

MINUTES OF THE EXECUTIVE AND COMPENSATION COMMITTEE OF THE
BOARD OF TRUSTEES OF
THE UNIVERSITY OF TENNESSEE

May 5, 2009
Nashville, Tennessee

A meeting of the Executive and Compensation Committee of the Board of Trustees of The University of Tennessee was held at 12:00 P.M. CDT, Tuesday, May 5, 2009 at the offices of Bradley Arant Boult Cummings, 1600 Division Street, Suite 700, Nashville, Tennessee.

I. CALL TO ORDER

James L. Murphy, Chair, called the meeting to order.

II. ROLL CALL

Catherine Mizell, Secretary, called the roll, and the following members of the Executive and Compensation Committee were present:

George E. Cates
Spruell Driver, Jr.
James E. Hall
Andrea J. Loughry
James L. Murphy, III
Jan F. Simek
Don C. Stansberry, Jr.
Robert S. Talbott

The Secretary announced that a quorum was present. Trustees George Cates, Monice Hagler, Doug Horne, Karl Schledwitz and Charles Wharton, and members of the administrative staff were also present.

III. APPROVAL OF MINUTES OF LAST MEETING

The Chair called for any corrections or additions to the minutes of the January 14, 2009 meeting of the Executive and Compensation Committee. Mr. Driver asked for a correction to page 4 to clarify his request for the administration to provide data regarding proposed tuition increases and to page 7 to clarify his question regarding Mr. Horne's suggestion concerning the Knoxville campus men's and women's athletic departments. Mr. Talbott moved approval of the minutes as amended by Mr. Driver. Mrs. Loughry seconded the motion and the motion carried unanimously.

IV. PRESIDENT'S REPORT

Chair Murphy called on Acting President Jan Simek. Dr. Simek began his report by discussing the federal stimulus funds channeled through the state for education. He stated that there are also substantial amounts of federal stimulus

funds that are managed by various federal agencies allocated by a competitive process. He stated that the University is deeply engaged in efforts to obtain additional funds through the competitive process. He reported that Dr. Millhorn chairs the executive steering committee that coordinates both system and campus applications for those grants. He briefly discussed four statewide initiatives the University is undertaking for federal grant money: a \$200 million broadband connectivity initiative, biomass crops for chemical processing and other purposes, energy and energy conservation initiatives, and a University wide initiative in math and science teacher preparation. Dr. Yegidis stated that the math and science teacher preparation initiative would be a comprehensive initiative which will include partners from the Tennessee Board of Regents system.

Dr. Simek discussed the issue of higher education governance for the State of Tennessee based on discussions in the legislature. He stated that the University has organized a working group between UT and the TBR schools that brings together the provosts and some system administrators of the University and TBR to talk about the needs of the state and how we collectively can best address those needs. He commented that he is troubled that these conversations are occurring at a time of great economic stress that could potentially lead to quick resolutions with inadvertent outcomes. He stated that the administration and Board need to carefully study best practices and also review what has not worked for other states. The Chair stated that at this time there is not a concrete proposal under consideration by the legislature. He noted that the Board and administration share many of the same goals with legislative leadership, focusing on graduation rates, the missions of the campuses, examining duplications of services, etc. Mr. Talbott stated that while there is an interim President, the Board should carefully examine the University system and the way it ought to be structured.

Dr. Simek updated the Committee on articulation agreements with TBR. He noted that agreements should be in place by the fall allowing students to move throughout the University and TBR systems. The Chair asked whether UT uses a common application for prospective students. Dr. Yegidis stated that there is a common application for the UT undergraduate campuses. The Chair asked that the administration look into possible application form uniformity with colleges and universities nationwide if there is a standard application being utilized by many schools. Mr. Stansberry recalled a program that featured a website used in some high schools that assisted students with college applications. The Chair stated that the administration should look into utilizing a type of universal application form that could make the application process easier for prospective students. Ms. Loughry asked if prospective students who have applied to UTK and have denied admission are being directed to another UT campus, if appropriate. Dr. High confirmed that process is in place. Dr. Yegidis suggested

on a related note that the University could do more dual admissions, where a student may apply to UTK and Pellissippi State and the admissions letter may let the applicant know that although admission to UTK is not currently available, admission would be granted after satisfactory completion of a two-year degree at Pellissippi State. The Chair stated that the administration should look into ways of expanding that program as much as possible.

Dr. Simek updated the Committee on fall freshman enrollment. He stated that there were good numbers to report from all of the campuses. The quality of the students continues to increase on each campus. He reported the average ACT score and high school GPA for each campus. He discussed the increase in retention rates at UTC with the use of the Freshman Academic Success Tracking program (FAST). He reported that the mid-year retention rate at UTC (fall to spring) was 90.84% up from a five year average of 84%.

Dr. Simek next discussed academic program review process. He referred to a document listing proposed program consolidations and terminations by campus, UT Academic Program Review Recommendations (Exhibit 1). He stated that the recommendations are dramatically reduced from those presented at the February Board meeting and reflect the hard work of the campuses. He noted that there were originally 20 program eliminations proposed for UTHSC, but the proposals led to discussions among the faculty and administrators that resulted in finding better and different ways to fund and sustain those programs. Many of those programs are now partially or even mostly funded from outside sources. He stated that virtually all of the proposed eliminations for UTHSC were taken off the table. He stated that the staff at UTHSC deserves a great deal of credit for their hard work. He discussed the remaining proposed consolidations and termination for UTHSC for consideration at the upcoming June Board meeting. Dr. Scheid noted that the proposed merger of the Department of OB/GYN does not involve the clinicians, and would most likely occur in conjunction with the anticipated retirement of a current professor.

At the Knoxville campus, Dr. Simek stated that the MS in Safety Education initially proposed for elimination will be merged into the Masters in Public Health. He stated that the termination of MS in Urban Planning would have occurred under normal review, as its enrollment has long been declining. He reported that there is only one faculty member in that program. The termination of Dance Education is a concentration, not a major, and no faculty are impacted. Dr. Simek asked Chancellor Cheek to discuss the MS of Social Work. Chancellor Cheek stated that he heard the Board's concern's loud and clear regarding the proposed closure of the Memphis location of the MS of Social Work when it was discussed at the February Academic Affairs and Student Success Committee meeting. He reported that further investigation revealed that one of the reasons for closure of the Memphis location is that the University of Memphis is planning

on developing a program. Dr. Cheek and Dr. Martin spoke with University of Memphis administration and discussed their desire to move forward with a MS in Social Work. He noted that 50% of the students at UTK's Memphis location come from Memphis. He stated that UTK will admit the next class and continue the program through 2011. University of Memphis plans to have their program running by 2011. He noted that one thing that was not clear at the last meeting is that UTK does offer the MS of Social Work throughout the state via distance education. He stated that UTK created a task force to review this proposal working together with faculty from the University of Memphis and UTK. The task force's first report proposes to develop a single site primarily face to face Social Work program at Memphis, the first class would be fall 2011. He reported that the proposal will go to the provost at the University of Memphis for approval next week. Dr. Simek stated that the University will do all it can to assist the University of Memphis to put the program into place. Ms. Hagler commended the Chancellor for his review of the proposal presented to the Board in February and the solution presented today, which responded to the concerns of the students and the community. Mr. Cates also noted that this type of cooperation and effort is just what is needed right now, and what needs to continue, to find a way to do something better and less expensively for the state.

Dr. Simek next discussed UT Martin proposed consolidations. He noted that UTM's approach is to consolidate programs to provide efficient administrative units and degree programs that encompass areas of study that in the past might have put out a few graduates. Combining those majors into single units gives them the opportunity to have multi disciplinary focuses and more efficient administrative units.

Mr. Wharton asked about program reviews for UTC, UTSI and the Institute of Agriculture. Dr. Yegidis responded that the Institute of Agriculture is not terminating any programs and will be marketing some programs more aggressively. UTC is also not proposing any consolidations or mergers for the upcoming June Board meeting. UTSI programs fall under the UTK. Dr. DiPietro discussed the closure of a 4-H center in West Tennessee and some consolidation of research and education centers to streamline and cut costs that are not captured on the list because they are not academic programs. The Chair stated that he would anticipate that the UTC process and UTK process already in place will be generating terminations and consolidations on a going forward basis as they evaluate programs. Mr. Wharton requested a copy of the report the University received from THEC and the University's response. Mr. Driver asked whether UTC was a step behind or in the same place in the process as UTK and UT Martin in evaluating and vetting programs. Dr. Simek stated that the difference is that UTC actually had to develop a process. They have implemented the Knoxville review process and they are in the process of developing their own. Mr. Wharton asked if Dr. Simek was satisfied that all

University areas are making satisfactory progress with program reviews. Dr. Yegidis responded that UTC is a step behind because they have had to institute a new framework. She noted that they had identified a number of consolidations of low producing programs early on, but they decided they needed further study once the process is in place. Mr. Wharton stated that the point of his question was that the University cannot afford to procrastinate. He added that he had understood that there was a program in place at every campus that reviewed programs every year. Dr. Yegidis stated that their process was a different kind of process mandated every five to seven years that did not focus on certain other variables such as productivity, cost, etc. that are encompassed in the new framework. Dr. Simek stated that the UTC framework would be in place by June.

Dr. Simek discussed setting a potential starting timeframe for the Presidential Search. The Committee talked about other discussions that need to occur first so that the expectations and job description of the President are very clear prior to initiating the search. Mr. Wharton, Mr. Schledwitz and Mr. Talbott noted that given Dr. Simek's two year commitment, the Board and administration need to begin these discussions irrespective of what may occur in the legislature with respect to governance.

Dr. Simek reported that the consultants have submitted their final report on UTMG. The report includes a thorough analysis of UTMG and makes 31 recommendations. The report will be discussed at the Audit Committee on Thursday. Dr. Simek stated that his goal as interim President will be to develop an effective and appropriate way to implement those recommendations. In response to one of the recommendations, the Chair discussed the creation of a health affairs advisory board. He stated that the structure would include Trustees, staff, administration and community members who would provide advice to the Chancellor. Ms. Hagler stated that she understood the recommendation to be a committee of the Board and noted that there is already a committee that includes staff and other community members. The Chair stated that a Board committee requires a bylaw change recommended by the Trusteeship Committee. He added that the Board does not typically have committees that are that specialized and focused on one campus or one college. He added that a focused committee may potentially contribute to micromanagement of the campus. Mr. Cates stated that while there are health care programs on other campuses, the dollars flow through UTMG, and there was a gap that this recommendation addresses.

Mr. Wharton asked for an update on the UTHSC Chancellor search. Dr. Simek stated that since coming on as acting President he has been working hard to get a full understanding of UTHSC issues and complexities and will initiate a search soon.

V. REPORT OF COMMITTEE ON EFFECTIVENESS AND EFFICIENCY FOR THE FUTURE

The Chair called on Trustee Doug Horne, Chair of the Committee on Effectiveness and Efficiency for the Future. Mr. Horne began by commending Dr. Simek on the hard work he has already been doing on system overhead. Mr. Horne reported that the Committee continues to receive feedback through its website, and preparations are underway by Dr. Rogers and his staff for the next meeting of the committee, June 1 in Knoxville. He stated that the committee has not met in sometime to allow the acting President to have time to get organized.

VI. REPORT OF THE FOUNDATIONS STUDY COMMITTEE

The Chair called on Trustee Charles Wharton, Chair of the Foundations Study Committee. Mr. Wharton reported that he and Mr. Nemcik continue to meet with various constituents and will meet shortly with state senators and UTSI staff. He stated that to the extent that there is pushback, it's been pushback that has not come directly back to him, but there has been some concern about how to handle alumni affairs. He noted that Alumni Affairs being coupled with Development at UT is a somewhat unique arrangement, and there are no plans to change that arrangement. Mr. Wharton stated that they continue to move forward as quickly as possible because it is the right way to go, it makes sense, and it is imperative for the University to have a reliable source of funding, year after year. The Chair stated that the committee is on the right track in terms of getting all the various constituencies to be supportive.

VII. PLANNING FOR ANNUAL MEETING OF THE BOARD

The Chair stated that the Committee received the proposed schedule in the meeting materials (Exhibit 2). He asked if there were any comments or suggestions. Mr. Cates asked if the Board could receive a report on peer ratings on an annual basis. Dr. Yegidis agreed to do so in the AASS Committee. The Chair stated there should be notes on the strengths and weaknesses of the ratings and it makes sense to present it at the Annual Meeting. Mr. Cates requested a process to begin to plan and prioritize for a return of capital funding should the economy turn quickly. The Chair agreed and suggested that the Board also identify priorities that can be discussed with Dr. Simek and the Chancellors. Ms. Loughry discussed the March 30th memo from Dr. Simek which presented a variety of websites for the budget work of the campuses. She noted that the UTK site requires a login. Dr. Simek stated that the administration is working on a single user friendly site.

VIII. RECOMMENDATION OF 2010 REGULAR BOARD MEETING DATES

The Chair referred the Committee to the proposed regular meeting dates for 2010 (Exhibit 3). The consensus of the committee was that the proposed dates were acceptable.

Mr. Talbott moved approval of the meeting dates for 2010. Mr. Cates seconded, and the motion carried unanimously.

IX. OTHER BUSINESS

The Chair called for any other business to come before the Committee. Mr. Talbott asked if there are things that can be done in the interim to move along discussions of University leadership. Dr. Simek stated that it was his intent to present the first stage of the System reorganization to the Board meeting. Dr. Simek further stated that regardless of what happens at a state-wide level it would be important for the Board and administration to have a discussion ourselves where we think this ought to go. Mr. Horne stated his agreement. Mr. Schledwitz suggested that the Board discuss the option of making a recommendation to the Governor rather than waiting. The Chair commented that it may not be in the best interest to drive forward a proposal that could take on a life of its own that the Governor is then not interested in driving. The Chair proposed that he would contact the Governor and ask when in the process he would want the Board's input. Ms. Loughry stated that within the Committee on Effectiveness and Efficiency, particularly emphasizing the "effectiveness" part of it, there is a structure already underway to emphasize those functions the University does really well. The Chair stated that on the matter of cost, the Committee already positions us to focus on cost control regardless of what level of funding we receive.

X. ADJOURNMENT

The Chair asked Mr. Schledwitz to pass on the Committee's appreciation to his mother for providing a delicious cake for the meeting. There being no further business to come before the Executive and Compensation Committee, the meeting was adjourned.

Respectfully submitted,

Catherine S. Mizell
Vice President, General Counsel and
Secretary