding is a common feature of nearly all incentive-based budgeting models as there are core academic offerings at any research university that simply do not generate enough revenue to meet expenses. The need for University Funding should not be viewed as a value judgment on a unit's worth or productivity. The University, as a whole, benefits from its broad portfolio of academic programs. Some programs will require strategic, differential investment and support.

PROCEDURE:

1. Increases in University Funding

Revenue generating units which are unable to fully cover their annual operating budgets will request supplemental university funding. Requests for increases in funding will be evaluated by the Executive Budget Committee during the annual budget approval cycle. The request for funding should be supported by the unit's academic plan, strategic priorities and the impact of programs on the mission of the University.

Use of a unit's discretionary reserve funds or access to the strategic investment pool should be considered as an alternative to increased levels of university funding.

2. Decreases in University Funding

Reductions in university funding will be considered by the Executive Budget Committee if supported by a three year trend in operating performance evidenced by consistent positive carryover amounts, reserve balances in excess of expected range, planned improvement in operational efficiencies or new revenue streams. Such reductions in university funding



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should not exceed 33.3% per year. To the extent possible, units will be informed of reductions in university funding one year in advance.

During periods of financial crisis, the Chancellor may reduce university funding as recommended by the Executive Budget Committee.

3. Decreases in Support Unit Funding

To the extent possible, support units will be provided one year of advance notice for implementation of budget reductions if proposed by the Allocation Review Committee and recommended by the Executive Budget Committee.

For More Information

[Budget Allocation Model Overview | Office of Budget and Finance \(utk.edu\)](#)

Office of Budget and Finance (865) 974-4204.