

**MINUTES OF THE COMMITTEE ON  
EFFECTIVENESS & EFFICIENCY FOR THE FUTURE (EEF)  
THE UNIVERSITY OF TENNESSEE  
BOARD OF TRUSTEES  
JUNE 1, 2009**

The Committee on Effectiveness & Efficiency for the Future (EEF) of the Board of Trustees met at 1:30 p.m. EDT, Monday, June 1, 2009 in the Executive Dining Room of the University Center on the UTK campus.

- I. **Call to Order**—Mr. Douglas Horne, Committee Chair, called the meeting to order and made the following introductory remarks:
  1. While the public is invited and welcome at all Board meetings, our meetings are “in the public” but not “public meetings.”
  2. The Chair will recognize to speak only members of the Committee, other Trustees, and members of the senior staff.
  3. The Committee has a set agenda and prepared materials for that agenda. No “new business” has been brought to the Chair’s attention prior to the meeting; so it is assumed there is none.
  4. Lastly, the name of the Trustee making any motion and the second will be announced to help in the preparation of minutes.
  
- II. **Roll Call**—Chair Horne asked Dr. Gary Rogers, Senior Vice President and CFO to call the roll. He did so and advised the Chair that a quorum was present.

**Present**

Douglas Horne, Committee Chair  
Charles Anderson, Committee Member  
William Carroll, Committee Member  
Andrea Loughry, Committee Member  
Jim Murphy, Vice Chair of Board  
Jan Simek, Acting President  
Charles Wharton, Committee Member

**Absent**

Crawford Gallimore, Committee Member

Also present was Senior Vice President and CFO Gary Rogers, and other members of staff.

- III. **Approval of Minutes**—Chair Horne called for consideration of the minutes of the January 5, 2009 meeting and any corrections or additions to the minutes. There were none. On a motion made by

Trustee Carroll, seconded by Trustee Loughry, the minutes were unanimously approved.

- IV. **System Administration Reorganization**—Chair Horne asked Acting President Simek to talk about the important system reorganization and administrative issues. President Simek prefaced with a couple of comments. He noted that it has been a very difficult process as have been all of the budgetary processes that have been looked at over the past months. This process is particularly difficult because it involves dealing with people, their jobs and lives and it requires sensitivity. He agreed to be as specific as requested but preferred to discuss the concept of how this issue was approached and the initial result of the proposed reorganization. He explained that the reorganization is a multiple stage process and this is the first stage in how the process may go forward. He advised the Committee that some positions have been removed from the organizational chart. He added that hopefully the implications of that are clear; the Presidential staff is now reduced with the proposition to reduce it even further. He noted that he used a process of speaking with the President's staff and asking what they thought was the most rational structure for the system administration. Results were received from the entire senior staff in a variety of ways: oral, written and anonymous. He stressed that responses were remarkably uniform on structure regarding functions at the system level as they are right now. Whether or not those functions should remain at the system level is another question for a later time that will require the Board's help to resolve.

The result of the discussions is a proposed organizational chart. President Simek pointed out that this organizational chart shows only seven (7) staff positions titled vice president as opposed to fourteen (14) on prior charts. Several of those eliminations are the result of title changes for functions that are still necessary but not at a vice presidential level. Some of those functions have been moved into other organizations, some will be moved to the campus level and some will report to other vice presidents. Two (2) vice president positions have been eliminated: Vice President of Science and Technology and Vice President for Strategic Planning and Operations. The chart shows: five (5) chancellors, two (2) athletic directors, chief of staff, general counsel and seven (7) vice presidents.

President Simek stated that strategic planning is actually an activity that should be part of the responsibility of the Vice President for Academic Affairs. Operations such as the Motor Pool, Graphic Arts, etc. are functional areas that do not need to be managed at the system level but at the campus level. It is the intention, with Board approval, to move those operations to the campus level. If the campuses can

handle these functions more efficiently and effectively at less cost the campuses will realize the savings rather than the System. The System budget has been reduced \$5.6 million primarily through elimination of vacant positions and reduction of operating budgets. The System will always proceed at this level to save money as well.

Additionally, three entities need to have considered discussions about their status and reporting structure: Athletics, Institute for Public Service and Equity and Diversity. As to Athletics, at the present time, two programs (men and women's on the Knoxville campus) report to the System rather than the campus. The conversation needs to take place about where the best place is for these two units to report. President Simek suggested that he discuss this with the Athletic Board and that a committee be formed to determine the best place. He explained that he has no preference but wants them to end up in the best location and the committee can establish that.

The Institute for Public Service is presently a system level institute with multiple funding elements that make it a complicated standalone entity. It provides service to the citizenry and the governmental units of the state of Tennessee. Currently, the Vice President for IPS reports to the Vice President for Public and Government Relations. He noted that a working group needs to be initiated to look at the best place for IPS to reside. It could potentially work as a standalone entity or perhaps through the Agricultural Extension Service which has a statewide presence in every county. It may be that its mission is closer to that of the Baker Center's mission to provide service to the government leaders of the state of Tennessee. Without a preference, he noted that he has constituted a study committee that consists of Mary Jinks, Joe DiPietro, Jack Britt and Jimmy Cheek to look at the most effective place for the Institute for Public Service to reside.

Third comes Equity and Diversity. The history of diversifying students, workers and faculty at the University of Tennessee campuses is not particularly strong in Dr. Simek's view. Post-Geier Decree, a new way of achieving diversity needs to be established to ensure applicant pools that maximize diversity without eliminating or reducing the quality of the hires. It may be that diversity needs to be handled within Human Resources or Academic Affairs or both. Different models exist in the University communities with most or many of them being more effective than the University of Tennessee model. President Simek explained that Diversity is the third unit for which he would suggest a task force.

He noted that the proposal being presented is the first step—one that assumes that the relationship between campuses and the System that

we have now is the one that will continue. The functions presently carried out at the system level are necessary under the proposed organization. The Board and its staff on campus and at the system level need to talk about what the relationship between campus and system ought to be. Based on those discussions he is happy to carry out any secondary reorganization that is needed. That relationship might range from a minimal system that has government relations and overall budgeting as its primary functions to one that is fully engaged in statewide delivery of governmental assistance, education, etc. That is a decision that needs to be made collectively. Structure should follow function not the other way around. What has been designed thus far is a reduced structure to carry out the functions that are presently in place. In last month's Trusteeship meeting an additional Board meeting (workshop) in August was discussed to have a conversation regarding function; based on that, the University can move forward to whatever structural organization is necessary.

Dr. Simek suggested that structure follows function and that the design of a structure should carry out the task at hand. Budgeting is an issue that is handled based on available funding and the choices made to allocate resources. If the Board gives a directive to cut the System budget under this structure it can be done readily and easily by telling the units their budget is reduced and they must accommodate that reduction. That is how it has been handled for many years and it is a separate process. Budgets can still be cut even if it is decided to keep the current relationship between campus and System. The designed structure follows function and that is the discussion that needs to happen in August: how function can best accommodate the desires of the Board and of the Constituents around the State for a particular relationship between the System organization and its campuses.

Trustee Horne asked for any questions. Trustee Loughry said that a letter from Catherine Mizell dated May 20 asked for potential dates for a workshop in August and she wondered about the status of that request. President Simek promised to make sure that all are apprised of the meeting date and place. Trustee Loughry noted that the potential dates were August 12, 24, 25 and 27.

Trustee Wharton asked how many actual personnel reductions were made—not those transferred, moved around, slotted differently or titled differently and then of the \$5.6 million how were the savings achieved. Dr. Simek noted that at the senior level there are three (3) vice presidential level positions that no longer exist. The people are still here because it requires Board approval to implement the changes but once that is done those jobs will go away. Trustee Wharton asked which three positions he was referring to. President Simek noted that

it was the Vice President for Science and Technology, Vice President for Strategic Planning and Operations and Vice President of Research. Trustee Wharton noted that the function of technology is still there. President Simek said the function has been moved around. The Vice President for Science and Technology position was dedicated to developing the relationship between the National Lab and the University. It was not the technology vice president. There is still an information technology function and it has a Chief Information Officer. Trustee Wharton asked net/net how many people are out. President Simek said at the vice presidential level there are three (3). The implications of that are there are a lot more below that, depending on how we move forward on this, there are others that are gone. The cut of \$5 million represents reductions within these units, mostly closed vacant positions and operating budgets. That is part of an ongoing budget process. There will be people within the Strategic Planning and Operations that will shift if the campuses agree to change the way they do certain operations. Trustee Wharton said so what you are saying is those jobs may be shifted. President Simek said they may be shifted or they may go away. That will be the campuses' choice. Trustee Wharton questioned the fact that the position of Vice President for Science and Technology was lost but a Chief Information Officer was hired. President Simek corrected that there has been a Chief Information Officer for one year and a half but that it was previously a vice president position. The two vice president positions being eliminated are different than the CIO position. There is no magic trick here. The magic trick if you want is we no longer have a vice president for Information Technology but we still have a CIO. It is lower down in the hierarchy but an information technology operation is still needed. Trustee Wharton asked with respect to your staff and the people that it will impact are people comfortable generally with this proposed organization. Dr. Simek replied that there are variable levels of comfort but thinks so because of the conversations with them. Even the people that were in the positions no longer on this chart agreed that they ought to go away. He was surprised at the level of unanimity in what the organizational structure should look like.

Trustee Anderson questioned the fact that the office of the presidency has sixteen (16) direct reports and Dr. Simek answered yes. Trustee Anderson then asked if he actually sets goals, reviews and manages all of that for those sixteen (16) direct reports. Dr. Simek said yes but keep in mind that two (2) of them are athletic directors and meet with them periodically and talk through their goals. Yes, it's manageable. Trustee Anderson noted that he thought that was two many for him or his office to manage. He said that five (5) to seven (7) people is more realistic with all of the responsibilities in dealing with the legislature, etc. He said that this should be looked at further. Dr. Simek gave his

rationale by saying five (5) are Chancellors and I believe strongly that they should report to the President after being one. They are out there managing the campuses, the issues and evaluations they bring forward should be a direct line to the President. The General Counsel has to have a direct line to the President and be evaluated there. The Chief of Staff is included in the direct report number and discussions will be held regarding athletics. Then when the vice presidents whose functions are independent one from another are included it becomes a more manageable group. The President's day-to-day staff are on the lower level of the organizational chart and there are seven (7) of them. Trustee Anderson said that he wasn't suggesting changing anything but felt it should be looked at closely. Dr. Simek mentioned that when he was a chancellor and a department head that he had a lot of direct reports and that maybe he was optimistic of how it can be done considering his timeframe in the President's position. Dr. Simek said that he would rather reduce the number below than the number above. He stated that he fundamentally does not believe that vice presidents should be put under vice presidents. He believes that the functions laid out here Academic Affairs, Human Resources, Government Relations, Research, Development and Finance are separate entities and it makes sense that they be separated out. He added that he is willing to have more conversation about direct reports.

Trustee Anderson then asked how Oak Ridge reports to Dr. Simek. Dr. Simek explained that they report to him in three ways. The activities at Oak Ridge come through two channels; one is through the Executive Vice President and the other is through the Chancellors whose faculty and students are actually engaged in the activities. The third is that the President sits as the Co-President on the UT Battelle Board and there is a direct responsibility there. The engagement is at several different levels.

Chair Horne stated that discussions have been held men's and women's athletics being under one head at some point. There is only one or two schools in the country that have them separated. That would eliminate one span of control. He noted that Dr. Simek has been in his position one hundred days and has done a good job. He pointed out that Dr. Simek is streamlining the President's office and will do more. Additionally, \$5.6 million has been eliminated and there will be more. Chair Horne noted that Mark Yudof, University of California's President cut \$60 billion out of their system and over three hundred positions. He agreed with Trustee Anderson about continuously looking at streamlining. Dr. Simek agreed and made the point that from here on out depends on what is decided. If the Board decides to elevate the status of campuses and redefines what the System does it will have implications of a much reduced structure with no question.

He then reiterated that those conversations need to take place and all need to be on the same page.

Trustee Anderson then asked how Cherokee Farms Campus reports to Dr. Simek. Dr. Simek said the reporting is through the EVP, David Millhorn and he oversees the statewide initiatives including the new solar and bio-fuels initiatives and will remain under that.

Trustee Loughry stated that the Board especially appreciates the fact that Dr. Simek shared the process that has been shared with the people that work with this day in and day out and getting as much of a consensus as possible because not everyone is happy with everything. She noted that she can see from the faces around the room that yes, we are trying to be more efficient in an effective manner. The Board has asked for this information for some time and whether or not all of the blocks are in the right places can be worked through. It is the process of getting there that is very, very important.

Vice Chair Murphy asked for the sake of discussion when this comes to the June Board meeting and is approved what Dr. Simek sees as the next few steps going forward beyond the Board's approval. Dr. Simek replied that the first step is to structure the organization as it has been defined. The second is to prepare for the August meetings. Those discussions are very important and based on those would go back to the structure and redesign. An organizational chart needs to be in place and the last approved one was some time ago. There have been a few charts that have been used for discussion but for one reason or another the Board has chosen not to approve. The organizational chart needs to be approved to go through the next steps and after the August discussions can be revised again until all issues are worked through. If the Board approves the structure and still asks for budgets to be decreased it will be done.

- V. **Effects of Appropriations/Stimulus**—Chair Horne asked Dr. Simek to give his comments on the effects of the appropriations/stimulus money. Dr. Simek started by saying most had heard this because it has been run through at other Board committee meetings. He made additional comments from those meetings and then will run through the updated charts. He noted in preface that State revenues continue to fall. Last month after the Finance and Administration and Trusteeship Committees met, the budget projection for the month of May was far less than the preceding month. This downturn is continuing in terms of the State's ability to generate revenue. Budget cuts have been mandated by appropriation reduction and stimulus funds are there to ameliorate those reductions. It is recognized that the base budget reductions occur two years from now; the University has plans to

accommodate those budget cuts at that time. In 2012 stimulus funds disappear; so, an additional \$66 million reduction will be faced on top of the \$30 million reduction that has already been accommodated in the budgets that have been brought back to the University through stimulus funds.

He then pointed out that chart one depicts the State's revenue by month with the addition of April that was not available when the Finance and Administration Committee met in May. There has been a downturn since January 2008. April 2009 was the worst month that the State has experienced so far with a \$164 million shortfall. Vice Chair Murphy said that one of the reasons that is significant is because April is usually the State's largest tax collection month. Dr. Simek stated that the concern is that we may be looking at rescissions and need to be prepared but there has been no word out of Nashville to that effect. Vice Chair Murphy asked how that works in the context of the stimulus mandates that the State somehow could make us whole back to 2006 and how does that come into play if there is a rescission. Dr. Gary Rogers, Sr. Vice President and CFO replied by saying the additional cut would be replaced by MOE funds through 2011. There have been some items that have in effect been taken to the Federal Government as reconsiderations and that has allowed some adjustments in some of what we have seen to this point.

Chart two shows the declining state appropriations and this information was requested at the last committee meeting. These are the declining appropriations over the next four years. Regardless of how this moves forward even with stimulus funds included, the state appropriations portion of the University's funding goes down dramatically and it culminates with cuts in the base appropriations in 2012. There cannot be an expectation that the State can build these back up any time soon. The funds will have to be made up in other ways, either lower expenses or other revenues.

Chart three shows how those budget reductions are accommodated with the ARRA stimulus funds. The figures at the top of each one of these bars show the amount of state appropriation, the stimulus funds that are added to the budget and the restoration (\$38 million) for 2009 we say probable because it is not finalized. The \$92.2 million in each of the two succeeding years represents both the stimulus money that is added to provide relief from budget reductions and the required maintenance of effort money that is represented in the \$38 million. It is a combination of those two. The bottom line is clear, by 2012 we are down to an appropriation budget of \$420 million. The idea that the stimulus money has saved higher education is much overblown—it has merely delayed difficulties. The University has two-year plans from all



of the campuses that show how the reduction is achieved over the next two years and how the stimulus will make up the difference essentially to keep the core academic functions going forward during this time.

There will be a reduction in force at the end of the two-year period. There will be fewer people working for the University and there will be fewer teachers in the classrooms. The stimulus funds allow us to make that up in the interim to hire teachers so that the students have the classes they need in a timely fashion. It allows a way to handle people that would have been laid off in July to be transferred to other positions as they come open, to have help finding work outside the University and to have a gentler more humane two-year transition process.

Vice Chair Murphy asked what the enrollment effect will be as a result of the cuts being made over the two-year period. Dr. Simek explained that there is a fiscal reason that enrollment will not be impacted at all. The state appropriations are based on the number of students and the University has actually been in the process of managed enrollment that targets numbers that maximizes state appropriations and minimizes the number of students. The number of students cannot be raised dramatically and make more because we are at a point of that not being effective. The number of students can't be reduced without losing money so the enrollment numbers need to stay about the same. The impact will be in the number of course sections, the number of part time people available to teach courses and Faculty will be teaching more. Example, the Dean of the College of Arts and Sciences in Knoxville asked the Faculty to develop plans to increase their teaching by 10% and came back with numbers to increase it by 15%. There will be a certain amount of it made up by the staff we have.

Vice Chair Murphy made a statement regarding class flexibility that students will have to take larger classes at times that might not be as convenient as they like versus taking smaller classes anytime they want. Dr. Simek said that is accurate. Classes may be bigger where more than one section is offered or bigger sections may be offered but still distributed so students can access them for their schedules because it is an important element. Students are going to have to be more engaged in planning their academic careers than in the past. They must schedule themselves out over several semesters. Vice Chair Murphy added that the University needs to do a better job in helping students do that and President Simek noted that advisement is critical. Vice Chair Murphy noted that is an area that has not been handled very well in the past in helping students plan far enough out into the future. If the students don't do it, they and their parents need to understand why they can't get through. It is not something the

University did, it is something that the student was responsible for. Dr. Simek noted that at present there is a situation that students can actually sign up for more courses than they need. They shop and hold their places in classes and they may sign up for eighteen (18) hours and then drop them before the drop deadline. That actually binds up places that other students who need in those classes could have if they weren't taken. The University is going to take a number of steps to reduce that happening. Making the students more aware of the issues and giving them good advice on how to plan out a two or three year career is going to be very important.

Chancellor Cheek said that the Knoxville campus is going to look at a whole host of things to incentivize quicker graduation throughput and incentivize taking fifteen to seventeen hours. In order to graduate in 120 hours a student would need to take 15 hours a semester. The issues of how many hours a student has been registered for and the dropping of courses will be reviewed. There is a whole series of things that will be examined. During this stimulus funding period, the campus is going to try to identify the courses that are bottlenecks and see if those can be resolved. UTK will speak to the Board regarding academic efficiency and effectiveness and hopefully come in October with recommendations on how to move forward.

Trustee Wharton asked, if a course is offered online is there a maximum number of students that can sign up for that course or is it infinite in theory. Dr. Cheek explained that in theory it could be infinite but the thing to be careful of is the assignments that are required in that course. You need to make sure that someone can grade those assignments; it depends on the course and the requirements. Dr. Simek added that a lot of the on-line courses actually include classroom components for things that can't be done on-line.

Trustee Loughry stated Board members were told in the Executive Committee that the Academic Affairs and Student Success Committee will be the Committee looking at the campuses' strategic thinking, benchmarks and so forth and will present information at the June meeting. She asked if that was still on the schedule and will the Board be given that material. It is critical that as the next two years approach the Board members have that reflection of each campus' look at planning in order to adequately understand the hard recommendations that are going to be brought before the Board in making some very serious decisions. Dr. Bonnie Yegidis said yes the Board members will get executive summaries of each of the campuses' mission statements and will have a look and be referred to their web sites for their extended plans. The full Board will then approve the executive summaries and missions at the June meeting and then the plan would

be for the measurement the achievements on the strategic plans be presented at the October meeting so they have a planning assessment budgeting cycle. The Board will get the plans in June and the measurements in October, as well as any proposed program closures. Vice Chair Murphy suggested that when there are program closures that in the information the Board receives to include how it does or does not fit into the strategic plan. Board members then don't have to ask those questions and the Board should be given information beforehand, including analysis. The Board should be looking at whether it fits into the strategic plan when asked about closures. Obviously, there will be difficult closures in the future that have people in the programs that have to be reviewed. Dr. Simek said that is right, but the extremely draconian situation that prevailed when we talked about the budget cuts expected in July has been mitigated. They are mitigated in part by combining and recombining programs, finding other funding sources for some of them and by creating relationships with other institutions that might take those on. We now have fewer program reductions and those will be in line with the strategic plans and with the process outlined last time to consider these.

Chart four is a graphic representation of what will be faced. Chart five gives the stabilization funds mandated by the ARRA. They are the funds that the State has to incorporate into the institutional budget in order to restore the 2008 levels of funding. In 2009, \$38 million in stabilization funds were allocated to bring funding back to 2008 levels, but no stimulus. Stimulus funds are then added in 2010 and 2011 to make a total of \$92 million in both 2010 and 2011 for a grand total of \$222 million that comes into the University as both stabilization and stimulus funds. That is the amount that will no longer be available when the stimulus goes away. Dr. Rogers explained that those are the monies that were talked about earlier that may in fact be reduced. This would be the most that the University would get but in fact may get less.

President Simek said the next page is guidance about the use and implementation of the ARRA stimulus funds; they are highly limited and constrained in how they are to be spent. The material gives an idea of what those constraints are and we are constantly asked: can't you use them for capital expenditures or to hire full time faculty, etc. and the answer is no. The funds are also highly constrained in how they can be allocated in that they must go back into the institutions the way they came out.

Trustee Horne asked if there was a guideline on tuition percentage and President Simek said none at all. There is a guideline that says the impact of budget cuts on tuition needs to be mitigated. The University

believes that it has mitigated tuition with the increase that has been proposed. Seven and ½ percent of the 9% of the tuition increase at Knoxville was required to accommodate the fixed cost increases at Knoxville and that wasn't included in the budget reductions. That is money that had to be found over and beyond the budget reductions. There is only 1 ½ percent there to do anything about mitigating those severe budget cuts.

Upon talking about fixed costs, Trustee Horne suggested discussing rate with TVA. Trustee Horne said major users of TVA are getting better deals than the University. Dr. Rogers said that most of our costs are through Knoxville Utilities Board. Dr. Simek said that there was a meeting held with TVA when all of this came down with the Knoxville campus because we were facing coal costs that were draconian. TVA's argument then was they were facing the same problems as we were. Trustee Horne asked what percentage of the fixed cost increases are from energy. Dr. Simek added that it is actually two thirds of our fixed cost increases. Dr. Simek added that the University is working very hard to try to reduce our energy expense and that is a responsibility that we have. One of the greatest needs that UTK has is to refit the steam plant to energy sources other than coal and gas. UTK is the number one polluter in Knox County because of that plant and it is very expensive. Basically, the University is hostage to the coal dealers but it is a \$70 million project to alter the processing of energy to something like switch grass or bio-mass.

Trustee Horne then asked Dr. Ken Brown, Executive Vice Chancellor at UTHSC if that campus had done anything about water and gas. Dr. Brown noted that UTHSC is getting ready to put new transformers in and hoping to use some of the money for that to offset the utility costs. Dr. Simek noted issues on some of the campuses with metering buildings and may be able to work that in because it could arguably be maintenance rather than capital projects which can't be done.

Several of the next slides show the aspects of tuition. The first is tuition histories at all of the academic campuses. Showing how tuition has gone up over the last decade. The slide after that shows proposed tuition increases for 2009-2010. The percentage and dollar amounts are both listed. Once again, UT students went to Nashville to argue that they are willing to pay an extra \$500 in tuition if it means that they can keep classes in order to graduate. The next slide shows tuition proposals for the UTHSC and those are complicated. Even with the increases it does not bring us up to the level of our peers.

Chair Horne asked Chancellor Cheek if he knew why the University of Florida's tuition has historically been so low. Chancellor Cheek

explained that it is a major albatross for the University. The state support has traditionally been greater than in most states. Florida has to be careful when they propose tuition increases because the state legislature approves them. If the legislature decides to approve more than what the university proposes they reduce the state appropriations. Joe DiPietro, Vice President for Agriculture also noted that almost every student at UF ends up on the Bright Futures Lottery Scholarship Program. Chancellor Cheek noted that in Florida's case increase of tuition causes a deficit in the lottery. Dr. Simek explained that because of these sorts of issues and the structure that has been set up over time they are suffering immeasurably by administrative fiat more than anything. Chair Horne asked who manages their big sports promotion. Chancellor Cheek replied that it is handled at the campus level. Chair Horne stated that if it was handled at the campus level at Tennessee it would eliminate one span of control that is currently under the President.

President Simek explained that the green chart shows the tuition increase history over the last decade. The only times that there were double digit increases were in 2000, 2002 and 2006. The kind of tuition increases being proposed now are more the norm than the exception. A series of charts show campus by campus historical comparisons over the last five years with their peers. In most cases, with perhaps the exception of Chattanooga, the tuition increases have been below those of the peers.

Chair Horne asked Vice Chair Murphy if he was talking to the Governor more or less about percentages of tuition increases so that they are not too far off field without his comment. President Simek explained that there were a series of campus specific comparisons charts. Trustee Wharton asked if it was agreed early on that 78% of the costs reflect the number of people that are across the University System and if we never report or compare ourselves in terms of faculty per student administrators, per faculty and administrators, per faculty and student all of the guts of the operations so that we can measure our efficiencies there instead we are talking about tuition and how much money we are not going to have. Why aren't we looking internally to see how we stack up with our operations vis-à-vis our peers? President Simek said that the University does look at that information. Dr. Rogers stated that some of that documentation was in the last materials given out. Trustee Wharton stated that "cost per" needed to be identified so the difference could be quantified. President Simek said to look at the last page in Tab Two and you will find the summary by campus of actual costs and it is broken down by categories. Tuition is only one part of that piece.

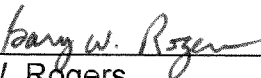
- VI. **Discussion on Determining College Costs**—President Simek said determining costs is connected to the August discussion. The issue of what college costs is complicated and as our missions are discussed collectively the relationship between the system and the campuses need to look at the broad picture of who actually is engaged with these campuses. We have learned over the last year and a half that there are lots of constituents. They are not simply our faculty, staff and students. Sometimes costs have to be reviewed with a view toward what others looking at the Institution feel they should be. What is presented here is a series of power point charts as a framework to be discussed in August about that constituency, costs, mission, functions and what funds need to be spent on. Board members will need a lot of information to talk through and that needs to be figured out so it can be sent in a timely fashion. He asked that Board members review the information and supply feedback. The meeting in August should not be talking about the numbers but how to organize the University.
- VII. **Review of Measures/Actions Taken To-Date**—President Simek said this information is supplied to show what has been done already to achieve efficiency. A lot of these actions actually came from advice and comments from faculty, staff and students about how to be more effective and others came from administrative decisions when looking at processes and functions to make those more efficient.

Chair Horne added that Chancellor Cheek had some specific UTK cost savings. Chancellor Cheek stated that these are in addition to what are in the materials and came from faculty, staff and students. Trustee Loughry made note that the Committee's web site only has information that came in through UTalk as of December 30, 2008 and it needs to be updated for all stakeholders. She made the comment that she knows comments are coming in all the time but to the public it looks as though there have not been any since December. Dr. Rogers added that those were summarized last week and they now need to be posted.

Chair Horne noted this Committee will continue to meet and was waiting for the President to get through his one hundred days before another meeting was held. The meetings are usually more frequent than this last meeting has been. President Simek noted that this Committee is valuable. It is important that a discussion is held and implementation takes place. Trustee Carroll commented that he appreciated President Simek's comments. Vice Chair Murphy noted that this Committee was not started just to deal with the budget crisis it was started and the long-term goal was to look at how to create a culture of effectiveness and efficiency. Obviously, the fact that the stimulus has come along and avoided the catastrophic circumstances

does not eliminate the fact that the Committee still needs to work on the best ways to become more effective and efficient. This effort needs to continue and not lose momentum and always be looking for the best ways to do things. Maryland has institutionalized this process and prepare for it in their budget. President Simek said one of the lessons that we have taken from the last year is that when only a short period of time was available to accommodate drastic budget cuts on all the campuses the effect was dire. When you have two years to plan it out things can be done more rationally and humanely. If you are constantly reevaluating what you do, program closures, etc. can be accommodated by other funding sources or combinations. It is much better to have review ongoing versus facing a cliff and figuring out how to jump off of it without getting hurt. Chair Horne said that other important point is the administration of all working together to make sure that the President, Chancellors and other representatives are involved and do not have an adversary relationship.

- VIII. **Other Business**—Committee Chair Horne asked if anyone had any other business to discuss; none was noted.
- IX. **Adjournment**—Committee Chair Horne said the next meeting would be located at Memphis and asked Executive Vice Chancellor Brown to find some dates to host. He adjourned the meeting 2:55 p.m. EDT.

  
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Gary W. Rogers,  
Senior Vice President and Chief  
Financial Officer