THE UNIVERSITY OF TENNESSEE
BOARD OF TRUSTEES
SPRING MEETING

12:30 p.m. CDT
Friday
April 1, 2016

Boling University Center Ballroom
11 Wayne Fisher Drive
Martin, Tennessee

ORDER OF BUSINESS

I. Call to Order and Invocation

II. Roll Call

III. Methodist University Hospital Presentation to UT Health Science Center

IV. Honorary Resolution—**Action** ..... Tab 1

V. President's Report ..... Tab 2

VI. Report of the Executive and Compensation Committee

A. Ratification of Committee Action to Revise 2015-16 Goals under the Performance-Based Variable Compensation Plan and to Approve a Methodology for Calculating the Score—**Action** ..... Tab 3
1. Narrative Summary of Revisions ..... Tab 3.1
2. Revised FY 2015-16 Quantitative Goals ..... Tab 3.2
3. Methodology for Calculating a Participant's Score ..... Tab 3.3
4. Audit Report on Base Year Values ..... Tab 3.4

B. President's Four-Year Comprehensive Performance Review of Chancellor Larry Arrington and Compensation Recommendation—**Action** ..... Tab 4
1. President's Report and Recommendation ..... Tab 4.1
2. Market Data in Support of the Compensation Recommendation ..... Tab 4.2
3. Chancellor Arrington's Status Report, 2011-2015 ..... Tab 4.3
4. 360-Survey Results ..... Tab 4.4
5. Guidelines for Comprehensive Performance Reviews ..... Tab 4.5

VII. Report of the Finance and Administration Committee

A. UT Martin Undergraduate Out-of-State Tuition for 2016-17—**Action** ..... Tab 5

B. Amendment of the Rule on Classifying Students In-State and Out-of-State—**Action/Roll Call Vote** ..... Tab 6

VIII. Report of the Audit Committee

IX. Consent Agenda — **Action**

A. Minutes of the Last Meeting ..... Tab 7
B. Easement from Tennessee Baptist Convention (UTC) ..... Tab 8
C. Vine Street Right-of-Way (UTC) ..... Tab 9
D. Easements to City of Memphis (UTHSC) ..... Tab 10
E. Easement of Knoxville Utilities Board (UTK) ..... Tab 11
F. Transfer of Jurisdiction to Tennessee Military Department (UTK) ..... Tab 12
G. Corporate Authorization to Transfer Securities ..... Tab 13
H. FY 2016 Revised Operating Budget ..... Tab 14
I. Revised UT Knoxville/UTIA Campus Master Plan ..... Tab 15
J. Revised UT Martin Campus Master Plan ..... Tab 16
K. UT Knoxville Honorary Doctor of Science Degree, Thomas E. Mason ..... Tab 17
L. UT Knoxville Strategic Plan Refresh, Vol Vision 2020 ..... Tab 18
M. UT Martin Faculty Handbook Revisions ..... Tab 19
N. Naming of the Center for Business and Economic Research, UT Knoxville ..... Tab 20
O. Naming of the Lake Loudoun Residence Hall, UT Knoxville ..... Tab 21
P. Naming of the Joint Institute for Neutron Sciences, UT Knoxville ..... Tab 22

X. Future Board and Committee Meeting Dates — **Information** ..... Tab 23

XI. Adjournment

The University of Tennessee
Board of Trustees

Resolution in Honor of Dr. Thomas A. Rakes
April 1, 2016

WHEREAS, Dr. Thomas A. Rakes earned a bachelor's degree in psychology from Milligan College, a master's degree in reading from East Tennessee State University, and a doctoral degree in education from The University of Tennessee, Knoxville; and

WHEREAS, Dr. Rakes began his career in education as a teacher and basketball coach in Johnson City; and

WHEREAS, he served as a professor at the University of Memphis and director of the Division of Research and Development in the College of Education during his 23-year tenure there; and

WHEREAS, in 1995, he was named dean and professor in the College of Education and Human Development at the University of Louisiana at Monroe and became the school's provost and vice president for academic affairs in 2000; and

WHEREAS, Dr. Rakes came to The University of Tennessee at Martin in 2002 as vice chancellor of the Division for Academic Affairs and professor in the Department of Educational Studies and was named provost in 2005; and

WHEREAS, he became the ninth chancellor of UT Martin on July 1, 2007, and during his tenure oversaw tremendous growth in online enrollment, the completion of more than $100 million in capital and maintenance projects, and the capturing of 18 Ohio Valley Conference titles and one national championship in Rodeo; and

WHEREAS, he distinguished himself by leading The University of Tennessee at Martin through a strategic effort to expand the campus' reach into West Tennessee and to a spectacular response to the University's system-wide, $1 billion Campaign for Tennessee, in which UT Martin was the first campus to meet its goal and ultimately surpassed the goal by raising more than $57 million; and

WHEREAS, Dr. Rakes has been active in the higher education community in Tennessee and beyond and in public service as a member of the American Association of State Colleges and Universities Committees on Governance & Government Relations and Teacher Education, *National Forum of Education Administration and Supervision* Editorial Policy Board, *National Forum of Applied Educational Research* Editorial Review Board, Tennessee College Association Executive Committee, Tennessee Campus Compact Executive Board, Weakley County United Way Board of Directors and Weakley County Economic Development Board, and partnered the inaugural Martin Town and Gown Association;

NOW THEREFORE, BE IT RESOLVED that The University of Tennessee Board of Trustees, meeting in Martin, Tennessee, on April 1, 2016, commends Dr. Thomas A. Rakes for his valuable service to the Board, the University, and the State of Tennessee.

THE UNIVERSITY OF TENNESSEE

President's Report

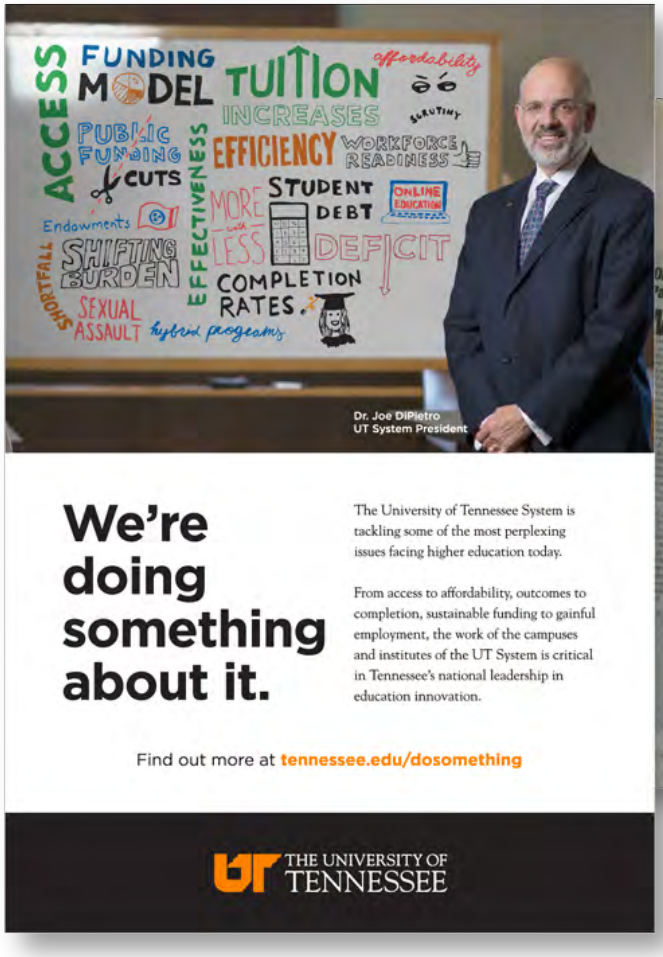
Joe DiPietro

April 1, 2016

THE UNIVERSITY OF TENNESSEE

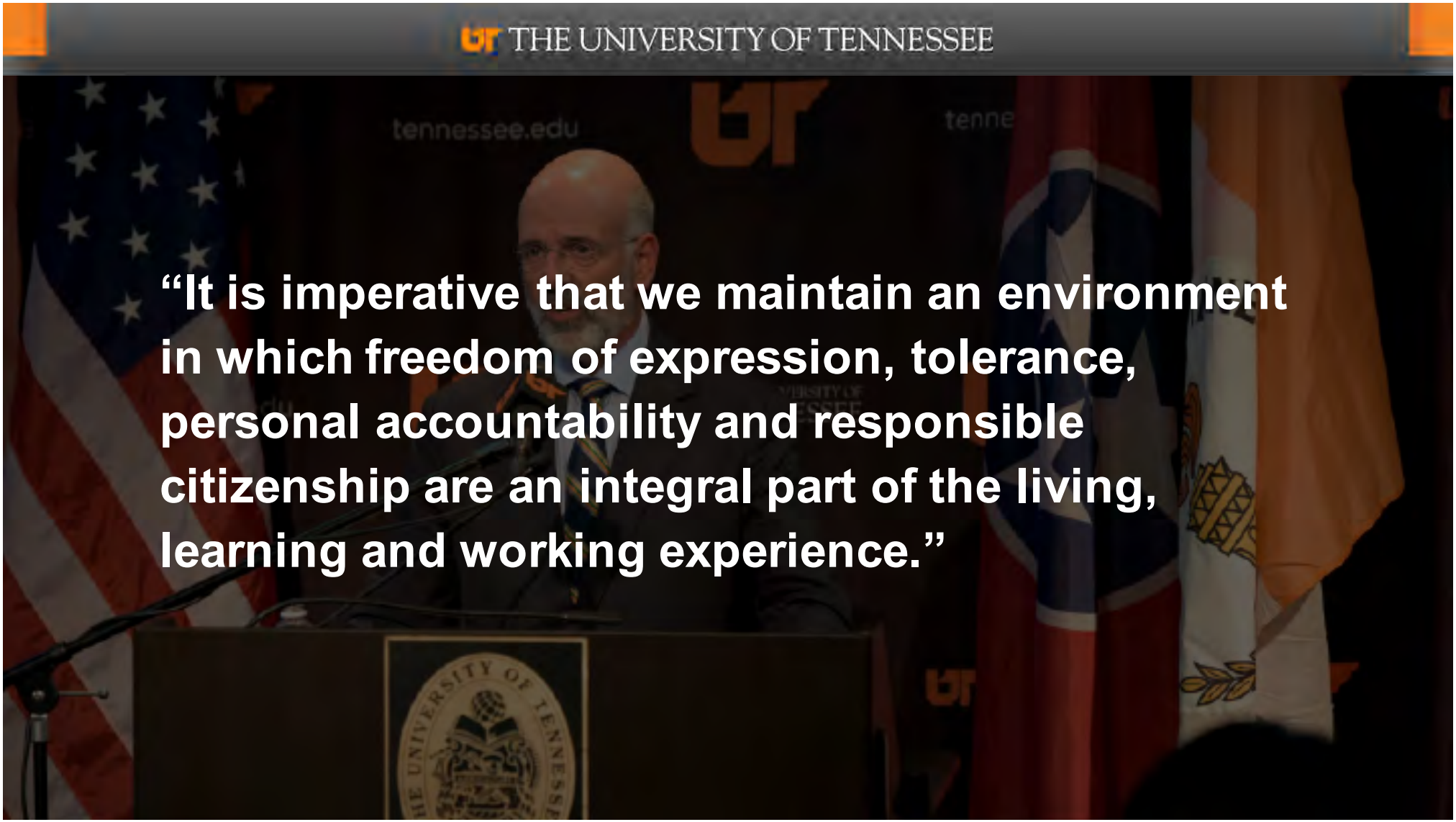
Challenges

THE UNIVERSITY OF TENNESSEE



THE CHRONICLE OF HIGHER EDUCATION

THE UNIVERSITY OF TENNESSEE
tennessee.edu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tennessee.edu
"It is imperative that we maintain an environment in which freedom of expression, tolerance, personal accountability and responsible citizenship are an integral part of the living, learning and working experience."

THE UNIVERSITY OF TENNESSEE
“Self-imposed actions have allowed us to hold tuition increases in the current fiscal year to their lowest levels in more than 30 years.”

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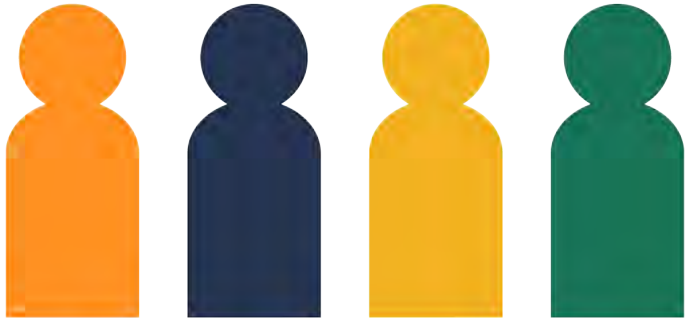
Commitment to People at UT



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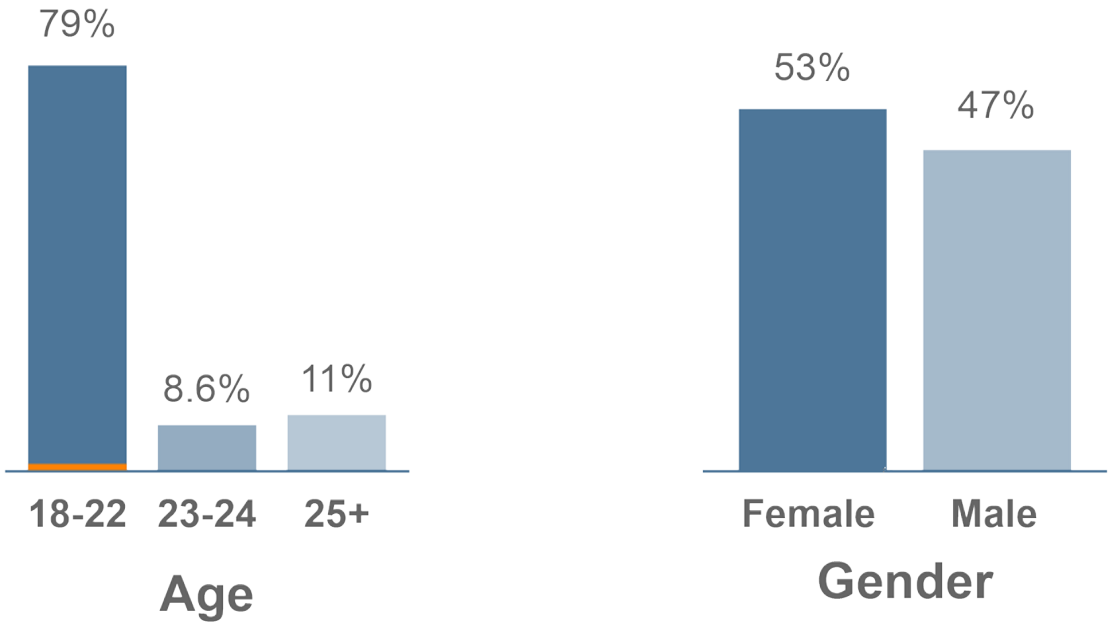
UT Undergraduates



High School Dually Enrolled (1%)

THE UNIVERSITY OF TENNESSEE

Progress Made on Each Campus

- Enhanced prevention and awareness programs and educational resources to support and better educate students on sexual violence;
- Adopted comprehensive policies on sexual misconduct, relationship violence and stalking;
- Created centralized websites where students and employees can easily find comprehensive information about campus policies and resources; and
- Revised its student code of conduct to ensure compliance with Title IX and the Clery Act.

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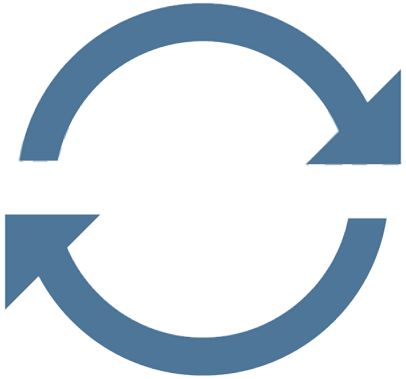
Other Updates



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Succession Planning

Phase 1: scope review and validation

Phase 2: onboarding and alignment

Phase 3: succession response model development

Phase 4: succession readiness

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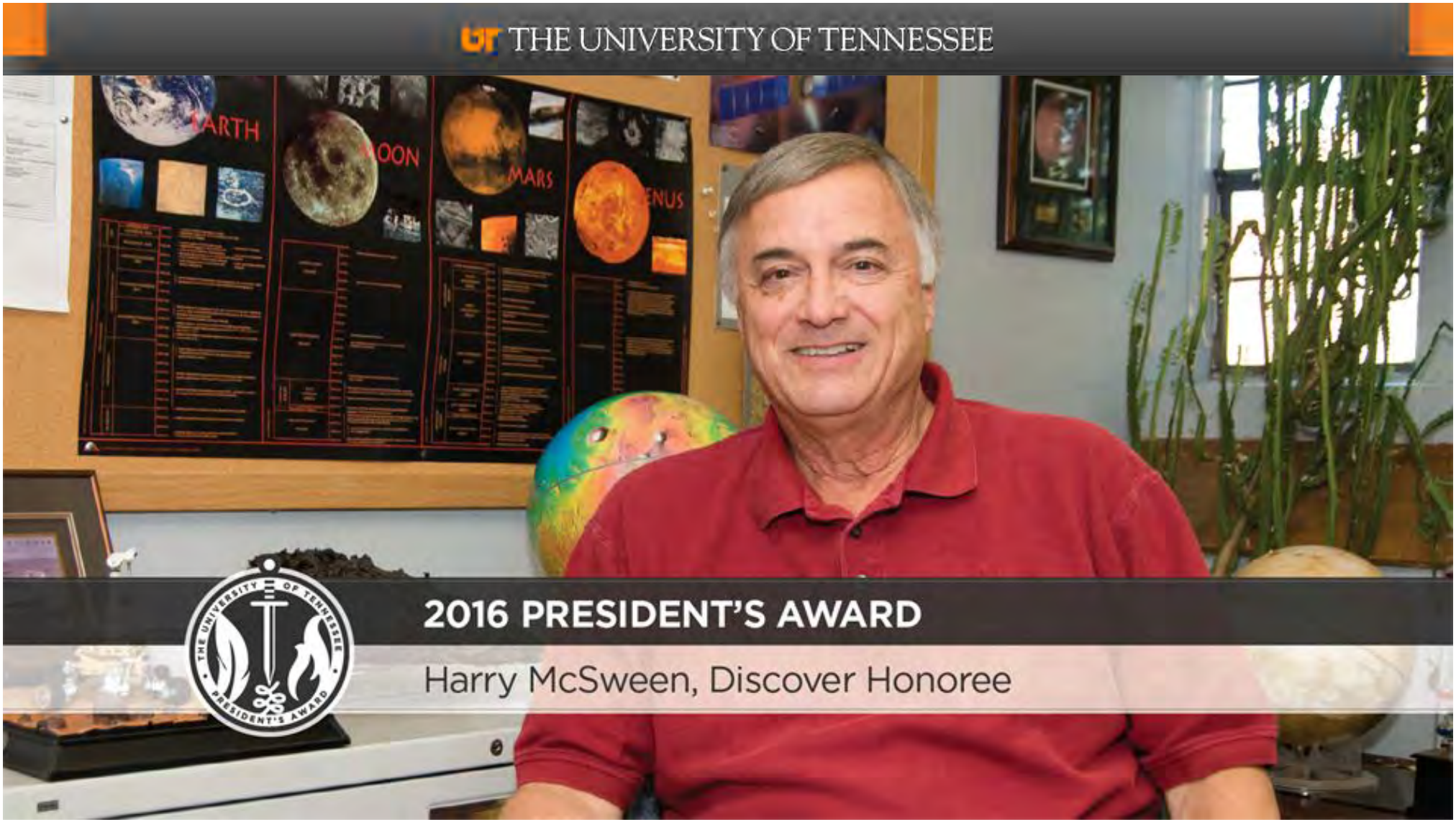
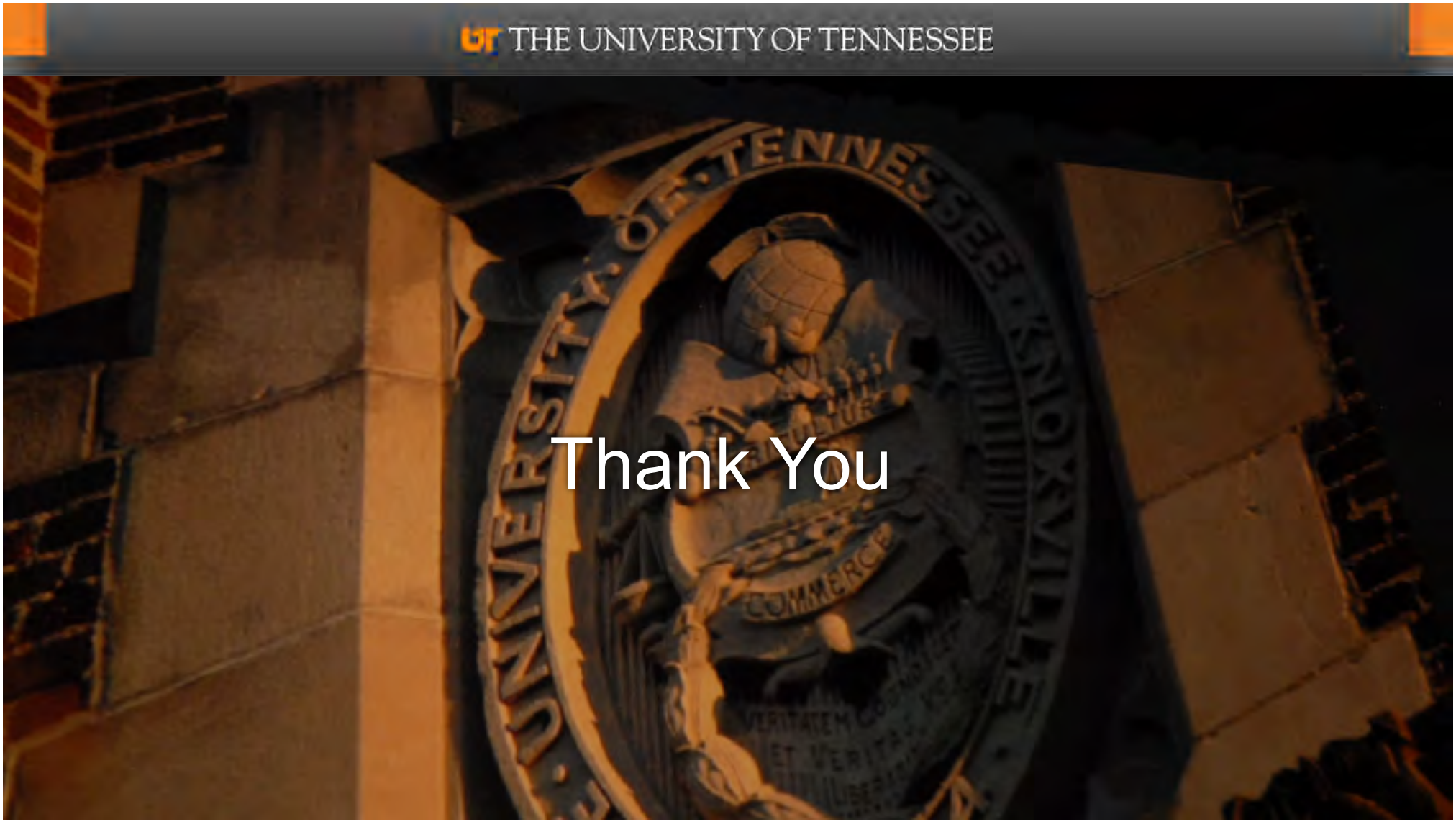
Julius T. Johnson

Commissioner of Agriculture

THE UNIVERSITY OF TENNESSEE
2016 PRESIDENT'S AWARD
Julie Hill, Educate Honoree


THE UNIVERSITY OF TENNESSEE
EARTH
MOON
MARS
2016 PRESIDENT'S AWARD
Harry McSween, Discover Honoree

THE UNIVERSITY OF TENNESSEE
2016 PRESIDENT'S AWARD
David McBeth, Connect Honoree


THE UNIVERSITY OF TENNESSEE
Thank You

THE UNIVERSITY OF TENNESSEE
BOARD OF TRUSTEES

ACTION ITEM

DATE: April 1, 2016

COMMITTEE: Executive and Compensation

CAMPUS/UNIT: All

ITEM: **Ratification of Committee Action to Revise 2015-16 Goals under the Performance-Based Variable Compensation Plan and to Approve a Methodology for Calculating the Score**

PRESENTED BY: Raja J. Jubran, Vice Chair

On October 8, 2015, the Board of Trustees approved a Performance-Based Variable Compensation Plan for University Officers, with quantitative and other goals for FY 2015-16. The Board's approval of the Plan was subject to the following requirement:

> . . . base year data used to establish the goals for the FY 2015-16 performance period shall be audited by the University's Office of Audit and Compliance and . . . any revisions to the base year data or goals resulting from the audit shall be submitted to the Executive and Compensation Committee for approval.

The Board authorized the Executive and Compensation Committee to act on its behalf to approve revisions to the base year data or goals (1) resulting from the audit or (2) as otherwise deemed necessary in the judgment of the Committee, subject to the requirement that revisions be presented to the Board for ratification at the next regular meeting of the Board.

On February 23, 2016, the Executive and Compensation Committee reviewed and approved revisions to the 2015-16 goals resulting from the audit and additional revisions recommended by the Vice Chair in consultation with the President. The following documents describe the Committee's approval of revisions to the 2015-16 goals:

1. A narrative summary of changes to what the Board approved on October 8, 2015 at Tab 3.1; and

2. Revised FY 2015-16 Quantitative Goals at Tab 3.2.

The Committee also approved the Vice Chair's recommendation of a methodology for calculating the score for plan participants. A spreadsheet showing how the methodology for calculating the score would apply is included at Tab 3.3.

The audit report on base year values and the spreadsheet created by the Office of Institutional Research to establish the values appears at Tab 3.4.

MOTION: I move adoption of the following Resolution by the Board of Trustees:

RESOLVED: The following action by the Executive and Compensation Committee, acting on behalf of the Board of Trustees at its meeting on February 23, 2016, is ratified:

1. **Approval of changes to the base year data, and resulting changes to the FY 2015-16 quantitative goals under the Performance-Based Variable compensation Plan for University Officers (Plan), based on the Audit and Compliance report;**

2. **Approval of eliminating the following quantitative metrics under the Plan:**

   a. **Total Fall Headcount**
   b. **In-State Enrollment > Fall 2015**
   c. **Rank in top 5 in CCTA metrics;**
   d. **Number of Research Proposals**
   e. **Revenue from Licenses**
   f. **U.S. Patents Issued**
   g. **Vet Med Clients**
   h. **Number of Alumni Who Donate**
   i. **Tuition/Fees Below Peer Average**
   j. **Change in Graduate Tuition Rate Below HEPI +2-3%**
   k. **Change in Professional Tuition Rate Below HEPI +2-3%**

3. **Approval of adding the following quantitative metrics:**
   a. **(State Appropriation + Tuition/Fee Revenue) / Per Student FTE**
   b. **Research Award Dollars**

4. **Approval of adding the following goals:**
   a. **For all participants, Advocacy and Leadership**
   b. **For David Millhorn, the following additional goals:**
      (1) Achieve an ORNL performance score of 94 or higher for FY 2016; and
      (2) Develop a business plan and obtain a signed contract to purchase the Pro2serve building for $17.5 million or less and lease 25% or more of space to a third party customer before September 1, 2016

5. **Approval of the following methodology for calculating a participant's score:**
   a. **No points will be awarded when the actual is less than the base;**
   b. **If the actual exceeds the goal, the percent above the goal will be multiplied by the weight of the metric;**
   c. **If the actual is greater than the base but lower than the goal, partial credit will be awarded based on the % from the base where:**

      % from base = (Actual – Base) / (Goal – Base)

      1% - 33% from Base = 25% credit
      34% - 66% from Base = 50% credit
      67% - 99% from Base = 75% credit
   d. **Advocacy and Leadership will be increased from 10% to 20% of the total score**
   e. **Additional Goals (subjective) will be scored as Met (100%), Partial (50%), or Not Met (0%)**
   f. **Self-evaluation and evaluation narratives may include contextual information, such as a discussion of circumstances beyond the participant's control that prevented achieving the goal, but significant improvements were made toward the spirit of the goal.**

NARRATIVE SUMMARY OF REVISIONS TO FY 2015-16 GOALS UNDER THE PERFORMANCE-BASED VARIABLE COMPENSATION PLAN

Revisions Resulting from the Audit Review:

1. Corrections and updates were made to some base data used to determine the original FY2015-16 goals. Revisions to base data and resulting revisions to goals are highlighted in green on the spreadsheet titled "FY2015-16 Quantitative Goals Under the Variable Compensation Plan for University Officers" **(Tab 3.2)**.

2. Audit also recommended changes based on definitional, formula changes to the metric:
   i. Tuition and Fees compared to peer group (eliminate mandatory health insurance fees) **(Tab 3.2, page 6, State Appropriation + Tuition/Fee Revenue) / Student FTE as % of Peer Average)**.
   ii. Calculation of UT System total for tuition (from a weighted average to a simple average) **(Tab 3.2, page 6, Undergraduate (UG) Tuition no more than HEPI rate change)**.

Additional Revisions:

1. Elimination of the following quantitative metrics:
   a. Total Fall Headcount **(Tab 3.2, page 1)**
   b. In-State Enrollment > Fall 15 **(Tab 3.2, page 1)**
   c. Rank in top 5 in CCTA metrics **(Tab 3.2, page 2)**
   d. # Research Proposals (change in data collection–EVISIONS vs. TERA/PAMS) **(Tab 3.2, page 3)**
   e. Revenue from Licenses **(Tab 3.2, page 4)**
   f. US Patents **(Tab 3.2, page 4)**
   g. Vet Med Clients **(Tab 3.2, page 5)**
   h. Number of Alumni who Donate **(Tab 3.2, page 5)**
   i. Tuition/Fees below Peer Average **(Tab 3.2, page 6)**
   j. Grad Tuition below HEPI +2-3% **(Tab 3.2, page 7)**
   k. Professional Tuition below HEPI +2-3% **(Tab 3.2, page 7)**

2. Addition of the following quantitative metrics:
   a. (State Appropriation + Tuition/Fee Revenue) / Student FTE as % of peer group **(Tab 3.2, page 6)**
   b. Research Award Dollars (5-year average) **(Tab 3.2, page 4)**

3. Addition of the following goals:
   a. For all participants, Advocacy and Leadership
   b. For David Millhorn, the following additional goals:
      (1) Achieve an ORNL performance score of 94 or higher for FY 2016; and
      (2) Develop a business plan and obtain a signed contract to purchase the Pro2serve building for $17.5 million or less and lease 25% or more of space to a third party customer before September 1, 2016

FY2015-16 Quantitative Goals Under the Variable Compensation Plan for University Officers

Red are BAG metrics
Strategic Plan metrics

= changes from Board approval

Base Yr	Original Goal	Revised Goal	Weight

All data subject to final audit

1. Enhancing Educational Excellence

(3) Annual goal setting will be done for growth in enrollment

Fall Headcount, Undergraduate	Fall 15	Goal (Fall 16)	% Incr	Goal (Fall 16)	% Incr	Weight	Fall 10	Fall 11	Fall 12	Fall 13	Fall 14	Fall 15
System	38,647	38,650	0.0%	39,535	2.3%	High	38,573	38,605	38,401	38,504	38,656	38,647
UTK	21,863	21,863	0.0%	22,366	2.3%	High	21,308	21,126	20,829	21,033	21,451	21,863
UTC	10,084	10,084	0.0%	10,315	2.3%	High	9,229	9,891	10,159	10,297	10,315	10,084
UTM	6,435	6,435	0.0%	6,583	2.3%	High	7,947	7,500	7,326	7,025	6,677	6,435
UTHSC	265	268	1.0%	271	2.3%	Normal	89	88	87	149	213	265

Fall Headcount, Graduate/ Professional	Fall 15	Goal (Fall 16)	% Incr	Goal (Fall 16)	% Incr	Weight	Fall 10	Fall 11	Fall 12	Fall 13	Fall 14	Fall 15
System	10,489	10,517	0.3%	10,695	2.0%	High	10,992	10,940	10,843	10,623	10,442	10,489
UTK	5,982	5,982	0.0%	6,101	2.0%	High	6,215	6,253	6,189	6,138	5,959	5,982
UTC	1,304	1,304	0.0%	1,355	3.9%	Intermed.	1,552	1,547	1,501	1,377	1,355	1,304
UTM	392	392	0.0%	400	2.0%	Normal	522	413	425	398	365	392
UTHSC	2,811	2,839	1.0%	2,839	1.0%	High	2,703	2,727	2,728	2,710	2,763	2,811

Fall Headcount, Total	Fall 15	Goal (Fall 16)	% Incr	Goal (Fall 16)	% Incr	Weight	Fall 10	Fall 11	Fall 12	Fall 13	Fall 14	Fall 15
System	49,136	49,167	0.1%	Deleted		High	49,565	49,545	49,244	49,127	49,098	49,136
UTK	27,845	27,845	0.0%	Deleted		High	27,523	27,379	27,018	27,171	27,410	27,845
UTC	11,388	11,388	0.0%	Deleted		High	10,781	11,438	11,660	11,674	11,670	11,388
UTM	6,827	6,827	0.0%	Deleted		High	8,469	7,913	7,751	7,423	7,042	6,827
UTHSC	3,076	3,107	1.0%	Deleted		High	2,792	2,815	2,815	2,859	2,976	3,076

(1) In-State UG Enrollments should be > Fall 15	Fall 15	Goal (Fall 16)	% Incr	Goal (Fall 16)	% Incr	Weight	Fall 10	Fall 11	Fall 12	Fall 13	Fall 14	Fall 15
System	34,591	> Fall 15		Deleted		High	35,048	35,372	35,281	35,090	34,952	34,591
UTK	18,989	> Fall 15		Deleted		High	18,765	18,909	18,719	18,672	18,775	18,989
UTC	9,460	> Fall 15		Deleted		High	8,676	9,317	9,579	9,721	9,719	9,460
UTM	5,928	> Fall 15		Deleted		High	7,534	7,075	6,906	6,565	6,181	5,928
UTHSC	214	> Fall 15		Deleted		High	73	71	77	132	177	214

Based on Permanent Residency

FY2015-16 Quantitative Goals Under the Variable Compensation Plan for University Officers

Red are BAG metrics
Strategic Plan metrics

= changes from Board approval

All data subject to final audit

	Base Yr	Original Goal		Revised Goal		Weight						
(2) % UG Out-State Enrollment should be < 25% of total	Fall 15	Goal (Fall 16)	% Incr	Goal (Fall 16)	% Incr	Weight	Fall 10	Fall 11	Fall 12	Fall 13	Fall 14	Fall 15
System	10.3%	< 25%		11.2%	8.6%	Normal	9.2%	8.4%	8.1%	8.9%	9.6%	10.4%
UTK	12.9%	< 25%		14.0%	8.4%	Normal	12.0%	10.5%	10.1%	11.2%	12.0%	12.9%
UTC	6.2%	< 25%		6.4%	2.9%	Normal	6.0%	5.8%	5.7%	5.6%	5.8%	6.2%
UTM	7.9%	< 25%		8.8%	11.3%	Normal	5.1%	5.7%	5.7%	6.5%	7.4%	7.9%

(9) Rank within top 5 on CCTA metrics	FY15	Goal		FY16 Goal	% Incr	Weight	FY11	FY12	FY13	FY14	FY15	FY16
UT System (# of UT campuses in top 5)	2	In Top 5		Deleted		High	NA	2	2	3	2	2
UTK (rank in % increase over prior year)	Not in top 5	In Top 5		Deleted		High	NA	2	4	4	Not in top 5	Not in top 5
UTC (rank in % increase over prior year)	1	In Top 5		Deleted		High	NA	1	2	3	1	3
UTM (rank in % increase over prior year)	4	In Top 5		Deleted		Intermed.	NA	Not in top 5	Not in top 5	2	4	1

Graduation Rates	Fall 15	Goal (Fall 16)	% Incr	Goal (Fall 16)	% Incr	Weight	Fall 10	Fall 11	Fall 12	Fall 13	Fall 14	Fall 15
System	56.9%	58.4%	1.5%	58.6%	3.0%	High	51.9%	56.3%	56.3%	56.1%	57.3%	56.90%
UTK	70.3%	> 70.3%		70.5%	0.2%	High	60.5%	63.2%	66.1%	67.5%	69.3%	70.3%
UTC	43.6%	45.1%	1.5%	45.1%	1.5%	High	37.6%	39.5%	38.2%	37.1%	39.8%	43.6%
UTM	45.7%	47.2%	1.5%	49.0%	7.2%	High	45.3%	49.6%	48.9%	46.6%	47.0%	45.7%
UTHSC	96.1%	>94.0%		96.1%	0.0%	Normal	NA	NA	96.6%	94.8%	95.5%	96.1%

Freshman Retention	Fall 15	Goal (Fall 16)	% Incr	Goal (Fall 16)	% Incr	Weight	Fall 10	Fall 11	Fall 12	Fall 13	Fall 14	Fall 15
System	79.6%	81.6%	2.0%	82.1%	3.1%	High	78.6%	78.2%	77.4%	78.1%	79.3%	79.6%
UTK	84.6%	86.6%	2.0%	87.5%	3.4%	High	86.2%	84.5%	84.6%	85.6%	86.6%	84.6%
UTC	71.4%	72.8%	2.0%	72.8%	2.0%	High	67.3%	69.3%	67.4%	69.1%	70.0%	71.4%
UTM	74.5%	76.0%	2.0%	76.0%	2.0%	High	71.0%	73.1%	70.7%	69.9%	70.8%	74.5%

Total Degrees Awarded	FY15	FY 16 Goal	% Incr	FY16 Goal	% Incr	Weight	FY11	FY12	FY13	FY14	FY15	FY16
System	11,698	11,932	2.0%	11,897	1.7%	High	10,330	11,058	11,182	11,152	11,698	
UTK (includes Vet Med & CASNR)	6,758	6,859	1.5%	6,865	1.6%	High	6,518	6,885	6,793	6,689	6,758	
UTC	2,375	2,411	1.5%	2,423	2.0%	High	1,887	2,140	2,232	2,350	2,375	
UTM	1,329	1,349	1.5%	1,349	1.5%	High	1,185	1,265	1,372	1,346	1,329	
UTHSC (incl Residency Completers)	1,236	1,261	2.0%	1,261	2.0%	Normal	1,041	1,072	1,189	1,225	1,236	
UTIA (Vet Med & CASNR)	449	458	2.0%	458	2.0%	Normal	331	447	409	420	449	

FY2015-16 Quantitative Goals Under the Variable Compensation Plan for University Officers

Red are BAG metrics
Strategic Plan metrics

= changes from Board approval

All data subject to final audit

2. Expanding Research Capacities

BAG Metrics

(10) Research /sponsored projects increase 6% annually (5 yr. avg) (reported to THEC less ARRA funding)	FY11-15	FY16 Goal	% Incr	FY16 Goal	% Incr	Weight	FY11	FY12	FY13	FY14	FY15	FY16
							($ in millions)					
System (President)	$418.11	$443.20	6.0%	$443.20	6.0%	High	$403.61	$413.40	$425.20	$414.83	$433.52	
System (VP Research)	$418.11	$443.20	6.0%	$443.20	6.0%	High	$403.61	$413.40	$425.20	$414.83	$433.52	
UTK (with Vet Med)	$157.31	$166.75	6.0%	$166.75	6.0%	High	$159.27	$156.35	$160.53	$156.56	$153.83	
UTC	$9.59	$10.16	6.0%	$10.16	6.0%	Normal	$9.66	$10.43	$9.70	$8.83	$9.34	
UTM	$2.90	$3.07	6.0%	$3.07	6.0%	Normal	$3.84	$3.30	$2.21	$2.52	$2.63	
UTHSC	$201.84	$213.95	6.0%	$213.95	6.0%	High	$184.89	$196.53	$202.05	$203.09	$222.67	
UTIA	$42.24	$44.78	6.0%	$44.78	6.0%	High	$41.42	$42.47	$43.83	$40.66	$42.84	

Research Expenditures (5 yr avg) (reported to NSF less ARRA funding)	FY11-15	FY 16 Goal	% Incr	FY16 Goal	% Incr	Weight	FY11	FY12	FY13	FY14	FY15	FY16
							($ in millions)					
System (President)	$316.58	$326.07	3.0%	$326.07	3.0%	High	$300.28	$322.00	$331.13	$315.77	$311.66	
System (VP Research)	$316.58	$326.07	3.0%	$326.07	3.0%	High	$300.28	$322.00	$331.13	$315.77	$311.66	
UTK (no Vet med)	$171.76	$176.92	3.0%	$176.92	3.0%	High	$156.55	$170.50	$184.07	$174.16	$171.59	
UTC	$8.06	$8.30	1.5%	$8.30	3.0%	Normal	$8.91	$10.72	$7.67	$6.18	$6.74	
UTM	$0.66	$0.68	1.5%	$0.68	3.0%	Normal	$1.23	$0.58	$0.42	$0.55	$0.51	
UTHSC	$69.87	$71.97	3.0%	$71.97	3.0%	High	$71.98	$72.46	$71.35	$67.81	$65.77	
UTIA	$66.22	$68.21	3.0%	$68.21	3.0%	High	$61.61	$67.74	$67.61	$67.09	$67.06	

# of Research Proposals (5 Yr Avg)	FY11-15	FY 16 Goal	% Incr	FY16 Goal	% Incr	Weight	FY11	FY12	FY13	FY14	FY15	FY16
System (President)	3,390	3,559	6.0%	Deleted		High	3,282	3,166	3,285	3,563	3,656	
System (VP Research)	3,390	3,559	6.0%	Deleted		High	3,282	3,166	3,285	3,563	3,656	
UTK (no vet med)	1,648	1,713	6.0%	Deleted		High	1,540	1,593	1,600	1,721	1,785	
UTC	140	148	6.0%	Deleted		Normal	145	156	131	123	145	
UTM	57	60	6.0%	Deleted		Normal	83	46	52	52	50	
UTHSC	817	866	6.0%	Deleted		High	865	732	787	857	843	
UTIA	705	748	6.0%	Deleted		High	616	619	688	791	813	

FY2015-16 Quantitative Goals Under the Variable Compensation Plan for University Officers

Red are BAG metrics
Strategic Plan metrics

= changes from Board approval

All data subject to final audit

Research Award $s (5 Yr Avg)	Base Yr FY11-15	Original Goal FY 16 Goal	Original Goal % Incr	Revised Goal FY16 Goal	Revised Goal % Incr	Weight	FY11	FY12	FY13	FY14	FY15	FY16
System (President)	$316.3	$335.2	6.0%	$335.2	6.0%	High	$328.6	$323.0	$321.7	$290.6	$317.4	
System (VP Research)	$316.3	$335.2	6.0%	$335.2	6.0%	High	$328.6	$323.0	$321.7	$290.6	$317.4	
UTK (no vet med)	$154.6	$163.9	6.0%	$163.9	6.0%	High	$155.3	$167.4	$163.0	$139.2	$148.3	
UTC	$10.6	$11.3	6.0%	$11.3	6.0%	Normal	$15.5	$10.2	$10.2	$9.3	$8.1	
UTM	$4.3	$4.5	6.0%	$4.5	6.0%	Normal	$7.7	$4.1	$2.4	$3.0	$4.1	
UTHSC	$89.0	$94.3	6.0%	$94.3	6.0%	High	$94.8	$89.9	$87.6	$79.7	$93.1	
UTIA	$52.7	$55.9	6.0%	$55.9	6.0%	High	$46.3	$46.6	$52.4	$56.3	$61.8	

Inventions (Disclosures) (5Yr Avg)	Base Yr FY11-15	Original Goal FY 16 Goal	Original Goal % Incr	Revised Goal FY16 Goal	Revised Goal % Incr	Weight	FY11	FY12	FY13	FY14	FY15	FY16
System (President)	129	131	2.0%	139	7.8%	Intermed.	87	144	145	152	116	
System (VP Research)	129	131	2.0%	139	7.8%	High	87	144	145	152	116	
UTK	62	63	2.0%	71	14.1%	High	39	48	71	82	71	
UTC	3	3	2.0%	3	2.0%	Normal	0	8	2	1	3	
UTM	1	1	0.0%	1	0.0%	NA	0	1	2	2	0	
UTHSC	27	28	1.0%	28	2.0%	High	26	27	30	29	25	
UTIA	35	36	2.0%	36	2.9%	High	22	60	40	38	15	

Revenue from Licenses (5Yr Avg)	Base Yr FY11-15	Original Goal FY 16 Goal	Original Goal % Incr	Revised Goal FY16 Goal	Revised Goal % Incr	Weight	FY11	FY12	FY13	FY14	FY15	FY16
System (President)	$1,646,915	$1,679,853	2%	Deleted		Intermed.	$1,547,630	$1,403,401	$1,004,028	$958,521	$3,320,994	
System (VP Research)	$1,646,915	$1,679,853	2%	Deleted		High	$1,547,630	$1,403,401	$1,004,028	$958,521	$3,340,311	
UTK	$894,244	$912,129	2%	Deleted		High	$867,301	$584,598	$280,738	$225,982	$2,512,600	
UTC	$3,000	NA	NA	Deleted		NA	$0	$15,000	$0	$0	$0	
UTM	$0	NA	NA	Deleted		NA	$0	$0	$0	$0	$0	
UTHSC	$498,300	$503,283	1%	Deleted		High	$521,301	$372,199	$448,737	$536,982	$612,281	
UTIA	$251,371	253,885	1%	Deleted		High	$159,028	$431,604	$274,552	$195,557	$196,113	

U.S. Patents Issues	Base Yr FY11-15	Original Goal FY 16 Goal	Original Goal % Incr	Revised Goal FY16 Goal	Revised Goal % Incr	Weight	FY11	FY12	FY13	FY14	FY15	FY16
System (President)	27	28	2.0%	Deleted		Intermed.	19	23	32	36	25	
System (VP Research)	27	28	2.0%	Deleted		High	19	23	32	36	25	
UTK	11	12	2.0%	Deleted		High	8	7	16	14	10	
UTC	0	NA	NA	Deleted		Normal	0	0	0	0	0	
UTM	0	NA	NA	Deleted		NA	0	0	0	0	0	
UTHSC	13	14	2.0%	Deleted		High	8	13	13	17	12	
UTIA	3	4	2.0%	Deleted		High	3	3	3	5	3	

FY2015-16 Quantitative Goals Under the Variable Compensation Plan for University Officers

Red are BAG metrics
Strategic Plan metrics

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Base Yr	Original Goal	Revised Goal	Weight

All data subject to final audit

3. Fostering Outreach and Engagement

BAG Metrics

(12) # of customers served should grow >FY15 (4 yr. avg)

Number of Participants in Outreach and Engagement Activities Greater than 4-year avg	FY12-15	FY 16 Goal	% Incr	FY 16 Goal	% Incr	Weight	FY11	FY12	FY13	FY14	FY15	FY16
System (President)	4,355,104	> FY avg		4,704,058	8.0%	Intermed.	NA	4,011,486	4,215,788	4,489,083	4,704,058	
System (VP Research)	4,355,104	> FY avg		4,704,058	8.0%	Intermed.	NA	4,011,486	4,215,788	4,489,083	4,704,058	
UTK	11,038	> FY avg		14,893	34.9%	Normal	NA	12,216	9,464	7,579	14,893	
UTC	6,173	> FY avg		6,672	8.1%	Intermed.	NA	6,334	5,159	6,525	6,672	
UTM	3,300	> FY avg		3,713	12.5%	Intermed.	NA	2,906	3,438	3,143	3,713	
UTHSC	47,480	> FY avg		62,468	31.6%	High	NA	41,157	42,483	43,813	62,468	
UTIA	4,089,252	> FY avg		4,320,120	5.6%	High	NA	3,823,084	4,019,148	4,194,655	4,320,120	

(12) # of clients served should grow >FY15 (4 yr. avg)	FY12-15	FY 16 Goal	% Incr	FY 16 Goal	% Incr	Weight	FY11	FY12	FY13	FY14	FY15	FY16
HSC RVUs	3,828,878	> FY avg		3,940,641	2.9%	High	NA	3,658,609	3,982,854	3,733,407	3,940,641	
Vet Med (Clients)	327,771	> FY avg		Deleted		High	NA	215,190	390,541	387,275	318,078	

Number of Alumni Who Donate	FY11-15	FY 16 Goal	% Incr	FY 16 Goal	% Incr	Weight	FY11	FY12	FY13	FY14	FY15	FY16
UT System	27,914	30,148	8%	Deleted		Intermed.	27,705	26,323	26,504	28,114	30,926	
UTK	19,502	21,063	8%	Deleted		Intermed.	19,732	18,464	18,385	19,546	21,385	
UTC	2,601	2,809	8%	Deleted		Intermed.	2,487	2,541	2,601	2,746	2,629	
UTM	2,114	2,283	8%	Deleted		Intermed.	1,868	1,866	2,040	2,248	2,546	
UTHSC	3,615	3,904	8%	Deleted		Normal	3,611	3,442	3,563	3,562	3,898	
UTIA	1,376	1,431	4%	Deleted		Normal	1,392	1,349	1,302	1,415	1,423	

FY2015-16 Quantitative Goals Under the Variable Compensation Plan for University Officers

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Strategic Plan metrics

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4. Improving Effectiveness & Efficiency

BAG Metrics

(8) Tuition/mandatory fees = or less than peer avg adjusted for state appropriations/per st. FTE

Tuition and Mandatory Fees (at or below) Peer Average	FY16 (Fall 15-Sp 16)	Goal (Fall 16)	% Incr	Goal (Fall 16)	% Incr	Weight	Fall 10	Fall 11	Fall 12	Fall 13	Fall 14	Fall 15
UT System	99.1%	=/<100%		Deleted		High	79.2%	84.4%	85.4%	95.9%	98.8%	99.1%
UTK	102.4%	=/<100%		Deleted		High	71.1%	77.5%	80.8%	97.5%	100.5%	102.4%
UTC	97.7%	=/<100%		Deleted		High	89.2%	93.5%	92.6%	94.6%	99.1%	97.7%
UTM	94.3%	=/<100%		Deleted		High	90.2%	92.5%	89.5%	94.9%	95.7%	94.3%

(St. Approp+Tuition/Fee Revenue) / St. FTE as % of Peer Average	FY14	FY15 Goal	% Incr	FY15 Goal	% Incr	Weight	FY11 IPEDS	FY12 IPEDS	FY13 IPEDS	FY14 campus financial reports	FY15 campus financial reports	FY16 campus financial reports
System	73%	=/<100%		75%	3.0%	High	83%	67%	70%	73%	NA	
UTK (with Vet Med)	77%	=/<100%		79%	3.0%	High	79%	67%	71%	77%	NA	
UTC	70%	=/<100%		72%	3.0%	High	90%	66%	65%	70%	NA	
UTM	72%	=/<100%		74%	3.0%	High	79%	68%	73%	72%	NA	

Change in tuition rates (UG, Grad, Professional) excluding programs that move to 15/4 plan and or differential tuition

(4) UG Tuition no more than HEPI rate change	FY16 (Fall 15-Sp 16)	Goal (Fall 16)	% Incr	Goal (Fall 16)	% Incr	Weight	Fall 10	Fall 11	Fall 12	Fall 13	Fall 14	Fall 15
				HEPI est. @ 2.2			HEPI Adjusted in FY15 $					
UT System (simple avg of UG tuition)	$8,078	HEPI-TBD		$8,255	2.2%	High	$6,081	$6,822	$7,119	$7,930	$7,812	$8,078
UTK	$10,678	HEPI-TBD		$10,913	2.2%	High	$6,551	$7,831	$8,325	$10,279	$10,366	$10,678
UTC	$6,624	HEPI-TBD		$6,770	2.2%	High	$5,438	$5,851	$6,105	$6,373	$6,430	$6,624
UTM	$6,918	HEPI-TBD		$7,070	2.2%	High	$5,681	$6,114	$6,379	$6,659	$6,716	$6,918
UTHSC (Dental Hygiene)	$7,848	HEPI-TBD		$8,021	2.2%	High	$6,653	$7,490	$7,667	$7,931	$7,546	$7,848
UTHSC (Nursing)	$8,320	HEPI-TBD		$8,503	2.2%	High				$8,408	$8,000	$8,320

FY15 HEPI rate is 2.15%

FY2015-16 Quantitative Goals Under the Variable Compensation Plan for University Officers

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(5) Grad Tuition no more than HEPI rate change + 2-3%	FY16 (Fall 15-Sp 16)	Goal (Fall 16)	% Incr	Goal (Fall 16)	% Incr	Weight	Fall 10	Fall 11	Fall 12	Fall 13	Fall 14	Fall 15
							HEPI Adjusted in FY15 $					
UT System	10,001	HEPI-TBD		Deleted		High	$7,784	$8,566	$9,062	$9,491	$9,553	$10,001
UTK	10,618	HEPI-TBD		Deleted		High	$8,201	$9,032	$9,603	$10,027	$10,112	$10,618
UTC	7,938	HEPI-TBD		Deleted		High	$6,491	$7,016	$7,320	$7,643	$7,708	$7,938
UTM	8,254	HEPI-TBD		Deleted		High	$6,744	$7,291	$7,608	$7,946	$8,014	$8,254
UTHSC (Graduate Health Sciences)	10,484	HEPI-TBD		Deleted		High	$8,889	$10,005	$10,243	$10,594	$10,080	$10,484

FY15 HEPI rate is 2.15%

(5) Professional Tuition no more than HEPI rate change + 2-3%	FY16 (Fall 15-Sp 16)	Goal (Fall 16)	% Incr	Goal (Fall 16)	% Incr	Weight	Fall 10	Fall 11	Fall 12	Fall 13	Fall 14	Fall 15
							HEPI Adjusted in FY15 $					
Law - UTK	16,078	HEPI-TBD		Deleted		High	13,882	15,224	16,184	16,898	16,078	16,078
Vet Med - UTK	25,672	HEPI-TBD		Deleted		High	20,276	21,046	22,787	23,793	23,770	25,672
Medicine - UTHSC	33,030	HEPI-TBD		Deleted		High	26,645	30,905	32,586	34,715	33,030	33,030
Nursing - UTHSC	12,210	HEPI-TBD		Deleted		High	10,871	12,238	12,527	12,339	11,740	12,210
Pharmacy - UTHSC	21,862	HEPI-TBD		Deleted		High	18,985	21,376	21,884	22,092	21,020	21,862
Dentistry - UTHSC	29,016	HEPI-TBD		Deleted		High	24,598	27,696	28,350	29,323	27,900	29,016
Health Professions - UTHSC	13,084	HEPI-TBD		Deleted		High	11,092	12,488	12,783	13,222	12,580	13,084

FY15 HEPI rate is 2.15%

(13) Gifts, pledges, bequests grow	FY11-15	FY 16 Goal	% Incr	FY 16 Goal	% Incr	Weight	FY11	FY12	FY13	FY14	FY15	FY16
UT System	$185.144	$212.92	15.0%	$222.17	20.0%	High	$144.053	$148.998	$149.134	$179.788	$303.747	
UTK	$132.012	$151.81	15.0%	$158.41	20.0%	High	$97.190	$104.782	$92.690	$130.871	$234.528	
UTC	$10.090	$11.60	15.0%	$12.11	20.0%	High	$10.890	$8.657	$10.046	$6.375	$14.484	
UTM	$3.568	$4.10	15.0%	$4.28	20.0%	High	$4.519	$3.045	$3.285	$3.111	$3.880	
UTHSC	$25.186	$28.96	15.0%	$30.22	20.0%	High	$20.428	$12.879	$30.877	$22.499	$39.248	
UTIA	$12.900	$14.84	15.0%	$15.48	20.0%	High	$8.296	$18.800	$10.954	$16.035	$10.416	

FY2015-16 Quantitative Goals Under the Variable Compensation Plan for University Officers

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(16 / 18) Reduce faculty and staff salary gap with peers	FY15	FY 16 Goal	% Decr	FY 16 Goal	% Incr	Weight	FY11	FY12	FY13	FY14	FY15	FY16
	Base Yr	Original Goal		Revised Goal			($ in millions)					
UT System							$183.762	NA	$149.064	$153.016		
UT System (new methodology)*	$83.600	$71.06	15.0%	$71.06	15.0%	High					$83.600	
UTK							$83.333	NA	$58.316	$59.000		
UTK (new methodology)*	$41.020	$34.87	15.0%	$34.87	15.0%	High					$41.020	
UTC	$7.552	$6.42	15.0%	$6.42	15.0%	High	$10.400	NA	$7.300	$7.600	$7.552	
UTM	$6.237	$5.30	15.0%	$5.30	15.0%	High	$8.540	NA	$7.808	$8.274	$6.237	
UTHSC							$55.510	NA	$52.338	$53.908		
UTHSC (new methodology)*	$5.003	$4.25	15.0%	$4.25	15.0%	High					$5.003	
UTIA	$19.100	$16.24	15.0%	$16.24	15.0%	High	$19.520	NA	$18.544	$19.100	$19.100	

** In FY15, UTK and UTHSC commissioned updates to their salary studies. They used more detailed and improved methodologies which included different participant (comparison) groups, survey sources, compensation data, and percent of faculty that were benchmarked. The revised FY15 studies are a more accurate reflection of the salary gap. The FY15 salary gap for UTHSC and Total should not be compared to the original study.*

(17) Deferred Maintenance Expenditures (Develop 2-yr		FY 16 Goal ($M)	% Incr	FY 16 Goal ($M)	% Incr	Weight	FY11	FY12	FY13	FY14	FY15	FY16
* (System = $25.0 million) over 2 yrs		$12.50		$12.50		High						
* (UTK/UTSI = $15.75m)		$7.88		$7.88		High						
* (UTC = $2.5m)		$1.25		$1.25		High						
* (UTM = $2.0m)		$1.00		$1.00		High						
* (UTHSC = $3.75m)		$1.88		$1.88		High						
* (UTIA = $1.0m)		$0.50		$0.50		High						

METHODOLOGY FOR CALCULATING A PARTICIPANT'S SCORE
UNDER THE
PERFORMANCE-BASED VARIABLE COMPENSATION PLAN

(See the following spreadsheet for an example of how the methodology would apply.)

1. No points will be awarded when the actual is less than the base.

2. If the actual exceeds the goal, the percent above the goal will be multiplied by the weight of the metric.

3. If the actual is greater than the base but lower than the goal, partial credit will be awarded based on the % from the base where:

   % from base = (Actual – Base) / (Goal – Base)

   1% - 33% from Base = 25% credit
   34% - 66% from Base = 50% credit
   67% - 99% from Base = 75% credit

4. Advocacy and Leadership will be increased from 10% to 20% of the total score.

5. Additional Goals (subjective) will be scored as Met (100%), Partial (50%), or Not Met (0%).

6. Self-evaluation and evaluation narratives may include contextual information, such as a discussion of circumstances beyond the participant's control that prevented achieving the goal, but significant improvements were made toward the spirit of the goal.

FY2015-16 Variable Compensation Plan for University Officers (Methodology)

Red are BAG metrics -- Blue are Strategic Plan metrics

Score = Straight % of goal achieved

		a	b	c	% Goal Achieved	Actual >	Scores				Weights for Obj/ Subj/ Adv/Lead	Overall Scores % * Weights
		Base	Actual *	Goal	b/c	Base	% score	(1-3) weight	score * weight	Max Score		
							Weights: High =3, Intermediate=2, Normal =1					
	1. Enhancing Educational Excellence					Below base = 0 score				Above base but below target		
	(3) Annual goal setting will be done for growth in enrollment											
1	Fall Headcount, Undergraduate	38,647	38,000	39,535	96.1%	FALSE	0.0%	3	0.00	3	1% - 33% of goal =25%	
2	Fall Headcount, Graduate/ Professional	10,489	10,300	10,695	96.3%	FALSE	0.0%	3	0.00	3	34% - 66% of goal = 50%	
	% UG Out-State Enrollment should be < 25% of total	10.3%	11.0%	11.2%	98.1%	TRUE	75.3%	1	0.75	1	67% - 99% of goal = 75%	
3	Graduation Rates	56.9%	60.0%	58.6%	102.4%	TRUE	102.4%	3	3.07	3		
4	Freshman Retention	79.6%	80.0%	82.1%	97.5%	TRUE	16.9%	3	0.75	3		
5	Total Degrees Awarded	11,698	11,900	11,897	100.0%	TRUE	101.4%	3	2.25	3		
	2. Expanding Research Capacities											
6	(10) Research expenditures increase 6% annually (5 yr. avg)	$418.11	$425.00	$443.20	95.9%	TRUE	27.5%	3	0.75	3		
7	Research Expenditures (5 yr avg) (reported to NSF less ARRA	$316.58	$305.00	$326.07	93.5%	FALSE	0.0%	3	0.00	3		
8	Research Award $ (5 Yr Avg in $ Millions)	$316.27	$340.00	$335.24	101.4%	TRUE	101.4%	3	3.04	3		
9	Inventions (Disclosures) (5Yr Avg)	129	115	131	87.5%	FALSE	0.0%	2	0.00	2		
	3. Fostering Outreach and Engagement											
	(12) # of customers served should grow >FY15 (4 yr. avg)											
10	Number of Outreach Participants > 4-year avg	4,356,553	4,500,000	4,704,058	95.7%	TRUE	41.3%	2	1.00	2		
	Number of clients served should grow >FY15 (4 yr. avg)											
11	HSC RVUs	3,828,878	3,900,000	3,940,641	99.0%	TRUE	63.6%	3	1.50	3		
	4. Improving Effectiveness & Efficiency											
	(8) Tuition/fees = or < peer avg adj. for state appropriations/per st. FTE											
12	(Approp+Tuition/Fee Rev) / St. FTE as % of Peer Average	73%	78%	75%	104.2%	TRUE	104.2%	3	3.13	3		
	Change in tuition rates (UG, Grad, Professional) excluding programs that move to 15/4 plan and or differential tuition											
13	(4) UG Tuition no more than HEPI rate change	$8,078	$8,320	$8,255	99.2%	TRUE	0.0%	3	0.00	3		
14	(13) Gifts, pledges, bequests grow >15% (5 yr. avg)	$185.1	$225.0	$222.2	101.3%	TRUE	101.3%	3	3.04	3		
15	(16 / 18) Reduce faculty and staff salary gap w/ peers	$83.6	$75.0	$71.1	94.7%	TRUE	68.6%	3	2.25	3		
16	(17) Deferred Maintenance Expenditures (2-Yr Plan)		$13.0	$12.50	104.0%	TRUE	104.0%	3	3.12	3		
	Totals								24.65	47.0		
	Total Objective Score								52%		60%	31%

** = data were estimated for modeling purposes and should not reflect final outcomes.*

Additional Goals

Partial = 1/2 credit

		Met / Partially Met / Not Met	Weights for Obj/Subj/Oth	Overall Scores % * Weights
1. Enhancing Educational Excellence				
1	(14) Conduct program realignment to assess low performing programs	Partial	Met = 100%	
2	(15) Perform feasibility analysis &develop a plan for program consolidation(s)	Partial	Partial = 50%	
3	(22) Conduct review of the tenure & post-tenure review processes & implement a new policy	Partial	Not Met = 0%	
2. Expanding Research Capacities				
4	(11) Review direct and indirect cost sharing on grants and contracts which are not locked at a given rate and implement necessary incentives for departments to minimize the level of cost sharing	Partial		
4. Improving Effectiveness & Efficiency				
5	(16) Develop 2-yr allocation/reallocation plan based upon 6% of FY15 unrestricted E&G	Met		
6	(6) Executive grad program tuition based on demand & peer costs	Partial		
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.	Partial		
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	Partial		
11	(21) Conduct study on unfunded mandates for student tuition waivers/discounts (UT system) and tuition waivers/discounts for UT employees	Partial		
	Total Subjective Score (% Met)	64%	20%	13%
	Advocacy and Leadership (% Attained)	85%	20%	17%
	Overall Score = (Sum of Objective, Subjective, Advocacy and Leadership)			61%

	Max Variable Comp Amount	Recommended Amount
Recommended Retention Payment = (Overall score * Max Retention Amount)	$122,225	$ 74,795

Office of Audit & Compliance

UT System

Performance-Based Variable Compensation Plan for University Officers

February 18, 2016

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THE UNIVERSITY OF TENNESSEE

February 18, 2016

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

Dear Mr. Gallimore:

We have completed our audit of the Performance-Based Variable Compensation Plan for University Officers for the UT System. This audit was requested by the UT Board of Trustees and included an examination of the plan's base-year values presented to the Board for approval in October 2015, as well as the spreadsheet created by the Office of Institutional Research to establish the values.

The objectives of the audit were to verify that the base-year values used for each goal corresponded to supporting data and to determine whether the spreadsheet contains formula, data entry, or calculation errors. The report provides findings to be addressed by Institutional Research, the Office of the President, and the Board and observations for their consideration.

Thank you for asking our office to provide assurance in this important process. We appreciate the cooperation and courtesy extended by everyone involved. If you have any questions about this report, or if we can assist further, please call.

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UT SYSTEM
PERFORMANCE-BASED VARIABLE COMPENSATION PLAN FOR UNIVERSITY OFFICERS

OBJECTIVES

The objectives of the audit were to verify that the quantitative base-year values in the Performance-Based Variable Compensation Plan for University Officers corresponded to supporting data and to determine whether the spreadsheet used to establish the values contains formula, data entry, or calculation errors.

This examination was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing*, published by The Institute of Internal Auditors, Inc. The audit staff performed auditing procedures necessary to accomplish the objectives.

BACKGROUND

The Performance-Based Variable Compensation Plan for University Officers was established to motivate and reward the achievement of performance goals and to enhance the university's ability to attract and retain outstanding executive officers. The plan is in effect for fiscal year 2016 and is only the second of its type. The first plan, known as the Performance and Retention Plan, covered the three-year period ended June 30, 2015. As with the first plan, the UT Board of Trustees requested our office to review the quantitative goals before final approval.

SCOPE AND METHODOLOGY

The scope included the quantitative base-year values of the Performance-Based Variable Compensation Plan provided to the Board for approval. The period for these values was fall 2015, fiscal year 2015, fiscal year 2016, or an average of previous fiscal years, depending on the goal. We collected data from campus and system officials and compared it to the values presented to the Board in October 2015. In addition, we reviewed the formulas and calculations in the spreadsheet used by the UT System Office of Institutional Research to establish the original values presented to the Board.

OPINION

The goals and processes of the variable compensation plan continue to be refined. The process to collect data for the goals remains cumbersome and inconsistent. Because the process is still immature, we have provided findings to be addressed by Institutional Research, the Office of the President, and the Board and observations for their consideration. The findings below should be corrected before final Board approval of the plan.

FINDINGS

1. Values Presented to the Board

Some of the goals presented to the Board were included in the first compensation plan; however, many are new or are based on different time periods. Certain values presented did not correspond to source data received from campus or system officials. The discrepancies are presented in Attachment 1.

2. Spreadsheet Formulas and Calculations

We noted four categories of formula and calculation issues. The issues below are highlighted on the original spreadsheet prepared by Institutional Research (Attachment 2).

- The data in 150 fields could not be traced because the cells were referenced to a different workbook on the original user's computer.
- Ten of the *percent increase* fields were calculations rather than fixed numbers. Because a formula was used, the *percent increase* will change if the base-year or goal values change. All other such fields on the spreadsheet are fixed percentages.
- Inconsistent formulas were used in 13 fields.
- Eight formulas contained errors.

OBSERVATIONS

In addition to reviewing the spreadsheet prepared by Institutional Research and the data used to calculate base-year values, we identified the following items that should be considered by management and the Board.

1. Spreadsheet and Data Management

Reproducibility: The spreadsheet used to prepare the compensation data is not reproducible for subsequent compensation plans because of the issues listed in Finding 2 above. Numerous modifications will be necessary to use the spreadsheet for future compensation plans. Developing a reproducible spreadsheet is more efficient and can reduce the likelihood of errors on subsequent compensation plans.

Data dictionary and sources: Institutional Research collected data in numerous ways, including e-mails from campus or system officials, web searches, and database queries. In addition, several of the goals include calculations to arrive at base values. Because consistency is critical to goal measurement, the data source and collection method should be documented centrally (e.g., spreadsheet). Additionally, a documented description of any formulas used to calculate goals should be maintained.

Spreadsheet version controls: We observed several versions of similar spreadsheets used for calculations. Having multiple versions could result in confusion and/or errors if a previous version is mistakenly used for modification or presentation.

Timing and method of data collection: After several values were provided to Institutional Research, campus officials updated or corrected data resulting in different values provided to us during the review. We learned that much of the data used for the goals does not have firm cutoffs for the fiscal year-end and adjustments continued to be made after the "closing" date. Additionally, because different parameters may be used when querying some data, we received values that did not correspond to those provided to or queried by Institutional Research. Discrepancies in the values for the following goals resulted from either timing or method of data collection.

- Fall headcount, graduate/professional
- Fall headcount, total
- In-state undergraduate enrollment
- Percentage of undergraduate out-of-state enrollment
- Graduation rates
- Total degrees awarded

- Research/sponsored projects reported to the Tennessee Higher Education Commission less American Recovery and Reinvestment Act (ARRA) funding
- Number of research proposals
- Number of participants in outreach and engagement activities
- Gifts, pledges, bequests

2. Data Sources

Because of immature data collection and reporting processes across the university system, several goals may not include consistent data among campuses or values may change in the near future because of business and other operational enhancements.

Number of research proposals: This goal is measured by each campus (decentralized), and a consistent definition of what constitutes a research proposal is not used. The UT System is implementing a new research system (Evisions) which will provide a consistent methodology for counting research proposals. The number of research proposals at several campuses is expected to decline because of a change in the definition of a proposal.

Number of participants in outreach and engagement activities: Other than the UT Institute of Agriculture (UTIA), the campuses have an immature data collection process for outreach and engagement activities. Campuses do not collect similar data because inconsistent definitions are used. In our audit of the compensation plan ended June 30, 2015, we asked management to remove data from a "homegrown" system because we were not comfortable with the self-reporting process employees used to capture the data. While this data is not included in the current base-year values, the numbers may not be completely accurate because of differences in methodology.

Additionally, UTIA operates on a calendar-year basis, making it difficult to produce accurate fiscal-year data. Most data is entered in UTIA's System for University Planning, Evaluation, and Reporting, or SUPER, at year-end. In 2016, new procedures will be implemented requiring data to be entered at mid-year and year-end. This procedural change will allow for a more accurate collection of fiscal-year data required for this goal.

Deferred maintenance: The deferred maintenance expenditure goal includes a two-year allocation/reallocation plan established by the UT Budget Advisory Group (BAG). The format and information included on the spreadsheet make it appear as if the allocation should be achieved in one year. If the goal is to be achieved in two years, the document should be updated to reflect the intent, and a one-year goal should be established. While most campuses will easily meet this goal the first year, reporting on goal achievement could be challenging because of inconsistent data captured among the campuses.

UT Health Science Center graduation rates: UT Health Science Center (UTHSC) program lengths and graduation rates are not consistent with the academic campuses' rates (e.g., four-year programs, six-year graduation rates). This calculation involves weighting of the UTHSC programs and may not be comparable with other campuses. Additionally, UTHSC's calculated graduation rate affects the UT System value since the system value is based on a six-year graduation rate for all campuses.

3. UT System Goals

The UT System values for the following goals include a weighted calculation based on fall headcounts. By including fall headcounts in the calculations, the system values could reflect

artificial increases or decreases if the headcounts change, even if tuition remains the same for the campuses.

- Tuition and mandatory fees at or below peer average.
- Undergraduate tuition no more than the Higher Education Price Index (HEPI) rate of change.
- Graduate tuition no more than HEPI rate of change.

At the time of this report, Institutional Research was planning to submit adjusted values for the System to the Board for approval. The new values will be a simple average rather than a weighted calculation.

4. Goal Measurement Considerations

Other potential challenges with the goals are noted below.

Percent of undergraduate out-of-state enrollment should be less than 25 percent of total: This goal is not clearly stated and should be clarified to indicate whether there is an expectation of growth as long as the total remains under 25 percent, or if the goal will be achieved even if out-of-state enrollment decreases.

Rank within the top 5 on Complete College Tennessee Act (CCTA): Ranking is measured as a percentage of growth during the year rather than overall ranking in comparison to other state universities and colleges. A campus may be disadvantaged because substantial success has already been achieved in CCTA.

Tuition and mandatory fees at or below peer average: Institutional Research gathered peer averages from peer campus websites. Websites may change over time, and maintaining consistent information may be difficult. In addition, the related goal from the BAG references adjustments for state appropriations; however, the calculation presented to the Board does not include such adjustments.

5. Proposed Adjustments to Goals

As of the end of our fieldwork, February 10, 2016, the Board's Executive and Compensation Committee is scheduled to consider a proposal to change several goals. Some of the proposals are discussed below.

- *Addition of state appropriation plus tuition/fee revenue compared to peer group*: This goal would replace the tuition/fees below peer average goal. We did not verify the original or proposed goals' base-year values. Achievement of these goals is not dependent on base-year values, but instead on a comparison of tuition and fees to peers for a given fiscal year.

- *Addition of research award dollars*: This goal would replace the research proposals goal. As discussed in Observation 2 above regarding research proposals, the process of tracking award dollars was decentralized (each campus independently tracks and reports the value). This value includes academic services, conferences/seminars, institutional support, public service, scholarships, training, instruction, and research. Although the current definition for award dollars is more consistent from campus to campus than that for research proposals, the implementation of Evisions may change the definition and could cause the values for this goal to increase or decline based on the new definition.

- *Revision to research expenditures reported to the National Science Foundation less ARRA funding*: Management is considering revising the time period for this goal. The fiscal year 2016 final values will not be available until February 2017, which may delay the measurement of goal achievement.

Differences in Values

Attachment 1

Legend
Goals recommended for removal

1. ENHANCING EDUCATIONAL EXCELLENCE

Goal	Value presented to Board	Value from source	Comment
In-state undergraduate enrollment	**Fall 15**	**Fall 15**	**Comment**
UT System	34,647	34,591	1
UTK	19,045	18,989	2
Graduation rates	**Fall 15**	**Fall 15**	**Comment**
UT System	56.9%		3
UTM	42.2%	45.7%	2

Comments

1. The value is a sum and is incorrect if any of the campus values are incorrect.
2. Discrepancies result from a difference in timing. See Observation 1 (Timing and method of data collection) in the report.
3. The goal could not be tested because UTHSC's data is measured on a different time frame. See Observation 2 (Data Sources - UTHSC graduation rates) in the report.

Differences in Values

Attachment 1

2. EXPANDING RESEARCH CAPACITIES

Goal	Value presented to Board	Value from source	Comment
Research/sponsored projects reported to THEC* less ARRA funding (in millions)**	**FY 11-15 Average**	**FY 11-15 Average**	**Comment**
UTK	154.21	157.31	
UTIA	41.40	42.24	

*Tennessee Higher Education Commission
**American Recovery and Reinvestment Act

Research expenditures reported to NSF* less ARRA funding (in millions)	**FY 10-14 Average**	**FY 10-14 Average**	**Comment**
UT System (President)	$311.94	$311.24	
UT System (VP Research)	311.94	311.24	
UTK	166.27	166.03	
UTC	8.77	8.77	4
UTM	0.76	0.77	
UTHSC	71.68	71.68	4
UTIA	64.45	63.99	

*National Science Foundation

Number of research proposals	**FY 11-15 Average**	**FY 11-15 Average**	**Comment**
UT System (President)	3,357	3,390	1
UT System (VP Research)	3,357	3,390	1
UTK (no Vet Med)	1,616	1,648	

Revenue from licenses	**FY 11-15 Average**	**FY 11-15 Average**	**Comment**
System (President)	$1,650,778	$1,646,915	
System (VP Research)	$1,650,778	$1,646,915	
UTK	$939,986	$894,244	
UTHSC	$456,421	$498,300	

Comments

1. The value is a sum and is incorrect if any of the campus values are incorrect.

4. Although the values are the same when rounded, the non-rounded numbers differ.

Differences in Values

Attachment 1

3. FOSTERING OUTREACH AND ENGAGEMENT

Goal	Value presented to Board	Value from source	Comment
Number of participants in outreach and engagement activities	**FY 12-15 Average**	**FY 12-15 Average**	**Comment**
UT System (President)	4,356,553	4,355,104	1
UT System (VP Research)	4,344,862	4,355,104	1
UTK	11,691	11,038	
UTM	3,233	3,300	
UTHSC	48,671	47,480	2
UTIA	4,089,254	4,089,252	
Number of clients served	**FY 12-15 Average**	**FY 12-15 Average**	**Comment**
UTHSC RVUs (Relative Value Units)	3,940,641	3,828,878	
Veterinary Medicine Clients	323,661	327,771	
Number of alumni who donate	**FY 11-15 Average**	**FY 11-15 Average**	**Comment**
UTC	2,577	2,601	

Comments

1. The value is a sum and is incorrect if any of the campus values are incorrect.
2. Discrepancies result from a difference in timing. See Observation 1 (Timing and method of data collection) in the report.

Differences in Values

Attachment 1

4. IMPROVING EFFECTIVENESS AND EFFICIENCY

Goal	Value presented to Board	Value from source	Comment
Undergraduate tuition	**FY 16**	**FY 16**	**Comment**
UT System	$8,978		5
Graduate tuition	**FY 16**	**FY 16**	**Comment**
UT System	10,001		5
Gifts, pledges, bequests (in millions)	**FY 11-15 Average**	**FY 11-15 Average**	**Comment**
UT System	$185.06	$185.14	2
UTC	10.01	10.09	2
UTHSC	24.94	25.19	2

Comments

2. Discrepancies result from a difference in timing. See Observation 1 (Timing and method of data collection) in the report.

5. The value is not included in the reported error rate but is discussed in Observation 3 (UT System Goals).

Spreadsheet Review

Attachment 2

3.4

Legend
Unable to trace data
Percent increase is a calculated field and will change if base year/goal changes
Inconsistent use of formula
Error in formula

The Office of Institutional Research created the document below. The Office of Audit and Compliance shaded applicable cells and provided the legend above as part of the audit of the compensation plan.

FY2015-16 Quantitative Goals Under the Variable Compensation Plan for University Officers

Red are BAG metrics

Strategic Plan metrics

Base Yr **Goal** **Weight** **(Normal, Intermediate, High)** **All data subject to final audit**

1. Enhancing Educational Excellence

(3) Annual goal setting will be done for growth in enrollment

Fall Headcount, Undergraduate	Fall 15	Goal (Fall 16)	% Incr	Weight	Fall 09	Fall 10	Fall 11	Fall 12	Fall 13	Fall 14	Fall 15
System	38,647	38,650	0.0%	High	37,807	38,573	38,605	38,401	38,504	38,656	38,647
UTK	21,863	21,863	0.0%	High	21,006	21,308	21,126	20,829	21,033	21,451	21,863
UTC	10,084	10,084	0.0%	High	9,039	9,229	9,891	10,159	10,297	10,315	10,084
UTM	6,435	6,435	0.0%	High	7,586	7,947	7,500	7,326	7,025	6,677	6,435
UTHSC	265	268	1.0%	Normal	176	89	88	87	149	213	265

Fall Headcount, Graduate/ Professional	Fall 15	Goal (Fall 16)	% Incr	Weight	Fall 09	Fall 10	Fall 11	Fall 12	Fall 13	Fall 14	Fall 15
System	10,489	10,517	0.3%	High	10,764	10,992	10,940	10,843	10,623	10,442	10,489
UTK	5,982	5,982	0.0%	High	6,101	6,215	6,253	6,189	6,138	5,959	5,982
UTC	1,304	1,304	0.0%	Intermed.	1,487	1,552	1,547	1,501	1,377	1,355	1,304
UTM	392	392	0.0%	Normal	515	522	413	425	398	365	392
UTHSC	2,811	2,839	1.0%	High	2,661	2,703	2,727	2,728	2,710	2,763	2,811

Fall Headcount, Total	Fall 15	Goal (Fall 16)	% Incr	Weight	Fall 09	Fall 10	Fall 11	Fall 12	Fall 13	Fall 14	Fall 15
System	49,136	49,167	0.1%	High	48,571	49,565	49,545	49,244	49,127	49,098	49,136
UTK	27,845	27,845	0.0%	High	27,107	27,523	27,379	27,018	27,171	27,410	27,845
UTC	11,388	11,388	0.0%	High	10,526	10,781	11,438	11,660	11,674	11,670	11,388
UTM	6,827	6,827	0.0%	High	8,101	8,469	7,913	7,751	7,423	7,042	6,827
UTHSC	3,076	3,107	1.0%	High	2,837	2,792	2,815	2,815	2,859	2,976	3,076

(1) In-State UG Enrollments should be > Fall 15	Fall 15	Goal (Fall 16)		Weight	Fall 09	Fall 10	Fall 11	Fall 12	Fall 13	Fall 14	Fall 15
System	**34,647**	**> Fall 15**		**High**	34,212	35,048	35,372	35,281	35,090	34,952	34,647
UTK	**19,045**	**> Fall 15**		**High**	18,404	18,765	18,909	18,719	18,672	18,775	19,045
UTC	**9,460**	**> Fall 15**		**High**	8,469	8,676	9,317	9,579	9,721	9,719	9,460
UTM	**5,928**	**> Fall 15**		**High**	7,204	7,534	7,075	6,906	6,565	6,181	5,928
UTHSC	**214**	**> Fall 15**		**High**	135	73	71	77	132	177	214

Based on Permanent Residency

(2) % UG Out-State Enrollment should be < 25% of total	Fall 15	Goal (Fall 16)		Weight	Fall 09	Fall 10	Fall 11	Fall 12	Fall 13	Fall 14	Fall 15
System	**10.3%**	**< 25%**		**Normal**	9.5%	9.1%	8.4%	8.1%	8.9%	9.6%	10.3%
UTK	**12.9%**	**< 25%**		**Normal**	12.4%	12.0%	10.5%	10.1%	11.2%	12.0%	12.9%
UTC	**6.2%**	**< 25%**		**Normal**	6.3%	6.0%	5.8%	5.7%	5.6%	5.8%	6.2%
UTM	**7.9%**	**< 25%**		**Normal**	5.0%	5.1%	5.7%	5.7%	6.5%	7.4%	7.9%
UTHSC	**19.3%**	**< 25%**		**Normal**	23.3%	18.0%	19.3%	11.5%	11.4%	16.9%	19.3%

(9) Rank within top 5 on CCTA metrics	FY15	Goal		Weight	FY10	FY11	FY12	FY13	FY14	FY15	FY16
UT System (# of UT campuses in top 5)	**2**	**In Top 5**		**High**	NA	NA	3	2	2	2	
UTK (rank in % increase over prior year)	**Not in top 5**	**In Top 5**		**High**	NA	NA	2	3	4	Not in top 5	
UTC (rank in % increase over prior year)	**1**	**In Top 5**		**High**	NA	NA	1	2	3	1	
UTM (rank in % increase over prior year)	**4**	**In Top 5**		**Intermed.**	NA	NA	3	Not in top 5	2	4	

Strategic Plan metrics

Graduation Rates	Fall 15	Goal (Fall 16)	% Incr	Weight	Fall 09	Fall 10	Fall 11	Fall 12	Fall 13	Fall 14	Fall 15
System	56.9%	58.4%	1.5%	High	52.8%	51.9%	56.3%	56.3%	56.1%	57.3%	56.90%
UTK	70.3%	> 70.3%		High	60.6%	60.5%	63.2%	66.1%	67.5%	69.3%	70.3%
UTC	43.6%	45.1%	1.5%	High	42.3%	37.6%	39.5%	38.2%	37.1%	39.8%	43.6%
UTM	42.2%	43.7%	1.5%	High	48.5%	45.3%	49.6%	48.9%	46.6%	47.0%	42.20%
UTHSC	96.1%	>94.0%		Normal	NA	NA	NA	96.6%	94.8%	95.5%	96.10%

Freshman Retention	Fall 15	Goal (Fall 16)	% Incr	Weight	Fall 09	Fall 10	Fall 11	Fall 12	Fall 13	Fall 14	Fall 15
System	79.6%	81.6%	2.0%	High	76.4%	78.6%	78.2%	77.4%	78.1%	79.3%	79.6%
UTK	84.6%	86.6%	2.0%	High	83.8%	86.2%	84.5%	84.6%	85.6%	86.6%	84.6%
UTC	71.4%	73.4%	2.0%	High	66.9%	67.3%	69.3%	67.4%	69.1%	70.0%	71.4%
UTM	74.5%	76.5%	2.0%	High	71.8%	71.0%	73.1%	70.7%	69.9%	70.8%	74.5%

Total Degrees Awarded	FY15	FY 16 Goal	% Incr	Weight	FY10	FY11	FY12	FY13	FY14	FY15	FY16
System	11,503	11,733	2.0%	High	10,132	10,330	11,058	11,182	11,152	11,503	
UTK (includes Vet Med & CASNR)	6,758	6,859	1.5%	High	6,345	6,518	6,885	6,793	6,689	6,758	
UTC	2,375	2,411	1.5%	High	1,835	1,887	2,140	2,232	2,350	2,375	
UTM	1,329	1,349	1.5%	High	1,157	1,185	1,265	1,372	1,346	1,329	
UTHSC (incl Residency Completers)	1,236	1,261	2.0%	Normal	1,071	1,041	1,072	1,189	1,225	1,236	
UTIA (Vet Med & CASNR)	449	458	2.0%	Normal	327	331	447	409	420	449	

2. Expanding Research Capacities

BAG Metrics

(10) Research /sponsored projects increase 6% annually (5 yr. avg) (reported to THEC less ARRA funding)	FY11-15	FY16 Goal	% Incr	Weight	FY10	FY11	FY12	FY13	FY14	FY15	FY16
					($ in millions)						
System (President)	$418.11	$443.20	6.0%	High	$371.52	$403.61	$413.40	$425.20	$414.83	$433.52	
System (VP Research)	$418.11	$443.20	6.0%	High	$371.52	$403.61	$413.40	$425.20	$414.83	$433.52	
UTK	$154.21	$163.46	6.0%	High	$139.91	$153.91	$151.62	$155.12	$156.57	$153.83	
UTC	$9.59	$10.16	6.0%	Normal	$11.36	$9.66	$10.43	$9.70	$8.83	$9.34	
UTM	$2.90	$3.07	6.0%	Normal	$4.51	$3.84	$3.30	$2.21	$2.52	$2.63	
UTHSC	$201.84	$213.95	6.0%	High	$169.79	$184.89	$196.53	$202.05	$203.09	$222.67	
UTIA	$41.40	$43.88	6.0%	High	$39.03	$41.50	$42.55	$43.83	$36.26	$42.84	

Strategic Plan metrics

Research Expenditures (5 yr avg) (reported to NSF less ARRA funding)	FY10-14	FY 16 Goal	% Incr	Weight	FY10	FY11	FY12	FY13	FY14	FY15	FY16
					($ in millions)					Est. (Actual in Feb)	
System (President)	$311.94	$321.30	3.0%	High	$287.02	$300.28	$323.64	$332.94	$315.83	**$310.77**	
System (VP Research)	$311.94	$321.30	3.0%	High	$287.02	$300.28	$323.64	$332.94	$315.83	**$310.77**	
UTK	$166.27	$171.26	3.0%	High	$144.86	$156.55	$171.01	$184.76	$174.16	**$169.86**	
UTC	$8.77	$8.90	1.5%	Normal	$10.38	$8.91	$10.72	$7.67	$6.18	**$6.89**	
UTM	$0.76	$0.78	1.5%	Normal	$1.06	$1.23	$0.57	$0.41	$0.55	**$0.46**	
UTHSC	$71.68	$73.83	3.0%	High	$74.80	$71.98	$72.46	$71.35	$67.81	**$66.63**	
UTIA	$64.45	$66.38	3.0%	High	$55.91	$61.61	$68.88	$68.75	$67.09	**$66.93**	

# of Research Proposals (5 Yr Avg)	FY11-15	FY 16 Goal	% Incr	Weight	FY10	FY11	FY12	FY13	FY14	FY15	FY16
System (President)	3,357	3,588	6.0%	High	3,226	3,268	3,165	3,217	3,482	3,651	
System (VP Research)	3,357	3,588	6.0%	High	3,226	3,268	3,165	3,217	3,482	3,651	
UTK (no vet med)	1,616	1,727	6.0%	High	1,577	1,526	1,593	1,532	1,642	1,785	
UTC	140	150	6.0%	Normal	99	145	156	131	123	145	
UTM	57	61	6.0%	Normal	68	83	46	52	52	50	
UTHSC	817	873	6.0%	High	951	865	732	787	857	843	
UTIA	705	754	6.0%	High	505	616	618	688	791	812	

Inventions (Disclosures) (5Yr Avg)	FY11-15	FY 16 Goal	% Incr	Weight	FY10	FY11	FY12	FY13	FY14	FY15	FY16
System (President)	129	131	2.0%	Intermed.	89	87	144	145	152	116	
System (VP Research)	129	131	2.0%	High	89	87	144	145	152	116	
UTK	62	63	2.0%	High	29	39	48	71	82	71	
UTC	3	3	2.0%	Normal	3	0	8	2	1	3	
UTM	1	1	0.0%	NA	0	0	1	2	2	0	
UTHSC	27	28	1.0%	High	32	26	27	30	29	25	
UTIA	35	36	2.0%	High	25	22	60	40	38	15	

Revenue from Licenses (5Yr Avg)	FY11-15	FY 16 Goal	% Incr	Weight	FY10	FY11	FY12	FY13	FY14	FY15	FY16
System (President)	$1,650,778	1,683,794	2%	Intermed.	$1,358,149	$1,547,630	$1,403,401	$1,004,028	$958,521	$3,340,311	
System (VP Research)	$1,650,778	1,683,794	2%	High	$1,358,149	$1,547,630	$1,403,401	$1,004,028	$958,521	$3,340,311	
UTK	$939,986	958,786	2%	High	$692,250	$887,673	$584,598	$345,931	$301,312	$2,580,417	
UTC	$3,000	NA	NA	NA	$0	$0	$15,000	$0	$0	$0	
UTM	$0	NA	NA	NA	$0	$0	$0	$0	$0	$0	
UTHSC	$456,421	460,985	1%	High	$518,763	$500,929	$372,199	$383,545	$461,652	$563,781	
UTIA	$251,371	253,885	1%	High	$147,136	$159,028	$431,604	$274,552	$195,557	$196,113	

U.S. Patents Issues	FY11-15	FY 16 Goal	% Incr	Weight	FY10	FY11	FY12	FY13	FY14	FY15	FY16
System (President)	27	28	2.0%	Intermed.	23	19	23	32	36	25	
System (VP Research)	27	30	2.0%	High	23	19	23	32	36	25	
UTK	11	12	2.0%	High	7	8	7	16	14	10	
UTC	0	NA	NA	Normal	0	0	0	0	0	0	
UTM	0	NA	NA	NA	0	0	0	0	0	0	
UTHSC	13	14	2.0%	High	11	8	13	13	17	12	
UTIA	3	4	2.0%	High	5	3	3	3	5	3	

3. Fostering Outreach and Engagement

BAG Metrics

(12) # of customers served should grow >FY15 (4 yr. avg)											
Number of Participants in Outreach and Engagement Activities Greater than 4-year avg	FY12-15	FY 16 Goal		Weight	FY10	FY11	FY12	FY13	FY14	FY15	FY16
System (President)	4,356,553	> FY avg		Intermed.	NA	NA	4,011,218	4,218,400	4,493,598	4,702,995	
System (VP Research)	4,344,862	> FY avg		Intermed.	NA	NA	3,999,002	4,206,324	4,486,019	4,688,102	
UTK	11,691	> FY avg		Normal	NA	NA	12,216	12,076	7,579	14,893	
UTC	6,173	> FY avg		Intermed.	NA	NA	6,334	5,159	6,525	6,672	
UTM	3,233	> FY avg		Intermed.	NA	NA	2,638	3,438	3,143	3,713	
UTHSC	48,671	> FY avg		High	NA	NA	41,157	42,483	48,318	62,727	
UTIA	4,089,254	> FY avg		High	NA	NA	3,823,084	4,019,148	4,194,665	4,320,120	

(12) # of clients served should grow >FY15 (4 yr. avg)	FY12-15	FY 16 Goal		Weight	FY10	FY11	FY12	FY13	FY14	FY15	FY16
HSC RVUs	3,940,641	> FY avg		High	NA	NA	3,658,609	3,982,854	3,733,407	3,940,641	
Vet Med (Clients)	323,661	> FY avg		High	NA	NA	215,190	390,541	387,275	323,661	

Strategic Plan metrics

Number of Alumni Who Donate (5-yr avg)	FY11-15	FY 16 Goal	% Incr	Weight	FY10	FY11	FY12	FY13	FY14	FY15	FY16
UT System	27,914	30,148	8%	Intermed.	27,997	27,705	26,323	26,504	28,114	30,926	
UTK	19,502	21,063	8%	Intermed.	19,725	19,732	18,464	18,385	19,546	21,385	
UTC	2,577	2,783	8%	Intermed.	2,720	2,487	2,541	2,601	2,746	2,510	
UTM	2,114	2,283	8%	Intermed.	1,815	1,868	1,866	2,040	2,248	2,546	
UTHSC	3,615	3,904	8%	Normal	3,752	3,611	3,442	3,563	3,562	3,898	
UTIA	1,376	1,431	4%	Normal	1,435	1,392	1,349	1,302	1,415	1,423	

4. Improving Effectiveness & Efficiency

BAG Metrics

(8) Tuition/mandatory fees = or less than peer avg adjusted for state appropriations/per st. FTE

Tuition and Mandatory Fees (at or below) Peer Average	FY16 (Fall 15-Sp 16)	Goal (Fall 16)		Weight	Fall 09	Fall 10	Fall 11	Fall 12	Fall 13	Fall 14	Fall 15
UT System	95.0%	=/<100%		High	78.7%	79.4%	81.7%	84.4%	94.9%	95.4%	95.0%
UTK	97.8%	=/<100%		High	70.0%	71.1%	77.5%	80.8%	97.5%	96.7%	97.8%
UTC	92.0%	=/<100%		High	88.9%	89.2%	93.5%	92.6%	92.0%	95.3%	92.0%
UTM	89.9%	=/<100%		High	90.4%	90.2%	92.5%	89.5%	91.2%	91.4%	89.9%

Professional) excluding programs that move to 15/4 plan and or differential

(4) UG Tuition no more than HEPI rate change	FY16 (Fall 15-Sp 16)	Goal (Fall 16)		Weight	Fall 09	Fall 10	Fall 11	Fall 12	Fall 13	Fall 14	Fall 15
					HEPI Adjusted in FY15 $						
UT System (UTK,	$8,978	HEPI-TBD		High	$5,649	$6,105	$6,989	$7,365	$8,566	$8,672	$8,978
UTK	10,678	HEPI-TBD		High	$6,058	$6,551	$7,831	$8,325	$10,279	$10,366	$10,678
UTC	6,624	HEPI-TBD		High	$5,029	$5,438	$5,851	$6,105	$6,373	$6,430	$6,624
UTM	6,918	HEPI-TBD		High	$5,254	$5,681	$6,114	$6,379	$6,659	$6,716	$6,918
UTHSC (Dental Hygiene)	7,848	HEPI-TBD		High	$6,093	$6,653	$7,490	$7,667	$7,931	$7,546	$7,848
UTHSC (Nursing)	8,320	HEPI-TBD		High					$8,408	$8,000	$8,320

FY15 Preliminary HEPI rate is 2.1%

(5) Grad Tuition no more than HEPI rate change + 2-3%	FY16 (Fall 15-Sp 16)	Goal (Fall 16)		Weight	Fall 09	Fall 10	Fall 11	Fall 12	Fall 13	Fall 14	Fall 15
					HEPI Adjusted in FY15 $						
UT System	10,001	HEPI-TBD		High	$7,238	$7,784	$8,566	$9,062	$9,491	$9,553	$10,001
UTK	10,618	HEPI-TBD		High	$7,618	$8,201	$9,032	$9,603	$10,027	$10,112	$10,618
UTC	7,938	HEPI-TBD		High	$6,031	$6,491	$7,016	$7,320	$7,643	$7,708	$7,938
UTM	8,254	HEPI-TBD		High	$6,265	$6,744	$7,291	$7,608	$7,946	$8,014	$8,254
UTHSC (Graduate Health Sciences)	10,484	HEPI-TBD		High	$8,147	$8,889	$10,005	$10,243	$10,594	$10,080	$10,484

FY15 Preliminary HEPI rate is 2.1%

(5) Professional Tuition no more than HEPI rate change + 2-3%	FY16 (Fall 15-Sp 16)	Goal (Fall 16)		Weight	Fall 09	Fall 10	Fall 11	Fall 12	Fall 13	Fall 14	Fall 15
					HEPI Adjusted in FY15 $						
Law - UTK	16,078	HEPI-TBD		High	12,495	13,882	15,224	16,184	16,898	16,078	16,078
Vet Med - UTK	25,672	HEPI-TBD		High	19,468	20,276	21,046	22,787	23,793	23,770	25,672
Medicine - UTHSC	33,030	HEPI-TBD		High	23,771	26,645	30,905	32,586	34,715	33,030	33,030
Nursing - UTHSC	12,210	HEPI-TBD		High	9,966	10,871	12,238	12,527	12,339	11,740	12,210
Pharmacy - UTHSC	21,862	HEPI-TBD		High	17,398	18,985	21,376	21,884	22,092	21,020	21,862
Dentistry - UTHSC	29,016	HEPI-TBD		High	22,543	24,598	27,696	28,350	29,323	27,900	29,016
Health Professions - UTHSC	13,084	HEPI-TBD		High	10,167	11,092	12,488	12,783	13,222	12,580	13,084

FY15 Preliminary HEPI rate is 2.1%

(13) Gifts, pledges, bequests grow >15% (5 yr. avg)	FY11-15	FY 16 Goal	% Incr	Weight	FY10	FY11	FY12	FY13	FY14	FY15	FY16
UT System	$185.064	$212.82	15.0%	High	$176.719	$144.053	$148.998	$149.134	$179.788	$303.347	
UTK	$132.012	$151.81	15.0%	High	$114.310	$97.190	$104.782	$92.690	$130.871	$234.528	
UTC	$10.010	$11.51	15.0%	High	$10.631	$10.890	$8.657	$10.046	$6.375	$14.080	
UTM	$3.568	$4.10	15.0%	High	$8.853	$4.519	$3.045	$3.285	$3.111	$3.880	
UTHSC	$24.943	$28.68	15.0%	High	$34.639	$20.428	$12.879	$30.877	$21.284	$39.248	
UTIA	$12.901	$14.84	15.0%	High	$6.440	$8.296	$18.800	$10.954	$16.038	$10.416	

(16 / 18) Reduce faculty and staff salary gap with peers	FY15	FY 16 Goal	% Decr	Weight	FY10	FY11	FY12	FY13	FY14	FY15	FY16
					($ in millions)						
UT System					NA	$183.762	NA	$149.064	$153.016		
UT System (new methodology)*	**$83.600**	**$71.06**	**15.0%**	**High**						$83.600	
UTK					NA	$83.333	NA	$58.316	$59.000		
UTK (new methodology)*	**$41.020**	**$34.87**	**15.0%**	**High**						$41.020	
UTC	**$7.552**	**$6.42**	**15.0%**	**High**	NA	$10.400	NA	$7.300	$7.600	$7.552	
UTM	**$6.237**	**$5.30**	**15.0%**	**High**	NA	$8.540	NA	$7.808	$8.274	$6.237	
UTHSC				**High**	NA	$55.510	NA	$52.338	$53.908		
UTHSC (new methodology)*	**$5.003**	**$4.25**	**15.0%**	**High**						$5.003	
UTIA	**$19.100**	**$16.24**	**15.0%**	**High**	NA	$19.520	NA	$18.544	$19.100	$19.100	

** In FY15, UTK and UTHSC commissioned updates to their salary studies. They used more detailed and improved methodologies which included different participant (comparison) groups, survey sources, compensation data, and percent of faculty that were benchmarked. The revised FY15 studies are a more accurate reflection of the salary gap. The FY15 salary gap for UTHSC and Total should not be compared to the original study.*

(17) Deferred Maintenance Expenditures (Develop 2-yr allocation/reallocation plan based upon $25m deferred maintenance)		FY 16 Goal	% Incr	Weight	FY10	FY11	FY12	FY13	FY14	FY15	FY16
* (System = $25.0)				High							
* (UTK/UTSI = $15.75)		$15.75		High							
* (UTC = $2.5m)		$2.50		High							
* (UTM = $2.0m)		$2.00		High							
* (UTHSC = $3.75m)		$3.75		High							
* (UTIA = $1.0m)		$1.00		High							

THE UNIVERSITY OF TENNESSEE
BOARD OF TRUSTEES

ACTION ITEM

DATE: April 1, 2016

COMMITTEE: Executive and Compensation

ITEM: **President's Four-Year Comprehensive Performance Review of Chancellor Arrington and Compensation Recommendation**

RECOMMENDATION: Approval

PRESENTED BY: Raja J. Jubran, Vice Chair of the Board and Chair of the Executive and Compensation Committee

At the Executive and Compensation Committee Meeting on February 23, 2016, President DiPietro presented his report of a comprehensive performance review of Chancellor Arrington. Following this memorandum are:

1. The President's report of Chancellor Arrington's review, which includes the President's recommendation for a market adjustment to Chancellor Arrington's current annualized base salary of $302,916; the recommendation is for a 10% increase, bringing his annualized base salary to $333,208, effective July 1, 2016 (Tab 4.1);
2. Market data in support of the compensation recommendation (Tab 4.2);
3. Chancellor Arrington's Status Report, 2011-2015 (Tab 4.3);
4. 360-survey results (Tab 4.4); and
5. Guidelines for Comprehensive Performance Reviews (Tab 4.5).

Recommendation of the Executive and Compensation Committee:

At its meeting on February 23, 2016, the Executive and Compensation Committee recommended adoption of the following Resolution by the Board of Trustees:

> **RESOLVED: The President's Four-Year Comprehensive Performance Review of Chancellor Arrington is approved, and the recommended 10% increase in Chancellor Arrington's annualized base salary is approved to bring his annualized base salary to $333,208, effective July 1, 2016.**

MOTION: I move adoption of the Resolution.

Four Year Comprehensive Review
Dr. Larry Arrington
The University of Tennessee Institute of Agriculture
February 2016

Dr. Arrington has served as Chancellor for the University of Tennessee Institute of Agriculture (UTIA) since 2011. His accomplishments in leading the Institute are numerous.

I see great progress in terms of student success. The UTIA undergraduate enrollment has risen steadily during Dr. Arrington's tenure as chancellor (1117 in 2011 to 1348 in 2014), and the graduate student numbers have increased as well (252 in 2011 to 281 in 2014). I am pleased to see that the number of undergraduate degrees awarded is also trending upward as well (191 in 2011 to 266 in 2014). And in the College of Veterinary Medicine, the first-attempt passage rate on the North American Veterinary Licensing Examination has remained above the national average.

One of the hallmarks of the Institute of Agriculture is the commitment to Outreach and Engagement. I am pleased to see the development and implementation of the UT Extension strategic plan, complete with 10 initiative teams and three committees focused on outreach to the citizens of Tennessee. Speaking of UT Extension, I'm proud of the 3 million contacts that the offices have made across the state in the past year alone.

In the area of Advancement, I applaud Dr. Arrington's efforts to lead the philanthropic efforts of the Institute. He has grown the dollars raised and the number of donors during this four year span, with a high mark of $17,418,555 raised with 3,359 donors in 2014. Dr. Arrington has hired a new Vice Chancellor for Development and has assisted in the development of a strong advancement team at the Institute.

I am grateful for Dr. Arrington's work to expand the branding and marketing efforts for the Institute of Agriculture. The strategic engagement of his talented faculty and staff across the state have lifted the visibility of the Institute in terms of the work with the Governor's Rural Challenge, the UTIA Advancement Board and Marketing and Communications' work with producer groups across the state, and the Institute's presence in Nashville with our elected and appointed officials. I am also pleased with the effort to launch a new visual marketing and branding identity for UTIA. UTIA's social and electronic media presence has flourished under his leadership.

I am pleased with Dr. Arrington's efforts to work with international partners, including the work of the UTIA International Advisory Committee and the collaboration with UT Knoxville on the China Scholars Program.

I applaud Dr. Arrington's continued work to perform program reviews in a multitude of areas, including Comparative and Experimental Medicine/CVM, AgResearch and the Agricultural Policy Analysis Center.

Scores generated from the 360 degree, web-based survey yielded overall positive feedback for Dr. Arrington's job performance in the subcategories of:

- Has a clear understanding of financial and budgetary issues (**Leadership**)
- Understands the importance of engaging alumni, legislators, educational leaders across the state and the community at large in advancing the mission of the university (**Leadership**)
- Is committed to providing an effective teaching/learning environment for students (**Students**)
- Considers faculty input in making important decisions (**Faculty**)
- Is accessible and supportive of the principle of shared governance (**Faculty**)
- Places a high value on faculty development (**Faculty**)
- Understands the importance of staff in achieving the University's mission (**Staff**)
- Demonstrates interest and supports outreach and service-related opportunities (**Research**)
- Commits to aligned strategic planning (**University System**)
- Understands the relationship and roles of the University of Tennessee Institute of Agriculture and the university system (**University System**)

In each of the areas listed above, Dr. Arrington scored an average of 3.78 or higher on a 4.0 scale. His overall rating for his performance as chancellor was a 3.65.

Over the last four years Dr. Arrington has performed his duties exceptionally well and his job performance exceeds expectations.

A market compensation study conducted by UT Human Resources indicates a base salary range between $325,000 and $375,000. Dr. Arrington's base salary is currently $302,916. As a result of this 4 year comprehensive review, I recommend an increase in base salary of 10%. This increase would take Dr. Arrington's base salary to $333,208 effective July 1, 2016.

Respectively submitted,

Joseph A. DiPietro, President
The University of Tennessee System

4.2

UNIVERSITY OF TENNESSEE INSTITUTE OF AGRICULTURE

Chancellor UT Institute of Agriculture

Pay Grade 75

Incumbent: Larry Arrington $302,916

Base Salary	*Housing Allowance*	*Expense Account*	*Mobile Phone Allowance*	*Employer Retirement Contribution*	*Employer Deferred Compensation Contribution*	*Total Compensation*	*Total Compensation (including maximum bonus)*
$302,916	$0	$5,000	$1,500	$45,462	$600	$355,478	$400,915

INTERNAL DATA:

President's Staff:	Current Base Salary
Chancellor UT Knoxville	$447,492
Chancellor UT Health Science Center	$579,252
Chancellor UT at Chattanooga	$299,736
Chancellor UT at Martin	$275,004
Executive Vice Pres & Vice Pres for Research & Economic Development	$393,068
Vice President for Government Relations	$185,657
*Vice President for Human Resources	$252,637
Vice President for Institute of Public Service	$195,000
General Counsel & Secretary	$226,116
Vice President UT Development & Alumni Affairs	$310,070
Vice President Communication & Marketing	$229,995
**Interim Chief Financial Officer	$250,219
Vice President for Academic Affairs & Student Success	$242,390
Executive Assistant to the President	$209,201

*Salary is for System Vice President Human Resources (HR), System Equity & Diversity and UTK Vice Chancellor for HR.
**Salary is for System Chief Financial Officer, System Chief Investment Officer and System Treasurer.

MARKET DATA:

	Reference 25th Percentile	Target 50th Percentile	Reference 75th Percentile
AHA Survey 2014 *	$264,903	$283,662	$302,914
CUPAHR**	$259,818	$343,675	$498,175
SIBSON ***	$357,699	$491,937	$509,645
SEC Web Search ****	n/a	$290,856	n/a
SIBSON Executive Compensation (Base Pay) ****	n/a	n/a	n/a
SIBSON Executive Compensation (Total Pay) ****	n/a	n/a	n/a

*Administrative Heads of Agriculture (AHA) Salary Survey Dec 2014, data aged 3.0% for 2015; no new data for 2016

**Data aged 2.0% for 2011, 2.5% for 2012, 3.0% for 2013, 3.0% for 2014, and 3.0% for 2015
***Aged 3.0% for 2015
****Data generated from web searches is more variable than data from professional surveys, aged 3.0% for 2015

Chancellor Arrington's total compensation:

(1) Bonus calculated as 15% of FY 2015/16 base salary of $302,916 = $45,437
(2) TCRS contribution varies by year as mandated by the state. Eligible salary for calendar year 2015 was $265,000
(3) Employer match to 401(k)

RECOMMENDATION BASE COMPENSATION: $325,000 - $375,000

2/22/2016

UTIA
INSTITUTE OF AGRICULTURE
THE UNIVERSITY OF TENNESSEE

Status Report
2011-2015

Larry R. Arrington, Chancellor

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UNIVERSITY OF TENNESSEE INSTITUTE OF AGRICULTURE

Our Vision

We create real-life solutions. We accomplish this vision by 1) preparing students to make a difference, 2) discovering knowledge which impacts real world issues and 3) connecting with people and communities to help them prosper.

Our Mission

The University of Tennessee Institute of Agriculture (UTIA), through its colleges, research and education centers, and county Extension offices, serves the people of Tennessee and beyond through the discovery, communication and application of knowledge. UTIA, working with the University of Tennessee, Knoxville, is committed to providing undergraduate, graduate and professional education programs in a diverse learning environment that prepares students to be leaders in a global society. The Institute's delivery of education, discovery and outreach contributes to the economic, social and environmental well-being of all Tennesseans and focuses on contemporary problems faced by Tennessee, the nation and the world.

Our Values

- Responsiveness to constituent needs
- Integrity and mutual respect
- Transparency
- Accountability
- Science-based solutions
- Lifelong learning
- Diversity
- Civility

The University of Tennessee Institute of Agriculture is made up of the following four units that provide instruction, research and public service:

AgResearch

AgResearch is an integral partner in teaching programs throughout the Institute. AgResearch faculty conduct world-class research programs in a variety of areas including crop breeding and genetics, soil conservation, no-till crop production, cattle reproduction, wood product development and many others. AgResearch is also a key funding source for graduate assistantships and research that graduate students undertake in their degree programs. The internship program of AgResearch offers undergraduates unparalleled field experience. The unit's 10 branch research facilities serve as field laboratories for faculty and students, while allowing the public to evaluate research trials and experience gardens and arboretums. Technologies developed by UTIA's researchers benefit producers and consumers alike.

College of Agricultural Sciences and Natural Resources

The College welcomes students from across Tennessee, the nation and the world. It offers academic programs in a variety of natural and social science-based disciplines that apply to the food, fiber and natural resources systems. For students in the College of Agricultural Sciences and Natural Resources (CASNR), learning is personal and often hands-on. Student teams provide opportunities for self-directed study, leadership development and a lot of fun. A new honors research and creative achievements program challenges students to excel. International study tours give graduates an edge in the increasingly connected world of global markets.

College of Veterinary Medicine

The College of Veterinary Medicine (CVM) is one of only 28 veterinary colleges in the nation. It is also a national leader in creating a collection of virtual microscope slides students can access from the convenience of their personal computers. New services in equine sports medicine offer students opportunities, as does the expansion of the College's facilities. The College serves pet owners, zoos and the livestock industry, protects public health, enhances medical knowledge, and generates economic benefits to the state and nation. Outreach programs engage an array of citizens in learning programs that explore the animal-human bond.

UT Extension

University of Tennessee Extension has an office in every county of Tennessee. Educational programs offered by Extension touch the life of every citizen in Tennessee every day. UT Extension delivers research-based programs that improve lives, build stronger families, and strengthen communities. As a partner with local, state and national agencies and through its statewide presence, Extension provides educational programming and assistance in areas of agriculture, natural resources and resource development, family and consumer sciences, and 4-H youth development.

Our Foundation Pillars

Advancing Academic Excellence

Achieving academic excellence throughout UTIA requires investments in students, faculty and programs. Resources to support efforts in new and emerging areas are critical to advancing the Institute. Within UTIA, our programs, people and resources are committed to providing students in the College of Agricultural and Natural Resources and the College of Veterinary Medicine with opportunities to stretch their academic abilities while expanding and enhancing research and outreach.

Delivering Discoveries

UTIA scientists generate numerous technologies that address global problems. However, UTIA needs to better support faculty to facilitate the development from startup to marketplace. That is why we are working with private industry partners who can potentially help us accomplish this goal and deliver our inventions and intellectual property to Tennessee producers.

Promoting Hands-On Learning

Our graduates and 4-H youth face a fast-changing society and must develop skills to adapt to and drive the change. Providing outside-the-classroom experiences affords them with relevant, real-life opportunities to put the knowledge gained via traditional methods to practical use. This prepares

them for the real world, heightens their status for potential employers, and helps UTIA achieve its mission of advancing society.

Serving Our Communities

Community access to the resources and programs of UTIA is vital to our state. We will continue to work with our partners in communities throughout Tennessee to provide quality programs that address the unique needs and issues of each community we serve, whether it's geographic communities or communities of shared interests.

KEY ACCOMPLISHMENTS 2011-2015

The accomplishments reported in this document are the result of the dedicated service of the faculty, staff and administrators within the Institute of Agriculture. Accomplishments are summarized in 10 key areas.

I. Facilities and Infrastructure – Capital Projects (2011-2015)

COMPLETED PROJECTS:

Total Project Costs-$78,911,892

ADA Improvements - Restrooms: Hollingsworth Auditorium - (Total Project Cost-$165,000, Completed 2013) Accessibility Improvements required total demolition and replacement of existing men and women's restrooms.

ADA Improvements - Morgan Hall - (Total Project Cost-$48,000, Completed 2014) Accessibility Improvements required demolition and replacement of East, West and North Building entrance steps, new handrails, site step replacement, and handrail addition to plaza at Plant Sciences Building.

Animal (Brehm)/Food Science, Arena and Animal Pen Addition Facility - (Total Project Cost-$25,493,000, Completed 2013) 140,000 SF, (28) Research & Teaching Labs, (60) Offices, (8) Classrooms, (2) 148-Seat Auditorium Classrooms, (900)-Seat Arena

Ag Campus Electrical Distribution System Upgrades - (Total Project Cost-$3,064,253, Completed 2011) High voltage underground lines, transformers and switchgear replacement - (North of Joe Johnson Drive)

Clyde Austin 4-H Center Renovations - Phase I,(Greeneville) - (Total Project Cost-$3,343,777, Completed 2014) New Swimming Pool, Renovations to Dining Hall & Kitchen, Dormitories, Shop, Education Center, Site Improvements, Manager's Residence and Roads/Paving

Clyde M. York Improvements (Crossville) - (Total Project Cost-$479,180, Completed 2013) Swimming pool restoration includes pool basin, deck, fencing, pool equipment replacement and restroom upgrades.

College of Veterinary Medicine Improvements - (Total Project Cost-$21,244,000, Completed 2012) Equine Hospital Addition & Renovation-80,000 SF, Includes ICU Suites, Isolation, Surgery, Recovery, Neonatal, Anesthesia, Lameness Arena, Water Treadmill and completion of 10,000 SF of Second Floor (Shell Space) of Small Animal Hospital Addition

College of Veterinary Medicine - War Dog Memorial - (Total Project Cost-$169,500, Completed 2011) 2407 River Drive Front Lawn, paving, site-walls, lighting, landscaping and monument relocation

College of Veterinary Medicine - Necropsy Lab Improvements - (Total Project Cost-$3,100,000, Completed 2011) Renovation to existing Necropsy Lab, New addition for Digester, Coolers and Loading Dock

Dairy Farm Relocation (ETNREC) - (Total Project Cost-$12,024,000, Completed 2011) 60,000 SF Milking Parlor & Free Stall Barn, 17,200 SF Manure Treatment Building, 3,000 SF Administrative Building, 6,300 SF Maintenance Building, Hay & Feed Storage Buildings, Calf Feeding Building and (4) Residences

Downtown West Building Renovations - (Total Project Cost-$1,142,182, Completed 2012) UT Extension Eastern Region Office – 10,508 SF, (21) Offices, (3) Meeting Rooms, (4) Equipment & Storage Rooms, Kitchen and Restrooms

Greenhouse Improvements (North) - (Total Project Cost-$4,200,000, Completed 2011) 12,320 SF, includes Head House with (3) research/soil sterilization lab, office, (6) storage rooms, (10) glasshouse bays, (10) parking spaces

Greenhouse (Racheff) - (Total Project Cost-$300,000, Completed 2012) Lighting Replacement, Cooling System Replacement and Electrical Upgrades

Greenville 4-H Center Improvements (Lodge) - (Total Project Cost-$2,735,000, Completed 2011) (16) Guest Rooms with Private Bath and Balconies, (2) Meeting Rooms, Kitchen, Office, Elevator, Covered Deck, Parking and Site Improvements

Ridley 4-H Center (Columbia) - (Total Project Cost-$429,000, Completed 2013) Swimming pool restoration includes pool basin and deck, pool equipment replacement, addition of fire-line with new hydrant

WTNREC - Greenhouse Renovation - (Jackson) - (Total Project Cost-$975,000, Completed 2014) Demolition and Replacement of (2) existing glass bays

PROJECTS UNDER CONSTRUCTION:

Total Project Costs-$9,928,300

Arboretum Auditorium - ETNREC (Oakridge) - (Total Project Budget-$1,015,000, Completion May 2015) 2400 SF, includes auditorium, kitchen, storage, restrooms, exterior patio, and interior and exterior stone fireplace

Clyde Austin 4-H Center Renovation - Phase II,(Greeneville) - (Contract Amount-$723,300, Completion May 2015) Dormitory interior improvements, classroom building renovations, exterior improvements to Dining Hall, Lodge Roof Addition, roads and paving

WTNREC - Jackson Headquarters Building and Milan Ag Museum - (Total Project Budget-$3,100,000, Completion July 2015) This project replaces the roof, chiller, cooling tower and associated controls, solar control and painting (Jackson), HVAC components, lighting, Life-safety controls, exterior siding and windows (Milan)

College of Veterinary Medicine Building Improvements (Phase I) - (Total Project Budget-$5,090,000, Completion November 2015) Project replaces (3) existing rooftop HVAC units. This work addresses safety, health and environmental issues; USDA issues and reduces energy consumption. This work also includes renovation of existing space to create a new BSL-3 Lab.

II. Advancement

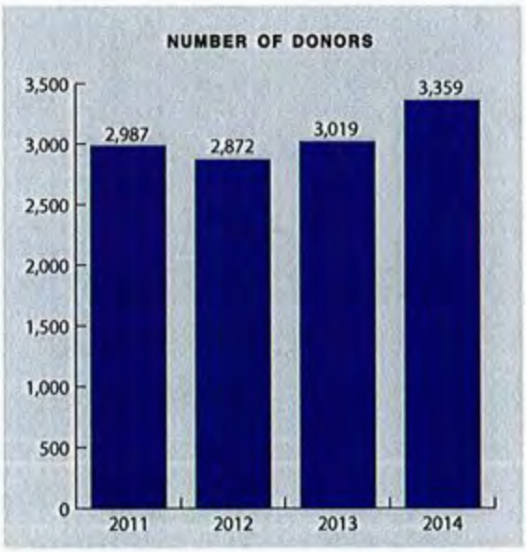
Numerous transformational changes have occurred within UTIA through advancement:

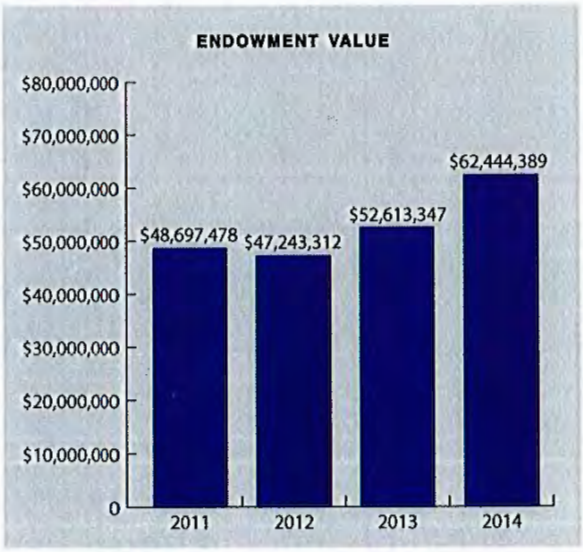
- Implemented a new staffing model for the Office of Institutional Advancement.
- Implemented the new Commodities for Communities Program.
- Implemented the Farm Credit Scholars Program to provide experiential learning for CASNR students.
- Established the Office of International Programs to support faculty and staff.
- Raised matching funds for capital projects including Ellington Hall, CVM Teaching/Learning Center and Lone Oaks 4-H Facility.

INSTITUTE OF AGRICULTURE PHILANTHROPY TOTALS BY FISCAL YEAR

	2011	2012	2013	2014
Campaign Progress*	$8,296,148	$18,800,172	$12,288,618	$17,418,555
Number of Donors	2,987	2,872	3,019	3,359
Endowment Value	$48,697,478	$47,243,312	$52,613,347	$62,444,389

* Using Campaign Counting Logic





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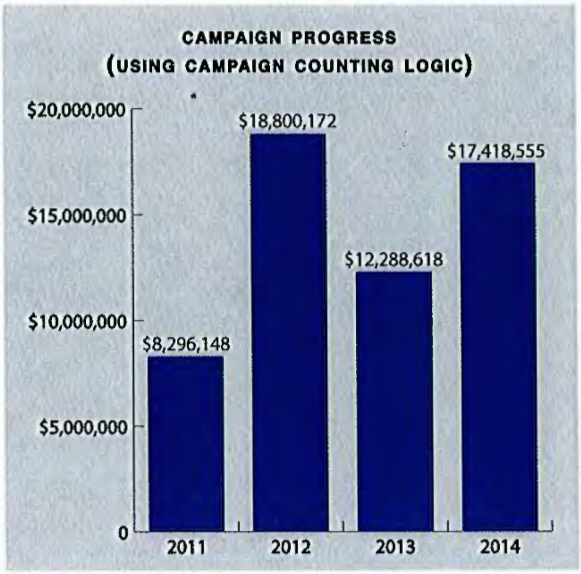
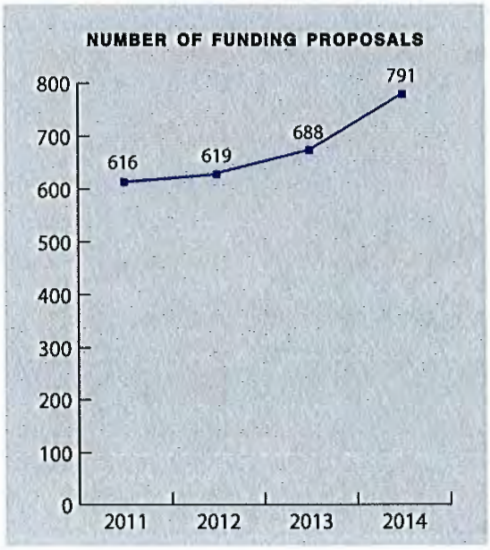
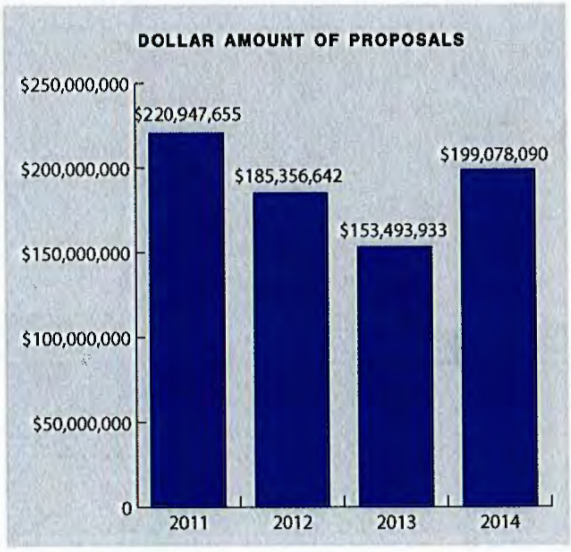


III. Sponsored Programs





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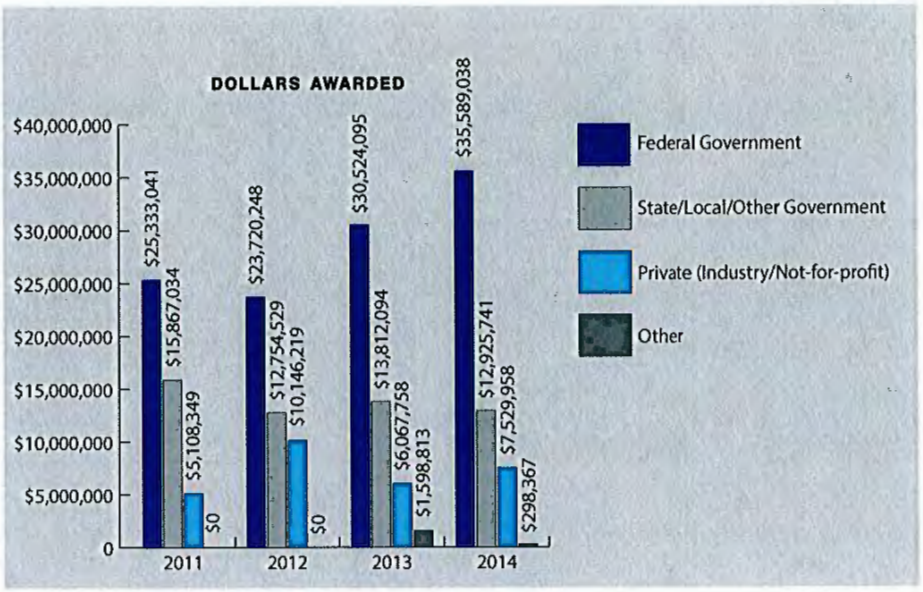
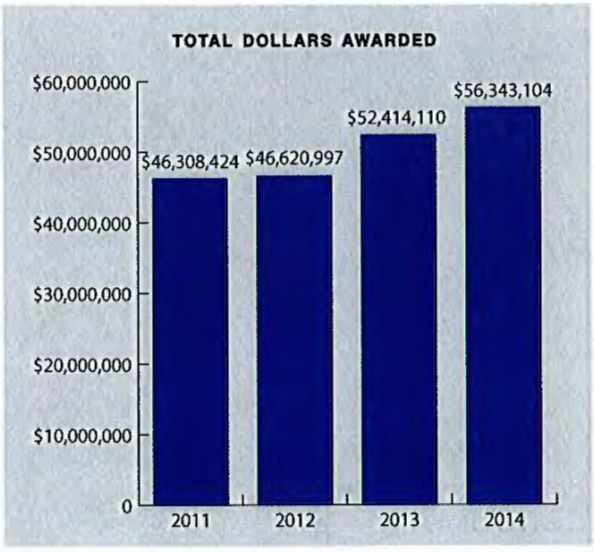
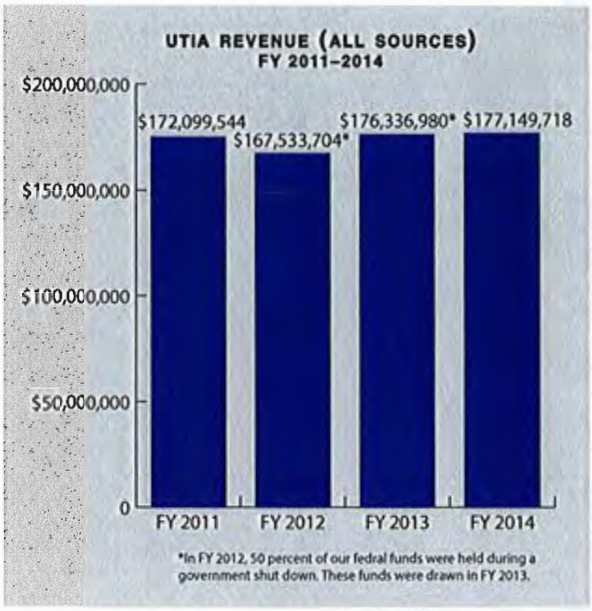

DOLLARS AWARDED
$40,000,000
$35,000,000
$30,000,000
$25,000,000
$20,000,000
$15,000,000
$10,000,000
$5,000,000
0
$25,333,041
$15,867,034
$5,108,349
$0
$23,720,248
$12,754,529
$10,146,219
$0
$30,524,095
$13,812,094
$6,067,758
$1,598,813
$35,589,038
$12,925,741
$7,529,958
$298,367
2011
2012
2013
2014
Federal Government
State/Local/Other Government
Private (Industry/Not-for-profit)
Other


TOTAL DOLLARS AWARDED
$60,000,000
$50,000,000
$40,000,000
$30,000,000
$20,000,000
$10,000,000
0
$46,308,424
$46,620,997
$52,414,110
$56,343,104
2011
2012
2013
2014

4.3

IV. UTIA Financial Position (2011-2014)



V. Communication, Branding and Public Awareness

- As a result of the ModernThink Employee Engagement Survey (2011), the UTIA Advisory Council launched a study of internal communication preferences for all UTIA employees. Several changes/enhancements resulted from the findings including the establishment of a UTIA-specific employee orientation program. Another change was to revise our internal newsletter, Common Ground, to include more interaction.
- Formed three UTIA Regional Advisory Councils made up of diverse clientele throughout the state. The UTIA leadership team meets biannually with these councils. The council members played a key role in providing input into the Governor's Rural Challenge.
- UTIA faculty/staff provide leadership for Ag Day on the Hill each year, a celebration of the industry held at the Legislative Plaza.
- Increased the use of social media to communicate and market UTIA programs in research, teaching and extension.
- Developed an electronic media guide to assist all media outlets with accessing our faculty on a wide variety of issues.
- The UTIA Advancement Board and Marketing and Communications, working collaboratively with producer groups across the state, have created a statewide agricultural awareness campaign.
- Launched the UTIA Meritorious Service Award and Horizon Award to recognize key leaders for UTIA.
- Analyzed branding issues within UTIA and launched a new visual identity and brand promise.

Waymon Hickman, center, with wife Helen, receives the first UTIA Meritorious Service Award during a presentation at Ag Day in 2013.

UTIA
INSTITUTE OF AGRICULTURE
THE UNIVERSITY OF TENNESSEE
Real. Life. Solutions.

4.3

Larry Arrington

University of Tennessee Institute of Agriculture Chancellor

243 TWEETS 29 FOLLOWING 303 FOLLOWERS 18 FAVORITES

Follow

Tweets | Tweets & replies | Photos & videos

UTIA @UTIAg · Apr 6
Honored to receive Ext Month proclamation from Extension and Lone Oaks supporter Rep. Curtis Halford. @utextension

View more photos and videos

Larry Arrington @LArrington · Apr 2
Well done @Will_Freeman11 @UTCASNR's own Will Freeman, elected @UTKnoxville's SGA President! Will is a junior from Portland TN.

Larry Arrington @LArrington · Apr 2
Congrats @utkplsc Prof. Bill Klingeman, winner of the Overton Merit Award from @UTCASNR & Teaching Award from NACTA.

View more photos and videos

Larry Arrington @LArrington · Mar 25
It was my honor to recognize Steve Sutton as the 2015 Outstanding Friend of 4-H @TN4HCongress @UTIAg @utextension

View more photos and videos

Larry Arrington @LArrington · Mar 24
4-Her Kelly Hunt spoke at Ag Day on the Hill today and impressed all. Thanks Kelly.

View more photos and videos

University of Tennessee Institute of Agriculture
April 6 at 8:58am

Sure it's Monday, but it's never too early to plan your weekend activities. Here's a fun and educational way to spend a few hours this Saturday. #RealLifeSolutions

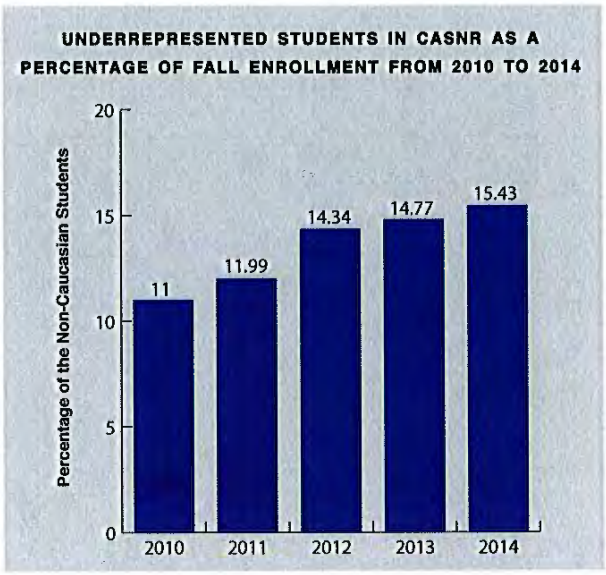
36th Annual Open House Scheduled at UT College of Veterinary Medicine

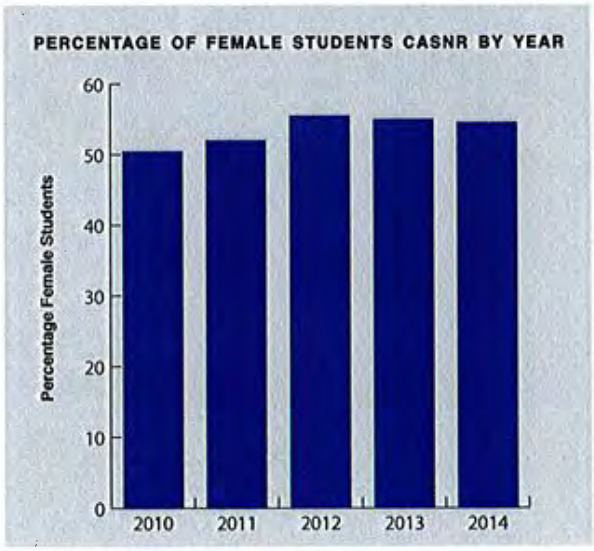
AG.TENNESSEE.EDU

Like Comment Share

VI. UTIA Diversity and Turnover

Students





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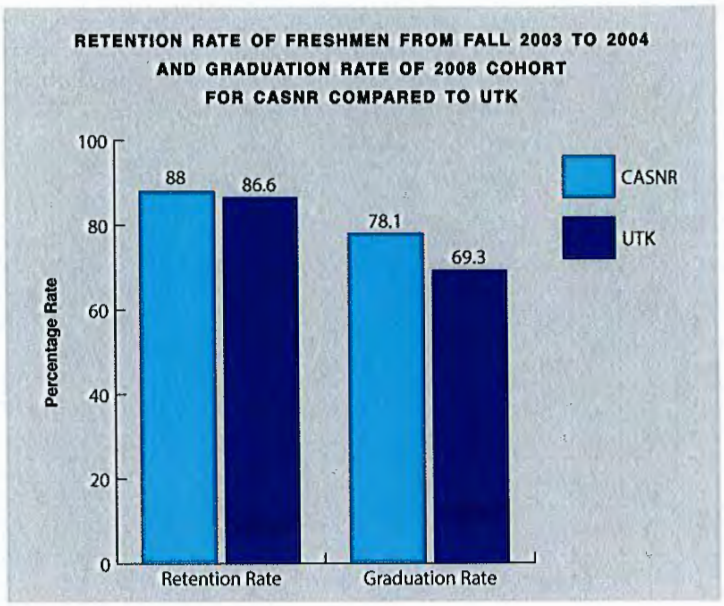
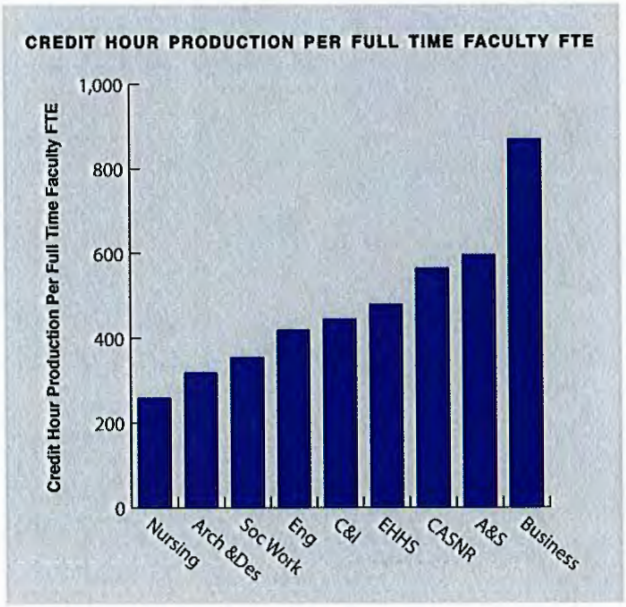

RETENTION RATE OF FRESHMEN FROM FALL 2003 TO 2004
AND GRADUATION RATE OF 2008 COHORT
FOR CASNR COMPARED TO UTK
Percentage Rate
100
80
60
40
20
0
88
86.6
78.1
69.3
CASNR
UTK
Retention Rate
Graduation Rate


CREDIT HOUR PRODUCTION PER FULL TIME FACULTY FTE
Credit Hour Production Per Full Time Faculty FTE
1,000
800
600
400
200
0
Nursing
Arch &Des
Soc Work
Eng
C&I
EHHS
CASNR
A&S
Business

Faculty/Staff

PERCENTAGE OF TENURED UT FACULTY THAT ARE MINORITIES

	2010	2011	2012	2013	2014
UT Health Science Center	23.6 %	24.2 %	23.7 %	23.5 %	24.3 %
UT Knoxville	17.7 %	17.6 %	18.4 %	19.2 %	19.9 %
UT System	17.7 %	17.8 %	18.2 %	18.8 %	19.5 %
UT Institute of Agriculture	14.6 %	14.8 %	14.2 %	14.9 %	14.7 %
UT Chattanooga	13.2 %	14.0 %	14.7 %	15.9 %	16.9 %
UT Martin	10.5 %	11.2 %	11.2 %	11.8 %	12.9 %

Definition: Percent of faculty who are tenured or on the tenure track, as of Nov. 1. Minority faculty includes African American, Hispanic, Native American Indian, Asian and multiracial. Data prior to 2009 not comparable due to change in federal reporting requirements.

TURNOVER RATE — PERMANENT FACULTY (%)

	2010	2011	2012	2013	2014
UT System Average	7.1 %	7.6 %	7.2 %	8.7 %	9.2 %
UT Health Science Center	9.1 %	7.3 %	8 %	9.3 %	11.3 %
UT Knoxville	7.3 %	8.9 %	7.5 %	7.4 %	7.6 %
UT Institute of Agriculture	7.1 %	6.3 %	6 %	8.2 %	5.7 %
UT Chattanooga	4.3 %	5.9 %	5.8 %	11.2 %	10.8 %
UT Martin	5 %	6.3 %	6.5 %	10 %	11.9 %

Definition: Represents the total number of full-time, regular (permanent) faculty (EEO codes 21-26) who were classified in IRIS as terminations from Nov. 1 to Oct. 31 of year reported. Does not include transfers to other UT departments.

VII. International Programs

- UTIA International Advisory Committee completed a strategic plan for international programs.
- Established the UTIA Office of International Programs and the Donnie and Terry Smith Chair.
- Developed numerous cooperative agreements with universities and private companies throughout the world.
- Increased CASNR student participation and internships.
- Partnered with UTK on the China Scholars Program

Donnie Smith (khaki shirt) and UT faculty members Forbes Walker and Neal Eash on a visit to Rwanda with Zamura Feeds Ltd employees Matthew, Ritah and Olivier to establish a feed mill. The soybean in the field is part of the supply chain for poultry feed.

VIII. Student Success

College of Veterinary Medicine

DVM Program Performance Measures – North American Veterinary Licensing Examination

FIRST-ATTEMPT PASS RATE ON NAVLE

	National Data †		UT CVM Data †	
Academic Year	**No. Passing**	**No. Failing**	**No. Passing**	**No. Failing**
2008-09	2801 (93.1%)	208 (06.9%)	59 (96.7%)	2 (03.3%)
2009-10	2936 (95.9%)	125 (04.1%)	63 (98.4%)	1 (01.6%)
2010-11	3068 (94.7%)	171 (05.3%)	62 (95.4%)	3 (04.6%)
2011-12	3320 (92.1%)	283 (07.9%)	91 (95.8%)	4 (04.2%)
2012-13	3138 (92.0%)	272 (08.0%)	75 (97.4%)	2 (02.6%)
2013-14	3554 (90.2%)	388 (09.8%)	72 (91.1%)	7 (08.9%)
2014-15			Target >92.0%	<08.0%

† Data based on graduates or senior veterinary students attending AVMA-accredited schools in the US or Canada who took the examination for the first time during the identified academic year.

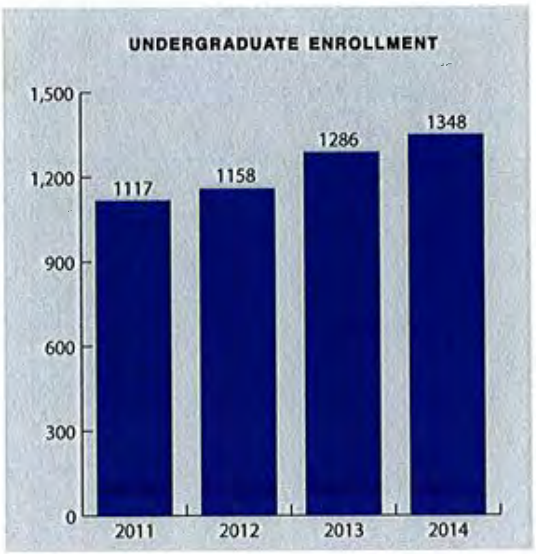
PASS RATE ON NAVLE AT TIME OF GRADUATION

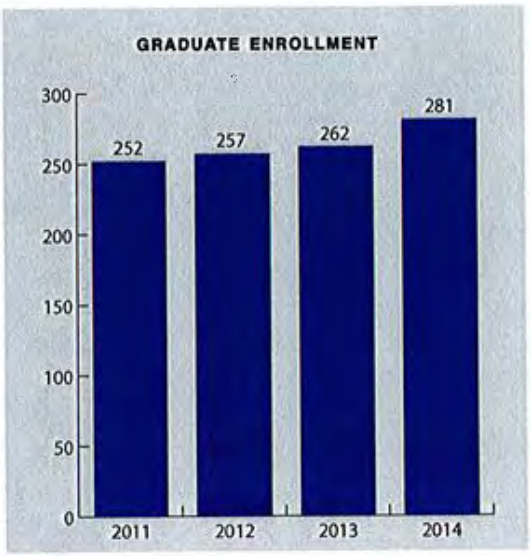
	National Data †		UT CVM Data †	
Academic Year	**No. Passing**	**No. Failing**	**No. Passing**	**No. Failing**
2008-09	2908 (96.6%)	101 (03.4%)	60 (98.4%)	1 (01.6%)
2009-10	3002 (98.1%)	59 (01.9%)	64 (100.0%)	0 (00.0%)
2010-11	3161 (97.6%)	78 (02.4%)	65 (100.0%)	0 (00.0%)
2011-12	3239 (96.2%)	138 (03.8%)	95 (100.0%)	0 (00.0%)
2012-13	3533 (96.4%)	132 (03.6%)	77 (100.0%)	0 (00.0%)
2013-14	3729 (94.6%)	213 (05.4%)	75 (94.9%)	4 (05.1%)
2014-15			Target >96.0%	<04.0%

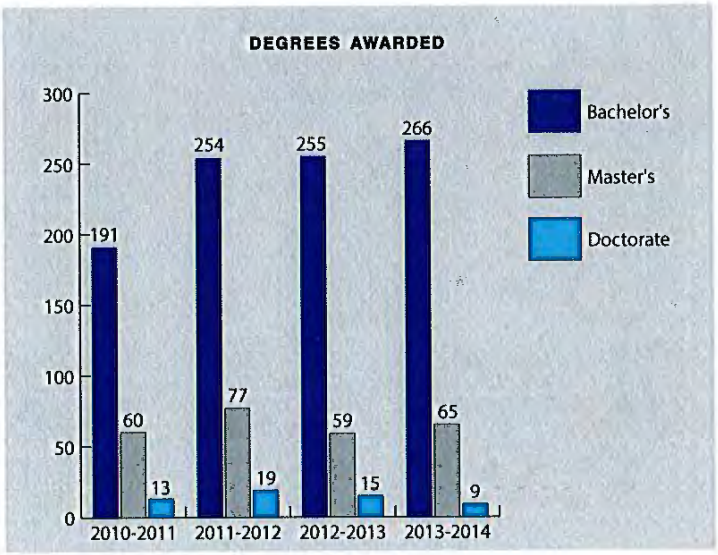
† Senior students who unsuccessfully pass the NAVLE in November-December have an opportunity to retake the national examination in April immediately prior to graduation.

4.3

College of Agricultural Sciences and Natural Resources







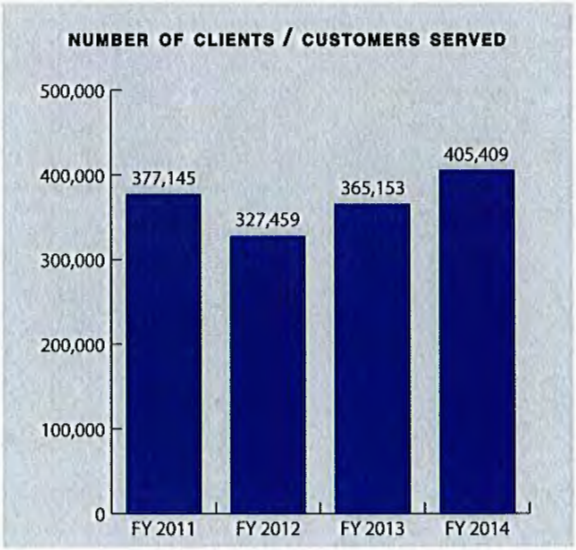
IX. Outreach/Engagement – Service to Tennessee

UTIA connects with the people of Tennessee through a variety of methods. At the heart of UTIA Outreach is the UT Extension program throughout the state. UT Extension has created a strategic plan and implementation is underway with 10 initiative teams and three committees currently operating. UT Extension reported more than 3 million contacts with Tennessee residents and 1.8 million contacts with 4H'ers in the most recent year.

The College of Veterinary Medicine is also heavily engaged in outreach service to Tennessee. The Veterinary Medical Center continues to grow patient load and services to our Tennessee veterinarians. CVM also conducts strong outreach programs through HABIT, CAIT and VSW.

Through AgResearch, more than 15 field days are conducted annually at the 10 AgResearch and Education Centers throughout the state. Participation continues to be very strong due to the quality of the educational programs.

UT Extension



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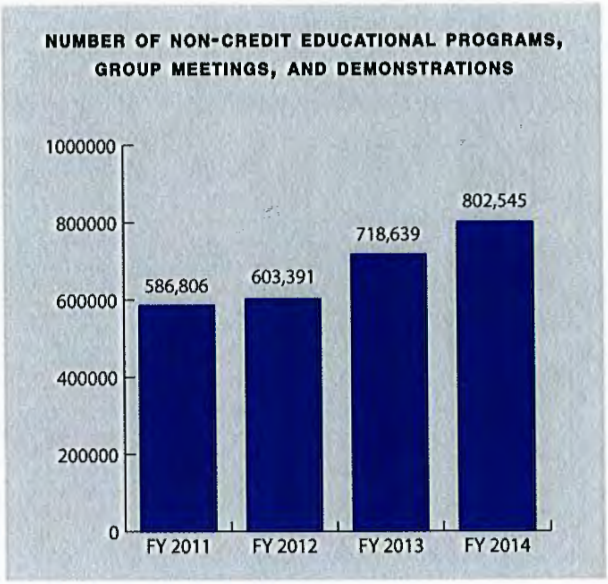
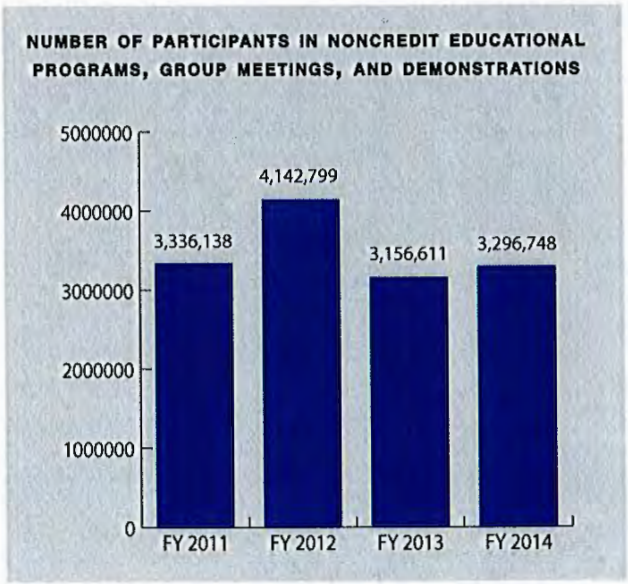
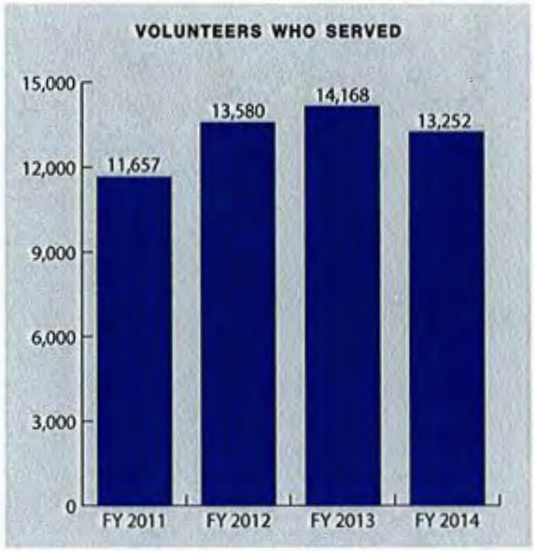

NUMBER OF NON-CREDIT EDUCATIONAL PROGRAMS, GROUP MEETINGS, AND DEMONSTRATIONS
1000000
800000
600000
400000
200000
0
586,806
603,391
718,639
802,545
FY 2011
FY 2012
FY 2013
FY 2014


NUMBER OF PARTICIPANTS IN NONCREDIT EDUCATIONAL PROGRAMS, GROUP MEETINGS, AND DEMONSTRATIONS
5000000
4000000
3000000
2000000
1000000
0
3,336,138
4,142,799
3,156,611
3,296,748
FY 2011
FY 2012
FY 2013
FY 2014


VOLUNTEERS WHO SERVED
15,000
12,000
9,000
6,000
3,000
0
11,657
13,580
14,168
13,252
FY 2011
FY 2012
FY 2013
FY 2014

CUSTOMER-REPORTED ECONOMIC BENEFIT
600,000,000
500,000,000
400,000,000
300,000,000
200,000,000
100,000,000
0
$537,997,077
$484,846,878
$487,825,689
$493,232,157
FYS 2011
FYS 2012
FYS 2013
FYS 2014

Veterinary Medical Center

VETERINARY MEDICAL CENTER CASELOAD

	Small Animal Hospital	Exotic Animal Hospital	Large Animal Hospital	Field Services
2009-10	14,918	2,673	2,924	8,560
2010-11	14,664	2,678	3,011	9,661
2011-12	15,772	2,901	2,962	9,909
2012-13	15,930	3,130	2,965	12,953
2013-14	15,636	3,295	3,723	10,586
2014-15†	15,544	3,558	4,815	9,741

†Projection based on census data ending September 2014.

X. Other

- Program reviews have been conducted in the following areas:
  - Agricultural Policy Analysis Center
  - Agricultural and Resource Economics
  - AgResearch
  - Animal Science
  - Biosystems Engineering and Soil Science
  - Entomology and Plant Pathology
  - Food Science and Technology
  - Plant Sciences
  - Comparative and Experimental Medicine/CVM
- The College of Veterinary Medicine completed the site visit for AVMA Accreditation in 2015.
- UTIA consolidated 4-H and the Agricultural Leadership, Education and Communication units. Dr. Richard Clark recruited to lead the new department.
- Under the leadership of the UTIA Department Heads, implemented a new recognition program for full professors called the Institute Professor Award.
- At the request of Governor Haslam, UTIA served as a member of the leadership team that developed the Governor's Rural Challenge – A Ten Year Strategic Plan.
- AgResearch has developed an MOU with the Institute of Public Service to collaborate on educational programs at the Forestry AgResearch and Education Center.
- Over the past four years, UTIA faculty have had 161 invention disclosures and patents awarded.

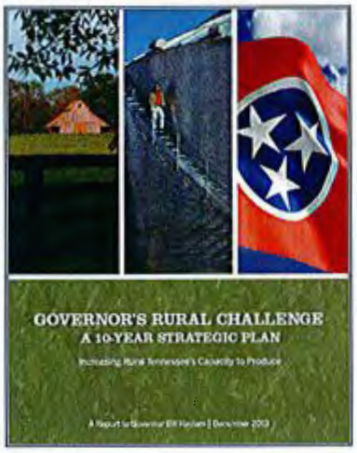
THE FUTURE

UTIA is proud of the many accomplishments of our faculty and staff over the past four years. We have remained true to our core values and our mission. UTIA has strengthened its relationship with the people of Tennessee and engaged clientele in decisions about future programs and needs.

Research and Extension programs have focused on issues that contribute to the economic growth of Tennessee. Our students are in high demand and leave Knoxville prepared to be successful professionals.

As we look to the future, we want to continue to be a highly respected top tier land-grant agriculture program. To continue the upward momentum, we must focus on several areas:

- Support the goals of the Governor's Rural Challenge for Tennessee.
- Examine closely the funding model for UTIA as a non-formula unit, including efficiency and entrepreneurial opportunities throughout the Institute.
- Continue to grow external support for our programs through grants/contracts, as well as philanthropy.
- Focus on professional development for our faculty and staff, as well as compensation issues.
- Continue strong relations with clientele and stakeholders.
- Continually shift the curriculum to produce highly competitive graduates.

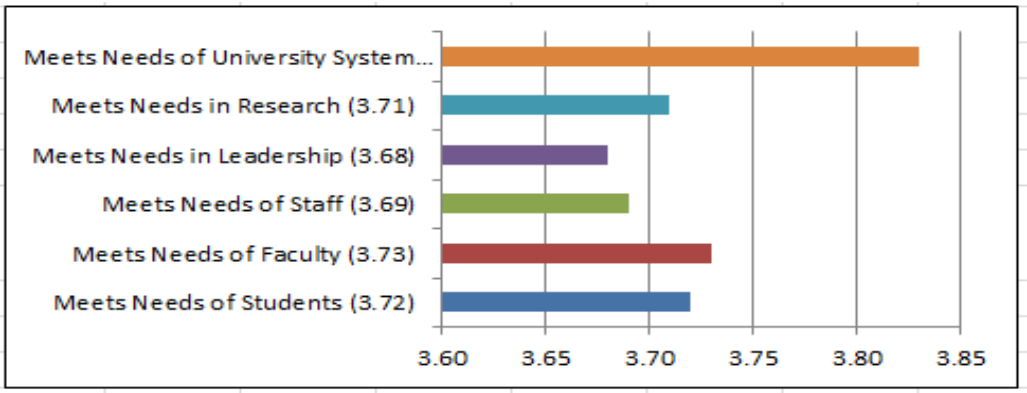


The faculty and staff of UTIA are poised and ready to take on these important goals as we strive to continue to provide our many constituents real-life solutions.

AG.TENNESSEE.EDU

Real. Life. Solutions.

Chancellor Larry Arrington
Unitversity of Tennessee Institute of Agriculture
Comprehensive Four-Year Performance Review
2011 - 2015



Dr. Larry Arrington, Chancellor for the Institute of Agriculture 4 Year Comprehensive Review							
		#	Average	Min	Max	Variance	Standard Deviation
Leadership							
	Promotes continued development of academic programs, research, productivity and national reputation of excellence	67.00	3.70	1.00	4.00	0.61	0.78
	Articulates strategic vision and long-term goals for the campus	66.00	3.67	1.00	4.00	0.53	0.73
	Provides visionary leadership in strategic initiatives at the regional or national level	64.00	3.63	1.00	4.00	0.56	0.75
	Establishes and maintains productive relationships on behalf of the University with state government, the Tennessee congressional delegation, federal agencies and the community at large as appropriate for institutional/institute mission	64.00	3.67	1.00	4.00	0.54	0.74
	Has exhibited an understanding of the value of diversity, intercultural education, collegiality, collaboration and public service	66.00	3.59	1.00	4.00	0.55	0.74
	Has a good understanding of community growth while maintaining a quality education	66.00	3.70	1.00	4.00	0.49	0.70
	Has a clear understanding of financial and budgetary issues	62.00	3.76	1.00	4.00	0.48	0.69
	Leads the campus's development activities	63.00	3.63	1.00	4.00	0.53	0.73
	Understands the importance of engaging alumni, legislators, educational leaders across the state and the community at large in advancing the mission of the university	63.00	3.76	1.00	4.00	0.47	0.69
Students							
	Is genuinely concerned with student issues	61.00	3.74	1.00	4.00	0.33	0.57
	Is committed to providing an effective teaching/learning environment for students	63.00	3.76	1.00	4.00	0.31	0.56
	Is accessible and open to student input and recommendations	52.00	3.65	1.00	4.00	0.39	0.62
Faculty							
	Considers faculty input in making important decisions	58.00	3.78	1.00	4.00	0.28	0.53
	Is accessible and supportive of the principle of shared governance	61.00	3.79	1.00	4.00	0.27	0.52
	Places a high value on faculty development	61.00	3.79	1.00	4.00	0.27	0.52
	Fosters interdisciplinary approaches to undergraduate and graduate education	53.00	3.58	1.00	4.00	0.40	0.63
	Promotes the recruitment, development and retention of excellent faculty, department heads and deans	62.00	3.71	1.00	4.00	0.44	0.66
Staff							
	Considers staff input in making important decisions	57.00	3.60	1.00	4.00	0.46	0.68
	Understands the importance of staff in achieving the University's mission	57.00	3.79	1.00	4.00	0.28	0.53
	Promotes the recruitment, development and retention of excellent staff at all levels	58.00	3.69	1.00	4.00	0.36	0.60
Research							

	Sets research as a high priority for the University	65.00	3.71	1.00	4.00	0.34	0.58
	Is experienced in promoting research enterprise	62.00	3.69	1.00	4.00	0.38	0.62
	Is supportive of faculty efforts as entrepreneurs (start-up efforts)	59.00	3.68	1.00	4.00	0.33	0.57
	Provides direction and incentives for research, scholarly publication, creative achievements, and service	60.00	3.62	1.00	4.00	0.48	0.69
	Demonstrates interest and supports outreach and service-related opportunities	64.00	3.83	1.00	4.00	0.27	0.52
University System							
	Understands Complete College Tennessee Act (CCTA) and its impact on the University	53.00	3.77	1.00	4.00	0.29	0.54
	Commits to aligned strategic planning	60.00	3.82	1.00	4.00	0.25	0.50
	Understands the relationship and roles of the University of Tennessee Institute of Agriculture and the university system	64.00	3.91	1.00	4.00	0.18	0.43
Overall							
	I would rate this Chancellor's overall performance over the last four years as:	66.00	3.65	2.00	4.00	0.38	0.62

FOUR-YEAR COMPREHENSIVE EVALUATION PROCESS

GUIDELINES

1. Every four years, a comprehensive performance evaluation of Chancellors will be conducted, involving a broad group of constituents.

2. Each Chancellor will develop an activity report, outlining activities and accomplishments over the four-year time frame. The report will be distributed to all survey participants before they complete the survey.

3. An anonymous feedback tool will be developed that is web-based. Responses will be tracked by constituent group, not by individuals.

4. For each chancellor, the following individuals will be surveyed: SGA President, Faculty Senate President, Employee Relations Council Chair, UT Alumni Association President and Development Council Chair. Additionally, each chancellor will provide a list of individuals to be surveyed, and the President will add others to the list.

5. The President will develop survey questions, in consultation with the Chancellor who will have an opportunity to review and provide comments regarding them before constituents are invited to participate.

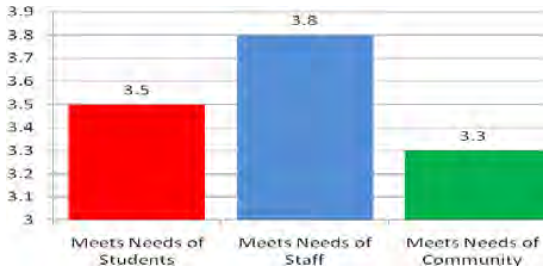
6. Individuals will respond on a 4-point scale, with 1 being strongly disagree and 4 being strongly agree. Each question, other than the overall rating, will also have a choice of not applicable (N/A). Only one response can be selected for each question.

7. The President will send an email to each individual invited to provide feedback and provide a three-week window for their confidential feedback. The tool will not require user IDs or passwords, and only those invited to participate will have the link to access the tool. All participants will be invited to respond to all questions, regardless of category, because they may have observed and have feedback about the Chancellor's interaction with other groups.

8. After the feedback tool closes, the President will be provided a summary report, which will roll feedback into constituency groups (i.e., students, faculty, staff, community, alumni, etc.) and will provide an average rating based on feedback from the entire group. The President will not be able to attribute ratings to individuals. This provides a more balanced summary, which will include outliers (extremely high or extremely low), but one individual cannot set the overall rating for an entire group.

9. There will be a free-text question at the end of the survey. The comments have no scoring value.

10. When the survey closes, a summary report will be provided in the following format:



We use these confidential feedback tools now in our annual performance evaluation process for my direct reports and to collect feedback from key constituent groups in a search. It works extremely well, providing confidentiality, which increases feedback. It is also easy to access and does not require the participant to establish or remember a user ID and password, which causes individuals to be concerned that their feedback is not anonymous and can be accessed through their user ID and password.

GROUPS TO PARTICIPATE

For each chancellor, the following individuals will be surveyed: SGA President, Faculty Senate President, Employee Relations Council Chair, UT Alumni Association President and Development Council Chair. Additionally, each chancellor will provide a list of individuals to be surveyed, and the President will add others to the list. Groups to include:

1. Students
2. Faculty
3. Staff
4. Alumni
5. Community and Major Donors
6. Legislators and External Relationships
7. UT System and UT Foundation Administration

SURVEY QUESTIONS

Questions will be adjusted/revised to suit the mission of each campus and responsibilities of each Chancellor. For each question, the scale will look like this:

Leadership

	Strongly Disagree			Strongly Agree	Not Applicable (N/A)
	(1)	(2)	(3)	(4)	
Promotes continued development of academic programs, research, productivity and national reputation of excellence					

Leadership

- Promotes continued development of academic programs, research, productivity and national reputation of excellence
- Articulates strategic vision and long-term goals for the campus
- Provides visionary leadership in strategic initiatives, such as the Top 25 initiative or other regional or national recognition
- Establishes and maintains productive relationships on behalf of the University with state government, the Tennessee congressional delegation, federal agencies and the community at large as appropriate for institutional/institute mission
- Has exhibited an understanding of the value of diversity, intercultural education, collegiality, collaboration and public service
- Has a good understanding of community growth while maintaining a quality education
- Has a clear understanding of financial and budgetary issues
- Leads the campus's development activities
- Understands the importance and role of collegiate athletics
- Understands the importance of engaging alumni, legislators, educational leaders across the state and the community at large in advancing the mission of the university

Students

- Is genuinely concerned with student issues
- Is committed to providing an effective teaching/learning environment for students
- Is accessible and open to student input and recommendations

Faculty

- Considers faculty input in making important decisions
- Is accessible and supportive of the principle of shared governance
- Places a high value on faculty development
- Fosters interdisciplinary approaches to undergraduate and graduate education
- Promotes the recruitment, development and retention of excellent faculty, department heads and deans

Staff

- Considers staff input in making important decisions
- Understands the importance of staff in achieving the University's mission
- Promotes the recruitment, development and retention of excellent staff at all levels

Research and Outreach

- Sets research as an important priority for the University
- Is experienced in promoting research enterprise
- Is supportive of faculty efforts as entrepreneurs (start-up efforts)
- Provides direction and incentives for research, scholarly publication, creative achievements, and service
- Demonstrates interest and supports outreach and service-related opportunities

University System

- Understands Complete College Tennessee Act (CCTA) and its impact on the University
- Commits to aligned strategic planning
- Understands the relationship and roles of the campus and the university system

Overall

I would rate this Chancellor's overall performance over the last four years as:

Scale 1 – 4 (ineffective to extremely effective)

Comments

What other information would you like to share regarding the Chancellor's performance (free text field)?

Thank you for your feedback!

THE UNIVERSITY OF TENNESSEE
BOARD OF TRUSTEES

ACTION ITEM

5

DATE: March 31, 2016

COMMITTEE: Finance and Administration

CAMPUS/INSTITUTE: UT Martin

ITEM: **Undergraduate Out-of-State Tuition for 2016-17**

RECOMMENDATION: Approval

PRESENTED BY: Robert M. Smith, Interim Chancellor

UT Martin requests approval to set the amount charged to out-of-state undergraduate students for the 2016-17 academic year at $13,440 ($6,720 per semester), which includes both the maintenance fee and the additional out-of-state tuition. The exact amount of each component will be determined at the June 2016 Board meeting. The proposed amount would not apply to online or international students.

The proposed amount is consistent with UT Martin's plan for a new undergraduate out-of-state tuition model setting out-of-state tuition at 75% above the maintenance fee. The total out-of-state tuition at UT Martin, including the maintenance fee, is currently 302% of the maintenance fee. This level is well beyond the market price to be competitive and has hurt the institution's ability to recruit other than through substantial discounts from institutional funds. Further, the existing plans for recruiting these students have not proven effective nor do they provide flexibility to strategically attract better qualified students.

Given the demographics of West Tennessee, the University's future depends on broadening its appeal to a larger region and being competitive with in-state educational costs of other states. This plan is based on an algorithm for a competitive price-point for resetting the out-of-state tuition differential from the in-state and then links those two for adjustment in future years.

The proposal has received the full support of the UT Martin Faculty Senate by resolution adopted on February 16, 2016.

Recommendation of the Finance and Administration Committee:

At its meeting on March 31, 2016, the Finance and Administration Committee recommended adoption of the following Resolution by the Board of Trustees:

> **RESOLVED: The amount charged to out-of-state undergraduate students for the combined maintenance fee and out-of-state tuition for the 2016-17 academic year will be $13,440 ($6,720 per semester), provided that this amount will not apply to online or international students.**

MOTION: I move adoption of the Resolution.

THE UNIVERSITY OF TENNESSEE
MARTIN

5

UTM Proposal to Competitively Market To Out of State Students

Intent to Reduce
Domestic Non-Resident Assessment

Ole Miss to waive fees and reduce out-of-state tuition

MTSU Eyes Out-of-State Students

The Murfreesboro university announced its plan to provide incentives for academically gifted out-of-state freshmen last month during a meeting with alumni in Atlanta. The Regional Scholars Program would cut MTSU's out-of-state tuition almost in half for students in Atlanta, Bowling Green, Ky. and other cities within 250 miles of Murfreesboro

Austin Peay State University

Starting this fall, this public university located in Clarksville, Tenn., will offer a discounted tuition rate to students within a 250-mile radius. The rate will apply to nearly all Kentucky residents and those in 10 other states

8 Colleges That Just Launched Big Tuition Discount Programs

Western Illinois Cuts Out of State Tuition To Offset Budget Cuts

THE UNIVERSITY OF TENNESSEE MARTIN

$11,135 Tuition/Fees
$2,954 Housing/Board
$14,089 or $28,178 Annual
(Tuition is 302% in instate)

$7,424 Tuition **$6,720** /Fees
$2,954 Housing/Board
$10,378 (33% Tuition reduction)

-$2,500 Academic Scholarship
$7,878 Net (56% Tuition reduction)

Summary:

- Reduce OOS tuition to 175% instate level
- Leverage quality through scholarship awards
  - Required to live on campus w/ meal plan
- Adjust scholarships as quality increases
- Takes <30 new pay students to break even

Regional competitors, Sibson's Peers, THEC Peers
Prestige based on NCES/IPEDS 2013-14 Data

THE UNIVERSITY OF TENNESSEE
MARTIN

Resolved:

The amount charged to out-of-state undergraduate students for the combined maintenance fee and out-of-state tuition for the 2016-17 academic year will be $13,440 ($6,720 per semester), provided that this amount will not apply to online or international students.

THE UNIVERSITY OF TENNESSEE
BOARD OF TRUSTEES

ACTION ITEM

6

DATE: April 1, 2016

COMMITTEE: Finance and Administration

CAMPUS/INSTITUTE: All

ITEM: **Amendment of Rule on Classifying Students In-State and Out-of-State**

RECOMMENDATION: Approval

PRESENTED BY: James L. Murphy III, Acting Chair, Finance and Administration

At the Finance and Administration Committee meeting on March 31, 2016, Deputy General Counsel Matthew Scoggins presented proposed amendments to the University Rule on classifying students as in-state or out-of-state. The proposed amendments are in response to recent state legislation, Public Chapter 219 (2015) and are summarized below:

- Remove the language, "has not been dishonorably discharged from the U.S. Armed Forces or the national guard;"
- Add the language, "any individual entitled to the veteran's educational benefits," to the types of persons eligible for the waiver of out-of-state tuition and fees;
- Increase the time for a veteran to enroll and qualify for in-state tuition from two (2) years to three (3);
- Change the grace period for a veteran to demonstrate objective evidence of residency to three (3) years from the date of discharge (previously, the veteran had one (1) year from the date of enrollment); and
- Remove voter registration as a single method of demonstrating residency.

Chapter 1720-1-1 of the Rules of The University of Tennessee appears in its entirety in the following pages, with the proposed revisions marked as insertions or strikeouts.

Changes in the Rule on classifying students as in-state or out-of-state must be promulgated under the rulemaking procedures of the Uniform Administrative Procedures Act (UAPA), including a roll call vote in the full Board meeting. Upon adoption by the Board, the Rule will be submitted to the Attorney General for approval and, if approved, filed with the Secretary of State and published for the statutorily required period prior to becoming effective.

Recommendation of the Finance and Administration Committee:

At its meeting on March 31, 2016, the Finance and Administration Committee recommended adoption of the following Resolution by the Board of Trustees:

> **RESOLVED: The Board of Trustees adopts the amendment of Chapter 1720-1-1 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.**

MOTION: I move adoption of the Resolution by Roll Call Vote.

RULES OF
THE UNIVERSITY OF TENNESSEE (ALL CAMPUSES)

CHAPTER 1720-01-01
CLASSIFYING STUDENTS
IN-STATE AND OUT-OF-STATE
TABLE OF CONTENTS

1720-01-01-.01 Intent
1720-01-01-.02 Definitions
1720-01-01-.03 Rules for Determination of Status
1720-01-01-.04 Out-of-state Students Who Are Not Required
1720-01-01-.05 Presumption
1720-01-01-.06 Evidence to Considered for Establishment of Domicile
1720-01-01-.07 Appeal
1720-01-01-.08 Effective Date for Reclassification for Pay Out-of-State Tuition

1720-01-01-.01 INTENT.

(1) It is the intent that the public institutions of higher education in the State of Tennessee shall apply uniform rules, as described in these regulations and not otherwise, in determining whether students shall be classified "in-state" or "out-of-state" for fees and tuition purposes and for admission purposes.

1720-01-01-.02 DEFINITIONS. Wherever used in these regulations.

(1) "Public higher education institution" shall mean a university or community college supported by appropriations made by the Legislature of this State.

(2) "Residence" shall mean continuous physical presence and maintenance of a dwelling place within this State, provided that absence from the State for short periods of time shall not affect the establishment of a residence.

(3) "Domicile" shall mean a person's true, fixed, and permanent home and place of habitation; it is the place where he or she intends to remain, and to which he or she expects to return when he or she leaves without intending to establish or having established a new domicile elsewhere. Undocumented aliens cannot establish domicile in Tennessee, regardless of length of residence in Tennessee.

(4) "Emancipated person" shall mean a person who has attained the age of eighteen (18) years and whose parents have entirely surrendered the right to the care, custody, and earnings of such person and are no longer under any legal obligation to support or maintain such person.

(5) "Parent" shall mean a person's father or mother. If there is a non-parental guardian or legal custodian of an unemancipated person, then " parent" shall mean such guardian or legal custodian; provided, that there are not circumstances indicating that such guardianship or custodianship was created primarily for the purpose of conferring the status of an in-state student on such emancipated person.

(6) "Continuous enrollment" or "continuously enrolled" shall mean enrollment at a public higher educational institution or institutions of this State as a full-time student, as such term is defined by the governing body of said public higher education institution or institutions, for a normal academic year or years or the appropriate portion or portions thereof since the beginning of the period for which continuous enrollment is claimed. Such person need not enroll in summer sessions or other such inter-sessions beyond the normal academic year in order that his or her enrollment be deemed continuous. Enrollment shall be deemed continuous notwithstanding lapses in enrollment occasioned solely by the scheduling of the commencement and/or termination of the academic years, or appropriate portion thereof, of the public higher educational institutions in which such person enrolls.

(7) "U.S. Armed Forces" shall mean the U.S. Army, Navy, Air Force, Marine Corps, and Coast Guard.

(8) "Veteran" means:

(a) a former member of the U.S. Armed Forces; or

(b) a former or current member of a reserve or Tennessee national guard unit who was called into active military service of the United States, as defined in Tennessee Code Annotated § 58-1-102.

1720-01-01-.03 RULES FOR DETERMINATION OF STATUS.

(1) Every person having his or her domicile in this State shall be classified "in-state" for fee and tuition purposes and for admission purposes.

(2) Every person not having his or her domicile in this State shall be classified "out-of-state" for fee and tuition purposes and for admission purposes.

(3) The domicile of an unemancipated person is that of his or her parent, except as provided in paragraph (4) of this Section .03. Unemancipated students of divorced parents shall be classified "in-state" when one (1) parent, regardless of custodial status, is domiciled in Tennessee, except as provided in paragraph (4) of this Section .03.

(4) A student shall be classified as "in-state" for fee and tuition purposes if the student is a citizen of the United States, has resided in Tennessee for at least one (1) year immediately prior to admission, and has:

(a) Graduated from a Tennessee public secondary school;

(b) Graduated from a private secondary school that is located in Tennessee; or

(c) Earned a Tennessee high school equivalency diploma.

(5) The spouse of a student classified as "in-state" shall also be classified "in-state."

(6) All classifications shall be subject to the Eligibility Verification for Entitlements Act, Tennessee Code Annotated § 4-58-101 *et seq*.

1720-01-01-.04 OUT-OF-STATE STUDENTS WHO ARE NOT REQUIRED TO PAY OUT-OF-STATE TUITION.

(1) An unemancipated, currently enrolled student shall be reclassified out-of-state should his or her parent, having theretofore been domiciled in the State, remove from the State. However, such student shall not be required to pay out-of-state tuition nor be treated as an out-of-state student for admission purposes so long as his or her enrollment at a public higher educational institution or institutions shall be continuous.

(2) An unemancipated person whose parent is not domiciled in this State but is a member of the armed forces and stationed at Fort Campbell pursuant to military orders shall be classified out-of-state, but shall not be required to pay out-of-state tuition. Such a person, while in continuous attendance toward the degree for which he or she is currently enrolled, shall not be required to pay out-of-state tuition if his or her parent thereafter is transferred on military orders.

(3) Part-time students who are not domiciled in this State but who are employed full-time in the State shall be classified out-of-state but shall not be required to pay out-of-state tuition. This shall apply to part-time students who are employed in the State by more than one employer, resulting in the equivalent of full-time employment.

(4) A member of the U.S. Armed Forces on active duty for more than thirty (30) days and who has a permanent duty station in the State of Tennessee (or the spouse or dependent child of such a member) who should be classified out-of-state in accordance with other provisions of these regulations will be classified out-of-state but shall not be required to pay out-of-state tuition. This provision shall continue to apply to such a member, spouse, or dependent child while continuously enrolled at that public higher education institution, notwithstanding a subsequent change in the permanent duty station of the member to a location outside the State.

(5) A person who is domiciled in the Kentucky counties of Fulton, Hickman, or Graves shall be classified out-of-state and shall not be required to pay out-of-state tuition at The University of Tennessee at Martin if qualified for admission. This exemption is on condition that Murray State University in Murray, Kentucky, continues to admit Tennessee residents from selected Tennessee counties to enroll at that institution without payment of out-of-state tuition.

(6) Any dependent child not domiciled in Tennessee but who qualifies and is selected to receive a scholarship under the "Dependent Children Scholarship Act" (T.C.A. § 49-4-704) because his or her parent is a law enforcement officer, fireman, or emergency medical service technician who was killed or totally and permanently disabled while performing duties within the scope of employment, shall be classified out-of-state but shall not be required to pay out-of-state tuition.

(7) A veteran, or any individual entitled to the veteran's educational benefits, enrolled in any public institution of higher education in this State shall not be required to pay out-of-state tuition or any out-of-state fee, if the veteran or the eligible individual:

~~(a) Has not been dishonorably discharged from a branch of the U.S. Armed Forces or the national guard;~~

~~(b)~~(a) Is eligible for ~~P~~post-9/11 GI Bill benefits or Montgomery GI Bill benefits; and

~~(c)~~(b) Enrolls in a public institution of higher education, after satisfying all admission requirements, within three (3) years ~~twenty-four (24) months~~ after the date of discharge as reflected on the veteran's certificate of release or discharge from active duty, Form DD-214, or an equivalent document.

To continue to qualify for in-state tuition and fees after three (3) years have passed from the date of discharge as reflected on the veteran's certificate of release or discharge from active duty, Form DD-214, or an equivalent document, ~~under this subsection,~~ a veteran or eligible individual shall:

(a) Maintain continuous enrollment (as defined by the public institution of higher education in which the veteran is enrolled); and

(b) Demonstrate objective evidence of established residency in this State by presenting at least two (2) of the following:

(A) Proof of voter registration in this State;

(B) A Tennessee driver license;

(C) A Tennessee motor vehicle registration;

(D) Proof of established employment in this State; or

(E) Other documentation clearly evidencing domicile or residence in the state, as determined by THEC.

~~(c) Within one (1) year of enrolling in the public institution of higher education:~~

~~(1) Register to vote in the State of Tennessee; or~~

~~(2) Demonstrate by objective evidence intent to be a resident of the State of Tennessee by obtaining at least two (2) of the following:~~

~~(i) A Tennessee driver's license;~~

~~(ii) A Tennessee motor vehicle registration;~~

~~(iii) Proof of established employment in the State of Tennessee; or~~

~~(iv) Other documentation clearly evidencing domicile or residence in this State, as determined by the Tennessee Higher Education Commission.~~

(8) Students not domiciled in Tennessee but who are selected to participate in institutional undergraduate honors programs specified by the public higher education institution in which the student is enrolled shall be classified out-of-state but shall not be required to pay out-of- state tuition.

(9) A "covered individual" under the federal Veterans Access, Choice, and Accountability Act of 2014, Public Law 113-146, who maintains continuous enrollment at the same public institution of higher education.

1720-01-01-.05 PRESUMPTION. Unless the contrary appears from clear and convincing evidence, it shall be presumed that an emancipated person does not acquire domicile in this State while enrolled as a full-time or part-time student at any public or private higher educational institution in this State, as such status is defined by such institution.

1720-01-01-.06 EVIDENCE TO BE CONSIDERED FOR ESTABLISHMENT OF DOMICILE. If a person asserts that he or she has established domicile in this State he or she has the burden of proving that he or she has done so. Such a person is entitled to provide to the public higher educational institution by which he seeks to be classified or reclassified in-state, any and all evidence which he or she believes will sustain his or her burden of proof. Said institution will consider any and all evidence provided to it concerning such claim of domicile but will not treat any particular type or item of such evidence as conclusive evidence that domicile has or has not been established.

1720-01-01-.07 APPEAL. The classification officer of each public higher educational institution shall be responsible for initially classifying students "in-state" or "out-of-state." Appropriate procedures shall be established by each such institution by which a student may appeal his or her initial classification.

1720-01-01-.08 EFFECTIVE DATE FOR RECLASSIFICATION. If a student classified out-of-state applies for in-state classification and is subsequently so classified his or her in-state classification shall be effective as of the date on which reclassification was sought. However, out-of-state tuition will be charged for any semester during which reclassification is sought and obtained unless application for reclassification is made to the classification officer on or before the last day of regular registration of that semester.

1720-01-01-.09 REPEALED.

THE UNIVERSITY OF TENNESSEE
BOARD OF TRUSTEES

ACTION ITEM

DATE: April 1, 2016

ITEM: **Minutes of the Last Meeting**

PRESENTED BY: Catherine S. Mizell, Secretary

Minutes of the October 9, 2015 meeting of the Board of Trustees follow this memorandum. In accordance with the Bylaws, the minutes are included on the agenda for approval by unanimous consent.

RESOLVED: The reading of the minutes of the October 9, 2015 meeting 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.

THE UNIVERSITY OF TENNESSEE
BOARD OF TRUSTEES

MINUTES OF THE FALL MEETING
October 9, 2015
Knoxville, Tennessee

The Fall Meeting of The University of Tennessee Board of Trustees was held at 1:00 p.m. EDT, on Friday, October 9, 2015, in Hollingsworth Auditorium on the campus of the Institute of Agriculture in Knoxville, Tennessee.

I. CALL TO ORDER AND INVOCATION

Raja J. Jubran, Vice Chair of the Board, called the meeting to order. Reverend Heather Godsey of the Wesley Foundation, 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.
Jalen K. Blue
Shannon A. Brown
George E. Cates
Russ Deaton
Joseph A. DiPietro
Brian W. Donavant
Spruell Driver, Jr.
William Evans
John N. Foy
D. Crawford Gallimore
David A. Golden
Vicky B. Gregg
Julius T. Johnson
Brad A. Lampley
James L. Murphy III
Candice McQueen
Sharon Miller Pryse
Rhedona Rose
John D. Tickle
Julia T. Wells
Charles E. Wharton
Tommy G. Whittaker

The Secretary announced the presence of a quorum. Governor Haslam was unable to attend the meeting. Members of the administrative staff and media representatives were present. The meeting was also webcast for the convenience of the University community, the general public, and the media.

III. INTRODUCTIONS

On behalf of the Board, Vice Chair Jubran thanked Chancellor Cheek for hosting a reception and dinner in the Haslam Business Building on the Knoxville Campus. He also expressed his appreciation to Mr. Brian Ferguson for his service to the Board as Trustee as Vice Chair and his leadership and guidance with the performance-based variable compensation plan that will be voted on at this meeting. He hoped Mr. Ferguson would be able to join the Board at a future date to receive a formal resolution.

Vice Chair Jubran next introduced ex officio Trustee Candice McQueen, the Commissioner of Education, and newly appointed Trustee John D. Tickle from the First Congressional District, and presented both with a Trustee lapel pin.

IV. ADOPTION OF HONORARY RESOLUTIONS

The Vice Chair recognized Trustee Cates, who presented a Resolution honoring Dr. Thad Wilson for his service as a Faculty Trustee (Exhibit 1). Trustee Cates referred the Trustees to the Resolution in the meeting materials and thanked Dr. Wilson for his perspective and contributions to the Board as a Trustee and faculty member at UTHSC. Trustee Cates moved adoption of the Resolution, the motion was seconded by Trustee Murphy, and the Resolution was adopted unanimously. Trustee Cates presented Dr. Wilson with a copy of the Resolution and a framed photograph of the Board of Trustees. In accepting the Resolution, Dr. Wilson thanked Trustee Cates and the Board. He stated that everyone in this room has the institution at heart, and although there are differences of opinion, we are fortunate to have a president that listens to all sides. He stated that he deeply appreciates the time he spent serving the University as a Trustee and the friendships he made on the Board. Dr. DiPietro thanked Dr. Wilson for his sentiments and expressed his appreciation for his service.

Dr. DiPietro presented a Resolution honoring Chief Financial Officer Butch Peccolo (Exhibit 2), expressing his sincere appreciation for Mr. Peccolo's excellent work and counsel while serving on his senior staff. After reciting the Resolution, Dr. DiPietro moved its adoption. The motion was seconded by Trustee Anderson, and the Resolution was adopted unanimously. Mr. Peccolo received a standing ovation from the Board and meeting attendees. He thanked the Board and prior Boards for their support and friendship. He thanked his prior mentors including Brodie Baines, Ely Fly, Ed Boling and Joe Johnson, and

all of his colleagues, the dedicated people he has stood shoulder to shoulder with on a daily basis to do the work of the University. Lastly he thanked his wife Dulcie and daughters Jessica and Meredith for their support.

Dr. DiPietro presented a Resolution honoring Lofton K. Stuart, Jr. (Exhibit 3), noting Mr. Stuart's exceptional four decades of service to the University. Known to UT alumni across Tennessee and around the world, Lofton is recognized immediately for his smile and bow ties. After reciting the Resolution, Dr. DiPietro moved adoption of the Resolution. The motion was seconded by Trustee Anderson, and the Resolution was adopted unanimously. Mr. Stuart received a standing ovation from the Board and meeting attendees. He thanked the Board, Dr. DiPietro, and other administrators for the trust they placed in him and the opportunity to work with wonderful mentors like Dr. Simek, Dr. Joe Johnson and others, and to serve UT for the past 43 years. He said he would be watching from the sidelines and cheering every day.

V. PRESIDENT'S REPORT

Dr. DiPietro began by noting that he was privileged to be selected by the Board to serve as president five years ago this month, and he continues to feel privileged to be part of the incredible story of progress unfolding at UT. He reported that the System is making great strides in fulfilling its mission and long-term vision.

Dr. DiPietro said the data he would be presenting in his report reflects System achievements as outlined in progress reports already provided to the Board and the outcomes referenced reflect goals set for him, as President by the Board for fiscal years 2012-13 through 2014-15 (Exhibit 4). He reported that overall, of the 20 objective metrics outlined for the System, goals were achieved at a rate of 95% or better on 15 of the 20 metrics and more than 100% on 13 of those 15 metrics. Of the remaining five metrics, the rate of achievement was 83-85% of goal in three areas, and results for the final two metrics demonstrate a need to rethink existing efforts and be more innovative and creative in addressing challenges in these areas.

Turning to the subject of Expanding Research Capabilities, Dr. DiPietro specifically addressing two categories that did not achieve goal: (1) Research/Sponsored Projects (Restricted) Expenditures Reported to THEC and (2) Restricted and Unrestricted Research Expenditures Reported to NSF. In 2009 and 2010, UT received federal stimulus money for research. Most of these funds were reported as research expenditures in '12 and '13, which overstated our "true" research expenditures. He noted that if stimulus funding had been excluding from the totals, research expenditures reported to THEC would have increased by 5%, which would have resulted in 98% of goal achievement. He added that goals were exceeded for increases in research and sponsored programs proposals, revenue for license agreements, and number of invention disclosures.

He next discussed the category of Effectiveness and Efficiency. He noted that the weak spots speak directly to why it was important for him to lead the charge to address concerns about the University's unsustainable business model. In the majority of the seven areas in this category, performance was strong, but the goal of keeping the net cost of tuition and fees at 32% or below was not met. And although tuition and fees as a per cent of the peer average was above the Board's target of 81%, tuition and fees at all UT campuses still registered below peer averages.

Dr. DiPietro reported that system-wide, 98% of goal was achieved for increasing the six-year freshman graduation rate. The goals of a 2% increase in retention of full-time new freshmen and total number of degrees awarded in the academic year were achieved. The retention rate is up 2.2%, and number of degrees is up by 4%. He attributed these successes to a number of factors, including: strategic initiatives to recruit and retain more diverse and talented students; enhancing campus advising and mentoring programs; attracting and retaining preeminent faculty; and investing in the student living and learning experience, including enhancements to academic and residential facilities, and implementation of state-of-the art technology.

Discussing Outreach and Engagement, he reported that data demonstrate significant success in these efforts. The number of participants in outreach and engagement activities increased by more than 13%, achieving 109% of the goal. The number of patient billings and Vet Med clients increased 34% and 50%, respectively; and the overall number of alumni who donated over the three-year period increased by 17.5%.

Concerning Advocacy and Leadership goals, he stated that along with progress in communications and marketing, success in developing a statewide advocacy network has been outstanding and is crucial to raising awareness of issues of critical political importance across the state.

Finally, Dr. DiPietro reported that the System fully met eight of nine subjective goals during the review period.

He stated that analyzing these effectiveness and accountability outcomes has enhanced awareness of the following areas where improvement is needed and where challenges are anticipated:

- Research Challenges
    - Research funding will continue to be more and more competitive.
    - It will require more entrepreneurial efforts and an aggressive focus on developing new private sector partnerships.
    - It will also require greater focus on hiring top-notch researchers with capacity to secure additional research dollars.

- Closing the Market Salary Gap
  - Progress has been made, but the gap will continue to increase without consistent funding across the board.
  - The University is committed to seeking that funding and to reducing the salary gap by 15% annually for the next five (5) years.

- Keeping Tuition and Fees Manageable
  - State appropriations were favorable this year and allowed the University to keep increases to a minimum, but keeping tuition and fees manageable will be a challenge without continued and appropriate State support.

- Addressing Leadership Needs/Succession Planning
  - He stated that he has been fortunate in filling important leadership positions at the System level in recent years, but we now face a time of change and transition. Pending retirements and the desire to retain existing team members will be a major focus as we try to maintain operational continuity in the midst of change for the System.

- Carrying out the BAG Initiative
  - He is pleased with the sense of ownership the Chancellors have taken in addressing the recommendations of the Budget Advisory Group (BAG). The BAG initiative we will addressed further at the Board workshop in November.

Dr. DiPietro said making the kind of progress achieved over the past three years takes serious teamwork and commitment. It requires tremendous focus on the part of the Chancellors, faculty, staff, students and System Administration. It also requires the support of the Board, alumni, policymakers and other partners across the state. He expressed his appreciation to the Board for their commitment to the University and their support of these initiatives.

Dr. DiPietro said one important lesson to be learned from this exercise in goal setting and accountability is that we must not take our eyes off our mission of seeking long-term sustainability for this outstanding University. As a complex, statewide enterprise, we will always face distractions, barriers and challenges that threaten to derail us. But our focus has to be consistent, and our students, personnel, mission and effectiveness outcomes must remain a priority. Every day we must get up thinking how do we enhance education, how do we expand research, how do we reach more people through outreach and how can we be more effective and efficient.

In closing, Dr. DiPietro said what keeps him focused are people like Charles Arnold, an employee in the Institute of Agriculture, and the level of commitment and gratitude he brings to his work. He then reaffirmed his commitment to the work ahead so that

members of the UT community, like Charles Arnold, can continue to provide for their families and pursue quality educational opportunities that lead them closer to the fulfillment of their goals and dreams. Working toward the achievement of new goals and objectives set by the Board, System and campus administrators will remain diligent and provide leadership that lives up to the expectations of the Board and our constituents when they think of a premier System of higher education. The people of Tennessee deserve nothing less.

VI. ACTION ITEMS FROM THE EXECUTIVE AND COMPENSATION COMMITTEE

Vice Chair Jubran, Chair of the Executive and Compensation Committee, reported items considered and approved at the September 9, 2015 and October 8, 2015 Committee meetings.

A. FY 2015-16 Compensation for University Officers Reporting to the President

Vice Chair Jubran asked the University Officers and other Senior Administrators to exit the meeting. Dr. DiPietro explained that the following currently filled positions are designated by the Bylaws as elected officers of the University (University Officers):

Chancellors
Executive Vice President/Vice President for Research and Economic Development
General Counsel and Secretary
Treasurer (designated by the Board as Chief Financial Officer)
Vice President for Development and Alumni Affairs

These University Officers were re-elected at the Annual Meeting on June 25, 2015, but any increase in their compensation was deferred pending completion of analysis of market data and development of a variable compensation plan. Compensation increases for the staff vice presidents and other senior staff who are not elected by the Board were implemented by the President as of July 1, 2015.

As in the past, the System Budget Office calculated a salary pool for all senior administrators reporting to the President. A description of the salary pool and the methodology for calculating the pool is included in the meeting materials, along with the schedule of proposed compensation.

For the University Officers reporting to him, President DiPietro recommends the FY 2015-16 compensation as presented at this meeting, retroactive to July 1, 2015 (Exhibit 5). At its September 9, 2015 meeting, the Executive and Compensation Committee approved the President's recommendation. Therefore, on behalf of the Committee, Vice Chair Jubran moved adoption of the following Resolution:

RESOLVED: That the proposed FY 2015-16 compensation for University Officers reporting to the President be approved and effective retroactively to July 1, 2015.

The motion was seconded by Trustee Murphy, and the motion carried unanimously.

B. FY 2015-16 Compensation for Other Senior Administrators

Vice Chair Jubran recognized Dr. DiPietro to present this item and noted that it was for information only and did not require any action. Dr. DiPietro stated that the increases in compensation for senior administrators who are not elected officers are included in the meeting materials (Exhibit 6). He reported that the increases were effective July 1, 2015.

C. Compensation for President DiPietro over the New Four-Year Term of His Employment Agreement, FY 2015-19

Vice Chair Jubran asked the senior administrators to return to the meeting. He asked the Board if any member would like to request that Dr. DiPietro leave the meeting while his compensation was discussed, and no request was made.

Vice Chair Jubran reported that at its September 9, 2015 meeting, the Executive and Compensation Committee approved proposed terms of compensation for President DiPietro over the new four-year term of his employment agreement, with the further recommendation that the Board authorize the Vice Chair to execute an amendment to Dr. DiPietro's employment agreement to incorporate the new compensation terms (Exhibit 7). Therefore, on behalf of the Committee, Vice Chair Jubran moved adoption of the following Resolution:

RESOLVED: That the proposed terms of compensation for President DiPietro over the new four-year term of his employment agreement be approved; and that the Board authorize the Vice Chair to execute an amendment to the employment agreement to incorporate the new terms of compensation.

Trustee Anderson seconded the motion, and the Vice Chair called for any discussion.

Trustee Murphy referred to the report of the external consultant who assisted with Dr. DiPietro's comprehensive performance review and said it was one of the best performance reviews he had ever seen for a university president. Trustee Murphy said providing additional compensation for Dr. DiPietro is well warranted not only for his past efforts, but also for his efforts in taking on this long term vision for the University

with many difficult decisions to be made. Trustee Wharton added that the he greatly appreciates Dr. DiPietro and the Chancellors making a commitment to the goal of closing the salary gap for faculty and staff by 15% a year. Vice Chair Jubran said he believes Dr. DiPietro is prepared to lead this University to achieve its goals over the next four-year period and that he is committed to the task, as challenging as it is. There was no further discussion, and the motion carried unanimously.

Because there have been three prior amendments to the original employment agreement, the following motion was made, seconded, and carried:

That the Vice Chair also be authorized to execute a new employment agreement (instead of a fourth amendment), if he deems it appropriate, modifying the original agreement to incorporate the new compensation terms and any still effective terms included in previously executed amendments.

D. Evaluation of Performance and Determination of Retention Payments under the Performance and Retention Plan, FY 2013-2015

Vice Chair Jubran stated that when the Performance and Retention Plan was approved, strict goals were established, and the participants have been working toward those goals, as Dr. DiPietro discussed in his report. The team has largely accomplished those goals, which he observed is highly commendable given the constraints they faced. He emphasized that most of the goals were objective in nature, and the Audit and Compliance Committee has reviewed all of the performance data.

Vice Chair Jubran then reported that at its meeting on October 8, 2015, which was attended by most Trustees, the Executive and Compensation Committee considered and approved the three-year retention payment proposed for each participant in the Plan (Exhibit 8). Therefore, on behalf of the Committee, Vice Chair Jubran moved adoption of the following Resolutions:

1. **RESOLVED: That the Board of Trustees approve a three-year retention payment to President DiPietro in the amount of $62,100 per year for a total of $186,301 for all three years as long as he remains in active service as President on the date payment is to be made, except as otherwise provided in the Performance and Retention Plan, and subject to the conditions stated in the meeting materials concerning recalculation of the objective scores and retention payments based on final FY 2015 Restricted and Unrestricted Research Expenditures Reported to NSF.**

Trustee Anderson seconded the motion, and it carried unanimously.

2. **RESOLVED: That the Board of Trustees determine that the performance of Chancellor Angle during the one-year period from July 1, 2014 through June 30, 2015 has been more than satisfactory and approve a one-year retention payment to him in the amount of $36,259 as long as he remains in active service as Chancellor on the date payment is to be made, except as otherwise provided in the Performance and Retention Plan, and subject to the conditions stated in the meeting materials concerning recalculation of the objective scores and retention payments based on final FY 2015 Restricted and Unrestricted Research Expenditures Reported to NSF.**

Trustee Gregg seconded the motion, and it carried unanimously.

3. **RESOLVED: That the Board of Trustees approve a three-year retention payment to Chancellor Arrington in the amount of $30,877 per year for a total of $92,661 for all three years as long as he remains in active service as Chancellor on the date payment is to be made, except as otherwise provided in the Performance and Retention Plan, and subject to the conditions stated in the meeting materials concerning recalculation of the objective scores and retention payments based on final FY 2015 Restricted and Unrestricted Research Expenditures Reported to NSF.**

Trustee Wharton seconded the motion, and it carried unanimously.

4. **RESOLVED: That the Board of Trustees approve a three-year retention payment to Chancellor Cheek in the amount of $52,699 per year for a total of $158,098 for all three years as long as he remains in active service as Chancellor on the date payment is to be made, except as otherwise provided in the Performance and Retention Plan, and subject to the conditions stated in the meeting materials concerning recalculation of the objective scores and retention payments based on final FY 2015 Restricted and Unrestricted Research Expenditures Reported to NSF.**

Trustee Driver seconded the motion, and it carried unanimously.

5. **RESOLVED: That the Board of Trustees approve a three-year retention payment to Chancellor Schwab in the amount of $75,076 per year for a total of $225,227 for all three years as long as he remains in active service as Chancellor on the date payment is to be made, except as otherwise provided in the Performance and Retention Plan, and subject to the conditions stated in the meeting materials concerning recalculation of the objective scores and retention payments based on final FY 2015 Restricted and Unrestricted Research Expenditures Reported to NSF.**

Trustee Anderson seconded the motion, and it carried unanimously.

6. **RESOLVED: That the Board of Trustees approve a three-year retention payment to Executive Vice President Millhorn in the amount of $37,159 per year for a total of $111,477 for all three years as long as he remains in active service as Executive Vice President on the date payment is to be made, except as otherwise provided in the Performance and Retention Plan, and subject to the conditions stated in the meeting materials concerning recalculation of the objective scores and retention payments based on final FY 2015 Restricted and Unrestricted Research Expenditures Reported to NSF.**

Trustee Cates seconded the motion, and it carried unanimously.

E. Proposal for a Performance-Based Variable Compensation Plan for University Officers

Vice Chair Jubran reported that the Executive and Compensation Committee approved a new Performance-Based Variable Compensation Plan (Exhibit 9) at its meeting on October 8, 2015, with most Trustees in attendance. He noted that the goals for FY 2015-16 appear as Exhibit 1 to the Plan and will be approved upon adoption of the Plan. Therefore, acting on behalf of the Committee, Vice Chair Jubran moved adoption of the following Resolution:

RESOLVED:

1. **That the Performance and Retention Plan adopted by the Board on March 1, 2013 be terminated, provided that provisions concerning payment of a Board-approved retention payment for FY 2013-15 shall remain in effect until the payment has been made, including any increase or decrease in the retention payment based on the audited recalculation of the objective scores and retention payments after final data is available for FY 2015 Restricted and Unrestricted Research Expenditures Reported to NSF; and**

2. **That the proposed Performance-Based Variable Compensation Plan and proposed quantitative and additional goals for FY 2015-2016 be approved as presented in the meeting materials, subject to the requirement that the base year data used to establish the goals for the FY 2015-16 performance period shall be audited by the University's Office of Audit and Compliance and that any revisions to the base year data or goals resulting from the audit shall be submitted to the Executive and Compensation Committee for approval; and**

3. **That the Executive and Compensation Committee is authorized to act on behalf of the Board to approve revisions to the base year data or goals resulting from the audit or as otherwise deemed necessary in the judgment of the Committee, subject to the requirement that any revisions to the base year data or goals shall**

be presented to the Board for ratification at the next regular meeting of the Board.

Trustee Murphy seconded the motion, and it carried unanimously.

VII. ACTION ITEMS FROM FINANCE AND ADMINISTRATION COMMITTEE

A. Amendment of the Rule on the Use of University Property

Committee Chair Anderson noted that at the February 2015 Board meeting, the Board approved an amendment to the University's Rule on Use of University Property dealing with the issuance, appeal, and enforcement of a no-trespass notice. He stated that the Joint Government Operations Committee of the General Assembly has requested that the Rule be further amended to provide additional clarification of no-trespass notices.

Chair Anderson reported that at its meeting on October 8, 2015, the Finance and Administration Committee considered and approved proposed amendments to Section .05 to address the concerns of the legislative committee (Exhibit 10). Therefore, on behalf of the Committee, Chair Anderson moved adoption of the following Resolution:

RESOLVED: That the Board of Trustees adopt the amendment of Chapter 1720-02-12 of the Rules of The University of Tennessee as presented in the meeting materials to be effective after completion of the rulemaking procedures under the Uniform Administrative Procedures Act.

Trustee Murphy seconded the motion. A roll call vote was taken, and the motion carried.

VIII. ACTION ITEM FROM ACADEMIC AFFAIRS AND STUDENT SUCCESS COMMITTEE

A. Proposed Student Code of Conduct for UT Knoxville

Committee Chair Gregg reported that at its October 9, 2015 meeting, the Academic Affairs and Student Success Committee approved the proposed Student Code of Conduct for the University of Tennessee, Knoxville as presented in the meeting materials (Exhibit 11). Therefore, on behalf of the Committee, Chair Gregg moved adoption of the following Resolution:

RESOLVED: That the Board of Trustees adopt the amendment of Chapter 1720-01-02 of the Rules of The University of Tennessee as presented in the meeting materials to be effective after completion of the rulemaking procedures under the Uniform Administrative Procedures Act.

Trustee Lampley seconded the motion, and Vice Chair Jubran called for discussion.

Trustee Murphy said the Committee had asked for information on the outcome of student conduct cases at UT Knoxville over that past couple of years to be provided before the Board vote on the proposed Code. Vice Chair Jubran then recognized Dr. Vince Carilli, Vice Chancellor for Student Life at UT Knoxville, to provide the requested information.

Dr. Carilli first noted that Trustee Lampley has also requested information regarding efforts to improve Greek life on the Knoxville campus. Dr. Carilli said Melissa Shivers, Associate Vice Chancellor and Dean of Students, has provided information about efforts over the past year and future initiatives, which will be distributed to the Trustees (Exhibit 12).

Dr. Carilli then presented data on student conduct cases at UT Knoxville requested by the Committee (Exhibit 13). For the period 2012-2015, the total number of cases, the total number of student disciplinary board hearings, and the total number of administrative procedures act hearings were presented, together with information about outcomes (responsible, not responsible/withdrawn, pending, or resolution agreement). Next, for the period 2012-2015, the total number of sexual assault investigations, sexual hearings (before the student disciplinary board or in an APA hearing), and sexual assault hearing outcomes (broken down by student disciplinary board or APA hearing) were presented.

Noting that student disciplinary board hearings are conducted by students, Trustee Murphy observed that students tend to find their peers responsible. Dr. Carilli agreed but said adding staff members and faculty members will provide different perspectives and a better board. Adding faculty and staff member to the board also helps from a year-to-year consistency perspective. Trustee Murphy asked Dr. Carilli to discuss the training process for students, faculty and staff coming on the student disciplinary board. Dr. Carilli said student members currently attend a comprehensive day and a half training process. Under the new Code, a similar training process would be used for student, faculty, and staff members of the disciplinary board.

Trustee Evans noted that sexual assault numbers are trending higher over time from 2012 to 2015. He asked Dr. Carilli if this was a reflection of greater awareness and vigilance on the part of the institution, leadership, and students as opposed to a change in what is happening on campus. Dr. Carilli responded that it was and added that he sees educating students about this issue as one of the most important responsibilities of the Division of Student Life. He said the Division has spent a great deal of time and effort and added some new positions to raise the awareness level. The subject is addressed with all students in the student orientation process. In addition, the Center

for Health Education and Wellness is devoted almost exclusively to this topic. Some of the data collected between 2013 and 2014 reveal that the level of awareness increased from 60% to 81%. The more aware students are, the more apt they are to report and move through the process. This is a positive trend because national research finds that matters of sexual assault are some of the most under-reported crimes or violations. As awareness increases, the number of reports will increase.

Trustee Lampley observed that the standard of proof is not changing from the existing rule. Dr. Carilli confirmed that the standard under the existing rule is preponderance of the evidence. Matthew Scoggins, Deputy General Counsel, added that the "Dear Colleague" letter issued by the U.S. Department of Education's Office for Civil Rights (OCR) in 2011 says institutions must use the preponderance of evidence standard in all sexual discrimination cases, not just sexual assault cases. UT Knoxville is undergoing an audit now by OCR on its handling of sexual assault cases, and every institution that has been through such an audit has ultimately signed a resolution agreement agreeing to adhere to the preponderance of evidence standard as they investigate and resolve sexual assault cases. Although the OCR letter is not law, it becomes law, in effect, for an institution with respect to the preponderance of evidence standard when the institution signs a resolution agreement to adhere to that standard as a condition of accepting federal funding.

Vice Chair Jubran referred to Chancellor Cheek's comments at the Committee meeting about the large number on constituents involved in the process of revising the Student Conduct of Code and the summary presented of the many improvements in the Code. He noted that the student representatives on the Academic Affairs and Student Success Committee confirmed that their recommendations were considered in the final document. He stated that it is very important for the Board to know that this has been very thoroughly vetted across the campus to get to this point.

Trustee Murphy said one of the most telling comments in the Committee meeting was by the UT Knoxville SGA President, who said there was a great deal of student involvement, with many students on both sides of this issue, which is to be expected with a complicated issue such as this. Vice Chair Jubran added that the SGA President from UTC had noted the importance of improvements such as amnesty, non-delay and expulsion. Trustee Pryse commented that the Board should recognize that this will be a work in progress and urged the administration to monitor national trends in this area closely to ensure the Code is kept up-to-date. Dr. Carilli agreed that that as a general rule, the Code needs to be revisited every few years to make sure it evolves as best practices evolve.

Dr. DiPietro thanked Chancellor Cheek and Dr. Carilli for taking time to gather and review incredible amounts of feedback before presenting the Code for approval.

There being no further discussion, a roll call vote was taken on the motion to adopt the Resolution stated above, and the motion carried.

IX. REPORT OF THE AUDIT AND COMPLIANCE COMMITTEE

Trustee Gallimore reported on the meetings of the Audit and Compliance Committee since the last Board meeting.

He reported that the Committee continues to provide oversight of the work conducted to improve the IT security posture of the University. At the August meeting, the Committee heard updates from the CIOs at UT Knoxville, the Health Science Center, UT Martin, and UT Chattanooga. The CIOs and security teams are working to mature IT security across the system. The Committee plans to continue to request written reports and annual in-person updates from each CIO to monitor progress.

In addition to the information received from the CIOs, the IT audit team has begun following up on the status of management's actions in relation to the external assessment and will provide an update to the Committee at the December 2015 meeting. Institutional Compliance efforts continue to have a positive impact on the UT System.

At its last meeting, the Committee received a report on efforts by the Health Science Center to strengthen its compliance program. During its compliance risk assessment, the campus developed 56 plans of action to address compliance risks. Of those, 19 plans have been completed and 37 are in progress. As might be expected, many of the plans take time to implement as the campus works to mitigate risks. As part of their work, the Health Science Center Institutional Compliance office, which reports to the Vice Chancellor for Finance and Operations, plans to ensure proper training is available to all faculty, staff, and students, and is implementing a campus-wide database of procedures.

During the compliance update, the Committee was provided information on the progress being made on UT's sexual misconduct policies and procedures, UT's HIPAA designation and policy, and the implementation of corrective action plans at UT Knoxville, UT Martin, and the Institute of Agriculture to address compliance issues identified in their risk assessments.

The Institutional Compliance team has also worked with UT Chattanooga in forming a compliance committee, identifying responsible parties for regulations, and conducting a compliance risk assessment.

Finally, the Audit and Compliance team is working to implement an anonymous compliance hotline, which will be launched in November.

Chair Gallimore reported that the internal audit team recently underwent an external quality assurance review as required by professional standards. The external team found the office "generally conforms" to the International Standards for the Professional Practice of Internal Auditing and the Code of Ethics. "Generally conforms" is the top rating an internal audit team can receive. He offered congratulations to the office for maintaining these high standards, and the Board gave a round of applause to Sandy Jansen, Executive Director, Office of Audit and Compliance and her team.

In closing, Chair Gallimore noted that the Audit and Compliance Committee welcomes its new members, Sharon Pryse and Brad Lampley.

X. CONSENT AGENDA

The Vice Chair directed the Board's attention to the Consent Agenda. He noted that Item S. is a required housekeeping item in view of the December 30 retirement of Treasurer and CFO Peccolo. He called for any requests to remove items from the Consent Agenda. Hearing none, the Vice Chair called for a motion to approve the Consent Agenda, consisting of the following items:

A. Minutes of the Last Meeting (Exhibit 14)

B. Ratification of Vice Chair's Appointment of Standing Committees, Committee Chairs, and Trustee Members of the Athletic Boards (Exhibit 15)

C. FY 2015 Annual Flight Operations Report (Exhibit 16)

D. President Emeritus Agreement with Dr. Joseph E. Johnson (Exhibit 17)

E. Melrose Avenue/Melrose Place Easement (Exhibit 18)

F. Fee Sale and Easement to TDOT, Alcoa Highway and Maloney Road (Exhibit 19)

G. Easement to KUB at Alcoa Highway and Maloney Road (Exhibit 20)

H. Property Disposal (Exhibit 21)

I. FY 2016 UTM Voluntary Retirement Incentive Program (Exhibit 22)

J. FY 2016-17 Operating Budget Appropriations Request for Non-Formula Units (Exhibit 23)

K. FY 2016-17 Capital Outlays and Capital Maintenance Projects (Exhibit 24)

L. FY 2016-17 Revenue/Institutionally Funded Projects (Exhibit 25)

M. UT Knoxville Honorary Doctor of Fine Arts Degree, Robin Klehr Avia (Exhibit 26)

N. UT Knoxville Honorary Doctor of Business Degree, Fred Smith (Exhibit 27)

O. Grant of Tenure to Dr. Paul Dalhaimer (Exhibit 28)

P. Grant of Tenure to UT Knoxville Faculty Members under Expedited Procedures (Exhibit 29)

Q. Proposal for Program of Study Leading to the Degree of Masters of Laws in United States Business Law at UT Knoxville (Exhibit 30)

R. Annual Report to the General Assembly (Exhibit 31)

S. Resolution Authorizing Interim Treasurer's Signature on University Checks (Exhibit 32)

Trustee Anderson moved approval of the Consent Agenda, Trustee Wells seconded, and the motion carried unanimously.

XI. 2015-2016 Scheduled Meetings and Workshop

Vice Chair Jubran announced that the 2015-2016 Scheduled Meetings and Workshop were included in the meeting materials and could be found on the Board of Trustees website and in Diligent. He also acknowledged and thanked President Emeritus Jan Simek for his attendance at the meeting.

XII. ADJOURNMENT

With no further business to come before the Board, the meeting was adjourned.

Respectfully Submitted,

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Catherine S. Mizell, Secretary