

THE UNIVERSITY OF TENNESSEE  
BOARD OF TRUSTEES  
ANNUAL MEETING

1:00 p.m. EDT  
Thursday  
June 23, 2016

Hollingsworth Auditorium  
2421 Joe Johnson Drive  
Knoxville, Tennessee

ORDER OF BUSINESS

- I. Call to Order and Invocation
- II. Roll Call
- III. Introduction of New Trustees
- IV. [Honorary Resolutions](#) – Action ..... Tab 1
- V. President’s Report..... Tab 2
- VI. [FY 2017 Operating Budget, Student Tuition and Fees, and Compensation Guidelines for Additional Salary Increases During the Fiscal Year](#) – Action/Roll Call Vote ..... Tab 3
  - A. [FY 2017 Operating Budget and Student Tuition and Fees](#)..... Tab 3.1
  - B. [FY 2017 Compensation Guidelines for Additional Salary Increases During the Fiscal Year](#) ..... Tab 3.2
- VII. Report of the Executive and Compensation Committee
  - A. [Vice Chair’s Report on the President’s Annual Performance Review](#) – Action ..... Tab 4
  - B. [FY 2016-17 Performance Incentive Payment Plan for University Officers](#) – Action ..... Tab 5
    - 1. [FY 2016-17 Plan Document](#)..... Tab 5.1
    - 2. [FY 2016-17 Performance Goals](#)..... Tab 5.2
- VIII. Report of the Trusteeship Committee
  - A. [Amended and Restated Bylaws](#) – Action/Roll Call Vote..... Tab 6
  - B. [Standing Rule Governing Requests to Address the Board of Trustees](#) ..... Tab 7
- IX. Report of the Finance and Administration Committee
  - A. [New System Rule on Student Housing and Repeal of Campus Student Housing Rules](#) – Action/Roll Call Vote..... Tab 8
- X. [Report of the Audit and Compliance Committee](#) ..... Tab 9

- XI. Consent Agenda – Action
  - A. Minutes of the Last Meeting..... Tab 10
  - B. 2017 Board of Trustees Meeting Dates..... Tab 11
  - C. Resolution Appointing a managerial Group for U. S. Government Contracts ..... Tab 12
  - D. Ratification of FY 2015-16 Quasi-Endowments ..... Tab 13
  - E. FY 2017 Distribution of UC Foundation Unrestricted Endowment Funds ..... Tab 14
  - F. Annual Report of Sale of Gift Property ..... Tab 15
  - G. Easement to KUB/ Andy Holt Avenue and Twentieth Street (UTK)..... Tab 16
  - H. Easements to KUB/1800-1806 Lake Avenue (UTK) ..... Tab 17
  - I. President Emeritus Agreement with Dr. Joseph E. Johnson ..... Tab 18
  - J. UTC Differential Tuition Plan for the Doctoral Program in Occupational Therapy ..... Tab 19
  - K. UTC Differential Tuition Plan for the Doctoral Program in Physical Therapy ..... Tab 20
  - L. “Soar in Four: A New Undergraduate Tuition Model for UT Martin” ..... Tab 21
  - M. Revised Finance and Administration Committee Charter ..... Tab 22
  - N. Revised Research, Outreach, and Economic Development Committee Charter ..... Tab 23
  - O. 2016 Comprehensive List of Academic Programs ..... Tab 24
  - P. Administrative Action to Terminate or Inactivate Academic Programs ..... Tab 25
  - Q. Revised Academic Affairs and Student Success Committee Charter ..... Tab 26
  - R. UT Knoxville Strategic Plan Refresh, Vol Vision 2020 ..... Tab 27
  - S. Tenure Recommendations ..... Tab 28
  - T. Revised Advancement and Public Affairs Committee Charter ..... Tab 29
  
- XII. Future Board and Committee Meeting Dates – Information ..... Tab 30
  
- XIII. Other Business
  
- XIV. Adjournment

**The University of Tennessee  
Board of Trustees**

**Resolution in Honor of Dr. David A. Golden**

**June 23, 2016**

WHEREAS, Dr. David A. Golden earned a Bachelor's Degree in Microbiology and Master's and Doctoral degrees in Food Biology from the University of Georgia; and

WHEREAS, Dr. Golden began his career as a visiting research scientist with the Commonwealth Scientific and Industrial Research Organization in New South Wales, Australia in 1989; and

WHEREAS, he served as a research microbiologist and microbiologist for the U.S. Food and Drug Administration from 1991 until 1993; and

WHEREAS, he joined The University of Tennessee, Knoxville as Assistant Professor of Food Microbiology in 1993 and was promoted to Professor in 2008; and

WHEREAS, Dr. Golden has served as interim associate director of the University Honors Program, as a faculty fellow of the Haslam Scholars Program, and as President of the UT Knoxville Faculty Senate; and

WHEREAS, he has received numerous awards recognizing his excellence in teaching, including the Alumni Outstanding Teacher Award from the University of Tennessee Alumni Association in 2013 and the Elmer Marth Educator Award from the International Association for Food Protection in 2010; and

WHEREAS, he has served as a member of the International Association of Food Protection and the Institute of Food Technologists; as the scientific editor of *Food Protection Trends*; on the editorial board of *Foodborne Pathogens and Disease*; and on the editorial board of the *Journal of Food Protection*; and

WHEREAS, he continues his research into Escherichia coli, listeria monocytogenes and salmonella in foods while directing master's and doctoral students through their research and actively seeking research grants and contracts and publishing his own work; and

WHEREAS, Governor Bill Haslam appointed Dr. Golden to the Board of Trustees in 2014 as a Faculty Trustee, and he has served with distinction on the Academic Affairs and Student Success and Research, Outreach, and Economic Development Committees, as well as other special assignments at the request of the President;

NOW THEREFORE BE IT RESOLVED that The University of Tennessee Board of Trustees, meeting in Knoxville, Tennessee, on June 23, 2016, commends Dr. David Golden for his exceptional service to the Board, the University, and the State of Tennessee.

**The University of Tennessee  
Board of Trustees**

**Resolution in Honor of J. Brian Ferguson  
June 23, 2016**

WHEREAS, J. Brian Ferguson earned a bachelor's degree in chemical engineering from Arizona State University; and

WHEREAS, Mr. Ferguson began his 34-year career in the chemical industry at Eastman Chemical Company's Longview, Texas, operations; and

WHEREAS, he served in 20 different assignments with the company and in a wide variety of manufacturing, technology and staff roles in Texas and Tennessee; and

WHEREAS, he oversaw Eastman's federal government affairs in Washington, D.C. from 1992 to 1995; and

WHEREAS, he lived in Hong Kong and Singapore from 1996 through 1999 when he had responsibility for Eastman's Asia-Pacific operations; and

WHEREAS, he served as CEO and Chairman of Eastman Chemical Company from 2002 through 2008 and Executive Chairman of the board of directors from 2008 to 2010; and

WHEREAS, he has served as a director of NextEra Energy, Phillips 66, and the Owens Corning Corporation; and

WHEREAS, he has served his industry and the nation as Chairman of the American Chemistry Council, member of the Business Roundtable, member of the board of directors of the National Association of Manufacturers, member of the President's Export Council, and member of the Board of Trust of the United States Council for International Business; and

WHEREAS, Governor Bill Haslam appointed him to the Board of Trustees in 2011, and he served a two-year term as Vice Chair from 2013 to 2015, during which he and President DiPietro launched a crucial initiative to transform the University's business model to achieve sustainability for the future;

NOW THEREFORE, BE IT RESOLVED that The University of Tennessee Board of Trustees, meeting in Knoxville, Tennessee, on June 23, 2016, commends J. Brian Ferguson for his exceptional service to the Board, the University, and the State of Tennessee.

THE UNIVERSITY OF TENNESSEE  
BOARD OF TRUSTEES

ACTION ITEM

DATE: June 23, 2016

ITEM: FY 2017 Operating Budget, Student Tuition and Fees, and Compensation Guidelines for Additional Salary Increases During the Fiscal Year

RECOMMENDATION: Approval

PRESENTED BY: James R. Maples, Interim Treasurer and Chief Financial Officer

The proposed FY 2017 Operating Budget, Student Tuition and Fees, Compensation Guidelines for Additional Salary Increases During the Fiscal Year are presented in the following materials.

**MOTION: I move that the Board of Trustees adopt the following Resolution on the FY 2017 Operating Budget, Student Tuition and Fees, and Compensation Guidelines for Additional Salary Increases During the Fiscal Year:**

RESOLUTION OF  
THE UNIVERSITY OF TENNESSEE  
BOARD OF TRUSTEES  
June 23, 2016

FY 2017 Operating Budget, Student Tuition and Fees, and Compensation Guidelines for Additional Salary Increases During the Fiscal Year

WHEREAS, the Bylaws require the Board of Trustees to approve an annual operating budget for the University; and

WHEREAS, the proposed FY 2017 Educational and General (E&G) budget is balanced and within available resources, as is the budget for Auxiliary Enterprises; and

WHEREAS, the proposed budget complies with all applicable policies and

guidelines; and

WHEREAS, the administration needs to be able to respond quickly and effectively to a significant budget shortfall due to a state impoundment of funds or appropriation rescission; and

WHEREAS, mandatory furloughs without pay, reduction of time worked, across-the-board salary reductions, and similar salary-related measures may be required to address budget reductions or a budgetary shortfall; and

WHEREAS, the Bylaws further require the Board of Trustees to approve student tuition and fees;

NOW THEREFORE BE IT RESOLVED that:

1. The FY 2017 proposed operating budget is approved with the understanding that if the General Assembly or the Department of Finance and Administration further alters the FY 2017 appropriations or if changes in estimated resources require, the budget shall be modified accordingly so expenditures will not exceed available resources.
2. The Board of Trustees expressly authorizes the campus, institute and unit administrations, in response to budget reductions or a budgetary shortfall, to implement mandatory furloughs without pay, reduction of time worked, across-the-board salary reductions, and similar salary-related measures during FY 2017, subject to approval by the Executive and Compensation Committee, the President, and the Treasurer and Chief Financial Officer in consultation with the General Counsel and Human Resources.
3. The proposed tuition and fee schedules are adopted for FY 2016-17.
4. The proposed FY 2017 salary and wage compensation plan and the FY 2017 Compensation Guidelines for Additional Salary Increases During the Fiscal Year are approved.
5. Any additional general salary increases that exceed the FY 2017 salary and wage plan may only be granted upon approval by the Board of Trustees.
6. Any remaining Unrestricted Current Fund balances may be considered as a reserve for contingencies to be used for:

- a. Employing additional staff where enrollments and reorganization requirements warrant;
- b. Modifying departmental operating budgets where changing conditions during the year require funding adjustments;
- c. Funding to make salary adjustments for personnel as may be necessary during the year in keeping with state and university salary guidelines;
- d. Improving physical facilities for academic and research departments as opportunities arise;
- e. Mandated cost increases; and
- f. State impoundment of funds or appropriations rescission during the budget year.

All such changes shall be reported to the Board in a Revised Budget for the Board's approval.

Adopted by the Board of Trustees, this 23rd day of June, 2016.

# FY 2017 Proposed Budget

June 22-23, 2016



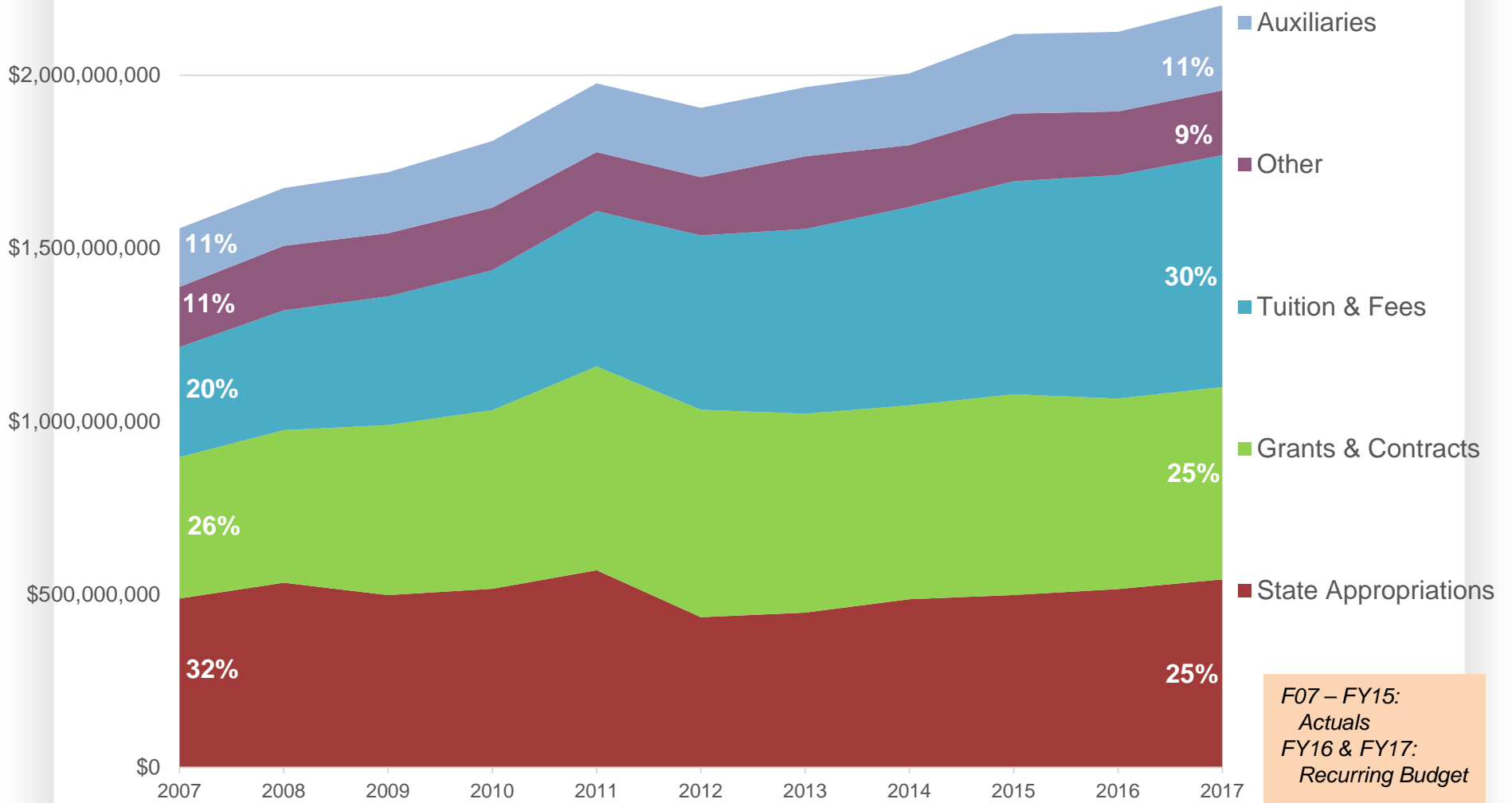
- The FY2017 Proposed Budget is balanced & within available resources
- Undergraduate tuition increases lowest in over 30 years for the second year in a row
- Funding for faculty & staff salary increases
- Unrestricted state funding up \$28.0 million

# Total Current Funds

## Unrestricted and Restricted E&G and Auxiliary

## Revenue Trends

### All Current Funds Unrestricted, Restricted, E&G, and Auxiliary



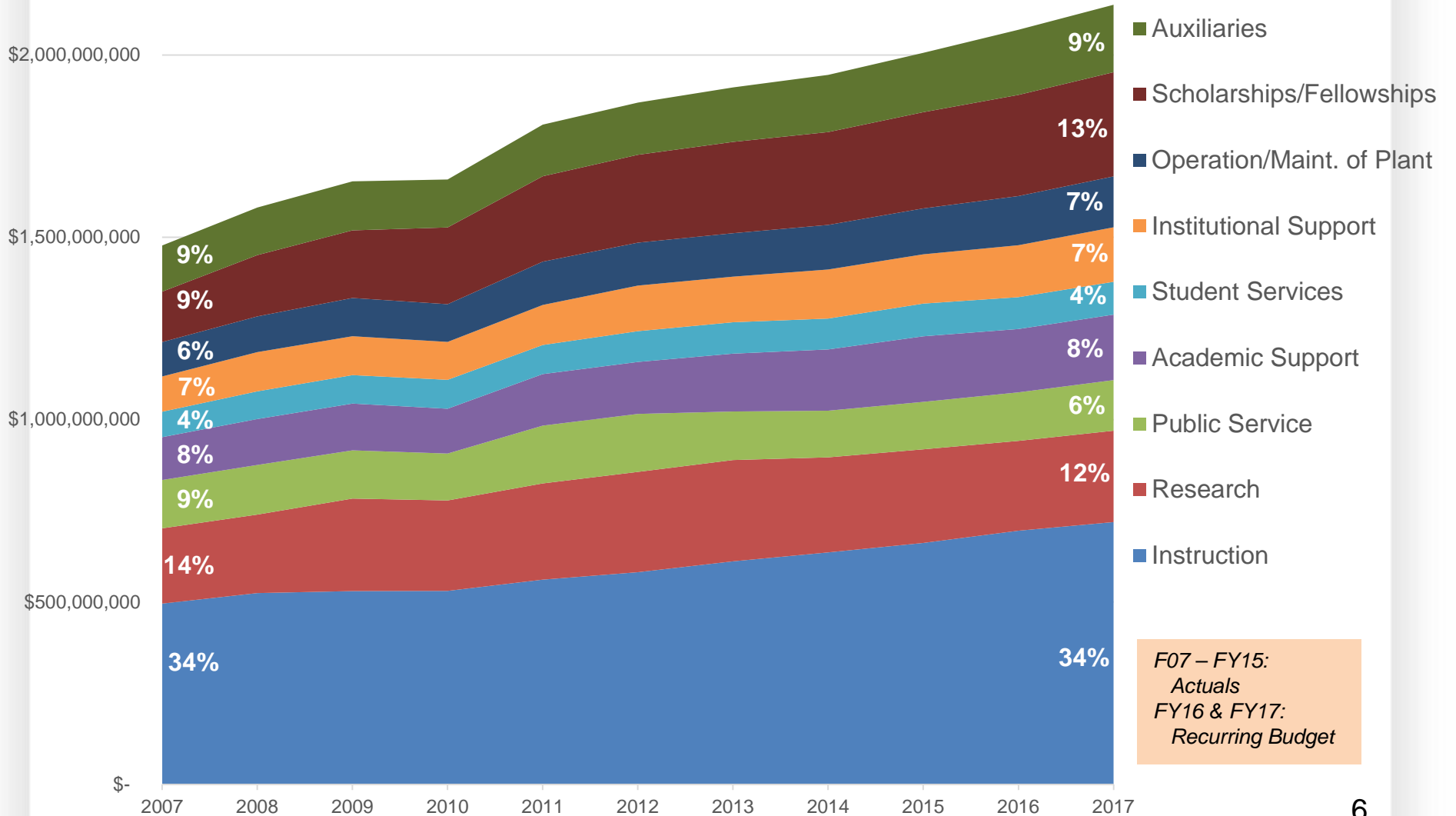
FY 2017 Proposed Budget

## Total Current Fund Revenues

Fund Group (\$millions)	FY2016	FY2017	Change	
Unrestricted E&G	\$1,305.8	\$1,356.0	\$50.2	3.8%
Restricted E&G	596.6	602.2	5.6	0.9%
Auxiliaries	230.0	246.2	16.2	7.0%
<b>TOTAL REVENUES</b>	<b>\$2,132.4</b>	<b>\$2,204.4</b>	<b>\$72.0</b>	<b>3.4%</b>

# Expenditure Trends

All Current Funds  
Unrestricted, Restricted, E&G, and Auxiliary



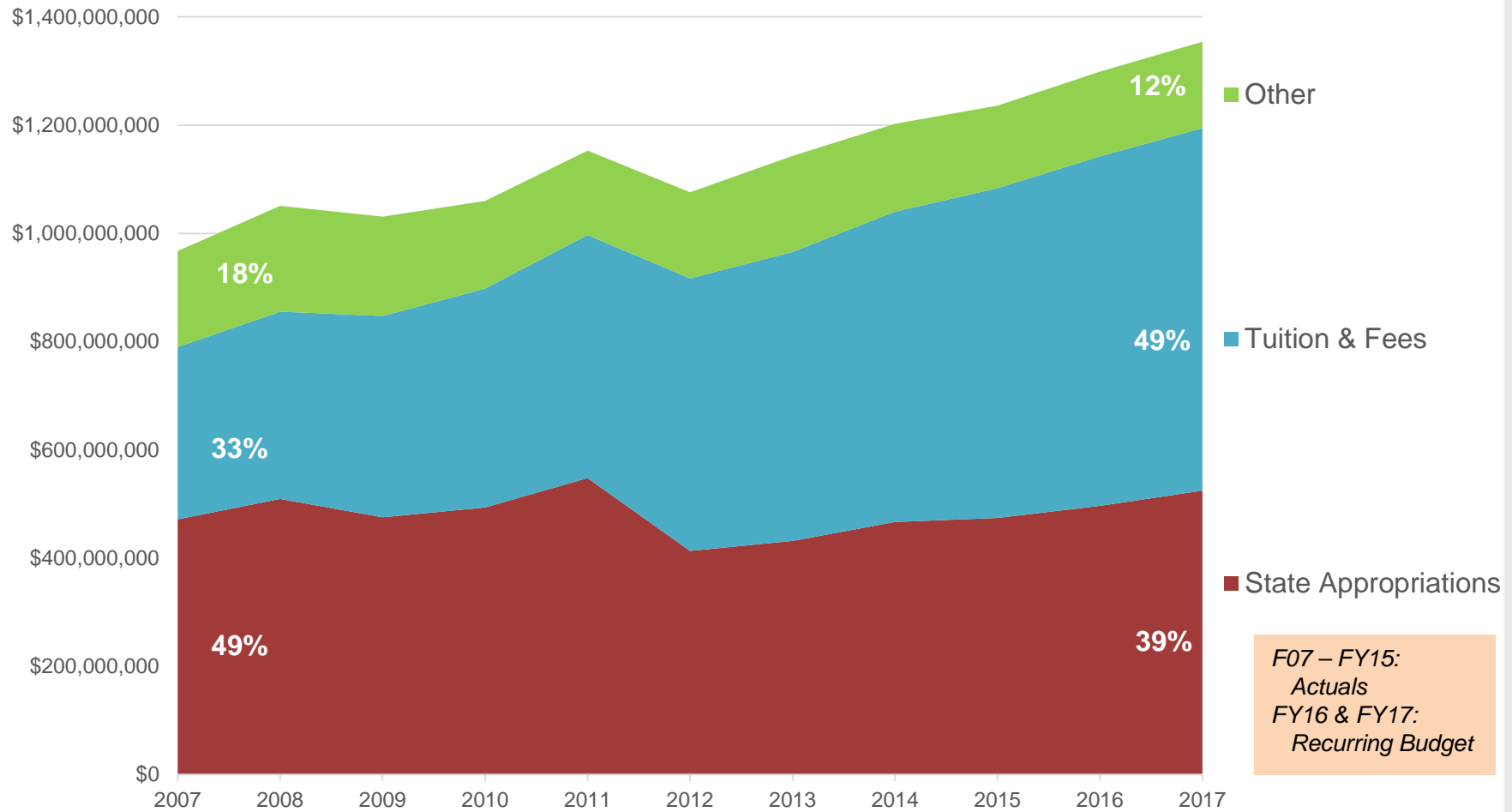
FY 2017 Proposed Budget

F07 – FY15:  
Actuals  
FY16 & FY17:  
Recurring Budget

# Unrestricted Educational & General (E&G) Funds

*Unrestricted (E&G) funds support the core functions of the university.*

## Revenue Trends Unrestricted E&G Funds



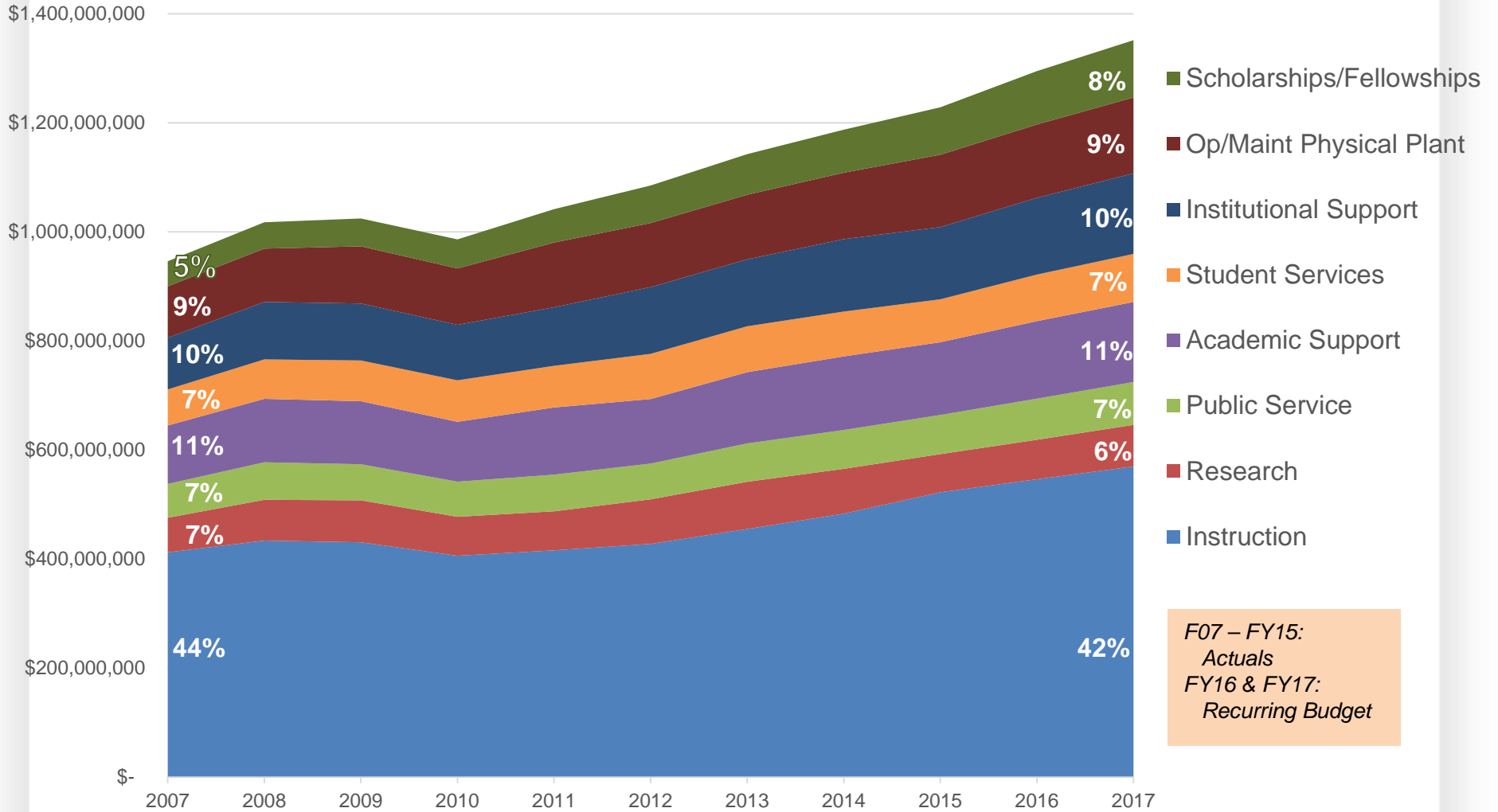
FY 2017 Proposed Budget

## Unrestricted E&G Revenues

Sources (\$millions)	FY2016	FY2017	Change	
Tuition & Fees	\$648.1	\$669.8	\$21.7	3.3%
State Appropriations	498.6	526.7	28.1	5.6%
Other Revenues	159.1	159.5	0.4	0.3%
<b>TOTAL REVENUE</b>	<b>\$1,305.8</b>	<b>\$1,356.0</b>	<b>\$50.2</b>	<b>3.8%</b>



## Expenditure Trends Unrestricted E&G Funds



*F07 – FY15:  
Actuals  
FY16 & FY17:  
Recurring Budget*

FY 2017 Proposed Budget

## Recurring Unrestricted Expenditures

Functional Areas (\$millions)	FY2016	FY2017	Change	
Instruction	\$546.5	\$569.8	\$23.4	4.3%
Research	72.4	76.3	3.9	5.4%
Public Service	75.4	78.6	3.2	4.3%
Academic Support	142.2	146.8	4.6	3.3%
Student Services	85.4	88.1	2.7	3.1%
Institutional Support	140.7	147.8	7.1	5.0%
O&M of Plant	134.4	139.2	4.8	3.6%
Scholarships/Fellowships	97.9	105.0	7.0	7.2%
<b>TOTAL EXPEND.</b>	<b>\$1,294.9</b>	<b>\$1,351.6</b>	<b>\$56.7</b>	<b>4.4%</b>
Transfers	3.1	1.2	(1.9)	(60.5)%
<b>EXPEND. + TRANS.</b>	<b>\$1,298.0</b>	<b>\$1,352.8</b>	<b>\$54.8</b>	<b>4.2%</b>

FY 2017 Proposed Budget

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## FY 2017 Salary Plan

- \$32.1 million for 3% salary increase pool
  - \$24.2 unrestricted E&G funds
  - \$6.0 restricted grants, contracts, gifts & endowments
  - \$1.9 million auxiliary enterprises

Campus/Unit	Salary Plans (ATB = across-the-board)
Chattanooga	3.0% ATB
Knoxville (UTSI)	3.0% market/merit
Martin	2.0% ATB + 1% market & 1.0% non-recurring bonus <i><u>contingent on enrollment</u></i>
Health Science Center	3.0% ATB
Institute of Agriculture	1.5% ATB + 1.5% market/merit
Institute for Public Service	2.0% ATB + 1.0% market/merit
System Administration	1.0% ATB + 2.0% market/merit

## Proposed Tuition Increases

Campus/Unit	Maintenance Fee <sup>(1)</sup>	Out-of-State <sup>(2)</sup>
<b>Undergraduate:</b>		
Chattanooga	2.2%	0.0%
Knoxville	2.2%	0.0%
Knoxville (original "15-in-4" cohort)	3.0%	0.0%
Martin (students with 60 or more credit hours)	2.2%	(58.7)%
Martin "Soar in Four" (students with less than 60 credit hours)	New	(58.7)%

- 1) All in-state and out-of-state students pay the maintenance fee.
- 2) Portion of tuition paid only by out-of-state students. Those at units increasing only the maintenance fee will pay the same **dollar** increase as in-state students.

## Proposed Tuition Increases

Campus/Unit	Maintenance Fee <sup>(1)</sup>	Out-of-State <sup>(2)</sup>
<b>Graduate:</b>		
Chattanooga	2.2%	0.0%
Knoxville/UTSI	4.0%	0.0%
Knoxville College of Law	0.0%	0.0%
Martin	3.0%	0.0%
Veterinary Medicine	4.0%	0.2%
Health Science Center – Audiology/Pathology	2.2%	0.7%
Health Science Center – MS Pharmacology	5.0%	3.3%
Health Science Center – all other programs	0.0%	0.0%

- 1) All in-state and out-of-state students pay the maintenance fee.
- 2) Portion of tuition paid only by out-of-state students. Those at units increasing only the maintenance fee will pay the same **dollar** increase as in-state students.

## Other Fee Changes

	Current	Proposed	Additional Revenues
UTK Aerospace MBA	\$ 66,000	\$ 69,000	\$ 102,000
UTK Professional MBA	46,500	48,000	60,000
UTK Student Programs & Services Fees	256	262	150,000
UTK Capital Fee	348	366	450,000
UTK Counseling Fee	96	106	250,000
UTK Student Health Fee	198	202	100,000
UTK Facilities Fee	390	404	350,000
UTC International Education Fee	NEW	20	239,960
UTC Doctorate of Physical Therapy Differential Fee	NEW	56	92,736
UTC Doctorate of Occupational Therapy Differential Fee	NEW	56	68,544
HSC Simulation Center Equipment Fee	NEW	300	915,000

FY 2017 Proposed Budget

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## Additional Tuition & Fee Revenues

Includes only revenues resulting from tuition and fee changes proposed for Board approval.

Campus/Unit	Tuition	Other Fees	Total
Chattanooga	\$ 1,587,720		\$ 1,587,720
Knoxville/UTSI	5,500,000	\$ 1,729,000	7,229,000
Martin	2,363,140		2,363,140
Health Science Center	28,400	915,000	943,400
Veterinary Medicine	358,928		358,928
<b>TOTAL</b>	<b>\$ 9,838,188</b>	<b>\$ 2,644,000</b>	<b>\$ 12,482,188</b>

## Recommendation

- The FY 2017 Proposed Budget be approved:
  - Budgeted Revenues, Expenditures, and Transfers
  - Tuition & Fees
  - Salary Plan
  - Compensation Guidelines
- University administration be authorized to respond as needed to unforeseen developments



# **Proposed Budget Document**

## **FY 2016 – 2017**



# **THE UNIVERSITY *of* TENNESSEE**

University of Tennessee at Chattanooga

University of Tennessee, Knoxville  
University of Tennessee Space Institute

University of Tennessee at Martin

University of Tennessee Health Science Center

University of Tennessee Institute of Agriculture  
Agricultural Experiment Station  
Extension  
College of Veterinary Medicine

University of Tennessee Institute for Public Service  
Institute for Public Service  
Municipal Technical Advisory Service  
County Technical Assistance Service

University of Tennessee System Administration

**THE UNIVERSITY OF TENNESSEE**

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## Message from the CFO

The FY 2017 proposed operating budget allocates available funding to the University’s current operations for the fiscal year beginning July 1, 2016 and ending June 30, 2017. It is the result of input from hundreds of dedicated faculty, staff, students and citizens involved in setting priorities for the University’s campuses, colleges, and institutes across the state of Tennessee.

This will be the second year of Dr. DiPietro’s program to achieve long-term financial sustainability. Each campus and institute is reallocating resources to reduce a future funding gap which was originally projected to exceed \$377 million by FY 2024-25. Efforts include voluntary retirement incentives, eliminating low priority programs, administrative efficiencies, alternative revenue sources, and innovative student recruitment programs. As a result, tuition increases have been held to the rate of inflation for the second year in a row. The maintenance fee for in-state undergraduates will go up by only 2.2%, the lowest increase since 1984.

We are grateful for the support of the Governor and General Assembly during this year’s appropriations process. The state’s budget includes funding to recognize the strong productivity gains made by UT’s three “formula units” (Chattanooga, Knoxville, and Martin), evidence that UT’s strategies to improve student success and completion are making a difference. UT’s non-formula units received funds to help offset inflation, provide salary increases, and expand programs. Newly funded programs include a UT Martin higher education center in Somerville, property assessment consulting for counties by the Institute for Public Service, and a dairy specialist position in Extension.

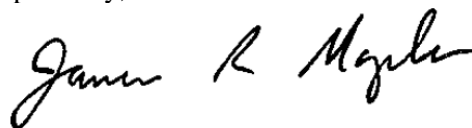
UT will receive state funding for capital projects and capital maintenance. This includes \$63.1 million for the UTC Academic Classroom Building renovation and the Health Science Center Dentistry Faculty Practice/Research Building. The state will provide over \$29.3 million for six capital maintenance projects.

The legislative session was not without its challenges. The state moved away from its long-standing practice of providing salary pool funding for higher education similar to that budgeted for other state employees. Some UT units did not receive adequate funding for their proposed FY 2017 salary plans and will make budget reductions to offset the shortfall. The Knoxville campus was forced to eliminate all funding for its Office of Diversity & Inclusion during FY 2017. This damages a vital component in an area of growing importance and represents an unprecedented intrusion into operational decisions normally entrusted to the administration and Board of Trustees. Continued advocacy efforts are planned to develop understanding and support around these issues.

While state appropriations did not include full funding for salary increases, UT will use a combination of state funds, budget reallocations, and fee revenues to fund a 3% salary increase pool. Each campus and institute has developed plans consistent with its long-term compensation strategy.

Revenue and expenditure data for each operating unit are provided in this budget document. Also included are detailed schedules on tuition and fees. A separate publication containing detailed supporting schedules is available in printed or electronic format.

Respectfully,



James R. Maples  
Interim Treasurer & Chief Financial Officer

# FY2017 PROPOSED BUDGET

*“THE FY 2017  
 EDUCATIONAL  
 AND GENERAL  
 (E&G) AND  
 AUXILIARY  
 ENTERPRISES  
 PROPOSED  
 BUDGETS ARE  
 BALANCED AND  
 WITHIN  
 AVAILABLE  
 RESOURCES.”*

FY 2017 Quick Facts	
Enrollment (Fall 2015)	49,135
Total Revenues	\$2.128B
Positions (July, 2016)	15,166
Capital Outlay	\$ 63.1M
Capital Maintenance	\$ 29.3M

Unrestricted E&G Funds	
Unrestricted E&G Revenues	\$1.356B
Tuition & Fees	\$669.8M
<i>% of Revenues</i>	49.4%
State Appropriations	\$526.7M
<i>% of Revenues</i>	38.8%
Salaries & Benefits	\$919.6M
<i>% of Expenditures</i>	68.0%

## Overview

The University of Tennessee FY 2017 proposed budget revenues total \$2.2 billion: \$1.4 billion in unrestricted educational and general (E&G) funds, \$602 million in restricted E&G funds and \$246 million in auxiliary funds. This is a 3.4% increase from the FY 2016 probable budget. The largest increases are tuition and fee revenues, state appropriations, and UTK auxiliary operations; primarily athletics and housing.

### TOTAL REVENUE

(\$ millions)

Revenue Source	FY2016 Probable	FY2017 Proposed	Change	
Unrestricted E&G	\$ 1,305.8	\$ 1,356.0	\$50.2	3.8%
Restricted E&G	596.6	602.2	5.6	0.9%
Auxiliaries	230.0	246.2	16.2	7.0%
<b>Total</b>	<b>\$ 2,132.4</b>	<b>\$ 2,204.4</b>	<b>\$72.0</b>	<b>3.4%</b>

Amounts may not add due to rounding.

Unrestricted education and general funds (Unrestricted E&G) support the core operations of the university: instruction, research, public service, academic support, student services, institutional support, facilities operations and maintenance, and scholarships and fellowships. They are funded primarily through tuition and student fees, state appropriations, and other sources including grants and contracts, federal and local appropriations, sales and services, and investment income.

Restricted funds must be used in accordance with purposes established by an external party; primarily grants, contracts, gifts and endowments.

Auxiliaries are self-supporting enterprises which furnish services to students, faculty, and staff such as housing, bookstores, food services and UTK athletics.

# FY2017 PROPOSED BUDGET

## Unrestricted E&G Revenues

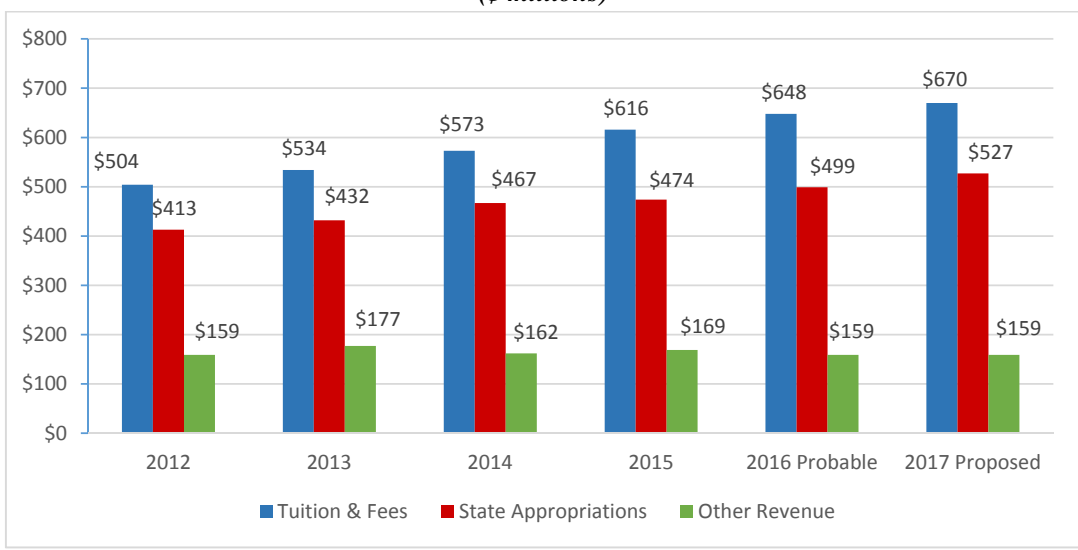
### Unrestricted E&G Revenue Summary

Revenue Source	FY2016 Probable	FY 2017 Proposed	Change	
Tuition & Fees	\$ 648,037,768	\$ 669,787,108	\$ 21,749,340	3.4%
State Appropriations	498,639,749	526,665,549	28,025,800	5.6%
Other Revenues	159,112,591	159,541,083	428,492	0.3%
<b>Total E&amp;G Revenues</b>	<b>\$ 1,305,790,108</b>	<b>\$ 1,355,993,740</b>	<b>\$ 50,203,632</b>	<b>3.8%</b>

Unrestricted E&G revenues are up \$50.2 million with the largest increase coming from state appropriations (\$28.0 million) followed closely by tuition and fees (\$21.7 million). This reverses a long-term trend of flat or declining state funding offset by large increases in tuition and fees. The small increase in other revenues is immaterial.

### Unrestricted E&G Revenue History

(\$ millions)



Trends in state appropriations and tuition and fees are critical to the core operations of the university. Their percentage share of total unrestricted E&G revenues has increased slightly over recent years from a typical range of 85% to 86% over the past decade to 88.0% in FY 2017. Tuition and fee revenue increased its share of total funding dramatically from FY 2008 to FY 2012 as state appropriations dropped more than \$125 million. An improving economy and commitment to funding higher education on the part of state leaders halted this trend (state funding increased slightly from 38% in FY 2012 to 39% in FY 2017).

## FY2017 PROPOSED BUDGET

### Tuition and Fee Revenues

Fee Type	FY16 Probable	FY17 Proposed	Change	
Maintenance Fees	\$ 455,841,981	\$ 476,738,769	\$ 20,896,788	4.6 %
Non-Resident Tuition	74,656,736	71,889,065	(2,767,671)	(3.7) %
Program and Service Fees	65,022,878	67,742,905	2,720,027	4.2 %
Other Student Fees	44,979,773	45,776,587	796,814	1.8 %
Extension Enrollment Fees	7,536,400	7,639,782	103,382	1.4 %
<b>Total Tuition and Fees</b>	<b>\$ 648,037,768</b>	<b>\$ 669,787,108</b>	<b>\$ 21,749,340</b>	<b>3.4 %</b>

Tuition and fee budgets increase \$21.7 million. These revenues will be used to fund \$7.8 million in student financial aid; \$5.9 million to enhance student support services designed to improve retention and graduation rates; \$4.8 million for new faculty lines, startups, and promotions; \$1.8 million for staff salary adjustments; and the remainder to facilities, equipment, and campus infrastructure.

Nearly 48% (\$10.5 million) of the new revenues are expected from increased enrollments, shifting enrollment patterns into programs with higher fee structures, and the final year of phasing in the Knoxville “15 for 4” program. The rest of the revenue growth will result from the proposed tuition and fee rate adjustments described in detail later in this document. The large decrease in non-resident tuition is a budget adjustment. It does not reflect expected declines in out-of-state enrollments. Actual non-resident revenues will increase in both FY 2016 and FY 2017, but not to the degree anticipated in the FY 2016 budget.

Tuition and fees at UT campuses remain competitively priced relative to peer institutions. During the last year UT campuses were recognized as offering affordable access to quality education by publications such as Kiplinger’s Personal Finance, the Princeton Review, U.S. News & World Report, CampusDecision.com, and BestColleges.com.

The primary source of tuition and fee revenues are maintenance fees, commonly referred to as in-state tuition. This can cause some confusion since the maintenance fee is paid by all students, including out-of-state students. Non-resident tuition is a differential paid only by out-of-state students. The term “out-of-state tuition” is actually the maintenance fee plus non-resident tuition. Program and service fees are mandatory fees paid by all students and include fees for student activities, health services, debt service, capital improvements, student counseling, and other programs. Extension enrollment fees are for non-credit personal and professional development courses. Examples of other student fees include technology fees, facilities fees, library fees, differential fees, lab fees, and course fees.

## FY2017 PROPOSED BUDGET

### Unrestricted State Appropriations

Adjustments	Recurring	Non-Recurring	Total
<b>FY 2016 Probable Budget</b>	<b>\$ 496,679,111</b>	<b>\$ 1,960,638</b>	<b>\$ 498,639,749</b>
Funding Formula Productivity	14,920,300		14,920,300
Non-Formula Unit 3.25% Increase	7,620,900		7,620,900
Health Insurance Premium Increases	4,056,600		4,056,600
UT Martin Somerville Center	250,000	875,000	1,125,000
IPS County Property Assessor Services	300,000		300,000
Extension Dairy Specialist Position	175,000		175,000
Reclassify 401k Match Funding	743,938	(743,938)	-
Adjust Global Claims Premium Funding		(172,000)	(172,000)
<b>Total Change</b>	<b>28,066,738</b>	<b>(40,938)</b>	<b>28,025,800</b>
<b>FY 2017 Proposed Budget</b>	<b>\$ 524,745,849</b>	<b>\$ 1,919,700</b>	<b>\$ 526,665,549</b>

Unrestricted state appropriations increase \$28 million. Most of the increase comes from outcome productivity improvements at UT's three formula units (Chattanooga, Knoxville, and Martin) and a 3.25% increase for UT's non-formula units (Health Science Center, Agriculture, Public Service, Space Institute, and System Administration). While this is a welcome increase, it represents a move away from the state's long-standing practice of providing a separate salary pool for higher education. Some units will supplement their state funds with fee revenues and budget reductions to provide 3% salary pools in FY 2017.

The state is providing funds for new programs in three units. Martin will receive \$875,000 in one-time funds and \$250,000 recurring to open and operate a new higher education center in Somerville. The center will complement Martin's existing extended campus locations in Jackson, Parsons, Ripley, and Selmer. The Institute for Public Service has \$300,000 to add two property assessor consultants to assist counties statewide. New funding of \$175,000 will enable Extension to add a dairy specialist.

The remaining changes include \$4.1 million to offset the employer share of premium increases in the state's health insurance program and two minor adjustments.

UT will also receive appropriations of \$18.7 million that are restricted to specific programs and not included above. These are down slightly from FY 2016 (\$143,807). These include funding for UT's Centers of Excellence, Governor's Chairs, the Health Science Center Mouse Genome Project, and the third year matching funds for the Health Science Center's pediatric physicians partnership with St. Jude's (year four of a five year program).



## FY2017 PROPOSED BUDGET

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### Other Revenues

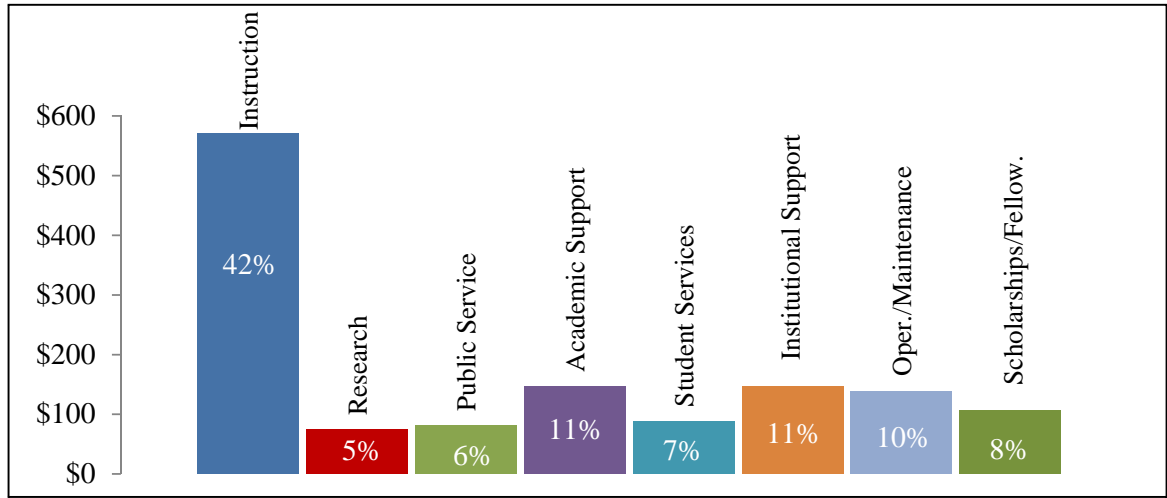
Revenue Source	FY16 Probable	FY17 Proposed	Change	
Grants & Contracts	\$ 44,650,266	\$ 44,529,714	\$ (120,552)	(0.3) %
Sales & Services	57,790,642	57,832,737	42,095	0.1 %
Miscellaneous	56,671,683	57,178,632	506,949	0.9 %
<b>Total Other Revenues</b>	<b>\$ 159,112,591</b>	<b>\$ 159,541,083</b>	<b>\$ 428,492</b>	<b>0.3 %</b>

There is little change in budgeted revenues from other sources. Sales and services revenues are sales from operations that generally provide services to the public (this does not include auxiliary enterprises, which typically provide services to faculty, staff, and students). Examples include medical clinics, 4-H camps, theaters, child development centers, training programs, sales of agricultural products, and sports camps. Grant and contract revenues are the portion of payments from grant and contract sponsors allocated to cover general facilities and administration costs incurred to support grant and contract programs. Miscellaneous revenues include revenue sources such as interest earnings, conference revenues, federal appropriations (Smith-Lever, Hatch), local appropriations, UT-Battelle management fees, trademark licensing revenues, unrestricted gifts, and unrestricted endowment earnings.

# FY2017 PROPOSED BUDGET

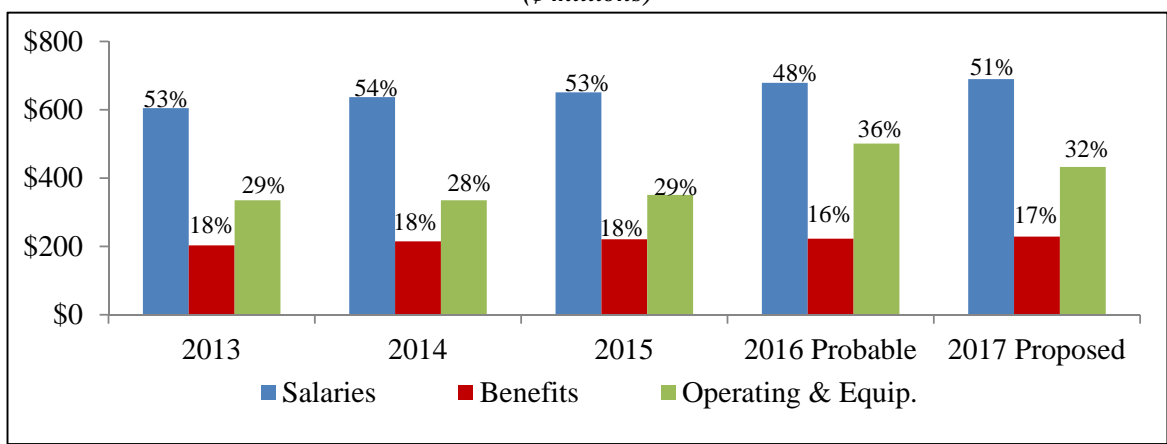
## Unrestricted E&G Expenditures

**Unrestricted E&G Expenditures by Function**  
(\$ millions)



Unrestricted E&G expenditures are budgeted at \$1.35 million among the eight functional areas shown in the chart above. Instruction accounts for the lion’s share. Unrestricted E&G budgets for research do not include funds from restricted grants, contracts, gifts, and endowments. Institutional Support and Operation & Maintenance of Physical Plant support all operations, including those funded through restricted and auxiliary funds.

**Unrestricted E&G Expenditures by Natural Classification**  
(\$ millions)



Over five years, each major expense category has grown gradually. Faculty and staff salaries and benefits typically account for around 70% of all expenditures.

## FY2017 PROPOSED BUDGET

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### Unrestricted E&G Expenditures by Functional Category

Functional Category	FY 2016 Probable	FY 2017 Proposed	Change	
Instruction	\$ 577,040,051	\$ 570,871,393	\$ (6,168,658)	(1.1) %
Research	110,072,752	75,583,021	(36,489,731)	(33.2) %
Public Service	87,106,681	80,557,849	(6,548,832)	(7.5) %
Academic Support	158,704,326	146,819,933	(11,884,393)	(7.5) %
Student Services	88,425,977	88,080,549	(345,428)	(0.4) %
Institutional Support	150,393,384	147,368,765	(3,024,619)	(2.0) %
Operation & Maint.of Plant	135,781,740	139,190,009	3,408,269	2.5 %
Scholarships and Fellowships	95,154,298	106,011,157	10,856,859	11.4 %
<b>Total E&amp;G Expenditures</b>	<b>\$ 1,402,679,209</b>	<b>\$1,352,482,676</b>	<b>\$ (50,196,533)</b>	<b>(3.6) %</b>
Transfers	\$ (54,413,232)	\$ 4,284,278	\$ 58,697,510	107.9%
<b>Expenditures &amp; Transfers</b>	<b>\$ 1,348,265,977</b>	<b>\$1,356,766,954</b>	<b>\$ 8,500,977</b>	<b>0.6 %</b>

The declines in budgeted expenditures are misleading. The FY 2016 Probable Budget includes non-recurring funds that were added to the budget mid-year after actual enrollments and the amount of funds carried over from FY 2015 were known. The current year non-recurring budgets were allocated to one-time projects such as facility maintenance, equipment replacements, faculty start-up packages, bridge funding for research operations, lab upgrades, faculty incentives, campus improvements, energy conservation projects, and information technology infrastructure. Unused non-recurring funds will be carried forward to FY 2017 for use on similar non-recurring projects and reflected in the FY 2017 Revised Budget that will be presented to the Board at its spring 2017 meeting. An analysis of recurring expenditure budgets follows. It is a better reflection of plans and priorities for core operations in FY 2017.

## **FY2017 PROPOSED BUDGET**

### **Recurring Unrestricted E&G Expenditures**

The tables below show only funds for recurring operations and exclude non-recurring budgets allocated to one-time projects in FY 2016. Recurring expenditure budgets are up \$56.7 million (4.4%). Around 43% of this is for the FY 2017 salary plan described on page A-12. The largest dollar increases are in Instruction, Scholarships & Fellowships, and Institutional Support. The second table below shows salaries and benefits up 3.7% compared to 5.9% for operating and equipment.

#### **Recurring Expenditures by Functional Category**

<b>Functional Area</b>	<b>FY 2016 Probable</b>	<b>FY 2017 Proposed</b>	<b>Change</b>	
Instruction	\$ 546,460,554	\$ 569,841,853	\$ 23,381,299	4.3 %
Research	72,397,862	76,291,414	3,893,552	5.4 %
Public Service	75,356,624	78,571,479	3,214,855	4.3 %
Academic Support	142,166,916	146,813,333	4,646,417	3.3 %
Student Services	85,408,534	88,080,549	2,672,015	3.1 %
Institutional Support	140,730,944	147,793,865	7,062,921	5.0 %
Operation & Maint.of Plant	134,407,136	139,190,009	4,782,873	3.6 %
Scholarships and Fellowships	97,936,473	104,974,557	7,038,084	7.2 %
<b>Total E&amp;G Expenditures</b>	<b>\$ 1,294,865,043</b>	<b>\$ 1,351,557,059</b>	<b>\$ 56,692,016</b>	<b>4.4 %</b>
Transfers	3,091,473	1,220,085	(1,871,388)	(60.5) %
<b>Expenditures &amp; Transfers</b>	<b>\$ 1,297,956,516</b>	<b>\$ 1,352,777,144</b>	<b>\$ 54,820,628</b>	<b>4.2 %</b>

#### **Recurring Expenditures by Natural Classification**

<b>Natural Classification</b>	<b>FY 2016 Probable</b>	<b>FY 2017 Proposed</b>	<b>Change</b>	
Academic Salaries	\$ 342,512,326	\$ 350,829,201	\$ 8,316,875	2.4 %
Non-Academic Salaries	315,701,877	330,642,529	14,940,652	4.7 %
Student Employees	8,564,749	8,646,387	81,638	1.0 %
<b>Total Salaries</b>	<b>\$ 666,778,952</b>	<b>\$ 690,118,117</b>	<b>\$ 23,339,165</b>	<b>3.5 %</b>
Staff Benefits	219,788,911	229,220,605	9,431,694	4.3 %
<b>Total Salaries &amp; Benefits</b>	<b>\$ 886,567,863</b>	<b>\$ 919,338,722</b>	<b>\$ 32,770,859</b>	<b>3.7 %</b>
Operating & Equipment	408,297,180	432,218,337	23,921,157	5.9 %
<b>Total Expenditures</b>	<b>\$ 1,294,865,043</b>	<b>\$ 1,351,557,059</b>	<b>\$ 56,692,016</b>	<b>4.4 %</b>

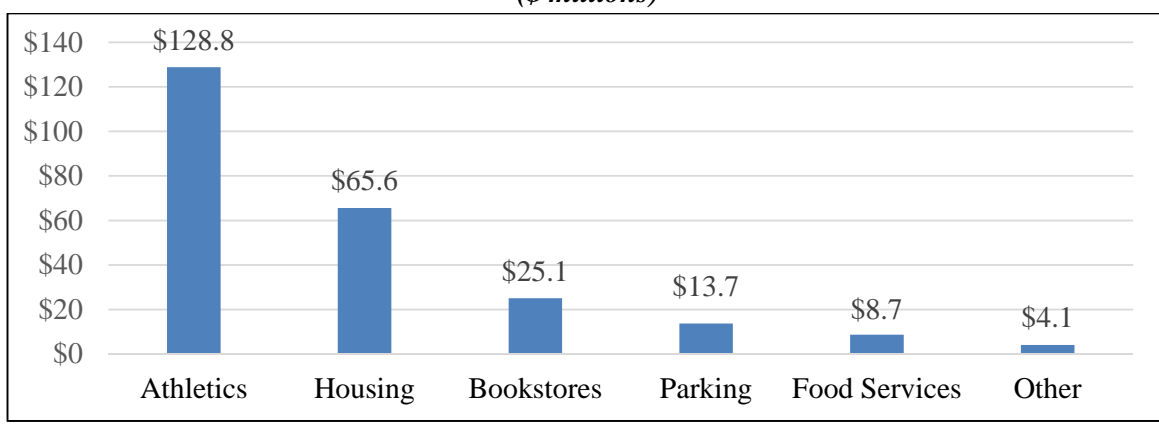
# FY2017 PROPOSED BUDGET

## Auxiliary Enterprises

Auxiliary enterprises furnish services to students, faculty, and staff. Each auxiliary enterprise is self-funded through sales, fees, and private gifts. These stand-alone operations include housing, food services, bookstores, parking, and other miscellaneous operations. It also includes UTK athletics since it is a self-supporting operation. (The athletic programs at Chattanooga and Martin are included in unrestricted E&G funds.)

### Auxiliary Revenues by Enterprise

(\$ millions)



Revenues are up \$16.2 million (7.0%) due to significant increases in Knoxville: athletics \$9.7 million (8.2%); housing \$4.2 million (9.6%); food service \$1.6 million (30.9%); and the VolShop \$1.0 million (4.3%). Growth in athletics is driven by success in football and will fund debt service, game guarantee payouts, and replenish reserves. New housing revenue from the availability and mix of rooms and rate increases will offset growing occupancy costs and debt service. Food service commissions will fund new dining locations, including the new Student Union. VolShop revenues are up due to having full year of Nike inventory. In addition to the uses discussed above, these revenues will fund a 3% salary pool for auxiliary employees and cover operating inflation.

### Auxiliary Fund Summary

Revenues, Expenditures, and Transfers	FY 2016 Probable	FY 2017 Proposed	Change	
<b>Revenues</b>	<b>\$ 229,780,481</b>	<b>\$ 245,962,927</b>	<b>\$ 16,182,446</b>	<b>7.0 %</b>
Expenditures	178,595,830	184,698,151	6,102,321	3.4 %
Transfers	51,184,651	61,264,776	10,080,125	19.7%
<b>Total Expenditures and Transfers</b>	<b>\$ 229,780,481</b>	<b>\$ 245,962,927</b>	<b>\$ 16,182,446</b>	<b>7.0 %</b>

## **FY2017 PROPOSED BUDGET**

### **FY 2017 Salary Plan**

The university proposes a 3% pool for general salary increases in FY 2017. State appropriations did not include a separate pool for salary increases, but will be used to provide partial funding. These appropriations plus funds from other sources will enable UT to reward exceptional performance and move overall compensation closer to market levels. Each campus and institute has developed salary plans consistent with its long-term compensation strategy. These strategies continue to evolve as UT's Compensation Advisory Board works to guide UT's compensation philosophy, structure, and programs.

### **FY 2017 Campus/Institute Salary Plans**

<b>Campus/Institute</b>	<b>Salary Plan</b>
UT Chattanooga	3.0% across-the-board
UT Knoxville/UTSI	3.0% market/merit
UT Martin	2.0% across-the-board; 1.0% market & 1.0% non-recurring bonus contingent on achieving enrollment targets
UT Health Science Center	3.0% across-the-board
UT Institute of Agriculture	1.5% across-the-board; 1.5% market/merit
UT Institute for Public Service	2.0% across-the-board; 1.0% market/merit
UT System Administration	1.0% across-the-board; 2.0% market/merit

The total cost of the salary plan is \$32.1 million. It adds \$24.2 million to unrestricted E&G salary and benefits expenses. Restricted E&G salary and benefits increases paid through grants, contracts, gifts and endowments will be \$6.0 million. Auxiliary enterprises will spend \$1.9 million and recover the expense through their self-funded business models. Around 45% of the funding will come from appropriations. The remainder will be funded by student fees, auxiliary revenues, grants and contracts, gifts and endowments, and budget reallocations.

## FY2017 PROPOSED BUDGET



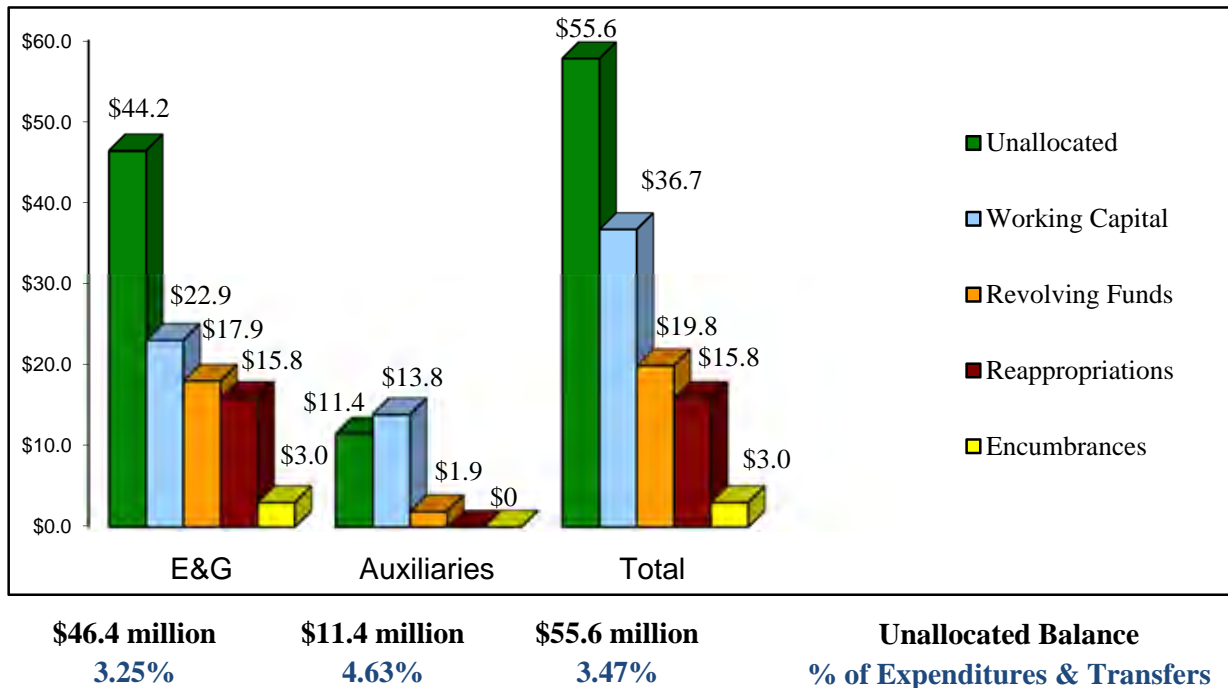
### Unrestricted Net Assets

The University’s practice is to maintain 2-5 percent of unrestricted educational and general (E&G) expenditures and 3-5 percent of unrestricted auxiliary enterprise funds in its unallocated fund balance as a “rainy day” fund. It is needed in case of a downturn in enrollment, sharp decline in appropriations, or other situations that cause expenditures to exceed available revenues to provide short-term funding while adjustments are made to bring the budget back into balance.

Encumbrances are funds carried over from the previous fiscal year for purchases and commitments that were not received before the close of the fiscal year. These funds are budgeted in the appropriate expenditure accounts as the items or services are received. Reappropriations are funds reserved from FY 2016 for allocation to specific programs and initiatives in FY 2017 or in subsequent fiscal years.

The FY 2017 proposed budget projects a June 30, 2017 unrestricted E&G unallocated fund balance of \$44.2 million, or 3.25% of expenditures and transfers. The unrestricted auxiliary enterprises unallocated balance is \$11.4 million, 4.63% of expenditures and transfers. The total unallocated balance projected for June 30, 2017 is \$55.6 million, which is 3.47% of expenditures and transfers.

**FY 2017 Proposed Budget Unrestricted Net Assets**  
 (\$ millions)



# **FY2017 PROPOSED BUDGET**

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RESOLUTION OF  
THE UNIVERSITY OF TENNESSEE  
BOARD OF TRUSTEES  
June 23, 2016

**Proposed 2017 Operating Budget, Student Tuition and Fees, and Compensation  
Guidelines for Additional Salary Increases During the Fiscal Year**

WHEREAS, the Bylaws require the Board of Trustees to approve an annual operating budget for the University; and

WHEREAS, the proposed FY 2017 Educational and General (E&G) budget is balanced and within available resources, as is the budget for Auxiliary Enterprises; and

WHEREAS, the proposed budget complies with all applicable policies and guidelines; and

WHEREAS, the administration needs to be able to respond quickly and effectively to a significant budget shortfall due to a state impoundment of funds or appropriation rescission; and

WHEREAS, mandatory furloughs without pay, reduction of time worked, across-the-board salary reductions, and similar salary-related measures may be required to address budget reductions or a budgetary shortfall; and

WHEREAS, the Bylaws further require the Board of Trustees to approve student tuition and fees;

NOW THEREFORE BE IT RESOLVED that:

1. The FY 2017 proposed operating budget is approved with the understanding that if the General Assembly or the Department of Finance and Administration further alters the FY 2017 appropriations or if changes in estimated resources require, the budget shall be modified accordingly so expenditures will not exceed available resources.



## **FY2017 PROPOSED BUDGET**

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2. The Board of Trustees expressly authorizes the campus, institute and unit administrations, in response to budget reductions or a budgetary shortfall, to implement mandatory furloughs without pay, reduction of time worked, across-the-board salary reductions, and similar salary-related measures during FY 2017, subject to approval by the Executive and Compensation Committee, the President, and the Treasurer and Chief Financial Officer in consultation with the General Counsel and Human Resources.
3. The proposed tuition and fee schedules are adopted for FY 2016-17.
4. The proposed FY 2017 salary and wage compensation plan and the FY 2017 Compensation Guidelines for Additional Salary Increases During the Fiscal Year are approved.
5. Any additional general salary increases that exceed the FY 2017 salary and wage plan may only be granted upon approval by the Board of Trustees.
6. Any remaining Unrestricted Current Fund balances may be considered as a reserve for contingencies to be used for:
  - a. Employing additional staff where enrollments and reorganization requirements warrant;
  - b. Modifying departmental operating budgets where changing conditions during the year require funding adjustments;
  - c. Funding to make salary adjustments for personnel as may be necessary during the year in keeping with state and university salary guidelines;
  - d. Improving physical facilities for academic and research departments as opportunities arise;
  - e. Mandated cost increases; and
  - f. State impoundment of funds or appropriations rescission during the budget year.

All such changes shall be reported to the Board in a Revised Budget for the Board's approval. Adopted by the Board of Trustees, this 23<sup>th</sup> day of June, 2016.

## FY2017 PROPOSED BUDGET

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<b>Schedule</b>	<b>FY 2017 Proposed Budget Schedule Description</b>	<b>Page</b>
<b>Chart 1</b>	<b>Unrestricted and Restricted Current Funds – Graphical Presentation</b>	<b>B-2</b>
<b>Chart 2</b>	<b>Unrestricted E&amp;G Current Funds – Graphical Presentation</b>	<b>B-3</b>
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<b>4</b>	<b>E&amp;G Unrestricted Net Assets</b>	<b>B-7</b>
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<b>9</b>	<b>Five-Year Summary Comparison – Unrestricted and Restricted Current Funds</b>	<b>B-12</b>
<b>10</b>	<b>Proposed Budget Summary – Unrestricted and Restricted Current Funds</b>	<b>B-13</b>
<b>11</b>	<b>Natural Classifications – Unrestricted Current Funds</b>	<b>B-14</b>
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<b>15</b>	<b>Proposed Budget Summaries – Unrestricted Current Funds</b>	
	<b>Total University of Tennessee System</b>	<b>B-18</b>
	<b>Chattanooga</b>	<b>B-19</b>
	<b>Knoxville</b>	<b>B-20</b>
	<b>Martin</b>	<b>B-21</b>
	<b>Space Institute</b>	<b>B-22</b>
	<b>Health Science Center</b>	<b>B-23</b>
	<b>Institute of Agriculture</b>	<b>B-24</b>
	<b>Institute for Public Service</b>	<b>B-28</b>
	<b>System Administration</b>	<b>B-32</b>

## The University of Tennessee FY 2017 Proposed Budget Unrestricted & Restricted Funds

### Unrestricted & Restricted Revenues (\$millions)

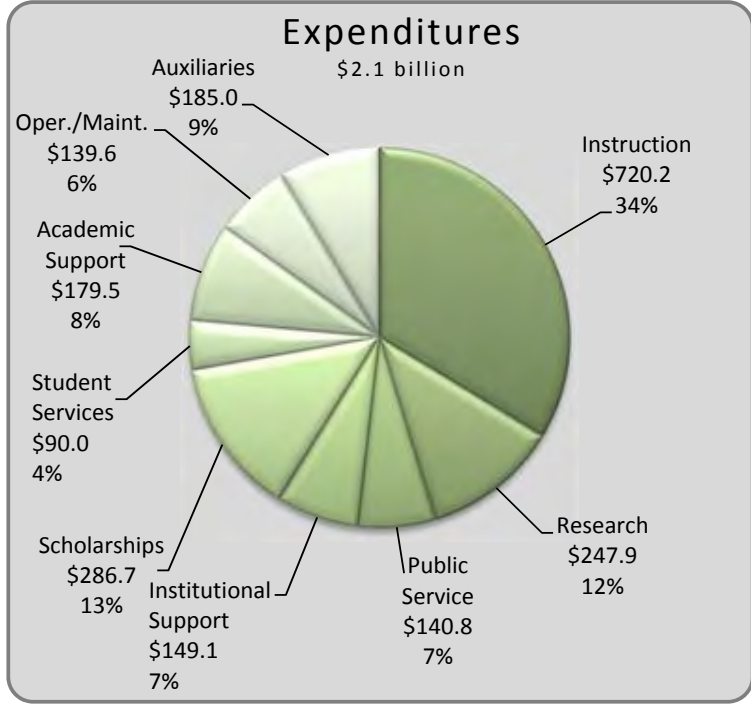
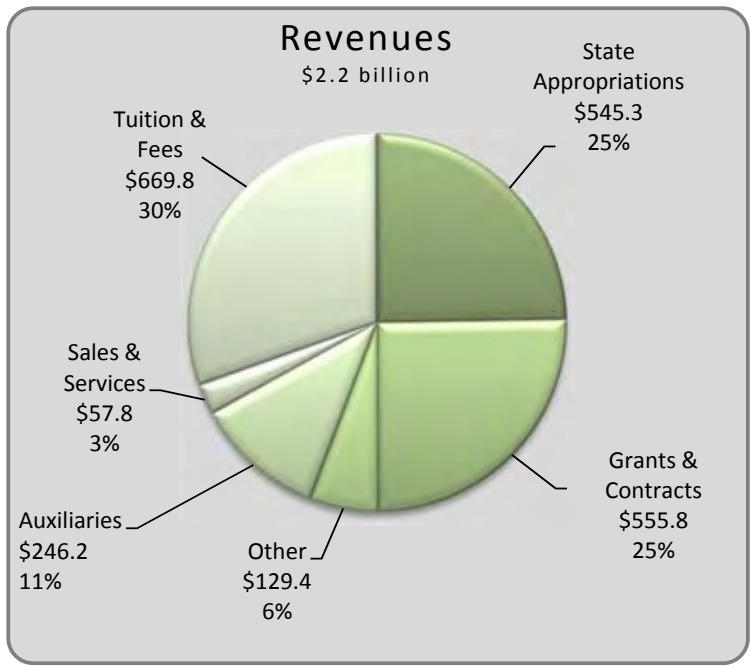
Chattanooga	\$225.4
Knoxville	1,112.5
Martin	144.8
Space Institute	12.3
Health Science Center	479.5
Institute of Agriculture	181.6
Inst. for Public Service	23.5
System Administration	<u>24.8</u>
<b>TOTAL</b>	<b>\$2,204.4</b>

### Fall 2015 Headcount Enrollment

Knoxville	27,384
Chattanooga	11,387
Martin	6,827
Health Science Center	3,076
Vet Med	349
Space Institute	<u>112</u>
<b>TOTAL</b>	<b>49,135</b>

### FTE Positions (Unrestricted & Restricted) July 1, 2016

Faculty	4,262
Administrative	918
Professional	4,055
Cler/Tech/Maint	<u>5,931</u>
<b>TOTAL</b>	<b>15,166</b>



## The University of Tennessee FY 2017 Proposed Budget Unrestricted E&G Funds

### Current Fund Revenues (\$millions)

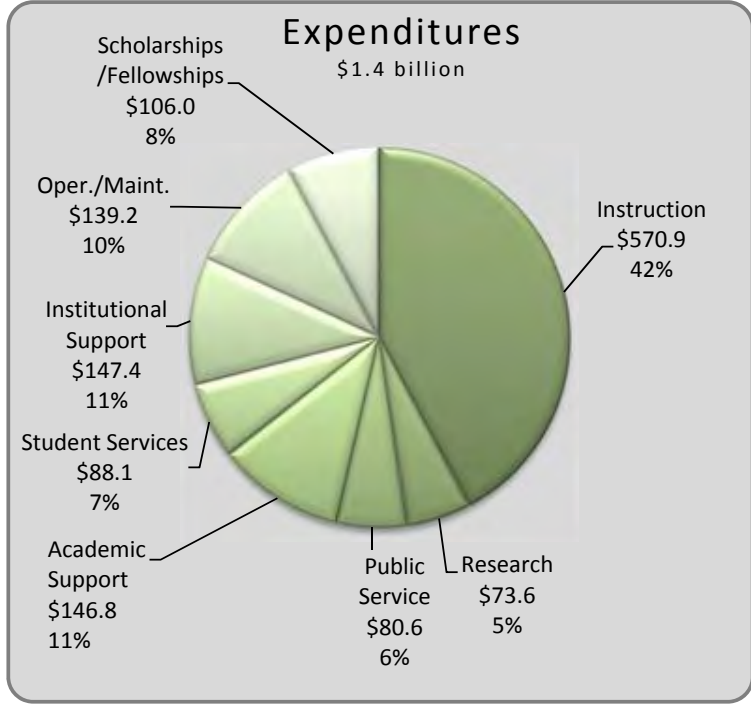
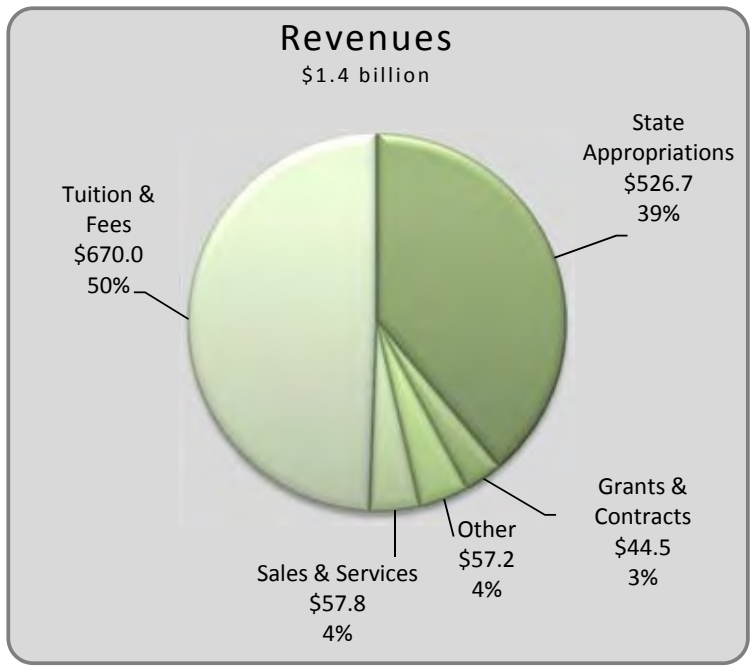
Chattanooga	\$155.4
Knoxville	649.7
Martin	96.9
Space Institute	10.2
Health Science Center	265.7
Institute of Agriculture	136.3
Inst. for Public Service	18.8
System Administration	<u>22.9</u>
<b>TOTAL</b>	<b>\$1,356.0</b>

### Fall 2015 Headcount Enrollment

Knoxville	27,384
Chattanooga	11,387
Martin	6,827
Health Science Center	3,076
Vet Med	349
Space Institute	<u>112</u>
<b>TOTAL</b>	<b>49,135</b>

### FTE Positions (Unrestricted E&G) July 1, 2016

Faculty	3,333
Administrative	767
Professional	2,119
Cler/Tech/Maint	<u>3,841</u>
<b>TOTAL</b>	<b>10,060</b>



**University of Tennessee System**  
**FY 2017 Proposed State Appropriations Summary**  
 Unrestricted Educational and General Funds

	FY 2015 ACTUAL	FY 2016 PROBABLE	FY 2017 PROPOSED	CHANGE PROBABLE TO PROPOSED	
				Amount	%
<b>STATE APPROPRIATIONS</b>					
Chattanooga	\$ 38,442,081	\$ 42,640,805	\$ 46,639,305	\$ 3,998,500	9.4 %
Knoxville	182,310,443	191,207,355	202,644,855	11,437,500	6.0 %
Martin	27,025,867	28,686,097	31,478,597	2,792,500	9.7 %
Space Institute	8,012,212	8,286,603	8,578,403	291,800	3.5 %
Health Science Center	129,958,440	135,671,921	140,995,421	5,323,500	3.9 %
<b>Agricultural Units</b>					
<i>Agricultural Experiment Station</i>	\$ 25,698,486	\$ 26,669,788	\$ 27,697,588	\$ 1,027,800	3.9 %
<i>Extension</i>	31,195,267	32,406,617	33,903,617	1,497,000	4.6 %
<i>College of Veterinary Medicine</i>	16,874,254	17,733,159	18,430,859	697,700	3.9 %
Subtotal Agricultural Units	\$ 73,768,007	\$ 76,809,564	\$ 80,032,064	\$ 3,222,500	4.2 %
<b>Public Service Units</b>					
<i>Institute for Public Service</i>	\$ 5,265,298	\$ 5,439,285	\$ 5,639,985	\$ 200,700	3.7 %
<i>Municipal Technical Advisory Service</i>	2,903,313	3,039,651	3,156,651	117,000	3.8 %
<i>County Technical Assistance Service</i>	1,767,913	1,863,251	2,237,051	373,800	20.1 %
Subtotal Public Service Units	\$ 9,936,524	\$ 10,342,187	\$ 11,033,687	\$ 691,500	6.7 %
System Administration	4,794,038	4,995,217	5,263,217	268,000	5.4 %
State Appropriations	\$ 474,247,612	\$ 498,639,749	\$ 526,665,549	\$ 28,025,800	5.6 %

*State appropriations budgeted to restricted funds are not included in this schedule.*

**University of Tennessee System**  
**State Appropriations Five Year History**  
 Unrestricted Educational and General Funds

	FY 2013 ACTUAL	FY 2014 ACTUAL	FY 2015 ACTUAL	FY 2016 PROBABLE	FY 2017 PROPOSED	CHANGE FY 2013 TO FY 2017	
						AMOUNT	%
<b>STATE APPROPRIATIONS</b>							
Chattanooga	\$ 35,523,864	\$ 37,467,181	\$ 38,442,081	\$ 42,640,805	\$ 46,639,305	\$ 11,115,441	31.3 %
Knoxville	156,439,550	177,568,343	182,310,443	191,207,355	202,644,855	46,205,305	29.5 %
Martin	26,186,217	26,359,667	27,025,867	28,686,097	31,478,597	5,292,380	20.2 %
Space Institute	7,700,101	7,995,412	8,012,212	8,286,603	8,578,403	878,302	11.4 %
Health Science Center	122,200,499	129,470,351	129,958,440	135,671,921	140,995,421	18,794,922	15.4 %
Agricultural Units							
<i>Agricultural Experiment Station</i>	\$ 24,480,573	\$ 25,579,486	\$ 25,698,486	\$ 26,669,788	\$ 27,697,588	\$ 3,217,015	13.1 %
<i>Extension</i>	29,580,016	30,987,767	31,195,267	32,406,617	33,903,617	4,323,601	14.6 %
<i>Veterinary Medicine</i>	15,720,772	16,796,354	16,874,254	17,733,159	18,430,859	2,710,087	17.2 %
Subtotal Agricultural Units	\$ 69,781,361	\$ 73,363,607	\$ 73,768,007	\$ 76,809,564	\$ 80,032,064	\$ 10,250,703	14.7 %
Public Service Units							
<i>Institute for Public Service</i>	\$ 5,058,459	\$ 5,249,898	\$ 5,265,298	\$ 5,439,285	\$ 5,639,985	\$ 581,526	11.5 %
<i>Municipal Technical Advisory Service</i>	2,737,969	2,892,013	2,903,313	3,039,651	3,156,651	418,682	15.3 %
<i>County Technical Assistance Service</i>	1,650,969	1,758,013	1,767,913	1,863,251	2,237,051	586,082	35.5 %
Subtotal Public Service Units	\$ 9,447,397	\$ 9,899,924	\$ 9,936,524	\$ 10,342,187	\$ 11,033,687	\$ 1,586,290	16.8 %
System Administration	4,571,278	4,721,538	4,794,038	4,995,217	5,263,217	691,939	15.1 %
Total State Appropriations	\$ 431,850,267	\$ 466,846,023	\$ 474,247,612	\$ 498,639,749	\$ 526,665,549	\$ 94,815,282	22.0 %

*State appropriations allocated to restricted funds are not included in this schedule.*

**University of Tennessee System**  
**FY 2017 Proposed State Appropriations Summary**  
 Access & Diversity

	FY 2015 ACTUAL	FY 2016 PROBABLE	FY 2017 PROPOSED	CHANGE	
				PROBABLE TO PROPOSED AMOUNT	%
<b>STATE APPROPRIATIONS (Access &amp; Diversity)</b>					
Chattanooga	\$ 648,281	\$ 661,705	\$ 661,705		
Knoxville	2,270,343	2,317,355	2,317,355		
Martin	547,167	558,497	558,497		
Space Institute	86,512	88,303	88,303		
Health Science Center	1,504,028	1,535,172	1,535,172		
<b>Agricultural Units</b>					
<i>Agricultural Experiment Station</i>	\$ 111,186	\$ 113,488	\$ 113,488		
<i>Extension</i>	108,667	110,917	110,917		
<i>College of Veterinary Medicine</i>	318,954	325,559	325,559		
Subtotal Agricultural Units	\$ 538,807	\$ 549,964	\$ 549,964		
<b>Public Service Units</b>					
<i>Institute for Public Service</i>	\$ 13,898	\$ 14,185	\$ 14,185		
<i>Municipal Technical Advisory Service</i>	1,813	1,851	1,851		
<i>County Technical Assistance Service</i>	1,813	1,851	1,851		
Subtotal Public Service Units	\$ 17,524	\$ 17,887	\$ 17,887		
System Administration	76,238	77,817	77,817		
Total State Appropriations - Access & Diversity	\$ 5,688,900	\$ 5,806,700	\$ 5,806,700		

**University of Tennessee System**  
**Educational and General Unrestricted Net Assets**

	Total System	Chattanooga	Knoxville	Martin	Space Institute	Health Science Center	Institute of Agriculture	Institute for Public Service	System Administration
<b>FY 2014-15 ACTUAL</b>									
<b>Estimated Net Assets at Beginning of Year</b>	\$ 145,397,509	\$ 9,038,783	\$ 27,182,091	\$ 8,056,694	\$ 227,787	\$ 62,063,973	\$ 17,350,613	\$ 1,173,432	\$ 20,304,136
Operating Funds									
Revenue	\$ 1,258,836,389	\$ 146,992,547	\$ 591,617,424	\$ 90,592,200	\$ 9,666,119	\$ 245,890,897	\$ 132,942,902	\$ 17,358,752	\$ 23,775,548
Less: Expenditures and Transfers	(1,257,300,941)	(146,628,315)	(591,465,589)	(89,376,659)	(9,635,906)	(250,989,234)	(131,119,543)	(17,306,632)	(20,779,063)
Carryover Funds To/(From) Net Assets	\$ 1,535,448	\$ 364,232	\$ 151,835	\$ 1,215,541	\$ 30,213	\$ (5,098,337)	\$ 1,823,359	\$ 52,120	\$ 2,996,485
<b>Net Assets Detail:</b>									
<b>ALLOCATED</b>									
Working Capital	\$ 23,487,672	\$ 3,203,015	\$ 5,171,208	\$ 2,069,875	\$ 63,433	\$ 6,666,973	\$ 1,061,204	\$ 67,103	\$ 5,184,861
Revolving Funds	17,921,836		703,491			1,198,865			16,019,480
Encumbrances	5,662,778		1,548,334	90,582		3,135,887	887,975		
Unexpended Gifts	284,867								284,867
Reserve for Reappropriations	54,206,225			3,000,000		37,715,000	12,248,843	\$ 450,000	792,382
Total Allocated Net Assets	\$ 101,563,378	\$ 3,203,015	\$ 7,423,033	\$ 5,160,457	\$ 63,433	\$ 48,716,725	\$ 14,198,022	\$ 517,103	\$ 22,281,590
<b>UNALLOCATED</b>	\$ 45,369,579	\$ 6,200,000	\$ 19,910,893	\$ 4,111,778	\$ 194,567	\$ 8,248,911	\$ 4,975,950	\$ 708,449	\$ 1,019,031
<b>Total Net Assets</b>	\$ 146,932,957	\$ 9,403,015	\$ 27,333,926	\$ 9,272,235	\$ 258,000	\$ 56,965,636	\$ 19,173,972	\$ 1,225,552	\$ 23,300,621
Percent Unallocated of Expend. & Transfers *	3.61%	4.23%	3.37%	4.60%	2.02%	3.29%	3.79%	4.09%	2.99%
<b>FY 2015-16 PROBABLE BUDGET</b>									
<b>Estimated Net Assets at Beginning of Year</b>	\$ 146,932,957	\$ 9,403,015	\$ 27,333,926	\$ 9,272,235	\$ 258,000	\$ 56,965,636	\$ 19,173,972	\$ 1,225,552	\$ 23,300,621
Operating Funds									
Revenue	\$ 1,305,790,108	\$ 151,260,079	\$ 622,884,176	\$ 92,364,033	\$ 9,854,148	\$ 257,320,054	\$ 131,654,329	\$ 17,791,437	\$ 22,661,852
Less: Expenditures and Transfers	(1,348,265,977)	(151,193,499)	(622,884,176)	(92,364,033)	(9,854,148)	(289,762,974)	(141,299,577)	(17,880,858)	(23,026,712)
Carryover Funds To/(From) Net Assets	\$ (42,475,869)	\$ 66,580	\$ -	\$ -	\$ -	\$ (32,442,920)	\$ (9,645,248)	\$ (89,421)	\$ (364,860)
<b>Net Assets Detail:</b>									
<b>ALLOCATED</b>									
Working Capital	\$ 23,399,695	\$ 3,203,017	\$ 5,171,208	\$ 2,069,875	\$ 42,557	\$ 6,666,973	\$ 1,061,204		\$ 5,184,861
Revolving Funds	17,921,836		703,491			1,198,865			16,019,480
Encumbrances	2,955,688		1,548,334	90,582		428,797	887,975		
Unexpended Gifts	284,887								284,887
Reserve for Reappropriations	15,758,843			3,000,000		9,810,000	2,498,843	\$ 450,000	
Total Allocated Net Assets	\$ 60,320,949	\$ 3,203,017	\$ 7,423,033	\$ 5,160,457	\$ 42,557	\$ 18,104,635	\$ 4,448,022	\$ 450,000	\$ 21,489,228
<b>UNALLOCATED</b>	\$ 44,136,139	\$ 6,266,578	\$ 19,910,893	\$ 4,111,778	\$ 215,443	\$ 6,418,081	\$ 5,080,702	\$ 686,131	\$ 1,446,533
<b>Total Net Assets</b>	\$ 104,457,088	\$ 9,469,595	\$ 27,333,926	\$ 9,272,235	\$ 258,000	\$ 24,522,716	\$ 9,528,724	\$ 1,136,131	\$ 22,935,761
Percent Unallocated of Expend. & Transfers *	3.27%	4.14%	3.20%	4.45%	2.19%	2.21%	3.60%	3.84%	3.82%
<b>FY 2016-17 PROPOSED BUDGET</b>									
<b>Estimated Net Assets at Beginning of Year</b>	\$ 104,457,088	\$ 9,469,595	\$ 27,333,926	\$ 9,272,235	\$ 258,000	\$ 24,522,716	\$ 9,528,724	\$ 1,136,131	\$ 22,935,761
Operating Funds									
Revenue	\$ 1,355,993,740	\$ 155,402,724	\$ 649,730,025	\$ 96,880,611	\$ 10,191,403	\$ 265,703,998	\$ 136,338,482	\$ 18,816,645	\$ 22,929,852
Less: Expenditures and Transfers	(1,356,766,954)	(155,336,144)	(649,730,025)	(96,880,611)	(10,191,403)	(265,703,998)	(136,969,091)	(19,025,830)	(22,929,852)
Carryover Funds To/(From) Net Assets	\$ (773,214)	\$ 66,580	\$ -	\$ -	\$ -	\$ -	\$ (630,609)	\$ (209,185)	\$ -
<b>Net Assets Detail:</b>									
<b>ALLOCATED</b>									
Working Capital	\$ 22,899,695	\$ 3,203,017	\$ 5,171,208	\$ 2,069,875	\$ 42,557	\$ 6,666,973	\$ 1,061,204		\$ 4,684,861
Revolving Funds	17,921,836		703,491			1,198,865			16,019,480
Encumbrances	2,955,688		1,548,334	90,582		428,797	887,975		
Unexpended Gifts	284,887								284,887
Reserve for Reappropriations	15,470,832			3,000,000		9,810,000	1,713,526	300,000	647,306
Total Allocated Net Assets	\$ 59,532,938	\$ 3,203,017	\$ 7,423,033	\$ 5,160,457	\$ 42,557	\$ 18,104,635	\$ 3,662,705	\$ 300,000	\$ 21,636,534
<b>UNALLOCATED</b>	\$ 44,150,936	\$ 6,333,158	\$ 19,910,893	\$ 4,111,778	\$ 215,443	\$ 6,418,081	\$ 5,235,410	\$ 626,946	\$ 1,299,227
<b>Total Net Assets</b>	\$ 103,683,874	\$ 9,536,175	\$ 27,333,926	\$ 9,272,235	\$ 258,000	\$ 24,522,716	\$ 8,898,115	\$ 926,946	\$ 22,935,761
Percent Unallocated of Expend. & Transfers *	3.25%	4.08%	3.06%	4.24%	2.11%	2.42%	3.82%	3.30%	3.26%

\* Recommended percent unallocated of expenditures and transfers is 2% to 5%. For UWA, transfers-in for system charge is excluded from the calculation.



### University of Tennessee System Auxiliary Unrestricted Current Fund Balances

	Total System	Chattanooga	Knoxville	Martin	Space Institute	Health Science Center
<b>FY 2014-15 ACTUAL</b>						
<b>Estimated Net Assets at Beginning of Year</b>	\$ 17,283,287	\$ 1,390,166	\$ 15,072,933	\$ 700,160	\$ 31,732	\$ 88,297
Operating Funds						
Revenue	229,998,451	\$ 15,146,190	\$ 203,163,591	\$ 10,111,015	\$ 175,895	\$ 1,401,760
Less: Expenditures and Transfers	<u>(220,138,447)</u>	<u>(15,020,633)</u>	<u>(193,692,346)</u>	<u>(9,838,574)</u>	<u>(168,500)</u>	<u>(1,418,394)</u>
Carryover Funds To/(From) Net Assets	<u>\$ 9,860,004</u>	<u>\$ 125,557</u>	<u>\$ 9,471,245</u>	<u>\$ 272,441</u>	<u>\$ 7,395</u>	<u>\$ (16,634)</u>
<b>ALLOCATED</b>						
Working Capital	\$ 13,843,057	\$ 940,722	\$ 12,202,688	\$ 655,032	\$ 33,762	\$ 10,853
Revolving Funds	1,917,693		1,917,693			
Encumbrances	205					205
Total Allocated Net Assets	<u>\$ 15,760,955</u>	<u>\$ 940,722</u>	<u>\$ 14,120,381</u>	<u>\$ 655,032</u>	<u>\$ 33,762</u>	<u>\$ 11,058</u>
<b>UNALLOCATED</b>	<u>\$ 11,382,336</u>	<u>\$ 575,001</u>	<u>\$ 10,423,797</u>	<u>\$ 317,569</u>	<u>\$ 5,365</u>	<u>\$ 60,605</u>
<b>Total Net Assets</b>	<u>\$ 27,143,291</u>	<u>\$ 1,515,723</u>	<u>\$ 24,544,178</u>	<u>\$ 972,601</u>	<u>\$ 39,127</u>	<u>\$ 71,663</u>
<i>Percent Unallocated of Expend. &amp; Transfers *</i>	5.17%	3.83%	5.38%	3.23%	3.18%	4.27%
<b>FY 2015-16 PROBABLE BUDGET</b>						
<b>Estimated Net Assets at Beginning of Year</b>	\$ 27,143,291	\$ 1,515,723	\$ 24,544,178	\$ 972,601	\$ 39,127	\$ 71,663
Operating Funds						
Revenue	\$ 229,780,481	\$ 14,318,863	\$ 202,976,598	\$ 10,594,992	\$ 178,850	\$ 1,711,178
Less: Expenditures and Transfers	<u>(229,780,481)</u>	<u>(14,318,863)</u>	<u>(202,976,598)</u>	<u>(10,594,992)</u>	<u>(178,850)</u>	<u>(1,711,178)</u>
Carryover Funds To/(From) Net Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>ALLOCATED</b>						
Working Capital	\$ 13,840,057	\$ 940,722	\$ 12,202,688	\$ 655,032	\$ 30,762	\$ 10,853
Revolving Funds	1,917,693		1,917,693			
Encumbrances	205					205
Total Allocated Net Assets	<u>\$ 15,757,955</u>	<u>\$ 940,722</u>	<u>\$ 14,120,381</u>	<u>\$ 655,032</u>	<u>\$ 30,762</u>	<u>\$ 11,058</u>
<b>UNALLOCATED</b>	<u>\$ 11,385,336</u>	<u>\$ 575,001</u>	<u>\$ 10,423,797</u>	<u>\$ 317,569</u>	<u>\$ 8,365</u>	<u>\$ 60,605</u>
<b>Total Net Assets</b>	<u>\$ 27,143,291</u>	<u>\$ 1,515,723</u>	<u>\$ 24,544,178</u>	<u>\$ 972,601</u>	<u>\$ 39,127</u>	<u>\$ 71,663</u>
<i>Percent Unallocated of Expend. &amp; Transfers *</i>	4.95%	4.02%	5.14%	3.00%	4.68%	3.54%
<b>FY 2016-17 PROPOSED BUDGET</b>						
<b>Estimated Net Assets at Beginning of Year</b>	\$ 27,143,291	\$ 1,515,723	\$ 24,544,178	\$ 972,601	\$ 39,127	\$ 71,663
Operating Funds						
Revenue	\$ 245,962,927	\$ 14,184,296	\$ 219,639,669	\$ 10,192,740	\$ 215,000	\$ 1,731,222
Less: Expenditures and Transfers	<u>(245,962,927)</u>	<u>(14,184,296)</u>	<u>(219,639,669)</u>	<u>(10,192,740)</u>	<u>(215,000)</u>	<u>(1,731,222)</u>
Carryover Funds To/(From) Net Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Net Assets at End of Year</b>	<u>\$ 27,143,291</u>	<u>\$ 1,515,723</u>	<u>\$ 24,544,178</u>	<u>\$ 972,601</u>	<u>\$ 39,127</u>	<u>\$ 71,663</u>
<b>Net Assets Detail:</b>						
<b>ALLOCATED</b>						
Working Capital	\$ 13,840,057	\$ 940,722	\$ 12,202,688	\$ 655,032	\$ 30,762	\$ 10,853
Revolving Funds	1,917,693		1,917,693			
Encumbrances	205					205
Total Allocated Net Assets	<u>\$ 15,757,955</u>	<u>\$ 940,722</u>	<u>\$ 14,120,381</u>	<u>\$ 655,032</u>	<u>\$ 30,762</u>	<u>\$ 11,058</u>
<b>UNALLOCATED</b>	<u>\$ 11,385,336</u>	<u>\$ 575,001</u>	<u>\$ 10,423,797</u>	<u>\$ 317,569</u>	<u>\$ 8,365</u>	<u>\$ 60,605</u>
<b>Total Net Assets</b>	<u>\$ 27,143,291</u>	<u>\$ 1,515,723</u>	<u>\$ 24,544,178</u>	<u>\$ 972,601</u>	<u>\$ 39,127</u>	<u>\$ 71,663</u>
<i>Percent Unallocated of Expend. &amp; Transfers *</i>	4.63%	4.05%	4.75%	3.12%	3.89%	3.50%

\* Recommended percent unallocated of expenditures and transfers is 3% to 5%.

## University of Tennessee System

### FY 2017 Proposed Budget Summary

#### Current Funds Revenues, Expenditures, and Transfers - UNRESTRICTED

	Total System	Chattanooga	Knoxville	Martin	Space Institute	Health Science Center	Institute of Agriculture	Institute for Public Service	System Administration
<b>EDUCATIONAL AND GENERAL</b>									
<b>Revenues</b>									
Tuition & Fees	\$ 669,787,108	\$ 102,981,384	\$ 407,278,045	\$ 61,178,912	\$ 1,323,000	\$ 84,640,459	\$ 12,385,308		
State Appropriations	526,665,549	46,639,305	202,644,855	31,478,597	8,578,403	140,995,421	80,032,064	\$ 11,033,687	\$ 5,263,217
Grants & Contracts	44,529,714	453,856	22,560,000	158,000	290,000	16,865,745	4,018,071	184,042	
Sales & Service	57,832,737	5,088,679	5,538,268	3,427,102		20,204,135	23,574,553		
Other Sources	57,178,632	239,500	11,708,857	638,000		2,998,238	16,328,486	7,598,916	17,666,635
<b>Total Revenues</b>	<b>\$ 1,355,993,740</b>	<b>\$ 155,402,724</b>	<b>\$ 649,730,025</b>	<b>\$ 96,880,611</b>	<b>\$ 10,191,403</b>	<b>\$ 265,703,998</b>	<b>\$ 136,338,482</b>	<b>\$ 18,816,645</b>	<b>\$ 22,929,852</b>
<b>Expenditures and Transfers</b>									
Instruction	\$ 570,871,393	\$ 66,516,644	\$ 282,648,112	\$ 43,155,226	\$ 5,014,243	\$ 138,570,757	\$ 34,966,411		
Research	73,583,021	2,129,881	23,457,198	311,385	609,360	7,653,398	39,171,799		\$ 250,000
Public Service	80,557,849	2,626,075	12,650,139	575,828		70,276	47,393,012	\$ 17,242,519	
Academic Support	146,819,933	12,412,821	71,624,930	11,416,305	527,194	42,655,010	7,916,520	267,153	
Student Services	88,080,549	24,191,095	45,150,420	12,418,501	76,048	6,244,485			
Institutional Support	147,368,765	12,025,960	49,882,809	6,630,482	1,509,508	23,817,362	2,599,599	935,651	\$ 49,967,394
Op/Maint Physical Plant	139,190,009	20,422,813	74,657,889	11,794,323	2,024,659	27,052,230	3,238,095		
Scholarships & Fellowships	106,011,157	12,646,432	74,811,428	9,301,864	288,891	8,923,087	39,455		
<b>Subtotal Expenditures</b>	<b>\$ 1,352,482,676</b>	<b>\$ 152,971,721</b>	<b>\$ 634,882,925</b>	<b>\$ 95,603,914</b>	<b>\$ 10,049,903</b>	<b>\$ 254,986,605</b>	<b>\$ 135,324,891</b>	<b>\$ 18,445,323</b>	<b>\$ 50,217,394</b>
Mandatory Transfers	8,589,891	874,165	747,685	626,148		6,206,893			135,000
Non Mandatory Transfers	(4,305,613)	1,490,258	14,099,415	650,549	141,500	4,510,500	1,644,200	580,507	(27,422,542)
<b>Total Expenditures &amp; Transfers</b>	<b>\$ 1,356,766,954</b>	<b>\$ 155,336,144</b>	<b>\$ 649,730,025</b>	<b>\$ 96,880,611</b>	<b>\$ 10,191,403</b>	<b>\$ 265,703,998</b>	<b>\$ 136,969,091</b>	<b>\$ 19,025,830</b>	<b>\$ 22,929,852</b>
<b>Fund Balance Addition/(Reduction)</b>	<b>\$ (773,214)</b>	<b>\$ 66,580</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (630,609)</b>	<b>\$ (209,185)</b>	<b>\$ -</b>
<b>AUXILIARIES</b>									
<b>Revenues</b>	\$ 245,962,927	\$ 14,184,296	\$ 219,639,669	\$ 10,192,740	\$ 215,000	\$ 1,731,222			
<b>Expenditures and Transfers</b>									
Expenditures	\$ 184,698,151	\$ 10,360,738	\$ 165,632,322	\$ 7,129,369	\$ 215,000	\$ 1,360,722			
Mandatory Transfers	40,667,626	1,803,780	36,451,629	2,041,717		370,500			
Non-Mandatory Transfers	20,597,150	2,019,778	17,555,718	1,021,654		-			
<b>Total Expenditures &amp; Transfers</b>	<b>\$ 245,962,927</b>	<b>\$ 14,184,296</b>	<b>\$ 219,639,669</b>	<b>\$ 10,192,740</b>	<b>\$ 215,000</b>	<b>\$ 1,731,222</b>			
<b>Fund Balance Addition/(Reduction)</b>									
<b>TOTALS</b>									
<b>Revenues</b>	\$ 1,601,956,667	\$ 169,587,020	\$ 869,369,694	\$ 107,073,351	\$ 10,406,403	\$ 267,435,220	\$ 136,338,482	\$ 18,816,645	\$ 22,929,852
<b>Expenditures and Transfers</b>									
Expenditures	\$ 1,537,180,827	\$ 163,332,459	\$ 800,515,247	\$ 102,733,283	\$ 10,264,903	\$ 256,347,327	\$ 135,324,891	\$ 18,445,323	\$ 50,217,394
Mandatory Transfers	49,257,517	2,677,945	37,199,314	2,667,865		6,577,393			135,000
Non-Mandatory Transfers	16,291,537	3,510,036	31,655,133	1,672,203	141,500	4,510,500	1,644,200	580,507	(27,422,542)
<b>Total Expenditures &amp; Transfers</b>	<b>\$ 1,602,729,881</b>	<b>\$ 169,520,440</b>	<b>\$ 869,369,694</b>	<b>\$ 107,073,351</b>	<b>\$ 10,406,403</b>	<b>\$ 267,435,220</b>	<b>\$ 136,969,091</b>	<b>\$ 19,025,830</b>	<b>\$ 22,929,852</b>
<b>Fund Balance Addition/(Reduction)</b>	<b>\$ (773,214)</b>	<b>\$ 66,580</b>					<b>\$ (630,609)</b>	<b>\$ (209,185)</b>	

# University of Tennessee System

## FY 2017 Proposed Budget Summary

### Current Funds Revenues, Expenditures and Transfers - UNRESTRICTED AND RESTRICTED

	Total System	Chattanooga	Knoxville	Martin	Space Institute	Health Science Center	Institute of Agriculture	Institute for Public Service	System Administration
<b>EDUCATIONAL AND GENERAL</b>									
<b>Revenues</b>									
Tuition & Fees	\$ 669,787,108	\$ 102,981,384	\$ 407,278,045	\$ 61,178,912	\$ 1,323,000	\$ 84,640,459	\$ 12,385,308		
State Appropriations	545,338,973	47,384,304	213,011,187	31,765,003	9,381,757	146,975,526	80,524,292	\$ 11,033,687	\$ 5,263,217
Grants & Contracts	555,800,581	45,180,775	221,193,668	34,042,600	1,190,000	204,794,745	43,784,751	4,364,042	1,250,000
Sales & Service	57,832,737	5,088,679	5,538,268	3,427,102		20,204,135	23,574,553		
Other Sources	129,393,063	10,573,289	45,608,857	4,162,580	220,000	21,147,966	21,331,440	8,082,296	18,266,635
<b>Total Revenues</b>	<b>\$ 1,958,152,462</b>	<b>\$ 211,208,431</b>	<b>\$ 892,630,025</b>	<b>\$ 134,576,197</b>	<b>\$ 12,114,757</b>	<b>\$ 477,762,831</b>	<b>\$ 181,600,344</b>	<b>\$ 23,480,025</b>	<b>\$ 24,779,852</b>
<b>Expenditures and Transfers</b>									
Instruction	\$ 720,216,687	\$ 71,399,949	\$ 292,748,112	\$ 45,213,626	\$ 5,194,243	\$ 269,110,757	\$ 36,542,000		\$ 8,000
Research	247,866,206	4,241,567	124,457,198	401,185	2,320,714	53,263,101	62,250,441		932,000
Public Service	140,757,594	3,819,212	33,350,139	1,828,028		11,876,576	67,377,740	\$ 21,905,899	600,000
Academic Support	179,540,261	14,860,694	82,874,930	11,725,505	535,194	61,256,110	8,020,675	267,153	
Student Services	90,036,182	25,171,328	45,460,420	13,085,901	76,048	6,242,485			
Institutional Support	149,064,989	12,214,886	50,022,809	6,647,882	1,518,508	24,533,962	2,703,897	935,651	50,487,394
Op/Maint Physical Plant	139,605,009	20,423,813	75,057,889	11,794,323	2,024,659	27,052,230	3,252,095		
Scholarships/Fellowships	286,730,858	55,909,497	173,811,428	42,603,050	303,891	13,623,087	439,905		40,000
<b>Subtotal Expenditures</b>	<b>\$ 1,953,817,786</b>	<b>\$ 208,040,946</b>	<b>\$ 877,782,925</b>	<b>\$ 133,299,500</b>	<b>\$ 11,973,257</b>	<b>\$ 466,958,308</b>	<b>\$ 180,586,753</b>	<b>\$ 23,108,703</b>	<b>\$ 52,067,394</b>
Mandatory Transfers	8,589,891	874,165	747,685	626,148		6,206,893			135,000
Non Mandatory Transfers	(4,305,613)	1,490,258	14,099,415	650,549	141,500	4,510,500	1,644,200	580,507	(27,422,542)
<b>Total Expenditures &amp; Transfers</b>	<b>\$ 1,958,102,064</b>	<b>\$ 210,405,369</b>	<b>\$ 892,630,025</b>	<b>\$ 134,576,197</b>	<b>\$ 12,114,757</b>	<b>\$ 477,675,701</b>	<b>\$ 182,230,953</b>	<b>\$ 23,689,210</b>	<b>\$ 24,779,852</b>
<b>Fund Balance Addition/(Reduction)</b>	<b>\$ 50,398</b>	<b>\$ 803,062</b>				<b>\$ 87,130</b>	<b>\$ (630,609)</b>	<b>\$ (209,185)</b>	
<b>AUXILIARIES</b>									
<b>Revenues</b>	\$ 246,222,927	\$ 14,184,296	\$ 219,899,669	\$ 10,192,740	\$ 215,000	\$ 1,731,222			
<b>Expenditures &amp; Transfers</b>									
Expenditures	\$ 184,958,151	\$ 10,360,738	\$ 165,892,322	\$ 7,129,369	\$ 215,000	\$ 1,360,722			
Mandatory Transfers	40,667,626	1,803,780	36,451,629	2,041,717		370,500			
Non Mandatory Transfers	20,597,150	2,019,778	17,555,718	1,021,654					
<b>Total Expenditures &amp; Transfers</b>	<b>\$ 246,222,927</b>	<b>\$ 14,184,296</b>	<b>\$ 219,899,669</b>	<b>\$ 10,192,740</b>	<b>\$ 215,000</b>	<b>\$ 1,731,222</b>			
<b>Fund Balance Addition/(Reduction)</b>									
<b>TOTALS</b>									
<b>Revenues</b>	\$ 2,204,375,389	\$ 225,392,727	\$ 1,112,529,694	\$ 144,768,937	\$ 12,329,757	\$ 479,494,053	\$ 181,600,344	\$ 23,480,025	\$ 24,779,852
<b>Expenditures &amp; Transfers</b>									
Expenditures	\$ 2,138,775,937	\$ 218,401,684	\$ 1,043,675,247	\$ 140,428,869	\$ 12,188,257	\$ 468,319,030	\$ 180,586,753	\$ 23,108,703	\$ 52,067,394
Mandatory Transfers	49,257,517	2,677,945	37,199,314	2,667,865		6,577,393			135,000
Non Mandatory Transfers	16,291,537	3,510,036	31,655,133	1,672,203	141,500	4,510,500	1,644,200	580,507	(27,422,542)
<b>Total Expenditures &amp; Transfers</b>	<b>\$ 2,204,324,991</b>	<b>\$ 224,589,665</b>	<b>\$ 1,112,529,694</b>	<b>\$ 144,768,937</b>	<b>\$ 12,329,757</b>	<b>\$ 479,406,923</b>	<b>\$ 182,230,953</b>	<b>\$ 23,689,210</b>	<b>\$ 24,779,852</b>
<b>Fund Balance Addition/(Reduction)</b>	<b>\$ 50,398</b>	<b>\$ 803,062</b>				<b>\$ 87,130</b>	<b>\$ (630,609)</b>	<b>\$ (209,185)</b>	

**University of Tennessee System**  
**Five Year FY17 Proposed Budget Summary Comparison**  
 Current Funds Revenues, Expenditures and Transfers - UNRESTRICTED

	FY 2013 ACTUAL	FY 2014 ACTUAL	FY 2015 ACTUAL	FY 2016 PROBABLE	FY 2017 PROPOSED	CHANGE FY 2013 TO FY 2017	
						AMOUNT	%
<b>EDUCATIONAL AND GENERAL</b>							
<b>Revenues</b>							
Tuition & Fees	\$ 533,809,389	\$ 573,319,528	\$ 615,545,784	\$ 648,037,768	\$ 669,787,108	\$ 135,977,719	25.5 %
State Appropriations	431,850,267	466,846,023	474,247,612	498,639,749	526,665,549	94,815,282	22.0 %
Grants & Contracts	49,542,582	47,701,692	46,798,665	44,650,266	44,529,714	(5,012,868)	(10.1) %
Sales & Service	57,856,330	56,782,696	60,095,439	57,790,642	57,832,737	(23,593)	0.0 %
Other Sources	70,098,212	57,843,432	62,148,888	56,671,683	57,178,632	(12,919,580)	(18.4) %
<b>Total Revenues</b>	<b>\$ 1,143,156,780</b>	<b>\$ 1,202,493,370</b>	<b>\$ 1,258,836,388</b>	<b>\$ 1,305,790,108</b>	<b>\$ 1,355,993,740</b>	<b>\$ 212,836,960</b>	<b>18.6 %</b>
<b>Expenditures and Transfers</b>							
Instruction	\$ 455,174,572	\$ 483,317,352	\$ 492,352,355	\$ 577,040,051	\$ 570,871,393	\$ 115,696,822	25.4 %
Research	86,634,810	82,247,060	83,487,974	110,072,752	73,583,021	(13,051,789)	(15.1) %
Public Service	70,315,078	71,218,916	71,365,049	87,106,681	80,557,849	10,242,771	14.6 %
Academic Support	130,694,151	134,931,552	140,613,764	158,704,326	146,819,933	16,125,782	12.3 %
Student Services	84,118,134	82,207,540	87,447,751	88,425,977	88,080,549	3,962,415	4.7 %
Institutional Support	122,698,075	132,823,682	133,117,858	150,393,384	147,368,765	24,670,690	20.1 %
Operation & Maintenance of Plant	118,493,896	121,814,088	125,493,000	135,781,740	139,190,009	20,696,113	17.5 %
Scholarships & Fellowships	74,479,780	78,873,759	88,984,234	95,154,298	106,011,157	31,531,377	42.3 %
<b>Subtotal Expenditures</b>	<b>\$ 1,142,608,497</b>	<b>\$ 1,187,433,948</b>	<b>\$ 1,222,861,986</b>	<b>\$ 1,402,679,209</b>	<b>\$ 1,352,482,676</b>	<b>\$ 209,874,179</b>	<b>18.4 %</b>
Mandatory Transfers	6,273,292	6,498,442	7,702,456	9,096,143	8,589,891	2,316,599	36.9 %
Non-Mandatory Transfers	(17,523,145)	20,854,833	26,736,499	(63,509,375)	(4,305,613)	13,217,532	75.4 %
<b>Total Expenditures &amp; Transfers</b>	<b>\$ 1,131,358,644</b>	<b>\$ 1,214,787,223</b>	<b>\$ 1,257,300,941</b>	<b>\$ 1,348,265,977</b>	<b>\$ 1,356,766,954</b>	<b>\$ 225,408,310</b>	<b>19.9 %</b>
<b>Fund Balance Addition/(Reduction)</b>	<b>\$ 11,798,136</b>	<b>\$ (12,293,853)</b>	<b>\$ 1,535,447</b>	<b>\$ (42,475,869)</b>	<b>\$ (773,214)</b>		
<b>AUXILIARIES</b>							
<b>Revenues</b>	\$ 199,171,124	\$ 206,143,803	\$ 229,998,450	\$ 229,780,481	\$ 245,962,927	\$ 46,791,803	23.5 %
<b>Expenditures and Transfers</b>							
Expenditures	\$ 148,395,318	\$ 156,747,599	\$ 162,487,928	\$ 178,595,830	\$ 184,698,151	\$ 36,302,833	24.5 %
Mandatory Transfers	27,857,526	27,638,251	30,475,329	31,758,673	40,667,626	12,810,100	46.0 %
Non-Mandatory Transfers	17,254,499	25,035,971	27,175,190	19,425,978	20,597,150	3,342,651	19.4 %
<b>Total Expenditures &amp; Transfers</b>	<b>\$ 193,507,343</b>	<b>\$ 209,421,821</b>	<b>\$ 220,138,447</b>	<b>\$ 229,780,481</b>	<b>\$ 245,962,927</b>	<b>\$ 52,455,584</b>	<b>27.1 %</b>
<b>Fund Balance Addition/(Reduction)</b>	<b>\$ 5,663,782</b>	<b>\$ (3,278,018)</b>	<b>\$ 9,860,002</b>				
<b>TOTALS</b>							
<b>Revenues</b>	\$ 1,342,327,905	\$ 1,408,637,174	\$ 1,488,834,838	\$ 1,535,570,589	\$ 1,601,956,667	\$ 259,628,762	19.3 %
<b>Expenditures and Transfers</b>							
Expenditures	\$ 1,291,003,814	\$ 1,344,181,548	\$ 1,385,349,915	\$ 1,581,275,039	\$ 1,537,180,827	\$ 246,177,013	19.1 %
Mandatory Transfers	34,130,818	34,136,693	38,177,785	40,854,816	49,257,517	15,126,699	44.3 %
Non-Mandatory Transfers	(268,646)	45,890,804	53,911,689	(44,083,397)	16,291,537	16,560,183	6164.3 %
<b>Total Expenditures &amp; Transfers</b>	<b>\$ 1,324,865,986</b>	<b>\$ 1,424,209,045</b>	<b>\$ 1,477,439,389</b>	<b>\$ 1,578,046,458</b>	<b>\$ 1,602,729,881</b>	<b>\$ 277,863,895</b>	<b>21.0 %</b>
<b>Fund Balance Addition/(Reduction)</b>	<b>\$ 17,461,918</b>	<b>\$ (15,571,871)</b>	<b>\$ 11,395,449</b>	<b>\$ (42,475,869)</b>	<b>\$ (773,214)</b>		

**University of Tennessee System**  
**Five Year FY17 Proposed Budget Summary Comparison**  
 Current Funds Revenues, Expenditures and Transfers - UNRESTRICTED AND RESTRICTED

	FY 2013 ACTUAL	FY 2014 ACTUAL	FY 2015 ACTUAL	FY 2016 PROBABLE	FY 2017 PROPOSED	CHANGE	
						FY 2013 TO FY 2017 AMOUNT	%
<b>EDUCATIONAL AND GENERAL</b>							
<b>Revenues</b>							
Tuition & Fees	\$ 533,809,389	\$ 573,319,528	\$ 615,545,784	\$ 648,037,768	\$ 669,787,108	\$ 135,977,719	25.5 %
State Appropriations	447,473,296	486,122,116	498,835,055	517,456,979	545,338,973	97,865,677	21.9 %
Grants & Contracts	574,519,330	560,197,430	579,397,127	550,661,427	555,800,581	(18,718,749)	(3.3) %
Sales & Service	57,856,330	56,782,696	60,095,439	57,790,642	57,832,737	(23,593)	0.0 %
Other Sources	152,144,385	121,741,019	135,054,622	128,456,114	129,393,063	(22,751,322)	(15.0) %
<b>Total Revenues</b>	<b>\$ 1,765,802,731</b>	<b>\$ 1,798,162,787</b>	<b>\$ 1,888,928,027</b>	<b>\$ 1,902,402,930</b>	<b>\$ 1,958,152,462</b>	<b>\$ 192,349,731</b>	<b>10.9 %</b>
<b>Expenditures and Transfers</b>							
Instruction	\$ 611,569,394	\$ 636,019,932	\$ 661,961,368	\$ 726,113,945	\$ 720,216,687	\$ 108,647,293	17.8 %
Research	277,762,160	260,705,414	256,779,818	284,024,740	247,866,206	(29,895,954)	(10.8) %
Public Service	133,120,201	127,928,093	130,087,649	144,781,226	140,757,594	7,637,393	5.7 %
Academic Support	158,683,987	167,965,217	179,840,336	190,270,454	179,540,261	20,856,274	13.1 %
Student Services	86,057,765	84,674,075	89,692,660	90,368,210	90,036,182	3,978,417	4.6 %
Institutional Support	125,048,887	134,563,916	135,132,492	152,089,208	149,064,989	24,016,102	19.2 %
Operation & Maintenance of Plant	119,145,974	122,246,472	125,906,243	136,196,740	139,605,009	20,459,035	17.2 %
Scholarships & Fellowships	250,331,559	254,606,577	263,845,171	274,588,208	286,730,858	36,399,299	14.5 %
<b>Subtotal Expenditures</b>	<b>\$ 1,761,719,928</b>	<b>\$ 1,788,709,696</b>	<b>\$ 1,843,245,736</b>	<b>\$ 1,998,432,731</b>	<b>\$ 1,953,817,786</b>	<b>\$ 192,097,858</b>	<b>10.9 %</b>
Mandatory Transfers	6,273,292	6,498,442	7,702,456	9,096,143	8,589,891	2,316,599	36.9 %
Non-Mandatory Transfers	(17,523,145)	20,854,833	26,736,499	(63,509,375)	(4,305,613)	13,217,532	75.4 %
<b>Total Expenditures &amp; Transfers</b>	<b>\$ 1,750,470,075</b>	<b>\$ 1,816,062,971</b>	<b>\$ 1,877,684,691</b>	<b>\$ 1,944,019,499</b>	<b>\$ 1,958,102,064</b>	<b>\$ 207,631,989</b>	<b>11.9 %</b>
<b>Fund Balance Addition/(Reduction)</b>	<b>\$ 15,332,656</b>	<b>\$ (17,900,184)</b>	<b>\$ 11,243,336</b>	<b>\$ (41,616,569)</b>	<b>\$ 50,398</b>		
<b>AUXILIARIES</b>							
<b>Revenues</b>	\$ 199,645,425	\$ 207,264,677	\$ 230,256,055	\$ 230,040,481	\$ 246,222,927	\$ 46,577,502	23.3 %
<b>Expenditures and Transfers</b>							
Expenditures	\$ 149,454,826	\$ 156,840,867	\$ 162,769,238	\$ 178,855,830	\$ 184,958,151	\$ 35,503,325	23.8 %
Mandatory Transfers	27,857,526	27,638,251	30,475,329	31,758,673	40,667,626	12,810,100	46.0 %
Non-Mandatory Transfers	17,254,499	25,035,971	27,175,190	19,425,978	20,597,150	3,342,651	19.4 %
<b>Total Expenditures &amp; Transfers</b>	<b>\$ 194,566,851</b>	<b>\$ 209,515,089</b>	<b>\$ 220,419,757</b>	<b>\$ 230,040,481</b>	<b>\$ 246,222,927</b>	<b>\$ 51,656,076</b>	<b>26.5 %</b>
<b>Fund Balance Addition/(Reduction)</b>	<b>\$ 5,078,574</b>	<b>\$ (2,250,412)</b>	<b>\$ 9,836,298</b>				
<b>TOTALS</b>							
<b>Revenues</b>	\$ 1,965,448,156	\$ 2,005,427,465	\$ 2,119,184,082	\$ 2,132,443,411	\$ 2,204,375,389	\$ 238,927,233	12.2 %
<b>Expenditures and Transfers</b>							
Expenditures	\$ 1,911,174,754	\$ 1,945,550,563	\$ 2,006,014,974	\$ 2,177,288,561	\$ 2,138,775,937	\$ 227,601,183	11.9 %
Mandatory Transfers	34,130,818	34,136,693	38,177,785	40,854,816	49,257,517	15,126,699	44.3 %
Non-Mandatory Transfers	(268,646)	45,890,804	53,911,689	(44,083,397)	16,291,537	16,560,183	6164.3 %
<b>Total Expenditures &amp; Transfers</b>	<b>\$ 1,945,036,926</b>	<b>\$ 2,025,578,060</b>	<b>\$ 2,098,104,448</b>	<b>\$ 2,174,059,980</b>	<b>\$ 2,204,324,991</b>	<b>\$ 259,288,065</b>	<b>13.3 %</b>
<b>Fund Balance Addition/(Reduction)</b>	<b>\$ 20,411,230</b>	<b>\$ (20,150,595)</b>	<b>\$ 21,079,634</b>	<b>\$ (41,616,569)</b>	<b>\$ 50,398</b>		

# University of Tennessee System

## FY 2017 Proposed Budget Summary

### Unrestricted and Restricted Current Funds Revenues, Expenditures and Transfers

	FY 2015 Actual			FY 2016 Probable			FY 2017 Proposed			Change	
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total	Probable to Proposed Amount	%
<b>EDUCATION AND GENERAL</b>											
<b>Revenues</b>											
Tuition & Fees	\$ 615,545,784		\$ 615,545,784	\$ 648,037,768		\$ 648,037,768	\$ 669,787,108		\$ 669,787,108	\$ 21,749,340	3.4 %
State Appropriations	474,247,612	\$ 24,587,443	498,835,055	498,639,749	\$ 18,817,230	517,456,979	526,665,549	\$ 18,673,424	545,338,973	27,881,994	5.4 %
Grants & Contracts	46,798,665	532,598,462	579,397,127	44,650,266	506,011,161	550,661,427	44,529,714	511,270,867	555,800,581	5,139,154	0.9 %
Sales & Service	60,095,439		60,095,439	57,790,642		57,790,642	57,832,737		57,832,737	42,095	0.1 %
Other Sources	62,148,888	72,905,734	135,054,622	56,671,683	71,784,431	128,456,114	57,178,632	72,214,431	129,393,063	936,949	0.7 %
<b>Total Revenues</b>	<b>\$ 1,258,836,388</b>	<b>\$ 630,091,639</b>	<b>\$ 1,888,928,027</b>	<b>\$ 1,305,790,108</b>	<b>\$ 596,612,822</b>	<b>\$ 1,902,402,930</b>	<b>\$ 1,355,993,740</b>	<b>\$ 602,158,722</b>	<b>\$ 1,958,152,462</b>	<b>\$ 55,749,532</b>	<b>2.9 %</b>
<b>Expenditures and Transfers</b>											
Instruction	\$ 492,352,355	\$ 169,609,012	\$ 661,961,368	577,040,051	\$ 149,073,894	\$ 726,113,945	\$ 570,871,393	\$ 149,345,294	\$ 720,216,687	\$ (5,897,258)	(0.8) %
Research	83,487,974	173,291,843	256,779,818	110,072,752	173,951,988	284,024,740	73,583,021	174,283,185	247,866,206	(36,158,534)	(12.7) %
Public Service	71,365,049	58,722,600	130,087,649	87,106,681	57,674,545	144,781,226	80,557,849	60,199,745	140,757,594	(4,023,632)	(2.8) %
Academic Support	140,613,764	39,226,572	179,840,336	158,704,326	31,566,128	190,270,454	146,819,933	32,720,328	179,540,261	(10,730,193)	(5.6) %
Student Services	87,447,751	2,244,909	89,692,660	88,425,977	1,942,233	90,368,210	88,080,549	1,955,633	90,036,182	(332,028)	(0.4) %
Institutional Support	133,117,858	2,014,635	135,132,492	150,393,384	1,695,824	152,089,208	147,368,765	1,696,224	149,064,989	(3,024,219)	(2.0) %
Operations & Maintenance of Plant	125,493,000	413,242	125,906,243	135,781,740	415,000	136,196,740	139,190,009	415,000	139,605,009	3,408,269	2.5 %
Scholarships & Fellowships	88,984,234	174,860,937	263,845,171	95,154,298	179,433,910	274,588,208	106,011,157	180,719,701	286,730,858	12,142,650	4.4 %
<b>Subtotal Expenditures</b>	<b>\$ 1,222,861,986</b>	<b>\$ 620,383,750</b>	<b>\$ 1,843,245,736</b>	<b>\$ 1,402,679,209</b>	<b>\$ 595,753,522</b>	<b>\$ 1,998,432,731</b>	<b>\$ 1,352,482,676</b>	<b>\$ 601,335,110</b>	<b>\$ 1,953,817,786</b>	<b>\$ (44,614,945)</b>	<b>(2.2) %</b>
Mandatory Transfers	7,702,456		7,702,456	9,096,143		9,096,143	8,589,891		8,589,891	(506,252)	(5.6) %
Non-Mandatory Transfers	26,736,499		26,736,499	(63,509,375)		(63,509,375)	(4,305,613)		(4,305,613)	59,203,762	93.2 %
<b>Total Expenditures &amp; Transfers</b>	<b>\$ 1,257,300,941</b>	<b>\$ 620,383,750</b>	<b>\$ 1,877,684,691</b>	<b>\$ 1,348,265,977</b>	<b>\$ 595,753,522</b>	<b>\$ 1,944,019,499</b>	<b>\$ 1,356,766,954</b>	<b>\$ 601,335,110</b>	<b>\$ 1,958,102,064</b>	<b>\$ 14,082,565</b>	<b>0.7 %</b>
<b>Fund Balance Addition / (Reduction)</b>	<b>\$ 1,535,447</b>	<b>\$ 9,707,889</b>	<b>\$ 11,243,336</b>	<b>\$ (42,475,869)</b>	<b>\$ 859,300</b>	<b>\$ (41,616,569)</b>	<b>\$ (773,214)</b>	<b>\$ 823,612</b>	<b>\$ 50,398</b>		
<b>AUXILIARIES</b>											
<b>Revenues</b>	\$ 229,998,450	\$ 257,605	\$ 230,256,055	\$ 229,780,481	\$ 260,000	\$ 230,040,481	\$ 245,962,927	\$ 260,000	\$ 246,222,927	\$ 16,182,446	7.0 %
<b>Expenditures and Transfers</b>											
<b>Expenditures</b>	\$ 162,487,928	\$ 281,309	\$ 162,769,238	\$ 178,595,830	\$ 260,000	\$ 178,855,830	\$ 184,698,151	\$ 260,000	\$ 184,958,151	\$ 6,102,321	3.4 %
Mandatory Transfers	30,475,329		30,475,329	31,758,673		31,758,673	40,667,626		40,667,626	8,908,953	28.1 %
Non-Mandatory Transfers	27,175,190		27,175,190	19,425,978		19,425,978	20,597,150		20,597,150	1,171,172	6.0 %
<b>Total Expenditures &amp; Transfers</b>	<b>\$ 220,138,447</b>	<b>\$ 281,309</b>	<b>\$ 220,419,757</b>	<b>\$ 229,780,481</b>	<b>\$ 260,000</b>	<b>\$ 230,040,481</b>	<b>\$ 245,962,927</b>	<b>\$ 260,000</b>	<b>\$ 246,222,927</b>	<b>\$ 16,182,446</b>	<b>7.0 %</b>
<b>Fund Balance Addition / (Reduction)</b>	<b>\$ 9,860,002</b>	<b>\$ (23,704)</b>	<b>\$ 9,836,298</b>								
<b>TOTALS</b>											
<b>Revenues</b>	\$ 1,488,834,838	\$ 630,349,244	\$ 2,119,184,082	\$ 1,535,570,589	\$ 596,872,822	\$ 2,132,443,411	\$ 1,601,956,667	\$ 602,418,722	\$ 2,204,375,389	\$ 71,931,978	3.4 %
<b>Expenditures and Transfers</b>											
<b>Expenditures</b>	\$ 1,385,349,915	\$ 620,665,059	\$ 2,006,014,974	\$ 1,581,275,039	\$ 596,013,522	\$ 2,177,288,561	\$ 1,537,180,827	\$ 601,595,110	\$ 2,138,775,937	\$ (38,512,624)	(1.8) %
Mandatory Transfers	38,177,785		38,177,785	40,854,816		40,854,816	49,257,517		49,257,517	8,402,701	20.6 %
Non-Mandatory Transfers	53,911,689		53,911,689	(44,083,397)		(44,083,397)	16,291,537		16,291,537	60,374,934	137.0 %
<b>Total Expenditures &amp; Transfers</b>	<b>\$ 1,477,439,389</b>	<b>\$ 620,665,059</b>	<b>\$ 2,098,104,448</b>	<b>\$ 1,578,046,458</b>	<b>\$ 596,013,522</b>	<b>\$ 2,174,059,980</b>	<b>\$ 1,602,729,881</b>	<b>\$ 601,595,110</b>	<b>\$ 2,204,324,991</b>	<b>\$ 30,265,011</b>	<b>1.4 %</b>
<b>Fund Balance Addition / (Reduction)</b>	<b>\$ 11,395,449</b>	<b>\$ 9,684,184</b>	<b>\$ 21,079,634</b>	<b>\$ (42,475,869)</b>	<b>\$ 859,300</b>	<b>\$ (41,616,569)</b>	<b>\$ (773,214)</b>	<b>\$ 823,612</b>	<b>\$ 50,398</b>		

**University of Tennessee System**  
**FY 2017 Proposed Budget - Natural Classifications**  
 Unrestricted Current Funds Expenditures

	Total System	Chattanooga	Knoxville	Martin	Space Institute	Health Science Center	Institute of Agriculture	Institute for Public Service	System Administration
<b>EDUCATIONAL AND GENERAL</b>									
<b>Salaries and Benefits</b>									
Salaries									
Academic	\$ 351,019,946	\$ 41,939,776	\$ 165,074,437	\$ 23,939,727	\$ 3,171,097	\$ 86,450,638	\$ 30,035,975	\$ 267,396	\$ 140,900
Non-Academic	330,734,930	35,251,249	129,783,433	20,989,989	3,216,510	63,838,396	44,202,348	9,645,658	23,807,347
Students	8,658,387	1,099,979	4,819,975	1,441,987		674,481	465,989	25,290	130,686
Total Salaries	\$ 690,413,263	\$ 78,291,004	\$ 299,677,845	\$ 46,371,703	\$ 6,387,607	\$ 150,963,515	\$ 74,704,312	\$ 9,938,344	\$ 24,078,933
Staff Benefits	229,220,605	28,065,562	95,950,594	18,297,150	1,770,753	45,928,704	27,901,923	3,372,971	7,932,948
Total Salaries and Benefits	\$ 919,633,868	\$ 106,356,566	\$ 395,628,439	\$ 64,668,853	\$ 8,158,360	\$ 196,892,219	\$ 102,606,235	\$ 13,311,315	\$ 32,011,881
<b>Operating</b>	413,161,934	44,925,250	227,035,090	29,531,181	1,851,543	54,186,622	32,361,877	5,064,858	18,205,513
<b>Equipment and Capital Outlay</b>	19,686,874	1,689,905	12,219,396	1,403,880	40,000	3,907,764	356,779	69,150	
Total Expenditures	\$ 1,352,482,676	\$ 152,971,721	\$ 634,882,925	\$ 95,603,914	\$ 10,049,903	\$ 254,986,605	\$ 135,324,891	\$ 18,445,323	\$ 50,217,394
<b>AUXILIARIES</b>									
<b>Salaries and Benefits</b>									
Salaries									
Academic	\$ 639,676	\$ 7,000	\$ 629,613	\$ 3,063					
Non-Academic	49,112,309	1,398,515	46,006,372	1,405,420	96,422	205,580			
Students	4,664,158	104,139	3,997,675	562,344					
Total Salaries	\$ 54,416,143	\$ 1,509,654	\$ 50,633,660	\$ 1,970,827	\$ 96,422	\$ 205,580			
Staff Benefits	13,955,872	589,913	12,494,977	680,960	30,094	159,928			
Total Salaries and Benefits	\$ 68,372,015	\$ 2,099,567	\$ 63,128,637	\$ 2,651,787	\$ 126,516	\$ 365,508			
<b>Operating</b>	115,555,366	8,253,701	101,761,885	4,460,882	83,684	995,214			
<b>Equipment and Capital Outlay</b>	770,770	7,470	741,800	16,700	4,800				
Total Expenditures	\$ 184,698,151	\$ 10,360,738	\$ 165,632,322	\$ 7,129,369	\$ 215,000	\$ 1,360,722			
<b>TOTALS</b>									
<b>Salaries and Benefits</b>									
Salaries									
Academic	\$ 351,659,622	\$ 41,946,776	\$ 165,704,050	\$ 23,942,790	\$ 3,171,097	\$ 86,450,638	\$ 30,035,975	\$ 267,396	\$ 140,900
Non-Academic	379,847,239	36,649,764	175,789,805	22,395,409	3,312,932	64,043,976	44,202,348	9,645,658	23,807,347
Students	13,322,545	1,204,118	8,817,650	2,004,331		674,481	465,989	25,290	130,686
Total Salaries	\$ 744,829,406	\$ 79,800,658	\$ 350,311,505	\$ 48,342,530	\$ 6,484,029	\$ 151,169,095	\$ 74,704,312	\$ 9,938,344	\$ 24,078,933
Staff Benefits	243,176,477	28,655,475	108,445,571	18,978,110	1,800,847	46,088,632	27,901,923	3,372,971	7,932,948
Total Salaries and Benefits	\$ 988,005,883	\$ 108,456,133	\$ 458,757,076	\$ 67,320,640	\$ 8,284,876	\$ 197,257,727	\$ 102,606,235	\$ 13,311,315	\$ 32,011,881
<b>Operating</b>	528,717,300	53,178,951	328,796,975	33,992,063	1,935,227	55,181,836	32,361,877	5,064,858	18,205,513
<b>Equipment and Capital Outlay</b>	20,457,644	1,697,375	12,961,196	1,420,580	44,800	3,907,764	356,779	69,150	
Total Expenditures	\$ 1,537,180,827	\$ 163,332,459	\$ 800,515,247	\$ 102,733,283	\$ 10,264,903	\$ 256,347,327	\$ 135,324,891	\$ 18,445,323	\$ 50,217,394

**University of Tennessee System**  
**FY 2017 Proposed Budget Summary - Natural Classifications**  
 Unrestricted Current Funds Expenditures

	FY 2015 ACTUAL	FY 2016 PROBABLE	FY 2017 PROPOSED	CHANGE PROBABLE TO PROPOSED	
				AMOUNT	%
<b>EDUCATIONAL AND GENERAL</b>					
<b>Salaries and Benefits</b>					
Salaries					
Academic	\$ 333,879,883	\$ 348,592,960	\$ 351,019,946	\$ 2,426,986	0.7 %
Non-Academic	306,368,688	320,893,919	330,734,930	9,841,011	3.1 %
Students	10,573,136	9,168,782	8,658,387	(510,395)	(5.6) %
Total Salaries	\$ 650,821,706	\$ 678,655,661	\$ 690,413,263	\$ 11,757,602	1.7 %
Staff Benefits	220,776,097	222,646,654	229,220,605	6,573,951	3.0 %
Total Salaries and Benefits	\$ 871,597,804	\$ 901,302,315	\$ 919,633,868	\$ 18,331,553	2.0 %
<b>Operating</b>	324,616,480	478,016,579	413,161,934	(64,854,645)	(13.6) %
<b>Equipment and Capital Outlay</b>	26,647,702	23,360,315	19,686,874	(3,673,441)	(15.7) %
Total Expenditures	\$ 1,222,861,986	\$ 1,402,679,209	\$ 1,352,482,676	\$ (50,196,533)	(3.6) %

<b>AUXILIARIES</b>					
<b>Salaries and Benefits</b>					
Salaries					
Academic	\$ 460,433	\$ 509,704	\$ 639,676	\$ 129,972	25.5 %
Non-Academic	46,283,764	46,661,988	49,112,309	2,450,321	5.3 %
Students	4,263,562	4,537,496	4,664,158	126,662	2.8 %
Total Salaries	\$ 51,007,760	\$ 51,709,188	\$ 54,416,143	\$ 2,706,955	5.2 %
Staff Benefits	13,962,973	13,676,343	13,955,872	279,529	2.0 %
Total Salaries and Benefits	\$ 64,970,733	\$ 65,385,531	\$ 68,372,015	\$ 2,986,484	4.6 %
<b>Operating</b>	97,395,934	112,482,829	115,555,366	3,072,537	2.7 %
<b>Equipment and Capital Outlay</b>	121,262	727,470	770,770	43,300	6.0 %
Total Expenditures	\$ 162,487,928	\$ 178,595,830	\$ 184,698,151	\$ 6,102,321	3.4 %

<b>TOTALS</b>					
<b>Salaries and Benefits</b>					
Salaries					
Academic	\$ 334,340,316	\$ 349,102,664	\$ 351,659,622	\$ 2,556,958	0.7 %
Non-Academic	352,652,452	367,555,907	379,847,239	12,291,332	3.3 %
Students	14,836,698	13,706,278	13,322,545	(383,733)	(2.8) %
Total Salaries	\$ 701,829,466	\$ 730,364,849	\$ 744,829,406	\$ 14,464,557	2.0 %
Staff Benefits	234,739,071	236,322,997	243,176,477	6,853,480	2.9 %
Total Salaries and Benefits	\$ 936,568,536	\$ 966,687,846	\$ 988,005,883	\$ 21,318,037	2.2 %
<b>Operating</b>	422,012,414	590,499,408	528,717,300	(61,782,108)	(10.5) %
<b>Equipment and Capital Outlay</b>	26,768,964	24,087,785	20,457,644	(3,630,141)	(15.1) %
Total Expenditures	\$ 1,385,349,915	\$ 1,581,275,039	\$ 1,537,180,827	\$ (44,094,212)	(2.8) %



**University of Tennessee System**  
**FY 2017 Proposed Budget Summary**

Auxiliary Enterprises Funds Revenues, Expenditures and Transfers

	FY 2015 ACTUAL	FY 2016 PROBABLE	FY 2017 PROPOSED	CHANGE PROBABLE TO PROPOSED	
				AMOUNT	%
<b>HOUSING</b>					
<b>Revenues</b>	\$ 64,353,411	\$ 61,757,670	\$ 65,564,675	\$ 3,807,005	6.16 %
<b>Expenditures and Transfers</b>					
Expenditures	\$ 38,459,292	\$ 41,870,392	\$ 42,009,840	\$ 139,448	0.3 %
Mandatory Transfers	10,027,001	12,168,671	18,797,266	6,628,595	54.5 %
Non-Mandatory Transfers	13,289,816	7,718,607	4,757,569	(2,961,038)	(38.4) %
Total Expenditures and Transfers	\$ 61,776,109	\$ 61,757,670	\$ 65,564,675	\$ 3,807,005	6.2 %
<b>Fund Balance Addition/(Reduction)</b>	\$ 2,577,302	\$ -			
<b>FOOD SERVICE</b>					
<b>Revenues</b>	\$ 6,925,581	\$ 7,015,110	\$ 8,681,912	\$ 1,666,802	23.8 %
<b>Expenditures and Transfers</b>					
Expenditures	\$ 2,563,395	\$ 3,234,415	\$ 3,327,342	\$ 92,927	2.9 %
Mandatory Transfers	2,703,864				
Non-Mandatory Transfers	1,969,906	3,774,379	5,347,370	1,572,991	41.7 %
Total Expenditures and Transfers	\$ 7,237,165	\$ 7,008,794	\$ 8,674,712	\$ 1,665,918	23.8 %
<b>Fund Balance Addition/(Reduction)</b>	\$ (311,584)	\$ 6,316	\$ 7,200		
<b>BOOKSTORES</b>					
<b>Revenues</b>	\$ 23,331,077	\$ 24,041,110	\$ 25,140,352	\$ 1,099,242	4.6 %
<b>Expenditures and Transfers</b>					
Expenditures	\$ 17,678,024	\$ 21,718,606	\$ 22,780,059	\$ 1,061,453	4.9 %
Mandatory Transfers		109,418	109,418	-	0.0 %
Non-Mandatory Transfers	2,977,726	2,214,086	2,251,875	37,789	1.7 %
Total Expenditures and Transfers	\$ 20,655,750	\$ 24,042,110	\$ 25,141,352		
<b>Fund Balance Addition/(Reduction)</b>	\$ 2,675,327	\$ (1,000)	\$ (1,000)		
<b>PARKING</b>					
<b>Revenues</b>	\$ 11,920,037	\$ 13,415,322	\$ 13,674,259	\$ 258,937	1.9 %
<b>Expenditures and Transfers</b>					
Expenditures	\$ 6,674,207	\$ 8,869,585	\$ 8,234,739	\$ (634,846)	(7.2) %
Mandatory Transfers	2,868,245	3,129,222	4,314,704		
Non-Mandatory Transfers	1,649,369	1,416,515	1,124,816	(291,699)	(20.6) %
Total Expenditures and Transfers	\$ 11,191,821	\$ 13,415,322	\$ 13,674,259	\$ 258,937	1.9 %
<b>Fund Balance Addition/(Reduction)</b>	\$ 728,217	\$ -	\$ -		
<b>ATHLETICS</b>					
<b>Revenues</b>	\$ 119,478,992	\$ 119,077,900	\$ 128,819,870	9,741,970	8.2 %
<b>Expenditures and Transfers</b>					
Expenditures	\$ 93,620,169	\$ 98,382,653	\$ 104,216,618	5,833,965	5.9 %
Mandatory Transfers	14,876,219	16,351,362	17,446,238	1,094,876	6.7 %
Non-Mandatory Transfers	7,157,162	4,343,885	7,157,014	2,813,129	64.8 %
Total Expenditures and Transfers	\$ 115,653,549	\$ 119,077,900	\$ 128,819,870	\$ 9,741,970	8.2 %
<b>Fund Balance Addition/(Reduction)</b>	\$ 3,825,442				
<b>OTHER</b>					
<b>Revenues</b>	\$ 3,989,351	\$ 4,473,369	\$ 4,081,859	\$ (391,510)	(8.8) %
<b>Expenditures and Transfers</b>					
Expenditures	\$ 3,492,841	\$ 4,520,179	\$ 4,129,553	\$ (390,626)	(8.6) %
Mandatory Transfers					
Non-Mandatory Transfers	131,213	(41,494)	(41,494)		
Total Expenditures and Transfers	\$ 3,624,054	\$ 4,478,685	\$ 4,088,059	\$ (390,626)	(8.7) %
<b>Fund Balance Addition/(Reduction)</b>	\$ 365,297	\$ (5,316)	\$ (6,200)		
<b>TOTAL</b>					
<b>Revenues</b>	\$ 229,998,450	\$ 229,780,481	\$ 245,962,927	\$ 16,182,446	7.0 %
<b>Expenditures and Transfers</b>					
Expenditures	\$ 162,487,928	\$ 178,595,830	\$ 184,698,151	\$ 6,102,321	3.4 %
Mandatory Transfers	30,475,329	31,758,673	40,667,626	8,908,953	28.1 %
Non-Mandatory Transfers	27,175,191	19,425,978	20,597,150	1,171,172	6.0 %
Total Expenditures and Transfers	\$ 220,138,448	\$ 229,780,481	\$ 245,962,927	\$ 16,182,446	7.0 %
<b>Fund Balance Addition/(Reduction)</b>	\$ 9,860,002				

Schedule 13 - Auxiliaries

## University of Tennessee System

### Athletics FY 2017 Proposed Budget Summary

E&G and Auxiliary Funds for Men's and Women's Athletics

	FY 2015 ACTUAL	FY 2016 PROBABLE	FY 2017 PROPOSED	CHANGE PROBABLE TO PROPOSED	
				AMOUNT	%
<b>KNOXVILLE</b>					
<b>Revenues</b>					
General Funds					
Student Fees for Athletics	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000		
Ticket Sales	33,261,928	36,134,400	36,305,870	\$ 171,470	47.5% %
Gifts	26,999,091	26,600,000	28,270,000	1,670,000	6.3 %
Other	58,904,265	56,581,000	64,241,500	7,660,500	13.5 %
Total Revenues	<u>\$ 120,165,284</u>	<u>\$ 120,315,400</u>	<u>\$ 129,817,370</u>	<u>\$ 9,501,970</u>	<u>7.9 %</u>
<b>Expenditures and Transfers</b>					
Salaries and Benefits	\$ 36,643,532	\$ 38,162,300	\$ 40,930,535	\$ 2,768,235	7.3 %
Travel	8,398,169	9,984,850	9,412,900	(571,950)	(5.7) %
Student Aid	12,073,467	14,933,293	15,201,137	267,844	1.8 %
Other Operating	36,214,178	35,539,710	38,669,506	3,129,796	8.8 %
Subtotal Expenditures	\$ 93,329,346	\$ 98,620,153	\$ 104,214,078	\$ 5,593,925	5.7 %
Debt Service Transfers	14,876,218	16,351,362	17,446,238	1,094,876	6.7 %
Other Transfers	8,157,161	5,343,885	8,157,054	2,813,169	52.6 %
Total Expenditures and Transfers	<u>\$ 116,362,725</u>	<u>\$ 120,315,400</u>	<u>\$ 129,817,370</u>	<u>\$ 9,501,970</u>	<u>7.9 %</u>
Fund Balance Addition / (Reduction)	\$ 3,802,559				
<b>CHATTANOOGA</b>					
<b>Revenues</b>					
General Funds	\$ 6,983,916	\$ 6,539,990	\$ 6,582,279	\$ 42,289	0.6 %
Student Fees for Athletics	4,739,714	4,991,503	4,991,503		
Ticket Sales	1,247,879	936,046	936,046		
Gifts	1,762,641	1,430,000	1,430,000		
Other	2,699,344	1,996,891	1,996,891		
Total Revenues	<u>\$ 17,433,494</u>	<u>\$ 15,894,430</u>	<u>\$ 15,936,719</u>	<u>\$ 42,289</u>	<u>0.3 %</u>
<b>Expenditures and Transfers</b>					
Salaries and Benefits	\$ 6,492,471	\$ 6,447,161	\$ 6,457,161	\$ 10,000	0.2 %
Travel	1,158,652	1,727,205	1,777,205	50,000	2.9 %
Student Aid	4,963,231	5,036,936	5,144,225	107,289	2.1 %
Other Operating	3,978,166	2,513,128	2,388,128	(125,000)	(5.0) %
Subtotal Expenditures	\$ 16,592,520	\$ 15,724,430	\$ 15,766,719	\$ 42,289	0.3 %
Debt Service Transfers	165,331	170,000	170,000		
Other Transfers					
Total Expenditures and Transfers	<u>\$ 16,757,851</u>	<u>\$ 15,894,430</u>	<u>\$ 15,936,719</u>	<u>\$ 42,289</u>	<u>0.3 %</u>
Fund Balance Addition / (Reduction)	\$ 675,643				
<b>MARTIN</b>					
<b>Revenues</b>					
General Funds	\$ 6,001,947	\$ 5,756,707	\$ 6,058,494	\$ 301,787	5.2 %
Student Fees for Athletics	1,792,141	2,244,000	2,244,000		
Ticket Sales	100,030	100,030	80,000	(20,030)	(20.0) %
Gifts	861,410	700,000	700,000		
Other	1,978,856	2,266,143	1,715,140	(551,003)	(24.3) %
Total Revenues	<u>\$ 10,734,384</u>	<u>\$ 11,066,880</u>	<u>\$ 10,797,634</u>	<u>\$ (269,246)</u>	<u>(2.4) %</u>
<b>Expenditures and Transfers</b>					
Salaries and Benefits	\$ 3,828,939	\$ 4,293,274	\$ 4,238,376	\$ (54,898)	(1.3) %
Travel	917,094	993,428	842,661	(150,767)	(15.2) %
Student Aid	4,282,212	4,134,658	4,164,658	30,000	0.7 %
Other Operating	1,539,881	1,493,120	1,399,539	(93,581)	(6.3) %
Subtotal Expenditures	\$ 10,568,126	\$ 10,914,480	\$ 10,645,234	\$ (269,246)	(2.5) %
Debt Service Transfers	193,071	152,400	152,400		
Other Transfers					
Total Expenditures and Transfers	<u>\$ 10,761,197</u>	<u>\$ 11,066,880</u>	<u>\$ 10,797,634</u>	<u>\$ (269,246)</u>	<u>(2.4) %</u>
Fund Balance Addition / (Reduction)	\$ (26,813)				
<b>TOTAL ATHLETICS</b>					
<b>Revenues</b>					
General Funds	\$ 12,985,863	\$ 12,296,697	\$ 12,640,773	\$ 344,076	2.8 %
Student Fees for Athletics	7,531,855	8,235,503	8,235,503		
Ticket Sales	34,609,837	37,170,476	37,321,916	151,440	0.4 %
Gifts	29,623,142	28,730,000	30,400,000	1,670,000	5.8 %
Other	63,582,465	60,844,034	67,953,531	7,109,497	11.7 %
Total Revenues	<u>\$ 148,333,162</u>	<u>\$ 147,276,710</u>	<u>\$ 156,551,723</u>	<u>\$ 9,275,013</u>	<u>6.3 %</u>
<b>Expenditures and Transfers</b>					
Salaries and Benefits	\$ 46,964,942	\$ 48,902,735	\$ 51,626,072	\$ 2,723,337	5.6 %
Travel	10,473,915	12,705,483	12,032,766	(672,717)	(5.3) %
Student Aid	21,318,910	24,104,887	24,510,020	405,133	1.7 %
Other Operating	41,732,225	39,545,958	42,457,173	2,911,215	7.4 %
Subtotal Expenditures	\$ 120,489,992	\$ 125,259,063	\$ 130,626,031	\$ 5,366,968	4.3 %
Debt Service Transfers	15,234,620	16,673,762	17,768,638	1,094,876	6.6 %
Other Transfers	8,157,161	5,343,885	8,157,054	2,813,169	52.6 %
Total Expenditures and Transfers	<u>\$ 143,881,773</u>	<u>\$ 147,276,710</u>	<u>\$ 156,551,723</u>	<u>\$ 9,275,013</u>	<u>6.3 %</u>
Fund Balance Addition / (Reduction)	\$ 4,451,389				

NOTES: Data includes unrestricted and restricted funds. Other revenue sources include NCAA conference income, tournament income, program sale concessions, parkin, broadcasting, television, radio, internet, endowments, investments, royalties, advertisements, sponsorships, game guarantees,

## University of Tennessee System

### FY 2017 Proposed Budget Summary

Unrestricted Current Funds Revenues, Expenditures, and Transfers

	FY 2015 ACTUALS	FY 2016 PROBABLE	FY 2017 PROPOSED	CHANGE PROBABLE TO PROPOSED	
				AMOUNT	%
<b>EDUCATIONAL AND GENERAL</b>					
<b>Revenues</b>					
Tuition & Fees	\$ 615,545,784	\$ 648,037,768	\$ 669,787,108	\$ 21,749,340	3.4 %
State Appropriations	474,247,612	498,639,749	526,665,549	28,025,800	5.6 %
Grants & Contracts	46,798,665	44,650,266	44,529,714	(120,552)	(0.3) %
Sales & Service	60,095,439	57,790,642	57,832,737	42,095	0.1 %
Other Sources	62,148,888	56,671,683	57,178,632	506,949	0.9 %
<b>Total Revenues</b>	<b>\$ 1,258,836,388</b>	<b>\$ 1,305,790,108</b>	<b>\$ 1,355,993,740</b>	<b>\$ 50,203,632</b>	<b>3.8 %</b>
<b>Expenditures and Transfers</b>					
Instruction	\$ 492,352,355	\$ 577,040,051	\$ 570,871,393	\$ (6,168,658)	(1.1) %
Research	83,487,974	110,072,752	73,583,021	(36,489,731)	(33.2) %
Public Service	71,365,049	87,106,681	80,557,849	(6,548,832)	(7.5) %
Academic Support	140,613,764	158,704,326	146,819,933	(11,884,393)	(7.5) %
Student Services	87,447,751	88,425,977	88,080,549	(345,428)	(0.4) %
Institutional Support	133,117,858	150,393,384	147,368,765	(3,024,619)	(2.0) %
Operation & Maintenance of Plant	125,493,000	135,781,740	139,190,009	3,408,269	2.5 %
Scholarships & Fellowships	88,984,234	95,154,298	106,011,157	10,856,859	11.4 %
<b>Subtotal Expenditures</b>	<b>\$ 1,222,861,986</b>	<b>\$ 1,402,679,209</b>	<b>\$ 1,352,482,676</b>	<b>\$ (50,196,533)</b>	<b>(3.6) %</b>
Mandatory Transfers	7,702,456	9,096,143	8,589,891	(506,252)	(5.6) %
Non-Mandatory Transfers	26,736,499	(63,509,375)	(4,305,613)	59,203,762	93.2 %
<b>Total Expenditures &amp; Transfers</b>	<b>\$ 1,257,300,941</b>	<b>\$ 1,348,265,977</b>	<b>\$ 1,356,766,954</b>	<b>\$ 8,500,977</b>	<b>0.6 %</b>
<b>Fund Balance Addition/(Reduction)</b>	<b>\$ 1,535,447</b>	<b>\$ (42,475,869)</b>	<b>\$ (773,214)</b>		
<b>AUXILIARIES</b>					
<b>Revenues</b>	\$ 229,998,450	\$ 229,780,481	\$ 245,962,927	\$ 16,182,446	7.0 %
<b>Expenditures and Transfers</b>					
Expenditures	162,487,928	178,595,830	184,698,151	6,102,321	3.4 %
Mandatory Transfers	30,475,329	31,758,673	40,667,626	8,908,953	28.1 %
Non-Mandatory Transfers	27,175,190	19,425,978	20,597,150	1,171,172	6.0 %
<b>Total Expenditures &amp; Transfers</b>	<b>\$ 220,138,447</b>	<b>\$ 229,780,481</b>	<b>\$ 245,962,927</b>	<b>\$ 16,182,446</b>	<b>7.0 %</b>
<b>Fund Balance Addition/(Reduction)</b>	<b>\$ 9,860,002</b>	<b>\$ -</b>	<b>\$ -</b>		
<b>TOTALS</b>					
<b>Revenues</b>	\$ 1,488,834,838	\$ 1,535,570,589	\$ 1,601,956,667	\$ 66,386,078	4.3 %
<b>Expenditures and Transfers</b>					
Expenditures	\$ 1,385,349,915	\$ 1,581,275,039	\$ 1,537,180,827	\$ (44,094,212)	(2.8) %
Mandatory Transfers	38,177,785	40,854,816	49,257,517	8,402,701	20.6 %
Non-Mandatory Transfers	53,911,689	(44,083,397)	16,291,537	60,374,934	137.0 %
<b>Total Expenditures &amp; Transfers</b>	<b>\$ 1,477,439,389</b>	<b>\$ 1,578,046,458</b>	<b>\$ 1,602,729,881</b>	<b>\$ 24,683,423</b>	<b>1.6 %</b>
<b>Fund Balance Addition/(Reduction)</b>	<b>\$ 11,395,449</b>	<b>\$ (42,475,869)</b>	<b>\$ (773,214)</b>		

## Chattanooga

### FY 2017 Proposed Budget Summary

Unrestricted Current Funds Revenues, Expenditures, and Transfers

	FY 2015 ACTUALS	FY 2016 PROBABLE	FY 2017 PROPOSED	CHANGE PROBABLE TO PROPOSED	
				AMOUNT	%
<b>EDUCATIONAL AND GENERAL</b>					
<b>Revenues</b>					
Tuition & Fees	\$ 101,724,207	\$ 102,628,250	\$ 102,981,384	\$ 353,134	0.3 %
State Appropriations	38,442,081	42,640,805	46,639,305	3,998,500	9.4 %
Grants & Contracts	802,628	662,845	453,856	(208,989)	(31.5) %
Sales & Service	5,757,143	5,088,679	5,088,679		
Other Sources	266,489	239,500	239,500		
<b>Total Revenues</b>	<b>\$ 146,992,547</b>	<b>\$ 151,260,079</b>	<b>\$ 155,402,724</b>	<b>\$ 4,142,645</b>	<b>2.7 %</b>
<b>Expenditures and Transfers</b>					
Instruction	\$ 58,758,457	\$ 65,562,795	\$ 66,516,644	\$ 953,849	1.5 %
Research	2,789,532	3,221,033	2,129,881	(1,091,152)	(33.9) %
Public Service	2,353,088	2,731,245	2,626,075	(105,170)	(3.9) %
Academic Support	13,826,644	15,880,732	12,412,821	(3,467,911)	(21.8) %
Student Services	26,043,300	24,389,350	24,191,095	(198,255)	(0.8) %
Institutional Support	10,226,361	12,740,739	12,025,960	(714,779)	(5.6) %
Operation & Maintenance of Plant	14,811,159	19,775,690	20,422,813	647,123	3.3 %
Scholarships & Fellowships	11,572,385	12,521,220	12,646,432	125,212	1.0 %
<b>Subtotal Expenditures</b>	<b>\$ 140,380,925</b>	<b>\$ 156,822,804</b>	<b>\$ 152,971,721</b>	<b>\$ (3,851,083)</b>	<b>(2.5) %</b>
Mandatory Transfers	688,528	667,115	874,165	207,050	31.0 %
Non-Mandatory Transfers	5,558,862	(6,296,420)	1,490,258	7,786,678	123.7 %
<b>Total Expenditures &amp; Transfers</b>	<b>\$ 146,628,315</b>	<b>\$ 151,193,499</b>	<b>\$ 155,336,144</b>	<b>\$ 4,142,645</b>	<b>2.7 %</b>
<b>Fund Balance Addition/(Reduction)</b>	<b>\$ 364,233</b>	<b>\$ 66,580</b>	<b>\$ 66,580</b>		
<b>AUXILIARIES</b>					
<b>Revenues</b>	\$ 15,146,190	\$ 14,318,863	\$ 14,184,296	\$ (134,567)	(0.9) %
<b>Expenditures and Transfers</b>					
Expenditures	9,768,772	10,495,305	10,360,738	(134,567)	(1.3) %
Mandatory Transfers	1,376,244	1,803,780	1,803,780		
Non-Mandatory Transfers	3,875,617	2,019,778	2,019,778		
<b>Total Expenditures &amp; Transfers</b>	<b>\$ 15,020,633</b>	<b>\$ 14,318,863</b>	<b>\$ 14,184,296</b>	<b>\$ (134,567)</b>	<b>(0.9) %</b>
<b>Fund Balance Addition/(Reduction)</b>	<b>\$ 125,557</b>				
<b>TOTALS</b>					
<b>Revenues</b>	\$ 162,138,737	\$ 165,578,942	\$ 169,587,020	\$ 4,008,078	2.4 %
<b>Expenditures and Transfers</b>					
Expenditures	\$ 150,149,697	\$ 167,318,109	\$ 163,332,459	\$ (3,985,650)	(2.4) %
Mandatory Transfers	2,064,772	2,470,895	2,677,945	207,050	8.4 %
Non-Mandatory Transfers	9,434,479	(4,276,642)	3,510,036	7,786,678	182.1 %
<b>Total Expenditures &amp; Transfers</b>	<b>\$ 161,648,948</b>	<b>\$ 165,512,362</b>	<b>\$ 169,520,440</b>	<b>\$ 4,008,078</b>	<b>2.4 %</b>
<b>Fund Balance Addition/(Reduction)</b>	<b>\$ 489,789</b>	<b>\$ 66,580</b>	<b>\$ 66,580</b>		

## Knoxville

### FY 2017 Proposed Budget Summary

Unrestricted Current Funds Revenues, Expenditures, and Transfers

	FY 2015 ACTUALS	FY 2016 PROBABLE	FY 2017 PROPOSED	CHANGE PROBABLE TO PROPOSED	
				AMOUNT	%
<b>EDUCATIONAL AND GENERAL</b>					
<b>Revenues</b>					
Tuition & Fees	\$ 363,293,977	\$ 391,725,353	\$ 407,278,045	\$ 15,552,692	4.0 %
State Appropriations	182,310,443	191,207,355	202,644,855	11,437,500	6.0 %
Grants & Contracts	25,913,526	22,560,000	22,560,000		
Sales & Service	7,348,472	5,780,775	5,538,268	(242,507)	(4.2) %
Other Sources	12,751,006	11,610,693	11,708,857	98,164	0.8 %
Total Revenues	<u>\$ 591,617,424</u>	<u>\$ 622,884,176</u>	<u>\$ 649,730,025</u>	<u>\$ 26,845,849</u>	<u>4.3 %</u>
<b>Expenditures and Transfers</b>					
Instruction	\$ 234,529,087	\$ 283,165,480	\$ 282,648,112	\$ (517,368)	(0.2) %
Research	32,520,982	44,908,490	23,457,198	(21,451,292)	(47.8) %
Public Service	12,506,281	14,129,360	12,650,139	(1,479,221)	(10.5) %
Academic Support	65,409,954	71,324,950	71,624,930	299,980	0.4 %
Student Services	43,849,688	44,908,408	45,150,420	242,012	0.5 %
Institutional Support	44,966,990	49,904,670	49,882,809	(21,861)	0.0 %
Operation & Maintenance of Plant	60,939,574	72,766,124	74,657,889	1,891,765	2.6 %
Scholarships & Fellowships	59,826,184	64,228,188	74,811,428	10,583,240	16.5 %
Subtotal Expenditures	<u>\$ 554,548,740</u>	<u>\$ 645,335,670</u>	<u>\$ 634,882,925</u>	<u>\$ (10,452,745)</u>	<u>(1.6) %</u>
Mandatory Transfers	1,745,964	1,645,162	747,685	(897,477)	(54.6) %
Non-Mandatory Transfers	35,170,885	(24,096,656)	14,099,415	38,196,071	158.5 %
Total Expenditures & Transfers	<u>\$ 591,465,589</u>	<u>\$ 622,884,176</u>	<u>\$ 649,730,025</u>	<u>\$ 26,845,849</u>	<u>4.3 %</u>
<b>Fund Balance Addition/(Reduction)</b>	<u>\$ 151,835</u>				
<b>AUXILIARIES</b>					
<b>Revenues</b>	\$ 203,163,591	\$ 202,976,598	\$ 219,639,669	\$ 16,663,071	8.2 %
<b>Expenditures and Transfers</b>					
Expenditures	145,086,602	158,643,562	165,632,322	6,988,760	4.4 %
Mandatory Transfers	26,224,698	27,545,274	36,451,629	8,906,355	32.3 %
Non-Mandatory Transfers	22,381,046	16,787,762	17,555,718	767,956	4.6 %
Total Expenditures & Transfers	<u>\$ 193,692,346</u>	<u>\$ 202,976,598</u>	<u>\$ 219,639,669</u>	<u>\$ 16,663,071</u>	<u>8.2 %</u>
<b>Fund Balance Addition/(Reduction)</b>	<u>\$ 9,471,244</u>				
<b>TOTALS</b>					
<b>Revenues</b>	\$ 794,781,015	\$ 825,860,774	\$ 869,369,694	\$ 43,508,920	5.3 %
<b>Expenditures and Transfers</b>					
Expenditures	\$ 699,635,342	\$ 803,979,232	\$ 800,515,247	\$ (3,463,985)	(0.4) %
Mandatory Transfers	27,970,662	29,190,436	37,199,314	8,008,878	27.4 %
Non-Mandatory Transfers	57,551,931	(7,308,894)	31,655,133	38,964,027	533.1 %
Total Expenditures & Transfers	<u>\$ 785,157,935</u>	<u>\$ 825,860,774</u>	<u>\$ 869,369,694</u>	<u>\$ 43,508,920</u>	<u>5.3 %</u>
<b>Fund Balance Addition/(Reduction)</b>	<u>\$ 9,623,079</u>				

**Martin**  
**FY 2017 Proposed Budget Summary**  
 Unrestricted Current Funds Revenues, Expenditures, and Transfers

	FY 2015 ACTUALS	FY 2016 PROBABLE	FY 2017 PROPOSED	CHANGE PROBABLE TO PROPOSED	
				AMOUNT	%
<b>EDUCATIONAL AND GENERAL</b>					
<b>Revenues</b>					
Tuition & Fees	\$ 58,905,450	\$ 58,973,560	\$ 61,178,912	\$ 2,205,352	3.7 %
State Appropriations	27,025,867	28,686,097	31,478,597	2,792,500	9.7 %
Grants & Contracts	146,425	158,000	158,000		
Sales & Service	3,796,159	3,908,376	3,427,102	(481,274)	(12.3) %
Other Sources	718,300	638,000	638,000		
Total Revenues	\$ 90,592,200	\$ 92,364,033	\$ 96,880,611	\$ 4,516,578	4.9 %
<b>Expenditures and Transfers</b>					
Instruction	\$ 40,166,959	\$ 43,981,961	\$ 43,155,226	\$ (826,735)	(1.9) %
Research	407,381	423,875	311,385	(112,490)	(26.5) %
Public Service	593,974	658,925	575,828	(83,097)	(12.6) %
Academic Support	10,036,931	11,275,488	11,416,305	140,817	1.2 %
Student Services	11,145,821	12,479,185	12,418,501	(60,684)	(0.5) %
Institutional Support	5,250,056	6,481,262	6,630,482	149,220	2.3 %
Operation & Maintenance of Plant	11,224,479	11,298,918	11,794,323	495,405	4.4 %
Scholarships & Fellowships	8,305,036	9,148,234	9,301,864	153,630	1.7 %
Subtotal Expenditures	\$ 87,130,639	\$ 95,747,848	\$ 95,603,914	\$ (143,934)	(0.2) %
Mandatory Transfers	661,576	626,148	626,148		
Non-Mandatory Transfers	1,584,444	(4,009,963)	650,549	4,660,512	116.2 %
Total Expenditures & Transfers	\$ 89,376,659	\$ 92,364,033	\$ 96,880,611	\$ 4,516,578	4.9 %
<b>Fund Balance Addition/(Reduction)</b>	\$ 1,215,541				
<b>AUXILIARIES</b>					
<b>Revenues</b>	\$ 10,111,015	\$ 10,594,992	\$ 10,192,740	\$ (402,252)	(3.8) %
<b>Expenditures and Transfers</b>					
Expenditures	6,264,028	7,678,421	7,129,369	(549,052)	(7.2) %
Mandatory Transfers	2,505,713	2,041,717	2,041,717		
Non-Mandatory Transfers	1,068,833	874,854	1,021,654	146,800	16.8 %
Total Expenditures & Transfers	\$ 9,838,574	\$ 10,594,992	\$ 10,192,740	\$ (402,252)	(3.8) %
<b>Fund Balance Addition/(Reduction)</b>	\$ 272,440				
<b>TOTALS</b>					
<b>Revenues</b>	\$ 100,703,215	\$ 102,959,025	\$ 107,073,351	\$ 4,114,326	4.0 %
<b>Expenditures and Transfers</b>					
Expenditures	\$ 93,394,667	\$ 103,426,269	\$ 102,733,283	\$ (692,986)	(0.7) %
Mandatory Transfers	3,167,289	2,667,865	2,667,865		
Non-Mandatory Transfers	2,653,277	(3,135,109)	1,672,203	4,807,312	153.3 %
Total Expenditures & Transfers	\$ 99,215,233	\$ 102,959,025	\$ 107,073,351	\$ 4,114,326	4.0 %
<b>Fund Balance Addition/(Reduction)</b>	\$ 1,487,982				

## Space Institute

### FY 2017 Proposed Budget Summary

Unrestricted Current Funds Revenues, Expenditures, and Transfers

	FY 2015 ACTUALS	FY 2016 PROBABLE	FY 2017 PROPOSED	CHANGE PROBABLE TO PROPOSED	
				AMOUNT	%
<b>EDUCATIONAL AND GENERAL</b>					
<b>Revenues</b>					
Tuition & Fees	\$ 1,365,881	\$ 1,293,235	\$ 1,323,000	\$ 29,765	2.3 %
State Appropriations	8,012,212	8,286,603	8,578,403	\$ 291,800	3.5 %
Grants & Contracts	251,580	254,926	290,000	35,074	13.8 %
Sales & Service					
Other Sources	36,446	19,384		(19,384)	(100.0) %
Total Revenues	\$ 9,666,119	\$ 9,854,148	\$ 10,191,403	\$ 337,255	3.4 %
<b>Expenditures and Transfers</b>					
Instruction	\$ 4,175,856	\$ 4,704,362	\$ 5,014,243	\$ 309,881	6.6 %
Research	1,444,985	1,700,009	609,360	(1,090,649)	(64.2) %
Public Service					
Academic Support	258,219	543,118	527,194	(15,924)	(2.9) %
Student Services	94,020	74,191	76,048	1,857	2.5 %
Institutional Support	1,476,377	1,376,288	1,509,508	133,220	9.7 %
Operation & Maintenance of Plant	2,214,874	1,977,013	2,024,659	47,646	2.4 %
Scholarships & Fellowships	235,139	290,564	288,891	(1,673)	(0.6) %
Subtotal Expenditures	\$ 9,899,470	\$ 10,665,545	\$ 10,049,903	\$ (615,642)	(5.8) %
Mandatory Transfers					
Non-Mandatory Transfers	(263,564)	(811,397)	141,500	952,897	117.4 %
Total Expenditures & Transfers	\$ 9,635,906	\$ 9,854,148	\$ 10,191,403	\$ 337,255	3.4 %
<b>Fund Balance Addition/(Reduction)</b>	\$ 30,213				
<b>AUXILIARIES</b>					
<b>Revenues</b>	\$ 175,895	\$ 178,850	\$ 215,000	\$ 36,150	20.2 %
<b>Expenditures and Transfers</b>					
Expenditures	330,237	254,266	215,000	\$ (39,266)	(15.4) %
Mandatory Transfers					
Non-Mandatory Transfers	(161,737)	(75,416)	-	75,416	100.0 %
Total Expenditures & Transfers	\$ 168,500	\$ 178,850	\$ 215,000	\$ 36,150	20.2 %
<b>Fund Balance Addition/(Reduction)</b>	\$ 7,395				
<b>TOTALS</b>					
<b>Revenues</b>	\$ 9,842,014	\$ 10,032,998	\$ 10,406,403	\$ 373,405	3.7 %
<b>Expenditures and Transfers</b>					
Expenditures	\$ 10,229,707	\$ 10,919,811	\$ 10,264,903	\$ (654,908)	(6.0) %
Mandatory Transfers					
Non-Mandatory Transfers	(425,301)	(886,813)	141,500	1,028,313	116.0 %
Total Expenditures & Transfers	\$ 9,804,406	\$ 10,032,998	\$ 10,406,403	\$ 373,405	3.7 %
<b>Fund Balance Addition/(Reduction)</b>	\$ 37,608				

## Health Science Center

### FY 2017 Proposed Budget Summary

#### Unrestricted Current Funds Revenues, Expenditures, and Transfers

	FY 2015 ACTUALS	FY 2016 PROBABLE	FY 2017 PROPOSED	CHANGE PROBABLE TO PROPOSED	
				AMOUNT	%
<b>EDUCATIONAL AND GENERAL</b>					
<b>Revenues</b>					
Tuition & Fees	\$ 78,753,143	\$ 81,951,644	\$ 84,640,459	\$ 2,688,815	3.3 %
State Appropriations	129,958,440	135,671,921	140,995,421	5,323,500	3.9 %
Grants & Contracts	14,969,407	16,772,027	16,865,745	93,718	0.6 %
Sales & Service	19,678,231	20,007,554	20,204,135	196,581	1.0 %
Other Sources	2,531,675	2,916,908	2,998,238	81,330	2.8 %
<b>Total Revenues</b>	<b>\$ 245,890,897</b>	<b>\$ 257,320,054</b>	<b>\$ 265,703,998</b>	<b>\$ 8,383,944</b>	<b>3.3 %</b>
<b>Expenditures and Transfers</b>					
Instruction	\$ 126,169,173	\$ 145,070,751	\$ 138,570,757	\$ (6,499,994)	(4.5) %
Research	7,185,683	12,851,852	7,653,398	(5,198,454)	(40.4) %
Public Service	25,577	71,100	70,276	(824)	(1.2) %
Academic Support	42,692,206	51,154,807	42,655,010	(8,499,797)	(16.6) %
Student Services	6,314,922	6,574,843	6,244,485	(330,358)	(5.0) %
Institutional Support	24,373,093	28,183,824	23,817,362	(4,366,462)	(15.5) %
Operation & Maintenance of Plant	32,872,246	26,774,642	27,052,230	277,588	1.0 %
Scholarships & Fellowships	9,032,008	8,906,637	8,923,087	16,450	0.2 %
<b>Subtotal Expenditures</b>	<b>\$ 248,664,908</b>	<b>\$ 279,588,456</b>	<b>\$ 254,986,605</b>	<b>\$ (24,601,851)</b>	<b>(8.8) %</b>
Mandatory Transfers	4,077,472	6,022,718	6,206,893	184,175	3.1 %
Non-Mandatory Transfers	(1,753,146)	4,151,800	4,510,500	358,700	8.6 %
<b>Total Expenditures &amp; Transfers</b>	<b>\$ 250,989,234</b>	<b>\$ 289,762,974</b>	<b>\$ 265,703,998</b>	<b>\$ (24,058,976)</b>	<b>(8.3) %</b>
<b>Fund Balance Addition/(Reduction)</b>	<b>\$ (5,098,337)</b>	<b>\$ (32,442,920)</b>			
<b>AUXILIARIES</b>					
<b>Revenues</b>	\$ 1,401,760	\$ 1,711,178	\$ 1,731,222	\$ 20,044	1.2 %
<b>Expenditures and Transfers</b>					
Expenditures	1,038,289	1,524,276	1,360,722	(163,554)	(10.7) %
Mandatory Transfers	368,674	367,902	370,500	2,598	0.7 %
Non-Mandatory Transfers	11,431	(181,000)		181,000	100.0 %
<b>Total Expenditures &amp; Transfers</b>	<b>\$ 1,418,394</b>	<b>\$ 1,711,178</b>	<b>\$ 1,731,222</b>	<b>\$ 20,044</b>	<b>1.2 %</b>
<b>Fund Balance Addition/(Reduction)</b>	<b>\$ (16,634)</b>				
<b>TOTALS</b>					
<b>Revenues</b>	\$ 247,292,657	\$ 259,031,232	\$ 267,435,220	\$ 8,403,988	3.2 %
<b>Expenditures and Transfers</b>					
Expenditures	\$ 249,703,197	\$ 281,112,732	\$ 256,347,327	\$ (24,765,405)	(8.8) %
Mandatory Transfers	4,446,146	6,390,620	6,577,393	186,773	2.9 %
Non-Mandatory Transfers	(1,741,715)	3,970,800	4,510,500	539,700	13.6 %
<b>Total Expenditures &amp; Transfers</b>	<b>\$ 252,407,628</b>	<b>\$ 291,474,152</b>	<b>\$ 267,435,220</b>	<b>\$ (24,038,932)</b>	<b>(8.2) %</b>
<b>Fund Balance Addition/(Reduction)</b>	<b>\$ (5,114,971)</b>	<b>\$ (32,442,920)</b>			



***Institute of Agriculture Total***  
**FY 2017 Proposed Budget Summary**  
 Unrestricted Current Funds Revenues, Expenditures, and Transfers

	FY 2015 ACTUALS	FY 2016 PROBABLE	FY 2017 PROPOSED	CHANGE PROBABLE TO PROPOSED	
				AMOUNT	%
<b>EDUCATIONAL AND GENERAL</b>					
<b>Revenues</b>					
Tuition & Fees	\$ 11,503,126	\$ 11,465,726	\$ 12,385,308	\$ 919,582	8.0 %
State Appropriations	73,768,007	76,809,564	80,032,064	3,222,500	4.2 %
Grants & Contracts	4,393,533	4,023,071	4,018,071	(5,000)	(0.1) %
Sales & Service	23,515,434	23,005,258	23,574,553	569,295	2.5 %
Other Sources	19,762,802	16,350,710	16,328,486	(22,224)	(0.1) %
<b>Total Revenues</b>	<b>\$ 132,942,901</b>	<b>\$ 131,654,329</b>	<b>\$ 136,338,482</b>	<b>\$ 4,684,153</b>	<b>3.6 %</b>
<b>Expenditures and Transfers</b>					
Instruction	\$ 28,552,824	\$ 34,554,702	\$ 34,966,411	\$ 411,709	1.2 %
Research	38,899,428	46,717,493	39,171,799	(7,545,694)	(16.2) %
Public Service	40,853,462	54,093,834	47,393,012	(6,700,822)	(12.4) %
Academic Support	8,126,846	8,247,558	7,916,520	(331,038)	(4.0) %
Student Services					
Institutional Support	2,330,160	2,664,536	2,599,599	(64,937)	(2.4) %
Operation & Maintenance of Plant	3,430,670	3,189,353	3,238,095	48,742	1.5 %
Scholarships & Fellowships	13,481	59,455	39,455	(20,000)	(33.6) %
<b>Subtotal Expenditures</b>	<b>\$ 122,206,870</b>	<b>\$ 149,526,931</b>	<b>\$ 135,324,891</b>	<b>\$ (14,202,040)</b>	<b>(9.5) %</b>
Mandatory Transfers	437,348				
Non-Mandatory Transfers	8,475,325	(8,227,354)	1,644,200	9,871,554	120.0 %
<b>Total Expenditures &amp; Transfers</b>	<b>\$ 131,119,543</b>	<b>\$ 141,299,577</b>	<b>\$ 136,969,091</b>	<b>\$ (4,330,486)</b>	<b>(3.1) %</b>
<b>Fund Balance Addition/(Reduction)</b>	<b>\$ 1,823,359</b>	<b>\$ (9,645,248)</b>	<b>\$ (630,609)</b>		

## Agricultural Experiment Station

### FY 2017 Proposed Budget Summary

#### Unrestricted Current Funds Revenues, Expenditures, and Transfers

	FY 2015 ACTUALS	FY 2016 PROBABLE	FY 2017 PROPOSED	CHANGE PROBABLE TO PROPOSED	
				AMOUNT	%
<b>EDUCATIONAL AND GENERAL</b>					
<b>Revenues</b>					
Tuition & Fees					
State Appropriations	\$ 25,698,486	\$ 26,669,788	\$ 27,697,588	\$ 1,027,800	3.9 %
Grants & Contracts	2,699,009	2,343,384	2,343,384		
Sales & Service	4,908,965	3,151,368	3,227,443	76,075	2.4 %
Other Sources	6,756,220	6,803,470	6,802,771	(699)	0.0 %
Total Revenues	\$ 40,062,680	\$ 38,968,010	\$ 40,071,186	\$ 1,103,176	2.8 %
<b>Expenditures and Transfers</b>					
Instruction					
Research	35,790,080	\$ 42,786,422	\$ 36,229,794	\$ (6,556,628)	(15.3) %
Public Service	58,453				
Academic Support	1,677,959	1,696,410	1,701,637	5,227	0.3 %
Student Services					
Institutional Support	920,143	1,149,904	1,119,012	(30,892)	(2.7) %
Operation & Maintenance of Plant	435,803	475,684	443,143	(32,541)	(6.8) %
Scholarships & Fellowships					
Subtotal Expenditures	\$ 38,882,437	\$ 46,108,420	\$ 39,493,586	\$ (6,614,834)	(14.3) %
Mandatory Transfers					
Non-Mandatory Transfers	1,056,534	(7,157,888)	577,600	7,735,488	108.1 %
Total Expenditures & Transfers	\$ 39,938,971	\$ 38,950,532	\$ 40,071,186	\$ 1,120,654	2.9 %
<b>Fund Balance Addition/(Reduction)</b>	\$ 123,710	\$ 17,478			

**UT Extension**  
**FY 2017 Proposed Budget Summary**  
 Unrestricted Current Funds Revenues, Expenditures, and Transfers

	FY 2015 ACTUALS	FY 2016 PROBABLE	FY 2017 PROPOSED	CHANGE PROBABLE TO PROPOSED	
				AMOUNT	%
<b>EDUCATIONAL AND GENERAL</b>					
<b>Revenues</b>					
Tuition & Fees					
State Appropriations	\$ 31,195,267	\$ 32,406,617	\$ 33,903,617	\$ 1,497,000	4.6 %
Grants & Contracts	756,352	705,000	700,000	(5,000)	(0.7) %
Sales & Service	4,402,890	5,379,927	5,362,638	(17,289)	(0.3) %
Other Sources	12,758,705	9,307,619	9,297,119	(10,500)	(0.1) %
Total Revenues	<u>\$ 49,113,214</u>	<u>\$ 47,799,163</u>	<u>\$ 49,263,374</u>	<u>\$ 1,464,211</u>	<u>3.1 %</u>
<b>Expenditures and Transfers</b>					
Instruction		\$ 536,908	\$ 57,798	\$ (479,110)	(89.2) %
Research					
Public Service	\$ 40,618,406	53,997,357	47,269,168	(6,728,189)	(12.5) %
Academic Support	822,411	902,131	907,131	5,000	0.6 %
Student Services					
Institutional Support	740,256	774,392	753,612	(20,780)	(2.7) %
Operation & Maintenance of Plant					
Scholarships & Fellowships					
Subtotal Expenditures	<u>\$ 42,181,073</u>	<u>\$ 56,210,788</u>	<u>\$ 48,987,709</u>	<u>\$ (7,223,079)</u>	<u>(12.8) %</u>
Mandatory Transfers					
Non-Mandatory Transfers	3,999,558	879,112	619,800	(259,312)	(29.5) %
Total Expenditures & Transfers	<u>\$ 46,180,631</u>	<u>\$ 57,089,900</u>	<u>\$ 49,607,509</u>	<u>\$ (7,482,391)</u>	<u>(13.1) %</u>
<b>Fund Balance Addition/(Reduction)</b>	<u>\$ 2,932,583</u>	<u>\$ (9,290,737)</u>	<u>\$ (344,135)</u>		

**College of Veterinary Medicine**  
**FY 2017 Proposed Budget Summary**  
 Unrestricted Current Funds Revenues, Expenditures, and Transfers

	FY 2015 ACTUALS	FY 2016 PROBABLE	FY 2017 PROPOSED	CHANGE PROBABLE TO PROPOSED	
				AMOUNT	%
<b>EDUCATIONAL AND GENERAL</b>					
<b>Revenues</b>					
Tuition & Fees	\$ 11,503,126	\$ 11,465,726	\$ 12,385,308	\$ 919,582	8.0 %
State Appropriations	16,874,254	17,733,159	18,430,859	697,700	3.9 %
Grants & Contracts	938,172	974,687	974,687		
Sales & Service	14,203,579	14,473,963	14,984,472	510,509	3.5 %
Other Sources	247,877	239,621	228,596	(11,025)	(4.6) %
<b>Total Revenues</b>	<b>\$ 43,767,008</b>	<b>\$ 44,887,156</b>	<b>\$ 47,003,922</b>	<b>\$ 2,116,766</b>	<b>4.7 %</b>
<b>Expenditures and Transfers</b>					
Instruction	\$ 28,552,824	\$ 34,017,794	\$ 34,908,613	\$ 890,819	2.6 %
Research	3,109,348	3,931,071	2,942,005	(989,066)	(25.2) %
Public Service	176,603	96,477	123,844	27,367	28.4 %
Academic Support	5,626,476	5,649,017	5,307,752	(341,265)	(6.0) %
Student Services					
Institutional Support	669,762	740,240	726,975	(13,265)	(1.8) %
Operation & Maintenance of Plant	2,994,867	2,713,669	2,794,952	81,283	3.0 %
Scholarships & Fellowships	13,481	59,455	39,455	(20,000)	(33.6) %
<b>Subtotal Expenditures</b>	<b>\$ 41,143,360</b>	<b>\$ 47,207,723</b>	<b>\$ 46,843,596</b>	<b>\$ (364,127)</b>	<b>(0.8) %</b>
Mandatory Transfers	437,348				
Non-Mandatory Transfers	3,419,233	(1,948,578)	446,800	2,395,378	122.9 %
<b>Total Expenditures &amp; Transfers</b>	<b>\$ 44,999,941</b>	<b>\$ 45,259,145</b>	<b>\$ 47,290,396</b>	<b>\$ 2,031,251</b>	<b>4.5 %</b>
<b>Fund Balance Addition/(Reduction)</b>	<b>\$ (1,232,934)</b>	<b>\$ (371,989)</b>	<b>\$ (286,474)</b>		

## ***Institute for Public Service Total***

### **FY 2017 Proposed Budget Summary**

#### **Unrestricted Current Funds Revenues, Expenditures, and Transfers**

	FY 2015		FY 2016		FY 2017		CHANGE	
	ACTUALS		PROBABLE		PROPOSED		PROBABLE TO PROPOSED	
							AMOUNT	%
<b>EDUCATIONAL AND GENERAL</b>								
<b>Revenues</b>								
Tuition & Fees								
State Appropriations	\$ 9,936,524		\$ 10,342,187		\$ 11,033,687		\$ 691,500	6.7 %
Grants & Contracts	321,566		219,397		184,042		(35,355)	(16.1) %
Sales & Service								
Other Sources	7,100,662		7,229,853		7,598,916		369,063	5.1 %
Total Revenues	\$ 17,358,752		\$ 17,791,437		\$ 18,816,645		\$ 1,025,208	5.8 %
<b>Expenditures and Transfers</b>								
Instruction								
Research								
Public Service	\$ 15,032,667		\$ 15,422,217		\$ 17,242,519		\$ 1,820,302	11.8 %
Academic Support	262,964		277,673		267,153		(10,520)	(3.8) %
Student Services								
Institutional Support	934,964		772,442		935,651		163,209	21.1 %
Operation & Maintenance of Plant								
Scholarships & Fellowships								
Subtotal Expenditures	\$ 16,230,595		\$ 16,472,332		\$ 18,445,323		\$ 1,972,991	12.0 %
Mandatory Transfers								
Non-Mandatory Transfers	1,076,037		1,408,526		580,507		(828,019)	(58.8) %
Total Expenditures & Transfers	\$ 17,306,632		\$ 17,880,858		\$ 19,025,830		\$ 1,144,972	6.4 %
<b>Fund Balance Addition/(Reduction)</b>	\$ 52,120		\$ (89,421)		\$ (209,185)			

***Institute for Public Service***  
**FY 2017 Proposed Budget Summary**  
**Unrestricted Current Funds Revenues, Expenditures, and Transfers**

	FY 2015 ACTUALS	FY 2016 PROBABLE	FY 2017 PROPOSED	CHANGE PROBABLE TO PROPOSED	
				AMOUNT	%
<b>EDUCATIONAL AND GENERAL</b>					
<b>Revenues</b>					
Tuition & Fees					
State Appropriations	\$ 5,265,298	\$ 5,439,285	\$ 5,639,985	\$ 200,700	3.7 %
Grants & Contracts	301,450	191,622	156,267	(35,355)	(18.5) %
Sales & Service					
Other Sources	623,205	692,700	925,400	232,700	33.6 %
Total Revenues	<u>\$ 6,189,953</u>	<u>\$ 6,323,607</u>	<u>\$ 6,721,652</u>	<u>\$ 398,045</u>	<u>6.3 %</u>
<b>Expenditures and Transfers</b>					
Instruction					
Research					
Public Service	\$ 4,466,659	\$ 4,485,952	\$ 5,336,778	\$ 850,826	19.0 %
Academic Support					
Student Services					
Institutional Support	924,492	755,707	918,916	163,209	21.6 %
Operation & Maintenance of Plant					
Scholarships & Fellowships					
Subtotal Expenditures	<u>\$ 5,391,151</u>	<u>\$ 5,241,659</u>	<u>\$ 6,255,694</u>	<u>\$ 1,014,035</u>	<u>19.3 %</u>
Mandatory Transfers					
Non-Mandatory Transfers	803,828	1,188,533	465,958	(722,575)	(60.8) %
Total Expenditures & Transfers	<u>\$ 6,194,979</u>	<u>\$ 6,430,192</u>	<u>\$ 6,721,652</u>	<u>\$ 291,460</u>	<u>4.5 %</u>
<b>Fund Balance Addition/(Reduction)</b>	<u>\$ (5,026)</u>	<u>\$ (106,585)</u>			

## ***Municipal Technical Advisory Service***

### **FY 2017 Proposed Budget Summary**

#### **Unrestricted Current Funds Revenues, Expenditures, and Transfers**

	FY 2015 ACTUALS	FY 2016 PROBABLE	FY 2017 PROPOSED	CHANGE PROBABLE TO PROPOSED	
				AMOUNT	%
<b>EDUCATIONAL AND GENERAL</b>					
<b>Revenues</b>					
Tuition & Fees					
State Appropriations	\$ 2,903,313	\$ 3,039,651	\$ 3,156,651	\$ 117,000	3.8 %
Grants & Contracts	20,116	27,775	27,775		
Sales & Service					
Other Sources	3,299,627	3,388,436	3,465,239	76,803	2.3 %
Total Revenues	\$ 6,223,056	\$ 6,455,862	\$ 6,649,665	\$ 193,803	3.0 %
<b>Expenditures and Transfers</b>					
Instruction					
Research					
Public Service	\$ 5,694,708	\$ 6,000,475	\$ 6,222,811	\$ 222,336	3.7 %
Academic Support	262,964	277,673	267,153	(10,520)	(3.8) %
Student Services					
Institutional Support	6,155	8,900	8,900		
Operation & Maintenance of Plant					
Scholarships & Fellowships					
Subtotal Expenditures	\$ 5,963,827	\$ 6,287,048	\$ 6,498,864	\$ 211,816	3.4 %
Mandatory Transfers					
Non-Mandatory Transfers	254,675	136,721	179,339	42,618	31.2 %
Total Expenditures & Transfers	\$ 6,218,502	\$ 6,423,769	\$ 6,678,203	\$ 254,434	4.0 %
<b>Fund Balance Addition/(Reduction)</b>	\$ 4,554	\$ 32,093	\$ (28,538)		

## County Technical Assistance Service

### FY 2017 Proposed Budget Summary

#### Unrestricted Current Funds Revenues, Expenditures, and Transfers

	FY 2015 ACTUALS	FY 2016 PROBABLE	FY 2017 PROPOSED	CHANGE PROBABLE TO PROPOSED	
				AMOUNT	%
<b>EDUCATIONAL AND GENERAL</b>					
<b>Revenues</b>					
Tuition & Fees					
State Appropriations	\$ 1,767,913	\$ 1,863,251	\$ 2,237,051	\$ 373,800	20.1 %
Grants & Contracts					
Sales & Service					
Other Sources	3,177,830	3,148,717	3,208,277	59,560	1.9 %
Total Revenues	\$ 4,945,743	\$ 5,011,968	\$ 5,445,328	\$ 433,360	8.6 %
<b>Expenditures and Transfers</b>					
Instruction					
Research					
Public Service	\$ 4,871,300	\$ 4,935,790	\$ 5,682,930	\$ 747,140	15.1 %
Academic Support					
Student Services					
Institutional Support	4,317	7,835	7,835		
Operation & Maintenance of Plant					
Scholarships & Fellowships					
Subtotal Expenditures	\$ 4,875,617	\$ 4,943,625	\$ 5,690,765	\$ 747,140	15.1 %
Mandatory Transfers					
Non-Mandatory Transfers	17,534	83,272	(64,790)	(148,062)	(177.8)
Total Expenditures & Transfers	\$ 4,893,151	\$ 5,026,897	\$ 5,625,975	\$ 599,078	11.9 %
<b>Fund Balance Addition/(Reduction)</b>	\$ 52,592	\$ (14,929)	\$ (180,647)		



## ***System Administration***

### **FY 2017 Proposed Budget Summary**

#### **Unrestricted Current Funds Revenues, Expenditures, and Transfers**

	FY 2015 ACTUALS	FY 2016 PROBABLE	FY 2017 PROPOSED	CHANGE PROBABLE TO PROPOSED	
				AMOUNT	%
<b>EDUCATIONAL AND GENERAL</b>					
<b>Revenues</b>					
Tuition & Fees					
State Appropriations	\$ 4,794,038	\$ 4,995,217	\$ 5,263,217	\$ 268,000	5.4 %
Grants & Contracts					
Sales & Service					
Other Sources	18,981,510	17,666,635	17,666,635		
Total Revenues	\$ 23,775,548	\$ 22,661,852	\$ 22,929,852	\$ 268,000	1.2 %
<b>Expenditures and Transfers</b>					
Instruction					
Research	\$ 239,983	\$ 250,000	\$ 250,000		
Public Service					
Academic Support					
Student Services					
Institutional Support	43,559,856	\$ 48,269,623	\$ 49,967,394	\$ 1,697,771	3.5 %
Operation & Maintenance of Plant					
Scholarships & Fellowships					
Subtotal Expenditures	\$ 43,799,839	\$ 48,519,623	\$ 50,217,394	\$ 1,697,771	3.5 %
Mandatory Transfers	91,568	135,000	135,000		
Non-Mandatory Transfers	(23,112,344)	(25,627,911)	(27,422,542)	(1,794,631)	(7.0) %
Total Expenditures & Transfers	\$ 20,779,063	\$ 23,026,712	\$ 22,929,852	\$ (96,860)	(0.4) %
<b>Fund Balance Addition/(Reduction)</b>	\$ 2,996,484	\$ (364,860)			

**FY2017 PROPOSED BUDGET****3.1****THE UNIVERSITY OF TENNESSEE  
FY 2017 PROPOSED TUITION AND FEES**

<b>Sections</b>	<b>Page</b>
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Proposed Uses of New Fee Revenues	C-5
Tuition and Fee Schedules:	
Chattanooga	C-9
Knoxville	C-11
Martin	C-17
Veterinary Medicine	C-20
Health Science Center	C-21
Other Fees	C-24

## **FY2017 PROPOSED BUDGET**

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### **Recommendations**

The FY 2017 recommended tuition<sup>1</sup> and fee increases continue the effort to provide students a quality education while keeping the cost to students at a reasonable level. This section presents anticipated tuition and fee revenue growth that will result from the proposed fee adjustments recommended to the Board of Trustees for FY 2016-17. It is provided to inform Board members in their consideration of the university's fee proposal. It includes revenue projections for specific fee changes at each campus and a discussion on how the additional revenues are planned to be used. This section does not address revenue changes related to enrollment changes and other factors that will occur if tuition and fee levels remain unchanged. More information can be found in the detailed fee proposal schedules presented to the Finance and Administration Committee at the Board's annual meeting.

Revenues generated from the increases are used to fund:

- Scholarships and tuition fee waivers
- Enhancements to student services promoting student success and completion
- UTK Top 25 reinvestments
- New faculty lines, startups, and promotions
- Facilities, equipment, and campus infrastructure
- Salary adjustments

The recommended tuition and fee increases are based on considerable discussion with campus leadership. The administration recommends approval of the proposed tuition and fee increases and adjustments. All other required tuition and fees are recommended for continuation at their current amounts.

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1 - For the purposes of this document, "tuition" refers to both maintenance fees and out-of-state tuition.

## FY2017 PROPOSED BUDGET

3.1

### MAINTENANCE FEES AND TUITION Recommended Percent Change

<i>ACADEMIC UNITS</i>	<i>Maintenance Fee</i>	<i>Out-of-State Tuition</i>	<i>New Revenues</i>
Chattanooga - Undergraduate and Graduate	2.2%	0.0%	\$ 1,587,720
Knoxville – Undergraduate <sup>1</sup>	2.2%	0.0%	5,500,000
Knoxville – Graduate	4.0%	0.0%	
Knoxville - College of Law	0.0%	0.0 %	0
Martin – Undergraduate (60 or More Credit)	2.2%	(58.7%)	2,363,140
Martin – Undergraduate (Less than 60 Credit Hours – ‘Soar in Four’ Model) <sup>2</sup>	NEW	NEW	
Martin – Graduate	3.0%	(58.7%)	
Space Institute	4.0%	0.0%	36,000
Health Science Center	0.0%	0.0%	
College of Medicine	0.0%	0.0%	0
College of Allied Health Sciences	0.0%	0.0%	0
College of Dentistry	0.0%	0.0%	0
College of Pharmacy	0.0%	0.0%	0
College of Nursing	0.0%	0.0%	0
Health Professions – Audiology and Pathology Program	2.2%	.7%	12,000
Graduate Health Sciences – Masters of Pharmacology Program	5.0%	3.3%	13,800
College of Veterinary Medicine	4.0%	0.2%	358,928
		<b>Total</b>	<b>\$ 9,871,588</b>

In-state students pay only for the maintenance fee, which is commonly referred to as ‘in-state tuition’. Out-of-state students pay the maintenance fee plus out-of-state tuition. The combined amount of these two fees is commonly referred to as ‘out-of-state tuition’.

<sup>1</sup>The maintenance fee for undergraduates in the 2013-14 cohort of the “15 for 4” program will increase by 3%. This follows the “15 for 4” phase-in model approved by the Board in June 2012. The resulting rate for this cohort is \$228 lower than the students entering in or after fall 2014. FY2016-17 is the last year of that plan.

<sup>2</sup>The “Soar in Four” program restructures the maintenance fee for undergraduates with less than 60 credit hours by using a full time class load of 15 hours per semester as its basis. This will allow the University of Tennessee at Martin to provide student-proposed services that significantly enhance the students’ abilities to graduate in four years or less.

## FY2017 PROPOSED BUDGET

### OTHER FEES Recommended Rate Increases

<i>CAMPUS</i>	<i>FEE</i>	<i>Current Annual Rate</i>	<i>Proposed Annual Rate</i>	<i>Change</i>	<i>New Revenues</i>
Chattanooga	International Education Fee	NEW	\$ 20	\$ 20	\$ 239,960
	Doctorate of Physical Therapy Differential Fee	NEW	56	56	92,736
	Doctorate of Occupational Therapy Differential Fee	NEW	56	56	68,544
Knoxville	Aerospace Executive MBA	66,000	69,000	3,000	102,000
	Professional MBA	46,500	48,000	1,500	60,000
	Student Program Fee	256	262	6	150,000
	Capital Fee	348	366	18	450,000
	Counseling Fee	96	106	10	250,000
	Student Health Fee	198	202	4	100,000
	Facilities Fee	390	404	14	350,000
HSC	Simulation Center Equipment Fee	NEW	300	300	915,000
<b>Total</b>					<b>\$ 2,778,240</b>

## FY2017 PROPOSED BUDGET

3.1

### PROPOSED USES OF NEW REVENUES

#### UT CHATTANOOGA

- Maintenance Fee – A 2.2 % increase generates \$1.6 million in additional revenues. There is no increase for out-of-state tuition, but out-of-state students will pay their share of the maintenance fee increase. \$745,000 of the increase is used to fund a portion of a 3% across the board salary and benefit increases. \$200,000 is used to fund FLSA salary adjustments. \$300,000 is used to fund scholarships for the Gold Scholarship program. \$200,000 is used for graduate assistantship stipends. \$143,000 is used for phase 1 of the ‘Technology Refresh of Wireless Infrastructure’ program.
- International Education Fee – This new fee generates \$240,000 in support of the International Students office. In particular, the funds collected will be a resource for undergraduate and graduate students to fund a short-term, summer, semester-long, or year-long study abroad experience. This fee is modeled after similar fees that are currently assessed at UT Knoxville and UT Martin.
- Doctor of Physical Therapy Differential Fee – This new differential fee will generate \$93,000 in FY 2016-17. These funds fully support current and future enrollment increases, exceptional quality physical therapy education delivery, and elevated program costs. This increase is needed to be able to better sustain the program with equipment upgrades, quality instruction, and enhanced learning opportunities. By approving the differential fee, the Physical Therapy lab fee and additional fees for CPR, liability insurance, exercise prescription software, and online clinical training will be terminated. The revenue reported is for the first year only. The revenue will increase in the out years as the program accepts new cohorts.
- Doctorate of Occupational Therapy Differential Fee – This new differential fee will generate \$69,000 in FY 2016-17. These funds will support all graduate courses and will supplement current and future enrollment increases and elevated program costs for this degree. Occupational Therapy programs regularly require prescriptive and specific pedagogies that incur higher costs per credit hour than other disciplines offered at universities. By approving the differential fee, the Occupational Therapy lab fee and additional fees for CPR, liability insurance, HIPPA training, name badges and graduation banquets will be terminated. The revenue reported is for the first year only. The revenue will increase in the out years as the program accepts new cohorts.
- Online Professional MBA Program – The Online Professional MBA Program will increase 1.3% (\$360) from \$28,128 to \$28,488.

## FY2017 PROPOSED BUDGET

3.1

### UT KNOXVILLE

- Maintenance Fee – Knoxville proposes a 2.2% increase to the maintenance fee for undergraduate students with the exception of students admitted in fall 2013, spring 2014, and summer of 2014. The increase for these students is 3.0%, but the resulting maintenance fee is still lower than that for students admitted after the summer of 2014. The increase for graduate students (including UTSI) is 4.0%. There is no increase for out-of-state tuition, but out-of-state students will pay their share of the maintenance fee increase. The increase generates \$5.5 million in additional revenues. \$2.3 million is used for institutionally funded scholarships to help keep the net cost of attendance as low as possible. \$2.4 million will be used for campus support services tied to our Top 25 strategic reinvestment plans. \$500,000 is allocated towards faculty start up commitments and academic hires and promotions; \$100,000 will be used for operating expenses including contract escalations and new building costs; and \$200,000 will be used for state mandated fee waivers.
- Executive MBA Programs – The Executive MBA programs are self-funded and their fee revenues support faculty and staff time, technical support, program marketing costs, books, materials, and travel cost for international experiences. The increase in fees for the Executive MBA programs will generate \$162,000 in additional revenue. These fees are often paid by the students' employers.
- Student Program and Service Fees (SPSF) – An increase in Student Program and Service Fees will generate an increase of \$950,000 in revenues.
  - Student Program Fee (\$150,000) - This portion of the SPSF is charged per credit hour and is used for annual salary increases and other operating expenses and equipment relating to student services, activities and programs, including student organized programming. These programs are organized and operated under the auspices of the Chief Student Affairs Officer.
  - Capital Fee (\$450,000) - This portion of the SPSF is charged per credit hour and is used for the acquisition, construction, installation, maintenance, or enhancement of any University property or facilities primarily used for non-instructional purposes, including the satisfaction of indebtedness. It is also used for the purchase of equipment to support student services, activities and programs organized or operated under the auspices of the Chief Student Affairs Officer.
  - Counseling Fee (\$250,000) - This portion of the SPSF is a per credit hour charge. \$70,000 is used for annual salary increases; \$180,000 for operating cost increases and new initiatives.
  - Student Health Fee (\$100,000) - This portion of the SPSF is a flat rate charge applied at the 9th credit hour. The \$100,000 is used to fund annual salary increases.
  - Other Dedicated Student Fees – An increase in the Facilities Fee will generate \$350,000 for campus beautification, classroom upgrades, and the campus contribution to new academic building projects. This increase applies to both in-state and out-of-state students.

## FY2017 PROPOSED BUDGET

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3.1

### UT MARTIN

- Maintenance Fee – The proposed increase in the maintenance fee results in net revenue gains of \$2.3 million. This revenue growth will be used for academic hires and promotions (\$1.2 million); institutionally funded scholarships (\$531,000); career development (\$352,000); and tutoring, academic support, and operating expense increases (\$241,000).

The fee for full-time undergraduate students who have earned 60 or more credit hours will increase by 2.2%. The hourly rate for all part-time undergraduates regardless of credit hours earned will also increase 2.2%. Graduate maintenance fees will increase 3.0%. Full-time students who have earned less than 60 credits hours will participate in the new ‘Soar in Four’ program.

This proposed tuition restructuring will allow the university to provide student-proposed services that significantly enhance students’ abilities to graduate in four years or less. The added cost of the program beyond the 2.2% inflationary modification is \$610 per year (not including future adjustments) for full-time students and for that investment, for each year that students reduce their college enrollment, they avoid a cost of \$22,058 (including average debt of \$8,735) and gain a potential average salary of \$37,140, a financial swing of \$59,198. The plan, developed with students over five months of deliberation, invests directly in services the students decided were the highest priority for their progress to graduation and success as graduates.

- Out-of-State Tuition – This fee will decrease 58.7% for domestic undergraduate and graduate students. It will remain unchanged for international students. The change to revenue is forecasted at \$0, since the decrease in the rate will be offset by an increase in enrollment.
- UT Online - Martin
  - Undergraduate – The course fee per credit hour (PCH) increases 2.1%, 2.2%, and 12.3%, respectively for In-State, Out-of-State domestic, and Out-of-state international students. (Out-of-state international is a new category of service with a rate set at 10% above Out-of-state domestic).
  - Graduate – The course fee per credit hour (PCH) increases 3.0%, 3.1%, and 13.5%, respectively for In-State, Out-of-State domestic, and out-of-state international students. (Out-of-state international is a new category of service with a rate set at 10% above out-of-state domestic).



## **FY2017 PROPOSED BUDGET**

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### **UT HEALTH SCIENCE CENTER**

- Maintenance Fee – There is no general tuition increase proposed for this year. The only exceptions are a 5.0% increase for the a College of Graduate Health Sciences (Masters of Pharmacology program) and 2.2% for Health Professions (Knoxville based Audiology & Speech Pathology program).
- College of Graduate Health Sciences – A 5% increase for the MS Pharmacology program will generate \$13,000. These funds will be used to support research initiatives.
- College of Health Professions – A 2.2% increase for the Knoxville based Audiology & Speech Pathology program generate \$12,000. These funds will be used to support research initiatives.
- Student Program and Service Fees (SPSF) – A new Simulation Center Equipment Fee will be added to the SPSF, producing \$915,000 is used for debt service on Simulation Center equipment. This fee will produce the bulk of HSC fee revenue growth in FY 2017.

### **UT COLLEGE OF VETERINARY MEDICINE**

- Maintenance Fee and Out-of-state Tuition – There is a 4.0 % increase in the maintenance fee and a 0.2% increase in out-of-state tuition which generates \$360,000 in additional revenues. These new revenues will be used for salary improvements, promotions, and tenure.

## Chattanooga

### FY 2016-17 Annual Tuition and Fees Maintenance Fee & Tuition

	FY 2015-16	FY 2016-17	CHANGE	
			Amount	Percent
<b>IN-STATE</b>				
<b>Undergraduate</b>				
Maintenance Fee	\$ 6,624	\$ 6,768	\$ 144	2.2%
<u>Other Fees:</u>				
Student Programs and Services Fees *	\$ 660	\$ 660		
Athletics	480	480		
Green	20	20		
Technology	250	250		
Library	50	50		
Transportation	72	96	\$ 24	33.3%
Facilities	200	200		
International Education		20	20	NEW
Total Other Fees	<u>\$ 1,732</u>	<u>\$ 1,776</u>	<u>\$ 44</u>	<u>2.5%</u>
Total Tuition and Fees	<u>\$ 8,356</u>	<u>\$ 8,544</u>	<u>\$ 188</u>	<u>2.2%</u>
<b>Graduate</b>				
Maintenance Fee	\$ 7,938	\$ 8,100	\$ 162	2.2%
Other Fees:	1,732	1,776	44	2.5%
Total Tuition and Fees	<u>\$ 9,670</u>	<u>\$ 9,876</u>	<u>\$ 206</u>	<u>2.1%</u>
<b>OUT-OF-STATE</b>				
<b>Undergraduate</b>				
Maintenance Fee	\$ 6,624	\$ 6,768	\$ 144	2.2%
Out-of-State Tuition	16,118	16,118		
Maintenance Fee & Out-of-State Tuition	<u>\$ 22,742</u>	<u>\$ 22,886</u>	<u>\$ 144</u>	<u>0.6%</u>
Other Fees	1,732	1,776	44	2.5%
Total Tuition and Fees	<u>\$ 24,474</u>	<u>\$ 24,662</u>	<u>\$ 188</u>	<u>0.8%</u>
<b>Graduate</b>				
Maintenance Fee	\$ 7,938	\$ 8,100	\$ 162	2.2%
Out-of-State Tuition	16,118	16,118		
Maintenance Fee & Out-of-State Tuition	<u>\$ 24,056</u>	<u>\$ 24,218</u>	<u>\$ 162</u>	<u>0.7%</u>
Other Fees	<u>\$ 1,732</u>	<u>\$ 1,776</u>	<u>\$ 44</u>	<u>2.5%</u>
Total Maintenance Fee & Out-of-State Tuition, and Other Fees	<u>\$ 25,788</u>	<u>\$ 25,994</u>	<u>\$ 206</u>	<u>0.8%</u>

*In-state students pay only for the maintenance fee, which is commonly referred to as 'in-state tuition'. Out-of-state students pay the maintenance fee plus out-of-state tuition. The combined amount of these two fees is commonly referred to as 'out-of-state tuition'.*

*The schedule above does not include differential fees assessed at \$56 per credit hour for College of Business, School of Nursing, College of Engineering and Computer Science, and Doctorate programs for Physical Therapy and Occupational Therapy Courses. There is no cap on these fees.*

\* Student Programs and Services Fees detail are on page C-24.

**University Fees are set by the Board of Trustees and are subject to change at any regular or called meeting of the Board.**

# Chattanooga

## FY 2016-17 Annual Tuition and Fees Executive MBA Programs and Online Fees

	FY 2015-16	FY 2016-17	CHANGE	
			Amount	Percent
<b>EXECUTIVE MBA PROGRAM</b>				
<b>2-YEAR PROGRAM - Chattanooga</b>				
Executive MBA - In-State	\$ 44,000	\$ 44,000		
Executive MBA - Out-of-State	49,000	49,000		
<hr/>				
<b>UT ONLINE - Chattanooga</b>				
UT online course and support fees are charged per credit hour with no maximum credit hour cap on the distance campus. The online support fee also applies to each online credit hour taken by on-campus students.				
<b>UNDERGRADUATE</b>				
<b>IN-STATE</b>				
Course Fee	\$ 276	\$ 282	\$ 6	2.2%
Online Support	56	56		
Total	<u>\$ 332</u>	<u>\$ 338</u>	<u>\$ 6</u>	<u>1.8%</u>
<b>OUT-OF-STATE</b>				
Course Fee	\$ 302	\$ 308	\$ 6	2.0%
Online Support	56	56		
Total	<u>\$ 358</u>	<u>\$ 364</u>	<u>\$ 6</u>	<u>1.7%</u>
<b>GRADUATE</b>				
<b>IN-STATE</b>				
Course Fee	\$ 441	\$ 450	\$ 9	2.2%
Online Support	56	56		
Total	<u>\$ 497</u>	<u>\$ 506</u>	<u>\$ 9</u>	<u>1.8%</u>
<b>OUT-OF-STATE</b>				
Course Fee	\$ 488	\$ 497	\$ 9	1.9%
Online Support	56	56		
Total	<u>\$ 544</u>	<u>\$ 553</u>	<u>\$ 9</u>	<u>1.7%</u>
<b>ONLINE MBA PROGRAM *</b>				
In-State	\$ 28,128	\$ 28,488	\$ 360	1.3%
Out-of-State	28,128	28,488	360	1.3%

\* Includes 2.2% increase for maintenance. No increase in out-of-state tuition. The online support fee has not changed. The School of Business differential fee increased 2.2%.

**University Fees are set by the Board of Trustees and are subject to change at any regular or called meeting of the Board.**

**Knoxville**  
**FY 2016-17 Annual Tuition and Fees**  
**Undergraduate Tuition and Fees**

	FY 2015-16	FY 2016-17	CHANGE	
			Amount	Percent
<b>IN-STATE</b>				
<b>Admitted before fall 2013</b>				
Maintenance Fee	\$ 9,028	\$ 9,228	\$ 200	2.2%
Other Fees *	1,758	1,810	52	3.0%
<b>Total Tuition and Fees</b>	<b>\$ 10,786</b>	<b>\$ 11,038</b>	<b>\$ 252</b>	<b>2.3%</b>
<b>Admitted fall 2013, spring 2014, or summer 2014</b>				
Maintenance Fee	\$ 10,376	\$ 10,688	\$ 312	3.0%
Other Fees *	1,758	1,810	52	3.0%
<b>Total Tuition and Fees</b>	<b>\$ 12,134</b>	<b>\$ 12,498</b>	<b>\$ 364</b>	<b>3.0%</b>
<b>Admitted fall 2014 or later</b>				
Maintenance Fee	\$ 10,678	\$ 10,914	\$ 236	2.2%
Other Fees *	1,758	1,810	52	3.0%
<b>Total Tuition and Fees</b>	<b>\$ 12,436</b>	<b>\$ 12,724</b>	<b>\$ 288</b>	<b>2.3%</b>
<b>OUT-OF-STATE</b>				
<b>Admitted before fall 2013</b>				
Maintenance Fee	\$ 9,028	\$ 9,228	\$ 200	2.2%
Out-of-State Tuition	18,190	18,190		
Maintenance Fee & Out-of-State Tuition	\$ 27,218	\$ 27,418	\$ 200	0.7%
Other Fees *	1,988	2,040	52	2.6%
<b>Total Tuition and Fees</b>	<b>\$ 29,206</b>	<b>\$ 29,458</b>	<b>\$ 252</b>	<b>0.9%</b>
<b>Admitted fall 2013, spring 2014, or summer 2014</b>				
Maintenance Fee	\$ 10,376	\$ 10,688	\$ 312	3.0%
Out-of-State Tuition	18,190	18,190		
Maintenance Fee & Out-of-State Tuition	\$ 28,566	\$ 28,878	\$ 312	1.1%
Other Fees *	1,988	2,040	52	2.6%
<b>Total Tuition and Fees</b>	<b>\$ 30,554</b>	<b>\$ 30,918</b>	<b>\$ 364</b>	<b>1.2%</b>
<b>Admitted fall 2014 or later</b>				
Maintenance Fee	\$ 10,678	\$ 10,914	\$ 236	2.2%
Out-of-State Tuition	18,190	18,190		
Maintenance Fee & Out-of-State Tuition	\$ 28,868	\$ 29,104	\$ 236	0.8%
Other Fees *	1,988	2,040	52	2.6%
<b>Total Tuition and Fees</b>	<b>\$ 30,856</b>	<b>\$ 31,144</b>	<b>\$ 288</b>	<b>0.9%</b>

*In-state students pay only for the maintenance fee, which is commonly referred to as 'in-state tuition'. Out-of-state students pay the maintenance fee plus out-of-state tuition. The combined amount of these two fees is commonly referred to as 'out-of-state tuition'.*

*The schedule above does not include differential fees assessed for certain courses: additional charge of \$63 per credit hour for Engineering courses; additional charge of \$130 per credit hour for 200, 300 and 400 level Nursing courses; additional charge of \$97 per credit hour except for 100, 500, 600 level Business courses; and additional charge of \$107 for the College of Architecture. There is no cap on these fees.*

*There is no summer school maximum for undergraduate students.*

\* Other fees details are on page C-12.

**University Fees are set by the Board of Trustees and are subject to change at any regular or called meeting of the Board.**

**Knoxville**  
**FY 2016-17 Annual Tuition and Fees**  
**Other Undergraduate Fee Details**

	FY 2015-16	FY 2016-17	CHANGE	
			Amount	Percent
<b>IN-STATE</b>				
<b>Fall and Spring Semesters</b>				
Student Programs and Services Fees *	\$ 898	\$ 936	\$ 38	4.2%
Technology	240	240		
Facilities	390	404	14	3.6%
Transportation	150	150		
Library Fee	60	60		
International Education	20	20		
Total Other Fees	<u>\$ 1,758</u>	<u>\$ 1,810</u>	<u>\$ 52</u>	<u>3.0%</u>
<b>Summer Semester Only</b>				
Student Programs and Services Fees *	\$ 273	\$ 284	\$ 11	4.0%
Technology	120	120		
Facilities	195	202	7	3.6%
Transportation	75	75		
Library Fee	30	30		
International Education	10	10		
Total Other Fees	<u>\$ 703</u>	<u>\$ 721</u>	<u>\$ 18</u>	<u>2.6%</u>
<b>OUT-OF-STATE</b>				
<b>Fall and Spring Semesters</b>				
Student Programs and Services Fees *	\$ 898	\$ 936	\$ 38	4.2%
Technology	240	240		
Facilities	620	634	14	2.3%
Transportation	150	150		
Library Fee	60	60		
International Education	20	20		
Total Other Fees	<u>\$ 1,988</u>	<u>\$ 2,040</u>	<u>\$ 52</u>	<u>2.6%</u>
<b>Summer Semester Only</b>				
Student Programs and Services Fees *	\$ 273	\$ 284	\$ 11	4.0%
Technology	120	120		
Facilities	310	317	7	2.3%
Transportation	75	75		
Library Fee	30	30		
International Education	10	10		
Total Other Fees	<u>\$ 818</u>	<u>\$ 836</u>	<u>\$ 18</u>	<u>2.2%</u>

\* Student programs and services fees detail are on page C-24.

**University Fees are set by the Board of Trustees and are subject to change at any regular or called meeting of the Board.**

**Knoxville**  
**FY 2016-17 Annual Tuition and Fees**  
**Graduate Student Tuition and Fees**

	FY 2015-16	FY 2016-17	CHANGE	
			Amount	Percent
<b>IN-STATE</b>				
<b>Fall and Spring Semesters</b>				
Maintenance Fee	\$ 10,618	\$ 11,044	\$ 426	4.0%
<u>Other Fees:</u>				
Student Programs and Service Fees *	\$ 898	\$ 936	\$ 38	4.2%
Technology	240	240		
Facilities	390	404	\$ 14	3.6%
Transportation	150	150		
Library Fee	60	60		
Total Other Fees	\$ 1,738	\$ 1,790	\$ 52	3.0%
Total Tuition and Fees	\$ 12,356	\$ 12,834	\$ 478	3.9%
<b>Summer Semester Only</b>				
Maintenance Fee	\$ 5,309	\$ 5,522	\$ 213	4.0%
<u>Other Fees:</u>				
Student Programs and Service Fees	273	284	11	4.0%
Technology	120	120		
Facilities	195	202	7	3.6%
Transportation	75	75		
Library Fee	30	30		
Total Other Fees	\$ 693	\$ 711	\$ 18	2.6%
Total Tuition and Fees	\$ 6,002	\$ 6,233	\$ 231	3.8%
<b>OUT-OF-STATE</b>				
<b>Fall and Spring Semesters</b>				
Maintenance Fee	\$ 10,618	\$ 11,044	\$ 426	4.0%
Out-of-State Tuition	18,188	18,188		
Maintenance Fee & Out-of-State Tuition	\$ 28,806	\$ 29,232	\$ 426	1.5%
<u>Other Fees:</u>				
Student Programs and Service Fees *	\$ 898	\$ 936	\$ 38	4.2%
Technology	240	240		
Facilities	620	634	14	2.3%
Transportation	150	150		
Library Fee	60	60		
Total Other Fees	1,968	2,020	52	2.6%
Total Tuition and Fees	\$ 30,774	\$ 31,252	\$ 478	1.6%
<b>Summer Semester Only</b>				
Maintenance Fee	\$ 5,309	\$ 5,522	\$ 213	4.0%
Out-of-State Tuition	9,094	9,094		
Maintenance Fee & Out-of-State Tuition	\$ 14,403	\$ 14,616	\$ 213	1.5%
<u>Other Fees:</u>				
Student Programs and Service Fees	273	284	11	4.0%
Technology	120	120		
Facilities	310	317	7	2.3%
Transportation	75	75		
Library Fee	30	30		
Total Other Fees	\$ 808	\$ 826	\$ 18	2.2%
Total Tuition and Fees	\$ 15,211	\$ 15,442	\$ 231	1.5%

*In-state students pay only for the maintenance fee, which is commonly referred to as 'in-state tuition'. Out-of-state students pay the maintenance fee plus out-of-state tuition. The combined amount of these two fees is commonly referred to as 'out-of-state tuition'.*

*The schedule above does not include differential fees assessed for certain courses: additional charge of \$63 per credit hour for Engineering courses; additional charge of \$130 per credit hour for 200, 300 and 400 level Nursing courses; additional charge of \$97 per credit hour except for 100, 500, 600 level Business courses; and additional charge of \$107 for the College of Architecture. There is no cap on these fees.*

\* Student programs and services fees detail are on page C-24.  
 University Fees are set by the Board of Trustees and are subject to change at any regular or called meeting of the Board.

**Knoxville**  
**FY 2016-17 Annual Tuition and Fees**  
**Specialized Master's Programs and Distance Education**

	FY 2015-16	FY 2016-17	CHANGE Amount
<b>Master's Degree Programs</b>			
<b>MBA Programs</b>			
Full-Time MBA	\$ 15,400	\$ 15,400	
Senior Executive MBA	71,000	71,000	
Aerospace Executive MBA **	66,000	69,000	\$ 3,000
Professional Executive MBA *	46,500	48,000	1,500
Physician Executive MBA	76,000	76,000	
Global Supply Chain Executive MBA	85,000	85,000	
Health Care Leadership MBA	65,000	65,000	
<b>Specialty Master's Degree Programs</b>			
Masters of Science in Industrial Engineering	\$ 16,000	\$ 16,000	
Masters of Human Resource Management	3,000	3,000	
Master of Business Analytics Program in Statistics, Operations, and Management Science	4,500	4,500	
Master of Accountancy in Accounting and Information Management	4,500	4,500	
* Effective August, 2017			
** Effective January, 2017			
<b>Distance Education - Knoxville</b>			
<i>(Distance Education Students Only)</i>			
Distance Education Support	\$ 46	\$ 46	

*University Fees are set by the Board of Trustees and are subject to change at any regular or called meeting of the Board.*

## Knoxville

### FY 2016-17 Annual Tuition and Fees College of Law Tuition and Fees

	FY 2015-16	FY 2016-17	CHANGE	
			Amount	Percent
<b>IN-STATE</b>				
Maintenance Fee	\$ 16,078	\$ 16,078		
<u>Other Fees:</u>				
Student Programs and Services Fees *	\$ 898	\$ 936	\$ 38	4.2%
Technology	240	240		
Transportation	150	150		
Facilities	390	404	14	3.6%
Law Library Fee	250	250		
Law Enhancement Fee	1,250	1,250		
Total Other Fees	<u>\$ 3,178</u>	<u>\$ 3,230</u>	<u>\$ 52</u>	<u>1.6%</u>
Total Tuition and Fees	<u>\$ 19,256</u>	<u>\$ 19,308</u>	<u>\$ 52</u>	<u>0.3%</u>
<b>Summer Semester Only</b>				
Maintenance Fee	\$ 5,364	\$ 5,364		
<u>Other Fees:</u>				
Student Programs and Services Fees	\$ 273	\$ 284	\$ 11	4.0%
Technology	120	120		
Transportation	75	75		
Facilities	195	202	7	3.6%
Total Other Fees	<u>\$ 663</u>	<u>\$ 681</u>	<u>\$ 18</u>	<u>2.7%</u>
Total Tuition and Fees	<u>\$ 6,027</u>	<u>\$ 6,045</u>	<u>\$ 18</u>	<u>0.3%</u>
<b>OUT-OF-STATE</b>				
Maintenance Fee	\$ 16,078	\$ 16,078		
Out-of-State Tuition	18,444	18,444		
Maintenance Fee & Out-of-State Tuition	<u>\$ 34,522</u>	<u>\$ 34,522</u>		
<u>Other Fees:</u>				
Student Programs and Services Fees *	\$ 898	\$ 936	\$ 38	4.2%
Technology	240	240		
Transportation	150	150		
Facilities	620	634	14	2.3%
Law Library	250	250		
Law Enhancement Fee	1,250	1,250		
Total Other Fees	<u>\$ 3,408</u>	<u>\$ 3,460</u>	<u>\$ 52</u>	<u>1.5%</u>
Total Tuition and Fees	<u>\$ 37,930</u>	<u>\$ 37,982</u>	<u>\$ 52</u>	<u>0.1%</u>
<b>Summer Semester Only</b>				
Maintenance Fee	\$ 5,364	\$ 5,364		
Out-of-State Tuition	6,145	6,145		
Maintenance Fee & Out-of-State Tuition	<u>\$ 11,509</u>	<u>\$ 11,509</u>		
<u>Other Fees:</u>				
Student Programs and Services Fees	\$ 273	\$ 284	\$ 11	4.0%
Technology	120	120		
Transportation	75	75		
Facilities	310	317	7	2.3%
Total Other Fees	<u>\$ 778</u>	<u>\$ 796</u>	<u>\$ 18</u>	<u>2.3%</u>
Total Tuition and Fees	<u>\$ 12,287</u>	<u>\$ 12,305</u>	<u>\$ 18</u>	<u>0.1%</u>

*In-state students pay only for the maintenance fee, which is commonly referred to as 'in-state tuition'. Out-of-state students pay the maintenance fee plus out-of-state tuition. The combined amount of these two fees is commonly referred to as 'out-of-state tuition'.*

*Students admitted prior to Fall 2013 are not assessed the \$250 law enhancement fee.*

\* Student programs and services fees detail are on page C-24.

**University Fees are set by the Board of Trustees and are subject to change at any regular or called meeting of the Board.**



**Knoxville - Space Institute**  
**FY 2016-17 Annual Tuition and Fees**  
**Graduate Student Tuition and Fees**

	FY 2015-16	FY 2016-17	CHANGE	
			Amount	Percent
<b>IN-STATE</b>				
<b>Fall and Spring Semesters</b>				
Maintenance Fee	\$ 10,618	\$ 11,044	\$ 426	4.0%
<u>Other Fees:</u>				
Student Programs and Services Fees *	\$ 180	\$ 180		
<b>Total Tuition and Fees</b>	<b>\$ 10,798</b>	<b>\$ 11,224</b>	<b>\$ 426</b>	<b>3.9%</b>
<b>Summer Semester Only</b>				
Maintenance Fee	\$ 5,309	\$ 5,522	\$ 213	4.0%
<u>Other Fees:</u>				
Student Programs and Service Fees *	75	75		
<b>Total Tuition and Fees</b>	<b>\$ 5,384</b>	<b>\$ 5,597</b>	<b>\$ 213</b>	<b>4.0%</b>
<b>OUT-OF-STATE</b>				
<b>Fall and Spring Semesters</b>				
Maintenance Fee	\$ 10,618	\$ 11,044	\$ 426	4.0%
Out-of-State Tuition	18,188	18,188		
Maintenance Fee & Out-of-State Tuition	\$ 28,806	\$ 29,232	\$ 426	1.5%
<u>Other Fees:</u>				
Student Programs and Services Fees *	\$ 180	\$ 180		
<b>Total Tuition and Fees</b>	<b>\$ 28,986</b>	<b>\$ 29,412</b>	<b>\$ 426</b>	<b>1.5%</b>
<b>Summer Semester Only</b>				
Maintenance Fee	\$ 5,309	\$ 5,522	\$ 213	4.0%
Out-of-State Tuition	9,094	9,094		
Maintenance Fee & Out-of-State Tuition	\$ 14,403	\$ 14,616	\$ 213	1.5%
<u>Other Fees:</u>				
Student Programs and Services Fees *	75	75		
<b>Total Tuition and Fees</b>	<b>\$ 14,478</b>	<b>\$ 14,691</b>	<b>\$ 213</b>	<b>1.5%</b>

*In-state students pay only for the maintenance fee, which is commonly referred to as 'in-state tuition'. Out-of-state students pay the maintenance fee plus out-of-state tuition. The combined amount of these two fees is commonly referred to as 'out-of-state tuition'.*

*The schedule above does not include differential fees assessed for certain courses: additional charge of \$63 per credit hour for Engineering courses; additional charge of \$130 per credit hour for 200, 300 and 400 level Nursing courses; additional charge of \$97 per credit hour except for 100, 500, 600 level Business courses; and additional charge of \$107 for the College of Architecture. There is no cap on these fees.*

\* Student Programs and Services Fees detail are on page C-24.

**University Fees are set by the Board of Trustees and are subject to change at any regular or called meeting of the Board.**

**Martin**  
**FY 2016-17 Annual Tuition and Fees**  
**In-State Undergraduate and Graduate Tuition and Fees**

	FY 2015-16	FY 2016-17	CHANGE	
			Amount	Percent
<b>IN-STATE</b>				
<b><u>Undergraduate</u></b>				
<b><u>60 Credits or More</u></b>				
Maintenance Fee	\$ 6,918	\$ 7,070	\$ 152	2.2%
Student Programs and Services Fees *	994	994		
Technology	250	250		
Publications Fee	14	14		
Facilities	150	150		
Total Other Fees	<u>\$ 1,408</u>	<u>\$ 1,408</u>		
Total Tuition and Fees	<u>\$ 8,326</u>	<u>\$ 8,478</u>	<u>\$ 152</u>	<u>1.8%</u>
<b><u>Less Than 60 Credit Hours (Soar in Four Model)</u></b>				
Maintenance Fee	\$ 6,918	\$ 7,680	\$ 762	11.0%
Total Other Fees	<u>1,408</u>	<u>1,408</u>		
Total Tuition and Fees	<u>\$ 8,326</u>	<u>\$ 9,088</u>	<u>\$ 762</u>	<u>9.2%</u>
<b><u>Graduate</u></b>				
Maintenance Fee	\$ 8,254	\$ 8,502	\$ 248	3.0%
Student Programs and Services Fees *	994	994		
Technology	250	250		
Facilities	150	150		
Total Other Fees	<u>\$ 1,394</u>	<u>\$ 1,394</u>		
Total Tuition and Fees	<u>\$ 9,648</u>	<u>\$ 9,896</u>	<u>\$ 248</u>	<u>2.6%</u>

*In-state students pay only for the maintenance fee, which is commonly referred to as 'in-state tuition'. Out-of-state students pay the maintenance fee plus out-of-state tuition. The combined amount of these two fees is commonly referred to as 'out-of-state tuition'.*

*The 'Soar in Four' initiative is a new tuition model intended to encourage students to enroll in 15 or more credit hours per semester in order to graduate in four years. Although it encourages students to enroll for more hours each term, the 'Soar in Four' rate will be assessed to students registered for 12 or more credit hours in a term. (Proof of credit hours must be received and accepted by the fifth day of the term.) For FY 2016-17 and FY 2017-18, the rate will apply to students who have earned less than 60 credit hours. For FY 2018-19, it will apply to students who have earned less than 90 credit hours. By FY 2019-20, the 'Soar in Four' rate will be applicable to all students.*

\* Student Programs and Services Fees (SPSF) detail are on page C-24.

**University Fees are set by the Board of Trustees and are subject to change at any regular or called meeting of the Board.**

**Martin**  
**FY 2016-17 Annual Tuition and Fees**  
**Out-Of-State Undergraduate and Graduate Tuition and Fees**

	FY 2015-16	FY 2016-17	CHANGE	
			Amount	Percent
<b>OUT-OF-STATE DOMESTIC</b>				
<b><u>Undergraduate</u></b>				
<b><u>60 Credit Hours or More</u></b>				
Maintenance Fee	\$ 6,918	\$ 7,070	\$ 152	2.2%
Out-of-State Tuition	13,944	5,760	(8,184)	-58.7%
Maintenance Fee & Out-of-State Tuition	\$ 20,862	\$ 12,830	\$ (8,032)	-38.5%
Other Fees *	1,408	1,408		
Total Tuition and Fees	\$ 22,270	\$ 14,238	\$ (8,032)	-36.1%
<b><u>Less Than 60 Credit Hours (Soar in Four Model)</u></b>				
Maintenance Fee	\$ 6,918	\$ 7,680	\$ 762	11.0%
Out-of-State Tuition	13,944	5,760	(8,184)	-58.7%
Maintenance Fee & Out-of-State Tuition	\$ 20,862	\$ 13,440	\$ (7,422)	-35.6%
Other Fees *	1,408	1,408		
Total Tuition and Fees	\$ 22,270	\$ 14,848	\$ (7,422)	-33.3%
<b><u>Graduate</u></b>				
Maintenance Fee	\$ 8,254	\$ 8,502	\$ 248	3.0%
Out-of-State Tuition	13,944	5,760	(8,184)	-58.7%
Total Tuition and Fees	\$ 22,198	\$ 14,262	\$ (7,936)	-35.8%
Other Fees *	\$ 1,394	\$ 1,394		
Total Tuition and Fees	\$ 23,592	\$ 15,656	\$ (7,936)	-33.6%
<b>OUT-OF-STATE INTERNATIONAL</b>				
<b><u>Undergraduate</u></b>				
<b><u>60 Credit Hours or More</u></b>				
Maintenance Fee	\$ 6,918	\$ 7,070	\$ 152	2.2%
Out-of-State Tuition	13,944	13,944		
Maintenance Fee & Out-of-State Tuition	\$ 20,862	\$ 21,014	\$ 152	0.7%
Other Fees *	1,408	1,408		
Total Tuition and Fees	\$ 22,270	\$ 22,422	\$ 152	0.7%
<b><u>Less Than 60 Credit Hours (Soar in Four Model)</u></b>				
Maintenance Fee	\$ 6,918	\$ 7,680	\$ 762	11.0%
Out-of-State Tuition	13,944	13,944		
Maintenance Fee & Out-of-State Tuition	\$ 20,862	\$ 21,624	\$ 762	3.7%
Other Fees *	1,408	1,408		
Total Tuition and Fees	\$ 22,270	\$ 23,032	\$ 762	3.4%
<b><u>Graduate</u></b>				
Maintenance Fee	\$ 8,254	\$ 8,502	\$ 248	3.0%
Out-of-State Tuition	13,944	13,944		
Total Tuition and Fees	\$ 22,198	\$ 22,446	\$ 248	1.1%
Other Fees *	\$ 1,394	\$ 1,394		
Total Tuition and Fees	\$ 23,592	\$ 23,840	\$ 248	1.1%

*In-state students pay only for the maintenance fee, which is commonly referred to as 'in-state tuition'. Out-of-state students pay the maintenance fee plus out-of-state tuition. The combined amount of these two fees is commonly referred to as 'out-of-state tuition'.*

*The 'Soar in Four' initiative is a new tuition model intended to encourage students to enroll in 15 or more credit hours per semester in order to graduate in four years. Although it encourages students to enroll for more hours each term, the 'Soar in Four' rate will be assessed to students registered for 12 or more credit hours in a term. For FY 2016-17 and FY 2017-18, the rate will apply to students who have earned less than 60 credit hours. For FY 2018-19, it will apply to students who have earned less than 90 credit hours. By FY 2019-20, the 'Soar in Four' rate will be applicable to all students.*

*Proof of credit hours must be received and accepted by the fifth day of the term.*

\* Other Fees details are on page C-17.

**University Fees are set by the Board of Trustees and are subject to change at any regular or called meeting of the Board.**

***Martin***  
**FY 2016-17 Annual Tuition and Fees**  
**Online Fees**

	FY 2015-16	FY 2016-17	CHANGE	
			Amount	Percent
<b>UT ONLINE - Martin</b>				
UT online course fees are charged per credit hour with no maximum credit hour cap. This applies to all students, including on-campus students.				
<b>UNDERGRADUATE</b>				
<b>IN-STATE</b>				
Course Fee	\$ 288	\$ 294	\$ 6	2.1%
Online Support	56	56		
Total	<u>\$ 344</u>	<u>\$ 350</u>	<u>\$ 6</u>	<u>1.7%</u>
<b>OUT-OF-STATE DOMESTIC</b>				
Course Fee	\$ 317	\$ 324	\$ 7	2.2%
Online Support	56	56		
Total	<u>\$ 373</u>	<u>\$ 380</u>	<u>\$ 7</u>	<u>1.9%</u>
<b>OUT-OF-STATE INTERNATIONAL</b>				
Course Fee	\$ 317	\$ 356	\$ 39	12.3%
Online Support	56	56		
Total	<u>\$ 373</u>	<u>\$ 412</u>	<u>\$ 39</u>	<u>10.5%</u>
<b>GRADUATE</b>				
<b>IN-STATE</b>				
Course Fee	\$ 492	\$ 507	\$ 15	3.0%
Online Support	56	56		
Total	<u>\$ 548</u>	<u>\$ 563</u>	<u>\$ 15</u>	<u>2.7%</u>
<b>OUT-OF-STATE DOMESTIC</b>				
Course Fee	\$ 541	\$ 558	\$ 17	3.1%
Online Support	56	56		
Total	<u>\$ 597</u>	<u>\$ 614</u>	<u>\$ 17</u>	<u>2.8%</u>
<b>OUT-OF-STATE INTERNATIONAL</b>				
Course Fee	\$ 541	\$ 614	\$ 73	13.5%
Online Support	56	56		
Total	<u>\$ 597</u>	<u>\$ 670</u>	<u>\$ 73</u>	<u>12.2%</u>

*University Fees are set by the Board of Trustees and are subject to change at any regular meeting of the Board.*

## Veterinary Medicine

### FY 2016-17 Annual Tuition and Fees Graduate Tuition and Fees

	FY 2015-16	FY 2016-17	CHANGE	
			Amount	Percent
<b>IN-STATE</b>				
Maintenance Fee	\$ 25,672	\$ 26,698	\$ 1,026	4.0%
Other Fees:				
Student Programs and Services Fees *	\$ 898	\$ 936	\$ 38	4.2%
Technology	240	240		
Transportation	150	150		
Facilities	390	404	14	3.6%
Total Other Fees	<u>\$ 1,678</u>	<u>\$ 1,730</u>	<u>\$ 52</u>	<u>3.1%</u>
Total Tuition and Fees	<u>\$ 27,350</u>	<u>\$ 28,428</u>	<u>\$ 1,078</u>	<u>3.9%</u>
<b>OUT-OF-STATE</b>				
Maintenance Fee	\$ 25,672	\$ 26,698	\$ 1,026	4.0%
Out-of-State Tuition	27,800	27,842	42	0.2%
Maintenance Fee & Out-of-State Tuition	<u>\$ 53,472</u>	<u>\$ 54,540</u>	<u>\$ 1,068</u>	<u>2.0%</u>
Other Fees:				
Student Programs and Services Fees *	\$ 898	\$ 936	\$ 38	4.2%
Technology	240	240		
Transportation	150	150		
Facilities	620	634	14	2.3%
Total Other Fees	<u>\$ 1,908</u>	<u>\$ 1,960</u>	<u>\$ 52</u>	<u>2.7%</u>
Total Tuition and Fees	<u>\$ 55,380</u>	<u>\$ 56,500</u>	<u>\$ 1,120</u>	<u>2.0%</u>

*In-state students pay only for the maintenance fee, which is commonly referred to as 'in-state tuition'. Out-of-state students pay the maintenance fee plus out-of-state tuition. The combined amount of these two fees is commonly referred to as 'out-of-state tuition'.*

\* Student program and services fees detail are on page C-24.

**University Fees are set by the Board of Trustees and are subject to change at any regular or called meeting of the Board.**

## Health Science Center

### FY 2016-17 Annual Tuition and Fees

#### Tuition and Fees

	FY 2015-16	FY 2016-17	CHANGE	
			Amount	Percent
<b>IN-STATE</b>				
<b>Graduate Health Sciences</b>	\$ 10,484	\$ 10,484		
MS Pharmacology	15,000	15,750	\$ 750	5.0%
<b>Medicine</b>				
Class of 2017 - 2020	\$ 33,030	\$ 33,030		
Physician Assistant	14,560	14,560		
<b>Dentistry</b>				
General DDS	\$ 29,016	\$ 29,016		
Transitional DDS	70,000	70,000		
Dental Hygiene Bachelor of Science	7,848	7,848		
<b>Pharmacy</b>	\$ 21,862	\$ 21,862		
<b>Nursing</b>				
Bachelors	\$ 8,320	\$ 8,320		
Graduate	12,210	12,210		
<b>Health Professions</b>				
Entry Level Bachelor of Science				
Medical Technology	\$ 7,848	\$ 7,848		
Audiology & Speech Pathology ****	9,028	9,228	\$ 200	2.2%
Entry Level Advanced Degrees *	13,084	13,084		
Entry Lev Adv Degrees Audiology/Speech Path**	11,930	11,930		
Post-Professional Degrees ***	9,484	9,484		
<b>OUT-OF-STATE</b>				
<b>Graduate Health Sciences</b>	\$ 30,204	\$ 30,204		
MS Pharmacology	23,000	23,750	\$ 750	3.3%
<b>Medicine</b>				
Class of 2017 - 2020	\$ 65,460	\$ 65,460		
Physician Assistant	24,960	24,960		
<b>Dentistry</b>				
General DDS	\$ 68,682	\$ 68,682		
Transitional DDS	70,000	70,000		
Dental Hygiene Bachelor of Science	26,592	26,592		
<b>Pharmacy</b>	42,214	42,214		
<b>Nursing</b>				
Bachelors	\$ 24,960	\$ 24,960		
Graduate	29,432	29,432		
<b>Health Professions</b>				
Entry Level Bachelor of Science				
Medical Technology	\$ 26,592	\$ 26,592		
Audiology & Speech Pathology ****	27,218	27,418	\$ 200	0.7%
Entry Level Advanced Degrees *	31,514	31,514		
Entry Lev Adv Degrees Audiology/Speech Path**	28,736	28,736		
Post-Professional Degrees ***	27,944	27,944		

**NOTE: Programs & Services and other fees are listed on page C-22.**

\* **Entry Level Advanced Degrees**  
 Doctor of Physical Therapy  
 Master of Cytopathology  
 Master of Occupational Therapy

\*\* **Entry Level Advanced Degrees Audiology/Speech Path**  
 Doctor of Audiology  
 Master of Science in Speech-Language Pathology  
 Transitional Doctor of Audiology

\*\*\* **Post-Professional Degrees**  
 Doctor of Science in Physical Therapy  
 Master of Science in Physical Therapy  
 Transitional Doctor of Physical Therapy  
 Master of Science in Clinical Lab Sciences

\*\*\*\* **Bachelor of Audiology & Speech Pathology**  
 This is a joint degree with UTK where UTHSC will teach the 4th year of the Bachelor's program but charge the UTK Tuition rate.

**University Fees are set by the Board of Trustees and are subject to change at any regular or called meeting of the Board.**

**Health Science Center**  
**FY 2016-17 Annual Tuition and Fees**  
**Other Fee Details**

	FY 2015-16	FY 2016-17	CHANGE Amount
<b>Programs &amp; Services and Required Fees</b>			
<b>Student Programs &amp; Services Fees *</b>	\$ 600	\$ 900	\$ 300
<b>Technology Fee</b>	240	240	
<b>Graduation/Yearbook</b>	50	50	
Total	<u>\$ 890</u>	<u>\$ 1,190</u>	<u>\$ 300</u>
<b>Other Fees</b>			
<b>Health Insurance</b>	\$ 2,420	\$ 2,536	\$ 116
<b>Disability Insurance</b>	48	48	
<b>Malpractice Insurance</b>			
Medicine			
Class of 2019 and 2020	24	24	
Class of 2017 and 2018	72	72	
Pharmacy	20	20	
Nursing	20	20	
Health Professions	20	20	
Dentistry	18	18	
<b>Other Fees - Health Professions **</b>			
CHP OT Board Review Fee		150	150
CHP OT Media Fee		150	150
<b>Other Fees - Nursing ***</b>			
CON Pre-Licensure Digital Course Materials Fee-1st Term	2,136	2,200	64
CON Pre-Licensure Digital Course Materials Fee-2nd Term	876	865	(11)
CON Pre-Licensure Digital Course Materials Fee-3rd Term	828	865	37
CON BSN Digital Course Materials Fee-1st Term	872	735	(137)
CON BSN Digital Course Materials Fee-2nd Term	342	585	243
CON BSN Digital Course Materials Fee-3rd Term	302		(302)
CON BSN Digital Course Materials Fee-4th Term	320		(320)
CON CNL Digital Course Materials Fee	832	832	
CON Nursing Kit	357	377	20
CON Digital Equipment Fee	394	328	(66)
CON Board Review Fee		315	315
<b>Other Fees - Medicine</b>			
Laptop Computer Fee	1,312	1,312	
COM PA Digital Course Materials Fee	865	865	
COM PA Board Review Fee		175	175
<b>Other Fees - Pharmacy</b>			
Pre-Naplex Exam Fee-4th Year all in Fall Semester	80	80	
MTM Certificate Fee-3rd Year all in Fall Semester	100	100	
COP Board Review Fee		175	175
<b>Other Fees - Dentistry</b>			
Dentistry Student Government	60	60	
COD Digital Course Materials Fee-Class of 2020	703	900	197
COD Digital Course Materials Fee-Class of 2019	703	772	69
COD Digital Course Materials Fee-Class of 2018	703	703	
COD Dental Hygiene Digital Course Materials Fee-Class of 2018	703	662	(41)
COD Dental Hygiene Digital Course Materials Fee-Class of 2017	703	757	54
Laboratory and Clinical Utilization Fee	2,200	2,200	
Graduate Endodontics Clinical Utilization Fee	12,750	12,750	
Graduate Orthodontics Clinical Utilization Fee	7,000	7,000	

\* Student Programs and Services Fees (SPSF) detail are on page C-24.

\*\* The Physician Assistant (PA) Program is moving to the College of Medicine in Fall 2017

\*\*\* The College of Nursing has revised the curriculum for BSN & Pre-Licensure students and are revising the fees for Digital Course Materials.

**University Fees are set by the Board of Trustees and are subject to change at any regular or called meeting of the Board.**

## Health Science Center

### FY 2016-17 Annual Tuition and Fees

#### Online Fees

	FY 2015-16	FY 2016-17	CHANGE	
			Amount	Percent
<b>HEALTH SCIENCE CENTER ONLINE</b>				
HSC online course fees are charged per credit hour with no maximum credit hour cap.				
<b><u>UNDERGRADUATE</u></b>				
<b>IN-STATE</b>				
Course Fee	\$ 350	\$ 350		
Online Support	46	46		
Total	\$ 396	\$ 396		
<b>OUT-OF-STATE</b>				
Course Fee	\$ 415	\$ 415		
Online Support	46	46		
Total	\$ 461	\$ 461		
<b><u>GRADUATE</u></b>				
<b>IN-STATE</b>				
Course Fee	\$ 640	\$ 640		
Online Support	46	46		
Total	\$ 686	\$ 686		
<b>OUT-OF-STATE</b>				
Course Fee	\$ 705	\$ 705		
Online Support	46	46		
Total	\$ 751	\$ 751		
<b><u>HEALTH INFORMATICS AND INFORMATION MANAGEMENT</u></b>				
<b>IN-STATE</b>				
Course Fee	\$ 500	\$ 500		
Online Support	50	50		
Total	\$ 550	\$ 550		
<b>OUT-OF-STATE</b>				
Course Fee	\$ 550	\$ 550		
Online Support	50	50		
Total	\$ 600	\$ 600		

*University Fees are set by the Board of Trustees and are subject to change at any regular or called meeting of the Board.*



## **Student Programs and Services Fees**

### **FY 2016 -17 Annual Fees**

	FY 2015-16	FY 2016-17	CHANGE	
			Amount	Percent
<b>KNOXVILLE</b> (Includes College of Law and Veterinary Medicine)				
<b>FALL AND SPRING</b>				
Student Program	\$ 256	\$ 262	\$ 6	2.3%
Capital	348	366	18	5.2%
Health Services	198	202	4	2.0%
Student Counseling	96	106	10	10.4%
Total	<u>\$ 898</u>	<u>\$ 936</u>	<u>\$ 38</u>	<u>4.2%</u>
<b>Summer Semester Only</b>				
Student Program	\$ 78	\$ 80	\$ 2	2.6%
Capital	106	111	5	4.7%
Health Services	60	61	1	1.7%
Student Counseling	29	32	3	10.3%
Total	<u>\$ 273</u>	<u>\$ 284</u>	<u>\$ 11</u>	<u>4.0%</u>
<b>SPACE INSTITUTE</b>				
<b>FALL AND SPRING</b>				
Student Activity	\$ 180	\$ 180		
<b>Summer Semester Only</b>				
Student Activity	\$ 75	\$ 75		
<b>CHATTANOOGA</b>				
Student Activity	\$ 240	\$ 240		
Debt Service	300	300		
Health Services	120	120		
Total	<u>\$ 660</u>	<u>\$ 660</u>		
<b>MARTIN</b>				
Student Activity - Non Athletic	\$ 146	\$ 146		
Student Activity - Athletic	408	408		
Student Health & Counseling	60	60		
Debt Service	380	380		
Total	<u>\$ 994</u>	<u>\$ 994</u>		
<b>HEALTH SCIENCE CENTER</b>				
Student Activity	\$ 26	\$ 26		
Campus Recreation	40	40		
Campus Improvement	50	50		
Simulation Center Equipment Fee		300	\$ 300	NEW
Debt Service	54	54		
Computer Based Testing Fee	50	50		
Health Services	200	200		
Counseling	180	180		
Total	<u>\$ 600</u>	<u>\$ 900</u>	<u>\$ 300</u>	<u>50.0%</u>

*The purpose of the Student Programs and Services Fee (SPSF) is to advance the University's educational mission by funding non-instructional services, activities, programs, and facilities that promote student satisfaction and retention or promote the intellectual, physical, emotional, social, cultural, or leadership development of students. The Board of Trustees retains ultimate control of the SPSF and sets the amount of the SPSF at each campus annually upon the recommendation of the Board's Finance and Administration Committee.*

**University Fees are set by the Board of Trustees and are subject to change at any regular or called meeting of the Board.**

**University of Tennessee System**  
**FY 2016-17 Annual Tuition and Fees**  
**Fees for Disabled and Elderly Persons**

	FY 2015-16	FY 2016-17	CHANGE Amount
<b>Disabled/Elderly Persons</b>			
<b>COURSES FOR CREDIT</b>			
Per Semester Hour	\$ 7	\$ 7	
Maximum Fee per Semester	70	70	
<b>AUDIT COURSES</b>			
	No Charge	No Charge	

*Fee levels mandated by Tennessee Code Annotated 49-7-113.*

**THE UNIVERSITY OF TENNESSEE**  
**FY 2016-17 COMPENSATION GUIDELINES**

In addition to the general salary increases for FY 2016-17, other salary increases and incentive or bonus payments are permissible during the fiscal year if the intended action falls under one of the categories listed below. The availability of funding, such as budgeted increases in externally funded proposals or use of payroll savings, are not by themselves sufficient justification for authorizing a salary increase or an incentive or bonus payment. Any of these compensation actions should be accomplished in consultation with the campus or institute human resources and business offices.

**Qualifying Compensation Actions in Addition to the General Salary Increase:**

- a. Promotions in rank.
- b. Promotions resulting from the hiring/transfer process in accordance with policy.
- c. Job reclassifications resulting from job reviews. Any salary adjustments are in accordance with policy. Job reviews involving potential compensation changes are currently limited to the following events:
  - i. Department or sub-department reorganization (requires explanation of reorganization)
  - ii. Reclassification of position(s) and/or assumption of additional duties (requires explanation)
  - iii. Cyclical position review according to current protocol
- d. To bring employees to salary schedule minimums.
- e. Advancement through approved career ladders.
- f. Contractual agreements.
- g. Compression: Increases based on comparison with others in the same job title and work unit who have comparable qualifications and performance.
- h. Market: Non-standard "off-cycle" salary increases to faculty and staff in consideration of the external job market for similar positions. Must be supported by data on current market salaries for comparable positions.
- i. Merit Pay: An increase in total compensation based on documented performance within a defined period with an established method to assess an employee's performance. Merit Pay may be an increase to base pay or a non-recurring lump-sum payment.
- j. Retention Pay: An exceptional circumstance in which an increase in total compensation is granted to a high-performing employee in a mission-critical position to retain his/her services. Such retention payments may or may not be associated with an offer of employment from another organization.
- k. Incentive Pay: A pre-determined lump-sum payment to an individual or to a defined group to reward the accomplishment of documented results achieved over a defined period of time.
- l. Bonuses: A discretionary lump-sum payment to recognize exceptional service at a point in time.
- m. Correction of any university error.
- n. Minimum rates of pay: increases needed to implement a system-wide program to adjust to more competitive salary market conditions.
- o. Fair Labor Standards Act (FLSA) rules changes: adjustments required to respond to FLSA rule changes that become effective in December 2016.

**REQUIRED APPROVALS APPEAR ON THE FOLLOWING PAGE**

**APPROVALS**

1. Employees will not be notified of proposed or pending salary increases or incentive or bonus payments until all required approvals are obtained.
2. Salary increases and incentive or bonus payments for coaches and athletic directors, regardless of the amount, require approval by the Chief Financial Officer or his designee before implementation. If the salary increase, incentive payment, or bonus payment is to be made in accordance with the terms of a written employment agreement, the Chief Financial Officer's approval of the employment agreement satisfies this requirement.
3. Salary increases and incentive or bonus payments for the President must be approved by the Board of Trustees on the recommendation of the Executive and Compensation Committee.
4. Salary increases and incentive or bonus payments for Chancellors, other University Officers (as defined by the Bylaws), and other executive-level members of the President's staff must be approved by the President; provided that the Board of Trustees, on the recommendation of the Executive and Compensation Committee, must approve payments to the Chancellors and other University Officers under an incentive payment plan adopted by the Board.
5. Incentive payment plans must be reviewed and recommended by the University's Compensation Advisory Board and approved by the Chief Financial Officer and the President; provided that this requirement does not apply to a plan adopted by the Board of Trustees for University Officers.
6. Chancellors and Vice Presidents serving as Institute chief administrators, or their designees, are authorized to approve salary increases and incentive or bonus payments in accordance with these guidelines and are accountable for assuring campus/institute/system compliance.
7. Salary increases and incentive or bonus payments outside these guidelines, along with written justification documenting the need for an exceptional approval, must be submitted to the campus or institute chief business officer (CBO). If approved by the CBO, the request is submitted to the CFO for approval.
8. A retroactive salary increase has an effective date prior to the date it is processed, e.g., to correct a university error or to include external budget changes. For other situations, in consultation with the campus or institute human resources office, departments must provide supporting documentation of the need for a retroactive increase to the campus or institute CBO for approval.

THE UNIVERSITY OF TENNESSEE  
BOARD OF TRUSTEES

ACTION ITEM

DATE: June 23, 2016

COMMITTEE: Executive and Compensation

ITEM: **Vice Chair's Report on the President's Annual Performance Review**

RECOMMENDATION: Approval

PRESENTED BY: Raja J. Jubran, Vice Chair of the Board

The Board's policy on Presidential Performance Reviews delegates to the Vice Chair the responsibility to organize and conduct an annual review of the President's performance, subject to the Board's ultimate authority to approve or modify the Vice Chair's assessment. The policy provides for the Vice Chair to submit his written assessment to the Executive and Compensation Committee, along with his recommendation concerning the President's proposed goals for the coming year and any recommendation concerning the President's compensation or other terms of employment.

The following report from the Vice Chair includes his written assessment of the President's performance and outlines goals on which he and President DiPietro have agreed. The President's self-assessment and other supporting materials are appended to the Vice Chair's report. The report reflects the Vice Chair's conclusion that Dr. DiPietro's performance exceeded expectations on many fronts. The Chairs of the Audit and Compliance and Trusteeship Committees, designated by the Executive and Compensation Committee to participate in the process, have reviewed the Vice Chair's report and have indicated their concurrence with the report.

At the October 9, 2015 meeting, the Board of Trustees approved compensation terms for Dr. DiPietro over the four-year period from July 1, 2015 through June 30, 2019. Those terms include an annual five percent (5%) increase in Dr. DiPietro's base salary as long as the Board finds his performance to be satisfactory. Therefore, upon the Board's approval of the Vice Chair's report on Dr. DiPietro's performance, the five percent (5%) increase will be effective as of July 1, 2016.

At its meeting on June 22, 2016, the Executive and Compensation Committee recommended approval of the Vice Chair's assessment and the proposed goals.

**MOTION: On the recommendation of the Executive and Compensation Committee, I move adoption of the following Resolution by the Board of Trustees:**

**RESOLVED: The Vice Chair's assessment of President DiPietro's performance and the proposed goals are approved.**



MEMORANDUM

TO: Members of the Board of Trustees

FROM: Raja J. Jubran, Vice Chair of the Board

DATE: June 22, 2016

SUBJECT: Annual Performance Review of President Joseph A. DiPietro

In accordance with the Board's Policy on President Performance Reviews, I have conducted a review of President DiPietro's performance during the 2015 calendar year. Trustees Spruell Driver, Chair of the Trusteeship Committee, and Trustee Crawford Gallimore, Chair of the Audit and Compliance Committee, observed the review process, as provided in the Board's policy. Both committee chairs have been provided a copy of this report and advised of their right to make their own evaluation of the President's performance if they disagree with my assessment or if they want to provide additional information.

I. The Review Process and Supporting Material

- A. Dr. DiPietro submitted a self-assessment in early May, a copy of which is attached as Attachment 1.
- B. The Chief Financial Officer prepared a report on the status of accounts under the control of the President, a copy of which is attached as Attachment 2.
- C. The views of University student, faculty, staff, and alumni leadership were solicited by an electronic survey, and the results are attached as Attachment 3.
- D. Trustees Driver, Trustee Gallimore, and I conducted individual telephone interviews with the five Chancellors and 10 other members of the senior administrative staff, each of whom had reviewed Dr. DiPietro's self-assessment.
- E. Dr. DiPietro and I met on May 23 to discuss his performance and to agree on the proposed goals outlined under item IV of this report. Trustees Driver and Gallimore participated by telephone.

## II. Evaluation of President DiPietro's Performance

- A. The Chief Financial Officer's report reveals that accounts under the President's control are currently within budget and expected to remain within budget at the end of the fiscal year on June 30.
- B. The survey of student, faculty, staff, and alumni leadership produced high marks for Dr. DiPietro. His overall performance was rated as exceeding expectations by all who responded to the question (21 out of 22). He received the highest rating for his demonstrated integrity and also received high marks for leadership, fairness and reasonableness, and effectiveness as a spokesperson for public higher education in Tennessee.
- C. Our phone interviews with the senior administrative staff served to confirm the quality of Dr. DiPietro's leadership style and commitment. Their comments were overwhelmingly positive, with the following recurring themes:
- Due to his high integrity and moral character, he has re-established trust and confidence in the office of the President;
  - His greatest strengths are high ethical standards and exceptional relationship skills;
  - He listens well and is open to diverse views;
  - He is fair in dealing with all campuses and institutes;
  - He remains calm and professional in very difficult circumstances;
  - His leadership has been effective in moving the University forward; and
  - Due to his credibility, commitment and passion, he is an effective spokesperson for the University and all of Tennessee public higher education.
- D. Concerns expressed by the senior staff consistently relate to the stress Dr. DiPietro is under to manage a vast set of responsibilities internal and external to the University. Other concerns included:
- Dr. DiPietro's "helper-mentality" and tendency to become involved in matters that do not warrant his time and attention;
  - The number of direct reports he must manage, and being very accessible to any staff that prefers to continue discussing issues directly with him. Many suggested placing a priority on recruiting or appointing a Chief Operating Officer with authority to speak and act for the President.
  - Timeliness of decision-making, although this was balanced by praise for his thoughtfulness and openness to considering diverse views.
  - Relationships between the various system and campus teams relating to authority and the types of services being provided. These issues may create unneeded bottlenecks leading to inefficiencies and decrease in accountability.

- On occasion, the overall team's responsiveness and sense of urgency does not match what Dr. DiPietro needs during tough budget cycles and the tough road ahead.

### III. Additional Items considered in the Evaluation

- A. During the 2014-2015 budget deliberations and discussions regarding the potential funding gap in years to come, Dr. DiPietro accepted the Board's challenge to develop and implement a new business model. I have reviewed the initial results of the plan implementation, and I am happy to report that under Dr. DiPietro's leadership and oversight, significant progress has been made to date. A key indicator of progress under the Budget Advisory Group initiatives is the fact that tuition increases for FY 2015-16 were the lowest in 30 years. Clearly, Dr. DiPietro and the unit leaders have taken this challenging task seriously, resulting in important steps forward. Much more is to be done, but I am confident that Dr. DiPietro's commitment and leadership will produce continuing progress over the next few years. Beyond progress toward a new business model, Dr. DiPietro's leadership produced significant progress in execution of the System Strategic Plan in 2015, as was indicated in his self-assessment.
- B. During 2015 some unfortunate and avoidable mistakes occurred at UT Knoxville, creating a challenging situation for UT during the 2016 legislative session. Dr. DiPietro responded to the challenge, owned up to the mistakes, fixed them and moved on to re-establish UT's credibility. His actions ultimately minimized the potential harmful consequences that UT could have been facing.

In summary, I find that Dr. DiPietro's performance exceeded expectations on many fronts, and he has again achieved significant measurable results in advancing our mission. In fact, after reviewing again the comprehensive performance review from 2014 conducted by former Vice Chair Brian Ferguson with assistance from AGB Senior fellow Terry MacTaggart, I continue to believe that the overall assessment given at the time still stands true today. Dr. DiPietro is a remarkable leader with the "right stuff" to continue to lead the University in positive directions going forward.

### IV. Goals

Dr. DiPietro and I have agreed on the following goals for the coming year:

- A. Refocus on reorganizing the senior administrative staff by enhancing and strengthening the bench including:
- Move expeditiously to fill key positions, giving priority to appointment of an assertive Executive Vice President/Chief Operating Officer with direct



authority and responsibility over day-to-day operations; recruiting a top notch Chief Financial Officer; and filling any upcoming vacancies in the senior staff;

- Delegate more tasks, hold executive and administrative staff accountable, and encourage a more pro-active environment;
- Eliminate perceived attempts at turf protection, and establish clearly defined roles, expectations, consequences and avoid bottlenecks;
- Consider adopting a corporate model to clarify lines of authority between the system and the campuses to streamline decision making, improve efficiency, and protect the UT brand; and
- Strive to find ways to obtain input from the right people at the right time to enhance timeliness of decision making in order to avoid efforts and initiatives getting bogged down.

B. Continue to maintain a sharp focus on the budget and achieving a sustainable business model.

C. Continue the efforts to enhance your visibility and leadership for higher education.

D. Complete revision of the post-tenure review process.

E. Complete assessment of low producing academic programs and a plan to reallocate resources.

Respectfully Submitted,



Raja J. Jubran  
Vice Chair

Attachments

## **Presidential Goals and Self-Assessment**

### **January 1, 2015-December 31, 2015**

#### **Executive Summary**

#### **Leadership Team:**

- Maintained dedicated communication opportunities with all chancellors, including attendance in their monthly videoconference and face-to-face quarterly group meetings in Nashville.
- On average, continued to visit and engage on UT campuses and institutes almost twice weekly. Campus engagement has included: conducting business with administrators, faculty and staff leadership; events involving alumni/college advisory boards and/or community leaders; commencement ceremonies; building or facility dedications; athletic events; and providing critical support to chancellors on operational issues of the institution.
- Introduced a new variable compensation plan for executive officers
- Appointed Ron Maples, Interim UT System CFO
- Appointed Bob Smith, Interim Chancellor of UT Martin
- Completed the search for a new Vice President for IPS and Initiated search for EVP, which was suspended after finalists were identified; will evaluate reinitiating the search in the Fall

#### **Partnerships:**

- The ORNL partnership is growing and beneficial. UT-Battelle received another outstanding rating by the Department of Energy for management of ORNL. We now have over 225 joint faculty, two Ph.D. programs (the Bredesen Center is now UTK's largest Ph.D. program), 16 Governor's Chairs, and four Joint Institutes.
- Opened the JIAM building, a 144,000 SF state-of-the-art materials fabrication and characterization facility. JIAM is the first occupied building on Cherokee Farm Innovation Campus.
- Closed the funding for the private investment into the second building on the Cherokee Farm Innovation Campus. The anchor tenant is CEC, Inc., with headquarters in Pittsburg, PA. The remainder of the building will be leased to other private sector tenants.

#### **Service (Higher Education/State/Community):**

- Board Chairman, UT-Battelle Board of Governors (chairmanship rotates every two years between UT President and Battelle President)
- Member, Gov. Haslam's Higher Education Working Group (FOCUS Act)
- Serving as a board member of: University Health System, Inc.; Knoxville Area Urban League; Memphis Bioworks Foundation; The Southern Association of Colleges and Schools Commission on Colleges (SACSCOC); and Tennessee Advisory Committee (U.S. Global Leadership Coalition)

#### **Operations, Funding and Costs:**

Progress related to the execution of the System's strategic plan has remained steady and meaningful. A refreshed plan was launched last year with six new primary initiatives, which guide priorities and resource investments. Progress related to the plan is outlined in this report and the following bullets note important related highlights for funding and costs:

- State appropriations up 5.1% from previous year
- Private giving at a record high at 111% increase over last year
- Expenditures per degree remaining relatively steady

#### **Goals for 2016**

- Evaluation and reset of the initiatives outlined in the Budget Advisory Group document (attached)
- Hiring of a chancellor for UT Martin
- Hiring of a permanent CFO/Treasurer for the UT System

## 2015 Self-Assessment: Key Highlights President Joe DiPietro

### Strategic Plan

During the assessment period, we implemented several key components of the refreshed 2012-2017 UT System Strategic Plan, approved in February 2015. Before presenting notable highlights and achievements, outlined by our new strategic plan themes, I wish to note that, in 2015, we also made positive strides in enhancing access to and understanding of the plan through:

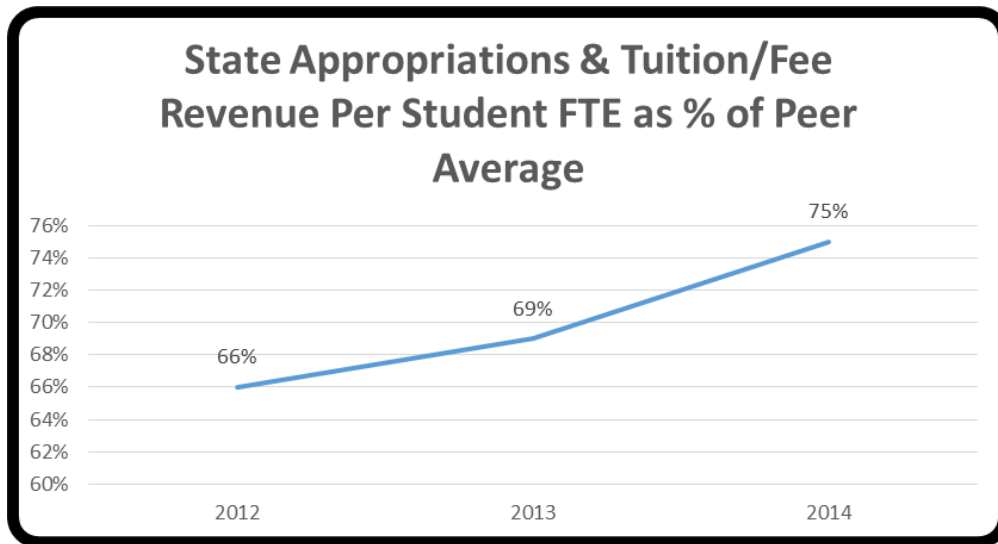
- Updates of the strategic plan Website and the progress dashboards (November 2015) (<http://president.tennessee.edu/static/strategicplan/>); and
- The development of a new strategic plan video (with accompanying transcript) (<http://president.tennessee.edu/static/strategicplan/refresh-video.html>).

While we maintained our commitment to the original five goals of the strategic plan, we also made measurable progress on initiatives related to the six new strategic themes of the plan, which are outlined below:

#### I. Revised Business Model:

Continued refinement of a new business model for the UT System. System and Campus highlights include:

- State appropriations and tuition/fee revenue per student FTE as a percentage of peer average increased from 69% in FY13 TO 75% in FY14, indicating we are closing the gap in revenue per student FTE compared to our peers. (FY 15 data are not available.)



- State appropriations up 5.1% from previous year; **Change in state appropriations (FY14 to FY15) as a % of total unrestricted revenue: = -1.1% (from 38.8% to 37.7%)**
- Expenditures per degree remained relatively steady
- Capital Outlay funding at \$90.3 million in 2016 compared to \$ in 2015 and \$85.7million in 2014.
- Maintenance funding decreased by 31% to 26.5 million in 2016
- The salary gap has reduced by 45% from \$153.0 million in FY 14 to \$83.6 million in FY15 (mostly due to more accurate reporting methods).
- Endowment up 3% and private giving (gifts, pledges, bequests) at a record high--69% increase over last year
- The number of alumni who donate is up 10% from the prior year
- The total number of degrees awarded is up 5% over the previous year

## BAG PROGRESS

- **Recorded lowest tuition increases in 30 years** thanks to self-imposed budget parameters
- **Added revenue or reduced costs** for the System to the tune of \$1,760,000 through: Information Technology (IT) budget reductions, an unanticipated increase in state funding, Fund Trust Administration through the investment pool, and procurement card rebates; Able to reallocate \$940,000 in funding to other System uses, including: IT security for the internal audit function; capital projects succession planning, and more cost-efficient executive-level recruitment activities.
- Each UT campus and institute also successfully outlined its “**Action Plan Progress for FY15-16**” in reallocating resources or generating new revenue/reducing costs. Each entity’s progress, including the status of various initiatives related to BAG parameters, is outlined in the appendix of this report.

## II. Strategic Talent Management:

### • RETENTION

Through the addition of an executive recruiter in 2015, HR provided strong support for identifying top talent for leadership positions statewide. Other examples of key initiatives in 2015 that impacted hiring and retaining the best employees included:

- A continued multi-year effort to **close compensation gaps statewide**, from \$183,762,000 in 2011 to \$83,600,000 to date. Three UT entities conducted Sibson compensation surveys specific to their campus and peer groups: UTHSC, UTC and UTK.
- **Raised the minimum rate of pay for employees** to at least \$9.50/hr across the state. Initiatives in 2016 included raising the rate across the state to at least \$10.10/hr for our lowest compensated employees. This focused multi-year effort has moved the minimum rate of pay over the last three years from \$7.50/hr to the current rate.
- **Conducted background checks** on 6,786 faculty and staff statewide, resulting in 29 "no hire" recommendations for staff positions.

### • POSITIVE ENVIRONMENT

- For the last two years, HR has offered a statewide assessment team to help with employee organizational, behavioral and process workplace issues. Seven full

assessments were conducted in 2015 on different campuses. Follow up on these issues included meetings with leadership and departments to clarify issues/concerns and the development of action plans for setting expectations and resolving issues.

- Additional initiatives to create and retain a positive work environment included:
  - **HR Call Center staff** averaged 76 calls a day from employees statewide. The Call Center provides employees a "live person" during regular working hours to answer their workplace questions, including benefits, where to go for assistance with an issue, etc.
  - **FOR YOUR BENEFIT** newsletter was mailed to all employees' homes twice during the year to help employees better understand and take advantage of UT's strong benefits' programs.
  - **The HR system website** averages more than 28,000 hits per month, providing resources and important employee information on salary schedules, benefits and retirement, holidays and administrative closings, recruitment, retirement, etc. A component of the website is the **Work Healthy** website/blog, linked to the Governor's wellness program.
- **2015 Sexual Assault Summit**--Worked in collaboration with the Tennessee Board of Regents and the Tennessee Independent Colleges and Universities Association in the development of a statewide sexual assault training event. The Summit attracted more than 430 higher education professionals from across the State. Media coverage for this event was also statewide. I even engaged in a live CNN interview with anchor Ashleigh Banfield regarding sexual assault and the University of Tennessee's efforts toward prevention.
- **2015 Diversity Summit**—The UT Diversity Council hosted its first-ever system-wide Diversity Summit, which was attended by 150 individuals from across the UT System.

- **INCREASED COMPETENCIES AND PRODUCTIVITY**

- While we strive for 100% performance review completion, last year, **98.1% of staff and 99.7% of faculty had performance reviews completed** and submitted to HR.
- **Processed more than 73,000 new job applications** in Taleo and filled more than 1,800 positions. UTC is piloting faculty hiring in Taleo in 2016.
- In 2015, **2,867 unique users logged into eLearning and completed 8,927 courses**. These offerings are free to the employee and can be completed at any time. In addition to personal competency development, eLearning has also provided required employee training in Violence against Women Training, Child Protection Training, Code of Conduct Training and custom safety training.

- **OTHER IMPORTANT HR/TALENT MANAGEMENT HIGHLIGHTS & ACHIEVEMENTS**

- Reported important **employee engagement survey results** to UT employees statewide through open forums (March 2015); The survey vendor reported progress in several key areas needing improvement in the 2011 survey such as compensation, supervisory training, performance management, and communication.

- **Faculty and staff turnover rates** were both slightly higher by .7% for faculty and 2.1% for staff due to increases in early retirement programs. Although faculty applications were down by 32% in 2015, and staff applications were down 2% from the prior year.
- Hosted a series of successful **2015 Tribute events** (in Knoxville, Chattanooga, Memphis & Martin) to recognize the hard work of UT employees. Link: <http://president.tennessee.edu/tribute/>
- Approved a new **statewide Succession Planning Initiative** to address the need for continuity in leadership as nearly 40% of the 103 senior leaders across seven UT entities become eligible for retirement in the next five years.

### III. Information and Data Management:

- The **dashboard** page was the most viewed page on the Strategic Plan website. Although page views and unique page views decreased by 6% and 2%, respectively, steps have been taken to enhance the user experience on the site and create more compelling content.
- Steady progress was made in the **development of a Business Intelligence (BI)** environment, including the development of a BI strategic plan and work towards its implementation and the addition of important new student data fields now available to the system. The system reviewed various BI software and close to making its final selection. A consolidated database housing various student, financial, human resource, research, and alumni/development data is being developed.
- The UT System and campuses and institutes **continued to invest in software** and other IT-based Systems to enhance overall operations and efficiency. The System focused software investments in research, human resource applications and outreach while the campuses have focused on areas such as admissions, accreditation, learning outcomes and student success, advising, data visualization, and room scheduling, among others. (Some 30 major software packages have been purchased to improve operations, efficiency and student services and support since 2011.)

### IV. Valued UT Presence and Impact:

- Added more detailed information on **UT's Presence in each county**. See Government Relations Website link: <http://tennessee.edu/static/govrelations/docs/2015/2015-09-county-data.pdf>
- Developed and distributed the **President's 2015 Annual Report to the General Assembly** (hard copy and online), with a focus on UT Impact, to Tennessee legislators and other stakeholders. Link: <http://president.tennessee.edu/static/annual-report/>.
- Hosted successful **2015 UT Day on the Hill**, themed "Securing Tennessee's Future" and featured UT special guest Dave Ramsey. Link: <https://storify.com/utadvocator/ut-day-on-the-hill-2015>.

- The economic impact of UT on the state now exceeds \$6.4 billion (an increase of 14% over the prior year).

#### V. Communications and Marketing/Advocating for UT:

- Implemented Phase I of the **Tennessee.edu Website redesign/realignment**. The newly designed Website focuses on UT's impact and its strategic priorities and initiatives; raising the profile of the System president; and the success and impact of the UT campuses and institutes as we educate, discover and connect. A new President's site was implemented to promote and create awareness of executive priorities and presidential announcements and programs.
- Worked collaboratively with the Office of Information Technology and the System Office for Academic Affairs and Student Success to complete substantive work on enhancing **System Website Accessibility** to ensure that existing and new Web content meets basic accessibility standards. Worked with all UT campuses and institutes to ensure the same for each of their Websites.
- Successfully developed and distributed presidential **op-ed copy** on UT Advocacy and sexual assault in publications such as the Nashville Tennessean, Knoxville News Sentinel, and the Chattanooga Times Free Press.
- Enhanced communications and event coordination related to the **President's Council**. Enhanced membership communications and renewal process; planned and executive the President's Council Legislative Meeting in Nashville; and planned 14 President's Council meetings in six regions.
- Provided PR and creative support for several important **first-time System programs and initiatives**, including the Sexual Assault Summit, the Diversity Summit, and Work Healthy Blog; also provided successful support for the Reverse Transfer program and UT's Conferences for Counselors, which recorded a record high 635 guidance counselors registered for the conference, a 12% increase over the previous year's registrations.
- Implemented an all-employee, all-alumni **advocacy campaign** that netted 315 new advocates, 22 percent of the program's annual strategic plan goal.
- UT Office of Government Relations and Advocacy hosted the national conference of the **Public Higher Education Legislative Advocacy Professionals (PHELAP)** in Nashville (August 2015). I served as a speaker for the event and developed an op-ed piece related to the importance of UT's Advocates in guiding our System through change.

#### VI. Research and Industry Partnerships:

- Recorded research expenditures totaling nearly \$436 million and increase of 3% over last year
- Research proposals also increased by 3%
- Research awards increased by slightly by 9% over the prior year
- Increased participants in outreach and engagement by 5% (3.9 million+ participants in 2015)
- RVUS increased by 5% over last year

**Other Major Research and Partnership Highlights:**

- **Standing of Collaborative Composites Solutions, Inc.** to house the Institute for Advanced Composites Manufacturing and Innovation, a \$259M Institute for Manufacturing Innovation from the Department of Energy. This five-year initiative is the largest in UT history and involves six states, over one hundred industry partners, and will have profound impact on economic development in Tennessee.
- **Completed the recruitment of Dr. Uday Vaidya**, a composites expert from the University of Alabama, Birmingham as a Governor's Chair in Materials Science and Engineering. Dr. Vaidya will support the IACMI project and will be critical for the development of talent in the growing composites area.
- **Completion of a microgrid study** for potential development on the Cherokee Farm Innovation Campus in collaboration with Hitachi Corporation, ORNL, TVA and KUB. As part of this study, UT completed a collaboration agreement with Hitachi Corporation, and is in the process of recruiting a Governor's Chair in the area of microgrid technologies.
- **Completed recruitment for vice chancellors for Research on the UTHSC and UTC campuses.** This is a new role at UTC that will help focus their efforts toward research and innovation. The position at UTHSC has been held on an interim basis for more than a decade. The recruitment of permanent leadership for this important role will be impactful.
- **Opened the JIAM building**, a 144,000 SF state-of-the-art materials fabrication and characterization facility. JIAM is the first occupied building on Cherokee Farm Innovation Campus and will involve four of our GC faculty as well as several of our most prominent faculty members in materials research.
- **Closed the funding for the private investment into the second building on the Cherokee Farm Innovation Campus.** The anchor tenant is CEC, Inc., with headquarters in Pittsburg, PA. The remainder of the building will be leased to other private sector tenants. Commitments have been made for much of the available space.
- **UT-Battelle** received another outstanding rating by the Department of Energy for management of Oak Ridge National Laboratory. The ORNL partnership is growing with more than 225 Joint Faculty, two Ph.D. programs (the Bredesen Center is now UTK's largest Ph.D. program), 16 Governor's Chairs, and four Joint Institutes.



## The University of Tennessee

### Fiscal Years 2015-16 & 2016-17

State appropriations to higher education have been stagnant or declining for several years. This is not the result of lack of support for higher education by the Governor or the General Assembly but more due to budget realities that we do not expect to improve. Revenue to the state from taxes, bonds, fees, federal support and other sources has been limited despite significant improvement in the economy since the 2008 recession. Demands for state services, particularly health care costs, pensions, and infrastructure needs, have outpaced state revenues and have created a structural deficit in the state budget.

Higher education has responded to the decline in state appropriations by increasing tuition, providing no salary increases to faculty and staff, not filling or eliminating vacant positions, and becoming more efficient in the delivery of instruction, research, and public service. We take responsibility for these decisions in the past, but as we look to the future, we have concluded that current resources to fulfill our mission are unsustainable. We own the fact that our business model is broken, and we are committed to fixing it.

This document outlines a model with conditions and boundaries that campus and institute executives will use to manage their units. It includes holding tuition increases at no more than the inflationary rate and assuming no further improvements or reductions in state appropriations. We will consider and develop entrepreneurial approaches to increase revenue, efficiently and effectively manage costs and continue to strive for programmatic excellence that enhances our reputation.

We fully support the Governor's Drive to 55 and Tennessee Promise as they are without doubt Tennessee's path to further economic development by having the workforce we need, better jobs, improved financial security and better quality of life for Tennesseans. Without a significant investment from the state, neither of these important, needed and unique initiatives will be successful. Therefore, when there is growth in state revenues, it is imperative for higher education to be a funding priority.

#### **Scenario & Boundaries**

##### External

- Estimated annual state appropriation increases will be 0%
- Higher education price index (HEPI) will average <3% (current 5yr. avg. is 1.9%)
- State capital outlay and maintenance will continue to be funded at historical averages (FY 2011-12 through FY 2014-15 yields \$47.8M for outlay and \$30.3M for annual maintenance)

##### Internal

- Assumption that funds realized from budget actions will be reallocated to higher-priority needs.
- Undergraduate Enrollments

- In-state enrollment should be greater than 2013-14 levels.
- Out-of-state enrollment may increase but not exceed 25% of total undergraduate enrollment.
- Annual goal setting will be done for growth in enrollment.
- Tuition
  - Tuition increases for undergraduates should be no more than the previous year's HEPI rate change.
  - Graduate and professional tuition increases should be no more than the previous year's HEPI rate change plus 2-3%.
  - Executive graduate programs may raise tuition based upon demand and the costs of similar programs at peer institutions.
  - Out-of-state tuition may be reduced on a regional basis to be more competitive as justified and with board of trustee action.
  - Tuition and other mandatory fees should be equal to or less than the peer average adjusted for state appropriations per student FTE.
- CCTA Performance Funding Model
  - Formula units should rank within the top 5 of the CCTA performance formula funding rankings annually.
- Research
  - UT research and sponsored program expenditures should increase 6% annually, based on a benchmark of the last five-year average.
  - Units should review direct and indirect cost sharing on grants and contracts and implement incentives for departments to minimize the level of cost sharing.
- Outreach
  - Number of customers/clients served should be  $\geq$  than 2013-2014 levels based on a benchmark of the last five-year average.
- Development
  - Total number of gifts, pledges and bequests should grow  $>$  15% per year based on a benchmark of the last five-year average.

### **Required Action Plan for All Units**

- Conduct program realignment initiative to assess low performing programs to fund program(s) re-investment.
- Perform a feasibility analysis and develop a plan for program consolidation(s) that will produce cost savings.

- Develop a two-year allocation and reallocation plan based upon 6% of base year's (FY14-15) total unrestricted E & G expenditures to address strategic initiatives, considering the "boundaries" stated above, and to address compensation gaps.
- Develop a two-year allocation and reallocation plan to address deferred maintenance needs based upon \$25M minimum system wide including current efforts. The minimum allocation to the units would be as follows:
  - UTK/UTSI        \$15.75m
  - UTC                \$ 2.50m
  - UTM                \$ 2.00m
  - UTHSC            \$ 3.75m
  - UTIA                \$1.00m

\*maintenance minimums as being proportional to capitalized facilities
- Using a workforce development program in concert with the above actions, identify amounts that can be redeployed to address strategic initiatives, compensation gaps, and deferred maintenance.
- Conduct a tuition structure review including expanding differential tuition implementation and/or increasing it, development and implementation of an enrollment growth plan for non-resident students, and further implementation of 15/4 tuition plan.
- Non-Formula units should review fee structures to ensure activity is capturing actual cost of delivery and should review services being provided for which a fee could be established.
- Undertake a study to identify and address unfunded mandates for tuition waivers/discounts. (This action will be led by the UT system administration.)
- Undertake a review of the tenure and post-tenure review processes. (This action will be led by the UT system administration.)

**Summary of Current Reallocation Plans**

November 17, 2015

<b>Campus/Institute</b>	<b>Reallocation Target</b>	<b>Sources</b> (added revenue and/or avoided costs)	<b>Uses</b> (new/expanded programs)
Chattanooga	\$ 8,430,000	\$ 9,783,991	\$ 11,789,769
Knoxville/UTSI	35,000,000	28,662,100	28,381,605
Martin	4,412,700	10,985,639	10,822,004
Health Science Center	14,362,000	2,592,966	2,592,966
Agriculture	3,812,980	6,542,814	6,542,814
Public Service	600,000	665,426	665,426
System Administration	2,200,000	1,760,000	940,000
	<b>\$ 68,817,680</b>	<b>\$ 60,992,936</b>	<b>\$ 61,734,584</b>

## Funding Gap Plans

<b>Campus/Institute:</b>	Chattanooga
<b>Last updated:</b>	November 5, 2015
<b>Reallocation Target</b>	\$ 8,430,000
<b>Current sources</b>	\$ 9,783,991
<b>Current uses</b>	\$ 11,789,769

4

Category	Action/Strategy: Brief Title	Action/Strategy: Description (one to three sentences)	Status	Sources (added revenue/ avoided costs)	Uses (new/ expanded programs)
Reallocations	Institution-wide Budget Rebalancing (4.75% Target)	An Institution-wide budget rebalancing was undertaken during FY 2015 and became effective July 1, 2015. Various positions, programs, operating, and institutional budgets were reduced for reallocation as part of the plan in order to become a more lean and efficient organization.	Complete	\$2,948,339	
Reallocations	Tennessee Promise Enrollment Impact	Tennessee Promise, a last dollar scholarship for Tennesseans attending a state community college, became available in Fall 2015. Although the University experienced an initial negative impact on enrollment, transfer students are anticipated to increase enrollment as students progress through community colleges. The University's enrollment decline was 163 full-time equivalent (FTE) students. In order to maintain both academic and institutional programs in their current state, funds were used from the 4.75% target rebalancing initiative to cover this offset.	Complete		\$1,318,643
Reallocations	UC Foundation Academic Affairs Program Realignment	To allow flexibility in programs and initiatives supported by the University of Chattanooga (UC) Foundation, several longstanding programs were funded through the budget rebalancing process. They include the First Year Experience, EAB Student Success Collaborative, and Graduate Assistantships.	Complete		\$237,854
Reallocations	Compensation Gap	The University continues to focus on closing the compensation gap. In FY 2015 and FY 2016 a number of programs were implemented including an across-the-board increase, market and merit adjustments, faculty and staff promotions, adjusted hourly pay scale minimum, and a bonus program.	Complete		\$3,662,937
Reallocations	Voluntary Retirement Incentive Program	An Institution-wide Voluntary Retirement Incentive Program (VRIP) was approved by the Board of Trustees in February 2015 to provide position flexibility for the University. The University had 82 plan participants who all retired as of June 30, 2015. The position budgets were used to fund the retirement incentives. The vacated positions are now available for departmental reorganizations, realignments, and position elimination, if needed.	Underway	\$6,523,175	\$6,523,175
Reallocations	Voluntary Retirement Incentive Program Restricted Account Payments	The University's Voluntary Retirement Incentive Program (VRIP) had two participants paid from restricted grant funds that wouldn't permit the VRIP payments to be charged to the grants. The payments were covered through the budget rebalancing process.	Complete		\$47,160
Program Realignment	Executive MBA Program Discontinuation	As online education continues to expand, the College of Business reviewed the viability of their traditional Executive MBA program and their online Professional MBA program. It was determined the PMBA program is more attractive to students and is self sustainable financially. Therefore, the EMBA program is being discontinued.	Underway	\$312,477	
	<b>TOTALS</b>			<b>\$9,783,991</b>	<b>\$11,789,769</b>

**Funding Gap Plans**

<b>Campus/Institute:</b>	Chattanooga - Capital Only	
<b>Last updated:</b>	November 5, 2015	
<b>Reallocation Target</b>	\$	8,430,000
<b>Current Plans for Funding Sources</b>	\$	-
<b>Current Plans for Funding Uses</b>	\$	16,205,466



<b>Category</b> (Reallocations, Program Realignment, Waivers/Discounts, Tuition Structure, Non-Formula Fees, or Post-Tenure Review)	<b>Action/Strategy: Brief Title</b>	<b>Action/Strategy: Description</b> (one to three sentences)	<b>Status</b>	<b>Sources</b> (added revenue/avoided costs)	<b>Uses</b> (new/expanded programs)
Reallocations - Deferred Maintenance	State Office & Mapp Buildings Capital Improvements	The investment will upgrade the buildings and provide the necessary technology for both classroom, meeting, and office spaces. Bonded debt is included.	Underway		\$5,964,995
Reallocations - Deferred Maintenance	Pedestrian Mall Phase II Capital Improvements	The investment will upgrade and add to the existing pedestrian ways. Bonded debt is included.	Underway		\$3,656,100
Reallocations - Deferred Maintenance	Arena Roof Repairs Capital Improvements	The investment will cap and flash the existing McKenzie Arena roof.	Underway		\$460,000
Reallocations - Deferred Maintenance	New Library Overage Capital Improvements	The investment will fund the overage on the new library project, which was created by fulfilling the auditorium bid alternate. The auditorium provides two much needed auditorium style classrooms.	Underway		\$690,000
Reallocations - Deferred Maintenance	Lighting Upgrades Capital Improvements	The investment will upgrade the University's lighting across campus to be more energy efficient. An initial bonded investment is required, but energy savings is expected to cover the bonded debt payments.	Underway		\$2,700,000
Reallocations - Deferred Maintenance	Fletcher Hall Capital Improvements	The investment will upgrade Fletcher Hall and enhance the existing Student Success Center.	Underway		\$2,200,000
Reallocations - Deferred Maintenance	University Center Capital Improvements	The investment will upgrade and renovate several spaces in the University Center to create a one stop shop for students and enhance the student orientation experience.	Underway		\$247,937
Reallocations - Deferred Maintenance	Arena Capital Improvements	The investment renovated several spaces throughout the Arena complex and added a medical facility to better serve student athletes.	Complete		\$286,434
	<b>TOTALS</b>			<b>\$0</b>	<b>\$16,205,466</b>

### Funding Gap Plans

<b>Campus/Institute:</b>	UTHSC	
<b>Last updated:</b>	November 10, 2015	
<b>Reallocation Target</b>	\$	14,362,000
<b>Current sources</b>	\$	2,592,966
<b>Current uses</b>	\$	2,592,965



Category	Action/Strategy: Brief Title	Action/Strategy: Description (one to three sentences)	Status	Sources (added revenue/ avoided costs)	Uses (new/ expanded programs)
Reallocations	Research Initiatives	Funds are being reallocated to fund new research initiatives in the College of Medicine in Biostatistics, Population Health and Joint Institute at ORNL.	Underway	\$ -	\$ 100,000
Reallocations	Reduce vacant positions in the College of Dentistry	The College of Dentistry will reduce vacant positions to provide the 2% reallocation for Campus projects	Underway	\$ 338,590	\$ -
Reallocations	Reduce operating spending in the College of Graduate Health Sciences	The College of Graduate Health Sciences will reduce operating spending to provide the 3% allocation for Campus projects.	Underway	\$ 44,336	\$ -
Reallocations	Reduce vacant positions and adjust operating spending in the College of Health Professions	The College of Health Professions will reduce vacant positions and reduce operating spending to provide the 2% reallocation for Campus Projects.	Underway	\$ 149,805	\$ -
Reallocations	Reduce vacant positions and adjust operating spending in the College of Medicine	The College of Medicine will reduce vacant positions and reduce operating spending to provide the 2% reallocation for Campus Projects.	Underway	\$ 1,015,371	\$ -
Reallocations	Adjust operating spending in the College of Nursing	The College of Nursing will reduce operating spending to provide the 2% reallocation for Campus Projects.	Underway	\$ 142,385	\$ -
Reallocations	Reduce Vacant Positions and adjust operating spending in the College of Pharmacy	The College of Pharmacy will reduce vacant positions and reallocate spending in order to provide funds to help start the new Nashville Campus instead of receiving Campus funding. The reallocation will be for 2%.	Underway	\$ 278,902	\$ -
Reallocations	Adjust operating spending in the Chancellor's Office	The Chancellor's Office will reduce operating spending to provide the 2% reallocation for Campus Projects.	Underway	\$ 16,113	\$ -
Reallocations	Reduce Vacant Positions and adjust operating spending in the EVC area	The Executive Vice Chancellor area will reduce vacant positions and reduce spending to provide the 2% reallocation for Campus Projects.	Underway	\$ 145,552	\$ -

## Funding Gap Plans

<b>Campus/Institute:</b>		UTHSC
<b>Last updated:</b>		November 10, 2015
<b>Reallocation Target</b>	\$	14,362,000
<b>Current sources</b>	\$	2,592,966
<b>Current uses</b>	\$	2,592,965

Category	Action/Strategy: Brief Title	Action/Strategy: Description (one to three sentences)	Status	Sources (added revenue/ avoided costs)	Uses (new/ expanded programs)
Reallocations	Reduce Vacant Positions and adjust operating spending in the VC AFSA area	The VC Academic, Faculty & Student Affairs area will reduce vacant positions and reduce spending to provide the 2% reallocation for Campus Projects.	Underway	\$ 162,893	\$ -
Reallocations	Adjust operating spending in the VC F&O	The VC Finance & Operations will reduce spending to provide the 2% reallocation for Campus Projects.	Underway	\$ 76,673	\$ -
Reallocations	Reduce Vacant Positions and adjust operating spending in the CIO area	The Chief Information Office area will reduce vacant positions and reduce spending to provide the 2% reallocation for Campus Projects.	Underway	\$ 134,651	\$ -
Reallocations	Adjust Operating spending in the VC Research area	The VC Research area will reduce the operating budget of their Bridge Support fund which supports research activity on Campus.	Underway	\$ 87,695	\$ -
Reallocations	College Realignment	Funds are being reallocated to the College of Pharmacy in order to help with the expansion of the Nashville Campus that is underway.	Underway	\$ -	\$ 278,902
Reallocations	New Program	Funds are being reallocated to the VC AFSA to help with opening the new Simulation Center at UTHSC to provide a more realistic training environment for students.	Complete	\$ -	\$ 275,000
Reallocations	Student Needs	Funds are being reallocated to the VC AFSA to provide scrubs for all our students due to the costs and hardship this can cause.	Complete	\$ -	\$ 100,000
Reallocations	Employee & Student Service	Funds are being reallocated to our Campus General Area to fund a new Daycare initiative at UTHSC. The Daycare would make childcare more convenient and affordable for Employees and Students alike.	Complete	\$ -	\$ 60,000
Reallocations	Employee Raises	Funds are being reallocated to each College and VC Area in order to fund 1.5% of the 3% ATB raise in FY 2016 at UTHSC.	Complete	\$ -	\$ 1,779,063
				\$ 2,592,966	\$ 2,592,965



### Funding Gap Plans

<b>Campus/Institute:</b>	Knoxville	
<b>Last updated:</b>		
<b>Reallocation Target</b>	\$	35,000,000
<b>Current plans for funding sources</b>	\$	28,662,100
<b>Current plans for funding uses</b>	\$	28,381,605

4

<b>Category</b> (Reallocations, Program Realignment, Waivers/Discounts, Tuition Structure, Non-Formula Fees, or Post-Tenure Review)	<b>Action/Strategy: Brief Title</b>	<b>Action/Strategy: Description</b> (one to three sentences)	<b>Status</b>	<b>Sources</b> (added revenue/ avoided costs)	<b>Uses</b> (new/ expanded programs)
Tuition	Tuition increase	UG limited to HEPI rate change; GR limited to UG + 2-3%.	Complete	\$ 19,500,000	
Allocations	Workforce development	Health insurance and 401(k) match allocations funded from state appropriations.	Complete	\$ 926,200	\$ 926,200
Allocations	Appropriations	New state funding	Complete	\$ 5,436,800	
Allocations	Workforce development	Decrease salary gap by providing a 3% salary pool (state funded \$2.8m)	Complete	\$ 2,799,100	\$ 7,530,000
Allocations	Workforce development	Increase career ladder funding for staff	Complete		\$ 100,000
Allocations	Workforce development	Increase fringe benefits funding for faculty and staff and health insurance for graduate students	Complete		\$ 1,210,000
Allocations	Workforce development	Increase funding for academic hires, promotions, and faculty startup.	Complete		\$ 1,350,000
Allocations	Allocation/Reallocation	Increase institutionally funded scholarships	Complete		\$ 7,579,000

**Knoxville**

<b>Category</b> (Reallocations, Program Realignment, Waivers/Discounts, Tuition Structure, Non-Formula Fees, or Post-Tenure Review)	<b>Action/Strategy: Brief Title</b>	<b>Action/Strategy: Description</b> (one to three sentences)	<b>Status</b>	<b>Sources</b> (added revenue/avoided costs)	<b>Uses</b> (new/expanded programs)
Tuition waivers/discounts	Allocation/Reallocation	Increase graduate student waiver funding	Complete		\$ 2,100,000
Allocations	Allocations	Diversity: investment in compliance training, professional development, and diversity/inclusion education and training.	Complete		\$ 20,000
Allocations	Allocations	Research: sub-award monitoring compliance officer and institutional review board compliance officer.	Complete		\$ 186,000
Allocations	Allocations	Student Life: student conduct investigator, career development employer relations, , post-graduation survey, and disability services note-taking.	Complete		\$ 272,000
Allocations	Allocations	Communications: investments in email marketing system, torchbearer magazine production, and additional website hosting.	Complete		\$ 36,000
Allocations	Allocations	Increase in direct support for development activities.	Complete		\$ 455,500
Allocations	Allocations	Finance/Operations: UT Police information management system and officer funding, compliance, environmental health and safety, and Information Technology hardware and software.	Complete		\$ 349,500
Allocations	Allocations	Academic Affairs: strategic instruction funds, math camp, coaching, QEP plan, advising, honors program, new faculty lines, analytic software, graduate fellowships, and student recruitment.	Complete		\$ 6,267,405
Reallocations	Allocation/Reallocation	Unit reallocations	Underway	TBD	TBD
				\$ 28,662,100	\$ 28,381,605

# Action Plan Progress FY15-16

as of October 31, 2015

Focus Area	Boundary / Action	Status	Target	YTD
CCTA	Should rank within top five of the CCTA performance formula funding rankings annually. <i>Awaiting discussion of how this should be calculated.</i>	Complete	<6	TBD
Tuition	Undergraduate tuition increases should be no more than the previous year's HEPI rate change.	Complete	< HEPI rate chg	3%
Tuition	Graduate tuition increases should be no more than the previous year's HEPI rate change plus 2-3%.	Complete	< HEPI rate chg + 2-3%	5%
Tuition	Mandatory fees should be equal to or less than the peer average. <i>Awaiting on discussion of how this is to be calculated.</i>	Complete	TBD	\$1,758
Differential Tuition	Modified Haslam College of Business to meet needs and changed Architecture course fees to a differential fee.	Complete	various	various
Research	Expenditures should increase 6% annually, based on benchmark of the last five-year avg.	Ongoing	\$ - M	\$ - M
Development	Number of gifts, pledges, and bequests should grow > 15% based on on a benchmark of the last five-year average.	Ongoing	\$152M	\$71.5M

# Action Plan Progress FY15-16

as of October 31, 2015

Focus Area	Boundary / Action	Status	Target	YTD
Allocation/ Reallocation	Develop a two-year plan based upon 6% of the FY15 base, unrestricted E&G budget to address strategic initiatives.	Ongoing	\$35.0M	\$28.4M
Deferred Maintenance	Develop a two-year plan to address deferred maintenance needs.	Ongoing	\$15.75M	\$7.54M
Workforce Development	Another \$10.38m invested in salaries, bringing the five-year total to \$66.4 million. \$850k invested in faculty hires and promotions, \$100k in career ladders, and continued emphasis on employee training and opportunity hires.	Complete	\$11.25M	\$11.33M
Enrollment	Undergraduate in-state enrollment should be greater than 2013-14 levels.	Complete	>21,451	21,863
Enrollment	Out-of-state should no exceed 25% of undergraduate total	Complete	<25%	12%
Programs	Conduct program realignment to assess low performing programs	Ongoing	-	-
Programs	Perform feasibility analysis and develop a plan for program consolidation(s) that will produce cost savings	Ongoing	-	-

### Funding Gap Plans

<b>Campus/Institute:</b>	UT Martin
<b>Last updated:</b>	October 31, 2015
<b>Reallocation Target</b>	\$4,412,700
<b>Reallocation Target for DM</b>	
<b>Current sources</b>	\$ 10,985,639
<b>Current uses</b>	\$ 10,822,004

Category	Action/Strategy: Brief Title	Action/Strategy: Description (one to three sentences)	Status	Sources (added revenue/ avoided costs)	Uses (new/ expanded programs)
Reallocations	Faculty positions	Eliminate positions and redirect to new hires in expanding academic programs.	Complete	\$ 990,106	\$ 474,632
Reallocations	Faculty positions	Redirect funds to campus support.	Complete		\$ 751,309
Reallocations	Student wages	Provide experiential learning and financial assistance to students through student employment. Advertise student positions on the web to recruit. Redistribute funds to equitably provide assistance to departments.	Underway	\$ 147,187	
Reallocations	Operate income-producing units and centers as self-sustaining.	Assign staff benefits and other associated costs to the offsite centers. Redirect funds to campus support.	Complete	\$ 1,595,974	\$ 1,356,691
Reallocations	Incentive Program	Evaluate positions for continuance, elimination, or redesign	Underway	\$ 3,472,076	\$2,472,076
Reallocations	Compensation Gap	Partial funding to close the campus compensation gap	Preliminary		\$500,000
Reallocations	Strategic Marketing	Marketing campaign primarily designed for out of state students	Preliminary		\$500,000
Reallocations	F&A Revenue Redistributions	Reallocate grants and contracts F&A to campus support	Complete	\$ 140,500	\$140,500
Reallocations	Inflationary Grant-in-Aid cost	Address inflationary grant-in-aid costs	Complete	\$ 84,562	\$84,562
Reallocations	Reassign personnel in operations	Reassign positions and support in Finance and Administration, Athletics, and Enrollment Services and Student Engagement	Complete	\$ 155,234	\$155,234
Reallocations	Enrollment incentive	Provide competitive scholarships to recruit dual credit students	Underway	\$ 300,000	
Tuition structure	Enrollment enhancement	Increase retention of dual credit students expecting at least 33% in 2016-17	Underway		\$300,000

### Funding Gap Plans

<b>Campus/Institute:</b>	UT Martin
<b>Last updated:</b>	October 31, 2015
<b>Reallocation Target</b>	\$4,412,700
<b>Reallocation Target for DM</b>	
<b>Current sources</b>	\$ 10,985,639
<b>Current uses</b>	\$ 10,822,004

Category	Action/Strategy: Brief Title	Action/Strategy: Description (one to three sentences)	Status	Sources (added revenue/ avoided costs)	Uses (new/ expanded programs)
Tuition structure	15/4 Tuition Model	Implement 15/4 tuition model to provide resources to recruit and retain students through student advising, scholarships, a robust residential experience, and other initiatives.	Underway	\$ 3,800,000	\$ 3,800,000
Tuition Structure	Competitive Out of State Tuition Rate	Reduce out-of-state tuition to compete with neighboring states; increase out-of-state enrollment 3% per year until reaching a goal of 20-25% of total enrollment.	Underway		
Tuition structure	Extended Campus Operations	Start-up of new Extended Campus location in Fayette County/Somerville. Reallocate support in ECOS operations	Preliminary	\$ 100,000	\$ 100,000
Non-formula fees	Other Revenue	Solicit camps and conference to the UTM campus thru restructuring of fees, training opportunities, and partnerships with industry/government. Increase revenue \$25,000 per year until capacity reached.	Preliminary	\$ 100,000	\$ 97,000
Non-formula fees	Other Revenue	Offer training programs at the various centers to enhance revenue.	Preliminary	\$ 100,000	\$ 90,000
<b>Total</b>				<b>\$ 10,985,639</b>	<b>\$ 10,822,004</b>

## Funding Gap Plans

<b>Campus/Institute:</b>	UTIA
<b>Last updated:</b>	October 23, 2015
<b>Reallocation Target</b>	\$3,812,980
<b>Current sources</b>	\$ 6,542,814
<b>Current uses</b>	\$ 6,542,814

Category	Action/Strategy: Brief Title	Action/Strategy: Description (one to three sentences)	Status	Sources (added revenue/avoided costs)	Uses (new/expanded programs)
Reallocations	1. Incentivized retirement to reallocate salary \$	Incentivized retirement program for staff was initiated 7/1/15.	Underway	\$ 885,317	
Reallocations	2. Strategic analysis of faculty needs to reallocated to highest priorities	Faculty Priorities Committee has been established representing all components of the University of Tennessee Institute of Agriculture. Goal is for departments to prioritize their future faculty hires and seek inter-departmental collaborations in the hiring process.	Underway		\$ 600,000
Reallocations	3. Utilize the Governor's Rural Challenge to identify strategic initiatives.	(1) Partnership developed between Tennessee Department of Agriculture, Tennessee Farmers Cooperative and the University of Tennessee Institute of Agriculture to establish a Beef Heifer ReplaCompariative and Experimental Medicineent Program. (2) Feasibility study underway to investigate the potential for establishing a research and extension program surrounding viticulture/enology. (3) Partnership with TDA on development of a hemp production industry. (4) Development of an agricultural sector/rural community dashboard for economic growth.	Underway		\$ 125,000
Reallocations	4. Retired faculty to coordinate the development for the Youth Livestock program (\$ from retirement savings)	Develop program marketing and represent program to interested patron, with a \$1 million endowment goal to generate funds to support Expo.	Underway	\$ 50,000	\$ 50,000
	5. Scientific equipment and hospital infrastructure	the University of Tennessee Institute of Agriculture administration and campus departments jointly fund scientific equipment that can be used by all the University of Tennessee	Underway		\$ 500,000

## Funding Gap Plans

<b>Campus/Institute:</b>	UTIA
<b>Last updated:</b>	October 23, 2015
<b>Reallocation Target</b>	\$3,812,980
<b>Current sources</b>	\$ 6,542,814
<b>Current uses</b>	\$ 6,542,814

Category	Action/Strategy: Brief Title	Action/Strategy: Description (one to three sentences)	Status	Sources (added revenue/avoided costs)	Uses (new/expanded programs)
	6. Extension's Strategic Planning	Developing new programs, training, approaches, and business models to improve efficiency and excellence of Extension programs.	Underway		\$ 500,000
Reallocations	1. International Program - funded by gifts and grants	Endowments and gifts have provided funding to establish an International Program. The program director has been hired and proposals submitted for additional Federal funding support this office.	Underway	\$ 185,000	\$ 185,000
Reallocations	1. Health Insurance for new county Extension personnel to be partially funded by county governments. This will generate recurring benefit savings to be used to increase mid-career promotions.	Counties are being ask to fund health insurance and related benefits for new hires. As of 06/30/2015, 56 positions currently have funding provided by counties	Underway	\$ 160,160	\$ 160,160
Reallocations	2. Minimum starting salaries will increase to \$9.50 on July 1. This may increase to \$10.10 on July 1, 2016. Source of funding is state funding is state funded salary increases.	In FY16, we allocated \$302,088 toward faculty promotions, board certifications, staff career ladder advancements, and reclassification adjustments. We have to address these new base commitments each year with new recurring income. With no income forthcoming from the state, these commitments are funded via increased student tuition and sometimes clinic revenue. We anticipate a similar commitment in FY17.	Complete		\$ 243,187
Reallocations	3. Self-funded salary increases	Applied to the compensation gap for faculty and staff was identified by comparison without peer institutions.	Underway	\$ 1,281,700	\$ 1,281,700



### Funding Gap Plans

<b>Campus/Institute:</b>	UTIA
<b>Last updated:</b>	October 23, 2015
<b>Reallocation Target</b>	\$3,812,980
<b>Current sources</b>	\$ 6,542,814
<b>Current uses</b>	\$ 6,542,814

4

Category	Action/Strategy: Brief Title	Action/Strategy: Description (one to three sentences)	Status	Sources (added revenue/avoided costs)	Uses (new/expanded programs)
Reallocations	4. Faculty Promotions and Board Certifications. Staff Career Ladder and Reclassifications	In FY16, we allocated \$302,088 toward faculty promotions, board certifications, staff career ladder advancement and Experimental Medicine, and reclassification adjustments. We have to address these new base commitments each year with new recurring income. With no income forthcoming from the state, these commitments are funded via increased student tuition and sometimes clinic revenue. We anticipate a similar commitment in FY17.	Underway	\$ 302,088	\$ 302,088
Reallocations	1. New funding model for supporting field-based activities	Initiated a program where faculty are contributing funds to assist in the conduct of their field based work; generated funds will be made available for new faculty hires in high-impact areas.	Underway	\$ 200,000	\$ 200,000
Reallocations	1. Self-funded deferred maintenance	1. Administration bldg. for Ridley 4-H Center			\$ 1,000,000
		2. Renovations at Central Region Office to enable the development of Urban Agriculture demonstration programs and education -- \$500,000-- fully funded as of 6/30/15	Underway		\$ 500,000
		3. Ongoing program to address deferred maintenance needs at the AgResearch and Education Centers. Two cycles of funding have been completed, third cycle in process.			\$ 745,679

### Funding Gap Plans

<b>Campus/Institute:</b>	UTIA
<b>Last updated:</b>	October 23, 2015
<b>Reallocation Target</b>	\$3,812,980
<b>Current sources</b>	\$ 6,542,814
<b>Current uses</b>	\$ 6,542,814

4

Category	Action/Strategy: Brief Title	Action/Strategy: Description (one to three sentences)	Status	Sources (added revenue/avoided costs)	Uses (new/expanded programs)
	1. Integrative Medicine and Theriogenology <i>{Program Elimination &amp; Reinvestments}</i>	Integrative Medicine program was eliminated. Elimination of positions in Theriogenology Service. Reduction in technician overtime in Small Animal Clinical Sciences.	Complete	\$ 491,755	
Program realignment/consolidation	1. 4-H/Agricultural Leadership, Education and Communications (ALEC) consolidation	4-H and Agricultural Leadership, Education and Communications (ALEC) were consolidated into one department with one administrative leader.	Complete	\$ 200,000	
Program realignment/consolidation	2. Dentistry Service	Plans to provide comprehensive dental service. This is an important training area for our students and an important service area for our client.	Underway	\$ 200,500	
Tuition structure	1. Compariative and Experimental Medicine graduate tuition	Recover existing Compariative and Experimental Medicine graduate tuition to the College.	Underway	\$ 300,000	
Tuition structure	2. Compariative and Experimental Medicine Forensic Odontology Program	The Compariative and Experimental Medicine Forensic Odontology Program is a new graduate program offered by the college. New tuition revenues are expected at \$150K.	Underway	\$ 150,000	
Non-formula fees	1. Review fees for all diagnostic services. Review Camping fees at all 4-H Camps. Establish fee structure for Lone Oaks. Review fees related to UTGardens, and College of Veterinary Medicine Medical Center.	Annual adjustment in fees based upon market/costs	Underway	\$ 150,000	

### Funding Gap Plans

<b>Campus/Institute:</b>	UTIA
<b>Last updated:</b>	October 23, 2015
<b>Reallocation Target</b>	\$3,812,980
<b>Current sources</b>	\$ 6,542,814
<b>Current uses</b>	\$ 6,542,814

4

Category	Action/Strategy: Brief Title	Action/Strategy: Description (one to three sentences)	Status	Sources (added revenue/avoided costs)	Uses (new/expanded programs)
Non-formula fees	Governor's Rural Challenge (Beef)	Heifer Development Project- Private individuals and organizations will bring their heifers to a research and education center. The cattle will be evaluated for superior genetics, traits, and fertility. The goal is to increase the quality and profitability of TN cattle herds by improving stock.	Underway	\$ 150,000	\$ 150,000
Reallocations	Salary savings from vacant positions	When positions become vacant, salary savings are captured at a central level. Funds are reallocated to fund one time expenditures, including but not limited, to deferred maintenance and equipment purchases.	Underway	\$ 1,836,294	
				<b>\$ 6,542,814</b>	<b>\$ 6,542,814</b>

## Funding Gap Plans

<b>Campus/Institute:</b>	IPS
<b>Last updated:</b>	October 26, 2015
<b>Reallocation Target</b>	\$600,000
<b>Current sources</b>	\$665,426
<b>Current uses</b>	\$665,426

4

Category	Action/Strategy: Brief Title	Action/Strategy: Description (one to three sentences)	Status	Sources (added revenue/ avoided costs)	Uses (new/ expanded programs)
Reallocations	Manufacturing Extension Program (MEP)	Enhance the MEP by adding additional Solutions Consultants.	Underway		\$ 227,410
Reallocations	MEP and Center for Industrial Services (CIS)	Required Federal match expense on MEP program was reduced. Also, savings resulted from streamlining CIS operations.	Underway	\$ 227,410	
Reallocations	Implement Certified Public Manager (CPM)	Implement statewide CPM training program.	Underway		\$ 234,433
Non-formula fees	Training Fees	Implement fee structure for CPM training program. The program will be self-sustaining.	Underway	\$ 234,433	
Reallocations	Improve employee compensation	Use appropriation operating improvement to fund a 2% salary pool for improved compensation for employees.	Complete		\$ 203,583
Reallocations	Reallocate operating improvement	Use appropriation operating improvement to fund a 2% salary pool for improved compensation for employees.	Complete	\$ 203,583	
				\$ 665,426	\$ 665,426

### Funding Gap Plans

<b>Campus/Institute:</b>	UT System Administration (UTSA)
<b>Last updated:</b>	November 11, 2015
<b>Reallocation Target</b>	\$2,200,000
<b>Current sources</b>	\$1,760,000
<b>Current uses</b>	\$940,000

Category	Action/Strategy: Brief Title	Action/Strategy: Description (one to three sentences)	Status	Sources (added revenue/ avoided costs)	Uses (new/ expanded programs)
Reallocations	Information Technology (IT) budget reductions	The reorganization of UTSA IT operations resulted in significant efficiencies through position reductions, internal realignments, and reduced operating budgets.	Complete	\$ 650,000	
Reallocations	Unanticipated increase in state funding	State funding for UTSA general operations increased by \$50,000 in FY16. It will support the UTSA reallocation plan.	Complete	\$ 50,000	
Reallocations	Fund Trust Admin function through investment pool	The University's investment operations have historically been funded through the consolidated investment pool (CIP) as an administrative expense. Trust administration has been funded through general university funds. These expenses are now being funded by the CIP, which helped reduce a planned System Charge increase.	Complete	\$ 310,000	
Reallocations	Procurement Card rebates	The university's procurement card program has generated a growing stream of rebates over several years. It has now matured into a reliable source of recurring funds that can be used to fund a portion of the Treasurer's Office settlement functions. This is being used to reduce a planned System Charge increase.	Complete	\$ 750,000	\$ 750,000
Reallocations	IT Security Internal Audit function	Some IT security positions and funding were transferred from UTSA's IT operations to Internal Audit. This was budget-neutral. Further planning indicated the need to provide additional funding to support the IT security audit function.	Complete		\$ 25,000
Reallocations	Capital Projects succession planning	The university is managing an unprecedented volume of capital projects. Several key staff in the Capital Projects office are nearing retirement. Additional funding will be used to hire new architects and engineers early so they can learn from the veteran staff before they retire. This program will be re-evaluated after three years.	Complete		\$ 80,000
Reallocations	New position to manage executive level recruitments	The new position will reduce the need for outside search firms resulting in significant savings that will be realized by the campuses. It will also support an under resourced HR analysis function and UT's business intelligence initiative.	Complete		\$ 85,000
				<b>\$ 1,760,000</b>	<b>\$ 940,000</b>

**Summary of Current Reallocation Plans**

November 17, 2015

4

<b>Campus/Institute</b>	<b>Reallocation Target</b>	<b>Sources</b> (added revenue and/or avoided costs)	<b>Uses</b> (new/expanded programs)
Chattanooga	\$ 8,430,000	\$ 9,783,991	\$ 11,789,769
Knoxville/UTSI	35,000,000	28,662,100	28,381,605
Martin	4,412,700	10,985,639	10,822,004
Health Science Center	14,362,000	2,592,966	2,592,966
Agriculture	3,812,980	6,542,814	6,542,814
Public Service	600,000	665,426	665,426
System Administration	2,200,000	1,760,000	940,000
	<b>\$ 68,817,680</b>	<b>\$ 60,992,936</b>	<b>\$ 61,734,584</b>

## Funding Gap Plans

<b>Campus/Institute:</b>	Chattanooga
<b>Last updated:</b>	November 5, 2015
<b>Reallocation Target</b>	\$ 8,430,000
<b>Current sources</b>	\$ 9,783,991
<b>Current uses</b>	\$ 11,789,769

4

Category	Action/Strategy: Brief Title	Action/Strategy: Description (one to three sentences)	Status	Sources (added revenue/ avoided costs)	Uses (new/ expanded programs)
Reallocations	Institution-wide Budget Rebalancing (4.75% Target)	An Institution-wide budget rebalancing was undertaken during FY 2015 and became effective July 1, 2015. Various positions, programs, operating, and institutional budgets were reduced for reallocation as part of the plan in order to become a more lean and efficient organization.	Complete	\$2,948,339	
Reallocations	Tennessee Promise Enrollment Impact	Tennessee Promise, a last dollar scholarship for Tennesseans attending a state community college, became available in Fall 2015. Although the University experienced an initial negative impact on enrollment, transfer students are anticipated to increase enrollment as students progress through community colleges. The University's enrollment decline was 163 full-time equivalent (FTE) students. In order to maintain both academic and institutional programs in their current state, funds were used from the 4.75% target rebalancing initiative to cover this offset.	Complete		\$1,318,643
Reallocations	UC Foundation Academic Affairs Program Realignments	To allow flexibility in programs and initiatives supported by the University of Chattanooga (UC) Foundation, several longstanding programs were funded through the budget rebalancing process. They include the First Year Experience, EAB Student Success Collaborative, and Graduate Assistantships.	Complete		\$237,854
Reallocations	Compensation Gap	The University continues to focus on closing the compensation gap. In FY 2015 and FY 2016 a number of programs were implemented including an across-the-board increase, market and merit adjustments, faculty and staff promotions, adjusted hourly pay scale minimum, and a bonus program.	Complete		\$3,662,937
Reallocations	Voluntary Retirement Incentive Program	An Institution-wide Voluntary Retirement Incentive Program (VRIP) was approved by the Board of Trustees in February 2015 to provide position flexibility for the University. The University had 82 plan participants who all retired as of June 30, 2015. The position budgets were used to fund the retirement incentives. The vacated positions are now available for departmental reorganizations, realignments, and position elimination, if needed.	Underway	\$6,523,175	\$6,523,175
Reallocations	Voluntary Retirement Incentive Program Restricted Account Payments	The University's Voluntary Retirement Incentive Program (VRIP) had two participants paid from restricted grant funds that wouldn't permit the VRIP payments to be charged to the grants. The payments were covered through the budget rebalancing process.	Complete		\$47,160
Program Realignment	Executive MBA Program Discontinuation	As online education continues to expand, the College of Business reviewed the viability of their traditional Executive MBA program and their online Professional MBA program. It was determined the PMBA program is more attractive to students and is self sustainable financially. Therefore, the EMBA program is being discontinued.	Underway	\$312,477	
<b>TOTALS</b>				<b>\$9,783,991</b>	<b>\$11,789,769</b>

**Funding Gap Plans**

<b>Campus/Institute:</b>	Chattanooga - Capital Only	
<b>Last updated:</b>	November 5, 2015	
<b>Reallocation Target</b>	\$	8,430,000
<b>Current Plans for Funding Sources</b>	\$	-
<b>Current Plans for Funding Uses</b>	\$	16,205,466

<b>Category</b> (Reallocations, Program Realignment, Waivers/Discounts, Tuition Structure, Non-Formula Fees, or Post-Tenure Review)	<b>Action/Strategy: Brief Title</b>	<b>Action/Strategy: Description</b> (one to three sentences)	<b>Status</b>	<b>Sources</b> (added revenue/avoided costs)	<b>Uses</b> (new/expanded programs)
Reallocations - Deferred Maintenance	State Office & Mapp Buildings Capital Improvements	The investment will upgrade the buildings and provide the necessary technology for both classroom, meeting, and office spaces. Bonded debt is included.	Underway		\$5,964,995
Reallocations - Deferred Maintenance	Pedestrian Mall Phase II Capital Improvements	The investment will upgrade and add to the existing pedestrian ways. Bonded debt is included.	Underway		\$3,656,100
Reallocations - Deferred Maintenance	Arena Roof Repairs Capital Improvements	The investment will cap and flash the existing McKenzie Arena roof.	Underway		\$460,000
Reallocations - Deferred Maintenance	New Library Overage Capital Improvements	The investment will fund the overage on the new library project, which was created by fulfilling the auditorium bid alternate. The auditorium provides two much needed auditorium style classrooms.	Underway		\$690,000
Reallocations - Deferred Maintenance	Lighting Upgrades Capital Improvements	The investment will upgrade the University's lighting across campus to be more energy efficient. An initial bonded investment is required, but energy savings is expected to cover the bonded debt payments.	Underway		\$2,700,000
Reallocations - Deferred Maintenance	Fletcher Hall Capital Improvements	The investment will upgrade Fletcher Hall and enhance the existing Student Success Center.	Underway		\$2,200,000
Reallocations - Deferred Maintenance	University Center Capital Improvements	The investment will upgrade and renovate several spaces in the University Center to create a one stop shop for students and enhance the student orientation experience.	Underway		\$247,937
Reallocations - Deferred Maintenance	Arena Capital Improvements	The investment renovated several spaces throughout the Arena complex and added a medical facility to better serve student athletes.	Complete		\$286,434
	<b>TOTALS</b>			<b>\$0</b>	<b>\$16,205,466</b>



### Funding Gap Plans

<b>Campus/Institute:</b>	UTHSC	
<b>Last updated:</b>	November 10, 2015	
<b>Reallocation Target</b>	\$	14,362,000
<b>Current sources</b>	\$	2,592,966
<b>Current uses</b>	\$	2,592,965



Category	Action/Strategy: Brief Title	Action/Strategy: Description (one to three sentences)	Status	Sources (added revenue/ avoided costs)	Uses (new/ expanded programs)
Reallocations	Research Initiatives	Funds are being reallocated to fund new research initiatives in the College of Medicine in Biostatistics, Population Health and Joint Institute at ORNL.	Underway	\$ -	\$ 100,000
Reallocations	Reduce vacant positions in the College of Dentistry	The College of Dentistry will reduce vacant positions to provide the 2% reallocation for Campus projects	Underway	\$ 338,590	\$ -
Reallocations	Reduce operating spending in the College of Graduate Health Sciences	The College of Graduate Health Sciences will reduce operating spending to provide the 3% allocation for Campus projects.	Underway	\$ 44,336	\$ -
Reallocations	Reduce vacant positions and adjust operating spending in the College of Health Professions	The College of Health Professions will reduce vacant positions and reduce operating spending to provide the 2% reallocation for Campus Projects.	Underway	\$ 149,805	\$ -
Reallocations	Reduce vacant positions and adjust operating spending in the College of Medicine	The College of Medicine will reduce vacant positions and reduce operating spending to provide the 2% reallocation for Campus Projects.	Underway	\$ 1,015,371	\$ -
Reallocations	Adjust operating spending in the College of Nursing	The College of Nursing will reduce operating spending to provide the 2% reallocation for Campus Projects.	Underway	\$ 142,385	\$ -
Reallocations	Reduce Vacant Positions and adjust operating spending in the College of Pharmacy	The College of Pharmacy will reduce vacant positions and reallocate spending in order to provide funds to help start the new Nashville Campus instead of receiving Campus funding. The reallocation will be for 2%.	Underway	\$ 278,902	\$ -
Reallocations	Adjust operating spending in the Chancellor's Office	The Chancellor's Office will reduce operating spending to provide the 2% reallocation for Campus Projects.	Underway	\$ 16,113	\$ -
Reallocations	Reduce Vacant Positions and adjust operating spending in the EVC area	The Executive Vice Chancellor area will reduce vacant positions and reduce spending to provide the 2% reallocation for Campus Projects.	Underway	\$ 145,552	\$ -

## Funding Gap Plans

<b>Campus/Institute:</b>		UTHSC
<b>Last updated:</b>		November 10, 2015
<b>Reallocation Target</b>	\$	14,362,000
<b>Current sources</b>	\$	2,592,966
<b>Current uses</b>	\$	2,592,965

Category	Action/Strategy: Brief Title	Action/Strategy: Description (one to three sentences)	Status	Sources (added revenue/ avoided costs)	Uses (new/ expanded programs)
Reallocations	Reduce Vacant Positions and adjust operating spending in the VC AFSA area	The VC Academic, Faculty & Student Affairs area will reduce vacant positions and reduce spending to provide the 2% reallocation for Campus Projects.	Underway	\$ 162,893	\$ -
Reallocations	Adjust operating spending in the VC F&O	The VC Finance & Operations will reduce spending to provide the 2% reallocation for Campus Projects.	Underway	\$ 76,673	\$ -
Reallocations	Reduce Vacant Positions and adjust operating spending in the CIO area	The Chief Information Office area will reduce vacant positions and reduce spending to provide the 2% reallocation for Campus Projects.	Underway	\$ 134,651	\$ -
Reallocations	Adjust Operating spending in the VC Research area	The VC Research area will reduce the operating budget of their Bridge Support fund which supports research activity on Campus.	Underway	\$ 87,695	\$ -
Reallocations	College Realignment	Funds are being reallocated to the College of Pharmacy in order to help with the expansion of the Nashville Campus that is underway.	Underway	\$ -	\$ 278,902
Reallocations	New Program	Funds are being reallocated to the VC AFSA to help with opening the new Simulation Center at UTHSC to provide a more realistic training environment for students.	Complete	\$ -	\$ 275,000
Reallocations	Student Needs	Funds are being reallocated to the VC AFSA to provide scrubs for all our students due to the costs and hardship this can cause.	Complete	\$ -	\$ 100,000
Reallocations	Employee & Student Service	Funds are being reallocated to our Campus General Area to fund a new Daycare initiative at UTHSC. The Daycare would make childcare more convenient and affordable for Employees and Students alike.	Complete	\$ -	\$ 60,000
Reallocations	Employee Raises	Funds are being reallocated to each College and VC Area in order to fund 1.5% of the 3% ATB raise in FY 2016 at UTHSC.	Complete	\$ -	\$ 1,779,063
				\$ 2,592,966	\$ 2,592,965

### Funding Gap Plans

<b>Campus/Institute:</b>	Knoxville	
<b>Last updated:</b>		
<b>Reallocation Target</b>	\$	35,000,000
<b>Current plans for funding sources</b>	\$	28,662,100
<b>Current plans for funding uses</b>	\$	28,381,605

4

<b>Category</b> (Reallocations, Program Realignment, Waivers/Discounts, Tuition Structure, Non-Formula Fees, or Post-Tenure Review)	<b>Action/Strategy: Brief Title</b>	<b>Action/Strategy: Description</b> (one to three sentences)	<b>Status</b>	<b>Sources</b> (added revenue/ avoided costs)	<b>Uses</b> (new/ expanded programs)
Tuition	Tuition increase	UG limited to HEPI rate change; GR limited to UG + 2-3%.	Complete	\$ 19,500,000	
Allocations	Workforce development	Health insurance and 401(k) match allocations funded from state appropriations.	Complete	\$ 926,200	\$ 926,200
Allocations	Appropriations	New state funding	Complete	\$ 5,436,800	
Allocations	Workforce development	Decrease salary gap by providing a 3% salary pool (state funded \$2.8m)	Complete	\$ 2,799,100	\$ 7,530,000
Allocations	Workforce development	Increase career ladder funding for staff	Complete		\$ 100,000
Allocations	Workforce development	Increase fringe benefits funding for faculty and staff and health insurance for graduate students	Complete		\$ 1,210,000
Allocations	Workforce development	Increase funding for academic hires, promotions, and faculty startup.	Complete		\$ 1,350,000
Allocations	Allocation/Reallocation	Increase institutionally funded scholarships	Complete		\$ 7,579,000

**Knoxville**

Category (Reallocations, Program Realignment, Waivers/Discounts, Tuition Structure, Non-Formula Fees, or Post-Tenure Review)	Action/Strategy: Brief Title	Action/Strategy: Description (one to three sentences)	Status	Sources (added revenue/avoided costs)	Uses (new/expanded programs)
Tuition waivers/discounts	Allocation/Reallocation	Increase graduate student waiver funding	Complete		\$ 2,100,000
Allocations	Allocations	Diversity: investment in compliance training, professional development, and diversity/inclusion education and training.	Complete		\$ 20,000
Allocations	Allocations	Research: sub-award monitoring compliance officer and institutional review board compliance officer.	Complete		\$ 186,000
Allocations	Allocations	Student Life: student conduct investigator, career development employer relations, , post-graduation survey, and disability services note-taking.	Complete		\$ 272,000
Allocations	Allocations	Communications: investments in email marketing system, torchbearer magazine production, and additional website hosting.	Complete		\$ 36,000
Allocations	Allocations	Increase in direct support for development activities.	Complete		\$ 455,500
Allocations	Allocations	Finance/Operations: UT Police information management system and officer funding, compliance, environmental health and safety, and Information Technology hardware and software.	Complete		\$ 349,500
Allocations	Allocations	Academic Affairs: strategic instruction funds, math camp, coaching, QEP plan, advising, honors program, new faculty lines, analytic software, graduate fellowships, and student recruitment.	Complete		\$ 6,267,405
Reallocations	Allocation/Reallocation	Unit reallocations	Underway	TBD	TBD
				\$ 28,662,100	\$ 28,381,605

# Action Plan Progress FY15-16

as of October 31, 2015

Focus Area	Boundary / Action	Status	Target	YTD
CCTA	Should rank within top five of the CCTA performance formula funding rankings annually. <i>Awaiting discussion of how this should be calculated.</i>	Complete	<6	TBD
Tuition	Undergraduate tuition increases should be no more than the previous year's HEPI rate change.	Complete	< HEPI rate chg	3%
Tuition	Graduate tuition increases should be no more than the previous year's HEPI rate change plus 2-3%.	Complete	< HEPI rate chg + 2-3%	5%
Tuition	Mandatory fees should be equal to or less than the peer average. <i>Awaiting on discussion of how this is to be calculated.</i>	Complete	TBD	\$1,758
Differential Tuition	Modified Haslam College of Business to meet needs and changed Architecture course fees to a differential fee.	Complete	various	various
Research	Expenditures should increase 6% annually, based on benchmark of the last five-year avg.	Ongoing	\$ - M	\$ - M
Development	Number of gifts, pledges, and bequests should grow > 15% based on on a benchmark of the last five-year average.	Ongoing	\$152M	\$71.5M

# Action Plan Progress FY15-16

as of October 31, 2015

Focus Area	Boundary / Action	Status	Target	YTD
Allocation/ Reallocation	Develop a two-year plan based upon 6% of the FY15 base, unrestricted E&G budget to address strategic initiatives.	Ongoing	\$35.0M	\$28.4M
Deferred Maintenance	Develop a two-year plan to address deferred maintenance needs.	Ongoing	\$15.75M	\$7.54M
Workforce Development	Another \$10.38m invested in salaries, bringing the five-year total to \$66.4 million. \$850k invested in faculty hires and promotions, \$100k in career ladders, and continued emphasis on employee training and opportunity hires.	Complete	\$11.25M	\$11.33M
Enrollment	Undergraduate in-state enrollment should be greater than 2013-14 levels.	Complete	>21,451	21,863
Enrollment	Out-of-state should no exceed 25% of undergraduate total	Complete	<25%	12%
Programs	Conduct program realignment to assess low performing programs	Ongoing	-	-
Programs	Perform feasibility analysis and develop a plan for program consolidation(s) that will produce cost savings	Ongoing	-	-

### Funding Gap Plans

<b>Campus/Institute:</b>	UT Martin
<b>Last updated:</b>	October 31, 2015
<b>Reallocation Target</b>	\$4,412,700
<b>Reallocation Target for DM</b>	
<b>Current sources</b>	\$ 10,985,639
<b>Current uses</b>	\$ 10,822,004

Category	Action/Strategy: Brief Title	Action/Strategy: Description (one to three sentences)	Status	Sources (added revenue/ avoided costs)	Uses (new/ expanded programs)
Reallocations	Faculty positions	Eliminate positions and redirect to new hires in expanding academic programs.	Complete	\$ 990,106	\$ 474,632
Reallocations	Faculty positions	Redirect funds to campus support.	Complete		\$ 751,309
Reallocations	Student wages	Provide experiential learning and financial assistance to students through student employment. Advertise student positions on the web to recruit. Redistribute funds to equitably provide assistance to departments.	Underway	\$ 147,187	
Reallocations	Operate income-producing units and centers as self-sustaining.	Assign staff benefits and other associated costs to the offsite centers. Redirect funds to campus support.	Complete	\$ 1,595,974	\$ 1,356,691
Reallocations	Incentive Program	Evaluate positions for continuance, elimination, or redesign	Underway	\$ 3,472,076	\$2,472,076
Reallocations	Compensation Gap	Partial funding to close the campus compensation gap	Preliminary		\$500,000
Reallocations	Strategic Marketing	Marketing campaign primarily designed for out of state students	Preliminary		\$500,000
Reallocations	F&A Revenue Redistributions	Reallocate grants and contracts F&A to campus support	Complete	\$ 140,500	\$140,500
Reallocations	Inflationary Grant-in-Aid cost	Address inflationary grant-in-aid costs	Complete	\$ 84,562	\$84,562
Reallocations	Reassign personnel in operations	Reassign positions and support in Finance and Administration, Athletics, and Enrollment Services and Student Engagement	Complete	\$ 155,234	\$155,234
Reallocations	Enrollment incentive	Provide competitive scholarships to recruit dual credit students	Underway	\$ 300,000	
Tuition structure	Enrollment enhancement	Increase retention of dual credit students expecting at least 33% in 2016-17	Underway		\$300,000

### Funding Gap Plans

<b>Campus/Institute:</b>	UT Martin
<b>Last updated:</b>	October 31, 2015
<b>Reallocation Target</b>	\$4,412,700
<b>Reallocation Target for DM</b>	
<b>Current sources</b>	\$ 10,985,639
<b>Current uses</b>	\$ 10,822,004

Category	Action/Strategy: Brief Title	Action/Strategy: Description (one to three sentences)	Status	Sources (added revenue/ avoided costs)	Uses (new/ expanded programs)
Tuition structure	15/4 Tuition Model	Implement 15/4 tuition model to provide resources to recruit and retain students through student advising, scholarships, a robust residential experience, and other initiatives.	Underway	\$ 3,800,000	\$ 3,800,000
Tuition Structure	Competitive Out of State Tuition Rate	Reduce out-of-state tuition to compete with neighboring states; increase out-of-state enrollment 3% per year until reaching a goal of 20-25% of total enrollment.	Underway		
Tuition structure	Extended Campus Operations	Start-up of new Extended Campus location in Fayette County/Somerville. Reallocate support in ECOS operations	Preliminary	\$ 100,000	\$ 100,000
Non-formula fees	Other Revenue	Solicit camps and conference to the UTM campus thru restructuring of fees, training opportunities, and partnerships with industry/government. Increase revenue \$25,000 per year until capacity reached.	Preliminary	\$ 100,000	\$ 97,000
Non-formula fees	Other Revenue	Offer training programs at the various centers to enhance revenue.	Preliminary	\$ 100,000	\$ 90,000
<b>Total</b>				<b>\$ 10,985,639</b>	<b>\$ 10,822,004</b>



## Funding Gap Plans

<b>Campus/Institute:</b>	UTIA
<b>Last updated:</b>	October 23, 2015
<b>Reallocation Target</b>	\$3,812,980
<b>Current sources</b>	\$ 6,542,814
<b>Current uses</b>	\$ 6,542,814

Category	Action/Strategy: Brief Title	Action/Strategy: Description (one to three sentences)	Status	Sources (added revenue/avoided costs)	Uses (new/expanded programs)
Reallocations	1. Incentivized retirement to reallocate salary \$	Incentivized retirement program for staff was initiated 7/1/15.	Underway	\$ 885,317	
Reallocations	2. Strategic analysis of faculty needs to reallocated to highest priorities	Faculty Priorities Committee has been established representing all components of the University of Tennessee Institute of Agriculture. Goal is for departments to prioritize their future faculty hires and seek inter-departmental collaborations in the hiring process.	Underway		\$ 600,000
Reallocations	3. Utilize the Governor's Rural Challenge to identify strategic initiatives.	(1) Partnership developed between Tennessee Department of Agriculture, Tennessee Farmers Cooperative and the University of Tennessee Institute of Agriculture to establish a Beef Heifer ReplaCompariative and Experimental Medicineent Program. (2) Feasibility study underway to investigate the potential for establishing a research and extension program surrounding viticulture/enology. (3) Partnership with TDA on development of a hemp production industry. (4) Development of an agricultural sector/rural community dashboard for economic growth.	Underway		\$ 125,000
Reallocations	4. Retired faculty to coordinate the development for the Youth Livestock program (\$ from retirement savings)	Develop program marketing and represent program to interested patron, with a \$1 million endowment goal to generate funds to support Expo.	Underway	\$ 50,000	\$ 50,000
	5. Scientific equipment and hospital infrastructure	the University of Tennessee Institute of Agriculture administration and campus departments jointly fund scientific equipment that can be used by all the University of Tennessee	Underway		\$ 500,000

## Funding Gap Plans

<b>Campus/Institute:</b>	UTIA
<b>Last updated:</b>	October 23, 2015
<b>Reallocation Target</b>	\$3,812,980
<b>Current sources</b>	\$ 6,542,814
<b>Current uses</b>	\$ 6,542,814

Category	Action/Strategy: Brief Title	Action/Strategy: Description (one to three sentences)	Status	Sources (added revenue/avoided costs)	Uses (new/expanded programs)
	6. Extension's Strategic Planning	Developing new programs, training, approaches, and business models to improve efficiency and excellence of Extension programs.	Underway		\$ 500,000
Reallocations	1. International Program - funded by gifts and grants	Endowments and gifts have provided funding to establish an International Program. The program director has been hired and proposals submitted for additional Federal funding support this office.	Underway	\$ 185,000	\$ 185,000
Reallocations	1. Health Insurance for new county Extension personnel to be partially funded by county governments. This will generate recurring benefit savings to be used to increase mid-career promotions.	Counties are being ask to fund health insurance and related benefits for new hires. As of 06/30/2015, 56 positions currently have funding provided by counties	Underway	\$ 160,160	\$ 160,160
Reallocations	2. Minimum starting salaries will increase to \$9.50 on July 1. This may increase to \$10.10 on July 1, 2016. Source of funding is state funding is state funded salary increases.	In FY16, we allocated \$302,088 toward faculty promotions, board certifications, staff career ladder advancements, and reclassification adjustments. We have to address these new base commitments each year with new recurring income. With no income forthcoming from the state, these commitments are funded via increased student tuition and sometimes clinic revenue. We anticipate a similar commitment in FY17.	Complete		\$ 243,187
Reallocations	3. Self-funded salary increases	Applied to the compensation gap for faculty and staff was identified by comparison without peer institutions.	Underway	\$ 1,281,700	\$ 1,281,700

### Funding Gap Plans

<b>Campus/Institute:</b>	UTIA
<b>Last updated:</b>	October 23, 2015
<b>Reallocation Target</b>	\$3,812,980
<b>Current sources</b>	\$ 6,542,814
<b>Current uses</b>	\$ 6,542,814

4

Category	Action/Strategy: Brief Title	Action/Strategy: Description (one to three sentences)	Status	Sources (added revenue/avoided costs)	Uses (new/expanded programs)
Reallocations	4. Faculty Promotions and Board Certifications. Staff Career Ladder and Reclassifications	In FY16, we allocated \$302,088 toward faculty promotions, board certifications, staff career ladder advancement and Experimental Medicine, and reclassification adjustments. We have to address these new base commitments each year with new recurring income. With no income forthcoming from the state, these commitments are funded via increased student tuition and sometimes clinic revenue. We anticipate a similar commitment in FY17.	Underway	\$ 302,088	\$ 302,088
Reallocations	1. New funding model for supporting field-based activities	Initiated a program where faculty are contributing funds to assist in the conduct of their field based work; generated funds will be made available for new faculty hires in high-impact areas.	Underway	\$ 200,000	\$ 200,000
Reallocations	1. Self-funded deferred maintenance	1. Administration bldg. for Ridley 4-H Center			\$ 1,000,000
		2. Renovations at Central Region Office to enable the development of Urban Agriculture demonstration programs and education -- \$500,000-- fully funded as of 6/30/15	Underway		\$ 500,000
		3. Ongoing program to address deferred maintenance needs at the AgResearch and Education Centers. Two cycles of funding have been completed, third cycle in process.			\$ 745,679

### Funding Gap Plans

<b>Campus/Institute:</b>	UTIA
<b>Last updated:</b>	October 23, 2015
<b>Reallocation Target</b>	\$3,812,980
<b>Current sources</b>	\$ 6,542,814
<b>Current uses</b>	\$ 6,542,814

4

Category	Action/Strategy: Brief Title	Action/Strategy: Description (one to three sentences)	Status	Sources (added revenue/avoided costs)	Uses (new/expanded programs)
	1. Integrative Medicine and Theriogenology <i>{Program Elimination &amp; Reinvestments}</i>	Integrative Medicine program was eliminated. Elimination of positions in Theriogenology Service. Reduction in technician overtime in Small Animal Clinical Sciences.	Complete	\$ 491,755	
Program realignment/consolidation	1. 4-H/Agricultural Leadership, Education and Communications (ALEC) consolidation	4-H and Agricultural Leadership, Education and Communications (ALEC) were consolidated into one department with one administrative leader.	Complete	\$ 200,000	
Program realignment/consolidation	2. Dentistry Service	Plans to provide comprehensive dental service. This is an important training area for our students and an important service area for our client.	Underway	\$ 200,500	
Tuition structure	1. Compariative and Experimental Medicine graduate tuition	Recover existing Compariative and Experimental Medicine graduate tuition to the College.	Underway	\$ 300,000	
Tuition structure	2. Compariative and Experimental Medicine Forensic Odontology Program	The Compariative and Experimental Medicine Forensic Odontology Program is a new graduate program offered by the college. New tuition revenues are expected at \$150K.	Underway	\$ 150,000	
Non-formula fees	1. Review fees for all diagnostic services. Review Camping fees at all 4-H Camps. Establish fee structure for Lone Oaks. Review fees related to UTGardens, and College of Veterinary Medicine Medical Center.	Annual adjustment in fees based upon market/costs	Underway	\$ 150,000	

### Funding Gap Plans

<b>Campus/Institute:</b>	UTIA
<b>Last updated:</b>	October 23, 2015
<b>Reallocation Target</b>	\$3,812,980
<b>Current sources</b>	\$ 6,542,814
<b>Current uses</b>	\$ 6,542,814

4

Category	Action/Strategy: Brief Title	Action/Strategy: Description (one to three sentences)	Status	Sources (added revenue/avoided costs)	Uses (new/expanded programs)
Non-formula fees	Governor's Rural Challenge (Beef)	Heifer Development Project- Private individuals and organizations will bring their heifers to a research and education center. The cattle will be evaluated for superior genetics, traits, and fertility. The goal is to increase the quality and profitability of TN cattle herds by improving stock.	Underway	\$ 150,000	\$ 150,000
Reallocations	Salary savings from vacant positions	When positions become vacant, salary savings are captured at a central level. Funds are reallocated to fund one time expenditures, including but not limited, to deferred maintenance and equipment purchases.	Underway	\$ 1,836,294	
				<b>\$ 6,542,814</b>	<b>\$ 6,542,814</b>

## Funding Gap Plans

<b>Campus/Institute:</b>	IPS
<b>Last updated:</b>	October 26, 2015
<b>Reallocation Target</b>	\$600,000
<b>Current sources</b>	\$665,426
<b>Current uses</b>	\$665,426

Category	Action/Strategy: Brief Title	Action/Strategy: Description (one to three sentences)	Status	Sources (added revenue/ avoided costs)	Uses (new/ expanded programs)
Reallocations	Manufacturing Extension Program (MEP)	Enhance the MEP by adding additional Solutions Consultants.	Underway		\$ 227,410
Reallocations	MEP and Center for Industrial Services (CIS)	Required Federal match expense on MEP program was reduced. Also, savings resulted from streamlining CIS operations.	Underway	\$ 227,410	
Reallocations	Implement Certified Public Manager (CPM)	Implement statewide CPM training program.	Underway		\$ 234,433
Non-formula fees	Training Fees	Implement fee structure for CPM training program. The program will be self-sustaining.	Underway	\$ 234,433	
Reallocations	Improve employee compensation	Use appropriation operating improvement to fund a 2% salary pool for improved compensation for employees.	Complete		\$ 203,583
Reallocations	Reallocate operating improvement	Use appropriation operating improvement to fund a 2% salary pool for improved compensation for employees.	Complete	\$ 203,583	
				\$ 665,426	\$ 665,426

### Funding Gap Plans

<b>Campus/Institute:</b>	UT System Administration (UTSA)
<b>Last updated:</b>	November 11, 2015
<b>Reallocation Target</b>	\$2,200,000
<b>Current sources</b>	\$1,760,000
<b>Current uses</b>	\$940,000

Category	Action/Strategy: Brief Title	Action/Strategy: Description (one to three sentences)	Status	Sources (added revenue/ avoided costs)	Uses (new/ expanded programs)
Reallocations	Information Technology (IT) budget reductions	The reorganization of UTSA IT operations resulted in significant efficiencies through position reductions, internal realignments, and reduced operating budgets.	Complete	\$ 650,000	
Reallocations	Unanticipated increase in state funding	State funding for UTSA general operations increased by \$50,000 in FY16. It will support the UTSA reallocation plan.	Complete	\$ 50,000	
Reallocations	Fund Trust Admin function through investment pool	The University's investment operations have historically been funded through the consolidated investment pool (CIP) as an administrative expense. Trust administration has been funded through general university funds. These expenses are now being funded by the CIP, which helped reduce a planned System Charge increase.	Complete	\$ 310,000	
Reallocations	Procurement Card rebates	The university's procurement card program has generated a growing stream of rebates over several years. It has now matured into a reliable source of recurring funds that can be used to fund a portion of the Treasurer's Office settlement functions. This is being used to reduce a planned System Charge increase.	Complete	\$ 750,000	\$ 750,000
Reallocations	IT Security Internal Audit function	Some IT security positions and funding were transferred from UTSA's IT operations to Internal Audit. This was budget-neutral. Further planning indicated the need to provide additional funding to support the IT security audit function.	Complete		\$ 25,000
Reallocations	Capital Projects succession planning	The university is managing an unprecedented volume of capital projects. Several key staff in the Capital Projects office are nearing retirement. Additional funding will be used to hire new architects and engineers early so they can learn from the veteran staff before they retire. This program will be re-evaluated after three years.	Complete		\$ 80,000
Reallocations	New position to manage executive level recruitments	The new position will reduce the need for outside search firms resulting in significant savings that will be realized by the campuses. It will also support an under resourced HR analysis function and UT's business intelligence initiative.	Complete		\$ 85,000
				<b>\$ 1,760,000</b>	<b>\$ 940,000</b>

# CY2015 Presidential Performance Review (Constituency)

*CY2015 Presidential Performance Review*

May 23rd 2016, 5:54 am EDT

## Q2 - Leadership and Administration

### Constituency Survey

Question	Strongly Disagree (1)	Disagree (2)	Agree (3)	Strongly Agree (4)	Not Able to Assess (N/A)	Total					
Provides visionary leadership	0.00%	0	0.00%	0	18.18%	4	81.82%	18	0.00%	0	22
Articulates strategic long-term goals for The University of Tennessee System	0.00%	0	0.00%	0	18.18%	4	81.82%	18	0.00%	0	22
Has a clear understanding of financial and budgetary issues	0.00%	0	0.00%	0	13.64%	3	86.36%	19	0.00%	0	22
Effective decision maker	0.00%	0	0.00%	0	31.82%	7	63.64%	14	4.55%	1	22
Effective team builder	0.00%	0	4.55%	1	27.27%	6	45.45%	10	22.73%	5	22
Effective in resolving conflict	0.00%	0	4.55%	1	31.82%	7	36.36%	8	27.27%	6	22
Accessible and open to views of others	0.00%	0	0.00%	0	27.27%	6	68.18%	15	4.55%	1	22
Has recruited outstanding members of the senior administrative staff	0.00%	0	4.55%	1	27.27%	6	54.55%	12	13.64%	3	22
Demonstrates integrity	0.00%	0	0.00%	0	4.55%	1	95.45%	21	0.00%	0	22
Perceived as fair and reasonable	0.00%	0	4.55%	1	13.64%	3	81.82%	18	0.00%	0	22
Establishes and maintains productive relationships on behalf of the University with the state legislature, state officials, the Tennessee congressional delegation, federal agencies, and the community at large	0.00%	0	4.55%	1	40.91%	9	50.00%	11	4.55%	1	22



Exhibits an understanding of the value of diversity, intercultural education, collegiality, and collaboration	0.00%	0	0.00%	0	22.73%	5	68.18%	15	9.09%	2	22
Is an effective spokesperson for public higher education in Tennessee	0.00%	0	9.09%	2	4.55%	1	81.82%	18	4.55%	1	22

**Q3 - Students**

Question	Strongly Disagree (1)	Disagree (2)	Agree (3)	Strongly Agree (4)	Not Able to Assess (N/A)	Total
Is genuinely concerned with student issues	0.00% 0	4.55% 1	18.18% 4	68.18% 15	9.09% 2	22
Is accessible to student leadership	0.00% 0	13.64% 3	4.55% 1	40.91% 9	40.91% 9	22
Is open to student input and recommendations	0.00% 0	4.55% 1	4.55% 1	50.00% 11	40.91% 9	22

### Q4 - Faculty

Question	Strongly Disagree (1)		Disagree (2)		Agree (3)		Strongly Agree (4)		Not Able to Assess (N/A)		Total
Is genuinely concerned with faculty issues	0.00%	0	0.00%	0	18.18%	4	59.09%	13	22.73%	5	22
Is accessible to faculty leadership	0.00%	0	0.00%	0	9.09%	2	50.00%	11	40.91%	9	22
Is supportive of the principle of shared governance	0.00%	0	0.00%	0	13.64%	3	54.55%	12	31.82%	7	22
Considers faculty input in making important decisions	0.00%	0	4.55%	1	27.27%	6	36.36%	8	31.82%	7	22

**Q5 - Staff**

Question	Strongly Disagree (1)	Disagree (2)	Agree (3)	Strongly Agree (4)	Not Able to Assess (N/A)	Total
Is genuinely concerned with staff issues	0.00% 0	4.55% 1	27.27% 6	45.45% 10	22.73% 5	22
Is accessible to staff leadership	0.00% 0	0.00% 0	18.18% 4	50.00% 11	31.82% 7	22
Considers staff input in making important decisions	0.00% 0	4.55% 1	9.09% 2	50.00% 11	36.36% 8	22
Understands the importance of staff in achieving the University's mission	0.00% 0	0.00% 0	9.09% 2	68.18% 15	22.73% 5	22
Promotes the recruitment, development, and retention of excellent staff at all levels	0.00% 0	0.00% 0	18.18% 4	54.55% 12	27.27% 6	22

**Q6 - Alumni and Donors - Effectively engages local, state, and national alumni in advancing the mission of the University**

Question	Strongly Disagree (1)		Disagree (2)		Agree (3)		Strongly Agree (4)		Not Able to Assess (N/A)		Total
Effectively engages local, state, and national alumni in advancing the mission of the University	0.00%	0	0.00%	0	4.76%	1	52.38%	11	42.86%	9	21
Devotes sufficient time and energy to alumni programs	0.00%	0	0.00%	0	14.29%	3	28.57%	6	57.14%	12	21
Provides effective leadership for the University's development efforts (fund raising and friend raising)	0.00%	0	4.76%	1	9.52%	2	47.62%	10	38.10%	8	21
Devotes sufficient time and energy to development efforts	0.00%	0	0.00%	0	9.52%	2	47.62%	10	42.86%	9	21

### Q7 - University System

Question	Strongly Disagree (1)		Disagree (2)		Agree (3)		Strongly Agree (4)		Not Able to Assess (N/A)		Total
Is committed to aligned strategic planning	0.00%	0	0.00%	0	33.33%	7	66.67%	14	0.00%	0	21
Understands the relationship and roles of the campuses/institutes and the University system	0.00%	0	0.00%	0	19.05%	4	80.95%	17	0.00%	0	21
Respects the distinct mission of each campus and institute and treats them fairly	0.00%	0	4.76%	1	19.05%	4	71.43%	15	4.76%	1	21
Supports research as a priority appropriate to the mission of each campus and institute	0.00%	0	0.00%	0	14.29%	3	71.43%	15	14.29%	3	21
Supports outreach, engagement, and service programs	0.00%	0	0.00%	0	9.52%	2	80.95%	17	9.52%	2	21

**Q8 - Overall: President DiPietro's overall performance during Calendar Year 2015 exceeded expectations:**

Answer	%	Count
Strongly Disagree (1)	0.00%	0
Disagree (2)	0.00%	0
Agree (3)	42.86%	9
Strongly Agree (4)	57.14%	12
Not Able to Assess (N/A)	0.00%	0
Total	100%	21

**Q10 - Is the President failing to devote sufficient attention to any major issues or priorities? If so, please explain.**

Q10 - Is the President failing to devote sufficient attention to any major issues...

Is the President failing to devote sufficient attention to any major issues or priorities? If so, please explain.

---

No. He has a firm grasp, understanding, and devotion to all major issues.

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This may be more of a campus level issue but the decline in retention rates.

---

The president's continued devotion to diversity issues is lauded. I am in love with the UT Advocacy program--that is an excellent way to garner support for university issues and use the alumni and donor body to do it.

---

I do not believe UT has effectively engaged in issues management. Statements from the president are often ambiguous and a bit late to be effective.

---

Not that I am aware of.



## Q11 - What advice would you offer the President to sustain or improve his relationship with your constituency?

What advice would you offer the President to sustain or improve his relationship with your constituency?

What advice would you offer the President to sustain or improve his relationship with your constituency?

---

Continue to respect and advance shared governance.

---

Keep up the good work!

---

Talking about how he will approach Diversity Issues in the future. And how to articulate to students that you care about it.

---

The University must operate within a business environment and apply many of the same principles and practices. However, if the University becomes fully a business, where the bottom line becomes job one, rather than an academy nurturing its students' development while prudently using applicable business principles, it will be the students who first suffer the loss of the academic environment followed thereafter by the University itself and ultimately the State of Tennessee. There are elements of business and the academy that are mutually exclusive. The challenge is and will increasingly be to recognize the applicability of each one to an academic environment.

---

Appreciate and encourage Dr. DiPietro's continued engagement programs with alumni, parents, and communities across the state.

---

Just make sure to keep staff up to date on items that concern them and their jobs at the University.

---

My only concern is his and Dr. Cheek's performance when testifying to the TN Legislature regarding the office of Diversity. They both should watch how the Board of Regents approached the same task.

---

Many employees feel they have been left in the dark with regard to back-room conversations about outsourcing. They felt that Dave Irvin's interview was the first time the truth had been told publicly by those who are informed, and they were disappointed in the president's response to that interview. It must be incredibly difficult to have to walk on egg shells around the governor because he is the giver of funds, but at the same time, many employees want to have their senior leadership stand up for them against what is being seen as a growing government good ole boy system.

---

Remain accessible and open to suggestion and input.

### Q12 - What other information would you like to share regarding the President's performance?

What other information would you like to share regarding the President's performance?

What other information would you like to share regarding the President's performance?

---

It was a very rough year, but the President did a good, but not entirely successful job protecting the university's interests.

---

President DiPietro is an excellent University President and an asset to our system.

---

I think he did a great job during a year that was very challenging. I definitely had my disagreements with some things that happened but overall I respect him and the position he is in.

---

I am able to interact with Joe DiPietro multiple times a year and he is always thoughtful and courteous and willing to listen to what you have to say.

---

Very happy to have a President that supports each campus and their own identity. Listens to concerns raised by all and addresses them directly.

---

I appreciate how Dr D makes himself available to everyone! He does listen to us and tries to make our University a better place!

---

Keep him on the job.

THE UNIVERSITY OF TENNESSEE  
BOARD OF TRUSTEES

ACTION ITEM

DATE: June 23, 2016

COMMITTEE: Executive and Compensation

ITEM: **FY 2016-17 Performance Incentive Payment Plan for University Officers**

PRESENTED BY: Raja J. Jubran, Vice Chair of the Board/Committee Chair

5

When the Board approved a new performance-based incentive plan for University Officers in October 2015, based on annual goals rather than three-year goals, Trustees expressed interest in adding a retention component to the plan in the future. The Executive and Compensation Committee discussed various ways to accomplish that objective at its meeting on May 9, 2016. Based on that discussion, the FY 2016-17 Performance Incentive Payment Plan for University Officers (Tab 3.1) was presented for the Committee's final consideration.

The retention component of the Plan involves paying a Board-approved incentive payment in three installments according to the following schedule:

1. One-third shall be paid within thirty (30) days of Board action approving the payment;
2. One-third shall be paid one (1) year after Board action approving the payment; and
3. One-third shall be paid two (2) years after Board action approving the payment.

The Plan includes two circumstances in which a Board-approved payment would be accelerated:

1. Termination of the University Officer's employment for medical reasons or by reason of death; and
2. Payment to an interim appointee who assumes a University Officer's position during the performance period due to termination of employment for medical reasons or by reason of death.

The Plan also allows for acceleration of a Board-approved payment if the Board, in its sole discretion, determines it is in the University's best interest to accelerate payment of part or all of a Board-approved incentive payment if the Participant satisfies one of the following criteria:

1. The Participant is sixty (60) years of age or older and has five (5) or more years of full-time equivalent service with the University; or
2. The Participant, regardless of age, has 30 years or more of full-time equivalent service with the University.

As contemplated by the Plan, the Vice Chair is recommending quantitative and other goals for the President for FY 2016-17, and the President is recommending quantitative and/or other FY 2016-17 goals for the other University Officers. The proposed goals appear in the meeting materials at Tab 3.2.

Approval of the FY 2016-17 Plan requires simultaneous termination of the plan adopted in October 2015, except the provisions of that plan concerning payment of a Board-approved payment for FY 2015-16 will remain in effect until payment has been made. This includes any increase or decrease in a Board-approved payment for FY 2015-16 based on the audited recalculation of scores and payment amounts after final data is available for performance that may only be estimated at the time of Board action to approve a payment.

At its meeting on June 22, 2016, the Executive and Compensation Committee recommended adoption of the Resolution approving the FY 2016-17 Performance Incentive Payment Plan and the proposed FY 2016-17 performance goals.

**MOTION: On the recommendation of the Executive and Compensation Committee, I move adoption of the following Resolution by the Board of Trustees:**

**RESOLVED:**

- 1. The FY 2016-17 Performance Incentive Payment Plan for University Officers is approved; and**
- 2. The proposed FY 2016-17 Performance Goals are approved, subject to the requirement that the base-year data used to establish the goals shall be audited by the University's Office of Audit and Compliance, and any revisions to the base-year data or goals resulting from the audit shall be submitted to the Executive and Compensation Committee for approval; and**
- 3. The Executive and Compensation Committee is authorized to act on behalf of the Board to approve revisions to the base-year data or goals resulting from the audit or as otherwise deemed necessary in the judgment of the Committee, provided that any revisions shall be presented to the Board for ratification at the next regular meeting following the Committee's approval; and**
- 4. The Performance-Based Variable Compensation Plan adopted on October 9, 2015 is terminated, provided that provisions concerning payment of a Board-approved payment for FY 2015-16 shall remain in effect until the payment has been made, including any increase or decrease in the Board-approved payment based on the audited recalculation of scores and payment amounts after final data is available for performance that may only be estimated at the time of Board action to approve a payment.**

## The University of Tennessee

### Performance Incentive Payment Plan for University Officers

#### Effective for the FY 2016-17 Performance Period

5.1

#### I. Objectives of the Plan

The objectives of the Performance Incentive Payment Plan for University Officers (Plan) are to:

- Motivate and reward achievement of performance goals aligned with the UT System Strategic Plan, 2012-2017, and the President's Budget Advisory Group Initiatives; and
- Enhance the University's ability to attract and retain outstanding executive officers and other senior officers by providing competitive compensation.

#### II. Eligibility to Participate

- A. The University Officers as defined in the Bylaws of the University shall be eligible to participate in the Plan (hereinafter sometimes referred to individually as "Participant" and collectively as "Participants"); provided, however, that (1) the positions of Secretary and Treasurer shall be eligible to participate in the Plan only when held concurrently by another elected University Officer; and (2) any University Officer who is participating in another performance incentive payment plan will not be eligible for participation in the Plan.
- B. A person newly hired or promoted into a University Officer position will be eligible for participation in any Board-approved performance incentive payment plan in effect as of July 1 of the year following the date of hire or promotion.

#### III. Performance Period and Performance Goals

- A. The performance period under the Plan is one fiscal year (July 1, 2016 through June 30, 2017).
- B. Performance goals shall be aspirational but realistic and shall include quantitative and/or non-quantitative goals that are clearly defined and readily evaluated.
- C. The President shall propose performance goals for the other Participants and solicit their comments on the proposed goals. After considering the Participants' comments, the President shall submit proposed performance goals for the other Participants to the Vice Chair of the Board of Trustees for review.
- D. The Vice Chair shall propose performance goals for the President and meet with the President to discuss the proposed goals for the President and other Participants.
- E. The Vice Chair shall prepare a recommendation concerning proposed goals for the President and other Participants and a weight for each goal. The Committee will approve or modify the proposed goals and weights.
- F. Proposed performance goals and their weights, as approved or modified by the Executive and Compensation Committee, will be forwarded to the Board of Trustees for final action.

- G. Base-year data used to establish the performance goals shall be audited by the University's Office of Audit and Compliance. Any revision of the base-year data and goals resulting from the audit shall be submitted to the Executive and Compensation Committee for approval.

#### IV. Methodology for Calculating the Incentive Payment

Prior to the end of the performance period, the Vice Chair shall recommend to the Executive and Compensation Committee a methodology for calculating the variable compensation payment for that performance period. The methodology approved by the Committee shall be submitted to the Board of Trustees for final action.

#### V. Maximum Incentive Payment

- A. Based on the President's performance each year with respect to the performance goals approved by the Board of Trustees, the President shall be considered for a lump-sum incentive payment of up to twenty-five percent (25%) of the President's base salary.
- B. Based on the other Participants' performance each year with respect to the performance goals approved by the Board of Trustees, the other Participants shall be considered for a lump-sum incentive payment of up to fifteen percent (15%) of the Participant's base salary.
- C. No part of an incentive payment will vest in any Participant prior to the date on which payment is to be made in accordance with the provisions of Section VII of this Plan.

#### VI. Evaluation of Participant's Performance

- A. No later than November 1 of each year, the President will submit to the Vice Chair, and the other Participants will submit to the President, a self-evaluation of his/her performance with respect to the approved performance goals for the performance period (the previous fiscal year).
- B. The Vice Chair or President, as applicable, will prepare a written recommendation to the Executive and Compensation Committee concerning the Participant's performance with respect to the performance goals, including a recommendation as to whether an incentive payment should be made to the Participant; provided, however, that if an allegation of gross misconduct, as defined by University Human Resources Policy (HR0525), or other violation of the University Code of Conduct (HR0580) is pending against a Participant, the Vice Chair or President shall not make a recommendation to the Executive and Compensation Committee unless the allegation is resolved in the Participant's favor.
- C. The University's Office of Audit and Compliance shall review the performance data and the calculation of recommended incentive payments prior to submission of the recommendations of the Vice Chair and President to the Executive and Compensation Committee.

#### VII. Incentive Payments

- A. The Executive and Compensation Committee will approve or modify the recommendation of the Vice Chair or President, as applicable, concerning the Participant's performance and whether the Participant should receive an incentive payment; provided, however, that if an allegation of gross misconduct, as defined by University Human Resources Policy (HR0525), or other violation of the University Code of Conduct (HR0580) is made against a Participant subsequent to the

recommendation of the Vice Chair or President, the Executive and Compensation Committee shall not act on the recommendation of the Vice Chair or President unless the allegation is resolved in the Participant's favor.

- 5.1**
- B. The Executive and Compensation Committee will forward its recommendation to the Board of Trustees. If an allegation of gross misconduct, as defined by University Human Resources Policy (HR0525), or other violation of the University Code of Conduct (HR0580) is made against a Participant subsequent to the recommendation of the Executive and Compensation, the Board of Trustees shall not act on the recommendation unless the allegation is resolved in the Participant's favor.
  - C. The Board of Trustees may determine that no incentive payments will be made, regardless of individual performance with respect to the approved goals, due to financial or other circumstances the Board, in its sole discretion, deems to warrant suspension of payments.
  - D. An incentive payment approved by the Board of Trustees will be paid to the Participant in three installments according to the schedule provided in paragraph E., subject to the following conditions:
    - 1. Payment will be made only if the Participant was employed in active service as a University Officer from the first day through the last day of the performance period (one fiscal year, July 1 through June 30) and remains in active service as a University Officer on the date a payment is to be made; and
    - 2. If an allegation of gross misconduct, as defined by University Human Resources Policy (HR0525), or other violation of the University Code of Conduct (HR0580) is made against a Participant subsequent to the Board's action to approve an incentive payment, the no payment shall not be made unless the allegation is resolved in the Participant's favor.
  - E. Except as provided in paragraphs F. and G., an incentive payment approved by the Board of Trustees shall be paid to the Participant in three installments according to the following schedule:
    - 1. One-third shall be paid within thirty (30) days of Board action approving the payment;
    - 2. One-third shall be paid one (1) year after Board action approving the payment; and
    - 3. One-third shall be paid two (2) years after Board action approving the payment.
  - F. Notwithstanding the provisions of paragraph D.(1), if after six months of the performance period (i.e., after December 31, 2016) but before the end of the performance period, a Participant terminates employment (1) for medical reasons upon the duly documented recommendation of a physician or (2) by reason of death, the Participant will be eligible for an incentive payment calculated on a pro rata basis from the first day of the performance period through the date of termination. Determination of the amount of any pro rata payment shall be made after the entire performance period has ended and in accordance with the process provided in Sections VI and VII, except that a self-evaluation by the Participant will not be required. In the case of termination of employment for medical reasons or by reason of death, a Board-approved incentive payment will be paid to the Participant within thirty (30) days of Board approval or to the executor or administrator of the Participant's estate within thirty (30) days of the date on which satisfactory proof of letters testamentary or letters of administration issued by a court of competent jurisdiction is provided to the University.

- G. If a Participant terminates employment with the University for medical reasons or by reason of death prior to the end of a performance period, the person appointed to serve in the vacated University Officer position on an interim basis shall be eligible for an incentive payment calculated on a pro rata basis from the first day of service in the interim appointment through the end of the performance period, as long as he or she remains in active service in the interim appointment through the end of the performance period. Determination of the amount of any pro rata payment shall be made after the entire performance period has ended and in accordance with the process provided in Sections VI and VII. Payment of the Board-approved incentive payment shall be made within thirty (30) days of the Board's action approving the payment; provided, however, that if an allegation of gross misconduct, as defined by University Human Resources Policy (HR0525), or other violation of the University Code of Conduct (HR0580) is made against a Participant subsequent to the Board's action, payment shall not be made unless the allegation is resolved in the Participant's favor.
- H. Notwithstanding the provisions of paragraph D.(1), if a Participant's employment terminates by reason of his or her death after the performance period has ended but before a Board-approved incentive payment has been paid to the Participant, the payment will be paid to the executor or administrator of the Participant's estate within thirty (30) days of the date on which satisfactory proof of letters testamentary or letters of administration issued by a court of competent jurisdiction is provided to the University.
- I. Except as provided in paragraphs F., G., and H., if a Participant's service as a University Officer terminates, voluntarily or involuntarily, prior to the date on which a Board-approved incentive payment is to be paid, the Participant shall forfeit the payment in its entirety and shall not receive any portion of the payment unless the Board, in its sole discretion, determines that it is in the University's best interest to accelerate payment of part or all of a Board-approved incentive payment if the Participant satisfies one of the following criteria:
1. The Participant is sixty (60) years of age or older and has five (5) or more years of full-time equivalent service with the University; or
  2. The Participant, regardless of age, has 30 years or more of full-time equivalent service with the University.
- J. Funding of the Plan
- Funding for all incentive payments under the Plan will be the responsibility of the respective campus or system budgetary unit.
- K. Amendment, Suspension, and Termination of the Plan
- The Board of Trustees reserves the right to amend, suspend, or terminate the Plan at any time.
- L. General Provisions
1. If a Participant receives an unsatisfactory rating in any annual performance review, his/her participation in the Plan will terminate automatically, and the Participant will not receive any payment under the Plan.



2. Neither the Plan nor any payment under the Plan shall be construed to confer any right to continued employment with The University of Tennessee. All Participants serve at the pleasure of the Board of Trustees, subject to the terms of any written contract of employment.
3. Neither the Plan nor any payment under the Plan shall be construed to create a trust or to create in any Participant, or in his/her personal representative or beneficiary, a security interest or other interest in any assets of The University of Tennessee.
4. All payments under the Plan are subject to all reporting, deductions, and withholdings required by applicable law or University policy, as amended, enacted, or adopted from time to time, including but not limited to deduction for debts owed to the University.
5. Under no circumstances will any payment be made under the Plan later than two and a half months after the end of the calendar year in which the Board of Trustees decides to make a payment.
6. Participants will bear sole responsibility for any and all direct or indirect tax consequences of payments under the Plan. The University makes no representations as to the tax treatment of payments under the Plan, and Participants are responsible for seeking advice as to the tax consequences of the Plan from their personal tax advisors.
7. To the extent any part of the Plan fails to comply with any applicable state or federal law or regulation, that part of the Plan shall not be effective.
8. This Plan shall be effective for the FY 2016-17 performance period. The provisions of the Plan approved by the Board of Trustees on October 9, 2015 shall continue to govern the FY 2015-16 performance period.

## FY2016-17 Quantitative Goals Under the Performance Incentive Payment Plan for University Officers

Red are BAG metrics

Strategic Plan metrics

Base Yr

Revised Goal

Weight

All data subject to final audit

Recommended Goal for FY17 in dark green

### 1. Enhancing Educational Excellence

(3) Annual goal setting will be done for growth in enrollment

Fall Headcount, Undergraduate	Fall 15	Goal (Fall 16)	% Incr	Weight	Fall 11	Fall 12	Fall 13	Fall 14	Fall 15	Fall 16	Goal (Fall 17)
System	38,647	39,535	2.3%	High	38,605	38,401	38,504	38,656	38,647		1% incr above Fall 16
UTK	21,863	22,366	2.3%	High	21,126	20,829	21,033	21,451	21,863		1% incr above Fall 16
UTC	10,084	10,315	2.3%	High	9,891	10,159	10,297	10,315	10,084		1% incr above Fall 16
UTM	6,435	6,583	2.3%	High	7,500	7,326	7,025	6,677	6,435		1% incr above Fall 16
UTHSC	265	271	2.3%	Normal	88	87	149	213	265		1% incr above Fall 16

Fall Headcount, Graduate/ Professional	Fall 15	Goal (Fall 16)	% Incr	Weight	Fall 11	Fall 12	Fall 13	Fall 14	Fall 15	Fall 16	Goal (Fall 17)
System	10,489	10,695	2.0%	High	10,940	10,843	10,623	10,442	10,489		1% incr above Fall 16
UTK	5,982	6,101	2.0%	High	6,253	6,189	6,138	5,959	5,982		1% incr above Fall 16
UTC	1,304	1,355	3.9%	Intermed.	1,547	1,501	1,377	1,355	1,304		1% incr above Fall 16
UTM	392	400	2.0%	Normal	413	425	398	365	392		1% incr above Fall 16
UTHSC	2,811	2,839	1.0%	High	2,727	2,728	2,710	2,763	2,811		1% incr above Fall 16

Graduation Rates	Fall 15	Goal (Fall 16)	% Incr	Weight	Fall 11	Fall 12	Fall 13	Fall 14	Fall 15	Est. Fall 16	Goal (Fall 17)	Est. FY17 Goal
System	56.9%	58.6%	3.0%	High	56.3%	56.3%	56.1%	57.3%	58.2%	59.10%	1% incr above Fall 16	60.10%
UTK	70.3%	70.5%	0.2%	High	63.2%	66.1%	67.5%	69.3%	70.3%	69.5%	1% incr above Fall 16	70.5%
UTC	43.6%	45.1%	1.5%	High	39.5%	38.2%	37.1%	39.8%	43.6%	45.2%	1% incr above Fall 16	46.2%
UTM	45.7%	49.0%	7.2%	High	49.6%	48.9%	46.6%	47.0%	45.7%	50.0%	1% incr above Fall 16	51.0%
UTHSC	96.1%	96.1%	0.0%	Normal	NA	96.6%	94.8%	95.5%	96.1%	96.0%	>5-year average	95.8%

Freshman Retention	Fall 15	Goal (Fall 16)	% Incr	Weight	Fall 11	Fall 12	Fall 13	Fall 14	Fall 15	Fall 16	Goal (Fall 17)
System	79.6%	82.1%	3.1%	High	78.2%	77.4%	78.1%	79.3%	79.6%		.5% incr above Fall 16
UTK	84.6%	87.5%	3.4%	High	84.5%	84.6%	85.6%	86.6%	84.6%		.5% incr above Fall 16
UTC	71.4%	72.8%	2.0%	High	69.3%	67.4%	69.1%	70.0%	71.4%		.5% incr above Fall 16
UTM	74.5%	76.0%	2.0%	High	73.1%	70.7%	69.9%	70.8%	74.5%		.5% incr above Fall 16

Total Degrees Awarded	FY15	FY16 Goal	% Incr	Weight	FY11	FY12	FY13	FY14	FY15	Est. FY16	Goal (Fall 17)	Est. FY17 Goal
System	11,698	11,897	1.7%	High	10,330	11,058	11,182	11,152	11,698	12,479	1% incr above FY 16	12,604
UTK (includes Vet Med & CASNR)	6,758	6,865	1.6%	High	6,518	6,885	6,793	6,689	6,758	6,850	1% incr above FY 17	6,919
UTC	2,375	2,423	2.0%	High	1,887	2,140	2,232	2,350	2,375	2,521	1% incr above FY 18	2,546
UTM	1,329	1,349	1.5%	High	1,185	1,265	1,372	1,346	1,329	1,358	1% incr above FY 19	1,372
UTHSC (incl Residency Completers)	1,236	1,261	2.0%	Normal	1,041	1,072	1,189	1,225	1,236	1,300	1% incr above FY 20	1,313
UTIA (Vet Med & CASNR)	449	458	2.0%	Normal	331	447	409	420	449	450	1% incr above FY 21	455

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## FY2016-17 Quantitative Goals Under the Performance Incentive Payment Plan for University Officers

Red are BAG metrics

Strategic Plan metrics

Base Yr	Revised Goal	Weight
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All data subject to final audit

Recommended Goal for FY17 in dark green

### 2. Expanding Research Capacities

(10) Research /sponsored projects expenditures increase 6% annually (5 yr. avg) (reported to THEC less ARRA funding)	FY11-15	FY16 Goal	% Incr	Weight	FY11	FY12	FY13	FY14	FY15	Est. FY16	FY17 Goal	Est. FY17 Goal
	(\$ in Millions)				(\$ in Millions)					(5-Year Averages)		
System (President)	\$418.11	\$443.20	6.0%	High	\$366.11	\$381.35	\$398.23	\$405.71	\$418.11	\$423.25	6% incr above 5yr avg.	\$448.64
System (VP Research)	\$418.11	\$443.20	6.0%	High	\$232.41	\$291.27	\$353.02	\$405.71	\$418.11	\$423.25	6% incr above 5yr avg.	\$448.64
UTK (no Vet Med)	\$157.31	\$166.75	6.0%	High	\$66.45	\$95.51	\$125.22	\$154.52	\$157.31	\$156.52	6% incr above 5yr avg.	\$165.91
UTC	\$9.59	\$10.16	6.0%	Normal	\$7.26	\$8.20	\$9.17	\$9.99	\$9.59	\$9.19	6% incr above 5yr avg.	\$9.74
UTM	\$2.90	\$3.07	6.0%	Normal	\$99.67	\$68.65	\$36.08	\$3.28	\$2.90	\$2.87	6% incr above 5yr avg.	\$3.04
UTHSC	\$201.84	\$213.95	6.0%	High	\$91.06	\$123.88	\$157.87	\$191.27	\$201.84	\$208.35	6% incr above 5yr avg.	\$220.85
UTIA	\$42.24	\$44.78	6.0%	High	\$40.22	\$40.97	\$41.69	\$41.48	\$42.24	\$43.12	6% incr above 5yr avg.	\$45.71

Research Expenditures (5 yr avg) (reported to NSF less ARRA funding)	FY11-15	FY16 Goal	% Incr	Weight	FY11	FY12	FY13	FY14	FY15	Est. FY16	FY17 Goal	Est. FY17 Goal
	(\$ in Millions)				(\$ in Millions)					(5-Year Averages)		
System (President)	\$316.17	\$326.07	3.0%	High	\$273.10	\$288.87	\$305.06	\$311.24	\$316.17	\$319.11	3% incr above 5yr avg.	\$328.68
System (VP Research)	\$316.17	\$326.07	3.0%	High	\$273.10	\$288.87	\$305.06	\$311.24	\$316.17	\$319.11	3% incr above 5yr avg.	\$328.68
UTK (no Vet med + system)	\$171.37	\$176.92	3.0%	High	\$133.95	\$146.44	\$161.28	\$166.03	\$171.37	\$173.99	3% incr above 5yr avg.	\$179.21
UTC	\$8.04	\$8.30	3.0%	Normal	\$7.56	\$8.59	\$8.79	\$8.77	\$8.04	\$7.37	3% incr above 5yr avg.	\$7.59
UTM	\$0.66	\$0.68	3.0%	Normal	\$1.13	\$1.01	\$0.88	\$0.77	\$0.66	\$0.53	3% incr above 5yr avg.	\$0.55
UTHSC	\$69.87	\$71.97	3.0%	High	\$73.94	\$73.40	\$72.41	\$71.68	\$69.87	\$69.69	3% incr above 5yr avg.	\$71.78
UTIA	\$66.22	\$68.21	3.0%	High	\$56.52	\$59.42	\$61.69	\$63.99	\$66.22	\$67.60	3% incr above 5yr avg.	\$69.63

Inventions (Disclosures) (5Yr Avg)	FY11-15	FY16 Goal	% Incr	Weight	FY11	FY12	FY13	FY14	FY15	Est. FY16	FY17 Goal	Est. FY17 Goal
					(5-Year Averages)							
System (President)	129	139	7.8%	Intermed.	88	107	116	123	129	139	3% incr above 5yr avg.	143
System (VP Research)	129	139	7.8%	High	83	97	109	123	129	139	3% incr above 5yr avg.	143
UTK	62	71	14.1%	High	28	33	42	54	62	69	3% incr above 5yr avg.	71
UTC	3	3	2.0%	Normal	3	4	4	3	3	4	3% incr above 5yr avg.	4
UTM	1	1	0.0%	NA	1	1	1	1	1	1	3% incr above 5yr avg.	1
UTHSC	27	28	2.0%	High	30	29	29	29	27	30	3% incr above 5yr avg.	31
UTIA	35	36	2.9%	High	27	33	35	37	35	35	3% incr above FY16 yr	36

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## FY2016-17 Quantitative Goals Under the Performance Incentive Payment Plan for University Officers

Red are BAG metrics

Blue Plan metrics

Base Yr

Revised Goal

Weight

All data subject to final audit

Recommended Goal for FY17 in dark green

### 3. Fostering Outreach and Engagement

(12) # of customers served should grow >FY15 (4 yr. avg)

Number of Participants in Outreach and Engagement Activities Greater than 5-year avg	FY12-15	FY 16 Goal	% Incr	Weight	FY11	FY12	FY13	FY14	FY15	FY16 Est	FY17 Goal	Est. FY17 Goal
								(4-Yr Avg)	(5-Yr Avg)	(5-Yr Avg)		
System (President)	4,355,104	4,704,058	8.0%	Intermed.				4,143,732	4,257,170	4,427,371	greater 5 yr avg.	4,427,371
System (VP Research)	4,355,104	4,704,058	8.0%	Intermed.				4,143,732	4,257,170	4,427,371	greater 5 yr avg.	4,427,371
UTIA	4,089,252	4,320,120	5.6%	High				3,978,849	4,059,460	4,186,911	greater 5 yr avg.	4,186,911
IPS	185,396	200,227	8.0%	High				157,697	197,710	240,460	greater 5 yr avg.	240,460

(5-Year Averages)

(12) # of clients/patients served should grow >FY15 (4 yr. avg)

	FY12-15	FY 16 Goal	% Incr	Weight	FY11	FY12	FY13	FY14	FY15	FY16 Goal (@2.9% incr)	FY17 Goal	Est. FY17 Goal
									4-Year Average			
HSC Work RVUs				High					2,066,096	2,136,576	2.9% above 5yr avg.	2,198,536
HSC RVUs	3,828,878	3,940,641	2.9%	High					3,828,878	3,927,955		
Patient Encounters at UTHSC				High					70,376	75,713	2.9% above 5yr avg.	77,908
Patent Encounters at Vet Med				High					32,412	33,627	2.9% above 5yr avg.	34,602

### 4. Improving Effectiveness & Efficiency

Change in tuition rates (UG, Grad, Professional) excluding programs that move to 15/4 plan and or differential tuition

(4) UG Tuition no more than HEPI rate change	FY16 (Fall 15- Sp 16)	Goal (Fall 16)	% Incr	Weight	Fall 11	Fall 12	Fall 13	Fall 14	Fall 15	FY16 Est	Est. Fall 17 Goal	Est. FY17 Goal
		HEPI @ 2.2										
UT System (simple avg of UG tuition)	\$8,078	\$8,255	2.2%	High	\$6,822	\$7,119	\$7,930	\$7,812	\$8,078	\$8,255	Tuition at HEPI rate	Tuition at HEPI rate (est. @ 2.2)
UTK	\$10,678	\$10,913	2.2%	High	\$7,831	\$8,325	\$10,279	\$10,366	\$10,678	\$10,913	Tuition at HEPI rate	\$11,153
UTC	\$6,624	\$6,770	2.2%	High	\$5,851	\$6,105	\$6,373	\$6,430	\$6,624	\$6,770	Tuition at HEPI rate	\$6,919
UTM	\$6,918	\$7,070	2.2%	High	\$6,114	\$6,379	\$6,659	\$6,716	\$6,918	\$7,070	Tuition at HEPI rate	\$7,226
UTHSC (Dental Hygiene)	\$7,848	\$8,021	2.2%	High	\$7,490	\$7,667	\$7,931	\$7,546	\$7,848	\$8,021	Tuition at HEPI rate	\$8,197
UTHSC (Nursing)	\$8,320	\$8,503	2.2%	High			\$8,408	\$8,000	\$8,320	\$8,503	Tuition at HEPI rate	\$8,690

(13) Gifts, pledges, bequests grow >15% (5 yr. avg)

	FY11-15	FY 16 Goal	% Incr	Weight	FY11	FY12	FY13	FY14	FY15	FY16 Est	FY17 Goal	Est. FY17 Goal
	(\$ in Millions)											
									(5-Year Averages)			
UT System	\$185.144	\$222.17	20.0%	High	\$178.616	\$155.342	\$149.290	\$159.738	\$185.144	\$203.913	15% above 5 yr avg.	\$234.50
UT System (VP Dev./Alumni Aff.)					\$178.616	\$155.342	\$149.290	\$159.738	\$185.144	\$203.913	15% above 5 yr avg.	\$234.50
UTK	\$132.012	\$158.41	20.0%	High	\$115.935	\$98.934	\$96.112	\$107.969	\$132.012	\$145.574	15% above 5 yr avg.	\$167.41
UTC	\$10.090	\$12.11	20.0%	High	\$11.452	\$10.468	\$10.510	\$9.320	\$10.090	\$10.872	15% above 5 yr avg.	\$12.50
UTM	\$3.568	\$4.28	20.0%	High	\$7.832	\$6.620	\$5.002	\$4.563	\$3.568	\$3.456	15% above 5 yr avg.	\$3.97
UTHSC	\$25.186	\$30.22	20.0%	High	\$25.402	\$24.474	\$23.583	\$24.264	\$25.186	\$28.829	15% above 5 yr avg.	\$33.15
UTIA	\$12.900	\$15.48	20.0%	High	\$15.848	\$13.094	\$12.462	\$12.105	\$12.900	\$14.341	15% above 5 yr avg.	\$16.49

### FY2016-17 Quantitative Goals Under the Performance Incentive Payment Plan for University Officers

Red are BAG metrics  
Strategic Plan metrics

Recommended Goal for FY17 in dark green

	Base Yr	Revised Goal		Weight	All data subject to final audit						FY17 Goal
	FY15	FY 16 Goal	% Incr		FY11	FY12	FY13	FY14	FY15	FY16	
<b>(16 / 18) Reduce faculty and staff salary gap with peers</b>											
					(\$ in millions)						
UT System (new methodology)*	\$83.600	\$71.06	15.0%	High	\$184.762	NA	\$149.064	\$153.016	\$83.600		\$58.52
UTK (new methodology)*	\$41.020	\$34.87	15.0%	High	\$84.333	NA	\$58.316	\$59.000	\$41.020		\$28.71
UTC	\$7.552	\$6.42	15.0%	High	\$10.400	NA	\$7.300	\$7.600	\$7.552		\$5.29
UTM	\$6.237	\$5.30	15.0%	High	\$8.540	NA	\$7.808	\$8.274	\$6.237		\$4.37
UTHSC (new methodology)*	\$5.003	\$4.25	15.0%	High	\$56.510	NA	\$52.338	\$53.908	\$5.003		\$3.50
UTIA	\$19.100	\$16.24	15.0%	High	\$19.520	NA	\$18.544	\$19.100	\$19.100		\$13.37

	FY 16 Goal (\$M)	% Incr	Weight	FY11	FY12	FY13	FY14	FY15	FY16	FY17 Goal
<b>(17) Deferred Maintenance Expenditures (Develop 2-yr</b>										
* (System = \$25.0 million) over 2 yrs	\$12.50		High							\$12.50
* (UTK/UTSI = \$15.75m)	\$7.88		High							\$7.88
* (UTC = \$2.5m)	\$1.25		High							\$1.25
* (UTM = \$2.0m)	\$1.00		High							\$1.00
* (UTHSC = \$3.75m)	\$1.88		High							\$1.88
* (UTIA = \$1.0m)	\$0.50		High							\$0.50

Unrestricted E&G Expenditures per Student FTE	FY16 (Fall 15-Sp 16)	Weight	FY11	FY12	FY13	FY14	FY15	FY16 Est	Est. Fall 17 Goal	Est. FY17 Goal
UT System		High	\$21,557	\$21,819	\$22,573	\$22,726	\$23,187	\$24,502	Increase @ HEPI rate	\$25,041
UTK		High	\$20,060	\$20,542	\$21,547	\$21,209	\$21,494	\$21,845	Increase @ HEPI rate	\$22,326
UTC		High	\$11,676	\$11,620	\$12,020	\$12,349	\$13,109	\$14,024	Increase @ HEPI rate	\$14,333
UTM		High	\$10,882	\$11,267	\$11,711	\$12,295	\$13,001	\$14,431	Increase @ HEPI rate	\$14,748
UTHSC		High	\$69,699	\$73,071	\$73,986	\$80,288	\$80,210	\$76,981	Increase @ HEPI rate	\$78,674
Vet Med		High	\$71,252	\$66,206	\$75,529	\$78,206	\$78,634	\$89,522	Increase @ HEPI rate	\$91,491

5.2

## FY2016-17 Additional Goals Under the Performance Incentive Payment Plan for University Officers

Success in Implementing Non-Quantitative BAG Initiatives	President	EVP Research	General Counsel	VP Dev / Alumni	Chancellors				
					UTK	UTC	UTM	UTHSC	UTIA
					Not Eligible				

5.2

### 1. Enhancing Educational Excellence

(1) In-State UG Enrollments should be > Fall 16	x				x	x	x	x	
(2) % UG Out-State Enrollment should be < 25% of total	x				x	x	x	x	
(5) Graduate and professional tuition increases should be no more than the previous year's HEPI rate change plus 2-3%.	x				x	x	x	x	x
(14) Conduct program realignment to assess low performing programs	x		x		x	x	x	x	x
(15) Perform feasibility analysis & develop a plan for program consolidation(s)	x		x		x	x	x	x	x
(22) Complete review of the post-tenure review process and implement a new policy	x		x						

### 2. Expanding Research Capacities

(11) Review direct and indirect cost sharing on grants and contracts which are not locked at a given rate and implement necessary incentives for departments to minimize the level of cost sharing	x	x			x	x	x	x	x
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### 3. Fostering Outreach and Engagement

No additional goals									
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### 4. Improving Effectiveness & Efficiency

(16) Develop 2-yr allocation/reallocation plan based upon 6% of FY15 unrestricted E&G	x				x	x	x	x	x
(6) Executive grad program tuition based on demand & peer costs					x	x			
(7) Review out-of-state tuition based on regional need	x					x	x	x	x
(18) Using workforce development programs, identify amounts that can be redeployed to address strategic initiatives, compensation gaps, and deferred maintenance.	x				x	x	x	x	x
(19) Conduct a tuition structure review to include differential tuition, out-of-state tuition, and 15/4 plan.	x				x	x	x	x	
(20) Review of Non-Formula fee structure	x	x						x	x
(21) Complete study on unfunded mandates for student tuition waivers/discounts (UT system) and tuition waivers/discounts for UT employees and propose any needed legislative or policy solutions.	x		x						

### Additional Goals for President DiPietro

Implementation of new UT System organization structure, including the hiring of a permanent Chief Financial Officer and an Executive Vice President

Bring Faculty and Staff salaries closer to the median of the peer group (as identified in the Sibson Market Analysis)

Implementation of a more vigorous out-of-session visit schedule with elected officials

Completing the first phase of the Succession Planning initiative (focused on University Wide Administration)

5.2

### Additional Goals for the General Counsel and Secretary Mizell

To be determined by 2016 Fall Meeting

### Additional Goals for Executive Vice President Millhorn

Achieve an ORNL performance score of 94 or higher for FY 2017.

Acquire a signed contract for the development of a new building on Cherokee Farm that is privately funded.

Facilitate the appointment of three Governor's Chairs over the next three years

### Additional Goals for Vice President McCurry

Increase the alumni participation rate in systemwide alumni programming by 10%

Increase the number of donors by 10%

Execute the move to University Avenue while maintaining a positive work environment for staff whereby everyone feels safe in the new environment

Create alignment and coordination among the various volunteer leadership groups (Alumni Board of Governors, Foundation Boards, and Past Presidents of Alumni Association) at the system level

THE UNIVERSITY OF TENNESSEE  
BOARD OF TRUSTEES

ACTION ITEM

DATE: June 23, 2016

COMMITTEE: Trusteeship

ITEM: **Amended and Restated Bylaws**

RECOMMENDATION: Approval

PRESENTED BY: Spruell Driver, Jr., Chair of Trusteeship

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One of the responsibilities of the Trusteeship Committee is to review the Bylaws periodically and recommend needed amendments. The Committee began a comprehensive review of the Bylaws in September 2015 and originally planned to bring amendments to the Board at the April 1 meeting. In the meantime, however, a bill was introduced in the General Assembly addressing the powers and responsibilities of the Board and the President and codifying a standing committee structure for the Board. In view of this development, the Committee deferred further consideration of the Bylaws until the status of the bill was known. The bill was enacted into law as Public Chapter 753 on April 12, 2016. An executive summary of Public Chapter 753, and the Act in its entirety, follow this memorandum.

Various amendments to the Bylaws are necessary to conform to the new law. The Trusteeship Committee considered a draft of Amended and Restated Bylaws at its meeting on May 9, 2016. The draft included other amendments reflecting the Committee's comprehensive review of the Bylaws.

The Amended and Restated Bylaws proposed for adoption appear after the executive summary of Public Chapter 753; a version showing all changes is also included.

At its meeting on June 22, 2016, the Trusteeship Committee recommended adoption of the Amended and Restated Bylaws.

**MOTION: On the recommendation of the Trusteeship Committee, I move adoption of the following Resolution by the Board of Trustees:**

**RESOLVED: The Amended and Restated Bylaws are adopted as presented in the meeting materials, provided that the Secretary is authorized to make organizational changes, format changes, and technical corrections prior to publication of the Amended and Restated Bylaws.**



Yellow highlight = changes to conform to new legislation

# THE UNIVERSITY OF TENNESSEE BYLAWS

Amended and Restated  
Adopted [insert date]

6

## **Powers of the Board**

### **ARTICLE I**

**SECTION 1.** The Board of Trustees, which is the governing body of The University of Tennessee, shall have full and complete control over its organization and administration, also over its constituent parts and its financial affairs. The Board has all express powers granted by acts of the General Assembly of the State of Tennessee and all implied powers necessary, proper, or convenient for the accomplishment of the University's mission and the responsibilities of the Board, including but not limited to the power to adopt Bylaws and other rules consistent with the constitution and laws of the United States and this state. The Board has express power to take all actions necessary and appropriate to ensure the financial stability and solvency of the University.

All Trustees, both ex officio and appointed, except the non-voting student and faculty trustees and the Executive Director of the Tennessee Higher Education Commission, a non-voting member, shall have a vote on matters coming before the Board or before any committee thereof of which they are members; provided that the President's membership on a standing or special committee or subcommittee shall be as a non-voting member.

## **Responsibilities of the Board**

**SECTION 2. (a)** The Board shall exercise general control and oversight of The University of Tennessee System and its institutions, delegating to the President the executive management and administrative authority necessary and appropriate for the efficient administration of the system or necessary to carry out the mission of the system; and delegating to each Chancellor the executive management and administrative authority necessary and appropriate for the efficient administration of each institution and its programs, subject to the general supervision of the President. The Board shall not undertake to direct matters of administration or of executive action except through the President.

**(b)(1)** The Board shall appoint the President of The University of Tennessee System, who shall be the chief executive officer of the system, serving at the pleasure of the Board, which has power to remove the President at any time, subject to the terms of any written employment contract approved by the Board.

**Yellow highlight** = changes to conform to new legislation

**(b)(2)** The Board shall define the duties of the President, including administrative duties with respect to the system and the individual institutions and, within budgetary limitations, fix the President's compensation and other terms of employment.

**(c)(1)** The Board shall approve, upon the recommendation of the President, the appointment of Chancellors and other positions designated by these Bylaws as University Officers and, within budgetary limitations, approve their initial compensation and other terms of employment.

**(c)(2)** The Board has power to remove a Chancellor at any time. The President also has power to remove a Chancellor at any time without the approval of the Board.

**(c)(3)** The Board alone has power to remove the Chief Financial Officer and the General Counsel, which shall require a simple majority vote if recommended by the President and a two-thirds vote if not recommended by the President. (See Article IV, Section 8(b) concerning the authority of the Board alone to remove the Executive Director of the Office of Audit and Compliance.)

**(d)** The Board of Trustees is vitally interested in the welfare, safety, and conduct of University students and is dedicated to the maintenance of an environment that preserves conditions conducive to the normal education processes and to the welfare and safety of students and others. The Board of Trustees expressly delegates to the President and Chancellors the authority to prescribe and enforce policies, rules, and regulations concerning rights, responsibilities, conduct, and discipline of students at the various campuses and facilities of the University, subject to applicable federal and state law and specifically subject to the requirement that certain rules be promulgated under the Uniform Administrative Procedures Act, which may include approval by the Board. The President, Chancellors, and Vice Presidents are authorized to take any lawful action necessary to protect life and property at the several campuses and facilities.

**(e)** The Board delegates direct responsibility for administration and control of the intercollegiate athletics programs to the Chancellor of each campus with an intercollegiate athletics program. The Board, with its Athletics Committee, shall exercise oversight of the intercollegiate athletics programs and, through the President, hold the Chancellors accountable for the appropriate execution of their responsibility for administration and control of those programs. From time to time, the Board may adopt a policy detailing its oversight role and specific responsibilities of the Chancellors and the athletics departments.

**(f)** All matters involving ordinary repairs, changes, adjustments and improvements for the purpose of putting and keeping in good condition the buildings, grounds and equipment of the University, wherever located, for their efficient use are delegated to the University administration, subject to compliance with all applicable state laws and University policies.

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(g) The President, Chancellors, and other University officials designated by the President are authorized to confer degrees at commencement ceremonies held at various times throughout the year.

(h) The Board reserves to itself, or to the Executive and Compensation Committee when necessary between Board meetings, the authority to approve the following:

(1) The scope of the educational opportunities to be offered by the University; provided that the planning and development of curricula shall be the function of the faculties;

(2) Creation of legal entities that will bear the University's name, and the governance structure of such entities;

(3) Guidelines governing the administration's submission of a proposed annual operating budget and appropriations request to state agencies and officials.

(4) Proposed capital outlay budgets and requests for capital outlay appropriations prior to their submission to other state agencies and officials;

(5) Final capital outlay budget for the next fiscal year after the General Assembly has enacted annual appropriations for the University;

(6) Final operating budget for the next fiscal year after the General Assembly has enacted annual appropriations for the University, **thereby confirming the salaries of all employees of the University system and each institution;**

(7) **Student tuition and fees** for which Board approval is required by Board policy and proposed discounts of student tuition and fees unless mandated by state law;

(8) **Policies and procedures governing the granting and removal of tenure for faculty members;**

(9) Granting tenure to eligible members of the faculty upon the positive recommendation of the President;

(10) General admission, progression, retention, and graduation requirements;

(11) Naming buildings and other assets of the University, except as delegated to the administration by Board policy;

(12) Granting honorary degrees; and

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(13) All other matters on which a standing committee of the Board is required to make a recommendation under Article III of these Bylaws.

### **Duty of Trustees to Keep Informed**

**SECTION 3.** Each Trustee, so far as time will permit, shall keep informed as to the work of the University and its several campuses and institutes, both educational and business.

### **Officers of the Board**

**SECTION 4.** The officers of the Board shall be a Chair and a Vice Chair.

(a) The Governor of the State of Tennessee, who is an ex officio voting member of the Board, shall serve as ex officio Chair of the Board.

(b) The Vice Chair shall be a member of the Board and shall be elected by the Board at the annual meeting to serve for two years, beginning July 1 of the year elected. In the event of a vacancy in the office of Vice Chair before expiration of the term, the Chair of the Board shall appoint a Vice Chair *pro tempore* until a successor is elected to fill the unexpired term at the next meeting of the Board following creation of the vacancy. The Vice Chair shall not be eligible to succeed himself after serving a two-year term; provided that at the request of the Chair of the Board, the term of a Vice Chair may be extended beyond the two-year term upon a majority vote of the total voting membership of the Board. (c) The Chair shall preside when present at meetings of the Board; provided that the Chair may ask the Vice Chair to preside at any meeting. The Chair shall perform such other duties as may, from time to time, be prescribed by the Board and by these Bylaws.

(d) In the absence of the Chair, the Vice Chair shall preside at meetings of the Board and otherwise perform the duties of the Chair. The Vice Chair shall be the spokesperson for the Board, unless the Chair chooses to assume that responsibility, and shall perform such other duties as may be prescribed by the Board or these Bylaws from time to time.

(e) In the absence of the Chair and the Vice Chair, the Chair of the Trusteeship Committee shall preside at meetings of the Board; in the absence of all three, the senior member of the Board shall preside.

## **ARTICLE II**

### **Three Stated Meetings Annually**

**SECTION 1.** The Board of Trustees shall hold at least three (3) stated meetings annually, one of which shall be the Annual Meeting. Meetings may be held at any location in Tennessee where the University conducts business.

**Yellow highlight** = changes to conform to new legislation

## **Special Meetings**

**SECTION 2.** Special meetings of the Board as may be necessary may be called (a) by its Chair, (b) by its Vice Chair, (c) by the President of the University, or (d) by the Secretary upon the written request of three (3) or more of its members. The call for every special meeting shall state the business to be considered.

## **Adjournment**

**SECTION 3.** The Board may adjourn any stated or special meeting to any date that it may set for such adjournment. Any stated or special meeting of the Board, if a quorum is not present, may be adjourned by the members attending from time to time until a quorum shall be present.

## **Quorum**

**SECTION 4.** In accordance with Tennessee Code Annotated § 49-9-205(b), seven (7) voting members of the Board shall constitute a quorum.

## **Notice of Stated Meetings**

**SECTION 5.** At least five (5) days' written notice of the stated meetings of the Board shall be sent by the Secretary to all Trustees.

## **Notice of Special Meetings**

**SECTION 6.** Special meetings of the Board may be called on less than five (5) days' notice and, if urgent, by telephone, facsimile transmission, or electronic mail to each Board member, who must be advised of the purpose or purposes of the meeting.

## **Agenda**

**SECTION 7.** An agenda for every meeting of the Board of Trustees shall be prepared by the Vice Chair in consultation with the President and with the assistance of the Secretary. The agenda shall list in outline form each matter to be considered at the meeting. When feasible, a copy of the agenda shall accompany the notice of the meeting, but when not feasible, a copy shall be provided to the Trustees before the meeting date. Matters not appearing on the agenda of a stated meeting, or stated in the call for a special meeting, may be considered only upon an affirmative vote representing a majority of the total voting membership of the Board.

Notwithstanding any provision in these Bylaws to the contrary, in the absence of objection by the committee chair, the Vice Chair of the Board may designate agenda items for deliberation and action at the full Board meeting without prior review and

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recommendation of a committee. In that event, the Vice Chair, at his or her discretion, may relinquish the chair of the meeting to the appropriate committee chair for the duration of the Board's deliberation and action on the designated item(s).

### **Consent Agenda of the Board**

**SECTION 8.** The Vice Chair of the Board, in consultation with the President and the Secretary, may designate items to be approved, or received for information, by unanimous consent of the Board. Only items that are routine in nature or noncontroversial shall be designated for unanimous consent; provided that any item unanimously approved by a committee shall be designated for unanimous consent at the full Board meeting except the following: (1) amendment of the Bylaws, adoption of new Bylaws, or repeal of existing Bylaws; (2) the annual operating budget, including student tuition and fee proposals for which Board approval is required; (3) funding requests for capital outlay and capital maintenance projects; (4) revenue or institutionally funded capital projects; and (5) any other item on which a roll-call vote is required. The following are examples of items that will routinely be designated for unanimous consent: approval of minutes, approval of signatory authority for bank and investment accounts; sale of gift property at or above the appraised value; grant of easements and rights-of-way; and ratification of quasi-endowments.

Items designated for unanimous consent shall be separately identified on the Board agenda as a consent agenda and shall be voted on by a single motion. Full information about each item on the consent agenda shall be provided to the Board in advance of the meeting. Any member of the Board may remove an item from the consent agenda by notifying the Secretary prior to the meeting. Before calling for a motion to approve the consent agenda, the Chair or Vice Chair shall announce any items that have been removed from the consent agenda and ask if there are other items to be removed. Requests for clarification or other questions about an item on the consent agenda must be presented to the Secretary before the meeting. An item will not be removed from the consent agenda solely for clarification or other questions.

### **Requests to Address the Board**

**SECTION 9.** In conjunction with regular meetings of the Board, the Board shall provide a reasonable opportunity for students, employees, and members of the public to address the Board or a Board committee concerning agenda items or other issues germane to the responsibilities of the Board. The Board shall adopt a standing rule governing requests to address the Board.

### **Meetings Open to the Public**

**SECTION 11.** Meetings of the Board shall be open to the public except as authorized by a statutory or judicially recognized exception to the Tennessee Open Meetings Act.

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## ARTICLE III

### Standing Committees

**SECTION 1. (a)** The standing committees of the Board of Trustees shall be the Academic Affairs and Student Success Committee, Advancement and Public Affairs Committee, Athletics Committee, Audit and Compliance Committee, Executive and Compensation Committee, Finance and Administration Committee, Health Affairs Committee, Trusteeship Committee, Research, Outreach and Economic Development Committee, and University Life Committee.

The standing committees shall have the subcommittees designated in subsequent sections of these Bylaws and such other subcommittees as the Board from time to time finds necessary or expedient.

### Committee Charters

**(b)** Each standing committee shall develop and approve a committee charter detailing the committee's responsibilities and, if applicable, powers. Committee charters shall be approved by the Board of Trustees or the Trusteeship Committee.

### Special Committees

**(c)** In addition to the standing committees, the Chair or Vice Chair of the Board may appoint special committees for specific assignments. The chair of any special committee shall be designated at the time of appointment.

### Composition of Standing Committees

#### General Requirements

**SECTION 2. (a)(1)** Except as otherwise provided in these Bylaws, the voting members of the standing committees and subcommittees shall be members of the Board of Trustees; provided that the Board from time to time may appoint other individuals as voting members of a committee or subcommittee if the assistance of others is necessary to carry out the responsibilities of the committee or subcommittee as long as the majority of each committee and subcommittee consists of members of the Board. **[Addressed below in (a)(5); advice and consent of Trusteeship is deleted].**

**(a)(2)** A subcommittee shall consist of members of the parent committee unless the appointment of other members of the Board or other individuals is necessary to carry out the responsibilities of the committee or subcommittee.

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**(a)(3)** The Vice Chair of the Board shall be an ex officio, voting member of all standing committees and shall be counted for quorum purposes.

**(a)(4)** The President of the University shall be an ex officio, non-voting member of all standing committees, except the Audit and Compliance Committee, but shall not be counted for quorum purposes.

**Specific Requirements Applicable to the Composition of Certain Committees**

**(b)(1)** The Executive and Compensation Committee shall be composed of the chairs of the other standing committees of the Board, the immediate past Vice Chair of the Board as an ex officio voting member, and the current Vice Chair of the Board as an ex officio voting member. The current Vice Chair of the Board shall serve as chair of the committee. The President of the University shall serve as an ex officio non-voting member of the committee but shall not be counted for quorum purposes.

**(b)(2)** The Health Affairs Committee shall be composed of the Vice Chair of the Board, the Chair of the Audit and Compliance Committee, the Chair of the Finance and Administration Committee, and the Chair of the Trusteeship Committee, all of whom shall serve as ex officio voting members, and the President and the Executive Vice President of the University, both of whom shall serve as ex officio non-voting members of the committee but shall not be counted for quorum purposes.

If one of the ex officio voting members is not from Shelby County or the Ninth Congressional District, a Trustee from Shelby County or the Ninth Congressional District shall be appointed as a voting member of the Committee in accordance with subsection (b)(1) below.

From time to time, the Vice Chair of the Board may recommend to the Board of Trustees that another Trustee with professional or business expertise that would be particularly beneficial to the Health Affairs Committee be appointed as an at-large voting member.

**(b)(3)** The Athletics Committee shall be composed of the following Trustees: Vice Chair of the Board; Chair of the Academic Affairs and Student Success Committee; Chair of the Audit and Compliance Committee; Chair of the Finance and Administration; and Chair of the Trusteeship Committee, all of whom shall serve as ex officio voting members. From time to time, the Vice Chair of the Board may recommend to the Board of Trustees that another Trustee with knowledge and experience that would be particularly beneficial to the Athletics Committee be appointed as an at-large voting member. The President of the University shall serve as an ex officio non-voting member but shall not be counted for quorum purposes.



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**(b)(4)** All members of the Audit and Compliance Committee shall be financially literate, meaning they shall be able to read and understand fundamental financial statements, including a balance sheet, income statement and cash flow statement. At least one member of the committee shall have extensive accounting, auditing, or financial management expertise. There shall be no overlapping membership of the committee and the Finance and Administration Committee. The Vice Chair of the Board shall serve as an ex officio member of the Audit and Compliance Committee but shall not be counted for quorum purposes. The President shall not serve as a member of the committee but shall attend meetings if requested by the Chair.

The Audit and Committee may be composed of one external member who satisfies the membership requirements stated in the preceding paragraph. An external member must have extensive accounting, auditing, or financial management expertise. An external member may not serve as Chair of the Audit and Compliance Committee.

**(b)(5)** The faculty senate presidents and the student government association presidents shall serve as ex officio non-voting members of the Academic Affairs and Student Success Committee but shall not be counted for quorum purposes.

**(b)(6)** A representative of the professional staff of the Institute of Agriculture, the Institute of Public Service, and the Health Science Center shall be appointed by the Vice Chair of the Board, upon the recommendation of the President, as non-voting members of the Research, Outreach and Economic Development Committee but shall not be counted for quorum purposes.

#### **Appointment of Standing Committees, Subcommittees, and Committee Chairs**

**(c)(1)** At the annual meeting of the Board, upon the recommendation of the Vice Chair, the Board shall appoint the members and chairs of the standing committees and subcommittees for a two-year term. The Vice Chair shall consult with the chair of a standing committee on the recommendation for appointment of the chair and members of a subcommittee. Competencies and professional or business expertise of members and previous Board and committee experience of members, together with any special qualifications required by these Bylaws for certain committees, will be considered in committee, subcommittee, and chair appointments.

**(c)(2)** No Trustee may serve more than two consecutive two-year terms as chair of the same committee or subcommittee except for good cause upon a majority vote of the total voting membership of the Board.

**(c)(3)** If a vacancy occurs in a committee, subcommittee, or chair position prior to expiration of the two-year term, the Vice Chair shall appoint a Trustee to fill the remainder of the term.

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(c)(4) The Vice Chair is authorized to make interim committee, subcommittee, and chair appointments at the end of the two-year term if appointments or reappointments to the Board are pending. The interim appointments shall be subject to confirmation by the Board when all appointments or reappointments have been made.

(c)(5) The Vice Chair is authorized to appoint a chair *pro tempore* of any standing committee or subcommittee when necessary.

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## Meetings of Standing Committees and Subcommittees

### Required

**SECTION 3.** (a) The standing committees and subcommittees shall meet as often as necessary to carry out their responsibilities **but no less often than twice annually.** At the discretion of the committee chair, a standing committee may meet jointly with another standing committee, special committee, or subcommittee, in which case only the voting members of a particular committee or subcommittee shall vote on any agenda item requiring action by that committee or subcommittee.

### Call of Meetings

(b)(1) A meeting of any standing or special committee may be called by the Chair or Vice Chair of the Board, the President, the committee chair, or by the Secretary upon the written request of two members of the committee.

(b)(2) A meeting of a subcommittee may be called by the subcommittee chair or the chair of the parent standing committee.

### Notice

(c) Notice of all meetings shall be given to all members of the standing committee, subcommittee, or special committee. Notice of meetings of the Executive and Compensation Committee shall be given to all members of the Board. Notice may be delivered by regular mail, electronic mail, or facsimile transmission. At least five (5) days' notice shall be given when feasible, but less notice may be given when there is a need for urgent action. If written notice is not feasible, by reason of urgency or other exigent circumstance, notice may be given by telephone.

### Agenda

(d) An agenda shall accompany the notice of every meeting of a standing committee, subcommittee, or special committee when feasible, but when not feasible, the notice shall state the purpose or purposes for which the meeting is called. The agenda shall list in outline form each matter to be considered at the meeting. Matters not set forth on the

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agenda or in the notice shall be considered only upon an affirmative vote of a majority of the total voting membership of the committee or subcommittee.

### **Consent Agenda**

(e) Standing committee chairs may designate items to be included on a consent agenda for the committee; provided that the following items may not be placed on a committee consent agenda: (1) amendment of the Bylaws, adoption of new Bylaws, or repeal of existing Bylaws; (2) the annual operating budget, including student tuition and fee proposals for which Board approval is required; (3) funding requests for capital outlay and capital maintenance projects; (4) revenue or institutionally funded capital projects; and (5) any other item on which a roll-call vote will be required in the full Board meeting. The following are examples of items that will routinely be placed on a committee consent agenda: approval of minutes, approval of signatory authority for bank and investment accounts; sale of gift property at or above the appraised value; grant of easements and rights-of-way; and ratification of quasi-endowments.

Consent agenda items shall be separately identified on the committee agenda, and before calling for a motion to approve, the committee chair shall ask if any member of the committee wants to remove an item from the consent agenda. Requests for clarification or other questions about an item on the consent agenda must be presented to committee staff before the meeting. An item will not be removed from the consent agenda solely for clarification or other questions.

(e)(1) If any committee member asks that an item be removed from the consent agenda, the item will be separately considered and voted on by the committee. If the item is approved by the committee, it will be placed on the consent agenda for the full Board meeting.

(e)(2) If there is no request to remove an item from the consent agenda, the consent agenda shall be voted on by a single motion, and if the motion carries, all items will go forward to the consent agenda of the full Board meeting.

### **Quorum**

(f) A majority of the voting members of each standing committee, subcommittee, or special committee shall constitute a quorum. In the absence of a quorum, those attending may adjourn the meeting until a quorum is present.

### **Open Meetings**

(g) Meetings of standing committees, subcommittees, and special committees authorized to make decisions for or recommendations to the Board shall be open to the public except as authorized by a statutory or judicially recognized exception to the Tennessee Open Meetings Act.

**Yellow highlight** = changes to conform to new legislation

## **Minutes**

(h) Minutes shall be made of meetings of all standing committees, subcommittees, and special committees authorized to make decisions for or recommendations to the Board, and the minutes shall be provided to all members of the committee or subcommittee. Minutes of the Executive and Compensation Committee shall be provided to all members of the Board.

## **Purpose and Responsibilities of Standing Committees and Subcommittees**

**SECTION 4.** The general purpose of each standing committee and subcommittee is described in the following sections. Specific responsibilities and, if applicable, powers of standing committees and subcommittees shall be included in the standing committee's charter, which shall be approved by the Board of Trustees or the Trusteeship Committee, as provided in Article III, Section 1(b) of these Bylaws.

## **Executive and Compensation Committee**

**SECTION 5.** The Executive and Compensation Committee shall have the following general purposes: (1) to ensure that the Board fulfills the University's responsibilities; (2) to oversee University policy, the work of other standing committees, and the University's planning process; (3) to oversee and monitor the University's commitment to and compliance with the state's plans and objectives for higher education; and (4) to act for the Board on any matter when necessary between meetings of the Board.

## **Trusteeship Committee**

**SECTION 6.** The Trusteeship Committee shall have the following general purposes: (1) to stay informed about governance issues; (2) to propose implementation of governance best practices; and (3) to organize the working processes of the Board.

## **Finance and Administration Committee**

**SECTION 7. (a)** The Finance and Administration Committee shall have the following general purposes: (1) to provide oversight for the University's finances, business, and facilities; (2) to advise the Board on the state of the University's financial operations, budgetary allocations, student tuition and fees, personnel policies, investment performance strategy and returns, and facilities; and (3) to ensure the University operates within available resources and applicable federal, state, and University policies in a manner supportive of the University's strategic plan.

**(b)** The Finance and Administration Committee shall have the following subcommittees:

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(1) Subcommittee on Efficiency and Cost Savings. The subcommittee shall establish a time frame for the evaluation of each area of the University's operations to determine whether more efficient operation and cost savings may be achieved. The subcommittee shall make recommendations as to efficiencies and cost savings that will improve the University's operations. The subcommittee shall prepare an annual report of its findings, conclusions, and recommendations for review by the Finance and Administration Committee and the Board. The Board shall include the report of the subcommittee in its annual report to the General Assembly under Tenn. Code Ann. § 49-9-208;

(2) Subcommittee on Tuition, Fees, and Financial Aid. The subcommittee shall make recommendations to the Finance and Administration Committee and the Board on student tuition and fees, taking into consideration the needs of both students and the University. The subcommittee shall also evaluate financial aid in relation to the cost of attendance and recommend policies to improve the availability of financial aid that are in the best interest of students, the University, and the state; and

(3) Other subcommittees as the Board finds necessary and expedient.

### **Academic Affairs and Student Success Committee**

**SECTION 8. (a)** The Academic Affairs and Student Success Committee shall have the following general purposes: (1) to oversee matters related to the University's educational mission of teaching, research, and service; (2) to consider the needs and interests of the faculty, administrative staff, and students in creating and sustaining the University's academic environment, including creation, evaluation, continuation, and termination of academic programs; and (3) to attend to faculty members' concerns about matters such as faculty evaluation and compensation.

**(b)** The Academic Affairs and Student Success Committee shall have the following subcommittees:

(1) Subcommittee on Student Conduct, Rights, and Responsibilities. The subcommittee shall develop and recommend to the Academic Affairs and Student Success Committee policies concerning student conduct, rights, and responsibilities that comply with federal and state laws, rules, and regulations; and

(2) Other subcommittees as the Board finds necessary and expedient.

### **Audit and Compliance Committee**

**SECTION 9.** The purpose of the Audit and Compliance Committee is to assist the Board of Trustees in fulfilling its oversight responsibilities for the following activities:

(1) The integrity of the University's annual financial statements;

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- (2) The University's compliance with legal and regulatory requirements;
- (3) Oversight and direction of the internal audit and institutional compliance functions of the University, any external auditors the Committee may employ, and engagements with the State Auditors;
- (4) Oversight of the University's internal control structure and management practices;
- (5) Knowledge of audit activities, informing the full Board and making recommendations when necessary, and other duties as directed by the Board; and
- (6) Monitoring of compliance with University policies and procedures.

### **Advancement and Public Affairs Committee**

**SECTION 10.** The purpose of the Advancement and Public Affairs Committee shall be to exercise oversight of University programs related to the following: private gifts; alumni support; public relations, communications, and marketing; and governmental relations.

**(b)** The Advancement and Public Affairs Committee shall have the following subcommittees:

**(1)** Subcommittee on Community and Alumni Relations. The subcommittee shall (i) gather input from and provide a forum for stakeholders; and (ii) develop and recommend policies that address interests and concerns of the University community, including alumni, and of the state and local communities in which the campuses and institutes of the University operate; and

**(2)** Other subcommittees as the Board finds necessary and expedient.

### **Research, Outreach and Economic Development Committee**

**SECTION 11.** The purpose of the Research, Outreach and Economic Development Committee shall be to oversee programs seeking to extend the University's scientific, technological, commercialization, and educational expertise to communities, counties, agencies, and organizations in the state, nationally, and globally.

### **Health Affairs Committee**

**SECTION 12.** The purpose of the Health Affairs Committee shall be to assist the Board in exercising oversight of the clinical activities of the Health Science Center.

### **Athletics Committee**

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**SECTION 13. (a)** The purpose of the Athletics Committee shall be to review the operation of the University's intercollegiate athletics programs and assist the Board in carrying out its responsibility for oversight of those programs.

**(b)** While retaining its ultimate responsibility for oversight of the University's intercollegiate athletics programs, the Board has delegated direct responsibility for administration and control of the intercollegiate athletics programs to the Chancellor of each campus with an intercollegiate athletics program (see Article I, Section (2)(e) and Article IV, Section 5(c)). The Board has also charged the President with general administrative oversight of the intercollegiate athletics programs and with holding the Chancellors accountable for their performance with respect to the intercollegiate athletics programs (see Article IV, Section 5(ix)).

**(c)** The Chancellor may appoint an Athletics Advisory Board to advise the Chancellor on administration of the intercollegiate athletics program. The composition of an Athletics Advisory Board may include students, faculty, administrators, alumni, and donors but shall comply in all respects with the requirements of applicable NCAA rules.

### **University Life Committee**

**SECTION 14. (a)** The purpose of the University Life Committee shall be to oversee and develop policies and make recommendations to the Board concerning the overall life of the University community and the University's nonacademic programs, other than athletics.

**(b)** The University Life Committee shall have the following subcommittees:

**(1)** Subcommittee on Nonacademic Programs. The subcommittee shall: (i) monitor the nonacademic programs of the University, including programs related to diversity; (ii) develop and recommend to the Board policies concerning nonacademic programs that shall address interests and concerns of the University's students, faculty, staff, alumni, and local and state communities; and

**(2)** Other subcommittees as the Board finds necessary and expedient.

### **Chancellor's Advisory Council**

**SECTION 15.** The Chancellor of each campus may appoint an advisory council composed of Trustees from the campus area, student and faculty representatives, and community representatives. The senior Trustee from the campus area shall serve as chair of the campus advisory council. The Chancellor shall convene the advisory council periodically for the purpose of informing the council and seeking its advice on campus matters. The President may also convene the advisory council for the purpose of seeking the council's advice on campus or university-wide matters. The chair of the advisory council may report on council activities at any stated meeting of the Board.

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## ARTICLE IV

### Officers of the University

**SECTION 1.(a)** The officers of The University of Tennessee (referred to in these Bylaws as University Officers) shall be the following:

President

Chancellor of The University of Tennessee at Chattanooga

Chancellor of The University of Tennessee Health Science Center

Chancellor of The University of Tennessee Institute of Agriculture

Chancellor of The University of Tennessee, Knoxville

Chancellor of The University of Tennessee at Martin

Executive Vice President

Chief Financial Officer

General Counsel

Secretary

Treasurer

Vice President for Research, Outreach, and Economic Development

Vice President for Development and Alumni Affairs and Programs

**(b)** The President shall serve at the pleasure of the Board, and the Board shall have the power to remove the President at any time, subject to the terms of any written employment contract approved by the Board.

**(c)(1)** All other University Officers shall report directly to the President with the following exceptions: (i) the Vice President for Development and Alumni Affairs and Programs shall report jointly to the Board of Directors of The University of Tennessee Foundation and the President; (ii) if the office of Treasurer is held by an individual other than the Chief Financial Officer, the Treasurer shall report directly to the Chief Financial Officer; and (iii) if the office of Secretary is held by an individual other than the General Counsel, the Secretary shall report directly to the Vice Chair of the Board.

**(c)(2)** All other University Officers shall serve at the pleasure of the President, and the President shall have authority to remove a University Officer at any time without the approval of the Board with the following exceptions: (i) the Board alone shall have authority to remove the Chief Financial Officer and the General Counsel in accordance with state law and the provisions of Article I, Section 2(c)(3); (ii) if the office of Treasurer is held by an individual other than the Chief Financial Officer, the Chief Financial Officer shall have authority to remove the Treasurer at any time after consultation with the President and the Vice Chair of the Board; and (iii) if the office of Secretary is held by an



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individual other than the General Counsel, the Board shall have authority to remove the Secretary at any time.

**(d)** From time to time and without prior amendment of these Bylaws, the Board may take the following action:

**(1)** Designate the Executive Vice President as the Chief Operating Officer, whose specific duties shall be prescribed in a formal position description approved by the President and such other specific duties as from time to time may be prescribed by the Board or a committee of the Board;

**(2)** Approve the designation of a University Officer position as a Senior Vice President, upon the recommendation of the President;

**(3)** Approve a University Officer, other than the President or a Chancellor, to hold two University Officer positions concurrently; provided that the position of Treasurer may only be held concurrently by the Chief Financial Officer, and the position of Secretary may only be held concurrently by the General Counsel; and

**(4)** Create and fill additional University Officer positions, leave one or more University Officer positions unfilled, or abolish any University Officer position.

### **Process for Appointment of University Officers**

**SECTION 2. (a) Appointment of the President.** The Board may appoint the President at any stated or special meeting of the Board after completion of a search as described below in subsection 2(c).

**(2)(b)** In the event of a vacancy or notice of an impending vacancy in the office of President, the Board or the Executive and Compensation Committee shall appoint an interim or acting President.

**(2)(c)** When the Chair of the Board deems it appropriate to proceed with a search to fill a vacancy in the office of President, the Chair, or the Vice Chair by delegation of the Chair, shall recommend to the Board the appointment of a search committee composed of appointed members of the Board of Trustees, including the voting faculty and student members of the Board. The search committee shall take appropriate action to prepare and submit for consideration by the Board a panel of nominees for President. The number of nominees shall be determined by the Board upon the recommendation of the search committee.

In carrying out its duties, the search committee may appoint an advisory committee composed of University faculty, staff, and students, as well as alumni and other

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representatives of the University's external constituencies, to assist and advise during the search process. The search committee may adopt such rules and procedure as it deems necessary in performing its duties and shall comply with all applicable legal requirements.

**SECTION 3. (a) Appointment of Chancellors.** The Board may act on the President's recommendation for appointment of a Chancellor at any stated or special meeting of the Board after completion of a search as described below in subsection 3(c).

**(3)(b)** In the event of a vacancy or notice of an impending vacancy in a Chancellor position, the President may appoint an individual to serve in an interim or acting capacity.

**(3)(c)** When the President deems it appropriate to proceed with a search to fill the vacancy in a Chancellor position, the President shall appoint an advisory committee composed of faculty, staff, students, alumni, and representatives of the external constituencies of the campus or institute to assist in identifying and screening candidates for the position. Members of the Board of Trustees may also be appointed by the President to serve on the advisory committee. Appointment of an advisory committee shall not diminish the President's ultimate authority and responsibility for recommending a candidate to the Board of Trustees. In identifying and screening candidates, the President and the advisory committee shall comply with all applicable legal requirements.

**SECTION 4. (a) Appointment of Other University Officers.** The Board may act on the President's recommendation for appointment of an individual to fill any other University Officer position at any stated or special meeting of the Board after completion of a search as described below in subsection 4(c).

**(4)(b)** In the event of a vacancy or notice of an impending vacancy in a University Officer position other than Chancellor, the President may appoint an individual to serve in an interim or acting capacity.

**(4)(c)** When the President deems it appropriate to proceed to fill the vacancy in a University Officer position other than Chancellor, the President shall identify a candidate to be recommended to the Board. The President may appoint an advisory committee to assist in identifying and screening candidates, and members of the Board of Trustees may serve on the advisory committee. Appointment of an advisory committee shall not diminish the President's ultimate authority and responsibility for recommending a candidate to the Board of Trustees. In identifying and screening candidates, the President and any advisory committee appointed by the President shall comply with all applicable legal requirements.

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## **Duties of University Officers**

**SECTION 5. (a)(1) Duties of the President.** The President is the chief executive officer of The University of Tennessee System and exercises complete executive management and administrative authority over all component parts of the University, subject to the direction and control of the Board of Trustees. The President has ultimate responsibility for leading the University academically, administratively, and financially. The President is the principal spokesperson for the University.

**(a)(2)** The President is responsible for the following:

**(i)** Identifying and recommending to the Board of Trustees individuals for appointment as University Officers as defined in these Bylaws and for recommending the initial compensation and other terms of employment of University Officers;

**(ii)** Evaluating the University Officers and setting their compensation and other terms of employment annually; provided that (1) with respect to the Vice President for Development and Alumni Affairs and Programs, the President shall perform these responsibilities in coordination with the board of directors of the University of Tennessee Foundation, Inc.; (2) if the office of Treasurer is held by an individual other than the Chief Financial Officer, the Chief Financial Officer shall evaluate the Treasurer's performance annually and set the Treasurer's compensation and other terms of employment; and (3) if the office of Secretary is held by an individual other than the General Counsel, the Vice Chair of the Board shall evaluate the Secretary's performance annually and set the Secretary's compensation and other terms of employment;

**(iii)** Promoting the general welfare and development of the University in its several parts and as a whole. The President decides all questions of jurisdiction not otherwise defined among the several parts of the University;

**(iv)** Presentation of policies, recommendations, and other matters to the Board of Trustees, the Governor, the General Assembly, and other state and federal offices;

**(v)** Prompt and effective execution of all laws relating to the University and of all resolutions policies, rules, and regulations adopted by the Board of Trustees;

**(vi)** Preparation of the University budget and its presentation to the Tennessee Higher Education Commission, the Governor and the Department of Finance and Administration, the General Assembly, and the Board of Trustees.

**(vii)** Exercising ultimate control over the budgets of all parts of the University and approving all major budgetary revisions;

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(viii) Development and execution of fundraising and alumni programs for the University in consultation with the board of directors of the University's affiliated fundraising foundations;

(ix) General administrative oversight of the University's intercollegiate athletics programs, which shall include holding the Chancellors accountable for their performance with respect to administration and control of the intercollegiate athletics programs, including an evaluation of their performance in that regard. The President shall require the Chancellors of the Chattanooga, Knoxville, and Martin campuses to keep the President informed of all matters necessary for the exercise of this oversight responsibility;

(a)(3) The President shall perform such other duties as are prescribed for that office in these Bylaws or as may be delegated to that office by the Board of Trustees or by any standing or special committee of the Board.

(a)(4) In the execution of the President's duties and responsibilities, the President may delegate powers and duties to subordinate officers. In accordance with applicable University policies and procedures, the President delegates to Chancellors and Vice Presidents powers and duties to supervise and administer academic and budgetary units reporting to them, under the general supervision of the President. These delegations do not reduce the President's ultimate responsibility, as chief executive officer of The University of Tennessee System, **to exercise administrative authority over the Chancellors and Vice Presidents.**

(b) **Duties of the Executive Vice President.** The Executive Vice President shall rank second to the President among the University Officers and staff of the system administration and shall assist the President in the active management of the system and shall have the primary responsibility for assisting the President in maximizing the system's performance and achieving its goals. The Executive Vice President shall perform the specific duties prescribed in a formal position description approved by the President and such other specific duties as from time to time may be prescribed by the Board or a committee of the Board.

In the temporary absence or unavailability of the President, the Executive Vice President shall assume the duties of the President, unless otherwise directed in writing by the President. The Executive Vice President shall perform such specific duties as from time to time may be prescribed or assigned by the President, the Board, or by any standing or special committee of the Board.

(c) **Duties of the Chancellors.** The Chancellors shall be the chief executive officers of their respective units and shall be fully responsible for administration and management of the unit, subject to the administrative authority of the President. The Chancellors shall perform the specific duties prescribed in a formal position description approved by the

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President and such other specific duties as from time to time may be prescribed by the Board or a committee of the Board.

The Chancellor of each campus with an intercollegiate athletics program shall have direct responsibility for administration and control of the program, subject to the ultimate oversight of the Board and the general administrative oversight of the President.

**(d) Duties of the Chief Financial Officer.** The Chief Financial Officer shall be responsible for all financial operations of The University of Tennessee System, including the development of financial and operational strategy, metrics tied to that strategy, and the ongoing development and monitoring of control systems designed to preserve University assets and report accurate financial results. The Chief Financial Officer shall assist the President in the active management of the system and shall perform the specific duties prescribed in a formal position description approved by the President and such other specific duties as from time to time may be prescribed by the Board or a committee of the Board. If the Chief Financial Officer does not concurrently hold the office of Treasurer, the Chief Financial Officer shall be responsible for supervising the Treasurer.

**(e) Duties of the Treasurer.** The Treasurer shall receive and shall have custody of all monies which shall come to the University for the purposes of the University and shall be responsible for the proper handling of such funds in accordance with applicable state statutes and with the policies fixed by the Board of Trustees. The Treasurer shall be responsible for financial accounting, disbursing, and reporting for the University. The Treasurer shall give bond in an amount designated by the Board of Trustees, the premium on which shall be paid by the University. Unless the position of Treasurer is held concurrently by the Chief Financial Officer, the Treasurer shall act under the supervision of and report directly to the Chief Financial Officer. The Treasurer shall perform the specific duties prescribed in a formal position description approved by the President (or, if applicable, the Chief Financial Officer) and such other specific duties as from time to time may be prescribed by the Board or a committee of the Board.

**(f) Duties of the General Counsel.** The General Counsel is the chief legal officer for The University of Tennessee and all of its constituent parts, reporting directly to the President. The General Counsel shall serve as legal advisor to the Board and the administration and shall be responsible for all legal matters affecting the University, including representation of the University and University officials in legal actions; provided that, after consultation with the President or the Executive Vice President, the General Counsel may retain outside counsel to represent the University in legal actions or otherwise to assist in the performance of the General Counsel's duties. The General Counsel shall perform the specific duties prescribed in a formal position description approved by the President and such other specific duties as from time to time may be prescribed by the Board or a committee of the Board.

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**(g) Duties of the Secretary.** Unless the office of Secretary is held concurrently by the General Counsel, the Secretary shall act under the supervision of and report directly to the Vice Chair of the Board. The Secretary of the University shall perform the following duties related to the business of the Board:

- (1)** Assist the President and the Vice Chair in preparing an agenda for each meeting of the Board and of the Executive and Compensation Committee, in accordance with the provisions of Article II, Section 7.
- (2)** Record all calls for meetings of the Board and of the Executive and Compensation Committee, and notify all Trustees of all meetings of the Board and of the Executive and Compensation Committee in accordance with the provisions of Article II, Sections 5 and 6.
- (3)** Attend all meetings of the Board and of the Executive and Compensation Committee, take and preserve in a proper minute book the minutes of those meetings, and send a copy of the minutes to all Trustees.
- (4)** Notify the members of all special committees created by the Board of their appointment.
- (5)** Maintain a current set of the Bylaws of the University and a record of all Bylaw amendments.
- (6)** Maintain a record of the dates of Trustee appointments and the dates of the expiration of their terms of office.
- (7)** Maintain a copy of any written report made by the committees of the Board.
- (8)** Maintain all records pertaining to the business of the Board, except as otherwise provided.
- (9)** Assist the President in seeing that all orders and resolutions of the Board and of the Executive and Compensation Committee are made effective; and
- (10)** Perform such other duties as may be directed by the Board, the Chair, the Vice Chair, the Executive and Compensation Committee, or the President; and assist the Board, its officers, and committees in discharging their duties.

With approval of the President, the Secretary may appoint one or more assistant secretaries to assist in performing the duties of the office. In the absence of the Secretary and an assistant secretary from any meeting of the Board or of the Executive and Compensation Committee, the Board or the Executive and Compensation Committee may appoint a secretary *pro tempore*, who shall be charged with the duty of taking the minutes of the meeting and sending a copy to all Trustees.

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In addition to the Board-related duties prescribed in Articles I and II, the duties of the Secretary shall include the following and similar duties related to the legal and corporate status of the University:

(1) Attest all instruments of legal obligation requiring the Seal of the University and affix thereto the Seal, of which the Secretary shall be the custodian.

(2) Countersign, by facsimile signature, all diplomas and certificates granted by the University.

The Secretary shall perform any other specific duties as from time to time may be prescribed by the Vice Chair, the Board, or a committee of the Board.

**(h) Duties of the Vice President for Research, Outreach, and Economic Development.**

The Vice President for Research, Outreach, and Economic Development shall be responsible for facilitating coordination of research, outreach, and economic development functions and activities among the campuses, institutes, Oak Ridge National Laboratory, the University of Tennessee Research Foundation, and other entities affiliated with the University; promoting development of programs to enhance economic development in the state; promoting research compliance throughout the system; and oversight of technology transfer activities. The Vice President shall perform the specific duties prescribed in a formal position description approved by the President or and such other specific duties as from time to time may be prescribed by the Board or a committee of the Board.

**(i) Duties of the Vice President for Development and Alumni Affairs and Programs.**

The Vice President for Development and Alumni Affairs and Programs shall serve as President and Chief Executive Officer of the University of Tennessee Foundation, Inc. and shall report directly to the President of the University and to the board of directors of the Foundation. The Vice President is responsible for the leadership and management of all alumni, development, and advancement services for the University. The Vice President shall perform the specific duties prescribed in a formal position description approved by the President and such other specific duties as from time to time may be prescribed by the Board or a committee of the Board.

**Staff Vice Presidents**

**SECTION 6.** The President may authorize the appointment of such staff vice presidents as the President deems necessary for the efficient administration of the University. Staff vice presidents shall report directly to and serve at the pleasure of a University Officer, as defined in these Bylaws, or the President's chief-of-staff if such position exists, and shall perform the specific duties prescribed in a formal position description approved by the

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supervising official or assigned from time to time by the Board or a committee of the Board. All staff vice presidents with system-wide responsibilities for budget, finance, capital projects, or other financial matters shall report directly to and serve at the pleasure of the Chief Financial Officer.

### **Employment of Former Members of the Senior Staff**

**SECTION 7.** When a University Officer, staff vice president, or equivalent member of the senior administrative staff retires or otherwise leaves office, the title, compensation, and other terms and conditions of any further employment by the University shall be subject to the prior approval of the Board or the Executive and Compensation Committee, upon the recommendation of the President; provided that this approval shall not be required when an individual who holds tenure in an academic department leaves office to assume a full-time faculty position with compensation no greater than the average compensation for full-time professors in that department. In its discretion, the Board of Trustees may approve the title, compensation, and other terms and conditions of any further employment at the time the individual is initially employed or at any time before the individual leaves office.

### **Executive Director of the Office of Audit and Compliance**

**SECTION 8. (a)** The chief internal auditor for the University shall hold the title Executive Director of the Office of Audit and Compliance. The Board of Trustees shall appoint the Executive Director upon the recommendation of the Audit and Compliance Committee. In the event of a vacancy, or notice of an impending vacancy in this position, the Chair of the Audit and Compliance Committee shall identify and recommend to the Committee a candidate for the vacant position. Upon concurring with the recommendation of the Chair, the Committee will recommend the candidate to the Board of Trustees for appointment. In identifying a candidate for recommendation to the Committee, the Chair shall comply with all applicable University policies concerning searches and the appointment process. The Chair of the Committee may appoint an individual to serve as Executive Director on an interim or acting basis pending completion of a search and the appointment process.

**(b)** The Board of Trustees reserves to itself the authority to reassign, demote, or dismiss the Executive Director, upon the recommendation of the Audit and Compliance Committee.

**(c)** The Executive Director and the staff of the Office of Audit and Compliance shall report administratively to the Chief Financial Officer of the University. However, with respect to all audit activities and findings, the Executive Director shall report directly to the Audit and Compliance Committee and shall have direct and unrestricted access to the Chair, other Committee members, and the Vice Chair of the Board.

**(d)** Each year, the Executive Director shall develop and execute a comprehensive audit plan to be conducted in accordance with applicable professional auditing standards. The Executive Director shall make a comprehensive report on the internal audit function to the



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Board of Trustees through the Audit and Compliance Committee at the Annual Meeting. The report will include the annual audit plan and a review of all previous year audits completed and in progress, including any follow-up reviews and any audits that were scheduled but not done.

(e) The Executive Director shall send a copy of each internal audit report and follow-up review, upon its completion, to the Audit and Compliance Committee.

(f) The Executive Director shall promptly report any activity that is illegal, or the legality of which is questioned by the internal audit department (e.g., conflict of interest, theft), to the Chair of the Audit and Compliance Committee.

### **Execution of Legal Instruments**

**SECTION 9.** Subject to compliance with any applicable policies concerning legal and fiscal review, the President and other University Officers named in Section 1 of this Article IV shall have the power and authority to sign documents, instruments, contracts, bonds, notes, or other papers in connection with the operation of the business of the University; and, in addition to the Secretary, any assistant secretary shall have the power and authority to attest and place the University's Seal on all said documents, instruments, contracts, bonds, notes, or other papers.

Subject to fiscal policies and procedures issued from time to time, administrative personnel on each campus, such as purchasing agents and business managers, shall have the power and authority to sign and issue purchase orders and conduct ordinary business affairs on behalf of the University. In addition, University fiscal policies and procedures issued from time to time may delegate to campus administrative personnel the authority to sign certain other instruments that do not warrant prior legal and fiscal review. Except in the case of purchase orders and other instruments executed by campus personnel under the delegation authorized by this section, all contracts, bonds, mortgages, notes, deeds, leases and other instruments of legal obligation shall be executed by the President or another University Officer after any required legal and fiscal review. A copy of every instrument of legal obligation executed on behalf of the University, except purchase orders, shall be filed in the official files of the University in the Office of the Treasurer.

## **ARTICLE V**

### **Parliamentary Rules**

**SECTION 1.** General parliamentary rules shall be observed in conducting the business of the Board of Trustees except as they may be modified by these Bylaws, standing rules, or by other rules and regulations adopted by the Board.

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## **Motions and Resolutions**

**SECTION 2.** In the interest of clearness, to prevent misapprehension and to secure accuracy of record, each important motion or resolution (except informal or parliamentary motions) shall be presented in writing at the time the motion or resolution is made, or the Trustee may be granted the privilege of reducing such motion to writing and of presenting it to the Secretary before adjournment of the meeting.

## **Roll-Call Vote**

**SECTION 3.** A roll-call vote of the Board of Trustees shall be required on all motions the following: (1) amendment of the Bylaws, adoption of a new Bylaw, or repeal of an existing Bylaw; (2) the annual operating budget, including student tuition and fee proposals for which Board approval is required; (3) funding requests for capital outlay and capital maintenance projects; and (4) revenue or institutionally funded capital projects. On any other motion, a roll-call vote shall be taken if required by law or if a Board member present demands a roll-call vote before the announcement of a vote otherwise taken.

## **Order of Business**

**SECTION 4.** At all meetings of the Board of Trustees, the order of business shall be prescribed by the Vice Chair in consultation with the President and with the assistance of the Secretary.

## **Appeals to the President**

**SECTION 5.** Any employee or student of the University who feels that he or she may have a grievance against the University shall have the right of appeal through the appropriate Chancellor or Vice President to the President of the University, except as otherwise provided by University policy.

## **ARTICLE VI**

### **Bylaws Effective Upon Adoption**

**SECTION 1.** These Bylaws shall be effective upon adoption and shall supersede all bylaws previously adopted by the Board.

### **Amendment of Bylaws**

**SECTION 2.** These Bylaws may be changed by amendment, by adoption of a new Bylaw or by repeal of an existing Bylaw at any regular meeting of the Board of Trustees, or at a special meeting called for that purpose, by a majority roll-call vote of the total voting membership of the Board as constituted by law at the time, provided that a copy of the

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amendment or new bylaw to be offered or notation of the bylaw to be repealed shall be furnished each Board member in writing at least ten (10) days in advance of the meeting.

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# THE UNIVERSITY OF TENNESSEE BYLAWS

6

As Amended Through March 1, 2013  
Amended and Restated  
Adopted [insert date]

## **Full Authority Vested in Board of Trustees** **Powers of the Board**

### ARTICLE I

**SECTION 1.** The Board of Trustees, which is the governing body of The University of Tennessee, shall have full and complete control over its organization and administration, also over its constituent parts and its financial affairs. The Board has all express powers granted by acts of the General Assembly of the State of Tennessee and all implied powers necessary, proper, or convenient for the accomplishment of the University's mission and the responsibilities of the Board, including but not limited to the power to adopt Bylaws and other rules consistent with the constitution and laws of the United States and this state. The Board has express power to take all actions necessary and appropriate to ensure the financial stability and solvency of the University.

All Trustees, both ex officio and appointed, except the non-voting student and faculty trustees and the Executive Director of the Tennessee Higher Education Commission, a non-voting member, shall have a vote on matters coming before the Board or before any committee thereof of which they are members; provided that the President's membership on a standing or special committee or subcommittee shall be as a non-voting member.

## **Responsibilities of the Board**

**SECTION 2.** The Board shall: (a) The Board shall exercise general control and oversight of The University of Tennessee System and its institutions, delegating to the President the executive management and administrative authority necessary and appropriate for the efficient administration of the system or necessary to carry out the mission of the system; and delegating to each Chancellor the executive management and administrative authority necessary and appropriate for the efficient administration of each institution and its programs, subject to the general supervision of the President. The Board shall not undertake to direct matters of administration or of executive action except through the President.

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(b)(1) The Board shall appoint the President of The University of Tennessee System, who shall be the chief executive officer of the system, serving at the pleasure of the Board, which has power to remove the President at any time, subject to the terms of any written employment contract approved by the Board.

(b)(2) The Board shall define the duties of the President, including administrative duties with respect to the system and the individual institutions and, within budgetary limitations, fix the President's compensation and other terms of employment.

(c)(1) The Board shall approve, upon the recommendation of the President, the appointment of Chancellors and other positions designated by these Bylaws as University Officers and, within budgetary limitations, approve their initial compensation and other terms of employment.

(c)(2) The Board has power to remove a Chancellor at any time. The President also has power to remove a Chancellor at any time without the approval of the Board.

(c)(3) The Board alone has power to remove the Chief Financial Officer and the General Counsel, which shall require a simple majority vote if recommended by the President and a two-thirds vote if not recommended by the President. (See Article IV, Section 8(b) concerning the authority of the Board alone to remove the Executive Director of the Office of Audit and Compliance.)

(d) The Board of Trustees is vitally interested in the welfare, safety, and conduct of University students and is dedicated to the maintenance of an environment that preserves conditions conducive to the normal education processes and to the welfare and safety of students and others. The Board of Trustees expressly delegates to the President and Chancellors the authority to prescribe and enforce policies, rules, and regulations concerning rights, responsibilities, conduct, and discipline of students at the various campuses and facilities of the University, subject to applicable federal and state law and specifically subject to the requirement that certain rules be promulgated under the Uniform Administrative Procedures Act, which may include approval by the Board. The President, Chancellors, and Vice Presidents are authorized to take any lawful action necessary to protect life and property at the several campuses and facilities. **[Moved from Article IV and edited primarily to comply with legal requirements.]**

(e) The Board delegates direct responsibility for administration and control of the intercollegiate athletics programs to the Chancellor of each campus with an intercollegiate athletics program. The Board, with its Athletics Committee, shall exercise oversight of the intercollegiate athletics programs and, through the President, hold the Chancellors accountable for the appropriate execution of their responsibility for administration and

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control of those programs. From time to time, the Board may adopt a policy detailing its oversight role and specific responsibilities of the Chancellors and the athletics departments.

**(f)** All matters involving ordinary repairs, changes, adjustments and improvements for the purpose of putting and keeping in good condition the buildings, grounds and equipment of the University, wherever located, for their efficient use are delegated to the University administration, subject to compliance with all applicable state laws and University policies. **[Moved from a subsequent section]**

**(g)** The President, Chancellors, and other University officials designated by the President are authorized to confer degrees at commencement ceremonies held at various times throughout the year.

**(h)** The Board reserves to itself, or to the Executive and Compensation Committee when necessary between Board meetings, the authority to approve the following:

~~(1) Establish policies controlling t~~The scope of the educational opportunities to be offered by the University ~~and also policies determining its operation in general; however, provided that~~ the planning and development of curricula shall be the function of the faculties;

~~**(b)** Have full authority to determine and to control the activities and policies of all organizations and activities that bear, or that may be carried under, the name of the University;~~**(2)** Creation of legal entities that will bear the University's name, and the governance structure of such entities;

~~**(c)** Not undertake to direct matters of administration or of executive action except through the President;~~ **[Moved to Article I, Section 2(a)]**

~~**(d)** Control the election and removal of the University Officers named in Article IV, Section 1, of these Bylaws and the fixing of their compensation. The Board shall elect and fix the compensation of the President and the other University Officers at the annual meeting except when a vacancy occurs at another time. At the annual meeting the Board shall also approve the compensation of the faculty and of all other employees the Board may deem necessary for the proper operation and management of the University. **[Controlled by new legislation.]**~~

~~**(3)** ~~(e)~~(1) Approve g~~Guidelines governing the administration's submission of a proposed annual operating budget and appropriations request to state agencies and officials.

~~**(4)** ~~(e)~~(2) Approve the University's p~~Proposed capital outlay budgets and requests for capital outlay appropriations prior to their submission to other state agencies and officials;

~~**(5)** ~~(e)~~(3) Approve the f~~Final operating and capital outlay budgets for the next fiscal year after the General Assembly has enacted annual appropriations for the University.

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(6) Final operating budget for the next fiscal year after the General Assembly has enacted annual appropriations for the University, thereby confirming the salaries of all employees of the University system and each institution;

(7) Student tuition and fees for which Board approval is required by Board policy and proposed discounts of student tuition and fees unless mandated by state law;

(78) Policies and procedures governing the granting and removal of tenure for faculty members;

(9) Granting tenure to eligible members of the faculty upon the positive recommendation of the President; and

(10) Prescribe a General admission, progression, and retention, and graduation requirements for the University and particular programs of instruction;

(11) Naming buildings and other assets of the University, except as delegated to the administration by Board policy;

(12) Granting honorary degrees; and

(13) All other matters on which a standing committee of the Board is required to make a recommendation under Article III of these Bylaws.

### **Duty of Trustees to Keep Informed**

**SECTION 3.** Each Trustee, so far as time will permit, shall keep informed as to the work of the University and its several campuses, ~~colleges, schools, departments and activities and institutes~~, both educational and business.

### **Officers of the Board**

**SECTION 4.** The officers of the Board shall be a Chair and a Vice Chair.

(a) The Governor of the State of Tennessee, who is an ex officio voting member of the Board, shall serve as ex officio Chair of the Board.

(b) The ~~Chair and~~ Vice Chair shall be a members of the Board and shall be elected by the Board at the annual meeting to serve for two years, beginning July 1 of the year elected. In the event of a vacancy in the office of Vice Chair before expiration of the term, the Chair of the Board shall appoint a Vice Chair pro tempore until a successor shall be elected to fill the

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unexpired term at the next meeting of the Board following creation of the vacancy. The Vice Chair shall not be eligible to succeed himself after serving a two-year term; provided that at the request of the Chair of the Board, the term of a Vice Chair may be extended beyond the two-year term upon a majority vote of the total voting membership of the Board. ~~except upon the affirmative three-fourths (3/4) vote of the entire Board.~~

(~~bc~~) The Chair shall preside when present at meetings of the Board; provided that the Chair may ask the Vice Chair to preside at any meeting and shall be the spokesman for the Board. The Chair shall perform such other duties as may, from time to time, be prescribed by the Board and by these ~~b~~Bylaws.

(~~ed~~) In the absence of the Chair, the Vice Chair shall preside at meetings of the Board and otherwise perform the duties of the Chair. The Vice Chair shall be the spokesperson for the Board, unless the Chair chooses to assume that responsibility, and shall perform such other duties as may be prescribed by the Board or these Bylaws from time to time.

(~~de~~) In the absence of the Chair and the Vice Chair, the ~~e~~Chair of the Trusteeship Committee shall preside at meetings of the Board; in the absence of all three, the senior member of the Board shall preside.

**Corporate Secretary** [Moved to Article IV, Section 5]

~~SECTION 5. The Secretary of the University shall perform the following duties related to the business of the Board:~~

~~(a) Assist the President and the Vice Chair in preparing an agenda for each meeting of the Board and of the Executive and Compensation Committee, in accordance with the provisions of Article II, Section 7.~~

~~(b) Record all calls for meetings of the Board and of the Executive and Compensation Committee, and notify all Trustees of all meetings of the Board and of the Executive and Compensation Committee in accordance with the provisions of Article II, Sections 5 and 6.~~

~~(c) Attend all meetings of the Board and of the Executive and Compensation Committee, take and preserve in a proper minute book the minutes of those meetings, and send a copy of the minutes to all Trustees.~~

~~(d) Notify the members all special committees created by the Board of their appointment.~~

~~(e) Maintain a current set of the Bylaws of the University and a record of all Bylaw amendments.~~



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~~(f) Maintain a record of the dates of Trustee appointments and the dates of the expiration of their terms of office.~~

~~(g) Maintain a copy of any written report made by the committees of the Board.~~

~~(h) Maintain all records pertaining to the business of the Board, except as otherwise provided.~~

~~(i) Assist the President in seeing that all orders and resolutions of the Board and of the Executive and Compensation Committee are made effective.~~

~~(j) Perform such other duties as may be directed by the Board, the Chair, the Vice Chair, the Executive and Compensation Committee, or the President; and assist the Board, its officers, and committees in discharging their duties.~~

~~With approval of the President, the Secretary may appoint one or more assistant secretaries to assist in performing the duties of the office. In the absence of the Secretary and an assistant secretary from any meeting of the Board or of the Executive and Compensation Committee, the Board or the Executive and Compensation Committee may appoint a secretary *pro tempore*, who shall be charged with the duty of taking the minutes of the meeting and sending a copy to all Trustees.~~

## ARTICLE II

### Three Stated Meetings Annually

**SECTION 1.** The Board of Trustees shall hold at least three (3) stated meetings annually, one of which shall be the Annual Meeting. Meetings may be held at any location in Tennessee where the University conducts business.

### Special Meetings

**SECTION 2.** Special meetings of the Board as may be necessary may be called (a) by its Chair, (b) by its Vice Chair, (c) by the President of the University, or (d) by the Secretary upon the written request of three (3) or more of its members. The call for every special meeting shall state the business to be considered.

### Adjournment

**SECTION 3.** The Board may adjourn any stated or special meeting to any date that it may set for such adjournment. Any stated or special meeting of the Board, if a quorum ~~beis~~ not

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present, may be adjourned by the members attending from time to time until a quorum shall be present.

## Quorum

SECTION 4. In accordance with Tennessee Code Annotated § 49-9-205(b), ~~Se~~seven (7) voting members of the Board shall constitute a quorum.

## Notice of Stated Meetings

SECTION 5. At least five (5) days' written notice of the stated meetings of the Board shall be sent by the Secretary to all Trustees.

## Notice of Special Meetings

SECTION 6. Special meetings of the Board may be called on less than five (5) days' notice and, if urgent, by telephone, facsimile transmission, or electronic mail to each Board member, who must be advised of the purpose or purposes of the meeting.

## Agenda

SECTION 7. An agenda for every meeting of the Board of Trustees shall be prepared by the Vice Chair and in consultation with the President, and with the assistance of the Secretary. The agenda shall list in outline form each matter to be considered at the meeting. When feasible, a copy of the agenda shall accompany the notice of the meeting, but when not feasible, a copy shall be provided to the Trustees before the meeting date. Matters not appearing on the agenda of a stated meeting, or stated in the call for a special meeting, may be considered only upon an affirmative vote ~~which shall~~ representing a majority of the ~~entire~~total voting membership of the Board.

Notwithstanding any provision in these Bylaws to the contrary, ~~after consulting with the appropriate committee chair and the President in the absence of objection by the committee chair,~~ the Vice Chair of the Board may designate agenda items for deliberation and action at the full Board meeting without prior review and recommendation of a committee. In that event, the Vice Chair, at his or her discretion, ~~shall~~may relinquish the chair of the meeting to the appropriate committee chair for the duration of the Board's deliberation and action on the designated item(s).

## Consent Agenda of the Board

SECTION 8. The Vice Chair of the Board, in consultation with the President, and the Secretary, ~~and committee chairs,~~ may designate items to be approved, or received for

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information, by unanimous consent of the Board. Only items that are routine in nature or noncontroversial shall be designated for unanimous consent; provided, ~~however,~~ that any item unanimously approved by a committee ~~may be~~ shall be designated ~~by the Vice Chair, in consultation with the President, the Secretary, and committee chair,~~ for unanimous consent at the full Board meeting except the following: (1) amendment of the Bylaws, adoption of new Bylaws, or repeal of existing Bylaws; (2) the annual operating budget, including student tuition and fee proposals for which Board approval is required; (3) funding requests for capital outlay and capital maintenance projects; (4) revenue or institutionally funded capital projects; and (5) any other item on which a roll-call vote is required. The following are examples of items that will routinely be designated for unanimous consent ~~on both the committee agenda and the full Board agenda:~~ approval of minutes, approval of signatory authority for bank and investment accounts; sale of gift property at or above the appraised value; grant of easements and rights-of-way; and ratification of quasi-endowments; ~~and authorization to confer degrees.~~

Items designated for unanimous consent shall be separately identified on the Board agenda as a consent agenda and shall be voted on by a single motion. Full information about each item on the consent agenda shall be provided to the Board in advance of the meeting. Any member of the Board may remove an item from the consent agenda by notifying the Secretary prior to the meeting. Before calling for a motion to approve the consent agenda, the Chair or Vice Chair shall announce any items that have been removed from the consent agenda and ask if there are other items to be removed. Requests for clarification or other questions about an item on the consent agenda must be presented to the Secretary before the meeting. An item will not be removed from the consent agenda solely for clarification or other questions.

### **~~Employee and Student Petitions~~ [Replaced by new Section 9 below]**

~~SECTION 9. Employees and students of the University desiring to appear at any Board meeting to present in person any matter shall make written application to the Secretary, setting out the matter to be presented, at least thirty (30) days before the date set for the meeting; otherwise, a request to appear before the Board will not be granted except upon favorable majority vote of the Trustees present at the meeting.~~

#### **Requests to Address the Board**

SECTION 9. In conjunction with regular meetings of the Board, the Board shall provide a reasonable opportunity for students, employees, and members of the public to address the Board or a Board committee concerning agenda items or other issues germane to the responsibilities of the Board. The Board shall adopt a standing rule governing requests to address the Board.

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## Meetings Open to the Public

SECTION 1011. Meetings of the Board shall be open to the public except as authorized by a statutory or judicially recognized exception to the Tennessee Open Meetings Act.

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## ARTICLE III

### Standing Committees

SECTION 1. (a) The standing committees of the Board of Trustees shall be the Academic Affairs and Student Success Committee, Advancement and Public Affairs Committee, Athletics Committee, Audit and Compliance Committee, Executive and Compensation Committee, Finance and Administration Committee, Health Affairs Committee, Trusteeship Committee, and Research, Outreach and Economic Development Committee, and University Life Committee.

The standing committees shall have the subcommittees designated in subsequent sections of these Bylaws and such other subcommittees as the Board from time to time finds necessary or expedient.

### Committee Charters

(b) Each standing committee shall develop and approve a committee charter detailing the committee's ~~recurring activities in carrying out its~~ responsibilities and, if applicable, powers. The Trusteeship Committee shall review and approve committee charters and recommend them to the Board for final approval. Committee charters shall be approved by the Board of Trustees or the Trusteeship Committee.

### Special Committees

(c) In addition to the standing committees, the Chair or Vice Chair of the Board may appoint special committees for specific assignments. The chair of any special committee shall be designated at the time of appointment.

### Composition of Standing Committees

#### General Requirements

SECTION 2. ~~(b)(1)(a)(1)~~ Except as otherwise provided in these Bylaws, the voting members of the standing committees and subcommittees shall be members of the Board of Trustees; provided that the Board from time to time may appoint other individuals as voting members of a committee or subcommittee if the assistance of others is necessary to carry out the responsibilities of the committee or subcommittee as long as the majority of each committee and subcommittee consists of members of the Board. ~~appointed by the~~

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~~Board upon the recommendation of the Vice Chair of the Board, with the advice and consent of the Trusteeship Committee [Addressed below in (a)(5); advice and consent of Trusteeship is deleted]. Each standing committee shall be composed of no less than three members of the Board of Trustees.~~

(a)(2) A subcommittee shall consist of members of the parent committee unless the appointment of other members of the Board or other individuals is necessary to carry out the responsibilities of the committee or subcommittee.

(a)(3) The Vice Chair of the Board shall be an ex officio, voting member of all standing committees and, ~~except for the Audit Committee,~~ shall be counted for quorum purposes.

(a)(4) The President of the University shall be an ex officio, non-voting member of all standing committees, except the Audit and Compliance Committee, but shall not be counted for quorum purposes.

~~Notwithstanding any provision in this subsection to the contrary, the Audit Committee may be composed of one external member and two or more members of the Board of Trustees who satisfy the membership requirements established in Article III, Section 8 of these Bylaws. An external member must have extensive accounting, auditing, or financial management expertise. An external member may not serve as Chair of the Audit Committee. [Moved to a subsequent section.]~~

### Specific Requirements Applicable to the Composition of Certain Committees

(b)(1) The Executive and Compensation Committee shall be composed of the chairs of the other standing committees of the Board, the immediate past Vice Chair of the Board as an ex officio voting member, and the current Vice Chair of the Board as an ex officio voting member. The current Vice Chair of the Board shall serve as chair of the committee. The President of the University shall serve as an ex officio non-voting member of the committee but shall not be counted for quorum purposes.

(b)(2) The Health Affairs Committee shall be composed of the Vice Chair of the Board, the Chair of the Audit and Compliance Committee, the Chair of the Finance and Administration Committee, and the Chair of the Trusteeship Committee, all of whom shall serve as ex officio voting members, and the President and the Executive Vice President of the University, both of whom shall serve as ex officio non-voting members of the committee but shall not be counted for quorum purposes.

~~If one of the ex officio voting members is not the immediate past Vice Chair of the Board, the immediate past Vice Chair shall serve as an ex officio voting member of the committee.~~

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If one of the ex officio voting members is not from Shelby County or the Ninth Congressional District, a Trustee from Shelby County or the Ninth Congressional District shall be appointed as a voting member of the Committee in accordance with subsection (b)(1) below.

From time to time, the Vice Chair of the Board may recommend to the Board of Trustees that another Trustee with professional or business expertise that would be particularly beneficial to the Health Affairs Committee be appointed as an at-large voting member.

~~The Chair of the Finance and Administration Committee shall serve as Chair of the Health Affairs Committee.~~

(b)(3) The Athletics Committee shall be composed of the following Trustees: Vice Chair of the Board; Chair of the Academic Affairs and Student Success Committee; Chair of the Audit and Compliance Committee; Chair of the Finance and Administration; and Chair of the Trusteeship Committee, all of whom shall serve as ex officio voting members. From time to time, the Vice Chair of the Board may recommend to the Board of Trustees that another Trustee with knowledge and experience that would be particularly beneficial to the Athletics Committee be appointed as an at-large voting member. The President of the University shall serve as an ex officio non-voting member but shall not be counted for quorum purposes.

(b)(4) All members of the Audit and Compliance Committee shall be financially literate, meaning they shall be able to read and understand fundamental financial statements, including a balance sheet, income statement and cash flow statement. At least one member of the committee shall have extensive accounting, auditing, or financial management expertise. There shall be no overlapping membership of the committee and the Finance and Administration Committee. The Vice Chair of the Board shall serve as an ex officio member of the Audit and Compliance Committee but shall not be counted for quorum purposes. The President shall not serve as a member of the committee but shall attend meetings if requested by the Chair. [Moved from a subsequent section and edited.]

~~Notwithstanding any provision in this subsection to the contrary, t~~The Audit and Committee may be composed of one external member ~~and two or more members of the Board of Trustees who satisfy~~ies the membership requirements ~~established in Article III, Section 8 of these Bylaws~~stated in the preceding paragraph. An external member must have extensive accounting, auditing, or financial management expertise. An external member may not serve as Chair of the Audit and Compliance Committee.

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**(b)(5)** The faculty senate presidents and the student government association presidents shall serve as ex officio non-voting members of the Academic Affairs and Student Success Committee but shall not be counted for quorum purposes.

**(b)(6)** A representative of the professional staff of the Institute of Agriculture, the Institute of Public Service, and the Health Science Center shall be appointed by the Vice Chair of the Board, upon the recommendation of the President, as non-voting members of the Research, Outreach and Economic Development Committee but shall not be counted for quorum purposes.

### **Appointment of Standing Committees, Subcommittees, and Committee Chairs**

**(bc)(21)** At the annual meeting of the Board, upon the recommendation of the Vice Chair, the Board shall appoint the members and chairs of the standing committees and subcommittees for a two-year term. The Vice Chair shall consult with the chair of a standing committee on the recommendation for appointment of the chair and members of a subcommittee. Committee appointments shall be made at the annual meeting for a two-year term. The chair of each standing committee shall be designated by the Board for a two-year term upon the recommendation of the Vice Chair, with the advice and consent of the Trusteeship Committee. For good cause, such as the need to ensure continuity in Board leadership during a period of transition in Board membership or in the offices of Governor or President, the Board, on the recommendation of the Vice Chair, may extend the term of committee and committee chair appointments for up to one year beyond the two-year term. (The immediately preceding sentence shall expire on May 31, 2011.) Competencies and professional or business expertise of members and previous Board and committee experience of members, together with any special qualifications required by these **b**Bylaws for certain committees, will be considered in committee, subcommittee, and chair appointments.

**(c)(2)** No Trustee may serve more than two consecutive two-year terms as chair of a the same committee or subcommittee except for good cause upon a majority vote of the total voting membership of the Board.

**(c)(3)** If a vacancy occurs in a committee, subcommittee, or chair position prior to expiration of the two-year term, the Vice Chair Board shall appoint a Trustee to fill the remainder of the term, upon the recommendation of the Vice Chair, with the advice and consent of the Trusteeship Committee.

**(c)(4)** The Vice Chair is authorized to make interim committee, subcommittee, and chair appointments at the end of the two-year term if appointments or reappointments to the Board are pending. The interim appointments shall be subject to confirmation by the Board when all appointments or reappointments have been made.

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(c)(5) The Vice Chair is authorized to appoint a chair *pro tempore* of any standing committee or subcommittee when necessary.

## **Meetings of Standing Committees and Subcommittees**

### **Required**

SECTION 3. (a) The ~~Executive and Compensation Committee~~ standing committees and subcommittees shall meet as often as necessary to carry out ~~its~~ their responsibilities but no less often than twice annually. ~~All other standing committees shall meet at least three times annually. At the discretion of the committee chair, a standing committee may meet jointly with another standing committee, special committee, or subcommittee, in which case only the voting members of a particular committee or subcommittee shall vote on any agenda item requiring action by that committee or subcommittee.~~

### **Call of Meetings**

(b)(1) A meeting of any standing or special committee may be called at any time by the Chair or Vice Chair of the Board, ~~the Vice Chair of the Board~~, the President, the committee chair, or by the Secretary upon the written request of two members of the committee.

(b)(2) A meeting of a subcommittee may be called by the subcommittee chair or the chair of the parent standing committee.

### **Notice**

(c) Notice of all ~~meetings standing and special committee meetings including the purpose of the meeting,~~ shall be given to all members of the standing committee, subcommittee, or special committee members. Notice of meetings of the Executive and Compensation Committee, ~~including the purpose of the meeting,~~ shall be given to all members of the Board. Notice may be delivered by regular mail, electronic mail, or facsimile transmission. At least five (5) days' notice shall be given when feasible, but less notice may be given when there is a need for urgent action ~~by the committee.~~ If written notice is not feasible, by reason of urgency or other exigent circumstance, notice may be given by telephone.

### **Agenda**

(d) An agenda shall accompany the notice of every meeting of a standing committee, subcommittee, or special committee when feasible, but when not feasible, the notice shall state the purpose or purposes for which the meeting is called. The agenda shall list in outline form each matter to be considered at the meeting. Matters not set forth on the



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agenda or in the notice shall be considered only upon an affirmative vote of a majority of the ~~entire~~total voting membership of the committee or subcommittee.

### Consent Agenda

(e) ~~In accordance with Article II, Section 8, of the Bylaws, items may be designated by the Vice Chair of the Board, in consultation with the President, the Secretary, and the committee chair, for a consent agenda of the Board.~~ Standing committee chairs may designate items to be included on a consent agenda for the committee; provided that the following items may not be placed on a committee consent agenda: (1) amendment of the Bylaws, adoption of new Bylaws, or repeal of existing Bylaws; (2) the annual operating budget, including student tuition and fee proposals for which Board approval is required; (3) funding requests for capital outlay and capital maintenance projects; (4) revenue or institutionally funded capital projects; and (5) any other item on which a roll-call vote will be required in the full Board meeting. The following are examples of items that will routinely be placed on a committee consent agenda: approval of minutes, approval of signatory authority for bank and investment accounts; sale of gift property at or above the appraised value; grant of easements and rights-of-way; and ratification of quasi-endowments.

Consent agenda items shall be separately identified on the committee agenda, and before calling for a motion to approve, the committee chair shall ask if any member of the committee wants to remove an item from the consent agenda. Requests for clarification or other questions about an item on the consent agenda must be presented to ~~the~~ Secretary/committee staff before the meeting. An item will not be removed from the consent agenda solely for clarification or other questions.

(e)(1) If any committee member asks that an item be removed from the consent agenda, the item will be separately considered and voted on by the committee. If the item is approved by the committee, it will be placed on the consent agenda for the full Board meeting.

(e)(2) If there is no request to remove an item from the consent agenda, the consent agenda shall be voted on by a single motion, and if the motion carries, all items will go forward to the consent agenda of the full Board meeting.

### Quorum

(f) A majority of the voting members of each standing committee, subcommittee, or special committee shall constitute a quorum. In the absence of a quorum, those attending may adjourn the meeting until a quorum is present.

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## Open Meetings

(g) Meetings of standing committees, ~~subcommittees~~, and ~~meetings of~~ special committees authorized to make decisions for or recommendations to the Board, shall be open to the public except as authorized by a statutory or judicially recognized exception to the Tennessee Open Meetings Act.

## Minutes

(h) Minutes shall be made of meetings of all standing committees, subcommittees, and special committees authorized to make decisions for or recommendations to the Board, and the minutes shall be provided to all members of the committee or subcommittee. ~~In accordance with Article II, Section 5(b) of these bylaws, m~~ Minutes of the Executive and Compensation Committee shall be provided to all members of the Board.

## Purpose and Responsibilities of Standing Committees and Subcommittees

SECTION 4. The general purpose of each standing committee and subcommittee is described in the following sections. Specific responsibilities and, if applicable, powers of standing committees and subcommittees shall be included in the standing committee's charter, which shall be approved by the Board of Trustees or the Trusteeship Committee, as provided in Article III, Section 1(b) of these Bylaws.

## Executive and Compensation Committee

SECTION 45. The Executive and Compensation Committee shall have the following general purposes: (1) to ensure that the Board fulfills the University's responsibilities; (2) to oversee University policy, the work of other standing committees, and the University's planning process; (3) to oversee and monitor the University's commitment to and compliance with the state's plans and objectives for higher education; and (4) to act for the Board on any matter when necessary between meetings of the Board.

### **[Specific responsibilities will be included in committee charter]**

~~(a)(1) The Executive and Compensation Committee shall have power to approve the condemnation or purchase of properties when necessary between meetings of the Board; to approve conveyance of the University's interest in real property by sales in fee, easements, or rights of way when necessary between meetings of the Board; and to approve the acquisition of any interest in real property, including acquisition by gift or devise if the acquisition obligates the University or the State of Tennessee to expend state funds for capital improvements or continuing operating expenditures, when necessary between meetings of the Board. The committee shall have power to act for the Board, in harmony with the general policies of the Board, to approve any other matter on which action is required before the next meeting of the Board. Before undertaking to act for the Board on~~

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~~such a matter, the committee must make a determination of necessity, and the facts and circumstances on which the determination is based must be reflected in the minutes of the meeting.~~

~~(b)(1) The committee shall recommend to the Board the initial compensation of the President. The committee shall review the President's compensation annually, taking into consideration the results of the President's annual performance review, and may recommend to the Board adjustments in the President's compensation.~~

~~(b)(2) The committee shall recommend to the Board the compensation of the other elected officers each year after their initial election.~~

~~The committee shall recommend to the Board the University's compensation plan and any benefit programs requiring Board approval.~~

~~the conveyance of the University's interest in real property by sales in fee, easements, or rights of way.~~

~~the condemnation, purchase, or other acquisition of any interest in real property, including acquisition by gift or devise if the acquisition obligates the University or the State of Tennessee to expend state funds for capital improvements or continuing operating expenditures.~~

## Trusteeship Committee

**SECTION 56.** ~~(a)~~ The Trusteeship Committee shall have the following general purposes: (1) to stay informed about governance issues; (2) to propose implementation of governance best practices; and (3) to organize the working processes of the Board.

**[Specific responsibilities will be included in committee charter]**

~~(b)~~ The Trusteeship Committee's responsibilities shall include the following:

~~(1) Develop and recommend to the Board a statement of governance setting out the Board's role and fundamental principles of governance.~~

~~(2) Periodically review the Bylaws and recommend needed amendments;~~

~~(3) Recommend to the Board an effective committee structure and ensure each standing committee develops a charter for approval by the Board;~~

~~(4) Provide advice and consent to the Vice Chair of the Board on standing committee and chair appointments;~~

~~(5) Develop a self-evaluation process for the Board and for individual Trustees to be conducted periodically at the committee's discretion, but not less often than every three years;~~

~~(6) Develop and implement a process for evaluating the effectiveness of Board and committee meetings;~~

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~~(7) Develop an effective orientation and continuing education process for the Board;~~

~~(8) Monitor, oversee, and review compliance with the Code of Ethics for Trustees;~~

~~(9) Develop a set of personal qualifications and core competencies for membership on the Board for approval by the Board and recommendation to each sitting Governor.~~

## Finance and Administration Committee

~~SECTION 67. (a) The Finance and Administration Committee shall formulate policies and recommend their adoption by the Board of Trustees in all matters relating to finance, business, and administration, including the investment of University funds.~~ **[Moved to committee charter]** **The Finance and Administration Committee shall have the following general purposes: (1) to provide oversight for the University's finances, business, and facilities; (2) to advise the Board on the state of the University's financial operations, budgetary allocations, student tuition and fees, personnel policies, investment performance strategy and returns, and facilities; and (3) to ensure the University operates within available resources and applicable federal, state, and University policies in a manner supportive of the University's strategic plan.**

**[Specific responsibilities will be included in committee charter]**

~~(a)(1) The Finance and Administration Committee shall approve and recommend to the Board guidelines governing the administration's submission of a proposed annual operating budget and appropriations request to state agencies and officials.~~

~~(a)(2) The Finance and Administration Committee shall approve and recommend to the Board the University's proposed capital outlay budgets and requests for capital outlay appropriations prior to their submission to other state agencies and officials.~~

~~(a)(3) The Finance and Administration Committee shall approve and recommend to the Board the final operating and capital outlay budgets for the next fiscal year after the General Assembly has enacted annual appropriations for the University.~~

~~(b) The Finance and Administration Committee shall approve and recommend tuition and fee rates for adoption by the Board.~~

~~(c) The Finance and Administration Committee shall approve and recommend to the Board the construction of specific buildings and other capital improvements.~~

~~(d) The Finance and Administration Committee shall approve and recommend to the Board the facilities master plan for each campus.~~

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~~(e) The Finance and Administration Committee shall approve and recommend to the Board or to the Executive and Compensation Committee the acquisition of any interest in real property, including acquisition by gift or devise if the acquisition obligates the University or the State of Tennessee to expend state funds for capital improvements or continuing operating expenditures.~~

~~(f) The Finance and Administration Committee shall approve and recommend to the Board or to the Executive and Compensation Committee conveyance of the University's interest in real property by sale in fee, easement or right of way; provided, however, that in the case of an interest acquired by gift or devise, the President, upon recommendation of the appropriate vice president, shall have authority to approve the sale at or above the appraised value. All sales of real property acquired by gift or devise shall be reported annually to the Finance and Administration Committee, which in turn shall report the sales to the Board of Trustees.~~

~~(h) All matters involving ordinary repairs, changes, adjustments and improvements for the purpose of putting and keeping in good condition the buildings, grounds and equipment of the University, wherever located, for their efficient use are committed to the University administration, subject to compliance with all applicable state laws and University policies.~~

**[Moved to Article I, Section 2(f) because it constitutes a Board delegation of authority]**

~~(i) The Finance and Administration Committee shall approve and recommend to the Board any personnel policy matter requiring Board approval.~~

~~(j) The Finance and Administration Committee shall approve and recommend to the Board University rules required to be promulgated under the Tennessee Uniform Administrative Procedures Act, except rules governing student conduct, rights, and responsibilities, which shall be approved and recommended by the Academic Affairs and Student Success Committee.~~

**(b) The Finance and Administration Committee shall have the following subcommittees:**

**(1) Subcommittee on Efficiency and Cost Savings. The subcommittee shall establish a time frame for the evaluation of each area of the University's operations to determine whether more efficient operation and cost savings may be achieved. The subcommittee shall make recommendations as to efficiencies and cost savings that will improve the University's operations. The subcommittee shall prepare an annual report of its findings, conclusions, and recommendations for review by the Finance and Administration Committee and the Board. The Board shall include the report of the subcommittee in its annual report to the General Assembly under Tenn. Code Ann. § 49-9-208;**

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(2) Subcommittee on Tuition, Fees, and Financial Aid. The subcommittee shall make recommendations to the Finance and Administration Committee and the Board on student tuition and fees, taking into consideration the needs of both students and the University. The subcommittee shall also evaluate financial aid in relation to the cost of attendance and recommend policies to improve the availability of financial aid that are in the best interest of students, the University, and the state; and

(3) Other subcommittees as the Board finds necessary and expedient.

### **Academic Affairs and Student Success Committee**

SECTION 78. (a) The Academic Affairs and Student Success Committee shall have the following general purposes: (1) to oversee matters related to the University's educational mission of teaching, research, and service; (2) to consider the needs and interests of the faculty, administrative staff, and students in creating and sustaining the University's academic environment, including creation, evaluation, continuation, and termination of academic programs; and (3) to attend to faculty members' concerns about matters such as faculty evaluation and compensation.

#### **[Specific responsibilities will be included in committee charter]**

~~The Academic Affairs and Student Success Committee shall approve and recommend to the Board the following:~~

~~(1) mission statements for The University of Tennessee System for each campus and institute of the University.~~

~~(2) strategic and long-range academic plans;~~

~~(3) proposals concerning the development of new academic programs and the significant revision of existing programs relating to instruction, research, and service;~~

~~(4) establishment of new academic organizations, such as major campuses, institutes, colleges or schools, and academic departments;~~

~~(5) evaluation of existing academic programs and their administrative structures;~~

~~(6) termination of programs and structures that no longer are needed;~~

~~(7) admission, progression, retention, and graduation standards;~~

~~(8) the University's policy on Academic Freedom, Responsibility, and Tenure, campus implementing procedures, and any other faculty personnel policy requiring Board approval; (10) proposals and any necessary policies concerning system-wide use of academic services including libraries and computer labs;~~

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~~(11) University rules concerning student conduct, rights, and responsibilities required to be promulgated under the Tennessee Uniform Administrative Procedures Act;~~  
~~(12) proposals and any necessary policies related to the non-academic aspects of student life, including student services and student conduct; and~~  
~~(13) proposals and any necessary policies related to campus enrollment and facilities capacity.~~

**(b) The Academic Affairs and Student Success Committee shall have the following subcommittees:**

**(1) Subcommittee on Student Conduct, Rights, and Responsibilities.** The subcommittee shall develop and recommend to the Academic Affairs and Student Success Committee policies concerning student conduct, rights, and responsibilities that comply with federal and state laws, rules, and regulations; and

**(2) Other subcommittees as the Board finds necessary and expedient.**

**Audit and Compliance Committee [NOTE: The substantial revisions to this section result from the A&C Committee adopting a new committee charter conforming to the national standard. As required by state law, the new charter was approved by the State Comptroller.]**

~~SECTION 89. (a) All members of the Audit Committee shall be financially literate, meaning they shall be able to read and understand fundamental financial statements, including a balance sheet, income statement and cash flow statement. At least one member of the Audit Committee shall have extensive accounting, auditing, or financial management expertise. There shall be no overlapping membership of the Audit Committee and the Finance and Administration Committee. The Vice Chair of the Board shall serve as an ex-officio member of the Audit Committee but shall not be counted for quorum purposes. The President shall not serve as an ex-officio member of the audit Committee but shall attend meetings if requested by the Chair. [Moved to Article III, Section 2, Composition of Standing Committees.]~~

The purpose of the Audit and Compliance Committee is to assist the Board of Trustees in fulfilling its oversight responsibilities for the following activities:

~~(1) The integrity of the University's financial reporting process and systems of internal controls regarding finance, accounting, and legal compliance. [Internal controls language will be included in the committee charter's statement of specific responsibilities.]~~ The integrity of the University's annual financial statements;

~~(2) Review of the University's external audit by the Division of State Audit for the State of Tennessee; and~~ **[Deleted language will be included in the committee charter's statement**

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of specific responsibilities.]The University's compliance with legal and regulatory requirements;

(3) Oversight and direction of the internal audit and institutional compliance functions of the University, and any external auditors whom the Committee may employ, and engagements with the State Auditors;

(4) Oversight of the University's internal control structure and management practices;

(5) Knowledge of audit activities, informing the full Board and making recommendations when necessary, and other duties as directed by the Board; and

(6) Monitoring of compliance with University policies and procedures.

[Specific responsibilities and special powers of Audit & Compliance will be included in committee charter]

~~(c) The Audit Committee shall have the following powers and responsibilities:~~

~~(1) Conduct or authorize any investigation appropriate to fulfilling its purpose;~~

~~(2) Seek any information it requires from University officials and employees—all of whom are required to cooperate with the Audit Committee's requests—or external parties;~~

~~(3) Have direct access to University officials, State auditors, internal auditors, any external auditors, legal counsel, or others as necessary;~~

~~(4) Delegate authority to subcommittees, provided that decisions made under such delegation are presented to the full committee at its next scheduled meeting; and~~

~~(5) Review and approve the appointment, reassignment, demotion, or dismissal of the chief internal auditor;~~

~~(6) Ensure that the Chief Internal Auditor has direct and unrestricted access to the Chair of the Audit Committee and other members of the Audit Committee;~~

~~(7) Ensure that the Chief Internal Auditor's administrative reporting relationship fosters independence, and ensure that adequate resources in terms of staff and budget are provided to enable the internal audit department to perform its responsibilities effectively;~~

~~(8) Receive and review audit reports and other work prepared by the internal audit department;~~

~~(9) Establish procedures to allow information about questionable financial practices to be~~



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~~submitted anonymously by University employees; and establish procedures for handling anonymous submissions;~~

~~(10) Provide an open avenue of communication among the State auditors, the internal audit department, senior management, and the Board of Trustees;~~

~~(11) Other powers and responsibilities as the Board of Trustees may prescribe from time to time.~~

### **Advancement and Public Affairs Committee**

SECTION 910. The purpose of the Advancement and Public Affairs Committee shall be to exercise oversight of University programs related to the following: ~~private gifts to the University;~~ alumni support of the University; ~~public relations,~~ communications, and marketing; and governmental relations.

#### **[Specific responsibilities will be included in committee charter]**

~~Responsibilities of the committee shall include:~~

~~(1) In consultation with the President, setting goals for private gifts to the University and assessing whether fundraising strategies are sufficient to meet those goals.~~

~~(2) Examining trends in private giving and, in consultation with the President, developing appropriate responses to those trends;~~

~~(3) Recommending to the Board any necessary policies related to private gifts;~~

~~(4) Recommending to the Board the naming of University buildings;~~

~~(5) Monitoring the effectiveness of the University's communications with the public, including alumni of the University, and the media;~~

~~(6) Ensuring adequate programs are in place for the advancement of the University's reputation and furtherance of its mission in the local, state, national, and international communities;~~

~~(7) Monitoring major state and federal legislation affecting the University; and~~

~~(8) Promoting effective communication between the University and public officials and leaders at the local, state and federal levels.~~

(b) The Advancement and Public Affairs Committee shall have the following subcommittees:

(1) Subcommittee on Community and Alumni Relations. The subcommittee shall (i) gather input from and provide a forum for stakeholders; and (ii) develop and recommend policies that address interests and concerns of the University community, including alumni, and of the state and local communities in which the campuses and institutes of the University operate; and

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(2) Other subcommittees as the Board finds necessary and expedient.

**Research, Outreach and Economic Development Committee**

SECTION ~~1011~~. The purpose of the Research, Outreach and Economic Development Committee shall be to monitor and promote the effectiveness of oversee programs seeking to extend the University's fund of knowledgescientific, technological, commercialization, and educational expertise to communities, counties, agencies, and organizations in the state, nationally, and globally. ~~to local, state, national and international communities, including programs in agriculture, university extension, public service, continuing education, family medicine, social work, nursing, and other clinical or service programs. The committee shall also review and report to the Board concerning the University's role in promoting economic development for the state.~~

[Specific responsibilities will be included in committee charter]

**Health Affairs Committee**

SECTION ~~1112~~. The purpose of the Health Affairs Committee shall be to assist the Board in exercising oversight of the clinical activities of the Health Science Center.

[Specific responsibilities will be included in committee charter]

~~The committee shall review and recommend to the Board of Trustees or the Executive and Compensation Committee: (1) a strategic plan for the Health Science Center's statewide clinical activities; and (2) significant transactions related to the Health Science Center's statewide clinical activities including, but not limited to, acquisition or disposition of physician practices, hospitals, and other facilities or clinical and ancillary services; creation of faculty practice plans; and creation of or participation in joint ventures, corporations, or other legal entities.~~

**Athletics Committee**

SECTION 13. (a) The purpose of the Athletics Committee shall be to review the operation of the University's intercollegiate athletics programs and assist the Board in carrying out its responsibility for oversight of those programs.

[Specific responsibilities will be included in committee charter]

(b) While retaining its ultimate responsibility for oversight of the University's intercollegiate athletics programs, the Board has delegated direct responsibility for administration and control of the intercollegiate athletics programs to the Chancellor of each campus with an intercollegiate athletics program (see Article I, Section (2)(e) and Article IV, Section 5(c)). The Board has also charged the President with general administrative oversight of the intercollegiate athletics programs and with holding the

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Chancellors accountable for their performance with respect to the intercollegiate athletics programs (see Article IV, Section 5(ix)).

(c) The Chancellor may appoint an Athletics Advisory Board to advise the Chancellor on administration of the intercollegiate athletics program. The composition of an Athletics Advisory Board may include students, faculty, administrators, alumni, and donors but shall comply in all respects with the requirements of applicable NCAA rules.

### **University Life Committee**

**SECTION 14. (a)** The purpose of the University Life Committee shall be to oversee and develop policies and make recommendations to the Board concerning the overall life of the University community and the University's nonacademic programs, other than athletics.

**(b)** The University Life Committee shall have the following subcommittees:

**(1)** Subcommittee on Nonacademic Programs. The subcommittee shall: (i) monitor the nonacademic programs of the University, including programs related to diversity; (ii) develop and recommend to the Board policies concerning nonacademic programs that shall address interests and concerns of the University's students, faculty, staff, alumni, and local and state communities; and

**(2)** Other subcommittees as the Board finds necessary and expedient.

### **Chancellor's Advisory Council**

**SECTION 1215.** The Chancellor of each campus may appoint an advisory council composed of Trustees from the campus area, student and faculty representatives, and community representatives. The senior Trustee from the campus area shall serve as chair of the campus advisory council. The Chancellor shall convene the advisory council periodically for the purpose of informing the council and seeking its advice on campus matters. The President may also convene the advisory council for the purpose of seeking the council's advice on campus or university-wide matters. The chair of the advisory council may report on council activities at any stated meeting of the Board.

### **~~Athletics Boards~~**

~~**SECTION 13.** Intercollegiate athletics, like all other programs offered by the University, are subject to the governance of the Board of Trustees. The Board of Trustees has established an Athletics Board for each campus of the University which offers intercollegiate athletics programs. These Boards shall serve in an advisory capacity with respect to intercollegiate athletics. Members of the Board of Trustees shall be appointed to the Athletics Boards in the same manner as Trustees are appointed to standing committees.~~

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~~Trustee members of the Athletics Boards, together with the University administration, shall maintain a liaison between the University's intercollegiate athletics programs and the Board of Trustees. Any change in the structure or function of the Athletics Boards shall be subject to the approval of the Board of Trustees.~~ [Moved to Section 13 above and edited.]

#### ARTICLE IV

##### Officers of the University

**SECTION 1.** (a) The officers of The University of Tennessee (referred to in these Bylaws as University Officers) shall be the following:

President

Chancellor of The University of Tennessee at Chattanooga

Chancellor of The University of Tennessee Health Science Center

Chancellor of The University of Tennessee Institute of Agriculture

Chancellor of The University of Tennessee, ~~at~~ Knoxville

Chancellor of The University of Tennessee at Martin

Executive Vice President

Chief Financial Officer

General Counsel

Secretary

Treasurer

Vice President for Research, Outreach, and Economic Development

Vice President for Development and Alumni Affairs and Programs

~~Executive Vice President and Vice President for Research and Economic Development~~

~~Senior Vice President and Chief Financial Officer~~

~~Vice President for Development and Alumni Affairs~~

~~General Counsel and Secretary~~

~~Treasurer and Chief Investment Officer~~

~~The Board shall have authority, from time to time, to create and fill additional University Officers and to abolish at its pleasure any office so created.~~ [Moved to a subsequent subsection and edited.]

(b) The President shall serve at the pleasure of the Board, and the Board shall have the power to remove the President at any time, subject to the terms of any written employment contract approved by the Board.

(c)(1) All other University Officers shall report directly to the President with the following exceptions: (i) the Vice President for Development and Alumni Affairs and Programs shall report jointly to the Board of Directors of The University of Tennessee Foundation and the

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President; (ii) if the office of Treasurer is held by an individual other than the Chief Financial Officer, the Treasurer shall report directly to the Chief Financial Officer; and (iii) if the office of Secretary is held by an individual other than the General Counsel, the Secretary shall report directly to the Vice Chair of the Board. [Note: Public Chapter 753 provides that all other University Officers shall report directly to the President “except as otherwise provided in bylaws duly adopted by the Board of Trustees.”]

(c)(2) All other University Officers shall serve at the pleasure of the President, and the President shall have authority to remove a University Officer at any time without the approval of the Board with the following exceptions: (i) the Board alone shall have authority to remove the Chief Financial Officer and the General Counsel in accordance with state law and the provisions of Article I, Section 2(c)(3); (ii) if the office of Treasurer is held by an individual other than the Chief Financial Officer, the Chief Financial Officer shall have authority to remove the Treasurer at any time after consultation with the President and the Vice Chair of the Board; and (iii) if the office of Secretary is held by an individual other than the General Counsel, the Board shall have authority to remove the Secretary at any time.

(d) From time to time and without prior amendment of these Bylaws, the Board may take the following action:

(1) Designate the Executive Vice President as the Chief Operating Officer, whose specific duties shall be prescribed in a formal position description approved by the President and such other specific duties as from time to time may be prescribed by the Board or a committee of the Board;

(2) Approve the designation of a University Officer position as a Senior Vice President, upon the recommendation of the President;

(3) Approve a University Officer, other than the President or a Chancellor, to hold two University Officer positions concurrently; provided that the position of Treasurer may only be held concurrently by the Chief Financial Officer, and the position of Secretary may only be held concurrently by the General Counsel; and

(4) Create and fill additional University Officer positions, leave one or more University Officer positions unfilled, or abolish any University Officer position.

The Board shall designate an elected University Officer named or created pursuant to this section as the Chief Financial Officer of the University. The Chief Financial Officer shall have extensive accounting and financial management expertise.

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## **Election Process for Appointment of University Officers**

**SECTION 2.** ~~The University Officers shall be elected annually by the Board at the annual meeting and shall serve at the pleasure of the Board, subject to the terms of any written employment contract.~~ **(a) Appointment of the President.** The Board may appoint the President at any stated or special meeting of the Board after completion of a search as described below in subsection 2(c).

**(2)(b)** In the event of a vacancy or notice of an impending vacancy in the office of President, the Board or the Executive and Compensation Committee shall appoint an interim or acting President. ~~In the event of a vacancy or notice of an impending vacancy in any office other than President, the President may appoint an individual to serve in an interim or acting capacity.~~

~~A vacancy in one of the University Officer positions may be filled by election at any stated or special meeting of the Board after compliance with the following procedures:~~

~~**(a) Election of the President.**~~ **(2)(c)** ~~In the event of a vacancy, or notice of an impending vacancy, in the office of the President,~~ When the Chair of the Board deems it appropriate to proceed with a search to fill a vacancy in the office of President, the Chair, or ~~in the Chair's absence~~ the Vice Chair by delegation of the Chair, shall recommend to the Board the appointment of a search committee composed of appointed members of the Board of Trustees ~~and members of the faculty, including the voting faculty and student members of the Board.~~ The search committee shall take appropriate action to prepare and submit for consideration ~~of~~ by the Board a panel of nominees for ~~the position of~~ President. The number of nominees shall be determined by the Board upon the recommendation of the search committee.

In carrying out its duties, the search committee may appoint an advisory committee composed of University faculty, staff, and students, as well as alumni and other representatives of the University's external constituencies, to assist and advise during the search process. The search committee may adopt such rules and procedure as it deems necessary in performing its duties and shall comply with all applicable legal requirements.

**SECTION 3. (a) Appointment of Chancellors.** The Board may act on the President's recommendation for appointment of a Chancellor at any stated or special meeting of the Board after completion of a search as described below in subsection 3(c).

**(3)(b)** In the event of a vacancy or notice of an impending vacancy in a Chancellor position, the President may appoint an individual to serve in an interim or acting capacity.

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~~(3)(c) (b) Election of the Chancellors.~~ These University Officers shall be elected by the on the recommendation of the President. ~~In the event of a vacancy, or notice of an impending vacancy in one of these offices~~ When the President deems it appropriate to proceed with a search to fill the vacancy in a Chancellor position, the President shall appoint an advisory committee composed of faculty, staff, students, alumni, and representatives of the external constituencies of the ~~particular unit/campus or institute where the vacancy exists~~ to assist in identifying and screening candidates for the position. Members of the Board of Trustees may also be appointed by the President to serve on the advisory committee. Appointment of an advisory committee shall not diminish the President's ultimate authority and responsibility for recommending a candidate to the Board of Trustees. In identifying and screening candidates, the President and the advisory committee shall comply with all applicable legal requirements.

~~(e) Election of the Executive Vice President and Vice President for Research and Economic Development and Other University Officers.~~ The Executive Vice President and Vice President for Research and Economic Development and all other University Officers not named in items (a) and (b) above shall be elected by the Board upon the recommendation of the President.

SECTION 4. (a) Appointment of Other University Officers. The Board may act on the President's recommendation for appointment of an individual to fill any other University Officer position at any stated or special meeting of the Board after completion of a search as described below in subsection 4(c).

(4)(b) In the event of a vacancy or notice of an impending vacancy in a University Officer position other than Chancellor, the President may appoint an individual to serve in an interim or acting capacity.

~~(4)(c) In the event of a vacancy or notice of an impending vacancy in one of these offices~~ When the President deems it appropriate to proceed to fill the vacancy in a University Officer position other than Chancellor, the President shall identify ~~and recommend to the Board~~ a candidate to be recommended to the Board ~~for the vacant position.~~ The President may appoint an advisory committee to assist in identifying and screening candidates, ~~and~~ ~~Members~~ of the Board of Trustees may serve on ~~any~~ the advisory committee ~~so appointed.~~ Appointment of an advisory committee shall not diminish the President's ultimate authority and responsibility for recommending a candidates to the Board of Trustees. In identifying and screening candidates, the President and any advisory committee appointed by the President shall comply with all applicable legal requirements.

## Duties of University Officers

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**SECTION 35. (a)(1) Duties of the President.** The President is the chief executive officer of The University of Tennessee System and exercises complete executive management and administrative authority over all component parts of the University, subject to the direction and control of the Board of Trustees. The ~~p~~P~~r~~esident has ultimate responsibility for leading the University academically, administratively, and financially. The President is the principal spokesperson for the University.

(a)(2) The President is responsible for the following:

(i) ~~i~~Identifying and recommending to the Board of Trustees individuals for ~~election~~appointment as ~~Vice Presidents, Chancellors, and other officers of the~~ University Officers as defined in these ~~Bylaws~~ and for recommending the initial compensation and other terms of employment of University Officers;

(ii) Evaluating the University Officers and setting their compensation and other terms of employment annually; provided that (1) with respect to the Vice President for Development and Alumni Affairs and Programs, the President shall perform these responsibilities in coordination with the board of directors of the University of Tennessee Foundation, Inc.; (2) if the office of Treasurer is held by an individual other than the Chief Financial Officer, the Chief Financial Officer shall evaluate the Treasurer's performance annually and set the Treasurer's compensation and other terms of employment; and (3) if the office of Secretary is held by an individual other than the General Counsel, the Vice Chair of the Board shall evaluate the Secretary's performance annually and set the Secretary's compensation and other terms of employment;

~~(iii)~~ ~~p~~Promoting the general welfare and development of the University in its several parts and as a whole. The President decides all questions of jurisdiction not otherwise defined among the several parts of the University;

~~(iiiv)~~ ~~p~~Presentation of policies, recommendations, and other matters to the Board of Trustees, the Governor, the General Assembly, and other state and federal offices;

~~(ivv)~~ ~~p~~Prompt and effective execution of all laws relating to the University and of all resolutions policies, rules, and regulations adopted by the Board of Trustees;

~~(vi)~~ ~~p~~Preparation of the University budget and its presentation to the Tennessee Higher Education Commission, the Governor and the Department of Finance and Administration, the General Assembly, and the Board of Trustees.

~~(vii)~~ ~~e~~Exercising ultimate control over the budgets of all parts of the University and ~~must~~ approveapproving all major budgetary revisions;



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(viii) ~~d~~Development and execution of fundraising and alumni programs for the University in consultation with the board of directors of the University's affiliated fundraising foundations;

(viiiix) ~~g~~General administrative oversight of the University's intercollegiate athletics programs, which shall include holding the Chancellors accountable for their performance with respect to administration and control of the intercollegiate athletics programs, including an evaluation of their performance in that regard. The President shall require the Chancellors of the Chattanooga, Knoxville, and Martin campuses to keep the President informed of all matters necessary for the exercise of this oversight responsibility;

(a)(3) The President shall performs such other duties as are prescribed for that office in these Bylaws or as may be delegated to that office by the Board of Trustees or by any standing or special committee of the Board.

(a)(4) In the execution of the President's duties and responsibilities, the President may delegate powers and duties to subordinate officers. In accordance with applicable University policies and procedures, the ~~p~~President delegates to Chancellors and Vice Presidents powers and duties to supervise and administer academic and budgetary units reporting to them, under the general ~~direction and control~~supervision of the President. These delegations do not reduce the President's ultimate responsibility, as chief executive officer of ~~the University of Tennessee System,~~ to exercise administrative authority over the Chancellors and Vice Presidents.

(b) **Duties of the Executive Vice President and Vice President for Research and Economic Development.** ~~The Executive Vice President and Vice President for Research and Economic Development shall be the chief operating officer of The University of Tennessee System. The Executive Vice President shall rank second to the President among the University Officers and staff of the system administration and shall assist the President in the active management of the system and shall have the primary responsibility for assisting the President in maximizing the system's performance and achieving its goals. The Executive Vice President shall perform the specific duties prescribed in a formal position description approved by the President and such other specific duties as from time to time may be prescribed by the Board or a committee of the Board.~~

In the temporary absence or unavailability of the President, the Executive Vice President ~~and Vice President for Research and Economic Development~~ shall assume the duties of the President, unless otherwise directed in writing by the President. The Executive Vice President ~~and Vice President for Research and Economic Development shall be directly responsible to the President and~~ shall perform such specific duties as from time to time

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may be prescribed or assigned by the President, the Board, or by any standing or special committee of the Board.

(c) **Duties of the Chancellors.** ~~These officers~~The Chancellors shall be the chief ~~operating executive~~ officers of their respective units and shall be fully responsible for administration and management of the unit, subject to the ~~general supervision~~administrative authority of the President. ~~These officers shall be directly responsible to the President.~~ The Chancellors and shall perform such~~the~~ specific duties prescribed in a formal position description approved by the President and such other specific duties as from time to time may be prescribed by the Board or a committee of the Board.~~as from time to time may be prescribed or assigned by the President, the Board, or by any standing or special committee of the Board.~~

The Chancellor of each campus with an intercollegiate athletics program shall have direct responsibility for administration and control of the program, subject to the ultimate oversight of the Board and the general administrative oversight of the President.

(d) **Duties of the Chief Financial Officer.** The Chief Financial Officer shall be responsible for all financial operations of The University of Tennessee System, including the development of financial and operational strategy, metrics tied to that strategy, and the ongoing development and monitoring of control systems designed to preserve University assets and report accurate financial results. The Chief Financial Officer shall assist the President in the active management of the system and shall perform the specific duties prescribed in a formal position description approved by the President and such other specific duties as from time to time may be prescribed by the Board or a committee of the Board. If the Chief Financial Officer does not concurrently hold the office of Treasurer, the Chief Financial Officer shall be responsible for supervising the Treasurer.

(e) **Duties of the Treasurer and Chief Investment Officer.** ~~The Treasurer and Chief Investment Officer shall act under the direction of and be directly responsible to the Chief Financial Officer of the University.~~ The Treasurer and Chief Investment Officer shall receive and shall have custody of all monies which shall come to the University for the purposes of the University and shall be responsible for the proper handling of such funds in accordance with applicable state statutes and with the policies fixed by the Board of Trustees. The Treasurer shall be responsible for financial accounting, disbursing, and reporting for the University. ~~The Treasurer and Chief Investment Officer shall give bond in an amount designated by the Board of Trustees, the premium on which shall be paid by the University. Unless the position of Treasurer is held concurrently by the Chief Financial Officer, the Treasurer shall act under the supervision of and report directly to the Chief Financial Officer. and Chief Investment Officer~~ The Treasurer shall perform the specific duties prescribed in a formal position description approved by the President (or, if

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applicable, the Chief Financial Officer) and such other specific duties as from time to time may be prescribed by the Board or a committee of the Board. the following duties:

~~(1) Deposit all monies and funds belonging to the University, or over which the Treasurer and Chief Investment Officer has control, in such accounts and depositories and upon such conditions and regulations as shall be prescribed by state law or the Board of Trustees.~~

~~(2) Disburse the funds of the University as authorized by the Board of Trustees on checks or warrants drawn on any of the depositories of the University, to be signed and countersigned as directed by the Board, and carefully preserve as vouchers all warrants and checks after payment.~~

~~(3) Maintain an adequate record of receipts and disbursements and such other accounting records as may be authorized by the Board of Trustees, and present to the President for transmission to the Board at its annual meeting a statement of all receipts and disbursements for the preceding fiscal year and of the current financial condition of the University. Also, present to the Board of Trustees, the Executive and Compensation Committee, the Finance and Administration Committee, the President or the chief budget officer whenever requested, such statements relative to the finances of the University as any of them may request, and to whom the records in the office of the Treasurer and Chief Investment Officer shall be open to inspection.~~

~~(4) Under the general supervision of the Chief Financial Officer, the Treasurer and Chief Investment Officer will be responsible for accounting, disbursing, and reporting for the University.~~

~~(5) Perform such other specific duties as from time to time may be prescribed or assigned by the President, Chief Financial Officer, the Board, or by any standing or special committee of the Board.~~

**(f) Duties of the General Counsel.** The General Counsel is the chief legal officer for The University of Tennessee and all of its constituent parts, reporting directly to the President. The General Counsel shall serve as legal advisor to the Board and the administration and shall be responsible for all legal matters affecting the University, including representation of the University and University officials in legal actions; provided that, after consultation with the President or the Executive Vice President, the General Counsel may retain outside counsel to represent the University in legal actions or otherwise to assist in the performance of the General Counsel's duties. The General Counsel shall perform the specific duties prescribed in a formal position description approved by the President and such other specific duties as from time to time may be prescribed by the Board or a committee of the Board.

~~**(dg) Duties of the Secretary.** The General Counsel shall serve as Secretary of the corporate legal entity known as The University of Tennessee. Unless the office of Secretary is held concurrently by the General Counsel, the Secretary shall act under the~~

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supervision of and report directly to the Vice Chair of the Board. The Secretary of the University shall perform the following duties related to the business of the Board:

- (1) Assist the President and the Vice Chair in preparing an agenda for each meeting of the Board and of the Executive and Compensation Committee, in accordance with the provisions of Article II, Section 7.
- (2) Record all calls for meetings of the Board and of the Executive and Compensation Committee, and notify all Trustees of all meetings of the Board and of the Executive and Compensation Committee in accordance with the provisions of Article II, Sections 5 and 6.
- (3) Attend all meetings of the Board and of the Executive and Compensation Committee, take and preserve in a proper minute book the minutes of those meetings, and send a copy of the minutes to all Trustees.
- (4) Notify the members of all special committees created by the Board of their appointment.
- (5) Maintain a current set of the Bylaws of the University and a record of all Bylaw amendments.
- (6) Maintain a record of the dates of Trustee appointments and the dates of the expiration of their terms of office.
- (7) Maintain a copy of any written report made by the committees of the Board.
- (8) Maintain all records pertaining to the business of the Board, except as otherwise provided.
- (9) Assist the President in seeing that all orders and resolutions of the Board and of the Executive and Compensation Committee are made effective; and
- (10) Perform such other duties as may be directed by the Board, the Chair, the Vice Chair, the Executive and Compensation Committee, or the President; and assist the Board, its officers, and committees in discharging their duties.

With approval of the President, the Secretary may appoint one or more assistant secretaries to assist in performing the duties of the office. In the absence of the Secretary and an assistant secretary from any meeting of the Board or of the Executive and Compensation Committee, the Board or the Executive and Compensation Committee may appoint a secretary *pro tempore*, who shall be charged with the duty of taking the minutes of the meeting and sending a copy to all Trustees.

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In addition to the Board-related duties prescribed in Articles I and II, the duties of the Secretary shall include the following and similar duties related to the legal and corporate status of the University:

(1) Attest all instruments of legal obligation requiring the Seal of the University and affix thereto the Seal, of which the Secretary shall be the custodian.

(2) Countersign, by facsimile signature, all diplomas and certificates granted by the University.

~~The Secretary shall perform any other specific duties as from time to time may be prescribed by the Vice Chair, the Board, or a committee of the Board. The Secretary shall also perform such specific duties as may be prescribed or assigned from time to time by the President, the Board, or any standing or special committee of the Board.~~

**(h) Duties of the Vice President for Research, Outreach, and Economic Development.**

The Vice President for Research, Outreach, and Economic Development shall be responsible for facilitating coordination of research, outreach, and economic development functions and activities among the campuses, institutes, Oak Ridge National Laboratory, the University of Tennessee Research Foundation, and other entities affiliated with the University; promoting development of programs to enhance economic development in the state; promoting research compliance throughout the system; and oversight of technology transfer activities. The Vice President shall perform the specific duties prescribed in a formal position description approved by the President or and such other specific duties as from time to time may be prescribed by the Board or a committee of the Board.

**(i) Duties of the Vice President for Development and Alumni Affairs and Programs.**

The Vice President for Development and Alumni Affairs and Programs shall serve as President and Chief Executive Officer of the University of Tennessee Foundation, Inc. and shall report directly to the President of the University and to the board of directors of the Foundation. The Vice President is responsible for the leadership and management of all alumni, development, and advancement services for the University. The Vice President shall perform the specific duties prescribed in a formal position description approved by the President and such other specific duties as from time to time may be prescribed by the Board or a committee of the Board.

~~(f) **Duties of Other University Officers.** The other University Officers shall be directly responsible to the President, shall assist the President in the active management of the University, and shall perform such specific duties as from time to time may be prescribed~~

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~~or assigned by the President, the Board, or by any standing or special committee of the Board.~~

## Staff Vice Presidents

**SECTION 46.** ~~The President of the University is authorized to appoint staff vice presidents in the areas of budget and finance, campus operations, chief of staff operations, diversity and equity, public and governmental relations, and such other areas as the President deems necessary for the efficient administration of the University. Staff vice presidents shall be directly responsible to the President or another University Officer and shall perform such specific duties as from time to time may be prescribed or assigned by the President or other University Officer. All staff vice presidents with responsibility for budget, finance, capital projects, or other financial matters shall act under the direction of and be directly responsible to the Chief Financial Officer of the University. The President may authorize the appointment of such staff vice presidents as the President deems necessary for the efficient administration of the University. Staff vice presidents shall report directly to and serve at the pleasure of a University Officer, as defined in these Bylaws, or the President's chief-of-staff if such position exists, and shall perform the specific duties prescribed in a formal position description approved by the supervising official or assigned from time to time by the Board or a committee of the Board. All staff vice presidents with system-wide responsibilities for budget, finance, capital projects, or other financial matters shall report directly to and serve at the pleasure of the Chief Financial Officer.~~

## Employment of Former Members of the Senior Staff

**SECTION 57.** When a ~~Chancellor, Vice President, University Officer, staff vice president,~~ or equivalent member of the ~~President's~~ senior administrative staff retires or otherwise leaves office, the title, compensation, and other terms and conditions of any further employment by the University shall be subject to the prior approval of the Board or the Executive and Compensation Committee, upon the recommendation of the President; provided that this approval shall not be required when an individual who holds tenure in an academic department leaves office to assume a full-time faculty position with compensation no greater than the average compensation for full-time professors in that department. In its discretion, the Board of Trustees may approve the title, compensation, and other terms and conditions of any further employment at the time the individual is initially employed or at any time before the individual leaves office.

## ~~Chief Internal Auditor~~ Executive Director of the Office of Audit and Compliance

Red typeface = new text

Yellow highlight = changes to conform to new legislation

**SECTION 68.** (a) The chief internal auditor for the University shall hold the title Executive Director of the Office of Audit and Compliance. The Board of Trustees shall appoint the ~~Chief Internal Auditor~~Executive Director ~~for the University~~ upon the recommendation of the Audit and Compliance Committee. In the event of a vacancy, or notice of an impending vacancy in this position, the Chair of the Audit and Compliance Committee shall identify and recommend to the ~~Audit~~ Committee a candidate for the vacant position. Upon concurring with the recommendation of the Chair, the ~~Audit~~ Committee will recommend the candidate to the Board of Trustees for appointment. In identifying a candidate for recommendation to the ~~Audit~~ Committee, the Chair shall comply with all applicable University policies concerning searches and the appointment process. The Chair of the ~~Audit~~ Committee may appoint an individual to serve as ~~Chief Internal Auditor~~Executive Director on an interim or acting basis pending completion of a search and the appointment process.

(b) The Board of Trustees reserves to itself the authority to reassign, demote, or dismiss ~~for cause~~ the ~~Chief Internal Auditor~~Executive Director, upon the recommendation of the Audit and Compliance Committee.

(c) The ~~Chief Internal Auditor~~Executive Director and the staff of the Office of Audit and Compliance ~~department of internal audit~~ shall report administratively to the Chief Financial Officer of the University. However, with respect to all audit activities and findings, the ~~Chief Internal Auditor~~Executive Director shall report directly to the Audit and Compliance Committee and shall have direct and unrestricted access to the Chair, ~~and~~ other ~~e~~Committee members, and the Vice Chair of the Board.

(d) Each year, the ~~Chief Internal Auditor~~Executive Director shall develop and execute a comprehensive audit plan to be conducted in accordance with applicable professional auditing standards. The ~~Chief Internal Auditor~~Executive Director shall make a comprehensive report on the internal audit function to the Board of Trustees through the Audit and Compliance Committee at the Annual Meeting. The report will include the annual audit plan and a review of all previous year audits completed and in progress, including any follow-up reviews and any audits that were scheduled but not done.

(e) The ~~Chief Internal Auditor~~Executive Director shall send a copy of each internal audit report and follow-up review, upon its completion, to the Audit and Compliance Committee.

(f) The ~~Chief Internal Auditor~~Executive Director shall promptly report any activity that is illegal, or the legality of which is questioned by the internal audit department (e.g., conflict of interest, theft), to the Chair of the Audit and Compliance Committee.

### Execution of Legal Instruments

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**SECTION 79.** Subject to compliance with any applicable policies concerning legal and fiscal review, the President and other University Officers named in Section 1 of this Article IV shall have the power and authority to sign documents, instruments, contracts, bonds, notes, or other papers in connection with the operation of the business of the University; and, in addition to the Secretary, any assistant secretary shall have the power and authority to attest and place the University's Seal on all said documents, instruments, contracts, bonds, notes, or other papers.

Subject to fiscal policies and procedures issued from time to time, administrative personnel on each campus, such as purchasing agents and business managers, shall have the power and authority to sign and issue purchase orders and conduct ordinary business affairs on behalf of the University. In addition, University fiscal policies and procedures issued from time to time may delegate to campus administrative personnel the authority to sign certain other instruments that do not warrant prior legal and fiscal review. Except in the case of purchase orders and other instruments executed by campus personnel under the delegation authorized by this section, all contracts, bonds, mortgages, notes, deeds, leases and other instruments of legal obligation shall be executed by the President or another University Officer after any required legal and fiscal review. A copy of every instrument of legal obligation executed on behalf of the University, except purchase orders, shall be filed in the official files of the University in the Office of the Treasurer ~~and Chief Investment Officer.~~

### ~~All Employees Responsible to the President~~

~~**SECTION 8.** All employees of the University, however designated, shall be responsible to the President, directly or through their next superior officer, for the efficient operation of the organizational unit or functions for which they are responsible. [Deleted because it pre-dates creation of the UT System and system administration.]~~

### ~~Receipt of Money by Employees~~

~~**SECTION 9.** All employees whose duties require them to receive money, or who receive donations or bequests made to the University, shall pay it promptly to the Treasurer and Chief Investment Officer with a statement of the amount paid, the date of the payment and the purpose for which paid, except in those cases where money belonging to the University and its accounting to the Treasurer and Chief Investment Officer by the collecting agency has been provided for otherwise by the Finance Committee with the approval of the President. [Deleted because it is adequately addressed in fiscal policy.]~~

### ~~Student Welfare~~

~~[Edited version of the following has been moved to Article I, Section 2.]~~



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~~SECTION 10.—The Board of Trustees is vitally interested in the welfare, safety, and conduct of the students at all campuses and facilities of The University of Tennessee and is dedicated to the maintenance of an environment which preserves conditions conducive to the normal education processes and to the welfare and safety of students and others. To implement these concepts, the Board of Trustees vests in the President and the respective Chancellors and Vice Presidents the authority to prescribe and enforce policies, rules and regulations concerning rights, responsibilities, conduct and discipline of students at the various campuses and facilities of the University. The President, Chancellors, and Vice Presidents are authorized to take any lawful action necessary to assure the protection of life and property at the several campuses and facilities.~~

~~Each Chancellor and Vice President may appoint an administrative council or other similar body and delegate to it certain functions, including approval and control of student organizations, adoption of rules of conduct and discipline of students, and the conduct of disciplinary proceedings involving misconduct or delinquencies of students attending the colleges and schools under its jurisdiction. However, each Chancellor and Vice President shall retain ultimate control and authority and shall be responsible to the President and the Board of Trustees for all final actions and decisions in these areas.~~

## ARTICLE V

### Parliamentary Rules

SECTION 1. General parliamentary rules shall be observed in conducting the business of the Board of Trustees except as they may be modified by these Bylaws, standing rules, or by other rules and regulations adopted by the Board.

### Motions and Resolutions

SECTION 2. In the interest of clearness, to prevent misapprehension and to secure accuracy of record, each important motion or resolution (except informal or parliamentary motions) shall be presented in writing ~~by the offerer~~ at the time the motion or resolution is made, or the ~~offerer~~Trustee may be granted the privilege of reducing such motion to writing and of presenting it to the Secretary before adjournment of the meeting.

### ~~Record~~Roll-Call Vote

SECTION 3. A ~~record~~roll-call vote of the Board of Trustees shall be required on all motions ~~providing for any the following:~~ (1) revision/amendment of the Bylaws, the adoption of a new Bylaw, or the repeal of an existing Bylaw; (2) the annual operating budget, including student tuition and fee proposals for which Board approval is required; (3) funding requests for capital outlay and capital maintenance projects; and (4) revenue or institutionally funded capital projects. On any other motion, a ~~record~~roll-call vote shall be

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taken if required by law or if a Board member present demands a recordroll-call vote before the announcement of a vote otherwise taken.

### **Employment of Relatives**

~~SECTION 4. If at any time the President of the University or any person or persons connected with the University having the power to make appointment to, or a contract of employment for, a position of trust or profit connected with the University, contemplates the appointment to, or the employment for, such position of a relative of a Trustee, such intention shall be reported to the Board, or to the Executive and Compensation Committee, stating the position to be filled or contract to be made, the name of the person to be appointed or employed, the person's relationship to the member or members of the Board and the qualifications of such person for the duties to be performed; and also whether or not the related member of the Board has been a party to an effort to procure such appointment or employment. [Deleted because the prohibition is included in the Conflict of Interest Policy for Trustees and in the Code of Ethics.]~~

### **Order of Business**

SECTION 54. At all meetings of the Board of Trustees, the order of business shall be prescribed by the Vice Chair and in consultation with the President, and with the assistance of the Secretary.

### **Honorary Degrees**

~~SECTION 6. The policy of the Board of Trustees governing the granting of honorary degrees authorizes the granting of such degrees in cases the Board finds to be exceptionally meritorious. The Board shall exercise its authority in this regard with exceeding care. [Deleted because now controlled by a Board policy.]~~

### **Appeals to the President**

SECTION 75. Any employee or student of the University who feels that he or she may have a grievance against the University shall have the right of appeal through the appropriate Chancellor or Vice President to the President of the University, except as otherwise provided by University policy.

### **Motion to Reconsider**

~~SECTION 8. A motion to reconsider must be made at the same meeting by a member who voted with the prevailing side; it may be seconded by any member. [Unnecessary because Article V, Section 1 provides for general parliamentary rules to govern proceedings.]~~

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## ARTICLE VI

### Bylaws Effective Upon Adoption

SECTION 1. These ~~b~~Bylaws shall be effective upon adoption and shall supersede all bylaws previously adopted by the Board.

### Amendment of Bylaws

SECTION 2. These Bylaws may be changed by amendment, by adoption of a new Bylaw or by repeal of an existing Bylaw at any regular meeting of the Board of Trustees, or at a special meeting called for that purpose, by a majority roll-call vote ~~of record~~ of the entire total voting membership of the Board as constituted by law at the time, provided that a copy of the amendment or new bylaw to be offered or notation of the bylaw to be repealed shall be furnished each Board member in writing at least five~~ten~~ (5~~10~~) days in advance of the meeting.

THE UNIVERSITY OF TENNESSEE  
BOARD OF TRUSTEES

ACTION ITEM

DATE: June 23, 2016

COMMITTEE: Trusteeship

ITEM: **Standing Rule Governing Requests to Address the Board of Trustees**

RECOMMENDATION: Approval

PRESENTED BY: Spruell Driver, Jr., Chair of Trusteeship

Public Chapter 753, enacted during the 2016 session of the General Assembly, requires the Board of Trustees to provide an opportunity in connection with regular Board meetings for members of the public to address the Board, or a committee of the Board.

This requirement has been incorporated in the Amended and Restated Bylaws proposed for adoption at this meeting. The proposed Bylaws also include a requirement for the Board to adopt a standing rule to govern requests to address the Board.

Based on a review of relevant policies and procedures of other public university governing boards, the following Standing Rule Governing Requests to Address the Board of Trustees is proposed for adoption.

At its meeting on June 22, 2016, the Trusteeship Committee recommended adoption of the proposed Standing Rule.

**MOTION: On the recommendation of the Trusteeship Committee, I move adoption of the following Resolution by the Board of Trustees:**

**RESOLVED: The Standing Rule Governing Requests to Address the Board of Trustees is adopted as presented in the meeting materials.**

## Standing Rule Governing Requests to Address the Board of Trustees

In conjunction with each regular meeting of the Board, an opportunity will be provided for students, employees, and members of the general public to address the Board, or a committee of the Board, concerning items on the meeting agenda and other issues germane to the responsibilities of the Board. The following procedures, terms, and conditions shall govern requests to address the Board.

**Preregistration:** All persons wishing to speak must preregister by completing a Request to Address the Board form [[link to form](#)] and submitting it to the Board of Trustees Office [[link to Board address and e-mail address](#)] no later than five (5) calendar days before the first day of a regular Board meeting. Regular Board meeting dates are posted on the Board website, <http://trustees.tennessee.edu/>. Persons will be preregistered on a “first come, first served” basis.

**Permissible Subjects:** Persons may request to speak about items on the meeting agenda or other issues germane to the responsibilities of the Board. The agenda for committee and Board meetings are published on the Board website, <http://trustees.tennessee.edu/>, approximately one week prior to each regular meeting. The Board will not hear speakers on grievances or appeals specific to individual students or employees or on pending or threatened litigation involving the University or University officials. If a speaker departs from the subject for which he or she preregistered to speak, the presiding officer will declare the speaker out of order and instruct the speaker to yield the podium.

**Time Allocation:** A maximum of thirty (30) minutes will be allocated during each regular meeting for persons to address the Board or a committee of the Board. Each speaker will be permitted to speak for a maximum of five (5) minutes. Speakers may not combine their five (5) minute allotment with another speaker and may not give any part of their time to another person. The time remaining for each speaker’s remarks will be displayed by a timing device within the meeting room.

**Scheduling of Speakers:** Persons who have preregistered to speak on permissible subjects will be scheduled on a “first come, first served” basis until the full thirty (30) minute period has been scheduled, except that no more than four (4) speakers will be scheduled to speak on the same subject.

**Notice to Scheduled Speakers:** After the preregistration deadline has passed, the Board of Trustees Office will notify registrants whether they have been scheduled to speak and, if so, the specific time and location at which they will speak. Scheduled

speakers must be physically present to address the Board. Scheduled speakers who are unable to attend the meeting may not send a substitute.

**Other Terms and Conditions:**

1. Only one (1) speaker will be permitted to speak at a time.
2. Speakers will not be allowed to use audio/visual presentation equipment during their remarks.
3. Speakers may bring copies of written information to be distributed to the Board, but speakers are responsible for bringing thirty (30) copies. Speakers are not allowed to personally distribute copies to the Board or approach the Board table for any reason. When called to speak, speakers must provide the copies to the Assistant Secretary for distribution.
4. Failure to adhere to this standing rule may result in the suspension of a person's opportunity to address the Board at future meetings.

**Board Action:** The Board will not take any action during the part of a meeting designated for persons to address the Board. In the discretion of the presiding officer, however, a matter raised during an address to the Board may be referred for subsequent response by the University administration or for subsequent study or consideration by an appropriate Board committee. The presiding officer may also request or permit comment by the President or other members of the University administration.

THE UNIVERSITY OF TENNESSEE  
BOARD OF TRUSTEES

ACTION ITEM

DATE: June 23, 2016

COMMITTEE: Finance and Administration

CAMPUS/INSTITUTE: All

ITEM: New System Rule on Student Housing and Repeal of Campus Student Housing Rules

RECOMMENDATION: Approval

PRESENTED BY: Charles C. Anderson, Committee Chair

The Office of the Vice President for Academic Affairs and Student Success and the Office of the General Counsel have worked with the chief student affairs officers and campus housing officials to develop a new system Rule on student housing. The new Rule provides a uniform framework within which each campus will manage student housing, including development of policies, procedures, and agreements that apply to the lease, assignment, occupancy, pricing, safety, construction, maintenance, use, and visitation of student housing. The new Rule will replace the current campus Rules on student housing.

The new Rule, Chapter 1720-01-13 of the Rules of The University of Tennessee, appears in its entirety in the following pages. Simultaneously with adoption of the new system Rule, the Board must act to repeal the existing campus Rules on student housing.

The Rule on student housing must be promulgated under the rulemaking procedures of the Uniform Administrative Procedures Act (UAPA), including a roll call vote in the full Board meeting. Upon adoption by the Board, the Rule will be submitted to the Attorney General for approval and, if approved, filed with the Secretary of State and published for the statutorily required period prior to becoming effective.

At its meeting on June 22, 2016, the Finance and Administration Committee recommended adoption of the proposed System Rule on Student Housing and repeal of the existing campus housing rules.

**MOTION: On the recommendation of the Finance and Administration Committee, I move adoption of the following Resolution by the Board of Trustees:**

**RESOLVED:**

**The Board of Trustees adopts Chapter 1720-01-13 of the Rules of The University of Tennessee as presented in the meeting materials to be effective upon completion of the rulemaking procedures under the Uniform Administrative Procedures Act; and**

**The Board of Trustees repeals Chapter 1720-02-02, Chapter 1720-03-06, Chapter 1720-04-04, and Chapter 1720-05-04 of the Rules of The University of Tennessee to be effective upon completion of the rulemaking procedures under the Uniform Administrative Procedures Act.**



**RULES  
OF  
THE UNIVERSITY OF TENNESSEE**

**CHAPTER 1720-01-13  
STUDENT HOUSING**

**1720-01-13-.01 GENERAL.**

- (1) The primary purpose of student housing at The University of Tennessee is to provide living accommodations and educational programming for undergraduate and graduate students enrolled at such campuses.
- (2) Subject to the general supervision of the President, Chancellors are authorized to exercise complete executive authority over student housing, including, without limitation, development of policies, procedures, and agreements that apply to the lease, assignment, occupancy, pricing, safety, construction, maintenance, use, and visitation of student housing. Policies, procedures, and agreements shall be developed in consultation with appropriate system-level administrators (e.g., Chief Financial Officer, Office of the General Counsel) and shall be consistent with this Chapter 1720-01-13.
- (3) Chancellors are authorized to determine which categories of students (e.g., full-time; enrolled) are eligible to live in student housing and which categories of students are either required to live in student housing or are restricted from living in student housing, subject to federal and state law.

**1720-01-13-.02 RESIDENCE HALL AGREEMENTS.**

- (1) A student who applies to reside in a residence hall shall, as a condition to residing in the residence hall, sign an agreement prepared by the University that establishes the terms and conditions of the student's occupancy of the residence hall.
- (2) The agreement described in Section .02(1) should address the following subjects:
  - (a) Term of the agreement;
  - (b) Amounts, billing, payment, and refunds of housing fees, security; deposits, and damage and cleaning fees;
  - (c) Assignment and reassignment of rooms;
  - (d) Policies and procedures governing the use and safety of the residence hall

and conduct within the residence hall, including, without limitation, policies governing the room within which the student is to reside (e.g., emergency procedures, animals, prohibited items, commercial solicitation);

- (e) Rights of entry to rooms;
  - (f) Loss of or damage to the student's personal property;
  - (g) Loss of or damage to University property;
  - (h) Alterations, additions, or improvements to rooms;
  - (i) Animals;
  - (j) Prohibited activities;
  - (k) Visitation;
  - (l) Prohibition on assignment and subleasing by the student;
  - (m) Termination of the agreement by either the student or the University, and options for the student to appeal the termination; and
  - (n) Other reasonable and necessary subjects determined by the Chancellor.
- (3) The agreement described in Section .02(1) may be in a paper or electronic format.

**1720-01-13-.03 DEFINITIONS.**

- (1) The term "campus" means The University of Tennessee at Chattanooga; The University of Tennessee Health Science Center; The University of Tennessee, Knoxville; The University of Tennessee Space Institute; The University of Tennessee at Martin; and/or The University of Tennessee Institute of Agriculture.
- (2) The term "Chancellor" means the person elected by the Board of Trustees for The University of Tennessee to serve as the Chancellor for a particular campus or institute, or the Chancellor's designee.
- (3) The term "fraternity house(s)" means a building located on University-controlled property that is leased to an organized national or local college or university fraternity.
- (4) The term "residence hall(s)" means student housing other than fraternity houses and sorority houses.
- (5) The term "sorority house(s)" means a building located on University-controlled property that is leased to an organized national or local college or university sorority.
- (6) The term "student" means a person admitted, enrolled or registered for study at

the University of Tennessee, either full-time or part-time, pursuing undergraduate, graduate, or professional studies, as well as non-degree seeking students.

- (7) The term “student housing” means University property primarily intended for use by University students as places to reside. Examples of student housing include, without limitation, residence halls, dormitories, apartments, hotels, fraternity houses, and sorority houses.
- (8) The terms “University” and “University of Tennessee” mean the campuses, centers, and institutes of the University of Tennessee, and all their constituent parts, and the University of Tennessee system.
- (9) The term “University property” means all land, buildings, houses, facilities, grounds, structures, or any other property owned, leased, used, maintained, or operated by the University of Tennessee.



STATE OF TENNESSEE  
**COMPTROLLER OF THE TREASURY**  
DEPARTMENT OF AUDIT  
DIVISION OF STATE AUDIT  
SUITE 1500, JAMES K. POLK STATE OFFICE BUILDING  
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### **Independent Accountant's Report on the Application of Agreed-Upon Procedures**

Dr. Joseph A. DiPietro, President  
University of Tennessee

We have audited the financial statements of the University of Tennessee as of and for the year ended June 30, 2015, and will issue our report thereon dated December 16, 2015. We have also performed the procedures enumerated below, which were agreed to by university management, solely to assist the university in evaluating whether the accompanying statements of revenues and expenses of the University of Tennessee are in compliance with the National Collegiate Athletic Association (NCAA) Bylaw 3.2.4.15 for the year ended June 30, 2015. The university's management is responsible for the statements of revenues and expenses and the statements' compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the management of the university. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

#### **Agreed-Upon Procedures Related to the Statements of Revenues and Expenses**

The procedures that we performed and our findings are as follows:

- Through discussions with university personnel, we identified aspects of the university's internal control unique to the intercollegiate athletics departments at all campuses and tested specific elements of the control environment and accounting system that are unique to intercollegiate athletics and had not been addressed in connection with the audit of the university's financial statements.
- We obtained a listing of all affiliated and outside organizations and determined which groups are under the accounting control of the institution.
- We reviewed the university's procedures for gathering information on the nature and extent of affiliated and outside organizational activity (e.g., booster groups, alumni organizations, independent or affiliated foundations) for or on behalf of the university's intercollegiate athletics programs.

- We obtained the statements of revenues and expenses of the athletic programs at all campuses and related notes for the year ended June 30, 2015, as prepared by management. We recalculated the addition of the amounts on the statements, traced the amounts on the statements to management's worksheets, and compared the amounts on management's worksheets with the athletic accounts in the university's general ledger. At Chattanooga, there were several significant misclassifications due to formula corrections on management's supporting worksheets and classifications not in accordance with revised NCAA definitions. The statement was corrected. Otherwise, we noted no significant differences between the amounts in the athletic accounts in the general ledger and the amounts on the statements.
- For each campus, we performed analytical procedures for any line item over 10% of the total revenues or expenses at that campus, comparing the current-year revenue and expense amounts with the prior year amounts, and obtained and documented an understanding of any variations over the lesser of \$1 million or 10%. We corroborated the explanations with other evidential matter when possible, and documented this as part of each variance explanation. We reported the analysis at each campus as a supplement to the final agreed-upon procedures report.
- We compared and agreed each operating revenue category reported in the statements during the reporting period to supporting schedules provided by the institution. (If a specific reporting category was less than 0.5% of the total campus revenues, no procedures were performed for that specific category.) We selected a sample of operating revenue receipts obtained from the above operating revenue supporting schedules. We examined supporting documentation and determined that revenue transactions were adequately supported and properly classified. (For all campuses, the amount reported for category 18 (other) was less than 10% of total revenues, so it was not necessary for the university to report the top three drivers in the comments section of the statements.)
- We reviewed the home football and basketball ticket reports prepared by an independent CPA firm for the Knoxville campus. Related revenues appear properly reported on the Knoxville statement. At Chattanooga and Martin, we compared tickets sold during the period, complimentary tickets provided during the period, and unsold tickets to the related revenue reported in the statements and the related attendance figures. No significant variances were noted.
- We obtained and documented an understanding of the university's methodology for allocating student fees to intercollegiate athletics programs.
- At Chattanooga and Martin, we compared student fees reported in the statements to student enrollment during the period. No material variances were noted. (At Knoxville, the student fees allocated to athletics are based on a discretionary determination by university management.)

- At Chattanooga and Martin, we obtained and reviewed the contractual agreements for all reported guaranteed contests, and reviewed and traced related revenues to the general ledger and the NCAA statements.
- We obtained and reviewed supporting documentation for any individual contribution of moneys, goods, or services received directly by an intercollegiate athletics program from any affiliated or outside organization, agency, or group of individuals (two or more) that constituted 10% or more of all contributions received for intercollegiate athletics during the period. There were none in this fiscal year.
- At Knoxville and Chattanooga, we compared the in-kind reported by the institution during the reporting period with a schedule of in-kind donations. We recalculated the totals. We ensured that in-kind values were offset in the appropriate expense category.
- At Knoxville, no indirect facilities and administrative support (categories 6 and 36 on the statement) was reported by the university, as university management determined that most other Southeastern Conference member institutions do not report in this category, and they wanted their statement to be comparable. Chattanooga and Martin decided to report in the same manner. The NCAA agreed-upon procedures handbook states that the university should “input [the] value of costs and services provided by the institution to athletics but not charged to athletics including: facility debt service, rental fees, or lease payments for the reporting year; administrative services provided by the university to athletics, but not charged such as Human Resources, Accounting, and Information Technology; facilities maintenance; security; risk management; and utilities.” At Martin, an adjustment was made to report \$359,244.10 of debt service payments made by the university on behalf of the athletic department (category 34). The statement was also corrected to report \$359,244.10 of matching indirect institutional support revenue (category 6).
- We compared the direct institutional support reported at Martin and Chattanooga with institutional authorizations and other corroborative supporting documentation. The amounts reported were adequately supported.
- At Knoxville, we obtained a schedule of permanent transfers back to the university from the athletics department and noted that \$1 million was correctly reported as a contra-revenue in category 5.
- We obtained and reviewed supporting documentation for NCAA distributions and conference revenues and compared them to the general ledger. At Knoxville, NCAA distributions (category 12) were overstated by \$434,863, while conference distributions (category 13) were understated by the same amount. SEC basketball tournament revenues were misclassified. The statement was corrected. No other significant differences were noted.
- At Knoxville, we obtained and inspected agreements to understand the institution's total media rights received by the institution or through their conference as reported

in the statement. We compared and agreed the media rights revenues to a summary statement of all media rights identified and the institution's general ledger and recalculated the totals. Media rights (category 11) were understated by \$140,000, while royalties, licensing, advertisements, and sponsorships (category 15) were overstated by the same amount. An ESPN subsidy was misclassified. The statement was corrected.

- At Knoxville, we compared the amount recorded in the revenue reporting category to a general ledger detail of program sales, concessions and novelty sales, and parking, as well as any other corroborative supporting documents, and recalculated the totals. No problems were noted.
- We obtained and inspected agreements related to the university's participation in revenues from royalties, licensing, advertisements, and sponsorships during the reporting period, and gained an understanding of the relevant terms and conditions. We then compared the related revenues with the general ledger. Except as noted above, no problems were noted at Knoxville. No problems were noted at Chattanooga. At Martin, gifts in-kind related to sponsorships, totaling \$39,400, were not reported in royalties, licensing, advertisement, and sponsorships (category 15). Matching expenses were also not reported. The statement was corrected.
- We inspected sports camp contracts between the university and persons conducting university sports camps or clinics during the period to obtain an understanding of the university's methodology for recording revenues from sports camps.
- We obtained schedules of camp participants, selected a sample of individual camp participant cash receipts from the schedules, and compared each selection with the amount recorded in the general ledger. We noted no differences between the cash receipts and the amounts recorded in the ledger.
- We obtained and inspected endowment agreements to gain an understanding of the relevant terms and conditions. We compared the classification and use of endowment and investment income as reported in the statements with the uses of income defined within the related endowment agreement. The classification and use of the income was in accordance with the terms of the related agreement. However, at Martin, we noted that \$97,294.46 of endowment income (category 17) was incorrectly reported as contributions (category 8). In addition, the staff at Martin failed to report \$14,430 of endowment income (category 17). The statement was corrected.
- We compared and agreed each expense category reported in the statements during the reporting period to supporting schedules provided by the institution. (If a specific reporting category was less than 0.5% of the total campus expenses, no procedures were performed for that specific category.) We obtained the general ledger detail and compared to the total expenses reported. We selected a sample of transactions to validate the existence of the transaction and accuracy of recording and recalculated the totals. We selected at least 3 or 4 items from each of the following line items in the statements of revenues and expenses if the line item exceeded 0.5% of total

expenses: equipment, uniforms, and supplies; game expenses; fund raising, marketing, and promotion; sports camp expenses; spirit groups; direct overhead and administrative expenses; medical expenses and medical insurance; memberships and dues; and other operating expenses. (The amount reported for category 39 (other) was less than 10% of total expenses at each campus, so it was not necessary for the university to report the top three drivers in the comments section of the statements.)

- We selected a sample of students from the listing of institutional aid recipients during the period, obtained the individual student-account detail for each selection, and compared total aid allocated from the related aid award letter to the student's account. There were no significant differences between the amounts allocated from the related aid award letters and the amounts in the students' accounts. We performed a check of each student selected to ensure their information was reported accurately into the NCAA Membership Financial Reporting System. With two exceptions at Martin, each student's information was accurately recorded.
- We obtained and inspected contractual agreements pertaining to expenses recorded by the university from guaranteed contests during the period and compared the related expenses with the general ledger. No differences were noted between the amounts in the contractual agreements and the amounts in the ledger.
- We obtained and inspected a listing of coaches employed by the university during the period. From the listing, we selected a sample of coaches' contracts that included football and men's and women's basketball, and we compared and agreed the financial terms and conditions of each contract to the related coaching salaries, benefits, and bonuses reported by the university in the statements. We also obtained and inspected payroll summary registers for the reporting year for each selection. We compared and agreed contracts (where applicable) and payroll summary registers from the reporting period to the related coaching salaries, benefits, and bonuses paid by the institution and related entities' expenses recorded by the institution in the statements during the reporting period. At Knoxville, \$100,000 of support salaries (category 24) were reported as coaching salaries (category 22) due to an entry error. The statement was corrected. No other significant problems were noted.
- We selected a sample of support staff/administrative personnel employed by the institution during the reporting period. We obtained and inspected the reporting period summary payroll register for each selection. We compared the related summary payroll register to the related support staff/administrative compensation, benefits, and bonuses paid by the institution expense recorded by the institution in the statements during the reporting period and recalculated totals. Except as noted directly above, no problems were noted.
- We obtained and documented an understanding of the university's recruiting expense policies. The policies were in agreement with existing institutional- and NCAA-related policies. We also obtained the general ledger detail related to recruiting expenses, compared total expenses to the reported expenses in the statements, and

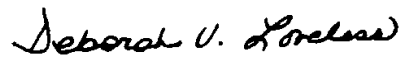


recalculated totals. Other than a corrected classification error at Chattanooga, no problems were noted.

- We obtained and documented an understanding of the university's team travel policies. The policies were in agreement with existing institutional- and NCAA-related policies. We also obtained the general ledger detail related to travel expenses, compared total expenses to the reported expenses in the statements, and recalculated totals. No problems were noted.
- We determined that a proper description of the university's policies and procedures for acquiring, approving, depreciating, and disposing of intercollegiate athletics-related capital assets was properly included in a note to the statements of revenues and expenses.
- We obtained debt service schedules and listings of lease payments and rental fees from the ledger and compared the top two facility payments (which were debt service payments) to additional supporting documentation from our audit of long term liabilities for the university. No problems were noted. We compared amounts reported to amounts listed in the general ledger detail and recalculated totals. We obtained repayment schedules for all outstanding intercollegiate athletics debt maintained by the institution during the reporting period, and compared them to the related note to the statements. We recalculated annual maturities (consisting of principal and interest) provided in the schedules, and compared the total annual maturities with supporting documentation from our audit of the university's long term debt. No problems were noted.
- We inquired as to whether the institution experienced significant additions to restricted funds related to intercollegiate athletics, as well as significant changes to endowment and plant funds. No significant changes were noted for the university.
- We compared and agreed the sports sponsored reported in the NCAA Membership Financial Reporting System to the squad lists of the institution.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the compliance of the accompanying statements of revenues and expenses of the University of Tennessee with the NCAA compliance requirements noted above. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the university's management and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record.



Deborah V. Loveless, CPA  
Director  
January 26, 2016

The University of Tennessee at Knoxville  
Department of Intercollegiate Athletics  
Statement of Revenues and Expenses  
For the Year Ended June 30, 2015

<b>Revenues</b>	
1 Ticket sales	\$ 34,674,844
2 Direct state or other governmental support	-
3 Student fees	1,000,000
4 Direct institutional support	-
5 Less: transfers to university	(1,000,000)
6 Indirect institutional support	-
7 Guarantees	367,000
8 Contributions	32,075,413
9 In-kind	1,286,008
10 Compensation and benefits provided by a third party	-
11 Media rights	23,297,298
12 NCAA distributions	2,312,773
13 Conference distributions (non-media or bowl)	8,474,119
14 Program, novelty, parking, and concession sales	5,490,810
15 Royalties, licensing, advertisement, and sponsorships	14,921,151
16 Sports camp revenues	1,330,520
17 Athletics restricted endowment and investments income	1,828,508
18 Other operating revenues	525,591
<b>19 Total operating revenues</b>	<b>126,584,035</b>
<b>Expenses</b>	
20 Athletic student aid	12,359,983
21 Guarantees	2,978,780
22 Coaching salaries, benefits, and bonuses paid by the university and related entities	18,160,181
23 Coaching salaries, benefits, and bonuses paid by a third party	-
24 Support staff/administrative compensation, benefits, and bonuses paid by the university and related entities	20,470,687
25 Support staff/administrative compensation, benefits, and bonuses paid by a third party	-
26 Severance payments	-
27 Recruiting	2,117,500
28 Team travel	5,585,207
29 Sports equipment, uniforms, and supplies	3,487,863
30 Game expenses	4,452,217
31 Fund raising, marketing, and promotion	6,294,439
32 Sports camp expenses	676,287
33 Spirit groups	548,429
34 Athletic facilities, debt service, leases, and rental fees	17,630,987
35 Direct overhead and administrative expenses	11,789,631
36 Indirect institutional support	-
37 Medical expenses and insurance	1,022,819
38 Memberships and dues	18,100
39 Other operating expenses	5,820,216
<b>40 Subtotal operating expenses</b>	<b>113,413,326</b>
<b>Excess (deficiency) of revenues over (under) expenses</b>	<b>\$ 13,170,709</b>

The accompanying notes are an integral part of this statement.

41 Transfers to institution	\$ 285,000
42 Conference realignment expenses	\$ -
43 Total athletics related debt	\$ 155,890,037
44 Total institutional debt	\$ 485,775,754
45 Value of athletics dedicated endowments	\$ 42,496,617
46 Value of institutional endowments	\$ 530,206,677

The University of Tennessee at Chattanooga  
Department of Intercollegiate Athletics  
Statement of Revenues and Expenses  
For the Year Ended June 30, 2015

<b>Revenues</b>	
1 Ticket sales	\$ 1,177,707.68
2 Direct state or other governmental support	-
3 Student fees	4,739,713.98
4 Direct institutional support	7,449,766.96
5 Less: transfers to university	-
6 Indirect institutional support	-
7 Guarantees	975,120.00
8 Contributions	868,152.92
9 In-kind	122,478.00
10 Compensation and benefits provided by a third party	-
11 Media rights	-
12 NCAA distributions	590,006.70
13 Conference distributions (non-media or bowl)	73,489.50
14 Program, novelty, parking, and concession sales	40,307.14
15 Royalties, licensing, advertisement, and sponsorships	461,450.00
16 Sports camp revenues	568,131.74
17 Athletics restricted endowment and investments income	80,449.00
18 Other operating revenues	212,433.35
<b>19 Total operating revenues</b>	<b>17,359,206.97</b>
<b>Expenses</b>	
20 Athletic student aid	5,214,664.52
21 Guarantees	7,000.00
22 Coaching salaries, benefits, and bonuses paid by the university and related entities	3,676,758.43
23 Coaching salaries, benefits, and bonuses paid by a third party	-
24 Support staff/administrative compensation, benefits, and bonuses paid by the university and related entities	2,896,905.63
25 Support staff/administrative compensation, benefits, and bonuses paid by a third party	-
26 Severance payments	-
27 Recruiting	270,422.00
28 Team travel	933,164.38
29 Sports equipment, uniforms, and supplies	663,755.36
30 Game expenses	439,426.43
31 Fund raising, marketing, and promotion	676,194.46
32 Sports camp expenses	393,457.61
33 Spirit groups	244,171.80
34 Athletic facilities, debt service, leases, and rental fees	299,080.57
35 Direct overhead and administrative expenses	320,933.75
36 Indirect institutional support	-
37 Medical expenses and insurance	170,726.40
38 Memberships and dues	47,780.47
39 Other operating expenses	1,104,765.16
<b>40 Subtotal operating expenses</b>	<b>17,359,206.97</b>
<b>Excess (deficiency) of revenues over (under) expenses</b>	<b>\$ -</b>

The accompanying notes are an integral part of this statement.

41 Transfers to institution	\$ -
42 Conference realignment expenses	\$ -
43 Total athletics related debt	\$ 1,744,546.00
44 Total institutional debt	\$ 41,198,324.36
45 Value of athletics dedicated endowments	\$ 3,178,957.17
46 Value of institutional endowments	\$ 135,703,833.22

The University of Tennessee at Martin  
 Department of Intercollegiate Athletics  
 Statement of Revenues and Expenses  
 For the Year Ended June 30, 2015

<b>Revenues</b>	
1 Ticket sales	\$ 100,030.00
2 Direct state or other governmental support	-
3 Student fees	1,791,957.04
4 Direct institutional support	5,602,170.15
5 Less: transfers to university	-
6 Indirect institutional support	359,244.10
7 Guarantees	1,248,300.12
8 Contributions	670,956.04
9 In-kind	27,326.00
10 Compensation and benefits provided by a third party	-
11 Media rights	-
12 NCAA distributions	300,282.60
13 Conference distributions (non-media or bowl)	200,573.00
14 Program, novelty, parking, and concession sales	499.78
15 Royalties, licensing, advertisement, and sponsorships	195,246.50
16 Sports camp revenues	-
17 Athletics restricted endowment and investments income	111,724.46
18 Other operating revenues	-
<b>19 Total operating revenues</b>	<b>10,608,309.79</b>
<b>Expenses</b>	
20 Athletic student aid	4,169,152.62
21 Guarantees	42,937.20
22 Coaching salaries, benefits, and bonuses paid by the university and related entities	2,270,213.58
23 Coaching salaries, benefits, and bonuses paid by a third party	-
24 Support staff/administrative compensation, benefits, and bonuses paid by the university and related entities	1,421,682.08
25 Support staff/administrative compensation, benefits, and bonuses paid by a third party	-
26 Severance payments	39,240.94
27 Recruiting	189,381.44
28 Team travel	778,160.54
29 Sports equipment, uniforms, and supplies	368,238.18
30 Game expenses	149,820.96
31 Fund raising, marketing, and promotion	34,589.70
32 Sports camp expenses	-
33 Spirit groups	16,856.51
34 Athletic facilities, debt service, leases, and rental fees	359,244.10
35 Direct overhead and administrative expenses	106,542.30
36 Indirect institutional support	-
37 Medical expenses and insurance	250,446.73
38 Memberships and dues	6,822.00
39 Other operating expenses	404,980.91
<b>40 Subtotal operating expenses</b>	<b>10,608,309.79</b>
<b>Excess (deficiency) of revenues over (under) expenses</b>	<b>\$ -</b>

The accompanying notes are an integral part of this statement.

41 Transfers to institution	\$ -
42 Conference realignment expenses	\$ -
43 Total athletics related debt	\$ 1,223,015.47
44 Total institutional debt	\$ 63,296,673.23
45 Value of athletics dedicated endowments	\$ 3,236,495.27
46 Value of institutional endowments	\$ 32,192,791.10

**THE UNIVERSITY OF TENNESSEE  
INTERCOLLEGIATE ATHLETIC DEPARTMENTS  
NOTES TO THE STATEMENTS OF REVENUES AND EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2015**

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**NOTE 1. CAPITAL ASSETS**

The intercollegiate athletic departments at Knoxville, Chattanooga, and Martin are required to follow all University of Tennessee policies and procedures for acquiring, approving, and disposing of capital assets as set forth by the Board of Trustees. A university purchase order must be issued for purchases of \$5,000 or more. These purchases shall be based upon the principle of competitive bidding. Requisitioning and approving of purchases will begin in the respective athletic department and will then be forwarded to the purchasing department for bidding and the issuance of a purchase order.

Capital assets, which include property, plant, equipment, software, and library holdings, are reported in the statement of net position at historical cost or at fair value at date of donation, less accumulated depreciation/amortization. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' useful lives are not capitalized.

A capitalization threshold of \$100,000 is used for buildings, land improvements, and infrastructure. Equipment and software are capitalized when the unit acquisition cost is \$5,000 or greater and the estimated useful life is one year or more. The capitalization threshold for additions and improvements to infrastructure and land improvements is also \$100,000. The capitalization threshold for additions and improvements to buildings is \$100,000 provided that amount exceeds 20% of the book value of the building.

These assets, with the exception of land, are depreciated/amortized using the straight-line method over the estimated useful lives of the assets, which range from 5 to 40 years.

**NOTE 2. LONG-TERM LIABILITIES****Knoxville**

Long-term liability activity for the year ended June 30, 2015, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Long-term liabilities:				
Bonds	\$151,382,242.00	\$83,875,635.94	\$ (79,511,212.04)	\$155,746,665.90
Unamortized bond premium	6,557,385.71	-	(409,836.60)	6,147,549.11
Revolving credit facility	31,216,688.32	213,392.19	(31,286,709.31)	143,371.20
<b>Total TSSBA indebtedness</b>	<b>\$189,156,316.03</b>	<b>\$84,089,028.13</b>	<b>\$(111,207,757.95)</b>	<b>\$162,037,586.21</b>

**THE UNIVERSITY OF TENNESSEE  
INTERCOLLEGIATE ATHLETIC DEPARTMENTS  
NOTES TO THE STATEMENTS OF REVENUES AND EXPENSES (CONT.)  
FOR THE YEAR ENDED JUNE 30, 2015**

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The debt service requirements to maturity for all bonds payable at June 30, 2015, are as follows:

Year ending June 30	<u>Principal</u>	<u>Interest</u>
2016	\$ 11,830,988.68	\$ 7,114,185.97
2017	12,893,173.29	6,747,266.04
2018	13,353,777.10	6,274,621.23
2019	13,942,443.55	5,749,336.67
2020	11,196,206.25	5,062,945.84
2021-2025	34,881,037.17	20,154,128.34
2026-2030	37,130,505.43	11,688,884.63
2031-2035	21,509,287.89	4,724,707.61
2036-2040	<u>9,378,899.66</u>	<u>785,069.53</u>
	<u>\$ 166,116,319.02</u>	<u>\$68,301,145.86</u>
Less:		
Debt service reserve fund	(8,156,362.43)	
Unspent bond proceeds	<u>(2,213,290.69)</u>	
TSSBA debt - bonds	<u>\$155,746,665.90</u>	

### Chattanooga

Long-term liability activity for the year ended June 30, 2015, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Long-term liabilities:				
Bonds	\$1,860,524.00	\$ -	\$(115,978.00)	\$1,744,546.00
Total TSSBA indebtedness	<u>\$1,860,524.00</u>	<u>\$ -</u>	<u>\$(115,978.00)</u>	<u>\$1,744,546.00</u>

The debt service requirements to maturity for all bonds payable at June 30, 2015, are as follows:

**THE UNIVERSITY OF TENNESSEE  
INTERCOLLEGIATE ATHLETIC DEPARTMENTS  
NOTES TO THE STATEMENTS OF REVENUES AND EXPENSES (CONT.)  
FOR THE YEAR ENDED JUNE 30, 2015**

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Year ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 116,615.00	\$ 44,918.99
2017	118,397.00	43,382.07
2018	120,111.00	41,584.61
2019	121,880.00	39,402.70
2020	124,976.00	36,902.51
2021-2025	680,095.00	133,953.27
2026-2028	<u>462,472.00</u>	<u>28,042.59</u>
	<u>\$1,744,546.00</u>	<u>\$368,186.74</u>

**Martin**

Long-term liability activity for the year ended June 30, 2015, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Long-term liabilities:				
Bonds	\$1,415,558.91	\$3,509,333.33	\$(3,701,876.77)	\$1,223,015.47
Total TSSBA indebtedness	<u>\$1,415,558.91</u>	<u>\$3,509,333.33</u>	<u>\$(3,701,876.77)</u>	<u>\$1,223,015.47</u>

The debt service requirements to maturity for all bonds payable at June 30, 2015, are as follows:

Year ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 129,843.22	\$ 188,943.05
2017	132,842.73	185,837.68
2018	136,253.75	182,247.07
2019	140,084.27	178,102.72
2020	144,615.82	173,550.84
2021-2025	793,353.10	794,240.86
2026-2030	960,125.09	625,147.04
2031-2035	814,683.69	414,951.89
2036-2040	724,431.37	265,959.13
2041-2045	<u>890,235.29</u>	<u>96,725.52</u>
	<u>\$4,866,468.33</u>	<u>\$3,105,705.80</u>



**THE UNIVERSITY OF TENNESSEE  
INTERCOLLEGIATE ATHLETIC DEPARTMENTS  
NOTES TO THE STATEMENTS OF REVENUES AND EXPENSES (CONT.)  
FOR THE YEAR ENDED JUNE 30, 2015**

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Less:	
Debt service reserve fund	(143,452.86)
Unspent bond proceeds	<u>(3,500,000.00)</u>
TSSBA debt - bonds	<u>\$1,223,015.47</u>

**NOTE 3. CONTRIBUTIONS**

No donors gave more than 10% of the reported contributions at any campus.

**The University of Tennessee at Knoxville**  
**Department of Intercollegiate Athletics**  
**Supplemental Schedule: Revenues and Expenses Analytical Review (1)**  
**For the Year Ended June 30, 2015**

	2015	2014	\$ Variance	% Variance
<b>Revenues</b>				
1 Ticket sales	\$ 34,674,844.00	\$ 32,572,479.00	\$ 2,102,365.00	6.45% (2)
8 Contributions	\$ 32,075,413.00	\$ 26,773,796.00	\$ 5,301,617.00	19.80% (3)
11 Media rights	\$ 23,297,298.00	\$ 5,668,070.00	\$ 17,629,228.00	311.03% (4)
15 Royalties, licensing, advertisement, and sponsorships	\$ 14,921,151.00	\$ 8,682,055.00	\$ 6,239,096.00	71.86% (5)
<b>Expenses</b>				
20 Athletic student aid	\$ 12,359,983.00	\$ 10,943,538.00	\$ 1,416,445.00	12.94% (6)
22 Coaching salaries, benefits, and bonuses paid by the university and related entities	\$ 18,160,181.00	\$ 16,933,891.00	\$ 1,226,290.00	7.24% (7)
24 Support staff/administrative compensation, benefits, and bonuses paid by the university and related entities	\$ 20,470,687.00	\$ 20,137,486.00	\$ 333,201.00	1.65%
34 Athletic facilities, debt service, leases, and rental fees	\$ 17,630,987.00	\$ -	\$ 17,630,987.00	100.00% (8)
35 Direct overhead and administrative expenses	\$ 11,789,631.00	\$ 23,132,330.00	\$ (11,342,699.00)	-49.03% (9)

**Footnotes:**

- (1) Variances greater than 10% or \$1 million were explained for line items exceeding 10% of total revenues or 10% of total expenses.
- (2) The increase in ticket sales is primarily attributed to an increase in football ticket sales of approximately \$1.8 million. Football ticket sales increased as a result of increased ticket prices, a 7% increase, along with sales volume (season ticket sales increased by over 2,200 and single game ticket sales increased by over 17,700). In addition, men's basketball and softball ticket sales increased by approximately \$108,000 and \$60,000, respectively. Lastly, other revenue associated with ticket sales, including shipping and handling fees, increased by approximately \$128,000.
- (3) The increase in contributions is primarily related to (1) a sizeable increase in annual unrestricted giving in the amount of approximately \$3.3 million, largely correlated with football ticket sales, and (2) the inclusion of approximately \$3.9 million in capital gifts in the current year, as required in the updated NCAA agreed-upon procedures. These increases were offset by a reclassification of gift in-kind contributions to category 9 (In-kind) in the current year in the amount of approximately \$1.3 million.
- (4) The increase in media rights is due to several factors, including (1) the recognition of approximately \$7.5 million for the initial year of the SEC Network, and (2) changes in the categorical definitions in the updated NCAA agreed-upon procedures. In the prior year, media rights revenue distributed by the conference was reported in category 13 (conference revenues). In the current year, such revenue is reported in category 11 (media rights) in the amount of approximately \$10.6 million.
- (5) The increase in royalties, licensing, advertisements, and sponsorships is directly related to (1) a change in reporting philosophy to include third-party multi-media rights in the amount of approximately \$4.3 million versus another category, (2) a one-time commitment bonus payment from Nike in the amount of \$2 million, and (3) an increase in the distribution of trademark licensing revenues of \$800,000.
- (6) The increase in athletic student aid is attributed to (1) increases in the cost of tuition, fees, room and board, etc., and (2) an increase in summer school attendance.
- (7) The increase in coaching salaries, benefits, and bonuses paid by the university is a result of (1) football performance incentives earned in the current year in the amount of approximately \$1 million, (2) compensation costs associated with a men's basketball coaching transition, and (3) general increases for other sports including women's basketball and track and field.
- (8) The increase in athletic facilities, debt service, leases, and rental fees is solely attributed to the establishment of category 34 in the current year, whereas the amounts were reported in category 35 in the prior year.
- (9) The decrease in direct overhead and administrative expenses is directly related to the reclassification in reporting debt service, which is reported in category 34 in the current year. Debt service was approximately \$13 million in the prior year.

**The University of Tennessee at Chattanooga**  
**Department of Intercollegiate Athletics**  
**Supplemental Schedule: Revenues and Expenses Analytical Review (1)**  
**For the Year Ended June 30, 2015**

	2015	2014	\$ Variance	% Variance
<b>Revenues</b>				
3 Student fees	\$ 4,739,713.98	\$ 4,908,216.06	\$ (168,502.08)	-3.43%
4 Direct institutional support	\$ 7,449,766.96	\$ 6,759,772.65	\$ 689,994.31	10.21% (2)
<b>Expenses</b>				
20 Athletic student aid	\$ 5,214,664.52	\$ 4,922,157.83	\$ 292,506.69	5.94%
22 Coaching salaries, benefits, and bonuses paid by the university and related entities	\$ 3,676,758.43	\$ 3,036,720.14	\$ 640,038.29	21.08% (3)
24 Support staff/administrative compensation, benefits, and bonuses paid by the university and related entities	\$ 2,896,905.63	\$ 2,707,795.49	\$ 189,110.14	6.98%

**Footnotes:**

- (1) Variances greater than 10% or \$1 million were explained for line items exceeding 10% of total revenues or 10% of total expenses.
- (2) This represents expenses not funded by other sources. Total expenses increased by \$1,313,150.21, while all other revenues increased \$623,155.90.
- (3) This increase is due to increases in salaries, bonuses, and related fringe benefits for football, men's basketball, women's basketball, and men's wrestling. There were salary increases for head coaches and assistant coaches, performance bonuses, and staff additions. All other sports received across the board increases as well.

**The University of Tennessee at Martin**  
**Department of Intercollegiate Athletics**  
**Supplemental Schedule: Revenues and Expenses Analytical Review (1)**  
**For the Year Ended June 30, 2015**

	2015	2014	\$ Variance	% Variance
<b>Revenues</b>				
3 Student fees	\$ 1,791,957.04	\$ 1,923,262.17	\$ (131,305.13)	-6.83%
4 Direct institutional support	\$ 5,602,170.15	\$ 5,311,255.84	\$ 290,914.31	5.48%
7 Guarantees	\$ 1,248,300.12	\$ 1,149,125.00	\$ 99,175.12	8.63%
<b>Expenses</b>				
20 Athletic student aid	\$ 4,169,152.62	\$ 4,107,098.39	\$ 62,054.23	1.51%
22 Coaching salaries, benefits, and bonuses paid by the university and related entities	\$ 2,270,213.58	\$ 2,008,153.87	\$ 262,059.71	13.05% (2)
24 Support staff/administrative compensation, benefits, and bonuses paid by the university and related entities	\$ 1,421,682.08	\$ 1,434,263.06	\$ (12,580.98)	-0.88%

**Footnotes:**

- (1) Variances greater than 10% or \$1 million were explained for line items exceeding 10% of total revenues or 10% of total expenses.
- (2) The majority of the increase is due to a \$201,198 increase in men's basketball salaries and a \$23,314 increase in baseball salaries. Football salaries also increased \$11,263, and women's basketball salaries increased \$15,690.

**OFFICE OF AUDIT AND COMPLIANCE**

# 2015 Report of Accomplishments

9



The University of Tennessee is an EEO/AA/Title VI/Title IX/Section 504/ADA/ADEA institution in the provision of its education and employment programs and services. All qualified applicants will receive equal consideration for employment without regard to race, color, national origin, religion, sex, pregnancy, marital status, sexual orientation, gender identity, age, physical or mental disability, or covered veteran status. • A project of the Office of Audit and Compliance of the University of Tennessee.





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# OFFICE OF AUDIT AND COMPLIANCE MISSION, VALUES, AND VISION STATEMENTS

## OAC: MISSION

Audit and Compliance helps the university achieve its mission by providing objective and independent evaluations to reduce risk and improve operations.

## OAC: VALUES

- Integrity—exhibit fairness, honesty, and ethical behavior in our service to the university.
- Objectivity—perform duties in an unbiased manner, i.e., based on an informed analysis of the issues and a clear understanding of the operations affected.
- Quality—provide accurate reports and timely, feasible, and relevant recommendations.
- Community—collaborate with colleagues and clients to provide services that improve the university’s effectiveness and efficiency.
- Visionary—develop creative and innovative approaches to key issues facing the university.

## VISION

A team of world-class professionals helping to shape the future of the university.





## TO THE AUDIT AND COMPLIANCE COMMITTEE OF THE UNIVERSITY OF TENNESSEE BOARD OF TRUSTEES:

In 2015, the Office of Audit and Compliance (OAC) continued to focus on our strategic plan and to provide value to the Audit and Compliance Committee and other stakeholders. Of note was our work with the committee to update the charter to better reflect its oversight of UT's institutional compliance efforts. The updates will help define the oversight function for new committee members as members transition to and from the committee.

An important aspect of the internal audit team's work each year is our quality assurance and improvement program, as required by auditing standards. This year, we performed a self-assessment and received an external quality assurance review by a team of peers from institutions across the country. The results were positive, with the internal audit team receiving the top rating, "generally conforms." In addition, both the self- and external assessments provided recommendations to enhance departmental practices. We have developed action plans to implement these recommendations, which will allow us to provide enhanced service to the board and management.

We focused on three areas of the strategic plan in 2015: expanding information technology (IT) audit coverage, research audit coverage, and use of data analytics.

As planned, the IT audit team made considerable progress on Health Insurance Portability and Accountability Act (HIPAA) security audits, the follow-up to the IT security posture assessment issued in 2014, and other IT projects. These projects continue to assist management in strengthening IT controls and in maturing UT's security posture. We also assisted management in the re-designation of UT as a HIPAA hybrid entity and development of the related university policy.

Because UT System's goals include expanding research capacities, we continued to focus on this area and completed numerous audits on research processes and compliance. Several team members attended training to gain a better understanding of research-related risks. The training will allow the team to provide more coverage of this important and challenging area.

The office also began new data analytics projects and training. Using data analytics enables us to more effectively and efficiently focus on high-risk areas in our audits. Because of the decentralized controls at the university, we continued to conduct audits of business operations to determine whether controls at the departmental level are effective. In the future, the team plans to use various data analytics techniques to streamline the reviews.

One of OAC's major accomplishments, led by the institutional compliance team, was the implementation of the UT Compliance Hotline. The hotline allows anonymous reporting of concerns and is a tenet of an effective compliance program, as outlined in the *Federal Sentencing Guidelines for Organizations*.

The institutional compliance team continued to assist management in identifying compliance risks and developing plans to address those risks. They made significant progress at UT Martin, UT Institute of Agriculture, and UT Knoxville and helped establish an institutional compliance program at UT Chattanooga. Our work is having a positive and collaborative impact and continues to promote an ethical environment.

Looking forward, both the internal audit and institutional compliance teams remain focused on our strategic plan so that we can continue to meet the needs of stakeholders. In addition, the internal audit team is implementing the enhancements identified in our self- and external assessments.

I wish to express thanks to the audit and compliance professionals in the Office of Audit and Compliance for their dedication and service. I would also like to thank the Audit and Compliance Committee and university management for their support and commitment to an ethical environment at the University of Tennessee.

Sandy S. Jansen, CIA, CCSA, CRMA  
Executive Director

### Doing Our most

Audit and Compliance focused on three areas of the strategic plan in 2015: expanding information technology audit coverage, research audit coverage, and use of data analytics. Using data analytics enables us to more effectively and efficiently focus on high-risk areas in our audits.

## OVERVIEW OF OFFICE OF AUDIT AND COMPLIANCE

The Office of Audit and Compliance (OAC) is a systemwide office, reporting to the Audit and Compliance Committee of the UT Board of Trustees. The office is comprised of two functions: internal audit and institutional compliance. Two divisions operate within the internal audit function: audit and information technology and security assessment. (Appendix A is the university's and office's organizational charts.)

### Doing Our Most

The IT audit team assisted management in strengthening IT controls, maturing UT's security posture, and re-designating UT as a HIPAA hybrid entity and developing the related university policy.

### Doing Our Most

In an internal quality assurance review, OAC was found to 'generally conform' (the top rating) to The Institute of Internal Auditors' *Standards* and Code of Ethics and to effectively carry out its mission as stated in the Internal Audit Charter.

### OVERVIEW: INTERNAL AUDIT

OAC's internal audit function provides the University of Tennessee System with objective, independent appraisals of control processes, risk management, and governance as a service to the UT Board and all levels of management. These appraisals help ensure the university's assets are protected, departments are operating efficiently and effectively, and UT is complying with applicable policies, laws, and regulations. Our role is also to facilitate cost-effective decisions that will support the mission and strategic plan of the University of Tennessee and, through our assurance and consulting activities, to add value to UT's operations.

The internal auditing profession is governed by standards promulgated by The Institute of Internal Auditors, Inc., which require us to evaluate and contribute to the improvement of governance, risk management, and control processes using a systematic and disciplined approach. (Appendix B is the Internal Audit Charter, which establishes our purpose, authority, and responsibility in the university community.)

One of our main roles is to reduce the university's risk, or exposure to loss. To that end, we develop an annual audit plan based on a risk assessment. Our objectives are to evaluate risk exposures related to the university's governance, operations, and information systems and to determine the potential for fraud. We also evaluate the adequacy and effectiveness of internal controls (administrative and operational policies, procedures, and practices) in responding to risks, determine compliance with applicable policies and regulations, and make recommendations to strengthen any deficiencies noted. At the conclusion of each engagement, reports are issued to audited parties, senior management, the Audit and Compliance Committee, and the Division of State Audit. The types of audits we perform and other projects are discussed below.

**Financial.** Our office assists external auditors on a limited number of financial audits annually. We examine the financial statements and perform tests of transactions so that the external auditors can express an opinion on the financial statements as a whole.

**Internal control.** The nature of this work is to identify significant internal control weaknesses in departmental and functional financial operations and provide effective recommendations for improvement. We also identify the significant risks to the university's financial operations and information at the departmental and functional levels. Internal control engagements can contribute to and improve the governance of the area being audited, especially when control environment recommendations are included.

**Auditing for fraud.** Our objective here is to look for fraudulent transactions. One result of this work may include recommendations to improve internal controls. These audits, along with risk assessments for other audit engagements, evaluate the potential for the occurrence of fraud.

**Compliance.** The goal in such audits is to determine whether university policies and external laws and regulations are being followed. This type of work is usually coupled with reviewing internal controls so that we can provide recommendations to strengthen the controls to help prevent future violations of policies or regulations.

**Information technology (IT).** IT audits and security assessments are designed to identify significant weaknesses in the confidentiality, integrity, and availability of the university's information systems and to provide effective recommendations for improvement. In addition, this work evaluates whether the information technology governance of the university supports its strategies and objectives. These audits are performed to help safeguard the information systems and the data stored on them, including administrative and student data, programs and operating systems, personal computers, servers, and networks. Objectives include assessing vulnerabilities in both technical and physical

security; ensuring that university systems conform to best practices in industry standards; reviewing the storage and transmittal of electronic information; determining compliance with applicable policies, laws, and regulations; and making recommendations to strengthen any deficiencies noted.

**Investigations.** State law requires Audit and Compliance to investigate substantive allegations of fraud, theft, abuse, and shortages and losses of university assets. Our objectives include verifying the facts in a legal and objective manner, determining responsibility, identifying control breakdowns that led to the loss, and recommending corrective actions to help ensure similar actions do not occur in the future. These matters are referred to the state comptroller's office for review and possible referral for criminal prosecution.

**Effectiveness and efficiency.** We conduct consulting projects and performance-type audits in response to requests from

university administration and departments and from other sources, such as risk assessments. Our objectives are to provide management with information to improve an area's organizational structure, staffing, and operating procedures and to ensure UT resources are used effectively and efficiently, accounted for properly, and safeguarded adequately. We also determine whether operations and programs are being carried out as planned and their results are consistent with university objectives. Consulting projects can address whether internal controls are operating effectively and in compliance with legal or other requirements, though such objectives are examined routinely in financial and compliance audits.

**Management support.** OAC provides other value-added work, such as promoting appropriate ethics and values within the university, communicating risk and control information on a systemwide level, and coordinating and communicating information among the Board of Trustees, State Audit, and UT management.

## OVERVIEW: INSTITUTIONAL COMPLIANCE

The mission of Institutional Compliance is to serve and safeguard the university community from the regulatory risks we face and promote a cultural environment of high ethical standards by:

- Identifying compliance risk faced by the university community.
- Promoting an awareness of compliance risks and the objectives of our compliance activities through communicating with and educating the university community.
- Developing innovative and effective ways to mitigate compliance risk through collaboration with the university community.

The Office of Institutional Compliance, a function within OAC, is responsible for designing, implementing, and monitoring the UT systemwide compliance program. The office's primary responsibilities include the following.

- Develop and implement the university compliance risk assessment process.

- Assist the campus/institute compliance committees in their various duties.
- Help functionally responsible offices overcome barriers to compliance by recommending improved controls or providing independent services, such as communicating the need for new procedures, resources, or stronger enforcement or working as a liaison between multiple parties.
- Independently investigate and act on matters related to compliance.
- Collaborate with the university community to develop innovative and effective ways to mitigate compliance risk.
- Report regularly to the Executive Compliance Committee and the Audit and Compliance Committee.
- Promote the university's Code of Conduct and Compliance Hotline.

## OVERVIEW: OAC STAFFING

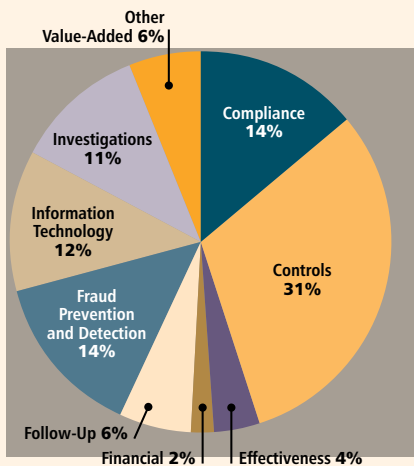
The Audit and Compliance staff consists of an executive director, a director, 2 associate directors, 12 audit professionals, 3 IT audit professionals, an institutional compliance director and a compliance officer, a coordinator/ editor, and a support staff member. (Biographical information is provided in Appendix C.) The staff has over 200 years of combined audit and compliance experience, with most of that obtained at higher education institutions. The average tenure in the office is 10 years. Certifications attained include certified public accountant (CPA), certified internal auditor (CIA), certified information systems security professional (CISSP), certified fraud examiner (CFE), certified

information systems auditor (CISA), and certified compliance and ethics professional (CCEP), among others.

The audit and compliance staff received numerous hours in continuing education credits for the year, which includes training received at seminars, conferences, workshops, and in classes. OAC staff are members of such professional organizations as The Institute of Internal Auditors, the Society of Corporate Compliance and Ethics, and the Association of College and University Auditors. Some staff members also served on university committees at the request of management and provided training on internal controls, procurement cards, and other topics. See page 30 for detailed information.

# 2015 ACCOMPLISHMENTS

**2015 Effort by Audit Type**



As illustrated in the chart “2015 Effort by Audit Type,” the Office of Audit and Compliance (OAC) provided a variety of services to the UT System and spent 71 percent of our effort on the areas of focus outlined in the 2015 audit plan:

- Compliance
- Controls
- Fraud prevention and detection
- Information technology

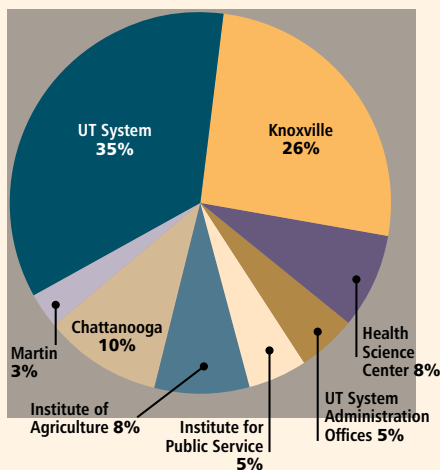
Our effort for controls audits remained consistent with 2014 at 31 percent. These audits, which include departmental business operations, provide assurance to both the Audit and Compliance Committee and senior management, help establish a strong control environment, and assist UT department heads in implementing effective controls at the departmental level. Because of the importance of this work, we focused a third of our time on controls.

Effort increased slightly for compliance audits primarily because of large projects focused on research compliance and compliance with the Violence Against Women Act. Our fraud prevention and detection efforts decreased partly because we performed only two audits of chief executive officers. We normally audit three chief executive officers and plan to return to this schedule in 2016.

Finally, information technology (IT) risk coverage increased for the second year as we continued to expand our efforts. We anticipate another increase in coverage in 2016 because we are fully staffed with IT audit professionals.

The chart also shows we spent 11 percent of our time investigating allegations of fraud, waste, or abuse, consistent with 2014. Six percent was for effectiveness and efficiency or financial audits, with 6 percent on follow-up audits to ensure that our recommendations in previous years’ audits were implemented. Finally, 6 percent was devoted to other value-added work, such as serving on university committees, providing training to the university community, and consulting provided to management.

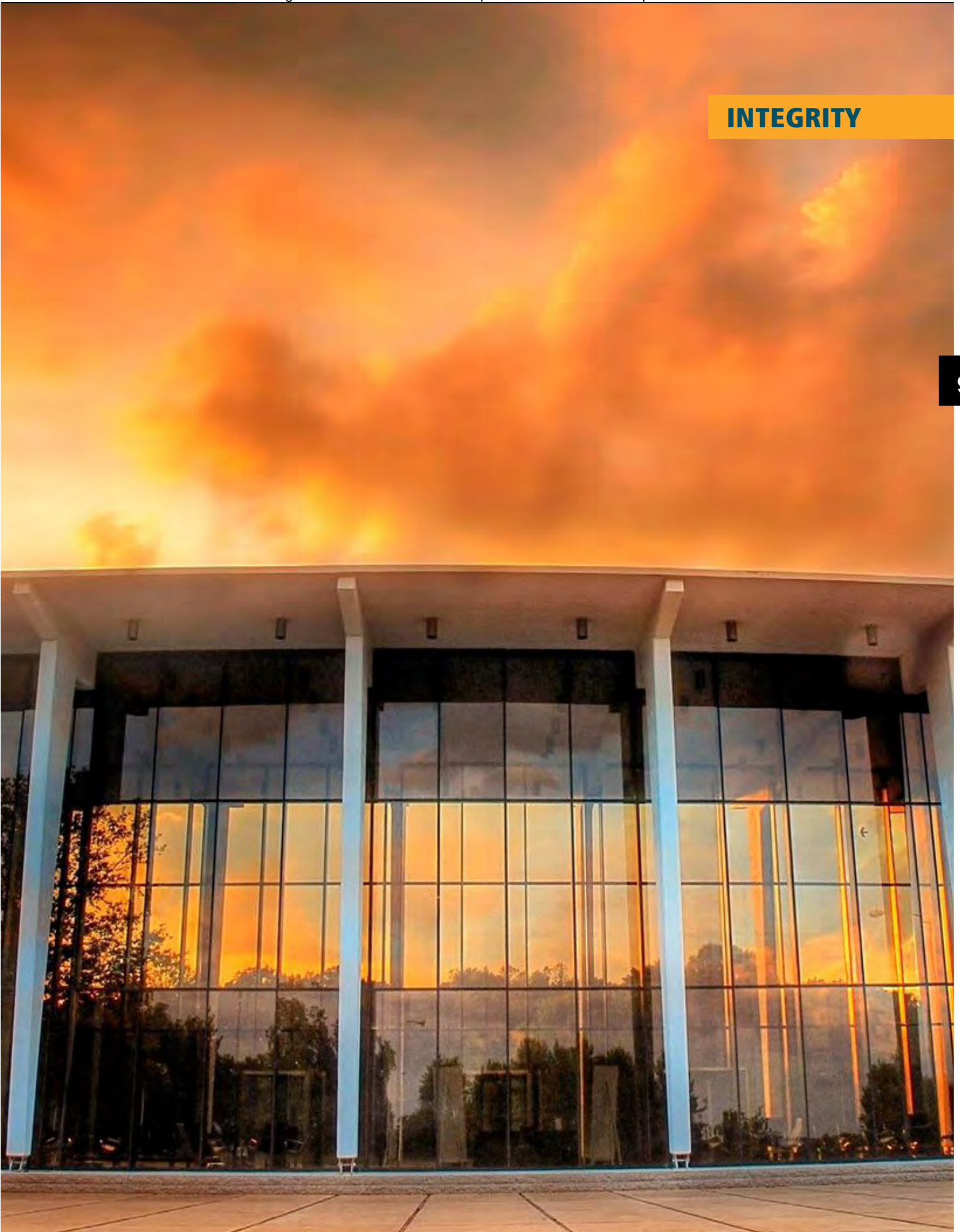
**2015 Effort by Entity**



OAC conducted numerous systemwide projects, as noted by 35 percent of our effort in “2015 Effort by Entity.” These projects provided coverage for all campuses and institutes, including the Self-Assessment of Controls, Complete College Tennessee Act audit, monthly procurement card monitoring, and follow-up audits. Consistent with past years, most of our campus-specific effort focused on UT Knoxville, our flagship campus; however, effort at the Health Science Center decreased because of staff turnover at that location. We anticipate increasing efforts close to 13 percent during 2016. Otherwise, coverage was fairly consistent at the other campuses and institutes.



**INTEGRITY**





## Doing Our Most

IT auditors reviewed policies and procedures for processing credit and debit cards, online payments, or using a point-of-sale system in 26 departments on the Knoxville, Health Science Center, Chattanooga, and Agriculture campuses. No weaknesses were identified.

## 2015 PROJECTS COMPLETED

The Office of Audit and Compliance (OAC) completed over 50 engagements, including audits required by statute, administrative policy, or other requirements; departmental operations audits and other risk-based projects; projects in progress from 2014; investigations; and consulting projects.

Numerous information technology (IT) audits were conducted this year. We performed follow-up work for the IT security posture assessment, assessments of Health Insurance Portability and Accountability Act (HIPAA) compliance, audits of business continuity planning and disaster recovery and of change and configuration management, and audits focusing on departmental security and protecting sensitive information. This work continues to emphasize the importance of maturing the IT security posture and IT processes of the university, assists management in implementing effective security measures and controls, and keeps the Audit and Compliance Committee informed of progress in these crucial areas.

Among the significant projects was a financial review of the operations of the Institute for Public Service (IPS). This project, requested by management, provided valuable information and recommendations to assist IPS during a management transition. Topics addressed in the report included agencies' financial support of the central office, cost-effective business mileage practices, use of Center for Government Training funds, and general procedures for the management of sponsored projects. Auditors, along with university administrators, met with IPS employees in open forums to report on the audit results and share best practices.

We also completed the first in a series of audits of Governor's Chairs, the Governor's Chair for Electrical Energy Conversion and Storage. We reviewed the sponsored projects managed by the Governor's Chair regarding effort reporting, cost transfers, subcontract monitoring, outside interests disclosures, payroll processing, non-payroll expenditures, departmental ledgers, and equipment to determine financial compliance with sponsor

provisions, federal regulations, and university policies and the effectiveness of existing internal controls for these areas. This work not only aligns with OAC's strategic plan, but also supports UT System's strategy of expanding research capacities. Another project is planned for 2016.

OAC completed audits for the offices of the UT president and the chancellor of the UT Health Science Center, as required by *Tennessee Code Annotated* § 49-7-3001. This statute is intended to strengthen higher education financial accountability and requires risk-based internal financial audits for the offices of the university president and chancellors. The statute requires at least 30 percent of the offices to be audited in any given year. We found all expenditures to be appropriate, reasonable, and in compliance with applicable policies and procedures.

In addition to the required chief executive audits, we continued our audits of the chief business officers and completed an audit of the Institute of Agriculture's chief business officer. The objective was to determine whether internal controls are designed to prevent and detect fraud, waste, and abuse. No instances of fraud, waste, or abuse were identified.

We continued to monitor the university's procurement card transactions each month to detect and prevent fraudulent activity and instances of noncompliance. The work involves a cursory review of all card transactions systemwide. Our summary report covered transactions totaling \$43.7 million, an increase of about \$7 million in the last two years. Given the higher volume and risk associated with procurement cards, we expanded this work in 2015. In addition to the monthly monitoring, we examined procurement card trends at UT Knoxville to identify possible abuse. The summary report for this work was issued in early 2016.

Finally, the office completed investigations of fraud, waste, and abuse this year. With each investigation, even when fraud is not confirmed, we examine internal controls for potential improvements. Our reports included recommendations to strengthen controls.

## INTERNAL AUDITS

### INTERNAL AUDITS: UT SYSTEM

#### Self-Assessment of Controls/Risk Assessment

The university performs an annual self-evaluation of internal accounting and administrative controls to comply with the Tennessee Financial Integrity Act of 1983. Requirements of the Act include performing an entity-wide risk assessment and a comprehensive evaluation of internal controls. The Office of Audit and Compliance (OAC) coordinates UT's compliance efforts with the Act and conducts the self-assessment using a web-based questionnaire. For the evaluation of controls, the university reviews the controls for two areas each year, with 2015's topics being sensitive minor equipment and accounts receivable. Of about 550 departments, 85 identified and corrected 138 control weaknesses in the areas reviewed. Eight material weaknesses were noted for the university. OAC facilitated the 2015 entity-wide risk assessment of UT's financial operations with the assistance of the campus/institute chief business officers. This was an update of the 2014 risk assessment. Risks and controls related to the Americans with Disabilities Act initiatives for student accessibility and potential changes in Fair Labor Standards Act regulations concerning exempt employee classification were added. Risks and recommended corrective actions were reported to the individual departments, and the results of the risk assessment and control weaknesses were reported to the state. Attached were the letter from the university's president to the state comptroller and the commissioner of finance and administration and the results of the assessment of internal controls.

#### Annual Procurement Card Summary

The audit scope included all procurement card expenditures (159,761 transactions totaling \$43,719,729.60 and about 1,775 cardholders) for the university for October 2014 through September 2015. No fraud was identified, but policy violations were noted. Given the volume of transactions and the decentralized controls for the procurement card process, relatively few violations were found. The most common violation in 2015 was the purchase of Amazon Prime memberships. Forty-three memberships were purchased, 74 percent of those

accidental. The purchasing department is working with UT departments to obtain Amazon Business accounts, which may help reduce this type of violation. No violations of entertainment expenses over the prescribed limit occurred in 2014 and 2015. All other violations, except for personal and other university department violations, decreased this year. Personal violations increased 8 percent over last year. Gift card violations decreased significantly this year, by 55 percent. Purchases from other university departments increased considerably over the previous year, by 75 percent. These were primarily due to UT Conferences processing seminar/conference registrations. Auditors asked the Treasurer's office to block UT Conferences on university procurement cards. Travel-related violations and split purchases decreased this year by 32 and 50 percent, respectively. Results and recommended corrective actions were reported to the applicable cardholders and the issues were resolved.

#### Year-End

For each year-end closing, the department observes the physical inventory of the UT Knoxville bookstore (which includes the UT Health Science Center bookstore) to help assure the inventory balance reported in the university's financial statements is accurate. An accurate inventory balance is important for determining the bookstore's annual financial performance. In Knoxville's VolShop, no significant discrepancies were noted. The store valued this inventory at \$2,454,824.27, which was recorded in the university's accounting system. The dollar value of this year's inventory is 38 percent more than the fiscal year 2014 inventory, a significant change in value. The associate director stated the increase resulted from the addition of two stores and the purchase of new Nike products for the Nike opening. The explanations were reasonable and appropriate. The 2015 inventory for the UTK Office of Information Technology communications group warehouse was also observed. Numerous discrepancies and uncounted materials were noted, and staff made the necessary corrections. Next year, the staff assigned to count the inventory should be better supervised to ensure thoroughness and accuracy.

### INTERNAL AUDITS: UT SYSTEM ADMINISTRATION

#### Office of the President

The audit scope included travel, entertainment, equipment, payroll, procurement card, and other expenses for fiscal year 2015. The expenditures were reviewed to determine whether they appeared appropriate, reasonable, and in compliance with university policies. All expenditures reviewed were found to be appropriate, reasonable, and in compliance. In addition, the equipment records were accurate.

#### Complete College Tennessee Act

The audit objectives were to determine if the degrees awarded,

student credit hours earned, and research and public service expenditures reported by the UT System to the Tennessee Higher Education Commission (THEC), as required by the Complete College Tennessee Act, were accurate and supported by university records. The scope included reviewing research and public service expenditures for July 1, 2013, through June 30, 2014; the degrees awarded for summer 2013, fall 2013, and spring 2014; and undergraduate credit hours earned as recorded in the UT System's fall 2014 end-of-term report to THEC. Auditors found the degrees awarded, undergraduate credit hours earned, and research and public service expenditures reported by

the university were accurate and supported by university records for the periods reviewed.

### Effort Certification Reporting System

The audit objective was to determine if the university's effort certification reporting system has effective internal controls to identify employees who should report effort and uncertified effort. The scope included a review of the system in place at the time of the audit and effort certification records as of spring 2015. The system appeared effective in identifying and notifying employees who need to certify effort.

### Internal Quality Assurance Review

The Office of Audit and Compliance (OAC) performed an internal

quality assurance review as required by The Institute of Internal Auditors' (IIA) *International Standards for the Professional Practice of Internal Auditing*. The objectives were to evaluate OAC's effectiveness in carrying out its mission and to identify opportunities to improve its management and work processes. OAC achieved the top rating, 'generally conforms' to the *Standards* and Code of Ethics, and effectively carries out its mission as set forth in the Internal Audit Charter. The reviewer identified opportunities to enhance office processes and procedures: update the audit charter to include additional information, provide staff members additional training on using available resources to conduct their work, continue to track and improve report timeliness, complete the update of office policies and procedures, and provide more timely and constructive feedback to staff.

## INTERNAL AUDITS: KNOXVILLE

### Fraud Risk Assessment

The objectives of the risk assessment were to gather perceptions of fraud risks and to promote fraud awareness across the Knoxville campus. UTK and UT System employees were asked to participate via an electronic survey maintaining anonymity, with additional polling to evaluate certain fraud schemes from selected UTK employees involved in departmental business operations. Participants perceived the misuse of assets to be the most likely and the most pervasive. Asset larceny, reimbursement schemes, and falsified payroll were perceived to have a medium-high likelihood, medium-low materiality, and medium-high pervasiveness. Billing schemes were perceived to have both a medium-high likelihood and materiality (\$100,000 to \$499,999). Deposit and cash larceny were perceived to have a medium-high probability but medium-low pervasiveness. The selected group perceived the risks to be less likely and less pervasive than in the original assessment. Also, officials in Finance and Administration and the Office of Audit and Compliance collaborated on an awareness campaign. Training was provided to UTK staff to assist them in fraud detection and prevention efforts at the departmental level. Audit and Compliance will continue to assess risks through formal and informal means.

### Graduate and Executive Education

The audit objective was to evaluate the business controls in Graduate and Executive Education (GEE) in the Haslam College of Business. The non-degree programs were reviewed and included student registration, custom contract administration, cash handling in the 2013 academic year, faculty extra-service payments, and payroll records for November 2013–March 2014. Controls were adequate, and GEE should develop a formal process for granting fee discounts, improve receipt documentation and contract administration, and ensure that faculty summer pay complies with university policy.

### Textbooks and Student-Athlete Opportunity Fund—Athletics

The audit objective was to determine whether controls exist to ensure compliance with NCAA Bylaws governing textbook distribution and the Student-Athlete Opportunity Fund (SAOF) in the Athletics department. Textbook distribution for Men's

and Women's Basketball, Softball, Men's Golf, and Football was reviewed, and auditors recommended enhancing controls so that only required textbooks are provided to student-athletes. Auditors also recommended obtaining and maintaining justification and support for SAOF expenditures.

### Chemistry

The audit objective was to assess internal controls for the expenditure and equipment processes for fiscal years 2013 and 2014. Invoices, ledgers, equipment, payroll, and procurement card transactions were reviewed. The department has established effective controls and is in compliance with applicable policies and procedures.

### Mechanical, Aerospace, and Biomedical Engineering

The audit objective was to assess internal controls for the expenditure and equipment processes for fiscal years 2013 and 2014. Invoices, ledgers, equipment, payroll reports, and procurement card transactions were reviewed. The department has established effective controls for the expenditure and equipment processes and is in compliance with applicable university policies and procedures.

### Libraries

The audit objective was to assess internal controls for the expenditure and equipment processes for December 1, 2013, through November 30, 2014. Invoices, ledgers, payroll, procurement card transactions, and equipment were reviewed. The control weaknesses noted could result in undetected fraudulent activity. Recommendations were made to separate procurement card duties; ensure equipment serial numbers are correct in the inventory system; approve payroll registers in a timely manner; and reconcile, review, and approve ledgers in accordance with policy, regardless of whether activity occurred.

### Facilities Services

The audit objective was to assess internal controls for the expenditure and equipment processes for September 1, 2013, through August 31, 2014. Invoices, ledgers, payroll, procurement card transactions, and equipment were reviewed. The control weaknesses noted could result in undetected fraudulent activity.



Recommendations were made to reconcile the departmental ledger consistently; obtain required documentation for procurement card purchases; process appropriate documentation for equipment transfers, acquisitions, dismantlement, and sales; and ensure equipment identifiers (serial and UT tag numbers) are present and correct in the inventory system.

### School of Music

The audit objective was to assess internal controls for the expenditure and equipment processes for fiscal years 2014 and 2015. Invoices, procurement card transactions, payroll, ledgers, and equipment were reviewed. The controls for recording and tracking equipment were either not in place or not working effectively and could allow undetected fraudulent activity. Recommendations were made to physically observe all equipment items and verify identifiers (serial number, UT tag number, etc.) during the annual inventory process, follow proper surplus procedures, ensure equipment serial numbers are correct in the inventory system, and discontinue the practice of allowing retirees to keep their UT laptops or obtain permission for a formal process to allow it.

### College of Social Work

The audit objective was to assess internal controls for the expenditure and equipment processes in the College of Social Work. The scope included reviewing controls for invoices, travel reimbursements, cash deposits, ledgers, procurement card expenditures, payroll registers, and equipment for fiscal years 2014 and 2015 in two funds centers. Several areas need improvement, particularly documenting approvals and expenditures, which could have resulted from performance issues with the college's former business manager. Recommendations were made to strengthen financial and inventory controls, and the new business manager is working to ensure good business practices are followed in college operations.

### Electrical Engineering and Computer Science

The audit objective was to assess internal controls for the expenditure, cash receipting, and equipment processes. Invoices, ledgers, payroll, procurement cards, bookkeeping, and equipment were reviewed for 2014. Auditors noted control weaknesses and policy noncompliance issues that could result in undetected errors or fraudulent activity. Recommendations were made to verify that procurement card purchases are appropriate, approve procurement card statements and payroll registers timely, separate receipt reconciliation and depositing duties, strengthen cash receipting in the parts store, ensure purchase and framework orders are valid before placing orders, ensure equipment serial numbers are correct in the inventory system and replacement tags are obtained, and

reconcile and approve ledgers in accordance with policy.

### Nuclear Engineering

The audit objective was to assess internal controls for the expenditure, cash receipting, and equipment processes. Invoices, ledgers, payroll, procurement cards, travel, and equipment were reviewed for 2014. Controls for payroll ledgers, procurement cards, invoices, and equipment inventory were either not in place or ineffective. Recommendations were made to ensure vendors are paid timely, expenditures are coded correctly, alcohol is not purchased with state funds, entertainment expenditures are documented according to policy, payroll registers are signed and dated by the departmental approver, and equipment is physically observed and the identifiers verified with UT records annually.

### Physics and Astronomy

The audit objective was to assess internal controls for the expenditure, cash receipting, and equipment processes. Invoices, ledgers, payroll, procurement cards, travel, money received, and equipment were reviewed for March 2014–April 2015. Recommendations were made to code and document entertainment and group-arranged event expenditures correctly and to ensure equipment serial numbers are correct in the inventory system.

### Governor's Chair for Electrical Energy Conversion and Storage

The Governor's Chair for Electrical Energy Conversion and Storage in the Chemical and Biomolecular department was audited as part of a periodic review of the Governor's Chairs. Auditors examined the sponsored projects managed by the Governor's Chair regarding effort reporting, cost transfers, subcontract monitoring, outside interests disclosures, payroll processing, non-payroll expenditures, departmental ledgers, and equipment to determine financial compliance with sponsor provisions, federal regulations, and university policies and the effectiveness of existing internal controls for these areas. The sponsored projects were managed in compliance with applicable federal regulations and university policies. Recommendations were made to improve policy compliance and controls for departmental ledger review, cost transfers, and effort reporting.

### UTPD Evidence and Lost and Found

The audit objective was to determine if controls were in place to safeguard evidence and lost and found items in the UT Police Department. UTPD has good controls for lost and found property, but auditors noted issues regarding the evidence inventory. The department should improve evidence inventory records and storage practices.

## INTERNAL AUDITS: HEALTH SCIENCE CENTER

### Office of the Chancellor

The audit scope included travel, entertainment, equipment, payroll, procurement card, and other expenses for fiscal year 2015. The expenditures were reviewed to determine whether they appeared appropriate, reasonable, and in compliance with university policies. Staff should correctly code expenditures for entertainment and

group-arranged events and communicate with employees who coordinate events to understand the purpose of the expenditures.

### Business Contracts

The review was conducted to examine the contract review and approval procedures, accounts receivable, and the accounts

receivable database to assess the effectiveness of business processes in Business Contracts. The office does a reasonable job of processing contracts for the campus but should improve the effectiveness and efficiency of the process and improve the design of the accounts receivable system to ensure adherence to best practices. Business Contracts should consider obtaining a contract management system to automate and streamline the contract review and approval processes, provide training on drafting contracts and initiating the review and approval processes, and consider a needs assessment for an accounts receivable information system.

### Effort Certification Reporting

The audit objective was to determine whether effort reported on sponsored projects at the UT Health Science Center was

reasonably accurate, properly supported, and in compliance with applicable federal guidelines and university policies. Effort certification records for a sample of 24 university faculty members were reviewed for May through August 2014. The reported effort in the sample appeared reasonably accurate and was reported in compliance with applicable federal guidelines and university policies.

### Microbiology, Immunology, and Biochemistry

The audit objective was to assess internal controls for the expenditure and equipment processes for September 1, 2013, to August 31, 2014. Invoices, ledgers, equipment, payroll, and procurement card transactions were reviewed. The department has established effective controls and is in compliance with applicable policies and procedures.

## INTERNAL AUDITS: CHATTANOOGA

### Travel Processing

The audit objective was to evaluate the effectiveness of the travel audit staff in UTC Disbursements in preventing overpayment of travel reimbursements. Auditors examined expense reports and supporting documentation and found the staff effective in preventing overpayment of travel reimbursements. Staff processed \$1,934,293.83 in reimbursements for 2,463 reimbursement requests from March 1, 2013, to February 28, 2014. Excess reimbursement was estimated at potentially \$9,000 to \$3,000 for the period reviewed. Preventing all overpayments is not cost effective, however, and should not be expected. The staff save costs by detecting and rejecting excessive reimbursement requests and by establishing the expectation that requests exceeding policy limits will not be paid.

### School of Nursing

The audit objective was to assess internal controls for the expenditure, cash receipting, and equipment processes. Invoices, ledgers, payroll reports, procurement cards, travel reimbursements, and equipment were reviewed for 2014. Auditors noted control weaknesses that could result in undetected errors or fraudulent activity. Recommendations were made to approve (sign) reconciled ledgers and payroll registers timely and to strengthen equipment inventory procedures and control of university assets, including submitting and retaining appropriate forms for surplus and missing equipment.

### UTC Police Department—Evidence, Property, and Sensitive Items

The audit objective was to determine whether controls exist

in UT Chattanooga's Police Department to properly account for, secure, and handle evidence, lost and found property, and sensitive items in accordance with UTC's General Orders and the Commission on Accreditation for Law Enforcement Act standards for June 1, 2014, to May 31, 2015. UTC PD has established controls in the areas reviewed, but some are ineffective which could result in errors, undetected fraudulent activity, and the potential inability to become accredited. Recommendations were made to record and process evidence, property, and sensitive items (e.g., firearms) properly, to provide further training in these areas to appropriate staff, and to conduct inventories of property, evidence, and sensitive items as required by university policy and the General Orders.

### Leave Reporting

The audit objectives were to determine the effectiveness of internal controls to ensure leave taken is reported and to determine compliance with related university policies and procedures. Athletics Administration and Theatre and Speech were selected for review, and payroll records and documentation were examined. The departments received separate reports detailing the results of their review and included management's response to the recommendations provided. No indication was found that employees are not reporting leave. Athletics Administration has effective internal controls to ensure leave taken is reported and is complying with related university policies and procedures. In Theatre and Speech, payroll documentation should be improved to help ensure accurate leave reporting.

## Doing Our Most

Our audit of the UT Chattanooga Disbursements office found the travel audit staff to be effective in preventing the overpayment of travel reimbursements.

## INTERNAL AUDITS: MARTIN

### NCAA Special Assistance Fund

The audit was performed to determine adherence to NCAA Special Assistance Fund (SAF) guidelines and to evaluate the adequacy and effectiveness of expenditure controls for the fund for fiscal year 2015. The audit is required annually by the Ohio Valley Conference. Auditors found the use of the fund complied with NCAA guidelines, with one exception where an ineligible student received benefits. Squad lists should be monitored to ensure every student-athlete receiving SAF benefits is recorded on the lists. Athletics should reiterate the importance of accurate, current squad lists, and they should

be recirculated for signature whenever a change occurs so that all responsible parties can verify the list's accuracy.

### Student Success Center

The audit objectives were to determine if cash receipting procedures for third-party payments are appropriate and to evaluate internal controls related to the deposits. Management enhanced controls for the security of third-party payments and deposit reconciliation before the report was issued. Financial procedures should be reviewed to determine if procedures or controls can be improved further.

## INTERNAL AUDITS: INSTITUTE OF AGRICULTURE

### Chief Business Officer to the Chancellor

The audit objectives were to review the financial operations of the Office of the Chief Business Officer to the Chancellor to determine whether expenditures appeared appropriate, reasonable, and in compliance with university policies. Travel and entertainment were reviewed for fiscal year 2014. Expenditures for the chief business officer appeared appropriate, reasonable, and in compliance with university policies.

according to UT policies and procedures and to file IRS forms as required; ensure Extension employees do not serve as officers with signatory authorization or control funds for outside organizations; properly document the payment of awards, money received, and cash withdrawals; deposit funds within three business days of receipt; properly authorize expenditures over \$1,000; and consult the regional office to determine the appropriate account balance.

### East Tennessee Research and Education Center

The audit objective was to assess internal controls for the expenditure, cash receipting, and equipment processes. Invoices, ledgers, payroll, procurement cards, cash receipting, and equipment were reviewed for April 2014–April 2015. Recommendations were made to protect passwords and ensure electronic approvals are made properly, use the official UT receipt book at all locations to record payments received and use a ticketing method at large events, separate the receipt reconciliation and depositing duties, and ensure equipment identifiers are correct in the inventory system and replacement tags are obtained.

### UT Extension Bank Accounts Summary

The UT Extension bank accounts were audited for the Dyer, Henry, and Stewart County and the Western Region Extension offices. Each office received a separate report detailing noncompliance with university policy or Extension financial procedures. Exceptions included no separation of duties for deposit and receipt reconciliation, only one employee preparing deposits, checks not restrictively endorsed upon receipt and made payable to 'cash,' inadequate documentation of cash advances, and inadequate verification and approval of procurement card expenditures, among others. UT Extension administration should reeducate all county and regional offices on the proper separation of duties regarding an independent reconciliation of receipts to deposits, emphasize the importance of verifying and approving procurement card transactions properly, and implement stronger controls for cash advances. The individual reports contained responses to the recommendations for corrective actions from each county director, and UT Extension administration responded to the items noted in the summary report.

### Williamson County Extension Office

The audit objectives were to determine the Williamson County Extension office's compliance with procedures for the county bank account and applicable university policies and to determine the effectiveness of related internal controls for January 2014–January 2015. The 4-H Alumni and Friends bank account managed by the county director in violation of policy was also reviewed. Recommendations were to manage the bank account

## INTERNAL AUDITS: INSTITUTE FOR PUBLIC SERVICE

### Financial Review

The Institute for Public Service (IPS) asked Audit and Compliance to perform a financial review of its operations. Auditors examined financial records for fiscal years 2014 and 2015, funding for the central office and the Center for Government Training (CGT), vehicle use and lease rates, and compliance with university grant and contract policies and procedures. IPS should consider retaining a portion of the facilities and administrative (F&A) recoveries from sponsored

projects, which could reduce the administrative fee currently charged to its agencies to fund the central office. Auditors found CGT funds were used for their intended purposes. IPS's current vehicle practice (employees renting vehicles, using fleet vehicles, or being reimbursed for personal vehicle use) seems more cost effective than assigning vehicles to employees. Finally, principal investigators for sponsored projects should review their own ledgers and sign or initial the reconciled ledgers each month to indicate there were no unauthorized transactions.

# INFORMATION TECHNOLOGY

## INFORMATION TECHNOLOGY: UT SYSTEM

### IT Security Posture Update

The Board of Trustees' Audit and Compliance Committee commissioned BerryDunn to assess the IT security posture for the university. BerryDunn's report was issued in February 2014. The committee asked the Office of Audit and Compliance (OAC) to follow up on recommendations and prepare an update of the IT security posture for the UT System

Administration and each campus and institute. Significant progress has been made in improving UT's IT security posture. Major areas for improvement noted in the initial report are being addressed, and policies and procedures related to the IT security program are much improved. OAC will continue to track the progress toward a mature IT security posture that meets the needs of the university.

## INFORMATION TECHNOLOGY: KNOXVILLE

### Parking and Transit Services

The objectives were to determine whether IT security program and control policies and procedures are in place and operating effectively to ensure departmental IT systems are in accordance with compliance requirements and best practice standards, particularly in protecting sensitive information. Auditors found existing IT security controls provide a good baseline for ensuring the security of the environment. Finalizing and approving the Information Security Plan will create a solid framework for advancing the department's security posture. In addition, the recommended process improvements will further strengthen the protection of sensitive information.

### Credit Card Procedures

Policies and procedures were reviewed for processing credit and debit cards, online payments, or using a point-of-sale system for nine departments/areas at UT Knoxville: Athletics Sales and Marketing; Athletics Ticket Office; Early Learning Center for Research and Practice; College of Social Work; Student Union; Food Science and Technology; Center for Literacy, Education, and Employment; RecSports; and Bursar's Office. No weaknesses were identified in the policies and procedures.

## INFORMATION TECHNOLOGY: HEALTH SCIENCE CENTER

### HIPAA Security Program

The audit objective was to determine the UT Health Science Center's compliance with the Security Rule of the Health Insurance Portability and Accountability Act (HIPAA), specifically the administrative safeguards that ensure an effective program management process and the assignment of security responsibilities. To meet Security Rule requirements, UTHSC should assign a HIPAA security officer to oversee compliance, conduct risk assessments of electronic protected health information, establish a risk and vulnerability management program, and review information system activity regularly.

maintained information can be sufficiently restored to allow the university to accomplish its mission. The existing BCP/DR plan allows critical systems to be restored but should be completed and improved to ensure periodic testing and trained staff to carry out the plan. Recommendations were to complete the draft Emergency Response Plan and related documentation and to develop a BCP/DR test and training plan.

### Information Technology Services

The audit objective was to determine whether business continuity planning and disaster recovery (BCP/DR) policies, plans, and procedures are in place and operating effectively to ensure that the capability to process, retrieve, and protect electronically

### Credit Card Procedures

Policies and procedures were reviewed for processing credit and debit cards, online payments, or using a point-of-sale system for eight departments/areas at the UT Health Science Center: Campus Police and Parking Services, Plough Center, Continuing Dental Education, Fitness Center, Parking Services, College of Pharmacy, College of Nursing, and Occupational Therapy. No weaknesses were identified in the policies and procedures.

## INFORMATION TECHNOLOGY: CHATTANOOGA

### Information Technology

The audit objective was to determine whether business continuity planning and disaster recovery (BCP/DR) policies, plans, and procedures are in place and operating effectively to ensure that the capability to process, retrieve, and protect electronically maintained information can be sufficiently restored to allow the

university to accomplish its mission. The existing BCP/DR plan allows critical systems to be restored, and the recommended infrastructure updates will help prevent failures that would affect the availability of critical information systems. The campus should prioritize implementation of the network equipment replacement plan.



### Credit Card Procedures

Policies and procedures were reviewed for processing credit and debit cards, online payments, or using a point-of-sale system for six departments/areas at UT Chattanooga: Student Health

Services, Division of Student Development, Undergraduate Admissions, Graduate School, New Student and Family Programs, and Testing Center. No weaknesses were identified in the policies and procedures.

## INFORMATION TECHNOLOGY: MARTIN

### Information Technology Services

The audit objective was to determine whether business continuity planning and disaster recovery (BCP/DR) policies, plans, and procedures are in place and operating effectively to ensure that the capability to process, retrieve, and protect electronically maintained information can be sufficiently restored to allow the university to accomplish its mission. The existing BCP/DR plan allows critical systems to be restored but can be improved to

ensure periodic testing and trained staff to implement the plan. Also, the recommended infrastructure updates will help prevent failures that would affect the availability of critical information systems. Recommendations were to develop a BCP/DR test and training plan, document backup/restore and datacenter emergency processes, and prioritize implementation of the network equipment replacement plan.

## INFORMATION TECHNOLOGY: INSTITUTE OF AGRICULTURE

### Childhood Lead Poisoning Prevention Program

The Childhood Lead Poisoning Prevention Program (CLPPP) was audited to determine compliance with the Health Insurance Portability and Accountability Act of 1996 (HIPAA). The audit determined whether CLPPP is mitigating the threats identified by the U.S. Department of Health and Human Services as contributing to the most breaches of protected health information (PHI). CLPPP had good controls in place and was in compliance with HIPAA requirements for safeguarding PHI, with two exceptions. The business associate agreements should be revised to fully meet HIPAA requirements, and a system security plan and vulnerability test should be completed to verify security controls.

identified by the U.S. Department of Health and Human Services as contributing to the most breaches of PHI. Threats examined were missing or incomplete business associate contracts, inadequate control of electronic devices and media used to store or transfer PHI, and inadequate facility access controls for the 2015 spring semester. The auditor found good controls in place and compliance with HIPAA requirements for safeguarding PHI.

### Veterinary Social Work

The audit objective was to determine Veterinary Social Work's compliance with HIPAA regarding mitigation of threats

### Credit Card Procedures

Policies and procedures were reviewed for processing credit and debit cards, online payments, or using a point-of-sale system for three departments/areas at the UT Institute of Agriculture: College of Veterinary Medicine, Plant Sciences, and AgResearch. No weaknesses were identified in the policies and procedures.

## INFORMATION TECHNOLOGY: INSTITUTE FOR PUBLIC SERVICE

### Information Technology—Configuration and Change Management

The audit objective was to determine whether IPS's information technology configuration and change management (CCM) controls provide reasonable assurance that changes to information system resources are authorized and that systems are configured and operated securely and as intended. The existing CCM controls

are at a low maturity level. They allow repeatable processes with consistent results when used, but process governance is still in development, so CCM processes are not always applied consistently. The findings detail the strengths and weaknesses of CCM controls, with recommendations to implement more planning and governance into the CCM process, specifically regarding CCM policies and procedures and vulnerability management.

## INVESTIGATIONS

### INVESTIGATIONS: HEALTH SCIENCE CENTER

#### Ophthalmology

The review was conducted as the result of allegations made in an anonymous letter concerning the Ophthalmology department at UT Health Science Center. The allegations involved violations of contracts, university policy on faculty appointments, search procedures, and federal

research studies; fund allocation; and abuse of time worked, among others. No evidence was found to support any wrongdoing, but auditors noted two UTHSC policy violations. Recommendations were provided to ensure search procedures are followed and compensated outside service time is reported properly.

### INVESTIGATIONS: CHATTANOOGA

#### Athletics

The review was conducted to investigate concerns of improper cash handling by the former administrative assistant in UTC Athletics. The assistant resigned after being questioned about paying a basketball camp official and trainer with cash. Officials then discovered \$3,893.45 in unsecured cash in her desk and could not account for all of the funds. Auditors examined payments made to camp officials and other transactions for men's basketball camp, as well as procurement card purchases and travel advances processed by the assistant for January–June 2014. The assistant withheld about \$10,000

in cash from a deposit of camp fees, likely paying camp workers and coaches and purchasing players' passports. The money was likely the source of the \$3,893.45 found in her desk. Significant control weaknesses and UT policy violations were identified, and she improperly paid two individuals in cash. Because of the lack of recordkeeping and comingling of funds, fraud cannot be discounted. Recommendations were made to separate receipting and depositing duties, develop written procedures for the camp store, and improve procurement card procedures (obtain acceptable receipts and further train verifiers).

### INVESTIGATIONS: INSTITUTE OF AGRICULTURE

#### Biomedical and Diagnostic Sciences

The review was performed to investigate allegations received by the state comptroller's hotline concerning misuse of state time by an employee in Biomedical and Diagnostic Sciences. Allegations were made that Family and Medical Leave

procedures were not followed and that an employee approved to work from home was not actually working. No indication of misconduct was found. Guidelines and procedures on leave requests/approvals and telecommuting should be developed and communicated to staff.

## FOLLOW-UP AUDITS

In 2015, the audit staff followed up on 15 audits and investigations to determine whether their recommended corrective actions had been implemented. (Appendix D is a complete list of departments and results.)

### Doing Our most

Given the volume of transactions and the decentralized controls for procurement cards, our monthly monitoring of transactions noted relatively few violations. No violations related to entertainment expenses over the prescribed limit occurred in 2015. All others, except for personal and other university department violations, decreased this year.



# PLANS FOR 2016



As illustrated in “2016 Allocation of Time,” the internal audit team divides time among the campuses and institutes in the UT System. After estimating time for staff meetings, continuing professional education, holidays, and annual leave, we determined our allocable chargeable time for the coming year to be approximately 18,200 hours.

## 2016 Allocation of Time

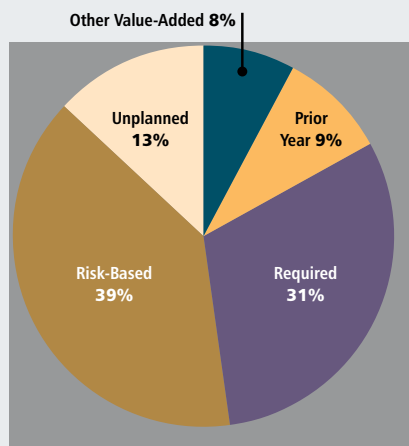
Campus/Institute	Total
UT System	7,375
UT System Administration Offices	400
UT Knoxville	4,640
UT Health Science Center	2,350
UT Chattanooga	1,465
UT Martin	600
UT Institute of Agriculture	1,370
<b>Total Hours</b>	<b>18,200</b>

The “2016 Allocation of Effort” graph demonstrates how the audit plan is approached. OAC has budgeted 31 percent of hours for required audits (required by statute, administrative policy, or based on an agreement with management). We budgeted 9 percent of hours for audits in progress on January 1, 2016, from the prior calendar year, 39 percent for risk-based engagements from our annual risk assessment, and 21 percent for unscheduled projects and other value-added work, such as investigations, board and management requests, committee service, and special projects.

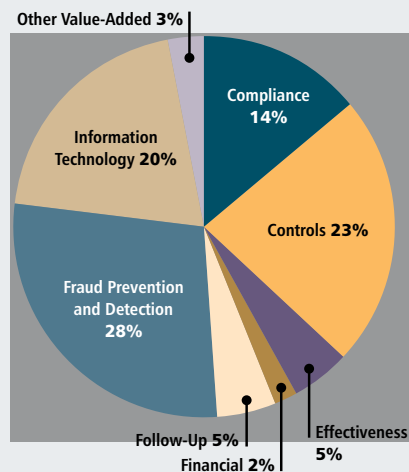
Finally, in 2016, OAC has four areas of focus, as presented in “2016 Areas of Focus.”

- Compliance
- Controls
- Fraud Prevention and Detection
- Information Technology

## 2016 Allocation of Effort



## 2016 Areas of Focus



## OFFICE OF INSTITUTIONAL COMPLIANCE

Our mission and objectives are primarily driven by the *Federal Sentencing Guidelines for Organizations*, which has established what constitutes due diligence for an organization to comply with regulations. As a division of the Office of Audit and Compliance, our goals focus on promoting an ethical culture throughout the university community and identifying and mitigating compliance risk.

The Institutional Compliance goals for 2015 included the following.

1. Promote an ethical culture by implementing a new

anonymous hotline system.

2. Assist the UT Knoxville, UT Health Science Center, UT Institute of Agriculture, and UT Martin institutional compliance committees in achieving their compliance goals for 2015, including facilitating a new compliance risk assessment at UT Knoxville.
3. Assist in establishing an institutional compliance program at UT Chattanooga and in implementing a compliance risk assessment for the campus.

### GOAL 1: PROMOTE AN ETHICAL CULTURE

The 2015 workplan for promoting an ethical culture included the following.

- Implement the new UT hotline such that complaints may be received anonymously through multiple input methods and are triaged to the proper university parties in a timely fashion.
- Coordinate systemwide communication of the hotline system.
- In collaboration with the UT System Office of Communications and Marketing, coordinate systemwide communication of the Code of Conduct and other pertinent compliance and ethics issues.

This year, the Office of Institutional Compliance was involved in the procurement, implementation, and promotion of a third-party, anonymous hotline system. EthicsPoint was selected as the service provider. The new system will allow a timely and effective triage of reported complaints to the appropriate university

personnel, allow both phone and online input, and enable continuing anonymous communication with the complainant. The system became operational at the end of October 2015 and user training began in November.

We have been working with the Office of Communication and Marketing on a promotional strategy for both the hotline and the Code of Conduct. The plan includes a top-down communication rollout of the hotline system with UT executives, employee groups, and the broader university community. Branding has been developed for the hotline and the Code, as well as other promotional efforts (posters, etc.). The communication plan also includes a strategy for long-term, ongoing communication with the UT community.



### GOAL 2: ASSIST CAMPUS/INSTITUTE INSTITUTIONAL COMPLIANCE COMMITTEES AND FACILITATE A NEW COMPLIANCE RISK ASSESSMENT AT UT KNOXVILLE

#### UT Knoxville (UTK)

During 2015, UTK performed its second comprehensive institutional compliance risk assessment. The first UTK assessment was performed in 2010, which was the first campus compliance risk assessment performed in the UT System.

#### UTK 2015 Plans and Accomplishments

1. UTK continues to make progress on corrective action plans developed to address risks identified in the 2010 assessment. The campus has implemented 34 of 41 plans of corrective action which addressed 140 significant risks from the 2010 risk assessment. During 2015, UTK implemented 6 more plans of corrective action, as follows.

- Four plans improved training and monitoring of equity and diversity regulations.
- One plan involves implementing a new contract tracking system.
- One plan addressed installing required emergency lighting in buildings.

The remaining 7 plans in progress include the following.

- Five plans involve sponsored projects accounting. During 2015, a training program was implemented for departmental bookkeepers. Currently, 107 employees are becoming certified in sponsored projects accounting at UTK. Training modules for researchers and departments are awaiting approval



**UTK 2010 Compliance Risk Assessment Statistics**

Administrative Area	Compliance Officers	Regulations	Significant Risks	Plans of Action	Plans in Progress
Athletics	4	6	1	1	0
Chancellor	1	1	0	0	0
Communications	2	4	0	0	0
Development and Alumni	1	2	0	0	0
Equity and Diversity	1	11	8	6	0
Finance and Administration	18	138	91	18	7
Human Resources	3	11	0	0	0
Provost	11	31	0	0	0
Research	12	71	36	13	0
Student Life	6	20	0	0	0
System Administration	19	78	4	3	0
<b>Total</b>	<b>78</b>	<b>373</b>	<b>140</b>	<b>41</b>	<b>7</b>

for mandatory training. In addition, modifications to the university's accounting system (IRIS) are under discussion to improve the monitoring and management of sponsored projects accounting.

- Two safety plans addressing emergency showers and inadequate egress in buildings require additional funding.
2. The officers were assigned responsibility for all applicable regulations at the start of the 2015 risk assessment. Some reassignments are in progress as the assessment nears completion.

3. UTK has made good progress in completing a new compliance risk assessment for 2015 (see below). The remaining regulations are in areas that have a large number of regulations to assess, have vacant compliance officer positions, or are being evaluated for reassignment.
4. The UTK Institutional Compliance Committee began reviewing risks identified in the assessment in December 2015.

**UTK 2015 Compliance Risk Assessment Statistics**

Area	Compliance Officers	Applicable Regulations	Completed Risk Assessments
Academic	12	33	32
Athletics	4	6	3
Chancellor	1	1	1
Communications	2	4	4
Development and Alumni	1	1	0
Equity and Diversity	1	11	5
Finance and Administration	20	151	137
Human Resources	5	11	7
Research	6	52	33
Student Life	8	17	15
Campus Total	62	297	237
UT System Administration*	20	76	0
<b>Total</b>	<b>82</b>	<b>373</b>	<b>237</b>

\*The risk assessments for UTSA and the UT Space Institute were delayed until 2016.

**UT Martin (UTM)**

UTM completed its compliance risk assessment, and the Institutional Compliance Committee consolidated similar risks into 24 basic compliance issues. The committee reviewed all of the plans developed to address these issues, prioritized plans to present to the interim chancellor, and presented a list of plans to the chancellor and the chancellor's staff. The committee is working with compliance officers to determine alternate plans for certain issues that require no additional funding.

**UTM 2015 Plans and Accomplishments**

In 2015, UTM completed its review of the preliminary corrective action plans, presented a prioritized list of recommendations to the chancellor, and oversaw the implementation of the corrective action plans. UTM implemented 6 plans of corrective action, and 15 plans are still in progress.

The plans implemented during 2015 include the following.

- One plan regarding Title VI. UTM has included appropriate contract language in all subcontracts with vendors who receive federal dollars.
- One plan in the student area to address the Common Origination and Disbursement (COD) monitoring rule. UTM's Financial Aid and Scholarships Office is completing all reconciliations in the required timeframe and sending reports as required by COD.
- One plan in the safety/health area to address the state of Tennessee's and Federal Drug Administration's Center for Devices and Radiological Health radiation safety regulations. UTM has now registered all radiation sources and is having them inspected annually.
- One plan in Athletics to address NCAA compliance and reporting. UTM Athletics received approval to hire a full-time compliance officer to monitor all areas of NCAA rules and regulations.
- Two plans in research regarding animal welfare. UTM has documented and filed Collaborative Institutional Training Initiative (CITI) training and animal research protocols in the Office of Research.

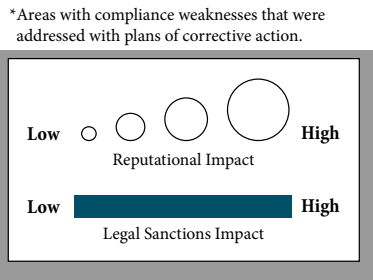
**UTM 2014 Compliance Risk Assessment Statistics**

Administrative Area	Regulatory Areas Reviewed*	Total Risks Identified	Significant Risks	Action Plans Completed	Action Plans in Progress
Academic	3	6	0	0	0
Athletics	3	3	1	1	0
Communications	11	25	1	0	1
Employee	17	25	5	1	2
Environmental	6	7	0	0	0
Facilities	15	17	1	1	0
Federal Reporting	2	2	0	0	0
Financial	1	1	0	0	0
Gifts	2	4	0	0	0
Healthcare	7	13	0	0	0
Legal	5	5	1	0	1
Privacy	8	17	5	0	2
Procurement	14	15	1	0	1
Research	90	165	77	2	6
Safety/Health	59	127	10	1	2
Student	37	42	5	3	0
Tax	7	7	0	0	0
Transportation	1	1	0	0	0
<b>Total</b>	<b>288</b>	<b>482</b>	<b>107</b>	<b>9</b>	<b>15</b>

\*Does not include regulatory areas managed by UT System Administration.

The following graph illustrates the risks of the compliance areas reviewed at UTM and where weaknesses were addressed.

The risks shown were scored by the compliance officers in light of the existing controls. The highest scoring risks for the area were used for plotting.



### UT Health Science Center (UTHSC)

The Institutional Compliance Committee met three times in 2015 and approved the Institutional Compliance Plan. In addition to vetting high-risk areas, a primary goal in 2015 was to work toward a policy management system to improve procedures on the UTHSC campus to address compliance concerns.

#### UTHSC 2015 Plans and Accomplishments

1. Of the 56 original plans, 19 were implemented. Areas addressed include an annual affirmative action plan,

sponsored projects effort certification and cost transfers, newly renovated areas, inspections and testing, and training. The remaining plans in progress are pending the availability of resources, major policy changes, or computer software updates.

2. UTHSC purchased and installed the software and began the process of reviewing and rewriting procedures as appropriate. Once completed, the goal is to move these procedures to one location on the campus website for easy access by faculty, staff, students, and the general public.

### UTHSC 2012 Compliance Risk Assessment Statistics

Administrative Area	Regulations	Significant Risks	Plans of Action	Action Plans Complete	Action Plans in Progress
Academic, Faculty, and Student Affairs	40	11	8	8	0
Facilities Administration	27	20	4	2	2
Finance and Operations	76	18	7	5	2
IRB	9	3	2	0	2
IT	15	7	4	0	4
Lab Animal Care Unit	3	2	1	0	1
Medicine	14	13	8	3	5
Safety Affairs	46	49	21	0	21
Student Health Services	3	1	1	1	0
<b>Total</b>	<b>233*</b>	<b>124</b>	<b>56</b>	<b>19</b>	<b>37</b>

\*Does not include regulatory areas managed by UT System Administration.

### UT Institute of Agriculture (UTIA)

The UTIA Institutional Compliance Committee consolidated similar risks identified in the 2013 risk assessment into 36 basic compliance issues. Proposed plans were reviewed by the committee and are being implemented.

#### UTIA 2015 Plans and Accomplishments

In 2015, UTIA completed its review of the preliminary corrective action plans, presented a prioritized list of recommendations to the chancellor, and oversaw the implementation of the corrective action plans.

UTIA implemented 10 plans of corrective action, and 23 plans are still in progress.

The plans implemented during 2015 include the following.

- Four corrective action plans were completed in the research area to address Federal Acquisition Regulations and information technology (IT) security for sponsored projects.
- Three corrective action plans were completed in the academic area to address risks regarding 4-H camp accreditation.
- Two corrective action plans in the communications and the student areas were completed to provide guidance for departments on IT security.
- One corrective action plan was completed in the legal area to address the Federal Rules of Civil Procedure Related to Discovery and Electronically Stored Information.

### UTIA 2013 Compliance Risk Assessment Statistics

Administrative Area	Regulatory Areas Reviewed*	Total Risks Identified	Significant Risks	Action Plans Completed	Plans in Progress
Academic	2	7	3	3	0
Communications	3	7	2	1	0
Employee	18	47	4	0	3
Environmental	4	22	4	0	1
Facilities	13	57	0	0	0
Federal Reporting	2	7	0	0	0
Gifts	1	5	0	0	0
Legal	5	12	4	1	1
Privacy	7	20	5	0	2
Procurement	3	5	1	0	1
Research	58	219	70	7	13
Safety/Health	49	122	17	0	2
Student	10	11	2	1	0
Tax	6	18	0	0	0
Transportation	1	5	0	0	0
<b>Total</b>	<b>182</b>	<b>564</b>	<b>112</b>	<b>13</b>	<b>23</b>

\*Does not include regulatory areas managed by UT System Administration or UTK.

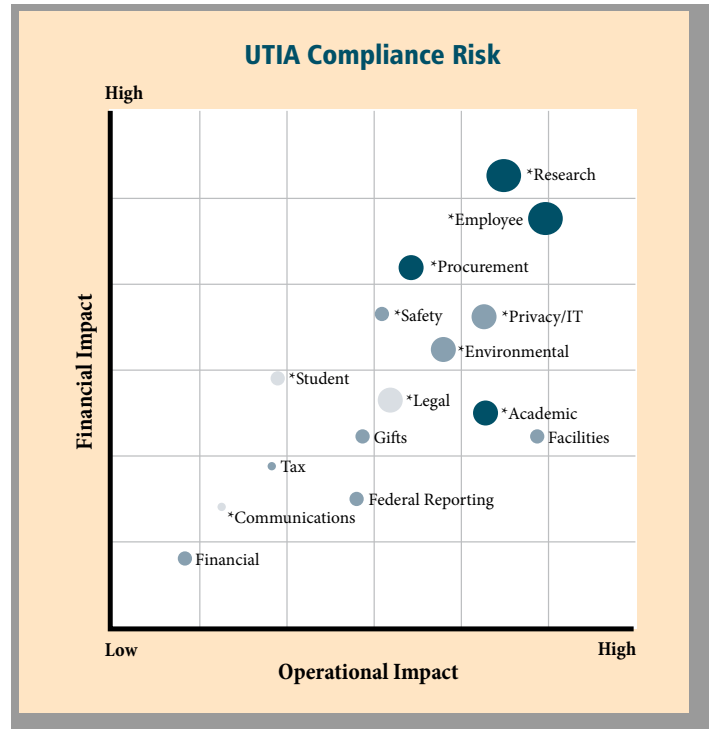
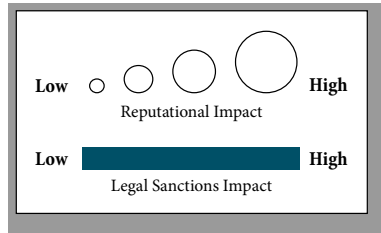
## Doing Our most

As a division of the Office of Audit and Compliance, our goals focus on promoting an ethical culture throughout the university community and identifying and mitigating compliance risk.

The following graph illustrates the risks of the compliance areas reviewed at UTIA and where weaknesses were addressed.

The risks shown were scored by the compliance officers in light of the existing controls. The highest scoring risks for the area were used for plotting.

\*Areas with compliance weaknesses that were addressed with plans of corrective action.



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### GOAL 3: ESTABLISH AN INSTITUTIONAL COMPLIANCE PROGRAM AT UT CHATTANOOGA AND PERFORM A COMPLIANCE RISK ASSESSMENT

#### UT Chattanooga (UTC)

In April 2015, UTC administration established the UTC Institutional Compliance Committee composed of representatives from all functional areas. The chancellor appointed Ms. Laure Pou, assistant director of Human Resources, as the chair for the committee, which had its first meeting in May 2015.

#### UTC 2015 Plans and Accomplishments

The UTC Institutional Compliance Committee identified

361 applicable regulatory areas and 60 compliance officers who have responsibility for these regulations at UTC (45 are UTC employees; the others are UT System Administration or UTHSC staff). In July, the compliance officers began receiving general compliance training and instructions for performing the compliance risk assessment. By December 2015, the risk assessment was substantially underway with completion planned for early 2016.

The number of applicable regulations and compliance officers by responsible area are given below.

Area	Compliance Officers	Applicable Regulations	Completed Risk Assessments
Academic	13	72	51
Athletics	2	7	2
Chancellor (Diversity)	2	10	10
Communications	1	7	0
Development and Alumni	2	4	0
Finance/Operations/IT	16	189	16
Student	8	12	2
<b>Total</b>	<b>44</b>	<b>301</b>	<b>81</b>

## OTHER ACCOMPLISHMENTS IN 2015

- Modifications were made to the list of regulatory areas reviewed in campus risk assessments, including adding 23 new regulations and deleting or combining 11 regulations. In addition, 117 regulations were modified to make them more accurate with current regulatory requirements. A total of 443 regulations are now under consideration for the risk assessment.
- The Institutional Compliance office received 5 compliance hotline calls in 2015. We referred them to the proper university offices for resolution.
- The Institutional Compliance office provided information and assistance to the Boston Consulting Group for their analysis on time and costs spent on UT regulatory compliance.

## INSTITUTIONAL COMPLIANCE'S PLANS FOR 2016

### Hotline and Ethical Culture

- Continue to review, develop, and refine the operating methodology of the new hotline system.
- In collaboration with the UT System Office of Communications and Marketing, coordinate communication of the new systemwide hotline system, the Code of Conduct, and other pertinent compliance and ethics issues.

### Risk Assessments

- The Institutional Compliance office plans to conduct a risk assessment at UT Space Institute (UTSI) in 2016, including the following tasks.

- » Establish a UTSI Institutional Compliance Committee and chair.
- » Identify applicable regulations and campus compliance officers (subject matter experts).
- » Complete a compliance risk assessment.
- » Begin the process of reviewing the risks identified and developing plans of corrective action.
- The office will also complete a new compliance risk assessment with UT System Administration, which previously completed an assessment in 2010.

## CAMPUS COMPLIANCE COMMITTEES

### UT Knoxville

- Continue implementing the remaining plans from the 2010 risk assessment.
- Complete the remaining risk assessments for 2015.
- Review and analyze risks identified in 2015 risk assessment and identify key issues to be addressed.
- Develop, approve, and implement plans of corrective action as appropriate.
- Monitor the implementation of corrective action plans.
- Perform the compliance risk assessment at UTSI.

### UT Chattanooga

- Review risks identified in the risk assessment and identify the compliance issues to be addressed.

- Develop appropriate plans of corrective action for issues identified in the risk assessment.
- Begin implementing plans of corrective action.
- Monitor plans of corrective action.

### UT Martin

- Continue implementing plans developed from the 2014 risk assessment and revise as necessary.

### UT Health Science Center

- Complete a new compliance risk assessment for 2016. The first UTHSC risk assessment was conducted through the UT System Institutional Compliance office beginning in late 2011.
- Work with appropriate offices to implement work plans and corrective actions for identified risks.
- Complete the implementation process for the policy management system.
- Review UTHSC compliance issues identified as a result of items reported through the UT hotline.
- Review and approve all compliance training modules (including HIPAA).
- Identify a learning management system to distribute, document, and track training programs campus-wide.

### UT Institute of Agriculture

- Continue to implement plans developed from the 2013 risk assessment and revise as necessary.

## Doing Our most

During 2015, UT Knoxville's compliance action plans included improved training and monitoring of equity and diversity regulations, a new contract tracking system, and installing required emergency lighting in buildings.



# QUALITY ASSURANCE AND IMPROVEMENT PROGRAM

OAC maintains a robust quality assurance program focused on continuous monitoring and improving both internal

processes and service to clients. Highlights for 2015 are below.

## INTERNAL AND EXTERNAL QUALITY ASSURANCE REVIEWS

As required by The Institute of Internal Auditors' (IIA) *International Standards for the Professional Practice of Internal Auditing*, OAC requested an external team of audit directors to perform a quality assurance review to determine compliance with the *Standards* and identify opportunities for improvement in its management and work processes. The external team conducted an onsite visit in the fall, meeting with OAC staff, senior university officials, and members of the Audit and Compliance Committee. To prepare for the external review, the office performed an internal quality assurance review.

In both reviews, OAC achieved the top rating—generally conforms—meaning the office conforms to the *Standards* and Code of Ethics and effectively carries out its mission as stated in the Internal Audit Charter.

As a result of these reviews, OAC made several improvements:

- Revised the Internal Audit and the Audit and Compliance Committee charters to include the definition of internal auditing, the Code of Ethics, and the *Standards*.
- Conducted a Lunch and Learn session to educate staff on

various auditing resources available from the IIA and the Association of College and University Auditors (ACUA).

- Convened a work session for audit management to update office policies and procedures.
- Created a task force of OAC staff members to address timely and constructive feedback on projects, revising the end-of-project evaluation form as a result.

In addition, OAC plans the following for 2016:

- Present the OAC budget to the Audit and Compliance Committee annually.
- Revise the process for the performance evaluation of the OAC executive director.
- Transition our work on university procurement card expenditures to focus on the effectiveness of monitoring by the campuses and the chief financial officer's office.
- Revise the process for conducting follow-up audits and tracking the results.

## STRATEGIC PLAN

OAC continued work toward achieving the goals established in the strategic plan developed in 2014. This year, the office focused on the following areas.

### Foster the Professional Development of Team Members

- A new, simplified career path was completed and now includes the positions of Auditor I, II, and III. The senior auditor position was removed from the path and redefined to include more supervisory duties.
- The office used a comprehensive training plan so that staff could work with supervisors to plan training for the year with the goal of ensuring both personal professional development and office needs were met.

### Expand Research Audit Coverage

- OAC performed an audit of one of UT Knoxville's (UTK) Governor's Chair positions. The Governor's Chairs program is intended to attract and support prominent researchers in fields relevant to the research and economic interests of UTK, the Oak Ridge National Lab, and the state of Tennessee. Because of the prominence of the program and these

positions, OAC will perform periodic audits of its financial operations.

- OAC continued its work on effort reporting, a method of substantiating salary charges to federally sponsored projects. The 2015 work focused on the Institute of Agriculture.
- To further expand OAC's capabilities in auditing research, several staff members attended a three-day compliance session at ACUA's Midyear Conference.

### Expand Use of Data Analytics to Focus Audits on High-Risk Areas

- A data analytics taskforce was created to identify and develop ideas for using data in conducting audits.
- A key effort using data analytics was begun. We performed a fraud analysis on UTK's procurement card usage to establish criteria for procurement card purchase trends that can be used to continuously monitor cardholders' usage to detect fraud and abuse. The intent is to perform such an analysis periodically.
- The office held a training session near the end of the year on using the data analytics capabilities of Excel to further enhance auditors' skills.



**Ensure Efficiency and Effectiveness**

- This was the second year for OAC to analyze and report on data collected for each of its performance measures: client feedback on the report writing process, percentage of draft reports issued by the due date, and percentage of current and

prior-year projects completed. In April, OAC presented the baseline year's (2014) results to the Audit and Compliance Committee. All survey areas received high ratings, from 3.23 to 3.67 on a 4.0 scale. These metrics will be updated annually and revised as needed.

**PERFORMANCE MEASURES**

One of OAC's key measures is client feedback. The survey used to collect feedback asks clients to rate how strongly they agree or disagree with statements about the auditor's performance and the audit itself. Like last year, this year's

results were positive, ranging from 3.31 to 3.71 on a 4.0 scale. The highest rating was achieved in the area of the audit's benefit to the department/organization. Results for 2015 are below.

**Client Feedback Survey Results For 2015**


#	Statement	Results
1	The objectives of the audit were clearly explained in advance.	3.64
2	The auditor(s) provided information, advice, and assistance as requested.	3.57
3	The findings and recommendations were adequately discussed with you before the end of the audit.	3.62
4	The recommendations in the audit report will help improve your operations.	3.50
5	The auditor(s) established good rapport and relationships with you and your staff.	3.54
6	The auditor educated you and/or your staff on policy, regulations, or best practices.	3.31
7	The auditor communicated with you regarding the progress of the audit.	3.38
8	The audit was beneficial to your department/organization.	3.71

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**OAC POLICIES AND PROCEDURES**

The *UT Audit Manual* was created as a resource to all staff, to aid in training new employees, and to document the department's policies, procedures, and expectations. This year we moved from a paper manual to online documents on SharePoint, now called OAC Policies and Procedures.

Significant updates were made to three key sections: investigations, workpaper standards, and the report writing process. Other sections revised included follow-ups, client communications, audit tools, career path, and professional development, among others. The plan is to update the documents annually for the continued education and development of staff.

**Doing Our  most**

We performed a fraud analysis on UTK's procurement card usage to establish criteria for procurement card purchase trends that can be used to continuously monitor cardholders' usage to detect fraud and abuse. Our intent is to perform such an analysis periodically.

**Doing Our  most**

In our surveys of client feedback, this year's results were positive, ranging from 3.31 to 3.71 on a 4.0 scale. The highest rating was achieved in the area of the audit's benefit to the department/organization.

## SERVICE, TRAINING, AND OTHER ACTIVITIES

At the request of management, some Audit and Compliance staff members served on university committees; provided training on internal controls, procurement cards, and other areas; and participated in office-related and professional development activities.

### UT AND DEPARTMENTAL COMMITTEES

#### Judy Burns

**Human Resources Policy Advisory Group** (June 2010 to present). The purpose is to advise the Human Resources officers of changes needed in university HR policies. The systemwide group reviews existing policies to ensure that all needed information is included, the policies are clear and understandable, and they apply to all campuses and institutes. The group may also suggest new policies.

#### Leigh Cheek

**Facilitator and representative of UT System Administration for the UT Institute of Agriculture Institutional Compliance Committee** (April 2013 to present) and **UT Martin Institutional Compliance Committee** (May 2013 to present). The purpose of each committee is to interpret the results of the compliance risk assessment the Institutional Compliance office performs for the campus and to establish priorities and appropriate plans of corrective action.

**Search committee** for the UTK director of Shared Services (December 2014–March 2015). The position and department were created to centralize, standardize, and streamline functions such as procurement card processing, contract review, employment searches, compliance tracking, and cost accounting.

#### John Fox

**Conflicts of Interest Review Committee** (August 2008 to present). The purpose is to review outside financial interests disclosed by faculty and staff at UT Knoxville to determine if the interests create a potential conflict between the employees' personal and university responsibilities. The committee chair further investigates potential conflicts identified by the committee.

#### Janna Hixson

**Conflicts of Interest Review Committee** (August 2014 to present). The purpose is to review outside financial interests disclosed by faculty and staff at UT Chattanooga to determine if the interests create a potential conflict between the employees' personal and university responsibilities. The committee will make recommendations to the campus chief business officer to ensure the campus is in compliance with university policies and state statutes.

#### James Hodge

**Fiscal Policy Review and Reform Committee** (September 2014 to present). This group, composed of administrators from all UT campuses and institutes, meets monthly to discuss opportunities to clarify and revise UT fiscal policy. The committee's primary goal is to contribute to accomplishing goal #5 of the UT Strategic Plan by ensuring that campuses and institutes have clear guidance related to fiscal processes and controls.

#### Sandy Jansen

**Benefits Advisory Board** (March 2012 to present). This group, composed of administrators from all UT campuses and institutes, meets quarterly to discuss issues involving all types of employee benefits, such as leave, insurance, retirement, and tuition waivers.

**Executive Compliance Committee** (March 2011 to present). This group provides vision for the institutional compliance program and oversees the UT campuses' compliance risk assessments and corrective actions.

**IRIS Steering Committee** (January 2013 to present). This group provides oversight and input on IRIS (the university's financial and human resources system) priorities.

**Conflicts of Interest Review Committee** (August 2014 to December 2015). The

### Doing Our Most

This year we replaced our paper audit manual with the online OAC Policies and Procedures. Existing sections were revised and new topics added in such areas as career path, follow-ups, conducting investigations, engagement risk assessment, report writing, effort reporting, and workpapers.

purpose is to review outside financial interests disclosed by faculty and staff at UT Martin to determine if the interests create a potential conflict between the employees' personal and university responsibilities.

**Accessibility Task Force** (October 2014 to February 2015). The purpose is to review recommendations of the Tennessee Accessibility Task Force submitted to the Tennessee General Assembly and to work with the campuses on accessibility issues.

### Bill Moles

**Representative of UT System Administration on the UT Knoxville Campus Compliance Committee** (October 2011 to present), **UT Health Science Center Campus Compliance Committee** (September 2012 to present), and **UT Chattanooga Compliance Committee** (July 2015 to present). The purpose is to interpret the results of the compliance risk assessment performed by the Institutional Compliance office for each campus and to establish priorities and plans of corrective action.

**UT System Executive Compliance Committee** (December 2013 to present). This committee has general oversight of the institutional compliance function for the university. It provides vision and direction to the institutional compliance program and provides guidance on allocating resources and determining acceptable levels of risk as issues arise.

**UT System Uniform Guidance Work Group** (March 2014 to July 2015). This group developed new university policy in response to the new Uniform Guidance rules created by the U.S. Office of Management and Budget regarding federally sponsored projects. Served on the general committee and three subcommittees and co-chaired the subrecipient monitoring subcommittee.

### Jim Purcell

**IT Security Community of Practice** (July 2012 to present). The Security CoP provides input to the Statewide IT Committee on priorities related to the university's IT security strategy. The Security CoP ensures that the committee has necessary information on security priorities, best practices, and standards to make decisions concerning IT priorities and investments, IT applications, overall policies and standards, and common data and business processes.

Many staff also served on internal committees to develop or update procedures and training materials, such as departmental policies and procedures, risk assessment process, the annual OAC meeting, and career path, among other efforts to increase the department's efficiency and effectiveness.

## Doing Our most

Auditors provided training in regulatory compliance areas in higher ed, university policies on sponsored projects and contracts, OAC's workpaper framework, ledger reconciliation, and IT audits integrated into UT internal audits, among other topics.

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## OBJECTIVITY

## TRAINING PROVIDED WITHIN AND OUTSIDE THE UNIVERSITY

**Andy Benson** presented “Auditing Research: Cost-Related Processes” at the June 2015 Lunch and Learn session. The presentation provided an explanation of regulatory compliance areas in a university setting, described current regulations contained in OMB Uniform Guidance, and gave examples of university policies that apply when auditing sponsored projects and contracts.

**Judy Burns** and **John Fox** presented a session on OAC’s Workpaper Framework at the May 2015 Annual Auditors Meeting, a gathering of all OAC staff held to promote professional development and teamwork.

**Sherry Davis** taught classes on general ledgers through the IRIS department. The class includes an overview of the reconciliation process and emphasizes the role this process plays in protecting university assets.

**James Hodge** taught classes on UT procurement cards through IRIS. The class introduces the concepts, policies, and responsibilities of procurement card management, including reconciling monthly statements.

**Sandy Jansen** co-presented “CAE University: Strategies for Leadership” at the Association of College and University Auditors’ Midyear Conference and facilitated “Auditor-in-charge

Tools and Techniques” for The Institute of Internal Auditors (IIA). She also partnered with IIA’s president and chief executive officer to promote the value of internal audit in a webinar reaching over 2,000 internal auditors world-wide. Locally, Sandy presented a session on conducting fraud risk assessments and coordinated two chief audit executive roundtables for the East Tennessee Chapter of the IIA. Finally, she partnered with UT Knoxville administration to provide fraud prevention and detection training to staff on the Knoxville campus.

**Bill Moles** presented “Improving the Effectiveness of Your Institutional Compliance Program” at the Higher Education Compliance Conference hosted by the Society for Corporate Compliance and Ethics (SCCE) in Austin, Texas, May 31–June 3, 2015. He presented the same program in an international webcast hosted by SCCE.

**Jim Purcell** presented “Integrating IT Audit: We Can Do IT!” at the September 2015 meeting of the East Tennessee Chapter of the IIA. The presentation addressed steps and techniques for including elements of IT audits into most university internal audits. He also taught a two-day class, “Critical Security Controls,” for the SANS Institute in May and December 2015. The training covered techniques and tools needed to implement and audit critical security controls as documented by the Council on CyberSecurity.

## TRAINING OBTAINED WITHIN AND OUTSIDE THE UNIVERSITY

To expand their knowledge and obtain the required continuing professional education credits (CPE), departmental staff attended training in diverse areas such as OMB Uniform Guidance, security awareness, auditing

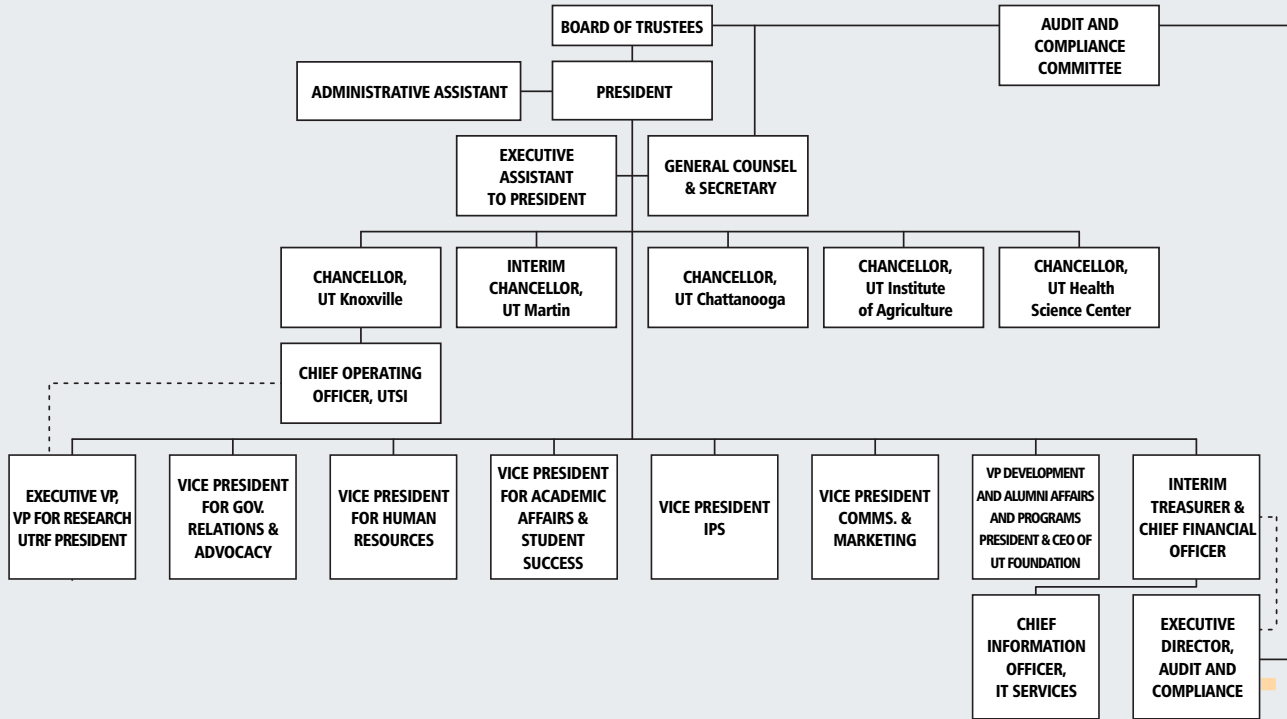
scholarships and financial aid, data privacy/encryption, auditing procurement systems, fraud and investigations in higher education, and regulatory ethics. The OAC staff obtained 1,197 CPEs in 2015.

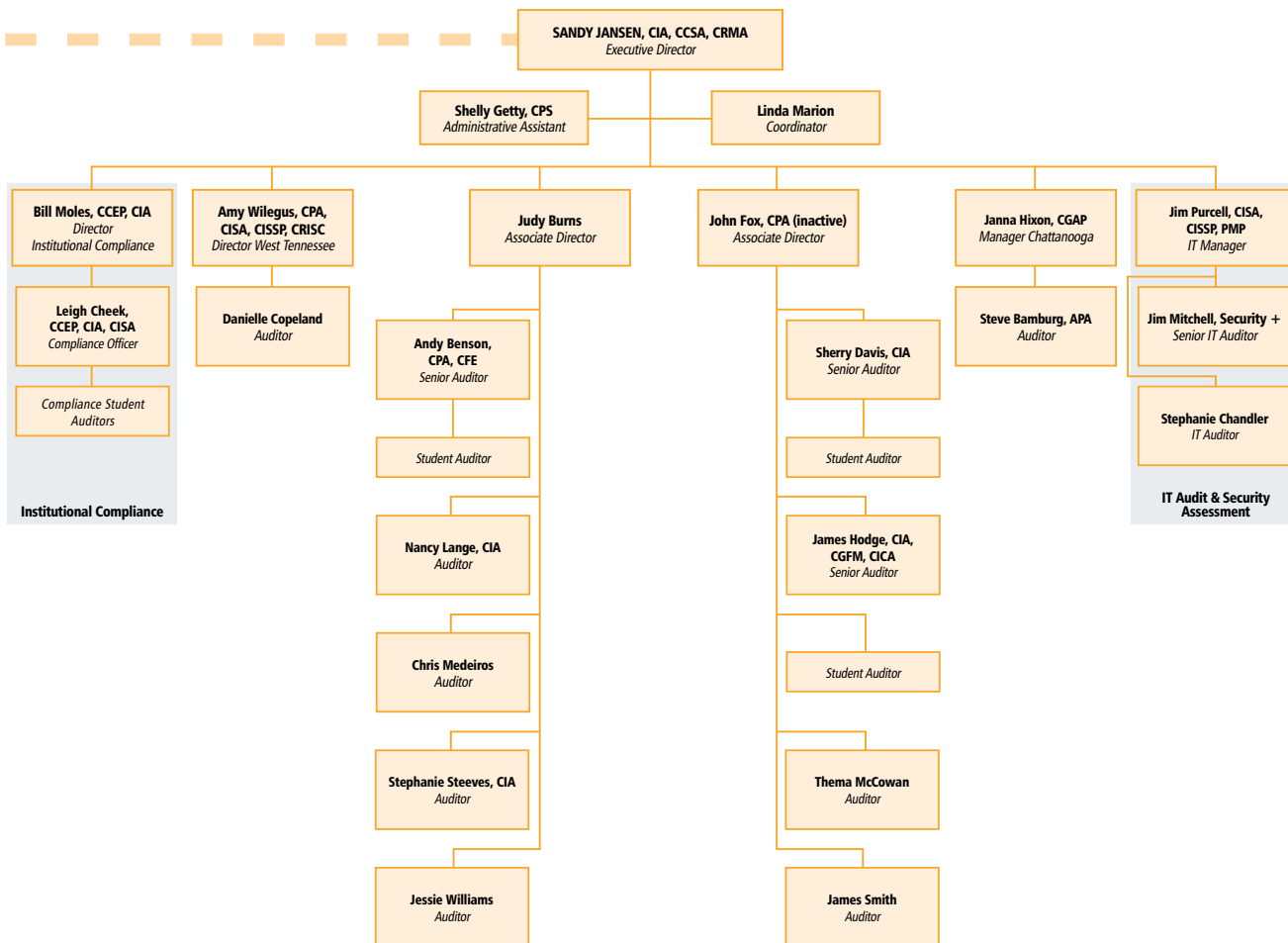




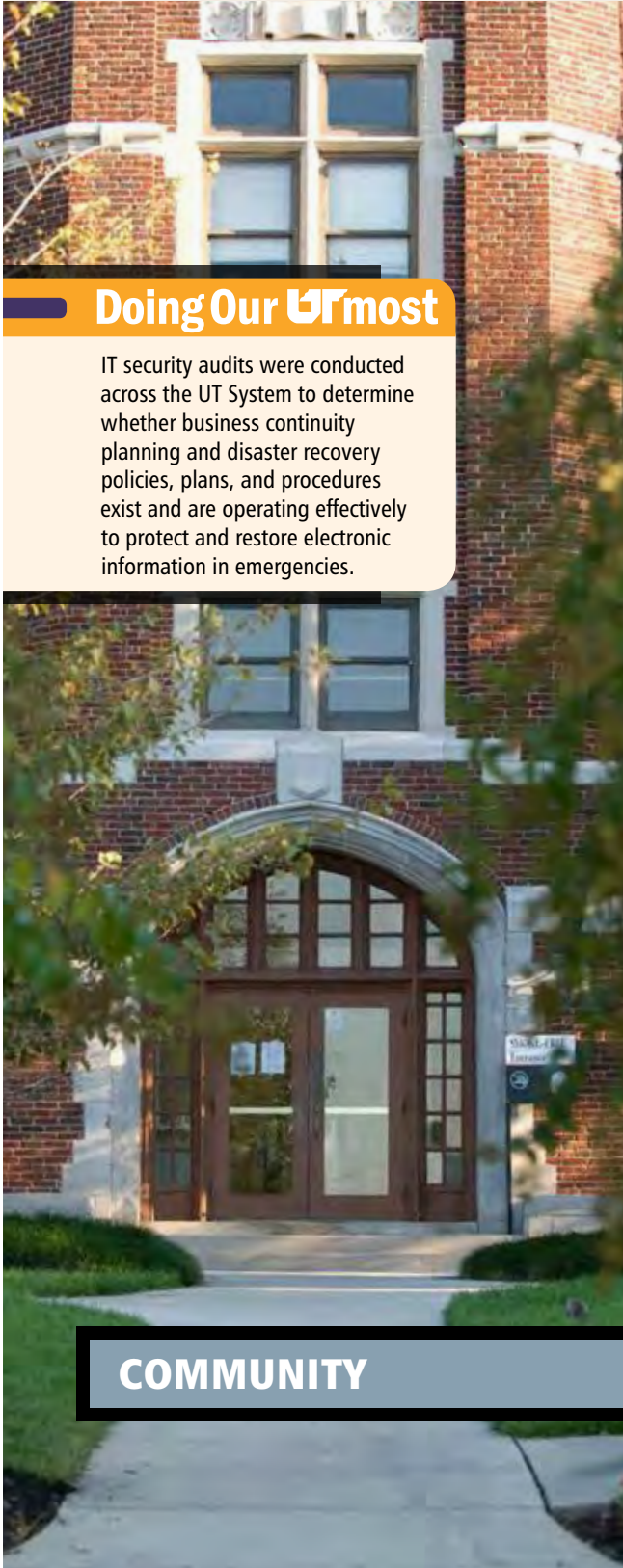
**QUALITY**

# APPENDIX A: 2015 ORGANIZATION OF THE UNIVERSITY OF TENNESSEE





## APPENDIX B: INTERNAL AUDIT CHARTER



### Doing Our Most

IT security audits were conducted across the UT System to determine whether business continuity planning and disaster recovery policies, plans, and procedures exist and are operating effectively to protect and restore electronic information in emergencies.

### COMMUNITY

#### PURPOSE AND SCOPE

Internal auditing at the University of Tennessee is an independent appraisal activity established to examine and evaluate the activities of the university as a service to management and the Board of Trustees. The Office of Audit and Compliance helps the university achieve its mission by providing objective and independent evaluations to reduce risk and improve operations. Internal audit is one of two functions in the office, the other being compliance. Internal auditors assist management in effectively carrying out their duties and responsibilities by examining financial and operational internal control systems, including administrative information systems, to evaluate the extent that:

- Financial, property, and information assets are safeguarded;
- Information is accurate and reliable;
- University policies and external laws and regulations are followed;
- Resources are employed efficiently and economically; and
- Operations and programs are being carried out as planned and their results are consistent with university objectives.

#### INTERNAL AUDIT STANDARDS

In accordance with *Tennessee Code Annotated* section 4-3-304 (9), internal audit adheres to mandatory guidance prescribed by The Institute of Internal Auditors, Inc. (IIA), including the Definition of Internal Auditing, the Code of Ethics, and the *International Standards for the Professional Practice of Internal Auditing*. This mandatory guidance constitutes principles of the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of the internal audit activity's performance.

The IIA defines internal auditing as an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. This function helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

#### AUTHORITY AND RESPONSIBILITY

Internal auditors shall be authorized full and complete access to all university records (either manual or electronic), physical properties, and personnel relevant to a review. The corresponding responsibility of internal auditors is to handle documents and information obtained during a review in the same prudent manner as by those employees normally responsible for them.

Internal auditing provides assurance, consulting, and management advisory services. Assurance services include reviewing the adequacy or effectiveness of governance, risk management, and controls. Consulting services include reviewing for efficiency or effectiveness to



assist management with improvements to operations or advising management on a variety of topics, such as implementation of procedures to comply with policies or sound business practices. The auditing activity also provides management advisory services, e.g., providing training, participating in committees, and coordinating projects.

In fulfilling their responsibilities, internal auditors will:

- Develop and implement audit plans and programs that respond to both risk and cost-effectiveness criteria;
- Suggest policies and procedures where appropriate;
- Provide audit reports that identify internal control issues (among others) and make cost-effective recommendations to strengthen controls;
- Facilitate the resolution of audit issues with administrators who have the most direct involvement and accountability;
- Maintain a quality assurance and improvement program, consistent with the Standards promulgated by The Institute of Internal Auditors, Inc., to ensure the effectiveness and quality of the internal audit effort; and
- Investigate allegations involving theft or misuse of university assets.

In their staff functions, internal auditors have no direct responsibility or authority over any of the operating activities examined, and their review shall not relieve others of their responsibilities. Furthermore, the independence of the internal auditors should not be compromised by their implementing procedures, preparing records, or engaging in activities that internal auditors would normally review.

When requested, internal auditors may attend senior-level staff meetings and serve on various university committees. Their role at such meetings should be limited to rendering advice and staying abreast of strategic, governance, and risk issues.

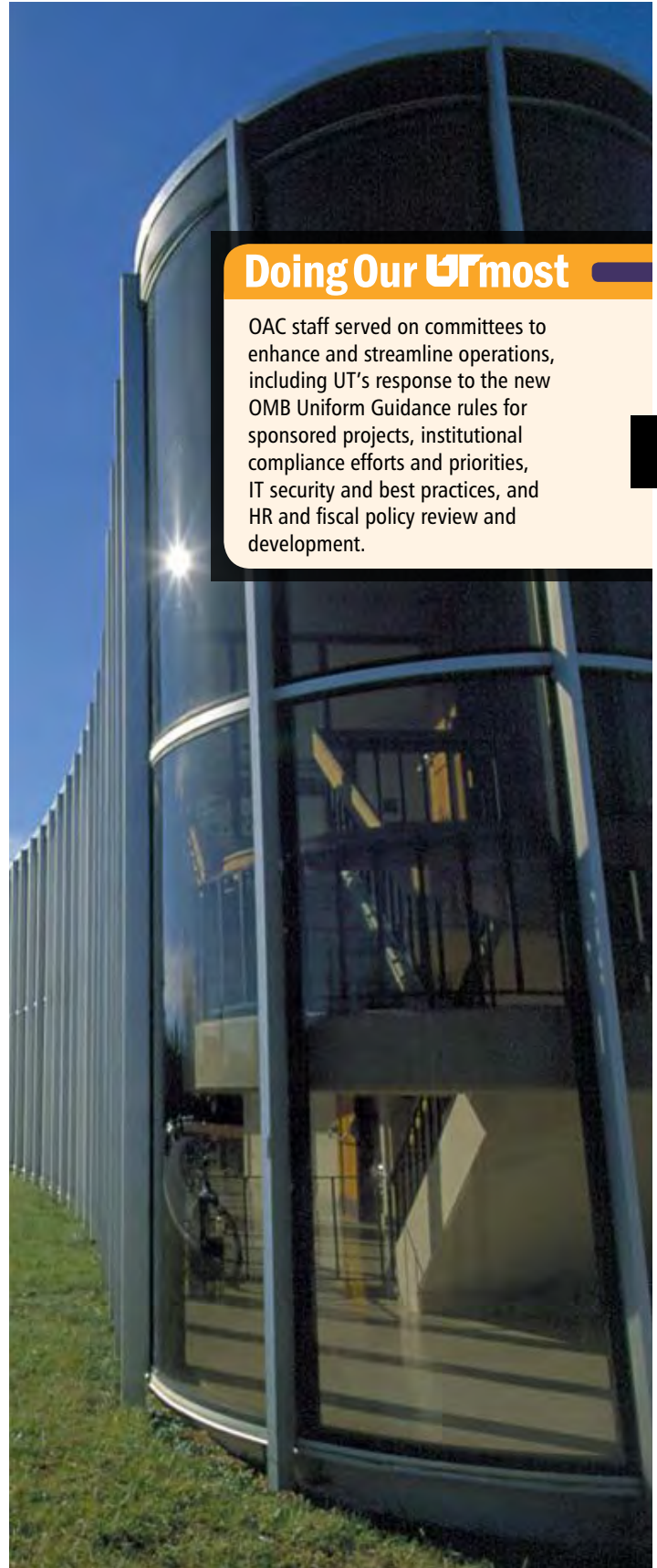
## REPORTING STRUCTURE

The internal audit function reports to the Audit and Compliance Committee of the Board of Trustees with supporting responsibilities to the chief financial officer. All internal auditors, including auditors located at campuses or institutes, are members of the UT System Office of Audit and Compliance.

## REPORTING

At the conclusion of each audit, the Office of Audit and Compliance will issue timely reports to audited parties, senior management, the State of Tennessee Division of Internal Audit, and the Audit and Compliance Committee.

Initially approved by the Audit Committee on March 3, 2004. Current revision approved by the Audit and Compliance Committee on December 7, 2015.



### Doing Our **UT**most

OAC staff served on committees to enhance and streamline operations, including UT's response to the new OMB Uniform Guidance rules for sponsored projects, institutional compliance efforts and priorities, IT security and best practices, and HR and fiscal policy review and development.

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**VISIONARY**

## APPENDIX C: PERSONNEL QUALIFICATIONS

### KEY:

APA	Associate in Premium Auditing
CCEP	Certified Compliance and Ethics Professional
CCSA	Certification in Control Self-Assessment
CFE	Certified Fraud Examiner
CGAP	Certified Government Auditing Professional
CGFM	Certified Government Financial Manager
CHP	Certified HIPAA Professional
CIA	Certified Internal Auditor
CICA	Certified Internal Controls Auditor
CISA	Certified Information Systems Auditor

CISSP	Certified Information Systems Security Professional
CompTIA	Computing Technology Industry Association Security+
CPA	Certified Public Accountant
CPS	Certified Professional Secretary
CRISC	Certified in Risk and Information Systems Control
CRMA	Certification in Risk Management Assurance
GCIA	GIAC Certified Intrusion Analyst
(ISC) <sup>2</sup>	International Information Systems Security Certification Consortium
PMP	Project Management Professional



#### Steven G. Bamburg, auditor, APA

Bachelor of Science, Accounting, Louisiana State University, 1990

Bachelor of Science, Biological Science, Louisiana Tech University, 1978

Steven Bamburg joined the office in 2009. Previously he worked as a senior Medicare auditor at a subsidiary of BlueCross BlueShield of Tennessee. Steve conducts audits, investigations, and financial reviews of departments and operations on the Chattanooga campus.



#### Andrew C. Benson, senior auditor, CPA, CFE

Bachelor of Science, Accounting and Management, Carson-Newman College, 1991

Master of Accountancy, East Tennessee State University, 1993

Andrew Benson joined the department in late 2014. Previously the internal audit director at Roane State Community College, he has approximately 20 years of accounting and auditing experience in public organizations and private companies. He conducts audits and investigations of UT departments and operations.



#### Judith A. Burns, associate director

Bachelor of Arts, English and Political Science, the University of Tennessee, 1982

Master of Arts, English, the University of Tennessee, 1984

Judy Burns joined OAC in 1986. She has served as editor and office coordinator, management analyst, manager of management consulting and fiscal policy development, and as interim executive director from August 2010–February 2012. She spent several years outside the department managing training and user support during UT's implementation of its financial and human resources system, rejoining the office in 2004. Judy was a member of the Board of Governors for the East Tennessee Chapter of The Institute of Internal Auditors (IIA) from 2009–2014 and since 1996 has been a staff member/facilitator for the University of Tennessee Leadership Institute, a leadership recognition and development program for UT leaders.



#### Stephanie S. Chandler, IT auditor

Bachelor of Science in Business Administration, East Tennessee State University, 1991

Master in Business Administration, East Tennessee State University, 1993

Stephanie Chandler joined OAC in late 2015. She has over 15 years' experience in the IT industry as a programmer analyst and business systems consultant, working for LBMC Technologies, Oak Ridge Associated Universities, and TEK Systems. Stephanie performs IT audits of university departments and operations. She is the backup system administrator for UT's new compliance hotline.



#### Leigh Cheek, institutional compliance officer, CCEP, CIA, CISA

Bachelor of Science, Mathematics, California Polytechnic State University, 1982

Leigh Cheek has over 25 years' experience in computer science and accounting. She joined OAC in 1998 and has conducted information technology security reviews and risk assessments for the university's computer systems and networks. She is a compliance officer in the Institutional Compliance division. Leigh is a past president of IIA's East Tennessee Chapter and serves on its Board of Governors. She is the system administrator for UT's new compliance hotline.



#### Taylor W. Cupples, associate auditor

Bachelor of Business Administration, Finance, Harding University, 2012

Taylor Cupples joined the UT Health Science Center team in 2013. Before leaving the department in spring 2015, he performed compliance and control audits at the Memphis and Martin campuses and as needed at UT Chattanooga, UT Knoxville, and the UT Extension offices.



#### Sherry S. Davis, senior auditor, CIA

Bachelor of Science, Computer Science, University of Tennessee, 2002

Sherry Davis joined the department in 2012. Previously she worked as an internal auditor for Clayton Homes and has experience in computer programming. Sherry coordinates the Self-Assessment of Controls for the UT system, annually surveying approximately 550 departments on existing internal controls and facilitating a risk assessment with the chief financial and business officers. She performs audits and financial reviews of university departments and operations and conducts investigations as needed. Sherry also serves as a primary resource for operational questions about AutoAudit, the office's effort reporting and workpaper system.



#### John M. Fox, associate director, CPA (inactive)

Bachelor of Arts, Cell Biology, the University of Tennessee, 1977

Master of Accountancy, the University of Tennessee, 1981

John Fox joined the department in 1982. He worked a short time in public accounting and has been an adjunct accounting instructor over the years at Walters State Community College. John helped develop and revise UT fiscal policy for 14 years and manages the internal audit function in OAC, conducting audits and investigations as needed.



**Shelly J. Getty, administrative specialist, CPS**

Bachelor's degree in Christian Education, Allegheny Wesleyan College, 1998  
Shelly Getty joined OAC in 2000. She is the administrative assistant to the executive director and the office manager.



**Nancy J. Lange, auditor, CIA**

Associate of Science, Pellissippi State Technical Community College, 1994  
Bachelor of Science, Business Administration, the University of Tennessee, 1997  
Nancy Lange has been with the department since 1996. She served almost 9 years in the U.S. Air Force, working with mainframe computers as an operator and in operations support jobs. After military service, she continued in similar positions another 6 years on a civilian contract with the Department of the Navy. Nancy monitors UT's monthly procurement card purchases.



**Janna L. Hixson, manager, CGAP**

Bachelor of Business Administration, Finance, Middle Tennessee State University, 2004  
Janna Hixson worked in compliance for 3 years at the Tennessee Valley Authority before joining OAC in June 2014. She also worked in Internal Audit at the Tennessee National Guard United States Property and Fiscal Office for 5 years. She serves as a major in the Army National Guard. Janna performs compliance and departmental audits and investigations at the Chattanooga campus.



**Linda P. Marion, coordinator**

Bachelor of Arts, English, the University of Tennessee, 1988  
Master of Arts, English, the University of Tennessee, 1991  
Linda Marion has been OAC's editor and coordinator of special projects since 1990. She helped coordinate the development, revision, and issuance of university fiscal policy for 14 years. She plays an integral role in the department's process of developing, revising, and issuing reports of audits, investigations, and IT security reviews. She also coordinates special projects and develops publications to assist university departments in their financial responsibilities. In 2015, Linda conducted one-on-one and group editorial 'coaching' sessions with the auditors and developed writing exercises tailored to their needs. She also began the Monthly Bywords feature as a forum to discuss challenges in writing reports and errors seen in print media and elsewhere.



**James H. Hodge, senior auditor, CGFM, CIA, CICA**

Bachelor of Business Administration, East Tennessee State University, 1986  
James Hodge has been with OAC since 1999. Previous work experience includes internal auditing at East Tennessee State University and at North Carolina A&T State University. He performs audits and financial reviews of university departments and operations and conducts investigations as needed.



**Thema A. McCowan, auditor**

Bachelor of Science, Biology, The Pennsylvania State University, 2000  
Master of Business Administration, The Pennsylvania State University, 2004  
Thema McCowan joined OAC in late 2013. She spent 5 years in audit and consulting at PricewaterhouseCoopers and Deloitte Consulting working with healthcare, pharmaceutical, and government clients. She served in higher education administration for 7 years in academic affairs and in student development. Thema previously worked at Maryville College as the director of career resources, where she helped develop the strategic plan and the quality enhancement plan as part of the college's Southern Association of Colleges and Schools accreditation. Thema conducts audits of UT departments and operations and investigations as needed.



**Leon Hurt, manager, CFE, CIA, CPA**

Bachelor of Business Administration, Accountancy, University of Memphis, 1978  
Leon Hurt worked 27 years at the Memphis Light, Gas and Water Division, where he prepared financial statements, performed account analyses, and served as IT project analyst, acting as a liaison between the user and programming personnel and assisting in the design and development of application systems. He has worked over 25 years in internal auditing, conducting IT, financial, and operational audits and supervising staff. Leon joined OAC in 2007 and, before retiring in mid-2015, performed compliance and departmental audits and investigations at the Memphis campus.



**Chris Medeiros, auditor**

Bachelor of Science, Chemistry, Coastal Carolina University, 2008  
Master of Business Administration, Lincoln Memorial University, 2014  
Chris Medeiros has been with OAC since mid-2015. Previous work experience includes internal auditing at Clayton Homes and operations auditing at Vanderbilt Mortgage and Finance, Inc. He conducts audits of UT departments and operations.



**Sandy S. Jansen, executive director, CCSA, CIA, CRMA**

Bachelor of Business Administration, Accounting, Texas Tech University, 1994  
Sandy Jansen joined OAC as the executive director in February 2012. She worked for 21 years in the Texas Tech University System, serving the last 7 years as assistant chief audit executive. At UT, she oversees the internal audit and institutional compliance teams for the university system. Sandy is active in professional service. In 2015, she completed her term as president of the Association of College and University Auditors (ACUA). Sandy continues to serve as an ACUA faculty member and a volunteer seminar facilitator for IIA, training internal audit professionals in higher education and various industries.



**James E. Mitchell, senior IT auditor, CompTIA Security+**

Bachelor of Science, Information Systems Security, ITT, 2006  
Jim Mitchell joined OAC in mid-2015. His career includes 6 years in the U.S. Navy aboard fast attack submarines, multiple years in software development in California and Tennessee, and as director of multiple departments in his 13 years at Regal Entertainment Group. He has served in management and staff roles in all aspects of information technology. Jim performs IT audits of university departments and operations.



**William A. Moles, director of institutional compliance, CCEP, CIA**

Bachelor of Science, Business Administration, the University of Tennessee, 1980  
Master of Business Administration, Virginia Tech, 1983

Bill Moles began as a management analyst in the department in 1986 with the management consulting group. He joined the internal audit section in 1992, where he performed internal control reviews of the university's accounting systems and other major functions, IT security audits, and cost studies. He coordinated the annual Self-Assessment of Controls for the UT System from 1989 until 2007. As director of the Office of Institutional Compliance, he works collaboratively with UT compliance programs to reduce the university's regulatory compliance risks. Bill is a past president of IIA's East Tennessee Chapter.



**John P. Sturgis, IT administrator, (ISC)<sup>2</sup> Associate, GCIA**

Bachelor of Arts, Political Science, University of Tennessee, 2008

John Sturgis transferred to OAC in late 2014 from UT's Information Security Office where he managed the operational security program and performed control assessments. Before leaving the department in early 2015, he conducted IT audits, focusing on regulatory areas such as HIPAA and PCI compliance.



**Jeremy J. Parrott, IT administrator, CISSP, CHP**

Bachelor of Science, Information System Security, Grantham University, anticipated in 2015

Jeremy Parrott joined OAC in late 2014. He previously served as the IT Security Assessments team lead and as interim chief information security officer in the UT's Information Security Office. He has over 18 years of IT security experience spanning several industries and higher education. Jeremy performed IT audits of university departments and operations before leaving in early 2015.



**Amy Wilegus, director, CPA, CISA, CISSP, CRISC**

Bachelor of Business Administration, Accounting/IT, Millsaps College, 1995  
Master of Science, Accounting, the University of Memphis, 1996

Amy Wilegus joined OAC as the audit director for West Tennessee in late 2015. She brings over 19 years' experience in internal audit and public accounting, beginning her career at Ernst & Young, then on to Morgan Keegan. For the last 14 years, Amy worked at ServiceMaster in various internal audit and compliance roles performing financial and IT audits, investigations, and risk assessments, serving the last 5 years as internal audit director. Amy is currently responsible for audits and investigations at the UT Health Science Center in Memphis and UT Martin. She also leads our internal data analytics task force.



**Jim E. Purcell, IT manager, CISA, CISSP, PMP**

Bachelor of Science, Business Administration, Tusculum College, 1986

Jim Purcell joined OAC in 2012. His 30-year IT career spans time with TVA, Science Applications International Corporation (SAIC), and Regal Entertainment Group. Jim is an instructor for the SANS Institute and has presented information security topics at IT many conferences. He has served in management and staff roles in all aspects of information technology. Jim performs IT audits of university departments and operations, supervises the IT auditors, and manages our SharePoint collaboration website.



**Jessie D. Williams, auditor**

Bachelor of Science, Business Administration, Accounting, the University of Tennessee, Knoxville, 2014

Jessie Williams worked as a student auditor in the office for over a year before joining OAC full-time in late 2014. She assists with departmental audits and investigations.



**James A. Smith II, auditor**

Bachelor of Business Administration, King College, 2012  
Master of Business Administration, Accounting, King University, 2014

James Smith came to OAC in early 2015. He has an extensive background in public service with the state of Tennessee. James previously served the Tennessee Department of Correction in administrative roles, most recently as a counselor. He assists with departmental audits and investigations.



**Stephanie Steeves, auditor, CIA**

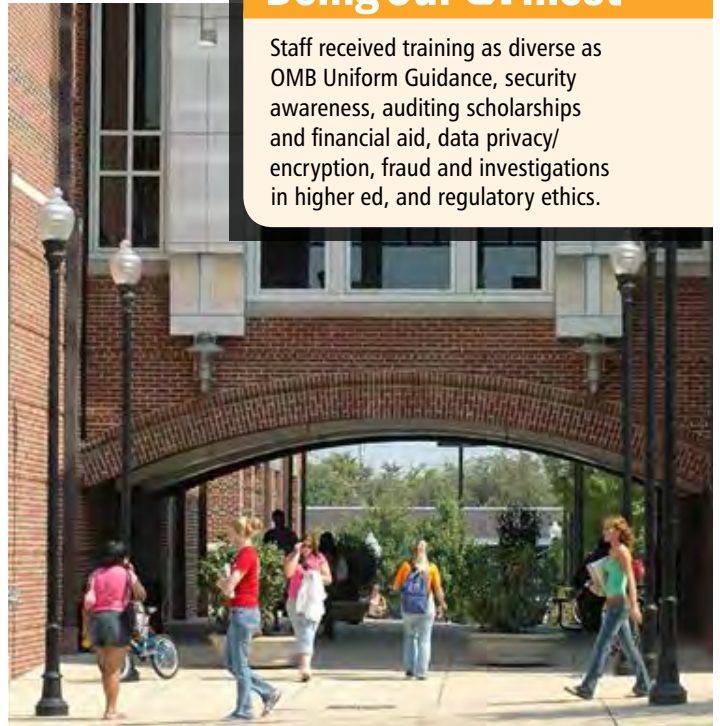
Bachelor of Public Management, Florida Atlantic University, 1996  
Master of Public Administration, Florida Atlantic University, 2001

Stephanie Steeves came to the department in late 2012 from Palm Beach County, Florida, where she worked in county government for 23 years. She conducts audits and investigations of university departments and operations and serves as treasurer of IIA's East Tennessee Chapter. Stephanie also manages OAC's *Body of Knowledge*, a compilation of employees' knowledge, skills, and other competencies needed to perform work in the department.

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**Doing Our  most**

Staff received training as diverse as OMB Uniform Guidance, security awareness, auditing scholarships and financial aid, data privacy/ encryption, fraud and investigations in higher ed, and regulatory ethics.



## APPENDIX D: FOLLOW-UP AUDITS

### 2015 Audit Year

Follow-up Issued	Campus	Project Description	Type	Recommendations Implemented	Comments
January	UTSA	Athletics Ticket Allotment Program	Audit	No	2nd follow-up in 2016
February	UTHSC	Semmes Murphey Clinic	Audit	Partially	Mgt considers low risk
April	UTHSC	Gift Cards	Audit	Yes	
May	UTIA	Highland Rim Res and Educ Center	Audit	Yes	
June	UTSA	Protection of Minors	Audit	Partially	2nd follow-up in 2016
June	UTC	Academic Advising	Other	Yes	
June	UTM	Academic Advising	Other	Yes	
June	UTK	Bookstore PCI	Audit	Yes	
June	UTHSC	Endowment Compliance	Audit	Yes	
July	UTSA	Business Continuity Planning	Other	Partially	2nd follow-up in six months
July	UTSA	Policy Development and Revision	Other	Partially	2nd follow-up in March 2016
October	UTC	College of Arts and Sciences	Audit	Partially	2nd follow-up in Math in six months
November	UTSA	Config and Change Mgt (UTC/UTM)	Audit	Partially	2nd follow-ups in six months
November	UTSA	Config and Change Mgt (UTHSC)	Audit	Yes	
November	UTC	Facilities Planning and Maintenance	Investigation	Yes	



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The Office of Audit and Compliance helps the university achieve its mission by providing objective and independent evaluations to reduce risk and improve operations.

## Doing Our **UT** most

OFFICE OF AUDIT AND COMPLIANCE  
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### RESPONSES FROM 2015 CLIENT QUESTIONNAIRES

- We appreciate the audit of our policies and procedures for our online processing of credit and debit cards. This will be a new offering for our clients, and your review was very important to us.
- The auditor was extremely professional during the entire audit. He communicated with me regarding the progress of the audit and established a good rapport with me.
- She is a great auditor. One of the best I have worked with in the last 25 years.
- The auditor does excellent work!

## VISIONARY

OFFICE OF AUDIT AND COMPLIANCE  
HELPING TO SHAPE THE FUTURE OF **UT**



THE UNIVERSITY OF TENNESSEE  
BOARD OF TRUSTEES

ACTION ITEM

DATE: June 23, 2016

ITEM: **Minutes of the Last Meeting**

PRESENTED BY: Catherine S. Mizell, Secretary

Minutes of the April 1, 2016 meeting of the Board of Trustees follow this memorandum. In accordance with the Bylaws, the minutes are included on the agenda for approval by unanimous consent.

**RESOLVED: The reading of the minutes of the April 1, 2016 meeting of the Board of Trustees is omitted, and the minutes are approved as presented in the meeting materials, provided that the Secretary is authorized to make any necessary edits to correct spelling errors, grammatical errors, format errors, or other technical errors subsequently identified.**

THE UNIVERSITY OF TENNESSEE  
BOARD OF TRUSTEES

MINUTES OF THE SPRING MEETING  
April 1, 2016  
Martin, Tennessee

The Spring Meeting of The University of Tennessee Board of Trustees was held at 1:00 p.m. CDT, on Friday, April 1, 2016, in the University Center Ballroom on the campus of The University of Tennessee at Martin.

**I. CALL TO ORDER AND INVOCATION**

Raja J. Jubran, Vice Chair of the Board, called the meeting to order. Father Dennis Schenkel offered the invocation.

**II. ROLL CALL**

Secretary Catherine S. Mizell called the roll, and the following members were present:

Raja J. Jubran, Vice Chair  
Jalen K. Blue  
Shannon A. Brown  
Russ Deaton  
Joseph A. DiPietro  
Spruell Driver, Jr.  
William Evans  
John N. Foy  
D. Crawford Gallimore  
David A. Golden  
Julius T. Johnson  
Brad A. Lampley  
James L. Murphy III  
Sharon Miller Pryse  
Jefferson S. Rogers  
Rhedona Rose  
John D. Tickle  
Julia T. Wells  
Charles E. Wharton  
Tommy G. Whittaker

The Secretary announced the presence of a quorum. Governor Haslam, Commissioner McQueen, and Trustees Anderson, Cates, and Gregg were unable to attend the meeting. Members of the administrative staff and media representatives were present. The meeting was also webcast for the convenience of the University community, the general public, and the media.

Vice Chair Jubran thanked Trustee Gallimore and Nancy Gallimore and Trustee Wells for sponsoring the wonderful reception and dinner at the home of Richard and Connie Killebrew. He asked the Secretary to send a letter of appreciation on behalf of the Board to the Killebrews for providing their home as the venue for the reception and dinner.

Vice Chair Jubran then introduced newly appointed Faculty Trustee Jefferson S. Rogers and presented him with a Trustee lapel pin.

### **III. METHODIST UNIVERSITY HOSPITAL PRESENTATION TO UT HEALTH SCIENCE CENTER**

Dr. DiPietro introduced Chancellor Schwab noting that Dr. Schwab has done an excellent job forging affiliations with health care delivery systems, the first being the Methodist LeBonheur Healthcare System. He said the University greatly values the affiliation with the Methodist System and appreciates its enthusiastic support of the University.

Chancellor Schwab said it was truly a pleasure for him to introduce his colleagues from the Methodist LeBonheur Healthcare System. He noted that more than 60% of the education at UTHSC is not conducted on campus but rather in the core teaching hospitals. UTHSC has dramatically increased the size of its practice plans (almost fourfold), and last year the practice plans generated more than \$270 million in annual net revenue for the benefit of UTHSC. He then introduced Methodist Le Bonheur Healthcare System officials, CEO Gary Shorb, President and COO Michael Ugwueke, and Executive Vice President of Finance Chris McLean, and Meri Armour, President and CEO of Le Bonheur Children's Hospital.

Addressing the Board, Mr. Shorb described the success of the Methodist-UTHSC relationship. He complimented Dr. Schwab on his leadership and remarkable team. He said the Methodist System's goal is to be the best health care system in the country and to do that a lot of things need to come together including the right, talent, culture, philosophy and the relationship with UT. He then asked Ms. Armour for remarks, who said LeBonheur Children Hospital is the proud primary pediatric affiliate of UTHSC. She said the first Methodist-UTHSC affiliated practice group, ULPS, has grown to 201 members and has recruited some of the finest doctors in the country, who serve more patients and provide great care for the community's children. Michael Ugwueke discussed the success of the Methodist University Hospital, noting its key service lines, recent recruits, and significant growth over the past several years. He said the successful growth is the result of joint planning and collaboration with UT. He previewed the new facility that will begin

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Board of Trustees  
April 1, 2016

construction in May and the state-of-the art West Cancer Center. Mr. Mclean discussed the financial success of the relationship, explaining that it resulted in strong margins and a significant reinvestment back to UT. He attributed the success primarily to the talent recruited to the Methodist System. Each of the presenters thanked the Board for their support, and Mr. Shorb concluded by saying the relationship is making a tremendous difference to the Memphis community. Mr. Shorb and his colleagues then presented a check for \$9,479,000 to Chancellor Schwab, who said it was his pleasure to accept the check on behalf of UTHSC, and he looks forward to the continued success in the future.

Vice Chair Jubran thanked the Methodist officials for traveling to Martin to make the presentation and for their leadership in developing a very successful collaborative relationship with the Health Science Center. He thanked Chancellor Schwab and his team for their leadership and congratulated them on the almost \$10 million academic support payment from Methodist that will enhance the education, research and outreach missions of the College of Medicine.

#### IV. ADOPTION OF HONORARY RESOLUTIONS

Dr. DiPietro presented a Resolution honoring Chancellor Tom Rakes (Exhibit 1), expressing his sincere appreciation for Dr. Rakes' service as Chancellor of UT Martin. He also recognized Dr. Rakes' wife, Glenda Rakes, for her support and her contributions as a member of the UT Martin faculty. After reciting the Resolution, Dr. DiPietro moved its adoption. The motion was seconded by Trustee Gallimore, and the Resolution was adopted unanimously. Chancellor Rakes received a standing ovation from the Board and meeting attendees. He thanked the Trustees and President DiPietro for their support and leadership. He thanked his colleagues for all their hard work and said their commitment makes all the difference. He praised UT Martin's exceptionally strong alumni base and expressed appreciation for their support of the campus. In closing, he thanked his wife Glenda for her love and support.

#### V. PRESIDENT'S REPORT

Before beginning his report, President DiPietro expressed thanks to Interim Chancellor Smith for all the valuable work he is doing for UT Martin. He said he has been receiving very positive feedback, and as Trustee Rutan noted, "People are starting to fall in love with UTM again."

He began his report by saying the past several months have been filled with interesting challenges for the University. In the midst of focusing on academic excellence and student success, innovation and discovery, and outreach and service, we have faced issues from A to Z. In March 2015, he went on record in the *Chronicle of Higher Education* to let the country know the University was already in the midst of proactively tackling some of higher education's most challenging problems. He said he wanted our peers to know that

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we were not just talking about issues such as tuition, our funding model, sexual assault, legislative scrutiny and operational efficiency; we were busy doing something about them. And that work continues because the UT System is critical to our state's position as a national leader in education innovation.

He reported that on February 16 of this year, he had the opportunity to give his first formal State of the University Address. This event was designed to be a message of "Progress and Position" for our System, to reassure our internal community and other stakeholders that in spite of the perceived challenges, the state of the University is strong, and we are committed to defending our position and standing up for principles fundamental to our mission and critical to our continued growth and success.

He said it has been a long road since last September when we began the process of responding to numerous inquiries from legislators and other stakeholders about our diversity and inclusion efforts and why those efforts are important. While the journey has been challenging at points, the good news is we have helped educate more people about what diversity means at the University of Tennessee--and that it goes beyond issues of race, sexual orientation, and gender expression. He stated that we remain committed to improving our communications about diversity and inclusion at both the campus and the system levels. As recently reported in the media, we will move forward with system-wide plans to conduct a diversity climate survey in 2017. This idea, which was discussed during the October Board meeting, was recommended by the Diversity Advisory Council in 2015. The goal of the survey is to produce a snapshot of campus life and experiences related to diversity and inclusion. We will update you regarding the survey as plans develop.

Dr. DiPietro then discussed other issues covered in his State of the University Address:

- The progress of the Budget Advisory Group and efforts to change our business model.
- UT's position against freezing tuition, noting there are repeated examples of the negative impact of those decisions on our peers in other states. We vigorously defended this position with a positive outcome.
- Our commitment to our people at UT – our students, faculty and staff.
- For students and prospective students, our ongoing commitment to making our application and financial aid processes easier; enhancing our academic support services; and developing and maintaining state-of-the-art facilities and academic programs.
- For our personnel, I pledged our continued commitment to closing our salary gap and making and keeping our salaries competitive among our peers; developing UT

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as an “Employer of Choice;” and creating a system-wide culture where all members of our community feel valued, respected and safe.

Dr. DiPietro said achieving these goals will not come easy and will require continued leadership and support from the UT community. Nevertheless, they are important to achieve the optimal living, learning and working environment we strive for every day across the University.

He then turned to the complex Title IX lawsuit involving UT Knoxville. He said he joins our counsel, both internal and external, and Chancellor Cheek in fully refuting any allegations that would suggest we do not take seriously the safety of our students, especially as it relates to sexual violence. He said that although he cannot address specific allegations or legal aspects of the suit, he wanted to state publicly our commitment to the safety and well-being of every student on every campus across the UT System. This commitment extends to our faculty and staff as they, too, need a safe environment in which to prepare young men and women for their future.

He stated that we are working diligently to ensure continual progress across the UT System in this area. In recent years, each campus has:

- Enhanced prevention and awareness programs and educational resources to support and better educate students on sexual violence;
- Adopted comprehensive policies on sexual misconduct, relationship violence and stalking;
- Created centralized websites where students and employees can easily find comprehensive information about campus policies and resources; and
- Revised its student code of conduct to ensure compliance with Title IX and the Clery Act.

He reported that the System has also been engaged in facilitating greater dialog around the issue of sexual assault and relationship violence. One example was hosting a statewide sexual assault training event, in collaboration with TBR and our state’s private institutions, in 2015. This summit featured customized tracks for campus police, student support services and Title IX investigators. It resulted in the implementation of several new resources across our System, including a new online training program related to sexual assault and harassment, stalking and intimate partner violence.

Although there are no excuses when it comes to sexual violence, we must recognize that these issues represent accelerating social problems in our society and at college and university campuses across the country. At UT, we believe strongly that every single

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incident is one too many. From the Health Science Center and UT Martin in the west to UT Knoxville and UTC in the east and all points in between, at the University of Tennessee, it is our goal to set the standard for creating an environment and programs that will serve as a model for institutions across America that are looking at ways to deal effectively with this issue. Be assured, we will never be complacent on issues of sexual violence, and it is a priority for every University of Tennessee campus and institute. The Chancellors and other leaders will be held accountable for their progress in these areas, and we will keep the Board apprised of major developments.

Dr. DiPietro provided a brief update on other significant initiatives for the System including the progress of the Budget Advisory Group, outsourcing, executive searches, and succession planning. He said the Oliver Group has been engaged to assist in creating a succession planning model at the System level for use across our campuses.

Dr. DiPietro referred to Commissioner Julius Johnson's announced retirement, saying the Commissioner has been a valuable colleague and friend to him and the University. He is a true servant leader who has been an appreciated and respected member of the Board. He thanked him for his service on the Board and said he will be greatly missed.

Dr. DiPietro then recognized the System's three inaugural President's Awards winners. The award is the highest UT employee award, spotlighting success and inspiring excellence. The awards were presented at the conclusion of the State of the University Address, and two of the three winners are from UT Martin. He recognized the winners from UT Martin, Dr. Julie Ann Hill, Director of Percussion Studies, and David Lee McBeth, Professor of Art. He said we are pleased to have a meaningful and tangible way to recognize their achievements at the System level and let them know how proud we are that they are a part of the UT family.

The Vice Chair thanked Dr. DiPietro for his report and said he has been very pleased with his work through these tough times. He said the Board really appreciates Dr. DiPietro's level of commitment.

## **VI. REPORT OF THE EXECUTIVE AND COMPENSATION COMMITTEE**

Vice Chair Jubran, Chair of the Executive and Compensation Committee, reported items considered and approved at the February 23, 2016 Committee meeting (Exhibit 2).

### **A. Ratification of Committee Action to Revise 2015-16 Goals under the Performance-Based Variable Compensation Plan and to Approve a Methodology for Calculating the Score**

Vice Chair Jubran called the Board's attention to the supporting materials included in the meeting materials. He reported that the Committee, acting on behalf of the Board,

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approved revisions to the 2015-16 goals resulting from the audit and additional revisions recommended by the Vice Chair in consultation with the President. The Committee also approved a methodology for calculating a participant's score under the Plan.

On the recommendation of the Executive and Compensation Committee, Vice Chair Jubran moved adoption of the following Resolution:

**RESOLVED: The following action by the Executive and Compensation Committee, acting on behalf of the Board of Trustees at its meeting on February 23, 2016, is ratified:**

1. **Approval of changes to the base year data, and resulting changes to the FY 2015-16 quantitative goals under the Performance-Based Variable compensation Plan for University Officers (Plan), based on the Audit and Compliance report;**
2. **Approval of eliminating the following quantitative metrics under the Plan:**
  - a. **Total Fall Headcount**
  - b. **In-State Enrollment > Fall 2015**
  - c. **Rank in top 5 in CCTA metrics;**
  - d. **Number of Research Proposals**
  - e. **Revenue from Licenses**
  - f. **U.S. Patents Issued**
  - g. **Vet Med Clients**
  - h. **Number of Alumni Who Donate**
  - i. **Tuition/Fees Below Peer Average**
  - j. **Change in Graduate Tuition Rate Below HEPI +2-3%**
  - k. **Change in Professional Tuition Rate Below HEPI +2-3%**
3. **Approval of adding the following quantitative metrics:**
  - a. **(State Appropriation + Tuition/Fee Revenue) / Per Student FTE**
  - b. **Research Award Dollars**
4. **Approval of adding the following goals:**
  - a. **For all participants, Advocacy and Leadership**
  - b. **For David Millhorn, the following additional goals:**
    - (1) **Achieve an ORNL performance score of 94 or higher for FY 2016; and**



- (2) **Develop a business plan and obtain a signed contract to purchase the Pro2serve building for \$17.5 million or less and lease 25% or more of space to a third party customer before September 1, 2016**
5. **Approval of the following methodology for calculating a participant's score:**
- a. **No points will be awarded when the actual is less than the base;**
  - b. **If the actual exceeds the goal, the percent above the goal will be multiplied by the weight of the metric;**
  - c. **If the actual is greater than the base but lower than the goal, partial credit will be awarded based on the % from the base where:**

$$\% \text{ from base} = (\text{Actual} - \text{Base}) / (\text{Goal} - \text{Base})$$

**1% - 33% from Base = 25% credit**

**34% - 66% from Base = 50% credit**

**67% - 99% from Base = 75% credit**

- d. **Advocacy and Leadership will be increased from 10% to 20% of the total score**
- e. **Additional Goals (subjective) will be scored as Met (100%), Partial (50%), or Not Met (0%)**
- f. **Self-evaluation and evaluation narratives may include contextual information, such as a discussion of circumstances beyond the participant's control that prevented achieving the goal, but significant improvements were made toward the spirit of the goal.**

Coming to the Board as a recommendation of the Committee, no second was required. Trustee Wharton expressed his view that the bar, so to speak, is not as high as it was. As an example, he called attention to the goal for UTK's graduation rate to increase by .2% or 44 students. He said it is the Board's obligation to ensure these goals are a true stretch. Vice Chair Jubran responded that some of the Budget Advisory Group goals, on which some of these performance goals are based, used "greater than" language, and therefore the original calculations were no stretch at all. He said this plan is really focused on achieving a stretch above and beyond expected performance. Vice Chair Jubran said he believes the proposed goals for the coming year are in line with what we want to achieve. As we continue this process from year-to-year, we will make the matrix better and better. He called for any further discussion. There being none, the Vice Chair called for a vote on the Committee's recommendation for adoption of the Resolution, and the motion carried unanimously.

**B. President's Four-Year Comprehensive Performance Review of Chancellor Larry Arrington and Compensation Recommendation**

Vice Chair Jubran called the Board's attention to the supporting materials included in the meeting materials (Exhibit 3). He said that at the Committee's meeting on February 23, 2016, Dr. DiPietro presented a four-year comprehensive review of Dr. Arrington's performance and made a compensation recommendation. On the recommendation of the Executive and Compensation Committee, Vice Chair Jubran moved adoption of the following Resolution:

**RESOLVED: The President's Four-Year Comprehensive Performance Review of Chancellor Arrington is approved, and the recommended 10% increase in Chancellor Arrington's annualized base salary is approved to bring his annualized base salary to \$333,208, effective July 1, 2016.**

Coming to the Board as a recommendation of the Committee, no second was required. Vice Chair called for any discussion. Dr. DiPietro said Chancellor Arrington's report demonstrates a very strong achievement record. His advancement efforts have really grown, enrollment has grown, and he is very well regarded across the state. He added that the compensation adjustment places him in the middle of the market analysis for his peers. There being no further discussion, the Vice Chair called for a vote, and the motion carried unanimously.

**VII. REPORT OF THE FINANCE AND ADMINISTRATION COMMITTEE**

**A. UT Martin Undergraduate Out-of-State Tuition for 2016-17**

Committee Chair *Pro Tempore* Murphy reported that at its meeting on March 31, 2016, the Finance and Administration Committee considered and approved proposed UT Martin Undergraduate Out-of-State Tuition for 2016-17 (Exhibit 4). He briefly reviewed the supporting materials and stated that the proposal received the full support of the UT Martin Faculty Senate. On the recommendation of the Committee, Chair Murphy moved adoption of the following Resolution:

**RESOLVED: The amount charged to out-of-state undergraduate students for the combined maintenance fee and out-of-state tuition for the 2016-17 academic year will be \$13,440 (\$6,720 per semester), provided that this amount will not apply to online or international students.**

Coming to the Board as a recommendation of the Committee, no second was required. There being no discussion, the Vice Chair called for a vote, and the motion carried unanimously.

## **B. Amendment of the Rule on Classifying Students In-State and Out-of-State**

Chair Murphy reported that at the Finance and Administration Committee meeting on March 31, 2016, Deputy General Counsel Matthew Scoggins presented proposed amendments to the University Rule on classifying students as in-state or out-of-state (Exhibit 5). He briefly reviewed the proposed amendments, which are in response to recent state legislation. On the recommendation of the Committee, Chair Murphy moved adoption of the following Resolution:

**RESOLVED: The Board of Trustees adopts the amendment of Chapter 1720-1-1 of the Rules of The University of Tennessee as presented in the meeting materials to be effective upon completion of the rulemaking procedures under the Uniform Administrative Procedures Act.**

Coming as a recommendation of the Committee, no second was required. The Vice Chair called for a roll-call vote, and the motion carried unanimously.

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## **IX. REPORT OF THE AUDIT AND COMPLIANCE COMMITTEE**

Trustee Gallimore reported that the Audit and Compliance Committee last met in December 2015 and reviewed the following matters.

First, the Committee reviewed the risk assessment conducted to comply with the Tennessee Financial Integrity Act. Each year the office of Audit and Compliance works with the campus chief business officers and the Chief Financial Officer's team to facilitate an entity-wide risk assessment of UT's financial operations. There were two new areas added this year: the American's with Disability Act Initiatives for Student Accessibility and potential changes in Fair Labor Standards Act regulations concerning exempt employee classifications. Related risks and controls were reviewed in the process and added to the assessment. As part of the work to comply with the Act, the internal audit team also conducts a self-assessment of controls. They review the controls for two areas each year, and in 2015 they evaluated sensitive minor equipment and accounts receivable. Of approximately 550 departments, 85 identified control weaknesses in those areas, and 138 control weaknesses were reviewed. Eight material weaknesses were noted for the University.

Second, the Committee reviewed IT security. In addition to the information received from the CIOs, the IT audit team provided a status report on UT's security posture. There have been strong efforts to develop and enforce IT policies, improve security coverage by adding and reallocating staff, identify and limit sensitive information and provide security awareness training to staff system wide. The IT audit team also noted improved cooperation and sharing among campus IT leadership and staff and more stability and consistency in governance and management. On behalf of the Committee,

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Chair Gallimore thanked the campuses and system leadership for their engagement and cooperation in this critical endeavor.

Third, the Committee received an update on UT's emergency management plans, including training efforts and preparedness for floods and campus violence.

Finally, Chair Gallimore reported that the Office of Audit and Compliance implemented a compliance hotline in the fall of 2015. The hotline provides an avenue for the anonymous reporting of concerns and is a tenet of an effective compliance program.

## **X. CONSENT AGENDA**

The Vice Chair directed the Board's attention to the Consent Agenda. In response to a question from the Trustees, he noted that item L was modified to include revisions requested by the Academic Affairs and Student Success Committee at their meeting earlier in the day. He called for any requests to remove items from the Consent Agenda. Hearing none, the Vice Chair called for a motion to approve the Consent Agenda, consisting of the following items:

- A. Minutes of the Last Meeting (Exhibit 6)
- B. Easement from Tennessee Baptist Convention (UTC) (Exhibit 7)
- C. Vine Street Right-of-Way (UTC) (Exhibit 8)
- D. Easements to City of Memphis (UTHSC) (Exhibit 9)
- E. Easement of Knoxville Utilities Board (UTK) (Exhibit 10)
- F. Transfer of Jurisdiction to Tennessee Military Department (UTK) (Exhibit 11)
- G. Corporate Authorization to Transfer Securities (Exhibit 12)
- H. FY 2016 Revised Operating Budget (Exhibit 13)
- I. Revised UT Knoxville/UTIA Campus Master Plan (Exhibit 14)
- J. Revised UT Martin Campus Master Plan (Exhibit 15)
- K. UT Knoxville Honorary Doctor of Science Degree, Thomas E. Mason (Exhibit 16)
- L. UT Knoxville Strategic Plan Refresh, Vol Vision 2020 (Exhibit 17)

M. UT Martin Faculty Handbook Revisions (Exhibit 18)

N. Naming of the Center for Business and Economic Research, UT Knoxville (Exhibit 19)

O. Naming of the Lake Loudoun Residence Hall, UT Knoxville (Exhibit 20)

P. Naming of the Joint Institute for Neutron Sciences, UT Knoxville (Exhibit 21)

Trustee Murphy moved approval of the Consent Agenda, Trustee Driver seconded, and the motion carried unanimously.

## **XI. FUTURE BOARD AND COMMITTEE MEETING DATES**

Vice Chair Jubran announced that the 2015-16 Scheduled Meetings and Workshop were included in the meeting materials and can be found on the Board of Trustees website.

The Vice Chair expressed his appreciation for the Trustees' time traveling to and attending this meeting, as well as all the time dedicated to preparation for the meeting. He thanked them for being prepared and being an engaged Board. He said he knows Trustees are extremely careful about how they cast their vote, and he appreciates their time spent in preparation.

The Vice Chair thanked Interim Chancellor Bob Smith and his entire team for their excellent work in hosting the meeting.

Dr. DiPietro recognized Emerita Trustee Barbara Castleman present at the meetings throughout the day and thanked her for her support of UT Martin.

## **XII. ADJOURNMENT**

With no further business to come before the Board, the meeting was adjourned.

Respectfully Submitted,

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Catherine S. Mizell, Secretary

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THE UNIVERSITY OF TENNESSEE  
BOARD OF TRUSTEES

ACTION ITEM

DATE: June 23, 2016  
COMMITTEE: Executive and Compensation  
ITEM: **2017 Dates for Regular Board Meetings and a Workshop**  
RECOMMENDATION: Approval  
PRESENTED BY: Catherine S. Mizell, Secretary

After conducting conflict checks, the following dates are proposed for two regular meetings of the Board of Trustees and a workshop in 2017:

Spring Meeting, March 28-29, 2017 in Chattanooga

Annual Meeting, June 21-22, 2017 in Knoxville

Workshop, August 9, 2017 (location to be determined)

The Fall Meeting date will be set after release of the 2017 Volunteer football schedule.

At its meeting on May 9, 2016, the Executive and Compensation Committee recommended approval of the proposed 2017 meeting dates.

**RESOLVED: The following 2017 dates are approved for the first two regular meetings of the Board and a workshop:**

**Spring Meeting, March 28-29, 2017 in Chattanooga**

**Annual Meeting, June 21-22, 2017 in Knoxville**

**Workshop, August 9, 2017 (location to be determined)**

THE UNIVERSITY OF TENNESSEE  
BOARD OF TRUSTEES

ACTION ITEM

DATE: June 23, 2016

CAMPUS/INSTITUTE: The University of Tennessee System

ITEM: **Resolution Appointing a Managerial Group for U.S. Government Contracts**

RECOMMENDATION: Approval

PRESENTED BY: Catherine S. Mizell, General Counsel and Secretary

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The Department of Energy, Department of Defense, and other federal agencies with which the University has contracts impacting national security require the Board to appoint a Managerial Group and delegate to that group responsibility for negotiation, execution, and administration of U.S. Government contracts. Only members of the Managerial Group will receive security clearance to access to classified information related to these contracts.

The Board initially appointed a Managerial Group by resolution adopted on December 11, 2001. A new resolution is required annually to reflect changes in personnel. The resolution for 2016 follows.

**RESOLVED: The Resolution appointing a managerial group for U.S. Government contracts is approved.**

RESOLUTION OF THE BOARD OF TRUSTEES  
APPOINTING THE MANAGERIAL GROUP FOR CONTRACTS BETWEEN  
THE UNIVERSITY OF TENNESSEE AND THE  
UNITED STATES GOVERNMENT  
PURSUANT TO  
THE NATIONAL INDUSTRIAL SECURITY PROGRAM OPERATING MANUAL

BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE UNIVERSITY OF TENNESSEE THAT:

1. Those persons occupying the following positions at The University of Tennessee shall be known as the Managerial Group, having the authority and responsibility for the negotiation, execution, and administration of U.S. Government contracts as described in the National Industrial Security Program Operating Manual:

President

Chancellor, The University of Tennessee, Knoxville

Vice Chancellor for Research and Engagement, The University of Tennessee,  
Knoxville

Facility Security Officer

General Counsel and Secretary

Executive Director, The University of Tennessee Space Institute

2. The Chief Executive and the members of the Managerial Group are cleared, or will be processed for clearance, to the level of The University of Tennessee's facility clearance. If uncleared, pending issuance of the requested access authorization, such individual shall be excluded from all access and shall not participate in any decision or other matter pertaining to the protection of classified information and/or special nuclear material.
3. The above-named Managerial Group is hereby delegated all of the Board's duties and responsibilities pertaining to the protection of classified information and/or special nuclear material released to The University of Tennessee.
4. In the future, when any individual is appointed to the Managerial Group as an additional member or replacement member, such individual shall immediately be processed for an access authorization at the same level as The University of Tennessee's facility clearance. Pending issuance of this requested access authorization, such individual shall be excluded from all access and shall not participate in any decision or other matter pertaining to the protection of classified information and/or special nuclear material.



5. The following named officers and members of the Board of Trustees of The University of Tennessee shall not require, shall not have, and can be effectively excluded from access to all classified information and/or special nuclear material released to The University of Tennessee and do not occupy positions that would enable them to affect adversely the policies or practices of The University of Tennessee’s performance of classified contracts for the U.S. Government:

Officers

<u>Name</u>	<u>Title</u>
Steve R. Angle	Chancellor, The University of Tennessee at Chattanooga
Larry R. Arrington	Chancellor, The University of Tennessee Institute of Agriculture
Rickey N. McCurry	Vice President for Development and Alumni Affairs
David E. Millhorn	Executive Vice President/Vice President for Research and Economic Development
Robert M. Smith	Interim Chancellor, The University of Tennessee at Martin
Steve J. Schwab	Chancellor, The University of Tennessee Health Science Center

Members of the Board of Trustees

<u>Name</u>	<u>Title</u>
William E. Haslam	Trustee/Governor
Candice McQueen	Trustee/Commissioner of Education
Jai Templeton	Trustee/Commissioner of Agriculture
Russ Deaton	Trustee/Interim Executive Director, Tennessee Higher Education Commission
Charles C. Anderson, Jr.	Trustee
Shannon A. Brown	Trustee
George E. Cates	Trustee
Susan Davidson	Trustee
Spruell Driver, Jr.	Trustee
William E. Evans	Trustee
John N. Foy	Trustee
D. Crawford Gallimore	Trustee
Vicky B. Gregg	Trustee
Raja J. Jubran	Trustee
Brad A. Lampley	Trustee
James L. Murphy III	Trustee
Sharon J. Miller Pryse	Trustee
Jefferson S. Rogers	Trustee

Rhedona Rose	Trustee
Miranda N. Rutan	Trustee
John D. Tickle	Trustee
Julia T. Wells	Trustee
Charles E. Wharton	Trustee
Tommy G. Whittaker	Trustee

CERTIFICATION

The above Resolution of the Board of Trustees Appointing the Managerial Group for Contracts between The University of Tennessee and the United States Government Pursuant to the National Industrial Security Program Operating Manual was duly adopted by the Board of Trustees on the 23rd day of June, 2016.

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Catherine S. Mizell, Secretary