

THE UNIVERSITY OF TENNESSEE
BOARD OF TRUSTEES
ANNUAL MEETING

1:00 p.m. EDT
Friday
June 22, 2018

Hollingsworth Auditorium
2421 Joe Johnson Drive
Knoxville, Tennessee

ORDER OF BUSINESS

- I. Call to Order and Invocation
- II. Roll Call
- III. Opening Remarks
- IV. Recognition of James and Judith Herbert for a Transformational Gift to the Institute of Agriculture and Ratification of Naming the Herbert College of Agriculture – **Action** Tab 1
- V. UTC Naming – **Action** Tab 2
- VI. Naming the Integrated Business and Engineering Program in the Tickle College of Engineering Tab 3
- VII. Presentation of Joint House Resolution Honoring Dr. David E. Millhorn..... Tab 4
- VIII. President’s Address
- IX. Title IX Briefing Tab 5
- X. FY 2019 Operating Budget, Student Tuition and Fees, and Compensation Procedures for Additional Salary Increases during the Fiscal Year – **Action/Roll-Call Vote** Tab 6
 - A. FY 2019 Operating Budget and Student Tuition and Fees..... Tab 6.1
 - B. Compensation Procedures for Additional Salary Increases during FY 2019..... Tab 6.2
- XI. Vice Chair’s Report on the President’s Annual Performance Review – **Action** Tab 7
- XII. Incentive Compensation Payments under the FY 2016-17 Plan – **Action** Tab 8
- XIII. Incentive Compensation Payment to the President under the FY 2017-18 Plan – **Action** Tab 9
- XIV. Tenure Recommendations Requiring Board Approval
 - A. Grant of Tenure upon Initial Appointment – **Action** Tab 10
 - B. Grant of Tenure upon Early Consideration – **Action** Tab 11

- XV. Recommendations of the Finance and Administration Committee
 - A. FY 2019-20 Capital Outlay Projects – **Action/Roll-Call Vote**..... Tab 12
 - B. FY 2019-20 Capital Maintenance Projects – **Action/Roll-Call Vote** Tab 13
 - C. FY 2019-20 Revenue/Institutionally Funded Capital Projects – **Action/Roll-Call Vote** Tab 14

- XVI. Report of the Audit and Compliance Committee Tab 15

- XVII. Consent Agenda – **Action/Roll-Call Vote** [*required due to Student Conduct Rules for all campuses and UT Martin Parking Rules*]

All action items on the Consent Agenda, except items A. and B. were recommended by standing committees in conjunction with this meeting. Most Trustees attended and were able to participate in the committee consideration of these items, but any Trustee may request at this time that an item be moved to the Regular Agenda for further deliberation.

- A. Minutes of Prior Board Meetings and Minutes of this Meeting Tab 16
- B. Minutes of Prior Committee and Subcommittee Meetings Tab 17
- C. Items Recommended or Received by Academic Affairs and Student Success
 - 1. Amendment of Student Conduct Rules..... Tab 18
 - 2. Program Modification: Construction Science and Agricultural Systems Major, B.S. (UTIA) Tab 19
 - 3. Program Modification: Agricultural Business, B.S. (UTM) Tab 20
 - 4. Honorary Doctorate of Humane Letters, Carla Hayden, Ph.D. (UTK)..... Tab 21
 - 5. 2018 Comprehensive List of Academic Programs Tab 22
 - 6. Ratification of Administrative Action to Terminate or Inactivate Academic Programs Tab 23
 - 7. Revised Campus Tenure Review Procedures to Comply with New Requirements of Appendix A of the Board Policy Tab 24
 - 8. Revised Appendix B and Appendix C of the Board Tenure Policy Tab 25
 - 9. New Academic Program: Bachelor of Applied Science in Mechatronics and Engineering Technology (UTC) Tab 26
 - 10. UT Health Science Center Five-Year Strategic Plan..... Tab 27
 - 11. UT Martin Five-Year Strategic Plan Tab 28
- D. Items Recommended or Received by Finance and Administration
 - 1. Disposal by Easement of Property at Eagle Flight Way in Knoxville (Gas Line)..... Tab 29
 - 2. Disposal by Easement of Property at Eagle Flight Way in Knoxville (Waste Water Line) Tab 30
 - 3. Annual Report of Sale of Gift Property Tab 31
 - 4. Ratification of Quasi-Endowments Tab 32
 - 5. FY 2018-19 Distribution of UC Foundation Unrestricted Endowment Funds..... Tab 33
 - 6. FY 2018-19 President Emeritus Agreement with Dr. Joseph E. Johnson Tab 34
 - 7. Revised UAPA Parking Rule, UT Martin Tab 35
 - 8. President’s Report on Use of Student Programs and Services Fee – **Information**.... Tab 36
 - 9. UTHSC Facilities Savings Plan – **Information** Tab 37
 - 10. UTK Facilities Savings Plan – **Information** Tab 38
 - 11. Disclosure of Additional Revenue/Institutionally Funded Capital Projects for

FY 2017-18 – **Information** Tab 39

12. Revision of UTC Regional Tuition Discount for Graduate Programs..... Tab 40

13. Revision of Board Policy on Approval of Student Fees Tab 41

14. Acquisition by Gift of Property Located at 2705 Riverside Drive and Amendment
of UTK/UTIA Facilities Master Plan Tab 42

E. Annual Reports – **Information**

1. Annual Report of Naming Interior Spaces and Grounds Tab 43

2. Annual Report of UC Foundation, Inc. Tab 44

3. Annual Report of UT Foundation, Inc. Tab 45

4. Annual Report of UT Research Foundation, Inc. Tab 46

F. Cherokee Farm Report – **Information** Tab 47

G. Government Relations and Advocacy Report – **Information** Tab 48

XVIII. Closing Remarks

XIX. Other Business

Note: Under the Bylaws, items not appearing on the agenda may be considered only upon an affirmative vote representing a majority of the total voting membership of the Board. Other business necessary to come before the Board at this meeting should be brought to the Vice Chair’s attention before the meeting.

XX. Adjournment

THE UNIVERSITY OF TENNESSEE
BOARD OF TRUSTEES

ACTION ITEM

DATE: June 22, 2018

CAMPUS/UNIT: UT Institute of Agriculture

ITEM: **Recognition of James and Judith Herbert for a Transformational Gift to the Institute of Agriculture and Ratification of Naming the Herbert College of Agriculture**

RECOMMENDATION: Approval

PRESENTED BY: Tim Cross, Chancellor, Institute of Agriculture

On April 17, 2018, the Executive and Compensation Committee, acting on behalf of the Board due to time constraints related to marketable securities, approved naming the College of Agricultural Sciences and Natural Resources as the Herbert College of Agriculture in recognition of a transformational gift to the Institute of Agriculture by James and Judith Herbert. The Committee's approval of the naming was subject to execution of a gift agreement and fulfillment of the gift commitment. In the following letter to President DiPietro, Chancellor Cross confirms that the terms of the agreement have been fulfilled and requests that the Board of Trustees now ratify the action of the Executive and Compensation Committee to name the Herbert College of Agriculture.

Motion: I move adoption of the following resolution:

RESOLVED: In recognition of the extraordinary generosity of James and Judith Herbert demonstrated by their recent transformational gift to the Institute of Agriculture for the benefit of the College of Agricultural Sciences and Natural Resources, the Board of Trustees hereby ratifies the action of the Executive and Compensation Committee on April 17, 2018, to name the College the "Herbert College of Agriculture."

**Office of the Chancellor**

101 Morgan Hall
2621 Morgan Circle
Knoxville, TN 37996-4505
office: 865-974-7342
fax: 865-974-8781

June 22, 2018

President Joseph A. DiPietro
University of Tennessee
800 Andy Holt Tower
CAMPUS

Dear President DiPietro:

In accordance with the Board of Trustees Policy on Naming of Facilities and Other Assets and the Board-approved Guidelines for Naming Opportunities and Endowments, the University of Tennessee Institute of Agriculture seeks to recognize two of the University's most distinguished and generous alumni, James L. (Jim) and Judith A. (Judi) Herbert through the naming of the UT College of Agricultural Sciences and Natural Resources. The naming request was approved on April 17, 2018 by the Executive and Compensation Committee of the Board of Trustees, subject to the fulfillment of a gift agreement with Jim and Judi Herbert. I'm very pleased to confirm that the terms of the agreement have been met and surpassed, and we are excited about moving ahead with the naming opportunity.

Both University of Tennessee graduates, Jim completed his bachelor's degree in animal husbandry in 1962, while Judi graduated the following year with a bachelor's in English. Judi and Jim married shortly after graduation, and they spent the next twenty years raising two children and living in different parts of the country while Jim grew his corporate career. The Herberts moved to Lansing, Michigan, in the early 1980s, and Jim co-founded the Neogen Corporation, a publically held company focused on the development, manufacturing, and marketing of products for food and animal safety. Recognized five times as a top 100 fastest growing company in America, Neogen has become an international leader in food safety innovation under Jim's leadership.

Jim and Judi have proven to be tremendous leaders in multiple environments. From their involvement with the Sparrow Hospital in Lansing, to service at the national level with their respective fraternity and sorority, to service at the University of Tennessee, the Herberts are well-respected and recognized philanthropists and volunteers. At UT, Judi serves on the UT Knoxville College of Arts and Sciences Dean's Advisory Board, with a specific interest in the Writing Center. Jim has served on the UT Institute of Agriculture Advancement Board and is a current member of the UT Foundation Board of Directors.

While we are grateful for the generosity the Herberts have already demonstrated, their most recent gift will be among the most transformative in the Institute's history. At today's UT Board of Trustees meeting, we request that the Herberts be recognized for their lifelong investment in the University. This gift, along with their previous support, will pave the way for students, faculty, and programs to benefit today and in perpetuity. In recognition of their philanthropy and in appreciation for Jim and Judi's selfless service and exemplary leadership, we request the Board of Trustees to ratify the renaming of one of UTIA's four units as the Herbert College of Agriculture. I cannot think of a more fitting way to honor the Herberts' legacy and dedication than for the college to be named after them.

Please contact me with questions.

Sincerely,



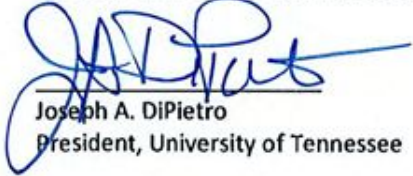
Tim Cross
Chancellor

Approved:



Kerry W. Witcher
Interim Vice President for Development and Alumni Affairs
President and CEO, UT Foundation, Inc.

6/18/18
Date



Joseph A. DiPietro
President, University of Tennessee

6/18/18
Date

THE UNIVERSITY OF TENNESSEE
BOARD OF TRUSTEES

ACTION ITEM

DATE: June 22, 2018

CAMPUS/UNIT: UT Knoxville

ITEM: **Naming the Integrated Business and Engineering Program in the Tickle College of Engineering**

RECOMMENDATION: Approval

PRESENTED BY: Joseph A. DiPietro, President

UT Knoxville seeks approval to name the Integrated Business and Engineering Program in honor of one of its most distinguished and generous alumni, Ralph D. Heath. The proposed naming has the full support of Interim Chancellor Wayne Davis.

The following memorandum from Interim Vice President Kerry Witcher describes Mr. Heath's professional career, his volunteer leadership roles with the University, and his generous gift to establish the Health Faculty Fellows endowment and to endow funds to be used for operating expenses of the Integrated Business and Engineering Program.

Guidelines approved by the Board state that "naming of a college, school, department, or program is the greatest recognition available to individual donors . . . and may be granted to a donor who provides a significant endowment that will provide a permanent income stream to that unit . . . between 10 (ten) and 40 (forty) percent of the operating budget at the current spending level." The guidelines further provide that no more than half of the value may be in the form of an irrevocable deferred gift, and the total gift commitment must have a present value equal to the required minimum gift. By their signatures on the attached letter, President DiPietro and Interim Vice President Witcher have signified that the proposed naming is consistent with these guidelines.

MOTION: I move adoption of the following Resolution:

RESOLVED: The Integrated Business and Engineering Program in the Tickle College of Engineering at The University of Tennessee, Knoxville shall be named the "Ralph D. Heath Integrated Business and Engineering Program" in recognition of Ralph D. Heath's generous gift for the benefit of the program.



1525 University Avenue
Knoxville, TN 37921
865-974-4531 office
865-974-2663 fax

June 4, 2018

MEMORANDUM

TO: Joseph A. DiPietro
President, University of Tennessee

FROM: Kerry Witcher
Interim President & CEO, UT Foundation, Inc.

RE: Tickle College of Engineering Naming
University of Tennessee, Knoxville

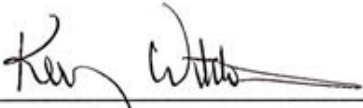
In compliance with the Board of Trustees Policy on Naming of Facilities and Other Assets and the Board-approved Guidelines for Naming Opportunities and Endowments (specifically, naming a “College, School or Program”), the University of Tennessee, Knoxville seeks approval to name the UTK Knoxville Integrated Business & Engineering Program (IBEP) after one of their most distinguished and generous alumni, Ralph D. Heath. This request is with the full support of Interim Chancellor Wayne Davis.

Mr. Heath attended the University of Tennessee, Knoxville and was an engineering student, graduating with a BS in Electrical Engineering in 1970. He also earned an MBA in Business Administration from the UT College of Business Administration in 1975. Mr. Heath retired from Lockheed Martin and enjoyed a nearly four decade long career with the Lockheed Martin Aeronautics business area and its heritage companies. He joined Lockheed Martin in 1975 and became Executive Vice President & Chief Operating Officer. Later he served as the President of Lockheed Martin. Prior to joining Lockheed Martin, Mr. Heath served four years in the U. S. Army as a Combat Engineer Officer and Airborne Ranger.

Mr. Heath has not only been a leader at Lockheed Martin, he has been a strong advocate for higher education and has served the university in a variety of leadership roles including the Tickle College of Engineering (TCE) Board of Advisors, TCE Join the Journey Campaign Leadership Team, and the Haslam College of Business (HCB) Dean’s Advisory Board (Lifetime Member). He established the Heath Faculty Fellows endowment of \$500,000, which is divided equally between HCB and TCE that provides for the recognition of the “Heath Faculty Fellow” in each college. In addition, he established the \$1,000,000 endowment in cash, which provides funding to assist with part of the operating expenses of the IBEP program. The goal of the program is to develop professionals who have a systems approach to decision making and can understand how their decisions affect organizations as a whole. Engineering students will gain knowledge of managerial and financial goals, while business students will learn engineering approaches to problem solving and gain insight into the engineering design process.

In recognition of this gift and in appreciation for Mr. Heath’s selfless service and exemplary leadership, I request approval from the Board of Trustees to name the University of Tennessee, Knoxville IBEP program the Ralph D. Heath Integrated Business & Engineering Program.

Approved:



Kerry Witcher
Interim President & CEO

6/11/18

Date



Joseph A. DiPietro
President, University of Tennessee

6/11/18

Date

STATE OF TENNESSEE

HOUSE OF REPRESENTATIVES

HOUSE JOINT RESOLUTION No. 737

By Madam Speaker Harwell, Representatives Harry Brooks, Daniel, Dunn, Kane, Smith, Staples, Zachary, Akbari, Alexander, Beck, Boyd, Kevin Brooks, Byrd, Calfee, Camper, Carr, Carter, Casada, Clemmons, Coley, Cooper, Crawford, Curcio, DeBerry, Doss, Eldridge, Faison, Farmer, Favors, Fitzhugh, Forgety, Gant, Gilmore, Goins, Gravitt, Halford, Hardaway, Hawk, Hazlewood, Hicks, Matthew Hill, Timothy Hill, Holsclaw, Howell, Hulsey, Jernigan, Johnson, Keisling, Kumar, Lamberth, Lollar, Love, Lynn, Marsh, Matheny, Matlock, McCormick, McDaniel, Miller, Mitchell, Moody, Moon, Parkinson, Pitts, Powell, Powers, Ramsey, Reedy, Rogers, Rudd, Sanderson, Sargent, Cameron Sexton, Shaw, Sherrell, Sparks, Stewart, Terry, Thompson, Tillis, Towns, Travis, Turner, Van Huss, Vaughan, Weaver, Dawn White, Mark White, Whitson, Williams, Windle, Wirgau and Mr. Speaker McNally, Senators Briggs, Massey

A Resolution to honor the memory of Dr. David Millhorn of Knoxville.

Whereas, the members of this General Assembly were greatly saddened to learn of the passing of Dr. David Millhorn; and

Whereas, Dr. Millhorn was vice president emeritus at the University of Tennessee as well as the university's adviser to the Oak Ridge National Laboratory, an intrepid leader who was responsible for creating innovative industry partnerships, pioneering scientific ventures, establishing new institutes, and achieving nationally recognized success for both institutions; and

Whereas, born on June 25, 1945, in Chattanooga, David Millhorn graduated from Tyner High School and went on to serve his country as a member of the United State Army Airborne Division; a highly decorated Vietnam veteran, he earned two Bronze Stars and a Senior Parachutist Badge during his service and had more than 500 parachute jumps to his credit; and

Whereas, he received his bachelor's degree from the University of Tennessee at Chattanooga in 1974, thereafter obtaining his master's degree from Emory University in 1976 and his doctorate from Ohio State University in 1978; and

Whereas, from 1980 to 1994, Dr. Millhorn was a professor in the Department of Physiology at the University of North Carolina at Chapel Hill; he served as the inaugural director of the University of Cincinnati's Genome Research Institute and chairman of its Department of Genome Science during his employment from 1994 until 2005; and

Whereas, in 2005, Dr. David Millhorn returned to his native Tennessee, joining the University of Tennessee (UT) Administration as the vice president for research; in 2007, he added the duties of executive vice president and chief operating officer, serving in these roles until 2016. Additionally, he served as president of UT Research Foundation from 2014 until the time of his death; and

Whereas, during his tenure at UT, Dr. Millhorn oversaw multiple unprecedented achievements for the University's research enterprise, among them UT's contract with the U.S. Department of Energy to manage Oak

Ridge National Laboratory (ORNL) in partnership with Battelle Memorial Institute of Ohio, earning two five-year contract extensions, the first in 2010 and the other in 2015; and

Whereas, he also led implementation of the Governor's Chairs program with joint UT-ORNL appointments for world-class scientists, seventeen of whom are now the leading researchers in their respective fields; led the collaborative UT-ORNL team that won a \$65 million National Science Foundation grant in 2008 to build what was then the world's fastest supercomputer, which signaled the arrival of UT-ORNL as a global leader in supercomputing capability; and spearheaded the planning, development, and construction of the UT Cherokee Farm Innovation Campus in Knoxville; and

Whereas, Dr. David Millhorn helped garner a \$135 million award from the U.S. Department of Energy for UT-ORNL to create the Bioenergy Science Center; the State contributed an additional \$70 million to the biofuel project, which in turn led to a large investment by DuPont. His office also had oversight responsibility of the State's Solar Institute grant worth \$62 million and a National Science Foundation Established Program to Stimulate Competitive Research (EPSCoR) grant for \$20 million; and

Whereas, under Dr. Millhorn's leadership, UT-ORNL won a national competition to create the Institute for Advanced Composites Manufacturing Innovation; this \$259 million award involved several states and over 120 advanced manufacturing companies. The U.S. Department of Energy contributed \$70 million to the project, which at that time was the single largest award of its type made by the federal government, and the grant, in sum, was the largest research award ever received by UT; and

Whereas, Dr. David Millhorn was often duly honored for his many contributions to UT-ORNL; in 2017 he was given the East Tennessee Economic Council's "Muddy Boot Award," named in honor of Oak Ridge's Manhattan Project founders, and that same year, he was presented with UT Research Foundation's highest honor for technology transfer and commercialization leadership, the B. Otto and Kathleen Wheeley Award, and was honored by ORNL at the annual UT-Battelle Awards; and

Whereas, Dr. Millhorn was also deeply devoted to his family, and he always endeavored to remain true to family values of the highest order; and

Whereas, he was the dedicated husband of his wife of nearly forty-nine years, Sherry Millhorn; he was the loving father of three daughters, Amy Stewart, Emily Olukalns, and Lauren Batten, and the proud grandfather of six grandchildren, Sydnie and Madeline Stewart, Jackson and David Olukalns, and Millie and Tennessee Batten; and

Whereas, Dr. Millhorn leaves behind an indelible legacy of integrity and probity in public life, compassion and loyalty in private life, and diligence and dedication in all his chosen endeavors; and

Whereas, it is fitting that the members of this General Assembly should pause to remember the bountiful life of this exceptional public servant and human being; now, therefore,

Be It Resolved BY THE HOUSE OF REPRESENTATIVES OF THE ONE HUNDRED TENTH GENERAL ASSEMBLY OF THE STATE OF TENNESSEE, THE SENATE CONCURRING, that we honor the memory of Dr. David Millhorn, reflecting fondly upon his impeccable character and his stalwart commitment to living the examined life with courage and conviction.

Be It Further Resolved, that we express our sympathy and offer our condolences to the family of Dr. Millhorn.

ADOPTED: February 12, 2018

SIGNED BY:

Beth Harwell, SPEAKER OF THE HOUSE OF REPRESENTATIVES

Randy McNally, SPEAKER OF THE SENATE

Bill Haslam, GOVERNOR

Board of Trustees Update Title IX Commitment

Dr. Ashley Blamey
Title IX Coordinator



Title IX Commission Recommendations

1. Creation of a System-wide Title IX coordinating presence
2. Campus Title IX staffing and resource enhancements
3. Policy, grievance procedures, and student codes of conduct updates and modifications
4. Case management, care, and support enhancements
5. Education, prevention, and training enhancements



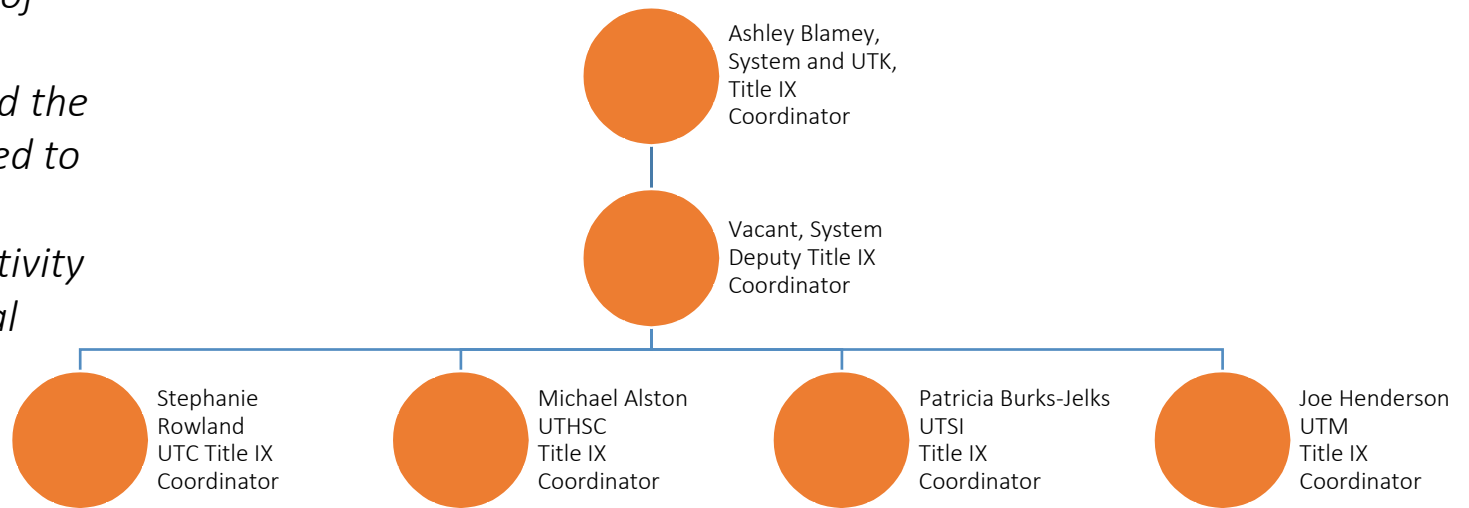
Our Home Town

Year One

1. Creation of a System-wide Title IX coordinating presence and establishment of a Title IX Model
2. Initiated an on-campus visit schedule for the evaluation of all Title IX related components with specific emphasis on issues identified by the commission report
3. Developed and implemented a monthly meeting and communications plan that ensures system-wide collaboration on current research, legal updates, trends, training opportunities and a professional network for Title IX Coordinators
4. Provided in-person system Title IX training to:
 - UT Board of Trustees Audit and Compliance Committee
 - UT President's Cabinet
 - UT Martin Chancellor's staff
 - UT Knoxville Chancellor's staff
 - UT Audit and Compliance staff
 - UT Space Institute leadership

Our Responsibility & Our Team

"No person in the United States shall, on the basis of sex, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any education program or activity receiving Federal financial assistance."



Our Model



1. **Policy**: Our foundation is in the policy and procedures we follow.
2. **Prevention & Education**: Our goal is to prevent sexual misconduct, relationship violence, stalking, and retaliation before they happen.
3. **Support & Interim Measures**: Our promise is to provide support and appropriate interim measures to individuals involved in the Title IX process.
4. **Investigation & Resolution**: Our commitments to due process, campus safety, and encouraging reporting guide how we investigate and resolve reports.
5. **Patterns & Trends**: Our responsibility is to use the best available research, evidence based practice, and our own campus and institute trends in our prevention and response efforts.

Year One

5. Launched pilot mandatory trainings, utilizing K@TE learning management system*

- UT Chattanooga faculty, staff and adjuncts (93% completion)
- UT Martin faculty, staff and adjuncts (approx. 98% completion)
- UT System Administration (100% completion)*
- UT Knoxville full-time faculty and staff (92% completion)*

6. Standardized report to Chancellors to create consistency in leadership awareness of reporting rates, prevention, patterns and trends.

7. Established the system-wide annual report to highlight the Title IX commitment, staff and prevention campaigns. The report hyperlinks to the UTK annual report and the first-ever annual reports for UTC, UTM, UTSI and UTHSC located on each campus website.

<https://titleix.tennessee.edu/>.



Collaboration

8. Hosted a statewide Title IX Summit for all two and four-year public and private colleges, universities and nonprofit organizations in Tennessee. The Summit attracted 177 attendees representing 41 institutions of higher education in Tennessee.

Following the Summit, held a dedicated half-day training day for University of Tennessee Title IX Coordinators and campus/institute representation.

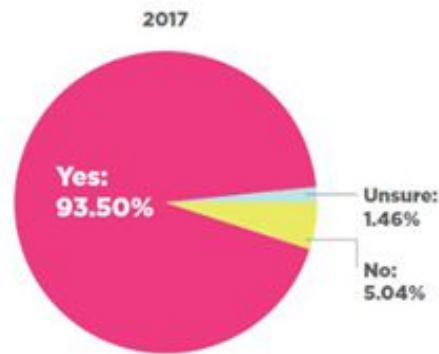
The University of Tennessee Title IX Summit

April 26, 2018
Knoxville, TN



Opportunity

9. Sexual Assault Support Services in Tasmania, UTK and UTC all using the Consent Poster Campaign



"The catchy posters will be displayed in pubs, clubs and other entertainment venues across the state"



Athletics- UTK

10. PREVENTION

- Dedicated athletic prevention team and annual prevention plan
- Helen Ross McNabb Center LIMITS
 - Healthy Decision Making & Behavioral Change
 - All 16 Teams
 - Summer Focus
- Dedicated training, programming and resource materials for athletic administration, coaches, and student-athletes
 - 1,004 Student Athletes & Student Employees
 - All coaches and coaching staff
- Increased involvement in campus-wide events
 - Red Zone – 250 Athletes
 - Hike the Hill in Heels

INVESTIGATIONS

- All investigations are managed through the Office of Conduct & Community Standards
- All support and interim measures are facilitated through the Office of Title IX
- All communication is routed through the Deputy Title IX Coordinator for Intercollegiate Athletics

PATTERNS & TRENDS

- Weekly Title IX monitoring of trends and reported concerns
- Comprehensive response to identified issues considering individual, team, and community options





Moving the Model

Five Year Plan

Year 2

- Establish a system evaluation resource that ensures prevention and process are assessed from the student perspective
- Establish system project resource of campus/institute highlight programs and materials
- Institute annual external training for Administrative Judges, Chancellors/Agency Heads, Hearing Boards
- Broaden mandatory training
- Establish a Research Cooperative
- Host second annual statewide Title IX Summit (on-going system partnership)

Year 3

- Climate survey facilitation (consider ACHA or other nationally utilized tool)
- Facilitate campus/institute self-study on all aspects of the Title IX Model
- Present nationally
- Mandatory faculty/ staff training across all campuses and institutes

Year 4

- Establish one system policy with campus specific procedures

Year 5

- Comprehensive program review by Audit & Compliance utilizing the Title IX Commission Report

Our power is in our prevention and response. The role of leadership is to establish the expectation.

Thank you & Questions

Dr. Ashley Blamey
Title IX Coordinator
titleix@tennessee.edu

THE UNIVERSITY OF TENNESSEE
BOARD OF TRUSTEES

ACTION ITEM

DATE: June 22, 2018

ITEM: **FY 2019 Operating Budget, Student Tuition and Fees, and Compensation Procedures for Additional Salary Increases during FY 2019**

RECOMMENDATION: Approval

PRESENTED BY: David L. Miller, Chief Financial Officer

The proposed FY 2019 Operating Budget, Student Tuition and Fees, Compensation Procedures for Additional Salary Increases during the Fiscal Year are presented in the following materials. Because of the importance of this item, the Vice Chair has placed it on the full Board agenda for presentation, discussion, and action.

The proposed Unrestricted, Educational and General Operating Budget is in the amount of \$1,471,503,036, and the proposed Auxiliary Operating Budget is in the amount of \$264,359,683, as shown in the following table:

<u>Institution</u>	<u>Unrestricted Educational and General</u>	<u>Unrestricted Auxiliaries</u>	<u>Restricted</u>	<u>Total</u>
Chattanooga	\$ 174,154,888	\$ 18,796,704	\$ 54,215,078	\$ 247,166,670
Knoxville	715,876,526	232,462,988	260,287,924	1,208,627,438
Martin	101,534,092	10,818,526	33,972,184	146,324,802
Heath Science Center	285,292,632	2,281,465	281,777,526	569,351,623
Institute of Agriculture	148,490,069		47,247,550	195,737,619
Institute for Public Service	21,837,565		5,931,012	27,768,577
System Administration	24,317,254		1,850,000	26,167,254
Total	\$ 1,471,503,026	\$ 264,359,683	\$ 685,281,274	\$ 2,421,143,983

The formal Resolution of approval appears on the following page.

MOTION: I move adoption of the following Resolution for Approval of the FY 2019 Operating Budget for The University of Tennessee.

**THE UNIVERSITY OF TENNESSEE
BOARD OF TRUSTEES**

**Resolution for Approval of the
FY 2019 Operating Budget**

6

WHEREAS, by state law, the Board of Trustees must approve an annual operating budget for the University; and

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

WHEREAS, the FY 2019 Budgets for Education and General (E&G) and Auxiliary Enterprises are balanced, and within available resources and comply with all applicable policies and guidelines;

NOW THEREFORE BE IT RESOLVED that:

1. The FY 2019 Unrestricted, Educational and General Operating Budget in the amount of \$1,471,503,036 and the Auxiliary Operating Budget in the amount of \$264,359,683 are approved with the understanding that if the General Assembly or the Department of Finance and Administration further alters the FY 2019 appropriations, or if changes in estimated resources require, the budget shall be modified accordingly so expenditures will not exceed available resources.
2. The FY 2019 student tuition and fee schedules, course-related fees, and other dedicated student fees presented in the FY 2019 operating budget are approved.
3. The FY 2019 salary and wage compensation plan and the FY 2019 Compensation Procedures for Additional Salary Increases during the Fiscal Year are approved.
4. Any additional general salary increases that exceed the FY 2019 salary and wage plan may only be granted upon approval by the Board of Trustees.
5. Any remaining Unrestricted Current Fund balances may be considered as a reserve for contingencies to be used for the following purposes, provided that all such changes shall be reported in a Revised Budget presented to the Board for approval:
 - 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.
6. The Chief Financial Officer is directed to develop and submit to the Board of Trustees at the 2018 fall meeting a proposed Board policy to govern the approval of expenditures from year-end carry forward unrestricted funds.

Adopted by the Board of Trustees, this 22nd day of June, 2018.

FY 2018-19 Proposed Budget

June 22, 2018



FY 2018-19 Proposed Budget Highlights

6

- The Proposed Operating Budget is balanced and within available resources.
- No Increase for In-State Undergraduate Tuition at UT Chattanooga and UT Knoxville. UT Martin up 3.0%.
- Includes a 2.5% funding pool for faculty & staff salary increases.
- Unrestricted recurring state funding up \$28.7 million.

Total Revenues: All Funds

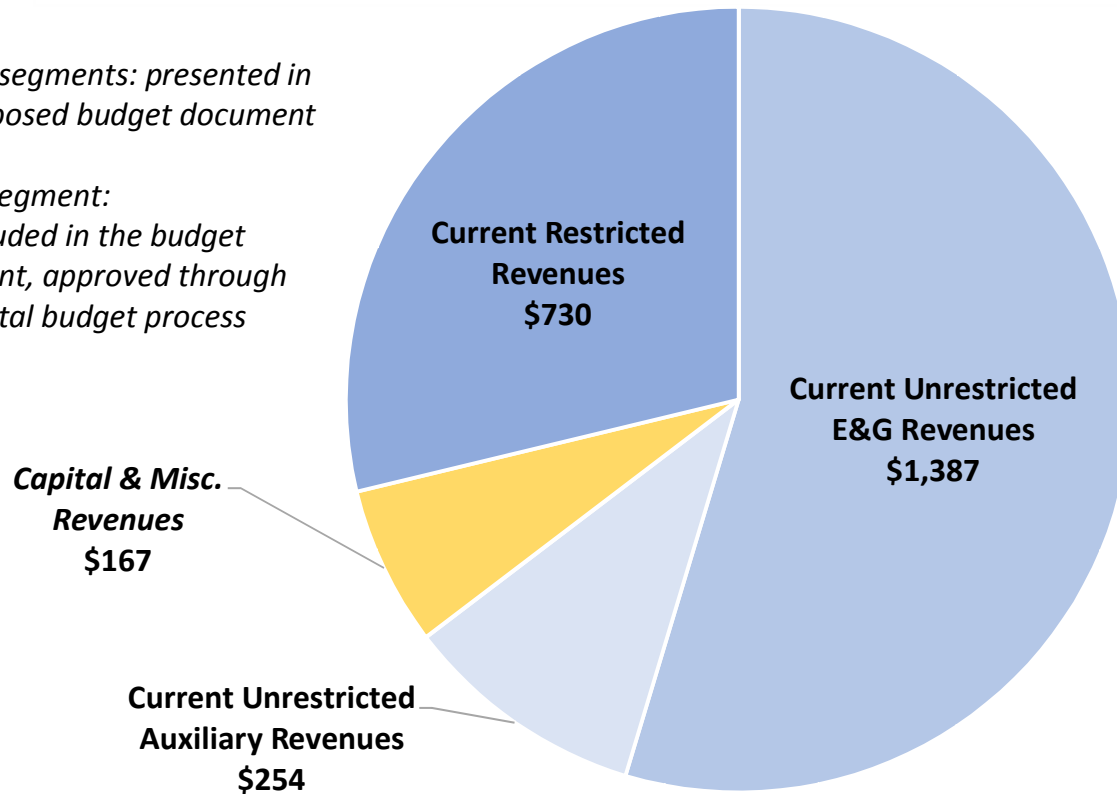
- Current Operating Revenues
 - *Presented in proposed budget document*
 - Unrestricted Educational & General (E&G) *(Board action item)*
 - Unrestricted Auxiliary *(Board action item)*
 - Current Restricted Funds
 - *Presented for information purposes (not a Board action item)*
- Capital & Misc. Revenues
 - *Approved through the capital budget process*
 - Primarily appropriations, grants, and gifts used for capital projects and debt service

Total 2016-17 Actual Revenues: \$2.54 billion

\$-millions

All blue segments: presented in the proposed budget document

Yellow segment: not included in the budget document, approved through the capital budget process

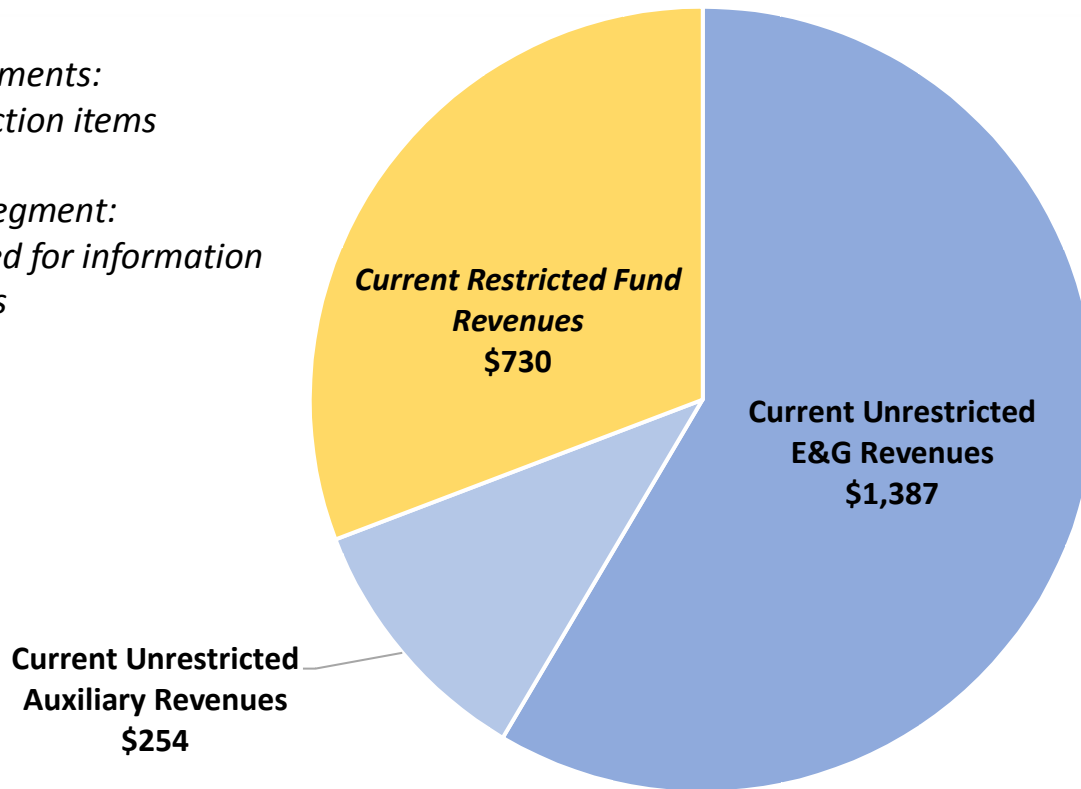


2016-17 Actual Operating Revenues: \$2.37 billion

\$-millions

*Blue segments:
Board action items*

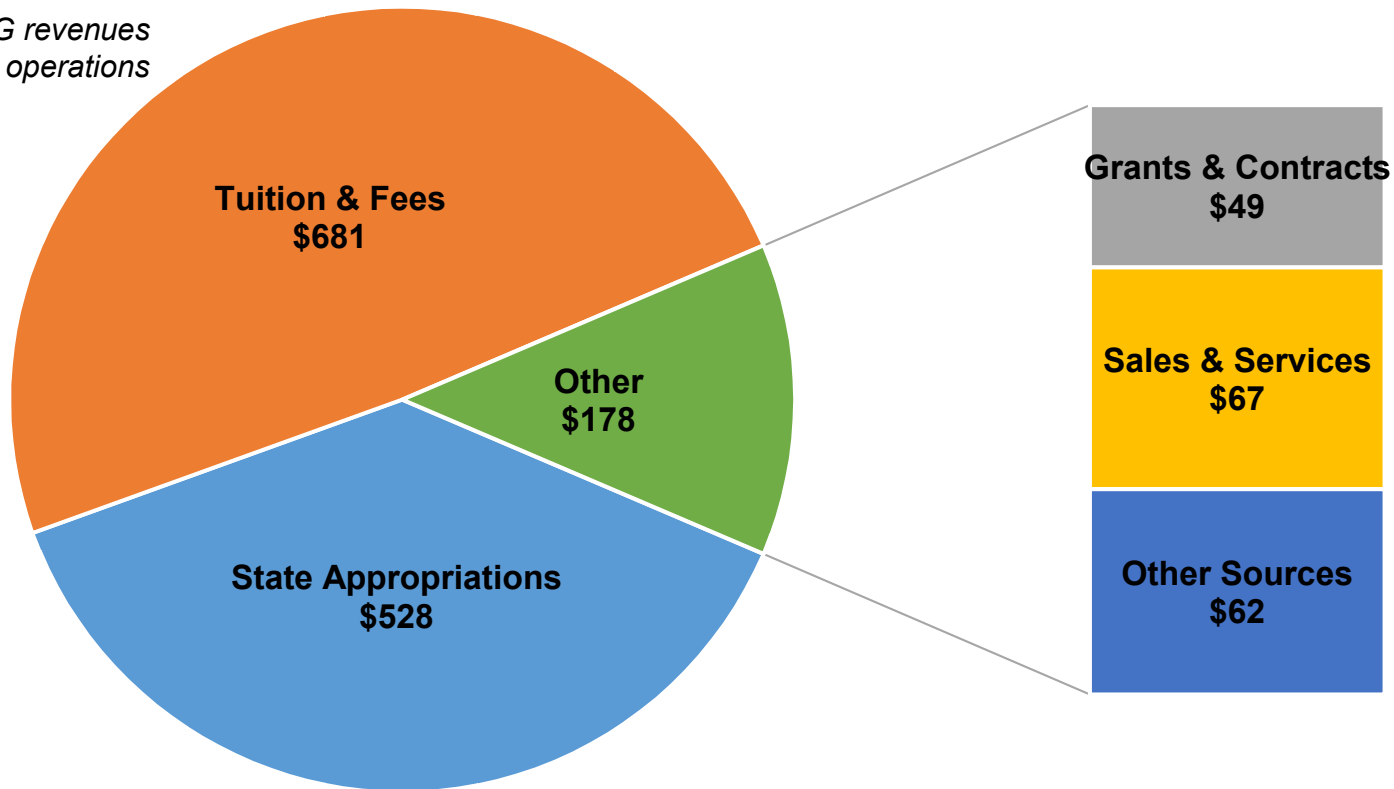
*Yellow segment:
presented for information
purposes*



2016-17 Actual Unrestricted E&G Revenues: \$1.387 billion

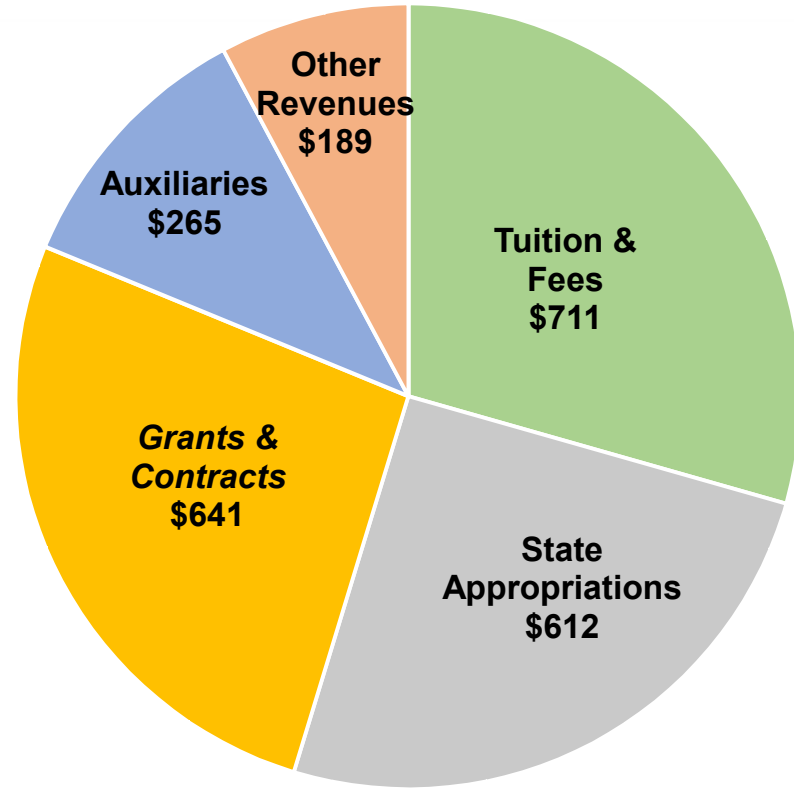
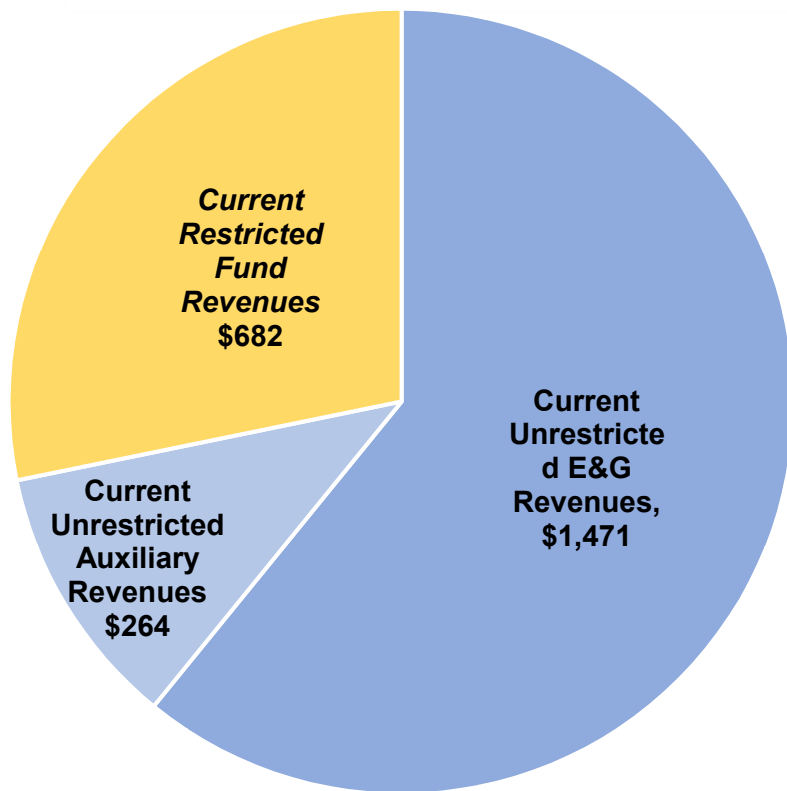
\$-millions

Unrestricted E&G revenues support the core operations of the university



2018-19 Proposed Operating Budget: \$2.42 billion

\$-millions



2018-19 Unrestricted Current Fund Sources & Uses

\$-millions

Proposed Budget	E&G	Auxiliary	Total
Beginning Balances	\$ 88.2	\$ 21.0	\$ 109.2
Revenues	<u>1,471.2</u>	<u>264.4</u>	<u>1,735.6</u>
AVAILABLE FUNDS	\$ 1,559.4	\$ 285.4	\$ 1,844.8
Expenditures	\$ 1,462.8	\$ 198.4	\$ 1,661.2
Transfers	<u>8.7</u>	<u>65.9</u>	<u>74.6</u>
EXPENDITURES & TRANSFERS	\$ 1,471.5	\$ 264.3	\$ 1,735.8
ENDING BALANCES	\$ 87.9	\$ 21.1	\$ 109.0

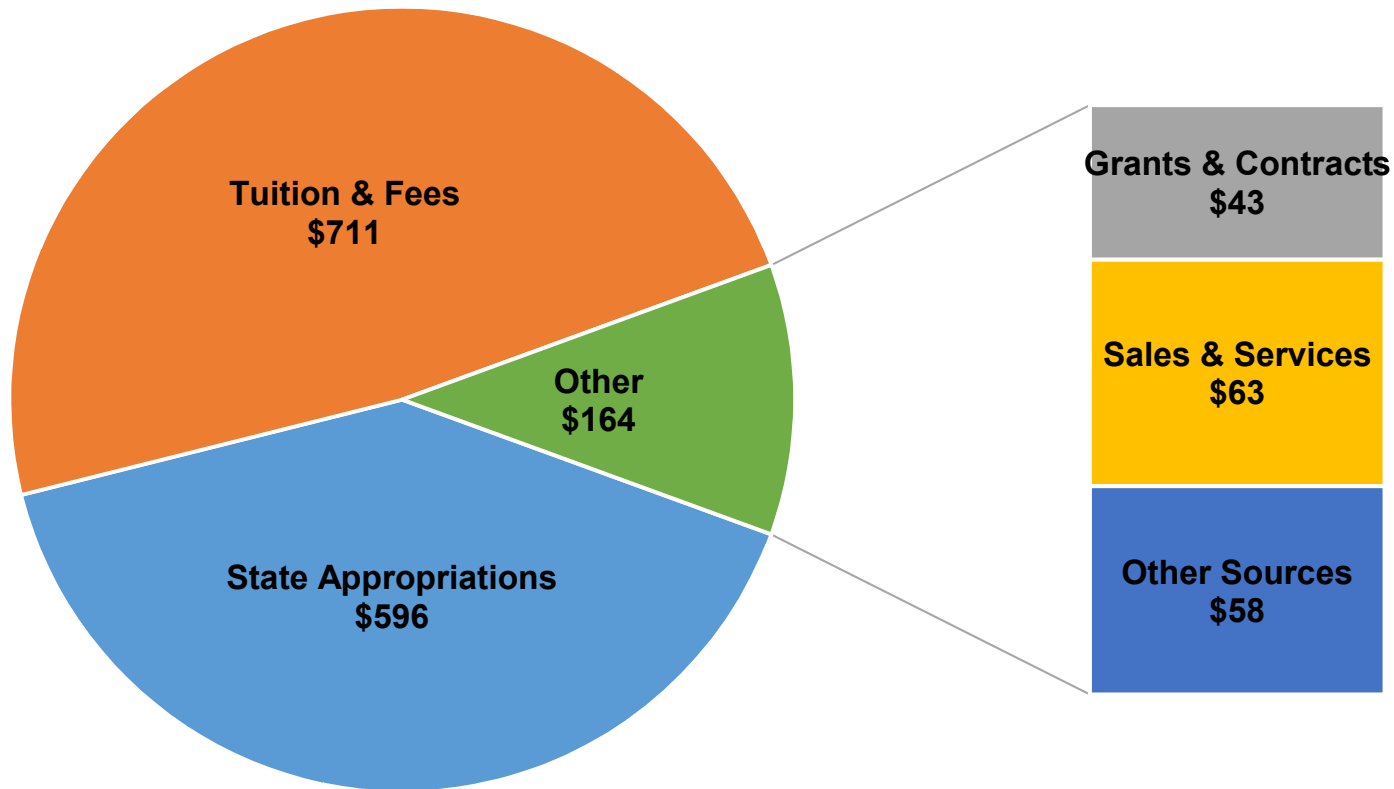
6

Balances include current working capital, encumbrances, revolving funds, reappropriations, and unallocated “rainy day” funds. *Definitions are on page A-14.*

Prior year, carry forward Renewal & Replacement funds which totaled \$553.6M on 7/1/2017 are not included.

2018-19 Unrestricted E&G Revenue Budget: \$1.47 billion

\$-millions



2018-19 Unrestricted E&G Revenue Budgets

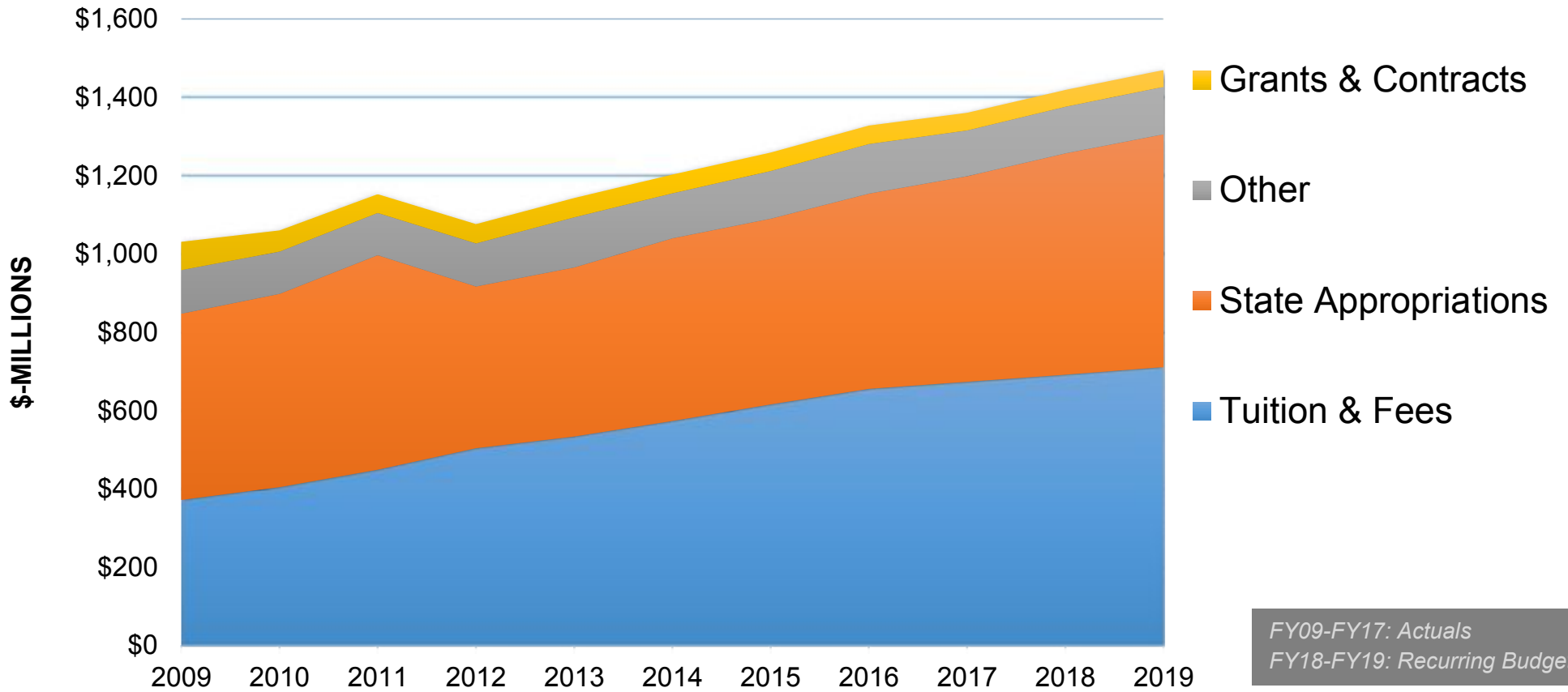
\$-millions

6

Funding Sources	FY 2017-18	FY 2018-19	Change	
Tuition & Fees	\$695.1	\$711.2	\$16.2	2.3%
State Appropriations	573.0	595.8	22.8	4.0%
Educational Services	62.8	63.3	0.5	0.8%
Other	56.4	57.6	1.2	2.1%
Grants & Contracts	44.0	43.3	(0.7)	(1.7)%
TOTAL	\$1,431.3	\$1,471.2	\$39.9	2.8%

Revenue Trends

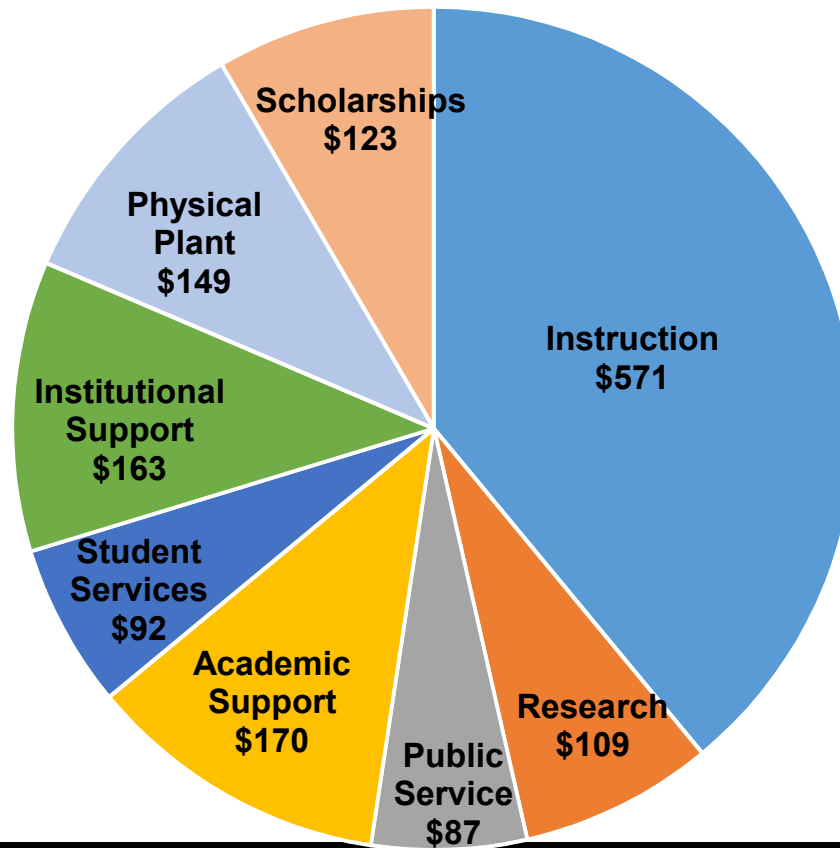
Unrestricted E&G Funds



2018-19 Unrestricted E&G Expenditure Budget: \$1.46 billion

\$-millions

6



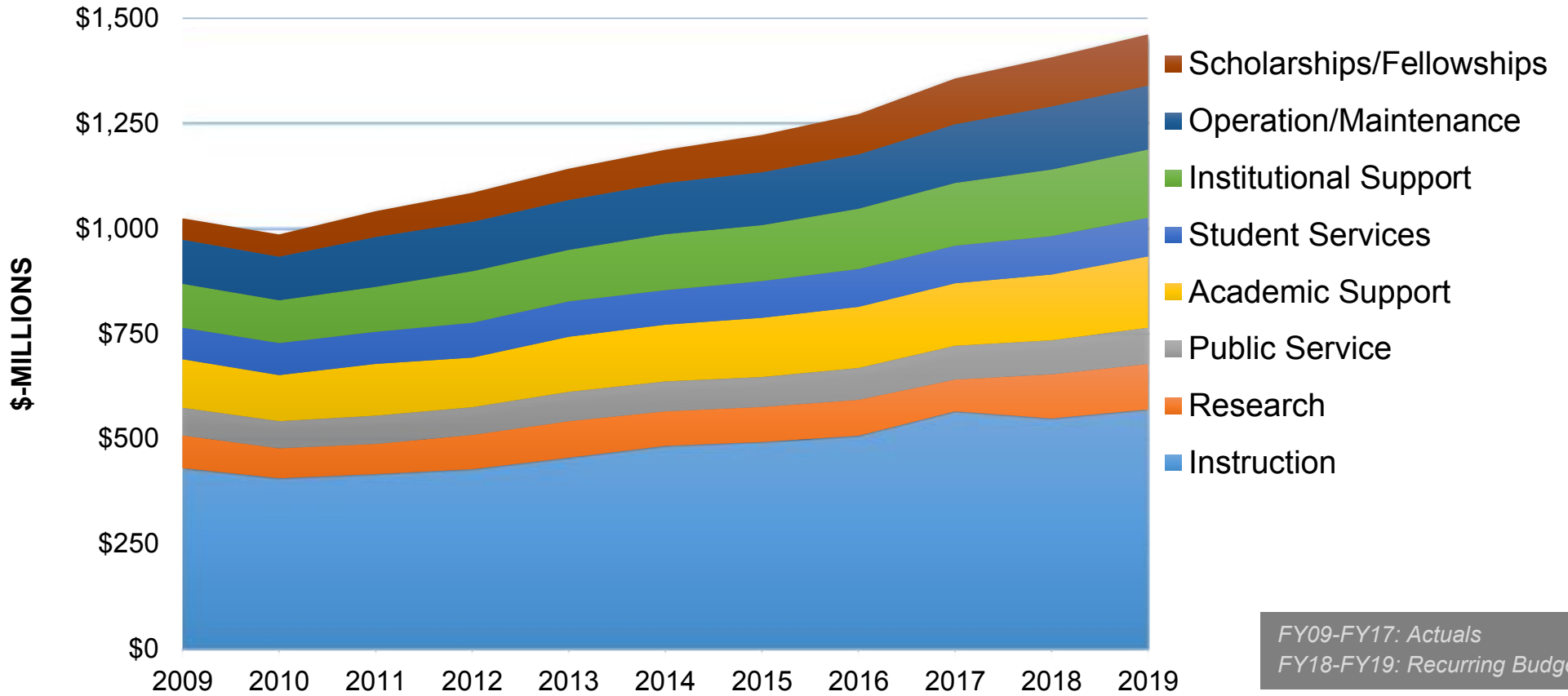
Recurring Unrestricted E&G Expenditure Budgets

\$-millions

Functional Area	FY 2017-18	FY 2018-19	Change	
Instruction	\$548.8	\$569.9	\$21.1	3.9%
Research	104.9	108.1	3.2	3.1%
Public Service	80.6	86.3	5.7	7.1%
Academic Support	156.5	169.9	13.4	8.6%
Student Services	91.2	91.9	0.7	0.8%
Institutional Support	158.3	162.2	3.9	2.4%
Operations/Maintenance	150.2	151.8	1.6	1.0%
Scholarships/Fellowships	116.9	121.6	4.7	4.1%
TOTAL	\$1,407.4	\$1,461.7	\$54.3	3.9%

6

Expenditure Trends Unrestricted E&G Funds



Unrestricted Current and Carry Forward Fund Balances

Current Funds: Included in Annual Operating Budget E&G and Auxiliaries	FY 2018-2019 Budget	Carry Forward Funds: Reported in Audited Financial Statements	FY 2017 Year-End
Working Capital Required by Statute Petty cash, receivables, inventories	\$30.3	Renewal and Replacement Unrestricted Education & General Funds	\$553.6
Revolving Funds Supports self-sustaining activities	\$14.4	Unexpended Plant Funds <i>Committed</i>	\$54.6
Encumbrances Purchases received and paid in coming year	\$2.9	Debt Service <i>Committed</i>	\$32.6
Reappropriations Allocations for specific future projects	\$5.9	Quasi-Endowments <i>Committed</i>	\$14.0
Unallocated Auxiliaries	\$9.9	Total	\$654.8
Unallocated Education & General	\$45.5	<u>GASB Required Accounting Entries</u> Benefits Liabilities	\$(314.8)
Total	\$108.9	Investment in plant funds; interest payable	\$(6.2)

\$-millions

Unrestricted Carry Forward Cash Balance Template *EXAMPLE*

Educational & General (E&G) Funds	Level of Commitment			
	Obligated	Planned	Reserved	Discretionary
Science/Engineering Equip.				
Faculty Start Up				
Future Capital Project				
<i>DESIGNATED REVENUES:</i>				
Activity Fee				
Technology Fee				
TOTAL				

6

Beginning in fall 2018 and annually thereafter, the University will report total unrestricted prior year carry forward fund balances by institution and by level of commitment.

Unrestricted Carry Forward Cash Balance Template *EXAMPLE*

Auxiliary Enterprise Funds	Level of Commitment			
	Obligated	Planned	Reserved	Discretionary
Residence Hall Maintenance/Equip.				
Food Service Maintenance/Equip.				
Parking Svcs. Maintenance/Equip.				
Bookstore Maintenance/Equip.				
Athletics Eqpt. & Renovations				
Golf Facility Renewal/Replacement				
TOTAL				

6

Beginning in fall 2018 and annually thereafter, the University will report total unrestricted prior year carry forward fund balances by institution and by level of commitment.

A New Budgeting Model

6

Resolution specifies expenditure budgets for Unrestricted E&G and Auxiliaries.

Budget presentation includes prior-year carry forward amounts in addition to current funds.

Going Forward:

Fall 2018 report itemizing prior-year carry forward and categorizing funds by level of commitment; and a new Board of Trustee policy creating an expenditure approval process.

For FY 2019-20 operating budget, project FY 2018-19 year-end carry forward, in addition to annual revenue and expense, and projected ending balance.

The full budget document provides additional details such as:

- Five year comparison of state appropriations (B-5)
- Proposed budget by institution including restricted and unrestricted funds (B10)
- Five year comparison of revenue and expense for all funds (B-12)
- Proposed budget by natural classification, by institution, and 3 year comparison (B-14,15)
- Proposed budget details by institution (B 19-25)

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	Knoxville	B-20
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	Health Science Center	B-22
	Institute of Agriculture	B-23
	Institute for Public Service	B-24
	System Administration	B-25

Discussion and Questions

Proposed Budget Document FY 2018-19

6.1



THE UNIVERSITY *of* TENNESSEE

KNOXVILLE • CHATTANOOGA • MARTIN • MEMPHIS • TULLAHOMA

THE UNIVERSITY *of* TENNESSEE

6.1

Chattanooga

Knoxville
Space Institute

Martin

Health Science Center

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

Institute for Public Service
Institute for Public Service
Municipal Technical Advisory Service
County Technical Assistance Service

System Administration

THE UNIVERSITY OF TENNESSEE

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6.1

Message from the Chief Financial Officer

The FY 2018-19 proposed operating budget allocates available funding to the university's current operations for the fiscal year beginning July 1, 2018 and ending June 30, 2019. 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.

Ensuring student access and affordability is a partnership between the university and the state. During recent years, reliable state funding combined with efficiency efforts and prudent fiscal management by the university, have resulted in the lowest tuition increases in the history of the UT System. FY 2018-19 will be the fourth year in a row of historically low tuition increases. Resident undergraduate tuition will not increase at UT Knoxville and UT Chattanooga. UT Martin will implement a modest 3% tuition increase. There will be few increases to other student fees.

Recurring unrestricted state funding will increase by \$28.7 million. This includes state formula funds generated by productivity gains made by UT's three "formula units" (Chattanooga, Knoxville, and Martin), funding for a 2.5% salary pool, \$2.5 million to offset the cost of health insurance premium increases, and other adjustments. During a time when state funding for public higher education is uncertain in many states, Tennessee has made good on its commitment to make higher education a top priority.

The increases in state funding and growth in other revenue sources, including tuition and fees, will support \$54.5 million in new recurring unrestricted educational and general (E&G) expenditures. Most of these funds will be used to fund the 2.5% salary pool,

institutionally funded scholarships, operating inflation, and fixed-cost increases. The remainder will be used to fund modest improvements and enhancements in student services and academic programs, new faculty and staff positions, faculty promotions and start ups, safety and security, strategic enrollment plans, campus improvements, and facilities and equipment.

University administration proposes a 2.5% salary increase pool to reward performance and adjust for salary market factors. The total cost of the salary plan is estimated at \$28.4 million. \$22.1 million will be funded from unrestricted E&G revenues using \$15.8 million in state funds earmarked for the salary pool, state formula unit performance funding, student tuition and fees, and other unrestricted revenues. Approximately \$5.1 million will be funded by restricted grants, contracts, gifts, and endowments. The remaining \$1.2 million is for employees of auxiliary enterprises, which will use fees and athletics revenues to fund the salary increases.

The state will provide \$59.6 million in capital appropriations: \$47.5 million for six capital maintenance projects, \$8.1 million for the College of Veterinary Medicine Teaching and Learning Center, and \$4 million in pre-planning funds for the UT Institute of Agriculture Energy and Environmental Science building. (Details on capital funding are presented in a separate document.)

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,

David L. Miller

David L. Miller
Chief Financial Officer

FY 2018-19 PROPOSED BUDGET

Unrestricted E&G Revenues	
FY 2011-12	\$1.08B
FY 2012-13	\$1.14B
FY 2013-14	\$1.20B
FY 2014-15	\$1.26B
FY 2015-16	\$1.33B
FY 2016-17	\$1.39B
FY 2017-18	\$1.43B
FY 2018-19	\$1.47B

FY 2018-19 Quick Facts	
Enrollment (Fall 2017)	49,879
Capital Outlay	\$ 12.1M
Capital Maintenance	\$ 47.5M

Total Current Funds	
Revenues	\$2.42B
Tuition & Fees	\$711.2M
<i>% of Revenues</i>	29%
State Appropriations	\$611.9M
<i>% of Revenues</i>	25%
Positions	13,763

Unrestricted E&G Funds	
Revenues	\$1.47B
Tuition & Fees	\$711.2M
<i>% of Revenues</i>	48%
State Appropriations	\$595.8M
<i>% of Revenues</i>	40%
Positions	10,288

Overview

The University of Tennessee (UT) FY 2018-19 proposed budget current fund operating revenues total \$2.4 billion: \$1.5 billion in unrestricted educational and general (E&G) funds, \$682 million in restricted E&G funds and \$265 million in auxiliary funds. This is a 2.2% increase from the FY 2017-18 probable budget.

TOTAL OPERATING REVENUE (\$ millions)

Revenue Source	FY 2018 Probable	FY 2019 Proposed	Change	
Unrestricted E&G	\$ 1,431.3	\$ 1,471.2	\$39.9	2.8%
Restricted E&G	676.2	681.7	5.5	0.8%
Auxiliaries	256.9	264.6	7.7	3.0%
Total	\$ 2,364.4	\$ 2,417.5	\$53.1	2.2%

Amounts may not add due to rounding.

The proposed budget for current unrestricted E&G funds and current unrestricted auxiliary funds are presented by university administration for consideration and approval by the Board of Trustees. This document provides a narrative analysis and detailed schedules of these funds. It also includes detailed schedules on proposed student tuition and fees recommended for Board approval.

Unrestricted E&G funds support the core operations of the university, which include instruction, institutionally funded research, public service, academic support, student services, institutional support, facilities operations and maintenance, and institutionally funded scholarships and fellowships. They are funded primarily through student tuition and fees and state appropriations.

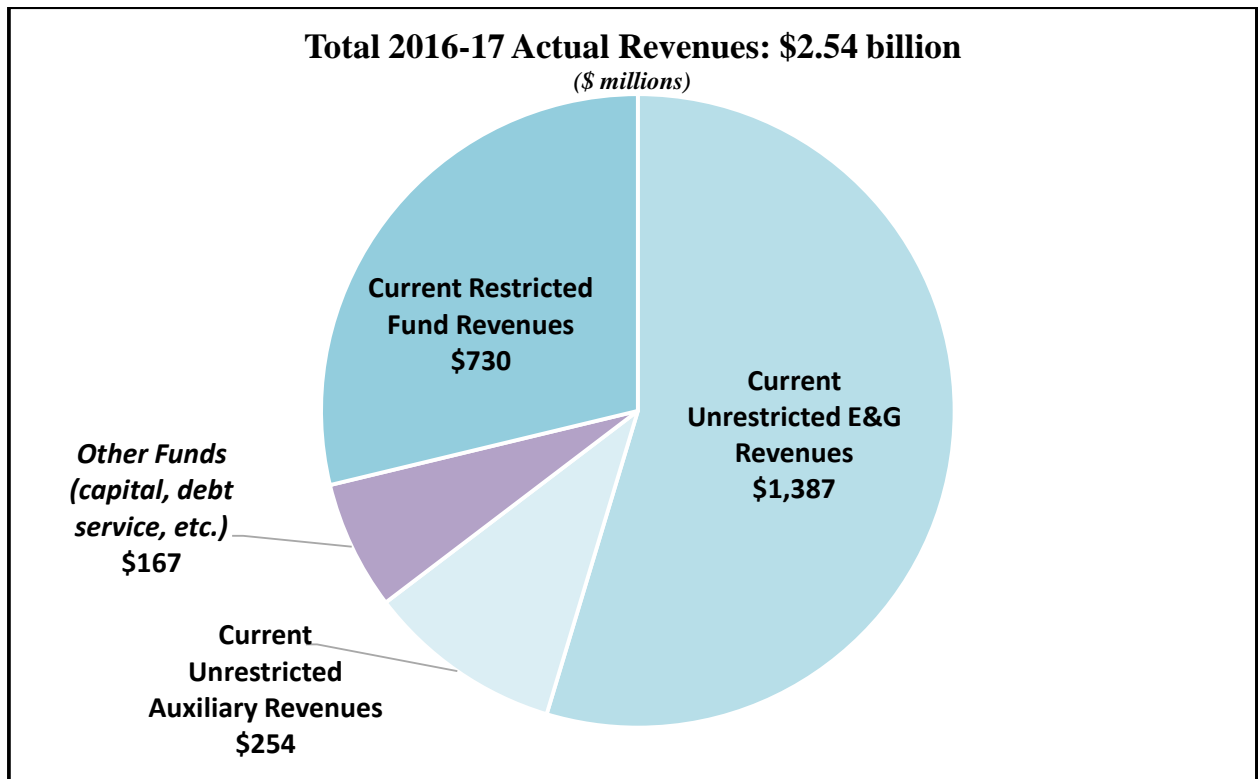
FY 2018-19 PROPOSED BUDGET

Auxiliaries are self-supporting enterprises which furnish services to students, faculty, and staff such as housing, bookstores, food services and UT Knoxville (UTK) athletics. Most are funded through fee models such as housing rentals, dining plan prices, and sales of books and supplies.

This document also provides information on current restricted operating funds for information purposes. These funds represent a vital component of the university's operations, in particular in the areas of research and student financial aid, but the use of these funds is directed by the granting agencies and donors who provide the revenue. At any point in time, the university is managing hundreds of grants, contracts, gift funds, and endowments, each having its own unique contractual terms and conditions. Consequently, these funds are typically unavailable to be allocated to general university operations. The information presented for these funds provides context of how the proposed current unrestricted fund operating budget fits into the university's total financial resources for FY 2018-19 current operations.

The university also manages other funds that are unrelated to current operations. These include funds for renewal and replacement, capital construction and maintenance, debt service, and permanent endowments. Information on these funds are not presented in this document. The university's annual audited financial statements provide detailed information on the sources, uses, and net balances of these fund groups.

6.1



FY 2018-19 PROPOSED BUDGET

Unrestricted E&G Revenues

Unrestricted E&G Revenue Summary

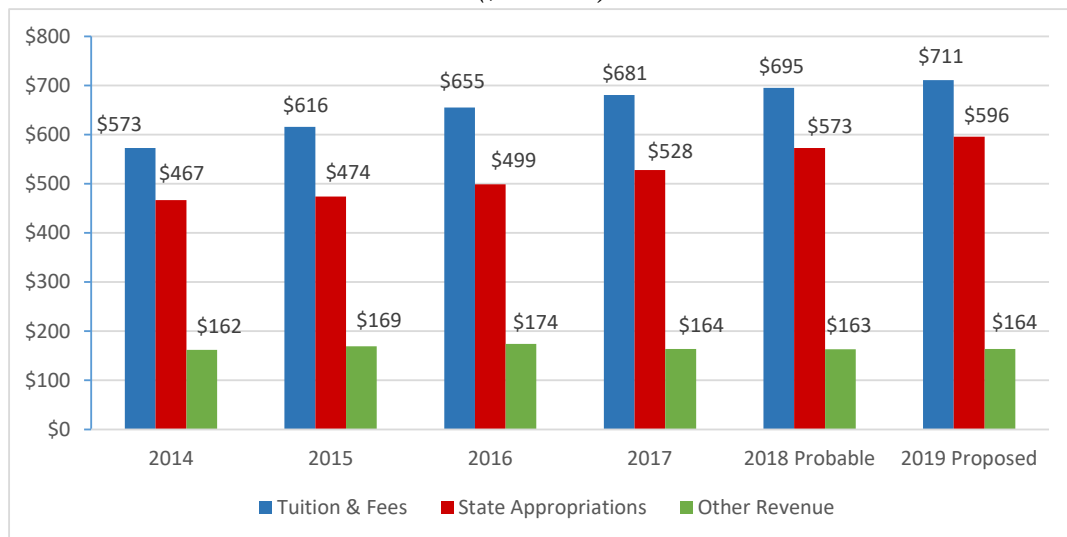
Revenue Source	FY 2017-18 Probable	FY 2018-19 Proposed	Change	
Tuition & Fees	\$ 695,058,937	\$ 711,215,155	\$ 16,156,218	2.3%
State Appropriations	573,008,552	595,792,552	22,784,000	4.0%
Other Revenues	163,244,395	164,158,418	914,023	0.6%
Total E&G Revenues	\$ 1,431,311,884	\$ 1,471,166,125	\$ 39,854,241	2.8%

6.1

Unrestricted E&G revenues are up \$39.9 million with the largest increase coming from state appropriations (\$22.8 million) followed by tuition and fees (\$16.2 million). This continues the trend in recent years during which state funding growth, combined with efficiency efforts, has resulted in the lowest tuition increases since the UT System was established.

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 88.8% in FY 2018-19. Tuition and fee revenue increased its share of total funding dramatically from FY 2007-08 to FY 2011-12 as state appropriations dropped by more than \$125 million. An improving economy and commitment to funding higher education on the part of state leaders reversed this trend in recent years.

FY 2018-19 PROPOSED BUDGET

Tuition and Fee Revenues

Fee Type	FY2017-18 Probable	FY2018-19 Proposed	Change	
Maintenance Fees	\$ 491,501,545	\$ 501,812,146	\$ 10,310,601	2.1 %
Non-Resident Tuition	70,794,696	72,414,553	1,619,857	2.3 %
Program and Service Fees	72,150,348	73,844,290	1,693,942	2.3 %
Other Student Fees	52,958,463	55,156,792	2,198,329	4.2 %
Extension Enrollment Fees	7,653,885	7,987,374	333,489	4.4 %
Total Tuition and Fees	\$ 695,058,937	\$ 711,215,155	\$ 16,156,218	2.3%

Tuition and fees at UT campuses remain competitively priced relative to peer institutions and the value of a UT degree is widely recognized. All UT campuses are routinely featured in “best-buy” lists including The Princeton Review, Kiplinger’s Personal Finance, U.S. News & World Report, and the Washington Monthly’s list of “Best Bang for the Buck Southern Colleges” among others. In recent years, both UT Knoxville and UT Chattanooga made U.S. News & World Report’s list of best campuses for veterans and UT Martin was recognized as a “2018 Military Friendly School” by Victory Media.

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 in addition to the maintenance fee 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.

Budgeted tuition and fee revenues increase \$16.2 million. Just over one-third of this increase (\$5,719,612) is expected to result from the proposed tuition and fee changes for fall 2018. The remaining \$10,436,606 is related to projected enrollment changes and adjustments to recurring revenue budgets to reflect stronger than projected enrollment growth in past years. A management discussion of the projected increase in tuition and fee revenues resulting from proposed tuition and fee changes and their intended uses can be found later in this document in Section C (**FY 2018-19 Proposed Tuition and Fees**).

6.1

FY 2018-19 PROPOSED BUDGET

Unrestricted State Appropriations

Adjustments	Recurring	Non-Recurring	Total
FY 2017-18 Probable Budget	\$ 565,972,952	\$ 7,035,600	\$ 573,008,552
Non-Recurring Appropriations		(7,035,600)	(7,035,600)
CCTA Formula Adjustment	814,700		814,700
Funding Formula Outcome Productivity	8,385,100		8,385,100
2.5% Salary Pool	15,787,400		15,787,400
Health Insurance Premium Increases	2,501,300		2,501,300
UTIA Genomics Center	860,000		860,000
Miscellaneous adjustment	398,100		398,100
Tuition and Fee Waivers Estimate		873,000	873,000
Minority Teaching Scholarships		200,000	200,000
Total Change	\$28,746,600	(5,962,600)	22,784,000
FY 2018-19 Proposed Budget	\$ 594,719,552	\$ 1,073,000	\$ 595,792,552

Unrestricted state appropriations increase \$22.8 million. Appropriations for recurring operations will increase by over \$28.7 million. Most of this (\$24.2 million) is funding for a 2.5% salary pool and performance gains at UT's three "formula units" (UT Chattanooga, UT Knoxville, and UT Martin). The revenue generated by formula unit performance gains are calculated through the Tennessee Higher Education Commission (THEC) funding formula based on improvements in student success metrics and external funding. UT campuses routinely lead the state in these productivity improvements. UT also received \$2.5 million to offset the employer share of premium increases in the state's health insurance program.

The state is providing recurring funds for the UT Institute of Agriculture (UTIA) Genomics Center for the Advancement of Agriculture to conduct cutting edge research and produce graduates with unique skillsets in the growing field of livestock genetics. The center is expected to benefit Tennessee farmers and agribusinesses improve livestock fertility, soundness, pest and disease resistance, feed efficiency, and longevity.

Non recurring appropriations decrease by \$6 million in one-time startup funds for a new doctoral program in data analytics at UTK's Bredesen Center and other non-recurring items which are included in the FY 2017-18 budget. .

The UT Health Science Center (UTHSC) will receive \$2 million in non-recurring funds for its Center of Excellence in Addiction Medicine as part of the Governor's "Tennessee Together Opioid Initiative." The Center provides clinical treatment services including cognitive behavioral therapy, medication-assisted treatment, motivational enhancement therapy, and 12-step program facilitation across all demographics. The Center also trains physicians to offer alternative forms

FY 2018-19 PROPOSED BUDGET

of pain therapy to avoid over-prescription of opioids. This funding was added to the state's appropriations bill near the end of the legislative session, which was too late to include in the proposed budget document schedules. It will be added to the mid-year revised budget that will be submitted to the Board of Trustees at its spring 2019 meeting.

6.1

Other Revenues

Other Revenues

Revenue Source	FY 2017-18 Probable	FY 2018-19 Proposed	Change	
Grants and Contracts	43,982,356	43,237,280	(745,076)	(1.7) %
Sales & Services	62,847,073	63,329,502	482,429	0.8 %
Miscellaneous	56,414,966	57,591,636	1,176,670	2.1 %
Total Other Revenues	\$ 163,244,395	\$ 164,158,418	\$ 914,023	0.6 %

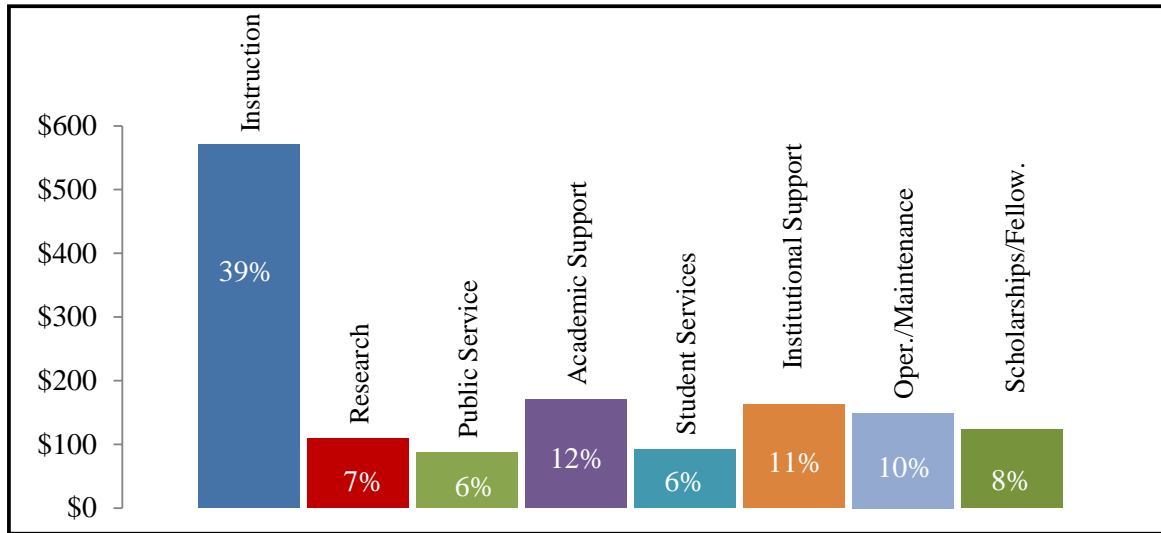
The \$914,023 increase in other revenues is immaterial in relation to the total revenue increase of \$39.9 million. The revenues shown above include sales from operations that generally provide services to the public (this does not include auxiliary enterprises, which typically provide services to faculty, 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. There are no significant changes expected to these revenue streams and their related operations.

FY 2018-19 PROPOSED BUDGET

Unrestricted E&G Expenditures

Unrestricted E&G Expenditures by Function

(\$ millions)

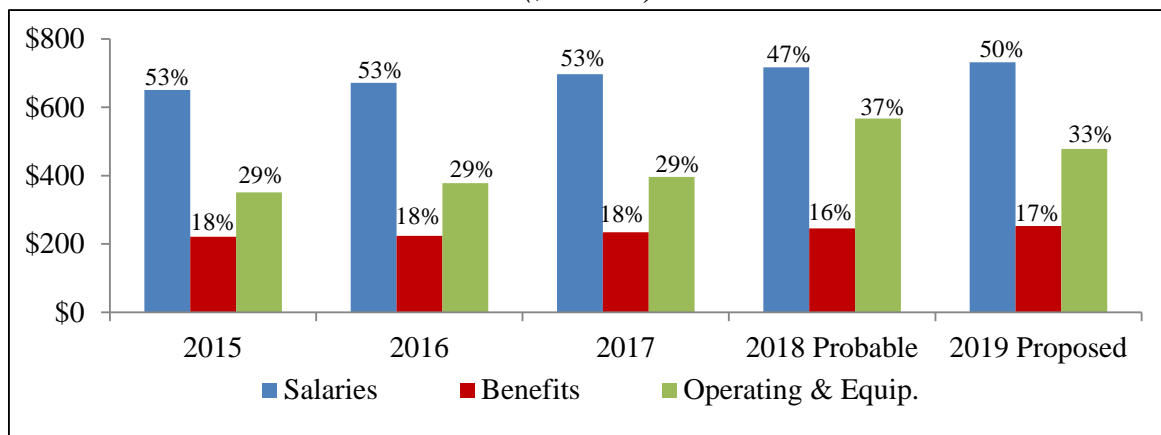


6.1

Unrestricted E&G expenditures are budgeted at \$1.46 billion among the eight functional areas shown in the chart above. Instruction accounts for the lion’s share. Unrestricted E&G budgets for research, scholarships and fellowships show only general funds allocated to these functions. Most of their funding comes from restricted grants, contracts, gifts, and endowments rather than state appropriations or tuition and fees. Institutional support and operation & maintenance of physical plant support all university operations, including those funded through restricted and auxiliary funds. The chart below shows that personnel costs account for around 67% of expenditures.

Unrestricted E&G Expenditures by Natural Classification

(\$ millions)



FY 2018-19 PROPOSED BUDGET

Unrestricted E&G Expenditures by Functional Category

Functional Category	FY 2017-18 Probable	FY 2018-19 Proposed	Change	
Instruction	\$ 584,471,742	\$ 570,658,457	\$ (13,813,285)	(2.4) %
Research	150,462,069	108,656,998	(41,805,071)	(27.8) %
Public Service	93,982,307	86,506,110	(7,476,197)	(8.0) %
Academic Support	178,119,863	169,917,388	(8,202,475)	(4.6) %
Student Services	95,208,568	91,907,823	(-3,330,745)	(3.5) %
Institutional Support	165,401,404	163,417,869	(1,983,535)	(1.2) %
Operation & Maint.of Plant	149,556,862	148,986,294	(570,568)	(.4) %
Scholarships and Fellowships	112,427,064	122,709,656	10,282,592	9.1 %
Total E&G Expenditures	\$ 1,529,629,879	\$1,462,760,595	\$ (66,869,284)	(4.4) %
Transfers	\$ (89,439,679)	\$ 8,742,431	\$ 98,182,110	109.8%
Expenditures & Transfers	\$ 1,440,190,200	\$1,471,503,026	\$ 33,744,527	2.2 %

The large declines in budgeted expenditures shown above can be easily misinterpreted. They do not reflect changes in ongoing plans, priorities, and operations. It is common practice to base proposed expenditure budgets, which are developed before year-end carry forward amounts are known, to plans for recurring operations. Campuses and institutes typically determine how carry forward funds will be allocated in September and October, after the Controller's Office completes the year-end closing process and final carry forward balances are known. These allocations are made through mid-year non-recurring budget adjustments which are included in the revised budget document presented to the Board at its winter or spring meeting.

The FY 2017-18 probable budget includes \$114.3 million in non-recurring funds that were added to the budget mid-year after actual enrollments and the amount of funds carried over from FY 2016-17 were known. These funds were allocated to departments for one-time projects such as facility maintenance, equipment replacements, faculty startup packages, bridge funding for research operations, lab upgrades, faculty incentives, campus improvements, energy conservation projects, and information technology infrastructure. These budgets set authorized spending levels to guide the decisions of deans, directors, and department heads. They are not projections of actual expenditures, rather a management tool that ensures that expenditures are directed to campus/institute priorities and within available levels of funding. Unused non-recurring funds will be carried forward to FY 2018-19 for use on similar non-recurring projects and reflected in the FY 2018-19 revised budget.

An analysis of the change in recurring expenditure budgets follows. It is a better reflection of plans and priorities for core operations in FY 2018-19.

FY 2018-19 PROPOSED BUDGET

Recurring Unrestricted E&G Expenditures

Recurring Expenditures by Functional Category

Functional Area	FY 2017-18 Probable	FY 2018-19 Proposed	Change	
Instruction	\$ 548,763,273	\$ 569,944,104	\$ 21,180,831	3.9 %
Research	104,921,671	108,136,764	3,215,093	3.1 %
Public Service	80,570,925	86,313,338	5,742,413	7.1 %
Academic Support	156,508,905	169,909,988	13,401,083	8.6 %
Student Services	91,194,897	91,907,823	712,926	0.8 %
Institutional Support	158,284,076	162,162,035	3,877,959	2.4 %
Operation & Maint.of Plant	150,187,564	151,764,047	1,576,483	1.0 %
Scholarships and Fellowships	116,852,324	121,644,056	4,791,732	4.1 %
Total E&G Expenditures	\$ 1,407,283,635	\$ 1,461,782,155	\$ 54,498,520	3.9 %
Transfers	7,077,182	8,035,099	957,917	13.5 %
Expenditures & Transfers	\$ 1,414,360,817	\$ 1,469,817,254	\$55,456,437	3.9%

6.1

Recurring Expenditures by Natural Classification

Natural Classification	FY 2017-18 Probable	FY 2018-19 Proposed	Change	
Academic Salaries	\$ 355,340,318	\$ 362,692,446	\$ 7,352,128	2.1 %
Non-Academic Salaries	350,751,891	359,376,812	8,624,921	2.5 %
Student Employees	8,531,029	8,561,574	30,545	0.4 %
Total Salaries	\$ 714,623,238	\$ 730,630,832	\$ 16,007,594	2.2%
Staff Benefits	245,133,874	252,706,041	7,572,167	3.1 %
Total Salaries & Benefits	\$ 959,757,112	\$ 983,336,873	\$ 23,579,761	2.5%
Operating & Equipment	447,526,523	478,445,282	30,918,759	6.9 %
Total Expenditures	\$ 1,407,283,635	\$1,461,782,155	\$ 54,498,520	3.9 %

The tables above show only funds for recurring operations and exclude non-recurring budgets. Recurring expenditure budgets are up \$54.5 million (3.9%). Over half of the increase will be used for a 2.5% salary pool for faculty and staff salary increases (\$22.1 million), health insurance premium increases (\$2.5 million), and institutionally-funded student financial aid (\$4.8 million). Roughly \$9.2 million is needed to keep up with operating inflation and fund fixed-cost increases such as contract escalations.

The remaining \$16 million will be used for improvements and enhancements such as new faculty and staff positions, faculty promotions and startups, enhanced student services and academic programs, strategic enrollment plans, campus improvements, and

FY 2018-19 PROPOSED BUDGET

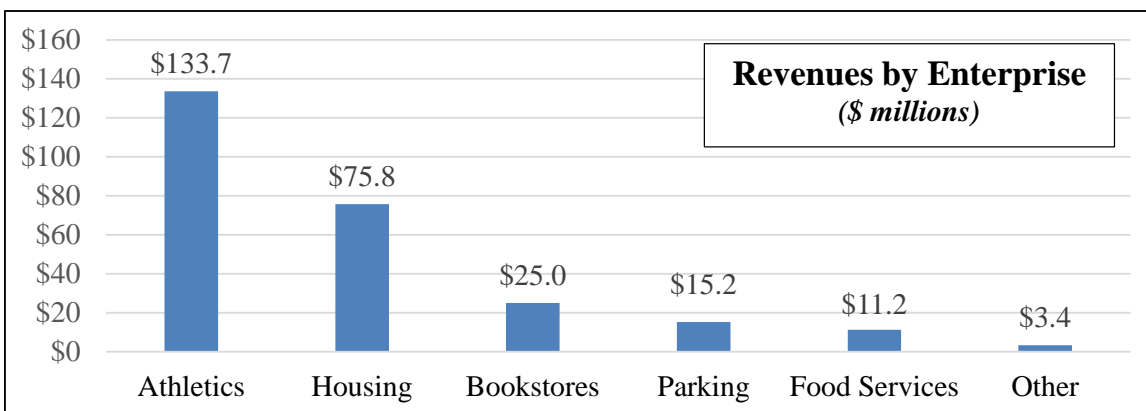
facilities and equipment. Many of these improvements are needed to maintain program accreditation, respond to market pressures from competitor institutions, meet student demand for specific programs/services, ensure campus safety and security, and comply with a continuously evolving regulatory environment.

Auxiliary Enterprises

Auxiliaries are self-supporting enterprises which furnish services to students, faculty, and staff such as housing, bookstores, food services and UTK athletics. (The athletic programs at Chattanooga and Martin are included in unrestricted E&G funds.) Most are funded through fee models such as housing rentals, dining plan prices, parking permits, and sales of books and supplies. UTK athletics has a variety of funding sources including ticket sales and television revenues. Typical expenditures include staff salaries and benefits, general operating, and utilities. A large percentage of auxiliary annual operating revenues are transferred to other fund groups to fund capital expenditures and debt service required for construction, maintenance, and replacement of facilities and capital equipment.

Most of the growth in revenues is for housing, primarily at UTC (\$4.1 million) and UTK (\$2.2 million). This will fund debt service and operating expenditures for UTC's new West Campus residence hall, facility improvements and replacement at UTK, and part of the 2.5% salary pool.

Revenues, Expenditures, and Transfers	FY 2017-18 Probable	FY 2018-19 Proposed	Change	
Revenues	\$ 256,626,973	\$ 264,379,683	\$ 7,752,710	3.0 %
Expenditures	193,258,426	198,430,261	5,171,835	2.7 %
Transfers	63,423,020	65,929,422	2,506,402	4.0 %
Total Expenditures and Transfers	\$ 256,681,446	\$ 264,359,683	\$ 7,678,237	3.0 %



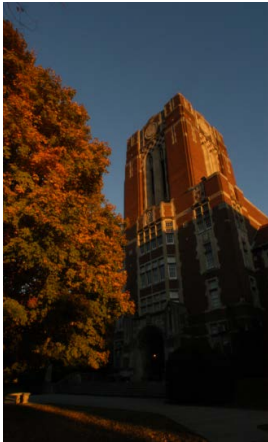
FY 2018-19 PROPOSED BUDGET

FY 2018-19 Salary Plan

University administration proposes a 2.5% pool for general salary increases in FY 2018-19 to reward exceptional performance and adjust for salary market factors. The total cost of the salary plan is estimated at \$28.4 million. Of this, \$22.1 million will be funded from unrestricted E&G revenues, which include \$15.8 million in state funds earmarked for the salary pool. The remainder of the \$22.1 million will come from state formula unit performance funding, student tuition and fees, and other unrestricted revenues. Approximately \$5.1 million will be funded by restricted E&G funds from grants, contracts, gifts, and endowments. The remaining \$1.2 million is for employees of auxiliary enterprises such as housing, food services, parking, bookstores, and UTK athletics. These self-supporting business units will use fees and athletics revenues to fund the salary increases.

6.1

FY 2018-19 PROPOSED BUDGET



Unrestricted Current Fund Net Assets

The university maintains sufficient levels of current fund unrestricted net assets to comply with state regulations on working capital, properly account for revolving funds related to unique operations and cost allocation mechanisms, and meet contractual obligations and operational plans for the next year. University fiscal policy requires current fund operating budgets to provide year-end net asset fund balances sufficient to ensure adequate financial resources for the next fiscal year.

Working capital is set aside to provide sufficient liquidity to fund accounts receivable, inventories, and petty cash. These set asides are required by state regulations and are considered to be non-expendable during the fiscal year.

Revolving funds are set aside for unique functions. Some are operating fund balances tied to revenue-generating units that are expected to operate as independent business operations (e.g., service centers, motor pools, conference centers, medical clinics). Others are used to allocate university-wide costs or revenues among campuses and institutes in order to meet certain accounting requirements or support specialized internal cost-distribution models. Examples include funds related to unemployment compensation, unpaid wages & salaries, COBRA adjustments, and workers compensation liabilities.

Encumbrances are funds carried over to fund commitments for purchases of goods and services that were not received before the close of the fiscal year. These funds are budgeted in the appropriate expenditure accounts as the goods and services are received. They are typically fully expended during the fiscal year.

Reappropriations are funds carried forward from the previous fiscal year for specific programs and initiatives. The most common example is a project that was planned for the previous fiscal year but delayed until the next fiscal year. Most reappropriations are fully expended during the current year, but occasionally some of these funds may be carried forward to future years if plans change or projects are completed below budget.

Unallocated net asset fund balances are needed to adjust to minor fluctuations in revenues and expenditures that occur each year and to respond to unforeseen financial developments. It is university practice to limit these fund balances to avoid building excessive levels of unallocated current funds. The target range for unrestricted educational and general (E&G) funds is 2% to 5% of total expenditures and transfers. The auxiliary fund target range is 3% to 5% of auxiliary expenditures and transfers.

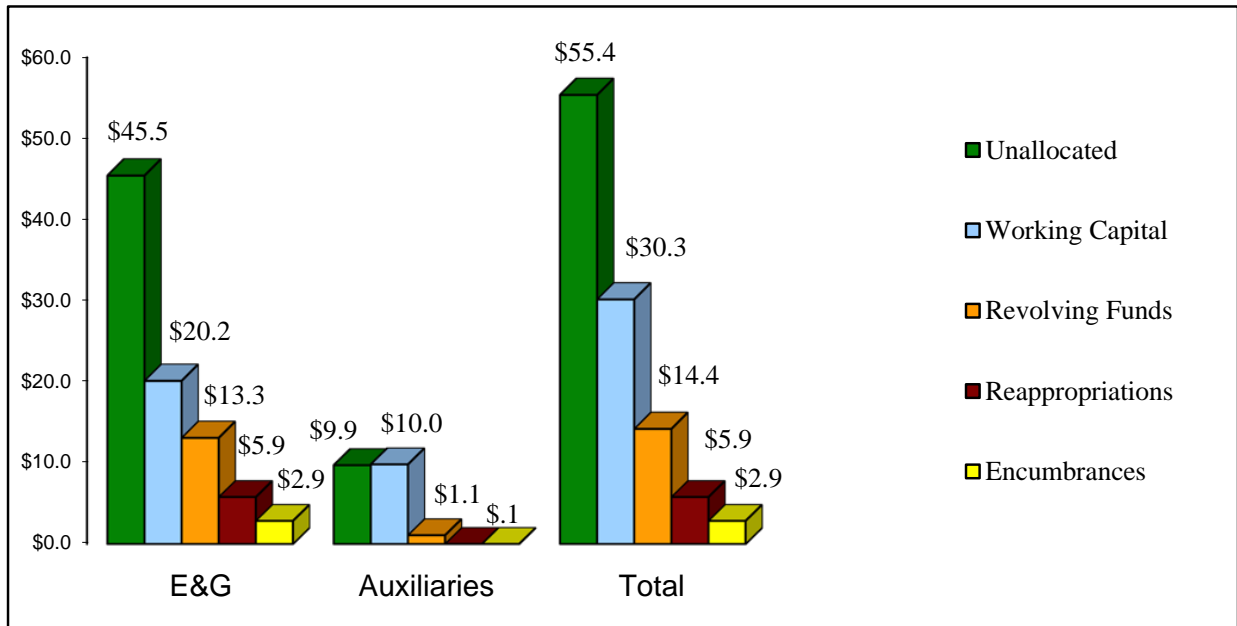
FY 2018-19 PROPOSED BUDGET

Unrestricted Current Fund Net Assets (continued)

The proposed budget projects a June 30, 2019 unrestricted E&G unallocated fund balance of \$45.5 million, or 3.09% of expenditures and transfers. The unrestricted auxiliary enterprises unallocated balance is \$9.9 million, 3.74% of expenditures and transfers. The total unallocated balance projected for June 30, 2019 is \$55.4 million, which is 3.21% of expenditures and transfers. (The figures below do not include renewal and replacement funds, which are unrestricted carry overs held over multiple years for long-term commitments, plans, and contingencies. These funds totaled \$554 million at the beginning of FY 2017-18.)

6.1

FY 2018-19 Proposed Budget Year-End Unrestricted Net Assets
 (\$ millions)



\$45.5 million
3.09%

\$9.9 million
3.74%

\$55.4 million
3.21 %

Unallocated Balance
% of Expenditures & Transfers

FY 2018-19 PROPOSED BUDGET

Schedule	FY 2018-19 Proposed Budget Schedule Description	Page
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The University of Tennessee FY 2018-19 Proposed Budget Unrestricted & Restricted Funds

Unrestricted & Restricted Revenues (\$millions)

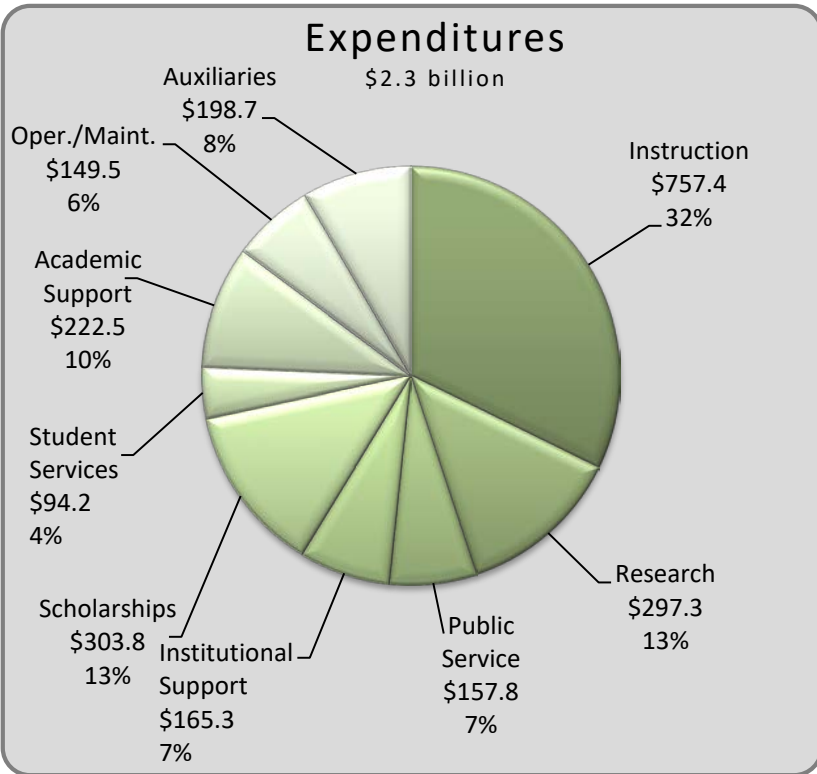
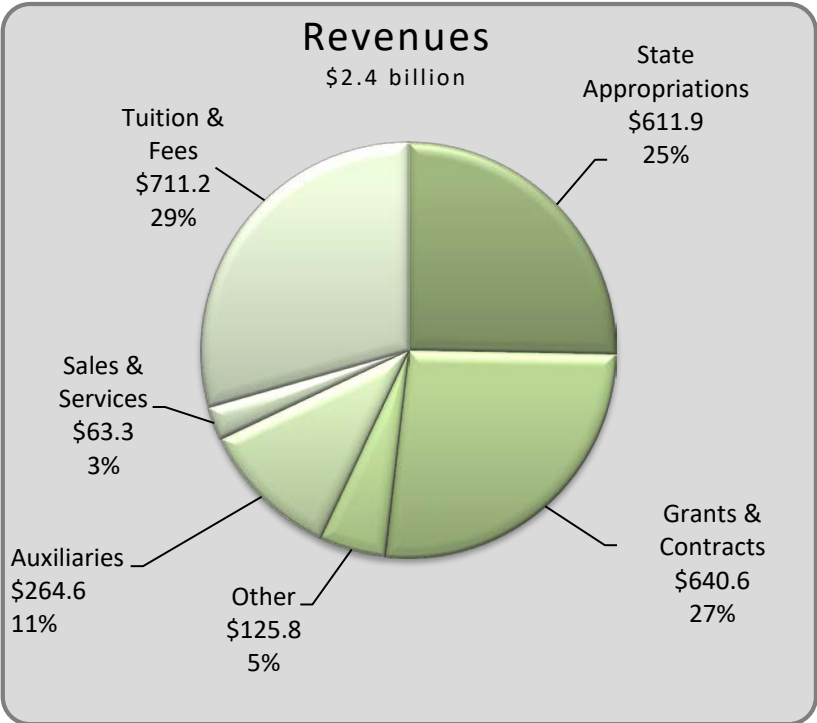
Chattanooga	\$243.8
Knoxville	1,208.6
Martin	146.3
Health Science Center	569.4
Institute of Agriculture	195.6
Inst. for Public Service	27.8
System Administration	<u>25.9</u>
TOTAL	\$2,417.5

Fall 2017 (Fall) Headcount Enrollment

Knoxville	27,840
Chattanooga	11,587
Martin	6,772
Health Science Center	3,199
Vet Med	373
Space Institute	<u>108</u>
TOTAL	49,879

FTE Positions (Unrestricted & Restricted) April 30, 2018

Faculty	4,078
Administrative	925
Professional	3,256
Cler/Tech/Maint	<u>5,504</u>
TOTAL	13,763



The University of Tennessee FY 2018-19 Proposed Budget Unrestricted Funds

Current Fund Revenues (\$millions)

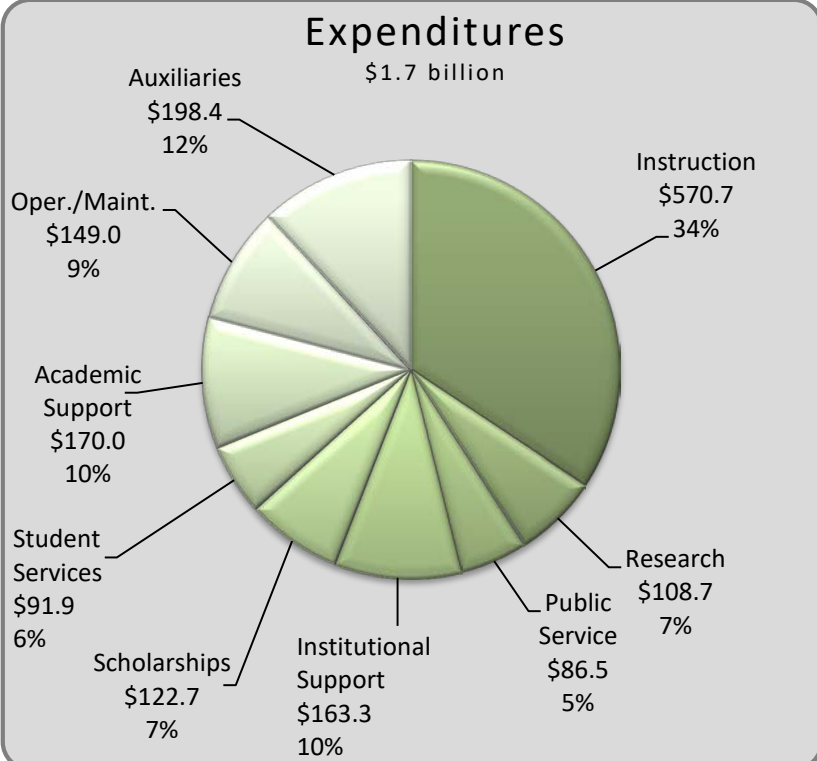
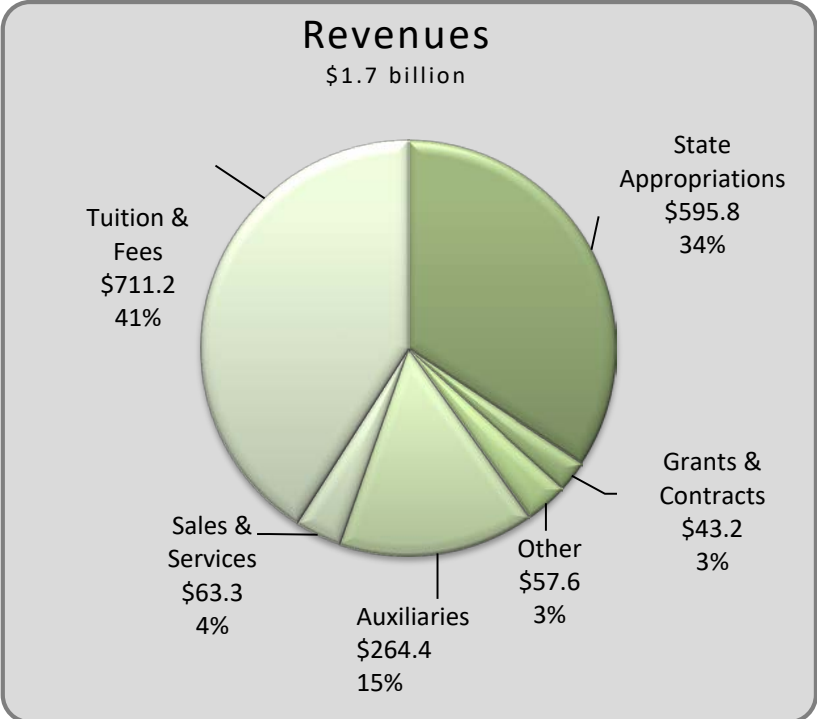
Chattanooga	\$193.0
Knoxville	948.3
Martin	112.4
Health Science Center	287.6
Institute of Agriculture	148.4
Inst. for Public Service	21.9
System Administration	<u>24.0</u>
TOTAL	\$1,736

Fall 2017 (Fall) Headcount Enrollment

Knoxville	27,840
Chattanooga	11,587
Martin	6,772
Health Science Center	3,199
Vet Med	373
Space Institute	<u>108</u>
TOTAL	49,879

FTE Positions (Unrestricted & Restricted) April 30, 2018

Faculty	3,346
Administrative	793
Professional	2,111
Cler/Tech/Maint	<u>3,978</u>
TOTAL	10,228



University of Tennessee System

FY 2018-19 Proposed Budget State Appropriations Summary

Unrestricted Educational and General Funds

	FY 2017 Actual	FY 2018 Probable	FY 2019 Proposed	CHANGE	
				Probable to Proposed Amount	%
STATE APPROPRIATIONS					
Chattanooga	\$ 46,671,705	\$ 51,829,605	\$ 55,663,705	\$ 3,834,100	7.4 %
Knoxville					
<i>Knoxville</i>	\$ 202,989,655	\$ 226,303,655	\$ 233,325,655	\$ 7,022,000	3.1 %
<i>Space Institute</i>	8,583,903	8,992,503	9,213,503	221,000	2.5 %
Subtotal Knoxville	\$ 211,573,558	\$ 235,296,158	\$ 242,539,158	\$ 7,243,000	5.6 %
Martin	31,508,097	33,199,497	35,102,197	1,902,700	5.7 %
Health Science Center	141,084,321	149,951,424	155,492,224	5,540,800	3.7 %
Institute of Agriculture					
<i>Agricultural Experiment Station</i>	\$ 27,745,788	\$ 29,161,888	\$ 30,322,198	\$ 1,160,310	4.0 %
<i>Extension</i>	33,950,817	35,701,417	36,973,697	1,272,280	3.6 %
<i>College of Veterinary Medicine</i>	18,453,659	20,036,359	21,315,569	1,279,210	6.4 %
Subtotal Institute of Agriculture	\$ 80,150,264	\$ 84,899,664	\$ 88,611,464	\$ 3,711,800	4.4 %
Institute for Public Service					
<i>Institute for Public Service</i>	\$ 5,643,985	\$ 5,841,485	\$ 5,968,185	\$ 126,700	2.2 %
<i>Municipal Technical Advisory Service</i>	3,159,551	3,410,551	3,546,651	136,100	4.0 %
<i>County Technical Assistance Service</i>	2,238,651	2,964,551	3,075,451	110,900	3.7 %
Subtotal Institute for Public Service	\$ 11,042,187	\$ 12,216,587	\$ 12,590,287	\$ 373,700	3.1 %
System Administration	5,531,417	5,615,617	5,793,517	177,900	3.2 %
Total State Appropriations	\$ 527,561,549	\$ 573,008,552	\$ 595,792,552	\$ 22,784,000	4.0 %

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

6.1

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

	2015 Actual	2016 Actual	2017 Actual	2018 Probable	2019 Proposed	CHANGE		
						FY 2015 TO FY 2019 Amount	%	
STATE APPROPRIATIONS								
Chattanooga	\$ 38,442,081	\$ 42,637,305	\$ 46,671,705	\$ 51,829,605	\$ 55,663,705	\$ 17,221,624	44.8 %	
Knoxville								
<i>Knoxville</i>	\$ 182,310,443	\$ 191,219,955	\$ 202,989,655	\$ 226,303,655	\$ 233,325,655	\$ 51,015,212	28.0 %	
<i>Space Institute</i>	8,012,212	8,289,803	8,583,903	8,992,503	9,213,503	1,201,291	15.0 %	
Subtotal Knoxville	\$ 190,322,655	\$ 199,509,758	\$ 211,573,558	\$ 235,296,158	\$ 242,539,158	\$ 52,216,503	43.0 %	
Martin	27,025,867	28,673,797	31,508,097	33,199,497	35,102,197	8,076,330	29.9 %	
Health Science Center	129,958,440	135,670,521	141,084,321	149,951,424	155,492,224	25,533,784	19.6 %	
Institute of Agriculture								
<i>Agricultural Experiment Station</i>	\$ 25,698,486	\$ 26,529,588	\$ 27,745,788	\$ 29,161,888	\$ 30,322,198	\$ 4,623,712	18.0 %	
<i>Extension</i>	31,195,267	32,546,817	33,950,817	35,701,417	36,973,697	5,778,430	18.5 %	
<i>College of Veterinary Medicine</i>	16,874,254	17,733,159	18,453,659	20,036,359	21,315,569	4,441,315	26.3 %	
Subtotal Institute of Agriculture	\$ 73,768,007	\$ 76,809,564	\$ 80,150,264	\$ 84,899,664	\$ 88,611,464	\$ 14,843,457	20.1 %	
Institute for Public Service								
<i>Institute for Public Service</i>	\$ 5,265,298	\$ 5,439,285	\$ 5,643,985	\$ 5,841,485	\$ 5,968,185	\$ 702,887	13.3 %	
<i>Municipal Technical Advisory Service</i>	2,903,313	3,039,651	3,159,551	3,410,551	3,546,651	643,338	22.2 %	
<i>County Technical Assistance Service</i>	1,767,913	1,863,251	2,238,651	2,964,551	3,075,451	1,307,538	74.0 %	
Subtotal Institute for Public Service	\$ 9,936,524	\$ 10,342,187	\$ 11,042,187	\$ 12,216,587	\$ 12,590,287	\$ 2,653,763	26.7 %	
System Administration	4,794,038	4,995,217	5,531,417	5,615,617	5,793,517	999,479	20.8 %	
Total State Appropriations	\$ 474,247,612	\$ 498,638,349	\$ 527,561,549	\$ 573,008,552	\$ 595,792,552	\$ 121,544,940	25.6 %	

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

6.1

University of Tennessee System
FY 2018-19 Proposed State Appropriations
Summary Access & Diversity

	FY 2017 Actual	FY 2018 Probable	FY 2018 Proposed	CHANGE Probable to Proposed	
				Amount	%
STATE APPROPRIATIONS (Access & Diversity)					
Chattanooga	\$ 661,705	\$ 661,705	\$ 661,705		
Knoxville					
<i>Knoxville</i>	\$ 2,317,355	\$ 2,317,355	\$ 2,317,355		
<i>Space Institute</i>	88,303	88,303	88,303		
Subtotal Knoxville	\$ 2,405,658	\$ 2,405,658	\$ 2,405,658		
Martin	558,497	558,497	558,497		
Health Science Center	1,535,172	1,535,172	1,535,172		
Institute of Agriculture					
<i>Agricultural Experiment Station</i>	\$ 113,488	\$ 113,488	\$ 113,488		
<i>Extension</i>	110,917	110,917	110,917		
<i>College of Veterinary Medicine</i>	325,559	325,559	325,559		
Subtotal Institute of Agriculture	\$ 549,964	\$ 549,964	\$ 549,964		
Institute for Public Service					
<i>Institute for Public Service</i>	\$ 14,185	\$ 14,185	\$ 14,185		
<i>Municipal Technical Advisory Service</i>	1,851	1,851	1,851		
<i>County Technical Assistance Service</i>	1,851	1,851	1,851		
Subtotal Institute for Public Service	\$ 17,887	\$ 17,887	\$ 17,887		
System Administration	77,817	77,817	77,817		
Total State Appropriations - Access & Diversity	\$ 5,806,700	\$ 5,806,700	\$ 5,806,700		

6.1

University of Tennessee System Educational and General Unrestricted Net Assets

	Total System	Chattanooga	Knoxville	Martin	Health Science Center	Institute of Agriculture	Institute for Public Service	System Administration
FY 2016-17 Actual								
Net Assets at Beginning of Year	\$ 99,743,364	\$ 9,655,944	\$ 27,526,933	\$ 9,929,301	\$ 16,653,665	\$ 13,934,144	\$ 1,438,220	\$ 20,605,158
Operating Funds								
Revenue	\$ 1,387,281,184	\$ 161,550,152	\$ 680,752,817	\$ 92,403,576	\$ 267,819,381	\$ 137,705,563	\$ 19,539,151	\$ 27,510,544
Less: Expenditures and Transfers	(1,389,953,262)	(161,073,648)	(680,692,866)	(92,884,376)	(270,169,825)	(137,587,917)	(19,559,608)	(27,985,022)
Carryover Funds To/(From) Net Assets	\$ (2,672,078)	\$ 476,504	\$ 59,951	\$ (480,800)	\$ (2,350,444)	\$ 117,646	\$ (20,457)	\$ (474,478)
Net Assets Detail:								
ALLOCATED								
Working Capital	\$ 20,238,169	\$ 3,632,449	\$ 2,871,647	\$ 1,490,179	\$ 6,464,233	\$ 1,161,634	\$ 35,600	\$ 4,582,427
Revolving Funds	13,337,479		474,531					12,862,948
Encumbrances	4,337,038		1,742,596	129,468	1,483,152	981,822		
Unexpended Gifts								
Reserve for Reappropriations	12,232,441			3,250,000		6,750,000	650,000	1,582,441
Total Allocated Net Assets	\$ 50,145,127	\$ 3,632,449	\$ 5,088,774	\$ 4,869,647	\$ 7,947,385	\$ 8,893,456	\$ 685,600	\$ 19,027,816
UNALLOCATED								
Total Net Assets - June 30, 2017	\$ 97,071,286	\$ 10,132,448	\$ 27,586,884	\$ 9,448,501	\$ 14,303,221	\$ 14,051,790	\$ 1,417,763	\$ 20,130,680
Percent Unallocated of Expend. & Transfers	3.38%	4.04%	3.31%	4.93%	2.35%	3.75%	3.74%	2.46%
FY 2017-18 Probable Budget								
Net Assets at Beginning of Year	\$ 97,071,286	\$ 10,132,448	\$ 27,586,884	\$ 9,448,501	\$ 14,303,221	\$ 14,051,790	\$ 1,417,763	\$ 20,130,680
Operating Funds								
Revenue	\$ 1,431,311,884	\$ 169,543,246	\$ 699,019,059	\$ 96,801,484	\$ 276,816,720	\$ 144,863,262	\$ 21,062,920	\$ 23,205,193
Less: Expenditures and Transfers	(1,440,190,200)	(169,476,666)	(699,019,059)	(96,801,484)	(278,299,873)	(151,464,004)	(21,238,495)	(23,890,619)
Carryover Funds To/(From) Net Assets	\$ (8,878,316)	\$ 66,580	\$ -	\$ -	\$ (1,483,153)	\$ (6,600,742)	\$ (175,575)	\$ (685,426)
Net Assets Detail:								
ALLOCATED								
Working Capital	\$ 20,269,147	\$ 3,699,028	\$ 2,871,646	\$ 1,490,179	\$ 6,464,233	\$ 1,161,634		\$ 4,582,427
Revolving Funds	13,311,969		474,531					12,837,438
Encumbrances	2,879,426		1,742,596	129,468		981,852		25,510
Unexpended Gifts								
Reserve for Reappropriations	5,915,858			4,375,819			\$ 450,000	1,090,039
Total Allocated Net Assets	\$ 42,376,400	\$ 3,699,028	\$ 5,088,773	\$ 5,995,466	\$ 6,464,233	\$ 2,143,486	\$ 450,000	\$ 18,535,414
UNALLOCATED								
Estimated Total Net Assets - June 30, 2018	\$ 88,192,970	\$ 10,199,028	\$ 27,586,884	\$ 9,448,501	\$ 12,820,068	\$ 7,451,048	\$ 1,242,188	\$ 19,445,254
Percent Unallocated of Expend. & Transfers	3.18%	3.84%	3.22%	3.57%	2.28%	3.50%	3.73%	2.16%
FY 2018-19 Proposed Budget								
Net Assets at Beginning of Year	\$ 88,192,970	\$ 10,199,028	\$ 27,586,884	\$ 9,448,501	\$ 12,820,068	\$ 7,451,048	\$ 1,242,188	\$ 19,445,254
Operating Funds								
Revenue	\$ 1,471,166,125	\$ 174,154,888	\$ 715,876,526	\$ 101,534,092	\$ 285,272,632	\$ 148,397,888	\$ 21,897,006	\$ 24,033,093
Less: Expenditures and Transfers	(1,471,503,026)	(174,154,888)	(715,876,526)	(101,534,092)	(285,292,632)	(148,490,069)	(21,837,565)	(24,317,254)
Carryover Funds To/(From) Net Assets	\$ (336,901)	\$ -	\$ -	\$ -	\$ (20,000)	\$ (92,181)	\$ 59,441	\$ (284,161)
Net Assets Detail:								
ALLOCATED								
Working Capital	\$ 20,269,147	\$ 3,699,028	\$ 2,871,646	\$ 1,490,179	\$ 6,464,233	\$ 1,161,634		\$ 4,582,427
Revolving Funds	13,311,969		474,531					12,837,438
Encumbrances	2,879,426		1,742,596	129,468		981,852		25,510
Unexpended Gifts								
Reserve for Reappropriations	5,915,858			4,375,819			\$ 450,000	1,090,039
Total Allocated Net Assets	\$ 42,376,400	\$ 3,699,028	\$ 5,088,773	\$ 5,995,466	\$ 6,464,233	\$ 2,143,486	\$ 450,000	\$ 18,535,414
UNALLOCATED								
Estimated Total Net Assets - June 30, 2019	\$ 87,856,069	\$ 10,199,028	\$ 27,586,884	\$ 9,448,501	\$ 12,800,068	\$ 7,358,867	\$ 1,301,629	\$ 19,161,093
Percent Unallocated of Expend. & Transfers	3.09%	3.73%	3.14%	3.40%	2.22%	3.51%	3.90%	1.47%

Recommended percent unallocated of expenditures and transfers is 2% to 5%. For System Administration, transfers-in for system charge is excluded from the calculation. Knoxville includes UT Knoxville and UT Space Institute.

University of Tennessee System Auxiliary Unrestricted Current Fund Balances

	Total System	Chattanooga	Knoxville	Martin	Health Science Center
FY 2016-17 ACTUAL					
Estimated Net Assets at Beginning of Year	\$ 20,601,967	\$ 1,605,267	\$ 17,741,774	\$ 1,020,972	\$ 233,955
Operating Funds					
Revenue	\$ 254,223,901	\$ 15,592,359	\$ 228,117,470	\$ 9,031,683	\$ 1,482,389
Less: Expenditures and Transfers	(253,735,406)	(15,431,319)	(227,498,310)	(9,276,714)	(1,529,063)
Carryover Funds To/(From) Net Assets	\$ 488,495	\$ 161,040	\$ 619,160	\$ (245,031)	\$ (46,674)
Net Assets at End of Year	<u>\$ 21,090,462</u>	<u>\$ 1,766,307</u>	<u>\$ 18,360,934</u>	<u>\$ 775,941</u>	<u>\$ 187,281</u>
Net Assets Detail:					
ALLOCATED					
Working Capital	\$ 10,031,692	\$ 1,066,306	\$ 8,427,100	\$ 468,777	\$ 69,509
Revolving Funds	1,122,366		1,122,366		
Encumbrances	65,185			10,712	54,473
Total Allocated Net Assets	<u>\$ 11,219,243</u>	<u>\$ 1,066,306</u>	<u>\$ 9,549,466</u>	<u>\$ 479,489</u>	<u>\$ 123,982</u>
UNALLOCATED	<u>\$ 9,871,219</u>	<u>\$ 700,001</u>	<u>\$ 8,811,468</u>	<u>\$ 296,452</u>	<u>\$ 63,299</u>
Total Net Assets - June 30, 2017	<u>\$ 21,090,462</u>	<u>\$ 1,766,307</u>	<u>\$ 18,360,934</u>	<u>\$ 775,941</u>	<u>\$ 187,281</u>
<i>Percent Unallocated of Expend. & Transfers</i>	3.89%	4.54%	3.87%	3.20%	4.14%
FY 2017-18 Probable Budget					
Estimated Net Assets at Beginning of Year	\$ 21,090,462	\$ 1,766,307	\$ 18,360,934	\$ 775,941	\$ 187,281
Operating Funds					
Revenue	\$ 254,983,626	\$ 14,542,704	\$ 228,117,470	\$ 10,543,687	\$ 1,779,765
Less: Expenditures and Transfers	(254,418,939)	(14,542,704)	(227,498,310)	(10,543,687)	(1,834,238)
Carryover Funds To/(From) Net Assets	\$ 564,687	\$ -	\$ 619,160	\$ -	\$ (54,473)
Net Assets at End of Year	<u>\$ 21,655,149</u>	<u>\$ 1,766,307</u>	<u>\$ 18,980,094</u>	<u>\$ 775,941</u>	<u>\$ 132,808</u>
Net Assets Detail:					
ALLOCATED					
Working Capital	\$ 10,031,695	\$ 1,066,307	\$ 8,427,100	\$ 468,779	\$ 69,509
Revolving Funds	1,122,366		1,122,366		
Encumbrances	10,712			10,712	
Total Allocated Net Assets	<u>\$ 11,164,773</u>	<u>\$ 1,066,307</u>	<u>\$ 9,549,466</u>	<u>\$ 479,491</u>	<u>\$ 69,509</u>
UNALLOCATED	<u>\$ 9,871,216</u>	<u>\$ 700,000</u>	<u>\$ 8,811,467</u>	<u>\$ 296,450</u>	<u>\$ 63,299</u>
Estimated Total Net Assets - June 30, 2018	<u>\$ 21,035,989</u>	<u>\$ 1,766,307</u>	<u>\$ 18,360,933</u>	<u>\$ 775,941</u>	<u>\$ 132,808</u>
<i>Percent Unallocated of Expend. & Transfers</i>	3.88%	4.81%	3.87%	2.81%	3.45%
FY 2018-19 Proposed Budget					
Estimated Net Assets at Beginning of Year	\$ -				
Operating Funds					
Revenue	\$ 264,379,683	\$ 18,796,704	\$ 232,462,988	\$ 10,818,526	\$ 2,301,465
Less: Expenditures and Transfers	(264,359,683)	(18,796,704)	(232,462,988)	(10,818,526)	(2,281,465)
Carryover Funds To/(From) Net Assets	\$ 20,000	\$ -	\$ -	\$ -	\$ 20,000
Net Assets at End of Year	<u>\$ 20,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,000</u>
Net Assets Detail:					
ALLOCATED					
Working Capital	\$ 10,031,695	\$ 1,066,307	\$ 8,427,100	\$ 468,779	\$ 69,509
Revolving Funds	1,122,366		1,122,366		
Encumbrances	10,712			10,712	
Total Allocated Net Assets	<u>\$ 11,164,773</u>	<u>\$ 1,066,307</u>	<u>\$ 9,549,466</u>	<u>\$ 479,491</u>	<u>\$ 69,509</u>
UNALLOCATED	<u>\$ 9,891,216</u>	<u>\$ 700,000</u>	<u>\$ 8,811,467</u>	<u>\$ 296,450</u>	<u>\$ 83,299</u>
Estimated Total Net Assets - June 30, 2018	<u>\$ 21,055,989</u>	<u>\$ 1,766,307</u>	<u>\$ 18,360,933</u>	<u>\$ 775,941</u>	<u>\$ 152,808</u>
<i>Percent Unallocated of Expend. & Transfers</i>	3.74%	3.72%	3.79%	2.74%	3.65%

Recommended percent unallocated of expenditures and transfers is 2% to 5%. For System Administration, transfers-in for system charge is excluded from the calculation. Knoxville includes UT Knoxville and UT Space Institute.

6.1

University of Tennessee System

FY 2018-19 Proposed Budget Summary

Current Funds Revenues, Expenditures, and Transfers - Unrestricted

	Total System	Chattanooga	Knoxville	Martin	Health Science Center	Institute of Agriculture	Institute for Public Service	System Administration
EDUCATIONAL AND GENERAL								
Revenues								
Tuition & Fees	\$ 711,215,155	\$ 112,672,503	\$ 433,862,306	\$ 61,859,798	\$ 89,554,372	\$ 13,266,176		
State Appropriations	595,792,552	55,663,705	242,539,158	35,102,197	155,492,224	88,611,464	\$ 12,590,287	\$ 5,793,517
Grants & Contracts	43,237,280	453,856	22,960,000	211,400	15,012,697		4,320,571	
Sales & Service	63,329,502	5,125,324	4,671,984	3,543,297	24,000,581	25,988,316		
Other Sources	57,591,636	239,500	11,843,078	817,400	1,212,758	16,211,361	9,027,963	18,239,576
Total Revenues	\$ 1,471,166,125	\$ 174,154,888	\$ 715,876,526	\$ 101,534,092	\$ 285,272,632	\$ 148,397,888	\$ 21,897,006	\$ 24,033,093
Expenditures and Transfers								
Instruction	\$ 570,658,457	\$ 75,166,563	\$ 270,655,349	\$ 43,795,524	\$ 140,832,765	\$ 40,208,256		
Research	108,656,998	2,545,028	59,378,052	321,886	5,397,773	41,014,259		
Public Service	86,506,110	2,727,856	12,252,190	768,092	103,000	50,985,345	\$ 19,669,627	
Academic Support	169,917,388	14,317,382	83,630,986	11,263,531	51,924,462	8,558,458	222,569	
Student Services	91,907,823	26,308,232	46,429,042	12,649,847	6,520,702			
Institutional Support	163,417,869	13,055,249	58,390,917	6,894,545	27,521,263	2,562,877	1,036,287	\$ 53,956,731
Op/Maint Physical Plant	148,986,294	21,528,231	79,744,284	11,902,427	32,117,263	3,694,089		
Scholarships & Fellowships	122,709,656	12,916,824	88,317,301	12,094,327	9,306,714	74,490		
Subtotal Expenditures	\$ 1,462,760,595	\$ 168,565,365	\$ 698,798,121	\$ 99,690,179	\$ 273,723,942	\$ 147,097,774	\$ 20,928,483	\$ 53,956,731
Mandatory Transfers	11,617,487	3,987,165	738,268	590,064	6,191,990			110,000
Non Mandatory Transfers	(2,875,056)	1,602,358	16,340,137	1,253,849	5,376,700	1,392,295	909,082	(29,749,477)
Total Expenditures & Transfers	\$ 1,471,503,026	\$ 174,154,888	\$ 715,876,526	\$ 101,534,092	\$ 285,292,632	\$ 148,490,069	\$ 21,837,565	\$ 24,317,254
Fund Balance Addition/(Reduction)	\$ (336,901)				\$ (20,000)	\$ (92,181)	\$ 59,441	\$ (284,161)
AUXILIARIES								
Revenues								
	\$ 264,379,683	\$ 18,796,704	\$ 232,462,988	\$ 10,818,526	\$ 2,301,465			
Expenditures and Transfers								
Expenditures	\$ 198,430,261	\$ 10,672,593	\$ 178,365,971	\$ 7,460,732	\$ 1,930,965			
Mandatory Transfers	47,597,204	6,104,333	38,461,367	2,661,004	370,500			
Non-Mandatory Transfers	18,332,218	2,019,778	15,635,650	696,790	(20,000)			
Total Expenditures & Transfers	\$ 264,359,683	\$ 18,796,704	\$ 232,462,988	\$ 10,818,526	\$ 2,281,465			
Fund Balance Addition/(Reduction)	\$ 20,000				\$ 20,000			
TOTALS								
Revenues								
	\$ 1,735,545,808	\$ 192,951,592	\$ 948,339,514	\$ 112,352,618	\$ 287,574,097	\$ 148,397,888	\$ 21,897,006	\$ 24,033,093
Expenditures and Transfers								
Expenditures	\$ 1,661,190,856	\$ 179,237,958	\$ 877,164,092	\$ 107,150,911	\$ 275,654,907	\$ 147,097,774	\$ 20,928,483	\$ 53,956,731
Mandatory Transfers	59,214,691	10,091,498	39,199,635	3,251,068	6,562,490			110,000
Non-Mandatory Transfers	15,457,162	3,622,136	31,975,787	1,950,639	5,356,700	1,392,295	909,082	(29,749,477)
Total Expenditures & Transfers	\$ 1,735,862,709	\$ 192,951,592	\$ 948,339,514	\$ 112,352,618	\$ 287,574,097	\$ 148,490,069	\$ 21,837,565	\$ 24,317,254
Fund Balance Addition/(Reduction)	\$ (316,901)					\$ (92,181)	\$ 59,441	\$ (284,161)

Knoxville includes UT Knoxville and UT Space Institute.

6.1

University of Tennessee System

FY 2018-19 Proposed Budget Summary

Current Funds Revenues, Expenditures and Transfers - Unrestricted and Restricted

	Total System	Chattanooga	Knoxville	Martin	Health Science Center	Institute of Agriculture	Institute for Public Service	System Administration
EDUCATIONAL AND GENERAL								
Revenues								
Tuition & Fees	\$ 711,215,155	\$ 112,672,503	\$ 433,862,306	\$ 61,859,798	\$ 89,554,372	\$ 13,266,176		
State Appropriations	611,903,993	56,444,765	253,989,420	35,402,468	158,556,022	89,127,514	\$ 12,590,287	\$ 5,793,517
Grants & Contracts	640,618,530	41,618,866	242,946,662	30,011,400	273,512,697	45,673,071	5,605,834	1,250,000
Sales & Service	63,329,502	5,125,324	4,671,984	3,543,297	24,000,581	25,988,316		
Other Sources	125,782,240	9,170,529	40,434,078	4,689,313	21,426,486	21,590,361	9,631,897	18,839,576
Total Revenues	\$ 2,152,849,420	\$ 225,031,987	\$ 975,904,450	\$ 135,506,276	\$ 567,050,158	\$ 195,645,438	\$ 27,828,018	\$ 25,883,093
Expenditures and Transfers								
Instruction	\$ 757,389,458	\$ 78,579,564	\$ 282,715,349	\$ 46,245,524	\$ 309,332,765	\$ 40,508,256		\$ 8,000
Research	297,264,641	5,248,415	170,336,076	501,886	57,452,455	63,043,809		682,000
Public Service	157,757,988	3,888,722	32,752,190	2,068,092	17,567,000	75,281,345	\$ 25,600,639	600,000
Academic Support	222,512,845	16,109,439	95,635,886	11,963,531	89,924,462	8,656,958	222,569	
Student Services	94,193,715	27,515,880	47,229,042	12,919,847	6,528,946			
Institutional Support	165,305,300	13,248,880	58,593,117	7,009,545	28,271,863	2,668,877	1,036,287	54,476,731
Op/Maint Physical Plant	149,521,294	21,528,231	80,244,284	11,922,427	32,117,263	3,709,089		
Scholarships/Fellowships	303,836,628	56,661,312	191,320,101	41,031,511	14,306,714	476,990		40,000
Subtotal Expenditures	\$ 2,147,781,869	\$ 222,780,443	\$ 958,826,045	\$ 133,662,363	\$ 555,501,468	\$ 194,345,324	\$ 26,859,495	\$ 55,806,731
Mandatory Transfers	11,617,487	3,987,165	738,268	590,064	6,191,990			110,000
Non Mandatory Transfers	(2,875,056)	1,602,358	16,340,137	1,253,849	5,376,700	1,392,295	909,082	(29,749,477)
Total Expenditures & Transfers	\$ 2,156,524,300	\$ 228,369,966	\$ 975,904,450	\$ 135,506,276	\$ 567,070,158	\$ 195,737,619	\$ 27,768,577	\$ 26,167,254
Fund Balance Addition/(Reduction)	\$ (3,674,880)	\$ (3,337,979)			\$ (20,000)	\$ (92,181)	\$ 59,441	\$ (284,161)
AUXILIARIES								
Revenues	\$ 264,639,683	\$ 18,796,704	\$ 232,722,988	\$ 10,818,526	\$ 2,301,465			
Expenditures & Transfers								
Expenditures	\$ 198,690,261	\$ 10,672,593	\$ 178,625,971	\$ 7,460,732	\$ 1,930,965			
Mandatory Transfers	47,597,204	6,104,333	38,461,367	2,661,004	370,500			
Non Mandatory Transfers	18,332,218	2,019,778	15,635,650	696,790	(20,000)			
Total Expenditures & Transfers	\$ 264,619,683	\$ 18,796,704	\$ 232,722,988	\$ 10,818,526	\$ 2,281,465			
Fund Balance Addition/(Reduction)	\$ 20,000				\$ 20,000			
TOTALS								
Revenues	\$ 2,417,489,103	\$ 243,828,691	\$ 1,208,627,438	\$ 146,324,802	\$ 569,351,623	\$ 195,645,438	\$ 27,828,018	\$ 25,883,093
Expenditures & Transfers								
Expenditures	\$ 2,346,472,130	\$ 233,453,036	\$ 1,137,452,016	\$ 141,123,095	\$ 557,432,433	\$ 194,345,324	\$ 26,859,495	\$ 55,806,731
Mandatory Transfers	59,214,691	10,091,498	39,199,635	3,251,068	6,562,490			110,000
Non Mandatory Transfers	15,457,162	3,622,136	31,975,787	1,950,639	5,356,700	1,392,295	909,082	(29,749,477)
Total Expenditures & Transfers	\$ 2,421,143,983	\$ 247,166,670	\$ 1,208,627,438	\$ 146,324,802	\$ 569,351,623	\$ 195,737,619	\$ 27,768,577	\$ 26,167,254
Fund Balance Addition/(Reduction)	\$ (3,654,880)	\$ (3,337,979)				\$ (92,181)	\$ 59,441	\$ (284,161)

Knoxville includes UT Knoxville and UT Space Institute.

6.1

University of Tennessee System
Five Year FY2018-19 Budget Summary Comparison
 Current Funds Revenues, Expenditures and Transfers - Unrestricted

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	CHANGE	
	Actual	Actual	Actual	Probable	Proposed	FY 2015 to FY 2019	
						Amount	%
EDUCATIONAL AND GENERAL							
Revenues							
Tuition & Fees	\$ 615,545,784	\$ 655,160,210	\$ 681,407,238	\$ 695,058,937	\$ 711,215,155	\$ 95,669,371	15.5 %
State Appropriations	474,247,612	498,638,349	527,561,549	573,008,552	595,792,552	121,544,940	25.6 %
Grants & Contracts	46,798,665	47,776,120	49,379,698	43,982,356	43,237,280	(3,561,385)	(7.6) %
Sales & Service	60,095,439	63,277,345	67,209,889	62,847,073	63,329,502	3,234,063	5.4 %
Other Sources	62,148,888	63,237,010	61,722,810	56,414,966	57,591,636	(4,557,252)	(7.3) %
Total Revenues	\$ 1,258,836,388	\$ 1,328,089,034	\$ 1,387,281,183	\$ 1,431,311,884	\$ 1,471,166,125	\$ 212,329,737	16.9 %
Expenditures and Transfers							
Instruction	\$ 492,352,355	\$ 507,772,768	\$ 528,504,264	\$ 584,471,742	\$ 570,658,457	\$ 78,306,102	15.9 %
Research	83,487,974	85,108,045	82,089,147	150,462,069	108,656,998	25,169,024	30.1 %
Public Service	71,365,049	75,883,884	77,421,115	93,982,307	86,506,110	15,141,061	21.2 %
Academic Support	140,613,764	144,850,799	154,892,346	178,119,863	169,917,388	29,303,624	20.8 %
Student Services	87,447,751	90,151,545	95,228,666	95,208,568	91,907,823	4,460,072	5.1 %
Institutional Support	133,117,858	143,813,604	147,400,379	165,401,404	163,417,869	30,300,011	22.8 %
Operation & Maintenance of Plant	125,493,000	129,125,389	140,923,628	149,556,862	148,986,294	23,493,294	18.7 %
Scholarships & Fellowships	88,984,234	95,852,388	100,705,270	112,427,064	122,709,656	33,725,422	37.9 %
Subtotal Expenditures	\$ 1,222,861,986	\$ 1,272,558,422	\$ 1,327,164,814	\$ 1,529,629,879	\$ 1,462,760,595	\$ 239,898,609	19.6 %
Mandatory Transfers	7,702,456	9,116,648	10,203,193	11,199,128	11,617,487	3,915,031	50.8 %
Non-Mandatory Transfers	26,736,499	93,603,560	52,585,255	(100,638,807)	(2,875,056)	(29,611,555)	(110.8) %
Total Expenditures & Transfers	\$ 1,257,300,941	\$ 1,375,278,630	\$ 1,389,953,262	\$ 1,440,190,200	\$ 1,471,503,026	\$ 214,202,085	17.0 %
Fund Balance Addition/(Reduction)	\$ 1,535,447	\$ (47,189,596)	\$ (2,672,078)	\$ (8,878,316)	\$ (336,901)		
AUXILIARIES							
Revenues	\$ 229,998,450	\$ 243,291,225	\$ 254,223,902	\$ 256,626,973	\$ 264,379,683	\$ 34,381,233	14.9 %
Expenditures and Transfers							
Expenditures	\$ 162,487,928	\$ 179,801,559	\$ 186,136,905	\$ 193,258,426	\$ 198,430,261	\$ 35,942,333	22.1 %
Mandatory Transfers	30,475,329	35,921,341	42,169,835	41,088,849	47,597,204	17,121,875	56.2 %
Non-Mandatory Transfers	27,175,190	34,109,650	25,428,666	22,334,171	18,332,218	(8,842,972)	(32.5) %
Total Expenditures & Transfers	\$ 220,138,447	\$ 249,832,550	\$ 253,735,406	\$ 256,681,446	\$ 264,359,683	\$ 44,221,236	20.1 %
Fund Balance Addition/(Reduction)	\$ 9,860,002	\$ (6,541,325)	\$ 488,496	\$ (54,473)	\$ 20,000		
TOTALS							
Revenues	\$ 1,488,834,838	\$ 1,571,380,259	\$ 1,641,505,085	\$ 1,687,938,857	\$ 1,735,545,808	\$ 246,710,970	16.6 %
Expenditures and Transfers							
Expenditures	\$ 1,385,349,915	\$ 1,452,359,981	\$ 1,513,301,719	\$ 1,722,888,305	\$ 1,661,190,856	\$ 275,840,941	19.9 %
Mandatory Transfers	38,177,785	45,037,989	52,373,028	52,287,977	59,214,691	21,036,906	55.1 %
Non-Mandatory Transfers	53,911,689	127,713,210	78,013,921	(78,304,636)	15,457,162	(38,454,527)	(71.3) %
Total Expenditures & Transfers	\$ 1,477,439,389	\$ 1,625,111,180	\$ 1,643,688,668	\$ 1,696,871,646	\$ 1,735,862,709	\$ 258,423,320	17.5 %
Fund Balance Addition/(Reduction)	\$ 11,395,449	\$ (53,730,921)	\$ (2,183,583)	\$ (8,932,789)	\$ (316,901)		

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University of Tennessee System
Five Year FY 2018-19 Proposed Budget Summary Comparison
 Current Funds Revenues, Expenditures and Transfers - Unrestricted and Restricted

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	CHANGE	
	Actual	Actual	Actual	Probable	Proposed	FY 2015 TO FY 2019	
						Amount	%
EDUCATIONAL AND GENERAL							
Revenues							
Tuition & Fees	\$ 615,545,784	\$ 655,160,210	\$ 681,407,238	\$ 695,058,937	\$ 711,215,155	\$ 95,669,371	15.5 %
State Appropriations	498,835,055	517,432,168	546,284,768	591,946,469	611,903,993	113,068,938	22.7 %
Grants & Contracts	579,397,127	594,898,136	683,228,016	632,057,944	640,618,530	61,221,403	10.6 %
Sales & Service	60,095,439	63,277,345	67,209,889	62,847,073	63,329,502	3,234,063	5.4 %
Other Sources	135,054,622	139,646,158	137,649,683	125,635,570	125,782,240	(9,272,382)	(6.9) %
Total Revenues	\$ 1,888,928,027	\$ 1,970,414,018	\$ 2,115,779,593	\$ 2,107,545,993	\$ 2,152,849,420	\$ 263,921,393	14.0 %
Expenditures and Transfers							
Instruction	\$ 661,961,368	\$ 675,180,740	\$ 705,805,900	\$ 767,679,743	\$ 757,389,458	\$ 95,428,090	14.4 %
Research	256,779,818	261,427,977	266,074,863	341,500,390	297,264,641	40,484,823	15.8 %
Public Service	130,087,649	143,833,147	146,788,599	165,534,185	157,757,988	27,670,339	21.3 %
Academic Support	179,840,336	190,873,898	207,049,345	230,764,920	222,512,845	42,672,509	23.7 %
Student Services	89,692,660	92,750,862	97,803,344	97,124,460	94,193,715	4,501,055	5.0 %
Institutional Support	135,132,492	146,540,103	149,261,875	167,288,135	165,305,300	30,172,808	22.3 %
Operation & Maintenance of Plant	125,906,243	129,513,235	141,350,370	150,086,862	149,521,294	23,615,051	18.8 %
Scholarships & Fellowships	263,845,171	268,865,652	272,381,517	289,238,053	303,836,628	39,991,457	15.2 %
Subtotal Expenditures	\$ 1,843,245,736	\$ 1,908,985,614	\$ 1,986,515,814	\$ 2,209,216,748	\$ 2,147,781,869	\$ 304,536,133	16.5 %
Mandatory Transfers	7,702,456	9,116,648	10,203,193	11,199,128	11,617,487	3,915,031	50.8 %
Non-Mandatory Transfers	26,736,499	93,603,560	52,585,255	(100,638,807)	(2,875,056)	(29,611,555)	(110.8) %
Total Expenditures & Transfers	\$ 1,877,684,691	\$ 2,011,705,822	\$ 2,049,304,262	\$ 2,119,777,069	\$ 2,156,524,300	\$ 278,839,609	14.9 %
Fund Balance Addition/(Reduction)	\$ 11,243,336	\$ (41,291,804)	\$ 66,475,332	\$ (12,231,076)	\$ (3,674,880)		
AUXILIARIES							
Revenues	\$ 230,256,055	\$ 243,882,965	\$ 255,189,378	\$ 256,886,973	\$ 264,639,683	\$ 34,383,628	14.9 %
Expenditures and Transfers							
Expenditures	\$ 162,766,410	\$ 180,136,338	\$ 186,905,317	\$ 193,518,426	\$ 198,690,261	\$ 35,923,851	22.1 %
Mandatory Transfers	30,475,329	35,921,341	42,169,835	41,088,849	47,597,204	17,121,875	56.2 %
Non-Mandatory Transfers	27,175,190	34,109,650	25,428,666	22,334,171	18,332,218	(8,842,972)	(32.5) %
Total Expenditures & Transfers	\$ 220,416,929	\$ 250,167,329	\$ 254,503,818	\$ 256,941,446	\$ 264,619,683	\$ 44,202,754	20.1 %
Fund Balance Addition/(Reduction)	\$ 9,839,126	\$ (6,284,365)	\$ 685,560	\$ (54,473)	\$ 20,000		
TOTALS							
Revenues	\$ 2,119,184,082	\$ 2,214,296,982	\$ 2,370,968,971	\$ 2,364,432,966	\$ 2,417,489,103	\$ 298,305,021	14.1 %
Expenditures and Transfers							
Expenditures	\$ 2,006,012,146	\$ 2,089,121,952	\$ 2,173,421,131	\$ 2,402,735,174	\$ 2,346,472,130	\$ 340,459,984	17.0 %
Mandatory Transfers	38,177,785	45,037,989	52,373,028	52,287,977	59,214,691	21,036,906	55.1 %
Non-Mandatory Transfers	53,911,689	127,713,210	78,013,921	(78,304,636)	15,457,162	(38,454,527)	(71.3) %
Total Expenditures & Transfers	\$ 2,098,101,620	\$ 2,261,873,151	\$ 2,303,808,080	\$ 2,376,718,515	\$ 2,421,143,983	\$ 323,042,363	15.4 %
Fund Balance Addition/(Reduction)	\$ 21,082,462	\$ (47,576,169)	\$ 67,160,891	\$ (12,285,549)	\$ (3,654,880)		

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University of Tennessee System

FY 2018-19 Proposed Budget Summary

Unrestricted and Restricted Current Funds Revenues, Expenditures and Transfers

	FY 2017 Actual			FY 2018 Probable			FY 2019 Proposed			Change Probable to Proposed	
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total	Amount	%
EDUCATION AND GENERAL											
Revenues											
Tuition & Fees	\$ 681,407,238		\$ 681,407,238	\$ 695,058,937		\$ 695,058,937	\$ 711,215,155		\$ 711,215,155	\$ 16,156,218	2.3 %
State Appropriations	527,561,549	\$ 18,723,219	546,284,768	573,008,552	\$ 18,937,917	591,946,469	595,792,552	\$ 16,111,441	611,903,993	19,957,524	3.4 %
Grants & Contracts	49,379,698	633,848,318	683,228,016	43,982,356	588,075,588	632,057,944	43,237,280	597,381,250	640,618,530	8,560,586	1.4 %
Sales & Service	67,209,889		67,209,889	62,847,073		62,847,073	63,329,502		63,329,502	482,429	0.8 %
Other Sources	61,722,810	75,926,873	137,649,683	56,414,966	69,220,604	125,635,570	57,591,636	68,190,604	125,782,240	146,670	0.1 %
Total Revenues	\$ 1,387,281,183	\$ 728,498,410	\$ 2,115,779,593	\$ 1,431,311,884	\$ 676,234,109	\$ 2,107,545,993	\$ 1,471,166,125	\$ 681,683,295	\$ 2,152,849,420	\$ 45,303,427	2.1 %
Expenditures and Transfers											
Instruction	\$ 528,504,264	\$ 177,301,636	\$ 705,805,900	584,471,742	\$ 183,208,001	\$ 767,679,743	\$ 570,658,457	\$ 186,731,001	\$ 757,389,458	\$ (10,290,285)	(1.3) %
Research	82,089,147	183,985,716	266,074,863	150,462,069	191,038,321	341,500,390	108,656,998	188,607,643	297,264,641	(44,235,749)	(13.0) %
Public Service	77,421,115	69,367,484	146,788,599	93,982,307	71,551,878	165,534,185	86,506,110	71,251,878	157,757,988	(7,776,197)	(4.7) %
Academic Support	154,892,346	52,157,000	207,049,346	178,119,863	52,645,057	230,764,920	169,917,388	52,595,457	222,512,845	(8,252,075)	(3.6) %
Student Services	95,228,666	2,574,679	97,803,344	95,208,568	1,915,892	97,124,460	91,907,823	2,285,892	94,193,715	(2,930,745)	(3.0) %
Institutional Support	147,400,379	1,861,496	149,261,875	165,401,404	1,886,731	167,288,135	163,417,869	1,887,431	165,305,300	(1,982,835)	(1.2) %
Operations & Maintenance of Plant	140,923,628	426,742	141,350,370	149,556,862	530,000	150,086,862	148,986,294	535,000	149,521,294	(565,568)	(0.4) %
Scholarships & Fellowships	100,705,270	171,676,247	272,381,517	112,427,064	176,810,989	289,238,053	122,709,656	181,126,972	303,836,628	14,598,575	5.0 %
Subtotal Expenditures	\$ 1,327,164,814	\$ 659,351,000	\$ 1,986,515,814	\$ 1,529,629,879	\$ 679,586,869	\$ 2,209,216,748	\$ 1,462,760,595	\$ 685,021,274	\$ 2,147,781,869	\$ (61,434,879)	(2.8) %
Mandatory Transfers	10,203,193		10,203,193	11,199,128		11,199,128	11,617,487		11,617,487	418,359	3.7 %
Non-Mandatory Transfers	52,585,255		52,585,255	(100,638,807)		(100,638,807)	(2,875,056)		(2,875,056)	97,763,751	97.1 %
Total Expenditures & Transfers	\$ 1,389,953,262	\$ 659,351,000	\$ 2,049,304,262	\$ 1,440,190,200	\$ 679,586,869	\$ 2,119,777,069	\$ 1,471,503,026	\$ 685,021,274	\$ 2,156,524,300	\$ 36,747,231	1.7 %
Fund Balance Addition / (Reduction)	\$ (2,672,078)	\$ 69,147,410	\$ 66,475,332	\$ (8,878,316)	\$ (3,352,760)	\$ (12,231,076)	\$ (336,901)	\$ (3,337,979)	\$ (3,674,880)		
AUXILIARIES											
Revenues											
	\$ 254,223,902	\$ 965,476	\$ 255,189,378	\$ 256,626,973	\$ 260,000	\$ 256,886,973	\$ 264,379,683	\$ 260,000	\$ 264,639,683	\$ 7,752,710	3.0 %
Expenditures and Transfers											
Expenditures	\$ 186,136,905	\$ 768,412	\$ 186,905,317	\$ 193,258,426	\$ 260,000	\$ 193,518,426	\$ 198,430,261	\$ 260,000	\$ 198,690,261	\$ 5,171,835	2.7 %
Mandatory Transfers	42,169,835		42,169,835	41,088,849		41,088,849	47,597,204		47,597,204	6,508,355	15.8 %
Non-Mandatory Transfers	25,428,666		25,428,666	22,334,171		22,334,171	18,332,218		18,332,218	(4,001,953)	(17.9) %
Total Expenditures & Transfers	\$ 253,735,406	\$ 768,412	\$ 254,503,818	\$ 256,681,446	\$ 260,000	\$ 256,941,446	\$ 264,359,683	\$ 260,000	\$ 264,619,683	\$ 7,678,237	3.0 %
Fund Balance Addition / (Reduction)	\$ 488,496	\$ 197,064	\$ 685,560	\$ (54,473)		\$ (54,473)	\$ 20,000		\$ 20,000		
TOTALS											
Revenues											
	\$ 1,641,505,085	\$ 729,463,886	\$ 2,370,968,971	\$ 1,687,938,857	\$ 676,494,109	\$ 2,364,432,966	\$ 1,735,545,808	\$ 681,943,295	\$ 2,417,489,103	\$ 53,056,137	2.2 %
Expenditures and Transfers											
Expenditures	\$ 1,513,301,719	\$ 660,119,412	\$ 2,173,421,131	\$ 1,722,888,305	\$ 679,846,869	\$ 2,402,735,174	\$ 1,661,190,856	\$ 685,281,274	\$ 2,346,472,130	\$ (56,263,044)	(2.3) %
Mandatory Transfers	52,373,028		52,373,028	52,287,977		52,287,977	59,214,691		59,214,691	6,926,714	13.2 %
Non-Mandatory Transfers	78,013,921		78,013,921	(78,304,636)		(78,304,636)	15,457,162		15,457,162	93,761,798	119.7 %
Total Expenditures & Transfers	\$ 1,643,688,668	\$ 660,119,412	\$ 2,303,808,080	\$ 1,696,871,646	\$ 679,846,869	\$ 2,376,718,515	\$ 1,735,862,709	\$ 685,281,274	\$ 2,421,143,983	\$ 44,425,468	1.9 %
Fund Balance Addition / (Reduction)	\$ (2,183,583)	\$ 69,344,474	\$ 67,160,891	\$ (8,932,789)	\$ (3,352,760)	\$ (12,285,549)	\$ (316,901)	\$ (3,337,979)	\$ (3,654,880)		

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University of Tennessee System

FY 2018-19 Proposed Budget - Natural Classifications

Unrestricted Current Funds Expenditures

	Total System	Chattanooga	Knoxville	Martin	Health Science Center	Institute of Agriculture	Institute for Public Service	System Administration
EDUCATIONAL AND GENERAL								
Salaries and Benefits								
Salaries								
Academic	\$ 363,138,411	\$ 44,897,664	\$ 175,427,854	\$ 24,528,496	\$ 85,149,846	\$ 32,739,852	\$ 255,529	\$ 139,170
Non-Academic	359,702,939	39,702,625	142,241,503	22,506,025	70,844,642	47,692,552	10,903,175	25,812,417
Students	8,567,574	897,904	5,030,684	1,362,872	703,449	406,702	20,800	145,163
Total Salaries	\$ 731,408,924	\$ 85,498,193	\$ 322,700,041	\$ 48,397,393	\$ 156,697,937	\$ 80,839,106	\$ 11,179,504	\$ 26,096,750
Staff Benefits	252,934,010	31,867,955	109,664,149	19,111,282	49,125,238	30,323,019	4,174,016	8,668,351
Total Salaries and Benefits	\$ 984,342,934	\$ 117,366,148	\$ 432,364,190	\$ 67,508,675	\$ 205,823,175	\$ 111,162,125	\$ 15,353,520	\$ 34,765,101
Operating	455,965,004	49,469,312	253,577,925	30,726,346	61,946,238	35,590,770	5,462,783	19,191,630
Equipment and Capital Outlay	22,452,657	1,729,905	12,856,006	1,455,158	5,954,529	344,879	112,180	
Total Expenditures	\$ 1,462,760,595	\$ 168,565,365	\$ 698,798,121	\$ 99,690,179	\$ 273,723,942	\$ 147,097,774	\$ 20,928,483	\$ 53,956,731
AUXILIARIES								
Salaries and Benefits								
Salaries								
Academic	\$ 670,423	\$ 7,000	\$ 660,360	\$ 3,063				
Non-Academic	55,516,800	2,172,313	51,495,478	1,454,262	\$ 394,747			
Students	4,823,667	95,484	4,185,442	542,741				
Total Salaries	\$ 61,010,890	\$ 2,274,797	\$ 56,341,280	\$ 2,000,066	\$ 394,747			
Staff Benefits	15,751,987	672,147	14,133,952	680,960	264,928			
Total Salaries and Benefits	\$ 76,762,877	\$ 2,946,944	\$ 70,475,232	\$ 2,681,026	\$ 659,675			
Operating	120,835,714	7,718,179	107,083,239	4,763,006	1,271,290			
Equipment and Capital Outlay	831,670	7,470	807,500	16,700				
Total Expenditures	\$ 198,430,261	\$ 10,672,593	\$ 178,365,971	\$ 7,460,732	\$ 1,930,965			
TOTALS								
Salaries and Benefits								
Salaries								
Academic	\$ 363,808,834	\$ 44,904,664	\$ 176,088,214	\$ 24,531,559	\$ 85,149,846	\$ 32,739,852	\$ 255,529	\$ 139,170
Non-Academic	415,219,739	41,874,938	193,736,981	23,960,287	71,239,389	47,692,552	10,903,175	25,812,417
Students	13,391,241	993,388	9,216,126	1,905,613	703,449	406,702	20,800	145,163
Total Salaries	\$ 792,419,814	\$ 87,772,990	\$ 379,041,321	\$ 50,397,459	\$ 157,092,684	\$ 80,839,106	\$ 11,179,504	\$ 26,096,750
Staff Benefits	268,685,997	32,540,102	123,798,101	19,792,242	49,390,166	30,323,019	4,174,016	8,668,351
Total Salaries and Benefits	\$ 1,061,105,811	\$ 120,313,092	\$ 502,839,422	\$ 70,189,701	\$ 206,482,850	\$ 111,162,125	\$ 15,353,520	\$ 34,765,101
Operating	576,800,718	57,187,491	360,661,164	35,489,352	63,217,528	35,590,770	5,462,783	19,191,630
Equipment and Capital Outlay	23,284,327	1,737,375	13,663,506	1,471,858	5,954,529	344,879	112,180	
Total Expenditures	\$ 1,661,190,856	\$ 179,237,958	\$ 877,164,092	\$ 107,150,911	\$ 275,654,907	\$ 147,097,774	\$ 20,928,483	\$ 53,956,731

Knoxville includes UTK Knoxville and UT Space Institute.

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University of Tennessee System
FY 2018-19 Proposed Budget Summary - Natural Classifications
 Unrestricted Current Funds Expenditures

	FY 2017 Actual	FY 2018 Probable	FY 2019 Proposed	CHANGE Probable to Proposed	
				Amount	%
EDUCATIONAL AND GENERAL					
Salaries and Benefits					
Salaries					
Academic	\$ 352,111,755	\$ 356,520,024	\$ 363,138,411	\$ 6,618,387	1.9 %
Non-Academic	334,277,363	351,175,495	359,702,939	8,527,444	2.4 %
Students	10,686,936	9,377,562	8,567,574	(809,988)	(8.6) %
Total Salaries	\$ 697,076,054	\$ 717,073,081	\$ 731,408,924	\$ 14,335,843	2.0 %
Staff Benefits	233,977,838	245,466,823	252,934,010	7,467,187	3.0 %
Total Salaries and Benefits	\$ 931,053,892	\$ 962,539,904	\$ 984,342,934	\$ 21,803,030	2.3 %
Operating	366,789,301	541,914,758	455,965,004	(85,949,754)	(15.9) %
Equipment and Capital Outlay	29,321,621	25,175,217	22,452,657	(2,722,560)	(10.8) %
Total Expenditures	\$ 1,327,164,814	\$ 1,529,629,879	\$ 1,462,760,595	\$ (66,869,284)	(4.4) %
AUXILIARIES					
Salaries and Benefits					
Salaries					
Academic	\$ 505,241	\$ 640,713	\$ 670,423	\$ 29,710	4.6 %
Non-Academic	53,097,821	52,215,939	55,516,800	3,300,861	6.3 %
Students	4,754,004	4,810,286	4,823,667	13,381	0.3 %
Total Salaries	\$ 58,357,066	\$ 57,666,938	\$ 61,010,890	\$ 3,343,952	5.8 %
Staff Benefits	14,770,395	14,214,377	15,751,987	1,537,610	10.8 %
Total Salaries and Benefits	\$ 73,127,461	\$ 71,881,315	\$ 76,762,877	\$ 4,881,562	6.8 %
Operating	112,607,430	120,504,493	120,835,714	331,221	0.3 %
Equipment and Capital Outlay	402,014	872,618	831,670	(40,948)	(4.7) %
Total Expenditures	\$ 186,136,905	\$ 193,258,426	\$ 198,430,261	\$ 5,171,835	2.7 %
TOTALS					
Salaries and Benefits					
Salaries					
Academic	\$ 352,616,995	\$ 357,160,737	\$ 363,808,834	\$ 6,648,097	1.9 %
Non-Academic	387,375,183	403,391,434	415,219,739	11,828,305	2.9 %
Students	15,440,941	14,187,848	13,391,241	(796,607)	(5.6) %
Total Salaries	\$ 755,433,120	\$ 774,740,019	\$ 792,419,814	\$ 17,679,795	2.3 %
Staff Benefits	248,748,234	259,681,200	268,685,997	9,004,797	3.5 %
Total Salaries and Benefits	\$ 1,004,181,353	\$ 1,034,421,219	\$ 1,061,105,811	\$ 26,684,592	2.6 %
Operating	479,396,731	662,419,251	576,800,718	(85,618,533)	(12.9) %
Equipment and Capital Outlay	29,723,635	26,047,835	23,284,327	(2,763,508)	(10.6) %
Total Expenditures	\$ 1,513,301,719	\$ 1,722,888,305	\$ 1,661,190,856	\$ (61,697,449)	(3.6) %

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University of Tennessee System

FY 2018-19 Proposed Budget Summary

Auxiliary Enterprises Funds Revenues, Expenditures and Transfers

	FY 2017 Actual	FY 2018 Probable	FY 2018 Proposed	CHANGE	
				Probable to Proposed Amount	%
HOUSING					
Revenues	\$ 65,803,007	\$ 69,250,108	\$ 75,821,031	\$ 6,570,923	9.5 %
Expenditures and Transfers					
Expenditures	\$ 41,818,053	\$ 43,889,425	\$ 44,821,005	\$ 931,580	2.1 %
Mandatory Transfers	18,418,511	19,262,988	26,701,876	7,438,888	38.6 %
Non-Mandatory Transfers	6,337,743	6,097,695	4,298,150	(1,799,545)	(29.5) %
Total Expenditures and Transfers	<u>\$ 66,574,307</u>	<u>\$ 69,250,108</u>	<u>\$ 75,821,031</u>	<u>\$ 6,570,923</u>	<u>9.5 %</u>
Fund Balance Addition/(Reduction)	\$ (771,300)				
FOOD SERVICE					
Revenues	\$ 8,650,473	\$ 10,902,516	\$ 11,246,420	\$ 343,904	3.2 %
Expenditures and Transfers					
Expenditures	\$ 2,042,321	\$ 3,608,760	\$ 3,499,928	\$ (108,832)	(3.0) %
Mandatory Transfers	2,617,834				
Non-Mandatory Transfers	3,427,998	7,286,556	7,719,292	432,736	5.9 %
Total Expenditures and Transfers	<u>\$ 8,088,153</u>	<u>\$ 10,895,316</u>	<u>\$ 11,219,220</u>	<u>\$ 323,904</u>	<u>3.0 %</u>
Fund Balance Addition/(Reduction)	\$ 562,320	\$ 7,200	\$ 27,200		
BOOKSTORES					
Revenues	\$ 25,445,547	\$ 25,525,232	\$ 25,010,352	\$ (514,880)	(2.0) %
Expenditures and Transfers					
Expenditures	\$ 23,576,897	\$ 23,682,040	\$ 23,257,014	\$ (425,026)	-1.8 %
Mandatory Transfers		109,418	109,418		
Non-Mandatory Transfers	1,813,541	1,734,774	1,644,920	(89,854)	-5.2 %
Total Expenditures and Transfers	<u>\$ 25,390,438</u>	<u>\$ 25,526,232</u>	<u>\$ 25,011,352</u>	<u>\$ (514,880)</u>	<u>-2.0 %</u>
Fund Balance Addition/(Reduction)	\$ 55,109	\$ (1,000)	\$ (1,000)		
PARKING					
Revenues	\$ 13,830,926	\$ 14,830,058	\$ 15,199,720	\$ 369,662	2.5 %
Expenditures and Transfers					
Expenditures	\$ 7,740,599	\$ 9,375,017	\$ 8,373,872	\$ (1,001,145)	(10.7) %
Mandatory Transfers	2,852,390	4,413,469	6,346,538	1,933,069	43.8 %
Non-Mandatory Transfers	1,779,049	1,096,045	479,310	(616,735)	(56.3) %
Total Expenditures and Transfers	<u>\$ 12,372,038</u>	<u>\$ 14,884,531</u>	<u>\$ 15,199,720</u>	<u>\$ 315,189</u>	<u>2.1 %</u>
Fund Balance Addition/(Reduction)	\$ 1,458,888				
ATHLETICS					
Revenues	\$ 138,194,051	\$ 132,990,956	\$ 133,678,897	\$ 687,941	0.5 %
Expenditures and Transfers					
Expenditures	\$ 108,730,606	\$ 109,527,387	\$ 115,007,485	\$ 5,480,098	5.0 %
Mandatory Transfers	18,281,100	17,302,974	14,439,372	(2,863,602)	(16.5) %
Non-Mandatory Transfers	11,311,418	6,160,595	4,232,040	(1,928,555)	(31.3) %
Total Expenditures and Transfers	<u>\$ 138,323,124</u>	<u>\$ 132,990,956</u>	<u>\$ 133,678,897</u>	<u>\$ 687,941</u>	<u>0.5 %</u>
Fund Balance Addition/(Reduction)	\$ (129,073)				
OTHER					
Revenues	\$ 2,299,897	\$ 3,128,103	\$ 3,423,263	\$ 295,160	9.4 %
Expenditures and Transfers					
Expenditures	\$ 2,228,429	\$ 3,175,797	\$ 3,470,957	\$ 295,160	9.3 %
Mandatory Transfers					
Non-Mandatory Transfers	758,916	(41,494)	(41,494)		
Total Expenditures and Transfers	<u>\$ 2,987,345</u>	<u>\$ 3,134,303</u>	<u>\$ 3,429,463</u>	<u>\$ 295,160</u>	<u>9.4 %</u>
Fund Balance Addition/(Reduction)	\$ (687,448)	\$ (6,200)	\$ (6,200)		
TOTAL					
Revenues	\$ 254,223,901	\$ 256,626,973	\$ 264,379,683	\$ 7,752,710	3.0 %
Expenditures and Transfers					
Expenditures	\$ 186,136,905	\$ 193,258,426	\$ 198,430,261	\$ 5,171,835	2.7 %
Mandatory Transfers	42,169,835	41,088,849	47,597,204	6,508,355	15.8 %
Non-Mandatory Transfers	25,428,665	22,334,171	18,332,218	(4,001,953)	(17.9) %
Total Expenditures and Transfers	<u>\$ 253,735,405</u>	<u>\$ 256,681,446</u>	<u>\$ 264,359,683</u>	<u>\$ 7,678,237</u>	<u>3.0 %</u>
Fund Balance Addition/(Reduction)	\$ 488,496	\$ (54,473)	\$ 20,000		

Schedule 13 - Auxiliaries

University of Tennessee System
Athletics FY 2018-19 Proposed Budget Summary
 E&G and Auxiliary Funds for Men's and Women's Athletics

	FY 2017 Actual	FY 2018 Probable	FY 2019 Proposed	CHANGE Probable to Proposed	
				Amount	%
KNOXVILLE					
Revenues					
General Funds					
Student Fees for Athletics	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000		
Ticket Sales	35,470,013	34,634,094	34,259,384	\$ (374,710)	-1.1%
Gifts	32,162,228	30,236,947	30,620,000	383,053	1.3%
Other	71,113,507	68,117,415	68,797,013	679,598	1.0%
Total Revenues	<u>\$ 139,745,748</u>	<u>\$ 133,988,456</u>	<u>\$ 134,676,397</u>	<u>\$ 687,941</u>	<u>0.5%</u>
Expenditures and Transfers					
Salaries and Benefits	\$ 43,527,207	\$ 43,057,031	\$ 46,637,431	\$ 3,580,400	8.3%
Travel	9,734,288	10,847,637	11,215,509	367,872	3.4%
Student Aid	14,056,735	15,540,905	15,384,069	(156,836)	-1.0%
Other Operating	41,766,432	40,079,314	42,161,976	2,082,662	5.2%
Subtotal Expenditures	<u>\$ 109,084,662</u>	<u>\$ 109,524,887</u>	<u>\$ 115,398,985</u>	<u>\$ 5,874,098</u>	<u>5.4%</u>
Debt Service Transfers	18,281,100	17,302,974	14,439,372	(2,863,602)	-16.5%
Other Transfers	12,311,418	7,160,595	4,838,040	(2,322,555)	-32.4%
Total Expenditures and Transfers	<u>\$ 139,677,180</u>	<u>\$ 133,988,456</u>	<u>\$ 134,676,397</u>	<u>\$ 687,941</u>	<u>0.5%</u>
Fund Balance Addition / (Reduction)	\$ 68,568				
CHATTANOOGA					
Revenues					
General Funds	\$ 7,154,587	\$ 5,294,827	\$ 5,953,054	\$ 658,227	12.4%
Student Fees for Athletics	4,477,571	4,991,503	4,991,503		
Ticket Sales	973,514	936,046	936,046		
Gifts	1,897,279	1,500,000	1,500,000		
Other	3,149,005	2,036,891	2,036,891		
Total Revenues	<u>\$ 17,651,956</u>	<u>\$ 14,759,267</u>	<u>\$ 15,417,494</u>	<u>\$ 658,227</u>	<u>4.5%</u>
Expenditures and Transfers					
Salaries and Benefits	\$ 7,347,678	\$ 7,080,666	\$ 7,110,666	\$ 30,000	0.4%
Travel	1,367,008	1,777,205	1,777,205		
Student Aid	4,769,071	5,061,022	5,233,939	172,917	3.4%
Other Operating	3,740,191	670,374	660,684	(9,690)	-1.4%
Subtotal Expenditures	<u>\$ 17,223,948</u>	<u>\$ 14,589,267</u>	<u>\$ 14,782,494</u>	<u>\$ 193,227</u>	<u>1.3%</u>
Debt Service Transfers	161,779	170,000	635,000	465,000	273.5%
Other Transfers					
Total Expenditures and Transfers	<u>\$ 17,385,727</u>	<u>\$ 14,759,267</u>	<u>\$ 15,417,494</u>	<u>\$ 658,227</u>	<u>4.5%</u>
Fund Balance Addition / (Reduction)	\$ 266,229				
MARTIN					
Revenues					
General Funds	\$ 6,029,130	\$ 6,484,664	\$ 6,272,505	\$ (212,159)	-3.3%
Student Fees for Athletics	2,034,450	2,032,000	2,032,000	-	0.0%
Ticket Sales	153,833	169,000	140,000	(29,000)	-17.2%
Gifts	1,304,888	588,943	646,039	57,096	9.7%
Other	2,308,702	2,162,947	1,958,694	(204,253)	-9.4%
Total Revenues	<u>\$ 11,831,003</u>	<u>\$ 11,437,554</u>	<u>\$ 11,049,238</u>	<u>\$ (388,316)</u>	<u>-3.4%</u>
Expenditures and Transfers					
Salaries and Benefits	\$ 4,017,102	\$ 4,417,594	\$ 4,545,644	\$ 128,050	2.9%
Travel	1,148,753	942,552	576,943	(365,609)	-38.8%
Student Aid	3,942,775	4,339,643	4,515,973	176,330	4.1%
Other Operating	2,182,796	1,551,354	1,294,448	(256,906)	-16.6%
Subtotal Expenditures	<u>\$ 11,291,426</u>	<u>\$ 11,251,143</u>	<u>\$ 10,933,008</u>	<u>\$ (318,135)</u>	<u>-2.8%</u>
Debt Service Transfers	119,867	115,299	116,230	931	0.8%
Other Transfers		71,112		(71,112)	-100.0%
Total Expenditures and Transfers	<u>\$ 11,411,293</u>	<u>\$ 11,437,554</u>	<u>\$ 11,049,238</u>	<u>\$ (388,316)</u>	<u>-3.4%</u>
Fund Balance Addition / (Reduction)	\$ 419,710				
TOTAL ATHLETICS					
Revenues					
General Funds	\$ 13,183,717	\$ 11,779,491	\$ 12,225,559	\$ 446,068	3.8%
Student Fees for Athletics	7,512,021	8,023,503	8,023,503		
Ticket Sales	36,597,360	35,739,140	35,335,430	(403,710)	-1.1%
Gifts	35,364,395	32,325,890	32,766,039	440,149	1.4%
Other	76,571,214	72,317,253	72,792,598	475,345	0.7%
Total Revenues	<u>\$ 169,228,707</u>	<u>\$ 160,185,277</u>	<u>\$ 161,143,129</u>	<u>\$ 957,852</u>	<u>0.6%</u>
Expenditures and Transfers					
Salaries and Benefits	\$ 54,891,987	\$ 54,555,291	\$ 58,293,741	\$ 3,738,450	6.9%
Travel	12,250,049	13,567,394	13,569,657	2,263	0.0%
Student Aid	22,768,581	24,941,570	25,133,981	192,411	0.8%
Other Operating	47,689,419	42,301,042	44,117,108	1,816,066	4.3%
Subtotal Expenditures	<u>\$ 137,600,036</u>	<u>\$ 135,365,297</u>	<u>\$ 141,114,487</u>	<u>\$ 5,749,190</u>	<u>4.2%</u>
Debt Service Transfers	18,562,746	17,588,273	15,190,602	(2,397,671)	-13.6%
Other Transfers	12,311,418	7,231,707	4,838,040	(2,393,667)	-33.1%
Total Expenditures and Transfers	<u>\$ 168,474,200</u>	<u>\$ 160,185,277</u>	<u>\$ 161,143,129</u>	<u>\$ 957,852</u>	<u>0.6%</u>
Fund Balance Addition / (Reduction)	\$ 754,507				

Includes unrestricted and restricted funds. Other revenue sources include NCAA conference income, tournament income, program sales, concessions, parking, broadcasting, television, radio, internet, endowments, investments, royalties, advertisements, sponsorships, game guarantees, licensing fees, and sports camps.

6.1

University of Tennessee System**FY 2018-19 Proposed Budget Summary**

Unrestricted Current Funds Revenues, Expenditures, and Transfers

	FY 2017 Actual	FY 2018 Probable	FY 2019 Proposed	Change Probable to Proposed	
				Amount	%
EDUCATIONAL AND GENERAL					
Revenues					
Tuition & Fees	\$ 681,407,238	\$ 695,058,937	\$ 711,215,155	\$ 16,156,218	2.3 %
State Appropriations	527,561,549	573,008,552	595,792,552	22,784,000	4.0 %
Grants & Contracts	49,379,698	43,982,356	43,237,280	(745,076)	(1.7) %
Sales & Service	67,209,889	62,847,073	63,329,502	482,429	0.8 %
Other Sources	61,722,810	56,414,966	57,591,636	1,176,670	2.1 %
Total Revenues	<u>\$ 1,387,281,183</u>	<u>\$ 1,431,311,884</u>	<u>\$ 1,471,166,125</u>	<u>\$ 39,854,241</u>	<u>2.8 %</u>
Expenditures and Transfers					
Instruction	\$ 528,504,264	\$ 584,471,742	\$ 570,658,457	\$ (13,813,285)	(2.4) %
Research	82,089,147	150,462,069	108,656,998	(41,805,071)	(27.8) %
Public Service	77,421,115	93,982,307	86,506,110	(7,476,197)	(8.0) %
Academic Support	154,892,346	178,119,863	169,917,388	(8,202,475)	(4.6) %
Student Services	95,228,666	95,208,568	91,907,823	(3,300,745)	(3.5) %
Institutional Support	147,400,379	165,401,404	163,417,869	(1,983,535)	(1.2) %
Operation & Maintenance of Plant	140,923,628	149,556,862	148,986,294	(570,568)	(0.4) %
Scholarships & Fellowships	100,705,270	112,427,064	122,709,656	10,282,592	9.1 %
Subtotal Expenditures	<u>\$ 1,327,164,814</u>	<u>\$ 1,529,629,879</u>	<u>\$ 1,462,760,595</u>	<u>\$ (66,869,284)</u>	<u>(4.4) %</u>
Mandatory Transfers	10,203,193	11,199,128	11,617,487	418,359	3.7 %
Non-Mandatory Transfers	52,585,255	(100,638,807)	(2,875,056)	97,763,751	97.1 %
Total Expenditures & Transfers	<u>\$ 1,389,953,262</u>	<u>\$ 1,440,190,200</u>	<u>\$ 1,471,503,026</u>	<u>\$ 31,312,826</u>	<u>2.2 %</u>
Fund Balance Addition/(Reduction)	<u>\$ (2,672,078)</u>	<u>\$ (8,878,316)</u>	<u>\$ (336,901)</u>		
AUXILIARIES					
Revenues	\$ 254,223,902	\$ 256,626,973	\$ 264,379,683	\$ 7,752,710	3.0 %
Expenditures and Transfers					
Expenditures	186,136,905	193,258,426	198,430,261	5,171,835	2.7 %
Mandatory Transfers	42,169,835	41,088,849	47,597,204	6,508,355	15.8 %
Non-Mandatory Transfers	25,428,666	22,334,171	18,332,218	(4,001,953)	(17.9) %
Total Expenditures & Transfers	<u>\$ 253,735,406</u>	<u>\$ 256,681,446</u>	<u>\$ 264,359,683</u>	<u>\$ 7,678,237</u>	<u>3.0 %</u>
Fund Balance Addition/(Reduction)	<u>\$ 488,496</u>	<u>\$ (54,473)</u>	<u>\$ 20,000</u>		
TOTALS					
Revenues	\$ 1,641,505,085	\$ 1,687,938,857	\$ 1,735,545,808	\$ 47,606,951	2.8 %
Expenditures and Transfers					
Expenditures	\$ 1,513,301,719	\$ 1,722,888,305	\$ 1,661,190,856	\$ (61,697,449)	(3.6) %
Mandatory Transfers	52,373,028	52,287,977	59,214,691	6,926,714	13.2 %
Non-Mandatory Transfers	78,013,921	(78,304,636)	15,457,162	93,761,798	119.7 %
Total Expenditures & Transfers	<u>\$ 1,643,688,668</u>	<u>\$ 1,696,871,646</u>	<u>\$ 1,735,862,709</u>	<u>\$ 38,991,063</u>	<u>2.3 %</u>
Fund Balance Addition/(Reduction)	<u>\$ (2,183,583)</u>	<u>\$ (8,932,789)</u>	<u>\$ (316,901)</u>		

6.1

Chattanooga**FY 2018-19 Proposed Budget Summary**

Unrestricted Current Funds Revenues, Expenditures, and Transfers

	FY 2017 Actual	FY 2018 Probable	FY 2019 Proposed	Change Probable to Proposed	
				Amount	%
EDUCATIONAL AND GENERAL					
Revenues					
Tuition & Fees	\$ 107,008,760	\$ 111,554,662	\$ 112,672,503	\$ 1,117,841	1.0 %
State Appropriations	46,671,705	51,829,605	55,663,705	3,834,100	7.4 %
Grants & Contracts	665,972	779,155	453,856	(325,299)	(41.8) %
Sales & Service	6,904,219	5,140,324	5,125,324	(15,000)	(0.3) %
Other Sources	299,495	239,500	239,500		
Total Revenues	\$ 161,550,152	\$ 169,543,246	\$ 174,154,888	\$ 4,611,642	2.7 %
Expenditures and Transfers					
Instruction	\$ 63,280,497	\$ 76,864,228	\$ 75,166,563	\$ (1,697,665)	(2.2) %
Research	3,516,511	4,202,391	2,545,028	(1,657,363)	(39.4) %
Public Service	2,445,060	2,678,010	2,727,856	49,846	1.9 %
Academic Support	14,826,874	16,465,293	14,317,382	(2,147,911)	(13.0) %
Student Services	27,594,390	25,783,584	26,308,232	524,648	2.0 %
Institutional Support	11,166,268	13,510,192	13,055,249	(454,943)	(3.4) %
Operation & Maintenance of Plant	18,618,505	22,464,000	21,528,231	(935,769)	(4.2) %
Scholarships & Fellowships	11,972,007	12,316,635	12,916,824	600,189	4.9 %
Subtotal Expenditures	\$ 153,420,113	\$ 174,284,333	\$ 168,565,365	\$ (5,718,968)	(3.3) %
Mandatory Transfers	161,779	3,522,165	3,987,165	465,000	13.2 %
Non-Mandatory Transfers	7,491,756	(8,329,832)	1,602,358	9,932,190	119.2 %
Total Expenditures & Transfers	\$ 161,073,648	\$ 169,476,666	\$ 174,154,888	\$ 4,678,222	2.8 %
Fund Balance Addition/(Reduction)	\$ 476,504	\$ 66,580			
AUXILIARIES					
Revenues	\$ 15,592,359	\$ 14,542,704	\$ 18,796,704	\$ 4,254,000	29.3 %
Expenditures and Transfers					
Expenditures	10,040,197	10,719,146	10,672,593	(46,553)	(0.4) %
Mandatory Transfers	1,409,478	1,803,780	6,104,333	4,300,553	238.4 %
Non-Mandatory Transfers	3,981,645	2,019,778	2,019,778		%
Total Expenditures & Transfers	\$ 15,431,320	\$ 14,542,704	\$ 18,796,704	\$ 4,254,000	29.3 %
Fund Balance Addition/(Reduction)	\$ 161,039				
TOTALS					
Revenues	\$ 177,142,511	\$ 184,085,950	\$ 192,951,592	\$ 8,865,642	4.8 %
Expenditures and Transfers					
Expenditures	\$ 163,460,310	\$ 185,003,479	\$ 179,237,958	\$ (5,765,521)	(3.1) %
Mandatory Transfers	1,571,257	5,325,945	10,091,498	4,765,553	89.5 %
Non-Mandatory Transfers	11,473,401	(6,310,054)	3,622,136	9,932,190	157.4 %
Total Expenditures & Transfers	\$ 176,504,968	\$ 184,019,370	\$ 192,951,592	\$ 8,932,222	4.9 %
Fund Balance Addition/(Reduction)	\$ 637,543	\$ 66,580			

6.1

Knoxville**FY 2018-19 Proposed Budget Summary**

Unrestricted Current Funds Revenues, Expenditures, and Transfers

	FY 2017 Actual	FY 2018 Probable	FY 2019 Proposed	Change Probable to Proposed	
				Amount	%
EDUCATIONAL AND GENERAL					
Revenues					
Tuition & Fees	\$ 419,959,016	\$ 423,554,614	\$ 433,862,306	\$ 10,307,692	2.4 %
State Appropriations	211,573,558	235,296,158	242,539,158	7,243,000	3.1 %
Grants & Contracts	27,261,779	22,850,000	22,960,000	110,000	0.5 %
Sales & Service	8,450,304	5,427,100	4,671,984	(755,116)	(13.9) %
Other Sources	13,508,159	11,891,187	11,843,078	(48,109)	(0.4) %
Total Revenues	\$ 680,752,817	\$ 699,019,059	\$ 715,876,526	\$ 16,857,467	2.4 %
Expenditures and Transfers					
Instruction	\$ 264,887,170	\$ 285,952,840	\$ 270,655,349	\$ (15,297,491)	(5.3) %
Research	30,744,599	87,337,415	59,378,052	(27,959,363)	(32.0) %
Public Service	14,607,334	15,005,770	12,252,190	(2,753,580)	(18.4) %
Academic Support	70,825,183	79,048,209	83,630,986	4,582,777	5.8 %
Student Services	48,024,325	48,439,274	46,429,042	(2,010,232)	(4.2) %
Institutional Support	51,823,256	58,676,603	58,390,917	(285,686)	(0.5) %
Operation & Maintenance of Plant	70,880,896	80,696,809	79,744,284	(952,525)	(1.2) %
Scholarships & Fellowships	69,901,218	80,153,057	88,317,301	8,164,244	10.2 %
Subtotal Expenditures	\$ 621,693,980	\$ 735,309,977	\$ 698,798,121	\$ (36,511,856)	(5.0) %
Mandatory Transfers	2,914,140	747,685	738,268	(9,417)	(1.3) %
Non-Mandatory Transfers	56,084,746	(37,038,603)	16,340,137	53,378,740	144.1 %
Total Expenditures & Transfers	\$ 680,692,866	\$ 699,019,059	\$ 715,876,526	\$ 16,857,467	2.4 %
Fund Balance Addition/(Reduction)	\$ 59,951				
AUXILIARIES					
Revenues	\$ 228,117,470	\$ 229,760,817	\$ 232,462,988	\$ 2,702,171	1.2 %
Expenditures and Transfers					
Expenditures	168,184,255	173,889,649	178,365,971	4,476,322	2.6 %
Mandatory Transfers	37,701,231	36,209,494	38,461,367	2,251,873	6.2 %
Non-Mandatory Transfers	21,612,823	19,661,674	15,635,650	(4,026,024)	(20.5) %
Total Expenditures & Transfers	\$ 227,498,309	\$ 229,760,817	\$ 232,462,988	\$ 2,702,171	1.2 %
Fund Balance Addition/(Reduction)	\$ 619,161				
TOTALS					
Revenues	\$ 908,870,287	\$ 928,779,876	\$ 948,339,514	\$ 19,559,638	2.1 %
Expenditures and Transfers					
Expenditures	\$ 789,878,235	\$ 909,199,626	\$ 877,164,092	\$ (32,035,534)	(3.5) %
Mandatory Transfers	40,615,371	36,957,179	39,199,635	2,242,456	6.1 %
Non-Mandatory Transfers	77,697,569	(17,376,929)	31,975,787	49,352,716	284.0 %
Total Expenditures & Transfers	\$ 908,191,175	\$ 928,779,876	\$ 948,339,514	\$ 19,559,638	2.1 %
Fund Balance Addition/(Reduction)	\$ 679,112				

Knoxville includes UT Knoxville and the UT Space Institute.

6.1

Martin**FY 2018-19 Proposed Budget Summary**

Unrestricted Current Funds Revenues, Expenditures, and Transfers

	FY 2017 Actual	FY 2018 Probable	FY 2019 Proposed	Change Probable to Proposed	
				Amount	%
EDUCATIONAL AND GENERAL					
Revenues					
Tuition & Fees	\$ 55,937,307	\$ 58,796,637	\$ 61,859,798	\$ 3,063,161	5.2 %
State Appropriations	31,508,097	33,199,497	35,102,197	1,902,700	5.7 %
Grants & Contracts	234,119	211,400	211,400		
Sales & Service	4,071,566	3,776,550	3,543,297	(233,253)	(6.2) %
Other Sources	652,487	817,400	817,400		
Total Revenues	\$ 92,403,576	\$ 96,801,484	\$ 101,534,092	\$ 4,732,608	4.9 %
Expenditures and Transfers					
Instruction	\$ 40,398,729	\$ 44,112,973	\$ 43,795,524	\$ (317,449)	(0.7) %
Research	457,619	410,214	321,886	(88,328)	(21.5) %
Public Service	593,824	831,801	768,092	(63,709)	(7.7) %
Academic Support	10,583,792	11,289,143	11,263,531	(25,612)	(0.2) %
Student Services	13,197,389	13,751,283	12,649,847	(1,101,436)	(8.0) %
Institutional Support	6,206,084	7,281,877	6,894,545	(387,332)	(5.3) %
Operation & Maintenance of Plant	11,003,117	11,280,661	11,902,427	621,766	5.5 %
Scholarships & Fellowships	8,926,672	10,301,140	12,094,327	1,793,187	17.4 %
Subtotal Expenditures	\$ 91,367,225	\$ 99,259,092	\$ 99,690,179	\$ 431,087	0.4 %
Mandatory Transfers	619,931	622,896	590,064	(32,832)	(5.3) %
Non-Mandatory Transfers	897,220	(3,080,504)	1,253,849	4,334,353	140.7 %
Total Expenditures & Transfers	\$ 92,884,376	\$ 96,801,484	\$ 101,534,092	\$ 4,732,608	4.9 %
Fund Balance Addition/(Reduction)	\$ (480,800)				
AUXILIARIES					
Revenues	\$ 9,031,683	\$ 10,543,687	\$ 10,818,526	274,839	2.6 %
Expenditures and Transfers					
Expenditures	\$ 6,758,899	\$ 7,185,893	\$ 7,460,732	274,839	3.8 %
Mandatory Transfers	2,691,063	2,705,075	2,661,004	(44,071)	(1.6) %
Non-Mandatory Transfers	(173,248)	652,719	696,790	44,071	6.8 %
Total Expenditures & Transfers	\$ 9,276,714	\$ 10,543,687	\$ 10,818,526	274,839	2.6 %
Fund Balance Addition/(Reduction)	\$ (245,031)				
TOTALS					
Revenues	\$ 101,435,259	\$ 107,345,171	\$ 112,352,618	\$ 5,007,447	4.7 %
Expenditures and Transfers					
Expenditures	98,126,124	106,444,985	107,150,911	705,926	0.7 %
Mandatory Transfers	3,310,994	3,327,971	3,251,068	(76,903)	(2.3) %
Non-Mandatory Transfers	723,972	(2,427,785)	1,950,639	4,378,424	180.3 %
Total Expenditures & Transfers	\$ 102,161,090	\$ 107,345,171	\$ 112,352,618	\$ 5,007,447	4.7 %
Fund Balance Addition/(Reduction)	\$ (725,831)				

6.1

Health Science Center**FY 2018-19 Proposed Budget Summary**

Unrestricted Current Funds Revenues, Expenditures, and Transfers

	FY 2017 Actual	FY 2018 Probable	FY 2019 Proposed	Change Probable to Proposed	
				Amount	%
EDUCATIONAL AND GENERAL					
Revenues					
Tuition & Fees	\$ 86,057,872	\$ 88,115,746	\$ 89,554,372	\$ 1,438,626	1.6 %
State Appropriations	141,084,321	149,951,424	155,492,224	5,540,800	3.7 %
Grants & Contracts	14,969,630	15,393,384	15,012,697	(380,687)	(2.5) %
Sales & Service	22,617,070	22,143,408	24,000,581	1,857,173	8.4 %
Other Sources	3,090,488	1,212,758	1,212,758		
Total Revenues	<u>\$ 267,819,381</u>	<u>\$ 276,816,720</u>	<u>\$ 285,272,632</u>	<u>\$ 8,455,912</u>	<u>3.1 %</u>
Expenditures and Transfers					
Instruction	\$ 129,081,720	\$ 145,853,089	\$ 140,832,765	\$ (5,020,324)	(3.4) %
Research	7,487,146	10,621,263	5,397,773	(5,223,490)	(49.2) %
Public Service	76,775	74,737	103,000	28,263	37.8 %
Academic Support	49,153,706	62,022,391	51,924,462	(10,097,929)	(16.3) %
Student Services	6,412,561	7,234,427	6,520,702	(713,725)	(9.9) %
Institutional Support	26,572,354	28,653,371	27,521,263	(1,132,108)	(4.0) %
Operation & Maintenance of Plant	37,204,611	31,290,590	32,117,263	826,673	2.6 %
Scholarships & Fellowships	9,899,138	9,582,804	9,306,714	(276,090)	(2.9) %
Subtotal Expenditures	<u>\$ 265,888,010</u>	<u>\$ 295,332,672</u>	<u>\$ 273,723,942</u>	<u>\$ (21,608,730)</u>	<u>(7.3) %</u>
Mandatory Transfers	5,962,779	6,196,382	6,191,990	(4,392)	(0.1) %
Non-Mandatory Transfers	(1,680,964)	(23,229,181)	5,376,700	28,605,881	123.1 %
Total Expenditures & Transfers	<u>\$ 270,169,825</u>	<u>\$ 278,299,873</u>	<u>\$ 285,292,632</u>	<u>\$ 6,992,759</u>	<u>2.5 %</u>
Fund Balance Addition/(Reduction)	\$ (2,350,444)	\$ (1,483,153)	\$ (20,000)		
AUXILIARIES					
Revenues	\$ 1,482,389	\$ 1,779,765	\$ 2,301,465	\$ 521,700	29.3 %
Expenditures and Transfers					
Expenditures	1,153,554	1,463,738	1,930,965	467,227	31.9 %
Mandatory Transfers	368,063	370,500	370,500		
Non-Mandatory Transfers	7,446		(20,000)	(20,000)	(100.0) %
Total Expenditures & Transfers	<u>\$ 1,529,063</u>	<u>\$ 1,834,238</u>	<u>\$ 2,281,465</u>	<u>\$ 447,227</u>	<u>24.4 %</u>
Fund Balance Addition/(Reduction)	\$ (46,674)	\$ (54,473)	\$ 20,000		
TOTALS					
Revenues	\$ 269,301,771	\$ 278,596,485	\$ 287,574,097	\$ 8,977,612	3.2 %
Expenditures and Transfers					
Expenditures	\$ 267,041,565	\$ 296,796,410	\$ 275,654,907	\$ (21,141,503)	(7.1) %
Mandatory Transfers	6,330,842	6,566,882	6,562,490	(4,392)	(0.1) %
Non-Mandatory Transfers	(1,673,518)	(23,229,181)	5,356,700	28,585,881	123.1 %
Total Expenditures & Transfers	<u>\$ 271,698,889</u>	<u>\$ 280,134,111</u>	<u>\$ 287,574,097</u>	<u>\$ 7,439,986</u>	<u>2.7 %</u>
Fund Balance Addition/(Reduction)	\$ (2,397,118)	\$ (1,537,626)			

6.1

Institute of Agriculture**FY 2018-19 Proposed Budget Summary**

Unrestricted Current Funds Revenues, Expenditures, and Transfers

	FY 2017 Actual	FY 2018 Probable	FY 2019 Proposed	Change Probable to Proposed	
				Amount	%
EDUCATIONAL AND GENERAL					
Revenues					
Tuition & Fees	\$ 12,444,282	\$ 13,037,278	\$ 13,266,176	\$ 228,898	1.8 %
State Appropriations	80,150,264	84,899,664	88,611,464	3,711,800	4.4 %
Grants & Contracts	5,442,141	4,322,071	4,320,571	(1,500)	- %
Sales & Service	25,166,730	26,359,691	25,988,316	(371,375)	(1.4) %
Other Sources	14,502,145	16,244,558	16,211,361	(33,197)	(0.2) %
Total Revenues	<u>\$ 137,705,562</u>	<u>\$ 144,863,262</u>	<u>\$ 148,397,888</u>	<u>\$ 3,534,626</u>	<u>2.4 %</u>
Expenditures and Transfers					
Instruction	\$ 30,856,148	\$ 31,688,612	\$ 40,208,256	\$ 8,519,644	26.9 %
Research	39,880,790	47,890,786	41,014,259	(6,876,527)	(14.4) %
Public Service	43,700,178	56,645,089	50,985,345	(5,659,744)	(10.0) %
Academic Support	9,268,089	9,060,118	8,558,458	(501,660)	(5.5) %
Student Services					
Institutional Support	2,576,830	2,536,612	2,562,877	26,265	1.0 %
Operation & Maintenance of Plant	3,216,499	3,824,802	3,694,089	(130,713)	(3.4) %
Scholarships & Fellowships	6,235	73,428	74,490	1,062	1.4 %
Subtotal Expenditures	<u>\$ 129,504,770</u>	<u>\$ 151,719,447</u>	<u>\$ 147,097,774</u>	<u>\$ (4,621,673)</u>	<u>(3.0) %</u>
Mandatory Transfers	440,378				
Non-Mandatory Transfers	7,642,770	(255,443)	1,392,295	1,647,738	645.1 %
Total Expenditures & Transfers	<u>\$ 137,587,918</u>	<u>\$ 151,464,004</u>	<u>\$ 148,490,069</u>	<u>\$ (2,973,935)</u>	<u>(2.0) %</u>
Fund Balance Addition/(Reduction)	<u>\$ 117,645</u>	<u>\$ (6,600,742)</u>	<u>\$ (92,181)</u>		

6.1

Institute for Public Service Total**FY 2018-19 Proposed Budget Summary**

Unrestricted Current Funds Revenues, Expenditures, and Transfers

	FY 2017 Actual	FY 2018 Probable	FY 2019 Proposed	Change Probable to Proposed	
				Amount	%
EDUCATIONAL AND GENERAL					
Revenues					
Tuition & Fees					
State Appropriations	\$ 11,042,187	\$ 12,216,587	\$ 12,590,287	\$ 373,700	3.1 %
Grants & Contracts	806,056	426,346	278,756	(147,590)	(34.6) %
Sales & Service					
Other Sources	7,690,908	8,419,987	9,027,963	607,976	7.2 %
Total Revenues	<u>\$ 19,539,151</u>	<u>\$ 21,062,920</u>	<u>\$ 21,897,006</u>	<u>\$ 834,086</u>	<u>4.0 %</u>
Expenditures and Transfers					
Instruction					
Research					
Public Service	\$ 15,997,945	\$ 18,746,900	\$ 19,669,627	\$ 922,727	4.9 %
Academic Support	234,702	234,709	222,569	(12,140)	(5.2) %
Student Services					
Institutional Support	911,117	1,016,381	1,036,287	19,906	2.0 %
Operation & Maintenance of Plant					
Scholarships & Fellowships					
Subtotal Expenditures	<u>\$ 17,143,764</u>	<u>\$ 19,997,990</u>	<u>\$ 20,928,483</u>	<u>\$ 930,493</u>	<u>4.7 %</u>
Mandatory Transfers					
Non-Mandatory Transfers	2,415,844	1,240,505	909,082	(331,423)	(26.7) %
Total Expenditures & Transfers	<u>\$ 19,559,608</u>	<u>\$ 21,238,495</u>	<u>\$ 21,837,565</u>	<u>\$ 599,070</u>	<u>2.8 %</u>
Fund Balance Addition/(Reduction)	<u>\$ (20,457)</u>	<u>\$ (175,575)</u>	<u>\$ 59,441</u>		

6.1

System Administration**FY 2018-19 Proposed Budget Summary**

Unrestricted Current Funds Revenues, Expenditures, and Transfers

	FY 2017 Actual	FY 2018 Probable	FY 2019 Proposed	Change Probable to Proposed	
				Amount	%
EDUCATIONAL AND GENERAL					
Revenues					
Tuition & Fees					
State Appropriations	\$ 5,531,417	\$ 5,615,617	\$ 5,793,517	\$ 177,900	3.2 %
Grants & Contracts					
Sales & Service					
Other Sources	21,979,127	17,589,576	18,239,576	650,000	3.7 %
Total Revenues	<u>\$ 27,510,544</u>	<u>\$ 23,205,193</u>	<u>\$ 24,033,093</u>	<u>\$ 827,900</u>	<u>3.6 %</u>
Expenditures and Transfers					
Instruction					
Research	\$ 2,482				
Public Service					
Academic Support					
Student Services					
Institutional Support	48,144,471	\$ 53,726,368	\$ 53,956,731	\$ 230,363	0.4 %
Operation & Maintenance of Plant					
Scholarships & Fellowships					
Subtotal Expenditures	<u>\$ 48,146,953</u>	<u>\$ 53,726,368</u>	<u>\$ 53,956,731</u>	<u>\$ 230,363</u>	<u>0.4 %</u>
Mandatory Transfers	104,186	110,000	110,000		
Non-Mandatory Transfers	(20,266,117)	(29,945,749)	(29,749,477)	196,272	0.7 %
Total Expenditures & Transfers	<u>\$ 27,985,022</u>	<u>\$ 23,890,619</u>	<u>\$ 24,317,254</u>	<u>\$ 426,635</u>	<u>1.8 %</u>
Fund Balance Addition/(Reduction)	<u>\$ (474,477)</u>	<u>\$ (685,426)</u>	<u>\$ (284,161)</u>		

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FY 2018-19 PROPOSED BUDGET

THE UNIVERSITY OF TENNESSEE FY 2018-19 PROPOSED TUITION AND FEES

This section presents anticipated tuition¹ and fee revenue growth that will result from the proposed fee adjustments recommended to the Board of Trustees for FY 2018-19. 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, a discussion on how the additional revenues are planned to be used, and detailed schedules of tuition and fee levels proposed for each campus. This section does not address revenue changes related to enrollment changes and other factors that will occur if tuition and fee levels remain unchanged.

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Tuition and Fee Schedules:	
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¹For the purposes of this document, tuition refers to both maintenance fees and out-of-state tuition.

FY 2018-19 PROPOSED BUDGET

Recommendations

The tuition and fee changes proposed for FY 2018-19 follow a recent trend of unusually low increases. In-state undergraduate tuition will not increase at UT Chattanooga and UT Knoxville, and will be within the Tennessee Higher Education Commission (THEC) range of 3% at UT Martin. This is an unprecedented fourth consecutive year of increases of 3% or less.

The tuition and fee changes recommended for Board approval are projected to generate additional unrestricted educational and general (E&G) revenues of \$5,719,612. The increase from tuition is \$3,743,712, while the remaining increase of \$1,975,900 comes from other student fees. (This does not include revenues of \$2,439,439 expected to result from increases to auxiliary rates for housing, dining, parking, and other miscellaneous fees approved by the chancellors.)

Nearly a third of these revenues will be allocated to student financial aid, leaving almost \$4.5 million to fund E&G operations. Over half of these funds will be used for new faculty and staff positions, promotions, and faculty start-up expenditures.

Campus/Institute	New Revenue
Knoxville	\$1,465,800
Health Science Center	1,215,500
Chattanooga	-11,500
Martin	2,915,352
Veterinary Medicine	134,460
TOTAL	\$ 5,719,612
Allocations	
Faculty & Staff Positions, Promotions, Start-up	1,730,588
Scholarships, Grant-in-Aid, and Fee Waivers	2,031,791
Student Services and Instructional Support and Academic Support	1,571,252
Facilities, Equipment, and Debt Service	386,121
TOTAL	\$ 5,719,612

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FY 2018-19 PROPOSED BUDGET

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 – In-State Undergraduate and Graduate	0.0 %	0.0%	
Chattanooga – Out-of-State Graduate	0.0 %	-50.0%	
Knoxville – Undergraduate	0.0 %	0.0%	
Knoxville – Graduate	0.0 %	0.0%	
Knoxville - College of Law	0.0%	0.0 %	
Martin – Undergraduate (Less than 90 Credit Hours – ‘Soar in Four’ Model)	3.0%	4.9%	
Martin – Undergraduate (90 or More Credit Hours)	3.0%	4.9%	
Martin – Graduate	3.0%	4.9%	
Martin – Out-Of-State Tuition (International)	3.0%	0.0%	2,713,752
Space Institute	0.0%	0.0%	
Health Science Center:			
College of Medicine – MD	2.0 %	0.0 %	403,500
College of Medicine – PA	2.0%	0.0%	25,400
College of Health Professions – Graduate	2.0%	0.00%	96,200
College of Dentistry – Graduate	2.0%	0.00%	202,200
College of Pharmacy	1.0%	0.00 %	137,600
College of Nursing – Graduate	1.0%	0%	30,600
College of Veterinary Medicine	2.0%	-2.0%	134,460
Total			\$ 3,743,712

*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’.

FY 2018-19 PROPOSED BUDGET

OTHER FEES FY 2018-19 Recommended Rate Increases

<i>CAMPUS</i>	<i>FEE</i>	<i>Current Annual Rate</i>	<i>Proposed Annual Rate</i>	<i>Change</i>	<i>New Revenue</i>
Martin	Program and Service Fee (Non-Athletic)	\$ 156	\$ 188	\$ 32	\$ 153,600
	Green Fee	0	10	10	48,000
Knoxville	Student Program Fee	270	292	22	550,000
	Capital Fee	398	412	14	350,000
	Professional Program Fees:				
	Masters in Industrial & Systems Engineering	16,000	18,000	2,000	30,000
	Masters in Industrial & Systems Engineering Health Systems	0	20,000	20,000	300,000
	Doctor of Social Work	0	600	600	72,000
	Masters of Science in Social Work	0	450	450	163,800
Chattanooga	College of Business Graduate Program Fee	0	900	900	275,000
	Online MBA Program	1276	0	(1,276)	(400,000)
	Mosaic Program Fee	5,000	7,000	2,000	106,000
	Mosaic Program Summer Fee	0	1,500	1,500	7,500
Health Science Center	Counseling Fee	180	280	100	\$320,000
Total					\$ 1,975,900

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FY 2018-19 PROPOSED BUDGET

PROPOSED USES OF NEW REVENUES

UT CHATTANOOGA

- Maintenance Fee and Out-of-State Tuition – There is no increase for the maintenance fee for undergraduate and graduate students. There is no increase for undergraduate out-of-state tuition. Graduate out-of-state tuition is reduced by 50% (-\$8,054) from \$16,118 to \$8,064, while Graduate out-of-state tuition (International) is reduced 0.3% from \$16,118 to \$16,064. Graduate Revenue is expected to remain neutral based on an anticipated full-time equivalent (FTE) student increase.
- Online Professional MBA Program – The Online Professional MBA Program will decrease 20.2% (-\$5,856) from \$28,944 to \$23,088. The decrease is due to the elimination of the Online MBA Program fee. The revenues for this decrease represents an amount of -\$400,000.
- Graduate College of Business Program Fee – This new program fee is an annualized amount of \$900 and will generate \$275,000 in revenue. The revenue will be used to fund marketing efforts to produce additional enrollment, manage lead applications, enhance career services and fund key staff positions.
- Mosaic Program Fee – This fee will increase 40% (\$2,000) annually from \$5,000 to \$7,000 and will generate \$106,000 in new revenue. This revenue will be used in support of the Mosaic Program within the Disability Resource Center. The Mosaic Program is a multifaceted and comprehensive program that supports college students who have an Autism Spectrum Disorder. This fee will increase the ability for this self-sustaining program to continue growing and achieving great successes both inside and outside the classroom; as well as, become accurately benchmarked among peer programs in regards to costs.

UT KNOXVILLE

- Maintenance Fee and Out-of-State Tuition – Knoxville proposes no increase to the maintenance fee or out-of-state tuition for undergraduate, graduate, or professional students.
- Masters in Science in Industrial and Systems Engineering – This program fee increase covers operating costs for the full-time, off campus masters cohort. The fee covers university tuition, engineering fees, faculty time, other instructors, the program director, student assistants, meals, books, and miscellaneous supplies. The current rate was established in 2011 and has not increased. However, tuition, fees and overall program costs have increased during that time. The increase in the program fee will generate \$30,000 in additional revenue.

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FY 2018-19 PROPOSED BUDGET

- Master of Science in Industrial and Systems Engineering Health Systems – This new program fee covers operating cost for full-time, off campus master’s program. The courses are delivered one day a week on-site at a TN Hospital Association facility. Students register for specific courses in the program which are taught only for the cohort students. The fee covers university tuition, engineering fees, faculty time, instructors, the program director, student assistants, snacks, books, travel and supplies. This fee will generate \$300,000 in new revenue.
- Social Work Program Fees – Social work is requesting program fees for their Doctor of Social Work (DSW) and Master of Science in Social Work (MSSW) programs. For the DSW Program, this requested fee will provide additional financial support for the operational needs of the DSW program. The program requires additional funding to support the DSW program materials and activities such as DSW orientation, graduation reception, and intensive week: refreshments, lunches, rental space, parking, marketing resources, and student travel. The fee request for the MSSW Program will provide financial support for a non-tenure track faculty of practice and will cover salary and benefits. This faculty of practice track would help alleviate the need for a high number adjunct faculty and will increase the quality of teaching provided to students. These fees will generate \$235,800 in new revenue.
- Masters of Science in Supply Chain Management (MSSCM) – Online – This program fee will primarily be used (but not limited to) to pay faculty costs, online program management services (marketing recruiting, instructional design, student services, technology integration) and provide additional support for student success through enhanced career planning and development, advising and career management. The fee covers the cost of the university In-State Maintenance Fee, Out-of-State Tuition, Library Fee and Online Program Fee. (Note: MSSCM-Online program is currently awaiting approval from the Board of Trustees & THEC with a start date of Fall Semester 2019. All other proposed fee changes will be effective in the 2018 Fall Semester.) This fee will generate \$803,250 in new revenue in FY 2019-20.
- Student Program and Service Fees (SPSF) - An increase in Student Program and Service Fees will generate an increase of \$900,000 in revenues. Projected FY19 operating expenses covered by the SPSF exceed projected revenues by \$1,700,000. Upon review of the reserve balances and focusing on easing the burden placed on students, \$800,000 will be covered by drawing on reserves and the remaining \$900,000 will be covered by revenues produced by the fee increase. \$650,000 of this increase will be used for costs associated with opening the new Student Union and \$250,000 will be used for an anticipated 2.5% raise pool.
 - Student Program Fee (\$550,000) - This portion of the SPSF is used for expenses relating to student services, activities, and programs organized or operated under the auspices of the Chief Student Affairs Officer (e.g. operating expenses and equipment; wages, salaries, and benefits) including student organized programming.

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FY 2018-19 PROPOSED BUDGET

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- Capital Fee (\$350,000) - This portion of the SPSF is used for 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 purpose of equipment to support student services, activities and programs organized or operated under the auspices of the Chief Student Affairs Officer.

UT MARTIN

- Maintenance Fee – The net result of a 3.0 % increase in the maintenance fee is a revenue increase of \$1,000,700. There is an increase in out-of-state tuition to maintain the out-of-state/in-state ratio of 75%. The out-of-state increase will generate \$116,000 in revenue. The SOAR in Four model phase in will continue with an increase from less than 60 credit hours to less than 90 credit hours resulting in an additional \$536,700 in revenue. The increases will be used to support a robust scholarship program that started in FY18, faculty and staff promotions and new hires, and increases in fixed costs.
- UT Online - Martin
 - Undergraduate - The course fee per credit hour (PCH) increases 3.0%, in addition to the implementation of the ‘SOAR in Four’ rate for all students with less than 90 credit hours. The 14.4% increase will bring the online course fee up to the on campus maintenance fee for ‘SOAR in Four’. This results in a revenue increase of \$908,730. The revenue increase will be used to support faculty and staff promotions and new hires and academic scholarships.
 - Graduate - The course fee per credit hour (PCH) increases 3.0%. This results in a revenue increase of \$32,300. The revenue increase will be used to support faculty and staff promotions.
- UTM Centers - The 3.0% maintenance increase and the ‘SOAR in Four’ phase in from 60 credit hours to 90 credit hours will result in an increase of \$119,322 for the Centers. The Centers will use the funding for the 2.5% salary pool, fixed cost increases, and new hires.
- Student Activity Fee - will increase \$32 annually and generate \$153,600 in additional revenue. The Student Government Association (SGA) approved the fee increase from \$156 to \$188 annually to enhance programming from general and multicultural perspective.

In addition a new \$10 annual Green Fee was created at the request of the Student Government Association (SGA) to create a Center for Sustainability. The \$48,000 generated will be used to facilitate student recruitment, determine long term economic efficiency, and create institutional assessment metrics.

FY 2018-19 PROPOSED BUDGET

UT SPACE INSTITUTE (UTSI)

- Maintenance Fee and Out-of-State Tuition – UTSI proposes no increase to the maintenance fee for undergraduate and graduate students. Also, there is no increase for out-of-state tuition

UT HEALTH SCIENCE CENTER (UTHSC)

(UTHSC 2018-19 tuition & fee rates were approved at the previous Board meeting. The following is presented for information purposes)

- Maintenance Fee– There is a general 1% to 2% proposed maintenance fee increase this year for Graduate Programs, but no increase for Undergraduate Programs. The only exception is for the College of Graduate Health Sciences which will have no increase for Graduate Programs. There will also be an increase in Out-of-State Tuition ranging from 0.7% to 2.0% for Graduate Programs, except for the College of Graduate Health Sciences which will not have an increase. There will also be no increase for Undergraduate Programs. Tuition increases will provide \$895,500 in new revenues. First, UTHSC will allocate \$395,500 to help fund new faculty positions in Dentistry, Nursing, Medicine, & Health Professions. Finally, we will allocate \$500,000 for Faculty Market Salary Adjustments in various colleges. Detail by program is as follows:
 - Medicine – Revenue increases will come from tuition increases that will generate \$428,900 in new revenues. The new revenues will be used to help fund new faculty in the College of Medicine and faculty market salary adjustments.
 - Health Professions – Revenue increases will come from tuition increases which will generate \$96,200 in new revenues. The new revenues will be used to help fund new faculty in the College of Health Professions.
 - Dentistry – Revenue increases will come from tuition increases in the Dentistry Program that will generate \$202,200 in new revenues. These new revenues will be used to help fund new faculty in Dentistry and faculty market salary adjustments.
 - Nursing – Revenue increases will come from tuition increases in the Nursing programs that will generate \$30,600 in new revenues. These new revenues will be used to fund new Nursing Faculty.
 - Pharmacy – Revenue increases will come from tuition increases for the College of Pharmacy which will generate \$137,600 in new revenues. These new revenues will be used fund new Pharmacy Faculty and faculty market salary adjustments.
- Student Program and Service Fees (SPSF) – An increase in Student Program and Service Fees will generate an increase of \$320,000 in revenues.

FY 2018-19 PROPOSED BUDGET

- Counseling Fee (\$320,000) – This portion of the Student Program and Service Fee is charged per credit hour and is used to help fund Counselors that help students with any needs they may have related to their time at UTHSC.

UT COLLEGE OF VETERINARY MEDICINE

- Maintenance Fee and Out-of-state Tuition – There is a 2.0 % increase in the maintenance fee and a 2.0% decrease in out-of-state tuition which generates a net revenue gain of \$134,460. These new revenues will be used for a faculty promotion, utilities and partial funding for a new Orthopedic Surgery faculty position.

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Chattanooga**FY 2018-19 Annual Tuition and Fees
Maintenance Fee & Tuition**

	FY 2017-18	FY 2018-19	CHANGE	
			Amount	Percent
IN-STATE				
Undergraduate				
Maintenance Fee	\$ 6,888	\$ 6,888		
<u>Other Fees:</u>				
Student Programs and Services Fees *	\$ 660	\$ 660		
Athletics	480	480		
Green	20	20		
Technology	250	250		
Library	50	50		
Transportation	96	96		
Facilities	200	200		
International Education	20	20		
Total Other Fees	\$ 1,776	\$ 1,776		
Total Tuition and Fees	\$ 8,664	\$ 8,664		
Graduate				
Maintenance Fee	\$ 8,244	\$ 8,244		
Other Fees:	1,776	1,776		
Total Tuition and Fees	\$ 10,020	\$ 10,020		
OUT-OF-STATE				
Undergraduate				
Maintenance Fee	\$ 6,888	\$ 6,888		
Out-of-State Tuition	16,118	16,118		
Maintenance Fee & Out-of-State Tuition	\$ 23,006	\$ 23,006		
Other Fees	1,776	1,776		
Total Tuition and Fees	\$ 24,782	\$ 24,782		
Graduate - Domestic				
Maintenance Fee	\$ 8,244	\$ 8,244		
Out-of-State Tuition	16,118	8,064	\$ (8,054)	-50.0%
Maintenance Fee & Out-of-State Tuition	\$ 24,362	\$ 16,308	\$ (8,054)	-33.1%
Other Fees	\$ 1,776	\$ 1,776		
Total Tuition and Fees	\$ 26,138	\$ 18,084	\$ (8,054)	-30.8%
Graduate - International				
Maintenance Fee	\$ 8,244	\$ 8,244		
Out-of-State Tuition	16,118	16,064	\$ (54)	-0.3%
Maintenance Fee & Out-of-State Tuition	\$ 24,362	\$ 24,308	\$ (54)	-0.2%
Other Fees	\$ 1,776	\$ 1,776		
Total Tuition and Fees	\$ 26,138	\$ 26,084	\$ (54)	-0.2%

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 \$57 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.

6.1

Chattanooga

FY 2018-19 Annual Tuition and Fees

Programs and Online Fees

	FY 2017-18	FY 2018-19	CHANGE	
			Amount	Percent
MASTER'S DEGREE PROGRAMS				
Executive MBA - In-State	\$ 44,000	\$ 44,000		
Executive MBA - Out-of-State	49,000	49,000		
Online MBA Program - In-State *	28,944	23,088	\$ (5,856)	-20.2%
Online MBA Program - Out-of-State *	28,944	24,780	(4,164)	-14.4%
Graduate College of Business Program Fee	-	900	900	100.0%
UT ONLINE - Chattanooga				
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.				
UNDERGRADUATE				
IN-STATE				
Course Fee	\$ 287	\$ 287		
Online Support	56	56		
Total	<u>\$ 343</u>	<u>\$ 343</u>		
OUT-OF-STATE				
Course Fee	\$ 313	\$ 313		
Online Support	56	56		
Total	<u>\$ 369</u>	<u>\$ 369</u>		
GRADUATE				
IN-STATE				
Course Fee	\$ 458	\$ 458		
Online Support	56	56		
Total	<u>\$ 514</u>	<u>\$ 514</u>		
OUT-OF-STATE				
Course Fee	\$ 505	\$ 505		
Online Support	56	56		
Total	<u>\$ 561</u>	<u>\$ 561</u>		

* The online support fee has not changed. The Online MBA Program decreased from eliminating a program fee in the amount of \$1,276.

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 2018-19 Annual Tuition and Fees
Undergraduate Tuition and Fees

	FY 2017-18	FY 2018-19	CHANGE	
			Amount	Percent
IN-STATE				
Fall and Spring Semesters				
Maintenance Fee	\$ 11,110	\$ 11,110		
<u>Other Fees:</u>				
Student Programs and Service Fee *	\$ 976	\$ 1,012	\$ 36	3.7%
Technology	240	240		
Facilities	404	404		
Transportation	150	150		
Library Fee	70	70		
International Education	20	20		
Total Other Fees	\$ 1,860	\$ 1,896	\$ 36	1.9%
Total Tuition and Fees	\$ 12,970	\$ 13,006	\$ 36	0.3%
Summer Semester Only				
<u>Other Fees:</u>				
Student Programs and Service Fee *	\$ 296	\$ 307	\$ 11	3.7%
Technology	120	120		
Facilities	202	202		
Transportation	75	75		
Library Fee	35	35		
International Education	10	10		
Total Other Fees	\$ 738	\$ 749	\$ 11	1.5%
OUT-OF-STATE				
Fall and Spring Semesters				
Maintenance Fee	\$ 11,110	\$ 11,110		
Tuition (Non-residents only)	18,190	18,190		
Total (Out-of-State Tuition)	\$ 29,300	\$ 29,300		
<u>Other Fees:</u>				
Student Programs and Service Fee *	\$ 976	\$ 1,012	\$ 36	3.7%
Technology	240	240		
Facilities	634	634		
Transportation	150	150		
Library Fee	70	70		
International Education	20	20		
Total Other Fees	\$ 2,090	\$ 2,126	\$ 36	1.7%
Total Tuition and Fees	\$ 31,390	\$ 31,426	\$ 36	0.1%
Summer Semester Only				
<u>Other Fees:</u>				
Student Programs and Service Fee *	\$ 296	\$ 307	\$ 11	3.7%
Technology	120	120		
Facilities	317	317		
Transportation	75	75		
Library Fee	35	35		
International Education	10	10		
Total Other Fees	\$ 853	\$ 864	\$ 11	1.3%

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'.

Additional differential fees for certain courses are assessed on a per credit hour basis: \$64 for College of Engineering courses; \$132 for specific College of Nursing courses; \$99 for undergraduate College of Business courses with the exception of 100, 500, and 600 level courses; and \$109 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 2018-19 Annual Tuition and Fees
Graduate Student Tuition and Fees

	FY 2017-18	FY 2018-19	CHANGE	
			Amount	Percent
IN-STATE				
Fall and Spring Semesters				
Maintenance Fee	\$ 11,244	\$ 11,244		
<u>Other Fees:</u>				
Student Programs and Service Fees *	\$ 976	\$ 1,012	\$ 36	3.7%
Technology	240	240		
Facilities	404	404		
Transportation	150	150		
Library Fee	70	70		
Total Other Fees	<u>\$ 1,840</u>	<u>\$ 1,876</u>	<u>\$ 36</u>	<u>2.0%</u>
Total Tuition and Fees	<u>\$ 13,084</u>	<u>\$ 13,120</u>	<u>\$ 36</u>	<u>0.3%</u>
Summer Semester Only				
Maintenance Fee	\$ 5,622	\$ 5,622		
<u>Other Fees:</u>				
Student Programs and Service Fees *	296	307	11	3.7%
Technology	120	120		
Facilities	202	202		
Transportation	75	75		
Library Fee	35	35	-	0.0%
Total Other Fees	<u>\$ 728</u>	<u>\$ 739</u>	<u>\$ 11</u>	<u>1.5%</u>
Total Tuition and Fees	<u>\$ 6,350</u>	<u>\$ 6,361</u>	<u>\$ 11</u>	<u>0.2%</u>
OUT-OF-STATE				
Fall and Spring Semesters				
Maintenance Fee	\$ 11,244	\$ 11,244		
Out-of-State Tuition	18,188	18,188		
Maintenance Fee & Out-of-State Tuition	<u>\$ 29,432</u>	<u>\$ 29,432</u>		
<u>Other Fees:</u>				
Student Programs and Service Fees *	\$ 976	\$ 1,012	\$ 36	3.7%
Technology	240	240		
Facilities	634	634		
Transportation	150	150		
Library Fee	70	70		
Total Other Fees	<u>2,070</u>	<u>2,106</u>	<u>36</u>	<u>1.7%</u>
Total Tuition and Fees	<u>\$ 31,502</u>	<u>\$ 31,538</u>	<u>\$ 36</u>	<u>0.1%</u>
Summer Semester Only				
Maintenance Fee	\$ 5,622	\$ 5,622		
Out-of-State Tuition	9,094	9,094		
Maintenance Fee & Out-of-State Tuition	<u>\$ 14,716</u>	<u>\$ 14,716</u>		
<u>Other Fees:</u>				
Student Programs and Service Fees *	296	307	11	3.7%
Technology	120	120		
Facilities	317	317		
Transportation	75	75		
Library Fee	35	35		
Total Other Fees	<u>\$ 843</u>	<u>\$ 854</u>	<u>\$ 11</u>	<u>1.3%</u>
Total Tuition and Fees	<u>\$ 15,559</u>	<u>\$ 15,570</u>	<u>\$ 11</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'.

The schedule above does not include differential fees assessed for certain courses: additional charge of \$64 per credit hour for Engineering courses; additional charge of \$132 per credit hour for 200, 300 and 400 level Nursing courses; additional charge of \$99 per credit hour except for 100, 500, 600 level Business courses; and additional charge of \$109 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 2018-19 Annual Tuition and Fees
Specialized Master's Programs

	FY 2017-18	FY 2018-19	CHANGE	
			Amount	Percent
Master's Degree Programs				
MBA Programs				
Full-Time MBA	\$ 15,400	\$ 15,400		
Senior Executive MBA	71,000	71,000		
Aerospace Executive MBA	69,000	69,000		
Professional Executive MBA	48,000	48,000		
Physician Executive MBA	76,000	76,000		
Global Supply Chain Executive MBA	85,000	85,000		
Health Care Leadership MBA	65,000	65,000		
Specialty Master's Degree Programs				
Masters of Science in Industrial & Systems Engineering	\$ 16,000	\$ 18,000	\$ 2,000	12.5%
Masters of Human Resource Management	4,500	4,500		
Masters of Business Analytics Program in Statistics, Operations, and Management Science	6,000	6,000		
Masters of Accountancy in Accounting and Information Management	6,000	6,000		
Masters of Science in Supply Chain Management	2,000	2,000		
Doctor of Social Work	-	600	600	NEW
Masters of Science in Social Work	-	450	450	NEW
Masters of Science in Industrial & Systems Engineering Health Systems	-	20,000	20,000	NEW

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

6.1

Knoxville
FY 2018-19 Annual Tuition and Fees
College of Law Tuition and Fees

	FY 2017-18	FY 2018-19	CHANGE	
			Amount	Percent
IN-STATE				
Maintenance Fee	\$ 16,368	\$ 16,368		
<u>Other Fees:</u>				
Student Programs and Services Fee *	\$ 976	\$ 1,012	\$ 36	3.7%
Technology	240	240		
Transportation	150	150		
Facilities	404	404		
Law Library Fee	250	250		
Law Enhancement Fee	1,250	1,250		
Total Other Fees	\$ 3,270	\$ 3,306	\$ 36	1.1%
Total Tuition and Fees	\$ 19,638	\$ 19,674	\$ 36	0.2%
Summer Semester Only				
Maintenance Fee	\$ 5,461	\$ 5,461		
<u>Other Fees:</u>				
Student Programs and Services Fee*	\$ 296	\$ 307	\$ 11	3.7%
Technology	120	120		
Transportation	75	75		
Facilities	202	202		
Total Other Fees	\$ 693	\$ 704	\$ 11	1.6%
Total Tuition and Fees	\$ 6,154	\$ 6,165	\$ 11	0.2%
OUT-OF-STATE				
Maintenance Fee	\$ 16,368	\$ 16,368		
Out-of-State Tuition	18,444	18,444		
Maintenance Fee & Out-of-State Tuition	\$ 34,812	\$ 34,812		
<u>Other Fees:</u>				
Student Programs and Services Fee *	\$ 976	\$ 1,012	\$ 36	3.7%
Technology	240	240		
Transportation	150	150		
Facilities	634	634		
Law Library	250	250		
Law Enhancement Fee	1,250	1,250		
Total Other Fees	\$ 3,500	\$ 3,536	\$ 36	1.0%
Total Tuition and Fees	\$ 38,312	\$ 38,348	\$ 36	0.1%
Summer Semester Only				
Maintenance Fee	\$ 5,461	\$ 5,461		
Out-of-State Tuition	6,145	6,145		
Maintenance Fee & Out-of-State Tuition	\$ 11,606	\$ 11,606		0.0%
<u>Other Fees:</u>				
Student Programs and Services Fee *	\$ 296	\$ 307	\$ 11	3.7%
Technology	120	120		
Transportation	75	75		
Facilities	317	317		
Total Other Fees	\$ 808	\$ 819	\$ 11	1.4%
Total Tuition and Fees	12,414	12,425	\$ 11	0.1%

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'.

This schedule does not reflect the rates for the Flexible Schedule J.D. Program. Students enrolled in this program pay tuition by the credit hour rather than at a flat rate. Specifically, Flexible Schedule students would pay the prevailing per-credit-hour rate equal to that paid by full-time students if full-time students paid on a per-credit-hour-basis (based on 32 credit hours per year). For the current academic year, this amount is \$512 per credit hour (excluding 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 - Space Institute
FY 2018-19 Annual Tuition and Fees
Graduate Student Tuition and Fees

	FY 2017-18	FY 2018-19	CHANGE	
			Amount	Percent
IN-STATE				
Fall and Spring Semesters				
Maintenance Fee	\$ 11,244	\$ 11,244		
<u>Other Fees:</u>				
Student Programs and Services Fees *	180	180		
Total Tuition and Fees	<u>\$ 11,424</u>	<u>\$ 11,424</u>		
Summer Semester Only				
Maintenance Fee	\$ 5,622	\$ 5,622		
<u>Other Fees:</u>				
Student Programs and Service Fees *	75	75		
Total Tuition and Fees	<u>\$ 5,697</u>	<u>\$ 5,697</u>		
OUT-OF-STATE				
Fall and Spring Semesters				
Maintenance Fee	\$ 11,244	\$ 11,244		
Out-of-State Tuition	18,188	18,188		
Maintenance Fee & Out-of-State Tuition	<u>\$ 29,432</u>	<u>\$ 29,432</u>		
<u>Other Fees:</u>				
Student Programs and Services Fees *	180	180		
Total Tuition and Fees	<u>\$ 29,612</u>	<u>\$ 29,612</u>		
Summer Semester Only				
Maintenance Fee	\$ 5,622	\$ 5,622		
Out-of-State Tuition	9,094	9,094		
Maintenance Fee & Out-of-State Tuition	<u>\$ 14,716</u>	<u>\$ 14,716</u>		
<u>Other Fees:</u>				
Student Programs and Services Fees *	75	75		
Total Tuition and Fees	<u>\$ 14,791</u>	<u>\$ 14,791</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 for certain courses: additional charge of \$64 per credit hour for Engineering 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.

Martin**FY 2018-19 Annual Tuition and Fees
In-State Undergraduate and Graduate Tuition and Fees**

	FY 2017-18	FY 2018-19	CHANGE	
			Amount	Percent
IN-STATE				
<u>Undergraduate</u>				
<u>90 Credits or More</u>				
Maintenance Fee	\$ 7,200	\$ 7,416	\$ 216	3.0%
Student Programs and Services Fees *	1,004	1,046	42	4.2%
Technology	250	250		
Publications Fee	14	14		
Facilities	150	150		
Total Other Fees	<u>\$ 1,418</u>	<u>\$ 1,460</u>	<u>\$ 42</u>	<u>3.0%</u>
Total Tuition and Fees	<u>\$ 8,618</u>	<u>\$ 8,876</u>	<u>\$ 258</u>	<u>3.0%</u>
<u>Less Than 90 Credit Hours (Soar in Four Model)</u>				
Maintenance Fee	\$ 7,818	\$ 8,052	\$ 234	3.0%
Total Other Fees	1,418	1,460	42	3.0%
Total Tuition and Fees	<u>\$ 9,236</u>	<u>\$ 9,512</u>	<u>\$ 276</u>	<u>3.0%</u>
<u>Graduate</u>				
Maintenance Fee	\$ 8,658	\$ 8,918	\$ 260	3.0%
Student Programs and Services Fees *	1,004	1,046	42	4.2%
Technology	250	250		
Facilities	150	150		
Total Other Fees	<u>\$ 1,404</u>	<u>\$ 1,446</u>	<u>\$ 42</u>	<u>3.0%</u>
Total Tuition and Fees	<u>\$ 10,062</u>	<u>\$ 10,364</u>	<u>\$ 302</u>	<u>3.0%</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'.

The 'Soar in Four' tuition model was instituted in FY2016-17. The intent of the initiative is 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 applied to students who 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.

6.1

Martin**FY 2018-19 Annual Tuition and Fees
Out-Of-State Undergraduate and Graduate Tuition and Fees**

	FY 2017-18	FY 2018-19	CHANGE	
			Amount	Percent
OUT-OF-STATE DOMESTIC				
<u>Undergraduate</u>				
<u>90 Credit Hours or More</u>				
Maintenance Fee	\$ 7,200	\$ 7,416	\$ 216	3.0%
Out-of-State Tuition	5,760	6,040	280	4.9%
Maintenance Fee & Out-of-State Tuition	\$ 12,960	\$ 13,456	\$ 496	3.8%
Other Fees *	1,418	1,460	42	3.0%
Total Tuition and Fees	<u>\$ 14,378</u>	<u>\$ 14,916</u>	<u>\$ 538</u>	<u>3.7%</u>
<u>Less Than 90 Credit Hours (Soar in Four Model)</u>				
Maintenance Fee	\$ 7,818	\$ 8,052	\$ 234	3.0%
Out-of-State Tuition	5,760	6,040	280	4.9%
Maintenance Fee & Out-of-State Tuition	\$ 13,578	\$ 14,092	\$ 514	3.8%
Other Fees *	1,418	1,460	42	3.0%
Total Tuition and Fees	<u>\$ 14,996</u>	<u>\$ 15,552</u>	<u>\$ 556</u>	<u>3.7%</u>
<u>Graduate</u>				
Maintenance Fee	\$ 8,658	\$ 8,918	\$ 260	3.0%
Out-of-State Tuition	5,760	6,040	280	4.9%
Total Tuition and Fees	<u>\$ 14,418</u>	<u>\$ 14,958</u>	<u>\$ 540</u>	<u>3.7%</u>
Other Fees *	<u>\$ 1,404</u>	<u>\$ 1,446</u>	<u>42</u>	<u>3.0%</u>
Total Tuition and Fees	<u>\$ 15,822</u>	<u>\$ 16,404</u>	<u>\$ 582</u>	<u>3.7%</u>
OUT-OF-STATE INTERNATIONAL				
<u>Undergraduate</u>				
<u>90 Credit Hours or More</u>				
Maintenance Fee	\$ 7,200	\$ 7,416	\$ 216	3.0%
Out-of-State Tuition	13,944	13,944		
Maintenance Fee & Out-of-State Tuition	\$ 21,144	\$ 21,360	\$ 216	1.0%
Other Fees *	1,418	1,460	42	3.0%
Total Tuition and Fees	<u>\$ 22,562</u>	<u>\$ 22,820</u>	<u>\$ 258</u>	<u>1.1%</u>
<u>Less Than 90 Credit Hours (Soar in Four Model)</u>				
Maintenance Fee	\$ 7,818	\$ 8,052	\$ 234	3.0%
Out-of-State Tuition	13,944	13,944		
Maintenance Fee & Out-of-State Tuition	\$ 21,762	\$ 21,996	\$ 234	1.1%
Other Fees *	1,418	1,460	42	3.0%
Total Tuition and Fees	<u>\$ 23,180</u>	<u>\$ 23,456</u>	<u>\$ 276</u>	<u>1.2%</u>
<u>Graduate</u>				
Maintenance Fee	\$ 8,658	\$ 8,918	\$ 260	3.0%
Out-of-State Tuition	13,944	13,944		
Total Tuition and Fees	<u>\$ 22,602</u>	<u>\$ 22,862</u>	<u>\$ 260</u>	<u>1.2%</u>
Other Fees *	<u>\$ 1,404</u>	<u>\$ 1,446</u>	<u>\$ 42</u>	<u>3.0%</u>
Total Tuition and Fees	<u>\$ 24,006</u>	<u>\$ 24,308</u>	<u>\$ 302</u>	<u>1.3%</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' tuition model was instituted in FY2016-17. The intent of the initiative is 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 applied to students who 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.

* 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 2018-19 Annual Tuition and Fees****Online Fees**

	FY 2017-18	FY 2018-19	CHANGE	
			Amount	Percent
UT ONLINE - Martin				
UT online course fees are charged per credit hour with no maximum credit hour cap. This applies to all students, including on-campus students.				
UNDERGRADUATE				
IN-STATE				
Course Fee	\$ 299	\$ 342	\$ 43	14.4%
Online Support	56	56		
Total	<u>\$ 355</u>	<u>\$ 398</u>	<u>\$ 43</u>	<u>12.1%</u>
OUT-OF-STATE DOMESTIC				
Course Fee	\$ 329	\$ 376	\$ 47	14.3%
Online Support	56	56		
Total	<u>\$ 385</u>	<u>\$ 432</u>	<u>\$ 47</u>	<u>12.2%</u>
OUT-OF-STATE INTERNATIONAL				
Course Fee	\$ 361	\$ 414	\$ 53	14.7%
Online Support	56	56		
Total	<u>\$ 417</u>	<u>\$ 470</u>	<u>\$ 53</u>	<u>12.7%</u>
GRADUATE				
IN-STATE				
Course Fee	\$ 516	\$ 532	\$ 16	3.1%
Online Support	56	56		
Total	<u>\$ 572</u>	<u>\$ 588</u>	<u>\$ 16</u>	<u>2.8%</u>
OUT-OF-STATE DOMESTIC				
Course Fee	\$ 567	\$ 585	\$ 18	3.2%
Online Support	56	56		
Total	<u>\$ 623</u>	<u>\$ 641</u>	<u>\$ 18</u>	<u>2.9%</u>
OUT-OF-STATE INTERNATIONAL				
Course Fee	\$ 623	\$ 643	\$ 20	3.2%
Online Support	56	56		
Total	<u>\$ 679</u>	<u>\$ 699</u>	<u>\$ 20</u>	<u>2.9%</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 2018-19 Annual Tuition and Fees
Graduate Tuition and Fees**

	FY 2017-18	FY 2018-19	CHANGE	
			Amount	Percent
IN-STATE				
Maintenance Fee	\$ 26,964	\$ 27,504	\$ 540	2.0%
<u>Other Fees:</u>				
Student Programs and Services Fees *	\$ 976	\$ 1,012	\$ 36	3.7%
Technology	240	240		
Transportation	150	150		
Facilities	404	404		
Total Other Fees	<u>\$ 1,770</u>	<u>\$ 1,806</u>	<u>\$ 36</u>	<u>2.0%</u>
Total Tuition and Fees	<u>\$ 28,734</u>	<u>\$ 29,310</u>	<u>\$ 576</u>	<u>2.0%</u>
OUT-OF-STATE				
Maintenance Fee	\$ 26,964	\$ 27,504	\$ 540	2.0%
Out-of-State Tuition	<u>27,576</u>	<u>27,036</u>	<u>(540)</u>	<u>-2.0%</u>
Maintenance Fee & Out-of-State Tuition	<u>\$ 54,540</u>	<u>\$ 54,540</u>	<u>\$ -</u>	<u>0.0%</u>
<u>Other Fees</u>				
Student Programs and Services Fees *	\$ 976	\$ 1,012	\$ 36	3.7%
Technology	240	240		
Transportation	150	150		
Facilities	634	634		
Total Other Fees	<u>\$ 2,000</u>	<u>\$ 2,036</u>	<u>\$ 36</u>	<u>1.8%</u>
Total Tuition and Fees	<u>\$ 56,540</u>	<u>\$ 56,576</u>	<u>\$ 36</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'.

* 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 2018-19 Annual Tuition and Fees

Tuition and Fees

	FY 2017-18	FY 2018-19	CHANGE	
			Amount	Percent
IN-STATE				
Graduate Health Sciences	\$ 10,694	\$ 10,694		
MS Pharmacology	16,512	16,512		
Medicine				
Doctor of Medicine	\$ 33,692	\$ 34,366	\$ 674	2.0%
Physician Assistant	22,278	22,724	446	2.0%
Dentistry				
General DDS	\$ 29,596	\$ 30,188	592	2.0%
Transitional DDS	71,400	72,828	1,428	2.0%
Dental Hygiene Bachelor of Science	9,988	9,988		
Pharmacy	\$ 21,950	\$ 22,170	220	1.0%
Nursing				
Bachelors	\$ 12,705	\$ 12,705		
Graduate	18,315	18,498	183	1.0%
Health Professions				
Entry Level Bachelor of Science				
Medical Technology	\$ 7,990	\$ 7,990		
Audiology & Speech Pathology ****	11,110	11,110		
Entry Level Advanced Degrees *	13,346	13,614	268	2.0%
Entry Lev Adv Degrees Audiology/Speech Path**	18,255	18,620	365	2.0%
Post-Professional Degrees ***	9,674	9,868	194	2.0%
OUT-OF-STATE				
Graduate Health Sciences	\$ 29,864	\$ 29,864		
MS Pharmacology	24,940	24,940		
Medicine				
Doctor of Medicine	\$ 66,784	\$ 67,458	674	1.0%
Physician Assistant	38,316	38,762	446	1.2%
Dentistry				
General DDS	\$ 68,356	\$ 68,948	592	0.9%
Transitional DDS	71,400	72,828	1,428	2.0%
Dental Hygiene Bachelor of Science	33,596	33,596		
Pharmacy	41,960	42,180	220	0.5%
Nursing				
Bachelors	\$ 36,930	\$ 36,930		
Graduate	43,155	43,338	183	0.4%
Health Professions				
Entry Level Bachelor of Science				
Medical Technology	\$ 26,156	\$ 26,156		
Audiology & Speech Pathology ****	29,300	29,300		
Entry Level Advanced Degrees *	31,328	31,596	268	0.9%
Entry Lev Adv Degrees Audiology/Speech Path**	42,831	43,196	365	0.9%
Post-Professional Degrees ***	27,614	27,808	194	0.7%

* **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 2018-19 Annual Tuition and Fees
Other Fee Details

	FY 2017-18	FY 2018-19	CHANGE	
			Amount	Percent
Programs & Services and Required Fees				
Student Programs & Services Fees *	\$ 900	\$ 1,000	\$ 100	11.1%
Technology Fee	240	240		
Graduation/Yearbook	50	50		
Total	<u>\$ 1,190</u>	<u>\$ 1,290</u>	<u>\$ 100</u>	<u>8.4%</u>
Other Fees				
Health Insurance	\$ 2,660	\$ 2,928	\$ 268	10.1%
Disability Insurance	48	44	(4)	-8.3%
Malpractice Insurance				
Medicine				
Class of 2020 and 2021	14	14		
Class of 2018 and 2019	43	43		
Pharmacy	20	20		
Nursing	20	20		
Health Professions	20	20		
Dentistry	18	18		
Course Proficiency Exam Fee	\$ -	\$ 200	\$ 200	NEW
Other Fees - Health Professions				
CHP OT Board Review Fee	150	150		
CHP OT Media Fee	150	150		
Other Fees - Nursing				
CON Pre-Licensure Digital Course Materials Fee-1st Term	2,266	2,020	(246)	-10.9%
CON Pre-Licensure Digital Course Materials Fee-2nd Term	920	580	(340)	-37.0%
CON Pre-Licensure Digital Course Materials Fee-3rd Term	920	700	(220)	-23.9%
CON BSN Digital Course Materials Fee-1st Term	495	525	30	6.1%
CON BSN Digital Course Materials Fee-2nd Term	495	320	(175)	-35.4%
CON BSN Digital Course Materials Fee-3rd Term	-	235	235	NEW
CON DNP Digital Course Materials Fee-1st Term	526	-	(526)	-100.0%
CON DNP Digital Course Materials Fee-2nd Term	322	-	(322)	-100.0%
CON CNL Digital Course Materials Fee	832	832		
CON Nursing Kit	395	372	(23)	-5.8%
CON Digital Equipment Fee	340	410	70	20.6%
CON Board Review Fee	315	315		
Other Fees - Medicine				
Step 1 Exam Prep Fee	-	120	120	NEW
COM PA Digital Course Materials Fee	310	48	(262)	-84.5%
COM PA Board Review Fee	392	392		
Other Fees - Pharmacy				
Pre-Naplex Exam Fee-4th Year all in Fall Semester	80	80		
MTM Certificate Fee-3rd Year all in Fall Semester	100	100		
Point of Care Testing Certificate Fee	-	140	140	NEW
COP Board Review Fee	175	175		
Other Fees - Dentistry				
Dentistry Student Government	60	60		
COD Digital Course Materials Fee-Class of 2021	900	-	(900)	-100.0%
COD Digital Course Materials Fee-Class of 2020	772	-	(772)	-100.0%
COD Digital Course Materials Fee-Class of 2019	703	-	(703)	-100.0%
COD Dental Hygiene Digital Course Materials Fee-Class of 2019	662	-	(662)	-100.0%
Laboratory and Clinical Utilization Fee	2,200	2,400	200	9.1%
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.

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 2018-19 Annual Tuition and Fees****Online Fees**

	FY 2017-18	FY 2018-19	CHANGE	
			Amount	Percent
HEALTH SCIENCE CENTER ONLINE				
HSC online course fees are charged per credit hour with no maximum credit hour cap.				
<u>UNDERGRADUATE</u>				
IN-STATE				
Course Fee	\$ 350	\$ 350		
Online Support	46	46		
Total	<u>\$ 396</u>	<u>\$ 396</u>		
OUT-OF-STATE				
Course Fee	\$ 415	\$ 415		
Online Support	46	46		
Total	<u>\$ 461</u>	<u>\$ 461</u>		
<u>GRADUATE</u>				
IN-STATE				
Course Fee	\$ 640	\$ 640		
Online Support	46	46		
Total	<u>\$ 686</u>	<u>\$ 686</u>		
OUT-OF-STATE				
Course Fee	\$ 705	\$ 705		
Online Support	46	46		
Total	<u>\$ 751</u>	<u>\$ 751</u>		
<u>HEALTH INFORMATICS AND INFORMATION MANAGEMENT</u>				
IN-STATE				
Course Fee	\$ 500	\$ 500		
Online Support	50	50		
Total	<u>\$ 550</u>	<u>\$ 550</u>		
OUT-OF-STATE				
Course Fee	\$ 550	\$ 550		
Online Support	50	50		
Total	<u>\$ 600</u>	<u>\$ 600</u>		

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 2018-19 Annual Fees

	FY 2017-18	FY 2018-19	CHANGE	
			Amount	Percent
KNOXVILLE (Includes College of Law and Veterinary Medicine)				
FALL AND SPRING				
Student Program	\$ 270	\$ 292	\$ 22	8.1%
Capital	398	412	14	3.5%
Health Services	202	202		
Student Counseling	106	106		
Total	<u>\$ 976</u>	<u>\$ 1,012</u>	<u>\$ 36</u>	<u>3.7%</u>
Summer Semester Only				
Student Program	\$ 82	\$ 89	\$ 7	8.5%
Capital	121	125	4	3.3%
Health Services	61	61		
Student Counseling	32	32		
Total	<u>\$ 296</u>	<u>\$ 307</u>	<u>\$ 11</u>	<u>3.7%</u>
SPACE INSTITUTE				
FALL AND SPRING				
Student Activity	\$ 180	\$ 180		
Summer Semester Only				
Student Activity	\$ 75	\$ 75		
CHATTANOOGA				
Student Activity	\$ 240	\$ 240		
Debt Service	300	300		
Health Services	120	120		
Total	<u>\$ 660</u>	<u>\$ 660</u>		
MARTIN				
Student Activity - Non Athletic	\$ 156	\$ 188	\$ 32	20.5%
Student Activity - Athletic	408	408		
Student Health & Counseling	60	60		
Green Fee		10	10	NEW
Debt Service	380	380		
Total	<u>\$ 1,004</u>	<u>\$ 1,046</u>	<u>\$ 42</u>	<u>4.2%</u>
HEALTH SCIENCE CENTER				
Student Activity	\$ 26	\$ 26		
Campus Recreation	40	40		
Campus Improvement	50	50		
Simulation Center Equipment Fee	300	300		
Debt Service	54	54		
Computer Based Testing Fee	50	50		
Health Services	200	200		
Counseling	180	280	\$ 100	55.6%
Total	<u>\$ 900</u>	<u>\$ 1,000</u>	<u>\$ 100</u>	<u>11.1%</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 2018-19 Annual Tuition and Fees
Fees for Disabled and Elderly Persons

	FY 2017-18	FY 2018-19	CHANGE Amount
Disabled/Elderly Persons			
COURSES FOR CREDIT			
Per Semester Hour	\$ 7	\$ 7	
Maximum Fee per Semester	70	70	
AUDIT COURSES	No Charge	No Charge	

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

6.1

THE UNIVERSITY OF TENNESSEE
FY 2018-19 COMPENSATION PROCEDURES

In addition to the general salary increases for FY 2018-19, 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.

6.2

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. 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. Adjustments required by state or federal rule changes.

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 Vice Chair of the Board will approve any salary increases or incentive bonus payment for the Secretary.
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 salary increase having an effective date prior to the date it is processed must be approved by the campus or institute CBO unless it corrects a university error or is part an approved salary increase plan. Departments must provide supporting documentation of the need for a retroactive increase in consultation with the campus or institute human resources office.

THE UNIVERSITY OF TENNESSEE
BOARD OF TRUSTEES

ACTION ITEM

DATE: June 22, 2018

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

RECOMMENDATION: Approval

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

Board policy delegates to the Vice Chair 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 following report by the Vice Chair includes his written assessment of the President's performance and outlines various performance goals for the coming fiscal year 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 Chairs of the Audit and Compliance and Trusteeship Committees, who are designated by the Board policy to participate in the process, have reviewed the Vice Chair's report and have indicated their concurrence with the report.

On October 9, 2015, 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, 2018.

Because of the importance of this item, the Vice Chair has placed it on the agenda of the full Board meeting for presentation, discussion, and action.

MOTION: I move adoption of the following Resolution:

RESOLVED: The Vice Chair's assessment of President DiPietro's performance in FY 2017-18 and recommendation of performance goals for FY 2018-19 are approved.

THE UNIVERSITY OF TENNESSEE



MEMORANDUM

Board of Trustees

TO: Members of the Board of Trustees

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

DATE: June 22, 2018

SUBJECT: Annual Performance Review of President Joseph A. DiPietro

In accordance with Board policy, I have conducted the annual review of President DiPietro's performance. Trustee Spruell Driver, Chair of the Trusteeship Committee, and Trustee Crawford Gallimore, Chair of the Audit and Compliance Committee, participated in 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

- A. Dr. DiPietro submitted a self-assessment (Attachment 1).
- B. The Chief Financial Officer prepared a report on the status of accounts under the control of the President (Attachment 2). The report states 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.
- C. The views of constituencies, Chancellors and other senior administrative staff, and Trustees were solicited by an electronic survey. Senior administrative staff and Trustees were offered the opportunity to request a personal interview; no requests were made. The electronic survey produced high marks overall for Dr. DiPietro, with 83% of respondents rating his performance as exceeding expectations (Attachment 3). Overall, he received the highest ratings for his articulation of strategic long-term goals for the University system; understanding of financial and budgetary issues; and demonstrated integrity.
- D. I discussed President DiPietro's performance with Governor Haslam, Chair of the Board of Trustees. The Governor believes this evaluation is generally an accurate description of Dr. DiPietro's activities and outcomes. (Note: Due to the Chair's role as Governor, he does not have the benefit of the in-depth knowledge that the Vice Chair and Trustees Driver and Gallimore have.)
- E. I met with Dr. DiPietro on May 23, 2018 to discuss his performance and the proposed goals outlined in Section IV of this report. Trustees Driver and Gallimore attempted to participate in the meeting by telephone, but due to technical difficulties were unable to do so. As a result, they participated in subsequent discussion of the President's performance and proposed goals by telephone.

II. Assessment of Specific Goals for FY 2017-18

In addition to Dr. DiPietro's daily job responsibilities, which he performed admirably and are discussed under Section III, Dr. DiPietro proposed specific goals for FY 2017-18, I proposed a few others, and we ultimately agreed on the goals listed below, which were approved by the Board. These specific goals are in addition to the three stretch goals established by the Board under the 2017-18 incentive compensation plan, which will be addressed in a separate item presented to the Board at the Annual Meeting on June 22, 2018.

A. Goal: Implement succession planning for UTC, IPS, and UTHSC following the model recommended by the Oliver Group, which consists of five phases:

1. Identify critical positions;
2. Identify competencies;
3. Identify and select potential successors;
4. Document and implement succession planning; and
5. Evaluate effectiveness.

Assessment: Partially completed; items 4 and 5 have not been addressed.

B. Goal: Assure smooth transitions for new appointees, i.e., Chancellors, CFO, etc.

Assessment: Accomplished in most cases.

C. Goal: Conduct Chancellor Cabinet meetings with System leadership, CFO, COO, General Counsel to set the tone for a strong sense of teamwork, cooperation, and commitment between the system and units.

Assessment: The effort was commendable, but results do not reflect that it was successful.

D. Goal: Receive and respond to Title IX Commission report.

Assessment: Accomplished, but we stress that all members of the University community need to be held accountable, including faculty and staff.

E. Goal: Reorganize the Research, Outreach, and Economic Development office.

Assessment: Accomplished.

F. Goal: Complete evaluation of the outsourcing contracts under the state's Strategies for Efficiency in Real Estate Management (SEREM) and recommendations from the units regarding implementation or not.

Assessment: Accomplished. It was a worthy exercise, with insights for increased efficiencies gained from the interaction, especially for UT Martin. The Health Science Center realized it could achieve savings through using in-house staff for certain services instead of third party contractors.

- G. Goal: Conduct a BOT workshop to discuss the tenure-track and tenure review process, the annual faculty and staff evaluation process, and academic program review.

Assessment: Accomplished.

- H. Goal: Revise the search process for chief executive officers and other system and campus/institute senior administrators to achieve greater effectiveness and efficiency.

Assessment: Not accomplished.

- I. Goal: In coordination with the Chief Financial Officer, conduct a comprehensive review of staffing levels in the System Administration and campus/institute central administrations to identify unnecessary system-campus duplication, unnecessary positions, vacant positions, and other cost-saving opportunities; recommend to the Subcommittee on Efficiency and Cost Savings a plan to achieve a specific amount of savings in combined System Administration and campus/institute central administration staff costs in FY 2018 and FY 2019; and implement the cost-savings plan for FY 2018.

Assessment: Not accomplished.

- J. Goal: Actively manage and monitor the Chancellors' performance on their FY 2017-18 performance incentive compensation goals.

Assessment: Not able to assess this goal because the President's assessment of Chancellors' performance is not yet available.

- K. Goal: Work with the Board to strengthen the relationship between the Board and the System Administration to create a strategic partnership.

Assessment: Accomplished.

- L. Goal: Enhance relations with the state legislature and other state officials through more proactive engagement.

Assessment: Not accomplished. Although Dr. DiPietro personally has respect and trust among state legislators and state officials, the overall government relations strategy remains too reactive.

III. Evaluation of Dr. DiPietro's Overall Performance as Chief Executive Officer of the UT System

A. Assessment of strengths and areas for improvement:

Dr. DiPietro's strengths as leader of the UT System include:

1. Demonstrated integrity and willingness to put the University's best interest above his own;
2. Interpersonal skills;
3. Respect and trust he has earned among state and federal officials;
4. Genuine concern for the welfare of the University and the University community;
5. Recognizing the need for a strategic partnership with the Board; and
6. Willingness to listen and accept advice and constructive criticism.

Areas for improvement include:

1. Critical improvements are needed in the search process and procedures for senior-level positions in the system and campus administrations, including the consistency of gathering due diligence items, the process of verifying information submitted by candidates, and the actual vetting of candidates;
2. A succession plan is overdue and needs to be implemented throughout the UT System for key leadership positions; opportunities for cross-campus development of leaders should also be implemented;
3. Public and government relations strategies need to be proactive and avoid being only reactive and need to consider not only the President, but also the Board and the overall University reputation; and
4. The process of considering faculty members for tenure must be more rigorous, with the goal of enhancing academic excellence, transparency, and accountability.

B. Suggestions:

1. Provide more frequent information to the Board of Trustees about achievements and failures, including all the good, bad, or ugly, in addition to sharing insights gained from all interactions, especially with members of the General Assembly, Tennessee congressional delegation, and state and federal agencies.
2. Meet with student government presidents from each campus to discuss the appropriate role of the President and the Chancellor with respect to the student body; consider whether a system-wide student advisory council is warranted.
3. Continue to seek the advice of the University Faculty Council on system-wide matters of concern to the faculty and attend meetings of the Council as often as scheduling will allow; include discussion of the role of the Board of Trustees and its fiduciary responsibilities in relation to the principle of shared governance.
4. Because there are still too many direct reports to the President, continue to reorganize the system-administration senior staff to take advantage of individual strengths and avoid weaknesses; prepare senior staff for future success by assigning them to lead areas they are most qualified for by experience and credentials.

C. Overall Performance

Considering the broad and weighty responsibilities of the chief executive officer of the UT System, beyond the specific goals set for the past year, I find that Dr. DiPietro's overall performance has been more than satisfactory, recognizing that expectations were not met in some areas but were exceeded in other critical areas. That some specific goals were not achieved can be attributed in part at least to unexpected circumstances and challenges. Dr. DiPietro's integrity and selfless commitment to doing what is best for the University continue to be his greatest strengths, and I continue to believe he has been and is the right President at the right time.

IV. Goals for FY 2018-19

Dr. DiPietro and I have agreed on the following goals for FY2018-19:

- A. In anticipation of leaving office at the end of the current term, continue to limit new hires in the system administration to essential positions, and before beginning an external search, prepare a written explanation of why the duties of the position cannot be distributed among existing employees and why the position cannot be filled by an internal transfer or a limited duration appointment.
- B. Assist in preparing for a smooth transition process for the newly formed Board of Trustees and for the next President.
- C. With Board approval, appoint an external committee (with at least a few individuals who have expertise in academic administration and who are not affiliated with the University) to review the current processes and procedures for considering faculty members for tenure and make recommendations to achieve greater rigor and consistency.
- D. Ensure that a plan is in place for UT-Battelle's potential re-compete for the contract to manage and operate the Oak Ridge National Laboratory.
- E. Deliver on the Board's directives regarding (1) procedures for post-tenure review and (2) implementation of the Education Advisory Board's Academic Performance Solutions and data analytics.
- F. Launch the Executive Leadership Institute with an inaugural cohort of 10-12 Fellows in furtherance of succession planning.

Respectfully Submitted,



Raja J. Jubran
Vice Chair

Attachments



Self-Assessment and Progress on Goals

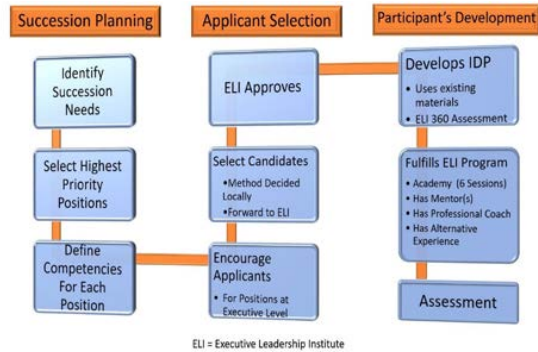
President Joe DiPietro

July 1, 2017 – June 30, 2018

A. GOAL: Implement succession planning for UTC, IPS, and UTHSC following the model recommended by the Oliver Group, which consists of five phases:

1. Identify critical positions;
 2. Identify competencies;
 3. Identify and select potential successors;
 4. Document and implement succession planning; and
 5. Evaluate effectiveness.
- Efforts toward this goal are in line with Goal 4 of our Strategic Plan (Ensuring Effectiveness and Efficiency).
 - Special Assistant to the President, Bob Smith, is working to develop a program for talent development and leadership training to guide us with succession planning.
 - The President's Leadership Team met May 16, 2017 during the annual President's Leadership Retreat to review and revise the first draft for a comprehensive executive-level leadership development institute. The team's input and subsequent follow up, into 2017 and 2018, with key members across the University resulted in Bob Smith's document, "Leadership Development: Professional Growth and Institutional Vitality" and the development of the Executive Leadership Institute.
 - This plan is for an Executive Leadership Institute separate from other programs offered within the University. The highly regarded Leadership Institute offered for nominated employees across the System is a short-duration biannual program that "recognizes and trains leaders within the University to develop their skills and understanding of leadership's role in higher education.
 - Dr. Smith presented the plan outlined in this document and conducted a short workshop on leadership that was drawn from the new Executive Leadership Institute at my 2018 President's Leadership Retreat. The focus of the workshop was a leadership assessment tool, the "Pace Assessment." The Pace Assessment is a self-evaluation that measures one's preference for moving slowly and deliberately in your work or moving quickly and less methodically in your work. In addition, the assessment measures two subscales: 1) one's preference for a quality vs. quantity focus, and 2) one's level of patience. Both factors play into the personal pace score.
 - The following chart shows the relationship between succession planning and the Executive Leadership Institute. The flow of the chart depicts how succession

planning informs the choice of candidates, how candidates are selected, and what development is provided for those participants.



B. GOAL: Assure smooth transitions for new appointees, i.e., Chancellors, CFO, etc.

- Efforts toward this goal are in line with Goal 4 of our Strategic Plan (Ensuring Effectiveness and Efficiency).
- Special Assistant to the President, Bob Smith was tasked to provide on-demand confidential advice and counsel to the University Chancellors with special assistance directed to the new appointees. These included both private conversations and group teleconferences. During the year he assisted with a variety of concerns by Chancellors including numerous internal personnel issues. Many of these strategy discussions dealt with subordinate performance, conflict management, and internal turf disputes. Those sessions provided dialogue for them to work through choices leading to a plan of action for each situation. He kept the individual conversations confidential to allow the Chancellors a “safe space” to candidly express their thoughts and work through possible resolutions. The conversations worked by establishing trust and credibility that resulted in their confidence they received value-added advice. Those relationships varied from Chancellor to Chancellor based on their willingness to seek and accept advice.
- I hosted welcome events for new appointees to formally introduce them to other members of the leadership team and to assist in helping them develop professional relationships with board members and other key stakeholders, especially those that frequently interact with their respective role.
- I authorized the Executive Assistant to the President and the EVP/COO to convene or coordinate meetings between System staff and new chancellors for the purpose of introducing them to the general operation of key System units such as Academic Affairs and Student Success, the Office of Finance, Communications and Marketing, Human Resources, Capital Projects, Institutional Research, etc.
- I engaged in regular meetings with new Chancellors and new direct reports to discuss strategic priorities, current projects and to offer observations related to job performance

and goal attainment.

C. GOAL: Conduct Chancellor Cabinet meetings with System leadership, CFO, COO, General Counsel to set the tone for a strong sense of teamwork, cooperation, and commitment between the System and units.

- Efforts toward this goal are in line with Goal 4 of our Strategic Plan (Ensuring Effectiveness and Efficiency).
- During the past fiscal year, I conducted campus/institute meetings with chancellors/vice president (IPS) of each campus and institute and their cabinets/team to identify strategic priorities, discuss System initiatives and expectations and to enhance System-campus relations. Those attending most of these meetings with me included David Golden, Tonja Johnson, David Miller, and Matthew Scoggins. Standard topics we discussed during these meetings include, among others:
 - The role of the System and the interaction between the System and campuses/institutes (e.g., no place for “us against them” attitude”).
 - The need for commitment to teamwork, cooperation, and collaboration.
 - Data access
 - Resource allocation
 - Government affairs
 - Brand protection
 - Crisis management
 - BOT as a strategic partner
- These meetings were productive and well-received by most parties, and we agreed that we conduct such meetings routinely. We are currently working to schedule the next round of meetings with the campus/institutes.

D. GOAL: Receive and respond to Title IX Commission report.

- Efforts toward this goal are in line with Goal 1 of our Strategic Plan (Enhancing Educational Excellence).
- The Commission’s five major recommendations and summary response to date are provided below:
- **Recommendation 1: Creation of a System-wide Title IX coordinating presence**
 - Dr. Ashley Blamey served as Interim Coordinator starting August 2017 and following a national search, was appointed to the position in February 2018. In addition, we are currently engaged in a national search for a Deputy Title IX Coordinator. Reporting to Dr. Blamey, the position is responsible for providing

logistics, coordination, and administrative support for UT System-wide efforts and additional administrative support for UT System Administration, the Institute for Public Service, and the Institute of Agriculture.

- Utilizing the commission's report, national benchmarking, and current research, the University of Tennessee identified our Title IX model that provides the structure for the future of our Title IX efforts. Grounded in the Social Ecological Model, the University's Title IX commitment emphasizes five key areas:
 1. **Policy:** Our foundation is in the policy and procedures we follow.
 2. **Prevention & Education:** Our goal is to prevent sexual misconduct, relationship violence, stalking, and retaliation before they happen.
 3. **Support & Interim Measures:** Our promise is to provide support and appropriate interim measures to individuals involved in the Title IX process.
 4. **Investigation & Resolution:** Our commitments to due process, campus safety, and encouraging reporting guide how we investigate and resolve reports.
 5. **Patterns & Trends:** Our responsibility is to use the best available research, evidence-based practice, and our own campus and institute trends in our prevention and response efforts.

 - System Title IX Coordinator developed and implemented a communications plan that ensures System-wide collaboration on best practice, legal updates, trends, and a professional network for Title IX coordinators. The Title IX Coordinator established a public website and internal SharePoint site. The Title IX Coordinator initiated monthly meetings for all Title IX Coordinators in the System. The monthly meetings are held utilizing video conferencing. The agenda includes legal updates, research articles, current events, training opportunities, and any items provided by the Coordinators or Office of the General Counsel.

 - Established the First System-Wide Annual Report. The Report identifies the System Title IX Model, introduces each campus Title IX Coordinator, provides link out to each campus policy and annual report, and highlights the 2017 Prevention and Educational efforts across the System. Per the commission recommendation, UT Knoxville and UT Chattanooga both enhanced their annual reports and provided a robust overview of campus reports, prevention, training and available resources.
- **Recommendation 2: Campus Title IX staffing and resource enhancements**
 - **Recommendation 3. Policy, grievance procedures, and student codes of conduct updates and modifications**
 - **Recommendation 4. Case management, care, and support enhancements**
 - To facilitate recommendations two, three and four, the System Title IX Coordinator initiated on-campus evaluations. Prior to the campus evaluations, the Title IX Coordinator reviewed all available policy, procedures, online resources, prevention campaigns, organizational charts and issues identified in the

Commission Report. Each campus visit was tailored to the campus, but included process and procedure assessment, case managements and supports review, education/prevention audit, and training. The evaluations were made utilizing staff and administration interviews. Ashley Blamey facilitated all campus visits with exception for Knoxville where Stephanie Rowland, UTC, served as the evaluator. Following each campus visit, the Title IX Coordinator provided a written summary of training completed, strengths and next steps to the campus Title IX Coordinator and senior administrator. Next steps often included the Title IX Coordinator connecting campuses and institutes to resources and individual staff on other System campuses. The Title IX Coordinator and campus/ institute Coordinators are scheduled to review the reports this summer for progress.

▪ UT Chattanooga	Complete	11/27/2017
▪ UT Martin	Complete	9/19/2017
▪ UT Knoxville	Complete	3/26/2018
▪ UT Space Institute	Complete	2/23/2018
▪ UT Health Science Center	Scheduled	5/16/2018

- Utilizing the final report from the My Campus Survey, the Title IX Coordinator, Special Advisor to the President on Diversity and Inclusion and Associate Vice President and Director of Institutional research attended and provided assistance for presentation at each campus and institute town hall. The data from the campus/institute specific survey provides each area prevalence data, feedback response feedback, and key information for campus consideration in the Title IX area.
- Utilizing the Commission's Feedback, UT Knoxville updated policy content and layout to provide increased accessibility to students, faculty and staff. All campuses are reviewing policy and procedure, but most will require an update on the Code of Conduct which each campus is considering.
- **Recommendation 5: Education, prevention, and training enhancements**
 - Utilizing K@TE learning management system, launched pilot mandatory training for UT System Administration (100% completion), UT Chattanooga (93%), and UT Knoxville full-time faculty and staff (92% completion) on Title IX obligations and resources. Although mandatory training was not required for UTM, UTHSC, and UTSI, following are the training completion numbers for those campuses: UTM, 899 faculty and staff; UTHSC, 1,928 faculty and staff; UTSI, 15 faculty and staff.
 - Provided in-person Title IX training for all members of the UT Board of Trustees Audit and Compliance Committee, UT President's cabinet members, UT Martin Chancellor's Staff, UT Knoxville Chancellor's Staff, UT Audit and Compliance staff, and leadership at UT Space Institute and UT Chattanooga. Training was not mandatory for UTHSC.

- Title IX Summit hosted by UT Knoxville for all two- and four-year public and private colleges, universities and nonprofit organization in Tennessee. The program included national expert Jodi Shipper and training tracks for Title IX Coordinators, Prevention, Investigations and Adjudication, Law Enforcement and Support. The conference attracted 177 attendees representing 41 institutions of higher education in Tennessee. Following the conference date, UT System hosted all System campuses and institutes for a half-day institute with Jodi Shipper with focus on national trends, policy, interim measures, due process and case review.

E. GOAL: Reorganize the Research, Outreach, and Economic Development office.

- Efforts toward this goal are in line with Goal 2 of our Strategic Plan (Expanding Research Capacities).
- An agreement was reached with Dr. David Millhorn to transition to Senior Vice President Emeritus and National Laboratory Advisor in July. Dr. Stacey Patterson was appointed as Interim Vice President for Research, Outreach and Economic Development on July 1, 2017. Dr. Patterson was also elected (by the UTRF Board) as the President of UTRF. On November 3, 2017 Dr. Patterson's permanent appointment was approved by the UT Board of Trustees.
- Dr. Maha Krishnamurthey was promoted to UTRF Vice President.
- One UTRF position was eliminated (Assistant VP for Licensing).
- Upon Dr. Millhorn's passing in December, 2017, Dr. Patterson was elected as a member of the UT-Battelle Board and Chair of the Science and Technology Committee. This is a great honor for Stacey and a tribute to the confidence ORNL has in her capabilities, and it is an important role for the System. She continues to also serve as a member of the P&C Committee.
- The Senior VP Emeritus and National Laboratory Advisor role has been eliminated and the duties of the position have been folded into the VP for Research, Outreach and Economic Development.

F. GOAL: Complete evaluation of the outsourcing contracts under the state's Strategies for Efficiency in Real Estate Management (SEREM) and recommendations from the units regarding implementation or not.

- Efforts toward this goal are in line with Goal 4 of our Strategic Plan (Ensuring Effectiveness and Efficiency).
- Beginning in 2015, the University of Tennessee System was invited to participate in a process to identify possible opportunities to reduce costs for the operation of all state

facilities, including higher education. I asked the leadership of each campus to work with JLL to enable the company to make proposals for facilities operations and determine what is in the best interest of the campuses.

- In April, 2017, CFO, David Miller began holding meetings and/or making phone calls with the Director of Customer Focused Government (CFG) at the State of Tennessee, campus CFOs, members of JLL's team, the state's Commissioner for Finance, and numerous others to work toward receiving proposal from JLL for UTK, UTC, UTM, and the UTHSC.
- The analysis in the UTC proposal did not add up to a cost savings. JLL's proposal was higher than UTC's annual costs for custodial, grounds keep and maintenance services by \$263,217 with their estimate of costs coming to \$6,959,799. The university's yearly budget for these services is \$6,696,581. As a result, UTC obviously did not opt in for JLL outsourcing.
- For UTM, JLL's proposal indicated a cost reduction opportunity of \$93,366. However, the proposal included a duplication of \$80,000 in housing grounds and maintenance budgets in the data UTM provided JLL. Correcting for this factor, savings to UTM would have been only \$13,366 annually. UTM opted out given the small savings.
- Both UTK and UTHSC opted out of outsourcing to JLL despite substantial cost savings proposed by JLL. As a result of inadequate justification and inaccurate rationale for how UTK and UTHSC estimated cost savings they needed to achieve to match those based on bids from JLL, I asked CFO David Miller to revise the cost savings numbers for both campuses. He determined cost savings of \$1,588,249 for UTHSC and \$3,831,260 in savings to UTK were the amounts needed to be at parity with those that would have been achieved with JLL. I have asked CFO Miller to work with the CBOs of both campuses to determine the method each will use to attain the full savings and he will hold the respective campus accountable for doing so.

G. GOAL: Conduct a BOT workshop to discuss the tenure-track and tenure review process, the annual faculty and staff evaluation process, and academic program review.

- Efforts toward this goal are in line with Goal 1 of our Strategic Plan (Enhancing educational Excellence).
- On August 17, 2017, we held a very successful and productive BOT Workshop in Nashville, TN. We had a very productive discussion on tenure, evaluation of tenured faculty, and academic program review. Outcomes of this Workshop include:
 - Board decision to delegate final authority to grant tenure to the President, except in certain situations.
 - The recommendation for a policy for evaluating tenured faculty. This ultimately resulted in the Board's approval of the policy for periodic post-tenure

performance review of all tenured faculty. Vice-President Linda Martin has been working diligently on the development of procedures to enforce this policy. We are currently in the late draft stages of these procedures and will complete this very soon.

- Performance evaluation training for Department Heads, carried out by members of the Office of Academic Affairs and Student Success.
- Acquisition of software from EAB Analytics - Academic Performance Solutions Platform. Dennis Hengstler, Linda Martin, and others are working with EAB and campuses to develop complete and accurate metrics for utilizing the software to perform consistent and thorough evaluation of academic programs. This project is ongoing.

H. GOAL: Revise the search process for chief executive officers and other System and campus/institute senior administrators to achieve greater effectiveness and efficiency.

- Efforts toward this goal are in line with Goal 4 of our Strategic Plan (Ensuring Effectiveness and Efficiency).
- The current process used for conducting searches for executive offers and senior administrators is problematic because of the public nature of the search process, which may prevent very highly qualified candidates from applying. I supported and was fully prepared to advance legislation to further modify current statutory requirements (T.C.A. 49-7-154) regarding higher education executive searches. After the beginning of the session, the Governor decided he preferred for his staff to take the lead in advancing the legislation. UT Government Relations staff did offer support that resulted in limiting open search requirements for the position of President to as few as one finalist.
- Worked with the EVP, Office of Human Resources and other System leaders to enhance committee selection for high-level administrator searches for greater efficiency and made increased use of the System's Executive Recruitment Office to reduce search firm involvement and related costs for certain search processes. In 2017, the Executive Recruitment program saved the university \$650,000 in search firm fees.
- Search committees for future searches need to be smaller and free of conflict of interest with respect to having members on the committee who are direct reports to the position being searched.

I. GOAL: In coordination with the Chief Financial Officer, conduct a comprehensive review of staffing levels in the System Administration and campus/institute central administrations to identify unnecessary System-campus duplication, unnecessary positions, vacant positions, and other cost-saving opportunities; recommend to the Subcommittee on Efficiency and Cost Savings a plan to achieve a specific amount of savings in combined System Administration and campus/institute central administration staff costs in FY 2018 and FY 2019; and implement the cost-savings plan

for FY 2018.

- Efforts toward this goal are in line with Goal 4 of our Strategic Plan (Ensuring Effectiveness and Efficiency).
- Unfortunately, we have not made as much headway in this area as I would have liked, but we continue to work to streamline the System to increase efficiency and achieve cost savings. Following are a list of some of the accomplishments made toward this goal:
 - Increased utilization of the System's Executive Recruitment Office to reduce reliance on external search firms – cost saving: \$650,000
 - Replaced paper check travel advances with electronic deposits and automatic settlement of expenses
 - Created electronic certification of expense reimbursement requests by travelers
 - Implemented automatic priority of travel audits based on travel frequency and simplicity of travel which reduces reimbursement waiting time
 - Improved internal controls for approval of travel expense reimbursement
 - Implemented Concur travel booking tool for UT employees
 - Implemented group travel cards to eliminate cash handling during group travel
 - Implemented a Contract Management System, which:
 - Eliminates numerous paper forms and replaces with electronic processing
 - Creates workflow for faster review
 - Tracks status of contracts in process
 - Creates repository for all correspondence and approval notes
 - Enables electronic notifications of actions needed, such as
 - Existing contracts with same firm
 - Risk management – insurance certificates
 - Encumbrance of funds
 - Implemented DocuSign System-wide
 - Negotiated contracts after bids resulted in \$1.7 million savings of goods/services
 - Used purchasing cooperatives to reduce staff time and leverage spend of other entities
 - Implemented new requisition system in the UT Marketplace:
 - Drive departments to contracted online catalogues to achieve savings
 - Integrates electronic bidding – reducing duplicate entries
 - Created an RFP template to reduce process time and ensure compliance with terms and conditions
 - Licenses - increased royalty rates for certain athletic licenses
 - Electronic General Ledger – reconciliation and approvals (detailed in the report).
 - Reduces days of work for each department in the reconciliation process.
 - Employee Self-Service – replacing paper time keeping forms with web and mobile apps
 - Personnel Forms – replacing 8 forms with 1 electronic entry
 - Annual W-2 – providing employees with electronic option
 - Personnel recruiting – electronic processing of applicants, references, and offers

- Internal controls – improvements in workflow processes related to pay changes and various types of employee reimbursements

J. GOAL: Actively manage and monitor the Chancellors' performance on their FY 2017-18 performance incentive compensation goals.

- Efforts toward this goal are in line with Goal 1 of our Strategic Plan (Enhancing Educational Excellence).
- I meet regularly with all of the chancellors to discuss various issues, including their performance incentive compensation goals. These meetings with Chancellors Angle, Carver, and Schwab are typically by phone, but we also meet in person frequently. For the past year, I have been meeting nearly weekly with one chancellor. Further, I used their Annual Performance reviews as an opportunity to monitor progress, and if necessary, provided guidance to assist with their success. This year, I particularly worked diligently with chancellors to get buy-in for a 0% tuition increase. All have agreed to manage their budgets appropriately to make this happen. However, UTM could be adversely impacted by a 0% tuition increase owing to their budget issues. I am actively working with Chancellor Carver to arrive at a beneficial resolution.

K. GOAL: Work with the Board to strengthen the relationship between the Board and the System Administration to create a strategic partnership.

- Efforts toward this goal are in line with all five goals of our Strategic Plan.
- Throughout the year, I have held regular meeting with Vice Chair Raja Jubran. Additionally, members of my Executive Team have also met regularly with VC Jubran. We have clearly worked to strengthen the relationship between the Board and the System Administration as a result. Our Board is much more engaged in the operations of the UT System than ever before, resulting in a greater strategic partnership than ever before. This has been very beneficial. Some outcomes of this partnership include a very interactive, mutually beneficial, and productive Board Workshop held on August 17, 2017.

L. GOAL: Enhance relations with the state legislature and other state officials through more proactive engagement.

- Efforts toward this goal are in line with Goal 5 of our Strategic Plan (Advocating for the UT System).
- In conjunction with the UT Alumni Legislative Council, hosted the first-ever Tennessee gubernatorial forum on Saturday, February 3, 2018 in Nashville, TN. Eight candidates for TN Governor were allowed 20 minutes to respond to questions (submitted by alumni volunteers) that were selected and presented by an independent moderator. Videos of

these presentations are available at:

<http://alumni.tennessee.edu/s/1341/17/interior.aspx?sid=1341&gid=1&pgid=10967>

- In an effort to defuse and/or de-escalate various controversies occurring throughout the year, private meetings with key legislators were successfully secured to avoid potential legislative responses playing out in public view. This occurred on two occasions – avoiding a public hearing on matters surrounding the UTK Pride Center and a number of contentious issues preceding UT's original Sunset Hearing in December. These meetings allowed for open dialogue and contained what could have otherwise been a “piling-on” effect.
- I also engaged in targeted outreach with specific legislative leaders who, by virtue of their positions, could help manage difficult UT issues as they play out. This included both Speakers on a number of occasions throughout the period. Others included Senate Education Committee Chair, Dolores Gresham, and Committee members, Steve Dickerson (who has been critical of tuition increases), Brian Kelsey and Todd Gardenhire. The Knox and Hamilton County delegations also were visited due to various issues playing out in their communities. A special “friend-raising” effort was made in Davidson County, a place where UT has little program presence.
- Statewide, we utilized our UT Advocacy program to raise our visibility and the call for political advocates. Meetings were held in Chattanooga, Knoxville, Nashville and Memphis with Phillip Fulmer and select local legislators joining me on the program.
- Our annual Legislative Tailgate and Fall “Game Day” outreach continued to be a prime opportunity to cultivate legislative support for the upcoming session.
- As a matter of course, I have remained in regular, close contact with Knox delegation members as well as both Speakers throughout the period to help foster the best possible relationships, support, and outcomes as opportunities or controversies arise.

UT THE UNIVERSITY OF TENNESSEE
OFFICE OF THE CHIEF FINANCIAL OFFICER

David L. Miller
Chief Financial Officer

June 12, 2018

Mr. Raja J. Jubran
Vice Chair
The University of Tennessee
Board of Trustees
719 Andy Holt Tower
Knoxville, TN 37996-0174

Dear Vice Chair Jubran:

A part of the deliberations in your review of Dr. DiPietro includes a review of University accounts under the President's control. Those include:

- President's Office (departmental personnel and operating budget)
- Special Events/Emergency Management (unrestricted budgeted operating funds)
- President's Discretionary Fund (restricted funds)
- Special Projects Fund (unrestricted budgeted operating funds)
- Tennessee Tomorrow (unrestricted budgeted operating funds)
- President's Council (restricted funds)

All of these accounts have been handled in accordance with fiscal policy and operated within budget year-to-date; additionally, the accounts are projected to be within budget at the close of fiscal year 2018 and will be audited by internal audit with a report forwarded to the Board of Trustees.

Please advise if you need additional information or any clarification.

Sincerely,



David L. Miller

DLM:tlc

c: Dr. Joseph A. DiPietro
Ms. Catherine S. Mizell

President DiPietro's overall performance during FY 2017-18 exceeded expectations:

#	Answer	%	Count
1	Strongly Disagree (1)	4.88%	2
2	Disagree (2)	9.76%	4
3	Agree (3)	21.95%	9
4	Strongly Agree (4)	60.98%	25
0	Not Able to Assess (N/A)	2.44%	1
	Total	100%	41

THE UNIVERSITY OF TENNESSEE
BOARD OF TRUSTEES

ACTION ITEM

DATE: June 22, 2018

ITEM: **Incentive Compensation Payments under the FY 2016-17 Plan**

RECOMMENDATION: Approval

PRESENTED BY: Raja J. Jubran, Vice Chair of the Board
Joseph A. DiPietro, President

8

The Performance Incentive Compensation Plan for FY 2016-17 provides that the Vice Chair will evaluate the President's performance, and the President will evaluate the other University Officers' performance. The Vice Chair and President will make a recommendation as to whether a participant should receive the maximum payment allowable under the Plan or some portion of it. The maximum payment for the President is 25% of his base salary. For other participants, the maximum payment is 15% of base salary. For FY 2016-17, the only participants in the Plan were President DiPietro, Chancellor Angle, and Chancellor Schwab

A scorecard for each participant, applying the methodology approved by the Executive and Compensation Committee, follows this memorandum. The Vice Chair recommends the payment indicated on the scorecard for President DiPietro. The Vice Chair and the President recommend the payments indicated on the scorecards for Chancellors Angle and Schwab.

The Office of Audit and Compliance reviewed the performance data shown on the scorecards for the quantitative goals. The report provided by Chief Audit and Compliance Officer Sandy Jansen appears in the following materials. The report concludes that the "scorecards included in the Board materials align with the approved methodology and are free of errors."

MOTION: I move adoption of the following Resolution:

RESOLVED:

1. **The Board of Trustees approves the following payments under the Performance Incentive Compensation Plan for FY 2016-17, subject to all provisions and conditions of the Plan:**

Joseph A. DiPietro	\$100,821
Steven R. Angle	\$25,882
Steve J. Schwab	\$72,214

2. **In accordance with the Plan, one-third (1/3) of the payments shall be paid within thirty (30) days of this Board action approving the payment; one-third (1/3) shall be paid one (1) year after this Board action approving the payment; and one-third (1/3) shall be paid two (2)**

years after this Board action approving the payment; provided that the final two-thirds of the President DiPietro's payment shall be paid upon his separation from service as President by reason of the expiration of the term of his employment agreement or the mutually agreed upon early termination of his employment agreement.

FY2016-17 Performance Incentive Plan: Assessment and Recommended Payment for President DiPietro

Red are BAG metrics -- Blue are Strategic Plan metrics

Score = Straight % of goal achieved

Data subject to Audit review

a	b	c	% Goal Achieved	Actual > Base	Scores					Weights for Obj/ Subj/ Adv/Lead	Overall Scores % *
					% score (b-a)/(c-a)	Adj. % score	(1-3) weight	score * weight	Max Score		

Weights: High =3, Intermediate=2, Normal =1

Below base = 0 score	Adj % score x weight	Above base but below goal
		1% - 33% of goal = 25%
		34% - 66% of goal = 50%
		67% - 99% of goal = 75%

1. Enhancing Educational Excellence

1	Fall Headcount, Undergraduate	38,875	39,162	39,107	100.1%	TRUE	100.1%		3	3.00	3
2	Fall Headcount, Graduate/ Professional	10,512	10,717	10,678	100.4%	TRUE	100.4%		3	3.01	3
3	Freshman Grad. Rate (students required to meet goal)	59.2%	62.4%	63.4%	98.5%	TRUE	77.1%	75.0%	3	2.25	3
4	Freshman Retention Rate (students required to meet goal)	81.7%	81.0%	82.7%	97.9%	FALSE	0.0%		3	0.00	3
5	Total Degrees Awarded	11,975	12,150	12,095	100.5%	TRUE	100.5%		3	3.02	3

2. Expanding Research Capacities

6	Research/ Sponsored Project Expenditures (THEC report)	\$429.06	\$481.11	\$477.54	100.7%	TRUE	100.7%		3	3.02	3
7	Research Expenditures (reported to NSF less ARRA funding)	\$322.1	\$354.4	\$331.9	106.8%	TRUE	106.8%		3	3.20	3
8	Inventions (Disclosures)	139	166	158	105.1%	TRUE	105.1%		2	2.10	2

3. Fostering Outreach and Engagement

9	Number of Outreach Participants	4,511,618	4,221,561	5,553,166	76.0%	FALSE	0.0%		2	0.00	2
10	Work RVUs	2,082,977	2,665,906	2,199,960	121.2%	TRUE	121.2%		3	3.64	3
11	Number of Patient Encounters at Vet Med	33,393	35,957	35,002	102.7%	TRUE	102.7%		3	3.08	3

4. Improving Effectiveness & Efficiency

13	UG Tuition no more than HEPI rate change ¹	\$8,576	\$8,731	\$8,731	100.0%	TRUE	100.0%		3	3.00	3
14	Gifts, Pledges, Bequests	\$204.386	\$221.158	\$243.474	90.8%	TRUE	42.9%	50.0%	3	1.50	3
15	Deferred Maint. Expenditures (2-Yr plan in millions) ²		\$0.0	\$25.00	0.0%	FALSE	0.0%		3	0.00	3

Totals

30.82	40.0
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Total Objective Score

77.05%

60.00%	46.23%
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1 = % Goal achieved is based actual/goal, as desired outcome is to have actual tuition to be less than the goal.

2 = Deferred maintenance % score = 0% if not met or 100% if met

Additional Goals for President

Met / Not Met

Weights for Obj/Subj/Oth	Overall Scores % * Weights
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1. Enhancing Educational Excellence

1	(1) In-State UG Enrollments should be > Fall 16.	Not Met
2	(2) % UG Out-State Enrollment should increase but be < 25% of total.	Met
3	(5) Graduate and Professional tuition increases should be no more than the previous year's HEPI rate change plus 2-3%.	Met
4	(14) Conduct program realignment to assess low performing programs .	Not Met
5	(15) Perform feasibility analysis & develop a plan for program consolidation(s).	Not Met
6	(22) Conduct review of the post-tenure review processes & implement a new policy.	Met

Met = 100%
Not Met = 0%

4. Improving Effectiveness & Efficiency

7	(7) Review out-of-state tuition based on regional need.	Met
8	(18) Using workforce development programs, identify amounts that can be redeployed to address strategic initiatives, compensation gaps, and deferred maintenance.	Not Met
9	(19) Conduct a tuition structure review to include differential tuition, out-of-state tuition, and 15/4 plan.	Met
10	(20) Review of Non-Formula fee structure.	Not Met
11	(21) Conduct study on unfunded mandates for student tuition waivers/discounts (UT system) and tuition waivers/discounts for UT employees.	Met

Additional Goals

12	Implementation of new UT System organization structure, including the hiring of a permanent Chief Financial Officer and an Executive Vice President	Met
13	Bring Faculty and Staff salaries closer to the median of the peer group (as identified in the Sibson Market Analysis)	Met
14	Implementation of a more vigorous out-of-session visit schedule with elected officials	Met
15	Completing the first phase of the Succession Planning initiative (focused on University Wide Administration)	Met

Total Subjective Score (% Met)

66.67%

20.00%	13.33%
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Advocacy and Leadership (% Attained)

95.00%

20.00%	19.00%
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Overall Score = (Sum of Objective, Subjective, Advocacy and Leadership)

78.56%

Recommended Retention Payment = (Overall score * Max Retention Amount)

Maximum Payment

\$128,336

Recommended Amount

\$ 100,821

FY2016-17 Performance Incentive Plan: Assessment and Recommended Payment for Chancellor Angle

Red are BAG metrics -- Blue are Strategic Plan metrics

Data subject to Audit review

Score = Straight % of goal achieved

a	b	c	% Goal Achieved	Actual > Base	Scores					Weights for Obj/ Subj/ Adv/Lead	Overall Scores % *
					% score (b-a)/(c-a)	Adj. % score	(1-3) weight	score * weight	Max Score		

Weights: High =3, Intermediate=2, Normal =1

Below base = 0 score	Adj % score x weight	Above base but below goal
		1% - 33% of goal = 25%
		34% - 66% of goal = 50%
		67% - 99% of goal = 75%

1. Enhancing Educational Excellence

1	Fall Headcount, Undergraduate	10,170	10,176	10,272	99.1%	TRUE	5.9%	25.0%	3	0.75	3
2	Fall Headcount, Graduate/ Professional	1,363	1,411	1,404	100.5%	TRUE	100.5%		3	3.02	3
3	Freshman Graduation Rate (students required to meet goal)	44.2%	44.9%	45.2%	99.3%	TRUE	70.0%	75.0%	3	2.25	3
4	Freshman Retention Rate (students required to meet goal)	73.5%	72.6%	74.5%	97.4%	FALSE	0.0%		3	0.00	3
5	Total Degrees Awarded	2,494	2,529	2,519	100.4%	TRUE	100.4%		3	3.01	3

2. Expanding Research Capacities

6	Research/ Sponsored Project Expenditures (THEC report)	\$9.27	\$7.36	\$9.83	74.9%	FALSE	0.0%		3	0.00	3
7	Research Expenditures (reported to NSF less ARRA funding)	\$7.4	\$6.4	\$7.6	83.6%	FALSE	0.0%		3	0.00	3
8	Inventions (Disclosures)	4	1	6	16.7%	FALSE	0.0%		2	0.00	2

4. Improving Effectiveness & Efficiency

9	UG Tuition no more than HEPI rate change ¹	\$6,768	\$6,888	\$6,890	100.0%	TRUE	100.0%		3	3.00	3
10	Gifts, Pledges, Bequests	\$10.924	\$16.653	\$15.060	110.6%	TRUE	110.6%		3	3.32	3
11	Deferred Maint. Expenditures (2-Yr plan in millions) ²		\$0.0	\$2.5	0.0%	FALSE	0.0%		3	0.00	3
Totals										15.35	32.0

Total Objective Score

47.97%

60.00% 28.78%

¹ = % Goal achieved is based target/goal, as desired outcome is to have actual tuition to be less than the goal.

² = Deferred maintenance % score = 0% if not met or 100% if met

Additional Goals for Chancellor Angle

Met / Not Met

Weights for Obj/Subj/Oth	Overall Scores % * Weights
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1. Enhancing Educational Excellence

1	(1) In-State UG Enrollments should be > Fall 16.	Not Met
2	(2) % UG Out-State Enrollment should increase but be < 25% of total.	Met
3	(5) Graduate and Professional tuition increases should be no more than the previous year's HEPI rate change plus 2-3%.	Met
4	(14) Conduct program realignment to assess low performing programs .	Not Met
5	(15) Perform feasibility analysis & develop a plan for program consolidation(s).	Not Met

Met = 100%
Not Met = 0%

4. Improving Effectiveness & Efficiency

6	(6) Executive grad program tuition based on demand & peer costs	Met
7	(7) Review out-of-state tuition based on regional need.	Met
8	(18) Using workforce development programs, identify amounts that can be redeployed to address strategic initiatives, compensation gaps, and deferred maintenance.	Not Met
9	(19) Conduct a tuition structure review to include differential tuition, out-of-state tuition, and 15/4 plan.	Met

Total Subjective Score (% Met)

55.56%

20.00%	11.11%
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Advocacy and Leadership (% Attained)

80.00%

20.00%	16.00%
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Overall Score = (Sum of Objective, Subjective, Advocacy and Leadership)

55.89%

Recommended Retention Payment = (Overall score * Max Retention Amount)

Maximum Payment

\$46,309

Recommended Amount

\$ 25,882

FY2016-17 Performance Incentive Plan: Assessment and Recommended Payment for Chancellor Schwab

Red are BAG metrics -- Blue are Strategic Plan metrics

Data subject to Audit review

Score = Straight % of goal achieved

a	b	c	% Goal Achieved	Actual > Base	Scores					Weights for Obj/ Subj/ Adv/Lead	Overall Scores % *
					% score (b-a)/(c-a)	Adj. % score	(1-3) weight	score * weight	Max Score		

Weights: High =3, Intermediate=2, Normal =1

1. Enhancing Educational Excellence

	a	b	c	% Goal	Actual > Base	Below base = 0 score	% score	Adj. % score	(1-3) weight	score * weight	Max Score	Above base but below goal
1	Fall Headcount, Undergraduate	287	339	290	116.9%	TRUE	116.9%		3	3.51	3	1% - 33% of goal =25%
2	Fall Headcount, Graduate/ Professional	2,810	2,860	2,838	100.8%	TRUE	100.8%		3	3.02	3	34% - 66% of goal = 50%
3	Freshman Graduation Rate (students required to meet go	95.7%	96.6%	95.7%	101.0%	TRUE	101.0%		3	3.03	3	67% - 99% of goal = 75%
4	Total Degrees Awarded (incl. Residency Completers)	1,370	1,343	1,384	97.1%	FALSE	0.0%		3	0.00	3	

2. Expanding Research Capacities

5	Research/ Sponsored Project Expenditures (THEC report)	\$212.96	\$256.96	\$240.50	106.8%	TRUE	106.8%		3	3.20	3	
6	Research Expenditures (reported to NSF less ARRA funding)	\$69.8	\$73.4	\$71.9	102.1%	TRUE	102.1%		3	3.06	3	
7	Inventions (Disclosures)	30	50	39	128.2%	TRUE	128.2%		2	2.56	2	

3. Fostering Outreach and Engagement

8	Work RVUs	2,082,977	2,665,906	2,199,960	121.2%	TRUE	121.2%		3	3.64	3	
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4. Improving Effectiveness & Efficiency

9	UG Tuition no more than HEPI rate change ¹	\$9,065	\$9,229	\$9,229	100.0%	TRUE	100.0%		3	3.00	3	
	UTHSC (Dental Hygiene)	\$9,810	\$9,988	\$9,988	100.0%	TRUE	100.0%					
	UTHSC (Nursing)	\$8,320	\$8,470	\$8,470	100.0%	TRUE	100.0%					
10	Gifts, Pledges, Bequests	\$28.890	\$16.398	\$38.949	42.1%	FALSE	0.0%		3	0.00	3	
11	Deferred Maint. Expenditures (2-Yr plan in millions) ²		\$0.0	\$3.75	0.0%	FALSE	0.0%		3	0.00	3	
Totals										25.02	32.0	

Total Objective Score

78.19%

60.00%

46.91%

1 = % Goal achieved is based actual/goal, as desired outcome is to have actual tuition to be less than the goal.

2 = Deferred maintenance % score = 0% if not met or 100% if met

Additional Goals for Chancellor Schwab

Met / Not Met

Weights for Obj/Subj/Oth	Overall Scores % * Weights
--------------------------	----------------------------

1. Enhancing Educational Excellence

Raja to provide ratings

Met = 100%
Not Met = 0%

1	(1) In-Sate UG Enrollments should be > Fall 16.	Met
2	(2) % UG Out-State Enrollment should increase but be < 25% of total.	Met
3	(5) Graduate and Professional tuition increases should be no more than the previous year's HEPI rate change plus 2-3%.	Met
4	(14) Conduct program realignment to assess low performing programs .	Met
5	(15) Perform feasibility analysis & develop a plan for program consolidation(s).	Met

4. Improving Effectiveness & Efficiency

6	(7) Review out-of-state tuition based on regional need.	Met
7	(18) Using workforce development programs, identify amounts that can be redeployed to address strategic initiatives, compensation gaps, and deferred maintenance.	Not Met
8	(19) Conduct a tuition structure review to include differential tuition, out-of-state tuition, and 15/4 plan.	Met
9	(20) Review of Non-Formula fee structure.	Met

Total Subjective Score (% Met)

88.89%

20.00% 17.78%

Advocacy and Leadership (% Attained)

80.00%

20.00% 16.00%

Overall Score = (Sum of Objective, Subjective, Advocacy and Leadership)

80.69%

Recommended Retention Payment = (Overall score * Max Retention Amount)

Maximum Payment

\$89,495

Recommended Amount

\$ 72,214

UT System

Performance Incentive Payment Plan Scorecard Review
June 19, 2018

Christopher A. Medeiros
Auditor-in-charge

Sandy S. Jansen, CIA, CCSA, CRMA
Chief Audit and Compliance Officer

June 19, 2018

Mr. D. Crawford Gallimore
Chair
Audit and Compliance Committee
PO Box 1068
Martin, TN 38237

Dear Mr. Gallimore,

Earlier this year, our office audited the values used for the objective goals of the performance incentive compensation plan. The objectives were to determine whether the values corresponded to the supporting data and to determine whether the spreadsheet used to establish the values contained data entry or calculation errors. We issued our report on March 27, 2018. After the report was issued, UT finalized the scores for the additional goals and prepared the related scorecards (spreadsheets) to calculate the recommended payments.

As required by the incentive payment plan approved by the UT Board of Trustees on October 5, 2017, our office reviewed the calculations of the recommended payments before final submission for Board approval. The objectives were to review the calculations on the scorecards, confirm the scoring aligned with the approved methodology, and determine whether the scorecards contained formula, data entry, or calculation errors.

Our office worked with the Office of Institutional Research to correct any calculation or formula errors before inclusion in the Board materials for its meeting on June 22, 2018. The scorecards included in the Board materials align with the approved methodology and are free of errors.

Please feel free to contact me if you have questions.

Sincerely,



Sandy S. Jansen
Chief Audit and Compliance Officer

A18048 System Performance Incentive Plan Scorecard Review

c: Dr. Joseph A. DiPietro
 Dr. Dennis D. Hengstler
 Mr. Waymon L. Hickman
 Dr. Tonjanita L. Johnson
 Mr. Raja J. Jubran
 Mr. Brad A. Lampley

 Mr. James R. Maples
 Mr. David L. Miller
 Ms. Catherine S. Mizell
 Ms. Sharon J. Pryse
 Mr. Tommy G. Whittaker

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

Red are BAG metrics
Strategic Plan metrics

Base Yr	Goal
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1. Enhancing Educational Excellence

Fall Headcount, Undergraduate	Fall 16	Goal (Fall 17)		Actual	Weight
System	38,875	39,107	sum of campuses	39,162	High
UTK	22,139	22,360	1% incr above Fall 16	22,317	High
UTC	10,170	10,272	1% incr above Fall 16	10,176	High
UTM	6,279	6,185	Enr < 1.5% decrease	6,330	High
UTHSC	287	290	1% incr above Fall 16	339	Normal

Fall Headcount, Graduate/ Professional	Fall 16	Goal (Fall 17)		Actual	Weight
System	10,512	10,678	sum of campuses	10,717	High
UTK	5,913	6,002	1.5% incr above Fall 16	6,004	High
UTC	1,363	1,404	3% incr above Fall 16	1,411	Interm.
UTM	426	435	2% incr above Fall 16	442	Normal
UTHSC	2,810	2,838	1% incr above Fall 16	2,860	High

6-Year Graduation Rates for Freshmen (UTHSC is average graduation rate of several programs)	Fall 16	# students required to meet goal	Goal	Goal (Fall 17)	Actual	Actual (%)	Weight
System	59.2%	5,284	sum of campuses	63.4%	5,151	62.4%	High
UTK	68.8%	2,935	1.5% incr above Fall 16	70.3%	2,931	70.2%	High
UTC	44.2%	981	1% incr above Fall 16	45.2%	974	44.9%	High
UTM	50.2%	721	5.7% incr above Fall 16	55.9%	648	50.2%	High
UTHSC ¹ 5-Yr Average	95.7%	647	>5-year average	95.7%	598	96.6%	Normal

Freshman Retention After One Year	Fall 16	# students required to meet goal	Goal	Goal (Fall 17)	Actual	Actual (%)	Weight
System	81.7%	6,479	sum of campuses	82.7%	6,351	81.0%	High
UTK	86.3%	4,227	1% incr above Fall 16	87.3%	4,140	85.5%	High
UTC	73.5%	1,541	1% incr above Fall 16	74.5%	1,501	72.6%	High
UTM	75.2%	711	711	76.2%	710	76.1%	High

Total Degrees Awarded	FY16	FY17 Goal		Actual	Weight
System	11,975	12,095	sum of campuses	12,150	High
UTK (includes Vet Med & CASNR)	6,741	6,808	1% incr above FY 16	6,944	High
UTC	2,494	2,519	1% incr above FY 16	2,529	High
UTM	1,370	1,384	1% incr above FY 16	1,334	High
UTHSC (incl Residency Completers)	1,370	1,384	1% incr above FY 16	1,343	High
UTIA (Vet Med & CASNR)	485	490	1% incr above FY 16	510	Normal

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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	Goal
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2. Expanding Research Capacities

Research /Sponsored Projects Expenditures reported to THEC

	FY12-16	FY17 Goal		Actual	Weight
	(\$ in Millions)				
System (President)	\$429.06	\$477.54	sum of campuses + IPS and System Office	\$481.11	High
UTK (no Vet Med)	\$152.21	\$161.34	6% incr above 5yr avg.	\$158.54	High
UTC	\$9.27	\$9.83	6% incr above 5yr avg.	\$7.36	Normal
UTM	\$2.83	\$3.53	> FY16	\$3.98	Normal
UTHSC	\$212.96	\$240.50	> FY16	\$256.96	High
UTIA	\$43.12	\$45.81	> FY16	\$47.14	High

Research Expenditures reported to NSF (less ARRA funding)	FY12-16	FY17 Goal		Actual	Weight
	(\$ in Millions)				
System (President)	\$322.14	\$331.87	sum of campuses	\$354.44	High
UTK (no Vet med + system)	\$176.72	\$183.28	> FY16	\$203.80	High
UTC	\$7.38	\$7.60	3% incr above 5yr avg.	\$6.35	Normal
UTM	\$0.53	\$0.61	> FY16	\$0.70	Normal
UTHSC	\$69.79	\$71.88	3% incr above 5yr avg.	\$73.39	High
UTIA	\$67.73	\$69.76	3% incr above 5yr avg.	\$70.19	High

Inventions (Disclosures)	FY12-16	FY17 Goal		Actual	Weight
System (President)	139	158	sum of campuses	166	Intermed.
UTK	69	75	> FY16	86	High
UTC	4	6	> FY16	1	Normal
UTM	1	2	> FY16	4	NA
UTHSC	30	39	> FY16	50	High
UTIA	35	36	3% incr above 5yr avg.	25	High

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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	Goal
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3. Fostering Outreach and Engagement

Number of Participants in Outreach and Engagement Activities	FY12-16	c	Actual	Weight
System (President)	4,511,618	5,553,166	4,221,561	Intermed.
UTIA	4,298,093	5,254,236	3,670,424	High
IPS	213,525	298,930	551,137	High
		Sum of UTIA/IPS		

# of Clients/Patients Served	FY12-16	FY 17 Goal	Actual	Weight
HSC Work RVUs	2,082,977	2,199,960	2,665,906	High
Patient Encounters at Vet Med	33,393	35,002	35,957	High

4. Improving Effectiveness & Efficiency

UG Tuition no more than HEPI rate change (1.8%)	FY17 (Fall 16- Sp 17)	Goal (Fall 17- Sp 18)	Actual	Weight
UT System (simple avg of UG tuition) ³	\$8,576	\$8,731	\$8,731	High
UTK	\$10,914	\$11,110	\$11,110	High
UTC	\$6,768	\$6,890	\$6,888	High
UTM	\$7,070	\$7,197	\$7,200	High
UTHSC (Dental Hygiene) ²	\$9,810	\$9,988	\$9,988	High
UTHSC (Nursing)	\$8,320	\$8,470	\$8,470	High

Gifts, Pledges, Bequests	FY12-16	FY 17 Goal	Actual	Weight
	(\$ in Millions)			
UT System	\$204.386	\$243.474	\$221.158	High
UTK	\$146.016	\$167.919	\$155.249	High
UTC	\$10.924	\$15.060	\$16.653	High
UTM	\$3.514	\$4.249	\$11.076	High
UTHSC	\$28.890	\$38.949	\$16.398	High
UTIA	\$14.087	\$16.200	\$21.109	High
		sum of campuses + IPS + System Office		
		15% incr above 5yr avg.		
		> FY16		
		> FY16		
		15% incr above 5yr avg.		

8

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

Red are BAG metrics
 Strategic Plan metrics

Base Yr	Goal				
(17) Deferred Maintenance Expenditures (Develop 2-yr allocation/reallocation plan based upon \$25m deferred maintenance)		FY 17 Goal (\$M) * Above normal spend over two years		<u>Actual *</u>	<u>Weight</u>
System = \$25.0 million over 2 yrs	\$1.06 or \$25m	Depending on whether FY16 spend was above normal spend		N / A	High
UTK/UTSI = \$15.75m	\$1.61 or \$15.75m	Depending on whether FY16 spend was above normal spend		N / A	High
UTC = \$2.5m	\$0 or \$2.5m	Depending on whether FY16 spend was above normal spend		N / A	NA or High
UTM = \$2.0m	\$1.87 or \$2m	Depending on whether FY16 spend was above normal spend		N / A	High
UTHSC = \$3.75m	\$0 or \$3.75m	Depending on whether FY16 spend was above normal spend		N / A	NA or High
UTIA = \$1.0m)	\$0 or \$1.0m	Depending on whether FY16 spend was above normal spend		N / A	NA or high

* This metric derives from the 2015 Budget Advisory Group initiative under which the campuses were expected to develop an allocation/reallocation plan that would result in system-wide deferred maintenance expenditures of \$25 million above the normal maintenance spend over two years (FY 2015-16 and FY 2016-17). The Office of Audit and Compliance could not validate the expenditures, however, because the auditors were unable to separate deferred maintenance from normal maintenance. For FY17, deferred maintenance expenditure goals have been restated to emphasize that “allocation/reallocation” means expenditures above the normal spend for maintenance. Therefore, the goals are stated in the alternative, depending on whether the campuses are able to provide documentation that will allow FY16 deferred maintenance expenditures to be validated as above the normal spend.

** No credit has been awarded for Deferred Maintenance because the campuses have not provided evidence to verify that expenditures were the result of allocation/reallocation and above the normal spend.

(Endnotes on following pages.)

Endnotes for Changes In FY17 Goals

1 The graduation rates for the UT Health Science Center are based on the following programs:

Fall/Summer 2011 Entering Class

- Audiology (AUD)
- Dentistry (DDS)
- Medicine (MD)
- Pharmacy (PharmD)

Fall/Summer 2013 Entering Class

- Physical Therapy (DPT)

Fall/Summer 2014 Entering Class

- Cytopathology Practice (MCP)
- Dental Hygiene (BSDH)
- Speech-Language Pathology (MSSLP)
- Clinical Laboratory Science (MSCLS)

Spring 2014 Entering Class

- Occupational Therapy (MOT)
- Physician Assistant (MMS-PA)

2 In 2016, UTHSC restructured the Dental Hygiene tuition and program from a three-term program per year to a two-term program per year.

Dental Hygiene Bachelors	IN-STATE					
	Base Year Restructure		Goal Year	Goal % Increase	Actual	Actual % Increase
	2016	2016	2017		2017	2017
Fall	3,924	4,905	4,994			
Spring	3,924	4,905	4,994			
Summer	3,924					
Year 1	11,772	9,810	9,988	1.8%	9,988	1.8%
Fall	3,924	4,905	4,994			
Spring	3,924	4,905	4,994			
Summer						
Year 2	7,848	9,810	9,988	1.8%	9,988	1.8%
Total Cost: Years	19,620	19,620	19,976	1.8%		

3 *The UT System numbers for Undergraduate tuition are based on a simple average of the campuses. The change in UTHSC Dental Hygiene necessitated a change in the UT System Goal and Actual Numbers*

UT System Avg. UG Tuition	IN-STATE					
	Base Year Restructure		Goal Year	Goal % Increase*	Actual	Actual % Increase
	2016	2016	2017		2017	2017
UT System	8,184	8,576	8,731	1.80%	\$8,731	1.8%

UT System (simple avg of UG tuition)	\$8,576	\$8,731	1.8%	\$8,731	1.8%
UTK	\$10,914	\$11,110	1.8%	\$11,110	1.8%
UTC	\$6,768	\$6,890	1.8%	\$6,888	1.8%
UTM	\$7,070	\$7,197	1.8%	\$7,200	1.8%
UTHSC	\$9,810	\$9,988	1.8%	\$9,988	1.8%
UTIA	\$8,320	\$8,470	1.8%	\$8,470	1.8%

* Earlier tuition goals for FY2017 were estimated based on the prior year's HEPI rate of 2.2%. The actual HEPI rate was 1.8%.

THE UNIVERSITY OF TENNESSEE
BOARD OF TRUSTEES

ACTION ITEM

DATE: June 22, 2018

COMMITTEE: Academic Affairs & Student Success

CAMPUS/UNIT: University of Tennessee at Chattanooga

ITEM: **Grant of Tenure to a Faculty Member upon Initial Appointment at UT Chattanooga**

PRESENTED BY: Joseph A. DiPietro, President

10

The revised Board Policies on Academic Freedom, Responsibility and Tenure approved by the Board on March 23, 2018, require Board approval of the President's recommendation for any faculty member to be tenured upon initial appointment (that is, without serving a probationary period).

The policy requires that the President's recommendation include documentation of compliance with all tenure review and recommendation procedures required by the Board policy and as established by the campus. The policy provides that the Board will grant tenure upon initial appointment only if:

- (1) the proposed appointee holds tenure at another higher education institution and the Board determines that the President has documented that the proposed appointee cannot be successfully recruited to the University without being granted tenure upon initial appointment; or
- (2) the Board determines that the President has documented other exceptional circumstances warranting the grant of tenure upon initial appointment.

Chancellor Steve Angle has recommended to President DiPietro that tenure be granted upon initial appointment to Dr. Ahad Nasab, who has been offered the position of Professor and Head of the Department of Engineering Management and Technology in the UTC College of Engineering and Computer Science, effective July 1, 2018. Dr. Nasab's acceptance of the position is dependent on being granted tenure upon initial

appointment. Dr. Nasab was a tenured Professor at Middle Tennessee State University, from which he has been recruited.

All tenure review and recommendation procedures required by Board policy and as established by the campus have been completed for Dr. Nasab, and he received unanimous support at each level.

President DiPietro fully concurs in the Chancellor's recommendation and requests that the Board of Trustees grant tenure to this outstanding faculty member.

MOTION: I move adoption of the following Resolution:

RESOLVED: Tenure is granted to Ahad Nasab in his faculty appointment in the Department of Engineering Management and Technology at The University of Tennessee at Chattanooga.

THE UNIVERSITY OF TENNESSEE
BOARD OF TRUSTEES

ACTION ITEM

DATE: June 22, 2018

COMMITTEE: Academic Affairs & Student Success

CAMPUS/UNIT: University of Tennessee Health Science Center

ITEM: **Grant of Tenure to a Faculty Member upon Initial Appointment at UT Health Science Center**

PRESENTED BY: Joseph A. DiPietro, President

10

The revised Board Policies on Academic Freedom, Responsibility and Tenure approved by the Board on March 23, 2018, require Board approval of the President's recommendation for any faculty member to be tenured upon initial appointment (that is, without serving a probationary period).

The policy requires that the President's recommendation include documentation of compliance with all tenure review and recommendation procedures required by the Board policy and as established by the campus. The policy provides that the Board will grant tenure upon initial appointment only if:

- (1) the proposed appointee holds tenure at another higher education institution and the Board determines that the President has documented that the proposed appointee cannot be successfully recruited to the University without being granted tenure upon initial appointment; or
- (2) the Board determines that the President has documented other exceptional circumstances warranting the grant of tenure upon initial appointment.

Chancellor Steve Schwab has recommended to President DiPietro that tenure be granted upon initial appointment to Dr. Penny Asbell, who has been offered the position of Professor and Chair of the Department of Ophthalmology and Director of the Hamilton Eye Institute, effective on or before August 1, 2018. Dr. Asbell was a tenured Professor at Mount Sinai School of Medicine, from which she has been recruited.

All tenure review and recommendation procedures required by Board policy and as established by the campus have been completed for Dr. Asbell, and she received unanimous support at each level.

President DiPietro fully concurs in the Chancellor's recommendation and requests that the Board of Trustees grant tenure to this outstanding faculty member.

MOTION: I move adoption of the following Resolution:

RESOLVED: Tenure is granted to Penny Asbell in her faculty appointment in the Department of Ophthalmology at The University of Tennessee Health Science Center.

THE UNIVERSITY OF TENNESSEE
BOARD OF TRUSTEES

ACTION ITEM

DATE: June 22, 2018

COMMITTEE: Academic Affairs & Student Success

CAMPUS/UNIT: University of Tennessee, Knoxville

ITEM: **Grant of Tenure to Six Faculty Members upon Initial Appointment at UT Knoxville**

PRESENTED BY: Joseph A. DiPietro, President

10

The revised Board Policies on Academic Freedom, Responsibility and Tenure approved by the Board on March 23, 2018, require Board approval of the President's recommendation for any faculty member to be tenured upon initial appointment (that is, without serving a probationary period).

The policy requires that the President's recommendation include documentation of compliance with all tenure review and recommendation procedures required by the Board policy and as established by the campus. The policy provides that the Board will grant tenure upon initial appointment only if:

- (1) the proposed appointee holds tenure at another higher education institution and the Board determines that the President has documented that the proposed appointee cannot be successfully recruited to the University without being granted tenure upon initial appointment; or
- (2) the Board determines that the President has documented other exceptional circumstances warranting the grant of tenure upon initial appointment.

Interim Chancellor Wayne Davis has recommended to President DiPietro that six members of the UT Knoxville faculty receive tenure upon hire. They are:

Dr. Melissa Cardon, who has been offered the position of Professor in the Department of Management in the Haslam College of Business, effective August 1, 2018 and was a

tenured full professor with the title of Distinguished Professor of Management and Management Science at Pace University, from which she was recruited;

Dr. Michael Galbreth, who has been offered the position of Professor and Head of the Department of Business Analytics and Statistics in the Haslam College of Business, effective as of August 1, 2018 and was a tenured full professor at the University of South Carolina, from which he was recruited;

Dr. Roberta Lavin, who has been offered the position of Professor and Executive Associate Dean of Academic Affairs in the College of Nursing, effective July 1, 2018 and was a tenured professor and chair of the Department of Nursing and Health at the University of Missouri—St. Louis, from which she was recruited, and she also previously held tenure at the University of the Incarnate Word and Clarke University;

Dr. Susan Lawrence, who has been offered the position of Professor of History in the College of Arts and Sciences, effective August 1, 2018 and was a tenured professor at The Ohio State University, from which she was recruited;

Dr. David Manderscheid, who has been offered the position of Professor in the Department of Mathematics in the College of Arts and Sciences and Provost and Senior Vice Chancellor of UT Knoxville, effective July 1, 2018 and was tenured at The Ohio State University, from which he was recruited; he also previously held tenure in positions at the University of Iowa and the University of Nebraska;

Dr. Timothy Pollock, who has been offered the position of Haslam Chair of Business and Distinguished Professor of Entrepreneurship in the Haslam College of Business, effective August 1, 2018 and was a tenured, chaired professor at Pennsylvania State University, from which he was recruited.

All tenure review and recommendation procedures required by Board policy and as established by the campus have been completed for Drs. Cardon, Galbreth, Lavin, Lawrence, Manderscheid and Pollock and all received unanimous support at each level.

President DiPietro fully concurs in the Chancellor's recommendations and requests that the Board of Trustees grant tenure to these outstanding faculty members.

MOTION: I move adoption of the following Resolution:

RESOLVED:

- (1) Tenure is granted to Melissa Cardon in her faculty appointment in the Department of Management at The University of Tennessee, Knoxville.**

- (2) Tenure is granted to Michael Galbreth in his faculty appointment in the Department of Business Analytics and Statistics at The University of Tennessee, Knoxville.**
- (3) Tenure is granted to Roberta Lavin in her faculty appointment in the College of Nursing at The University of Tennessee, Knoxville.**
- (4) Tenure is granted to Susan Lawrence in her faculty appointment in the Department of History at The University of Tennessee, Knoxville.**
- (5) Tenure is granted to David Manderscheid in his faculty appointment in the Department of Mathematics at The University of Tennessee, Knoxville.**
- (6) Tenure is granted to Timothy Pollock in his faculty appointment in the Department of Management at The University of Tennessee, Knoxville**



THE UNIVERSITY of TENNESSEE
KNOXVILLE • CHATTANOOGA • MARTIN • MEMPHIS • TULLAHOMA

VICE PRESIDENT FOR ACADEMIC AFFAIRS AND STUDENT SUCCESS

MEMORANDUM

Date: June 6, 2018

To: Joseph A. DiPietro, President

From: Linda C. Martin, Vice President

Re: 2018 Grant of Tenure to a Faculty Member upon Initial Appointment at UTC

The revised Board Policies on Academic Freedom, Responsibility and Tenure approved by the Board on March 23, 2018, require Board approval of the President's recommendation for any faculty member to be tenured upon initial appointment. The policy requires that the President's recommendation include documentation of compliance with all tenure review and recommendation procedures required by the Board policy and as established by the campus.

The policy provides that the Board will grant tenure upon initial appointment only if:

- (1) the proposed appointee holds tenure at another higher education institution and the Board determines that the President has documented that the proposed appointee cannot be successfully recruited to the University without being granted tenure upon initial appointment; or
- (2) the Board determines that the President has documented other exceptional circumstances warranting the grant of tenure upon initial appointment.

Chancellor Angle recommended to President DiPietro, one candidate for tenure upon initial appointment. The faculty member recommended is:

- **Dr. Ahad Nasab**, incoming Professor and department head, Department of Engineering Management and Technology, College of Engineering and Computer Science. Dr. Nasab was tenured at Middle Tennessee State University, from which he was recruited.

Chancellor Angle provided additional information on this candidate, and I have carefully reviewed these materials. All appropriate levels of review have occurred and the documentation confirms the department's tenured faculty vote.

Dr. Nasab has been recruited to serve as Professor and the department head of UTC's Department of Engineering Management and Technology, beginning July 1, 2018. Dr. Nasab has significant industry involvement and academic experience in the field of Mechatronics. He earned his Ph.D. in Mechanical Engineering from the Georgia Institute of Technology in 1987. Dr. Nasab was recruited from Middle Tennessee State University where he was the founding Director of the

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Mechatronics Engineering Program and principal technical director responsible for designing and marketing hydrogen fuel cells at the Power Avenue Corporation. He served as the Vice President of Technology at Middle Tennessee Technologies and was a Research Scientist at the University of Tennessee Space Institute. He has worked as a faculty member at Vanderbilt University and Middle Tennessee State University, where he achieved the rank of full Professor with tenure. The votes of the Department of Engineering Management and Technology (4-0-1) were in favor of granting tenure. The department head, Dean, Provost and Chancellor concurred.

If you concur with the recommendations from Chancellor Angle, please sign below, and I will transmit this documentation to Catherine Mizell for consideration at the Summer Board meeting.

I recommend Dr. Nasab for tenure in the Department of Engineering Management and Technology at The University of Tennessee at Chattanooga.



Joseph A. DiPietro, President



Date

C: Catherine Mizell
Attachment

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THE UNIVERSITY of TENNESSEE
KNOXVILLE • CHATTANOOGA • MARTIN • MEMPHIS • TULLAHOMA

VICE PRESIDENT FOR ACADEMIC AFFAIRS AND STUDENT SUCCESS

MEMORANDUM

Date: June 6, 2018

To: Joseph A. DiPietro, President

From: Linda C. Martin, Vice President

Re: 2018 Grant of Tenure to a Faculty Member upon Initial Appointment at UTHSC

The revised Board Policies on Academic Freedom, Responsibility and Tenure approved by the Board on March 23, 2018, require Board approval of the President's recommendation for any faculty member to be tenured upon initial appointment. The policy requires that the President's recommendation include documentation of compliance with all tenure review and recommendation procedures required by the Board policy and as established by the campus.

The policy provides that the Board will grant tenure upon initial appointment only if:

- (1) the proposed appointee holds tenure at another higher education institution and the Board determines that the President has documented that the proposed appointee cannot be successfully recruited to the University without being granted tenure upon initial appointment; or
- (2) the Board determines that the President has documented other exceptional circumstances warranting the grant of tenure upon initial appointment.

Interim Chancellor Schwab recommended to President DiPietro, one candidate for tenure upon initial appointment. The faculty member being recommended is:

- **Dr. Penny Asbell**, incoming Professor and Chair, Ophthalmology, College of Medicine, and Director of the Hamilton Eye Institute. Dr. Asbell was tenured at the Mount Sinai School of Medicine, from which she was recruited.

Chancellor Schwab provided additional information on this candidate, and I have carefully reviewed these materials. All appropriate levels of review have occurred and the documentation confirms the department's tenured faculty and, if applicable, college promotion and tenure committee votes.

Dr. Asbell has been recruited to lead the Hamilton Eye Institute and will serve as a faculty member and chair in the Department of Ophthalmology in the College of Medicine beginning August 1, 2018. Dr. Asbell has maintained continuous certification from the American Board of Ophthalmology since 1980 and is Femto Cataract Certified. She has held an academic appointment

at the Mount Sinai School of Medicine since 1982, serving as Assistant Professor of Ophthalmology (1982-1987), Associate Professor of Ophthalmology (1987-1995) and tenured Professor of Ophthalmology (1995-present). Dr. Asbell has extensive experience teaching medical students, residents and fellows. The votes of the department's tenured faculty (5-0-0) and the College of Medicine promotion and tenure committee (9-0-0) were unanimously in favor of granting tenure. The interim department chair, Dean, Provost and Chancellor all concur in recommending tenure.

If you concur with the recommendations from Chancellor Schwab, please sign below, and I will transmit this documentation to Catherine Mizell for consideration at the Summer Board meeting.

I recommend Dr. Asbell for tenure in the Department of Ophthalmology at The University of Tennessee Health Science Center.



Joseph A. DiPietro, President

6/18/18

Date

C: Catherine Mizell
Attachment

10



THE UNIVERSITY of TENNESSEE

KNOXVILLE • CHATTANOOGA • MARTIN • MEMPHIS • TULLAHOMA

VICE PRESIDENT FOR ACADEMIC AFFAIRS AND STUDENT SUCCESS

MEMORANDUM

Date: June 6, 2018

To: Joseph A. DiPietro, President

From: Linda C. Martin, Vice President

Re: 2018 Grant of Tenure to Faculty Members upon Initial Appointment at UTK

10

The revised Board Policies on Academic Freedom, Responsibility and Tenure approved by the Board on March 23, 2018, require Board approval of the President's recommendation for any faculty member to be tenured upon initial appointment. The policy requires that the President's recommendation include documentation of compliance with all tenure review and recommendation procedures required by the Board policy and as established by the campus.

The policy provides that the Board will grant tenure upon initial appointment only if:

- (1) the proposed appointee holds tenure at another higher education institution and the Board determines that the President has documented that the proposed appointee cannot be successfully recruited to the University without being granted tenure upon initial appointment; or
- (2) the Board determines that the President has documented other exceptional circumstances warranting the grant of tenure upon initial appointment.

Interim Chancellor Davis recommended to President DiPietro, six candidates for tenure upon initial appointment. The faculty members recommended are:

- **Dr. Melissa Cardon**, incoming Professor, Department of Management, Haslam College of Business. Dr. Cardon was tenured at Pace University, from which she was recruited.
- **Dr. Michael Galbreth**, incoming Professor and head, Department of Business Analytics and Statistics, Haslam College of Business. Dr. Galbreth was tenured at the University of South Carolina, from which he was recruited.
- **Dr. Roberta Lavin**, incoming Professor and Executive Associate Dean of Academic Affairs, College of Nursing. Dr. Lavin was tenured at the University of Missouri-St. Louis, from which she was recruited.

- **Dr. Susan Lawrence**, incoming Professor, Department of History, College of Arts and Sciences. Dr. Lawrence was tenured at the The Ohio State University, from which she was recruited.
- **Dr. David Manderscheid**, incoming Professor, Department of Mathematics, College of Arts and Sciences. Dr. Manderscheid was tenured at The Ohio State University, from which he was recruited.
- **Dr. Timothy Pollock**, incoming Distinguished Professor of Entrepreneurship and Haslam Chair, Department of Management, Haslam College of Business. Dr. Pollock was tenured at Pennsylvania State University, from which he was recruited.

Interim Chancellor Davis provided additional information on each candidate, and I have carefully reviewed these materials. All appropriate levels of review have occurred and the documentation confirms the department's tenured faculty and, if applicable, college promotion and tenure committee votes.

Dr. Cardon was recruited from the Lubin School of Business at Pace University where she held the title of Distinguished Professor of Management and Management Science. She will join the Haslam College of Business and will serve as a faculty member in the Department of Management effective August 1, 2018. Dr. Cardon has had a very productive career in higher education and is known for her expertise in entrepreneurship and organizational behavior. In a leadership capacity, she served as a co-director of the Faculty Center for Innovative Teaching and Professional Development, a Fellow in the Pace Entrepreneurship Lab, director of the Business Honors Program, and a Fellow in the Wilson Center for Social Entrepreneurship. As a highly visible and accomplished scholar, Dr. Cardon has an accomplished publication record and has presented extensively at professional meetings and conferences. She is described as a solid researcher, exceptional teacher and engaged university citizen. The votes of the department's tenured faculty (4-0-0) and the college promotion and tenure committee (5-0-0) strongly support granting tenure. The department head, Dean, Interim Provost, and Interim Chancellor are in agreement with this recommendation.

Dr. Galbreth will begin his faculty appointment in the Haslam College of Business as the Pilot Chair of Excellence and department head, and as a tenured professor in the Department of Business Analytics and Statistics effective August 1, 2018. He was previously a tenured full professor at the University of South Carolina. During his appointment he also served as chair of the Management Science Department and was a Business Partnership Foundation Research Fellow. Having a long and distinguished career in higher education, Dr. Galbreth has published twenty-four articles in refereed journals, co-authored two chapters in edited volumes, and presented his work extensively at invited seminars and as a keynote speaker. He has been recognized for outstanding contributions in research, teaching and service. Dr. Galbreth has won a number of research awards including the best paper for the Decision Sciences Journal, and has received several commendations for excellence in teaching. The Department of Business Analytics faculty (8-0-0) and the college promotion and tenure committee (5-0-0) voted unanimously in support of Dr. Galbreth receiving tenure. The current department head, Interim Provost, and Interim Chancellor support granting tenure to Dr. Galbreth.

Dr. Lavin was recruited to join the University of Tennessee as a faculty member in the College of Nursing effective July 1, 2018. Prior to her appointment, she was the associate dean for academic programs and tenured professor of nursing at the University of Missouri-St. Louis. Prior to her appointment at the University of Missouri-St. Louis, she was professor and program coordinator at the University of Incarnate Word and professor and chair of the Department of Nursing and Health at Clarke University. Prior to the transition to academia, Dr. Lavin worked with the U.S. Public Health Services with a special interest in disaster management, humanitarian aid, emergency management, and disaster preparedness. Dr. Lavin has published seventeen articles in refereed journals, twelve chapter books, and ten online training manuals, and has presented extensively at regional, national, and international conferences. Since 2010, Dr. Lavin has been awarded more than \$4,000,000 in funding to support her research; more than \$15,000,000 in grants and awards prior to entering academia. Dr. Lavin is known as a leader in the community of nursing. The College of Nursing promotion and tenure committee voted overwhelmingly (10-0-1) in support of Dr. Lavin's tenure. Dr. Lavin also received strong support from the Dean, Interim Provost, and Interim Chancellor.

Dr. Lawrence was recruited from The Ohio State University where she was a full professor with tenure. Effective August 1, 2018, she will fill a faculty role in the Department of History, College of Arts and Sciences. Dr. Lawrence has authored two books, published two scholarly monographs, and published numerous peer-reviewed articles and book chapters. She has also presented her scholarship extensively at local, national, and international professional meetings and conferences. Known as a leader in her field of medical history, Dr. Lawrence has been described as one of the finest medical historians in the United States and as an accomplished university instructor having received high praises from students and awards for her teaching. Dr. Lawrence was a co-principal investigator on a competitive National Endowment for the Humanities collaborative grant that was active from 2010-13. Her contributions to research and scholarship and excellent teaching abilities will contribute in meaningful ways to the University of Tennessee, Knoxville. Dr. Lawrence received a unanimous vote (5-0-0) from faculty members in the History department and a unanimous vote (7-0-0) among the college promotion and tenure committee. Her achievements and expertise, along with the strong support of department head, Dean, Interim Provost, and Interim Chancellor, warrant the awarding of tenure to Dr. Lawrence.

Dr. Manderscheid will soon join the University of Tennessee as the next Provost and Senior Vice Chancellor in Knoxville. He was recruited from The Ohio State University, where he currently serves as the Executive Dean of the College of Arts and Sciences and the Vice Provost for Arts and Sciences. He is scheduled to begin this new role at UTK on July 1, 2018. Prior to his career as an academic administrator, Dr. Manderscheid had an impressive career as a professor of mathematics. He was granted tenure at Ohio State, University of Iowa, and the University of Nebraska-Lincoln. At the University of Iowa, Dr. Manderscheid served as a tenured associate professor and chair of the math department. Later he served as the dean of the College of Arts and Sciences at the University of Nebraska-Lincoln. As a mathematics faculty member, Dr. Manderscheid has received substantial external funding, has a distinguished publication record, and has been recognized for teaching excellence. He has also received recognition as a Fellow in the American Mathematical Society. The mathematics department (23-0-0) along with the college promotion and tenure committee (9-0-0) voted unanimously in favor of granting tenure. The department head, Dean, Interim Provost, and Interim Chancellor also strongly support and recommend that Dr. Manderscheid be granted tenure.

Dr. Pollock has been a full professor since 2008 and the Michael J. Farrell Chair in Entrepreneurship since 2016 at Pennsylvania State University. Prior to this appointment, he was a tenured associate professor at Penn State and an assistant professor both at the University of Maryland and the University of Wisconsin. He has been recruited as a full professor and Haslam Chair in Business and Distinguished Professor of Entrepreneurship. During his career, Dr. Pollock has been a very productive scholar, with more than 30 publications submitted to major journals. Additionally, he has presented his research at academic institutions and leading conferences and has served on dissertation committees for 34 graduate students. His scholarly work focuses on corporate governance and the social construct of entrepreneurial market environments, and his contribution at UTK will help to raise the profile of the college's expertise in entrepreneurship. Faculty members from the Haslam College of Business (4-0-0) and the college promotion and tenure committee (5-0-0) voted unanimously in support of the recommendation to grant tenure to Dr. Pollock. The department head, Dean, Interim Provost and Interim Chancellor support the awarding of tenure to Dr. Pollock.

If you concur with the recommendations from Interim Chancellor Davis, please sign below, and I will transmit this documentation to Catherine Mizell for consideration at the Summer Board meeting.

I recommend Drs. Cardon, Galbreth, Lavin, Lawrence, Manderscheid, and Pollock for tenure in their respective department or college at The University of Tennessee, Knoxville.



Joseph A. DiPietro, President

6/18/18

Date

C: Catherine Mizell
Attachment

THE UNIVERSITY OF TENNESSEE
BOARD OF TRUSTEES

ACTION ITEM

DATE: June 22, 2018

COMMITTEE: Academic Affairs and Student Success

CAMPUS/UNIT: UT Chattanooga

ITEM: **Grant of Tenure to Five Faculty Members with Less than Six Years of Probationary Service at UTC**

PRESENTED BY: Joseph A. DiPietro, President

The revised Board Policies on Academic Freedom, Responsibility and Tenure, approved by the Board on March 23, 2018, require Board approval of the President’s tenure recommendation for any tenure-track faculty member who has served less than a six-year probationary period at a University of Tennessee campus.

By supporting materials summarized in the following memorandum, Chancellor Steve Angle has recommended to President DiPietro that five members of the UT Chattanooga faculty who have served less than a six-year probationary period at the campus be granted tenure. The faculty members recommended for tenure are:

Dr. Hunter Holzhauser, Assistant Professor, Department of Finance & Economics, College of Business.

Dr. William Kuby, Assistant Professor, Department of History, College of Arts and Sciences.

Dr. Hong Qin, Associate Professor, Department of Computer Science and Engineering, College of and Engineering and Computer Science.

Dr. Jill Shelton, Assistant Professor, Department of Psychology, College of Arts and Sciences.

Dr. Anne Wilkins, Assistant Professor, Department of Accounting, College of Business.

All tenure review and recommendation procedures required by Board policy and as established by the campus have been completed for these faculty members, and all have received strong support at each level of review. President DiPietro fully concurs in the Chancellor's recommendation and requests that the Board grant tenure to these outstanding faculty members.

MOTION: I move adoption of the following Resolution:

RESOLVED:

- (1) Tenure is granted to Hunter Holzhauser in his faculty appointment in the Department of Finance and Economics at The University of Tennessee at Chattanooga.**
- (2) Tenure is granted to William Kuby in his faculty appointment in the Department of History at The University of Tennessee at Chattanooga.**
- (3) Tenure is granted to Hong Qin in his faculty appointment in the Department of Computer Science & Engineering at The University of Tennessee at Chattanooga.**
- (4) Tenure is granted to Jill Shelton in her faculty appointment in the Department of Psychology at The University of Tennessee at Chattanooga.**
- (5) Tenure is granted to Anne Wilkins in her faculty appointment in the Department of Accounting at The University of Tennessee at Chattanooga.**

THE UNIVERSITY OF TENNESSEE
BOARD OF TRUSTEES

ACTION ITEM

DATE: June 22, 2018

COMMITTEE: Academic Affairs and Student Success

CAMPUS/UNIT: UT Health Science Center

ITEM: **Grant of Tenure to Six Faculty Members with Less than Six Years of Probationary Service at UTHSC**

PRESENTED BY: Joseph A. DiPietro, President

The revised Board Policies on Academic Freedom, Responsibility and Tenure, approved by the Board on March 23, 2018, require Board approval of the President's tenure recommendation for any tenure-track faculty member who has served less than a six-year probationary period at a University of Tennessee campus.

By supporting materials summarized in the following memorandum, Chancellor Steve Schwab has recommended to President DiPietro that six members of the UT Health Science Center faculty who have served less than a six-year probationary period at the campus be granted tenure. The faculty members being recommended for tenure are:

Dr. Chester Brown, Professor, Department of Pediatrics.

Dr. Jarrod Fortwendel, Assistant Professor, Department of Clinical Pharmacy and Translational Science.

Dr. Marion Boyd Gillespie, Professor, Department of Otolaryngology.

Dr. Joan Han, Professor, Department of Pediatrics.

Dr. Susan Miranda, Professor, Department of Orthopaedic Surgery and Biomedical Engineering.

Dr. Bruce Shack, Professor, Department of Plastic Surgery.

All tenure review and recommendation procedures required by Board policy and as established by the campus have been completed for these faculty members, and all have

received strong support at each level of review. President DiPietro fully concurs in the Chancellor's recommendation and requests that the Board grant tenure to these outstanding faculty members.

MOTION: I move adoption of the following Resolution:

RESOLVED:

(1) Tenure is granted to Chester Brown in his faculty appointment in the Department of Pediatrics at The University of Tennessee Health Science Center.

(2) Tenure is granted to Jarrod Fortwendel in his faculty appointment in the Department of Clinical Pharmacy and Translational Science at The University of Tennessee Health Science Center.

(3) Tenure is granted to Marion Boyd Gillespie in his faculty appointment in the Department of Otolaryngology at The University of Tennessee Health Science Center.

(4) Tenure is granted to Joan Han in her faculty appointment in the Department of Pediatrics at The University of Tennessee Health Science Center.

(5) Tenure is granted to Susan Miranda in her faculty appointment in the Department of Orthopaedic Surgery and Biomedical Engineering at The University of Tennessee Health Science Center.

(6) Tenure is granted to Bruce Shack in his faculty appointment in the Department of Plastic Surgery at The University of Tennessee Health Science Center.

THE UNIVERSITY OF TENNESSEE
BOARD OF TRUSTEES

ACTION ITEM

DATE: June 22, 2018

COMMITTEE: Academic Affairs and Student Success

CAMPUS/UNIT: UT Knoxville

ITEM: Grant of Tenure to Nine Faculty Members with Less than Six Years of Probationary Service at UTK

PRESENTED BY: Joseph A. DiPietro, President

The revised Board Policies on Academic Freedom, Responsibility and Tenure, approved by the Board on March 23, 2018, require Board approval of the President’s tenure recommendation for any tenure-track faculty member who has served less than a six-year probationary period at a University of Tennessee campus.

By supporting materials summarized in the following memorandum, Interim Chancellor Wayne Davis has recommended to President DiPietro that nine members of the UT Knoxville faculty who have served less than a six-year probationary period at the campus be granted tenure. The faculty members recommended for tenure are:

Dr. Molly C. McCanta, Associate Professor, Department of Earth and Planetary Sciences, College of Arts & Sciences.

Dr. Amy Rauer, Associate Professor, Department of Child and Family Studies, College of Education, Health & Human Sciences.

Mr. Isaac D. Buck, Assistant Professor, College of Law.

Dr. Sunha Choi, Assistant Professor, College of Social Work.

Dr. Jennifer Jabson, Assistant Professor, Department of Public Health, College of Education, Health & Human Sciences.

Dr. Maik Kurt Lang, Assistant Professor, Department of Nuclear Engineering, Tickle College of Engineering.

Dr. Tadele Mengesha, Assistant Professor, Department of Mathematics, College of Arts & Sciences.

Dr. Sean Morey, Assistant Professor, Department of English, College of Arts & Sciences.

Dr. Anthony Pellegrino, Assistant Professor, Department of Theory and Practice in Teacher Education, College of Education, Health & Human Sciences.

All tenure review and recommendation procedures required by Board policy and as established by the campus have been completed for these faculty members, and all have received strong support at each level of review. President DiPietro fully concurs in the Interim Chancellor's recommendation and requests that the Board grant tenure to these outstanding faculty members.

MOTION: I move adoption of the following Resolution:

RESOLVED:

- (1) Tenure is granted to Molly McCanta in her faculty appointment in the Department of Earth and Planetary Sciences at The University of Tennessee, Knoxville.**
- (2) Tenure is granted to Amy Rauer in her faculty appointment in the Department of Child and Family Studies at The University of Tennessee, Knoxville.**
- (3) Tenure is granted to Isaac Buck in his faculty appointment in the College of Law at The University of Tennessee, Knoxville.**
- (4) Tenure is granted to Sunha Choi in her faculty appointment in the College of Social Work at The University of Tennessee, Knoxville.**
- (5) Tenure is granted to Jennifer Jabson in her faculty appointment in the Department of Public Health at The University of Tennessee, Knoxville.**
- (6) Tenure is granted to Maik Kurt Lang in his faculty appointment in the Department of Nuclear Engineering at The University of Tennessee, Knoxville.**
- (7) Tenure is granted to Tadele Mengesha in his faculty appointment in the Department of Mathematics at The University of Tennessee, Knoxville.**
- (8) Tenure is granted to Sean Morey in his faculty appointment in the Department of English at The University of Tennessee, Knoxville.**
- (9) Tenure is granted to Anthony Pellegrino in his faculty appointment in the Department of Theory and Practice in Teacher Education at The University of Tennessee, Knoxville.**

THE UNIVERSITY OF TENNESSEE
BOARD OF TRUSTEES

ACTION ITEM

DATE: June 22, 2018

COMMITTEE: Academic Affairs and Student Success

CAMPUS/UNIT: UT Martin

ITEM: **Grant of Tenure to Two Faculty Members with Less than Six Years of Probationary Service at UTM**

PRESENTED BY: Joseph A. DiPietro, President

The revised Board Policies on Academic Freedom, Responsibility and Tenure, approved by the Board on March 23, 2018, require Board approval of the President’s tenure recommendation for any tenure-track faculty member who has served less than a six-year probationary period at a University of Tennessee campus.

By supporting materials summarized in the following memorandum, Chancellor Keith Carver has recommended to President DiPietro that two members of the UT Martin faculty who have served less than a six-year probationary period at the campus be granted tenure. The faculty members recommended for tenure are:

Dr. Emalee Buttrey, Assistant Professor, Department of Agriculture, Geosciences, and Natural Resources, College of Agriculture and Applied Sciences.

Dr. William Dooley, Assistant Professor, Department of Family and Consumer Sciences, College of Agriculture and Applied Sciences.

All tenure review and recommendation procedures required by Board policy and as established by the campus have been completed for these faculty members, and all have received strong support at each level of review. President DiPietro fully concurs in the Chancellor’s recommendation and requests that the Board grant tenure to these outstanding faculty members.

MOTION: I move adoption of the following Resolution:

RESOLVED:

(1) Tenure is granted to Emalee Buttrey in her faculty appointment in the Department of Agriculture, Geosciences, and Natural Resources at The University of Tennessee at Martin.

(2) Tenure is granted to William Dooley in his faculty appointment in the Department of Family and Consumer Sciences at The University of Tennessee at Martin.



THE UNIVERSITY of TENNESSEE
KNOXVILLE • CHATTANOOGA • MARTIN • MEMPHIS • TULLAHOOMA

VICE PRESIDENT FOR ACADEMIC AFFAIRS AND STUDENT SUCCESS

MEMORANDUM

Date: June 19, 2018

To: Joseph A. DiPietro, President

From: Linda C. Martin, Vice President



Re: 2018 Tenure Recommendations for Tenure-Track Faculty Members with Less than Six Years of Probationary Service at UTC

The revised Board of Trustees Policies on Academic Freedom, Responsibility and Tenure approved by the Board on March 23, 2018, require Board approval of the President’s tenure recommendation for any tenure-track faculty member who has served less than a six-year probationary period at a University campus (“early tenure”).

With this memorandum, I present for your consideration the following faculty members who have served less than a six-year probationary period at UTK and have been recommended for early tenure:

- *Dr. Hunter Holzhauer*, Assistant Professor, Department of Finance & Economics, College of Business.
- *Dr. William Kuby*, Assistant Professor, Department of History, College of Arts and Sciences.
- *Dr. Hong Qin*, Associate Professor, Department of Computer Science and Engineering, College of and Engineering and Computer Science.
- *Dr. Jill Shelton*, Assistant Professor, Department of Psychology, College of Arts and Sciences.
- *Dr. Anne Wilkins*, Assistant Professor, Department of Accounting, College of Business.

Chancellor Angle has provided additional information on each candidate, and I have carefully reviewed these materials. All appropriate levels of review have occurred.

Dr. Holzhauser joined the UTC Department of Finance and Economics in the College of Business in 2014 as an Assistant Professor of Finance. **His appointment letter set a probationary period of four years with credit given for service at another institution, and that he be considered for tenure no later than the end of the academic year 2017-2018.** Prior to his appointment, he was an Assistant Professor at Pennsylvania State University. During his short time at UTC, Dr. Holzhauser has had a significant impact on the College of Business in part through the creation and development of the Student Managed Investment Learning Experience (SMILE) fund with \$250,000. This fund is very popular among students ranging from freshmen to seniors and draws in quality students to the College of Business. Recognized by students as a versatile and engaging teacher, Dr. Holzhauser was recently named a UTC Experiential Learning Faculty Fellow and has additionally received the SGA Most Outstanding Professor Award. He has also been nominated several times for the UT President's Award. Aside from teaching, Dr. Holzhauser has exceeded the general expectation under the College of Business norms and has published nine quality publications in high quality, peer-reviewed journals and has published four book chapters. His research focused on alternative investments and impact investing shows tremendous potential and will likely result in additional publications in the future. One of his papers won the Best Paper in Track at the 2016 Southern Management Association Conference. The Rank, Tenure and Reappointment Committee for the Department of Finance and Economics voted 5-0-0 in favor of early tenure. The department head, Dean, Interim Provost and Chancellor are in agreement with this recommendation.

Dr. Kuby joined the UTC Department of History in the College of Arts and Sciences in 2013 as an Assistant Professor of History. **His appointment letter set a six-year probationary period (through the 2018-19 academic year), but he is being considered for tenure one-year early.** Prior to his appointment, he was a Visiting Assistant Professor at Miami University. In the area of teaching, Dr. Kuby has demonstrated excellence and is described as an effective and engaging professor by his students. During his time at UTC he has taught several much-needed courses concerning questions of sexuality and race and has published a peer-reviewed article in the *Journal of the History of Sexuality* and a peer-reviewed book chapter in a volume published by the *University of Georgia Press*. As an untenured member of the Department of History, Dr. Kuby has chaired faculty search committees, served on thesis committees, organized a lecture series on the Civil War and Africana Studies and took on the leadership role of directing the Africana Studies Program when it returned to the department. Dr. Kuby's single-authored monograph, *Conjugal Misconduct: Defying Marriage Law in the Twentieth Century United States*, was also recently published by the Cambridge University Press. The Rank, Tenure, and Reappointment Committee voted unanimously to grant early tenure, and the department head, Dean, Interim Provost, and Chancellor are in agreement with this recommendation.

Dr. Qin was hired as Associate Professor in the Department of Computer Science and Engineering in 2016. **His appointment letter sets a probationary period of three years with credit given for service at another institution, and that he be considered for tenure no later than June 30, 2019.** He previously held a tenured faculty position at Spelman College as an Associate Professor. Among his many achievements, of particular significance is Dr. Qin's publication record. He has published 20 papers in journals and has made impactful contributions to the profession and the

university, including participating on the National Science Foundation (NSF) panels and in multi-university work-groups. Furthermore, he has served as Principal Investigator and Co-Principal Investigator on several proposals for NSF and National Institutes of Health (NIH) including the prestigious CAREER award. To date, Dr. Qin's total awards are \$1.6 million. As a collaborative researcher, Dr. Qin has developed research projects with dozens of faculty across the UTC campus, including faculty from Computer Science, Chemical Engineering, Engineering Management, Biology, Chemistry, Mathematics, Education, and Business. He is also in the process of establishing strong human genome research at UTC. The evaluation of his teaching by his students, peers, and department head indicate Dr. Qin's value and contribution in the Department of Computer Science and Engineering. The Rank, Tenure and Reappointment Committee of the Department of Computer Science and Engineering voted 4-0-0 in favor of early tenure. The department head, Dean, Interim Provost, and Chancellor are in agreement regarding this recommendation.

Dr. Shelton joined UTC as an Assistant Professor of Psychology in the College of Arts and Sciences in 2013. **Her appointment letter sets a probationary period of five years with credit given for service at another institution, and that she be considered for tenure no later than June 30, 2018.** She was recruited from Lee University where she spent two years as an Assistant Professor of Psychology. During her career, Dr. Shelton has contributed to scholarship by publishing eleven peer-reviewed articles, presenting twenty refereed presentations at national and international conferences, and engaging in eight speaking opportunities through special invitation. Additionally, she serves as an ad hoc reviewer for twenty-three academic journals. Her contribution at UTC has been no less involved as she serves currently on a variety of departmental, college, and university-level committees. Within the field of Psychology, Dr. Shelton's reputation is strong. She is considered one of the most influential researchers in her area; her theory, the Dynamic Multiprocess Framework, has been described as the most important theoretical development in the area of prospective memory in the last ten years. Furthermore, she has been recognized by students for her excellence in teaching. The Rank, Tenure, and Reappointment Committee in the Department of Psychology voted unanimously in favor of granting tenure, and the department head, Dean, Interim Provost, and Chancellor are in agreement with this recommendation.

Dr. Wilkins joined UTC as Assistant Professor of Accounting in the College of Business in 2013. **Her appointment letter set a six-year probationary period (through the 2018-19 academic year), but she is being considered for tenure one-year early.** Prior to her appointment, she was an Assistant Professor of Accounting at Middle Tennessee State University for two years. She has almost 18 years of experience in teaching, she and consistently receives high praise from students in her evaluations regarding her outstanding teaching ability. In addition to her teaching expertise, Dr. Wilkins's contributions to scholarship are also noteworthy. She has published thirteen peer-reviewed journal articles, five peer-reviewed presentations/proceedings, has several working papers in process, and has participated in numerous professional development activities. As an expert in the auditing area, Dr. Wilkins is a well-respected researcher in the field of accounting. Dr. Wilkins is actively engaged in the College of Business and in the Department of Accounting through her service on twelve different academic committees at the university, college, and departmental levels, including her role as chair of the Department of Accounting Scholarship Committee since 2014. In the Chattanooga community, Dr. Wilkins represents UTC and her profession by serving on the City of Chattanooga Audit Committee, the Chattanooga Convention

Center, and by participating in the American Accounting Association sessions as moderator, panelist, reviewer, and discussant. The Rank, Tenure, and Reappointment Committee for the Department of Accounting voted 3-0-0 in favor of granting tenure. The department head, Dean, Interim Provost, and Chancellor are all in agreement with this recommendation.

If you concur with the recommendations, please sign below, and I will transmit this documentation to Catherine Mizell for consideration at the Annual Meeting of the Board of Trustees on June 22, 2018.

I recommend Drs. Holzhauser, Kuby, Qin, Shelton, and Wilkins for tenure in their faculty appointments in their respective departments at The University of Tennessee at Chattanooga.



Joseph A. DiPietro, President

6-19-18

Date

C: Catherine Mizell
Attachment



THE UNIVERSITY of TENNESSEE
KNOXVILLE • CHATTANOOGA • MARTIN • MEMPHIS • TULLAHOMA

VICE PRESIDENT FOR ACADEMIC AFFAIRS AND STUDENT SUCCESS

MEMORANDUM

Date: June 19, 2018

To: Joseph A. DiPietro, President

From: Linda C. Martin, Vice President

Re: 2018 Tenure Recommendations for Tenure-Track Faculty Members with Less than Six Years of Probationary Service at UTK

The revised Board of Trustees Policies on Academic Freedom, Responsibility and Tenure approved by the Board on March 23, 2018, require Board approval of the President's tenure recommendation for any tenure-track faculty member who has served less than a six-year probationary period at a University campus ("early tenure").

With this memorandum, I present for your consideration the following faculty members who have served less than a six-year probationary period at UTK and have been recommended for early tenure:

- *Dr. Molly McCanta*, Associate Professor, Department of Earth & Planetary Sciences, College of Arts & Sciences.
- *Dr. Amy Rauer*, Associate Professor, Department of Child & Family Studies, College of Education, Health & Human Sciences.
- *Mr. Isaac Buck*, Assistant Professor, College of Law.
- *Dr. Sunha Choi*, Assistant Professor, College of Social Work.
- *Dr. Jennifer Jabson*, Assistant Professor, Department of Public Health, College of Education, Health & Human Sciences.
- *Dr. Maik Kurt Lang*, Assistant Professor, Department of Nuclear Engineering, Tickle College of Engineering.
- *Dr. Tadele Mengesha*, Assistant Professor, Department of Mathematics, College of Arts & Sciences.
- *Dr. Sean Morey*, Assistant Professor, Department of English, College of Arts & Sciences.
- *Dr. Anthony Pellegrino*, Assistant Professor, Department of Theory & Practice in Teacher Education, College of Education, Health & Human Sciences.

Interim Chancellor Davis has provided additional information on each candidate, and I have carefully reviewed these materials. All appropriate levels of review have occurred.

Dr. McCanta joined the University of Tennessee, Knoxville in 2016 as a tenure-track Associate Professor of Earth and Planetary Sciences with a six-year probationary period (2016-22). Dr. McCanta was promised early consideration for tenure as part of her informal offer from the Department of Earth and Planetary Sciences. She was recruited from Tufts University where she was a tenure-track Assistant Professor of Mineralogy and Petrology for eight years. Dr. McCanta is a geochemist whose research focuses on understanding the timing and dynamics of volcanic processes to better understand hazard assessments, eruption predictions, and climate change possibilities. She has published 22 refereed journal articles since 2004 and has presented her work at numerous technical and professional meetings during her career as a faculty member. Dr. McCanta has been successful obtaining external funding to support her research, and has been awarded eight grants as a principal investigator, including grants from NASA and NSF, representing almost \$1.5 million. She has chaired two sessions at meetings of NASA's annual Lunar and Planetary Science Conferences, is a member of the Radiation Safety Committee, a consistent reviewer of journals in her areas of expertise, and has served on a review panel for NASA and NSF grants. Research expertise aside, Dr. McCanta has also been acknowledged for her strong teach record. The unanimous vote among the tenured full professors in the Department of Earth and Planetary Sciences (12-0-0) and the College Promotion and Tenure Committee (9-0-0), along with the support of the department head, Dean, Interim Provost, and Interim Chancellor recommend granting Dr. McCanta early tenure.

Dr. Rauer was an Associate Professor with tenure at Auburn University when she was recruited to join the Department of Child and Family Studies in 2016 as an Associate Professor with a six-year probationary period (2016-22). Since arriving at UTK, Dr. Rauer has served as a Graduate Student Organization faculty advisor and on both the graduate and strategic planning committees. In the past three years alone, she has authored 30 publications, and in previous years she has published seven book chapters. Many of her publications have appeared in top journals in the field including *Journal of Family Psychology*, *Child Development*, and *Journal of Social and Personal Relations*. In her field, Dr. Rauer is known as an excellent researcher whose primary focus is on intimate relationships across the lifespan, particularly for older couples, the variability in these relationships across time and the health of the individuals and the couples. One of her papers was awarded the Outstanding Professional Paper/Publications Award for the National Council on Family Relations in 2016. Her research is highly respected, allowing her to present extensively at regional, national, and international professional conferences. Currently, Dr. Rauer is the principal investigator on a USDA multi-year grant and had four other external funded grants since her promotion to Associate Professor in 2008. The Department of Child and Family Services voted 5-0-0 unanimously in favor of granting tenure to Dr. Rauer. The unanimous vote from the College Tenure and Promotion Committee, 7-0-0, along with the support of the department head, Dean, Interim Provost, and Interim Chancellor recommend granting Dr. Rauer early tenure.

Dr. Buck spent three years as an Assistant Professor at Mercer University School of Law prior to accepting a position as an Assistant Professor of Law in the College of Law at UTK in 2016 with a six-year probationary period (2016-22). In a relatively short period of time, Dr. Buck has become highly engaged at UTK. He is the faculty advisor to the Health Law Society, faculty advisor and Coach for the UT Bryant National Health Law Transactional Moot Court Competition, and a participant in the UT Health Care Delivery Think Tank. Viewed as a highly productive and exceptional scholar, Dr. Buck's primary scholarship focus is health law, which is an area that is of

paramount importance in American society. His article *Furthering the Fiduciary Metaphor: The Duty of Providers to Payers of Medicare* received the 2017 Marilyn V. Yarborough Faculty Award for Writing Excellence, awarded to the best scholarly work published by a College of Law faculty member, and the 2017 Wilkinson Junior Research Professorship. He is a highly sought as a conference presenter and has proven himself as an exceptional instructor, known for his energy and enthusiasm. Additionally, he is frequently invited to contribute on prominent health law blogs and podcasts. A unanimous vote among the tenured Law School faculty (27-0-0) and overwhelming support from the Dean, Interim Provost, and Interim Chancellor recommend granting Dr. Buck early tenure.

Dr. Choi originally joined UTK as a lecturer before being hired in 2013 as an Assistant Professor of Social Work at UTK. Prior to 2013, Dr. Choi was an Assistant Professor of Social work at the State University of New York. Dr. Choi brings with her a strong research background. Her research examines health and mental health service utilization in older adults, including foreign-born individuals, minorities, and those who are depressed, and she has been published in reputable journals such as *The Gerontologist*, *Journal of Aging and Health*, *Aging and Mental Health*, *Asian American Journal of Psychology*, and *Social Work in Health Care*. Three of her articles have earned awards from major professional organizations. Since joining UTK five years ago, Dr. Choi has presented 23 times at major professional conferences including the American Public Health Association, the Gerontological Society of America, the Society for Social Work Research, and the Council of Social Work Education Annual Program Meeting. In addition, she has been recognized as an excellent instructor by her students and has received the Faculty Mentor Award from the College of Social Work. The College Promotion and Tenure Committee voted 8-0-0 in favor of granting early tenure to Dr. Choi. The Dean, Interim Provost and Interim Chancellor fully support granting early tenure.

Dr. Jabson joined UTK in 2013 as an Assistant Professor of Public Health. Prior to 2013, Dr. Jabson completed a three-year post-doctoral fellowship at Boston University School of Public Health, Department of Community Health Services. Her research focuses on cancer and related health disparities and inequity experienced by marginalized and underserved groups. Dr. Jabson has had the opportunity to publish her work in well-regarded journals such as the *American Journal of Public Health*, *Annals of Epidemiology*, *Journal of Women's Health*, *Public Health Nutrition*, *Cancer Epidemiology*, and *Biomarkers and Prevention*. Furthermore, she has presented numerous times to the prestigious American Public Health Association, Gay and Lesbian Medical Association, and the American Psychological Association. During her career, Dr. Jabson has written several grants, resulting in the procurement of research grant funding for \$150,000 from the American Cancer Society. As a professor, Dr. Jabson has excellent rapport with students and consistently receives some of the highest student evaluation scores in the department. She is currently involved in the department through service on multiple committees, including as co-chair of the Health Equity and Diversity Committee. A unanimous vote among tenured faculty in the Department of Public Health (3-0-0) and a unanimous vote by the College Tenure and Promotion Committee (7-0-0) support granting Dr. Jabson early tenure. The department head, Dean, Interim Provost, and Interim Chancellor recommend granting early tenure.

Dr. Lang was previously a postdoctoral fellow and an assistant research scientist at the University of Michigan and a postdoctoral research fellow at the GSI Helmholtz Center for Heavy Ion Research in Germany. He was hired in 2013 as an Assistant Professor of Nuclear Engineering in the Tickle College of Engineering at UTK. Since joining UTK, Dr. Lang has made significant contributions to the college's and department's research program. His primary research focus

pushes the frontier of advanced characterization of complex materials in extreme conditions. His research efforts have been supported by the \$1.9 million in external research funding from a range of organizations that include multiples offices within the Department of Energy and the Department of Homeland Security. Dr. Lang has published many high-impact papers, including 42 refereed journal papers in leading journals since 2013. Aside from his research involvement, Dr. Lang serves on the Graduate Committee of the Department of Nuclear Engineering, serves as a faculty ambassador to the TLSAMP program, and serves as an organizer, session chair, and steering committee member for several conferences and consortia. The Department of Nuclear Engineering voted 8-0-0 unanimously in favor of granting early tenure as did the College Promotion and Tenure Committee (6-0-0). These votes along with the support of the department head, the Interim Dean, the Interim Provost, and the Interim Chancellor recommend granting early tenure.

Dr. Mengesha joined UTK as an Assistant Professor of Mathematics in 2014. Prior to his recruitment, he completed postdoctoral appointments at Louisiana State and Pennsylvania State Universities. Dr. Mengesha's research specialty is in applied mathematics. His particular research focus is on peridynamics, a relatively new field with a lot of growth potential that has applications from Biology to Engineering. Dr. Mengesha has developed a unique approach to make quantitative predictions about continuums that are subject to interruptions as in materials that are subject to fracture. During his career, he has published 16 peer-reviewed journal articles, with others that have been recently accepted for publication or are under review. Furthermore, he has been invited to deliver 37 talks at seminars, workshops, and professional meetings since 2010 at locations around the world. Dr. Mengesha has received research grants that have funded him continuously since 2013 for a total amount of \$236.5K. Faculty and student reviews of his teaching are strongly positive, and he is described as an enthusiastic presenter of the subject material. The unanimous vote of the tenured faculty of the Department of Mathematics (27-0-0) and the College Promotion and Tenure Committee (10-0-0), along with the support of the department head, Dean, Interim Provost, and Interim Chancellor recommend granting Dr. Mengesha early tenure.

Dr. Morey was hired at UTK as an Assistant Professor of English in 2016 with a six-year probationary period (2016-22). He was recruited from Clemson University where he was an Assistant Professor for five years on a tenure track. Dr. Morey brings to his department a knowledge of digital technology, new media studies, and environmental studies, and his appointment and tenure will enable the department to build a new core in its Rhetoric and Composition program. As a scholar of rhetoric and writing whose research focuses on how emerging digital technologies affect the way humans write and communicate, Dr. Morey has made significant contributions to his field. He has developed his research into his 2016 book *Rhetorical Delivery and Digital Technologies: Networks, Affect, Electracy*. Additionally, Dr. Morey has published four peer-reviewed journal articles since joining UTK, contributed seven book chapters to edited volumes, and authored one book. Known as an outstanding scholar, active member of the discipline, and charismatic teacher, the addition of Dr. Morey as a tenured faculty member in the English Department will ideally attract more students to the major. Faculty in the Department of English (29-0-0) and the College Promotion and Tenure Committee (9-0-0) both voted unanimously in favor of granting early tenure. The department head, Dean, Interim Provost, and Interim Chancellor also strongly support this recommendation.

Dr. Pellegrino joined UTK in 2016 as an Assistant Professor of Education with a six-year probationary period (2016-22). Prior to 2016, Dr. Pellegrino was an Assistant Professor of Secondary Education at George Mason University for six years and an Assistant Professor of

Education at Valdosta State University for two years. Dr. Pellegrino brings to UTK a strong reputation in the field of Social Science Education, making him a much-needed addition to the Department of Theory and Practice in Teaching Education. His research is focused on examining how innovative learning strategies, including multimodal instruction, youth-centered pedagogies, and under-utilized primary resources, impact student engagement and performance in social sciences. Since joining UTK, Dr. Pellegrino has published six peer-reviewed journals papers. Additionally, he has a strong record of seeking external funding, presenting his research at national and international conferences, and continually receives high marks from his students and peers for his teaching capabilities. Dr. Pellegrino participates in committees that require a substantial amount of work, including committees that focus on the department's mission, curriculum, and relationship with the community. A unanimous vote among tenured faculty in the Department of Theory and Practice in Teaching Education (16-0-0) and the College Tenure and Promotion Committee (7-0-0), along with the support of the Department Head, Dean, Interim Provost, and Interim Chancellor recommend granting Dr. Pellegrino early tenure.

If you concur with the recommendations, please sign below, and I will transmit this documentation to Catherine Mizell for consideration at the Annual Meeting of the Board of Trustees on June 22, 2018.

I recommend Drs. McCanta, Rauer, Buck, Choi, Jabson, Lang, Mengesha, Morey, and Pellegrino for tenure in their faculty appointments in their respective department or college at The University of Tennessee, Knoxville.



Joseph A. DiPietro, President

6/19/18

Date

C: Catherine Mizell
Attachment



THE UNIVERSITY of TENNESSEE
KNOXVILLE • CHATTANOOGA • MARTIN • MEMPHIS • TULLAHOOMA

VICE PRESIDENT FOR ACADEMIC AFFAIRS AND STUDENT SUCCESS

MEMORANDUM

Date: June 19, 2018

To: Joseph A. DiPietro, President

From: Linda C. Martin, Vice President

Re: 2018 Tenure Recommendations for Tenure-Track Faculty Members with Less than Six Years of Probationary Service at UTHSC

The revised Board of Trustees Policies on Academic Freedom, Responsibility and Tenure approved by the Board on March 23, 2018, require Board approval of the President's tenure recommendation for any tenure-track faculty member who has served less than a six-year probationary period at a University campus ("early tenure").

With this memorandum, I present for your consideration the following faculty members who have served less than a six-year probationary period at UTHSC and have been recommended for early tenure:

- **Dr. Chester Brown**, Professor, Department of Pediatrics.
- **Dr. Jarrod Fortwendel**, Assistant Professor, Department of Clinical Pharmacy and Translational Science.
- **Dr. Marion Gillespie**, Professor, Department of Otolaryngology.
- **Dr. Joan Han**, Professor, Department of Pediatrics.
- **Dr. Susan Miranda**, Professor, Department of Orthopaedic Surgery and Biomedical Engineering.
- **Dr. Bruce Shack**, Professor, Department of Plastic Surgery.

Chancellor Schwab has provided additional information on each candidate, and I have carefully reviewed these materials. All appropriate levels of review have occurred.

Dr. Brown was recruited in 2016 from Baylor College of Medicine where he was a tenured Associate Professor. **His appointment letter set a probationary period of at least one year, and that he be considered for tenure no later than June 30, 2018.** With more than 20 years of clinical experience, Dr. Brown joined UTHSC and the Department of Pediatrics as the St. Jude Chair of Excellence in Genetics, and Professor and Division Chief of Genetics in the Department of Pediatrics. Dr. Brown is certified by the American Board of Medical Genetics, is an active member of the Society for Pediatric Research, a standing member of a National Institutes of Health (NIH) study section, and an invited committee member for the National Academies of Science, Engineering and Medicine. Administratively, Dr. Brown has made positive changes with regard to how UTHSC evaluates genetic-based disorders, utilizes genetic testing, approaches genetics and genomics, and collaborates with other Departments of Genetics nationally and internationally. As a result of these efforts, he and his team received national recognition as the Pediatric Laboratory Utilization Guidance Service member of the year. Starting in June 2017, Dr. Brown assumed the primary leadership role for the Biorepository and Integrative Genomics initiative at Le Bonheur Children's Hospital. He actively participates in several key committees, published eight manuscripts in 2017 alone in high-impact journals, and remains in touch with patients and clinical genetics despite his research and administrative responsibilities. The votes of the department's tenured faculty (17-0-0) and the college promotion and tenure committee (10-0-0) strongly supported the granting of early tenure. The department head, Dean, Provost, and Chancellor are all in agreement regarding this recommendation.

Dr. Fortwendel was recruited in 2016 from the University of South Alabama where he served as Assistant Professor of Microbiology and Immunology. **His appointment letter set a probationary period of two years, and that he be considered for tenure by June 30, 2018.** He joined the UTHSC College of Pharmacy (UTCOP) as an Assistant Professor in the Department of Clinical Pharmacy and Translational Science while simultaneously serving a joint appointment in the Department of Microbiology, Immunology, and Biochemistry. Dr. Fortwendel is part of the fungal pathogenesis group within the department's Clinical and Experimental Therapeutics Unit, and he has made critical contributions to the unit's success in areas of research and teaching. Throughout his career, Dr. Fortwendel has served on numerous committees including the Research Committee at UTCOP, the Medical School Admissions Committee at South Alabama, and has participated as an ad hoc reviewer on two National Institute of Health study sections and one special emphasis panel, as well as being a member of the advisory board for the Biodefense and Emerging Infections Research Resources Repository. His unique expertise with the molecular genetics of *Aspergillus*, his NIH funding record, his contributions to research made available through his 31-peer reviewed publications, and his expertise, experience, and teaching capacity demonstrate Dr. Fortwendel's potential for growth and expanded success at UTHSC. The votes of the department's tenured faculty (12-1-0) and the college promotion and tenure committee (5-0-0) strongly supported the granting early tenure. The department head, Dean, Provost, and Chancellor are all in agreement regarding this recommendation.

Dr. Gillespie was recruited from the Medical College of South Carolina where he served as a professor in the Molecular and Cellular Biology in Pathobiology program and Vice Chair of Otolaryngology before joining UTHSC in 2016 as the Chair and Professor of Otolaryngology. **His appointment letter set a probationary period of at least one year, and that he be considered for tenure no later than June 30, 2018.** Since joining UTHSC, Dr. Gillespie has been instrumental in several new initiatives including the establishment of the UTMP Sleep Surgery Clinic, the UTMP Complex Airway Multidisciplinary Center, the Baptist Multi-Disciplinary Thyroid Clinic, and the UT Methodist-University of Memphis Adult Otology Outreach in

collaboration with other colleagues. Additionally, Dr. Gillespie and has recruited several renowned head and neck surgeons to UTHSC, and has helped to secure funding through new research grants. As a faculty member, Dr. Gillespie demonstrates professional excellence in the areas of teaching, research, and service, and is known in his field as an exceptional surgeon, leader, and clinical educator. As a researcher, Dr. Gillespie is widely known to be the expert of salivary endoscopy, and an international expert in the treatment of sleep apnea. Throughout his career, Dr. Gillespie has been the recipient of numerous awards and honors including the Davidson College Distinguished Alumni Award and the Academy of Otolaryngology Distinguished Service Award, and has established an impressive publishing record with over 115 published articles. The votes of the department's tenured faculty (13-0-0) and the college promotion and tenure committee (9-0-0) strongly supported the granting of early tenure. The department head, Dean, Provost, and Chancellor are all in agreement regarding this recommendation.

Dr. Han joined the Department of Pediatrics at UTHSC as an Associate Professor on the tenure track in 2014. **Her appointment letter set a probationary period of at least one year, and that she will be considered for tenure no later than June 30, 2018.** Prior to her appointment, she was a Senior Clinical Fellow and Assistant Clinical Investigator at the National Institutes of Health. During her time at UTHSC, Dr. Han has been the founding Director of the Pediatric Obesity Program comprised of three parts: 1) The Healthy Lifestyles Clinic, 2) the Healthy Lifestyle Network for Outreach, and 3) the Metabolic Research Center for translational obesity research. Dr. Han's monumental efforts to address behavioral health groups for adolescents, therapy for emotional overeating, classes for nutrition education, and parent-child cooking classes have been a resounding success. The Pediatric Obesity Program has produced over 59 publications and generated over \$3 million dollars in extramural funding in three years. In addition to her administrative tasks, Dr. Han has been successful at recruiting scientists to UTHSC and developing core services shared with many investigators across the campus, and has continued to productively pursue her individual research endeavors such as the study of common forms of obesity, rare genetic disorders associated with obesity, and intellectual, psychiatric, or behavioral abnormalities. The votes of the department's tenured faculty (17-0-0) and the college promotion and tenure committee (10-0-0) strongly supported the granting of early tenure. The department head, Dean, Provost, and Chancellor are all in agreement regarding this recommendation.

Dr. Miranda was recruited from a faculty position at the University of California Los Angeles where she served as Assistant Professor to join the Department of Orthopaedic Surgery and Biomedical Engineering as an Assistant Professor in 2014. **Her appointment letter set a probationary period of at least one year probationary, and that she will be considered for tenure no later than June 30, 2018.** Since 2015, Dr. Miranda has served as the Cancer Track Co-Director for the Interdisciplinary Biomedical Sciences PhD Program. During her career, Dr. Miranda has presented at the American Association for Cancer Research and Keystone Conferences, and has published 10 peer-reviewed publications since joining UTHSC. Within her field, she has a national and international reputation as a cancer researcher focusing on bone metastasis. Dr. Miranda is a member of the American Society for Bone and Mineral Research and the Endocrine Society, and has won an ASBMR Junior Faculty Osteoporosis Research Award, among others. Currently, Dr. Miranda is a Principal Investigator and Co-Investigator on two National Institutes of Health grants. The votes of the department's tenured faculty (4-0-0) and the college promotion and tenure committee (10-0-0) strongly supported the granting of early tenure. The department head, Dean, Provost, and Chancellor are all in agreement regarding this recommendation.

Dr. Shack became a Professor of Plastic Surgery and Dean of the UTHSC College of Medicine, Chattanooga Campus in 2016. **His appointment letter set a probationary period of at least one year, and that he be considered for tenure no later than June 30, 2018.** Prior to joining the Department of Plastic Surgery, Dr. Shack was a tenured Professor and Chair of the Department of Plastic Surgery at Vanderbilt University. Dr. Shack has greatly strengthened the relationship between UTHSC College of Medicine at Chattanooga and the Erlanger Health System since he joined UTHSC. Furthermore, since his arrival, all of the residency programs at UTHSC College of Medicine at Chattanooga have either received or maintained full accreditation from ACGME and in the recent match, all PGY1 residency slots were filled. As a driving force to strengthen research at UTHSC, Dr. Shack has worked tirelessly to grow the campus's funded research program by bringing the Clinical Trials Network online in Chattanooga. During his career, Dr. Shack has also procured grants of over \$1.5 million, and published 65 publications. With a long track record of service and a national reputation as a surgeon, Dr. Shack is known as a superb clinician and is an asset to the UTHSC College of Medicine. The votes of the college promotion and tenure committee (9-0-0) strongly supported the resolution to grant early tenure. The department head, Dean, Provost, and Chancellor are all in agreement regarding this recommendation.

If you concur with the recommendations, please sign below, and I will transmit this documentation to Catherine Mizell for consideration at the Annual Meeting of the Board of Trustees on June 22, 2018.

I recommend Drs. Brown, Fortwendel, Gillespie, Han, Miranda, and Shack for tenure in their faculty appointments in their respective departments within the College of Medicine at The University of Tennessee Health Science Center in Memphis or Chattanooga.



Joseph A. DiPietro, President

6-19-18

Date

C: Catherine Mizell
Attachment



THE UNIVERSITY of TENNESSEE

KNOXVILLE • CHATTANOOGA • MARTIN • MEMPHIS • TULLAHOMA

VICE PRESIDENT FOR ACADEMIC AFFAIRS AND STUDENT SUCCESS

MEMORANDUM

Date: June 19, 2018

To: Joseph A. DiPietro, President

From: Linda C. Martin, Vice President

Re: 2018 Tenure Recommendations for Tenure-Track Faculty Members with Less than Six Years of Probationary Service at UTM

The revised Board of Trustees Policies on Academic Freedom, Responsibility and Tenure approved by the Board on March 23, 2018, require Board approval of the President’s tenure recommendation for any tenure-track faculty member who has served less than a six-year probationary period at a University campus (which is hereafter referred to as “early tenure”).

With this memorandum, I present for your consideration the following faculty members who have served less than a six-year probationary period at UTM and have been recommended for early tenure:

- *Dr. Emalee Buttrey*, Assistant Professor, Department of Agriculture, Geosciences, and Natural Resources, College of Agriculture and Applied Sciences.
- *Dr. William Dooley*, Assistant Professor, Department of Family and Consumer Sciences, College of Agriculture and Applied Sciences.

Chancellor Carver provided additional information on the candidate, and I have carefully reviewed these materials. All appropriate levels of review have occurred.

Dr. Buttrey joined the Department of Agriculture, Geosciences, and Natural Resources as an Assistant Professor of Animal Science in 2014. **Her appointment letter set a probationary period of less than six year by stating that she would be considered for tenure no later than her fourth year of service (spring 2018).** Prior to her appointment, she was a faculty member at Louisiana Tech University and an extension and research specialist for the Texas A&M University AgriLife Research and Extension Service. Dr. Buttrey’s primary area of expertise is animal science production, business, and management with a research emphasis in animal nutrition. With this expertise, she has been instrumental in designing and implementing plans for the new \$1.5 million Beef Cattle Evaluation Teaching Center. During the past four years at UTM, she has authored two refereed journal articles and twelve refereed abstracts. Dr. Buttrey is an excellent mentor to undergraduate students and has recently mentored six undergraduate student research projects

resulting in \$4,000 of grant money to facilitate additional research. One of these undergraduate research projects was honored at the 2017 Southern Animal Science meeting. Dr. Buttrey contributes significantly in terms of her service and outreach within the campus and community. She participates as an advisor to the Student's Cattlemen's Association and the Alpha Delta Pi Sorority and is a member of the Strategic Planning Service and Advocacy Task Force. Furthermore she has lead a number of educational outreach presentations and workshops on Beef Cattle Production and Management, often working with UT Extension. The Department of Agriculture, Geosciences, and Natural Resources voted 11-0-0, and the Departmental Tenure and Promotion Committee voted 4-0-0 in favor of granting early tenure to Dr. Buttrey. The department chair, Dean, Interim Provost, and Chancellor support this recommendation.

Dr. Dooley was a tenured faculty member at Murray State University and a faculty member at Middle Tennessee State University prior to joining the Department of Family and Consumer Sciences at UTM as an Assistant Professor in 2015. **His appointment letter sets a probationary period of three years with credit given for service at another institution, and that he be considered for tenure during his third year of service (spring 2018).** While at UTM, Dr. Dooley has served as the primary faculty member charged with developing the new Gerontology program which includes the development of new curriculum. With regard to his research, Dr. Dooley has developed a research program concentrating on Child and Family Studies and Informal Caregiving for Older Adults. As a scholar, the majority of his research time is currently devoted to the Promethean Foundation, on which he serves as an ex-officio board member and is responsible for developing the research protocols and agenda. In addition to his involvement with the Foundation, Dr. Dooley serves the region through service on the Board of Directors for the Tennessee Council of Children and Youth. Dr. Dooley is regarded as an excellent teacher who has been actively involved in mentoring students as they participate in semester-long field experience placements. Throughout his career, Dr. Dooley has published seven refereed journal papers and ten refereed abstracts/presentations, three of which have been published during his time at UTM. A unanimous vote among tenured faculty in the Department of Family and Consumer Sciences (3-0-0) and a unanimous vote from the Departmental Promotion and Tenure Committee (3-0-0) indicate strong support for Dr. Dooley receiving early tenure. The department chair, Dean, Interim Provost, and Chancellor all support the recommendation.

If you concur with the recommendations, please sign below, and I will transmit this documentation to Catherine Mizell for consideration at the Annual Meeting of the Board of Trustees on June 22, 2018.

I recommend Drs. Buttrey and Dooley for tenure in their faculty appointments in their respective department or college at The University of Tennessee at Martin.



Joseph A. DiPietro, President



Date

C: Catherine Mizell
Attachment

THE UNIVERSITY OF TENNESSEE
BOARD OF TRUSTEES

ACTION ITEM

DATE: June 22, 2018

CAMPUS/UNIT: All

ITEM: **FY 2019-20 Capital Outlay Projects**

RECOMMENDATION: Approval

PRESENTED BY: Charles C. Anderson, Jr., Chair, Finance and Administration

In accordance with the Tennessee Higher Education Commission and State Department of Finance and Administration guidelines, the University administration has developed the Capital Outlay Projects Request for FY 2019-20 and subsequent years.

The five-year schedule following this memorandum reflects \$614,386,000 in recommended state-funded Capital Outlay Projects, which is net of the requisite institutional funding match for new construction (10% for UTK, 5% for UTC and UTM, and 2% for all others). A brief narrative description of the projects follows the schedule.

The administration seeks approval of these requests and authorization to enter into contracts for design and construction within available funds. Upon approval by the Board of Trustees, the administration will submit these funding requests to state government.

The Finance and Administration Committee will consider this item at its meeting on the morning of June 22, 2018. Assuming a recommendation for approval, Committee Chair Anderson will move adoption of the Resolution presented below.

Motion by Committee Chair Anderson:

On the recommendation of the Finance and Administration Committee, I move adoption of the following Resolution by the Board of Trustees:

RESOLVED: The Capital Outlay Funding Requests for FY 2019-20 and subsequent years are approved, with authorization to enter into contracts for design and construction for these projects within available funds.

THE UNIVERSITY OF TENNESSEE
CAPITAL OUTLAY PRIORITIES

Priority	Projects	Total Project	Institutional Match	Prior Year Institutional Match	STATE FUNDING					
					FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24
1	UTIA - Energy & Environmental Science Research Building (Ellington Site)	\$ 95,000,000	\$ 7,500,000	\$ 2,000,000	\$ 4,000,000	\$ 81,500,000				
2	UTHSC - Audiology & Speech Pathology	9,900,000				9,900,000				
3	UTK - Nursing Building	98,000,000	9,800,000			88,200,000				
4	UTC - Maclellan Renovation	26,100,000	522,000			25,578,000				
	TOTAL	\$ 229,000,000	\$ 17,822,000	\$ 2,000,000	\$ 4,000,000	\$ 205,178,000				
5	UTHSC - Campus Police Building Renovation	6,000,000					\$ 6,000,000			
6	UTC - Health Sciences Building	109,760,000	19,776,000				89,984,000			
7	UTM - Fine Arts Music Hall & Theater Renovation	38,520,000	1,926,000				36,594,000			
	TOTAL	\$ 154,280,000	\$ 21,702,000				\$ 132,578,000			
8	UTK - Panhellenic Building Renovations	21,000,000	840,000					\$ 20,160,000		
9	UTHSC - Gross Anatomy Lab Renovations	18,000,000						18,000,000		
10	UTIA - Morgan Hall Renovation and Addition	31,000,000	3,025,000					27,975,000		
	TOTAL	\$ 70,000,000	\$ 3,865,000					\$ 66,135,000		
11	UTK - Buehler Hall Renovations	75,000,000	3,000,000						\$ 72,000,000	
12	UTK - Dabney Hall Renovations	43,000,000	1,720,000						41,280,000	
13	IPA-UTIA Middle Tennessee Building	50,500,000	5,500,000						45,000,000	
	TOTAL	\$ 168,500,000	\$ 10,220,000						\$ 158,280,000	
14	UTHSC - Stem Cell / Regenerative Medicine Renovation	40,000,000								\$ 40,000,000
15	UTIA - UT Gardens Education & Discovery Center	13,350,000	1,135,000							12,215,000
	TOTAL	\$ 53,350,000	\$ 1,135,000							\$ 52,215,000
	GRAND TOTAL	\$ 675,130,000	\$ 54,744,000	\$ 2,000,000	\$ 4,000,000					\$ 614,386,000

PRIORITIES

Capital Outlay

FY 2019-2020

UTIA – Energy & Environmental Science Education Research Building (Ellington Site) - \$95,000,000 Total Project

The site for this new project is the current location of the Ellington Plant Science Building (1966) which will be demolished. The new building will house teaching laboratories, research/public service labs, offices, new classrooms, and a 500 seat-teaching and learning center with appropriate support facilities. Included will be a New Surge Building to accommodate adequate surge space. In FY12-13, \$2M was approved for planning of this project. In FY18-19, \$4M was approved for planning and surge building (Total match in-hand with reserves)

UTHSC – Audiology & Speech Pathology - \$9,900,000 Total Project

This project will renovate a portion of the basement and the 2nd floor of the UT Conference Center. The renovated spaces will house the department of Audiology & Speech Pathology.

UTK – Nursing Building - \$98,000,000 Total Project

The project will replace the existing College of Nursing building, and consolidate simulation programs from two buildings into one. The new facility will house state-of-the-art learning spaces, and modern labs appropriate for meeting research needs and modern simulation labs.

UTC – Maclellan Renovation - \$26,100,000 Total Project

The natatorium interior will be demolished, leaving the shell and replaced with a two story structure for various student services function. Public restrooms and locker rooms, and building and building access will be upgraded to incorporate ADA requirements. Electrical system, HVAC units, AHUs & exhaust fans, and the domestic water heating system will be replaced. Building finishes, furnishings, signage, windows, and exterior doors will be replaced. Building sidewalks will be repaired. Bleachers, seating, and built-in equipment in the gym area will be replaced.

FY 2020-2021

UTHSC – Campus Police Building Renovation - \$6,000,000 Total Project

The newly acquired building will be repurposed to a new Campus Police building. The project will consist of enlarging some spaces for new offices, training areas, and conference rooms. Sprinkler system will be added and all interior finishes will be replaced.

UTC – Health Sciences Building - \$109,760,000 Total Project

This project will construct a 204,000 GSF health sciences laboratory facility for UTC that will include the programs for Nursing, Health & Human Performance, Physical Therapy, Occupational Therapy, and Physician Assistant. In addition to this, space will be provided for Biology research labs. The construction cost includes \$12.5M for a 500 car parking deck located adjacent to the facility.

UTM – Fine Arts Music Hall & Theater Renovation - \$38,520,000 Total Project

This project will provide for the addition of a music performance hall and renovation to the Fine Arts Building Fulton Theater.

FY 2021-2022

UTK – Panhellenic Building Renovations - \$21,000,000 *Total Project*

This project will provide for life safety upgrades that will allow all floors of the building to be used in addition to a new elevator and facility renewal improvements for mechanical, electrical and plumbing systems. New ADA accessible restrooms will be provided along with upgrades to finishes throughout.

UTHSC – Gross Anatomy Lab Renovation - \$18,000,000 *Total Project*

This project will renovate the 3rd floor B & C Wings of the General Education Building (GEB) to house a new state of the art Gross Anatomy Lab for all students.

UTIA – Morgan Hall Renovation and Addition - \$31,000,000 *Total Project*

This project will renovate approximately 30,000 GSF of existing space and provide an additional 50,000 GSF of new administrative office space and classrooms. Additional scope will also include complete exterior restoration, which will include repointing brick veneer, limestone repair and replacement of all windows and exterior doors. Existing HVAC equipment will also be replaced.

FY 2022-2023

UTK – Buehler Hall Renovation - \$75,000,000 *Total Project*

This project will provide needed upgrades to the Buehler section of Dabney/Buehler, restoring chemistry laboratories to complement those in the new Mossman and Strong Hall Buildings.

UTK – Dabney Hall Renovation - \$43,000,000 *Total Project*

This project will provide needed upgrades to the Dabney section of Dabney/Buehler, providing needed upgrades to MEP and life safety systems.

UTIA – IPS-UTIA Middle Tennessee Building - \$50,500,000 *Total Project*

This project will provide administrative offices for directors, training and program managers, consultants, specialist, administrative support, training and seminar rooms, 250-seat auditorium, labs, technical offices, demonstration kitchen, smart classrooms, catering kitchen, conference rooms, reception areas, loading dock, storage and support space. Site improvements will include roads, parking, landscaping, plaza and utility infrastructure.

FY 2023-2024

UTHSC – Stem Cell / Regenerative Medicine Renovation - \$40,000,000 *Total Project*

This project will renovate space within the Food Bank building into laboratory and cell therapy manufacturing space. A clean room for cell engineering will also be included. The Center for Stem Cell / Regenerative Medicine & Innovation will focus UTHSC's intellectual resources on stem cell innovations in support of its center of regenerative medicine.

UTIA – UT Garden Education & Discovery Center - \$13,350,000 *Total Project*

This project will provide an entrance lobby with gift shop and café, exhibit gallery, offices, conference room, administrative suite, storage and work rooms, kitchen, multi-purpose meeting rooms, classrooms for children and adults, outdoor classroom, public restrooms, atrium, plaza and outdoor storage.

THE UNIVERSITY OF TENNESSEE
BOARD OF TRUSTEES

ACTION ITEM

DATE: June 22, 2018

CAMPUS/UNIT: All

ITEM: **FY 2019-20 Capital Maintenance Projects**

RECOMMENDATION: Approval

PRESENTED BY: Charles C. Anderson, Jr., Chair, Finance and Administration

In accordance with the Tennessee Higher Education Commission and State Department of Finance and Administration guidelines, the University administration has developed the Capital Maintenance Funding Request for FY 2019-20 and subsequent years.

The five-year schedule following this memorandum reflects \$253,050,000 in recommended Capital Maintenance Projects. A brief narrative description of the projects follows the schedule.

The administration seeks approval of these requests and authorization to enter into contracts for design and construction within available funds. Upon approval by the Board of Trustees, the administration will submit these funding requests to state government.

The Finance and Administration Committee will consider this item at its meeting on the morning of June 22, 2018. Assuming a recommendation for approval, Committee Chair Anderson will move adoption of the Resolution presented below.

Motion by Committee Chair Anderson:

On the recommendation of the Finance and Administration Committee, I move adoption of the following Resolution by the Board of Trustees:

RESOLVED: The Capital Maintenance Funding Requests for FY 2019-20 and subsequent years are approved, with authorization to enter into contracts for design and construction for these projects within available funds.

**THE UNIVERSITY OF TENNESSEE
CAPITAL MAINTENANCE PRIORITIES
STATE APPROPRIATIONS**

Priority	Projects	FY 19-20	FY 20-21	FY 21-22	FY 22-23
1	UTK – Fire Safety Upgrades	7,500,000			
2	UTIA – 4-H Center Improvements	5,000,000			
3	UTM – Elam Building Envelope Repair	3,220,000			
4	UTC – East Campus Utility Expansion	5,440,000			
5	UT – Facilities Assessment	1,000,000			
6	UTHSC – Elevator Upgrades	8,410,000			
7	UTK – Window Replacements and Masonry Repair	4,500,000			
8	UTM – Engineering Physical Sciences (EPS) Systems Upgrades	9,940,000			
9	UTC – Roof Replacements	2,880,000			
	TOTAL	\$ 47,890,000			
10	UTIA – CRC/MAST, BESS, and JARTU Improvements		\$ 5,500,000		
11	UTHSC – Roof Replacements		8,000,000		
12	UTK – Dabney Buehler Systems Upgrades		10,000,000		
13	UTIA – Morgan Hall Improvements		6,000,000		
14	UTM – Clement Systems Upgrade Phase II		8,970,000		
15	UTC – Elevator Upgrades		1,580,000		
16	UTHSC – Campus Sidewalk Repairs		3,000,000		
17	UTK – Jessie Harris Systems Upgrades		10,000,000		
	TOTAL		\$ 53,050,000		
	TOTAL FY 21-22			\$ 48,010,000	
	TOTAL FY 22-23				\$ 49,010,000
	TOTAL FY 23-24				
	GRAND TOTAL				

Capital Maintenance FY 2019-2020

UTK – Fire Safety Upgrades - \$7,500,000

This project will provide fire safety upgrades to multiple buildings including Hodges Library, Student Services, Communications, and Health, Physical Education and Recreation.

UTIA – 4-H Center Improvements - \$5,000,000

This project will make interior and exterior improvements, including correcting ADA, life-safety and building code violations to (5) dormitories at the 4-H Center in Columbia. This project will also include correcting ADA, life-safety and building code violations to the Wildlife Building at the 4-H Center in Greenville.

UTM – Elam Building Envelope Repair - \$3,220,000

Remove and replace the masonry brick veneer system at the south and north walls of the Elam Center Facility along with cavity wall remediation. This includes replacement of veneer ties, application of moisture barrier on the underlying CMU/cavity face, protective coating on the structural steel system to protect from the natatorium environment on the south wall. The project will also replace the existing overhead doors on the south wall. The project will replace the existing window head flashing on the Fieldhouse as needed and the limestone header panels as needed.

UTC – East Campus Utility Expansion - \$5,440,000

This project will complete electrical distribution sectionalizing and east campus mechanical distribution loop. Replaces Brock distribution feed and associated heat exchangers and pumps. Replaces existing primary electrical cable, switches and transformers at end of service life. Associated metering and SCADA programming will also be done.

UT – Facilities Assessment - \$1,000,000

This project will provide professional consulting services to assist the University of Tennessee in conducting facilities evaluations at each campus in order to better document and prioritize needed capital maintenance improvements.

UTHSC – Elevator Upgrades - \$8,410,000

This project will upgrade or replace the remaining aging elevators in the following buildings: Alexander, Coleman, GEB, Link, Johnson, Wittenborg, Hyman, SAC, MSB & SAC Garage. Upgrades will include all controls, replacing cables, and elevator interiors.

UTK – Window Replacements and Masonry Repair - \$4,500,000

This project will provide masonry repairs and window replacements for Greve Hall, Henson Hall, Temple Hall, and Humanities. This will include tuckpointing, waterproofing, and structural remediation.

UTM – Engineering Physical Sciences (EPS) Systems Upgrades - \$9,940,000

This project will provide building system upgrades including modifying pipe system to a 4 pipe system and ductwork; replacing plumbing and electrical systems; new mechanical room; and upgrading building finishes.

UTC – Roof Replacements - \$2,880,000

This project will replace roofs for Race/Hooper, Brock, Fletcher, Fine Arts Center, and Fine Arts Music Annex.

Capital Maintenance FY 2020-2021

UTIA – CRC/MAST, BESS, and JARTU Improvements - \$5,500,000

Center for Renewable Carbon (CRC)/Material Science & Technology (MAST); Biosystems Engineering & Soil Science (BESS); Johnson Animal Research & Teaching Unit (JARTU): This project will replace air handling equipment including VAV boxes and associated piping and controls. The mechanical room will be reconfigured at CRC/MAST to accommodate the new equipment. This project will replace air handling equipment including VAV boxes and associated piping and miscellaneous items.

UTHSC – Roof Replacements - \$8,000,000

The project will replace aging or leaking roofs on Alexander, SAC, Hyman, Dunn & Johnson and repair flashing as necessary.

UTK – Dabney Buehler Systems Upgrades - \$10,000,000

This project will replace individual fume hoods, air handlers, VAV boxes, replace single exhaust fan systems with Strobic air systems, add a house lab vacuum system, replace the acid waste system, and replace the lab deionized water system.

UTIA – Morgan Hall Improvements - \$6,000,000

This project includes exterior masonry restoration, window replacement and HVAC improvements for Morgan Hall.

UTM – Clement Systems Upgrade Phase II - \$8,970,000

This project will upgrade systems in the south and west side of the Clement Building. The upgrades include HVAC, electrical, and plumbing; asbestos abatement; window replacement; and building finishes.

UTC – Elevator Upgrades - \$1,580,000

This project will upgrade the elevators in Metro Bldg, Brock Hall and University Center.

UTHSC – Campus Sidewalk Repairs - \$3,000,000

This project will repair all sidewalks and curbs around campus buildings as needed.

UTK – Jessie Harris Systems Upgrades - \$10,000,000

This project will replace steam radiators, existing fan coils, and window units with 4-pipe fan coils; provide steam/water heating convertor; connect chilled water to the Mossman Building; and upgrade electrical distribution.

THE UNIVERSITY OF TENNESSEE
BOARD OF TRUSTEES

ACTION ITEM

DATE: June 22, 2018

CAMPUS/UNIT: All

ITEM: **FY 2019-20 Revenue/Institutionally Funded Projects**

RECOMMENDATION: Approval

PRESENTED BY: Charles C. Anderson, Jr., Chair, Finance and Administration

The administration has developed the revenue/institutionally funded projects listed on the following schedule for inclusion in the FY 2019-20 State of Tennessee Budget Document. A brief narrative description of the projects follows the schedule. Identified projects total \$28,160,000.00. Although, no state funds are requested, legislative approval of the projects is required. The administration seeks Board approval of these projects prior to submitting them to the Tennessee Higher Education Commission to begin the legislative approval process. The administration also seeks authorization to enter into contracts for design and construction for these projects within available funds.

In addition, the administration seeks authorization to enter into contracts for design and construction associated with revenue/institutionally funded projects subsequently identified during the fiscal year. Any subsequently identified projects will be approved by the President and reported to the Board of Trustees at its next regularly scheduled meeting.

The Finance and Administration Committee will consider this item at its meeting on the morning of June 22, 2018. Assuming a recommendation for approval, Committee Chair Anderson will move adoption of the Resolution presented below.

Motion by Committee Chair Anderson:

On the recommendation of the Finance and Administration Committee, I move adoption of the following Resolution by the Board of Trustees:

RESOLVED: The Revenue/Institutionally Funded Projects for FY 2019-20 are approved, with authorization to enter into contracts for design and construction of these projects, within available funds, and, with the approval of the President, for design and construction of other revenue/institutionally funded projects identified during the fiscal year within available funds, provided that any other projects approved by the President shall be reported to the Board of Trustees at its next regularly scheduled meeting.

**THE UNIVERSITY OF TENNESSEE
PROPOSED REVENUE/INSTITUTIONALLY FUNDED PROJECTS
FY 2019-2020**

Projects	FY 19-20
UTC	
1 Campus Pedestrian Ways	\$ 3,610,000
	\$ 3,610,000
UTHSC	
1 GMP Facility Expansion	\$ 10,000,000
UTIA	
1 West TN 4-H Center Improvements	\$ 1,550,000
	\$ 1,550,000
UTK	
1 Classroom Upgrades (19/20)	\$ 5,000,000
2 Concord Campus Phase II	8,000,000
	\$ 13,000,000
GRAND TOTAL	\$ 28,160,000

Revenue/Institutionally Funded Projects

UTC – Campus Pedestrian Ways - \$3,610,000

This project will install pedestrian walking surfaces, lighting, trees/planting, retaining walls site furniture to enhance pedestrian safety and accessibility in the areas of Oak Street, Campus Drive, and McCallie Ave. Parking Lot 1 will also be reconfigured.

UTHSC – GMP Facility Expansion - \$10,000,000

This project will renovate the south bay of the existing Good Manufacturing Plant building and will include all new mechanical, electrical and plumbing. The GMP process/functions will be located in modular PODs.

UTIA – West TN 4-H Center Improvements - \$1,550,000

This project will replace existing cladding, roofs, windows and structural items in several buildings and will also include the replacement of miscellaneous infrastructure.

UTK – Classroom Upgrades (19/20) - \$5,000,000

This project will upgrade multiple classrooms in multiple buildings including new technology, finishes, furnishings, flooring, lighting, ceilings, building systems, and safety improvements.

UTK – Concord Campus Phase II - \$8,000,000

This project will complete the work from phase I. Improvements will include environmental remediation, communications and security upgrades, parking, and renovation of space for Public Safety.



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Chief of Staff

January 25, 2018

Dr. Joseph A. DiPietro, President
The University of Tennessee

Dear Dr. DiPietro:

Transmitted herewith is the report on the results of certain agreed-upon procedures applied to the statements of revenues and expenses of the intercollegiate athletic programs at the University of Tennessee.

Sincerely,

A handwritten signature in black ink that reads "Deborah V. Loveless".

Deborah V. Loveless, CPA
Director
Division of State Audit

cc: Mr. Crawford Gallimore
Chairman of the Audit Committee

Ms. Sandy Jansen
Executive Director
Office of Audit and Compliance



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Chief of Staff

Independent Accountants’ Report on the Application of Agreed-upon Procedures

Dr. Joseph A. DiPietro, President
The University of Tennessee

Dear Dr. DiPietro:

We have performed the procedures enumerated below, which were agreed to by institution management, solely to assist you in evaluating whether the accompanying statements of revenues and expenses of the University of Tennessee’s Intercollegiate Athletics Programs are in compliance with the National Collegiate Athletic Association (NCAA) Bylaw 3.2.4.15 for the year ended June 30, 2017. The institution’s management is responsible for the statements of revenues and expenses (statements) 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 institution. 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.

Exceptions totaling the lesser of \$50,000 or 10% of the line item total to which an agreed-upon procedure has been applied to have been reported. The procedures that we performed and our findings are as follows:

15

Agreed-upon Procedures Related to the Statements of Revenues and Expenses

Procedure	Results
<p><u>Revenues</u></p> <ul style="list-style-type: none"> Obtain the summary of revenues and expenses for or on behalf of intercollegiate athletics programs for affiliated and outside organizations prepared by the institution. Recalculate the addition of the amounts on the summary and compare the summary information with the amounts on the statement. 	<p>No exceptions noted.</p>

- Obtain the statements of revenues and expenses of the athletic programs and related notes for the year ended June 30, 2017, as prepared by management. Ensure the amounts reported on the statements agree to the institution's general ledger. No exceptions noted.
- Compare and agree each operating revenue category reported in the statements during the reporting period to supporting schedules provided by the institution. If a specific reporting category is less than 4% of the total revenues at that campus, no other procedures were performed for that specific category. No exceptions noted.
- Compare and agree a sample of operating revenue receipts from the operating revenue supporting schedules to adequate supporting documentation. No exceptions noted.
- At each campus, compare each major revenue account over 10% of the total revenues to prior-period amounts. Obtain and document management's explanation for any variations greater than 10%. Report the analysis as a supplement to the final Agreed-upon procedures report. No exceptions noted. See the supplements to this report.
- At Chattanooga, compare tickets sold during the reporting period, complimentary tickets provided during the reporting period, and unsold tickets to the related revenue reported by the institution in the statement and the related attendance figures and recalculate totals. At Knoxville, review the home football and basketball ticket reports prepared by an independent CPA firm and compare amounts in the reports to the campus statement. No exceptions noted. At Martin, since ticket revenue was less than 4% of campus revenues, this procedure was not performed.
- Compare and agree student fees reported by the institution in the statements to student enrollments during the same reporting period and recalculate totals. No exceptions noted. At Knoxville, since student fees were less than 4% of campus revenues, this procedure was not performed.

- If the athletics department is reporting that an allocation of student fees should be countable as generated revenue, recalculate the totals of their methodology for supporting that they are able to count each sport. Tie the calculation to supporting documents such as seat manifests, ticket sales reports, and student fee totals.
- Compare direct state or other governmental support recorded by the institution during the reporting period with state appropriations, institutional authorizations, and/or other corroborative supporting documentation and recalculate totals.
- Compare the direct institutional support recorded by the institution during the reporting period with the institutional supporting budget transfers documentation and other corroborative supporting documentation and recalculate totals.
- Compare the transfers back to institution with permanent transfers back to institution from the athletics department and recalculate totals.
- Compare the indirect institutional support recorded by the institution during the reporting period with expense payments, cost allocation detail, and other corroborative supporting documentation and recalculate totals.

The institution does not report in this manner; therefore, this step was not performed.

As the institution does not receive direct state or other governmental support, this step was not applicable.

At Martin, this amount was understated by \$77,162.20. The statement was corrected. No other exceptions were noted. At Knoxville, since there was no direct institutional support, this procedure was not performed.

Since no transfers back to institution exceeded 4% of revenues at any campus, this procedure was not performed.

At Knoxville, no indirect institutional 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 covered and services provided by the institution to athletics but not charged to athletics including: 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.”

- Select a sample of settlement reports for away games during the reporting period and agree each selection to the institution’s general ledger and/or the statements and recalculate totals.
No exceptions noted. At Knoxville, since guarantee revenues were less than 4% of campus revenues, this procedure was not performed.
- Select a sample of contractual agreements pertaining to revenues derived from guaranteed contest during the reporting period and compare and agree each selection to the institution’s general ledger and/or the statements and recalculate totals.
No exceptions noted. At Knoxville, since guarantee revenues were less than 4% of campus revenues, this procedure was not performed.
- Any contributions 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) not included above (e.g., contributions by corporate sponsors) that constitutes 10% or more in aggregate for the reporting year of all contributions received for intercollegiate athletics during the reporting periods shall obtain and review supporting documentation for each contribution and recalculate totals.
There were no contributions that meet this criterion; therefore, this step was not performed.
- Compare the in-kind contributions recorded by the institution during the reporting period with a schedule of in-kind donations and recalculate the totals.
Since in-kind contributions were less than 4% of revenues at each campus, this procedure was not performed.
- Obtain and inspect agreements for the institution’s total media rights as reported in the statement. Compare and agree the media rights revenues to a summary statement of all media rights identified, if applicable, and the institution’s general ledger and recalculate the totals. Ledger totals may be different for total conference distributions if media rights are not broken out separately.
No exceptions noted. Only Knoxville had media rights revenue.

- Compare the amounts recorded in the revenue and expense reporting to general ledger detail for NCAA distributions and other corroborative supporting documents and recalculate totals. Since NCAA distributions were less than 4% of revenues at each campus, this procedure was not performed.
- Obtain and inspect agreements related to the institution's conference distributions and participation in revenues from tournaments during the reporting period. Compare and agree the related revenues to the institution's general ledger and/or statements and recalculate totals. No exceptions noted. At Chattanooga and Martin, since conference distributions were less than 4% of campus revenues, this procedure was not performed.
- Compare the amount recorded in the revenue reporting category to a general ledger detail of program sales, concessions, novelty sales, and parking as well as any other corroborative supporting documents and recalculate totals. Since program sales, concessions, novelty sales, and parking revenues were less than 4% of revenues at each campus, this procedure was not performed.
- Obtain and inspect agreements related to the institution's participation in revenues from royalties, licensing, advertisements, and sponsorships during the reporting period. Compare and agree the related revenues to the institution's general ledger and/or the statement and recalculate totals. No exceptions noted at Knoxville. At Chattanooga and Martin, since revenues from royalties, licensing, advertisements, and sponsorships were less than 4% of campus revenues, this procedure was not performed.
- Inspect sports camp contract(s) between the institution and person(s) conducting institution sports camps or clinics during the reporting period. Obtain schedules of camp participants and select a sample of individual camp participant cash receipts from the schedule of sports camp participants. Agree each selection with the institution's general ledger, and/or the statements and recalculate totals. Since sports camp revenues were less than 4% of revenues at each campus, this procedure was not performed.
- Obtain and inspect the institution's endowment agreements. Compare the classification and use of endowment and investment income reported in the statements during the reporting period to the uses of income defined within the related endowment agreement and recalculate totals. Since endowment income was less than 4% of revenues at each campus, this procedure was not performed.
- Perform minimum agreed-upon procedures referenced for all revenue categories and recalculate totals. No exceptions noted.

- Obtain and inspect agreements related to the institution's revenues from post-season bowl participation during the reporting period. Compare and agree the related revenues to the institution's general ledger and/or the statements and recalculate totals.

Since bowl revenue was less than 4% of revenues at each campus, this procedure was not performed

Expenses

- Compare and agree each operating expense category reported in the statements during the reporting period to supporting schedules provided by the institution. If a specific reporting category is less than 4% of the total expenses at that campus, no other procedures were performed for that specific category.
- Compare and agree a sample of expenses from the operating expense supporting schedules to adequate supporting documentation.
- At each campus, compare each major expense account over 10% of the total expenses to prior-period amounts. Obtain and document management's explanation for any variations greater than 10%. Report the analysis as a supplement to the final Agreed-upon procedures report.
- At each campus, select a sample of students from the listing of institutional student aid recipients during the reporting period. Data should be captured by the institution through the creation of a squad list for each sponsored sport. Obtain individual student-account detail for each selection and compare total aid in the institution's student system to the student's detail in Compliance Assistance (CA) or the institution report that ties directly to the NCAA Membership Financial Reporting System. Perform a check of each student selected to ensure their information was reported accurately in either the NCAA's CA software or entered directly into the NCAA Membership Financial Reporting System using the appropriate criteria. Recalculate totals.

At Martin, we noted that \$77,162.20 of athletic student aid expense in the ledger was not included in this reporting category. The statement was corrected. No other exceptions were noted.

No exceptions noted.

No exceptions noted. See the supplements to this report.

No exceptions noted.

- Obtain and inspect visiting institutions' away-game settlement reports received by the institution during the reporting period and agree related expenses to the institution's general ledger and/or the statements. Recalculate totals. Obtain and inspect contractual agreements pertaining to expenses recorded by the institution from guaranteed contests during the reporting period. Compare and agree related amounts expensed by the institution to the institution's general ledger and/or statements. Recalculate totals.
- Obtain and inspect a listing of coaches employed by the institution and related entities during the reporting period. Select a sample of coaches' contracts that must include football and men's and women's basketball from the listing. Compare and agree the financial terms and conditions of each selection to the related coaching salaries, benefits, and bonuses recorded by the institution and related entities in the statements during the reporting period. Obtain and inspect payroll summary registers for the reporting year for each selection. Compare and agree payroll summary registers from the reporting period to the related coaching salaries, benefits and bonuses paid by the institution and related entities expense recorded by the institution in the statements during the reporting period. Compare and agree the totals recorded to any employment contracts executed for the sample section and recalculate totals.
- Obtain and inspect a listing of coaches employed by third parties during the reporting period. Select a sample of coaches' contracts that must include football and men's and women's basketball from the listing. Compare and agree the financial terms and conditions of each selection to the related coaching other compensation and benefits paid by a third party and recorded by the institution in the statements during the reporting period. Obtain and inspect

Since guarantee expenses were less than 4% of expenses at each campus, this procedure was not performed.

No exceptions noted.

No employees were employed by third parties during the reporting period; therefore, this step was not performed.

reporting period payroll summary registers for each selection. Compare and agree related payroll summary register to the coaching other compensation and benefits paid by third-party expenses recorded by the institution in the statements during the reporting period. Recalculate totals.

- Select a sample of support staff/administrative personnel employed by the institution and related entities during the reporting period. Obtain and inspect reporting period summary payroll registers for each selection. Compare and agree related summary payroll register to the related support staff/administrative salaries, benefits and bonuses paid by the institution and related entities expense recorded by the institution in the statements during the reporting period. Recalculate totals.
- Select a sample of support staff/administrative personnel employed by third parties during the reporting period. Obtain and inspect reporting period payroll summary registers to the related support staff/administrative other compensation and benefits expense recorded by the institution in the statements during the reporting period. Recalculate totals.
- Select a sample of employees receiving severance payments by the institution during the reporting period and agree each severance payment to the related termination letter or employment contract and recalculate totals.
- Compare and agree the institution's recruiting policies to existing institutional- and NCAA-related policies. Obtain general ledger detail and compare to the total expenses reported and recalculate totals.
- Compare and agree the institution's team travel policies to existing institutional- and NCAA-related policies. Obtain general ledger detail and compare to the total expenses reported and recalculate totals.

No exceptions noted.

No employees were employed by third parties during the reporting period; therefore, this step was not performed.

Since severance payments were less than 4% of expenses at each campus, this procedure was not performed.

Since recruiting expenses were less than 4% of expenses at each campus, this procedure was not performed.

No exceptions noted.

- Obtain general ledger detail for sports camp expenses and compare to the total actual expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.
Since sports camp expenses were less than 4% of expenses at each campus, this procedure was not performed.
- Obtain general ledger detail for spirit group expenses and compare to the total actual expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.
Since spirit group expenses were less than 4% of expenses at each campus, this procedure was not performed.
- We obtained a listing of lease payments and rental fees for athletics facilities for the reporting year. We compared facility payments to additional supporting documentation. We compared amounts reported to amounts listed in the supporting schedules and recalculated totals.
No exceptions noted.
- Obtain a listing of debt service schedules, lease payments, and rental fees for athletics facilities for the reporting year. Compare a sample of facility payments including the top two highest facility payments to additional supporting documentation (e.g. debt financing agreements, leases, rental agreements). Compare amounts recorded to amounts listed in the general ledger detail and recalculate totals.
No exceptions noted.
- Obtain general ledger detail for direct overhead and administrative expenses and compare to the total actual expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.
No exceptions noted at Knoxville. Since direct overhead and administrative expenses were less than 4% of expenses at Chattanooga and Martin, this procedure was not performed at those campuses.
- Obtain general ledger detail for medical expenses and medical insurance expenses and compare to the total actual expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.
Since medical expenses and insurance were less than 4% of expenses at each campus, this procedure was not performed.

- Obtain general ledger detail for membership and dues expenses and compare to the total actual expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.

Since memberships and dues expenses were less than 4% of expenses at each campus, this procedure was not performed.
- Obtain general ledger detail for other operating expenses and transfers to institution expenses and compare to the total actual expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.

No exceptions noted.
- Obtain general ledger detail for student-athlete meals (non-travel) expenses and compare to the total actual expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.

Since student-athlete meals (non-travel) were less than 4% of expenses at each campus, this procedure was not performed.
- Obtain general ledger detail for student-athlete meals (non-travel) expenses and compare to the total actual expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.

Since student-athlete meals (non-travel) were less than 4% of expenses at each campus, this procedure was not performed.
- Obtain general ledger detail for bowl expenses and compare to the total actual expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.

Since bowl expenses were less than 4% of expenses at each campus, this procedure was not performed.

Additional agreed-upon procedures

- At each campus, compare and agree the sports sponsored as reported in the NCAA Membership Financial Reporting System to the squad lists of the institution.

No exceptions noted.
- At each campus, obtain the institution’s Sports Sponsorship and Demographics Forms Report for the reporting year. Validate that the countable sports reported met the minimum requirement as set forth in the bylaws. Once

No exceptions noted.

countable sports have been confirmed, ensure that the institution has properly reported these sports as countable for revenue distribution purposes within the NCAA Membership Financial Reporting System.

- At each campus, for Pell grants, agree the total number of Division I student-athletes who, during the academic year, received a Pell grant award and the total value of these Pell grants reported in the NCAA Membership Financial Reporting System to a report, generated out of the institution’s financial aid records, of all student-athlete Pell Grants.

No exceptions noted.

Other reporting items

- Obtain general ledger detail and compare to the total expenses reported as excess transfers to institution or conference realignment expenses to validate the existence of the transaction and accuracy of recording. Recalculate totals.
- Obtain repayment schedules for all outstanding intercollegiate athletics debt during the reporting period. Recalculate annual maturities (consisting of principal and interest) provided in the schedules obtained. Agree the total annual maturities and total outstanding athletic debt to supporting documentation and the institution’s general ledger, as applicable.
- Agree the total outstanding institutional debt to supporting documentation and the institution’s audited financial statements (if available), or the institution’s general ledger.
- Obtain a schedule of all athletics-dedicated endowments maintained by athletics, the institution, and affiliated organizations. Agree the fair value in the schedules to supporting documentation, the general ledger, and audited financial statements, if available.
- Agree the total fair value of institutional endowments to supporting documentation, the

No exceptions noted at Knoxville. There categories were not reported at Chattanooga and Martin.

No exceptions noted.

No exceptions noted.

No exceptions noted.

No exceptions noted.

institution's general ledger, and audited financial statements, if available.

- Obtain a schedule of athletics-related capital expenses made by athletics, the institution, and affiliated organizations during the reporting period. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate the existence of the transaction and accuracy of recording. Recalculate the totals. No exceptions noted.

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 institution's management, and is not intended to be and should not be used by anyone other than the institution's management. However, this report is a matter of public record.

Sincerely,



Deborah V. Loveless, CPA
Director
Division of State Audit

Annual Meeting of the Board of Trustees - Report of the Audit and Compliance Committee

The University of Tennessee at Knoxville
 Department of Intercollegiate Athletics
 Statement of Revenues and Expenses
 For the Year Ended June 30, 2017

Revenues	
1 Ticket sales	\$ 36,781,724
2 Direct state or other government support	-
3 Student fees	1,000,000
4 Direct institutional support	-
5 Less: transfers to institution	(1,000,000)
6 Indirect institutional support	-
6a Indirect institutional support -athletic facilities debt service, lease and rental fees	-
7 Guarantees	4,350,000
8 Contributions	33,455,709
9 In-kind	1,972,359
10 Compensation and benefits provided by a third party	-
11 Media rights	32,065,693
12 NCAA distributions	3,058,496
13 Conference distributions (non-media and non-bowl)	9,228,355
14 Program, novelty, parking, and concession sales	5,296,979
15 Royalties, licensing, advertisement, and sponsorships	14,902,218
16 Sports camp revenues	809,704
17 Athletics restricted endowment and investments income	1,994,782
18 Other operating revenue	526,380
19 Bowl revenues	1,210,791
Subtotal operating revenues	145,653,190
Expenses	
20 Athletic student aid	13,956,360
21 Guarantees	3,277,894
22 Coaching salaries, benefits, and bonuses paid by the university and related entities	20,832,052
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	23,081,998
25 Support staff/administrative compensation, benefits, and bonuses paid by a third party	-
26 Severance payments	1,002,657
27 Recruiting	2,756,295
28 Team travel	5,755,514
29 Sports equipment, uniforms, and supplies	4,054,572
30 Game expenses	5,776,773
31 Fund raising, marketing, and promotion	7,415,446
32 Sports camp expenses	309,270
33 Spirit groups	438,797
34 Athletic facilities, debt service, leases, and rental fees	19,851,117
35 Direct overhead and administrative expenses	14,203,019
36 Indirect institutional support	-
37 Medical expenses and insurance	1,505,355
38 Memberships and dues	71,428
39 Student-athlete meals (non-travel)	1,901,316
40 Other operating expenses	6,865,376
41 Bowl expenses	1,824,990
Subtotal operating expenses	134,880,229
Excess (deficiency) of revenues over (under) expenses	\$ 10,772,961

The accompanying notes are an integral part of this statement.

Other reporting items:	
50 Excess transfers to institution	\$ 125,000
51 Conference realignment expenses	\$ -
52 Total athletics related debt	\$ 137,665,017
53 Total institutional debt	\$ 677,906,212
54 Value of athletics dedicated endowments	\$ 44,678,793
55 Value of institutional endowments	\$ 575,583,033
56 Total athletics related capital expenditures	\$ 6,294,360

Annual Meeting of the Board of Trustees - Report of the Audit and Compliance Committee

The University of Tennessee at Chattanooga
 Department of Intercollegiate Athletics
 Statement of Revenues and Expenses
 For the Year Ended June 30, 2017

Revenues	
1 Ticket sales	\$ 973,514.36
2 Direct state or other government support	-
3 Student fees	4,477,571.14
4 Direct institutional support	7,896,740.98
5 Less: transfers to institution	-
6 Indirect institutional support	-
6a Indirect institutional support -athletic facilities debt service, lease and rental fees	-
7 Guarantees	878,000.00
8 Contributions	1,035,537.52
9 In-kind	83,020.00
10 Compensation and benefits provided by a third party	-
11 Media rights	-
12 NCAA distributions	487,098.46
13 Conference distributions (non-media and non-bowl)	259,305.84
14 Program, novelty, parking, and concession sales	58,698.08
15 Royalties, licensing, advertisement, and sponsorships	542,021.04
16 Sports camp revenues	410,355.18
17 Athletics restricted endowment and investments income	127,960.60
18 Other operating revenue	574,243.57
19 Bowl revenues	-
Subtotal operating revenues	17,804,066.77
Expenses	
20 Athletic student aid	5,033,957.62
21 Guarantees	58,000.00
22 Coaching salaries, benefits, and bonuses paid by the university and related entities	4,161,365.63
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	3,168,073.63
25 Support staff/administrative compensation, benefits, and bonuses paid by a third party	-
26 Severance payments	-
27 Recruiting	330,151.21
28 Team travel	1,052,102.46
29 Sports equipment, uniforms, and supplies	819,876.61
30 Game expenses	341,107.04
31 Fund raising, marketing, and promotion	732,533.92
32 Sports camp expenses	282,572.53
33 Spirit groups	212,029.75
34 Athletic facilities, debt service, leases, and rental fees	363,654.10
35 Direct overhead and administrative expenses	201,854.13
36 Indirect institutional support	-
37 Medical expenses and insurance	217,629.27
38 Memberships and dues	38,781.80
39 Student-athlete meals (non-travel)	-
40 Other operating expenses	790,377.07
41 Bowl expenses	-
Subtotal operating expenses	17,804,066.77
Excess (deficiency) of revenues over (under) expenses	\$ -

The accompanying notes are an integral part of this statement.

Other reporting items:	
50 Excess transfers to institution	\$ -
51 Conference realignment expenses	\$ -
52 Total athletics related debt	\$ 1,509,534.00
53 Total institutional debt	\$ 77,752,196.61
54 Value of athletics dedicated endowments	\$ 3,685,269.26
55 Value of institutional endowments	\$ 143,710,562.20
56 Total athletics related capital expenditures	\$ -

Annual Meeting of the Board of Trustees - Report of the Audit and Compliance Committee

The University of Tennessee at Martin
 Department of Intercollegiate Athletics
 Statement of Revenues and Expenses
 For the Year Ended June 30, 2017

Revenues	
1 Ticket sales	\$ 156,799.04
2 Direct state or other government support	-
3 Student fees	2,148,450.04
4 Direct institutional support	5,760,022.15
5 Less: transfers to institution	-
6 Indirect institutional support	-
6a Indirect institutional support -athletic facilities debt service, lease and rental fees	347,750.54
7 Guarantees	1,448,500.00
8 Contributions	638,512.69
9 In-kind	41,352.25
10 Compensation and benefits provided by a third party	-
11 Media rights	-
12 NCAA distributions	432,876.04
13 Conference distributions (non-media and non-bowl)	-
14 Program, novelty, parking, and concession sales	104,725.53
15 Royalties, licensing, advertisement, and sponsorships	150,573.83
16 Sports camp revenues	-
17 Athletics restricted endowment and investments income	145,332.75
18 Other operating revenue	10,999.00
19 Bowl revenues	-
Subtotal operating revenues	11,385,893.86
Expenses	
20 Athletic student aid	3,918,060.11
21 Guarantees	42,950.00
22 Coaching salaries, benefits, and bonuses paid by the university and related entities	2,520,368.72
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	1,364,621.73
25 Support staff/administrative compensation, benefits, and bonuses paid by a third party	-
26 Severance payments	-
27 Recruiting	207,880.47
28 Team travel	946,081.64
29 Sports equipment, uniforms, and supplies	527,785.52
30 Game expenses	176,838.30
31 Fund raising, marketing, and promotion	14,738.84
32 Sports camp expenses	-
33 Spirit groups	23,453.74
34 Athletic facilities, debt service, leases, and rental fees	347,750.54
35 Direct overhead and administrative expenses	155,115.75
36 Indirect institutional support	-
37 Medical expenses and insurance	260,037.63
38 Memberships and dues	6,163.07
39 Student-athlete meals (non-travel)	133,256.89
40 Other operating expenses	740,790.91
41 Bowl expenses	-
Subtotal operating expenses	11,385,893.86
Excess (deficiency) of revenues over (under) expenses	\$ -

The accompanying notes are an integral part of this statement.

Other reporting items:

50 Excess transfers to institution	\$ -
51 Conference realignment expenses	\$ -
52 Total athletics related debt	\$ 5,573,782.38
53 Total institutional debt	\$ 64,633,297.55
54 Value of athletics dedicated endowments	\$ 5,876,540.69
55 Value of institutional endowments	\$ 33,606,225.49
56 Total athletics related capital expenditures	\$ 2,820,865.38

**THE UNIVERSITY OF TENNESSEE
INTERCOLLEGIATE ATHLETIC DEPARTMENTS
NOTES TO THE STATEMENTS OF REVENUES AND EXPENSES
FOR THE YEAR ENDED JUNE 30, 2017**

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 \$10,000 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 acquisition 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 DEBT**Knoxville**

Long-term debt activity related to athletic department assets, for the year ended June 30, 2017, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Long-term debt:				
Bonds	\$144,785,062.11	\$ -	\$11,841,728.15	\$132,943,333.96
Unamortized bond premium	5,674,660.72	-	472,888.39	5,201,772.33
Revolving credit facility	1,480,476.83	3,241,210.99	-	4,721,687.82
Total TSSBA indebtedness	\$151,940,199.66	\$3,241,210.99	\$12,314,616.54	\$142,866,794.11

**THE UNIVERSITY OF TENNESSEE
INTERCOLLEGIATE ATHLETIC DEPARTMENTS
NOTES TO THE STATEMENTS OF REVENUES AND EXPENSES (CONT.)
FOR THE YEAR ENDED JUNE 30, 2017**

Debt service requirements to maturity for bonds payable at June 30, 2017, for athletic related debt, are as follows:

Year ending June 30	<u>Principal</u>	<u>Interest</u>
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	6,163,689.91	4,650,378.94
2022	6,428,223.92	4,341,472.28
2023-2027	36,633,339.54	16,821,785.92
2028-2032	31,138,622.59	8,544,982.16
2033-2037	19,380,854.19	2,738,490.81
2038-2040	<u>3,155,000.00</u>	<u>255,680.00</u>
	<u>\$141,392,157.05</u>	<u>\$54,439,693.85</u>
Less:		
Debt service reserve fund	(8,156,362.43)	
Unspent bond proceeds	<u>(292,460.66)</u>	
TSSBA debt - bonds	<u>\$132,943,333.96</u>	

Chattanooga

Long-term debt activity related to athletic department assets, for the year ended June 30, 2017, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Long-term debt:				
Bonds	\$1,627,931.00	\$ -	\$118,397.00	\$1,509,534.00
Total TSSBA indebtedness	<u>\$1,627,931.00</u>	<u>\$ -</u>	<u>\$118,397.00</u>	<u>\$1,509,534.00</u>

Debt service requirements to maturity for bonds payable at June 30, 2017, for athletic related debt, 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, 2017**

Year ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 120,111.00	\$ 41,584.61
2019	121,880.00	39,402.70
2020	124,976.00	36,902.51
2021	128,886.00	33,873.85
2022	131,827.00	30,627.59
2023-2027	722,539.00	93,337.50
2028	<u>159,315.00</u>	<u>4,156.92</u>
	<u>\$1,509,534.00</u>	<u>\$279,885.68</u>

Martin

Long-term debt activity related to athletic department assets, for the year ended June 30, 2017, was as follows:

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	Ending <u>Balance</u>
Long-term debt:				
Bonds	\$3,174,135.28	\$1,562,489.83	\$132,842.73	\$4,603,782.38
Commercial paper	-	970,000.00	-	970,000.00
Total TSSBA indebtedness	<u>\$3,174,135.28</u>	<u>\$2,532,489.83</u>	<u>\$132,842.73</u>	<u>\$5,573,782.38</u>

Debt service requirements to maturity for bonds payable at June 30, 2017, for athletic related debt, are as follows:

Year ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 136,253.75	\$ 182,247.07
2019	140,084.27	178,102.72
2020	144,615.82	173,550.84
2021	148,874.37	169,028.60
2022	152,509.43	165,045.22
2023-2027	852,802.98	733,782.92
2028-2032	1,043,935.88	540,058.79
2033-2037	642,078.43	350,958.88
2038-2042	786,470.59	202,418.59
2043-2045	<u>556,156.86</u>	<u>35,731.44</u>

**THE UNIVERSITY OF TENNESSEE
INTERCOLLEGIATE ATHLETIC DEPARTMENTS
NOTES TO THE STATEMENTS OF REVENUES AND EXPENSES (CONT.)
FOR THE YEAR ENDED JUNE 30, 2017**

\$4,603,782.38\$2,730,925.07**NOTE 3. CONTRIBUTIONS**

No single donor or small group of donors gave more than 10% of the reported contributions at the University of Tennessee at Knoxville campus or at the University of Tennessee at Chattanooga campus. At the University of Tennessee at Martin campus, \$208,908 of the reported contributions (33%) were from the estate of a single donor.

NOTE 4. FOUNDATION REVENUES AND EXPENSES

University of Tennessee Foundation revenues and expenses for or on-behalf of the University of Tennessee at Knoxville athletic department are shown below. They are included in the university's statement of revenues and expenses for intercollegiate athletics.

Category	Totals
Revenues:	
Contributions	\$387,315.00
Total revenues	\$387,315.00
Expenses:	
Direct overhead and administrative expenses	\$ 69,490.00
Medical expenses and medical insurance premiums for student athletes	3,995.00
Other operating expenses	313,830.00
Total expenses	\$387,315.00

**The University of Tennessee at Knoxville
Supplementary Information
Analysis of Current to Prior-Year Expenses**

	2017	2016	\$ Difference	% Difference
	Actual	Actual		
Operating revenues:				
Ticket sales	\$ 36,781,724	\$ 36,844,478	\$ (62,754)	-0.2%
Contributions	33,455,709	32,740,040	715,669	2.2%
Media rights	32,065,693	29,765,502	2,300,191	7.7%
Royalties, licensing, advertisements, and sponsorships	14,902,218	14,536,065	366,153	2.5%
10% of Revenues	\$ 14,565,319			
Operating expenses:				
Athletic student aid	\$ 13,956,360	\$ 13,695,302	\$ 261,058	1.9%
Coaching salaries, benefits, and bonuses paid by the university and related entities	20,832,052	19,927,317	904,735	4.5%
Support staff/administrative compensation, benefits, and bonuses paid by the university and related entities	23,081,998	21,793,386	1,288,612	5.9%
Athletic facilities, debt service, leases, and rental fees	19,851,117	19,145,698	705,419	3.7%
Direct overhead and administrative expenses	14,203,019	12,010,969	2,192,050	18.3% (1)
10% of Expenses	\$ 13,488,023			

- (1) Increase in direct overhead and administrative expenses is due to a variety of items including, but not limited to, the following:
- a. overall department utilities costs increased from \$3,356,580 to \$3,604,531 (\$247,951) and;
 - b. several facility related expenses increased such as:
 - Arena Support - \$357,000 increase was mainly due to a necessary one-time purchase of a new chiller unit.
 - Neyland Stadium - \$200,000 increase related to custodial services and facility services expenses (i.e. clean up area expanded for the 2016 season).
 - Turf Management - \$433,362 increase was due to the timing of annual resodding of Neyland Stadium football field and outdoor football practice fields taking place twice in the same fiscal year (i.e., resodding occurred in July 2016 and June 2017).
 - Track and Field - \$215,339 increase related to the investment in facility supplies, equipment, and other general operating expenses for new track and field complex.
 - Other Facilities - \$165,698 increase was due to the purchase of new stadium turf grow lights.

**The University of Tennessee at Chattanooga
Supplementary Information
Analysis of Current to Prior-Year Expenses**

	<u>2017</u> <u>Actual</u>	<u>2016</u> <u>Actual</u>	<u>\$ Difference</u>	<u>% Difference</u>	
Operating revenues:					
Student fees	\$ 4,477,571.14	\$ 4,549,280.51	\$ (71,709.37)	-1.6%	
Direct institutional support	7,896,740.98	7,424,638.22	472,102.76	6.4%	
10% of Revenues	\$ 1,780,406.68				
Operating expenses:					
Athletic student aid	\$ 5,033,957.62	\$ 4,931,728.16	\$ 102,229.46	2.1%	
Coaching salaries, benefits, and bonuses paid by the university and related entities	4,161,365.63	3,772,324.98	389,040.65	10.3%	(1)
Support staff/administrative compensation, benefits, and bonuses paid by the university and related entities	3,168,073.63	2,906,429.51	261,644.12	9.0%	
10% of Expenses	\$ 1,780,406.68				

(1) The reason for the increase in coaching salaries and benefits from 2016 to 2017 was due to the high coaching turnover in 2017. Multiple sports had the head coach leave, along with their assistant coaches. The main sports driving the cost increase were football and men's basketball. The majority of the expense increases came from (1) hiring new coaches and assistant coaches with higher salaries; (2) new coaches' taxable housing allowances; and (3) annual leave payouts to coaches and assistant coaches that left.

The University of Tennessee at Martin
Supplementary Information
Analysis of Current to Prior-Year Expenses

	<u>2017</u> <u>Actual</u>	<u>2016</u> <u>Actual</u>	<u>\$ Difference</u>	<u>% Difference</u>
Operating revenues:				
Student fees	\$ 2,148,450.04	\$ 2,206,752.24	\$ (58,302.20)	-2.6%
Direct institutional support	5,760,022.15	5,343,793.60	416,228.55	7.8%
Guarantees	1,448,500.00	1,409,300.00	39,200.00	2.8%
10% of Revenues	\$ 1,096,098.11			
Operating expenses:				
Athletic student aid	\$ 3,918,060.11	\$ 3,888,552.73	\$ 29,507.38	0.8%
Coaching salaries, benefits, and bonuses paid by the university and related entities	2,520,368.72	2,494,843.68	25,525.04	1.0%
Support staff/administrative compensation, benefits, and bonuses paid by the university and related entities	1,364,621.73	1,494,888.75	(130,267.02)	-8.7%
10% of Expenses	\$ 1,096,098.11			



*Office of Audit
and Compliance*

2017 REPORT OF ACCOMPLISHMENTS



INFORMATION
TECHNOLOGY

COMPLIANCE

INTERNAL
AUDITS

SERVICE
AND TRAINING

INVESTIGATIONS

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Office of Audit and Compliance Mission, Values, and Vision Statements

Mission

Audit and Compliance helps the University achieve its mission by providing objective and independent evaluations to reduce risk and improve operations.

Values

- **Integrity**—We exhibit fairness, honesty, and ethical behavior in our service to the University.
- **Objectivity**—We 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**—We provide accurate reports and timely, feasible, and relevant recommendations.
- **Community**—We collaborate with colleagues and clients to provide services that improve the University’s effectiveness and efficiency.
- **Visionary**—We 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.

1.2 Chief Audit and Compliance Officer's Message



Chief Audit and Compliance Officer's Message

To the Audit and Compliance Committee of the University of Tennessee Board of Trustees:

For the Office of Audit and Compliance, 2017 was focused on adapting and enhancing our productivity to benefit all stakeholders.

Hardworking team members implemented data analytics software, and the internal audit team members received training so that we could immediately begin using the software for audit engagements. Our goals include using data analytics techniques to streamline our reviews and provide better information to our clients. We were able to achieve that goal for several projects this year.

We also redesigned the follow-up reporting process to apprise executive management and the trustees of the most significant outstanding audit issues. The impact of this new process is shown in the number of issues addressed by management and the risks mitigated during the year.

1.2 Chief Audit and Compliance Officer's Message

OAC continued to promote an ethical environment by increasing awareness of UT's Code of Conduct. We worked with other offices to promote the Code and the Compliance Hotline on websites across the UT System. The hotline received 28 calls in 2017, 14 of which were reviewed by the internal audit team, 7 were forwarded to Human Resources, 6 to a responsible compliance officer, and 1 had insufficient information to open a review.

Our office helped the University implement enterprise risk management (ERM) to align with the Committee of Sponsoring Organizations of the Treadway Commission's (COSO) ERM framework and the Standards for Internal Control in the Federal Government (known as the Green Book), as required by updated state guidance. We met our goals to develop a methodology and a plan for future years to assist the University in better decision making.

We also worked closely with system administration to implement the independent Title IX Commission's recommendations. During the last six months of the year, systemwide Title IX efforts and accomplishments included establishing a communications website, launching training for system leadership and the Audit and Compliance Committee, and conducting on-campus Title IX reviews.

These are just a few of the 2017 highlights. More information on OAC's accomplishments are detailed in this report. I have the privilege of working with a dedicated team of world-class professionals, and the positive impacts of the team's work are demonstrated in this report.

OAC greatly appreciates the support received from the Audit and Compliance Committee and University management as we conduct our work, and I personally appreciate management's and the committee's commitment to an ethical environment at the University of Tennessee.



Sandy S. Jansen, CIA, CCSA, CRMA
Chief Audit and Compliance Officer

1.3 Overview of Audit and Compliance



Overview 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 compliance. Two divisions operate within the internal audit function: audit and information technology and security assessment, and two divisions operate within the compliance function: institutional compliance and Title IX. (Appendix A is the University's and the office's organizational charts.)

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.

1.3 Overview of Audit and Compliance

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.



This year we worked closely with system administration to implement the independent Title IX Commission's recommendations and conduct a nationwide search for a System Title IX coordinator.

Internal control

The nature of this work is to identify significant internal control weaknesses in departmental and functional financial and business operations and to 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.

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 IT 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 recur. These matters are referred to the state comptroller's office for review and possible referral for criminal prosecution.

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.

1.3 Overview of Audit and Compliance

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.



Our office helped UT implement enterprise risk management to align with industry standards and updated state guidance.

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.

Institutional Compliance

The mission of the Office of Institutional Compliance, a function within OAC, is to serve and safeguard the University community from regulatory risks and to promote a cultural environment of high ethical standards, specifically:

- Identify compliance risk faced by the University community.
- Promote an awareness of compliance risks and the objectives of our compliance activities through communicating with and educating the University community.
- Develop innovative and effective ways to mitigate compliance risk through collaboration with the University community.

1.3 Overview of Audit and Compliance

Institutional Compliance 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 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.

Title IX

Since Title IX was signed into law in 1972, the UT System campuses and institutes have built systems, policies, and processes to comply with it. In September 2016, President Joe DiPietro appointed a special independent commission to review and address Title IX compliance across the UT System. The commission's work helped UT lay the groundwork for a systemwide Title IX Commitment. As a result, the University established a systemwide Title IX coordinator and presence, whose work is part of OAC's compliance function.

OAC Staffing

Audit and Compliance staff consists of 20 audit and compliance professionals located across the state, one Title IX coordinator, and 2 support staff members. (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.

Staff completed 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 60 for detailed information.



The monthly monitoring of procurement card transactions focused on specific high-risk and -volume vendors. No fraudulent transactions were identified. In fall 2017, OAC implemented an automated means of examining procurement card activity, with testing efficiencies expected in 2018.

2.1 OAC's 2017 Audit Projects



OAC's 2017 Audit Projects

The Office of Audit and Compliance completed over 60 engagements, including audits required by statute, administrative policy, or other requirements; departmental operations audits and other risk-based projects; projects in progress from 2016; and investigations.

One significant project was conducted after fraudulent updates occurred to vendor bank accounts. We reviewed processes and internal controls to assess the adequacy of new processes implemented. Although some process modifications were made, stricter controls for vendor record management is needed. We will continue to monitor this risk area.

OAC completed audits for the offices of the UT president, the Knoxville chancellor, the chancellor of the UT Institute of Agriculture, and the UTHSC, UTC, and UTM chancellors 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. Because of the number of changes in these

2.1 OAC's 2017 Audit Projects

offices in 2017, we provided 100 percent coverage. This work continues to provide assurance to the Board that UT leaders are not abusing their authority when traveling or entertaining.

In addition to the required chief executive audits, we conducted an audit of the performance-based variable compensation plan for UT officers as requested by the vice chair of the Board of Trustees and Audit and Compliance Committee. This work provided assurance to the Board before they approved the plan and provided management with recommendations to strengthen the process.

Numerous information technology (IT) audits were conducted this year. We completed the follow-up work for the IT security posture assessment, assessments of Health Insurance Portability and Accountability Act (HIPAA) compliance program, audits of ACH data security controls, reviews of PCI compliance, and audits focusing on departmental security and protecting sensitive information. This work continues to emphasize the importance of maturing the University's IT security posture and IT processes, assists management in implementing effective security measures and controls, and keeps the Audit and Compliance Committee informed of UT's progress in this critical area.

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.



An audit of Student Affairs and Enrollment Services at the UT Health Science Center determined student residency classification was recorded accurately and institutional financial aid was awarded in compliance with specified criteria through an effective process.

Internal Audits

UT System

Performance-Based Variable Compensation Plan

This audit was requested by the UT Board of Trustees and included an examination of the plan values for the fiscal year ended June 30, 2016, as well as the spreadsheet created by the Office of Institutional Research to establish the compensation. The audit objectives were to verify that the values used for each goal corresponded to supporting data and to determine whether the spreadsheet contained data entry or calculation errors. Auditors provided findings to be addressed by Institutional Research, the Office of the President, and the Board before the report was issued. The report provides additional observations for further consideration and implementation, including ensuring consistency in data, data collection, calculations, and spreadsheet formatting, among others.

Performance Incentive Payment Plan

This audit was requested by the UT Board of Trustees and included an examination of the plan's base year values for the fiscal year ended June 30, 2016, presented to the Board for approval in October 2016, as well as the spreadsheets used to establish the base year data. The audit objectives were to verify that the base year values used for each goal corresponded to supporting data and to determine whether the spreadsheets used to establish the data contained data entry or calculation errors. Auditors provided findings to be addressed by Institutional Research, the Office of the President, and the Board before the report was issued. The report provides additional observations for further consideration and implementation, including the implementation of quality controls measures and spreadsheet version controls, among others.

2.1.1 Internal Audits

Complete College Tennessee Act

The audit objectives were to determine if degrees awarded, student credit hours, and research and public service expenditures reported by the UT System to the Tennessee Higher Education Commission, as required by the Complete College Tennessee Act, were accurate and supported by University records. The reported data accurately reflected the University's records.

Contract Payment Monitoring

The audit objective was to assess internal controls for payments made to vendors when a contract or purchase order (PO) is in effect. Inconsistencies were found across University campuses and departments in monitoring payments made against contracts and POs, resulting in overpayment of approximately \$64,000 for the invoices examined. Also, weaknesses were noted in contract management and documentation of price lists and vendor discounts. Recommendations were provided for strengthening controls for managing contracts and POs and monitoring vendor payments.

UT Press

The audit objective was to assess internal controls in the procurement card expenditure, cash receipting, and bookkeeping processes for September 1, 2015, to August 31, 2016. Auditors found control weaknesses in several areas reviewed, the most significant being revenue reconciliation, separation of duties, cash receipting, and approval of departmental ledgers. Recommendations were provided to help strengthen the effectiveness of these controls.

UT Charter Aircraft

The audit objectives were to determine if UT charter flights are requested and approved in accordance with University policies and whether the UT plane and charter aircraft are being used in the most cost-effective manner. For December 2014 through December 2015, auditors found charter flights for Athletics were not coordinated through UT Flight Operations as required by policy and provided recommendations to achieve potential cost savings, specifically to coordinate all flights through Flight Operations and designate a responsible official at each campus and institute and assign duties and responsibilities as directed by policy.

2.1.1 Internal Audits

Annual Procurement Card Summary

The audit scope included all procurement card expenditures (108,000 transactions totaling over \$32 million and approximately 1,800 cardholders) for the University System for October 2016 through July 2017. In 2016, several fraudulent purchases were identified from commonly used vendors. As a result, the monthly monitoring in 2017 focused on specific high-risk and -volume vendors. No fraudulent transactions were identified. Additionally, few violations of UT policy were noted. In fall 2017, OAC implemented an automated means for examining procurement card activity, with testing efficiencies expected in 2018.

UT System Administration**Office of the President**

The audit scope included travel, entertainment, procurement card, equipment, payroll, and other expenses for fiscal year 2017. 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.

Leave Reporting

The audit objective was to assess departmental compliance with University policy for tracking and reporting exempt employees' annual and sick leave in UT System Administration departments. An additional objective was to determine if adequate departmental guidelines exist for allowing employees to telecommute. Most departments reviewed have adequate procedures for tracking and reporting leave. Auditors noted a control deficiency in departments using the IRIS Employee Self-Service Leave Request program and deficiencies in departmental guidelines for telecommuting. Recommendations for strengthening these controls were provided.

Vendor Management

The audit was conducted after fraudulent vendor Automated Clearing House (ACH) bank account updates occurred, resulting in payments totaling \$4,154,526.53 to fraudulent accounts (all but \$36,615.38 of the fraudulent payments were recovered at the time of the report). The audit

2.1.1 Internal Audits

objectives were to ascertain the processes and internal controls in place when the fraudulent charges occurred and to assess the adequacy of new processes implemented to strengthen the controls. Although some process modifications were implemented, they do not fully address the control deficiencies that led to the \$4,154,526.53 paid to fraudulent accounts. Recommendations for strengthening controls were provided. While creating stricter controls for vendor record management is needed, the best long-term solution is to implement a vendor portal.

UT Knoxville

Office of the Chancellor

The audit scope included travel, entertainment, equipment, payroll, and other expenses for fiscal year 2017. 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.

Undergraduate Admissions

The audit objective was to assess internal controls for departmental invoices, ledgers, money received, payroll reports, procurement card expenditures, and travel reports for October 1, 2015, to September 30, 2016. The department has established effective controls for the processes reviewed, except controls for payroll check registers were either not in place or not always working effectively. Recommendations were provided to help strengthen the effectiveness of the controls.

Athletics

The audit objective was to assess internal controls for contracts, payroll, petty cash, procurement cards, invoices, ledger reconciliation and approval, and travel processes. Processes and controls could be enhanced to better detect fraudulent activity or errors. Recommendations were provided to help strengthen the effectiveness of these controls, specifically contract management, check register approval, petty cash and ledger reconciliation, sensitive minor equipment purchases with petty cash, procurement card documentation and review, and prompt payment of invoices, among others. Management began additional corrective actions during the audit.

2.1.1 Internal Audits

Parking and Transit Services

The audit objective was to assess internal controls for procurement card expenditures, invoices, travel, departmental ledgers, payroll, and parking permit inventory. The department has established effective controls for invoices and travel; however, controls for procurement card expenditures, ledgers, payroll reports, and permit inventory were either not in place or were ineffective. Recommendations were provided to strengthen these controls, specifically to attribute purchases to the correct expense code, adhere to UT procurement card spending limits, update inventory records, reconcile and approve ledgers, ensure payroll records are accurate and approved, and perform surprise permit inventory counts, among others.

UT Police Department (UTPD)

The audit objective was to determine if controls were in place to safeguard evidence and lost and found items in UTPD's possession. Auditors judgmentally selected a sample of 100 high-risk items from evidence and lost and found inventory (money, precious metals, jewelry, firearms, and drugs). UTPD has good controls for evidence and lost and found property. The department could enhance its documentation of unclaimed property disposition. Recommendations were provided to help strengthen the processes, specifically to identify property owners and document the efforts, receipt donated items, and retain cash/property for departmental use.

WUOT-FM Radio

OAC assisted external auditors in the annual financial audit of UT Knoxville's public radio station, WUOT-FM, for the year ended June 30, 2016, with comparative information presented for fiscal year ended June 30, 2015, for the report submitted to the Corporation for Public Broadcasting (CPB). This audit is required by the CPB and was included in the annual audit plan. The financial statements present fairly, in all material respects, the financial position of the station as of June 30, 2016 and 2015, and the changes in its net position and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Year-End—VolShop

For each year-end closing, OAC observes the physical inventory of the UT Knoxville bookstore, VolShop (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

2.1.1 Internal Audits

balance is important for determining the bookstore's annual financial performance. No significant discrepancies were noted in VolShop's 2017 physical inventory, valued at \$3,435,014.71. The dollar value of this year's inventory is 14.64 percent more than the fiscal year 2016 inventory. The director stated many factors led to reduced sales, such as Nike merchandise (for the upcoming athletics seasons) purchased before the year end, adding \$600,000 of inventory, along with construction on and around campus, which blocked entrances and limited access to stores and caused a decrease in sales. The explanations were deemed reasonable and appropriate. The VolShop is taking steps to address inventory control.

UT Chattanooga

Office of the Chancellor

The audit scope included travel, entertainment, equipment, payroll, procurement card, and other expenses for fiscal year 2017. 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.

Student Fee Opt-In Process

The audit objective was to assess UT Chattanooga's compliance with the opt-in process for the student programs and services fee (SPSF) as mandated by the UT Board of Trustees on June 19, 2014. Auditors reviewed controls that assure SPSF assessments are accurate and correctly recorded, students are provided the information required by policy, and procedures for decisions using SPSF funds are in place. UTC's student opt-in process was found to be in compliance with University policy, except in two areas. The Office of Budget and Finance should make the appropriate budget revisions for the 2015 and 2016 summer semesters. Also, UTC did not inform students in writing of the possible controversial or objectionable nature of student-organized programming as required by policy. Budget and Finance made the appropriate budget revisions, and the Office of the Dean of Students included the required information on the UTC website.

2.1.1 Internal Audits

Club Sports

The audit objective was to determine if adequate internal controls are in place and functioning for the UTC Club Sports program for fiscal year 2016. Club Sports has established effective controls, except in accounting for sports clubs, using outside checking accounts for third-party funds, and training advisors. Recommendations were provided to help strengthen the effectiveness of the controls.

Modern and Classical Languages

The audit objective was to assess internal controls for procurement card expenditures, departmental ledgers, leave reporting, and equipment inventory. Modern and Classical Languages has established effective controls for leave reporting and equipment inventory; however, controls for procurement card expenditures, payroll check registers, and ledgers were either not in place or were ineffective. Recommendations were provided to strengthen these controls, specifically to review and approve procurement card statements, reconcile and approve monthly ledgers, and reconcile check registers.

Center for Professional Education

The audit objectives were to assess internal controls for the cash receipting process and to determine compliance with related University policies and procedures. The center has effective internal controls for the cash receipting process and is in compliance with related University policies and procedures.

Disability Resource Center

The audit objectives were to review two questionable transactions made with the University procurement card assigned to the director of the Disability Resource Center and to assess controls in departmental operations. The transactions were identified during the monthly monitoring of UT System procurement card transactions for December 2016. The administrative assistant admitted altering receipts to temporarily repair a purchasing mistake but stated she did not intend to defraud the University. Disciplinary action will be taken. The department does not have effective controls to mitigate the risk of inappropriate purchases with procurement cards. Recommendations were provided to help strengthen the controls, specifically to separate the duties of cardholder and verifier, ensure the approver has sufficient knowledge of departmental operations, maintain adequate receipts, and ensure monthly approval of statements.

2.1.1 Internal Audits

WUTC-FM Radio

OAC assisted external auditors in the annual financial audit of UT Chattanooga's public radio station, WUTC-FM, for the year ended June 30, 2016, with comparative information presented for fiscal year ended June 30, 2015, for the report submitted to the Corporation for Public Broadcasting. This audit is required by the CPB and was included in the annual audit plan. The financial statements present fairly, in all material respects, the financial position of the station as of June 30, 2016 and 2015, and the changes in its net position and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

UT Martin

Office of the Chancellor

The audit scope included travel, entertainment, equipment, payroll, procurement card, and other expenses for fiscal year 2017. 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.

Office of Undergraduate Admissions

The audit objectives were to assess internal controls for invoices, travel expenditures and management, contracts, ledger reconciliation, strategic plan, application processing, counselor communication, and student recruiting and to assess the office's operational and strategic practices. The office has established effective controls, except as noted in the findings. Recommendations were provided to strengthen these controls and practices, specifically reconciling accounts receivable and documenting the student application process.

NCAA Special Assistance Fund

The audit was performed to determine adherence to the NCAA Special Assistance Fund guidelines and to evaluate the adequacy and effectiveness of expenditure controls for the fund for fiscal year 2017. The audit is required annually by the Ohio Valley Conference. Auditors found the use of the fund complied with NCAA guidelines.

UT Health Science Center

Office of the Chancellor

The audit scope included travel, entertainment, equipment, payroll, and other expenses for fiscal year 2017. 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.

Molecular Resource Center (MRC)

The audit objective was to determine whether internal controls and standard operating procedures have been established in the MRC to ensure appropriate accounting for grants received regarding billing for services. Auditors reviewed these items for fiscal year 2016. The audit was included on the 2016 audit plan because of a 2015 compliance investigation in which the MRC prepaid charges in prior years totaling \$65,120 to a federal grant for services that were not yet performed and not within the grant period. The MRC has an ineffective system of internal controls and procedures regarding billing for services, which could result in undetected fraudulent activity. Recommendations were made to help strengthen the effectiveness of controls, specifically to separate departmental financial duties, reconcile billed services, and document procedures on business operations.

Pathology and Laboratory Medicine

The audit objective was to assess internal controls for invoices, ledgers, payroll, and equipment inventory for January 1 to December 31, 2016. The department has established effective controls for the areas reviewed, except in documenting approvals for ledgers and payroll check registers and recording equipment inventory. Recommendations were provided to help strengthen the effectiveness of the controls.

Student Affairs and Enrollment Services

The audit objectives were to determine if student residency classification managed by the Office of Student Affairs and Enrollment Services was recorded accurately and if institutional financial aid was awarded in compliance with specified criteria through an effective selection process for the fall 2015, spring 2016, and summer 2016 terms in the Colleges of Medicine, Nursing, Pharmacy, and Dentistry. Student residency classification was recorded accurately, and institutional financial aid was awarded in compliance with specified criteria through an effective process.

2.1.1 Internal Audits

Health Informatics and Information Management

The audit objective was to assess internal controls for invoices, ledgers, payroll, travel reimbursements, annual leave reporting, and equipment inventory. The department has established effective controls, except as mentioned in the findings. Recommendations were provided to help strengthen the effectiveness of these controls, specifically documenting reconciliations and approvals and recording equipment inventory.

Occupational Therapy

The audit objective was to assess internal controls for departmental invoices and ledgers in Occupational Therapy. The department has established effective controls for invoices and the approval and reconciliation of ledgers.

UT Institute of Agriculture

Office of the Chancellor

The audit scope included travel, entertainment, equipment, payroll, procurement card, and other expenses for fiscal year 2017. 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 with one exception. Auditors recommended strengthening entertainment procedures.

Center for Agriculture Food Security and Preparedness (CAFSP)

The first audit objective was to determine whether internal procedures align with the CAFSP policy manual regarding certificate terms of validity, accommodations for candidates with disabilities, reviews conducted by the director or associate director, records retention for course materials, and course development, assessment, and pilot processes. CAFSP was found to be in compliance with internal policies. The second objective was to determine whether allegations of nepotism could be substantiated. Allegations were received that the director hired her husband through a subcontract with New Mexico State University (NMSU)

2.1.1 Internal Audits

and employed her children as student assistants in CAFSP. Auditors confirmed that the director's spouse was paid nine times by NMSU and two of her children had worked in CAFSP as student assistants. In May 2016, the dean directed her to discontinue the employment arrangements, and employment was discontinued at that time.

Forestry, Wildlife, and Fisheries

The audit objective was to assess the internal controls regarding compliance with grant provisions, sponsor requirements, federal Uniform Guidance, and University policies and procedures. Expenditures, cost transfers, payroll processes, effort reporting, ledgers, and procurement card transactions were examined for 2016. The sponsored projects reviewed were managed in compliance with applicable federal regulations and UT policies and had effective internal controls, except as noted in the findings. Recommendations were made to develop processes and written procedures to ensure better accountability for sponsored project funds.



IT auditors reviewed policies and procedures for processing credit and debit cards, online payments, or using a point-of-sale system in 16 departments on the Knoxville, Health Science Center, Chattanooga, Martin, and Agriculture campuses. No weaknesses were identified.

Information Technology

UT System

PCI Program Management

The audit objective was to determine if the PCI program for the UT System provides proper oversight of PCI components as defined in University Policy F10311 and PCI Data Security Standard (DSS) requirements. Auditors found a good program exists to support University policies and the PCI DSS. Recommendations were made to strengthen the existing program and provide better support systemwide, specifically training on changes to the PCI DSS and approving the incident response plan.

HIPAA Compliance Management

The audit objective was to determine if the required compliance oversight and monitoring are in place for UT's health care components as defined in University policy and according to HIPAA Privacy and Security Rule administration requirements. HIPAA compliance oversight and monitoring exist at the UT Health Science Center, but a compliance plan is not formalized or implemented systemwide. A plan is being developed. Auditors recommended strengthening compliance oversight and monitoring and facilitating its expansion systemwide. They also proposed discussing a centralized privacy and security function to more effectively and efficiently address privacy and data security in the UT System.

Treasurer's Office—ACH Data Security Controls

The audit objective was to assess the data security practices and procedures for Automated Clearing House (ACH) data security controls as required by National Automated Clearing House Association rules for debit web-initiated entry transactions. First Tennessee Bank requires this audit of ACH customers. Recommendations were provided to improve the security of ACH information management, which can be applied to the treasurer's office's other financial data operations (e.g., wire transfers).

Credit Card Procedures

Policies and procedures were reviewed for processing credit and debit cards, online payments, or using a point-of-sale system for the Office of the President and Information Technology Services. No weaknesses were identified in the policies and procedures.

UT System Administration

Phishing Security Controls

The audit objective was to examine the implementation and effectiveness of security controls meant to lessen the success and impact of phishing attacks. UT System Administration relies on controls provided by the Knoxville campus IT group for network-based phishing protection, but workstation and training controls need improvement. Recommendations were made to mitigate workstation vulnerability and threat, restrict workstation administrative access, and monitor phishing training effectiveness.

UT Knoxville

Tickle College of Engineering

The audit objectives were to determine whether information technology (IT) security program, policies, and procedures are in place and operating effectively and in accordance with compliance requirements and best practice standards, particularly regarding protecting sensitive information. While some departments have good security controls in place, the college would benefit from a security management program plan. The plan would provide a risk-based approach to security and allow appropriate controls to be applied effectively and consistently. College administrators would have more insight into the security risk status, allowing better oversight of this important area. Recommendations were made to address the elements of an adequately documented security management program plan.

2.1.2 Information Technology

VolShop PCI Compliance

The audit objective was to assess Payment Card Industry (PCI) compliance for the VolShop by reviewing the information on the PCI self-assessment questionnaires (SAQ) to determine if it is correct and current. The VolShop completed most of the SAQ questions correctly. Recommendations were made to help ensure PCI compliance, specifically to perform scans of all devices in the PCI network, approve the security plan, and identify, track, and inspect point of interaction (POI) devices.

Credit Card Procedures

Policies and procedures were reviewed for processing credit and debit cards, online payments, or using a point-of-sale system for the Office of the Chancellor; English; Ecology and Evolutionary Biology; Industrial and Systems Engineering; VolCard Office; Athletics Ticketing; Retail, Hospitality, and Tourism Management. No weaknesses were identified in the policies and procedures.

UT Chattanooga

Student Health Services—HIPAA Security

A HIPAA security audit was scheduled as part of Audit and Compliance's 2017 audit plan. Because Student Health Services does not bill insurance or transmit any covered transactions electronically, a HIPAA security audit was not required.

UT Martin

Credit Card Procedures

Policies and procedures were reviewed for processing credit and debit cards, online payments, or using a point-of-sale system for Educational Outreach and Athletics Administration at UT Martin. No weaknesses were identified in the policies and procedures.

UT Health Science Center

Dental Clinic—HIPAA Security

The audit objective was to determine whether the Dental Clinic is mitigating the threats identified by the US Department of Health and Human Services as contributing to the most breaches of electronic protected health information (e-PHI). The clinic was found to be in compliance with HIPAA requirements for safeguarding e-PHI.

Credit Card Procedures

Policies and procedures were reviewed for processing credit and debit cards, online payments, or using a point-of-sale system for Physical Therapy; Genetics, Genomics, and Informatics; Office of the Executive Vice Chancellor; and Bursar's Office at the UT Health Science Center. No weaknesses were identified in the policies and procedures.

UT Institute of Agriculture

Credit Card Procedures

Policies and procedures were reviewed for processing credit and debit cards, online payments, or using a point-of-sale system for the Institute of Agriculture. No weaknesses were identified in the policies and procedures.

Investigations

UT System

Reimbursements and Purchasing Procedures

Allegations of questionable reimbursements and purchasing procedures at the University of Tennessee Foundation, Inc. (UTFI) were made via the state hotline. It was alleged that personal travel expenses were reimbursed to the UTFI vice chancellor for development during a trip to the Outback Bowl in January 2016 and that UTFI expenses and purchases were not approved appropriately. The allegations were unsubstantiated, and no further investigation is warranted.

UT Knoxville

Facilities Services

The review was performed in response to an anonymous allegation that Electrical Services employees who work a shift of at least 16 hours receive 4 hours of additional supervisor-approved paid time off, reflected as regular time off in payroll records. Auditors determined the allegation is true. The unwritten internal practice began after the winter of 2014 as an incentive program for employees who were often expected to work long shifts during inclement weather and was implemented without official University approval. The practice was discontinued before the report was issued.

McClung Museum

The review was performed after information was received from the University of Florida that W. Graham Arader (Arader Galleries) charged excessively for art purchases. Because the McClung Museum at UT Knoxville does business with Arader Galleries, auditors reviewed the business arrangement to determine its appropriateness and whether the art prices were excessive. They determined art prices offered

2.1.3 Investigations

by Arader Galleries were excessive compared to the other art vendors reviewed; however, the agreement with Mr. Arader specifies he will not only provide art, but will secure donors outside of the University's current donor base to provide funds to purchase the art, a factor that museum and campus officials find beneficial since UT provides no funding for acquisitions. Because of this benefit, auditors concluded that the decision to continue the business relationship with Mr. Arader is for campus officials to make. Recommendations were made to revise the contract, implement procedures for the museum to verify Mr. Arader's prices are reasonable and obtain approval from campus officials for certain purchases, and move responsibility for processing invoices for artwork purchases to the museum.

VolShop Petty Cash

The objectives were to determine if any potential shortages were the result of theft, fraud, or faulty recordkeeping and to assess the adequacy of procedures and controls over deposits of cash sales and petty cash vault counts. Auditors found no indication of theft or fraud, but the VolShop's cash handling procedures and controls need improvement. Recommendations are provided to help strengthen the effectiveness of the controls, specifically to refund merchandise sales, prepare daily cash register operating funds, work with consultants to ensure all bank card sales data is captured, correctly report Memphis branch store deposits, and provide proper cash register documentation.

Academic Enrichment Upward Bound Program

A review was requested of the Academic Enrichment Upward Bound (AEUB) program in the College Access and Persistence Services (CAPS) Outreach Center of the College of Education, Health, and Human Sciences. The objective was to determine whether the program was managed effectively regarding student eligibility for admission to the program and inclusion on performance reports submitted to the sponsor, awarding of stipends to students, and salary charges to the grant. The AEUB program has effective procedures for determining participant eligibility and inclusion on the Annual Performance Report, as well as for awarding stipends. Regarding salary charges to the grant, however, processes in the CAPS Center for recording and reporting time worked for hourly paid staff were not managed effectively. Recommendations concerned recording and reporting time worked, use of overtime, proper classification of employees to address this issue, and further strengthening the management of stipends.

2.1.3 Investigations

Chemical and Biomolecular Engineering

The review was performed after an allegation that an associate professor of Chemical Engineering inappropriately requested cash payments from visiting scholars for health insurance premiums and allegations of his academic misconduct (addressed by another office). Auditors noted instances of visiting scholars' insurance premiums funded by the professor's UT start-up account, including premiums paid on behalf of the complainant. The professor denied requesting cash payments from the complainant or other visiting scholars. Because the complainant had no evidence to support his claim of a cash payment to the professor, it could not be substantiated.

Tickle College of Engineering

The review was performed in response to allegations of nepotism involving two departments and a research center in the Tickle College of Engineering. Allegations of plagiarism were forwarded to the UT Knoxville research and engagement office, which determined no further inquiry or investigation was required. The nepotism allegations involved four married couples in the college. None of the spouses were responsible for directly conducting annual performance reviews for their partners. Because of many outstanding issues that require the input and consultation of the UT general counsel's office and administrators familiar with academic and research areas, auditors could not conclude whether the situations described in the complaint violated UT policy or state law. Although the college took actions to mitigate these conflicts, a committee should be created to further address and monitor potential conflicts with the policy and law regarding familial relationships.

UT Chattanooga

UTC Rowing

The review was performed in response to anonymous allegations to the state's fraud, waste, and abuse hotline concerning UTC Rowing team funds. Allegations were made that income statements for UTC Rowing were inaccurate. Auditors performed a reconciliation of the revenue and expenses for fiscal year 2016. Allegations of fraud were not substantiated; however, auditors confirmed the allegation of duplicate expense entries. Although reconciliations were being performed,

2.1.3 Investigations

additional controls are needed to ensure accurate calculations for revenue and expenses. Recommendations to strengthen controls for Rowing will be included in a separate audit of the UTC Club Sports program conducted as a part of the annual audit plan.

Bursar's Office

The review was performed in response to a cash shortage discovered in a routine cash count by management in the Bursar's Office. The objectives were to determine the reason for the shortage and to review cash control procedures for cashiers. Auditors determined the shortage of \$148.78 resulted from theft by one of the cashiers. Recommendations were provided to strengthen cash controls and seek restitution of the loss. The employee was terminated for gross misconduct.

UT Martin

International Programs and Admissions

The review was performed in response to allegations of potential cash fraud. Allegations were made that a former employee did not properly receipt cash payments from international students and provided cash refunds to selected students. Auditors could not determine whether fraud occurred but identified numerous control weaknesses. Because of the lack of internal controls, lack of cooperation from the former employee, incomplete documentation and records, and lack of financial oversight by the director, the potential missing funds could not be quantified. New policies and procedures are being implemented to address the identified issues. Cash processing was transferred to the bursar's office, and the student registration process was automated, which should help alleviate some of the weaknesses noted. Recommendations were made to develop procedures for monthly reconciliations, review and monitor ledger accounts, and ensure staff have the required knowledge, training, and skills to adequately perform their fiscal responsibilities.

Athletics

The interim vice chancellor for finance and administration requested a review of three dining hall meal invoices totaling \$26,178 for football pre-season training meals occurring in August 2016. The supporting

2.1.3 Investigations

documentation submitted with the invoices was questionable, and she was concerned that meals were purchased for Athletics staff family members without a business purpose. The objectives were to determine if documentation was sufficient to support payment of these invoices and if family member meals were purchased in violation of UT policy. Auditors determined meals were provided to student-athletes and staff in conjunction with training; however, detailed documentation was not available listing all of the individuals in attendance. Meals for staff family members were included in the charges. The staff members reimbursed the University. Control weaknesses were found in invoice processing. Recommendations were made to strengthen procedures and train all current and future Athletics staff on proper procedures and related UT policies.

UT Health Science Center

College of Dentistry

The review was performed in response to allegations of conflicts of interest, falsification of expenses, unethical conduct, and misrepresentation of course accreditation in the continuing education program. Allegations of compliance and academic matters and sexual harassment were referred to the appropriate offices. Auditors identified approximately \$60,495 of unpaid continuing education revenue owed to the college from the contractor in question. An additional \$98,537 was identified based on undocumented income and expenses from the same contractor, totaling \$159,032 due to UT. Conflicts of interest were identified for the contractor, and false advertising was provided for related continuing education courses. Control weaknesses were also found in UTHSC's continuing education and publications department. UTHSC management addressed some audit recommendations during the review. Further recommendations were made to seek payment for fees owed to the University and to strengthen controls in the continuing education and contracts departments.

Food Services Contract

The review was performed in response to an allegation concerning Sodexo, UTHSC's food services contractor. It was alleged that UTHSC was overcharged or not subsidized correctly for food services. The

2.1.3 Investigations

objectives were to determine whether the allegation was true and to determine the funds owed. The allegation was unsubstantiated, but an error was found where Sodexo owed UTHSC \$9,676.56. Although Sodexo credited the amount after confirming the mistake, it highlights a weakness in monitoring the contract. A recommendation was provided to strengthen controls. The contract with Sodexo was not renewed, and the recommended payments are being processed.

UT Institute of Agriculture

Scott County Extension Office

The objective was to review questionable purchases made on the UT procurement card assigned to the director of the Scott County Extension Office. The purchases were identified during routine monitoring of card transactions. The county director altered receipts submitted to the University to hide personal purchases totaling \$9,732.58. He was terminated for gross misconduct. Also, the individuals reviewing and approving the transactions were too removed from the county's activities to judge whether the falsified receipts were reasonable. Recommendations were provided to improve the security and appropriateness of procurement card expenditures.



Allegations of nepotism were investigated in two departments and a research center in UTK's Tickle College of Engineering. Although the college took actions to mitigate the conflicts noted, a committee should be created to further address and monitor potential conflicts with UT policy and law regarding familial relationships.

Follow-up Process

In accordance with internal auditing standards, the chief audit and compliance officer has established a follow-up process to monitor and ensure that management actions were implemented effectively, senior management accepted a level of risk acceptable to the University, or senior management and/or the Audit and Compliance Committee is aware of risks unacceptable to the University.

In 2017, OAC updated the reporting of follow-up processes to provide executive management and the UT Board of Trustees' Audit and Compliance Committee a better overview of outstanding audit issues. Coinciding with each committee meeting, two sets of reports are issued. The committee receives the Board Audit Issues report listing the open audit issues, as well as issues resolved since the last reporting cycle. This report includes high-risk issues. Executive management receives the Board Audit Issues report and the Management Audit Issues report. The second report includes medium-risk issues and keeps management apprised of open issues and those resolved since the last reporting cycle. Low-risk items are reported to departmental management and not included as part of the reporting to executive management.

Mitigating and Addressing Audit Issues

During 2017, management implemented plans to mitigate risks and address audit issues as identified in the tables below. Outstanding audit issues at the end of the year are also noted and will be monitored and reported on until implemented.

High-Risk Audit Issues

	Implemented	Outstanding
UT System	10	4
UT Knoxville	3	4
UT Chattanooga	1	0
UT Martin	1	0
UTHSC	2	1
UTIA	4	0
Total	21	9

Medium-Risk Audit Issues

	Implemented	Outstanding
UT System	6	5
UT Knoxville	28	38
UT Chattanooga	16	14
UT Martin	2	0
UTHSC	15	6
UTIA	13	5
Total	80	68

Plans for 2018

As illustrated in the table below, 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 18,000 hours.

2018 Allocation of Effort: Hours by Campus/ Institute

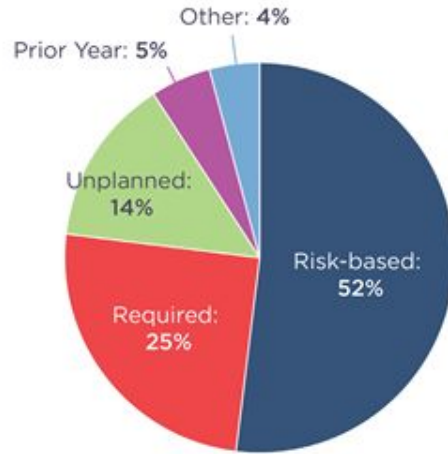
Campus/Institute	Number of Hours
UT System	7,645
UT System Administration	550
UT Knoxville	3,675
UT Chattanooga	1,870
UT Martin	1,060
UT Health Science Center	2,100
UT Institute of Agriculture	1,100
Total	18,000

The accompanying graph demonstrates how the audit plan is approached. OAC has budgeted 25 percent of hours for required audits (required by statute, administrative policy, or based on an agreement with management). We budgeted 5 percent of hours for audits in progress on January 1, 2018, from the prior calendar year, 52 percent for risk-based engagements from our annual risk assessment, and 18 percent for unscheduled projects and other value-added work, such as investigations, board and management requests, committee service, and special projects.

2.1.5 Plans for 2018

2018 Allocation of Effort: Hours by Activity

Activity Type	Number of Hours	Percentage of Total Hours
Risk-based	7,645 hours	52%
Required	550 hours	25%
Unplanned	3,675 hours	14%
Prior Year	1,870 hours	5%
Other	1,060 hours	4%



2018 Areas of Focus

Focus Category	Percentage of Total Hours
Controls	39%
Fraud Prevention and Detection	24%
Information Technology	16%
Compliance	10%
Other	11%



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.

Goal 1. Promote an ethical culture.

Goal 2. Assist the campus/institute institutional compliance committees in administering a compliance risk assessment and developing and implementing compliance risk mitigation plans.

Accomplishments for 2017

- Visibility of the Code of Conduct and the Compliance Hotline was increased on UT websites, including the IRIS employee portal, IRIS administrative support, UT System Human Resources, and the Human Resources websites at the campuses and institutes.
- Articles on the Hotline and the Code of Conduct were published in the spring and fall editions of the HR newsletter *For Your Benefit*.
- A systemwide compliance committee chair roundtable meeting was held in November to address key issues and share ideas among the campuses and institutes.
- To provide a more lasting promotional message, a Code of Conduct coaster was designed and produced for distribution to new employees at orientation and to departments at large.



3.1.1 Campus Risk Assessment

Campus Risk Assessment Progress

University Unit	Risk Assessment	Plan Development	Plan Implementation	Key Action Areas
IPS (2017)				● In the process of performing the risk assessment.
UTSI (2017)				● In the process of performing the risk assessment.
UTSA (2016*)				● Mandatory training for Title IX and IT Security. Systemwide HIPAA.
UTHSC (2016**)				● IT security and safety.
UTK (2015*)				● Title IX, research, safety, and global training requirements.
UTC (2015)				● Safety, research, equity and diversity, and global training requirements.
UTM (2014)				● Title IX, research, IT security, and global training requirements.
UTIA (2013)				● Research, employee, safety, IT security, and global training requirements.

* This is the second risk assessment for these entities. The first was in 2010.

** UTHSC is performing a risk assessment independent of the UT System risk assessment process.

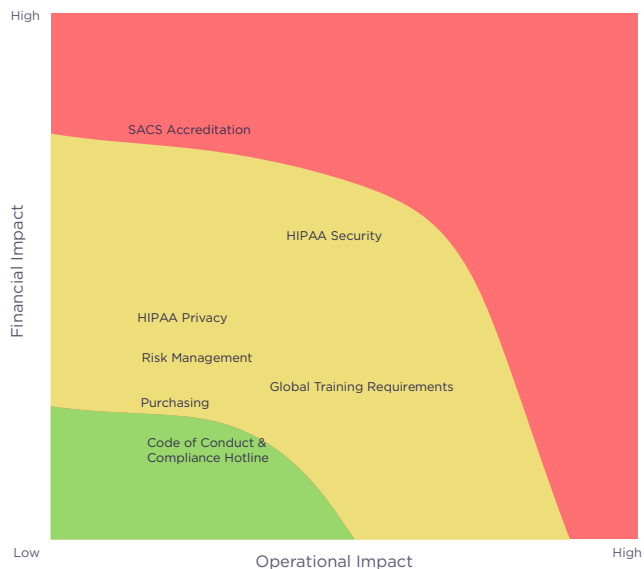
3.1.2 Compliance Committee Accomplishments

UT System Administration (UTSA) Compliance Committee Accomplishments for 2017

- Identified applicable regulations and appropriate UTSA compliance officers.
- Trained UTSA compliance officers on the risk assessment and general compliance information.
- Completed the UTSA compliance risk assessment.
- Reviewed the risks identified in the risk assessment and determined the key issues to be addressed with plans of corrective action as needed.
- Significant risks were identified in seven basic compliance areas. The heat map below illustrates the relative financial and operational impacts of the risks being addressed with action plans.

UT System Administration Compliance Residual Risk Heat Map for Plans of Action

These are the areas of concern being addressed with plans of action.



- Thirteen corrective action plans have been developed and reviewed by the committee. Important issues being addressed include HIPAA privacy and security. Two additional plans are being developed that address SACS accreditation and Title IX.

3.1.2 Compliance Committee Accomplishments

- The status of all corrective action plans is given below.

UTSA Development of Action Plans

Administrative Area	Significant Issues Identified	Plans Submitted to Committee	Plans Reviewed by Committee
Academic Affairs	1	0	0
Audit and Compliance	4	3	3
Federal Relations	0	0	0
HIPAA - System	7	7	7
Human Resources	0	0	0
Research Foundation	0	0	0
Finance	3	3	3
Total	15	13	13

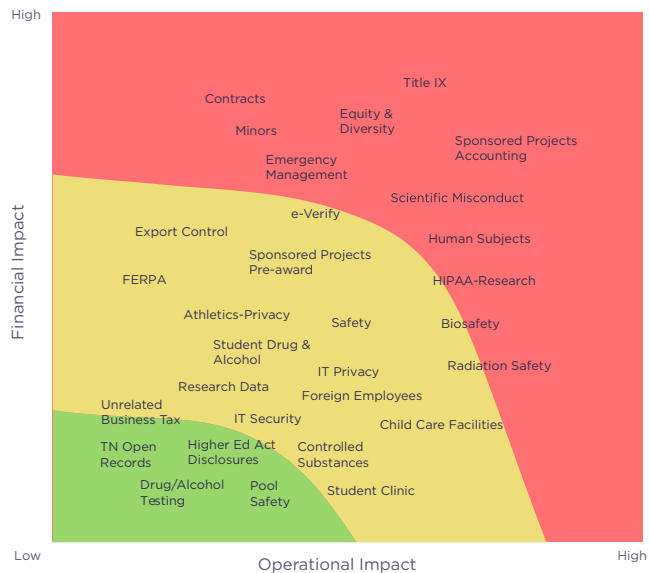
The University of Tennessee, Knoxville (UTK) Compliance Committee Accomplishments for 2017

- Reviewed and finalized the proposed plans of corrective action from the 2015 risk assessment. Sixty-three corrective action plans were developed to address the most significant risks. The relative impacts of the compliance areas addressed by plans of action are illustrated in the heat map below.

15

UTK Compliance Residual Risk Heat Map for Plans of Action

These are the areas of concern being addressed with plans of action.



3.1.2 Compliance Committee Accomplishments

- Monitored the implementation of corrective action plans. Twenty-three of the 63 plans to improve controls were fully implemented in the following general areas.

- | | |
|--|---|
| <ol style="list-style-type: none"> 1. Athletics: <i>Privacy and security of medical information</i> 2. Equity and diversity: <i>Age discrimination and employment of the handicapped</i> 3. Sponsored projects: <i>Federal agency prior approval rules and subcontractor requirements</i> 4. Research: <i>Scientific misconduct and research data security</i> 5. FERPA financial consent forms 6. Safety: <i>Housekeeping standards, fire extinguishers, machine guarding and operation, electrical components, formaldehyde, and fall protection</i> | <ol style="list-style-type: none"> 7. Programs for minors 8. Emergency management: <i>DOE's action guide and FEMA's hazard mitigation plan</i> 9. IT security: <i>Security awareness training</i> 10. Drug and alcohol testing and disciplinary actions 11. E-Verify compliance 12. Pool safety: <i>Federal sanitary code and safety regulations</i> 13. Tennessee Open Records Act |
|--|---|

- In addition, the UTK Institutional Compliance Committee is working to facilitate the new K@TE learning management system in appropriate compliance areas and establish procedures related to mandatory training. The status of all corrective action plans is given on the following page.



The web presence of the Code of Conduct and the Compliance Hotline was increased on UT websites, including the IRIS employee portal and UT System and campus/institute Human Resources websites.

3.1.2 Compliance Committee Accomplishments

UTK Plans of Action Status

Administrative Area	Compliance area	In Process of Being Implemented	Fully Implemented
Athletics	Athletics - Privacy		1
Chancellor	Title IX	1	
Communications	TN Open Records		1
Equity and Diversity	Equity and Diversity	4	2
Finance and Administration	Contracts	1	
	Emergency Management	2	1
	FERPA		1
	IT Privacy	2	
	IT Security	1	1
	Minors		1
	Safety	7	6
	Sponsored Projects Accounting	3	
	Unrelated Business Tax	1	
Human Resources	Drug/Alcohol Testing		1
	E-Verify		1
Provost	Child Care Facilities	1	
	Foreign Employees	1	
	Pool Safety		1
Research	Biosafety	3	
	Controlled Substances	1	
	Export Control	1	
	HIPAA - Research	1	
	Human Subjects	2	
	Radiation Safety	4	
	Research Data		1
	Scientific Misconduct		1
	Sponsored Projects Pre-Award	1	3
Student	Higher Ed Act - Disclosures	1	
	Student Clinic	1	
	Student Drug and Alcohol	1	1
	Total	40	23

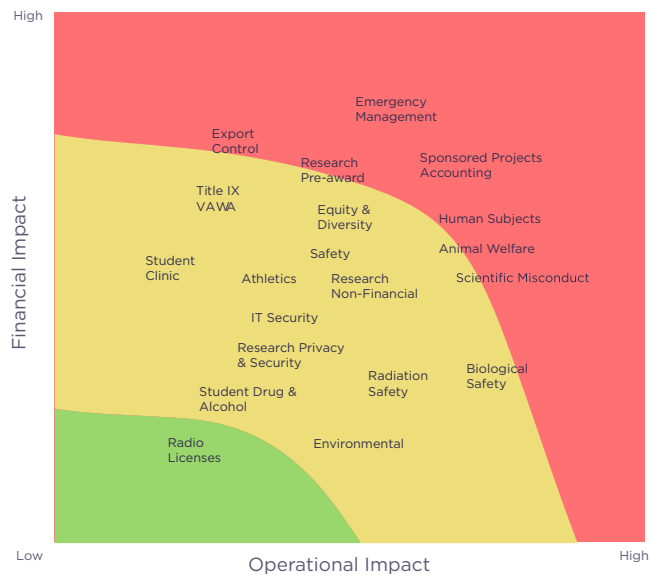
3.1.2 Compliance Committee Accomplishments

The University of Tennessee at Chattanooga (UTC) Compliance Committee Accomplishments for 2017

- Reviewed and finalized the proposed plans of corrective action from the 2015 risk assessment. Thirty-nine corrective action plans were developed to address the most significant risks. The relative impacts of the compliance areas addressed by the plans are illustrated in the heat map below.

UTC Compliance Residual Risk Heat Map for Plans of Action

These are the areas of concern being addressed with plans of action.



- Monitored the implementation of corrective action plans. Sixteen of the 39 plans to improve controls have been fully implemented in the following general areas.
 - Research:** *Scientific misconduct, business ethics policy, responsible conduct of research, Animal Welfare Act, federal agency prior approval rules, federal grant non-financial requirements, whistleblower protections, anti-kickback rules, and DFAR publication restrictions*
 - Sponsored projects accounting:** *cost sharing and equipment transfers*
 - Equity and diversity:** *Affirmative action for veterans and Title VII of the Civil Rights Act*

3.1.2 Compliance Committee Accomplishments

4. Title IX and Violence Against Women Act (VAWA): *Improved training***5. Athletics:** *NCAA monitoring***6. Higher Education Opportunity Act:** *Drug and alcohol abuse prevention program*

- In addition, the UTC Institutional Compliance Committee is working to facilitate the new K@TE learning management system in appropriate compliance areas and establish procedures related to mandatory training. The status of all corrective action plans is given below.

UTC Plans of Action Status

Administrative Area	Compliance area	In Process of Being Implemented	Fully Implemented
Academic Affairs	Animal Welfare		1
	Export Controls	2	
	Human Subjects	1	
	Radiation Safety	1	
	Research Non-Financial		1
	Research Pre-Award	1	5
	Research Privacy and Security	2	
	Scientific Misconduct		2
	Student Clinic	1	
Athletics	Athletics		1
Chancellor	Equity and Diversity	3	2
	Title IX and VAWA		1
Finance and Operations	Emergency Management	1	
	Radio Licenses	1	
	Safety	7	
	Sponsored Projects Accounting	2	2
	Drug-free schools	1	
Student Affairs	HEOA - Drug and Alcohol Program		1
	Total	23	16

3.1.2 Compliance Committee Accomplishments

The University of Tennessee at Martin (UTM) Compliance Committee Accomplishments for 2017

- Monitored the implementation of corrective action plans. All 20 corrective action plans have been implemented. During 2017, action plans were completed in the areas of sponsored projects training and IT controls (training and disaster recovery plan). The areas where action plans were implemented are documented in the table below.
- In addition, the UTM Institutional Compliance Committee is working to facilitate the new K@TE learning management system in appropriate compliance areas and establish procedures related to mandatory training.

UTM Plan Implementation Status

Administrative Area	Compliance area	Fully Implemented
Academic Affairs	Animal Welfare	1
	Radiation Safety	1
	Research Training/Monitoring	1
	Research Pre-Award	1
	Research Privacy and Security	1
	Research Reporting	1
Athletics	Athletics	1
Equity and Diversity	Equity and Diversity	4
Finance and Operations	Procurement	1
	Sponsored Projects Accounting	1
	Safety	1
IT	IT Security	4
Student	Entertainment	1
	Student	1
	Total	20

3.1.2 Compliance Committee Accomplishments

UT Health Science Center (UTHSC) Compliance Committee Accomplishments for 2017

- Finalized the UTHSC compliance risk assessment for 2017. The initial process of naming subject matter experts (SMEs), determining risks, and rating risks was finalized and approved by the committee.
- Worked with appropriate offices to implement work plans/corrective actions for risks identified in the 2017 risk assessment. The SMEs are crafting risk mitigation plans for all risks deemed significant (8 of 41 total risks). These plans were presented to the committee in its December meeting.
- Reviewed and approved all compliance training modules and coordinated the campus-wide rollout.

UTHSC 2017 Compliance Risk Assessment Statistics

Area	Significant Issues Identified	Plans Submitted to Committee	Plans Reviewed by Committee
Academic/Student Affairs	0	0	0
Safety	4	4	4
Finance and Operations	0	0	0
Research	0	0	0
IT Services	4	4	4
Campus Police	0	0	0
Human Resources/OED	0	0	0
Library Services	0	0	0
Total	8	8	8



Important issues being addressed by the UTSA Compliance Committee include HIPAA privacy and security, SACS accreditation, and Title IX.

3.1.2 Compliance Committee Accomplishments

UT Institute of Agriculture (UTIA) Compliance Committee Accomplishments for 2017

- Monitored the implementation of corrective action plans. Of 22 corrective actions plans, 14 have been completed, with the remaining 8 in progress. Action plans implemented during 2017 addressed the following areas.
 1. Responsible conduct of research training
 2. Environmental safety and health (smoking signs)
 3. Contract authorization training
 4. Minors on campus program training and background checks
- In addition, the committee is working to help facilitate implementing the new K@TE learning management system in appropriate compliance areas. The status of action plans is given below.

UTIA Plan Implementation Status

Administrative Area	In Process of Being Implemented	Fully Implemented
Academic		1
Communications		1
Employee	1	1
Legal		3
Privacy	2	
Procurement		1
Research	3	5
Safety/Health	1	1
Student	1	1
Total	8	14

3.1.2 Compliance Committee Accomplishments

UT Institute for Public Service (IPS) Compliance Committee Accomplishments for 2017

- Established the IPS Institutional Compliance Committee. The IPS Institutional Compliance Committee members were selected and trained.
- Identified the applicable regulatory areas and compliance officers.
- Performed the compliance risk assessment. All compliance officers were trained and have completed their compliance risk assessments.

UT Space Institute (UTSI) Compliance Committee Accomplishments for 2017

- Established the UTSI Institutional Compliance Committee. The UTSI Institutional Compliance Committee members were selected and trained.
- Identified the applicable regulatory areas and compliance officers.
- All compliance officers were trained and are completing their compliance risk assessments.
- Improve compliance program effectiveness.



Most campus compliance committees are working to facilitate the new K@TE learning management system in appropriate compliance areas and establish procedures related to mandatory training.

Institutional Compliance Areas of Focus for 2018

1. Promote an ethical culture.

- a. Increase awareness of the Code of Conduct and Compliance Hotline and other compliance and ethics information through multiple and innovative channels.
- b. Host a systemwide Institutional Compliance Committee chair roundtable meeting.

2. Continue scheduled progress on the campus/institute compliance risk assessments.

- a. Perform a new compliance risk assessment at UTIA.
- b. Continue risk analysis and plan development at IPS and UTSI.
- c. Track implementation of risk mitigation plans at UTK, UTC, UTM, UTHSC, and UTSA.

3. Perform monitoring.

- a. Implement an automated procurement card monitoring process.
- b. Follow up on mitigation plans that have been implemented for effectiveness and any obstacles encountered.

4. Improve compliance program effectiveness.

- a. Review and improve the reporting of compliance issues at campuses/institutes to their management, compliance officers, and the community at large.
- b. Have the Institutional Compliance program reviewed by an outside independent party toward the end of the year.

Title IX



Since Title IX was signed into law in 1972, the UT System campuses and institutes have worked to comply with it. Each campus has built systems, policies, and processes that have evolved over time as additional federal guidance and court rulings changed the landscape. As the expectations in higher education grew, the University of Tennessee worked both proactively and responsively to meet the needs of our communities. In September 2016, President Joe DiPietro appointed a special independent commission to review and address Title IX compliance across the UT System. The commission, comprised of four nationally recognized experts in Title IX compliance, conducted a detailed review of existing policies, protocols, and resources systemwide. The group reviewed documents, conducted 65 interviews and follow-up conversations with 52 administrators and staff, and hosted a series of focus group discussions and listening sessions with students on campuses in Knoxville, Chattanooga, and Martin. The commission report was issued on June 15, 2017.

4.1 Title IX

The commission's work helped the UT System lay the groundwork for a systemwide Title IX Commitment.

The commission report provided five major recommendations:

- Create a systemwide Title IX coordinating presence.
- Enhance campus Title IX staffing and resources.
- Update and modify policy, grievance procedures, and student codes of conduct.
- Enhance case management, care, and support.
- Provide education, prevention, and training.

Starting in August 2017, we focused our Title IX Commitment on six key areas: policy, prevention, support, investigation, resolution, and trends. Ashley Blamey, Title IX coordinator for the Knoxville campus, served as the interim system Title IX coordinator. UT established a communications website, provided training for UT System leadership, launched the first mandatory faculty/staff training on the K@TE learning management system, and facilitated on-campus Title IX reviews for UT Martin and UT Chattanooga. On-campus Title IX reviews are scheduled for UT Knoxville, UT Space Institute, and UT Health Science Center in early 2018.

OAC's 2017 Enterprise Risk Management Work

During 2017, OAC's associate director, Judy Burns, led the implementation of an enterprise risk management (ERM) initiative. ERM is a structured process used to identify, assess, and respond to uncertainties that may impact an organization's goals and objectives. The impetus for UT's ERM initiative was revised guidance issued by the Tennessee Department of Finance and Administration (TN F&A) in October 2016 on how to comply with the Tennessee Financial Integrity Act of 1983 (TFIA). Since the early 1980s, UT's internal audit function has coordinated the University's compliance with TFIA.

The objective of the ERM initiative for 2017 was to determine a methodology that allows UT to comply with the requirements established by TN F&A while providing the maximum benefit for the University in the most efficient and effective manner. After researching ERM and identifying how other higher education institutions have implemented it, Ms. Burns approached UT's executive vice president and chief operating officer, Dr. Tonjanita Johnson, who leads the University's strategic planning efforts, with the idea of incorporating ERM into the strategic planning process. Dr. Johnson saw ERM as an opportunity to formally acknowledge the University's awareness of risks and the approach to managing them.

The formal launch of the ERM initiative occurred during the June Strategic Planning Retreat. Organized by Dr. Johnson and facilitated by consultants from The Napa Group, the retreat brought together five task forces, one assigned to each of the UT System Strategic Plan's goals, the "goal champions" who lead the task forces, and the president and members of his senior staff. While the consultants led the groups in reviewing and updating initiatives related to each goal, Ms. Burns introduced the groups to the ERM initiative and instructed them to identify the risks to achieving their respective goals.

5.1 Enterprise Risk Management Work

Over the summer and fall, Ms. Burns led the completion of the risk assessments begun at the retreat by facilitating the task forces to further refine the risks, analyze the magnitude of the impact of the risks on the goals and the likelihood of their occurrence, identify the current actions undertaken at the University related to those risks, and finally recommend a strategy for responding to those risks over the next two years.

The results of the task forces' risk assessments were then reviewed by the president and his staff. Based on their feedback, Ms. Burns created a matrix of the top risk themes for presentation to the Audit and Compliance Committee of the Board of Trustees. Subsequent phases of the ERM initiative will involve developing response plans for the most significant risks, monitoring progress, and reporting on results. (See a graphic of UT's ERM process below.)

In addition to facilitating the risk assessment, Ms. Burns developed a model for UT's risk management initiative, a mission and vision with a description of a fully implemented ERM system, an annual schedule of ERM activities, job descriptions for the ERM owner, and a high-level plan to guide an incremental implementation over the next five years.

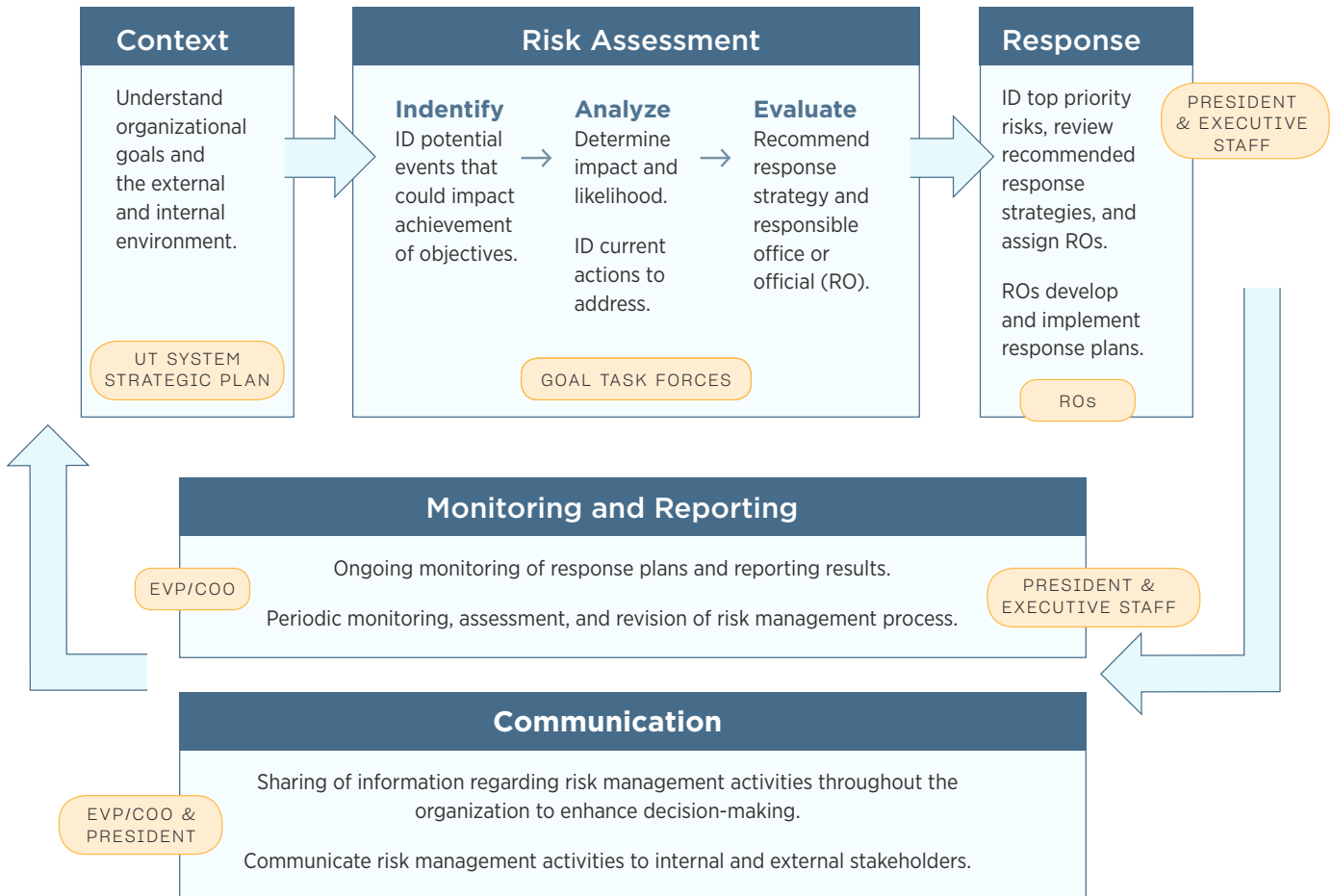
By the end of 2017, the goals for OAC's ERM work were met: 1) an ERM methodology was developed that was compliant with state statute and state guidance, not burdensome because it was integrated with an existing management system for strategic planning, and beneficial by providing another perspective for management to analyze how best to achieve the University's strategic goals; 2) plans for future years were developed and included identification of the Office of the Executive Vice President and Chief Operating Officer as the appropriate organizational placement for ERM and OAC continuing, at least for the upcoming year, to administer the self-assessment of internal controls, consult on ERM implementation, and work with the EVP/COO to align institutional compliance work with ERM; and 3) documentation was created and the required reporting submitted to the State of Tennessee's commissioner of finance and administration and comptroller of the treasury.

This documentation included an overview of the ERM process and the results of the annual self-assessment of controls (SAC), which is conducted annually by OAC. The SAC uses a web-based questionnaire to obtain information about the status of internal controls for key financial areas in every UT department. OAC has been using this assessment

5.1 Enterprise Risk Management Work

since the 1980s as one method of complying with the TFIA. Each year two of eight major processes are selected for assessment. Computer usage and money handling were assessed this year. Of 556 departments surveyed, 188 identified and corrected 415 control weaknesses. A material weakness associated with money handling was identified at the University of Tennessee at Chattanooga. No University-wide material weaknesses were identified.

Enterprise Risk Management (ERM) at the University of Tennessee



Source: based on graphic from the University of Vermont

6.1 Quality Assurance and Improvement Program



Quality Assurance and Improvement Program

The internal audit team maintains a robust quality assurance and improvement program focused on improving internal processes and providing service and value to our clients. In accordance with The Institute of Internal Auditors' (IIA) *International Standards for the Professional Practice of Internal Auditing*, the program includes ongoing monitoring, periodic self-assessments, and external assessments conducted at least once every five years.

In 2017, OAC continued to implement improvements to align with the office's strategic plans and implement recommendations from the 2015 external quality assurance review (QAR). Our focus areas included ensuring internal efficiency and effectiveness, fostering the professional development of team members, and expanding the use of data analytics. As with every year, we strive to meet stakeholders' needs and add value to the University.



OAC revised the process for conducting follow-ups and communicating results. The new process emphasizes the most significant risks and improves reporting to executive management and the Audit and Compliance Committee.

Ensuring Efficiency and Effectiveness

As recommended by the external QAR team, the internal audit team discontinued monitoring procurement cards. We transferred this work to Institutional Compliance, which is implementing an automated monitoring system. The system should be fully implemented in 2018.

In addition, the QAR team recommended enhancements to the follow-up procedures. As such, OAC revised the process for conducting follow-up procedures and communicating results. The new process emphasizes the most significant risks and improves reporting to executive management and the Audit and Compliance Committee.

The internal audit team also clarified and streamlined documentation of workpapers, as follows.

- Created standard formats in the audit software to provide templates for certain audit workpapers.
- Combined documentation of the enterprise- and engagement-level risk assessment into one workpaper.
- Eliminated redundant documentation requirements.

Fostering the Professional Development of Team Members

The OAC leadership team remains committed to the professional development of team members. The office continued using comprehensive training plans so that staff may work with supervisors to plan training for the year with the goal of ensuring both personal and professional development and office needs are met. To further development for all team members, the end-of-project feedback form

6.1 Quality Assurance and Improvement Program

was updated to provide team members the opportunity to provide feedback to project managers. This tool and the related discussion have become a part of the OAC culture and are completed at the end of audit projects. Of note, OAC successfully partnered with the internal auditors from Tennessee Board of Regents and locally governed institutions (LGIs) to conduct a statewide training seminar for all higher education internal auditors.



This year, we expanded the use of data analytics to focus audits on high-risk activities and transactions.

Expanding Use of Data Analytics to Focus Audits on High-Risk Areas

- A data analytics tool, IDEA, was purchased and implemented. All team members received onsite training.
- The data analytics software was used for several of the chief executive officer audits in 2017. Its use will be refined in 2018 to achieve greater efficiency when conducting these required audits.
- Several projects were aided by the use of the software to better identify high-risk activities and transactions.

Meeting Stakeholders' Needs and Adding Value to the University

An important aspect of our work is ensuring that we add value to the University through our work. Regular meetings (monthly or quarterly) were established with key stakeholders across the state, including chief business officers and the chief financial officer, to keep them apprised of the audit plan and to gather feedback throughout the year.

One of OAC's key performance measures is client feedback. This information assists us in determining the impact we have on the University and whether we meet our clients' needs. 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. As in past years, this year's results were positive, ranging from 3.71 to 3.85 on a 4.0 scale.

6.1 Quality Assurance and Improvement Program

As noted in the results for 2016 and 2017 below, all measures improved in 2017. Of significance is the measure on whether the audit was beneficial. This metric improved almost 12 percent in 2017.

Client Feedback Survey Results

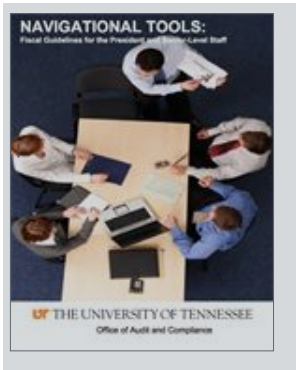
Statement	2016	2017	Increase
1. The objectives of the audit were clearly explained in advance.	3.47	3.74	7.78%
2. The auditor(s) provided information, advice, and assistance as requested.	3.52	3.81	8.23%
3. The findings and recommendations were adequately discussed with you before the end of the audit.	3.61	3.82	5.82%
4. The recommendations in the audit report will help improve your operations.	3.47	3.81	9.80%
5. The auditor(s) established good rapport and relationships with you and your staff.	3.55	3.76	5.91%
6. The auditor educated you and/or your staff on policy, regulations, or best practices.	3.40	3.71	9.12%
7. The auditor communicated with you regarding the progress of the audit.	3.40	3.73	9.71%
8. The audit was beneficial to your department/ organization.	3.45	3.85	11.59%



In our surveys of client feedback, this year's results were positive, ranging from 3.71 to 3.85 on a 4.0 scale. The measure on whether the audit was beneficial improved 12 percent in 2017.

Audit-Related Projects

OAC staff also worked on other audit-related projects and enhancements designed to educate the University community and improve accountability and office efficiency.



Navigational Tools: Fiscal Guidelines for the President and Senior-Level Staff. This guidebook was updated and redesigned in 2016 and issued in 2017. Its purpose is to help UT administrators fulfill the responsibilities of their positions and use their fringe benefits wisely. The guide was revised to accommodate new UT administrators coming onboard in 2017. Revisions addressed policy and procedural changes (purchasing, housing) and minor clarifications. The Office of Communications and Marketing redesigned the guide.

Service, Training, and Other Activities

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At the request of management, some OAC 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.

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 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.

6.2 Additional Audit-Related Projects

Policy Management Software Committee (November 2016 to present). This committee was convened to identify a potential software solution for managing the development and revision of University administrative policies. The group defined the requirements of such a system, participated in vendor demonstrations, and evaluated bids before selecting a system. The group then worked in an advisory capacity as information technology personnel configured and implemented the software.

UT System Core Strategic Planning Team

(April 2017 to present). Appointed by the executive vice president and chief operating officer, members of this team included representatives from the president's office, communications and marketing, information technology, and institutional research. The team participated in planning for a June 2017 strategic planning retreat, discussed plans for presenting performance measures, and offered thoughts on next steps for enhancing the communication of the plan and its goals and objectives.



OAC staff served on committees to enhance and streamline operations, including reviewing outside interests disclosures, compliance initiatives and risk assessments, and identifying software for managing the development and revision of UT administrative policies.

Leigh Cheek

Facilitator and representative of UT System Administration for the **institutional compliance committees** for UT Institute of Agriculture (April 2013 to present), UT Martin (May 2013 to present), and UT Space Institute (June 2017 to present). The purpose of each committee is to interpret the results of the campus compliance risk assessment performed by the institutional compliance office and to establish priorities and appropriate plans of corrective action.

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 makes recommendations to the campus chief business officer to ensure the campus is in compliance with University policies and state statutes.

6.2 Additional Audit-Related Projects

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.

Bill Moles

Represents UT System Administration (UTSA) on the **institutional compliance committees** for UT Knoxville (October 2011 to present), UT Health Science Center (September 2012 to present), UT Chattanooga (July 2015 to present), UT Institute for Public Service (August 2017 to present), and UTSA (October 2016 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.

Jim Purcell

IT Security Community of Practice (July 2012 to present). The Security CoP provides input to the Statewide IT Committee on priorities regarding 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 on IT priorities and investments, IT applications, overall policies and standards, and common data and business processes.

6.2 Additional Audit-Related Projects

Amy Wilegus

Conflicts of Interest Review Committee (July 2016 to present). The 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. The committee chair further investigates potential conflicts identified by the committee.

Many staff also served on internal committees to develop or update procedures and training materials, such as departmental policies and procedures, risk assessment process, and the annual OAC meeting, among other efforts to increase the department's efficiency and effectiveness.

Training Provided within and outside the University

Bobby Bruce developed and presented "IDEA and Data Analytics" as an OAC Lunch & Learn program in August. He demonstrated setting up the data analysis tool, IDEA, for audit projects and the process of importing different types of source documents into IDEA. He also showed how to verify the integrity of the data, to document data import integrity and data manipulation for inclusion in audit files, and to index and profile the data, such as aging, summarizing, and stratifying.

Judy Burns served as a facilitator at the UT Leadership Institute in February 2017. The institute, held biennially, is a weeklong leadership development program for UT leaders that includes experientially based activities on leadership styles, ethics, teamwork, and organizational culture.

Judy led a workshop for the College of Arts and Sciences administration in May. The topic of the workshop was understanding personal leadership styles and using that understanding to improve communication.

In June, Judy presented two sessions on enterprise risk management (ERM) at the UT Strategic Planning Retreat for the president, his staff, and the task forces assigned to each of the five strategic goals in the UT

6.2 Additional Audit-Related Projects

System Strategic Plan. The sessions introduced the participants to the University's ERM initiative and prepared them to identify the major risks to achieving the goals in the strategic plan.

Leigh Cheek provides ongoing training to campus compliance officers on general compliance topics, as well as instructions for completing the compliance risk assessment, and training to new campus compliance committee members on their committee responsibilities.

Leigh conducted application training for UT Compliance Hotline coordinators on using NAVEX's EthicsPoint software.

Sherry Davis taught classes on general ledgers through the IRIS department. The class includes an overview of the reconciliation process and emphasizes its role in protecting University assets.

James Hodge taught classes on internal controls and UT procurement cards through IRIS. The internal controls course is designed to assist administrators, faculty, and staff to effectively discharge their responsibilities by understanding and applying internal control concepts. The procurement card class introduces the concepts, policies, and responsibilities of procurement card management, including reconciling monthly statements.

Sandy Jansen participated in two quality assurance reviews of peer institutions, The University of Texas at Arlington and The University of North Texas System. By participating in peer reviews, Sandy is able to promote the value of internal audit and assist other institutions with best practices. She also has the opportunity to bring new ideas and innovation back to UT. Sandy facilitated The IIA's "Auditor-In-Charge Tools and Techniques" seminar and presented a session, "Documentation 101," for ACUA's annual conference. Locally, she worked with The IIA's East Tennessee Chapter to facilitate a chief audit executive (CAE) roundtable. The roundtable provides a unique and valuable opportunity for CAEs to discuss common concerns and challenges, share lessons learned, and brainstorm with peers on solutions and best practices.

Bill Moles provides ongoing training to campus compliance officers on general compliance topics, as well as instructions for completing the compliance risk assessment. He also provides training to new campus compliance committee members on their committee responsibilities.

6.2 Additional Audit-Related Projects

Linda Parsons presented “Monthly Bywords Redux” as an OAC Lunch & Learn program in August. She developed the Monthly Bywords feature for OAC staff to illustrate challenges with language and grammar seen in writing produced for the department and in UT and outside venues. This refresher workshop combined the Monthly Bywords sent to staff over the last few years with exercises to correct the errors. Exercises included samples from print and social media and UT communications, common challenges in reports, subject/object pronouns, conformance to OAC style, and transitive/intransitive verbs.

Jim Purcell taught a two-day class, “A Practical Introduction to Cyber Security Risk Management,” for the SANS Institute in New York City, Chicago, and Dallas in 2017. The training covered practical skills necessary to perform regular risk assessments for organizations. Jim also presented “A Practical Introduction to Cyber Security Risk Management with Case Study Featuring the Cyber Security Evaluation Tool!” at the Tennessee Higher Education IT Symposium 2017.

Amy Wilegus coordinated the implementation of data analytics software and related onsite training for the audit staff in May 2017 to promote professional development and teamwork. She also coordinated training for a smaller, more technical team to develop complex scripting skills to increase audit efficiency.

In June, Amy participated in the regional CAE roundtable with her peers hosted by The IIA. She contributed to discussions involving millennial engagement and retention, evolving customer expectations, tone at the top, data analytics, and technological disruptions.

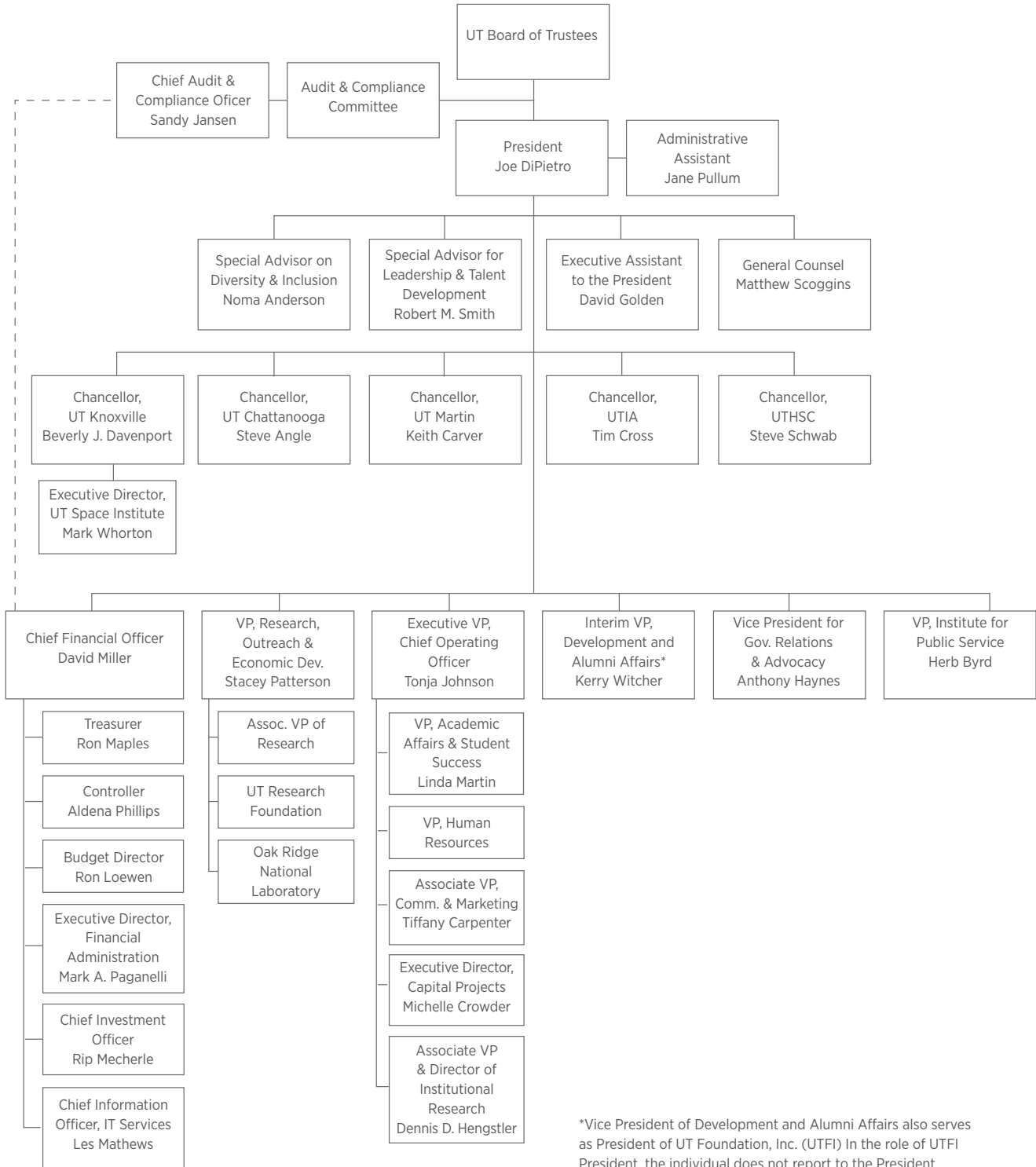
Amy also worked with Sandy Jansen to identify topics and coordinate staff presentations for the annual OAC Lunch & Learn program.

Training Obtained within and outside the University

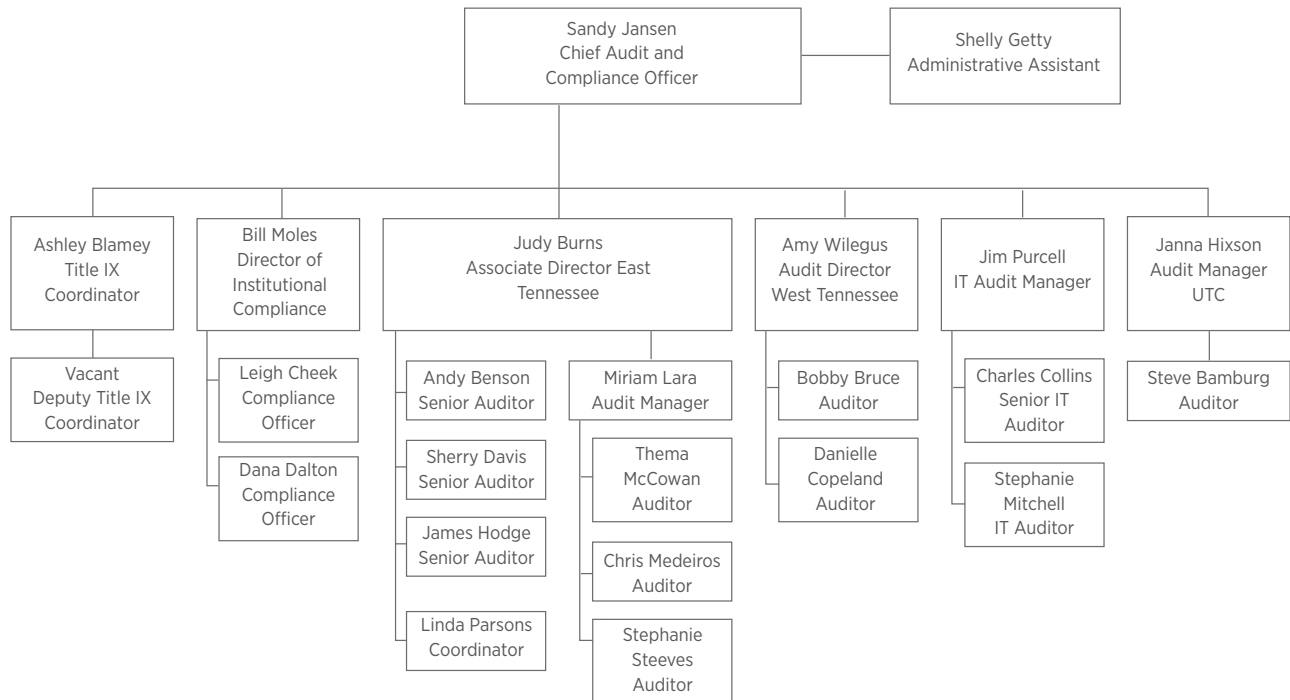
To expand their knowledge and obtain the required continuing professional education credits (CPE), departmental staff attended training in diverse areas such as IDEA data analysis, COSO internal controls, agile auditing, cyber threat defense and security, organizational culture, Title IX, and sponsored projects accounting. The OAC staff obtained over 1,037 CPEs in 2017.

Appendix A: Organization of the University of Tennessee and Office of Audit and Compliance

UNIVERSITY OF TENNESSEE ORGANIZATIONAL CHART



AUDIT & COMPLIANCE ORGANIZATIONAL CHART



Auditors provided training on enterprise risk management, personal leadership styles, data analytics, general compliance topics, and challenges with language and grammar in reports, among others.

Internal Audit Charter

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 Division of State 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 15, 2016.

Personnel Qualifications

Key

APA	Associate in Premium Auditing	CICA	Certified Internal Controls Auditor
CA	Chartered Accountant	CISA	Certified Information Systems Auditor
CCEP	Certified Compliance and Ethics Professional	CISSP	Certified Information Systems Security Professional
CCSA	Certification in Control Self-Assessment	CPA	Certified Public Accountant
CFE	Certified Fraud Examiner	CPS	Certified Professional Secretary
CGAP	Certified Government Auditing Professional	CRISC	Certified in Risk and Information Systems Control
CGFM	Certified Government Financial Manager	CRMA	Certification in Risk Management Assurance
CIA	Certified Internal Auditor	PMP	Project Management Professional

Staff Biographies



Steven G. Bamburg, auditor, APA

Bachelor of Science, Biological Science, Louisiana Tech University, 1978
 Bachelor of Science, Accounting, Louisiana State University, 1990

Steven Bamburg joined the office in 2009. Previously he worked as a senior Medicare auditor at a subsidiary of BlueCross BlueShield of Tennessee for 9 years, a senior worker’s compensation and general liability premium auditor for Reiswig & Company/Wausau/Liberty Mutual for 8 years, and as an accountant for a natural gas company. Steve conducts audits, investigations, and financial reviews of departments and operations on the UT Chattanooga campus.

Appendix C: Personnel Qualifications



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.



Ashley Blamey, Title IX coordinator

Bachelor of Science, Special Education, East Tennessee State University, 2000
Master of Science, Social Work, University of Tennessee, 2004
Doctorate of Social Work, University of Tennessee, 2014

Ashley Blamey joined the department in 2017 and has worked for UT Knoxville since 2008. She has ten years of experience providing response and supervision regarding community prevention, student crisis, threat assessment, and sexual misconduct. Before joining UT, she worked with child protection services, inpatient and outpatient mental health and substance abuse treatment, and the Sexual Assault Center of East Tennessee. As the campus Title IX coordinator and the interim system Title IX coordinator, Ashley helps ensure Title IX commitment as a coordinating presence for the UT System campuses and institutes.



Bobby Bruce, auditor, CA

Bachelor of Business, Southern Cross University (Australia), Accounting & Finance, 2006

Bobby Bruce joined OAC in spring 2017. He has over 10 years' auditing experience, including 7 years with Crowe Horwath Australia, where he finished as a senior audit manager. His work consisted of internal controls assessment, risk assessment, and compliance, financial statement, and agreed-upon procedure audits. Additional experience includes working with government agencies, listed and non-listed for-profit companies, not-for-profit organizations, and retirement funds. Bobby conducts audits and investigations of UT departments and operations in West Tennessee, mainly at the UT Martin campus.

Appendix C: Personnel Qualifications



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 served on 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. During 2017, Judy was on leave from her audit responsibilities to launch an enterprise risk management initiative.



**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 conducted information technology security reviews and risk assessments for the University’s computer systems and networks. She is a compliance officer in the office’s Institutional Compliance division. Leigh serves on the Board of Governors for IIA’s East Tennessee Chapter and annually organizes the IIA UT Student Night to promote the internal audit and compliance professions to accounting and finance students. She is the system administrator for UT’s compliance hotline and conducts the compliance risk assessment.

Appendix C: Personnel Qualifications



Danielle L. Copeland, auditor

Bachelor of Science, Accounting, Indiana University of Pennsylvania, 2011
Master of Science, Accounting, the University of Memphis, 2013

Danielle Copeland began her career in public accounting at KPMG and moved on to internal audit at ServiceMaster before joining OAC in early 2016. She conducts audits and investigations at the UT Health Science Center in Memphis.



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. She performs audits and financial reviews of University departments and operations and conducts 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 chief audit and compliance officer and the office manager.



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 mid-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 UT Chattanooga campus.

Appendix C: Personnel Qualifications



James H. Hodge, senior auditor, CIA, CGFM, 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.



Sandy S. Jansen, chief audit and compliance officer, CIA, CCSA, CRMA

Bachelor of Business Administration, Accounting, Texas Tech University, 1994

Sandy Jansen joined OAC in February 2012. Her 20-plus-year career in higher education audit and compliance began at Texas Tech University System, where she served the last 7 years as assistant chief audit executive. At UT, she oversees the internal audit (including the information technology and security assessment team) and institutional compliance functions for the University System. Sandy is active in professional service. She is a past president of the Association of College and University Auditors (ACUA) and continues to serve as an ACUA faculty member, director of ACUA's external relations committee, and a volunteer seminar facilitator for IIA, training internal audit professionals in higher education and various industries.



Staff received training as diverse as IDEA data analysis, COSO internal controls, agile auditing, cyber threat defense and security, organizational culture, Title IX, and sponsored projects accounting.

Appendix C: Personnel Qualifications



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. She conducts audits of UT departments and operations and investigations as needed.



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. Chris conducts audits of UT departments and operations.



Stephanie Chandler Mitchell, IT auditor

Bachelor of Science in Business Administration, East Tennessee State University, 1991
Master in Business Administration, East Tennessee State University, 1993

Stephanie Mitchell 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 and is the backup system administrator for UT's compliance hotline.

Appendix C: Personnel Qualifications



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. He became director of the Office of Institutional Compliance in 2008 and works collaboratively with UT compliance programs to reduce the University's regulatory compliance risks.



Linda L. Parsons, coordinator

Bachelor of Arts, English, the University of Tennessee, 1988
Master of Arts, English, the University of Tennessee, 1991

Linda Parsons 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.



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, and Regal Entertainment Group. Jim is an instructor for the SANS Institute and has presented information security topics at many IT 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 the department's IT resources.

Appendix C: Personnel Qualifications



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 2012 from Palm Beach County, Florida, where she worked in county government for 23 years. She has over 15 years of auditing experience and conducts audits and investigations of University departments and operations. She has been an officer in The IIA's East Tennessee Chapter for several years and currently serves on the Board of Governors. Stephanie also manages OAC's Body of Knowledge, a compilation of employees' knowledge, skills, and other competencies needed to perform work in the department.



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. With over 20 years' experience in internal audit and public accounting, she began her career at Ernst & Young, then on to Morgan Keegan. For 14 years, she 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 responsible for implementing data analytics software for OAC and for audits and investigations at the UT Health Science Center in Memphis and UT Martin. She volunteers for ACUA as an assistant editor for the organization's journal, *College and University Auditor*, published three times a year.

Appendix D: Staff Contact Information

Staff Contact Information

Audit and Compliance - Knoxville Office

UT Conference Center Bldg
Suite 149
Knoxville, TN 37996-4114

Name	Title	Email	Phone
Andy Benson	Senior Auditor	abenso11@tennessee.edu	865-974-4460
Judy Burns	Associate Director	jaburns@tennessee.edu	865-974-1311
Leigh Cheek	Institutional Compliance Officer	lcheek@tennessee.edu	865-974-4420
Charles Collins	Senior IT Auditor	starman@utk.edu	865-974-4421
Dana Dalton	Institutional Compliance Officer	ddalton@tennessee.edu	865-974-0887
Sherry Davis	Senior Auditor	sdavis11@tennessee.edu	865-974-4791
Shelly Getty	Administrative Specialist	sgetty@tennessee.edu	865-974-2390
James Hodge	Senior Auditor	hodgejh@tennessee.edu	865-974-3865
Sandy Jansen	Chief Audit and Compliance Officer	sjansen@tennessee.edu	865-974-4437
Thema McCowan	Auditor	mccowant@tennessee.edu	865-974-8422
Chris Medeiros	Auditor	cmedeir1@tennessee.edu	865-974-6613
Stephanie Mitchell	IT Auditor	schand17@tennessee.edu	865-974-6118
Bill Moles	Director of Institutional Compliance	wmoles@tennessee.edu	865-974-4438
Linda Parsons	Coordinator/Editor	lpmarion@tennessee.edu	865-974-6602
Jim Purcell	IT Audit Manager	jpurcell4@tennessee.edu	865-974-1538
Stephanie Steeves	Auditor	ssteeve1@tennessee.edu	865-974-6616

Title IX Office

1817 Melrose Avenue
Knoxville, TN 37996

Name	Title	Email	Phone
Ashley Blamey	Title IX Coordinator	ashleyblamey@utk.edu	865-974-9600

Appendix D: Staff Contact Information

Health Science Center Office

920 Madison Bldg
 Suite #909
 Memphis, TN 38163-2101

Name	Title	Email	Phone
Danielle Copeland	Auditor	dcopela5@tennessee.edu	901-448-5572
Amy Wilegus	Director	awilegus@tennessee.edu	901-448-1435

Chattanooga Office

Dept 4855
 744 McCallie Ave
 Suite 410
 Chattanooga, TN 37403-2598

Name	Title	Email	Phone
Janna Hixson	Manager	janna-hixson@utc.edu	423-425-4072
Steve Bamburg	Auditor	steven-bamburg@utc.edu	423-425-4532

Martin Office

220 Administration Building
 554 University Street
 Martin, TN 38238

Name	Title	Email	Phone
Bobby Bruce	Auditor	bbruce10@utm.edu	731-881-3100

RESPONSES FROM 2017 CLIENT QUESTIONNAIRES

"The audit team was excellent. They provided information about what they would review and how they completed the review. Very professional."

"The audit was very helpful and identified several minor controls we needed to update and one bigger issue we need to solve in our business practices. The auditor was very transparent and straightforward about the scope of the audit and ways their staff could help. All in all, it was a good process that helped us."

"The auditor was wonderful to explain everything and took the time to help us with changes that needed to be made to protect the department going forward. Her advice and guidance were priceless."

"Audit has a wonderful reputation both on the UT Martin campus, as well as across the UT System. I am grateful for their competent, thorough team."

"We appreciate the positive and professional approach used in reviewing our past actions and transactions. Always a helpful experience."

"Well done. The treasurer's office appreciates your efforts and assistance with this matter and many others."



Office of Audit and Compliance
UT Conference Center Building
Suite 149
Knoxville, TN 37996-4114
865-974-6611

Office of Audit and Compliance



Plans and Priorities
for the Year Ending December 31, 2018

Sandy S. Jansen, CIA, CCSA, CRMA
Executive Director

2018 Priorities

Internal Audit

Annual Plan

Data Analytics
Projects

Institutional Compliance

Annual Work Plan

Automated
Monitoring

Title IX

Title IX
Position

Commission
Recommendations

ANNUAL INTERNAL AUDIT PLAN

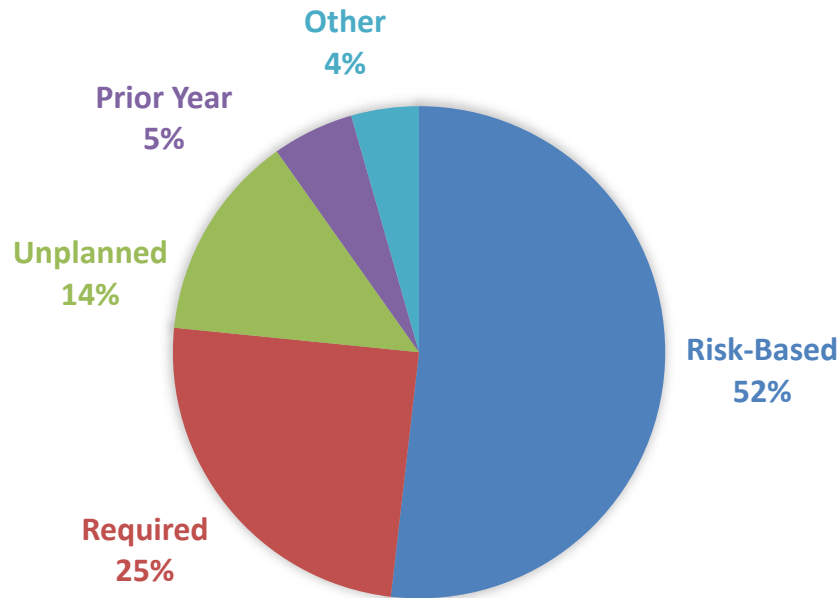
For the Year Ending December 31, 2018

Overview

The annual plan includes five areas of work:

	Audit Type	Description
1	Required	Audits required by statute, administrative policy, or agreements with management
2	Risk-Based	Planned engagements based on our risk assessment
3	Unplanned	Special projects and investigations
4	Prior Year	Audits in progress on January 1, 2017
5	Other	Value-added work and consulting

2018 Allocation of Effort

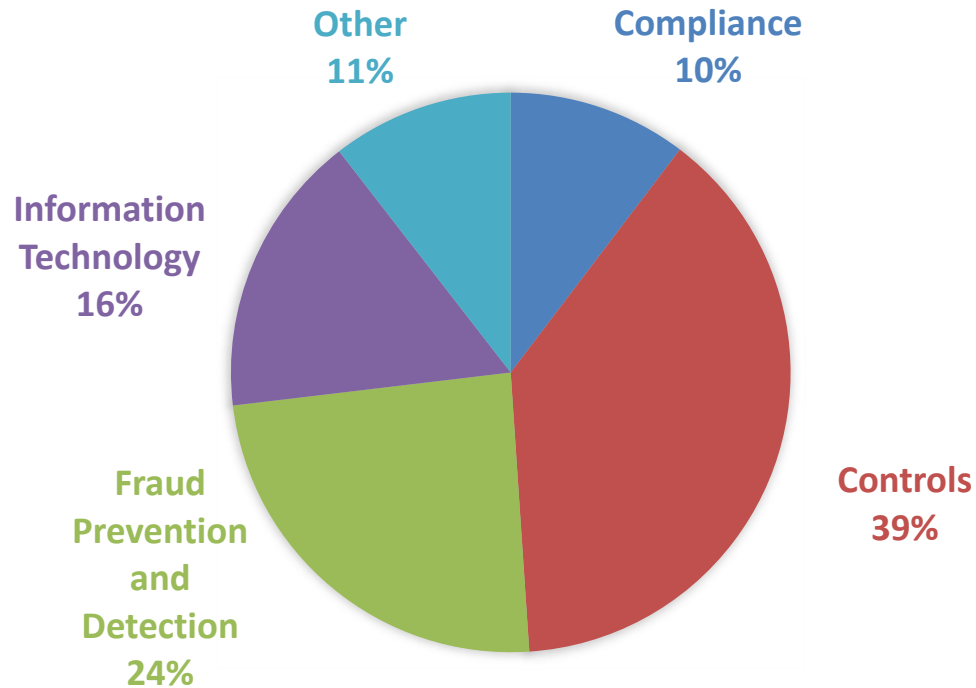


18,000 Chargeable Hours

- Risk-Based – 9,330 hours
- Required – 4,455 hours
- Unplanned – 2,450 hours
- Prior Year – 965 hours
- Other – 800 hours

2018 Areas of Focus

- Controls
- Fraud Prevention and Detection
 - Information Technology



2018 Allocation of Effort

Campus/Institute	
UT System	7,645
UT System Administration	550
UT Knoxville	3,675
UT Health Science Center	2,100
UT Chattanooga	1,870
UT Martin	1,060
UT Institute of Agriculture	1,100
Total Hours	18,000

UT System and System Administration Engagements

Required

Self-Assessment of Controls
Complete College Tennessee Act
Audit Follow-Up
Ecommerce Pre-Approvals
OAC Internal Assessment
Effort Reporting
President's Office

Controls
Controls
Follow-Up
Information Technology
Compliance
Controls
Fraud Prevention

Risk-Based

Invoices (Data Analytics)
Payroll (Data Analytics)
Travel (Data Analytics)
Discounts for Dependents (Data Analytics)
Tenure Process
Information Security Policy Compliance

Controls
Controls
Fraud Prevention
Fraud Prevention
Controls
Information Technology

UT System and System Administration Engagements

Prior Year

Performance-Based Variable Compensation

Controls

Procurement Processes (Data Analytics)

Controls

UT Knoxville Engagements

Required

Chancellor's Office
WUOT Radio Center
Athletics NCAA Compliance—Recruiting

Fraud Prevention
Financial
Compliance

Risk-Based

Research Compliance (Data Analytics)
Travel Cards for Group Travel
VolCard Office
IT Security Policy Compliance
IT Security—SWORPS
Departmental Audits

Compliance
Controls
Information Technology
Information Technology
Information Technology
Controls

UT Knoxville Engagements

Prior Year

Renewal and Replacement Funds
WUOT Radio Center
Payment Card Industry Compliance

Controls
Financial
Information Technology

UT Health Science Center Engagements

Required

Jackson Family Medicine—HIPAA

Information Technology

Risk-Based

Clinical Billing Processes

Controls

Renewal and Replacement Funds

Controls

Departmental Audits

Controls

IT Security Policy Compliance

Information Technology

Prior Year

Payment Card Industry Compliance

Information Technology

UT Chattanooga Engagements

Required

Minors on Campus
WUTC Radio Station

Compliance
Financial

Risk-Based

Athletics NCAA Compliance—Recruiting
Renewal and Replacement Funds
Travel Cards for Group Travel
Petty Cash
Student Health Services—FERPA

Compliance
Controls
Controls
Controls
Information Technology

Prior Year

Offboarding Procedures
WUTC Radio Station

Controls
Controls

UT Martin Engagements

Required

OVC Special Assistance Funds

Compliance

Risk-Based

Athletics NCAA Compliance—Recruiting

Compliance

Financial Aid

Controls

Renewal and Replacement Funds

Controls

Prior Year

Minors on Campus

Compliance

UT Institute of Agriculture Engagements

Required

Chancellor's Office
Extension County Offices

Fraud Prevention
Controls

Risk-Based

IT Security Policy Compliance

Information Technology

Prior Year

Extension County Offices

Controls

INSTITUTIONAL COMPLIANCE WORK PLAN

For the Year Ending December 31, 2018

2018 Areas of Focus

Promote an Ethical Culture

- Promote the UT Compliance Hotline, the Code of Conduct, and other compliance and ethics information.
- Facilitate a systemwide roundtable of campus and institute compliance committee chairs.

2018 Areas of Focus

Continue Campus Compliance Risk Assessments

- Perform a new compliance risk assessment at the Institute of Agriculture.
- Continue risk analysis and plan development at the Institute for Public Service and UT Space Institute.
- Track implementation of risk mitigation plans at UT Knoxville, UT Chattanooga, UT Martin, UT Health Science Center, and UT System Administration.

2018 Areas of Focus

Perform Monitoring

- Fully implement an automated procurement card monitoring process.
- Follow up on mitigation plans that have been implemented for effectiveness and any obstacles encountered.

2018 Areas of Focus

Improve Compliance Program Effectiveness

- Review compliance communication to senior leaders, chancellors, and others for improvement.
- Conduct Institutional Compliance independent program review.

THE UNIVERSITY OF TENNESSEE
BOARD OF TRUSTEES

ACTION ITEM

DATE: June 22, 2018

ITEM: **Minutes of Prior Meetings of the Board and Minutes of this Meeting**

Minutes of the March 23, 2018 and May 10, 2018 meetings of the Board of Trustees follow this memorandum and are presented for approval. Further, because the Board of Trustees will not meet before composition of the Board changes on July 1, 2018, the Board is requested to authorize the Secretary to approve and file the minutes of this June 22, 2018 Annual Meeting of the Board, and all committee meetings held in conjunction with this Annual Meeting, after circulating the minutes to the members who attended the meetings and making any necessary corrections noted by the members.

RESOLVED:

- 1. The reading of the minutes of the March 23, 2018 and May 10, 2018 meetings 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; and**
- 2. The Secretary shall circulate the minutes of this June 22, 2018 Annual Meeting of the Board of Trustees, and all committee meetings held in conjunction with this Annual Meeting, to the members who attended the meetings and, after making any necessary corrections noted by the members, is authorized to approve and file the minutes.**

THE UNIVERSITY OF TENNESSEE
BOARD OF TRUSTEES

MINUTES OF THE SPRING MEETING
March 23, 2018
Knoxville, Tennessee

The Spring Meeting of The University of Tennessee Board of Trustees was held at 1:00 p.m. CDT, on Friday, March 23, 2018, in the O.D. Larry Dining Hall in the Student-Alumni Center on the campus of The University of Tennessee Health Science Center in Memphis.

I. CALL TO ORDER AND INVOCATION

Raja J. Jubran, Vice Chair of the Board, called the meeting to order. Dr. Stacy Smith, Director of Education and Innovation for the Faith and Health Division of the Methodist Healthcare System, offered the invocation.

II. ROLL CALL

Secretary Catherine S. Mizell called the roll, and the following members were present:

Raja J. Jubran, Vice Chair
Charles C. Anderson, Jr.
Shannon A. Brown
George E. Cates
Terrance G. Cooper
Susan C. Davidson
Joseph A. DiPietro
Spruell Driver, Jr.
William E. Evans
John N. Foy
D. Crawford Gallimore
Vicky B. Gregg
Brad A. Lampley
Andrew P. McBride
Sharon J. Miller Pryse
Rhedona Rose
David A. Shepard
Rachel M. Smith
Jai Templeton
John D. Tickle
Julia T. Wells
Charles E. Wharton

The Secretary announced the presence of a quorum. Governor Haslam, Commissioner McQueen, Executive Director of THEC Mike Krause, and Trustee Whittaker were unable to attend the meeting. Administrative staff, faculty, members of the public, and media representatives were present. The meeting was also webcast for the convenience of the University community, the general public, and the media.

III. OPENING REMARKS BY VICE CHAIR

The Vice Chair, on behalf of the Board, thanked Chancellor Schwab for hosting a wonderful reception and dinner, the opportunity to tour the new Center for Health Improvement and Patient Simulation, and to meet some of the students, the “customers” we serve and to whom we have a fiduciary responsibility.

IV. CONSENT AGENDA

The Vice Chair noted that the action items in the Consent Agenda, except for A, B and C.1., were recommended to the Board for approval by committees. For the benefit of the audience, he explained that most Trustees attended the committee meetings and were able to participate in the discussion. He called for any requests from the Trustees to move an item from the Consent Agenda to the Regular Agenda. Hearing none, he called for a motion to approve the Consent Agenda, consisting of the following items:

- A. Minutes of the Last Meeting
- B. Items Recommended by the Executive and Compensation Committee
 - 1. Disposal of Property Located at East 8th Street in Chattanooga (Exhibit 1)
 - 2. Disposal of Property Located at 294 Summar Drive in Jackson (Exhibit 2)
- C. Items Recommended by the Health Affairs Committee
 - 1. Designation of UT-Memphis Pathology Group as a College of Medicine Faculty Practice Plan and Authorization for Execution of an Affiliation Agreement with Memphis Pathology Group, P.C. (Exhibit 3)
 - 2. Designation of a Newly Formed Professional Corporation as the College of Medicine’s Primary Faculty Practice Plan for Adult Oncology Services and Authorization for Execution of a Master Transaction Agreement and Associated Transactional Agreements with Methodist LeBonheur Healthcare and The West Clinic, P.C., or its Successor (Exhibit 4)
 - 3. Designation of West Tennessee Medical Group, Inc. as the College of Medicine’s Faculty Practice Plan for Family Medicine in the Jackson, Tennessee, Service Area and Authorization for Execution of an Affiliation Agreement with West Tennessee Medical Group, Inc. (Exhibit 5)
- D. Items Recommended by the by the Academic Affairs and Student Success Committee
 - 1. Statement of Commitment to Graduate Medical Education (Exhibit 6)
 - 2. Institutional Mission Profile Statements (Exhibit 7)
 - 3. Proposed Revisions to UTHSC Faculty Handbook (Exhibit 8)

4. Tenure Recommendations for Three UTK Faculty Members under Expedited Procedures (Exhibit 9)
5. Tenure Recommendations for Three UTHSC Faculty Members under Expedited Procedures (Exhibit 10)
6. UTIA Ten-Year Strategic Plan with Revised Mission Statement and Vision Statement (Exhibit 11)
7. UTK Doctor of Education (Ed.D.) Program Modification (Exhibit 12)
8. UTC B.S. in Business Administration Program Modification (Exhibit 13)
9. UTC B.S. in Computer Engineering Program Modification (Exhibit 14)
- E. Items Recommended by the Finance and Administration Committee
 1. UTC "Take 15, Graduate in 4" Tuition Model (Exhibit 15)
 2. UTK Tuition and Fee Structure for Online Programs/Increase in Online Support Fee (Exhibit 16)
 3. UTK Flexible Schedule J.D. Program Per-Credit-Hour Tuition Model (Exhibit 17)
 4. UTHSC FY 2018-19 Student Tuition and Fees (Exhibit 18)
 5. Revised FY 2018 Operating Budget (Exhibit 19)
 6. Transfer of UHS Proceeds to UT Research Foundation to Fund Infrastructure for a Statewide Clinical Trial Network (Exhibit 20)
 7. Revision of the Board Policy on Housing for Senior-Level Administrators (Exhibit 21)

Trustee Pryse moved approval of the Consent Agenda; Trustee Driver seconded; and the motion carried by a roll-call vote (Exhibit 22).

V. REPORT OF THE PRESIDENT

President DiPietro reported on the following (Exhibit 23):

- Tuition remains low, four consecutive fiscal years of tuition increases at 3 percent or lower. He commended the campuses for their hard work on the BAG initiative. He thanked the State legislature for their support. Governor's budget was very strong for UT enabling us to keep tuition low, to sustain our BAG initiative and maintain a sustainable model for UT for the future.
- Current System level searches ongoing for, System Title IX Coordinator, Vice President for Human Resources and Vice President for Development and Alumni Affairs. Discussion of ongoing review of current offices for System level Human Resources and for Vice President for Development and Alumni Affairs conducted by Bob Smith, Special Advisor to the President for Leadership and Talent Development.
- More than 10,000 students completed the 2017 My Campus Student Experience Survey. Overall 82% satisfied with climate on campus and 84% comfortable with

climate in classrooms. Responses at UTM were some of the highest rates the surveyors had ever seen.

- Third State of the University address was presented in Nashville on February 28th. President's Awards recipients were Trevor Sweatman, UTHSC, Dr. Samuel Dagogo-Jack, UTHSC, Elizabeth Strand, UTK, and Charley Deal, UTM.
- New UT System marketing campaign, "Everywhere you look, UT." Helps tell the story of the work being done by this great University that benefits all Tennesseans.

Upon Dr. DiPietro's conclusion of his report, Vice Chair Jubran asked, first, what is keeping the President up at night, and second, what can the Board do to be a more strategic partner with you. Dr. DiPietro responded that what keeps him up at night more than anything is contemplating a downturn in the robust economy Tennessee has enjoyed for the past five years. He said he thinks about whether, during these good time, we are extracting all of the efficiencies we can and best preparing for this economy to begin to slip a little bit. In response to the second question, he said the Board needs to continue to interact with the administration and continue to be truth tellers, telling us tell us when we have areas in which we need to improve or help us consider a new approach. Having the collective wisdom of the Trustees helps us get stronger and better, and this Board's willingness to have those hard conversations makes the institution better.

Trustee Tickle raised two concerns, asking first how the 11% UTC in-state maintenance fee increase due to implementing the "Take 15, Graduate in 4" tuition model in 2019 would be perceived by constituents. Dr. DiPietro responded that the money will be used to advance student success and graduation rates, and the University will just have to make sure it is explained thoroughly and properly. Second, Trustee Tickle said the campus development officers have raised significant amounts of money, but he, as a donor, is concerned about expenditures for the office of the UT Foundation President. He added the amount should be minimized, and more money should be allocated to those on the ground raising money for UT. Dr. DiPietro responded that the foundation is being reviewed to determine whether the pro forma that was developed a decade ago still works. He said everything is on the table he understands Trustee Tickle's concern.

VI. NAMING OF THE PAVILION AND OUTDOOR CLASSROOM IN THE UT GARDENS

Dr. DiPietro recommended naming the new pavilion and outdoor classroom in the UT Gardens the "McIlwaine Friendship Pavilion and Outdoor Classroom" in honor of the late Henry W. McIlwaine to recognize his generous philanthropy and service in support of the UT Gardens. Chancellor Cross and Interim Vice President Witcher concur.

The Vice Chair designated this item for the full Board agenda because the Advancement and Public Affairs Committee is not meeting in conjunction with this meeting of the

Board. The Vice Chair called for a motion and second to adopt the Resolution as presented in the meeting materials. Dr. DiPietro moved adoption of the following resolution:

RESOLVED: The Board of Trustees approves naming the pavilion and outdoor classroom in the UT Gardens the “Mcllwaine Friendship Pavilion and Outdoor Classroom” in honor of the late Henry W. Mcllwaine, Jr., to recognize his generous philanthropy and service in support of the UT Gardens.

Trustee Pryse seconded; and the motion carried unanimously.

VII. REPORT OF THE EXECUTIVE AND COMPENSATION COMMITTEE

Vice Chair Jubran reported that the Executive and Compensation Committee acted on behalf of the Board on two Board policy items since the last meeting of the Board to allow them to take effect immediately. The need for these policy items was discussed at the August 17, 2017 Board workshop on tenure and evaluation of tenured faculty, and there was consensus among Trustees that they needed to be in place as soon as possible:

1. Policy on faculty salaries for administrators upon conclusion of administrative appointments, and
2. Revisions to the tenure policy to make the UAPA hearing option available only after termination but continuing to make a pre-termination hearing available through a University Tribunal.

Drafts of these items were submitted to the University Faculty Council on October 5, 2014 with a November 14 due date for comment. Drafts were also included in materials for the November 3 Board meeting. He stated that no action is required.

VIII. REPORT OF THE ACADEMIC AFFAIRS AND STUDENT SUCCESS COMMITTEE

A. Proposed Revisions to Board Policies on Academic Freedom, Responsibility, and Tenure

Vice Chair Jubran recognized Trustee Gregg, Chair of the Academic Affairs and Student Success Committee, to report on the Committee’s recommendation on proposed revisions to the tenure policy.

Trustee Gregg reported that at the Academic Affairs and Student Success Committee met earlier in the day, and President DiPietro presented the administration’s proposed revisions to the Board Policies on Academic Freedom, Responsibility, and Tenure. Most Trustees were present at the meeting and able to participate in the discussion.

After a robust discussion of the proposed revisions, the Committee approved a motion to recommend that the Board adopt the Resolution set out in the materials approving the revisions and defining a later effective date for certain provisions that require development of implementing procedures.

On the recommendation of the Academic Affairs and Student Success Committee, Trustee Gregg moved adoption of the Resolution set out in the materials.

RESOLVED: The Board of Trustees approves the proposed revisions to the Board Policies on Academic Freedom, Responsibility, and Tenure to be effective as of March 23, 2018, except as provided below:

1. The standard six-year probationary period shall apply to all tenure-track appointments made after March 23, 2018. The required campus policies and procedures to govern a faculty member's application for tenure before the sixth year shall be submitted to the Board no later than the last regular Board meeting in 2018 and shall be effective upon approval by the Board.
2. The requirement of an Enhanced Tenure-Track Review (ETTR) in the third or fourth year of the probationary period shall be effective as of July 1, 2019 but shall not apply to any tenure-track faculty member who has completed the fourth year of his or her probationary period by that date. The campuses shall present proposed ETTR procedures to the Board for approval no later than the last regular meeting of the Board in 2018.
3. (a) Any revision of campus procedures needed to comply with the new minimum components of the tenure review process stated in Appendix A (for example, the requirement of external reviews of all tenure candidates and the requirement of peer review of teaching) shall be effective upon approval by the Board. The campuses shall submit any revised procedures to the Board no later than the June 22, 2018 meeting.

(b) The departmental procedures required by Appendix A shall be effective upon approval by the dean and the chief academic officer. Departments shall submit the required procedures for approval no later than November 30, 2018 and shall be effective beginning with the next tenure review cycle following approval.
4. The departmental criteria for tenure required by Article III, Section F, of the policy shall be submitted to the dean and the chief academic officer for approval no later than November 30, 2018 and

shall be effective beginning with the next tenure review cycle following approval.

- 5. The requirement of a periodic comprehensive review of all tenured faculty no less often than every six years shall be effective upon Board approval of the review procedures for each campus recommended by the President. The President shall recommend the procedures to the Board no later than the last regular meeting of the Board in 2018.**

AND FURTHER RESOLVED: At the June 22, 2018 regular meeting of the Board, the President shall recommend revisions to the procedures outlined in Appendices B and C of the policy to ensure that pre-termination hearing processes are conducted in an efficient and timely manner so that a recommendation is presented to the Chancellor no later than 120 days after written notice of proposed termination was provided to the faculty member.

As a recommendation of a committee, no second was required. Vice Chair Jubran called for any discussion. Trustee Wharton said he voted against the resolution at the Committee meeting when changes he requested were not accepted by the Committee, and therefore he would continue to oppose the resolution. The motion carried, with Trustee Wharton voting against.

Vice Chair Jubran added that the primary goal of the Board is to enhance academic excellence, transparency and accountability, and he thanked the President and his team for working through policy revisions since the August 17, 2017 workshop cooperatively with all interested parties and with complete transparency.

XI. REPORT OF THE AUDIT AND COMPLIANCE COMMITTEE

Committee Chair Gallimore made the following report of the work of the Audit and Compliance Committee since the last Board meeting.

At the Audit and Compliance Committee's meeting in November, we reviewed the status of the 2017 audit plan, received an update on outstanding audit issues, reviewed the investigations in progress, received a litigation update, and reviewed information security status reports. We also approved the plans and priorities of the Office of Audit and Compliance for 2018.

One significant project conducted in 2017 was the implementation of UT's enterprise risk management framework. This work was required to comply with updated state guidance. The goal is to provide a comprehensive view of the University's risks in terms of the mission and objectives. Judy Burns

Page 7, Spring Meeting
Board of Trustees
March 23, 2018

of internal audit led the implementation and worked closely with executive vice president – Tonja Johnson, the strategic planning team members and goal champions, and other members of the president’s staff to implement a process that was compliant with the state statute and guidance, was not burdensome, and was beneficial for UT System.

At our committee meeting, we reviewed the results of the 2017 risk assessment and the risk themes identified and documented during the process. For 2018, the work will transition to the executive vice president’s office; however, the Audit and Compliance Committee will continue to review the University’s risk assessment each year as required by our charter.

Also at our meeting, System Title IX Coordinator, Ashley Blamey, presented on Title IX and about the progress being made to implement the Title IX Commission recommendations. The System Title IX Coordinator will be issuing the first system-wide annual report in April which was one of the recommendations. Of importance, Dr. Blamey informed the Committee that UT Knoxville had implemented mandatory Title IX training for faculty and staff in the fall. Ninety-two percent of UTK faculty and staff took the training during the fall. System administration’s training window is currently open and completion results are already positive. The Committee will continue to receive updates at our meetings this year on progress being made.

In the fall, all board members should have received the audit reports of the chief executive officers completed by the internal audit team. Reports were on the president and all of the chancellors. The 2017 audit results continue to indicate that the CEOs are committed to being good stewards of the university’s financial resources and the university has established effective controls. The auditors provided one recommendation to strengthen entertainment procedures at the Institute of Agriculture. For 2018, audits will include the president and the chancellors at Knoxville and the Institute of Agriculture.

XII. OTHER BUSINESS

There was no other business.

XIII. ADJOURNMENT

With no further business to come before the Board, the Vice Chair adjourned the meeting.

Respectfully Submitted,

Catherine S. Mizell, Secretary

THE UNIVERSITY OF TENNESSEE
BOARD OF TRUSTEES

MINUTES OF A SPECIAL MEETING
May 10, 2018
Knoxville, Tennessee

Upon the call of the Vice Chair, a special meeting of The University of Tennessee Board of Trustees was held at 11:00 a.m. CDT, on Thursday, May 10, 2018, by teleconference originating from the offices of Adams and Reese, LLP, 424 Church Street, Suite 2700 in Nashville, Tennessee.

I. CALL TO ORDER AND INVOCATION

Raja J. Jubran, Vice Chair of the Board, called the meeting to order.

II. ROLL CALL

Secretary Catherine S. Mizell called the roll, and the following members were present in person or by telephone:

Charles C. Anderson, Jr.
Terrance G. Cooper
Spruell Driver, Jr.
William E. Evans
John N. Foy (joined by telephone after the roll call)
Crawford Gallimore
Vicky B. Gregg
Raja J. Jubran
Brad A. Lampley
Andrew P. McBride
Candice McQueen
Sharon J. Miller Pryse
David A. Shepard
Rachel M. Smith
Jai Templeton
John D. Tickle (joined by telephone after the roll call)
Julia T. Wells
Tommy Whittaker

The Secretary announced the presence of a quorum. The Secretary reminded the members of the requirements of the Open Meetings Act for meetings in which members participate by electronic means, and she identified those other than Trustees who were

present at the meeting location, including members of the senior administrative staff, a representative of the UT Knoxville Faculty Senate, and media representatives. Those not at the meeting location indicated that no one else was at their location.

III. OPENING REMARKS BY VICE CHAIR

The Vice Chair offered Professor Misty Anderson, incoming President of the UT Knoxville Faculty Senate, and anyone else who was not a Trustee the opportunity to address the Board, but hearing no requests, the Vice Chair proceeded with the agenda.

IV. RESOLUTION CONCERNING A VOTE OF FULL CONFIDENCE IN PRESIDENT JOE DIPIETRO

The Vice Chair noted that the only item of business for the meeting was the Resolution in the meeting materials concerning a vote of full confidence in President Joe DiPietro. For reference, the Vice Chair said the Board has evaluated Dr. DiPietro's performance annually, including a comprehensive evaluation during his fourth year in office, and has always been completely happy and satisfied with Dr. DiPietro's integrity and ethics in everything that he has done. He added that Dr. DiPietro has considered the Board as a strategic partner, and the Board appreciates that he has been instrumental in advancing this University, especially in the last five years, noting that he responded to what the state needed on many fronts and led that effort to get it done. The Vice Chair said the Board is disappointed by the resolution of censure passed by the UT Knoxville Faculty Senate and wants to express its opinion about Dr. DiPietro's great performance. He then referred to the Resolution before the Trustees in the meeting materials and called for a motion to adopt. Trustee Pryse moved adoption of the Resolution, and Trustee Gallimore seconded. The Vice Chair called for discussion.

Trustee Wells asked whether anyone had received feedback from the UT Knoxville Faculty Senate or the Student Government Association presidents expressing dissatisfaction with Dr. DiPietro's actions before that week. The Vice Chair responded that there had been discussion about outsourcing and tenure. Trustee McBride clarified that the Executive Council of the SGA at UTHSC was not a party to the recent letter from SGA presidents. Trustee Cooper added that the UTHSC Faculty Senate did not support the censure. Trustee Smith said representatives of the undergraduate Student Government Association have been in communication with her throughout the semester with concerns, mainly about Dr. DiPietro's support of the UT FOCUS Act. Trustee Driver said he had not received any recent communications but said he wanted to emphasize that Dr. DiPietro maintained throughout the process that each campus would make its own decision, and that is what happened.

Trustee Lampley asked Trustee Smith whether there was a formal vote taken by each Student Government Association on the joint statement Trustees received from the SGA

presidents earlier in the day or whether it was only a statement of the three presidents. Trustee Smith said she understood the presidents consulted with their executive cabinets but to her knowledge there was no formal vote. Trustee McBride confirmed that the Executive Council of the Student Government Association at UTHSC voted against participating in the joint letter from SGA presidents.

The Vice Chair commented that students are the University's clients and the most important thing about what the University does. He said he has known many students who have thought highly of Dr. DiPietro, and many faculty members as well. For that reason, he said, and in light of the recent censure resolution, it is very important to set the record straight and offer this Resolution by the Board of Trustees.

Trustee Evans said he agreed with everything the Vice Chair had said and is committed to voting in support of the Resolution indicating full confidence in President DiPietro but added that he did not see any value in point number one on page three of the Resolution, which expressed thoughts about whether the UT Knoxville Faculty Senate had sought the truth. He said he did not think they found the truth, but does not know what they did to seek it. He reiterated that he did not see value in making that a public argument between the Trustees and the Faculty Senate, knowing the Faculty Senate is a very small percentage of the total faculty. He said he would prefer that the Resolution be framed in a positive sense on points two and three being the Board's support of Dr. DiPietro and removing the expression of disappointment with the Faculty Senate.

The Vice Chair asked Trustee Evans if he was making a substitute motion, and Trustee Evans responded he was. Trustee Pryse, who made the original motion, accepted the substitution of Trustee Evans' motion, and the substitute motion was seconded. The Vice Chair called for discussion on Trustee Evans' substitute motion, and to be clear noted that the substitute motion by Trustee Evans deleted article one on page three of the Resolution. The Vice Chair added that the language being deleted from the Resolution was included to document that some of the statements in the censure resolution were not true and were unfair to Dr. DiPietro, who has done such a great job for the University. He mentioned increased appropriations from the state, increase in capital projects, and restoration of credibility in the institution and the office of President. He said he will vote in favor of the substitute motion because he agrees that an argument with the faculty is not productive as long as the reputations of Dr. DiPietro and the institution are protected.

The Secretary announced that Trustee Tickle had joined the meeting by telephone and informed him of those present at the meeting location in Nashville.

Trustee Cooper said he was not speaking for the UTHSC Faculty Senate or the University Faculty Council but was personally disappointed that a censure of this type was made. He said he did not think it was a course of action that should have been taken.

Trustee Pryse said the censure obviously was a result of the Chancellor Davenport situation. She said Dr. DiPietro asked for her opinion on the situation, and she believes the action was taken with thoughtful consideration about the ramifications for all parties.

The Vice Chair then addressed the repeated media coverage of the outsourcing issue. He said that at the Board meeting in which the campus outsourcing decisions were announced, he had reminded everyone that it was Dr. DiPietro who personally negotiated contract terms to protect the UT employees in maintenance and other facilities services. He added that Dr. DiPietro had been very transparent with the campuses, offered them the right to opt in or opt out, and once their decision was made, has never mentioned it again, but the issue keeps being raised in the media. The objective was to generate savings to be moved into teaching and research, but now outsourcing is off the table. With respect to tenure, the Vice Chair said Dr. DiPietro and the system administration have been transparent, beginning with the workshop in August 2017. He added that the tenure policy is a Board policy, and the goal has been to improve it and preserve tenure. Dr. DiPietro has been committed throughout to sharing proposals with the faculty.

Trustee Gallimore said that like Trustee Evans, he is disappointed in the Faculty Senate censure vote, and that part of the statement is true. He said he cannot speak to the level of their diligence in seeking the truth or to anything relative to the unfounded accusations, and therefore he would be fine with expressing disappointment but then ending that sentence after the word "disappointment." The Vice Chair asked Trustee Gallimore if he wanted to make that a substitute motion, and he replied he did. Trustee Evans asked for a restatement of how it would change. The Vice Chair said the statement would read "declare disappointment with the Knoxville Faculty Senate's censure resolution." Trustee Evans said he would accept that and withdraw his motion, and Trustee Pryse did likewise. The Vice Chair called for a second on Trustee Gallimore's motion, Trustee Whittaker seconded, and the Vice Chair called for any further discussion.

Trustee Lampley commented that Trustees do value the voice of the faculty, but he also was disappointed in the censure resolution and hopes that stronger communication and dialogue will prevail in the future. He said he would support Trustee Gallimore's motion.

Referring to the letter from SGA presidents, Trustee Pryse said it is important to understand the difference between the role of the President and the role of the Chancellor, and that much of the letter relates to the role of the Chancellor and students.

Further discussion ensued about better communication and building trust. Trustee Cooper commented that Dr. DiPietro has met with the University Faculty Council whenever asked except perhaps one occasion. On the issue of post-tenure review, he said it is an opportunity for 98% of the faculty to report and be proud of their achievements,

but for the other 2%, it might be about accountability. He added that the procedures for post-tenure review have not yet been developed, and the faculty will have an opportunity to participate in the development.

A Trustee called the question, and the Vice Chair asked the Secretary to take a roll-call vote on the motion made by Trustee Gallimore and seconded by Trustee Whittaker. The motion carried with only Trustee Smith voting "no." Commission McQueen had to leave the meeting for a speaking engagement before the vote.

As adopted, the Resolution reads as follows (with deleted language shown in strikethrough):

THE UNIVERSITY OF TENNESSEE
BOARD OF TRUSTEES

RESOLUTION

Vote of Full Confidence in President Joe DiPietro
May 10, 2018

WHEREAS, President Joe DiPietro has led The University of Tennessee System with humility, honor, and integrity since January 1, 2011; and

WHEREAS, President DiPietro has led the University under a strategic plan, "Defining the Future," to align the University with the state's goal to increase enrollment and graduation rates, enhance economic development, and respond to the changing needs of the state workforce; and

WHEREAS, under President DiPietro's leadership, the University has experienced unprecedented growth in a number of areas, including enrollment, graduation rates, retention, and research; and

WHEREAS, President DiPietro has established credibility in the office of President, resulting in support by the Governor and the General Assembly for increased state appropriations which, in turn, have directly resulted in a record-setting fourth year of self-limited tuition increases of three percent or lower for University students and their parents; and

WHEREAS, under President DiPietro's leadership, and due to the Governor's strong commitment to higher education and the support of the General Assembly, the University has experienced an unprecedented increase in capital funding, especially at the flagship campus in Knoxville;

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WHEREAS, President DiPietro committed the University to becoming a national model in Title IX compliance; and

WHEREAS, President DiPietro has approached every matter, including personnel matters, with the singular goal of doing what is in the best interest of the University; and

WHEREAS, at the outset of the process concerning outsourcing of facilities management services, President DiPietro, because of his strong concern for and commitment to the employees who do the hard work of maintaining University facilities day in and day out, personally negotiated with state officials to obtain binding contractual language prohibiting employee layoffs and providing total equitable, if not greater, compensation for the employees; and

WHEREAS, President DiPietro publicly and repeatedly committed that each campus would be allowed to make the outsourcing decision based on what was in its best interest, and President DiPietro and the Board have honored that commitment despite the fact that two campuses decided to forego the potential for substantial savings through outsourcing and now must find another way to achieve the savings; and

WHEREAS, despite the honest and transparent actions of President DiPietro and the Board with respect to the outsourcing decision, some continue to foment fear among our employees by repeating false allegations and rumors spread during the outsourcing process and by making the totally baseless suggestion that the Board still intends to impose outsourcing; and

WHEREAS, the Board firmly believes that the faculty as a whole is the University's most valuable asset, and the University is fortunate to have many outstanding and dedicated faculty members throughout the University system;

WHEREAS, President DiPietro, who himself has held tenured faculty appointments at three universities, is a strong advocate for academic freedom and tenure, and because of his desire to protect tenure, created an open dialogue with the University Faculty Council to improve the Board's tenure policy to enhance performance, transparency, and accountability as it relates to the tenure review process and evaluation of tenured faculty; and

WHEREAS, a small number of faculty at the flagship campus in Knoxville, including the Faculty Senate President, voiced opposition to the requirement of post-tenure review of all tenured faculty, claiming that post-tenure review is a threat to tenure despite the fact that it is a well-established practice at several public research universities with top-25 ranking, a status the flagship aspires to achieve; and

WHEREAS, the Faculty Senate at the flagship campus in Knoxville has attempted to harm the reputation of President DiPietro and the University by censuring the President for certain administrative actions; and

WHEREAS, President DiPietro's actions were undertaken with integrity and courage and, as always, in the best interest of the University.

NOW THEREFORE BE IT RESOLVED that The University of Tennessee Board of Trustees, meeting in Nashville, Tennessee, on May 10, 2018:

1. Declares disappointment with the Knoxville Faculty Senate's censure resolution ~~and calls for the Knoxville Faculty Senate and its leadership to seek the truth before making unfounded accusations;~~ and
2. Commends President Joe DiPietro for his integrity, courage, and invaluable service to The University of Tennessee and the State of Tennessee; and
3. Declares a "Vote of Full Confidence" in President Joe DiPietro's judgment and leadership.

XII. OTHER BUSINESS

There was no other business.

XIII. ADJOURNMENT

With no further business to come before the Board, the Vice Chair adjourned the meeting.

Respectfully Submitted,

Catherine S. Mizell, Secretary

THE UNIVERSITY OF TENNESSEE
BOARD OF TRUSTEES

ACTION ITEM

DATE: June 22, 2018

ITEM: Minutes of the Prior Committee and Subcommittee Meetings

Several standing committees and subcommittees are not meeting in conjunction with the Annual Meeting of the Board on June 22, 2018 and will not meet before composition of the Board changes on July 1, 2018. Therefore, the following minutes of the last meetings of these committees and subcommittees have been circulated to members to provide an opportunity for noting needed corrections. Any needed corrections have been made, and these minutes are being submitted for approval on the consent agenda of the Annual Meeting.

RESOLVED: Minutes of the last meeting of the following committees and subcommittees having been circulated and needed corrections made, the reading of the minutes 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: Advancement and Public Affairs Committee; Athletics Committee; Audit and Compliance Committee; Health Affairs Committee; Research, Outreach, and Economic Development Committee; Trusteeship; Subcommittee on Community and Alumni Relations.

THE UNIVERSITY OF TENNESSEE
BOARD OF TRUSTEES

MINUTES OF THE ADVANCEMENT AND PUBLIC AFFAIRS COMMITTEE

February 5, 2018
Knoxville, Tennessee

The Advancement and Public Affairs Committee of The University of Tennessee Board of Trustees met at 2:30 p.m. EDT on Monday, February 5, 2018, by tele/videoconference originating from Andy Holt Tower in Knoxville, Tennessee.

I. CALL TO ORDER

Chair Sharon Pryse called the meeting to order.

II. ROLL CALL

The Secretary, Catherine S. Mizell, called the roll, and the following members of the Committee were present at the meeting location in Knoxville or by telephone or video:

Ms. Sharon Pryse, Chair
Dr. Joe DiPietro
Mr. Raja J. Jubran
Ms. Rhedona Rose
Mr. David A. Shepard
Ms. Julia Wells
Mr. Charles Wharton

Members of the administrative staff and a representative of the UT Knoxville Faculty Senate were also present in person or by telephone or video.

The Secretary Mizell announced the presence of a quorum and reminded the committee of requirements of the Open Meetings Act applicable to meetings conducted with members participating electronically, including the requirement of a roll-call vote on all action items. All members indicated that no one else was present at their locations.

III. CONSENT AGENDA

Chair Pryse asked for any corrections to the minutes of the last meeting. Hearing none, Chair Pryse called for the following motion:

I move that the reading of the minutes of the March 28, 2017 meeting of the Advancement and Public Affairs Committee be omitted and the minutes be approved as presented in the meeting materials, provided that the Secretary be

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February 5, 2018

authorized to make any necessary edits to correct spelling errors, grammatical errors, format errors, or other technical errors subsequently identified.

Trustee Shepard so moved. The motion was seconded and carried by roll-call vote (Exhibit 1).

IV. COMMUNICATIONS AND MARKETING REPORT

Tiffany Carpenter, Associate Vice President for Communications and Marketing, reported the UT System News app was launched in July to aggregate press releases and announcements from UT entities and facilitate social sharing. To date, the iOS app has been downloaded more than 3,000 times and about 10% of the users are currently signed up for push notifications. These notifications allow users to immediately see when a UT entity posts a release. She encouraged the Committee to download the app and noted that an Android version of the app is in process.

The Board's Annual Report to the General Assembly was distributed to all legislators electronically last week and distributed by a new release to media statewide. The report is available on the front page of tennessee.edu.

The President's third annual State of the University address will take place on Wednesday, February 28, 2018 at the library in downtown Nashville. It will begin with a coffee and dessert reception and will have an artist doing a live painting that will be representative of the new marketing theme. UT Martin's percussion band will also be on site to perform. The speech itself will have more video elements to demonstrate stories across the enterprise in the three mission areas of educate, discover and connect, as well as a video that demonstrates how all three areas are pulled together across the System to solve some of the state's biggest problems. She hopes all Trustees will plan to attend.

For the past several years, the need for a branding campaign has been discussed. This past summer, there was a competitive bid process and the firm known as "160 over 90" was selected to aid in this endeavor. The firm works with about 50 percent of higher education clients, including the University of Illinois System, the University of Nebraska System, Texas A&M University, and the University of Florida. They also work with consumer brands like Nike Golf and Ferrari. Creative elements will begin to be seen in the State of the University address. The date to have the campaign on the streets is March 1.

V. GOVERNMENT RELATIONS REPORT

Anthony Haynes, Vice President for Government Relations and Advocacy (GR&A), reported that his staff is currently tracking approximately 400 bills in the Tennessee General Assembly, with the possibility of adding more. These bills could impact varied aspects of the University's statewide interests, and about 40 bills specifically name the University of Tennessee, a continuing upward trend from past legislative sessions.

Governor Bill Haslam issued his budget proposal for the state last week, and President DiPietro will present UT's budget before various legislative committees in the coming weeks.

Mr. Haynes stated that the University's Sunset Hearing is set for February 12. Earlier, the University received a clean performance audit from the Division of State Audit.

The Governor's legislative package includes legislation to reduce the size of the Board of Trustees. President DiPietro released a statement offering his full support for the legislation.

A bill relating to conflicts of interest for members of governing boards or state boards and commissions is being introduced. Representative Martin Daniel has legislation to make efforts to tie this to higher education boards. (Chair Pryse asked how the bill would differ from the current conflict of interest policy.) Mr. Haynes said the bill will be more restrictive than current policy by prohibiting any registered lobbyist from serving on the Board of Trustees.

Mr. Haynes reported that one of the key issues this legislative session is teacher preparation programs. Several educational advocacy groups want the legislature to look at the effectiveness of teacher education training programs. The GR&A team has been working with UTK, UTM, and UTC campuses and with the leadership of the General Assembly's education committees on this issue. Legislators seem to like reports they have received on UT Martin's Teacher Warranty Program. If a school superintendent or school is not satisfied with a teacher's performance, UT Martin will give that teacher additional training at no charge to the school district.

Mr. Haynes added that there are several well-intended bills that would mandate changes in higher education curriculums. The University holds strongly to the position that curriculum needs to be set by professionals at the institution to best prepare graduates to become leaders and contribute to society.

Another curriculum proposal would require students to take a civics exam (the same one taken to become a US citizen) during the first year of college and score at least 80 percent. If a student does not score at least 80, the institution would be required to provide courses to help the student pass the exam as a requirement for graduation.

Mr. Haynes noted additional issues being tracked by the GR&A team:

- Sign language substituted for foreign language requirement. Foreign language is critical to the curriculum of some programs, so GR&A staff are working to achieve an acceptable outcome.
- Tenure reform. The Board of Trustees has been proactive on this subject, and legislative discussion is not expected until next year.
- Tuition transparency. Senator Steve Dickerson filed legislation that would require reports to the General Assembly with justification for tuition increases, how previous increases were used, and projections for future tuition rates. Senator Dickerson's goal is for parents to be able to budget the cost of tuition for the next four to five years.

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Advancement and Public Affairs Committee

Board of Trustees

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- Confidentiality of gift records. The Government Relations team is working to ensure that existing confidentiality is not eroded.
- Tuition waivers. President DiPietro plans to meet with Governor Haslam about options related to unfunded mandates for tuition waivers.
- Guns on campus. Currently, the NRA is not actively working legislation.

Federal Relations. Mr. Haynes noted that the federal government still has not passed a budget; but the good news is that as each Continuing Resolution is passed, the University remains funded at Obama Administration levels, which helps UT's science and technology budgets benefitting UT-Battelle, UTK, and UTHSC. When a budget is passed, it likely will have reductions for research enterprises across the board.

Mr. Haynes concluded by reporting that he and his team are looking at opportunities to promote UT's work on the opioid crisis and hypersonics, along with funding for Lone Oaks Farm.

VI. UT FOUNDATION, INC. REPORT

Mr. Kerry Witcher, Interim President & CEO of the UT Foundation, gave the following update on fundraising totals. As of June 30, 2017, UT Foundation received \$221,158,109 million from 61,268 donors. Although the total dollars raised is slightly below the previous year, it is historically one of the top five years of fundraising. For the period July 1, 2017 through December 31, 2017, total dollars raised is \$132,419,326, and total number of donors is 36,301.

Mr. Witcher highlighted some impacts of the tax reform legislation signed into law on December 22, 2017 with respect to charitable giving and the charitable deduction:

- Doubling the standard deduction. The expectation is that fewer people will be itemizing as a result of that change, but no major impact on fundraising is expected.
- Increase in AGI limitations for cash gifts. This increases the deduction from 50 to 60 percent of Adjusted Gross Income per tax year, which could be beneficial to the University.
- Repeal of college athletics seating deduction. This repeals the current rule that allows donors to deduct 80 percent of their gift made for the right to purchase tickets to college athletic events. Beginning January 1, 2018 and beyond, gifts made for this purpose are no longer tax deductible. This could potentially have a major impact, primarily at UT Knoxville, on total dollars raised as well as total donors.

Mr. Witcher reported that the alumni office has defined alumni engagement by the following categories.

- a. Alumni attending events, programs, etc.
- b. Contacting the University by email/social media interactions
- c. Those that volunteer in some way.

With this definition, engagement can be measured by scores ranging from 0 – 5. This is still relatively new and tracking has only been over the last couple of years. There is still more work to do by adding more data from previous years. One trend noted is a strong correlation between engagement and giving.

Over the past weekend the UTAA Alumni Legislative and Advocacy Council (ALC) met. This group gets together once a year in Nashville to talk about issues. They held the first ever gubernatorial forum inviting all 15 possible candidates to attend the session. Out of this group, eight actually attended and were given the opportunity to respond to questions with moderator Pat Nolan. The video will be posted online.

VII. OTHER BUSINESS

There was no other business to come before the Committee.

Before adjournment, President DiPietro announced that Kerry Witcher has agreed to serve in the interim role of Vice President for Development and Alumni Affairs and President and CEO of the UT Foundation, Inc. while a determination is made about filling the position. Dr. Bob Smith will be conducting a review of the UT Foundation that will include the position and current structure. If Dr. Smith concludes it necessary after the review has been completed, a consultant will be retained. President DiPietro said defining what the Foundation should be and what kind of leader it needs is critical. A search will not begin until this has been determined. This plan will also be going before the UT Foundation Board at a workshop in a few months. With all of this in mind, the President said the search could start by the end of May or first of June of this year.

Chair Pryse asked if the members of this Committee could be involved in this review and Dr. DiPietro agreed.

VIII. ADJORNMENT

There being no other business, the meeting was adjourned.

Respectfully submitted,

Anthony Haynes, Vice President
for Government Relations & Advocacy

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February 5, 2018

THE UNIVERSITY OF TENNESSEE
BOARD OF TRUSTEES

MINUTES OF THE ATHLETICS COMMITTEE

November 2, 2017
Knoxville, Tennessee

The Athletics Committee of The University of Tennessee Board of Trustees met at 3:00 p.m. EDT on Thursday, November 2, 2017, in the Hollingsworth Auditorium on the Institute of Agriculture campus in Knoxville, Tennessee.

I. CALL TO ORDER

Trustee Anderson, Committee Chair, called the meeting to order.

II. ROLL CALL

General Counsel Matthew Scoggins called the roll, and the following members of the Athletics Committee were present:

Charles C. Anderson, Jr.
Joseph A. DiPietro
Spruell Driver, Jr.
D. Crawford Gallimore
Vicky B. Gregg
Raja J. Jubran
Brad A. Lampley
John D. Tickle

Mr. Scoggins announced the presence of a quorum. Other Trustees, administrative staff, and members of the media and general public were also present.

III. MINUTES OF THE LAST MEETING

Chair Anderson called for any corrections to the minutes of the June 21, 2017 meeting of the Committee. Hearing none, Trustee Gallimore moved approval of the minutes as presented in the meeting materials, Trustee Jubran seconded, and the motion carried.

IV. PRESENTATION OF INTERCOLLEGIATE ATHLETICS AT UTC

UT-Chattanooga (UTC) Athletic Director, Mark Whorton, provided the Committee with an overview of the state of the intercollegiate athletics programs at UTC (Exhibit 1). He discussed:

- The Academic Progress Rate (APR) for the UTC Athletics Department versus the NCAA average APR;
- Graduation success rates for UTC student-athletes versus peers;
- The budget for the UTC Athletics Department, including future revenue opportunities and expenses;
- UTC's finish in the 2016-17 Director's Cup Final Standings and UTC's aspirational goals; and
- A capital projects update.

In response to a question from Trustee Driver, Mr. Whorton clarified that UTC's aspirational peers for UTC's Athletics Department are recommended by the UT System and approved by the Board.

V. PRESENTATION ON INTERCOLLEGIATE ATHLETICS AT UT MARTIN

UT-Martin (UTM) Athletic Director, Kurt McGuffin, provided the Committee with an overview of the state of the intercollegiate athletics programs at UTM (Exhibit 2). He discussed:

- The APR for the UTM Athletics Department versus the NCAA average APR and the average APR in the Ohio Valley Conference (OVC);
- Graduation success rates for UTM student-athletes versus peers;
- The budget for the UTM Athletics Department, including fund raising opportunities;
- UTM's finish in the 2016-17 OVC Commissioner's Cup standings; and aspirational goals; and
- A capital projects update.

Mr. McGuffin noted that UTM did not have an academic advisor dedicated to student-athletes until two years ago. Since then, UTM has added two full-time academic advisors and an intern. Mr. McGuffin concluded that the addition of the academic advisors has contributed to the great progress in student-athlete graduation success rates. In response to a question, he noted the graduation success rate is based on six year rates.

VI. PRESENTATION ON INTERCOLLEGIATE ATHLETICS AT UT KNOXVILLE

UT, Knoxville (UTK) Athletic Director, John Currie, started his report (Exhibit 3) by stating that he has arrived at a time when the athletic department support staff has done an excellent job at improving academic success rates. He discussed:

- The APR for the UTK Athletics Department versus the NCAA average
- Very positive trending in student-athlete four-year graduation success rates;
- The overall budget of the UTK Athletics Department, including significant support of individual donors;
- UTK's finish in the 2016-17 Director's Cup Final Standings and UTK's aspirational goals; and
- A capital projects update.

Mr. Currie noted that the expansion in student-athlete experience areas such as sports medicine, nutrition, strength and conditioning, and sports science has never been better and is a significant opportunity for student-athletes. Trustee Gallimore commented on the importance of game guarantees for UTM and UTC.

VII. NEYLAND STADIUM SOUTH RENOVATIONS (PHASE I) PROJECT SCOPE AND NEYLAND STADIUM MASTER PLAN

John Currie stated that at last year's fall meeting, the Board of Trustees approved the Neyland Stadium South Renovations project, which was recognized as "Phase I" of future project phases for Neyland Stadium. The estimated cost of the project at that time was \$106,000,000. The University administration has further evaluated the most prudent and effective method for project delivery, which includes the addition of scope moved from future phases into the initial phase, thus solving critical renovation needs and reducing escalation costs. The University administration is requesting an increase to the project budget from \$106,000,000 to \$180,000,000 due to its ability to fund the expanded scope. The expanded initial phase will be referred to as Phase I of the Neyland Stadium Master Plan (Master Plan), which the Athletics Department updated and issued in 2017.

Mr. Currie provided a detailed description of the proposed additional scope and timeline for Phase I (Exhibit 4). The proposed additional scope for Phase I includes:

- Expanding and renovating the entire south concourses to improve safety, functionality, and fan comfort;
- Constructing new restrooms along expanded south concourses to comply

with modern standards for the number of fixtures, accessibility, and ease of use by patrons;

- Increasing the number and type of concessions stands throughout the south concourses to improve food quality, selection, and availability;
- Building new entry towers/gates and plaza areas in the southwest and southeast corners of the stadium (similar to the current northwest corner) to create a cohesive exterior architecture, consolidate stadium entry points for easier access, improved security, and operational control, and activate open common exterior areas for the enjoyment of visitors;
- Presenting a stadium exterior integrated into the campus fabric that embraces the objectives of the campus master plan and established design standards of the campus;
- Adjusting the south endzone field wall location further from playing surface to improve player safety and conform to NCAA guidelines on minimum distance between playing surface and physical boundaries;
- Building a kitchen and commissary to enable on-site food catering and delivery of fresh food to points throughout the stadium; and
- Developing new and diversified premium offerings to meet market demands and capitalize on underutilized spaces including open air suites, field level club, and ledge seating.

Mr. Currie explained that Phase I will be supported by a variety of funding sources including a dedicated capital campaign. University administration anticipates that approximately \$71 million will be received from the funding sources prior to the completion of Phase I. The balance of the project budget, \$109 million, will be funded through the issuance of 10-year and 20-year bond programs. The bonds will be serviced over time by future auxiliary revenues and scheduled donor gifts.

The Phase I timeline anticipates that substantial completion of the project will occur in August 2020.

Mr. Currie also presented information on the updated Neyland Stadium Master Plan, which has an estimated total project budget of \$340,000,000, inclusive of Phase I and Phase II of the Master Plan. The University administration intends to engage an architect and a construction manager who have the qualifications and experience necessary to complete a single and unified project that includes Phase I and Phase II of the Master Plan. At a subsequent Board meeting, the University administration will seek authorization from the Board to begin Phase II after presenting a detailed description of the scope, funding model, and timeline for Phase II.

The Chair called for a motion. Trustee Lampley moved that the Committee recommend the following Resolution for adoption by the Board of Trustees:

RESOLVED: The University administration is authorized to increase the budget of the previously approved Neyland Stadium South Renovations (Phase I) project from \$106,000,000 to \$180,000,000 and expand the scope of the previously approved Neyland Stadium South Renovations (Phase I) project as described in the meeting materials, subject to all required state government approvals. The expanded project shall be referred to as Phase I of the updated Neyland Stadium Master Plan.

The Board recognizes that at this time the total project budget for the Neyland Stadium Master Plan is estimated to be \$340,000,000 with the understanding that the University administration must request authorization from the Board to begin Phase II of the Neyland Stadium Master Plan after presenting a detailed description of the scope, funding model, and timeline for Phase II. The University administration should engage an architect and a construction manager who have the qualifications and experience necessary to complete a single and unified project that includes Phase I and Phase II of the Master Plan.

Trustee Jubran seconded the motion, and the motion carried.

VIII. OTHER BUSINESS

There was no other business to come before the Committee.

VII. ADJOURNMENT

There being no further business to come before the Committee, the meeting was adjourned.

Respectfully Submitted,

Matthew M. Scoggins, III

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Athletics Committee
Board of Trustees
November 2, 2017

THE UNIVERSITY OF TENNESSEE
BOARD OF TRUSTEES

MINUTES OF THE AUDIT AND COMPLIANCE COMMITTEE

June 5, 2018
Knoxville, Tennessee

The Audit and Compliance Committee of the University of Tennessee Board of Trustees met at 12:00 p.m. EDT on June 5, 2018, in 832 Andy Holt Tower on the University of Tennessee campus in Knoxville, Tennessee.

I. CALL TO ORDER

Mr. D. Crawford Gallimore, Chair, called the meeting to order.

II. ROLL CALL

The Secretary, Catherine S. Mizell, called the roll, and the following members of the Committee were present at the meeting location in Knoxville or by telephone:

Mr. D. Crawford Gallimore
Mr. Raja Jubran
Mr. Brad Lampley
Ms. Sharon Pryse
Mr. Tommy Whittaker

Chief Financial Officer David Miller and Trustee Terry Cooper were present by telephone. Members of the administrative staff, two members of the UT Knoxville Faculty Senate, a UT Knoxville student, and representatives of the media were present in Knoxville.

Secretary Mizell announced the presence of a quorum and reminded the committee of requirements of the Open Meetings Act applicable to meetings conducted with members participating electronically, including the requirement of a roll-call vote on all action items. All members indicated that no one else was present at their locations.

III. APPROVAL OF MINUTES FROM LAST MEETING

Chair Gallimore asked for any corrections to the March 22, 2018, minutes. Hearing none, Trustee Lampley moved approval of the minutes as presented and Trustee Pryse seconded. There was a roll-call vote and the motion carried.

IV. RECOMMENDATION ON SETTLEMENT OF CLAIM/POTENTIAL LITIGATION - BEVERLY DAVENPORT

Mr. Matthew Scoggins, General Counsel, presented the Recommendation on Settlement (Exhibit 1).

The President, who is not able to join us today because he is out of the country, requests your approval of a Separation Agreement with Dr. Beverly Davenport.

On December 15, 2016, upon the recommendation of the President, the Board of Trustees appointed Dr. Davenport to be Chancellor of UTK, effective February 15, 2017, in accordance with the terms of an offer letter dated December 6, 2016. Pursuant to the terms of the Appointment Letter, her appointment as Chancellor was without tenure and without a definite term. Also in accordance with the Appointment Letter, the President recommended that Dr. Davenport receive tenure as a full professor. The Board of Trustees awarded her tenure as a full-time faculty member in the School of Communication Studies within the College of Communication and Information.

By letter dated May 2, 2018, the President terminated Dr. Davenport's appointment as Chancellor for performance reasons, effective June 30, 2018, and placed her on administrative leave until that date. Effective July 1, and in accordance with the Appointment Letter, Dr. Davenport will become a tenured faculty member in the School of Communication Studies. Pursuant to the Appointment letter, she will receive an annual salary of \$438,750, which is 75% of her initial base salary as Chancellor of \$585,000, for four years. When benefits are included in the calculation, Dr. Davenport will receive \$486,838 per year for the next four years. After that time, her salary will be adjusted to the average base salary of full professors in her department, which is currently \$164,632 including benefits.

The President has decided that an amicable resolution of a claim by/potential litigation with Dr. Davenport is in the University's best

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Audit and Compliance Committee
Board of Trustees
June 5, 2018

financial and other interests. Included in your materials is a Separation Agreement that contains terms and conditions for terminating the employment relationship and the Appointment Letter. Dr. Davenport, the President, and the Chief Financial Officer have executed the Separation Agreement. The Separation Agreement is being presented to this committee for approval in accordance with Board of Trustees Policy BT0012, Policy on Settlement of Claims and Litigation. The Separation Agreement states that is not final and binding unless it is approved in accordance with the policy.

The terms of the Separation Agreement include the following:

Dr. Davenport's employment will end today, and today she irrevocably resigns her tenured appointment with the University, and the Appointment Letter terminates for all purposes. Dr. Davenport will receive a total of \$1.33 million, which is a compromised amount that was arrived at by considering a number of factors, including the University's obligation to pay Dr. Davenport salary and benefits at her rate of pay as Chancellor through June 30, 2018, while she is on administrative leave; the University's obligation to pay Dr. Davenport salary and benefits over the next four years in the amount of \$1,947,352.00 for work in her tenured faculty appointment; the University's obligation to pay Dr. Davenport annual salary and benefits beginning with the fifth year and for an indefinite period thereafter in the amount of the average base salary of full professors in the School of Communication Studies within the College of Communication and Information, which currently would amount to \$164,632 in salary plus benefits, for work in her tenured faculty appointment; the University's obligation under University policy to pay Dr. Davenport for accrued and unused annual leave at the time of the termination of her employment; and the parties' mutual interest in avoiding the expenses and costs of litigation.

The Separation Payment will be paid as follows:

\$548,500.00 less all required state and federal tax withholdings to Dr. Davenport no later than five business days following today; \$181,500.00 to Dr. Davenport's attorneys no later than five business days following today; and \$600,000.00 less tax withholdings to Dr. Davenport no later than January 15, 2019. No taxpayer dollars, no student tuition or fees, and no donor funds will be used to fund the Separation Payment. The funds for the Separation Payment will come from interest income and licensing revenue.

Dr. Davenport and the University will release claims against each other, as described in Paragraphs 7-12 of the Separation Agreement. Nothing in the Separation Agreement constitutes an admission of liability or wrongdoing by Dr. Davenport or the University. Dr. Davenport will not seek reemployment with the University or the State of Tennessee.

The Separation Agreement contains a non-disparagement provision that will apply Dr. Davenport and another non-disparagement provision that will apply to the President, the President's Administrative Council, all Chancellors, UTK Vice Chancellors, UTK Deans, University trustees, and UT System and UTK media relations employees.

Finally, I think it is important to point out that this action item falls within two areas in which this Board of Trustees has increased its oversight and control over the past two years. First, as previously stated, the policy is being presented to the Audit Committee pursuant to the Board's Policy on Settlement of Claims and Litigation, which was adopted at the Fall 2016 Meeting. Second, the next Chancellor appointed by the Board who returns to a faculty position will have their faculty salary established at the end of their appointment as opposed to the beginning of their appointment - in accordance with the Board's Policy on Setting Faculty Salaries upon Conclusion of Administrative Appointments, which was adopted in December 2017 and amended at the Winter 2018 meeting.

Under the new policy, when a Chancellor's administrative appointment concludes, the administrative salary will be relinquished, and the Board will establish the person's faculty salary within a range that is not more than 125% of the highest salary of all full-time faculty in the department who share the same discipline and academic rank and not less than the average salary of all full-time faculty in the department who share the same discipline and academic rank.

The new policy establishes criteria that will be used in setting the salary within the prescribed range. For example, criteria include: first, length and quality of administrative service at the University; second, the person's particular experience, expertise, achievements, and standing in the discipline; and third, expected or assigned contributions to the department.

If Dr. Davenport had been appointed as Chancellor under the new policy, then her faculty salary effective July 1 would be scheduled to be somewhere

between \$133,416 and \$198,422, as determined by the Board, rather than \$438,750.

Chair Gallimore called attention to the Resolution in the materials, read the Resolution, and then called for a motion to approve the following Resolution:

RESOLVED: The Audit and Compliance Committee of the Board of Trustees, acting pursuant to authority granted by Board of Trustees Policy BT0012 (Policy on Settlement of Claims and Litigation), approves the recommended resolution of the claim by/potential litigation with Beverly Davenport in the amount of one million three hundred thirty thousand dollars (\$1,330,000) and the Separation Agreement between the University and Dr. Davenport.

The motion was made by Vice Chair Jubran and seconded by Trustee Pryse. Chair Gallimore then called for discussion. Trustee Pryse commented that she had been hopeful that the hiring of our first female Chancellor would be successful and was very sorry it was not a successful outcome. She commended the administrative staff for all their hard work in negotiating the separation agreement.

There being no further discussion, Chair Gallimore called for the required roll-call vote, and the motion carried unanimously.

V. OTHER BUSINESS

There was no other business brought to the Committee Chair's attention before the meeting.

VI. ADJOURNMENT

There being no further business to come before the Audit and Compliance Committee, Chair Gallimore adjourned the meeting.

Respectfully Submitted,

Sandy S. Jansen
Chief Audit and Compliance Officer
Office of Audit and Compliance

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Audit and Compliance Committee
Board of Trustees
June 5, 2018

THE UNIVERSITY OF TENNESSEE
BOARD OF TRUSTEES

MINUTES OF THE HEALTH AFFAIRS COMMITTEE

March 22, 2018
Knoxville, Tennessee

The Health Affairs Committee of The University of Tennessee Board of Trustees met at 2:30 p.m. CDT on Thursday, March 22, 2018, in the O.D. Larry Dinning Hall of the Student-Alumni Center on the campus of The University of Tennessee Health Science Center in Memphis.

I. CALL TO ORDER

In the temporary absence of Committee Chair Charles C. Anderson, Jr. due to traffic conditions, Board Vice Chair Jubran called the meeting to order.

II. ROLL CALL

Dr. Steve Schwab, Chancellor UTHSC, called the roll and the following members of the Health Affairs Committee were present:

George E. Cates
Joseph A. DiPietro (non-voting)
Spruell Driver, Jr.
D. Crawford Gallimore
Vicky Gregg
Raja J. Jubran

Chancellor Schwab announced a quorum. Other Trustees, members of the administrative staff, members of the public and media were also present at the meeting location.

Charles C. Anderson, Jr., Committee Chair, arrived shortly after the roll call.

III. MINUTES OF THE LAST MEETING

Dr. Schwab called for any corrections to the minutes of the February 22, 2018 meeting of the Committee. Hearing none, Trustee Jubran made the following prepared motion:

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Health Affairs Committee
Board of Trustees
March 22, 2018

I move that the reading of the minutes of the February 22, 2018 meeting of the Health Affairs Committee be omitted and the minutes 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 motion was seconded and passed.

IV. DESIGNATION OF A NEWLY FORMED PROFESSIONAL CORPORATION AS THE COLLEGE OF MEDICINE'S PRIMARY FACULTY PRACTICE PLAN FOR ADULT ONCOLOGY SERVICES AND AUTHORIZATION FOR EXECUTION OF A MASTER TRANSACTION AGREEMENT AND ASSOCIATED TRANSACTIONAL AGREEMENTS WITH METHODIST LE BONHEUR HEALTHCARE AND THE WEST CLINIC, P.C. OR ITS SUCCESSOR

Dr. Schwab reported that the following item was brought forward and discussed as an information item at the last meeting of the Committee and is now proposed for action. He stated that in October 2011, the Board of Trustees designated The West Clinic, P.C. (TWC) as a College of Medicine faculty practice plan for adult oncology and authorized the administration to execute necessary affiliation agreements with Methodist Healthcare-Memphis Hospitals ("Methodist") and with TWC. The affiliation has been very successful clinically and academically. He reported that UTHSC, Methodist (through its sole member Methodist Le Bonheur Healthcare), and The West Clinic are in the final stages of negotiating a Master Transaction Agreement (MTA), which references a number of transactional agreements to be entered into by the parties. Most of the transactional agreements involve only a reorganization of TWC's relationship with Methodist and do not involve UTHSC. He noted that the purpose of the proposed transaction is to achieve greater clinical integration and alignment of the respective oncology services provided by the parties to foster enhanced accessible, high quality, cost-effective, patient-centric oncology services. The oncology service line at Methodist hospitals and cancer center sites will include radiation, medical, hematology, surgical and specialty oncology services, and related ancillary services for adult cancer patients.

Dr. Schwab explained that the proposed transaction is not entirely exclusive in nature. UTHSC currently has specific pre-existing arrangements involving the provision of certain cancer services by UTHSC faculty at the Memphis Veterans Administration Medical Center, St. Jude's Children's Research Hospital, Regional

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Health Affairs Committee
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March 22, 2018

One Medical Center, and University Clinical Health (formerly UT Medical Group, Inc.) Under the proposed transaction, UTHSC will be permitted to continue these pre-existing arrangements as they currently exist (“Grandfathered Arrangements”). He discussed the proposed structure. The West Clinic, P.C. currently obtains the services of UTHSC physicians through several professional services agreements with other UT faculty practice groups. A major goal of the Master Transaction Agreement is to provide for greater integration of those cancer-related services into a new entity that will employ physicians directly. The West Clinic, P.C. will be transitioned to a “captive” (friendly) professional corporation with Methodist Le Bonheur Healthcare as the parent organization. This transition will allow UTHSC to place and hire full-time UTHSC faculty into the new P.C. and also allow conversion of the current part-time faculty into full-time faculty. The new P.C. will have a TWC division and an Academic Division to allow for greater contracting flexibility.

Dr. Schwab stated that by law, the board of directors of the new P.C. must be composed of physician members of the corporation. However, the proposed Master Transaction Agreement establishes an Executive Cancer Council to oversee the oncology service line at Methodist hospitals and cancer center sites. The Executive Cancer Council will be composed of 19 members: six members appointed by TWC; six members appointed by Methodist; six members appointed by UTHSC; and the Executive Director of the P.C. appointed by the P.C. The Executive Cancer Council will make recommendations to UTHSC regarding teaching, research, and academic matters related to the oncology service line, but UTHSC will retain ultimate decision-making authority with respect to the teaching programs and research initiatives by UTHSC faculty physicians. Expansion or relocation of UTHSC’s Grandfathered Arrangements will require the affirmative vote of a 75% supermajority vote all nineteen members of the Executive Cancer Council. Revisions to the composition of the Executive Cancer Council or to its charter, or to the new P.C.’s organizational chart will likewise require such a supermajority vote of the Executive Cancer Council.

An affiliation agreement will be entered into between UT and the new P.C. to replace the current affiliation agreement between UT and The West Clinic, P.C. The current UT-Methodist affiliation agreement for cancer care will be amended to be consistent with the Master Transaction Agreement, and to ensure that the \$5 million academic support payment for UTHSC will continue under the new structure. Methodist will continue the annual \$5 million base mission support payment to UTHSC for at least another five years. These funds are segregated in a cancer center support account and used in accordance with the affiliation agreement between UT and Methodist.

Methodist will commit an additional \$5 million annually to support investment in physicians, researchers, laboratories, community outreach, prevention, and other initiatives tied directly to the requirements for designation by the National Cancer Institute as an Academic Cancer Center. Use of these additional funds shall be determined by the Executive Cancer Council described above.

Discussing the financial risks, he noted that the new P.C. and/or Methodist will continue to bear all financial risks for operation of the new P.C.; UTHSC will bear none. The proposed transaction provides a path to the Health Science Center's ultimate goal of achieving designation by the National Cancer Institute as an Academic Cancer Center. He noted that this would join St. Jude and be the second, NCI designated cancer center in Memphis.

The administration requests that the new professional corporation described in the proposal be designated as the faculty practice plan for adult oncology services, subject to final negotiation of the necessary agreements acceptable to the UTHSC administration and subject to execution of the necessary agreements after review and approval by the Chief Financial Officer and the General Counsel. Dr. DiPietro asked Dr. Schwab to give the Committee an idea on how long it would take to become an academic cancer center. He stated that right now we meet all the requirements to be a clinically integrated cancer center, NCI designation will require a large prevention network, and substantial grant portfolio beyond what we currently have. We believe, with investing \$10 million per year, we will be competitive for NCI designation. Trustee Evans added that it is an incredibly ambitious goal, NCI has about 60 of these centers around the country and typically one has to close before adding another, but it is a goal that should be set and structure programs toward achieving it. Trustee Evans asked whether the continuing payment of \$5 million is contingent at all on 340B Federal Drug Discount Program remaining in place. Dr. Schwab responded that there are no contingencies written in the contract on the payment. Trustee McBride asked Dr. Schwab to comment on the split between education and research for the \$10 million. Dr. Schwab responded that he believes that given that initially the \$5 million payments have gone to education to really drive the educational enterprise that the future dollars may be devoted to the research mission.

Hearing no further questions, Chair Anderson called to the Committee's attention the Resolution in the meeting materials and asked for a voting member to move the Resolution. Trustee Jubran moved that the Committee recommend adoption of the following Resolution by the Board of Trustees:

RESOLVED: The Board of Trustees approves designation of a newly formed professional corporation as the College of Medicine's primary faculty practice plan for adult oncology services, subject to final negotiation of necessary agreements acceptable to the Health Science Center administration and further subject to execution of the necessary agreements after review and approval by the Chief Financial Officer and the General Counsel; provided that if the necessary agreements have not been executed by June 1, 2018, the agreements shall be subject to approval by the Board of Trustees, after review and approval by the Chief Financial Officer and General Counsel, at the next regular meeting of the Board.

The motion was seconded and passed.

V. DESIGNATION OF WEST TENNESSEE MEDICAL GROUP, INC. AS THE COLLEGE OF MEDICINE'S FACULTY PRACTICE PLAN FOR FAMILY MEDICINE IN THE JACKSON, TENNESSEE, SERVICE AREA AND AUTHORIZATION FOR EXECUTION OF AN AFFILIATION AGREEMENT WITH WEST TENNESSEE MEDICAL GROUP

Chair Anderson stated the next item was also first discussed with this Committee as an information item. He called on Dr. Schwab to present the proposal. Dr. Schwab stated that UTHSC has maintained a family medicine training program and associated clinical teaching practice through a UTHSC clinic located in Jackson, Tennessee, for many years. Because the practice is too distant to be included in current UTHSC practice plans, the practice has operated as a part of UTHSC and has been heavily subsidized by UTHSC.

He stated that UTHSC desires to sell the clinic real property (land and building) to Jackson-Madison County General Hospital and to have Jackson General's physician practice group, West Tennessee Medical Group, Inc. (WTMG), assume operation of the clinic and the faculty clinical practice. UTHSC would continue to administer the residency program and the research and education activities and pay the academic portion of faculty compensation. Jackson General is the sole corporate member of WTMG.

WTMG would be designated by the Board of Trustees as a College of Medicine faculty practice plan that would employ part-time and full-time UTHSC faculty members to perform billable clinical services under a separate strategic business unit of WTMG utilizing the assumed corporate name of "UT Family Medical Practice" (UTFMP) or another name incorporating the University's name, subject

to the written approval of the University's President in writing. Much like UT Methodist Physicians, LLC (another Board-designated faculty practice plan), WTMG would be a multi-specialty physician group practice that will employ both faculty and non-faculty physicians.

WTMG would amend its bylaws to create a separate operating committee called the "Academic Practice Operations Committee" (APOC) to oversee the clinical practice of the UTHSC faculty physicians. The APOC would consist of an equal number of UTHSC and WTMG appointees. WTMG would continue to oversee the clinical practice of its non-faculty physicians without oversight by the APOC.

WTMG will bear all financial risk for operation of the family medicine practice; UTHSC will bear none. This is the primary advantage of the proposal for UTHSC, which currently subsidizes the practice to a substantial extent. Further, UTHSC will be relieved of the responsibility for greatly needed and costly upgrades, maintenance, and repairs to the clinic building.

Dr. Schwab recommended that the West Tennessee Medical Group, Inc. be designated as the faculty practice plan for family medicine in the Jackson, Tennessee, service area, subject to final negotiation of an affiliation agreement acceptable to the UTHSC administration and subject to execution of the affiliation agreement after review and approval by the Chief Financial Officer and the General Counsel. A Trustee asked what other legacy University run practices UTHSC still administers, Dr. Schwab responded that UTHSC still runs the family practice program in Knoxville as well as the dental practice and speech and hearing practice that operate as arms of the University.

Hearing no further questions, Chair Anderson called to the Committee's attention the Resolution in the meeting materials and asked for a voting member to move the Resolution. Trustee Jubran moved that the Committee recommend adoption of the following Resolution by the Board of Trustees:

RESOLVED: The Board of Trustees approves designation of West Tennessee Medical Group as the College of Medicine's Faculty Practice Plan for Family Medicine in the Jackson, Tennessee, Service Area, subject to final negotiation of an affiliation agreement acceptable to the Health Science Center administration and further subject to execution of the affiliation agreement after review and approval by the Chief Financial Officer and the General Counsel; provided that if the affiliation agreement have not been executed by June 1, 2018, the agreement shall be subject to approval by the Board of Trustees, after review and approval by the Chief Financial Officer and General Counsel, at the next regular meeting of the Board.

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March 22, 2018

The motion was seconded and passed.

VI. DESIGNATION OF UT-MEMPHIS PATHOLOGY GROUP AS A COLLEGE OF MEDICINE FACULTY PRACTICE PLAN AND AUTHORIZATION FOR EXECUTION OF AN AFFILIATION AGREEMENT WITH MEMPHIS PATHOLOGY GROUP P.C.

Chair Anderson stated that this item is for information only. On February 22, the Committee voted to recommend this item for approval by the Board. The item is presented for information today to give Trustees who are not members of the Committee an opportunity to discuss or ask questions. Chancellor Schwab provided a brief overview of this item. There were no further questions.

VII. OTHER BUSINESS

There was no other business to come before the Committee.

VIII. ADJOURNMENT

There being no other business to come before the Committee, the meeting was adjourned.

Respectfully Submitted,

Steve J. Schwab, MD
Chancellor, UT Health Science Center

THE UNIVERSITY OF TENNESSEE BOARD OF TRUSTEES
MINUTES OF THE
RESEARCH, OUTREACH, AND ECONOMIC DEVELOPMENT COMMITTEE

December 18, 2017

Videoconference
Knoxville, Tennessee

The Research, Outreach, and Economic Development Committee of the Board of Trustees of The University of Tennessee met at 2:48 p.m. EDT, Monday, December 18, 2017, by videoconference originating from the 8th Floor Conference Room in Andy Holt Tower on the UT Knoxville campus in Knoxville, Tennessee.

I. CALL TO ORDER

Chair William E. Evans called the meeting to order.

II. ROLL CALL

The Secretary called the roll, and the following members of the Research, Outreach, and Economic Development Committee were present by videoconference or telephone:

William E. Evans, Chair
George E. Cates
Terrance G. Cooper
Tim L. Cross
Susan C. Davidson
Joseph A. DiPietro
Raja J. Jubran
Margaret A. Norris
Rhedona Rose
David A. Shepard
Rachel M. Smith
David Stern
Jai Templeton

Mike Krause, Andrew McBride, and Candice McQueen were not present. Dr. Stacey Patterson, and other members of the administrative staff were present.

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Research, Outreach, and Economic Development Committee
Board of Trustees
December 18, 2017

The Secretary announced the presence of a quorum and reminded the Committee of Open Meetings Act requirements applicable when members are participating electronically, including the requirement of a roll-call vote on all action items. Members were informed of the identity of any other persons present at each location from which a member was participating.

III. MINUTES OF LAST MEETING

Chair Evans asked for any corrections to the minutes of the June 12, 2017 meeting of the Committee. Hearing none, the Chair called for a motion to approve the minutes as written. The motion was made, seconded, and carried by a roll-call vote.

IV. REPORT ON CHEROKEE FARM INNOVATION CAMPUS

Dr. Stacey Patterson, Vice President for Research, Outreach, and Economic Development, directed the committee's attention to the written report in the meeting materials (Exhibit 1) providing an update of Cherokee Farm progress to date.

V. HIGHLIGHTS AND 2018 PREVIEW

Dr. Patterson gave a brief report highlighting recent events (Exhibit 2). As a system, UT hit an all-time high sponsored program expenditures in FY 17. Dr. Thomas Zacharia became Laboratory Director for ORNL on June 1, 2017 and he is making significant changes and fast. There is a renewed excitement with major focus on scientific excellence and publications. ORNL sees UT as a strategic partner. Dr. Michelle Buchanan was named Deputy Director for Science and Technology and began in this role on October 1, 2017.

Our relationship with ORNL is one of our greatest partnerships. This year's annual report card from the Department of Energy spoke highly of the Director, the Deputy Director and of the UT-Battelle partnership. ORNL is one of six labs managed by Battelle. We will know in the next 12 months if the contract will be extended. The original contract was awarded in 2000 for 10 years and has had two extensions of 5 years each. We are in our 18th year of management with UT-Battelle. The report card is in our favor for another extension. ORNL has created a new Office of Research Excellence headed by Director Moody Altamimi. She has a Ph.D. in Computer Science and has already identified areas where the lab can be strengthened.

Great things are happening at UT Research Foundation. Invention disclosures have increased to almost double since 2011. Companies are coming back for second and third technologies. UTRF's five year impact on the University has been greater than \$173 million.

The first privately owned building on Cherokee Farm was opened this year— Innovation North, which houses two businesses started by UT faculty and staff, Arkis Biosciences and AUBO Robotics. They were originally housed in the UT Business Incubator and have now moved to Cherokee Farm. This is the type of example we need to repeat and develop.

IACMI received a \$259 million award from the Department of Energy. We are currently in year three of a five year award. Over 7,000 people in Tennessee have participated in training through this program. They currently have at least three projects that will highly impact the auto industry along with other exciting developments.

Goals for 2018 are to hire an Assistant Vice President for Research; initiate quantitative research strength mapping; hold a chief research officers workshop; review the UT/ORNL joint program; and grow the Cherokee Farm Innovation Campus.

VI. UTHSC CLINICAL TRIALS NETWORK OF TENNESSEE (CTN2) INITIATIVE

Dr. Patterson introduced Dr. Steve Goodman, Vice Chancellor for Research at UTHSC. Dr. Goodman addressed the board and explained the CTN2 initiative (Exhibit 3). The purpose of this initiative is to capture and grow UTHSC research expenditures while enhancing statewide multi-site clinical trials involving UTHSC faculty. The challenge of not owning a hospital in clinical trials means we're leaving \$12 million on the table that our UTHSC faculty are doing and we're not receiving credit. Through CTN2 we would receive credit for trials. Dr. Patterson outlined the next step is for the financial piece of this initiative to go to the Board of Trustees in February. The UTRF Board approved the creation of the CTN2 entity as long as there was an affiliation agreement finalized between UTRF and CTN2 that outlines the goals of the initiative. Ms. Mizell stated the Executive and Compensation Committee could act on this initiative in February. Dr. DiPietro asked about the pro forma plan and what happens in the fourth year when the \$1 million funding is no longer there. Dr. Goodman responded he feels they will bring in sufficient money to meet the bills. Trustee Wharton asked who bears the liability for clinical trials. The liability related

to clinical trials associated with patient care would stay with the hospital. Dr. Patterson informed committee members that they are working to get this agreement in place and identify what needs to come to the Executive and Compensation Committee for approval in February.

VII. ADJOURNMENT

There being no other business, the meeting was adjourned.

Respectfully submitted,

Stacey S. Patterson, Ph.D.

THE UNIVERSITY OF TENNESSEE
BOARD OF TRUSTEES

MINUTES OF THE TRUSTEESHIP COMMITTEE

May 3, 2017
Knoxville, Tennessee

The Trusteeship Committee of The University of Tennessee Board of Trustees met at 2:00 p.m. CDT on Wednesday, May 3, 2017, in the offices of Adams and Reese LLP at 424 Church Street in Nashville, Tennessee.

I. CALL TO ORDER

Trustee Driver, Chair of the Trusteeship Committee, called the meeting to order.

II. ROLL CALL

The Secretary called the roll, and the following members of the Trusteeship Committee were present:

Joseph A. DiPietro
Spruell Driver, Jr.
Raja J. Jubran
Tommy G. Whittaker

The Secretary announced the presence of a quorum. Other Trustees and members of the administration were also present.

III. MINUTES OF THE LAST MEETING

Chair Driver called for any corrections to the minutes of the August 30, 2016 meeting of the Committee. There being none, Trustee Jubran moved approval of the minutes as presented. Trustee Whittaker seconded, and the motion carried.

IV. BOARD SELF-ASSESSMENT

The Secretary noted that the Trusteeship Committee is charged with periodically conducting a self-assessment process for the Board as a whole and for individual Trustees. Chair Driver and the Secretary discussed the results of the most recent self-assessment (Exhibit 1) with the Committee. The Committee noted in particular the consensus among all Trustees that meetings would be more effective and efficient by allocating a greater amount of time to constructive discussion of

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Trusteeship Committee
Board of Trustees
May 3, 2017

strategic issues rather than informational presentations.

V. ORIENTATION AND CONTINUING EDUCATION PLANS

The Secretary reminded the Committee that at their August 30, 2016 meeting, the Committee reviewed proposed plans for Trustee orientation and continuing education. At that time, the Committee expressed strong support for the plans but deferred action until the plans could be circulated to the other Trustees for review and comment. She stated that in response to thoughtful comments from several Trustees, and after further consideration of the plans overall, several revisions were made (Exhibit 2). In response to a question from Trustee Pryse, the Secretary said the recently enacted FOCUS Act requires the Tennessee Higher Education Commission (THEC) to provide an orientation program for all public higher education governing board members in addition to any orientation provided by the individual boards. She added that the FOCUS Act also requires THEC to provide an annual continuing education program. The THEC Summit on Aug 18 is the first THEC continuing education program. Trustee Pryse asked that the orientation and continuing education program provided for Trustees be complementary and not repetitive of the THEC programs.

The Chair called for a motion. Trustee Whittaker moved adoption of the following resolution:

Resolved: The Trustee Orientation and Continuing Education Plans are approved as presented in the meeting materials.

Trustee Jubran seconded, and the motion carried.

VI. BOARD WORKSHOP 2017

The Committee discussed scheduling a Board workshop prior to the THEC Higher Education Summit scheduled for August 18 in Nashville. Dr. DiPietro and the Committee discussed possible topics, including tenure and evaluation of tenured faculty, prioritization and reallocation of academic resources, and carry-over fund balances (reserves).

VII. REVISED AUDIT AND COMPLIANCE COMMITTEE CHARTER

Secretary Mizell said the Audit and Compliance Committee considered and approved revisions to its charter (Exhibit 3) to comply with the Institute of Internal Auditors' (IIA) professional standards and with 2016 amendments to the University's Bylaws. She explained that under the Bylaws, this Committee has authority to give final approval to the charter without further Board action. Chair

Driver moved that the Committee approve the revised Audit and Compliance Committee charter as presented in the meeting materials. Trustee Jubran seconded the motion, and the motion carried.

VIII. OTHER BUSINESS

There was no other business to come before the Committee.

IX. ADJOURNMENT

There being no further business to come before the Trusteeship Committee, the meeting was adjourned.

Respectfully Submitted,

Catherine S. Mizell, Secretary

THE UNIVERSITY OF TENNESSEE
BOARD OF TRUSTEES

MINUTES OF THE
SUBCOMMITTEE ON COMMUNITY AND ALUMNI RELATIONS

December 15, 2017
Knoxville, Tennessee

The Subcommittee on Community and Alumni Relations of the Advancement and Public Affairs Committee of The University of Tennessee Board of Trustees met at 12:00 p.m. EST on Friday, December 15, 2017, by videoconference originating from Andy Holt Tower in Knoxville.

I. CALL TO ORDER

Chair Julia Wells called the meeting to order.

II. ROLL CALL

Mr. Rickey McCurry, Vice President for Development and Alumni Affairs and Programs and President/CEO of the UT Foundation, Inc., called the roll. The following members of the Subcommittee were in attendance:

Ms. Julia T. Wells, Chair
Ms. Rhedona Rose
Mr. Charles E. Wharton

Trustee Tommy G. Whitaker was unable to attend. The Subcommittee was reminded of the Tennessee Open Meetings Act requirements applicable to meetings in which members participate electronically. In accordance with the Act, individuals who were present at the meeting location in Knoxville were identified, including members of the administrative staff, a representative of the UT Knoxville faculty senate, and a reporter with the Knoxville News-Sentinel.

III. MINUTES OF THE LAST SUBCOMMITTEE MEETING

Chair Wells asked for any corrections to the minutes of the last meeting. Hearing none, Chair Wells called for the following prepared motion:

I move that the reading of the minutes of June 8, 2017 meeting of the Subcommittee on Community and Alumni Relations be omitted and the

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Board of Trustees
December 15, 2017

minutes be approved as presented in the meeting materials, provided that the Secretary be authorized to make any necessary edits to correct spelling errors, grammatical errors, format errors, or other technical errors subsequently identified.

Trustee Wharton so moved, Trustee Rose seconded, and the motion carried by roll-call vote.

IV. CAMPUS REPORTS ON COMMUNITY RELATIONS

On June 8, 2017, the Subcommittee approved a plan to implement a system-wide community relations function. Vice President for Government Relations and Advocacy Anthony Haynes gave an update on the ongoing work on the campuses to engage community stakeholders on a multitude of issues that face the local communities. As required by the plan, each campus has an appointed community relations liaison. This person is responsible for monitoring local issues and coordinating campus listening sessions/public forums. Chancellors have appointed their respective community relations liaisons.

Dr. Robert Burns, UT Institute of Agriculture
Dr. Charley Dean, UT Martin
Ms. Terry Denniston, UT Chattanooga
Mr. Ryan Robinson, UT Knoxville
Mr. David Mills, UT Health Science Center

The process approved by this Subcommittee also required each campus to host a listening session and these are being scheduled at every campus with some electing to host several sessions throughout the year. UT Knoxville will host an event late February or March 2018. UT Chattanooga will host an event January 31, 2018. UT Health Science Center is currently in discussions for dates. UT Institute of Agriculture had one December 8 in Knoxville and on December 12 in Jackson and Lebanon. Mr. Haynes asked each of the liaisons to give an update from their respective campus.

UT Chattanooga

Ms. Terry Denniston reported that four years ago when Chancellor Angle arrived at UT Chattanooga, he identified two goals for immediate attention with one of those being community relations. He wanted to have listening type sessions like this Subcommittee has requested. The two immediate changes he made were to reorganize the community advisory boards to become more listening meetings and to hire a director of civic engagement.

The Hamilton County Chattanooga 2.0 effort is a strategic plan for the county to transform education and workforce. UT Chattanooga is represented by the Chancellor, dean of health,

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education and professional studies, director of the school of education, and the director of civil engagement. Each have a specific key role in the planning process. Also, many of the leaders in Chattanooga 2.0 are members of UTC boards which enables the campus to have an open and frank conversation about those critical issues.

Chancellor Angle transformed the community advisory boards into boards that are engaged and have community members that are made up of various representation and key stakeholders. All college deans have also been added to those boards. This has enabled the community board members to have easy access to university administration. The topics they identify for the board meetings are developed by the board leadership. The community boards consult with Ms. Denniston, the Chancellor, and deans.

During the past 12 months the UTC Chancellor's Roundtable and Chancellors Multi-cultural Advisory Board have held five meetings in which pre-k through higher education has been the discussed topic. They have focused on teacher preparation programs, and how the university can best partner with the Hamilton County School System to meet the needs and equip the graduates to go immediately into the classroom. They also worked with local high schools on an initiative to assist community efforts in increasing ACT scores. And most recently, they held an in-depth discussion on recruiting, retaining and training quality teachers. All of these community based meetings also had representation from their School of Education Advisory Board and their network or educational preparation project present to answer any questions.

UT Martin

Dr. Charley Deal reported that since the arrival of Dr. Keith Carver as Chancellor a year ago, they have been busy crisscrossing West Tennessee and venturing into Middle Tennessee with the "Cruisin' with Carver Tour." This has created a great opportunity for alumni and community leaders to engage in conversations about the future of UT Martin.

These community-based events have allowed them to conduct informal regional needs assessment based on conversations on the tours. This goes hand-in-hand with the programs they are doing that are already in place with their Town and Gown, Chancellor's Roundtable group and Alumni Council. One of the recurring themes from the tour was the need to have UT Martin once again play a role in being an economic development facilitator and being a business-centered partner in the region's efforts to rebuild from the recession.

In an effort to create regional partnerships, Chancellor Carver has twice hosted the regional economic development professionals in the Northwest Tennessee region for lunch with an open discussion about the ways UT Martin can assist in their industrial recruitment efforts and how to leverage resources and intellectual property to assist in those efforts. One of the initiatives the university has developed from these meetings is a food safety training program for the packing industries in northwest Tennessee by offering specific training to

their employees, which helps the industry decrease the number of recalls, etc. With the recent announcement of Tyson Foods investing another \$130 million in a processing plant 30 minutes from the UT Martin campus, this type of programming will continue to be an important role the university can play in economic development. UT Martin is also bringing in other UT programs to help with this initiative. UT Institute for Public Service will have a representative at the next luncheon to discuss training areas in which they can assist.

A disconnect was also found between the community and the campus internship programs. Based on the information received, a team is being assembled to address the desired outcomes and to develop a solid strategy moving forward. Another issue identified and being explored is a partnership with regional two-year community colleges and utilizing the UT Martin West Star Leadership Program as a source for gathering viable input regarding the needs of West Tennessee communities.

UT Knoxville

Mr. Ryan Robinson reported that feedback being received from key leaders and state officials is the need for more relationships and more communication from the flagship campus. Meetings with the City of Knoxville and participation in Connect Knox will facilitate relationships and communication.

Incubation spaces for entrepreneurship and innovation is also a focus. There was a really good meeting with key leaders on the east side of Knoxville and the topic was the disconnect between the campus and that part of the city. There is now a focus to expose the campus to that area. The Knoxville campus is proud of the partnership with Pellissippi State Community College with more than 270 students living on campus now that attend Pellissippi State.

The recent ACT scores is a current issue. ACT had sent the wrong tests to some Tennessee schools, and they are now holding those test scores and will not release them. The Knoxville campus has talked with a number of constituents and state elected officials and this is truly a community issue. The campus has taken all the feedback into consideration and if ACT will release those scores, UT Knoxville is ready to honor them. They will continue to watch this issue closely.

Lastly, the Knoxville campus is continuing to educate on free speech. There will be a public forum in February 2018 and hopefully another one in May 2018.

Chair Wells stated that since UT Knoxville is the state's flagship campus, she would like for the campus to expand its reach across the state and listen to those towns and communities that do not have a campus.

UT Health Science Center

Mr. David Mills reported that within the next seven days dates for the Listening to Memphis Tour will be set. Mr. Haynes explained that Mr. Mills joined the Health Science Center only about four weeks earlier. Mr. Mills was at one time the chief lobbyist for Vanderbilt University covering health issues.

UT Institute of Agriculture

Dr. Robert Burns reported the Institute of Agriculture currently has no community relations issues to report. They have recently completed three listening sessions, which were held in conjunction with already scheduled regional advisory council meetings. The Institute maintains three advisory councils, one each in east, middle and west Tennessee. The primary topic at all three meetings was the sharing of a draft strategic plan for the UT Institute of Agriculture under the leadership of Chancellor Tim Cross. Listening sessions were scheduled at the end of each of these regional advisory council meetings. The listening sessions were advertised publicly on the institute's home page, Twitter (1,325 followers) and Facebook page (2,320 followers). There was a lot of input from the council members, but no members of the public attended any of the three sessions.

V. UT ALUMNI ASSOCIATION UPDATE

Mr. McCurry reported the UT Alumni Association has a number of ways and works across the university to give our alumni and community an opportunity to be engaged.

The UT Alumni Association in association with the office of Government Relations and Advocacy hosted four advocacy events across the state. This was a great opportunity for alumni to come listen and talk about public issues facing the state and what was happening at the University of Tennessee. Dr. DiPietro and then special assistant Mr. Phillip Fulmer were present at all events, and members of the state legislature were present at three of the four events to give remarks during the conversation sessions. These events were held in Knoxville with Representative Harry Brooks and 175 alumni attending, Memphis with Representative Mark White and 100 alumni attending, Nashville with Representative William Lamberth and 115 alumni attending, and Chattanooga with UT Congressman Chuck Fleischmann and 125 alumni attending.

There is a pending tax reform issue that has implications to education in a number of ways. In an effort to keep alumni informed and encourage them to reach out to their respective representatives, an e-mail was sent to over 100,000 alums across the country. While the e-mail contained information on the areas that would be most impacted in higher education, the university took no official stand on the issue.

Mr. McCurry also reported at the UT Health Science Center a new program through the vice chancellor for government and alumni affairs is being implemented to engage corporate leaders as well as CEOs of major firms in the Memphis area and bring them into

the simulation study. This gives another opportunity to bring community and business leaders to the Health Science Center for engagement.

Chair Wells has seen how involved the UT Alumni Association has been over the past couple of years and appreciates the fact that meetings are taking place across the state. On behalf of the Trustees she thanks the UT Alumni Association for being so active. She has had friends in other areas of the country also who have been involved in the UT Alumni Association and knows it is one of the best sounding boards to have.

VI. PUBLIC COMMENT PERIOD

Chair Wells stated the agenda reserved a 30 minute period for individuals to address the Subcommittee. Topics must be of general interest to the local community or to the University's alumni.

Chair Wells asked if anyone had registered to address the Subcommittee. Mr. McCurry said Representative Martin Daniel requested to address the Subcommittee; however, he was not present at the meeting. Mr. Haynes attempted to call Representative Daniel but reached voice mail; he then sent a text, but received no response. The Subcommittee allowed extra time to allow Representative Daniel time to arrive. Chair Wells encouraged the Subcommittee liaisons to reach out to Representative Daniel to let him know his comments were welcomed and if he would like to send them in writing he may do so. [Note: It was later learned that Representative Daniel sent an e-mail to the Board of Trustees Office explaining that he would not be able to address the Subcommittee due to a scheduling conflict.]

UTK Faculty Senate President Beauvais Lyons stated he meets monthly with Chancellor Davenport and Chancellor Cross. One of the conversations he has had with Chancellor Cross that may be of interest to the Subcommittee is recognizing that we have through our extension office a presence across the state in every county and one thing they are looking at is building stronger relationships with 4-H organizations, as well as considering ways in which admission materials for all academic programs from all campuses can have a presence so that people in the rural parts of the state could have opportunities to connect. Trustee Wharton said he had similar conversations a few years ago and agreed this would be a good effort to pursue.

VII. OTHER BUSINESS

There was no other business to come before the Subcommittee.

VIII. ADJOURNMENT

There being no other business stated, the meeting was adjourned.

Respectfully Submitted,

Anthony Haynes
Vice President for Government Relations and Advocacy



June 4, 2018

MEMORANDUM

TO: Board of Trustees

FROM: Kerry Witcher

RE: Annual Report of Interior/Grounds Spaces Named at the Campuses/Units

This memorandum serves as the annual report to the Board of Trustees of interior grounds/spaces named by the campuses/units. The following is the report as received from each campus/unit. All of the namings are related to gifts received, named either for the donor or in honor of another individual at the donor’s request.

<u>Campus/Unit</u>	<u>Naming 2017-18</u>
Institute of Agriculture	A. C. Clark Recreation Hall (4H Center near Clarksville) McIlwaine Friendship Pavilion and Outdoor Classroom (UT Gardens Knoxville)
Institute of Public Service	None reported
UT Chattanooga	<u>College of Health Education and Professional Studies</u> Center for Sports Medicine & Orthopaedics Class Room HealthSouth Corporation Student Lounge
	<u>Intercollegiate Athletics</u> Todd and Martha Duff Men’s Basketball Assistant Coaches Office
UT Health Science Center	<u>College of Dentistry</u> Slagle Sleep Clinic
	<u>College of Health Professions</u> ASP Samuel Burchfield Therapy Room Bill Helms Therapy Room
	<u>Center for Health Care Improvement and Patient Simulation (CHIPS)</u> <u>Kaplan Clinical Skills Center – Skills Patient Rooms</u> <i>These rooms previously were located in the Madison Buildings and were moved once the new building was completed</i>
	Mr. & Mrs. Bernard Kaplan (Exam Room 1) Barry Kaplan, MD (Exam Room 2) Rodney Y. Wolf, MD (Exam Room 3) Don Ellis, PharmD (Exam Room 4)

Mike Pietrangelo (Exam Room 5)
Les Binkley, DDS (Exam Room 6)
William Rosenberg, MD (Exam Room 7)
Peter Kosovsky, MD (Exam Room 8)
Bryan K. Smith (Exam Room 9)
Rebecca Kaplan (Exam Room 10)
Nelson Strother/Sue Harpole (Exam Room 15)
Woody Henderson (Exam Room 16)
Tom and Linda Hutton (Exam Room 17)
Richard J. Havens (Exam Room 18)
Chip Linebarier, DDS (Exam Room 19)
John Harvey Gardener, MD (Exam Room 20)
David Stern, MD (Exam Room 21)
Bradley Wolf, MD (Exam Room 22)
William Humphries (Exam Room 23)
Michael McMyne (Exam Room 24)

UT Knoxville

Athletics

Basler Broadcast Center at LaPorte Stadium

College of Social Work

Dr. Karen M. Sowers Dean's Suite in Henson Hall

Haslam College of Business

Huette Family Team Room

College of Arts and Sciences – Strong Hall

Professor Kula Gita Misra Conference Room
Professor Jimmy Walls Lecture Hall
W. Ross UG Room and Teaching Lab

College of Arts and Sciences – Strong Hall (continued)

Roger and Bev Bohanan Teaching Lab
Professor Larry Taylor Research Lab
Anonymous Collaborative Area
Virginia Klepser Jacobs Teaching Lab
Carol Mackenzie Jacobs Teaching Lab

Student Union within the Career Development Center

Pilot Flying J Interview Room
CAT Financial Interview Room

UT Martin

Breham Hall

Phillip Trey Lindsey Classroom

Wendell Alexander Lab



To: Dr. Joseph A. DiPietro
UT President

From: Dr. Bryan K. Rowland
UC Foundation Executive Director
UTC Vice Chancellor for Development and Alumni Affairs

Date: May 1, 2018

Subject: University of Chattanooga Foundation FY 2018 Annual Report

Pursuant to University of Tennessee (UT) Board policy, we are pleased to report the following activity during fiscal year 2018 on behalf of the University of Chattanooga (UC) Foundation, Inc.

UC FOUNDATION INITIATIVES

- Chancellor Steven R. Angle and Interim Provost Robert Dooley presented grant opportunities for consideration on behalf of the University of Tennessee at Chattanooga (UTC) to the UC Foundation Grants Committee. The grants committee awarded over \$1.89M for FY 2019, which was an increase of over \$16K from what was awarded in FY 2018. Grant opportunities funded for FY 2019 represented support for students, faculty, programs and infrastructure.
- The UC Foundation recruited four new foundation board members.
- UTC fundraising for FY 2018 has resulted in over \$14.6M raised towards a \$15M goal (97% to goal), \$7.59M dollars in cash representing a 177% increase over last year and 5,154 total donors towards a 6,946 goal (74% to goal) through April 30, 2018.
- The UC Foundation created the SMILE (Student-Managed Investment Learning Environment) Fund with a \$250K initial investment on July 1, 2015. The fund was established to provide select UTC students the opportunity to manage an investment portfolio for a real client - the UC Foundation. The students continue to manage the fund and strive to avoid short-term performance chasing, be well diversified within profitable sectors, and improve evaluation of global macro conditions and position for long-term trends. In addition to the experiential learning, a number of students have gained internships and/or career opportunities with investment firms. The fund value was \$322K as of February 20, 2018.

FINANCES, ENDOWMENTS, GIFTS

- Since 1969, approximately \$122.7M has been provided to UTC from UC Foundation Endowments.
- Foundation consolidated total assets (including the subsidiary organization Campus Development Foundation, Inc.) have grown from \$6.8M in 1969 to \$207.2M as of March 31, 2018.
- The Foundation currently has 42 endowed professorships supporting UTC faculty.
- In FY 2018, there were 240 endowments that supported scholarships and 64 annual scholarship programs supporting a total of approximately 1,600 students.
- Cash receipts to the endowments for FY 2018 total \$2.92M as of May 2, 2018. These receipts include gifts in the amount of \$500K. South Campus Housing surplus contributed \$1.7M to the Unrestricted Endowment and unspent endowment payouts totaling \$710K have been returned to the endowments.

- Gifts received to temporarily restricted funds and annual giving funds total \$2.85M as of May 2, 2018.
- Cash gifts and new pledges in FY 2018 (as of April 30) total \$14.6M. Prior year comparison figures are \$14.8M at April 30, 2017, \$10M at April 30, 2016, \$12.1M at April 30, 2015 and \$5.3M at April 30, 2014.

PROBASCO RESIDENCE HALL PROJECT

- Campus Development Foundation, Inc., a subsidiary of the UC Foundation, owns Probasco South Campus, a 1,714-bed student housing complex. The value of this property, based on a 2014 appraisal, is \$114M. Current debt on the property is \$61.5M.
- From 2009 to 2012, student housing was in high demand with limited capacity in and around campus. During this time, 119 bedrooms on South Campus were converted from single to double occupancy in order to better meet capacity demand; 66 of these rooms are small and barely accommodate 2 single beds. As demand has decreased, the decision was made to turn the small double occupancy rooms back to singles. The effect of this change is a loss of 66 beds in capacity but an increase in rates for the private rooms, thus having minimal effect on the revenue stream. This change started in Fall 2017 with a reduction of 35 beds down to capacity of 1,714. The uncoupling of rooms will continue in Fall 2018 with a reduction of additional 31 beds bringing the capacity of South Campus to 1,683. The change will provide greater occupancy retention in the Spring semesters as students are more content with the accommodations.
- Total revenue during FY 2018 is projected at approximately \$12.1M.
- Occupancy for Fall 2017 was 98% and Spring 2018 occupancy was 90%.
- Estimated occupancy for FY 2018-19 is a 95% average over the Fall and Spring semesters.
- Bond and interest payments will be covered in the current year (FY 2018) as well as allocations to the repair and replacement fund and all operating expenses.
- Current cash projections indicate an excess FY 2018 year-end balance of approximately \$2.7M.
- It is proven that as of March 31, 2018, all debt service requirements will be met with current YTD revenue of \$10.6M. No contribution from the UC Foundation will be required at year-end June 30, 2018.
- Based on a budget developed by the UC Foundation Real Estate Committee, total revenue for FY 2019 is projected at \$11.76M excluding interest income. FY 2019 projections show the project revenue will be adequate to meet bond principal and interest payments as well as the debt services ratio during 2019 without further contribution from the Foundation.

2018 INVESTMENT ACTIVITY

- The UC Foundation endowment value was \$135M while funds held on a short-term basis totaled \$9.62M. Both balances were current as of March 31, 2018. Balances on June 30, 2018 will be included in the year-end audit.
- Performance of the endowment portfolio for calendar year 2017 was 13.4% against the short-term benchmark of 16.2% and long-term benchmark of 20.1%.
- Performance of the endowment portfolio for the last one-year period was 9.1% against the short-term benchmark of 10.8% and long-term benchmark of 12.5%. All totals were current as of March 31, 2018.
- Performance of the endowment portfolio for Fiscal Year 2018 through the 3rd QTR is 6.5% against the short-term benchmark of 7.5% and long-term benchmark of 8.4%.
- Performance of the endowment portfolio for the past three-year period was 5.0% against the short-term benchmark of 6.4% and long-term benchmark of 7.3%.

OTHER ITEMS

- The UC Foundation has not received any gifts that would place a financial liability on the University.
- The UC Foundation received a clean audit report for FY 2017.
- The UC Foundation worked with the University of Tennessee Foundation, Inc. to renegotiate the affiliation agreement between the two organizations. This process was completed on June 28, 2017 at a signing ceremony on the UTC campus.



TO: Dr. Joe DiPietro
President, The University of Tennessee

FROM: Kerry Witcher
Interim UT Vice President for Development & Alumni Affairs
Interim UT Foundation President & CEO

DATE: June 9, 2018

SUBJECT: UT Foundation Report for FY 2018

Pursuant to Article IV, Section 1(c) of the Affiliation and Services Agreement between the University of Tennessee and the University of Tennessee Foundation, Inc., I am presenting the following report on Foundation activity during fiscal year 2018. This report was formerly presented under Article II (A)(2) and (A)(3) of the Memorandum of Agreement between the University and the Foundation. Additionally, once the fiscal year ends, the Foundation will create an annual report which along with the Foundation's IRS Form 990 will be available to the public on the Foundation's website.

REAL ESTATE

- The Foundation received 1 property with an appraised value of \$ 120,000. The Foundation is seeking buyers for this asset.
- The Foundation still holds and is seeking buyers for real estate donated in previous years located in Knox County, Grainger County, Roane County, Cumberland County, Madison County, Sequatchie County, Monroe County, Shelby County, Union County and Landrum, SC.
- The UT Martin rodeo team continues to use the land in Weakley and Obion counties gifted to the Foundation in December 2005. The Foundation receives gift funds to pay the note attached to the land.

ENDOWMENTS, RESTRICTED GIFTS, PLEDGES & DEFERRED GIFTS

- The Foundation has received \$ 33,433,622 in endowment contributions through May 2018. The total endowment balance as of May 31, 2018 is \$ 207,283,814.
- The Foundation has received \$ 61,488,463 in non-endowed, restricted gifts through May 2018. The total outstanding balance of restricted gifts held by the Foundation as of May 31, 2018, is approximately \$ 130,962,461.
- The total of pledges for gifts to the Foundation outstanding as of May 31, 2018 is \$ 134,500,542.
- The Foundation has total bequest expectancies and insurance policies outstanding of \$ 345,162,508 as of May 31, 2018.

OTHER ITEMS

- The Foundation has not received any gifts that would place a financial liability on the University.
- Since the Foundation launched a gift annuity program in May 2008, 69 gift annuities have been established with proceeds totaling \$ 9,092,578. The Foundation has committed approximately \$ 500,000 as a reserve for the program. The market value of the invested annuity gifts and reserve as of April 30, 2018 is \$ 9,225,326 with the liability of the program at \$ 4,250,485.

FISCAL YEAR-TO-DATE COMPARISON

- As of May 31, 2018, the Foundation has received a total of \$246,163,705 in gifts and pledges - 18% ahead of the same point in FY 17.
- Total number of donors as of May 31, 2018 was 61,311. This represents a 5.4% increase over the same point in FY 17.



MEMORANDUM

TO: UT Board of Trustees

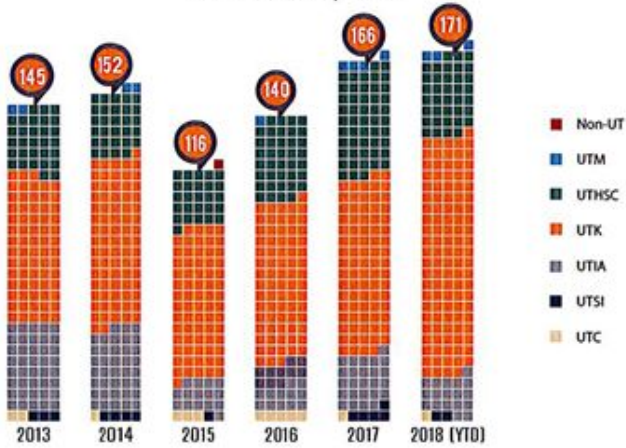
FROM: Stacey S. Patterson, Ph.D. *Stacey Patterson*

DATE: June 4, 2018

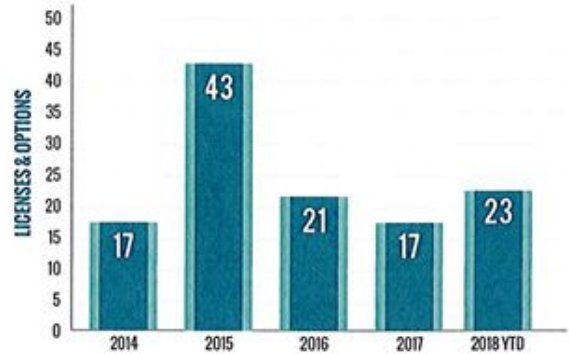
RE: UTRF Update to the UT Board of Trustees

FY18 YTD (April 30, 2018) Metrics:

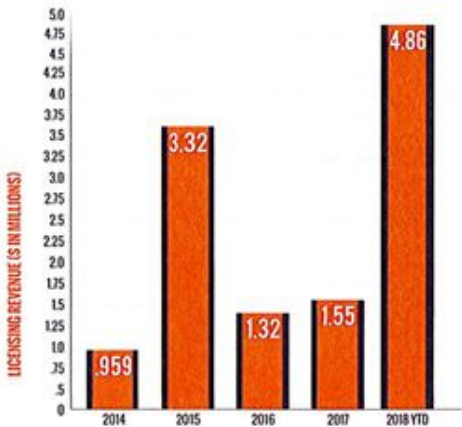
Disclosure Pipeline



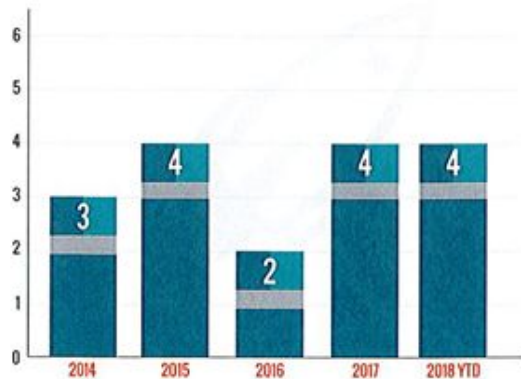
Deal Flow



Licensing Revenues



New Company Starts



- 23 new deals
- 4 new startups
- 171 new invention disclosures (all-time high)
- 24 issued US patents
- 69 new US patent applications filed
- \$4,900,000 in license revenue collected (all-time high)

Significant events:

Licensee Icon Bioscience Receives FDA Approval, Dexycu to Launch 1H 2019

On February 9th, the FDA approved the New Drug Application for Dexycu, an injectable sustained release formulation of the corticosteroid dexamethasone for use in the treatment of ocular postoperative inflammation. The developer, Icon Bioscience Inc., is a California-based pharmaceutical startup holding an exclusive license from UTRF. The primary market for Dexycu is as a replacement for dexamethasone eye drops following cataract surgery. There are nearly 4 million cataract surgeries annually.

On March 28th, Icon Bioscience announced that they had entered into a strategic transaction with the pSivida corporation and two private equity groups to form EyePoint Pharmaceuticals Inc. Following the closing of the acquisition EyePoint has greater than \$60MM in capital reserves, sufficient to launch Dexycu nationwide.

As an innovative new drug product, Dexycu is eligible for Medicare reimbursement under a provision known as a transitional pass-through payment, or C-Code. This provision lasts 3 years, and was created by Congress in order to incentivize the development and use of innovative new drugs. To maximize revenue during the 3-year window of reimbursement certainty, EyePoint is managing the launch carefully, holding off the first commercial sale until 1H 2019 in order to build their national sales force and manufacture sufficient supplies for a rapid launch.

The licensed patents were co-developed by faculty in the UTHSC College of Pharmacy and Mississippi State College of Veterinary Medicine, and relate to the formulation that enables the sustained-release steroid injection. The invention was initially disclosed to UTRF in 2000, and was licensed to Icon Bioscience in 2011. UTRF will receive running royalties on sales of Dexycu until the patents expire in July 2023.

SEC Executives-On-Roster Platform Nearing Launch

A new electronic platform to connect executive talent with startups and high potential technologies is on track to launch this summer. The initiative, called the Southeastern Conference Executives-On-Roster, is a joint partnership of all 14 SEC technology transfer offices. The software platform will be limited to startups and executives/entrepreneurs nominated by an SEC school, at no cost to join. The intention is to provide a place where qualified executives seeking their next opportunity can be introduced to promising SEC startup companies, and ultimately join a startup's management team to raise capital and bring new products to market. UTRF has currently invited 5 startups and 3 individuals to participate, representing both ends of the state.

GTx Releases Positive Data on Treating Urinary Incontinence

GTx revealed the full results from their Phase IIa trial of Enobosarm (3 mg, once daily) for the treatment of female Stress Urinary Incontinence. In the open-label trials, 100% of women treated showed a clinical benefit, with a mean improvement of 81%. There was also 100% persistence of effect 6-months post-treatment. Using MRI, a direct increase in the urethral muscle thickness was observed, consistent with the hypothesized mechanism of action.

A new, placebo-controlled Phase II clinical trial of Enobosarm for SUI was initiated in the Fall of 2017, and last month GTx announced that due to high participation interest they had completed enrollment more quickly than expected, and with nearly 20% more with more patients than expected (493 actual vs. 400 targeted). Topline results from this blinded, placebo-controlled study are expected in October.

Relatedly, Senators Hatch (UT) and Whitehouse (RI) introduced legislation, modelled on the Designer Anabolic Steroids Control Act of 2014, that would extend the DEA's authority to crack down on the illegal sale of SARMS (such as Enobosarm) as dietary supplements promoting muscle growth. UTRF, GTx, and the inventors have long been frustrated by the unauthorized sale of products alleging to contain our proprietary SARMS, and their subsequent use by consumers at dosages far exceeding the known safe limits.

UTRF Launches Four New Startups

- Ipax Pharmaceuticals – Drug development startup in Memphis working on therapeutics for chronic kidney disease.
- Minerva Discovery - Drug development startup in Memphis working on treatments for phosphate disorders than involve excess FGF-23 protein.
- OculoTherapy – Drug delivery startup in Memphis working on a platform for delivering drugs non-invasively to the eye to treat glaucoma and other ophthalmic diseases.
- Vortex BioTech – Knoxville-based start-up company developing a rapid, low-cost, portable diagnostic device for human and animal use.

UTRF Adds More Technologies to Express Licensing Website

Express Licensing (E-licensing) streamlines the licensing process, saving time and advancing the reach of innovations developed at the University of Tennessee. UTRF's E-Licensing is a straightforward 'click-through' licensing process for research tools, materials, and software. Prospective licensees (who must be authorized representatives of their respective institutions) go to the E-Licensing website, review the licensing agreement, accept the predetermined terms, and follow the click-through process to order and pay the one-time, non-refundable license fee. No negotiations are necessary because the licensing terms are set, and the material can be shipped out immediately. The launch of E-Licensing not only elevates the visibility of UTRF and UT research but can result in increased traction for licensing UT research products. There is also the potential that new applications for research materials could result in commercial licenses. UTRF currently offers four different innovations via this program.

Maturation Funding

Improved poultry feeders, treatments for ophthalmic and renal diseases, human and veterinary diagnostic tests, and a novel treatment for canine infections are among the recipients of this year's maturation funding from the University of Tennessee Research Foundation.

Technologies invented at the University of Tennessee, like the majority of university discoveries, typically require additional development to attract commercial interest. UTRF awards grants each year through its Maturation Funding Program to help researchers advance new technologies on the path to market.

This year, UTRF was fortunate to receive 34 strong applications and is awarding eight groups of faculty inventors. Each team received up to \$15,000 to further develop their technology and answer important commercialization questions.

UTRF Intern Update

UTRF's 2018-2019 interns include two students from UT's College of Law, Ms. Lauren Hughes and Mr. Travis Vest, and one student from UT's BCMB department, Ms. Vanessa Nguyen. In addition, Dr. Jason Bouvier will remain as UTRF's intern until December 2018. UTRF has graduated 16 student interns over the last 6 years.

NSF I-Corps

UTRF, along with UT's Haslam College of Business, hosted UT's first NSF I-Corps South Node regional program, which kicked off on October 3, 2017. The program marked the beginning of UT's participation in the I-Corps South Node, one of eight regional networks developed to support innovation education, infrastructure, and research. Nine teams from UT Knoxville, two teams from Tennessee Tech University, and one team from LSU participated in the two-week program.

Shawn Carson, a lecturer at the UT Knoxville Haslam College of Business, and Maha Krishnamurthy, Vice President of UTRF, served as instructors for the program, helping the teams translate their research into commercial products. During the month of October, each of the 12 teams conducted approximately 20 customer discovery interviews. The key question they attempted to answer was "what do customers need and how does our product fit with their need?" As the final activity, the teams presented what they learned about the customer discovery process, how they developed a stronger value proposition, and how they created a minimum viable product based on customer feedback.

Of the 12 teams that went through the cohort, 6 teams were found to be eligible for the NSF National I-Corps program. According to Ms. Julie Collins, lead NSF I-Corps instructor at Georgia Tech, UT had more teams selected to go to Nationals than most regional cohorts going through their program. Georgia Tech was very impressed by the quality of our teams.

Outreach Activity


UTRF continues to support UT's research enterprise and the growth of Tennessee's entrepreneurial ecosystem through an active program of internal and external partnerships and activities.

- Founding member of the Innov865 Alliance and involved in the Innov865 Startup Week. During the 2017 Innov865 week, thousands of startups, entrepreneurs, makers, investors, business leaders, students, and community leaders from across East Tennessee gathered for over 20 events to celebrate Knoxville as an excellent place for entrepreneurs to start and grow businesses.
- Sponsor and supporter of the Memphis Scipreneur Challenge, a competition that sees teams of students and postdocs from UTHSC, UM, and St Jude develop and pitch business models for real technologies developed at the three institutions.
- Partnering with ORNL, hosted Techov865 Day to highlight UT and ORNL technologies to entrepreneurs and business during Innov865 week.
- Conducted presentations on technology commercialization to various departments at their respective faculty meetings.
- Offered multiple seminar series (Rise and Grind, Tech Talks) featuring both internal and external speakers leading discussions on intellectual property and entrepreneurship.
- Participated in semi-finalist selection committee for ORNL's Innovation Crossroads program.
- Assists various offices of sponsored programs by negotiating, editing, and reviewing intellectual property provisions in a variety of agreements. This year UTRF assisted UT with 42 agreements totaling in over \$1M in research grants coming to the University.



MEMORANDUM

TO: UT Board of Trustees

FROM: Stacey S. Patterson, Ph.D. 

DATE: June 4, 2018

RE: Plan to Accelerate Development of the UT Research Park at Cherokee Farm

In line with discussions with multiple stakeholders, the University has developed a plan (the “Plan”) that accelerates development and strengthens support for University research partnerships at the University of Tennessee Research Park at Cherokee Farm (the “Park”). The Plan promotes a new approach for Cherokee Farm Development Corporation (“CFDC”) to attract tenants and buildings to the Park.

Progress at the Park during the first 6 years has been significant, but the pace of construction of privately funded buildings has been slower than desirable. Thus, the objectives of the Plan are to:

- Accelerate development of building at the Park
- Invest additional amounts only as clearly necessary and justified
- Strengthen the Park's contribution to, and connection with, University research
- Contribute to economic development in the region

To achieve these objectives, the Plan requires significant change in four broad areas, including: the scope and focus of CFDC activity; funding & disbursement controls & procedures; CFDC organization & management; and marketing, including a change in the name of the Park. CFDC is calling the Plan “20 by 20” as it sets a goal to find and lease space to 20 research related entities in the UTRF Incubator, at the Park or in the vicinity of the Knoxville campus by the end of 2020 to create a credible pool of prospects for leases at the Park.

Accelerate Development

To accelerate development, CFDC must develop a research partner pipeline and provide immediate space availability at competitive lease rates. To improve the research partner pipeline, CFDC is going to 1) enhance the working relationship with the University’s Corporate and Foundation Engagement (“CF&E”) leadership and staff, 2) establish a Park working group with members from the University and CFDC, 3) develop marketing to reach out to alumni to educate alumni about the Park and explore synergies and 4) identify and reach out to twenty new partner and lease prospects in each of the following disciplines: environment, material science, energy, data & analytics, supercomputing, agriculture and biomedical. To address the issue of available and affordable space for tenant prospects, CFDC is going to use available space in the UTRF Incubator building for tenants who need space before space is available at the Park. In addition, CFDC is exploring other avenues of developing new buildings, including potential investment by the UT Foundation and alumni and issuing a request for proposals to determine if there is any interest by developers.

To enhance these efforts, CFDC may seek appropriate approvals to revise the Master Plan for the Park to provide for smaller buildings that originally envisioned to allow more flexibility. CFDC also recognizes the pressing need for more parking and is actively investigating ways to finance the required parking. Further, CFDC will rebrand the Park to align the name with the mission and avoid confusion that the Park has an agricultural purpose. CFDC will also shift gears in its marketing efforts to a more business to business approach and updated, targeted marketing materials.

Organization & Management

CFDC will be managed on a flexible basis to accomplish the action items in the Plan on a pay for performance based model. CFDC's staff will focus on developing research partners and tenants and contract with third parties or work with University staff when real estate or project management expertise is needed. CFDC is changing the compensation model for its permanent staff to a lower base compensation with opportunities for bonuses upon accomplishment of action items and for completion of new buildings and leases to leverage its operating dollars to focus on performance. UTRF will appoint additional CFDC board members to include individuals with experience, insights and networks in the areas of corporate sponsored research, building projects, philanthropy and venture capital. This strategy represents a shift to using consultants to fill needs so that CFDC can use its dollars to target specific needs at the appropriate time.

Strengthen the Park's Relationship with Research

As outlined earlier, CFDC will actively focus on its partnership with the University and its research resources and use this partnership to seek synergies with corporate research with University collaboration. CFDC will also focus efforts on University alumni to explore opportunities with alumni leading companies that would benefit from a research relationship with the University. Establishing a working group on this task with the University will ensure regular communication and increased idea sharing. In short, CFDC recognizes the need to develop relationships with University researchers and benefit from their contacts and learn its strengths to help CFDC target tenants. The Plan will help accomplish this goal.

Contribute to Economic Development

Another key component of the Plan is for CFDC to deepen its connection and communication with the Tennessee Department of Economic and Community Development, Oak Ridge and the Knoxville Chamber of Commerce. Working in concert with these organizations can help identify and attract tenants. Adding occupancy to the Park, particularly from attracting out of state tenants interested in the University's research resources, has the potential to add jobs to the economy. If the Plan succeeds, the State's investment in economic development in the Park succeeds.

20 by 20

CFDC has learned many lessons since the implementation of the Park. The experience of negotiating with a developer to construct the first privately funded buildings has shown that this arrangement can be successful for the developer and CFDC – the first building is turning a profit. CFDC has also learned that it needs to focus equally on growing tenants from small and midsize companies as it does on Fortune 500 companies. It takes several years to foster relationships with larger companies, and there is significant competition for these resources with other parks. A mix of tenants is the most promising path. Adjusting the Master Plan building sizes and partnering with the Incubator Building should address this focus.

The University thinks the Plan thoughtfully addresses the challenges that the Park has faced and should continue the momentum.



THE UNIVERSITY of TENNESSEE

KNOXVILLE, CHATTANOOGA, MARTIN, TULLAHOMA, MEMPHIS

Office of Government Relations and Advocacy

MEMORANDUM

TO: Dr. Joe DiPietro
President

FROM: Anthony Haynes *A.H.*
Vice President for Government Relations and Advocacy

SUBJECT: End-of-Session Report, 110th General Assembly

DATE: April 30, 2018

Attached is our End-of-Session Report highlighting key legislation impacting the University of Tennessee. Overall, it was a very productive year but not without significant challenges. Over the two-year session, approximately 2,750 bills were filed (not including companion bills), of which our team monitored 271 and worked approximately 30-35 weekly.

One of the most noteworthy items was the passage of the UT FOCUS Act, a key component of Governor Haslam's legislative agenda. Another key component, the "Compete to Complete" Act failed in the final days of the session. As you know, we were supportive of both initiatives.

The UT Government Relations and Advocacy team was quite successful in helping the University and public higher education avoid a number of bills that would have adversely impacted operational efficiency and costs, tuition setting ability, and student-life issues.

The Governor and the General Assembly provided positive support of UT and higher education's operational and capital budgets. This included \$2M for the Center for Addiction Science at the UT Health Science Center, \$9M for the UT Veterinary Medicine Teaching and Learning Center, \$4M for the UT Institute of Agriculture Ellington Sciences Building and \$860,000 for the Institute's Genomics Center.

The final weeks were tense leading up to the final selection and confirmation of the new UT Trustees and legislators' concern over issues arising from the administration of the TN READY tests across the state.

I wish to bring to your attention the fine job of our team – Carey Whitworth, Valerie Yancey, David Mills, Josh Warren and yes, Connie Cantrell continues to help in her retirement. I also wish to thank our intern, Ms. Kaitlin Flipppo, a junior from Spring Hill, TN, majoring in journalism at UT Knoxville.

Passed or Enacted Legislation

ADMINISTRATION/BOARD OF TRUSTEES

FY18-19 State Budget

This year's budget fully funds the state's higher education outcomes funding formula, resulting in an \$8.3 million operating increase for the University of Tennessee System (UT). The budget also sets forth funds for 2.5 percent salary adjustments for state employees, with full funding of that increase for employees at UT's non-formula units (such as the Institute for Public Service).

Capital investments in the plan include \$9 million for the UT Veterinary Medicine Teaching and Learning Center, \$2 million in preplanning funds for the UT Institute of Agriculture's Energy and Environmental Science building, and \$47.48 million in capital maintenance funding across the UT System.

The final budget also includes \$2 million non-recurring to the UT Health Science Center for the Center for Addiction Science focused on tackling the state's opioid epidemic, \$860,000 recurring for the UT Institute of Agriculture's Genomics Center, and \$200,000 non-recurring for minority teacher scholarships at UT Knoxville.

UT FOCUS Act— Public Chapter 657

Enacted as Public Chapter 657, the Haslam Administration's UT FOCUS Act makes governance changes to the UT Board of Trustees. The measure passed narrowly in the House, by two votes, but with a healthy majority in the Senate. The final version of the bill was amended significantly throughout the legislative process.

The measure reduces the number of trustees from 27 to 12, removes the Governor, the UT President, the Commissioner of Education, and the Executive Director of the Tennessee Higher Education Commission as ex officio trustees. The composition of the newly constituted Board will include the Commissioner of Agriculture as an ex officio, voting trustee, as well as 10 other voting members, appointed by the Governor and confirmed by the House and Senate, and one non-voting student member. Of the 10 appointed members, at least two must come from each Tennessee Grand Division, at least five must be UT alumni, and at least seven must be Tennessee residents. A new statutory provision included the law allows individual board members to be recalled by the legislature by a two-thirds majority vote of both Houses.

Members of the reconstituted board will serve staggered terms initially, with three members serving two-year terms, four members serving four-year terms, and three members serving six-year terms. As each initial appointee's term expires, all subsequent appointees will serve six-year terms. Board members will be limited to two consecutive terms with the possibility for reappointment after four years of being off the Board.

The new law requires the creation of four Board committees: Executive; Audit; Finance and Administration; and Academic Affairs and Student Success. The Board will have discretion to create other committees or subcommittees as necessary. The Academic Affairs and Student Success Committee will include one voting full-time faculty member that will rotate among the campuses. This provision was included after faculty concerns about removing the faculty trustee from the full Board of Trustees. The student trustee also will serve on this committee.

The measure also creates seven-member campus advisory boards. Five of the seven members are gubernatorial appointments subject to confirmation by the House and Senate. The advisory boards

also include one faculty member, appointed by the Faculty Senate, and one student member, appointed by the campus advisory board. There is a statutory requirement for advisory boards to meet at least three times annually. The law also requires trustees to establish a process for advisory boards to make budgetary and institutional strategic plan recommendations to the president and full Board.

On the House floor, there were two legislative attempts to repeal the new law prior to the adjournment of the 110th General Assembly, one sponsored by House Minority Leader Craig Fitzhugh (D-Ripley) and one by Rep. Jason Powell (D-Nashville). Both were unsuccessful.

Confirmation of New Trustees

Predictably and given the mounting political pressures on UT, new appointments to the UT Board of Trustees were subject to a great deal of legislative deliberation. Senate and House members ultimately agreed to confirm the following seven individuals: John Compton, Kara M. Lawson, Donnie Smith, William Rhodes III, Kim White, Amy Miles, and Lang Wiseman. Three additional members to serve as Trustees will be named at a later date, with legislative confirmation deliberations occurring in 2019.

UT Board of Trustees Sunset—SB2149/HB1953

The sunset of the UT Board of Trustees was extended for two years. Initially, the sunset bill only extended the Board by one year after a performance audit with no findings or recommendations—representing a clean bill of management health. Members ultimately amended the bill to extend the Board's sunset by an additional year but were unwilling to extend beyond that given the new changes to the UT Board of Trustees. Members expressed their desire to have a built-in opportunity to review how the new Board is operating after passage and implementation of the UT FOCUS Act, and articulated that the two-year sunset provides them with an opportunity for a full review.

Executive Search—Public Chapter 770

Legislation altering the higher education executive search statute was enacted as Public Chapter 770. The changes, mutually agreed to by the bill sponsors, the Administration, and various open government groups, allows higher education presidential search committees to select up to three candidates to be recommended to the institution's governing board. Current statute requires at least three finalists to be named. The change only applies to presidential searches and will not apply to searches involving chancellors or other senior administrators.

The new law requires governing boards to hold an open meeting prior to initiating a presidential search to establish the search process, a timeline, and a statement of qualifications for the position. It stipulates that no later than 15 calendar days before the final vote of a governing board on a candidate for president, records relating to the candidate shall be open for public inspection. It also requires that governing boards hold at least one public forum with the candidate, and also that the Advisory Committee on Open Government issue a report to the Governor and Speakers evaluating this change by November 1, 2020. The statute sunsets on July 1, 2021, which is a standard practice adopted by current legislative leadership on all new exemptions to the Tennessee Public Records Act. The law is effective immediately.

FINANCE & BUSINESS OFFICES

Optional Retirement Program for Higher Education Employees—Public Chapter 576

Legislation altering statutory requirements surrounding Optional Retirement Programs (ORP) for higher education employees was enacted as Public Chapter 576 and is effective immediately. Driven by the State Treasurer's office and supported by UT, the legislation:

- Eliminates the statutory requirement for participants in ORP to annuitize 50 percent of distributions. This provides full control to participating employees over their ORP funds.

- Shifts the management of higher education employees 403(b) defined contribution plans from institutions to the state Treasury. This sheds significant risk and legal liability for higher education institutions, including UT.
- Eliminates statutory requirement that the State has at least two but no more than three ORP vendors. Higher education stakeholders will assume a new and more prominent role in ORP vendor selection.

Tuition Transparency and Accountability Act— Public Chapter 614

This legislation was a modified approach at the Tuition Stability Act that was delayed last year sponsored by Sen. Steve Dickerson (R-Nashville). Enacted as Public Chapter 614, The Tuition Transparency and Accountability Act requires all state universities to provide students, in their admission letter, a four-year, non-binding prediction of tuition and fee increases to assist in their future financial planning and help inform final decisions on college selection. The legislation would also require university governing boards to give public notice of proposed tuition and mandatory fee increases at least 15 days prior to holding a vote, set forth factors to determine what justifies a tuition increase, and provide a report to the office of legislative budget analysis each year with information regarding how revenues from tuition and fee increases were spent. UT GR&A staff amended this legislation significantly in consultation with other higher education stakeholders and university budget officers.

Contract Accountability and Responsible Employment (CARE) ACT— Public Chapter 544

The Contract Accountability and Responsible Employment Act is a response to lingering concerns over outsourcing issues. The measure was backed by the Tennessee State Employees Association (TSEA). There were a series of amendments that would have had costly ramifications for state agencies and UT, requiring economic impact studies on all contracts exceeding \$2.5 million and all contracts that may displace a state employee. The legislation was amended to rewrite the bill so that only contracts for services over \$2.5 million that also result in a reduction-in-force undergo economic impact analysis and can be considered by the Fiscal Review Committee. GR&A staff consulted with UT procurement staff and determined that the amendatory language would have a minimal impact.

ACADEMIC AFFAIRS

Transparency in Higher Education Act—SB2180/HB2230

In its original form, the bill would have posed vast reporting requirements on public universities and faculty across the state. It required public colleges and universities to post to their websites standardized information about each course and course section offered each semester, including every assigned reading, audio recording, or video required for the course as well as the details of each required course assignment. The UT System has over 24,000 individual course sections each year. If faculty elected to change any of this information during the semester, these changes would have been required to be posted online. The information technology costs on this legislation would have been approximately \$200,000 recurring for the UT System, with an additional \$230,000 one-time implementation cost. Fiscal review issued a fiscal note of “not significant” and, despite repeated efforts by public colleges and universities, no updated fiscal note was issued showing this cost to public colleges and universities. This created a challenging dynamic.

The UT Government Relations and Advocacy (GR&A) team led negotiations with House sponsor Rep. Bud Hulseley (R-Kingsport) on this measure. Ultimately, the sponsor agreed to offer an amendment, authored by UT, that re-wrote the bill and simply required public colleges and universities to post to their institutional websites information about parents’ rights to student records under the Federal Educational Rights and Privacy Act of 1974 (FERPA). The amended version of the bill passed

unanimously in the House and Senate and effectively alleviated concerns held by public universities across the state.

American Sign Language for Admission Requirements—Public Chapter 546

Significantly amended with language provided by UT, this legislation requires public universities to accept American Sign Language for purposes of admission. UT campuses already comply with the new statutory requirement as a matter of practice. In its original form, the bill was a policy concern for UT, as it required American Sign Language courses to satisfy foreign language requirements for all degree programs at public universities. Institutions and their faculty members determine curriculum and degree requirements, and legislation in this area is always of concern for accreditation purposes. Further, there are numerous majors where an international language is necessary to the course of study to prepare successful graduates, including: International business, global studies, and the international languages themselves. Sponsored by Sen. Becky Massey (R-Knoxville) and Rep. Roger Kane (R-Knoxville), significant amendatory language was accepted to satisfy UT's concerns with the original bill.

State-Approved Teacher Preparation Programs Report—SB1629 HB1694

Sponsored by Rep. Eddie Smith (R-Knoxville) and Sen. Dolores Gresham (R-Somerville), this legislation requires all state-approved educator preparation programs to issue an annual report on the number of graduates who, in their first year of teaching, receive a score of “below expectations” or “significantly below expectations” on their overall evaluation. The report must also include the estimated costs for an institution to provide remediation for those low-performing graduates either remotely, in person, or online. The legislation also updates present law regarding temporary probation for education preparation programs and specifies that state-approved educator preparation programs that had 30 percent or more of its students fail the state teachers’ examination in the previous year will be placed on probationary status. It further requires that any institution that has 30 percent or more of its students fail the examination for two consecutive years will have its state certification revoked by the State Board of Education. The details of the amended probation requirements will be further vetted through the rulemaking process with input from higher education institutions and other stakeholders. The legislation also makes some technical changes that aligns to updated terminology and practices.

Educator preparation effectiveness will continue to be a widely discussed topic among lawmakers and education stakeholders. The original version of this bill required public universities to offer free remedial work to graduates of teacher preparation programs earning evaluation scores of “below expectations” or “significantly below expectations” in their first year of employment. UT GR&A staff were actively engaged on this measure to ensure no “unfunded mandates” were passed on to our teacher preparation programs at all three UT undergraduate campuses.

Excused Absences for Military Service— Public Chapter 647

Public Chapter 647 requires state institutions of higher education to grant an excused absence to military reserve or national guard personnel for an absence due to mandatory military service. The statute also requires state institutions of higher education to permit military reserve and national guard personnel to withdraw or receive a grade of incomplete in any course if the service member is called to active duty while enrolled. This legislation will require no change and aligns to current practices across UT campuses.

Student Debt Obligations—SB2174/HB2434

This legislation was brought at the request of the Tennessee Board of Regents (TBR) to remove financial barriers for adult students seeking to enroll at TBR institutions, particularly those adult students who want to take advantage of Tennessee Reconnect. Current law requires public institutions

of higher education to issue diplomas, certificates, or transcripts only after the student involved has satisfied all debts or obligations that are over \$25.00 and not more than ten years old.

As amended with input from UT GR&A staff and UT General Counsel, this legislation exempts debt less than \$100 from reasons that public institutions of higher education may withhold diplomas, certificates of credits, or grade reports from students while otherwise keeping our student debt enforcement authority. The legislation also authorizes TBR institutions to issue a certificate of credit or official transcript for a student seeking admission to any college within their system if the student has entered a written agreement to satisfy the outstanding debt or obligation owed to the TBR institution issuing the certificate of credit or official transcript. A student will not receive a diploma until all debt has been satisfied.

This subject has been a topic of discussion among many members of the House Government Operations Committee. GR&A staff will continue to engage with the General Assembly on this issue and monitor any legislation that would restrict our ability to enforce student debt obligations.

Teacher Code of Ethics—SB2013/HB2165

In January, the Comptroller's Office of Research and Education Accountability released a report on educator sexual misconduct with students in Tennessee. The report examined Tennessee's relevant laws, policies, and practices to determine whether there are areas of risk or weakness that could be improved. The report found that Tennessee law does not specifically define educator misconduct and district policies lack clarity about what constitutes educator sexual misconduct that involves students. In addition, Tennessee's current teacher code of ethics, included in state law, does not refer to appropriate boundaries between educators and students.

In response to the report, the General Assembly filed a series of bills aimed at addressing the report's findings while strengthening the prevention and reporting of sexual abuse of children within public schools. This piece of legislation, sponsored by Sen. Dolores Gresham (R-Somerville) and Rep. Tilman Goins (R-Morristown), revises the teacher code of ethics and requires state-approved educator preparation programs, such as those at UT's campuses, to include training on the teacher code of ethics. The legislation also requires local education agencies to conduct annual professional development training concerning the newly revised teacher code of ethics and its requirements.

Solutions to Lower Higher Education Textbook Costs—HJR723

Sponsored by Rep. Jimmy Matlock (R-Knoxville), this legislation encourages all state higher education institutions to consider innovative approaches to lowering the cost of textbooks for students and embracing solutions to affordability challenges. This resolution, although non-binding, passed the House and Senate unanimously. The resolution also has been signed by Gov. Bill Haslam.

INSTITUTE FOR PUBLIC SERVICE

Tennessee Foreign Language Institute (TFLI)—SB1842/HB2198

Legislation transferring the Tennessee Foreign Language Institute to the UT Institute for Public Service (IPS) passed unanimously in both houses. Under key amendatory language offered by UT, the measure eliminates TFLI's current governing board; transfers resources and assets of TFLI to UT; renames TFLI the "Tennessee Foreign Language Center;" and tailors its mission to providing language services to state and local government entities in support of industrial recruitment, economic development, and provision of government services. The changes put the Center in-line with IPS's mission and present the acquisition of the Center an exciting opportunity for IPS to further its work in the State of Tennessee. The legislation goes into effect on July 1, 2018.

UT CTAS Training for Members of County Legislative Bodies—Public Chapter 718

This statute requires newly elected or appointed county commissioners to complete seven hours of orientation training and all county commissioners to complete seven hours of continuing education training annually. It requires the UT County Technical Assistance Service (CTAS) to provide such training and the Comptroller of the Treasury (COT) to post the name of each county commissioner and the number of training hours completed on their website.

As amended, the bill adds an exemption from the continuing education for an incumbent already in office until the time the incumbent is separated from office for any reason and is subsequently elected or appointed to service as a member of a county legislative body. It further exempts any commissioner after eight years of service.

UT CTAS/MTAS Wind Energy Information Dissemination—SB1793/HB1731

This legislation establishes a regulatory framework for wind energy facilities in this state. The original amendment required UT's Municipal Technical Advisory Service (MTAS) and County Technical Assistance Service (CTAS) to disseminate model local legislation for use by local governments in establishing conditions and other regulations for the issuance of permits for wind energy facilities and to provide assistance, upon request, to the local governments to carry out their pursuant to this legislation.

GR&A staff, in consultation with IPS, determined that CTAS did not have the current expertise in order to meet the bill's requirements and would most likely have to contract with a consultant or add additional staff. The bill's sponsors were amicable to UT's concerns and accepted amendment language that only required CTAS and MTAS to disseminate model legislation, which they are able to do within existing resources.

Continuing Education for Municipal Utility Board Commissioners—SB2292/HB2338

Presently, commissioners of municipal utilities boards are required to obtain 12 hours of training and education within 12 months of appointment or election and must do so again every three years thereafter. This bill authorizes online education courses as a method of compliance for continuing education requirements mandated for commissioners of a municipal utility board.

The original language of the bill only allowed the Comptroller of the Treasury to offer the online education. However, UT GR&A staff successfully worked to amend the legislation to allow online training provided by UT's County Technical Assistance Service (CTAS) to fulfill this requirement. The curriculum must be submitted to the Comptroller for review and approval prior to use. The training and curriculum must be updated every three years and resubmitted to the Comptroller for review and approval. Commissioners may take one or more of the required courses online in lieu of attending the classes in person. The training and continuing education provider must forward completed affidavits to the appropriate records custodian for maintenance.

OFFICE OF GENERAL COUNSEL

Student Due Process Protection Act—SB824/HB789

Legislation stemming from a 2016 task force on student due process rights was passed unanimously in both Houses. The legislation was a work product of over two years with Representative John Ragan (R-Oak Ridge), UT General Counsel, and GR&A staff. The omnibus-style measure has provisions that will encourage college students to report cases of sexual misconduct, protect the identity of victims, and ensure uniform, strong due process rights for students. The measure also deals with a long-standing statutory issue that required public colleges and universities to appoint their own employees as Administrative Law Judges to adjudicate contested cases under the Uniform Administrative Procedures Act (UAPA). This requirement created perceptions of higher education institutions having a conflict of interest in resolving such cases. The new law, effective July 1, 2018, provides new tools for public

universities to use in the adjudication of these UAPA cases. Universities will be able to appoint persons who have appropriate training but no employment relationship with the University, including former municipal, state, and federal judges. While the provisions allowing institutions to appoint their own employees are retained, the changes create more flexibility for institutions handling these cases and increases their ability to manage legal risk exposure. The measure was sponsored by Speaker Pro Tempore Ferrell Haile (R-Gallatin) in the Senate.

UAPA - Rules That Infringe Upon Free Speech—Public Chapter 754

This statute prohibits state boards, commissions, and other multi-member governmental entities from promulgating rules or issuing other internal restrictions that infringe on an entity member's freedom of speech. This legislation also authorizes the Government Operations Committee to review and make legislative recommendations regarding the entity's sunset status, rulemaking authority, and state funding if they determine that an entity has infringed on a member's freedom speech. This legislation was sponsored by Rep. Martin Daniel (R-Knoxville) and Sen. Ed Jackson (R-Jackson) partially in response to a revised code of conduct adopted by the Douglas Henry State Museum Commission. It is effective immediately.

UAPA - Definition Revisions for Policies and Rules— SB1572/HB1895

Sponsored by Sen. Mike Bell (R-Riceville) and Rep. Jimmy Matlock (R- Lenoir City), this legislation makes changes to the UAPA by clarifying the definitions of "policy" and "rule." This legislation also requires all state entities to submit a list of all policies (as defined by the bill) by July 1 each year to the chairs of the Government Operations Committees which includes a summary of the policy with a justification of adopting the policy instead of promulgating a rule. It is effective July 1, 2018.

UAPA - Venues for Appeals of Contested Case Hearings—SB2603/HB2386

Under current law, an individual who is aggrieved by a final decision in a contested case through the UAPA is entitled to judicial review and may initiate the review by filing a petition in the chancery court of Davidson County. This legislation would require applicable appeals of contested cases to be held in the chancery court nearest to the place of residence of the person contesting the agency action, nearest to the place where the cause of action arose, or in Davison County; at the discretion of the aggrieved person. Sponsored by Rep. Martin Daniel (R-Knoxville) and Sen. Mike Bill (R-Riceville), the measure is effective July 1, 2018.

Rule Promulgation for Public Records—Public Chapter 712

This legislation requires state governmental entities, including public universities, to promulgate rules, rather than adopt policies, in establishing a process for making requests to inspect or receive copies of public records, for responding to requests for public records, and for any fees charged for copies of such records. The measure stipulates that entities must promulgate rules no later than January 1, 2019. It was sponsored by Rep. Jimmy Matlock (R-Lenoir City) and Sen. Ken Yager (R-Kingston).

UAPA - Omnibus Rules Bill— SB2295/HB2328

This legislation is the final approval stage for permanent rules filed with the Secretary of State after January 1, 2017. Every year, the respective chairs of the House and Senate Government Operations Committees compile the sum of all approved agency rules into a single bill in order to formally authorize their implementation. Generally, the bill receives little attention as the rules have been vetted through the rulemaking process; however, this year the legislation included the significant changes made through the years-long process for UT Knoxville's new student code of conduct. The changes reshaped the way the University handles student conduct violations as well as brings its student conduct policies in line with leading universities nationwide. Although subject to significant legislative debate throughout the rulemaking process, the UTK code of conduct successfully advanced in the final stage of passage of the Omnibus Rules Bill.

UT HEALTH SCIENCE CENTER**Governor's Opioids Plan—HB1831/SB2257 & HB1831/SB2258**

TN Together, the comprehensive plan to end the opioid crisis in Tennessee, is supported by two key pieces of legislation. The first bill, sponsored by Sen. Ferrell Haile (R-Gallatin) and Rep. David Hawk (R-Greeneville), limits the duration and dosage of opioid prescriptions for new patients, with reasonable exceptions for major surgical procedures and exemptions that include cancer and hospice treatment, sickle cell disease as well as treatment in certain licensed facilities. With initial opioid prescriptions limited to a 3-day supply, Tennessee will have one of the most strict and aggressive opioid policies in the nation.

The second bill, sponsored by Sen. Ken Yager (R-Kingston) and Rep. Bill Dunn (R-Knoxville), creates incentives for offenders to complete intensive substance use treatment programs while incarcerated and updates the schedule of controlled substances to better track, monitor and penalize the use and unlawful distribution of opioids. Notably, it adds synthetic versions of the drug fentanyl, linked to an alarming number of overdose deaths, to the controlled substance schedules.

In addition to legislation, this year's budget included \$2 million non-recurring to the UT Health Science Center for the Center for Addiction Science to assist in our efforts to tackle the state's opioid epidemic. Dr. David Stern was also appointed to the Governor's new Tennessee Commissions on Pain and Addiction Medicine Education. The 19-member commission, which includes 3 additional members affiliated with the UT System, is charged with formulating evidenced-based pain and addiction medicine competencies for adoption by the state's medical and health care schools regarding management of pain, proper prescribing of pain medication, and diagnosis and treatment of those suffering from addiction.

Annual Coverage Assessment Act of 2018— SB2026/HB2084

The legislation enacts the Annual Coverage Assessment Act of 2018, which continues the annual coverage assessment of 4.52 percent of a covered hospital's annual coverage assessment base. TennCare managed-care organizations are prohibited from implementing across-the-board reductions in rates that are in existence on July 1, 2018, for hospitals and physicians by category or type of provider, unless mandated by the Centers for Medicare and Medicaid Services (CMS). A Maintenance of Coverage Trust Fund (the Fund), consisting of all annual coverage assessment collections and investment earning credited to the assets of the Fund, is established. Because Tennessee gets approximately a 65 percent federal match for every 35 percent state dollar, this voluntary assessment fee on hospitals draws down a significant amount of money. The assessment prevented, and continue to protect, physicians from reductions in Medicaid (TennCare) payments rates.

OFFICE OF RESEARCH**Oak Ridge National Lab (ORNL) Tax Exemptions—SB2266/HB2531**

Following a review by the Commissioner of Revenue determining that UT-Battelle qualified for certain state economic development tax exemptions, the City of Oak Ridge and Roane County raised concerns that their obligations to pay the local portion of those shared tax revenues would pose a great hardship on the localities. As part of the legislative agreement, UT-Battelle agreed to forego future current state-offered tax exemptions for research and development as well as for the current supercomputing data center. This change from current law will not have a significant financial impact to UT-Battelle operations. Future US Department of Energy investments in supercomputing will however receive the state-offered tax exemption.

Defeated, Deferred, or Off-Notice Legislation

BOARD OF TRUSTEES

Conflicts of Interest for Higher Education Governing Boards—HB1738/SB1754

Legislation creating new conflict of interest requirements for public higher education boards did not become law this session. The measure, sponsored by Rep. Martin Daniel (R-Knoxville) and Sen. Todd Gardenhire (R-Chattanooga), would have prohibited governing board members from having a financial or beneficial interest in any contract or transaction entered into by the respective governing board. The measure defined conflicts in this area and prohibited governing board members from accepting anything of value over \$500 from the institution except for complimentary access to official university activities or events or reimbursements for costs incurred in connection with their duties as a governing board member.

The bill also restricted who could serve on a higher education governing board—stipulating that persons shall not be eligible to serve if:

- An immediate family member is employed by the institution;
- The person is a state employee;
- The person is a member of any state commission or board that makes rules and policies;
- The person is an elected official in federal, state, county, or municipal government;
- The person is a registered lobbyist as defined by TCA § 3-6-301.

Amendatory language provided by UT, and accepted by the House sponsor, would have provided opportunities for board members to “cure” any conflicts that arise. Once amendatory language was added, the University deferred to the will of the legislature. Ultimately, the issue was pulled from consideration by both Houses.

ACADEMIC AFFAIRS

Complete College Tennessee Act— SB2259/HB2114

Following months of stakeholder testimony and legislative deliberation, the Haslam Administration’s “Complete to Compete” initiative failed on the House floor with a 41-46-10 (present not voting) vote and was not heard on the Senate floor. The measure was nine votes short of passage.

The original bill would have required students receiving the Tennessee Promise or HOPE scholarships to complete a minimum of 30 credit hours in a 12-month period or receive a \$250 reduction in award aid. Currently, to be a “full-time” student, students are required to take a minimum of 12 credit hours per semester. However, in recent years, UT campuses have encouraged, but not required, students to take 15 credit hours per semester to better enable a path to a bachelor’s degree within four years.

UT advocated for key provisions, ultimately included in amendatory language on the bill, that exempted students pursuing co-ops and internships, and provided an appeals process for students facing extenuating circumstances, such as medical hardships. Other amendatory efforts were led by the Tennessee Independent Colleges and Universities Association (TICUA), who sought to totally exempt students at four-year institutions from the 30-in-12 requirements, making the bill only applicable to Tennessee community colleges. Some House members voiced concerns during the floor debate that the legislation would be punitive to students needing to work full-time, while also taking a full course load. Other members in the House voiced support that the legislation was needed to ensure timely graduation.

Schools of Classical Liberal Virtue— SB987/HB1109

Legislation sponsored by Sen. Brian Kelsey (R-Germantown) to authorize public higher education institutions to create “schools of classical liberal virtue” did not become law this session. Permissive in nature, the bill did not create a legal expectation to establish a school in this subject matter. The bill stemmed from a concern that courses in traditional, conservative thought often are not available in Tennessee public universities. The provision providing the authorization was ultimately stripped from the House version of the bill, limiting the bill to a separate K-12 issue. Although the Senate bill did advance through the committee process, the House ultimately took the bill “off notice.” Public institutions of higher education already have the authority to create new programs of study, subject to approval of the Tennessee Higher Education Commission (THEC).

Dual Enrollment Moratorium— SB2078/HB2155

Sponsored by Rep. David Hawk (R-Greenville) and Sen. Ken Yager (R-Kingston), legislation to severely limit four-year universities' ability to expand dual enrollment offerings to Tennessee high schools was unsuccessful. The bill would have prohibited Local Education Agencies (LEAs) from going directly to a four-year university for any new dual enrollment course offerings. It would have required LEAs to first offer the opportunity for dual enrollment to their regional community colleges, then to community colleges more broadly. Only if no community college could offer the requested course could an LEA partner with a four-year university.

Universities view dual enrollment as an important opportunity for Tennessee high school students to be exposed to college and university-level coursework and that these opportunities should not be limited to community colleges. Based on local demand, UT campuses offer many general education courses to high school students throughout the state. The legislation would have carried major implications for the UT System. UT Martin, for example, has increased dual enrollment offerings by 278 percent since 2015 based on demand for UT Martin courses, which are taught by University faculty. Dual enrollment offerings have attracted more students to the institution for additional studies, helping increase overall enrollment numbers.

During negotiations on the bill, an amendment was proposed to create a one-year “dual enrollment moratorium” while a task force determined the appropriate roles for community colleges and four-year universities. Ultimately, K-12 education stakeholders also became involved in the issue because enacting a moratorium would have adversely impacted their planning and ability to provide courses for the next school year. K-12 stakeholders opposed any attempt to limit local choice on dual enrollment providers. Dual enrollment is a metric included in the Tennessee Board of Regents funding formula, which appeared to be the central issue associated with the legislation. By increasing their market share of dual enrollment offerings, community colleges would be able to realize a greater share of state performance funding. Tweaking the funding formula, however, was not discussed as part of the legislation or as a way to alleviate concerns of the Board of Regents while maintaining an important role for four-year universities in dual enrollment. Funding formulas are statutorily required to be reviewed each year in TCA § 49-7-202 (g)(1) by the Tennessee Higher Education Commission in conjunction with university presidents and key state officials such as the State Comptroller, Commissioner of Finance and Administration, Director of Legislative Budget, and Chairs of the House and Senate Education and Finance Committees, or their designees. In addition, the Tennessee Higher Education Commission will be assembling a task force of stakeholders to study the issue over the summer.

Quality Assurance Funding Based on Educator Preparation Programs—SB1844/HB1481

Legislation impacting how higher education performance funding is awarded in Tennessee was taken “off notice” in the House Finance, Ways, and Means Committee after several weeks of testimony from higher education stakeholders, including UT.

This legislation, sponsored by Rep. Bill Dunn (R-Knoxville) and Sen. Dolores Gresham (R-Somerville), would have tied all of an institution's quality assurance funding to Tennessee Value-Added Assessment System (TVAAS) scores of graduates of Tennessee's teacher training programs. TVAAS scores are one measure of teacher effectiveness utilized by the state. If passed, the measure would have been the first time that quality assurance funding was tied to one specific academic program rather than a broad set of institutional performance metrics that span a number of different academic programs. UT opposed the bill.

“General Education” Course Requirement Changes— SB1846/HB1754

Legislation that was of concern to all state universities dealing with general education requirements did not become law this session. Sponsored by Senate Education Chair Dolores Gresham (R-Somerville) and Rep. Tilman Goins (R-Morristown), the measure would have stipulated that public colleges and universities could not require completion of more than six credit hours of humanities course work to satisfy the institutions' general education requirements. It further mandated that students must complete at least three credit hours of economics to satisfy the general education requirement. The measure would have represented the first time in state law that specific course requirements or limits on general education were prescribed. Potential impacts on institutional accreditation were unclear, and ultimately, the Senate sponsor of the legislation sent it to “General Subcommittee.”

In-State Tuition for Undocumented Students—SB2263/HB2429

Sponsored by House Education Administration and Planning Subcommittee Chairman Mark White (R-Memphis) and Sen. Todd Gardenhire (R-Chattanooga), legislation to allow undocumented students who graduated from a Tennessee high school to receive in-state tuition at public universities did not receive enough support to become law this session. The measure was successful in passing its initial hearing in the House Education Administration and Planning Subcommittee, but was never brought to a vote in either the full House or Senate Education Committees. There were a number of counter proposals to this legislation that also did not advance this session.

Tennessee Promise Account Transfer—SB1502/HB2426

A measure backed by the Tennessee Higher Education Commission (THEC) that intended to make the Tennessee Promise “self-sustaining” based solely on its own earnings was halted on the last day of session by the bill's sponsor due to mounting legislative pressure to use the bill as a vessel for a response to concerns from issues with the state's K-12 TNReady assessment. Through a series of amendments, the legislation would have reduced the minimum lottery reserve amount to \$85 million which would have allowed for a transfer of \$25 million to the Promise Endowment and infused additional money into the endowment that would earn more interest every year. The one-time transfer would have expedited the time it would take to make Tennessee Promise fully “self-sustaining,” which currently costs about \$33 million annually.

Prohibition of Fraternities and Sororities at Public Colleges and Universities—SB2541/HB2042

Legislation that would have banned all fraternities and sororities, except professional fraternities and honor societies, at state institutions of higher education did not advance. The legislation would have prevented Greek organizations from being recognized by, associated with, or operated on the campus of any state institution of higher education. Sponsored by Rep. John DeBerry (D-Memphis) and Sen. Reginald Tate (D-Memphis), the measure sought to bring attention to the sponsors' concerns and encourage fraternities and sororities to hold themselves to high behavioral standards. UT coordinated a meeting of student affairs professionals with the House sponsor to discuss campus conduct policy changes and efforts underway with UT's Greek communities. DeBerry then worked with UT on a resolution encouraging Greeks to lead societal and cultural change on issues such as sexual assault, drug and alcohol abuse, respect for all people and their rights, and hazing. The resolution (HJR1253)

passed unanimously in the House and Senate and will be presented to sorority and fraternity leaders at public universities across the state.

Annual Implicit Bias Training— SB2545/HB2516

Legislation that would have required all educator preparation programs to teach prospective teachers to pass a course in implicit bias training was taken off notice in the House Education Instruction and Programs Subcommittee by the legislation's sponsor. Although deferred on the legislation, UT GR&A staff worked with the sponsor on an amendment that would have removed the course requirement, allowing educator preparation programs to include the implicit bias training within existing curricula. This amendment would have our protected institutional academic discretion and alleviated fiscal concerns associated with creating a standalone course.

US Civics Test Requirement for Associate or Baccalaureate Degree— SB2555/HB2559

Legislation requiring students at state institutions of higher education to pass a United States civics test prior to receiving an associate or baccalaureate degree was taken "off notice" in the House and assigned to "General Subcommittee" in the Senate. The test proposed by the bill would have been the same as the one administered by the United States Citizenship and Immigration Services to individuals seeking citizenship. Tennessee public high schools are already statutorily required to administer a US civics test that students must pass before receiving a high school diploma, per TCA § 49-6-408.

Veterinarian Licensing Name Change—SB2154/HB2288

Legislation brought by veterinarians and veterinary technicians across the state sought to create the classification of "registered veterinary nurse" in Tennessee. The bill, which failed to become law, clarified that a veterinary nurse is a graduate of a veterinary nursing or veterinary technician program accredited by the American Veterinary Medical Association and not a person licensed by the State's Board of Nursing. Despite the clarification, the bill created a sizable rift with the Tennessee Nurses Association (TNA), who opposed the bill. The TNA executed a strong grassroots advocacy campaign against the change in terminology. While the legislation called for a veterinary nurse to use their full title when identifying themselves, the TNA expressed concern that the name change would cause confusion when human nursing care is needed and could also cause confusion for those applying to either a nursing school or a veterinary program. Because UT has both nursing and veterinary programs, the UT System did not take an official position on the legislation. However, both the Dean of the School of Veterinary Medicine as well as the Dean of the School of Nursing at UTK took vocal, opposite sides of the issue. It will likely be re-introduced in the next legislative session.

FINANCE & BUSINESS OFFICES

Higher Education Efficiency Audits by External Vendors—SB734/HB738

Legislation that would have initiated a process for "efficiency audits" to be performed by private-sector companies on public higher education institutions failed in the House Finance, Ways, and Means Subcommittee on a 0 – 10 vote. The measure was sponsored by Rep. Martin Daniel (R-Knoxville) and Senate Education Chair Dolores Gresham (R-Somerville).

The efficiency audit proposed by the bill would have been conducted by a private-sector entity and would have included recommendations, including those for legislation, on strategies to improve the efficiency of public universities. The Senate version of the bill exclusively listed the UT campuses, the University of Memphis, and Tennessee State University for efficiency audits. The Senate version also stipulated that the efficiency audit be used by the legislature to determine if institutions have "unnecessary course offerings of little benefit to students or the public." Public universities across the state were particularly concerned about this provision of the bill and how it could have affected legislative action on curricula, which could impact institutions' accreditation.

The House version abandoned both of these provisions but initiated a process that would have been costly if external auditors were hired—in excess of \$3-5 million. If no funds were appropriated to cover the cost of conducting an efficiency audit, it was unclear whether colleges, universities, and tuition-payers could be compelled to pay the costs. Furthermore, the State Comptroller—the state’s chief auditor—could effectively do the audits if sufficient funds were appropriated.

Although the House and Senate Education Committees looked favorably on the bill, the House Finance Subcommittee expressed skepticism. Finance leadership noted that significant funding not allocated in the Governor’s FY18-19 budget would be required. Long-time House Finance Chair Charles Sargent (R-Franklin) recognized the predicted cost savings but noted that predictions don’t always translate into real cost savings, citing examples the State has seen in the past. Other House members expressed concerns that the measure could bring back proposals such as outsourcing, a topic of concern for many General Assembly members.

As required by state law, public higher education institutions already undergo regular financial audits and performance audits. The UT System has made efficiency and effectiveness a top priority, self-identifying over \$15.2 million in savings in recurring funds within the last two years.

Meal Plan Requirement Prohibition— SB1847/HB1753

Legislation prohibiting public institutions of higher education from requiring students to purchase a meal plan was unsuccessful in becoming law. The measure, sponsored by Rep. Tilman Goins (R-Morristown) and Senate Education Chair Dolores Gresham (R-Somerville), would have had costly implications for many public universities across the state, including UT. Revenue generated from current UT meal plan contracts provides a consistent, predictable funding stream to maintain, upgrade, and build new dining facilities on UT’s campuses that benefit all students but do not receive state funding. These contracts also provide necessary funds to meet annual debt service on some campus dining facilities. The financial impact of the original measure would have been in the millions for the UT System. Using the UT Knoxville campus as an example, the practical impact of the bill would have:

- Resulted in a stop-work order on the design of the new UTK West Campus Dining Hall;
- Severely impacted the funding model to pay the debt service on the UTK Student Union facility, which is 90 percent complete; and,
- Required the renegotiation of the campus’ dining contract. For UTK alone, the estimated impact was \$4.3 million annually.

Although an amendment was offered by the House sponsor to narrow the bill’s scope, lawmakers on the House Education Administration and Planning Subcommittee expressed reservations about interfering with the business models and contractual obligations of Tennessee’s public universities. UT and other along with public universities across the state opposed the legislation. The topic will be slated for “summer study” by the House Education Administration and Planning Committee.

Tuition Discounts— SB1628/HB1606

Legislation seeking to limit tuition discount applicability to 120 semester hours or the number of hours required for degree completion and removing eligibility for discounts once a student has earned a baccalaureate degree was sent to “General Subcommittee” by the Senate Finance, Ways, and Means Subcommittee. The measure would have had minimal impact on the underfunded nature of statutorily mandated tuition discount programs, because the vast majority of discount recipients are full-time students seeking their first baccalaureate degree. UT will continue to advocate for full funding of these state mandated programs, that are underfunded by approximately \$7-8 million each year for the UT System alone.

RFID Prohibition—SB2113/HB2504

Legislation aimed at limiting the use of “radio frequency identification device” (RFID) technology in K-12 and higher education was taken “off notice” in the House Education Administration and Planning Subcommittee. The measure, sponsored by Rep. Joe Towns (D-Memphis) and Sen. Frank Niceley (R-Strawberry Plains), specifically prohibited postsecondary institutions from requiring any person (including students and employees) from having RFID technology “attached” to the person in order to enter the institution or its grounds.

Like many government and private entities, several UT institutions utilize low-frequency RFID technology in identification badges issued to both employees and students. The technology is the most reliable to meet the security needs of our campuses. Further, some campuses have invested significant resources into RFID infrastructure for facilities access. There are a number of situations on campus where students or employees are required to visibly wear—or “attach”—their identification badges. Examples include secure areas of the campuses (e.g., laboratories) or areas where students and employees are working in hospital settings. Passage of the legislation would have required UT to invest in a different type of technology to control access to certain campus facilities and abandon current building access protocols in place. House Education Committee leadership agreed with the University’s concerns on the bill.

Procurement of Professional Design Services—SB2535/HB2471

Legislation that would have given more oversight authority to the Board of Examiners for Architects and Engineers with respect to procurement of government contracts for architecture and engineering services was taken “off notice” in both the House and Senate. A number of entities, including UT, expressed concerns that the legislation could create a conflict of interest since the Board of Examiners for Architects and Engineers are primarily made up of professional architects and engineers who also complete state work.

OFFICE OF GENERAL COUNSEL**Guns on Campus— SB 1341/HB 884**

Sponsored by Rep. Judd Matheny (R-Tulahoma) and Sen. Paul Bailey (R-Sparta), the measure would have allowed individuals, including students, with a handgun permit to carry firearms on public higher education campuses and in all places within the state that is not prohibited by federal law. The University, along with other government, law enforcement, and private sector stakeholders, opposed the legislation. The measure failed in the House Civil Justice Subcommittee after lengthy testimony.

Anti-Semitism Awareness Act— SB2389/HB2357

Legislation creating conflict with the First Amendment for public educational institutions (both K-12 and higher education) failed for lack of a second in the House Education Instruction and Programs Subcommittee. Sponsored by Sen. Dolores Gresham (R-Somerville) and Rep. Judd Matheny (R-Tulahoma), the measure aimed to “crack down” on Anti-Semitic speech but would have created internal confusion among educational administrators due to the broad language in the bill and the seeming conflict with protected speech under the First Amendment.

Last year, similar legislation advocated by Proclaiming Justice to the Nations President Laurie Cardoza Moore resulted in her testimony in the House Education Instruction and Programs Subcommittee alleging that anti-Semitism was a major problem at UT Knoxville. Included in materials provided to the committee by Cardoza Moore was propaganda alleging UT was “a top ten school supporting terrorists.” Committee members subsequently deferred to testimony from UT, including UTK student leaders of the Jewish student organization, Hillel, and the Muslim Student Association. Their collective testimony

covered the collegial environment and civil atmosphere they enjoy at UTK. Many Subcommittee members considered those exchanges during debate on the bill this year.

**Non-Disclosure Agreement Prohibition for Higher Education Legal Settlements—
SB2607/HB2455**

Legislation prohibiting public universities and/or their governing boards from entering into non-disclosure agreements in the course of a legal settlement for any “act of harassment, assault, or discrimination” was taken off-notice after victim’s rights organizations highlighted the overbroad language in the bill that did not allow non-disclosure agreements requested by victims in certain cases.

UAPA - Promulgation of New Permanent Rules—SB1753/HB1737

Sponsored by Rep. Martin Daniel (R-Knoxville) and Sen. Todd Gardenhire (R-Chattanooga), this legislation would have required an entity of the state that promulgates a new permanent rule to identify and repeal two existing permanent rules. There were multiple unknown factors to consider including the number of new permanent rules an agency will propose; if such rules repealed are required in order to maintain federal funding, national accreditation, or state operations; if any rule repealed as a direct result of this legislation would place such agency out of compliance with any federal requirements, accreditation, or impact the functionality of the agency; and, the extent of any impact to federal funding as a result of the rule repeal or failure to adopt the required rule. Due to these factors and others, the legislation was taken “off notice” in both the House and Senate Government Operations Committees.

UAPA - Fees Promulgated by Administrative Rule—SB2715/HB2555

Legislation sponsored by Rep. Tilman Goins (R-Morristown) and Sen. Janice Bowling (R-Tullahoma) would have prevented a state entity, including UT, from increasing an existing administrative fee through rule promulgation if the amount of increased or exceeded the lesser of five percent of the fee or the average annual rate of inflation for the immediate preceding calendar year. If an agency proposed to increase an existing administrative fee in an amount more than the required percent, the increase would have to occur through legislation. The General Assembly currently has oversight over all state agency rules through the Government Operations Committees and by the “Rule Omnibus Bill.” This legislation would have placed new restrictions on UT going through the rulemaking process, encouraged us to promulgate fee increases more often to stay under the outlined percentages, and discourage efforts to reduce fees. The legislation was taken “off notice” in the Calendar and Rules Committee in the House and was held in the Senate Calendar Committee.

UAPA - Legislative Review of Administrative Actions—SB2160/HB1800

Sponsored by Rep. Martin Daniel (R-Knoxville) and Sen. Mike Bell (R-Riceville), this legislation would have established a more intrusive process by which any member of the General Assembly could petition the Government Operations Committee of the Senate or House to review agency statements or intra-agency memoranda to determine if the statement or memoranda should qualify as a “rule” under the Uniform Administrative Procedures Act. The legislation also would have given the General Assembly the authority to suspend a state entity’s rulemaking authority for any reasonable period of time if an agency fails or refuses to promulgate under the new, broadly defined requirements.

The House Government Operations Committee voiced concerns that suspension of an agency’s rulemaking authority would be detrimental to its ability to fulfill its statutory obligations and could put an agency’s federal funding at risk. The bill was opposed by many government stakeholders and was ultimately taken “off notice.” The Government Operations Committees already have the statutory authority to compel an agency to come before the Committee to provide additional information on an extensive range of issues related to operations and management.

Disability Discrimination—SB1904/HB1899

Legislation sponsored by Sen. Ken Yager (R- Kingston) and Rep. Kevin Brooks (R-Cleveland) that would have prohibited an employer from discriminating against an employee or an applicant for employment on the basis of disability when a reasonable accommodation could be made was sent to “Summer Study” for additional consideration in consultation with the Tennessee Council on Aging and Disabilities. As proposed, the legislation would have not had a major impact on the operations of the University because of current requirements that exist in federal law. However, this legislation could have increased the University’s legal exposure by permitting employees to bring more disability discrimination claims against the University in state court. There is currently no requirement under Tennessee law that an employer make reasonable accommodations to employees with disabilities. Under current law, an employee is required to provide proof they were discriminated against “solely” on the basis of disability, which entails a high legal standard.

Criminal Offense for Hazing— SB1952/HB1580

Legislation that would make hazing a Class C misdemeanor did not advance this session and has been deferred to Summer Study in the House Criminal Justice Committee. The bill specified several definitions of hazing to include physical brutality, physical activity that could cause unreasonable risk of harm, activity involving consuming alcohol or drugs that could cause unreasonable risk of harm, and activity that requires an individual to complete a task that involves committing a crime. The bill specified that customary athletic events, contests, and competitions would not be considered hazing. UT monitored this legislation to ensure clear legal definitions were included in any final measure. The bill, however, did not advance from Committee.

Non-Smoker Protection Act to include Vaping—SB1850/HB1867

Sponsored by Rep. Bill Dunn (R-Knoxville) and Sen. Ferrell Haile (R-Gallatin), the legislation would have expanded the Non-Smoker Protection Act to include vaping. Current law gives the governing boards of public postsecondary institutions in Tennessee the authority to adopt policies regulating smoking, including vaping, on property owned or operated by the institution. All UT campuses have adopted smoke-free campus policies that prohibits the use of electronic cigarettes or similar devices.

Second Amendment Civil Rights Act of 2018— SB1955/HB1602

Legislation sponsored by Rep. Judd Matheny (R-Tulahoma) and Sen. Mark Pody (R-Lebanon) would have created the Second Amendment Civil Rights Act of 2018 and subsequently declare that the lawful commerce, ownership, use, transfer, possession, exhibition, and display of firearms, ammunition, or firearm accessories are fundamental rights of citizens and that these rights are protected by the Constitution.

This measure would have prohibited a government entity, such as UT, that owns property that is made available for use by third parties as a venue, rental facility, or other public or private purpose, from refusing to make the property available to, or otherwise discriminating against, any person because the person’s proposed use of the property involves a gun show or any other show or event that involves firearms, ammunition, or firearm accessories. The legislation further authorized an adversely affected person to challenge a denial, discrimination, ordinance, rule, or regulation through legal action. Ultimately, the bill failed in the Senate Judiciary Committee and was taken “off notice” in the House Finance, Ways, and Means Subcommittee.

UT HEALTH SCIENCE CENTER**ETSU Pharmacy School Scholarships— SB2574/HB1838**

This measure would have been a legislative approach to provide ETSU with funding towards pharmacy school scholarships. If passed, this would have significantly increased Gatton College of Pharmacy’s

competitiveness with other public and private pharmacy schools across the state. GR&A staff engaged with members of both House and Senate leadership to advocate for parity in any amount of proposed scholarship funding. The bill's sponsors did not move forward once an agreement was made to consider non-legislative solutions.

Doctor of Medical Science— SB1926/HB2122

This legislation sought to enact the New Healthcare Practitioner Act, which would have created a special licensing pathway allowing physician assistants, who complete a newly created Doctor of Medical Science (DMS) degree program, to provide primary care services under limited physician supervision. This legislation was backed by Lincoln Memorial University which offers the only DMS program that would have met the newly established criteria.

Multiple state and national physician assistant associations as well as higher education institutions, including UTHSC, did not support the measure. LMU asked the sponsors to withdraw the legislation after numerous concerns were raised.



THE UNIVERSITY of TENNESSEE

KNOXVILLE, CHATTANOOGA, MARTIN, TULLAHOMA, MEMPHIS

Office of Government Relations and Advocacy

MEMORANDUM

Date: June 1, 2018

To: Anthony Haynes
Vice President for Government Relations and Advocacy

From: Kurt W. Schlieter
Associate Vice President and Director of Federal Relations

Subject: Status of Congressional Activity

The UT Federal Relations team continues its aggressive marketing and lobbying efforts in Washington, D.C. to secure multiple wins for the University. The team advocates for large and small programs across the federal government resulting in millions for the University that ultimately impact the state in all 95 counties. This report provides an overview on several of these matters, including the annual funding bills, higher education legislation, the Farm Bill, and the annual defense bill. Please feel free to contact me with any questions or for additional details.

Budget Deal Includes Favorable Appropriations for UT

Historically, the months of May, June, and July are called the “appropriations season” in Congress. Bills are marked-up during May and June in subcommittee and quickly followed by full committee votes, with floor consideration starting in July. During the past several years, Congress has worked on a year-round appropriations process with large omnibus funding packages negotiated well past the September 30 end-of-the-fiscal-year date.

2018 has seen wildly different trends. Both the House and Senate are earnestly trying to return to regular order and it’s very encouraging to see the gains UT is making under these circumstances. For the second fiscal year in a row, we are seeing nearly every UT appropriation and Department of Defense authorization request fully funded and approved by Congress.

When Congress reached agreement in February on a two-year budget deal covering FY 2018 and FY 2019, it was unclear how it would impact appropriations other than the increased spending levels. The specifics were finalized in the FY 2018 Omnibus passed in March. Overall, the current FY 2019 appropriations bills are very similar to those from FY 2018. The bipartisan budget agreement boosted nondefense discretionary spending caps by \$131 billion in FY 2018 (which began October 1, 2017) and FY 2019. Congressional leaders agreed to specifically allocate some of the funding towards programs such as infrastructure, veterans' health, higher education, child care, medical research, and opioids abuse treatment. Defense caps rose another \$165 billion, not counting off-budget funds for the war effort, totaling \$140 billion in FY 2018 and FY 2019.

Specifically for UT, the increased allocations meant that every appropriations request we made in FY 2018 was funded at our request or higher. More dramatically, even programs slated for elimination by the Office of Management and Budget (OMB) were funded in the FY 2018 omnibus appropriations package. For instance, the Institute for Advanced Composites Manufacturing (IACMI), a key UT research priority, was not included in the OMB budget request to Capitol Hill. Our efforts helped ensure that Congress provided IACMI's final year of funding at \$14 million. Congress also provided another \$10 million for UT's hypersonics R&D activities. Many programs impacting UT were slated for elimination, yet we worked with our allies in Congress to help continue those programs important to our research enterprise, such as with the Department of Energy's (DOE) Office of Science at over \$5.5 billion, a historic figure.

For FY 2019, OMB has called for a reduction and outright elimination of certain programs supporting UT research. Again, we are working with our supporters on the Hill and in the Administration to help direct and/or support appropriations across all agencies to programs that support UT. The House and Senate are moving rapidly on their respective appropriations bills. The House and Senate Appropriators have marked up both the Energy & Water (E&W) and Agriculture spending bills, two important bills for UT and Tennessee. Both bills see increases in various accounts important to UT. For instance, the bills provide record funding for DOE's Office of Science which supports work at Oak Ridge National Laboratory (ORNL), including supercomputing. The E&W bill includes more than \$3 billion for the Oak Ridge area alone. The Advanced Research Projects Agency – Energy (ARPA-E) is funded at \$375 million, record funding in a regular appropriations bill. ARPA-E was created by the 2007 America COMPETES Act to invest in high-impact energy technologies, and the President's budget request recommended termination of the program. We worked with our colleagues across the country to ensure ARPA-E will continue operating. The Senate bill also includes \$205 million for the Oak Ridge Leadership Computing Facility, an increase of \$42.5 million above last year. The bill continues to support advanced manufacturing, and includes \$25 million for the Manufacturing Demonstration Facility housed at ORNL to support the development of additive manufacturing processes and other advanced manufacturing technologies. This is a \$5 million increase above last year.

Regarding the FY 2019 Agriculture appropriations bill important for the UT Institute of Agriculture and Tennessee's farmers, the Senate bill includes funding for rural development programs, extension, and agricultural research dollars. It includes \$1.3 billion for the Agricultural Research Service, an increase of almost \$100 million over last year. It also includes at mostly level funding \$898 million for the National Institute for Food and Agriculture and \$243 million for Hatch Act funding, which funds agricultural research programs at State Agricultural Experiment Stations in all 50 states. We will continue to work with the Appropriations Committee and the delegation as Congress works through their FY 2019 bills.

We are seeing similar success in the other funding bills moving through the committee. For instance, President Trump proposed to eliminate the Manufacturing Extension Partnership (MEP) program, which is important to UT's Institute for Public Service. The House instead provides \$155 million in FY 2019. Even smaller programs are treated fairly, such as the National Historical Publications and Records Commission (NHPRC) Agency which funds UT's Andrew

Jackson Papers Project. The Commission will receive \$6 million in the Senate Financial Services bill. The NHPRC has traditionally been funded at \$5 million.

PROSPER Act Update

The outlook for higher education legislation is not favorable. Shortly before the Memorial Day recess, House Republican leaders met to discuss their higher education reauthorization plan: the Promoting Real Opportunity, Success, and Prosperity through Education Reform (PROSPER) Act. The meeting may have been called to figure out when and if they should bring the bill to the floor and to gauge interest in voting on this bill before the November elections. House Education and the Workforce Committee Chairwoman Virginia Foxx (R-North Carolina) has been pushing leadership for floor time since the bill passed through committee on a party-line vote in December. No immediate public announcement was made after the meeting on the status of this legislation.

There are no current plans to bring a Senate higher education re-write to the floor this year. Senator Lamar Alexander would like to produce a bipartisan bill. The Federal Relations team recently met with Senate Health, Education, Labor, and Pensions (HELP) Committee staff and discussed their Higher Education Act reauthorization schedule. Due to a lack of possible floor time to debate a bill and a lack of willingness to develop a bipartisan bill, it appears that the Senate is unlikely to move forward with a broad higher education re-write this session. With the Farm Bill failing on the floor in May, House leadership is not likely to bring the PROSPER Act up if they cannot ensure a positive outcome.

As a reminder, the House Committee passed the PROSPER Act which proposes to:

- Consolidate the six federal loan programs currently available into a new Federal ONE Loan Program, with one unsubsidized loan per category of borrower: an undergraduate loan, a graduate loan, and a parent loan. The structure of this proposed program is similar to the existing Direct Loan program structure. However, the bill would eliminate Grad PLUS loans, which allow graduate students to borrow up to the cost of attendance, and subsidized loans for undergraduates. The bill would also maintain the ability of borrowers to consolidate their loans through the One Loan program. Under the proposed program, borrowers would not be eligible for loan forgiveness, including Public Service Loan Forgiveness. Loan forgiveness would be maintained for remaining Direct and Federal Family Education loan balances.
- Create a "single definition" for postsecondary institutions and lump degree-granting colleges and universities in with trade schools.
- Eliminate the 90/10 Rule and Gainful Employment (GE) requirements from the statute (and thus any provisions that could trigger GE regulations). The bill also prohibits any future regulations on GE and blocks the Secretary of Education from having any role in carrying out or developing a postsecondary education ratings system.
- Eliminate the Supplemental Educational Opportunity Grant (SEOG) program.
- Reduce or freeze discretionary authorization levels at current levels, essentially ensuring years of stagnant funding, which would be further diluted as providers who aren't currently Title IV eligible gain eligibility.

- Eliminate the Cohort Default rate triggers and replace them with untested program-level repayment rate requirements.
- Make significant changes to accreditation.
- Create a new apprenticeship program to support partnerships between institutions of higher education and businesses to expand access to apprenticeships and earn-and-learn programs.
- Create a \$300 Pell Grant Bonus for most students that take at least 30 credit hours each award year.

Farm Bill Failure and Immigration

House Agriculture Committee Chairman Michael Conaway (R-Texas) recently stated the House will vote again on the 2018 GOP-written Farm Bill on June 22, just over a month after the measure was defeated on the House floor over conservative demands for a vote on immigration legislation. GOP House leaders want to save the Farm Bill (HR 2), which includes provisions to toughen food stamp work and eligibility requirements that Speaker Paul Ryan sees as part of his political legacy on welfare overhaul.

The Farm Bill was defeated on a 198-213 vote. Democrats who objected to the proposed changes to the Supplemental Nutrition Assistance Program (SNAP), formerly known as food stamps, voted as a bloc against it. A total of 30 Republicans, including several moderate Republicans opposed to SNAP changes or farm program provisions, along with Freedom Caucus conservative Republicans dissatisfied with leadership's promise of a future vote on immigration bills, brought the bill down.

Conaway said the Freedom Caucus will get the immigration vote that it demanded before the House takes the Farm Bill up again. He does not plan to change the bill, noting that the bill was defeated because of the immigration vote issue. The Freedom Caucus has demanded a floor vote on a conservative immigration bill (HR 4760) by Rep. Bob Goodlatte (R-Virginia).

The Farm Bill is a five-year measure that sets policy for SNAP, agricultural conservation, crop insurance, farm programs, and subsidies. The Congressional Budget Office estimates the 2018 bill will cost \$430 billion over five years and \$868 billion over a 10-year scoring window. Congressman Jimmy Duncan was the only Tennessee Republican to vote against the bill. Congressmen Jim Cooper (D-Tennessee) and Steve Cohen (D-Tennessee) also voted against the measure. As the House considered dozens of amendments, the UT Federal Relations team worked with the delegation to advocate for and against various amendments with impact to UT. For instance, one possible amendment UTIA and other research universities opposed would have changed the checkoff program that funds research programs benefiting commodity groups. If passed, checkoff funds could not be used for research at universities on food safety, nutrition, and innovation. The UT team worked with various constituencies and the amendment was pulled from the floor.

The Senate Agriculture Committee is also working on a version of the Farm Bill. It is possible that a Senate bill may be brought up over the summer.

House Passes Fiscal Year 2019 NDAA

The House approved its massive defense authorization bill the day before the annual Memorial Day recess, hours after the Senate Armed Services Committee finished work on the companion measure. The House vote on the Fiscal 2019 bill (HR 5515) was 351-66.

The annual bill sets policies and authorizes spending for defense programs, mainly at the Pentagon and the Department of Energy. The new measure would authorize \$708.1 billion, including \$69 billion for Overseas Contingency Operations accounts, a category that mainly, but not entirely, covers combat abroad. The money for all these programs is appropriated in separate bills.

UT's Federal Relations team was successful at securing authorization for two UT priorities in hypersonics within the annual National Defense Authorization Act. The first project is the third-year of authorized program funding for a total of \$30 million over the last three fiscal years. The second project builds on the first, and it too is authorized at \$10 million in the House-passed bill. The Senate is looking to debate their version in June. While reviewing the NDAA report, there are very few committee additions similar to UT's. It is rare to be able to secure two of these provisions through committee and passed on the House floor. Fortunately, hypersonic aircraft and weapons are a top DOD priority and UT is well aligned to support future mission requirements as the U.S. takes the lead in developing these systems.

UTHSC Center for Addiction Science Funding Opportunity

The Government Relations and Advocacy team has identified a potential source of grant funding well suited for the UTHSC Center for Addiction Science to lead efforts combatting opioid addiction in the lower Mississippi Delta region, which includes all 21 counties of West Tennessee. If successful, the Center could receive up to \$1 million in USDA rural development funding. Our team continues to help UTHSC file a successful application and monitor overall Congressional funding for this program area.