

THE UNIVERSITY OF TENNESSEE
BOARD OF TRUSTEES

MINUTES OF THE SUBCOMMITTEE ON EFFICIENCY AND COST SAVINGS

November 4, 2016
Knoxville, Tennessee

The Subcommittee on Efficiency and Cost Savings of the Finance and Administration Committee of The University of Tennessee Board of Trustees met at 11:00 a.m. EDT on Friday, November 4, 2016, in Knoxville, Tennessee.

I. CALL TO ORDER

Trustee John D. Tickle, Chair of the Subcommittee, called the meeting to order.

II. ROLL CALL

James R. Maples, Interim Treasurer and Chief Financial Officer, called the roll, and the following members of the Subcommittee on Efficiency and Cost Savings were present:

George E. Cates
John N. Foy
John D. Tickle

Mr. Maples announced the presence of a quorum. Raja Jubran, Vice Chair of the Board, and President Joe DiPietro attended, along with members of the administrative staff.

III. MINUTES OF THE LAST MEETING

Chair Tickle asked for any corrections to the minutes of the October 14, 2016 meeting of the Subcommittee. Hearing none, the Chair called for a motion to approve. Trustee Foy moved approval of the minutes as presented in the meeting materials. Trustee Cates seconded the motion, and it carried unanimously.

IV. REVIEW OF PURPOSE OF SUBCOMMITTEE

Mr. Maples reviewed the purpose of the Subcommittee as stated in legislation enacted during the last session of the General Assembly:

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

Chair Tickle called for any comments on the Subcommittee's purpose. Discussion ensued regarding the work of the ad hoc Committee on Effectiveness and Efficiency for the Future (EEF) established by the Board several years ago. Chair Tickle noted charts in the meeting materials providing a high-level summary of savings due to reallocation and questioned whether those types of reallocation savings come within the purpose of the Subcommittee. Trustee Cates expressed concern that the only way to expand on the work of the EEF Committee might be to hire, at great cost, a qualified consultant to thoroughly analyze major alternatives. He noted that he was not in favor of such a process, but was concerned it might be the only way to expand further on the work of the previous Committee.

President DiPietro noted that the purpose of the Subcommittee fits well with the President's Budget Advisory Group (BAG), and the Subcommittee could provide input on the BAG initiatives. He said the BAG would reset and establish goals for the next two years in relation to the 3-3-0 model for a ten-year period. Vice Chair Jubran concurred, adding that the BAG initiative began because of the foreseeable unsustainable business model and resulting necessity to increase revenues and cut costs. He noted that the BAG has assembled a great amount of data and suggested a future meeting of the Subcommittee to discuss some of the data that has not yet been addressed by the BAG initiative and to consider whether the guidelines need to be tightened to maintain the sustainability moving forward.

For the next meeting, Vice Chair Jubran asked the administration to provide a summary to date of achievements under the BAG initiative. He suggested that feedback from the Chancellors would be helpful in determining whether guidelines need to be tightened or relaxed.

Chair Tickle suggested that the mission of the Subcommittee could be broken down to smaller manageable pieces by campus/unit and each could provide, or be provided with, initiatives. To be successful, he said the administration will need all employees to buy into improving their jobs and making the University more successful.

The Subcommittee discussed some possible campus/unit initiatives, such as return on licenses and inventions. Trustee Cates asked about productivity, class sizes and summer class models. Dr. High responded that student response and past efforts were not positive for summer class models. Trustee Foy mentioned the importance of thoroughly evaluating vacant positions before filing them. He also said the administration needs to lead by example to generate enthusiasm and a team effort environment. Chair Tickle stated that having a "campaign" focused on efficiency and cost savings would get employees involved and perhaps result in some great cost saving ideas. The Subcommittee discussed merit awards/recognition for great suggestions.

Chair Tickle summarized the discussion as follows: the Subcommittee should be aligned with the BAG initiative, and suggestions on productivity (working smarter), reducing costs, and raising revenues should be solicited from each campus/unit.

V. REVIEW OF PAST EFFICIENCY EFFORTS

The Subcommittee reviewed past efficiency reports, by campus, as provided in the meeting materials (Exhibit 1).

VI. REVIEW OF CAMPUS/UNIT REALLOCATIONS AS A RESULT OF BUDGET ADVISORY GROUP EFFORTS

The Subcommittee reviewed charts included in the meeting materials presenting the major reallocations and cost savings activities in FY16 and FY17 (Exhibit 2).

VII. REVIEW OF SELECTED UNIVERSITY METRICS

Mr. Maples directed the Subcommittee's attention to materials related to selected University metrics (Exhibit 3), including expenditure ratios by function and by campus/institute, salary expense history, and expense per student FTE.

VIII. DISCUSSION OF UNIVERSITY'S OPERATIONS

The Subcommittee engaged in a general discussion of University operations based on the materials related to University metrics.

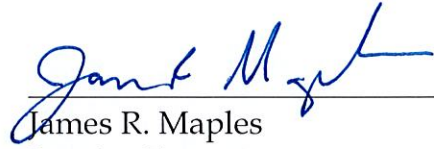
IX. DISCUSSION OF SUBCOMMITTEE ON EFFICIENCY AND COST SAVINGS ATTENDING BUDGET ADVISORY GROUP'S MEETINGS

The Subcommittee discussed attending meetings of the Budget Advisory Group or, alternatively, requesting the Group to report on its work to the Subcommittee.

X. ADJOURNMENT

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

Respectfully Submitted,



James R. Maples
Interim Treasurer