

THE UNIVERSITY OF TENNESSEE
BOARD OF TRUSTEES

MINUTES OF THE FINANCE AND ADMINISTRATION COMMITTEE

June 22, 2016
Knoxville, Tennessee

The Finance and Administration Committee of The University of Tennessee Board of Trustees met at 2:00 p.m. EDT on Wednesday, June 22, 2016 in the Hollingsworth Auditorium on the Institute of Agriculture campus in Knoxville, Tennessee.

I. CALL TO ORDER

Charles C. Anderson, Chair, called the meeting order.

II. ROLL CALL

James R. Maples, Interim Treasurer and Chief Financial Officer, called the roll, and the following members of the Finance and Administration Committee were present:

Joseph A. DiPietro
John N. Foy
Raja Jubran, Vice Chair
James L. Murphy
John D. Tickle

Absent:
Shannon Brown

Mr. Maples announced the presence of a quorum of the Committee. Other Trustees, administrative staff, members of the public, and representatives of the media were also present.

III. CONSENT AGENDA

Chair Anderson directed the Committee's attention to the Consent Agenda and called for requests to remove any items. Hearing none, Chair Anderson called for a motion to approve the Consent Agenda, consisting of the following items:

A. Minutes of the Last Meeting (Committee Action Only)

- B. Ratification of FY 2015-2016 Quasi-Endowments (Exhibit 1)
- C. FY 2017 Distribution of UC Foundation Unrestricted Endowment Funds (Exhibit 2)
- D. Annual Report of Sale of Gift Property (Exhibit 3)
- E. Disclosure of Additional Revenue/Institutionally Funded Capital Projects for 2015-2016 (Exhibit 4)
- F. Disclosure of Additional Revenue/Institutionally Funded Capital Projects for 2016-2017 (Exhibit 5)
- G. Easement to KUB/ Andy Holt Avenue and Twentieth Street (UTK) (Exhibit 6)
- H. Easements to KUB/1800-1806 Lake Avenue (UTK) (Exhibit 7)
- I. President Emeritus Agreement with Dr. Joseph E. Johnson (Exhibit 8)
- J. President's Annual Report on Use of Student Programs and Services Fee Funds (Exhibit 9)
- K. Treasurer's Report on Endowment Investment Performance (Exhibit 10)

Trustee Murphy moved that the Consent Agenda be approved and that items requiring full Board approval be moved to the Consent Agenda of the Board. The motion was seconded by Vice Chair Jubran and carried unanimously.

IV. UTC DIFFERENTIAL TUITION PLAN FOR THE DOCTORAL PROGRAM IN OCCUPATIONAL THERAPY

Chancellor Steven Angle presented the UTC Differential Tuition Plan for the Doctoral Program in Occupational Therapy to the Finance and Administration Committee (Exhibit 11).

Trustee Foy moved that the Finance and Administration Committee recommend the following Resolution for adoption by the Board of Trustees. The motion was seconded by Trustee Murphy and carried unanimously.

RESOLVED:

1. The University of Tennessee at Chattanooga is authorized to implement the proposed differential tuition plan for the Doctoral Program in Occupational Therapy, beginning with the 2016-17 academic year; and
2. The proposed FY 2017 operating budget for UT Chattanooga shall incorporate a per student credit hour differential tuition for courses in the Doctoral Program in Occupational Therapy at the same rate as the differential tuition for programs in Business, Engineering, and Nursing; and

3. The differential tuition rate for the Doctoral Program in Occupational Therapy shall increase in future years at the same rate as any future increases in the maintenance fee at UT Chattanooga.

V. UTC DIFFERENTIAL TUITION PLAN FOR THE DOCTORAL PROGRAM IN PHYSICAL THERAPY

Chancellor Steven Angle presented the UTC Differential Tuition Plan for the Doctoral Program in Physical Therapy to the Finance and Administration Committee.

Trustee Foy moved that the Finance and Administration Committee recommend the following Resolution for adoption by the Board of Trustees. The motion was seconded by Vice Chair Jubran and it carried unanimously.

RESOLVED:

1. The University of Tennessee at Chattanooga is authorized to implement the proposed differential tuition plan for the Doctoral Program in Physical Therapy, beginning with the 2016-17 academic year; and
2. The proposed FY 2017 operating budget for UT Chattanooga shall incorporate a per student credit hour differential tuition for courses in the Doctoral Program in Physical Therapy at the same rate as the differential tuition for programs in Business, Engineering, and Nursing; and
3. The differential tuition rate for the Doctoral Program in Physical Therapy shall increase in future years at the same rate as any future increases in the maintenance fee at UT Chattanooga.

VI. "SOAR IN FOUR: A NEW UNDERGRADUATE TUITION MODEL FOR UT MARTIN"

Interim Chancellor Robert Smith presented the "Soar in Four: A New Undergraduate Model for UT Martin" (Exhibit 12). He then introduced Rachael Wolters, former President of the UT Martin Student Government Association, who described the role of the SGA played in seeking student review and comment on the "Soar in Four" proposal, culminating in an SGA resolution

supporting the proposal. She also described the SGA's work with the administration to prioritize initiatives students needed to graduate in four years, including new faculty to eliminate bottlenecks in specific majors, new degree audit planning software, investment in living and learning communities, increased tutoring and academic support services, full-time academic advisors, and an upgraded career development and internship center.

Trustee Foy moved that the Finance and Administration Committee recommend the following Resolution for adoption by the Board of Trustees. The motion was seconded by Trustee Murphy and it carried unanimously.

RESOLVED: The undergraduate tuition model for UT Martin is approved as presented in the meeting materials, beginning with a maintenance fee rate of \$3,840 for full-time students enrolled in the 2016 fall semester and thereafter not to exceed \$4,320 during the phase-in period from fall 2016 through summer 2020.

VII. REPORT OF STUDENT FEE CHANGES

Mr. Maples began his report by saying that the report was an information item but added that the Student Fee Changes Requiring Board Approval would be voted on at the full Board meeting. Mr. Maples reported that there were less fee changes in all categories for FY 2017 than in many years. He noted there were four UT Knoxville increased student program and services fees and that UT Martin decreased fees in residence halls. An approval memorandum for the various fees is in the meeting materials.

The specific fee changes are listed below:

Student Fee Changes Requiring Board Approval (Exhibit 13): this schedule includes various program fees and fees dedicated for specific purposes, such as facilities, athletics, and libraries. Board approval of these fees is required under the Board's policy on student fee approval. These fees will be presented in the Finance and Administration Committee for information but will be acted on in the full Board meeting as part of the overall proposal for FY 2017 student tuition and fees and out-of-state tuition.

Student Fee Changes Requiring President's Approval (Exhibit 14): this schedule includes various special course fees, lab fees, application fees, and other fees at each campus requiring approval by the President on the recommendation of the

Chancellor in accordance with the Board's policy on student fee approval. These fees have been approved by the President and are presented for information only.

Student Fee Changes Requiring Campus Approval (Exhibit 15): this schedule includes housing fees, meal plan fees, and certain special fees. These fees have been approved by the Chancellor of each campus in accordance with the Board's policy on student fee approval and are presented for information only.

VIII. NEW SYSTEM RULE ON STUDENT HOUSING AND REPEAL OF CAMPUS STUDENT HOUSING RULES

Matthew Scoggins, Deputy General Counsel, presented the new System Rule on Student Housing (Exhibit 16). He explained that the Office of the General Counsel and Office of the Vice President for Academic Affairs and Student Success have worked with the chief student affairs officers and campus housing officials to develop the new Rule. The Rule provides a uniform framework within which each campus will manage student housing, including development of policies, procedures, and agreements that apply to the lease, assignment, occupancy, pricing, safety, construction, maintenance, use, and visitation of student housing. The Rule will repeal and replace the broad ranging student housing leases students sign to live at residence halls and reduce the administrative burden.

Trustee Murphy asked for confirmation that this change is happening nationally so the student can be disciplined. Mr. Scoggins confirmed and noted that not every single lease informs students of all the rules.

Trustee Murphy moved that the Finance and Administration Committee recommend the following Resolution for adoption by the Board of Trustees. The motion was seconded by Trustee Foy and it carried unanimously.

RESOLVED: The Board of Trustees adopts Chapter 1720-01-13 of the Rules of The University of Tennessee as presented in the meeting materials to be effective upon completion of the rulemaking procedures under the Uniform Administrative Procedures Act; and

The Board of Trustees repeals Chapter 1720-02-02, Chapter 1720-03-06, Chapter 1720-04-04, and Chapter 1720-05-04 of the Rules of The University of Tennessee to be effective upon completion of the rulemaking procedures under the Uniform Administrative Procedures Act.

IX. REVISED COMMITTEE CHARTER

Mr. Maples stated that the Trusteeship Committee recommended Amended and Restated Bylaws to the Board, and the revisions include deleting the specific responsibilities of the standing committees from the Bylaws and incorporating them in the standing committee charters. In the course of Trusteeship's comprehensive review of the Bylaws, some revisions to the Finance and Administration Committee's specific responsibilities were identified, and those revisions have been incorporated in the revised committee charter presented for this committee's consideration (Exhibit 17). The revised charter also includes changes to conform to other Bylaw changes, which in turn are required to conform to Public Chapter 753. Two subcommittees have been established under the Finance and Administration Committee—Subcommittee on Efficiency and Cost Savings and Subcommittee on Tuition, Fees, and Financial Aid.

Trustee Murphy noted that the Trusteeship Committee approved the Bylaws earlier at its meeting.

The current committee charter, with changes marked, and the revised charter, with all changes accepted, were included in the meeting materials.

Trustee Murphy moved that the Finance and Administration Committee recommend the following Resolution for adoption by the Board of Trustees. The motion was seconded by Vice Chair Jubran and carried unanimously.

RESOLVED: The revised Finance and Administration Committee Charter is approved as presented in the meeting materials.

X. EMPLOYEE AND STUDENT REQUESTS TO ADDRESS THE BOARD

Chair Anderson introduced Melanie Barron and Ed McDaniel and told them that they had five minutes each to speak and that Dr. Joseph DiPietro would respond afterward.

Melanie Barron, Graduate Assistant, Ph.d. candidate in Geography and member of the United Campus Workers addressed the Finance and Administration Committee regarding the topic of Outsourcing.

She asked the Committee to reject the Governor's proposal to outsource Facilities Services. She said the work of Facilities Services behind the scenes makes the University a safe place and that sometimes it is taken for granted.

She expressed her opinion that the budget is a moral document and workers are investments and not pawns in a political game. She urged the Committee to ensure the University does the right thing and doesn't make short sighted attempts to make money off employees.

Ed McDaniel, Lock and Key Shop employee and UCW member, explained that he had taken personal time to attend and speak to the Committee because of the importance of this issue.

He said he had served for six years in the Marines and then went to work in construction but realized that without benefits or healthcare, there was no future for him in construction. He then came to the University of Tennessee where he has a future and security. He described UT as not just a place to work, but a family. He is concerned for his future and co-workers if outsourcing takes place.

He called the University's expenditure on Facilities Services as an investment in a hardworking team dedicated to the safety of students and the UT community, working to serve and not to get rich.

President DiPietro thanked each of the presenters for their comments and stated that the University is very grateful for its hardworking employees.

He said that from the beginning, it has been clearly stated that the University's individual campuses and institutes will have the option to outsource or keep their current Facilities Services structure.

He added that the procurement process will require better service, lower costs and protection for our employees. He said an estimate of costs should be available next spring. Members of the committee working on this initiative have met or will be meeting with the Chancellors of each campus to review specifics of the initiative and to receive the campus administration's feedback.


XI. OTHER BUSINESS

There was no further business to come before the Committee.

XII. ADJOURNMENT

There being no further business to come before the Committee, the meeting was adjourned.

Respectfully Submitted,



James R. Maples
Interim Treasurer and
Chief Financial Officer